

**MKTG 730 / 230: Digital Marketing and Electronic Commerce
Spring 2013 Wharton | Philadelphia**

Time: MW 10:30am-12:00pm and MW 1:30pm-3:00pm
Instructor: David R. Bell (davidb@wharton.upenn.edu) @davidbnz
TA: TBD
Office Hours: Monday and Wednesday 3:00-5:00pm or by appointment
Prerequisites: MKTG 611 and MKTG 612 or consent of instructor.
Course site 10:30a: <http://join.lore.com/H4HQUM>
Course site 1:30p: <http://join.lore.com/6ZM7YM>

DESCRIPTION

The effect of the Internet and related technologies on business and social institutions is more profound than that of any prior invention, including the printing press and the internal combustion engine. Furthermore, marketing plays a key role in shaping the modern consumption-led economies fueled by these technologies. MKTG 730/230 provides a research-based and framework-driven approach to understanding digital marketing and electronic commerce.

The course is organized around three sections and utilizes relevant theory, empirical analysis, and practical examples to develop the key learning points. Guests from the entrepreneur and investor communities participate, as appropriate. Part I presents the behavioral foundations for understanding electronic commerce, and covers the relevant phenomena and theory from economics, marketing, and related fields. Part II examines ecommerce business models and institutions including Internet retail, subscription commerce, curated commerce, and so on. Part III focuses on how digital marketing fosters ecommerce business growth. In particular, we survey, critique, and evaluate common digital marketing methods and tactics.

OBJECTIVE

The main goal of the course is to help participants understand and evaluate ecommerce business models and digital marketing methods, from a variety of perspectives—as analysts, consumers, entrepreneurs, and investors. That is, we emphasize fundamental concepts rather than specific tactics. We will also look at modeling approaches for executing key marketing tactics. An ancillary goal is to establish the importance of theory and empirical analysis as key facilitators of this process.

VALUE PROPOSITION

Upon completion of the course, participants will have a solid foundation from which to evaluate ecommerce opportunities, and to participate in their own ventures.

SPECIFIC LEARNING OUTCOMES

Taking MKTG 730 / 230 will improve your familiarity with the following subjects:

- **E-commerce Business Models**

You should understand the behavioral foundation of various ecommerce business models, including Internet retail, subscription commerce, curated commerce, etc.

- **Search Engine Optimization**

You should understand how search engines work and how this knowledge could be used to recommend how a site can improve its organic search rankings. You should also understand how to improve conversion rates of individual marketing campaigns.

- **Email Marketing**

You should understand principles and best practices in marketing to a database of current and potential customers via email (email is still the number one method for contacting customers, for most firms).

- **Digital Marketing and Social Media**

You should be aware of the standard portfolio of digital marketing tools, how to utilize them, and how to evaluate their effectiveness.

ASSESSMENT

- Attendance and Participation: 10%
- Conceptual Assignment (A1): 15%
- Analytical Assignments (A2, A3): 20%
- Final Exam: 25%
- Final Project (A4): 30%

More details on the nature of the assignments, due dates, and other administrative issues will be provided on the first day of class.

DETAILED SCHEDULE

Session	Month	Date	Topic	Notes
1	Jan	Wed 09	Introduction to “Digital Marketing and Electronic Commerce”	
2		Mon 14	Marketing Assets: Brands, Customers, and Marketing Spend	
3		Wed 16	Guest: Joseph Cohen (CEO and founder, Lore.com)	
		Mon 21	Martin Luther King, Jr. Day	
4		Wed 23	Work on First Group Project	
5		Mon 28	Guest: Dr. John Johnson (Chairman, angel investor, PoliticIt.com)	
6		Wed 30	“Frictionless Commerce” and Internet Law of Gravity	A1 Due
7	Feb	Mon 04	The Long Tail	
8		Wed 06	Networks and Neighborhoods	
9		Mon 11	Case: Webvan	
10		Wed 13	Offline-Offline Substitution	
11		Mon 18	Reputation and Reviews	A1 Back
12		Wed 20	Digital Marketing Tools and Tactics	
13		Mon 25	Subscription Commerce and Curated Commerce	
14		Wed 27	Guest: Mike Cohen (CFO, Birchbox.com)	
15	Mar	Mon 11	Online Advertising	
16		Wed 13	Marketing Optimization: Optimal Bidding on Keywords	A2 Due
17		Mon 18	Mobile Marketing: Linking Time and Location	A2 Back
18		Wed 20	Guest: Rob Coneybeer (Managing Director, Shasta Ventures)	
19		Mon 25	Tradition and Social Media, Social Advertising	
20		Wed 27	Social Advertising and Social Commerce	A3 Due
21	Apr	Mon 01	Guests: Phil Migliarese, Founder Balance Studio;, Mike Karpenko, Creator of TapoutXT	A3 Back
22		Wed 03	Virtual Presence and Loyalty	
23		Mon 08	Guest: Pooja Batra, Former Miss India, actress, super model)	
24		Wed 10	New Media and Rich Content	
25		Mon 15	Case: Sephora Direct	
26		Wed 17	Final Group Projects	
27		Mon 22	Key Learning Points / Summary	A4 Due

ABOUT THE GUEST SPEAKERS

The guests present material that complements our discussions. They have been chosen for their expertise in particular aspects of e-commerce and digital marketing, and for their demonstrated success as entrepreneurs or investors. All are engaging speakers who will add a good deal to our knowledge in this space.

- **Joe Cohen.** After his second year at Wharton, Joe founded Lore.com (formerly CourseKit.com) in summer 2011. Lore was part of TechStars NYC (<http://bit.ly/uDMI3W>), and recently closed a \$6m funding round. Lore competes with Blackboard, Canvas and other platforms, and is seeking to disrupt the market for education. @Learn
- **Dr. John Johnson.** Dr. Johnson is a professor of operations management at the Huntsman School at Utah State (<http://bit.ly/OkzrCp>). John is an angel investor and chairman of PoliticIt.com, an innovative technology company that uses “big data” and sophisticated algorithms to scour social data and predict the outcomes of elections. @PoliticIT
- **David Hauslaib** and **Tom Balamaci.** David and Tom are co-founders of PopUpPantry.com, a venture-backed subscription club for food lovers. Prior to PUP, David was a successful media entrepreneur; Tom is WG '06 and has extensive experience in finance, media, and entertainment. PopUpPantry.com was part of <http://launchpad.la/> (2011) and closed a \$1.7m seed funding round in 2012 (<http://tcrn.ch/Mo8gBR>). @Popuppantry
- **Rob Coneybeer.** Rob is a managing director at Shasta Ventures with a long history of successful investments—particularly those related to mobile technologies. Rob is a Wharton alumnus (and Palmer Scholar) and his portfolio companies can be viewed at <http://bit.ly/nobWZ9>. @Robconeybeer
- **Mike Karpenko.** Mike is a professional trainer and creator of the training system www.tapoutxt.com. Mike builds his business via social media, QVC, and related media appearances. @MikeKarpenko. **Phil Migliarese** is a 4th Degree Brazilian Jiu-Jitsu Black Belt and co-founder of Jiu-JitsuiMatrix and co-owner of Balance Studios in Philadelphia.
- **Pooja Batra.** Pooja is a supermodel, actress, and former Miss India. Pooja will discuss celebrity marketing and branding, as well as new media. @IamPoojaBatra.
- **Jennifer Yen.** Jennifer is CEO and founder of premier skincare system www.purlisse.com. She is also a former actress. @JenYen1.

CASES AND ACADEMIC (REFERENCE) READINGS

Cases

1. "Webvan: Groceries on the Internet" (HBS Case 500052-HCB-ENG, Revised March 25, 2003).
2. "Sephora Direct: Investing in Social Media, Video, and Mobile" (HBS Case 511137-PDF-ENG, June 25 2012).

Academic Readings

1. Bell, D. and S. Song (2007), "Neighborhood Effects and Trial on the Internet: Evidence from Online Grocery Retailing," *Quantitative Marketing and Economics*.
2. Bell, D., J. Choi, and L. Lodish (2012), "What Matters Most in Internet Retailing" *Sloan Management Review*.
3. Blum, B. and A. Goldfarb (2006), "Does the Internet Defy the Law of Gravity?" *Journal of International Economics*.
4. Choi, J. and D. Bell (2011), "Preference Minorities and the Internet," *Journal of Marketing Research*.
5. Choi, J., D. Bell, and L. Lodish (2012), "Marketing and IS-Enabled Customer Acquisition on the Internet," *Management Science*.
6. Dellarocas, C. (2010), "Online Reputation Systems: How to Design One That Does What You Need," *Sloan Management Review*.
7. D. Mayzlin, Y. Dover, and J. Chevalier (2012), "Promotional Reviews," *Working Paper USC Marshall School*.
8. Dreze, X. and A. Bonfrer (2009), "Real-Time Evaluation of Email Campaign Performance," *Marketing Science*.
9. Goldfarb, A. and C. Tucker (2011), "Online Display Advertising: Targeting and Obtrusiveness," *Marketing Science*.
10. Goldfarb, A. and C. Tucker (2011), "Search Engine Advertising: Channel Substitution When Pricing Ads to Context," *Management Science*.
11. McKinsey and Co. (2012), "Turning Buzz Into Gold".
12. Nunes, J. and X. Dreze (2006), "Your Loyalty Program is Betraying You," *Harvard Business Review*.
13. Rutz, O. and R. Bucklin (2010), "From Generic to Branded: A Model of Spillover in Paid Search Advertising," *Journal of Marketing Research*.
14. Trusov, M., A. Bodapati, and R. Bucklin (2010), "Determining Influential Users in Internet Social Networks," *Journal of Marketing Research*.
15. B. Skiera, N. Nabout (2012), "PROSAD: A Bidding Decision Support Engine for Profit Optimizing Search Engine Advertising," *Marketing Science*.