



**Marketing Strategy (Marketing 468)**  
**2009 Daytime MBA – Fall Term 1, Formica Classroom**  
**Sections 101, 102, and 103**

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### **Introduction**

This course addresses three strategic responsibilities of marketing. We will examine how company choices and capabilities are managed to *deliver customer value* (the first responsibility) and customer value is managed to *capture firm value* (the second responsibility). When marketing acts to *provide expert market insights* (the third responsibility), managers focus on strategies that are valuable to the customer and capture the greatest economic profits for the company. Given this strategic focus, relatively less attention will be given to the tactical-level activities of the marketing department, sales group, or advertising function in implementing strategic decisions using the 4Ps.

These strategic marketing responsibilities will be addressed by building knowledge and skills in the management of strategic market insights and four strategic marketing imperatives. The first imperative is to gain an advantage with distinct and compelling customer value. The second imperative is to drive organic growth through innovation to create new customer value. These two imperatives create the conditions for high firm profits, but are not sufficient. Firm profits are unlocked by imperative three, which is to manage customer assets to capture firm value, and imperative four, which is to realize the maximum firm value from its brand assets.

The course will use a mix of cases, lectures, discussion, and outside speakers to equip you with this strategic-level view of marketing.

### **Objective**

This course seeks to improve your knowledge and skills in the application of advanced frameworks, concepts, and methods for making strategic marketing choices.

## **Performance Evaluation**

**General Guidelines.** I will adhere to Fuqua guidelines for elective courses: SP (no more than 30%), HP (no more than 45%), and P, LP, F (at least 25%). You will receive points for each assignment, for example, 18/25 points for the P&G Growth Project. These points will be summed at the end of the semester and grades will be assigned.

There are four components to the course grade:

1. **Class participation (15%).** This part of the grade depends on the quality of your contributions. Highly valued contributions include asking insightful questions about the assigned readings, redirecting a case discussion when the current point has been adequately covered, providing an appropriate qualitative analysis, summarizing and/or reconciling previous comments, and drawing generic learning points from a particular case. I will “cold call” throughout the term, so please be prepared. I will also use “speed calling,” a method I have found to work well in class. This involves moving quickly around the room to collect a large number of short answers to questions. I will evaluate the quality of your class participation using the following scale at the end of each class session:
  - Outstanding Contributor (3): Contributions reflect exceptional preparation. Ideas are nearly always important and provide one or more major insights as well as fruitful direction for the class. Arguments are well-substantiated and persuasively presented.
  - Good Contributor (2): Contributions reflect thorough preparation. Ideas are usually important, provide good insights, and sometimes offer a fruitful direction for the class. Arguments are generally well-substantiated and are often persuasive.
  - Adequate Contributor (1): Contributions reflect satisfactory preparation. Ideas are sometimes important, provide generally useful insights, but seldom offer a major new direction. Arguments are fairly well-substantiated and sometimes persuasive.
  - Unsatisfactory Contributor (0): Contributions reflect inadequate preparation. Ideas offered are seldom substantive. They provide few, if any, insights and do not offer a constructive direction for the class. Integrative comments are absent. Class contributions are, at best, “cherry-picking” efforts making isolated, obvious, or confusing points.
  - Non-participant (0): The student was not present or was present but said nothing.
2. **P&G Growth Project (25%).** This team project will involve developing a new offering for P&G in any oral care category. Project details and deliverables are described in a separate document in your coursepack for Session 5, September 21. Team formation procedures are discussed on page 4 of the syllabus in the section “P&G Growth Project and Sonance Formation Procedures.”
3. **Sonance Case (20%).** This case will be analyzed in teams. Case questions and requirements are described in a separate document in your coursepack for Session 11, October 12. Team formation procedures are discussed on page 4 of the syllabus as noted in #2 above.

4. **Final Examination (40%).** This will be an open book and note exam to be held during the exam period (October 19-22). Questions will emphasize an understanding and application of all class activities, including lectures, readings, cases, and guest speakers. The exam will be a combination of short answer and longer essays about the course material. No new case will be given to complete for the exam and no computers will be used during the exam. The most important elements in your preparation are to read the assigned work, to complete the case assignments, and to be present in class. I will host an exam review on October 17 from 1:00-3:00PM in McClendon Auditorium.

5. **Summary of Graded Assignments:**

<b>Assignment</b>	<b>Individual/Team</b>	<b>Due Date</b>	<b>Points</b>
Class Participation	Individual	Following each class	15 points
P&G Project	Team	9/21, Class	25 points
Sonance Case	Team	10/12, Class	20 points
Final Examination	Individual	10/19-10/22 – TBA	40 points

**Required Course Materials**

- The primary text for the class is George S. Day and Christine Moorman’s, *Competing on Customer Value*. We will read twelve chapters from the book. Your feedback on the text is appreciated as we are in the final stages before submitting to publishers.
- The course pack also includes cases and additional readings.

**Class Communications**

- Seating Chart: A seating chart will be established during the first class. Please use that seat throughout the class so I can get to know you quickly and more accurately evaluate your classroom contributions.
- Email Response: A 24-hour turnaround on responding to your email is probably most realistic, especially during the term when I will be teaching three sections. I will monitor email more heavily before assignments are due.

**Missing a Class**

My assumption is that you will attend all of the classes you are physically able to attend. If you are ill or have an unavoidable conflict, please attend another section of the class. Given I expect all of the sections to be full, you will need to find a seat in the back of class. There is no need to send me a note when you attend another section. I will notice you are there and account for it in your class participation score for the day.

You cannot earn participation points if you miss a class. Further, you are responsible for all materials covered in the class you miss. I suggest going to the discussion board, downloading materials, and speaking to colleagues who have attended the class. If any questions remain, see me.

Each class session will be video recorded using Fuqua's "Lectopia" system. I cannot guarantee the quality of these recordings nor ensure that all voices will be captured or that material on the board will be visible. Hence, viewing these links is not a substitute for attending class. The links will be posted to the class website within 36 hours of the class. These links can be streamed on your computer. You can pause when watching them to take notes. Unfortunately, I am not able to provide downloadable versions of these links given the level of copyrighted material embedded in lectures from other sources. However, the streaming versions should suffice if you are unable to make it to class.

### **P&G Growth Project and Sonance Case Team Formation Procedures**

- Team must be formed from the same section, no exceptions.
- Team size:
  - Teams should consist of five members from sections 101 and 102. There are 70 students in each of section. Hence, teams must have five members to accommodate the class.
  - Teams should consist of four or five members from sections 103 (exact number will depend on final enrollments). I will firm this up after the drop/add period is complete on September 10.
- Form your team with an eye toward accessing a broad base of knowledge and skills, including the ability to use market intelligence, experience with forecasting, business planning, finance, and accounting. Students in this class will have varying backgrounds and electives, so please access this diversity for the benefit of your team. Now is a time to broaden your network, so reach out to new people and especially to our exchange students.
- Register your team members' names in the "P&G Project TeamBuilder" and "Sonance Case TeamBuilder" tools which will appear on your "My Courses" page in FuquaWorld following drop/add on September 10. This information will allow students searching for teams to determine who is and is not available.
- Teams do not need to stay the same across the two team assignments.
- If you are unhappy with your team, do something about it. This is an opportunity for you to practice these skills. If you get stuck, please see me.

### **Preparing Cases**

Cases used in class are chosen for how well they convey important marketing concepts/practices. Sometimes these cases are new and other times they are "classics." When we are using older cases, do not perform research to determine "what the firm did" or "what happened." Such research, while

not an honor code violation, will be considered a breach of contract in this course. Further, at the price you are paying for The Duke MBA, my assumption is you want to struggle with the material and figure it out on your own.

### **Course Announcements and Handouts**

- I will post course announcements to the course website <https://courses.fuqua.duke.edu/2009/fall1/marketng468/> under the “Course Announcements” page. Announcements will be dated so you can review efficiently. I recommend that you check the Course Announcement page before each class.
- Although the syllabus and course assignments have been reviewed carefully, there are occasionally new questions or insights not anticipated by me or prior classes. When questions arise that I believe will benefit the class, I will post these on the Course Announcement page. Please look on the board before beginning an assignment for any updates of this nature. If the announcement is very timely, I will send the class an email.
- All class handouts will be posted to the course website within 24 hours of the class for the class session in which they are distributed. I generally do this immediately following the third class at 6:30PM, however, 24 hours may sometimes be necessary.

### **The Honor Code**

You may not use notes or materials (including conversations and internet content) from others, including FSB students, anywhere in the world. Use of such sources is considered a violation of the Honor Code. If there is ever any doubt regarding how the Honor Code applies to any aspect of this course, please contact me with questions.

## Course Outline

Each class session is divided into two boxes to indicate the topics that will be covered in each hour session of class. If both hours focus on one topic, only one box is used.

<b>Tuesday, September 8</b>	<b>Session 1</b>
	<p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>▪ Course Introduction</li> <li>▪ A Strategic Approach to Marketing</li> </ul> <p><b>Readings:</b></p> <ul style="list-style-type: none"> <li>▪ Chapters 1 and 2, <i>Competing on Customer Value</i></li> </ul>
	<b>Session 2</b>
	<p><b>Topic:</b></p> <ul style="list-style-type: none"> <li>▪ Customer Value Leadership</li> </ul> <p><b>Reading:</b></p> <ul style="list-style-type: none"> <li>▪ Becton-Dickinson &amp; Co: Vacutainer Systems Division Case: HBS Case 9-592-037</li> </ul> <p><b>Case Questions (prepare in advance for in-class discussion):</b></p> <ol style="list-style-type: none"> <li>1. Why do most hospitals and medical laboratories choose Vacutainer products?</li> <li>2. What are the major challenges to the dominant position of BDVS in the market for blood collection products?</li> <li>3. How should BDVS respond to APG demands regarding private labeling, use of distributors, and pricing?</li> </ol>

<b>Thursday, September 10</b>	<b>Session 1</b>
	<p><b>Topic:</b></p> <ul style="list-style-type: none"> <li>▪ Customer Value Leadership</li> </ul> <p><b>Readings:</b></p> <ul style="list-style-type: none"> <li>▪ Chapters 4 and 5, <i>Competing on Customer Value</i></li> </ul> <p><b>Assignment:</b></p> <ul style="list-style-type: none"> <li>▪ Be prepared to share verbally a quick example you find of either: (i) a new customer value leader that hurts an incumbent or (ii) how an incumbent defended its value leadership position against an emerging threat from inside or outside the industry.</li> </ul>
	<b>Session 2</b>
	<p><b>Topic:</b></p> <ul style="list-style-type: none"> <li>▪ Design for Customer Value Leadership - Introduction</li> </ul> <p><b>Video:</b></p> <ul style="list-style-type: none"> <li>▪ Nightline's "Deep Dive" video of IDEO redesigning the shopping cart:  <a href="http://stream.fuqua.duke.edu/Content/Users/moorman/DeepDive/DeepDive_800K.mov">http://stream.fuqua.duke.edu/Content/Users/moorman/DeepDive/DeepDive_800K.mov</a> (~20 mins)</li> </ul>

<b>Monday, September 14</b>	<b>Session 1</b>
	<p><b>Topic:</b></p> <ul style="list-style-type: none"> <li>▪ Design for Customer Value Leadership – Tools, Myths</li> </ul> <p><b>Readings:</b></p> <ul style="list-style-type: none"> <li>▪ Leonard, D. and J. F. Rayport (1997), "Spark Innovation through Empathic Design," <i>Harvard Business Review</i>, 75 (6), 102-113.</li> <li>▪ Patnaik, Dev and Peter Mortensen (2009), "The Open-Empathy Organization," <i>Rotman Magazine</i>, Spring, 52-57. Harvard Business School Publications - ROT084-PDF-EN</li> <li>▪ Kotchka, Claudia (2006), "The Design Imperative in Consumer Goods," <i>Design Management Review</i>, 17 (1), 10-14.</li> </ul> <p><b>Video:</b></p> <ul style="list-style-type: none"> <li>▪ Claudia Kotchka speaking about design at P&amp;G at the IIT Institute of Design Strategy Conference:  <a href="http://bauhaus.id.iit.edu/externalID/presentations/idsc08/16-ClaudiaKotchak.mov">http://bauhaus.id.iit.edu/externalID/presentations/idsc08/16-ClaudiaKotchak.mov</a>. (~45 mins)</li> </ul>
	<b>Session 2</b>
	<p><b>Topic:</b></p> <ul style="list-style-type: none"> <li>▪ Strategic Market Insights</li> </ul> <p><b>Reading:</b></p> <ul style="list-style-type: none"> <li>▪ Chapter 3, <i>Competing on Customer Value</i></li> </ul>

<b>Thursday, September 17</b>	<b>Sessions 1 and 2</b>
	<p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>▪ Customer-Focused Growth and Innovation</li> <li>▪ Organic Growth through Full-Spectrum Innovation</li> </ul> <p><b>Readings:</b></p> <ul style="list-style-type: none"> <li>▪ Chapters 6 and 7, <i>Competing on Customer Value</i></li> <li>▪ Glass Egg Digital Media: HBS Case 9-508-056</li> </ul> <p><b>Case Questions (prepare in advance for in-class discussion):</b></p> <ol style="list-style-type: none"> <li>1. How should Glass Egg evaluate each growth option?</li> <li>2. What risks are associated with each of the options? How can Glass Egg mitigate these risks?</li> <li>3. Many firms attempt to expand their set of product and service offerings in an attempt to bring more of a "solution" to their customers. Should Glass Egg do the same?</li> <li>4. Which, if any, of the growth options do you recommend? Why?</li> <li>5. What other changes would be required to the organization to allow Glass Egg to pursue each growth option?</li> </ol>

<b>Monday, September 21</b>	<b>Sessions 1 and 2</b>
	<p><b><u>Topic:</u></b></p> <ul style="list-style-type: none"> <li>▪ P&amp;G Growth Project Due (Project guidelines are in your course pack for 9/21)</li> </ul> <p><b><u>Guests:</u></b></p> <ul style="list-style-type: none"> <li>▪ Members of P&amp;G Oral Care Divisions</li> </ul>

<b>Thursday, September 24</b>	<b>Sessions 1 and 2</b>
	<p><b><u>Topics:</u></b></p> <ul style="list-style-type: none"> <li>▪ Developing Valuable Brands</li> <li>▪ Leveraging Brand Equity for Growth</li> <li>▪ Valuing Brands</li> </ul> <p><b><u>Readings:</u></b></p> <ul style="list-style-type: none"> <li>▪ Chapters 10 and 11, <i>Competing on Customer Value</i></li> </ul> <p><b><u>Guest:</u></b></p> <ul style="list-style-type: none"> <li>▪ Rebecca Messina, Senior Global Director, Marketing Capability, The Coca-Cola Company. Plan for a break at 75 minutes. I will lecture for the remaining 45 minutes of class.</li> </ul>

<b>Monday, September 28</b>	<b>Session 1</b>
	<p><b><u>Topic:</u></b></p> <ul style="list-style-type: none"> <li>▪ Managing the Customer to Capture Firm Value</li> </ul> <p><b><u>Reading:</u></b></p> <ul style="list-style-type: none"> <li>▪ Virgin Atlantic Airways – 10 Years After: INSEAD Case 595-023-1</li> </ul> <p><b><u>Case Questions (prepare in advance for in-class discussion):</u></b></p> <ol style="list-style-type: none"> <li>1. Describe the business model underlying VAA’s current success in delivering customer value.</li> <li>2. Describe three factors that threaten the sustainability of this strategy.</li> <li>3. Offer one strategy that would resolve each of these threats.</li> </ol>
	<b>Session 2</b>
	<p><b><u>Topic:</u></b></p> <ul style="list-style-type: none"> <li>▪ An Introduction to Customer Lifetime Value</li> </ul> <p><b><u>Note:</u></b></p> <ul style="list-style-type: none"> <li>▪ All examples in this lecture are illustrated in the spreadsheet entitled, “Spreadsheet for Introduction to Customer Lifetime Value Lecture” that will be linked to the course website at 6:30PM on 9/28/09</li> </ul>

<b>Thursday, October 1</b>	<b>Session 1</b>
	<p><b><u>Topic:</u></b></p> <ul style="list-style-type: none"> <li>▪ Customer Profitability</li> </ul> <p><b><u>Readings:</u></b></p> <ul style="list-style-type: none"> <li>▪ Customer Profitability: University of Virginia Note, HBS - UV0407</li> <li>▪ SyPhone Case</li> </ul> <p><b><u>Case Questions (prepare in advance for in-class discussion):</u></b></p> <ul style="list-style-type: none"> <li>▪ See SyPhone case for questions.</li> <li>▪ A workbook containing SyPhone case data can be downloaded from the course website.</li> <li>▪ The goal of this exercise is to practice the application of CLV skills covered in the Introduction to Customer Lifetime Value lecture. The case follows the tools we covered in class. I recommend that you try to answer all of the SyPhone questions and then check your answers using the SyPhone Answer spreadsheet posted on the course website.</li> <li>▪ It is important that you are able to do CLV for all marketing, strategy, and consulting jobs. Bring your completed work to class to discuss.</li> <li>▪ If you need assistance, a TA will be available to answer your questions on Tuesday (9/29) and Wednesday (9/30) from 12-4PM in Morrow Conference Room (2<sup>nd</sup> floor, East).</li> </ul>
	<b>Session 2</b>
	<p><b><u>Topic:</u></b></p> <ul style="list-style-type: none"> <li>▪ Managing the Customer Asset</li> </ul> <p><b><u>Readings:</u></b></p> <ul style="list-style-type: none"> <li>▪ Chapters 8 and 9, <i>Competing on Customer Value</i></li> </ul>

<b>Monday, October 5</b>	<b>Sessions 1 and 2</b>
	<p><b><u>Topics:</u></b></p> <ul style="list-style-type: none"> <li>▪ The Strategic Role of the Salesforce</li> <li>▪ Marketing-Sales Integration</li> </ul> <p><b><u>Reading:</u></b></p> <ul style="list-style-type: none"> <li>▪ Avaya (A): HBS Case 9-508-048; Avaya (B): HBS Case 9-508-049 (in class distribution)</li> </ul> <p><b><u>Case Questions (prepare in advance for in-class discussion):</u></b></p> <ol style="list-style-type: none"> <li>1. What is the problem in the case?</li> <li>2. What is the source of the problem?</li> <li>3. Construct a process that solves Avaya's problem. What is marketing supposed to do and what is sales supposed to do?</li> </ol>

<p><b>Thursday, October 8</b></p>	<p><b>Sessions 1 and 2</b></p>
	<p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>▪ Managing Customer Relationships</li> <li>▪ The Internet as a Sales Channel</li> </ul> <p><b>Guest:</b></p> <ul style="list-style-type: none"> <li>▪ Roger Chacko, EVP and CMO, USAA</li> </ul> <p><b>Readings:</b></p> <ul style="list-style-type: none"> <li>▪ Kumar, Nirmalya (2006), “From Declining to Growing Distribution Channels,” Chapter 4, <i>Marketing as Strategy</i>, Boston, MA: Harvard Business School Press, 1-32.</li> <li>▪ Rangan, V. Kasturi (2006), “Integrating the Internet into the Multiple-Channel Solution,” Chapter 11, <i>Transforming Your Go-to-Market Strategy</i>, Boston, MA: Harvard University Press, 227-244.</li> </ul>
<p><b>Monday, October 12</b></p>	<p><b>Sessions 1 and 2</b></p>
	<p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>▪ Managing Channel Conflict</li> <li>▪ Sonance Case Analysis Due (Case analysis guidelines are in your course pack for 10/12)</li> </ul> <p><b>Reading:</b></p> <ul style="list-style-type: none"> <li>▪ Sonance at the Turning Point: Columbia Business School Case</li> </ul>
<p><b>Thursday, October 15</b></p>	<p><b>Sessions 1 and 2</b></p>
	<p><b>Topic:</b></p> <ul style="list-style-type: none"> <li>▪ Organizing to Compete on Customer Value</li> </ul> <p><b>Readings:</b></p> <ul style="list-style-type: none"> <li>▪ Tesco Case: HBS #9-503-036</li> <li>▪ Chapter 13, <i>Competing on Customer Value</i></li> </ul> <p><b>Case Questions (prepare in advance for in-class discussion)</b></p> <ol style="list-style-type: none"> <li>1. What customer value does Tesco deliver?</li> <li>2. What Tesco capabilities are important to delivering customer value, capturing firm value, and offering deep market insights?</li> <li>3. In what other ways has Tesco organized to compete on customer value?</li> <li>4. What is the key to Tesco's international success?</li> </ol>
<p><b>Saturday, October 17</b></p>	<p><b>Session 1</b></p>
	<p><b>Final Exam Review:</b></p> <ul style="list-style-type: none"> <li>▪ 1:00-3:00PM, McClendon Auditorium – Bring your questions</li> </ul>