Marketing Strategy (Marketing 807)
2014 Daytime MBA – Spring Term 2, Lilly Classroom

Professor Christine Moorman (moorman@duke.edu, @chrismoorman)
A308 Academic Center, (919) 660-7856, http://www.duke.edu/~moorman
Office hours: By appointment, email to request time

Course website: https://sakai.fuqua.duke.edu/
Sections: 10:30AM (401), 1:45PM (402), and 4:15PM (403)

Teaching Assistants: Molly Beck, Sucharita Bitracanti, Brandi Butler, Sumit Chadha, Meiqing Fan, Keerthi Kiran Kanchanapally, Denise Latarowski, Jerry Miller, Eric Nakano, Okey Nwosu, Ashwin Ollapally, Soumik Paul, Maria Popescu, Mustafa Jalil Qureshi, Suman Rao, Kuber Sharma, Manav Tando, Juan Vasquez, Richard Wang, Jaclyn Wuebbles, Sahithya Yadati

Course Introduction and Objective

Marketing strategy is concerned with managing customers to maximize company profits over time. The focus is on managing at the strategic level by targeting, acquiring, retaining, and profiting from customers. We will examine the management of both strategy and the organization to build valuable customers for company growth and profits.

The course builds on the core marketing and strategy classes. However, it differs from both in two ways. First, given the strategic focus of this course, less attention will be given to the tactical-level activities of the marketing department in implementing marketing decisions using the 4Ps. Second, given the customer focus of the course, we will place the organization’s capabilities at the service of customers and not the other way around.

This is a practical class. Each class period examines a case about a firm problem. Within each case, there are a set of concepts, tools, or ideas that we will derive in solving the case. These concepts, tools, and ideas are one source of value from the class. A second source of value will come from working to solve these cases in small groups before class.

Cases

Class sessions are designed around twelve case studies, eight of which will be graded. These cases are the most important feature of the course. The cases describe ambiguous, uncertain, and difficult-to-solve marketing strategy problems for which important company decisions need to be made. In nearly all situations, a case will represent your first exposure to a particular problem. Solutions will not be straightforward. Instead, you should anticipate struggling with your team and debating your recommendation before writing your memo (see next section for details). As with other classes here at Fuqua, this approach seeks to stimulate your thinking before class and then to use time in class to debate and discuss the cases together.
**Teams and Case Write-Ups**

**Forming your Team.** Teams are composed of five members from the same section. Teams cannot be formed across sections, no exceptions. Sign up for your team on “TeamBuilder” in FuquaWorld under your courses. The link will be available after March 1.

Here are a few tips for team formation. First, please strive for a diverse team to enrich the learning experience. I will be monitoring this process. Second, reach out to exchange students in your section to join your team. These students do not have existing social networks and so reaching out to them is a nice Fuqua gesture and should enrich your learning experience. If you are having trouble finding a team or want to identify the exchange students in your section, write to TA Maria Pospescu (maria.popescu@fuqua.duke.edu).

No need to email me your team members as I will see the teams forming on TeamBuilder. You should have your team established by the end of the first day of class. Please begin this process as soon as possible! A case write-up is due for Class 2 so this timing is important to ensure your team does not get behind.

Your team number is noted in Team Builder and is comprised of a number and letter, such as Team 1A or Team 3B, depending on your section. This team number will be used on all your case submissions so please make note of it.

**Processing Cases as a Team.** I recommend that teams set up a regular meeting time to process the cases together. Read the case before attending this meeting and form initial ideas about how to address the required question. During your meeting, share ideas and come to a consensus about your answer. One or more team members can then write it up. All team members should review and improve this document before submitting. Students have shared with me that they learn a great deal from the process of discussing these cases with their teams. Your preparation for these meetings and your involvement in writing the memos will help you prepare for class and the final exam as well as help your team perform well on this part of the course.

**Writing Team Memos.** Case write-ups will be evaluated for how well your team addresses the assigned write-up questions, not for perfect accuracy relative to a pre-defined answer. Therefore, you should be logical and thorough. The case write-up questions are listed in the syllabus on the day they are due. Your ideas and analyses should be clear, concise, and well-argued. Lay out your recommendations carefully and do not exceed one page. I will share several excellent examples of case write ups from previous classes for the Becton Dickinson case (which we will process in the first class) in Sakai at the end of the first day of class for your review.

You should not look up material about the company on the web or in reference materials before working on the case or discussing it in class. Doing so is considered an honor code violation. The only exceptions are the two living cases involving MeadWestvaco and Deloitte. External materials are not required for these two living cases, but your team can search for external materials if you determine it will be helpful. For all other cases, the focus is on developing a recommendation for the company using the information and readings you have been given for the class session.
Write-ups are a one-page memo plus any supporting tables, figures, or appendices. Please use double-spaced, a minimum font size of 11 point, and one-inch margins all around. No cover sheet is necessary. Place your team number in the header of the document. Do not list team member names. If you include supporting materials or appendices, you should reference these materials in your memo. If not, these materials will, in all likelihood, be ignored by the grader. Given you only have one page, do not waste space at the top repeating the write-up question or using any unnecessary formatting.

**Submitting Team Memos.** Submit your team memo before 8:00AM on the day the case is covered in class. Late memos will receive a grade of zero. Only one team member should submit the case write-up. Label your file using the following convention: TeamName_CaseName. Therefore, if your team name is 3B and the memo is for HubSpot, you would label your file: 3B_HubSpot. Remember to not list your team members’ names. This convention makes the entire grading process anonymous and much easier from an administrative perspective and so I appreciate your support in using this approach.

To upload memos, go to the Assignments link in Sakai and click on the Assignment title in the list. Browse to select the file you want to upload. Once you have selected the file, click the Submit button and you will see the confirmation screen. You will receive a confirmation email if the assignment has been submitted correctly.

**Memo Feedback.** Teams will receive a score and comments in the electronic gradebook in Sakai before the next case is due. Teams will receive a grade of 1, 2, or 3 points (3 is high) and brief feedback from the TA about their memo. Late memos will receive a grade of zero. Teams tend to lose points for three reasons: (1) they did not answer the assigned question(s); (2) they did not describe and/or justify their recommendations; or (3) they do not carefully proof their work and/or accept the track changes in the document.

**Living cases.** We will work two living cases in class: MeadWestvaco and Deloitte. Executives from these companies will visit class to listen and respond to your recommendations. To save time in class, I will not do a formal set of introductions. Instead, review bios for all visitors in the class session in Sakai. Given time constraints, approximately half of the teams in your class will have a chance to share their ideas during these sessions. You should come prepared to pitch your ideas to visiting executives in a few minutes and to receive a few questions in return. Before coming to class, decide which team member(s) will pitch the idea and which will respond to questions. The same person should not pitch and respond to questions. Sit with your teams for these two classes. I will post a reminder on the door for each class. All memos will be shared with visiting executives. If you do not wish for your memo to be shared, please let me know in advance of the class.

**Course Materials**

- Course packet of cases, readings, and videos.
- Online multimedia cases and videos to be streamed (described in syllabus)
Final Exam

This course will use a final exam to assess how well you have learned the concepts, tools, and frameworks we have studied throughout the term. The exam will be open book, open note, and open spreadsheet. I will not introduce a new case for the final, but draw on the cases we have used through the term. All questions will come directly from the cases, readings, hand-outs, and discussions in-class. The questions will be of two types. First, some questions will involve calculations using tools we have learned in class. Second, other questions will involve short answer responses that examine how well you have learned the case lessons. Prior to the final, I will post a set of example questions from previous years in Sakai to give you a sense of the types of questions I will use on the exam. These questions do not involve cases we are using this year, so you should focus more on the type of questions I ask, not on the specific content of the question. You may study for the final exam with any current student across sections. Please do not study with any of the TAs supporting the course. If questions arise in your preparation for the exam, please see me and I may assign a TA to work with you to answer your questions. The final exam review session will be held on April 27th at 1:00PM in Geneen.

Course Grade

The distribution of grades for the class will follow Fuqua’s recommended policy for elective courses: SP (no more than 30%), HP (no more than 45%), and P, LP, F (at least 25%). Grades are based on class participation, case write-ups, and the final exam (each described below):

- **Class participation** (12 points)
- **Case write-ups** (48 points):
  - 6 points per each of 8 cases. You will receive a score of 3, 2, or 1 for the case on Sakai and these will be scaled to 6 points for your final grade (e.g., 3/3*6 = 6 points, 2/3*6 = 4 points, 1/3*6 =2 points)
- **Final exam** (40 points)

100 points

To ensure accountability, teams will be asked to evaluate their members’ contributions to the case write-ups at the end of the course. If there are consistent problems, adjustments will be made to the team members’ final case write-up points.

Attendance and Class Participation

Given the focus on case analysis, I expect you to attend class regularly and to be actively involved in class discussions. This means asking questions, sharing your ideas, and engaging with guests in a professional manner. No need to dress up for guests, but avoid hats and super casual attire.

I reserve the right to cold call students in class. I will do so in each class to ensure all students have an opportunity to participate. You will receive a participation score for each class which will summed at the end of the term to determine your participation grade for the course. This
score will be for both hours of class. Simone Wies, a post-doc who is working with me, will sit in on all classes to help me score participation and with course administration.

I will pass around a seating chart during the first and second classes. Please use that seat throughout the term so I can get to know you quickly and score your participation more accurately. The only exception is that I ask you to sit with your team when we have guests in class for the living cases. Please use your Fuqua-issued name tent for all class sessions. Hand-written tents are difficult for me to read in the front of the classroom.

I recommend that you attend your assigned section to ensure I accurately score your participation. However, if a conflict arises and you must attend another session, you should locate a seat not taken by a member of that class. Please let me and Simone know you are present so we can score your participation grade accordingly. Each class session will be video recorded using Fuqua’s “Panopto” system. Guests and I will wear microphones throughout the term to increase the voice capture on these videos. However, 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. All links have been released to students in the class and can be found in the standard location: http://fuqua.capture.duke.edu.

**Classroom Norms**

This class will observe Fuqua classroom norms associated with promptness, courtesy, and preparedness. These norms express the underlying value of the classroom experience and help preserve it through their operation. A complete description of these norms can be found at: https://go.fuqua.duke.edu/supportDocs/ClassroomNorms.docx. As a quick review, we will begin and end class on time and you should be in your seat, on time, at the beginning of class and after breaks. Hand-held devices or laptops should not be used in class and only beverages may be brought into the classroom. Your level of preparedness is important to the class and working on the cases together and completing assigned readings should help you achieve this. In class, raising your hand, listening carefully, and not interrupting one another will make the class more effective and fun for all. Please help me raise awareness of these norms and monitor their operation in class throughout the term.

**Course Announcements and Forum**

I will post course announcements in Sakai under “Announcements.” I recommend that you check before each class and before beginning any case write-ups for clarifications. If there is a high priority announcement, I will send it to the class via email.

I will also use the “Forum” in Sakai to extend the classroom experience with additional readings and thoughts. I invite you to add your own examples, questions, or comments to the Forum. It is a fun way to contribute to the class. I recommend that you add a “watch” function to the “Forum” function in Sakai so you will receive an email when there are updates. To do so: (a) click “Forums” on the Left-hand panel in Sakai and (b) select “Watch” from the list of topics (see far right).
Although the syllabus and course assignments have been reviewed carefully, there are occasionally new and unanticipated questions or insights. When questions arise that I believe will benefit the class, I will send you an email (if high priority) and otherwise post to announcements.

**The Honor Code**

With the exception of using outside reference materials for the living cases, you may not use notes or materials (including conversations and internet content) from any source to complete any graded assignment for the course. 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.
# Course Calendar

Class sessions will cover one or two topics. If covering two topics, each topic will be listed separately. You should prepare materials for the entire session prior to class.

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Case</th>
<th>Reading</th>
<th>Write-up Question</th>
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</thead>
<tbody>
<tr>
<td>March 17</td>
<td><strong>Customer Value Leadership</strong></td>
<td>Becton-Dickinson &amp; Co: Vacutainer Systems Division</td>
<td>Chapter 1, <em>SFTOI</em></td>
<td>How should BDVS respond to APG demands regarding private labeling, use of distributors, and pricing?</td>
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<td><strong>Course Introduction - Marketing Strategy from the Outside In</strong></td>
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<td><strong>Marketing Strategy from the Outside In</strong></td>
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<tr>
<td>March 20</td>
<td><strong>Customer Value Leadership and the Business Model</strong></td>
<td>Virgin Atlantic Airways: Ten Years After</td>
<td>Chapter 3, <em>SFTOI</em> and <a href="http://www.youtube.com/watch?v=SPUY_vAjRgo">http://www.youtube.com/watch?v=SPUY_vAjRgo</a></td>
<td>What is the biggest vulnerability associated with Virgin Atlantic’s business model to deliver customer value and how should it be remedied?</td>
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<td><strong>Imperative 1: Customer value leadership</strong></td>
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<td><strong>Multimedia Case:</strong> Building a Brand Community on the Harley Davidson Posse Ride (To access case, go to <a href="https://cb.hbsp.harvard.edu/cbmp/access/25185062">https://cb.hbsp.harvard.edu/cbmp/access/25185062</a>. Once you have registered at the site, you will gain access to the case)</td>
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Thursday, March 27

**Topic: Customer-based Innovation and Growth - Tools**

**Class location:** All classes will meet in the Kirby Reading Room for this session during their regular class period. Students will work in teams during this class session so please do not attend a different class period.

**Case:** IDEO

**Visitors:** (review bios in Sakai)
- Misa Misono, Business Designer, Fuqua ’09, IDEO
- David Aycan, Design Director and Business Design Discipline Lead, IDEO

**Readings:**
- Brown, Tim “Turning Need into Desire,” in *Change by Design*
- IDEO “Planning Observations: What to Do”
- Stanford University Institute of Design “Design Methods”

**Research Activities (each is related to a method described in the Stanford reading):**

1. Select a packaging context, such as food, beauty and personal care, beverages, medicine, or cleaners. Any context involving packaging is fine.
2. Spend an hour observing the environment in which the package is used. If possible, observe the journey before, during, and after as well. Take pictures and log notes. (“What? Why? How?” and “Journey Map” methods)
3. Write a short interview guide based on your observations. (“Interview Preparation” method)
4. Determine who your “extreme users” might be. (“Extreme Users” method)
5. Interview 2-3 people, including one extreme user. Write up your notes from the interview to bring to class. (“Interview for Empathy” method) – See demos of good and bad interviews posted in Sakai

The success of this session depends on team preparation. Please perform these research activities as a team and come to class with pictures of observations and notes to share. Be on the look-out for unmet needs and opportunities for innovation!

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Monday, March 31

**Topic: Customer-based Innovation and Growth - Company Application**

**Case:** MeadWestvaco

**Visitors:** To be announced

**Write-up questions:** Submit a PowerPoint file that does not exceed four slides addressing the four points below (extra slides can be used for exhibits or tables in an appendix). Student teams should be prepared to offer a 3-minute presentation of their ideas. A subset of teams will present during this period. If you are one of the presenters for your team, please allow other team members to answer questions from our guests. Please sit with your teams for this class period.

- Slide 1: What unique customer insight underlies your innovation?
- Slide 2: Who is your target market?
- Slide 3: What is your offering’s position and what are its key features?
- Slide 4: Using IDEO’s business model approach, describe your growth strategy and your competitive preemption strategy for this innovation.

Imperative 2: Innovate new value for customers
### Thursday, April 3

**Topic: Integrating Marketing and Sales to Manage Customers**  
**Case:** Avaya (A) [We will process Avaya (B) in class together]  
**Write-up question:** Outline a process that solves Avaya’s problem. What is marketing supposed to do and what is sales supposed to do?

**Topic: Valuing the Customer Asset**  
**Reading:** “Customer Profitability”  
TA office hours will be offered for CLV models in Morrow Conference Room (2nd floor, Academic Center): 4/4 (10AM-12PM), 4/5 (1-3PM), 4/7 (4-6PM), and 4/8 (11AM-1PM)

### Monday, April 7

**Topic: Managing the Customer Asset: Applications**  
**Computer Gear Practice Set:** After reviewing the Computer Gear case in your coursepack, practice answering the CLV questions in the Computer Gear workbook which you will download from the course website. Check answers and procedures against those provided in the workbook. This questions will not be graded. However, these topics will be part of the final exam so I encourage you to practice and come to class with questions. We will extend these analyses in class today. See 4/3 for information about TA office hours related to CLV models.

**Topic: Targeting Customers and Inbound Marketing**  
**Case:** HubSpot  
**Write-up question:** Who should HubSpot target and why?  
**Notes:**  
- To simplify your CLV analysis, you can ignore any segment changes related to customer transitions that you suspect are occurring in the case. Feel free to discuss this qualitatively, but don’t worry about including this in your analysis. We will discuss an approach to manage this in class.  
- For this case, I found it helpful to perform the CLV analysis at the monthly level, which means you will have to adjust the yearly discount rate (assume 0.10) to 0.10/12.  
- Don’t let the CLV analysis cut off a wider array of strategic analysis that is equally relevant to this case.

### Thursday, April 10

**Note:** Class will only be held for the first hour given our session on 4/11 with John Replogle, CEO of Seventh Generation. Please plan to attend both hours of class and thank you in advance for doing so.

**Topic: Brand Repositioning and Customer Growth**  
**Case:** Deloitte (to be delivered in prior class)  
**Write-up question:** See Deloitte case for details  
**Visitor:** Jonathan Copulsky, Principal, Deloitte Consulting LLP (see bio in Sakai)
### Friday, April 11

**Topic:** Strategic Management of Marketing Channels: How Seventh Generation is Managing the Retail Channel  
**Reading:** Chapter 7, *SFTOI*  
**Video:** Managing Channel Conflict (Video can be streamed at [http://stream.fuqua.duke.edu/Content/Users/moorman/Channel/Channel-conflict.mov](http://stream.fuqua.duke.edu/Content/Users/moorman/Channel/Channel-conflict.mov) Please watch before class as background (~35 mins)  
**Visitor:** John Replogle, CEO, Seventh Generation (see bio in Sakai)  
**Time and Location:** 4:15-5:15PM in Geneen Auditorium

### Monday, April 14

**Topic:** Marketing Resource Allocation and Promotional Strategy  
**Case:** BBVA Compass  
**Discussion question (no write up due):**  
BBVA has a total 2010 marketing budget of $44.6M (assuming 10.7% decrease from 2009 as noted in Table A). Eleven months in, BBVA Compass had allocated $1.15M to online advertising, which means that $4.47M had been allocated to offline advertising (see Tables B and C) in order to acquire 229,056 customers. Is the 2010 advertising budget allocation between offline and online media appropriate? If yes, justify the allocation. If not, what would you change and why?

### Thursday, April 17

**Topic:** Managing Brand Equity  
**Reading:** Chapter 9, *SFTOI*  
**Video:** Brand Integration at Thermo (Video can be streamed at [http://stream.fuqua.duke.edu/Content/Users/moorman/Thermo/Thermo-short.mov](http://stream.fuqua.duke.edu/Content/Users/moorman/Thermo/Thermo-short.mov) Please watch before class for the post-case discussion ~ 15 mins)  
**Multimedia Case:** Threadless (View case at: [https://cb.hbsp.harvard.edu/cbmp/access/25185062](https://cb.hbsp.harvard.edu/cbmp/access/25185062). Once registered, you will have access to the case)  
**Write-up questions:**  
Should Threadless accept the offer from the major retailer to supply Threadless-designed T-shirts nationwide? If not, how should Threadless grow? If yes, how should Threadless mitigate the brand equity risks?

### Monday, April 21

**Topic:** Managing Product Line Strategy  
**Case:** Unilever in Brazil  
**Write-up questions:**  
- Should Unilever target the low-income segment consumers in the Northeast of Brazil with a detergent powder (be very brief)? If so, is a new brand necessary? Establish the brand position, the product features, and the price for a current or new brand.
**Thursday, April 24**

**Topic:** How Marketing Assets Produce Value for the Company  
**Reading:**  
- “Market-Based Assets and Shareholder Value” *Journal of Marketing*

**Topic:** Building a Customer-Centric Organization  
**Readings:**  
- “Rethinking Marketing” *Harvard Business Review*  
- “The Institutional Yes” *Harvard Business Review*

**Topics:** Course debrief, Final exam preview, Course evaluation

**Sunday, April 27 (1-3PM)**

Final exam review (Geneen Auditorium)

**April 28-May 2**

Final exam time and location TBA