ENTRE / MKGT 555(A/B) : Entrepreneurial Marketing

Spring 2019

Class location: PACCAR 294
Class time: Monday and Wednesday 3:30pm to 5:20pm
Professor: Jonathan (Zaozao) Zhang
Office: PACCAR 547
Office Hours: Directly after class or by appointment via email
e-mail: zaozao@uw.edu

Coursepak (cases) for download

https://hbsp.harvard.edu/import/622055

COURSE DESCRIPTION

This course focuses on the unique challenges of marketing in start-up organizations, providing insights into the strategy and processes related to the launching and promotion of new business ventures.

In contrast to established companies, entrepreneurial marketing is defined by three main distinctions: disruptive innovation, limited resources, and, by definition, low awareness.

These three distinctions remain true regardless of the type of venture.

This course addresses marketing decision-making under these conditions, across both B2C and B2B business models, and across a wide range of industries including platforms, services, consumer products, and high-tech.

With disruptive innovation to the existing ecosystem, we need to 1) convince customers of the benefits and to change their habits, and to 2) explore the complex ecosystem of incentives and to convince collaborators to adopt.

With limited resources (both money and time), we don’t have the luxury of mass-marketing. Instead, we need to prioritize our marketing actions and focus on one particular customer segment that is most “referenceable” and has the best chance of giving us the fastest growth trajectory.

Jonathan Z. Zhang
With *low awareness*, entrepreneurs are required to have a clear-cut and clearly-communicated positioning relative to the competition and are often required to engage in partnership arrangements in order to facilitate adoption.

**Course Organization**

While students enrolled in this course are expected to understand the basic theories of marketing as taught in MKT501, we do review them throughout the course in a condensed format in the entrepreneurial context, as they are a set of guiding principles for interfacing with customers, competitors, collaborators, and the environment.

The first half of the course focuses on marketing strategy. In order to make effective strategic decisions, entrepreneurs must develop marketing programs that satisfy target consumers’ needs better than the status quo and the competition.

The second part of the course focuses on the *decisions* that entrepreneurs make and the *tools* that they use to *implement* an effective marketing strategy. The attraction and retention of profitable customers must involve evaluating the value of the innovation offered, the way in which the innovation is distributed, how pricing is set and structured, and how consumer value is communicated.

A key component of this course is the team development and presentation of marketing recommendations for advanced stage start-ups (at the business development stages). I will randomly assign the teams to a company. Companies are recruited by me before the quarter.

Through class term project, hands-on exercises, case studies, and class discussions, we will explore marketing strategy and its implementation through the "marketing mix." As we progress, it will become apparent that each of these decisions affects the others and that they must all be framed as part of an integrated marketing strategy.

At the end of the class, we will also have a session on entrepreneurial failure, as we can learn an amazing amount on what has not worked.

**Course Objectives**

The main objectives of this course are to improve your ability to:

1. Assess market opportunities by analyzing customers, competitors, collaborators, context, and the strengths and weaknesses of a company.
2. Design focused marketing strategies to maximize a company’s chance of winning in these markets, and better evaluate different potential growth trajectories.
3. Learn about the decision support tools necessary to implement marketing strategy.
4. Communicate and defend your own marketing recommendations as well as critically examine and build upon the recommendations of others.
This course differs in an important way from most other courses by emphasizing both quantitative and qualitative analyses. Qualitative analysis is important for entrepreneurial firms due to 1) the lack of data, and 2) the fact marketing is, in the end, concerned with behavior of people – consumers, competitors, partners such as salespeople and distributors – that is often difficult to capture in quantitative terms. At the same time, quantitative analysis is invaluable for estimating the expected impact of marketing decisions on customers and firm performance and is critical for communicating with those outside of the marketing field.

This dual nature of marketing makes it complicated as it involves many sources of uncertainty and judgment. You will need to balance both types of analyses when you justify your decisions in class discussions and assignments.

**COURSE MATERIALS**

**Required Readings**

You will find it essential to read about each session in the syllabus before beginning to prepare for that session. It will provide you with a framework and will help focus on the key concepts for each class. The key resources for the course are:

1. Readings and Cases Packet
3. Lecture notes (distributed in class and will be available on the course website)

**(Highly) Recommended Readings**

If you are interested in additional background readings, I suggest two popular books. The first one talks about the general classifications of entrepreneurs, their interactions with VCs, as well as the motivation behind entrepreneurship - something to help you stay on course for the long road ahead.


The second, often praised as “the Bible for marketing high-tech products to larger markets”, emphasizes on the adoption of disruption innovation. We will refer to the core principle of this book throughout the class when we discuss innovation adoption.

STUDENT PERFORMANCE EVALUATION

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<thead>
<tr>
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<th>Percentage</th>
<th>Type</th>
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<tbody>
<tr>
<td>Class Participation (15%)</td>
<td>35%</td>
<td>Individual</td>
</tr>
<tr>
<td>Short Written Case Preparations (2-pages max). (20%)</td>
<td>20%</td>
<td>Group</td>
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<td>HW New Product Idea</td>
<td>5%</td>
<td>Group</td>
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<td>HW Quantitative Exercises</td>
<td>10%</td>
<td>Individual</td>
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<tr>
<td>Group Case Analysis Write-ups:</td>
<td>20%</td>
<td>Group</td>
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<tr>
<td>American Well Sonance</td>
<td></td>
<td></td>
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<tr>
<td>Marketing Recommendation for Start-ups</td>
<td>30%</td>
<td>Group</td>
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(1A) Class Participation

Almost all of our class time will be devoted to discussion of assigned cases. To get the most out of class you must prepare conscientiously and participate actively in study group and class discussions. Failure to participate robs others of your perspective and increases the chances that the discussion will not be relevant to your interests and abilities. Please participate actively.

So what is conscientious case preparation? **Read the case before class**, identify principle issues to be addressed in the case, attempt to analyze these issues using your common sense and any appropriate tools or techniques, and note any action recommendations implied by your analysis. Alternatively, if you find yourself hitting a roadblock, try to articulate what your problem is. Oftentimes, identifying roadblocks is as valuable as a complete analysis. You should expect to spend between two and three hours preparing each case.

For each case assigned you will note below that I have posed one or more preparation questions. The questions play several roles depending on the case. Usually the questions are simply guidelines to help you get started on your analysis. In some instances, I may give you additional information in the questions, or when the case is a mechanical one, I may ask you to perform specific calculations.

Do not be surprised if after conscientious preparation you still feel there are some loose ends in the case you are not certain about. Your test of whether you are learning the material and progressing adequately should be how you feel after the class discussion, not before. You are doing fine if after a class discussion you believe you could adequately handle a similar situation in the future.

I will alternate between asking for volunteers and calling on individuals. **If you are not prepared, please notify me before class, and we can both avoid the embarrassment.** If you have spent appropriate time on the case but still feel unsure of your opinions, consider yourself prepared.

Several criteria will be considered when evaluating your class participation:

- Quality of the class participation is most important. Sheer quantity is neither sufficient nor necessarily desirable.
- High quality class participation is thoughtful and includes comments that add to our understanding of a situation and help move class discussion forward. It goes beyond mere repetition of case facts or simple truisms.
- High quality class participation is supported with qualitative and/or quantitative analyses.
• Your comments should take into account and build on the comments and analyses of your classmates and be relevant to the topic under discussion.
• You need to be present in class in order to receive a strong class participation score. Tardiness is a hindrance to class discussion and a distraction for your colleagues. Please be on time.

(1B) 2-page Written Case Preparation (Individual)

To help everybody prepare the case carefully and to ensure productive case discussions, I ask that each person turn in an up to two-page case write up that covers the discussion questions listed in the syllabus. This will count towards your participation grade.

This requirement applies to all the cases, except for Sonance and American Well, which are formal group write-ups.

You have to work on these assignments individually, but you can consult with your classmates on the general solution approaches. Exercises are to be completed and submitted individually in .pdf format via the course website the day before the corresponding case discussion.

As these are not in-depth analyses, I will grade them based on completion and general effort on a simple 3-tier scale: check (satisfactory quality, full credit), check-plus (exemplary quality with original though-provoking recommendations, extra credit), or check-minus (quality that needs improvement, or late assignment).

(2) HW

Back-of-the envelope, quantitative exercises are extremely useful in guiding decisions with limited data. In this course, I want to reinforce the quantitative skills. You are required to submit the following homework assignments.

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<tr>
<th>Exercise</th>
<th>Grade</th>
<th>Due Date and Time</th>
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<tbody>
<tr>
<td>1. New product idea (group)</td>
<td>5%</td>
<td>4/8 before class</td>
</tr>
<tr>
<td>2. Break-even analysis (individual)</td>
<td>5%</td>
<td>4/22 before class</td>
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<tr>
<td>3. EVC and LTV of customers (individual)</td>
<td>5%</td>
<td>4/29 before class</td>
</tr>
</tbody>
</table>

The exercises are included in the course pack and are posted on the course website. You have to work on these assignments individually, but you can consult with your classmates on the general solution approaches. Exercises are to be completed and submitted individually in .pdf format via the course website on the due date. Please clearly state your assumptions if you need to make any assumptions. For full credit (to avoid any confusion), please show all your work and solution.
logic. The clarity of your presentation, reasoning, and solution are important for receiving full credit for your work.

(3) Group Case Analysis Write-up (Group)

You are required to submit the following case analyses:

<table>
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<tr>
<th>Case</th>
<th>Grade</th>
<th>Due Date and Time</th>
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<tbody>
<tr>
<td>American Well</td>
<td>10%</td>
<td>5/1 before class</td>
</tr>
<tr>
<td>Sonance</td>
<td>10%</td>
<td>5/22 before class</td>
</tr>
</tbody>
</table>

These assignments are to be completed with your study group. All assignments should be submitted via course website in .pdf format using Times New Roman 12-point font, double-spaced, with one-inch margins on all sides, and should not exceed 4 pages of text plus 3 additional pages of exhibits (there are no font restrictions for exhibits).

Suggested formats of the cases (for both short individual write-ups and group write-ups)

You can do the case write-ups in either an executive summary essay format (please see the suggested format in the Appendix), or a bullet-point, question and answer format. Both formats are acceptable, as long as all the discussion questions listed in the syllabus are answered explicitly. However, I find that the Q&A format is often preferred by students as it conveys clarity and conciseness.

(4) Final Project (4-5 people per group, max)

The final project is a presentation of a strategic marketing plan for a new business idea. This group project gives you an opportunity to test and advance your ability to understand and analyze marketing situations, identify an opportunity, design a marketing strategy and implementation plan. It requires a good grasp of marketing concepts, strong decision-making and team-work skills.

While the marketing process and specific responsibilities of a marketing manager vary across industries and firms, developing a strategic marketing plan involves three main activities: 1) analysis of market situation; 2) marketing strategy formulation, and 3) implementing strategy through marketing mix. The course will cover all three areas and will equip you with the necessary concepts and skills.

Each plan will be prepared and presented by a group of students. Each team has to identify an existing opportunity (an unfulfilled need, perhaps) in the market, propose a new business (or product, or service) that can address it, and design strategy and related tactics for launching it.
Each team will present its plan to the class in the last class session. Time for each presentation will depend, in part, on the total number of projects, but will be no more than 15 minutes (15 min + 5 min Q&A). Effectiveness of the verbal presentation is key in communicating your concept and receiving quality feedback from your classmates.

The plans will be evaluated according to the following criteria:
- the quality of the analysis – were the right questions asked?
- the feasibility of conclusions or recommendations – do they follow from the analysis?
- evidence of mastery of the frameworks, concepts, and methods developed in the course
- the effectiveness of the written presentation of the report

**Final Deliverables:**

Powerpoint files & final in-class presentation

Powerpoint slides uploaded on Canvas before the presentation. Final group presentation in class.

**Evaluation:**

You will be evaluated based on the project content (70%) as well as the presentation (30%). The grading will be done by

The plans will be evaluated according to the following criteria:

**Project Content (70%)**
- Clearly states existing or latent customer needs that are currently unfilled. Provides a clear overview of how to solve this in an innovative way, given the resource constraints. (10%)
- Demonstration of concrete usage of frameworks introduced in class in a logically consistent, strategy-driven way (for example: 5C, STP, 4P, competitive analysis, adoption trajectory, changing habits, partnerships…). (30%)
- Did the team make the best use of existing data or gather new data? Are the recommendations evidence-based and guided by quantitative reasoning? (30%)

**Presentation (30%)**
- Logical and clear flow (e.g. stating the problem -> situation analysis -> strategy formation -> implementation -> expected outcomes ) (20%)
- Ability to defend the recommendation during Q&A (10%)

**LATE SUBMISSION POLICY:**

All assignments are due on Canvas on before class session.
Late submissions are strongly discouraged, as failure to complete the cases in a timely fashion detracts from the classroom discussion experience. However, under extenuating circumstances, late assignments will be accepted with the following grade penalty:

- 20% grade deduction for 1-12 hours past the deadline
- 40% grade deduction for 13-24 hours past the deadline
- 60% grade deduction for 25-36 hours past the deadline
- 80% grade deduction for 37-48 hours past the deadline

2-page write-ups that are turned in late will receive a check-minus.

No assignments will be accepted after 48 hours. There is no late submission for the final project.

**FINAL GRADES:**

All grades will be curved at the very end the quarter. If you struggled with an assignment and did not do well on it, don’t worry too much. Come and see me and figure out what you did wrong, as my goal is for you to fully grasp the materials.

**TECHNOLOGY POLICY:**

I encourage the use of laptops in class for class-related purposes such as note-taking and accessing class-related files. However, I support the School’s policy against accessing email, surfing the Internet, etc. during class. Please constrain the use of your laptop during class to class-related purposes.

**MBA HONOR CODE:**

I employ the policies and procedures espoused by the Foster School of Business Honor Code to maintain academic integrity in the course.
### CLASS SCHEDULE

#### A. Understanding Customers and Developing Strategy

<table>
<thead>
<tr>
<th>Session Date</th>
<th>Topic</th>
<th>Case/Readings</th>
<th>Assignment</th>
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<tbody>
<tr>
<td>1. 4/1</td>
<td>Introduction to Entrepreneurial Marketing</td>
<td>Read: “Basic Quantitative Analysis for Marketing”&lt;br&gt;Read: “A Perspective on Entrepreneurship”&lt;br&gt;Read: “Hypothesis-Driven Entrepreneurship: The Lean Startup”</td>
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<tr>
<td>2. 4/3</td>
<td>Customer Analysis I &amp; II: Value to the Customer and Customer Lifetime Value</td>
<td>Read: “Economic Benefits and Value Creation”&lt;br&gt;Read: “Customers As Assets”&lt;br&gt;Read: “Reconciling CLV formulas”</td>
<td>Individual case write-up due on Canvas before class.</td>
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<tr>
<td>3. 4/8</td>
<td>Company Analysis</td>
<td>Chapters 1, 2 &amp; 6 “Framework for MM” and “Managing Company Value”</td>
<td>HW #1 due on Canvas before class.</td>
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<tr>
<td>4. 4/10</td>
<td>Source of Volume Segmentation, Targeting and Positioning</td>
<td>Chapter 4 “Identifying Target Customers”&lt;br&gt;Chapter 5 “Value Proposition and Positioning”&lt;br&gt;Chapter 14 “Gain and Defending Market Positions”</td>
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<tr>
<td>4/15</td>
<td>No Class</td>
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<tr>
<td>5. 4/17</td>
<td>Guest speaker: Michael Megalli</td>
<td>Founder of Indie.biz</td>
<td>Individual case write-up due on Canvas before class.</td>
</tr>
<tr>
<td>6. 4/22</td>
<td>Case: HubSpot (Quantitative Based Targeting, SaaS)</td>
<td></td>
<td>HW #2 due on Canvas before class.</td>
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</table>
|   | 4/24  | Customer Analysis III: BDT | Read: “To Understand Your Customers, You Have to Know How they Think”  
Read: “A Nobel That Bridges Economics and Psychology”  
Read: “Nobel Prize Awarded to Richard Thaler” |
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<tr>
<td>8.</td>
<td>4/29</td>
<td>Market Research</td>
<td>HW #3 due on Canvas before class.</td>
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### B. Implementing Marketing Programs

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<tr>
<th>Session Date</th>
<th>Topic</th>
<th>Case/Readings</th>
<th>Assignment</th>
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<tbody>
<tr>
<td>9. 5/1</td>
<td></td>
<td><strong>Case: American Well</strong> (Understanding Barriers to Adoption)</td>
<td>Group case write-up due on Canvas before class</td>
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<td>10. 5/6</td>
<td></td>
<td><strong>Case: Groupon</strong> (Business Model Sustainability and Marketing ROI)</td>
<td>Individual case write-up due on Canvas before class</td>
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<tr>
<td>11 5/8</td>
<td>Guest Speaker</td>
<td><a href="#">Danny Done</a> Founder and CEO of Marketeering Group SEO, SEM, and Social Marketing in the Evolving Online Space</td>
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<tr>
<td>12. 5/13</td>
<td>Pricing</td>
<td>Chapter 10 “Managing Price”</td>
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| 13. 5/15     | Product and Distribution | Chapter 8 “Managing Products and Services”  
                             |                                                | Chapter 16 “Managing New Products”  
                             |                                                | Chapter 7 “Collaboration”  
                             |                                                | Chapter 13 “Managing Distribution”  
                             |                                                | Chapter 11 “Managing Incentives”  
                             |                                                |                                                |
| 14. 5/20     |             | **Case: Sonance** (Pricing and Distribution with Competition)                  | Group case write-up due on Canvas before class |
| 15. 5/22     | Promotion   | In-class exercise  
                             |                                                | Please bring laptops to class  
                             |                                                |                                                |
| 16. 5/23     | Promotion   | **Case: Emotiv** (Selecting Partners for “Crossing the Chasm” for a Discontinuous Innovation)  | Individual case write-up due on Canvas before class |
| (Thursday)   |             |                                                | Team Presentations  
                             |             |                                                |                                                |
| PACCAR 390   |             |                                                |                                                |
| 390 (4pm to 6pm) |                                                |                                                |                                                |
| 17. 5/29     | Team Presentation Part 1 | Chapter 3 “The Marketing Plan”  | Powerpoint Presentation Submitted on Canvas before class |
|              | Team Presentation | Chapter 3 “The Marketing Plan”  |                                                |

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*Jonathan Z. Zhang*
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<tr>
<td>18.</td>
<td>6/3</td>
<td>Part 2</td>
<td>Presentations</td>
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<td>Powerpoint Presentation</td>
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<td>Submitted on Canvas</td>
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*Class schedule as of April 1st, 2019. Subject to change.*
A. Understanding Customers and Developing Strategy

Session 1 -- Introduction to Entrepreneurial Marketing

Readings: Dolan, Robert J., “Basic Quantitative Analysis for Marketing”. This note reviews some of the key quantitative tools that we will use in case analysis. Please make sure that you understand and are comfortable with break-even analysis - it comes up in almost every case analysis. This is also relevant to your first problem set.

Dolan, Robert J., “Note on Marketing Strategy.” This note provides a good overview of marketing strategy.

Stevenson, Howard, “A Perspective on Entrepreneurship”. This is a classic article that discusses managerial distinctions between entrepreneurial and administrative domains.

Eisenmann, Thomas, Eric Ries and Sarah Dillard - “Hypothesis-Driven Entrepreneurship: The Lean Startup” is a condensed note on the popular book on “lean startup method”

Session 2 -- Customer Analysis I: Economic Value to the Customer
Customer Analysis II: Lifetime Value of the Customer

In this session we will learn two important concepts (EVC and LTV), which you will find very useful for analyzing cases and real-life situations. We will discuss why customers decide to adopt, or not adopt, innovations as well as apply the concept of EVC (Economic Value to the Customer). Next, we will discuss customer acquisition and retention with special emphasis on the concept of Life-Time Value of customers. We will also discuss why firms should focus on lifetime value of customers and how it affects firm profits and long-term value.

Reading: Best, Roger J., “Economic Benefits and Value Creation” explains EVC construct.


Fader and Hardie, “Reconciling and Clarifying CLV formulas” (skim)
Session 3 -- Company Analysis

In this session, we use the Clocky case to examine the all the decision challenges faced by entrepreneurs, and introduce framework for approaching marketing problems and to convey the importance of both conceptual and quantitative analyses in the development of a marketing strategy.

Case: Clocky

Beset by media attention and consumer interest but still at least a year away from the ability to debut Clocky, Gauri Nanda must navigate a series of challenges and difficult decisions in order to effectively bring her product to market. These include a positioning strategy, choosing the proper channel, pricing, potential partnerships, manufacturing issues, market analysis, and PR management.

Discussion Questions:

1. What are the key marketing challenges facing Gauri Nanda? How would you prioritize them?
2. Nanda has several options for positioning Clocky. How would you segment the potential market for Clocky and which target segment should Nanda focus? Outline the value proposition appropriate for each target market segment.
3. Which of the positioning options are most feasible given the product development of Clocky to date and Nanda’s goals, resources, and capabilities? Do you see the positioning of Clocky changing over time?
4. Given your chosen positioning option, recommend the key components of a marketing launch plan for Clocky. Include recommendations on Clocky’s product design/features and manufacturing location, pricing, retail channels and distribution plan, and marketing communication. Be sure that your launch plan recognizes Nanda’s budgetary constraints.
5. What are the rewards and risks of the flurry of media attention surrounding Clocky one year prior to its launch?

Readings: Chernev, Alexander, Chapters 1, 2 and 6 “Frameworks for MM” and “Managing Company Value” is an overview of company analysis and relevant frameworks and constructs. (skim)

Session 4 -- Segmentation, Targeting, and Product Positioning
Consumers have different preferences. This simple idea has led to a powerful concept of market segmentation. Recent advances in technology are pushing this concept to a “segment of one” or “mass customization”. In this session we will discuss these concepts and illustrate them with examples. We will then discuss how to position a firm’s offering to its customers.

**Reading:**

Chernev, Alexander, Chapter 4 “Identifying Target Customers” discusses segmentation and target market selection. (skim)

Chernev, Alexander, Chapter 5 “Value Proposition and Positioning” reviews positioning strategies. (skim)

Chernev, Alexander, Chapter 14 “Gain and Defend Mkt Positions.” This is an overview of competitive analysis and relevant frameworks and constructs. (skim)

**-- Source of Volume**

Where do customers come from in a competitive world? In this session we talk about the various positioning strategies for gaining customers.

**Session 5 -- Guest Speaker**

**Michael Megalli**

Founder/CEO of Indie.biz

**Session 6 -- Quantitative Based Targeting and Growth Strategy. Software-as-a-Service**

In this class, we examine the challenges facing start-ups as they strive to escalate the growth once they have passed the introductory stage of development, and decide which customers to target. Secondary goal is to understand how to configure pricing strategies and explore the long-term viability of SaaS pricing models.

**Case:** HubSpot Inbound Marketing and Web2.0

HubSpot, in its quest for growth, faces significant challenges which are associated with the inbound marketing software-as-a-service to B2B customers. These include 1) developing market segmentation and targeting strategies after customers have initiated contact with the company to decide which customers to serve and which to turn away, 2) configuring pricing strategies to align with the value delivery stream customers experience and 3) determine whether inbound marketing communication programs can generate enough scale.
Discussion Questions:

1. Do you agree with HubSpot that the “rules of marketing” have changed? If so, how? Is inbound marketing the answer? Why or why not?
2. Is HubSpot finding and serving the right set of customers? Should it widen its focus? Or narrow its target by focusing exclusively on either Owner Ollies or Marketer Marys? Or by focusing on either B2B or B2C customers?
3. As HubSpot grows, how should it improve its sales process?
4. How should HubSpot differentiate its products? Should its pricing strategy change too?
5. Are Halligan and Shah being too stubborn by not doing any outbound marketing? Or should they continue to practice what they preach by focusing on inbound marketing alone?

Session 7 -- Customer Analysis III: The Economics and Psychology of Consumer Behavior

In this class we examine how customers think about products. We describe three fundamental ways in which a firm can provide value to a customer - economic value to customers (EVC), functional value, and psychological value. We also provide a systematic description of how customers depart, on occasion, from the behavior assumed in standard economic analysis.

Readings:

Belsky, Gary, “To Understand Your Customers, You Have to Know How They Think.” In this excerpt from a popular book, Belsky enumerates many ways in which peoples’ behavior differs from what you might expect based on rational economic thinking. While he focuses on banking, the lessons apply to most contexts. As you read the article, you might ask yourself how they apply in industries that interest you.

Altman, Daniel, “A Nobel That Bridges Economics and Psychology”


Session 8 -- Market Research

In this class we examine the fundamentals of market research, the process and tools for conducting market research in a cost effective way.

B. Implementing Marketing Programs
**Session 9 -- Understanding the Barriers to Adoption**

The case examines the different incentives of the player in the marketing environment (5C). We will examine the barrier to adoption from the standpoint of all players in the value chain and conceive ways to overcome them to align the parties. Further, we explore the positioning of an innovation as a complement vs. substitute to the status quo.

The case assignment is to be done in groups. All assignments should be typewritten in 12-point font, double-spaced, with one-inch margins, and should not exceed 4 pages of text plus 3 additional pages of exhibits (i.e., total max of 7 pages). Please make sure all discussion questions are covered.

**Case:** American Well: The Doctor Will E-See You Now

Using American Well’s online platform, patients can initiate communication with physicians and other healthcare providers via the internet or by phone and received advice or even a diagnosis in real-time without having to visit the physician’s office. The co-founders, Ido Schoenberg and Roy Schoenberg, believe this platform will create great value for all players in the healthcare chain.

**Discussion Questions:**

1. Do you share the assessment of the founders regarding the potential of Online Care to revolutionize healthcare delivery?
2. What’s American Well’s business model for connecting players in OC? Please be specific and outline the payment flows. Do you agree with this model and the payment structure? Why and why not?
3. What are the specific values of OC
   a. To patients? (who will they use it, and how will they use it?)
   b. To physicians? Are there enough incentives to attract an adequate pool of physicians?
   c. To Health Insurance Companies (HIC)?
   d. What’s the barrier to adoption for each party and how would you overcome them?
4. What value do you see “Team Edition” creating? What barriers to its adoption do you foresee?
5. Which of the new market opportunities did you see as most promising?
6. If you were in the shoes of American Well management, would you pursue any of the next generation options (products or markets) in 2010, or would you just focus on the core platform with the core target market?
Session 10 - Business Model Sustainability, Online to Offline, Marketing ROI

In this class, we discuss the sustainability of the platform business model, specifically its competitive advantage and whether merchants are capturing enough value to assure continued participation. To do so, we will look at values in terms of marketing ROI. We also discuss ideation of a new venture (i.e. Groupon was a spin-off of The Point).

Case: Groupon

Within a few years of its inception, Groupon received tremendous attention from consumers and investors and the company witnessed unprecedented growth. This attracted many competitors and clones, both in the U.S. and international markets. On Nov 14, 2011 Groupon completed its IPO. However, in less than a year, Groupon’s stock price dropped significantly which led everyone to equation the viability of Groupon’s business model and its value to consumers and merchants.

Discussion Questions:

1. Does Groupon have a sustainable business model?
2. Why has Groupon been so appealing to consumers?
3. Is Groupon good for merchants? Why are some merchants excited about Groupon promotions but others are highly skeptical or even angry?
4. Estimate the profitability of Groupon promotion for American Apparel (p.6), specifically, dissect into the different benefits that Groupon promotion provides and examine which benefit provides the most important ROI.
5. Based on your answers to Q4 above, how should Groupon approach different types of businesses, in order to retain clients and avoid blacklases?

Session 11 - Danny Done

Founder and CEO of Marketeering Group
SEO, SEM, and Social Marketing in the Evolving Online Space

Session 12 - Pricing Strategies

Readings: Chernev, Alexander, Chapter 10 “Managing Price.” (skim)

Session 13 - Product and Distribution

It is unfortunate that most innovations end in failure. Developing new products involves a synthesis of creativity and customer insight. But just how is this done? In this class we discuss
the topic of new product development and product portfolio management. We will discuss how firms make product decisions and discuss the tools used to assess the value that consumers place on particular product attributes.

**Readings:** Chernev, Alexander, Chapter 7 “Collaboration” (skim)

Chernev, Alexander, Chapter 8 “Products and Services” (skim)

Chernev, Alexander, Chapter 11 “Incentives” (skim)

Chernev, Alexander, Chapter 13 “Managing Distribution” (skim)

Chernev, Alexander, Chapter 16 “Managing New Products” (skim)

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**Session 14 - Promotion of a New Venture**

**Please bring your laptops to class**

In this interactive session we will simulate the creative agency ideation experience, and design and execute promotion campaigns for your chosen company, with a clear positioning and target customer segment in mind.

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**Session 15 – Pricing and Distribution in the Presence of Competition**

The case assignment is to be done in groups. All assignments should be typewritten in 12-point font, double-spaced, with one-inch margins, and should not exceed 4 pages of text plus 3 additional pages of exhibits (i.e., total max of 7 pages). Please make sure all discussion questions are covered.

**Case:** Sonance (A)

In 2005, the founders, Scott Struthers and Geoff Spencer, return from retirement to Sonance, the high-end audio company they founded in 1982, to wrestle with a number of important strategic decisions. After several years under the leadership of an outside CEO Sonance seems to have lost its strategic focus. A freshly minted MBA, Ari Supran, joins Sonance as Chief Sales and Marketing Officer to work with the founders and a new CEO, Shawn Sugarman, to plot a new course of action for the ailing company.

**Discussion Questions:**

1. Evaluate current strategic position and the options available to Sonance.
2. Which option should Sonance pursue: develop and promote the ultra-luxury Architectural Series, and at what price point? Focus on basic in-wall speakers for production home developers and sell directly to the builders? Continue to pursue growth through the direct-to-consumer retail strategy? What about iPort? Or, should they just keep focusing on the Original Series? Please assess the risks of each product introduction option.

3. What should Ari Supran do to generate profitable and sustainable growth for the company and sales momentum for Sonance’s products? Should he change Sonance’s marketing strategy to target consumers directly? target the developers of production home developments? target architects and interior designers designing custom homes? try to win back the high-end custom installers Sonance had lost under the previous management?

4. How does your proposal position Sonance for the best short-and long-term success in the presence of competitors? Any other ideas for future expansions?

When answering the questions above, Please keep in mind the resources and capability of the company, the nature of the industry, the behaviors of the customers and the presence of the competition.

Hint: This case requires significant amount of quantitative analysis to guide your decisions Please refer to the tools covered in class.

Session 16 - Forecasting Adoption and Diffusion of a Discontinuous Innovation

Using the case Emotiv, we analyze the launch strategy of a novel technology including 1) selection of target application and target market, 2) use of analogous products to forecast demand and sales, and 3) the wisdom of taking a B2C rather than B2B approach. We further examine the importance of platforms and partners for consumer adoption, and assess what starting point (in terms of target market and target application) is most likely to lead to rapid adoption among mainstream consumers.

Case: Emotiv Systems Inc.

In October 2007, Emotiv Co-founders Tan Le and Nam Do were wrestling with whether to launch the EPOC headset on the PC platform only, or to continue trying to convince one of the “big three” console makers – Microsoft (Xbox 360), Sony (PS 3), and Nintendo (Wii) to integrate the EPOC on their platforms. They also had to reflect on the type of marketing activity that would facilitate adoption in each case…

Discussion Questions:
1. Should Emotiv keep trying to convince major console makers to endorse its technology as part of their platform or is just being PC enabled sufficient for the launch?
2. How would Emotiv convince console makers and game developers? What challenges (from a resource perspective) does Emotiv face?
3. If Emotive manages to convince one of the console makers in time for a fall 2008 debut, what marketing strategy (in terms of price, channel, consumer promotions, etc.) would best facilitate rapid adoption?
4. What kind of demand could materialize for the EPOC if it is console enabled? How relevant is the Guitar Hero analogy in answering this question?
5. Do any of the non-gaming applications for Emotiv’s technology seem like better alternatives to gaming?
6. What would you do if you are the owner of Emotiv?

Session 17 / 18 -- Team Project Presentations – Marketing Recommendation to the Start-up

This session will be used to for team presentations of their marketing recommendation for the start-up. The objective of this exercise is to provide a forum for you to demonstrate all the lessons learned throughout the course.

Readings: Chernev, Alexander, Chapter 3 “Marketing Plan” (skim)
Marketing HW Exercise 1 (Group)

This HW exercise is due via Canvas

Please consider the market place today and all the marketed products and services. Is there anything that strikes you and you think: "How come no one thought about THIS yet?"

1. Describe a product (or service), which does not exist in the market place today, but would benefit consumers, and has potential for commercialization (it can be a completely “new” product or a significant improvement to an existing one) and your ideas for marketing it.

2. Then answer the following questions:
   a. Who are the customers?
   b. What benefit/value does the product provide to the customers?

3. Briefly describe the remaining aspects of the business situation and provide your description of the overall strategy. You might want to consider the following elements/ questions and/or other aspects that apply:
   - **Company**: can you make money with this idea?
   - **Competitors**: Who are the competitors and what are their likely reactions? How sustainable is your proposed marketing strategy against competition?
   - **Collaborators**: Are collaborators influential? What are (if any) risks?
   - **Context**: What are (if any) context-related risks?
   - What do you see as the major challenges/ possible problems with marketing this product?

**Length:** max of 2 pages (Times New Roman, 12-point, double-spaced, 1-inch margins)
Marketing HW Exercise 2

This HW exercise is due via Canvas

Please read “Basic Quantitative Analysis for Marketing” in your course pack to complete this assignment.

Problem 1: After a product recall triggered by salmonella contamination and repeated violation citations by the health department, Mc Burger Inc. is considering introduction of its first brand of soy-based gourmet burgers, Healthylicious-n-Safe. Each box of Healthylicious-n-Safe contains 8 burgers (similar to other meatless burger brands). An extensive marketing research undertaken by the firm indicated that there is a growing demand in the meatless burger market, with annual projected sales of 1,250,000 boxes (Note that this is the demand in the total meatless burger market and not the demand for the Healthylicious-n-Safe brand).

Mc Burger estimates that it will incur a fixed cost of $35,000/month. The variable cost of making one burger is estimated to be $0.875. Mc Burger plans to run a promotional campaign in the first 12 months of product introduction, which is estimated to cost a total of $275,000. Based on its marketing research Mc Burger expects an average customer to pay $9.00 for a box of Healthylicious-n-Safe.

a. Do you think Mc Burger should launch this new product? Is Mc Burger likely to break-even in 12 months? Is Mc Burger likely to break-even in 18 months?

b. Research undertaken by an independent marketing research firm indicates that the maximum price the market can bear is $7.75 for a box of Healthylicious-n-Safe. Should Mc Burger go ahead with the launch under this scenario? Will it be able to break-even in 12 months? Will it be able to break-even in 18 months?

Problem 2: Billy Doors, Vice President of Marketing for Qapmoc Computer, Inc., must decide whether to introduce a mid-priced version of the firm’s CP2010 minicomputer product line—the CP2010-X minicomputer. The CP2010-X would sell for $2,500, with unit variable costs of $1,450. Projections made by an independent marketing research firm indicate that the CP2010-X would achieve a sales volume of 480,000 units next year, in its first year of commercialization. 30 percent of the first year’s volume would come from competitors’ minicomputers and market growth. However, a consumer research study indicates that 40 percent of the CP2010-X sales volume would come from the higher-priced CP2010-Deluxe minicomputer, which sells for $6,450 (with unit variable costs of $2,350). Another 30 percent of the CP2010-X sales volume would come from the economy-priced CP2010-Millenium minicomputer, priced at $1,500 (with unit variable costs of $800). The CP2010-Deluxe unit volume is expected at 350,000 units next year, and the CP2010-Millenium is expected to achieve a 500,000 unit sales level. The fixed costs of launching the CP2010-X have been forecast at $2.5 million during its first year on the market. Should Mr. Doors add the CP2010-X model to the line of minicomputers?

For full credit, please clearly show all your work and clearly state all assumptions you make. Please pre-view your.pdf for layout and printing quality before submitting the HW.
Marketing HW Exercise 3

This HW exercise is due via Canvas

**Problem 1:** One of the few surviving on-line grocers, Fresh Direct uses 150 trucks to generate delivery within 2 hours. Currently Fresh Direct sells $200 million worth of food per year representing 2 million orders and comprising 60 million items. A major part of the operation depends on how well workers in the warehouse assemble orders. An error caught before a shipment leaves the warehouse costs $0.50 per item, while every error found after shipping costs $6.00 per item.

1. After years of effort, Fresh Direct achieved a level of accuracy in assembly so that 99.6% of its items were correctly filled and shipped (that is, only 0.4% items were not shipped correctly). Recently a software firm offered Fresh Direct a RFID product that would check the items in an order after it was assembled and before it left the warehouse and would catch 75% of the incorrect items, thus improving overall order accuracy to 99.9%. What is the maximum that Fresh Direct should be willing to pay to purchase the new system if it wants to recoup the new system costs within a year?

2. A second option that Fresh Direct is examining is implementing a system to lower the cost of shipping an incorrect item by 45% (i.e., to $3.3 per incorrectly shipped item). Would this system provide more value to Fresh Direct than the system described in part 1?

3. How much of a decrease in error cost is needed under the option described in (2) to produce cost savings equivalent to the software product described in (1)?

**Problem 2:** Predatory Lending Inc. sells financial services (high interest micro loans) through independent agents. Good agents generate $2,000 in net revenue in the first year, a figure that grows at 5% annually. Poor agents, on the other hand, produce $1,000 in year one and 20% less revenue each successive year. There is no way to tell in advance whether an agent will be good or bad. In the past, about 40% of new agents have turned out to be good and 60% poor. Of the good agents, 50% are loyal, they tend to like the work and remain with the company with a 90% probability year to year, and 50% are not loyal, they leave Predatory Lending and go to work for a competitor after the first year. Similarly, 80% of the poor agents are loyal (i.e., the competition wouldn’t hire them) and have a 90% probability of staying with the firm year to year and 20% drop out after the first year and go back to school.

Please assume:

1) The net revenues are earned at the end of each year
2) For simplicity, assume that revenues from agents that drop out in year one are not discounted

Given that recruiting and training costs are $5,000 per new agent:

a) What is the LTV of each of the 4 possible types of agents (good loyal/ non-loyal and bad loyal / non-loyal? (Assume a 10% discount rate)

b) Can Predatory Lending Inc. remain in business given it current operating situation?
Hint: Please do this problem after you’ve read “Customer As Assets” by Sunil Gupta and Donald Lehmann. Note in this problem, there is a margin growth rate “g”, so please use the appropriate formula.

For full credit, please clearly show all your work and clearly state all assumptions you make.
Please pre-view your .pdf for layout and printing quality before submitting the HW.
APPENDIX

CASE WRITE-UP: SHORT MEMO FORMAT

Below is the suggested format for writing-up a brief case analysis. You may also use bullet-points format to present your arguments.

1. EXECUTIVE SUMMARY
This very short paragraph states the problem you are facing, your objectives, and your recommendation.
- State the problem you need to solve.
- State your objective (e.g., growth, profitability, developing strategy in response to competitive moves or changing tech/ consumer environment, etc.)
- Briefly state your recommendation (WHAT and main reason WHY, but not HOW)

Checklist
- Is the situation/ problem clear?
- Is there a clearly stated purpose/objective?
- Is the recommendation clear and consistent with the objective and situation?

2. SITUATION ANALYSIS
- This paragraph explains why we are talking about this today and what we are dealing with.
- Highlight what brought us to this moment, why we are in this position, what brought about the need to make this decision.
- Discuss the most important factors affecting your decision and relevant constraints imposed by the environment: Company (budget, capabilities, technology, people, etc.), Customers (segmentation, decision making process, tastes, etc.), Competition (capabilities, resources, objectives, strategy, etc.), Collaborators, and Context.
- This section is both brief and factual.

Checklist
- Is the situation clear, concise, and easy to understand?
- Does it explain why action is needed now?
- Does the appropriate sense of urgency come across?

3. RECOMMENDATION
Here, you detail what to do, and what not to do.
- First, state your options.
- Then, state your recommendation and the details of “what”, “when”, and “how.” Provide top reasons for WHY your recommendation is the best option (reference your exhibits).
  - This section should be very specific. The reader should be able to read this and know how to carry out this recommendation.
  - Analysis should address relevant quantitative issues such as NPV, LTV, EVC, B-E cannibalization, sensitivity analysis, etc.; as well as qualitative issues such as reasons why consumers buy the brand, impact on other brands of the firm, impact on retail relationships, competitive reactions, etc.
• Last, list the rejected options and main reasons for rejecting them.

**Checklist**

• Is the recommendation clear and actionable? Could someone else implement it?
• Does it show how the recommendation will put the firm at a competitive advantage?
• Does the basis for recommendation appropriately consider:
  1. Consistency with core competencies and mission/resources of the company?
  2. Financial Attractiveness (e.g., NPV, ROI, break-even, payback)?
  3. Market size and structure (segmentation), category trends?
  4. Consumers (builds on important insights)? Competitors? Collaborators?
  5. Are all assumptions explicitly stated (e.g., growth rates, market size)? These could be stated in exhibits/attachments.
• Is the analysis thorough with key alternatives fairly considered?
• Risks associated with recommendation are properly addressed? In other words, don’t just state the risks but try and address them through your recommendation(s).

4. **NEXT STEPS**

• Specify date and action needed (what will be done, by whom, and by when)
• Contingency plans if needed.
• Long-term vision for the firm.

**Checklist**

• Are the next steps clear?
• If appropriate, lay out timeline with key milestones to implement recommendation.
• If appropriate, lay out other issues that need to be considered/addressed in the future.

5. **EXHIBITS**

An Exhibit can be a graph, grid, or simple table.

• Exhibits need to be self-explanatory: Label your exhibits, List assumptions used in calculations (do not assume that the reader can read between the lines, state every assumption explicitly). The point of the Exhibit should be instantly clear.
• Exhibits should be cited in the text of your write-up.
• You can use exhibits to simplify presentation of pro- and con- arguments for the various options by summarizing key benefits/disadvantages along the 5Cs framework, presenting LTV or EVC to various segments, etc.

**Checklist**

• Is the analysis precise, accurate, and data-based?
• Are the exhibits clearly laid out, titled, and referenced in the write-up?
• Is every assumption explicitly listed?

**NOTE:** Every case may not include every element described above. The specific case will dictate what must be included. Focus on the most important arguments and analyses.