

MIT SLOAN
MARKETING MANAGEMENT FOR THE SENIOR EXECUTIVE:
15.732

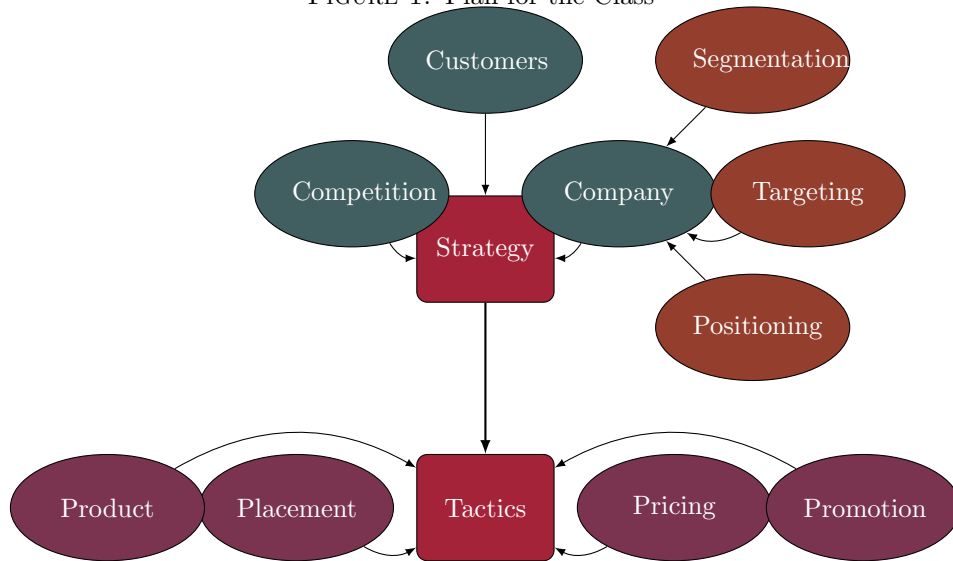
CATHERINE TUCKER

CONTENTS

Aims of the Course	2
1. Session 1: Marketing Strategy: Consumer Behavior	3
2. Session 2: Marketing Strategy: Competitive Analysis	3
3. Session 3: Setting Strategy: Segmentation	4
4. Session 4: Setting Strategy: Targeting	4
5. Session 5: Setting Strategy: Positioning	5
6. Session 6: Managing Tactics: Product Line Design	6
7. Session 7: Managing Tactics: Placement	7
8. Session 8: Managing Tactics: Pricing	7
9. Session 9: Managing Tactics: Marketing Communications	9
Professor and Teaching Assistant	10
Course Materials	10
Grading	11
Assignments	12
Student Policies	14

¹http://stellar.mit.edu/S/project/15.732_mkt_14, cetucker@mit.edu, E62-536. Teaching Assistant: Harvey Xiao (hxiao@mit.edu) and Patricia Dodson (pdodson@mit.edu)

FIGURE 1. Plan for the Class



AIMS OF THE COURSE

Perspectives:

- Familiarize students with the strategy of marketing and how using the lens of consumer behavior theory can lead to sustained competitive advantage.
- Familiarize students with the tactics of marketing (product strategy, advertising and communications [promotion], and distribution [place], and price '4Ps')
- Provide students with an appreciation for marketing and arm them with the key tools and concepts for their career ahead

Tools Covered:

- Economic Value to the Customer
- Lifetime Value
- Conjoint Analysis

1. SESSION 1: MARKETING STRATEGY: CONSUMER BEHAVIOR

Date: Sept 6.

Preparation.

- Read the Aqualisa Quartz Case
- Consider these questions
 - (1) What is the Quartz value proposition to plumbers? To consumers?
 - (2) Why is the Quartz shower not selling?
 - (3) What can Harry do now to protect himself from competition if the Quartz Shower succeeds?

Agenda.

- Topics:
 - An Introduction to Marketing
 - Understanding the Consumer Buying Path
- Tools: Consumer Search Theory
- Activity: Customer Expectations
- Application (Case): Aqualisa Quartz: Simply a Better Shower

2. SESSION 2: MARKETING STRATEGY: COMPETITIVE ANALYSIS

Date: Sept 7.

Preparation. See Session 1.

Agenda.

- Topic: Strategic Analysis of the Buying Path
- Tools: Measurement Tools for the Buying Path
- Activity: Google Analytics and the Information Search
- Application: Aqualisa Quartz (revisited)

Coursepacket: Session 1 and 2.

- (1) Case: Aqualisa Quartz: Simply a Better Shower (HBS Case: 502-030)
- (2) The Consumer Decision Journey (McKinsey Quarterly, June 2006)
- (3) To Keep Your Customers, Keep It Simple (Harvard Business Review, May 2012)

3. SESSION 3: SETTING STRATEGY: SEGMENTATION

Date: Sept 27.

Preparation.

- Read the HubSpot Case
- Consider these questions
 - (1) The HubSpot case describes two segments in detail (Marketer Marys and Owner Ollies). What value does HubSpot offer to each customer segment?
 - (2) What is the value to the firm of a customer from each segment?
 - (3) Which one (MM or OO) of these segments should the firm target?¹

Agenda.

- Topic: How to Segment a Customer Base
- Tools: Economic Value to the Customer (EVC)
- Activity: Facebook Behavioral Segmentation Task²
- Application: HubSpot Case

4. SESSION 4: SETTING STRATEGY: TARGETING

Date: Sept 28.

Preparation.

- See Session 3.

Agenda.

- (1) Topic: Appropriate Criteria for Targeting
- (2) Tools: Lifetime Value of a Customer (LTV)
- (3) Application: HubSpot Case
- (4) Activity: Safebox Target Customer Selection

Coursepacket: Session 3,4.

- (1) Case: HubSpot: Inbound Marketing and Web 2.0 (HBS Case: 509049)
- (2) Customer Value Propositions in Business Markets (HBR, March 2006)
- (3) Reconciling and Clarifying CLV Formulas (Mimeo, LBS)³

¹Exhibit 5 can be confusing. 'B2B>25' refers to the number of B2B customers with greater than 25 employees. The interpretation of 'B2C>25' and other labels is along similar lines. So, the definitions on page 8 of the case that Owner Ollies are small business owners with 1-25 employees, and Marketer Marys are professionals in firms with 26-100 employees, are only approximate.

²Make sure you have access to a Facebook account. If you do not have access to a Facebook account, please create a temporary one.

³http://www.brucehardie.com/notes/024/reconciling_clv_formulas.pdf

5. SESSION 5: SETTING STRATEGY: POSITIONING

Date: Oct 21.

Preparation. Read the instructions for ‘Marketing Simulation: Managing Segments and Customers V2’

Agenda.

- Topic: Positioning for competitive advantage
- Tools: Positioning Statements
- Application and Activity: ‘Marketing Simulation: Managing Segments and Customers V2’

Coursepacket: Session 5.

- (1) Marketing Simulation: Managing Segments and Customers V2 (HBS: Prod #7018-HTM)

6. SESSION 6: MANAGING TACTICS: PRODUCT LINE DESIGN

Date: Oct 24.

Preparation. None.

Agenda.

- Topic: Product Design for Different Customers
- Tools: Conjoint, User-Case Studies.
- Application: Conjoint Interpretation Exercise
- Activity: Marketing Research Budget Allocation

Coursepacket: Session 6.

- (1) A Step-by-Step Guide to Smart Business Experiments (HBR, March 2011)
- (2) Identifying new product development best practice (Business Horizons, Volume 55, Issue 3, May-June 2012, Pages 293-305)
- (3) What People Want (and How to Predict It) (SMR, Winter 2009)

7. SESSION 7: MANAGING TACTICS: PLACEMENT

Date: Oct 25.

Preparation.

- Read the Apple-Mini-Case: Managing Channels

Agenda.

- Topic: Why channels are difficult in everyday life and particularly difficult when they disintegrate.
- Tools: Trade-Off Analysis for Channel Margins
- Activity: Choosing Channel Strategy for Video Gear
- Application: Apple Ebooks: Managing Channels

Coursepacket: Session 7.

- (1) The Apple Ebooks Case - Managing Channels (MIT Sloan Case)
- (2) Avoiding the Pitfalls in Managing Distribution Channels (Business Horizons, Volume 30, Issue 5, September-October 1987, Pages 29-33)
- (3) The Customer Has Escaped (HBR, November 2003)

8. SESSION 8: MANAGING TACTICS: PRICING

Date: Nov 9.

Preparation.

- Read the Ladders Case
- Consider these questions
 - (1) Does the Ladders price reflect their value?
 - (2) How would you change their pricing structure?

Agenda.

- Topic: Value Extraction Architecture
- Application (Case)
 - The Ladders
- Framework: Behavioral Pricing
- Activity: Pricing Format Decision Exercise for Loku.
- Application (Game)
 - Price is Right

Coursepacket: Session 8.

- (1) TheLadders.com (MIT Sloan Original)
- (2) Is It Time to Rethink Your Pricing Strategy? (SMR, June 19, 2012)
- (3) The price is right? Guidelines for pricing to enhance profitability (Business Horizons, Volume 54, Issue 6, November-December 2011, Pages 563-573)

9. SESSION 9: MANAGING TACTICS: MARKETING COMMUNICATIONS

Date: Nov 22.

Preparation.

- Read the MIT 'Fidelity' Case: Testing Advertising
- Answer the Questions at the beginning of the case

Agenda.

- Framework: Advertising Funnel
- Tools: Incremental ROI Analysis
- Activity: Australian Beer Ads
- Application: 'Fidelity' Case: Testing Advertising

Coursepacket: Session 9.

- (1) Application: 'Fidelity' Case - Testing Advertising (MIT Sloan Case)
- (2) How Advertising Works: What Do We Really Know? ⁴
- (3) How Not to Market on the Web ⁵
- (4) The Uninvited Brand, Fournier and Avery Business Horizons (2011), 54, 193-207

⁴http://fabriken.akestamholst.se/akestamholst/files/how_advertising_works.pdf

⁵<http://sloanreview.mit.edu/the-magazine/2010-winter/51204/how-not-to-market-on-the-web/>

PROFESSOR AND TEACHING ASSISTANT

The best way to contact me is by email (cetucker@mit.edu).

For quick questions, feel free to speak with me at the end of class. To meet with me, book an appointment using <http://meetme.so/catherinetucker>.

I am being helped this year by Harvey and Patricia, our Teaching Assistants. They are responsible for grading and most aspects of class organization, so you should email them for non-content related questions.

COURSE MATERIALS

Cases. Each weekend we will discuss a case. These cases have been selected to cover a wide variety of industries and marketing contexts. Please read the case carefully before we meet for the weekend and be prepared to answer the assigned questions.

TABLE 1. Case Summary

Case Name	Market	Product
Aqualisa Quartz	B2B+B2C	Showers
Hubspot	B2B	Web Analytics
Apple: Managing Channels	B2B+B2C	Books
Ladders.com	B2B+B2C	HR
“Fidelity”: Testing Advertising	B2C	Financial

Lecture Notes and Text Book. Each lecture has accompanying notes. I will distributed these at the start of each class. They will also be posted on Stellar after class. These notes are designed to prevent students from having to take copious notes and consequently be able to focus on learning and reflection during lectures. I will also post on Stellar practical examples of calculations using Excel. These are as valuable as the written notes.

I have written my own notes because I do not believe that current textbooks are as useful as they could be for an executive-level course as they are written to charm undergraduates. If you develop a strong interest in marketing it is worth buying Philip Kotler & Kevin Keller’s book - Marketing Management. Prentice Hall; 14th edition (February 18, 2011). Note, however, that you can save over \$100 by buying the 13th edition from 2008 which is essentially the same.

GRADING

- Assignment 1: Written Assignment - Customer Decision Process: 25%
- Assignment 2: Written Assignment - Segmentation and Targeting: 25%
- Assignment 3: Written Assignment - Pricing Format Exercise: 25%
- Assignment 4: Group Exercise: 50%

This sums to 125%. This oddity reflects the fact that students can choose not to do any one written assignment. If a student does all the written assignments I will ignore the overall lowest score.

This is the universal grading plan. **Late Submissions receive a 25% penalty unless there is an family disaster or emergency.**

ASSIGNMENTS

In all cases students should choose a specific product that they are intimately involved with as their example. If the student is in the governmental or non-profit sector or work in a non-product related function like human resources they can either gallantly translate the learnings to that context, or they can approach me and the TAs and we will try and match them up with an MIT start-up to use as their application.

Assignment 1: The Buying Path. Devote 2 double-spaced pages to the following questions:

- (1) What is the Buying Path for your product or segment?
 - What is the problem recognition process for your product?
 - Clarify the nature and extent of information search
 - How important are each of the three pillars of feature trade-offs, heuristics and emotion in the evaluation process for your product?
- (2) Which part of the buying path is the most challenging - that is, where do you lose the most customers?
 - This question of course assumes that you have data on this. If there is no data explain and attempt to justify why there is no data.

Deadline: 11:59pm 9/15/2013

Assignment 2: Segmentation and Targeting. Devote 2 double-spaced pages to the following questions:

- (1) Describe how your firm segments the entire market for one of your firm's products that you are intimately knowledgeable about.
- (2) Describe the customer segment you are currently serving that it makes the least sense to target.
- (3) Describe the difficulties (if any) your firm would face in not serving that segment.

Deadline: 11:59pm 10/6/2013

Assignment 3: Pricing Formats. Devote 2 double-spaced pages to the following questions.

- (1) Describe your current Pricing format. Specify in particular any "add-on" pricing.

- (2) Does the 'Who, When, How' actually match how the customer experiences value?
- (3) Does the current pricing format give any strategic advantage?

Deadline: 11:59pm 11/17/2013

Assignment 4: Group Exercise. Do this in teams of three or four (whatever is your customary team). The idea will be to come up with a marketing launch plan for a new product as a team: The new product can either be a product that one of your firms is contemplating, a product or start-up idea that you are contemplating personally, or a start-up or product idea of a current MIT startup - see list of volunteering firms.

Devote 8 double-spaced pages to these topics. These could and should include graphs:

- Page 1-2: Describe initial target customer segment and why that customer makes strategic sense. What will be the next customer segment to expand to?
- Page 3-4: Describe how the firm should ideally collect data from customers to understand which attributes are most valued by its target customer. If you want to practice a conjoint here you are very welcome but only if you want to!
- Page 5: Describe the channel strategy. What are the pros and cons of each option?
- Page 6: Describe the ideal pricing format. Describe how this reflects value and how it will evolve over the growth of your product.
- Page 7-8: Describe the ideal marketing communications strategy: How does it overcome expected losses in the buying path? How will you gather initial data to support your hypotheses?

Deadline: 11:59pm 12/08/2013:

STUDENT POLICIES

Ethics and Computer Equipment. Marketing involves a lot of ethical questions. I want you to bring these to the forefront of our discussions whenever possible.

This class subscribes to the MIT Sloan Professional Standards and to MIT's Standards of Academic Integrity.

Tablets can be used during class in airplane mode to refer to cases or notes. There will be at least four occasions when we will need to use our laptops in-class to do either a simulation or an online real-time analytics exercise. Therefore, please bring your laptop (charged-up) to each class but keep them in bags unless asked. Please don't use cell-phones during class.

Please see <https://sloanpoint.mit.edu/depts/deans/profstandards/Pages/default.aspx>

Student Support Services. If you are dealing with a personal or medical issue that affects your ability to attend class, complete work, or take an exam, please discuss this with Student Support Services (S³). The deans in S³ will verify your situation, and then discuss with you how to address the missed work. Students will not be excused from coursework without verification from Student Support Services. You may consult with Student Support Services in 5-104 or at 617-253-4861. Also, S3 has walk-in hours Monday-Friday 9:00- 10:00am.

Student Disability Services. MIT is committed to the principle of equal access. Students who need disability accommodations are encouraged to speak with Kathleen Monagle, Associate Dean, prior to or early in the semester so that accommodation requests can be evaluated and addressed in a timely fashion. Even if you are not planning to use accommodations, it is recommended that you meet with SDS staff to familiarize yourself with the services and resources of the office. You may also consult with Student Disability Services in 5- 104 or at 617-253-1674. If you have already been approved for accommodations, please contact me early in the semester so that we can work together to get your accommodation logistics in place.