Columbia Business School

Integrated Marketing Strategy
Spring Semester, 2015

Time: Wednesdays, 2:15 PM – 5:30 PM
Location: Uris 142

Instructor: Len Sherman
Email: ls2673@columbia.edu
Phone: 203-984-9814
Office: Uris 218
Hours: Wednesdays 10:00AM – 2:00PM; Flexible (email to schedule)
Other times on request (email to schedule)

TA’s: TBD

COURSE DESCRIPTION
Integrated Marketing Strategy focuses on what business managers need to know to create strategies that achieve competitive advantage for products and services. This capstone course will provide the insights and tools required to understand how marketing integrates with other key functions across the enterprise – product development, operations, finance and sales – in developing and executing successful business strategies. The course will also focus on competitive dynamics how to understand, anticipate and effectively respond to competitive threats.

During the semester, we will examine:
• How companies create, capture and renew competitive advantage in the marketplace
• The impact of industry structure on markets and competition
• Sources of value in product/service offerings and how they evolve over time
• The role of technology, operations and distribution in delivering value
• Competitive dynamics -- effective responses to preempt, deter or effectively counter competitive moves
• How to develop products and services that break away from competition
• Putting the pieces together: creating integrated business strategies to gain competitive advantage

While the course will build on a theoretical foundation, it is designed to be practical, hands-on, and applied, giving students the opportunity to analyze and plan business strategies drawing on examples from firms in a variety of industries. Students will gain a deep and practical understanding of integrated marketing strategy from three mutually reinforcing approaches:
• Interactive presentations on relevant concepts and frameworks
• Case preparation and discussion spanning numerous B2B and B2C companies
• Guest speakers drawn from senior executive ranks of major corporations.

COURSE OBJECTIVES
The fundamental premise of this course is that firms are successful when they create, capture and renew value over time. Accordingly, the overall objective of the course is to learn how to:

1. Analyze a company’s strategic options given its market and competitive position
2. Develop strategies that deliver renewable competitive advantage, maximizing financial returns
3. Formulate plans to implement appropriate strategies
4. Anticipate and counter competitive responses

The target audience for this course is MBA students planning a career in positions where a holistic, integrated view of business performance is required, including:
• Product and Marketing Managers
• Entrepreneurs
• Corporate Strategic Planning Managers
• Business Unit General Managers
• Consultants
• Investment Analysts

CONNECTION WITH THE CORE
This is a capstone course intended for second-year MBA students that integrates many of the concepts covered in the core curriculum. The course focuses on strategies for new product development that create enormous value by redefining the categories in which companies compete. Case study examples include JetBlue, Yellow Tail Wine, IKEA, Swatch, SodaStream and Starbucks. As the course title suggests, we will explore the integrated elements of successful strategy encompassing product development, operations, distribution and marketing.

While all lectures will include a brief review of the concepts utilized, it will be assumed that students already understand the following core course concepts:

Strategy Formulation
• All concepts covered in this core course

Marketing Strategy
• All concepts covered in this core course

Operations Management
• Alignment of business strategy and process

Corporate Finance
• Cash flow NPV for new product valuation

Business Analytics
• Sensitivity analysis
• Modeling competitive & cannibalization effects

READING MATERIALS
Materials used in this course will be distributed in a reading packet of assigned articles and multi-functional cases, supplemented by timely and topical articles posted on Canvas.

COURSE FORMAT
Classes will meet once per week for three hours with two 10 minute breaks. While the sequence of activities may vary somewhat from week-to-week to accommodate the schedule of our guest speakers, generally the first half of the class will be devoted to topical lectures and the second half will entail case study discussion and commentary from our visiting executives.

Weekly readings will generally include topical articles and a business case.

The class is intended to be highly participatory and students are expected to come prepared to discuss their ideas and defend their opinions on business case issues. Since there is generally no single right answer to the decisions highlighted in the business cases, our discussion will work best if there is an active debate on options, decisions and expected outcomes. Interactive polling will be used in the classroom to take stock of your views on decision-maker options in the cases and other relevant topics.

Adequate time will be allotted for Q&A with our visiting executives, and I’ve alerted our guest speakers that Columbia MBA students are generally not bashful in asking probing questions!

During the semester, each student will be asked to submit a number of short (one page) topical analyses, write up an analysis of one business case, participate in a team project evaluating a disrupted industry and take a final exams on course content.

GUEST SPEAKERS
A number of senior executives have volunteered to participate in class discussions this semester. While schedules and availability may change, the likely roster of executive guest speakers includes:

• Dave Barger – CEO, jetBlue
• Mike Ward, President – IKEA, US
• Renato Reyes – CMO, Yellow Tail Wines
• Jane Friedman, CEO, Open Road Media; ex-CEO of HarperCollins
• Mark Payne, CEO Farenheit212
• Mark Hurst, CEO, Creative Good
• TBD, Unilever
• TBD Starbucks

COURSE GRADING
Your grade for this course will be based on the following allocation:

- Short assignments 20%
- Case writeups 25%
- End-semester exam 25%
- Team project 20%
- Attendance and participation/preparedness 10%

**Short Assignments**

There will be several short (<1 page) assignments associated with the case or topical readings throughout the semester, as described in the course schedule below. Your inputs will often be aggregated and incorporated in the class discussion, so timely submission is essential. Assignments submitted after the due date (9 PM of the evening before class) cannot be accepted for credit.

**Case Writeups (1 case per student)**

Each student will be randomly assigned one case to analyze. Case writeups should be no more than 3 pages (not counting any supporting exhibits), submitted as a Microsoft Word document posted to Canvas prior to the class discussion on that case. Case writeups are generally intended to:

- Clarify your understanding of the strategic context of the case
- Identify the strategic options and their expected impacts
- Recommend actions: what would you do if you were the protagonist in the case?
- Quantitatively and qualitatively substantiate your recommendation
- Identify key uncertainties and how you might mitigate them in implementing your recommended approach

While these are general learning objectives for all cases, student writeups should address the specific questions listed for each case as noted in the syllabus below and on Canvas.

Case writeups will be graded on content (75%) and effectiveness of business writing style (25%). Content includes the insightfulness, quality of analysis and conclusions, support for conclusions, and the overall logic of the paper. Style includes the clarity and effectiveness of writing that would be expected in a business recap submitted for executive review in a professionally managed business enterprise.

**End-Semester Exam**

There will a timed take-home final exam at the end of the semester that covers course concepts. The intent of the exam is to give students an opportunity to demonstrate a broad understanding of course concepts, rather than recalling isolated facts or formulae. Questions will be disproportionately drawn from topics reviewed during in-class lectures and discussion, placing a premium on your active engagement in the classroom learning environment. Additional details on what to expect will be provided in class at least one week prior to the exam, including choosing the most convenient scheduling option prior to final exam week.

**Team Projects**

During this course, we will be covering a number of industries that were or are in the midst of being
transformed by disruptive entrants. To further explore the dynamics of industry disruption the class will be broken into teams of five students each to evaluate one such industry. Students can self-select their teams or choose to be randomly assigned. Each team can choose the industry they wish to evaluate from the following list:

<table>
<thead>
<tr>
<th>1. Book Publishing</th>
<th>2. MBA Education</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>What’s the post-digital era endgame? Who wins and loses?</em></td>
<td><em>How will the educational experience of the CBS class of 2025 differ from yours?</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Digital Wallet</th>
<th>4. Taxi Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Has Apple broken the code with the new iPhone 6 digital wallet? How will current competitive positions realign?</em></td>
<td><em>Über is already valued at $18 billion. Same day delivery services may be on the horizon. What’s next?</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Grocery Retail</th>
<th>6. Watches &amp; Wearables</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Webvan failed; Fresh Direct is working; Amazon is jumping in. Now what?</em></td>
<td><em>Are smart watches about to disrupt a number of current products (including traditional watches), much as the original iPhone did?</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. Real Estate Brokerage</th>
<th>8. Cable Television</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>We’re still paying 5-6% brokerage commissions on house sales?! Surely there’s an opportunity for digital disintermediation</em></td>
<td><em>Cord cutting is on the rise and streaming video players are expanding offering. Who wins and loses in the years ahead?</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Tesla is the 1st serious new entrant in years. Self-driving cars from Google et al could radically change the current industry structure</em></td>
<td><em>eCommerce comes to fashion with new buy vs. rent vs. subscribe business models from RTR, Birchbox, myntbox et al. What’s next?</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11. Venture Capital</th>
<th>12. Other?</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>AngelList, Kickstarter &amp; Indiegogo are providing new forms of startup capital. Is traditional VC threatened?</em></td>
<td><em>What other industries are ripe for new products, services and business models… you choose.</em></td>
</tr>
</tbody>
</table>

Each team will be expected to incorporate concepts covered in class in undertaking their industry analysis. Questions to be addressed include:

- What were the market and competitive characteristics of the industry prior to current disruptive initiatives (e.g. market shares and growth, underlying economics, financial performance)?
- What makes the industry ripe for disruption (e.g. over- or under-served customers, unserved segments, customer dissatisfaction, technology breakthroughs, etc.)?
- Type of disruption (low-end, new-market, high-end, big bang, blue ocean play, etc.)
- What is the current state of play (speed of adoption/barriers to entry, market shares, incumbent response, competitive advantages)?
- What could/should incumbents do to respond?
- What are the barriers facing incumbents and newcomers?
- Team forecast of where the industry is likely to be in five years, including picking winners and losers (and a rationale for your forecast)?

Each team should summarize their work in a Powerpoint presentation of 10-15 slides suitable for a ten-minute presentation in class. Approximately six teams will be selected to present their results during the final class of the semester, based on the instructor’s assessment of the quality and insight of the submitted reports. The class will be asked to participate in evaluating the insightfulness, clarity and logic supporting conclusions presented by each team. Two days before the final class, 2 students will be picked at random from each team to present the teams’ findings.

**Attendance and Participation/Preparedness**

Attendance is required for all classes, as we will always explore concepts that go beyond assigned reading
materials. If for any reason, you find you cannot attend a class, you should advise the TA by email in advance of class. Students who provide prior notice of their need to miss a class are expected to view the missed lecture video before the next class session. Lecture videos should be posted to Canvas within 48 hours of each class. No more than two excused absences will be allowed per student without written authorization from the instructor. Each pre-notified absence that is not followed-up by a student review of the lecture video will result in a ½-grade reduction (e.g. from HP+ to HP). Each absence without prior notification will result in a 1-grade grade reduction, ½ of which can be reclaimed by viewing the lecture video posted to Canvas before the next class session. More than two absences without prior notification will result in failing grade. The impact of attendance on grading is summarized in the table below.

<table>
<thead>
<tr>
<th>Absence with prior email notification</th>
<th>Lecture video viewed before next class</th>
<th>Lecture video not viewed before next class</th>
<th>More than 2 absences with/without prior notification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absence without prior email notification</td>
<td>½-grade reduction (e.g. from HP+ to HP)</td>
<td>1-grade reduction (e.g. from H to HP)</td>
<td>Results in failing grade</td>
</tr>
</tbody>
</table>

Interactive participation is a major contributor to the success of this course, since we learn most effectively through class dialogue. You are expected to read all required articles and cases before class, to thoughtfully respond to the suggested questions and to participate actively in class discussions. Participation will involve summarizing case study situations, explaining selected analyses, applying the case issues to your personal business experience, asking insightful questions, tying frameworks together, recommending and defending a proposed solution—in other words, whatever helps the class effectively explore the ramifications of successful integrated marketing strategy. While each student will only be required to submit one case writeup during the semester, the instructor will expect all students to be prepared to contribute to the case discussions through the course of the semester. Weekly preparation is essential.

My classroom is a safe and respectful learning environment. No student will be penalized for incorrect answers, as learning from differing perspectives and from each other is essential to understanding the issues and concepts covered in class. Given the large class size, it may be difficult to involve everyone as frequently as desired, so participation grade adjustments will fall into three categories:

- Students who consistently contribute insightful commentary – ½-grade upward adjustment
  Recognition will be given to students who provide frequent and particularly thoughtful inputs to our class discussion either with volunteered responses or in response to cold/warm calls.
- Students whose lack of preparation makes them unable to respond to a cold/warm call or students who act in an unprofessional or disrespectful manner towards other class participants – ½-grade downward adjustment
- All others (including those who did not get a chance to participate in class discussion) – no grade adjustment

In addition to in-class participation, students and teams are encouraged and welcome to meet with the
professor outside of class to discuss ideas, to clarify topics presented in class or to relate course topics to the students’ work or career aspirations. For scheduling convenience, please email the instructor to set a mutually convenient meeting time.
COURSE SCHEDULE
The schedule for the course is outlined below. It may be necessary to swap some sessions to adapt to class interests or to accommodate calendar conflicts of our executive guest speakers. Please check Canvas weekly as assignments and schedules may change through the course of the semester and certain readings will only be available through postings on Canvas.

The reading and written assignments provide a foundation and a context for class discussion and thus are to be completed before the class for which they are scheduled.

SESSION 1: Course Introduction
Jan. 28 Fundamentals of Integrated Marketing Strategy

Topics
Course orientation and overview
The growth imperative: importance and challenges of sustained enterprise growth
Value creation and bases of competitive advantage
Rules of marketplace competition

Reading
1. Course syllabus

Activities
Prior to class, read the assigned reading for Session #1

Prior to class, post a survey response in Canvas which responds to the following two questions:
1. Identify one of your most favorite brands - presumably a company whose products or services have been particularly well suited to your needs, and that you would recommend without hesitation to family or friends.
2. In a couple of sentences, indicate why you are so satisfied with and loyal to your chosen company/brand. Why is this product/service/brand particularly meaningful to you?

In class, be prepared to discuss:

• Why is growth important to corporate enterprises?
• Why is sustained profitable growth so difficult to achieve?
• Based on Porter’s “5 forces”, are companies in structurally challenged industries destined to earn low returns?

SESSION 2: Competitive Dynamics
Feb. 4 Coors Case

Topics: Integrated Marketing Strategy Diagnostics
         Competitive Dynamics

Activities: Prior to class, per the Collis and Rukstad article, post to Canvas your articulation of Coors’ strategy prior to 1975 (i.e. prior to Coors’ decision to expand towards national distribution) in 35 words or less. Note that the case does not provide guidance on Coors’ financial targets (i.e., strategy objective). Craft your statement of Coors’ strategy in terms of the two other critical elements of an effective strategy described by Collis & Rukstad.

In class, be prepared to discuss your answers to the following questions regarding the Coors case:
1. Was Coors successful in the early- to mid-1970’s and if so, what evidence and specific metrics substantiate your understanding of Coors’ market and competitive position?
2. How would you articulate Coors’ consumer value proposition and basis of competitive advantage in the years leading up to 1977?
3. In 1985 has their business performance changed? How so, and what specific metrics prove your point?
4. How would you explain Coors' change in performance? Did the market change? Did competitors change their strategy? Did Coors shift their strategy?
5. In 1985, Coors committed to opening a new plant in Virginia. Was this a good idea – why or why not?
6. In retrospect, what if anything might Coors have done over the period covered in the case to sustain a stronger market and competitive position?

SESSION 3: Responding to Market Shifts
Feb. 11 Mountain Man Beer Case
Topics: Brand equity
Product positioning
Breakeven & NPV Analysis

3. Mountain Man Beer Scenario Financials (5% & 20% cannibalization scenarios posted on Canvas)

Activities: Prior to class, using facts from the case, the accompanying pro forma financials provided on Canvas and your own best judgment estimates, post to Canvas your answers to questions 4-6 below.
Prior to class, students assigned to write up the Mountain Man case should also answer all questions below in three pages or less, not counting accompanying exhibits.

Note that there are two spreadsheets posted to Canvas reflecting two key assumptions used to evaluate Mountain Man’s strategic options: 1) Light beer launched with 5% cannibalization; 2) Light beer launched with 20% cannibalization.

In class, all students should be prepared to discuss answers to the following questions:

1. What has made MMBC successful in the past? What distinguishes the brand from competitors in terms of product, customers, distribution, marketing approach and cachet?
2. What has caused the decline in MMBC’s operating results in spite of its strong brand? Based on case facts, develop a simple “do-nothing” pro forma (2005-2010) which projects Revenue, Contribution Profit, Fixed Expenses and Operating Profit.
3. What are the pros and cons of introducing a Mountain Man light beer?
4. The case suggests that in order to get approval to launch a Light Beer, MMBC would have to break even within 2 years by more than covering the costs associated with launch advertising, incremental SG&A and lost MMB sales due to cannibalization. Based strictly on the pro formas shown in the accompanying spreadsheets, should MMBC launch a light beer product?
5. Are MMBC’s stated criteria for their “go/no-go” decision appropriate? If not, what would be more appropriate criteria and why?
6. Which factors are most important in determining 5 year NPV’s for a light beer launch? Which factors can/should MMBC try to change to improve NPV? Substantiate your answer to this question (i.e. how can you analytically demonstrate which factors are most important?)
7. How might Mountain Man mitigate some of the risks of launching a light beer? (for example launch under the MMBC brand or a separate brand?)
8. Based on your answers to question #7 and other non-tangible factors, should MMBC introduce a light beer?
9. Are there other strategic options for growth that Chris should evaluate?

SESSION 4: Product Positioning
Feb 18 Clean Edge Razor: Splitting Hairs in Product Positioning

Topics
Product positioning
New product launches and cannibalization effects
Clean Edge Razor Case

Reading
3. Clean Edge pro forma financials, posted to Canvas
**Activities**

*Prior to class,* review the pro forma forecasts of Paramount’s financial performance over the first two years of the Clean Edge launch either as a mainstream or niche product shown on tab TN B. All data used in the pro forma are in Exhibits shown on other tabs of the spreadsheet (which also display all case Exhibits) or from the case text. Post answers to questions #5 and #6 below on the link as indicated in Canvas.

*Prior to class,* students assigned to the Clean Edge case writeup should also answer all the questions below in a three-page Word Document attachment along with any substantiating analyses.

*In class,* all students should be prepared to discuss answers to the following questions regarding the Clean Edge case:

1. Assess Paramount’s competitive position. What are the strategic life cycle challenges for Paramount's current products as well as for Clean Edge?
2. What are the salient behavioral differences between key segments in the nondisposable razor market?
3. The case is surprisingly silent on what they mean by a “Niche” or “Mainstream” launch strategy. Clarify your assumptions on how these two approaches would differ with respect to:
   - Total advertising and promotion budget
   - Types of customers targeted
   - Advertising and promotion channels used
   - Retail channels sold through
   - Any other distinguishing characteristics
4. What are the arguments for launching Clean Edge as a Niche product or a Mainstream brand?
5. Are the pro forma analyses as specified appropriate to guide Paramount’s decision-making process? If not, identify three specific modifications to make the analysis to more appropriately support a recommendation on proper positioning?
6. Would you recommend launching Clean Edge as a Niche or Mainstream product? Substantiate your recommendation using data and assumptions from the case.
7. Based on your recommendation, what are the implications for branding and marketing budgets for Clean Edge?

**SESSION 5: Choosing the Right Strategic Option**

**Feb. 25**  
Delta Airlines Case  
Topics  
Formulating Strategic Options  
Competitive Response  
Delta Airlines case  
Guest Speaker: Marty St. George, SVP Marketing & Commercial - jetBlue
Reading


Activities:  

Prior to class, respond to the polling questions on Canvas re what you would recommend as Delta's best strategic option if you were Mark Balloun.

Prior to class, students assigned to write up the Delta/JetBlue case should also answer all questions below in three pages or less, not counting accompanying exhibits.

In class, all students should be prepared to discuss answers to the following questions regarding the Delta Airlines case:

1. During the 1990s, none of the five largest US carriers earned their cost of capital. Why have such low rates of return persisted in the airline industry?
2. Despite the challenging industry environment airlines like Southwest and JetBlue earn enviable returns. How? What are the major differences in their strategies?
3. Why have all the low cost subsidiaries of legacy airlines, including Delta Express, failed?
4. What would happen to Delta if it continued to respond to low cost carriers in the way it did in the past? Using data provided in the case and additional assumptions as necessary, quantify the consequences for Delta’s revenue in the Florida market of continuing with the status quo for 5 more years (through 2006).
5. What are the strategic options available to the cross-functional team that Mark Balloun co-leads and what steps should the team take to choose among these options?
6. Based on the information available to you, what course of action would you recommend to Delta’s board, from the following choices?
   • Shrink-to-grow: retreat from non-profitable, intensely contested markets like NY-FL
   • Go upmarket, v1: Expand premium services aimed primarily at business travel and high income vacationers on all routes
   • Go upmarket v2: Expand aggressively in growing international markets to offset poor profits in highly contested domestic routes
   • Go downmarket, v1, reenergizing Delta Express with renewed emphasis on cutting costs and expanding route coverage
   • Go downmarket v2, launching a non-Delta LCC with new planes and attention to more attentive customer service (a la JetBlue)
• Drive jetBlue out of business by initiating a fare war in the NY-FL corridor on the assumption that Delta's balance sheet could withstand such a tactic far better than jetBlue

• Status quo: maintain current routes and operating policies

While it’s entirely possible to implement a combination of these initiatives, which alternative would represent the most important initiative to be implemented?

7. (Optional) Since January 1, 2012, a broad index of airline stocks (ticker XAL) has outperformed the S&P 500 by over ~2X in stock price appreciation. What explains the improved fortunes of this beleaguered industry?

SESSION 6: Positioning Products and Services
March 4 IKEA

Topics: Weaknesses with conventional product positioning paradigms
Distinctive positioning strategies
IKEA Case
Guest Speaker: Michael Ward, President IKEA US

Reading:

Activities: Prior to class, post to Canvas your answer to the following question on one page or less: if you were Mike Ward (President of IKEA US), what would be your two highest priorities to drive profitable growth in IKEA’s US market over the next five years? Also, indicate what element(s) of IKEA’s current strategy you would definitely NOT change. For each suggestion, explain your reasoning.

Prior to class, students assigned to the IKEA case writeup should also answer all the questions below in a three-page Word document not counting accompanying exhibits.

In class, all students should be prepared to discuss answers to the following questions regarding the IKEA case:

1. How would you characterize IKEA’s value proposition?
2. What accounts for the success of IKEA? Express in terms of the Integrated Marketing Strategy concepts discussed earlier this semester
3. What are some of the downsides of shopping at IKEA? How does IKEA’s appeal vary by customer segment?
4. How would you improve IKEA’s value proposition to attract and retain more American consumers? For each recommendation indicate how it would address key
shortcomings in IKEA’s current value proposition without compromising the brand’s core values.

5. Some industry observers have suggested the following strategies. Indicate whether you agree or disagree and why:
   - IKEA should open a number of smaller, satellite stores across the United States (e.g., in shopping malls, strip malls, etc.). By offering a limited range of IKEA products, these “IKEA Lite” shops would presumably give consumers who do not otherwise have access to a full-size IKEA the opportunity to experience the brand.
   - IKEA should expand its sustainable product offerings and heavily promote its commitment to recycled materials, reforestation, recycling and other elements of corporate social responsibility.
   - IKEA should substantially upgrade its webstore content and design to promote greater ecommerce sales. Areas for improvement.

6. If you were Mike Ward, what would be your two highest priorities to drive profitable growth in IKEA’s US market over the next five years? For each suggestion, explain your reasoning. Also, indicate what element(s) of IKEA’s current strategy you would definitely NOT change.

SESSION 7: Blue and Red Ocean Businesses
March 25 Yellow Tail Case

Topics: Blue Ocean strategy concepts
Yellow Tail wine case
Guest Speaker: Jonathan Lehr – Brand Manager, Yellow Tail

2. Creating a Blue Ocean in the US Wine Industry With Yellow Tail Wines, Columbia CaseWorks

Activities: Prior to class, submit your answers to Canvas identifying which factors Yellow Tail eliminated, reduced, raised and created in developing its Blue Ocean Strategy.

Prior to class, students assigned to the Yellow Tail case writeup should also answer all the questions below in a three-page Word document not counting accompanying exhibits.

In class, all students should be prepared to discuss answers to the following questions regarding the Yellow Tail case:
1. What characteristics of the US wine industry rendered it a “red ocean”? 
2. In the US wine industry prior to Yellow Tail’s entrance, contrast the difference in core capabilities required to compete effectively in the budget segment versus the premium wine segments.
3. If you were Casella Wines, planning to enter the US wine industry, which segment (budget or one of the premium segments) would you choose and why?
4. In what ways did Casella/W.J. Deutsch exploit “blue ocean” strategic opportunities in launching its Yellow Tail wines?
5. What factors did Yellow Tail Eliminate, Reduce, Raise and Create in positioning Yellow Tail wine? What did its strategy canvas look like relative to competitors?
6. What were the enabling elements of Yellow Tail’s integrated marketing strategy, which contributed to its remarkable success?
7. By 2014, a number of adverse factors have taken a toll on Yellow Tail’s business performance:
   - A number of competent domestic competitors (e.g. Barefoot) have attacked Yellow Tail’s price point and positioning in the casual, everyday wine segment
   - The Australian dollar appreciated >30% over the past few years, sharply cutting into Casella/Deutsch margins
   - Yellow Tail’s largest retail account – Costco – decided to discontinue Yellow Tail, substituting its own Kirkland store brand instead
   - US consumers have trended towards more premium price points.

   How might Casella Wines/W.J. Deutsch respond either tactically or more broadly in seeking their next “blue ocean” market opportunity? Can “lightning strike twice” for either of these partners?

**SESSION 8: Breakaway Products**
**Apr. 1** The Birth of Swatch

**Topics:** Innovation-driven product differentiation
Adjacent vs. white space growth strategies
Swatch case

**Reading:**
2. The Birth of the Swatch, Harvard Business School Case, 2004

**Activities:**
- **Prior to class,** answer post to Canvas your understanding of the similarities between Swatch's and Apple's product and business strategy.
- **Prior to class,** students assigned to the Swatch case writeup should also answer all the questions below in a three-page Word document not counting accompanying exhibits.
- **In class,** all students should be prepared to discuss your answers to the following questions regarding the Swatch case:

  1. Characterize the evolution of the watch industry from the 1950’s to the 1990’s. One can argue that there were two breakaway positioning events during this span. What were they? (Hint: remember that a key aspect of a “breakaway” product is that it gets consumers to think very differently about product attributes and usually results in a significant change to the marketing “4P’s used
2. The case suggests that Hayek paid little attention to market research in either developing the Swatch product concept or in the go-ahead decision to scale the business. Why do you think the pilot tests failed (page 6)? Was Hayek reckless in pushing forward anyway?
3. Why did Swatch succeed? What were the key elements of Swatch’s Integrated Marketing Strategy that contributed to its success?
4. As with all cases we’ve discussed to date, Swatch’s strong growth began to subside near the end of the case time frame. What factors did (and continue to) contribute to slowing growth?
5. In response, Swatch pursued business expansions in a number of additional product categories. Did these growth initiatives make sense? For each, why or why not?
6. What could/should Swatch do today to grow their business?

SESSION 9: Developing New Products and Services
Apr. 8 SodaStream Case + Jobs To Be Done

Topics: Quantitative vs. Qualitative consumer research techniques
Customer-driven product differentiation
Sodastream case

3. SodaStream: Transforming a 100 Year-Old Company Into a ‘Stylish Rebel’, Columbia CaseWorks

Activities: Prior to class post to Canvas a brief description (<1 page) of a product or service from your experience that succeeded in the marketplace by identifying and fulfilling a “job consumers wanted to get done” better than competitive alternatives:
• What is the product?
• What job was it designed to perform?
• How/why did it succeed relative to competition?
This should not be one of the examples given in the “Marketing Malpractice” article assigned for this week

Prior to class, students assigned to the SodaStream case writeup should also answer all questions below in a three-page Word document not counting accompanying exhibits.

In class, all students should be prepared to discuss answers to the following questions regarding the Sodastream case:

1. SodaStream languished in the marketplace for >100 years under seven different corporate owners before achieving extremely rapid global growth
under the leadership of Daniel Birnbaum. How would you explain their recent success?

2. What are the key elements of SodaStream’s integrated marketing strategy? How do all the key elements reinforce each other to create a strong consumer and partner value proposition and strong business model? Map the key elements, similar to the analysis used earlier to define Coors’ strategy in the early 1970s.

3. What are the salient similarities between strategies underlying the success of SodaStream, Swatch, IKEA, and Yellow Tail?

4. What are the greatest competitive threats facing SodaStream and how would you anticipate and preemptively respond?

5. As noted in the case, SodaStream is has entered into partnership agreements with home appliance makers (KitchenAid, Hamilton Beach, Breville) wherein Sodastream retains the CO2 cartridge business while their partners produce, market and sell competing soda machines (and possibly syrups). Why is SodaStream partnering with potential competitors? What would have to be true for this arrangement to make financial sense for SodaStream and their partners?

6. If you were the CEO of PepsiCo or Coca-Cola, how would you respond to SodaStream’s inroads into the carbonated soft drink market: ignore them, license the sale of genuine brand syrups, launch a directly competitive offering, acquire, or some other strategy? Explain your rationale. Are there any other companies that you think might be more logical candidates to consider acquiring SodaStream?

SESSION 10: Disruptive Products and Services

Apr. 15 Xiameter Case

Topics: Disruptive Technologies
Predicting the next great disruptive technology
Price Strategy
IMS in B2B industries

Reading: 1. Watch video of disruptive technology lecture, accessed through Canvas (before reading HBR article)
3. Xiameter: The Past and Future of a Disruptive Innovation, IMD Case

Activities: Prior to class, watch lecture video first, then read article & case and answer online questions regarding content

Prior to class, students assigned to the Xiameter case writeup should also answer all questions below in a three-page Word document not counting accompanying exhibits.
In class, all students should be prepared to discuss your answers to the following questions regarding the Xiameter case:

1. What factors, internal or external, were responsible for Dow Corning’s poor performance between 1995 and 2001 as shown in case Exhibit 3?
2. What did the new segmentation reveal about customers beyond that which the company knew already? In what ways was the “needs-based segmentation” scheme an improvement over the previous and traditional end-user segmentation?
3. Using the “five barriers” framework advanced in the Wessel & Christensen article, how vulnerable was Dow Corning to disruptive competition?
4. Trace the development of Xiameter from its beginnings: what were, in your opinion, the key decisions that shaped its successful business model and marketing strategy?
5. Given Xiameter’s performance to date, and recent changes in the competitive scene, is the moment ripe to make changes in the business model? More specifically:
   • Is a price seeker-focused “Dare to compare” value proposition still valid or, should Xiameter drop its low-price positioning and compete on other benefits including product quality, simplicity, reliability, etc.?
   • Should Xiameter “let the customers decide” by expanding its limited range of products to include all other Dow Corning silicones and, possibly, complementary non-silicone compounds from third parties?
5. What advice do you have for Ron Fillmore going forward?

SESSION 11: Re-energizing growth
Apr. 22 Starbucks Case

Topics: Responding to shifts in the market and competitive landscape
Managing corporate renewal
Guest Speaker: TBD


Activities: Prior to class, students assigned to the Starbucks case writeup should also answer all questions below in a three-page Word document not counting accompanying exhibits.

In class, all students should be prepared to discuss answers to the following questions regarding the Starbucks case:

• To what extent was Starbucks decline attributable to the company itself vs the external environment? Why didn't management recognize the trends earlier?
• What were the most important components of Starbucks’ transformation? Did the
sequence of implementation matter?

• How much of the transformation’s success would should be attributed to Schultz himself?

• What are the lessons on leadership that can be distilled from Schultz' navigation of Starbucks through the transformation?

SESSION 12: Course summary
Apr. 29  Disruption: Which Industries Are Next?

Topics:  Course wrapup
Team presentations

Reading:  None!

Activities:  In class, be prepared present and respond to team presentations