Columbia Business School

Integrated Marketing Strategy
Fall Semester, 2015

Time: Wednesdays, 2:15 PM – 5:30 PM
Location: TBD

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Hours: Wednesdays 10:00AM – 2:00PM; Flexible (email instructor to schedule)
Other times on request (email to schedule)

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 win in the marketplace

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 business 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, and drive superior financial returns
3. 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:
- Consultants
- Product and Marketing Managers
- Entrepreneurs
- Corporate Strategic Planning Managers
- Business Unit General Managers
- 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 strategy and business processes

Corporate Finance
- Cash flow NPV for new product valuation
- Breakeven analysis

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 ten-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 positions on business case issues. Since there is often 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 required to submit a number of short (one page) topical analyses, write up an analysis of two business cases, and submit a final term paper.

GUEST SPEAKERS
A number of senior executives may participate in class discussions this semester.

COURSE GRADING
Grades for this course will be based on the following allocation:
• Short assignments: 15 percent
• Case writeup: 30 percent
• Final paper: 40 percent
• Attendance/Participation: 15 percent

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 AM of the morning before class) cannot not be accepted for credit. Students who are assigned to a full case writeup on a given week are also required to submit the short assignment (as the topical question may not relate directly to the case)

Case Writeups (1 case per student)
Each student will be randomly assigned one random case to analyze. Case writeups should be no more than 4 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 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.

**Final Paper: Lessons Learned**

In no more than 6 pages, not counting exhibits (Word document), summarize the key lessons you learned from the class discussion and cases covered during the semester that explain the varying outcomes achieved by companies trying to formulate and implement successful integrated marketing strategies. You should choose the 3-4 lessons learned that you found most enlightening in illustrating the requirements for successful business strategy that might be of value in your own career. In framing your response, indicate why you chose to highlight particular key points from our class discussions and reading, for example in helping explain prior issues you’ve encountered at work or modifying your prior beliefs on a given topic.

For each key lesson learned, cite examples from the business situations profiled in the cases covered in class:

- Each identified key lesson learned should be the title of a subhead followed by explanatory text amplifying your point and drawing on selective case facts and class discussion that support your position
- All cases need not fit under each category (and probably won’t). What is most important is to demonstrate your clear understanding of key lessons learned. You need not and should not provide an exhaustive recap of facts from the cases, but only the key points necessary to support your conclusions on key lessons learned.

**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 instructor 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 24 hours of each class. No more than two excused absences will be allowed per student without written
authorization from the instructor.

Active participation in class 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 drivers of successful integrated marketing strategy. While each student will only be required to submit two case writeups 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. While it may be difficult to involve everyone as frequently as desired, students who proactively make frequent, insightful contributions will be recognized in the final grade assigned for the course.

In addition to in-class participation, students 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 though 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
Apr. 23 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
Why some brands stand out
If you’re in a dogfight, become a cat!

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
Apr. 30 Coors Case

Topics: Strategy Diagnostics
Competitive Dynamics
Coors Case

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 5: Responding to Market Shifts  
Apr. 6 Mountain Man Beer Case

Topics: Brand equity  
Product positioning  
Breakeven & NPV Analysis  
Guest Speaker: Rob Candelino -- VP, Unilever

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 four 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 (viz., 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. Are there other strategic options for growth that Chris should evaluate?
9. Based on your answers to the questions above, should MMBC introduce a light beer?

SESSION 7: Positioning Products and Services
Apr. 13       IKEA

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


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 four-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.
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 9: Blue and Red Ocean Businesses
Apr. 20 Yellow Tail Case

Topics: Blue Ocean strategy concepts
Yellow Tail wine case
Guest Speaker: Renato Reyes – CMO, W.J. Deutsch & Sons
   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 four-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 >40% 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 11: Disruptive Products and Services
Apr. 27 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 four-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?