COURSE DESCRIPTION

Marketing is the core of an operating business and customers are the central focus of marketing. The course follows a customer centric approach to marketing which is based on understanding customers and how they drive firm value. The central premise of the course is that customers are assets to be acquired, maintained (retained) and nurtured and that by summing their individual contributions (value) over time, one has a good sense of the overall value of the firm in its current business model.

The course uses class projects, hands-on exercises, care studies, and class discussions to explore the different source of customer value and the value of different customers to the firm as well as the development of marketing strategy and its implementation through what is traditionally called the “marketing mix.” The cases and problems present challenging contexts in which to apply and hone decision-making skills.

This course is designed for managers in all areas of business. Revenue, the top line in a P&L statement, largely comes from customers and is a direct consequence of a firm’s marketing strategy. Moreover, entrepreneurial ventures and “start-ups” rarely succeed without an effective marketing strategy (and a compelling marketing plan).

This course emphasizes both quantitative and qualitative analysis. Qualitative analysis is important because marketing is, in the end, concerned with the behavior of people consumers, competitors, collaborators/partners such as salespeople and distributors that is sometimes difficult to capture in quantitative terms. At the same time quantitative analysis is invaluable for estimating the impact of marketing decisions on customers and firm profits, and critical for assessing and effectively communicating the value of a marketing plan.

It is important to balance both kinds of analysis when to justify the marketing decisions. You will also need to make decisions with incomplete and sometimes inconsistent information, just as one does in the “real” world.
COURSE OBJECTIVES

This course emphasizes the role of marketing in creating value for customers, which in turn leads to value for other stakeholders in a firm (e.g., owners, shareholders, employees). The main objectives of the first course are to improve your ability to:

1. Assess market opportunities by carefully analyzing customers while taking into account competitors and the strengths and weaknesses of a company.

2. Design effective marketing strategies to maximize a company’s chance of success in the markets in which they compete by segmenting the market, targeting “winnable” segments, and positioning the company’s offerings to appeal to the target segments.

3. Develop and evaluate programs designed to implement marketing strategy.

COURSE MATERIAL

Required Readings

Most of the required readings and cases are provided in the B6601 Readings and Cases Packet as well as posted in Canvas.

Additional Readings:

Interested students may consider consulting the following general references for additional information on topics covered in the course:


We recognize different students have different levels of interest in the topics we cover. As one way to accommodate these, we provide two additional types of optional readings online in Canvas.

- Topical – Typically taken from the business press, several of these are posted online.
- Academic – Contrary to popular belief, practitioners sometimes find the material in academic articles useful. Several such articles, many authored by Columbia faculty members, are posted online for your information and potential future use.

Hard copies of the PowerPoint slides for each class will be distributed at the beginning of each class. Electronic versions of the slides will be posted on Canvas.
**EVALUATION**

Class Participation & Preparedness 20% (individual), type C
Product Design Exercise 20% (group), type A
Individual Exercises 20% (individual), type C
Final Examination 40% (individual), type C

All written work is due in class on the prescribed date. Late submissions will not be accepted.

**Explanation of Assignment Types**

<table>
<thead>
<tr>
<th>Type</th>
<th>Designation</th>
<th>Discussion of concepts</th>
<th>Preparation of submission</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>group/group</td>
<td>Permitted with designated group*</td>
<td>By the group</td>
<td>Same grade for each member of group</td>
</tr>
<tr>
<td>B</td>
<td>group/individual</td>
<td>Permitted with designated group*</td>
<td>Individually</td>
<td>Individual</td>
</tr>
<tr>
<td>C</td>
<td>individual/individual</td>
<td>None of any kind</td>
<td>Individually</td>
<td>Individual</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
<td>(An optional additional category to be defined in detail by the individual faculty member.)</td>
<td></td>
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</tbody>
</table>

*The designated group is either the assigned study group/learning team or a self-selected one used for the duration of the course.
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(1) Class Participation

Your class participation grade will be based on the following factors:

Attendance: Much of the learning will occur in the course of the discussions in class, and regular attendance is required in order to receive credit for class participations. Excused absences must be cleared through the office of student affairs (OSA), who will then inform me of the excused absence. In general, reasons for excused absences include health problems, personal emergencies, and religious observance (not interviews).

Preparation and Participation: To a large extent, learning in this class is related to your willingness to expose your insights and viewpoints to the critical judgment of your classmates. Thus, to make the learning process much more beneficial and enjoyable for both you and me, each one of you is expected to contribute to class discussions. Students should be prepared at all times to comment in any class session. Class members may be randomly selected for participation (i.e., cold called) during case discussions. Reading the required readings and cases for each session is the best way to prepare for class discussion. Evaluation of class participation is based upon the quality (not the quantity) of your comments, as reflected by their relevance, insightfulness, and coherence. Attendance is a necessary but not sufficient condition for participation. If you do not actively participate, you will receive a low participation grade even if you attend every class.

As sessions will utilize interactive polling slides and in-class modeling exercises, **students should bring TurningPoint clickers to every session and laptops to specific sessions according to the syllabus.**

Class preparedness will also be assessed based on your completion of some short online surveys. You should fill out each survey before the start of the corresponding class as noted in the course description below. The link to each survey may be found on Canvas. (Note: in general, the surveys do not have unique/correct answers. You will receive credit for each survey as long as you fill it out and give some reasonable justification for your answers.)

Conduct: Out of respect for the other students in your class, it is important for you to focus your attention on the class for the entire class period. Most students observe proper decorum, but it takes only one person’s behavior to distract the entire class. Columbia Business School students have complained to the school about students who use class time for other purposes or act in a distracting manner. Class will be conducted using the same rules of decorum that would apply in a business meeting. These rules include the following:

- Arrive to class on time.
- Once you have arrived, you should leave the classroom only if absolutely necessary. Leaving to make or take phone calls, to meet with classmates, or to go to an interview is not considered appropriate behavior.
- If for some reason you must be late for class or leave early, please let me know.
- Unless otherwise directed, use of laptops, cell phones, PDAs, or any other wireless devices is prohibited.
An individual exercise focused on customer lifetime value will be given out in the second session (October 27) and is due at the beginning of the fifth session (November 10). This is a type C assignment, which means that you have to do this assignment completely on your own.

**Strategy Exercise: Otela PickDeck (Type C, individual)**

This assignment will be given out in the fifth session (November 5) and is due at the beginning of the eighth session (November 19).

**Product Design Exercise (Type A, group)**

Conjoint analysis is a commonly used technique to measure consumer preferences, design products and assess willingness to pay. We will learn about and use conjoint analysis in several sessions throughout the class. You will work in your study group to design and test your own new product concept using conjoint analysis. After designing the data collection instrument (questionnaire), you will collect and analyze data on preferences and use this analysis to make decisions about the product you plan to introduce.

The conjoint exercise will be distributed in the fourth session (November 5) and is due at the beginning of the ninth class session (November 24).

A review session will be held on November 7, from 10:45-12:15 on conjoint-related concepts.

**Final Exam (Dec, 17)**

The final examination will be a three-hour, open-book, open-notes exam. The exam will be designed to test your understanding of the topics covered in the lectures, readings, cases and assignments.

The construction of reliable, discriminating and valid exams is a difficult endeavor, and returning exams precludes the use of those test questions for many years. As the primary goal of the final exam is to evaluate student’s knowledge, exams are not returned. Final exams will be available in my office for the duration of the next semester for your inspection.
HONOR CODE

You are expected to conform to the norms of behavior outlined in the Columbia Business School Integrity Code (printed at the beginning of the reading packet). Use of case or lecture notes from previous sections of the course is not allowed. Any allegation of academic dishonesty will be forwarded to the Dean’s office for investigation. Any case of proven academic dishonesty will result in failure of the course.

COLUMBIA CORE CULTURE

The purpose of the Columbia Core Culture is to promote a consistent classroom environment of mutual respect, preparation and engagement. Our expectation of you in class is to be:

Present and punctual: Your success depends on being on time and present for the entire class every session. Attendance will be part of your grade for class participation and students are expected to sit in their assigned seats.

Prepared: Bring your nameplate, clicker, and complete any pre-work needed for class discussion. Expect the professor to cold call in class.

Participating: Active participation calls for no electronic devices such as laptops, tablet computers, or smartphones during class, except when the professor tells you as part of in-class work.
<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topic and/or Case</th>
<th>Required Readings</th>
<th>Written Assignments Due</th>
</tr>
</thead>
</table>
| 1     | October 22 | Introduction: Customer lifetime value: What’s a customer worth? | • What’s a customer worth?  
• Rethinking marketing  
• Basic quantitative analysis | • Online Survey: Marketing |
| 2     | October 27 | What customers’ value: What do customers want?         | • Customer Behavior and the Buying Process  
• A Marketer Guide to Behavioral Economics  
• Economic Value to the Customer | • Online survey: Preferences |
| 3     | October 29 | Customer insights: How do we use customer insights?    | • Polyphonic (Case)  
• Marketing Age of Relevance | • Online survey: Polyphonic |
| 4     | November 5 | Measuring customer preferences: How can we assess customer preferences? | • Understanding Conjoint Analysis in 15 Min.  
• A New Way to Gain Customer Insights  
• The Shape of Marketing Research 2021 |                                |
|       | November 7 | Conjoint Review                                        | • Positioning  
• Generating Perceptual Maps from Social Media | • CLV exercise |
|       | November 10| Segmenting and targeting: How can we categorize customers and select which categories are worth pursuing? | • Rediscovering Marketing Segmentation  
• Identifying Market Segments and Targets |                                |
| 6     | November 12| Positioning: What will we offer customers?             | • Positioning  
• Generating Perceptual Maps from Social Media | • Online Survey: Starbucks |
| 7     | November 17| Marketing strategy: What is the game plan?             | • Starbucks: Delivering Customer Service |                                |
| 8     | November 19| New products and customer acquisition: What makes a new product successful? | • Forecasting Really New Products  
• Encouraging Innovation and New Product Adoption | • Strategy Exercise: Otela PickDeck |
| 9     | November 24| Pricing: What price(s) will we charge?                 | • Principles of Pricing  
• Using Big Data to make Better Pricing Decisions |                                |
| 10    | December 1 | Communication and social media: How will we communicate with customers? | • BBVA Case  
• Adding Social Media to the Marketing Mix  
• Using Social Media Data to Track the Effectiveness of a Communication Campaign  
• Marketing Promotions | • Online Survey: BBVA |
| 11    | December 3 | Branding: How do we build and maintain a good reputation | • How do Brands Create Value  
• Brands and Brand Equity | • Product Design Exercise  
• Brand Survey |
| 12    | December 8 | Summary: What have you learned and what more do you need to know? | • The Changing Face of Marketing |                                |
| Final Review | December 11 | 10:15-11:15 |                                |                                |
| Final | December 17 | 10:00-1:00 |                                |                                |
Class Session 1-Wed., October 21

What’s Customers Worth?

A. Readings
   - What’s a customer worth?
   - Rethinking marketing
   - Basic quantitative analysis

B. Additional Readings
   - Customers as Assets, Gupta and Lehmann (2002), Journal of Interactive Marketing

C. Written Assignment
   - Online Survey

Class Session 2-Mon., October 27

What Customers Value: What do Customers Want?

This Session focuses on the basic sources of value to customers.

A. Readings
   - Customer Behavior and the Buying Process
   - A Marketer Guide to Behavioral Economics
   - Economic Value to the Customer

B. Additional Readings

C. Written Assignment
   - Online Survey
Customer Insights-How Can I use Customer Insights?

This to use on a case discussion or how to use what we know about customers to decide how Polyphonic should proceed.

A. Readings
   - Polyphonic (Case)
   - Marketing Age of Relevance

B. Additional Readings

C. Written Assignment
   - Online Survey

Case: Polyphonic HMI: Mixing Music and Math

Discussion Questions:

1. What is the value of the tool to potential customers?
2. If you were Mike McCready, the CEO of Polyphonic, which target market—unsigned artists, producers, or record companies—would you pursue?
3. How would you position and price the product?
4. What are potential benefits and drawbacks of Hit Song Science for each player in the music industry? Who stands to gain or lose most from this technology? How does that impact your plan?

Class Session 4-Mon., November 5

Measuring Customers Preferences: How can we assess what customers want?

This session discusses ways to assess customer preference with the major focus on conjoint analysis.

A. Readings
   - Understanding Conjoint Analysis in 15 Min.
   - A New Way to Gain Customer Insights
   - The Shape of Marketing Research 2021

B. Additional Readings

C. Written Assignments
   - Online Survey
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Class Session 5-Wed., November 10

Segmenting and Targeting

This class explores different ways to group (segment) customers as well as ways to decide which groups to focus on (target)

A. Readings
   ▪ Rediscovering Marketing Segmentation
   ▪ Identifying Market Segments and Targets

B. Additional Readings

C. Written Assignment
   ▪ Online Survey

Class Session 6-Wed., November 12

Positioning: What would we offer customers?

This class concentrates on the broad parameters of what we will offer customers in return for their business, taking into account competitive offerings and over capabilities and resources.

A. Readings
   ▪ Positioning (Lehmann & Winer 264-272)
   ▪ Generating Perceptual Maps from Social Media

B. Additional Readings

C. Written Assignment
   ▪ Online Survey
Marketing Strategy: What is the game plan?

A. Readings
   - Starbucks: Delivering Customer Service

B. Additional Readings

C. Written Assignment
   - Online Survey

Case: Starbucks: Delivering Customer Service

In 2002, Starbucks is the dominant specialty-coffee brand in the world with more than 4,500 retail outlets in North America alone. Its aggressive expansion strategy calls for an additional 750 North American retail outlets in 2003 even as the company explores other avenues for growth. At the same time, however, the company has gathered evidence that customer satisfaction is on the decline, its brand image is showing some rough edges, and its customer base has changed in significant ways. To address these problems—in particular, the decline in customer satisfaction—Starbucks is considering investing an additional $40 million in labor in its stores.

Discussion Questions:

1. What is the situation that Starbucks is facing?
2. Would you recommend making the $40 million expenditure? If so, why? If not, why not? Please make sure to support your analysis quantitatively and qualitatively.
3. Is spending to hire more employees the most effective way to improve performance? Is there a different area in which Starbucks should invest? If you recommend not making a monetary investment, what course of action would you recommend Starbucks undertake?
4. How has what has happened more recently impacted Starbucks’s marketing strategy as described in the addendum “Starbucks: 2000-2014?”
Session 8- Wed., November 19

New Products and Customer acquisition: How successful will a new product be?

New products are the life blood of many companies. Here we briefly examine their development process and then concentrate on forecasting their likely sales as well as the reasons for and against their adoption.

A. Readings
   - Forecasting Really New Products
   - Encouraging Innovation and New Product Adoption

B. Additional Readings

C. Written Assignment
   - Strategy exercise: Otela PickDeck

Session 9-Mon., November 24

Pricing: What price(s) will we charge?

Building on concepts from micro economics and strategy, we examine the multiple roles of prices (e.g. as signals, reference points), their impact on sales, and whether and/or how to target different groups with different prices. We also raise some of the ethical issues which arise as part of the IBS initiative.

A. Readings
   - Principles of Pricing
   - Using Big Data to make Better Pricing Decisions

B. Additional Readings

C. Written Assignment
   - Product Design Exercise
Communication and Sound Media: How will we communicate with customers?

This class is focused on how to construct a communications strategy across multiple media, with special interest on social media, using the BVVA Case.

A. Readings
   - BBVA
   - Adding Social Media to the Marketing Mix
   - Using Social Media to track the effectiveness of a marketing campaign
   - Marketing Promotions

B. Additional Readings
   - The Role of Hubs in the Adoption Process, Goldenberg, Han, and Lehmann (2009) Journal of Marketing

C. Written Assignment:
   - Online Survey re. BVVA Case

Case Questions

Session 11-Wed., December 3

Branding: How do we build and maintain a good reputation?

This session concentrates on how to build a reputation (brand), the value of doing so, and how it relates to customer lifetime value.

A. Readings
   - How do Brands Create Value
   - Brands and Brand Equity

B. Additional Readings

C. Written Assignment
   - Online Survey
Course Summary: What have we learned and what more do we need to know?

This session will be used to summarize the course and to discuss details of the final exam.

A. Readings
   - The Changing Face of Marketing (McKinsey)