The Marketing Core course is organized around two distinct sections. **Section 1** comprises **Marketing Strategy and Tools**. Specific coverage, to name a few topics, includes the strategic 3 Cs (i.e., Company, Customer, and Competition) and STP (Segmentation, Targeting, and Positioning) frameworks for thinking about marketing decisions. In other words, Section 1 is about identifying market opportunities and setting the broad strategy.

In **Section 2**, we will be looking at **Marketing Tactics and Practice**. In other words, Section 2 focuses on the more specific decisions that managers make and the tools that they have at their disposal in order to support and execute an effective marketing strategy. In particular, we will concentrate on four tactical elements, the **4 Ps**, of marketing strategy: **Product**, **Price**, **Place** (or distribution), and **Promotion**. Specifically, we will look at how the attraction and retention of profitable customers involves consideration of the product (or service) being offered, the way in which the product is distributed, how the pricing is set and structured, and how the value of the offering is communicated. The 4 Ps are also referred to as the “**Marketing Mix**.”

This document will provide you with details of what to expect in the Marketing Core course. Let’s begin with some important administrative details.

**Office Hours, Office Location, & Teaching Fellow**

<table>
<thead>
<tr>
<th>M &amp; W, 6:00-9:00pm</th>
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<tbody>
<tr>
<td>Section: .70; Room: K-MEC TBA</td>
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</tbody>
</table>

**Professor: Amitav Chakravarti**
Office: Tisch 817
Office hours: M, 4:30-5:30pm & by appointment
Phone: 212-998-0517
Email: achakrav@stern.nyu.edu

**Teaching Fellow: TBA**
Email: TBA
TF office hours: TBA
Office: KMEC 7-158
**REQUIRED TEXTBOOK & CASE PACKET**

The Textbook and Case Packet for the course is indicated below. Please make sure that you have the following with you, so that you are up to speed on the readings and deliverables:

- **Case Packet:** The assigned cases/notes are available at the NYU professional bookstore.

**COURSE OVERVIEW**

For a quick, one-page snapshot of the course, including the course contents/topics, readings, and deliverables, please look at the “Course Overview” table on page 9. However, please do read the detailed explanations that are provided in the sections below, otherwise you will be at a loss trying to decipher the snapshot.

I will discuss the course content, the logic of the topics covered, and how the assigned cases relate to each of these topics on the very first day of class (Wednesday, June 30). Please make sure that you follow that discussion (even if you do not happen to attend class that day).

**READINGS**

The readings for each session, noted in the Course Overview, come from the following sources:

- **Case Packet:** Please make sure you have read the assigned cases before you come to class. This is extremely important. Prior to each session please go over the case questions and readings. The relevant case questions are provided in Appendix A of this document. I am hoping that these questions will help you “focus” your efforts, since some of these cases are quite long.

- **Textbook:** The Course Overview maps the chapters in the textbook with the topic and cases being covered in class. Class will be conducted on the assumption that you have done these readings. These readings are important to ensure that we are all on the same page as far as terminology is concerned and that we do not waste scarce class-time on rehashing the basics.

- **Outside Readings:** We will also incorporate articles and examples from sources such as *The Wall Street Journal*, *The New York Times*, and *Business Week*. These examples will be used as a basis for class discussion and illustrate some fundamental concepts. While you are not expected to know these articles prior to class, you are responsible for understanding the concept that was illustrated in class via those articles. In other words, the key concepts that were illustrated via those articles are fair game in the final exam. So please make sure that you understand the key import of these examples (at least after class).
**Course Materials**

Course materials are available using Blackboard. Go to [http://sternclasses.nyu.edu](http://sternclasses.nyu.edu) and log in with your Stern ID and password. Click on B01.2310 (Marketing). It is an important part of the course and you will want to refer to it frequently for information on each session. The site contains:

- Important announcements
- The course syllabus
- Copies of the PowerPoint slides we will use in class each day
  - Please be sure to look into the relevant session folder, under the “Course Documents” tab, on the Blackboard class website
  - Please note that slides we use for case discussions will be posted only after the class to encourage you to think on your own
- Other handouts for that class (if any)
- Assignments due in that class period

While I try to email every announcement that I post on Blackboard, there is no guarantee that you will receive that email (your Inbox might be full, something might be wrong with the class email list, etc.). So the onus is on you to check the Blackboard postings for each session beforehand. As a rule of thumb, you should check the Blackboard class website the evening prior to each class session (if not even earlier).

**Classroom Etiquette (Extremely Important!!)**

Out of respect for the other students in the class, it is important for you to focus your full attention on the class, for the entire class period. While most students do observe proper decorum, it takes only a few to bother the entire class, and Stern students have complained to the school about students who use class time for other purposes or act in a disruptive manner. In a busy, electronic age, proper class etiquette means observing the following standards:

- **Arrive for class on time.** Special consideration will only be given to those who know in advance that you will need to arrive late or leave early and inform us ahead of time.

- **I do understand** that as part-time students (and full-time employees), you will sometimes be (unavoidably) late. However, if you do arrive late or need to leave early, please do so quietly.

- **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.

- **The only material** you should have in front of you is reading concerned with the class. Reading of any other material, such as newspapers or magazines, or doing work from another class, is not acceptable.
○ **Turn off and put away your laptop** - you are not permitted to use your laptop in class. The only exception to this is if I explicitly ask you to bring your laptop to class and use it for an in-class exercise (I will, of course, let you know well ahead of time).

○ **Turn off your cell phone** - You are not permitted to use your cell phone for calling, text messaging, or for any sort of instant messaging, during class. Please switch it off.

Any disruptive behavior and/or violation of these standards, including lateness, use of laptops, cell phones, and other electronic gadgets, will be considered very seriously, and is likely to adversely impact your class participation grades.

Please note that I will discuss this (i.e., classroom etiquette) in more detail on the very first day of class (Tuesday, March 22nd). Please make sure that you follow that discussion (even if you happen to miss class that day).

**YOUR COURSE GRADE**

Your grade is a composite of the following (discussed in more detail in the next section):

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class Participation</td>
<td>15%</td>
</tr>
<tr>
<td>4 Brief case recommendations (One-pagers)</td>
<td>10%</td>
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<tr>
<td>2 One-Page Write Ups</td>
<td></td>
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<tr>
<td>• <em>Ford Ka</em></td>
<td>10%</td>
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<tr>
<td>• <em>Virgin Mobile USA</em></td>
<td>15%</td>
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<tr>
<td>1 Major case assignment</td>
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<tr>
<td>• <em>XM Satellite Radio (A)</em></td>
<td>20%</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
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</tbody>
</table>

*If there is a problem with the grade a student receives on an assignment:* If you think a mistake has been made in the grading of an assignment or exam, please formally write to the appropriate TF and me. Your note should clearly describe the mistake(s) made in the grading. Please submit that note with the original graded document. Please note that any request for a reassessment in the grading of any answer will result in the re-grading of the ENTIRE document.
COURSE COMPONENTS

The course uses a combination of lectures, class discussions, recent press articles, case studies, assignments, and exams, as follows:

1. Class Participation

Students in management education learn a lot from each other, drawing on different experiences, viewpoints, and opinions unique to each individual student. Class participation is an important part of marketing courses. You are expected to contribute to class discussions of readings, cases, and current events. Participation will be monitored and credit will be given based on the QUALITY of your participation in the course.

You don’t have to speak very frequently, or speak in every class, to earn the highest possible class participation grade. It is what you say and how it contributes to the class discussion that matters, not how much you say or how often you say something!

For the most part, class participation will be voluntary. However, in order to encourage wider participation, I will call.

It is important for your classmates, and me, to know who you are. Please help us out by using your desk name card during every session in the semester.

Whenever you know in advance that you will be absent, please let me know. If you miss deliverables due to an emergency (e.g., medical reasons), please provide me with the necessary documentation. In either case, please be sure to obtain copies of notes from your classmates.

In sum, in order to maximize your participation grade:

- Attend class and be punctual (attendance will be taken)
- Read the assigned chapters/cases and be prepared for class
- Participate by offering insightful comments that move the class discussion forward

2. Cases

The cases describe real-life marketing problems. They allow you to (a) apply marketing concepts and tools to real-life situations, and (b) they give you an opportunity to make and justify marketing decisions.

There is no "right" answer to a case, but there are many weak answers that are the result of inadequate analysis. So please make sure that you support your recommendations with a clearly laid out rationale.

Please note that all your case analyses should be based on information provided in the case itself and not on external sources of information (web, magazines, etc.). In other words, you have to treat the
cases in a self-contained fashion.

The amount you learn from a case depends on how carefully you read and analyze it. You are expected to read each case thoroughly and come to class ready to contribute to case discussions. The syllabus contains a set of issues and study questions for each case that will help focus your efforts (see Appendix A). Please read these carefully before reading a case.

3. Brief Case Recommendations (a.k.a. One-Pagers & One-Page Write Ups)

You are required to hand in brief answers (one page or less, single or double spaced) for any four of the six possible cases (see cases marked with “*” in the Course Outline). There are also two one-page write ups that are not optional (see cases marked with “**” in Course Outline). Also note:

- Please refer to Appendix A for the relevant assignment questions.
- The 4 one-pagers, taken together, are worth 10% of your grade (i.e., each one-pager is worth 2.5% of your grade).
- The 2 one-page write ups, taken together, are worth 25% of your grade. The Ford Ka write up is worth 10% of your grade and the Virgin Mobile write up is worth 10% of your grade.
- All One-Pagers are due, electronically, via the Assignment tab on Blackboard, by 4:00pm of the day the case is due.
  - The Assignment tab will be organized by case, so please be sure to submit it under the appropriate folder.
  - Also note that the Assignment tab will automatically disappear at 4:01pm on the due date, so last-minute folks, please make sure you have synchronized your watches as needed!!
- In the rare event that Blackboard crashes or is unavailable, you can email the One-Pager to your TF (and copy me), but please do so before 4:00pm of the due date. Note that this (Blackboard, by 4:00pm of due date) will be the default in the absence of any extenuating circumstances.

Grading of the One-Pagers & One-Page Write Ups:
The objective of these One-pagers is to get you thinking in more depth about a case, and taking a stand on the key issues, before class begins. Beginning with an opinion helps create a more interesting class case discussion, even if you change your opinion during class.

For the 4 one-pagers, each one-pager may receive a √+ (2.5%), √ (2%), or √- (1.5%). On an average, we expect that most people will get a √ for these One-pagers. You will get a √+ for excellent performance, and a √- for a below-par, but acceptable, assignment. If your one-pager is unacceptable, you will get a zero for that assignment. If your one-pager is unacceptable, you cannot make up by doing another one. Please note that the policy is “four out of six,” not “best four of six.”

For the 2 one-page write ups that are not optional, the grading will be done on a continuous basis,
using all possible points (i.e., 10% for the Ford Ka write up and 15% for the Virgin write up).

Everyone understands the same basic issues of the case. If you want a check plus you have to earn it by showing a deeper understanding of the issues at hand. Excellent case reports usually support broad, strategic recommendations (e.g., targeting new market segments), with concrete case-based facts (e.g., benefits arising from new customers), wherever possible.

You will be notified of your grade by your TF via an e-mail in approximately 10-12 days (please note that there may be some variation in the feedback time depending on how busy the TF is as these cases come in).

Please make sure that the One-pagers are your own work.

These One-Pagers will \textit{not} be returned to you, so make sure you keep a copy of each One-Pager for your records.

4. Major Case Assignment

You are responsible for completing and submitting one major case assignment. This entails an in-depth analysis of a case. The case will give you the opportunity to apply what you have learned in the course to solve specific marketing problems, combine elements of the marketing mix to create a coherent marketing strategy, and to gain experience in making marketing decisions. It also reinforces the need to ground marketing decisions in sound analysis.

The case is worth 10% of your final grade and has to be done either on an \textit{individual basis}, or in a \textit{2-person team}. You are welcome to select your own team member if you select the latter option. The case in question is \textit{XM Satellite Radio}.

Please note the following assignment-related details:

- Please refer to Appendix A for the assignment questions.

- Your report is due, electronically, via the Assignment tab on Blackboard, by \textit{4:00pm of the day the case is due}.
  - The Assignment tab will be organized by case, so please be sure to submit it under the appropriate folder.
  - Also note that the Assignment tab will automatically disappear at 4:01pm on the due date, so last-minute folks, please make sure you have synchronized your watches as needed!!

- You may discuss general concepts with your classmates, if you wish, but the specific analysis, recommendations, rationale, and writing should be your \textit{own} work.

Again, please remember (a) that your case analyses should be based on information provided in the
case itself and not on external sources of information (web, magazines, etc.), and (b) that excellent

5.   Final Exam

The Final Exam earns 30% of your grade. The exam will cover all the materials discussed in Section 2 of the Marketing Core course (including textbook, class notes, cases, and other supplementary reading material). Please note the following exam-related details:

•   The exam is cumulative (i.e., you will be tested on all materials covered in the Core course in marketing)

•   The exam is open-book/open-notes, but rumor has it these external props do not help! You either know your material because you have attended class, done your readings, and kept up with your assignments, or you do not.

•   I will discuss the format and contents of the final exam well ahead of time so that you have a good idea of what to expect in the final exam

•   You may also bring a calculator for the exam

Please do not hesitate to let me know if you have any questions. Good luck, and here’s to thinking hard and having fun in class!

Best,
Amitav Chakravarti
<table>
<thead>
<tr>
<th>SESSION</th>
<th>DATE</th>
<th>TOPIC</th>
<th>READINGS &amp; ASSIGNMENTS</th>
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<tbody>
<tr>
<td>01</td>
<td>W, Jun 30</td>
<td>Overview, Administrative Details, Introduction</td>
<td>Chapter 1</td>
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<td>Consumer Behavior I (Normative)</td>
<td>Note on Low-Tech Marketing Math</td>
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<td></td>
<td>M, Jul 05</td>
<td>NO CLASS (Independence Day)</td>
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<tr>
<td>02</td>
<td>W, Jul 07</td>
<td>Consumer Behavior II (Anomalies)</td>
<td>Chapter 4: pages 108-120</td>
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<td>Segmentation Strategies</td>
<td>Chapter 2 (pages 35-52) &amp; Chapter 4 (pages 87-107)</td>
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<tr>
<td>03</td>
<td>M, Jul 12</td>
<td>Targeting &amp; Positioning Strategies</td>
<td>Chapter 2 (pages 35-52) &amp; Chapter 4 (pages 87-107)</td>
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<td>Managing Customer Value</td>
<td>Chapters 6 &amp; 14</td>
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<tr>
<td>04</td>
<td>W, Jul 14</td>
<td>CASE DISCUSSION: Calyx &amp; Corolla</td>
<td>1-Pager* Due: Calyx &amp; Corolla</td>
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<td>Marketing Research I</td>
<td>Chapter 3</td>
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<td>05</td>
<td>M, Jul 19</td>
<td>Pricing I: Pricing Strategies</td>
<td>1-Pager** Due: Ford Ka</td>
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<td>Pricing II: Behavioral Pricing Strategies</td>
<td>Chapter 9</td>
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<td>CASE DISCUSSION: Ford Ka</td>
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<td>06</td>
<td>W, Jul 21</td>
<td>CASE DISCUSSION: TiVo</td>
<td>1-Pager* Due: TiVo</td>
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<td>Product I: New Product Decisions</td>
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<tr>
<td>07</td>
<td>M, Jul 26</td>
<td>CASE DISCUSSION: XM Satellite Radio</td>
<td>Major Case Write-Up Due***; XM Satellite Radio</td>
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<td></td>
<td>Distribution Decisions</td>
<td>Chapters 12 &amp; 13</td>
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<td>1-Page Write Up Due***; Virgin Mobile (Part I)</td>
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<td>08</td>
<td>W, Jul 28</td>
<td>Product II: Managing Existing Products</td>
<td>Chapter 2 (pages 52-58), Chapter 7</td>
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<td>CASE DISCUSSION: Starbucks</td>
<td>1-Pager* Due: Starbucks</td>
</tr>
<tr>
<td>09</td>
<td>M, Aug 02</td>
<td>International Marketing</td>
<td>1-Pager** Due: Virgin Mobile USA (Part II)</td>
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<td>CASE DISCUSSION: Virgin Mobile USA</td>
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<td>10</td>
<td>W, Aug 04</td>
<td>Promotion I: Incentives</td>
<td>Chapters 10 &amp; 11</td>
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<td>Promotion II: Persuasion</td>
<td>1-Pager* Due: Mountain Dew</td>
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<td>CASE DISCUSSION: Mountain Dew</td>
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<tr>
<td>11</td>
<td>M, Aug 09</td>
<td>Promotion II: Persuasion &amp; New Media</td>
<td>Chapters 10 &amp; 11</td>
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<td>CASE DISCUSSION: Mednet.com</td>
<td>1-Pager* Due: Mednet.com</td>
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<td>CASE DISCUSSION: Red Bull</td>
<td>1-Pager* Due: Red Bull</td>
</tr>
<tr>
<td>12</td>
<td>W, Aug 11</td>
<td>Final Exam</td>
<td>Time: 6:00-9:00pm; Venue: In class</td>
</tr>
</tbody>
</table>

*Please submit any 4 of these 6 possible 1-Pagers; **Please submit a report since these two write ups are not optional
APPENDIX A:
CASE DISCUSSION QUESTIONS

The cases in the Marketing Core have been included to serve a variety of different purposes. Some cases provide an overview of a marketing issue, some allow hands-on training with important marketing tools like LTV (Life Time Value) analysis, some concentrate on specific elements of the marketing mix like pricing, some allow us to develop quantitative and qualitative metrics for making marketing decisions, and some are simply used as a springboard for discussing important and emerging marketing issues.

For each of these cases, I will indicate the Case Purpose, which is intended to situate the case. Many of these cases are extensive and given that class time is limited, it will be impossible to cover every issue that the case might bring up. Therefore, to focus your preparation for the class discussion, I will also provide you the Class Discussion Focus, via some questions and issues that I will highlight. Finally, for each case I will also discuss the associated Deliverables.

CASE #1: CALYX & COROLLA

Case Purpose: The Calyx & Corolla case provides an excellent early overview of the different elements of the marketing mix. It also serves as a reminder that if the early part of strategy-setting is not appropriately done, it can limit the effectiveness of the marketing mix. The case also allows you to develop metrics for marketing decisions.

Class Discussion Focus: For the sake of the class discussion, we will focus on the following key questions and issues:
- Comment on C&C’s business model – how does it create value? What are its advantages?
- How would you evaluate C&C’s catalog marketing efforts? Are they doing a good job?
- C&C is contemplating whether they should start advertising on TV and are currently conducting tests in the Minnesota market. Should they start advertising on TV? What would you recommend C&C do, based on the results of the Minnesota test market?

Deliverables: This case is eligible for a one-page write up. For the one-page write up, please answer the 3 class discussion questions indicated above. Note, you are required to turn in 4 of the 6 cases that are eligible for a one-page write up.

CASE #2: FORD KA

Case Purpose: The Ford Ka case is about making segmentation, targeting, and positioning decisions. Specifically, in response to the changes in the European small car market and the success of the Renault Twingo, Ford decided to launch a second small car, the Ford Ka. The market research firm has presented Gilles Moynier, brand manager of the Ka at Ford France, with a large amount of data about new car buyers and the competition. Before Gilles Moynier can get to the
specifics of the marketing strategy, he must segment the market, decide who the target customer for the Ford Ka should be, and figure out how to appeal to them.

**Class Discussion Focus:** For the sake of the class discussion, we will focus on the following key questions and issues:

- How should Gilles Moynier segment the French small car market for Ford Ka and what segment(s) should he target? In your answer, please provide:
  - A description of the target segment(s).
  - An explanation of which segmentation method(s) you are using (geographic, demographic, psychographic and/or benefit/behavioral), and why you feel it is more appropriate for Ford Ka compared to the other segmentation methods you are not recommending. Discuss also any weaknesses of this method for Ford Ka’s marketing strategy.
  - A justification of why you have chosen the particular target segment you recommend. This should include not only the advantages of this target segment, but also a discussion of why it is superior to at least two other target segments that a reasonable person might choose, using the same segmentation method.
  - If this segmentation strategy is different from what Ford has done in the past in France, please address why this is so. If not, please address why you think it’s important to follow the same strategy.
  - How would you advice Gilles Moynier to position Ford Ka vis-à-vis the competition? In providing your answer to this question, please remember to:
    - Describe this positioning both in words and using a perceptual map of the market.
    - Justify why you think this positioning will be most effective.

**Deliverables:** A one-page write up is due for this case. This assignment is not optional. Please provide answers to the two questions indicated above. For the due date for this assignment please refer to the Course Outline. For submission guidelines, please follow the One-Pager guidelines.

**Case #3: TiVo**

**Case Purpose:** TiVo is a case that touches on issues of marketing strategy for a new product, consumer behavior and other contemporary issues related to marketing in the information age. We will primarily be using it to look at new product adoption and pricing-related issues.

**Class Discussion Focus:** For the sake of the class discussion, we will focus on the following key questions and issues:

- What do you think are the fundamental problems/issues that TiVo is facing?
- How would you suggest TiVo overcome those problems/issues?

**Deliverables:** This case is eligible for a one-page write up. For the one-page write up, please answer the class discussion questions indicated above. Note, you are required to turn in 4 of the 6 cases that are eligible for a one-page write up.
Case #4: XM Satellite (A)

Case Purpose: The XM (of course, now Sirius) case gives us a hands on opportunity to go through a pricing exercise from start to finish. It also allows us to grapple with issue related to new product development. Like most new product decisions, the key to understanding XM involves understanding the value that the new product has to offer, segmenting the potential market for this new product, and perhaps most importantly, clearly evaluating the pros and cons of the different business models that can be pursued. Robert Acker, director of strategic planning for XM, needs to develop a marketing strategy for the new radio service. At the center of XM's challenges is the decision of which of two business models to pursue. In particular, management needs to decide whether emphasis should be placed on charging end-customers a high monthly subscription fee or whether to rely more on the sale of airtime to advertisers (Note, that this is the dilemma that The Wall Street Journal is currently facing, so the issues in this case are topical beyond XM).

Class Discussion Focus: For the sake of the class discussion, we will cover the questions indicated below, under the Deliverables section. Our focus will be on the pricing and revenue model question.

Deliverables: This case is due for the Major Case Analysis, and it is not optional. Please submit your report electronically (Blackboard), by 4:00pm of the due date (individually, or in 2-person teams), answering the following questions:

1. Value Proposition:
   (a) As a new product what are all the value propositions that XM has the potential to offer, relative to existing alternatives? (6 points)
   (b) What are all the relevant consumer segments for XM? (6 points)
   (c) Describe each of these different consumer segments and the value proposition of XM to these segments? (10 points)
   (d) Who should be the primary target market for XM? (4 points)

2. Pricing
   (a) What are the key aspects that XM needs to consider in creating their pricing scheme? (Note: simply list all the broad factors that should shape the pricing, briefly) (7 points)
   (b) What is the optimal price for monthly subscriptions? (Note: this is about the subscription price alone) (6 points)
   (c) How should the hardware be priced? How should the hardware be priced, assuming a five-year lifetime for a customer? How would your answer change if the lifetime were longer or shorter? (20 points)
   (d) How should the price of the service and hardware change over time? High-tech new products (e.g., Flat-panel TVs) often follow the “price-skimming” approach (as opposed to a “penetration pricing” approach) of pricing. Would you, or would you not, recommend a “price-skimming” approach for XM’s service and hardware prices? If yes, then why? If not, then why not? (8 points)

3. Revenue Model:
(a) What aspects need to be considered in allowing advertising to run on XM’s service? (Note: simply list all the broad factors, briefly) How does the fact that the firm could also earn money on advertising affect the optimal subscription price? (Note: be sure to also specifically point out how this might or might not affect your previously suggested prices) (15 points)
(b) What revenue model should Robert Acker recommend that XM pursue to capture value from satellite radio? (Note: be sure to first lay out all the broad revenue model possibilities, then provide your recommendations and the underlying rationale) (8 points)

In addition to the points indicated in the parenthesis, you can earn (or lose!) 10 points for analysis, coherence, and presentation, so please make sure you read through the finished document carefully before you hand it in. Also, please remember the submission guidelines below:
- You may work individually or in 2-person teams for this assignment.
- Your recommendation should be no longer than 9 pages (double-spaced, Times Roman 12-point font, 1-inch margins). In addition, you may submit up to 3 pages of tables or figures in appendices, but if you do, make sure to cite these in the body of the text.
- Please make sure that you provide all the rationale behind the recommendations you make. Your recommendations will be graded as a function of how you justify your position.

**CASE #5: STARBUCKS**

**Case Purpose:** In contrast to the TiVo (in Section 1) and XM (in Section 2, coming up) cases, the Starbucks case is about managing existing products and the managerial challenges and tradeoffs that accompany rapid growth. It illustrates that in order to sustain value, a company must be ready to constantly reevaluate its value proposition, competitive positioning, and marketing strategy. The case also serves as a segue to a few product management methods that we will discuss in class.

**Class Discussion Focus:** For the sake of the class discussion, we will focus on the following key questions and issues:
- The case highlights customer satisfaction issues that Starbucks is facing. Should Starbucks worry about customer satisfaction? Why?
- Should Starbucks make the $40 million investment? Why?
- Irrespective of your answer to the previous question, now assume that Starbucks has decided to go ahead with the $40 million investment. How would you go about evaluating whether this investment was worth making?

**Deliverables:** This case is eligible for a one-page write up. For the one-page write up, please answer the 3 class discussion questions indicated above. Note, you are required to turn in 4 of the 6 cases that are eligible for a one-page write up.

**CASE #6: VIRGIN MOBILE USA**

**Case Purpose:** In many recent mergers and acquisitions, valuations were almost entirely determined
by how a company’s customers were valued. For example, most of the $1.3 billion that Cox paid for acquiring Prime Cable in 1993, was based on the valuation of Prime Cable’s customer-base. At the heart of this type of valuation is an analysis tool called Customer LTV (Life Time Value) analysis. You probably had a brief discussion of this technique while going through the FedEx and Calyx & Corolla cases, however, the Virgin Mobile USA case provides us an excellent opportunity to learn more comprehensively how to use the LTV (Life Time Value) tool for making marketing decisions. In addition to the analysis tool itself, we will also discuss some strategic choices that we as marketers would need to make, while considering the use of this tool.

**Class Discussion Focus:** The class discussion will be split across two sessions (see Course Schedule), Part I and Part II.

In the first Virgin Mobile session (Part I), we will briefly discuss how the LTV formula operates, focusing on the two questions indicated below:

- The case indicates that in this industry, callers (on average) talk for 417 minutes. The case also indicates that the average bill is about $52. How is this generated, that is, how does 417 minute of calling time result in a bill of $52? (Note this is about the industry, not Virgin)
- Please calculate the LTV for the industry, showing the steps in your calculations. (Again, note that this is about the industry, not Virgin)

In the second Virgin Mobile session (Part II), we will have a more extensive discussion of the strategic choices that Virgin Mobile is faced with. For this session, the class discussion questions are:

- Calculate the LTV for Virgin Mobile USA, for all 3 possible plans, showing steps for each plan
- Which of these plans would you recommend? Why?

**Deliverables:** There are 2 assignments related to this case:

- **Part I - Not Optional:** Please provide answers to the two questions indicated under Part I above. For the due date for this assignment please refer to the Course Outline. For submission guidelines, please follow the One-Pager guidelines.
- **Part II – Optional:** This case is eligible for a one-page write up. For your one-pager, please answer the two questions indicated under Part II above. Note, you are required to turn in 4 of the 6 cases that are eligible for a one-page write up.

**CASE #7: MOUNTAIN DEW**

**Case Purpose:** The Mountain Dew case highlights something that you will often be asked to do as marketing managers – comment on, and evaluate a creative execution. Past Stern graduates (from Colgate Palmolive, Unilever, etc.) have indicated that even at the very junior ranks, this is something that they are frequently asked to do.

**Class Discussion Focus:** For the sake of the class discussion, we will focus on the following:

- Of all the available creatives, which one would you recommend Mountain Dew pursue? Why?
Deliverables: This case is eligible for a one-page write up. For the one-page write up, please answer the class discussion question indicated above. Note, you are required to turn in 4 of the 6 cases that are eligible for a one-page write up.

CASE #8: MEDNET.COM

Case Purpose: Given the proliferation of new media efforts in marketing, it is important to consider some common advertising models that currently dominate digital marketing and their advantages and disadvantages. The Mednet.com case will be used as a springboard to discussion new media issues, in particular those related to digital marketing.

Class Discussion Focus: For the sake of the class discussion, we will focus on the following key question and issues:

- Does Heather Yates have an argument that will justify charging Windham Pharmaceuticals for impressions instead of click-throughs? Please clearly explain why (or why not)?
- Which is the more defensible business model (i.e., impressions vs. click-throughs) for MedNet?
- What steps can MedNet take to address emerging competitive threats?

Deliverables: This case is eligible for a one-page write up. For the one-page write up, please answer the 3 class discussion questions indicated above. Note, you are required to turn in 4 of the 6 cases that are eligible for a one-page write up.

CASE #9: RED BULL

Case Purpose: Besides digital marketing, “new media” has also proliferated in terms of buzz marketing. This case explores the question of how the anti-brand was built and explores the buzz marketing approaches that were used by Red Bull. The main aim of the session will be to distill the key learnings from the Red Bull case and to come up with some best practices that are common to all successful buzz marketing campaigns.

Class Discussion Focus: For the sake of the class discussion, we will focus on the following key question and issues:

- What were the factors that contributed to the success of the Red Bull brand?
- How can Red Bull grow in the future given the challenges of a maturing category?
- Can buzz be leveraged by any company? What are the buzz marketing “best practices” that a company could take away from the Red Bull case?

Deliverables: This case is eligible for a one-page write up. For the one-pager, please answer the first 2 class discussion questions indicated above. Note, you are required to turn in 4 of the 6 cases that are eligible for a one-page write up.