

**Humboldt University Berlin**

**Institute of Marketing**

**Prof. Dr. Daniel Klapper**

**Case Studies in Strategic Marketing**

**Syllabus SS 2012**

**Course Dates:**

Seminar      Wednesday,    12.15 pm – 13:45 pm, SPA 1, 21b

Additional weekly meetings upon request

**Course Description and Objectives:**

This case seminar discusses real world cases that relate to the materials covered in marketing management and strategic marketing. All cases are Harvard Business cases. The main topics are competition, market positioning, strategic planning, technology, distribution, innovation, marketing, new product marketing, social media.

**Cases:**

We study the following Harvard Business cases:

- Airbus vs. Boing (A) (B) (C) (D) (E) (F)  
(9-707-447; 9-707-448; 9-707-449; 9-707-450; 9-707-451; 9-707-453)
- Apple Inc. in 2010 (9-710-467)
- Bank of America: Mobile Banking (9-510-053)
- Cola Wars Continue: Coke and Pepsi in 2006 (9-706-447)
- Emotiv Systems, Inc: It's the Thoughts That Count (9-510-050)
- Lady Gaga (A) and Lady Gaga (B) (9-512-016; 9-512-017)
- Responding to the Wii? (9-709-448)

### Airbus vs. Boeing

Looks at the development of the competitive actions between Airbus and Boeing from 1992 to 2006. Begins with the question of whether Airbus and Boeing should collaborate on the development of a VLCT (Very Large Commercial Transport) or whether Airbus should develop their own. The case series moves through to the events thereafter of Airbus' decision to pursue the A380 and Boeing's decision relating to developing a stretch 747.

### Apple Inc. in 2010

On April 4, 2010, Apple Inc. launched the iPad, the company's third major innovation released over the last decade under its iconic CEO Steve Jobs. Apple's strategy of shifting its business into non-PC products had thrived so far, driven by the smashing success of the iPod and the iPhone. Yet challenges abounded. Macintosh sales in the worldwide PC market still languished below 5%. Growth in iPod sales was slowing down. iPhone faced increasing competition in the smartphone industry. And would Apple's latest creation, the iPad, take the company to the next level?

### Bank of America

In January 2010, Jen McDonald, head of Bank of America Corporation's (BoA) Digital Marketing group, was discussing the bank's mobile strategy with Douglas Brown, senior vice president, Mobile Product Development. BoA launched mobile banking in 2007 and within three years it had 4 million active customers. This success prompted line-of-business managers to request Jen and Doug to include more functionality in the bank's mobile app that were specific to their businesses such as credit cards and mortgages. Jen and Doug had to decide how to leverage the mobile platform for various businesses of the bank without creating confusion or increasing complexity for the consumers. Recognizing the potential impact mobile technology could have on the entire banking industry, they also had to decide on how to position BoA's mobile banking in the long run.

### Cola Wars Continue: Coke and Pepsi in 2006

Examines the industry structure and competitive strategy of Coca-Cola and Pepsi over 100 years of rivalry. New challenges in 2006 include boosting flagging carbonated soft drink (CSD) sales and finding new revenue streams. Both firms also began to modify their bottling, pricing, and brand strategies. They looked to emerging international markets to fuel growth and broaden their portfolios of alternate beverages like tea, juice, sports drinks, energy drinks, and bottled water. Coca-Cola and Pepsi-Cola had vied for the "throat share" of the world's beverage market. The most intense battles of the cola wars were fought over the \$66 billion CSD industry in the United States, where the average American consumes 52 gallons of CSD per year. In a "carefully waged competitive struggle," from 1975 to 1995, both Coke and Pepsi had achieved average annual growth of around 10%, as both U.S. and worldwide CSD consumption consistently rose. This cozy situation was threatened in the late 1990s, however, when U.S. CSD consumption declined slightly before reaching what appeared to be a plateau. Considers whether Coke's and Pepsi's era of sustained growth and profitability was coming to a close or whether this apparent slowdown was just another blip in the course of a century of enviable performance.

### Emotiv Systems, Inc: It's the Thoughts That Count

Emotiv is getting ready to launch its innovative brain-computer interfacing (BCI) technology. The company has developed a special headset, called EPOC, and highly sophisticated software that can translate a person's emotions, cognitive thoughts and facial expressions into digital outcomes. Emotiv wants the technology to be adopted by mainstream consumers and is leaning towards the video game market as its primary initial target. However, it needs to decide whether to continue efforts to convince one of the big three console makers (PS3, Xbox 360, Wii) to enable the EPOC on their platform or to settle for the PC gaming market. Alternatively, the company could have chosen a number of different markets to focus on (such as medical, military, market research). A host of additional marketing decisions (pricing, channels, bundling a demo game) need to be made. The case allows students to grapple with the issues of: selecting a target application for the launch of an innovation; determining the importance of having a big name partner for the launch by an unknown start-up; considering the wisdom of taking a B2C rather than B2B approach with a novel technology; using analogous products to forecast demand and sales for a new technology.

## Lady Gaga

In September 2009, Troy Carter, manager of up-and-coming pop star Lady Gaga, has to decide on a new course of action now that his artist's planned co-headlining arena tour with hip-hop superstar Kanye West has been canceled. Carter knows that continuing the tour solo comes with huge risks, but scaling it back to smaller theaters or postponing the tour altogether has disadvantages as well. Making matters more complicated, Carter also has to consider the implications for Gaga's partners, including the concert promoter Live Nation and the William Morris Endeavor agency. What is the best strategy? This case is designed to help students understand the decisions that helped propel Lady Gaga into one of the entertainment world's biggest names. Written from the perspective of her manager, the case provides rich insights into the artist's touring, recorded-music, and socialmedia activities, as well as supporting economic data.

## Responding to the Wii?

After years of gaming console industry leadership, how should Sony respond to the overwhelming success of competitor Nintendo's user-friendly Wii over Sony's high-tech PlayStation 3? It was August 2008 and Kazuo Hirai, chief executive of Sony Computer Entertainment Inc. (SCEI), was contemplating questions from reporters about how Sony planned to respond to Nintendo's Wii console, which was dramatically leading Sony's PlayStation 3 and Microsoft's Xbox 360 consoles in sales. The Wii's supremacy was especially disconcerting to Hirai, given that Sony had dominated the videogame industry and largely defined its course since 1995. But the tables had turned dramatically in the current generation. Though the Wii was technologically much less advanced than were PS3 and Xbox 360, the Wii's ease of use, innovative motion-sensitive controller, and simple but fun games had made the console a hit with all demographics: nine to 65 years old, male and female. As a result, Nintendo had stolen a march on its two larger rivals by appealing to people who were traditionally not avid videogame users. Microsoft's and Sony's more-powerful machines remained targeted at the traditional "core gamer" audience: 18-to-65-year-old males. Hirai was determined to restore that supremacy in the current generation or the next. He knew that whether or not he publicly defined SCEI's strategy as a response to Wii, he had to find a way for his company to deal with the new order of the videogame industry that Nintendo had created. In seeking to do so, Hirai might find guidance in the history of the industry, which had been marked by rapid and frequent changes of fortune.

## **Prerequisites**

Participants should take *International Marketing* parallel or prior to the case seminar.

## **Registration**

Please send a pdf of your CV and current transcript to my email [dklapper@wiwi.uni-frankfurt.de](mailto:dklapper@wiwi.uni-frankfurt.de)

by April 10, 2012 until 12am. Please contact me if you do not receive a notice of receipt within 24 hours. Please do not wait until the final deadline with your application. Preference will be given to those students with the strongest background in marketing. You must provide a preference ranking of all seven cases to assign the case where you want to take the lead in class.

## **Evaluation**

One case summary report plus case report of one case (40%), six case reports (40%), class participation and presentations (20%), Seminar attendance is obligatory.

Each case report must pass the minimum grade of 4.0, i.e. non-compensatory!

## **Course materials**

Cases can be purchased from HBSP at <http://cb.hbsp.harvard.edu/cb/access/12858012> for US\$ 49.84 using a credit card. Each student must purchase the course package.

## **Case teams**

All seminar participants must form teams consisting of up to 3 members. The assignment to teams is according to the preference rank provided in the application. Up to 7 seven teams are formed.

All teams must prepare all cases.

Each team must take the lead on one case (according to the preference ranking). This team has to write a case summary report of up to 20 pages on their view of the case and present the case in class (40 minutes, see instructions on case reports). This team is expected to answer questions from other students and the instructor and to lead the discussion. The discussion of

each case should focus on the cases questions. The discussion must cover the remaining 50 minutes of the class.

Each team has to submit case reports consisting of answers to the case questions (see instructions on case reports).

### **Case reports and case summary report**

The case summary report consists of a well-founded summarization of the key facts of the Harvard Business case and must be in itself comprehensible. It should not exceed 20 pages (Title page, content page, literature pages are not counted). Please use typeface Times Roman in 12pt with 1.5 line spacing and 1 inch space on all sides.

The case reports consist of answers to the case questions. Good case reports are concise, brief and to the point. Support your argumentation by references from additional sources, e.g. data bases, internet research or other papers. If you feel that the information provided in the case is not sufficient to give precise answers to the case questions you should say so rather than make a guess or give vague answers. The case reports should not exceed 8 pages. Please use typeface Times Roman in 12pt with 1.5 line spacing and 1 inch space on all sides.

The case summary and the case report must be submitted as pdf files by email according to the dates given in the time schedule below. Late submissions are not accepted and will lead to lower grades, no exceptions!

Case reports that include plagiarism will earn a zero grade. The workload should be shared equally among all members of a team. If you experience any free-rider problems you should inform me as soon as possible. I will handle any complaints absolutely confidentially. At the end of the semester there will be a confidential peer evaluation, which may affect your overall grade.

### **Case Questions**

#### Airbus vs. Boeing

1. What are the drivers of value creation and value capture in this industry?
2. As of 1992, who is doing better - Boeing or Airbus? Explain why.
3. What would be the value of a new VLCT to both companies?

4. If you were Airbus, how would you respond to Boeing? Should Airbus collaborate with Boeing in the development of the VLCT?

#### Apple Inc. in 2010

1. What, historically, have been Apple's competitive advantages?
2. Analyze the personal computer industry. Are the dynamics favorable or problematic for Apple?
3. How sustainable is Apple's competitive position in PCs?
4. How sustainable is Apple's competitive position in MP3 players?
5. How do you assess Apple's competitive position in smartphones?
6. What are the prospects for the iPad?

#### Bank of America

1. What benefits does mobile banking provide to consumers? Why haven't many consumers adopt mobile banking yet?
2. What is BoA's motivation to offer mobile banking to its customers? What are the associated costs and risk to the bank?
3. What lessons can the bank learn from its online banking operations? What are the costs and benefits of having customers migrate to online banking?
4. How is mobile technology likely to influence the banking industry in the future?
5. How should McDonald and Brown respond to the LOB managers' request to include more functions in the bank's mobile app?

#### Cola Wars Continue: Coke and Pepsi in 2006

1. Why, historically, has the soft drink industry been so profitable?
2. Compare the economics of the concentrate business to that of the bottling business: Why is the profitability so different?
3. How has the competition between Coke and Pepsi affected the industry's profits?
4. Can Coke and Pepsi sustain their profits in the wake of flattening demand and the growing popularity of non CSDs?

### Emotiv Systems, Inc: It's the Thoughts That Count

1. Should Emotiv keep trying to convince major console makers to endorse its technology as part of their platform or is just being PC enabled sufficient for the launch?
2. If Emotiv manages to convince one of the console makers in time for a fall 2008 debut, what marketing strategy (in terms of price, channel, consumer promotions, etc.) would best facilitate rapid adoption? How about if EPOC is only PC enabled?
3. What kind of demand could materialize for the EPOC if it is console enabled? How relevant is the Guitar Hero analogy in answering this question?
4. Do any of the non-gaming applications for Emotiv's technology seem like better alternatives to gaming?
5. What do you think about Le and Do's long-term vision for BCI technology?

### Lady Gaga

1. If you were Troy Carter, which of the three touring options would you pursue for Lady Gaga? Why?
2. How much money does Gaga stand to gain (or loss) under each option? In your view, do the potential rewards justify the investment? And can Carter do anything to mitigate the risks of pursuing a solo tour?
3. Are Gaga's main partners – Live Nation, WME, and her record label Interscope – likely to have the same preferences regarding the three options? Are their incentives generally aligned with Gaga's?
4. How would you evaluate Gaga's launch as an artist up to September 2009? How can her team best go about further developing her touring and recording career going forward? And how can team Gaga best leverage her social-media presence?
5. How important are concert-ticket sales versus recorded-music sales for an artist like Gaga? Where should team Gaga focus its effort in the future?

### Responding to the Wii?

1. How structurally attractive is the videogame console industry in 2008? What are the main challenges faced by the videogame console manufacturers when launching a new console generation and how do they overcome them?

2. What are the most important lessons from the evolution of the videogame industry that Kazuo Hirai and Sony should keep in mind as they try to formulate a strategy for regaining industry leadership from Nintendo? How has the structural attractiveness of the industry changed over time, and why?
3. How do console manufacturers make money? What is the logic behind their pricing strategy?
4. What are Sony's strategic options for regaining industry leadership? Which one would you recommend Kazuo Hirai to pursue?
5. Why was Microsoft unsuccessful in its attempt to replicate its business arrangements from the PC industry into the videogame industry (in particular: licensing third-party hardware manufacturers and charging no royalties to third-party developers)?

## Time Schedule and Deadlines

Date	Content
11.4.	Course Mechanics
18.4.	Group work and question time
25.4.	Group work and question time
29.4.	Deadline for case summary reports and case reports of the following two Harvard cases: Airbus vs. Boeing and Apple Inc. in 2010.
2.5.	Harvard case: Airbus vs. Boeing
9.5.	Harvard case: Apple Inc. in 2010
13.5.	Deadline for case summary reports and case reports of the following two Harvard cases: Bank of America: Mobile Banking and Cola Wars Continue: Coke and Pepsi in 2006
16.5.	Group work and question time
23.5.	Harvard case: Bank of America: Mobile Banking
30.5.	Harvard case: Cola Wars Continue: Coke and Pepsi in 2006
6.6.	Group work and question time
10.6.	Deadline for case summary reports and case reports of the following three Harvard cases: Emotiv Systems, Inc.: It's the Thoughts That Count, Lady Gaga, Responding to the Wii?
13.6.	Harvard case: Emotiv Systems, Inc.: It's the Thoughts That Count
20.6.	Harvard case: Lady Gaga
27.6.	Harvard case: Responding to the Wii?
4.7.	Review of the course