

INDIAN INSTITUTE OF MANAGEMENT, AHMEDABAD

PGP-II, Slots XI-XII, 2015-16

Strategies for Digital Marketing and e-Business (SDME)

COURSE INSTRUCTORS:

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COURSE OBJECTIVES:

The omnipresence and importance of Internet cannot be denied. With customers embracing Internet through digital devices like desktop computers, laptops, personal digital assistants, notebooks, mobile phones, and tablets, it has led to changes in the way businesses and customers transact products and services. As a result, e-business - transactions involving buying and selling products and services over Internet, has shown remarkable growth all over the world and in India. eMarketer estimated that B2C e-business worldwide sales was worth \$ 1.47 trillion in 2014 and is estimated to reach \$2.356 trillion in 2018, adding more than \$ 200 billion of sales every year. By some estimates, Indian e-business market is set to rise from \$11 billion in 2013 to \$137 billion by 2020, thus becoming world's fastest growing e-business market. While these numbers are significant in absolute terms, they also highlight the galloping rate of growth. Along with the changes in metrics over past few years, it is also important to understand the basic changes which have been brought about in the way human beings think, behave, act, interact, and conduct business. The impact on the world of management and business is significant in many ways. This course aims to provide an understanding of this impact, and prepare participants to effectively navigate this new and fast evolving world.

The scope of this course is essentially “e-business strategy” and “strategies for digital marketing”. There are therefore two important objectives of the course:

- a) To recognize and appreciate the differences between a traditional business and an e-business, to understand the strategic drivers for success in e-business, and to learn the tools and techniques to implement an e-business strategy effectively.
- b) To gain an overall understanding of what constitutes digital marketing, and to understand and select key strategies required for a successful and effective digital marketing program.

With these two objectives being met, students will have acquired the skills and the perspectives required to think strategically and achieve specific business goals using digital marketing or running an e-business, like customer acquisition, loyalty, brand building, market entry, customer insight, new product development and content generation.

This course will be useful for all business management students, and especially those interested in a career in marketing, entrepreneurship, consulting or strategy.

CONTENTS:

Text Books

E-Business and E-Commerce Management: Strategy, Implementation, and Practice (4th Edition) by Dave Chaffey, Prentice Hall. (Referred as **DC** in subsequent sections)

Alibaba's World by Porter Erisman, Pan McMillan India.

Apart from the cases and notes/articles provided in this casemat, additional cases and notes/articles (as and when provided by guest speakers) will be distributed from the Case Unit.

PEDAGOGY:

Digital devices are going to be the way of life in the future. As every research study on digital device usage suggests, which we also know intuitively, it is the medium of the future. Usage of digital devices is evolving every day and the next cool idea may make everything obsolete before it. This has a direct bearing on how this course will be taught and learnt. The usual methods of teaching – structured sessions and case study discussions – are important to understand the history and evolution of the Internet and current digital marketing practices. But it is even more important during this course and later as marketing professionals that participants think independently about this medium. They should use their own personal experience as active and advanced users of the Internet and digital devices to bring fresh perspectives and think competitively. In class, students are encouraged to actively participate in discussions and share their experience and ideas. We can all learn from each other, and the next Facebook may well emerge from someone among us!

In the spirit of sharing and learning, and in case of any questions, students should feel free to call or email the instructor.

EVALUATION:

Class Participation and Attendance:	20%	(Individual Grading)
Group Assignments/Presentations:	20%	(Group Grading)
Final Group Project:	25%	(Group Grading)
Final Examination:	35%	(Individual Grading)

Class Participation and Attendance

Students will be evaluated on their preparedness for the class and their ability to actively, meaningfully, and constructively participate during discussions in the classroom.

Attendance is compulsory for all sessions of the course. In case of exigencies, a student is excused from attending sessions by providing documented reasons. For frequent absences especially with no valid written reason provided, the student will lose credit for Class Participation and Attendance grades. Faculty discretion will be used for additional penalties including impact on overall grade if such absences by said student persist through the course.

Group Assignments and Presentations

All groups will submit their assignments before the start of the relevant session. Grading will be based on the submitted assignment which should not exceed 6 pages in length. Details about assignment will be provided in class.

Final Group Project

Brief: Take an online business (B2C retail, marketplace, reviews and rating site, classifieds, travel portal, matrimony, app based business, other) and evaluate their business model from the following perspectives

- a. Business model (B2C retail, marketplace, reviews and rating site, classifieds, travel portal, matrimony, app based business, other)
- b. Revenue model (in India or any specific geography the team is looking at – ads, transaction cut, listing fee, subscription, average numbers)
- c. Addressable market (for both service providers and customers)
- d. Revenue scalability
- e. Key growth drivers
- f. Cost structures
- g. Margin structure
- h. Key operational metrics to track
- i. Differentiation that the team can bring (future enhancements)
- j. Learning from global markets
- k. Scalability of the idea in international markets (if possible)

For example one may choose a business like **Zomato** and evaluate it on each of the below given parameters -

- a. **Business model** – Restaurant discovery and (now) ordering platform
- b. **Revenue model** - listing fee + advertising on site + revenue share from orders placed on Zomato
- c. **Addressable market** – restaurants in India – fragmented and unorganised market, therefore need for a neutral search and discovery platform with user ratings. A number of customers with access to smartphones, internet which potentially could access the service
- d. **Revenue scalability** - domestic - regional scalability high - number of restaurants is large and growing, grows with number of orders from existing and new customers
- e. **Growth drivers** - India consumption, internet and mobile internet penetration, small and medium merchants growing spend on digital advertising
- f. **Cost structures** - salary of sales and listing staff, marketing, technology, hosting bandwidth, other admin
- g. **Margin structure** - high operating leverage as most costs are fixed cost - margin increases with scale
- h. **Key operational metrics to track** - number of visitors, time on site, number of repeat visitors, number of reviewers, number of restaurants, number of paid and repeat paid restaurants, number of advertising restaurants, listing per personnel, listing across geography, # of restaurants offering delivery, orders placed on each restaurant, ticket size per order (\$), order frequency per customer, order per restaurant, inactive restaurants

- i. **Differentiation** - quality of content and depth of content, number of restaurants, veracity of content and reviews, Interface of site and application and customer service on phone, multi touch point to customer
- j. **Learning from global markets** - yelp's success, Google's way of continuous monetization through advertising by SME's, other review sites business model, ordering business model in global markets (Foodpanda)
- k. **Scalability of the idea to global markets** - high, once model is proven in one large market like India - easy to replicate through sales teams in global markets. Realization per restaurant higher in global markets than India. High operational leverage has good impact on margins. Ordering business can be expanded through restaurant partner's delivery network.

Deliverables and evaluation:

1. Make a presentation detailing the business on each parameter, submit a report about the same through email before the last session of SDME.
2. Groups would be required to present in 10 min presentation on the final session of SDME.
3. Put as many assumptions clearly as you may be required to make.
4. Groups would not be measured on the scalability of the idea chosen, but on the depth of their analysis
5. Groups may add more parameters on the evaluation list (apart from the 11 mentioned above), but these 11 are a must.
6. Length of report is not material.
7. Make sure you reference sources of data and studies used in support.

For the group assignment and project work in this course, participants are expected to form **groups of five-six (5-6) members**.

Final Examination

There will be a written examination.

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Detailed Session-wise Schedule

Session No.	Date/ Day	Case / Reading / Guidelines for Preparation
1-2	7 th January (Thursday)	Topic: Introduction to Digital Marketing and e-Business Case: Infibeam (A) Readings: <ol style="list-style-type: none"> DC Chapter 1 (Introduction to e-business and e-commerce) The World Gone Digital: Insights from McKinsey's Global iConsumer Research What Marketers Say About Working Online, from McKinsey Quarterly Is Your Business Ready for a Digital Future, from Sloan Management Review
3-4	8 th January (Friday)	Topic: Managing Partner Networks Case: eBay Partner Network (A) (HBS Case)
5-6	9 th January (Saturday)	Topic: e-Security and e-Billing / e-Payment Cases: Boss, I think someone stole our customer data (HBR Case) Fiserv takes on the e-billing market (Kellogg Case) Readings: <ol style="list-style-type: none"> DC: Chapter 11: Pages 540-564
7-8	15 th January (Friday)	Topic: e-Business Supply Chain Management and E-procurement Case: Amazon.com's European Distribution Strategy (HBS Case) Readings: <ol style="list-style-type: none"> DC: Chapter 6 (Supply Chain Management) & 7 (E-procurement)
9-10	21 st Jan (Thursday)	Experience Sharing by an Entrepreneur
11-12	22 nd Jan (Friday)	Topic: Integrated Marketing Cases: Pepsi-Lipton Brisk (HBS Case) Balancing Online and Offline Marketing (HBS Case)
13-14	23 rd Jan (Saturday)	Topic: (a) e-Business CRM (b) Discussion on SEO/SEM Case: Won't Cry Over Spoilt Milk: Amul's Response to Customer's Complaint on Social media (IIMA Case) Readings: <ol style="list-style-type: none"> DC Chapter 9 (Customer Relationship Management, pages 393-397 and 433-436) Online Reputation Systems: How to Design One that Does What You Need, from Sloan Management Review
15-16	4 th February (Thursday)	Topic: Online Advertising Case: Air France Internet Marketing: Optimizing Google, Yahoo, MSN, and Kayak Sponsored Search (Kellogg Case) Readings: <ol style="list-style-type: none"> Paid Search: The Innovation that Changed the Web Online Metrics: What are You Measuring and Why

17-18	5 th February (Friday)	Topic: e-Business Strategy and e-Commerce Strategy Cases: Home Depot and Interconnected Retail (HBS case) Samsung Electronics in India: Challenges of Multi-Channel Retailing (IIMA case) Readings: 1. DC: Chapter 5 (E-Business Strategy, pages 212-222) 2. Online Retailing Paired with Kirana
19-20	6 th February (Saturday)	Topic: (a) Project Presentation and Assignment Submission (b) Course Review The group assignment will enable students to think about many aspects of e-Business and Digital Marketing discussed in sessions of the course. A detailed project brief will be provided as input towards this assignment. Review Case: Alibaba's Taobao (A)

Note: Given the dynamic nature of the digital world, some of the reading, cases or session focus may be modified at the start of the session in order to maximize relevance at the time at which it is being taught.