

Indian Institute of Management, Ahmedabad
PGP-II, Slot XI-XII, 2015-16
CONSUMER BASED BUSINESS STRATEGIES (CBBS): 1.5 Credits

Instructors: Rama Bijapurkar (Visiting Faculty)

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Introduction and Objectives:

Businesses are being forced to design their business strategies in a more customer centered way. This is not entirely out of choice, but as a result of the new turbulent business environment caused by many simultaneous changes in the lives and businesses of their customers, changing government policies which create new rules of business, requiring existing business models to be overhauled new technologies enabling new competitors to disrupt existing bases of competition by introducing better, cheaper and new never-before offers to customers, and increased levels of competition from domestic and global companies. Aggregators are increasing buyer power, data is increasing supplier power, better value substitutes are more frequent and the digital world, liberalization and globalization has lowered barriers for new entrants

How to combat all the above pressures, and still retain healthy and profitable growth is top of the mind for business leaders in Indian industry in every sector - be it financial services, automotives, chemicals, consumer durables, FMCG, or IT. Customer Centricity is the new mantra, but often it stops at just improving the quality of the marketing and sales functions. The point is missed that this is as much or more of an issue of designing customer centric business strategy, *where the mission of strategy is:*

- to create value for the business,
- by delivering value to the customer,
- which is superior to the value received from the competitors, and
- to do all this at a cost that is profitable to the business.

This course would:

1. Sensitize you with the above issues that occupy a very large share of mind of senior management in India in particular and in the world in general.
2. Help you learn approaches to develop consumer/customer based business strategies i.e.; choose customer based strategic market segments, deliver and communicate the customer value to generating value for business.
3. Provide you an opportunity to develop a consumer based business strategy for an organization.

Contents:

Topics:

- Understanding and assessing customer value
- Frameworks for making strategic market choices and designing strategic plans for creating and enhancing profitable customer value in relatively stable as well as turbulent environments
- Use innovation for enhancing and delivering profitable customer value

Vehicles:

The course content would include cases, readings, and presentations cum discussions with executives from industry.

- *Cases* would cover a variety of business situations, both domestic and global, for understanding the concepts and frameworks
- *Readings* would provide exposure to frameworks for understanding customer value, for assessing customer value, and for developing customer based strategy (deciding where and how to compete).
- *Senior executives* from industry would share their experiences of developing consumer based business strategies.
- A *Group Project* would provide an opportunity to develop consumer based business strategy for an Organization.

Materials:

1. Course pack of cases and readings from case unit
2. A file of Readings/ Suggested Readings on Reserve in Library (2 files can be issued to each group to be returned after the completion of the course).
3. Bijapurkar, Rama A, Customer in the Boardroom?, Sage Response, New Delhi, (CIBR).

Pedagogy

The pedagogy includes discussion of cases and readings by participants, presentation-cum-discussion by senior executives from industry, and conducting, sharing, and learning from project work.

Participants would form themselves in groups of 6 for pre-class discussions, presentations on readings and cases, and project work. *Each group should consist of members from diverse backgrounds, mix of programmes, and Indian and foreign participants. At least one member each of a group should have taken the course (i) Strategic Marketing and (ii) CCCS.* Request participants of the two courses to voluntarily spread themselves across the groups.

The *case discussions* would be in the format of decision making as well as seminar type group presentations cum discussions.

For presentations on readings, required *readings* must be gone through individually. Learning from *suggested readings* can be divided with in a group by assigning one reading to a member. However, learning from each suggested reading should be shared within the group before coming to the class. Individual groups would be assigned readings for presentation cum discussion in the class. Guidelines for presentation of readings are:

1. Identify the key concepts, techniques, processes and conclusions in the reading
2. Critique the reading by relating its learning to a case or situation in the course or outside this course
3. The presentation **must not be more than 4 slides** and should **not exceed 10 minutes**

Guidelines for *project work* are provided separately later in the text.

Work Load

The workload in the course is equivalent to 30 sessions and a participant is expected to put in a total of about 100 hours, including class sessions. A total of about 32 Sessions have been planned. Of these couple of double sessions have been planned for presentation cum discussions with senior executives from industry, couple of sessions would be given off for project work, and couple of sessions would be used for project presentations. However, please note that the classes begin at 14:15 (and NOT 14:30).

Evaluation

Class Participation	:	20%
Group Presentations	:	30%
<i>(Of which Individual Component: 10%)</i>		
Project:	:	50%
<i>(Of which Individual Component: 20%)</i>		

Guidelines for Project on Designing Customer Based Business Strategies

The purpose of the project is to provide an opportunity to the participants to develop consumer based business strategy for an organization. Each group of participants would *choose an industry and an organization* in that industry for the project. The group would *prepare a customer based strategy* for a business of the organization.

Selection of Project Topic: It would be advisable to select

- an industry in which the group members have interest
- about which reasonable amount of secondary data is available and
- member/s has/have access to knowledgeable executives in the company/ industry

The strategy recommendations would include:

- ***Strategic objectives*** for the next 3 to 5 years.
- ***Where to Market/ Compete*** for achieving the strategic objectives.
- ***How to Market/ Compete*** in the selected markets.
- Assessment of risk and development of risk mitigation measures for achieving the strategic objectives.

For arriving at the ***strategic objectives***, the group might like to conduct a thorough analysis of (i) the company's vision, mission, performance and strategy of company, (ii) industry situation, (iii) market (segments) (iv) customers, (v) environment, and (vi) each of key competitor's performance, strategies, and strengths and weaknesses in the market as a whole and in each of the key segments.

For making the strategic choice of ***where to market/compete***, a customer value based segmentation scheme would need to be designed on the basis of thorough analysis of information from *both secondary and primary sources*. The final choice of where to market/ compete (and prioritization of market/ segments) would depend on the evaluation of the options (segments) so generated on their (i) attractiveness (gain) to and (ii) competitiveness (pain) of the company.

Development of strategic plan for ***how to market/compete*** in the selected market/ segments(s) would include all the analysis and recommendations on (i) superior customer value proposition, (ii) systems for delivering and communicating the superior value proposition, (iii) processes, capabilities, organizational design, and resources (technical, human, and financial) needed for implementing the systems, (iv) for meeting organizational objectives and vision.

Submissions/Discussions/Presentations:

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| 1. Topic and Group Membership | : Before 1700 Hours on 04 January 2016 |
| 2. Interim Report (IR) submission | : Before 1700 Hours on 20 January 2016 |
| 3. Presentations on Interim Report | : In Class on 21 January 2016 |
| 4. Group Meeting with Instructor for Discussion on IR | : 22 and 23 January 2016 by Appointment |
| 5. Presentation and Final Report | : In Class on 27 February 2016 |

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Detailed Schedule¹

Session No.	Day/Date/ Time	Case (C) /Reading (R)/ Suggested Reading (SR) / Guidelines for Preparation (GP)
1 & 2	Friday, 1 Jan 2016 1415-1545 and 1605-1720	T : Introduction to Strategy Development Frameworks` C : TI Cycles: Corporate Strategy (A)* R: Locating Customer in Business Strategy, Ch. 2, CIBR GP: 1. Recommend and justify a suitable business strategy for TI Cycles (A) 2. Review and Apply at least one of the strategy frameworks that you have learnt in other courses to TI Cycles for (1) above
3 & 4	Saturday, 2 Jan 2016 1415-1545 and 1605-1720	T : Customer Based Business Strategy: Where and How to Market/ Compete? C : South-West Airlines: 1993 (A) R : The Customer Based Business Strategy Framework, Ch 3, CIBR GP: 1. Which growth option would you select for SWA? Please justify the same in the context of the strategy of the Company. 2. Review what strategy is and how to formulate it. Presentations by Volunteer Groups on Rs/SRs: One Group to Present on One Reading. 1. <i>Identify the key concepts, techniques, processes and conclusions in the reading</i> 2. <i>Critique the reading by relating a case or situation in the course or from outside this course</i> 3. <i>The presentation must NOT be more than 4 slides and Should NOT exceed 10 minutes</i>
Please Submit: By 1700 Hours on Monday the 4 January 2016: 1. Group Member List and Topic Selected 2. Check Group Composition for One Member Each from CCCS and Strategic Marketing		

¹ Please note the classes on Each Day begin at 1415 Hours and NOT 1430 Hours

5 & 6	Thursday, 7 Jan 2016 1415-1545 and 1605-1720	<p>T : Deciding Where to Compete/ Market</p> <p>C : Komatsu Limited</p> <p>R:</p> <ol style="list-style-type: none"> 1. Caterpillar Tractor Co. 2. Business Market Strategy: WHERE?, Ch 4, CIBR <p>GP:</p> <ol style="list-style-type: none"> 1. Recommend a suitable strategy for Komatsu for the next three years and justify the same in terms of its goals, where to market/ compete, and how to market/ compete. 2. You might like to conduct all the analysis needed for this purpose including competitive analysis 3. Prepare a group presentation of up to 5 slides. Present the strategy recommendation as the first slide and the analysis and justification as the next four slides. <p>Presentations by Groups on Rs/ SRs: TBA</p>
7 & 8	Friday, 8 Jan 2016 1415-1545 and 1605-1720	<p>T: Where and How to Market/ Compete</p> <p>C : Eureka Forbes Ltd Growing the Water Purifier Business</p> <p>R: Business Market Strategy: HOW? Developing Rivalry Proposition, Ch. 5, CIBR</p> <p>GP:</p> <ol style="list-style-type: none"> 1. Recommend a suitable strategy for Eureka Forbes for the next 3 (5) years and justify the same in terms of its goals, where to market/ compete, and how to market/ compete. 2. You might like to conduct all the analysis needed for this purpose including competitive analysis 3. Each group would prepare a presentation of up to 5 slides. The first slide of presentation should present the recommendations and the next four slides could carry supportive analysis and justification.

9 & 10	Saturday, 9 Jan 2016 1415-1545 and 1605-1720	<p>T: Customer Value and Value Sensing Presentation and Discussion</p> <p>R: Customer Insight for Business Strategy, Ch. 8, CIBR</p> <p>Suggested Readings: (On Reserve File) for Group Presentations</p> <ol style="list-style-type: none"> 1. Stop Listening: Become Customers to discover what they really want, Lanning, Ch.16, pp. 216-227. 2. Virtual Videos of the Customer's Life, Lanning, Ch.17. 3. Formulate Strategy by Identifying and Choosing Value Delivery Options, Ch.15, Lanning, pg.196-215 4. Analyzing the Experiential World of Customer, Ch.3, Schmitt, pg. 43-85 5. Building the Experiential Platform, Ch.4, Schmitt, 86-116 6. Designing the Brand Experience, Ch.5, Schmitt, 117-140 7. Structuring the Customer Interface, Ch.6, Schmitt, 141-165 8. Breaking Compromises, Breakaway Growth, HBR on Strategies for Growth, pp.1-23 9. Laddering Theory, Methods, Analysis, and Interpretation, By: Reynolds, Thomas J.; Gutman, Jonathan. <i>Journal of Advertising Research</i>. Feb/Mar88, Vol. 28 Issue 1, p11-31. 21p. (Full Text Available on EBSCO and NOT in Reserve File)
11& 12	Friday, 15 Jan 2016 1415-1545 and 1605 - 1720	<p>T: Formulating and Implementing Customer Based Strategy in B to B Context</p> <p>C: SKF Bearings Series: Market Orientation Through Services (A)</p> <p>R: Capturing the Value of Supplementary Services, HBR on Strategies for Growth, pg.75-83</p> <p>GP : All Participants must go through the case and come prepared with the following points:</p> <ol style="list-style-type: none"> 1. As. Mr. Malm, would you take up the job offered by Mr. Sahlin. Please justify your stand. 2. Understand and critique the re-segmentation and the process used for developing it. 3. Design a strategy and implementation plan for: a) industrial aftermarket, b) vehicle aftermarket, and c) aftermarket as a whole.
Interim Report Submission By 1700 Hours on 20 January 2016		
13 & 14	Thursday, 21Jan 2016 1415-1545 and 1605-1720	T: Interim Presentations on Group Projects

15 & 16	Friday, 22 Jan 2016 1415-1545 and 1605-1720	T : CBBS: A SBU in A Large Corporation: Re-Design & Implementation C : Innovation at 3M Corporation (A) R: <ol style="list-style-type: none"> 1. Not Employees Only: How to Involve Customers in the Design of Products and Services, Chapter 3, Best Practices. 2. Engaging in Continuous Innovations, Ch.7, Schmitt, pp 168- 188. GP: All participants to come prepared with: <ol style="list-style-type: none"> 1. As head of the Group, would you propose the recommendation IV to the management? Justify your decision. 2. Recommend an implementation plan for the IV recommendation Presentations by Groups: To Be Decided
17 & 18	Saturday 23 January 1415 – 1530 and 1605 -1720	T : CBBS for International Entry Strategy C : Mary Kay Cosmetics: Asian Entry Strategy SR: Hitting a Moving Target: How to Understand Markets and Customers, Ch. 3, Best Practices, pg. 46-79 GP: <ol style="list-style-type: none"> 1. All participants to come prepared with understanding of current strategy of Mary Kay Cosmetics and a critique of the same. 2. Odd Numbered Groups: to come prepared with justification for entering Japan and a business strategy for the same (Where to Market and How to Market). 3. Even Numbered Groups: to come prepared with justification for entering China and a business strategy for the same (Where to Market and How to Market). 4. Groups may be requested to make presentation on their preparation
Friday 22 Jan and Saturday 23 Jan 2016		T:Discussions on Interim Report of the Project: Individual Group and Instructor: By Appointment <ol style="list-style-type: none"> 1. Each Group would have separate discussions with Instructor. 2. All members of the group must be present for the discussion 3. This may last from 30 to 45 minutes

19 & 20	Thursday, 28 Jan 2016 1415-1545 and 1605-1720	Off for Project work
21 & 22	Thursday, 04 Feb 201 1415-1545 and 1605-172	<p>T: CBBS for Domestic / International Growth</p> <p>C: South African Breweries: Achieving Growth in the Global Beer Market</p> <p>SR:</p> <p>Customer Centeredness: The Launching Pad for Value Space, Ch.3, Value Space, Sheath & Mittal, pg.31-58</p> <p>GP:</p> <ol style="list-style-type: none"> 1. All participants to understand the past and current strategies of South African Breweries: who am I, where am I, objectives, and where and how to market. 2. Some Groups to prepare: Assume that the current strategy (of acquiring small breweries etc) continues in to future: Given the objectives of the company, decide a strategy and plan for “where to market” and “how to market”. 3. Some Groups: Assuming you have chosen the option of merging with a developed market brewer. Given the objectives of the company, decide a strategy and plan of “where” and “how to market”. 4. Some Groups: Assume that the chosen option is of acquiring a large emerging marker brewer. Given the objectives of the company, decide a strategy and plan of “where” and “how to market” . 5. Those of you who have studied mergers and acquisitions should bring to bear their learning on the subject on the preparation and for discussion in the sessions. 6. Please use secondary data for your preparation 7. Groups may be requested to make presentation on their preparation

23 & 24	Friday 05 Feb 2016 1415-1545 and 1605-1720	T: <i>Presentation by and Discussion with Senior Executive from Industry</i> Mr. Rajeev Ahuja, RBL Bank
25 & 26	Saturday 06 Feb 2016 1415-1545 and 1605-1720	T: <i>Presentation by and Discussion with Senior Executive from Industry</i> Mr. Deepak Garg, Rivigo, Gurgaon, Haryana
27	Thursday 11 Feb 2016 1415-1545	T: Customer Based Business Strategy in Turbulent Markets C : Netflix Inc: Streaming Away from DVDs (W128 from Ivy) R: Your Strategy Needs A Strategy Martin Reeves, Claire Love, and Philipp Tillmanns, HBR Sept 2012 GP: To Be Decided
28	Thursday 11 Feb 2016 1605 -1720	Off for Project Work
29 & 30	Friday 26 Feb 2016 1415-1545 and 1605-1720	T: Formulating and Implementing Disruptive Strategy C: Xiameter: The Past and Future of a Disruptive Innovation, IMD 433 v 21.02.2011 R: How to Thrive in Turbulent Markets, Donald Sull, HBR Feb 2009 SR: The Big Idea: The Big Bang Disruption, Larry Downes and Paul F Nunes, HBR Mar 2013. GP : To Be Decided

31 &32	<p>Saturday 27 Feb 2016</p> <p>1415-1545 and 1605-1720</p>	<p>Project Presentations by Groups, Course Review, & Feedback</p> <ul style="list-style-type: none"> • The Final Project Report must be submitted in Hard Copy at the beginning of the class • Refer to the Course Outline for outline of project report. Key contents would be: <ul style="list-style-type: none"> ○ Objectives and their justification ○ Where to Market/ Compete including: (i) business segmentation and its rationale and (ii) selection/ prioritization of business segments and the justification through gain and pain assessment. ○ How to market including: (i) Rivalry proposition and justification, (ii) matrix (cises) of values to be delivered, delivery of values, and communication of values. ○ Assessment of extent of achievement of objectives and the risks involved. <p>Final report must be inclusive of the research design, instrument used for collecting information, and sampling plan, and all the raw data and its analysis.</p>
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