

Retail Strategy & Analytics - MKTG-GB.2355.10

Fall 2018

Professor: Jack Hanlon

Class Times: Tuesdays, 6-9pm, 09/25/2018 - 12/18/2018 *(N.B. no class Tuesday, October 9th!)*

Class Location: KMEC 5-80

Office Hours: After class and by appointment

Email: jhanlon@stern.nyu.edu

Overview

Now more than ever, having a strong understanding of the convergence of Strategy, Analytics, and Data is crucial to success as a retailer. This course takes students through a combined, cohesive approach to these topics to give students the tools and lenses that will enable them to make faster, more confident decisions in a dynamic marketplace. From the strategy perspective, the course combines traditional strategy with a retail specific lens alongside modern digital strategy to reflect an omnichannel marketplace. From an analytics perspective, the course explores tools and techniques that are key to execute on these strategies in a way that can help create meaningful competitive advantage.

With this in mind, the course walks through two primary sections:

- 1) Retail Industry and Digital Fundamentals – a layout of the marketplace including how companies are assessed and retail organizational designs, capital & technology investments, and data-driven organizational concepts
- 2) Being a Good Retailer – exploring the various critical components to executing on a retail business strategy, piece by piece, from merchandising to supply chain to marketing.

Goals & Objectives

Having taken this class, you will develop new and adaptable mental models for understanding key strategic choices in the retail environment, after reckoning with real world applications of critical concepts. You will also have an expanded awareness and capacity with a number of key analytics techniques that your firm can use to enhance your capacity to make better decisions with better information, and assess those decisions with clarity and accuracy. The intention is not to make you an expert in analytics or in strategy, per se, but rather to arm you in any leadership position in retail with the language and knowledge to be able to operate in an industry where knowledge of these two areas is crucial to success.

In order to achieve this understanding and familiarity it will be vital that you fully engage with the topics, try out the language, and pressure test your existing mental models versus the new ones that are presented. If you do so, I can promise that you will walk away with improved capabilities to have impact on your organizations in the future. To come through on that, I am committed to offering you an environment where you feel comfortable engaging and exploring new ideas and one that pushes you in new areas of learning about your industry.

To support these objectives, each class will generally include the following:

- 1) Case discussion and focused discussion on a key topic area
- 2) Hands-on analytical exploration

For #1 we will have specific reading and preparation to be performed before class. For #2 we will use our laptops to try out certain techniques that we explore.

Relevant Texts & Software

Texts: The majority of the reading will be cases and articles. You also should acquire this book:

The New Science of Retailing by Marshall Fisher and Ananth Raman, Harvard Business Press (*below called: F&R*)

You will not need to buy the following (our coursepack will include excerpts) but it is the go-to text on retailing: Retailing Management by Michael Levy, Barton Weitz, and Dhruv Grewal 9th Edition, Irwin/McGraw Hill (*below called: LWG*)

A book I recommend you consider but is not mandatory for the class is The New Rules of Retail by Robin Lewis and Michael Dart, St Martin's Press (*below called: L&D*)

Software:

Excel is still the standard for sharing analytical information across diverse audiences. Despite some of its limitations for more complex or repeatable work it is plenty powerful for many applications and as a result we will mostly explore our analytical ideas here.

Meanwhile, if you know R or Python and want to explore some of these ideas there I will try to help support you along the way.

Requirements and Grading

The assignments are not intended to just assess your capacity to remember information, they are intended to measure how well you are incorporating these new concepts and mental models into your thinking, as well as measuring your capacity to use the new language and tools you develop to describe real situations. With that in mind, this is how we will measure against these objectives:

1. *In class participation (15%)*: participation in each class will be evaluated in terms of the level of involvement in class discussion, evidence of understanding and insights conveyed, and value of your contribution to each session.
2. *Post class engagement (20%)*: Please submit three take-aways from each class, 3-5 sentences per takeaway by Friday at 5pm following each class. The scoring on these will be:
 - a. 0 for no submission,
 - b. 1 for being able to "play back" the content from that class, or
 - c. 2 for being able to connect the content from that class to other past learnings or related business experience.
3. *Case write-ups (40%)*: You will analyze two cases (explicitly identified below in the schedule) and submit written evaluation of the situations addressing critical questions provided by the course instructor. The questions will require combining information drawn from the case and public

sources. Case write-ups must be submitted by 2 pm on the day they are due (information on which cases and dates listed below in the schedule).

4. *Final paper (25%)*: Students will select a retailer and propose a new key strategic initiative for that retailer (new format/product line/etc...), taking into consideration all of the things we've learned throughout the course to come up with a strategically- and financially-sound option that would create meaningful value for the retailer. We will discuss this in more depth during the course.

Course Norms and Expectations

Deadlines

If you miss a deadline for a written assignment, I will deduct a half grade for each day (or part of a day) it is late. The only exception is for religious or civic obligation (for which you should plan ahead if at all possible), serious family emergency, or serious illness. Just send me a note as soon as you reasonably can. Please do not request exceptions for other reasons.

Code of Conduct

As members of the Stern community we commit to:

- 1) Exercise integrity in all aspects of our academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- 2) Clearly acknowledge the work and efforts of others when submitting written work as our own. The incorporation of the work of others; including but not limited to their ideas, data, creative expression, and direct quotations (which should be designated with quotation marks), or paraphrasing thereof; must be fully and appropriately referenced using notations both in the text and the bibliography.
- 3) Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to have an adverse effect on the NYU Stern community.

You can find the complete Code of Conduct here: www.nyustern.campusgroups.com/ose/code-of-conduct/ Suspected infractions will be referred to the Graduate Judiciary Committee.

Disability

If you have a qualified disability and require accommodation during this course please come and talk to me so that we can figure out what will be best for you. (If you haven't already, please contact the Moses Center for Students with Disabilities, so you can give me a letter from them outlining the necessary accommodations, www.nyu.edu/students/communities-and-groups/students-with-disabilities/academic.html)

For all else, please refer to the default Stern policies: <http://www.stern.nyu.edu/portal-partners/academic-affairs-advising/policies-procedures/default-policies-stern-courses> (with the exception of the laptop policy, which will be used for the Analytics portions of classes – the schedule below will inform you where you will need them).

Syllabus:

Note: the class is made up of people with diverse educational and work backgrounds which is a great way to learn new ideas from new perspectives, but it also means we have to find ways to build up an appropriate base layer of knowledge in each area from which we can connect. The “Core Readings” area below is intended to achieve this, so if that class’ area is new to you and you are not as familiar, the Core Readings provide a great way to figure out the key ideas at work. Meanwhile, if you’re more familiar with this particular content just give it a quick review and feel free to move on to “Bonus Reading” for deeper dives.

Class	Date	Topics	Core Readings & Assignments
1	9/25	Retail Marketplace Overview & Intro	<p>Levy, Weitz, & Grewal (LWG) Chapter 1: Intro to Retail: pg. 7-17</p> <p>LWG Chapter 5: Retail strategy: pg. 124-137</p> <p><i>Curing the Addiction to Growth</i> article from HBR (Jan-Feb 2017 Issue)</p> <p>Andy Dunn: DNVBs: https://medium.com/@dunn/digitally-native-vertical-brands-b26a26f2cf83</p> <p>Bring a short list of key trends happening in retail for us to discuss in class</p>
2	10/2	Merchandising Planning & Assortment (w/ Basket Analysis and Assortment Planning)	<p>Fisher & Raman (F&R) Chapter 2</p> <p>LWG Chapter 12: Merchandising planning: pg. 317-325</p> <p>LWG Chapter 13: Buying merchandise: pg. 358-362; pg. 364-371</p> <p><u>Reed Supermarket case due (HBS-4296)</u></p> <p><i>Bonus: L&D 132-138, 155-161</i></p>
3	10/16	Pricing & Promotion (w/ Price Elasticity and Promotion Assessment)	<p>F&R Chapter 3</p> <p>LWG Chapter 14: Pricing: pg. 388-403</p>

			<p>JC Penney's "Fair and Square" Pricing Strategy (Abridged) (A) (HBS 9-513-063)</p> <p>JC Penney's "Fair and Square" Strategy (B): Out with the New (HBS 9-514-085)</p> <p>JC Penney's "Fair and Square" Strategy (C): Back to the Future (HBS 9-514-073)</p>
4	10/23	Omni & Supply Chain (w/ Operations Analytics)	<p>F&R Chapter 4</p> <p>LWG Chapter 3: Multichannel retailing: pg. 80-83</p> <p>Case: Home Depot and Interconnected Retail (HBS-512036)</p> <p><i>Bonus: L&D 200-205, 210-213</i></p>
5	10/30	Analytics in Management (w/ Data Visualization)	<p>Data Analytics Simulation: Strategic Decision Making (HBS-7050-HTM)</p> <p>Competing on Analytics (R0601H)</p>
6	11/6	Customer Experience (w/ CX Analytics)	<p>F&R Chapter 6</p> <p>LWG pg. 516-523</p> <p>Case: Starbucks (HBS-314068)</p> <p><i>Bonus: L&D 172-177</i></p>
7	11/13	Marketing (w/ Customer Lifetime Value)	<p>LWG pg. 418-426</p> <p>Of Metrics and Models (BEP-242)</p> <p>The Perfect Message at the Perfect Moment (R0511G)</p> <p>Case: Sephora Direct: Investing in Social Media, Video, and Mobile (HBS-511137)</p>
8	11/20	Launching New Initiatives (w/Hypothesis Testing)	<p>New York Times 10/14/2017: "An Alternative Universe of Shopping, in Ohio"</p> <p>Rent the Runway Case (HBP 9-812-077)</p>

			<p>Listen to Podcast: How I Built This Podcast with Jenn Hyman https://www.stitcher.com/podcast/national-public-radio/how-i-built-this/e/51037589</p> <p><i>Bonus: L&D Chapter 5, LWG pg. 540-547</i></p>
9	11/27	Technology Investments (w/ Linear Optimization)	F&R Chapter 7 <i>Zara Case Due</i> (HBS-604081)
10	12/4	Org Design & Data-driven Orgs	LWG: 240-246 F&R Chapter 8 Case: Tony Hsieh at Zappos: Structure, Culture and Radical Change (INSEAD-IN1249)
11	12/11	What is Machine Learning & AI?	Case: Predicting Consumer Tastes with Big Data at Gap (HBS-517115) 8 Ways Machine Learning Is Improving Companies' Work Processes (H030ET) Stitch Fix's CEO on Selling Personal Style to the Mass Market (HBS R1803A)
12	12/18	Specialty and the Future of Retail	L&D 119-146