Managing Customers for Growth
HBS MBA 1965
2024 - Fall Q2

(Please note, the order of the session may be subject to change. This version: 2024-10-20)

Instructor Information
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Credits
1.5 credits

Course Overview

Without customers, there is no business!

Every business aspires to grow a loyal and valuable customer base that not only engages actively but also advocates for the brand, fueling positive word-of-mouth. The collective efforts undertaken by companies to realize this goal is commonly known as Customer Management, the mastery of which continues to be a challenging endeavor for many.

In this course, we will focus on how firms design and implement customer management activities with the goal of achieving sustainable customer growth. We will explore the fundamentals of customer value, analyze firms' strategies for customer acquisition, retention and development, as well as explore (and apply!) customer analytics tools and technologies that enable firms to take a data-driven approach to their customer management activities.

The course will consist of a combination of case studies and workshops/exercises. We will spend most of our time analyzing and discussing cases featuring B2C companies from a wide range of businesses (e.g., mobile gaming, e-commerce, marketplaces, share-ride and food delivery services, financial services, the creator economy). These cases will provide comprehensive insights into customer management strategies, essential frameworks, and tools for improved decision-making. They will also highlight key challenges that today's managers encounter, specifically in terms of ethically and responsibly utilizing data to safeguard consumer privacy and avert algorithmic discrimination.

We will combine these case discussions with workshops where we will analyze different types of customer data. Students don't need experience in data analytics. The goal of these workshops is *not* for you to become data scientists, but to develop your quantitative intuition, and gather a set of tools that will help us translate customer data into decisions.

Course Structure

The course will consist of three modules:

Module 1: Measuring Customer-driven Growth

This module will focus on measuring and understanding the drivers of customer value, how firms can manage this value along the customer journey (from acquisition to retention), and how customer data can be leveraged to measure customer value and predict growth.

Using a set of cases (featuring companies in e-commerce, online gaming, and the creator economy), we will discuss the fundamentals of valuing customers in different business settings, managing multiple segments in our customer base, and managing the inherent trade-offs between customer acquisition, retention, and monetization.

We will put our learning into practice with an exercise (Customer-Base Audit) where we will assess the health of a company by analyzing its transactional database. The module concludes with an interactive lecture where we will cover the most common pitfalls that companies (and investors) often make when valuing their customers and present current best practices to overcome those mistakes.

Module 2: Understanding Customers and Growth

This module will focus on understanding customers and developing a deeper comprehension of the inherent trade-offs that companies encounter as they grow (e.g., personalization vs. scale, monetization) and how to manage those trade-offs.

Using a diverse set of cases (featuring companies in financial services, online learning platforms, and last-mile logistics businesses), we will evaluate various customer growth models, deepening our understanding of how different acquisition strategies fuel (or hinder) growth, and how growth can enable or prevent a company from growing further or effectively monetizing their offerings.

By using customer data from one of the largest online travel agencies, we will learn how to leverage data from a company's website to develop a better understanding of customers and devise strategies to fuel growth.

Module 3: Managing Customers through Personalized Interventions

This final module will delve into successful strategies for retaining and developing existing customers through personalized interventions, along with the associated ethical dilemmas and responsibilities.

The advancement of data collection and technology, such as AI, has led companies to increasingly adopt data-driven personalized interventions, enhancing their ability to target effectively and increase consumer value. However, the use of individual-level information, fundamental to personalized interventions, presents unprecedented challenges related to personal data usage and potential discriminatory actions, such as algorithmic bias, particularly when granular data is used for decision-making.

Using two cases (one in the financial services and a telecommunications provider), we will explore the design of data-driven strategies to personalize interventions. We will then expand the discussion using recent case studies that highlight pressing challenges faced by companies in the context of data privacy and algorithmic discrimination.

Grading, Progress and Assessment

The final grade for this course will be based on:

o **Final Project (40%):** It can be done either individually or in pairs (1,000-1,500 words). Details will be provided in class #10

o **3 Quizzes (20%):** Students will be given three short quizzes to take throughout the course. Each quiz will consist of short questions regarding the case to be discussed in that particular class.

o **Class Participation and Attendance (40%):** Class attendance and thoughtful participation are important and will be reflected in part in the final grade.

Course Schedule & Assignments

Class	Topic	Class Content	Notes
#1	The Customer Journey	**Case**: Improving Purchase Rates at Zulily	
Module 1: **Measuring Customer-driven Growth**			
#2	Managing your Customer Base	**Case**: Othellonia: Growing a Mobile Game	Submit short quiz
#3	The Customer-Base Audit	**Workshop**: Madrigal Inc.	
#4	"Free" Customers and Influence - The Creator Economy	**Case**: Melissa Wood Health	Guest
#5	Customer Valuation	Interactive Lecture + Module Wrap	
Module 2: **Understanding Customers and Managing Growth**			
#6	Growing Multi-sided Platforms	**Case**: Yummy: Delivering Value to Venezuela	Guest Submit short quiz
#7	Understanding Customer Journeys	**Workshop**: Travelogo	
#8	Strategic Customer Acquisition	**Case**: Tabby Digital Wallet	Guest
#9	Monetization and Growth	**Case**: Duolingo + Module Wrap	
Module 3: **Managing Customers through Personalized Interventions**			
#10	Customer Personalization & Growth	**Case**: Allianz Customer Centricity	Submit short quiz
#11	Targeting and Personalization	**Workshop**: Managing Customer Retention at Teleko	Submit targeting policy
#12	Personalization and AI as a Value Proposition	**Case**: THE YES: Reimagining the Future of E-commerce with Artificial Intelligence (AI)	Guest
#13	Discrimination and Algorithmic Bias	**Case**: Algorithmic Bias	
#14	Course Wrap	Course Wrap	