

Creating Customer Value / Electives / 2025

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FACULTY INFORMATION

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FACULTY BIO

Aurélie Lemmens is a Professor of Marketing at the Rotterdam School of Management. She holds a PhD degree from KU Leuven, previously had an appointment at Tilburg University and was a visiting scholar at Harvard Business School. She is an expert in predictive/prescriptive analytics – including machine learning and smart experimentation – to guide firms' customer-centric decisions. She published in the leading academic journals and won multiple research and teaching awards and grants. Finally, she regularly advises companies on customer relationship management activities, particularly proactive churn management, personalized targeting, and AB testing strategies.

Mirjam Tuk is an Associate Professor of Marketing at the Rotterdam School of Management. She obtained her Bachelor and Master's degree in Psychology from the University of Amsterdam and a Ph.D. in Marketing from the Rotterdam School of Management, Erasmus University. After completing her Ph.D., she moved to London where she was on the faculty of Imperial College Business School for eight years before returning to Rotterdam. She was also a visiting scholar at INSEAD for several years. She is an expert in consumer behavior, with a keen interest in consumer motivation and persuasion. She published in the leading academic journals, and her work has received extensive media coverage, among others by *the Economist – Intelligent Live* and *Harvard Business Review*.

ABSTRACT

The rise of digital technologies and state-of-the-art analytics has led to a radical shift in how marketing operations are run. The focus of companies has shifted away from product-centric approaches and mass marketing campaigns to customer-centric campaigns tailored to the needs and wants of each customer.

Customer centricity requires companies to deepen their understanding of their customers and recognize customer heterogeneity to focus their efforts on the right customers. It fundamentally changes all organizational functions – not just marketing, but also finance (corporate valuation with customer equity), research and development (investment decisions based on profit lift), salesforce, and employee evaluation.

The course explores how to create customer value effectively and discusses customer-centric tactics for (i) customer acquisition, (ii) customer spending and (iii) customer retention. The concept of Customer Lifetime Value (CLV) is at the core of the course. A unique feature of this Elective is that it combines a deep dive into the underlying psychological mechanisms of the consumer with an intuitive training of analytics tools needed to leverage customer and company data.

EDUCATIONAL GOALS

The course explores how to create customer value effectively and discusses customer-centric tactics for (i) customer acquisition, (ii) customer growth & spending and (iii) customer retention. The concept of Customer Lifetime Value is at the core of the course. The elective combines a deep dive into the underlying psychological mechanisms of the consumer and intuitive training of analytics tools needed to leverage customer and company data. The course targets managers from a broad range of functions (brand/product/marketing manager, head analytics/business intelligence) and industries (online/offline retail, services, consulting, etc.).

Learning areas	Learning outcomes
I. Content-related	Upon completion of the course, participants will acquire a deep understanding of the power of customer centricity and customer lifetime value.
	Participants will learn how to unveil customer drives, tap into their full potential, and understand cultural differences in managerially relevant contexts.
	Participants will understand the intuition behind state-of-the-art customer analytics tools.
II. Skills-related	Upon completion of the course, participants can apply customer-centric strategies for managing the customer journey.
	Participants will be able to develop a strategy for customer acquisition, customer development and customer retention.
	Participants will be equipped to detect discriminations made by algorithms and evaluate potential courses of action.
III. Attitude-related	Participants learn to reflect on how companies can be customer-centric and how it changes their operations at all company levels.
	Participants learn to reflect on the (non-)value of data from various sources (past transactions, AB experiments, surveys, competitors).
	Participants learn to take a theory- and data-driven approach to understanding their customers.
	Participants learn to reflect on the dangers of algorithms for decision making given the Sustainable Development Goals (in particular, SDG 10 regarding inequalities)

TEACHING METHODS

The course endorses a learned practitioner focus by combining extensive use of the case method with the latest conceptual, theoretical, and practical insights carefully collected from diverse disciplines, including consumer behavior and psychology, computer science and data analytics and marketing strategy. The sessions are a combination of case discussions, interactive lectures, and in-class practice in teams. The case discussions are designed to introduce and illustrate the complexities associated with the session's topic. The lectures provide a series of frameworks and management tools, blending theory with practical examples and emphasizing input from your own experience, both as managers and customers.

Workload Description	Calculation	Total
In-Class sessions:	6 x 3 hours	18 hours
Self-Study (including readings)	6 x 3 hours	18 hours
Case Preparation Reports	3 cases X 4 hours	12 hours
Final Assignment (individual)		36 hours
Total Course Hours =		84 hours
EC (Number of study credits)	3 (x 28 hours)	84 Total hours

GRADING AND ASSESSMENT

Course: Creating Customer Value	Assessment formats			
Educational goals per course	Case Preparation Reports	Class Participation	Individual (Final) Assignment	In-class assignment / Exercise
Upon completion of the course, participants will acquire a deep understanding of the power of customer centricity and customer lifetime value.		X	X	X
Participants will learn how to unveil customer drives, tap into their full potential, and understand cultural differences in managerially relevant contexts.	X	X	X	X
Participants will understand the intuition behind state-of-the-art customer analytics tools.		X		X
Upon completion of the course, participants can apply customer-centric strategies for managing the customer journey.		X	X	X
Participants will be able to develop a strategy for customer acquisition, customer development and customer retention.		X	X	X
Participants will be equipped to detect some potential issues related to discriminations made by algorithms.		X		X
Participants learn to reflect on how companies can be customer-centric and how it changes their operations at all company levels.	X	X	X	X
Participants learn to reflect on the (non-)value of data from various sources (past transactions, AB experiments, surveys, competitors).		X		X
Participants learn to take a theory- and data-driven approach to understanding their customers.	X	X		X
Participants learn to reflect on the dangers of algorithms for decision-making given the SDGs	X	X		X
	Case Preparation Reports	Class Participation	Individual (Final) Assignment	In-class assignment / Exercise

Weighting factor	30%	20 %	40%	10%
Minimum grade required	5.5	5.5	5.5	5.5
When failed, resit option within academic year	Yes	No	Yes	No
Form of examination (e.g., MC, Open book, etc.)	Report	Participation	Essay	Exercise
Group / Individual assessment (Group/Individual)	Group	Individual	Individual	Group

In order to pass the course, each assessment or deliverable (component grade) with a resit option, needs to be at least 5.5. Components with no resit option bear no minimum grade required, but to pass the overall course, the final grade needs to be at least 5.5.

Grades are rounded according to the rounding provisions included in the Examination Regulations (ER) of the programme, and are expressed with 1 decimal point. Not meeting the minimum grade required for either a component grade or the overall course grade determines a fail for the course. Participants can resit a failed component only once. There is no capping of the grade for a resit examination, unless determined by the faculty. The only exception is when the nature of the failed assignment allows for an improvement effort of the same assignment (capped at 5.5 for that component).

Grade penalties for unauthorized late submissions will be automatically imposed. Penalties for unauthorised late submissions range from 10% to 20% deduction from the examination component depending on the hours/days late. Unauthorised late submissions 4 days or longer after the deadline without prior notification and a reasonable explanation for the late submission, will not be accepted.

Attendance is mandatory and a requirement to pass the course. Missing classes and arriving late may result in grading penalties and even a fail for the course.

Fraud, Plagiarism / Self-plagiarism (Appendix B on Code of Conduct, Examination Regulations -ER-)

The Examination Board defines fraud as *“the action or negligence of a student because of which it is impossible, entirely, or partially, to form a correct judgment about the knowledge, insight, and skills of them or another student”* (ER, 2024-2025). Examples of fraud are cheating, cribbing, plagiarism, freeriding in a team assignment, availability of unauthorized (study) material during a test such as mobile phones, contract cheating/outsourcing/ghost-writing, unauthorized use of generative AI, identity fraud, theft.

Confirmed cases of fraud/plagiarism will lead to (appropriate and proportional) sanctions as defined by the Examination Board in the Rules and Guidelines section of the Examination Regulations (ER). Repetitive cases of fraud/plagiarism lead to expulsion from the programme.

Plagiarism is presenting another person’s work as one’s own. Plagiarism includes any paraphrasing or summarising of the work of another person or group without acknowledgment, including submission of another student’s work as one’s own. Plagiarism frequently involves a failure to acknowledge the quotation of paragraphs, sentences, or even a few phrases written or spoken by someone else.

Using ideas from your own prior work (assignment) without referencing the work in your assignment is considered self-plagiarism.

Participants are required to adhere to the 6 principles outlined in the RSM AI guidelines with regard to the use of Artificial Intelligence Platforms such as ChatGPT and related software/tools. The unauthorised use constitutes violation of plagiarism/ fraud policy

For more information about academic integrity and AI please refer to the Programme's Examination Regulations and RSM AI guidelines documents on the Student Hub.

Assessment / Deliverable	Individual or group	Due date and hand-in location	% final grade
<i>Case Preparation reports</i>	Group	Amazon: 26 November by 09:30 AM on Canvas L'Oréal in China: 27 November by 09:30 AM on Canvas AccorHotels: 10 December by 09:30 AM on Canvas	30%
<i>In-class assignments / exercises</i>	Group	In-class	10%
<i>Class participation</i>	Individual	In-class	20%
<i>Final assignment</i>	Individual	January 5, 2026, by 09:30 AM on Canvas	40%

For all Canvas submissions, please make sure to include the student's name and programme name in the title of the file submission, as well as within the document itself (on the cover page).

REQUIRED TEXTBOOK(S) AND READINGS

No textbook. Readings given in detailed course schedule

SUGGESTED EXTRA READINGS

Fader P., S.E. Toms (2018), *The Customer Centricity Playbook: Implement a Winning Strategy Driven by Customer Lifetime Value*. Wharton School Press, <https://wsp.wharton.upenn.edu/book/customer-centricity-playbook/>

Fader P., D. Hardie, and M. Ross (2022), *The Customer-Base Audit: The First Step on the Journey to Customer Centricity*. Wharton School Press, <https://wsp.wharton.upenn.edu/book/the-customer-base-audit/>

DETAILED COURSE SCHEDULE (BLOCK 4)

Session 1, Friday Evening – Customer Centricity as Foundation	
Topics:	<ul style="list-style-type: none"> - Welcome - Customer centricity as a foundation - Incremental impact as core decision criterion (what have we done wrong until now)
Readings:	<ul style="list-style-type: none"> - Fader P. (2013), When Giving Your Customers Less is More, Case Center, ART-2382-E - de Langhe, B., and S. Puntoni (2021), What Leaders get Wrong about Data-Driven Decisions. MIT Sloan Management Review, 62(3). 14-16 - Thomas H. Davenport, Abhijit Guha, Dhruv Grewal, Eva Ascarza, Michael Ross, Bruce G.S. Hardie, Carl F. Mela, Brian K. Cooper, (2021) AI-Powered Marketing, Harvard Business Publishing.
Case:	Amazon Shopper Panel: Paying Customers for their Data

Session 2, Saturday Morning – Customer Acquisition Strategies

Topics:	<ul style="list-style-type: none"> - What drives consumers? - How can firms tap the full potential of customer drives to boost customer acquisition? - How can firms successfully grow their customer base? - Cultural diversity and international differences
Readings:	<ul style="list-style-type: none"> - Simons, Robert (2014), "Choosing the Right Customer: The First Step in a Winning Strategy," Harvard Business Review, 92 (3), 48-55. - Optional: Herzog, Walter; Johannes Hattula, Darren Dahl, (2021) "Marketers Project Their Personal Preferences onto Consumers: Overcoming the Threat of Egocentric Decision Making," Journal of Marketing Research, 58(3): 456-475
Case:	The L'Oréal in China Case

Session 3, Saturday Afternoon– Customer Lifetime Value Workshop Afternoon

Topics:	<ul style="list-style-type: none"> - What is the CLV? Common mistakes and misunderstandings - Predicting CLV across business contexts - CLV as a decision and targeting tool
In-class exercise:	Blue Apron case (+ XLS file)
Readings:	McCarthy, D., and P. Fader (2020), "How to Value a Company by Analyzing Its Customers," Harvard Business Review, 98 (1), 51-55
Case:	Blue Apron case

Session 4, Friday Evening – Guest Lecture: Customer Value in B2B markets

Topic:	<p>In this module we focus on customer value in business-to-business markets. Key topics will include:</p> <ol style="list-style-type: none"> 1. How can we make value (outcomes) specific for business customers? → specifying / quantifying customer value. 2. How can we positively influence our customers' perception of 'value for money?' → visualizing & communicating customer value. 3. How can we set up our own organization to effectively deliver sustainable customer value? → value data and organization. <p>As part of this module, we will also explore the 6 dimensions of customer value with a hands-on case study.</p>
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Guest speaker:	Reinier Willems has an extensive background in B2B marketing and sales in telecommunications, pharma, and financial services. As Global Marketing Director at mobility company LeasePlan he was responsible for growth results with global Fortune 500 companies. Reinier founded the service company ValueSparks that specializes in Customer Value Management and worked with customers including Pfizer, Telefonica, and GKN Aerospace. He is a regular visiting faculty member at business schools including RSM and London Business School and currently serves as Commercial Development Lead Europe with Boehringer Ingelheim.
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Session 5, Saturday Morning - Customer Development in a Digital Age	
Topics:	<ul style="list-style-type: none"> - How can digital transformation enrich the customer journey? - What drives consumers to create various types of online content? - How can these different types of online content, in turn, affect the customer journey alongside various strategies to manage online content creation and consumption?
Readings:	<ul style="list-style-type: none"> - Berger J. (2013). Word of Mouth and Interpersonal Communication: A Review and Directions for Future Research. <i>Journal of Consumer Psychology</i>, 24(4), 586-607 - Optional: Verlegh, P.W.J., Ryu, G., Tuk, M.A., & Feick, L. (2013). Receiver Responses to Rewarded Referrals: The Motive Inferences Framework. <i>Journal of the Academy of Marketing Science</i>, 41, 669-682.
Case:	AccorHotels and the Digital Transformation

Session 6, Saturday Afternoon – Customer Retention Strategies	
Topics:	<ul style="list-style-type: none"> - Who to target? Risk vs lift - When to target? Proactive vs reactive campaigns - How to retain? incentives and nudges to maximize engagement - In this session, we will talk about the value of running experiments (AB tests) to address these questions. - Finally, the session will talk about potential dangers of algorithmic-driven decision-making.
Readings:	<ul style="list-style-type: none"> - Ascarza, E., Neslin, S.A., Netzer, O. et al. (2018) In Pursuit of Enhanced Customer Retention Management: Review, Key Issues, and Future Directions. <i>Customer Needs and Solutions</i> 5, 65–81. - Ascarza, E. (2021). When A/B Testing Doesn't Tell You the Whole Story. <i>HBR.org</i>. June 23.
Case:	Artea case

ASSIGNMENTS DESCRIPTION

Case preparation reports (30%)

Case reports are preparatory group assignments based on the cases Amazon (session 1), L'Oréal (session 2), and AccorHotels (session 4). They need to be handed in before the session during which the case is discussed (see deadlines below). The emphasis for grading the assignments will be on the reasoning towards a solution. Make sure to provide a coherent and balanced argument. Be specific in your recommendations and action plans. Above all, please do not spend time just paraphrasing the details of the case.

The pedagogical value of these assignments is compromised when students access external information, instead of relying exclusively on the documentation provided. To highlight specific issues, facts may be distorted, and important situational factors might be omitted. Therefore, you should not try to rely on information about the case from outside sources and you should not try to find out what really happened to the company and work backwards to your recommendations.

The maximum length of the case write-ups is 1.200 words. The first page is a cover page, text should start on page 2. **On the cover page, list the group members.** The write-ups must be submitted before the case discussion on Canvas (deadlines provided below). Respecting the deadlines is very important. Write-ups will not be graded if they are received after the case has already been discussed.

For each case, a set of questions will constitute the basis for the assignment. The questions are described below.

Amazon (Session 1)

1. Is the Shopper Panel a good idea or a bad idea? Why?
Tip: highlight several pros and cons for Amazon. for consumers and for other sellers.
2. What is the value of this data? What specifically can Amazon do with the data from the Shopper panel different from the data from their own website and from third parties?
Tip: think about concrete differences between types of data and how they can be leveraged.
3. Is the Shopper Panel beneficial for consumers?
Tip: think about the "privacy paradox" and the notion of customer consent.
4. How should firms respond to the rise in customer protection policies and related cookie eliminations?
Tip: think about the implications of such policies for firms of varying sizes and about alternatives ways to target customers.

L'Oréal in China (Session 2)

- 1) How would you describe the most attractive segment for Yue Sai to target? (30%)
- 2) How should L'Oréal position and market Yue Sai? Choose one of the options below and motivate your answer (note that you'll be graded on the soundness of your motivation, not on the "correctness" of your answer). (70%)
 - a. Keep its new lifestyle positioning as the brand of "confident, modern Chinese women."
 - b. Be positioned as a Chinese luxury icon symbolizing the nation's long history and rich heritage.
 - c. Adopt a more affordable value proposition.
 - d. Try something completely different.

AccorHotels (Session 5)

- 1) Imagine you are in Olivier's shoes as the Accor SVP in charge of customer experience, seeking to develop a strategic understanding of customer reviews that will influence other customers.
 - a. Thinking back to your own experience, what are the steps you went through from the very first time you thought about going somewhere to the period after your trip was accomplished (e.g., inspiration, recollections). List the steps you went through to create a map of the customer's journey.
 - b. For each step, think about the type of information you wanted to discover. What were the media sources you consulted? Map the sources that were most important at each step of the customer's journey.
 - c. For each step and each medium, what would be the most effective way to create content to reach customers?
- 2) Consider customer reasons for sharing (see article by Berger 2014). What might push people to share on social media at the various stages of their customer journey? Which motivation(s) is more important at

which step? As a hotel manager considering these motivations, what would you do to improve your hotel's presence on social media? *You may find it useful to organize your answers in one big table.*

Grading rubrics:

- Equal weight per question, unless otherwise indicated behind each question
- Correctness of the result (**ONLY** in case of a numeric answer)
- Depth of the elaboration and logical reasoning

Class participation (20%)

Students are expected to take an active role during the sessions and will be graded based on the relevance of their contribution to class discussion. Therefore, attendance is mandatory and a requirement to pass the course.

Grading rubrics:

- Relevance of the contribution (not quantity)
- Good understanding of the context/problem at hand
- Uniqueness of the comment (out of the box thinking)
- Being able to listen to and respectfully react to other participants

Individual final assignment (40%)

In this individual assignment (40%), you are asked to write a 1,000 words-essay which will link some elements you learned in class to a company-specific case (ideally, a company you have worked at or are working at).

Grading rubrics:

- criterium 1 - appropriate use of concepts taught in class (1/4)
- criterium 2 - depth of insights (1/4)
- criterium 3 - relation between used concepts and problem discussed (1/4)
- criterium 4 - writing, structure, argumentation (1/4)

In-class exercises (10%)

Both Saturday afternoon sessions will be accompanied by a workshop based on the cases Blue Apron and Artea. During these in-class exercises, groups will advise these firm strategies.

Blue Apron (Session 3)

On Canvas, students can find a pre-filled XLS file that provides the relevant financial metrics of Blue Apron and calculates the CLV (Customer Lifetime Value) at Blue Apron under two scenarios (one-segment vs two-segments). Based on this XLS file, students can answer the following questions:

1. A private equity firm wants to value Blue Apron customer cohorts. What would be the implications of them using a different (higher or lower) discount rate than the annual WACC (weighted average cost of capital) of 20% than Blue Apron is using?
2. Suppose Blue Apron realizes they cannot change their customer retention rates. By how much would Blue Apron have to increase its monthly contribution margin for active customers to make the low-value (= low loyalty) segment profitable? What does it mean in terms of future customer acquisition strategies?
3. Which customer base is healthier, Blue Apron or Hello Fresh? (i.e., use NPV, CLV, CLV/CAC and stick to the one-segment scenario).

Artea (Session 6)

Students have access to a shiny App created for the course that contains the A/B test data and can run different analyses to measure the effectiveness of coupons for different customer segments. Based on the app, students can answer the following questions:

1. Do coupons work?
2. Which customers do you recommend targeting in the next targeting campaign?
3. What is the predicted outcome if Artea targets those customers?

Grading rubrics:

- Equal weight per question
- Correctness of the result (in case of a numeric answer)
- Depth of the elaboration and logical reasoning