Marketing (Canadian) 6th edition Grewal Solutions Manual

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Chapter Two: Developing Marketing Strategies and a Marketing Plan

TOOLS FOR INSTRUCTORS

- Learning Objectives
- Annotated Chapter Outline with Instructor's Notes/Teaching Tips
- Answers to End of Chapter Learning Aids
  - Marketing Application Questions
  - Marketing Digitally
- Chapter Case Study
- Video Activities
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Learning Objectives

1. Define a marketing strategy
2. Describe the elements of a marketing plan
3. Analyze a marketing situation using a SWOT analysis
4. Explain how a firm chooses what group(s) to pursue with its marketing efforts
5. Outline the implementation of the marketing mix as a means to increase customer value
6. Describe how firms grow their businesses

Annotated Chapter Outline	Instructor's Notes
Opening Vignette: PepsiCo Although PepsiCo is best known for carbonated beverages, most of it revenue and growth comes from snacks and food today. The industry has numerous competitors. Both PepsiCo and Coca-Cola compete for customers along with numerous other competitors. As consumers search for more healthy options, PepsiCo has introduced new guilt-free products including baked potato chips, lower-sodium chips, tortillas, granola bars, oat bites, and even snacks made from green peas and pinto beans. And as consumers search for more healthy beverages, PepsiCo has increased juice and sports drink offerings, and Bubly, a new sparkling water brand.	*Chapter 2 focuses on Developing Marketing Strategies and a Marketing Plan. There are 6 Learning Objectives as noted. Students will most likely be familiar with Nike products.* ***Ask Students** to comment on any commercials they can recall and the company itself. Students will start to mention many topics in the chapter including target markets, marketing mix and sustainable competitive advantage.*

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Annotated Chapter Outline	Instructor's Notes
LO1: What is a Marketing Strategy? A company's marketing strategy should identify its target market(s), related marketing mix—the four Ps, and the bases upon which sustainable competitive advantage can be built. **A.** *Sustainable competitive advantage* refers to something the firm can persistently do **B.** A sustainable competitive advantage acts like a wall that the firm builds around its position in a market.	***Ask students**: What competitive advantage(s) do companies such as Nike, Starbucks and Tim Hortons have?* *For Nike, their competitive advantages revolve around their strong brand, technological break-throughs and a strong customer base of very loyal customers.* *For Starbucks, they reach and appeal to customers that want a coffee-drinking experience and customers are willing to pay a lot for this. For Tim Hortons, their customers just want a good cup of coffee at a fair price in a timely manner.* ***Ask students**: What can a firm to do compete against a well-established market leader?* *When competing with an entrenched competitor, firms must be creative to meet the needs and wants of their customers. Apple, for example, consistently does just that and continually builds sustainable competitive advantages.*
Four Overarching Strategies that create and deliver value and develop sustainable competitive advantages: 1. Customer excellence 2. Operational excellence 3. Product excellence 4. Locational excellence	*These strategies are expanded upon in the next sections. You can hold a brief discussion of the overarching strategies or introduce the following, more in-depth discussion. It covers the four strategies to create and deliver value and a sustainable competitive advantage.* ***Ask students** to think of companies who they are very loyal to in many categories (food, electronics, personal care)? Is it their product, location, operational, or customer excellence that draws the student's loyalty?*
1. Customer Excellence: Retain loyal customers by providing excellent customer service. • Retain loyal customers: Customer loyalty means that customers are committed to buying from a particular firm. Marketers use several methods to build customer loyalty. - Develop a clear and precise positioning strategy. - Create an emotional attachment through loyalty programs.	*Loyal customers enable a firm to introduce new products and change price points without the risk of losing them. This is a good place to talk about loyalty programs.* ***Ask students** if they belong to any (or if their parents do). Most frequent programs would include airlines, hotels and video stores. Then **ask them how the program affects their patronage.***

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• Offer excellent customer service. - Train employees to deliver a consistently superior customer experience.	***You can also ask if they are loyal to any products.*** *This would lead to a discussion about what it means to be loyal—customers are committed to buying from a particular firm.*
2. Achieve operational excellence. Ensure that customers get the merchandise they want, when they want it, in the required quantities, and at a lower delivered cost than that of competitors. - Customer excellence derives from efficient operations, excellent supply chain management and strong relationships with their suppliers. - Supplier relationships must be developed over time.	*The text highlights how firms can use the various elements of the marketing mix to achieve a competitive advantage.* *In recent years, firms such as Amazon have achieved competitive advantage by utilizing operational excellence. By controlling price and how products are delivered, they have been able to offer customers low prices on a wide array of goods. This is made possible through the use of efficient operations and excellent relationships with suppliers.*
3. Offer product excellence through branding and positioning.	*Building a strong brand and unique positioning in the marketplace can be a strong deterrent to other competitors that look to enter the market. Some brands employ a unique positioning.* *Abercrombie and Fitch and Virgin Records are designed to appeal to young adults and college students. These stores use cutting edge images and unique promotions to appeal to this demographic, feature quality goods and are considered trendy.*
4. Offer locational excellence. A competitive advantage based on location is sustainable because it is not easily duplicated.	***Ask students*** *where they go to buy coffee or fast food. Do they choose Starbucks or Tim Hortons because there are many locations well situated and easily accessible? When it comes to fast food, is it easier to find a McDonald's than other burger outlets? Discuss how location has played a role in building and sustaining these businesses.* *In most cases, a single strategy is not sufficient to build a sustainable competitive advantage. Firms often require multiple approaches to build a wall around their position. Multiple approaches include providing excellent customer value, customer service, offering superior customer relations and of course, great prices!*
LO2: The Marketing Plan	*There are three phases of a marketing plan: planning, implementation, control. Exhibit 2.2*

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Annotated Chapter Outline	Instructor's Notes
A marketing plan is a written document composed of an analysis of the current marketing situation, opportunities and threats (SWOT), marketing objectives and strategy specified in terms of the 4Ps, action programs, and projected or pro forma income (and other financial) statements. The three major phases of the marketing plan are: Planning Phase - **Step 1**: Define Business Mission & Objectives - **Step 2**: Conduct a situation analysis (SWOT analysis) Implementation Phase - **Step 3**: Identify and evaluate opportunities through segmentation, targeting and positioning process - **Step 4**: Develop and implement marketing mix (4Ps) Control Phase - **Step 5**: Evaluate performance by using marketing metrics and take corrective action as necessary	*shows these phases and strategic focus of each when developing a marketing plan.* ***Ask students** why companies tend to not write down marketing plans. The most likely answer is that they don't take the time or haven't organized the strategy.* *Regarding the importance of planning. Sergio Zyman, former CMO of Coca-Cola, points out in his book The End of Marketing as We Know It that no one would ever go to the airport and say "I have $200—where can I go?" Instead, they say, "I need/want to go to San Francisco; how much will it cost me?" The same is true for marketing planning; you must know your final destination to get there. Planning and executing the plan are crucial to success.* *Refer to Appendix2A to walk students through an example of a marketing plan.*
Developing a marketing plan consists of three major phases: **1.** Planning phase: Marketing executives and other top managers define the mission and/or vision of the business, conducts a situation analysis, and identifies and evaluates opportunities by engaging in a process known as segmentation, targeting, and positioning. **2.** Implementation phase: Marketing managers design the marketing organisation, allocate resources through by making budgets, and develops detailed schedules and action plans. **3.** Control phase: Marketers evaluate the performance of the marketing strategy and take any necessary corrective actions.	*A poorly executed plan leads to failure, regardless of how good or solid the plan is. The world is full of good plans poorly executed.* *When initially introduced, diapers designed differently for boy and girls bombed because the market was not ready for the product; through improved execution, the diaper manufacturer ultimately found success. However, even well-executed plans require monitoring and updating, because the needs of any market constantly change.*
Step 1: Define the Business Mission and Objectives **A.** The *mission statement* provides a broad description of a firm's objectives and the scope of activities it plans to undertake as it attempts to answer two main questions:	***Group activity:** Students should develop a mission statement for their school. The resultant mission statement would offer a good way to assess and set student expectations.*

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What type of business are we? What do we need to do to accomplish our goals and objectives? **B.** A well-defined, firm-wide mission must exist before marketing executives can get involved. **C.** Each firm answers these questions in different ways, depending on the industry, size, and type of firm.	*Instructors can also discuss the different between mission statements and objectives that exist between profit and non-profit organizations. A good example of a non-profit is the Heart and Stroke Foundation. Instructors can go through this mission statement and discuss differences vs. Tim Hortons as noted above.*
LO3: Step 2: Conduct a Situation Analysis Using SWOT **A.** A *situation analysis using SWOT* assesses both the internal environment with regard to its strengths and weaknesses and the external environment in terms of its opportunities and threats. **B.** SWOT 1. Strengths 2. Weaknesses 3. Opportunities 4. Threats	*A SWOT analysis is comprehensive, in that it offers both an internal and an external assessment.* *The firm therefore must possess expertise in both what the firm can provide and what the market wants the firm to provide.* *Students can take a few minutes and complete a SWOT analysis for their college/university as an in-class exercise.*
LO4: Step 3: Identify and Evaluate Opportunities Using STP An STP analysis uses three steps to identify and evaluate opportunities for increasing sales and profits. **1.** Segmentation: The process of dividing the market into groups of customers with different needs, wants, and characteristics and who therefore might appreciate product or services geared especially to them. **2.** Targeting: An evaluation of each segment's attractiveness to determine which to pursue through *target marketing.* **3.** Positioning: The process of defining the marketing mix variables to communicate a clear, distinctive, desirable understanding of what the product does or represents in comparison with competing products to target customers.	*After completing the situation audit, the next step is to identify and evaluate opportunities for increasing sales and profits using **STP (segmentation, targeting, and** positioning).* *With STP, the firm first divides the marketplace into subgroups or segments, determines which of those segments it should pursue or target, and finally decides how it should position its products and services to best meet the needs of those chosen targets.* *Refer to Exhibit 2.6 for an example of segmentation.* *Hertz realizes that its primary appeal for the SUV/Minivan collection centres on young families, so the bulk of its marketing efforts for this business are directed toward that group.*
LO5: Step 4: Implement Marketing Mix and Allocate Resources	*After companies have finished their segmentation, targeting and positioning efforts, they need to set*

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Annotated Chapter Outline	Instructor's Notes
1. Marketing managers are responsible for setting specific objectives for the product or brand over time. 2. Develop Marketing Mix	*the marketing objectives for their product or brand and develop the marketing mix.* *Refer to Exhibit 2.7 for a visual representation of Developing the Marketing Mix. This can be used to introduce the topic for a brief discussion. Or a more detailed discussion can follow based on the content that follows.*
Each element of the 4 P's must be fully integrated to achieve a coherent strategy: **A. 1st P: Product and value creation**. Firms attempt to develop products and services that customers perceive as valuable enough to buy.	***Ask students:*** *What value proposition does Dyson bring to its clients? Do you believe it is a good value compared with less expensive comparable products?* *Ask if they have seen/used Dyson fans. Do these products offer enough value to have students consider purchasing them?*
B. 2nd P: Price and value for money. Value-based marketing requires that firms charge a price that customers perceive gives them a good value in relation to the product they receive.	*The concept of value will be covered again in the pricing chapter and throughout the course. It is worth spending some time on Value-based pricing.* ***Ask students*** *what they think about Dyson's new hair dryer that retails for $499.* *Show students two differently priced products from the same category. Ask which one they view as better value and why? For example, an Apple iPhone vs. another smartphone.*
Pricing Approaches: **1.** *Cost-based pricing* uses the following equation: cost + fixed amount = selling price. **2.** *Competitor-based pricing* uses competitor's price ± a specified amount = selling price. **3.** *Value-based pricing* dictates that customers' perceived value = selling price.	*The course covers pricing in more detail later; this section provides just a brief introduction. Many students will be familiar with cost-based pricing from their finance studies. Explain that marketers view price differently.*
C. 3rd P: Place and value delivery. Firms must make products/services readily accessible where and when customers want it.	*Getting the product to consumers at the exact moment they desire it is difficult. Firms therefore are experimenting with different forms of distribution, such as vending machines for cell phones, to offer consumers 24/7 access to products.*

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	Firms experiment with different forms of distribution, such as vending machines for cell phones, to offer consumers 24/7 access to products. *Staples has incorporated web kiosks in their stores to access Staples.com, allowing consumers to buy products that are out of stock in-store.* ***Ask students** if they are familiar with Sephora, if they like it, and why? Most likely they will be very fond of this retailer. They offer an incredible assortment in a well-organized, well-lighted, exciting retail environment.*
D. 4th P: Promotion and value communication **1.** Use a variety of media. **2.** Deliver the value proposition.	*Consumers enter into an exchange only if they know that the firm's product or service appears in the marketplace. This is why promotion is so important. They won't buy if they don't know about it.*
Various tools, such as the **Boston Consulting Group (BCG) matrix** help marketers allocate resources.	*In all firms, resources are scarce and must be allocated so that they create the most value for the firm. The Boston Consulting Group Matrix is a tool some companies use to help them do this.* *Stars occur in high growth markets and are high market share products, for example the iPod Nano.* *Cash cows are in low growth markets but have high market shares, e.g. Microsoft's Office suite of software.* *Question marks appear in high growth markets but have relatively low market shares, e.g. Toshiba's High Definition TV versus Sony's Blu-Ray. Blu-Ray appears to have won the battle and is moving over to becoming a Star.* *Dogs are in low growth markets and have relatively low market shares.* ***Ask students** to visit the P&G website to identify stars, cash cows and question marks (newer products). They won't find any dogs at P&G's site.*

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Step 5: Evaluate Performance by using Marketing Metrics and Make Adjustments The firm must determine why it achieved or did not achieve its performance goals. Performance objectives and metrics may be **financial** or related to **social responsibility**.	*Firms cannot simply remain content with a strategy for too long. Over time, all strategies must be revised to adjust to new markets, new competitors, and new technologies. The firm must recognize not only its failures but also its successes to ensure continued success.*
Strategic Planning Is Not Sequential Actual planning processes move back and forth among these steps.	*The marketing planning steps are likely to not be sequential, since, planning entails an iterative process and is affected by market shifts, new research findings, and/or the introduction of new products. Thus, rarely will the process follow the identified steps neatly.*
LO6: Growth Strategies	*The growth strategies model is crucial for students to understand.* *Fundamentally, all strategies involve one or a combination of the four factors pictured in this slide.* *Each can be used to achieve different objectives. A series of slides follows that can be used to expand on these strategies if desired.*
1. Market Penetration A *market penetration strategy* employs the existing marketing mix and focuses the firm's efforts on its existing customers.	*Sales encourage current users to consume more of the current product mix, but they also bring new customers to the business.* *Many strategies can be used to get current consumers to consume more of your product.* ***Group activity:*** *Ask students to brainstorm ways in which firms can get current consumers to consume more. Example solutions might include coupons, loyalty cards, or serving size changes.*
2. Market Development **A.** A *market development strategy* employs an existing marketing offering but extends it into new market segments. **B.** International expansion is generally riskier than domestic expansion.	*This might include targeting growing ethnic groups in Canada or global expansion, which is a popular way for many firms to improve their profitability.* ***Ask international students,*** *if you have them in your class, what types of products and brands are entering their markets?*

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	Global expansion is a popular way for many firms to improve their profitability. Market development strategy can be explained using MTV as an example. It enjoys a competitive advantage in global markets because North American culture is widely emulated for consumer products.
3. Product Development A *product development strategy* offers a new product or service to a firm's current target market.	*A product development strategy requires that the firm understands its current consumers' needs/wants well enough to identify other products/services that would be attractive to them.* ***Ask students*** *for examples of products that are targeted to them by companies who already have their business. They will no doubt mention many food products including drinks, candy and fast food.*
4. Diversification A *diversification strategy* introduces a new product or service to a market segment that currently is not being serviced.	*A* ***diversification strategy*** *introduces a new product or service to a market segment that currently is not served. Diversification opportunities may be either related or unrelated.* *In a related diversification opportunity, the current target market and/or marketing mix shares something in common with the new opportunity. The firm might be able to purchase from existing vendors, use the same distribution and/or management information system, or advertise in the same newspapers to target markets that are similar to their current consumers.* *In an unrelated diversification, the new business lacks any common elements with the present business.*

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Marketing Applications

1. How have PepsiCo and Coca-Cola created sustainable competitive advantages for themselves?

Example answer:

- PepsiCo and Coca-Cola have created sustainable competitive advantages for themselves by building brand awareness through strategic sponsorships, unique advertising campaigns, and efficient operations.

2. Perform a SWOT analysis for your college or university.

Instructor's Notes*: This exercise challenges students to think about their educational institution from the perspective of not a student but rather a marketing professional. To complete the SWOT analysis, students will need to think about what the school does well, how it might perform better, how those strengths might open new opportunities for growth, and the potential weaknesses created by the school's identified weak areas.*

Example answers:

An example of SWOT analysis for the Telfer School of Management, University of Ottawa might contain the following:

Strengths	• Top-ranked program for innovation and entrepreneurship studies • AACSB accreditation • International student body and alumni network • Accomplished academic faculty
Weaknesses	• Image: Viewed as a French university outside in English Canada but as an English university in Quebec • No PhD in Management program
Opportunities	• Expansion of online program offerings • Leverage growing international alumni network • Expansion of Graduate Research Degree programs
Threats	• Many competing entrepreneurship programs in the Ontario and Canada • Potential for school ranking to drop

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3. **How does Coca-Cola segment its market? Describe the primary target markets for Coca-Cola. How does it position its various offerings so that it appeals to these different target markets?**

Instructor's Notes: *Using this popular brand, students can explore to whom the products are targeted and how the companies apply this targeting to appeal to the consumer segment in question.*

Example answers:

Geographic segmentation

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Coca-Cola has a countrywide network of product distribution but the company segments more in urban and suburban areas as compared to rural areas and does the same in other countries.

Demographic segmentation

- Age: 15-25 years old and 40 plus
- Gender: targets both genders with a wide variety of drinks
- Income: segments different income levels, for example, by packaging
- Family size: offers various bottle sizes: 500ml, 1L, 1.5L, 2L pack. People can easily choose a suitable pack based on their family size.

Psychographics segmentation

- People who are brand conscious will try to show their status by drinking Coca-Cola.
- Based on the level of education, the company can use ads to convey the company massage.
- Because Coca-Cola is a recognized world brand, people will drink it without hesitation.

4. Pick your favourite product, service provider, or retailer. How do they add value through the implementation of the 4Ps?

Instructor's Notes: *Students must think about how value might be created by his or her favourite product or service on the basis of the four elements of the marketing strategy—product, price, place, and promotion—and how they come together to create that value.*

Example answers:

- Toyota 86 (formerly Scion frs) automobile:
  - Product: A low-cost vehicle with many customizable options.
  - Price: Low company costs passed on to the consumer in the form of low prices, which makes the vehicle affordable even on a student's limited budget.
  - Place: A combination of wide dealership distribution and robust online sales, which enables the student to choose his or her vehicle options online and have it ready for pick up at an associated dealership.
  - Promotion: Street-smart, hip, high-energy advertising that highlights how many options a student has in making the car his or her own unique, personal statement.

5. Choose three retailers. You believe the first builds customer value through product excellence, the second through operational excellence, and the third through customer excellence. Justify your answer.

Instructor's Notes: *Whereas the previous questions ask students to consider how various marketing elements (such as the 4Ps) create value for consumers, this exercise challenges them to consider more macro-level strategies for creating and delivering value, as well as for developing sustainable competitive advantage.*

Example answers:

- Product excellence: Apple effectively has branded its iPod media player and iTunes online media store so that comparable, cheaper MP3 devices and online music stores seem inferior.
- Operational excellence: WestJet Airlines offers consistent customer experience, regardless of the airport, and manages its logistics so that it meets or beats the on-time arrival and departure performance of all other major airlines.

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- Customer excellence: Enterprise Rent-A-Car provides strong customer service, both at the counter and by offering to pick up customers at their homes or businesses when they rent a vehicle from the agency.

6. **Dyson successfully sells its fans and heaters for $150 to $400, whereas most conventional fans sell for around $25. Explain the value it creates and how this affects the price it can charge.**

Instructor's Notes: *This question asks student to apply their knowledge of pricing to a real company and a real situation with which most of them would have a cursory knowledge. This exercise would not only show them first-hand how companies use pricing to create value while satisfying different customer needs and wants.*

Example answers:
Dyson fans and fan heaters draw in and redirect surrounding air without potentially dangerous or fast spinning blades or visible heating elements. These sculpturally beautiful appliances are perceived by consumers to be a valuable alternative to products that haven't significantly changed since the early 1900s.

7. Of the four growth strategies described in the chapter, which is the riskiest? Which is the easiest to implement? Why?

Instructor's Notes: *The focus of this question is to get students to think about the strategies and tactics companies can use to grow their businesses. They should be able to identify the factors that could influence the success or failure of these strategies.*

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Example answers:
Of the four growth strategies, diversification is the riskiest because it involves significant reallocation of resources. Diversification requires firms to invest in both new products and new markets. Market penetration is probably the easiest to implement because it requires initiatives to get more of your current customers to purchase more of your current products. Programs that offer sales, discounts, two-for-one, or BOGO specials can assist in a market penetration strategy.

8. Imagine that you have just developed and launched a new sports bike for cycling enthusiasts and your business has become an instant success. You would like to capitalize on this success and fame to grow your business. Explain how you would go about expanding your business over the next three years

Instructor's Notes: *The goal of this question is get students to think about how they may apply the four growth strategies – market penetration, product development, and market development, and diversification.*

Example answers:
Students should be able to identify an appropriate sequence in the application of the growth strategy. Given that it is a new business that has been an instant success, students should likely suggest a market penetration strategy for most of the three years, if not all of it, followed by either a market development or product development strategy, depending on which of these two they consider more lucrative or risky. Students should be asked to justify their choice of growth strategies and to identify specific products they would develop or specific markets they would pursue.

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9. **Use the sports bike scenario from the previous question, describe what kinds of analysis you might conduct before deciding what growth strategies to implement?**

Instructor's Notes: *This question requires students to consider the type of information they would need in order to decide on which strategy to employ.*

Example answers:
Students who choose market penetration may decide to focus on customer satisfaction and feedback data in order to improve their offering. Those that intend to use market development will likely focus on researching the new market(s) or segment(s) in order to get insights about customers' needs and wants and how they align with their existing resources and capabilities. Those that focus on a product development strategy will more likely collect information on customers' unmet needs or latent needs in order to develop new products to satisfy those needs.

10. **You and a few of your classmates are planning to open a new spa facility near the campus of your university. Explain how you would segment the market for your services, which segment would you target, and how would you position your spa to the chosen target market.**

Instructor's Notes: *This question requires that students apply their knowledge of the process of segmenting a market and to list the criteria for selecting a market segment.*

Example answers:
Students' answers may vary but they must clearly indicate that segmentation is about creating groups of customers that respond similarly to the firm's marketing efforts. They must state bases for segmenting the market, for example, using demographic factors (e.g., age, sex, income, location, etc) or psychological or behavioural considerations. Students must also identify the criteria for selecting a target market i.e. a segment's attractiveness in terms of factors such as size and growth potential.

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Marketing Digitally

1. **The mission statement for The Estée Lauder Companies is "'Bringing the best to everyone we touch'. By 'The best', we mean the best products, the best people and the best ideas. These three pillars have been the hallmarks of our Company since it was founded by Mrs. Estée Lauder in 1946. They remain the foundation upon which we continue to build our success today." Harley-Davidson, Inc.'s mission statement is more straightforward: "We fulfill dreams through the experience of motorcycling, by providing to motorcyclists and to the general public an expanding line of motorcycles and branded products and services in selected market segments." (Both statements were taken from www.missionstatements.com/fortune_500_mission_statements.html) These different perspectives also reflect the quite different positioning adopted by each company. Visit the websites of each manufacturer and review the descriptions of the company, its mission, and its values. Do you believe these two disparate mission statements reflect what the firms do and how they are portrayed in the media? Justify your answer.**

Instructor's Notes: Students should discuss the difference between the two mission statements and how they relate to both Estee Lauder's and Harley-Davidson's company's official descriptions.

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Example answers:
About Estee Lauder
Our culture is often described as a rare mix of family values with a high-performing public company. This unique mix translates into a caring, collaborative, and compassionate workplace that is also demanding—with a competitive spirit that is a powerful source of motivation. Above all else, there is a focus on long-term, sustainable growth which engenders loyalty and commitment from internal and external stakeholders.

About Harley-Davidson
Fulfilling dreams of personal freedom is more than a phrase. It's our purpose and our passion. We bring a commitment of exceptional customer experiences to everything we do—from the innovation of our products to the precision of our manufacturing—culminating with our strong supplier and dealer networks. We are Harley-Davidson.

2. More and more firms seem to be entering the dating service industry. Visit eHarmony (http://www.eharmony.ca) and tour its website to find the types of activities and methods such companies use to help match compatible couples. Now, analyse the environment that might affect Internet dating services using a SWOT analysis.

Instructor's Notes: *Students can apply what they have learned to a novel service area they might not have considered before. To obtain an understanding of how a company like eHarmony attempts to match singles, students must consider what factors affect online dating services in the guise of a SWOT analysis.*

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Example answers:

- eHarmony uses questionnaires to probe what people think about relationships (i.e., what they want, what's important, what they like or don't like), as well as personality tests to create a high-quality dating match.
- According to the following SWOT analysis, eHarmony might face problems on two fronts. First, singles could use many other low-cost options—both online and real-world—to meet and get to know one another. With so many options, clients might not be willing to pay for the eHarmony subscription service. Second, there is no guarantee that clients can avoid potentially negative, or even dangerous, situations with bad matches or sexual predators who use the service for their own ends.
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Strengths	• At-home convenience factor • Multiple matching criteria • Low client risk
Weaknesses	• No guarantee that matches will be good or safe • Requires client subscription to enable communication between matches
Opportunities	• Use matching criteria for couples to provide inexpensive counselling • International expansion
Threats	• Many no-charge opportunities for singles to meet, online or off • Potential for sexual predators to use the service negatively

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End-of-Chapter Case Study: The Coffee Wars

1. **Perform a SWOT analysis for Starbucks and Tim Hortons. Based on your analysis, in which company would you invest? Justify your answer.**

Example answers:

SWOT analysis: Starbucks

	Positive	*Negative*
Internal	***STRENGTHS***	***WEAKNESSES***
	• Ubiquitous Stores • Social Marketing Channels	♦ High Prices
External	***OPPORTUNITIES***	***THREATS***
	♦ Growing Market	♦ New competitors (McDonald's and Taco Bell)

SWOT analysis: Tim Hortons

	Positive	*Negative*
Internal	***STRENGTHS***	***WEAKNESSES***
	♦ Higher number of locations ♦ Long history in Canada	♦ Foreign ownership has resulted in bad press and bad franchisee relations
External	***OPPORTUNITIES***	***THREATS***
	♦ Growing Market Globally	♦ New competitors (McDonald's and Taco Bell)

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2. **Which growth strategies have been pursued by Starbucks and Tim Hortons in the past? Which strategies do you believe will be most successful for the two firms in the future? Why?**

Example answers:

Starbucks: *Starbucks connects with fans through social marketing channels, including its popular My Starbucks Idea site. New capabilities available through the apps will allow greater connections for the company.*

Tim Hortons: *Through sponsorship of minor league sports teams (e.g., Timbits Hockey) Tim Hortons encourages consumers to interact more closely with it. It popular, vastly successful Roll Up to Win annual promotion will continue to bring fans to its stores.*

3. **Which marketing metrics would be most helpful for an executive in charge of developing new products for a coffee chain?**

Instructor's Notes: *Not all students will be familiar with performance metrics. This question may require some students have to think about measures they might not have considered before.*

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Example answers:
Students will answer with different metrics. Some commonly used metrics to assess performance include revenues, or sales, and profits. An attempt to maximize one metric may therefore lower another. Thus, managers must understand how their actions affect multiple performance metrics. The metrics used to evaluate a firm vary depending on (1) the level of the organization at which the decision is made and (2) the resources the manager controls.

Video Activities

Video: Marketing Strategy at Wham-O

Core Concepts Covered: SWOT analysis, marketing strategy

Summary: This video case views marketing strategy from the perspective of a toy company that has changed ownership many times over the years. Wham-O, creator of the Frisbee, Hula Hoop, Super Ball, Slip 'N Slide, has introduced over 1,000 products throughout the past 70 years. All were designed to promote outdoor family fun. The company sold in 1982. In the 30 years that followed, it had a plethora of owners. In 2015, the company sold again. At the time, Wham-O's revenue was just a fraction of what it once was. The president who took his position at the acquisition had grown up on Wham-O toys was determined to make the company successful again. A SWOT analysis was conducted to identify the strengths, weaknesses, opportunities, and threats, which is serving as a guide to developing the marketing strategies for the company. Wham-O is focusing on social media as well as restructuring its products and packaging to make them more e-commerce friendly.

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Questions:
1: What might some of the key findings be for Wham-O when conducting a SWOT analysis?

Brief Answer:
Strength: Large assortment of products
Weakness: Lost reputation for novelty because of diminished quality by some of the many owners
Opportunity: Build the bridge between the young generation and the heritage of the company through various media, especially social
Threat: Changing lifestyles

2: One big problem for Wham-O is that it is not e-commerce friendly. What is the cause of this problem?

Brief Answer:
With the size of some of some of the products and their low prices, the shipping costs are more than the price of the product. This makes shipping impractical.

Additional Teaching Tips

In this chapter, the goal is to introduce students to an overview of the marketing plan, the concept of customer value, and the utility of the SWOT matrix. It is important to teach students that the

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importance of the marketing plan is to communicate the value proposition to consumers and to provide direction on how that will be achieved.

The utility of the marketing plan must be conveyed throughout the course. Teach students that **the marketing plan is a subset of the business plan** that forms the foundational strategy of business. Students come to realize the importance of the marketing plan when the instructor frequently makes connection to its purpose not only on the day the concept is taught but also throughout the course.

Customer value is a difficult concept for students to grasp. Instructors may want to ask students to write down something they find of value and what aspects lead to creating that value. The instructor can then ask what they would trade for that value. It is important that instructors communicate that value is more than monetary worth and can't easily be measured. *As a result, marketers must conduct target market research in order to create the value proposition of their marketing strategy*.

The **SWOT matrix** may be easily demonstrated by dividing your class into groups and having each group contribute one item to each of the four quadrants using the college they are attending (common ground for all students) or a major chain food (such as McDonald's) so that all students are familiar with strengths, weaknesses, opportunities, and threats that may apply. Students can work as a group and then each group may put their items on the white boar to form a collective classroom SWOT. Instructors should then make the link that the opportunities and strengths should filter into the marketing message delivered in advertising campaigns and other marketing tools. **Online tip:** Instructors may want to divide their class by last name A-E Strengths, F-J Weaknesses, and so forth to answer a discussion board question using the same concept. Students could then complete an individual SWOT as an assignment. Another option would be to use the same concepts and integrate it as an online team assignment where each team forms their respective completed SWOT.

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Newsletter Teaching Aid

Remember to subscribe to "**Grewal Levy Marketing News"** at https://grewallevymarketing.com/. Published regularly, each newsletter contains a feature article on current topics, for example Lime Rental Scooters, with discussion questions that can be used in class. Each article is tagged so instructors can quickly identify relevant chapters for the newsletter content. The site also features a selection of related articles, links to current videos that can be used in class, as well as links to archived articles sorted by chapter for ease of use in your class.

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