Contemporary Marketing 17th edition Boone Solutions Manual

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CHAPTER 2

STRATEGIC PLANNING IN CONTEMPORARY MARKETING

CHAPTER OVERVIEW

Today's marketers face strategic questions every day. Planning strategy is a critical part of their jobs. The marketplace changes continually in response to changes in consumer tastes and expectations, technological developments, competitors' actions, economic trends, and political and legal events, as well as product innovations and pressures from suppliers and distributors.

Although the causes of these changes often lie outside a marketer's control, effective planning can anticipate many of them. For example when the price of gas and jet fuel soared recently, travelers opted to stay close to home instead of enjoying vacations to exotic, faraway places. This represented an opportunity for places like Ocean City, Maryland, and Branson, Missouri. Any destinations that promoted itself to potential vacationers within a short drive could find itself adding up the profits.

This chapter lays a foundation for analyzing all aspects of marketing by demonstrating the importance of gathering reliable information to create an effective plan. These activities provide a structure for a firm to use its unique strengths. Marketing planning identifies the markets a company can best serve as well as the most appropriate mix of approaches to satisfy the customers in those markets. While this chapter focuses on planning, in later chapters the task of marketing research and decision making will be explored.

Changes in the Updated Edition

The chapter has been updated and revised, with new features in several areas:

- **The Opening Vignette** and **Evolution of a Brand** discuss Yahoo and its CEO, Marissa Mayer. Mayer, the first female engineer hired at Google, took the Yahoo CEO position with the daunting challenge of turning around the company after several unprofitable years. One of her first initiatives at Yahoo outlined a plan to make employees more productive. She has continued to acquire smaller tech companies, specifically for their engineering talent. One of the company's important strategies has got involve jumping in to mobile technology, a position Yahoo has lacked over the past few years. Mayer also has tried to change the organization's culture—including a controversial policy abolishing the firm's long-standing telecommuting policy for employees.

- **Solving an Ethical Controversy** analyzes the case of the New England Patriots and one of its players, Aaron Hernandez, who was charged with murder. During his three years with the team, Hernandez gained many fans, who purchased his Patriots jersey in support of the team. Once he was charged, the Patriots told fans they could trade in their Hernandez jerseys for a different one, which cost the team more than $250,000. It also discusses the question "should team franchises disassociate themselves from a player facing criminal charges?" The issue of acting swiftly to maintain a company's brand is also discussed.

- **Marketing Success** features "Layaway Programs a Big Hit with Shoppers" and describes how some national retailers have brought back layaway programs as a way of enticing customers to purchase products and have the retailers hold them until consumers pay them on a weekly basis. This strategy is particularly successful during the important holiday retail season.

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- **Career Readiness** provides some simple guidelines to make a good impression at a job. For details, refer to "Succeeding in Your First 'Real' Job."

- **Chapter Case 2.1 Hotels Target Millennials with New Amenities** features how hotels are trying to attract Millennials who are poised to become the largest consumer group in U.S. history. It focuses on how the hotels keep their young guests who lack brand loyalty interested.

- **Collaborative Learning Exercises** are provided in several areas related to strategic planning and the marketing process—Planning Throughout the Organization, Defining the Organization's Mission and Objectives, Strategic Planning, Formulating a Marketing Strategy, Promotion Strategy and Pricing Strategy, The Marketing Environment, and BCG Matrix.

- **Video Case 2.2 Synopsis** includes an overview of strategic planning and the marketing process at Nederlander Producing Company and its theaters in New York City and other locations.

LECTURE OUTLINE

Opening Vignette and Evolution of a Brand— *Marissa Mayer, Yahoo's CEO has big plans for the company in an effort to get it back in the forefront of digital and mobile marketing.*	
Chapter Objective 1: Distinguish between strategic planning and tactical planning. **Key Terms:** planning, marketing planning, strategic planning, tactical planning **PowerPoint Basic:** 5, 6 **PowerPoint Expanded:** 5, 6, 7	
Career Readiness—*Ask students to provide few suggestions on how to make a good impression at their first real job.*	1. Marketing planning: the basis for strategy and tactics a. Definition of planning: the process of anticipating future events and conditions and determining the best way to achieve organizational objectives b. Planning is important for both large and small companies c. Marketing planning i. Marketing planning refers to implementing planning activities devoted to achieving marketing objectives ii. An important trend in marketing planning centers on relationship marketing d. Good relationships with customers can arm a firm with vital strategic weapons e. Many companies now include relationship-building goals and strategies in their marketing plans, maintaining databases to track customer preferences 2. Strategic planning versus tactical planning a. Strategic planning is defined as the process of determining an organization's primary objectives and adopting courses of action that will achieve these objectives b. Strategic planning includes allocation of resources, and provides long-term directions for the decision makers c. Tactical planning, a complementary approach to strategic planning, guides the implementation of activities specified in the strategic plan d. It addresses shorter-term actions, focusing on current and near-future activities that need to be completed so that larger strategies can be implemented

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	Assessment check questions 1.1. Define planning. *Planning is the process of anticipating future events and conditions and of determining the best way to achieve organizational objectives*. 1.2. Give an example of strategic planning and tactical planning. *To survive in a challenging environment of soaring fuel costs, several airlines have decided to merge as part of their strategic planning. Tactical plans include cutting the number of flights and charging passengers extra for checked baggage and other services.*
Chapter Objective 2: Explain how marketing plans differ at various levels in an organization. **Key Terms:** none **PowerPoint Basic:** 7, 8 **PowerPoint Expanded:** 8, 9	
Table 2.1 Planning at Different Managerial Levels. *Which managers focus most on broad goals and long-term planning? Which managers focus most on planning for day-to-day tasks?* *Note: Discuss how two companies approached a similar problem differently, with different results. How did Nintendo and Microsoft compete against Sony's PlayStation 2 with their gaming consoles, GameCube and Xbox respectively?*	1. Planning at different organizational levels a. Managers at all organizational levels devote some of their attention to planning activities b. The amount of time spent on planning activities and the types of planning vary by organizational level c. Top management (CEOs, COOs, and functional vice-presidents) i. Spend more of their time planning than middle-level and supervisor-level managers ii. Usually, they focus more on long-range strategic issues d. Middle management i. Tend to focus on operational planning, which includes creating and implementing tactical plans for their own departments ii. Supervisors often develop specific programs to meet goals in their areas of responsibility iii. To be most effective, the planning process includes input from a wide range of sources, including employees, suppliers and customers **Assessment check questions** 2.1. How do marketing plans vary at different levels of the organization? *Top managers usually focus their planning activities on long-range strategic issues. In contrast, middle-level managers focus on operational planning, which includes creating and implementing tactical plans for their own units. Supervisors develop specific programs to meet goals in their areas of responsibility*. 2.2. Why is it important to get input from others when planning? *Input from a variety of sources—other employees, suppliers, or customers—helps ensure that many ideas are considered. Involving those people in planning can also turn them into advocates for the plan.*
Chapter Objective 3: Identify the six steps in the marketing planning process. **Key Terms:** mission, marketing strategy **PowerPoint Basic:** 9 **PowerPoint Expanded:** 10, 11	
	1. Steps in the marketing planning process

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Figure 2.1 The Marketing Planning Process. *Which step might be more difficult than it seems? Which step do you think can be easily overlooked?*

Note: Choose a couple of local and global organizations and use their mission statements as class examples

Do advertisements viewed as personalized by marketers invade privacy? Do you think the potential of mobile advertising will provide a competitive edge?

a. Define the firm's mission
b. Determine organizational objectives
c. Assess resources and evaluate environmental risks and opportunities
d. Formulate a marketing strategy
e. Implement the strategy through operating plans
f. Gather feedback to monitor and adapt strategies when necessary

2. Defining the organization's mission and objectives
   a. The organizational mission
      i. The mission is the essential purpose that differentiates the organization from others
      ii. The mission statement specifies the organization's overall goals and operational scope and provides general guidelines for future management actions
      iii. Adjustments made to the mission statement reflects changing business environments and management philosophies
   b. The organizational objectives
      i. The basic objectives, or goals, in a firm's mission statement guide the development of supporting marketing goals and plans
      ii. Objectives should state specific intentions
3. Assessing organizational resources and evaluating environmental risks and opportunities
   a. This consists of an assessment of an organization's strengths, weaknesses, and available opportunities
   b. Organizational resources include capabilities of the firm's production, marketing, finance, technology, and employees
   c. Environmental effects can emerge both from within the organization and from the external environment
4. Formulating, implementing and monitoring a marketing strategy
   a. A good marketing plan revolves around an efficient, flexible, and adaptable marketing strategy
   b. A marketing strategy is an overall, companywide program for selecting a target market and satisfying customers in that market through a careful blending of the elements of the marketing mix—product, distribution, promotion, and price
   c. The strategy must be monitored to ensure that objectives are being met
5. In the two final steps of the planning process, marketers put the marketing strategy into action; then they monitor performance to ensure that objectives are achieved
6. Sometimes strategies need to be modified if the product's or company's actual performance is not in line with expected results

Assessment check questions

3.1. Distinguish between an organization's mission and its objectives. *The firm's mission is the essential purpose that differentiates the company from others. Its objectives guide development of supporting marketing objectives and plans. Avon's mission is to be "the company for women." One of its objectives might be*

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	convert all its packaging to recycled materials. 3.2. What is the importance of the final step in the marketing planning process? *In the final step of the marketing planning process, managers monitor performance to ensure that objectives are achieved.*
Chapter Objective 4: Describe successful planning tools and techniques, including Porter's Five Forces model, first and second mover strategies, SWOT analysis, and the strategic window. **Key Terms:** Porter's Five Forces, first mover strategy, second mover strategy, SWOT analysis, strategic window **PowerPoint Basic:** 10-15 **PowerPoint Expanded:** 13-19	
Solving an Ethical Controversy: *Can a Team Save Face with Its Fans?* Ask students what responsibilities do professional sports teams and athletes have when it comes to behaving ethically and promoting a brand. Figure 2.2 Porter's Five Forces Model. *Choose one of the forces and think of the ways it relates to a real-world marketing situation.*	1. Successful strategies: tools and techniques a. Four tools for marketing planning include Porter's Five Forces model, first and second mover strategies, SWOT analysis, and the strategic window b. All of these planning strategies have the goal of creating a sustainable competitive advantage for a firm, meaning that other companies cannot provide the same value 2. Porter's Five Forces a. Porter's Five Forces is a model which identifies five competitive forces that influence planning strategies b. Porter later updated his model to include the impact of the Internet on the strategies that businesses use c. They are: i. The threat of new entrants—is influenced by the cost and difficulty of entering a market. The Internet has reduced the barriers to market entry in many industries ii. Bargaining power of buyers—can influence the firm's strategy as customers can easily find alternate suppliers and do price comparisons and switch to a better supplier iii. Bargaining power of suppliers—is influenced by the number of suppliers iv. The threat of substitute products—can be either products from a competing firm or industry v. Rivalry among competitors—all the above four factors influence rivalry d. Issues such as cost and differentiation or lack of differentiation of products—along with the Internet—influence the strategies that companies use to stand out from their competitors 3. First mover and second mover strategies a. A first mover strategy advocates that a company that is first to offer a product will be the long-term market winner. Being first may also refer to entering new markets with existing products or creating significant innovations that effectively turn an old product into a new one b. A second mover strategy advocates close observation of the innovations of first movers and then improving on them to gain market advantage 4. SWOT analysis a. SWOT analysis helps planners compare internal organizational strengths and weaknesses with external opportunities and threats b. "SWOT" is an acronym for *strengths, weaknesses, opportunities,*

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Figure 2.3 SWOT Analysis. *Think of a well-known product and its possible weaknesses and threats. Then consider its strengths and opportunities.*

Note: An example of a strategic window: During the extended period when HP and Compaq struggled to complete their merger, Dell Computer aggressively courted Compaq's large corporate customers trying to leverage Dell's strengths and take advantage of the confusion caused by the pending HP/Compaq merger.

and *threats*

c. This is an important strategic planning tool

d. SWOT – strengths

i. A set of core competencies—what the organization does well

ii. Core competencies are capabilities that customers value and competitors find difficult to duplicate

iii. Matching an internal strength with an external opportunity produces a situation known as leverage

e. SWOT – weaknesses

i. Internal weaknesses create environmental threats that can attack an organization's strength

ii. Planners must anticipate constraints when internal weaknesses or limitations prevent their organization from taking advantage of opportunities

5. Strategic window

a. The strategic window refers to the limited periods when key requirements of a market and the particular competencies of a firm best fit together

b. The view through a strategic window shows planners a way to relate potential opportunities to a firm's capabilities

c. It requires a thorough analysis of three elements:

i. Current and projected external environmental conditions

ii. Current and projected internal company capabilities

iii. How, whether, and when the firm can reconcile environmental conditions and company capabilities by implementing one or more marketing strategies

Assessment check questions

4.1. Briefly explain each of Porter's Five Forces. *Porter's Five Forces are the threats of potential new entrants, which increases competition in a market; bargaining power of buyers, which can depress prices; bargaining power of suppliers, which can increase costs or reduce selection; threat of substitute products, which can lure customers to other products; and rivalry among competitors, which can bring about price wars or divert companies from their main goals.*

4.2. What are the benefits and drawbacks of a first mover strategy? *The benefits of a first mover strategy include capturing the greatest market share and developing long-term relationships with customers. Disadvantages include the possibility that companies that follow can learn from mistakes by first movers. Procter & Gamble has been a first mover with its line of Swiffer products.*

4.3. What are the four components of the SWOT analysis? What is a strategic window? *SWOT analysis helps planners compare internal organizational strengths and weaknesses with external opportunities and threats. SWOT is an acronym for strengths, weaknesses, opportunities, and threats. A strategic window defines the limited periods when the key requirements of a market and a firm's particular competencies best fit together.*

Chapter Objective 5: Identify the two basic elements of a marketing strategy.

Key Terms: marketing mix, product, product strategy, distribution strategy, promotion strategy, pricing

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strategy

PowerPoint Basic: 16, 17

PowerPoint Expanded: 20-23

Note: Ask students to compare products of a company aimed at different target markets, in terms of the marketing mix variables. You could consider automobiles, computers, and smart phones as examples. For instance, tablets, laptops for students, and laptops for business could be compared.

Marketing Success—Layaway Programs a Big Hit with Shoppers

Figure 2.4 Elements of a Marketing Strategy and Its Environmental Framework. *Discuss how each strategy reaches, persuades, and develops a relationship with buyers.*

1. Elements of a marketing strategy
   a. An effective marketing strategy does several things:
      i. It reaches the right buyers at the right time
      ii. It persuades them to buy the product
      iii. It develops a strong relationship with them over time
   b. The basic elements of a marketing strategy consist of two concepts:
      i. the target market
      ii. the marketing mix variables that combine to satisfy the needs of the target market
2. The target market
   a. The target market is a group of consumers toward whom the firm aims its marketing efforts, and ultimately its merchandise
   b. Diversity plays an ever-increasing role in targeting markets
      i. The Hispanic population in the United States has surpassed African Americans as the largest minority group
      ii. Targeting consumers in specific global markets also represents a challenge—and an opportunity
3. Marketing mix variables
   a. Marketing decisions can be divided into four variables or strategies which form the total package, called the marketing mix
   b. The four marketing mix variables are product, distribution, promotion, and pricing strategies
   c. The marketing mix consists of a blend of these four variables to fit the needs and preferences of a specific target market
4. Product strategy
   a. The term product means more than a good, service, or idea—it refers to a broad concept that also encompasses the satisfaction of all consumer needs in relation to a good, service, or idea
   b. So product strategy involves more than just deciding what goods or services the firm should offer to consumer groups
   c. It also includes decisions concerning customer service, package design, brand names, trademarks, patents, warranties, the lifecycle of a product, product positioning, and new-product development
5. Distribution strategy
   a. The concept of distribution strategy refers to the ways marketers ensure that consumers find products in proper quantities at the right time and right place
   b. Distribution decisions involve:
      i. Modes of transportation
      ii. Warehousing
      iii. Inventory control
      iv. Order processing
      v. Selection of marketing channels including intermediaries
   c. Technology has continually opened up new channels of distribution in many industries (an example is online selling). The

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Note: Ask students for examples of companies that formed alliances as a distribution strategy.	Internet has caused the biggest revolution in distribution since the mail-order catalog 6. Promotion strategy a. Promotion strategy refers to the communications link between sellers and buyers b. In developing a promotion strategy, marketers blend the various elements of promotion to communicate most effectively with their target markets c. Integrated marketing communication (IMC) coordinates all promotional activities so that the consumer receives a unified and consistent message 7. Pricing strategy a. Pricing strategy deals with the methods of setting profitable and justifiable prices b. It is closely regulated and subject to considerable public scrutiny c. One factor that influences a marketer's pricing strategy is competition d. A good pricing strategy should create value for customers, building and strengthening their relationship with a firm and its products **Assessment check questions** 5.1. What are the two components of every marketing strategy? *The basic elements of a marketing strategy are (1) the target market and (2) the marketing mix variables.* 5.2. Identify the four strategic elements of the marketing mix. *The marketing mix consists of product, distribution, promotion, and price strategies*.
Chapter Objective 6: Describe the environmental characteristics that influence strategic decisions. **Key Term:** rule of three **PowerPoint Basic:** 18 **PowerPoint Expanded:** 24-28	
	1. The marketing environment a. Marketing decisions are not made in a vacuum 2. Marketers make decisions about target markets and marketing mix variables by taking into account the dynamic nature of these five dimensions of the marketing environment: a. Competitive factors b. Political-legal factors c. Economic factors d. Technological factors e. Social-cultural factors 3. Some recent trends in the marketing environment: a. Expanding into foreign markets b. Technology—especially the Internet c. Marketers are now increasing efforts to get their messages to consumers via smartphone d. The rule of three means that in any industry, the three strongest, most efficient companies dominate between 70 and 90 percent of the competitive market

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	e. The importance of understanding prevailing cultural norms is vital—the decline of bidding for auction items on eBay is an example f. The entire marketing environment provides a framework for all marketing activity **Assessment check questions** 6.1. What are the five dimensions of the marketing environment? *The five dimensions of the marketing environment are competitive, political-legal, economic, technological, and social-cultural factors*. 6.2. How is concern over the natural environment affecting the other dimensions? *Concerns over the natural environment have led to new and tighter regulations on pollution, which affect the political-legal environment in which marketers operate. Efforts toward sustainability are now social-cultural factors as well because consumer awareness is turning into consumer preference.*
Chapter Objective 7: Describe the methods for marketing planning, including business portfolio analysis and the BCG matrix. **Key Terms:** strategic business unit (SBU), stars, cash cows, question marks, dogs **PowerPoint Basic:** 19-20 **PowerPoint Expanded:** 29-35	
Figure 2.5 BCG Market Share/Market Growth Matrix. *Think of a past or present product or service, a well-known business, or even a broad industry that might fit into each*	1. Methods for marketing planning a. Many firms have developed planning methods to help with marketing decisions b. Two of these types of methods: the strategic business unit concept, and the market share/market growth matrix 2. Business portfolio analysis a. Top managers at large firms need a method for spotting product lines that deserve more investment as well as lines that aren't living up to expectations b. Portfolio analysis attempts to evaluate products and determine the strongest and weakest c. Strategic business units i. A strategic business unit (SBU) is a key business element within a diversified firm ii. Each SBU has its own managers, resources, objectives, and competitors iii. Divisions, products lines, or even a single product may constitute a strategic business unit iv. An SBU, also called a category, focus attention of company managers so that they can respond effectively to changing consumer demand within limited markets 3. The BCG matrix a. The market share/market growth matrix (or BCG matrix) places SBUs in a four-quadrant chart that plots market share—the percentage of a market that a firm controls—against market growth potential b. The quadrants are labeled *stars, cash cows, question marks,* and *dogs* c. Firms in each of the four quadrants require a unique marketing strategy

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quadrant.	d. Stars: i. Stars represent units with high market shares in high-growth markets ii. They generate considerable income, but require even more cash to finance further growth e. Cash cows: i. Cash cows have high market shares in low-growth markets ii. These firms focus on maintaining this status for as long as possible iii. The business produces strong cash flows, which could be used to finance growth of other SBUs with high growth potential f. Question marks: i. Question marks achieve low market shares in high-growth markets ii. Marketers must decide whether to continue supporting these products or businesses as they require more investment than the cash they generate iii. If a question mark cannot become a star, the firm should pull out of the market and target other markets with greater potential g. Dogs: i. Dogs manage low market shares in low-growth markets ii. SBUs here promise poor future, and marketers should consider withdrawing from these markets as quickly as possible Strategic Implications of Marketing in the 21st Century a. Planning has become vital to ,marketers as the 21st century speeds ahead with technological advances b. Marketers need to plan carefully, accurately, and quickly to gain a competitive advantage in today's global marketplace c. Marketers need to plan when to enter a market, differentiate between a star and a dog, and take suitable actions **Assessment check questions** 7.1. What are SBUs? *Strategic business units (SBUs) are key business units within diversified firms. Each SBU has its own managers, resources, objectives, and competitors*. 7.2. Identify the four quadrants in the BCG matrix. *The BCG matrix labels SBUs stars, cash cows, question marks, and dogs. Stars are the products with high market shares in high-growth markets; cash cows command high market shares in low-growth markets; question marks achieve low market shares in high-growth markets; and dogs manage only low market shares in low-growth markets.*

ANSWERS AND TEACHING NOTES TO CHAPTER EXERCISES

Chapter 2 Assurance of Learning Review

1. State whether each of the following illustrates strategic or tactical planning:

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a. Global automakers begin setting up manufacturing plants in China
b. Play N Trade Video Games and Dimensions Games Corporation merge
c. The Cleveland Browns give up draft picks to obtain QB Johnny Manziel ("Johnny Football")
d. A regional airline looks for ways to expand to other markets

Answer: a. *strategic planning*
b. *strategic planning*
c. *tactical planning*
d. *tactical planning*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Marketing Plan
Learning Objectives: 2-1
Topic: A-head: Marketing Planning: The Basis for Strategy and Tactics
Bloom's: Application
Difficulty: Moderate

2. Imagine you had a chance to interview Google co-founders Larry Page and Sergey Brin. What questions might you ask each about strategic planning for his division and the firm overall?

Answer: *Student answers will vary. Questions will be focused on strategic planning. The founders may be quizzed about organization-wide objectives, fundamental strategies, long-term plans for existing and new products, new business lines, possible plans for inorganic growth, total budget etc.*
Point value: 1
BUSPROG: Reflective thinking
DISC: Strategy
Learning Objectives: 2-1
Topic: A-head: Marketing Planning: The Basis for Strategy and Tactics
Bloom's: Application
Difficulty: Moderate

3. What is the difference between a firm's mission and its objectives? Why is it important that both are conveyed clearly to employees and to customers?

Answer: *A firm's mission is the essential purpose and philosophy that differentiates it from other companies. Adjustments in this statement reflect changing business environments and management philosophies. A firm's objectives are its organizational goals, including specific intentions that guide development of marketing objectives and plans, often stated in the company's mission statement. These objectives guide development of supporting marketing objectives and plans. The conveying of the mission and vision clearly to the customers is required in order to differentiate themselves from competitors. Employees need to know them so that they put their efforts for the realization of these objectives.*
Point value: 1
BUSPROG: Analytic
DISC: Strategy
Learning Objectives: 2-3
Topic: A-head: Defining the Organization's Mission and Objectives
Bloom's: Comprehension
Difficulty: Easy

4. Over which of Porter's Five Forces do consumers have the greatest influence? Over which do they have the least? How might these factors affect a firm's overall marketing strategy?

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Answer: *Consumers have the greatest influence on the bargaining power of buyers and the threat of substitutes. Consumers have the least influence on the bargaining power of suppliers. With increased availability of information, which tends to level the playing field, rivalry will increase among competitors who try to differentiate themselves from the crowd. The top management has to keep the consumer preferences in mind while formulating any strategy or plans lest they shift their loyalty to another supplier.*
Point value: 1
BUSPROG: Analytic
DISC: Strategy
Learning Objectives: 2-4
Topic: A-head: Successful Strategies: Tools and Techniques
Bloom's: Comprehension
Difficulty: Easy

5. Why is it so important for a firm to identify its core competencies?

Answer: *A company's strengths reflect its core competencies—what it does well. Core competencies are capabilities that customers value and competitors find difficult to duplicate. Matching an internal strength with an external opportunity produces a situation known as leverage. To make the most of any opportunity, firms must make sure to take advantage of their core competencies.*
Point value: 1
BUSPROG: Analytic
DISC: Strategy
Learning Objectives: 2-4
Topic: A-head: Successful Strategies: Tools and Techniques
Bloom's: Comprehension
Difficulty: Easy

6. How might an understanding of diversity help formulate a firm's marketing strategy?

Answer: *The target market is an essential element of any marketing strategy. Diversity plays an ever-increasing role in targeting markets. Strategies that focus on satisfying the needs of its most prominent target group ensure marketplace success. An understanding of diversity helps formulate strategies that focus on groups with enormous buying potential.*
Point value: 1
BUSPROG: Diversity
DISC: Strategy
Learning Objectives: 2-5
Topic: A-head: Elements of a Marketing Strategy
Bloom's: Comprehension
Difficulty: Easy

7. Suppose you have been hired as a marketer by an online retailer, like Wayfair or Amazon, to help develop a new marketing mix. State one thing you would do to improve the retailer's position through each of the four strategic elements: product, distribution, promotion, and pricing.

Answer:
Product: *Add more variety by including more services*
Distribution: *Start operations in more countries, or in more cities of existing countries*
Pricing: *Placing the product competitively in the market with the help of price discounts*
Promotion: *Focus on social media marketing*
Point value: 1
BUSPROG: Reflective thinking
DISC: Strategy

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Learning Objectives: 2-5
Topic: A-head: Defining the Organization's Mission and Objectives
Bloom's: Application
Difficulty: Moderate

8. What is the rule of three? Suppose you worked for a small firm in a large industry—such as a small manufacturer of furniture. How might you actually use the rule of three to enhance your firm's position in the marketplace?

Answer: *The rule of three means that in any industry, the three strongest, most efficient companies dominate between 70 and 90 percent of the market. Trying to enter that kind of market is difficult, especially for a small company with limited resources. Some strategies include lower prices (greater value) or new features; or higher levels of customer service. Hence, by adding more value to one's products, offering exceptional levels of customer service, and competitive prices can be a strategy that can be used to enhance one's firm's position in the marketplace.*
Point value: 1
BUSPROG: Analytic
DISC: Strategy
Learning Objectives: 2-6
Topic: A-head: Elements of a Marketing Strategy
Bloom's: Comprehension
Difficulty: Moderate

9. What is a portfolio analysis? What purpose does it serve for marketers?

Answer: *The business portfolio analysis evaluates a company's products and divisions, including strategic business units (SBUs) in order to determine which business units are the strongest and which are the weakest.*
Point value: 1
BUSPROG: Analytic
DISC: Strategy
Learning Objectives: 2-7
Topic: A-head: Methods for Marketing Planning
Bloom's: Knowledge
Difficulty: Easy

10. How does the BCG matrix help marketers decide which products to offer? According to the matrix, which types of products are most desirable, and why?

Answer: *The market share/market growth matrix places the firm's market share on one axis and the market's growth potential on the other axis. The resulting four quadrants are labeled: stars (high market share, high-growth market), cash cows (high market share, low-growth market), question marks (low market share, high-growth market), and dogs (low market share, low-growth market).*
In high growth industries, stars are the most desirable, as they have a high market share.
Whereas, in stable or low growth industries, cash cows are desirable. They have a high market share and generate cash that can be used to fund other SBUs of the firm that has the potential for success.
Point value: 1
BUSPROG: Analytic
DISC: Research
Learning Objectives: 2-7
Topic: A-head: Methods for Marketing Planning
Bloom's: Knowledge
Difficulty: Easy

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Projects and Teamwork Exercises

1. Answer: *When students choose a company whose goods and services are familiar to them and create a mission statement, they might start with companies they particularly admire and check their websites for mission statement ideas. When formulating a mission statement, they should make sure that the company's overall broad objectives are spelled out, its philosophy is stated, and its intentions are listed in a clear-cut and straightforward way.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-3
Topic: A-head: Defining the Organization's Mission and Objectives
Bloom's: Application
Difficulty: Moderate

2. Answer: *Students should first study Apple and its strategies to be leaders in innovative products, and then they should research the products of another firm that produces either a digital music player or a smartphone to learn about its strategy. They must understand the benefits as well as the risks involved in being a first mover. They must research the sales progress of the second mover firms, and present the findings*.
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-3
Topic: A-head: Defining the Organization's Mission and Objectives
Bloom's: Application
Difficulty: Moderate

3. Answer: *Students are expected to understand the strategies of Samsung and Sony. In creating marketing strategies, a firm decides to direct its efforts toward a particular group of consumers called a target market. Students will need to narrow their marketing strategy to fit certain specific groups of people, keeping in mind demographics, geographical location, lifestyle, etc. The strategies of Sony and Samsung would be different; hence, students should understand the differences in their approach in depth. Such an effort will help them get clarity on the concepts related to the elements of marketing strategy.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-3
Topic: A-head: Defining the Organization's Mission and Objectives
Bloom's: Application
Difficulty: Moderate

4. Answer: *The students should select any industry of their choice and preference from the four options. They must research the various companies in the industry, battling for a higher market share. From the findings, the top three companies that have a market share totaling 70-90 percent are to be listed. Few students can also explain the reasons for such domination by these big players of the industry.*
Point value: 1

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BUSPROG: Reflective Thinking
DISC: Research
Learning Objective: 2-6
Topic: A-head: Elements of a Marketing Strategy
Bloom's: Application
Difficulty: Moderate

5. Answer: *Students must select any corporation from the four listed in the text. From the available product lines, they should select at least 6-8 and categorize them into stars, cash cows, question marks, and dogs. Their research should be accurate enough to classify the product lines into the four distinct categories. Students can also graphically represent the product lines in the four quadrants for a better representation of their findings. There should be a discussion over a few product lines that may fall in more than one category.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Research
Learning Objective: 2-7
Topic: A-head: Methods for Marketing Planning
Bloom's: Application
Difficulty: Moderate

Critical-Thinking Exercises

1. Suppose you are a marketer for a U.S. manufacturer of pet supplies. Two top executives have proposed expanding the company by opening retail stores and marketing pets on-site—puppies, kittens, rabbits, birds, fish, and the like. What are the potential benefits and drawbacks of making a move like this? How would you advise your company to proceed?

Answer: *A company's strengths reflect its core competencies—what it does well. They are capabilities that customers value and competitors find difficult to duplicate. Straying from core competencies may have potential rewards, such as expanding into more attractive markets, but is also risky. On the other hand, even if a company focuses on its core competencies, sometimes it needs to broaden its offerings to maintain a competitive edge. The benefits could be better reach and coverage. Drawbacks could be inability of the company to leverage the decision. A comprehensive SWOT analysis can help the top management to take the right decision. Students' answers may vary.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-4
Topic: A-head: Successful Strategies: Tools and Techniques
Bloom's: Application
Difficulty: Moderate

2. Netflix has made thousands of streaming videos available to its unlimited subscribers. How does this strategy demonstrate a strategic window for the company?

Answer: *The view through a strategic window shows planners a way to relate potential opportunities to company capabilities. Netflix is in a unique position because unlike previous leaders in the movie rental business, it delivers movies and TV series directly to PCs via the Internet. A new system, introduced by the company will allow them to sidestep computers and deliver movies directly to television sets.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy

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Learning Objective: 2-4
Topic: A-head: Successful Strategies: Tools and Techniques
Bloom's: Application
Difficulty: Moderate

3. Choose one of the following products and describe how it may (or already has) become vulnerable to substitution. Then describe an overall strategy—with two or three tactics—for reducing this vulnerability.
a. printed copies of periodicals or books
b. TVs
c. greeting cards
d. travel agencies

Answer: *This exercise asks students for an opinion but suggest that students think about products they use. Defending a product from competition might include adding features, delighting customers with better service, improving product quality, or lowering prices.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-4
Topic: A-head: Successful Strategies: Tools and Techniques
Bloom's: Application
Difficulty: Moderate

4. Research the website of one of the following retail firms to identify its target market. Then outline a strategy for expanding that target market.
a. Forever 21
b. Target
c. Penzeys Spices
d. Nordstrom
e. Chico's

Answer: *Students are expected to select any one among the following retail firms. The target groups must be clearly defined, explained, and a strategy that caters to those groups must be outlined. Ideas for expanding this target market must be feasible, and should be applicable to the current environment. A discussion on how to improve the offerings, and expand the target markets will help the students to understand the concept in a better way.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-5
Topic: A-head: Elements of a Marketing Strategy
Bloom's: Application
Difficulty: Moderate

5. Research a company such as L.L. Bean or Mondelez International (formerly Kraft Foods) that has a number of different successful SBUs. What factors do you think make these units—and this company—successful from a marketing standpoint?

Answer: *Student answers may vary. To evaluate each of their organization's strategic business units, students could use the market share/market growth matrix developed by the Boston Consulting Group. Discussion could also focus on how the selected company manages its SBUs.*
Point value: 1
BUSPROG: Reflective Thinking

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DISC: Research
Learning Objective: 2-7
Topic: A-head: Methods for Marketing Planning
Bloom's: Application
Difficulty: Moderate

Ethics Exercises

A recent news story reported a shocker from the Centers for Disease Control and Prevention (CDC): bread is the number-one source of sodium in the average American diet. In fact, most people get twice as much sodium from bread and rolls as they do from a bag of salty snacks like chips or pretzels. Imagine that you are a marketer for a baking company whose main product lines are bread and rolls. For years, your company has focused on "heart-healthy" as a key claim.

1. You have been assigned to create a new strategy and tactics for your firm's Facebook page. Would you continue to emphasize the heart-healthy message? Would you refer to the CDC study or ignore it?

Answer: *The exercise raises some important issues and students may come up with contradicting opinions. On one hand, there is a risk of losing market share by dropping the "heart-healthy" message. On the other hand, beating competition would require attracting consumers using innovative, honest ways which would require taking the CDC study into account. This exercise will put the students in an ethical dilemma, and give solutions that can beat competition in either ethical or unethical ways. Some students may opt to ignore the studies that have discrepancies in the results, whereas, some might follow them.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-1
Topic: A-head: Marketing Planning: The Basis for Strategy and Tactics
Bloom's: Application
Difficulty: Moderate

2. As you review the Facebook site, you note that packaging for your company's bread uses the words "heart-healthy." Would you bring this to the attention of the marketing group responsible for product packaging? Or would you look for a way to obscure the package design online? Defend your answer.

Answer: *Students can have differing opinions for this question. Some might want to bring this to the attention of the marketing group. Some might want them to look past it. The students should justify their solutions and elaborate the reasons for the pricing strategies used for the firm's food items.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-5
Topic: A-head: Elements of a Marketing Strategy
Bloom's: Application
Difficulty: Moderate

Internet Exercises

1. Business portfolio analysis. Occasionally, companies sell parts of themselves to other firms. One stated motive for such divestitures is that the sold assets are a poor strategic fit for the rest of their business portfolios. One recent example is the sale of a controlling interest in NBC Universal by General

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Electric to cable giant Comcast. Using a major search engine, research the sale of NBC Universal. In the context of business portfolio analysis, why did GE decide to sell, and why did Comcast decide to buy NBC Universal?

Answer: *Student answers will vary. Students are expected to visit a few websites that provide information on business portfolio analysis, NBC Universal, General Electric, and Comcast. The answers may include some of the information that follows.*

NBC Universal is a media company—home to a broadcast network, movie studio and a string of cable networks—which is not a competency for General Electric. However, Comcast provides cable television, broadband Internet, and telephone service to both residential and commercial customers. It may be in a better position to handle NBC's operations.
Point value: 1
BUSPROG: Reflective Thinking
DISC: Research
Learning Objective: 2-7
Topic: A-head: Methods for Marketing Planning
Bloom's: Application
Difficulty: Moderate

2. Mission and Objectives. Visit the corporate website of Under Armour (www.uabiz.com).Define the firm's mission and objectives, and discuss how its brand and activities support both.

Answer: *Student answers may vary. The mission statement of Under Armour is "make all athletes better through passion, design, and the relentless pursuit of innovation. The firm's objectives can include fast delivery of products, efficient supply chain management, commitment to creating innovative products, and so on.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-3
Topic: A-head: Defining the Organization's Mission and Objectives
Bloom's: Application
Difficulty: Moderate

3. SWOT Analysis. Visit the website of an organization whose goods and services interest you—such as Columbia Sportswear, the new SEC network, Expedia, or Urban Outfitters. Based on your research, create a SWOT analysis for your firm. Outline your own ideas for increasing the firm's strengths and reducing its weaknesses.

Answer: *Student answers will vary according to the product and industry they choose. In a SWOT analysis, the strengths of a firm are typically internal and are the core competencies of the firm, like efficient supply chain management, just-in-time inventory system, and so on. The weaknesses are internal like lack of efficient management. The opportunities are usually external like the changing customer preferences and the economic situation. The threats would normally include competitors.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-4
Topic: A-head: Successful Strategies: Tools and Techniques
Bloom's: Application
Difficulty: Moderate

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Case 2.1 *Hotels Target Millennials with New Amenities*—Questions for Critical Thinking

1. Hotel chains see millennials as critical to their financial growth. What are some reasons why?

Answer: *Millennials have become the target market for hotel chains of late. Some of the reasons for this change in target could be that the millennials wield a spending power of billions of dollars a year. The evolving trends of getaways and having new experiences have taken this generation by storm and being equipped with the ability to afford luxury, they cannot be overlooked. With records showing that a spending increase of 20 percent in one recent year, hotel chains have no choice but to shift their focus.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-5
Topic: A-head: Elements of a Marketing Strategy
Bloom's: Application
Difficulty: Moderate

2. How should the hotel industry use social media to connect with younger travelers?

Answer: *The social media can be used in various ways in order to connect with young guests. Hotels, by increasing their online presence, can monitor complaints or suggestions that are being posted and take them into account. These networks can be enabled to facilitate travel arrangements and also be made to serve as a source for enquiry or help.*
Point value: 1
BUSPROG: Reflective Thinking
DISC: Strategy
Learning Objective: 2-5
Topic: A-head: Elements of a Marketing Strategy
Bloom's: Application
Difficulty: Moderate

Video Case 2.2 *Nederlander Producing Company Spotlights Customer Rewards*—Questions for Critical Thinking

1. How does the Audience Rewards program support Nederlander's overall strategic plan?

Answer: *The Audience Rewards program supports Nederlander's overall strategic plan by offering a wider range of compatible goods and services designed to attract new customers and strengthen loyalty among existing customers. It also gives Nederlander a single platform—backed by others in the entertainment industry—to market its messages to targeted consumers. Partnerships with large corporations such as Starwood Hotels and the major airlines give Nederlander access to greater resources and a greater number of potential customers.*

2. It might seem as though Nederlander's first-mover strategy has the entertainment rewards market locked up. But what strategies and tactics could a second-strategy mover use to gain access to theater customers?

Answer: *A second mover could use the following strategies and tactics to gain access to the entertainment rewards market: (1) survey Audience Rewards customers to learn of any dissatisfaction with the program; (2) note any weaknesses in Audience Rewards and create improvements; (3) approach different partners in the travel and hospitality industry (such as restaurants, regional airlines, and even retailers); (4) enter a new market overseas; and (5) establish a niche such as off-Broadway or avant-garde theater or cater to a specific audience such as millennials or retirees.*

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COLLABORATIVE LEARNING EXERCISES

Niche Marketing

Purpose:
To help students understand the importance of an appropriate niche market segment

Background:
This exercise is to help the students understand how an organization directed at a particular niche market segment has more scope

Relationship to Text:
Target market

Estimated Class Time:
25 minutes

Materials/Preparation:
Develop a list of niche business types for your students to analyze in small groups. Possibilities include a luxury watch store, a diamonds store, a luxury car company, etc.

Exercise:
Present the class with a list of business types. Begin by brainstorming for a general list of consumer groups that can serve as niche groups. Then, divide the students into two groups. Have each group match a type of business presented to an appropriate niche market segment. Each student group is to support their mapping with an argument. As the discussion proceeds, remind the students of the importance of having a specific niche market segment streamlined by extensive market research in order to avoid loss.

Questions for Reflection:
- How does diversity apply to niche market segments?
- How does determining a niche market segment influence the forming of a marketing mix?

First-Mover Strategies

Purpose:
To help students gain insight into the concept of first-mover strategy

Background:
This exercise is to make the students aware of the risks and advantages of opting this strategy

Relationship to Text:
First-mover strategy

Estimated Class Time:
15 minutes

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Materials/Preparation:

None needed

Exercise:

Present to the students a particular industry and ask them to come up with an idea for a product that is fresh and unlike any that exists. Emphasize that the students need to conjure a product that has the potential to make them a pioneer in the industry. Then, have a few of the students present their ideas while pointing out the possible marketing risks in pursuing the product in question. Make sure to remind them of the critical thinking that is required when being innovative.

Questions for Reflection:

- What are some of the possible risks of being a first-mover in the market?
- Are innovations to be considered taboo in order to maintain market presence?

Planning Throughout the Organization

Purpose:

To highlight a key challenge in gathering information for strategic planning

Background:

Research clearly states that when your entire organization gathers and shares information, the planning process is more effective and better integrated into the organizational culture. But the best way to achieve full employee participation is much less clear. This exercise is designed to help students explore potential approaches to achieve more widespread information sharing.

Relationship to Text:

Planning at Different Organizational Levels

Estimated Class Time:

About 10 to15 minutes

Preparation/Materials

None needed

Exercise:

Ask your class why they think it is so difficult to achieve a free flow of information and ideas in most companies. As they share their thoughts, you may want to point out that money isn't always the answer; in fact, offering money in exchange for ideas can spawn a counterproductive, competitive dynamic among employees at all levels. Ironically, technology doesn't always help either. Joseph Priestley, a pioneer of modern science, summed up a common issue by observing, "The more elaborate our means of communication, the less we communicate."

After a brief discussion, break your class into small teams and give about five minutes to brainstorm possible solutions. When you reconvene as a class, ask each group to share their best idea (possibilities usually range from hosting weekly planning lunches with all employees, to engaging Intranet approaches, to raising overall pay). This often leads to a helpful and spontaneous discussion about which method works best in which situation, and why.

Questions for Reflection:

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- How does planning connect to corporate culture?
- Is employee participation likely to become more or less important as our economy evolves? Why?

Defining the Organization's Mission and Objectives

Purpose:

To give students a personal perspective on mission statements

Background:

This exercise is designed to explore and articulate their personal "mission statements." Typically it is both interesting and inspiring, and helps students understand how organizations use their mission statements to differentiate themselves and to guide their decision-making at a more visceral level.

Relationship to Text:

Defining the Organization's Mission and Objectives

Estimated Class Time:

About 10 minutes

Preparation/Materials:

Each student will need paper and a pencil or pen.

Exercise:

Ask each student to spend a few moments writing a personal mission statement for his or her life. For the discussion to be effective, avoid providing many cues. You can let the discussion progress on its own and intervene to provide a direction when students get stuck. After about five minutes, ask for volunteers to share their statements. If no one volunteers, start by calling on a few people who tend to be articulate in class. The results can be staggering. And the discussion is typically spontaneous and lively—but if not, ask students to identify similarities and differences in their statements, possibly across gender, age, hometown, college major, or other demographic traits and lifestyle characteristics. What do their statements say about ethics, values, and locus of control? How do their personal missions influence their actions and decisions on a day-to-day basis? You may want to close by calling their attention to the obvious parallels between personal and organizational missions.

Questions for Reflection:

- What are the characteristics of a strong mission statement? (You might want to precede this question with some examples of corporate mission statements. Some possibilities: Merck—to preserve and improve human life; Mary Kay—to give unlimited opportunities for women.)
- Extend the exercise by asking each student to do a personal SWOT analysis, the logical next step in strategic planning.

Strategic Planning

Purpose:

To give your students hands-on experience with basic strategic planning for a very familiar entity—themselves!

Background:

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Attempting to implement strategic planning, students often struggle to find the balance between an approach that's too narrow and an approach that's too broad. This exercise is designed to help students achieve the right balance by examining their personal strategic plans and zeroing in on both wide-range and detailed issues (while receiving some unexpected guidance from their peers about their careers).

Relationship to Text:
Strategic Planning

Estimated Class Time:
About 15 minutes

Preparation/Materials:
Each student will need paper and a pencil or pen

Exercise:
Ask students to write down a brief strategic mission statement for their careers, looking at the five-year horizon. From a professional standpoint, what do they aspire to be? Collect the papers, shuffle them, and redistribute them to the class. Ask each student to write a five-point strategic plan for the person whose paper he or she received. Each point in the plan should be no more than a sentence or two. Remind the class to be sure that all of their points are specific and measurable, and most importantly, will bring the student closer to the overall strategic goal. After about ten minutes, call on a handful of students and ask them to share their classmate's goal and the five-step plan that they created.

Questions for Reflection:
- Was it easy or hard to write the plan? Why? Where did they have problems?
- How could a strategic plan help develop your career? Why?
- How does developing a personal strategic plan compare to developing a business strategic plan?

Formulating a Marketing Strategy

Purpose:
To help students explore strategic solutions for a contemporary marketing issue

Background:
Not surprisingly, fast-food restaurants are feeling under siege. Recent studies are highlighting health hazards across the U.S. and citing rampant obesity, child obesity, the dangers of trans fats, and more. As low-carb diets became popular, retail sales of french fries—a staple of fast-food restaurants—plummeted, dropping 2.9% in 2001, 3.3% in 2002, and 10% in 2003 (www.whybiotech.com). From a PR perspective, the documentary Super Size Me fanned the flames. This exercise is designed to help students explore potential solutions—and ethical implications—for this strategic challenge from the fast-food industry perspective.

Relationship to Text:
Formulating, Implementing, and Monitoring a Marketing Strategy

Estimated Class Time:
About 20 to 25 minutes

Preparation/Materials:

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You may want to copy the background and the case situation for each student.

Exercise:

Divide your class into small groups and share with them the following case. Situation: You and your teammates are partners in the ownership of a medium-sized fast-food chain in the Midwest. You own 41 outlets, most of them in small towns. The mainstay of your menu is hamburgers and French fries, although you also offer a couple of sandwiches, chips, soft-serve ice cream, and sodas. Your most important customers are men aged 18-34 (they account for about 20 percent of your customers and about 55 percent of your sales), but since restaurant options are limited in most of the towns where you operate, you serve customers across a wide demographic range. Sales in the past two years have been dropping at an accelerating rate. You have to meet with your partners to discuss potential solutions. Give your class about 10 minutes to brainstorm options. Encourage them to consider all the possibilities including doing nothing ("This will all blow over …."). Then, direct each group to choose their best option, and to identify the potential risks and benefits (e.g., if they made changes to attract new customers, will they alienate their current customers?). Reconvene as a class, and ask each group to report briefly to their peers. Which solution does the class like best? Why?

Questions for Reflection:

- What additional information do you need to formulate the best solution?
- What are the ethical implications of each choice?
- Should your personal perspective play a role in your strategic decision making? Why or why not? (You may want to preface this question by asking how many of your students eat fast food more than once a week.)

Promotion Strategy and Pricing Strategy

Purpose:

To explore the relationship between the promotional and pricing strategies

Background:

Clearly, all elements of the marketing mix are interrelated, so this exercise is designed to highlight the links between promotion and pricing

Relationship to Text:

Promotion Strategy and Pricing Strategy

Estimated Class Time:

About 15 minutes

Preparation/Materials:

Each student needs to have unlined paper and a pencil or pen

Exercise*:

Break your class into small groups. Ask each group to choose a good or a service that they all know and like, and to create two ads for that product: one that focuses on price, the other on the features and benefits of the product itself. (They can do print, radio, TV, or Internet ads, as long as both ads are designed for the same media.). Let them know upfront that they'll need to present their ads to the class. When the teams present their ads, conduct a quick vote to see which ad the class liked better for each product. Keep a tally on the board showing each of the products and the winning type of ad. Results will vary significantly based on the product categories (and, of course, the creativity of the students). Follow-up discussion can be interesting, surprising, and

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fun. What type of ads worked best, and why? How did the product category and price affect the promotional strategy? Does the broader market reflect the findings of the class? Why or why not?

Questions for Reflection:

- What factors should a company consider when developing their pricing strategies?
- What about their promotional strategies? Why?

*This exercise was adapted from the text.

The Marketing Environment

Purpose:

To highlight the importance of the marketing environment

Background:

This quick, discussion-based exercise is designed to help students better understand the impact of the external environment on marketing decisions

Relationship to Text:

The Marketing Environment

Estimated Class Time:

About 10 minutes

Materials/Preparation:

None needed

Exercise:

Choose a branded product that your students seem to all know and enjoy. Higher-end products, such as an Apple iPod or a Burton snowboard seem to work especially well for this exercise. Guide your students in a discussion of how each element of the external environment—competitive, political-legal, economic, technological, and social-cultural—could influence the success of their product over the next five years. Encourage them to consider factors beyond the obvious (e.g., the emerging development of year-round snow-makers, or virtual reality snowboarding games). As you develop your list, you may want to also remind them that a marketer cannot control the external environment, but he or she must respond to it effectively.

Questions for Reflection:

- Which element of the marketing environment is most important? Why? Would the answer be different for different product categories?
- Which elements have the most impact on a marketer's day-to-day decision-making? Which elements are likely to generate surprises? (You may want to point out how many companies were surprised by the bursting of the "dot-com" bubble in the 1990s.)
- What are effective ways to monitor the marketing environment on an ongoing basis?

BCG Matrix

Purpose:

To help students gain a fuller understanding of the BCG matrix as a planning tool

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Background:

While the concept of the BCG matrix is straightforward, many students have trouble understanding how it applies to actual situations as an investment tool. This exercise is designed to foster a deeper understanding through a hands-on case study approach.

Relationship to Text:

BCG Matrix

Estimated Class Time:

About 25 minutes

Materials/Preparation:

None needed

Exercise:

Announce to your class that they will do a case study on the talent agency business (which most of them find more glamorous and exciting than it really is). Begin by brainstorming a list of movie stars, celebrities, and entertainers. Encourage the class to include a wide variety, from current box office draws, to over-the-hill talents, to emerging stars. Then, divide your students into small groups and tell them that each group represents a small talent agency. Their list includes the stars that you listed on the board. Give them each a hypothetical $10 million to invest in marketing the personalities in their stable of stars, and direct them to use the BCG Matrix to make their investment choices. Ask each group to present their allocation and rationale in terms of the matrix. You will probably find that they were tempted to invest big dollars in their “cash cows,” which makes for an interesting discussion.

Questions for Reflection:

- What are the strengths and weaknesses of the BCG Matrix as a strategic planning tool?
- What kind of information do you need in order to use this tool most effectively?

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