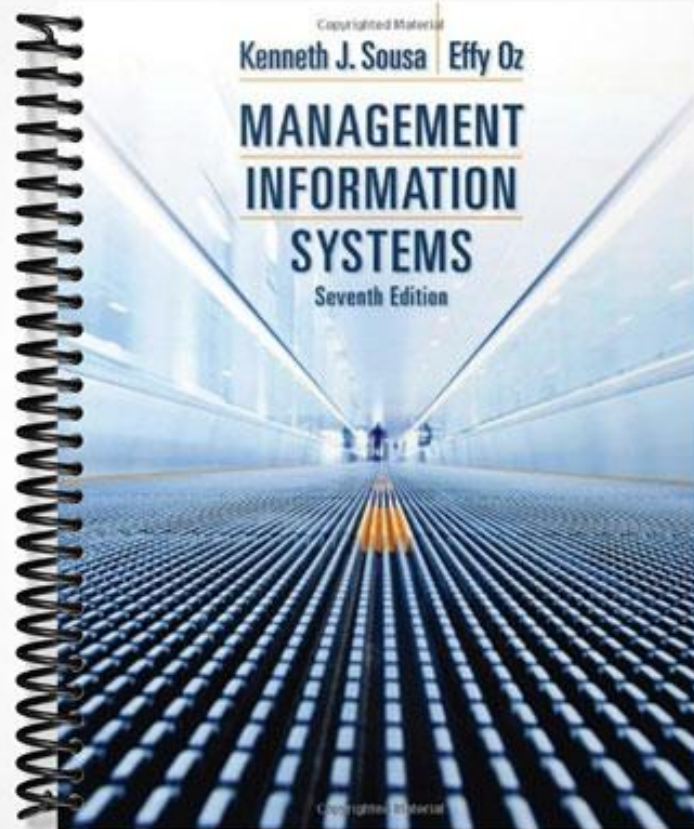
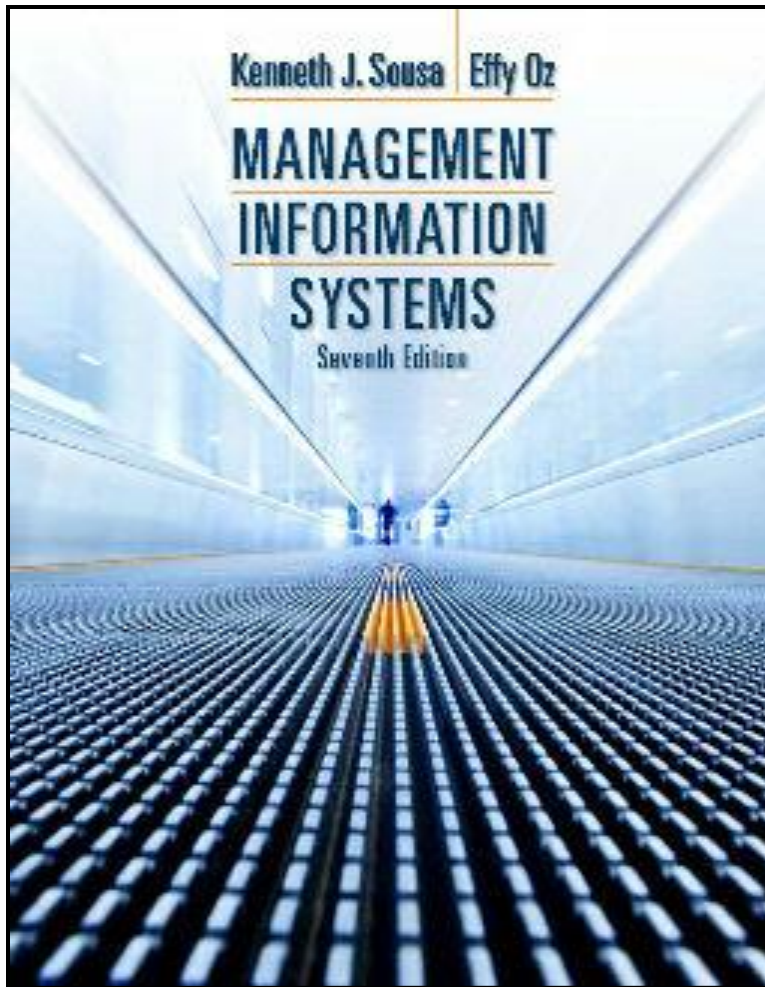


# SOLUTIONS MANUAL





# **MANAGEMENT INFORMATION SYSTEMS**

**Seventh Edition**

**INSTRUCTOR MANUAL**  
**Chapter 2**

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## CHAPTER 2 – STRATEGIC USES OF INFORMATION SYSTEMS

### Chapter Objectives

The objectives of this chapter are:

- Explain what business strategy and strategic moves are.
- Illustrate how information systems can give businesses a competitive advantage.
- Identify basic initiatives for gaining a competitive advantage.
- Explain what makes an information system a strategic information system.
- Identify fundamental requirements for developing strategic information systems.
- Explain circumstances and initiatives that make one IT strategy succeed and another fail.

### Chapter Case – Kimball's Restaurant: Using Information Strategically

The chapter case begins as Kimball's has completed their third year as a successful restaurant. The owners have leveraged their experience, hard work and knowledge to steadily develop a loyal clientele at the restaurant. The owners were approached by someone (Shaun Reilly) that owned a campground facility, located in the same town as Kimball's, which could be converted into a restaurant facility with a great location overlooking a lake.

Originally, the campground building did operate a restaurant for the campers. Shaun believed that the building's other areas could be used to create a larger restaurant to house Kimball's. It also included a patio area which overlooked the lake. The owners were interested in the possibility of expanding from their current location.

- ☛ *Develop a discussion of what questions and thoughts would (should) the owners consider before moving forward with the expansion. Strategic information can be gained through an information system, if designed, developed and implemented properly.*
- ☛ *Discuss the importance of compiling a business plan. The plan will be developed incrementally as more information is known, researched and analyzed. You may wish to discuss the "waterfall" method of analyzing this new initiative.*
- ☛ *The owners analyzed this situation in a cautious, but methodical approach. In a similar method to cooking a meal, discuss the advantages of planning, research and analyzing various data and forecasts.*
- ☛ *The owners used the point of sales system information (implemented when they opened the current location) to analyze sales and customer data. Discuss with the students as a reminder of Chapter 1 where the owners did not have reliable and complete information*

*from the previous owners before opening the restaurant. So their effort and resource allocation into a POS system will help them evaluate this expansion more effectively. Analyzing the expansion would be a) more risky and/or b) based on the same incomplete or inaccurate information. Three years of historical data from the POS system would clearly be a significant advantage (regardless of the decision) on the expansion analysis.*

### Why Is This Chapter Important for the Students?

The students should realize that ISs are not used merely for automating manual work, storing data and information, or calculation. IT is now used by many companies to gain strategic advantage. At the least, IT may have a strategic impact when new ISs are used, whether the company intended it or not. The purpose of putting this chapter so early in the book is to emphasize this point. It is important for students to now that as future business professionals they will need to be proactive and agile about their management and decision making through the innovative use of information technology. They should not expect the “techies” to provide them what they (the “techies”) believe are the best ISs; rather, they, as professionals who know their business, should initiate ISs for competitive advantage.

### Lecture Notes

1. Note that the text uses “strategic advantage” and “competitive advantage” interchangeably. The reason: In business, a strategic advantage almost always gives a business a competitive advantage. A competitive advantage allows the business to improve its performance and maintain a performance gap between it and other businesses. Competitive advantage is accomplished by increasing market share, sales or profits as well as the reduction of operating expenses and increasing organizational productivity. In addition, in the “age of the customer,” a sustainable competitive advantage can be gained by providing more value to current and potential customers.
2. When explaining strategic moves, you may want to clarify that competitive advantages are not always gained by being the first to adopt a technology. There is a very fine line between an organization being on the leading edge and what may prove being on the “bleeding” edge; the first organization to adopt a technology may suffer because of the high cost of educating employees and training them. This situation can occur because the technology may not deliver what its leaders and developers promised. Indeed, many businesses wait until another organization (often in the same industry) uses the technology for a while and adopt it only if it proves successful. Of course, this is a risk, but one that many organizations are now willing to take. They can then adopt the new technology and be the highly successful of its integration.
3. Students must recognize that the notion of strategy has its origin in warfare (while not trying to make it sound like war). Indeed, businesses continually compete with other businesses for market share and often the additional market share that they gain comes at the expense of other businesses. However, business strategy is not only about achieving against another business, but is also much about creating new services and products that expand or transform the market industry. IT combined with ingenuity can produce new products and services. In other words, organizations do not always operate in a zero sum game; a good strategy can create a new market. Thus, a market is rarely fixed in size and IT can often be used to increase market size markedly.

Therefore, strategic moves are not necessarily part of a zero-sum game. (You may want to explain the notion of zero-sum game.)

4. We introduce the students to eight ways to gain strategic advantages: reducing costs, raising barriers to entrants, establishing high switching costs, creating new products and services, differentiating products and services, enhancing products/services, establishing alliances, and locking in suppliers or buyers. Students should be asked for additional ways to gain strategic advantage. You may wish to refer students to additional material on Porter's discussion on competitive advantage and five forces (see URL suggestions below).
5. Strategic advantages are difficult to maintain for an extended time because competitors always mimic the original ideas and thereby close the gap between the originating organization and themselves. To maintain a strategic advantage gained by introduction of an innovative IS for a long time, the organization must continuously improve the system. Ask students (see #1 in the teaching thoughts section below) for examples of various websites, mobile apps and technologies that they have "abandoned" and substituted for the "new technology on the block." Each of those examples discussed in class can clearly point out how disruptive and rapid adoption of information technology consumers and organizations. An organization's competitive advantage "win" today can evaporate quickly without continual analysis and re-tooling. The consumer is rather "fickle" in its attention span and loyalty to technology.
6. Discuss the importance that while some systems were designed to give an organization strategic advantage most have become strategic tools simply as a result of an attempt to be more efficient. The continued effort by FedEx to automate processes and divert inquiring customers from phone help to Web-based help is an example of how an organization can remain an industry leader and save hundreds of millions of dollar per year on help service alone.
7. The notion of the "bleeding edge" as opposed to "leading edge" is important. Companies often find themselves on the bleeding edge not because of their own fault, but because the technology was touted as more reliable than it actually is. A bleeding edge situation is a leading edge aspiration that failed.

### Teaching Thoughts

1. Hook: Ask the students, "Think back 2-3 years. Which technology products (hardware, software, apps) did you use then and do not use now?" Have the students discuss why they no longer use that product and what technology replaced it. Ask them what was important about the 'switch' of the product.
2. Hook: Ask the students "What is Amazon.com's greatest business strength?" The answer is not that the company can offer almost any item available on earth, but its continually innovative fulfillment technologies: order fulfillment, packing, and shipping. These technologies help the company to have a higher inventory turn than its competitor, the most important indicator of great retailing. No matter how long this instructor's manual is out, Amazon (like many other companies) will always provide current innovation discussions for the class.
3. Japanese businesspeople have an adage, "Business is war. Prepare to fight." Quote this adage to the students and ask them to explain it. The explanation: To do well, a business must be ahead of its competitors with better products and services and better ways to deliver them. They must come up with ideas better than those of their competitors. Organizations, and its personnel, must

continue to be knowledgeable and current about the expected moves of their competitors (and market industry) so that can beat them to the market with products and services of the same or better quality and do whatever they can to prevent their competitors from imitating their own strategic moves.

4. Make sure the students understand that a strategic information system (SIS) does not have to be any particular type of IS (e.g., DSS or ES). It may be any IS, including a transaction processing system (TPS), as long as it benefits the organization with a clear strategic advantage. Often, it is not the technical sophistication that makes a SIS, but the manner in which the system is used.
5. To illustrate what reengineering means, ask the students to give you examples of a business process in which they were involved where they worked. Ask them to describe the business process. Now, ask them to take a few minutes, remember only the product or service that resulted from the process, and describe a new process (including personnel, machines, IT, and methods) they would put in place instead of that process to produce the same product or service more efficiently. Another discussion can focus on the process of change management; to transition individuals, teams and organizations to a different condition for a desired outcome. Technology can promote and expedite change management initiatives in an organization.
6. Most of the recent examples of using IT for strategic advantage involve the Web, the “cloud” and mobile computing. You may want to ask the students to read a recent story from a business daily or weekly about a successful implementation of a Web-based business and ask them to map the success on the elements discussed in the section “Achieving a Competitive Advantage.” Amazon, YouTube, FaceBook, and similar initiatives should be welcomed as good examples.
7. You may want to discuss in class the first assignment in Applying Concepts. Apple decided to close its PC technology. Both the hardware and software are proprietary. Apple continues to use an excellent but proprietary operating system for its computers and mobile phones (iPhone). However, the company made its iPod products compatible with Windows, the operating system used on the majority of the world’s personal computers.
8. Ethical and Societal Issues (pg. 55): Size Matters
  - This ESI discusses the ethical and legal issues associated with unfair and predatory business practices. In many cases, the use of information technology (both as a product and a strategic initiative) can cause industries, consumers and legislators to take notice of a firm’s power and influence in a market industry.
  - The case begins with a historical context to the issue discussing Microsoft’s legal and competitive issues that began in the 1970s. And the involvement of the U.S. Department of Justice (antitrust division) influence on these legal actions and review.
  - The case discusses the controversial situation involving Microsoft’s legal issues with the European Union for monopolization of Internet searches. Ultimately it settled with the EU with a fine. Ultimately, as in the U.S., Microsoft had to “de-bundle” its Internet Explorer product from its operating system. Ironically, after this was done, several market players emerged for web browsing software (Chrome, Opera, Firefox, etc.) which reduced Microsoft’s market share and penetration in this market.

- The advantages and disadvantages of these practices is summarized in terms of cost to the consumers, investments in research and development, competitive practices and visionary innovation.

Points of Interest

Page	Title	Topic/Subject
37	IT as a Strategic Tool	The growth and expansion of E-business.
54	Costly Battles	Patent infringement of application software.

Why You Should

Page	Title	Topic/Subject
40	Understand the Notion of Strategic Information Systems	Originally relegated as a “processor” of information (payroll, etc.), information technology has become the focus of many strategic initiatives.

Websites for Lectures and Assignments

Description/URL
Porter's Generic Strategies <a href="http://www.mindtools.com/pages/article/newSTR_82.htm">http://www.mindtools.com/pages/article/newSTR_82.htm</a>
Porter's Five Forces <a href="http://en.wikipedia.org/wiki/Porter_five_forces_analysis">http://en.wikipedia.org/wiki/Porter_five_forces_analysis</a>
Reengineering Definitions (business and technology) <a href="http://en.wikipedia.org/wiki/Porter_five_forces_analysis">http://en.wikipedia.org/wiki/Porter_five_forces_analysis</a>
10 Principles of Change Management <a href="http://www.strategy-business.com/article/rr00006?gko=643d0">http://www.strategy-business.com/article/rr00006?gko=643d0</a>

Kimball's Revisited

WHAT IS YOUR ADVICE?

1. *The point of sale system tracks, if it is used properly, all customer guest checks for the restaurant.*
  - Michael never used the data from the system to track a variety of metrics on the restaurant's operations such as number of tables seated, number of guests served (all guests at tables) and number of times each meal was ordered. Staffing (cooks, busing and wait staff, etc.) can be



- forecast by reviewing specific time periods and days. Therefore, personnel costs can be controlled for reduced costs while providing appropriate service levels.
- The accountant had pointed out that the labor costs did not always correspond to the anticipated customer demand. Discuss that managing is not just simply selecting staffing based on a simple calculation, but utilizing past forecast to determine staffing allocation. For example, if the average (moving average, etc.) of the number of people dining on Friday night is X, then the staffing levels can be based on this factor. Based on a forecast number of tables and a service factor (wait staff per table for example), a direct relationship between labor allocation and schedules can be accomplished.
  - Discuss a restaurant term called “table turns.” Like inventory turnover ratios, a restaurant’s real estate (its dining room and number of tables) is a limited commodity. Therefore, the number of times a table is turned in a time period (lunch, dinner), the more revenue that can be gained.
  - Food spoilage can throw profits in the trash. On the other hand, stock outs on a specific item (sirloin steaks) can negatively impact customer service and retention. Therefore, it is important to determine food ordering patterns based on past sales data for meals.
2. *The professional advisors have provided some insight on customer sales and costs.*
- The “table turn” ratio can provide insight on the efficiency of wait and busing staff. If the number of “turns” is lower on Friday nights (which means during a six hour window, the table may have served only 3 customers instead of 4 on another night), then several issues need to be reviewed. Are busing staff cleaning tables fast enough? Are there enough personnel for the number of staff allocated? Are there bottlenecks in the kitchen causing prolonged dining time? A point of sale and other technology tools system can provide some insight on various approaches to alter operations.
  - The system may be able to track the inventory of raw food items in relation to meals. Or at least determine the relationship between purchases of major products (sirloin steaks) and a steak dinner. The inventory on hand, purchases and meal sales can all be correlated to determine the amount of shrinkage (stealing), spoilage or improper food preparation.
  - Even if the point of sale system cannot calculate some of these metrics and values, it may be able to report or export some of the data required. Then, a spreadsheet template could be developed to enter specific data values from the POS and determine issues, if any, that require further analysis.
  - A simple inventory system or database could be used to track major food items used to prepare meals as well as alcohol (a major source of income and shrinkage).

#### NEW PERSPECTIVES

1. *New information needed:*
- Collect and maintain the purchase of food and alcohol items. Offset the sales of meals (linked to the major food/alcohol components).
  - Guest checks must track and store the number of guests at a table (adults and children), date, time party seated and time departed (paid). Guest checks should categorize various items

- ordered to determine any relationship between table time, total sale and categories purchased (appetizers, dessert, meals, drinks, etc.).
- Employee work schedules by day of week, including schedule hours. Monitor that the schedule provided matches the actual time worked/charged on time reports. This would ensure that employees are only working the approved scheduled hours/times posted (unless authorized by management).
2. *There are no boundaries or context on how to manage the business.*
- In a similar manner, a coach could not effectively prepare for another game without game video and statistics. This “data” provides the context to analyze a) what happened, b) how the game was executed to the plan, c) what corrective action should be considered and d) corrective action implemented. And then after completed, the “feedback loop” of management will review (a) for the next game as the (d) was determined prior to the game.
  - In addition, without the “feedback loop”, business organizations would not have the ability to review the results of the corrective action(s) taken. The historical storage and tracking of data can provide a framework of what worked and what did not. It provides for the continuous improvement of operations and strategies as well as management control.

### Answers to Review Questions

1. Planning of moves while trying to guess the moves of major competitors is a part of strategy both in the military and business. In business, however, weapons are not meant to kill or destroy; they are technologies, methods, and acts whose purpose is to perform better than the “enemy” and protect against loss of market share and income.
2. In principle, any IS can gain strategic advantage for its owner. However, ISs that cannot significantly differentiate the products, services, or operations of an organizations are unlikely to become strategic (or even considered as such). Such systems include accounting and HR systems, for instance.
3. An IS that accomplishes for its employer any of the strategic advantages listed in the chapter can be considered a SIS. These advantages include the following:
  - Significant cost reduction
  - Raising barriers to new entrants to the market
  - Establishing high switching costs
  - Helping to introduce new products and services
  - Differentiating products and services
  - Enhancing products/services
  - Establishing strategic alliances
  - Locking in suppliers or buyers
  - Any other action that helps the organization gain a competitive edge

4. An IS that helps provide a totally new product or service does not wrest market share from anyone, because the market for this product or service did not exist before. It is the new IS that helped create a new market. This is one of the greatest types of strategic advantage: creating a new market and maintaining a leading position in it. Example: The early providers of stock trading online provided a new service. They (Schwab, e-Trade, Ameritrade) still enjoy competitive positions in this market.
5. Top management must accept that IT is good not only for automation but as a strategic weapon. It must allow time and funds for brainstorming and experimentation with new services that can be supported only with ISs.
6. It is often difficult to convince top management of the need for any IS, because it is difficult, if not impossible, to present a return-on-investment (ROI) calculation for a new IS. Many of the expected benefits are not tangible. Thus, it is even more difficult to convince top management of the benefits of an IS that has not been built nor tried by anyone else. Also, top managers often want to see immediate financial gain from any large money investment. The contribution of a new SIS to the “bottom line” is not always clear to top managers. Also, strategic gains are not always realized in the short run, but in the long run. Top managers usually want to see gains within weeks or months, not years. In addition, the development of any new IS involves risks because success is not guaranteed. Top managers are often reluctant to commit large sums of money for a risky project.
7. The advantage of any strategic move is often short lived, including the advantages of a new SIS. Competitors quickly follow suit and acquire the same, or a similar, system for their own use, and thereby closing the gap between them and the pioneer business.
8. Reengineering is a fundamental overhauling of business processes. Ideally, reengineering results in a totally new method and technology to execute business processes. In almost every reengineering project, IT is involved. This is because better IT can often save labor, increase product and quality service, and shorten business cycles.
9. Most reengineering projects failed because executives failed to affect changes in business processes. Companies that adopted ERP systems often affected such changes because the systems forced managers and employees to change the way they worked.
10. Creating a standard means convincing a large enough number of organizations and individuals to use a certain application so that it becomes widely used. Microsoft and Netscape created standards with their respective Web browsers. Adobe created a standard with its PDF file format and the reader that can open these files. By creating a standard, companies create a market for their other products that are compatible with the standardized product.
11. The organization should constantly look for ways to improve the IS and the services that it supports.
12. These companies “sacrifice” one application that they give away so that millions of users install it on their computers and use it regularly. The companies then offer compatible software that is not free of charge. These other applications enhance the original application, or allow the creation of documents that can be read and manipulated only with the standardized application. For instance: Adobe sells PDF Writer, which is the application without which one cannot create PDF documents that can be opened only with the given-away PDF Reader.

13. JetBlue is able to price its flights competitively through massive automation of many operations: booking, updating flight manuals, tracking bags, and others. It can also provide better service to passengers in the form of on-time departures and arrivals thanks to its superior IT, especially the electronic flight manuals that pilots can access in real time while in the cockpit.
14. None of the reasons for the failure were technical; all were business-related. Ford failed to consider the legal implications of bypassing the dealers. It also failed to recognize the negative impact of the move on its relationships with the dealers, which it would have to maintain for several more years, until all buyers would be willing to purchase vehicles only through the Web (a day that may never come!). Eventually, the dealers and, to some extent Ford, benefited. A growing number of car purchases originate at the Web site, where marketing cost per customer is about one-fourth of the traditional marketing. Ford says that data collected from the site help it predict sales volume.
15. Being a new organization, JetBlue was not burdened with old (“legacy”) ISs and debt. The older airlines would have to discard their old ISs and spend millions of dollars investing in new ones. JetBlue had the advantage of being able to immediately invest in the latest technology. It had the advantage of being a “late mover.”
16. A first mover is a business that is first to introduce a new product or service. It often gains a large market share and a strategic advantage because other movers into its market lag behind in brand recognition and quality of the competing product or service.
17. Yes, a later mover can have strategic advantage with IT. See answer 13. A late mover had the advantage of risking very little because other businesses already tested the new technology and proved its feasibility. If it is powerful enough, it can deploy it faster than a weaker pioneering business. A late mover takes the risk that earlier movers will always do better with the new technology because of their longer experience, and therefore better ability to always be ahead of late movers in adding features to the technology, and their ability to create intellectual property of some of the improvements.
18. “Bleeding edge” is a situation where an organization finds itself in dire conditions because it has adopted a new technology. It may lose a lot of money or market share because the effect of the new technology is adverse: the technology fails often and causes extra costs, or customers dislike it and are turned away, for example.

### Answers to Discussion Questions

19. Any computer program, including an off-the-shelf one, can become an SIS. Often it is not the technical sophistication of the software that makes the system a strategic asset, but the innovative way in which the business uses it.
20. The reason is: Owners know their business better than any consultant does. Therefore, they know what may improve their product, services, or the way they deliver the products or services to the customers. This unique knowledge gives them some of the tools to develop strategic information systems.
21. In the contract with the software company, you must insist on confidentiality. You must also demand the sole copy of the software. You must insist that the software company never develop similar software for a competitor. (However, the latter may not be easy to enforce.)

22. In a capitalist society that encourages free enterprise and competition, businesses constantly look for new ideas that will gain them competitive advantages. As long as no single organization holds control of the resources (personnel, hardware, software, etc.) required for building an innovative SIS, all participants have an equal opportunity to succeed in the market and either develop their own SISs or quickly mimic the systems of an innovator. The funds required to develop an SIS are sometimes huge and out of reach for smaller companies, but this is not a reason to bar them from pursuing such projects. In the end, innovation improves the well-being of all members of society.
23. The Web is the latest “frontier” of the world’s economy; there are more business opportunities on the Web than anywhere else. It has not yet been fully utilized. Also, there are new Web technologies every few weeks that can serve new business opportunities. Therefore, anyone who starts a new, innovative business on the Web may reap the fruits first, and sometimes, maintain its competitive advantage there.
24. New, innovative business processes almost always involve IT because IT helps reduce the number of workers involved in a process, collect and process data for business information, and reduce the cycles of business processes (the time it takes to complete these processes).
25. Accounting and payroll ISs do not give an organization any of the “assets” of a strategic IS: They do not create a new product or service, they do not reduce cost at one organization significantly more than at other organizations in the same market, they do not lock clients or suppliers, etc. They simply automate the process in the same manner for all organizations. Their technology is available to all; no technology that is immediately available to all can give its adopters a strategic position. Other applications: Any “back office” application; any new technology, such as RFID, if the company that first uses it does not have proprietary rights in it; Web-based transaction applications. (However, Amazon does enjoy the strategic advantage of one-click transactions, because it managed to patent it.)
26. Delivery of books: electronic books; delivery of software: download instead of shipping or buying off the shelf (already done by some vendors, but on a very limited scale). \*
27. IT allows these companies to collect, maintain, and analyze customer information. Since the sell combines service (what marketers like to call “co-branding”), they must use IT to allow all companies involved (two or more) access to the information through communications lines. Collecting and maintaining the information without the use of IT would make such services unfeasible.
28. Implementing beta software, or even software that has been tested but is new, is always risky. However, consider the players in the JetBlue case: The CIO (Jeff Cohen) is a highly experienced IT expert, and the CEO, David Neeleman, developed an airline reservation software and knows much about IT. This means that these executives consider such software carefully before they implement it. Also, much of the software JetBlue uses is Microsoft’s software (Cohen standardized on Microsoft for compatibility and ease of maintenance), which ensures the support of this company in case there is a snag.
29. A SIS venture may be risky to the firm. SIS efforts may be expensive and involve a considerable amount of time and effort. The system may not deliver intended benefits as the business, and it may attract the attention of a larger, well-funded competitor (sleeping giant).
30. \*(Opinions may vary.) The firm may wish to consider a pilot project or it may wish to adopt a second-mover strategy.

31. ? (Note that U.S. law does not forbid monopoly. Courts only examine whether the monopoly has an adverse effect on the consumer, and may decide to break up a monopoly if they believe that consumers will benefit from the breakup. One example where the court decision yielded bad results to consumers is the breakup of AT&T. Local telephone calls became more expensive.)
- A number of questions might be asked.\*
  - What is the product or service to be provided?
  - How big is the market?
  - What is the competitive market like?
  - What is my exit strategy? (How/when will I get my money out?)
32. ? The risks of a single firm controlling a large segment of a market for any essential good or service are that it may use monopoly power to leverage its market share for the product or that it may engage in other abusive or predatory practices. However, such a monopoly may also result in highly compatible applications that work well with each other, because all are produced by the same company.
33. ? Cell phones could market and offer their own version of music and radio content.

Answers to Thinking about the Case Questions

FINISH LINE FINISHES FIRST

1. *Why do retailers want to provide customers with more product/service information when they come into a retail store?*
- While online purchases are growing, most purchases still remain in a traditional physical store model. The organization wanted to expand and reengineer the in-store experience different than customers have received in the past.
  - A knowledgeable consumer may reduce their in-store time to purchase a product. The additional information and service provided by Finish Line could increase customer loyalty and, therefore, create a “lock in” with the customer to patronize the retailer for the customer experience value. Ultimately, leveraging the convenience factor.
  - Customers love attention and being treated as if they are the most important customer. When a sales rep comes over to show them a 30-second video on a product they are thinking about purchasing, the customer will be more inclined to buy. If the customer leaves empty-handed, the retailer loses.
  - Conversely, consumers may feel more engaged with the new information provided (videos, etc.) and purchase more items by making the shopping experience more personal and informative.
2. *How does Finish Line put the customer first?*
- Enables faster and more check out options, provides customers with more product/service information, implemented the system right before the busiest retail period of the year as well
  - By researching the value of a customer’s in-store experience. What does the customer want? What do they find enjoyable about an in-store experience? What do they NOT find enjoyable

- about visiting the store? Finish Line gained additional insight on their customers by gathering research and knowledge as such. They did not design the new information technology system in a “vacuum”, but by compiling a solid understanding of customers’ wants and needs. Thereby, linking the new technology’s functionality directly to customer value.
3. *Why is it important to monitor the results of newly implemented technology, even when it is previously deemed successful?*
    - Through monitoring the system, FL could notice sales patterns/trends, recognize and fix errors, respond to customer feedback, and make POS system improvements. No matter how successful a system is, monitoring is a necessity.
    - **?** Success is a relative word. A word that is quickly used in order to define the status of an initiative rather than determine its real impact. Also, success is not a binary determine; success or failure. It is on a continuum over time changing in a variety of directions and values. The project’s goals (objective) must first be determined. Then, these objectives must be “operationalized” in order to develop metrics and values to determine its success. The real impact (and value returned) must be determined by (in this case) the impact on the value to the customer. Do they see a difference? Have they spent more in the store (by relating it to their purchases over time)?
  4. *Would you be more inclined to shop at Finish Line or one of their competitors and why?*
    - Finish Line because of what they offer in terms of customer engagement. Or competitors, because of various faults or dislikes of Finish Line.
    - **?** A variety of answers could be gained from this question.

#### REALIZING THE GOAL HELPS REACH RESULTS

1. *What benefits are provided to the shopper by Peapod’s services? How does their innovative product/service combination provide additional benefits beyond the average grocery store with delivery service?*
  - Shopping convenience, delivery saves time and money for busy shoppers on the go, promotes impulse buys, no cash/card makes it easier to spend without thinking how much they are actually spending, fastest shopping experience, no parking, finding a cart, etc.
  - Technology can shape the customer’s experience. Peapod provides an online grocery shopping service to its customers. The two thoughts about this service is ... convenience and speed. By providing a online, “self-service” shopping basket process, the customer can select their grocery items (at a time that is convenient to them). Ultimately, at this point, the customer can “disengage” from the process and let the process run its course without any intervention (except to be at their home for delivery). The integration of the smartphone adds a dimension of “extending the technology to where the consumer is” to the shopping experience.
  - Recently, Peapod has added an additional feature to their service which allows the pickup of a grocery order at a store for no charge. This additional transaction option allows someone with limited flexibility of being home for the delivery, the option of driving by a Stop & Shop

- to pick up the grocery order on the way home at THEIR time constraints and not the delivery service.
2. *Toy walls could be found in malls, airports, and movie theatre lobbies during the 2011 Holiday season. Why were they featured in these locations and what additional locations would be ideal? Explain why.*
- Malls because that's where many people go to spend money. Airports because toys could be offered to kids as a reward if they were good little travelers or if people were flying on business/leisure and didn't have time to go to the store, it adds convenience and shopping speed. Movie theatre lobbies because lots of kids go to the movie theatre. Picture this; you bring a 7-year-old boy to see Batman. He gets all hopped up off of skittles and coke and he's all fired up after Batman beats the joker. If he walks through the lobby and sees a virtual wall full of Batman toys and action figures, the only way to peel him away from the wall is to buy him something.
  - **?** The "toy walls" do not require any additional real estate to implement, just the walls that are already there. People look at walls (especially if engaging) as they walk; it is impossible to not see walls. These walls can increase the knowledge, awareness and availability of a product in the same way a highway billboard does; through a captive audience that views the promotion in a few seconds to store in their memory. Hopefully for future use and purchases.
  - Additional locations suggestions ...
    - i. Gas pumps: they have TV's to offer advertising, why not put a virtual wall of retail items? Lots of people, wide variety of people, and they have to look at it for 5 minutes or so.
    - ii. Hospital waiting rooms: purchase bravery prizes or get well-soon gifts. As scummy as it may sound to make a buck off this, a virtual toy wall in the family/friends waiting room of a children's hospital is a home-run and a half.
    - iii. There was a picture of a small virtual retail wall online on a bus stop. For this location, it is important to recognize the target market, who is using public transportation