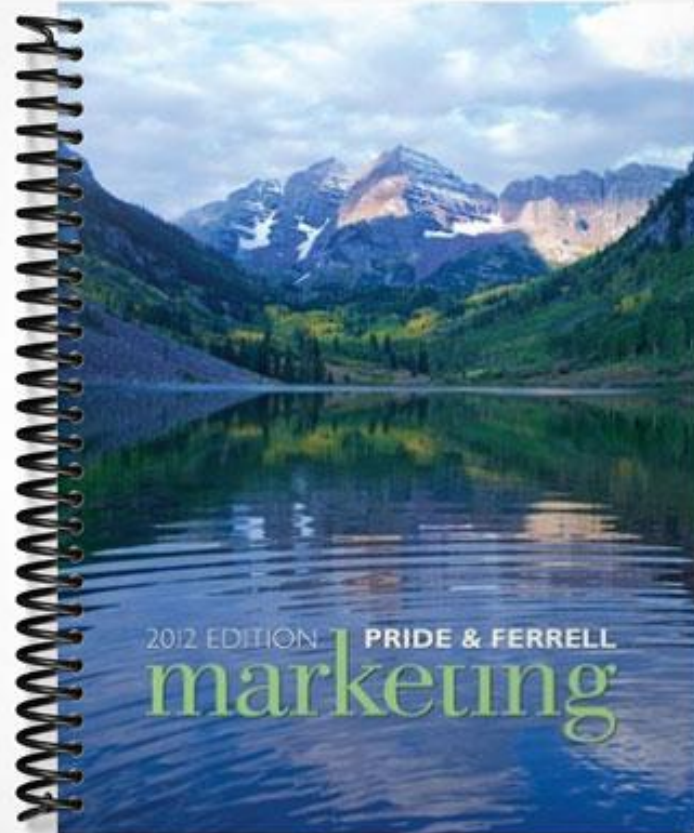


SOLUTIONS MANUAL



CHAPTER 2

Planning, Implementing, and Controlling Marketing Strategies

TEACHING RESOURCES QUICK REFERENCE GUIDE

Resource	Location
Purpose and Perspective	IRM, p. 17
Lecture Outline	IRM, p. 18
Discussion Starters	IRM, p. 25
Class Exercise	IRM, p. 27
Semester Project	IRM, p. 28
Chapter Quiz	IRM, p. 30
Answers to Discussion and Review Questions	IRM, p. 31
Answers to Internet Questions	IRM, p. 33
Answers to Developing Your Marketing Plan	IRM, p. 33
Comments on the Cases	IRM, p. 34
Case 2.1	IRM, p. 34
Case 2.2	IRM, p. 35
Answers to Strategic Case Questions	IRM, p. 36
Examination Questions: Essay	Testing CD
Examination Questions: Multiple-Choice	Testing CD
Examination Questions: True-False	Testing CD
PowerPoint Slides	Instructor's website

Note: Note: Additional resources may be found on the accompanying student and instructor websites at www.cengagebrain.com.

PURPOSE AND PERSPECTIVE

This chapter focuses on strategic planning. To help students understand how marketing activities fit into the “big picture,” we begin this chapter with an overview of the strategic planning process. Next, we examine how organizational resources and opportunities affect strategic planning and the role played by the organization’s mission statement. After discussing the development of both corporate and business-unit strategy, we explore the nature of marketing strategy and the creation of the marketing plan. Finally, we examine the implementation of marketing strategies, the organization of the marketing unit, and the marketing control process.

LECTURE OUTLINE

I. Understanding the Strategic Planning Process

- A. With competition increasing, firms must spend more time planning—determining how to use resources and capabilities to achieve objectives and satisfy customers.
- B. The process of *strategic planning* helps a firm establish an organizational mission and goals, corporate strategy, marketing objectives, marketing strategy, and a marketing plan.
 1. The process begins with a detailed analysis of the organization's strengths and weaknesses and identification of opportunities and threats within the marketing environment.
 2. This analysis helps a firm establish or revise its mission and goals, and then develop corporate strategies to achieve these goals.
 3. Each functional area of the organization, including marketing, production, finance, and human resources establishes its own objectives and develops strategies to achieve them.
 - a) Each functional area must support overall organizational goals and mission
 - b) Marketing objectives should be designed to contribute to the corporate strategy and use the firm's resources efficiently.
 4. To achieve its marketing objectives, an organization must develop a *marketing strategy*, which includes identifying and analyzing a target market and developing a marketing mix to satisfy individuals in that market.
 - a) Includes a plan of action for developing, distributing, promoting, and pricing products that meet the needs of the target market.
 - b) Should reflect the overall direction of the organization.
- C. The strategic planning process ultimately yields a marketing strategy that is the framework for a *marketing plan*, which is a written document that specifies the activities to be performed to implement and control an organization's marketing activities.

II. Assessing Organizational Resources and Opportunities

- A. The strategic planning process begins with an analysis of the marketing environment. Economic, competitive, political, legal and regulatory, technological, and sociocultural forces can constrain an organization and influence its overall goals they can also create favorable opportunities.
- B. Strategic planning must assess an organization's available financial and human resources and capabilities and how the level of these resources is likely to change in the future. Resources can include:
 - a) Goodwill
 - b) Reputation
 - c) Brand names
 - d) *Core competencies*—Things a firm does extremely well and can sometimes give a company an advantage over its competition.
- C. Analysis of the marketing environment also involves identification of opportunities in the marketplace.
 1. A *market opportunity* exists when the right combination of circumstances and timing permits an organization to take action to reach a particular target market.

2. *Strategic windows* are temporary periods during which there is an optimum fit between the key requirements of a market and the particular capabilities of a firm competing in that market.
- D. A company is said to have a *competitive advantage* when it matches a core competency to opportunities in the marketplace.
- E. **SWOT Analysis** is one tool marketers use to assess an organization's strengths, weaknesses, opportunities, and threats in the marketing environment.
1. Strengths and weaknesses are internal factors that can influence an organization's ability to satisfy its target markets.
 - a) *Strengths* refer to competitive advantages or core competencies that give the organization an advantage in meeting the needs of its target markets.
 - b) *Weaknesses* refer to any (internal) limitations that a company faces in developing or implementing a marketing strategy.
 - c) Both strengths and weaknesses should be examined from a customer perspective.
 2. Opportunities and threats exist independently of the organization and therefore represent issues to be considered by all organizations in an industry, even those that are not competitors.
 - a) *Opportunities* refer to favorable conditions in the environment that could produce rewards for the organization if acted upon properly.
 - b) *Threats* refer to conditions or barriers that may prevent the organization from reaching its objectives.
 3. When an organization matches internal strengths to external opportunities, it creates competitive advantages in meeting the needs of its customers.
 4. Companies should attempt to convert internal weaknesses into strengths and external threats into opportunities. Can hire outside consultants to achieve this goal if insufficient talent exists in-house.

III. Establishing an Organizational Mission and Goals

- A. The goals of any organization derive from its *mission statement*, which is a long-term view, or vision, of what the organization wants to become. An organization's mission really answers two questions:
1. Who are our customers?
 2. What is our core competency?
- B. Mission goals and objectives must be properly implemented to achieve and communicate the desired "corporate identity"—a company's unique symbols, personalities, and philosophies.
- C. An organization's goals and objectives should guide its planning efforts.
1. Goals focus on the end results sought by the organization.
 2. A *marketing objective* states what is to be accomplished through marketing activities.
 - a) Objectives can be stated in terms of product introduction, product improvement or innovation, sales volume, profitability, market share, pricing, distribution, advertising, or employee training activities
 - a) Should be based on a careful study of the SWOT analysis and should relate matching strengths to opportunities and/or convert weaknesses and threats.
 - c) Marketing objectives should:
 - (1) Be expressed in clear, simple terms
 - (2) Be written so that they can be measured
 - (3) Specify a time frame for accomplishment
 - (4) Be consistent with both business-unit and corporate strategy

IV. **Developing Corporate, Business-Unit, and Marketing Strategies**

In most organizations, strategic planning begins at the corporate level and proceeds from there to the business-unit and marketing levels. It is increasingly common for firms to develop strategy from the top-down and from the bottom-up to seek expertise from all levels of an organization.

- A. **Corporate Strategy** determines the means for utilizing resources in the functional areas of marketing, production, finance, research and development (R&D), and human resources to reach the organization's goals.
1. Corporate strategy determines not only the scope of the business, but also its resource deployment, competitive advantages, and overall coordination of functional areas.
 2. Corporate strategy is used by all organizations, not just corporations.
 3. Corporate strategy planners are concerned with broad issues (corporate culture, competition, differentiation, diversification, interrelationships between business units, and environmental and social issues).
 - a) Strategy planners attempt to match the resources of the organization with the opportunities and threats in the environment.
 - b) They are also concerned with defining the scope and role of the organization's business units so the units coordinate efforts to reach the desired ends.

B. **Business-Unit Strategy**

The next step in strategic planning is to determine future business directions and develop strategies for individual business units.

1. A *strategic business unit (SBU)* is a division, product line, or other profit center within the parent company. Strategic planners should recognize the strategic performance capabilities of each SBU and carefully allocate resources among the divisions.
2. A *market* is a group of individuals and/or organizations that have needs for products in a product class and have the ability, willingness, and authority to purchase these products. The percentage of a market which actually buys a specific product from a specific company is referred to as that product's (or business unit's) *market share*.
3. Several tools allow an organization's portfolio of strategic business units to be classified and displayed according to the attractiveness of various markets and the business's relative market share within those markets.
 - a) The *market-growth/market-share matrix*, the Boston Consulting Group (BCG) approach, is based on the philosophy that a product's market growth rate and its market share are important considerations in determining its marketing strategy.
 - (1) All the organization's SBUs and products should be integrated into a single, overall matrix and evaluated to determine appropriate strategies for individual products and overall portfolio strategies.
 - (2) Managers can use this model to determine and classify each product's expected future cash contributions and future cash requirements.
 - b) This model by the BCG classifies an organization's products into four basic types:
 - (1) "Stars" have a dominant share of the market and good prospects for growth; they use more cash than they generate to finance growth, add capacity, and increase market share. Example: Apple's iPod
 - (2) "Cash cows" have a dominant share of the market but low prospects for growth; typically they generate more cash than is required to maintain market share. Example: Procter & Gamble's Bounty paper towels
 - (3) "Dogs" have a subordinate share of the market and low prospects for growth; these products are often found in established markets. Example: General Motors' (now defunct) Oldsmobile brand

- (4) “Question marks,” sometimes called “problem children,” have a small share of a growing market and generally require a large amount of cash to build market share. Example: Mercedes mountain bikes
- c) The long-term health of an organization depends on having some products that generate cash (and provide acceptable profits) and others that use cash to support growth.

C. Marketing Strategy

1. The next phase in strategic planning is the development of strategies for each functional area of the organization.
 - a) Corporate strategy and marketing strategy must balance and synchronize the organization’s mission and goals with stakeholder relationships.
 - b) An effective marketing strategy must gain the support of key stakeholders.
2. Within the marketing area, a strategy is typically designed around two components:
 - a) The selection of a target market
 - b) The creation of a marketing mix that will satisfy the needs of the chosen target market.
3. **Target Market Selection**
 - a) Selecting a target market is the most important decision a company makes in the strategic planning process.
 - (1) Should a company select the wrong target market all other marketing decisions will be ineffective.
 - (2) Identification and analysis of a target market provide a foundation on which a marketing mix can be developed.
 - b) When exploring possible target markets, marketing managers try to evaluate how entering them would affect the company’s sales, costs, and profits.
 - c) Marketers should also assess whether the company has the resources to develop the right marketing mix to meet the needs of a particular target market.
 - (1) The size and number of competitors is a concern as well.
4. **Creating the Marketing Mix**
 - a) The decisions made in creating a marketing mix are only as good as the organization’s understandings of the target market.
 - (1) Understanding comes from careful, in-depth research into the characteristics of the target market.
 - (2) The organization should also analyze customer needs, preferences, and behavior with respect to product design, pricing, distribution, and promotion.
 - b) Marketing mix decisions should also have two other characteristics:
 - (1) All marketing mix decisions should be consistent with the business-unit and corporate strategies to allow the organization to achieve its objectives on all planning levels.
 - (2) All marketing mix decisions should be flexible to permit the organization to alter its marketing mix in response to changes in market conditions, competition, and customer needs.
 - c) It is at the marketing mix level that an organization details how it will achieve a competitive advantage.
 - d) It is important that the organization attempt to make this advantage sustainable. A *sustainable competitive advantage* is one that cannot be copied by the competition.

V. Creating the Marketing Plan

- A. *Marketing planning*, the systematic process of assessing marketing opportunities and resources, determining marketing objectives, defining marketing strategies, and establishing guidelines for implementation and control of the marketing program is a major concern in the strategic planning process.
- B. The marketing plan, a written document that outlines and explains all the activities necessary to implement marketing strategies is an outcome of the process.
 1. Describes the firm's current position or situation, establishes marketing objectives for the product or product group, and specifies how the organization will attempt to achieve these objectives.
 2. Developing a clear, well-written plan is important but time-consuming.
 - a) Is the basis for internal communication among employees.
 - b) Covers the assignment of responsibilities and tasks, as well as schedules for implementation
 - c) Presents objectives and specifies how resources are to be allocated to achieve these objectives
 - d) Helps marketing managers monitor and evaluate the performance of a marketing strategy
 - e) Planning and implementation are inextricably linked in organizations
 3. There is no single format when devising marketing plans, which may be written for strategic business units, product lines, individual products or brands, or specific markets. Most plans share some common components.

VI. Implementing Marketing Strategies

- A. *Marketing implementation* is the process of putting marketing strategies into action.
 1. Implementation is often neglected in favor of strategic planning, but it can determine whether a marketing strategy succeeds.
 2. Marketing strategies almost always turn out differently than expected. In essence, organizations have two types of strategy.
 - a) *Intended strategy* is the strategy the organization decided on during the planning phase and wants to use.
 - b) *Realized strategy* is the strategy that actually takes place. It comes about during the process of implementing the intended strategy.
- B. **Approaches to Marketing Implementation**
 1. **Customer Relationship Management (CRM)**
 - a) Focuses on using information about customers to create marketing strategies that develop and sustain desirable long-term customer relationships.
 - b) Strives to build satisfying exchange relationships between buyers and sellers by catching useful data at all customer-contact points.
 - c) CRM technologies enable marketers to identify specific customers, establish interactive dialogues with them to learn about their needs and combine this information with purchase histories to customize products to meet those needs.
 - d) Identifying individual consumers shifts emphasis from share of market to *share of customer*. All customers have different needs and values.
 - e) *Customer lifetime value (CLV)* means assessing the worth of individual customers and thus estimate their lifetime value to the organization.
 - (1) Forecasts a customer's lifetime economic contribution based on continued relationship-marketing efforts.

- (2) Is calculated by taking the sum of the customer's present value contributions to profit margins over a specific timeframe.
- (3) Knowing CLV can help marketers determine how best to allocate resources to marketing strategies in order to sustain customers.

2. Internal Marketing

- a) Organizations have two sets of customers:
 - (1) *External customers* are the individuals who patronize a business.
 - (2) *Internal customers* are the company's employees.
 - (3) The needs of both sets of customers must be satisfied through marketing activities if implementation is to be successful.
- b) *Internal marketing* is a management philosophy that coordinates internal exchanges between the organization and its employees to achieve successful external exchanges between the organization and its customers.
 - (1) Refers to the managerial actions necessary to make all members of the marketing organization understand and accept their roles in implementing the marketing strategy.
 - (2) May involve all elements of the marketing mix, market segmentation, product development, research, distribution, and public relations and sales promotion.

3. Delivering on Quality

- a) *Total quality management (TQM)* is a philosophy which emphasizes uniform commitment to quality in all areas of the organization to promote a culture that meets customers' perceptions of quality.
- b) Involves coordinating efforts to improve customer satisfaction, increasing employee participation and empowerment, forming and strengthening supplier partnerships, and facilitating an organizational culture of continuous quality improvement.
- c) Continuous quality improvement is based on the idea that quality is free while not having quality products can be very expensive.
- d) Important tools of TQM:
 - (1) *Benchmarking*, the measuring and evaluating of the quality of an organization's goods, services, or processes as compared with the best-performing companies in the industry.
 - (2) *Empowerment* gives customer-contact employees the authority and responsibility to make marketing decisions without seeking the approval of their supervisors.

C. Organizing Marketing Activities

1. Firms that adopt the marketing concept develop a distinct organizational culture based on a shared set of beliefs which make the customer's needs the pivotal point of the organization's strategic and operational decisions.
2. If the marketing concept serves as a guiding philosophy, the marketing unit will be closely coordinated with other functional areas (production, finance, and human resources).

3. Organizing marketing activities in ways that mesh with a company's strategic marketing approach enhances performance.
 - a) A *centralized organization* is one in which the top-level managers delegate very little authority to lower levels of the organization.
 - b) A *decentralized organization* delegates authority as far down the chain of command as possible.
 - c) Marketing oriented firms generally find central organization less effective because it slows response times.
4. There is no single best approach to organizing the marketing unit; the best approach(es) depends on:
 - a) The number and diversity of the firm's products
 - b) The characteristics and needs of the people in the target market
 - c) Other factors.
5. A marketing unit may be organized according to functions, products, regions, or types of customers; it may also be organized using a combination of these approaches.
 - a) **Organizing by Functions**
 - (1) Some marketing departments are organized by general marketing functions (such as marketing research, product development, distribution, sales, advertising, and customer relations).
 - (2) Is fairly common because it works well for some businesses with centralized marketing operations;
 - (3) It may cause coordination problems in more decentralized organizations.
 - b) **Organizing by Products**
 - (1) Organizing by products is appropriate for organizations that produce and market diverse products.
 - (2) Gives a firm the flexibility to develop special marketing mixes for different products.
 - (3) Although this approach is flexible, it is also expensive unless efficient categories of products are grouped together to reduce duplication and improve coordination of product management.
 - c) **Organizing by Regions**
 - (1) Organizing by regions is appropriate for large firms that nationally or internationally market products.
 - (2) Is effective for firms with highly variable customer characteristics between regions.
 - d) **Organizing by Types of Customers**

Organizing by types of customers is appropriate for a firm that has several groups of customers whose needs and problems differ significantly.

D. Controlling Marketing Activities

The formal *marketing control process* includes the establishment of performance standards, evaluation of actual performance by comparing it with established standards, and reduction of differences between desired and actual performance. Control has received little attention in marketing, but is a fundamental activity.

1. **Establishing Performance Standards**
 - a) Planning and controlling are closely linked because plans include statements about desired accomplishments.
 - b) A *performance standard* is an expected level of performance against which actual performance can be compared.
 - c) Performance standards are to be tied to organizational goals.
2. **Evaluating Actual Performance**
 - a) Marketing managers must know about employee activities and those of external organizations that provide marketing assistance.
 - b) Records of actual performance are compared with performance standards to determine the extent of performance-related discrepancies.
3. **Taking Corrective Action**
 - a) Marketing managers have several options for reducing a discrepancy between performance standards and actual performance:
 - (1) Improve actual performance
 - (2) Reduce or change the performance standard
 - (3) Both 1 and 2
 - b) Improving performance may require better methods of motivating marketing personnel or more effective techniques for coordinating marketing efforts.
4. **Problems in Controlling Marketing Activities**
 - a) The information required to control marketing activities may be unavailable or available only at a high cost.
 - b) The frequency, intensity, and unpredictability of environmental changes may hamper control.
 - c) The time lag between marketing activities and the activities' results limits the ability to measure the effectiveness of specific marketing activities.
 - d) Because marketing and other business activities overlap, marketing managers cannot determine the precise cost of marketing activities, which makes it difficult to know if the outcome of marketing activities is worth the expense.
 - e) It is very hard to develop exact performance standards for marketing personnel.

DISCUSSION STARTERS

Discussion Starter 1: Identifying Core Competencies

ASK: *What do you think are McDonald's core competencies?*

Many students will focus on food, but the key to McDonald's success is a focus on consistency.

ASK: *How many of you have eaten in McDonald's in other countries? What was similar to the local McDonald's?*

McDonald's goal is to have consistent product, service and environment throughout the world. This consistency gives the consumer confidence that the purchase will meet expectation. The other competency McDonald's possesses is the ability to identify local menu items which fit within McDonald's offerings.

Exercise Extender: Visit www.aboutmcdonalds.com/country/map.html and visit a number of McDonald's international sites. Discuss with the students the similarities and the differences between the sites. This will bring the discussion of McDonald's core competencies to life.

Discussion Starter 2: Marketing in Transition: Guitar Hero Makes You a Rock Star

The following ad campaign was created by Guitar Hero. The company is using different types of spokespeople to reach its audience. It uses famous athletes, coaches, a well-known model/actress (Heidi Klum), and even the band (Metallica) in an advertising campaign for the game Guitar Hero. Show the four clips and have the students discuss them.

<http://www.youtube.com/watch?v=r0TPodgomLs> (Coaches and Metallica)

<http://www.youtube.com/watch?v=ojHOiNcp6us> (Phelps, A-Rod, Kobe)

<http://www.youtube.com/watch?v=-BddCq1zFI4> (Heidi Klum)

ASK: *Do you believe having famous spokespeople in advertisements helps to sell products?*

Discussion Starter 3: Mission Statement:

Show link of Ben and Jerry's Social, Product, and Economic mission statements. Also show link of New Belgium Brewery's history and mission.

<http://www.benjerry.com/activism/mission-statement/>

<http://www.newbelgium.com/our-story>

Discuss these two companies, known for their high ethical standards, and their mission statements. Using the discussion in the book about mission statements, have students analyze their strengths and weaknesses. Mission statements are important because they act as a compass to lead the company in the right direction.

ASK: *Whether students can think of any companies that are unique or different.*

Then, seek out these companies' websites in order to see how readily accessible their mission statements are.

Discussion Starter 4: Marketing Entrepreneurs: Zipcar

ASK: *How can organizations take a product designed for a narrowly tailored market and give it greater mass market appeal?*

Visit the website for Zipcar (<http://www.zipcar.com/>) and look at the evolution of the company. Talk about the unique product attributes which are helping this company to expand across the company. What about the current marketing environment has allowed a shared car company to be successful (You may refer to the Sustainable Marketing box on Zipcar in the text).

ASK: *What do you think of Zipcar? Would you use the service?*

Anytime you have a very unique product you are going to get a wide range of opinions. You may want to ask students whether any of them have ever used Zipcar and whether they enjoyed the experience.

ASK: *How could Zipcar improve its marketing strategy and maybe reach more consumers?*

Students' answers will vary. Have them focus their responses on the text of the book—using key words and concepts from chapter 2.

Discussion Starter 5: Internal Marketing

ASK: *How many of you work for firms which have internal marketing efforts?*

Many of the students will work for firms that offer programs and benefits designed to bond the employees to the brand. For example, banks such as Bank of America offer employees access to websites that provide discounts.

ASK: *Why is internal marketing so important?*

In order to reach the new generation of workers many firms are turning to their own media. An excellent example is Ernst and Young's use of Facebook. Originally targeted at recruits, this initiative now serves employees as well as alumni and bonds the individuals within the organization together. The following link connects to the Ernst and Young Facebook page:

<http://www.facebook.com/ernstandyoungcareers>

(Note: You can access this page even if you are not signed into Facebook. Nevertheless, be careful to screen what is viewed in class as there may be objectionable information on many sites.)

ASK: *Do you think these efforts will be successful? Should other firms use this same technique as part of their internal marketing efforts?*

Students should be able to support their answers to this question.

CLASS EXERCISES**Class Exercise 1: Campus Specific University Mission Statements**

(Note: If computer access is not available during class you will need to provide students the university mission statement)

Step One: Begin by analyzing the mission statement for your university.

Step Two: Identify campus activities consistent with the mission statement.

Step Three: Identify the core competencies of the university.

Step Four: List any marketing activities consistent with the mission statement.

Class Exercise 2: A Personal SWOT Analysis Related to Getting a Great Job Upon Graduation

Ask each student at the beginning of class to silently generate a SWOT Analysis of their strengths, weaknesses, opportunities, and threats for getting a great job when they graduate. In other words, have them write in bullet style, three strengths they have, three weaknesses they have, three opportunities they see, and three threats on the horizon they see that may impact their getting a great job after college. Please see *Figure 2.2* in the text for matching strengths to opportunities and converting weaknesses to strengths and threats to opportunities. Most importantly of all, ask each student to put an asterisk in the SWOT quadrant they believe is most important and why. This silent composition should take approximately 5 to 10 minutes and is a great aid to all instructors who could again benefit from having an extra 5 to 10 minutes to set up the classroom technology, double check the roster, or do final preparations for class. (*Special note:* This silent generation of customer service experiences is great for early semester classroom control purposes as well as providing a vehicle for the students to ratchet up their involvement in the classroom material.)

Note: After the students have handed in their work or verbalized their asterisk placement, do a frequency count on each of the four quadrants related to the ones that students believe are most important. Then write the following test question:

According to the SWOT analysis data generated and discussed in class, the quadrant that was deemed to be the most important by our class was _____ and the quadrant deemed to be the least important was _____.

- A) opportunities; threats
- B) strengths; threats
- C) strengths; weaknesses
- D) weaknesses; threats
- E) threats; opportunities

(Hopefully students found that either strengths or opportunities are most important and weaknesses are least important.)

Class Exercise 3: Class Mission Statement

A mission statement provides a long-term view, or vision, about what the organization wants to become. It serves as the orienting point for the organization's goals and objectives.

In this exercise you will develop a mission statement for your class.

Step One: Begin by identifying customers' needs and wants.

Step Two: Identify key elements that must be in the class mission statement.

Step Three: Write a mission statement for the class.

Choose one member of the group to report the group's activities to the class.

Note: After this exercise the instructor should combine elements from the various mission statements and define a single mission statement for the class.

SEMESTER PROJECT

As outlined in chapter two, the strategic planning process begins with an assessment of the organization's current state. This task is generally accomplished through a SWOT analysis. In order to plan a successful career, you too must understand your strengths and weaknesses. This exercise is designed to help you conduct a personal SWOT analysis.

Step One: Internal Assessment

The first step is to begin with a self-assessment. There are many tools available to help you identify your own strengths and weaknesses. The following website contains a wide variety of tools to assist you in identifying your wants and capabilities.

http://www.muskingum.edu/~cal/database/aftercollege/career_planning.html

Write a brief statement about the results of your internal assessment. Remember the key is to be honest with yourself.

Step Two: External Assessment

Personality testing is used to help you identify careers which make best use of your personality type. Organizations also use personality testing to identify ideal job candidates, testing applicants to determine if personality profiles meet the job requirements. Access to personality testing is often available through campus career resource centers. If your campus does not provide this service, then try online versions such as <http://www.humanmetrics.com/cgi-win/JTypes1.htm>. After completing the online test, you will be given a series of four letters. These letters represent your personality type and can be used to search for careers, fitting your personality.

Another means of identifying your strengths and weaknesses is to ask those around you to discuss these attributes with you. The second part of this exercise is to seek three people who know you in different capacities. Ask these three people to discuss with you your key strengths and weaknesses. Key people to ask include your boss, a professor who know you well, and a long-time friend. Honest responses will help you better understand yourself so ask for direct responses.

Write a brief report on the key insights gained from these exercises.

CHAPTER QUIZ

1. A long-term view, or vision, of what an organization wants to become is called a
 - a. vision statement.
 - b. purpose statement.
 - c. mission statement.
 - d. marketing plan.
 - e. strategic vision.

2. _____ refers to the coordination of internal exchanges between the organization and its employees to better achieve successful external exchanges between the organization and its customers.
 - a. Internal management
 - b. Internal leadership
 - c. Empowerment
 - d. Internal marketing
 - e. Total quality management

3. The questions “Who are our customers?” and “What is our core competency?” are answered in the firm's
 - a. business plan.
 - b. strategic window.
 - c. mission statement.
 - d. market opportunity statement.
 - e. marketing plan.

4. Products that have a relatively low market share and low prospects for growth are considered by the Boston Consulting Group to be
 - a. dogs.
 - b. cash cows.
 - c. stars.
 - d. cash contributors.
 - e. question marks.

CHAPTER QUIZ

Answers to Chapter Quiz: 1. c; 2. d; 3. c; 4. a.

ANSWERS TO DISCUSSION AND REVIEW QUESTIONS

1. **Identify the major components of strategic planning, and explain how they are interrelated.**

The major components of strategic planning include analysis of the organization's strengths and weaknesses and identification of its threats and opportunities, establishment of an organizational mission and goals, and development of corporate and business-unit strategies. Within the marketing area, the process continues with the establishment of marketing objectives, development of a marketing strategy and, ultimately, the creation of a marketing plan.

2. **What are the two major parts of a marketing strategy?**

The two major parts of a marketing strategy are identifying and analyzing a target market and developing a marketing mix to satisfy individuals within that market.

3. **What are some issues to consider in analyzing a firm's resources and opportunities? How do these issues affect marketing objectives and marketing strategy?**

The strategic planning process begins with an analysis of the marketing environment, including economic, competitive, political, legal and regulatory, technological, and socio-cultural forces. The process must also include an assessment of an organization's available financial and human resources and capabilities, as well as how the level of these resources is likely to change. These analyses help the firm pinpoint its core competencies and identify market opportunities which the organization can exploit through carefully crafted marketing strategies.

4. **How important is the SWOT analysis to the marketing planning process?**

A SWOT analysis outlines the internal strengths and weaknesses of a firm and the external opportunities and threats. This information can be used to develop appropriate strategies for converting weaknesses into strengths, threats into opportunities, and to match strengths to opportunities.

5. **How should organizations set marketing objectives?**

Marketing objectives must be consistent with the organization's goals. They should be written so that they are clear and measurable, and should state what is to be accomplished in what time frame.

6. **Explain how an organization can create a competitive advantage at the corporate, business-unit, and marketing strategy levels.**

A competitive advantage exists when an organization matches its core competency to opportunities it has discovered in the marketplace. One way a firm can achieve a competitive advantage at the corporate level is through corporate mergers. The talents and abilities one corporation possesses can be combined with different competencies of another organization, to be matched to opportunities in the marketplace. At the business-unit level, a competitive advantage can be developed by intensifying growth in those products or services which a company has mastered and which also has great customer-market potential. A competitive advantage would also be created when a company has the foresight to diversify into other markets and/or products which capitalize on existing skills and knowledge. At the marketing strategy level, a competitive advantage can be created by careful analysis of customers and their needs, then selecting the

appropriate target market. The selection of the target market should meet an anticipated customer need and also be appropriate for the organization's core competencies.

7. **Refer to question 6. How can an organization make its competitive advantages sustainable over time? How difficult is it to create sustainable competitive advantages?**

A sustainable competitive advantage is one that cannot be copied by competitors. A sustainable advantage is developed by capitalizing on a firm's strengths and developing an expertise in an area that cannot be copied by the competition. Rather than attempting to be all things to all customers, a firm might choose a specific area of concentration and focus on becoming the best in that area. The degree of difficulty in maintaining a sustainable competitive advantage depends on the specific area of expertise and the ease of entry by the competitor. For example, store location is one sustainable competitive advantage which may present some degree of difficulty for a competitor to challenge. However, a sustainable competitive advantage of lowest price may be readily copied by the competition.

8. **What benefits do marketing managers gain from planning? Is planning necessary for long-run survival? Why or why not?**

Planning helps marketing managers define their strategy in light of resources and opportunities. Planning forces the marketing manager to determine the difference between objectives and current performance. Specifying expected results, identifying the resources needed, describing the activities, and monitoring the activities allow the organization to achieve its long-term goals and survive.

9. **Why does an organization's intended strategy often differ from its realized strategy?**

There are several possibilities for explaining why the intended strategy, developed in the planning phase, often is not implemented exactly as planned. Because the environment is constantly changing, the intended strategy must also change. Therefore, it becomes the realized strategy—the strategy which actually gets implemented. Another reason the intended strategy differs from the realized strategy is that managers often develop the intended strategy separately from the plans for its implementation; therefore, it may not work the way they envisioned, due to changes required for actual operation.

10. **Why might an organization use multiple bases for organizing its marketing unit?**

Product features may dictate that the marketing unit be structured by product, and customer characteristics may require that the unit be organized by region or customer type. The use of multiple bases allows the organization to acquire the benefits from several approaches. The primary benefit is flexibility.

11. **What are the major steps of the marketing control process?**

The major steps in the marketing control process are a) establishing performance standards, b) evaluating actual performance by comparing it with performance standards, and c) reducing the differences between desired and actual performance.

ANSWERS TO DEVELOPING YOUR MARKETING PLAN

1. In answering this question, students will have to identify the core competencies of the company the selected. As an example, Walmart's core competencies include world-class efficiency in supply chain management, an extensive distribution system, and a strong reputation for delivering low prices. Next, students will be required to state whether their identified core competencies contribute to a competitive advantage for their selected company. In the example of Walmart, the answer would be yes.
2. In order to answer this question, students are required to provide a SWOT analysis of their selected company. Embedded in this answer, students will be required to clearly identify their company's strengths and weaknesses as well as discussing any opportunities or threats their company may face.
3. In answering this question, students are required to discuss whether they have identified any opportunities that are a good match for their company's core competencies. Finally, students are required to discuss whether they discovered any weaknesses that could be converted to strengths through careful market planning.

COMMENTS ON CASES



CASE 2.1: WHITE ROCK USES MARKETING STRATEGIES TO REVITALIZE COMPANY

This case describes the marketing strategies that a company utilized in order to revitalize its brand. Although White Rock sparkling water was once highly valued, by the end of the 20th century, growth had stagnated. To bring its brand back from the brink, White Rock uses a hybrid distribution system and utilizes quality customer service to differentiate its brand from competitors. White Rock targets the niche health-food segment by marketing itself as a premium healthy brand. Recognizing that White Rock is a mature brand—meaning that future growth is limited—the company began an acquisition strategy of other brands with high growth prospects. With these new brands, White Rock plans to expand its market of distribution.

The first question has the student consider White Rock's core competency and how it can be used to reach a particular target market or market opportunity. The core competency of White Rock is its use of classic, authentic, and healthy brands. Its brand White Rock capitalizes on its history as one of the oldest sparkling beverage companies in America. Its brand Sioux City is one of the first brands of soft drinks to carry a Western theme. Olde Brooklyn's flavors are named after Brooklyn neighborhoods that imbue the brand with a sense of authenticity. These brands appeal to a bygone era. Also, with its lack of preservatives, White Rock brands appeal to a niche health food market looking for a premium beverage.

The second question asks students to come up with methods that White Rock can use to gain a competitive advantage. Students may come up with different solutions for this question. A few answers might involve expanding its target market to include groups outside of the niche health food industry, embarking on new marketing initiatives to make the White Rock brand more well-known in other regions of the country, form partnerships with restaurants or cafes to sell the product at their locations, and/or consider opening retail locations for its various products to promote its "premium" quality.

The third question asks students to consider what elements of the marketing mix that White Rock could change to improve its marketing strategy. Technically, White Rock could change all elements of the marketing mix. Some are harder to change than others, however. The hardest to change would be distribution methods, as they involve transportation and location considerations. Pricing would be the easiest to change. Increasing the price for its products could promote its “premium brand” image, while lowering the price could attract more customers. Increasing promotion would be the best way to spread awareness of the White Rock product, through advertising, by forming partnerships, or by engaging in greater customer relationship marketing. White Rock could also change its products, either by adapting its current products, adopting different types of product packaging, or acquiring new brands. Changing any of these elements will likely affect the marketing strategy significantly.

CASE 2.2: FORD DEVELOPS A STRATEGY FOR COMPETITIVE ADVANTAGE

This case discusses how Ford’s “The Way Forward” strategy is grabbing global market share and creating a competitive advantage. When Alan Mulally became CEO of Ford in 2006, he began implementing “The Way Forward” strategy. This strategy reduces costs while maintaining a focus on customers as the foundation for everything the company does.

Ford is embarking on many initiatives to make “The Way Forward” strategy a success. For example, in order to reach its target market of women with its new Fusion auto, Ford Motor created a “pop-up store” that traveled to ten malls and treated women to test drives, beauty services, and fitness training. The company is concentrating on offering smaller, fuel-efficient cars to the Chinese and Indian markets. With sales of certain brands increasing, “The Way Forward Strategy appears to be succeeding.

The first question asks students to consider how “The Way Forward” strategy helped to save the company after the most recent recession. “The Way Forward” strategy focused its business model on consumers while simultaneously reducing costs. Although overall sales for the company declined during the recession, the strategy actually increased sales for certain brands. For example, by targeting women through a unique campaign, sales of the Ford Fusion model increased. By concentrating heavily on its markets in India and China, Ford sales in India tripled. Its strategic emphasis on hybrid cars led to an increase in Ford hybrid car sales despite a general decrease in sales for the industry. With its emphasis on specific target markets, major world economies, and the future of sustainable cars, Ford’s “The Way Forward” strategy helped the company to weather the devastating recent recession.

The second question asks students how Ford linked its global strategy with its domestic strategy. Ford’s emphasis on the consumer is part of a strategy to ensure success in both domestic and global markets. Ford has launched several campaigns to target a specific target market. In the United States, the Fusion was targeted toward women. The Ford Figo was targeted toward Indian consumers. Both these models were launched with a specific market in mind, showing that Ford is taking its consumer focus to both a domestic and global scale. For Ford its global and domestic strategies are clearly intertwined.

The third question asks students to evaluate Ford’s strategy to focus on global markets with stronger brands and scale back or exit the luxury car market. In a recession, such a strategy is beneficial, since many consumers are focused on saving money, not on purchasing luxury vehicles. Luxury brands are not as likely to be successful in major markets like China and India either as car ownership is just starting to take off in these countries. Additionally, the luxury auto industry in regions like Europe is not growing as rapidly, as the market becomes increasingly saturated. On the other hand, there is the risk that Ford could miss out on a lucrative opportunity by exiting the luxury car market. As consumers

in India and China continue to accumulate wealth, and the world economy begins to pick up again post-recession, the demand for luxury vehicles will likely grow. If Ford is no longer in the market, its competitors might gain an advantage in the luxury car industry.

ANSWERS TO STRATEGIC CASE QUESTIONS

STRATEGIC CASE 1: MONSANTO: LINKING CORE COMPETENCIES TO MARKET OPPORTUNITY

This case discusses how Monsanto is overcoming challenges and using its core competencies to gain a market advantage. As the world's largest seed company, Monsanto has achieved much of its success through its work with biotechnology, specifically genetically-modified (GM) seeds. Though GM food is controversial and is not accepted in certain countries, in America GM seeds dominate the seed industry. With the help of GM seeds, crop yields are increasing in areas like India and Africa. Monsanto continues to innovate in order to produce unique products and drought-tolerant technology. With the world's population increasing and available land and water decreasing, Monsanto has developed a three-tiered commitment policy to address these concerns: (1) produce more crop yields, (2) conserve more resources, and (3) improve farmers' lives. It hopes to achieve these goals through innovative products and sustainable practices.

The first question asks students to develop a SWOT analysis to assess the strengths, weaknesses, opportunities, and threats facing Monsanto. To complete this activity, you might want to have students draw up the 4-box grid and fill it in themselves. You could also draw a large SWOT matrix on the board and have students help you to fill it in. Regardless, it should look something like the following:

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Specialization in biotechnology • Diverse array of products • Success of products • Clear, strong corporate strategies • Wide-scale acceptance of GM seeds in many countries • Best Corporate Citizens award 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Past lawsuits over harmful products (Agent Orange) • Products not readily accepted in all markets • Strong government ties and lobbying efforts make some stakeholders believe Monsanto is corrupt
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Omega-3 soybean • Drought-tolerant technology • A large market share in the African seed industry 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Stakeholder critics like Greenpeace and protestors • Increased competition (Pioneer Hi-Bred, Dupont, Syngenta) • Lower grain prices • Growth in popularity of organic food and continuing antagonism against biotechnology from critics • Failure of GM seeds to be accepted in Europe

--	--

The second question asks students to explain how Monsanto utilized the marketing concept and a market orientation. A market orientation guides the process of strategic planning to ensure that a concern for customer satisfaction is an integral part of the process and permeates the entire company. Monsanto achieves this by creating products that will help farmers to increase crop yields, kills pests, and generate greater revenues for farmers. Additionally, Monsanto is constantly innovating to create products that will meet needs of farmers and consumers in different regions. For example, its Omega-3 soybean can be used to improve the health of any consumer, while its drought-resistant technology will be particularly useful in helping farmers in countries like Africa.

The last question asks students to consider the importance of gaining stakeholder support for Monsanto's long-term success. Without support Monsanto will have a harder time getting its newest products accepted. It also needs stakeholder support to break into lucrative new markets like Africa. Because Monsanto has so many critics, support from other stakeholders is necessary to combat criticism and continue to grow.