

SOLUTIONS MANUAL



Chapter 2

Company and Marketing Strategy: Partnering to Build Customer Relationships

Previewing the Concepts—Chapter Objectives

1. Explain companywide strategic planning and its four steps.
2. Discuss how to design business portfolios and develop growth strategies.
3. Explain marketing's role under the strategic planning and how marketing works with its partners to create and deliver customer value.
4. Describe the elements of a customer-driven marketing strategy and mix, and the forces that influence it.
5. List the marketing management functions, including the elements of a marketing plan.

JUST THE BASICS

Chapter Overview

This chapter looks at steps two and three of the marketing process—designing customer-driven marketing strategies and constructing marketing programs. It begins with a discussion of companywide strategic planning, something many students probably don't know even exists. But, as the chapter points out, marketing plans and programs are not developed in a vacuum. They must be a part of and consistent with the broader, overall strategic plans.

The text delves into strategic planning, and then goes on to discuss how marketing partners with other internal departments to ensure success in the marketplace. It also discusses how the marketing mix is developed out of the marketing strategy, and how marketing departments today are organized to manage the marketing effort.

Chapter Outline

1. **Introduction**
 - a. Walt Disney has long been defined by their theme parks and animated films.
 - b. Their theme parks are world-renowned, but the Disney story is much larger than that.
 - c. Disney owns or has a major stake in major television and radio networks; cable networks; television and movie production studios; magazine publishing groups; music labels; Internet groups; stores; and cruise lines.

- d. Managing this portfolio of businesses has proven challenging during the recent economic downturn and fears of terrorism.
- e. Keeping this portfolio of businesses growing profitably will take masterful strategic planning.

2. Companywide Strategic Planning: Defining Marketing’s Role

- a. Strategic planning is *the process of developing and maintaining a strategic fit between the organization’s goals and capabilities and its changing marketing conditions.*
- b. Strategic planning is the basis for all of the rest of planning for the firm.
- c. Companies typically develop several types of plans: annual, long-range, and strategic.
- d. Annual and long-range plans focus on keeping their current businesses running.
- e. Strategic plans focus on taking advantage of opportunities in the external environment, an environment that is constantly changing.

Applying the Concept

Have students break into groups of four to six to discuss what a likely strategy would be for attracting new students to their University. Have them develop a brief statement that describes the University’s fit between their goal of attracting the best students and their capabilities for then educating those students.

- f. The company begins by defining its overall purpose and mission, which is outlined in Figure 2-1.
- g. The mission is turned into objectives that should guide the entire company.
- h. The best portfolio of businesses and products is defined based on the above.
- i. Then each business develops its own plans in support of the corporate strategic plan.

Use **Key Term** *Strategic Planning* here.

Use **Chapter Objectives** 1 here.

Use **Figure** 2-1 here.

Defining a Market-Oriented Mission

- j. Businesses may begin to drift as they grow larger. Management should ask the questions: What is our business? Who is the customer? Who do customers value? What should our business be?
- k. These questions should be asked—and answered—frequently.

- l. A mission statement is *a statement of the organization's purpose—what it wants to accomplish in the larger environment.*
- m. Mission statements should be market oriented, not focused on the product(s) the company produces.
- n. This means that the mission should be defined in terms of satisfying basic human needs.
- o. The mission should neither be too broad or too narrow; they should be realistic. They should fit the *market environment*. They should be based on *distinctive competencies*. They should be *motivating*.

Use **Key Term** *Mission Statement* here.
 Use **Table** 2-1 here.
 Use **Under the Hood/Focus on Technology** here.

Setting Company Objectives and Goals

- p. The mission must then be developed into detailed objectives. Each manager should have objectives they are responsible for reaching.
- q. Marketing strategies and programs are then developed to assist in meeting those objectives. The marketing strategies developed must be defined in greater detail, resulting in specific marketing programs.

Designing the Business Portfolio

- r. A business portfolio is *the collection of businesses and products that make up the company*. The best business portfolio is one that matches the company's strengths and weaknesses.
- s. Business portfolios are planned in two steps:
 - 1. The company analyzes their current businesses to decide which ones should receive more, less, or no investment.
 - 2. Then the future portfolio is developed through strategies for growth and/or downsizing.

Use **Key Term** *Business Portfolio* here.
 Use **Chapter Objectives** 2 here.

- t. In portfolio analysis, each of the products and businesses making up the company is evaluated. Strong businesses and products should be supported, while weak ones should be phased down or dropped.
- u. A *strategic business unit* (SBU) is a part of the company that can be planned independently from other company businesses.
- v. The purpose of strategic planning is to find ways the company can match its strengths to opportunities in the environment.

- w. The two most important portfolio analysis methods measure two dimensions—the attractiveness of the SBUs market or industry, and the strength of the SBUs position in that market or industry.
 - 1. The Boston Consulting Group approach is the most well-known method of analysis.
 - a. In this method, the company’s businesses are defined according to a growth-share matrix (see Figure 2.2)

Use **Key Terms** *Portfolio Analysis* and *Growth-Share Matrix* here.

Use **Figure** 2-2 here.

Use **Discussing the Issues** 1 here.

- b. The four types of SBUs are defined as follows:
 - 1. Stars: high-growth, high-share businesses or products. These are expected to become Cash Cows.
 - 2. Cash Cows: low growth, high-share businesses or products. They produce a lot of cash that the company uses to support SBUs that need investment.
 - 3. Question Marks: low-share businesses in high-growth markets. They generally require a lot of cash, so management has to decide which ones to support and which should be shut down.
 - 4. Dogs: low-growth, low-share businesses and products.
- c. Once the SBUs are defined and classified in the matrix, the company has to decide what role each will play. There are four strategies that can be pursued:
 - 1. The company can invest to build share.
 - 2. The company can invest enough just to hold share.
 - 3. The company can harvest, taking the cash for other uses.
 - 4. The company can divest, or shut down the SBU.
- d. SBUs and products can, and do, change their positions over time. The company must add new products and units all the time.
- 2. Matrix approaches have some limitations.
 - a. They are difficult and time-consuming. Defining and measuring market share and growth is especially difficult.
 - b. They also focus on what is happening today, rather than what should happen in the future.

- c. They also can cause companies to go into areas unrelated to their strengths, simply because the market environment looks enticing.
 - 3. Many companies today are decentralizing strategic planning, allowing cross-functional teams to do it.
- x. In addition to analyzing current businesses, companies must focus on profitable growth through finding businesses and products the company should move into in the future.
- y. Marketing is the function that identifies, evaluates and selects market opportunities, and develops strategies for going after them
- z. A way of doing this is through the *product/market expansion grid*, shown in Figure 2-3.
 - 1. Market penetration means making more sales to current customers, without changing your product(s).
 - 2. Market development is identifying and developing new markets for current products.
 - 3. Product development is when the company offers modified or new products to current markets.
 - 4. Diversification means moving into both new markets and new products, perhaps by starting up or buying businesses.

Use **Key Terms** *Product/Market Expansion Grid, Market Penetration, Market Development, Product Development* and *Diversification* here.
 Use **Discussing the Issues** 2 here.
 Use **Application Questions** 1 here.

- aa. Companies also need to be concerned with strategies for downsizing businesses.
 - 1. Products can become unprofitable, or the firm could have moved into markets with which it is unfamiliar.

Use **Key Term** *Downsizing* here.
 Use **Figure** 2-3 here.
 Use **Market at Work** 2-1 here.

Strategic Planning and Small Business

- bb. Not only large businesses benefit from strategic planning. Small businesses, especially start-ups, often ignore strategic planning once the business gets going.
- cc. Strategic planning helps managers of small businesses anticipate changes in the internal or external environment, and then help prevent or handle them.

3. **Planning Marketing: Partnering to Build Customer Relationships**
- a. Once strategic plans are in place, more detailed plans need to be developed.
 - b. Marketing is key to this additional planning activity:
 - 1. It provides the *guiding philosophy*, which is the marketing concept.
 - 2. It provides *inputs to strategic planners* in the areas of attractive market opportunities and analyzing the company's capability for taking advantage of those opportunities.
 - 3. Within the business units, marketing *designs strategies* for reaching each unit's objectives.
 - c. Marketing must work with all internal departments and external partners to attract, keep, and grow customers.
 - d. Both *customer relationship management* and *partner relationship management* are important.

Use **Key Term** *Partner Relationship Management* here.
Use **Chapter Objectives** 3 here.

Partnering with Other Company Departments

- e. Each company department is a link in the company's *value chain*. That means that each department adds value in designing, producing, marketing, delivering, and supporting the company's products.

Use **Key Term** *Value Chain* here.
Use **Discussing the Issues** 3 here.

- f. Success depends on how well each department goes about adding value, and how well all the individual departments coordinate their work.
- g. In reality, the myriad departments in a company can be in conflict.
 - 1. Marketing takes the customer's point of view, and works to increase customer satisfaction.
 - 2. But that could cause other departments to do a poorer job, as they see their jobs to be defined.
 - 3. Yet marketing is charged with getting everyone to "think customer."
 - 4. Therefore, each department needs to understand the others, so that everyone can work together to achieve the company's objectives.

Partnering with Others in the Marketing System

- h. The company should not solely focus on its own value chain; it needs to also partner with its suppliers, distributors, and customers.

- i. *Value-delivery networks* are companies working together to improve their total performance.
- j. Today, competition can largely take place between entire value-delivery networks, rather than individual competitors.

Use **Key Term** *Value-Delivery Network* here.
Use **Speed Bump** here.

Let's Discuss This

Have the students describe the possible Value-Delivery Network for their favorite coffee shop or bar.

4. Marketing Strategy and the Marketing Mix

- a. Figure 2-4 shows the major activities in managing marketing strategy and the marketing mix.
 - 1. Consumers are in the center. Profitable customer relationships are the goal.
 - 2. Marketing strategy is next—this is the broad logic under which the company attempts to develop profitable relationships.
 - 3. Guided by the strategy, the company develops its marketing mix—product, price, place, and promotion.

Use **Key Term** *Marketing Strategy* here.
Use **Figure** 2-4 here.

Customer Centered Marketing Strategy

- b. Marketing requires a deep understanding of customers.
- c. There are many different kinds of consumers, and they exhibit many different kinds of needs. Companies cannot profitably serve them all.
- d. To better define who they can serve, companies must divide up the total market. The three steps to do that are *market segmentation*, *target marketing*, and *market positioning*.
- e. *Market segmentation* is the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behavior who might require separate products or marketing programs.
 - 1. A market segment is a group of consumers who respond in a similar way to a given set of marketing efforts.

Use Key Terms *Market Segment*, *Market Segmentation*, *Target Marketing*, and *Market Positioning* here.

Use Chapter Objectives 4 here.

- f. *Target marketing* involves evaluating each market segment's attractiveness, and then selecting one or more segments to enter.
1. A company should target those segments that will return the greatest profitability while generating the greatest customer value.
 2. If there are limited resources, companies might want to pursue only one or a few special market niches.
 - a. Major competitors will oftentimes ignore or overlook small niches.
 3. Other companies could serve related segments—these segments could have different kinds of customers but the customers have the same basic wants.
 4. Large companies may go after all market segments with a broad range of products.

Let's Discuss This

Briefly discuss how a new local Hip Hop radio station would develop a target market.

- g. *Market positioning* is the development of a *clear, distinctive and desirable place relative to competing products in the minds of consumers*.
1. To develop a market position, the company must identify competitive advantages it has; that is, where they offer greater value than do their competitors.
 2. Effective positioning requires the company to actually deliver what it says it is delivering, and it must communicate the fact that it is delivering it.

Developing the Marketing Mix

- h. The marketing mix is *the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market*.

Use **Key Term Marketing Mix** here.

Use **Figure 2-5** here.

- i. The marketing mix is typically described as the “four Ps”: *product, price, place, and promotion*.
1. A *product* is the mixture of goods and services the company offers.
 2. *Price* is what the consumer must pay for the product.
 3. *Place* is the way the company makes the product available to customers.

4. *Promotion* is the set of activities that the company uses to communicate the value of their product to the marketplace and to persuade consumers to buy it.
- j. Effective marketing programs combine all these elements in a way that allows the company to achieve its objectives by delivering value to consumers.

Use **Discussing the Issues** 4 here.
Use **Application Questions** 2 here.

- k. However, the four Ps take an internal view, rather than looking externally, or viewing the company and its products from the buyer's perspective.
- l. From this perspective, the four Ps become the four Cs:
 1. *Product* becomes *Customer solution*.
 2. *Price* becomes *Customer cost*.
 3. *Place* becomes *Convenience*.
 4. *Promotion* becomes *Communication*.

Use **Discussing the Issues** 5 here.

5. **Managing the Marketing Effort**

- a. Management of the marketing process is highly important.
- b. Figure 2-6 shows the four important functions: *analysis*, *planning*, *implementation*, and *control*.

Marketing Analysis

- c. Analysis should be performed to understand the markets and marketing environment the company faces; company strengths and weaknesses; and current and future marketing actions to understand which opportunities the company can pursue.

Marketing Planning

- d. A detailed marketing plan has to be developed for each business, product or brand.
- e. Table 2-2 shows the major sections of a marketing plan for a product or a brand.

Use **Table** 2-1 here.
Use **Chapter Objectives** 5 here.

Marketing Implementation

- f. Marketing implementation turns *plans* into *actions*. It involves the activities that make the plans work.
- g. Implementation requires the company to blend its people, organizational structure, decision and reward systems, and company culture in a way that supports its strategies.

Use **Key Term** *Marketing Implementation* here.

Use **Figure** 2-6 here.

Use **Discussing the Issues** 6 here.

Marketing Department Organization

- h. The marketing organization must be designed such that it can carry out the strategies and plans that are developed.
- i. In small companies, one person may perform all the marketing functions. In large companies, many specialists are found.
- j. The *functional* organization is the most common form. This organizational form has the different activities headed by a functional specialist, such as sales, advertising, marketing research, etc.
- k. A *geographic* organization might be utilized in a company that sells nationally or internationally.
- l. A *product management* organization can be found in companies with many different products or brands.
- m. A *market* or *customer management* organization is used in companies that sell one product to many different kinds of markets and customers.
- n. Very large companies might utilize a *combination* of all these forms.

Marketing Control

- o. Results of marketing strategies and plans need to be evaluated, and where necessary, corrective action should take place.

Use **Key Term** *Marketing Control* here.

Use **Figure** 2-7 here.

Use **Application Questions** 3 here.

- p. Figure 2-7 outlines the control process, which includes the following:
 - 1. *Operating control* checks the ongoing performance of the marketing programs against the annual plan.
 - a. If necessary, corrective action is taken.
 - b. The purpose is to ensure that the company sales, profits, and other goals are being met.

2. *Strategic control* looks at whether the company's basic strategies are matched to its opportunities.
 - a. A major tool to use here is a *marketing audit*, which is a comprehensive examination of a company's environment, objectives, strategies, and activities.
 1. It covers all major marketing areas of a company, not just the problem areas.

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|--|
| Use Key Term <i>Marketing Audit</i> here. Use Focus on Ethics here. |
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The Marketing Environment

- q. Companies face a complex environment and uncontrollable forces in its marketing environment.
- r. The environment contains both threats and opportunities.
- s. The marketing environment includes internal company departments, as well as channel members, suppliers, competitors and publics.
- t. It also includes macro forces such as demographic and economic, political and legal, technological and ecological, and social and cultural.

Travel Log

Discussing the Issues

1. Four steps are identified in the strategic planning process. Why are they arranged in this order? What consequences might a company experience if one of the steps was performed out of order? What should be the role of marketing in the strategic planning process?

The steps in the strategic planning process are (1) defining the company's mission, (2) setting objectives and goals, (3) designing a business portfolio, and (4) developing functional plans. They are arranged in this order because one step leads to the next. For example, the mission provides guidance for the objectives. If done out of order, the potential exists for a lack of consistency to exist in the planning process. One of marketing's roles in the planning process is to represent the voice of the customer in terms of their needs.

2. How can the BCG growth-share matrix be used to assess both the current product portfolio and plan for the future? What limitations does portfolio analysis have? Discuss how a product/market expansion grid can aid companies in identifying profitable growth opportunities.

Portfolios allow for managers to examine their current situation and then project the probability for the various SBUs to move to different quadrants of the portfolio. In this way the future of the organization can be examined. However, these portfolios are typically used more for understanding the current situation. In terms of limitations, portfolios can be difficult, time-consuming, and costly to implement. Also, management may find it difficult to define SBUs and measure market share and growth. Future growth opportunities are understood as managers look to assign a role to each SBU in the classification matrix.

3. Discuss the concept of the value chain. Is it true that the value chain is only as strong as its weakest link? Explain why or why not. How can partnering with other organizations to form a value-delivery network further strengthen a firm's performance?

Each department in an organization carries out value-creating activities to design, produce, market, deliver, and support the firm's products. The sum of these departments is the value chain. The firm's success depends not only on how well each department performs its work but also on how well the activities of various departments are coordinated. Thus, it is only as strong as its weakest link. At times, outside organizations may be able to form a stronger link in the chain than an internal department. Activities outsourced to these organizations can strengthen the chain.

4. Discuss the differences between the following terms: *market segmentation, target marketing, and market positioning.*

The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behavior who might require separate products or marketing programs is called market segmentation. Target marketing involves evaluating each market segment's attractiveness and selecting one or more segments to enter. After a company has decided which market segments to enter, it must decide what positions it wants to occupy in those segments. A product's position is the place the product occupies relative to competitors in consumers' minds.

5. Discuss the various activities encompassed by each of the four Ps. What insight might a firm develop by considering the four Cs, instead of the four Ps?

Figure 2-5 provides guidance for the first part of this question. Customer solution, Customer cost, Convenience, Communication are the four Cs. They provide a customer oriented view of marketing activities. The four Ps can then be used to satisfy the four Cs.

6. What role does analysis, planning, implementation, and control have in managing the marketing process? How are these four marketing management functions related to one another?

The company first develops companywide strategic plans, then translates them into marketing and other plans for each division, product, and brand. Through implementation, the company turns the plans into actions. Control consists of measuring and evaluating the results of marketing activities and taking corrective action where needed. Finally, marketing analysis provides information and evaluations needed for all of the other marketing activities.

Application Questions

1. The product/market expansion grid can be useful in identifying growth opportunities for companies through market penetration, product development, market development, and diversification. Consider a food retailer like Subway, which makes sandwiches and offers chips and drinks. Think creatively to describe four growth opportunities for Subway that fit into each of the four product/market expansion grid cells.

Responses to this question will vary for students. Instructors can use this question to illustrate the use of the product/market expansion grid for identifying company growth opportunities.

2. Propel is a new lightly flavored, vitamin enhanced “fitness” water from the maker of Gatorade. It comes in flavors such as berry, black cherry, and kiwi-strawberry. Describe the likely target market for this beverage. How should this beverage be positioned relative to competitive products such as sports drinks, bottled water, orange juice, and milk?

Student responses will vary. This question is useful for understanding target market selection and how the positioning of the brand must fit with the selected target market.

3. Nike has recently entered the golf market with a line of clubs, balls, bags, footwear, and clothing. Most visibly, Nike has enlisted the services of Tiger Woods to promote its golf products. Discuss the four step marketing control process as it would apply to Nike’s evaluation of Tiger Woods as its celebrity endorser.

The control process consists of setting goals, measuring performance against those goals, evaluating performance, and taking corrective action if needed. It is interesting to get students to think about what types of goals Nike may have for this celebrity endorser. Further, once students come up with some goals, it is instrumental for students to consider how they will

know if the goal is achieved (i.e., what kind of data will they review and where will that data come from).

Under the Hood/Focus on Technology

In order to improve 911 emergency services, the FCC has put forth guidelines that require cell phone carriers to be able to establish subscribers' locations within 100 meters by the end of 2005. Two different approaches are being considered by wireless carriers. One uses phones with built-in GPS chips, while the other uses triangulation between three or more cell towers to pinpoint a caller's location. This technology, already in use in Hong Kong, Tokyo, and Helsinki, has drawn the interest of marketers who envision other uses such as sending promotional offers to customers as they walk past their store. In the beginning, the technology will likely be used to give subscribers directions to particular stores.

1. In a small group, brainstorm potential marketing uses for this technology other than those discussed above.

Responses will vary to this question. Instructors should encourage the students to be creative and think beyond current technological limitations.

2. Assume you are a member of a cell phone carrier's marketing team selling this technology to retailers. Develop both a product-oriented and a market-oriented mission statement for the company.

Responses will vary.

3. What limitations does the product-oriented mission statement have that the market-oriented statement overcomes?

Use this question to highlight the benefits of a market-oriented mission statement.

Focus on Ethics

High profile scandals involving companies such as Enron and WorldCom have renewed interest in understanding how such debacles might be avoided. Corporate accountability is the new theme for concerned investors and politicians. Many agree that the culture of an organization influences the ethical and socially responsible behavior of its employees.

1. Discuss the role that a company's mission statement can have in encouraging ethical corporate behavior.

Instructors might discuss how a mission statement can be used to set the tone for the entire organization, in terms of acceptable employee behavior.

2. As more firms partner with suppliers, distributors, and even customers to improve their value delivery network, what challenges exist for monitoring and encouraging responsible decision making among the entire value delivery network? What can be done to address these challenges?

Use the four step control process as a way to illustrate how goals associated with partnering firms can be evaluated just like internal goals.

3. What function does a marketing audit play in avoiding scandals?

A thorough and timely audit can discourage unethical behavior by making it more likely that those performing unethical activities will be discovered. In this way it acts as a deterrent. Also, the audit can uncover misdeeds early and then steps can be taken to mitigate the damage before it gets to big.

GREAT IDEAS

Barriers to Effective Learning

1. Students will largely be unfamiliar with strategic planning and its concepts and objectives. Making this come alive with the examples in the textbook, or your own examples from your own experience, will help them deal with the complex issues in this section.
2. Working through a mission statement for the marketing department of your University, or for the business college within which it exists, may give the students a greater appreciation for the difficulty and importance of defining a mission that lives and breathes life into the objectives that follow.
3. The Boston Consulting Group's portfolio analysis tool can also be difficult to understand. Again, working through examples with companies the students should be familiar with will aid understanding.
4. University business courses rarely talk about cross-functional team work, so this may come as a surprise to students. If they have worked in internships with large companies, they may well have seen functional silos at work, and their coursework only serves to reinforce that mentality. Examples of companies failing because of a lack of team work—which can happen frequently at small companies in particular—will open many students' eyes to the importance of ensuring that all functions work in concert to make the company a success.
5. Value chains and supply chains are important concepts that also are typically not discussed in other courses. Getting students to understand these concepts is important for their understanding of the remainder of the course. Showing how

- sloppy quality in a component purchased from a vendor ultimately affects customer satisfaction will help.
6. Market segmentation and targeting is universally a new concept to students, unless they happen to have a parent who works in marketing. Although this is discussed in detail in a future chapter, showing how a large, amorphous market can be broken down in more and more detailed groups of buyers will help. Drawing Venn diagrams, or a large box turned into a matrix of buying groups is a good visual way of doing this.
 7. Market positioning can be difficult to understand as well. Students will normally think of a product in terms of its features, and although positioning includes the features, it also spans the concepts of benefits and perceptions. Using examples of brands at opposite ends of a price continuum, such as Rolex versus Timex watches, helps drive home what positioning means.
 8. The section “Managing the Marketing Effort” will appeal to students who are more analytical; they will find this easy to understand. The more creative types in class will yawn their way through this section, but it is critical that they understand that marketing is not all about creative ideas. Implementation, control and measurement are just as important as the “big idea.” And without it, there is no way to know if the “big idea” is big at all.

Student Projects

1. Many companies are spending time reviewing their mission statements. Discuss the major reasons for this increased concern with the mission for the corporation.
2. What is the relationship between the corporate strategy and the strategies for the businesses that comprise the corporate portfolio?
3. Develop an outline of how you would explain marketing strategy to an entrepreneur who is starting a new business.

Classroom Exercise/Homework Assignment

Amazon.com is a highly successful Internet-based company that is described at the beginning of Chapter 1. According to the FAQs on its website, Amazon’s mission is as follows: “Our vision is to be earth’s most customer centric company; to build a place where people can come to find and discover anything they might want to buy online.” In class or as a homework assignment, have the students discuss what this mission/vision statement means in terms of its business portfolio, marketing strategy, and marketing mix.

1. How has the Amazon.com mission and vision statement been implemented as a marketing strategy?

Anyone who has ever purchased anything from Amazon.com will know about its “recommendations” section, in which Amazon utilizes technology to determine

what further products each individual customer might like, based on past purchases. This serves to increase “share of customer,” and can make the customer feel as if s/he is special to Amazon; these qualities pretty much define “customer centric.”

In addition, Amazon continues to add products to its mix. Although not always successful, it shows that the company is clearly focused on helping their customers “find and discover anything they want.”

2. How might Amazon describe their marketing mix?

Clearly, Amazon wants its “product” to be just about everything anyone could ever want to buy. The “price” tends to be lower than many stores. The “place” is the most convenient there is—the customer’s living room, or wherever their computer resides. As far as “promotion” is concerned, Amazon used to advertise, but now they seem to be relying on “word of mouth.” Their “recommendations” for existing customers can also be considered part of their promotion, because it is communication directly with each individual customer, and keeps them coming back for more.

3. How might Amazon control their marketing programs and analyze results?

Some of the primary measures Amazon might look at would be average customer purchase; the mix of products customers purchase; the amount of time between purchases; as well as the normal measures of total sales and profit growth. The measures utilized should be based on the company’s mission statement of being customer centered and allowing customers to “find anything they want.”

Classroom Management Strategies

This chapter starts outlining some fairly difficult subjects for students. Strategic planning, growth-share matrices, and even the development of the marketing mix are relatively tough concepts for a second chapter in a beginning marketing text. Therefore, when planning how to present the material, be sure to leave plenty of time to go through at least some of the Applying the Concepts, as well as defining what the Key Terms really mean in the workaday world. Several of the concepts presented in this chapter become important later in the text, and if the students come away understanding this chapter, they will have an easier time later in the semester.

1. Companywide Strategic Planning can be covered in about 15 minutes. Focus on the “thread” that ties together the corporate strategic plan, corporate and business unit objectives, and the business or product portfolio. This last topic should be prominent in the discussion, as it sets the stage for later discussions of new product development.

2. The second major section of the chapter, Planning Marketing, can be covered in 5 minutes. Although important, and it will also inform later topics in the text, it does not need to have the same level of focus as the other topics in this chapter.
3. The next section, Marketing Strategy, is extremely important; 20 minutes should be devoted to this topic. In particular, ensuring the students understand the true meaning of developing an intelligent marketing mix will set the stage for such later topics as integrated marketing communications, because they will already have thought about how different components of a plan should work together.
4. Finally, 20 minutes should also be devoted to Managing the Marketing Effort. This section should really drive home the notion that marketing isn't just a creative endeavor. For instance, under marketing analysis as well as understanding the marketing environment, you can point out how these topics are a big part of what market research is all about.