

SOLUTIONS MANUAL

armstrong & kotler

NINTH EDITION
MARKETING
AN INTRODUCTION



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 in 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, and discuss the importance of measuring and managing return on marketing investment.

JUST THE BASICS

Chapter Overview

In this chapter, we dig deeper into steps two and three of the marketing process—designing customer-driven marketing strategies and constructing marketing programs.

First, we look at the organization's overall strategic planning.

Next, we discuss how marketers partner closely with others inside and outside the firm to serve customers.

We then examine marketing strategy and planning—how marketers choose target markets, position their market offerings, develop a marketing mix, and manage their marketing programs.

Finally, we look at measuring and managing return on marketing investment.

Annotated Chapter Notes/Outline

Introduction

NASCAR has grown swiftly from a pastime for beer-guzzling Bubbas into a national marketing phenomenon.

How? Through customer-driven marketing strategy.

NASCAR creates high-octane experiences that result in strong relationships with its tens of millions of fans. In return, NASCAR captures value from these fans, both for itself and for its many sponsors.

Like NASCAR, outstanding marketing organizations employ strongly customer-driven marketing strategies and programs that create customer value and relationships.

Companywide Strategic Planning: Defining Marketing's Role

Strategic planning is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities.

Strategic planning sets the stage for the rest of the planning in the firm.

Companies usually prepare annual plans, long-range plans, and strategic plans.

The annual and long-range plans deal with the company's current businesses and how to keep them going.

In contrast, the **strategic plan** involves adapting the firm to take advantage of opportunities in its constantly changing environment.

The strategic planning process begins with the company defining its overall purpose and mission.

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.

The stages of the strategic planning process are outlined in Figure 2.1.

This mission is turned into objectives that guide the whole company.

Marketing planning occurs at the business-unit, product, and market levels.

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

Use **Chapter Objective** 1 here.

Use **Discussing the Issues** 1 here.

Use **Figure** 2-1 here.

Defining a Market-Oriented Mission

When management senses that the organization is drifting, it must renew its search for

purpose.

A **mission statement** is a statement of the organization's purpose—what it wants to accomplish in the larger environment.

A clear mission statement acts as an “invisible hand” that guides people in the organization.

Mission statements should be *market oriented* and defined in terms of customer needs.

A market-oriented mission statement defines the business in terms of satisfying basic customer needs.

Management should avoid making its mission too narrow or too broad.

Mission statements should be

- *realistic.*
- *specific.*
- *market environment.*
- based on *distinctive competencies.*
- *motivating.*

Use **Key Term** *Mission Statement* here.

Use **Application Question** 2 here.

Use **Table** 2-1 here.

Setting Company Objectives and Goals

The company turns its mission into detailed supporting objectives for each level of management.

Each manager should have objectives and be responsible for reaching them.

Marketing strategies and programs must be developed to support these marketing objectives.

Each broad marketing strategy must then be defined in greater detail.

Designing the Business Portfolio

A **Business portfolio** is the collection of businesses and products that make up the company.

The best business portfolio is the one that best fits the company's strengths and weaknesses to opportunities in the environment.

Business portfolio planning involves two steps:

1. The company must analyze its **current** business portfolio and decide which businesses should receive more, less, or no investment.
2. It must shape the **future** portfolio by developing strategies for growth and downsizing.

Analyzing the Current Business Portfolio

The major activity in strategic planning is business **portfolio analysis**.

Use Key Term <i>Business Portfolio</i> here. Use Chapter Objective 2 here.

Portfolio analysis is where management evaluates the products and businesses making up the company.

The steps in portfolio analysis are:

1. To identify the *strategic business units* (SBU). The SBU is a unit of the company that has a separate mission and objectives and that can be planned independently from other company businesses.
2. To assess the attractiveness of its various SBUs and decide how much support each deserves. Most companies are well advised to “stick to their knitting” when designing their business portfolios.

The purpose of strategic planning is to find ways in which the company can best use its strengths to take advantage of attractive opportunities in the environment.

Most standard portfolio-analysis methods evaluate SBUs on two dimensions:

1. The attractiveness of the market or industry
2. The strength of the position in that market or industry.

The Boston Consulting Group Approach

A company classifies all its SBUs according to the **growth-share matrix** (see Figure 2.2).

The vertical axis: **market growth rate** provides a measure of market attractiveness.

The horizontal axis: **relative market share** provides a measure of company strength in the market.

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

Use **Figure** 2-2 here.

Use **Discussing the Issues** 2 here.

The growth-share matrix defines four types of SBUs:

Stars. High-growth, high-share businesses or products. They will turn into cash cows.

Cash cows. Low-growth, high-share businesses or products. They produce a lot of cash that the company.

Question marks. Low-share business units in high-growth markets. They require a lot of cash to hold their position.

Dogs. Low-growth, low-share businesses and products.

One of four strategies can be pursued for each SBU.

1. The company can invest to *build* its share.
2. It can invest just enough to *hold* its share.
3. It can milk its short-term cash flow, or *harvest*.
4. It can *divest* by selling it or phasing out.

As time passes, SBUs change their positions in the growth-share matrix. Each SBU has a life cycle.

Problems with Matrix Approaches

Difficult, time consuming, and costly to implement.

These approaches focus on classifying *current* businesses but provide little advice for *future* planning.

Many companies have dropped matrix methods in favor of customized approaches better suited to their specific situations.

Developing Strategies for Growth and Downsizing

A company's objective must be "profitable growth."

Marketing has the main responsibility for achieving profitable growth for the company.

The **product/market expansion grid** is used in identifying growth opportunities (see Figure 2.3).

- **Market penetration**—making more sales to current customers without changing its products.
- **Market development**—identifying and developing new markets for its current products.
- **Product development**—offering modified or new products to current markets.
- **Diversification**—starting up or buying businesses outside of its current products and markets.

Use **Key Terms** *Product/Market Expansion Grid, Market Penetration, Market Development, Product Development* and *Diversification* here.
Use **Figure** 2-3 here.

Companies must also develop strategies for **downsizing**.

When a firm finds brands/businesses that are unprofitable or no longer fit the overall strategy, it may prune, harvest, or divest them.

Use **Key Term** *Downsizing* here.

Planning Marketing: Partnering to Build Customer Relationships

Marketing plays a key role in the company's strategic planning.

1. Marketing provides a guiding *philosophy*—the marketing concept.
2. Marketing provides *inputs* to strategic planners.
3. Marketing designs *strategies* for reaching the unit's objectives.

Customer value is the key ingredient in the marketer's formula for success.

In addition to *customer relationship management*, marketers must also practice *partner relationship management*.

Use **Chapter Objective** 3 here.

Partnering with Other Company Departments

Each company department is a link in the company's **value chain**.

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

Success depends on how well the various departments coordinate their activities.

A company's value chain is only as strong as its weakest link.

Ideally, a company's different functions should work in harmony to produce value for consumers.

Other departments may resist the marketing's efforts because their actions can increase purchasing costs, disrupt production schedules, increase inventories, and create budget headaches.

Yet marketers must find ways to get all departments to "think consumer."

Partnering with Others in the Marketing System

Firms need to look beyond its own value chain and into the value chains of its suppliers, distributors, and customers.

Companies today are partnering with the other members of the supply chain to improve the performance of the customer **value-delivery network**.

Competition takes place between the entire value-delivery networks created by competitors.

Use **Key Term** *Value-Delivery Network* here.
Use **Linking the Concepts** here.
Use **Under the Hood: Focus on Technology** here.

Let's Discuss This

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

Marketing Strategy and the Marketing Mix

Figure 2-4 shows the major activities in managing marketing strategy and the marketing mix.

Consumers are in the center. Profitable customer relationships are the goal.

Marketing strategy is next—this is the broad logic under which the company attempts to develop profitable relationships.

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-Driven Marketing Strategy

Marketing requires a deep understanding of customers.

There are many different kinds of consumers, and they exhibit many different kinds of needs.

Companies cannot profitably serve them all.

Companies must divide up the total market, choose the best segments, and design strategies for profitably serving chosen segments.

This process involves *market segmentation, market targeting, differentiation, and positioning*.

Market Segmentation

Market segmentation is the process of dividing a market into distinct groups of buyers who have different needs, characteristics, or behavior who might require separate products or marketing programs.

Every market has segments, but not all ways of segmenting a market are equally useful.

A **market segment** consists of consumers who respond in a similar way to a given set of marketing efforts.

Use **Key Terms Market Segment, Market Segmentation, Market Targeting, Differentiation, and Positioning** here.
Use **Chapter Objective 4** here.
Use **Focus on Ethics** here.

Market Targeting

Market targeting is evaluating each market segment's attractiveness and selecting one or more segments to enter.

A company with limited resources might serve only a few “market niches.”

Market niches are segments that major competitors overlook or ignore.

Most companies enter a new market by serving a single segment. If this proves

successful, they add segments.

Market Differentiation and Positioning

Product *position* is the place the product occupies relative to competitors in consumers' minds.

Positioning is arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.

Positioning begins with **differentiation**—*differentiating* the company's market offering so that it gives consumers more value.

Developing an Integrated Marketing Mix

Use **Key Term** *Marketing Mix* here.

Use **Figure** 2-5 here.

Use **Discussing the Issues** 4 here.

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.

The marketing mix consists of the “four *Ps*”: *product, price, place, and promotion*. (Figure 2.5).

- **Product:** the goods-and-services combination the company offers to the target market.
- **Price:** the amount of money customers have to pay to obtain the product.
- **Place:** the company activities that make the product available to target consumers.
- **Promotion:** the activities that communicate the merits of the product.

From the buyer's viewpoint, the four Ps might be better described as the four Cs:

- **Product = Customer solution**
- **Price = Customer cost**
- **Place = Convenience**
- **Promotion = Communication**

Managing the Marketing Effort

Managing the marketing process requires the four marketing management functions of *analysis, planning, implementation, and control*.

Use **Figure** 2-6 here.

Use **Discussing the Issues 5** here.

Marketing Analysis

Analysis should be performed to understand the markets and marketing environment the company faces.

Use **Key Term SWOT Analysis** here.
Use **Application Question 1** here.

SWOT analysis is used to evaluate the company's strengths (S), weaknesses (W), opportunities (O), and threats (T).

- Strengths include capabilities, resources, and positive situational factors.
- Weaknesses include negative internal factors and negative situational factors.
- Opportunities are favorable external factors.
- Threats are unfavorable external factors.

Use **Figure 2-7** here.
Use **Application Question 3** here.

Marketing Planning

A detailed marketing plan has to be developed for each business, product or brand.

Table 2-2 shows the major sections of a marketing plan for a product or a brand.

Use **Table 2-2** here.
Use **Chapter Objective 5** here.

Marketing Implementation

Marketing implementation turns *plans* into *actions*.

Use **Key Term Marketing Implementation** here.

Implementation requires the company to blend its people, organizational structure, decision and reward systems, and company culture in a way that supports its strategies.

Marketing Department Organization

The marketing organization must be designed so it can carry out the strategies/plans that are developed.

In small companies, one person may perform all the marketing functions. In large companies, many specialists are found.

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.

A **geographic** organization might be utilized in a company that sells nationally or internationally.

A **product management** organization can be found in companies with many different products or brands.

A **market** or **customer management** organization is used in companies that sell one product to many different kinds of markets and customers.

Very large companies might utilize a **combination** of all these forms.

Marketing Control

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

The control process includes the following:

- **Operating control** checks the ongoing performance of the marketing programs against the annual plan.
- **Strategic control** looks at whether the company's basic strategies are matched to its opportunities.

A major tool to use here is a **marketing audit**, which is a comprehensive examination of a company's environment, objectives, strategies, and activities.

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

Use **Video Case: Mayo Clinic** here.

Measuring and Managing Return on Marketing Investment

Marketing managers must ensure that their marketing dollars are being well spent.

Return on marketing investment (or **marketing ROI**) is the net return from a marketing investment divided by the costs of the marketing investment.

Use **Key Term** *Return on Marketing Investment* here.
Use **Discussing the Issues** 6 here.
Use **Chapter Objective** 5 here.

It measures the profits generated by investments in marketing activities.

A company can assess return on marketing in terms of standard marketing performance measures, such as brand awareness, sales, or market share.

Marketing dashboards—meaningful sets of marketing performance measures in a single display used to monitor strategic marketing performance.

Marketers are using customer-centered measures of marketing impact, such as customer acquisition, customer retention, and customer lifetime value.

Travel Log

Discussing the Issues

1. Define strategic planning. List and briefly describe the four steps that lead managers and the firm through the strategic planning process. What role does marketing play in strategic planning? (AACSB: Communication)

Answer:

Strategic planning is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities. At the corporate level, the company starts the strategic planning process by defining its overall purpose and mission (see Figure 2.1). This mission then is turned into detailed supporting objectives that guide the whole company. Next, headquarters decides what portfolio of businesses and products is best for the company and how much support to give each one. In turn, each business and product develops detailed marketing and other departmental plans that support the companywide plan. Marketing planning occurs at the business-unit, product, and market levels. It supports company strategic planning with more detailed plans for specific marketing opportunities.

2. Describe the Boston Consulting Group's approach to portfolio analysis and identify the problems associated with it. (AACSB: Communications)

Answer:

Using the Boston Consulting Group (BCG) approach, a company classifies all its SBUs according to the **growth-share matrix** shown in Figure 2.2. On the vertical

axis, *market growth rate* provides a measure of market attractiveness. On the horizontal axis, *relative market share* serves as a measure of company strength in the market. The growth-share matrix defines four types of SBUs:

Stars. Stars are high-growth, high-share businesses or products. They often need heavy investment to finance their rapid growth. Eventually their growth will slow down, and they will turn into cash cows.

Cash cows. Cash cows are low-growth, high-share businesses or products. These established and successful SBUs need less investment to hold their market share. Thus, they produce a lot of cash that the company uses to pay its bills and to support other SBUs that need investment.

Question marks. Question marks are low-share business units in high-growth markets. They require a lot of cash to hold their share, let alone increase it. Management has to think hard about which question marks it should try to build into stars and which should be phased out.

Dogs. Dogs are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves but do not promise to be large sources of cash.

The circles in the growth-share matrix represent a company's current SBUs. Once it has classified its SBUs, the company must determine what role each will play in the future. One of four strategies can be pursued for each SBU. The company can invest more in the business unit in order to **build** its share. Or it can invest just enough to **hold** the SBU's share at the current level. It can **harvest** the SBU, milking its short-term cash flow regardless of the long-term effect. Finally, the company can **divest** the SBU by selling it or phasing it out and using the resources elsewhere. As time passes, SBUs change their positions in the growth-share matrix.

The major problems associated with matrix approaches are that they can be difficult, time consuming, and costly to implement. Management may find it difficult to define SBUs and measure market share and growth. In addition, these approaches focus on classifying *current* businesses but provide little advice for *future* planning.

3. Compare and contrast the four product/market expansion grid strategies and provide an example of each. (AACSB: Communications)

Answer:

The four product/market expansion strategies are: market penetration, market development, product development, and diversification. **Market penetration** involves identifying and developing new markets for its current products. An example is marketers of a brand encouraging current users to purchase more of the brand. **Market development** strategy involves identifying and developing new markets for

its current products. New markets could be new geographic markets or other markets defined by demographics, lifestyle, or product use. Management could consider **product development** offering modified or new products to current markets. For example, Procter & Gamble may attempt to get current users of its Crest toothpaste to purchase a new offering, Crest mouthwash. Finally, a company may consider **diversification** by starting up or buying businesses outside of its current products and markets. In this strategy, the marketer offers an entirely different product to a completely different market than currently served.

4. Discuss the differences between market segmentation, targeting, differentiation, and positioning. (AACSB: Communication)

Answer:

Market segmentation is the process of dividing a market into distinct groups of buyers who have different needs, characteristics, or behavior who might require separate products or marketing programs. **Targeting** involves evaluating each market segment's attractiveness and selecting one or more segments to enter. **Positioning** is arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers. Effective positioning begins with **differentiation**—actually *differentiating* the company's market offering so that it gives consumers more value.

5. Define each of the four Ps. What insights might a firm gain by considering the four Cs rather than the four Ps? (AACSB: Communication; Reflective Thinking)

Answer:

The four Ps of marketing are: product, price, place, and promotion. **Product** means the goods-and-services combination the company offers to the target market. **Price** is the amount of money customers have to pay to obtain the product. **Place** includes company activities that make the product available to target consumers. **Promotion** means activities that communicate the merits of the product and persuade target customers to buy it. The four Cs—customer solution, customer cost, convenience, and communication—describe the four Ps from the customer's viewpoint. By examining products and services using the four Cs, marketers may be better equipped to build customer relationships and offer true value.

6. What is return on marketing investment? Why is it difficult to measure? (AACSB: Communication; Reflective Thinking)

Answer:

Return on marketing investment (or marketing ROI) is the net return from a marketing investment divided by the costs of the marketing investment. It is difficult

to measure due to lack of measurement tools. In addition, many performance measures other than sales are important, including brand awareness, advertising impact, and customer lifetime value.

Application Questions

1. Explain what a SWOT analysis involves. Develop a SWOT analysis for a bank in your community. (AACSB: Communication; Reflective Thinking)

Answer:

A **SWOT analysis** evaluates an organization's overall strengths (S), weaknesses (W), opportunities (O), and threats (T) (see Figure 2.7). Strengths include internal capabilities, resources, and positive situational factors that may help the company or organization to serve its customers and achieve its objectives. Weaknesses include internal limitations and negative situational factors that may interfere with the organization's performance. Opportunities are favorable factors or trends in the external environment that the organization may be able to exploit to its advantage. And threats are unfavorable external factors or trends that may present challenges to performance.

Students' responses will vary regarding the SWOT analysis of a local bank. Relevant strengths and weaknesses for a bank include factors such as reputation, human resources, financial resources, and so on. Opportunities and threats involve changes in the demographic, economic, and technological environments. For example, a growing population is an opportunity, whereas a declining one is a threat.

2. In a small group, visit Web sites of familiar companies (such as Nike, Kraft, or Caterpillar) until you find a company with a good mission statement. Evaluate this statement using the five attributes of a good mission statement outlined in the chapter. (AACSB: Communication; Reflective Thinking; Use of IT)

Answer:

Students' answers will vary, but they should explain and apply the five criteria of a good mission statement: (1) realistic, (2) specific, (3) fits the market environment, (4) based on distinctive competencies, and (5) motivating.

3. Unlike other advertising awards, Effie awards are not granted solely for creative execution. They are given for "Ideas that Work." Visit www.effie.org to learn about these awards and to read published case studies about winners. Present one case study to the class. (AACSB: Communication; Use of IT)

Answer:

Students can click on “About Effie” on the left side of this Web site to learn more about this award. Clicking on “Winners Showcase” allows students to read case studies of winners from several categories over several years. It is suggested that instructors assign specific case studies for students to present to the rest of the class to get a good cross-section of topics and marketing problems addressed.

Under the Hood: Focus on Technology

Visit the Web sites of several car manufacturers and you will see the technological innovations offered with today’s vehicles. From GPS navigation systems to audio and DVD entertainment systems, advanced technologies are enhancing today’s car-owning experience. Microsoft, known mostly for its computer operating systems, has been working with Fiat to develop a new “infotainment” system known as Blue&Me. Currently offered only in limited Fiat models, the system integrates mobile phones, MP3 players, and an Internet connection through controls mounted on the steering wheel. The new technology will also contain a navigation system, weather and traffic forecasts, and antitheft devices.

1. According to the product/expansion grid, which strategy best describes Microsoft’s expansion into automobile applications? (AACSB: Communication; Use of IT; Reflective Thinking)

Answer:

This is a nice example of market development. Microsoft has applied its existing software in developing systems for automobile manufacturers. Some students might argue this is diversification, since these “new” products have been designed for the new market. This can be turned into a healthy debate about whether these are truly new products or if they constitute changes in the technology that adapt the existing products for new uses.

2. How is Fiat an important member of Microsoft’s value-delivery network? (AACSB: Communication; Reflective Thinking)

Answer:

Fiat is very important to Microsoft. The two companies are working together in the development of the software. Fiat has a good understanding of what the customer wants in its vehicles. It is giving Microsoft the opportunity to build its automobile strategic business unit. Microsoft will later be able to market the system to other automobile manufacturers.

Focus on Ethics

You've learned that a customer-driven marketing strategy incorporates market segmentation, targeting, differentiation, and positioning. Procter & Gamble (P&G) excels at developing offerings based on customer-driven marketing. It markets more than 100 different brands in more than 20 consumer product categories. For example, P&G offers seven brands of body wash and soaps, six brands of laundry detergent, and three brands of dish soap. Each brand is targeted to satisfy the needs of a specific market segment. But are consumers' needs really that different when it comes to cleaning our bodies, clothes, or dishes? Or is the company simply creating meaningless product differences to hype in its advertising to consumers?

1. Go to www.pg.com to learn about the brands offered by P&G. Select one product category in which P&G offers multiple brands. What is P&G's positioning for each brand in that product category? Then, visit a store and record the prices of each brand, using a common basis such as price per ounce. Write a brief report on what you learn. Are there meaningful positioning differences between the brands? Are any price differences you find justified? (AACSB: Communication; Reflective Thinking)

Answer:

Students' responses will vary depending on the product category selected and store visited. Students can easily find the positioning of each brand from the company's Web site. For example, the positioning for each brand of P&G's laundry detergents is:

Cheer: "Dirt goes, color stays"
Dreft: "For a clean you can trust"—detergent for baby clothes
Era: "Powerful laundry detergent that is tough on stains"
Gain: "The smell says clean"
Ivory: "Mild cleansing"
Tide: "Knows fabrics best"

Prices for each brand will vary depending on the store visited but students will likely find differences in price per ounce. This should spark a lively debate about whether the brands themselves are really different.

2. Some marketing critics argue that many such products are simply commodities and no one brand is better than another. Are their real differences in the actual formulations of the P&G brands you investigated? Is it right for P&G to position brands in a way that consumers perceive them to be different and then price them accordingly? (AACSB: Communication; Ethical Reasoning)

Answer:

Students' responses will vary. However, they should demonstrate an understanding that in positioning its product, the company first identifies possible customer value

differences that provide competitive advantages upon which to build the position. The company can offer greater customer value either by charging lower prices than competitors do or by offering more benefits to justify higher prices. But if the company *promises* greater value, it must then *deliver* that greater value. Thus, effective positioning begins with **differentiation**—actually *differentiating* the company's market offering so that it gives consumers more value. Once the company has chosen a desired position, it must take strong steps to deliver and communicate that position to target consumers.

P&G's laundry detergents are not all the same. It's true that they satisfy the basic functional need of getting clothes clean, but each brand's formulation offers something else beyond basic cleaning. For example, Gain has a fragrance that lasts, differentiating it from the other brands offered.

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.

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.

Student Projects

1. Look at the mission statements of five companies in the same industry. How do their mission statements differ and how are they alike? Which ones do you believe are good?
2. A business portfolio is the collection of businesses or products that make up the company. Take a look at Ford (www.ford.com). Describe Ford's business portfolio in terms of both businesses and products.
3. Using the Boston Consulting Group's growth-share matrix, place Ford's vehicles on the grid. Which are the stars, the cash cows, the question marks, and the dogs?
4. Still using Ford as our example, discuss the product positioning of their SUVs and trucks.

Small Group Assignment

Form students into groups of three to five. Each group should read the opening vignette to the chapter on NASCAR. Each group should answer the following questions:

1. What has caused NASCAR's wild popularity?
2. What has been the company's primary strategy?
3. What is NASCAR doing to ensure its future growth and success?
4. What "connections" is NASCAR attempting?

Each group should then share its findings with the class.

Individual Assignment

Consider Dillard's Department Stores (www.dillards.com) and Macy's (www.macys.com). What is the positioning strategy of each? How are they similar? How are they different?

Think-Pair-Share

Consider the following questions, formulate and answer, pair with the student on your right, share your thoughts with one another, and respond to questions from the instructor.

1. Design a mission statement for your college/university.
2. What are some of the problems with using a matrix approach (such as the BCG matrix)?
3. What is the difference between market development and product development?
4. Under what conditions might downsizing be a usable strategy?

Classroom Exercise/Homework Assignment

Develop a strategy for attracting new students to your college or university. Write a statement that describes your college/university's fit between the goal of attracting the best students and their capabilities for then educating those students

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 everyday working 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 this section is important and touches on issues that will come up later 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.