

SOLUTIONS MANUAL



Chapter 2

Strategic Market Planning: Take the Big Picture

I. CHAPTER OVERVIEW

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The title of Chapter 2 implies that businesses need to plan for a wide amount of factors in the marketplace in order to be successful and achieve an advantage in the marketplace. In today's dynamic environment, strategic planning certainly does provide better tools and resources to help survive, compete, and thrive in the marketplace.

In this chapter, students learn that ethically sound strategic planning can take place at both the corporate and the SBU level in large firms and in a single stage in smaller businesses. Businesses conduct functional (including marketing) and operational planning. Successful businesses continually scan the organization's internal environment and external business environment. By carefully following these strategies in an ethical manner, undeniably businesses can create their own advantage.

II. CHAPTER OBJECTIVES

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- Explain the strategic planning process.
- Understand the three levels of business planning: strategic, functional, and operational.
- Describe the steps in marketing planning.
- Explain operational planning.
- Explain the key role of implementation and control in marketing planning.

III. CHAPTER OUTLINE

The PowerPoint slides include unique images that do not appear in the book. The asterisk (*) in the outline below identifies when to use those slides for class discussion or activity. The outline also includes a feature entitled "Marketing Moment," which is identified by an arrow icon (▶). These are short, in-class activities—appropriate for either individual or group work.

▶ MARKETING MOMENT INTRODUCTION		
Give students a few moments to consider the following scenario. You are the CEO of a company that produces whole wheat pasta. What are opportunities in the external environment for this product? (diabetics eat whole wheat pasta; South Beach diet promotes whole wheat consumption; whole wheat is healthier than white flour). What are environmental threats to whole wheat pasta? (low-carb diets; less popular taste; less appealing to children)		
pp.37 PPT #2-3	1. REAL PEOPLE, REAL CHOICES--DECISION TIME AT PAPERBACKSWAP	

<p>p.61 PPT #2-37</p>	<p>Chapter 2 begins with a discussion of PaperBackSwap, an internet bookclub Web site. PaperBackSwap is based upon the very simple premise of swapping what you no longer want for things you do want. These users found the site primarily through either word-of-mouth or media mentions. Getting the word out and getting people to believe that the swap service is for real and not a scam turned out to be harder than Richard Pickering originally thought. If the business was going to grow, they had to come up with alternative methods to attract users and to promote the site. Richard knew that in order to succeed he would have to carefully consider the current marketing environment and identify just which trend he might latch onto in order to propel the new service into the limelight. Richard considered three options:</p> <ol style="list-style-type: none"> 1. Market the site as a way to help the environment. 2. Use PaperBackSwap as a vehicle to promote literacy. 3. Position the site as a cheap source of entertainment. <p>The vignette ends by asking the students which options they would choose and why.</p> <p>Richard selected a mixture of options 1 and 3.</p>	
<p>Web link: http://www.paperbackswap.com</p>		
<p>pp. 38-41 PPT #2-4</p>	<p>2. BUSINESS PLANNING: COMPOSE THE BIG PICTURE</p> <p>Planning for the future is the key to prosperity. Business planning is an ongoing process of making decisions that guides the firm both in the short term and for the long term. Planning identifies and builds on a firm’s strengths, and it helps managers at all levels make informed decisions in a changing business environment.</p> <p>A business plan is a plan that includes the decisions that guide the entire organization.</p> <p>A marketing plan is a document that describes the marketing environment, outlines the marketing objectives and strategy, and identifies who will be responsible for carrying out each part of the marketing strategy.</p>	
<p>Chapter 2 includes a <i>pullout template</i> of a marketing plan students can use as they make your way through the book. The template provides a framework that will enable students to organize marketing concepts by chapter and create a solid marketing plan of their own. The back of the template has a world map. Encourage students to keep this pullout as a handy reference after the class.</p>		

<p>Use <i>Appendix A</i> at the end of the book (pages 532–543) to show students a sample marketing plan.</p> <p>If your students have not been exposed to financial analyses in other courses, consider covering <i>Appendix B</i> at the end of the book (pages 544–553). This Appendix includes a review of the income statement and balance sheet as well as some basic performance ratios. It also includes an explanation of some of the specific calculations marketers use routinely in setting prices for their goods and services.</p>		
<p>pp. 39-40 PPT #2-5 *PPT #2-6</p>	<p>2.1 Ethics and Marketing Planning A list of highly publicized corporate scandals (Enron, WorldCom, Martha Stewart, & the U.S. mortgage banking industry meltdown) emphasize the importance of making ethical marketing decisions and raises the issue of how damaging unethical practices can be to society at large.</p>	<p>p. 39 Picture of a foreclosed house p. 40 Ripped from the Headlines: Silicone Implants</p>
<p>Web link: http://www.businessweek.com/magazine/content/06_52/b4015155.htm (Ripped from the Headlines: Silicone Implants)</p>		
<p>pp. 40-41 PPT #2-7</p>	<p>2.2 Codes of Business Ethics Ethics are rules of conduct—how most people in a culture judge what is right and what is wrong. Business ethics are basic values that guide a firm’s behavior.</p> <p>Many firms develop their own code of ethics—written standards of behavior to which everyone in the organization must subscribe—as part of the planning process. These documents eliminate confusion about what the firm considers to be ethically acceptable behavior by its people, and also set standards for how the organization interacts with its stakeholders.</p>	<p>p. 41 Table 2.1 AMA Code of Ethics</p>
<p>Discussion question: In Table 2.1: AMA Code of Ethics under the “General Norms” section in point #2, it states that “Marketers must foster trust in the marketing system.” Can you think of any marketplace examples in which this line seems blurred by a particular company or product category? That is, do you feel that there are any companies out there that “walk the line” of being trustworthy?</p>		
<p>pp. 42-43 PPT #2-8 PPT #2-9</p>	<p>3. THE THREE LEVELS OF BUSINESS PLANNING Business planning occurs at three levels: strategic, functional, and operational. The top level is “big picture” stuff, while the bottom level specifies the “nuts-and-bolts” actions the firm will need to take to achieve these lofty goals.</p> <p>Strategic planning is the managerial decision process that matches the firm’s resources (such as its financial assets and workforce) and capabilities (the things it is able to do well because of its expertise and experience) to its market</p>	<p>p. 42 Figure 2.1 Levels of Planning p. 43 Picture of a Disney World described as a</p>

<p>PPT #2-13</p> <p>PPT #2-10</p> <p>PPT #2-11</p> <p>PPT #2-12</p>	<p>opportunities for long-term growth.</p> <p>Strategic business units (SBUs)—individual units representing different areas of business within a firm that are different enough to each have their own mission, business objectives, resources, managers, and competitors.</p> <p>The next level of planning is functional planning (sometimes called “tactical planning”). This level gets its name because the various functional areas of the firm, such as marketing, finance, and human resources get involved. Vice presidents or functional directors usually do this. We refer to what the functional planning marketers do as <i>marketing planning</i>.</p> <p>Operational planning focuses on the day-to-day execution of the functional plans and includes detailed annual, semiannual, or quarterly plans.</p> <p>All business planning is an integrated activity. This means that the organization’s strategic, functional, and operational plans must work together for the benefit of the whole.</p>	<p>SBU of Walt Disney Company</p> <p>p. 43 Applying: operational planning</p>
<p>Use Think-Pair-Share #4</p>		
<p>pp. 44-45</p> <p>PPT #2-13 to #2-16</p>	<p>4. STRATEGIC PLANNING: FRAME THE PICTURE Listed below are typical steps followed in strategic planning.</p> <p>4.1 Step 1: Define the Mission Questions asked in this stage include: What business are we in? What customers should we serve? How should we develop the firm’s capabilities and focus its efforts? Answers to these questions become part of the mission statement, a formal document that describes the organization’s overall purpose and what it hopes to achieve in terms of its customers, products, and resources. The ideal mission statement is not too broad, too narrow, or too shortsighted.</p>	<p>p. 44 Xerox ad</p>
<p>► Marketing Moment In-Class Activity Can you identify the brand/product/company for these mission statements?</p> <ul style="list-style-type: none"> • To be the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles as we grow (Starbucks—http://www.starbucks.com/aboutus/environment.asp) • If you have a body, you are an athlete (Nike--http://www.nikebiz.com/company_overview/) <p>Web link: http://www.madd.org/About-us/About-us/Mission-Statement.aspx (Mothers Against Drunk Driving – mission statement)</p> <p>Troubleshooting Tip: The ideal mission statement is not too broad, too narrow, or too</p>		

<p>shortsighted. However, there is no absolute formula for creating the “ideal” mission statement. Therefore, you could ask students to research mission statements from various companies and bring in what they perceive as “ideal” (or as close to ideal) mission statements to discuss in class.</p>		
<p>pp. 45-46 PPT #2-17</p>	<p>4.2 Step 2: Evaluate the Internal and External Environment This is referred to as a <i>situation analysis, environmental analysis,</i> or sometimes a <i>business review.</i> The analysis includes a discussion of the firm’s internal environment, which can identify a firm’s strengths and weaknesses, as well as the external environment in which the firm does business so the firm can identify opportunities and threats.</p>	
<p>PPT #2-18</p>	<p>The internal environment is all controllable elements inside a firm that influence how well the firm operates. Examples include the firm’s people, its technologies, physical facilities, financial stability, and relationships with suppliers.</p>	
<p>PPT #2-19</p>	<p>The external environment consists of elements outside the firm that may affect it either positively or negatively. The external environment for today’s businesses is global, so</p>	<p>p. 45 Muir Glen ad</p>
<p>*PPT #2-20</p>	<p>managers/marketers must consider elements such as the economy, competition, technology, law, ethics, and sociocultural trends. Unlike elements of the internal environment that management can control to a large degree, the firm can’t directly control these external factors, so management must respond to them through its planning process.</p>	<p>p. 46 Maxell ad</p>
<p>PPT #2-21</p>	<p>A SWOT analysis, a summary of the ideas developed in the situation analysis, allows managers to focus clearly on the meaningful strengths (S) and weaknesses (W) in the firm’s internal environment and opportunities (O) and threats (T) coming from outside the firm (the external environment).</p>	<p>p. 46 Table 2.2 Example of a Partial SWOT Analysis for McDonald’s</p>
<p>Discussion question: at the moment, which external environment factors seem the most influential across all types of product categories?</p> <p>Use Small Group Assignment #3</p> <p>Troubleshooting tip: students often misconceive and mislabel their various ideas for factors in a SWOT analysis. The key to correctly identifying various SWOT components is to categorize each idea for a factor in the SWOT analysis by whether that factor is controllable (“SW” – internal environment) or not directly controllable (“OT” – external environment) by the company. Make sure that you go over the various example categories for the internal environment (e.g., the firm’s people, its technologies, physical facilities, financial stability, and relationships with suppliers) and for the external environment (the economy, competition,</p>		

technology, law, ethics, and sociocultural trends).		
pp.46-47 PPT #2-22	<p>4.3 Step 3: Set Organizational or SBU Objectives Organizational objectives are a direct outgrowth of the mission statement and broadly identify what the firm hopes to accomplish within the general time frame of the firm’s long-range business plan. Objectives need to be specific, measurable, attainable, and sustainable. Objectives may relate to a number of elements such as revenue and sales, profitability, the firm’s standing in the market, or return on investment.</p>	<p>p. 47 Picture of Southwest Airlines ticket counter</p> <p>p. 47 Picture of various Procter & Gamble products</p>
Web link: http://www.pg.com/en_US/products/all_products/index.shtml (Explore Procter & Gamble’s family of products)		
pp. 47-50 PPT #2-23 to #2-24	<p>4.4 Step 4: Establish the Business Portfolio For companies with several different SBUs, strategic planning includes making decisions about how to best allocate resources across these businesses to ensure growth for the total organization. Each SBU has its own focus within the firm’s overall strategic plan, and each has its own target market and strategies for reaching its objectives.</p> <p>Just as we call the collection of different stocks an investor owns a portfolio, the range of different businesses that a large firm operates is its business portfolio.</p> <p>Portfolio analysis is a tool management uses to assess the potential of a firm’s business portfolio. It helps management decide which of its current SBUs should receive more—or less—of the firm’s resources, and which of its SBUs are most consistent with the firm’s overall mission.</p> <p>The BCG growth-market share matrix is one model managers use to assist in the portfolio management process. The BCG model focuses on determining the potential of a firm’s existing successful SBUs to generate cash that the firm can then use to invest in other businesses.</p> <p>SBUs are categorized as:</p> <p>Stars are SBUs with products that have a dominant market share in high-growth markets.</p> <p>Cash cows have a dominant market share in a low-growthpotential market.</p>	<p>p. 48 Figure 2.2 SBUs and the Strategic Plan</p> <p>p. 49 Figure 2.3 BCG Matrix</p> <p>p. 49 Picture of Jeep’s variety of products</p>
PPT #2-25		

	<p>Question marks—sometimes called “problem children”—are SBUs with low market shares in fast-growth markets.</p> <p>Dogs have a small share of a slow-growth market.</p>	
<p>Marketing Moment In-Class Activity</p> <p>In small groups, have students identify various drinks sold by the Coca-Cola Company and have them classify these drinks into the Boston Consulting Group Matrix. (Students will learn the challenges of estimating market share) (Ex.—Coke=cash cow; Tab=dog; Dasani=star (?); PowerAde=question mark?) See http://www.virtualvender.coca-cola.com/ft/index.jsp for a display of all Coke products</p>		
<p>pp. 50-52 PPT # 2-26 to #2-27</p>	<p>4.5 Step 5: Develop Growth Strategies Part of the strategic planning at the SBU level entails evaluating growth strategies. The product-market growth matrix is used to analyze different growth strategies. The matrix provides four different fundamental marketing strategies.</p> <ul style="list-style-type: none"> • Market penetration: increasing sales of existing products to existing markets. • Market development: introducing existing products to new markets. • Product development: selling new products in existing markets. • Diversification: emphasizing both new products and new markets to achieve growth. 	<p>p. 50 Real People, Other Voices</p> <p>p. 50 Figure 2.4 Product-Market Growth Matrix</p> <p>p. 51 Picture of senior citizens playing Wii</p> <p>p. 51 Real People, Other Voices</p>
<p>► Marketing Moment In-Class Activity</p> <p>Using a new product (such as Propel Fitness Water (vitamin enhanced bottled water) or a cola/coffee energy drink) have students brainstorm ideas for product growth using each of the categories in the product market matrix (Ex.—Penetration—sell Propel in gallon jugs; New Market—sell to Mom’s trying to get children to take vitamins; New Products—develop Propel gum; Strategy Diversification—develop line of Propel sportswear.)</p> <p>Use Think-Pair-Share #1</p>		

<p>pp. 52-58</p>	<p>5. MARKETING PLANNING: SELECT THE CAMERA SETTING</p> <p>An important distinction between strategic planning and marketing planning, however, is that marketing professionals focus much of their planning efforts on issues related to the marketing mix—the firm’s product, its price, promotional approach, and distribution (place) methods.</p> <p>The following steps are involved in the marketing planning process:</p>	
<p>p. 52- *PPT #2-28</p>	<p>5.1 Step 1: Perform a Situation Analysis</p> <p>The first step in developing a marketing plan is for marketing managers to conduct an analysis of the marketing environment. To do this, managers build on the company’s SWOT analysis by searching out information about the environment that specifically affects the marketing plan.</p>	<p>p. 52 Applying: situation analysis</p> <p>p. 52 Lean Pockets ad</p>
<p>p. 53 PPT #2-29</p>	<p>5.2 Step 2: Set Marketing Objectives</p> <p>Marketing objectives are specific to the firm’s brands, sizes, product features, and other marketing-mix elements.</p>	
<p>p. 53 PPT #2-30 to 2-32</p>	<p>5.3 Step 3: Develop Marketing Strategies</p> <p>Marketing strategies are decisions about what activities must be accomplished to achieve the marketing objectives. Usually this means deciding which markets to target and actually developing the marketing mix strategies (product, price, promotion, and place [supply chain]) to support how the product is positioned in the market.</p>	<p>p. 53 California almond growers ad</p>
<p>p. 53</p>	<p>5.3.1 Select a Target Market</p> <p>The target market is the market segment(s) a firm selects because it believes its offerings are most likely to win those customers. The firm assesses the potential demand—the number of consumers it believes are willing and able to pay for its products—and decides if it is able to create a sustainable competitive advantage in the marketplace among target consumers.</p>	<p>p. 53 K Ville ad</p> <p>p. 54 Jennie-O ad</p> <p>p. 54 Nature Valley ad</p>
<p>pp. 53-54</p>	<p>5.3.2 Develop Marketing Mix Strategies</p> <p>Marketing mix decisions identify how marketing will accomplish its objectives in the firm’s target markets by using product, price, promotion, and place.</p> <ul style="list-style-type: none"> • Product strategies include decisions such as product design, packaging, branding, support services (such as 	

<p>pp. 55-58 PPT #2-33</p> <p>*PPT #2-34</p>	<p>maintenance), if there will be variations of the product, and what product features will provide the unique benefits targeted customers want.</p> <ul style="list-style-type: none"> • The pricing strategy determines how much a firm charges for a product. In addition to setting prices for the final consumer, pricing strategies usually establish prices the company will charge to wholesalers and retailers. A firm may base its pricing strategies on costs, demand, or the prices of competing products. • A promotional strategy is how marketers communicate a product’s value proposition to the target market. Marketers use promotion strategies to develop the product’s message and the mix of advertising, sales promotion, public relations and publicity, direct marketing, and personal selling that will deliver the message. • Distribution strategies outline how, when, and where the firm will make the product available to targeted customers (the place component). In developing a distribution strategy, marketers must decide whether to sell the product directly to the final customer or to sell through retailers and wholesalers. <p>5.4 Step 4: Implement and Control the Marketing Plan In practice, marketers spend much of their time managing the various elements involved in implementing the marketing plan.</p> <p>During the implementation phase, marketers must have some means to determine to what degree they are actually meeting their stated marketing objectives. Often called control, this formal process of monitoring progress entails three steps: (1) measuring actual performance, (2) comparing this performance to the established marketing objectives or strategies, and (3) making adjustments to the objectives or strategies on the basis of this analysis.</p> <p>Effective control requires appropriate <i>marketing metrics</i>, which, as we discussed in Chapter 1, are concrete measures of various aspects of marketing performance. You will note throughout the book a strong emphasis on metrics within each chapter. Today’s CEOs are keen on quantifying just how an investment in marketing has an impact on the firm’s success, financially and otherwise. Think of this overall notion as return on marketing investment (ROMI).</p>	<p>p. 55 My Rich Uncle ad</p> <p>p. 55 Metrics Moment: ROMI—return on marketing investment</p>
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	<p>How does the implementation and control step actually manifest itself within a marketing plan? One very convenient way is through the inclusion of a series of action plans that support the various marketing objectives and strategies within the plan. We sometimes refer to action plans as “marketing programs.” The best way to use action plans is by including a separate action plan for each important element involved in implementing the marketing plan.</p> <p>Four elements of the action plan form the overall implementation and control portion of the marketing plan.</p> <ul style="list-style-type: none"> • Responsibility • Time line • Budget • Measurements and controls 	<p>p. 56 By the People, For the People: Moe’s Southwest Grill</p> <p>p. 56 Table 2.3 Examples of metrics</p> <p>p. 57 Table 2.4 Template for an action plan</p> <p>p. 57 Applying: action plans</p>
<p>Discussion question: Pick a favorite product category and discuss what types of target markets reside in that product category.</p>		
<p>Discussion question: Looking at Table 2.3: Examples of metrics, are there any listed metrics that seem more important to a company? Why or why not?</p>		
<p>p. 59 PPT #2-35</p>	<p>6. CREATE AND WORK WITH A MARKETING PLAN: SNAP THE PICTURE</p> <p>6.1 Make Your Life Easier: Use the Marketing Planning Template</p> <p>6.2 Operational Planning: Day-to-Day Execution of Marketing Plans</p> <p>The best plan ever written is useless if it’s not properly carried out. That’s what operational plans are for. They put the pedal to the metal by focusing on the day-to-day execution of the marketing plan.</p> <p>The task falls to the first-line supervisors we discussed earlier, such as sales managers, marketing communications managers, and marketing research managers. Operational plans generally cover a shorter period of time than either strategic plans or marketing plans—perhaps only one or two months—and they include detailed directions for the specific activities to be carried out, who will be responsible for them, and time lines for accomplishing the tasks.</p>	<p>Marketing Template foldout is inserted at end of Chapter 2.</p>

pp. 59-61 PPT #2-36	<p>6.3 The Value of a Marketing Culture A central issue for marketers is to gain a good understanding of the environment in which their planning must take place.</p> <p>A firm’s corporate culture determines much of its internal environment—by this we mean the values, norms, and beliefs that influence the behavior of everyone in the organization.</p>	p. 60 Picture of employee dress in a corporate boardroom
PPT #2-37	<p>Real People, Real Choices, How It Worked Out at PaperBackSwap Richard chose a mixture of Option 1 and Option 3.</p>	p. 61 PaperBackSwap ad
PPT #2-38	Keeping It Real: Fast-Forward to Next Class Decision Time at eBay	
Use Think-Pair-Share #2 <p>Use Brand You Chapter 2 Here— Do you cringe when someone asks you, “What do you want to do when you graduate?” Learn about yourself and what professions might be best for you in Chapter 2 of the Brand You supplement. You’ll create a personal mission statement, complete a skills inventory and identify your career objectives. It’s never too early to plan your career.</p>		

IV: END-OF-CHAPTER ANSWER GUIDE

CHAPTER QUESTIONS AND ACTIVITIES

► CONCEPTS: TEST YOUR KNOWLEDGE

1. What is strategic, functional, and operational planning? How does strategic planning differ at the corporate and the SBU levels?

Strategic planning is the managerial-decision process that matches the organization’s resources and capabilities to its market opportunities for long-term growth. Functional planning typically includes both a broad three- to five-year plan to support the firm’s strategic plan and a detailed annual plan for the coming year. Operational planning is a decision process that focuses on developing detailed plans for day-to-day activities that carry out an organization’s tactical plans.

Top managers at the corporate level establish a mission for the entire corporation. Top managers then evaluate the internal and external environment of the business and set corporate-level objectives that guide decision making within each individual SBU. If the firm is big enough to have separate SBUs, each SBU will have its own objectives that are relevant to its operation but directly connected to the corporate-level objectives.

2. What is a mission statement? What is a SWOT analysis? What role do these play in the planning process?

A mission statement is a formal document that describes the organization's overall purpose and what it hopes to achieve in terms of its customers, products, and resources. The mission statement is important to an organization because it defines the scope of the firm's activities and identifies its strategic focus. When the mission statement is constructed correctly it not only spells out the organization's scope and focus, but it sets the direction for everyone's efforts.

When a company assesses its internal and external environments it is performing a critical step in the strategic planning process. Managers call this evaluation a *SWOT analysis* because it tries to identify meaningful strengths (S) and weaknesses (W) in the organization's internal environment, and opportunities (O) and threats (T) coming from outside the organization—the external environment. A SWOT enables a firm to develop strategies that make use of what the firm does best in seizing opportunities for growth, while at the same time avoiding external threats that might hurt the firm's sales and profits.

3. What is a strategic business unit (SBU)? How do firms use the Boston Consulting Group model for portfolio analysis in planning for their SBUs?

Many firms realize that relying on only one product can be risky, so they have become multi-product companies with self-contained divisions organized around products or brands. These self-contained divisions are called *strategic business units (SBUs)*—individual units within the firm, each having its own mission, business objectives, resources, managers, and competitors.

The Boston Consulting Group model focuses on the potential of a firm's existing successful products to generate cash that the firm can then use to invest in new products. New products are chosen for their potential to become future cash generators. In the BCG matrix, the vertical axis represents the attractiveness of the market, the market growth rate. The horizontal axis shows the company's current strength in the market through its relative market share.

SBUs are categorized as stars, cash cows, question marks, and dogs:

- **Stars:** are business units with products that have a dominant market share in high-growth markets.
- **Cash Cows:** have a dominant market share in a low-growth potential market.
- **Question Marks:** (sometimes called *problem children*) are products with low market shares in fast-growing markets.
- **Dogs:** are products that nobody wants. They have a small share of a slow-growth market.

4. Describe the four business growth strategies: market penetration, product development, market development, and diversification.

The four business growth strategies as exemplified by Figure 2.4 are:

- **Market penetration:** these strategies seek to increase sales of existing products to current customers, nonusers, and users of competing brands.
- **Market development:** these strategies introduce existing products to new markets. This can mean reaching new customer segments within an existing geographic market or it may mean expanding into new geographic areas.
- **Product development:** these strategies create growth by selling new products in existing markets. Product development may mean that the firm improves a product's performance, or it may mean extending the firm's product line by developing new variations of the item.
- **Diversification:** these strategies emphasize both new products and new markets to achieve growth.

5. Explain the steps in the marketing planning process.

Perform a Situation Analysis—Marketing managers conduct an analysis of the marketing environment by building on the company's SWOT analysis by searching out information about the environment that specifically affects the marketing plan.

Set Marketing Objectives—Marketing managers set objectives specific to the firm's brands, sizes, product features, and other marketing-mix-related elements. The marketing objectives state what the marketing function must accomplish if the firm is to achieve its overall objectives.

Develop Marketing Strategies—Marketing managers must make decisions about what activities they must accomplish to achieve the marketing objectives. For example, this means deciding what markets to target and actually developing the marketing-mix strategies.

Implement and Control the Marketing Plan—Marketing managers now spend time managing the various elements of the marketing plan. Marketing control requires appropriate marketing metrics, concrete measures of marketing performance. Return on marketing investment (ROMI) refers to a measure of how the investment in marketing has an impact on the firm's success, financially and otherwise. Action plans provide guidance for the implementation and control of the various marketing strategies within a marketing plan.

6. How does operational planning support the marketing plan?

Operational plans focus on the day-to-day execution of the functional plans and include detailed annual, semiannual, or quarterly plans.

7. What are the elements of a formal marketing plan?

The marketing plan is a document that identifies where the organization is now, where it wants to go, how it plans to get there, and who will be responsible for carrying out each part

of the marketing strategy. Therefore, the plan outlines the activities included in the planning process. Elements of the plan include a situation analysis (a business review that includes a SWOT analysis), specific strategies and action plans or tactics, selection of target markets, and the elements of the marketing mix: product, price, place, and promotion. Finally, the plan outlines how and by whom it is to be implemented and controlled—including budgets and schedules. Sometimes firms require that marketing plans include contingency plans that should monitor marketing activities to determine which marketing objectives are not being met and what to do about this.

8. What is an action plan? Why are action plans such an important part of marketing planning? Why is it so important for marketers to break the implementation of a marketing plan down into individual elements through action plans?

An action plan assigns responsibilities, time lines, budgets, and measurement and control processes for marketing planning. Action plans are also sometimes referred to as “marketing programs.” The best way to use action plans is by including a separate action plan for each important element involved in implementing the marketing plan. Table 2.4 provides a template for an action plan. This allows for tracking all activities in the action plan and account for investments of time and materials.

9. What is return on marketing investment (ROMI)? How does considering marketing as an investment instead of an expense affect a firm?

ROMI is quantifying just how an investment in marketing has an impact on the firm’s success, financially and otherwise. This activity brings in revenue and therefore can be an investment in future business which has a return on investment unlike an expense that might not have a revenue stream.

10. Give several examples of marketing metrics. How might a marketer use each metric to track progress of some important element of a marketing plan?

A couple of examples are cost of a prospect, referral rate, customer turnover and recognition and recall of the message. Table 2.3 gives a listing of 26 examples of marketing metrics. These metrics allow determination if that action is obtaining the desired outcome. It could be that a lot of money is being spent in one area and if there is no activity in that area, it should be evaluated if that activity should be continued.

11. What is corporate culture? What are some ways that the corporate culture of one organization might differ from that of another? How does corporate culture affect marketing decision making?

Corporate culture is made up of the values, norms, and beliefs that influence the behavior of everyone in the organization. Corporate culture may dictate whether new ideas are welcomed or discouraged, the importance of individual ethical behavior, and even the appropriate dress for work. Corporate culture can affect marketing decision making by supporting individuality and creativity as well as risk taking. Risk taking may cause a business to improve its

products, its distribution channels, and its promotion programs to remain successful in a competitive environment.

12. Why is it essential, even in firms with a strong corporate culture, to have a written Code of Ethics? What are some important potential negative consequences of not formalizing a Code of Ethics in written form?

Developing sound business ethics is a major step toward creating a strong relationship with customers and others in the marketplace. With many rules about doing business—written and unwritten—floating around, developing a code of ethics allows marketers to know what upper management, investors, and customers expect of them. Without a written code of ethics, confusion can occur about what the firm considers to be ethically acceptable behavior by its people and standards are not set for how the organization interacts with its stakeholders.

► CHOICES AND ETHICAL ISSUES: YOU DECIDE

1. The Boston Consulting Group matrix identifies products as stars, cash cows, question marks, and dogs. Do you think that it is a useful way for organizations to examine the businesses? What are some examples of products that fit in each category?

The reason for the rather simplistic titles used in the description of the Boston Consulting Group matrix was to make the cells simple to remember and to be somewhat reflective of slang language used to describe companies that might be associated with the different cell areas (losers are often referred to as “dogs” for example). The axis descriptions (market growth rate and relative market share) are useful measures of performance. Examples that might fit into the Boston Consulting Group categories can be found in the text description of the matrix. The students should be encouraged to cite examples from areas that they are familiar with, such as computers and associated software products, music appliances and/or groups, fashion clothing, automobiles, or snack foods/cereals. Be sure to ask students why they placed a particular product into the matrix category. To get a better response to this question, try photocopying a blank BCG matrix and ask the students to fill in the cells before class in a chosen area (such as computer manufacturers or software).

2. In this chapter we talked about how firms do strategic, functional, and operational planning. Yet, some firms are successful without formal planning. Do you think planning is essential to a firm’s success? Can planning ever hurt an organization?

Planning is normally essential to the success of a firm. This is even more evident in the long-run. Even though some firms may initially be successful (such as a dot.com startup in the late 1990s or a small retail establishment with a hot product), history has shown that failure to plan usually spells disaster. Students should be encouraged to discuss how they have been successful with no planning and with planning. What have been the consequences of a failure to plan? Would the students want to work for a company that said up front that it did not believe in planning? Ask students to list reasons that planning could hurt an organization. Items that might appear on their lists may be too much bureaucracy, inability to move

quickly, planning doesn't always mean the plans are sound, plans based on poor information, etc. Be sure to ask for examples to illustrate statements.

3. Most planning involves strategies for growth. But is growth always the right direction to pursue? Can you think of some organizations that should have contraction rather than expansion as their objective? Do you know of any organizations that have planned to get smaller rather than larger in order to be successful?

Begin by asking students if growth is always the right direction. Have students consider the costs associated with growth. These costs might include costs of manufacturing, distribution, and marketing. Can growth cause a greater distance between the company and its customers? How big should cities get? How big should your university or college get? When would benefits suffer from growth? Organizations that have contraction rather than expansion as their goal might include a small specialty retailer or a manufacturer of specialty equipment. In an effort to maintain a high level of quality, service contraction is often desired. Expansion might be the goal when demand for the good or service is not being served by the firm or its competitors.

4. When most people think of successful marketing, internal firm culture doesn't immediately come to mind as a contributing factor. What are some reasons a firm's corporate culture is important to the capability of doing good marketing? Give some examples of what you consider to be a good corporate culture for marketing.

The firm's corporate culture determines much of its internal environment, the values, norms, and beliefs that influence the behavior of everyone in the organization. Corporate culture may dictate whether new ideas are welcomed or discouraged, the importance of individual ethical behavior, and even the appropriate dress code for work.

Good (or bad) marketing is derived from the firm's culture and contains the strategy that has been determined by the firm containing the values, norms and beliefs that firm holds important to their internal environment which will be contained in the marketing plan.

After some discussion, this would be a good question to discuss examples of good corporate cultures in marketing. The students will have examples of good corporate cultures based on personal experience which should result in a lively classroom discussion.

5. Most marketers today feel pressure to measure (quantify) their level of success in marketing planning. Is it easy to measure marketing's success (compared to, say, measuring the success of a firm's financial management or production quality)? Explain your viewpoint.

This could result in various answers, but one of the most effective means of knowing if a marketing plan is successful is through the use of marketing metrics. Examples of marketing metrics are shown in Table 2.2. The ability to quantify success allows for business decisions to be made regarding changes or effectiveness. The students will probably determine that the marketing measures are much harder to measure since some of the measures are difficult to

track and also external to the organization. Finance and production quality are controlled and counted within the firm.

6. Review the *AMA Code of Ethical Norms and Values for Marketers*, provided in Table 2.1. Which of the areas represented within the document do you anticipate are the most challenging for marketers to consistently follow? What makes these issues particularly troublesome? Do you think marketing in general does a good job adhering to the AMA Code? Provide specific evidence from your knowledge and experience to support your position.

With the exception adhering to official laws and regulations, anyone can provide a significantly different interpretation of adherence to the ethical values listed in this document. For example, how does honesty account for a company's blatant omission of other relevant information about a product? If a company advertises that its product is "the best" in its category, must that company supply an exhaustive list of research methods used to determine its "best" status? Students most likely will have different opinions regarding the interpretation of the various ethical values listed (honesty, responsibility, fairness, respect, openness, and citizenship). Equally difficult in this endeavor is to agree on objective measurements and evaluation of marketers in adhering to the AMA code—however, students are very likely to come up with numerous examples in the news and in their own personal shopping experiences.

► PRACTICE: APPLY WHAT YOU'VE LEARNED

1. Assume that you are the marketing director for a small firm that manufactures educational toys for children. Your boss, the company president, has decided to develop a mission statement. He's admitted that he doesn't know much about developing a mission statement and has asked that you help guide him in this process. Write a memo outlining exactly what a mission statement is, why firms develop such statements, how firms use mission statements, and your thoughts on what the firm's mission statement might be.

As indicated in the text, a mission statement is a formal document that describes the organization's overall purpose and what it hopes to achieve in terms of its customers, products, and resources. Firms develop mission statements to address such questions as: What business are we in? What customers do we serve? How should we develop our firm's capabilities and focus our efforts? And what values do we hold dear? The ideal mission statement is not too broad, too narrow, nor too shortsighted. The mission statement would do well to be consumer-oriented rather than product-oriented. If the statement is consumer-oriented, it will most likely avoid the "marketing myopia" pitfall. Students should be careful to address the following issues in their mission statement: market—educational toys for children, product safety and security, value, fashion, durability, and potential expansion possibilities.

2. As a marketing student, you know that large firms often organize their operations into a number of strategic business units (SBUs). A university might develop a similar structure in which different academic schools or departments are seen as separate businesses. Working with a small group of four to six classmates, consider how your university might divide its

total academic units into separate SBUs. What would be the problems with implementing such a plan? What would be the advantages and disadvantages for students and for faculty? Present your analysis of university SBUs to your class.

Before undertaking this question, students should carefully review the material in the chapter. Students can use the university or college catalog for reference in determining all the various academic schools or departments. The groups should begin by listing what they perceive to be the primary units within the university or college structure. Note that these combinations are not always easy to identify. Some units perceive themselves to be separate units (for example, computer services may serve the colleges of business, science, engineering, math, etc.). Students can also be asked to apply the BCG growth-market share. Students will surely have different opinions about which areas are growing and which are not. Students will also note that changing organizational structures that are entrenched are difficult at best (if not impossible). Many academic units are very territorial and would be highly resistant to change or budget realignment. Be willing to give some advice on the difficulties of such a change because most students will not be aware of the politics present in most universities and colleges. Speculate on the advantages and disadvantages. For example, budgets could perhaps be reduced with certain alignments, faculty might also be reduced (a difficult task in itself), resources could be channeled toward growth areas, or new innovative curricula could be tried (although outdated areas would probably be forced out). Lastly, ask students if such a change would move the university or college toward a customer-centered approach or a product-centered approach.

3. An important part of planning is a SWOT analysis, understanding an organization's strengths, weaknesses, opportunities, and threats. Choose a business in your community with which you are familiar. Develop a brief SWOT analysis for that business.

Prior to casting the students out on the unsuspecting business public, review the definitions of the SWOT components found in the text and ask the students to carefully review the sample SWOT found in Table 2.2. Each student should also be prepared to defend what he or she perceives as a strength, weakness, opportunity, or threat. If logistics prove to be a problem, try using Web sites as an alternative to actually visiting businesses. You may have to formulate special rules; however, this alternative is a workable solution.

4. As an employee of a business consulting firm that specializes in helping people who want to start small businesses, you have been assigned a client who is interested in introducing a new concept in health clubs—one that offers its customers both the usual exercise and weight training opportunities and certain related types of medical assistance such as physical therapy, a weight loss physician, and diagnostic testing. As you begin thinking about the potential for success for this client, you realize that developing a marketing plan is going to be essential. In a role-playing situation, present your argument to the client as to why she needs to invest in formal marketing planning.

You might begin this exercise by inviting a guest speaker specializing in local research. This expert may come from a campus department such as a bureau of research, biometry or statistics, or from a commercial business. The guest speaker might discuss trends at the local

and national level, sources of secondary research pertinent to the issue, techniques for finding the best resources, etc. In addition, the guest speaker should be prepared to help students find sources of information regarding the economic, competitive, technological, legal, and sociocultural environment.

5. Review the Code of Ethics for any three business organizations of your choosing. What elements do you find in common across the three examples? Which Code of Ethics do you think is the most effective overall, and why?

As a class assignment/discussion, you could choose to analyze three different competitor companies/brands in a particular product category, or you could choose to select three companies each in a different product category. Such analyses may lead to general insights regarding which codes of ethics seems to offer competitive advantage with a product category or which codes seem consistently present or absent in a particular product category.

► **MARKETING MINIPROJECT: LEARN BY DOING**

The purpose of this miniproject is to gain an understanding of the marketing planning through actual experience.

1. Select one of the following for your marketing planning project:
 - yourself (in your search for a career)
 - your university
 - a specific department in your university
2. Next, develop the following elements of the marketing planning process:
 - a mission statement
 - a SWOT analysis
 - objectives
 - a description of the target market(s)
 - a positioning strategy
 - a brief outline of the marketing mix strategies—the product, pricing, distribution, and promotion strategies—that satisfy the objectives and address the target market.
3. Prepare a brief outline of a marketing plan using the template provided at the end of this chapter as a guide.

This project will help students start to think about marketing in a practical sense. They will gain experience formulating a plan, learning how each part is dependent upon another.

If the student chooses to focus on him/herself, they will gain some introspection and perhaps direction for the future. In fact, the student may want to build on this exercise throughout the term, preparing for earning a job after graduation.

► REAL PEOPLE, REAL SURFERS: EXPLORING THE WEB

Visit the homepages of one or more of the firms in which you are interested. Follow the links to find out about the company's products, pricing, distribution, and marketing communications strategies. Do a search of the Web for other information about the company. Based on your findings, answer the following questions:

1. What is the organization's business? What is the overall purpose of the organization? What does the organization hope to achieve?

This may not be readily obvious. Students should carefully explore the information provided by the company. Be sure to explain how the answers were derived. Did the answer come from a specific company statement or was the answer based on a supposition?

2. What customers does the business want to serve?

In some instances this is an easy question (depending on which company has been chosen). However, in others the answer is not so obvious, for example, does Mattel, the toymaker, want to appeal to children, to mothers, to grandparents, or to all.? Students should categorize customers with respect to primary, secondary, and tertiary market interest.

3. What elements of the Web page specifically reflect the business of the organization? How is the Web page designed to attract the organization's customers?

Students should not only look at the graphics but also take notice of the language (words) used to describe the Web site. Additionally, some Web sites will have special sections for particular customers (such as a teen page, a contributor page, or a page for the elderly). What role does the color used on the opening Web page match to the desired target audience(s)?

4. Do you think the marketing strategies and other activities of the firm are consistent with its mission? Why do you feel this way?

This is an impression question. However, the impression should be explained and justified. Ask students to relate a specific part of the mission statement to their strategy explanations. It is probably worthwhile to give an example before the exercise begins. For example, notice how little the AT&T mission statement says about communication. However, obviously communication is one of the activities undertaken by the company. Pfizer, Inc., on the other hand, clearly designates itself as a research-based company. Therefore, research would be a core strategy undertaken by this company (you will find evidence of this on the company's Web site).

5. Do you find evidence that the firm values ethical practices by its employees? If so, what evidence leads you to conclude the firm is highly ethical?

Search around the company's Web site links for codes of ethics. After such codes are found, look for codes of ethics themes across the various links in the company's Web site. Pick your favorite search engine and type in the company's name to look for related news articles that show consistency or contradictions about the company and its codes of ethics.

6. Develop a report based on your findings and conclusions about the firm. Present your report to your class.

►MARKETING PLAN EXERCISE

The airline industry has experienced a lot of turbulence in recent years that inhibits its ability to plan for the future. Pick your favorite airline and help it plan by doing the following:

1. See if you can locate its mission statement, then develop a few marketing objectives that you believe would support it nicely.

Students might be directed to the Web site or a corporate annual report. Remind the students that the marketing objectives state what the marketing function must accomplish if the firm is ultimately to achieve its overall objectives.

2. Take a look at Figure 2.4, the product-market growth matrix, and the accompanying discussion. How might your chosen airline go about developing some strategies in each of the boxes: penetration, market development, product development, and diversification? (Hint: Remember that airlines are in the business of providing a service. Most likely the strategies you come up with will entail adding new or modified services in their targeted markets.)

The students should actually draw the matrix and fill-in the boxes. They should begin this process by brainstorming and then later refine some of their original ideas. The students should consider the state of the economy as well as the state of their own business. The culture of the organization should be considered.

3. Considering the strategies you identified in question 2, identify some specific marketing metrics that are appropriate for use in control.

This will be dependent on the growth strategies that the student chose in question 2. The focus will typically be on expansion of services or new service offerings. They might tie in personal experiences on what is viewed as important for the metrics, such as on time departure or loss of luggage percentages. They could then elaborate on how they would take corrective action to control these situations.

V. MARKETING IN ACTION CASE: REAL CHOICES FOR THE APPLE IPHONE

Summary of Case

Introduced in June 2007, the iPhone is Apple's Internet-enabled multimedia mobile phone. The iPhone is a quad-band mobile phone that uses GSM standard, thus having international calling capability. It is a portable media player or iPod and an Internet browser, thus accessing owners' e-mail. It does text messaging, visual voice-mail and has local Wi-Fi connectivity. It's sleek, slim, and is outfitted with a multi-touch screen with virtual keyboard. The multitouch screen technique means owners can expand or shrink the screen image by sliding the finger and the thumb apart or together. The iPhone offers owners three types of radio: cellular, Wi-Fi, and Bluetooth. As an added benefit, one iPhone battery charge provides 8 hours of calls, 7 hours of video or 24 hours of music. Apple made the iPhone available to U.S. consumers through an alliance that made AT&T the exclusive carrier and under which AT&T subsidized the cost of the iPhone. However, a series of complaints against the iPhone began to surface not long after its introduction (e.g., price too high, cellular phone service provider restrictions, European law barriers).

Suggestions for Presentation

This case could be assigned for various online or in-class discussion activities.

Online Assignment Suggestions

Compare and contrast the strengths and weaknesses of the iPhone.

Research the numerous companies that currently offer (or are developing) competitor cellular phone technology and determine their position in the marketplace. Such competitors include Samsung, Nokia, Motorola, and LG.

Have the students list what they perceive as strengths and weaknesses from a marketing perspective that should be considered when adding capabilities to cellular phones.

In-Class Assignment Suggestions

In groups or as individuals, discuss the marketing strategy that Apple should consider as their strategy for iPhone continuing forward, considering what the current competition might include.

Develop a brainstorming exercise that would investigate additional future capabilities that might be foreseen by the students that would add functionality to cellular phones.

Discuss the price implications of advances in cellular phone technology and if the advances are desirable given the increase in prices for each functional advance.

Suggested Answers for Discussion Questions

1. What is the decision facing Apple?

Students may come up with a number of different decisions that Apple might make. Even though Apple has enjoyed initial success with its iPhone, to continue and sustain its popularity and profitability in the marketplace, Apple needs to revisit its marketing plan that 1) includes an updated examination of the external environment, specifically its competitive, economic, legal, sociocultural, and technological environments, 2) identifies Apple's real customer and 3) includes appropriate marketing objectives.

2. What factors are important in understanding this decision situation?

Students could list many relevant factors important to Apple's efforts to revisit its marketing plan. Central to this task would be a thorough SWOT analysis:

- Strengths and weaknesses of Apple
- Opportunities for and threats to Apple

As they come up with relevant factors (either listed in the case information provided or on their own), students should be encouraged to label each as one of the four SWOT components. You should remind students that strengths and weaknesses are typically associated with the company itself (e.g., Apple's existing brand equity and "revolutionary" positioning as strengths and its incompatibility with other cellular phone providers as a possible weakness for the average consumer), whereas opportunities and threats are typically associated with external environment outside the direct control of the company (e.g., advances in cellular phone technology as an opportunity and European laws protect consumers from being forced to buy something as a condition of buying a product as a threat).

3. What are the alternatives?

As students develop their own SWOT analyses, a variety of marketing strategies come into focus. The more persuasive marketing strategies should incorporate current, objective and valid marketing research/information. In addition, each marketing recommendation should take into account a variety of SWOT insights (e.g., matching a given strength with an opportunity in the external environment).

4. What decision(s) do you recommend?

Students may focus on several of the alternatives developed. They should be encouraged to discuss which alternative actions are more critical and would seem more effective/successful.

5. What are some ways to implement your recommendation?

Students may make a variety of suggestions for implementation depending on their recommendations. These may include specific promotional activities, specific pricing, research activities and many others.

VI. ADDITIONAL OUTSIDE PROJECTS, ASSIGNMENTS AND EXAMPLES

These assignments can be used in many ways: homework assignments, critical thinking assignments, web-based research assignments, individual assignments, and/or group assignments.

►STUDENT PROJECTS

1. Divide the students into groups. Assign each group an industry and require the students to choose seven businesses within that industry. Ask the students to search the Internet for the strategic plan or mission statement for each of the seven businesses.
 - Discuss reasons businesses may or may not include this information in their Web site.
 - Does it seem as though some industries are more likely than others to publish their plans or mission statements?
 - Why or why not?
 - How many clicks did it take to find the strategic plan or mission statement?
 - What can you infer from the effort it takes to find this information?
 - Discuss the various mission statements and what they mean to the students.
 - Critique the strategic plans.

(Chapter Objective #3)

2. Interview five recent graduates of your university who have been successful gaining employment and ask the following questions:
 - What was your strategy for finding employment?
 - Did you have a marketing plan for yourself?
 - Did you think about the marketing 4 Ps when looking for a job? If the answer is yes, in what ways?
 - What were the key elements of your strategy that made you successful when seeking employment?
 - Did you modify your original strategy?
 - Did you have a mission statement?

(Chapter Objectives #3 and #4)

3. Design a marketing plan for a shampoo sold in a retail store and a shampoo sold in a salon. Assume the products are different brands. Answer the following questions:
 - Even though the product category is the same, how does the marketing plan differ for each brand?
 - What assumptions did you make prior to writing the plan?
 - Did you need to establish marketing objectives before writing the plan?
 - Are the target markets the same or different?
 - How did you determine a positioning strategy?

(Chapter Objective #4)

4. Draw the product-market growth matrix. Pick an existing product and an existing target market. Based on your selection:
 - Modify either or both elements and indicate the appropriate growth category.
 - Which growth strategy seems the most practical for your product and or target market?
 - Can you create more than one reasonable alternative for each quadrant?
 - What factors would help you decide which quadrant has the most potential?

(Chapter Objective #3)

5. Pick a company for which you would like to work someday. Using extensive research, provide a comprehensive description of the company's corporate culture and how its corporate culture creates strengths and weaknesses for the company. Conclude your analysis with insights regarding whether or not key external factors (i.e., opportunities and threats) would affect your company's corporate culture in the future.

(Chapter Objective #5)

ASSIGNMENTS

► SMALL GROUP ASSIGNMENTS

1. Visit the NASA Web site: <http://www.hq.nasa.gov/office/nsp/> and the U.S. Climate Change strategic plan site <http://www.climatechange.gov/infosheets/factsheet3/default.htm>. Discuss why agencies of the U.S. government have made their strategic plan public. Analyze the plans.

(Chapter Objective #3)

2. Form the class into small groups. Ask each group to pick a favorite, successful television show. Answer the following questions:
 - What has made the show successful?

- Who is the show's primary target audience?
- What are the objectives of the network broadcasting the show?
- How could the external environment impact the show?

(Chapter Objectives #3 and #4)

3. Perform a SWOT analysis for a professional sports team. Conclude your SWOT analysis with informed recommendations for marketing strategy for that team.
 - In evaluating the SWOT analyses, the "SW" ideas should be associated with controllable elements of the team (internal environment factors), and the "OT" ideas should be outside the direct control of the team (external environment factors)
 - Extensive, objective, and valid marketing research should be conducted to form SWOT component insights
 - Each marketing recommendation should take into account a variety of SWOT insights (e.g., matching a given strength with an opportunity in the external environment).

(Chapter Objective #3)

► INDIVIDUAL ASSIGNMENTS

1. Ask the students to scan the local, national, and international news, looking for situations in the environment that may cause industries to modify their strategic plans. Students should report on demographic and economic forces, political and legal forces, technological and ecological forces, and social and cultural forces.
 - Discuss in class how these environmental shifts will cause various industries to depart from original plans.
 - Discuss how plans can be devised to readily adapt to environmental changes.
 - Ask the students to consider the corporate culture of an organization in which they are involved.

The students should then:

- Describe the corporate culture, recognizing elements that contribute to the health or growth of the organization and those that might be modified to assist in the well-being of the organization.
- Evaluate whether or not risk-taking is encouraged.
- Discuss the focus of the organization. Is profit the main motivator for growth?

(Chapter Objectives #3 and #5)

2. Write a brief paper (3-5 double-spaced pages) on your reaction to Table 2.1: AMA Code of Ethics. In particular, comment on each of the six ethical values listed in this table – consider the following questions in your paper:

- Why is it particularly important for a company to abide by the respective ethical value?
- What are the consequences of abiding and not abiding by the respective ethical value?
- Do you feel that some ethical values listed here are more important than other values for companies to abide?
- Is it relatively easy or difficult for companies to abide by the respective ethical value?
- Can you think of any other ethical value that you think could/should be listed? Why?
- Give examples of companies and world events throughout your analyses.

(Chapter Objective #1)

►THINK-PAIR-SHARE

1. Mountain Dew recently introduced Mountain Dew, Pitch Black, a grape-flavored version of their original soda. What product-market expansion grid strategy is being used?

(Chapter Objective #3)

2. Describe the corporate culture of the college/university you are attending. Does the culture differ within various populations such as the residence hall life, the business office, the various academic departments, etc.? Does the college/university emphasize guidelines for an overarching culture?

(Chapter Objective #5)

3. How could a mission statement and formal marketing plan prepare you for life after college?

(Chapter Objectives #3 and #4)

4. Pick a favorite company and recommend new SBUs for that company.

(Chapter Objective #2)

►OUTSIDE EXAMPLES

1. When the giant retailer, Wal-Mart, decides to open a store in a new location, controversy can occur. This controversy often centers around the impact on the external environment. Small towns, in particular, wonder whether they will be able to survive the potential loss of business, community leaders wonder if the culture will change. Many articles have been written expressing opinion and fact about how bringing a Wal-Mart to town could change the community.

Conduct an Internet search for news articles describing the potential changes in the external environment as Wal-Mart moves to town. Write a report, outlining the potential changes in the external environment. Make sure to site your sources.

(Chapter Objective #3)

2. According to Canon's Web site www.canon.com, Canon's founding mission was to build a company that created high-quality cameras. Canon realized this dream in 1936 when it released the Hansa Canon, the first 35mm focal-plane shutter camera. During the ensuing 60 years, Canon's technological strengths have helped the company become a leading digital imaging and networking company and a dominant force in personal and office printers, copiers, controllers, and fax machines. Canon also has applied innovative skills in environmental technologies, as well as medical, semiconductor, and broadcasting equipment.

Review Canon's Web site and note the many products now sold by the company. What product-market growth strategies has Canon used since 1936? Describe the various target markets served by Canon.

(Chapter Objective #3)

3. A group of college students decide they want to go into business and earn some pocket change. Because this is their first business, they decided to work with what they know. They know that their target market will be their peers or college students. They just took a marketing class and studied purchasing trends and fads. Popular on campus are ankle bracelets. One of the students has a resource for buying material for the bracelets at a greatly reduced price. Another group member insists that the bracelets be personalized. Buying the material for personalizing the bracelets nearly doubles the cost of the bracelets sold at the nearby mall. The group decided that the personalized bracelets were a novel idea and worth the extra cost. They felt confident that college students would pay the higher cost to have the bracelet tailored to their individual personality. The group has decided to go ahead with the business.

You have just studied Chapter 2 and have learned about strategic planning. What advice do you have for your friends? What information would you encourage them to consider before investing in this business? Write a brief marketing plan for the product.

(Chapter Objective #4)

4. Chapter 2 briefly mentions a few recent ethical scandals: Enron, WorldCom, Martha Stewart, & the U.S. mortgage banking industry meltdown. Pick your favorite search engine and look up credible and objective news articles to investigate which ethical values in Table 2.1: AMA Code of Ethics seemed to be violated by the respective scandal you choose. If possible, pinpoint the company's own code of ethics their respective actions seemed to violate.

(Chapter Objective #1)

WEB RESOURCES

Prentice Hall support link: <http://247.prenhall.com>

PaperBackSwap (Real People, Real Choices, Decision Time vignette):
<http://www.paperbackswap.com>

Dow Chemical Company's Code of Business Conduct: www.dow.com

Ripped from the Headlines, Silicone Implants:
http://www.businessweek.com/magazine/content/06_52/b4015155.htm

The American Marketing Association: www.marketingpower.com

The American Marketing Association's Statement of Ethics:
<http://www.marketingpower.com/AboutAMA/Pages/Statement%20of%20Ethics.aspx>

Mothers Against Drunk Driving – mission statement: <http://www.madd.org/About-us/About-us/Mission-Statement.aspx>

Explore Procter & Gamble's family of products:
http://www.pg.com/en_US/products/all_products/index.shtml

Check out General Electric's (GE) corporate culture:
<http://www.ge.com/company/culture/index.html>

Discover all of Walt Disney Company's SBUs: <http://corporate.disney.go.com>

Moe's Southwest Grill (By the People, For the People): <http://moes.com>