2 DEVELOPING SUCCESSFUL ORGANIZATIONAL AND MARKETING STRATEGIES

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**Note: An alternate version of each Click and Drag exercise is available in Connect for students with accessibility needs.*

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LEARNING OBJECTIVES (LO)

After reading this chapter students should be able to:

LO 2-1: Describe three kinds of organizations and the three levels of strategy in them.

LO 2-2: Describe core values, mission, organizational culture, business, and goals.

LO 2-3: Explain why managers use marketing dashboards and marketing metrics.

LO 2-4: Discuss how an organization assesses where it is now and where it seeks to be.

LO 2-5: Explain the three steps of the planning phase of the strategic marketing process.

LO 2-6: Describe the four components of the implementation phase of the strategic marketing process.

LO 2-7: Discuss how managers identify and act on deviations from plans.

KEY TERMS

business

business portfolio analysis

core values

diversification analysis

goals (objectives)

market segmentation

market share

marketing dashboard

marketing metric

marketing plan

marketing strategy

marketing tactics

mission

objectives (goals)

organizational culture

points of difference

profit

situation analysis

strategic marketing process

strategy

SWOT analysis

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LECTURE NOTES

BEN AND JERRY ARE ON A MISSION: TO MAKE FANTASTIC, SUSTAINABLE, WORLD-CHANGING ICE CREAM

- Ben & Jerry's started in 1978 when friends Ben Cohen and Jerry Greenfield:
  - **a.** Had "aced" their $5 college correspondence course in ice cream making.
  - **b.** Invested $12,000 in a renovated Vermont gas station from borrowed/saved funds.
  - **c.** Concocted the universally best selling flavor—vanilla premium ice cream!
- Ben & Jerry's embraced a concept called "linked prosperity" which encouraged the success of all: employees, suppliers, customers, and neighbors.
- Three part mission statement: Product – finest quality; Economic – sustainable financial growth; Social – make the world a better place.
- Highly creative organizational and marketing strategies including:
  a. *Free Cone Day.* One day a year, give away free ice cream to more than a million fans around the world.
  b. *Fairtrade*. Farmers receive a fair price and agree to use sustainable farming practices, fair working standards, and invest in local communities.
  c. *B-Corp Certification.* One of the first in the Benefit Corporation movement; a rigorous set of principles and standards in terms of social and environmental performance, accountability, and transparency. Use the power of business to solve social and environmental problems.
  d. *PartnerShop Program.* Ben & Jerry's scoop shops that are independently owned and operated by community-based nonprofits. Shops help employees overcome employment obstacles and build better lives.
- Ben & Jerry's is now owed by Unilever, the market leader in the global premium ice cream industry, which is expected to reach $89 billion in sales by 2022.
- Customers love the product and the social mission. Ben & Jerry's has over 8.3 million Facebook fans, the most of any premium ice cream maker.

[*Video 2-1: Ben & Jerry's*]

I. TODAY'S ORGANIZATIONS [LO 2-1]

In studying today's organizations, one must understand:

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- The kinds of organizations that exist.
- What strategy is.
- How strategy relates to the three levels of structure found in many large organizations.

A. Kinds of Organizations

- An *organization* is a legal entity of people who share a common mission.
- This mission motivates organizations to:
  - **a.** Develop *offerings*, which are goods, services, or ideas that…
  - **b.** Create value for both the organization and its customers.
- Organizations consist of three types:
  - **a.** *For-profit organization*.
    - Is often called a *business firm*.
    - Is a privately owned organization that…
    - Serves its customers in order to earn a **profit**, which is the:
      - Money left after a for-profit organization subtracts its total expenses from its total revenues.
      - Reward for the risk it undertakes in marketing its offerings.
    - Must earn a profit to survive.

[*Web Links 2-1: Brita Ad*]

  - **b.** *Nonprofit organization*.
    - Is a nongovernmental organization that…
      - Serves its customers but…
      - Does not have profit as an organizational goal.
    - Goals include operational efficiency or client satisfaction.
    - Examples: Charities and cooperatives.

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MAKING RESPONSIBLE DECISIONS

Social Entrepreneurs Are Creating New Types of Organizations to Pursue Social Goals

- Social entrepreneurs start new ventures that address important social needs and issues.
- Often organized as nonprofits that combine revenue generation with the pursuit of social goals. Issues include healthcare delivery, access to education, improving agriculture.
- *Forbes* magazine annual list of *30 Under 30 Social Entrepreneurs* includes the most innovative new social ventures.
- Example: Swipe Out Hunger an organization that was created to encourage college students to donate unused meal points to help feed community members in need. Today, Swipe Out Hunger has chapters on 23 campuses and has distributed more than 1.2 million meals.
- Example: Teach for America, the national corps of outstanding recent college grads who commit to teach for two years in urban and rural public schools and become leaders in expanding educational opportunity. Each year more than 10,000 corps members teach 750,000 students.

c. *Government agency*.
- Is a federal, state, county, or city unit that…
- Provides a specific service to its constituents.
- Example: Census Bureau.

- The terms *firm*, *company*, and *organization* are used interchangeably to cover both for-profit and nonprofit organizations.
- Organizations that develop similar offerings, when grouped together, create an *industry*, such as the automobile industry or the ice cream industry.

a. The dynamics of an industry and how it is structured impact the strategic decisions organizations make.

b. These strategic decisions create a compelling and sustainable competitive advantage to achieve superior performance for an organization's offerings.

c. Organizations must understand the industry within which they compete.

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B. What Is Strategy?

- An organization has limited human, financial, technological, and other resources available to produce and market its offerings—it can't be all things to all people!
- **Strategy** is an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals.
  - **a.** All organizations set a strategic direction.
  - **b.** Marketing helps to set a strategic direction and to move the organization there.

C. The Structure of Today's Organizations

[Figure 2-1] Large organizations are very complex and consist of three levels:

1. **Corporate Level**. Is the level in an organization where top management directs overall strategy for the entire organization. Consists of:
   - **a.** Board of directors, individuals both inside and outside the organization.
   - **b.** Chief executive officer (CEO), the highest ranking officer in the organization.
     - CEOs must possess leadership skills.
     - CEOs must have the expertise to:
       - Oversee the organization's daily operations.
       - Spearhead its strategic planning efforts.
   - **c.** Chief marketing officer (CMO), who:
     - Develops and implements the organization's strategy to achieve its goals.
     - Must think strategically to deliver value to the organization.
     - Must have:
       - Multi-industry backgrounds.
       - Analytical skills.
       - Cross-functional expertise.
       - Intuitive marketing insights.
     - Is often called upon to be their organization's visionary.
2. **Strategic Business Unit Level**. Is the level in multimarket, multiproduct firms where managers manage a portfolio or groups of businesses.
   - **a.** A *strategic business unit* (SBU) is a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined target market.

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b. At the *strategic business unit level*, managers set a more specific strategic direction for their businesses to exploit value-creating opportunities.

c. For firms with a single business focus like Ben & Jerry's, the corporate and business unit levels may merge.

3. Functional Level. Is the level in an organization where groups of specialists actually create value for the organization.

a. A *department* refers to those specialized functions, such as marketing.

b. At this level, the strategic direction becomes more specific and focused.

c. A key role of the marketing department is to:

- Listen to customers.
- Develop offerings.
- Implement marketing program actions.
- Evaluate whether these actions achieved the organization's goals.

d. *Cross-functional teams*:

- Are formed by senior management to develop new or improve existing offerings.
- Consist of a small number of people from different departments…
- Are mutually accountable to accomplish a task or common set of performance goals.
- Will sometimes have representatives from outside the organization, such as suppliers and customers, to assist them.

LEARNING REVIEW

2-1. What is the difference between a for-profit and a nonprofit organization?

Answer: A for-profit organization is a privately owned organization that serves its customers to earn a profit so that it can survive. A nonprofit organization is a nongovernmental organization that serves its customers but does not have profit as an organizational goal. Instead, its goals may be operational efficiency or client satisfaction.

2-2. What are examples of a functional level in an organization?

Answer: The functional level in an organization is where groups of specialists from the marketing, finance, manufacturing/operations, accounting, information systems, research & development, and/or human resources departments focus on a specific strategic direction to create value for the organization.

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II. STRATEGY IN VISIONARY ORGANIZATIONS [LO 2-2]

- Successful organizations must be forward-looking—anticipating and responding quickly and effectively to future events.
- **[Figure 2-2]** A visionary organization:
  - **a.** Specifies its foundation (why does it exist?).
  - **b.** Sets a direction (what will it do?).
  - **c.** Formulates strategies (how will it do it?).

A. Organizational Foundation: Why Does It Exist?

- An organization's foundation is its philosophical reason for being—why it exists.
- Successful visionary organizations use this foundation to guide and inspire their employees through their core values, mission, and organizational culture.

1. Core Values.

- **a.** Are the fundamental, passionate, and enduring principles of an organization that guide its conduct over time.
- **b.** Are developed by an organization's founders or senior management.
- **c.** Are consistent with their essential beliefs and character.
- **d.** Capture the collective heart and soul of the organization.
- **e.** Serve to inspire and motivate its stakeholders to take productive action.
- **f.** Motivates *stakeholders* of an organization, which consist of its:
  - Employees.
  - Shareholders.
  - Board of directors.
  - Suppliers.
  - Distributors.
  - Creditors.
  - Unions.
  - Government.
  - Local communities.
  - Customers.
- **g.** Are timeless.
- **h.** Guide the organization's conduct.
- **i.** Must be communicated and supported by top management and employees.

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[*Video 2-2: Southwest Airlines*]

2. **Mission**.

   a. Is a statement of the organization's function in society that often identifies its customers, markets, products, and technologies.

   b. Is shaped by an organization's core values.

   c. Is often used interchangeably with *vision*.

   d. A *mission statement* should be clear, concise, meaningful, inspirational, focused, and long-term.

   e. Inspiration and focus appear in mission statements of for-profit and nonprofits.

   - Example: Southwest Airlines – "Dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit."

   - Example: American Red Cross – "To prevent and alleviate human suffering in the face of emergencies by mobilizing the power of volunteers and generosity of donors."

   - Example: Federal Trade Commission – " To prevent business practices that are anticompetitive or deceptive or unfair to consumers; to enhance informed consumer choice and public understanding of the competitive process; and to accomplish this without unduly burdening legitimate business activity."

   f. Some organizations, such as Ben & Jerry's, have added a social element to their mission statements to reflect their moral ideals.

   g. Stakeholders are asking organizations to be exceptional citizens by providing long-term value while solving society's problems.

3. **Organizational Culture**.

   a. An important corporate-level marketing function is communicating its core values and mission to its stakeholders.

   b. An **organizational culture** is the set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization.

B. Organizational Direction: What Will It Do?

Figure 2-2 shows that the organization's foundation enables it to set a direction, in terms of (1) the "business" it is in and (2) its specific goals.

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1. **Business**.

   a. A **business** describes the clear, broad, underlying industry or market sector of an organization's offering.

   b. An organization defines its business by looking at the set of organizations that sell similar offerings—those that are in direct competition with each other.

   c. Example: The ice cream business—for Ben & Jerry's.

   d. The organization answers these questions:

   - "What do we do?"
   - "What business are we in?"

   e. Harvard professor Theodore Levitt's *Marketing Myopia* article states that organizations must not define their business and customer focus too narrowly.

   - Railroads are in the "transportation" business, not the railroad business.
   - Medtronic is in the "healthcare" business, not the medical device business.
   - Newspaper, magazine, and book publishers are in the "information and entertainment delivery" business.

   f. Given the increase in global competition and the recent economic crisis, many organizations are rethinking their *business models*, which:

   - Consist of the strategies an organization develops to provide value to the customers it serves.
   - Are often triggered by technological innovation.

[*Video 2-3: UPS Ad*]

- Uber, known for transportation services, continually redefines its business.

  - Started as a limo service called UberCab, business was redefined as a ridesharing service when it added UberX and UberPool apps.
  - The definition expanded when UberRush was added to provide package delivery and UberEats provided food delivery.

2. **Goals**.

   a. **Goals** or **objectives** (used interchangeably) are statements of an accomplishment of a task to be achieved, often by a specific time.

   b. Goals convert the organization's mission and business into performance targets to measure how well it is doing.

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c. Business firms pursue several different types of goals:

- *Profit*. Most firms seek the highest financial return on their investments (ROI) as possible.
- *Sales* (dollars or units). A firm may elect to maintain or increase sales even though profitability may not be maximized.
- ***Market share***.
  - Is the ratio of sales revenue of the firm to…
  - The total sales revenue of all firms in the industry…
  - Including the firm itself.
- *Quality*. A firm may choose to focus on delivering the highest quality.
- *Customer satisfaction*.
  - Customers:
    * Are the reason an organization exists.
    * Perceptions and actions are of vital importance to organizations.
  - Can monitor their satisfaction through surveys or complaints.
- *Employee welfare*.
  - Employees play a critical role in the firm's success.
  - Goals state the firm's commitment to good employment opportunities and working conditions.
- *Social responsibility*. A firm may seek to balance the conflicting goals of its stakeholders to:
  - Promote their overall welfare…
  - Even at the expense of profits.

d. Nonprofit organizations also set goals:

- Private organizations strive to serve customers efficiently.
- Government agencies try to serve the public good.

C. Organizational Strategies: How Will It Do It?

Figure 2-2 shows that the organization's strategies are concerned with the "how"—the actual results. Strategies can vary in two ways:

1. **Variation by Level**. Moving from the corporate level to the strategic business unit level to the functional level involves creating increasingly detailed strategies and plans.

   a. Corporate level—Top managers are concerned with writing meaningful mission statements.

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b. Functional level—Managers are concerned with implementing marketing strategies and tactics.

2. Variation by Product. Organizational strategies also vary by the organization's products.

a. The strategy will be far different when marketing a very tangible physical good, a service, or an idea.

b. Most organizations develop a marketing plan as a part of their strategic marketing planning efforts.

- A **marketing plan** is a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
- The planning phase of the strategic marketing process results in a marketing plan that directs the marketing actions of an organization.

[*ICA 2-1: Calculating a "Fog Index" for Your Own Writing*]

LEARNING REVIEW

2-3. What is the meaning of an organization's mission?

Answer: A mission is a clear, concise, meaningful, inspirational, and long-term statement of the organization's function in society, often identifying its customers, markets, products, and technologies. It is often used interchangeably with *vision*.

2-4. What is the difference between an organization's business and its goals?

Answer: An organization's business describes the clear, broad, underlying industry or market sector of an organization's offering. An organization's goals (or objectives) are statements of an accomplishment of a task to be achieved, often by a specific time. Goals convert an organization's mission and business into long- and short-term performance targets to measure how well it is doing.

D. Tracking Strategic Performance with Marketing Analytics [LO 2-3]

How do marketing managers know if they are making progress to goals?

- "You can't manage what you don't measure."
- Growing field of data analytics, or big data, which enables data-driven decisions by collecting data and presenting it visually as marketing dashboard.

1. Car Dashboards and Marketing Dashboards.

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a. A **marketing dashboard** is the visual computer display of the essential information related to achieving a marketing objective.

b. Business intelligence tools allow real-time streaming data to provide point-in-time and trend displays.

c. On a car's dashboard, we glance at the fuel gauge and take action when our gas is getting low.

d. With a marketing dashboard, a marketing manager:

- Glances at a graph or table and…
- Makes a decision whether to…
  - Take action.
  - Analyze the problem further.

2. Dashboards, Metrics, and Plans.

a. **[Figure 2-3]** Sonatica's marketing dashboard graphically displays key performance indicators linked to its product lines.

b. Each performance variable is a **marketing metric**, which is:

- A measure of the quantitative value or trend of…
- A marketing action or result.

c. Only a few metrics should be shown on a marketing dashboard so that managers aren't overwhelmed with too much irrelevant data.

d. Today's marketers use *data visualization*, which:

- Presents information about an organization's marketing metrics graphically so marketers can…
- Spot deviations from plans during the evaluation phase and…
- Take corrective actions.

e. This book uses data visualization in many of its figures to highlight in color key points described in the text.

f. To show how parts of a business are performing, data visualization tools include:

- Bullet graphs.
- Maps.
- Pie charts.
- Spark line graphs.
- Bar graphs.
- Others.

g. [Figure 2-3A] *Website Traffic Sources*.

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- The color-coded perimeter of the pie chart shows the three main sources of website traffic.
- These three colors link to those of the circles in the column of website traffic sources.
- Each of eight specific sources represented as one slice in the pie.
  - Referral sites at 47%, of which:
    - Sonatica's Facebook visits comprise 15 percent of website traffic (see the horizontal bullet graphs to the left).
    - Up from a month ago (as shown by the vertical line).
  - Search engines at 37 percent.
  - Direct traffic at 16 percent.

h. [Figure 2-3B] *Sales Performance by SBU*.

- The *spark lines*:
  - Are the wavy lines in the far left column.
  - Show the 13-month trends of Sonatica's strategic business units.
- The trends in electronics and peripherals are generally up, causing their sales to exceed their YTD (year to date) targets.
- Conversely:
  - Both software and hardware sales failed to meet YTD targets…
  - Which is noted by the red "warning" circles in their rows at the far right.
  - This suggests that immediate corrective actions are needed for the software and hardware SBUs.

i. [Figure 2-3C] *Website Visits by State*.

- The U.S. map shows that the darker the state, the greater the number of website visits for the current month.
- In terms of monthly visits:
  - Texas has close to 20,000 visits per month.
  - Minnesota has about 10,000 visits per month.
  - Illinois has none.

j. The Ben & Jerry's dashboard in the Applying Marketing Metrics box:

- Shows how the two widely used marketing metrics of dollar sales and dollar market share…
- Helps the company assess its growth performance that…
- Leads to marketing actions.

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APPLYING MARKETING METRICS

How Well Is Ben & Jerry's Doing?

Dollar Sales and Dollar Market Share

Marketers use the common dollar sales and dollar market share metrics to assess their organization's growth performance in the marketplace.

As marketing manager for Ben & Jerry's, you need to assess how it is doing within the U.S. in the super-premium ice cream market. For this, you choose two marketing metrics: dollar sales and dollar market share.

Your Challenge.

Scanner data from checkout counters in grocery stores and other retailers show that the total industry sales for the super-premium category of ice cream—the segment of the market within which Ben & Jerry's competes—for 2017 were $1.25 billion. The Ben & Jerry's sales department reports that the firm sold 50 million units at an average price of $5.00 per unit in 2017, resulting in total dollar sales of $250 million. A unit of super-premium ice cream is one pint.

Your Findings. Dollar sales and dollar market share metrics for 2017 are calculated as follows:

Dollar Sales ($) = Average Price × Quantity Sold

Dollar Sales ($) = $5 per Unit × 50 Million Units

Dollar Sales ($) = $250 Million

Dollar Market Share (%) = Ben & Jerry's Sales ($) ÷ Total Industry Sales ($)

Dollar Market Share (%) = $250 million ÷ $1.25 billion

Dollar Market Share (%) = 0.20 or 20%

Further, your dashboard shows that from 2016 to 2017 dollar sales increased from $240 million to $250 million, and dollar market share grew from 18.4% to 20.0%.

[See UMD02SalesMktShare.xls]

Your Action.

These results need to be compared with (1) the goals established for these metrics and (2) with previous years' results to see if the trends are increasing, flat, or decreasing. This will lead to marketing actions. Marketers also calculate unit sales and unit market share based on units sold, if data are available.

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III. SETTING STRATEGIC DIRECTIONS [LO 2-4]

Setting strategic directions involves answering two questions:

- Where are we now?
- Where do we want to go?

A. A Look Around: Where Are We Now?

Asking an organization where it is at the present time involves identifying its competencies, customers, and competitors.

1. **Competencies**. Answers the question, "What do we do best?"

   a. *Core competencies*.

   - Are a firm's special capabilities—skills, technologies, and resources.
   - Distinguishes them from other firms and provide value to its customers.
   - Should be distinctive enough to provide a competitive advantage.

   b. A *competitive advantage* is a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.

2. **Customers**. Strategy must provide genuine value and benefits to present and prospective customers to ensure they have a satisfying customer experience.

3. **Competitors**. Globally, the lines among competitors are increasingly blurred.

   a. Lands' End initially defined other catalog retailers as its competitors.

   b. Intertype Competition:

   - Means that very dissimilar types of retail outlets compete with each other.
   - Today, as part of Sears, Lands' End competes with:
     - Not only other catalog clothing retailers…
     - But also department stores, mass merchandisers, specialty shops, Internet retailers, and…
     - Even itself: Standalone stores with departments within Sears.

B. Growth Strategies: Where Do We Want to Go?

- Knowing where the organization is at the present time enables managers to set a direction for the firm and allocate resources to move in that direction.
- Two techniques to aid in these decisions are (1) business portfolio analysis and (2) diversification analysis.

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1. **Business Portfolio Analysis**.

   a. The Boston Consulting Group's (BCG) uses **business portfolio analysis**, which:

   - Is a technique that managers use to quantify performance measures and growth targets to…
   - Analyze its clients' strategic business units (SBUs) as though they were a collection of separate investments.
   - The tool's purpose is to determine which SBU:
     - Generates cash or…
     - Requires cash to fund the organization's growth opportunities.
   - BCG analysis can also be applied at the product line, individual product (offering), or brand level.
   - Many large U.S. firms have used the BCG's business portfolio analysis.

MARKETING MATTERS

Filling the Shoes of Apple CEO Tim Cook: Where Will Apple's Projected Future Growth for Its Major SBU's Come From?

- Every CEO of a for-profit organization faces one problem in common: trying to find ways to increase future sales and profits to keep it growing!
- Put yourself in Tim Cook's shoes. One of his jobs is to search for new growth opportunities.
- Using your knowledge about Apple products

a. Do a quick SWOT analysis of four SBUs shown (iPod, iPhone, Apple Watch, and iPad/iPad mini):

.

b. Determine where Apple should allocate its time and resources.

c. Rate these growth opportunities from highest to lowest in terms of percentage growth in unit sales from 2017 to 2020.

b. **[Figure 2-D]** A firm using business portfolio analysis positions each of its SBUs on a growth-share matrix.

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- The vertical axis is the *market growth rate*, which is the annual rate of growth of the SBU's industry.
- The horizontal axis is the *relative market share*, defined as the sales of the SBU divided by the sales of the largest firm in the industry.
  - A relative market share of **10** (at the left end of the scale) means that the SBU has 10 times the share of its largest competitor.
  - A share of **0.1** (at the right end of the scale) means it has only 10 percent of the share of its largest competitor.

c. The BCG has given specific names and descriptions to the four quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization:

1. *Question marks* (upper right).
- Are SBUs with a low share of high-growth markets.
- Require large injections of cash to maintain or increase market share.
- Management chooses which of these SBUs to invest in and phase out.

2. *Stars* (upper left).
- Are SBUs with a high share of high-growth markets.
- Require extra cash to finance future growth.
- Are likely to become *cash cows* when their growth slows.

3. *Cash cows* (lower left).
- Are SBUs that generate more cash than they can use.
- Have a dominant share of slow-growth markets.
- Provide cash to cover the organization's overhead and…
- Enable the organization to invest the excess cash in other SBUs.

4. *Dogs* (lower right).
- Are SBUs with a low share of slow-growth markets.
- May generate enough cash to sustain themselves.
- May not become winners for the organization.
- Dropping *dogs* may be required if they consume more cash than they generate unless these conditions exist:
  * Relationships with other SBUs.
  * Competitive considerations.
  * Potential strategic alliances that benefit the firm.

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d. An organization's SBUs often start as *question marks* and go counterclockwise to become *stars*, then *cash cows*, and finally *dogs*.

e. Because an organization has limited influence on the market growth rate, its main objective is to try to change its relative dollar or unit market share.

f. When changing an SBU's relative market share, management must:

- Decide what strategic role each SBU should have in the future.
- Inject or remove cash from it.

g. Apple:

- Has been consistently cited as one of the top global brands over the past decade…
- According to the Best Global Brands survey conducted by Interbrand, a leading brand management consulting firm.

h. What has made Apple so iconic?

- Its revolutionary products.
- It has infused its technology with the "human touch," connecting customers with the brand on a cognitive *and* an emotional level.
- Its organizational culture and core values that the late Steve Jobs instilled, which continue to guide its future.

i. **[Figure 2-4]** Figure 2-4 shows a Boston Consulting Group (BCG) business portfolio analysis for four of Apple's consumer-related SBUs.

1. *Apple Watch (wearable technology).*

– Launched in April 2015 – Apple's version of a smart watch.

* Competes with Samsung, Pebble, Motorola, LG and a range of other wearable technologies such as Fitbit and Garmin fitness trackers.

– Estimates are 45 million Apple Watches by 2019 at a growth rate of 36 percent

– Apple Watch is a *question mark* and awaits consumers' response.

2. *iPhone* (smartphones).

– Launched in 2007. iPhone sales skyrocketed and Apple's U.S. market share now exceeds 44 percent, exceeding the market share of its largest competitor, Samsung.

– Smartphone market is expected to grow at 7 percent due to growth in India, Indonesia, and Africa.

– iPhone is a *star*.

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3. *iPad/iPad mini* (tablets).
   - Launched in 2010, unit sales reached 40 percent market share by 2013 – leading Samsung's Galaxy (18 percent) and Amazon's Kindle (4 percent).
   - Tablet sales are declining as consumers substitute big-screen smartphones and ultra-thin computers for tablets.
   - Apple's iPad SBU is a *cash cow* (high market share, low-growth market).
4. *iPod* (music players).
   - Apple entered the market with iPod in 2001. The product became a cultural icon, selling more than 50 million units annually until 2010.
   - In 2010, iPhone integrated a music player.
     * Since then, sales have declined dramatically.
     * In 2014, Apple announced it was discontinuing the iPod Classic, and in 2017 it announced that it was discontinuing the iPod Shuffle and nano.
   - Declining sales and discontinued products suggest that this SBU is entering the *dog* category.

- How did you – as Tim Cook – rank the growth opportunity for each of the four SBUs?
  - Apple Watch represents the highest unit growth rate at 36 percent.
  - iPhone SBU is likely to continue growing at 7 percent, while the iPad SBU is experiencing a decline in sales.
  - iPhone and iPad product lines together accounted for 76 percent of Apple's revenues in early 2017.
  - These revenues are used to pursue growth opportunities such as the Apple Watch, a next generation phone, and possibly an Apple car.
  - Finally, long-term decline and the discontinuation of the iPod classic, shuffle, and nano may signal the beginning of the end for Apple's iPod.
- The primary strength of business portfolio analysis:
  - Lies in forcing a firm to place each of its SBUs in the growth-share matrix, which…
  - Suggests which SBUs will be cash producers and cash users in the future.
- Weaknesses of this analysis arise from the difficulty in:
  - Getting the needed information.

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- Incorporating competitive data into business portfolio analysis.

2. **Diversification Analysis**.

   a. **Diversification analysis** is a technique that helps a firm search for growth opportunities from among:

      - Current and new markets.
      - Current and new products.

   b. For any market, there is both:

      - A current product (what the firm now sells) and…
      - A new product (something the firm might sell in the future).

   c. For any product, there is both:

      - A current market (existing customers) and…
      - A new market (potential customers).

   d. As organizations seek to increase sales revenues, they consider all four market-product strategies.

   e. **[Figure 2-5]** Using Ben & Jerry's as an example, these four market-product strategies are:

      - *Market penetration*.
        - Is a marketing strategy to increase sales of current products in current markets.
        - Example: Selling more Ben & Jerry's Chocolate Chip Cookie Dough ice cream to U.S. customers.
        - There is no change in the basic product line or the market served.
        - Increased sales to existing customers are possible either by selling:
          * More of the product through better promotion or distribution.
          * The same amount of the product at a higher price.

[*Video 2-4: B&J's Bonnaroo Buzz Ad*]

      - *Market development*.
        - Is a marketing strategy to sell current products to new markets.
        - Example: Selling Ben & Jerry's Bonnaroo Buzz Fair Trade-sourced ice cream to Brazilian customers, an attractive market.
        - Is risky if:
          * The firm has no experience selling in the new market.

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    - Prospective customers are unfamiliar with the brand.

- *Product development*.
  - Is a marketing strategy to sell a new product to current markets.
  - Example: Selling Ben & Jerry's branded children's clothing to U.S. customers.
  - Is risky because customers may not see a clear connection between a company's expertise in one offering extending to another.
- *Diversification*.
  - Is a marketing strategy to sell new products in new markets.
  - Ex.: Selling Ben & Jerry's children's clothing to Brazilian customers.
  - Is a potentially high-risk strategy because the company has neither previous production nor marketing experience on which to draw.

LEARNING REVIEW

2-5. What is the difference between a marketing dashboard and a marketing metric?

Answer: A marketing dashboard is the visual computer display of the essential information related to achieving a marketing objective. Each variable in a marketing dashboard is a marketing metric, which is a measure of the quantitative value or trend of a marketing action or result.

2-6. What is business portfolio analysis?

Answer: Business portfolio analysis is a technique that managers use to quantify performance measures and growth targets to analyze their firms' strategic business units (SBUs) as though they were a collection of separate investments. The purpose of this tool is to determine which SBU or offering generates cash and which one requires cash to fund the organization's growth opportunities.

2-7. Explain the four market-product strategies in diversification analysis.

Answer: The four market-product marketing strategies in diversification analysis are:

- *Market penetration*. Increasing sales of current products in current markets. There is no change in either the basic product line or the markets served. Rather, selling more of the product or selling the product at a higher price generates increased sales.
- *Market development*. Selling current products to new markets.
- *Product development*. Selling new products to current markets.
- *Diversification*. Developing new products and selling them in new markets.

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IV. THE STRATEGIC MARKETING PROCESS [LO 2-5]

- After the organization assesses where it's at and where it wants to go, it asks:

  1. How do we allocate our resources to get to where we want to go?

  2. How do we convert our plans into actions?

  3. How do our results compare with our plans, and do deviations require new plans?

- The **strategic marketing process** is an approach whereby an organization allocates its marketing mix resources to reach its target markets.

[*ICA 2-2: Marketing Yourself*]

- **[Figure 2-6]** This process has 3 phases: planning, implementation, and evaluation.

A. The Planning Phase of the Strategic Marketing Process

- A truism: "If you don't know where you're going, any road will get you there."
- The planning phase consists of three steps as outlined below.

1. Step 1: Situation (SWOT) Analysis.

a. A **situation analysis** involves taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it.

b. **[Figure 2-7]** A **SWOT analysis** is an acronym describing an organization's appraisal of its internal **S**trengths and **W**eaknesses and its external **O**pportunities and **T**hreats.

c. A SWOT analysis studies four areas to build a firm's marketing program:

- Identifying trends in the organization's industry.
- Analyzing the organization's competitors.
- Assessing the organization itself.
- Researching the organization's present and prospective customers.

d. The Ben & Jerry's SWOT analysis table in Figure 2-7 shows:

- The combination of internal versus external factors (the rows).
- Favorable versus unfavorable factors (the columns).
- Ben & Jerry's strengths, weaknesses, opportunities, and threats.

e. The goal is to identify the *critical* strategy-related factors that impact the firm.

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f. The task is to translate the SWOT analysis into specific marketing actions.

g. The Ben & Jerry's SWOT analysis suggests the following:

- *Build on a strength*. Find distribution efficiencies with Unilever's existing ice cream brands.
- *Correct a weakness*. Recruit experienced managers from other consumer products firms to help stimulate growth.
- *Exploit an opportunity*. Develop a new line of low-fat frozen yogurts to respond to consumer health concerns.
- *Avoid a disaster-laden threat*. Focus on less risky international markets, such as Brazil and Argentina.

2. **Step 2: Market-Product Focus and Goal Setting**.

a. Developing a marketing program involves determining what products will be targeted at which customers.

b. This decision is often based on **market segmentation**, which involves aggregating prospective buyers into groups, or segments, that (1) have common needs and (2) will respond similarly to a marketing action. The match between products and segments is related to **points of difference –** those characteristics of a product that make it superior to competitors.

c. A firm can identify the segments on which it will focus its efforts—its target market segments—and develop specific marketing programs to reach them.

d. Goal setting involves setting measurable marketing objectives to be achieved.

- For a specific market, the goal may be to introduce a new product.
- For a specific brand or product, the goal may be to create a promotional campaign or pricing strategy to get more consumers to purchase it.

3. **Step 3: Marketing Program**.

a. This step is the "*how*" aspect of the planning phase: developing the marketing program's marketing mix and the budget.

b. **[Figure 2-8]** Shows the components of each marketing mix element that comprise a cohesive marketing program.

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LEARNING REVIEW

2-8. What are the three steps of the planning phase of the strategic marketing process?

Answer: The three steps of the planning phase of the strategic marketing process are:

- *Situation analysis*. Involves taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it. To do this, an organization uses a SWOT analysis, an acronym that describes an organization's appraisal of its internal **S**trengths and **W**eaknesses and its external **O**pportunities and **T**hreats.
- *Market-product focus and goal setting*. Determines what products an organization will offer to which customers. This is often based on market segmentation—aggregating prospective buyers into groups or segments that have common needs and will respond similarly to a marketing action.
- *Marketing program*. Is where an organization develops the marketing mix elements and budget for each offering.

2-9. What are points of difference and why are they important?

Answer: Points of difference are those characteristics of a product that make it superior to competitive substitutes—offerings the organization faces in the marketplace. They are important factors in the success or failure of a new product.

B. The Implementation Phase of the Strategic Marketing Process [LO 2-6]

- The second phase of the strategic marketing process—implementation—involves carrying out the marketing plan that emerges from the planning phase.
- If the firm cannot execute the marketing plan—in the implementation phase—the planning phase wasted time and resources.
- The implementation phase of the strategic marketing process has 4 components.

1. Obtaining Resources.

a. The marketing manager must obtain the human and financial resources necessary to successfully execute the marketing program.

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b. Small business owners often obtain funds from savings, family, friends, and bank loans.

c. Marketing managers in existing organizations obtain these resources by getting top management to divert profits from BCG stars or cash cows.

2. Designing the Marketing Organization.

a. A marketing program needs a marketing organization to implement it by converting marketing plans into reality.

b. **[Figure 2-9]** Shows the organization chart of a typical manufacturing firm, giving some details of the marketing department's structure.

- Four managers of marketing activities are shown to report to chief marketing officer or CMO.
- Sales representatives report to the manager of sales, possible through several regional sales managers and an international sales manager based on the size of the salesforce.

c. The entire marketing organization is responsible for converting these marketing plans to reality as part of the corporate marketing team.

3. Defining Precise Tasks, Responsibilities, and Deadlines.

a. Successful implementation requires that people know the tasks for which they are responsible and the deadlines for completing them.

b. The outcome of meetings should be an *action item list*, which is an aid to implementing a marketing plan, consisting of four columns:

- The task.
- The person responsible for completing that task.
- The date to finish the task.
- What is to be delivered.

c. Within hours of completing a meeting, the action item list:

- Is circulated to those attending.
- Serves as the starting agenda for the next meeting.

d. An action item list:

- Is forward looking.
- Clarifies the targets.
- Puts pressure on people to achieve their tasks by the specified deadlines.

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e. You are part of a team that is required to do a term project on the problem, "How can the college increase attendance at its performing arts concerts?"

- The instructor limits the project in the following ways:
  - Must involve a survey of a sample of students
  - The written report with the survey results must be submitted by the end of the 11th week of the term.
- To begin the assignment, you need to:
  - Identify all the project tasks.
  - Estimate the time required to complete each one.
- To complete it in 11 weeks, your team:
  - Must work on different activities at the same time (concurrently).
  - Some activities must be independent enough to overlap (sequentially).
- Requires specialization and cooperation between Students A, B, and C:
  - Suppose only Student C can type.
  - Student A might construct the survey and select the sample.
  - Student B might tabulate the data.

f. **[Figure 2-10]** Scheduling activities can be done efficiently with a *Gantt chart*:

- Is a graphical representation of a program schedule, which:
  - Shows the relationships through time of the various program tasks.
  - Are related to action item lists.
- Software applications such as Microsoft Project simplify the task of developing a program schedule or Gantt chart.
- The key to all scheduling techniques is to distinguish:
  - Tasks that *must* be done sequentially from…
  - Those that *can* be done concurrently.

g. Tasks 1 and 2 that are shaded yellow in Figure 2-10 *must* be done sequentially.

- This is because in order to type and copy the final questionnaire before mailing (Task 2)…
- The student *must* have a final draft of the questionnaire (Task 1).

h. Tasks 6 and 7 that are shaded blue *can* be done concurrently.

- So writing the final report (Task 7) *can* be started before…
- Tabulating the questions (Task 6) is completed.

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- This overlap speeds up project completion.

4. **Executing the Marketing Program**.

   a. The effective execution of a marketing plan requires attention to detail for both marketing strategies and marketing tactics.

   b. **Marketing strategy**.

      - The means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.
      - The term implies both the end sought (target market) and actions to achieve it (marketing program).

   c. **Marketing tactics**.

      - Are the detailed day-to-day operational marketing actions for each element of the marketing mix that contribute to the overall success of marketing strategies.
      - Examples: Writing ads and setting prices for new product lines.

C. The Evaluation Phase of the Strategic Marketing Process [LO 2-7]

- The evaluation phase of the strategic marketing process:

  a. Seeks to keep the marketing program moving in the direction set for it.

  b. Follows the planning and implementation phases.

- Accomplishing this requires the marketing manager to:

  a. Compare:

     - The results of the marketing program with…
     - The goals in the written plans to identify deviations.

  b. Act on these deviations by:

     - Exploiting positive deviations.
     - Correcting negative ones.

1. **Comparing Results with Plans to Identify Deviations**.

   a. **[Figure 2-11]** Apple begins the evaluation phase of its strategic marketing process at the end of its fiscal year, which is September 30.

   b. Suppose you are on an Apple task force in 2009 that is responsible for making plans through 2016.

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c. You observe that:

- Extending the 2004 to 2009 trend of Apple's recent sales revenues (line AB) to 2016 along line BC…
- Shows an annual growth in sales revenue unacceptable to Apple's management.

d. Looking at potential new products in the Apple pipeline:

- Your task force set an aggressive annual sales growth target of 25 percent per year—the line BD in Figure 2-11.
- Results in sales revenues of $104 billion in 2013 and $204 billion in 2016.

e. This reveals a white wedge-shaped gap DBC in the figure:

- Planners call this the *planning gap*:
  - The difference between the projection of the path to reach a new sales revenue goal (line BD) and…
  - The projection of the path of a plan already in place (line BC).
- The purpose of a firm's marketing program is to "fill in" the planning gap.
- In the case of Apple:
  - Move its future sales revenue line from the slow-growth line BC…
  - Up to the more challenging target of line BD.

f. This is the essence of evaluation: Comparing actual results with goals set.

g. To reach aggressive growth targets in sales revenues, firms like Apple must continuously look for a new SBU or product *cash cow* or *star*.

2. Acting on Deviations.

a. When evaluation shows that actual performance differs from expectations:

- Managers need to take immediate marketing actions…
- Exploiting positive deviations and correcting negative ones.

b. Apple's:

- Explosion in actual sales revenues from 2006 to 2014 (line BE)…
- Compared to its target sales revenues (line BD)…
- Shows Apple's rare, world-class ability to both:
  - Generate and anticipate consumer demand and…
  - Commercialize new technologies for its revolutionary offerings.

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c. Let's consider some of Apple's marketing actions:

- *Exploiting a positive deviation*.
  - Favorable customer reactions to Apple's iPhone (2007) and its iPad (2010) enable it to…
  - Sell the products globally and to introduce improved versions and models such as the iPhone 7 (2016), and iPad Pro (2015). Success of new versions and models also enables the introduction of new products such as the Apple Watch (2015) and Apple AirPods (2016).
- *Correcting a negative deviation*.
  - As Apple's desktop PCs became dated, it moved aggressively to replace them with new iMacs and MacBooks.
  - Apple refreshed its MacBook Air (2015) and MacBook Pro (2016) lines of laptops.

d. In the BCG business portfolio analysis of the four Apple product lines:

- The firm has several *stars* and *cash cows* to fill in its planning gap.
- Apple's market-product strategies will be explored in more detail in Chapters 9 and 10.

LEARNING REVIEW

2-10. What is the implementation phase of the strategic marketing process?

Answer: The implementation phase carries out the marketing plan that emerges from the planning phase and consists of: (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) executing the marketing program designed in the planning phase.

2-11. How do the goals set for a marketing program in the planning phase relate to the evaluation phase of the strategic marketing process?

Answer: The planning phase goals or objectives are used as the benchmarks with which the actual performance results are compared in the evaluation phase to identify deviations from the written marketing plans and then exploit positive ones or correct negative ones.

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APPLYING MARKETING KNOWLEDGE

1. **(*a*) Using Netflix as an example, explain how a mission statement gives a strategic direction. (*b*) Create a mission statement for your own career.**

   Answers:

   a. **Explain how a mission statement gives a strategic direction**. A mission statement is an expression of the organization's function in society, often identifying its customers, markets, products, and technologies. Netflix's mission statement: "Our core strategy is to grow our streaming subscription business domestically and globally. We are continuously improving the customer experience, with a focus on expanding our streaming content, enhancing our user interface and extending our streaming service to even more Internet-connected devices, while staying within the parameters of our consolidated net income and operating segment contribution profit targets."

   b. **Create a mission statement for your own career**. An example of a mission statement for a student's career might be: "To be recognized as an outstanding, ethically and environmentally responsible, global marketing executive."

2. **What competencies best describe (*a*) your college or university and (*b*) your favorite restaurant?**

   Answers:

   a. **Your college or university**. [NOTE: These vary along a continuum from community colleges to research universities.] Flexible course scheduling to accommodate the special needs of part-time and working students. A world-class research institution for biotechnology; student-oriented faculty.

   b. **Your favorite restaurant**. Genuine French cuisine. A family menu at a reasonable price.

3. **Compare the advantages and disadvantages of Ben & Jerry's attempting to expand sales revenues by using (*a*) a product development strategy or (*b*) a market development strategy.**

   Answers:

   a. **Product development strategy**. According to the text and Figure 2-5, this marketing strategy involves selling new products to current markets. For Ben & Jerry's, this could involve selling children's clothing under the Ben & Jerry's brand to Americans.

   Advantage: Ben & Jerry's could leverage its brand by selling children's clothing in the United States.

   Disadvantage: This strategy is risky because Americans may not see the company's expertise in ice cream as extending to children's clothing.

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b. **Market development strategy**. According to the text and Figure 2-5, this marketing strategy involves selling current products to new markets. For Ben & Jerry's, this could involve selling super-premium ice cream to Brazil.

   Advantage: Brazil is an attractive new market for its super-premium ice cream because as household incomes of Brazilians increase, consumers can buy more ice cream.

   Disadvantage: The Ben & Jerry's brand may be unknown to Brazilian consumers.

4. Select one strength, one weakness, one opportunity, and one threat from the SWOT analysis for Ben & Jerry's shown in Figure 2-7. Suggest an action that a marketing manager might take to address each factor.

Answers:

a. **Strength**. Leverage its brand name by continuing to offer crazy new flavors, products (ice cream, yogurt, sorbet, low-fat/carb, etc.). Promote its social mission in college campus newspapers in cities where Ben & Jerry's is sold, either in its own outlets or in grocery stores.

b. **Weakness**. Communicate the benefits of Ben & Jerry's social mission (number of people employed, trained, etc.). Develop and implement a management trainee program for those employees willing to make a long-term commitment to the firm.

c. **Opportunity**. Develop partnerships or franchise relationships with firms or individuals in markets where Ben & Jerry's has not yet fully penetrated, such as South America, Australia, etc. where ice cream consumption is moderate to strong. Also, develop ice cream-based products, such as ice cream sandwiches, cookies, cakes, etc.

d. **Threat**. Offer low-carb products with Splenda or other sugar substitutes. Find lower cost but socially responsible "Fair Trade" suppliers and manufacturers in overseas markets where consumers are more price-sensitive due to less income to spend on discretionary products like super-premium ice cream.

5. What is the main result of each of the three phases of the strategic marketing process? (*a*) planning, (*b*) implementation, and (*c*) evaluation.

Answers:

a. **Planning phase**. Results are formal marketing plans that identify specific objectives to be achieved by a particular time and the specific actions to achieve those objectives.

b. **Implementation phase**. Results are formal measurements of the results achieved, which can be compared with the plans established in the planning phase to determine if any deviations from plans occurred.

c. **Evaluation phase**. Results are new actions taken to exploit opportunities where deviations from plans are better than expected or to take corrective actions where deviations from plans are worse than expected.

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6. Parts of tasks 5 and 6 in Figure 2-10 are done both concurrently and sequentially. (*a*) How can this be? (*b*) How does it help the students meet the term paper deadline? (*c*) What is the main advantage of scheduling tasks concurrently rather than sequentially?

Answers:

Figure 2-10 shows a Gantt chart that is used to schedule the various tasks and deadlines that are required to complete a project. Its goal is to demonstrate how the concurrent work on several tasks enables the project team to finish the project on time. The key to all scheduling techniques is to distinguish tasks that *must* be done sequentially from those that *can* be done concurrently.

a. **How some tasks can be done both concurrently and sequentially**. Task 5 involves collecting the returned questionnaires that were mailed in Task 4. Task 6 involves tabulating and analyzing data from returned questionnaires. Task 5 and the first part of Task 6—tabulating the questionnaires—can be done *concurrently* because as they come in, the data, which are generated from the answers to the questions asked in the questionnaire, can be entered into a software program like StatPac or Excel to build the database from which the data will be analyzed, the latter part of Task 6, so that a draft of the final report can eventually be written—Task 7.

   However, these two tasks also must be completed *sequentially* because not all the questionnaires will be returned at the same time. In the instructions for completion or letter accompanying the questionnaires, there likely will be an explicit due date communicated to respondents for the timely submission or return of their questionnaires so that they will be included in the results of the project.

b. **How some tasks done both concurrently and sequentially helps meet deadlines**. This overlap speeds up project completion since there is no need to wait until all the questionnaires have been received by an explicit due date (Task 5) before tabulation of the questionnaires can begin (Task 6).

c. **Advantage of scheduling tasks concurrently rather than sequentially**. Again, scheduling tasks with both concurrent and sequential tasks can speed up the completion of a project to save time and meet deadlines. In many cases, there is usually some pressure to meeting a deadline for one or more of the tasks of a project. There is a strong likelihood that some problem will occur that will delay its completion, which can jeopardize the completion of the entire project.

7. The goal-setting step in the planning phase of the strategic marketing process sets quantified objectives for use in the evaluation phase. What does a manager do if measured results fail to meet objectives? Exceed objectives?

Answers:

If the marketing manager discovers a planning gap, which is a difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place for the marketing program, he or she can take the following actions:

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a. **Fails to meet objectives**. Correct a negative deviation by making minor or major changes to the existing marketing program of a product to better reflect future expectations in the marketing environment.

b. **Exceeds objectives**. Exploit a positive deviation by strengthening strategic partnerships, engage in a market development or product development strategy, etc. to maintain or enhance the firm's position.

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BUILDING YOUR MARKETING PLAN

1. **Read Appendix A, "Building an Effective Marketing Plan." Then write a 600-word executive summary for the Paradise Kitchens marketing plan using the numbered headings shown in the plan. When you have completed the draft of your own marketing plan, write a 600-word executive summary to go in the front of your own marketing plan.**

   Suggestions: In Question #1, students are asked to write a 600-word executive summary for the Paradise Kitchens marketing plan in Appendix A. This gives them a chance to practice a draft of an executive summary for their own marketing plan.

2. **Using Chapter 2 and Appendix A as guides, give focus to your marketing plan by (*a*) writing your mission statement in 25 words of less, (*b*) listing three nonfinancial goals and three financial goals, (*c*) writing your competitive advantage in 35 words or less, and (*d*) doing a SWOT analysis table.**

   Suggestions: Question #2 asks students to get a jump start on writing their marketing plan by putting on paper their mission statement, non-financial and financial goals, competitive advantage for the organization, and a SWOT analysis. This is a very threatening first step for many students. To assist students in writing effective marketing plans, instructors should emphasize to students the importance of (a) reading the pertinent chapter(s) in the textbook that relates to the element of the marketing plan and (b) studying the red and blue boxes in the margin of the Appendix A: Sample Marketing Plan that give hints on effective writing and identify relevant textbook chapters, respectively.

3. **Draw a simple organization chart for your organization.**

Helping with Common Student Problems

Our experience from working with thousands of students writing marketing plans is the need to encourage them to (a) get started and get something on paper and (b) be specific. One way to accomplish this is to have students hand in a two-page draft of the start of their marketing plan containing the four items listed above in Question #2.

Our experience is that it is useful to have instructors make comments directly on this draft using the grading standard (perhaps using the grading sheet contained in the Instructor's Resource Manual: See Section V—MP-9: Evaluation Form Useful for All Written Materials or MP-10: Evaluation Form for Marketing Plans) marketing plan—but not give an actual grade on the two-page draft. This forces the student to get started and get something on paper and also lets them receive constructive suggestions from the instructor without the threat of a grade. We suggest the two-page draft be submitted the class period after the 7-5-3 class presentations (See MP-11: Student Sign-Up Sheet for Presenting Marketing Plan Elements).

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TEACHING NOTE FOR VIDEO CASE VC-2

IBM: Using Strategy to Build a "Smarter Planet"

[*Video 2-5: IBM Video Case* (kerin.tv/13e/v2-5)]

This case describes how IBM's Smarter Planet initiative is (1) encapsulated to the company's mission and values, (2) translated into a business strategy, and (3) implemented in a coherent and comprehensive fashion for companies in a variety of industries. Interviews with senior IBM executives explain how this is done from both a conceptual and practical perspective.

Synopsis

Show Slide 2-37. IBM was founded in 1911, when several business machine companies merged to form the Computing-Tabulating-Recording Company (CTR). The company had 1,300 employees and sold scales, time recorders, meat and cheese slicers, and tabulators. In 1914, Thomas J. Watson, Sr. joined the company as general manager and implemented several important business practices including a focus on customer service, conservative dress for salespeople, development of large-scale custom-built solutions for businesses, and a positive, professional outlook communicated by his favorite slogan "THINK."

As CTR grew it offered new products such as an electric adding machine and a punch card press, and, as a result, it adopted the name International Business Machines from one of its Canadian subsidiaries. Blue covers on the computers, blue letters in the IBM logo, and dark blue suits worn by IBM salespeople, led to the now popular company nickname, "Big Blue." Today, *Fortune* magazine ranks IBM as the 20th largest company in the United States with sales of $104.5 billion and over 380,000 employees in more than 170 countries. *Forbes* magazine ranks IBM as the fifth most valuable brand in the world.

In support of its mission IBM developed an overarching strategy called "Building a Smarter Planet." The Smarter Planet initiative is designed for clients who value IBM's industry and process expertise, systems integration capability, and research capacity. In addition, IBM created a Smarter Planet marketing plan to describe the company's view of the next era of information technology and its impact on business and society.

Teaching Suggestions

Students can use the case information, the IBM corporate home page (www.ibm.com), the IBM Smarter Planet website (www.ibm.com/smarterplanet/us/en), and their own perceptions of IBM and observations of the Smarter Planet campaign.

1. Ask your students about their perceptions of IBM, what business it is in, and what its mission might be.

2. Ask your students to describe their perceptions of changes in the environment that would be important to IBM. Are they aware of declining trade barriers, the growth of developing economies, and the impact of the World Wide Web?

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3. Some students may remember seeing "Smarter Planet" ads on television or in magazines. Ask them to describe the ads and how they represent a strategy at IBM.

Answers to Questions

1. **What is IBM's Smarter Planet business strategy? How does this strategy relate to IBM's mission and values?**

   Answers:

   The strategic marketing process consists of three phases—planning, implementation, and evaluation. The planning phase consists of three steps—situation analysis, goal setting, and the marketing program. IBM used the strategic marketing process by applying each of the three steps in the planning phase to develop its Smarter Planet strategy.

   a. **What is IBM's Smarter Planet business strategy?** A strategy is an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals. IBM's Smarter Planet business strategy is based on the idea that the next major revolution in the global marketplace will be the instrumentation and integration of the world's processes and infrastructures generating unprecedented amounts of data. This knowledge can help reduce costs, cut waste, improve efficiency, and increase productivity for companies, industries, and cities.

   b. **How does this strategy relate to IBM's mission and values?** This strategy complements IBM's expressed mission and values. IBM's mission statement (stated in the case) is to:

      - Strive to lead in the invention, development and manufacture of the industry's most advanced information technologies, including computer systems, software, storage systems, and microelectronics.
      - Translate these advanced technologies into value for our customers through our professional solutions, services, and consulting businesses worldwide.

      IBM's values (stated in the case) emphasize:

      - Dedication to every client's success.
      - Innovation that matters—for our company and for the world.
      - Trust and personal responsibility in all relationships.

      The Smarter Planet strategy clearly promotes leadership in the delivery of information technologies that provide valued customer solutions (mission) and a commitment to the customers' success through meaningful innovation, and professional behavior.

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2. Conduct a SWOT analysis for IBM's Smarter Planet initiative. What are the relevant trends to consider for the next three to five years?

Answers:

As the first step in the planning phase of the strategic marketing process, a SWOT analysis is part of a situational analysis a firm conducts to: (1) identify industry trends; (2) analyze competitors; (3) assess itself; and (4) research consumers. SWOT is an acronym that describes an organization's appraisal of its internal **S**trengths and **W**eaknesses and its external **O**pportunities and **T**hreats.

a. **A SWOT analysis for IBM's Smarter Planet initiative**. Listed below is a brief, non-exhaustive SWOT analysis for IBM and its Smarter Planet initiative or strategy:

- **Strengths**.
  - Well-known global brand name.
  - New technologies and patents.
  - A planning process that included online discussions among 50,000 employees.
  - A clear, concise mission statement.
- **Weaknesses**.
  - IBM's size may make change difficult.
  - Products such as PCs and hard disk drives are becoming commodities and are not customizable.
  - Once the values, mission, and strategy are determined employees must create the detailed plans for accomplishing them.
- **Opportunities**.
  - Growth markets such as China, India, Brazil and Africa.
  - Business analytics and optimization.
  - Cloud and smarter computing.
  - Connectivity.
- **Threats**.
  - Shift to custom-made technological solutions.
  - Demand for Smarter Planet solutions will depend on interest in change rather than just reaction to problems.
  - Demonstrating success will require accurate and timely measurement of relevant outcomes.

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b. **The relevant trends IBM should consider for the next three to five years**.

- **Environmental Trends**.
  - Fewer trade barriers.
  - Growth of developing economies.
  - Increasing access to the World Wide Web.
- **Customer Trends**.
  - Desire for a "globally integrated enterprise."
  - Desire for "connectivity across technologies."
  - Desire for "custom-made technological solutions."

3. How can IBM communicate its strategy to companies, cities, and governments?

Answers:

IBM's marketing and communications professionals developed a marketing plan that included:

- A "Letter from the Chairman" Sam Palmisano, describing how the Smarter Planet initiative represented an infusion of intelligence into the way the world actually works.
- Print and television advertising focusing on IBM's ability to improve the world now.
- Website information that included videos, statistics, and industry reports.
- Publicity events, such as the appearance of the IBM computer named "Watson" on the TV game show Jeopardy!

4. What are the benefits of the Smarter Planet initiative to (*a*) society and (*b*) IBM?

Answers:

a. **Benefits to society**. IBM's Smarter Planet strategy benefits society by providing solutions for forward-thinking organizations that share a common outlook: they see change as an opportunity and they act on possibilities, not just react to problems. The solutions also help reduce costs, cut waste, improve efficiency, and increase productivity for companies, industries, and cities.

b. **Benefits to IBM**. While there may be short-term costs involved in shifting IBM from commodity-based businesses to customizable businesses, IBM believes that the transformation will provide growth for the company and its employees, success for its customers, and improved value for its stockholders.

5. How should IBM measure the results of the Smarter Planet strategy?

Answer:

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Since introducing the Smarter Planet strategy, IBM has collaborated with more than 600 organizations around the globe. In each case, there are different measures of the results of "smart" solutions. These include reduced traffic congestion, reduced inventory levels, and improved customer service. The U.S. Department of Energy measured power usage and found that consumers with smart electric meters saved 10 percent on their power bills. Retailers who implemented smart systems cut supply chain costs by 30 percent, reduced inventory levels by 25 percent, and increased sales by 10 percent. The Memphis Police Department reduced crime by 28 percent.

Epilogue

In a recent quarterly report, IBM reported that its Smarter Planet initiative is growing at a rate of 20 percent. The company also announced the introduction of IBM MessageSight, a new technology designed to help organizations communicate with the billions of mobile devices now connected to the Internet. Marie Wieck, a general manager at IBM, observed that "When we launched our Smarter Planet strategy nearly five years ago, our strategic belief was that the world was going to be profoundly changed as it became more instrumented, interconnected, and intelligent. IBM MessageSight is a major technological step forward in continuing that strategy." IBM MessageSight is capable of supporting up to thirteen million messages from smart devices each second. In addition, IBM is developing a new platform called MobileFirst to enable corporations to design more engaging mobile offerings for their customers, which will create additional opportunities to collect and analyze consumer data.

IBM Watson was recognized by Frost and Sullivan with the 2013 North America Award for New Product Innovation. It also was cited by Gartner Inc., in its Top 10 Strategic Technology Trends for 2014. IBM recently announced it will make its IBM Watson technology "available as a development platform in the cloud, to enable a worldwide community of software application providers to build a new generation of apps infused with Watson's cognitive computing intelligence." More information about IBM Watson is available on IBM's A Smarter Planet blog (http://ibm.com), at www.ibmwatson.com, and at www.facebook.com/ibmwatson.

Sources: "IBM Watson's Next Venture: Fueling New Era of Cognitive Apps Built in the Cloud by Developers," *ENP Newswire*, November 15, 2013; "IBM Changing Business Model," *Telegram & Gazette*, November 17, 2013; and "IBM Unveils New Technology to Connect a Smarter Planet," *ENP Newswire*, April 30, 2013.

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TEACHING NOTE FOR APPENDIX D CASE D-2

Daktronics, Inc.: Global Displays in 68 Billion Colors

Synopsis

Daktronics, Inc. was founded in 1968 by two college professors at South Dakota State University (SDSU) with a goal of starting a business to help keep college graduates in their home state. Its first products, an electronic thermometer and automated blood pressure gauge, were a disaster according to one of its founders. The SDSU wrestling coach then approached the professors with the idea of designing a more useful mat-side scoring system for wrestling matches. That first success helped make Daktronics today's world leader in electronic video displays for its three main market segments: sports, business, and government.

Teaching Suggestions

Daktronics has produced thousands of electronic displays. To help students understand the wide array of electronic displays:

1. Have students go to the Daktronics website (www.daktronics.com) and click on Project Gallery.

2. Have them select several displays they have seen from different segments and describe them to the class.

3. Ask them what benefits the display provides the organization having the display background for Question #1 in the case.

Answers to Questions

1. **What are the reasons or appeals that might cause potential customers in the following markets to buy a Daktronics scoreboard, electronics display, or large screen video? (*a*) A Major League Baseball team, (*b*) a high school for its football field, (*c*) a local hardware store, and (*d*) a state highway department.**

   Answers:

   The appeal of a Daktronics display varies widely, depending on the kind of organization using the display. Here are examples of some of these possible appeals:

   - **Cost effectiveness**. Is less expensive for the benefits provided than alternative communication methods.
   - **Attention getting**. Captures viewers' awareness.
   - **Time and sports data**. Provides up to the minute numerical information, such as time, temperature, stock market averages, game scores, count on balls and strikes, etc.
   - **Safety and schedules**. Helps highway drivers receive advance warning of problems and gives travelers information needed to catch their plane or train.

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- **Real-time video and video replays**. Provides TV-type coverage and replays, especially for sporting events.
- **Latest information on price deals or sales**. Offers retailers opportunities to display changing price data or items on sale.
- **Advertising revenue**. Generates revenues to the owner of the display for advertising and promotions shown.
- **Remain competitive for sports fans**. Satisfies team's and fans' desires to have latest state-of-the-art video displays.

Most of the appeals above are self-explanatory. Letting 3 = a very important factor, 2 = an important factor, 1 = a factor of minimal importance, and 0 = a factor of no importance, we might relate the appeals above to the four kinds of displays in the question:

Appeal	**Potential Customer For Display**			
	(*a*) Major League Baseball Team (Scoreboard)	**(*b*) High School Football Team (Scoreboard)**	**(*c*) Local Hardware Store (Display)**	**(*d*) State Highway Department (Sign)**
Cost effectiveness	2	2	3	3
Attention getting	3	1	3	3
Time & sports data	3	3	0	0
Safety & schedules	0	0	0	0
Real-time videos & video displays	3	1	0	0
Latest info on price deals or sales	0	1	3	0
Advertising revenue	3	2	0	0
Remain competitive for sports fans	3	2	0	0

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2. (*a*) Do a SWOT analysis for Daktronics. (*b*) For one entry in each of the four cells in your SWOT table (strengths, weaknesses, opportunities, and threats) suggest an action Daktronics might take to increase revenues.

Answers:

a. **SWOT analysis**.

LOCATION OF FACTOR	KIND OF FACTOR	
	Favorable	**Unfavorable**
	Strengths	**Weaknesses**
Internal	• World leader in video displays. • Marketing, engineering, and manufacturing under one roof enhances communication. • History of direct teamwork kind of management style. • Ability to employ new college graduates who have internships.	• Small independent firm, without resources of firm like competitor Mitsubishi. • Small-town location may make large, city organizations skeptical of skills. • No sales office in Asia, where sports are growing.
	Opportunities	**Threats**
External	• Replacement/upgrade opportunities for major U.S. professional sports. • Major new-business possibilities in business and government segments. • High schools may be able to generate revenues through scoreboard ads, important with today's limited school budgets.	• Competition from two major international manufacturers. • Budgets for highway departments declining. • Terrorist concerns may dampen interest in large crowd attendance in sports stadiums.

b. **Sample action from each cell of SWOT table**.

- **Strength**. History of direct teamwork management style. Exposure that bright, capable people are hired who embrace the Daktronics "waterboy" style of management.
- **Weakness**. No sales office in Asia, where sports are growing. Stay aware of growth opportunities in Asian markets that might justify a sales and service office there.
- **Opportunity**. High schools may be able to generate revenues through scoreboard ads, important with today's limited school budgets. Continue working with high schools to show them how to generate advertising revenues covering the cost of the scoreboard.

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- **Threat**. Budgets for highway departments are declining. Enhance cost-benefit studies of installing highway signs on dangerous and heavily traveled highways to demonstrate savings in lives, reducing accidents, and reducing needs for highway closing and emergency ambulance services.

3. **Using Figure 2-5 in Chapter 2 as a guide, identify an action Daktronics might take to increase sales in each of the four cells: (*a*) current markets, current products; (*b*) current markets, new products; (*c*) new markets, current products; (*d*) new markets, new products.**

   Answers: Applying Figure 2-5 to Daktronics' situation might provide the following actions:

MARKETS	PRODUCTS	
	Current	**New**
Current	• Offer computer simulations of potential screen displays for customers to enhance the likelihood of making the sale.	• Develop new small, moveable multi-sport displays (say, for both football and basketball) for high schools with limited budgets.
New	• Open new sales and service office in Asia to pursue Asian sales opportunities more aggressively.	• Develop new small, moveable multi-sport displays (say, for both soccer and basketball) for Asian communities with limited budgets.

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ICA 2-1: IN-CLASS ACTIVITY

Calculating a "Fog Index" for Your Own Writing[1]

Learning Objectives. To have students (1) learn how to calculate a Fog Index and then (2) calculate the Fog Index for a sample of their own writing to help them improve their writing.

Nature of the Activity. To have students work outside class (1) to calculate a Fog Index for a sample of their own writing and (2) then share ideas with each other later in class on ways their writing samples could be made clearer by perhaps lowering their Fog Indexes.

Definitions. Because the class is not yet familiar with marketing terms, instructors may wish to define the following terms before starting the ICA:

- Fog Index: A linguistics test that measures the readability of an English writing sample.
- Polysyllables: Complex words that consist of three or more syllables.

Estimated Class Time and Teaching Suggestions.

- During the first class, spend about 10 minutes to explain to students the red call-out boxes in Appendix A and the Fog Index.
- Have students spend about 15 minutes to calculate a Fog Index outside class for a sample of their own writing.
- During the following class, spend about 10 minutes and have students share the "lessons learned" about the "fogginess" of their writing samples.

Materials Needed.

- Have students provide a sample of at least 150 words of each student's writing.
- Copies for each student of the:
  - "What is Your Own Fog Index?" handout.
  - "Calculating a Fog Index" handout.
- The Excel spreadsheet file ICA02-1FogIndex.xls.
- Optional: A calculator.

Steps to Teach this ICA.

[1] Sources: (1) Robert Gunning, *The Technique of Clear Writing*, (New York: McGraw-Hill, 1968), pp. 59-62 and (2) Tamar Lewin, "A New Look for Graduate Entrance Test," *The New York Times*, December 6, 2009, p. 36.

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1. Skim the following background information before conducting this ICA:

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A number of indices have been introduced to try to measure the readability of a written English passage. The Fog Index is popular because (1) it is easy to calculate and (2) the resulting Fog Index number approximates the years of schooling the reader needs to understand the passage. Robert Gunning introduced the Fog Index in 1952 with his book *The Technique of Clear Writing*.

The Fog Index is criticized because it considers and weighs only two key factors: (1) sentence length and (2) polysyllabic or complex words. Also, it is inappropriate for scientific passages in mathematics, physiology, physics, and so on. Still, it has the merit to make writers rethink the best way to communicate their messages.

2. Pass out copies of the "What is Your Own Fog Index?" Handout and "Calculating a Fog Index" Handout to each student.

3. Give the following mini-lecture about the Fog Index and how to calculate it:

   "Good writing is hard work. Throughout our lives, we are called on to write memos, letters, and reports that need to be easily understood for effective communication. Today's activity gives you a simple way to assess and perhaps improve your own writing by determining the reading level of a sample of your writing.

   Appendix A provides both content and writing suggestions for developing a marketing plan. The red boxes next to the sample marketing plan suggest style, format, and layout guidelines to help you when writing this or any other document.

   In the 1950s, Robert Gunning wrote a book describing the Fog Index, which is a measure of the complexity of written work. A special appeal of the Fog Index is its simplicity: It equates the resulting number with the years of schooling the reader needs to have in order to understand a passage of a sample of writing."

4. **Show Slide 2-44.** Calculating a Fog Index Handout. Show students how to calculate the Fog Index for *The New York Times* article. Click on the Excel icon to calculate the Fog Index for a current or an alternative writing sample in class.

5. In the following class, ask students:

   a. To identify both the strengths and weaknesses of the Fog Index:

      - **Strengths**. Easy to calculate; fun to be able to equate the result to years of schooling needed to understand the passage.

      - **Weaknesses**. The Fog Index is a simplification. It clearly cannot be used with technical writing in sciences like in physics or medicine.

   b. For a show of hands on whether the Fog Index for their own writing sample was below 10; 10 or 11; 12 or 13; 14 or over.

   c. What personal writing lessons they may have learned.

Marketing Lesson. To succeed in today's competitive marketplace, students need to make sure that their intended audiences understand their written communication.

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WHAT IS YOUR OWN FOG INDEX? HANDOUT[2]

Briefly, review this handout on how to calculate a Fog Index using the writing sample below from *The New York Times*.

How to Calculate a Fog Index. Let's calculate a Fog Index for the writing sample below, which was taken from a recent article in *The New York Times* newspaper. The topic concerns the changes that are about to occur in the Graduate Record Exam (GRE), the test needed for admission to many graduate schools.

"Although the GRE still includes sections on verbal reasoning, *quantitative* reasoning, and *analytical* writing, each section is being revised. The new verbal section, for example, will *eliminate* questions on *antonyms* and *analogies*. On the *quantitative* section, the biggest change will be the *addition* of an online *calculator*. The writing section will still have two parts, one asking for a *logical analysis* and the other seeking an *expression* of the student's own views. The biggest *difference* is that the prompts the students will receive will be more focused, meaning that our human raters will know *unambiguously* that the answer was written in response to the question, not *memorized*," said David G. Payne, who heads the GRE program for the testing service."

We can calculate a Fog Index for *The New York Times* passage using these steps:

1. Select a passage that is about 100 words.
2. Count the *number of words* in the passage (W):.....120
3. Count the *number of sentences* (S):.....5
4. Count the *number of complex words* or polysyllables (3+ syllables) in the passage but exclude proper nouns (e.g. Chicago) or suffixes (-es, -ed, -ing) as a syllable (CW):.....14
5. Divide the number of words in the passage by the number of sentences:.....(W ÷S) or (129 ÷5) = 24.0
6. Divide the number of complex words in the passage by the number of words, then multiply the result by 100: (CW ÷ W) × 100 or (14 ÷ 120) × 100 = ...11.7
7. Fog Index = [0.4 × ((W ÷ S) + ((CW ÷ W) × 100))]
   = [0.4 × ((120 ÷ 5) + ((14 ÷ 120) × 100))]
   = [0.4 × (24.0 + 11.7)]
   = 0.4 × 35.7
   = 14.3 or 2nd year of college level readability!

The Fog Index represents the number of years of schooling the reader needs in order to understand the writing passage being evaluated. In this example, the reader theoretically needs two years after high school to understand the passage—about 14 years of formal education.

Calculating a Fog Index for Your Writing. For the sample of writing you brought to class, calculate your own Fog Index.

Getting Feedback. Share your writing sample in your group. See if they agree with the readability of your sample that is indicated by its Fog Index. What parts are easy to read? What parts are bit difficult to understand?

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[2] Tamar Lewin, "A New Look for Graduate Entrance Test," *The New York Times*, December 6, 2009, p. 36.

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CALCULATING A FOG INDEX HANDOUT[3]

1. **Select a passage that is about 100 words.**

2. **Count the *number of words* in the passage (W):.....120**

3. **Count the *number of sentences* (S):.....5**

4. **Count the *number of complex words* or polysyllables (3+ syllables) in the passage but exclude proper nouns (e.g. Chicago) or suffixes (-es, -ed, -ing) as a syllable (CW):.....14**

5. **Divide the number of words in the passage by the number of sentences (W ÷ S):.....120 ÷ 5 = 24.0**

6. **Divide the number of complex words in the passage by the number of words, then multiply the result by 100: (CW ÷ W) × 100 or (14 ÷ 120) × 100 = ...11.7**

7. **Fog Index = [0.4 × ((W ÷ S) + ((CW ÷ W) × 100))]**
   = [0.4 × ((120 ÷ 5) + ((14 ÷ 120) × 100))]
   = [0.4 × (24.0 + 11.7)]
   = 0.4 × 35.7
   = 14.3 or 2nd year of college level readability

[3] **The numbers are for the passage from *The New York Times* quoted in the student handout.**

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ICA 2-2: IN-CLASS ACTIVITY

MARKETING YOURSELF

Learning Objective. To show students that marketing relates directly to their future by using the strategic marketing process and marketing mix when preparing for life after graduation.

Nature of the Activity. To have students do a SWOT analysis and goal setting for themselves to develop a plan that enhances their marketable skills before starting job interviews.

Estimated Class Time and Teaching Suggestions.

- During the first class, spend about 10 minutes to explain the purpose of this ICA.
- During the following class, lead a short discussion of actions they plan to take as a result of the ICA—perhaps asking them to turn it in for suggestions.

Materials Needed. Copies for each student of the:

- "Marketing Yourself" handout.
- "The Do-It-Myself Marketing Plan" worksheet.

Steps to Teach this ICA.

1. Pass out copies of the "Marketing Yourself" Handout and "The Do-It-Myself Marketing Plan" Worksheet to each student.

2. Ask students about the type of jobs they hope to land after graduation and how they intend to find these jobs. Most students will describe a "shotgun approach" of aiming at any job without any focused or targeted effort at specific careers (product management, marketing research, advertising, sales, etc.) or positions (assistant product manager, marketing research analyst, etc.).

   Suggest students look at Appendix C for career ideas. Explain how research can help students target specific jobs and learn about potential opportunities through networking, internships, informational interviewing, and many secondary sources.

3. After passing out the handouts, explain the importance in marketing themselves by:

   a. Doing a **situation analysis**, which involves taking stock of what they have done regarding their career search, where they are now, and where they are headed in terms of their existing plans and the external factors and trends affecting their employment prospects.
   b. Conducting a **SWOT analysis** to assess their personal strengths and weaknesses as well as their opportunities for and threats (barriers) to employment.

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- To conduct an **internal** analysis, ask students to identify some of their strengths and weaknesses are in terms of the courses taken and grades received, work experience, extra-curricular activities involvement, honors received, etc.
- To conduct an **external** analysis, ask students the following questions:
  - Which industries or types of jobs are growing or in demand that may be opportunities?
  - What advantages or "points of difference" do they have relative to other "competitors" (other students) seeking the same job opportunities?

4. Have each student specify elements of their marketing mix.

   a. What type of "product" do you have to offer? What skill sets do you possess?

   b. What sort of "pricing" is appropriate? What salary and benefits do you want?

   c. What "promotion" will be used? How will you inform prospective employers about yourself?

   d. What type of "place" or channel will be used? These include intermediaries such as on-campus career services, networking, employment agencies, and even the Internet, with firms such as Monster or Career Builder providing valuable services.

5. Call on several students and ask them to share portions of their personal marketing plan with the class. If students have few ideas about their marketing mix, ask about how information could be developed to help formulate an appropriate marketing mix.

Marketing Lesson. The strategic marketing process can be applied to products, services, ideas, and even to marketing yourself!

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MARKETING YOURSELF HANDOUT (1)

Planning Phase

Situation Analysis

- **Internal Assessment**. What are your strengths and weaknesses? What can you do to enhance your strengths and minimize your weaknesses? What points of difference or competitive advantage do YOU have? If you don't have one, can you develop one?
- **External Analysis**. What are the trends in the environmental forces that could impact your job search and career development? These consist of sociocultural, economic, technological, competitive, and regulatory forces.
- **Competitive Analysis**. What type of background, experiences, strengths, and weaknesses do your competitors have?
- **Market Analysis**. What market segments (job opportunities) have you identified as having the best potential? How do you fit into these markets? [NOTE: This means doing some research and perhaps reading Appendix C in the textbook!]

Focus and Goal Setting

- What are your objectives? Make them specific and measurable!
- What is your target market? Examples might be large public accounting firms, business-to-business sales, and marketing research for a consulting firm in Chicago, etc.

Marketing Program

- **Product**. YOU. Know yourself well. Continually improve yourself. Understand how you can meet the needs of your target market—prospective employers!
- **Pricing**. What salary and compensation package do you want? What are you willing to settle for? What's the average salary received by competitors in your target market?
- **Promotion**. Very important. Think about the buying process. How will you create awareness for yourself? What can you do to "break through the clutter" and get the opportunity for an interview? Your personal selling skills will be important for telephone contacts and face-to-face interviews. Probe to find out about the needs of the organization before that "sales call" and during the interview. Have your questions prepared.
- **Place (Distribution)**. What channels have you developed to access your target market, such as associations, personal contacts, professors, etc? Do some careful research on these. Don't assume that intensive distribution is necessarily the way to go. Focus your efforts to those target markets that hold promise.

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MARKETING YOURSELF HANDOUT (2)

Implementation Phase

Develop a timetable and budget for research, wardrobe, résumés, and travel. Carry out your program. Contact your target market opportunities. Follow-up consistently. Remember that looking for a job requires a significant commitment of your time and effort.

Evaluation Phase

Follow-up on all leads. Find out why you did or didn't make the cut. Ask at an interview what it was about your résumé that interested them. Even if you don't get the job, you have more insight. Similarly, when you call to follow-up on those cover letters and résumés that you sent out, ask when decisions will be made, when it would be appropriate to call back (and then do it). If you are rejected, call back and ask why. If you exhaust all of the possibilities in a given target market, go back to your situation analysis and identify new segments. Always send a "Thank You" note.

Resources

- Your college placement office.
- Informational interviewing (a great opportunity to learn more about careers you are considering while you are still in school and can make some adjustments to your program).
- Internships. Good experience to build your résumé and potential contacts for positions. Even if you don't want to work there, they can possibly open doors for you elsewhere.
- Richard N. Bolles, *What Color is Your Parachute?: A Practical Manual for Job-Hunters and Career-Changers*, (Berkeley, CA: Ten Speed Press). A companion workbook is also available. See www.jobhuntersbible.com (Bolles' website).
- Martin Yate, *Knock'em Dead; Knock'Em Dead Cover Letters; and Knock'Em Dead Resumes*, (Holbrook, MA: Adams Media Corporation). See https://knockemdead.com

Websites. The following contain resources on job searches, résumé writing, interviewing, job postings, etc.

www.careerbuilder.com www.monster.com

www.jobhuntersbible.com

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THE DO-IT-MYSELF MARKETING PLAN WORKSHEET (1)

<table>
<tr><th colspan="2">STRATEGIC MARKETING PROCESS</th><th colspan="3">MY OWN MARKETING PLAN</th></tr>
<tr><td rowspan="11">PLANNING PHASE</td><td rowspan="2">Situation Analysis (SWOT)</td><td rowspan="2">Location of Factor</td><td colspan="2">Kind of Factor</td></tr>
<tr><td>Favorable</td><td>Unfavorable</td></tr>
<tr><td>Internal: Me
• Core Values
• Formal Education
• Job Experience
• Motivation
• Other:</td><td>My Strengths:</td><td>My Weaknesses:</td></tr>
<tr><td>External:
• Economic
• Technical
• Legal
• Other:</td><td>Opportunities For Me:</td><td>Threats Affecting Me:</td></tr>
<tr><td rowspan="9">Focus and Goal Setting</td><td>My Goals Upon Graduation</td><td colspan="2">Personal Goals:</td></tr>
<tr><td>My Desired Position</td><td colspan="2">Job Description:</td></tr>
<tr><td rowspan="3">My Target Industries, Organizations, and Locations</td><td colspan="2">Industries:</td></tr>
<tr><td colspan="2">Organizations:</td></tr>
<tr><td colspan="2">Geographical Areas:</td></tr>
<tr><td rowspan="3">My Uniqueness (Points of Difference)</td><td colspan="2">Personality:</td></tr>
<tr><td colspan="2">Education & Experience:</td></tr>
<tr><td colspan="2">Other:</td></tr>
<tr><td>My “Positioning”</td><td colspan="2">How You Compare to Other Job Applicants:</td></tr>
</table>

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THE DO-IT-MYSELF MARKETING PLAN WORKSHEET (2)

MARKETING PROGRAM		MY OWN MARKETING PLAN	
PLANNING PHASE	• **Product Strategy** (Actions to Improve My "Marketability")	Formal Education/Courses:	
		Job Experiences/Projects Completed:	
		Extra-Curricular/Volunteer Activities:	
		Obstacles To Overcome:	
	• **Price Strategy**	Compensation Sought:	
	• **Promotion Strategy**	Résumé, Personal Interviews, and Letters/Telephone Calls:	
	• **Place Strategy**	Networking for Contacts and References:	
IMPLEMENTATION PHASE	• **Budget/Schedule**	Budget	Deadlines
	• **Marketing Actions** (Courses to take, summer jobs to get, résumés to write, clothes to buy, travel arrangements to make, etc.)	1. 2. 3. 4. 5.	1. 2. 3. 4. 5.
EVAL	• **Evaluation**	What Did and Didn't Work:	

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U A T I O N P H A S E	• **Corrective Actions**	How to Modify Strategy:

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Connect Application Exercises

Application Exercise 1: Growth Opportunities at Nike (click and drag)

Activity Summary: In this click and drag activity, students use diversification analysis for Nike Golf. After reading the brief background information on Nike Golf's markets and products, students evaluate the market-product strategies in diversification analysis. Markets in the U.S., China, India, Russia, and Brazil are considered in conjunction with products such as golf gloves, golf balls, sleepwear, and energy bars.

Tagging (**Topic, Learning Objectives, AACSB, Bloom's, Difficulty**)
Topic: Diversification Analysis
Learning Objective: LO 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
AACSB: Analytical Thinking
Blooms: Analyze
Difficulty Level: 2 Medium

Follow-Up Activity: Instructors can use the Nike Golf diversification analysis activity as a launch pad for a deeper discussion on how firms use growth strategies to evaluate opportunities. Incorporating the concepts of risk and reward will allow students to evaluate which of the growth opportunities is most attractive to Nike Golf. Students can prioritize the opportunities based on Nike's current financial situation and goals.

Application Exercise 2: The Strategic Marketing Process (click and drag)

Activity Summary: In this click and drag activity, students are exposed to various tasks that firms must accomplish during the strategic marketing process. The process is presented in five phases: Planning Step 1, Planning Step 2, Planning Step 3, Implementation, and Evaluation. Students are presented with ten activities which describe actions that occur during the strategic marketing process.

Tagging (**Topic, Learning Objectives, AACSB, Bloom's, Difficulty**)
Topic: The Strategic Marketing Process
Learning Objectives: LO 02-05 Explain the three steps of the planning phase of the strategic marketing process.
LO 02-06 Describe the four components of the implementation phase of the strategic marketing process.
AACSB: Analytical Thinking
Blooms: Analyze
Difficulty Level: 2 Medium

Follow-Up Activity: While there are many critical activities that occur during the strategic marketing process, instructors can ask students to create a SWOT analysis for their university. As the class discusses the student responses, highlight the difference between internal and external factors and ask students to suggest marketing actions for the SWOT factor.

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Application Exercise 3: The Strategic Marketing Process at Kodak (click and drag)

Activity Summary: In this click and drag activity, students evaluate the strategic marketing process that occurred at Kodak during the development of the digital camera. The strategic marketing process is presented as nine sequential steps: situation analysis, market-product focus/goal setting, marketing program development, obtaining resources, designing the marketing program, defining tasks and responsibilities, execution, comparing results, and acting on deviations.

Tagging (**Topic, Learning Objectives, AACSB, Bloom's, Difficulty**)
Topic: The Strategic Marketing Process
Learning Objectives: LO 02-05 Explain the three steps of the planning phase of the strategic marketing process.
LO 02-06 Describe the four components of the implementation phase of the strategic marketing process.
LO 02-07 Discuss how managers identify and act on deviations from plans.
AACSB: Analytical Thinking
Blooms: Analyze
Difficulty Level: 2 Medium

Follow-Up Activity: Since the transition from film photography to digital photography is not the only product evolution Kodak has faced in its long history, a possible follow-up activity would be to have students research the Kodak company's history. Ask students to identify Kodak's core competencies, mission, core values, customers, and competitors. Ask students to identify how external opportunities and threats have shaped Kodak's strategic decision making across time.

Application Exercise 4: Setting Strategic Directions, Growth Strategies (click and drag)

Activity Summary: In this click and drag activity, students complete a business portfolio analysis by dragging fictitious company scenarios to the proper drop area in a BCG matrix: star, question mark, cash cow, or dog. As students mouse over the company's name, a short scenario is presented which describes the market growth rate and relative market share.

Tagging (**Topic, Learning Objectives, AACSB, Bloom's, Difficulty**)
Topic: The BCG Matrix
Learning Objective: LO 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
AACSB: Analytical Thinking
Blooms: Analyze
Difficulty Level: 2 Medium

Follow-Up Activity: Instructors can follow up this activity with a discussion of the limitations of the BCG matrix and other planning tools. Consider the limitation of only using market growth rate as the proxy for market attractiveness. What other factors could be useful in evaluating market attractiveness. A second limitation could be that it treats the SBUs as independent when in reality even dogs may be helping other SBUs gain a competitive advantage. Another possible

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limitation is how the market is defined. While a firm may have a dominant share in a niche market, if the market were more broadly defined, the share would be minimal.

Application Exercise 5: IBM: Using Strategy to Build a "Smarter Planet" (video case)

Activity Summary: In this nine-minute video, IBM's "Smarter Planet", the recent strategic decisions of IBM are discussed. Attention is given to the need for forward-looking decision making and its impact on IBM's "Smarter Planet" data integration strategy. Students are presented follow-up questions focusing on strategic elements including the mission statement and organizational culture.

Tagging (**Topic, Learning Objectives, AACSB, Bloom's, Difficulty**)
Topics: Strategic Marketing Planning, The Mission Statement
Learning Objective: LO 02-02 Describe core values, mission, organizational culture, business, and goals.
AACSB: Knowledge Application
Blooms: Understand
Difficulty Level: 2 Medium

Follow-Up Activity: The instructor could use the IBM video for a starting point for a larger discussion of organizational foundation, direction, and strategies. In groups or individually, allow students to identify a favorite firm and then use online resources to research their firm's core values, mission, business, and goals (if publicly available, if not, the students could suggest goals). As students/groups discuss their findings with the class, allow for a discussion on how the firms could achieve their goals. As an alternative, instructors could provide students with the firm to research to ensure that sufficient information is available.

Application Exercise 6: iSeeit! Video Case: Marketing Strategy & the Marketing Plan (video case)

Activity Summary: In this straightforward whiteboard animation video, the marketing strategy and marketing plan concepts are introduced using a coffee shop example. After watching the 3-minute video, students are asked five follow-up questions related to SWOT analysis, segmentation, marketing tactics, and the strategic marketing process.

Tagging (**Topic, Learning Objectives, AACSB, Bloom's, Difficulty**)
Topics: SWOT Analysis, Steps in Market Segmentation, The Strategic Marketing Process
Learning Objectives: LO 02-05 Explain the three steps of the planning phase of the strategic marketing process.
LO 02-06 Describe the four components of the implementation phase of the strategic marketing process.
LO 02-07 Discuss how managers identify and act on deviations from plans.
AACSB: Knowledge Application
Blooms: Understand
Difficulty Level: 1 Easy

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Follow-Up Activity: Instructors could ask students to imagine that the Coffee Collective was considering adding a location in their college town or their hometown. Ask the students to complete a SWOT analysis for the Coffee Creative relative to the potential expansion. Once the SWOT is complete, ask the class to vote on whether or not they would recommend the expansion. Allow the two sides to present arguments and counter-arguments for the expansion.

Analytics Exercise 7: Marketing Analytics: The Profit Equation (analytics exercise)

Activity Summary: In this analytics activity, students read a mini-case about a mobile dog grooming business whose owner is facing the challenge of needing to add new customers to increase his profit. To find new customers, Kai is evaluating two different promotional options, magazine advertising and direct mail coupon. Students are provided with an interactive spreadsheet in which they can manipulate the values for number of clients, price, and promotional spending to evaluate the impact on firm profit. Based on their findings students make strategic recommendations as they answer 5 multiple choice questions.

Tagging (Topic, Learning Objectives, AACSB, Bloom's, Difficulty)
Topics: Marketing Analytics
Learning Objectives: LO 02-03 Explain why managers use marketing dashboards and marketing metrics.
AACSB: Analytical Thinking
Blooms: Analyze
Difficulty Level: 2 Medium
Profit Equation: Yes
Link to *Applying Marketing Metrics*: Dollar sales ($)

Follow-Up Activity: The instructor could use the activity to show how promotional expenditures are related to new customer acquisition and firm profitability. One key takeaway from this analytics activity is the understanding that more promotional spending is not always the best strategy. Chapter 2 introduces the concept of strategy and as such, highlights the role that profit plays as a goal/objective. To extend the activity, instructors could have students create their own simple Excel spreadsheet for a snowball/ice cream stand's profit equation focusing on revenue and expenses, including promotional expenses. Class discussion can be used to identify reasonable values for the cells as well as identifying different variable and fixed expenses.

Monthly profit calcuation	
Number of snowballs sold (quantity per month)	600
Price per snowball	$3.50
Total revenue (quantity X price)	$2,100.00
Fixed expenses	$450.00
Snowball variable cost	$0.50
Total variable cost (quantity x unit variable cost)	$300.00
Total expenses	$750.00
Profit (revene - cost)	$1,350.00

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