Chapter Two:
Integrated Strategy

True/False Questions:

1) A business strategy serves as a firm's navigational guide in its market and nonmarket environments.
(ANSWER: T, p.33)

2) A market strategy is a concerned pattern of actions taken in the nonmarket environment to create value by improving overall performance.
(ANSWER: F, p.33)

3) Nonmarket strategies deal with improving the economic performance of the firm.
(ANSWER: F, p.33)

4) Market and nonmarket strategies focus on the pursuit of prospects and advantages in the face of market and nonmarket competition with the goal of achieving greater performance.
(ANSWER: T, p.33)

5) Opportunities cannot be controlled by private politics
(ANSWER: F, p.35)

6) The importance of nonmarket strategies is related to the control of the firm's opportunities.
(ANSWER: T, p. 35)

7) The importance of a nonmarket strategy is related to the control of a firm's strengths.
(ANSWER: F, p.33)

8) When looking to the future in planning nonmarket strategies, it is best to assume that neither market nor nonmarket strategies will be fixed.
(ANSWER: T, p.35)

9) The nonmarket environment should be thought of as competitive.
(ANSWER: T, p.36)

10) Timing can be everything in a nonmarket strategy.
(ANSWER: T, p.36)

11) An effective market strategy is essential for successful performance, but it is not always the only feature needed.
(ANSWER: T, p.37)

12) One can either integrate market and nonmarket analysis or view them as separate forces.
(ANSWER: T, p.41)

13) Nonmarket positioning is not influenced by a firm's market strategy.
(ANSWER: F, p.43)

14) Nonmarket positioning should be a conscious choice rather than dictated by a firm's market positioning or by those in its environment.
(ANSWER: T, p.43)

15) The pharmaceutical companies tend to seek visibility rather than covering their activities through an association or other means.
(ANSWER: F, p.45)

16) One role of nonmarket strategy is to level the playing field for the implementation of a market strategy.
(ANSWER: T, p.45)

17) Positioning in political space affects the opportunity to participate effectively in lawmaking and rule-making processes.
(ANSWER: T, p.46)

18) All positioning in political space may become untenable..
(ANSWER: F, p. 47)

19) A company that is very adept at managing the legal environment effectively is Microsoft.
(ANSWER: F, p.47)

20) Just as firms create value by deploying market capabilities, firms deploy nonmarket capabilities to create value.
(ANSWER: T, p.48)

21) Expertise in dealing with the news media is a market asset.
(ANSWER: F, p. 48)

22) The framework for analysis of nonmarket issues includes the screening of generated alternatives, the analysis of those alternatives, and the choice of a strategy.
(ANSWER: T, p.49)

23) Nonmarket capabilities can give a firm a nonmarket advantage.
(ANSWER: T, p.48)

24) In the screening stage, alternatives that are contrary to the law, widely shared ethical principles, or a well-evaluated company policy are eliminated.
(ANSWER: T, p.49)

25) Moral motivations are analyzed in the screening phase of analysis.
(ANSWER: F, p.50)

26) In the nonmarket environment, many moral claims about rights are frequently made..
(ANSWER: T, p. 50)

27) Citibank used a person's undergraduate major as one measure of creditworthiness in deciding whether to issue a credit card.
(ANSWER: T, p. 51)

28) In the screening process, Citibank found the use of its screening device to be both discriminatory and illegal.
(ANSWER: F, p.51)

29) Citibank's screening approach meet with no opposition on campuses because it seem a fair and equitable system for evaluating students in terms of creditworthiness.
(ANSWER: F, p. 51)

30) The responsibility for addressing nonmarket issues should reside with operating managers and not with a separate staff unit.
(ANSWER: T, p. 53)

Multiple Choice Questions:

31) What serves as a guide to a firm's actions in its market and nonmarket environments?
   a) A business strategy
   b) The stock market
   c) Shareholders' annual voting
   d) Employee demands
(ANSWER: A, p.33)

32) A market strategy consists of actions taken in the market environment to create which of the following for a firm by improving economic performance:
   a) Money.
   b) Customers.
   c) Value.
   d) Stakeholders.
(ANSWER: C, p.33)

33) The importance of nonmarket strategies is related to the control of a firm's
   a) Threats.
   b) Plans.
   c) People.
   d) Opportunities.
(ANSWER: D, p.33)

34) Opportunities can be controlled by ______ at one extreme and _____ at the other extreme.
   a) Competitors, customers
   b) Customers, suppliers
   c) Government, markets
   d) Markets, buyers
(ANSWER: C, p.33)

35) In the United States, the regulation of telecommunications is being replaced by what?
   a) International competition.
   b) Market competition.
   c) Globalization of the industry.
   d) Privatization.
(ANSWER: B, p. 35)

36) Which of the following industries has the least government control?
   a) Local communications service
   b) Biotechnology
   c) Automobile
   d) Consumer electronics

(ANSWER: D, p. 34)

37) What can be crucial for the success of a nonmarket strategy?
a) Timing
b) Marketing
c) Consumer involvement
d) None of the above
(ANSWER: A, p.36)

38) In terms of strategy and nonmarket issue life cycle, Nike found itself reacting to what rather than shaping the development of the issue?
a) The government only
b) Their own culture
c) Others' actions
d) None are correct
(ANSWER: C, p. 36)

39) Nonmarket issue life cycle and strategy ranges from what to what on the continuum of time?
a) Issue identification; enforcement
b) Interest group formation; enforcement
c) Legislation; administration
d) Issue identification; administration
(ANSWER: A, p. 36)

40) The most effective means of integrating nonmarket strategies and market strategies is to what?
a) Consider both strategies
b) Consider only nonmarket strategies
c) Consider only market strategies
d) Consider neither but come up with new strategies
(ANSWER: A, p. 41)

41) ______ is a foundation for market or competitive strategy because it is a source of competitive advantage.
a) Timing
b) Lobbying
c) Positioning
d) Marketing
(ANSWER: C, p.43)

42) Nonmarket positioning is influenced by a firm's
   a) Finances.
   b) Market strategy.
   c) Customers.
   d) Competition.

(ANSWER: B, p.43)

43) What was the primary concern for eBay in its positioning for a certain type of space?
   a) Market
   b) Consumer
   c) Legal
   d) Moral

(ANSWER: C, p.44)

44) The collection of diverse interests, viewpoints, and preferences of the individuals in society is known as what?
   a) Public individualiality
   b) Common sense
   c) Public sentiment
   d) Public wants and demands

(ANSWER: C, p.46)

45) BP managed its environment in many ways. One way that it solidified its positioning relative to the natural environment was to what?
   a) Move away from oil production and distribution of gasoline
   b) Changed its symbol and slogan
   c) Joined the Green Party
   d) Appoint only environmentalists to its Board of Directors

(ANSWER: B, p. 46)

46) Law-making and rule-making take place in what type of space?
   a) Social
   b) Legal
   c) Political
   d) Commercial

(ANSWER: C, p.46)

47) What space has Microsoft largely ignored, relying instead on its aggressive approach to markets?
   a) Legal
   b) Public sentiment
   c) Political
   d) Nonmarket

(ANSWER: A, p.47)

48) Positioning can also have its perils. Which of the following companies has been lobbied heavily to increase its commitment to its own causes?
   a) Xerox
   b) GM
   c) Microsoft
   d) Starbucks

(ANSWER: D, p.47)

49) Firms deploy nonmarket capabilities to do what?
   a) Add value
   b) Beat the competition
   c) Create new markets
   d) Try new strategies

(ANSWER: A, p.48)

50) Which of the following are parts of the framework for the analysis of nonmarket issues?
   a) Screening
   b) Analysis
   c) Choice
   d) All of the above

(ANSWER: D, p.49)

Essay and Review Questions:

1) Describe and explain the concept of strategy in the nonmarket environment. Use specific concepts and examples in your explanation focusing in on the specific cases of eBay and Microsoft.

2) Using Exclusive Resorts as your example, write an analysis of nonmarket strategy and its integration with market strategy. Be sure to use specific details and issues in your analysis.

3) "An effective market strategy is necessary for successful performance, but is not always sufficient. An effective nonmarket strategy is rarely sufficient, but for most firms it is necessary for successful performance." Explain this statement using either the biotechnology or pharmaceutical industries.

4) Describe, explore, analyze and critique the market and nonmarket strategies used by Nike and BP.

5) Using the three stage process of evaluating alternatives, analyze and critique the case of Citibank and credit cards for undergraduates. What would you have advised if you had been an analyst for the bank assigned to this project? Would it matter to you if you were just out of undergraduate school or were a well-established middle manager? Why or why not? How might your response impact your evaluation?

6) "Reputations are established, and destroyed, by actions." What does this statement mean? How do market and nonmarket strategies guide actions in a firm? In the current climate of distrust of many American businesses in the wake of Enron, WorldCom and others, how is this sentiment even more telling? Use specific firms to illustrate your points.

7) Identify and analyze the issues, political, legal, and market explored in the case of *Molecular Insight Pharmaceuticals.* How well did MIP integrate the market and nonmarket components of its business strategy?