

ANSWERS AND TEACHING NOTES TO CHAPTER EXERCISES

Projects and Teamwork Exercises

1. Choose one of the following companies, or select another one whose goods and services are familiar to you. On your own or with a classmate, formulate a mission statement for that company. Then create a list of objectives that reflect your company's mission.
 - a. Sobeys
 - b. Petro-Canada
 - c. Tim Hortons
 - d. Telus

When students choose a company whose goods and services are familiar to them and create a mission statement, they might start with companies they particularly admire and check their websites for mission statement ideas. When formulating a mission statement, they should make sure that the company's overall broad objectives are spelled out, its philosophy is stated, and its intentions are listed in a clear-cut and straightforward way.

2. Using a first mover strategy, Apple's iPod and iPhone have clearly established the lead in their markets. Research the products of another firm that produces either a digital music player or a smartphone to learn about its strategy. How has a second mover strategy benefited the firm? Has the second mover firm been able to catch Apple in sales?

Students should first study Apple and its strategies to be leaders in innovative products, and then they should research the products of another firm that produces either a digital music player or a smartphone to learn about its strategy. They must understand the benefits as well as the risks involved in being a first mover. They must research the sales progress of the second mover firms, and present the findings.

3. When rivals Samsung and Sony each unveiled new 3D TVs at a major electronics store, some consumers couldn't tell the difference between the two. But the firm's strategies were very different. Sony opted to use outside manufacturing firms to build its TVs, stating that the move would help cut costs and keep the company strong. But Samsung manufactures its own TVs, including its own computer chips. Since then, the two firms have experienced quite different outcomes. With a classmate, research the two companies and their 3D TVs in order to evaluate their marketing strategy. Who is the target market for both of these TVs? How do product, distribution, promotion, and pricing fit into each firm's overall marketing strategy? In your opinion, how did the firms' strategies affect their respective outcomes?

Students are expected to understand the strategies of Samsung and Sony. In creating marketing strategies, a firm decides to direct its efforts toward a particular group of consumers called a target market. Students will need to narrow their marketing strategy to fit certain specific groups of people, keeping in mind demographics, geographical location, lifestyle, etc. The strategies of Sony and Samsung would be different; hence, students should understand the differences in their approach in depth. Such an effort will help them get clarity on the concepts related to the elements of marketing strategy.

4. Select one of the following industries and research which firms might fall into the top three in the industry, creating a rule of three:

- a. online securities trading
- b. upscale hotels
- c. electronics retailing
- d. automotive manufacturing

Students should select any industry of their choice and preference from the four options. They must research the various companies in the industry, battling for a higher market share. From the findings, the top three companies that have a market share totaling 70-90 percent are to be listed. Few students can also explain the reasons for such domination by these big players of the industry.

5. On your own or with a classmate, research one of the following large corporations. Select several product lines and classify each in the BCG matrix.
 - a. 3M
 - b. Johnson & Johnson
 - c. Condé Nast Publications
 - d. General Electric (GE)

Students must select any corporation from the four listed. From the available product lines, they should select at least 6 to 8 and categorize them into stars, cash cows, question marks, and dogs. Their research should be accurate enough to classify the product lines into the four distinct categories. Students can also graphically represent the product lines in the four quadrants for a better representation of their findings. There should be a discussion over a few product lines that may fall in more than one category.

Critical-Thinking Exercises

1. Suppose you are a marketer for a Canadian manufacturer of pet supplies. Two top executives have proposed expanding the company by opening retail stores and marketing pets on-site—puppies, kittens, rabbits, birds, fish, and the like. What are the potential benefits and drawbacks of making a move like this? How would you advise your company to proceed?

A company's strengths reflect its core competencies—what it does well. They are capabilities that customers value and competitors find difficult to duplicate. Straying from core competencies may have potential rewards, such as expanding into more attractive markets, but is also risky. On the other hand, even if a company focuses on its core competencies, sometimes it needs to broaden its offerings to maintain a competitive edge. The benefits could be better reach and coverage. Drawbacks could be inability of the company to leverage the decision. A comprehensive SWOT analysis can help the top management to take the right decision. Students' answers may vary.

2. Netflix has made thousands of streaming videos available to its unlimited subscribers. How does this strategy demonstrate a strategic window for the company?

The view through a strategic window shows planners a way to relate potential opportunities to company capabilities. Netflix is in a unique position because, unlike previous leaders in the movie rental business, it delivers movies and TV series directly to

PCs via the Internet. A new system introduced by the company will allow them to sidestep computers and deliver movies directly to television sets.

3. Choose one of the following products and describe how it may (or already has) become vulnerable to substitution. Then describe an overall strategy—with two or three tactics—for reducing this vulnerability.
 - a. printed copies of periodicals or books
 - b. television
 - c. telephone landlines
 - d. travel agencies

This exercise asks students for an opinion but suggests that students think about products they use. Defending a product from competition might include adding features, delighting customers with better service, improving product quality, or lowering prices.

4. Research the website of one of the following retail firms to identify its target market. Then outline a strategy for expanding that target market.
 - a. Tim Hortons
 - b. Aritzia
 - c. Roots Canada
 - d. Dollarama
 - e. Target Canada

Students may select any one of these retail firms. The target groups must be clearly defined, explained, and a strategy that caters to those groups must be outlined. Ideas for expanding this target market must be feasible, and should be applicable to the current environment. A discussion on how to improve the offerings, and expand the target markets, will help the students to understand the concept in a better way.

5. Research a company such as Molson Breweries or Kraft Foods that has a number of different successful SBUs. What factors do you think make these units—and this company—successful from a marketing standpoint?

Student answers may vary. To evaluate each of their organization's strategic business units, students could use the market share/market growth matrix developed by the Boston Consulting Group. Discussion could also focus on how the selected company manages its SBUs.

Ethics Exercises

A recent news story reported research from a major centre for disease control and prevention: bread is the number one source of sodium in the average North American diet. In fact, most people get twice as much sodium from bread and rolls as they do from a bag of salty snacks such as chips or pretzels. Imagine that you are a marketer for a baking company whose main product lines are bread and rolls. For years, your company has focused on “heart-healthy” as a key claim.

1. You have been assigned to create a new strategy and new tactics for your firm's Facebook page. Would you continue to exercise the heart-healthy message? Would you refer to the research or simply ignore it?

The exercise raises some important issues and students may come up with contradicting opinions. On one hand, there is a risk of losing market share by dropping the "heart-healthy" message. On the other hand, beating competition would require attracting consumers using innovative, honest ways which would require taking the CDCP study into account. This exercise will put the students in an ethical dilemma, and give solutions that can beat competition in either ethical or unethical ways. Some students may opt to ignore the studies that have discrepancies in the results, whereas, some might follow them.

2. As you review the Facebook site, you note that packaging for your company's bread uses the words "heart-healthy." Would you bring this to the attention of the marketing group responsible for product packaging? Or would you look for a way to obscure the package design online? Defend your answer.

Students can have differing opinions for this question. Some might want to bring this to the attention of the marketing group. Some might want them to look past it. The students should justify their solutions and elaborate the reasons for the pricing strategies used for the firm's food items.

Case 2.1 Hotels Market New Comforts Just for Millennials—Questions for Critical Thinking

1. Hotel chains see Millennials as "critical" to their financial growth. What are some reasons for this?

Millennials have become the target market for hotel chains of late. Some of the reasons for this change in target could be that the millennials wield a spending power of about \$200 billion a year. The evolving trends of getaways and having new experiences have taken this generation by storm and being equipped with the ability to afford luxury, they cannot be overlooked. With records showing a spending increase of 20 percent in one recent year, hotel chains have no choice but to shift their focus.

2. How should the hotel industry use social media to connect with younger travellers?

Social media can be used in various ways in order to connect with young guests. Hotels, by increasing their online presence, can monitor complaints or suggestions that are being posted and take them into account. These networks can be enabled to facilitate travel arrangements and also be made to serve as a source for enquiry or help.

Case 2.2 Blackberry: On the Ropes, But Going Down or Bouncing Back?—Questions for Critical Thinking

1. Is Blackberry following a first mover or a second mover strategy?

Whether Blackberry is a first or a second mover depends on what product you consider. In 1999, Blackberry had first-mover advantage with its smartphones and technology, but it lost to Apple, a second mover that successfully followed in the smartphone industry but was able to capture considerable consumer market share and loyalty. Blackberry was a second mover with its Playbook, following the Apple iPad. The case refers to a number of strategic moves—or failures to make strategic moves—that ultimately saw Blackberry lose its first-mover advantage in the smartphone industry.

2. Using Ansoff's Strategic Growth Opportunity Matrix, explain which growth opportunities Blackberry appears to be following. Which growth option do you feel is the best one for Blackberry at this time?

Ansoff's matrix identifies four growth options:

Penetration: a focus that Blackberry has always had: continually trying to increase market share in a very competitive communications industry (In the case discussion, Blackberry appears to have refocused where it had its traditional strengths: government markets. This is an attempt to increase its market share where it originally had most impact.)

Product development: new models of smartphones, the Playbook tablet, BBM Channels, etc.

Market development: a move to focus on the consumer market and international markets (India and South Africa as examples)

Diversification: the tablet could arguably be considered an attempt at diversification as well as an example of product development. Students may be able to suggest some potential businesses into which Blackberry could diversify.

Blackberry has tried all growth options. Which is the best for Blackberry going forward is debatable and student opinions will likely vary. However, Blackberry seems to be betting on market penetration in the enterprise business where it originally had its strengths. Successful will depend on its ability to continue to update and develop new products to support this market.