Chapter 2: Strategic Planning

Use this Instructor’s Manual to facilitate class discussion and incorporate the unique features of the text. Encourage students to follow along using their LEARNING WORKSHEET, which is located in the Instructor’s online resources. Students should attempt to complete the Learning Worksheet before class begins, allowing class lecture and discussion to be a review of the material. Students should be able to access these Learning Worksheets via their learning platform (Moodle, Blackboard, etc.). The worksheet key for Chapter 2 is provided in the Instructor’s online resources.

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chapter FORECAST

This chapter explores the importance of strategic planning in marketing. Executing a thoughtful strategic marketing plan is the most likely path to sustainable business success. The chapter examines the role of a mission statement, situation analysis, marketing strategy, global marketing strategy, and other elements of an effective marketing plan. The appendix that follows the chapter presents a complete sample marketing plan.

learning objectives

**LO 2-1** Discuss the importance of strategic planning for marketing.

**LO 2-2** Analyze the characteristics of an effective mission statement.

**LO 2-3** Outline the five main components of the marketing plan.

**LO 2-4** Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.

**LO 2-5** Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.

**LO 2-6** Discuss the strategic decisions involved in reaching international consumers.

**LO 2-7** Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.

Key terms

competitive advantage

direct ownership

diversification

exporting

financial projections

franchising

joint venture

licensing

market development

market penetration

market segmentation

market segments

market share analysis

market summary

marketing analytics

marketing plan

mission statement

opportunities (in SWOT analysis)

positioning

product development

profitability analysis

return on marketing investment (ROMI)

revenue analysis

situation analysis

strategic plan

strategic planning

strategy

strengths (in SWOT analysis)

SWOT analysis

target market

threats (in SWOT analysis)

weaknesses (in SWOT analysi

Thought-Provoking Activity

(This activity is included in the PowerPoint for this chapter.) With each chapter, begin class with a thought-provoking activity (TPA) for 10 minutes. TPAs allow students to pull in real-world, current findings into class, and better enable students to partake in class discussion with relation to the chapter’s material in an icebreaker format.

**How it Works:** When class begins, two to three students are called on via random assignment to provide their responses a minimum of one time in the semester. Two sets of activities are provided for either (1) teaching one chapter over two class sessions or (2) allowing more students to partake in the activity. Instructors can either collect the worksheets for a grade or asses a point value when students respond aloud.

**Supporting Materials**: A sample grading rubric is provided in the Instructor’s online resources. The Learning Worksheet also references the TPA.

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| Set 1: What is a mission statement? Provide an example of a mission statement in a franchise. |
| Set 2: What is the BCG matrix? With each of the 4 sections, provide an example. |

content outline

The following section provides the flow of information using the LEARNING OBJECTIVES as a guide, FIGURES and TABLES as visuals to elaborate on key areas, KEY TERMS learners will need to take away from the course and a notation of when to use POWERPOINT SLIDES with LECTURE NOTES to drive home teaching points. There is also a reminder on when CONNECT activities can be used, as well as tying in SOCIAL MEDIA IN ACTION to real-world applications of marketing products. This is created so that you can facilitate in-class or online discussion effectively.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Executive Perspective    Photo provided by Dan Newhart | | | | | | | | **Dan Newhart**  *Director of Sales,***Tampa Bay Rays**  Dan Newhart, a recreation/sports management major in college, attributes his success to being aware of new trends and ideas. He explains how he now has the opportunity to oversee the strategy, development, and sales initiatives for tickets, suites, and special events in answering the following questions:   1. What has been the most important thing in making you successful at your job? 2. What advice would you give soon-to-be graduates? 3. How is marketing relevant to your role at the Tampa Bay Rays? 4. What do you consider your personal brand to be?     Woven in the chapter, you see how Josh later elaborates on:   * The role of strategic planning in an organization.   **Review with students:**   * How is marketing relevant in his role? * What does he mean by saying, “…be cognizant of how to approach target markets?” | |
| **LO 2-1** | Discuss the importance of strategic planning for marketing.   * The Importance of Strategic Planning | | | | | | | **Key Terms:**   * **Strategic planning** * **Strategic plan** | |
| **PowerPoint Slides** | | | | **Lecture Notes:**   * Strategic planning is essential to meeting both professional and personal objectives. In the same way that a strategic plan will help you accomplish your goal of earning a college degree, a firm’s strategic plan helps guide it to success * Whether you are marketing yourself or some other product, strategic planning can greatly increase the likelihood of success * In addition to tailoring our message for each of our products (season tickets, group sales, suites and premium seating, party areas, flex plans, and single-game tickets) we also have to be cognizant of how to approach our target markets, whether through traditional avenues such as print/radio/TV or through other channels such as grassroots efforts and social media | | | | | |
| **Figure 2.1**  **figure 2.1.png**  **Figure Information:** *Elements of a Strategic Plan*  The four components of a strategic plan are interlinked and connected. Each of the components should be grounded in the firm’s overall mission. | | | | | | | | Insight Questions:   1. How often should firms go through strategic planning? (Answer: Firms must continually modify their strategies as conditions shift.) 2. How is the marketing mix affected by strategic planning? (Answer: It helps marketers select and execute the right marketing mix strategies to maximize success.) 3. How formal should the strategic planning process be, and who should be included? (Answer: open ended; it should well documented, and a representative from each department should be included in decision-making) | |
| **LO 2-2** | Analyze the characteristics of an effective mission statement.   * Mission Statement | | | | | | | **Key Terms:**   * **Mission statement** | |
| **PowerPoint Slides** | | | **Lecture Notes:**   * A firm should begin the process of developing a mission statement by considering the following questions: * What is our business? * Who is our customer? * What is our value to the customer? * What *should* our business be? * The mission statement provides a standard to ensure that the business never strays too far from its core goals and values through changing times. A sound mission statement provides a basis for developing the marketing plan * In pursuit of its mission statement to build the best products and implement environmentally friendly solutions, Patagonia partners with a Long Beach company, Upcycle It Now, to deconstruct old rain coats and fleece jackets and use them to create dog attire * The mission statement for Patagonia: Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis   THINK LIKE A MARKETER  Find an example of a “bad” mission statement. What makes it “bad”? How could it be better?  THINK LIKE A MARKETER  What do you think of a company not having a mission statement? | | | | | | |
| **LO 2-3** | Outline the five main components of the marketing plan.   * The Marketing Plan   + Executive Summary   + Situation Analysis   + Marketing Strategy   + Financials   + Controls | | | | | | | | **Key Terms:**   * **Marketing plan** * **Situation analysis** * **Market summary** * **Strategy** * **Financial projections** |
| **PowerPoint Slides** | | | **Lecture Notes:**   * The marketing plan is an action-oriented document or playbook that guides the firm’s marketing strategy * Creating a marketing plan requires the input, guidance, and review of employees throughout the various departments of a firm, not just the marketing department * The specific format of the marketing plan differs from organization to organization * Most plans include five components: an executive summary, situation analysis, marketing strategy, financials section, and controls section * The executive summary is a one-to-two page synopsis of the marketing plan’s main points * The situation analysis helps identify market trends, conditions, and competitive forces * The marketing strategy component lists the actions the firm must take to accomplish the marketing objectives it established in its mission statement and strategic planning * The financials section provides those reading the plan with a bottom-line numerical estimate of the organization’s profitability * A *sales forecast* projects how many units of a product the company expects to sell during a specific time period * The *expense forecast* is an estimate of the costs the company will incur to create, communicate, and deliver the product * *Break-even analysis* combines the data from the sales and expense forecasts * Controls monitor performance and adjust the plan over time. Control provides a link between the organization and its environment * The *implementation* section provides a detailed account of *how* the specific actions of the marketing plan will be carried out and *who* will be responsible for doing so * An outline of the organizational structure assigns specific responsibility for the parts of the marketing plan * Contingency planning defines the actions the company will take if the initial marketing strategy falls short of expected results   THINK LIKE A MARKETER  What’s your elevator pitch? (Recall your work from Chapter 1’s Personal Marketing Plan exercise.) | | | | | | |
| **Figure 2.2**    **Figure Information:** *Key Components of the Marketing Plan*  The five components of the marketing plan are interlinked and connected. Each of the components should be grounded in the firm’s overall mission, which is ideally defined in a clear and succinct mission statement. | | | | | | | | | **Insight Questions:**   1. Who is involved in developing the marketing plan? (Answer: Most departments in a firm, not just the marketing department.) 2. What types of objectives should be considered in the marketing strategy? (Answer: specific, measurable and realistic objectives) 3. Should a marketing plan have a short term or long-term vision? (Answer: Both, and it should tie into the organization’s mission for long term sustainability.) |
| **LO 2-4** | Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.   * Tools and Techniques for the Situation Analysis * Market Summary   + BCG Matrix * SWOT Analysis   + Internal Considerations   + External Considerations * Competition Analysis | | | | | | | | **Key Terms:**   * **SWOT analysis** * **Strengths (in SWOT analysis)** * **Weaknesses (in SWOT analysis)** * **Opportunities (in SWOT analysis)** * **Threats** **(in SWOT analysis)** |
| **PowerPoint Slides** | | **Lecture Notes:**   * A situation analysis is the systematic collection of data to identify the trends, conditions, and competitive forces that have the potential to influence the performance of the firm and the choice of appropriate strategies * The situation analysis comprises three subsections: market summary, SWOT analysis, and competition * The market summary sets the stage for the situation analysis section by focusing on the market to which the firm will sell its products. A market is the group of consumers or organizations that is interested in and able to buy a particular product * The market summary would also consider the growth opportunities internationally and potential sales through international expansion * One of the most popular analysis tools to describe the current market is The Boston Consulting Group (BCG) matrix | | | | | | | |
| **Figure 2.3**    **Figure Information:** *The Boston Consulting Group Matrix*  The BCG matrix (1970) combines the two elements of market growth and relative market share to produce four unique product categories—stars, cash cows, question marks, and dogs—each of which requires a different marketing strategy. | | | | | | | | | **Insight Questions:**   1. What does the BCG Matrix determine? (Answer: where its product will fall in the marketplace and serve as a starting point for developing marketing strategies to address that market position) 2. What quadrant would represent the Apple iPad? (Answer: cash cow) 3. What quadrant would represent a new iPhone application? (Answer: question mark) |
| **PowerPoint Slides** | | * The evaluation of a firm’s strengths, weaknesses, opportunities, and threats is called a SWOT analysis * The strengths and the weaknesses aspects of the analysis focus on internal characteristics * Strengths are internal capabilities that help the company achieve its objectives * Weaknesses are internal limitations that may prevent or disrupt the firm’s ability to meet its stated objectives * The opportunities and threats aspects of the SWOT analysis focus on the external environment * Opportunities are external factors that the firm may be able to capitalize on to meet or exceed its stated objectives * Threats are current and potential external factors that may challenge the firm’s short- and long-term performance * Companies like McDonald’s often complete a SWOT analysis to identify and evaluate their strengths, weaknesses, opportunities, and threats * SWOT analysis lets managers look for ideas and strategies that might produce a competitive advantage. For example, the firm can ask questions like . . . * *How can the firm use its strengths to take advantage of opportunities?* * *How can the firm overcome weaknesses that keep it from taking advantage of opportunities?* * *How can the firm use its strengths to reduce the impact of threats?* * *How can the firm overcome weaknesses that will make threats a reality?* | | | | | | | |
| **Table 2.1**  **Table Information:** *Example SWOT Analysis for McDonald’s*  Companies like McDonald’s often complete a SWOT analysis to identify and evaluate their strengths, weaknesses, opportunities, and threats. Evaluating internal and external considerations are extremely important in determining a firm’s position and competitive advantage. | | | | | | | | | **Insight Questions:**   1. Which elements of a SWOT analysis are internal considerations? (Answer: strengths and weaknesses) 2. Which elements of a SWOT analysis are external considerations? (Answer: opportunities and threats) 3. What key words or action oriented words do you see in the example? (Answer: effective, rigorous, flexible, promotes, positive, contributes) 4. What qualitative and quantitative measures exist in the example SWOT analysis? (Answer: open ended; brand awareness, number of international locations and sales numbers in international markets, operating and production costs, employee satisfaction and turnover rates, perception of the brand and its products) |
| **Connect Assignment 2-1** | | | | | | | | | **Topic:** SWOT Analysis  By identifying which elements of a fictional company’s situation analysis fall into each category, you will understand the key differences among each of the four SWOT components.  **CONNECT BACK Insight Questions:**   1. In a real SWOT analysis, what resources will you use to compose your SWOT analysis? (Answer: open-ended; friends and family members, professors, and current/past employers) 2. For measurement and analysis, figure out which elements are quantitative, and which ones are qualitative. (Answer: open-ended; Figuring out how each element of the SWOT analysis is measured is just as important as the content itself.) 3. When should a SWOT analysis be conducted? Think in terms of frequency, product development and strategic planning. (Answer: open ended; no less than once a year) |
| **PowerPoint Slides** | | | | | | | **Lecture Notes:**   * While most marketing plans examine direct competitors thoroughly, indirect competitors typically receive far less attention or are overlooked entirely * Indirect competitors can take market share away from a firm as macro trends or consumer preferences change * When completing a situation analysis, it’s just as important for a firm like McDonald’s to analyze indirect competitors, such as Panera Bread, as it is to analyze direct competitors, such as Burger King * The competition analysis section should begin by clearly stating the organization’s *direct competitors*. Most marketing plans are able to identify and examine direct competitors. *Indirect competitors*, though, typically receive far less attention, or are overlooked entirely | | |
| **LO 2-5** | Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.   * Basic Tools and Techniques of Marketing Strategy * Segmentation, Target Markets, and Positioning   + Segmentation   + Target Markets   + Positioning * Strategic Direction   + Market Penetration   + Product Development   + Market Development   + Diversification * Marketing Mix   + Product   + Promotion   + Ditribution   + Pricing | | | | | | | | **Key Terms:**   * **Market segmentation** * **Market segments** * **Target market** * **Positioning** * **Market penetration** * **Product development** * **Market development** * **Diversification** * **Competitive advantage** |
| **PowerPoint Slides** | | * **Lecture Notes:** * A strategy is the set of actions taken to accomplish organizational objectives * The marketing strategy component of the marketing plan lists the actions the firm must take to accomplish the marketing objectives it established in its mission statement and strategic planning process. The effectiveness of the marketing strategy depends in part on the clarity of the short- and medium-term objectives the firm has defined * Quality marketing objectives have three basic characteristics: * Specific * Measurable * Realistic * Developing specific, measurable, and realistic marketing objectives provides a good basis for companies as they seek to identify a target market and correctly position their product for that market * A target market is the group of customers toward which an organization has decided to direct its marketing efforts * Small firms may have only one target market; large organizations might enter multiple target markets * Regardless of size, firms tend to enter multiple markets by first serving one group and then expanding based on success with that group * Success within the target market depends, to some degree, on how the firm positions its product * Positioning refers to the activities a firm undertakes to create a certain perception of its product in the eyes of the target market * To position its product, firms must take into consideration issues such as the competition, the needs and wants of the target market, and the element of mystique or drama that the good or service naturally has * A company’s marketing strategy can follow various paths based on the product and industry, but most seek to move the product in one of four directions * Market penetration strategies emphasize selling more of existing goods and services to existing customers * Product development strategies involve creating new goods and services for existing markets * Market development strategies focus on selling existing goods and services to new customers * Diversification strategies seek to attract new customers by offering new products that are unrelated to the existing products produced by the organization | | | | | | | |
| **Figure 2.4**  **Figure Information:** *The Four Basic Categories of Market Growth Strategies*  A company’s marketing strategy can follow various paths based on the product and industry, but most seek to move the product in one of the four directions: market penetration, product development, market development, and diversification. Each of these categories represents the intersection of a strategy related to products and another related to markets. | | | | | | | | | **Insight Questions:**   1. Which strategy involves encouraging current customers to buy more each time they patronize a store or to buy from the store on a more frequent basis? (Answer: market penetration) 2. Which strategy did Dr Pepper Ten use in their campaign launch of, “It’s not for women?” (Answer: product development) 3. Which strategy focuses on selling existing goods and services to new customers? (Answer: market development) 4. List three examples of companies that have used the diversification strategy. (Answer: Disney; open ended) |
| **PowerPoint Slides** | | | | | | **Lecture Notes:**   * International expansion is an increasingly necessary part of a successful market development strategy for both small firms as well as large retailers like Walmart * In 2018, Walmart International operated in 27 countries, including China, India, Brazil, and Mexico, where it had over 5,900 international stores | | | |
| **Connect Assignment 2-2** | | | | | | | | | **Topic:** Strategic Directions  By matching particular strategies with companies that used those strategies, you will better understand how different marketing strategies may affect your future employer.  **CONNECT BACK Insight Questions:**   1. Which strategies can be used to enter into international markets? (Answer: open-ended; all have an effect) 2. List two examples of organizations that have implemented each one of the four strategies. Which strategy is easiest to identify? (Answer: open ended; for example, apply to Apple and Starbucks) |
| **PowerPoint Slides** | | | | | **Lecture Notes:**   * The final aspect of the marketing strategy section of the marketing plan focuses on determining how each element of the marketing mix will support the chosen strategy * The product section of the marketing plan comprises a detailed description of the product being offered, not only the good or service itself, but also any related services like warranties and guarantees that accompany the good or service * A product possesses a competitive advantage when it enjoys a superior position over competing products because consumers believe it has more value than other products in its category * The promotion section details how the organization will communicate the value of its product * This section builds on the strengths of the product section and references the specific promotional tools—advertising, sales promotion, personal selling, or public relations—the organization will use to reach its target market * Distribution strategies fall within the *place* marketing mix element * The distribution section of the marketing plan describes how the firm will deliver value to its customers * The pricing section of the marketing plans specifies how much money customers must pay for the product and describe why that price was selected * McDonald's made the strategic decision in 2015 to shift toward using only cage-free eggs. The company faces a distribution challenge because fewer than 10 percent of the nation’s laying hens were categorized as “cage-free” at the time of the announcement. It could take McDonald’s up to a decade to reach its goal of having 100 percent cage-free eggs in its products | | | | |
| **Connect Assignment 2-3**  **Social Media in Action** | | | | | | | | | **Topic:** Social Media  By understanding the role social media can play in achieving your objectives, you will be able to apply these strategies to successfully implement a marketing plan for your organization in the years ahead.  **CONNECT BACK Insight Questions:**   1. Should social media strategies always be included in a company’s marketing plan since it is a popular medium? (Answer: not necessarily, and only if the demographics of the platform align) 2. How would you determine the social media platform a company should use (i.e. Facebook, Twitter, LinkedIn, YouTube, Snapchat, Pinterest, etc.)? Should all of them be used? (Answer: open ended; check out the competitors and what platforms they are on; start with one platform and slowly add on others that are aligned socioculturally) |
| **LO 2-6** | Discuss the strategic decisions involved in reaching international consumers.   * Marketing Strategy in a Global Context   + Exporting   + Licensing   + Franchising   + Joint Venture   + Direct Ownership | | | | | | | | **Key Terms:**   * **Exporting** * **Licensing** * **Franchising** * **Joint venture** * **Direct ownership** |
| **PowerPoint Slides** | | **Lecture Notes:**   * The new reality of globalization means a firm’s strategic planning process must include a discussion about what, if any, international presence the firm wants to pursue * One of the most critical strategic decisions involves how to enter foreign markets * The firm must choose from among the five major strategic options for entering the international marketplace: exporting, licensing, franchising, joint venture, or direct ownership * Each offers a unique mix of risk and reward * Typically, the least risky option for entering international markets is exporting * Exporting is selling domestically produced products to foreign markets * Increasingly, firms of all sizes export their products to other countries * Licensing offers marketers the advantages of expanding the reach of their products quickly in a low cost way * Licensing is a legal process in which one firm pays to use or distribute another firm’s resources, including products, trademarks, patents, intellectual property, or other proprietary knowledge * The use of licensing to enter international markets has increased significantly in recent years due to several factors, including more regulation, rising research and development (R&D) costs, and shortened product life cycles * Franchising is a contractual arrangement in which the franchisor provides a franchisee (local owner operator) the right to use its name and marketing and operational support in exchange for a fee and, typically, a share of the profits * A riskier option than exporting, licensing, or franchising is a joint venture * In a joint venture, a domestic firm partners with a foreign company to create a new entity, thus allowing the domestic firm to enter the foreign company’s market * Joint ventures also can result in mistrust over proprietary knowledge, conflict over new investments, and disagreements about how to share revenue and profits * The riskiest method of entering an international market is direct ownership, which requires a domestic firm to actively manage a foreign company or overseas facilities * Direct ownership is a good strategic option when the firm sees substantial sales potential in the international market, very little political risk, and similarities between the foreign and domestic cultures * Marketers should diligently and thoroughly analyze the risks and rewards of each type of foreign entry as they develop their marketing plan   THINK LIKE A MARKETER  How do firms enter foreign markets? | | | | | | | |
| **Figure 2.5**  **Figure Information:** *International Market Entry Strategies*  As part of developing a marketing plan that involves global marketing, firms must choose from among the following five major strategic options for entering the international marketplace: exporting, licensing, franchising, joint venture, or direct investment. Each offers a unique mix of risk and reward. | | | | | | | | | **Insight Questions:**   1. What is the least risky option for entering international markets? (Answer: exporting) 2. Which strategy offers marketers the advantages of expanding the reach of their products quickly in a low cost way? (Answer: licensing) 3. Which strategy is an attractive method of entering foreign markets because its licensees assume the majority of the capital costs and human resource issues? (Answer: franchising) 4. Which strategy works best when the partners’ strategic goals align, their competitive goals diverge, and they are able to learn from one another without infringing on each other’s proprietary skills? (Answer: joint venture) 5. What is the riskiest method of entering an international market? (Answer: direct ownership) |
| **PowerPoint Slides** | | **Lecture Notes:**   * Burger King allows franchisees to offer specific products in Japan, such as the "Aka Samurai Chicken" and the "Aka Samurai Beef," to better satisfy local customer tastes * Franchisors typically allow companies to offer new products for consumers in specific international markets, adding further product appeal. For example, in Japan, Burger King offers the “Aka Samurai Chicken" sandwich and the "Aka Samurai Beef" burger, complete with red buns, red cheese, and red hot sauce | | | | | | | |
| **Connect Assignment 2-4** | | | | | | | | | **Topic:** International Market Approaches  By identifying an example of each strategy and its risk level, you will understand the potential risks and rewards of marketing your products globally.  **CONNECT BACK Insight Questions:**   1. What key factors determine the market strategy? (Answer: open ended; risk level desired, opportunity and resource availability; consumer research can also dictate the strategy chosen) 2. Do the same risks exist for small companies and large companies? (Answer: open ended; no, smaller companies may incur larger risk because resources are limited) 3. How do rewards differ for small and large companies? (Answer: open ended; larger companies may have more resources and expertise available) |
| **LO 2-7** | Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.   * Marketing Analytics * Return on Marketing Investment (ROMI) * Revenue Analysis * Market Share Analysis * Profitability Analysis | | | | | | | | **Key Terms:**   * **Marketing analytics** * **Return on marketing investment (ROMI)** * **Revenue analysis** * **Market share analysis** * **Profitability analysis** |
| **Marketing Insights Podcast** | | | | | | | | | **Insight Questions:**   1. How is big data used in marketing today? (Answer: open-ended; demographics of an ideal market segment, and the ability to then target them; budget information and how/where to best spend money) 2. What do online surveys do for marketers? (Answer: open-ended; generate more of and less expensive information that marketers can operationalize in real time) |
| **PowerPoint Slides** | | | | | **Lecture Notes:**   * The goal of marketing analytics is to maximize marketing effectiveness and optimize return on investment * ROMI = Sales x Gross margin % minus Marketing expenditures divided by Marketing expenditures * Firms that look only at ROMI may fall into the common trap of thinking all is well. In fact, one successful product line may have masked failures in other parts of the company. For a fuller picture, it is useful to quantify the various sources of revenue * The goal of revenue analysis is to pinpoint what is working and what is not, relative to the objectives of the organization   THINK LIKE A MARKETER  What types of marketing data should firms analyze? (Hint: Think of the marketing mix.) | | | | |
| **Figure 2.6**    **Figure Information:** *Auto Manufacturer Market Share in the U.S., 2009 and 2017*  Market share is typically depicted using a pie graph, and auto manufacturers were facing a shrinking pie in 2009. As the economy began to recover, the pie grew again: By 2017, vehicle sales were up to over 17.2 million. You can see that though percentages for the various manufacturers are similar, each represents more vehicles sold in 2017 than in 2009. | | | | | | | | | **Insight Questions:**   1. What does market share measure? (Answer: the firm’s sales as a *percentage* of total market sales) 2. What does it not measure? (Answer: the size of market sales) 3. What impacts market share? (Answer: open ended; technology, ability to innovate, consumer interest) |
| **PowerPoint Slides** | | **Lecture Notes:**   * Market share measures the firm’s sales as a percentage of total market sales. It does not indicate the size of the market sales * Marketers often use two important metrics to evaluate profitability: customer acquisition and customer profitability * *Customer acquisition*measures how much the firm spent to gain new customers * Marketers also measure *individual customer profitability,*which is the profit a firm makes from a customer over a specified period of time | | | | | | | |
| **Today’s Professional**  Photo provided by Erica Sluder | | | | | **Erica Sluder**  *Marketing Manager,***Flower Shop Network**  Erica Sluder draws on her perspective toward networking and developing connections. She makes the suggestion to “share your opinion,” and provides insight in answering the following questions:   1. Describe your job. 2. How did you get your job? 3. What has been the most important thing in making you successful at your job? 4. What advice would you give soon-to-be graduates? 5. What do you consider your person brand to be?   **Review with students:**   * In your job, what can you do to “soak up every opportunity”, as Erica suggests? * What are the implications of a misspelling on a resume? | | | | |

marketing plan exercise

**Your Marketing Plan**. In this chapter we discussed the elements and importance of the situation analysis. The next step in developing a full marketing plan for yourself is to conduct a SWOT analysis on yourself. It should tie back to the objectives you developed at the end of Chapter 1. Be sure to think through each element and honestly assess where you are today. This will help you focus on what you need to accomplish over the rest of your college career. This activity is located at the end of the Learning Worksheet.

* **Strengths.** Most people have some notion of their strengths–maybe you’re an effective public speaker, pay a great deal of attention to detail, or work well with others, for example. It's likely that you've had those strengths reinforced by those around you over the course of your life.
  + To effectively complete the strengths part of your personal SWOT analysis, list three to five strengths that you possess that will most affect your ability to achieve the objectives you identified in Chapter 1.
* **Weaknesses.** Most people are very honest about their strengths but are typically far less likely to be aware of, or to acknowledge, their weaknesses. Corporate recruiters often tell humorous stories about the responses they receive when asking new college graduates about their biggest weaknesses. Answers range from “I care too much,” or “I am too smart for my group members,” to “I am too attractive to have many friends.” (Any of these responses might produce a negative impression in a job interview, by the way.)
  + Give serious consideration to your personal weaknesses, and then list three to five weaknesses that will affect your ability to achieve your objectives. By properly identifying your weaknesses, you can begin to plan strategically how to overcome them or, at the very least, minimize their influence on your career objectives.
* **Opportunities.** As the global economy changes, you will enter a job market very different from the one faced by previous generations. It is important to honestly assess your opportunities. Ask yourself questions like: What jobs in my major are most in demand? What internship openings are there, and how might those put me in a better position to find my dream job? If your goal is to attend graduate school, what kinds of scholarships, assistantships, or enrollment opportunities are out there for you?
  + For this part of the SWOT analysis, identify three to five external opportunities that could potentially benefit you in your professional development.
* **Threats.** Assessing threats is an essential part of developing a strategic plan for your professional future. If the economy goes into a recession at the same time you graduate, for example, your earnings growth could be reduced for years to come. By examining what potential threats could affect your professional development and creating contingency plans, you will be in a better position to succeed in your pursuit of a job.
  + Describe three to five threats that could affect your ability to achieve your objectives.

**Student Task:** You've now listed three to five strengths, weaknesses, opportunities, and threats that could affect your professional development. For each weakness and threat you identify, include a brief one- to two-sentence description of how you might overcome the challenge associated with it.

**How it Works:** Host a series of Personal Marketing Plan classes succeeding course exams. Each student should build a Personal Marketing Plan and realize that everyone is a marketer.

**Supporting Materials**: At the end of each chapter’s Learning Worksheet is a place for students to immediately relate the course content to their Personal Marketing Plan. Additionally, a Personal Marketing Plan Worksheet is provided in the Instructor’s online resources. The worksheet recaps the chapter’s content and outlines the supporting topics for reference. It is recommended that the Personal Marketing Plan be a semester-long, graded project and outcome for the course.

discussion questions

1. Find mission statements from five Fortune 500 companies, then rank them from best (1) to worst (5). Discuss why you ranked them in that order. Which mission statement(s) did you like best, and why? How would you modify the mission statement you ranked last to make it better? (Answer: Open ended; As one example, Amazon's mission statement says: It's our goal to be Earth's most customer-centric company, where customers can find and discover anything at Amazon.com. While the mission is broad, it is concise and consumers relate to it. Amazon is a popular and respected brand, so students may select it because they are familiar with the brand and think positively of its service. To improve, the mission statement could include something about its competitive advantage with its fast turnaround with shipping.)
2. Conduct a SWOT analysis for your college or university. List three to five strengths, weaknesses, opportunities, and threats for your school. (Answer: Open ended; Some factors to consider include accreditation, athletics, community support, alumni membership and involvement, increasing tuition, online education, value of degree, and career potential/requirements)
3. Select a marketing strategy implemented by a large firm or nonprofit organization that you think was effective. Describe why you liked the strategy. Identify which of the strategic directions discussed in this chapter best reflects the strategy you chose. (Answer: Open ended; Walk-On’s is a growing sports bar brand that has recently begun franchising (licensing) with the backing and celebrity endorsement of NFL quarterback Drew Brees. The brand first maximized its product by delivering quality food and can now offer a business opportunity to others around the country.)
4. Select two businesses you frequent (e.g., restaurants, clothing stores, grocery stores, etc.). Who is their target market? Then identify at least two competitors (either direct or indirect) for each business. Describe how the two businesses you selected position themselves in the market relative to their competitors. Which one of the two businesses does a better job positioning its products to its target market? Explain your answer. (Answer: Open ended; Target and Wal-Mart compete in relatively the same product categories, but Target tends to be slightly more expensive in both the brands they carry and manufacture.)
5. Is marketing your products globally always a good decision? Discuss your answer and provide examples of firms that have both succeeded and failed in international markets. (Answer: Open ended; Not always, and it depends on the consumers’ needs and interests of the marketplace. However, accessing consumers outside domestic boundaries may be a source of revenue and growth. Home Depot did not succeed in China as consumers did not like DIY projects like Americans, in spite of the housing market influx, and Wal-Mart did not succeed in Germany because they did not take into account cultural nuances. Devon, a mid-size U.S. oil and gas producer, acquired PenzEnergy  and Santa Fe Snyder, which gave it access to operations in Azerbaijan, West Africa, and Brazil.)
6. Select a company from which you have made a purchase in the past month. Search online to conduct a market share analysis and a profitability analysis about that company. Based on that analysis, give the organization a marketing grade based on performance. Explain your grade. (Answer: Open ended; Items to consider are profit margin, tax rates, return on assets, return on capital and return on equity, and marketing expenses; most of this information can be provided in an income statement – and is available online for publically traded companies.)

social media application

Review your entire social media profile and consider how each of the social media platforms you use personally can affect your career positively or negatively as you move forward. Analyze your efforts to build your brand via social media using the following questions and activities as a guide:

1. List the social media platforms on which you have any type of presence. How many of those platforms do you check or use at least once per week?
2. Is the content you provide across the platforms consistent? Do you have the same image across platforms? What grade would you give your overall social media profile? Explain your answer.
3. In the chapter we discussed some traditional marketing analytics (also called *metrics*) used to measure marketing effectiveness. People use all sorts of metrics for all sorts of things. Here, use metrics to justify the overall social media grade you gave yourself. You can use any type of analytical tools (for example, number of friends, followers, likes, interactivity level) to support your overall grade.

This activity is located in an additional worksheet that can be used with group interaction and can be found in the Instructor’s online resources. A sample grading rubric for this activity is also provided.

**How it Works:** Host a series of Social Media Application classes preceding course exams. This serves as a review for exams and emphasizes social media as a major marketing focus in today’s environment. Put students in learning groups, and have them complete the worksheets together. After 20-30 minutes of facilitated learning, call on students to respond to the questions and discuss responses as a class.

**Supporting Materials**: Social Media Application Worksheets and a sample grading rubric is provided in the Instructor’s online resources. The worksheets recap the chapter’s content and outline the supporting topics for reference. It is important for students to be able to connect social media to real world examples as it is conveyed in the chapter; therefore, the grading rubric focuses on this.

Marketing analytics exercise

Have students complete the *Connect* exercise in Chapter 2 that focuses on a key marketing analytics measure: return on marketing investment (ROMI).

ethical challenge

Sports marketers in the United States have wondered for years if legalized gambling would lead to more people watching games, leading to increasing numbers of consumers seeing ads and engaging with brands in a variety of different ways. Betting on sports is legal in many parts of the world including Australia and western Europe, but flourishes globally even when it’s outlawed. Annual illegal sports wagers are estimated at $50 billion to $150 billion compared with Nevada’s record $4.8 billion of legal sports bets in 2017. In May 2018, the Supreme Court struck down the 1992 law that made sports gambling legal only in Nevada, freeing New Jersey to legalize sports gambling and other states to follow. Professional U.S. sports leagues, which had been traditionally concerned how betting would encourage corruption, have now become increasingly supportive. The National Basketball Association and Major League Baseball are seeking a 1 percent fee on all bets placed on their games.

One case for legalization is that sports betting goes on regardless of whether the law permits it, so why not generate taxes that benefit communities? Legalization also gives bettors greater assurance their wagers will be honored and raises government funding that otherwise went into the pockets of illegal bookmakers. Some marketers highlight data that suggest higher television ratings and increased social media activity occur for heavily wagered games. However, those who oppose the issue say that the benefits don’t justify the costs of gambling, including potential indebtedness of a larger number of citizens. Some stakeholders want marketers to have similar limits on ads promoting gambling to younger people that currently exist for tobacco and alcohol. Athletes and academics also warn of a growing gambling culture around sports, in which the point spread becomes the focus of fans rather than cheering for a favorite team and simply following the action. This loss of fan identification with a favorite team might also reduce the ability of sports marketers to develop lifelong fans that might buy jerseys, tickets, and merchandise for generations to come.

###### Student Task:

1. Analyze the reasons for the success of legalized sports gambling from a marketing perspective. Explain how legalized sports gambling may benefit a company in your home state?  (Answer: Open ended; By tapping into the widely popular sports industry, value is created by associating gambling to managing one’s own sports team and financial gain is a possibility. However, many are addicted to gambling and this provides an additional channel for those who are affected.)
2. Use the ethical decision-making framework to analyze Major League Baseball’s decision to support legalized gambling and its request to receive a 1 percent fee on all bets made on the sport. (Answer: Open ended; A decision-maker would have to consider the cultural effects on offering gambling services knowing there are consumers who have gambling problems. Here is an example where knowing the laws in the industry is required and careful consideration of risk management should be considered.)
3. If you were a marketer for the National Collegiate Athletic Association, would you look to develop strategic partnerships to profit off of legalized gambling on collegiate sports? Explain your answer.  (Answer: Open ended; To consider: market potential, impact on revenue, regulation and administration, legal situations, ethical conduct of participants, and requirements)

**Source:** Ira Boudway and Grant Clark, “Sports Betting,” Bloomberg.com, May 17, 2018, https://www.bloomberg.com/quicktake/sports-betting.

video case

Have students go to *Connect* to access the video cases featuring Potbelly Sandwich Shop that accompanies this chapter.

career tips

To help students think about how to market themselves and develop their social skills, follow this insight.

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| **Career Tips**  Photo provided by Michael Friloux. | **Michael Friloux,** *Senior vice president and chief technology officer* at **Uniti,** encourages you to spend time considering two things that many college graduates don’t fully appreciate: the power of questions and the importance of people skills.   1. The Power of Questions: When in doubt, develop the habit to always ask questions. 2. The Importance of People Skills: It’s important to cultivate positive and productive interactions with everyone you work with.   **Review with students:**   * What resources can be used to find the types of questions asked? * What activities can you do in the next three months to develop people skills? |