

# Solutions for Applied Marketing Connecting Classrooms to Careers 1st Edition by Padgett

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# Solutions

## Chapter 2

### Organizing and Planning for Marketing Strategy?

#### Marketing Strategy and Differentiation

LO 2.1 Describe marketing strategy and marketing's role in creating a competitive advantage.

#### Marketing Planning

LO 2.2 Define the elements of marketing planning.

#### Marketing Implementation and Control

LO 2.3 Outline the key issues for implementing and controlling the marketing process.

### Chapter Introduction

This chapter introduces students to strategic planning. To be successful, marketing requires the establishment of goals and a plan to achieve those goals. The chapter first examines strategic marketing and the primary goal of creating competitive advantage in LO 1 and then presents the structural elements that make up a marketing plan in LO 2. Finally, details that describe implementing and controlling the marketing process is discussed in LO 3. Begin with a discussion of customer relationship and other ideas presented in the Industry Expert Video.

### Industry Expert Video Jasmine Bina, Concept Bureau

Please note: Video Questions do not appear in the ebook and are designed to give instructors a few options for quick quizzing and starting points for discussing the videos with their students. Correct answers to multiple choice questions are bolded.

### Multiple-choice Questions

1. "Brand" refers to the:
  - a. product name
  - b. logo used for a product
  - c. identity or story of a product**
  - d. advertising channels for a product.
2. Jasmine Bina says that millennials are won over to a particular brand by:
  - a. clever advertising
  - b. products that walk the talk**
  - c. products that fit their needs
  - d. products that are different from those used by their parents
3. The story of Air BnB is:
  - a. finding the perfect place to stay
  - b. finding a place to stay in a great neighborhood
  - c. staying in a place with all the comforts of home

**d. finding your identity**

4. Products that are successful:
  - a. reflect what their core audience wants**
  - b. have a socially responsible story
  - c. have great advertising
  - d. are made with high-quality ingredients

**Discussion Questions**

1. Describe the difference between *brand* and *branding*.
2. What does Jasmina Bina mean when she says that millennials are won over by brave gestures?
3. What were the key elements of Air BnBs success in building the story of their brand?

## Marketing Strategy and Differentiation

### LO 2.1 Describe marketing strategy and marketing's role in creating a competitive advantage.

#### Marketing Strategy and the Role of Marketing in the Company

The textbook defines **strategy** as a plan of action used to achieve a goal. Ask the class to relate this definition to some illustrative examples - such as, a firm wants to increase sales by 10% over and above the same period last year.. the plan is to increase advertising and discounting to achieve the desired goal.

Executing a successful marketing strategy involves three major steps (display **Figure 2.1 for the class to see**). First, the manager sets specific marketing goals and determines a plan of action to achieve the goals. Second, the plan is implemented using specific marketing tools and tactics. Finally, the third step is to evaluate the plan activities to see what works, what doesn't, and what needs to be adjusted to improve the likelihood of success.

Display the typical organization structure in **Figure 2.2** for the class to see and compare the differences between large and smaller companies. Ask the class if they think there are advantages to working in a larger or smaller organization. They might mention the bureaucracy of large organizations versus the intimate connections within smaller ones.

Discuss the concept of a **strategic business unit** (SBU)—a subgroup within an organization that decides its own strategy and has its own customers. What are the advantages and disadvantages of this sort of structure?

Discuss the idea of an organization's **mission statement** defined as the firm's business focus that provides direction for the company (display **Figure 2.3** for the mission and vision at John Wiley & Sons). Ask the class why mission statements are so important to the management of an organization and how it sets the stage for establishing goals and objectives in the plan. The mission statement sets the limits and direction for the organization. Ask the class what they think the mission statement is for Amazon or Netflix.

Discuss **marketing myopia**—defining your mission too narrowly and focusing on the company instead of the customer and potential future environmental trends. Ask the class of an example they might think illustrates marketing myopia and why they think this is so.

Display the box below and ask students for their answers to the questions.

#### Evaluating Mission Statements

## Evaluating Mission Statements

Consider these two mission statements taken from the websites of the respective companies.

- Ford Motor Company
  - *We are a global family with a proud heritage passionately committed to providing personal mobility for people around the world*
- The Walt Disney Company
  - *The mission of The Walt Disney Company is to be one of the world's leading producers and providers of entertainment and information. Using our portfolio of brands to differentiate our content, services and consumer products, we seek to develop the most creative, innovative and profitable entertainment experiences and related products in the world.*

**Answer the following questions:**

1. Do these statements provide a clear direction for the organizations?
2. If you worked for one of these companies, would you know generally what the purpose of the company was and what businesses each would pursue?
3. How might you rewrite the mission statements to make the mission clearer?

## Establishing a Competitive Advantage

The most successful companies offer something others don't, which suggests that a key goal of marketing strategy is to differentiate the company from its competitors (**product differentiation**). Specifically, marketing strategy at this level involves two related questions:

**1. How will we be different from our competitors?**

**2. How will the difference help us offer more value to the customers we target?**

Ask the class to identify the differences between some competing products such as Coke and Pepsi, Rav4 and Rogue, etc.

Companies differentiate by focusing on a **unique selling proposition**—the single most important point of differentiation from competitors. Ask the class to identify the most important point of differentiation between the products they mentioned earlier. Is it price? style? user image? sweetness?

An advantage over competitors gained by offering greater customer value is referred to as a **competitive advantage**.<sup>[1][2][3][4][5][6][7][8][9][10]</sup> Ask the class to identify the competitive advantage of some product - such as iPhone - and how this competitive advantage developed.

Marketers create a **brand name** to identify their product from others. Ask the class to describe the associations they have when they hear a brand name like Coca Cola or

iPhone.

### Author RoundTable Video 2.1

Please note: Video Questions do not appear in the ebook and are designed to give instructors a few options for quick quizzing and starting points for discussing the videos with their students. Correct answers to multiple choice questions are bolded.

#### Multiple choice Questions

1. Having a mission statement is:
  - a. critical for a company's success**
  - b. good to develop once a product is launched
  - c. not a key element of success
  - d. an outdated idea
2. A mission statement:
  - a. describes the management structure of the company
  - b. tells customers who and what a company is**
  - c. outlines career paths available to employees
  - d. describes the history of the company and provides background on the managers
3. When a company's mission statement changes:
  - a. it's because a new product line has been introduced.
  - b. it's a sign that the company has experienced rapid growth.
  - c. employees can be confused about the company's goals and direction.**
  - d. it's because the company has gone from privately held to public.
4. When a company doesn't have a mission statement:
  - a. a strong marketing plan can fill the gap.
  - b. it is more difficult for the company to scale up.**
  - c. it is often because the company is large and diversified.
  - d. it usually means a new CEO has come on board.

#### Discussion Questions

1. How important is it for a company to have a strong mission statement?
2. What is the role of the mission statement in creating a marketing strategy for a product or product line?
3. How might a company communicate its mission statement to its customers?

### 2.1 Concept Check

Question 1: What is marketing strategy and why is it important to companies?

Answer 1: Marketing strategy is defined as the managerial process of creating and maintaining plans of action that facilitate exchanges that have value to both customer and company. Marketing strategy is important—if not critical—to the success of a company, as it largely involves the customers that determine the profitability of a company. A failure on behalf of marketing strategy to successfully encourage profitable exchanges will ultimately mean failure for the company as a whole.

Question 2: What role does marketing play in the company?

Answer 2: Marketing is a functional unit in the company, in the way that accounting, human resources, and operations, among others, are units within the company. Specifically, marketing is responsible for strategy, development of a plan to align with that strategy, and finally, executing the actions that increase the likelihood that customers will participate in exchanges with the company.

Question 3: Define mission statement and explain why it is important for organizations to have one.

Answer 3: A mission statement is the definition of a company's business focus that provides direction for the company. A good mission statement takes into account what customers—both present and future—may want in an exchange. It can also account for potential market trends, as well as changes that have occurred due to environmental forces. The importance of a mission statement in a company can be illustrated by what can happen if this is NOT executed properly. Examples from the text that help to illustrate what not having a comprehensive and forward-looking mission statement can do to a company's ultimate success involve the early stages of the cell phone industry, specifically Nokia and Nextel. Both were at one point hugely successful but didn't think broadly enough and as a result, suffered and are no longer relevant. Discussion of "marketing myopia," as it relates to mission statements can be helpful in this context.

Question 4: What is a competitive advantage? Does it have to be based on physical product differences?

Answer 4: Competitive advantage is simply put: advantage over competitors that is gained by offering greater customer value. A competitive advantage occurs when a company can offer something that others cannot. This should be an important goal of marketing strategy (referred to as product differentiation). To establish a competitive advantage, marketers should determine how their company is different than competitors, and how that difference will help to offer increased value to their target demographic. This difference can be physical in nature but many times is rooted in perception, not necessarily tangible differences.

Question 5: What is a brand and why is a brand important?

Answer 5: Brand—in terms of marketing—is the collection of perceptions tied to a specific product that differentiates it from others. Brand results from a carefully crafted marketing strategy and communicates a specific collection of benefits to customers. The goal of a successful branding attempt is to develop customers loyal to that brand, that is, when customers view a specific value offered by that company as a competitive advantage.



## Marketing Planning

### LO 2.2 Define the elements of marketing planning.

After establishing the need to first establish goals, students are then introduced to the elements of the planning process designed to achieve those goals.

## Situation Analysis

Discuss a **SWOT analysis** (display **Table 2.1**). Use examples to describe each item in the model and then ask the class for other examples.

## The Marketing Plan

A **marketing plan** is a written document that guides marketing activities. The common elements in the marketing plan are included in **Figure 2.8**, and sample plan outlines are included in the Appendix. Display and discuss the elements in **Figure 2.8**.

### Author RoundTable Video 2.2

Please note: Video Questions do not appear in the ebook and are designed to give instructors a few options for quick quizzing and starting points for discussing the videos with their students. Correct answers to multiple choice questions are bolded.

### Multiple choice Questions

1. A key component of creating competitive advantage is:
  - a. pricing below one's competitors
  - b. having a dedicated sales force
  - c. bundling the core product with other products under the same brand
  - d. understanding the assets (value) the product or brand already has**
2. The company Andrew Loos discusses in this segment:
  - a. thought they needed to rebrand in order to attract millennials as customers**
  - b. was steadily losing market share and needed to rebrand
  - c. was fairly new in the market and needed a strong brand identity
  - d. were looking for a unique way to package the product.
3. The example company didn't understand that:
  - a. they needed to stick with their verified customer base.
  - b. Millennials hold authenticity as a key value.**
  - c. they were in the maintain phase of their product life cycle.
  - d. they needed a new director of marketing.
4. Part of the rebranding Andrew's group did for the example company was to:
  - a. tell the company's story on the package itself**
  - b. launch a major ad television ad campaign
  - c. find new retail outlets for the product



- d. suggest ways of improving the product to make it more appealing to millennials

### Discussion Questions

1. What was the misconception the company had about reaching millennials as a new market segment?
2. What are two things Andrew's group did to reach the new target customers with the company's story?
3. What is meant by the term *competitive advantage*?

### 2.2 Concept Check

Question 1: What is a situation analysis and what are the elements of a SWOT analysis?

Answer 1: A situation analysis examines the details of a situation and determines the possibilities, as well as setting constraints, of marketing activities. A SWOT analysis identifies internal (S)trengths and (W)eaknesses, and external (O)pportunities and (T)hreats. Further discussion of a SWOT analysis can be illustrated by either creating a fictional or existing company, or by going through the SWOT analysis of the company LUSH, shown in Table 2.1:

**TABLE 2.1** SWOT Analysis for LUSH

| Focus and Control | Potential Impact on Company   |   |
|-------------------|---|---|
|                   | Positive  | Negative  |
| <b>Internal</b>   | <b>Strengths:</b> <ul style="list-style-type: none"> <li>• Founder has knowledge and background in industry</li> <li>• Well-trained and knowledgeable staff</li> <li>• High level of technical know-how to make products (research)</li> <li>• Products made with effective process</li> <li>• Location(s) in high-traffic areas</li> <li>• Small stores with high customer traffic and lower inventories = low costs to operate</li> </ul>                                 | <b>Weaknesses:</b> <ul style="list-style-type: none"> <li>• Cost structure is high for some products</li> <li>• Some stores are very high rent and too small to generate enough volume</li> <li>• Very expensive to add new stores</li> <li>• Compared to nonorganic alternatives, price seems high for some customers</li> <li>• Not all products fit company image (some are synthetics and not all are organic)</li> </ul> |
| <b>External</b>   | <b>Opportunities:</b> <ul style="list-style-type: none"> <li>• New products, especially increasing the breadth of men's products</li> <li>• New customers, increasing focus on men and also international markets</li> <li>• Partnering options with companies with similar values (philanthropic and organic)</li> <li>• Innovation with new products or manufacturing techniques</li> <li>• Growing interest in organic products, especially health and beauty</li> </ul> | <b>Threats:</b> <ul style="list-style-type: none"> <li>• Larger competitors copying product lines</li> <li>• Smaller new competitors with similar products entering market</li> <li>• Increased regulation for labeling and product ingredients</li> <li>• Increased competition for supply of some of the organic ingredients needed.</li> </ul>   |

Question 2: What is the purpose of a marketing plan, and why is it important?

Answer 2: A marketing plan is a document that guides marketing activities. The plan must include all needed information to inform marketing decisions, such as: identifying target customers, pinpointing specific marketing objectives, calculating a budget, identifying a timelines, and defining specific marketing actions needed to accomplish

goals.

Question 3: What is the marketing mix and what are the four key elements (4 Ps)?

Answer 3: The marketing mix is the combination of tools/activities used to encourage and facilitate exchanges, by delivering value to customers. There are four traditional areas of the mix that are often referred to as the 4 Ps: product, place, price, and promotion. Product refers to what the company offers the customer in the exchange; Place refers to when and where the product will be available to customers; Price refers to the physical cost of the product that the customer will pay; and Promotion refers to the way that the company will communicate the value to the customer.

## Marketing Implementation and Control

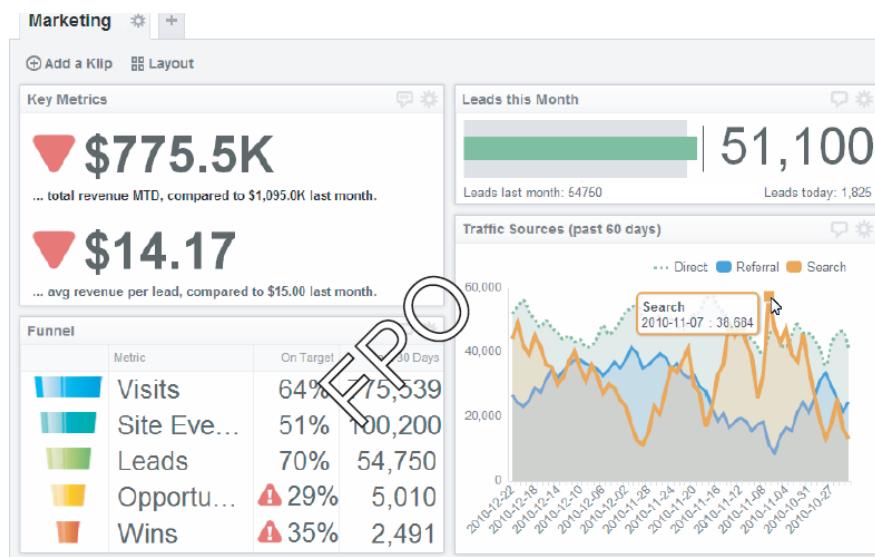
### LO 2.3 Outline the key issues for implementing and controlling the marketing process.

Implementation is actually putting the plan into effect. Who will do what and when? How will things be done? Implementation includes detailed action assignments, descriptions of the specific activities required in the plan, time lines for completing the activities, budgets for the specific activities, and reporting and completion goals.

Discuss the 3 safeguards for implementing the plan - assign tasks to specific people, set expectations, communications and reporting protocols. Develop examples for each of these items. Ask the class if there are other suggestions that would help secure successful implementation of the plan.

### Plan Evaluation and Control

A marketing plan has to have a control structure that monitors performance as it is ongoing to detect problems as they arise and correct problems while there is still time to make the plan a success. A tool to help control the implementation of the plan is a **marketing dashboard**. It is a snapshot of key marketing performance measures in a single display used to monitor strategic marketing performance. A marketing dashboard provides current diagnostic information about the current performance in several key marketing performance dimensions. Display and discuss key metrics presented in the sample dashboard in **Figure 2.9**.



**FIGURE 2.9** A Sample Dashboard

## Author RoundTable Video 2.3 and 2.4

Please note: Video Questions do not appear in the ebook and are designed to give instructors a few options for quick quizzing and starting points for discussing the videos with their students. Correct answers to multiple choice questions are bolded.

### Multiple choice Questions

1. According to Andrew, what is a possible negative consequence of personnel turnover on a marketing team?
  - a. The remaining team members have more work.
  - b. It can take a long time to fill the position.
  - c. If there are no safeguards, the goals for a product can be lost.**
  - d. The marketing team will have to be reorganized.
2. The person responsible for ensuring that the goals for a product are met is:
  - a. the CEO of the company
  - b. the director of marketing
  - c. the manufacturing manager
  - d. the product owner**
3. Andrew uses the term *alignment* when he describes a factor of successful implementation of a marketing plan. What does he mean by this?
  - a. Everyone on the team needs to know what the goals and key performance indicators for a product are.**
  - b. Everyone on the team needs to have the same background.
  - c. Everyone on the team needs to be a product owner.
  - d. Everyone on the team should have worked on a similar product in the past.
4. Which of the following do the authors identify as a risk in relying too heavily on dashboards?
  - a. People can enter dashboard data incorrectly.**
  - b. Dashboard technology can crash.
  - c. Competitors can gain an advantage from unauthorized access to a dashboard.
  - d. Analytics can be calculated incorrectly.
5. Marketing dashboards provide valuable information about the status of a product/marketing campaign, but it's important to remember that:
  - a. dashboard information is valuable only to the marketing team.
  - b. dashboards have to be revised monthly.
  - c. dashboards are not one size fits all.**
  - d. dashboards contain data but not conclusions.
6. What solution do the authors offer to the challenge of a dashboard "serving too many masters"?
  - a. Companies can restrict employee access to dashboards to those only at manager level or above.
  - b. Companies can turn to alternative tools other than dashboards.
  - c. Companies can outsource the creation and maintenance of their dashboards.
  - d. Companies can build multiple instances of the dashboard based on who needs to see the data.**

### **Discussion questions**

1. Describe the role of the product owner.
2. What are two of the safeguards that should be in place to ensure successful implementation of the marketing plan?
3. Define Key Performance Indicators (KPIs).

### **2.3 Concept Check**

Question 1: How is a marketing plan implemented?

Answer 1: Implementation is simply putting the marketing plan into effect. It includes things such as: detailed action assignments, descriptions of specific activities required in the plan, time lines for completion of those activities, budgets, reporting, and the completion of goals. Although there are ways to set forth upon implementation in a straightforward way (the more detailed and thorough, the better), there also needs to be consideration given to problems that can arise—some unpredictably so. The more consideration given to things that *can* go wrong, the easier it is for marketers to plan to avoid potential negative impacts.

Question 2: What is meant by having safeguards as part of an implementation strategy?

Answer 2: Safeguards are put in place to mitigate the aforementioned problems that may arise during implementation. There are three primary safeguards: 1) Action items should be assigned to a specific person or team (this decreases the chances that an action item will be neglected or forgotten and can also reduce potential conflict over who has authority in regards to that action); 2) Set expectations for time, budget, and performance level (this includes directly tying incentives or negative consequences to these expectations); and 3) Developing and enforcing communication and reporting protocols during plan implementation (this can be achieved by establishing regular reporting schedules and formal communication guidelines around action items).

Question 3: Describe a marketing dashboard. When and why are they used?

Answer 3: A marketing dashboard is a tool that can be used to monitor implementation and performance. It is a snapshot of key performance measures related to marketing implementation and is displayed in a single image/table/quick at-a-glance report. This is a tool meant to provide a quick summary of performance, not necessarily extremely detailed measures and notes. In this way, a marketing dashboard is similar to a car dashboard. They are used to monitor progress in real time and adjust accordingly. To be most useful, it should be based on variables that the marketing manager has determined are important to meeting specific objectives.

Question 4: Explain the definition and purpose of a marketing audit.

Answer 4: A marketing audit is a comprehensive investigation of the full marketing mix, or even a subset of the mix, designed with the intention of uncovering problems and reasons for things like lack of performance in a marketing activity. An audit can uncover the root cause of problem and can therefore help to inform potential solutions or strategies for correcting problems.

### **Application Questions**

1. Find an example of a good mission statement and a bad mission statement. What are the main differences?

Answer: Student answers will vary. Good mission statements should clearly and concisely indicate what the company is about by taking into consideration what present customers and future customers might want in an exchange. It should also account for potential market trends and changes due to environmental forces. Bad mission statements often fail to account for both the customer side of the business as well as the potential market forces in the future. In addition, they can be too long, overly general or overly specific and can be confusing to the reader.

2. Choose any market you are familiar with and pick two brands you know. Describe the perception of each brand.

Answer: Student answers will vary.

3. Coca-Cola and Pepsi are viewed as similar in many ways. Can you think of a competitive advantage for each of them?

Answer: Student answers will vary. As number 1 in the market, Coca-cola has a competitive advantage in its international brand recognition and market reach. In addition, the company is said to have a greater amount of brand loyalty. Coca-cola keeps their recipe a secret and claims a competitive advantage in their unique taste. Pepsi on the other hand has a competitive advantage in its distribution capabilities within the US. In addition, the company owns several large restaurant chains which serve their products exclusively. Pepsi has also claimed a competitive advantage with the taste of their product and for several years challenged consumers to a taste test in which they claimed they would win.

4. What are the 4 Ps?

Answer: product, price, place and promotion

5. What is the unique selling proposition of your university or college program?

Answer: Student answers will vary. At a small liberal arts college the unique selling proposition might be a low student/teacher ration or a personalized learning approach. At a large university the unique selling proposition could be their state-of-the-art research facilities, the caliber and publishing power of their faculty or the breadth of their alumni network. Today most schools regardless of size include their job placement capabilities.



6. What is the difference between a marketing audit and a marketing dashboard in terms of how each is used?

Answer: A marketing dashboard is a snapshot of key marketing performance measures in a single display used to monitor strategic marketing performance. A marketing dashboard provides current diagnostic information about the current performance in several key marketing performance dimensions. A marketing audit is a comprehensive investigation of the full marketing mix or a subset of the mix with the intention of checking for problems and uncovering reasons a marketing activity is not performing as effectively as expected. Marketing dashboards provide a quick snapshot or summary of the current state of performance for key marketing indicators. When more comprehensive information is needed a marketing audit is the tool to use.

7. How can a marketing dashboard be used to easily identify important measures of success? List three measures of success you would want to have on your company's dashboard.

Answer: Student answers will vary. A marketing dashboard offers the marketing manager a summary of performance indicators for key marketing variables. It can be used to assess current activities but is limited for future planning. Samples of indicators a person might choose to have on a marketing dashboard include but are not limited to: sales, trials of a new product, hits on a web page, numbers of respondents to different marketing activities, or tweets about a recent ad.

### **Discussion Questions**

1. A company mission should provide focus for the organization. How do companies with a philanthropic mission (TOMS, Warby Parker, etc.) reconcile the fact that they make a profit while still having a social agenda that is built on charity and giving?

Answer: Profit and social responsibility are not always separate goals. Socially conscious companies donate a portion of their profits to a specific philanthropy or cause and their mission statement should focus on how they conduct their business and acknowledge where profits are being spent. The mission statement should make this relationship clear.

2. Is it ethical for a company to use its social mission to make a profit? How much profit is acceptable to you? 10%? 20%? 50%? Explain your answer.

Answer: Student answers will vary.

3. It has been said that a plan is nothing, but planning is everything. How does this relate to the concept of a marketing plan?

Answer: Student answers will vary. A plan is an idea and all ideas require execution. Successful execution cannot happen without careful and deliberate planning. The marketing plan is a tool laying out how the marketing ideas will be executed.

4. What are the advantages and disadvantages of having someone outside the company such as a consultant play a major role in developing an initial marketing strategy?

Answer: Student answers will vary.

Advantages to using a marketing consultant as opposed to inhouse staff can include but are not limited to the following:

- Consultants offer ***specialized assistance that may not be available to a company inhouse.***
- Companies can gain an outside perspective on their business.
- Consultants can be a cost-effective strategy for short term goal setting projects and do not require benefits or long-term investment.

Disadvantages to hiring a marketing consultant can include but are not limited to the following:

- Consultants often come at a high price.
- The company can struggle with quality control when utilizing consultants and should depend on referrals to hire the right person for the job.

5. Does a competitive advantage have to be a real advantage or is perception enough? Explain?

Answer: Student answers will vary.

## Running Case This Bar Saves Lives (TBSL) Video

Please note: Video Questions do not appear in the ebook and are designed to give instructors a few options for quick quizzing and starting points for discussing the videos with their students. Correct answers to multiple choice questions are bolded.

### Multiple-Choice Questions

1. The first flavor developed by TBSL was:
  - a. Madagascar vanilla and honey
  - b. blueberry and pistachios**
  - c. salted caramel
  - d. dried cherry and cashews
2. The founders were told that they needed to launch their bars with at least:
  - a. three different flavors**
  - b. four different flavors
  - c. five different flavors
  - d. six different flavors
3. The packaging includes the product name (This Bar Saves Lives), which suggests:
  - a. the nutritional value of the bar
  - b. the story of the product
  - c. the uniqueness of the product
  - d. the mission of the company**
4. The clear plastic wrapper suggests:
  - a. the healthy nature of the product
  - b. the fact that the packaging is environmentally friendly
  - c. the transparency of the company's mission**
  - d. the desire to have minimal packaging

### Discussion Questions

1. Describe the process the TBSL founders followed to come up with the first bar flavor. How did they decide on the next few flavors?
2. What suggestions do you have for making their packaging more attractive?
3. How does the TBSL packaging compare with that for other energy bars?