
QUESTIONS CHAPTER TWO

1. State the critical issues that should be addressed at each of the following levels:
 - a. Corporate strategy.
 - b. Business-level strategy.
 - c. Marketing strategy.
2. Levitt argues that it is better to define a firm's mission in terms of what customer needs are to be satisfied and the functions the firm must perform to satisfy them. This advice has been criticized as being too broad and failing to take into account a firm's specific competencies. Even so, many would argue that getting management to consider serving a variety of customer needs with the same product or technology is a helpful concept. What additional businesses might a watch company consider if its mission statement was changed from the "production and sale of high-quality wristwatches" to the satisfaction of the need to measure time? In answering this question, do not attempt to evaluate the feasibility of the various businesses you list.
3. A well-known international chemical company developed a corporate responsibility code that proclaimed that the giving of gifts, loans, favors, or other services by any employee on behalf of the corporation is absolutely forbidden. Almost immediately the company's international vice president received a protest from the manager of a southwest Pacific country stating in effect that if the new code were rigorously enforced, it would put the company at a serious competitive disadvantage since some European, Japanese, and American companies were more lenient in the way they handled "local commissions." The manager went on to say that the code was inconsistent with the company's objective of gaining market share locally. How should the international vice president answer this protest?
4. The Kelly Bottling Company, located in a large metropolitan area of some five million people, produced and marketed a line of carbonated beverages consisting mainly of flavored soft drinks (not including colas), soda water, and tonics. They were sold in different types of packages and sizes to a wide variety of retail accounts. How might such a company expand its revenues by pursuing each of the different expansion strategies discussed in Exhibit 2.9?
5. Which diversification strategy is illustrated by each of the following acquisitions? What synergies or benefits might each purchase produce?
 - a. A packaged food company's acquisition of a fast-food company that features hamburgers and french fries.
 - b. A large retailer's purchase of an interest in a company producing small appliances.
 - c. A tobacco company's acquisition of a beer company.
 - d. An oil company's acquisition of an insurance company.
6. A manufacturer of electrical components for industrial applications has five strategic business units (SBUs), shown in the following table. Using the Boston Consulting Group portfolio model, evaluate the strength of the company's current and potential future condition. What strategies should it consider to improve its future position?

| SBU | Sales (\$ millions) | Sales of Top Three Competitors (\$ millions) | | | Market growth rate |
|-----|------------------------|--|-------|-------|--------------------------|
| | | | | | |
| A | \$1.0 | \$1.4 | \$1.4 | \$1.0 | 15% |
| B | 3.2 | 3.2 | 3.2 | 2.0 | 20 |
| C | 3.8 | 3.8 | 3.0 | 2.5 | 7 |
| D | 6.5 | 6.5 | 1.6 | 1.4 | 4 |
| E | .7 | 3.0 | 2.5 | 2.0 | 4 |

7. Critics argue that the BCG portfolio model sometimes provides misleading advice concerning how resources should be allocated across SBUs or product markets. What are some of the possible limitations of the model? What might a manager do to reap the benefits of portfolio analysis while avoiding at least some shortcomings you have identified?
8. How are the basic business philosophies or orientations of a major consumer products firm such as General Mills and a small entrepreneurial start-up in a fast-growing, high-tech industry likely to differ? What are the implications of such philosophical differences for the role of marketers in the strategic planning processes of the two firms?
9. As the small entrepreneurial firm described in question 10 grows larger, its market matures, and its industry becomes more competitive, how should its business philosophy or orientation change? Why?
10. Which role should marketing managers play in helping to formulate business-level (SBU) strategies in a large diversified firm such as General Motors? What kinds of information are marketers best able to provide as a basis for planning? Which issues or elements of business-level strategy can such information help to resolve?