

---

## QUESTIONS CHAPTER TEN

1. Compare and contrast the prospector and low-cost defender business strategies discussed in this chapter on each of the following strategic dimensions:
  - a. Scope.
  - b. Objectives.
  - c. Deployment of resources.
  - d. Sources of synergy.
2. Describe the strategy Iomega (see Chapter 1, Exhibit 1.2) followed to effect its turnaround? How did this strategy affect the company's marketing policies and program components?
3. The 3M Company's Industrial Tape SBU pursues a differentiated defender strategy in an industry where both the basic technologies and the customer segments are relatively mature and stable. Is the objective imposed by top management of obtaining 30 percent of sales from products introduced within the last four years an appropriate objective for such an SBU? What do you think top management hopes to accomplish by imposing such an objective on the Industrial Tape SBU? What are the potential disadvantages or dangers involved in imposing such an objective?
4. If you were the general manager of the 3M Industrial Tape SBU discussed in question 3, which objectives would you argue are most appropriate for your business unit in view of its strategy and its external environment? Why?
5. Historically, each division in General Motors (i.e., Chevrolet, Pontiac, Oldsmobile) competed strategically by (a) maintaining its current position within the automotive market through aggressive marketing and annual improvements to its existing line of cars, and (b) simultaneously working to develop new models that would incorporate advanced technologies and designs. What strategy was each division to follow? What are the strengths and limitations of such a strategy?
6. Several years ago, General Motors created the Saturn division and charged it with developing an entirely new line of cars incorporating the latest advancements in product and production technology. What kind of business strategy is the Saturn division expected to pursue? How might the creation of this new division help overcome some of the limitations of GM's traditional business-unit strategy that you identified in your answer in question 5?
7. Suppose you have been the marketing manager for 3M Company's Industrial Tape SBU as described in question 3. You have just been informed that you are being transferred to a similar position within the company's Health Care SBU, a business unit that pursues a prospector strategy aimed at the rapid development of new products for newly emerging markets. Would you see the transfer as a positive step in the development of your career? How are your responsibilities and your decision-making influence likely to change as a result?
8. You are the marketing vice president for a small firm whose success depends on pioneering the development of new personal-care products such as soap and toothpaste. What role as marketing vice president would you play in determining the firm's success?

9. You are the marketing manager for a generic products division of a major pharmaceutical manufacturer. Your division uses the corporation's excess manufacturing capacity to produce generic prescription drugs—drugs whose patents have expired and can thus be manufactured by any company that wishes to produce them. Your division is a low-cost defender that maintains its position in the generic drug market by holding down its costs and selling generic products to distributors and pharmacies at very low prices. What are the implications of this business strategy for each of the 4 Ps in the strategic marketing program you would develop for your division?