
QUESTIONS CHAPTER EIGHTEEN

1. A leading European airline has asked you, a consultant, to suggest areas the company should emphasize to differentiate itself from competing airlines. In so doing, you are told to assume that the airline would continue to be price competitive.
2. After completing your assignment from the European airline, you are asked to develop a procedure by which the company can measure customer loyalty and customer satisfaction. Outline your plan for measuring each of these two areas.
3. A Japanese company is one of the lowest-cost producers in the office copier industry, even though its market share and production volume is smaller than the industry leader, Xerox. How is it possible for a relatively small volume producer to achieve a low-delivered-cost position?
4. Suppose you were the marketing manager for General Foods' Cool Whip frozen dessert topping. Marketing research indicates that nearly three-quarters of all households use your product, but the average user only buys it four times a year and Cool Whip is used on only 7 percent of all topable desserts. What marketing strategy (or strategies) would you recommend and why? What specific marketing actions would you propose to implement that strategy?
5. During the 1980s and into the 1990s, McDonald's—which had attained several decades of outstanding growth by selling burgers and fries to American families with young children—aggressively sought franchisees in foreign countries, including Russia and China. The firm also introduced a wide variety of new product lines and line extensions (breakfast items like Egg McMuffin and hash brown potatoes, salads, Chicken McNuggets, McChicken sandwiches, etc.). What was the strategic rationale for these moves?
6. As McDonald's growth in the U.S. market slowed, the firm first sought expansion into other North American and Western European countries. Subsequently, the firm has begun to expand into Latin America, Eastern Europe, and Asia. How would you describe this route or sequence of global expansion? What demographic, economic, and/or cultural factors might help explain such a pattern of market expansion?
7. The J. B. Kunz corporation, the leading manufacturer of passbooks for financial institutions, saw its market gradually decline during the 1970s and 1980s because the switch to electronic banking was making its product superfluous. Nevertheless, the firm bought up the assets of a number of smaller competitors, greatly increased its market share within its industry, and managed to earn a very high return on investment. What kind of strategy was the company pursuing? Why do you think the firm was able to achieve a high ROI in the face of industry decline?
8. While we have seen that a business may have a number of other strategic options, the conventional wisdom suggests that a declining business should either be divested or harvested for maximum cash flow. Under what kinds of market and competitive conditions do each of these two conventional strategies make good sense? What kinds of marketing actions are typically involved in successfully implementing a harvesting strategy?