

Short Answer

1.) According to the textbook, a well-developed strategy contains five components including scope, goals and objectives, resource deployments, identification of a sustainable competitive advantage and synergy. When it comes to scope, the scope of an organization refers to the breadth of its strategic domain including the number and types of industries, product lines, and marketing segments it competes in or plans to enter. In terms of goals and objectives, strategies should detail desired levels of accomplishment on one or more dimensions of performance such as volume growth, profit contribution, or return on investment. In order to reach those goals, one should keep in mind that every organization has limited financial and human resources. Additionally, one important part of any strategy is a specification of how the organization will compete in each business and product market within its domain. Lastly, synergy exists when the firm's business, product markets, resource deployments, complement and reinforce one another.

2.) The Process of Formulating and Implementing Marketing Strategy

- Understanding Market Opportunities
- Forecasting and market knowledge
- Customer analysis, segmentation, and targeting decisions
- Positioning decisions
- Strategies for new market entries
- Strategies for growth markets
- Strategies for mature and declining markets
- Strategies for the new economy
- Implementing business and marketing strategies
- Controlling marketing strategies and programs

3.) A successful marketing plan includes an executive summary, current situation and needs, performance review (only for an existing product or service), key issues, objectives, marketing strategy, action plans, projected profit-and-loss statements, controls and contingency plans. When coming up with the most

important section, I would say action plans are most important as they help ensure effective implementation and coordination of activities across functional departments. Among those are the target market, what specific actions are to be taken, when the action will be engaged in, how much will be budgeted for each action. Once an action plan is fully worked out, one can move on the projected profit-and-loss statement.

4.) - Growth

- Competitive Strength
- Innovativeness
- Profitability
- Utilization of resources
- Contribution to owners
- Contribution to customers
- Contribution to employees
- Contribution to society

5.) Market penetration strategies: They increase market share as well as product usage, frequency of use, and quantity used in new applications.

Product development strategies: They are useful when it comes to product improvements, product-line extensions, and new products for the same market.

Market development strategies: They expand markets for existing products including geographic expansion and targeting new segments.

Diversification strategies: They assist with vertical, forward and backward integration as well as diversification into related and unrelated businesses.

6.) Two sources of synergy include what competencies, knowledge and customer-based intangibles might be developed and shared across the firm's businesses. For example, brand recognition and reputation are important components for customer-based intangible assets. Additionally, operational resources, facilities or functions play a role as to what the firm's business would share to increase their efficiency (e.g. plants, R&D, salesforce).

7.) Among the characteristics of strategic business units are profitability, whose profit counts as percentage of sales including contribution margin, return on investment, return on net assets, and return on equity. When it comes to contribution to customers, prices are relative to competitors depending on

product quality, customer satisfaction, customer retention, customer loyalty, and customer lifetime value.

- 8.) With regard to exhibit 3.1, it is clear to see that the reactor is the worst business strategy for a company as it lacks any well-defined competitive strategy and does not have a consistent product-market orientation compared to its competitors. Moreover, it isn't as willing to assume the risks of new product or market development as its competitors. However, compared to some competitors, it isn't as aggressive in marketing established products. At the same time, it responds primarily when being forced by environmental pressures.
- 9.) When it comes to environmental factors that make the prospector business strategy favorable, there are external factors involved such as industry and market, technology, competition and business's relative strength. For each of these, there is a prospector, analyzer, differentiated defender and low-cost defender. As different strategies pursue different objectives in different domains with different competitive approaches, meaning that they do not all work well under the same environmental circumstances. At this point, one might ask which environmental situations are most amenable to the successful pursuit of each type of strategy.

Long Answer

- 1.) According to Exhibit 1.2, there are key components of corporate, business and marketing strategies. There are five strategy components including scope, goals and objectives, allocation of resources, sources of competitive advantage and sources of synergy. At the corporate level, managers must coordinate the activities of multiple business units and, even separate legal business entities in the case of conglomerates. The primary focus of corporate strategy includes decisions about the organization's scope and resource deployments across its divisions or businesses. The essential questions at this level include: What business(es) are we in? What business(es) should we be in? and What portion of our resources should be devoted to each of these businesses?
When coming up with a critical focus of business-level strategy, a major issue in a business strategy is that of sustainable competitive advantage. What distinctive competencies can give the business unit a competitive advantage? Which of those competencies best match the needs and wants of the customers in the business's target segment(s)?
When it comes to marketing strategies, the primary focus is to effectively assign and coordinate marketing resources and activities to reach the firm's goals within

a specific product-market. Therefore, the critical issue regarding the scope of a marketing strategy is specifying the target market(s) for a particular product or product line. Aside from target markets, firms strive for competitive advantage and synergy through a well-integrated program of marketing elements.