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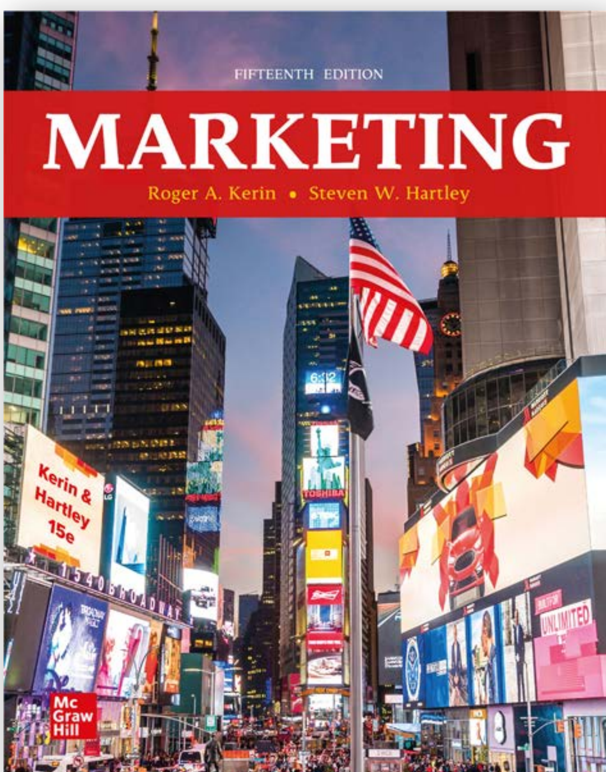
Marketing,
15th edition

Kerin | Hartley



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Message from the Authors

Welcome to this digital preview of Marketing 15e!

- *Is technology an integral part of your students' lives?*
- *Do they consider purpose-driven work important?*
- *Are you looking for ways to bring more real-world application into your marketing course?*
- *Would it be helpful if you had access to the largest test bank and instructor resources in the market?*

If the answer to any of these questions is yes, **Marketing 15e** is a perfect match for you **and** your students!

Marketing 15e is designed for today's varied and dynamic business education environments. It offers perspectives for marketing, business, and mixed-major college students, and facilitates student preferences for collaborative learning and real-world emphasis. Because both our student and instructor customers have changing demands, **Marketing 15e** is available in multiple formats and offers an extensive instructor supplements package that allows you to create personalized journeys for your students that match the way YOU teach and they learn.

Three important factors summarize our unique approach:

1. **Engagement:** Exceptional students, managers, and instructors who echo our commitment to active learning have contributed to the in-class activities, **interactive blog**, and updated video program. We also have updated our examples, cases, photos and featured companies—ensuring students can relate to the real people, products, companies, and services described throughout our text. Our new videos include IBM, Toyota, Justins, Body Glove, Cascade Maverik, and Fallon Worldwide!
2. **Leadership:** As the pace of change in marketing accelerates, our leading-edge material related to topics such as customer journeys, social media, data analytics, and marketing metrics will help students excel in the many marketing career paths available to them today. Our integration of traditional, contemporary, and emerging topics in a meaningful manner enables us to communicate the rigor of the discipline while engaging today's discerning student. New in-depth coverage of current topics such as consumer value propositions, gender-neutral marketing actions, net promoter scores, customer lifetime value, the new product vitality index, BOPUS and BORIS multichannel marketing practices, social media marketing programs, and Blue Ocean strategies has been added!
3. **Innovation:** We know the importance of innovation in today's marketing classrooms. Our new Read Anywhere eText and/or McGraw-Hill Connect enables students to study anywhere, anytime. With this new edition we have added many new assignable assets to Connect including new video cases, additional marketing analytics exercises, marketing planning activities, marketing mini sims, case analyses and more. These digital assets compliment the reading and drive a deeper level of understanding of the key concepts in the course. We also fully support you with **the most robust teaching package** on the market.

We hope you enjoy this digital preview of **Marketing 15e** and look forward to supporting your endeavors next semester.

With thanks,

Roger A. Kerin
Southern Methodist University

Steven W. Hartley
University of Denver

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Marketing 15th edition

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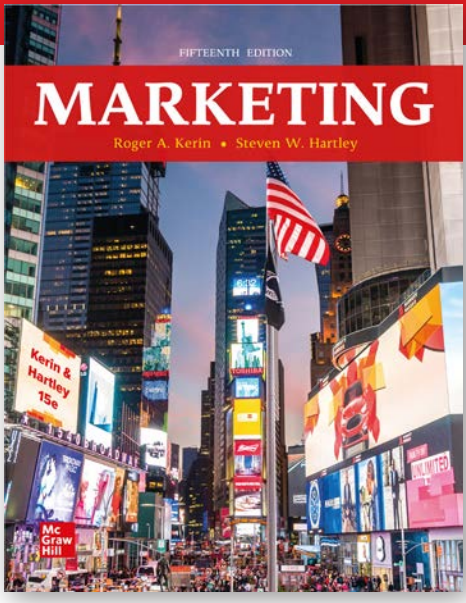
Engagement is key to success, in marketing and beyond.

Engagement is key to your students' success, both in marketing and beyond:

- **In-Class Activities** illustrate course concepts by engaging students in discussions with surveys, online resources, out-of-class assignments, and personal observations. Examples of individual and team activities include Designing a Candy Bar, Marketing Yourself, Pepsi vs. Coke Taste Test, and What Makes a Memorable TV Commercial? These author-created resources are available to adopters Kerin/Hartley via our password-protected instructor resources link.
- **Author Twitter Feed and Interactive Blog** www.kerinmarketing.com provides recent articles, group activities, engaging videos, and questions to help keep class discussions current. Sign up to receive updates directly in your inbox!
- **Building Your Marketing Plan** guides and **Marketing Plan Prep** exercises in Connect help students interact with businesses and build a focused marketing plan. Employers suggest that a well written plan in a student's portfolio can be an asset in today's increasingly competitive job market.

Leadership



The success of six previous U.S. editions and 19 international editions in 11 languages continue to demonstrate our commitment to leading the field:

- **Chapter 20: Using Social Media and Mobile Marketing to Connect with Consumers.** This dedicated chapter covers the building blocks of social media and mobile marketing through thorough, relevant content and examples. Discussion surrounds major platforms and how managers and companies use—and measure— for marketing purposes.

- **Applying Marketing Metrics** features help students learn, practice, and apply marketing metrics, including but not limited to Category Development Index (CDI), Brand Development Index (BDI), Price Premium, Sales per Square Foot, Same-Store Sales Growth, Promotion-to-Sales Ratio, and Cost per Thousand (CPM) Impressions.
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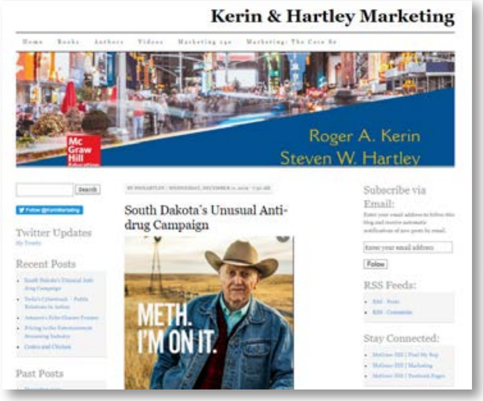

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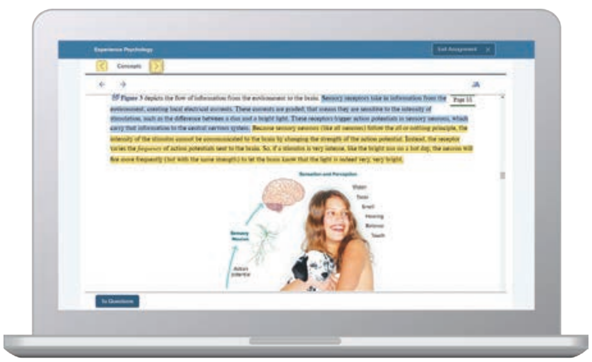

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Asset Alignment with Bloom's Taxonomy

Principles of Marketing

We Take Students Higher

As a learning science company, we create content that supports higher order thinking skills. Within McGraw-Hill Connect®, we tag content accordingly so you can filter your search, assign it, and receive reporting on it. These content asset types can be associated with one or more levels of Bloom's.

The chart below shows a few of the key assignable business assets with Connect aligned with Bloom's Taxonomy. Take your students higher by assigning a variety of applications, moving them from simple memorization to concept application.

Higher Order Thinking Skills

	SmartBook® 2.0	iSeeit! Videos	Video Cases/Case Analyses	Marketing Analytics	Marketing Plan Prep Exercises	ABAs/Marketing Mini Sims	Writing Assignment Plus
CREATE							✓
EVALUATE						✓	✓
ANALYZE			✓	✓	✓	✓	✓
APPLY		✓	✓	✓	✓	✓	✓
UNDERSTAND	✓	✓	✓	✓	✓	✓	✓
REMEMBER	✓	✓	✓	✓	✓	✓	✓

Lower Order Thinking Skills

SmartBook 2.0

Smartbook 2.0 personalizes learning to individual student needs; continually adapting to pinpoint knowledge gaps and focus learning on concepts requiring additional study.

iSeeit! Videos

Short, contemporary videos provide engaging, animated introductions to key course concepts. Available at the topic level. Perfect for launching lectures and assigning as pre-or post-lecture.

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Marketing Analytics Exercises

These auto-graded, data analytics activities challenge students to make decisions using metrics commonly seen across Marketing professions. The goal of this activity is to give students practice analyzing and using marketing data to make decisions.

Marketing Plan Prep Exercises

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Marketing, 15e

Sample Chapter

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Chapter 2 Developing Successful Organizational and Marketing Strategies

Learning Objectives

After reading this chapter you should be able to:

LO 2-1 Describe three kinds of organizations and the three levels of strategy in them.

LO 2-2 Describe core values, mission, organizational culture, business, and goals.

LO 2-3 Explain why managers use marketing dashboards and marketing metrics.

LO 2-4 Discuss how an organization assesses where it is now and where it seeks to be.

LO 2-5 Explain the three steps of the planning phase of the strategic marketing process.

LO 2-6 Describe the four components of the implementation phase of the strategic marketing process.

LO 2-7 Discuss how managers identify and act on deviations from plans.

Peace, Love, and Ice Cream

Chances are this is a familiar motto to you. It is also the belief that guided longtime friends Ben Cohen and Jerry Greenfield when they started their business, Ben & Jerry's ice cream shops!

Ben & Jerry's started in 1978 when the two men moved to Vermont to open an ice cream parlor in a renovated gas station. The venture was buoyed with enthusiasm, $12,000 in borrowed and saved money, and ideas from a $5 correspondence course in ice cream making. Their first flavor? Vanilla—because it's a universal best seller. Other flavors such as Chunky Monkey, Cherry Garcia, Peanut Butter Cup, and many others soon followed.

The ice cream flavors weren't the only extraordinary thing about the company though. Ben and Jerry embraced a concept they called "linked prosperity" which encouraged the success of all their constituents, including employees, suppliers, farmers, customers, franchisees, and neighbors. They set out to achieve linked prosperity with a three-part mission statement:

- *Product Mission*: To make, distribute, and sell the finest quality all-natural ice cream.
- *Economic Mission*: To operate the company for sustainable financial growth.
- *Social Mission*: To operate the company in ways that make the world a better place.

The mission statement guided the entrepreneurs' decisions related to many aspects of the business, including purchasing practices, ingredient sourcing, manufacturing, and involvement in the community.[1]

Ben and Jerry's mission-driven approach led them to successfully implement many highly creative organizational and marketing strategies. Some examples include:

- *Eliminate Single-Use Plastic.* Ben & Jerry's has announced that it will no longer offer plastic straws and spoons. Jenna Evans, Global Sustainability Manager, explains that recycling isn't enough, "we, and the rest of the world, need to get out of single-use plastic."
- *Free Cone Day*. One day each year Ben & Jerry's gives away free servings of ice cream to more than a million fans around the world. It's one way the company can give back to the communities it serves.
- *Fairtrade*. Ben & Jerry's believes that farmers who grow ingredients for their ice cream products (such as cocoa, coffee, and vanilla) should receive a fair price for their harvest. In return Fairtrade farmers agree to use sustainable farming practices, implement fair working standards, and invest in local communities.

Source: Ben & Jerry's Homemade, Inc.

- *B-Corp Certification*. Ben & Jerry's was one of the first companies involved in the Benefit Corporation movement, which has developed a rigorous set of principles and standards on which to evaluate companies in terms of social and environmental performance, accountability, and transparency.

As you can see, Ben & Jerry's has a strong link between its mission and its strategies. CEO Matthew McCarthy explains that the brand's tradition is to promote sustainability and advocate for social causes while promoting ice cream![2]

Today, Ben & Jerry's is owned by Unilever, which is the market leader in the global ice cream industry—one that is expected to reach $74.9 billion by 2024. Ben & Jerry's recently added a line of non-dairy flavors made with almond milk that are certified 100 percent vegan, and it offered beer and ice cream flavor pairings in honor of St. Patrick's Day. In addition, the company supports a foundation that helps employees engage in philanthropy and activism. While customers love Ben & Jerry's flavors, many buy its products to support its social mission. As a testament to its success, Ben & Jerry's has over 8.7 million fans on Facebook![3]

VIDEO 2-1
Ben & Jerry's
kerin.tv/15e/v2-1

Chapter 2 describes how organizations set goals to provide an overall direction to their organizational and marketing strategies. The marketing department of an organization converts these strategies into plans that must be implemented and then evaluated so deviations can be exploited or corrected based on the marketing environment.

TODAY'S ORGANIZATIONS

In studying today's organizations, it is important to recognize (1) the kinds of organizations that exist, (2) what strategy is, and (3) how this strategy relates to the three levels of structure found in many large organizations.

LO 2-1

Describe three kinds of organizations and the three levels of strategy in them.

Kinds of Organizations

An *organization* is a legal entity that consists of people who share a common mission. This motivates them to develop *offerings* (goods, services, or ideas) that create value for both the organization and its customers by satisfying their needs and wants.[4] Today's organizations are of three types: (1) for-profit organizations, (2) nonprofit organizations, and (3) government agencies.

A *for-profit organization*, often called a *business firm*, is a privately owned organization such as Target, Nike, or Keurig that serves its customers to earn a profit so that it can survive. **Profit** is the money left after a for-profit organization subtracts its total expenses from its total revenues and is the reward for the risk it undertakes in marketing its offerings.

In contrast, a *nonprofit organization* is a nongovernmental organization that serves its customers but does not have profit as an organizational goal. Instead, its goals may be operational efficiency or client satisfaction. Regardless, it also must receive sufficient funds above its expenses to continue operations. Organizations like Teach For America, described in the Making Responsible Decisions box, seek to solve the practical needs of society and are often structured as nonprofit organizations.[5] For simplicity in the rest of the book, the terms *firm*, *company*, and *organization* are used interchangeably to cover both for-profit and nonprofit organizations.

Last, a *government agency* is a federal, state, county, or city unit that provides a specific service to its constituents. For example, the Census Bureau, a unit of the U.S. Department of Commerce, is a federal government agency that provides population and economic data.

Organizations that develop similar offerings create an *industry*, such as the computer industry or the automobile industry.[6] As a result, organizations make strategic decisions that reflect the dynamics of the industry to create a compelling and sustainable advantage for their offerings relative to those of competitors and achieve a superior level of performance.[7] Much of an organization's marketing strategy is having a clear understanding of the industry within which it competes.

What Is Strategy?

An organization has limited human, financial, technological, and other resources available to produce and market its offerings—it can't be all things to all people! Every organization must develop strategies to help focus and direct its efforts to accomplish its goals. However, the definition of strategy has been the subject of debate among management and marketing theorists. For our purpose, **strategy** is an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals.[8] All organizations set a strategic direction. And marketing helps to both set this direction and move the organization there.

Keurig is an example of a for-profit organization. Its K-Mini Plus Single Serve Coffee Maker is slim, fast, and also travel mug friendly.
Source: Keurig Dr Pepper, Inc.

Social Responsibility

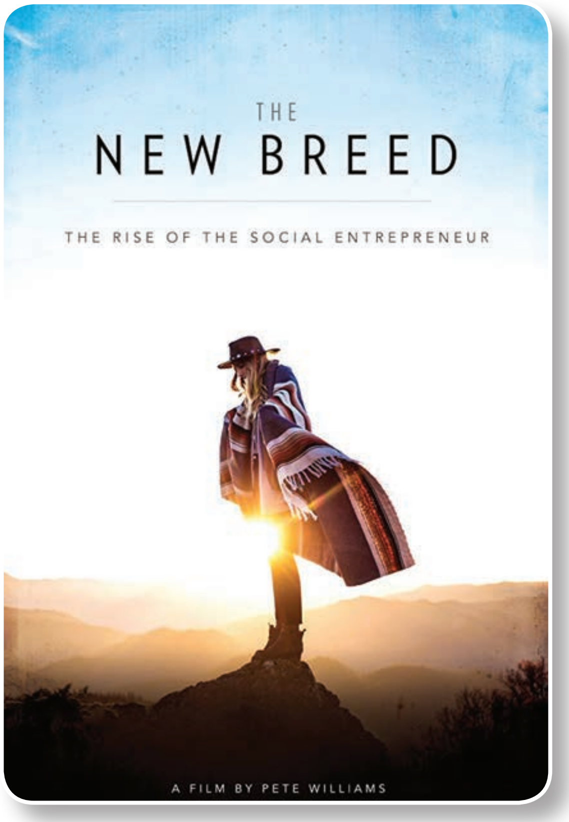
Making Responsible Decisions

New Types of Organizations Help Entrepreneurs Focus on Passion and Purpose

Filmmaker Pete Williams recently spent two years creating a documentary called *The New Breed* to describe the growing movement of people who are committed to using business concepts to change the world for good. These "social entrepreneurs" are using a variety of organizational models to address social needs about which they are passionate. The enterprises are sometimes organized as traditional for-profit companies with a for-purpose orientation. They can also be benefit corporations, which are for-profit organizations with legal requirements for social and environmental impact assessment. Finally, social entrepreneurs often create enterprises that are organized as nonprofit ventures. The issues they are focusing on range from health care delivery, to the cost of higher education, to agricultural efficiency.

Each year *Forbes* magazine recognizes some of the most innovative social ventures in its annual list of *30 Under 30: Social Entrepreneurs.* For example, Jenny Xia and Patrick Schmitt met in college, decided they wanted to have a positive impact on the world, and founded FreeWill. The social venture is an online service that makes estate planning warm, accessible, and totally free so that users can easily care for the people and causes they love. So, has the idea been a success? To date, more than 32,000 people have used the FreeWill service to create a will, and they have committed more than $373 million to charity!

Teach For America is another example of a creative social venture. Launched by college senior Wendy Kopp, Teach For America is the national corps of outstanding recent college graduates who commit to teach for two years in urban and rural public schools and become lifelong leaders in expanding educational opportunity. Each year more than 10,000 corps members teach 750,000 students.



The New Breed/Stay Gold Studios

These examples illustrate how organizations are changing to create value for a broad range of constituents by addressing the needs and challenges of society.

The Structure of Today's Organizations

Large organizations are extremely complex. They usually consist of three organizational levels whose strategies are linked to marketing, as shown in Figure 2–1.

Corporate Level The *corporate level* is where top management directs overall strategy for the entire organization. "Top management" usually means the board of directors and senior management officers with a variety of skills and experiences that are invaluable in establishing the organization's overall strategy.

The president or chief executive officer (CEO) is the highest-ranking officer in the organization and is usually a member of its board of directors. This person must possess leadership skills ranging from overseeing the organization's daily operations to spearheading strategy planning efforts that may determine its very survival.

In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to chief marketing officer (CMO). In fact, 70 percent of *Fortune*

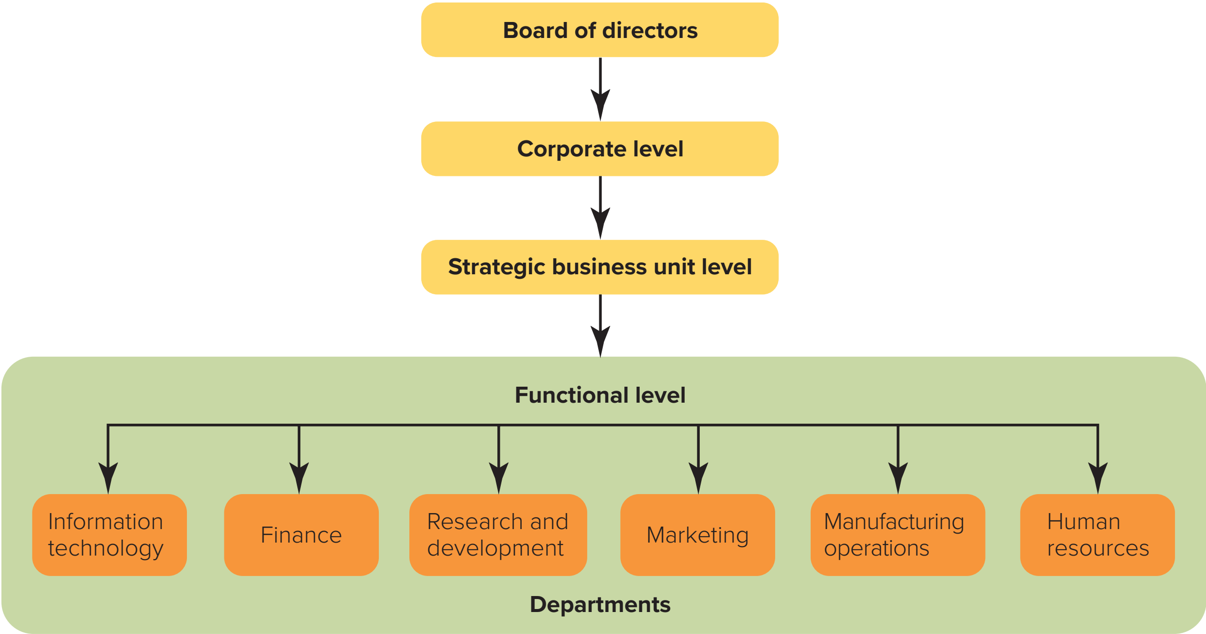


FIGURE 2–1
The board of directors oversees the three levels of strategy in organizations: corporate, strategic business unit, and functional.

500 companies have a CMO. These CMOs have an important role in top management and typically offer multi-industry backgrounds, cross-functional management expertise, and insightful marketing intuition as qualifications. In addition, they are increasingly called upon to bring "a strategic viewpoint, exceptional measurement and analytical capabilities, financial management rigor, and operational savviness to their role."[9]

Strategic Business Unit Level Some multimarket, multiproduct firms, such as Prada and Johnson & Johnson, manage a portfolio or group of businesses. Each group is a *strategic business unit (SBU)*, which is a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined target market. At the *strategic business unit level*,

Prada manages a portfolio or group of businesses—including clothing, perfume, leather goods, and footwear—each of which may be viewed as a strategic business unit (SBU).
Lintao Zhang/Getty Images

managers set a more specific strategic direction for their businesses to exploit value-creating opportunities. For less complex firms with a single business focus, such as Ben & Jerry's, the corporate and business unit levels may merge.

Functional Level Each strategic business unit has a *functional level*, where groups of specialists actually create value for the organization. The term *department* generally refers to these specialized functions such as marketing and finance (see Figure 2–1). At the functional level, the organization's strategic direction becomes its most specific and focused. Just as there is a hierarchy of levels within an organization, there is a hierarchy of strategic directions set by managers at each level.

A key role of the marketing department is to look outward by listening to customers, developing offerings, implementing marketing program actions, and then evaluating whether those actions are achieving the organization's goals. When developing marketing programs for new or improved offerings, an organization's senior management may form *cross-functional teams*. These consist of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals. Sometimes these teams will have representatives from outside the organization, such as suppliers or customers, to assist them.

LEARNING REVIEW

2-1. What is the difference between a for-profit and a nonprofit organization?

2-2. What are examples of a functional level in an organization?

STRATEGY IN VISIONARY ORGANIZATIONS

LO 2-2
Describe core values, mission, organizational culture, business, and goals.

To be successful, today's organizations must be forward-looking. They must anticipate future events and then respond quickly and effectively to those events. In addition, they must thrive in today's uncertain, chaotic, rapidly changing environment. A visionary organization must specify its foundation (why does it exist?), set a direction (what will it do?), and formulate strategies (how will it do it?), as shown in Figure 2–2.[10]

Organizational Foundation: Why Does It Exist?

An organization's foundation is its philosophical reason for being—why it exists. At their most basic level organizations exist to create value for someone. Successful visionary organizations use this foundation to guide and inspire their employees through three elements: core values, mission, and organizational culture.

Core Values An organization's **core values** are the fundamental, passionate, and enduring principles that guide its conduct over time. A firm's founders or senior management develop these core values, which are consistent with their essential beliefs and character.

FIGURE 2–2
Today's visionary organizations use key elements to (1) establish a foundation and (2) set a direction using (3) strategies that enable them to develop and market their products successfully.

They capture the firm's heart and soul and serve to inspire and motivate its *stakeholders*—employees, shareholders, board of directors, suppliers, distributors, creditors, unions, government, local communities, and customers. Core values also are timeless and guide the organization's conduct. The seven core values at IKEA, for example, are (1) humbleness and willpower, (2) leadership by example, (3) daring to be different, (4) togetherness and enthusiasm, (5) cost-consciousness, (6) constant desire for renewal, and (7) accept and delegate responsibility. To be effective, an organization's core values must be communicated to and supported by its top management and employees.[11]

Mission By understanding its core values, an organization can take steps to define its **mission**, a statement of the organization's function in society that often identifies its customers, markets, products, and technologies. Often used interchangeably with *vision*, a *mission statement* should be clear, concise, meaningful, inspirational, and long-term.[12]

VIDEO 2-2
Southwest Airlines
kerin.tv/15e/v2-2

Inspiration and focus appear in the mission statements of for-profit organizations, as well as nonprofit organizations and government agencies. For example:

- *Southwest Airlines*: "Dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit."[13]
- *American Red Cross*: "To prevent and alleviate human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors."[14]
- *Federal Trade Commission*: "To prevent business practices that are anticompetitive or deceptive or unfair to consumers; to enhance informed consumer choice and public understanding of the competitive process; and to accomplish this without unduly burdening legitimate business activity."[15]

Each statement exhibits the qualities of a good mission and provides a compelling picture of an envisioned future.

Recently, many organizations have added a social element to their mission statements to reflect an ideal that is morally right and worthwhile. This is what Ben & Jerry's social mission statement shows in the chapter opener. Stakeholders, particularly customers, employees, and now society, are asking organizations to serve two purposes—to create financial value while also paying attention to social goals.[16]

Organizational Culture An organization must connect with all of its stakeholders. Thus, an important corporate-level marketing function is communicating its core values and mission to them. These activities send clear messages to employees and other stakeholders about **organizational culture**—the set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization.

"Heart sets us apart" ads emphasize how providing a warm, friendly experience is part of Southwest Airlines' organizational strategy.
Source: Southwest Airlines Co.

Organizational Direction: What Will It Do?

As shown in Figure 2–2, the organization's foundation enables it to set a direction in terms of (1) the "business" it is in and (2) its specific goals.

Business A **business** describes the clear, broad, underlying industry or market sector of an organization's offering. To help define its business, an organization looks at the set of organizations that sell similar offerings—those that are in direct competition with each other—such as "the ice cream business." The organization can then begin to answer the questions "What do we do?" or "What business are we in?"

Professor Theodore Levitt saw that 20th-century American railroads defined their business too narrowly, proclaiming, "We are in the railroad business!" This myopic focus caused them to lose sight of who their customers were and what they needed. So railroads failed to

In the first half of the 20th century, what "business" did railroad executives believe they were in? The text reveals their disastrous error.
Digital Vision/Getty Images

develop strategies to compete with airlines, barges, pipelines, and trucks. As a result, many railroads merged or went bankrupt. Railroads should have realized they were in "the transportation business." Similarly, the publishing industry defined its business as being the printer of newspapers and magazines. The dramatic decline in demand for print publications, however, suggests that it should view itself as being in the information and entertainment business.[17]

With today's increased global competition, many organizations are rethinking their *business model*, the strategies an organization develops to provide value to the customers it serves. Technological innovation is often the trigger for this business model change, particularly when it is linked to consumer needs. Netflix, for example, changed its business model several times, shifting its original DVD rental model to a video streaming model, and then to an original content production model.[18] Bookstore retailer Barnes & Noble, too, is rethinking its *business model* as e-book readers like Amazon's Kindle and Apple's iPad have gained widespread popularity.[19]

Uber, known for its car transportation services, is continually redefining its business. The company started as a limousine service called UberCab. Soon the business was redefined as a ride-sharing service when it added UberX and UberPool apps which allowed drivers to use their own cars. The definition expanded further, to transportation, when UberRush was added to provide package delivery, Uber Eats was added to provide food delivery from restaurants, and Uber Jump was added to offer bicycles and scooters. Today, taking a lesson from Theodore Levitt, Uber sees itself as much more than a cab service or ride-sharing service or delivery service. In fact, *Forbes* magazine simply describes Uber's business model as a "frictionless middleman."[20]

Why is the definition of Uber's business changing? See the text for the answer.
Hatim Kaghat/AFP/Getty Images

VIDEO 2-3
Uber Video
kerin.tv/c15e/v2-3

Goals **Goals** or **objectives** (terms used interchangeably in this book) are statements of an accomplishment of a task to be achieved, often by a specific time. Goals convert an organization's mission and business into long- and short-term performance targets. Business firms can pursue several different types of goals:

- *Profit*. Most firms seek to maximize profits—to get as high a financial return on investment (ROI) as possible.
- *Sales*. If profits are acceptable, a firm may elect to maintain or increase its sales (dollars or units) even though profits may not be maximized.
- *Market share*. **Market share** is the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.
- *Quality*. A firm may seek to offer a level of quality that meets or exceeds the cost and performance expectations of its customers.
- *Customer satisfaction*. Customers are the reason the organization exists, so their perceptions and actions are of vital importance. Satisfaction can be measured with surveys or by the number of customer complaints.
- *Employee welfare*. A firm may recognize the critical importance of its employees by stating its goal of providing them with good employment opportunities and working conditions.
- *Social responsibility*. Firms may seek to balance the conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits.

Nonprofit organizations (such as museums and hospitals) also have goals, such as to serve consumers as efficiently as possible. Similarly, government agencies set goals that seek to serve the public good.

Organizational Strategies: How Will It Do It?

As shown in Figure 2–2, the organizational foundation sets the "why" of organizations and the organizational direction sets the "what." To convert these into actual results, the organizational strategies are concerned with the "how." These organizational strategies vary in at least two ways, depending on (1) a strategy's level in the organization and (2) the offerings an organization provides to its customers.

Variation by Level Moving down the levels in an organization involves creating increasingly specific, detailed strategies and plans. So, at the corporate level, top managers create a portfolio of market-product businesses (SBUs) that is consistent with the mission statement. At the strategic business unit level managers focus on specific value-creation activities such as improving quality, lowering cost, or adding services. Finally, at the functional level, the issue is who makes tomorrow's sales call.

Variation by Product Organizational strategies also vary by the organization's products. The strategy will be far different when marketing a very tangible physical good (Ben & Jerry's ice cream), a service (a Southwest Airlines flight), or an idea (a donation to the American Red Cross).

Most organizations develop a marketing plan as a part of their strategic marketing planning efforts. A **marketing plan** is a road map for the marketing actions of an organization for a specified future time period, such as one year or five years. The planning phase of the strategic marketing process (discussed later) usually results in a marketing plan that directs the marketing actions of an organization. Appendix A at the end of this chapter provides guidelines for writing a marketing plan.

LEARNING REVIEW

2-3. What is the meaning of an organization's mission?

2-4. What is the difference between an organization's business and its goals?

Tracking Strategic Performance with Marketing Analytics

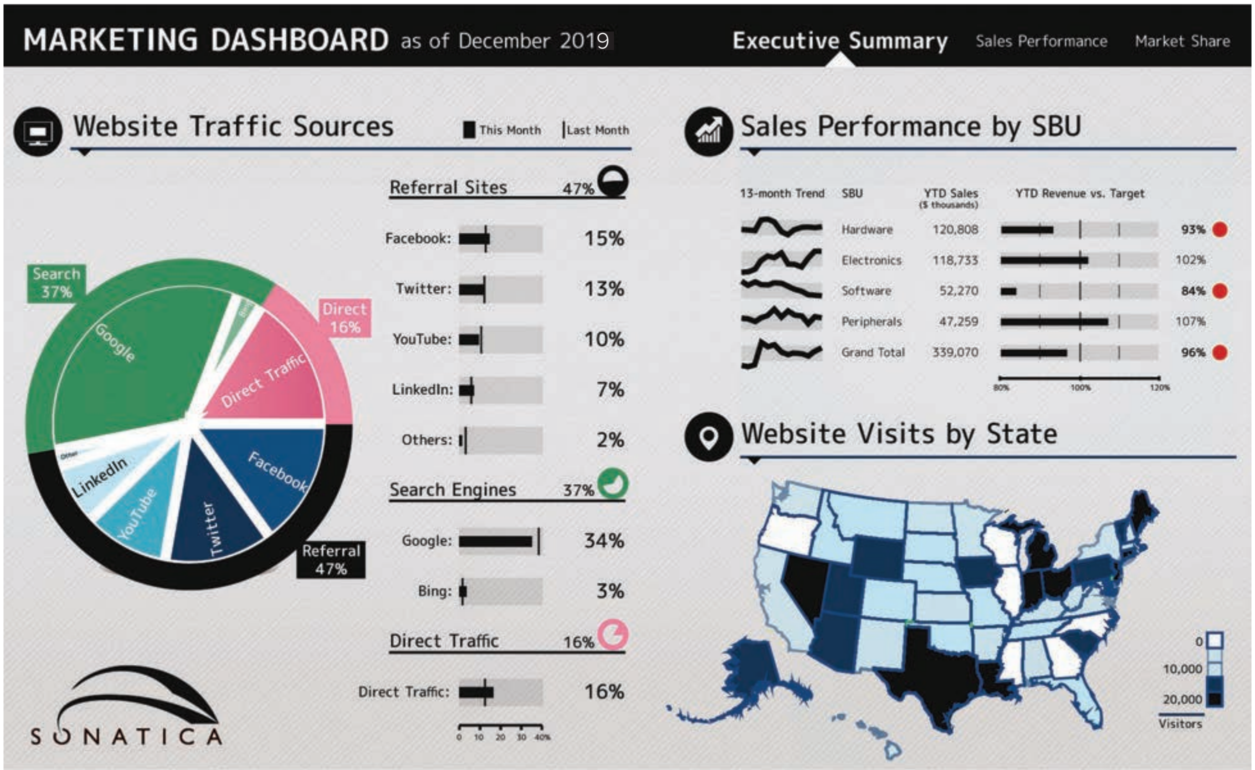
LO 2-3
Explain why managers use marketing dashboards and marketing metrics.

Although marketing managers can set the strategic direction for their organizations, how do they know if they are making progress in getting there? As several industry experts have observed, "You can't manage what you don't measure."[21] One answer to this problem is the growing field of data analytics, or big data, which enables data-driven decisions by collecting data and presenting them in a visual format such as a marketing dashboard.

Car Dashboards and Marketing Dashboards A **marketing dashboard** is the visual display of the essential information related to achieving a marketing objective.[22] Today's business intelligence and artificial intelligence tools often provide real-time data to allow marketing mix changes, personalization, and evaluation of customer satisfaction. An example is when a chief marketing officer (CMO) wants to see daily what the effect of a new social media campaign is on a product's sales.[23]

The idea of a marketing dashboard really comes from the display of information found on a car's dashboard. On a car's dashboard, we glance at the fuel gauge and take action when our gas is getting low. With a marketing dashboard, a marketing manager glances at a graph or table to monitor key metrics and makes a decision to take action or analyze the problem further.[24]

Dashboards, Metrics, and Plans The marketing dashboard from Dundas Data Visualization, Inc. in Figure 2–3 is from Sonatica, a hypothetical hardware and software firm.



Source: Dundas Data Visualization, Inc.

FIGURE 2–3
An effective marketing dashboard, like this one from Dundas Data Visualization, Inc., helps managers assess a business situation at a glance.

This dashboard shows graphic displays of key performance indicators linked to Sonatica's product lines.[25] Each display in a marketing dashboard shows a **marketing metric**, which is a measure of the quantitative value or trend of a marketing action or result.[26] Choosing which marketing metrics to display is critical for a busy manager, who can be overwhelmed with irrelevant data.[27]

Today's marketers use *data visualization*, which presents information about an organization's marketing metrics graphically so marketers can quickly (1) spot deviations from plans during the evaluation phase and (2) take corrective actions.[28] This book uses data visualization in many figures to highlight in color key points described in the text. The Sonatica marketing dashboard in Figure 2–3 prepared by Dundas Data Visualization, Inc. effectively uses data visualization tools like a pie chart, a line or bar chart, and a map to show how parts of its business are performing as of December 2019:

- *Website Traffic Sources*. The color-coded perimeter of the pie chart shows the three main sources of website traffic (referral sites at 47 percent, search engines at 37 percent, and direct traffic at 16 percent). These three colors link to those of the circles in the column of website traffic sources. Of the 47 percent of traffic coming from referral sites, the horizontal *bullet graphs* to the right show that Sonatica's Facebook visits comprise 15 percent of total website traffic, up from a month ago (as shown by the vertical line).
- *Sales Performance by SBU*. The *spark lines* (the wavy lines in the far left column) show the 13-month trends of Sonatica's strategic business units (SBUs). For example, the trends in electronics and peripherals are generally up, causing their sales to exceed their YTD (year to date) targets. Conversely, both software and hardware sales failed to meet YTD targets, a problem quickly noted by a marketing manager seeing the red "warning" circles in their rows at the far right. This suggests that immediate corrective actions are needed for the software and hardware SBUs.
- *Website Visits by State*. The U.S. map shows that the darker the state, the greater the number of website visits for the current month. For example, Texas has close to 20,000 visits per month, while Illinois has none.

Applying Marketing Metrics

How Well Is Ben & Jerry's Doing?

As the marketing manager for Ben & Jerry's, you need to assess how it is doing within the United States in the super-premium ice cream market in which it competes. For this, you choose two marketing metrics: dollar sales and dollar market share.

Your Challenge

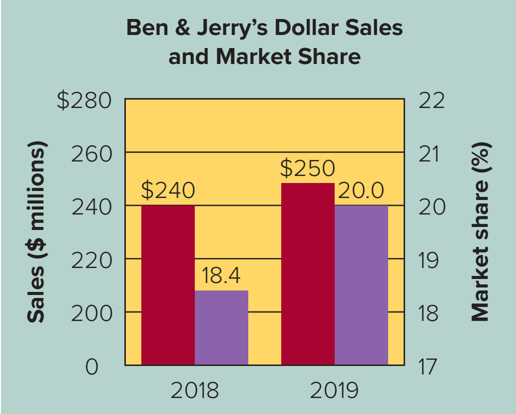
Scanner data from checkout counters in supermarkets and other retailers show the total industry sales of super-premium ice cream were $1.25 billion in 2019. Internal company data show you that Ben & Jerry's sold 50 million units at an average price of $5.00 per unit in 2019. A "unit" in super-premium ice cream is one pint.

Your Findings

Dollar sales and dollar market share for 2019 can be calculated using simple formulas and displayed on the Ben & Jerry's marketing dashboard as follows:

$$\begin{aligned}\text{Dollar sales (\$)} &= \text{Average price} \times \text{Quantity sold}\\ &= \$5.00 \times 50 \text{ million units}\\ &= \$250 \text{ million}\end{aligned}$$

$$\begin{aligned}\text{Dollar market share (\%)} &= \frac{\text{Ben \& Jerry's sales (\$)}}{\text{Total industry sales (\$)}}\\ &= \frac{\$250 \text{ million}}{\$1.25 \text{ billion}}\\ &= 0.20 \text{ or } 20\%\end{aligned}$$



Your dashboard displays show that from 2018 to 2019 dollar sales increased from $240 million to $250 million and that dollar market share grew from 18.4 to 20.0 percent.

Your Action

The results need to be compared with the goals established for these metrics. In addition, they should be compared with previous years' results to see if the trends are increasing, flat, or decreasing. This will lead to marketing actions.

The Ben & Jerry's dashboard in the Applying Marketing Metrics box shows how the two widely used marketing metrics of dollar sales and dollar market share can help the company assess its growth performance from 2018 to 2019. The Applying Marketing Metrics boxes in later chapters highlight other key marketing metrics and how they can lead to marketing actions.

SETTING STRATEGIC DIRECTIONS

LO 2-4
Discuss how an organization assesses where it is now and where it seeks to be.

To set a strategic direction, an organization needs to answer two difficult questions: (1) Where are we now? and (2) Where do we want to go?

A Look Around: Where Are We Now?

Asking an organization where it is at the present time involves identifying its competencies, customers, and competitors.

Competencies Senior managers must ask the question: What do we do best? The answer involves an assessment of the organization's core *competencies*, which are its special capabilities—the skills, technologies, and resources—that distinguish it from other

Lands' End's unconditional guarantee for its products highlights its focus on customers.
Source: Lands' End

organizations and provide customer value. Exploiting these competencies can lead to success.[29] Competencies should be distinctive enough to provide a *competitive advantage*, a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.[30]

Customers Ben & Jerry's customers are ice cream and frozen yogurt customers who have different preferences (form, flavor, health, and convenience). Boeing's jet airliner customers include passenger airlines such as American, United, and Southwest who serve travelers that need this type of service. Lands' End communicates a remarkable commitment to its customers and its product quality with these unconditional words:

Guaranteed. Period.®

The Lands' End website points out that this guarantee has always been an unconditional one. It reads: "If you're not satisfied with any item, simply return it to us at any time for an exchange or refund of its purchase price." But to get the message across more clearly to its customers, it created the two-word guarantee. The point is that Lands' End's strategy must provide genuine value to customers to ensure that they have a satisfying experience.[31]

Competitors In today's global marketplace, the distinctions among competitors are increasingly blurred. Lands' End started as a catalog retailer. But today, Lands' End competes with not only other clothing catalog retailers such as L.L.Bean but also department stores, mass merchandisers, and specialty shops. In addition, well-known clothing brands such as Eddie Bauer have their own chain stores. Although only some of the clothing in any of these stores may directly compete with Lands' End offerings, all of these retailers have websites to sell their offerings online. This means there's a lot of competition out there.

Growth Strategies: Where Do We Want to Go?

Knowing where the organization is at the present time enables managers to set a direction for the firm and allocate resources to move in that direction. Two techniques to aid managers with these decisions are (1) business portfolio analysis and (2) diversification analysis.

Business Portfolio Analysis Successful organizations have a portfolio or range of offerings (products and services) that possess different growth rates and market shares within the industry in which they operate. The Boston Consulting Group (BCG), an internationally known management consulting firm, has developed **business portfolio analysis**. It is a technique that managers use to quantify performance measures and growth targets to analyze their firms' SBUs as though they were a collection of separate investments.[32] The purpose of this tool is to determine which SBU or offering generates cash and which one requires cash to fund the organization's growth opportunities.

As described in the Marketing Matters box, let's assume you are filling the shoes of Apple CEO Tim Cook. Based on your knowledge of Apple products, you are currently conducting a quick analysis of four major Apple SBUs through 2022. Try to rank them from highest to lowest in terms of percentage growth in expected unit sales. We will introduce you to business portfolio analysis as we look at the possible future of the four Apple SBUs.

Marketing Matters — Technology

Filling the Shoes of Apple CEO Tim Cook: Where Will Apple's Projected Future Growth for Its Major SBUs Come From?

Every CEO of a for-profit organization faces one problem in common: trying to find ways to increase future sales and profits to keep it growing!

Put yourself in Tim Cook's shoes. One of his jobs is to search for new growth opportunities. Using your knowledge about Apple products, do a quick analysis of the four SBUs shown below to determine where Apple should allocate its time and resources. Rate these growth opportunities from highest to lowest in terms of percentage growth in unit sales from 2019 to 2022:

1. ______________________ (Highest)
2. ______________________
3. ______________________
4. ______________________ (Lowest)

We'll walk you through possible answers. You then can evaluate your performance in the discussion that follows and decide whether you're really ready for Mr. Cook's job!

iPod

iPhone

iPad/iPad mini

Apple Card

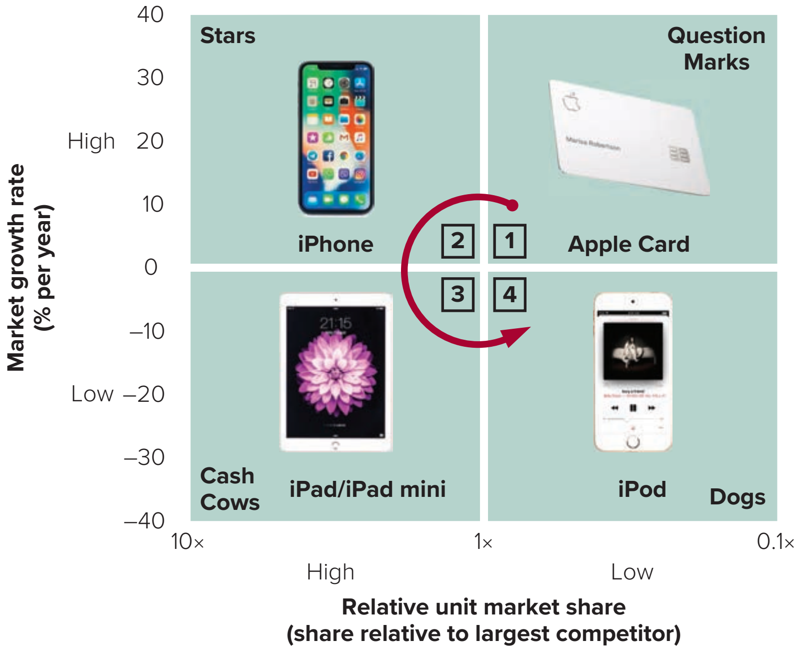
Photos: (iPod) olegganko/Shutterstock and Apple Inc.; (iPhoneX) Oleg GawriloFF/Shutterstock and Apple Inc.; (iPad) Zeynep Demir/Shutterstock and Apple Inc.; (Apple Card) Apple Inc.

The BCG business portfolio analysis requires an organization to locate the position of each of its SBUs on a growth-share matrix (see Figure 2–4). The vertical axis is the *market growth rate*, which is the annual rate of growth of the SBU's industry. The horizontal axis is the *relative market share*, defined as the sales of the SBU divided by the sales of the largest firm in the industry. A relative market share of 10× (at the left end of the scale) means that the SBU has 10 times the share of its largest competitor, whereas a share of 0.1× (at the right end of the scale) means it has only 10 percent of the share of its largest competitor.

The BCG has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization:

1. *Question marks* are SBUs with a low share of high-growth markets. They require large injections of cash just to maintain their market share, much less increase it. The name implies management's dilemma for these SBUs: choosing the right ones to invest in and phasing out the rest.
2. *Stars* are SBUs with a high share of high-growth markets that may need extra cash to finance their own rapid future growth. When their growth slows, they are likely to become cash cows.
3. *Cash cows* are SBUs that generate large amounts of cash, far more than they can use. They have dominant shares of slow-growth markets and provide cash to cover the organization's overhead and to invest in other SBUs.

FIGURE 2–4
Boston Consulting Group (BCG) business portfolio analysis for four of Apple's consumer-related SBUs. The red arrow indicates typical movement of a product through the matrix.



Photos: (iPhoneX) Oleg GawriloFF/Shutterstock and Apple Inc.; (Apple Card) Apple Inc.; (iPad) Zeynep Demir/Shutterstock and Apple Inc.; (iPod) oleggankо/Shutterstock and Apple Inc.

What can Apple expect in future growth of sales revenues from its iPhone products . . .

Source: Apple Inc.

. . . or its Apple Card financial services?

Source: Apple Inc.

4. *Dogs* are SBUs with low shares of slow-growth markets. Although they may generate enough cash to sustain themselves, they may no longer be or may not become real winners for the organization. Dropping SBUs that are dogs may be required if they consume more cash than they generate, except when relationships with other SBUs, competitive considerations, or potential strategic alliances exist.[33]

An organization's SBUs often start as question marks and go counterclockwise around Figure 2–4 to become stars, then cash cows, and finally dogs. Because an organization has limited influence on the market growth rate, its main objective is to try to change its relative dollar or unit market share. To do this, management decides what strategic role each SBU should have in the future and either injects cash into or removes cash from it.

According to Interbrand, a leading brand management consulting firm, Apple has been consistently cited as one of the top global brands over the past decade in its annual Best Global Brands survey. What has made Apple so iconic is not only its revolutionary products but also its commitment to infusing the "human touch" with its technology such that its customers connect with the brand on both a cognitive *and* an emotional level. The late Steve Jobs was instrumental in creating Apple's organizational culture and core values that will continue to guide its future.[34]

Using the BCG business portfolio analysis framework, Figure 2–4 shows that the Apple picture might look this way from 2019 to 2022 for four of its SBUs:[35]

1. *Apple Card*. Apple recently entered the financial services market with its version of a credit card, the Apple Card. The card competes with Citi, Chase, and Capital One credit cards and a wide range of other financial payment technologies such as PayPal, Venmo, and Android Pay. Industry analysts estimate that 6 out of 10 Americans have a credit card and that credit card use has grown by 42 percent in the past 7 years. The Apple Card enters the market as a *question mark*.[36]
2. *iPhone* (smartphones). Apple launched its revolutionary iPhone smartphone in 2007. iPhone unit sales skyrocketed and Apple's U.S. market share is now greater than 56 percent, exceeding the 24 percent market share of its largest competitor, Samsung. The smartphone market grew at double-digit rates through 2015 and has been slowing in recent years. U.S. and global smartphone sales are expected to grow at 1 to 2 percent through 2022. High market share and high growth suggest that Apple's iPhone has been a *star* and may become a *cash cow*.[37]

3. *iPad/iPad mini* (tablets). Launched in 2010, iPad unit sales now represent 35 percent market share—leading both Samsung's (15 percent) and Huawei's (10 percent). Tablet sales are declining, however, as consumers are substituting big-screen smartphones and ultra-thin computers for tablets. For Apple, its iPad SBU is a *cash cow* (high market share in a low-growth market).[38]
4. *iPod* (music players). Apple entered the music player market with its iPod device in 2001. The product became a cultural icon, selling more than 50 million units annually until 2010 when the iPhone integrated a music player. Since 2010, sales have been declining dramatically. In 2014 Apple announced that it was discontinuing the iPod classic, and in 2017 it announced that it was discontinuing the iPod shuffle and nano. Today Apple still sells the iPod touch—although declining sales and discontinued products suggest that this SBU is entering the *dog* category.[39]

So, how did you—as Tim Cook—rank the growth opportunity for each of the four SBUs? The Apple Card represents the highest potential growth rate The iPhone SBU is likely to continue growing at 1 to 2 percent, while the iPad and iPod are experiencing a decline in sales. Despite the difference in growth rates, the iPhone and iPad product lines together accounted for 69 percent of Apple's revenues in early 2019. These revenues are used to pursue other growth opportunities such as Apple News, Apple Arcade, Apple HomePod, Apple TV+, Apple Watch, a next-generation phone, and possibly an Apple-enabled car. A careful look at many of Apple's new offerings suggests a shift to services that complement its existing products.[40]

The primary strength of business portfolio analysis lies in forcing a firm to place each of its SBUs in the growth-share matrix, which in turn suggests which SBUs will be cash producers and cash users in the future. Weaknesses of this analysis arise from the difficulty in (1) getting the needed information and (2) incorporating competitive data into business portfolio analysis.[41]

Diversification Analysis **Diversification analysis** is a technique that helps a firm search for growth opportunities from among current and new markets as well as current and new products. For any market, there is both a current product (what the firm now sells) and a new product (what the firm might sell in the future). And for any product there is both a current market (the firm's existing customers) and a new market (the firm's potential customers). As Ben & Jerry's seeks to increase sales revenues, it considers all four market-product strategies shown in Figure 2–5:

VIDEO 2-4
B&J's Chocolate Chip Cookie Dough Video
kerin.tv/15e/v2-4

- *Market penetration* is a marketing strategy to increase sales of current products in current markets, such as selling more Ben & Jerry's Chocolate Chip Cookie Dough ice cream to U.S. consumers. There is no change in either the basic product line or the markets served. Increased sales are generated by selling either more ice cream (through better

FIGURE 2–5
Four market-product strategies: alternative ways to expand sales revenues for Ben & Jerry's using diversification analysis.

MARKETS	PRODUCTS	
	Current	New
Current	**Market penetration** Selling more Ben & Jerry's super-premium ice cream to Americans	**Product development** Selling a new product such as children's clothing under the Ben & Jerry's brand to Americans
New	**Market development** Selling Ben & Jerry's super-premium ice cream to Brazilians for the first time	**Diversification** Selling a new product such as children's clothing under the Ben & Jerry's brand to Brazilians for the first time

promotion or distribution) *or* the same amount of ice cream at a higher price to its current customers.

- *Market development* is a marketing strategy to sell current products to new markets. For Ben & Jerry's, Brazil is an attractive new market. There is good news and bad news for this strategy: As household incomes of Brazilians increase, consumers can buy more ice cream; however, the Ben & Jerry's brand may be unknown to Brazilian consumers.
- *Product development* is a marketing strategy of selling new products to current markets. Ben & Jerry's could leverage its brand by selling children's clothing in the United States. This strategy is risky because Americans may not see the company's expertise in ice cream as extending to children's clothing.
- *Diversification* is a marketing strategy of developing new products and selling them in new markets. This is a potentially high-risk strategy for Ben & Jerry's if it decides to try to sell Ben & Jerry's branded clothing in Brazil. Why? Because the firm has neither previous production nor marketing experience from which to draw in marketing clothing to Brazilian consumers.

Research shows that senior marketing executives prefer to invest in existing markets and products (market penetration) for growth. The second most preferred strategy is product development, followed by market development and diversification, respectively.[42]

LEARNING REVIEW

2-5. What is the difference between a marketing dashboard and a marketing metric?

2-6. What is business portfolio analysis?

2-7. Explain the four market-product strategies in diversification analysis.

THE STRATEGIC MARKETING PROCESS

LO 2-5
Explain the three steps of the planning phase of the strategic marketing process.

After an organization assesses where it is and where it wants to go, management attention is focused on the strategic marketing process. The **strategic marketing process** involves the allocation of an organization's marketing mix resources to reach its target markets and achieve a competitive advantage. The process is guided by underlying principles and is divided into three phases: planning, implementation, and evaluation as shown in Figure 2–6.

Principles Underlying the Strategic Marketing Process

Four principles underlie the strategic marketing process.[43] Each principle represents a fundamental assumption about customers, competitors, and organizational resources. They are:

1. *Customers are different*. Customers are not alike. Rather, important differences exist and these differences affect how customers respond to different marketing mix elements.
2. *Customers change*. Customer preferences, needs, and behavior are not static. Customer preferences, needs, and behavior change over time and due to circumstances and are affected by competitor actions.
3. *Competitors change and react*. The sustainability of an organization's competitive advantage is affected by the conduct of present and future competitors and how they react to an organization's actions.
4. *Organizational resources are limited*. No organization has unlimited human, technological, and financial resources. Trade-offs have to be made when capitalizing on organizational opportunities and overcoming threats to their performance.

These principles are central to the concepts, techniques, and tools applied in each phase of the strategic marketing process.

FIGURE 2–6
The strategic marketing process has three vital phases: planning, implementation, and evaluation. The figure also indicates the chapters in which these phases are discussed in the text.

The Planning Phase of the Strategic Marketing Process

Figure 2–6 shows the three steps in the planning phase of the strategic marketing process: (1) conduct a situation (SWOT) analysis; (2) develop a market-product focus, customer value proposition, and goals; and (3) design the marketing program.

Step 1: Conduct a Situation (SWOT) Analysis The essence of **situation analysis** is taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it. An effective summary of a situation analysis is a **SWOT analysis**, an acronym describing an organization's appraisal of its internal **S**trengths and **W**eaknesses and its external **O**pportunities and **T**hreats.

The SWOT analysis is based on an exhaustive study of four areas that form the foundation upon which the firm builds its marketing program:

- Identify changes and trends in the organization's industry.
- Analyze the organization's current and potential competitors.
- Assess the organization itself, including available resources.
- Research the organization's present and prospective customers.

Assume you are responsible for doing the SWOT analysis for Ben & Jerry's shown in Figure 2–7. Note that the SWOT table has four cells formed by the combination of internal versus external factors (the rows) and favorable versus unfavorable factors (the columns) that identify Ben & Jerry's strengths, weaknesses, opportunities, and threats.

The task is to translate the results of the SWOT analysis into specific marketing actions that will help the firm grow. The ultimate goal is to identify the *critical* strategy-related factors that impact the firm and then build on vital strengths, correct glaring weaknesses, exploit significant opportunities, and avoid disaster-laden threats.

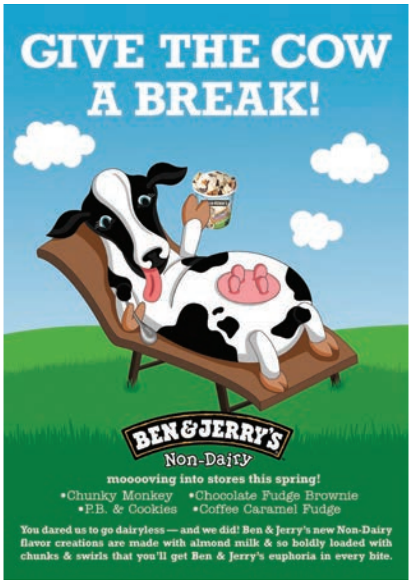
The Ben & Jerry's SWOT analysis in Figure 2–7 can be the basis for these kinds of specific marketing actions. An action in each of the four cells might be:

- *Build on a strength*. Find specific efficiencies in distribution with parent-company Unilever's existing ice cream brands.

FIGURE 2–7

Ben & Jerry's: A SWOT analysis to keep it growing. The picture painted in this SWOT analysis is the basis for management actions.

LOCATION OF FACTOR	TYPE OF FACTOR: Favorable	TYPE OF FACTOR: Unfavorable
Internal	**Strengths** • Prestigious, well-known brand name among U.S. consumers • Complements Unilever's other ice cream brands • Recognized for its social mission, values, and actions	**Weaknesses** • B&J's social responsibility actions could reduce focus • Experienced managers needed to help growth • Modest sales growth and profits in recent years
External	**Opportunities** • Growing demand for quality ice cream in overseas markets • Increasing U.S. demand for Greek-style yogurt • Many U.S. firms successfully use product and brand extensions	**Threats** • B&J customers read nutritional labels and are concerned with sugary and fatty desserts • Competes with General Mills and Nestlé brands • Increasing competition in international markets



How can Ben & Jerry's develop new products and social responsibility programs that contribute to its mission? The text describes how the strategic marketing process and its SWOT analysis can help.

Source: Ben & Jerry's Homemade, Inc.

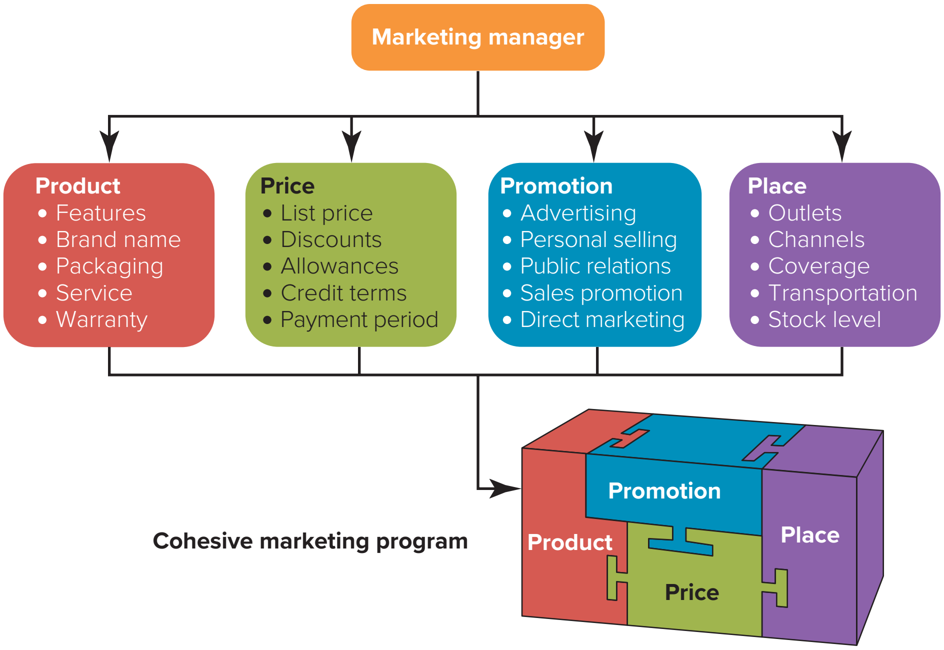
- *Correct a weakness*. Recruit experienced managers from other consumer product firms to help stimulate growth.
- *Exploit an opportunity*. Develop new flavors of non-dairy frozen desserts to respond to changes in consumer tastes.
- *Avoid a disaster-laden threat*. Focus on less risky international markets, such as Brazil and Argentina.

Step 2: Develop a Market-Product Focus, Customer Value Proposition, and Goals Determining what products will be directed toward which customers (step 2 of the planning phase in Figure 2–6) is essential for designing an effective marketing program (step 3). This decision is often based on **market segmentation**, which involves aggregating prospective buyers into groups, or segments, that (1) have common needs and (2) will respond similarly to a marketing action. This enables an organization to tailor specific marketing programs for its target market segments.

Step 2 also involves developing a clear **customer value proposition**, which is a cluster of benefits that an organization promises customers (or segments) to satisfy their needs. An effective customer value proposition is a formal statement that meets three criteria. First, it is relevant. That is, it describes how an organization's products solve a customer (segment) problem or improve their situation. Second, it details specific benefits in clear terms. Finally, it states why targeted customers, or customer segments, should purchase your products and not your competitor's offerings. This comparison is often called *points of difference*, or those characteristics of a product that make it superior to competitive substitutes. The value proposition allows an organization to specify meaningful and measurable marketing goals to be achieved.

What does a customer value proposition look like? Consider IKEA, the world's largest home furnishings retailer. Its customer value proposition promises customers (1) a wide range of well-designed, ready-to-assemble, functional home furnishings at low prices, (2) a favorable and consistent shopping and buying experience in its stores, online, and from its catalogs, and (3) uniformity in product selection and quality workmanship across countries. It should not be surprising that IKEA's customer value proposition reflects the company's organizational values described earlier.

FIGURE 2–8
The four Ps elements of the marketing mix must be blended to produce a cohesive marketing program.



Step 3: Design a Marketing Program Activities in step 2 tell the marketing manager which customers to target and which customer needs the firm's product offerings can satisfy—the *who* and *what* aspects of the strategic marketing process. The *how* aspect—step 3 in the planning phase—involves designing the marketing program and mix (the four Ps) and its budget. Figure 2–8 shows that each marketing mix element is combined to provide a cohesive marketing program.

Putting a marketing program into effect requires that the firm commit time and money to it in the form of a sales forecast (see Chapter 8) and budget that must be approved by top management.

LEARNING REVIEW

2-8. What are the three steps of the planning phase of the strategic marketing process?

2-9. What are points of difference and why are they important?

The Implementation Phase of the Strategic Marketing Process

LO 2-6
Describe the four components of the implementation phase of the strategic marketing process.

As shown in Figure 2–6, the result of the hours spent in the planning phase of the strategic marketing process is the firm's marketing plan. Implementation, the second phase of the strategic marketing process, involves carrying out the marketing plan that emerges from the planning phase. If the firm cannot execute the marketing plan—in the implementation phase—the planning phase has been a waste of time and resources.

There are four components of the implementation phase: (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.

Obtaining Resources A key task in the implementation phase of the strategic marketing process is obtaining and assembling sufficient human and financial resources to execute the marketing program successfully. Small business owners often obtain funds from savings, family, friends, and bank loans. Marketing managers in existing organizations obtain these

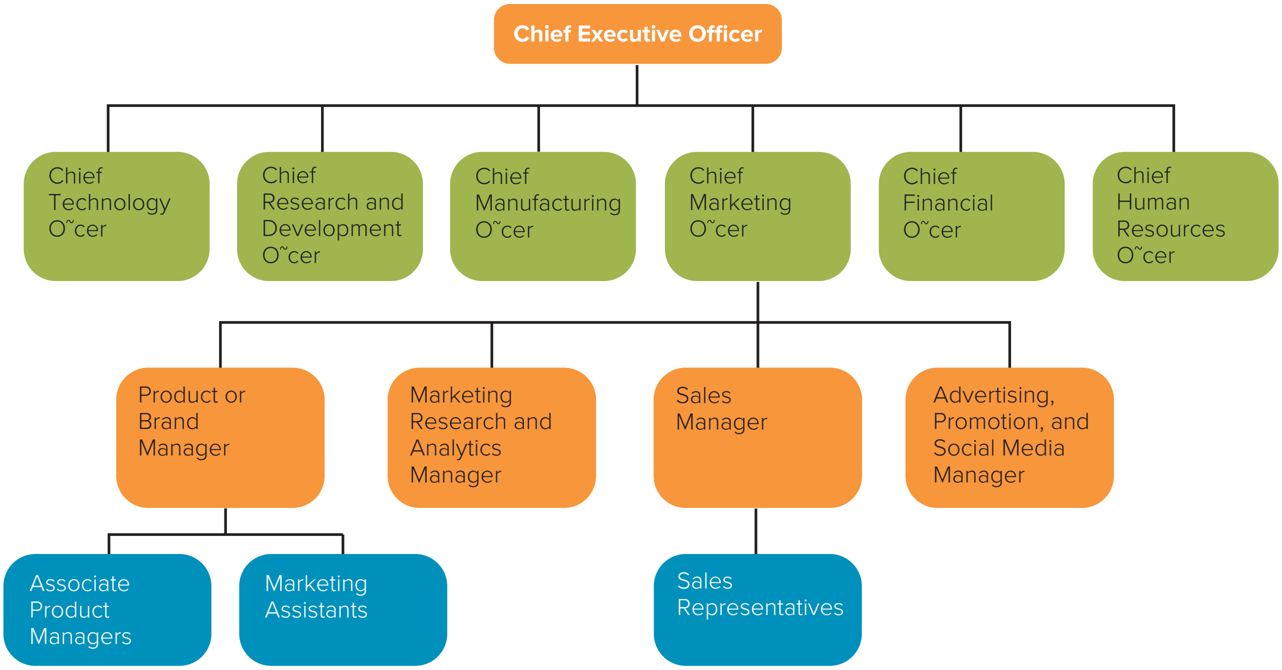


FIGURE 2–9
Organization of a typical manufacturing firm, showing a breakdown of the marketing department.

resources by getting top management to assign managerial talent and invest financial resources through approved marketing budgets.

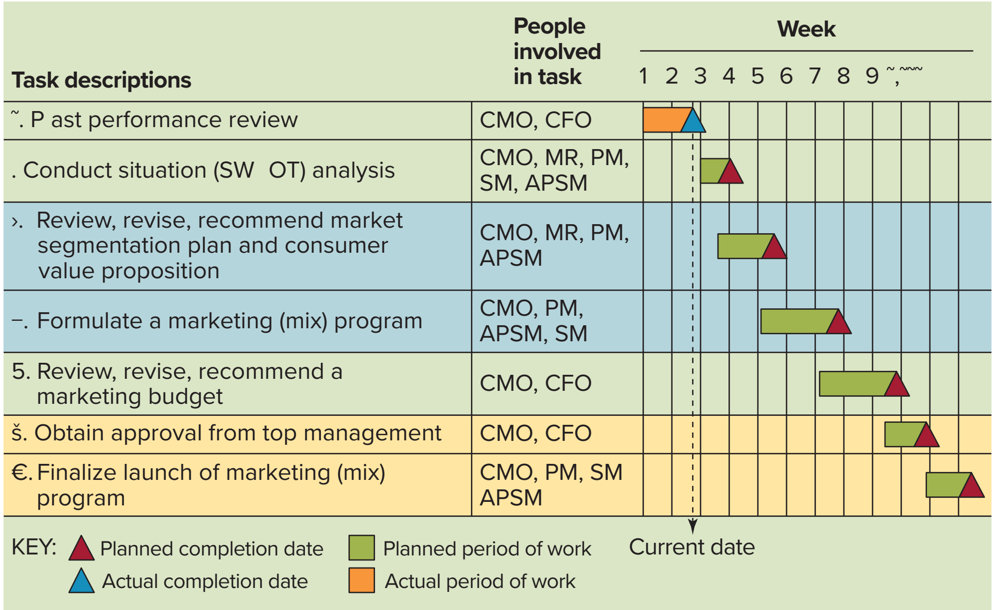
Designing the Marketing Organization A marketing program needs a marketing organization to implement it. Figure 2–9 shows the organization chart of a typical manufacturing firm, giving some details of the marketing department's structure. Four managers of marketing activities are shown to report to the chief marketing officer or CMO. Sales representatives report to the manager of sales, possibly through several regional sales managers and an international sales manager based on the size of the salesforce. The product or brand managers and their subordinates help plan, implement, and evaluate the marketing plans for their offerings. However, the entire marketing organization is responsible for converting these marketing plans into realistic marketing actions.

Defining Precise Tasks, Responsibilities, and Deadlines Successful implementation requires that team members know the tasks for which they are responsible and the deadlines for completing them. Scheduling activities can be done efficiently with a *Gantt chart*, which is a graph of a program schedule. Figure 2–10 shows a Gantt chart—invented by Henry L. Gantt—used to schedule tasks involved in the strategic marketing process, demonstrating how the concurrent work on several tasks enables team members to deliver an executable marketing program on time. Software applications such as Microsoft Project simplify the task of developing a program schedule or Gantt chart.

Central features of a Gantt chart include: (1) the task, (2) the person or people responsible for completing the task, (3) the date to finish the task, and (4) what is to be delivered. In this example, the people involved include the CMO, the chief financial officer (CFO), marketing research personnel (MR), product managers (PM), sales professionals (SM), and advertising, promotion, and social media specialists (APSM).

The key to all scheduling techniques is to distinguish tasks that *must* be done sequentially from those that *can* be done concurrently. For example, Tasks 6 and 7 in Figure 2–10 *must* be done sequentially. This is because the marketing team must get formal top management approval (Task 6) before it can finalize the marketing mix program (Task 7). In contrast, Tasks 3 and 4 *can* be done somewhat concurrently because the choice of marketing mix program elements overlaps with market segmentation and consumer value proposition determination.

FIGURE 2–10
This Gantt chart shows how tasks are scheduled to complete the strategic marketing process on time.



Executing the Marketing Program Marketing plans are meaningless without effective execution of those plans. This requires attention to detail for both marketing strategies and marketing tactics. A **marketing strategy** is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it. The term implies both the end sought (target market) and the means or actions to achieve it (marketing program).

To implement a marketing program successfully, hundreds of detailed decisions are often required to develop the actions that comprise a marketing program for an offering. These actions, called **marketing tactics**, are detailed day-to-day operational marketing actions for each element of the marketing mix that contribute to the overall success of marketing strategies. Writing ads and setting prices for new product lines are examples of marketing tactics.

The Evaluation Phase of the Strategic Marketing Process

LO 2-7
Discuss how managers identify and act on deviations from plans.

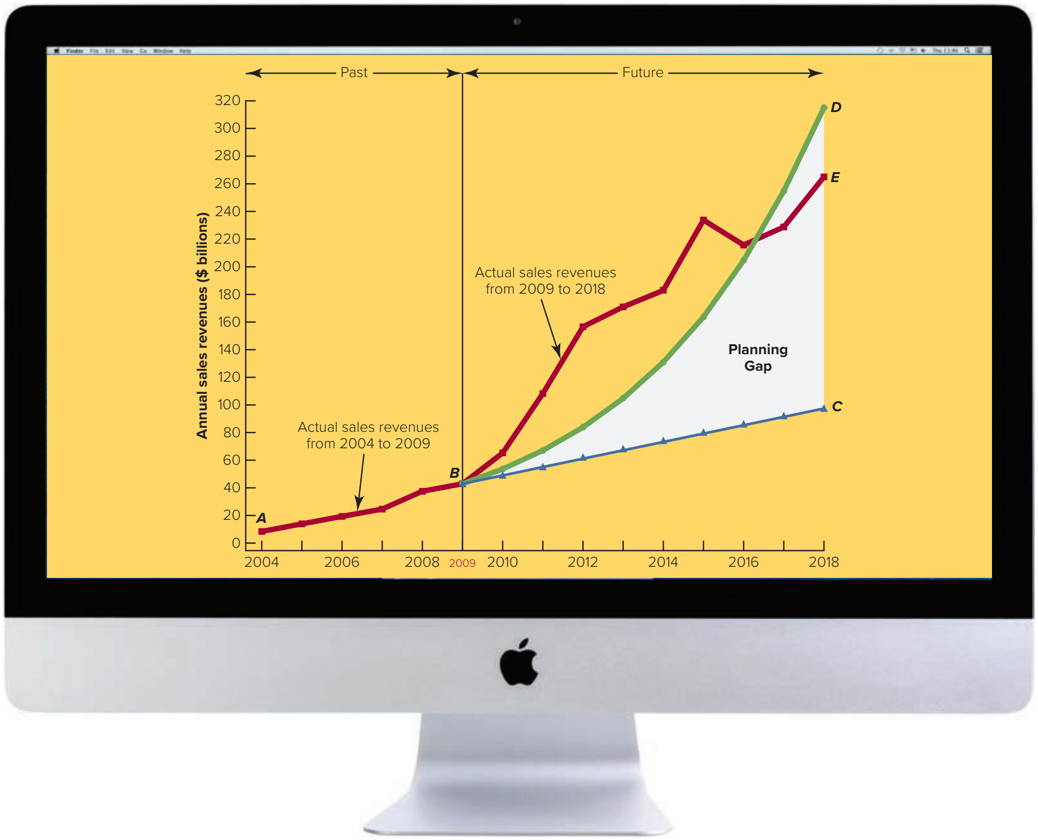
The evaluation phase of the strategic marketing process seeks to keep the marketing program moving in the direction set for it (see Figure 2–6). Accomplishing this requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify the presence and causes of deviations and (2) act on these deviations—exploiting positive deviations and correcting negative ones.

Comparing Results with Plans to Identify Deviations At the end of its fiscal year, which is September 30, Apple begins the evaluation phase of its strategic marketing process. Suppose you are on an Apple task force in 2009 that is responsible for making plans through 2018. You observe that extending the 2004–2009 trend of Apple's recent sales revenues (line AB in Figure 2–11) to 2018 along line BC shows an annual growth in sales revenue unacceptable to Apple's management.

Looking at potential new products in the Apple pipeline, your task force sets an aggressive annual sales growth target of 25 percent per year—line BD in Figure 2–11. This would give sales revenues of $130 billion in 2014 and $315 billion in 2018.

This reveals a white wedge-shaped gap DBC in the figure. Planners call this the *planning gap*, the difference between the projection of the path to reach a new sales revenue goal (line BD) and the projection of the path of a plan already in place (line BC). The ultimate purpose of the firm's marketing program is to "fill in" this planning gap—in the case of your Apple task

FIGURE 2–11
The evaluation phase of the strategic marketing process requires that the organization compare actual results with goals to identify and act on deviations to fill in its "planning gap." The text describes how Apple is working to fill in its planning gap



Computer: Joby Sessions/MacFormat Magazine via Getty Images

force, to move its future sales revenue line from the slow-growth line BC up to the more challenging target of line BD.

This is the essence of evaluation: comparing actual results with goals set. To reach aggressive growth targets in sales revenues, firms like Apple must continuously look for a new BCG SBU or product *cash cow* or *star*.

Acting on Deviations When evaluation shows that actual performance differs from expectations, managers need to take immediate marketing actions—exploiting positive deviations and correcting negative ones. Comparing the explosion in Apple's actual sales revenues from 2009 to 2018 (line BE in Figure 2–11) to its target sales revenues (line BD) shows Apple's rare, world-class ability to both generate and anticipate consumer demand and commercialize new technologies for its revolutionary offerings. Let's consider some of its marketing actions:

- *Exploiting a positive deviation*. Favorable customer reactions to Apple's iPhone (2007) and its iPad (2010) enable it to sell the products globally and to introduce improved versions and models, such as the iPad Air (2019) and the iPhone XT and XR (2018). Success of new versions and models also enables the introduction of new products such as the Apple Watch (2015), Apple AirPods (2016), the HomePod (2018), and Apple News (2019).
- *Correcting a negative deviation*. As Apple's desktop PCs became dated, it moved aggressively to replace them with new iMacs and MacBooks. Also, Apple refreshed its MacBook Air (2015, 2017) and MacBook Pro (2016, 2017) lines of laptops. Similarly, as demand for tablets has declined, Apple introduced next-generation versions of iPad Air (2019) and iPad mini (2019).

As we saw earlier in the BCG business portfolio analysis of the four Apple product lines, the firm has several *stars* and *cash cows* to fill in its planning gap. We shall explore Apple's market-product strategies in more detail later in Chapters 9 and 10.

LEARNING REVIEW

2-10. What is the implementation phase of the strategic marketing process?

2-11. How do the goals set for a marketing program in the planning phase relate to the evaluation phase of the strategic marketing process?

LEARNING OBJECTIVES REVIEW

LO 2-1 *Describe three kinds of organizations and the three levels of strategy in them.*

An organization is a legal entity that consists of people who share a common mission. It develops offerings (goods, services, or ideas) that create value for both the organization and its customers by satisfying their needs and wants. Today's organizations are of three types: for-profit organizations, nonprofit organizations, and government agencies. A for-profit organization serves its customers to earn a profit so that it can survive. Profit is the money left after a for-profit organization subtracts its expenses from its total revenues and is the reward for the risk it undertakes in marketing its offerings. A nonprofit organization is a nongovernmental organization that serves its customers but does not have profit as an organizational goal. Instead, its goals may be operational efficiency or client satisfaction. A government agency is a federal, state, county, or city unit that provides a specific service to its constituents. Most large for-profit and nonprofit organizations are divided into three levels of strategy: (*a*) the corporate level, where top management directs overall strategy for the entire organization; (*b*) the strategic business unit level, where managers set a more specific strategic direction for their businesses to exploit value-creating opportunities; and (*c*) the functional level, where groups of specialists actually create value for the organization.

LO 2-2 *Describe core values, mission, organizational culture, business, and goals.*

Organizations exist to accomplish something for someone. To give organizations direction and focus, they continuously assess their core values, mission, organizational culture, business, and goals. Today's organizations specify their foundation, set a direction, and formulate strategies—the "why," "what," and "how" factors, respectively. Core values are the organization's fundamental, passionate, and enduring principles that guide its conduct over time. The organization's mission is a statement of its function in society, often identifying its customers, markets, products, and technologies. Organizational culture is a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization. To answer the question, "What business are we in?" an organization defines its "business"—the clear, broad, underlying industry category or market sector of its offering. The organization's goals (or objectives) are statements of an accomplishment of a task to be achieved, often by a specific time. Finally, organizational strategies vary by level in the organization and by product. The strategies are often described in a marketing plan.

LO 2-3 *Explain why managers use marketing dashboards and marketing metrics.*

Marketing managers use marketing dashboards to visually display the essential information related to achieving a marketing objective. This information consists of key performance measures of a product category, such as sales or market share, known as marketing metrics, which are a measure of the quantitative value or trend of marketing actions or results. Today's marketers use data visualization to present marketing metrics graphically so they can spot deviations from plans and take corrective actions.

LO 2-4 *Discuss how an organization assesses where it is now and where it seeks to be.*

Managers of an organization ask two key questions to set a strategic direction. The first question, "Where are we now?" requires an organization to (*a*) assess its core competencies to understand how its special capabilities provide a competitive advantage; (*b*) identify its customers and how they receive genuine value and have a satisfying experience; and (*c*) analyze its competitors from a global perspective to determine the distinctions among them.

The second question, "Where do we want to go?" requires an organization to set a specific direction and allocate resources to move it in that direction. Business portfolio analysis and diversification analysis help an organization do this. Managers use business portfolio analysis to assess the organization's strategic business units (SBUs), product lines, or individual products as though they were a collection of separate investments (*cash cows*, *stars*, *question marks*, and *dogs*) to determine the amount of cash each should receive. Diversification analysis is a technique that helps a firm search for growth opportunities from among four strategies: market penetration (selling more of current products to current markets); market development (selling current products to new markets); product development (selling new products to current markets); and diversification (selling new products to new markets).

LO 2-5 *Explain the three steps of the planning phase of the strategic marketing process.*

An organization uses the strategic marketing process to allocate its marketing mix resources to reach its target markets and achieve a competitive advantage. This process is divided into three phases: planning, implementation, and evaluation. The planning phase consists of (*a*) a situation (SWOT) analysis, which involves taking stock of where the firm or product has been recently, where it is now, and where it is headed and focuses on the organization's internal factors (strengths and weaknesses) and the external forces and trends affecting it (opportunities and threats); (*b*) a market-product focus through market segmentation (grouping buyers into segments with common needs and similar responses to marketing programs) and customer value proposition, which in part requires identifying points of difference (those characteristics of a product that make it superior to competitive substitutes); and (*c*) a marketing program that specifies the budget and actions (marketing strategies and tactics) for each marketing mix element.

LO 2-6 *Describe the four components of the implementation phase of the strategic marketing process.*
The implementation phase of the strategic marketing process carries out the marketing plan that emerges from the planning phase. It has four key components: (*a*) obtaining resources; (*b*) designing the marketing organization to perform product management, marketing research, sales, and advertising and promotion activities; (*c*) developing schedules to identify the tasks that need to be done, the time that is allocated to each one, the people responsible for each task, and the deadlines for each task—often with an action item list and Gantt chart; and (*d*) executing the marketing strategies, which are the means by which marketing goals are to be achieved, and their associated marketing tactics, which are the detailed day-to-day marketing actions for each element of the marketing mix that contribute to the overall success of a firm's marketing strategies. These are the marketing program actions a firm takes to achieve the goals set forth in its marketing plan.

LO 2-7 *Discuss how managers identify and act on deviations from plans.*
The evaluation phase of the strategic marketing process seeks to keep the marketing program moving in the direction that was established in the marketing plan. This requires the marketing manager to compare the results from the marketing program with the marketing plan's goals to (*a*) identify deviations or "planning gaps" and (*b*) take corrective actions to exploit positive deviations or correct negative ones.

LEARNING REVIEW ANSWERS

2-1 **What is the difference between a for-profit and a nonprofit organization?**
Answer: A for-profit organization is a privately owned organization that serves its customers to earn a profit so that it can survive. A nonprofit organization is a nongovernmental organization that serves its customers but does not have profit as an organizational goal. Instead, its goals may be operational efficiency or client satisfaction.

2-2 **What are examples of a functional level in an organization?**
Answer: The functional level in an organization is where groups of specialists from the marketing, finance, manufacturing/operations, accounting, information systems, research and development, and/or human resources departments focus on a specific strategic direction to create value for the organization.

2-3 **What is the meaning of an organization's mission?**
Answer: A mission is a clear, concise, meaningful, inspirational, and long-term statement of the organization's function in society, often identifying its customers, markets, products, and technologies. It is often used interchangeably with *vision*.

2-4 **What is the difference between an organization's business and its goals?**
Answer: An organization's business describes the clear, broad, underlying industry or market sector of an organization's offering. An organization's goals (or objectives) are statements of an accomplishment of a task to be achieved, often by a specific time. Goals convert an organization's mission and business into long- and short-term performance targets to measure how well it is doing.

2-5 **What is the difference between a marketing dashboard and a marketing metric?**
Answer: A marketing dashboard is the visual display of the essential information related to achieving a marketing objective. Each variable displayed in a marketing dashboard is a marketing metric, which is a measure of the quantitative value or trend of a marketing action or result.

2-6 **What is business portfolio analysis?**
Answer: Business portfolio analysis is a technique that managers use to quantify performance measures and growth targets to analyze their firms' SBUs as though they were a collection of separate investments. The purpose of this tool is to determine which SBU or offering generates cash and which one requires cash to fund the organization's growth opportunities.

2-7 **Explain the four market-product strategies in diversification analysis.**
Answer: The four market-product strategies in diversification analysis are: (1) Market penetration, which is a marketing strategy to increase sales of current products in current markets. There is no change in either the basic product line or the markets served. Rather, selling more of the product or selling the product at a higher price generates increased sales. (2) Market development, which is a marketing strategy to sell current products to new markets. (3) Product development, which is a marketing strategy of selling new products to current markets. (4) Diversification, which is a marketing strategy of developing new products and selling them in new markets. This is a potentially high-risk strategy because the firm has neither previous production nor marketing experience on which to draw in marketing a new product to a new market.

2-8 **What are the three steps of the planning phase of the strategic marketing process?**
Answer: The three steps of the planning phase of the strategic marketing process are: (1) Conducting a situation analysis, which involves taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it. To do this, an organization uses a SWOT analysis, an acronym that describes an organization's appraisal of its internal **S**trengths and **W**eaknesses and its external **O**pportunities and **T**hreats. (2) Developing a market-product focus and customer value proposition, which determine what products an organization will offer to which

customers. This is often based on market segmentation—aggregating prospective buyers into groups or segments that have common needs and will respond similarly to a marketing action—and crafting a customer value proposition. (3) Designing a marketing program, which is where an organization develops the marketing mix elements and budget for each offering.

2-9 What are points of difference and why are they important?
Answer: Points of difference are those characteristics of a product that make it superior to competitive substitutes—offerings the organization faces in the marketplace. They are important factors in the success or failure of a new product.

2-10 What is the implementation phase of the strategic marketing process?
Answer: The implementation phase carries out the marketing plan that emerges from the planning phase and consists of (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) executing the marketing program designed in the planning phase.

2-11 How do the goals set for a marketing program in the planning phase relate to the evaluation phase of the strategic marketing process?
Answer: The planning phase goals or objectives are used as the benchmarks with which the actual performance results are compared in the evaluation phase to identify deviations from the written marketing plans and to act on those deviations—exploiting positive ones and correcting negative ones.

FOCUSING ON KEY TERMS

business p. 32
business portfolio analysis p. 37
core values p. 31
customer value proposition p. 43
diversification analysis p. 40
goals (objectives) p. 33
market segmentation p. 43
market share p. 33
marketing dashboard p. 34
marketing metric p. 35
marketing plan p. 34
marketing strategy p. 46
marketing tactics p. 46
mission p. 32
objectives (goals) p. 33
organizational culture p. 32
profit p. 28
situation analysis p. 42
strategic marketing process p. 41
strategy p. 28
SWOT analysis p. 42

APPLYING MARKETING KNOWLEDGE

1 (*a*) Using Netflix as an example, explain how a mission statement gives it a strategic direction. (*b*) Create a mission statement for your own career.

2 What competencies best describe (*a*) your college or university and (*b*) your favorite restaurant?

3 Compare the advantages and disadvantages of Ben & Jerry's attempting to expand sales revenues by using (*a*) a product development strategy or (*b*) a market development strategy.

4 Select one strength, one weakness, one opportunity, and one threat from the Ben & Jerry's SWOT analysis shown in Figure 2–7. Suggest an action that a Ben & Jerry's marketing manager might take to address each factor.

5 What is the main result of each of the three phases of the strategic marketing process? (*a*) planning, (*b*) implementation, and (*c*) evaluation.

6 Parts of Tasks 4 and 5 in Figure 2–10 are done both concurrently and sequentially. (*a*) How can this be? (*b*) How does it help the team members meet the project deadline? (*c*) What is the main advantage of scheduling tasks concurrently rather than sequentially?

7 The goal-setting step in the planning phase of the strategic marketing process sets quantified objectives for use in the evaluation phase. What does a manager do if measured results fail to meet objectives? Exceed objectives?

BUILDING YOUR MARKETING PLAN

1 Read Appendix A, "Building an Effective Marketing Plan." Then write a 600-word executive summary for the Paradise Kitchens marketing plan using the numbered headings shown in the plan. When you have completed the draft of your own marketing plan, write a 600-word executive summary to go in the front of your own marketing plan.

2 Using Chapter 2 and Appendix A as guides, focus your marketing plan by (*a*) writing your mission statement in 25 words or less, (*b*) listing three nonfinancial goals and three financial goals, (*c*) writing your competitive advantage in 35 words or less, and (*d*) creating a SWOT analysis table.

3 Draw a simple organization chart for your organization.

VIDEO CASE 2 IBM: Putting Smart Strategy to Work

Businesses of the world are changing the way they work and IBM has a strategy to help them. Ann Rubin, vice president of corporate marketing at IBM, explains: "IBM is in a constant state of innovation, preparing for a world that is infused with digital intelligence and a world where humans and machines work side-by-side to do things that humans simply cannot do alone." "'Let's Put Smart To Work' is our new brand platform," she continues, but "it's not just advertising, it's bigger than that. 'Let's Put Smart To Work' is an invitation. We're asking clients and partners to work with us to put smart to work to use innovative technologies to change businesses and industries and organizations."

VIDEO 2-5
IBM Video Case
kerin.tv/15e/v2-5

THE NEW IBM

IBM has a hundred-plus-year history of innovation. Since its early days as the Tabulating Machine Company, IBM has gone through many dramatic transformations. The company shifted from tabulation machines, to typewriters, to computers, to business services and consulting, to artificial intelligence in response to changes in technology, the global economy, and business practices. Along the way IBM developed several well-known products such as the automated teller machine (ATM), the hard disk drive, the magnetic stripe card, and the Universal Product Code (UPC). In addition, researchers at the company won four Nobel prizes and six Turing awards for contributions of lasting and major technical importance to the computer field. IBM is in the top 20 of the world's most valuable brands and in the top 50 of the world's most admired companies. Today IBM has $79 billion in sales and 380,000 employees, is ranked 34th on the *Fortune* 500, and is viewed as a cognitive solutions and cloud platform company. According to CEO Virginia Rometty, "IBM now possesses capabilities that are unmatched in our industry to address our clients' most pressing needs."

rvlsoft/Shutterstock

Strategy Based on Values

The forward-looking, visionary strategy at IBM is built on core values that are the fundamental, passionate, and enduring principles guiding its conduct. To articulate those values IBM held a global discussion event, called ValuesJam, among more than 50,000 employees. The results were three underlying values of IBM's business practices. Teresa Yoo, vice president of brand strategy and experience design, explains the outcome: "We weren't founded on or defined by a particular product or even a particular leader. It was what we believed and valued in the world, and what drove the decisions about everything that we do. So, those values have evolved over time and remain at the core of what we do. They are (1) a dedication to every client's success, (2) innovation that matters for our company and for the world, and (3) trust and personal responsibility in all our relationships."

The values influence IBM's use of strategic tools, such as portfolio analysis and SWOT analysis, in its assessment of marketplace opportunities around the globe. According to Rubin, "Using methodologies like business portfolio analysis is really important because you need to understand the opportunities in every country that you are going to and what is going to drive business in a certain area." The analysis "helps figure out what the revenue opportunity is and the growth opportunity for every one of our products in every one of our countries," she continues. Similarly, Teresa Yoo explains that "we use SWOT analysis when we're putting together a strategy for a particular brand we're building or a particular portfolio or product set. It makes a difference when you're trying to figure out what your value proposition is and you need to look at where you really stand in order to create a great strategy."

The analysis indicates fundamental changes in the business environment. IBM believes that in the near future businesses will need enterprise-strength cloud capabilities, artificial intelligence that is capable of analyzing all company and consumer data, industry-specific consulting services, and advanced cybersecurity. "Our brand strategy is to help IBM be easier to understand, consume, and navigate," says Yoo. "We have hundreds of products that span the whole gamut of what we do, from services to AI to cloud to research to security. So we have really focused around a few core brands that we want to be known for. They are IBM Watson for AI, IBM Cloud, IBM Security, IBM Services, and IBM Research." Overall, IBM sees these brands as the key to helping businesses become smarter businesses.

In her letter to IBM shareholders, Rometty described the trend toward smarter businesses as an "inflection point." She observed that (1) businesses are becoming smarter by leveraging intelligent digital platforms, (2) businesses are becoming smarter by making their systems and processes intelligent, and (3) businesses are becoming smarter by embedding AI and data to change how work is done, equipping themselves for an era of man + machine. The insights about the changes in businesses have led to IBM's strategy called "Let's Put Smart To Work."

The "Let's Put Smart To Work" Strategy

The "Let's Put Smart To Work" initiative was launched at IBM's annual conference, called IBM Think, at which partners, clients, industry representatives, and technology leaders meet to share information about the changing business environment and business needs. IBM seeks to be an "incumbent disruptor" as it continues its transformation to the new world of enterprise technology. "The evolution of 'Let's Put Smart To Work' is the result of technologies that are fundamentally different today. They are amazing. And we are directing them more specifically to business applications," explains Yoo. We can tell clients "so let's really put it to work in your business to accomplish whatever it is that you need to get done," she adds.

The strategy touches every aspect of IBM. "'Let's Put Smart To Work' is our rallying cry or call to action to partner with clients and to make the world a better place and to make businesses smarter," says Rubin. "IBM and our clients are putting smart to work across every industry," she adds. Industries where IBM is assisting businesses include agriculture, automotive, aviation, banking, health care, insurance, oil and gas, retail, and utilities. For example, in agriculture IBM's Watson analyzes temperature, soil pH, and other environmental factors to help farmers improve their harvest yields. In the automotive industry IBM technologies are helping

Source: IBM Corporation

combine data from IoT sensors to create better experiences for drivers in intelligent vehicles. Health care scientists are using IBM artificial intelligence to help accelerate research and find new uses for existing drugs. And in South Africa, IoT sensors are being used to monitor animal movements to help reduce rhinoceros poaching.

Marketing "Let's Put Smart To Work"

The IBM marketing organization includes thousands of marketing professionals located in hundreds of countries. They are all adopting an approach they call "agile marketing," which is based on improvisation, testing and data, and collaboration, and which results in speed, adaptability, and creativity. "At IBM we use agile practices, agile methodologies," says Rubin. "It's the way that you best collaborate and the way that you best iterate and the way that you best create programs and products to move forward," she adds. The general strategy and the specific elements of the agile marketing approach all come together in a marketing plan. Rubin explains, "Everything is grounded in the marketing plan, in fact, everything is grounded in our overall corporate strategy and our values, and our strategic priorities."

The marketing plan includes a variety of marketing tools. "Our marketing plan leverages all kinds of elements from traditional to emerging technologies and emerging platforms. We use traditional advertising like TV and radio and print but we have to really understand how our clients consume media," says Rubin. For example, IBM customers tend to travel a lot so IBM places a lot of out-of-home advertising in airports. Digital advertising and social media are also part of the marketing plan. "The important thing about social [media] is understanding that every platform is different. You can't just take your TV spot and run it on Facebook and LinkedIn and Twitter and Instagram and think it's going to work. The more you look at the metrics and the data and the analytics, the more you learn those things. Then you uncover the insights and you can create the right content for the right platform," Rubin explains.

Events are also a very important part of the marketing plan. The reason, as Rubin explains, is that "it's hard to touch and feel our products so it's really important for our audience to engage with IBMers." The events give IBM managers an opportunity to engage one-on-one with their clients. Similarly, IBM sponsors events such as the Masters golf tournament, the US Open, many tennis tournaments around the world, and the Grammys, the Oscars, and the Tony awards. The reason, explains Yoo, is "the clients we are targeting tend to watch and go to those events" and the events are "an opportunity to make the technology we provide easier to understand."

The "Smart" Future

Innovative technologies and changing businesses have created an exciting combination for IBM's latest transformation. Ann Rubin describes the excitement in this way: "I feel like I have the best job in IBM and frankly one of the best jobs in the marketing industry overall. The marketing industry is changing every day, so you need to keep up, but it's so exiting, there's just nothing boring about it!" So what will the future bring? Teresa Yoo's advice is, "Keep your eyes on IBM, we're working on some incredible things that are going to change the world!"[44]

Questions

1 What is IBM's "Let's Put Smart To Work" strategy?
2 How does this strategy relate to IBM's values?
3 Conduct a SWOT analysis for IBM's "Let's Put Smart To Work" initiative. What are the relevant trends to consider?
4 What marketing tools described in Chapter 2 are prominent in IBM's strategic marketing process?
5 What is "agile" marketing at IBM? Why does IBM use the agile approach?

Chapter Notes

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