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3E2 CRIBS 2009

1 (a) To create shareholder value, organisations need to choose and implement a Strategic Objective. What Strategic Objectives are available to businesses and how should they be selected?

The five specific strategic objectives that students should discuss are Enter, Grow, Divest, Harvest, Maintain. The selection of an objective should be made based on two factors: the market attractiveness and the differential position of the business. Students should discuss these ideas in some depth.

(b) Once a Strategic Objective has been selected, firms need to implement a specific Strategic Focus. What alternative forms of Strategic Focus are available to businesses? How are they selected?

Strategic objectives may be implemented in two ways: by increasing sales volume, or by improving productivity. The primary focus will depend on the strategic objective: sales volume is associated with Enter and Grow strategies, while productivity is associated with Maintain, Harvest or Divest objectives. Over time, a company may progress from a volume focus to a productivity focus, as market conditions evolve and consumer behaviour changes.

(c) To implement a chosen Strategic Focus, certain marketing tasks and tactics are required. Discuss some of these using examples.

Examples of volume strategies include market expansion and market penetration, while productivity strategies involve sales mix enhancement, price increases and cost cutting efforts. Specific examples should be used to discuss each of these approaches (e.g., market expansion though conversion of non-users, increasing usage rate or segment invasion, etc.).

2 You have just been appointed Marketing Manager of a small but fast-growing Cambridge-based engineering firm. You have been asked to make a presentation to all employees about the importance of adopting a market orientation. What would you discuss in your presentation? Ensure that it includes a discussion of the beneficial outcomes of being market oriented, and what could be done to foster a market orientation within the firm.

Students should discuss the concept in terms of a culture or philosophy of doing business based on the marketing concept and its three pillars (customer orientation, integration and profits). A market orientation specifically involves a process of intelligence generation, dissemination and responsiveness. Specific means through which these activities are carried out might also be mentioned (e.g., means of data gathering, horizontal and vertical information sharing, development of a marketing mix). Factors that facilitate a market orientation include a set of top management factors, interdepartmental factors, and organisational systems. There are four key outcomes that should be discussed by students: (1) organizational performance consequences, (2) customer consequences, (3) innovation consequences, and (4) employee consequences.

3 (a) The Consumer Adoption Curve and the Product Life Cycle models are powerful marketing concepts. Explain the models, their usefulness, and their limitations.

A good answer will discuss both models in detail. It will consider their assumptions, their strengths and limitations, and importantly, the strategic implications for marketing. Excellent answers will provide some depth. They may discuss issues such as the fact that industry profits start to decline while industry sales are still rising. Or that the PLC describes industry sales and profits for a product within a particular market, and that the sales and profits of an individual product or brand may not follow the typical life cycle pattern. In discussing the links between the two models, students should look at the consumer adoption curve model as one of the driving forces behind the PLC. A product's lifecycle curve is affected by numerous factors; two of the most important factors are competition and consumer behaviour. Within the area of consumer behaviour, the rate at which products are adopted in the market will have a significant impact on the speed with which products proceed from one stage of development to the other.

(b) In your view, should an organisation's pricing and promotion strategies change according to the stage of the Product Life Cycle? If so, how?

One of the key implications of the PLC is that the product's marketing mix should vary according to the stage of its lifecycle. A good answer will consider changes to the promotion and pricing elements of the marketing mix in each stage of the PLC. For example, a company may start with a skimming strategy in introduction and then use a stability strategy when *competition intensifies in maturity. Similarly, promotion might evolve in its objectives, from 'inform' to 'persuade' and then 'remind'.*

4 (a) Brands can be important in creating superior perceived customer value. How do they do it?

A brand is the embodiment of a product's positioning strategy. Brands create differentiation, and in doing so, erect powerful barriers to imitation. As a consequence, strong brands can have a positive effect on the customer value equation which states that value equals benefits over price. This positive effect may take the form of increased perceived benefits, but also decreased perceived price. Brands also reduce perceived risk, especially when goods and services are high in experience and credence qualities and low in search qualities, or where complex purchase criteria are used.

(b) Brands can also be instrumental in generating financial value for the organization. Explain how this works.

Students should argue that a strong brand can improve the level of cash flow (e.g., through increased sales volume), the duration of cash flow (e.g., through recognition and brand loyalty), the speed of cash flow (e.g., by speeding up market penetration) and reduce volatility of cash flow (e.g, through brand loyalty, brand insistence and even the potential for brand extensions).