

Exam 1 Details

- Questions in multiple-choice format or T/F format

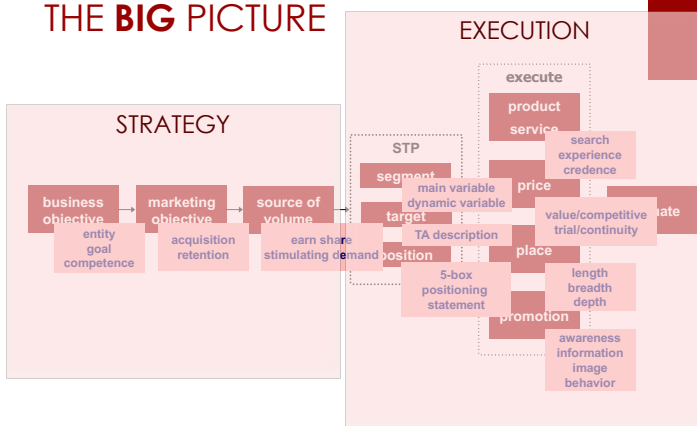
Topics

- Business Ethics
- The Big Picture Framework
 - Business Objective
 - Marketing Objective
 - Source of Volume
- Breakeven, B2B2B2B

Objectives

- To provide a framework to use in making and evaluating marketing decisions.
- To introduce important topics relevant to marketing
- To provide opportunities to apply the framework to current marketing problems.
- To facilitate a better understanding and appreciation of the role and impact of marketing.

THE BIG PICTURE



Business Ethics

- Tools and Responsibility
- Opportunities for unethical decisions throughout the BP framework
- Consequences of inappropriate (vulnerable) target
- Consequences of deceptive advertising
- How do consumers respond to ethical/unethical marketing practices?

Business Objective

- Who are we?
 - Fundamental Entity (FE)
 - Branding strategies: Umbrella, hybrid, distinct
 - Core business definition
 - Avoid **marketing myopia**
 - Distinction between selling and marketing
- What are we good at?
 - Core competence: input
- Where are we going?
 - Goal & Time Frame

Sample Question

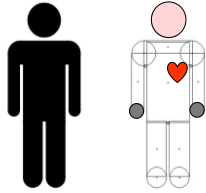
Which of the following would NOT be a true statement about strategic asset?

- It is a resource of the company that is supported by a core competence and critical to differentiating the brand.
- Walmart's low cost would be its strategic asset, supported by its skills in logistics.
- Core competence generally leads to strategic assets which in turn generate benefits for consumers.
- It is a skill set that uniquely distinguishes one company from another, such as McDonald's skill at creating a fun family dining experience.
- It includes tangible and intangible assets, or specialized staff as well.



Marketing Objective

- Customer definition
 - RFM analysis
 - Behavioral + Attitudinal Data
 - Who are barnacles?
 - Loyalty: Heart, head, hand
- Acquisition
 - acquire new customers
 - more expensive (time & money)
- Retention
 - maintain current customer base
 - increase usage occasions among current users
 - indicator of long term viability of firm



Source of Volume

- Stimulate Primary Demand
 - category benefit (main variable)
 - Usually #1 brand strategy
 - brand name not as important
- Earn Share
 - from whom?
 - dynamic variable
 - no "long-term place to live"

Source of Volume

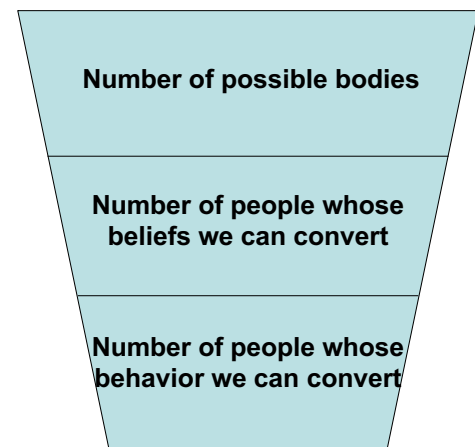
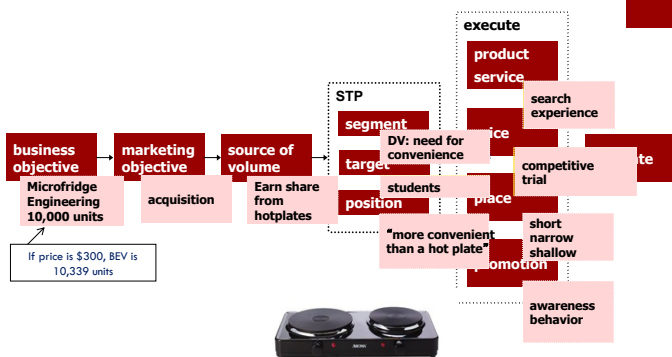
		marketing objective	
		acquisition	retention
source of volume	stimulate demand	attract new category users	increase consumption among current users
	earn share	attract new 'brand' users	increase consumption occasions among multi-brand users

Sample question

A firm has decided to target current customers who are users of multiple brands. This approach reflects which of the following?

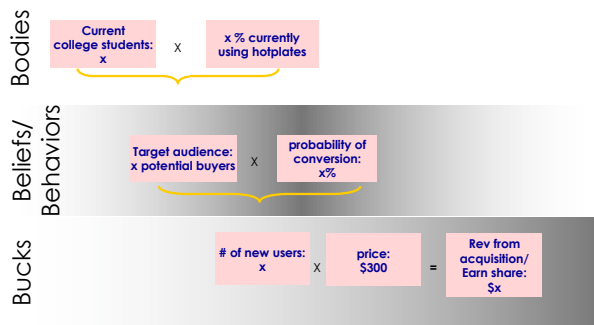
- acquisition/earn share
- acquisition/stimulate demand
- retention/earn share
- retention/stimulate demand
- none of the above

The Microfridge Case



The Microfridge Case

- Market forecast: Breakeven analysis and B2B2B(2B) analysis



The Microfridge Case

- Selling strategies
 - Push: to Sears
 - Pull: appealing to end-users (e.g., students, parents)
 - Disintermediate: selling oneself to hotels and school administrators
- Know your consumers
 - College students vs. hotels
- What happened?
 - After redefining the business and talking to hotels
 - Became one of the fastest growing companies in 1994

Sample Question

In the Microfridge case, what was the Marketing Objective of the company?

- retention
- earn share
- stimulate demand
- engineering
- acquisition

Sample Question

Which of the following is FALSE regarding goals?

- Goals might lead to unethical or illegal business practices and (overtly) focus attention
- Goals are set to ultimately inspire the employees
- Goals serve as a decision aid and help define performance criteria
- "Provide nice quality products" would not be a helpful goal statement
- Goals should be measurable and single-minded

Sample Question

Which of the following is not an example of an acquisition activity?

- Broad-scale introductory advertising campaigns
- Social marketing campaigns dedicated to creating initial "buzz"
- Trial coupons and sampling
- Creating a loyalty program to encourage customers repeat their purchase

Sample question

Examples of an acquisition/stimulate demand strategy include:

- A leading car brand emphasizing the benefit of "performance" to increase sales
- Arm and Hammer emphasizing multiple uses other than baking (e.g., cleaning) for baking soda
- Orange Juice emphasizing that a "breakfast without orange juice is like a day without sunshine" to increase sales
- A, B, and C
- A and C only

Sample question

Which of the following is NOT an example of an unethical decision in the Big Picture?

- a) inappropriate target
- b) misleading advertising
- c) price fixing
- d) earning share
- e) stereotyping

Sample question

To raise awareness, a company decides to run a commercial that describes its product and mentions the product name as much as possible. In fact, many people who watch the commercial are annoyed with how often the product name is mentioned. Based on this commercial, we can most confidently infer:

- a) the company's source of volume is earn share
- b) the company's source of volume is stimulate demand
- c) the company's marketing objective is acquisition
- d) the company's marketing objective is retention
- e) the company is attempting to generate head loyalty

Sample question

When conducting a bodies-to-beliefs-to-behaviors-to-bucks analysis, which quantity will typically be the smallest?

- a) The total number of potential bodies
- b) The total number of bodies who change their behavior
- c) The total number of bodies who change their beliefs
- d) The quantities in B and C are generally equal.
- e) Impossible to say with certainty – It differs from situation to situation.

Sample question

Which of the following changes would cause breakeven volume to decrease?

- A. An increase in fixed costs
- B. An increase in unit variable costs
- C. An increase in unit margins
- D. A decrease in price
- E. None of the above

Sample question

For years, the manufacturers of Professor Kang's Unflavored, Decaffeinated Soda have sold their product directly to CVS, who sell each six-pack for their cost plus a \$1 mark-up that they keep. CVS undergoes a management change, and now demands a \$1.25 mark-up per six-pack, but refuses to raise the price consumers pay.

Which of the following is a result of the CVS policy change?

- a) The Unit Margin remains unchanged.
- b) The Unit Margin increases.
- c) Fixed Costs increase.
- d) The Breakeven Volume increases.
- e) Unit Variable Costs decrease.



- Good luck preparing for the exam!
- Questions welcomed via email: christine.kang@csulb.edu