

Strategic Marketing Cases and Applications

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Preface

The marketing profession faces an exciting new strategic challenge which has two key features. First, it calls for greater participation by marketing executives in strategic planning for the enterprise because of the market-centered focus of business strategy. Second, marketing professionals must direct more attention to strategic marketing decisions than in the past due to the impact of these decisions upon business performance. Managerial and tactical decisions are not less important than before. Instead, along with greater emphasis upon strategic decisions, they are part of the expanded responsibilities of marketing decision makers. During the past few years strategic marketing has become one of the most popular topics in business education. The topic is also being given a top-priority rating by business executives.

Strategic Marketing Applications can serve as a teaching-learning resource in several ways. It can be used with a strategic marketing book as a text and applications package in undergraduate advanced management and strategy courses and in MBA management and strategy courses. Alternatively, it can be used as the primary text for advanced or capstone marketing management and strategy courses. In addition to helping to meet the needs of instructors developing new courses in strategic marketing, the book offers instructors of marketing management courses a way to expand the strategic emphasis of these courses beyond that covered by traditional marketing management texts and casebooks. The book contains several cases that cover traditional marketing management areas.

An important part of the teaching-learning process for strategic marketing is to provide students with an opportunity to apply concepts, decision approaches, and analytical tools using cases. This casebook was developed around the strategic marketing planning process presented in the David W. Cravens *Strategic Marketing* (Richard D.

Irwin, 1982) text, but it is easily adaptable to other texts or it may be used without a supporting text. Three chapters covering a step-by-step approach to strategic marketing analysis and planning, financial analysis, and case analysis provide useful foundation materials. These chapters are particularly useful in the absence of a companion text. In addition, they provide a useful overview as a part of a text and case-book package.

As editors, we have made a comprehensive effort to obtain the best possible cases for coverage of the various parts of strategic marketing. Rather than relying only upon our experiences, various sources of cases were utilized to assure complete coverage of topics, variation by size and type of firm, consumer and industrial products and services, and other relevant characteristics. To assure strong student interest, every case was reviewed and evaluated as to interest and difficulty by a student team. We are indebted to the case authors who gave their permissions to use the cases in this book.

A comprehensive instructor's manual is available containing detailed analyses and supporting materials regarding each case. Suggestions are included for course design, and topical areas are identified for each case.

In addition to the important contributions made to the book by the authors of the cases, we want to acknowledge several others whose assistance and support were important. Gilbert A. Churchill, Jr., University of Wisconsin—Madison, as consulting editor, provided many helpful suggestions during the development of the book. Carol A. Scott of the University of California, Los Angeles, Laurence P. Feldman of the University of Illinois, Chicago Circle, and Benny Barak of City University CUNY-New York, Bernard Baruch College reviewed the manuscript and cases and offered several useful guidelines for improving the book. Our graduate assistants, Brian McCann, Christina Martin, and Elizabeth Sypien, made many essential contributions to the project. Special thanks are due Pat Townsend for typing the manuscript and for her assistance in various other aspects of the project. We are greatly appreciative of the support and encouragement provided by our dean, Edward A. Johnson, without whose help the development of the book would not have been possible. Finally, we want to thank Eunice and James L. West and Mr. and Mrs. M. J. Neeley for the endowments that help support our positions and enable us to accomplish projects like this book.

We are indebted to all of these people and to the many authors and publishers who gave us permission to use their materials. While the final result is our responsibility, the assistance provided was essential to accomplishing the project.

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Application grid

Case	Size*	Type†	Product/service
Part 2: Strategic Analysis and Business Strategy			
Case 2-1 The Lodge at Harvard Square, Inc.—1976	M	C	Retail apparel
Case 2-2 Bloomington Bank and Trust Company	S	C/I	Financial services
Case 2-3 KSM/Beefalo Breeding Company	S	C/I	Livestock, log homes, and restaurants
Case 2-4 TransEra, Inc.	S	I	Computer supplements
Case 2-5 American Safety Razor Company	L	C/I	Razors
Case 2-6 Norton Company	L	I	Abrasives
Case 2-7 Aero Manufacturing Company, Inc.	M	I	Farm equipment
Case 2-8 Bennett Industries	S	I	Truck tailgates
Part 3: Target Market Strategy			
Case 3-1 Pools For You, Inc.	S	C	Leisure product retailer
Case 3-2 Big Sky of Montana, Inc.	S	C	Ski resort
Case 3-3 SeaFlite	S	C/I	Water transportation
Case 3-4 United Bank (A)	M	C/I	Financial services
Case 3-5 The Gillette Company—Safety Razor Division	L	C	Shaving products
Case 3-6 Kellogg Rally Cereal	L	C	Cereal
Part 4: Marketing Program Positioning Strategy			
Case 4-1 Trus Joist Corporation (B)	M	I	Lumber products
Case 4-2 Wyler Unsweetened Soft Drink Mixes	L	C	Drink mixes
Case 4-3 Aurora Lotion	M	C	Cosmetics
Case 4-4 Gemini Oil, Ltd.	S	C/I	Distributor of oil products
Case 4-5 Easco Tools, Inc.	L	C/I	Hand tools
Case 4-6 National Beauty Supply, Ltd.	S	C	Beauty products
Case 4-7 Green Acres Seed Company	S	I	Seed corn
Case 4-8 A&W Drive-Ins (Fundy), Ltd.	M	C	Fast foods
Part 5: Strategic Marketing in Action			
Case 5-1 New Horizons Travel, Inc.	S	C	Travel services
Case 5-2 The Undercroft Montessori School	S	C	Social services
Case 5-3 Quincy Brothers Hardware	S	C	Retail hardware
Case 5-4 Bavaria Manufacturing International (BMI)	L	I	Water faucets
Case 5-5 FAFCO, Inc.	S	C	Solar heating
Case 5-6 Mirco Games	S	C	Amusement machines
Case 5-7 The Clorox Company	L	C	Household products
Case 5-8 Blueprint Building, Inc.	S	I	Buildings
Part 6: Marketing Research Planning and Analysis			
Case 6-1 TLT (A)	S	C/I	Limousine service
Case 6-2 Boltronics Corporation	S	I	Control panels
Case 6-3 Bay-Madison, Inc.	M	C	Laundry cleanser
Case 6-4 Morning Treat Coffee Bags	M	C	Coffee bags
Case 6-5 TLT (B)	S	C/I	Limousine service
Case 6-6 Pacific Coastal Federal Savings and Loan	M	C	Financial services

* S = small; M = medium; L = large.

† C = consumer; I = industrial.

⊗—Primary emphasis

X—Secondary emphasis

Application areas for cases

Corporate strategic planning	Target market strategy	Marketing program positioning strategy	Product strategy	Distribution strategy	Price strategy	Promotion strategy	Strategic marketing planning	Evaluating marketing performance	Marketing research
2-1 (X)	X	X		X			X	(X)	
2-2 (X)	X	X					(X)		
2-3 (X)	X		X	X			X		X
2-4 (X)	(X)	X	(X)				X		
2-5 (X)	(X)	X	X				(X)	X	
2-6 (X)	(X)		X					(X)	X
2-7 (X)			X					(X)	
2-8 (X)	X	X					(X)	(X)	
3-1	(X)		X				X	(X)	X
3-2	(X)	X			(X)			(X)	X
3-3	(X)	(X)			X				X
3-4	(X)		X					(X)	X
3-5	(X)	(X)			X	X	(X)		
3-6	(X)	(X)	(X)						X
4-1	(X)	X	(X)				(X)		(X)
4-2	X	X	(X)						X
4-3		X		(X)	(X)	(X)	X		
4-4	(X)	(X)				(X)	(X)		
4-5	(X)	(X)		X		(X)			
4-6	(X)	X	X	X	X		(X)		
4-7	(X)	(X)	(X)				(X)		
4-8	X	(X)		X	(X)		(X)		
5-1	(X)	(X)				X	(X)		
5-2	(X)	(X)					(X)		
5-3	X	(X)					(X)		
5-4		(X)	(X)				(X)		
5-5 X	(X)		(X)	(X)	X		(X)		
5-6 (X)	(X)					(X)	(X)		
5-7		(X)	(X)				(X)		
5-8 (X)	(X)	(X)					(X)		
6-1	(X)	(X)							(X)
6-2	(X)	(X)							(X)
6-3			X						(X)
6-4	(X)	(X)							(X)
6-5	(X)	(X)							(X)
6-6		X	(X)						(X)

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Part 1

Strategic Analysis, Planning, and Control

The purpose of Part 1 is to provide basic foundation materials for use in case analysis. Chapter 1, Strategic Marketing Planning, discusses the various steps that are necessary in preparing a strategic plan. The chapter provides an overview of the entire casebook, since the cases in Parts 2 through 6 cover the various topics discussed in Chapter 1. The chapter will be useful in preparing marketing plans for those cases that require such a plan. In addition, discussion regarding the various steps of the strategic plan, such as the target market decision, provides useful information for analyzing cases that focus on particular aspects of strategic marketing.

Chapter 2, Financial Analysis for Marketing Decisions, provides basic methods for performing financial analyses. The chapter reviews some of the more widely used basic financial analyses. You may find it useful to refer to Chapter 2 whenever cases include financial data for analysis. When a financial analysis has already been performed in the case, it may be useful to review the part of Chapter 2 addressing that particular topic.

Chapter 3, Guide to Case Analysis, discusses the various steps in preparing a case analysis. An actual case and a student's analysis of that case are included in the chapter. Following the student's analysis is a critique suggesting areas where the analysis could be improved. While no guide to case analysis can provide a ready-made approach suitable for use in all situations, you should find the chapter helpful as a basis for developing your own case analysis approach.

Chapters 1, 2, and 3 are not intended as a substitute for a textbook. They cover selected areas and should be useful supplements to your case analysis work. In many instances, it may be helpful for you to refer to textbooks that cover particular topics in detail. For example, you may desire or need to review textbooks or parts of textbooks that

Organization of the book	Strategic marketing topics									
	Corporate strategic planning	Target market strategy	Marketing program positioning strategy	Product strategy	Distribution strategy	Price strategy	Promotion strategy	Strategic marketing plan	Evaluating Marketing performance	Marketing research
Chapters in Part 1:										
Strategic Analysis, Planning, and Control										
1. Strategic Marketing Planning										
2. Financial Analysis for Marketing Decisions										
3. Guide to Case Analysis										
Cases in Part 2:										
Strategic Analysis and Business Strategy	X	X	X	X				X	X	X
Cases in Part 3:										
Target Market Strategy		X	X	X				X	X	X
Cases in Part 4:										
Marketing Program Positioning Strategy		X	X	X	X	X	X			X
Cases in Part 5:										
Strategic Marketing in Action		X	X	X	X	X	X	X	X	X
Cases in Part 6:										
Marketing Research Planning and Analysis		X	X	X				X	X	X

provide detailed information regarding such topics as advertising strategy, product strategy, and target market selection.

In addition to the chapters in Part 1, there is an introduction to each of the other five parts of the book. You should find the introductory materials to the various parts useful in summarizing the nature and scope of the topics covered in them. Together, the chapters in Part 1 and the part introductions in the remainder of the book offer useful foundation materials on strategic marketing.

The organization of the book is presented in the accompanying table. We have tried to key to various strategic marketing topics the chapters in Part 1 and the cases in Parts 2 through 6. This, of course, is a general overview of the topics in the book. Also, the extent of case coverage regarding a particular topic will vary. For example, the cases in Part 3, Target Market Strategy, provide a more comprehensive coverage of this topic than do the cases in other parts of the book that include a target market component.

Chapter 1

Strategic Marketing Planning¹

One of the most satisfying experiences in business practice is to see a troubled company's management diagnose the company's problems, take corrective action, and achieve a turnaround. Sherwin-Williams, the giant paint company, appeared to be on the brink of disaster in 1977 after having attempted unsuccessfully for several years to launch a new strategic marketing plan. The problem was a combination of incomplete planning and faulty implementation. By 1980, recovery was apparent, with both sales and earnings reflecting impressive gains. Let's examine the firm's marketing strategy, the strategy's implementation, and the subsequent adjustments that were made to move the company toward profitable performance:

- *The strategic plan.* In the late 1960s, management decided to shift away from contractors and professional painters and instead to go after the do-it-yourself home decorating market as a primary target. This required an ambitious and costly store expansion program, but the decision offered an opportunity to reposition the paint segment of the business into the rapidly growing do-it-yourself market that other retail chains had found very attractive. Management reasoned that the main ingredient of the new strategy was a change in image that would appeal to consumers interested in home decorating and remodeling.
- *Implementation.* Launching the strategy involved far more changes than were anticipated. Many of the company's stores were in the wrong locations. All of the stores required major (and costly) upgrading and expansion to respond to the new home dec-

¹ A more comprehensive discussion of this topic can be found in David W. Cravens, *Strategic Marketing* (Homewood, Ill.: Richard D. Irwin, 1982). A condensed version was published in David W. Cravens, "How to Match Marketing Strategies with Overall Corporate Planning," *Management Review*, December 1981, pp. 12–19.