

**Step Two: Departmental/Dean Approval**

Recommendation:  Positive (The objectives of this course can be met via distance education)  
 Negative

[Signature] 2/21/13  
Signature of Department Designee Date

Endorsed: [Signature] 2/21/2013  
Signature of College Dean Date

Forward form and supporting materials to Liberal Studies Office for consideration by the University-wide Undergraduate Curriculum Committee. Dual-level courses also require review by the University-wide Graduate Committee for graduate-level section.

**Step Three: University-wide Undergraduate Curriculum Committee Approval**

Recommendation:  Positive (The objectives of this course can be met via distance education)  
 Negative

[Signature] Date 3-7-13  
Signature of Committee Co-Chair

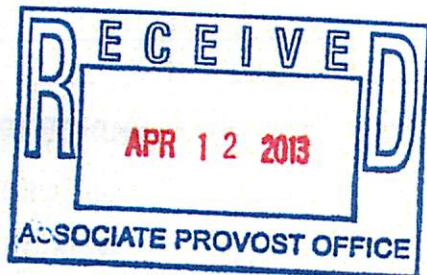
Forward form and supporting materials to the Provost within 30 calendar days after received by committee.

**Step Four: Provost Approval**

Approved as distance education course  Rejected as distance education course

[Signature] 4/18/13  
Signature of Provost Date

Forward form and supporting materials to Associate Provost.



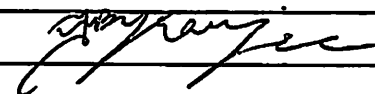
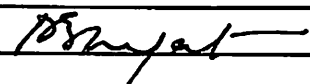
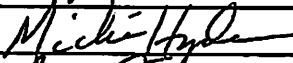

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Liberal Studies

LSC Use Only No:	LSC Action-Date:	UWUCC USE Only No.	UWUCC Action-Date:	Senate Action Date:
		12-93		

**Curriculum Proposal Cover Sheet - University-Wide Undergraduate Curriculum Committee**

Contact Person Dr. Framarz Byramjee Dr. Parimal Bhagat	Email Address byramjee@iup.edu bhagat@iup.edu
Proposing Department/Unit Marketing / Eberly College of Business	Phone (724) 357 1364 (724) 357 3315

Check all appropriate lines and complete information as requested. Use a separate cover sheet for each course proposal and for each program proposal.

<b>1. Course Proposals (check all that apply)</b> <input type="checkbox"/> New Course <input type="checkbox"/> Course Prefix Change <input type="checkbox"/> Course Deletion <input type="checkbox"/> Course Revision <input type="checkbox"/> Course Number and/or Title Change <input type="checkbox"/> Catalog Description Change	
<b>MKTG 450 Marketing Strategy – for Distance Education (online)</b>	
<u>Current Course prefix, number and full title</u> : <u>Proposed course prefix, number and full title, if changing</u>	
<b>2. Additional Course Designations: check if appropriate</b> <input type="checkbox"/> This course is also proposed as a Liberal Studies Course. <input type="checkbox"/> Other: (e.g., Women's Studies, Pan-African) <input type="checkbox"/> This course is also proposed as an Honors College Course.	
<b>3. Program Proposals</b> <input type="checkbox"/> New Degree Program <input type="checkbox"/> Program Title Change <input type="checkbox"/> Program Revision <input type="checkbox"/> New Minor Program <input type="checkbox"/> New Track	
<u>Current program name</u> : <u>Proposed program name, if changing</u>	
<b>4. Approvals</b>	
Department Curriculum Committee Chair(s)	Date
	02/21/13
Department Chair(s)	
	2/21/13
College Curriculum Committee Chair	
	2/21/13
College Dean	
	2/21/2013
Director of Liberal Studies *	
Director of Honors College *	
Provost *	
Additional signatures as appropriate: (include title)	
UWUCC Co-Chairs	

\* where applicable

Liberal Studies

FEB 26 2013

Received

## **Syllabus**

## **MKTG 450 - MARKETING STRATEGY**

Moodle-based Online Course

### **I. CATALOG DESCRIPTION:**

MKTG 450 Marketing Strategy

3c-0l-3cr

(3 class-hours, 0 lab-hours, 3 credits)

Designed to develop marketing and business decision-making skills to evaluate real-world business situations, analyze marketing problems and scenarios, and produce solutions in the form of marketing and business strategies. Involves analyses based on quantification of marketing decisions and problem-solving scenarios using exercises and in-depth case studies which develop analytical reasoning. Integrates knowledge of marketing and other business management functions into marketing strategy development, implementation, and control using either a marketing plan or marketing simulation exercises. Readings on classic and emerging issues will provide applied perspectives of marketing in the business environment.

Prerequisite: MKTG 320 Principles of Marketing; Senior-level standing.

Course Delivery Format – Online {Moodle-based distance education}

### **II. COURSE OUTCOMES:**

Upon completion of the course students will be able to:

- *Understand the strategic decision-making process that includes developing, evaluating and choosing among alternative courses of action to solve a problem or achieve a goal.*
- *Analyze marketing data and quantify theoretical concepts for problem solving and optimal decision-making.*
- *Understand and apply frameworks and models of marketing strategy to decision-making.*
- *Develop an integrated decision-making perspective of marketing by developing a Marketing Plan that cohesively integrates varied marketing functions and processes.*
- *Demonstrate improvement of writing skills by developing article critiques, case position papers and/or written assignments.*

### **III. COURSE OUTLINE:**

#### **A. INTRODUCTION TO STRATEGIC MARKETING DECISION-MAKING**

Strategic marketing frameworks and tools  
Product-focused and Customer-focused analysis  
Overview of Marketing Metrics  
Financial Analysis for Marketing Decisions

#### **B. CUSTOMER VALUE ASSESSMENT**

**Approaches to measuring customer value  
Customer Lifetime Value Analysis**

**C. SEGMENTATION, TARGETING AND POSITIONING DECISIONS**

**Segmentation and targeting Research  
Profiling segments using qualitative and analytical methods  
Database Marketing for targeting individual customers  
Techniques for forming Perceptual Maps**

**D. FORECASTING MODELS AND METHODS**

**Market Demand and Trend Analysis  
Forecasting methods in marketing and business**

**E. PRODUCT AND SERVICE STRATEGIES**

**New Product Process and Product Management Decisions  
Product/Service Portfolio Decisions**

**F. PRICING STRATEGIES**

**Pricing Product Lines  
Pricing Orientation to Cost, Demand, or Competition**

**G. MARKETING CHANNEL STRATEGIES**

**Salesforce Territory and Allocation Decisions  
Logistics Decisions**

**H. MARKETING COMMUNICATION STRATEGIES**

**Evaluating Creative Plans and Programs  
Advertising Budget Decisions  
Media Choice and Media Planning Decisions**

**I. COMPREHENSIVE MARKETING ANALYSIS AND STRATEGIES**

**Systems approach integrating marketing with other functional areas in business  
Marketing Dashboards: Tracking Performance in real-time**

**Presentations**

**Quizzes**

## Comprehensive Exam

### IV. EVALUATION METHODS:

Multimedia PowerPoint lectures on the different topic areas and case-analyses relative to the themes and contexts associated with the material will be held online on Moodle within the respective topics' modules.

Quizzes will also be held online on Moodle at the end of each topic; these quizzes will consist of multiple-choice questions, to test students' understanding of the material covered in each chapter. There will be one comprehensive exam conducted online on Moodle toward the end of the course; it will comprise of short essay-type questions.

Discussion Postings and Chats on Moodle dealing with issues during the course will allow students' comments to be judged as their active participation in the course. Replies to these discussion forums' issues as well as chat sessions will be graded accordingly.

Detailed case presentations will be done by students, in groups of two or three. Each group shall be assigned its respective case well in advance, and is expected to do a professional presentation using MS-PowerPoint and upload it on Moodle. The group shall also submit on Moodle their detailed case analysis report on Moodle.

Each student will also be doing one case analysis assignment individually and submitting that report, by posting it on Moodle. Primer questions will be provided to students before doing their assigned case-analyses; these questions will help to structure their case.

Students will review and critically discuss literature in the field of marketing, by reading acclaimed, impactful articles dealing with applications of marketing and business strategy, and submitting respective article reports based on primer questions thereof.

The Marketing Plan exercise to be held after finishing all the chapters will attempt to integrate all the marketing functions and processes learnt so far. A written report describing a business plan geared toward some business situation will be submitted by students on Moodle.

This course will test students' learning and analytical skills in business marketing.

Students' final grades will be determined by the Professor's evaluation of their performance as reflected in the following weighted criteria:

Discussion Participation	10 %
Case Analysis Report & Presentation	20 %
Article Reports	10 %
Case Analysis Assignment Report	10 %
Quizzes	15 %
Comprehensive Exam	10 %
Marketing Plan	25 %

### V. Grading Scale:

A  $\geq$ 90%, B = 80%-89%, C = 70%-79%, D = 60%-69%, and F < 60%

## **VI. Attendance Policy**

There is no specific attendance policy for this course, as it is being conducted online. However, the rules and regulations pertaining to academic honesty and sincerity in academic conduct, as maintained by the University, apply at all times. Students must adhere to all deadlines for online submissions of reports, and all timings pertaining to quizzes and exams as instructed by the Professor.

There shall remain strict enforcement of prerequisite course-completions, and deadlines pertaining to course withdrawal and all other academic policies exercised by the University.

## **VII. REQUIRED textbooks, supplemental books, and readings:**

Required:

**CUSTOM BOOK** – A Collection of Strategic Marketing Material and/or Cases compiled from the recommended texts below and from other sources including, but not limited to, cases from Harvard Business Publishing.

Recommended:

*Strategic Marketing* by Cravens and Piercy, 9<sup>th</sup> ed., McGraw-Hill, Inc.

*Analysis for Marketing Planning* by Lehmann and Winer, 7<sup>th</sup> ed., McGraw-Hill, Inc.

*Strategic Marketing Problems: Cases and Comments* by Roger A. Kerin and Robert A. Peterson, 12<sup>th</sup> ed., Pearson Publishing.

*Marketing Strategy: A Decision-Focused Approach* by Orville Walker and John Mullins, 6<sup>th</sup> ed., McGraw-Hill, Inc.

*Marketing Metrics: The Definitive Guide to Measuring Marketing Performance*, 2<sup>nd</sup> ed., by Paul W. Farris, Neil T. Bendle, Phillip E. Pfeifer and David J. Reibstein, Pearson Education, 2010.

## **VIII. BIBLIOGRAPHY:**

Anderson, Eric and Duncan Simester (2003), "Mind Your Pricing Cues," *Harvard Business Review*, Vol. 81, No. 9, pp. 96-103.

Armstrong, Scott J. (2001), "Selecting Forecasting Methods," in Scott J. Armstrong, ed., *Principles of Forecasting*, Kluwer: Norwell, MA.

Bass, Frank M. (1969), "A New Product Growth Model for Consumer Durables," *Management Science*, Vol. 15, No. 4 (January), pp. 215-27.

Blattberg, Robert C. and John Deighton (1996), "Managing Marketing by the Customer Equity Test," *Harvard Business Review*, Vol. 74, No. 4 (July), pp. 136-44.

Davenport, Thomas H. (2006), "Competing on Analytics," *Harvard Business Review*, Vol. 84, No. 1 (January), pp. 98-107.

Dolan, Robert J. and Hermann Simon (1996), Power Pricing: How Managing Price Transforms the Bottom Line, The Free Press: New York.

Gupta, Sunil and Donald Lehmann (2005), Managing Customers as Investments: The Strategic Value of Customers in the Long Run, Wharton School Publishing: Philadelphia, PA.

Lilien, Gary L., Arvind Rangaswamy and Arnaud De Bruyn (2007), Principles of Marketing Engineering, Trafford Publishing: PA.

Lodish, Leonard M. (1974), "'Vaguely Right' Approach to Sales Force Allocations," *Harvard Business Review*, Jan.-Feb., pp. 119-25.

Nagle, Thomas T. and John Hogan (2005), The Strategy and Tactics of Pricing: A Guide to Growing More Profitably, 4<sup>th</sup> ed., Prentice Hall: Englewood Cliffs, NJ.

Simon, Herbert A. (1977), The New Science of Management Decision, Prentice Hall PTR: Upper Saddle River, NJ.

Yankelovich, Daniel and David Meer (2006), "Rediscovering Market Segmentation," *Harvard Business Review*, Vol. 84, No. 2, pp. 122-31.

## **SYLLABUS OF RECORD**

### **MKTG 450 MARKETING STRATEGY**

**3 Class hours  
0 lab hours  
3 Credits  
(3c-01-3cr)**

**Prerequisite: MKTG 320 Principles of Marketing; Senior-level standing.**

#### **I. CATALOG DESCRIPTION:**

**Designed to develop marketing and business decision-making skills to evaluate real-world business situations, analyze marketing problems and scenarios, and produce solutions in the form of marketing and business strategies. Involves analyses based on quantification of marketing decisions and problem-solving scenarios using exercises and in-depth case studies which develop analytical reasoning. Integrates knowledge of marketing and other business management functions into marketing strategy development, implementation, and control using either a marketing plan or marketing simulation exercises. Readings on classic and emerging issues will provide applied perspectives of marketing in the business environment.**

#### **II. COURSE OUTCOMES:**

**Upon completion of the course students will be able to:**

- 1. Understand the strategic decision-making process includes developing, evaluating and choosing among alternative courses of action to solve a problem or achieve a goal.**
- 2. Analyze marketing data and quantify theoretical concepts for problem solving and optimal decision-making.**
- 3. Understand and apply frameworks and models of marketing strategy to decision-making.**
- 4. Develop an integrated decision-making perspective of marketing by developing a Marketing Plan or participating in a multiple-session marketing simulation exercise.**
- 5. Demonstrate improvement of writing skills by developing article critiques, case position papers and/or written assignments.**

**The primary course outcomes will be achieved through lectures, assigned readings, case analyses, and either a marketing planning or simulation exercise. These outcomes will be integrated throughout the course as described in the course outline and evaluation methods provided below.**

#### **III. COURSE OUTLINE:**



**A. INTRODUCTION TO STRATEGIC MARKETING DECISION-MAKING [8 hours]**

**Strategic marketing frameworks and tools**  
**Product-focused and Customer-focused analysis**  
**Overview of Marketing Metrics**  
**Financial Analysis for Marketing Decisions**

**INTRODUCTION TO THE CASE ANALYSIS AND DECISION-MAKING APPROACH**

**B. CUSTOMER VALUE ASSESSMENT [3 hours]**

**Approaches to measuring customer value**  
**Customer Lifetime Value Analysis**

**C. SEGMENTATION, TARGETING AND POSITIONING DECISIONS [3 hours]**

**Segmentation and targeting Research**  
**Profiling segments using qualitative and analytical methods**  
**Database Marketing for targeting individual customers**  
**Techniques for forming Perceptual Maps**

**D. FORECASTING MODELS AND METHODS [2 hours]**

**Market Demand and Trend Analysis**  
**Forecasting methods in marketing and business**

**E. PRODUCT AND SERVICE STRATEGIES [3 hours]**

**New Product Process and Product Management Decisions**  
**Product/Service Portfolio Decisions**

**F. PRICING STRATEGIES [3 hours]**

**Pricing Product Lines**  
**Pricing Orientation to Cost, Demand, or Competition**

**G. MARKETING CHANNEL STRATEGIES [3 hours]**

**Salesforce Territory and Allocation Decisions**  
**Logistics Decisions**

**H. MARKETING COMMUNICATION STRATEGIES [3 hours]**

**Evaluating Creative Plans and Programs**

**Advertising Budget Decisions  
Media Choice and Media Planning Decisions**

**I. COMPREHENSIVE MARKETING ANALYSIS AND STRATEGIES [12 hours]**

**Systems approach integrating marketing with other functional areas in business  
Marketing Dashboards: Tracking Performance in real-time**

**PRESENTATIONS [2 hours]**

**FINAL EXAM (As per IUP final exam schedule) [2 hours]**

**IV. EVALUATION METHODS:**

Your grade will reflect your performance regarding successful completion of assessment tasks such as assignments and case analysis with discussions. As such, the assessment tasks described below:

**Assignment and Case Discussions:**

All students should complete their attempt on each given assignment and case prior to class and submit a 3-page (5-page for graduate students) position paper (structured into key issues with recommendations; 1 ½" line spacing, 11-12 point font size, maximum 1" margins) at the time of scheduled discussion to receive credit.

Selected students will present the assignment or case and facilitate the discussion. Every student will have the opportunity to present at least one assignment or case. The use of visuals such as PowerPoint's or overhead transparencies is required.

Assignments may include exercises or project tasks pertaining to specific topics in the course. Students are expected to incorporate feedback given on prior submissions into the subsequent submissions to demonstrate an improvement in their writing skills. Based on feedback on each case position paper, students will resubmit their case position paper. Their grade will be based on both the resubmitted position papers (which should demonstrate improvement in writing skills) and in-class discussions.

**Marketing Plan:**

Working in groups, students will research and analyze the marketing program of a company following the steps of the marketing planning process and develop a new or revised marketing plan. The marketing plan will be presented in class and a written report submitted.

**Marketing Simulation:**

Working in groups, students will research and analyze the marketing information provided for their company in the marketing simulation and make decisions relating to several key marketing actions spread over several simulation rounds. Students will present their logic in the choices they make in each round and write a report summarizing their justifications.

**Class Participation:**

This item will be evaluated based on class discussions of articles and readings as well as other in-class assignments. Attendance is required for receiving credit for class participation.

**GRADING POLICY IS AS FOLLOWS:**

ASSIGNMENTS/CASE DISCUSSIONS [Objectives 1, 2, 3]	60%
MARKETING PLAN OR SIMULATION [Obj. 4]	30%
CLASS PARTICIPATION [Objective 1]	<u>10%</u>

**TOTAL GRADE 100%**

**V. Grading Scale:**

A  $\geq$ 90%, B = 80%-89%, C = 70%-79%, D = 60%-69%, and F < 60%

**VI. Attendance Policy**

Class participation will be strongly encouraged. Ideas, thoughts, and opinions presented by the student during class discussions will be the primary basis for this grade. Students will reflect on various perspectives and provide critical thinking regarding relevant issues for class discussions.

**VII. REQUIRED textbooks, supplemental books, and readings:**

**TEXT**

**Required:**

1. ***CUSTOM BOOK*** – A Collection of Strategic Marketing Material and/or Cases compiled from the recommended texts below and from other sources including, but not limited to, cases from Harvard Business Publishing.
2. **Marketing Plan software or template OR access to a Marketing Simulation software.**

**Recommended:**

***Strategic Marketing*** by Cravens and Piercy, 9<sup>th</sup> ed., McGraw-Hill, Inc.

***Analysis for Marketing Planning*** by Lehmann and Winer, 7<sup>th</sup> ed., McGraw-Hill, Inc.

***Strategic Marketing Problems: Cases and Comments* by Roger A. Kerin and Robert A. Peterson, 12<sup>th</sup> ed., Pearson Publishing.**

***Marketing Strategy: A Decision-Focused Approach* by Orville Walker and John Mullins, 6<sup>th</sup> ed., McGraw-Hill, Inc.**

***Marketing Metrics: The Definitive Guide to Measuring Marketing Performance*, 2<sup>nd</sup> ed., by Paul W. Farris, Neil T. Bendle, Phillip E. Pfeifer and David J. Reibstein, Pearson Education, 2010.**

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**Bass, Frank M. (1969), "A New Product Growth Model for Consumer Durables," *Management Science*, Vol. 15, No. 4 (January), pp. 215-27.**

**Blattberg, Robert C. and John Deighton (1996), "Managing Marketing by the Customer Equity Test," *Harvard Business Review*, Vol. 74, No. 4 (July), pp. 136-44.**

**Davenport, Thomas H. (2006), "Competing on Analytics," *Harvard Business Review*, Vol. 84, No. 1 (January), pp. 98-107.**

**Dolan, Robert J. and Hermann Simon (1996), Power Pricing: How Managing Price Transforms the Bottom Line, The Free Press: New York.**

**Gupta, Sunil and Donald Lehmann (2005), Managing Customers as Investments: The Strategic Value of Customers in the Long Run, Wharton School Publishing: Philadelphia, PA.**

**Lilien, Gary L., Arvind Rangaswamy and Arnaud De Bruyn (2007), Principles of Marketing Engineering, Trafford Publishing: PA.**

**Lodish, Leonard M. (1974), "'Vaguely Right' Approach to Sales Force Allocations," *Harvard Business Review*, Jan.-Feb., pp. 119-25.**

**Nagle, Thomas T. and John Hogan (2005), The Strategy and Tactics of Pricing: A Guide to Growing More Profitably, 4<sup>th</sup> ed., Prentice Hall: Englewood Cliffs, NJ.**

**Simon, Herbert A. (1977), The New Science of Management Decision, Prentice Hall PTR: Upper Saddle River, NJ.**

**Yankelovich, Daniel and David Meer (2006), "Rediscovering Market Segmentation," *Harvard Business Review*, Vol. 84, No. 2, pp. 122-31.**

**Undergraduate Distance Education Review Form  
(Required for all courses taught by distance education for more than one-third of  
teaching contact hours.)**

**Existing Course**

**Course: MKTG 450 Marketing Strategy**

**Instructor(s) of Record: Dr. Framarz Byramjee and Dr. Parimal Bhagat**

**Phone: 724-357-1364 and 724-357-3315**

**Email: [byramjee@iup.edu](mailto:byramjee@iup.edu) and [bhagat@iup.edu](mailto:bhagat@iup.edu)**

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**Step One: Proposer/s**

**A. Provide a brief narrative rationale for each of the items, A1- A5.**

**1. How is/are the instructor(s) qualified in the distance delivery method as well as the discipline?**

**Dr. Framarz Byramjee: Ph.D in Business Administration/Marketing**

**Published research papers in peer-reviewed journals and presented research at national- and international- level academic conferences.**

**Experienced in teaching courses like Marketing Research, Principles of Marketing, Marketing Strategy and Real-world Applications, Operations Management, Marketing Management, Seminar in Marketing, International Marketing, and International Business at the Undergraduate and Graduate (MBA and Executive-MBA) levels.**

**Experienced in operating online learning management systems like Blackboard, WebCT, Moodle, and D2L.**

**Successfully developed and taught courses like Seminar in Marketing, Services Marketing, and Marketing Management on online systems like WebCT, Moodle, and D2L.**

**Dr. Parimal Bhagat: Ph.D in Marketing**

**Published research papers in peer-reviewed journals and presented research at national- and international- level academic conferences.**

**Experienced in teaching courses like Marketing Management, Marketing Research, Principles of Marketing, New Product Design and Branding, Advertising, International Marketing, Business Culture and Practices, and International Business at the Undergraduate and Graduate (MBA and Executive-MBA) levels.**

**Experienced in operating online learning management systems like Blackboard, WebCT, Moodle, and D2L.**

**Successfully developed and taught courses like Marketing Management, Advertising, and Principles of Marketing on online systems like WebCT, Moodle, and D2L.**

## **2. How will each objective in the course be met using distance education technologies?**

Please refer to the attached syllabus of this course for the course objectives.

The course structure will serve to accomplish the objectives of the course as follows:

*Understand the strategic decision-making process that includes developing, evaluating and choosing among alternative courses of action to solve a problem or achieve a goal.*

- Multimedia PowerPoint lectures for each topic in the syllabus will be produced and be made available within Moodle for streaming viewing by students. The lectures will provide knowledge of the material. The lecture material will involve examples throughout the course of the special challenges faced by marketers as well as consumers in the production and consumption of services. Students will be assigned readings in the text as well as journal articles on the topic being discussed. Student comprehension will be assessed through quizzes and exams. The theoretical exam and the quizzes will enable students to demonstrate their understanding of the topics and material dealt with in the course.

*Analyze marketing data and quantify theoretical concepts for problem solving and optimal decision-making.*

- Students will demonstrate analytical competence ability by answering the weekly discussion questions which are designed to assess how they apply the knowledge they have been asked to learn to-date. The group chats are used in the same manner, where a problem is given to the students and their ability to apply the knowledge and analyze the problem can be assessed. The instructor 'drops-in' to the chats un-announced and determines if any other pointers or considerations are needed to help the students in their analysis. The case-analysis technique is used to apply learning material to practical business perspectives as emergent in each case – these will be reflected upon within the respective connected multimedia PowerPoint lectures which students will be watching. The team case-analysis will enable them to become effective team-players, as they will bear the responsibility of interacting with each other while doing their case-analyses. The case reports submitted by them online will assess their writing and comprehension ability; while their case presentation will demonstrate their verbal communication skills.

*Understand and apply frameworks and models of marketing strategy to decision-making.*

- Multimedia PowerPoint lectures for each topic in the syllabus will be produced and be made available within Moodle for streaming viewing by students. Following the lectures, students will have the opportunity to demonstrate understanding that will be assessed through student postings on 'Discussion Forums' and 'Chats' in Moodle. Discussion questions and directed chats pertaining to practical issues and real-world scenarios deemed suited for respective topics will assess how well the students comprehend, analyze and apply the frameworks and models of marketing strategy to decision-making perspectives. The discussion material comprises of lectures and presentations based on the theoretical topic-areas required to achieve the knowledge necessary for the field. The online exercises will test students' ability to apply this knowledge to situations presented

in them. Quizzes to be held after each topic-area will maintain students on track with the syllabus, and force them to keep reading and studying the material discussed till date.

*Develop an integrated decision-making perspective of marketing by developing a Marketing Plan that cohesively integrates varied marketing functions and processes.*

- The Marketing Plan development exercise toward the end of course will serve as a culminating activity that integrates the core functional areas of strategic marketing into a cohesive whole, as applied to a realistic business environment and system as will be decided upon then. A multimedia PowerPoint lecture prepared for streaming viewing by students will explain applicable details of the plan development process. Students will submit a detailed written report of the plan – this report will also reflect the attainment of their written communication effectiveness.

*Demonstrate improvement of writing skills by developing article critiques, case position papers and/or written assignments.*

- Students will demonstrate their technical writing skills through the case position papers, article reports, assignments, and the marketing plan. Based on feedback on each case position paper and article report, students will resubmit the same with the improvements incorporated, so as to judge the betterment in their work. Their grade will be based on both the resubmitted position papers and discussions, so as to demonstrate improvement in writing skills. Tools like the cases, articles, and the marketing plan will provide for students to read, assess, and comprehend aspects and applications of marketing and business strategy, and demonstrate their ability to articulate their learning and express their positions on pertinent material in professional marketing and business language. Students are expected to incorporate feedback given on prior submissions into the subsequent submissions to demonstrate an improvement in their writing skills.

**3. How will instructor-student and student-student, if applicable, interaction take place?**

**Synchronous Interactions:**

There will be certain designated interactive sessions using the Chat tool in Moodle. Some critical topic-areas and associated practical issues, as deemed appropriate by the instructor, will be discussed in these Chats, with the instructor leading the detailed discussion. Students will participate using microphones and/or typing tools. One interactive session will be conducted toward the beginning of the course to explain the role of marketing as a vital business function; this session is critical for setting the stage for discussions to follow later. Toward the end of the course, the remaining interactive session will be held to conduct the marketing plan exercise; this stage synthesizes all prior knowledge, and students' participation will be required and graded. (Instructor-Student-Student interaction)

The Moodle Chat tool will be also used for office hours at designated times. More than one student can participate in this specially designated chat-room. The objective here is to assist students with their assignments for case-analyses and queries pertaining to the theoretical material issues in a live online discussion format using the typing tool.

**Asynchronous Interactions:**

The Discussion 'Forum' tool of Moodle will be implemented to post discussion questions on selected topics and case-related issues. This will take the shape of an open forum, as deemed appropriate by the instructor, for inviting comments and discussions. Students will be encouraged to participate in this discussion forum system. (Student-Student-Instructor interaction)

Multimedia PowerPoint lectures for each topic in the syllabus will be produced and be made available within Moodle for streaming viewing by students. These lecture videos help maintain a live classroom format of teaching blended within the online system. The regular IUP 'email' system will be used to effectively communicate with individual students, answer and respond to their doubts and queries, communicate primer questions for case-analyses, and encourage their participation. All emails will be answered within forty-eight hours. (Student-Instructor interaction)

#### **4. How will student achievement be evaluated?**

Students' final grades will be determined by the Professor's evaluation of their performance as reflected in the following weighted criteria:

Discussion Participation	10 %
Case Analysis Report & Presentation	20 %
Article Reports	10 %
Case Analysis Assignment Report	10 %
Quizzes	15 %
Comprehensive Exam	10 %
Marketing Plan	25 %

- Quizzes will be held online on Moodle at the end of each topic; these quizzes will consist of multiple-choice questions, to test students' understanding of the material covered in each chapter.
- There will be one comprehensive theoretical exam conducted online on Moodle toward the end of the course; it will comprise of short essay-type questions.
- Discussion Postings and Chats on Moodle dealing with issues during the course will allow students' comments to be judged as their active participation in the course. Responses to these discussion forums' issues as well as chat sessions will be graded accordingly.
- Case Presentations will be done by students, in groups of two or three. Each group shall be assigned its respective case well in advance, and is expected to do a professional presentation using MS-PowerPoint, and upload it on Moodle. The group shall also submit on Moodle their detailed Case Analysis Report on Moodle.
- Each student will also be doing one Case Analysis Assignment individually and submitting that report, by posting it on Moodle.
- Students will review and critically discuss literature in the field of marketing, by reading acclaimed, impactful articles dealing with applications of marketing and business strategy, and submitting respective article reports based on primer questions thereof.
- The Marketing Plan Exercise to be held toward the end will attempt to integrate all the marketing functions and processes learnt so far. A written Report describing the



**marketing plan geared toward pertinent business situation will be submitted by students on Moodle.**

**5. How will academic honesty for tests and assignments be addressed?**

**Each student will be administered a different randomly selected set of questions for each of the quizzes from a large test bank of questions for each topic.**

**The comprehensive theoretical exam will also comprise of varied sets of questions being administered to students, and will be chosen randomly from the large test bank.**

**Fixed date and time for each quiz, and a fixed allotted time for completion of each quiz will be maintained.**

**Fixed date and time for the theoretical exam, and a fixed allotted time for completion of each exam will also be maintained.**

**One question at a time administration and Java script to prevent copying and transmission of quiz questions and the exam's questions while the test is being taken by students will be enforced.**

**The case-analysis report by each team, the case-analysis assignment report by each individual, and the marketing-plan report by each team will all be subject to 'plagiarism check' using 'Turninit.com'.**

**In this manner, every effort will be taken to maintain academic honesty and discipline while conducting this course in the distance education format.**

**B. Submit to the department or its curriculum committee the responses to items A1-A5, the current official syllabus of record, along with the instructor developed online version of the syllabus, and the sample lesson. This lesson should clearly demonstrate how the distance education instructional format adequately assists students to meet a course objective(s) using online or distance technology. It should relate to one concrete topic area indicated on the syllabus.**

**Please refer to the lesson plan attached herewith for your perusal.**



**People**

Participants

Weekly outline

MKTG 450 - "Marketing Strategy"

Catalog Course Description:

Designed to develop marketing and business decision-making skills to evaluate real-world business situations, analyze marketing problems and scenarios, and produce solutions in the form of marketing and business strategies. Involves analyses based on quantification of marketing decisions and problem-solving scenarios using exercises and in-depth case studies which develop analytical reasoning. Integrates knowledge of marketing and other business management functions into marketing strategy development, implementation, and control using either a marketing plan or marketing simulation exercises. Readings on classic and emerging issues will provide applied perspectives of marketing in the business environment.

**Activities**

- Assignments
- Forums
- Quizzes
- Resources

**Search Forums**

Go

Advanced search

**Administration**

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- Outcomes
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- Questions
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- MKTG 320
- bebko
- Development MKTG 437 Services
- Marketing
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- Development
- Marketing Strategy
- byramjee
- Development MKTG 437 Services
- Marketing

**Latest News**

Add a new topic...  
(No news has been posted yet)

**Upcoming Events**

- Article Report  
Monday, 25 February
- Assignment  
Monday, 25 February
- Case Analysis Position Paper  
Monday, 25 February

Go to calendar...  
New Event...

**Recent Activity**

Activity since Wednesday, 20 February 2013, 03:35 PM  
Full report of recent activity...

Nothing new since your last login

**Blocks**

Add...

- News forum
- Syllabus
- Add a resource...
- Add an activity...

2 February - 8 February

**Module: Marketing Channels and Distribution Functions**

Please complete the following tasks:

- Review the PowerPoint Presentations/Slides for the topic-related material.
- Complete the Assignment based on the topic material by assimilating pertinent information as described in the primer questions guidesheet.
- Read the Article, and do the Article Report in the form of answering the primer questions in the guidesheet.
- Read the Case (as mentioned in the guidesheet) from the custom-text, and complete the Case Analysis Position Paper as per the instructions via associated primer questions laid out in the guidesheet.
- Do the Quiz.
- Participate in the Discussion Forum by posting your discussion comments up to a page.

By courses E  
Spring 2013  
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- Marketing Channels
- Distribution Channels Management
- Assignment
  - Assignment Primer Questions guidesheet
- Article
- Article Report
  - Article Report Primer Questions guidesheet
- Case Analysis Position Paper
  - Case Position Paper Primer Questions guidesheet
- Discussion Forum
- Quiz
- Add a resource...
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A **Marketing Channel** comprises of all the individuals and firms ("Channel Intermediaries") involved in the process of making a product or service available for use or consumption to consumers or industrial users in the target markets.

--- Business concept of "Transvection" ---

Channels assist the organization in value creation and delivery of **Form + Time + Place + Possession Utilities**.

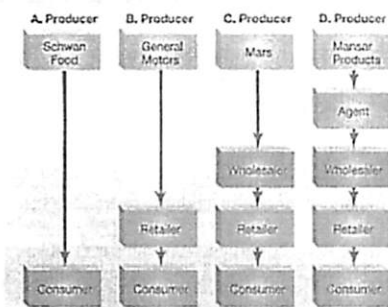
Channel Length → number of Intermediaries in the channel.

Channel Output → total volume of goods, inventory, services, material flowing through the channel.

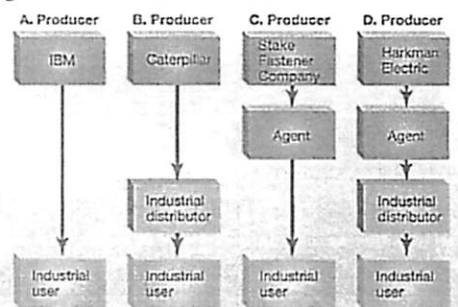
### Marketing Channels' Intermediaries

TERM	DESCRIPTION
Intermediary	Any intermediary between manufacturer and end-user markets
Agent or Broker	Any intermediary with legal authority to act on behalf of the manufacturer
Wholesaler	An intermediary who sells to other intermediaries, usually to retailers; usually applies to consumer markets
Retailer	An intermediary who sells to consumers
Distributor	An imprecise term, usually used to describe intermediaries who perform a variety of distribution functions, including selling, maintaining inventories, extending credit, and so on; a more common term in business markets but may also be used to refer to wholesalers
Dealer	An even more imprecise term that can mean the same as distributor, retailer, wholesaler, and so forth

### Common Marketing Channels for Consumer goods and services



### Common Marketing Channels for Business goods and services



### Functions performed by Channel Intermediaries

**Production** – any/all activities in R&D, design, assist work-processes, manufacturing products, service creation...

**Communication** – contacts and flows of goods/services, information systems, data exchanges (ERP/EDI), orders, marketing research, intelligence, IMC-assistance...

**Ownership** – managing titles to goods, transactions, costs, buying, selling, risk-aspects, financing arrangements...

**Inventory** – warehousing, storage (ABC-type), physical control of goods at locations, order-handling, grading, sorting, storing, picking...

**Transit** – transportation and movement of goods between locations along channel, trade routes, travel times, carrier speed, loadings, distances/tariffs/duties/documentation...

### Marketing channel functions performed by intermediaries

TYPE OF FUNCTION	ACTIVITIES RELATED TO FUNCTION
Transactional function	<ul style="list-style-type: none"> <li>Buying: Purchasing products for resale or as an agent for supply of a product.</li> <li>Selling: Contacting potential customers, promoting products, and soliciting orders.</li> <li>Risk taking: Assuming business risks in the ownership of inventory that can become obsolete or deteriorate.</li> </ul>
Logistical function	<ul style="list-style-type: none"> <li>Assorting: Creating product assortments from several sources to serve customers.</li> <li>Storing: Assembling and protecting products at a convenient location to offer better customer service.</li> <li>Sorting: Purchasing in large quantities and breaking into smaller amounts desired by customers.</li> <li>Transporting: Physically moving a product to customers.</li> </ul>
Financing function	<ul style="list-style-type: none"> <li>Financing: Extending credit to customers.</li> <li>Grading: Inspecting, testing, or sorting products, and assigning them quality grades.</li> <li>Marketing information and research: Providing information to customers and suppliers, including competitive conditions and trends.</li> </ul>

### Channel Structure and Organization

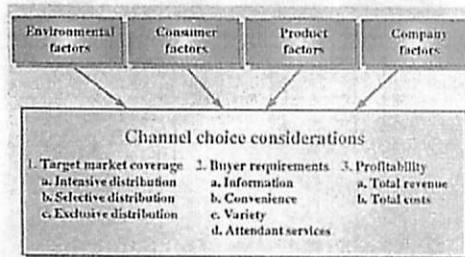
- Electronic Marketing Channels
- Direct Marketing Channels
- Dual Distribution
- Multi-Channel Distribution
- Strategic Channel Alliances

### Factors conducive to Direct Distribution

Firm targets the market directly by using its own salesforce or own distribution outlets or e-commerce....

- Buyers comparatively more identifiable to the firm.
- Shortage of knowledgeable intermediaries to perform.
- Personal selling is key element in distribution process.
- Firm needs to maintain "aura of exclusivity".
- Differentiation from competition necessary.
- Unique skill/prestige/product-complexity demands so.
- Firm has relative sufficient resources.

### Factors affecting Channel Choice & Management



### Channel Choice and Management

Specifying the type, location, distribution density, functions necessary for intermediaries, such that they match the requirements of the potential target market.

Selecting the suited intermediaries who provide optimal market coverage, well satisfy customers' demands, uphold firm's image, generate sustainable revenues/sales.

Intermediaries to be congruent with the firm's business strategy --- IMC/advertising/promotions/selling, product, service and branding elements/installation/usage, pricing/discounts/credits/commissions, etc.....

### Channel Structure and Organization

- Vertical Marketing Systems
  - professionally managed and centrally coordinated marketing channels designed to achieve channel economies and maximize impact of the distribution network.
  - Forward Integration
  - Backward Integration
- Channel Relationships between members critical for smooth functioning of the system, task efficiencies, reduced costs/risks work/delivery dependencies, associated business operations. --- J.I.T. systems, Postponement & Speculation Strategies ---

### Channel Conflict

Channel Conflict (between intermediaries) occurs when:

- Channels members act disloyally,
- Each seeking own benefits alone,
- Unequal/Disproportionate sharing of revenues & margins,
- Bypassing hierarchy {Disintermediation},
- Lack of communication with associated channel members,
- Insufficient resource allocations for needed tasks, etc.....

- Vertical Conflict
- Horizontal Conflict

### Sources of Power/Influence for a Channel Captain

**Economic Stability & Control of Resources,  
Expertise/Experience in Channel Functions,  
Immediacy & Speed of Workflows which can affect  
Channel Efficiency and Output,  
Centrality & Pervasiveness within the network in  
terms of activities which are integral/critical,  
Control/Management over Contingencies,  
Coping with Uncertainties & Channel Risks,  
Performing Activities unique within the Channel,  
Bearing Legitimacy & Identification amidst members**

### Channel Conflict Resolution Strategies

**Problem-Solving**

**Persuasion**

**Bargaining**

**Politics**

### Channel Conflict Resolution Strategies

**Problem-Solving:** participants share common a priori objectives; involved in integrative process of identifying solution that satisfies both parties, decision criteria spelled out accordingly; characterized by attempts to develop/nurture trust, cooperation; focal activities include assembling/sharing information, coordinating behavior; open accurate information exchange pertaining to goals and priorities; concessionary behavior; attitude commitment to mutual satisfaction/remuneration; better alternatives seeking tactics.

**Persuasion:** each party's attempt to alter the other's perspectives or decision criteria pertaining to the focal issue; aim to reduce differences in sub-goals by effective reference/target to the underlying super-ordinate goals; persuasive tactics needed to narrow in and hone mutually accepted conditions.

### Channel Conflict Resolution Strategies

**Bargaining:** common goals not expected; fixed disagreements; limited compromise; each party's behavior characterized by high self aspirations and constrictive negotiations; inflexibility; non-concessionary behavior; threats; promises; positional commitments; gamesmanship.

**Politics:** non-integrative politicking behavior; failure to reach amicable solutions on inter-personal basis; signal for use of third-party mediation/intervention/arbitration for resolution.

Kotler  
Keller

15  
Designing and  
Managing  
Integrated Marketing  
Channels

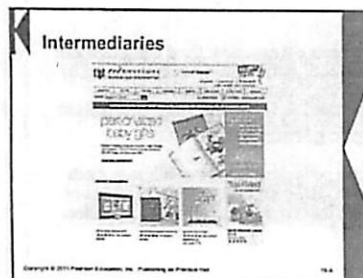
MARKETING MANAGEMENT 14

- Chapter Questions**
- What is a marketing channel system and value network?
  - What work do marketing channels perform?
  - How should channels be designed?
  - What decisions do companies face in managing their channels?
  - How should companies integrate channels and manage channel conflict?
  - What are the key issues with e-commerce and m-commerce?
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**What is a Marketing Channel?**

A marketing channel system is the particular set of interdependent organizations involved in the process of making a product or service available for use or consumption.

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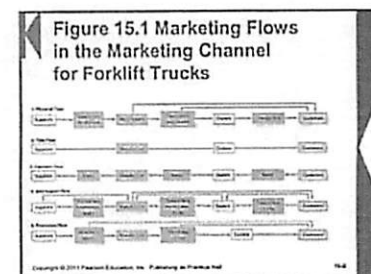


- Channels and Marketing Decisions**
- A push strategy uses the manufacturer's sales force, trade promotion money, and other means to induce intermediaries to carry, promote, and sell the product to end users
  - A pull strategy uses advertising, promotion, and other forms of communication to persuade consumers to demand the product from intermediaries
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- Buyer Expectations for Channel Integration**
- Ability to order a product online and pick it up at a convenient retail location
  - Ability to return an online-ordered product to a nearby store
  - Right to receive discounts based on total online and offline purchases
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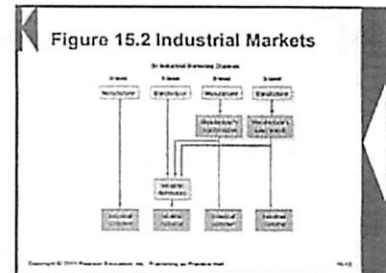
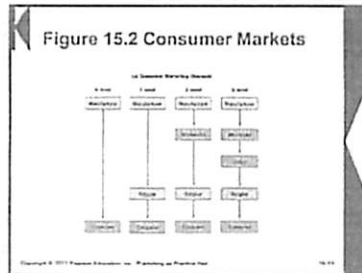
- Table 15.1 Channel Member Functions**
- Gather information
  - Develop and disseminate persuasive communications
  - Reach agreements on price and terms
  - Acquire funds to finance inventories
  - Assume risks
  - Provide for storage
  - Provide for buyers' payment of their bills
  - Oversee actual transfer of ownership
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### Marketing Channel Levels

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### Reverse-Flow Channels

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- ### Designing a Marketing Channel System
- Analyze customer needs
  - Establish channel objectives
  - Identify major channel alternatives
  - Evaluate major channel alternatives
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### Figure 15.3 What European Consumers Value

Country	Value	Rank
Germany	Reliability	1
France	Reliability	2
Italy	Reliability	3
Spain	Reliability	4
UK	Reliability	5
Sweden	Reliability	6
Netherlands	Reliability	7
Austria	Reliability	8
Belgium	Reliability	9
Denmark	Reliability	10
Portugal	Reliability	11
Poland	Reliability	12
Czechia	Reliability	13
Slovakia	Reliability	14
Slovenia	Reliability	15
Lithuania	Reliability	16
Latvia	Reliability	17
Estonia	Reliability	18
Finland	Reliability	19
Hungary	Reliability	20
Cyprus	Reliability	21
Malta	Reliability	22
Croatia	Reliability	23
Serbia	Reliability	24
Bulgaria	Reliability	25
Romania	Reliability	26
Greece	Reliability	27
Turkey	Reliability	28
Israel	Reliability	29
USA	Reliability	30

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- ### Service Outputs of Channels
- Lot size
  - Waiting and delivery time
  - Spatial convenience
  - Product variety
  - Service backup
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- ### Identifying Channel Alternatives
- Types of intermediaries
  - Number of intermediaries
  - Terms and responsibilities
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- ### Number of Intermediaries
- Exclusive
  - Selective
  - Intensive
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### Terms and Responsibilities of Channel Members

- Price policy
- Condition of sale
- Distributors' territorial rights
- Mutual services and responsibilities

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### Figure 15.4 The Value-Adds versus Costs of Different Channels

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### Figure 15.5 Break-Even Cost Chart

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### Channel-Management Decisions

- Selecting channel members
- Training channel members
- Motivating channel members
- Evaluating channel members
- Modifying channel members

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### Channel Power

- Coercive
- Reward
- Legitimate
- Expert
- Referent

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### Channel Integration and Systems

- Vertical marketing systems
  - Corporate VMS
  - Administered VMS
  - Contractual VMS
- Horizontal marketing systems
  - Multichannel systems

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### Integrated Marketing Channel System

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### Figure 15.6 The Hybrid Grid

Marketing Strategy	Market Orientation					
	Value	Service	Price	Quality	Speed	Convenience
Direct sales						
Retail						
Distributors						
Wholesalers						
Manufacturers						
Buyers						
Exporters						
Importers						
Administrators						

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### Channel Conflict

- What types of conflict arise in channels?
- What causes conflict?
- What can marketers do to resolve it?

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### Causes of Channel Conflict

- Goal incompatibility
- Unclear roles and rights
- Differences in perception
- Intermediaries' dependence on manufacturer

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### Table 15.3 Strategies for Managing Channel Conflict

• Strategic justification	• Cooptation
• Dual compensation	• Diplomacy
• Superordinate goals	• Mediation
• Employee exchange	• Arbitration
• Joint memberships	• Legal recourse

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### E-Commerce

Pure-click

Brick-and-click

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### M-Commerce



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### For Review

- What is a marketing channel system and value network?
- What work do marketing channels perform?
- How should channels be designed?
- What decisions do companies face in managing their channels?
- How should companies integrate channels and manage channel conflict?
- What are the key issues with e-commerce and m-commerce?

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### ***Assignment***

**Pick a medium to large-sized organization of your choice (preferably a Fortune 500 firm for which data can be able via online searches) for working on this exercise.**

**Map the firm's marketing channels and distribution framework – lay out the jobs and prospects of the varied organizations governed within the supply chain of this firm.**

**Describe in good detail the particular 'channel functions' {namely, aspects pertaining to production, communication, ownership, inventory, transit} being performed by the different intermediaries within these channels.**

**Assess the channel's structure and organization of relationships between functioning intermediaries with regard to distribution density, market coverage, target market satisfaction, congruence with the firm's marketing mix strategies and such transactional and relational facets of the exchange process.**

**Thereafter, discuss, if applicable, the role of electronic commerce and the internet as an emergent or prominent channel in your chosen firm's distribution system.**

**Evaluate how the e-medium has impacted the dynamics of the traditional channels in the firm's vertical marketing system.**

The executive who wants to delight customers—and thereby grow the top line—is apt to think big: Invent a breakthrough product; provide an extraordinary service. That's great work if you can get it, but the more humble job of making sure customers aren't excessively annoyed by the company's order management processes may be more urgent and more relevant to future growth. Every time an order is handled, the customer is handled. Every time an order sits unattended, the customer sits unattended. Yet, to most senior executives, the details of the order management process are invisible. When managers take the time to track each step of the cycle, they come into contact with critical people like customer service representatives, production schedulers, order processors, and shipping clerks. Managers who "staple themselves to an order" will not only move horizontally across their own organization, charting gaps and building information bridges, but will also see the company from the customer's perspective. There's no better way to alter that perspective, improve interdepartmental relations, and—over the long haul—improve financial performance.

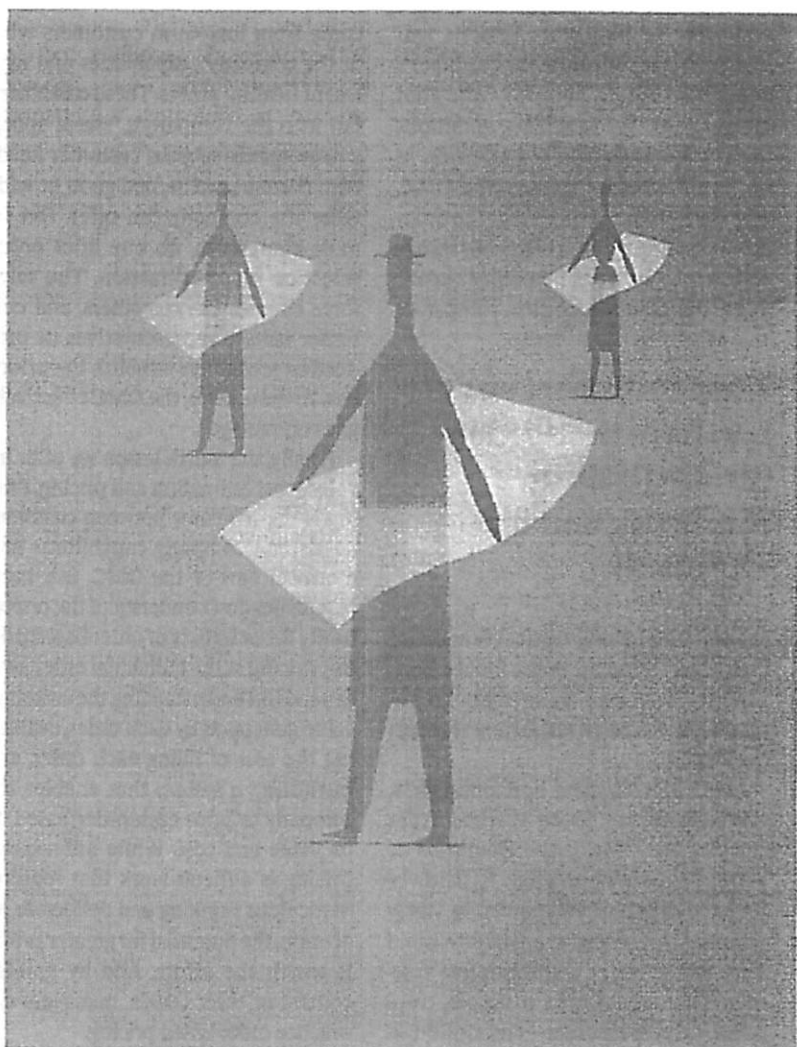
# Staple Yourself to an Order

by Benson P. Shapiro, V. Kasturi Rangan, and John J. Sviokla

A typical CEO woos clients on the golf course or at meetings devoted to high-level questions. Here's a better idea: Re-create the client's *experience* by following an order through your own plant.

IT'S FASHIONABLE TODAY to talk of becoming "customer oriented." Or to focus on that moment of truth when customers experience the actual transaction that determines whether or not they are completely satisfied. Or to empower frontline workers so they can delight the customer with their initiative and spunk.

None of that advice, however, focuses on the real way to harness the customer's interests in the operation of a company. The simple truth is that every customer's experience is determined by a company's order management cycle (OMC): the ten steps, from planning to postsales service, that define a company's business system. The order management cycle offers managers the



opportunity to look at their company through a customer's eyes, to see and experience transactions the way a customer does. Managers who track each step of the OMC work their way through the company from the customer's angle rather than from their own.

In the course of the order management cycle, every time the order is handled, the customer is handled. Every time the order sits unattended, the customer sits unattended. Paradoxically, the best way to be customer oriented is to go beyond customers and products to the order. The moment of truth occurs at every step of the OMC, and every employee in the company who affects the OMC is the equivalent of a frontline worker. Ultimately, it is the

order that connects the customer to the company in a systematic and company-wide fashion.

Moreover, focusing on the OMC offers managers the greatest opportunity to improve overall operations and create new competitive advantages. Managers can establish and achieve aggressive goals—such as “improve customer fill rate from 80% to 98%,” “reach 99% billing accuracy,” or “cut order cycle time by 25%”—and force otherwise parochial teams to look at the entire order management cycle to discover how various changes affect customers. When the OMC is substituted for narrow functional interests, customer responsiveness becomes the overriding goal of the entire organization, and conflicts give

way to systemic solutions. The best way for managers to learn this lesson and pass it on to their whole workforce is, in effect, to staple themselves to an order. They can then track an order as it moves through the OMC, always aware that the order is simply a surrogate for the customer.

### **A Realistic Walk Through the OMC**

The typical OMC includes ten activities that sometimes overlap or interact. While OMCs vary from industry to industry and are different for products and services, almost every business, from the corner ice-cream stand to the global computer company, has these same steps. In the following discussion, give

a number of important lessons will emerge that explain both the customer's experience with a company and that company's ability to achieve ambitious cost and quality goals. For example, as we "walk" an order through the OMC, note the number of times that the order or information about it physically moves horizontally from one functional department to another. Since most companies

**What customers want is to have their orders handled quickly, accurately, and cost-effectively.**

are organized along vertical functional lines, every time an order moves horizontally from one department to another, it runs the risk of falling through the cracks.

In addition to these horizontal gaps, a second lesson to be learned from tracking the OMC is the likelihood of vertical gaps in knowledge. In field visits to 18 different companies in vastly different industries, we invariably found a top marketing or administrative executive who would offer a simple, truncated – and inaccurate – description of the order flow. The people at the top couldn't see the details of their OMC; the people deep within the organization saw only their own individual details. And when an order moved across departmental boundaries from one function to another, it faded from sight. No one was responsible for it or the customer.

A third lesson concerns the importance of order selection and prioritization. In fact, not all orders are created equal; some are simply better for the business than others. The best orders

come from long-term customers who fit the company's capabilities and represent healthy profits. These customers fall into the company's "sweet spot," a convergence of great customer need, high customer value, and good fit with what the company can offer. But in most companies, no one does order selection or prioritization. The sales force chooses the customers, and customer service representatives or production schedulers establish the priorities. In these cases, the OMC effectively goes unmanaged.

Finally, the fourth lesson we offer involves cost estimation and pricing. Pricing is the mediator between customer needs and company capabilities and a critical part of the OMC. But most companies don't understand the opportunity for or impact of order-based pricing. Pricing at the individual order level depends on understanding the customer value generated by each order, evaluating the cost of filling each order, and instituting a system that enables the company to price each order based on its value and cost. While order-based pricing is difficult work that requires meticulous thinking and deliberate execution, the potential for greater profits is worth the effort. And by gaining control of their OMCs, managers can practice order-based pricing.

When we started our investigation of the order management cycle, we recognized first that the process, in fact, begins long before there is an order or a customer. What happens in the first step, *order planning*, can already show how and why bad customer service and fragmented operations can cripple a company: The people furthest from the customer make crucial decisions and open up deep disagreements between interdependent functions right from the start. The contention and internal gaming that we saw in order planning is an

effective early warning sign of the systemwide disagreements that plague most order management cycles.

For example, people close to the customer, either in the sales force or a marketing group at company headquarters, develop a sales forecast. At the same time, a group in the operations or manufacturing function drafts a capacity plan that specifies how much money will be spent, how many people will be hired, and how much inventory will be created. Even at this early stage, these departments are at war. Lamented one production planner: "The salespeople and their forecasting 'experts' are so optimistic and so worried about late deliveries that they pad their forecasts. We have to recalculate their plans so we don't get sucked into their euphoria." From their side, marketing people counter distrust with equal distrust: "Production won't change anything, anyhow, anywhere." Ultimately, the people deepest in the organization and furthest from the customer – production planners – often develop the final forecast used to hire workers and build inventory.

The next step in the OMC is *order generation*, a stage that usually produces a gap between order generation itself, order planning, and later steps in the cycle. In our research, we saw orders generated in a number of ways. The sales force knocks on doors or makes cold calls. The company places advertisements that draw customers into distribution centers or retailers where customers actually place orders. Or, increasingly, companies turn to direct marketing. But regardless of the specific marketing approach, the result is almost always the same: The sales and marketing functions worry about order generation, and the other functions get out of the way. Little coordination takes place across functional boundaries.

At the third step, *cost estimation and pricing*, battles erupt between engineers who do the estimating, accountants who calculate costs, a headquarters group that oversees pricing, and the field sales force that actually develops a price. Each group questions the judgment, compe-

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## Why Orders Fall Through the Cracks

The order management cycle is supposedly everybody's job, but in reality, overlapping, poorly designed processes lead to confusion, delays, and customer complaints. Internal functions like marketing and operations don't communicate with each other, and top managers and customers alike are often out of the loop.

● leading role ○ supporting role — no role

Customer Participation	Steps in the Order Management Cycle	Sales	Marketing	Customer Service	Engineering	Purchasing	Finance	Operations	Logistics	Top Management Participation
plans to buy	1. Order planning	○	●	○	○	○	○	●	○	coordinates
gets sales pitch	2. Order generation	●	○	○	—	—	—	—	—	some
negotiates	3. Cost estimation and pricing	○	●	○	○	○	○	○	○	some
orders	4. Order receipt and entry	○	○	●	○	—	—	○	○	none
waits	5. Order selection and prioritization	○	●	○	○	—	○	○	○	some
waits	6. Scheduling	○	○	○	○	○	—	●	○	none
accepts delivery	7. Fulfillment	○	○	○	○	○	—	●	○	none
pays	8. Billing	○	○	○	—	—	●	—	○	none
negotiates	9. Returns and claims	●	—	○	○	—	○	○	○	some
complains	10. Postsales service	○	—	●	○	—	—	○	○	none

tence, and goals of the others. Working through the organizational barriers takes time. Meanwhile, of course, the customer waits for the bid or quote, unattended.

*Order receipt and entry* comes next. This stage typically takes place in a neglected department called "customer service," "order entry," "the inside sales desk," or "customer liaison." Customer service representatives are usually either very experienced, long-term employees or totally inexperienced trainees. But regardless of their experience level, customer service reps are, in fact, in daily contact with customers. At the same time, these employees have little clout in the organization and no executive-level visibility. That means customer service representatives don't know what is going on at the top of the company, including its basic strategy. And top management doesn't know much about what its customer service department—the function closest to customers—is doing.

This unlinked group of customer service reps is also often responsible for the fifth step in the OMC: *order selection and prioritization*, the process of choosing which orders to accept and which to decline. Of course, the more carefully companies think through order selection and link it to their general business strategy, the more money they stand to make, regardless of physical production capacity. In addition, companies can make important gains by the way they handle order prioritization—that is, how they decide which orders receive faster, more complete attention. However, these decisions are usually made not by top executives who articulate corporate strategy but by customer service representatives who have no idea what the strategy is. While customer service reps decide which order gets filled when, they also often determine which order gets lost in limbo.

At the sixth step, *scheduling*, when the order gets slotted into an actual production or operational sequence, some

of the fiercest fights erupt. Here sales, marketing, or customer service usually face off with operations or production staff. The different functional departments have conflicting goals, compensation systems, and organizational imperatives: Production people seek to minimize equipment changeovers, while marketing and customer service reps argue for special service for special customers. And if the operations staff schedule orders unilaterally, both customers and their reps are completely excluded from the process. Communication between the functions is often strained at best, with customer service reporting to sales and physically separated from production scheduling, which reports to manufacturing or operations. Once again, the result is interdepartmental warfare.

Next comes *fulfillment*—the actual provision of the product or service. While the details vary from industry to industry, in almost every company, this step has become increasingly complex.

Sometimes, for example, order fulfillment involves multiple functions and locations: Different parts of an order may be created in different manufacturing facilities and merged at yet another site, or orders may be manufactured in one location, inventoried in a second, and installed in a third. In

**In most businesses, managers can learn more from salespeople, customer service reps, production schedulers, and shippers than from a customer's CEO.**

some businesses, fulfillment includes third-party vendors. In service operations, it can mean sending individuals with different talents to the customer's site. The more complicated the assembly activity, the more coordination must take place across the organization. And the more coordination required across the organization, the greater the chance for a physical gap. The order is dropped, and so is the customer. The order ends up on the floor, while different departments argue over whose fault it is and whose job it is to pick it up.

After the order has been delivered, *billing* is typically handled by people from finance who view their job as getting the bill out efficiently and making the collection quickly. In other words, the billing function is designed to serve the needs and interests of the company, not the customer. In our research, we often saw customers who could not understand a bill they had received or thought it was inaccurate. Usually the bill wasn't inaccurate, but it had been put together in a way that was more convenient for the billing department than for the customer. In one case, a customer acknowledged that the company provided superior service but found the billing operation a source of constant aggravation. The problem? Billing insisted on sending an invoice

with prices on it. But because these shipments went to subcontractors, the customer didn't want the actual prices to show. The finance function's response? How we do our invoices is none of the customer's business. Yet such a response is clearly self-serving and creates one more gap in the cycle – and possibly a loss to the company.

In some businesses, *returns and claims* are an important part of the OMC because of their impact on administrative costs, scrap and transportation expenses, and customer relations. In the ongoing relationship with the customer, this ninth step can produce some heated disagreements. Every interaction becomes a zero-sum game that either the company or the customer wins. To compound the problem, most companies design their OMCs for one-way merchandise flow: outbound to the customer. That means returns and claims must flow upstream against the current, creating logistical messes, transactional snarls – and extremely dissatisfied customers.

The last step, *postsales service*, now plays an important role in all elements of a company's profit equation: customer value, price, and cost. Depending on the specifics of the business, postsales service can include such elements as the physical installation of a product, repair and maintenance, customer training, equipment upgrading, and product disposal. At this final step in the OMC, service representatives can truly get inside the customer's organization. Because of the information conveyed and intimacy involved, postsales service can affect customer satisfaction and company profitability for years. But in most companies, the postsales service people are not linked to any marketing operation, internal product development effort, or quality assurance team.

At company after company, we traced the progress of individual orders as they traveled the OMC, beginning at one end of the process where orders entered and concluding at the other end where postsales service followed up. What we witnessed was frustration, missed opportunities, dissatisfied customers, and un-

derperforming companies. Ultimately, four problems emerged, which are tied to the four lessons discussed earlier.

- Most companies never view the OMC as a whole system. People in sales think someone in production scheduling understands the entire system; people in production scheduling think customer service reps do. No one really does, and everyone can only give a partial description.

- Each step in the OMC requires a bewildering mix of overlapping functional responsibilities. As illustrated in the exhibit "Why Orders Fall Through the Cracks," each step is considered the primary responsibility of a specific department, and no step is the sole responsibility of any department. But given the fact that responsibilities do overlap, many disasters occur.

- To top management, the details of the OMC are invisible. Senior executives at all but the smallest operating units simply don't understand the intricacy of the OMC. And people with the most crucial information, such as customer service reps, are at the bottom of the organization and can't communicate with the top.

- The customer remains as remote from the OMC as top management does. During the process, the customer's primary activities are to negotiate price, place the order, wait, accept delivery, pay, and complain. In the middle of the OMC, the customer is out of the picture completely.

Of course, today, top managers know that customer service and customer satisfaction are critical to a company's success. In one company after another, managers pursue the same solutions to problems that crop up with customers. They try to flatten the organization to bring themselves and non-marketing people into direct contact with customers. But while flattening the organization is a fine idea, it's not going to solve the real problem. No matter how flat an organization gets, no matter how many different functions interact with customers face-to-face – or phone to phone – what customers want is something else: to have their

orders handled quickly, accurately, and cost-effectively.

Here's what top managers don't do: They don't travel horizontally through their own vertical organization. They don't consider the order management cycle to be the system that ties together the entire customer experience and that can provide true customer perspective. Yet all ten steps are closely tied to customer satisfaction. Because the OMC is an intricate network that almost guarantees problems, top management's job is to understand the system so thoroughly it can anticipate those problems before they occur. That means managers must walk up and down and from side to side, every step of the way.

#### What's Wrong with My OMC?

Consider two brief case studies. One is taken from a specialty materials producer, the other from a custom capital equipment company. Both exemplify the three most common and debilitating problems that plague OMCs.

At the specialty materials company, when customers complained about order cycle time, top managers responded by increasing the work-in-process inventory. As a result, the company could meet customer specifications from semi-finished goods rather than starting from scratch. At the custom capital equipment company, when customers complained about slow deliveries, the company increased its manufacturing capacity. That meant it always had enough capacity to expedite any order.

Both solutions pleased customers. In addition, the first solution pleased that company's marketers, and the second

company, marketing staff took advantage of the increased work-in-process inventory to take orders and make sales that used up that inventory but didn't generate profits. And at the capital equipment company, manufacturing staff relied on the increased capacity to meet marketing demands but allowed productivity to slide.

The next step each company took was predictable. Top management, frustrated by the failure of its solution and concerned over continuing squabbles between departments, called on managers across the organization to rally around "making superior profits by providing top quality products and excellent service." Top management translated "top quality" and "excellent service" into catchy slogans and posters that decorated office cubicles and factory walls. It etched the "superior profit" objective into the operating budgets of higher-level managers. And it formed inter-functional teams so managers could practice participative decision making in pursuit of the new, companywide goal.

At the specialty materials company, a star sales manager who had been promoted to general manager set up an interfunctional executive committee to assess quarterly revenue and profit goals. We attended one meeting of this new committee. As the general manager sat down at the head of the table to begin the meeting, he expressed concern that the division was about to miss its revenue and profit goals for the second consecutive quarter. Committee members responded by pointing at other departments or making excuses. The vice president of sales produced

### Managers who try to focus on internal conflicts without charting the OMC often find themselves thwarted by politics and recalcitrant employees.

solution pleased its operations department. But neither solution pleased top management because even after several quarters, neither produced economic returns to justify the investments. In fact, both solutions only made matters worse. At the specialty materials com-

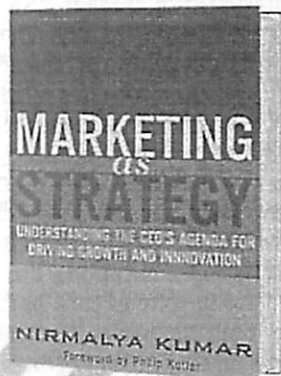
elaborate graphs to demonstrate that the problem was not caused by insufficient order generation. The vice president of operations produced detailed work sheets showing that many orders had come in too late in the quarter to be completed on time.



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However, given their new joint responsibility for profits, both sides agreed to put aside such arguments and focus on "how to make the quarter." All agreed to ship some customer orders in advance of their due dates because those items could readily be finished from available work-in-process inventory. While this solution would delay some long cycle-time orders, the committee decided to sacrifice these orders for the moment and take them up early in the next quarter. Immediately after the meeting, committee members started executing the plan: salespeople called their customers and coaxed them to accept early delivery; manufacturing staff rescheduled the shop floor.

Because of its small size, the custom capital equipment producer didn't need such a formal mechanism for coordinating activities. The CEO simply inserted himself into the daily workings of all functional areas and insisted on hearing all customer complaints immediately. While visiting this company, we heard a customer service representative talking on the telephone to a customer who had just been told her order would be late. The customer objected and asked for an explanation. After much hemming and hawing, the rep explained that her order had been "re-allocated" to another customer who needed the product more. The customer on the phone, who purchased products from the company in a relatively large volume, demanded to speak to the CEO and, under the new policy, was connected right away. When the CEO heard this important customer's complaint, he instantly plugged the order back in at the top of the priority list.

But in spite of such heroic efforts at both companies, customer service continued to slump, and financial results did not improve. At the materials company, customers who expected later delivery of their orders received them unexpectedly early, while those who needed them early got them late. At the capital equipment company, small customers who didn't know the CEO personally or didn't understand the route to him found their orders continually

bumped. At both companies, there was no real progress toward genuine customer satisfaction, improved service, or enhanced profits. Neither company had come to terms with the three critical problems embedded in their order management cycles: horizontal and vertical gaps, poor prioritization of orders, and inaccurate cost estimation and pricing.

The specialty materials company suffered from a fundamental horizontal gap: The marketing and manufacturing departments didn't share the same priorities for customer value, order selection, and order urgency. The real solution to this problem was to encourage and reinforce an understanding between these two critical OMC elements. Both the marketing and manufacturing departments needed to address how their part of the order management cycle generated customer value and where they were dropping customer orders in the horizontal handoff. Instead, the company introduced an expensive buffer to cover the gap between the functions — a semifinished inventory — and, when that failed, it decided to sacrifice real customer service to serve its own short-term financial needs. The immediate solution, simply shipping orders based on the amount of time it would take to complete them, merely pushed the problem from one quarter to the next without addressing the system failure. When the next quarter rolls around, top management will still have to contend with horizontal gaps, a lack of order selection and prioritization, and the inability of the order flow to generate value for the customer.

The same underlying systemic problems existed at the custom capital equipment producer. However, because of the small size of the organization, this company took a simple, politically expedient solution — letting the CEO decide — and superimposed it on an expensive financial solution — adding manufacturing capacity. If the company suffered from vertical gaps before, where people down in the trenches failed to understand the strategy developed up in the executive suite, the CEO's intervention in customer orders only made those gaps

worse. The CEO's involvement didn't address the systemic problems; he merely substituted his judgment and knowledge for that of lower-level employees. The detrimental effects on employee morale more than offset any immediate gains in customer appreciation. Had the CEO invested his energy in helping employees understand how each order creates customer value, has specific costs attached, and involves a certain amount of processing time, and had he communicated the importance of the whole OMC, he would have generated more customer satisfaction, greater employee morale, and higher profitability without adding expensive manufacturing capacity.

### How Can I Fix My OMC?

It takes hard work for a company to improve its order management cycle. Most successful efforts involve three basic elements: analysis, system focus, and political strategy. Each plays a different role in overall upgrading of the OMC and requires different implementation techniques, so let's look at each in turn.

**Analysis: Draw your OMC, and chart the gaps.** In the course of our research, we visited a number of companies that were actively engaged in reviewing their OMCs with an eye to improvement. But only two had made progress. Significantly, both had begun by trying to understand the whole OMC from start to finish. And they hadn't created a diagram on a single sheet of paper or a standard report format. Rather, one of these companies had built "war rooms": two adjacent, bunker-like offices. The walls of both rooms were made of poster board coated with color-coded sheets of paper and knitting yarn that graphically charted the order flow from the first step to the last, highlighting problems, opportunities, and potential action steps. With its multiple and overlapping sheets of paper, the entire chart easily exceeded 200 feet in length.

This visual tool made it possible for people from different functions and at different levels in the organization to accept the OMC as a tangible entity.



Everyone could discuss the order flow with a clear and shared picture in front of him. And by representing the OMC in visual terms, the chart guaranteed that disagreements over problems would focus on facts rather than on opinions about how the OMC worked.

A second type of successful analysis requires companies to look at the OMC from the customer's point of view. For example, at one company, the in-house measurement system found that 98% of all orders went out on time. But another detailed survey noted that only 50% of customers said they were satisfied with deliveries. The company was unable to reconcile the two reports until managers looked at the issue from the customer's angle and compared it with their own point of view. For instance, the customer survey measured the date when the customer actually received the order, but the company's internal system was based on the date when it shipped the order. If an order consisted of 100 items, and the company correctly

shipped 99 of those items, the internal report recorded a 99% perfect shipment. But the customer, who needed all 100 items before work could begin, recorded the order as a complete failure. Also, if the order contained an incorrectly shipped item, the company did not register the mistake at all. Of course, the customer did because an incorrect

elements. One company realized that, while it currently relied on extensive competitive bidding, it would have to start tracking its own win-loss percentages by type of customer, geography, type of order, and other relevant data to meet its larger goals. Managers could then use such data to analyze the relationship between the company's prices

**Most OMCs perform worst when demand is greatest, which means that the largest number of customers experience service at its poorest quality.**

item could easily interfere with his or her ability to get on with the job. Once this company recognized the difference between its perspective and the customer's, it switched to the customer's view as the basis for its tracking system.

Finally, successful companies have explicitly stated that their goals are satisfied customers, higher profits, and sustainable competitive advantage – without compromising any of these

and its competitors, as well as between volume and price. That, in turn, could translate into better price and market share and less effort wasted on unattractive or unattainable business.

**System Focus: Put the pieces together; move across boundaries.** An analysis of the order management cycle should underline this fundamental point: The OMC is a system, and executives must manage it as a system. The

**"How many of the wrong guests are you inviting to your party?"**



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goal, of course, is to fit together the horizontal pieces into a unified, harmonious whole. To encourage such alignment, managers have a number of tools at their disposal. For example, through the company compensation system, managers can introduce joint reward plans that encourage employees to take a systemwide view of company performance. Or, in designing performance measurements, managers can include numbers that reflect performance across boundaries or throughout the system.

Perhaps the most powerful tool managers can use is interfunctional or interdepartmental investments in projects. These expenditures not only bring different units closer together but can also result in substantial financial returns to the company. Of course, in most companies, project champions drive the decisions in the capital-budgeting process. Most project champions embrace projects in their own departments or functions. Projects that cross boundaries tend to be orphans because they lack champions. Even with champions, such projects require difficult, time-consuming negotiations and are often deferred or fail outright. But precisely for this reason, projects that cross department boundaries can create an integrated atmosphere. When the CEO or chief operating officer personally backs investments, the whole company gets the message that these investments reflect a new perspective. Significantly, interdepartmental projects, usually underfunded for years, often deliver the greatest returns to the organization in terms of real improvements and financial results.

A company's information technology system can also play an important role. Computer technology is a crucial tool for integrating many steps of the order management cycle. Direct computer links with customers and integrated internal computer systems, for example, typically result in lower costs and better analysis. And while order processing was one of the earliest activities to be computerized in many companies, it's now time to update and reengineer such systems. When managers walk

through the entire OMC, they have the opportunity to ask whether each step can be improved through automation or, perhaps, eliminated altogether given new technology and processes. With more reliable computer systems, for instance, is manual backup still required? Or can data be captured at the source to avoid repeat entry and inevitable clerical errors?

All of these human resource, management, and information technology tools reinforce the idea, represented by the OMC, that the basic work of the company takes place across boundaries. And because obsolete or unnecessary

### **When the order management cycle is not working well, it both reflects and causes monumental internal strife.**

tasks hinder coordination, all pieces of the system must fit together to meet customer needs in a seamless fashion.

**Political Strategy: Staple yourself to an order.** Given that the order management cycle is critical to so many daily operating decisions, it is often at the center of all political maneuverings in a company. Realistically, OMC politics will never go away; working horizontally in a vertical organization is always difficult at best. In our research, we saw hard-nosed CEOs and high-ranking divisional general managers forced to admit defeat when confronted with stonewalling functional staffs. We watched young, analytically focused managers with innovative ideas face disinterest, distrust, and selfishness—and fail miserably. The people who can succeed at interdepartmental management are usually hardened veterans who understand company politics and can cash in favors. But even they won't succeed without visible support from the top.

One way to improve the situation in any company is to "close the loop" be-

tween the service providers and the strategy setters or, in other words, to tie the company closer together through the order management cycle. Managers should try what we did in our research: We stapled ourselves to an order and literally followed it through each step of the OMC. When managers do this, descending from the executive heights into the organization's lower depths, they come into contact with critical people like customer service reps and production schedulers. Reps, schedulers, order processors, shipping clerks, and many others are the ones who know fine-grained information about customer needs. For example, customers might want the product delivered in a drum rather than in a bag or prefer plastic wrapping to Styrofoam.

For most executives in most companies, there is simply no organizational setup for listening and responding to people at all levels. The McDonald's policy of having executives regularly work behind the counter is a worthwhile example of creating such an opportunity. Requiring top managers to work as cashiers and cooks sends a message about the company's values to all staff and enables executives to experience the OMC firsthand.

However, this idea can degenerate into an empty gesture or just another management fad. Take, for example, CEO visits to customers that become official state visits during which corporate heads discuss company relationships at a level of abstraction that has little to do with reality. In most businesses, managers can learn more from salespeople, customer service reps, production schedulers, and shippers than from a customer's CEO.

All too often, managers who try to focus on internal conflicts directly, without charting the OMC, find themselves thwarted by politics and recalcitrant employees. But the wall charts and interdepartmental measurements engendered by focusing on the OMC can create an overall vision that transcends vertical politics. The customer is not involved in organizational infighting, and when a company takes

on the customer's perspective, politics must take a different and more productive turn.

### What Are the Benefits of Fixing My OMC?

When companies improve their order management cycles, there are three important benefits. First and foremost, they will experience improved customer satisfaction. Companies will fill orders faster, become more accurate, and generally keep their promises to customers. A well-run OMC has a huge effect on customers: Most OMCs perform worst when demand is greatest, which means that the largest number of customers experience service at its poorest quality. Fixing the OMC reverses that downward trend.

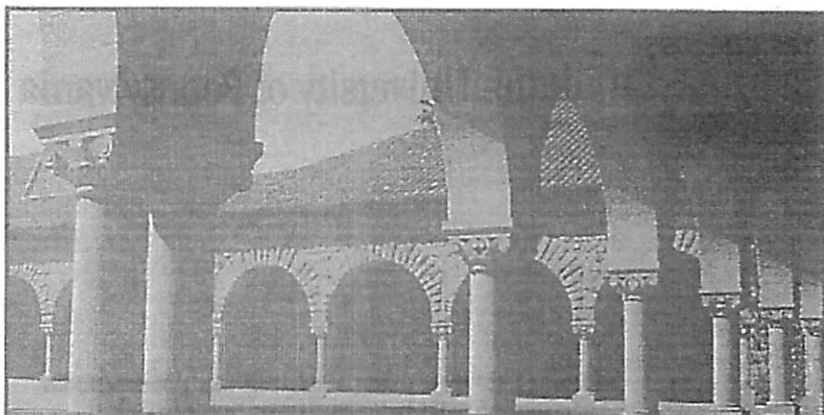
Second, interdepartmental problems will recede. When the OMC is not working well, it both reflects and causes monumental internal strife in a company. People in each department feel they are working hard to achieve their goals and feel let down by other functions when customer service or financial performance fails to measure up. In the absence of unifying efforts and signs of improvement, the infighting can take on a life of its own and become even more divisive than the operating problems that started the battle. A systemic view helps everyone understand that all departments are interdependent.

Finally, companies will improve their financial performance. We saw companies lose sales, waste labor, and fumble investments because of poor order management cycles. Typically, companies throw money at their problems, building excess capacity, adding inventory, or increasing the body count, all of which are expensive and none of which solves the real problem. The simple fact is that when an OMC is poorly managed, greater sales, lower costs, higher prices, and smaller investments all seem impossible. But when an order management cycle works efficiently, a company can achieve these goals—and more. ☐

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To order, see page 191.

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***Article Report:***

Please carefully read the Article "Staple Yourself to an Order" attached herewith (it's interesting, useful, sense-making, and applicable); then do as follows:

- Briefly comment on the highlights which this article projects.
- Explain the Order Management Cycle OMC chart shown on page 165 of the article in terms of how coordinated integration between the various business functions and processes in a firm can lead to smoother transitioning of orders and related work-systems/processes through the 10 stages/steps of the OMC shown in that chart.
- Explain the difference between Horizontal Gap and Vertical Gap in the context of the customer order management cycle. Use an example.
- Explain the context of "Order Based Pricing" in the costs/profits estimation step of the customer order management cycle to improve profitability.

Your write-up for your report should be preferably succinct, on a simple word document.

Your responses in your report need you to well articulate your thoughts and learning, and express your understanding and your position in professional business & marketing language.

Simple copy-pastes are not needed; elaboration to clarify and project your comprehension of the issues is required here.

Further, there is no exact right or wrong answer; I'm looking for your opinion and how well you can justify your stance.



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**Case: Peak Garage Door, Inc.**

This business case is very typical of the marketing channels element of the marketing mix for an organization. It involves understanding of channel structures and distribution strategies which have been discussed in the theoretical section of the topic, and which will be reinforced through this representative application in a real-world scenario.

Students are required to thoroughly read the case, and participate in the online discussion, and encouraged to post queries with regard to the qualitative and quantitative material of this case; thereupon the detailed case paper is to be worked on and submitted.

**The following primer questions will serve to structure the analysis of this case:**

- What is the marketing environment for Peak Garage Door, Inc.?

This calls for details of:

- the garage door industry overview,
- consumers' purchase behavior,
- the company's trade area, and revenue generating capacity.

- How would the company's current distribution network and performance be characterized?

This calls for articulation of:

- recognition of the different channel strategies being adopted currently,
- differentiation between the exclusive and non-exclusive dealers,
- sales, costs and profits to be calculated for each type of dealer.

- What are the company's growth objectives? Given the current market scenario for this industry, how promising or feasible does the growth plan appear?

This requires:

- calculation of projected growth forecasts,
- comparison of forecasts with current figures, to judge possible growth.

- What are the pros and cons of each of the four alternative distribution initiatives proposed by the board?

This section involves in-depth quantitative analyses for estimating the impact of the following four transvection strategies on financial performance and business feasibility:

- maintaining the current status quo,
- increasing the number of non-exclusive dealers,
- decreasing the number of non-exclusive dealers,
- increasing the number of exclusive dealers.



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### Topic for discussion:

For years, managers have been extracting growth out of their regular target-market segments. Through the last couple of decades, with shifts in demand curves, newer markets encompassing the rising ranks amidst the lower middle-class (once treated as 'poor') (domestically here in US, and more so in third-world countries moving toward a status of developing nations or emerging market economies) have risen as contenders for increased consumption of products and services. These opportunities call for organizations on global fronts to redesign/retool/reshape their go-to-market tactics and strategies to effectively position their offerings, along with suited pricing, promotions, and distributions channels to acquire captive market shares among these "mass-markets" constituting the "lower echelons of the pyramid".

Pick an organization of your choice - preferably a medium to large scale firm. Considering this firm's offerings (choose any product or service of this firm, as deemed suitable/feasible/comfortable by you), express how this firm could (or if the case be, already is) commission/ing efforts and resources to target these "mass-markets" as prospective customers to generate proliferated offerings and revenue-streams.

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## Preview Quiz

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1

Marks: 1

An organization selling home appliances has been operating for years using traditional retail channels. However, with the diffusion of e-commerce, consumers may be able to now buy merchandise directly from the organization, thereby avoiding the retailers. If the organization adopts selling via e-commerce, this act of \_\_\_\_\_ may pose grave potential for arising channel conflict.

- Choose one answer.
- a. transactional function
  - b. horizontal integration
  - c. horizontal innovation
  - d. cross-docking
  - e. disintermediation

2

Marks: 1

Breath mints, bottled water, and nail clippers would most likely use which density of distribution?

- Choose one answer.
- a. intensive distribution
  - b. extensive distribution
  - c. selective distribution
  - d. exclusive distribution
  - e. concentrated distribution

**3** Which of the following scenarios represents horizontal channel conflict?

Marks: 1

- Choose one answer.
- a. when a powerful wholesaler disagrees with the operating procedures of small-scale retailers operating in several channels
  - b. a retailer in a channel disagrees on how profit margins are distributed among the other members in that channel
  - c. when logistics providers in different marketing channels disagree on distribution coverage issues in a geographic area
  - d. when a manufacturer believes a wholesaler or retailer is not devoting sufficient attention to its products
  - e. when a channel member bypasses another member and sells or buys a product direct

**4** Which of the following is the source of power determining which channel member will be the channel captain?

Marks: 1

- Choose one answer.
- a. economic power
  - b. expertise
  - c. identification with a particular intermediary
  - d. legitimate rights through contracts
  - e. any of the above

**5** Schwan's Sales Enterprises of Marshall, Minnesota, markets a full line of frozen foods in 49 states and parts of Canada using door-to-door salespeople who sell from refrigerated trucks. This particular method of distribution is called a:

Marks: 1

- Choose one answer.
- a. direct channel.
  - b. indirect channel.
  - c. facilitated channel.
  - d. customer-service channel.
  - e. truck jobber channel.

**6** Which of the following statements about marketing intermediaries is true?

Marks: 1

- Choose one answer.
- a. marketing intermediaries are precisely dealers and distributors.
  - b. A retailer mostly sells to business markets.
  - c. An agent has no legal authority to act on behalf of a manufacturer.

- d. A wholesaler mostly sells to other intermediaries.
- e. A broker is synonymous with a transporter.

**7 e** In direct marketing, all intermediary-related functions are performed by the:

Marks: 1

- Choose one answer.
- a. retailers.
  - b. wholesalers.
  - c. producers.
  - d. brokers and agents.
  - e. middlemen.

**8 e** International Products, a Burlington, New Jersey, firm that sells industrial cleansers and lubricants wanted to sell its product to factories, hospitals and labs in China, but it did not have the necessary expertise. As a result International Products hired Asia Marketing & Management to sell, stock, and deliver a full assortment of products to the Chinese market. Asia Marketing & Management is an example of a(n):

Marks: 1

- Choose one answer.
- a. agent.
  - b. wholesaler.
  - c. disintermediary.
  - d. retailer.
  - e. industrial distributor.

**9 e** CPW is the food industry's first \_\_\_\_\_ designed to be a global business. It joined the cereal manufacturing and marketing capability of one organization (General Mills) with the distribution clout of the other organization (Nestlé) to generate efficient channel functioning capabilities.

Marks: 1

- Choose one answer.
- a. dual distribution partnership
  - b. multi-channel distribution
  - c. cooperative distribution channel
  - d. strategic channel alliance
  - e. bilateral trade agreement

**10 e** Which type of a middleman constitutes an intermediary in a marketing channel?

Marks: 1

Choose one

- answer.
- a. a dealer
  - b. a wholesaler
  - c. a retailer
  - d. a distributor
  - e. any of the above

**11** The three basic critical functions performed by intermediaries are:

Marks: 1

- Choose one answer.
- a. accommodating functions, logistical functions, and transactional functions.
  - b. implementation functions, accommodating functions, and contractual functions.
  - c. transactional functions, logistical functions, and facilitating functions.
  - d. facilitating functions, accommodating functions, and implementation functions.
  - e. contractual functions, facilitating functions, and logistical functions.

**12** When marketing channel members are engaged in activities like assorting, storing, sorting, and transporting they are performing \_\_\_\_\_ functions.

Marks: 1

- Choose one answer.
- a. logistical
  - b. transformational
  - c. facilitating
  - d. implementing
  - e. transactional

**13** Intermediaries performing a transactional function in distribution are engaged in activities like buying, selling, and:

Marks: 1

- Choose one answer.
- a. channeling.
  - b. strategizing.
  - c. liaising.
  - d. risk taking.
  - e. merchandising.



**14 e** For which of the following products would the manufacturer be most likely to use exclusive distribution?

Marks: 1

Choose one answer.

- a. Timex watches, Lacoste shirts, and Nike shoes
- b. Chanel perfume, Steinway pianos, and Baccarat crystal
- c. Oreos, Teddy Grahams, and vanilla wafers
- d. paper clips, light bulbs, and file folders
- e. Lean Cuisine meals, Breyer's ice cream, and Turin chocolates

**15 e** Which of the following business chains reflects multi-channel marketing?

Marks: 1

Choose one answer.

- a. firm using a traditional retail channel, and adding another retailer into this channel, to reach its market
- b. firm using a traditional retail channel, and using a retailer and wholesaler in another channel, to reach its market
- c. firm using two or more intermediaries in its channel to reach its market
- d. firm using a wholesaler who passes on the products to the retailer in the channel to systematically carry out such multiple transactions
- e. firm using the internet/e-commerce as its distribution strategy

**16 e** Marketing channels create customer value from all of the following utilities EXCEPT:

Marks: 1

Choose one answer.

- a. possession.
- b. position.
- c. form.
- d. place.
- e. time.

**17 e** Intermediaries make the selling of goods more efficient by:

Marks: 1

Choose one answer.

- a. maximizing the number of contacts necessary between producer and consumer.
- b. identifying target markets.
- c. reducing manufacturing costs.
- d. minimizing the number of sales contacts between producer and consumer.

e. eliminating inventory costs.

**18** Marketing/Business Logistics broadly comprises of the following two functions:

Marks: 1

- Choose one answer.
- a. distribution and partnership
  - b. transportation and advertising
  - c. warehousing and transportation
  - d. transactional and relational
  - e. promotion and storage

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