

BUSMKT 1040

Exam 1 Study Guide

Exam 1 will cover chapters 1, 2, 8, 9, 10 & 11 as well as all class discussions and guest speakers.

Make sure to bring a pencil and your Pitt identification card (or some other official picture id).

This is NOT a comprehensive list of all that is in the reading and lectures to be covered on Exam 1. There is no way to include every small definition and detail; please use this as an overview of the major topic areas to cover in your studies. I create exams that reward class attendance (review all notes and slides) as well as those who carefully read and ensure they understand the concepts in the assigned chapters. Happy studying!

You are allowed one 3x5 card with notes (both sides, typed or handwritten).

Chapter 1

- What is marketing and its purpose?
 - The social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting organizational objectives.
- Elements of an exchange
 - At least 2 parties
 - Each party has something of value to offer
 - Capable of communication & delivery
 - Free to accept or reject offers
 - Each believes other is desirable to deal with
- The 4 marketing management orientations and the differences between them
 - Production
 - Focuses on the internal capabilities of the firm rather than on the desires and needs of the marketplace.
 - Sales
 - Based on the belief that people will buy more goods and services if aggressive sales techniques are used and that high sales result in high profits.
 - Market
 - Social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting organizational objectives.
 - Social Marketing
 - Extends the marketing concept by acknowledging that some products that customers want may not really be in their best interests or the best interests of society as a whole.
- What are the 4 P's?
 - Product
 - Place (Distribution)
 - Promotion
 - Price

Chapter 2

- What is strategic planning?

- o The process of anticipating future events and determining strategies to achieve organizational objectives in the future, and designing activities relating to marketing objectives and changing marketing environment
- o SBU (Strategic Business Units)
- o Requires:
 - Attention
 - Creativity
 - Commitment
- Elements and importance of a marketing plan (including implementation and evaluation)
 - o Mission Statement
 - o Situation or SWOT analysis
 - o Objectives
 - o Marketing Strategy
 - Target Market Strategy
 - Marketing Mix
 - Product
 - Place
 - Promotion
 - Price
 - o Implementation
 - o Evaluation
 - o Control
- Understand SWOT analysis
 - o Strengths
 - o Weaknesses
 - o Opportunities
 - o Threats
- Characteristics of good objectives
 - o Realistic
 - o Measurable
 - o Time specific
 - o Compared to a benchmark
- Ways to create a competitive advantage
 - o Cost
 - Experience Curves
 - Efficient Labor
 - No-frills goods and services
 - Government subsidies
 - Product design
 - Reengineering
 - Production innovations
 - New methods of service delivery
 - o Product/service differentiation
 - Exists when a firm provides something that is unique and valuable to buyers beyond simply offering a lower price than that of the competition.
 - o Niche
 - Good for smaller companies or those targeting to effectively serve a single segment

- Strategy options for marketing managers and how to select the optimal choice including the Ansoff's strategic opportunity matrix (Product-Market growth matrix), the Innovation matrix, and the Boston Consulting Group matrix

- o Ansoff's Strategic Opportunity Matrix

- Market penetration
 - Increase market share among existing customers
- Market development
 - Attract new customers to existing products
- Product development
 - Creation of new products for present markets
- Diversification
 - Increase sales by introducing new products into new markets

	Present Product	New Product
Present Market	Market Penetration	Product Development
New Market	Market Development	Diversification

- o Innovation Matrix

- Core
 - Decisions implement changes that use existing assets to provide added convenience to existing customers and potentially entice customers from other brands.
- Adjacent
 - Decisions are designed to take company strengths into new markets. This space uses existing abilities in new ways.
- Transformational
 - Decisions result in brand-new markets, products, and often new businesses – new, unfamiliar assets.

- o Portfolio Matrix (Boston Consulting Group Matrix)

- SBU categories:
 - Stars
 - o Fast-growing market leader
 - o Reinvest earnings
 - Better distribution
 - Promotion
 - production
 - Cash cows
 - o Generates more cash than it needs to maintain its market
 - o Low growth
 - o Dominant market share
 - o Price leader
 - o Requires technological improvements
 - Problem children (?)
 - o Rapid growth
 - o Poor profit margins
 - o Require a great deal of cash
 - o Potential for Star category
 - Dogs