

Choices: What Do You Think?

1. The Boston Consulting Group matrix identifies products as stars, cash cows, question marks, and dogs. Do you think this is a useful way for organizations to examine their businesses? What are some examples of product lines that fit in each category?
2. In this chapter we talked about how firms do strategic, functional, and operational planning. Yet some firms are successful without formal planning. Do you think planning is essential to a firm's success? Can planning ever hurt an organization?
3. Most planning involves strategies for growth. But is growth always the right direction to pursue? Can you think of some organizations that should have contraction rather than expansion as their objective? Do you know of any organizations that have planned to get smaller rather than larger in order to be successful?
4. When most people think of successful marketing, internal firm culture doesn't immediately come to mind as a contributing factor. What is a corporate culture? What are some reasons a firm's corporate culture is important to the capability of doing good marketing? Give some examples of what you consider to be a good corporate culture for marketing.
5. Review the *AMA Code of Ethical Norms and Values for Marketers*, provided in the chapter. Which of the areas represented within the document do you anticipate are the

most challenging for marketers to consistently follow? What makes these issues particularly troublesome? Do you think marketing in general does a good job adhering to the AMA Code? Provide specific evidence from your knowledge and experience to support your position.

Miniproject: Learn by Doing

The purpose of this miniproject is to gain an understanding of marketing planning through actual experience.

1. Select one of the following for your marketing planning project:
 - Yourself (in your search for a career)
 - Your university
 - A specific department in your university
2. Next, develop the following elements of the marketing planning process:
 - A mission statement
 - A SWOT analysis
 - Objectives
 - A description of the target market(s)
 - A positioning strategy
 - A brief outline of the marketing mix strategies—the product, pricing, distribution, and promotion strategies—that satisfy the objectives and address the target market
3. Prepare a brief outline of a marketing plan using the basic template provided in this chapter as a guide.

Marketing in Action Case

Time magazine named it the Invention of the Year. Experts and consumers alike called it “revolutionary.” Introduced in June 2007, the iPhone is Apple's Internet-enabled multimedia mobile phone. In the first six months after Steve Jobs announced the planned launch of the iPhone at the Macworld Expo in January 2007, the invention was the subject of 11,000 print articles and 69 million hits on Google.

So why is the iPhone revolutionary? For starters, the iPhone is a quad-band mobile phone that uses GSM standard, thus having international calling capability. It is a portable media player or iPod and an Internet browser, thus accessing owners' e-mail. It does text messaging, visual voice-mail, and has local Wi-Fi connectivity. It's sleek, slim, and is outfitted with a multitouch screen with virtual keyboard. The multitouch screen technique means the owner can expand or shrink the screen image by sliding her finger and thumb apart or together. The iPhone offers owners three types of radio: cellular, Wi-Fi, and Bluetooth. As an added benefit, one iPhone battery charge provides 8 hours of calls, 7 hours of video, or 24 hours of music.

Indeed, the iPhone was the year's most desired gadget. Customers stood in line to be the first to own one. In fact, some more entrepreneurially-minded customers bought more than one, convinced they could sell one at a profit and make enough to pay for the second!

Real Choices for the Apple iPhone

Apple made the iPhone available to U.S. consumers through an alliance that made AT&T the exclusive carrier and under which AT&T subsidized the cost of the iPhone. To use an iPhone, customers had to sign a two-year contract with AT&T for cellular and Internet service. The price of the phone itself was \$499 for the four-gigabyte model or \$599 for the eight-gigabyte version.

But consumers' love affair with the iPhone soon faced trouble. Just two months after the iPhone introduction, Apple dropped the price from \$600 to \$399, angering customers who had paid top dollar only two months before. And those customers immediately let Apple know of their dissatisfaction by phone, by e-mail, and on blogs. In response, Steve Jobs admitted that the company had abused its core customers and offered a \$100 store credit to early iPhone buyers.

Furthermore, consumers were not happy that they were restricted to AT&T with their iPhones. Soon after the phone's introduction, hackers posted directions on the Internet for consumers to unlock the cellular service feature of their phone, allowing them to use the iPhone with any cellular service provider. Even though Apple was quick to warn consumers that unlocking the phone might damage the iPhone software, eventually making downloading with upgraded software impossible, unlocked phones continued to be available.

To make matters worse, various European countries have laws to protect consumers from being forced to buy something as a condition of buying a product, thus creating barriers for the global iPhone business. The courts in both France and Germany have refused to allow Apple to sell the iPhone locked to a long-term contract with a single cellular service supplier.

For Apple, the iPhone is the product of the future with plans for introducing software upgrades and newer versions to stimulate increased world sales. Steve Jobs is betting that the iPhone will enjoy the same success he has had with the iPod and with Apple computers. But for that success to materialize, Apple must carefully consider what long-term strategies are necessary to make the iPhone both popular and profitable.

You Make the Call

1. What is the decision facing Apple?
2. What factors are important in understanding this decision situation?
3. What are the alternatives?
4. What decision(s) do you recommend?
5. What are some ways to implement your recommendation?

Based on: Katie Huber and Brad Stone, "iPhone Owners (Sneep!) Find Low Price Cut," *New York Times*, September 7, 2007, <http://www.nytimes.com/2007/09/07/technology/07apple.html>; Times Topics, iPhone, <http://topics.nytimes.com/top/reference/timestopics/subjects/iphone/index.html?bqa&sc=1-spt&sq=iphone&st=nyt>; The Associated Press, "Altogether iPhones at Risk of Failure," *New York Times*, September 25, 2007, <http://www.nytimes.com/2007/09/25/technology/25iphone.html?sq=iphone%20unlocked&st=nyt&sc=6&pagewanted=print>; Victoria Shannon, "iPhone Must Be Offered Without Contract Restrictions, German Court Rules," *New York Times*, November 21, 2007, <http://www.nytimes.com/2007/11/21/technology/21iphone.html?sc=3&sq=iphone+unlocked&st=nyt>; David Pogue, "The iPhone Matches Most of Its Hype," *New York Times*, June 17, 2007, <http://www.nytimes.com/2007/06/27/technology/circuits/27pogue.html>.

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