

EXERCISES

The exercises are intended to give you an opportunity to explore ways of looking at marketing. Exercise 1.1 enables you to make an assessment of your own beliefs about marketing; the remaining exercises can be applied to your organization.

Exercise 1.1 Marketing orientation

Below are a number of definitions of marketing that have appeared in books and journals over the last 20 or so years. Read through them carefully and note on a piece of paper the numbers of those which most accurately reflect your own views.

While there is no upper limit to the number of definitions you can choose, try, if you can, to limit your choice to a maximum of nine or 10 definitions.

1. 'The planning and execution of all aspects and activities of a product so as to exert optimum influence on the consumer, to result in maximum consumption at the optimum price and thereby producing the maximum long-term profit.'
2. 'Deciding what the customer wants; arranging to make it; distributing and selling it at a profit.'
3. 'Marketing perceives consumption as a democratic process in which consumers have the right to select preferred candidates. They elect them by casting their money votes to those who supply the goods or services that satisfy their needs.'
4. 'The planning, executing and evaluating of the external factors related to a company's profit objectives.'
5. 'Adjusting the whole activity of a business to the needs of the customer or potential customer.'
6. '... marketing is concerned with the idea of satisfying the needs of customers by means of the product and a whole cluster of things associated with creating, delivering and, finally, consuming it.'
7. 'The total system of interacting business activities designed to plan, price, promote and distribute products and services to present and potential customers.'
8. '(Marketing is) the world of business seen from the point of view of its final result, that is from the customer's viewpoint. Concern and responsibility for marketing must therefore permeate all areas of the enterprise.'
9. 'The activity that can keep in constant touch with an organization's consumers, read their needs and build a programme of communications to express the organization's purposes.'
10. 'The management function which organizes and directs all those business activities involved in assessing and converting customer purchasing power into effective demand for a specific product or service and moving the product or service to the final customer or user so as to achieve the profit target or other objectives set by the company.'

(Continued)

11. 'The marketing concept emphasizes the vital importance to effective corporate planning and control, of monitoring both the environment in which the offering is made and the needs of the customers, in order that the process may operate as effectively as is humanly possible.'
12. 'The organization and performance of those business activities that facilitate the exchange of goods and services between maker and user.'
13. 'The process of: (1) Identifying customer needs, (2) Conceptualizing these needs in terms of the organization's capacity to produce, (3) Communicating that conceptualization to the appropriate locus of power in the organization, (4) Conceptualizing the consequent output in terms of the customer needs earlier identified, (5) Communicating that conceptualization to the customer.'
14. '(In a marketing company) all activities – from finance to production to marketing – should be geared to profitable consumer satisfaction.'
15. 'The performance of those business activities that direct the flow of goods from producer to consumer or user.'
16. 'The skill of selecting and fulfilling consumer wants so as to maximize the profitability per unit of capital employed in the enterprise.'
17. 'The economic process by means of which goods and services are exchanged and their values determined in terms of money prices.'
18. 'The performance of business activities that direct the flow of goods and services from producer to consumer in order to accomplish the firm's objectives.'
19. 'Marketing is concerned with preventing the accumulation of non-moving stocks.'
20. 'The process of understanding markets and the present and future value required by the different groups within these markets, of communicating it to all customer-impacting functions within the organization and of measuring the value actually delivered.'

Scoring for Exercise 1.1

You should have selected a number of definitions that you identify with. To work out your score, tick the boxes in the table below which equate to your chosen statements. Now add the number of ticks in each group and enter the total in the boxes at the end of each row.

For example, if you selected definitions 1, 3, 5, 6, 10 and 14, then 1 and 10 would score a total of 2 in Group A and 3, 5, 6 and 14 would score a total of 4 in Group B.

Group A	1	2	4	7	10	12	15	17	18	19	
Group B	3	5	6	8	9	11	13	14	16	20	

Interpretation of Exercise 1.1

If you study the various definitions, you will find that the essential difference between those in Group A and those in Group B is that *Group B definitions make an unambiguous reference about identifying and satisfying customer needs and building systems around this principle.*

This is generally accepted as true marketing orientation, and is the stance taken throughout this book about marketing.

Group A definitions tend to focus far less on the customer (unless it is to decide what customers want, or to *exert influence* on the customer – i.e. to do things to the customer – and more on the company's own systems and profit motives. Thus Group A definitions could be described as being more traditional views about managing a business. Therefore the more Group B and the fewer Group A answers you have, the higher your marketing orientation and the less at odds you should be with the ideas put forward in this book.

Please note that this is your personal orientation towards marketing and nothing to do with your company.

Exercise 1.2 Company capabilities and the matching process

1. Reflect on your company's recent history, say the last five years. Over that period, what would you say have been the key strengths that have carried the company to its present position?

(a) Make a list of these below. *Note:* In a small company, among the strengths might be listed key people. Where this happens, expand on what the person actually brings to the organization, e.g. sales director – his/her contacts in the industry.

(i) _____

(ii) _____

(iii) _____

(b) What would you say are the three main weaknesses at present?

(i) _____

(ii) _____

(iii) _____

2. Again, considering the last five-year period, has the company got better at matching its strengths to customers and to its business environment, or worse? Often there are both positive and negative forces at work.

(a) Make a note of the factors which led to improvements in the space below.

(b) Make a note of the factors which led to a deterioration in the space below.

At this stage you do not need to draw any specific conclusions from this exercise, although you will probably find it useful to return to this information as you progress through the book.

(Continued)

Exercise 1.3 The marketing environment

You will be asked to consider the marketing environment in more detail later. For now, think back over the last five years of the company's history and answer these questions:

1. Which were the three most significant opportunities in the environment which contributed to the company's success/present situation?

- (a) _____ ()
 (b) _____ ()
 (c) _____ ()

Put a score against each factor listed, in the brackets, using a 1–10 scale (where 10 is extremely significant).

2. Which were the three most significant threats which operated against the company over this period and which inhibited its success?

- (a) _____ ()
 (b) _____ ()
 (c) _____ ()

Again, score these threats on a 1–10 scale as above.

3. Reflect on what you have written above and consider whether or not these opportunities and threats are increasing or decreasing in significance, or if new ones are on the horizon. Make notes below, looking ahead for, say, the next three years.

Opportunities → _____
 Threats → _____

Again, at this stage, you do not need to draw any specific conclusions from this exercise, although you will probably find it useful to return to this information as you progress through the book.

Exercise 1.4 Marketing quiz*

Place a tick after each statement in the column which most accurately describes your company situation.

	<i>Very true</i>	<i>True</i>	<i>Don't know</i>	<i>Untrue</i>	<i>Very untrue</i>
1. (a) Our return on invested capital is satisfactory.					
(b) There is good evidence it will stay that way for the next five years.					
(c) Detailed analysis indicates that it is probably incapable of being materially improved.					

	<i>Very true</i>	<i>True</i>	<i>Don't know</i>	<i>Untrue</i>	<i>Very untrue</i>
<p>2. (a) Our market share is not declining. (b) This is a fact, based on objective evidence. (c) There is objective evidence that it will stay that way.</p> <p>3. (a) Our turnover is increasing. (b) At a rate faster than inflation. (c) But not at the expense of profitability.</p> <p>4. I know for sure that our sales organization is only allowed to push less profitable lines at the expense of more profitable ones if there are rational reasons for doing so.</p> <p>5. (a) I understand why the company has performed the way it has during the past five years. (b) I know (apart from hoping) where it is heading during the next five years.</p> <p>6. (a) I am wholly satisfied that we make what the market wants, not what we prefer to produce. (b) Our functional strategies (such as production, finance, IT, HR, operations, R and D, etc.) are based on a clear understanding of the required customer value, rather than for self-serving functional reasons. (c) I am satisfied that we do not use short-term tactics which are injurious to our long-term interests.</p> <p>7. (a) I know that sales and profit forecasts presented by operating management are realistic. (b) I know they are as exacting as they can reasonably be. (c) If anyone insists that they are raised, it is because a higher level is attainable not just because a better-looking budget is required.</p>					
<p>*Adapted by Professor Malcolm McDonald from a questionnaire devised by Harry Henry Associates in 1971.</p>					
<p>(Continued)</p>					

	<i>Very true</i>	<i>True</i>	<i>Don't know</i>	<i>Untrue</i>	<i>Very untrue</i>
8. (a) The detailed data generated internally are analysed to provide timely information about what is happening in the key areas of the business.					
(b) Marketing research data which operating management acquire are synthesized into plain English and are actually needed and used in the key decision-making process.					
9. (a) We do not sell unprofitably to any customer.					
(b) We analyse our figures to be sure of this.					
(c) If we do, it is for rational reasons known to us all.					
10. Our marketing policies are based on market-centred opportunities which we have fully researched, not on vague hopes of doing better.					

Join up the ticks down the page and count how many are to the left of the *Don't know* position, and how many are at the *Don't know* position or to the right of it.

Interpretation of Exercise 1.4

If you have 11 or more answers in the *Don't know* position or to the right of it, then the chances are that your company isn't very marketing orientated. It needs to take a closer look at itself in the ways suggested by this book.

Scores between 12 and 20 to the left of the *Don't know* position indicate an organization that appears to have reasonable control of many of the significant ingredients of commercial success. Nonetheless, there is clearly still room for improvement, and this book should be useful in bringing about such an improvement.

Scores above 20 to the left of the *Don't know* position indicate an organization completely in command of the key success variables. Are you certain that this is a true reflection of your organization's situation? If you are, then the chances are that its marketing skills are already highly developed. However, this book will still be useful for newcomers to the marketing function who wish to learn about the marketing process, and it will certainly help to maintain your high standards.