Đại học Duy Tân　　　　CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM
Khoa Đào tạo quốc tế　　　　　Độc lập – Tự do – Hạnh phúc

ĐỀ CƯƠNG ÔN THI MÔN KIẾN THỨC CƠ SỞ
KỲ THI TỐT NGHIỆP NĂM HỌC 2018 – 2019
NGÀNH: QUẢN TRỊ KINH DOANH CHUẨN PSU
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SUBJECT 1: FUNDAMENTAL KNOWLEDGE (1 credit)
Part 1: MANAGEMENT AND MANAGER
1) Management and manager
a) Management
i) Some basic concepts

Management is the planning, organizing, leading, and controlling of human and other resources to achieve organizational goals efficiently and effectively.
Organization is a collection of people who work together and coordinate their actions to achieve a wide variety of goals.
Managers: are the people who responsible for supervising the use of an organization's resources to meet its goals. Manager and non-managerial employees are different to each other by their tasks and responsibilities.
Resources: people, skills, know-how, experience, machinery, raw materials, computers and information technology, and patents, financial capital, and loyal customers.
Organizational performance: A measure of how efficiently and effectively managers use organizational resources to satisfy customers and achieve goals.
Efficiency: A measure of how well or productively resources are used to achieve a goal. Effectiveness: A measure of the appropriateness of the goals an organization is pursuing and the degree to which they are achieved.
High performance is represented in the value of goods and service customers received. Therefore, it is the goods and products that customer need and they can afford to buy it

ii) Four tasks of management

Planning:
Planning is a process of identifying and selecting appropriate goals and course of actions.
Organizing:
Organizing is structuring working relationships so organizational members interact and co- operate to achieve organizational goals.
Leading:
Leading is articulating a clear vision and energizing and enabling organizational members so they understand the part they play in attaining organizational goals.
Controlling:
Controlling is evaluating how well an organization is achieving its goals and taking action to maintain or improve performance. Managers monitor the performance of individuals, departments and the organizations as a whole to see whether they are meeting desired performance

iii) Levels and Skills of Managers

First-line Manager: a manager who is responsible for the daily supervision of non- managerial employees.
Middle Manager: a manager who supervises first-line managers and is responsible for finding the best way to utilize resources to reduce manufacturing costs or improve customer service in order to

achieve organizational goals. Middle managers are responsible for evaluating the level of achieving organizational goals, developing and fine-tuning skills and know-how that allow the organization to be efficient and effective. Additionally, middle managers make decisions about the production of goods and services.

Top Manager: a manager, who establishes organizational goals, decides how departments should interact, and monitors the performance of middle managers. Top managers are responsible for the performance of all departments which is called cross-departmental responsibility.

Conceptual Skills

Conceptual skills are the ability to analyze and diagnose a situation and distinguish between cause and effect such as thinking creatively, formulating abstractions, analyzing complex situations, and solving problems. Formal education, training, and business training provide many tools helping managers develop conceptual skills.

Human Skills

Human skills are the abilities to understand, alter, lead, and control the behavior of other individuals and groups such as oral and written communication abilities, the ability to resolve conflicts and build consensus, and the ability to motivate and inspire employees.

Technical Skills

The job-specific knowledge and techniques required to perform an organizational role. The skill requires managers to perform a particular type of work or occupation at a high level

iv) **Organizational Culture**

Organizational Culture is the shared set of beliefs, expectations, values, norms, and work routines that influence the ways in which individuals, groups, and teams interact with one another and cooperate to achieve organizational goals

2) **Managerial Environment**

a) **Global Environment**: Global environment is a set of forces and conditions in the world outside an organization's boundary that affect the way it operates and shape its behavior. These forces change over time and thus present managers with opportunities and threats

b) **Task environment**

Suppliers

Suppliers are the individuals and companies that provide an organization with input resources such as raw materials, component parts, or employees that it needs to produce goods and services.

Distributors

Distributors are organizations that help other organizations sell their goods or services to customers.

Customers

Customers are the individuals and groups that buy the goods and services that an organization produces.

Competitors

Competitors are organizations that produce goods and services similar to a particular organization's goods and services.

When new competitors to enter an industry, they may face with many obstacles such as barriers to entry, economies of scale and brand loyalty.

Barriers to entry:

Barriers to entry result from three main sources: economies of scale, brand loyalty and government regulations that impede entry.

Economies of scale are the cost advantages associated with large operations. Economies of scale result from factors such as manufacturing products in very large quantities, buying inputs in bulk, or making more effective use of organizational resources than do competitors by fully utilizing employee's skills and knowledge.

Brand loyalty is customer's preference for the products of organizations currently existing in the task environment. Government regulations are the other barriers to entry at both the industry and country levels

c) **General environment**

Economic Forces

Economic forces affect the general health and well-being of a country or world region. They include interest rates, inflation, unemployment, and economic growth. Economic forces produce many opportunities and threats for managers.

Technological Forces

Technological is the combination of tools, machines, computers, skills, information, and knowledge that managers use in the design, production, and distribution of goods and services. Technological forces are outcomes of changes in the technology that managers use to design, produce, or distribute goods and services.

Socio-cultural Forces

Socio-cultural forces are pressures emanating from the social structure of a country or society or from the national culture. Pressure from both sources can wither constrain or facilitate the way organizations operate and managers behave.

Social structure and national culture not only differ across societies but also change within societies over time.

Demographic Forces

Demographic forces are the outcomes of changes in, or changing attitudes toward, the characteristics of a population, such as age, gender, ethnic origin, race, sexual orientation, and social class.

Political and Legal Forces

Political and legal forces are outcomes of changes in laws and regulations such as the deregulation of industries, the privatization of organizations, and the increased emphasis on environmental protection

3) Managerial Decision Making

a) **The Nature of Managerial Decision Making**: This is the process of respond to opportunities and threats by analyzing options and making determinations about specific organizational goals and courses of action

b) **Programmed and Non-programmed Decision Making**:

Programmed decision making is routine, virtually automatic decision making that follows established rules or guidelines such as day-to-day decision. Non-programmed Decision Making

Non-programmed decision making is non-routine decision making that occurs in response to unusual, unpredictable opportunities and threats. Non-programmed decision making occurs when there are no ready-made decision rules that managers can apply to a situation

c) Steps in the Decision Making

Recognize the Need for a Decision

The first step in the decision-making process is to recognize the need for a decision.. Managers need to actively pursue opportunities to use their competencies create the need to make decisions. Manager thus can be proactive or reactive in recognizing the need to make a decision, but the important issue is that they must recognize this need and respond in a timely and appropriate way.

Generate Alternatives

After recognizing the need to make a decision, a manager must generate a set of feasible alternative courses of action to take in response to the opportunity or threat.

Assess Alternatives

Once mangers have generates a set of alternatives, they must evaluate the advantages and disadvantages of each one. The key to a good assessment of the alternatives is to define the opportunity or threat exactly and then specify the criteria that should influence the selection of alternatives for responding to the problem or opportunity. Generally, successful managers use four criteria to evaluate the pros and cons of alternative courses of action simultaneously: legality, ethicalness, economic feasibility, practicality.

Choose among Alternatives

Once the set of alternative solutions has been carefully, the next step is to rank the various alternatives by using the criteria discussed in the previous step and make a decision. When raking alternatives, managers must be sure all the information available is brought to bear on the problem or issue at hand.

Implement the Chosen Alternative

Once a decision has been made and an alternative has been selected, it must be implemented, and many subsequent and related decisions must be made. To ensure that a decision is implemented, top managers must assign to middle managers the responsibility for making the follow-up decisions necessary to achieve the goal. In addition, top managers must give middle managers sufficient resources to achieve the goal and hold them accountable for their performance.

Learn from Feedback

The final step is learning from feedback to conduct a retrospective analysis to see what they can learn from past successes or failures. Managers must establish a formal procedure so that they can learn from the results of past decisions. Firstly, they need to compare what actually happened to what was expected to happen as a result of the decision. Secondly, they need to explore why any expectations for the decision were not met. Finally, they need to derive guidelines that will help in future decision making. Implementing this final step can help manager improve the decision-making process and can produce enormous benefits

4) **Planning**

a) **Define planning and strategy:**

Planning is a process that managers use to identify and select appropriate goals and courses of action for an organization. Strategy is a cluster of related managerial decisions and actions to help organization attain one of its goals

b) **Levels and types of planning**

Corporate level of management is responsible for planning and strategy making for the whole organization. Therefore, the corporate–level plan contains top management's decisions concerning the organization's mission and goals, overall strategy and structure.

At the business level, managers plan for their particular division for example how to operate globally to reduce costs while meeting the needs of different customers. Therefore, business-level strategy outlines the specific methods a division, business unit, or organization will use to compete effectively against its rivals in an industry.

At the functional level, managers are responsible for the planning and strategy making necessary to increase the efficiency and effectiveness of their function. Functional- level strategy is a plan of action that managers of individual functions can take to improve the ability of each function to perform its task-specific activities in ways that add value to an organization's goods and services and thereby increase the value customers receive.

Plans differ in their time horizon, the period of time over which they are intended to apply or endure. Long – term plan is usually with a horizon of five years or more. Intermediate – term plan is usually with a horizon between one and five years. Short – term plan is usually with a horizon of one year or less.

Another distinction often made between is standing plans and single-use plan. Standing plans are used in situation in which programmed decision making is appropriate, for example, a standing plan about ethical behavior by employees. Standing plans include rules, policies and SOP (standard operating procedure). Single-use plans are developed to handle non- programmed decision making in unusual or one-of-a-kind situations, include program and project.

c) **Planning process**

i) **Determining organization's mission and goals:**

To determine an organization's mission – the overriding reason it exists to provide customers with goods and service they value by defining its business. To define the business, manager must ask three related question about a company's products: (1) who are our customers? (2) What customer need is being satisfied? (3) How are we satisfying customer needs?

ii) Formulating strategy

The second step of planning process is formulating strategy. In strategy formulation managers work to develop the set of strategies (corporate, divisional, and functional) that will allow an organization to accomplish its mission and achieve its goals.

SWOT analysis is a useful technique managers can use to analyze these factors. SWOT analysis is a planning exercise in which manager identify internal organizational strengths (S) and weaknesses (W) and external environment opportunities (O) and threats (T). Based on SWOT analysis, managers at the different level of the organization select the strategies to best position the organization to achieve its mission and goals

Beside, the five forces model developed by Michael Porter is a useful way to formulate strategy. The five forces model helps managers focus on the most important competitive forces, or potential threats: the level of rivalry among organizations in an industry, the potential for entry into an industry, the power of large suppliers, the power of large customers, the threat of substitute products.

Business-level strategies:

Low-Cost Strategy

With low-cost strategy, managers try to gain a competitive advantage by focusing the energy of all the organization's departments or functions on driving the company's cost down below the costs of its industry rivals.

Differentiation Strategy

With differentiation strategy, managers try to gain a competitive advantage by focusing all the energies of the organization's departments or functions on distinguishing the organization's products from those of competitors on one or more important dimension, such as product design, quality, or after-sales service and support. The process of making unique and different products is usually expensive.

"Stuck in the Middle"

Managers find it difficult to simultaneously pursue both above strategies. Organizations stuck in the middle tend to have lower levels of performance than do those that pursue a low-cost or a differentiation strategy.

Focused Low-Cost and Focused Differentiation Strategies

A focused low-cost strategy serves one or a few segments of the overall market and aim to make their organization the lowest-cost company serving that segment.

A focused differentiation strategy serves just one of a few segments of the market and aim to make their organization the most differentiated company serving that segment.

Corporate-level strategies :

Concentration on a Single Industry

Concentration on a single industry is to reinvest a company's profits to strengthen its competitive position in its industry. Most commonly, an organization uses its functional skills to develop new kinds of products or it expands the number of locations in which it uses those skills.

Vertical Integration

Vertical integration is a corporate level strategy in which a company expands its business operations either backward into an industry that produces inputs for its products or forward into an industry that uses, distributes, or sells its products.

Diversification

Diversification is the corporate-level strategy of expanding a company's business operations into a new industry in order to produce new kinds of valuable goods and services.

Related diversification is the strategy of entering a new business or industry to create a competitive advantage in one or more of an organization's existing divisions or businesses. Unrelated diversification: is the strategy of entering a new industry or buying a company in a new industry that is not related in any way to an organization's current businesses or industries.

International Expansion

Global strategy: selling the same standardized product and using the same basic marketing approach in each national market.
Multi-domestic strategy: customizing products and marketing strategies to specific national conditions.
Exporting is making products at home and selling them abroad.
Iimporting is selling product at home that are made abroad.
In licensing, a company (the licenser) allow a foreign organization (the licensee) to take charge of both manufacturing and distributing one or more of its products in the licensee’s country or world region in return for a negotiated fee.
In franchising, a company (the franchiser) sells to a foreign organization (the franchisee) the rights to use its brand name and operating know-how in return for a lump-sum payment and a share of the franchiser’s profits.
In a strategic allience, managers pool or share their organization’s resources and know-how with those of a foreign company, and the two organizations share the rewards or risks of statring a new venture in a foreign country.
A joint venture is a strategic alliance among two or more companies that agree to jointly establish and share the ownership of a new business.
Wholly owned foreign subsidiaries are production operations established in a foreign country independent of any local direct involvement for example Toyota and Honda Company

iii) Implementing strategy

5) Organizing

a) Organizing, organizational structure, organizational design

Organizing is the process by which managers establish the structure of working relationships among employees to allow them to achieve organizational goals efficiently and effectively.
Organizational structure is the formal system of task and job reporting relationships that determines how employees use resources to achieve organizational goals.
Organizational design is the process by which managers make specific organizing choices about tasks and job relationships that result in the construction of a particular organizational structure

b) Job design

Job Design is the process by which managers decide how to decide tasks into specific jobs.
Job simplification, the process of reducing the number of tasks that each worker performs.
Job enlargement: increasing the number of different tasks in a given job by changing the division of labor.
Job enrichment: increasing the degree of responsibility a worker has over a job

c) Functional structure and divisional structure

Functional structure is an organizational structure composed of all the departments that an organization requires to produce its goods and services. There are several advantages to grouping jobs according to function. Firstly, employees can learn from observing one another and thus become more specialized and can perform at a higher level. Secondly, it encourages cooperation within a function. Thirdly, functional structure develops strong strategies for an organization if each function works closely together. Additionally, it is easier for managers to monitor and evaluate employee’s performance. Finally, it allows managers to create the set of functions they need in order to scan and monitor the competitive environment and obtain information about the way it is changing

Besides, there are several disadvantages of functional structure. Firstly, managers in different functions may find it more difficult to communicate and coordinate with one another when they are responsible for several different kinds of products. Secondly, functional managers may become so preoccupied with supervising their own specific departments and achieving their department goals that they lose sight of organizational goals. Finally, functional structure reduces efficiency and effectiveness due to narrow, departmental perspective of functional managers.
Divisional Structure: Product, Market, Geographic, Matrix and Product Team Designs

Product structure is an organizational structure in which each product line or business is handled by a self-contained division. Grouping functions into divisions focused on particular products has several advantages for managers at all levels in the organization

Geographic structure is an organization structure in which divisions are broken down by geographic location is often chosen.

Market structure is an organizational structure in which each kind of customer is served by a self-contained division, also called customer structure. Market structure helps to tailor the products the organization offeres to each customer's unique demands.

Matrix Structure

Matrix structure: managers group people and resources in two ways simultaneously: by function and by product. Employees are grouped by functions to allow them to learn from one another and become more skilled and productive.

6) Leading

a) Leadership

i) Leadership, leader, different leadership and management

Leadership is the process by which a person exerts influence over other people and inspires, motivates, and directs their activities to help achieve group or organizational goals. The person who exerts such influence is a leader

ii) Power: The Key to Leadership

LEGITIMATE POWER Legitimate power is the authority a manager has by virtue of his or her position in an organization's hierarchy. Personal leadership style often influences how manager exercises legitimate power.

REWARD POWER Reward power is the ability of a manager to give or withhold tangible rewards (pay raises, bonuses, and choice job assignments) and intangible rewards (verbal praise, a pat on a back, respect). Being able to give or withhold rewards based on performance is a major source of power that allows managers to have a highly motivated workforce.

COERCIVE POWER Coercive power is the ability of a manager to punish others. Punishment can range from verbal reprimands to reductions in pay or working hours to actual dismissal. Punishment can have negative side effects such as resentment ans retaliation and should be used only when necessary.

EXPERT POWER Expert power is based on the special knowledge, skills, and expertise that a leader possesses. The nature of expert power varies, depending on the leader's level in the hierarchy.

REFERENT POWER Referent power is a function of the personal characteristics of a leader; it is the power that comes from subordinates' and coworkers' respect, admiration, and loyalty

b) Motivation

i) The Nature of Motivation

Motivation may be defined as psychological forces that determine the direction of a person's behavior in an organization, a person's level of effort, and a person's level of persistence in the face of obstacles

ii) Need theories

Maslow's Hierarchy of Needs

Psychologist Abraham Maslow proposed that all people seek to satisfy five basic kinds of needs: physiological needs, satefy needs, belongingness needs, esteem needs, and self-actualization needs. He suggested that these needs constitute a hierarchy of needs, with the most basic or compelling needs – physiological and safety needs – at the bottom. Maslow argued that these lowest-levels needs must be meet before a person strives to satisfy needs higher up in the hierarchy, such as seld-esteem needs. Once a need is satisfied, Maslow proposed, it ceases to operate as a source of motivation. The lowest level of unmet needs in the hierarchy is the prime motivator of behavior; if and when this level is satisfied, needs at the next-highest level in the hierarchy motivate behavior. A key conclusion can be drawn from Maslow's theory: People try to satisfy different needs at work. To have a motivated workforca, managers must determine which needs employees are trying to satisfy in organizations and then make sure that individuals receive outcomes that satisfy their needs whrn they perform at a high level and contribute to organizational effectiveness. By doing this, manager align the intersts of individual members with the interests of the organization as a whole. By doing what is good for the organization, employees receive outcomes has satisfy their needs

7) Controlling

a) Organizational Control

i) Control and control system

Controlling is the process whereby managers monitor and regulate how efficiently and effectively and organization and its members are performing the activities necessary to achieve organizational goals.

Control systems are formal target-setting, monitoring, evaluation, and feedback systems that provide managers with information about whether the organization’s strategy and structure are working efficiently and effectively

ii) Type of Control

At the input stage, managers use feedforward control to anticipate problems before they arise so that problems do not occur during the conversion stage. Feedforward control provides managers with timely information about changes and trends in task and general environment that may impact their organization later on.

At the conversion stage, concurrent control gives managers immediate feedback on how efficiently inputs are being transformed into outputs so that managers can correct the problems as they arise. Concurrent control alerts managers to the need to react quickly to whatever is the source of the problem in order to increase quality. In this stage, workers are expected to constantly monitor the quality of the goods and services they provide at every step of production process and inform managers as soon as they discover problems.

At the output stage, managers use feedback control to provide information about customer’s reactions to goods and services so that corrective action can be taken if necessary

iii) Steps in control

The control process can be broken down into four steps as following.

Step 1, establish the standards of performance, goals, or targets against which performance is to be evaluated.

Step 2 is to measure actual performance. In practice, managers can measure or evaluate two things: (1) the actual outputs that result from the behavior of their members and (2) the behaviors themselves.

Step 3 is to compare actual performance against chosen standards of performance. During step 3, mangers evaluate whether – and to what extent – performance deviates from the standards of performance chosen in step 1.

Step 4 is to evaluate the result and initiate corrective action if the standard is not being achieved. If managers decide that the level of performance is unacceptable, they must try to change the way work activities are performed to solve the problem

SAMPLE QUESTIONS

I. True or false:

1. Effectiveness is a measure of how productively a firm uses its resources to achieve a goal
2. The planning, organizing, leading, and controlling of resources in order to achieve organizational goals both effectively and efficiently is known as management.
3. When an organization has many suppliers for a particular input, it has a weak bargaining position
4. When new competitors enter an industry, competition increases and prices and profits decrease
5. The final step in the decision-making process is the implementation of the alternative solution.
6. A routine decision is called a nonprogrammed decision
7. An organization's strategy is an outcome of its planning process.
8. SWOT matrix include : weakness, risk, opportunity and strength
9. Job simplification is the process by which managers decide how to divide tasks into specific jobs

10. In a global product structure, the country and regional managers take responsibility for deciding where to manufacture products and how to market them
11. According to Maslow's hierarchy of needs, the need for friendship is a safety need
12. Controlling can raise the level of innovation in an organization
13. The first step is the organizational change process is deciding on the change to make
14. Efficiency refers to the amount of inputs required to produce a given output

II. Multichoice:

1.The measure of how well (or how productively) an organization uses its resources to achieve a goal is known as:

a. Effectiveness
b. Appropriateness
c. Efficiency
d. Timeliness
e. Appraisal

2.A manager who chooses the wrong goals for the organization and makes poor use of the organization's resources in pursuing these goals is said to have

a. low effectiveness/low efficiency
b. low effectiveness/medium efficiency
c. medium effectiveness/low efficiency
d. high effectiveness/high efficiency
e. medium effectiveness/medium efficiency

3.Manufacturing products in very large quantities, buying inputs in bulk, or making more effective use of organizational resources than do competitors by fully utilizing employees' skills and knowledge can result in:

a. Economies of scale.
b. Lower levels of attrition.
c. Economies of scope.
d. Brand loyalty.

4. Inflation is an example of a (an) ……………… force in an organization's environment.

a. Socio-economic
b. Economic
c. Demographic
d. Political
e. Legal

5.Which among the following is a non-programmed decision?

a. Ordering office supplies
b. Levels of inventory
c. Time of bill payments
d. Hiring new employees
e. Investing in a new technology.

6.Katy, a manager, orders raw materials when the raw materials inventory reaches a certain point. This is an example of which type of decision?

a.Intuition.
b. Satisficing
c. Nonprogrammed
d. Programmed
e. Groupthink.

7.A group of managers at Acme Explosives analyzes both the internal strengths and weaknesses of their organization as well as the opportunities and threats of the external environment. What type of analysis is this?

a. Mission analysis
b. SWOT analysis
c. Diversification
d. Related Diversification
e. Functional analysis

8.Coca-Cola spends an enormous amount of money to try to convince consumers that its product is better than its competitors. Which of the following strategy is Coca-Cola pursuing?

a. Diversification
b. Focused low - cost
c. Differentiation
d. Low-cost
e. Market development

9. A manager redesigns the job of a subordinate so that the subordinate has more responsibility over his or her job. Which of the following best describes this process?

a. Job enlargement
b. Job simplification
c. Job enrichment
d. job reducation
e. Task identity

10. The process by which managers establish the structure of working relationship among workers of the organization is known as:

a. planning
b. leading
c. organizing
d. controlling
e. the span of control

11. Andrew is a manager at a small accounting firm. He has the authority to hire new employees, monitor work, and appraise employees' performance. Andrew has **_____** power

a. expert power
b. reward power
c. referent power
d. legitimate power
e. coercive power

12.Which step of the control process does a manager establish the standards of performance?

A. Step 4
B. Step 2
C. Step 3
D. Step 1
E. Step 5

III. Short answers:

1. What is management ?
2. Describe the difference between efficiency and effectiveness.
3. Describe briefly four tasks of management.
4. Who is manager ? Describe briefly levels and skills of manager.
5. Describe briefly forces in task environment.
6. Choicing one force in task environment to analyze affect with a company.
7. Describe briefly forces in general environment.
8. Choicing one force in general environment to analyze affect with a company.
9. What are the main differences between programmed decision making and nonprogrammed decision making?
10. Describe briefly steps in decision making process.

11. What is planning ? Why planning is important ?
12. Describe briefly levels of planning.
13. Describe briefly steps in planning process.
14. Describe briefly strategies in business level
15. Describe briefly strategies in corporate level
16. What is organizing, organizational structure?
17. What is different between job enlargement and job enrichment?
18. What is different between functional structure and divisional structure ?
19. What is leadership ? Describe briefly sources of power.
20. Describe briefly maslow's theory.

Part 2: MARKETING

1) Marketing and marketing strategy

a) Marketing definition

The new definition of marketing, as of 2008, is: "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."

In focusing on satisfying the objectives of both the individuals who buy and the organizations that sell ideas, goods, and services, marketing seeks:

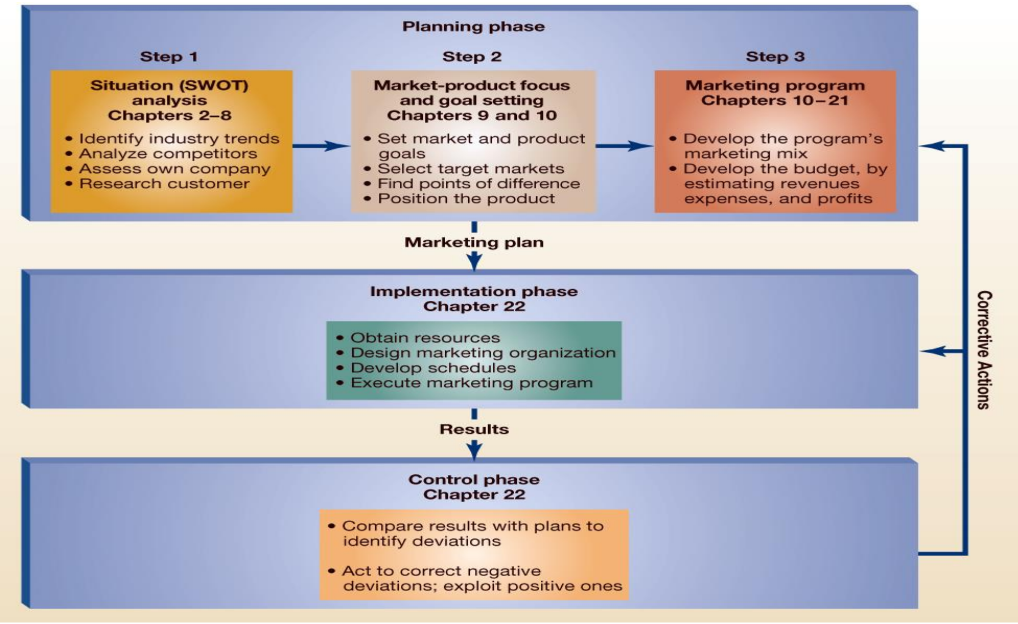
-To discover the needs and wants of prospective customers.

-To satisfy these needs and wants

b) The strategic Marketing process

Marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specific target market and a marketing program to reach it.

The strategic marketing process involves three crucial phases. These phases include: planning, implementation and control.



c) Marketing strategy definition

Strategy is an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals.

Strategy can be formulated on *three different levels:*

- corporate level: is where top management directs overall strategy for the entire organization.

- business unit level: refers to a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers.
  functional or departmental level: is where groups of specialists actually create value for the organization. The term "*department*" refers to these specialized functions such as finance, human resources, marketing, research and development, etc

2) Customer behavior

a) Consumer purchase decision process

Stage 1: Problem Recognition: Perceiving a Need
Problem recognition is a perceived difference between a person's ideal and actual situation big enough to trigger a decision. Problem recognition can be stimulated by a consumer's depleted assortment (e.g., empty milk carton in refrigerator) or by marketing efforts.
Stage 2: Information Search: Seeking Value
The information search stage serves to clarify the options open to the consumer and may involve two steps:
- An internal search involves the scanning of one's memory to recall previous experiences or knowledge concerning solutions to the problem. Internal search is often sufficient for frequently purchased products.
- An external search may be necessary particularly when past experience or knowledge is insufficient, the risk of making a wrong purchase decision is high, and the cost of gathering information is low.
- The primary sources of external information are:
  a. Personal sources (friends and family)
  b. Public sources (rating services like Consumer Reports)
  c. Marketer-dominated sources (advertising or sales people)

Stage 3: Alternative Evaluation: Assessing Value
The alternative evaluation stage begins with the examination of a consumer's evaluative criteria -- both the "objective" attributes of a brand and the "subjective" factors a consumer considers important. These criteria establish a consumer's evoked set -- the group of brands that a consumer would consider buying from among all the brands in the product class of which he or she is aware.
Stage 4: Purchase Decision: Buying Value
The purchase decision involves judging the alternatives and is often influenced by seller characteristics and incentives provided by sellers at the point of purchase.
Stage 5: Post-purchase Behavior: Value in Consumption or Use
Post purchase behavior is the continuation of the consumer purchase decision process after the product choice has been made. An important result of this stage is anxiety. Post- purchase anxiety, called cognitive dissonance, often results when two or more highly attractive alternatives exist in a purchase decision.

3) Segmentation-Target Market-Positioning

a) Segmentation and Target Market

i) What market segmentation means

Market segmentation involves aggregating prospective buyers into groups that (1) have common needs and (2) will respond similarly to a Marketing action

ii) Select target markets

Criteria to use in picking the target segments
(1) size - the estimated size of the market in the segment.
(2) expected growth - a projection of the size of the market segment in the future.

(3) competitive position - the firm's position in the segment relative to current competition and expected future competition.
(4) cost of reaching the segment - whether the segment is accessible to a firm's marketing actions.
(5) compatibility with the organization's objectives and resources - whether the firm can economically reach the segment with the good or service it offers.

b) Positioning the product

i) What is product positioning

Product positioning refers to the place an offering occupies in consumers' minds on important attributes relative to competitive offerings

ii) Two approaches to product positioning

(1) Head-to-head positioning involves competing directly with competitors on similar product attributes in the same target market.
(2) Differentiation positioning involves seeking a smaller market niche that is less competitive in which to locate a brand

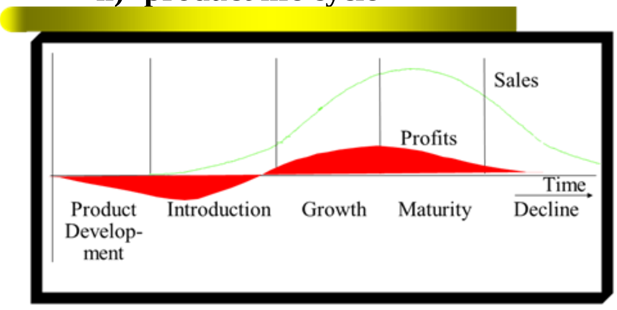
4) Marketing mix

a) Product

i) product definition

- A product is a good, service, or idea consisting of a bundle of tangible and intangible attributes that satisfies consumers and is received in exchange for money or other unit of value.
- A product line is a group of products that are closely related because they satisfy a class of need, are used together, are sold to same customer group, are distributed through the same type of outlets, and fall within a given price range.
- Product mix is the number product lines offered by a company.

ii) product life cycle



(1) Introduction Stage
The first stage of the product life cycle is characterized by growing sales and little profit. The marketing objective is to promote awareness and stimulate trial. Price can be high (skimming) or low (penetration). The need in this stage is to develop primary demand, a desire for the product class. Selective demand, a desire for a specific brand, occurs later in the life cycle in the maturity stage.
(2) Growth Stage
This stage is characterized by a rapid increase in sales, an increasing rate of growth, and high profitability which tends to interest competitors. At this stage, the brand must begin differentiating itself from competitors. Sufficient production and distribution are important elements of the marketing mix in this stage.
This is also a growth stage with increasing sales, but the rate of growth is decreasing and competition is at its height. During this stage competitors will begin to "shake-out" into the successful and unsuccessful. Strong advertising and promotional activities to differentiate are important elements of the marketing mix. Promotion is geared to creating selective demand
(3) Maturity Stage
The maturity stage is characterized by a leveling off of sales revenue. Profit declines as the marginal cost of gaining each new buyer is greater than the resulting revenue. Only the strongest competitors survive and it becomes a zero-sum game - firms can only gain at the expense of other firms. Price strategies combine with segmentation and niche strategies as the most important elements of

marketing strategy. The search is on for new users, new uses, increased usage, etc. to try and extend the life cycle.

(4) Decline Stage

Sales and profits are steadily dropping. Companies often follow one of two actions in this stage:

- Deletion. Delete or drop the product.
- Harvesting. Harvest the product by reducing support costs.

b) Price

i) Price Nature:

Price can be defined as the money or other consideration, including other products and services, exchanged for the ownership or use of a product or service. The practice of exchanging goods and services for other goods and services rather than for money is called barter. Although money is exchanged for most products and services, the amount exchanged is not always the same as the list or quoted price, nor is the amount always called the price

ii) Price setting methods

(1)Demand-Oriented Pricing Approaches.

Demand-oriented methods of finding a price level weigh factors underlying expected customer tastes most heavily.

- *Skimming pricing* involves setting the highest initial price that customers really desiring the product are willing to pay. As the demand for these customers is satisfied, the firm lowers the price to attract another, more price-sensitive segment. Skimming pricing
- *Penetration pricing* involves setting a low initial price on a new product to appeal immediately to the mass market. Firms using penetration pricing typically either (1) maintain the initial price for a time to gain profit lost from its low introductory level or (2) lower the price further, counting on the new volume to generate the necessary profit.
- *Prestige pricing* involves setting a high price so the status-conscious consumers will be attracted to the product and buy it. Products normally having an element of prestige
- *Price lining* involves pricing a line of products at a number of different specific pricing points. This pricing strategy assumes that demand is elastic at each of the specific pricing points but inelastic between these price points (See previous discussion of price anchors, latitude of acceptance and JND's).
- *Odd-even* pricing involves setting prices a few dollars or cents under an even number. The presumption is that demand might drop off dramatically if the price were raised to the even number.
- *Bundle pricing* is the marketing of two or more products in a single "package" price. Bundle pricing often provides a lower total cost to buyers and lower marketing costs to sellers.

(2) Cost-Oriented Approaches. In cost-based methods, the price setter stresses the supply or cost side of the pricing problem, not the demand side.

- Standard markup pricing entails adding a fixed percentage to the cost of all items in a specific product class. Typically, this strategy is used when a store has such a large number of products that estimating the demand for each product as a means of setting price is impossible.
- Experience curve pricing is based on the learning curve effect which holds that the unit cost of many products and services decline by 10% to 30% each time a firm's experience at producing and selling them doubles. Since prices often follow costs with experience curve pricing, a rapid decline in price is possible.

(3) Profit-Oriented Approaches. Profit-based methods attempt to balance both revenues and costs to set price. These might either involve a target of a specific dollar volume of profit or express this target profit as a percentage of sales or investment.

- In target-profit pricing, a firm may set an annual target of a specific dollar volume of profit.

(4) Competition-Oriented Pricing Approaches. Competition-Oriented methods stress what competitors or "the market" is doing rather than emphasize demand, cost, or profit factors.

- Customary pricing is used for some products where tradition, a standardized channel of distribution, or other competitive factors dictate the price, and a significant departure from this price may result in a loss of sales for the manufacturer.

- Above-, at-, or below-market pricing entails deliberately setting price above, at, or below a subjective feel for the competitor's price or market price.

- Loss-leader pricing involves deliberately setting a product's price below its customary price not only to increase sales of that particular product, but to attract customers in hopes they will buy other products as well

c) Place

i) Nature and the importance of Marketing channels

Marketing channels consist of individuals and persons involved in the process of making a product or service available for use in consumption by consumers or industrial users.

Value is Created by Intermediaries: The role of intermediaries is to bring a seller and buyer together and make the sale of products and services more efficient by minimizing the number of sales contacts. Intermediaries minimize transaction and the cost of distribution for producers and customers

- Important functions performed by intermediaries. Intermediaries perform *three basic functions:*

ii) Channel structure and organization

✓ Conventional channel

Describe a so far represent a loosely knit network of independent producers and intermediaries brought together to distribute goods and services

✓ Vertical Marketing Systems and Channel Partnerships

Vertical marketing systems are professionally managed and centrally coordinated marketing channels designed to achieve channel function economies and maximum marketing impact. Three major types of vertical marketing systems exist.

- Corporate vertical marketing systems involve combining successive stages of production and distribution under a single ownership. Forward integration would occur when a producer owns an intermediary at the next level down in the channel. Conversely, backward integration might occur when a retailer owns a manufacturing operation.

- Contractual vertical marketing systems consist of independent production and distribution firms integrating their efforts on a contractual basis to obtain greater functional economies and marketing impact than they could achieve above.

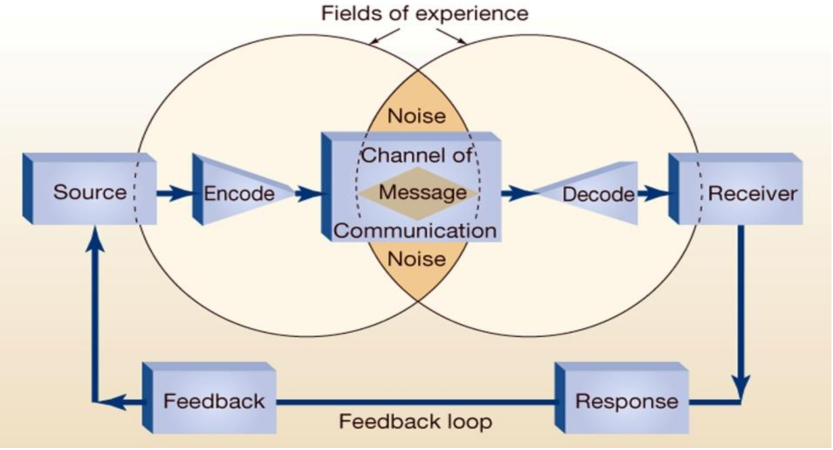
- Administered vertical marketing systems achieve coordination at successive stages of production and distribution by the size and influence of one channel member rather than through ownership

d) Promotion

i) IMC

✓ *The Communication Process*

Communication is the process of conveying a message to others and it requires six elements: a source, a message, a channel of communication, a receiver, and the processes of encoding and decoding. The source is a sender -- such as a company or salesperson -- who has information to convey. The message is the information to be transmitted, such as the details of a new weight-reduction program. The message is conveyed by means of a channel of communication such as a salesperson, advertising media, or public relations tools. The receivers in the marketing process are consumers who read, hear, or see the message.



ii) Advertisements

✓ Product Advertisements

Product advertisements focus on selling a good or service and take three forms:

1. Pioneering (or informational) advertisements, which tell people what a product is, what it can do, and where it can be found.

2. Competitive (or persuasive) advertisements, which promote a specific brand's features and benefits. A common form of competitive advertising is a comparative advertisement, which shows one brand's strengths relative to a competitor.

3. Reminder advertisements, which reinforce prior knowledge of a product. One type is called reinforcement, which assures buyers they made the correct choice.

✓ Institutional Advertisements

Institutional advertisements are designed to build goodwill or image for an organization and take four forms:

1. Advocacy advertisements state the position of a company on an issue.

2. Pioneering institutional advertisements are used for a new announcement about what a company is, what it can do, or where it is located.

3. Competitive institutional advertisements are used to promote the advantages of one product class over another and are used in markets in which there are different product classes competing for the same buyer.

4. Reminder institutional advertisements, like the product form, simply bring the company's name to the attention of the target market again.

✓ Selecting the right media

MEDIUM	ADVANTAGES	DISADVANTAGES
Television	Reaches extremely large audience; uses picture, print, sound, and motion for effect; can target specific audiences	High cost to prepare and run ads; short exposure time and perishable message; difficult to convey complex information
Radio	Low cost; can target specific local audiences; ads can be placed quickly; can use sound, humor, and intimacy effectively	No visual element; short exposure time and perishable message; difficult to convey complex information
Magazines	Can target specific audiences; high-quality color; long life of ad; ads can be clipped and saved; can convey complex information	Long time needed to place ad; relatively high cost; competes for attention with other magazine features
Newspapers	Excellent coverage of local markets; ads can be placed and changed quickly; ads can be saved; quick consumer response; low cost	Ads compete for attention with other newspaper features; short life span; poor color
Yellow pages	Excellent coverage of geographic segments; long use period; available 24 hours/365 days	Proliferation of competitive directories in many markets; difficult to keep up-to-date
Internet	Video and audio capabilities; animation can capture attention; ads can be interactive and link to advertiser	Animation and interactivity require large files and more time to load; effectiveness is still uncertain
Outdoor	Low cost; local market focus; high visibility; opportunity for repeat exposures	Message must be short and simple; low selectivity of audience; criticized as a traffic hazard
Direct mail	High selectivity of audience; can contain complex information and personalized messages; high-quality graphics	High cost per contact; poor image (junk mail)

iii) Sales promotion

✓ Consumer-Oriented Sales Promotion: to

- Stimulate trial purchase
- Stimulate repeat purchase
- Stimulate larger purchase
- Introduce a new brand
- Disrupt competitor's strategy

✓ Consumer-Oriented Sales Promotion tools

(1). Coupons, the most common promotion, offer a discounted price to the consumer. For mature products, couponing only reduces gross revenues.

(2). Deals are short-term price reductions used to increase trial or retaliate against competitors.

(3). Premiums are merchandise offered free or at significant savings. Self-liquidating premiums cost the company nothing. Good premiums encourage customers to return frequently or to use more of the product.

(4). Contests require consumers to apply creative or analytical thinking to try to win a prize.

(5). Sweepstakes are purely games of chance requiring no analytical or creative effort by the consumer. The Federal Trade Commission regulates their fairness.

(6). Samples are the offering of a product free or at a really reduced price, usually in a smaller than regular size. Samples are appropriate for frequently purchased, low cost, and new products.

(7). Continuity programs. Trading stamps are given in relation to purchase amount and can be redeemed for cash or merchandise. The cost of trading stamp promotions has reduced their use. Frequent-flyer programs and frequent traveler programs are also examples.

(8). Point-of-purchase displays are located in high traffic areas in the form of a sign, usually on a display.

(9). Rebates offer a return of money based on proof of purchase.

(10). Product Placement involves the use of a brand-name product in a movie, television show, video, or a commercial for another product.

✓ Trade-oriented Sales Promotions

Trade-oriented sales promotions (or simply trade promotions) are directed to wholesalers, retailers, and distributors.

(1). Allowances and discounts. Merchandise allowances reimburse a retailer for extra in-store support or special featuring of the brand. Case allowances are discounts on each case ordered during a specific time period. Finance allowances involve paying retailers for financing costs or financial losses associated with consumer sales promotions.

(2). Cooperative advertising. Cooperative advertising involves programs by which a manufacturer pays a percentage of the retailer's local advertising expense for advertising the manufacturer's products.

(3). Training of distributors' salesforces. A manufacturer often spends much time and money helping train the reseller's salesforce to sell the manufacturer's product better

iv) Public relations

Publicity is the most frequently used public relations tool. It is a form of promotion that is not paid for directly. However, money for staff is required to create opportunities to get favorable media coverage, thereby obtaining the publicity.

✓ Function of PR
  - Building goodwill
  - Promoting goods, service
  - Building internal communication
  - Controlling crisis
  - Doing lobby

✓ Publicity Tools
  - Press release
  - Press conference/interview
  - Event sponsorship
  - Publicity
  - Company story
  - Newsletter

v) Personal selling

Personal selling is the two-way flow of communication between a buyer and a seller designed to influence a person's or group's purchase decision

<u>Sample question</u>

A.Multi-choice Question

1/ When a producer owns an intermediary at the next level down in the marketing channel, it is called:

a. forward intergration
b. backward intergration
c. vertical channel connection
d. horizontal channel connection
e. horizontal intergration

2/ The offer of one free pizza with the purchase of two pizzas at the regular price might appeal to you one evening. This type of incentive offer is an example of

a. mass market communication
b. a trade promotion
c. a consumer oriented sales promotion
d. consumer encoding
e. consumer feedback

3/ "Inspired by Threads- A Fashion Challenge" is a _____ run each year by Threads magezine. (This magezine is targeted toward professional clothiers and seamstresses). The idea is to design and sew a garment and send the entry into Threads to compete with others for prizes such as sewing machines and cash.

a. premium
b. sweeptakes
c. deal
d. contest
e. end-run sample

4/ Multiproduct branding

a. a statement indicating the liability of the manufacturer for product deficiencies

b. a strategy where products are given no identifying names other than a description of their contents.
c. a branding strategy in which a company uses one name for all of its products
d. a branding strategy in which manufacturers produce products but sell them under the brand name of a wholesaler or retailer, also called private labeling or reseller branding.
e. a contractual agreement whereby a company allows someone else to use its brand name and usually requires that the product be made to its specifications

5/ AT & T, MCI, Verizon, and Sprint control approximately 80 percent of te $16 billion international long distance telephone service market. These companies operate in a(n)

a. Monopoly
b. Cross- market
c. Pure competition position
d. Monopolistic competition position
e. Oligopoly

6/ The ____________ element of the marketing mix includes features, packaging, brand name, and warranty.

a. Product
b. Pricing
c. Promotion
d. Place
e. Services

7/ The group of brand a consumer would consider acceptable from among all the brands in the product class of which he or she is aware is the

a. Evaluative set
b. Evolved set
c. Consideration set
d. Alternative selection group
e. Aspiration group

8/ Which of the traditional "4Ps" of the marketing mix concerns the various outlets and channels a business uses to distribute its products?

a. Promotion
b. Price
c. Place
d. Product
e. does none of the above

9/ Oliver was hungry, but he couldn't decide what he wanted to eat. When Marlon saw the television ad for chocolate-stuffed Oreo cookies, he knew exactly what he wanted. Marlon's information search was shorted by the appearance of a ______ source.

a. Private information
b. Consumer-controlled
c. Public information
d. Family
e. Marketer-dominated

10/ When Texas Instruments (TI) introduced its pocket calculator it was a tremendous product innovation, and IT set the mail order price at $495. What is the name of the pricing strategy Texas Instruments used?

a. rip off
b. chiseling
c. opportunistic
d. skimming
e. penetration

B. Short Questions

1. List the advantages and disadvantages of television advertising?
2.Analyze the Branding Strategies, give example for each?
3.Describes the features of the introduction stage in the product life cycle? Marketing mix strategy for this stage?
4.What are VMS? Describes Three major types of VMS
5. List the criteria to use in picking the target segments?