Ch. 3: p85-86, “Being the Best”

1. 
   a. Best Buy has shown multiple instances of scanning its environment in order to identify opportunities and threats. In 1983, Best Buy opened superstores that allowed it to capitalize on the star-status of the VCR. Later in 1997, Best Buy realized that their aggressive expansion threatened their existence. Best Buy identified another threat in 2004, realizing that it couldn't sustain its current business model because Wal-Mart was emulating it and on track to beat Best Buy simply because Wal-Mart was opening more stores. These are just a few of the instances in which Best Buy employed environmental scanning.
   
   b. Environmental scanning has played a huge role in Best Buy’s evolution. Best Buy’s ability to scan, and evaluate, its external environment has allowed it to seize key opportunities and adapt to potentially business-ending threats. Best Buy focused on existing competitors such as Wal-Mart in order to adapt its own business strategy. Best Buy has also recognized that it must continue to find ways to adapt to environmental changes. The current state of the global economy and low consumer confidence could be disastrous to a business dependent on luxury electronic items. These environmental scans are what have kept Best Buy in business.
c. Going forward, Best Buy has to analyze its external environment with a special focus on Internet retailers such as Amazon. This massive online retailer is a very big threat to a brick and mortar store like Best Buy. Constant analysis and evaluation will allow Best Buy to continue to adapt to its changing environment.

2.

a. Existing competitors: Wal-Mart, Costco, Dell, Amazon

b. Possible competitors: very high cost to entry for brick and mortar stores, could face competition with online stores or even auction sites like eBay because distribution would be handled by USPS/UPS

c. Consumers: lucrative consumer segments include tech enthusiasts (“Barry”), suburban mothers (“Jill”), young gadget enthusiast (“Buzz”), price-oriented family man (“Ray”), young single woman (“Carrie”)

d. Resource Providers: Include manufacturers (Nikon, Samsung, Sony, etc.) as well as Best Buy’s recent Geek Squad service acquisition

e. Threat of Alternative Industry Providers: Threat exists since many manufacturers (Dell, Apple, Nikon) offer direct-to-customer sales, cutting Best Buy out

3. For Existing Competitors, Best Buy wants to keep track of any trends that might show that online sellers (Amazon, Dell) are beginning to cut into retail stores’ market share. For Possible Competitors, Best Buy doesn’t have to worry too much since there are already numerous competitors so the cost to enter would be significant. Still, they do want to watch out for more
manufacturers that are selling directly to the customer. For Consumers, BB wants to watch out for any changes in current demographics (maybe female customers want more feminine-minded products). In addition, they want to keep an eye out for new demographics to attract. Maybe older customers are looking for easy-to-use products. For Resource Providers, Best Buy wants to make sure that their current manufacturers are selling well in their stores. If they aren’t, it might be time to pull their products from stores. For Threat of Alternative Industry Providers, Best Buy might not have to worry too much since the technology industry isn’t going anywhere. They should keep an eye on online retail stores to make sure that the online markets aren’t dominating brick and mortar stores.

4. I think the biggest opportunity for Best Buy is to expand their appliance offerings. It’s unlikely that appliances will ever be sold in an online market; they’re just too large to ship directly to a customer. Best Buy should focus on its appliance offerings to capitalize on the advantage that it has over online stores. Best Buy’s biggest threat is the shaky global economy. Best Buy’s sales depend on people willing to spend money on luxury items. People are less likely to splurge on high-cost items when money is tight.

5. As the company goes global, it will have to keep track of customer demographics in each country, existing competitors in those areas, the possibility of new competitors, as well as how expensive it is to source their products in those countries.
6. The number of Best Buy stores, both domestically and internationally, is declining. Best Buy has done well in the past to adapt to threatening market conditions. Now is a time for them to continue to reduce their in-store operations and attempt to grow their online sales.

*Ch. 4: p113-114, “Fizz Factor”*

1. 
   a. Since Coca-Cola is the largest nonalcoholic beverage company in the world, it has the ability to pull top talent. In addition, its rich marketing history allows it to stand out as a top marketer on a global scale; the iconic Coca-Cola logo is recognizable worldwide.
   
   b. Coca-Cola’s global presence offers advantages and disadvantages in the development of unique resources and distinctive capabilities. Its existence in over 200 countries allows it to create products that are catered solely for that market. For example, in many European countries, Coca-Cola uses real sugar instead of the high-fructose corn syrup found in its US counterpart. This is catered towards the European palette. On the other hand, Coca-Cola has a very reputable brand image to maintain and a global presence makes it difficult to uphold that image.

2. Coca-Cola’s greatest distinctive capability is its ability to market its product. Coca-Cola’s marketing endeavors have been so helpful to the company, that its brand is the most valuable in the world. Coca-Cola has tied family values, environmental conservation and many other themes to its product. This has
been so effective that companies like Pepsi simply can’t compete on Coke’s level of marketing. Pepsi has to rely on celebrity endorsements for marketing.

3.

a. Coca Cola is committed to returning to communities an amount of water equal to that which goes into the production of its finished beverages. This is a strength because it undoubtedly helps to bolster the conservationist image that they have added to their brand starting with their polar bear campaign.

b. They have coffee, tea and even workout brands. This is definitely a strength. They’re continuing to expand from just a soft-drink company to a more encompassing beverage company.

c. PlantBottle PET packaging uses up to 25% renewable, plant-based material. This is a strength as long as their manufacturing costs haven’t increased because of the new packaging. If the costs to manufacture aren’t offset by the potential value-added to its brand image, then it would be a weakness.

d. Coca-Cola offers recipes: some include their product, some don’t. This could be either a strength or weakness. It appears as if they’re tying their beverage to foods, which could strengthen their brand. But if it fails, then they’ve wasted resources when they could have been used elsewhere.

e. Coca-Cola, along with its partners, are donating 6.5 million bottles of water to schools in Flint, MI. This is a strength. They’re not only helping a
community in need, but by doing so, they’re bringing positive attention to the company.

4. Kent should use the value chain approach to conducting an internal audit. Using this method will allow Coca-Cola to understand its procurement of resources, utilization of those resources as they are transformed into a final product, how it delivers its products to customers, how it markets its goods, and how it services customers. These five key areas seem to align very well with Coca-Cola’s organizational processes and current endeavors. Using the value chain approach will give Coca-Cola a deeper understanding of its internal processes and how those benefit the organization and its customers.

Ch 5: p152, “Casting a Wider Net”

1. Being a retail store, Bass Pro focuses primarily on marketing as a functional strategy. By creating a massive retail location that specializes in all things outdoors, Bass Pro is able to give its target customers everything they could possibly need in a store that draws not only enthusiasts, but everyday people too. Furthermore, the availability of their print catalog and online catalog allows easy access to their range of products for people who don’t live near any of their expansive retail locations.

2.
   a. A company can face difficulties in replicating its operations in new locations, because what works in one location might not work in another location. The clientele in one area might have different preferences than clientele in another area. Bass Pro shouldn’t have the same products and
services available in California as it should in New York. Also, there may be
different competitors in the new area. If competitors in one area force Bass
Pro to make changes to its competitive advantages, it will need to adapt its
competitive advantages to competition in the new area.

b. These challenges would be addressed by performing external analyses. By
analyzing the clientele of a new area, a company will be better prepared to
alter its competitive advantages to meet the needs of those new customers.
An external analysis should also be performed with focus on the
competition in that new area. This analysis will show the company how it
could position its competitive advantages against the competition.

3. Bass Pro’s mission statement says that it wants to inspire people to enjoy and
conserve the great outdoors. This absolutely affects how Bass Pro conducts its
business. Its mega-store in Springfield, Missouri is designed to attract both
people who enjoy the outdoors, as well as people who are looking for a unique
shopping experience. If Bass Pro didn't strive to inspire, they could have
foregone the high cost of opening such a store and invested it elsewhere in the
company.

Ch. 6: p188, “Speed Bump”

1.

a. Brian France will undoubtedly face backlash for making the sport less
dangerous. That’s a big draw for NASCAR fans, watching those cars crash,
and fewer crashes could mean lower viewership. Also, changes in the point
system could receive some grief from die-hard fans and lead to reduced viewership.

b. To address potential viewership changes because of fewer car crashes, France could run a campaign that repeatedly shows how much safer the drivers are as a result of those changes. By focusing on driver safety, backlash could be reduced because there’s a human element to the changes. Changes in the point system could afford France the opportunity to show the audience how those changes make certain races more important than they were before. These changes could actually make some races more exciting than before.

2.

a. Since NASCAR has already begun to turn around its decline, its corporate strategy is switching to become growth-oriented. NASCAR is concentrating its efforts on selling its product to new customers in new market segments. The new point system is aimed towards making it easier for new followers to understand, and catering towards Spanish-speaking people will allow them to attract new customers.

b. Functional strategies should change to develop marketing strategies that will continue to attract more members from new market segments. In addition, competitive strategies should change to show fans the fun of the racetrack experience. Doing so will give them a distinct advantage from arena sports like football, basketball and hockey.
3. As NASCAR changes its strategies to attract new viewers, it must be aware of how those changes will affect sponsorship, drivers and teams. A drastic change in the sports’ rules or a lack of profit-sharing could cause drivers and teams to strike (similarly to the NHL strikes in the early to mid 2000s). Strikes would decrease sponsorship and obviously have a huge impact on viewership.

4. NASCAR should focus on efficiency, effectiveness and benchmarking when evaluating its corporate strategies. Benchmarking will allow NASCAR to set metrics by which they can compare the amount of resources that they believe will be required to reach their goals, to the resources that they’ve currently used in achieving their goals. This will allow them to analyze the efficiency of their resource utilization. Furthermore, they can analyze the effectiveness of their resource utilization by comparing the resources used to the number of viewers gained.