



MARKETING MANAGEMENT IN CHINA:

WEEK 1: CASE ANALYSIS TOOLS

OCEAN UNIVERSITY OF CHINA
25th INTL. CHINESE BUSINESS PROGRAM
Marketing Lecture Series

Rainer Appel

Thursday, 8:00-10:00 & 10:00-12:00

Vision & Mission

Research results are mixed, however,
firms with formal mission statements --

- **2x average return on shareholder's equity**
- **Positive relationship to company performance**
- **30% high return on certain financial measures**

Vision & Mission

Mission & vision are necessary to effectively motivate and empower a workforce



Mission Statement

“What is our business?”



Vision Statement

“What will our business be?”



Competitive Profile Matrix

		Wal-Mart		K-Mart		JC Penny	
Critical Success Factors	Weight	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score
Market Share	0.20	3	0.60	2	0.40	2	0.40
Price	0.30	4	1.20	2	0.60	1	0.30
Competitiveness							
Financial Position	0.10	4	0.40	2	0.20	2	0.20
Product Quality	0.20	2	0.40	2	0.40	3	0.60
Consumer Loyalty	0.20	2	0.40	2	0.40	2	0.40
Total	1.00		3.00		2.00		1.90

Competitive Factor - The basis on which the customer differentiates between different competitors within this industry in the purchasing decision.

Competitive factors and all weights and ratings in this matrix are usually determined through market research.

External Factor Evaluation (EFE) Matrix

Key External Factors	Weight	Rating	Weighted Score
Opportunities			
Consumers want ease of shopping	0.12500	4	0.50
Internet shopping growing	0.17500	2	0.35
Dollar value increasing	0.01250	2	0.03
Similar shopping patterns worldwide	0.00625	3	0.02
Retail sales expected to increase	0.00625	2	0.01
Environment conscious consumers	0.01250	3	0.04
Elderly population growing	0.05000	3	0.15
Asian market virtually untapped by retail	0.01250	1	0.01
European Market untapped by retail	0.10000	2	0.20
Threats			
Regulation of Wal-Mart pharmacies	0.10	2	0.20
Small towns do not want entry of Wal-Mart	0.05	3	0.15
Bad media exposure for Kathie Lee Brand	0.05	3	0.15
Variety of competition nationally, regionally and locally	0.05	1	0.05
Substitute products more easily because of intense competition	0.10	2	0.20
TOTAL	1.00		2.30

Internal factor evaluation Model (IFE) Matrix

Key Internal Factors	Weight	Rating	Weighted Score
Strengths			
Customer oriented	0.250	4	1.00
SAM'S Club customers able to buy in bulk	0.100	3	0.30
Supercenters offer one stop shopping	0.100	4	0.40
Satisfaction guaranteed programs promoting customer goodwill	0.025	3	0.08
Buy from local merchants when possible	0.025	3	0.08
Stock ownership and profit-sharing with employees	0.025	4	0.10
Leads industry in information technology	0.025	4	0.10
Ongoing development of its employees	0.100	4	0.40
Strong community involvement	0.025	3	0.08
Weaknesses			
No formal mission statement	0.012	2	0.02
Membership only for SAM'S Club	0.100	1	0.10
Keep poor performing employees on hand	0.100	1	0.10
Old fashioned store policies	0.013	2	0.03
Few women and minorities in top management	0.100	1	0.10
TOTAL	1.00		2.88

SWOT Analysis

	Strengths	Weaknesses
	<ol style="list-style-type: none">1. Customer oriented2. SAM's Club consumers able to buy in bulk3. Supercenters offer one stop shopping4. Satisfaction guaranteed programs promoting customer goodwill5. Buy from local merchants when possible6. Stock ownership and profit-sharing with employees7. Leads industry in information technology8. Ongoing development of its employees9. Strong community involvement	<ol style="list-style-type: none">1. No formal mission statement2. Membership only for SAM'S Club3. Keep poor performing employees on hand4. Old fashioned store policies5. Few women and minorities in top management

SWOT Analysis continued

Opportunities	S-O Strategies	W-O Strategies
<ol style="list-style-type: none"> 1. Consumers want ease of shopping 2. Internet shopping growing 3. Dollar value increasing 4. Similar shopping patterns worldwide 5. Retail sales expected to increase 6. Environment conscious consumers 7. Elderly population growing 8. Asian Market virtually untapped by retail 9. European Market untapped by retail 	<ol style="list-style-type: none"> 1. Advertise more for shopping on-line (S8, O2) 2. Expand internationally because of similar shopping patterns (S3, O4, O8) 	<ol style="list-style-type: none"> 1. Improve employment techniques to hire and keep the best performing employees (W3, W5, O6)
Threats	S-T Strategies	W-T Strategies
<ol style="list-style-type: none"> 1. Regulation of Wal-Mart pharmacies 2. Small towns do not want entry of Wal-Mart 3. Bad media exposure for Kathie Lee Brand 4. Variety of competition nationally, regionally and locally 5. Substitute products more easily because of intense competition 	<ol style="list-style-type: none"> 1. Buy from local merchants to promote unity in the community (S5, T4) 2. Build more Supercenters for the increased demand for one stop shopping (S3, T4) 	<ol style="list-style-type: none"> 1. Allow consumers to buy in smaller bulk without having membership to SAM'S Club (W2, T5)

Grand Strategy Matrix

RAPID MARKET GROWTH

Quadrant II

1. Market development
2. Market penetration
3. Product development
4. Horizontal integration
5. Divestiture
6. Liquidation

Quadrant I

1. Market development
2. Market penetration
3. Product development
4. Forward integration
5. Backward integration
6. Horizontal integration
7. Concentric diversification

**WEAK
COMPETITIVE
POSITION**

Quadrant III

1. Retrenchment
2. Concentric diversification
3. Horizontal diversification
4. Conglomerate
diversification
5. Liquidation

Quadrant IV

1. Concentric diversification
2. Horizontal diversification
3. Conglomerate
diversification
4. Joint ventures

**STRONG
COMPETITIVE
POSITION**

SLOW MARKET GROWTH



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