Module 1
Section B: Strategic Scope and Objectives

Term
Backward integration

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Customer segmentation

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Diversification strategy

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Forward integration

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Horizontally integrated firm

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Market segmentation

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Merger

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Multicountry strategy

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The practice of dividing a customer base into groups of individuals who are similar in specific ways relevant to marketing. Traditional segmentation focuses on identifying customer groups based on demographics and attributes such as attitude and psychological profiles.

The process of buying or owning elements of the production cycle and channel of distribution back toward raw material suppliers. See: vertical integration.

Process of buying or owning elements of the production cycle; the channel of distribution forward toward the final customer. See: vertical integration.

An expansion of the scope of the product line to exploit new markets. A key objective is to spread the company's risk over several product lines in case there should be a downturn in any one product's market.

A marketing strategy in which the total market is disaggregated into submarkets, or segments, that share some measurable characteristic based on demographics, psychographics, lifestyle, geography, benefits, and so forth.

An organization that produces or sells similar products in various geographical locations.

A strategy in which each country market is self-contained. Customers have unique product expectations that are addressed by local production capabilities.

The acquisition of the assets and liabilities of one company by another.

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Multinational strategy

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Outsourcing

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Performance objectives

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Product-mix flexibility

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Strategic drivers

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Subcontracting

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Time-based competition (TBC)

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Vertical integration

The process of having suppliers provide goods and services that were previously provided internally. [This] involves substitution—the replacement of internal capacity and production by that of the supplier. See: subcontracting.

A strategy to out-compete rivals that focuses on opportunities to achieve cross-business and cross-country coordination, thereby enabling economies of scope and an improved competitive position with regard to reducing costs, cross-country subsidization, and so on.

The ability to change over quickly to other products produced in a facility, as required by demand shifts in mix.

Measurements that enable the firm to monitor whether or not the firm's strategy is being accomplished. Thus, the measurement should be aligned to strategy. May differ based on the hierarchical level of the firm and should be aligned with the corresponding strategy for that level.

Sending production work outside to another manufacturer. See: outsourcing.

Factors that influence business unit and manufacturing strategies.

The degree to which a firm has decided to directly produce multiple value-adding stages from raw material to the sale of the product to the ultimate consumer. [This increases as the number of steps in the sequence increases.] A manufacturer that decides to begin producing parts, components, and materials that it normally purchases is said to be backward integrated. Likewise, a manufacturer that decides to take over distribution and perhaps sale to the ultimate consumer is said to be forward integrated. See: backward integration, forward integration.

A broad-based corporate strategy that emphasizes time as the vehicle for achieving and maintaining a sustainable competitive edge. Its characteristics are as follows: (1) It deals only with those lead times that are important to customers, (2) the lead-time reductions must involve decreases in both the mean and the variance [from the mean], and (3) the lead-time reductions must be achieved through system or process analysis (the processes must be changed to reduce lead times). Involves design, manufacturing, and logistical processes.

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Vertically integrated firm

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What-if analysis

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The process of evaluating alternate strategies by answering the consequences of changes to forecasts, manufacturing plans, inventory levels, and so forth.

An organization with functions that were previously performed by suppliers but are now done internally.