

## **AEM 2601: Reading Questions 02 – Best Answers**

**1. Last class, we discussed Kroger implementing scanners to help guide customers to sales. Is this a strategy or a tactic? Why?**

- I would contend that Kroger's implementation of scanners to help guide customers to sales is a tactic rather than strategy. This tactic is concerned with the specific action of trying to garner customer sales while at a specific store location. I would argue that the strategy here is the more wholistic approach Kroger is using to become a more tech savvy grocer and making the shopping experience easier for consumers.
- Kroger implementing scanners is a tactic because this is a plan/procedure that is part of the larger strategy to "automate and personalize the shopping experience". Tactics are procedures that are carried out that may be part of a strategy. Strategies have "big picture" goals that occur over long periods of time.

**2. Why does Porter argue that trade-offs are important for a good strategic position?**

- Porter argues that trade-offs are crucial for strategic positioning because, "they create the need for choice and purposefully limit what a company offers." Trade-offs are able to prevent straddling and repositioning and reinforce a company's strategic position. In essence, trade-offs limit what a company offers to what it does best, which is best for the company and the customers.
- Porter argues that trade-offs are essential to strategy because they create the need for choice and purposely limit what a company can offer. These trade-offs arise from three main reasons; inconsistencies in image and reputation, activities themselves and limits on internal coordination and control. Essentially, every company has finite resources that constrain them from being able to do everything. Making trade-offs limits companies from doing some things, but allows them to accomplish other things. Porter uses one example in the airline industry with Continental Airlines. Continental mimicked Southwest Airlines (straddling) and made a trade-off, giving up first-class seating and in-flight meals to drop ticket prices and offer more flights leaving at more times. This trade-off is essential because Continental Airlines cannot do both, but giving up one aspect of their company allowed them to focus on what consumers care more about.