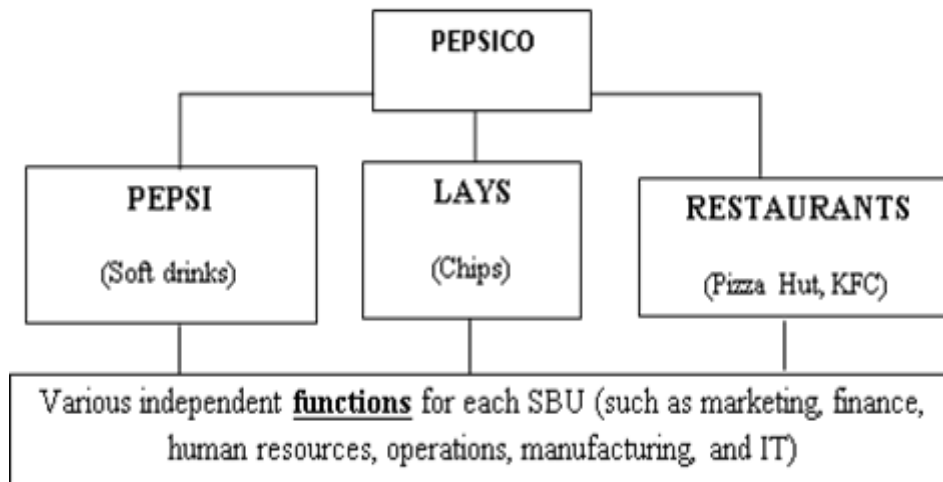


## Strategy Hierarchy Levels

In this exercise, you are required to determine at what strategy hierarchy level each of the following marketing decisions have most likely been made; choosing from corporate, strategic business unit (SBU) or functional (within marketing).

For this activity, we will use a former structure for PepsiCo (shown below the questions), as they are a firm with well-known SBU's.



### **PepsiCo Strategy Decisions**

1. PepsiCo decides to sell their KFC chain.
2. Lays introduces “tomato and cheese” flavored chips.
3. Pizza Hut decides to discontinue its take-away (pick-up from a store) facility and ONLY offer a home delivery service.
4. Bottles of Pepsi Max have a competition where the winners will golf with Tiger Woods.
5. KFC launches a “fresh food” campaign, with new salads and grilled chicken, together with the slogan – “fast food – not fat food!”
6. Pepsi builds a new \$2 billion bottling plant in South Africa, in order to better supply the African market.
7. Lays offers a special “two-for-one” deal on its salt and vinegar flavored chips.
8. Pepsi decides to buy a chocolate factory and enter the confectionery market for the first time.
9. Lays decides to stop distributing its products through schools.
10. Pizza Hut launches its new peanut butter flavored pizza – for a limited time only

## Student Discussion Questions

1. Determine the strategy hierarchy level that you think each of these decisions have been made.
2. Given that these marketing decisions are made at different strategic hierarchy levels, what are some of the implications of this, for a large organization (in terms of planning, implementation and internal communication)?
3. Do you think that different firms would tend to have more centralized (corporate) or decentralized (functional) strategy decision making processes? Which approach would be more suitable in a dynamic business environment?
4. What are the dangers of a firm being too centralized or too decentralized in their strategic approach?
5. How appropriate is the strategic hierarchy model for a small business?