

Chapter Two

Company and Marketing Strategy Partnering to Build Customer Relationships

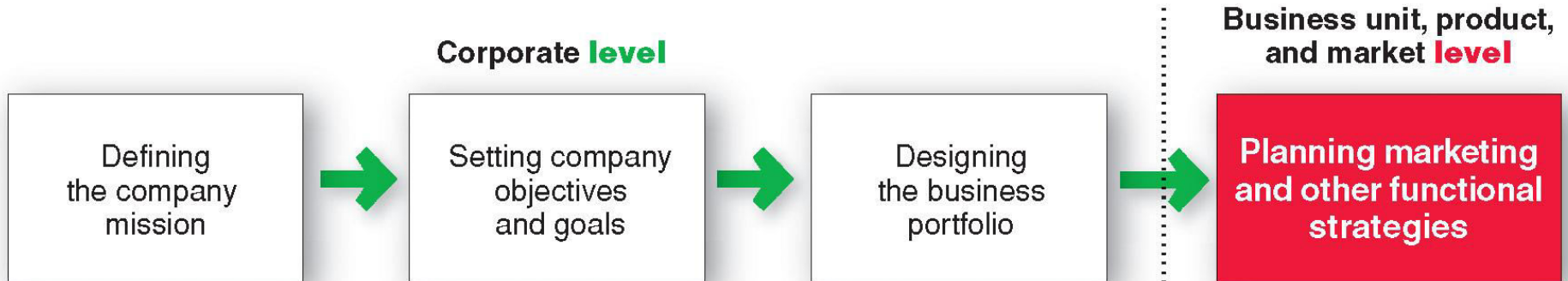
Companywide Strategic Planning

Strategic Planning

Strategic planning is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities

Companywide Strategic Planning

Steps in Strategic Planning



Companywide Strategic Planning

Defining a Market-Oriented Mission

- The mission statement is the organization's purpose, what it wants to accomplish in the larger environment
- Market-oriented mission statement defines the business in terms of satisfying basic customer needs



*We help you organize the world's
information and make it
universally accessible and useful.*

Companywide Strategic Planning

Setting Company Objectives and Goals

Business objectives

- Build profitable customer relationships
- Invest in research
- Improve profits

Marketing objectives

- Increase market share
- Create local partnerships
- Increase promotion

Companywide Strategic Planning

Designing the Business Portfolio

The business portfolio is the collection of businesses and products that make up the company

Portfolio analysis is a major activity in strategic planning whereby management evaluates the products and businesses that make up the company

Companywide Strategic Planning

Analyzing the Current Business Portfolio

Strategic business units can be

- Company division
- Product line within a division
- Single product or brand



Companywide Strategic Planning

Analyzing the Current Business Portfolio

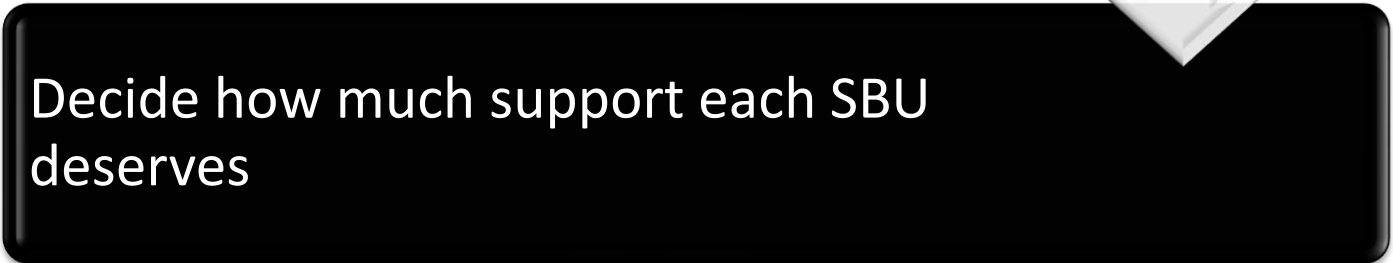
Identify key businesses (strategic business units, or SBUs) that make up the company



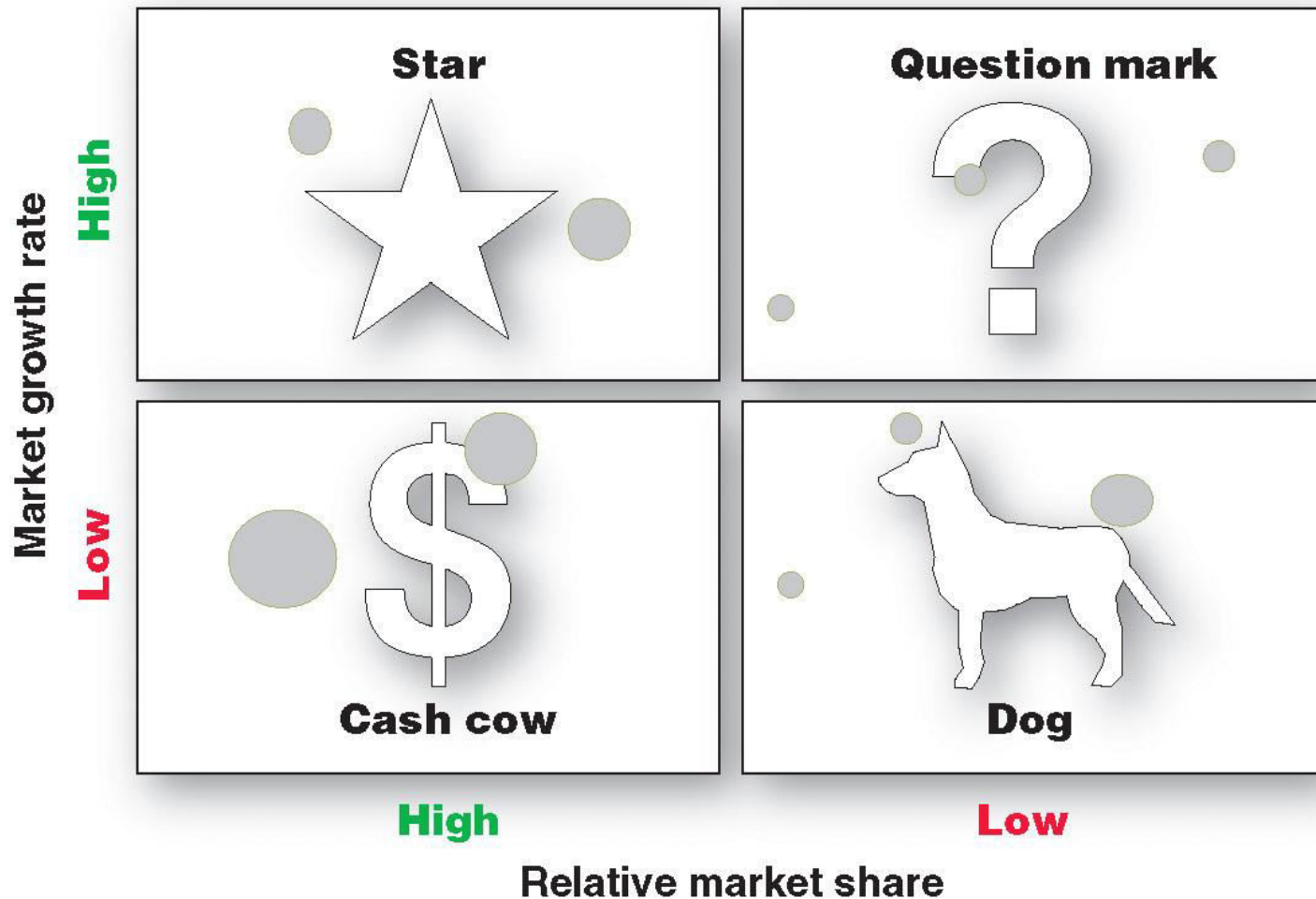
Assess the attractiveness of its various SBUs



Decide how much support each SBU deserves



Companywide Strategic Planning:



Companywide Strategic Planning

Problems with Matrix Approaches

- Difficulty in defining SBUs and measuring market share and growth
- Time consuming
- Expensive
- Focus on current businesses, not future planning

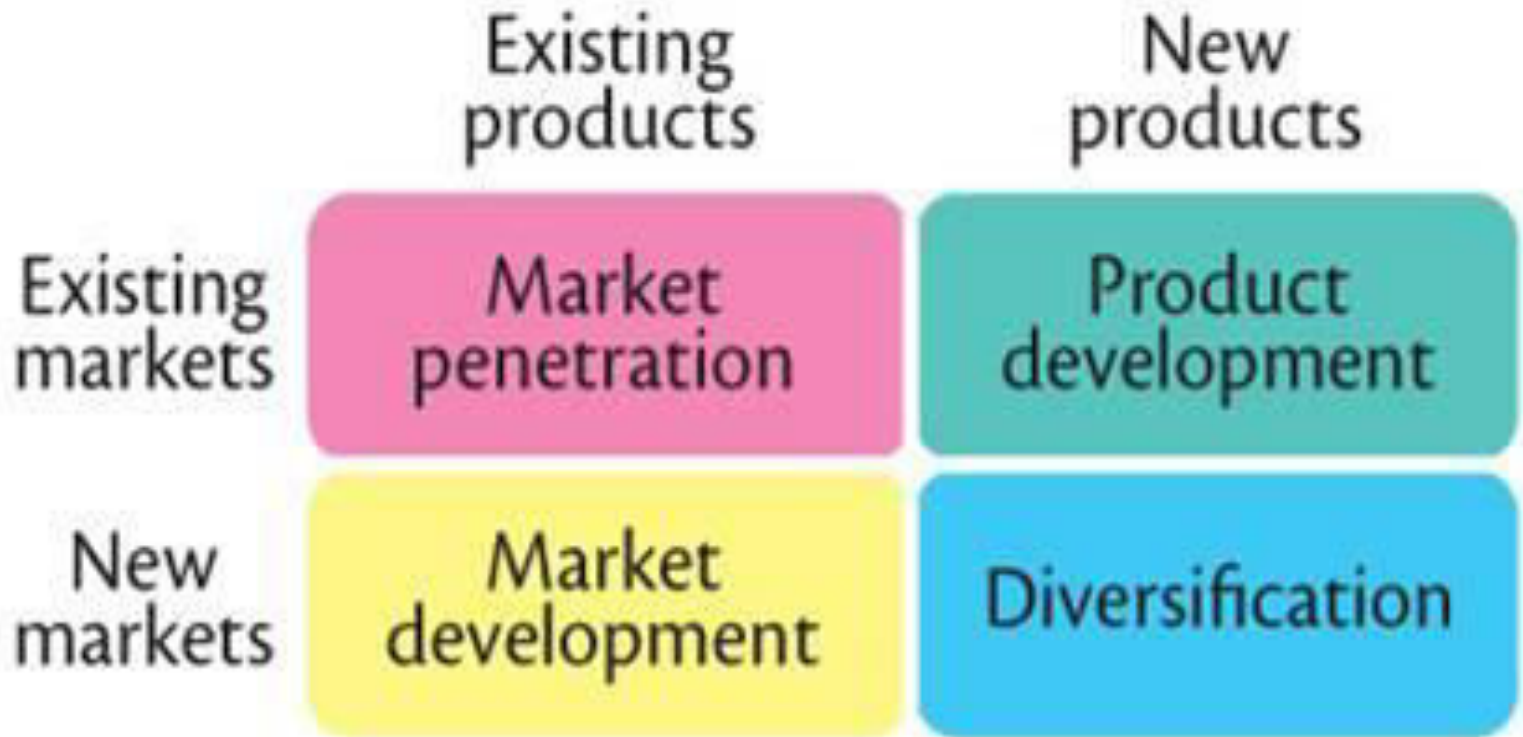
Companywide Strategic Planning

Developing Strategies for Growth and Downsizing

Product/market expansion grid is a tool for identifying company growth opportunities through market penetration, market development, product development, or diversification

Companywide Strategic Planning

Developing Strategies for Growth and Downsizing
Product/Market Expansion Grid Strategies



Companywide Strategic Planning

Developing Strategies for Growth and Downsizing

Market penetration is a growth strategy increasing sales to current market segments without changing the product

Market development is a growth strategy that identifies and develops new market segments for current products



Companywide Strategic Planning

Developing Strategies for Growth and Downsizing

Product development is a growth strategy that offers new or modified products to existing market segments

Diversification is a growth strategy through starting up or acquiring businesses outside the company's current products and markets



Companywide Strategic Planning

Developing Strategies for Growth and Downsizing

Downsizing is the reduction of the business portfolio by eliminating products or business units that are not profitable or that no longer fit the company's overall strategy

Planning Marketing

Partnering to Build Customer Relationships

Value chain is a series of departments that carry out value-creating activities to design, produce, market, deliver, and support a firm's products



Planning Marketing

Partnering to Build Customer Relationships

Value delivery network is made up of the company, suppliers, distributors, and ultimately customers who partner with each other to improve performance of the entire system



Marketing Strategy and the Marketing Mix

Marketing
intermediaries

Competitors

Marketing
analysis

Product

Marketing
planning

Segmentation

Targeting

**Customer
value and
relationships**

Place

Price

Positioning

Differentiation

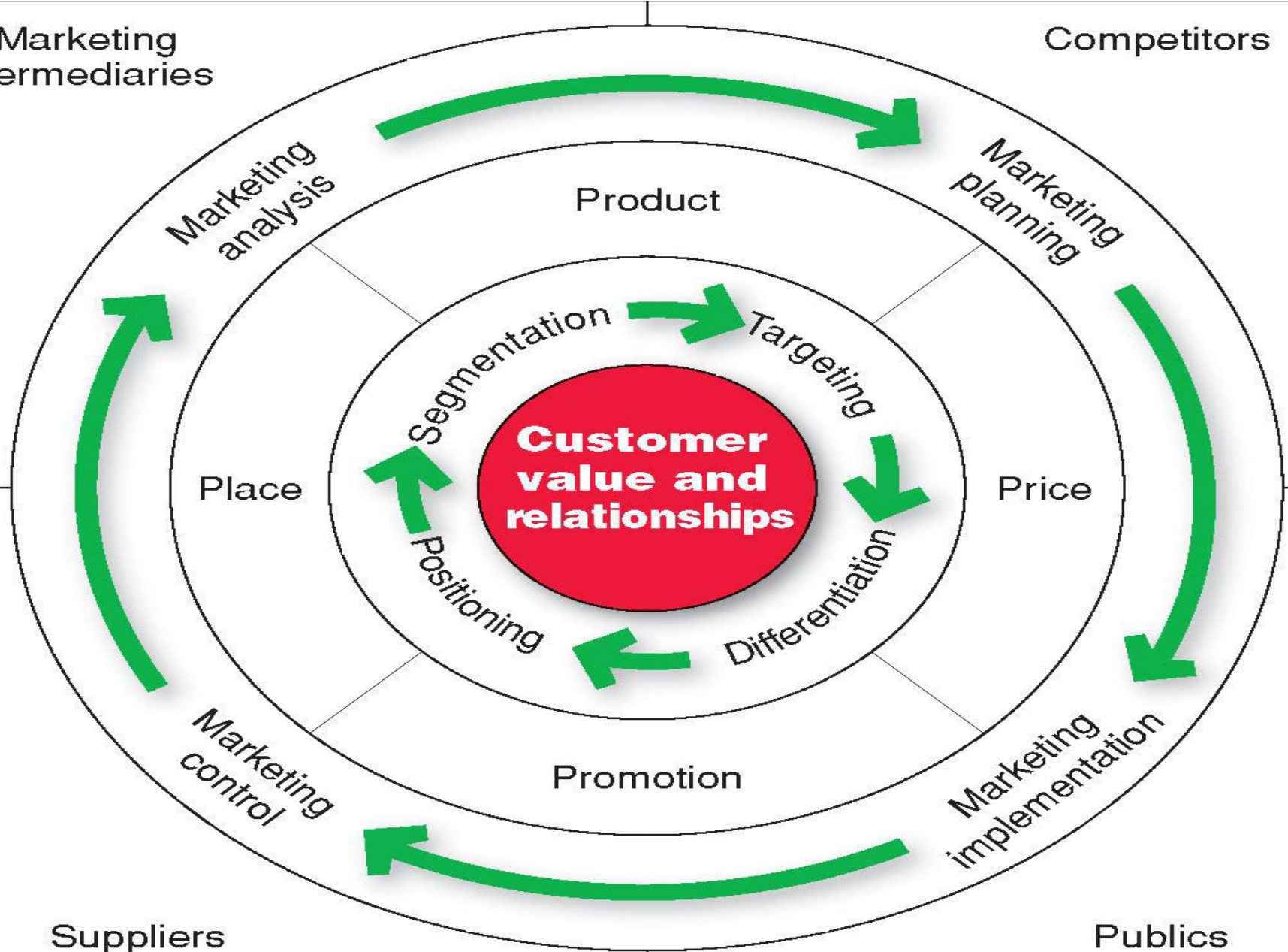
Promotion

Marketing
control

Marketing
implementation

Suppliers

Publics



Marketing Strategy and the Marketing Mix

Customer-Driven Marketing Strategy

Market segmentation is the division of a market into distinct groups of buyers who have different needs, characteristics, or behavior and who might require separate products or marketing mixes

Market segment is a group of consumers who respond in a similar way to a given set of marketing efforts

Marketing Strategy and the Marketing Mix

Customer-Centered Marketing Strategy

Market targeting is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter



Marketing Strategy and the Marketing Mix

Customer-Centered Marketing Strategy

Market positioning is the arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of the target consumer

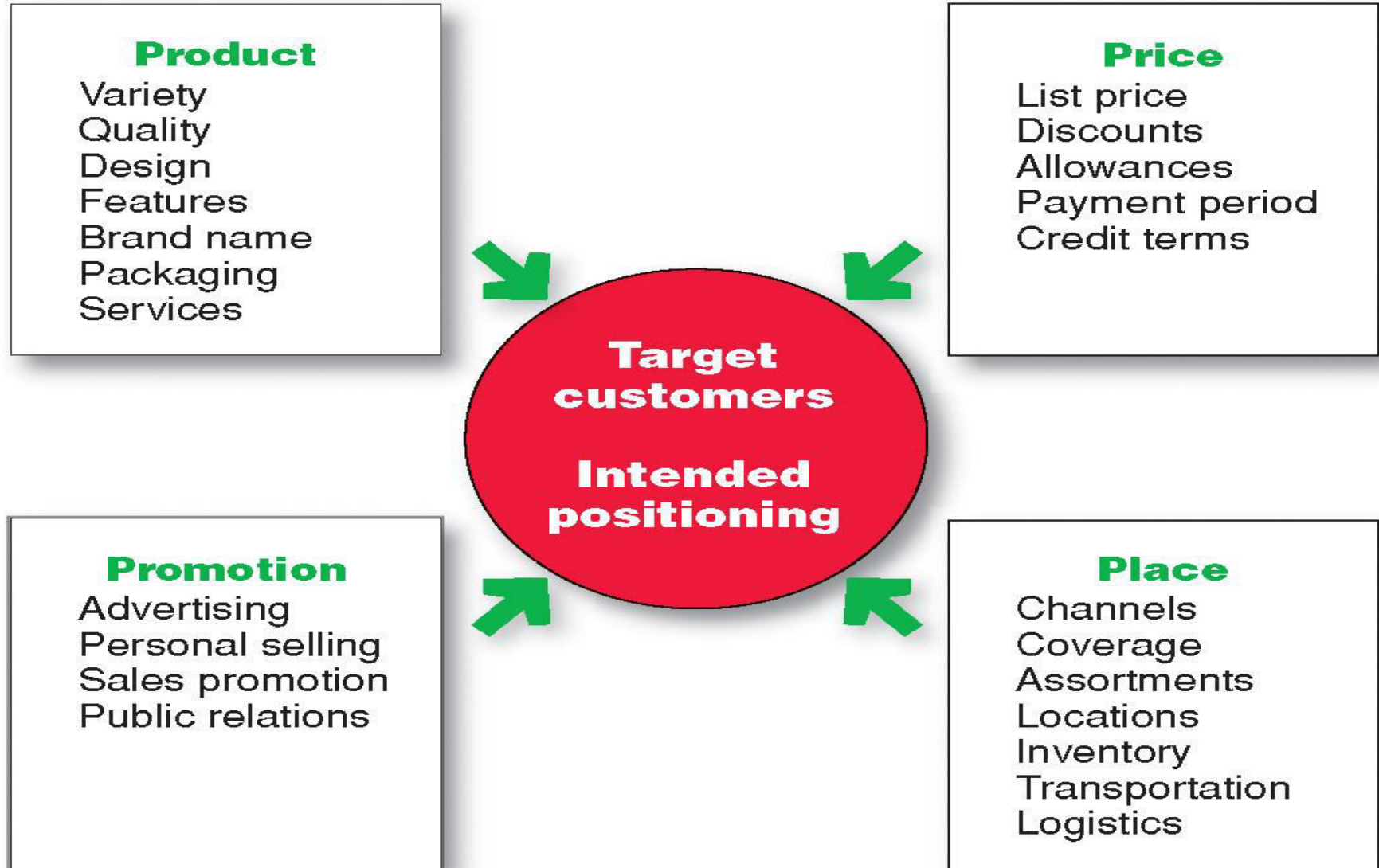
Marketing Strategy and the Marketing Mix

Developing an Integrated Marketing Mix

Marketing mix is the set of controllable tactical marketing tools—product, price, place, and promotion—that the firm blends to produce the response it wants in the target market

Marketing Strategy and the Marketing Mix

Developing an Integrated Marketing Mix



PLACE

- Retail
- Wholesale
- Mail order
- Internet
- Direct Sales
- Peer to Peer
- Multi-Channel

PRICE

Strategies:
Skimming
Penetration
Psychological
Cost-Plus
Loss leader, etc.

PROMOTION

- Special Offers
- Advertising
- Endorsements
- User trials
- Direct mailing
- Leaflets/posters
- Free gifts
- Competitions
- Joint ventures

People

- Employees
- Management
- Culture
- Customer Service

Process

- Especially relevant to service industries
- How are services consumed?

Physical Environment

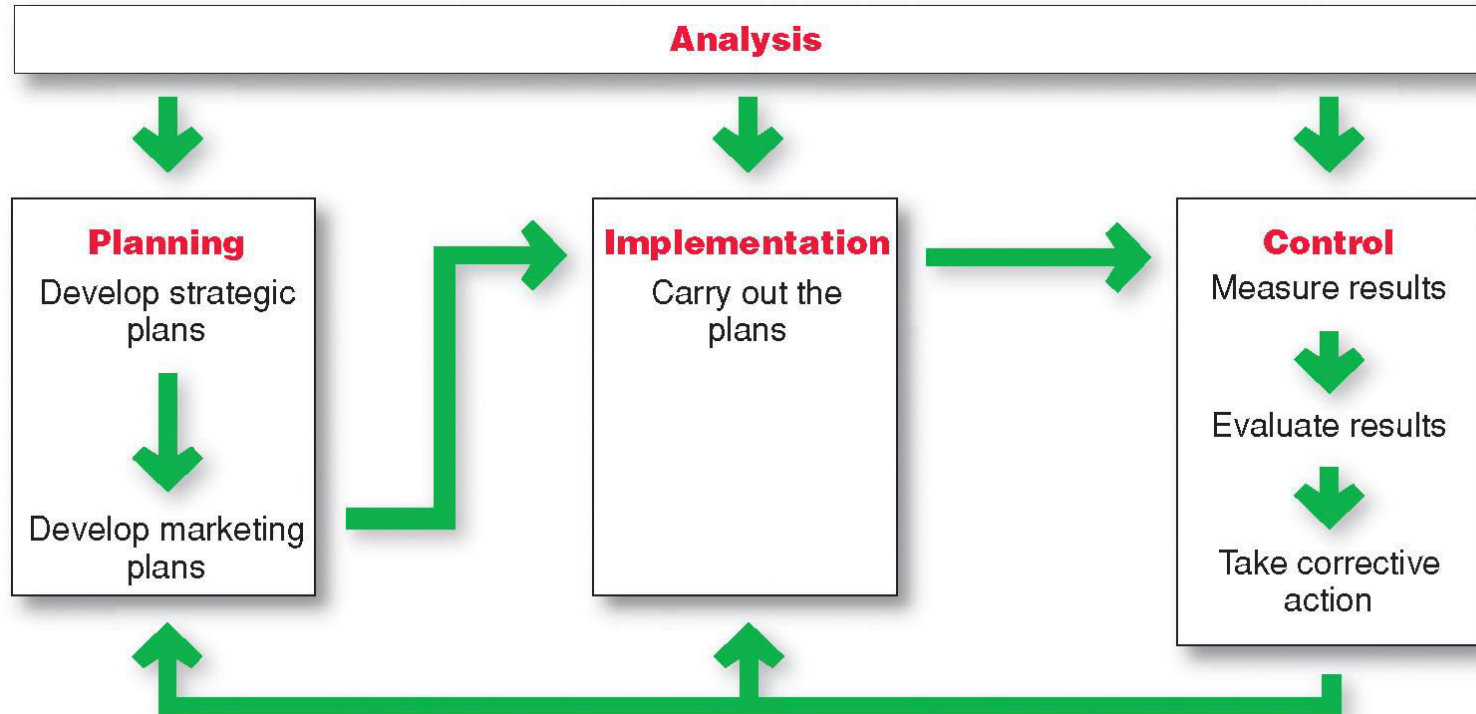
- Smart
- Run-down
- Interface
- Comfort
- Facilities

PRODUCT

- Design
- Technology
- Usefulness
- Convenience
- Value
- Quality
- Packaging
- Branding
- Accessories
- Warranties

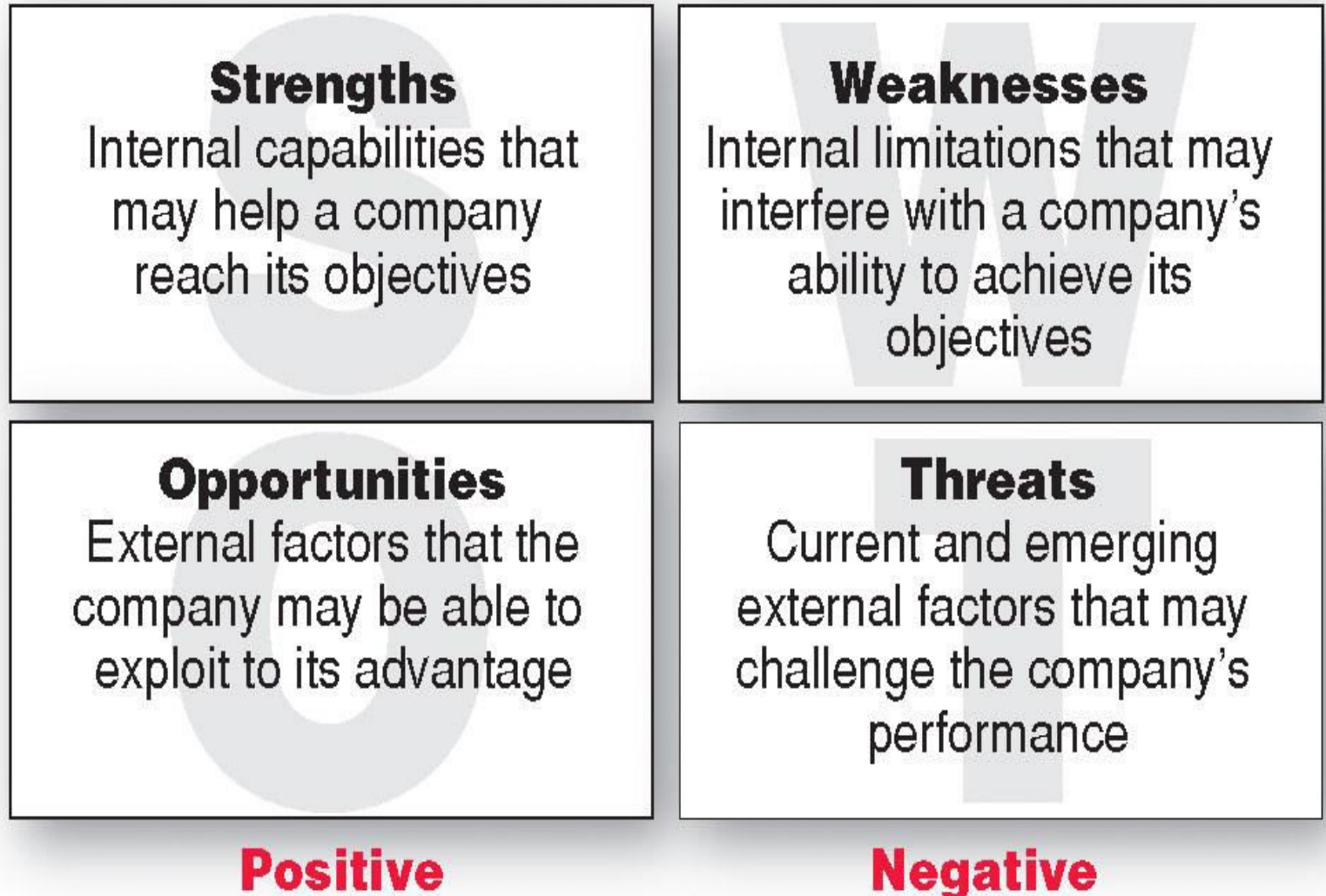
TARGET MARKET

Managing the Marketing Effort



Managing the Marketing Effort

Marketing Analysis – SWOT Analysis



Managing the Marketing Effort

Market Planning—Parts of a Marketing Plan



Managing the Marketing Effort

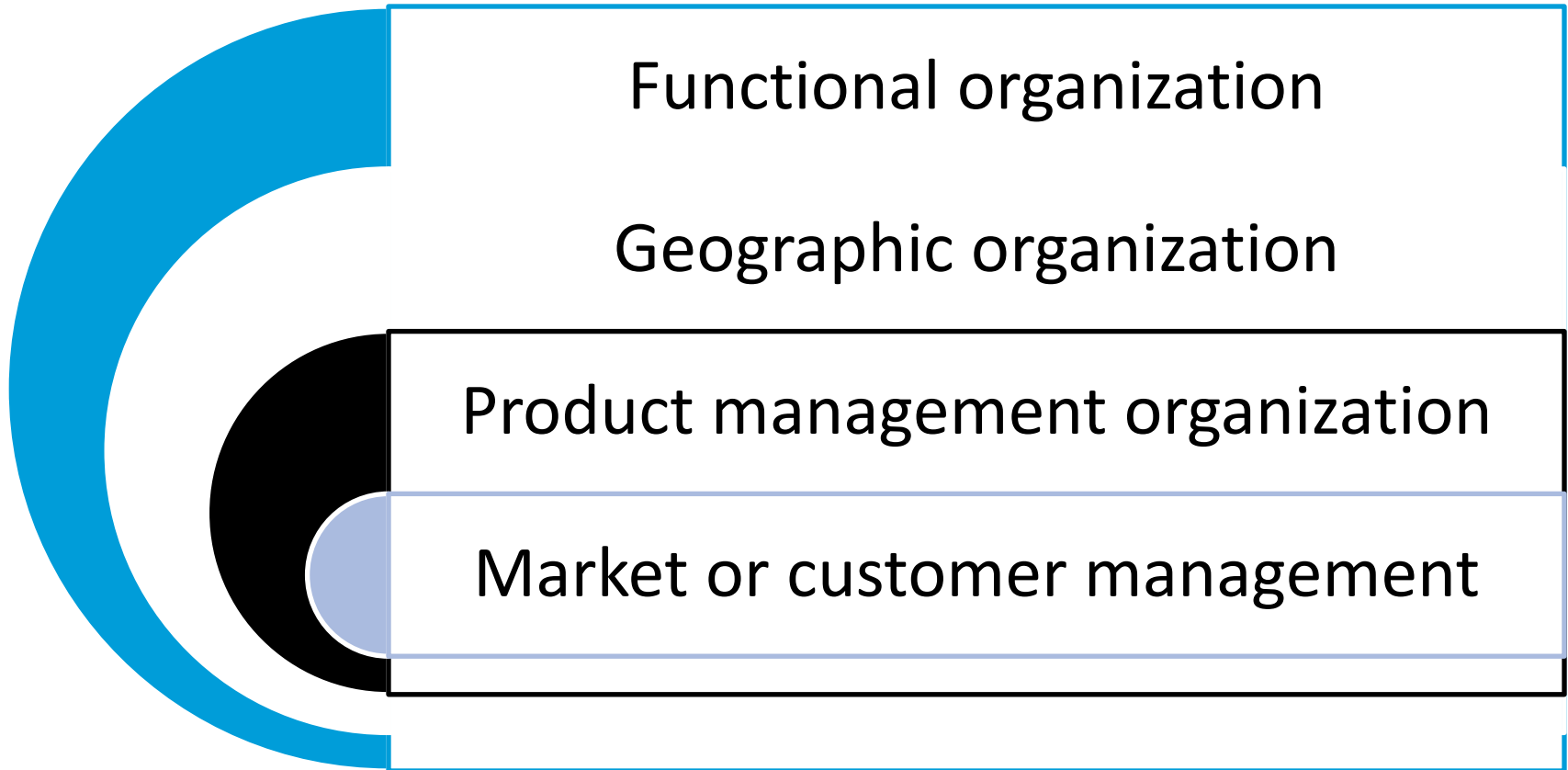
Marketing Implementation

Implementing is the process that turns marketing plans into marketing actions to accomplish strategic marketing objectives

- Successful implementation depends on how well the company blends its people, organizational structure, decision and reward system, and company culture into a cohesive action plan that supports its strategies

Managing the Marketing Effort

Marketing Department Organization



Managing the Marketing Effort

Marketing Control

- **Controlling** is the measurement and evaluation of results and the taking of corrective action as needed to ensure the objectives are achieved.
- Operating control
- Strategic control

Measuring and Managing Return on Marketing Investment

Return on Marketing Investment (Marketing ROI)



Return on marketing investment (Marketing ROI) is the net return from a marketing investment divided by the costs of the marketing investment. Marketing ROI provides a measurement of the profits generated by investments in marketing activities.