

MG1002 MARKETING MANAGEMENT | Spring 2025
PART - I:
Understanding Marketing Management

COMPANY ORIENTATIONS...
THE NEW MARKETING REALITIES
MARKETING & CUSTOMER VALUE
CORPORATE & BUSINESS PLANNING

CHAPTER 2

The New Marketing Realities

How businesses are changing

□ **“The Marketplace isn’t what it used to be”**

(Selected List)*

General discussion – from Pakistani perspective

- Changing technology – *Information Age*
- Globalization
- Deregulation & Privatization
- Industry convergence – *blurring boundaries (what is technology sector)*
- Disintermediation – *new options to deliver*
- Consumer Information
- Consumer Resistance – *consumers resist to marketing & advertising*

** This is selected List – For complete list, see book*

Marketing & Customer Value

The Value Chain

- **Value Chain:** A tool for identifying ways to create more customer value
- Every **firm** is a synthesis of activities for value-creation/delivery etc.
 - **Primary** Activities (producing & marketing)
 - **Support** Activities (management of firm)



Marketing & Customer Value

The Value Chain

- Firm should estimate its competitors' costs and performances as '**benchmarks**' against which it compares its own costs and performance
- Success depends on 'core business processes' i.e.

Core business processes



Marketing & Customer Value

Core Competencies

- Outsource the less critical and
- Focus on **Core Competency**

- Characteristics of Core Competency:
 - A Source of competitive advantage
 - Has Application in a wide variety of markets
 - Difficult for competitors to imitate

Marketing & Customer Value

The Central Role of Strategic Planning

- What makes companies/brands successful?

These are some COMMON factors...

- Focus on Customers
- Respond effectively to changing customer needs
- Have well-staffed marketing departments
- And all other departments in their organizations understand:
“CUSTOMER IS THE KING”

Marketing & Customer Value

The Central Role of Strategic Planning

- ▣ **Levels in Strategic Planning [Typical]**
 - ▣ **Corporate** Level
 - ▣ **Division** Level
 - ▣ **Business Unit** Level
 - ▣ **Product** Level

Marketing Plan

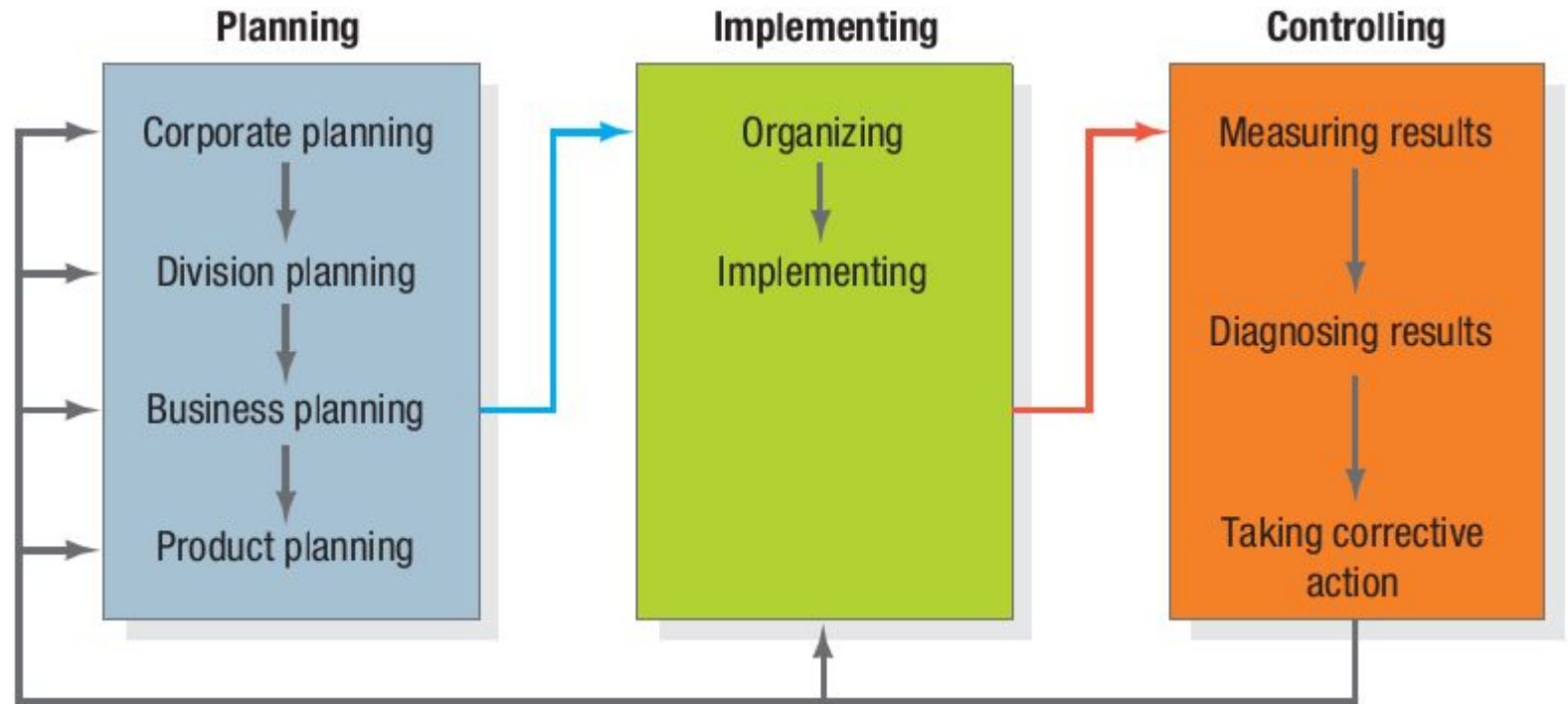
is central instrument for directing and coordinating marketing effort

Strategic Marketing Plan lays out target markets & value proposition

Tactical Marketing Plan lays out specifics of marketing activities

Marketing & Customer Value

The Central Role of Strategic Planning



Corporate & Division Strategic Planning

Different **Planning** Activities

- Four Planning Activities
(at Corporate & Division level)
 - 1. Defining the Corporate Mission
 - 2. Establishing Strategic Business Units
 - 3. Assigning Resources to each SBU
 - 4. Assessing Growth Opportunities

Corporate & Division Strategic Planning

1. Defining the Corporate Mission

- Peter Drucker's classic questions for identifying the corporate mission
 - What is our business?
 - Who is the customer?
 - What is of value to our customer?
 - What will our business be?
 - What should our business be?

Corporate & Division Strategic Planning

1. Defining the Corporate Mission

- Mission Statements
 - Focus on **LIMITED** goals
 - Stress company's major policies & values
 - Define the major competitive spheres:
 - Industry (in which company operates)
 - Products & Applications
 - Competence
 - Market Segment
 - Vertical (channels)
 - Geographical

Corporate & Division Strategic Planning

2 & 3. Defining Business / Establishing SBUs & Assigning Resources to SBUs

- A business?
 - is a Customer-satisfying process
 - is NOT a Goods-producing process

Company	Product definition	Market definition
<i>Daewoo Pakistan</i>	We run buses	We are a people-and-goods mover
<i>Xerox</i>	We make copying equipment	We improve office productivity
<i>PSO</i>	We sell gasoline	We supply energy
<i>Columbia Pictures</i>	We make movies	We entertain people
<i>Beaconhouse</i>	We run schools & university	We educate people

Corporate & Division Strategic Planning

2 & 3. Defining Business / Establishing SBUs & Assigning Resources to SBUs

A Strategic Business Unit (SBU) is:

Single business or collection of related businesses which **can be planned from the rest of the company**

It has its **own** set of **competitors**

It has a **manager** - responsible for strategic planning and profit performance

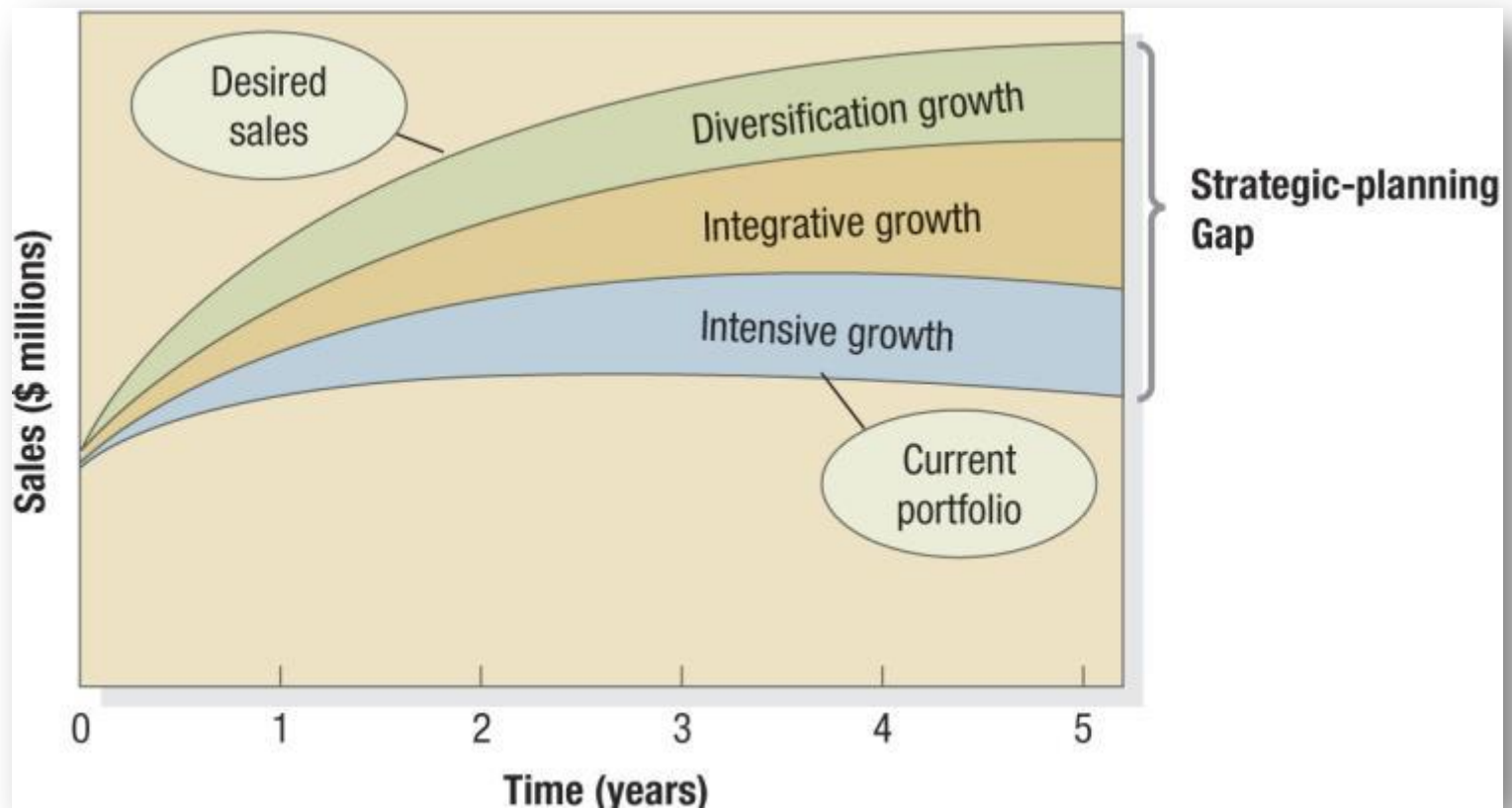
□ **Assigning Resources to SBU** is done using portfolio management tools and techniques e.g. BCG Matrix / GE Matrix etc.

(Not covered here –
Google for own interest)

Corporate & Division Strategic Planning

4. Assessing Growth Opportunities

□ Strategic Planning Gap

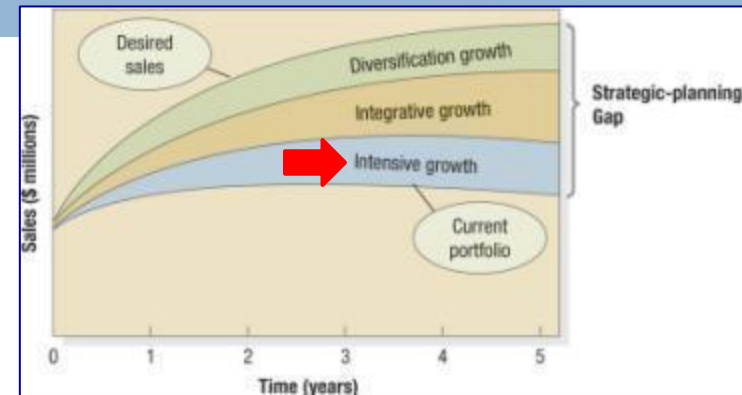


Corporate & Division Strategic Planning

4. Assessing Growth Opportunities

□ Intensive Growth

- Ansoff Product-Market Expansion Grid



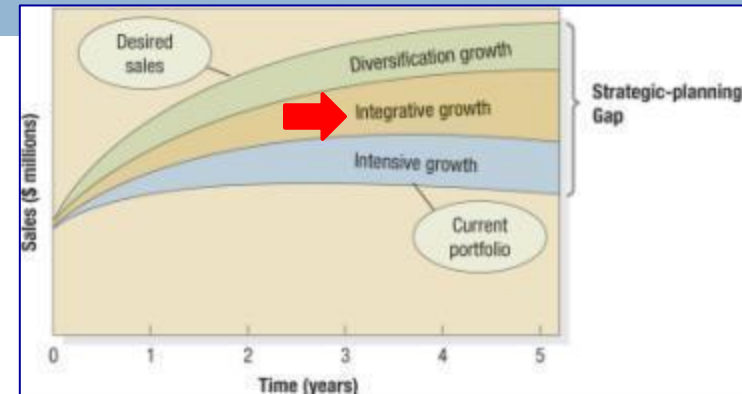
	Current Products	New Products
Current Markets	1. Market-penetration strategy	3. Product-development strategy
New Markets	2. Market-development strategy	(Diversification strategy)

Corporate & Division Strategic Planning

4. Assessing Growth Opportunities

□ Integrative Growth

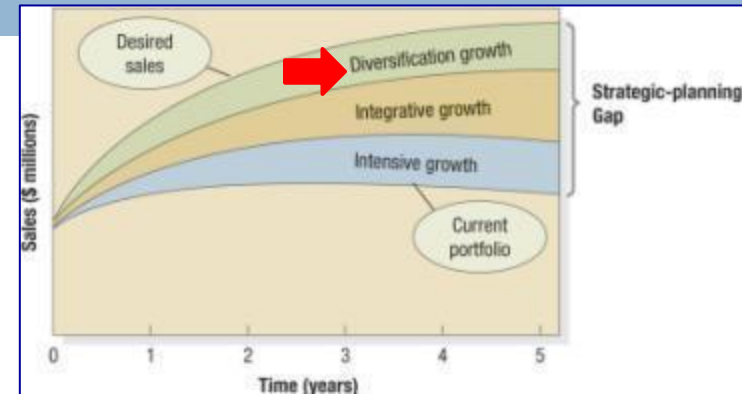
- 'Integrations'
- Backward: Acquire Suppliers
- Forward: Acquire distributors/suppliers
- Horizontal: Acquire Competitors



Corporate & Division Strategic Planning

4. Assessing Growth Opportunities

□ Diversification Growth



- When good opportunities can be found outside current business

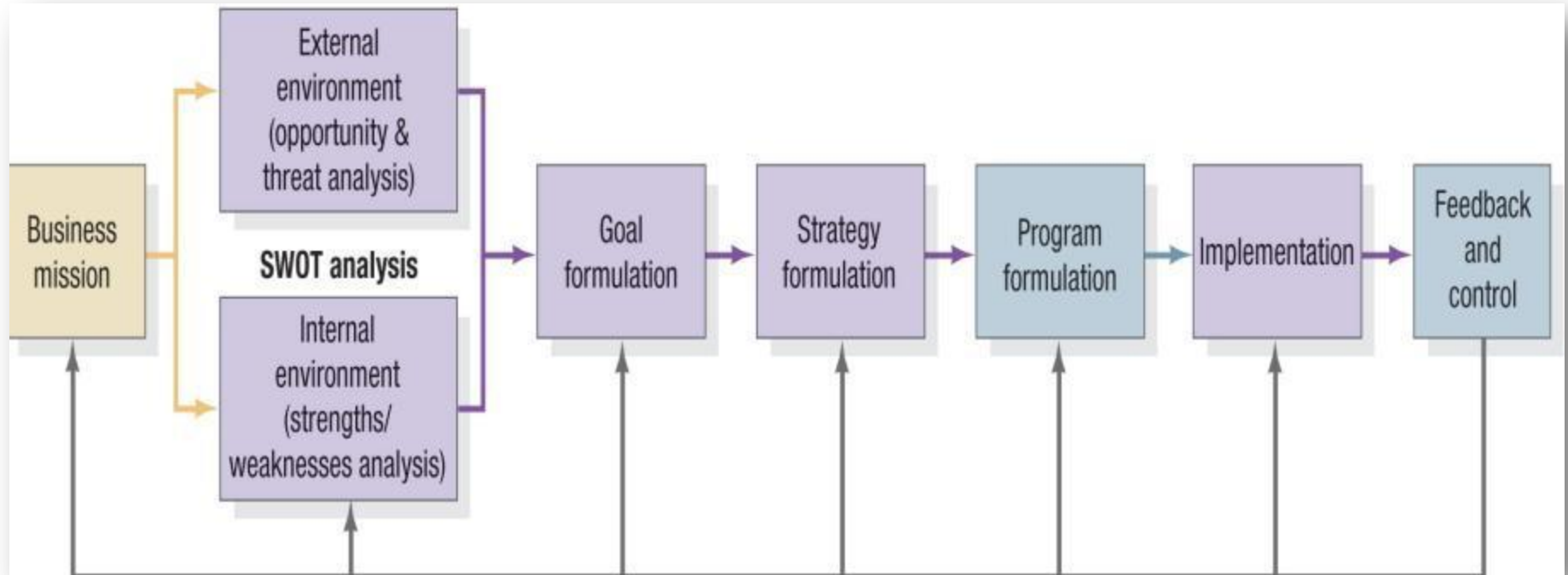
N.B. This relates to new line of business NOT products

□ Downsizing & Divesting

- Pruning & harvesting current portfolio

Business Unit Strategic Planning

Process



Business Unit Strategic Planning

SWOT Analysis

- **SWOT**
 - **Internal Environment Analysis**
 - Strengths
 - Weaknesses
 - **External Environment Analysis**
 - Opportunities
 - Threats

Business Unit Strategic Planning

Goal Formation

- Setting objectives &
MBO - Managing by Objectives

- **Goals** should have these characteristics
 1. They must be arranged hierarchically from the most to least important
 2. Objectives should be stated quantitatively whenever possible
 3. Goals should be realistic
 4. Objectives must be consistent

Business Unit Strategic Planning

Strategic Formulation

- **Goals:** What a business wants to achieve

- **Strategy:**
A game plan for getting there

- **Examples of 'Strategies'**
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Porter's Generic Strategies

Overall Cost Leadership

Differentiation

Focus

Strategic Alliances

Product or Service Alliances
(licensing to produce its product)

Promotional Alliances
(joint promotions)

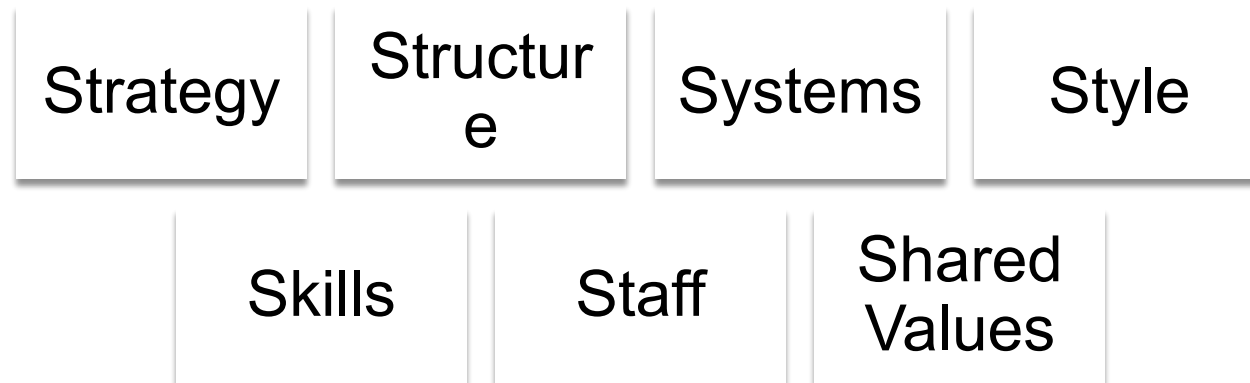
Logistics Alliances

Pricing Collaborations
(mutual price discounts)

Business Unit Strategic Planning

Program Formulation & Implementation

- Great Marketing Strategy can fail - If poorly implemented
- **Strategy** is one the seven elements in business practice!
(McKinsey) – other elements are important in implementation
- Strategy, Structure and Systems- Hardware
- Style, Skills, Staff, Shared values-Software



Business Unit Strategic Planning

Feedback & Control

- Need to track results and monitor new developments
- Need to continuously examine changing environment and to adopt to new goals and behaviors

Product Planning: Marketing Plan

- Marketing Plan
- A written document that summarizes what the marketer has learned about the marketplace and indicates how the firm plans to reach its marketing objectives

Product Planning: Marketing Plan

Typical Contents of a MARKETING PLAN>>

Very important: Self Read Exercise
Review marketing plan given in book

Marketing in Practice

Part - 1

Lakson Group - One of most prolific conglomerates

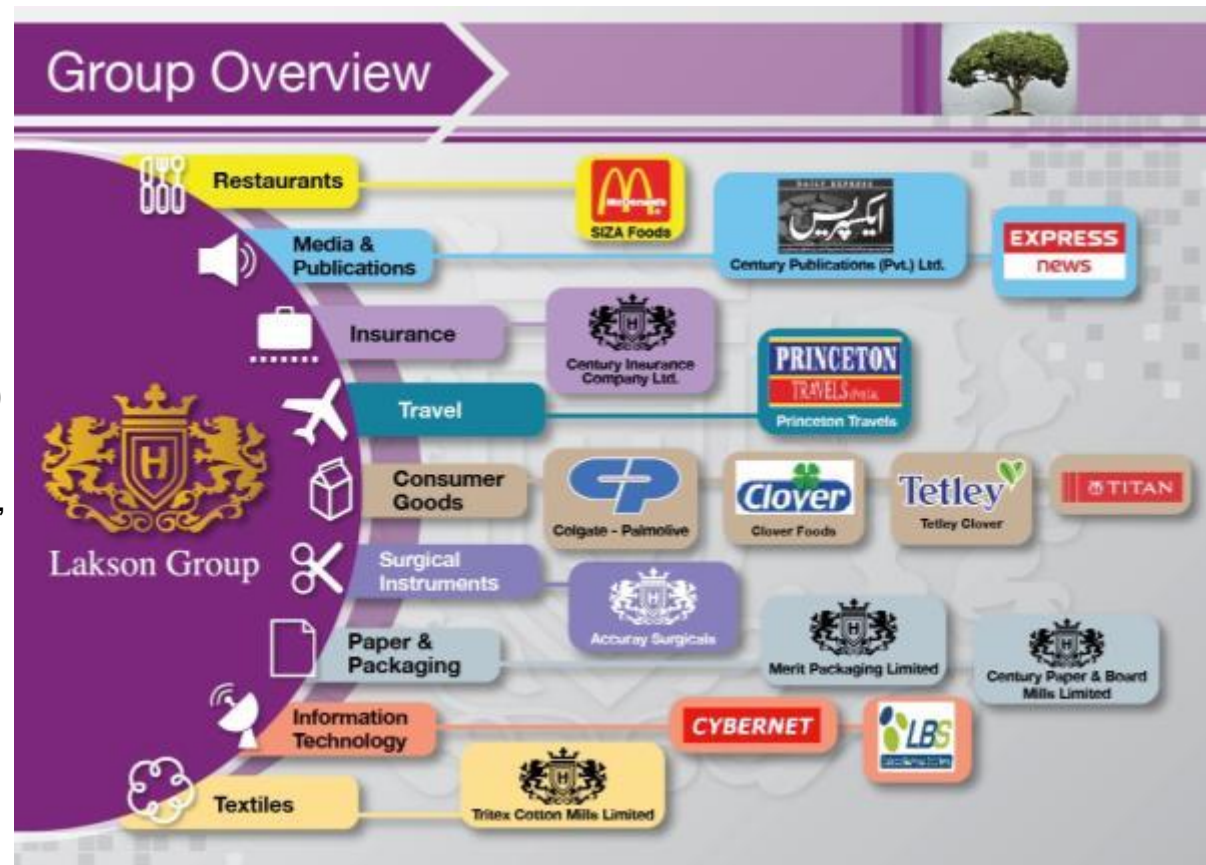
Planning horizons

What kind of planning will be done at:

- **Corporate / Division level**
 - **Lakson group**
(The complete conglomerate)
 - **Media division**
(one of the divisions)
- **Business Unit planning**
 - **Express News**
(an SBU within media division)
- **Product Planning**
 - Launching a new “News show”
(a “product” for the SBU)

Lakson Group

Planning at different levels



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