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Part II: Marketing

Course 3

Strategic marketing

- ➤ Strategic marketing plan
- ➤ Marketing mix strategies:
 - $\circ \ \textbf{Product}$
 - o Price
 - o Placement
 - o Promotion

Six Basic Steps to Build a Strategic Marketing Plan Business Marketing Marketing Marketing Priorities Goals Objectives What the The top areas What marketing The approach How the What must be will contribute marketing company wants of focus for marketing takes addressed for Basic to achieve marketing to business to achieve its strategy will be the strategy to leadership Steps: objectives goals executed work Sirius Decisions > ID 2016 Sirius Decisions, All Rights Resen Usually marketing priorities and goals are linked

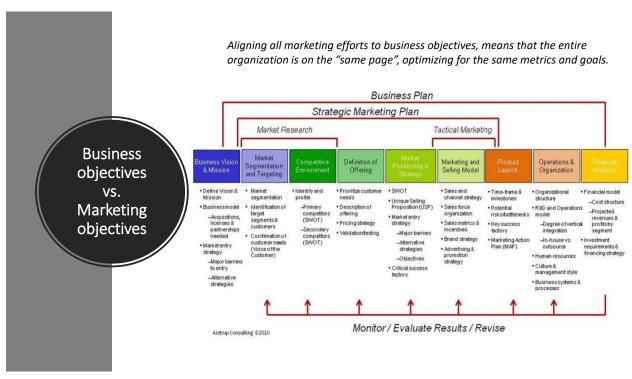
Basic Steps (explained):

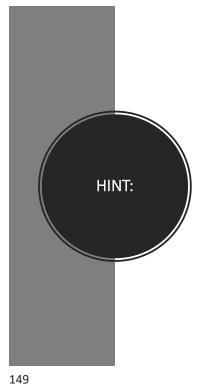
- 1. Business objectives are the quantifiable targets that the company wants to hit in the coming year. For example, the goal may be to double revenue by the next fiscal year, or to maintain growth in the Mid-Market segment while expanding to Enterprise and achieving 15% growth. These objectives relate to the company as a whole and are targets that marketing must keep in mind during all stages of planning and execution. If Marketing actions are not aligned to business objectives, then the team creates a lot of activity, with minimal impact.
- 2. Marketing Priorities once the business objectives are established, the marketing team has to decide where and how it can make an impact, thus the team will outline which efforts to prioritize and which it cannot support.
- 3. Marketing goals are an expansion of marketing priorities that quantifiably define what marketing will do to support the greater business objectives. Goal Metrics, that should connect to business targets, will fall into four categories: Impact, Output, Activity and Readiness. Impact is the effect on business goals, output is the result of actions, activity is the number of actions taken, and readiness is how prepared the team is to perform.



- 4. Marketing strategy is the approach and continued efforts the marketing team will take to achieve its goals. The strategy revolves around how the team is planning to hit its goals, while keeping marketing priorities in mind and remaining aligned to the business objectives. For example there are several strategic routes marketers can take to hit their goals: innovate, grow, retain, harvest, pause, and exit.
- <u>5. Key actions</u> refers to the specific effort marketers will make to execute on strategy. However, it cannot simply be a list of tactics, it must provide details on how each execution will impact the greater business objectives. Additionally, marketing efforts from the past may no longer benefit the new strategy so in this section of planning, marketers must decide which actions to stop doing, which actions to expand on, and which new actions it should add to the plan.
- 6. Dependencies and risks are a part of every marketing plan. However, outlining potential risks from the start allows marketers to better plan and adapt to changes or shortcomings that could happen throughout the year. Obviously, marketing actions depend on receiving the funding to execute, so budget tends to be the biggest dependency, but there are many other risks and dependencies that need to be acknowledged within this section of planning.

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Every manager knows to expect the best, but plan for the worst. In the marketing planning process, here are some challenges you may face:

- Confusing Strategy with Tactics: A strategic marketing plan outlines your larger goal. Sometimes, this can be confused with a tactical marketing plan. The difference between the two is that the strategy identifies your goals and objectives and the tactical marketing plan outlines the details for how you'll reach those goals. Your strategy may be a larger goal, such as increasing your market share. Tactics are the action steps, such as lowering your prices, so more people buy your product. A successful plan needs both, implemented at the proper stage of the process.
- <u>Lack of Resources:</u> Maybe your goal is to increase sales, but you don't have the
 workforce to meet all the incoming orders. Perhaps you don't have the resources to
 hire experienced people who can adequately staff the marketing pipeline. The
 strategic planning process will help you identify the resources you have and the best
 way to put them to work for the good of the company.
- Assumptions About Your Customers: Market research can help you identify your target audience. Sometimes the audience changes, and your planning process should include steps for adjusting to the evolving tastes of consumers.

Marketing planning process:





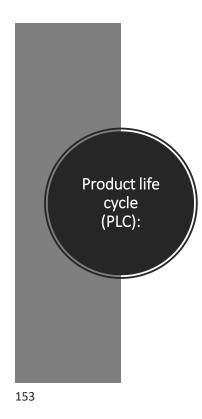
Product:

A product is a good or service that meets the needs of your target market. Even more, products solve problems. Whether you are developing a marketing plan for Coca-Cola, a luxury hotel, or a cell phone, you have to know what problem it solves and why your product is a unique solution. Make sure you have a clear understanding of all the details of your product, including its features, branding, and packaging.

- What is the product or service?
- What does the customer want from it?
- What needs does it satisfy?
- What features does it have to meet these needs?
- How and where will the customer use it?
- How does it compare with similar products?
- Who are the competitors?

INTRODUCTION **GROWTH DECLINE MATURITY SALES** SALES/PROFITS **Product life** cycle (PLC): **PROFIT** TIME MARKETING ACTIONS Maximize market Maximize profit **Build awareness** Reduce share expenditures Promote to inform Modify target Add features and market and Milk the brand and encourage trial improve quality marketing mix Maintain, harvest Add channels or drop and markets

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The introduction phase

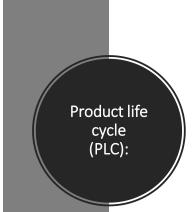
In this stage there is released on the market a new product or service brand, a product whose quality is superior to the existing ones, this product having new elements and functions. All the new elements shall be presented and highlighted, by combining, with the greatest care, the product price, its promotion, and the place where it is placed.

The characteristics of the introduction phase are as follows:

- the slow start of the sales;
- initially reduced, even negative, benefits;
- relatively high price due to high costs (research-development, reduced production volume, lack of experience in the use of new technologies, marketing);
- low competition;
- the product is addressed mainly to the innovative consumer.

The marketing strategies and actions adopted in the introduction phase are as follows:

- Standard, basic product;
- Price adapted according to costs;
- Selective distribution;
- Communication promotion: advertising, intensive information in order to convice the consumers.



The growing phase

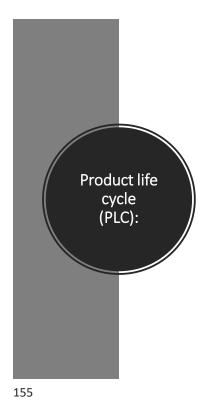
If the introduced product and/or service has had the chance to be the only one(s) on the market, there can be observed, as time passes, the way other competitors place the same product or service, affecting the firm sales at that moment.

The characteristics of the growing phase:

- the sales volume grows rapidly;
- the benefits grow;
- the unit cost decreases as compared to the first marketing stages;
- the competitivity is high;
- competition takes shape, becoming ever stronger, imposing the product perfectioning;
- the number of the selling points grows;
- the production volume grows rapidly;
- the pioneer difficulties are overcome, determining the decrease of the production costs;
- the flexibility of the demand becomes obvious as function of the price.

The marketing strategies and actions during the growing phase are as follows:

- Product: the extension of the product range; the creation of new characteristics and services;
- Price: decrease, of market penetration;
- Distribution: intensive, through the development of some new distribution channels;
- Promotion actions: the increase of notoriety, the improvement of the product and firm image, the promotion of the sales.

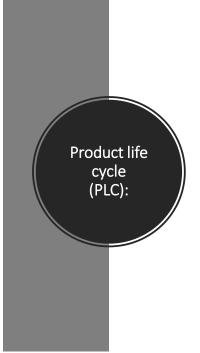


Product maturity

If the product has remained competitive, then there can be considered that it has reached its maturity. This phase is considered to be the longest. From now on, the care to maintain the product or service on the market as actual as ever. The objective is to maintain the market position and to grow the total benefits. Product maturity also represents a dangerous period, on account of the fact that there are competitors on the market that can, any time, absorb the entire market quota. This phase comprises three periods:

- Growing maturity the sales grow in a slower rhythm, the demand reaching a saturation level;
- Steady maturity the sales are constant, at a maximum level for a short pariod of time;
- Maturity on the decline the sales begin to decrease.

In this phase of the life cycle, the price shall also be adjusted to remain competitive, the product or service promotion way shall be changed, the distribution ways shall be revised, respectively.

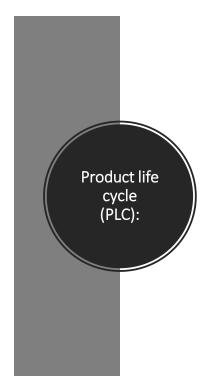


The characteristics of the maturity phase are as follows:

- the potential consumers change into effective customers;
- the product is competitive;
- the sales reach their maximum;
- the production capacity is used at its maximum;
- the unit cost reaches the minimum level;
- the competition is the highest;
- benefit reaches the maximum level.

The marketing strategies and actions of the maturity phase are as follows:

- Product: the differentiation and re-marketing, through quality improvement, the development of new characteristics, the development of a style and its maintaining;
- Price: reduced;
- Distribution: intensive towards selective;
- Communication: reminding asvertising, the image consolidation and the increase of fidelity.



The decline

At a certain moment, the product looses its demand, the sales or the interest towards it lower considerably. At this moment, it is said that the product is in decline, and it has to be treated with a special care to avoid its abrupt getting out of the market. There occurs a decision moment characterized by the product taking out from the market, or its diversifying (the change of its charcteristics, package, name etc.). It is the moment when deep market research becomes very necessary. The objective is to reduce the expenses, and to turn to account the stocks, respectively.

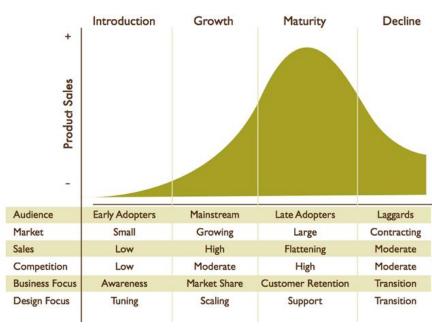
The main characteristics are as follows:

- sales decrease considerably;
- benefit also decreases;
- the production and marketing costs lower;
- competition disappears;
- the demand comes only from the part of conservative customers.

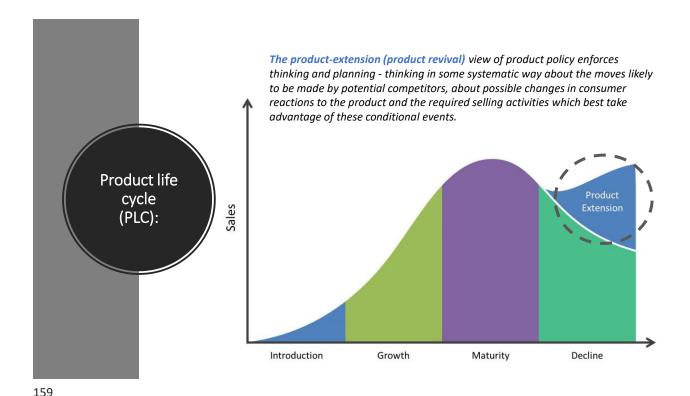
The marketing strategies and actions of the decline period are as follows:

- Product: production line restriction;
- Price: continuous lowering;
- Distribution: selective;
- Communication: reduced.





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Marketing mix strategies (basic knowledge):

Price:

The price is the amount of money your target market is willing to pay for your product. Factors for price include any discounts, payment periods, and list price, as well as how much it costs your company to produce the product. You also need to consider overall marketplace conditions and your competition. How healthy is the economy? How much are your competitors charging for a similar product? Do they have the same business model? The marketing message around your price depends on your market and your audience:

- What is the value of the product to the customer?
- Are there existing price points for similar products? If so, what are they?
- Will a small decrease give you extra market share? How much will that affect the product's perceived value?
- Will discounts to certain market segments be part of your strategy?



Following the price element placing within the marketing mix, there develops a price strategy in agreement with the firm established objectives. The price strategies most often met with, are the following:

- the strategy of the "leader price" is adopted by the large industrial enterprises which have a strong market force and can establish a price that will be followed by the other enterprises in the field;
- the strategy of the "price follower" is adopted by small enterprises, and by the large enterprises that do not have enough market force, respectively. The reason of the adoption of this strategy is that a price follower can obtain good profits in case there are sold enough products;
- the strategy of the predatory prices supposes the reduction of the prices to such an extent that there be attracted the competition customers.
- the strategy of the "skimming price" consists in fixing a very high price the moment a product is marketed. It is a strategy often adopted by the enterprises that use leading technologies (computers, cars, colour TVs, videorecorders);
- ■the strategy of the penetration pricing is opposed to the strategy of the "skimming price"; there is staking on the rapid conquering of a part of the market by practicing a low price.



a) The strategy of rapid creaming: the new products are released on the market at a high price and the promotional activity is intensive.

The strategy is adopted,

- when the product is not known on the market, and those who know it are willing to pay a high price;
- when the firm tries to build a preference for its brand, to distinguish itself from the competitors.
- b) The strategy of slow creaming: the new products are released on the market at a high price and the promotional activity is reduced.

The strategy is adopted,

- when the market sector is limited;
- when the product is known by most of the potential consumers.



c) The strategy of quick penetration: the new products are released on the market at a low price and the promotional activity is reduced.

The strategy is adopted,

- when the market sector is large;
- when the product is not known;
- when there is a high competition, and when the consumers are sensitive as far as the price is concerned.

d) The slow penetration strategy: the products are released on the market at a low price and the promotional activity is reduced.

The strategy is adopted when:

- the market sector is large;
- the product is known;
- the consumers are sensitive as far as the price is known;
- there are potential competitors.

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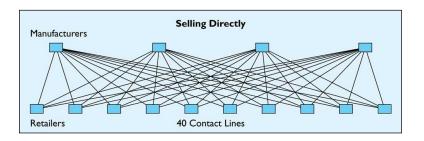
Marketing mix strategies (basic knowledge):

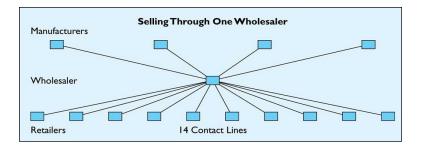
Placement:

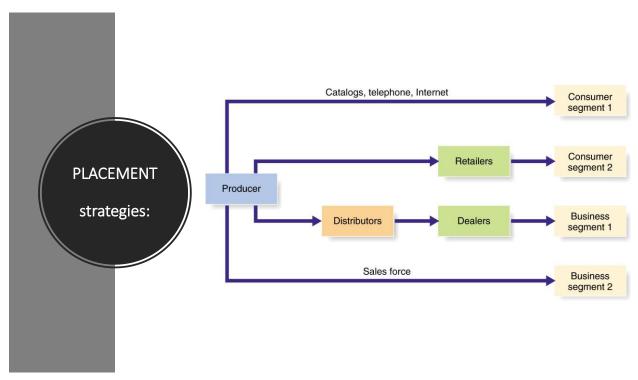
Consider placement as product distribution or how you plan to get your product to your customers and make the buying process easy. Place includes distribution channels, outlets, and transportation to get the product to the target market.

- Where do customers look for your product? (In a store? Online? Through a catalogue?)
- Do you need a sales force to reach customers or should you sell directly to your target market?
- What are the best distribution channels?
- Where are your competitors reaching customers?









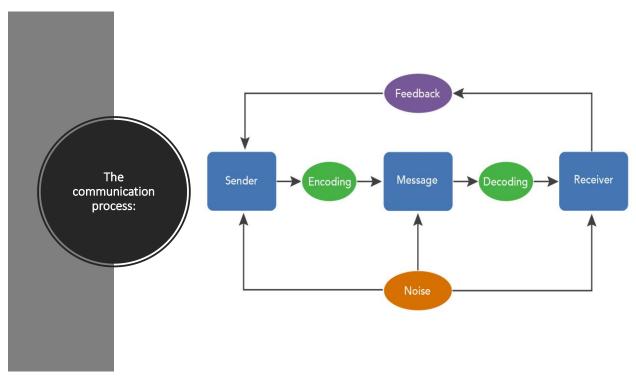


Promotion:

The way you communicate with your target audience about the value and benefit of your product is promotion. Think of promotion as an opportunity to educate your customers about your products and services. You teach them the value of what you offer and how your product meets their needs or solves their problem. There are countless ways to educate them through marketing channels including direct marketing, paid search and social, advertising, public relations, and sales promotions that create brand awareness.

- Where can you get your marketing messages across to your target market?
- What marketing channels does your target market use on a regular basis?
- Where and when are they most ready to buy your product?
- When is the best time to promote?
- How do your competitors do their promotions?

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Dear Mr. Surname of the recipient,

With this letter Mr. and Mrs. Holmes hereby wish to invite you to a gala dinner celebrating the graduation of their daughter Ms. Caren Holmes. The ball will take place at the Kings Palace Hotel, Crystal hall on Wednesday the 2nd of August. The dress code is formal.

We hope you will manage to join us for a night of toasts, good cheer and gourmet delights celebrating this great honor for our family. Proceedings will start with a display of fireworks at 8 pm,. A four course dinner will be served in the Crystal hall at 9.00. All guests will have free parking on their disposal at the front gate of the venue.

Please complete the attached Rsvp and return to the address stated above by the 21nd of July. Unfortunately we are not in position to accept replies received after this date. On behalf of Ms Homes, I look forward to your attendance.

Mr. V. James

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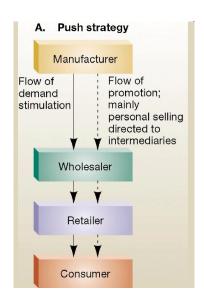






Push strategy makes use of a company's sales force and trade promotion activities to create consumer demand for a product.

The manufacturer promotes the product to wholesalers, the wholesalers promote it to retailers, and the retailers promote it to consumers.



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Pull strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product.

If the strategy is successful, consumers will ask their retailers for the product, the retailers will ask the wholesalers, and the wholesalers will ask the producers.

