

Developing Marketing Strategies and Plans

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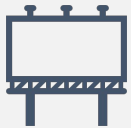
Chapter Questions



How does marketing affect customer value?



How is strategic planning carried out at different levels of the organization?



What does a marketing plan include?

Three V's Approach to Marketing



Define the value segment



Define the value proposition



Define the value network

What is the Value Chain?

The **value chain** is a tool for identifying ways to create more customer value because every firm is a synthesis of *primary and support activities* performed to design, produce, market, deliver, and support its product.

Core Business Processes



Market-sensing process



New-offering realization process



Customer acquisition process



Customer relationship management process



Fulfillment management process

Characteristics of Core Competencies

- A source of competitive advantage
- Applications in a wide variety of markets
- Difficult to imitate

What is Holistic Marketing?

Holistic marketing sees itself as integrating the value exploration, value creation, and value delivery activities with the purpose of building long-term, mutually satisfying relationships and co-prosperity among key stakeholders.

What is a Marketing Plan?

- A marketing plan is the central instrument for directing and co-ordinating the marketing effort.
- It operates at a strategic and tactical level.

Levels of a Marketing Plan

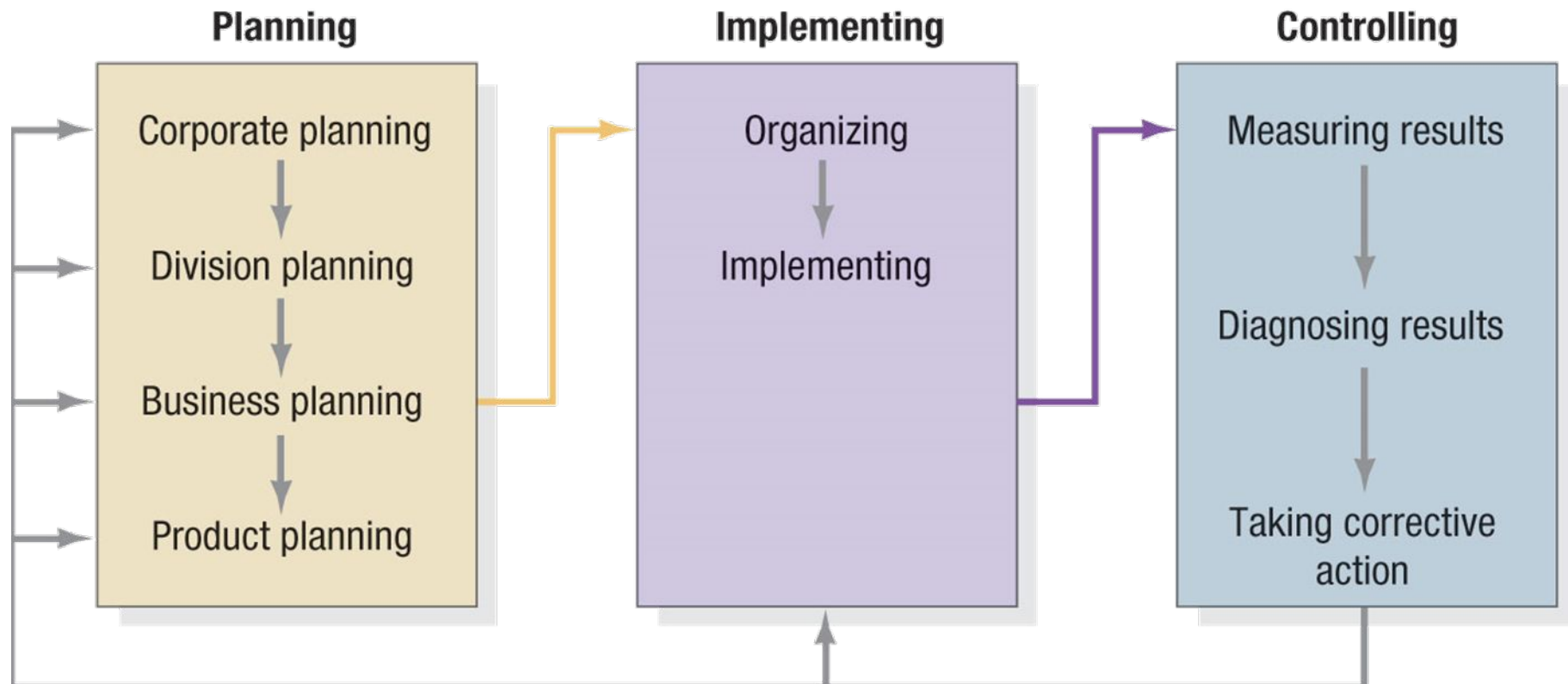
Strategic

- Target marketing decisions
- Value proposition
- Analysis of marketing opportunities

Tactical

- Product features
- Promotion
- Merchandising
- Pricing
- Sales channels
- Service

The Strategic Planning, Implementation, and Control Processes



Corporate Headquarters 'Planning Activities

- Define the corporate mission
- Establish strategic business units (SBUs)
- Assign resources to each SBU
- Assess growth opportunities

Good Mission Statements

Focus on limited number of goals



Stress major policies and values



Define major competitive spheres

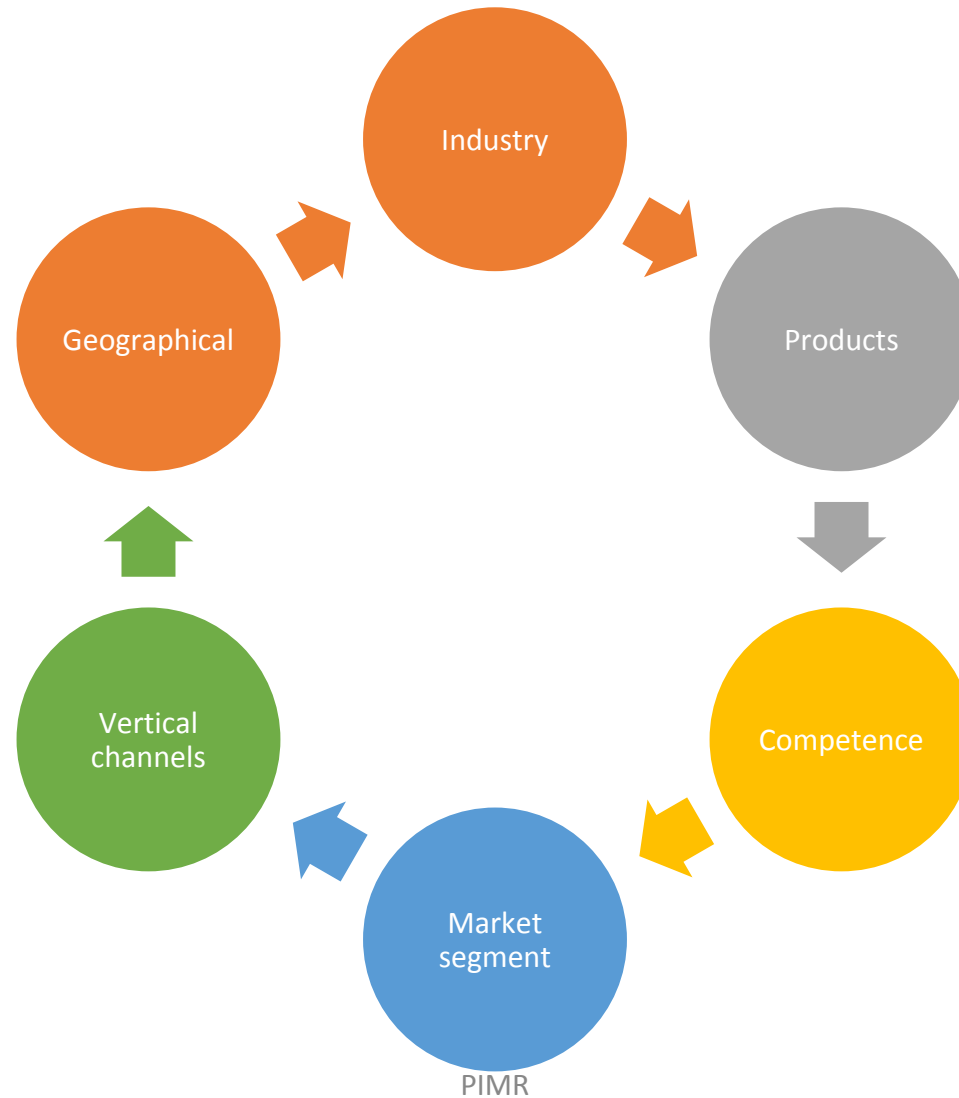


Take a long-term view



Short, memorable, meaningful

Major Competitive Spheres



Motorola

“The purpose of Motorola is to honorably serve the needs of the community by providing products and services of superior quality at a fair price to our customers; to do this so as to earn an adequate profit which is required for the total enterprise to grow; and by doing so, provide the opportunity for our employees and shareholders to achieve their personal objectives”



eBay

“We help people trade anything on earth.

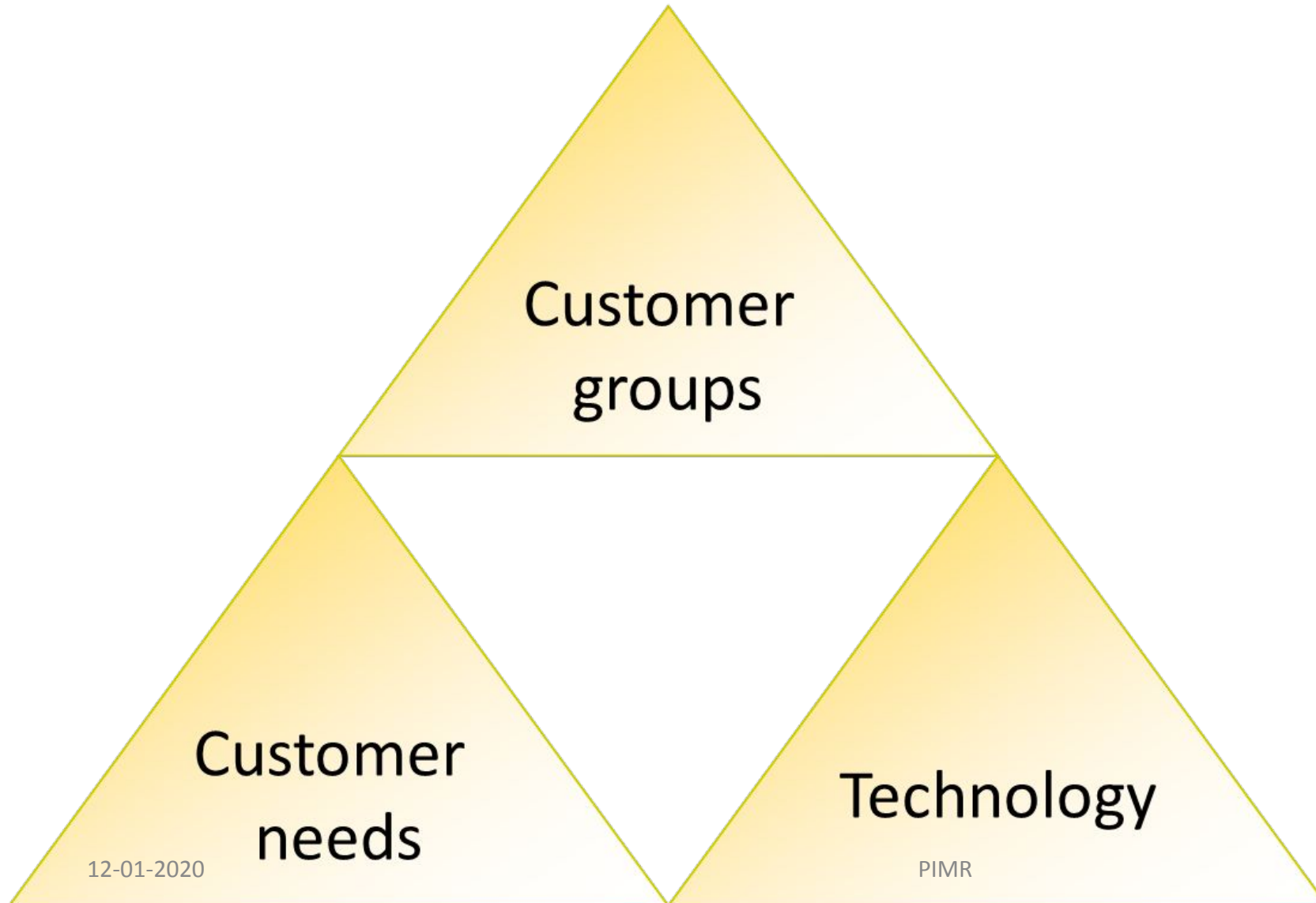
We will continue to enhance the online trading experiences of all—collectors, dealers, small businesses, unique item seekers, bargain hunters, opportunity sellers, and browsers.”



Product Orientation vs. Market Orientation

| Company | Product | Market |
|---------------------------|---------------------------|---------------------------------|
| Missouri-Pacific Railroad | We run a railroad | We are a people-and-goods mover |
| Xerox | We make copying equipment | We improve office productivity |
| Standard Oil | We sell gasoline | We supply energy |
| Columbia Pictures | We make movies | We entertain people |

Dimensions That Define a Business



Characteristics of SBUs

It is a single business or collection of related businesses

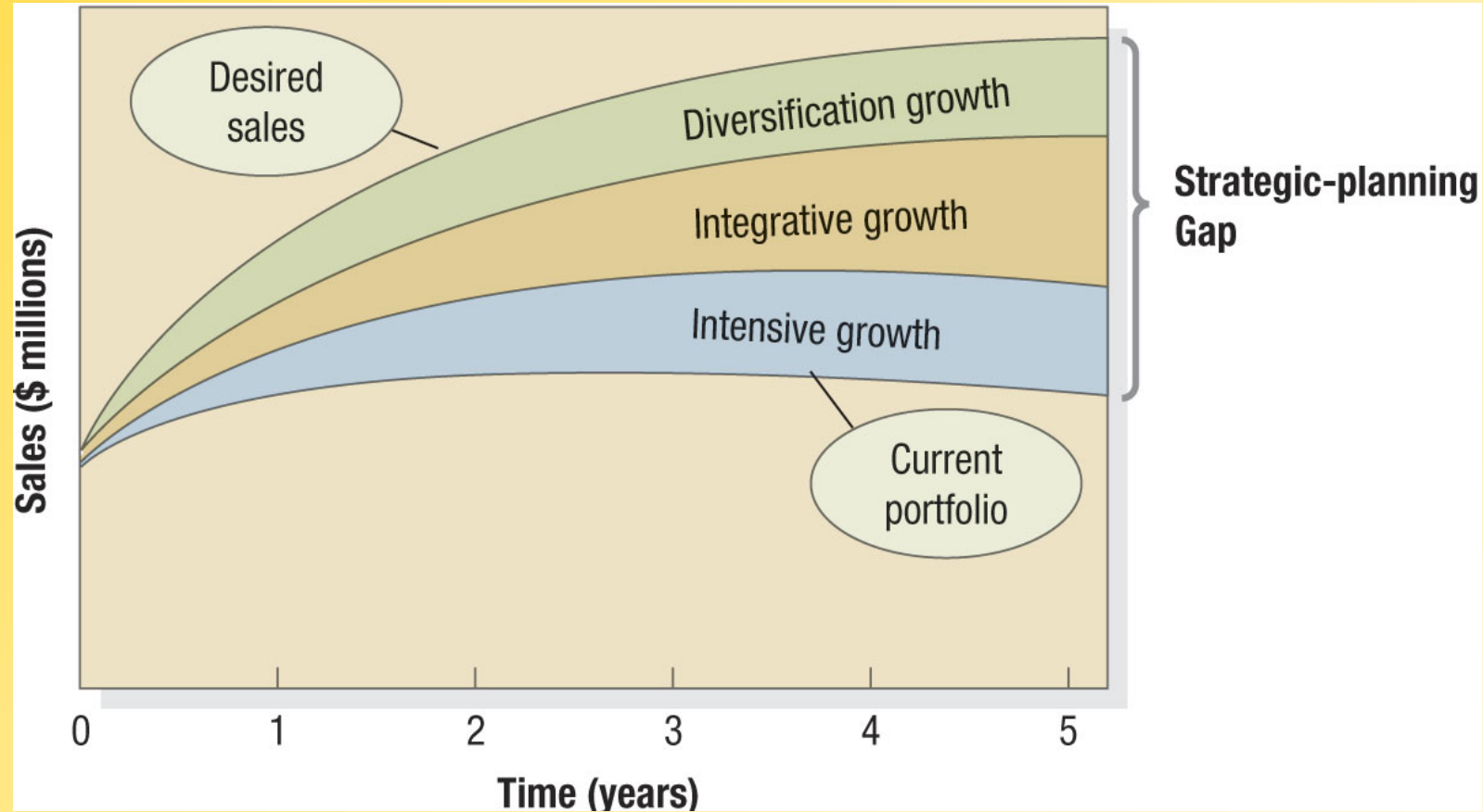


It has its own set of competitors



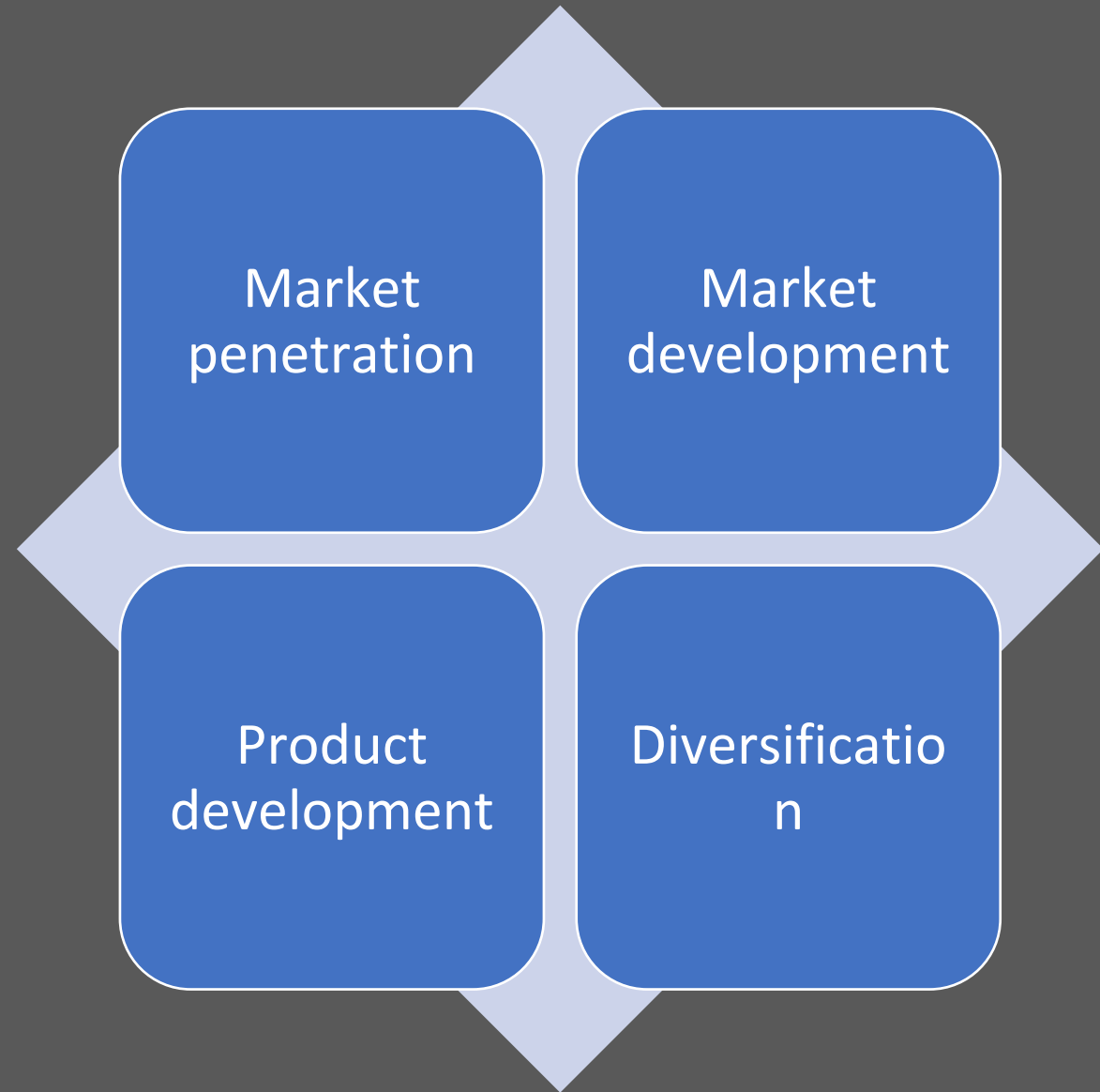
It has a leader responsible for strategic planning and profitability

The Strategic Planning Gap



Strategies Suggested by Ansoff's Product-Market Expansion Grid

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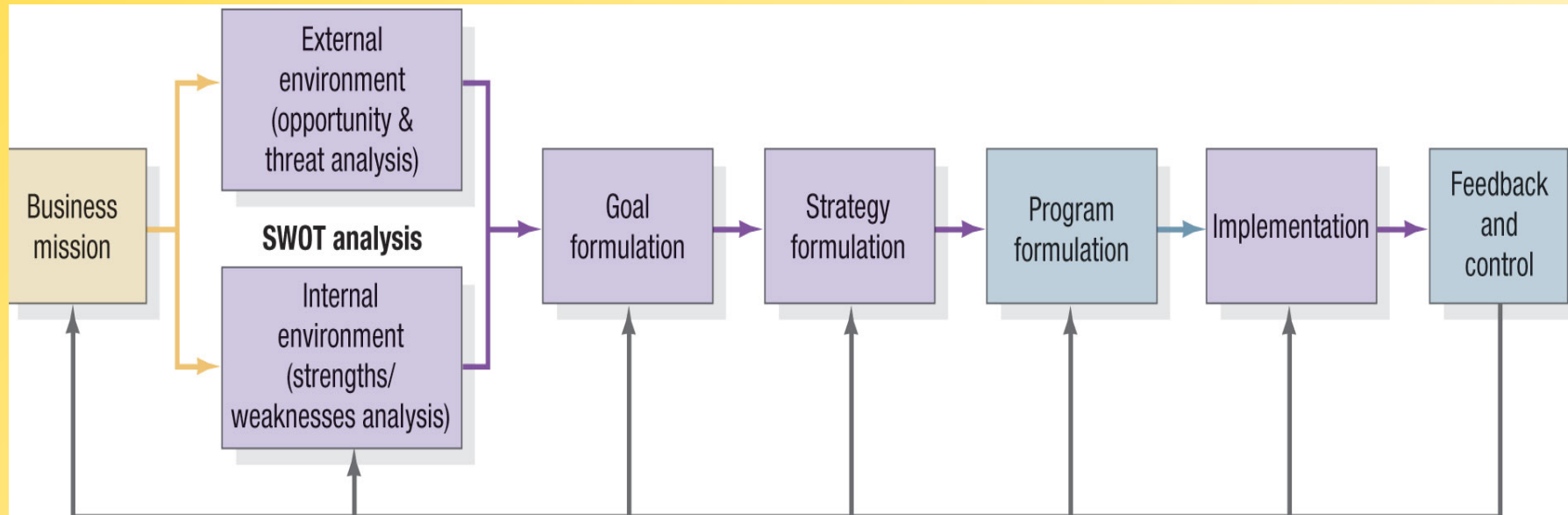
What is Corporate Culture?

- **Corporate culture** is the shared experiences, stories, beliefs, and norms that characterize an organization.

Tactics for Managing Change

- Avoid the innovation title for the team
- Use the buddy system
- Set the metrics in advance
- Aim for quick hits first
- Get data to back up your gut

The Business Unit Strategic Planning



SWOT Analysis

Strengths

Weaknesses

Opportunities

Threats

Market Opportunity Analysis (MOA)

- Can the benefits involved in the opportunity be articulated convincingly to a defined target market?
- Can the target market be located and reached with cost-effective media and trade channels?
- Does the company possess or have access to the critical capabilities and resources needed to deliver the customer benefits?

Market Opportunity Analysis (MOA) (cont.)

- Can the company deliver the benefits better than any actual or potential competitors?
- Will the financial rate of return meet or exceed the company's required threshold for investment?

Opportunity Matrix

(a) Opportunity Matrix

| | | Success Probability | |
|----------------|------|---------------------|-----|
| | | High | Low |
| Attractiveness | High | 1 | 2 |
| | Low | 3 | 4 |

1. Company develops more powerful lighting system
2. Company develops device to measure energy efficiency of any lighting system
3. Company develops device to measure illumination level
4. Company develops software program to teach lighting fundamentals to TV studio personnel

Threat Matrix

(b) Threat Matrix

| | | Probability of Occurrence | |
|-------------|------|---------------------------|-----|
| | | High | Low |
| Seriousness | High | 1 | 2 |
| | Low | 3 | 4 |

1. Competitor develops superior lighting system
2. Major prolonged economic depression
3. Higher costs
4. Legislation to reduce number of TV studio licenses

Goal Formulation and MBO

- Unit's objectives must be hierarchical
- Objectives should be quantitative
- Goals should be realistic
- Objectives must be consistent



Porter's Generic Strategies

Overall Cost
Leadership

Differentiation

Focus

Categories of Marketing Alliances



Product or Service Alliances



Promotional Alliances



Logistics Alliances



Pricing Collaborations

Marketing Plan Contents



Executive summary



Table of contents



Situation analysis



Marketing strategy



Financial projections



Implementation controls

Evaluating a Marketing Plan



Is the plan simple?



Is the plan specific?



Is the plan realistic?



Is the plan complete?

Thank you