

Chapter 6:

Strategic Market Planning



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Objectives

- Outline the marketing concept
- The evolution of marketing in the food and agribusiness industries
- The market planning framework
- Components of a SWOT analysis
- The market segmentation concept
- Positioning



Marketing Defined

The process of anticipating
the needs of targeted customers
and finding ways to meet those
needs profitably



Table 6.1 Product-, Sales-, and Market-Driven Organizations

Product-Driven	Sales-Driven	Market-Driven
Focus on product	Focus on making the sale	Focus on what the customer needs/wants
My product is great—you should want it	Communicates benefits of products/services.	Develop and provide solutions for the customer
	Reach the people and they will buy	Understands what “type” of customer most values their offerings
		Combines good product and good sales effort—plus incorporates customer understanding



Strategic Marketing Plan

Integrates all business activities and resources in an intentional way to meet customers' needs and to generate a profit



Components of a Strategic Marketing Plan

1. Conduct a SWOT analysis
2. Choose a target market
3. Choose a position
4. Develop the appropriate marketing mix
5. Evaluate/refine the marketing plan

Figure 6.1a Strategic Market Planning Process

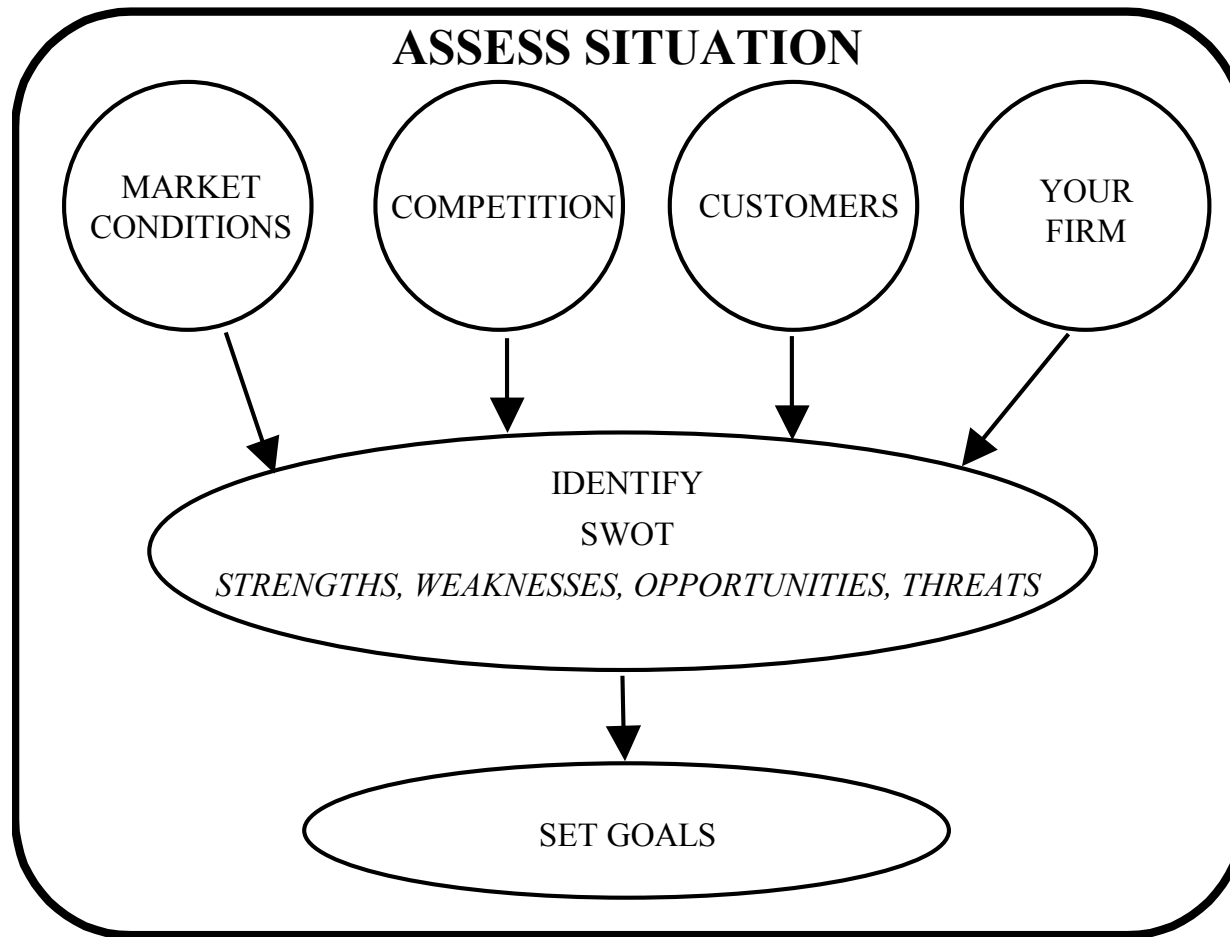


Figure 6.1b Strategic Market Planning Process

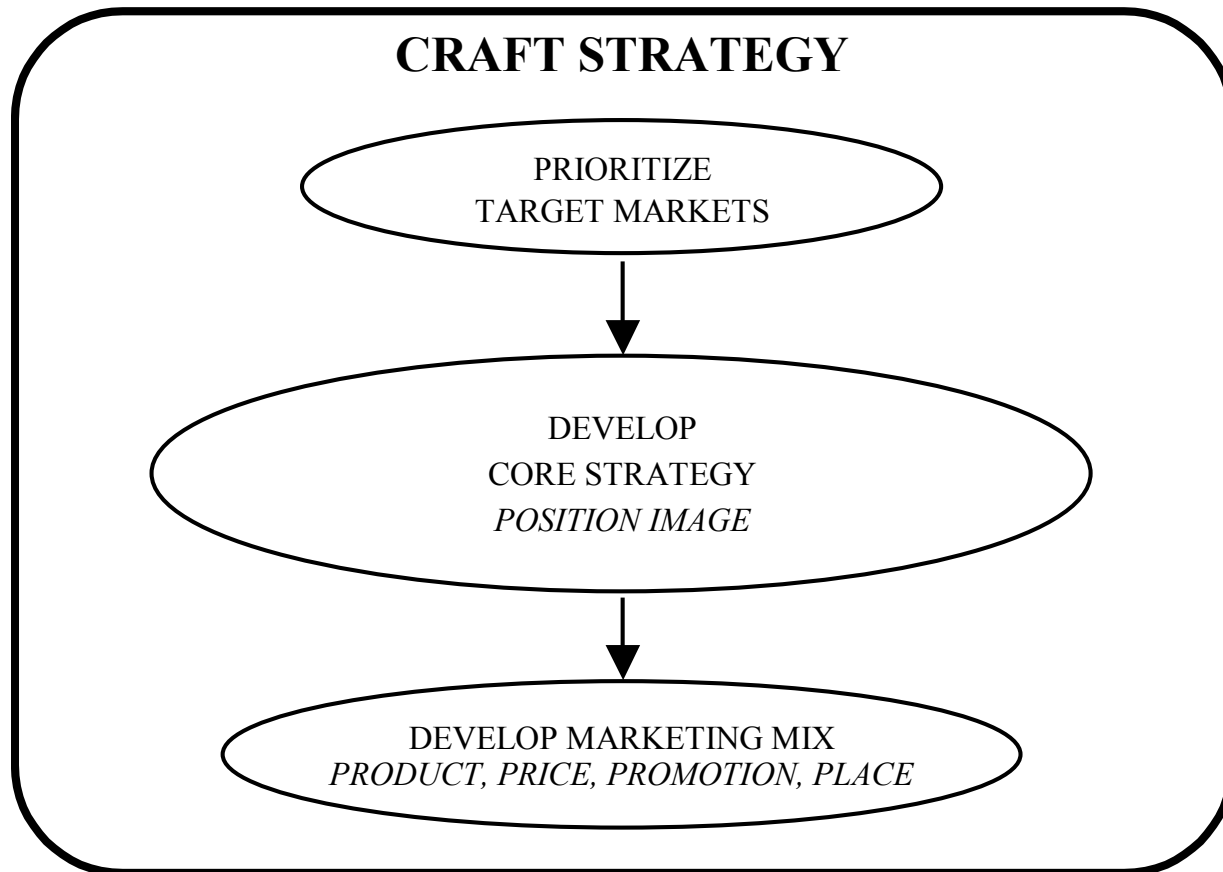




Figure 6.1c Strategic Market Planning Process

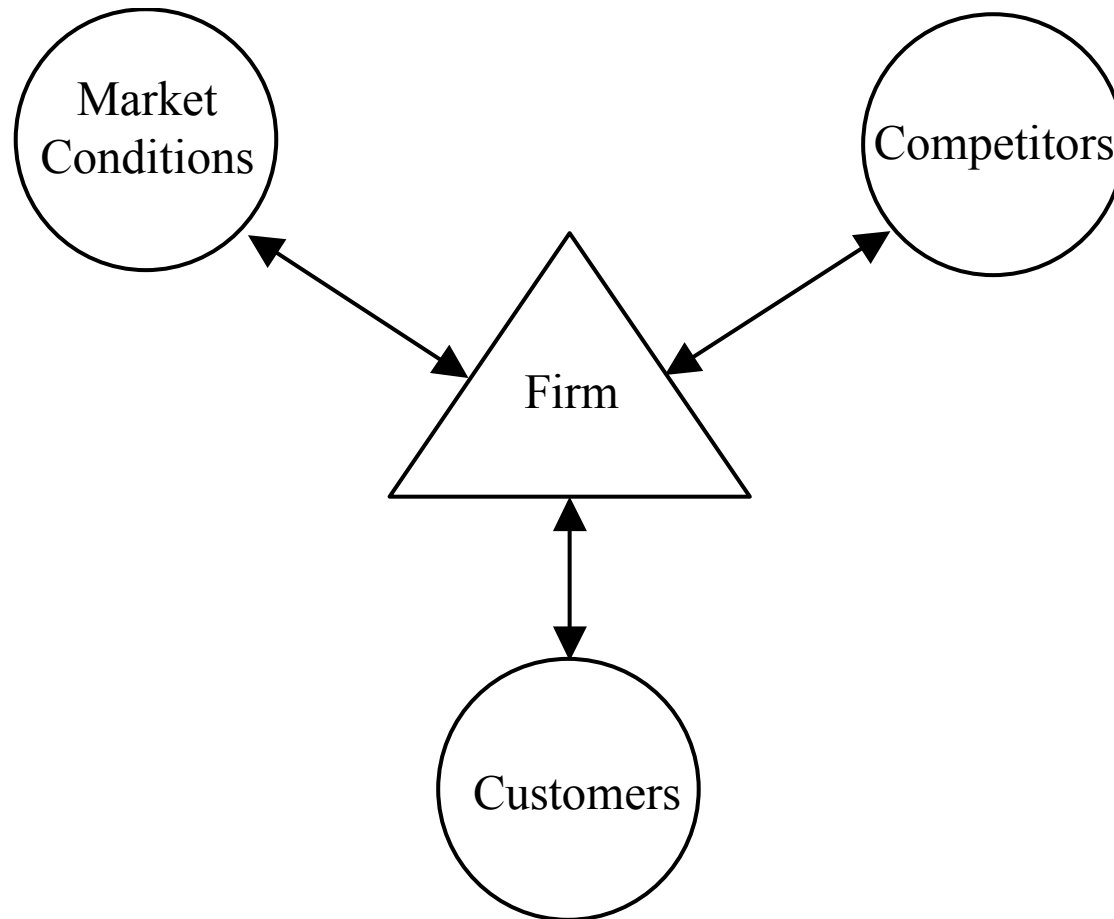




Conducting a SWOT Analysis

1. General trends in the market
2. Strengths and weaknesses of key competitors
3. Current and anticipated customer needs
4. Firm's strengths and weaknesses

Figure 6.2 SWOT Analysis





Assessing Internal Strengths and Weaknesses

Marketing

- How effective are our product development activities?
- How do our prices compare with the competition?
- How much do we spend on advertising and promotion compared to the competition?



Assessing Internal Strengths and Weaknesses

Marketing continued ...

- Is our social media strategy supporting relationships effectively with our targeted customers?
- How satisfied are our customers?
- How does our sales force compare to the best sales force in our industry?



Assessing Internal Strengths and Weaknesses

Finance

- How profitable is our organization?
- What is our debt position?
- Do we use our investment in current assets such as accounts receivable effectively?



Assessing Internal Strengths and Weaknesses

Finance continued ...

- How well do we manage cash flow during the seasonal swings of our business?
- Do we do an effective job of investing in new technology and replacing old assets?



Assessing Internal Strengths and Weaknesses

Operations/Logistics

- Do we deliver to our customers on time and accurately?
- How well do we manage our investment in inventory?
- How well do we manage quality through our production process?



Assessing Internal Strengths and Weaknesses

Operations/Logistics continued ...

- What are our transportation costs relative to those of our competitors?
- Have we effectively managed the risks in our supply chain—both risks to our employees, and risks to our customers?



Assessing Internal Strengths and Weaknesses

Human Resources

- How does our training program compare to those of the best firms in the market?
- Do we have an effective compensation program?
- What do our employee turnover rates look like relative to industry standards?



Assessing Internal Strengths and Weaknesses

Human Resources continued ...

- Do we provide advancement opportunities for employees?
- Do we have an effective work environment—do employees enjoy working for us?



Benchmarking

Involves identifying a
noncompetitive firm known for
excellence

then carefully studying the firm to
see how they deliver this
excellence



Market Segmentation

Involves grouping customers into segments or categories according to a set of characteristics

- Geographic segmentation
- Demographic segmentation
- Operating characteristics
- Psychographic/behavioral segmentation

Figure 6.3 Mass Market Strategy

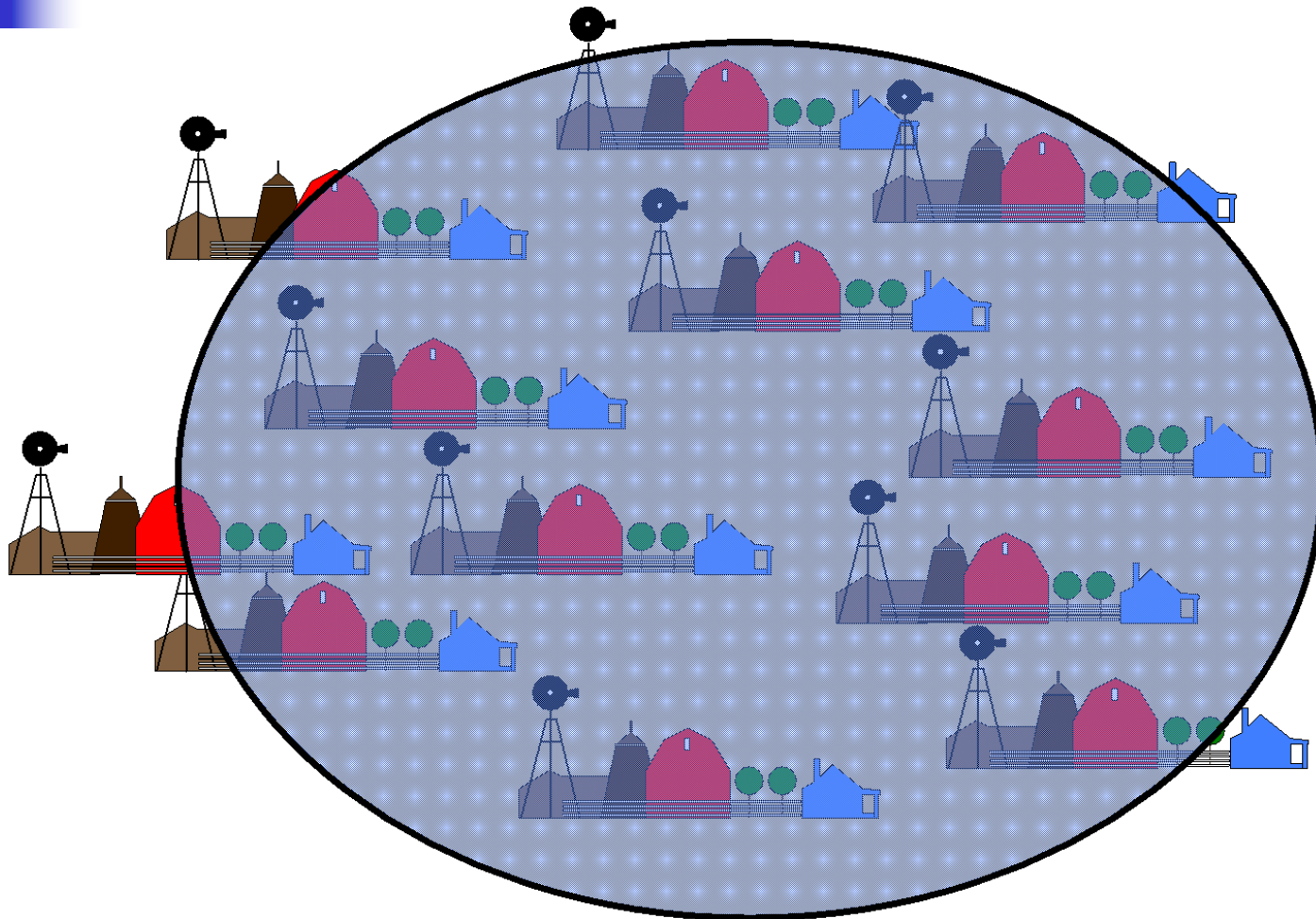
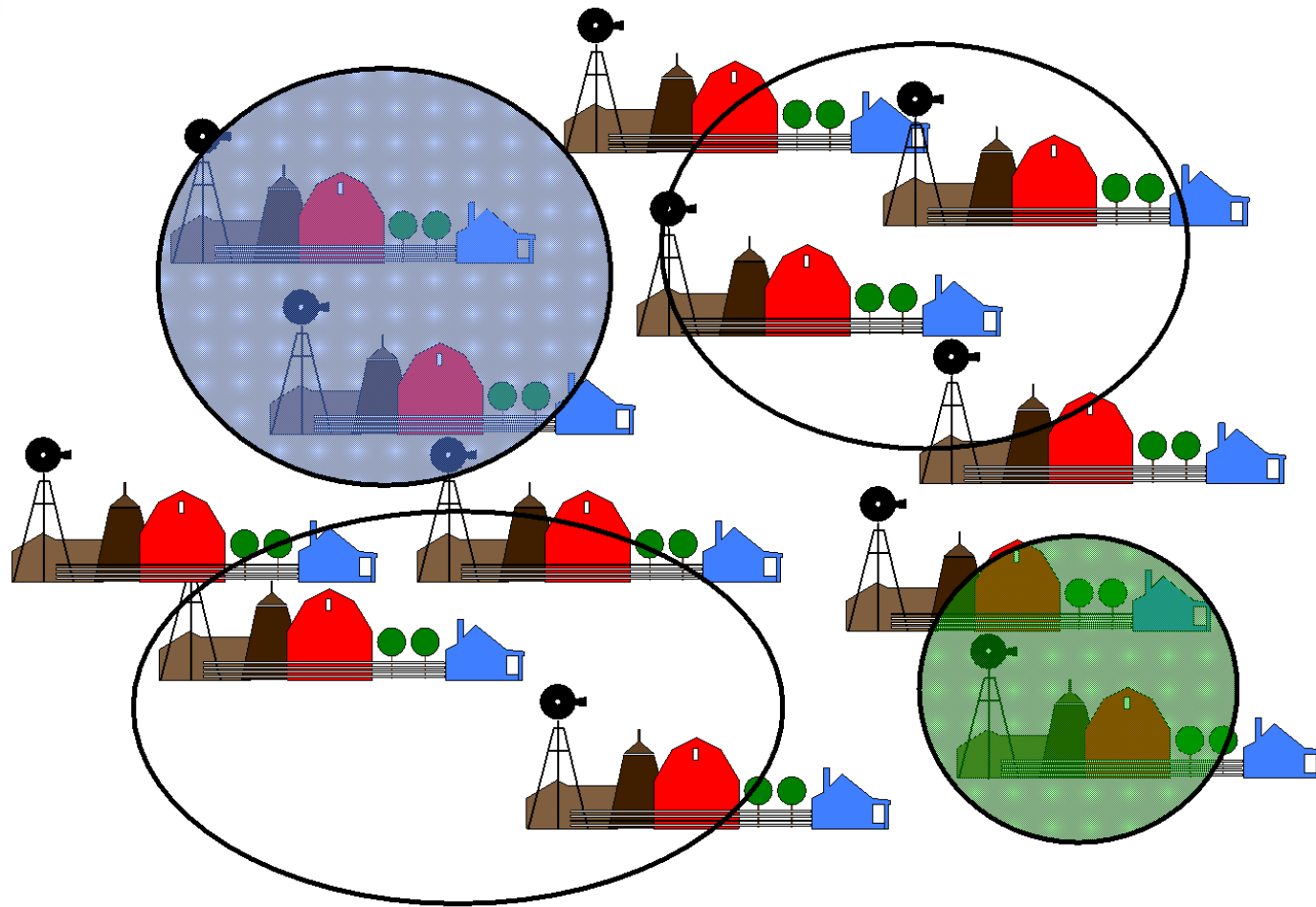


Figure 6.4

Market Segmentation Strategy





Characteristics of Well-Defined Segments

1. Measurable

- Can be identified and evaluated

2. Substantive

- Large enough segment to serve

3. Actionable

- Can be effectively served



Positioning

The process of creating the desired image in the customer's mind

- Emphasis is on customer perceptions, not product



Competitive Advantage

That set of competencies where the firm has a clear and distinct advantage over the competition

➤ Why customers choose to do business with the firm



Types of Competitive Advantage

- Differential advantage
 - Focus on unique products and services
- Cost leadership
 - Be the low cost leader