

***Company and Marketing
Strategy: Partnering to Build
Customer Relationships***

Chapter 2

Learning Goals

- 1. Explain strategic planning**
- 2. Describe business portfolios and growth strategies**
- 3. Detail marketing's role in strategic planning**
- 4. Describe elements of customer-driven marketing strategy**
- 5. List the marketing management functions**

Case Study

Disney –What are its challenges?

- **Disney has grown via diversification.**
- **Originally known for films, animation, theme parks.**
- **Satisfying the customer is everyone's job.**

Discussion Questions

- 1. Has Disney grown too large?*
- 2. Will consumers accept new Disney businesses?*

What is Strategic Planning?

Strategic Planning Defined:

- **The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities**

Market-Oriented Mission

A mission statement asks..

- **What is our business?**
- **Who is the customer?**
- **What do consumers value?**
- **What should our business be?**

A mission statement should be:

- **An “invisible hand”**
- **Neither too narrow nor too broad**
- **Fitting of market environment**
- **Based on distinctive competencies**
- **Motivating**

The Business Portfolio

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

Business portfolio planning involves two steps:

1. Analyzing the current business portfolio
2. Shaping the future portfolio by developing strategies

Analyzing the Current Business Portfolio

- **Build**

- Increase market share
- Works well for question marks

- **Hold**

- Preserve market share
- Good for cash cow

- **Harvest**

- Increases short-term cash flow
- Good for weak cash cows, question marks and dogs

- **Divest**

- Sell or liquidate
- Good for dogs and question marks

Marketing's Role in Strategic Planning

- **Provide a guiding philosophy**
- **Identify attractive opportunities**
- **Design effective strategies**
- **Build strong value chains**
- **Form superior value delivery networks**

Marketing Strategy

Strategy

- 1. Market Segmentation***
- 2. Target marketing***
- 3. Market Positioning***

- **Customers grouped by:**
 - Geographic
 - Demographic
 - Psychographic
 - Behavioral
- **Market segment is a groups of consumers who respond in similar ways to marketing efforts.**

Marketing Strategy

Strategy

- 1. Market Segmentation*
- 2. Target marketing*
- 3. Market Positioning*

- Evaluation of each segment's attractiveness
- Selection of segments with greatest long-term profitability
- A company can choose one or several segments to target

Marketing Strategy

Strategy

- 1. Market Segmentation*
- 2. Target marketing*
- 3. Market Positioning*

- The place the product occupies in the consumer's mind
- Products are positioned relative to competing products
- Marketers look for clear, distinctive and desirable place in positioning

Marketing Mix

- **The marketing mix includes controllable and tactical marketing tools known as the 4P's**
- **The 4P's include**
 - **Product**
 - **Place**
 - **Promotion**
 - **Price**

Managing the Marketing Effort

Marketing Functions

- *Analysis*
 - *Planning*
 - *Implementation*
 - *Control*
- Finding opportunities
 - Avoiding threats
 - Understanding strengths
 - Analyzing weaknesses

Managing the Marketing Effort

Marketing Functions

- *Analysis*
- *Planning*
- *Implementation*
- *Control*

▪ Marketing plans include:

- *Executive summary*
- *Analysis of current situation*
- *Objectives*
- *Targets and positioning*
- *Marketing mix*
- *Budget*
- *Controls*

Managing the Marketing Effort

Marketing Functions

- *Analysis*
- *Planning*
- *Implementation*
- *Control*

- Plans are turned into action with day-to-day activities
- Good implementation is a challenge

Managing the Marketing Effort

Marketing Functions

- *Analysis*
- *Planning*
- *Implementation*
- *Control*

- Evaluation of the results of marketing strategies
- Checks for differences between goals and performance

Measuring Effectiveness

Return on marketing (marketing ROI)

- The net return from a marketing investment divided by the costs of the investments