

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

**Chapter 2**

# Objectives

- Understand company-wide strategic planning and its four steps.
- Learn how to design business portfolios and develop strategies for growth and downsizing.
- Understand marketing's role in strategic planning and how marketers partner with others.

# Objectives

- Be able to describe the marketing process and the forces that influence it.
- Learn the marketing management functions, including the elements of the marketing plan.

# Case Study

## Walt Disney Company

- Known for films, animation, theme parks and customer orientation
- Parks offer a variety of attractions as well as cleanliness, order, and warmth
- Satisfying the customer is everyone's job
- Disney has grown via diversification
- Sales and net income have fallen

***Discussion: How Can Disney Recover?***

# Strategic Planning

- **Strategic planning is defined as:**
  - “The process of developing and maintaining a strategic fit between the organization’s goals and capabilities and its changing marketing opportunities.”

# Strategic Planning

- **Planning activities occur at the business unit, product, and market levels, and include:**
  - **Defining the purpose and mission**
  - **Setting objectives and goals**
  - **Designing the business portfolio**
  - **Developing detailed marketing and departmental plans**

# Strategic Planning

- **Mission statements should . . .**
  - serve as a guide for what the organization wants to accomplish.
  - be “market-oriented” rather than “product-oriented”.
  - be neither too narrow, nor too broad.
  - fit with the market environment.
  - be motivating.

# Strategic Planning

- **Mission statements guide the development of objectives and goals.**
  - Objectives are developed at each level in the organization hierarchy.
  - Strategies are developed to accomplish these objectives.

# Strategic Planning

- ***Business portfolio:***  
“the collection of businesses and products that make up the company.”
- **Designing the business portfolio is a key element of the strategic planning process.**

# Strategic Planning

## Portfolio Design

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- **Step 1:**  
*Analyze the current business portfolio*
- **Step 2:**  
*Shape the future business portfolio*

- **Identify strategic business units (SBUs)**
- **Assess each SBU:**
  - The BCG growth-share matrix classifies SBUs into one of four categories using the:
    - ❖ *Market growth rate*
    - ❖ *SBU's relative market share within the market.*

# Strategic Planning

## BCG Growth-Share Matrix

High  
Market  
Growth

*Stars*

*Question  
Marks*

Low  
Market  
Growth

*Cash  
Cows*

*Dogs*

High Relative  
Market Share

Low Relative  
Market Share

# Strategic Planning

## Portfolio Design

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- *Step 1:*  
*Analyze the current business portfolio*
  - *Step 2:*  
*Shape the future business portfolio*
- Determine the future role of each SBU and choose the appropriate resource allocation strategy:
    - Build
    - Hold
    - Harvest
    - Divest
  - SBUs change positions over time

# Strategic Planning

- **Matrix approaches to formal planning share many problems:**
  - Difficult, time-consuming, and costly to implement.
  - Focus only on current businesses.
  - Too strongly emphasize market share growth or growth via diversification.

# Strategic Planning

- **Designing the business portfolio also involves:**
  - Developing strategies for growth by identifying, evaluating, and selecting promising new market opportunities.
    - ❖ *Product/market expansion grid*
  - Developing strategies for downsizing the business portfolio.

# Strategic Planning

## Product/Market Expansion Grid

	Existing Products	New Products
Existing Markets	<i>Market Penetration</i>	<i>Product Development</i>
New Markets	<i>Market Development</i>	<i>Diversification</i>

# Planning Marketing

- Marketing plays a key role in the strategic planning process.
- Marketers must practice CRM *and* Partner Relationship Management.
  - Partnering with other departments in the company as well as other firms in the marketing system helps to build a superior *value delivery-network*.

# The Marketing Process

## Key Elements

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- *Analyzing marketing opportunities*
  - *Selecting target markets*
  - *Developing the marketing mix*
  - *Managing the marketing effort*
- The strategic planning and business portfolio analysis processes help to identify and evaluate marketing opportunities.
  - The purpose of the marketing process is to help the firm plan how to capitalize on these opportunities.

# The Marketing Process

## Key Elements

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- *Analyzing marketing opportunities*
  - *Selecting target markets*
  - *Developing the marketing mix*
  - *Managing the marketing effort*
- *The segmentation process divides the total market into market segments.*
  - *Target marketing determines which segment(s) are pursued.*
  - *The market positioning for the product is then determined.*

# The Marketing Process

## Key Elements

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- *Analyzing marketing opportunities*
  - *Selecting target markets*
  - ***Developing the marketing mix***
  - *Managing the marketing effort*
- **Competitor analysis guides competitive marketing strategy development.**
  - **Strategy leads to tactics by way of the marketing mix:**
    - The “Four Ps” – product, price, place, promotion (seller viewpoint)
    - The “Four Cs” – customer solution, cost, convenience, and communication (customer viewpoint)

# The Marketing Process

## Key Elements

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- *Analyzing marketing opportunities*
  - *Selecting target markets*
  - *Developing the marketing mix*
  - *Managing the marketing effort*
- **Marketing analysis**
    - Provides information helpful in planning, implementation, and control
  - **Marketing planning**
    - Strategies and tactics
  - **Marketing implementation**
    - Turns plans into action
  - **Marketing control**
    - Operating control
    - Strategic control
      - ❖ *Marketing audit*