

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.

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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.

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Case Study

Walt Disney Company

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

Discussion: How Can Disney Recover?

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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.”

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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

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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.

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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.

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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.

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Strategic Planning

Portfolio Design

- **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.

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Strategic Planning

BCG Growth-Share Matrix

High Market Growth	<i>Stars</i>	<i>Question Marks</i>
Low Market Growth	<i>Cash Cows</i>	<i>Dogs</i>
	High Relative Market Share	Low Relative Market Share

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Strategic Planning

Portfolio Design

- **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

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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.

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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.

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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>

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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*.

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The Marketing Process

Key Elements

- *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.

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The Marketing Process

Key Elements

- *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.

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The Marketing Process

Key Elements

- *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)

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The Marketing Process

Key Elements

- *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*

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Keywords

- Strategic Planning
- Mission Statement
- Objectives & Goals
- Business Portfolio
- Strategic Business Unit
- BCG – Growth-Share Matrix
- Market growth
- Market share
- Star
- Question Mark
- Cash cow
- Dog
- Product-Market Expansion Grid
- Market Penetration
- Market Development
- Product Development
- Diversification
- Market segment
- Target market
- Market Positioning
- Marketing mix – 4 P's
- Marketing Management (Analysis, Planning, Implementation, Control)