

PRINCIPLES OF  
**Marketing**

## **Chapter Two**

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



# Company and Marketing Strategy

## Topic Outline

- Companywide Strategic Planning: Defining Marketing's Role
- Designing the Business Portfolio
- Planning Marketing: Partnering to Build Customer Relationships
- Marketing Strategy and the Marketing Mix
- Managing the Marketing Effort



# Companywide Strategic Planning

## Strategic Planning

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



# Companywide Strategic Planning

## Defining a Market-Oriented Mission

- The mission statement is the organization's purpose, what it wants to accomplish in the larger environment
- Market-oriented mission statement defines the business in terms of satisfying basic customer needs



# Companywide Strategic Planning

## Setting Company Objectives and Goals

### Business objectives

- Build profitable customer relationships
- Invest in research
- Improve profits

### Marketing objectives

- Increase market share
- Create local partnerships
- Increase promotion



# Companywide Strategic Planning

## Designing the Business Portfolio

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

**Portfolio analysis** is a major activity in strategic planning whereby management evaluates the products and businesses that make up the company



# Companywide Strategic Planning

## Analyzing the Current Business Portfolio

**Strategic business unit (SBU)** is a unit of the company that has a separate mission and objectives that can be planned separately from other company businesses

- Company division
- Product line within a division
- Single product or brand



# Companywide Strategic Planning

## Analyzing the Current Business Portfolio

Identify key businesses (strategic business units, or SBUs) that make up the company

Assess the attractiveness of its various SBUs

Decide how much support each SBU deserves





# Companywide Strategic Planning

## Problems with Matrix Approaches

- Difficulty in defining SBUs and measuring market share and growth
- Time consuming
- Expensive
- Focus on current businesses, not future planning



# Companywide Strategic Planning

## Developing Strategies for Growth and Downsizing

**Product/market expansion grid** is a tool for identifying company growth opportunities through market penetration, market development, product development, or diversification



# Companywide Strategic Planning

## Developing Strategies for Growth and Downsizing Product/Market Expansion Grid Strategies



# Companywide Strategic Planning

## Developing Strategies for Growth and Downsizing

**Market penetration** is a growth strategy increasing sales to current market segments without changing the product

**Market development** is a growth strategy that identifies and develops new market segments for current products



# Companywide Strategic Planning

## Developing Strategies for Growth and Downsizing

**Product development** is a growth strategy that offers new or modified products to existing market segments

**Diversification** is a growth strategy for starting up or acquiring businesses outside the company's current products and markets



# Companywide Strategic Planning

## Developing Strategies for Growth and Downsizing

**Downsizing** is the reduction of the business portfolio by eliminating products or business units that are not profitable or that no longer fit the company's overall strategy



# Planning Marketing

## Partnering to Build Customer Relationships

**Value chain** is a series of departments that carry out value-creating activities to design, produce, market, deliver, and support a firm's products



# Planning Marketing

## Partnering to Build Customer Relationships

**Value delivery network** is made up of the company, suppliers, distributors, and, ultimately, customers who partner with each other to improve performance of the entire system





# Marketing Strategy and the Marketing Mix

## Customer-Driven Marketing Strategy

**Market segmentation** is the division of a market into distinct groups of buyers who have distinct needs, characteristics, or behavior, and who might require separate products or marketing mixes

**Market segment** is a group of consumers who respond in a similar way to a given set of marketing efforts



# Marketing Strategy and the Marketing Mix

## Customer-Centered Marketing Strategy

**Market targeting** is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter



# Marketing Strategy and the Marketing Mix

## Customer-Centered Marketing Strategy

**Market positioning** is the arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of the target consumer



# Marketing Strategy and the Marketing Mix

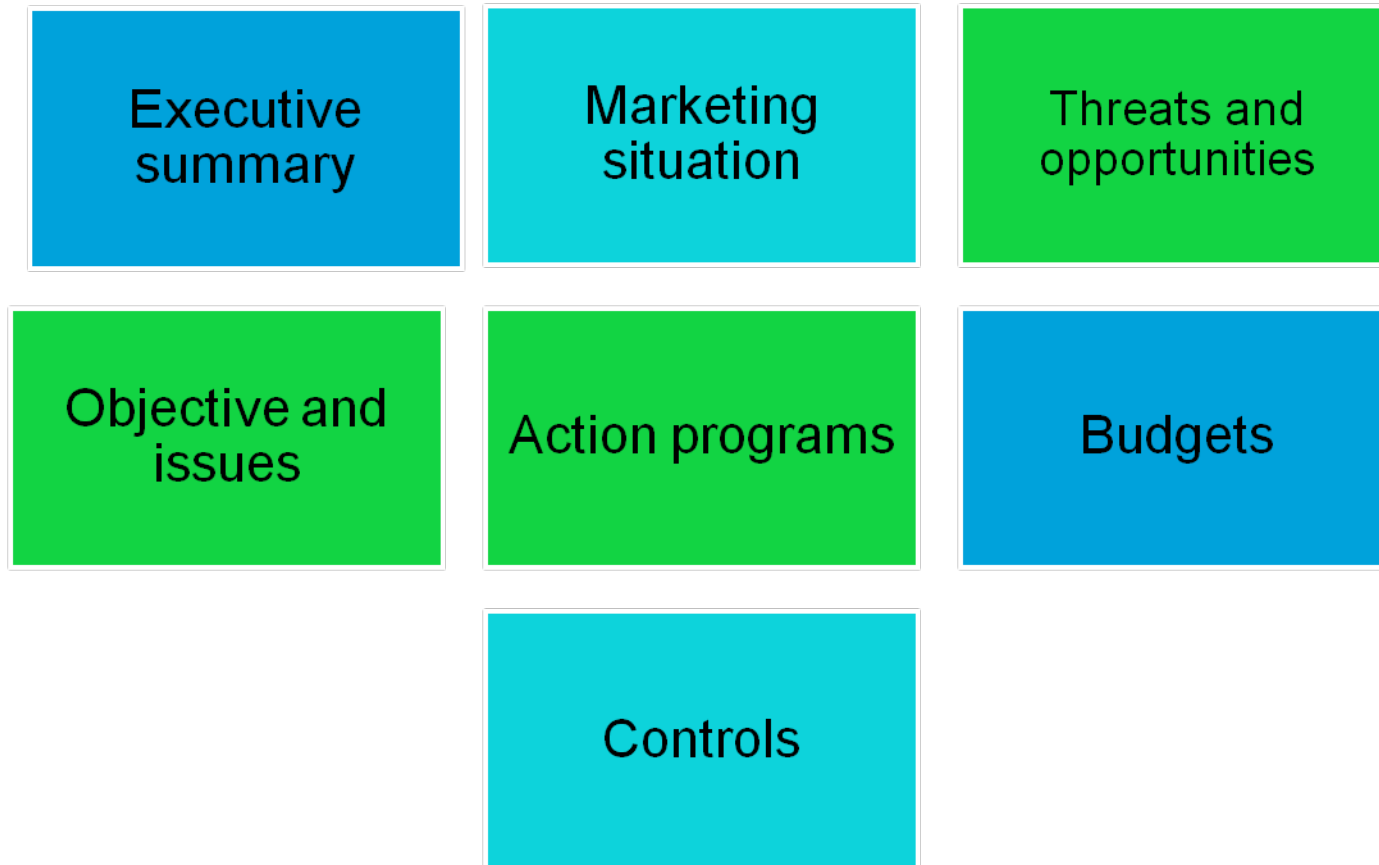
## Developing an Integrated Marketing Mix

**Marketing mix** is the set of controllable tactical marketing tools—product, price, place, and promotion—that the firm blends to produce the response it wants in the target market



# Managing the Marketing Effort

## Market Planning—Parts of a Marketing Plan



# Managing the Marketing Effort

## Marketing Implementation

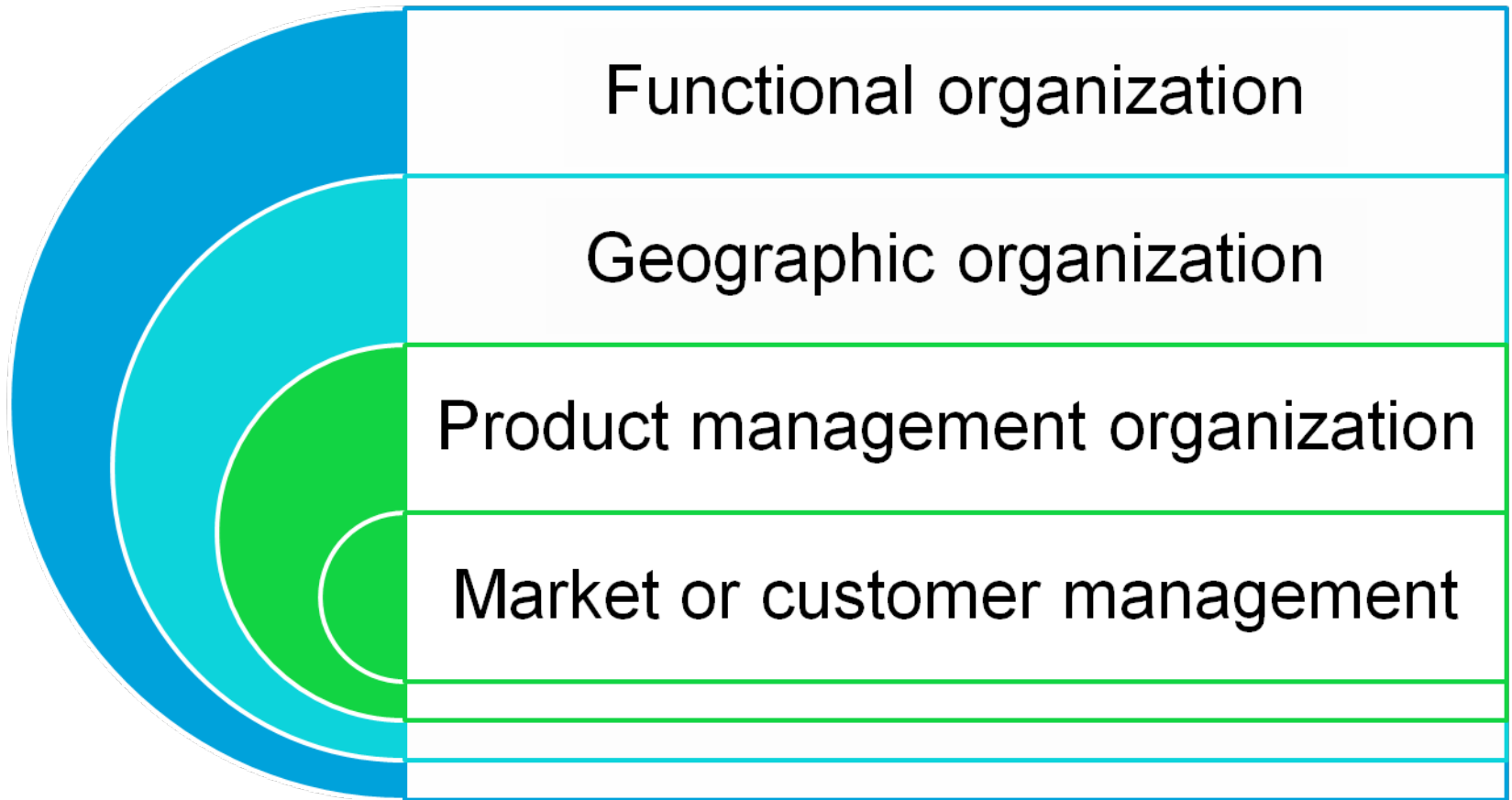
**Implementing** is the process that turns marketing plans into marketing actions to accomplish strategic marketing objectives

- Successful implementation depends on how well the company blends its people, organizational structure, decision and reward system, and company culture into a cohesive action plan that supports its strategies



# Managing the Marketing Effort

## Marketing Department Organization



# Managing the Marketing Effort

## Marketing Control

- Controlling is the measurement and evaluation of results and the taking of corrective action as needed
- Operating control
- Strategic control





# Measuring and Managing Return on Marketing Investment

## Return on Marketing Investment (Marketing ROI)

**Return on marketing investment** (marketing ROI) is the net return from a marketing investment divided by the costs of the marketing investment. Marketing ROI provides a measurement of the profits generated by investments in marketing activities.

