

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



Marketing Planning – involves a strategies that will help the company attain its overall objectives.

Marketing strategy- consist of specific strategies for target markets, positioning, the marketing mix and marketing expenditure levels. It outlines how the company intends to create value for target customers in order to capture value in return.



Managing the Marketing Effort

Marketing Planning—Parts of a Marketing Plan



PARTS OF MARKETING PLAN

EXECUTIVE SUMMARY

- presents a brief summary of the main goals and recommendations of the plan for management review

Current marketing situations- described the target market and company's position in it, which includes, a market review, product review, a competition review and distribution.



PARTS OF MARKETING PLAN

Threats and opportunities analysis – assesses major threats and opportunities that the product might face, helping the management to anticipate important positive or negative developments that might have an impact on the firm and its strategies.



PARTS OF MARKETING PLAN

Objectives and Issues – states the marketing objectives that the company would like to attain during the plan's term and discusses key issues that will affect their attainment.

Marketing strategy – outlines the broad marketing logic by which business unit hopes to create customer value and relationships



PARTS OF MARKETING PLAN

Action program – spells out how marketing strategies will be turned into specific actions that will answer the ff. questions:

What will be done?

When will be done?

Who will do it?

How much will it cost?



PARTS OF MARKETING PLAN

Budgets – it shows expected revenues (forecasted number of units sold and the average net price) and expected cost of production, distribution and marketing. The difference is the projected profit.

Controls – it includes measures of return on marketing investment.



SWOT ANALYSIS



Managing the Marketing Effort

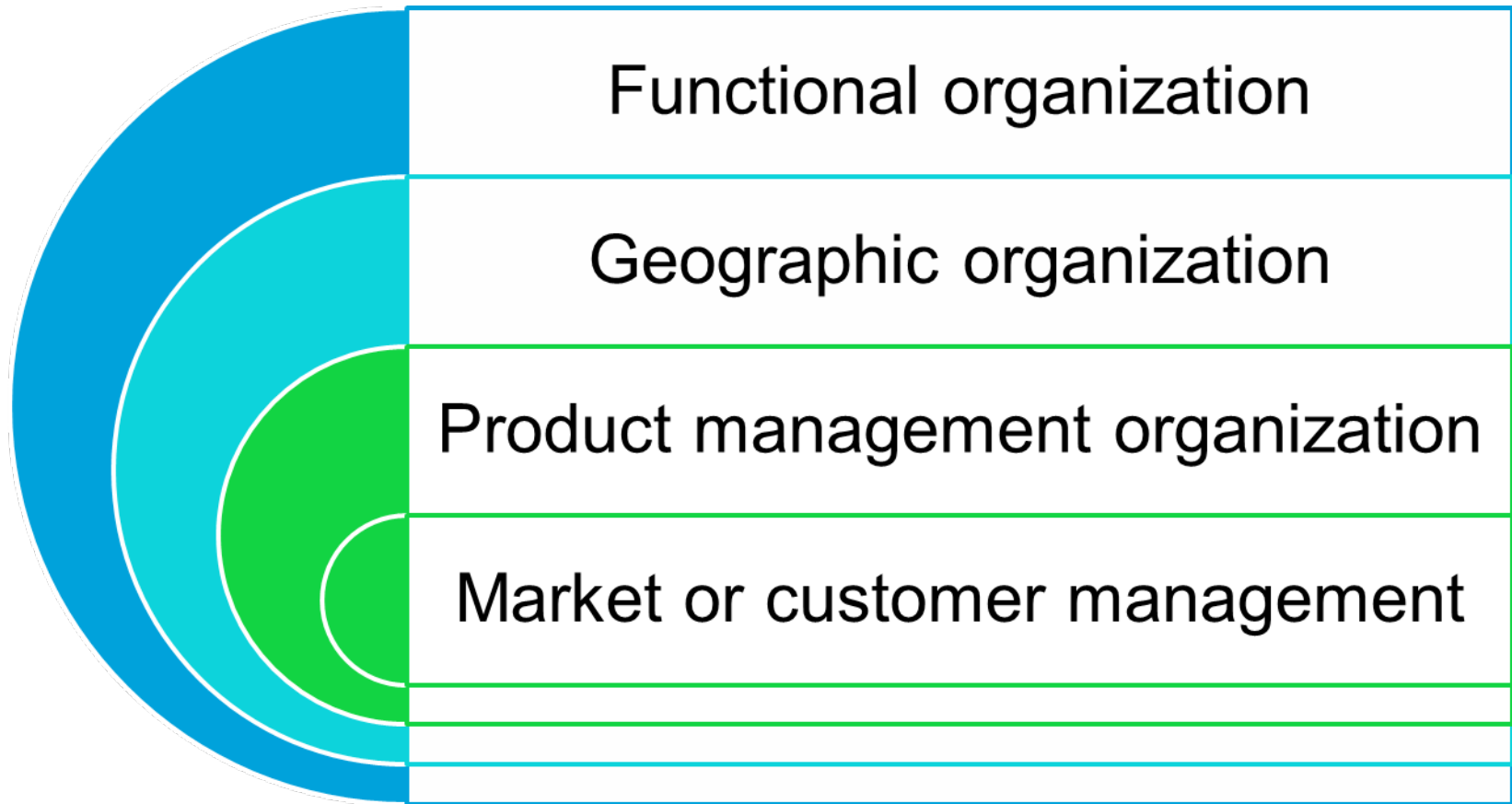
Marketing Implementation

- 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

- Is the process of measuring and evaluating the results of marketing strategies and plans and taking corrective action as needed to ensure that objectives are achieved.



- Operating control – involves checking performance against the annual plan. The purpose is to ensure that the company achieves the sales, profit and other goals set out in its annual plan
- Strategic control – involves looking at whether the company's basic strategies are well matched to its opportunities.



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.

