

Chapter

2

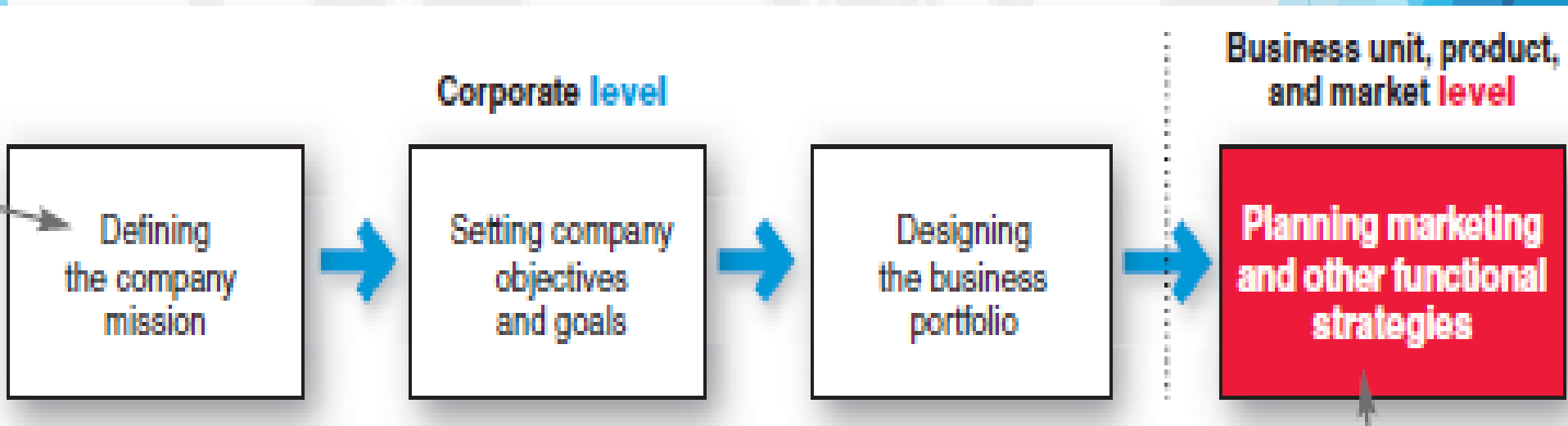
Marketing & Company strategy

Course: Mkt 202

Lecturer: Emran Mohammad (Emd)

Strategic Planning Process

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



Strategic Planning Process

- ▶ **Step 1: Defining a Market-Oriented Mission**
 - ▶ **Mission statement** A statement of the organization's purpose—what it wants to accomplish in the larger environment.
- ▶ **Step 2: Setting Company Objectives and Goals**
 - ▶ The company needs to turn its mission into detailed supporting objectives for each level of management

Strategic Planning Process

▶ Step 3: Designing the Business Portfolio

- ▶ **Business portfolio:** The collection of businesses and products that make up the company.
- ▶ **Portfolio analysis:** The process by which management evaluates the products and businesses that make up the company.
 - ▶ **BCG Matrix or Growth-share matrix:** A portfolio-planning method that evaluates a company's SBUs in terms of its market growth rate and relative market share.

Strategic Planning Process

▶ **BCG Matrix or Growth-share matrix:**

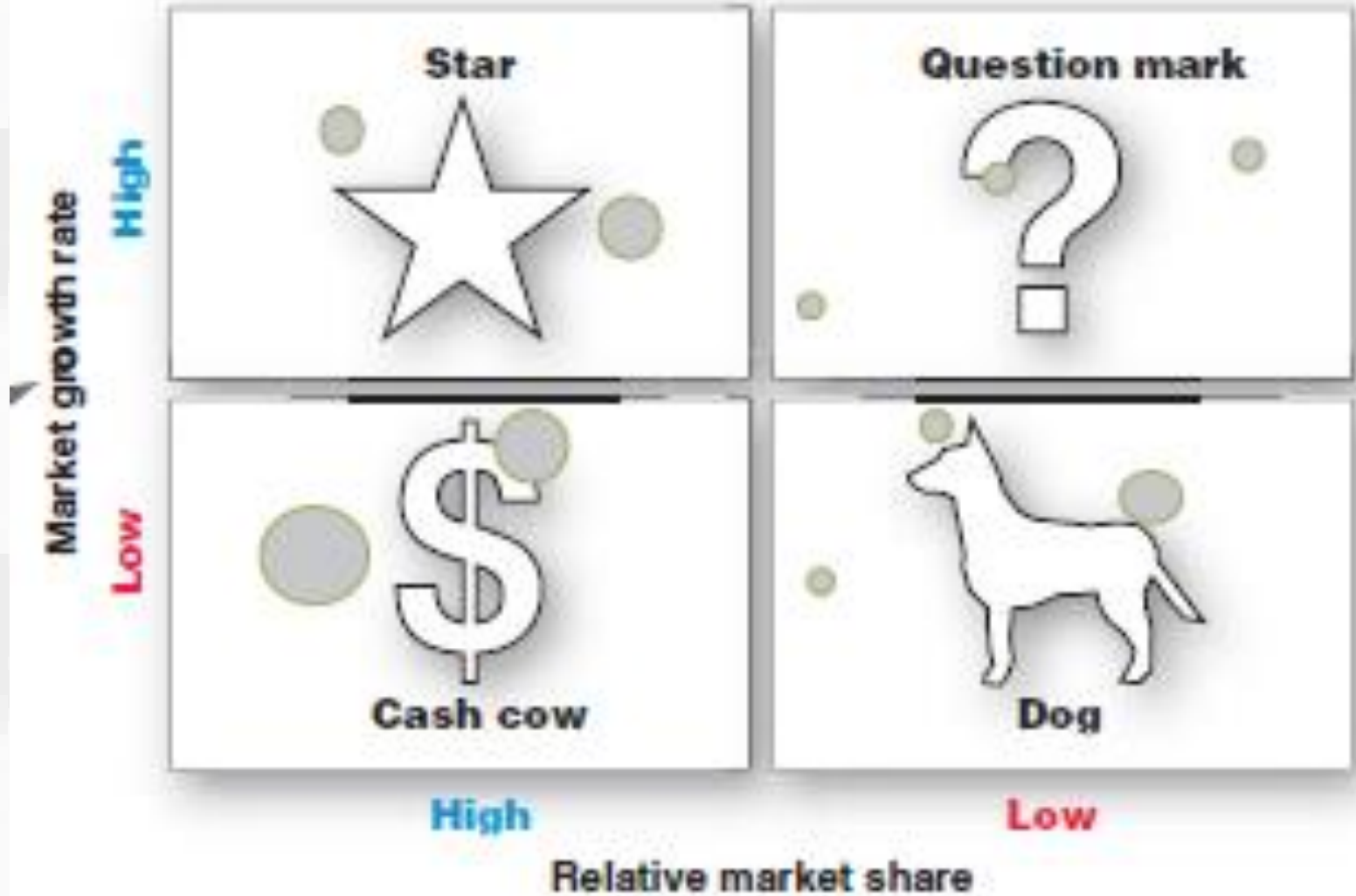
- ▶ **Stars:** Stars are high-growth, high-share businesses or products. They often need heavy investments to finance their rapid growth. Eventually their growth will slow down, and they will turn into cash cows.
- ▶ **Cash Cows:** Cash cows are low-growth, high-share businesses or products. These established and successful SBUs need less investment to hold their market share. Thus, they produce a lot of the cash that the company uses to pay its bills and support other SBUs that need investment.

Strategic Planning Process

- ▶ **BCG Matrix or Growth-share matrix:**
 - ▶ **Question Marks:** Question marks are low-share business units in high-growth markets. They require a lot of cash to hold their share, let alone increase it. Management has to think hard about which question marks it should try to build into stars and which should be phased out.
 - ▶ **Dogs:** Dogs are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves but do not promise to be large sources of cash.

Strategic Planning Process

BCG Matrix or Growth-share matrix:



Strategic Planning Process

- ▶ **Developing Strategies for Growth and Downsizing:**
 - ▶ **Product/Market Expansion Grid:** A portfolio-planning tool for *identifying company growth opportunities* through market penetration, market development, product development, or diversification.
 - ▶ Market Penetration
 - ▶ Product development
 - ▶ Market development
 - ▶ Diversification

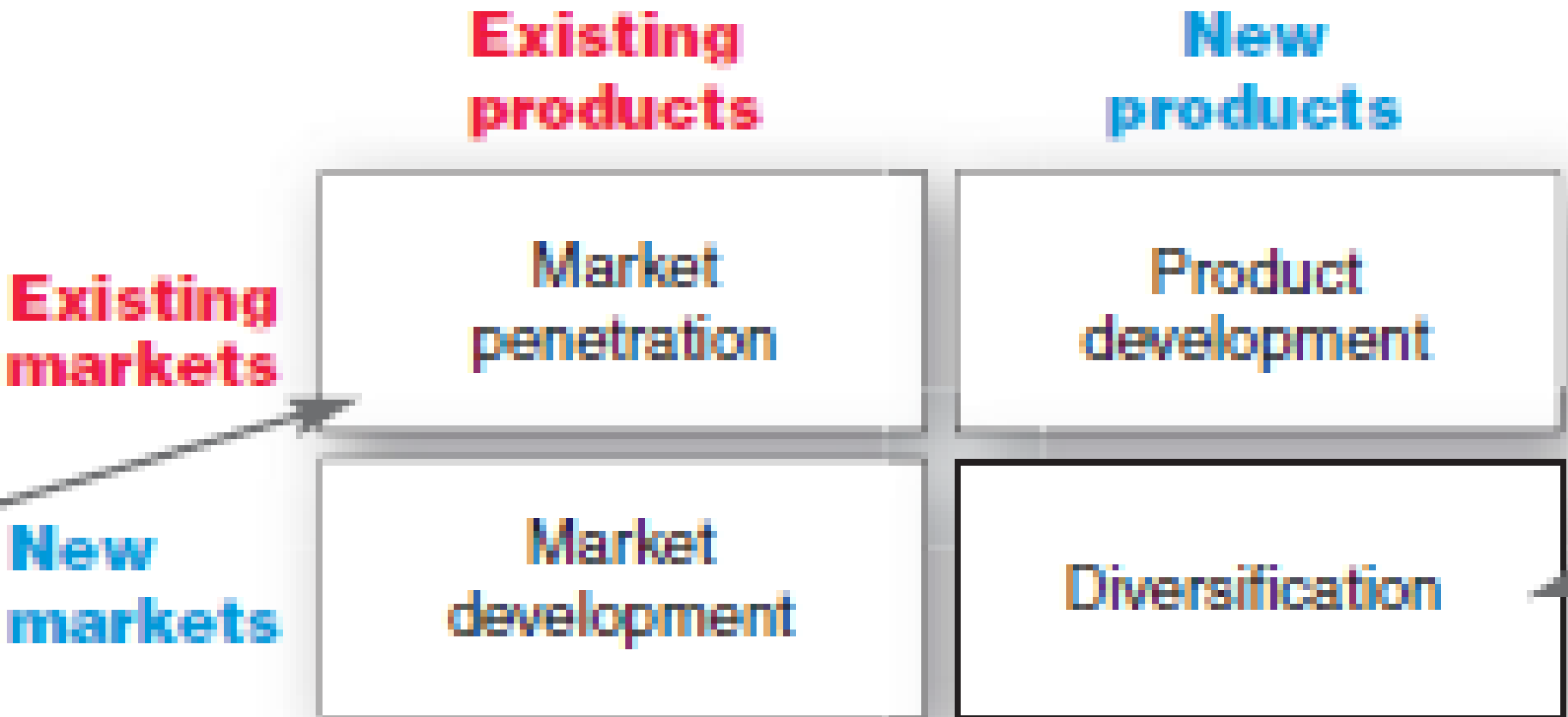
Strategic Planning Process

▶ **Product/Market Expansion Grid:**

- ▶ **Market penetration:** Company growth by increasing sales of current products to current market segments without changing the product.
- ▶ **Market development:** Company growth by identifying and developing new market segments for current company products.
- ▶ **Product development:** Company growth by offering modified or new products to current market segments.
- ▶ **Diversification:** Company growth through starting up or acquiring businesses outside the company's current products and markets.

Strategic Planning Process

▶ Product/Market Expansion Grid:



Strategic Planning Process

▶ **Marketing Strategy and the Marketing Mix**

- ▶ **Marketing strategy:** The marketing logic by which the company hopes to create customer value and achieve profitable customer relationships.

Marketing Strategy and the Marketing Mix

▶ Customer Driven Marketing Strategy

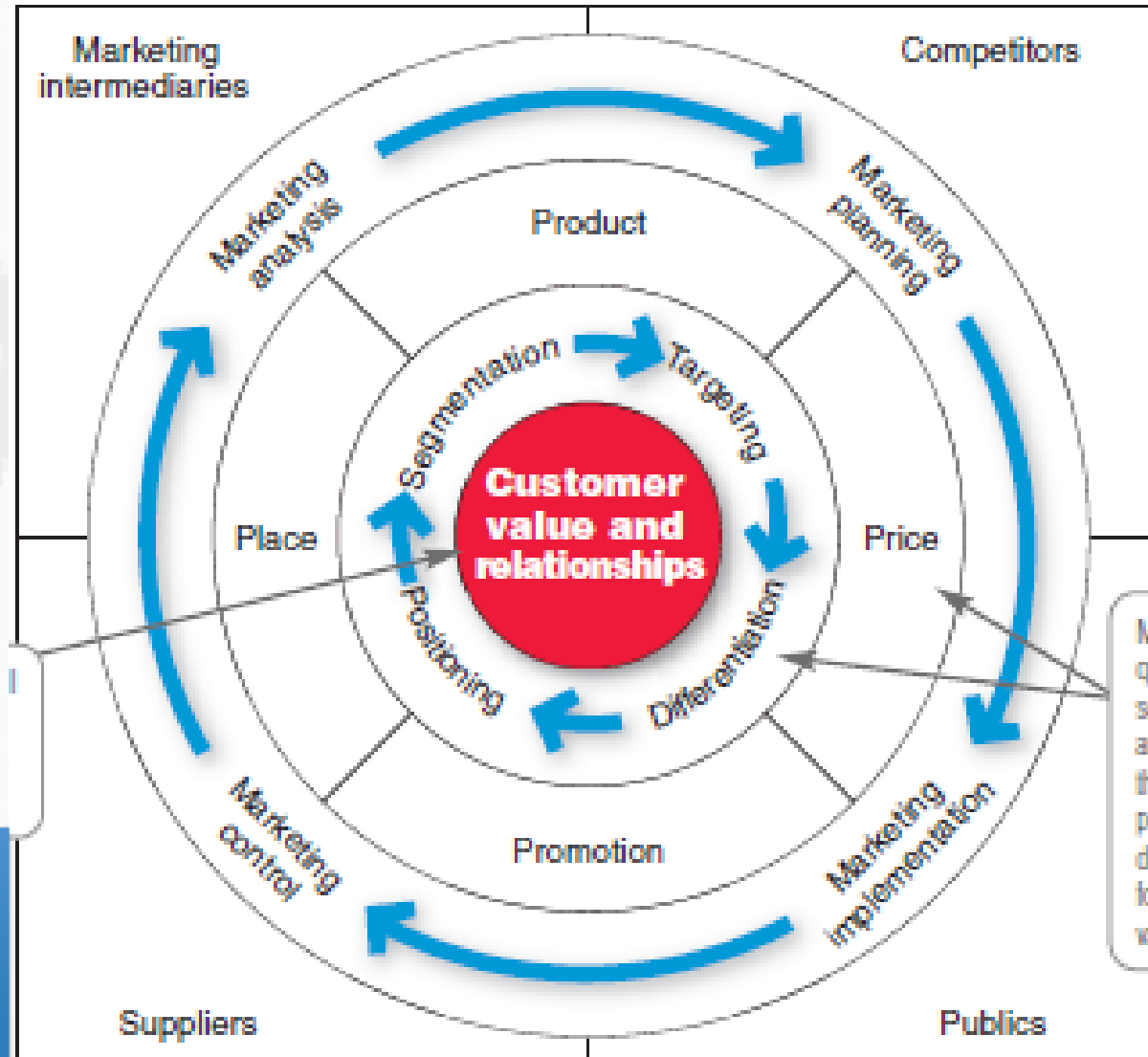


Fig: Managing Marketing Strategies and the Marketing Mix

Marketing Strategy and the Marketing Mix

▶ **Customer Driven Marketing Strategy**

▶ **Market segmentation** Dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or marketing programs.

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

Marketing Strategy and the Marketing Mix

▶ **Customer Driven Marketing Strategy**

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

▶ **Positioning** Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.

Marketing Strategy and the Marketing Mix

- **Developing an Integrated Marketing Mix**
 - **Differentiation:** Actually differentiating the market offering to create superior customer value.
 - ▶ **Marketing mix:** The set of tactical marketing tools— product, price, place, and promotion—that the firm blends to produce the response it wants in the target market.

4Ps

Product

Price

Place

Promotion

4Cs

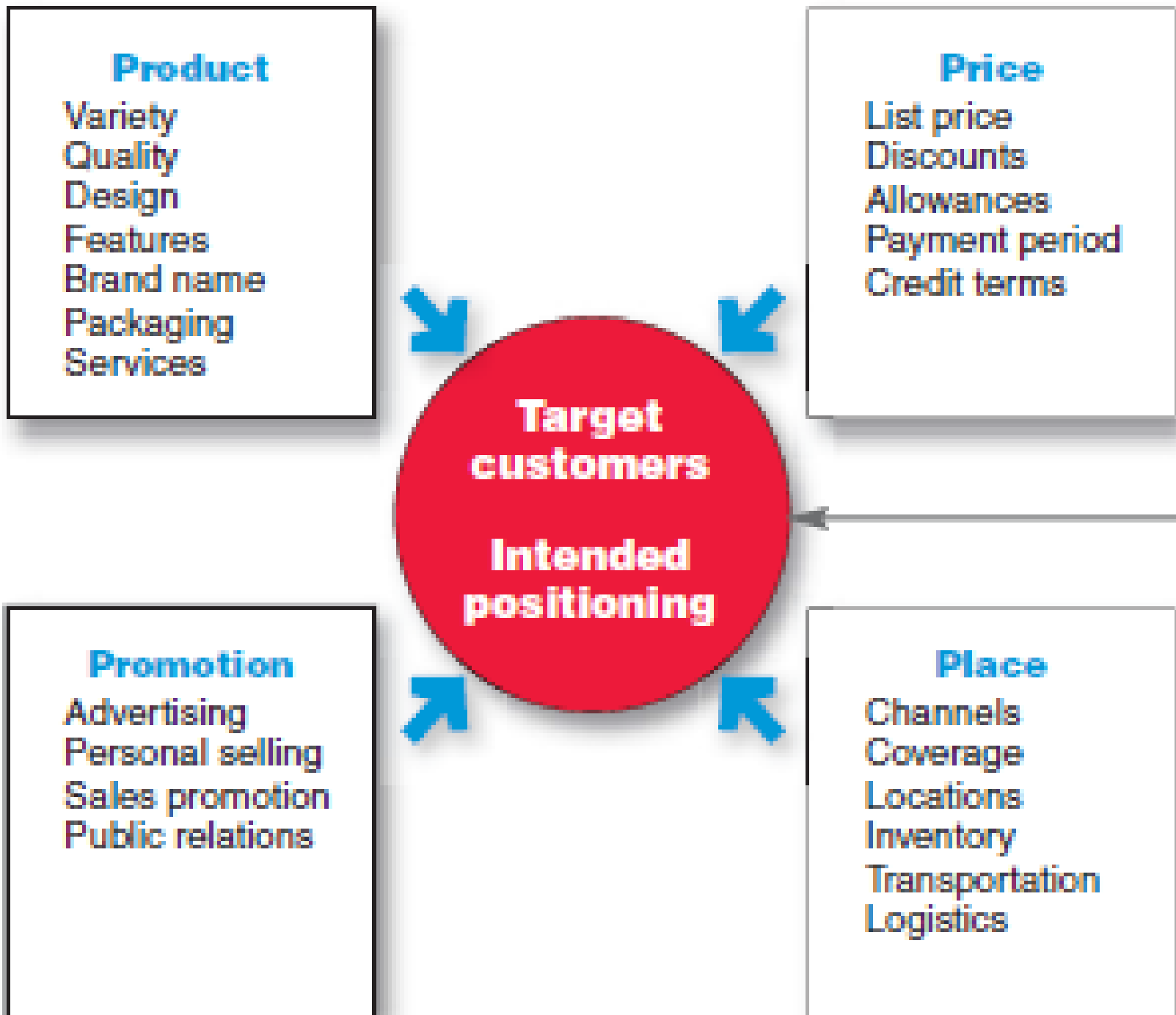
Customer solution

Customer cost

Convenience

Communication

▶ The 4Ps of the Marketing Mix



Marketing Strategy and the Marketing Mix

▶ Marketing Analysis:

- ▶ **SWOT analysis:** An overall evaluation of the company's strengths (S), weaknesses (W), opportunities (O), and threats (T).

