

## Chapter 2: Developing Marketing Strategies

### Levels of Strategic Planning in Corporations

**Corporate Planning:** entire firm, long term, defines the company's mission, set company goals, and establish the business portfolio

**Strategic Business Unit:** single SBU, medium to long term, establish portfolio for the business unit

**Functional Planning:** single product, short term, develop marketing plans for specific products

### The Strategic Marketing Planning Process

The three major phases of the strategic planning process are planning, implementation, and control.

#### Step 1: Define the Business Mission

the mission statement is a broad description of a firm's objectives and the scope of the activities it plans to undertake. What type of business are we? and What do we need to do to accomplish our goals and objectives?

Another key objective in the mission statement is building sustainable competitive advantage. The image of the company will last a long time.

#### Step 2: Conduct a Situation Analysis Using SWOT

perform a situational analysis, using SWOT. Evaluate the internal environment regarding **strengths** and **weaknesses**, and external environment in terms of **opportunities** and **threats**.

#### Step 3: Identify and Evaluate Opportunities Using S-T-P

##### Segmentation

a marketing segment is consisting consumers who respond similarly to a firm's marketing efforts. the process of dividing the market into groups of customers with different needs, wants, or characteristics is called market segmentation.

##### Targeting

evaluate each segment and decides which to pursue using a process known as target marketing or targeting.

##### Positioning

once you know which segments to pursue, it must determine how it wants to be positioned within those segments. marketing positioning involves the process of defining the marketing mix variables so that target customers have a clear, distinctive, desirable understanding of what the product does or represents in comparison with competing products. Firms typically are most successful when they focus on those opportunities that build on their strengths relative to those of their competition.

##### Set Marketing Objectives

objectives include market share, revenues, and profitability targets, units, volume, and brand awareness.

##### Develop Marketing Mix

each element of the 4p's must be fully integrated in order to achieve a coherent strategy

##### Product and Value Creation

firms must first attempt to develop product and services that customers perceive as valuable enough to buy.

##### Price and Value for Money

requires the firms to charge a price that customers perceive as giving them good value for the products and services they receive.

**Cost-based pricing:** determines the costs of producing and then adds a fixed amount.

**Competitor-Based pricing:** firm prices below, at, or above their competitors.

**Value-based pricing:** the firm first determines the perceived value of the product from the customer's point of view and then prices accordingly.

### Place and Value Delivery

the product/service must be readily accessible when and where the customer wants it.

### Promotion and Value Communication

marketers communicate the value of their offering, or the value proposition, through the media.

## Step 4: Implementing the marketing Mix: Allocating Resources

marketing managers must allocate the resources needed to put the plan into action. Portfolio analysis is typically performed at the strategic business unit or product line level. A part of the company that can managed somewhat by itself. (pcfinancial from loblaws).

## Step 5: Evaluate Performance and Make Adjustments

evaluate the results of the strategy and implementation program. determine why it achieved or failed. Why did you fail, competition or slow economy. understanding the causes, enables firms to make appropriate adjustments.

## Strategic Planning is Not Sequential

you do not have to do all the steps in order. you could do all the steps and then realize you went off from your mission statement, and then change it to fit your image and real beliefs.

## Growth Strategies

Current Market + Current Products = Market Penetration

Current Market + New Products = Product Development

New Market + Current Products = Market Development

New Market + New Products = Diversification

### Market Penetration

employs the existing marketing mix and focuses the firms efforts on existing customers. you can attract new customers to the firms current target market or encouraging current customer to patronize the firm more often or buy more merchandise on each visit. market penetration generally requires greater marketing efforts.

### Market Development

employs the existing marketing offering to reach new market segments, whether domestic or international. international is usually more riskier, because of differences in government regulations, cultures, supply chain, and language.

### Product Development

overs a new product or service to a firm current target market. This maybe something like making a new website so that it's easier to register a room at a hotel.

### Diversification

introduce a new product or service to a market segment that is currently not served. in related diversification opportunity, the current target market and or marketing mix shares something in common with the new opportunity. They might be able to use the same infrastructure, supply chain, and vendors.

unrelated diversification, the new business lacks any common elements with the present business.

## Macro Strategies

in the long run you can focus on elements of excellence to create and deliver value and to develop sustainable competitive advantage.

### Customer Excellence

customers excellence is achieved when a firm develops value-based strategies for retaining loyal

customers and provides outstanding customer service.

### **Retaining Loyal Customers**

loyalty means that customers are committed to buying from a particular firm. for instance, having a strong brand, unique merchandise, and superior customer service. Not only do they prefer to purchase your brand versus, the competition even if they are better.

organizations can look of customers who left, and figure out why, and the make special retention programs to keep them.

### **Customer Service**

build sustainable competitive advantage by offering excellent customer service. It may take a long time to gain reputation, but it will last a long time.

### **Operational Excellence**

marketers strive for efficient operations to get their customers the merchandise they want, when they want it, in the required quantities and at a lower delivered costs than that of their competitors. firms achieve these efficiencies by developing sophisticated distribution and information systems as well as strong relationship with vendors.

### **Product Excellence**

third success occurs through branding and positions. This is really difficult since competitors can deliver similar productive easily. some have been able to maintain their sustainable competitive advantage by investing in their brand itself. positioning in a clear distinctive brand image, and constantly reinforcing it.