

Strategic Marketing

Lecture 2
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Strategic Marketing Two Types



Corporate marketing
Product Marketing

A. Corporate Marketing Strategy

- Environmental analysis (week 3)
 - SWOT Analysis
- 1. **Industry Outlook**
- 2. **Corporate Goals and Values**
- 3. **Corporate Vision and Mission**
- 4. **Corporate Positioning/Image/Branding**
- 5. **Corporate Growth Strategies**
- 6. **Portfolio Analysis**
- Overall Financial Forecast
- Main Risk Scenarios and Contingency Planning

1. Industry Outlook

- What it is – where is the industry going?
- This is not really a decision, rather an informed and inspired conclusion
- Key Factors:
 - Recent trends, developments, forces
 - Experience, gut feel, inspiration and role, and presence of champions



Porter's Five Forces

What are the key concerns (environmental, social, etc.)

Porter's 5 forces (look up)

- many corporations base their research on this

2. Corporate Goals and Values

Defined: A corporation's institutional standards of behavior

Importance:

- Building corporate brand image
- Reputation and credibility
- Leadership
- Public relations
- Corporate crisis management



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Espoused Values Included in Corporate Values Statements



Source: The Aspen Institute and Booz Allen Hamilton, 2004

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3. Corporate Vision and Mission

- What is it – within industry outlook, where are we going, e.g. *“To be Number One company in the world of office automation”*
- The importance of a mission statement?
 - Marketing Myopia article by Ted Levitt

Mission - lead to choosing goals and objectives its a statement of the purpose of the company/ organization. The mission statement should guide the actions of the organization, spell out its overall goal, provide a path, and guide decision-making. It provides “the framework or context within which the company's strategies are formulated.

Defining the Corporate Mission

1. What is our business/perspective?
(global? Environment? Safety? Etc.)
2. What is of value to the customer? (consumer value focus).
3. What do we aspire to become? (Vision component).



“We aspire to be the most admired and valuable company in the world. Our goal is to enrich our customers’ personal lives and to make their businesses more successful by bringing to market exciting and useful communications services, building shareowner value in the process.”

Source: AT&T website 8

Good Missions?

GE: “We bring good things to life”

FORD: “We are a global family with a proud heritage, passionately committed to providing personal mobility for people around the world. We anticipate consumer needs and deliver outstanding products and services that improve people’s lives.”

Google: “To organize the world’s information and make it universally accessible and useful”.

Good Mission Statements

- relatable
 - not over the top
 - adaptable
 - provide a vision of direction and future
 - one line or less
 - GE too short and vague
 - Ford: too long and complicated
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Microsoft's Vision

- “To put a computer on a desktop in every home....” (1980).
- “To empower people with great software anywhere, on any device,” (1995).
- “To help people and businesses throughout the world to fully realize their potential” (2009).

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Last mission statement lacks clarity and may lead them failure.

Employees and consumers will loose sense of purpose

E-Bay's Vision

“We help people trade anything on earth. We will continue to enhance the online trading experiences of all – collectors, dealers, small businesses, unique item seekers, bargain hunters, opportunity sellers, and browsers.”

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4. Corporate Positioning/Image/Branding

- What is **corporate positioning** – how we want to be seen by stakeholders in terms of **what we do**
- What is **corporate image** – how we want to be seen in terms of **what kind**, e.g. are we a premium, value, or economy player; or, are we 'cutting edge' or 'trailing edge'; or, are we ethical?
- What is **corporate branding** – an active campaign to establish an awareness of the corporation, its name, its desired positioning and image, and to create positive affect for the corporation

- How do we want to be see....what we do, what kind (ex. next slide)

Common Corporate Positions

- a) Trustworthy (reliable and honest)
- b) Popular (well-known, good reputation)
- c) Caring (responsible, cares about people)
- d) Efficacious (powerful, gets things done)
- e) Innovative (new ideas, creative)
- f) Traditional (positive heritage)
- g) Practical (efficient, does not waste)



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Corporate Positioning Ads



IBM
"Harlem Fencer"



Honda
"Forever"

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We are a part of the culture

5. Corporate Growth Through New Market Development

- Global firms offering better products or lower prices can attack the company's domestic market.
- The company discovers that some foreign markets present higher profit opportunities than the domestic market.
- The company needs a larger customer base to achieve economies of scale.
- The company wants to reduce its dependence on any one market.
- The company's customers are going abroad and need servicing.



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Product-Market Expansion Grid			
		Product Emphasis	
		Existing Products	New Products
Market Emphasis	Existing Markets	Market Penetration	Product Development
	New Markets	Market Development	Diversification

Existing products in existing markets = consume more

Existing product in new market = drive thru China

Right-hand Rings: A Case in Market Development

- **The Wall Street Journal**, August 14, 2003.
- The DeBeers Group, a diamond cartel that controls roughly 60% of the world's output, is attempting to create a new market. The traditional diamond engagement ring market, a \$4.3 billion left-hand market, favors larger stones. However, DeBeers produces a much greater number of smaller diamonds. The recently launched advertising campaign targets the woman's right hand with rings designed to create a market for these smaller diamonds.
- Sixteen new designs, in varying price ranges, are geared to appeal to women aged 30 to 54 with household incomes of over \$100,000. DeBeers hopes that this affluent group might want to own several of these "right-hand rings." One of their slogans commands, "Women of the world, raise your right hand." And if DeBeers has their way, it will be adorned with one of their new "right-hand rings" sparkling with multiple small diamonds.

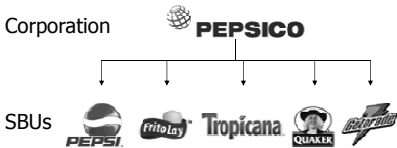


A DIAMOND IS FOREVER

Occasion diamond rings = new product in existing market

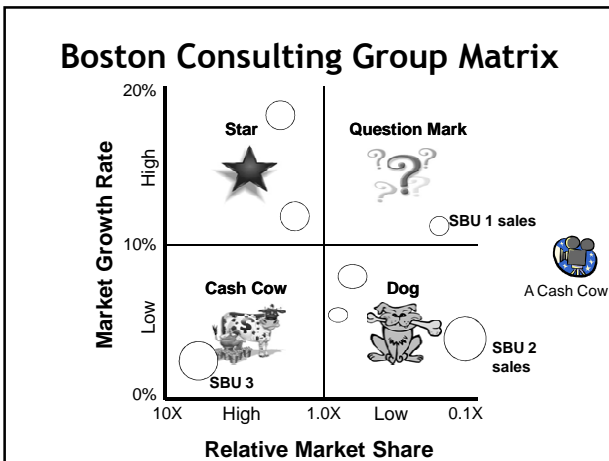
6. The Business Portfolio: SBUs

- Single business or collection of related businesses that can be planned for separately
- Has its own set of competitors
- Has a manager who is responsible for strategic planning and profit



Portfolio = collection of shares, pictures, best works

SBU = strategic business units (EX. faculties in a university). One independent entity that has their own management, decision making, missions and visions



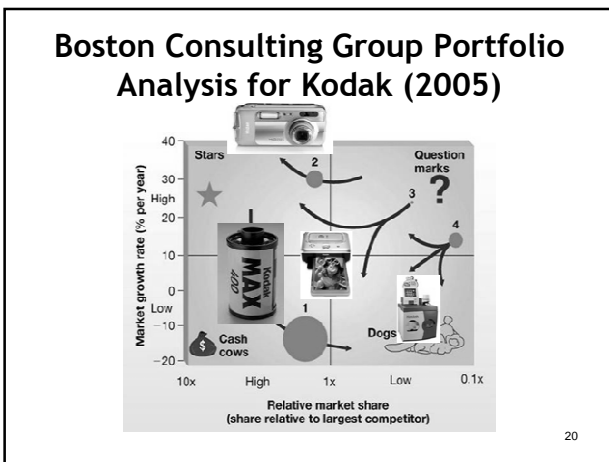
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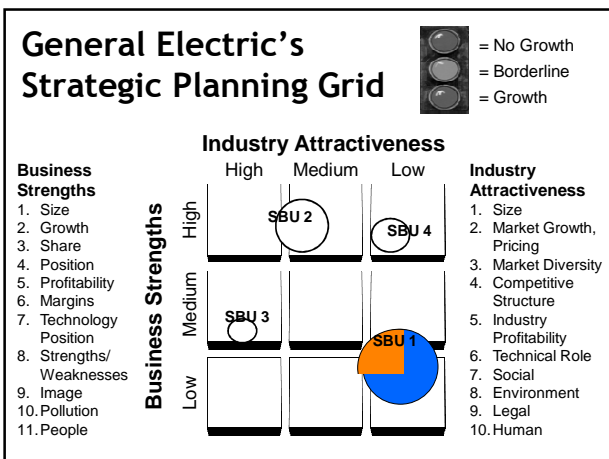
Dog: no market share and low growth rate

Question Mark: Maybe it will change or maybe not

Cash Cow: Makes a lot of money, mature market that no longer consumes a lot of cash but makes it instead. Provides profit for other SBUs (ex Telfer)

Star: Consumes a lot of money, is becoming popular. Can hopefully become a cash cow or a dog (ex. camera film rolls)





Red = Dogs

Yellow = stars

Green = stars and cash cows

Levels of Planning

- Strategic Planning
 - Performed by top management
 - Focus on firm's overall objectives and strategy
 - Emphasis on current market situation and opportunities
- Tactical Planning
 - Performed by middle managers
 - Focus on specific brand or SBU
 - Details specific marketing tactics (i.e., merchandising, pricing, advertising, channels, service)

"Choose the value"

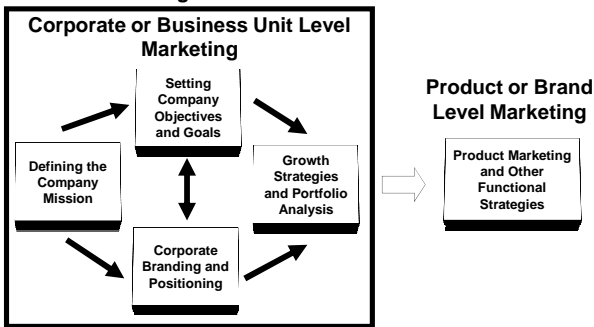


"Provide the value"
"Communicate the value"

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B. Product Level Marketing

The 'Big Picture'



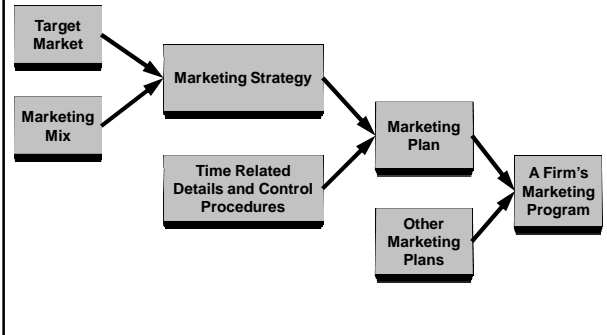
Outline of a Product Level Marketing Plan

- ✓ Executive summary
- ✓ Table of contents
- ✓ Situation analysis
- ✓ Marketing strategy
- ✓ Financial projections
- ✓ Implementation controls



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Elements of a Product Level Marketing Plan



The Marketing Mix



The 4 P's are changing - the cutting edge
 (knowledge corporations don't necessarily do it this way)

Marketing Strategy Questions

- Who Are Your Customers?
 - AIO, Lifestyles, Expectations, Size
- What Does Your Target Market Want?
 - Needs, Benefits Sought, Preferences
- Can You Provide What They Want?
 - Define USP, Constraints and Limitations
- Scan the Environment?
 - Threats, Opportunities, and Limitations
- The Right Marketing Mix?
 - The 4Ps, Packaging, and Positioning
- Have you considered various risks/contingencies?

In case you do a marketing project instead of an
 assignment

Stakeholder Analysis: A Common Tool



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SWOT Analysis: A Common Tool

	Strengths – What are the firm's strengths?
Internal	Weaknesses – What are the firm's weaknesses?
External	Opportunities – What opportunities are present in the market?
	Threats – What might threaten the firm's position in the market?

- SWOT is a presentation framework to illustrate obvious issues – it is NOT strategy
- OR SWOT can be used as a conclusion of your detailed environmental analysis.

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