

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
- Measuring and Managing Return on Marketing Investment



Companywide Strategic Planning



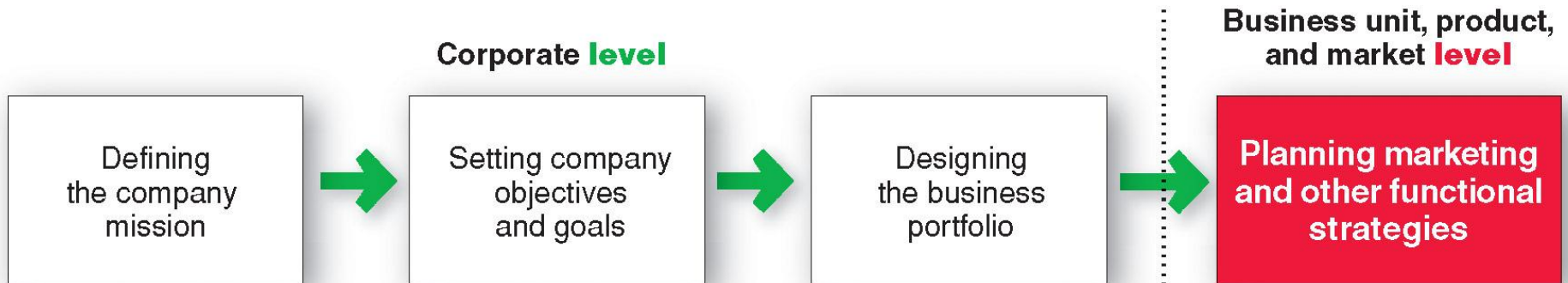
Strategic Planning

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

Steps in Strategic Planning



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



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Companywide Strategic Planning

Company	Product-Oriented Definition	Market-Oriented Definition
Amazon.com	We sell books, videos, CDs, toys, consumer electronics and other products online	We make the Internet buying experience fast, easy, and enjoyable—we're the place where you can find and discover anything you want to buy online
Disney	We run theme parks	We create fantasies—a place where dreams come true and America still works the way it's supposed to
Nike	We sell athletic shoes and apparel	We bring inspiration and innovation to every athlete* in the world (* if you have a body, you are an athlete)



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

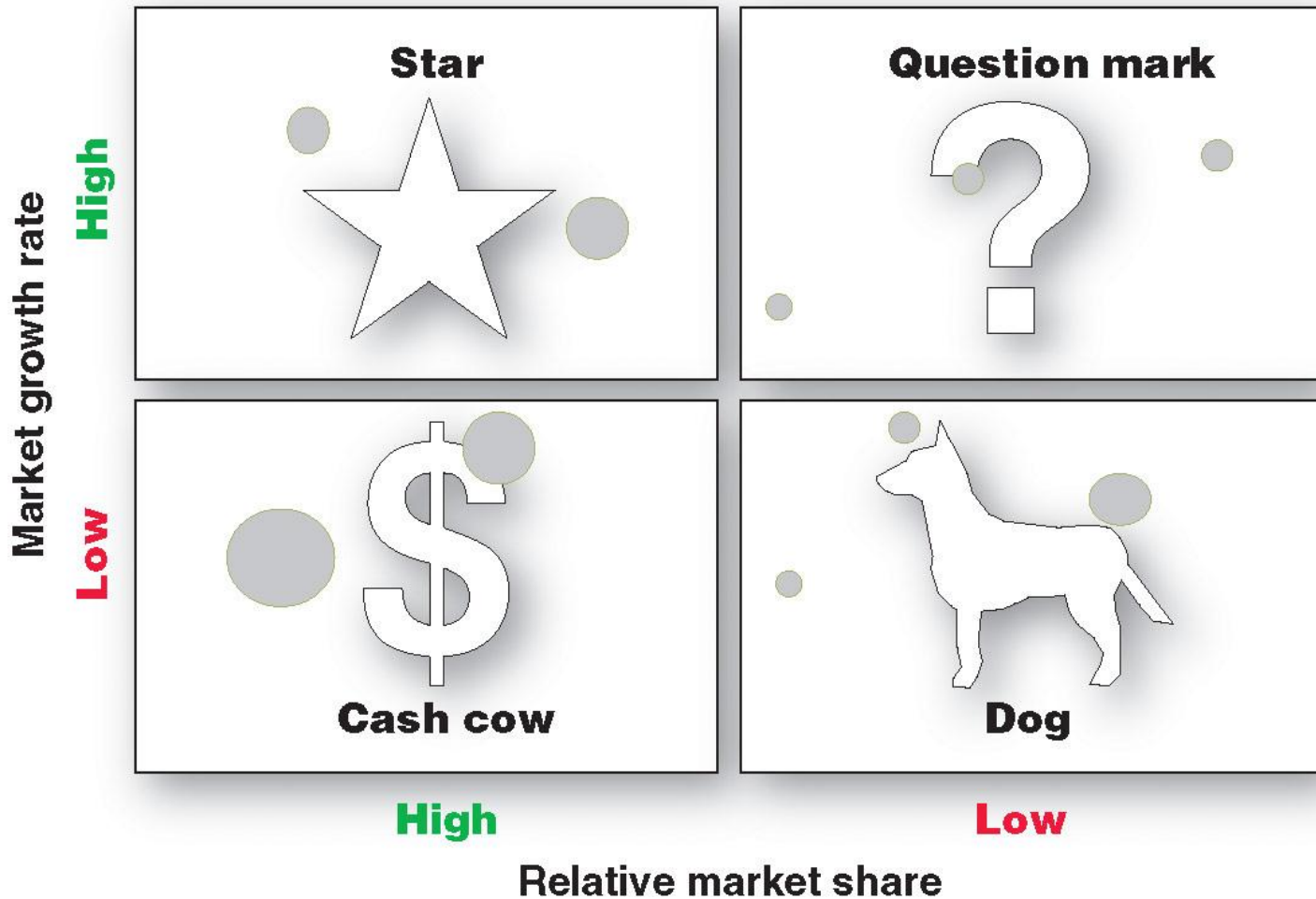
Identify key businesses (strategic business units, or SBUs) that make up the company

Assess the attractiveness of its various SBUs

Decide how much support each SBU deserves



Companywide Strategic Planning:



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



Market penetration

Market development

Product development

Diversification

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Developing Strategies for Growth and Downsizing
Product/market expansion grid strategies

	Existing products	New products
Existing markets	Market penetration	Product development
New markets	Market development	Diversification

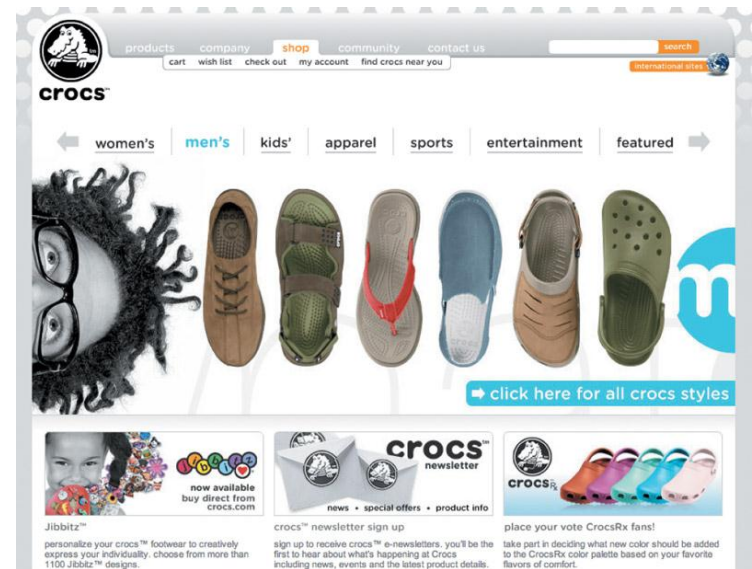


Companywide Strategic Planning

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 through 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

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Marketing Strategy and the Marketing Mix



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

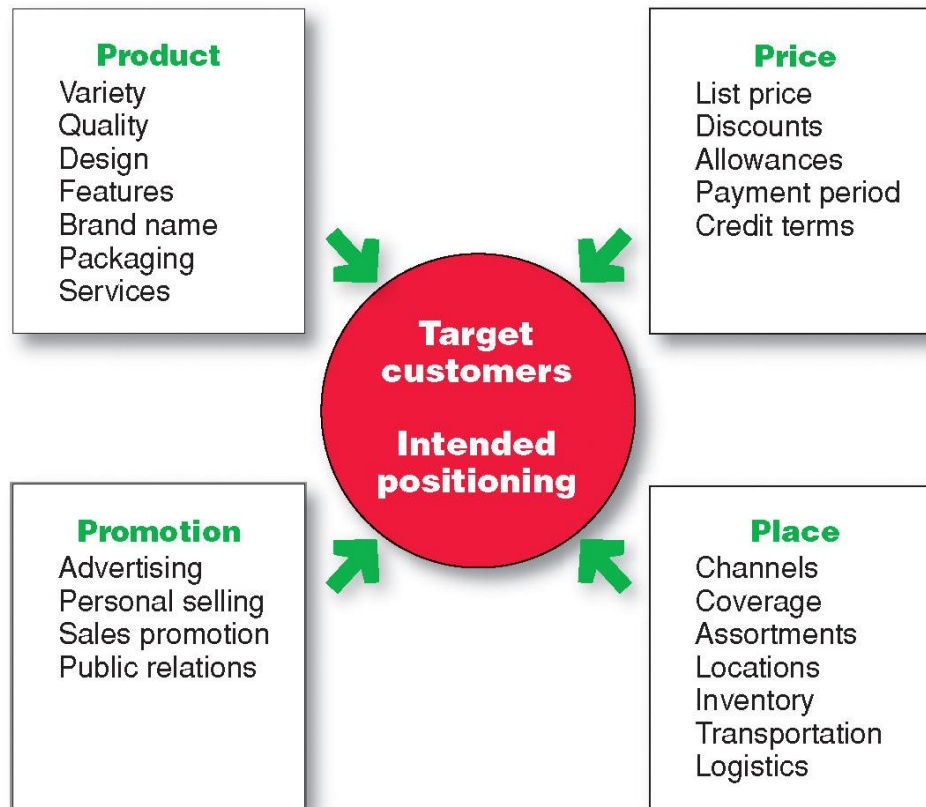
Developing an Integrated Marketing Mix

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

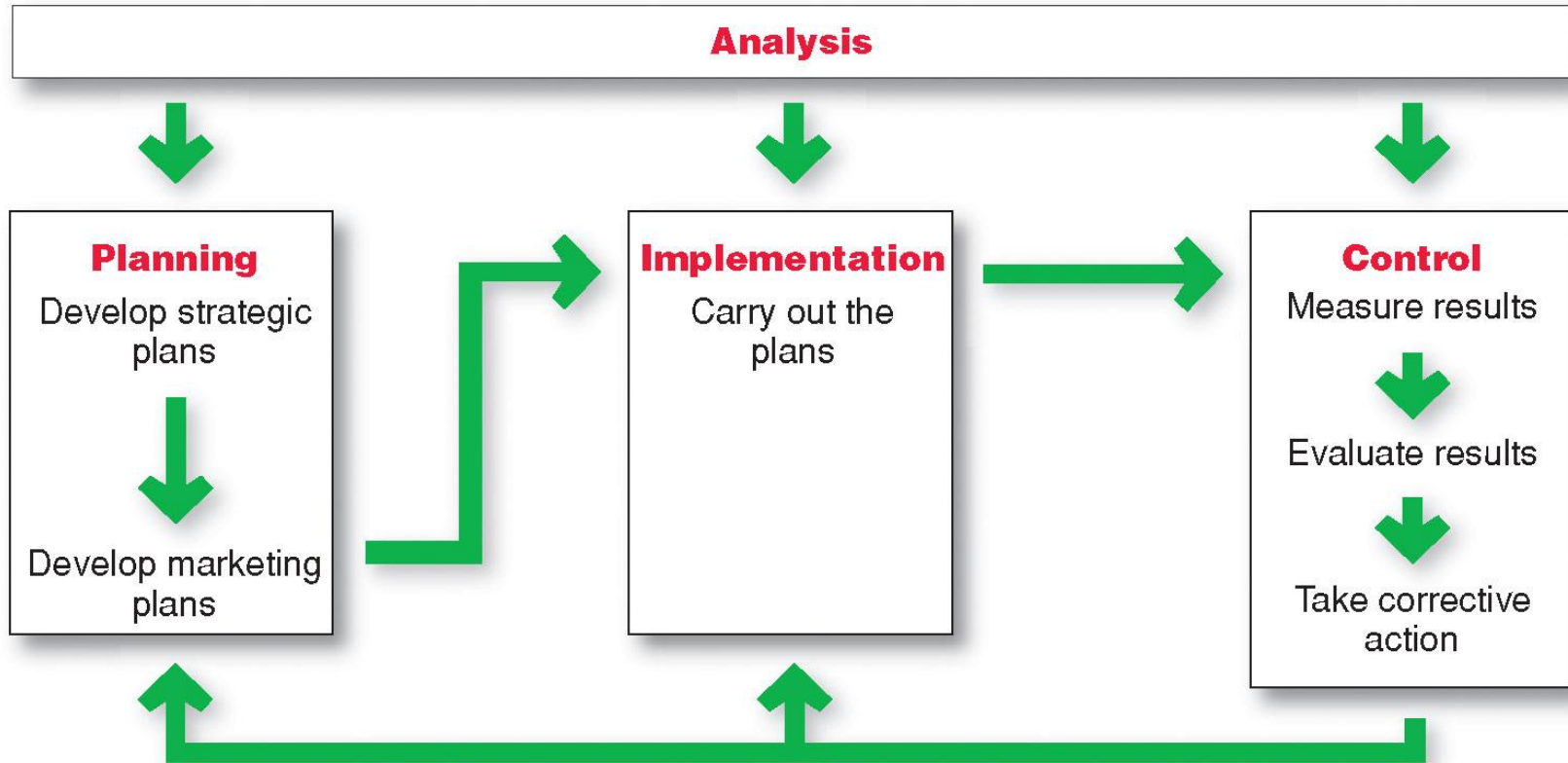


Marketing Strategy and the Marketing Mix

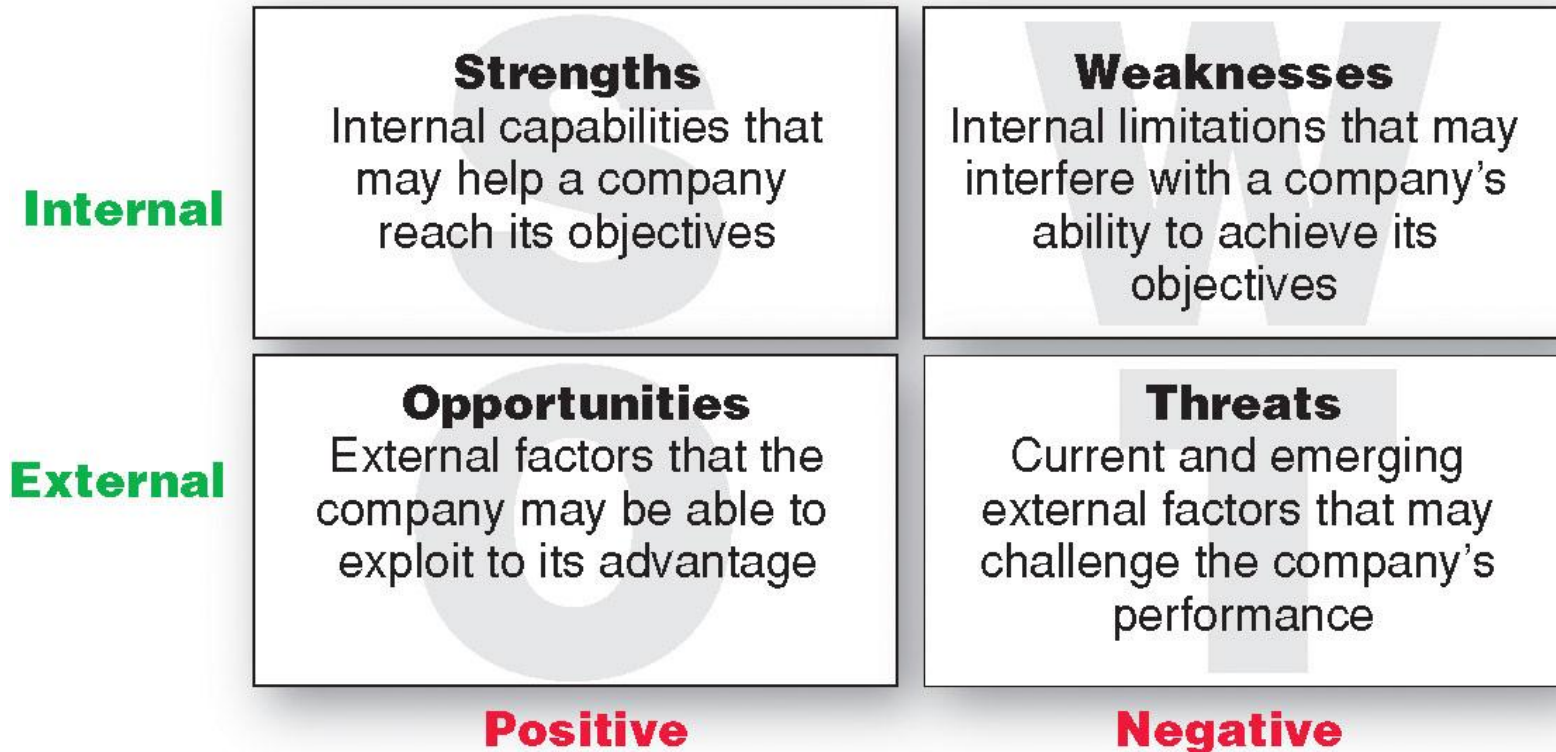
Developing an Integrated Marketing Mix



Managing the Marketing Effort



Managing the Marketing Effort



Managing the Marketing Effort

Market Planning—Parts of a Marketing Plan



Executive
summary

Marketing
situation

Threats and
opportunities

Objective
and issues

Marketing
strategy

Action
programs

Budgets

Controls

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Managing the Marketing Effort

Marketing Implementation

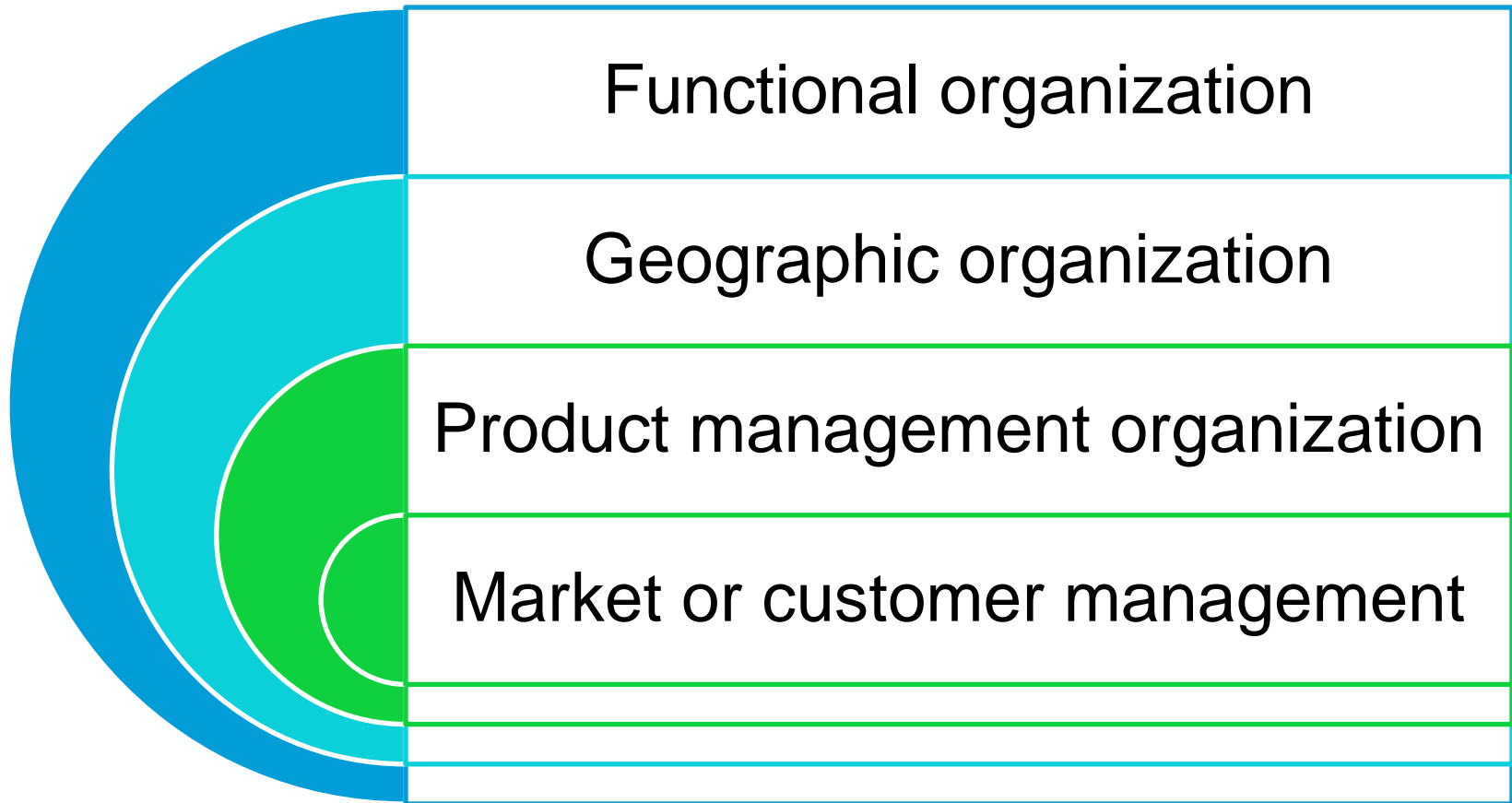
Implementing is the process that turns marketing plans into marketing actions to accomplish strategic marketing objectives

- 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.





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