

CHAPTER 2

DEVELOPING MARKETING STRATEGIES AND PLANS

OBJECTIVES:

- How does marketing affect value?
- How does strategic planning affect the delivery of value?
- Describe the marketing plan process.

I. Background thoughts:

- Superior firm performance— is generally attributed to its competitive advantage.
- Competitive advantage—arises from leveraging a firm's unique skills and resources to implement value-creating strategy that competitors can not implement as effectively.
- Sustainable competitive advantage—when the advantage is immune or not subject to erosion by competitor's actions.
- Strategy—decisions and activities that enable a firm to achieve and sustain competitive advantage and to improve its performance.
- Strategic planning—matching of skills and abilities of a company with opportunities in the marketplace to gain a competitive advantage.

II. It is all about delivering value

- Value proposition drives satisfaction which is necessary (but not sufficient) for loyalty which is measured by retention and repeat activity
- Porter's value chain (p.32)
- Must understand core competencies well to develop and nurture them into competitive advantages

III. Formal planning—many companies operate without formal plans, yet these plans can provide many benefits such as:

- Encouraging management to think ahead systemically.
- Forcing managers to clarify objectives and policies.
- Better coordination of company benefits.
- Clearer performance measures for control. (can't manage what is not measured.)
- Company is able to anticipate and respond to environmental challenges.

Strategic versus operational/tactical planning

Marketing plan is an essential ingredient

IV. MISSION STATEMENT— a statement of the company's purpose. It can act as an invisible guiding hand of the organization.

Characteristics of a good mission statement.

Market oriented.	Fits the current market environment.
Realistic.	Recognizes distinctive competencies.
Specific, not just a PR tool.	Motivating, not a focus on profits.

Remember Peter Drucker’s classic questions-

1. What is our business?
2. Who is the customer?
3. What is the value of the customer?

V. Market-focused strategic planning

Step #1		Step #2		Step #3		Step #4	
Develop Mission/vision statement	→	SWOT Analysis Internal focus-SW External focus-OT	→	Goal/objective formulation	→	Strategy Formulation	→
Core competencies		Competitor analysis		Develop target/ customer profile(s) (A.)		Positioning (B.)	

Step #5		Step #6		Step #7
Tactical Issues (4 Ps)	→	Implementation-responsibility, resources, roadblocks	→	Evaluation & Control (C.)
Program formulation				Balanced Scorecard

Marketing process and the strategic planning process – interwoven

A. Organizational strategies

- Basic – growth, status quo, retrenchment
- Growth focused on:
 - Cost leadership (operational efficiency)
 - Differentiation (product leadership)
 - Cost Focus (customer intimacy)
 - Stuck-in-the-middle (trying to do all but no leader)

Deliver the organizational strategy based upon a balanced approach



B. Develop the positioning through Marketing Mix or 4 Ps

1. Product (defined as an offering not just physical characteristics).
2. Price (amount of money consumers have to pay to obtain the product).
3. Promotion (activities that inform and persuade target customers to buy the product).
4. Place (activities that make the product available).

VI. SWOT – situation analysis

How to perform one for your organization

<http://www.youtube.com/watch?v=GNXYI10Po6A&feature=related>

Internal analysis

- Strengths
- Weaknesses

External analysis

- Opportunities
- Threats