

2

**Developing Marketing
Strategies and Plans**



Phases of Value Creation and Delivery

Choosing the value

Providing the value

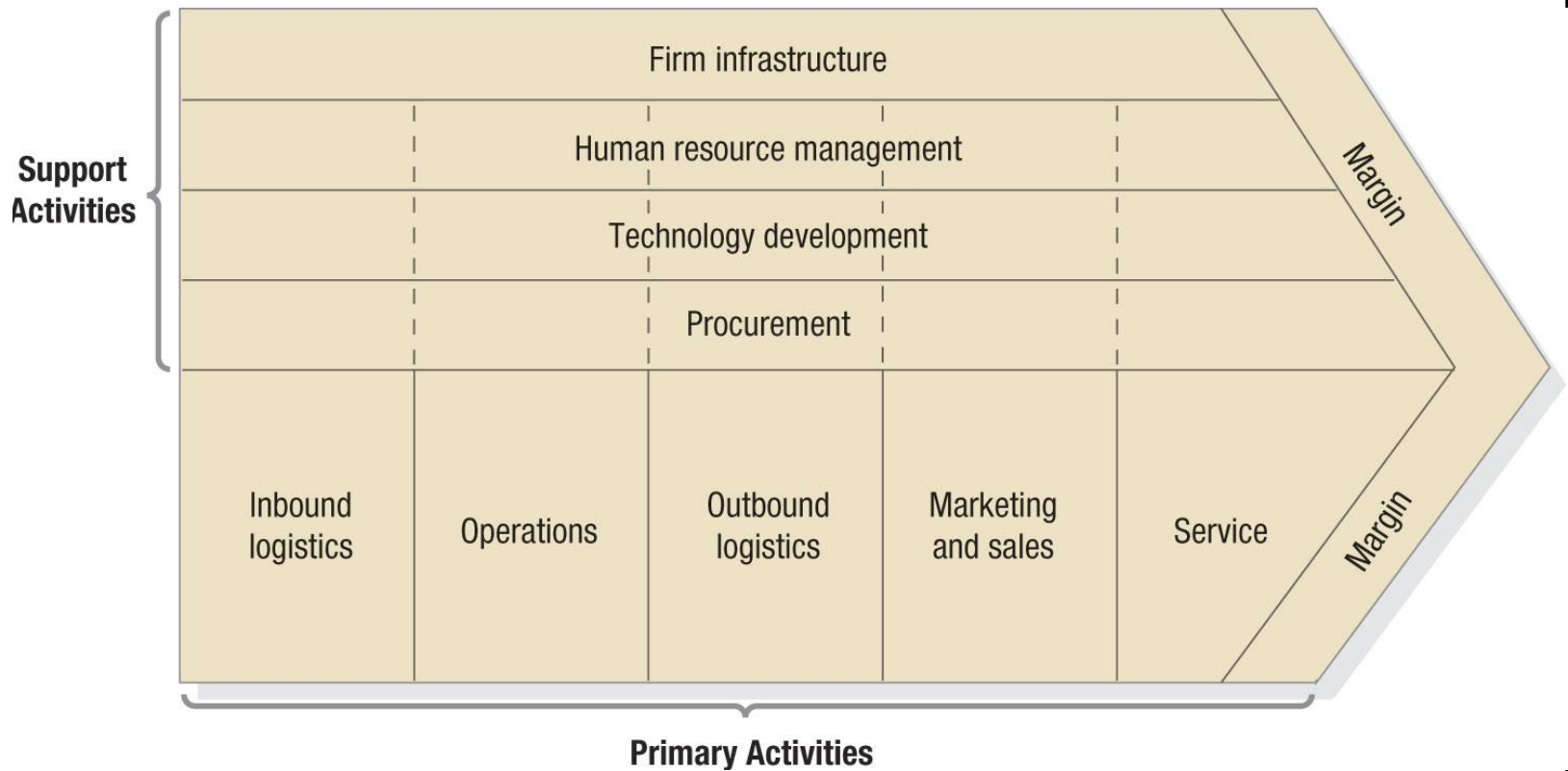
Communicating the value



What is the Value Chain?

The **value chain** is a tool for identifying ways to create more customer value because every firm is a synthesis of *primary and support activities* performed to design, produce, market, deliver, and support its product.

The Value Chain





Core Business Processes

- Market-sensing process
- New-offering realization process
- Customer acquisition process
- Customer relationship management process
- Fulfillment management process

Characteristics of Core Competencies

- A source of competitive advantage
- Applications in a wide variety of markets
- Difficult to imitate

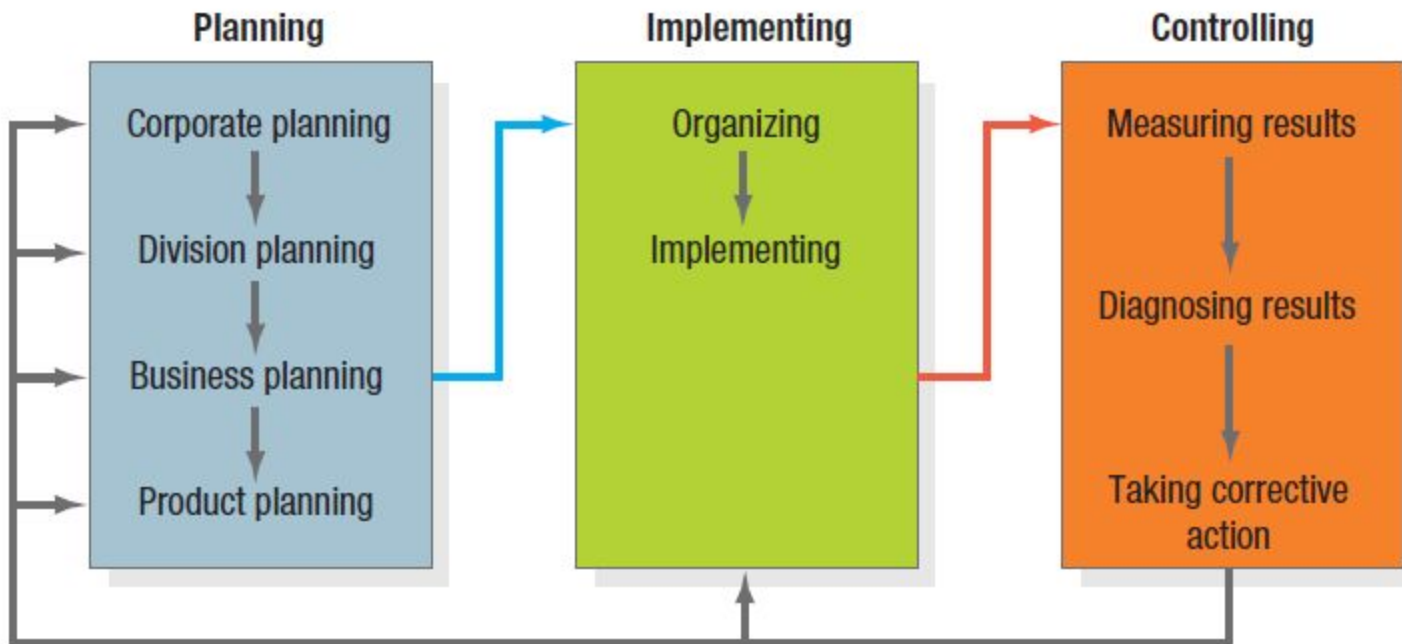




What is Holistic Marketing?

Holistic marketing sees itself as integrating the value exploration, value creation, and value delivery activities with the purpose of building long-term, mutually satisfying relationships and co-prosperity among key stakeholders.

Figure 2.1 The Strategic Planning, Implementation, and Control Processes





What is a Marketing Plan?

A marketing plan is the central instrument for directing and coordinating the marketing effort.

It operates at a strategic and tactical level.



Levels of a Marketing Plan

- Strategic

- Target marketing decisions
- Value proposition
- Analysis of marketing opportunities

- Tactical

- Product features
- Promotion
- Merchandising
- Pricing
- Sales channels
- Service



Corporate Headquarters' Planning Activities

- . Define the corporate mission
- . Establish strategic business units (SBUs)
- . Assign resources to each SBU
- . Assess growth opportunities

Good Mission Statements

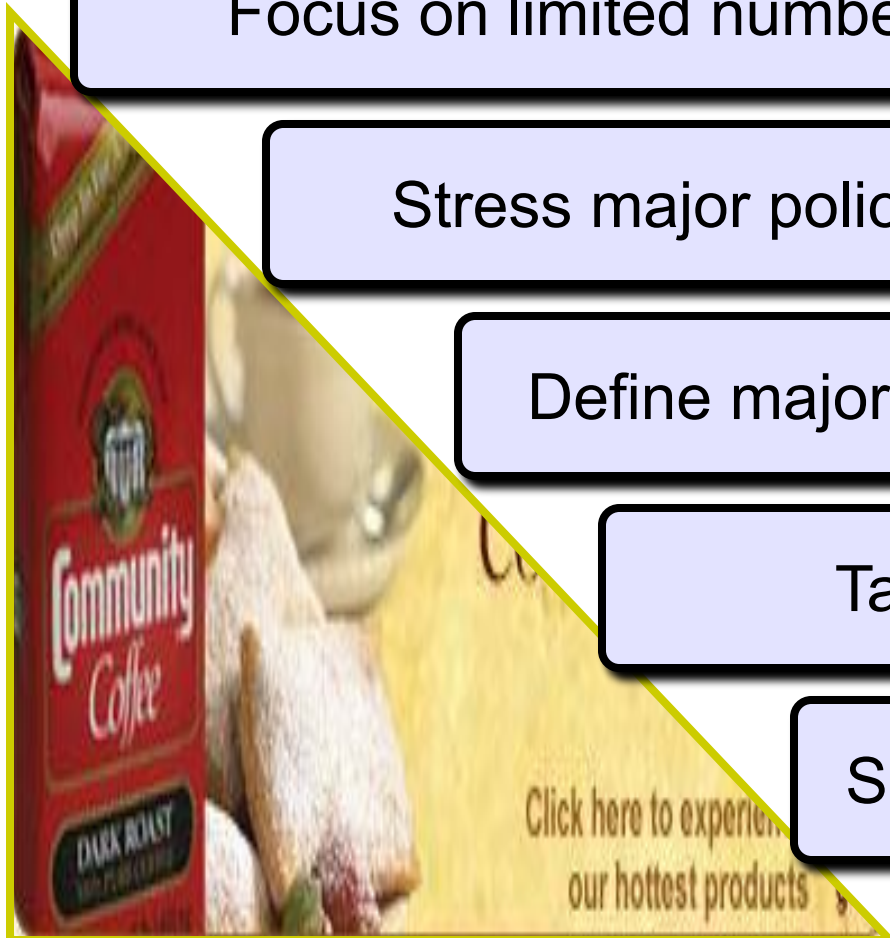
Focus on limited number of goals

Stress major policies and values

Define major competitive spheres

Take a long-term view

Short, memorable, meaningful





Google

To build total brand value by innovating to deliver customer value and customer leadership faster, better, and more completely than our competition.

We build brands and make the world a little happier by bringing our best to you.

Google Mission

To organize the world's information and make it universally accessible and useful.

Google Philosophy

Never settle for the best.

1. Focus on the user and all else will follow.
2. It's best to do one thing really, really well.
3. Fast is better than slow.
4. Democracy on the Web works.
5. You don't need to be at your desk to need an answer.
6. You can make money without doing evil.
7. There is always more information out there.
8. The need for information crosses all borders.
9. You can be serious without a suit.
10. Great just isn't good enough.¹⁵

Product Orientation vs. Market Orientation

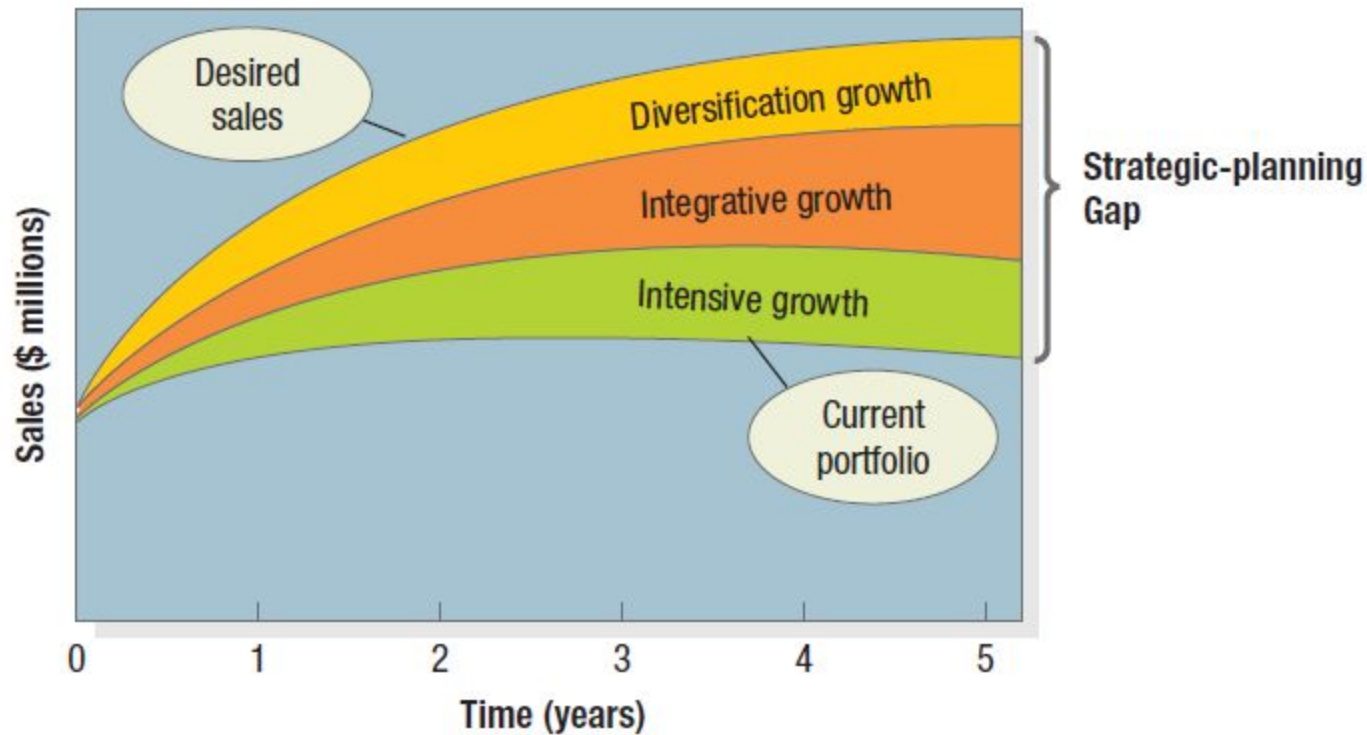
Company	Product	Market
Missouri-Pacific Railroad	We run a railroad	We are a people-and-goods mover
Xerox	We make copying equipment	We improve office productivity
Standard Oil	We sell gasoline	We supply energy
Columbia Pictures	We make movies	We entertain people



Characteristics of SBUs

- It is a single business or collection of related businesses
- It has its own set of competitors
- It has a leader responsible for strategic planning and profitability

Figure 2.2 The Strategic Planning Gap

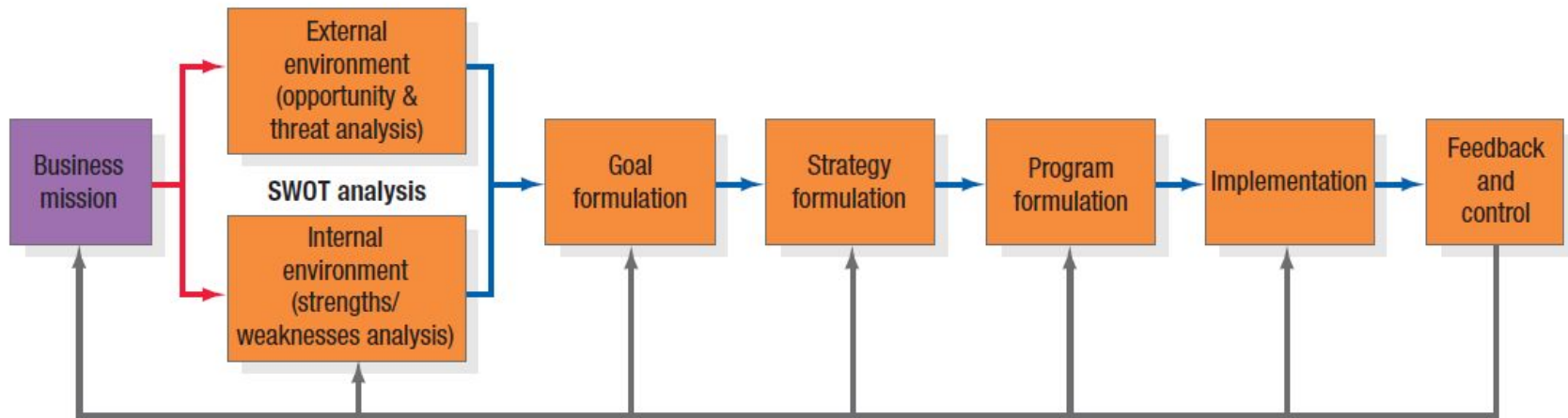


Intensive Growth Strategies

Ansoff's Product-Market Expansion Grid

	Current Products	New Products
Current Markets	1. Market-penetration strategy	3. Product-development strategy
New Markets	2. Market-development strategy	(Diversification strategy)

Figure 2.3 The Business Unit Strategic Planning Process



SWOT Analysis



Strengths

Weaknesses

Opportunities

Threats



Market Opportunity Analysis (MOA)

- Can the benefits involved in the opportunity be articulated convincingly to a defined target market?
- Can the target market be located and reached with cost-effective media and trade channels?
- Does the company possess or have access to the critical capabilities and resources needed to deliver the customer benefits?
- Can the company deliver the benefits better than any actual or potential competitors?
- Will the financial rate of return meet or exceed the company's required threshold for investment?

Figure 2.4

Opportunity and Threat Matrices

(a) Opportunity Matrix

		Success Probability	
		High	Low
Attractiveness	High	1	2
	Low	3	4

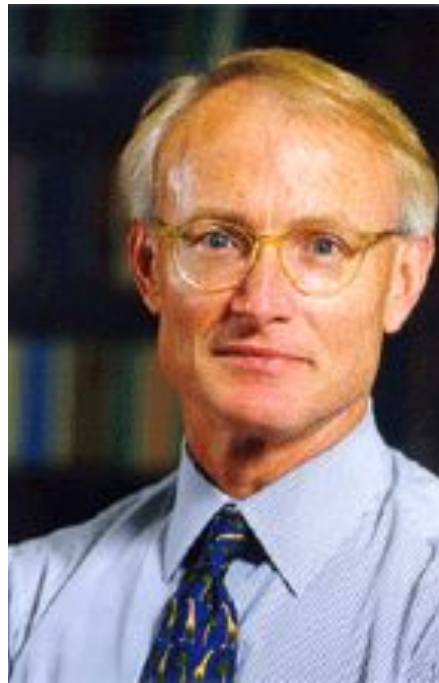
1. Company develops more powerful lighting system
2. Company develops device to measure energy efficiency of any lighting system
3. Company develops device to measure illumination level
4. Company develops software program to teach lighting fundamentals to TV studio personnel

(b) Threat Matrix

		Probability of Occurrence	
		High	Low
Seriousness	High	1	2
	Low	3	4

1. Competitor develops superior lighting system
2. Major prolonged economic depression
3. Higher costs
4. Legislation to reduce number of TV studio licenses

Porter's Generic Strategies



Overall Cost
Leadership

Differentiation

Focus



Marketing Plan Contents

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