Developing Marketing Strategies and Plans
Chapter Questions

• How does marketing affect customer value?
• How is strategic planning carried out at different levels of the organization?
• What does a marketing plan include?
Three V’s Approach to Marketing

Define the value segment

Define the value proposition

Define the value network
Core Business Processes

• Market-sensing process
• New-offering realization process
• Customer acquisition process
• Customer relationship management process
• Fulfillment management process
Core Business Processes

- Product Development Management
- Supply Chain Management
- Customer Relationship Management

(Srivastava, Shervani, and Fahey 1999 *Journal of Marketing*)
A Holistic Marketing Framework

Value Exploration
- Customer Focus
  - Cognitive space

Value Creation
- Core Competencies
  - Competency space
  - Business domain
  - Internal resource management

Value Delivery
- Collaborative Network
  - Resource space
  - Business partners
  - Business partner management
Levels of a Marketing Plan

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

- **Tactical**
  - Product features
  - Promotion
  - Merchandising
  - Pricing
  - Sales channels
  - Service
Figure 2.1 The Strategic Planning, Implementation, and Control Processes

**Planning**
- Corporate planning
- Division planning
- Business planning
- Product planning

**Implementing**
- Organizing
- Implementing

**Controlling**
- Measuring results
- Diagnosing results
- Taking corrective action
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 a limited number of goals
• Stress major policies and values
• Define major competitive spheres
• Take a long-term view
• Short, memorable, meaningful
Rubbermaid Commercial Products, Inc.

“Our vision is to be the Global Market Share Leader in each of the markets we serve. We will earn this leadership position by providing to our distributor and end-user customers innovative, high-quality, cost-effective and environmentally responsible products. We will add value to these products by providing legendary customer service through our Uncompromising Commitment to Customer Satisfaction.”
“The purpose of Motorola is to honorably serve the needs of the community by providing products and services of superior quality at a fair price to our customers; to do this so as to earn an adequate profit which is required for the total enterprise to grow; and by doing so, provide the opportunity for our employees and shareholders to achieve their personal objectives.”
“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.”
### Table 2.3
Product Orientation vs. Market Orientation

<table>
<thead>
<tr>
<th>Company</th>
<th>Product</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union-Pacific Railroad</td>
<td>We run a railroad</td>
<td>We are a people-and-goods mover</td>
</tr>
<tr>
<td>Xerox</td>
<td>We make copying equipment</td>
<td>We improve office productivity</td>
</tr>
<tr>
<td>Standard Oil</td>
<td>We sell gasoline</td>
<td>We supply energy</td>
</tr>
<tr>
<td>Columbia Pictures</td>
<td>We make movies</td>
<td>We entertain people</td>
</tr>
</tbody>
</table>
Figure 2.2 The Strategic Planning Gap
## Ansoff’s Product-Market Expansion Grid

<table>
<thead>
<tr>
<th>Current Products</th>
<th>New Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Markets</strong></td>
<td><strong>New Products</strong></td>
</tr>
<tr>
<td>strategy</td>
<td>strategy</td>
</tr>
<tr>
<td><strong>New Markets</strong></td>
<td><strong>(Diversification strategy)</strong></td>
</tr>
<tr>
<td>2. Market-development</td>
<td></td>
</tr>
<tr>
<td>strategy</td>
<td></td>
</tr>
</tbody>
</table>
Figure 2.4 Opportunity Matrix

(a) Opportunity Matrix

<table>
<thead>
<tr>
<th>Success Probability</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Low</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

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
Figure 2.4 Threat Matrix

(b) Threat Matrix

<table>
<thead>
<tr>
<th>Probability of Occurrence</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Low</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

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