Chapter 2
Developing and Implementing 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?
• How can management assess marketing performance?

Two Views of the Value Delivery Process

Traditional Process Sequence
• Make product
• Sell product

Value Creation and Delivery Sequence
• Choose the value
• Provide the value
• Communicate the value

Benchmarks
• Organizational costs and performance measures
• Competitor costs and performance measures

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

The Generic Value Chain
Support Activities
• Firm infrastructure
• Human resource management
• Technology development
• Procurement

Primary Activities
• Inbound logistics
• Operations
• Outbound logistics
• Marketing and sales
• Service
Characteristics of Core Competencies

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

Holistic Marketing Framework

- How can a company identify new value opportunities?
- How can a company efficiently create more promising new value offerings?
- How can a company use its capabilities and infrastructure to deliver the new value offerings more efficiently?

A Holistic Marketing Framework

- Value exploration
- Value creation
- Value delivery
- Customer focus
- Core competencies
- Collaborative network

Corporate Planning Activities

- Defining the corporate mission
- Establishing SBUs
- Assigning resources to SBUs
- Assessing growth opportunities

The Strategic Planning, Implementation, and Control Processes

- Planning
  - Corporate–division–business–product
- Implementing
  - Organizing–implementing
- Control
  - Measuring results–diagnosing results–taking corrective action

Good Mission Statements

- Focus on limited number of goals
- Stress major policies and values
- Define major competitive spheres
### Major Competitive Spheres

- Industry
- Products
- Competence
- Market segment
- Vertical
- Geographical

### 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.”

### Motorola

“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.”

### eBay

“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.”

### Dimensions that Define a Business

- Customer groups
- Customer needs
- Technology

### Characteristics of an SBU

- 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
  - Profitability
  - Efficiency
Growth Opportunities

• Intensive growth
• Integrative growth
• Diversification growth

Organizations

• Structure
• Policies
• Culture

The Business Unit Strategic-Planning Process

• Business mission
• SWOT analysis
• Goal formulation
• Strategy formulation
• Program formulation
• Implementation
• Feedback and control

SWOT Analysis

• Strengths
• Weaknesses
• Opportunities
• Threats

Market Opportunity Analysis (MOA)

• Can the benefits involved in the opportunity be articulated to a defined target market?
• Can the target market be located and reached with cost-effective media and trade channels?
• Does the company have access to the critical capabilities and resources needed to deliver the customer benefits?

Market Opportunity Analysis (MOA)

• 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?
Goal Formulation

- To be effective, goals must be:
  - Ordered in terms of priority (hierarchical)
  - Stated quantitatively
  - Realistic
  - Consistent

Porter’s Generic Strategies

- Overall cost leadership
- Differentiation
- Focus

McKinsey’s Seven “S” Elements

- Strategy
- Structure
- Systems
- Style
- Skills
- Staff
- Shared values

Marketing Plan Contents

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

Measuring Marketing Plan Performance

- Sales analysis
- Market share analysis
- Marketing expense-to-sales analysis
- Financial analysis

Tracking Market Share

- Overall market share
- Served market share
- Relative market share
Methods of Improving Return on Assets

- Method 1: Increase the profit margin by increasing sales or cutting costs
- Method 2: Boost the asset turnover by increasing sales or reducing assets that are held against sales levels