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**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?



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.



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





Maximizing Core Competencies

- (Re)define the business concept
- (Re)shaping the business scope
- (Re)positioning the company's brand identity



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.



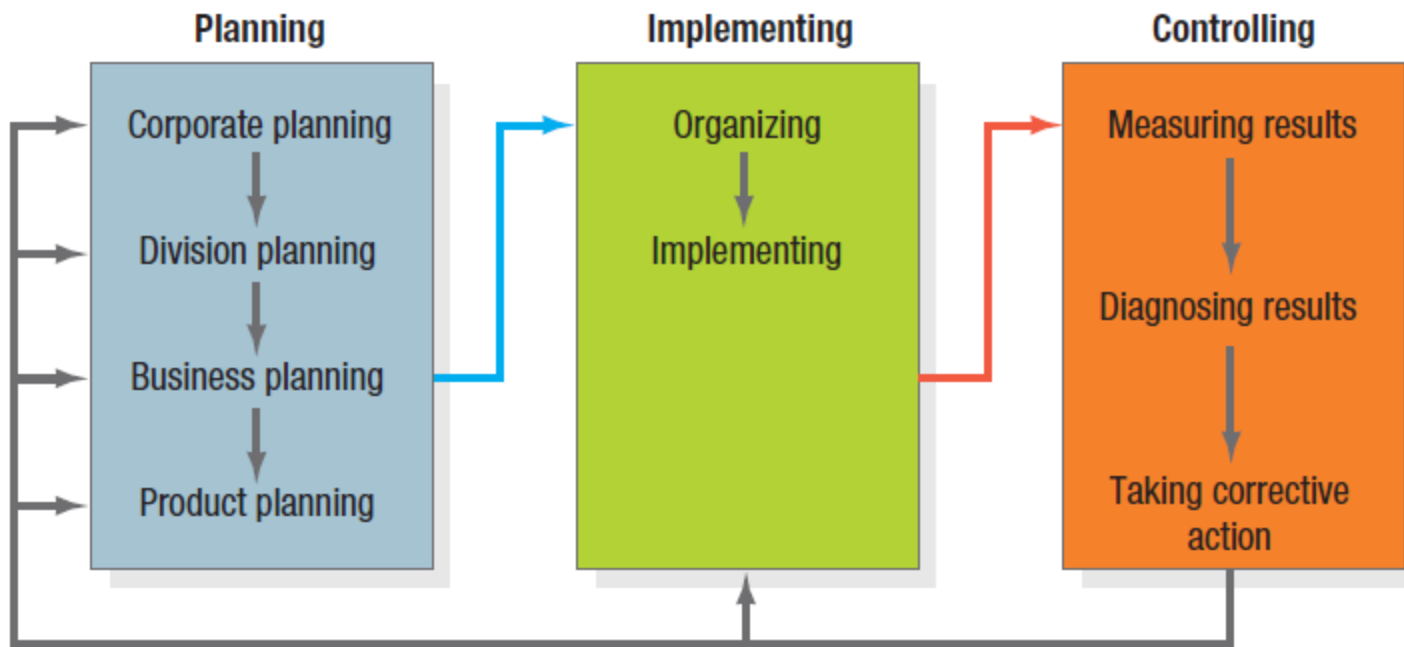
Questions to Address in Holistic Marketing

What value opportunities are available?

How can we create new value offerings efficiently?

How can we delivery the new offerings efficiently?

Figure 2.1 The Strategic Planning, Implementation, and Control Processes



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Table 2.1 Master Marketers

Amazon.com	Google	Sony
Bang & Olufsen	Honda	Southwest Airlines
Barnes & Noble	IKEA	Starbucks
Best Buy	LEGO	Target
BMW	McDonald's	Tesco
Canon	Nike	Toyota
Club Med	Nokia	Virgin
Costco	Nordstrom	Walmart
Disney	Procter & Gamble	
eBay	Progressive Insurance	
Electrolux	Ritz-Carlton	
Enterprise Rent-A-Car	Samsung	



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 a 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



Table 2.2

Major Competitive Spheres

- Industry
- Products
- Competence
- Market segment
- Vertical channels
- Geographic

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



Dimensions Define a Business

Customer Groups

Customer Needs

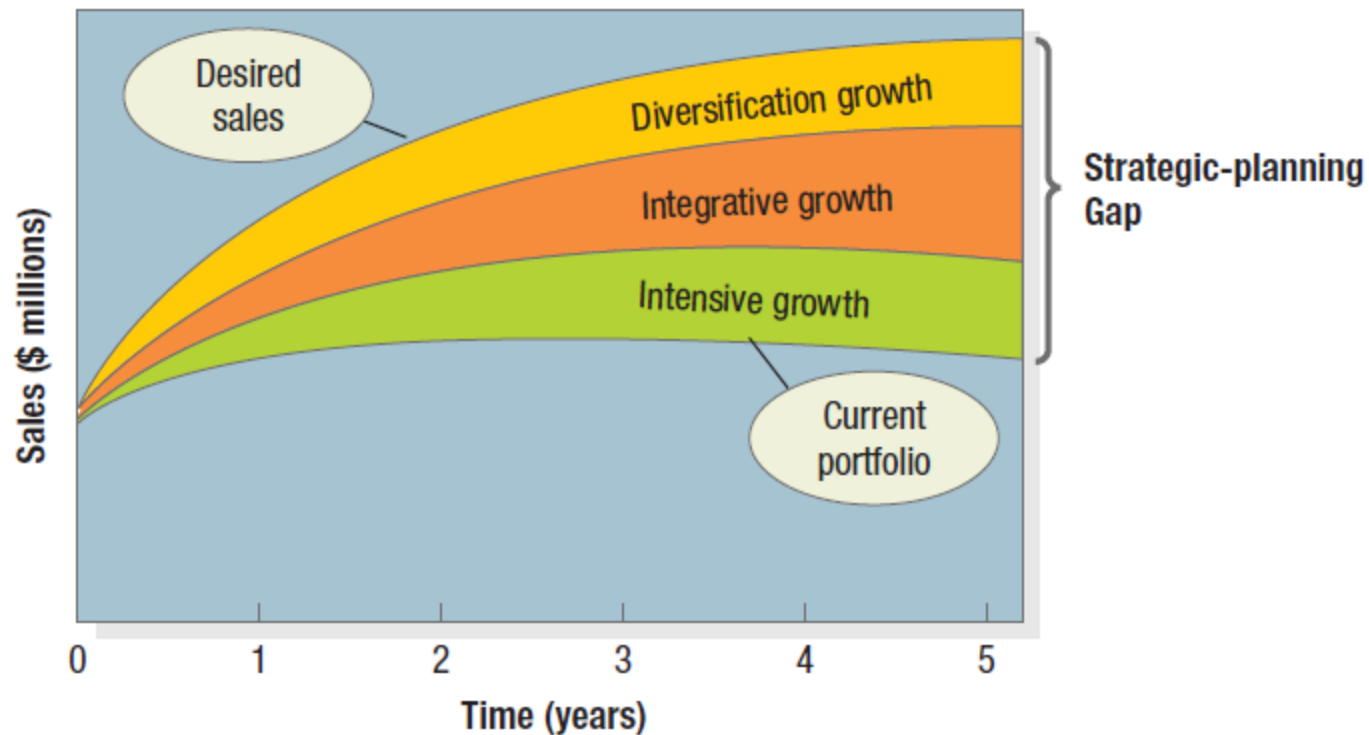
Technology

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

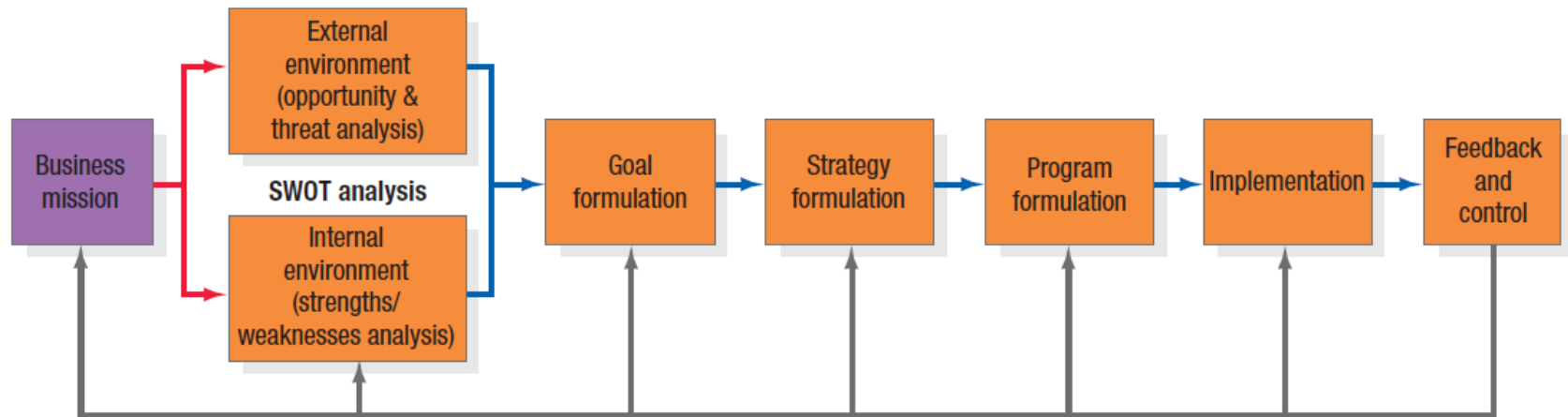




What is Corporate Culture?

Corporate culture is the shared experiences, stories, beliefs, and norms that characterize an organization.

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?

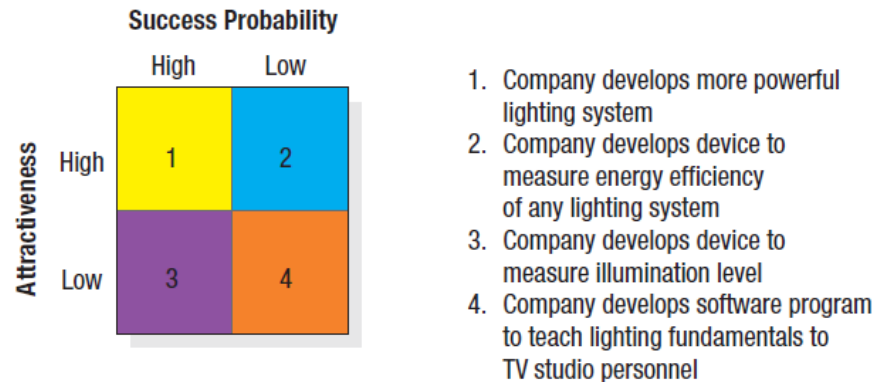
Market Opportunity Analysis (MOA)

- 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?

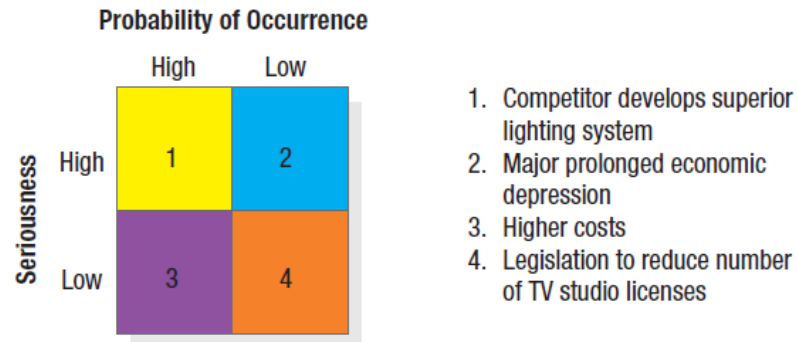
Figure 2.4

Opportunity and Threat Matrices

(a) Opportunity Matrix



(b) Threat Matrix





Goal Formulation and MBO

- Unit's objectives must be hierarchical
- Objectives should be quantitative
- Goals should be realistic
- Objectives must be consistent



Porter's Generic Strategies

Overall cost leadership

Differentiation

Focus

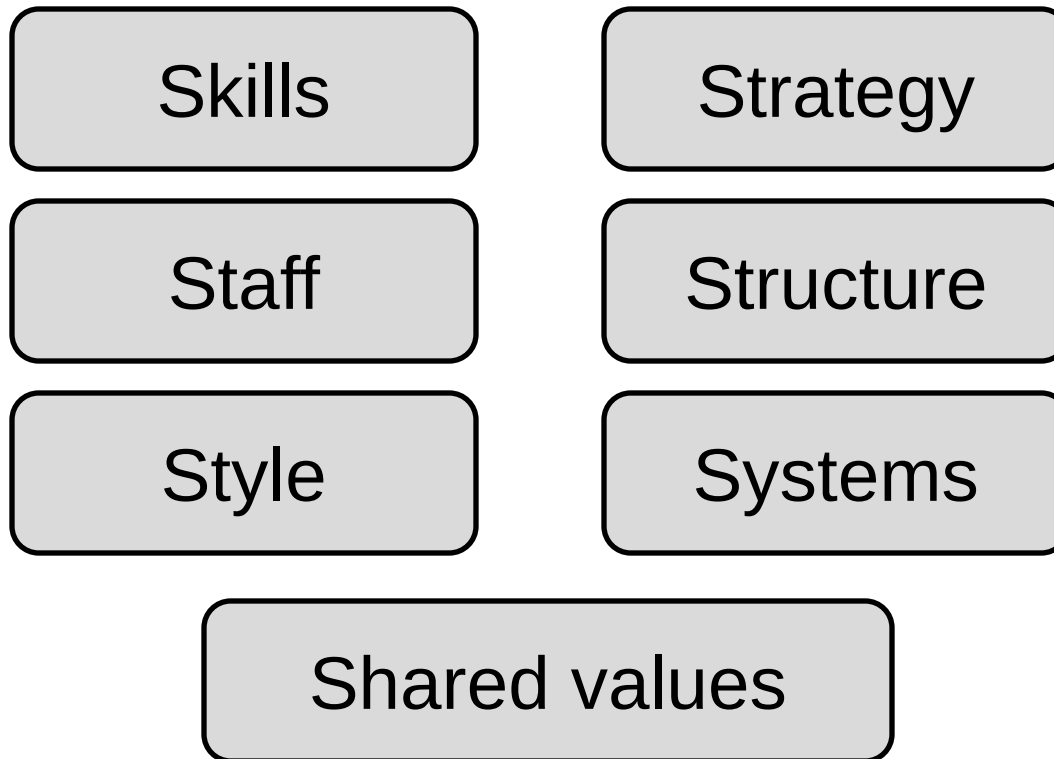


Categories of Marketing Alliances

- Product or service alliance
- Promotional alliance
- Logistics alliances
- Pricing collaborations



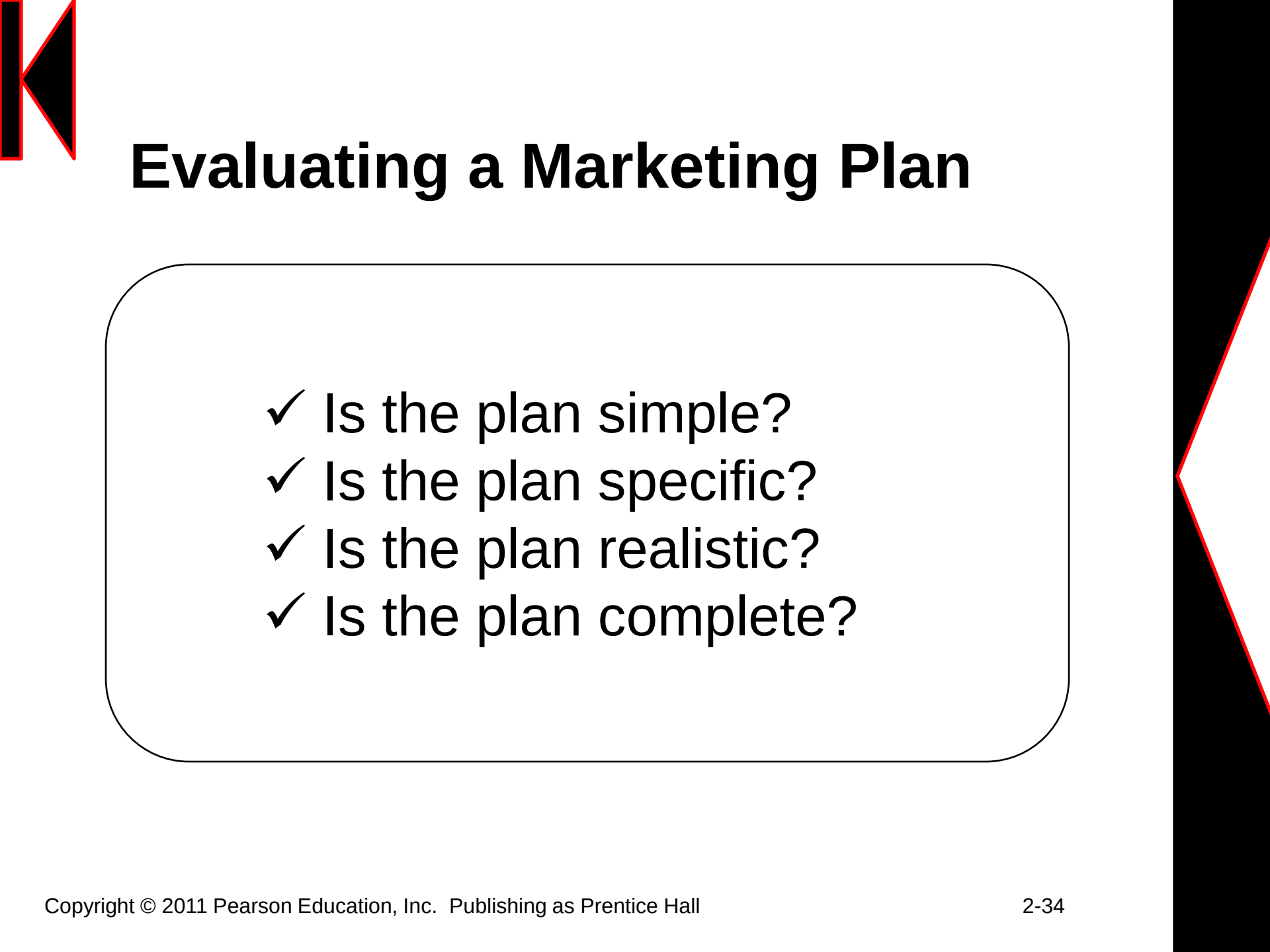
McKinsey's Elements of Success





Marketing Plan Contents

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



Evaluating a Marketing Plan

- ✓ Is the plan simple?
- ✓ Is the plan specific?
- ✓ Is the plan realistic?
- ✓ Is the plan complete?



For Review

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- What does a marketing plan include?