



MILLIONS

MANAGEMENT SOLUTIONS

Marketing Management SUMMARY

Chapter 2 Strategic Market Planning

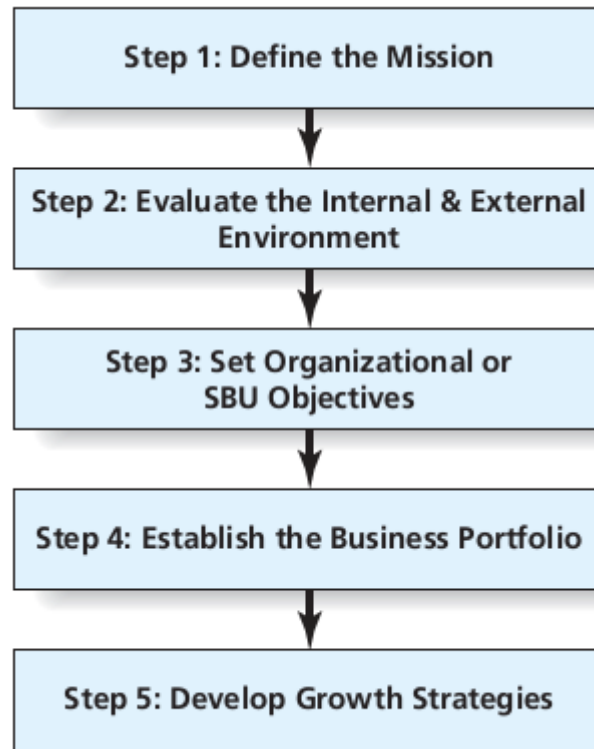
Chapter 2 - Strategic Market Planning

Business Planning: Compose the Big Picture

- Careful planning enables a firm to help customers understand **what the firm is** and **what it has to offer** that competitors don't—especially
- **Business Planning** - Ongoing process of making decisions that guides the firm both in the short term and for the long term,
 - **Identifies/Builds on firm's strengths**
 - **Help Managers make informed decisions**
 - **Develops objectives before action is taken.**
- **Business Plan** - A plan that includes the decision that guide the entire organization.
- **Marketing Plan** - a document that describes the marketing environment, outlines the marketing objectives and strategy, and identifies who will be responsible for carrying out each part of the marketing strategy.
- **Business ethics** - Basic values that guide a firm's behavior
- **Code of Ethics** - Written standards of behavior to which everyone in the organization must subscribe
- **Three levels of Planning**
 - **Strategic Planning** - Managerial decision process that matches firm's resources and capabilities to its market opportunities for long-term growth and survival - done by **Top Level Corporate Management**
 - **Mission, Objectives, Business Portfolio, Growth Strategy** Is defined
 - **SBU** - Individual units within the firm that operate like separate businesses, with each having its own mission, business objectives, resources, managers and competitors
 - **Functional Planning** - A decision process that concentrates on developing detailed plans for strategies and tactics for the short term, supporting an organization's long-term strategic plan.
 - **Broad 3-5 year plan to support the strategic plan**
 - **Detailed annual plan**
 - **Operational Planning** - A Decision process that focuses on developing detailed plans for day-to-day activities that carry out an organization's functional plans

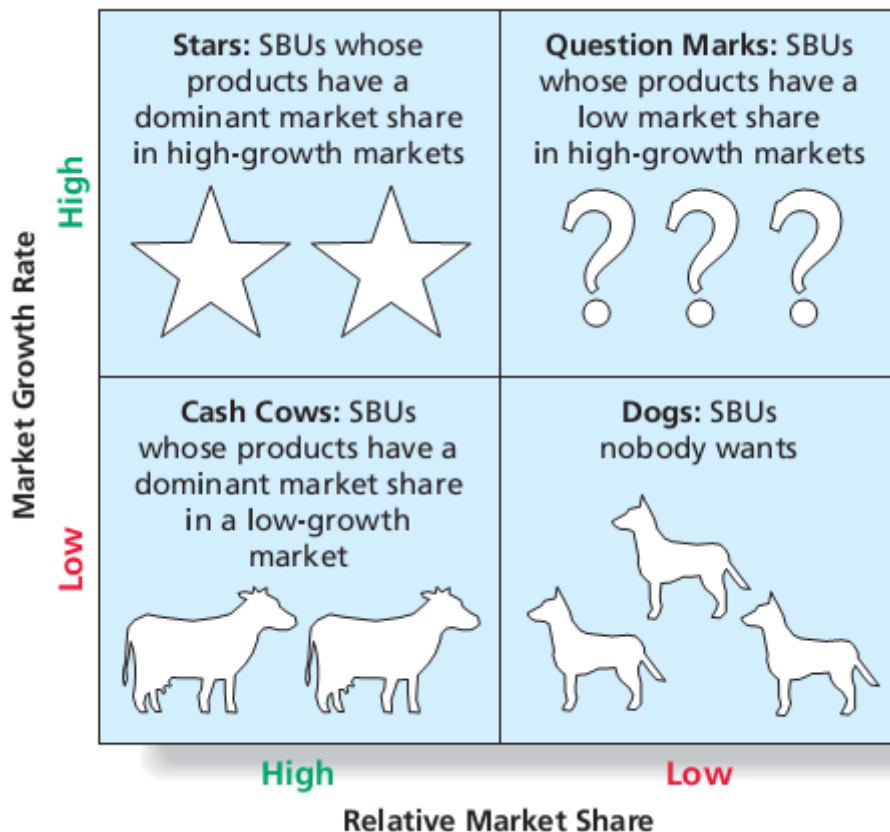
Strategic Planning : Frame the Picture

- Strategic planning is done at both corporate and SBU levels, the planning steps :



- **Step 1 : Define the Mission**
 - **Mission Statement;** A formal document that describes the firms overall purpose and what it hopes to achieve in terms of its customers, products and resources
 - **Key Question in Determining Mission :**
 - What business are we in?
 - What customers should we serve?
 - How do we develop firm's capabilities and focus its efforts?
- **Step 2 : Evaluate the Internal and External Environment**
 - **Situational Analysis** - An assessment of firm's internal (Strengths and Weaknesses) and External Environments (Opportunities and Threats)
 - **Internal Environment** - All Controllable elements inside a firm that influence how well the firm operates. Ex : Human Capital, Technologies
 - **External Environment** - Uncontrollable Elements outside the firm that may affect it either positively or negatively. Ex : Economic, Competitive, Legal trends

- **SWOT Analysis** - enables firm to develop strategies that maximize strengths and capitalize upon opportunities
- **Step 3 : Set Organizational or SBU Objectives** - What the firm hopes to accomplish with long-range business plan
 - Objectives need to be specific, measurable, attainable and sustainable.
- **Step 4 : Establish the Business Portfolio**
 - **Business Portfolio** - The group of different products or brands owned by a firm and having different income-generating and growth capabilities
 - **Portfolio Analysis** - Assesses the potential of a firm's SBUs whether they should receive more or less of the firm's resources using **BCG growth-market share matrix - aid financial resource allocation.**



- **Market Growth Rate** - Market Attractiveness & **Relative Market Share** - Company Strength in Market
- **Strategies used**
 - **Building** - For Question Marks, requires substantial resource investment, if limited better allocated to Stars

- **Hold** - For Cash Cow need less investment, to maintain market share
 - **Harvesting** - Milking the “Cash Cow” Money or continue life of “dog”
 - **Divesting** - The business cut off the life of “dog”
- **Step 5 : Develop Growth Strategies**
- **Product-Market Growth Matrix** - Characterizes different growth strategies according to type of market and type of product

		Product Emphasis	
		Existing Products	New Products
Market Emphasis	Existing Markets	Market penetration strategy • Seek to increase sales of existing products to existing markets	Product development strategy • Create growth by selling new products in existing markets
	New Markets	Market development strategy • Introduce existing products to new markets	Diversification strategy • Emphasize both new products and new markets to achieve growth

Marketing Planning : Select the Camera Setting



- **Step 1 : Perform a Situation Analysis** - builds on SWOT; identifies how environmental trends affect the marketing plan.
- **Step 2 : Set Marketing Objectives** - Specific to firm's brands; States what marketing function must accomplish if firm is to achieve its overall business objectives
- **Step 3 : Develop Marketing Strategies** - Select **Target Market & Develop Marketing Mix Strategies**
 - **Product Strategies** - Decision such as product design, packaging, branding and support service, key benefits and attributes.
 - **Pricing Strategies** - Determine how much a firm charges for a product.
 - **Promotion Strategies** - How Marketers communicate product's value proposition to target market. Using ads, sales promotion, direct marketing, personal selling.
 - **Distribution Strategies** - How, When, and where the product is available to targeted customers
- **Step 4 : Implement and Control the Marketing Plan** - What degree they actually meet their stated marketing objectives
 - **Control** : Measuring actual performance, comparing performance to the objectives, making adjustments.
 - Managers select Marketing metrics to be measured as part of formal control process. Measured in **Return on Marketing Investment** (Revenue or profit margin generated by investment in a specific marketing program divided by the cost - Such as Customer Acquisition Cost, Customer retention rate, Customer turnover rates)
 - How does the implementation and control step actually manifest itself within a marketing plan? One very convenient way is through the inclusion of a series of **action plans** that support the various marketing objectives and strategies within the plan **at operational level**. Help Managers when they need to **assign responsibilities, time lines, budgets and measurement and control processes for marketing planning**.
- **Operational Plans** - Plans that focus on the day-to-day execution of marketing Plan. Include detailed directions for the specific activities to be carried out, who will be responsible for them and time lines for accomplishing task.