

Principles of Marketing

5-1

Session 7

Strategic Planning and Marketing Process

Text: Chapter 2, Appendix 2



對外經濟貿易大學

国际商学院 市场营销学系

Outline

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- I. Discussion on Strategy**
- II. What is Strategic Planning**
- III. Steps in Strategic Planning**
- IV. Planning Functional Strategies**



I. Discussion on Strategy

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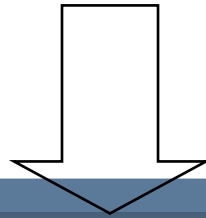
- 1. What is Strategy?**
- 2. Competitive Strategies in Different Positions**
- 3. Three Generic Strategies**
- 4. The Five Determinants of Industry Profitability**
- 5. Alternative Views of Strategy**



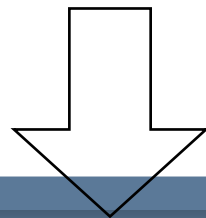
1. What is Strategy?

5-4

Where I am?



Where I am going?



How to go there?



2. Competitive Strategies for Marketers in Different Positions

5-5

- **Market Leader**
- **Market Challenger**
- **Market Follower**
- **Market Nicher**



3. *Three Generic Strategies*

5-6

- **Cost leadership**
- **Differentiation**
- **Focus**

Michael E. Porter



Generic Strategies

5-7

TARGET MARKET

Narrow

Broad

**Product
Mix
Width**

Narrow

Wide

Focused
Differentiation

Product
Differentiation

Cost
Focus

Cost
Leadership

Michael E. Porter

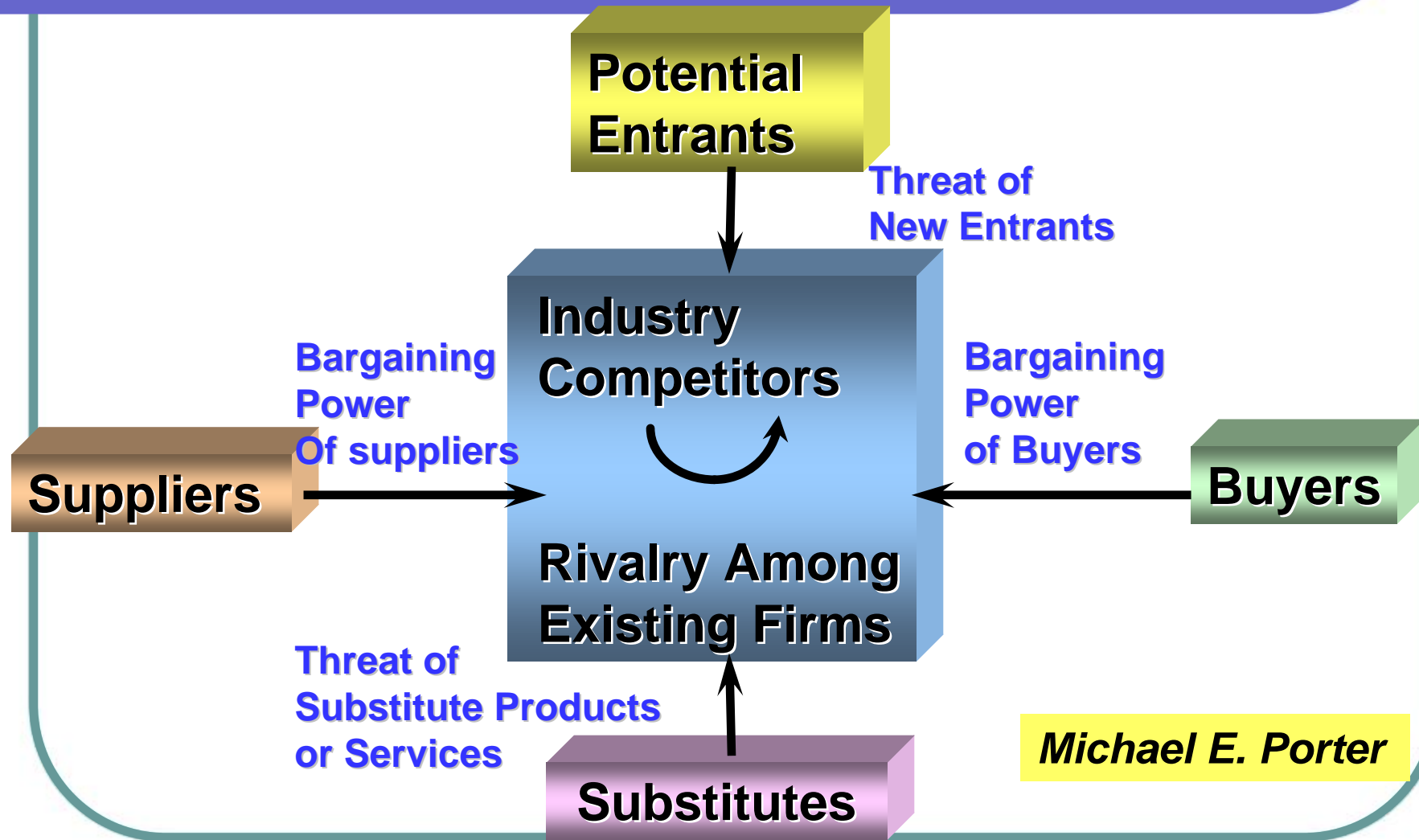


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4. The Five Competitive Forces that Determine Industry Profitability

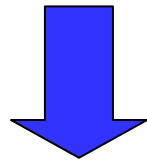
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5. Alternative Views of Strategy

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Adaptive view: seeking of a fit between company and its environment by a series of analysis tools (SWOT, BCG...).



Resources-based view: seeking of flexibility and learning ability of company in order to be proactive with the environmental changes.



II. What is Strategic Planning?

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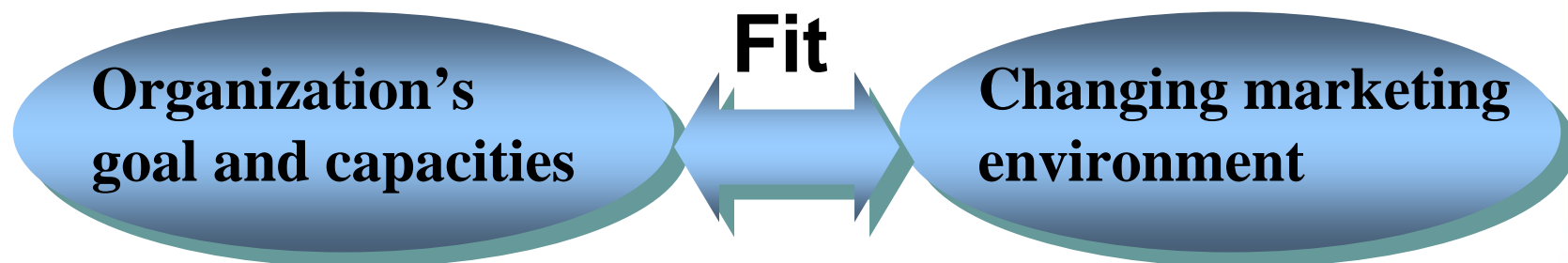
- 1. Strategic Planning Defined**
- 2. Key Factors to Success**
- 3. Limitation of Strategic Planning**



1. Strategic Planning Defined

5-11

The process of developing and maintaining a strategic *fit* between the organization's goals and capabilities and its changing marketing opportunities.



2. Key Factors to Success

5—12

After a long time of consideration, it is getting clear that the following factors are indispensable to success:

- **Strategic Intent**
- **Organization Structure**
- **Economy Logic**



3. Limitation of S. Planning

5-13

Since the marketing environment is becoming more and more uncertain (measured by the rate of change) and complex (measured by the extent to which the company' s activities are involved), the strategic planning is often questioned about.

“Ultimately the term ‘strategic planning’ has proved to be an oxymoron.” (Mintzberg)



III. Steps in Strategic Planning

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Corporate Level

Defining the
Company Mission

Defining Company
Objectives and Goals

Designing the
Business Portfolio

Business Level

Planning, Marketing and
Other Functional Strategies



Characteristics of Good Mission Statements:

- **Vision**
- **Market Oriented**
- **Realistic**
- **Specific**
- **Distinctive Competencies**
- **Motivating**

Ericsson's Mission Statement

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Ericsson's mission is to understand our customer's opportunities and needs and to provide communication solutions better than any competitor. In doing this, Ericsson can offer its shareholders a competitive return on their investment.

— **Ericsson's Home**

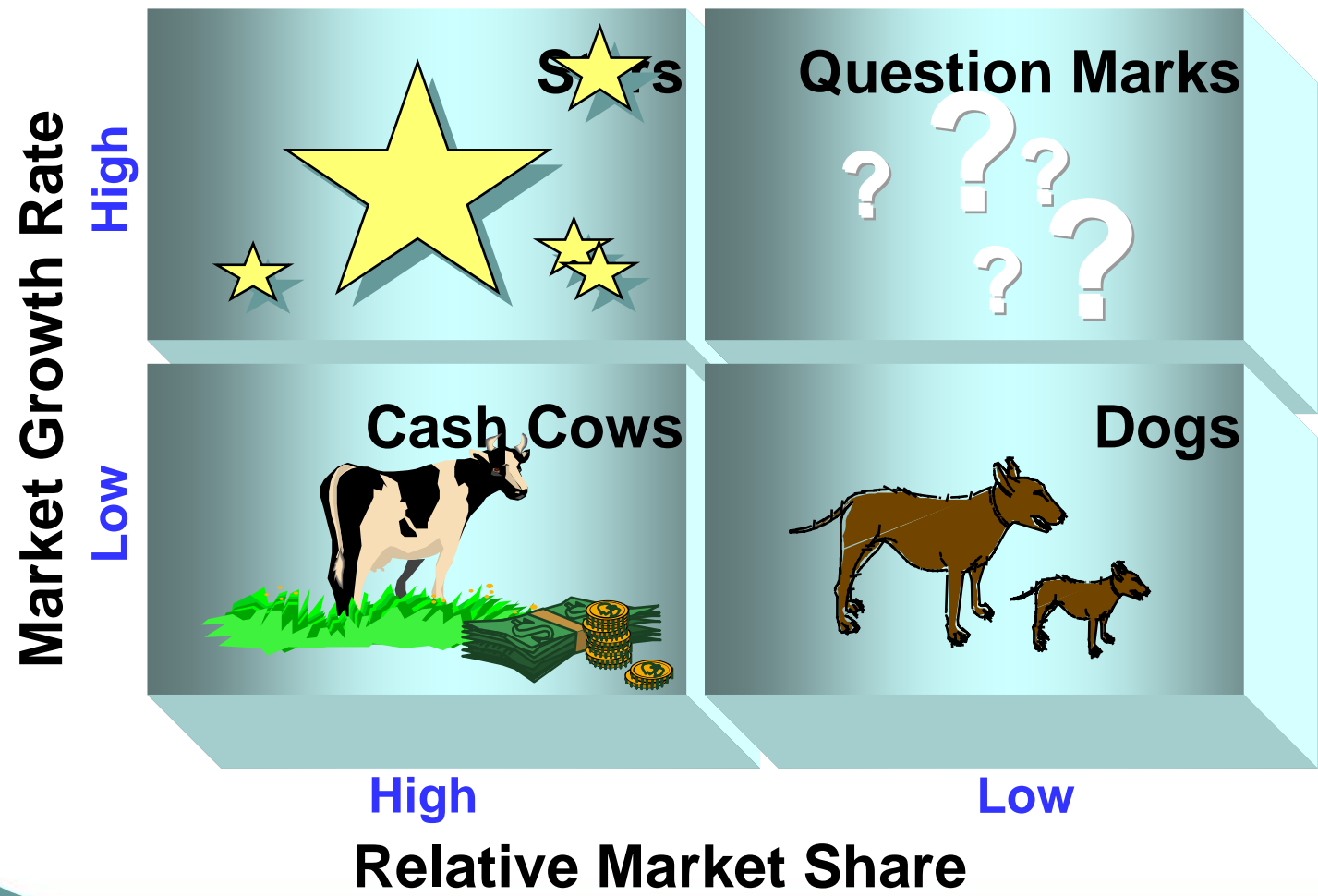
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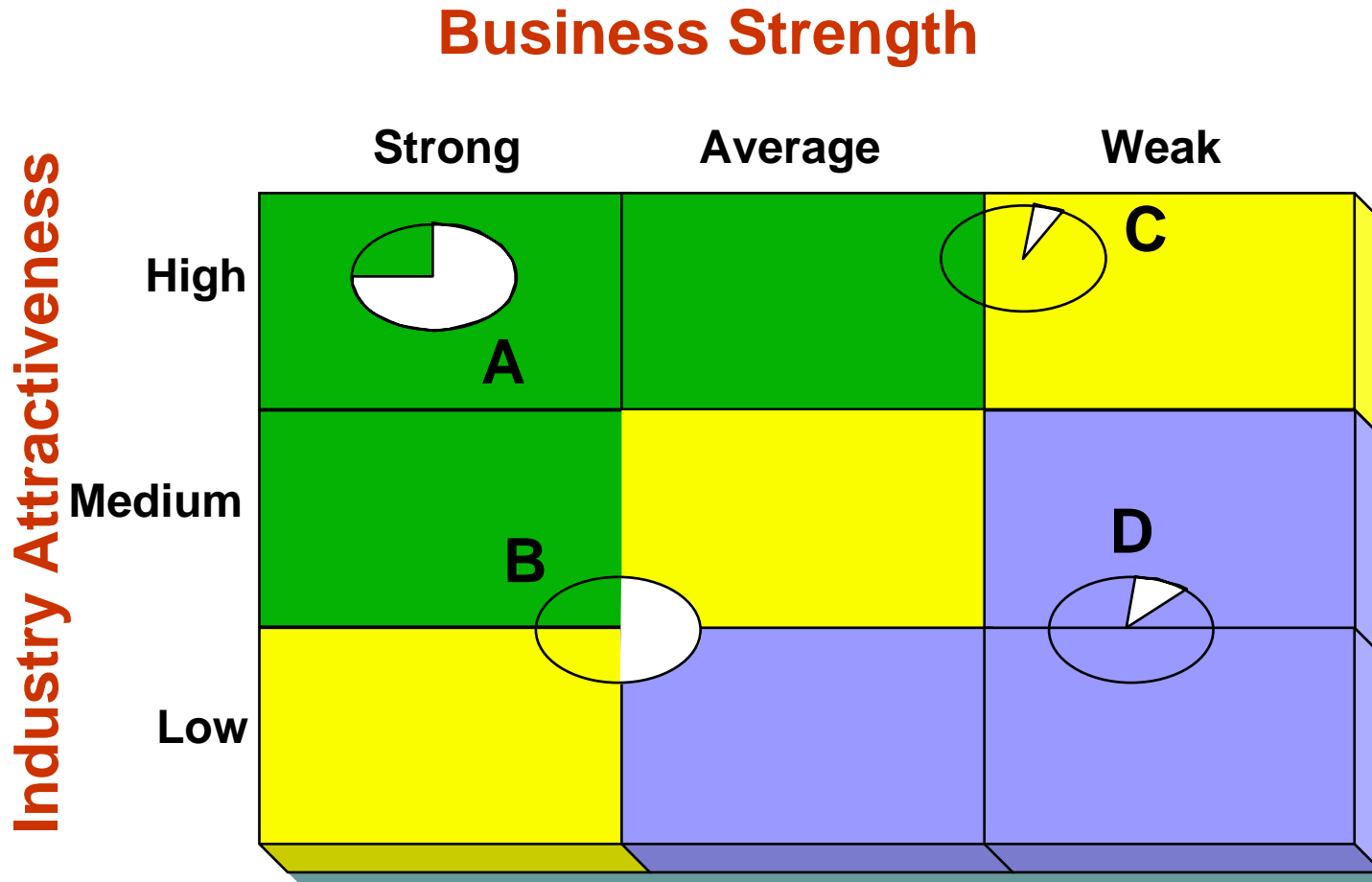
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The BCG Growth-Share Matrix



The GE S. BIZ-Planning Grid

5-18



The GE Planning Grid vs. BCG Matrix

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**More complex,
reflecting combined factors:**

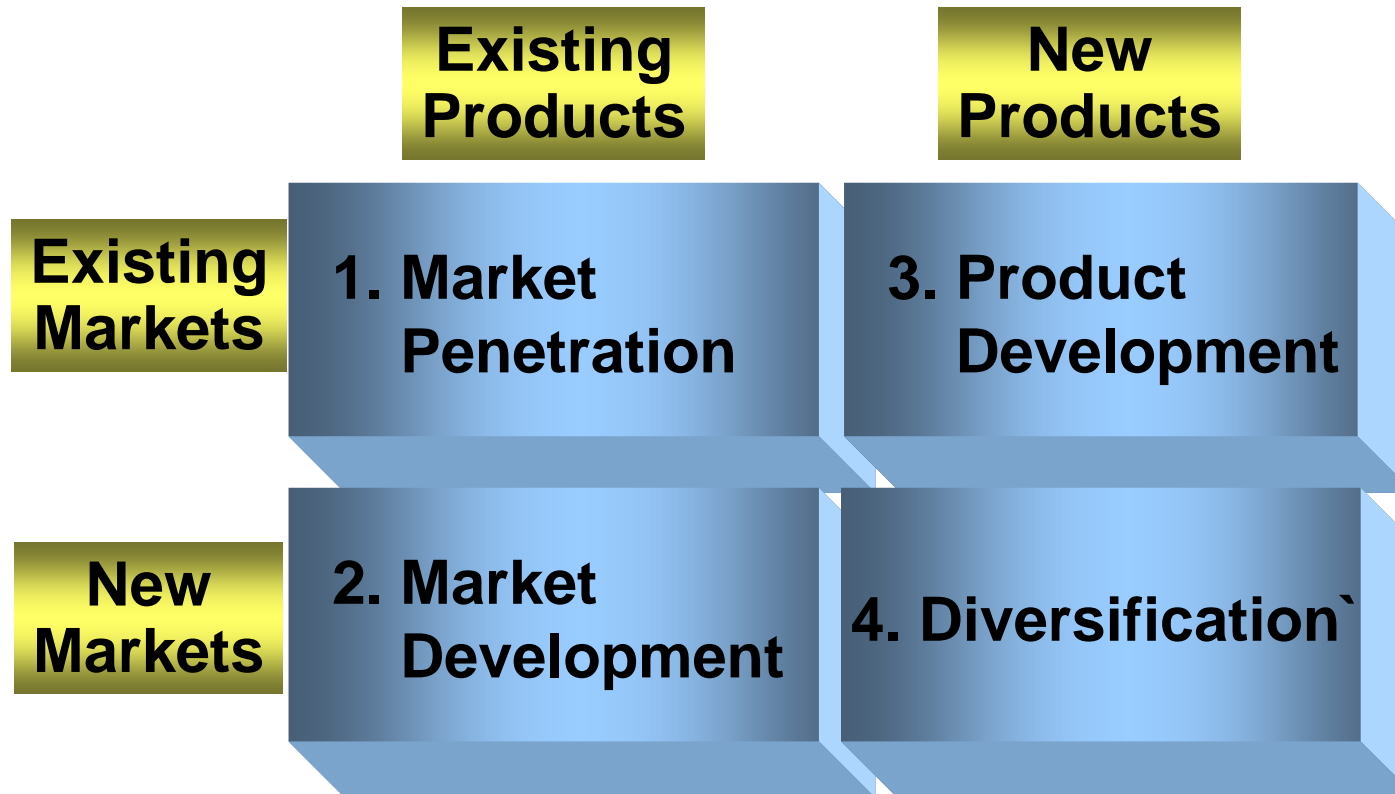
- relative market share
- market growth rate
- market size
- industry profit margin
- amount of competitors
- business strength

Less often used



Product / Market Expansion Grid

5-20



IV. Planning Functional Strategies

5-21

- **Guiding Philosophy**
- **Inputs to Planning**
- **Strategy Design**



Strategic Decisions of Marketing

5-22

**Demand
Forecasting**



**Market
Segmentation**



**Market
Targeting**

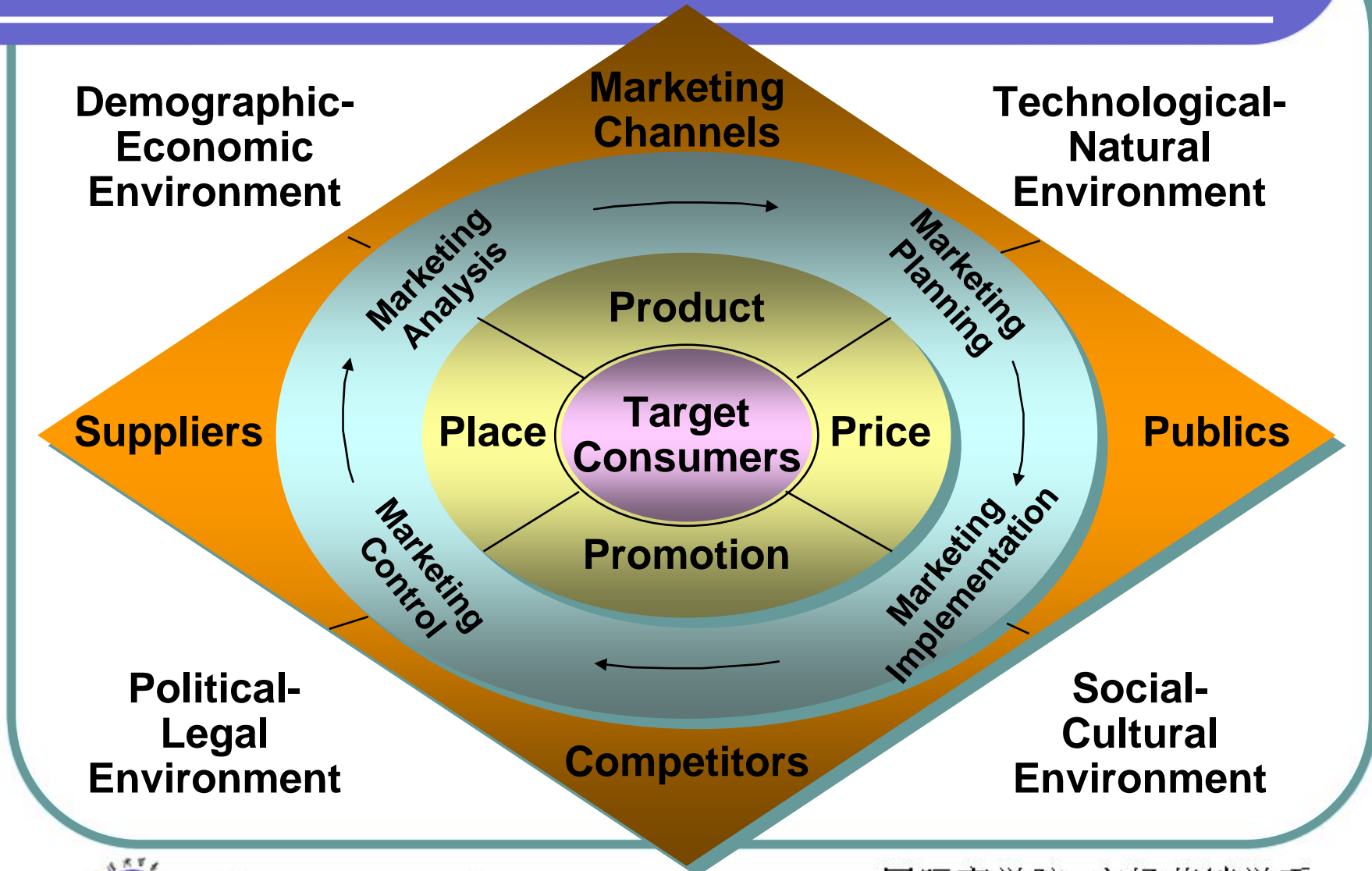


**Market
Positioning**



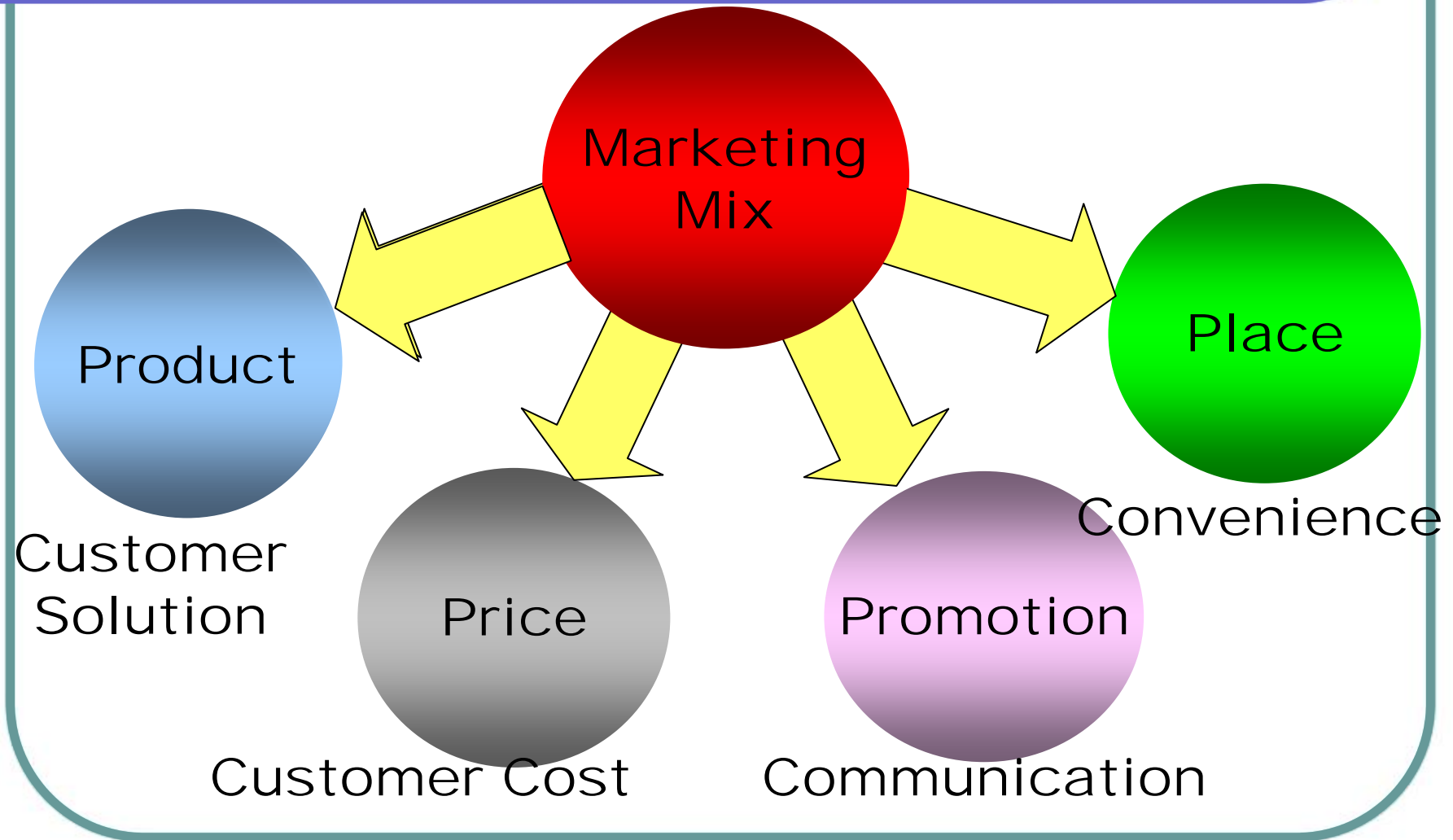
The Marketing Process at the Functional Level

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The Four Ps -- The Four Cs

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Extended Marketing Mix

PRODUCT

- Variety
- Quality
- Design
- Features
- Brand name
- Packaging
- Sizes
- Add-ons
- Warranties
- Returns

PRICE

- List price
- Discounts
- Allowances
- Settlement and credit terms

PEOPLE

People interacting with people is how many service situations might be described. Relationships are important in marketing

PROCESS

In the case of high-contact services, customers are involved in the process. Technology is also important in conversion operations and service delivery



PROMOTION

- Advertising
- Personal selling
- Direct marketing
- Synchronous marketing

PLACEMENT
for customer service

- Demand chain management
- Logistics management
- Channel management

PHYSICAL EVIDENCE

Services are mostly intangible. The meaning of other tools and techniques used in measures of satisfaction are important

Marketing Plan

5—26

Executive Summary

Market Situation Analysis

SWOT Analysis

Marketing Objectives

Marketing Strategy

Action Programs

Budgets

Controls



Questions

5-27

- 1. What's the position of business portfolio analysis as related to the planning of marketing mix?**
- 2. How do you evaluate the diversification of many Chinese home appliance companies into the computer industry in the early 2000's? (cont.)**



Questions

5-28

3. To predict for the outcome for 力帆、波导、小天鹅's entry into automobile industry, what key factors or information do you need to know?

