

Session 7

Strategic Planning and Marketing Process

Text: Chapter 2, Appendix 2



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

I. Discussion on Strategy

5-3

- 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



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

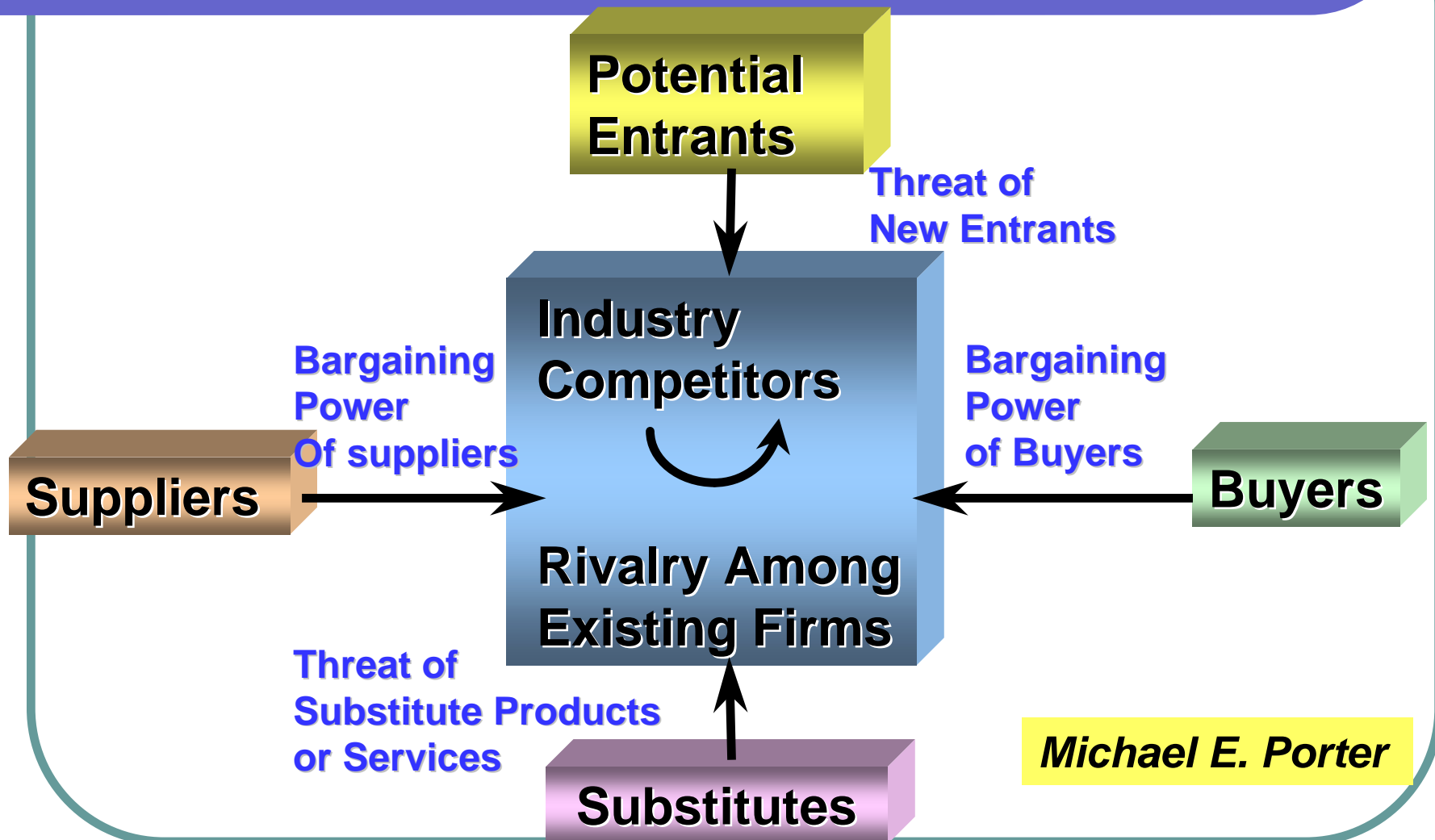
Focused Differentiation	Product Differentiation
Cost Focus	Cost Leadership

Michael E. Porter



4. The Five Competitive Forces that Determine Industry Profitability

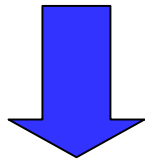
5-8



5. Alternative Views of Strategy

5-9

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?

5-10

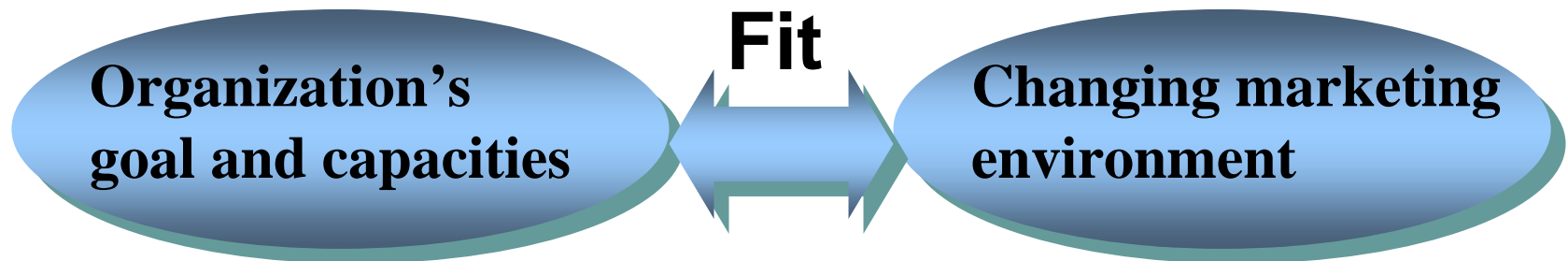
- 1. Strategic Planning Defined**
- 2. Key Factors to Success**
- 3. Limitation of Strategic Planning**



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

5-14



Characteristics of Good Mission Statements:

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

Ericsson's Mission Statement

5-16

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

Page, July 1998



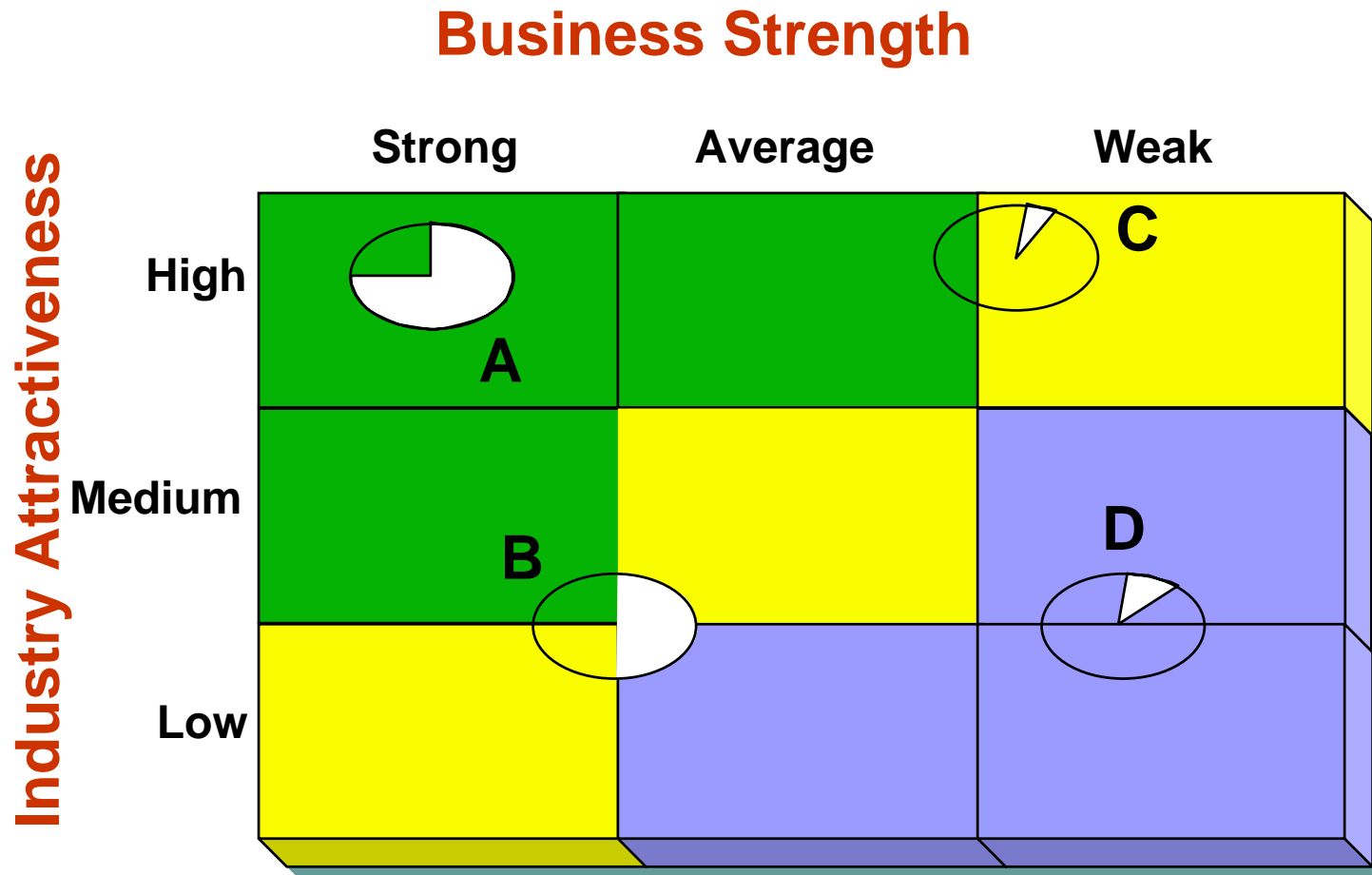
The BCG Growth-Share Matrix

5-17



The GE S. BIZ-Planning Grid

5-18



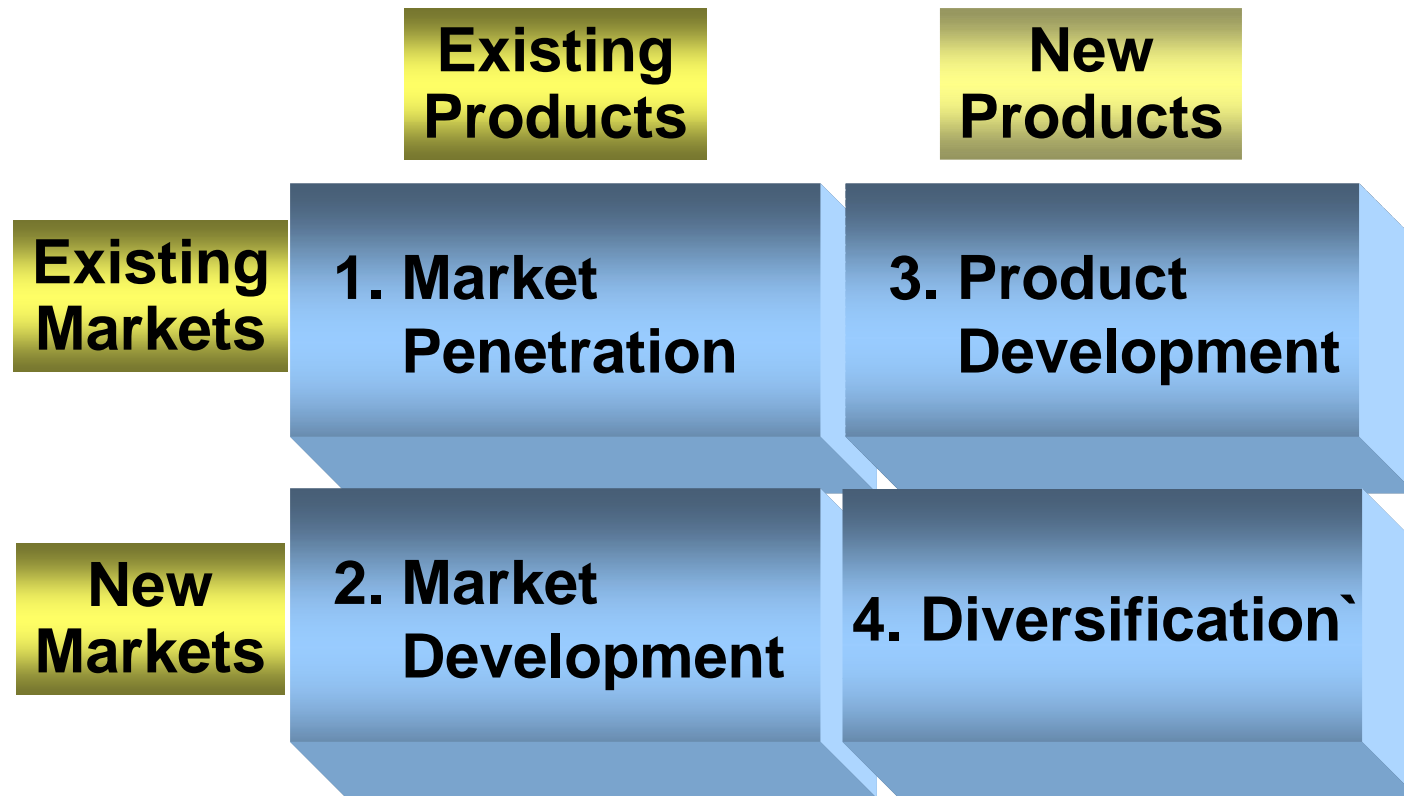
**More complex,
reflecting combined factors:**

- **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



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

Strategic Decisions of Marketing

5-22

**Demand
Forecasting**

```
graph TD; A[Demand Forecasting] --> B[Market Segmentation]; B --> C[Market Targeting]; C --> D[Market Positioning];
```

**Market
Segmentation**

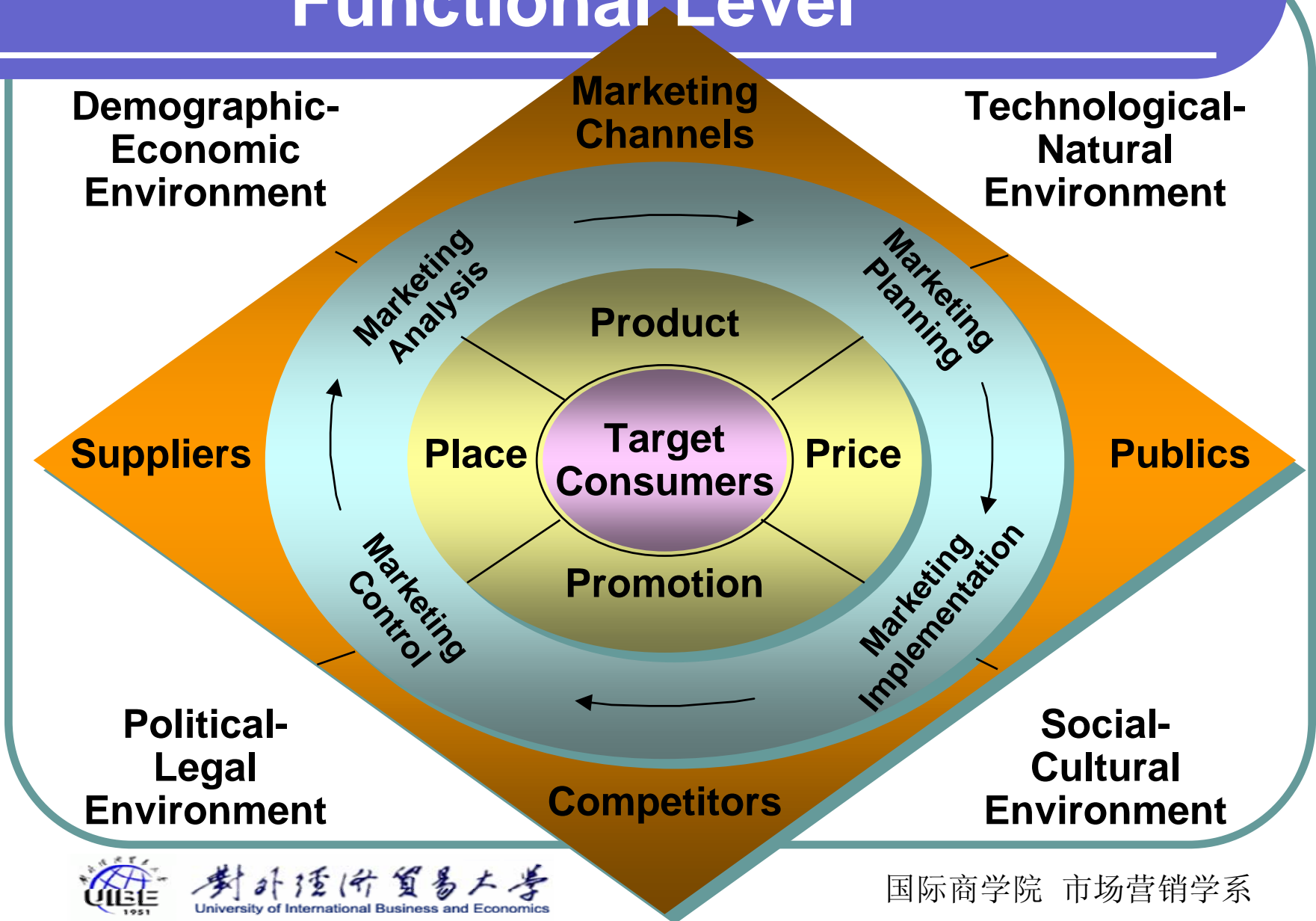
**Market
Targeting**

**Market
Positioning**



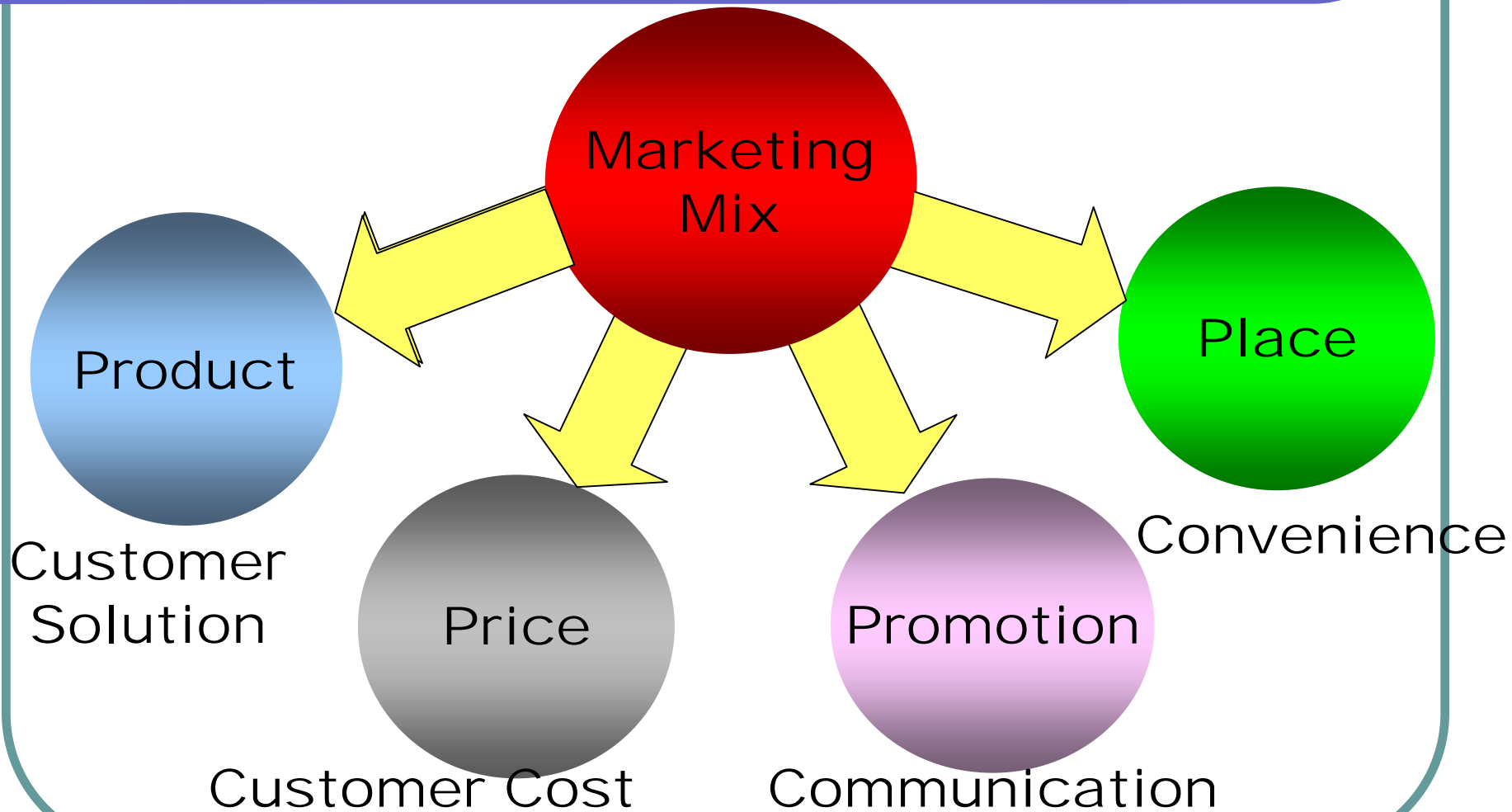
The Marketing Process at the Functional Level

5-23



The Four Ps -- The Four Cs

5-24



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

TARGET CUSTOMERS

INTENDED POSITIONING

PROCESS

In the case of 感知-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.)**

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?