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
Other Views

- Kumar’s “3Vs”
  - Define the value segment or customers (and their needs)
  - Define the value proposition
  - Define the value network to deliver promised service

- Webster—Marketing is:
  - Value-defining process like market research
  - Value-developing processes including new-product development, sourcing strategy, and vendor selection
  - Value-delivering processes such as advertising and managing distribution

The Value Chain (figure 2.1)

Core Business Processes

- The market sensing process
- The new offering realization process
- The customer acquisition process
- The customer relationship management process
- The fulfillment management process

Characteristics of Core Competencies

- A source of competitive advantage
- Applications in a wide variety of markets
- Difficult for competitors to imitate
Holistic Marketing Orientation and Customer Value (figure 2.2)

- **Value exploration**: How can a company identify new value opportunities? (Customer Focus)
- **Value creation**: How can a company efficiently create more promising new value offerings? (Core Competencies)
- **Value delivery**: How can a company use its capabilities and infrastructure to deliver the new value offerings more efficiently? (Collaborative Network)

Determinants of Customer Delivered Value

| Image value | Total customer value | Customer delivered (Net) value |
| Personnel value | | |
| Services value | | |
| Product value | | |
| Monetary cost | Total customer cost | |
| Time cost | | |
| Energy cost | | |
| Psychic cost | | |

Strategic Planning

**Central Role:**
- Managing a company’s businesses as an investment portfolio
- Assessing each business's strength
- Establishing a strategy to achieve its long-run objectives

**Four Organizational Levels**
- Corporate, Divisional, SBU, & Product
Corporate & Division Strategic Planning

Corporate Planning Activities
- Defining the corporate mission
- Establishing strategic business units
- Assigning resources to each unit
- Assessing growth opportunities

Good Mission Statements:
- Limited number of goals
- Stress major policies & values
- Define competitive spheres:
  Industry scope, products and application scope, competence scope, market-segment scope, vertical scope, and geographical scope.
Characteristics of an SBU
- Single business or collection of related businesses
- Own set of competitors
- Manager responsible for strategic planning and profit performance

Assessing Growth Opportunities
- Intensive Growth
- Integrative Growth: Backward, horizontal, forward
- Diversification Growth: Concentric, horizontal, and conglomerate

Figure 2.5: The Business Unit Strategic-Planning Process
- Strategy formulation: Overall cost leadership, differentiation, focus.
Marketing Plan

• Central instrument for directing and coordinating the marketing effort
• Two levels:
  • Strategic marketing plan—lays out the firm’s target markets and value propositions, based on the best market opportunities.
  • Tactical marketing plan—specifies the marketing tactics, including product features, promotion, pricing, and service.

Marketing Opportunity

• An area of buyer need and interest that a company has a high probability of profitably satisfying.
• Sources:
  • Supply something that is in short supply
  • Supply an existing product or service in a new or superior way
  • Totally new offering

Environmental Threat

• Challenge posed by an unfavorable trend or development that would lead, in the absence of defensive marketing action, to lower sales or profit.

Effective Goal Formulation

• Arranged hierarchically from most to least important
• Stated quantitatively
• Realistic
• Consistent
Marketing Metrics and Marketing Dashboards

- **Marketing metrics** is the set of measures that helps marketers quantify, compare, and interpret marketing performance.
- **Marketing dashboard** is a visual display of real-time indicators that summarize a set of relevant internal and external measures to ensure proper functioning.

Measuring Marketing Plan Performance

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

Marketing Plan Contents

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

Review the sample marketing plan (available on course homepage)