Marketing Strategy

A. Companywide Strategic Planning

1. Mission

2. Goals and Objectives

3. Strategies / Business Portfolio

1. Company Mission

- Serves as a guide for what the organization wants to accomplish:
  - what's our business? who is our customer? what do customers value?

- A good mission statement should be:
  - market-oriented rather than product-oriented -- see next slide
  - realistic and specific (neither too broad, nor too narrow)
  - fit the environment, based on company competencies
  - motivating for employees

Ex: Mission Statement (Business Definition)

Company | Product-Oriented (if) | Market-Oriented (actual)
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SHISEIDO | We make cosmetics | … We inspire a life of beauty and culture …
eBay | We hold online auctions | We provide a global marketplace where practically anyone can trade practically anything.
**Mission, Goals, Objectives**

**Mission:** As the trusted leader in nutrition and wellness, Heinz is dedicated to sustainable health of people, the planet, and our company.

**Main Objectives:**
- build profitable customer relationships by developing foods superior in quality, taste, nutrition, and convenience
- improve profits • increase sales, reduce costs? international markets?

**Strategies:**
- broaden product lines
- increase product availability and promotion in existing markets
- expand into new markets

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**3. Strategies: (i) Business Portfolio**

The best business portfolio is the one that best fits the company’s strengths and weaknesses to the opportunities in the environment.

The company must:
- analyze its current business portfolio or Strategic Business Units (SBU)
- decide which SBU’s should receive more, less, or no investment
- decide which SBU’s to drop
- develop growth strategies -- adding new products / SBUs

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**Analyzing the Business Portfolio**

Boston Consulting Group (BCG) and GE/McKinsey are popular models

- **Health of an SBU?**
  - Industry Attractiveness
  - Strength of SBU in the industry / market

- **Health of a portfolio?**
  - a balanced mix of SBUs that fund future, high-share, high-profit SBUs

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**Boston Consulting Group Approach**

<table>
<thead>
<tr>
<th>Industry Attractiveness</th>
<th>Market Growth Rate</th>
<th>STARS</th>
<th>QUESTION MARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>High</td>
<td>Profit potential • May need heavy investment to grow or keep up</td>
<td>Requires cash to hold or increase market share • Build into Stars or phase out</td>
</tr>
<tr>
<td>Low</td>
<td>Low</td>
<td>CASH COWS</td>
<td>DOGS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Established, successful SBU’s • Produces cash</td>
<td>Low profit potential</td>
</tr>
</tbody>
</table>

High Relative Market Share Low
Strength of SBU in the industry
A “Healthy” Portfolio?

Modified BCG – “SBU size” added

A “Sick” Portfolio?

Critiques of the Portfolio Approach

- BCG: too simplistic
  
  Other approaches exist; but those are more “complex”
  
  requiring more information and effort

- focus is on the current businesses, less useful for future
  
  risky to take immediate decisions / actions based on BCG alone
3. Strategies: (ii) Growth

Product / Market Expansion Grid

<table>
<thead>
<tr>
<th>Existing Products</th>
<th>New Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Market Penetration</td>
<td>3. Product Development</td>
</tr>
</tbody>
</table>

Existing Markets

New Markets

B. Marketing Strategy

Companywide Planning & Mission

Customer Analysis

Competitor Analysis

Company Analysis

Channel Analysis

Opportunity Identification

Target Market Strategy

Marketing Mix

Marketing Objectives

Implementation & Evaluation

SWOT Analysis of the Company’s Situation

Positive

Negative

Internal

Strengths

Weaknesses

External

Opportunities

Threats

Target Market Strategy - STP Approach

- **Market Segmentation**: dividing into distinct groups of buyers (segments) with different needs
- **Market Targeting**: evaluating and selecting which segments to target
- **Positioning**: placing product(s) at a distinctive and desirable place in the minds of target buyers compared to competing products
The Marketing Mix (4 Ps)

- **Product**: what a company offers to a target market. Features, benefits, quality, design, packaging, name...

- **Place**: (Distribution) Company activities that make the product available to the buyers. Channels (wholesalers, distributors, retailers), logistics.

- **Price**: Amount of money that consumers have to pay to obtain the product. List prices, discounts, actual prices...

- **Promotion**: (Communication) Activities to persuade target market to buy the product. Advertising, sales promotion, personal selling, public relations, direct marketing.

Other Ways...

Customer Analysis  
Competitor Analysis  
Company Analysis  
Channel Analysis

Opportunity Identification

Target Market Strategy  
Developing Marketing Mix  
Marketing Objectives

Implementation & Evaluation

ANALYSIS  
PLANNING  
IMPLEMENTATION  
CONTROL

Example:

- **Target Market**: Fashion conscious young people
- **Marketing Mix**: 
  - comfortable fit, stylish, worn appearance
  - higher priced than mainstream brands
  - specialty stores, department stores, high end chains
  - ads often feature celebrities
  - special collaborations with notable media people

- **Positioning**: comfortable and fashionable (with a Mediterranean feel)