

## Marketing chapter one- Strategic marketing management

- All modern markets are dynamic
- Change is all over the place and consequently affects strategy
- Factors causing change: new products, modifications etc
- Multiple forces feed these changes → net technologies, rise of China and India, healthy living trends, energy crisis and political reform etc
- Complex markets make strategy and implementation very hard

Marketing strategists need to develop competencies around five management tasks

1. *Strategic analysis*-Up to date info on competition/customers/trends → resources to predict/convert to actions
2. *Innovation*-key to success → create innovational culture/SCA/apply it before others
3. *Multiple* businesses-channels/multinational/create connected silos → as alone causes misallocation of resources/ADAPT decentralization model in dynamic markets
4. *Creating a SCA*-easily copied → should be branded/leverage organization via multiple units/harder to copy!
5. *Developing growth platforms*-stretching organization creatively → exploit opportunities/adapt to changing circumstances/

### *Successful implementation key factors*

- Customer oriented
- Current, emerging and hidden motivations/unmet needs need to influence strategy
- → As this leads to VP'S that fill a unmet need/empty niches/ → relevant to the customer

## WHAT IS BUSINESS STRATEGY?

A Business-organizational unit has a defined strategy and manager with sales and profit responsibility from a variety of dimensions

Many units that relate to each other both Horizontally/vertically

Each Product market/unit(sub) has its own strategy depending on the type, geographic nature etc

Trade off-how many business units to operate

- Different strategies for different segments has its benefits
- Too many though → capacity issues/scale economy issues/

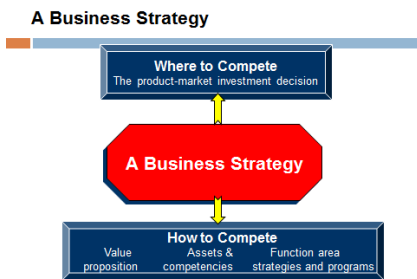
## A business strategy is defined in 4 dimensions

Where to compete

1. Product-market investment-

How to compete

2. Customer value proposition
3. Assets and competencies
4. Functional strategies and programs



- 1) Product Market investment strategy-which sectors should receive investment in resources and management attention? Which should have resources limited to /withdrawn?

Scope of a business- by the shit it offers ,markets it serves, competition it chooses and level of vertical integration

Product Market growth directions



## Expanding a business

**Pros**-achieve growth/vitality→lever to cope with dynamic market by exploiting opportunities given

**Cons**-as expansion further from core business→offering not unique→capacity problems→attention and resources that are taken away from the core business will weaken the business and its unique value offering for customers

Analysis leads to the following

- ☐ Invest to grow (or enter a product market)
- ☐ Invest only to maintain the existing position
- ☐ Milk the business by minimizing investment
- ☐ Recover as many of the assets as possible by liquidating or divesting the business

## HOW TO COMPETE

### Customer value proposition

- Offering needs to be relevant, appealing to customers→reflected in the positioning of the P&S
- Perceived benefit to customer(functional/emotional/social/self expressive)
- Must be Sustainable LT→differentiable from competition
- Value(walmart),innovative(3M)

### Assets and Competencies

Provide a SCA

**Strategic competency-**

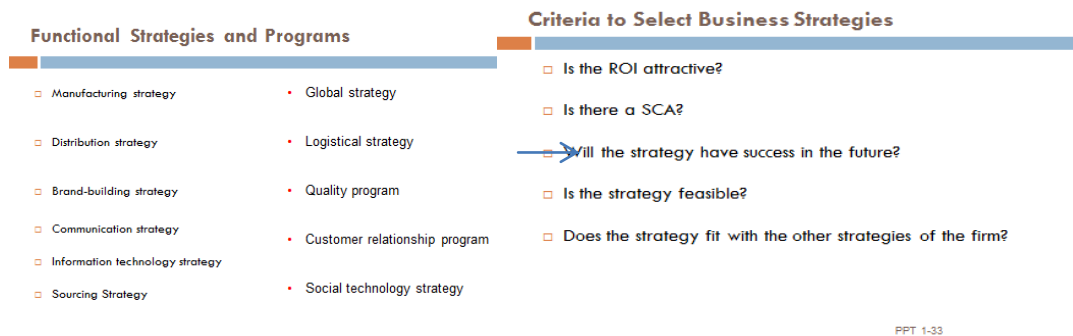
- What a business unit does exceptionally well
- Has strategic importance to the business
- Based on knowledge or a process

## LITTLE NOTABLES EXCLUSIVE – ALI THAIR

- **Strategic asset**-resource(e.g brand name) that is strong relative to the competitor
- e.g websites to a R&D expertise to a symbol(brand?)

## Functional strategies and programs

Assets and competencies should be integrated into a set of functional strategies and programs



## STRATEGIC MARKETING MANAGEMENT-EXAM!

### Remember the context



### Strategic marketing management

- SMM is a system designed to help management create, change or retain a business strategy/create Strategic visions
- Strategic vision-projection of future strategy/sets of strategies
- Vision will provide direction and purpose for intermi strategies and can inspire those in the organization by providing a purpose that is worthwhile and ennobling
- LT decisions
- \$/time consuming

## LITTLE NOTABLES EXCLUSIVE – ALI THAIR

- Once made → continual update for dynamic market/new opportunities
- Keeps/improves A&C's to make the strategy succeed
- Implement it with energy and focus

### External analysis

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- External analysis-Relevant external elements to an organization
- Internal analysis-strategically important aspects of the organization- - not only financial but also customer satisfaction/loyalty/quality/brand image/costs/new product activity

### Creating, adapting and implementing strategy

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### The objectives of SMM

- Precipitate the consideration of strategic choices- what events are creating threats/OPPs that a strategic reaction requires?
- Helps a business cope with change-Very dynamic markets- rapidly changing/unpredictable environments and therefore need to be prepared
- LT view- better and more successful than the typical ST view
- Aid strategic analysis and decision making-concepts/models/methodologies allow difficult decisions to be made
- Management- strategically managing a business via A&C's Focus gives basis for continual strategic MGMT
- Horizontal/vertical communication, helps coordinate and encourage synergy- the coordinated efforts between different business silos → share ideas/exploit opportunities/innovation
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- Precipitate the consideration of strategic choices.
- Help a business cope with change- dynamic markets/rapidly changing environment
- Force a LT VIEW > ST view
- Make visible the resource allocation decision.
- Aid strategic analysis and decision making in difficult times
- Provide a strategic management and control system.
- Provide both horizontal and vertical communication and coordination systems.

## Marketing and its role in Strategy

- Marketing strategy is a subset of a business strategy
- Strategic role is growing
- Part of the strategic team
- Marketing role- primary driver of strategic analysis
- The marketing group understands customers, competition, markets/sub, environmental forces and trends (SWOT/PESTED)
- MGMT of market data/research → external analysis data

### Second role- drive growth strategy for the firm

- Growth options –based/dependent on- customer/market insights → therefore MARKETING= KEY DRIVER
- CMO strategic lever in growth → study

### Third role

#### LITTLE NOTABLES EXCLUSIVE – ALI THAIR

- Deals with dysfunctions of product/geographic silos
- Reason→Corporate brand/major usually spGTG3an silos→marketing =central control/guidance
- Sponsorships/distribution channels-managed by mktg→otherwise inefficiencies etc

#### Fourth role

- Participate in the development of business strategies
  - Understood by detailing the relationship b/w marketing and business strategies
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- VP will be driven by marketing strategy because they know the market/SWOT/PESTED/unmet needs the most➔
  - Marketing team should develop the VP and adapting in dynamic markets instead of being told to apply the VP that is dictated by the business strategy
  - Marketing should be the voice of the customer in the strategy discussion ➔making sure the VP is based on substance and is meaningful to the customer
  - LAST-marketing implementation of functional strategies is crucial to the success of the business strategy