Chapter 2

Marketing strategy and plan
Today

• Define a marketing strategy

• Describe the elements of a marketing plan
  – Analyze a marketing situation using SWOT analyses
  – Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts
  – Outline the implementation of the marketing mix as a means to increase customer value
  – Evaluate marketing performance

• Describe how firms grow their business
A Marketing Strategy

1. Identifies a firm’s target markets
2. Identifies a related marketing mix (4 P’s)
3. Identifies bases on which to build a sustainable competitive advantage
A Marketing Strategy

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2. Identifies a related marketing mix (4 P’s)
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Can you name some firms that have a good competitive advantage?
Advantage over the competition that cannot be easily copied
Value-based strategies to:

1. **Retain** customers
2. Provide outstanding customer service
Operational Excellence

Achieved through:

1. Efficient operations
2. Excellent supply chain

- Reduce costs
- Have the right stock

GOAL: Provide what customers want, when they want, and at the right price
Create products with **high perceived value**
Product Excellence

Create products with high perceived value
Location Excellence

“The three most important things in retailing are location, location, location.”

- Located on campus
  - Target students
- Located in malls
  - Target families
Use data to:

- Predict consumers needs
- Personalized targeting
- Improve the company product/service
Marketing Plan

Planning Phase

Step 1: Business mission & objectives

Step 2: Situation analysis SWOT

Implementation Phase

Step 3: Identify opportunities

Segmentation Targeting Positioning

Step 4: Implement marketing mix

Product Price Place Promotion

Control Phase

Step 5: Evaluate performance using marketing metrics

Marketing strategy
Nike's mission statement is "To bring inspiration and innovation to every athlete* in the world."

* "If you have a body, you are an athlete.” -- Bill Bowerman
Step 2: SWOT Analysis

Conduct a **Situation Analysis** Using SWOT

Example: When McDonald’s entered the specialty coffee market:

<table>
<thead>
<tr>
<th></th>
<th>Environment</th>
<th>Evaluation</th>
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<tbody>
<tr>
<td><strong>Starbucks</strong></td>
<td>Internal</td>
<td>Strengths:</td>
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<td></td>
<td></td>
<td>Strong brand identity</td>
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<td>Retail &amp; grocery store network</td>
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<td></td>
<td>External</td>
<td>Opportunities:</td>
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<td>Expansion in China</td>
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<td><strong>Weaknesses</strong></td>
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<td></td>
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<td>Reliance on joint ventures and licensed stores</td>
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<td>Rapid growth erodes customer experience</td>
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<td><strong>McDonald’s</strong></td>
<td>Internal</td>
<td>Strengths:</td>
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<td>Strong brand identity</td>
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<td>Global retail store network</td>
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<td>External</td>
<td>Opportunities:</td>
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<td></td>
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<td>New product categories</td>
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<td>Ronald McDonald house</td>
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<td></td>
<td><strong>Weaknesses</strong></td>
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<td>Sensitive to changing global markets</td>
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<td>Price elastic target market</td>
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<td><strong>Dunkin’ Donuts</strong></td>
<td>Internal</td>
<td>Strengths:</td>
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<td>Strong regional brand identity</td>
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<td>Loyalty program</td>
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<td>External</td>
<td>Opportunities:</td>
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<td>Retail store growth in the U.S.</td>
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<td>Global retail expansion</td>
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<td><strong>Weaknesses</strong></td>
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<td></td>
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<td>Mass-market focused</td>
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<td></td>
<td>Franchise inconsistency</td>
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<tr>
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<td></td>
<td><strong>Threats</strong></td>
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<td></td>
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<td>Intense competition in the specialty and overall coffee market</td>
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<td>Economic instability for franchisees</td>
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</tbody>
</table>
Segmentation
Divide consumers into groups or segments with different needs, wants, or characteristics
Step 3: STP

Targeting
Step 3: STP

Positioning

Use the 4P’s to clearly define what the product/firm represents

Perceptual map
Step 4: Implement 4Ps

**Apple MacBook**

Through extensive **marketing research**, Apple knows what you look for in a laptop, how much you are willing to pay for the features you want, where you will shop, etc.
Step 5: Evaluate Performance

Using marketing metrics, e.g.,

- Market share ➔ % of market accounted by a specific company
- Market growth rate (of the market in which the product competes)
- Revenue
- ...
Growth Strategies

Existing Markets
- **Existing Products**
  - Market Penetration
    - (Sales, promotions, ads)

New Markets
- **New Products**
  - Product Development
- **Market Development**
- **Diversification**
  - Highest Risk!!