Chapter 2

Marketing strategy and plan

- 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**

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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

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**

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Location Excellence

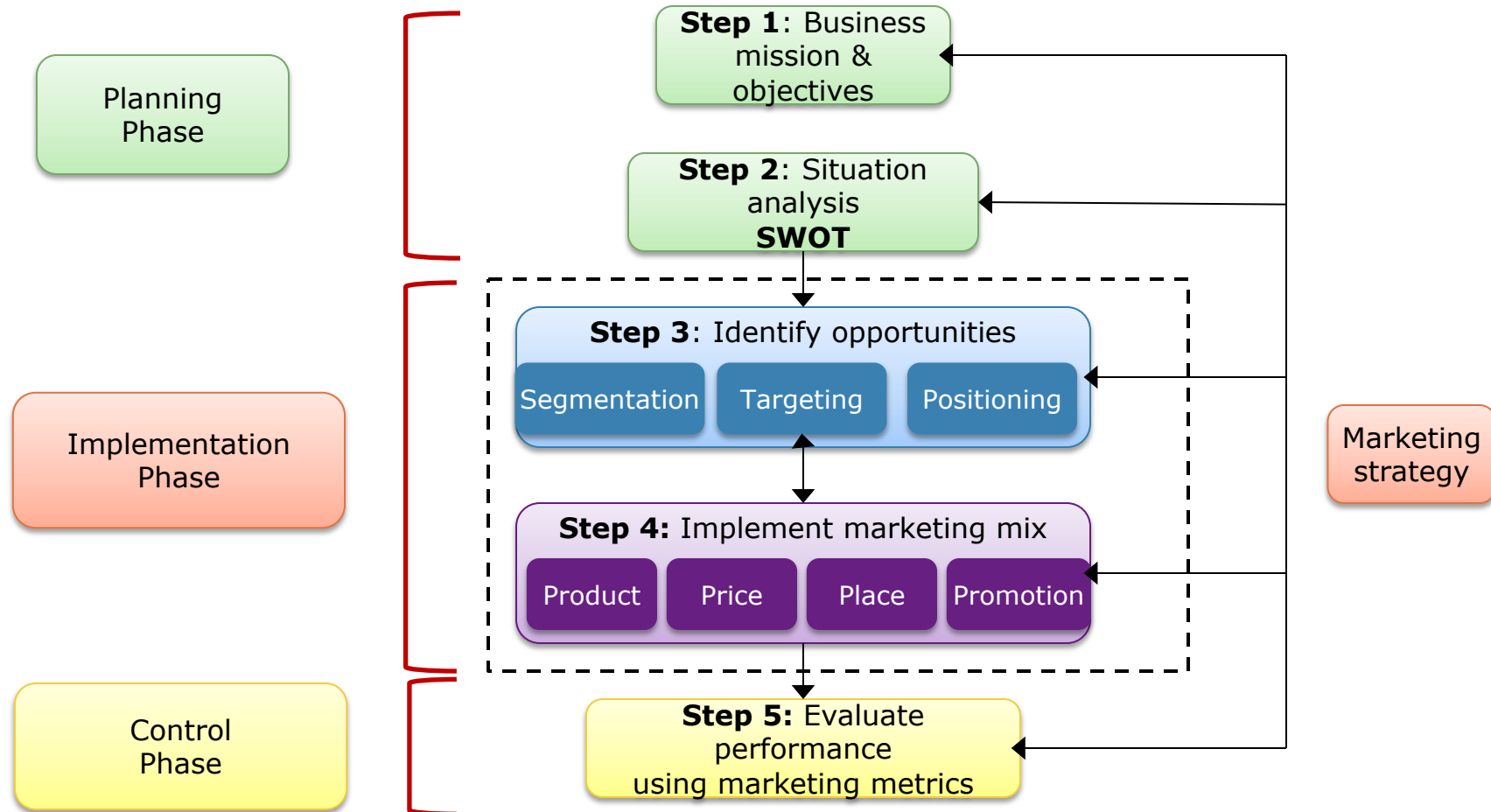"The three most important things in retailing are location, location, location."

- 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

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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

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Conduct a Situation Analysis Using SWOT

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

▼ **EXHIBIT 2.4** SWOT Analysis for Starbucks, McDonald's, and Dunkin' Donuts

		Environment	Evaluation
		Positive	*Negative*
Starbucks	**Internal**	**Stengths**	**Weaknesses**
		Strong brand identity	Reliance on joint ventures and licensed stores
		Retail & grocery store network	Rapid growth erodes customer experience
	External	**Opportunities**	**Threats**
		Expansion in China	Potential saturation of the U.S. market
McDonald's	**Internal**	**Strengths**	**Weaknesses**
		Strong brand identity	Sensitive to changing global markets
		Global retail store network	Price elastic target market
	External	**Opportunities**	**Threats**
		New product categories	Future sourcing sustainability
		Ronald McDonald house	Customers nonacceptance of McCafe
Dunkin' Donuts	**Internal**	**Strengths**	**Weaknesses**
		Strong regional brand identity	Mass-market focused
		Loyalty program	Franchise inconsistency
	External	**Opportunities**	**Threats**
		Retail store growth in the U.S.	Intense competition in the specialty and overall coffee market
		Global retail expansion	Economic instability for franchisees

Segmentation

Divide consumers into groups or segments with different needs, wants, or characteristics
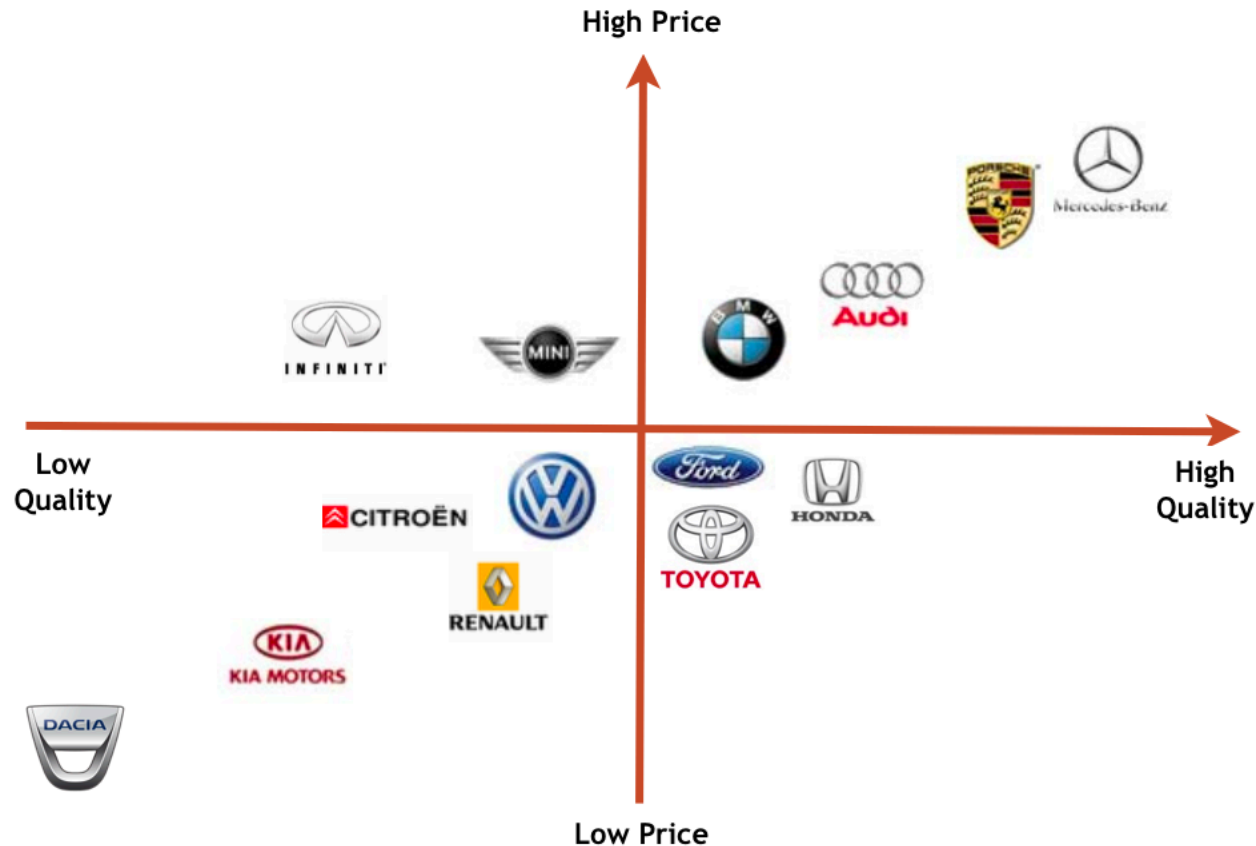
Targeting

Positioning

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

Perceptual map

Apple MacBook

Product Value Creation	**Price** Value Capture
Place Value Delivery	**Promotion** Value Communication

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.

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Using marketing metrics, e.g.,

- **Market share** $\rightarrow$ % of market accounted by a specific company
- **Market growth rate** (of the market in which the product competes)
- **Revenue**
- **…**

Growth Strategies

	Existing Products	New Products
Existing Markets	**Market Penetration** (Sales, promotions, ads)	**Product Development**
New Markets	**Market Development**	**Diversification** Highest Risk!!