

Course: Economics of Industry



Lecture 12: Planning, Implementing, and Controlling Marketing Strategies

Presented by Rustam Gulyamov

Objectives

1. To describe the strategic planning process
2. To explain how organizational resources and opportunities affect the planning process
3. To understand the role of the mission statement in strategic planning
4. To examine corporate, business-unit, and marketing strategies

Objectives (cont'd)

5. To understand the process of creating the marketing plan
6. To describe the marketing implementation process and the major approaches to marketing implementation

Chapter Outline

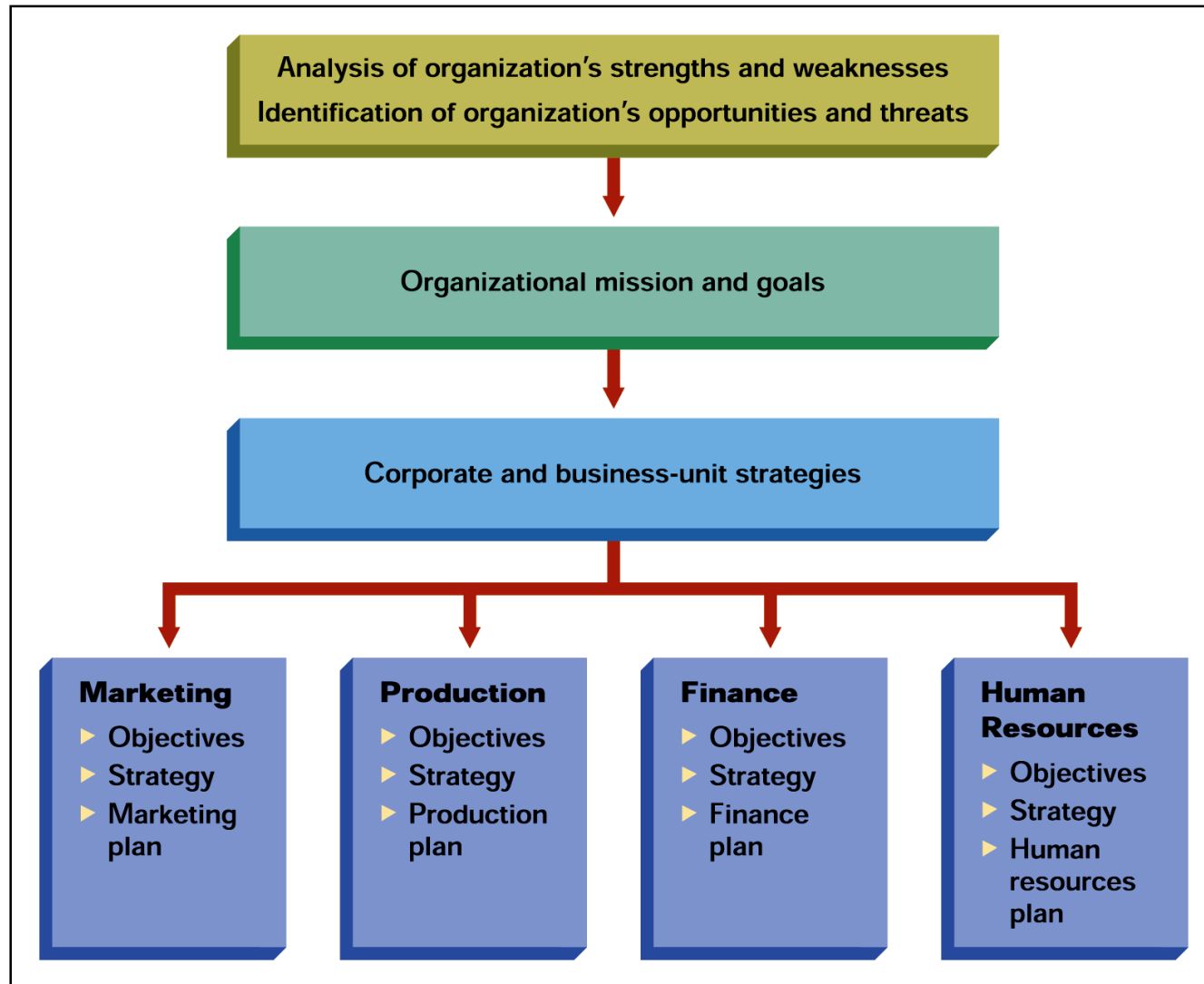
- Understanding the Strategic Planning Process
- Assessing Organizational Resources and Opportunities
- Establishing an Organizational Mission and Goals
- Developing Corporate, Business-Unit, and Marketing Strategies
- Creating the Marketing Plan
- Implementing Marketing Strategies

Understanding the Strategic Planning Process

- Strategic Planning
 - The process of establishing an organizational mission and formulating goals, corporate strategy, marketing objectives, marketing strategy, and a marketing plan



Components of Strategic Planning



Source: Figure adapted from *Marketing Strategy*, Second Edition, by O. C. Ferrell, Michael Hartline, and George Lucas, Jr. Copyright © 2002. Reproduced with permission of South-Western, a division of Thomson Learning.

FIGURE 2.1

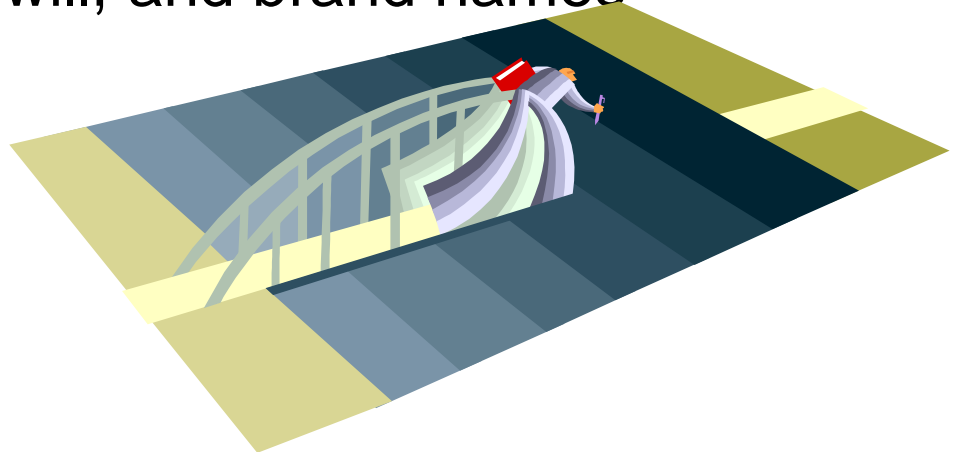
Marketing Strategy and Marketing Plan

- Marketing Strategy
 - A plan of action for identifying and analyzing a target market and developing a marketing mix to meet the needs of that market
- Marketing Plan
 - A written document that specifies the activities to be performed to implement and control an organization's marketing activities



Assessing Organizational Resources and Opportunities

- Core Competencies
 - Things a firm does extremely well (strengths), which sometimes give it an advantage over its competition
 - Financial and human resources
 - Reputation, goodwill, and brand names



Assessing Organizational Resources and Opportunities

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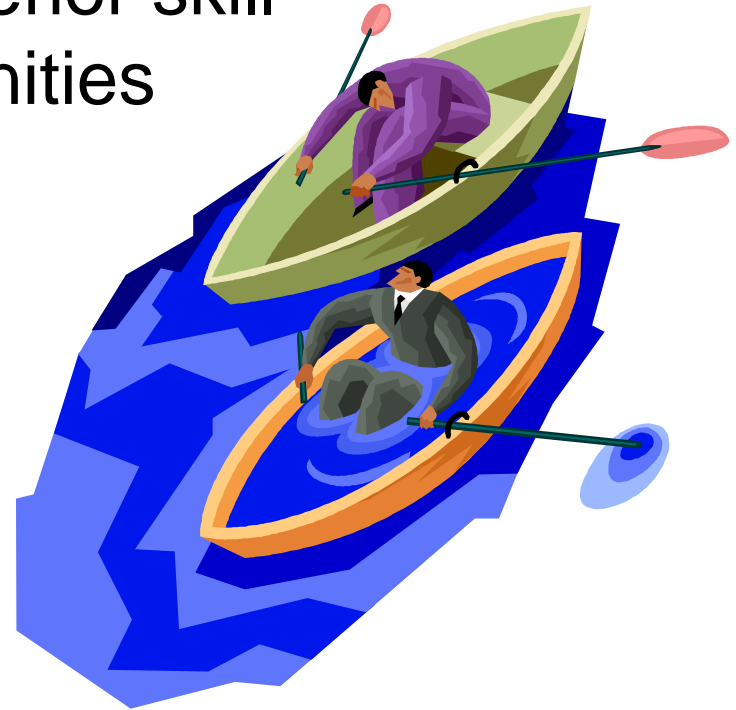
- Market Opportunity
 - A combination of circumstances and timing that permits an organization to reach a target market
 - Core competencies are matched to opportunities
 - Strategic windows—temporary periods of optimal fit between the key requirements of a market and the particular capabilities of a firm



Assessing Organizational Resources and Opportunities

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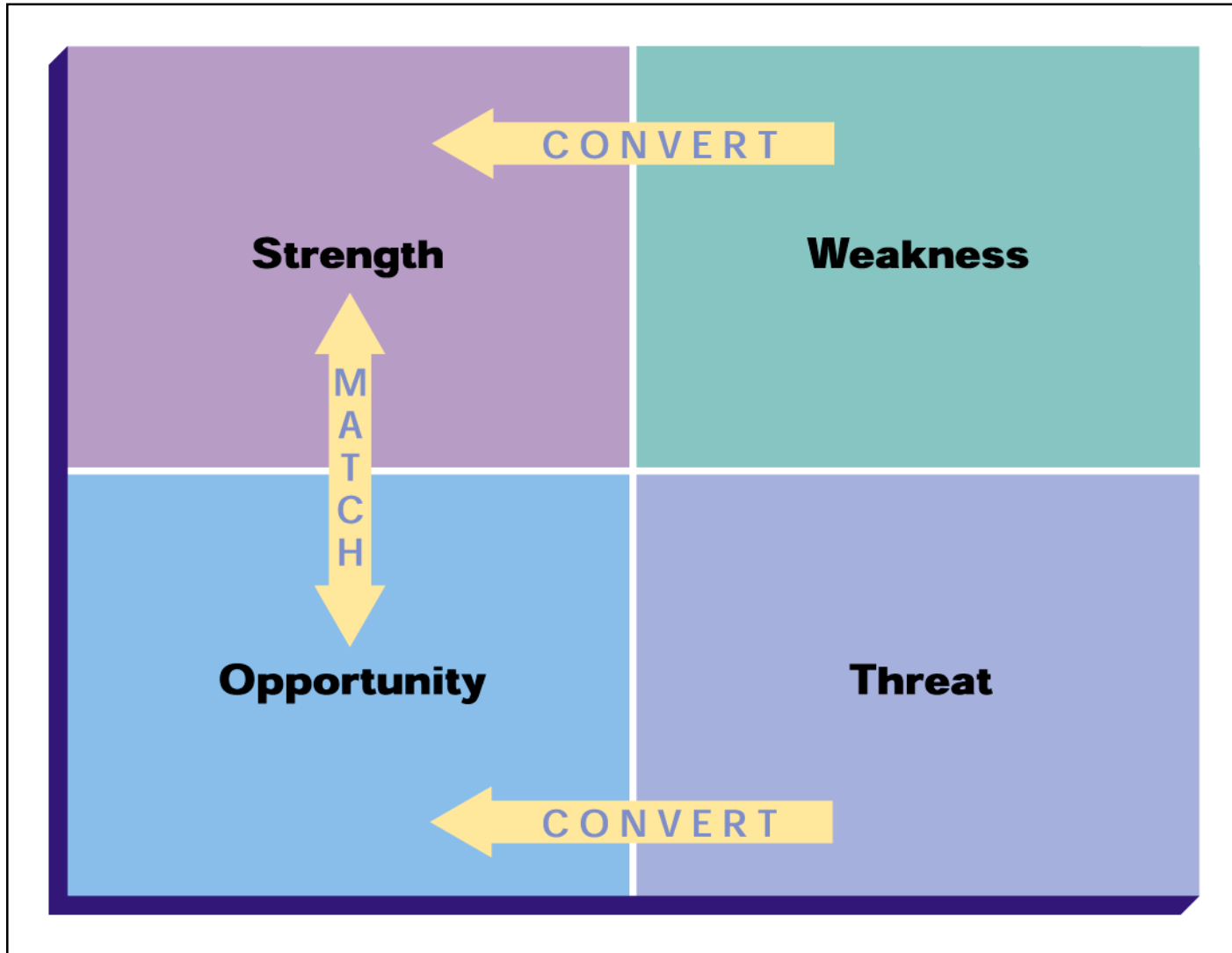
- Competitive Advantage
 - The result of a company's matching a core competency (superior skill or resources) to opportunities in the marketplace
 - Manufacturing skills
 - Technical skills
 - Marketing skills



SWOT Analysis

- An assessment of the organization's strengths, weaknesses, opportunities, and threats
 - Strengths—competitive advantages or core competencies
 - Weaknesses—limitations on competitive capability
 - Opportunities—favorable conditions in the environment
 - Threats—conditions or barriers to reaching objectives

The Four-Cell SWOT Matrix



Source: Reproduced from Nigel F. Piercy, *Market-Led Strategic Change*. Copyright © 1992, p. 371, with permission from Elsevier Science.

FIGURE 2.2

Establishing an Organizational Mission and Goals

- Mission Statement
 - A long-term view, or vision, of what the organization wants to become
 - Mission statement answers two questions:
 - Who are our customers?
 - What is our core competency?



Establishing an Organizational Mission and Goals (cont'd)

- Marketing Objective
 - A statement of what is to be accomplished through marketing activities to match strengths to opportunities, or to provide for the conversion of weaknesses to strengths
 - Should be stated in clear, simple terms
 - Should be accurately measurable
 - Should specify a time frame for accomplishment
 - Should be consistent with business-unit and corporate strategy

Levels of Strategic Planning

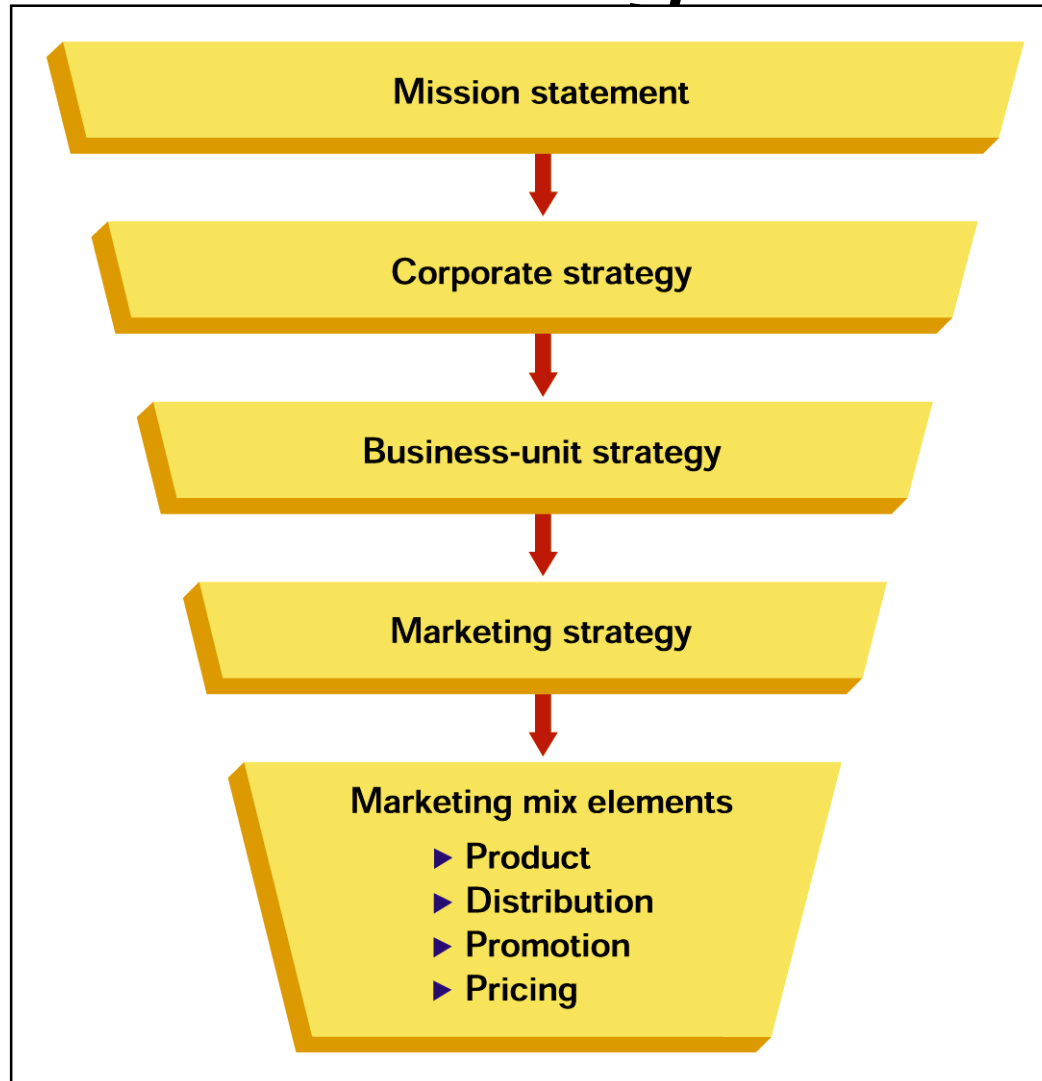


FIGURE 2.3

Corporate Strategy

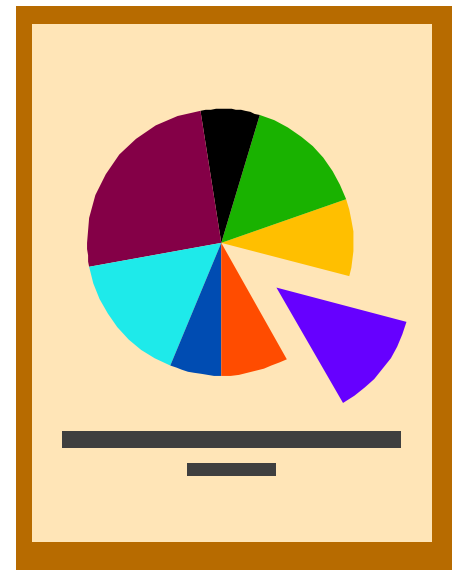
- A strategy that determines the means for utilizing resources in the various functional areas to reach the organization's goals
 - Determines the scope of the business
 - Guides its resource deployment
 - Identifies its competitive advantages
 - Provides overall coordination of functional areas

Corporate Strategy (cont'd)

- Issues Influencing Corporate Strategy Development
 - Corporate culture
 - Competition
 - Differentiation
 - Diversification
 - Interrelationships among business units
 - Environment concerns and social issues

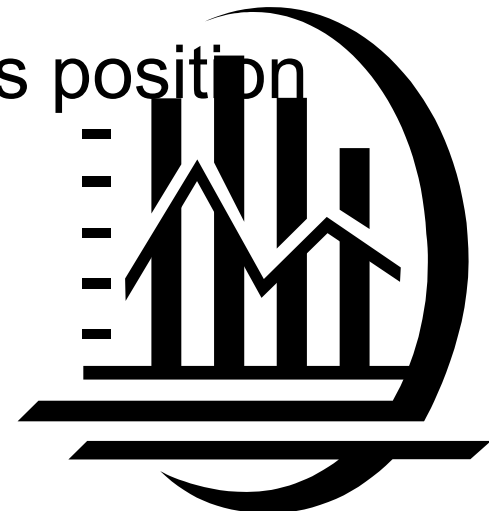
Business-Unit Strategy

- Strategic Business Unit (SBU)
 - A division, product line, or other profit center within a parent company
- Market
 - A group of individuals and/or organizations that have needs for products in a product class and have the ability, willingness, and authority to purchase those products
- Market Share
 - The percentage of a market that actually buys a specific product from a particular company

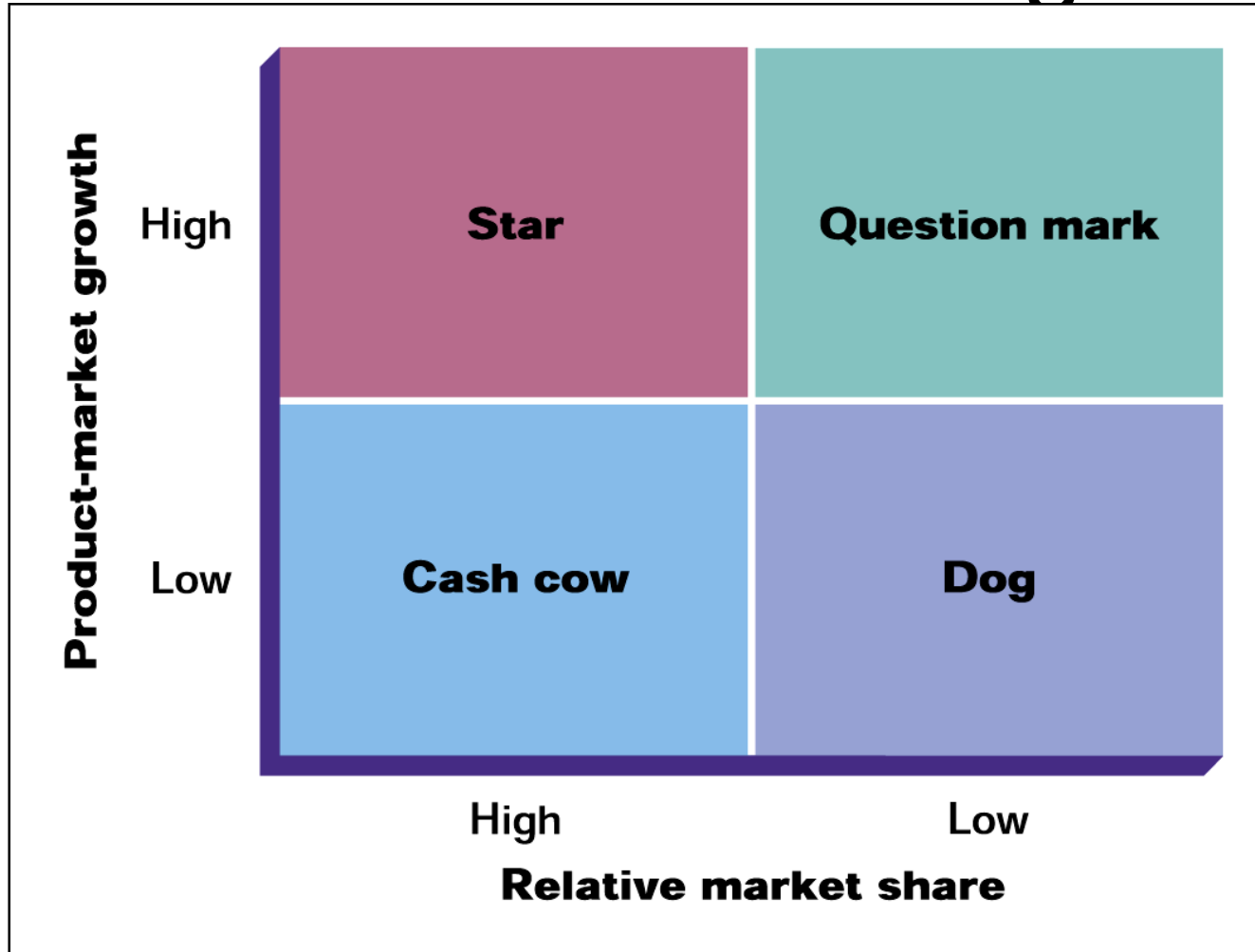


Business-Unit Strategy (cont'd)

- Market-Growth/Market-Share Matrix
 - A strategic planning tool based on the philosophy that a product's market growth rate and market share are important in determining marketing strategy
 - Factors determining SBU/product's position within a matrix
 - Product-market growth rate
 - Relative market share



Growth-Share Matrix Developed by the Boston Consulting Group



Source: "The BCG Portfolio Matrix" from the *Product Portfolio Matrix*, © 1970, The Boston Consulting Group. Reproduced by permission.

FIGURE 2.4

Business-Unit Strategy (cont'd)

- Market-Growth/Market-Share Matrix (cont'd)
 - BCG Classification
 - Star—high growth market, dominant market share
 - requires additional resources for continued growth
 - Cash cow—low growth, dominant market share
 - generates surplus resources for allocation to other SBUs
 - Dog—low/declining market, subordinate market share
 - has diminished prospects and represents a drain on the portfolio
 - Question mark—high growth market, low market share
 - represents a high-risk/cost opportunity requiring a large commitment of resources to build market share

Marketing Strategy

- Target Market Selection
 - Defining/understanding the target market by
 - focusing on specific profitable customer groups/market segments.
 - recognizing changes occurring in the market.
- Creating the Marketing Mix
 - Analyze customer needs, preferences, and behavior
 - Have the skills and resources required for product design, pricing, distribution, and promotion
 - Maintain strategic consistency and flexibility in marketing mix decisions

Net Sights

- Corporate executives and marketing managers must stay informed to develop successful strategies. CEO Express (www.ceoexpress.com) provides access to newspapers, business journals, special-interest publications, and syndicated news services as well as a variety of other resources.

Creating the Marketing Plan

- Marketing Planning
 - The systematic process of assessing opportunities and resources, determining objectives, defining strategies, and establishing guidelines for implementation and control of the marketing program



Creating the Marketing Plan (cont'd)

- Benefits of Planning
 - Provides the basis for internal communication among employees
 - Defines the assignment of responsibilities and tasks and sets the schedules for implementation
 - Presents objectives and specifies resource allocations
 - Helps in monitoring and evaluating the performance of the marketing strategy

Table 2.1**Components of the Marketing Plan**

Plan Component	Component Summary	Highlights
Executive Summary	One- to two-page synopsis of the entire marketing plan	
Environmental Analysis	Information about the company's current situation with respect to the marketing environment	<ol style="list-style-type: none">1. Assessment of marketing environment factors2. Assessment of target market(s)3. Assessment of current marketing objectives and performance
SWOT Analysis	Assessment of the organization's strengths, weaknesses, opportunities, and threats	<ol style="list-style-type: none">1. Strengths2. Weaknesses3. Opportunities4. Threats
Marketing Objectives	Specification of the firm's marketing objectives	Qualitative measures of what is to be accomplished
Marketing Strategies	Outline of how the firm will achieve its objectives	<ol style="list-style-type: none">1. Target market(s)2. Marketing mix
Marketing Implementation	Outline of how the firm will implement its marketing strategies	<ol style="list-style-type: none">1. Marketing organization2. Activities and responsibilities3. Implementation timetable
Evaluation and Control	Explanation of how the firm will measure and evaluate the results of the implemented plan	<ol style="list-style-type: none">1. Performance standards2. Financial controls3. Monitoring procedures (audits)

Implementing Marketing Strategies

- Marketing Implementation
 - The process of putting marketing strategies into action
- Intended Strategy
 - The strategy that the company decides on during the planning phase
- Realized Strategy
 - The strategy that actually takes place



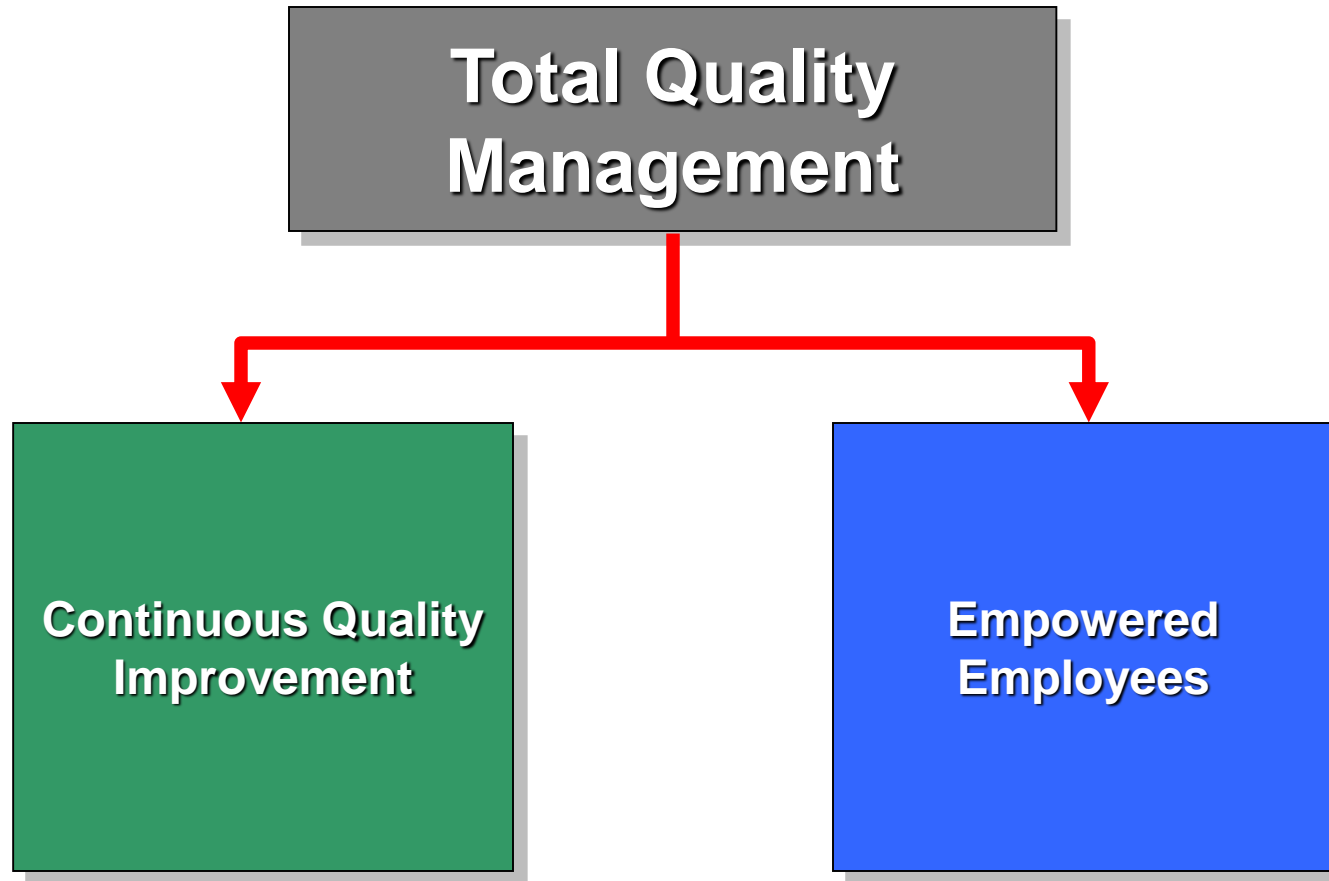
Approaches to Marketing Implementation

- Internal Marketing
 - Coordinating internal exchanges between the firm and its employees to achieve successful external exchanges between the firm and its customers
 - Helping employees understand and accept their roles in the marketing strategy
 - External customers
 - Individuals who patronize a business
 - Internal customers
 - A company's employees

Total Quality Management

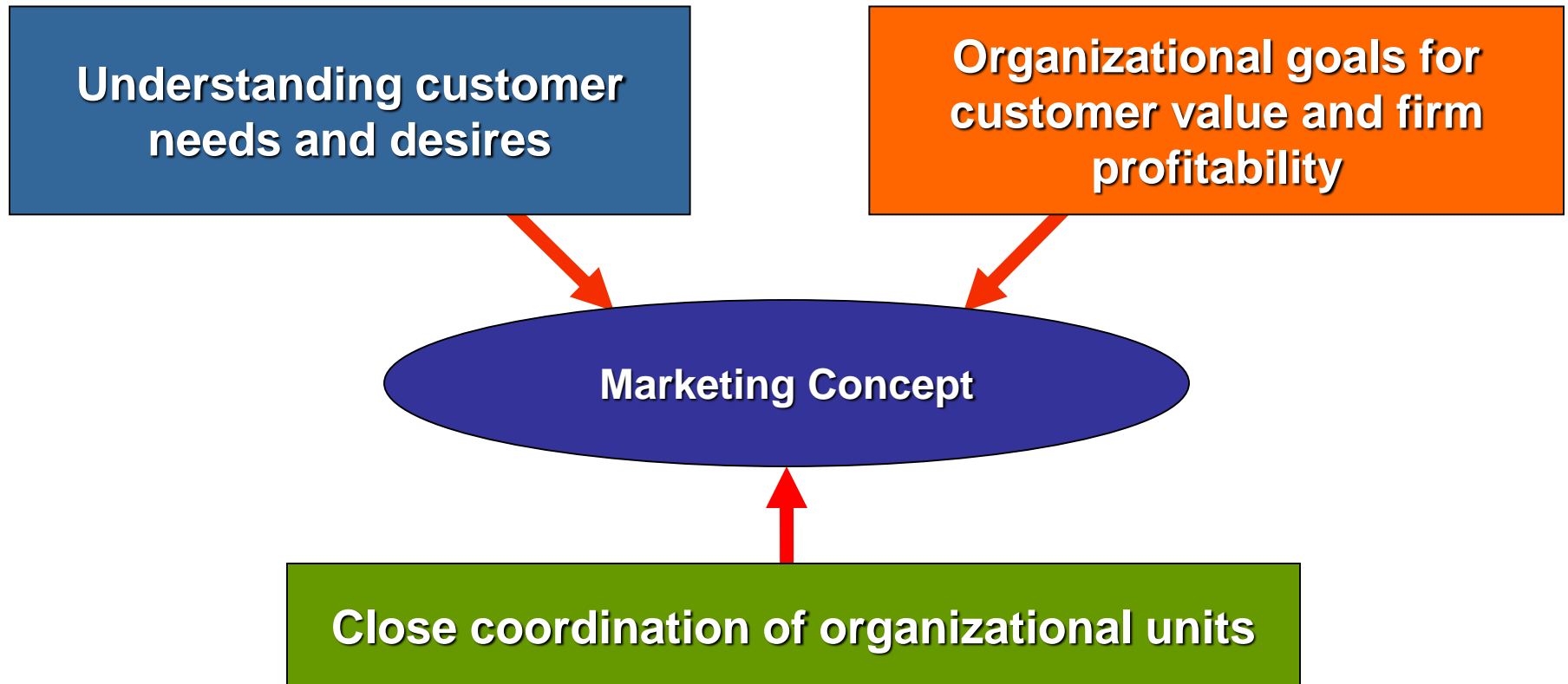
- Total Quality Management (TQM)
 - A philosophy that uniform commitment to quality in all areas of the organization will promote a culture that meets customers' perceptions of quality
- Benchmarking
 - Comparing the quality of the firm's goods, services, or processes with that of the best-performing competitors
- Empowerment
 - Giving customer-contact employees authority and responsibility to make marketing decisions on their own

Components of Total Quality Management



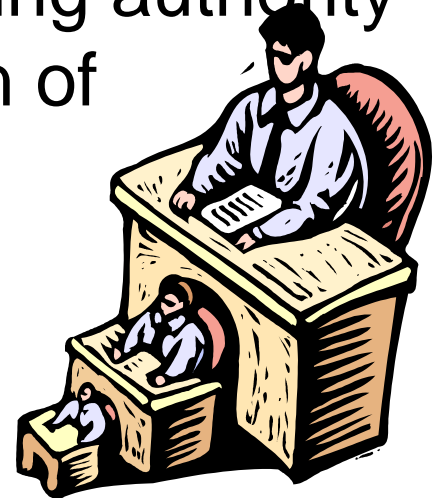
Organizing Marketing Activities

- The Role of Marketing in an Organization



Organizing Marketing Activities (cont'd)

- Centralized Organization
 - A structure in which top management delegates little authority to levels below it
- Decentralized Organization
 - A structure in which decision-making authority is delegated as far down the chain of command as possible



Organizing the Marketing Unit



The Marketing Control Process

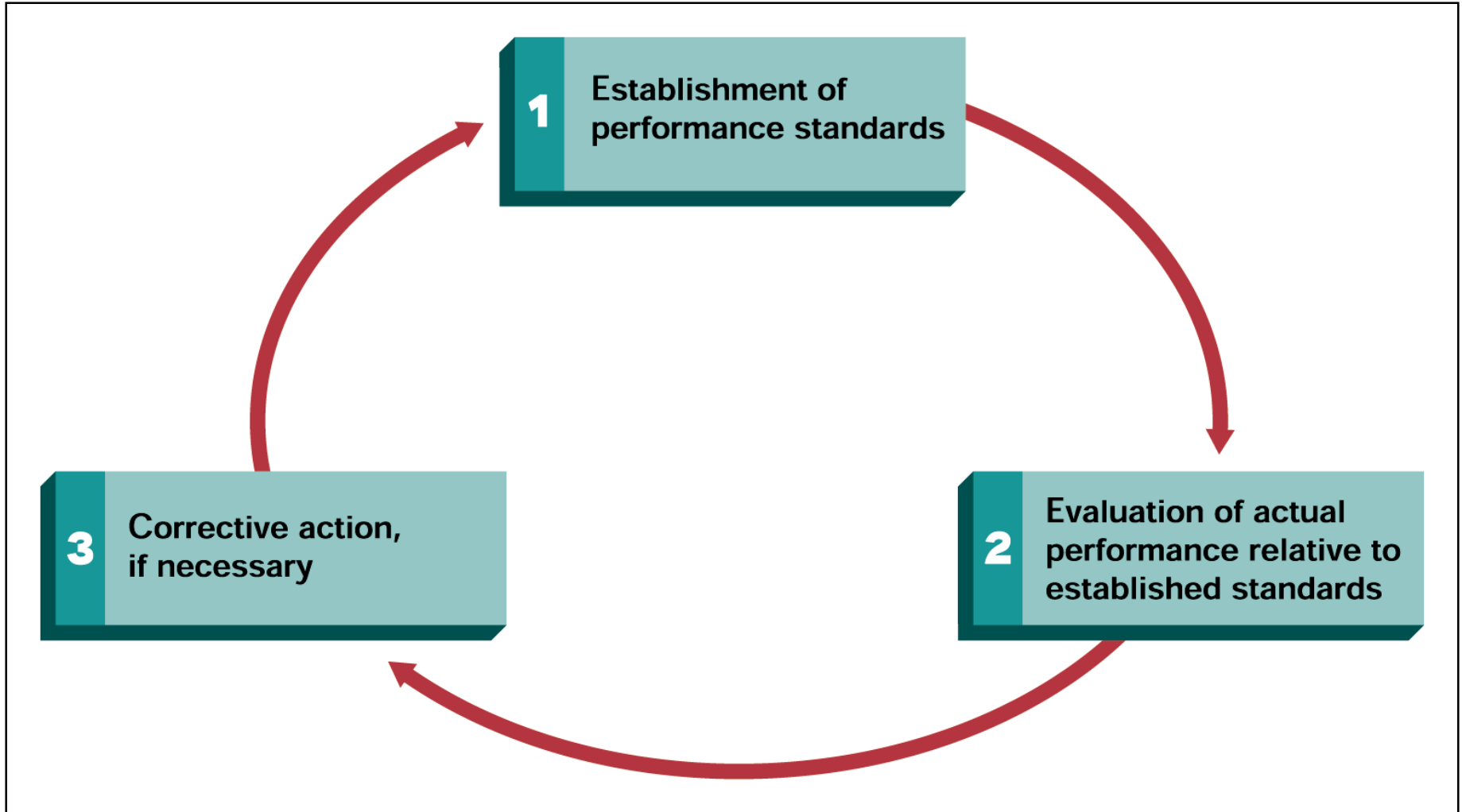


FIGURE 2.5

Controlling Marketing Activities

- Marketing Control Process
 - Establishing performance standards and trying to match actual performance to those standards
- Establishing Performance Standards
 - Expected levels of performance
- Taking Corrective Action
 - Improve actual performance
 - Reduce or change the performance standards
 - Do both

Controlling Marketing Activities

(cont'd)

- Problems in Controlling Marketing Activities

- Lack of the information required to control activities
- Uncontrollable influence of market environment changes on marketing activities
- Time lag that occurs between marketing campaigns and their results delays corrective actions



After reviewing this chapter you should:

- Be able to describe the strategic planning process.
- Know how organizational resources and opportunities affect the planning process.
- Understand the role of the mission statement in strategic planning.

After reviewing this chapter you should:

- Be familiar with corporate, business-unit, and marketing strategies.
- Understand the process of creating a marketing plan.
- Be able to describe the marketing implementation process and the major approaches to marketing implementation.

Reference

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