Developing and Enacting Strategic Marketing Plans

Evans & Berman
Chapter 3

Chapter Objectives
To define strategic planning and consider its importance for marketing
To describe the total quality approach to strategic planning and show its relevance to marketing
To look at the different kinds of strategic plans and the relationships between marketing and the other functional areas in an organization
To describe thoroughly each of the steps in the strategic planning process: defining organizational mission, establishing strategic business units, setting marketing objectives, performing situation analysis, developing marketing strategy, implementing tactics, and monitoring results
To show how a strategic plan may be devised and applied

Strategic Planning is Critical

- A strategic business plan describes the overall direction an organization will pursue within its environment and also guides the allocation of resources. It provides the logic that integrates the perspectives of functional departments and operating units, and points them all in the same direction.
- A strategic marketing plan outlines the actions necessary, who is responsible, when and where they will be completed, and how they will be coordinated. A marketing plan is carried out within the context of a firm’s broader strategic business plan.

A Total Quality Approach
This is a process- and output-related philosophy, striving to satisfy customers effectively. It always:
- Seeks to satisfy customers
- Has a top management commitment
- Emphasizes continuous improvement
- Requires support from employees, suppliers, and distribution intermediaries

The Strategic Planning Process

1. Defining Organizational Mission
2. Setting Marketing Objectives
3. Performing Situation Analysis
4. Developing Marketing Strategy
5. Implementing Tactical Plans
6. Monitoring Results
7. Developing Marketing Strategy

Defining the organizational mission refers to a long-term commitment to a type of business and a place in the market. It “describes the scope of the firm and its dominant emphasis and values,” based on a firm’s history, current management preferences, resources, and distinctive competence, and on environmental factors.
Step Two in the Strategic Planning Process

Each of a firm’s Strategic Business Units (SBU) has six attributes:

- A specific target market
- Its own senior marketing executive
- Control over its resources
- Its own marketing strategy
- Clear-cut competition
- Distinct differential advantages

Step Three in the Strategic Planning Process

Marketing objectives establish the firm’s goals for each SBU. Objectives are described in both quantitative terms (dollar sales, percentage profit growth, and market share), and qualitative terms (image, level of innovativeness, and industry leadership role).

Without clearly identified objectives, firms often fail.

Step Four in the Strategic Planning Process

The situation analysis is known as SWOT Analysis.

Internal factors include:
- Strengths
- Weaknesses

External factors include:
- Opportunities
- Threats

The SWOT analysis is a continuous review of a firm’s market position.

Step Five in the Strategic Planning Process

A marketing strategy outlines the way in which the marketing mix is used to attract and satisfy the target market.

A separate strategy is necessary for each SBU.

Four strategic planning approaches are:
- Product/Market Opportunity Matrix
- Boston Consulting Group Matrix
- General Electric Business Screen
- Porter Generic Strategy Model

Product/Market Opportunity Matrix (1)

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<thead>
<tr>
<th>Market</th>
<th>Present</th>
<th>New</th>
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<tr>
<td>Product</td>
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<td>Product</td>
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- Market Penetration Strategy
- Market Development Strategy
- Product Development Strategy
- Diversification Strategy

Product/Market Opportunity Matrix (2)

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<thead>
<tr>
<th>Market</th>
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<td>Product</td>
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- Seek greater sales of present products from new markets or new distribution strategies
- Develop new or modified products to appeal to present market
- Expand sales of present products in current market by pricing, promotion, and distribution strategies
- Seek greater sales of present products from new markets or new distribution strategies
A tactical plan specifies the short-run actions (tactics) that a firm undertakes in implementing a given marketing strategy. It has three basic elements:

- Specific Tasks
- Time Frame
- Resource Allocation

Monitoring results compares the actual performance of a firm, SBU, or product against the planned performance for a specified period. Successful companies often employ the following strategies to assure success:

- Continuous monitoring of performance
- Regular use of proper strategy adjustments
- Maintenance of a customer-oriented focus
- Stressing positive written and oral communication among employees and channel members.
Chapter Summary

- This chapter has defined strategic planning and considered its importance for marketing.
- By describing the total quality approach to strategic planning, the chapter explains its relevance to all marketing activities.
- The chapter reviews the different kinds of strategic plans and the relationships between marketing and the other functional areas in an organization.
- It describes each of the steps in the strategic planning process.
- It describes how a strategic plan may be devised and planned.