

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?



Competitive Advantage

Advantage over the competition that
cannot be easily copied



Competitive Advantage

Advantage over the competition that
cannot be easily copied



A company can have
multiple sources of
advantage!

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, strong brand, and clear position**

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Location Excellence

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



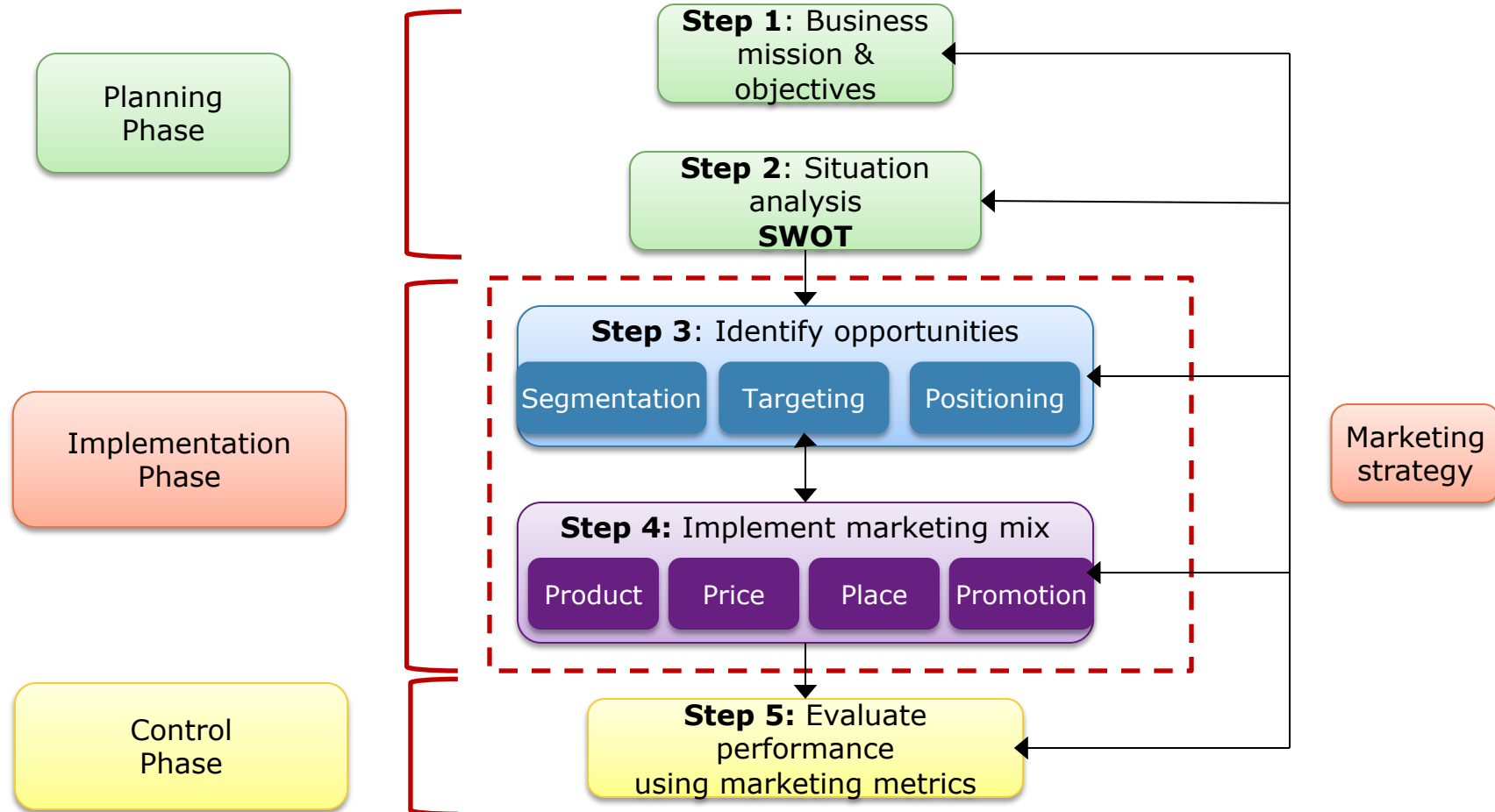
- Located on campus
 - Target students
- Located in malls
 - Target families

Use data to:

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



Marketing Plan



Step 1: Define the mission and objective(s)

Answer three questions:

1. What type of business are we?
2. What are our objectives?
3. How do we accomplish these objectives?

Step 1: Define the mission and objective(s)



Audi embraces a broad mission statement. It defines its business as mobility, and its overarching objective is to revolutionize mobility with vehicles like this full-electrical e-tron.

Given the broad mission statement, create detailed objective or goals

Going back to Audi, its next goals are:

1. Digitalization
2. Electrification
3. Sustainability

Step 1: Define the mission and objective(s)

Companies may have smaller and less ambitious goals:

- Make X revenue in 2023
- Increase production from X to Y
- Increase market shares by X%
- Introduce a new product to market

Step 2: SWOT Analysis

Conduct a **Situation Analysis** Using SWOT

		Positive	Negative
Pepsi	Internal	Strengths Brand product portfolio Strong celebrity endorsers Many complementary products Dedication to charitable and social projects Large marketing budget	Weaknesses Heavy reliance on Walmart Relatively lower brand awareness Public scrutiny over practices Low profit margins
	External	Opportunities Health food segments Expansions due to acquisitions Ready-to-drink tea and coffee market growth Bottled water	Threats Water scarcity Changes to labeling regulations Increasing exchange rate of U.S. dollar Possible reduced product demands due to health concerns
Coca-Cola	Internal	Strengths High market share Strong brand Strong global presence Excellent customer loyalty Supply chain	Weaknesses Low diversification Few healthy beverages
	External	Opportunities Emerging countries Diversifying products Bottled water	Threats Water scarcity Potential market saturation Changes to labeling regulations Increasing competitors

Source: Ovidijus Jurevicius, "SWOT Analysis of PepsiCo (5 Key Strengths in 2019)," *SM Insight*, 2019; Hitesh Bhasin, "SWOT of Coca-Cola," *Marketing91*, 2018.

Segmentation

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



Targeting



Segmentation & Targeting example



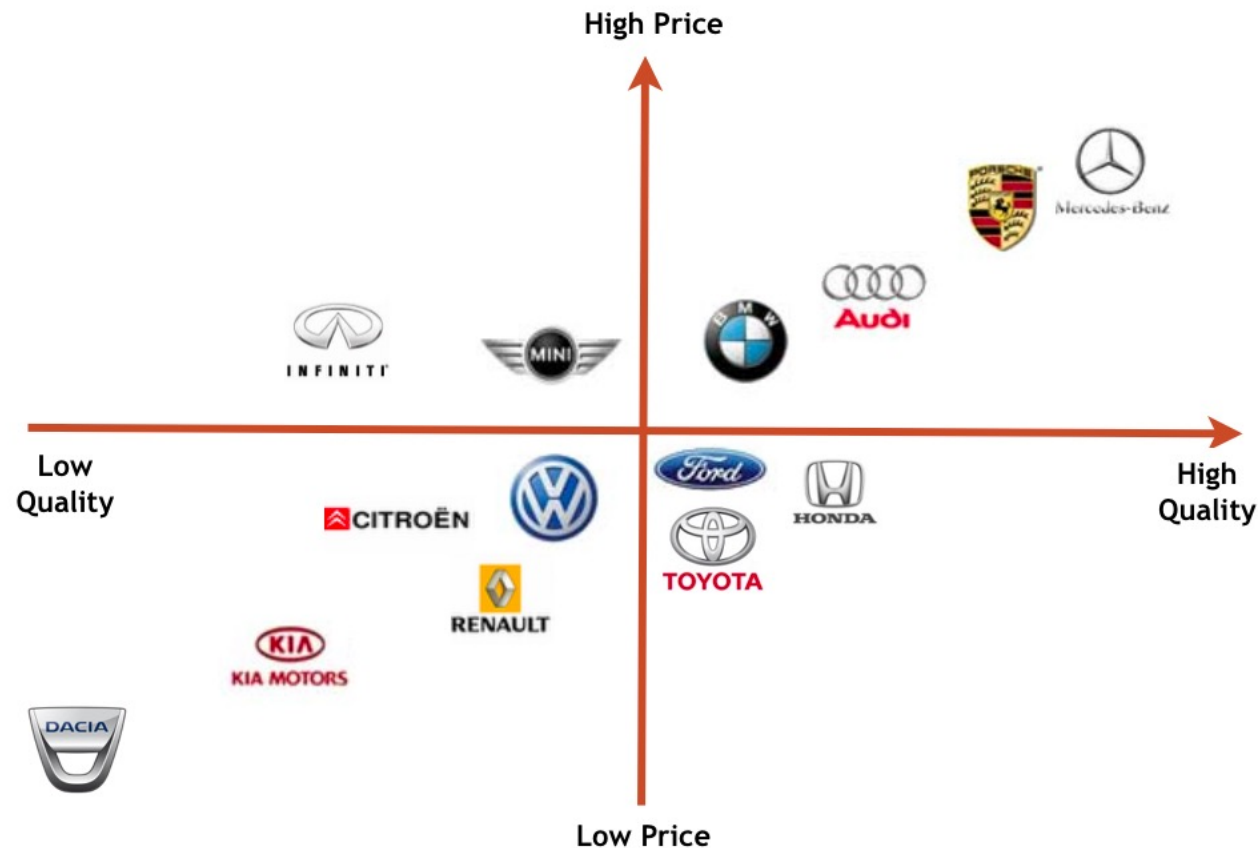
Segmentation & Targeting example



Step 3: STP

Positioning

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



Perceptual map

Step 4: Implement 4Ps

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.

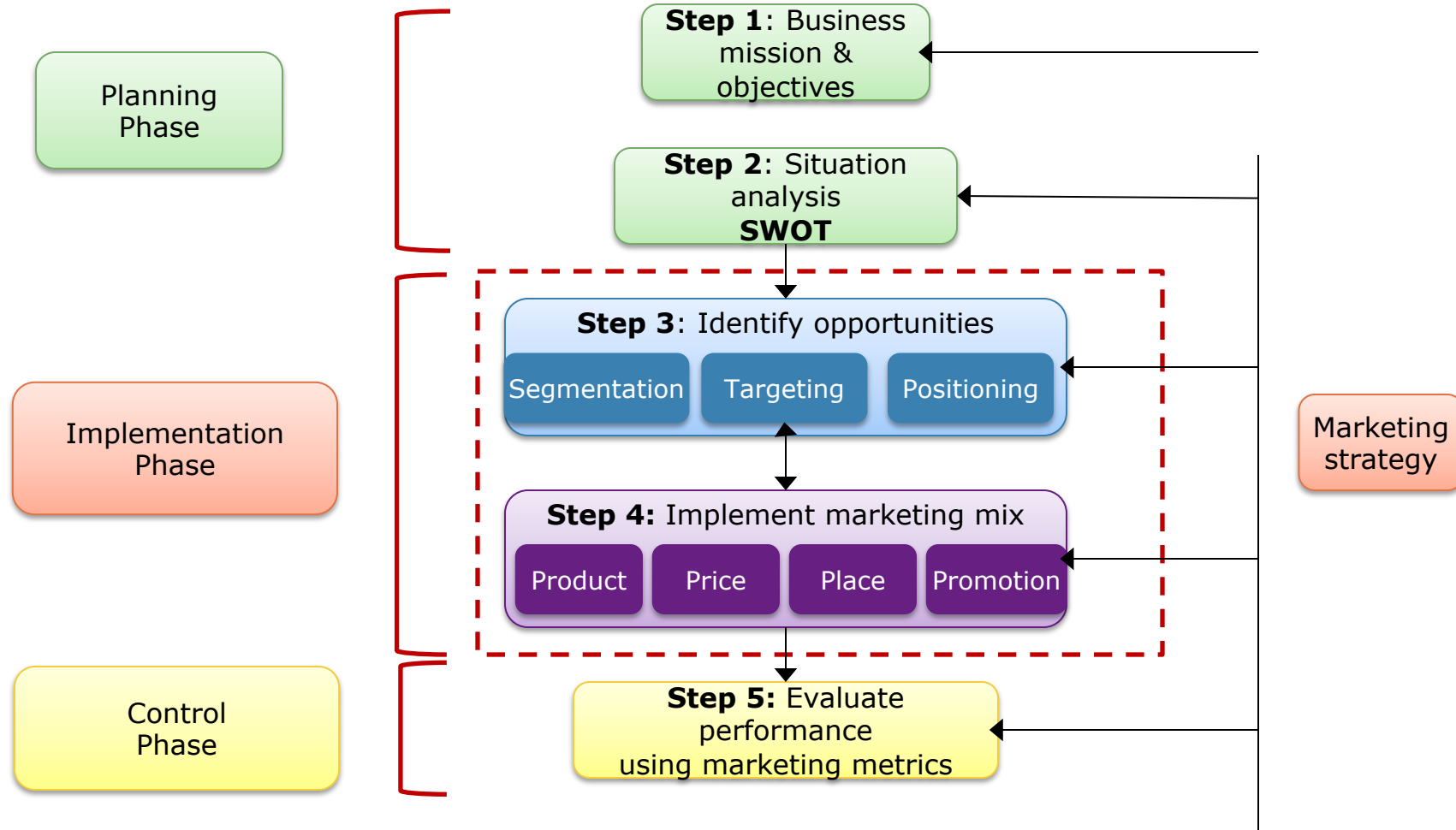
Step 5: Evaluate Performance

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**
- ...

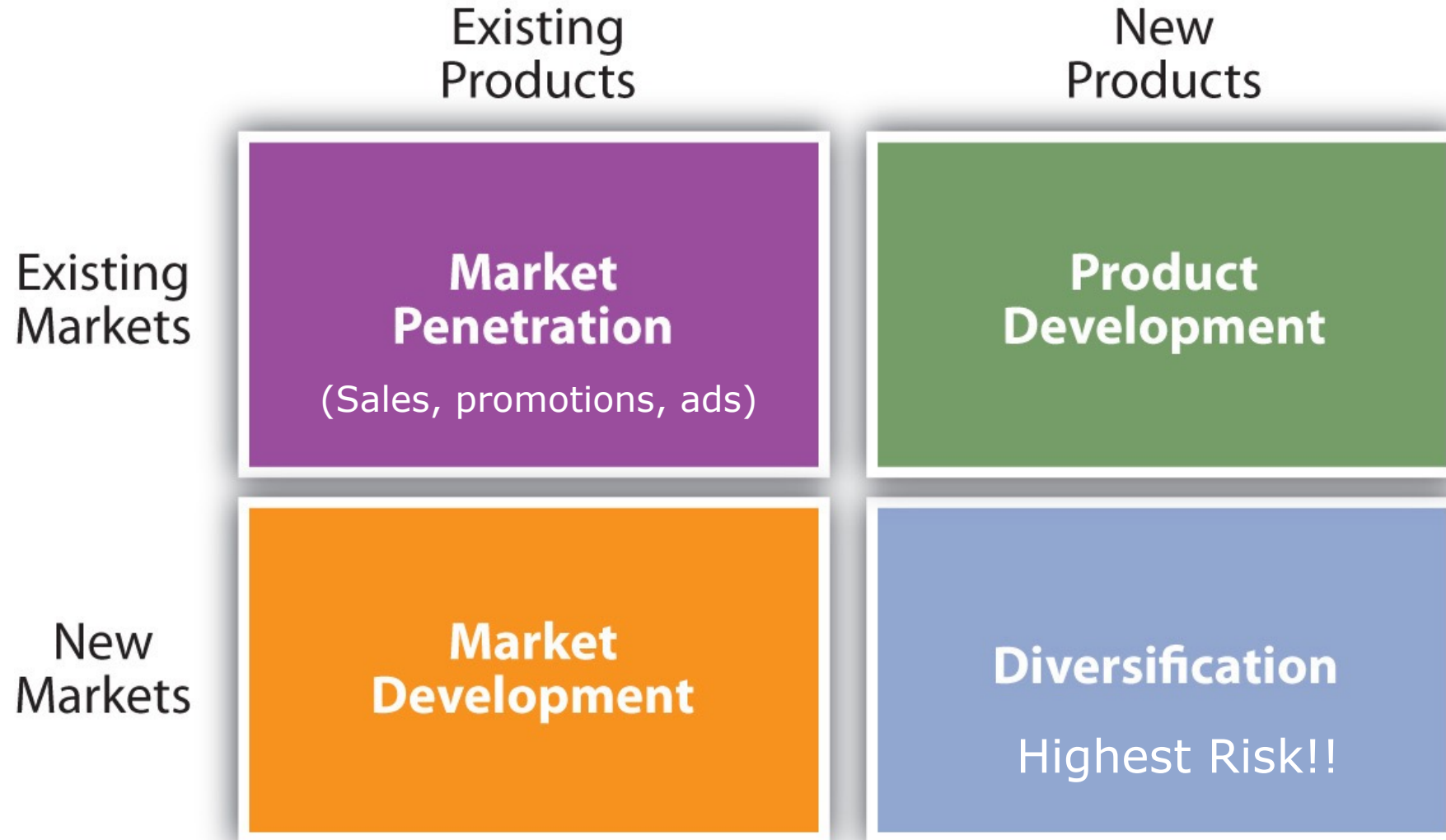
P.S: Note that metrics are **objective-specific**, i.e., should align with your marketing plan goals!

Marketing plan: Recap



Not sequential!

Growth Strategies



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Growth Strategies



