

Chapter 2 : developing marketing essay

[Business](#), [Industries](#)



Home assignment-kotler-12th edition- 2nd chapter CHAPTER 2 : DEVELOPING MARKETING STRATEGIES AND PLANS MARKETING DEBATE—What Good Is a Mission Statement? Take a position: Mission statements are critical to a successful marketing organization versus mission statements rarely provide useful marketing value. MY OPINION: Pro: A well-crafted corporate mission statement reflects the values of the firm as they relate to the community at large, its stakeholders, its employees, and its customers. Once the firm's positions are delineated in the mission statement, marketing can begin the process of setting its priorities, goals, and objectives derived from the stated priorities of the firm. With the advent of holistic marketing, what the firm believes about the communities at large and what strategic direction the firm wishes to take should be defined through its mission statement. Con: Mission statements are written for public consumption and rarely if ever do they reflect the actual goals, objectives, and mission of the firm. These statements are for public consumption and are written to placate the corporate stakeholders, employees, and consumers.

Although most mission statements are written with good intentions, the real direction of the firm must be found in the application of its business practices. Marketing should not make the mistake of deriving its goals, objectives, and strategies from these platitudes. GURU ABHINAV DOC 24-05-2997 1 © Abhinav Mishra 2007 Email : co. in Virtually all firms have mission statements to help guide and inspire employees as well as signal what is important to the firm to those outside the firm. Mission statements are often the product of much deliberation and discussion.

At the same time, some critics claim that mission statements sometimes lack “teeth” and specificity. Moreover, critics also maintain that in many cases, mission statements do not vary much from firm to firm and make the same empty promises. Home assignment-kotler-12th edition- 2nd chapter

MARKETING DISCUSSION Consider Porter’s value chain and the holistic marketing orientation model. What implications do they have for marketing planning? How would you structure a marketing plan to incorporate some of their concepts? **ANSWER** Before the marketing function begins its planning, it first must examine the costs and performance of the firm in each of these value-creating activities and look for ways to improve or reduce costs/products as needed. Marketing must also force the firm to benchmark itself to the competition in all of these areas.

The structure of the marketing plan must take into account each of the five primary activities and each of the four support activities. A marketing plan must incorporate both a “downstream” and “upstream” review in the process to deliver superior customer value. This means that the planning process must include areas for improvement in the five primary areas and the four support areas as part of its strategy and product development. Essentially, the marketing plan becomes an “improvement” document for the firm in each of these nine strategic activities delineating areas for change or modification for the firm.

MARKETING SPOTLIGHT—Nike Discussion Questions (suggested responses): 1) What have been the key success factors for Nike? a. Consistent advertising program and selective spokespersons. b.

Tracking consumer-purchasing behavior. 2) Where is Nike vulnerable? a. Loss of key sports figures. b. Loss of incremental growth in high-end products. c.

Changes in governmental regulations/rules for production of their products. d. Competitive activities that mimic or improve upon technological processes. 3) What should it watch out for? a. Identifying trends and megatrends in the sports apparel industry. GURU ABHINAV DOC 24-05-2997
2 © Abhinav Mishra 2007 Email :

co. in Michael Porter's value chain is a tool for identifying ways to create more customer value. This value chain identifies nine strategically relevant activities that create value and cost in a business. There are five primary activities and four support activities in this value chain. The five primary activities are: inbound logistics, operations, outbound logistics, marketing and sales, and service. The four support activities are: procurement, technology development, human resource management, and infrastructure. Home assignment-kotler-12th edition- 2nd chapter b. Monitoring the six major environmental forces of: (i) Demographic (ii) Economic (iii) Social-cultural (iv) Natural (v) Technological (vi) Political-legal 4) What recommendations would you make to senior marketing executives going forward? a.

Understand people's views of themselves, others, organizations, society, nature, and the universe as it pertains to sports. 5) What should they be sure to do with their marketing? a. Work closely with local and national governments, pressure groups and other environmental arenas to position

the company as being socially responsible to the concerns about shoe manufacturing. Continue to present their advertising showing “ fun” in sports and the use of their products DETAILED CHAPTER OUTLINE Q1.

How does marketing affect customer value? ANSWER: MARKETING AND CUSTOMER VALUE Marketing involves satisfying consumers’ needs and wants. The task of any business is to deliver customer value at a profit. The Value Delivery Process The traditional view of marketing is that the firm makes something and then sells it. A) Will not work in economies where people face abundant choice. B) New belief: marketing begins with the planning process. C) Value creation and delivery consists of three parts: GURU ABHINAV DOC 24-05-2997 3 © Abhinav Mishra 2007 Email :

co. in Home assignment-kotler-12th edition- 2nd chapter 1) Choosing the value (segment the market, define target market, develop “ offering”).) Providing the value (product features, prices, and distribution channels). 3) Communicating the value (sales force, advertising, and promotional tools). Each of these “ values” involves a cost component to the company.

D) The Japanese use: 2) Zero product-improvement time. 3) Zero purchasing time. 4) Zero set-up time. 5) Zero defects. E) Nirmalya Kumar’s 3 “ Vs” approach to marketing: 1) Define the value segment or segments.

2) Define the value proposition. 3) Define the value network. F) Frederick Webster views marketing in terms of: 1) Value defining process. 2) Value developing processes. 3) Value delivering processes.) Zero customer feedback time.

GURU ABHINAV DOC 24-05-2997 4 © Abhinav Mishra 2007 Email : co. in
Home assignment-kotler-12th edition- 2nd chapter The Value Chain Michael Porter's Value Chain (Figure 2. 2) identifies nine strategically relevant activities that create value and costs (five primary and four support activities). A) Primary activities: 1) Inbound logistics (material procurement). 2) Operations (turn into final product). 4) Marketing (marketing and sales). 5) Servicing (service after the sale). B) Support activities: 1) Procurement. 2) Technology development. 3) Human resource management.) Firm infrastructure.

The firm's task is to examine its costs and performance in each value-creating activity and to look for ways to improve performance. C) Core business processes: 1) The market sensing process (marketing intelligence). 2) The new offering realization process (research and development). 3) The customer acquisition process (defining target markets and consumers). 4) The customer relationship management process (deeper understanding of consumers). The fulfillment management process (receiving, shipping, and collecting payments). Strong companies develop superior capabilities in these core business processes.

Strong companies also reengineer the workflows and build cross-functional teams responsible for each process. Many companies have partnered with suppliers and distributors to create a superior value-delivered network. D) Value-delivery network (supply chain). To be successful today, a firm must look for competitive advantages beyond its own operations—to its suppliers and distributors to create a superior value-delivery network (supply chain).

GURU ABHINAV DOC 24-05-2997 5 © Abhinav Mishra 2007 Email : co. in 3)

Outbound logistics (shipping and warehousing). Home assignment-kotler-12th edition- 2nd chapter Value Exploration A) Customer's cognitive space (reflects existing and latent needs and includes participation, stability, freedom, and change).

B) Company's competence space (broad versus focused scope of business and depth physical versus knowledge-based capabilities). C) The collaborator resource space (horizontal and vertical partnerships). Value Creation A) Marketer's need to: 1) Identify new customer benefits from the customer's view. 2) Utilize core competencies. 3) Select and manage business partners from its collaborative networks. 4) Business realignment may be necessary to maximize core competencies. .

(Re)defining the business concept—big idea. b. (Re)shaping the business scope—lines of business.

c. (Re)position the company's brand identity. Value Delivery—What Companies Must Become? Often requires an investment in infrastructure and capabilities. A) Proficient at customer relationship management. 1) Who the customers are, and respond to different customer opportunities.

B) Internal resource management. 1) Integrate major business processes within a single family of software modules. C) Business partnership management. 1) Allow the company to handle complex relationships with its trading partners.

GURU ABHINAV DOC 24-05-2997 6 © Abhinav Mishra 2007 Email : co. in
Home assignment-kotler-12th edition- 2nd chapter Q2. How is strategic planning carried out at different levels of the organisation? ANSWER: The Central Role of Strategic Planning A) Calls for action in three areas: 1) Managing a company's businesses as an investment portfolio. 2) Assessing each business's strength by the market's growth rate and the company's position and fit in that market. 3) Establish strategy. B) Most large companies consist of four organizational levels: 1) Corporate level. 2) Division level.
3) Business unit level.) Product level. C) The marketing plan is the central instrument for directing and coordinating the marketing effort.

The marketing plan operates on two levels: strategic and tactical. 1) The strategic marketing plan lays out target markets and the value proposition. 2) The tactical marketing plan specifies the product, promotion, merchandising, pricing, sales channels, and service.

CORPORATE AND DIVISION STRATEGIC PLANNING A) All corporate headquarters undertake four planning activities: 1) Defining the corporate mission. 2) Establishing strategic business units (SBUs). 3) Assign resources to each SBU.) Assessing growth opportunities. GURU ABHINAV DOC 24-05-2997 7 © Abhinav Mishra 2007 Email : co.

in Home assignment-kotler-12th edition- 2nd chapter Defining the Corporate Mission A) Key questions to ask: 1) What is our business? 2) Who is the customer? 3) What is of value to the customer? 4) What will our business be?

5) What should our business be? Mission statements are best when guided by a “ vision” that provides direction for the company. B) Good mission statements have three major characteristics: 1) Focused on a limited number of goals. 2) Stresses the company’s major policies and values.) Defines the major competitive spheres within which the company will operate by defining the: a. Industry. b. Products and applications. c. Competence. d. Market-segment. e. Vertical. f. Geographical.

Defining the Business Redefine the definition of businesses in terms of needs and not products. A) A target market definition tends to focus on selling a product or service (Pepsi® and all who drink cola sodas). B) A strategic market definition is broader and more encompassing (Pepsi redefines its strategy to everyone who has a “ thirst”). 1) A business can be defined in terms of three dimensions: a. Customer groups. b.

Customer needs. GURU ABHINAV DOC 24-05-2997 8 © Abhinav Mishra 2007
Email : co.

in Home assignment-kotler-12th edition- 2nd chapter Assessing Growth Opportunities A) Involves planning for new businesses. B) Downsizing or terminating old businesses. Intensive Growth A) Market-penetration strategy (gain more market share). B) Market-development strategy (new markets for current products). C) Product-development strategy (new products for current markets). D) Diversification strategy (new products for new markets). Integrative Growth A) Sales and profits may be increased through: 1) Backward integration.

2) Forward integration.) Horizontal integration Diversification Growth When opportunities are found outside the present business and the company has the right mix of business strengths to be successful. A) Several types are possible: 1) New products that have technological or marketing synergies with existing product lines. 2) New products unrelated to the current industry. 3) New businesses unrelated GURU ABHINAV DOC 24-05-2997 9 © Abhinav Mishra 2007 Email : co.

in Corporate manager's first course of action should be a review of opportunities for improving existing businesses. Home assignment-kotler-12th edition- 2nd chapter BUSINESS UNIT STRATEGIC PLANNING Business Mission A) Each business unit needs to define its specific mission within the broader company mission. A) The evaluation of a company's strengths, weaknesses, opportunities, and threats is called SWOT analysis. It involves monitoring the external and internal marketing environment. External Environment (Opportunity and Threat) Analysis A) A business unit must monitor key macroenvironment forces: 1) Demographic-economic. 2) Natural. 3) Technological. 4) Political-legal.

5) Social-cultural. 6) And significant microenvironment actors: a. Customers. b. Competitors. c. Suppliers. .

Distributors. e. Dealers. A major purpose of environmental scanning is to discern new opportunities. A marketing opportunity is an area of buyer need and interest in which there is a high probability that a company can profitably satisfy that need. B) There are three sources of market

opportunities: 1) First is to supply something in short supply. 2) Second is to supply an existing product or service in a new or superior way.

3) There are several ways to uncover possible product or service improvements: a. By asking customers for their suggestions (problem detection method). GURU ABHINAV DOC 24-05-2997 10 Abhinav Mishra 2007 Email : co. in SWOT Analysis Home assignment-kotler-12th edition- 2nd chapter b. By asking consumers to imagine an ideal version of the product or service (ideal method). c. By asking consumers to chart their steps in acquiring, using, and disposing of a product (consumption chain method).

C) Third is a totally new product or service. D) To evaluate opportunities, companies can use Market Opportunity Analysis (MOA) to determine attractiveness and probability of success: 1) Can the benefits involved in the opportunity be articulated convincingly to a defined target market(s)?) Can the target market(s) be located and reached with cost-effective media and trade channels? 3) Does the company possess or have access to the critical capabilities and resources needed to deliver the customer benefits? 4) Can the company deliver the benefits better than any actual or potential competitors can? 5) Will the financial rate of return meet or exceed the company's required threshold for investment? E) An environmental threat is a challenge posed by an unfavorable trend or development that would lead, in the absence of defensive marketing action, to lower sales or profit.

Internal Environment (Strengths/Weaknesses) Analysis It is one thing to find attractive opportunities and another to be able to take advantage of them.

Each firm must evaluate its internal strengths and weaknesses. A) George

Stalk suggests that winning companies are those that have achieved superior in-company capabilities, not just core competencies. Stalk calls this capabilities-based competition.

Goal Formulation Once the company has performed a SWOT analysis, it can proceed to develop specific goals for the planning period. This stage of the process is called goal formulation. Managers use the term “ goals” to describe objectives that are specific with respect to magnitude and time. A) The firm sets objectives, and then manages by objectives (MBO). For MBOs to work they must meet four criteria: 1) They must be arranged hierarchically, from the most to least important. 2) Objectives should be stated quantitatively whenever possible. 3) Goals should be realistic. 4) Objectives must be consistent.

GURU ABHINAV DOC 24-05-2997 11 © Abhinav Mishra 2007 Email : co. in Home assignment-kotler-12th edition- 2nd chapter Strategic Formulation Every business must design a strategy for achieving its goals, consisting of a marketing strategy, and a compatible technology strategy, and sourcing strategy.

Porter’s Generic Strategic 1) Overall cost leadership. 2) Differentiation. 3) Focus. B) According to Porter, firms pursuing the same strategy to the same target market constitute a strategic group. **Strategic Alliances** A) Companies are discovering that there is a need for strategic partners if they hope to be effective. B) Many strategic alliances take the form of marketing alliances. These fall into four major categories: 1) Product or service alliances.) Promotional alliances.

3) Logistics alliances. 4) Pricing collaborations. C) To keep strategic alliances thriving, corporations have begun to develop organizational structures for support and have come to view the ability to form and manage partnerships as core skills (called Partner Relationship Management, PRM). Program Formulation and Implementation A) A great marketing strategy can be sabotaged by poor implementation. B) Marketing must estimate its costs. C) In implementing strategy, companies must not lose sight of the multiple stakeholders involved and their needs.

D) According to McKinsey & Company, strategy is only one of seven elements in successful business practice. 1) The first three—strategy, structure, and systems are considered the “ hardware” of success. GURU ABHINAV DOC 24-05-2997 12 © Abhinav Mishra 2007 Email : co. in A) Michael Porter has proposed three generic strategies that provide a good starting point for strategic thinking: Home assignment-kotler-12th edition-2nd chapter 2) The next four—style, skills, staff, and shared values are the “ software” a. “ Style” means that company employees share a common way of thinking and behaving. . “ Skills” means that the employees have the skills necessary to carry out the company’s strategy.

c. “ Staffing” means that the company has hired able people, trained them well, and assigned them to the right jobs. d. “ Shared values,” means that the employees share the same guiding values. Feedback and Control As it implements its strategy, the firm needs to track the results and monitor new developments. A company’s strategic fit with the environment will inevitably

erode because the market environment changes faster than the company's 7Ss.

Organizations are subject to inertia and are set up as efficient machines and it is difficult to change one part without adjusting everything else. Q3. What does a marketing plan include? ANSWER:- PRODUCT PLANNING: THE NATURE AND CONTENTS OF A MARKETING PLAN A) Each product level (product line, brand) must develop a marketing plan for achieving its goals. A marketing plan is a written document that summarizes what the marketer has learned about the marketplace and indicates how the firm plans to reach its marketing objectives. B) Marketing plans are becoming more customer and competitor orientated. The plan draws more input from all the business functions and is team developed.

C) Contents of the marketing plan: 1) Executive summary and table of contents. 2) Situation analysis. 3) Marketing strategy. 4) Financial projections.

5) Implementation controls. GURU ABHINAV DOC 24-05-2997 13 © Abhinav Mishra 2007 Email : co.

in Home assignment-kotler-12th edition- 2nd chapter GURU ABHINAV DOC 24-05-2997 14 © Abhinav Mishra 2007 Email : co. in