Marketing Management Involves

- Planning marketing activities
- Implementing the Plans
- Evaluation and Control of the results
- Modification of the plan to match results with objectives
- To attain goals and objectives effectively and efficiently.

Marketing Strategy
Domestic - International - Global

- An Organization must match its resources with market opportunities.
- This requires: *A Marketing Orientation*
  - Producing that which your target customers want/need (marketing concept), instead of
  - Trying to get customers to buy what the firm has produced (product concept).
Strategic Planning Objectives

• The Goal of Strategic Planning is to help the organization select and organize its businesses, by:
• 1. Managing Current Businesses
• 2. Assess current business strengths in terms of:
  – Market growth rates and
  – Company positions in these markets
• 3. Develop plans for achieving organizational objectives in its markets.

Strategic-Planning, Implementation, and Control Process

Businesses are organized around Exchanges with Consumers

• Customers buy solutions to problems
• Customers buy perceived benefits
• Customers buy utility in the economic sense
• Customers buy products to the extent that they perceive them as offering the best solutions to their problems - the greatest value (benefit) for their purchasing power (money)
What do Producers Sell?

- Market Oriented firms think of themselves in terms of selling customer Solutions.
  - Answers to consumer problems
  - Benefits packaged in the form of products
- Most firms perceive themselves as selling Products and Services
  - Product Oriented firms focus on products
  - Production Oriented firms focus on efficiency
  - Sales Oriented firms focus on selling

Marketing Myopia

- Theodore Levitt coined this term in 1960 to describe certain things he observed in the marketplace
  - (To be myopic is to have tunnel vision).
- Marketers in successful industries tend to become myopic (product/production) focused over time.
- They lose sight of the marketing concept and begin to think that customers are inherently attached to the products they produce - banks, travel agents, automobiles

Product and Production Orientations are both Common and Sub-Optimal

- Organizations are generally market oriented when they begin.
- However, over time, companies often lose their initial focus. For example, A company might prefer to produce analog wireless telephones, utilizing its existing technology – long after digital seems to be favored in the marketplace.
Planning: A Framework for the Future

Corporate plans  SBU's  Operational plans
Top management  Middle management  Operational management

Top Management: Mission Statement

• Key Questions
  – What business are we in?
  – How do we organize our business?
  – What are long term organizational goals?

• Key Goals
  – Provides direction for the entire direction
  – Supports a consumer-oriented perspective
  – Includes a statement of ethical credo

The Mission Statement

• States the organization’s purpose for being.
• Explains why it exists and what it aims to accomplish, such as:
  • We’re in the people moving business.
  • Creating better living environments
  • Providing memorable vacations

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Middle Management: SBU (Strategic Business Units)
Areas of the organization that are managed and controlled as separate units
A SBU is organized around some meaningful common element such as:

- Industry
- Technology
- Customer need
- Target Market

Competitive Advantage
- Definition: Some proprietary asset, which allows the firm to either:
  - Superior to, or
  - Favorably different from Competitors in a way that is important to the market.

Competitive Advantage
- Two Alternate Strategies:
  - 1. Achieve the low-cost position in the industry, or
  - 2. Differentiate its product so that it can receive higher revenues than its competitors
The Strategic Marketing Process

1. Identify and evaluate opportunities
2. Analyze market segments and select target markets
3. Plan a market position; develop marketing mix strategy
4. Prepare a formal marketing plan

Stage One: Identifying and Evaluating Opportunities

- Environmental change
  - Situation analysis
  - Environmental scanning and monitoring
- S.W.O.T. analysis
- Organization & opportunities matching

5. Execute the plan
6. Control efforts and evaluate the results
Creation of new Opportunities

- In a free market economy, new products are necessary because of what Schumpeter calls the concept of *Creative Destructionism*:
  - the continual knocking down of the second best by new and improved solutions to problems.
- New Product innovation
  - capitalizes on strengths of the firm in the marketplace,
  - avoids weaknesses of the firm

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<tr>
<th>Product/Market Expansion Grid</th>
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<tr>
<td><strong>Existing products</strong></td>
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<td>Existing markets</td>
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Identifying Attractive Opportunities

- The SWOT analysis offers the firm a convenient way to organize research into its various markets
- This analysis can be further augmented using Porter’s 5 Forces Model.
SWOT Analysis

- **Internal Analysis**
  - Strengths of the firm
  - Weaknesses of the firm
- **External Analysis**
  - Opportunities in the marketplace
  - Threats in the marketplace

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Five Forces Determining Segment Structural Attractiveness

- Potential Entrants (Threat of Mobility)
- Suppliers (Supplier power)
- Industry Competitors (Segment rivalry)
- Buyers (Buyer power)
- Substitutes (Threats of Substitutes)

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Stage Two: Analyzing Market Segments & Selecting Target Markets

**Market segmentation**

**Target markets**
Stage Three: Market Positioning and Marketing Mix strategy

- Positioning
- Developing marketing mix

Stage Four: Preparing a Formal Marketing Plan

Stage Five: Executing the Plan

Stage Six: Controlling Efforts and Evaluating Results

- Supervision
- Benchmarks
- Feedback, and
- Adjustments to the Plan
Managerial Ethics & Socially Responsible Behavior

Porter’s Value chain, Introducing the Theory of Competitive Advantage

• Depicts the activities of the firm in relation to its markets
• All activities are either Primary to the production and delivery of the product, or
• Secondary, support activities of the firm necessary to the production, but not assignable to distinct products.
Coordination is Important in Optimizing the Value Chain

- Minimization of cost in any activity may not lead to an optimal position.
- Key activities must be coordinated, such as:
  - New Product Development - optimizing NPD
  - Inventory Management - raw materials to finished goods
  - Customer Acquisition and Retention
  - Order-to-Remittance - from receipt to payment
  - Customer Service - broadly defined

Importance of the Value Chain concept to Profit

- Two distinct possibilities are open to the firm in terms of earning profits from its operations, (under the assumption that all other things are equal):
  - 1. Reduce Cost
  - 2. Differentiate - (Increase Revenue)