

Marketing

Second SA edition
Charles W. Lamb, Jr.
Joseph F. Hair, Jr.
Carl McDaniel
Christo Boshoff
Nic S. Terblanche

**Chapter 14:
Putting it all together: The Strategic
Marketing Plan**

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Introduction

- **Planning reduces risk**
- **Planning uncovers both:**
 - opportunities; and
 - threats
- **A plan is a written document**
- **Strategic marketing planning**
 - a long term fit between the firm's resources and market opportunities

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Examples of

- **Poor strategic planning:**
 - Pepsi, McCarthy Retail, LeisureNet
- **Successful strategic planning:**
 - ABSA, SA Breweries
- **Success depends on:**
 - Anticipation and continuous monitoring
 - Protecting the firm's competitive advantage

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The Mission Statement

- **What business are we in?**
- **Determines resource allocation**
- **Marketing Myopia**
- **Karos Hotels:**
 - Individual and first class facilities
 - Location and convenience
 - Guest service of an excellent standard
 - Value for money

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Strategic Marketing Objectives

- **Broad, non-specific**
- **For the whole firm**
- **Objectives are hierarchical**

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Situation Analysis

S	Things the firm does well.
W	Things the firm does not do well.
O	Conditions in the external environment that favour the firm's strengths.
T	Conditions in the external environment that do not relate to existing strengths and exposes areas of current weakness.

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Types of Competition

Type	Description
Monopoly	One Seller, Unique Product, No Competitors or Close Substitutes
Monopolistic Competition	Large Number of Sellers, Products Distinguishable, Sellers believe they have competition - including substitutes
Oligopoly	Few Sellers, High Barriers to Entry, Inelastic Demand, Seek Non-price Advantage
Pure Competition	Many Buyers and Sellers, Identical Products, Full knowledge, Easy entry, Elastic Demand, Focus on Lower Costs

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Reacting to the External Environment

Culture	Response Style
Prospector	Search for and capitalise on emerging opportunities
Reactor	Responds (not pro-active) to external market if forced to, maintains the status quo
Defender	Defends its turf, continually looking for opportunities to reduce operating costs
Analyser	Defend stable market, aggressively enter emerging opportunities as "second in"

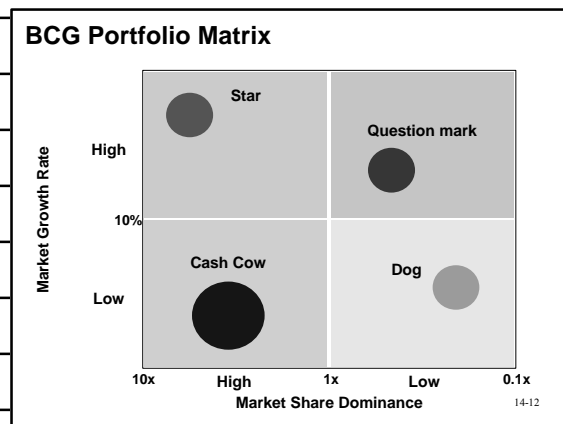
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Strategic Alternatives

	Present Product	New Product
Present Market	Market Penetration	Product Development
New Market	Market Development	Diversification

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- ### Evaluating Opportunities: The BCG Matrix
- Four quadrants:
 - Stars: market leader, growing market, profitable but needs resources
 - Cash cows: dominate in slow growth market
 - Dogs: small market share in low growth market
 - Problem children (?): rapidly growing market but little profit, needs a lot of resources
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Strategic Options for Using the Portfolio Matrix

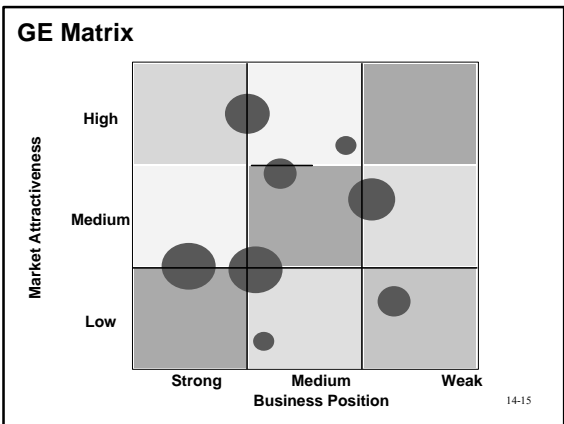
- **Build - Stars**
- **Hold- Problem Children**
- **Harvest – Cash Cows**
- **Divest- Dogs**

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Strategic Options: Portfolio Matrix (cont)

- **Stars: Build market share (“out market” them) using the 4Ps**
 - lower prices, expanded distribution, increased ad spend, new product features/improvements
- **Cash cows: Maintain market share (don’t rock the boat)**
 - No changes to the 4 Ps, use cash to fund Stars and promising Question Marks to turn them into Cash Cows
- **Question Marks – maintain cash flow by either:**
 - reducing expenditure gradually (R&D, replacements) but faster than declining sales; or
 - improving marketing (see Stars above)
- **Dogs - disinvest**

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The Marketing Strategy

- **Competitive advantage is the cornerstone**
- **The target market**
- **Positioning strategy**
- **Marketing strategy objectives (see next slide)**
- **The marketing strategy**
 - Product strategy: Chapters 8 and 9
 - Distribution strategy: Chapter 10
 - Promotional strategy: Chapter 11 and 12
 - Pricing Strategy: Chapter 13

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Criteria for Marketing Objectives

Marketing Objectives Must Be:

- Realistic
- Measurable
- For a Defined Period of Time
- Consistent with the Firm’s Objectives

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Effective Strategic Marketing Planning

- **must be based on accurate information**
- **must be in writing**
- **must be flexible**
- **is an ongoing process**
- **is based on creativity**
- **must have top management’s support**

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