



Chapter 1: INTRODUCTION TO STRATEGIC MARKETING

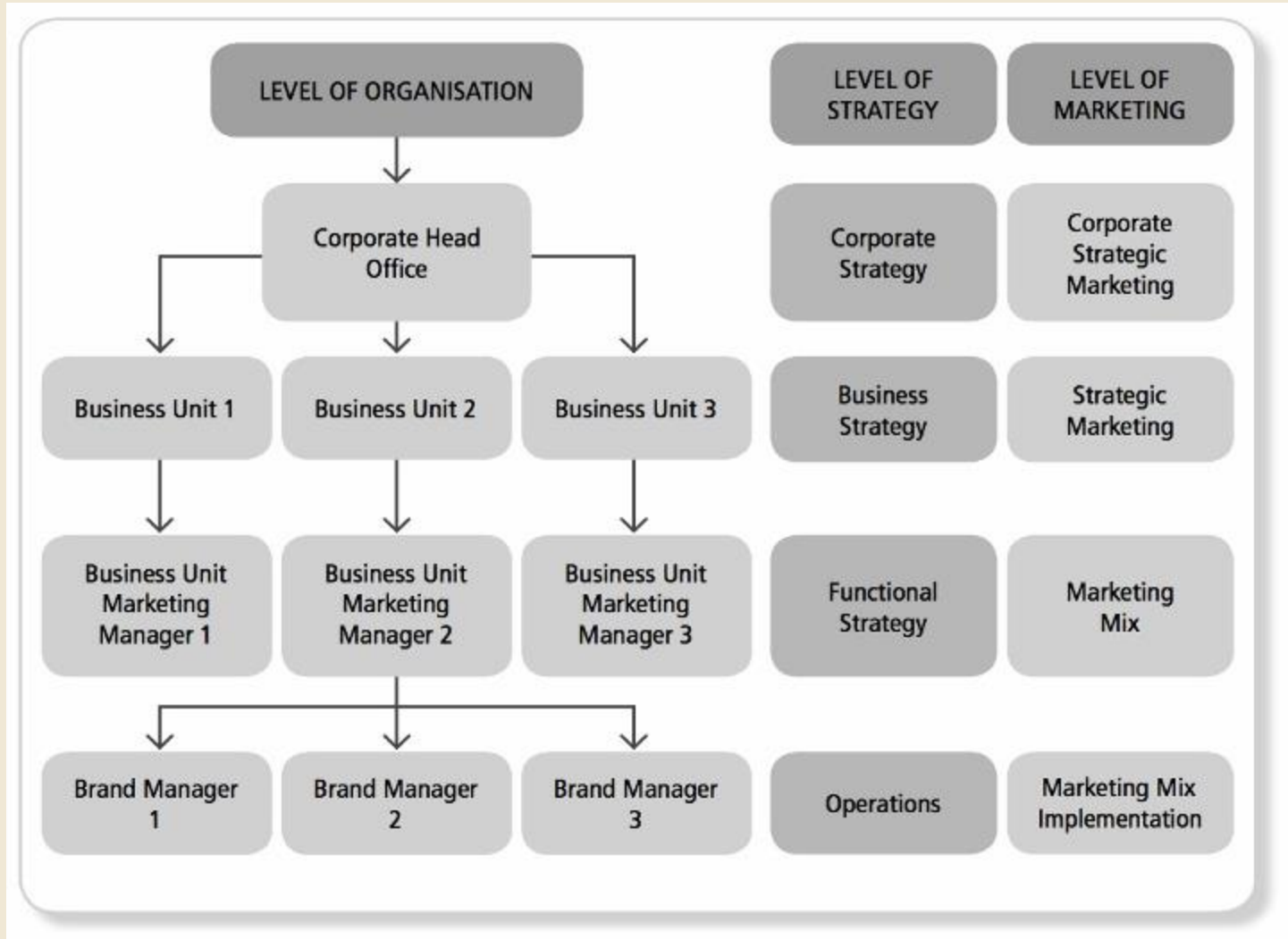


Learning outcomes

After reading this chapter you should be able to:

- Distinguish between the different levels of strategy and marketing
- Describe what strategic marketing is
- Explain the importance of strategic marketing in creating shareholder value
- Broadly describe the process of strategic marketing
- Understand the approach of this textbook.

The different levels of strategy





Corporate strategy

Corporate strategy is about answering the following questions:

- What businesses are we in and what should we be in?
- What are our basic directions for the future?
- What is our culture and leadership style?
- What is our attitude to strategic change? What should it be?

Supported by ***corporate strategic marketing*** that builds corporate identity, reputation, and brand among key stakeholder groups.



Business strategy

Business strategy is about answering the following questions:

- How do we compete successfully? What is our sustainable competitive advantage?
- How can we innovate?
- Who are our customers?
- What value do we add? Where? Why? How?

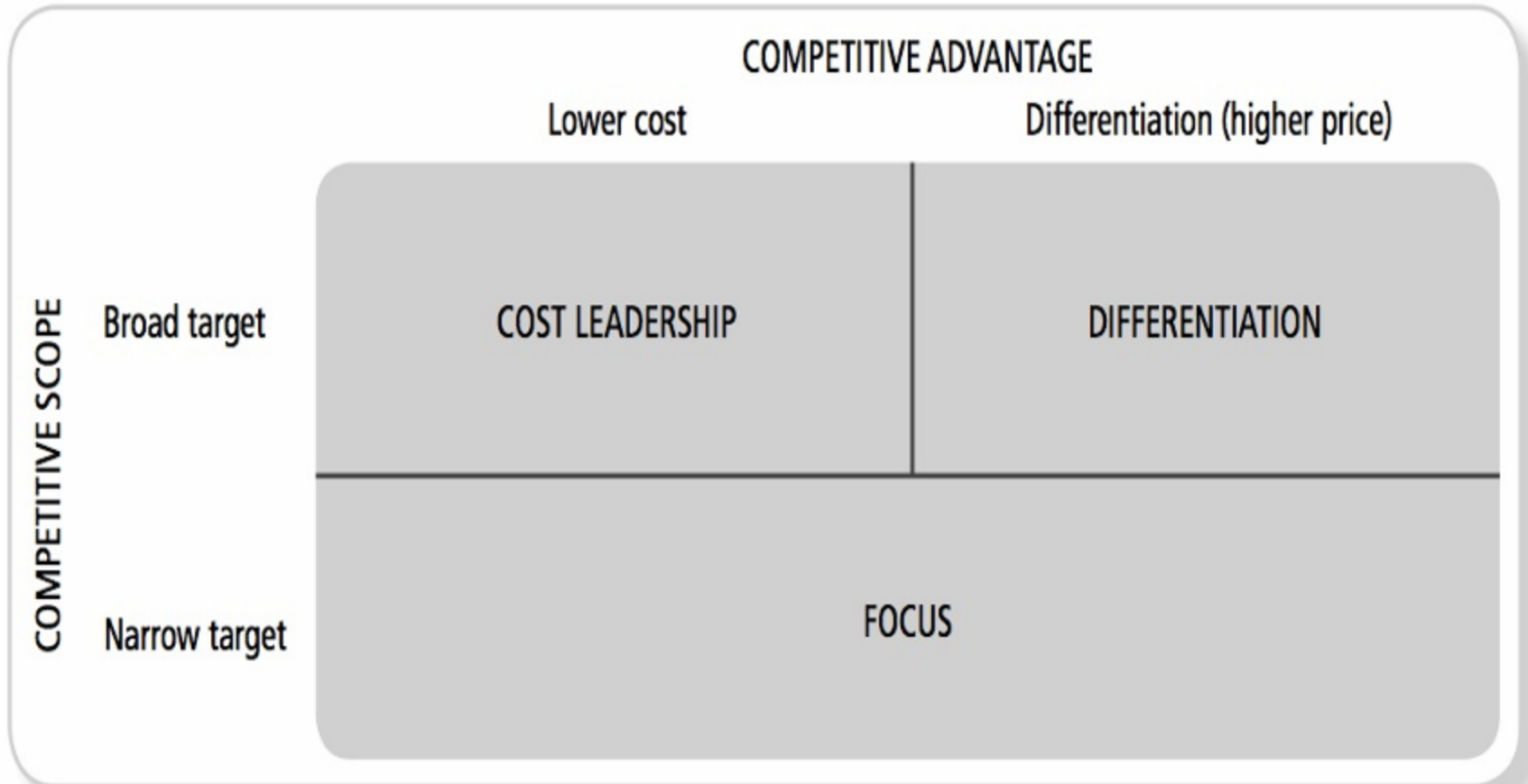


Business strategy (cont.)

Supported by ***strategic marketing*** that develops sustainable competitive advantage by identifying market segments, targeting attractive market segments, and developing strategies to position the business and its products or brands in each segment.



A framework for business strategy





Marketing strategy

A marketing strategy *'articulates the best uses of the of the organisation's resources and tactics to achieve its marketing objectives. It states which opportunities are to be pursued by an organisation, indicates the specific markets towards activities are to be targeted and identifies the type of competitive advantage to be are to be developed and exploited.'* (Dibb et al. 2006: 37)



Strategic versus operational marketing

	Strategic marketing	Operational marketing
Orientation	Analysis-orientated	Action-orientated
Time frame	Long term	Short term (day-to-day)
Planning perspective	Proactive	Reactive
Purpose	Future perspective – new marketing opportunities	Implementation – focus on existing opportunities
Environment	Dynamic	Stable
Responsibility	CEO, cross-functional	Marketing Department, e.g. Brand Managers
Marketing focus	Product-market segments	Marketing mix



Characteristics of strategic marketing

- Driven by vision, strategic objectives and corporate strategy
- Driven by customer needs and heterogeneous markets
- Focus is on segments where you can compete successfully
- It is everybody's job – not just the marketing department's
- It is dynamic.

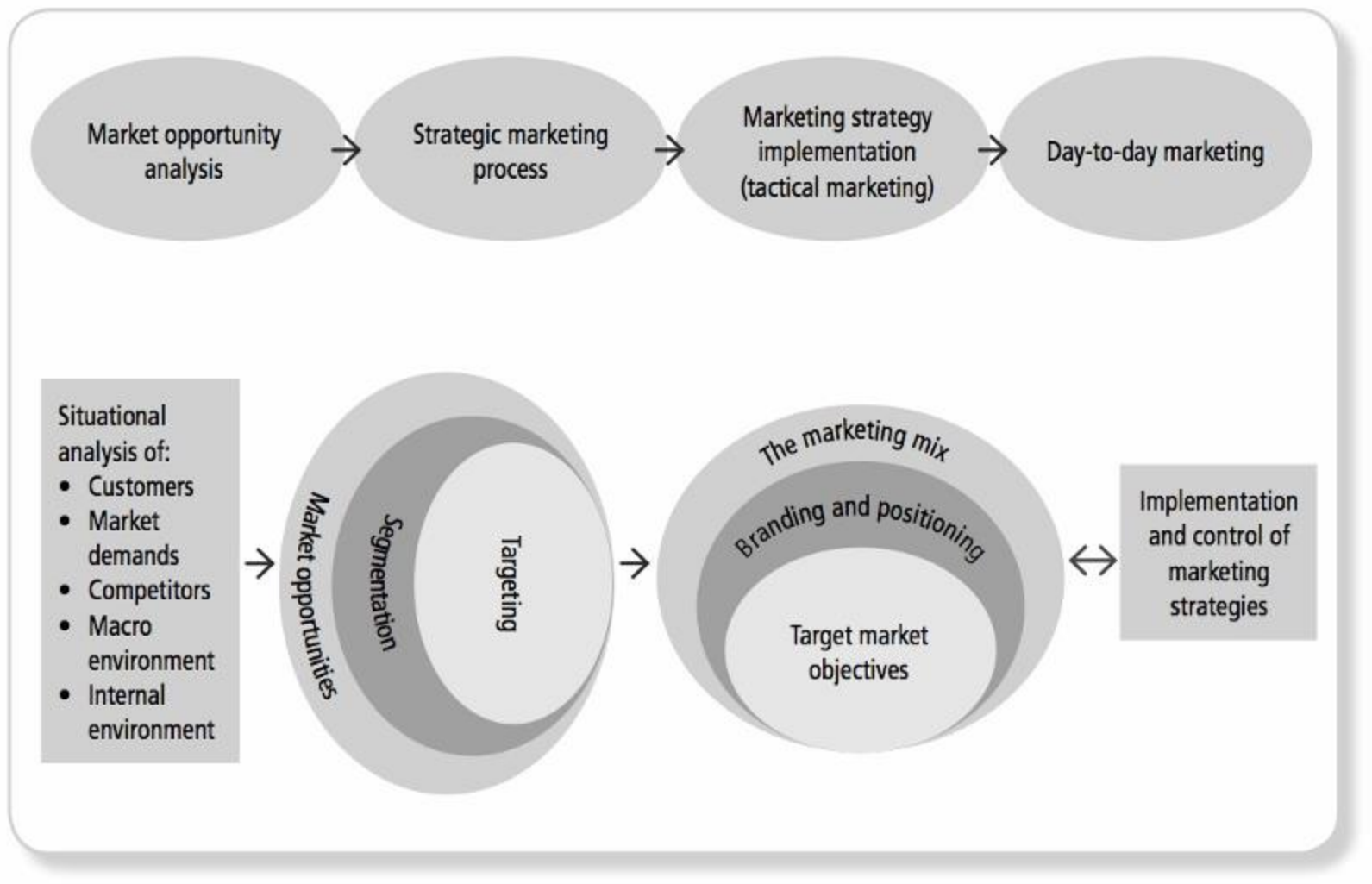


The strategic marketing process

- Market opportunity analysis
 - Customer analysis
 - Market demand analysis
 - Competitive analysis
 - Macro environmental analysis
 - Internal analysis
- Market segmentation
- Market targeting
- Positioning
- Marketing plans
- Marketing plan implementation
- Measuring and feedback.



The strategic marketing process model





Outline of a strategic marketing plan

1. Start with a mission statement
2. Include a financial summary which illustrates graphically projected revenue and profit for the full planning period
3. Include a market overview: Has the market declined or grown? How does it break down into segments? What is your share of each? Keep it simple. If you do not have the facts, make estimates. Use life cycles, bar charts, and pie charts to make it all crystal clear
4. Identify the key segments and do a SWOT analysis for each one: Outline the major external influences and their impact on each segment. List the key factors for success. These should be less than five. Give an assessment of the company's differential strengths and weaknesses compared with those of its competitors. Score yourself and your competitors out of 10 and then multiply each score by a weighting factor for each critical success factor (e.g. CSF 1 = 60, CSF 2 = 25, CSF 3 = 10, CSF 4 = 5)
5. Make a brief statement about the key issues that have to be addressed in the planning period
6. Summarize the SWOTs using a portfolio matrix in order to illustrate the important relationships between your key products and markets
7. List your assumptions
8. Set objectives and strategies
9. Summarize your resource requirements for the planning period in the form of a budget.

Source: McDonald (2006)



The role of the marketing function in strategic marketing planning

- Understanding market dynamics
- Identifying potential markets, segments, and customers
- Quantifying and qualifying the needs of the defined customer groups (segments) within the identified markets
- Determining the value propositions to meet segment needs
- Communicating the value propositions internally and externally to employees and segments
- Playing an appropriate part in delivering value propositions (usually marketing communications)
- Monitoring value actually delivered to segments.