



CHAPTER 2

Strategic Marketing Planning

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Chapter outline

- Introduction
- The strategic planning process
- The marketing plan
- Maintaining customer focus and balance in strategic planning

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

The Strategic Planning Process

■ Situation Analysis

- *An in-depth analysis of the organization's internal and external environments*

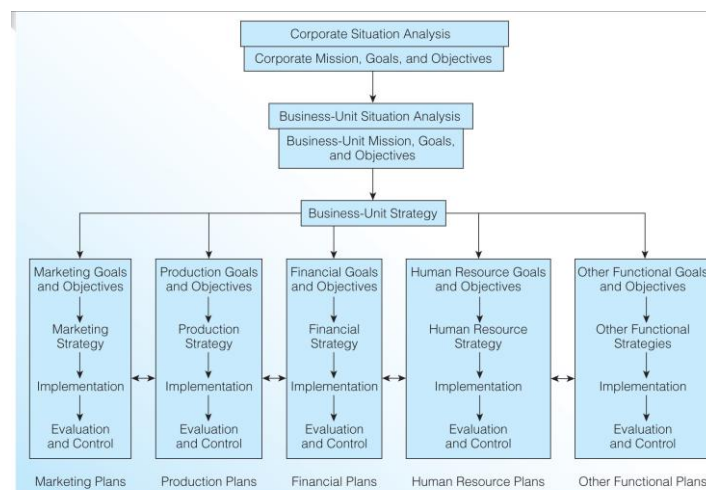
■ Marketing Plan

- *A written document that provides the blueprint or outline of the organization's marketing activities, including the implementation, evaluation, and control of those activities*
 - Explains how the organization will achieve its goals and objectives
 - Serves as a "road map" for implementing the marketing strategy
 - Instructs employees as to their roles and functions
 - Provides specifics regarding the allocation of resources, specific marketing tasks, responsibilities of individuals, and the timing of marketing activities

3

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

The Strategic Planning Process (Exhibit 2.1)



© Cengage Learning 2013

4

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Organizational Mission versus Organizational Vision

■ Mission Statement

- *Answers... “What business are we in?”*
- *Clear and concise*
- *Explains the organization’s reason for existence*

■ Vision Statement

- *Answers... “What do we want to become?”*
- *Tends to be future oriented*
- *Represents where the organization is headed*

5

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Elements of the Mission Statement

■ Five basic questions to be answered

- *Who are we?*
- *Who are our customers?*
- *What is our operating philosophy?*
- *What are our core competencies or competitive advantages?*
- *What are our responsibilities with respect to being a good steward of our human, financial, and environmental resources?*

■ Mission Width and Stability

- *Width – too broad or too narrow?*
- *Stability – frequency of modifications*

■ Customer-Focused Mission Statements

- *Southwest Airlines*
- *Ben and Jerry’s 3-Part Mission Statement*
- *Tylenol*
- *The American Red Cross*

6

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



The Best Mission Statements (Exhibit 2.2)

In their book, *Say It and Live It: The 50 Corporate Mission Statements That Hit the Mark*, Patricia Jones and Larry Kahnert identified 50 companies that possess outstanding mission statements. This exhibit lists several of these companies, along with their 1995, 2000, and 2012 mission statements. Remember that these organizations customized their mission statements to fit their own needs and goals, not to match the criteria established in this chapter.

Boeing

1995 To be the number one aerospace company in the world and among the premier industrial concerns in terms of quality, profitability, and growth.

2000 Our mission is bigger and broader than ever. It is to push not just the envelope of flight, but the entire envelope of value relating to our customers and shareholders.

2012 People working together as a global enterprise for aerospace leadership.

Leo Burnett

1995 The mission of the Leo Burnett Company is to create superior advertising. In Leo's words: "Our primary function in life is to produce the best advertising in the world, bar none. This is to be advertising so interrupting, so daring, so fresh, so engaging, so human, so believable and so well-focused as to thrum and ideas that, at one and the same time, it builds a quality reputation for the long haul as it produces sales for the immediate present."

2000 Our Vision: To be an indispensable source of our clients' competitive advantage. Our Mission: We will work with our clients as a community of non-teachers whose ideas build leadership brands through imagination and a sensitive and deeper understanding of human behavior.

2012 At Leo Burnett our purpose is to be the world's best creator of ideas that truly move people... bar none. Together with our partners, we strive to put a meaningful human purpose at the center of our clients' brands, to transform the way people think, feel and ultimately behave.

Celestial Seasonings

1995 Our mission is to grow and dominate the U.S. specialty tea market by exceeding consumer expectations with the best tasting, 100 percent natural hot and iced teas, packaged with Celestial art and philosophy, creating the most valued tea experience. Through leadership, innovation, focus, and teamwork we are dedicated to continuously improving value to our consumers, customers, employees, and stakeholders with a quality-first organization.

2000 We believe in creating and selling healthful, naturally oriented products that nurture people's bodies and uplift their souls. Our products must be

- superior in quality,
- of good value,
- beautifully artistic, and
- philosophically inspiring.

Our role is to play an active part in making this world a better place by usefully serving the public. We believe we can have a significant impact on making people's lives happier and healthier through their use of our products.

2012 In 1989, a group of passionate young entrepreneurs founded Celestial Seasonings upon the belief that their flavorful, all-natural herbal teas could help people live healthier lives. They harvested fresh herbs from the Rocky Mountains by hand, and then dried, blended and packaged them in hand-sewn muslin bags to be sold at local health food stores. By staying committed to their vision, the founders of Celestial Seasonings turned their cottage industry into an almost overnight success. Today, Celestial Seasonings is one of the largest specialty tea manufacturers in North America. We serve more than 1.6 billion cups of tea every year, and we source more than 100 different ingredients from over 35 countries to create our delicious, all-natural herbal, green, red, white, chai and wellness teas. But most importantly, we're still about people and passion.

Intel Corporation

1995 Do a great job for our customers, employees and stockholders by being the preeminent building block supplier to the computing industry.

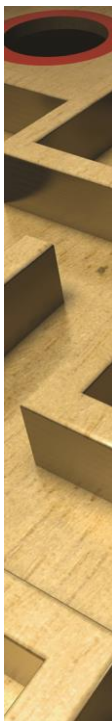
2000 Intel's mission is to be the preeminent building block supplier to the worldwide Internet economy.

2012 This decade we will create and extend computing technology to connect and enrich the lives of every person on earth.

Sources: Patricia Jones and Larry Kahnert, *Say It and Live It: The 50 Corporate Mission Statements That Hit the Mark* (New York: Doubleday, 1995), and the websites of these companies.

7

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Corporate or Business-Unit Strategy

- **The central means for:**
 - *Utilizing and integrating the organization's resources*
 - *Carrying out the organization's mission*
 - *Achieving the organization's desired goals and objectives*
- **Leverages the firm's capabilities that give it a competitive, or differential, advantage**
- **Determines the nature and future direction of each business unit**
- **Essentially the same as corporate strategy in small businesses**

8

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Functional Goals and Objectives

- All business functions must support the organization's mission and goals.
- Functional objectives should be expressed in clear, simple terms.
- All functional objectives should be reconsidered for each planning period.

9

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Functional Strategy

- Functional strategies are designed to integrate efforts focused on achieving the area's stated objectives.
- The strategy must:
 - *Fit the needs and purposes of the functional area*
 - *Be realistic with the organization's resources and environment*
 - *Be consistent with the organization's mission goals, and objectives.*
- The effects of each functional strategy must be evaluated.

10

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Implementation

- Involves activities that execute the functional strategy
- Functional plans have two target markets:
 - *External market*
 - *Internal market*
- A company must rely on its internal market – its employees – for a functional strategy to be implemented successfully.

11

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Defend or contradict this statement:

Developing marketing strategy is more important than implementing marketing strategy because if the strategy is flawed, its implementation doesn't matter.

DISCUSSION QUESTIONS

12

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Evaluation and Control

- Designed to keep planned activities on target with goals and objectives
- Coordination and open communication among functional areas are critical issues
- Evaluation and control is both an ending and beginning
 - *Occurs after a strategy has been implemented*
 - *Serves as the beginning point for planning in the next cycle*

13

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



The Marketing Plan

- Detailed formulation of the actions needed to carry out the marketing program; an action document – the handbook for marketing implementation, evaluation, and control
- Not the same as a business plan
- Requires a great deal of information from many different sources
- Should be well organized. A good marketing plan outline is:
 - *Comprehensive*
 - *Flexible*
 - *Consistent*
 - *Logical*

14

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Marketing Plan Structure (Exhibit 2.3)

- I. Executive Summary**
 - Synopsis of the major aspects of the marketing plan
- II. Situation Analysis**
 - Internal environment
 - Customer environment
 - External environment
- III. SWOT Analysis**
 - Strengths, weaknesses, opportunities, threats
 - Analysis of the SWOT matrix
 - Developing competitive advantages
 - Establishing a strategic focus

15

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Marketing Plan Structure (Exhibit 2.3) *(continued)*

- IV. Marketing Goals and Objectives**
 - Formal statements of desired and expected outcomes of the marketing plan
 - Goals
 - Broad, simple statements of what is to be accomplished
 - Objectives
 - More specific performance targets
- V. Marketing Strategy**
 - Primary (and secondary) target market
 - The marketing program
 - Branding and positioning strategy

16

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Marketing Plan Structure (Exhibit 2.3) *(continued)*

VI. Marketing Implementation

- What specific marketing activities will be undertaken?
- How will these activities be performed?
- When will these activities be performed?
- Who is responsible for the completion of these activities?
- How will the completion of planned activities be monitored?
- How much will these activities cost?

VII. Evaluation and Control

- Formal marketing control
- Informal marketing control
- Financial assessments

17

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.



Customer-Focused Strategic Planning

- Puts customer needs and wants first
- Focuses on long-term, value-added relationships
- Focuses on understanding customers in ways that enhance sustainable competitive advantages
- Instills a corporate culture that places customers at the top of the organizational hierarchy
- Finds ways to cooperate with suppliers and competitors to serve customers more effectively and efficiently

18

© 2014 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.