CHAPTER 2 *DEVELOPING MARKETING STRATEGIES AND PLANS*

LEARNING OBJECTIVES

In this chapter, we will address the following questions:

1. How does marketing affect customer value?
2. How is strategic planning carried out at different levels of the organization?
3. What does a marketing plan include?

CHAPTER SUMMARY

1. The value delivery process includes choosing (or identifying), providing (or delivering), and communicating superior value. The value chain is a tool for identifying key activities that create value and costs in a specific business.

2. Strong companies develop superior capabilities in managing core business processes such as new-product realization, inventory management, and customer acquisition and retention. Managing these core processes effectively means creating a marketing network in which the company works closely with all parties in the production and distribution chain, from suppliers of raw materials to retail distributors. Companies no longer compete—marketing networks do.

3. According to one view, holistic marketing maximizes value exploration by understanding the relationships between the customer's cognitive space, the company's competence space, and the collaborator's resource space; maximizes value creation by identifying new customer benefits from the customer's cognitive space, utilizing core competencies from its business domain, and selecting and managing business partners from its collaborative networks; and maximizes value delivery by becoming proficient at customer relationship management, internal resource management, and business partnership management.

4. Market-oriented strategic planning is the managerial process of developing and maintaining a viable fit between the organization's objectives, skills, and resources and its changing market opportunities. The aim of strategic planning is to shape the company's businesses and products so they yield target profits and growth. Strategic planning takes place at four levels: corporate, division, business unit, and product.

5. The corporate strategy establishes the framework within which the divisions and business units prepare their strategic plans. Setting a corporate strategy means defining the corporate mission, establishing strategic business units (SBUs), assigning resources to each, and assessing growth opportunities.

6. Strategic planning for individual businesses includes defining the business mission, analyzing external opportunities and threats, analyzing internal strengths and weaknesses, formulating goals, formulating strategy, formulating supporting programs, implementing the programs, and gathering feedback and exercising control.

7. Each product level within a business unit must develop a marketing plan for achieving its goals. The marketing plan is one of the most important outputs of the marketing process.

OPENING THOUGHT

For most students, one of the most challenging concepts in this chapter is the definition of strategy. The second area of concern presented in this chapter, is the understanding of strategic versus tactical decisions. Definitions can be confusing and are often taken for granted, so the instructor is encouraged to spend sufficient class time covering the distinctions between these two.

Finally, this chapter contains a case analysis using Marketing Plan Pro software that may present some difficulties to students unfamiliar with its use. It is important to note that the objective of the inclusion of this software is to familiarize students with the many aspects of the marketing plan—not for them to become experts in the use of this specific software. The instructor may want to emphasize its usage at his or her discretion.

TEACHING STRATEGY AND CLASS ORGANIZATION

PROJECTS

1. For the semester-long project, with this chapter, we continue the formation of groups; first presentation of "product" to instructor for approval; review of process; and calendar of "due dates."
2. As a group presentation project, have each group present their Pegasus Sports International marketing plan to the class. Non-presenting groups should be ready to evaluate the accuracy of the numbers presented, critique, refute, and/or debate the findings of the other groups. Each group presentation should be followed by a written presentation of their marketing plan.
3. Students should be encouraged to review selected company's annual reports to collect from these reports the corporations' mission statements, strategy statements, and target market definitions. The collected material can be discussed in class comparing the company's overall business, marketing, and customer strategies.
4. Sonic PDA Marketing Plan. Every marketing plan must include the company mission, analysis of strengths, weaknesses, opportunities, and threats and state the marketing and financial objectives for the plan period. Sonic is a start-up company that will soon introduce a new multi-function personal digital assistant (PDA) to compete with established products made by Palm, Hewlett Packard, Sony, and others. As an assistant to Jane Melody, Sonic's chief marketing officer, you have been assigned to:
    - Draft a mission statement for Sonic's senior management to review.

- Prepare a summary of strengths, weaknesses, opportunities, and threats (SWOTs).
- List the marketing and financial objectives the company has for the new PDA being developed by Sonic.

As your instructor directs, enter Sonic's mission statement, SWOTs, and financial and marketing objectives in a written marketing plan, or type them into the Mission, SWOT, and Objectives sections of Marketing Plan Pro.

ASSIGNMENTS

Each student is in effect a "product." Like all products you (they) must be marketed for success. Have each of your students' write their own "mission statement" about their career and a "goal statement" of where they see themselves in 5 years, 10 years, and after 20 years.

Have students read Jon R. Katzenbach and Douglas K. Smith, *The Wisdom of Teams: Creating the High-Performance Organization* (Boston: Harvard Business School Press, 1993); Hammer and Champy, *Reengineering the Corporation* and report on their findings in a written and/or oral presentation.

Select a local firm or have the students select firms in which they are familiar (current employers or past employers, for example) and have them answer the questions posed by the Marketing Memo, Marketing Plan Criteria regarding the evaluation of a marketing plan. Make sure the students are specific in their answers.

As a group presentation project, have the students read: Peter Lorange and Johan Roos, *Strategic Alliances: Formation, Implementation and Evolution* (Cambridge, MA: Blackwell, 1992); Jordan D. Lewis, *Partnerships for Profit: Structuring and Managing Strategic Alliances* (New York: The Free Press, 1990); John R. Harbison and Peter Pekar, *Smart Alliances: A Practical Guide to Repeatable Success*, (San Francisco, CA: Jossey-Bass, 1998) and have each group present their findings.

END-OF-CHAPTER SUPPORT

MARKETING DEBATE—What Good Is a Mission Statement?

Mission statements are often the product of much deliberation and discussion. At the same time, critics claim they sometimes lack "teeth" and specificity, or do not vary much from firm to firm and make the same empty promises.

Take a position: Mission statements are critical to a successful marketing organization versus mission statements rarely provide useful marketing value.

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.

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: 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.

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 Excellence: CISCO

1. How is building a brand in a business-to-business context different from doing so in the consumer market?

Suggested answer: Building a brand in a business-to-business market involves different consumers/customers than the consumer market. In the B2B market, you have deciders, influencers, users, gatekeepers, and buyers—all making or playing a part in the decision making process to buy or not to buy a product and/or service. In the consumer market, these five roles may be allocated or assumed by one or two people, usually the head of the household and/or the user.

In the B2B market products can emphasize their capabilities and performance characteristics more than they can to the consumer, especially technical products. In the consumer channel-name (brand) recognition is and can be a powerful marketing tool.

2. Is Cisco's plan to reach out to consumers a viable one? Why or why not?

Suggested answer: Student's answers will vary but most may offer that since Cisco is trying to reach the consumer market by the use of integration, that is, acquiring known consumer electronics companies first, like Linksys, perhaps the strategy may work. Of course, the quote from the text “”thought-provoking and provocative and doesn’t slam the brand name into you from the first page” may not be the right strategy to use in the consumer market where the consumer is “slammed” with thousands and thousands of ads each week and “slamming harder” often works.

Marketing Excellence: INTEL

1. Discuss how Intel changed ingredient-marketing history. What did it do so well in those initial campaigns?

Suggested answer: Intel created a “brand” identity for their microprocessor and created a campaign in which consumers “pulled” the brand through the marketing process by asking for “Intel Inside” their computers. This “pull” campaign was very successful and carried over to other Intel chips like the Atom and Centrino Duo.

2. Evaluate Intel’s more recent marketing efforts. Did they lose something by dropping the “Intel Inside” tagline or not?

Suggested answer: Student answers will vary but most might say that Intel has lost brand resonance and positioning with their dropping the “Intel inside” marketing campaign. One could argue that once a company has such brand recognition and has such a successful campaign that they should not walk away from it. Critics will say that the success of “Intel inside” could now be used to draw consumers to look for Intel chips in the new generation of Mobile devices, like it did for the first generations of laptops and desktops, (the “pull” strategy) and as such Intel may lose their brand identity/preference for devices containing their chips in the future.

DETAILED CHAPTER OUTLINE

Key ingredients of the marketing management process are insightful, creative strategies and plans that can guide marketing activities. Developing the right marketing strategy over time requires a blend of discipline and flexibility. Firms must stick to a strategy but also constantly improve it. They must also develop strategies for a range of products and services within the organization.

MARKETING AND CUSTOMER VALUE

The task of any business is to deliver customer value at a profit. In a hypercompetitive economy with increasingly informed buyers faced with abundant choices, a company can win only by fine-tuning the value delivery process and choosing, providing, and communicating superior value.

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 each with individual wants, perceptions, preferences, and buying criteria.

B) New belief: marketing begins with the planning process.

C) Value creation and delivery can be divided into three phases:

1) Choosing the value (segment the market, select target market, develop "offering").

2) Providing the value (product features, prices, and distribution channels).

3) Communicating the value (sales force, internet, advertising, and communication tools).

The Value Chain

Michael Porter's Value Chain identifies nine strategically relevant activities that create value and costs in a specific business (five primary and four support activities).

A) Primary activities:

1) Inbound logistics (material procurement).

2) Operations (turn into final product).

3) Outbound logistics (shipping and warehousing).

4) Marketing (marketing and sales).

5) Servicing (service after the sale).

B) Support activities:

1) Procurement.

2) Technology development.

3) Human resource management.

4) 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).

5) The fulfillment management process (receiving, shipping, and collecting payments).

Strong companies are reengineering their work flows and building cross-functional teams to be responsible for each process. Many companies today have partnered with specific suppliers and distributors to create a superior **value delivery network**.

D) Value-delivery network (supply chain).

To be successful, a firm also needs to look for competitive advantages beyond its own operations, into the value chains of suppliers, distributors, and customers.

Core Competencies

The key, then, is to own or nurture the resources and competencies that make up the essence of the business—outsource if competency is cheaper and available.

A core competency has three characteristics

a. Makes a significant contribution to perceived customer benefits
b. Has applications in a wide variety of markets
c. It is difficult for competitors to imitate

Competitive advantage also accrues to companies that possess *distinctive capabilities* or excellence in broader business processes.

Competitive advantage ultimately derives from how well the company "fits" its core competencies and distinctive capabilities into tightly interlocking "activity systems."

Business realignment may be necessary to maximize core competencies. It has three steps:

1) (re) defining the business concept or "big idea"
2) (re) shaping the business scope ; and
3) (re) positioning the company's brand identity.

A Holistic Marketing Orientation and Customer Value

Holistic marketers succeed by managing a superior value chain that delivers a high level of product quality, service, and speed.

Holistic marketers address three key management questions:

1) Value exploration—identify new value opportunities.
2) Value creation—efficiently creates more promising new value offerings.
3) Value delivery—deliver the new value offerings more efficiently.

Developing strategy requires the understanding of the relationships and interactions among these three spaces.

Value Exploration (p. 9)

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.

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.

The Central Role of Strategic Planning

Successful marketing thus requires companies to have capabilities such as: understanding customer value, creating customer value, delivering customer value, capturing customer value, and sustaining customer value.

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.

4) 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.

4) Assessing growth opportunities.

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 they reflect a vision that provides direction for the company.

B) Good mission statements have five major characteristics:
   1) Focused on a limited number of goals.
   2) Stresses the company's major policies and values.
   3) 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.
   4) Take a long-term view.
   5) Are short, memorable and meaningful.

The Central Role of Strategic Planning

Successful marketing requires capabilities such as understanding, creating, delivering, capturing, and sustaining customer value.

To ensure they select and execute the right activities, marketers must give priority to strategic planning in three areas:

1) Managing a company's businesses as an investment portfolio

2) Assessing each business' strength by considering the market's growth rate and the company's position and fit in that market and

3) Establishing a strategy.

Most large companies consist of four organizational levels:

1) corporate,

2) division,

3) business unit,

4) product.

The **marketing plan** is the central instrument for directing and coordinating the marketing effort. It operates at two levels: strategic and tactical.

The **strategic marketing plan** lays out the target markets and the firm's value proposition, based on an analysis of the best market opportunities.

The **tactical marketing plan** specifies the marketing tactics, including product features, promotion, merchandising, pricing, sales channels, and service.

CORPORATE AND DIVISION STRATEGIC PLANNING

Some corporations give their business units freedom to set their own sales and profit goals and strategies. Others set goals for their business units but let them develop their own strategies. Still others set the goals and participate in developing individual business unit strategies.

All corporate headquarters undertake four planning activities:

1. Defining the corporate mission
2. Establishing strategic business units
3. Assigning resources to each strategic business unit
4. Assessing growth opportunities

Defining the Corporate Mission

An organization exists to accomplish something: to make cars, lend money, provide a night's lodging. Over time, the mission may change, to take advantage of new opportunities or respond to new market conditions.

To define its mission, a company should address Peter Drucker's classic questions:[i] What is our business? Who is the customer? What is of value to the customer? What will our business be? What should our business be? These simple-sounding questions are among the most difficult a company will ever have to answer. Successful companies continuously raise and answer them.

Organizations develop **mission statements** to share with managers, employees, and (in many cases) customers. A clear, thoughtful mission statement provides a shared sense of purpose, direction, and opportunity.

Mission statements are at their best when they reflect a vision, an almost "impossible dream" that provides direction for the next 10 to 20 years.

Good mission statements have five major characteristics.

1. *They focus on a limited number of goals*. The statement "We want to produce the highest-quality products, offer the most service, achieve the widest distribution, and sell at the lowest prices" claims too much.

2. *They stress the company's major policies and values*. They narrow the range of individual discretion so employees act consistently on important issues.
3. *They define the major competitive spheres within which the company will operate*. Table 2-3 summarizes some key competitive dimensions for mission statements.
4. *They take a long-term view*. Management should change the mission only when it ceases to be relevant. They are as short, memorable, and meaningful as possible.

DEFINING COMPETITIVE TERRITORY AND BOUNDARIES IN MISSION STATEMENTS

Industry: Some companies operate in only one industry; some only in a set of related industries; some only in industrial goods, consumer goods, or services; and some in any industry.

Products and applications: Firms define the range of products and applications they will supply.

Competence: The firm identifies the range of technological and other core competencies it will master and leverage.

Market segment: The type of market or customers a company will serve is the market segment.

Vertical: The vertical sphere is the number of channel levels, from raw material to final product and distribution, in which a company will participate.

Geographical: The range of regions, countries, or country groups in which a company will operate defines its geographical sphere.

Establishing Strategic Business Units

Companies often define themselves in terms of products: They are in the "auto business" or the "clothing business."

Market definitions of a business, however, describe the business as a customer-satisfying process. Products are transient; basic needs and customer groups endure forever. Transportation is a need: the horse and carriage, automobile, railroad, airline, ship, and truck are products that meet that need.

Viewing businesses in terms of customer needs can suggest additional growth opportunities.

A *target market definition* tends to focus on selling a product or service to a current market. Pepsi could define its target market as everyone who drinks carbonated soft drinks, and competitors would therefore be other carbonated soft drink companies.

A *strategic market definition,* however, also focuses on the potential market.

Assigning Resources to Each SBU

A business can define itself in terms of three dimensions: customer groups, customer needs, and technology.

An SBU has three characteristics:

1. It is a single business, or a collection of related businesses, that can be planned separately from the rest of the company.
2. It has its own set of competitors.
3. It has a manager responsible for strategic planning and profit performance, who controls most of the factors affecting profit.

The purpose of identifying the company's strategic business units is to develop separate strategies and assign appropriate funding.

Assigning Resources to Each SBU

Once it has defined SBUs, management must decide how to allocate corporate resources to each. Several portfolio-planning models provide ways to make investment decisions.

Assessing Growth Opportunities

Assessing growth opportunities includes planning new businesses, downsizing, and terminating older businesses. If there is a gap between future desired sales and projected sales, corporate management will need to develop or acquire new businesses to fill it.

The first option is to identify opportunities for growth within current businesses (intensive opportunities). The second is to identify opportunities to build or acquire businesses related to current businesses (integrative opportunities). Third is to identify opportunities to add attractive unrelated businesses (diversification opportunities).

INTENSIVE GROWTH Corporate management's first course of action should be a review of opportunities for improving existing businesses. One useful framework for detecting new intensive-growth opportunities is a "product-market expansion grid" (Figure 2.4).

The company first considers whether it could gain more market share with its current products in their current markets, using a *market-penetration strategy*. Next it considers whether it can find or develop new markets for its current products, in a *market-development strategy*. Then it considers whether it can develop new products of potential interest to its current markets with a *product-development strategy*. Later the firm will also review opportunities to develop new products for new markets in a *diversification strategy*.

These intensive growth strategies offer several ways to grow. Still, that growth may not be enough and management must also look for integrative growth opportunities.

INTEGRATIVE GROWTH A business can increase sales and profits through backward, forward, or horizontal integration within its industry.

DIVERSIFICATION GROWTH Diversification growth makes sense when good opportunities exist outside the present businesses—the industry is highly attractive and the company has the right mix of business strengths to succeed.

DOWNSIZING AND DIVESTING OLDER BUSINESSES Companies must carefully prune, harvest, or divest tired old businesses to release needed resources to other uses and reduce costs.

Organization and Organizational Culture

Strategic planning happens within the context of the organization. A company's **organization** consists of its structures, policies, and corporate culture, all of which can become dysfunctional in a rapidly changing business environment. A) Organization consists of:

What exactly is a **corporate culture**? Some define it as "the shared experiences, stories, beliefs, and norms that characterize an organization."

A customer-centric culture can affect all aspects of an organization. Sometimes corporate culture develops organically and is transmitted directly from the CEO's personality and habits to the company employees.

1) Structures.

2) Policies.

a. Corporate culture defined is "the shared experiences, stories, beliefs, and norms that characterize an organization."

Sometimes corporate culture develops organically and is transmitted by the CEO's personality.

Marketing Innovation

Innovation in marketing is critical. Imaginative ideas on strategy exist in many places within a company.

A) Innovation in marketing is critical.

BUSINESS UNIT STRATEGIC PLANNING
The Business Mission

A) Each business unit needs to define its specific mission within the broader company mission.

SWOT Analysis

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.

B) Use market opportunity analysis (MOA)

C) Environmental threat—unfavorable trend or development

EXTERNAL ENVIRONMENT (OPPORTUNITY AND THREAT) ANALYSIS

A business unit must monitor key *macroenvironment forces* and significant *microenvironment factors* that affect its ability to earn profits. It should set up a marketing intelligence system to track trends and important developments and any related opportunities and threats.

Good marketing is the art of finding, developing, and profiting from these opportunities.[ii]

A **marketing opportunity** is an area of buyer need and interest that a company has a high probability of profitably satisfying. There are three main sources of market opportunities.[iii] The first is to offer something that is in short supply. This requires little marketing talent, as the need is fairly obvious. The second is to supply an existing product or service in a new or superior way. How?

The *problem detection method* asks consumers for their suggestions, the *ideal method* has them imagine an ideal version of the product or service, and the *consumption chain method* asks them to chart their steps in acquiring, using, and disposing of a product.

This last method often leads to a totally new product or service.

To evaluate opportunities, companies can use **market opportunity analysis (MOA)** to ask questions like:

1. Can we articulate the benefits convincingly to a defined target market(s)?
2. Can we locate the target market(s) and reach them with cost-effective media and trade channels?
3. Does our company possess or have access to the critical capabilities and resources we need to deliver the customer benefits?
4. Can we deliver the benefits better than any actual or potential competitors?
5. Will the financial rate of return meet or exceed our required threshold for investment?

An **environmental threat** is a challenge posed by an unfavorable trend or development that, in the absence of defensive marketing action, would lead 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 business must evaluate its internal strengths and weaknesses.

Goal Formulation

Once the company has performed a SWOT analysis, it can proceed to **goal formulation,** developing specific goals for the planning period. Goals are 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 quantitative whenever possible.

   3) Goals should be realistic.

   4) Objectives must be consistent.

Strategic Formulation

Goals indicate what a business unit wants to achieve; **strategy** is a game plan for getting there. 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 Strategies

A) Michael Porter has proposed three generic strategies that provide a good starting point for strategic thinking:

   1) Overall cost leadership.

   2) Differentiation.

   3) Focus.

B) According to Porter, firms directing 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.

   2) 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.

   2) The next four—style, skills, staff, and shared values are the "software."

      a. "Style" means company employees share a common way of thinking and behaving.

b. “Skills” means employees have the skills nedded to carry out the company’s strategy.

c. “Staffing” means the company has hired able people, trained them well, and assigned them to the right jobs.

d. “Shared values,” means the employees share the same guiding values.

Feedback and Control

A) 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 7 Ss. Organizations are subject to inertia and are set up as efficient machines and it is difficult to change one part without adjusting everything else.

PRODUCT PLANNING: THE NATURE AND CONTENTS OF A MARKETING PLAN

Working within the plans set by the levels above them, product managers come up with a marketing plan for individual products, lines, brands, channels, or customer groups.

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.

A. Marketing plans are becoming more customer and competitor orientated. The plan draws more input from all the business functions and is team developed.

B. Contents of the marketing plan:

   1) Executive summary and table of contents.

   2) Situation analysis.

   3) Marketing strategy.

   4) Financial projections.

   5) Implementation controls.

Sample Marketing Plan: Pegasus Sports International follows

www.mplans.com/spv/3407/index.cfm?affiliate=mplans

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[i] Peter Drucker, *Management: Tasks, Responsibilities and Practices* (New York: Harper and Row, 1973), Chapter 7.

[ii] Philip Kotler, *Kotler on Marketing* (New York: Free Press, 1999).

[iii] Ibid.