

Strategic Planning and the Marketing Process

Chapter Two

Formal Planning

- Many companies operate without formal plans, yet these plans can provide many benefits such as:
 - Encouraging management to think ahead systematically.
 - Forcing managers to clarify objectives and policies.
 - Better coordination of company efforts.
 - Clearer performance standards for control.
 - Helping the company to anticipate and respond quickly to environmental changes and sudden developments.

Strategic Planning

is the Process of Developing and Maintaining a Strategic Fit Between the Organization's Goals and Capabilities

Steps in Strategic Planning

Corporate Level

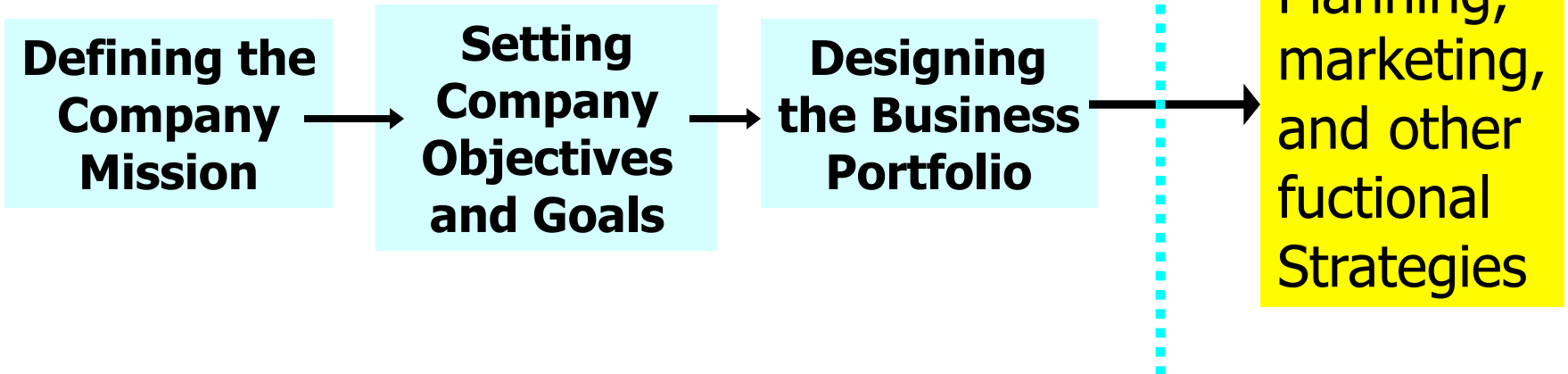
Business unit,
product,
and market
level

**Defining the
Company
Mission**

**Setting
Company
Objectives
and Goals**

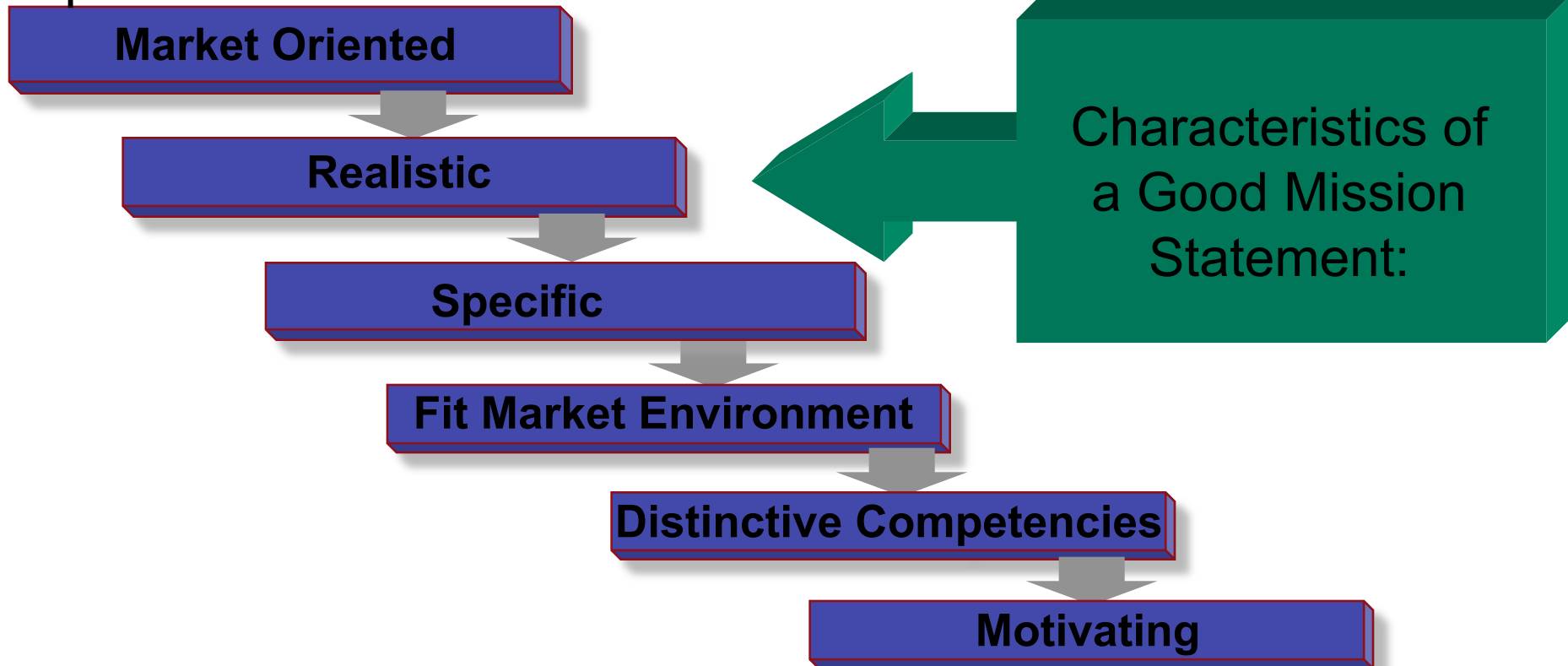
**Designing
the Business
Portfolio**

**Planning,
marketing,
and other
functional
Strategies**



Defining the Company's Business and Mission

A Mission Statement is a Statement of the Organization's Purpose.



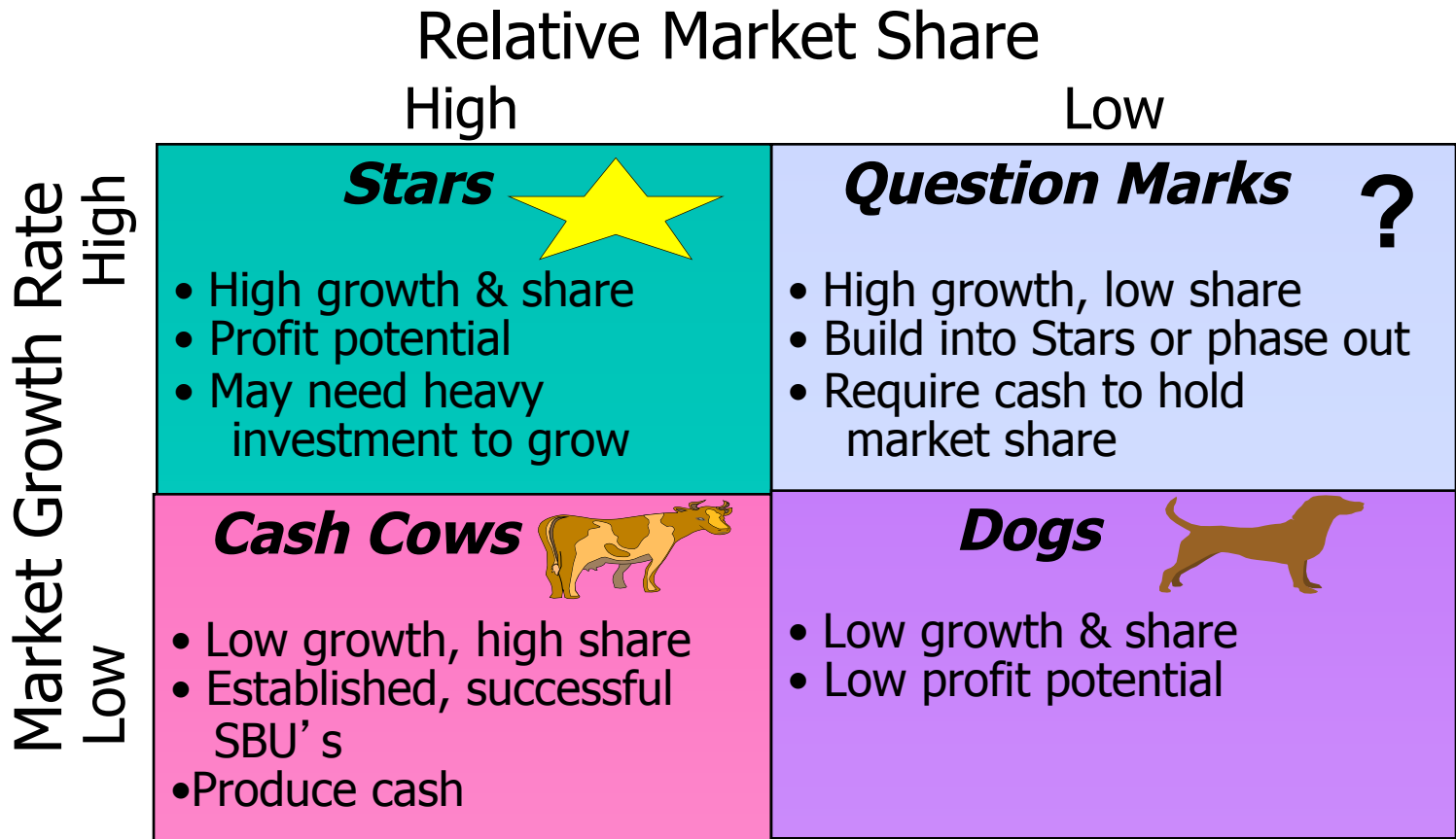
Setting Company Objectives and Goals



Designing the Business Portfolio

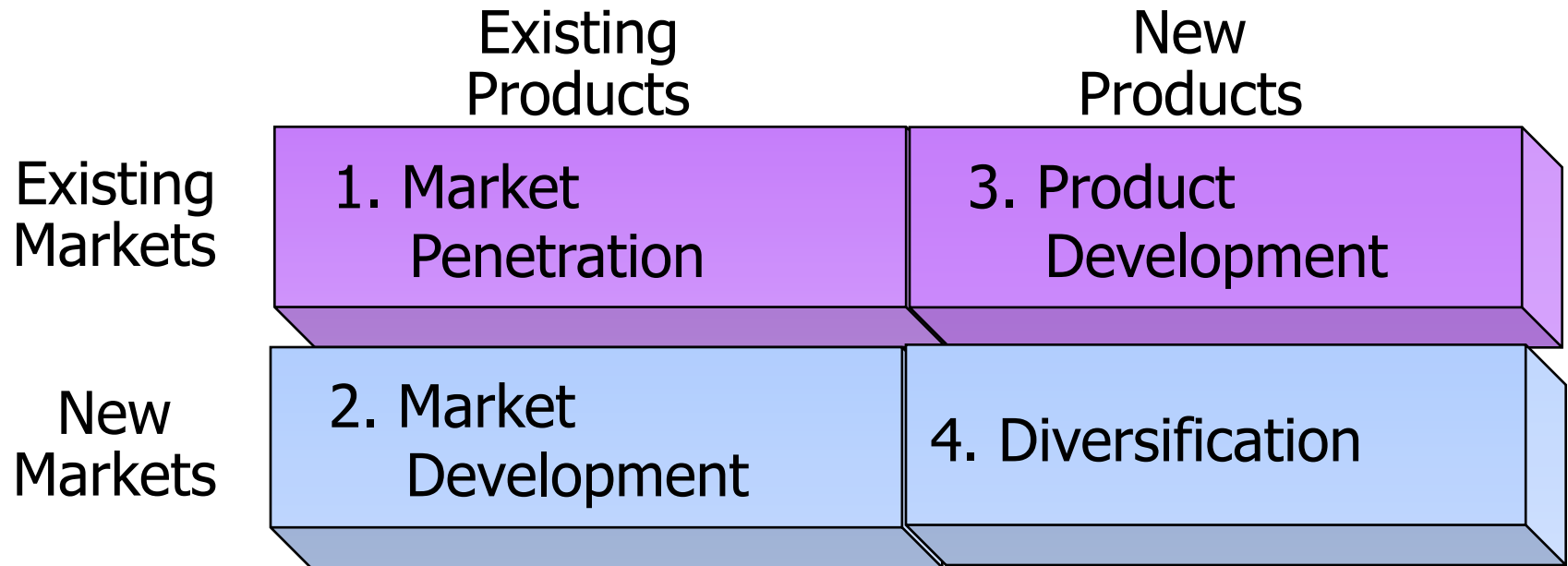
- The business portfolio is the collection of businesses and products that make up the company.
- The company must:
 - analyze its current business portfolio or Strategic Business Units (SBU's)
 - decide which SBU's should receive more, less, or no investment
 - develop growth strategies for adding new products or businesses to the portfolio

Analyzing Current SBU' s: Boston Consulting Group Approach



Developing Growth Strategies in the Age of Connectedness

Product/ Market Expansion Grid



Product/ Market Expansion Grid

Market Penetration: making more sales to current customers without changing its products.

- How? Add new stores in current market areas, improve advertising, prices, service or store design.

Product/ Market Expansion Grid

Market Development: develop new markets for its current products.

- How? Identify new demographic or geographic markets.

Product/ Market Expansion Grid

Product Development: offering modified or new products to current markets.

- How? New styles, colors, or modified products.

Product/ Market Expansion Grid

Diversification: new products for new markets.

- How? Start up or buy new businesses.

Discussion Connections

- Beyond evaluating current business, designing the business portfolio involves finding future businesses and products the company should consider.
- Apply the product/ market expansion grid to assess how one of the following companies might grow:
 - Dell computer
 - Kodak
 - Levis
 - Adelie Group