

# 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

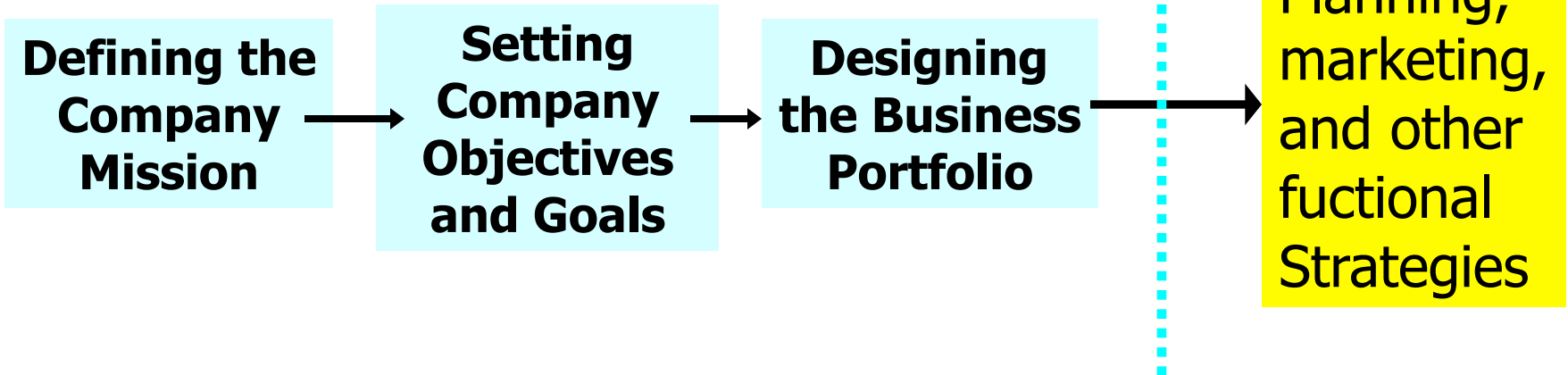
Business unit,  
product,  
and market  
level

**Defining the  
Company  
Mission**

**Setting  
Company  
Objectives  
and Goals**

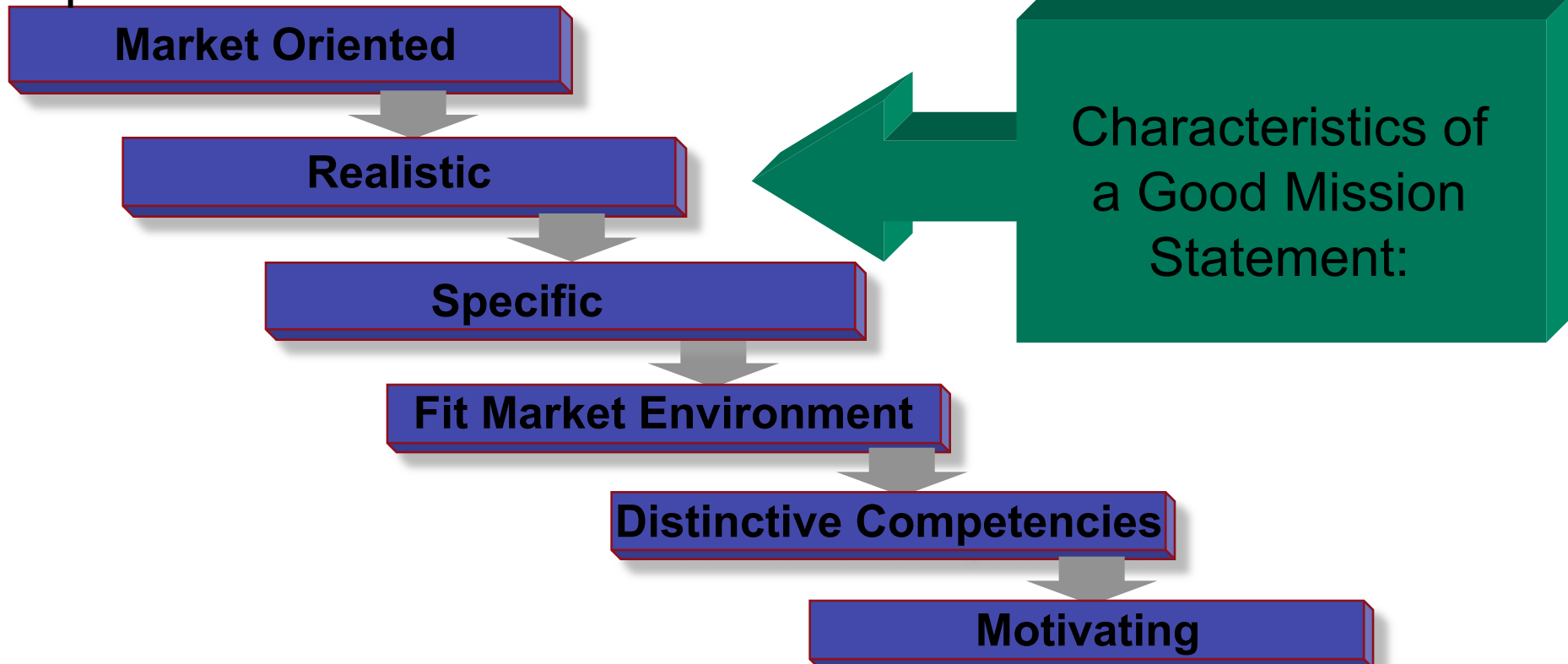
**Designing  
the Business  
Portfolio**

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



# Defining the Company's Business and Mission

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



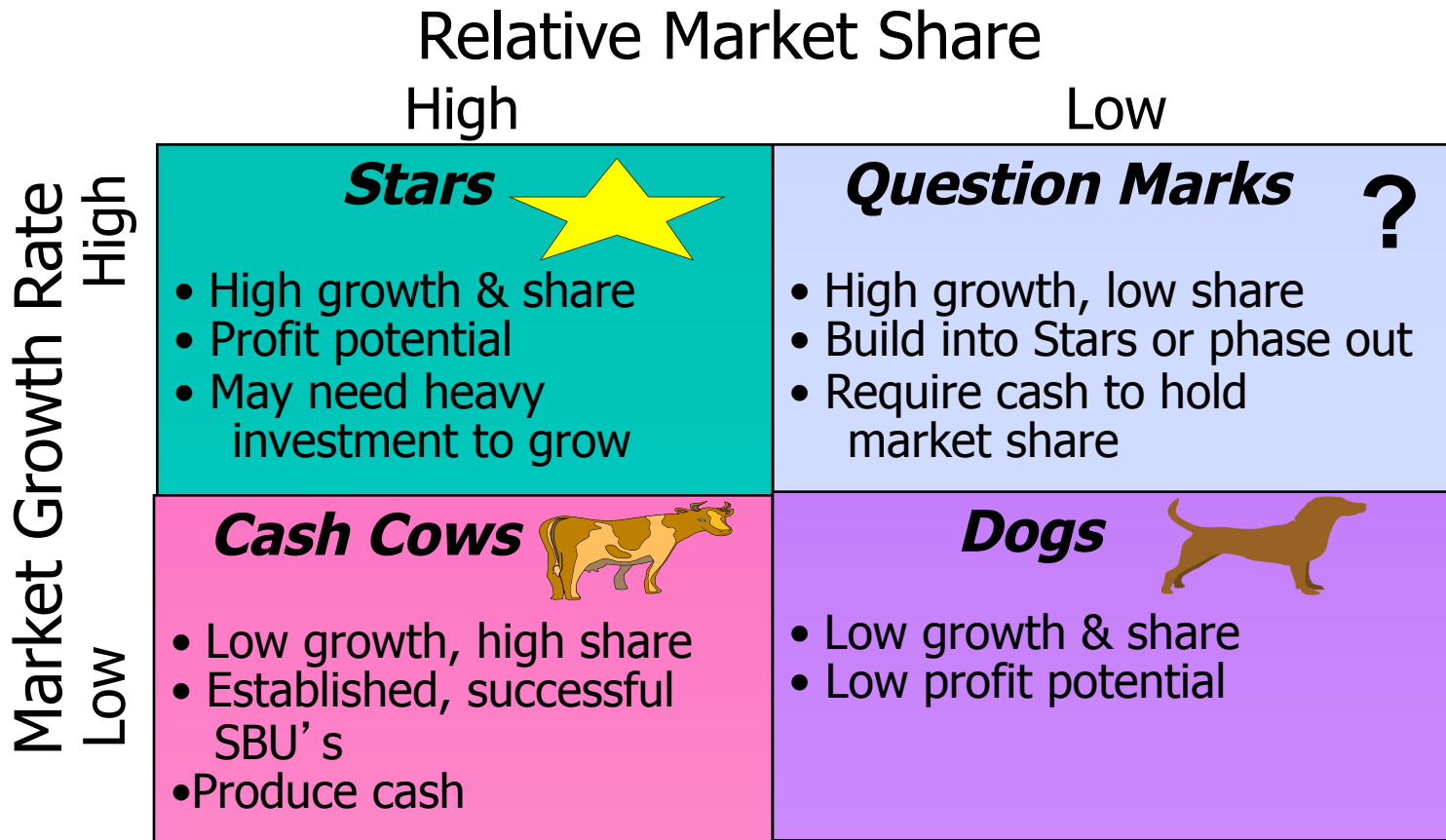
# Setting Company Objectives and Goals



# 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

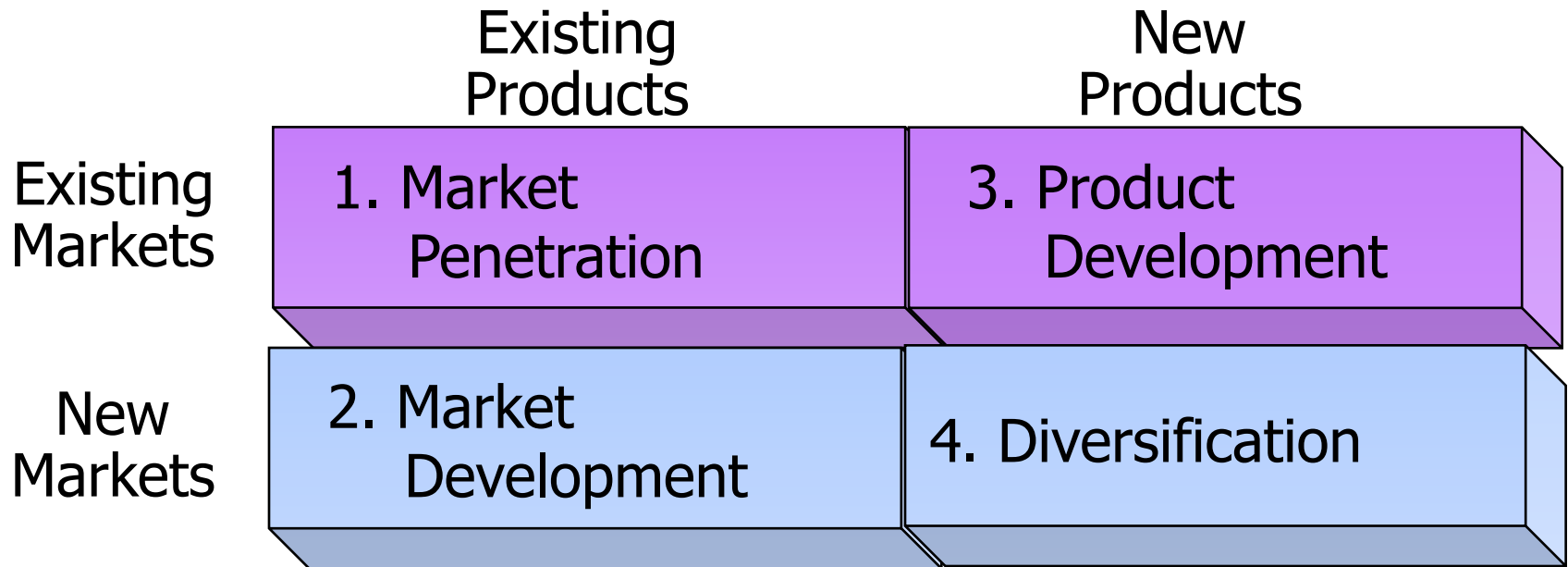
# Analyzing Current SBU' s: Boston Consulting Group Approach





# 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