

Marketing Management

MGM612

Dr. Ayman Hassan

Lecture -3 - Marketing strategy



**Chapter
3**

Marketing strategy

Lecture 3

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We have discussed

- ❖ **Which Concept of Marketing Is The Best?**
- ❖ **The marketing functions**
 - **Product/Service Management**
 - **Marketing-Information Management**
 - **Pricing**
 - **Channel Management**
 - **Promotion**
 - **Selling**

Chapter
3

Lecture - 3 - Marketing strategy



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After studying this chapter you should be able to:

- ☐ **Marketing strategy (Introduction, define, Developing and Creating)**
- ☐ **History of strategic marketing management**
- ☐ **Marketing strategy vs. marketing plan**
- ☐ **Market Analysis**
- ☐ **Explain The (4 P's) and (7 P's) of Marketing**

Marketing: is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

What is strategy?

A fundamental pattern of present and planned objectives, resource deployments, and interactions of an organization with markets, competitors, and other environmental factors.

Your strategy comes before your plan

As soon as you have determined what your marketing strategy is, you can draw up a marketing plan. The plan describes how you are going to execute your strategy. It also shows how you will evaluate its effectiveness or success.

- Corporate strategy

- ✓ Organizations scope and resource deployment

- Business-level strategy

- ✓ Competitive strategy of a business unit in its industry

- Marketing strategy

- ✓ Targeting, segmenting and positioning for a product. Figuring out the marketing mix

☐ Marketing strategy

can be defined as a process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage.

☐ Marketing strategy includes

All basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contribute to the goals of the company and its marketing objectives.

Marketing strategy involves careful and precise scanning of the internal and external environments:

- ❑ **Internal environmental** factors include the marketing mix and marketing mix modeling, plus performance analysis and strategic constraints.
- ❑ **External environmental** factors include customer analysis, competitor analysis, target market analysis, as well as evaluation of any elements of the technological, economic, cultural or political/legal environment likely to impact success.

Many people use the two terms interchangeably, but their meanings are quite different.

❖ Marketing strategy

This includes an explanation of the goals a company needs to achieve with its marketing efforts.

A company's business goals shape its strategy.

❖ Marketing plan

A business' marketing plan describes how it is going to achieve its marketing goals.

To create a marketing strategy, it must include the following topics:

- Targeting and positioning
- Promotional tactics
- Monitoring and evaluation



✓ Targeting and positioning

- You must target the market segments that represent the greatest profits for your business.
- What your product or service offers must meet the needs and expectations of the target market you have selected.

✓ promotional tactics

- When you have designed your marketing strategy, you need to decide how to make sure your target segment knows about your product or service.
- You must also tell them why and how your product can meet their needs.

✓ Monitoring and evaluation

- You must monitor and evaluate or assess your strategy.
- It is important. Unfortunately, many people in business skip this part

“Determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitor's do.”

(Kotler et al, '96)

Please pay close attention

We have highlighted the following words in Professor Kotler's definition in a different color:

The importance of identifying both

- ✓ Needs
- ✓ Desires

For whom?

- ✓ For the target market

Why?

- ✓ To provide the required satisfaction

Are there limits?

- ✓ Yes

What are they?

- ✓ Efficiency and effectiveness

Is it absolutely?

- ✓ No

So what is the comparison?

- ✓ Competitors and their competing products

These two common words are often used interchangeably, especially in the workplace.

- Here we'll cover all the differences between efficiency and effectiveness and how you can use both to achieve your team's goals.

As Peter Drucker put it simply, effectiveness is doing the right things, while efficiency is doing things right.

Efficiency

- Using the least amount of inputs to achieve the highest amount of outputs

So

$$\text{Efficiency} = \text{Output} \div \text{Input}$$

Effectiveness

- Achieving planned goals with the least possible deviation

So

$$\text{Effectiveness} = \text{Achieved goals} \div \text{Planned goals}$$

Definition of strategic marketing management

- Strategic marketing management is the process of implementing your business' mission through specific and strategic processes in order to maximize your current marketing plan.
- Essentially, it is the act of making strategic decisions within a marketing plan in order to better than plan.

- Over the past nearly 30 years, strategic management has evolved considerably compared to what it is today.
- Budgeting
- Long-range planning
- Strategic planning
- Strategic marketing management

1.Budgeting

date: From the late 19th century

Key Thinkers: Frederick Winslow Taylor,

Key Ideas:

- Emphasis on quantification and scientific modeling, reduce work to the smallest possible units and assign work to specialists, exercise control through rigid managerial hierarchies, standardize inputs to reduce variation, and defects and control costs, use quantitative forecasting methods to predict any changes
- Initially, strategic management, marketing, and otherwise were simply referred to as budgeting.
- Just as the name suggests, the methodology was mainly concerned with budgetary and control mechanisms.
- The methodology itself used the budget and its many variants as a way to manage marketing plans and marketing audits.

2.Long-range planning

Date: 1950s

Key Thinkers: Herbert Alexander Simon

Key Ideas:

- After budgeting, long-range planning emerged as the focus shifted towards forecasting.
- Using trends at the time, predictions were made concerning sales, costs, and profits.

3. Strategic planning

(known as corporate planning)

Date: 1960s

- Key Thinker: Michael Porter
- Key Ideas
- Organizations must find the right fit within the industry structure; Advantage comes from industry concentration and market power; Firms must strive to achieve monopoly or near-monopoly; Successful firms must be able to erect barriers to entry.
- During the 70s and 80s, strategic planning placed focus on overall direction and control over planning.
- There was still a bit of forecasting involved, but the main focus was on the business side of things.

4. Strategic marketing management

Date: from the late 1970s

- **Key thinkers**: Robert D. Buzzell and Bradley T. Gale (Author)
- **Key Ideas**:
 - Each business is unique and there can be no formula for achieving competitive advantage; firms should adopt a flexible planning and review process that aims to cope with strategic surprises and rapidly developing threats; management's focus is on how to deliver superior customer value; highlights the key role of marketing as the link between customers and the organization.
 - The idea behind strategic marketing management is to adapt to your market as things change around you.
 - The goal remains the same, but the path that leads you towards your goal can change.



Strategic marketing management aims to respond to your market as it changes.

The goal is constant, but the path to it can alter.

The advantages of adopting strategic marketing management are well known in the business sector.

Here's why strategic marketing management is essential:

- 1. Understand your market better**
- 2. Identify Your Strategic Direction**
- 3. Small Actions, Big Results**

1. Understand your market better

Understand your market better

- The research required to apply strategic marketing management successfully will eventually result in a deeper grasp of your specific market.
- You will learn about domestic and international markets, competition, and market trends.
- The ability to update to changes occurring in the markets such as "technological development - social changes - environmental changes - legal changes - etc.

2. Identify Your Strategic Direction

Identify Your Strategic Direction

- Strategic marketing management helps you make more innovative judgments that link your strategy with the company's objectives.

Therefore

- we can say that it achieves compatibility with the company's goals according to changes in the markets

3. Small Actions, Big Results

Small Actions, Big Results

Strategic marketing management, when done right, may deliver some remarkable outcomes for a company.

As a result, a company's budget may be better managed, and its overall longevity may rise.

Overall, there are numerous advantages to this management approach.

You are making strategic decisions to improve your business and grasp the industry as a whole by applying strategic marketing management.

Therefore

It can be said that when we take a strategic marketing management approach, we can achieve efficiency and effectiveness

The best way to learn is often to study those who have already achieved the steps you want to achieve – so let's take a look at some examples of strategic marketing.

➤ **Apple**

➤ **Tesla**

Apple

- In its early years, Apple made all of its decisions based on forecasting and strategy.
- For example, the Apple logo is very simple in its design because they wanted it to be easy to remember. The same goes for the name “Apple”.
- They also (famously) looked at the mobile phone market and saw a need for a product, then made the necessary decisions and implemented a strategy.
- ❖ Now, over a billion people have an iPhone in their pocket.



Come and find out that

Based on Apple's net profit from October 2022 to September 2023, the company made a profit of \$3,074 per second during this period.



Tesla

- Tesla's evolution over the past few years is another great example. Tesla came in when people thought electric cars were boring money-savers — and then they completely changed the industry. Thanks to strategic marketing management, Tesla is viewed as the world's first luxury electric vehicle manufacturer.
- Tesla's success story is one of the most prominent stories of clean energy electric car manufacturers.
- The company is famous for developing electric cars that combine high performance and modern luxury, in addition to its work in the field of solar energy and energy storage.
- Tesla aims to accelerate the global transition to sustainable energy through its innovative products and advanced environmental solutions.



- Initially, market analysis is a procedure to evaluate and identify the various internal and external factors and conditions (strategic thinking) in the market within a specific niche. Basically, the main ideas of market analysis are as follows:
- Assess the market size
- Identify growth trends
- Identify and identify the target audience
- Get an in-depth view of the competitive landscape
- Define business objectives

Market Analysis Techniques for Building a Solid Marketing Strategy

Step 1: Defining Business Goals

Step 2: Assessing Market Size

Step 3: Identifying Market Trends And Growth Rate

Step 4: Getting an In-Depth Look at Competitors

Step 5: Identifying the Right Demographic

Step 6: Accounting for Internal and External Factors



What Does Market Analysis Include?

✓ Market analysis can take into account a whole variety of factors, but there are a few key points we suggest you focus on. They are:

- Market volume
- Market value
- Market need
- Competition
- Regulation



- **Market Analysis**
Describes Targets (Who & Why)

- **Customers**
- **Competition**
- **Competitive Advantage**
- **Critical Success Factors**
- **Critical Risks**
- **Potential Sales/Market Share**

- **Marketing Plan**
Describes Tactics (How)

- **Product Positioning**
- **Price**
- **Placement**
- **Promotion**
- **Sales Process**
- **Partnerships**

- **Geographic**

- local, regional, national, international

- **Demographic**

- B2C: gender, age, income, education, ethnicity
- B2B: revenues, employees, industry

- **Psychographic**

- values, lifestyles, hobbies

- **Behavioral**

- benefits sought, usage rate



Who Is My Competition?

Competition = everybody who's after the same consumer dollar you are.

- ☐ Direct Competitors
- ☐ Indirect Competitors
- ☐ Possible New Entrants

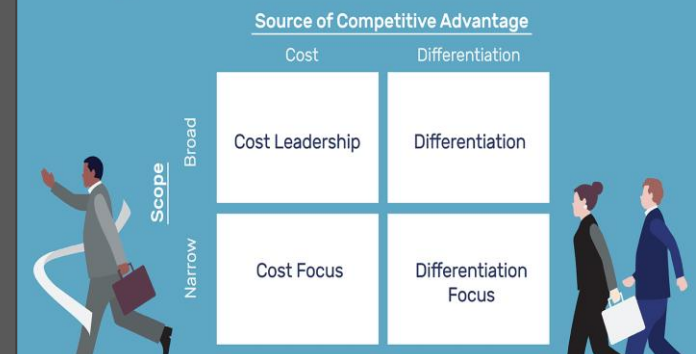


Create Competitive Advantage

- **Having a Sustainable Competitive Advantage allows you to distinguish your product from the competition's.**
- **It's what gives you a significant edge.**
- **The basis of your a sustainable competitive advantage (SCA) must not be able to be duplicated or imitated and is not substitutable.**

- Superior Product/Brand
- Quality – Selection -Availability
- Operational Excellence
- Creative Leadership
- Intimate Customer Relationships/Experiences
- Cost Advantage

How Companies Achieve a Competitive Advantage
According to Michael Porter



What Is a Marketing Plan?

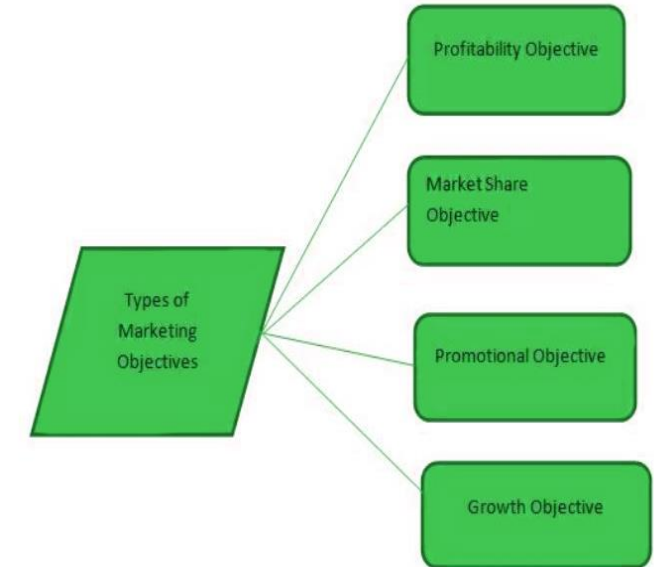
- A marketing plan is an operational document that outlines an advertising strategy that an organization will implement to generate leads and reach its target market.
- A marketing plan details the outreach and Public relations campaigns to be undertaken over a period, including how the company will measure the effect of these initiatives.

The functions and components of a marketing plan include the following:

- Market research to support pricing decisions and new market entries
- Tailored messaging that targets certain demographics and geographic areas
- Platform selection for product and service promotion—digital, radio, Internet, trade magazines, and the mix of those platforms for each campaign
- Metrics that measure the results of marketing efforts and their reporting timelines

The structure of a marketing plan can include the following sections:

1. Marketing Objectives
2. Market Research – Market Analysis/Consumer Analysis
3. Target Market
4. SWOT Analysis
5. Marketing Strategy
6. Marketing Budget



Marketing objectives

are goals set by business houses to promote its goods and services to its consumers within a specific timeframe.

Marketing objectives are the strategy's set to attain the overall growth of the organization.

SWOT Analysis

Strengths

- Low Salary and Benefits overhead
- Quick to respond to market changes
- Light weight and flat hierarchy resulting quicker decision making

Weaknesses

- Existing workload too high
- No previous project planning experiences
- Missing expertise in some areas

Opportunities

- Need to increase market share
- Could convert existing products for new markets

Threats

- Business partners has little loyalty
- Larger competitors get majority of market share and more famous brand name
- Cost of technology investment

- The marketing mix is the combination of variables that a business uses to carry out its marketing strategy and meet customer needs.

The marketing mix is often called the 4Ps:

- Product
- Price
- Place
- Promotion



The 4P's of Marketing explained

Product	Price	Place	Promotion
1. Is there a demand for the product or service? 2. How to make the product appeal to consumer 3. Packaging—including the design, color, size, and brand names	1. How much are customers willing to pay? 2. Is the price competitive with other products? 3. Can the company make a profit?	1. Distribution is getting the right product to the right place at the right time in the right amount and in the right condition 2. Storage 3. Warehousing 4. Transporting	1. Making customers aware of a product 2. Advertising 3. Coupons 4. Rebates 5. Sales 6. Free give aways 7. Publicity

The 7 P's of Services Marketing

In addition to the 4P'S that we discussed previously, there are 3P'S added to them to give us 7P'S, which are:

- **People**
- **Process**
- **Physical evidence**



- ❖ **People: People are a defining factor in a service delivery process, since a service is inseparable from the person providing it.**
 - Thus, a restaurant is known as much for its food as for the service provided by its staff. The same is true of banks and department stores. Consequently, customer service training for staff has become a top priority for many organizations today
- ❖ **Process: The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers.**
 - Therefore, most companies have a service blue print which provides the details of the service delivery process, often going down to even defining the service script and the greeting phrases to be used by the service staff.
- ❖ **Physical Evidence: Since services are intangible in nature most service providers strive to incorporate certain tangible elements into their offering to enhance customer experience.**
 - Thus, there are hair salons that have well designed waiting areas often with magazines and plush sofas for patrons to read and relax while they await their turn. Similarly, restaurants invest heavily in their interior design and decorations to offer a tangible and unique experience to their guests

See you in the next lecture

Resources and References

- [Establishing Your Target Market | DECA Direct Online](#)
- [What Is Strategic Marketing Management? \(airfocus.com\)](#)
- [What Is Competitive Advantage? \(thebalancemoney.com\)](#)





Thanks for listening.

Best wishes

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