Chapter 2
Marketing Strategy Planning

All organizations try to find answers to key questions, such as
- Where are we now?
- Where do we want to go?
- How do we allocate our resources to get to where we want to go?
- What kinds of plans will optimize our success?
- How do we convert our plans into actions?
(And once we begin implementation) How do results compare to plans? And actions? And, then….
- Do we need to make any revisions or changes in the plan due to unanticipated or unexpected environmental conditions?

These questions illustrate the purpose of strategic business planning, and they are very similar to the same questions marketers must answer in strategic marketing planning.

Plans provide the roadmap to guide the organization. The strategic marketing planning process lies at the heart of marketing management, and it is the guide for the organization’s marketing program. The strategic business plan and the strategic marketing plan are very closely related, because the marketing plan is consistent with and supportive of, corporate goals, objectives, and policies. Said another way, the basic goals and objectives of the organization are derived from the mission statement, and these goals and objectives provide the basis from which marketing objectives and plans are formulated and developed. Marketing goals must fit with overall business goals.

Now, I’m going to say something right here, that several of our discussions will prove out over the semester:

*Because the marketing plan is directly related to, consistent with, and supportive of the corporate business plan.

Marketing should be seen and regarded as an organizational activity that deserves a place among the corporate leadership, i.e. the vice-president of marketing….the link to first hand knowledge of and input into corporate policy, planning, and decision making in direct support of the organization’s mission statement. After all, marketing can bring a lot to the table in the way of environmental knowledge and product/service potential.

Now, let’s talk about what marketing management is.

It is the planning, implementation, and control of the organization’s marketing plan. You see the marketing planning process defined and described in multiple and various ways. But at the heart of any description of marketing planning are 3 things:

1. situation analysis (SWOT),
2. the establishment of marketing objectives (consistent with the organization’s mission), and
3. developing the plan/strategy.

We are going to focus on those for the most part in this discussion, but before we do, let me give you the outline of the entire process:

1. Define mission and understand organizational objectives.
2. Situational (aka environmental SWOT) analysis.
3. Establish marketing objectives.
4. Develop the marketing plan and supporting strategy.
5. Implement.

Now, beyond that, you have to envision this is a perpetual process…a loop…complete with monitoring, feedback, and contingency planning/adjusting, which really throws you right back into the situational analysis.

- This is the strategic marketing planning process!
- This is what marketing managers do!

Sound easy? Well, it can be; if marketers approach it right, and link the conceptual and theoretical aspects of it into a comprehensive plan that everyone in the organization can follow and subscribe to. That’s largely what marketing is, and we’re going to spend the entire semester looking into much of what all that comprehends.

Now, let’s start from the top and talk about each one of these:

1. Define mission and understand organizational objectives.

Every organ has a mission statement. If they don’t, they need one.

The mission statement is short and sweet, but it lies huge in the overall understanding of what the organization is all about. It is something that everyone sees and shares in. It is developed at the corporate level, and is the product of corporate level leaders and policy makers. The vision of the organization is tied to it, and it provides a basis for everyone to see where the organization is now, vs. where it wants to go. That’s a motivator! The mission statement is the first step toward differentiating the company (and its products and services) from others. It specifies an operational scope, and general guidelines for future management actions, and it can be adjusted to reflect a changing business environment.

Note: Organizational flexibility can be vital to success in the marketing place. Organizations need to be flexible. Mission statements need to be flexible. And business/marketing plans need to be flexible. Flexibility represents an effective management philosophy! Let me give you an example of one organization’s mission statement;

Saturn a Division of General Motors…

“To design, manufacture, and market vehicles to compete on a global scale,
and to re-establish American technology as the standard for automotive quality; to be No. 1 among small car consumers who have been committed to imports.”

Now, that’s made available to all Saturn employees. They can see just from this short statement…

- where the organization wants to go,
- what it wants to do to get there,
- how the organ wants to differentiate itself, and
- it even describes its target markets.

So, from that, you can begin to see how Saturn would derive objectives and a plan to achieve them. You can also see how marketing would begin to derive its own marketing objectives and a plan consistent with the organization’s mission.

2. Once everybody’s on board with the mission statement, and I think you can see why they need to be, then the marketing team swings into action with it’s situational aka environmental analysis of the internal and external environment, aka the SWOT analysis. The SWOT analysis is the systematic evaluation of the organization’s internal strengths and weakness, and external opportunities and threats. It provides marketing managers with a critical view of the organization’s internal and external environment. It helps managers find organ strengths, that match external opportunities. The matching of internal strengths with external opportunities produces leverage for the organization.

If you’ve ever heard of Red Adair, (they put out oil well fires), they had tremendous leverage after the Gulf War in 1991, and they still do, because

- they have a workforce with specialized skills, and specialized equipment;
- they have an effective organ and management structure;
- they are experienced and well-known for what they do, and
- they can go anywhere in the world.

These are strengths they have, and they build on those strengths, and they don’t face a lot of competitive threat, because only a handful of companies are equipped to do what they do. They know that, and it’s easy for them to build a strategy around that.

Contrast that with another well-known company, Eastman Kodak. They're successful, but it’s pretty well-known in business circles, that they have an unwieldy management structure. It’s hierarchical, bureaucratic, control-centered and cumbersome, and because it couldn't seem to solve its management problems, it was unable to capitalize on some opportunities that were placed before them in changing camera and film technology. And their competitors recognized that.

Eastman Kodak recognized it, but they seemed incapable of doing anything about it. Maybe you can see why: Think about how difficult it might be for the leadership in an organization to really deal with it, because what they have to do is deal with their own inadequacies, first, and that may be the toughest thing to do of all. They nevertheless realize however that the competition, an external threat, saw these management problems as a Kodak internal weakness, and in spite of efforts to reorganize it a number
of times, Eastman Kodak faced formidable competitive threats from the likes of Fuji. In fact, Fuji overtook Eastman Kodak as the no. competitor in the 35 mm film market. That's gotten to be a pretty well-known case out there, about Fuji's environmental threat to Kodak, and how Kodak's own bureaucracy, and leadership weaknesses hampered its own marketing efforts. Said another way, Fuji saw Kodak's internal weakness, as an external opportunity for themselves, and they built a successful strategy around it.

So, you see, to conduct a SWOT analysis, managers evaluate:
- the internal strengths and weakness of the organ, and
- the external opportunities and threats, and
- they look for things to pop out of such analysis, that could be recognized as an opportunity to build a strategy on...like Fuji did.

When evaluating strengths and weaknesses, managers look for the things the organization does better than others:
- maybe it's some technology;
- maybe they have a special talent in their workforce;
- maybe they have a cost advantage; and
- they look for weaknesses they need to overcome:
  - maybe it’s a plant capacity problem;
  - maybe it’s an organizational or leadership problem;
  - maybe it’s a shortage of capital.

Managers also evaluate opportunities and threats, that are uncovered in the environmental analysis:
- maybe it’s a new fad,
- maybe they can take advantage of a market segment where they are well established;
- maybe there is some legislative issue they can benefit from.

Threats might come in the form of
- a volatile market;
- a downturn in the economy;
- an unstable political environment, i.e. such as we see in many foreign markets today.

This is the extent to which we can outline the SWOT, because it will be unique to the organization and its environment. Students ask: “is there an outline of the SWOT, similar to one of the marketing plans (that we will see later)?” No! Only in very general terms, because again, the SWOT is unique to the organization. Marketers have to have the ability to do the SWOT as it relates to their own internal and external environmental situation, and be able to assess the environment, accurately, ask the right questions, and get the right answers.

As we get a little farther down the road here in the class however, I can give you a little hint to help you out. But, for now, just remember, the ultimate goal of the SWOT analysis is to identify those critical, strategic factors that need to be accounted for in the market plan, i.e. vital strengths to build on aka core competencies, weaknesses to
overcome, opportunities that we are in the position to take advantage of, and threats that must be avoided. In other words, the purpose of the SWOT analysis is to translate its findings into a creative strategy that will result in success in the competitive market place.

3. But, before we actually get into the development of the marketing plan and associated strategies, there’s one more thing we have to do. Now that we understand the environment, we need to establish some reasonable and reachable objectives, that fit with the mission and organizational objectives. In other words, we have to make sure that if we as marketers recognize some opportunity, that it fits with overall corporate objectives, before we go launching off in the development of a comprehensive plan and associated strategy to take advantage of it. You say, well, that makes sense. And you’re right! But you would be surprised how often companies make a mistake like this. They bite of more than they can chew. I see it every day. How can a security guard company, in business for 6 months, expect to provide security for a large nuclear plant? All companies/organizations have to ask themselves some key questions:

- Do we have the capital?
- Do we have access to funding and finance?
- Do we have the expertise?
- Do we have the manpower and equipment?
- Do we have the experience, i.e. to provide specialized security for a nuclear plant?
- Do we have the organizational structure, and management and leadership capability?

Small companies and companies just starting, likely don’t have any of these. In fact, a lot of large companies fall short here, i.e. Eastman Kodak. A company’s objectives have to fit with their capacity and capability to be successful in the market place. Marketers have to be in touch with that. This is another reason why marketing should have representation at the corporate level. Marketers need to know the direction of the organization, i.e. vision, policies, objectives to help guide the strategy. In fact, marketing should have input into it! You say, “Well, shouldn’t the objectives of all organizations be to make a profit” Not necessarily. First of all, there are many non-profit organizations out there, whose objectives are not and cannot be profit oriented. There are:

- gov’t organs,
- churches
- special interest groups,
- hospital and medical centers (nonprofit such as St. Jude’s)
- charities, etc.,

These organization’s objectives are supposed to be something other than profit. But they still need marketing plans to accomplish their goals and give direction to their organization!

Think about the Girl Scouts. They are said to be the 2nd largest marketer/seller of cookies in the U.S., and they are non-profit. Look what happened to Paul Newman’s Dressing? That product is no. 2 right behind Kraft. Proceeds go to charity. Many
government agencies are now on revolving funds, instead of appropriated funds. The National Industries for the Blind manufactures over 5000 items for the government and the public. And all of these church ministries! They all have different objectives, and none are profit oriented (if they are legitimate).

OK. But there are still a lot of profit oriented organizations. Right! And they do want to make a profit, but their objectives are much more defined than just to make a profit. They may be growth oriented. They may be more interested in ROI. They may be looking at entering new markets or gaining market share. Organizations are like fingerprints; they are all different…

- their environments are different,
- their markets are different,
- their economic and environmental situations are different,
- some are big,
- some are small,
- some want to grow, some don't, etc.…

So, it stands to reason that their objectives are going to be different, as well. I can't give you a blueprint of what all organization's objectives should be. It's purely contingent on the organization, itself:

- who they are,
- who they want to be, and
- where they want to go.

They may want to grow. They may want to merge, purchase, or streamline. They may want to:

- enter a new market,
- introduce a new product,
- change an existing product,
- increase market share, or
- tackle a new segment.

They may want to cut costs. They may want to build a new plant, buy new equipment, increase capacity, or retool in order to improve productivity and operating efficiency. They may want to advance a product in the product life cycle, or pull an old product back up to cash cow status. Whatever they do…whatever their objectives may be, there are some things they all need to be aware of.

*First of all, again, objectives need to be consistent with organizational policy and overall business objectives. I can't emphasize that enough.

*Secondly, they need to be measurable, if possible, i.e. in terms of percentage, market growth, savings, or profit.

*Thirdly, they always need to be in consideration of the marketing mix. Objectives are largely a consideration of one or all elements of the marketing mix. So, if I'm a corporate officer, and you the marketing manager come to me and say, “an objective of this marketing plan is to reduce costs in transportation,” I may ask questions like:

- how will that impact our price structure?
• will product be available where it is needed? when it is needed?
• do we need to promote ourselves differently?
The marketing plan will spell these things out, because there will be strategies and tactics to support these objectives, the logic behind them, how the marketing mix will be manipulated to support them, and the benefits of implementing them.

There are some questions that need to be asked when formulating objectives of the marketing plan:

a. Again, are they clear, measurable, supportive of corporate objective in reasonable manipulation of the marketing mix?

b. Beyond that, however, think in terms of what corporate leaders might ask:
   *Do they capitalize on core competencies?
   *Do they help us overcome or deal with weaknesses?
   *In what way do they consider the competition?
   • positioning?
   • market share?
   • direction?
   • their strengths and weaknesses?
   *What will it do to our cost structure?
   *Do we need more financing?
   *Does the product or service appeal to customers?
   *What information is necessary to create demand?
   *In what form do we present the information?
   *Where is the product bought? How? When? By whom?
   *What is our price structure?
   *Questions related to quality, packaging, distribution, service, on and on.

You get the idea as it relates to formulating objectives. They’re tied to the organization’s mission, vision and overall objectives. It’s likely that marketing objectives will be one of the first things the corporate board will look at when the marketing plan is presented, and board members will be thinking in terms of them being consistent with corporate objectives and capabilities. Objectives have to be clear, concise, supportable and measurable. And they have to be reachable in line with organizational resources.

4. Now that we’ve done all that, we are ready to do the marketing plan and supporting strategy. A marketing plan is a written statement of marketing strategy and the time related details for carrying out the strategy. It is essentially a manipulation of the marketing mix. It includes the specific goals associated with the various strategies outlined in the plan. And it encompasses the resources needed to carry it out. It may have some information in there that justifies the "strategic approach." (Board members and other stakeholders like to see that.) It also specifies who will be involved in the implementation and control of it and what procedures will be used for that.

5. The last step in the strategic planning process is implementation, which will be discussed in a later chapter.