

h e g

Haute école de gestion
Genève

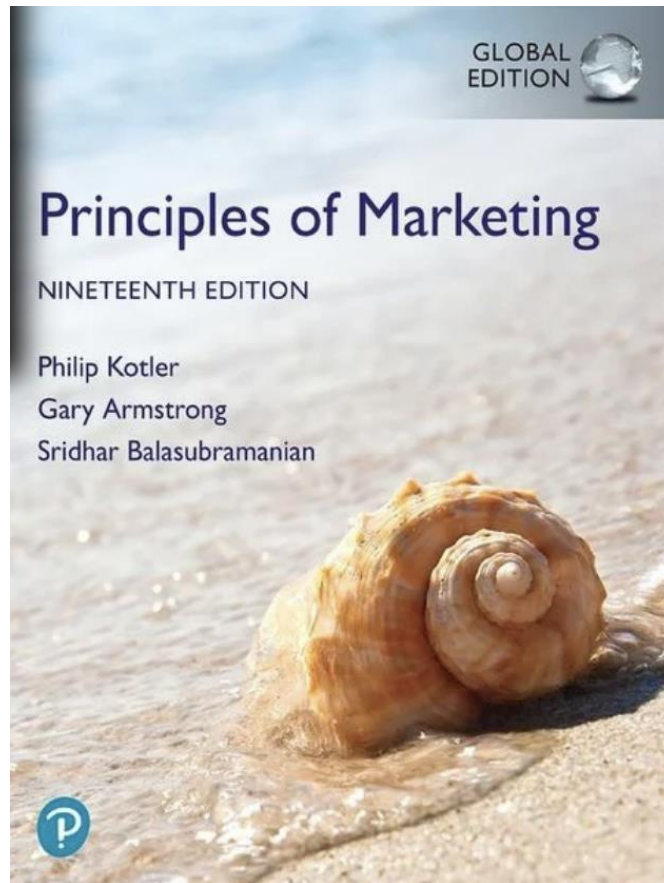
CHAPTER 2: MARKETING

COMPANY & MARKETING STRATEGY

Marketing Principles 1

Anna Wehren

Principles of Marketing



Chapter 2

Company & Marketing Strategy

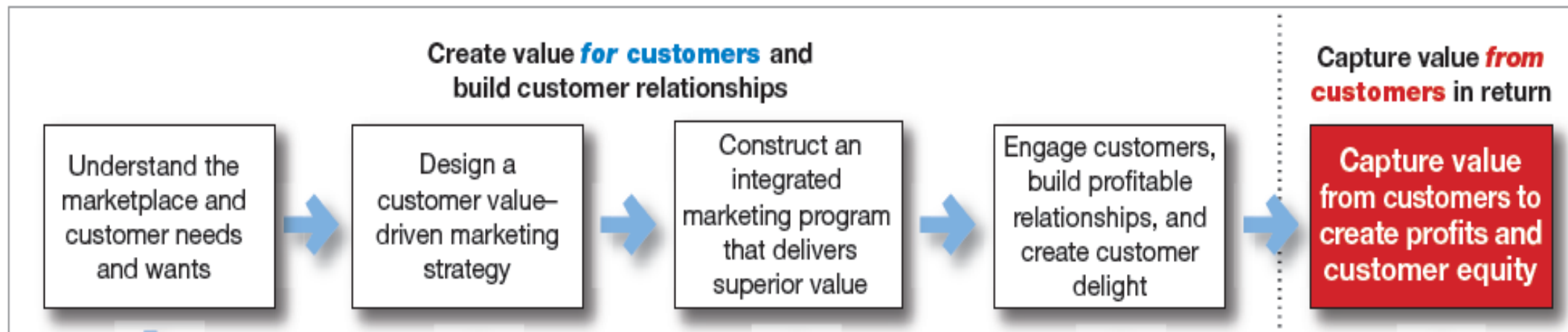
Learning Objectives

- 2-1** Explain company-wide strategic planning and its four steps.
- 2-2** Discuss how to design business portfolios and develop growth strategies.
- 2-3** Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
- 2-4** Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
- 2-5** Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.

Reminder: The Marketing Process

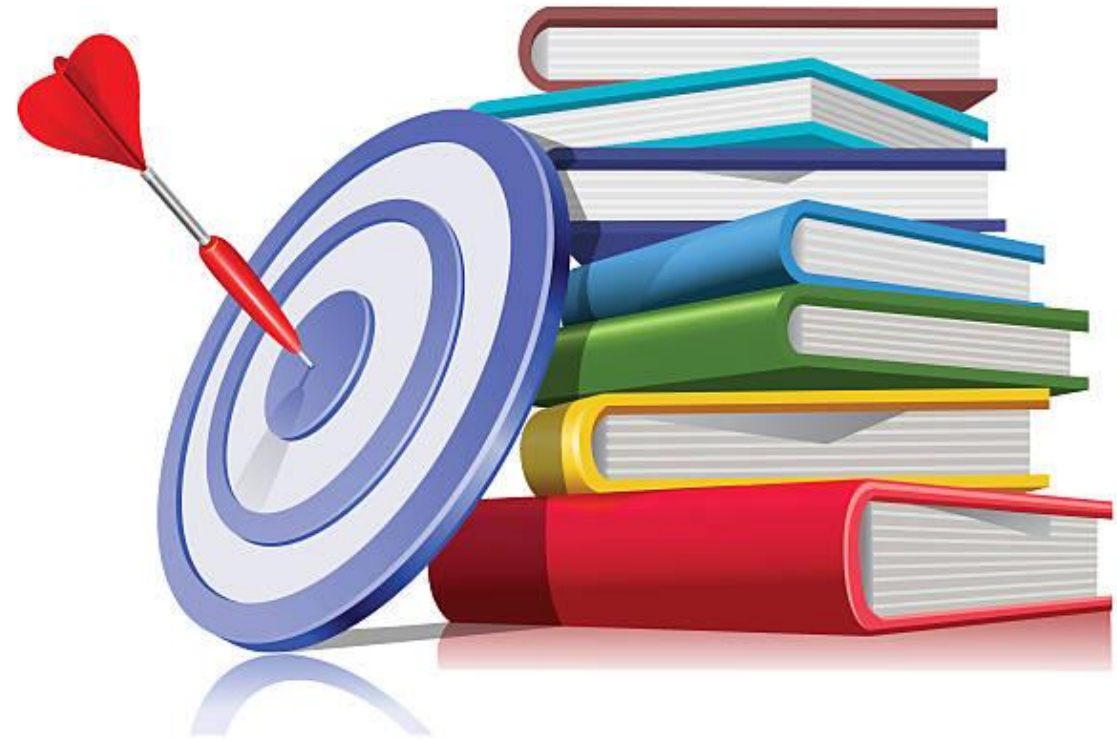
OVER ARCHING -
Overall Company Strategic Planning

● FIGURE | 1.6
An Expanded Model of the Marketing Process



Learning Objective 1

Explain company-wide strategic planning and its four steps.



Company-Wide Strategic Planning

Strategic planning is the process of developing and maintaining a strategic fit between the organization's goals and capabilities, and its changing marketing opportunities.



Companies prepare long-term vision, 5-year plans and annual plans.

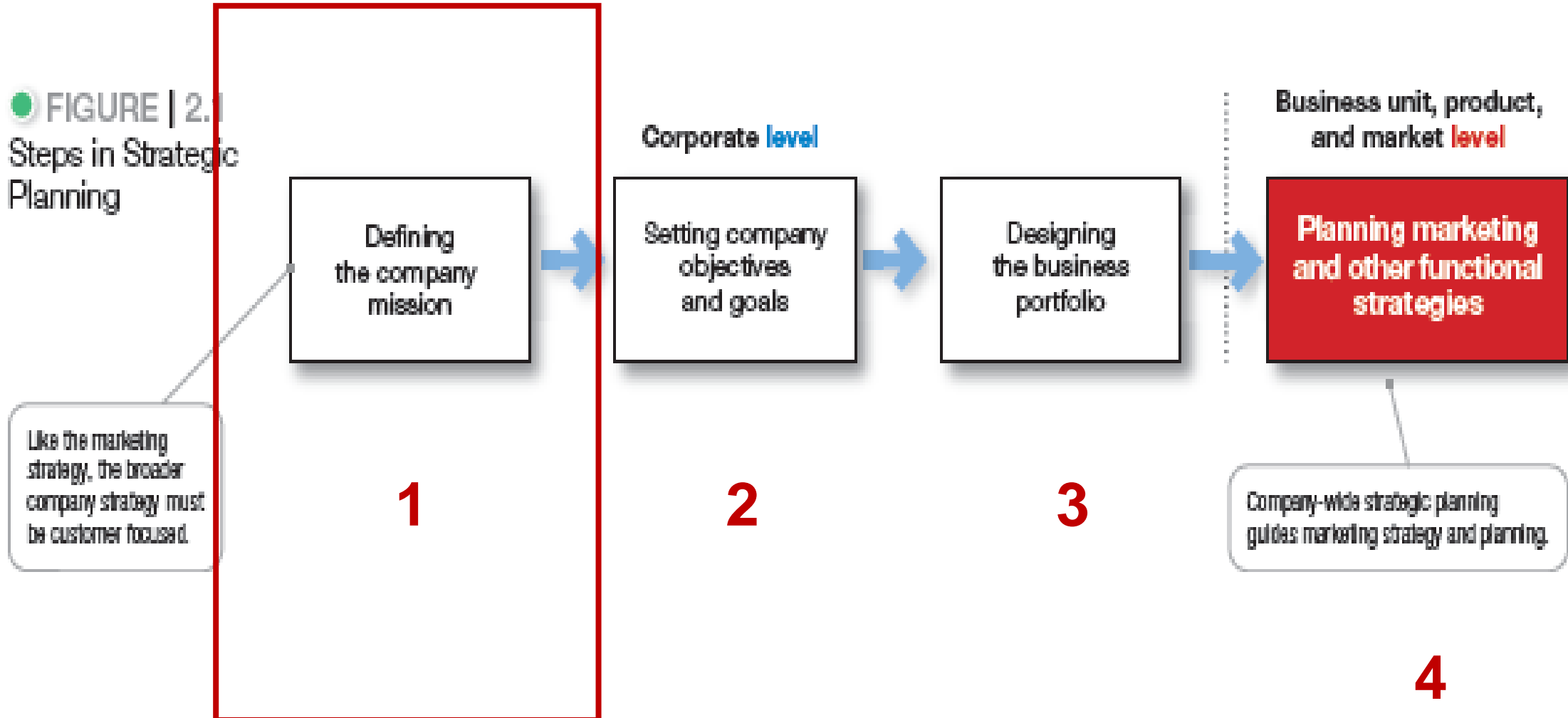
Designing The Business Portfolio

The aim of strategic planning is to find ways in which the company **can best use its strengths while playing in attractive opportunities** in the environment.



The 4 Steps In Strategic Planning

● FIGURE | 2.1
Steps in Strategic
Planning



Step 1 – The Company Mission

The **mission statement** is a statement on how the organization will achieve its vision and brings together:

- **Its purpose:** the reason why the brand or organization exists in the world, beyond financial gain.
- **Its vision:** the long-term measurable state that the organisation seeks to achieve in pursuit of its purpose.



A Good Company Mission Is...

- Meaningful and specific
- Inspiring for the relevant audience
- Not stated as financial
- Authentic

The word "GOOD" is displayed in a large, bold, white, sans-serif font against a solid black rectangular background. The letters are thick and have a slightly rounded appearance, with the 'G' being particularly prominent.

Step 1 – The Company Mission



*We're in business to
save our home planet.*



*Inspire and develop the
builders of tomorrow.*



*Bring inspiration &
innovation to every
athlete in the
world.*



*To provide access
to the world's
information in one
click.*

Don't ask if your dreams are crazy. Ask if they are crazy enough.



Black Lives Matter



Whassup



Dylan Mulvaney partnership



**BUD LIGHT
BACKLASH:
WHY THOSE BEER
DRINKERS MAY
NOT COME BACK**



Game Time!

- To make sustainable living commonplace
- Empowering to achieve more
- Leading the way to the future of mobility
-creating a better tomorrow than today
- Create a better everyday life
- To inspire and nurture the human spirit



Some better examples!

- Accelerating the world's transition to sustainable energy.

Tagline: The future is sustainable.

- We create tools for the mind that advance humankind.

Tagline: Think Different.

- We make beauty a source of confidence, not anxiety.

Tagline: Let's change beauty.



TESLA

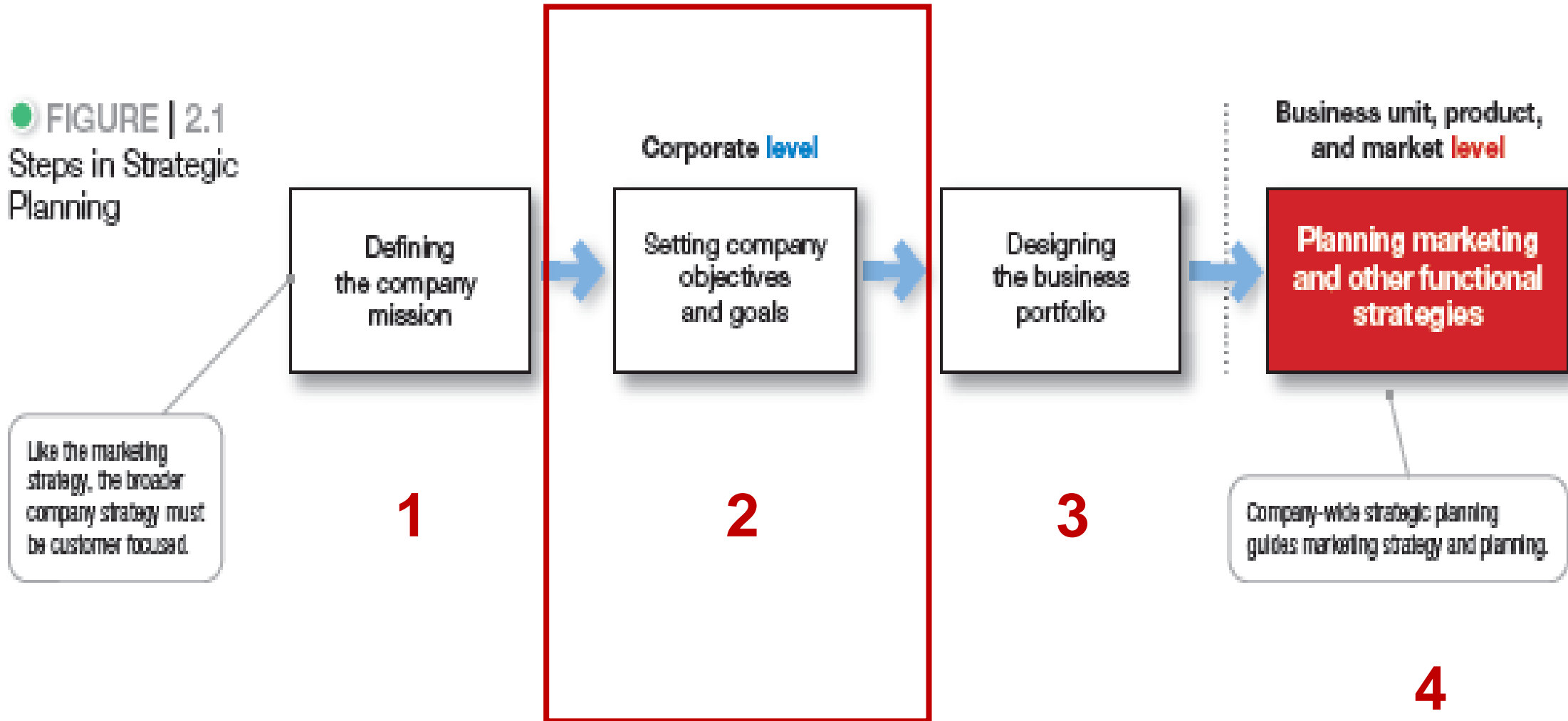


Dove



The 4 steps in strategic planning

● FIGURE | 2.1
Steps in Strategic
Planning



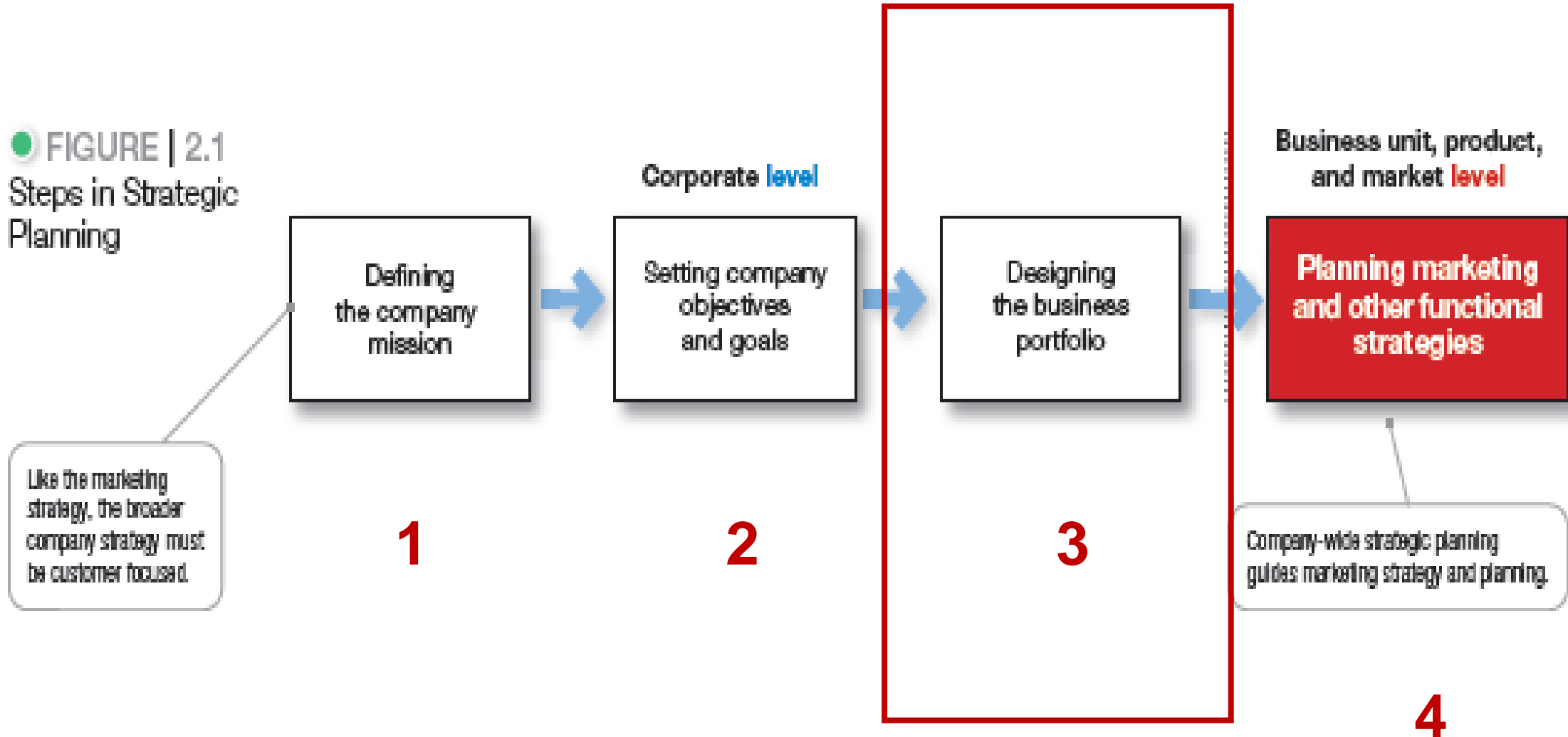
Step 2: Setting Company Objectives and Goals

Breaking down the company's vision into **detailed goals**
(for each function, at each level, for each manager).

Business objectives	Marketing objectives
<ul style="list-style-type: none">• Build profitable customer relationships• Invest in research• Improve profits	<ul style="list-style-type: none">• Increase market share• Build brand equity and trust• Increase share of voice

The 4 steps in strategic planning

● FIGURE | 2.1
Steps in Strategic
Planning

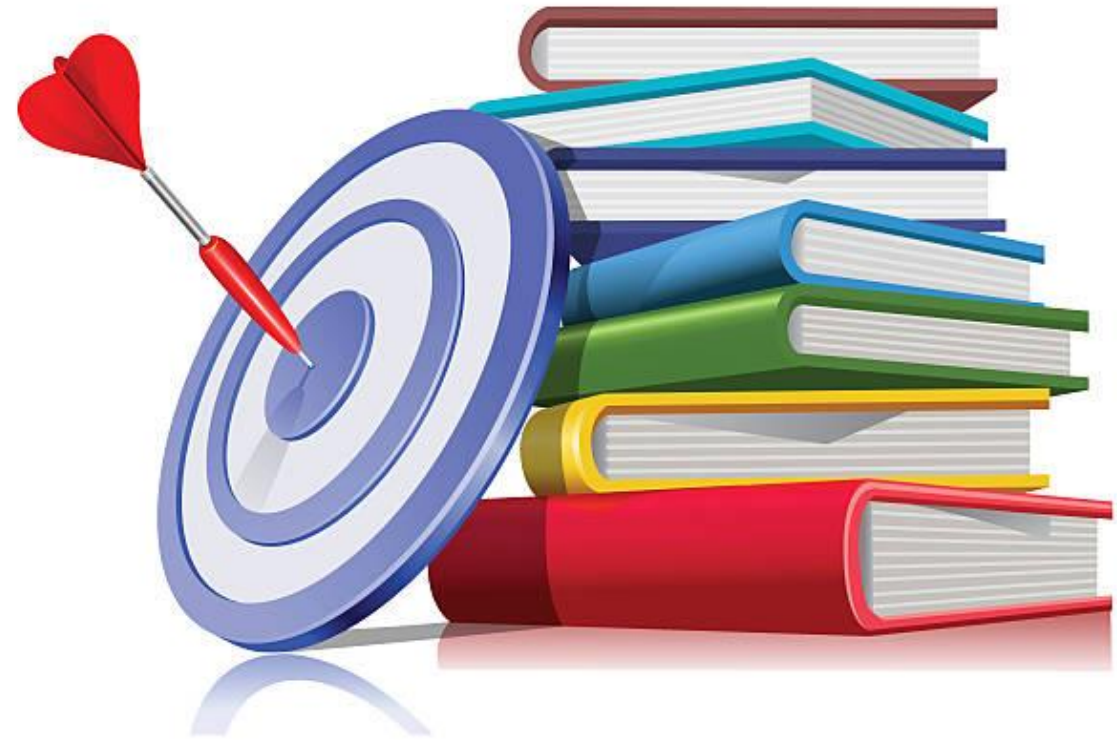


Learning Objective 2

Discuss how to design business portfolios and develop growth strategies.



Current portfolio
Future portfolio



Designing The Business Portfolio

The business portfolio is the collection of businesses and products that make up the company.

Portfolio analysis is a major activity in strategic planning whereby management evaluates the products and businesses that make up the company.



Designing The Business Portfolio

Strategic business units can be a:

- Company division
- Product line within a division
- Single product or brand



L'ORÉAL



Designing The Business Portfolio

Company



Business Units: Division



Brands and / or Products



L'ORÉAL



Professional Products
Division



One Level Deeper: Products Within The Brand



Styling



Color



Care



Designing The Business Portfolio

Analyzing The Current Business Portfolio

Identify Strategic Business Units (SBUs)

```
graph TD; A[Identify Strategic Business Units (SBUs)] --> B[Assess the attractiveness of its various SBUs]; B --> C[Decide how much support each SBU deserves];
```

Assess the attractiveness of its various SBUs

Decide how much support each SBU deserves

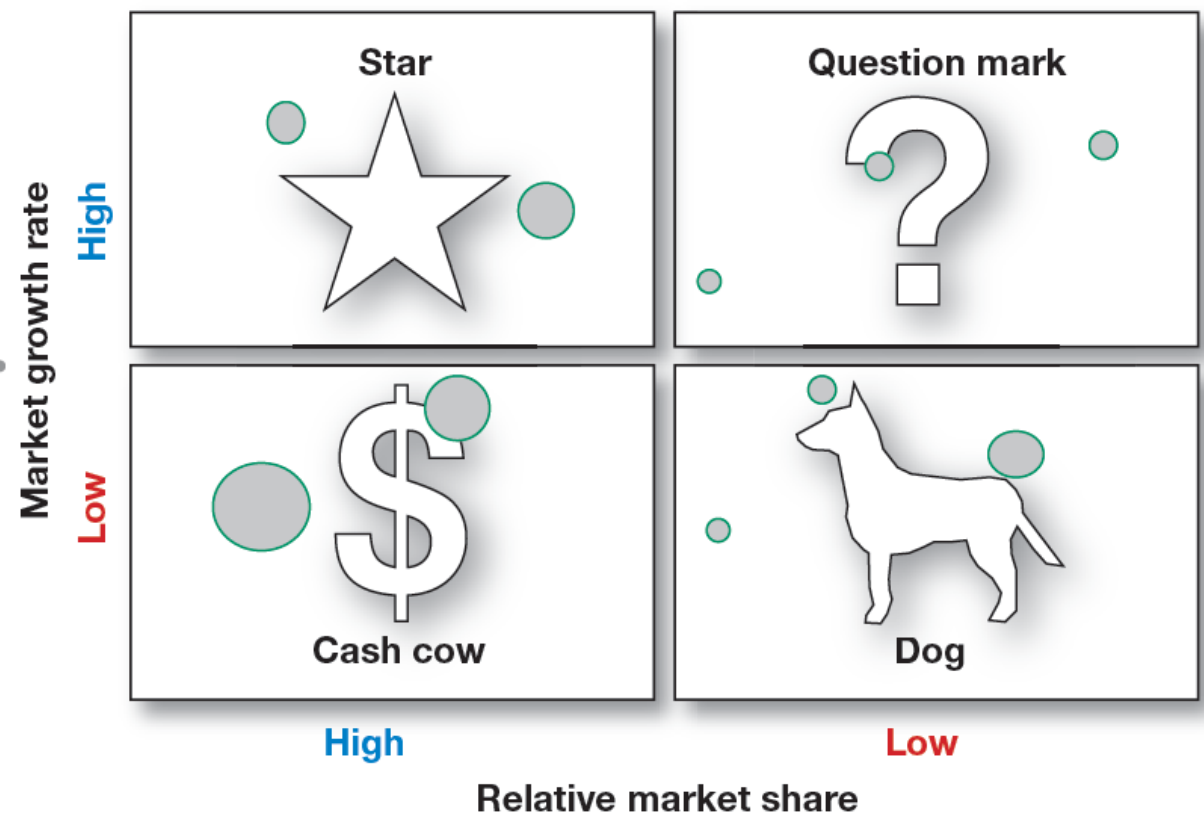
Designing The Business Portfolio

Best known portfolio planning method (to analyse your brand portfolio):

The Boston Consulting Group (BCG Matrix)

● FIGURE | 2.2
The BCG Growth-Share Matrix

Under the classic BCG portfolio planning approach, the company invests funds from mature, successful products and businesses (cash cows) to support promising products and businesses in faster-growing markets (stars and question marks), hoping to turn them into future cash cows.



The company must decide how much it will invest in each product or business (SBU). For each SBU, it must decide whether to build, hold, harvest, or divest.

L'Oréal

BCG Matrix of L'Oréal

growth

Market Share

High

Market Growth

High

Low

Stars

Question Marks

LANCÔME
PARIS

L'ORÉAL
PARIS
MEN EXPERT

Cash Cows

Dogs

MAYBELLINE
NEW YORK

KÉRASTASE
PARIS

GARNIER

Market Share



Apple



Designing The Business Portfolio

Watch-outs with matrix approaches



Difficulty in defining SBUs and measuring market share and growth (risk of cannibalization!)



A snapshot in time



Expensive



Focus on current businesses, not future planning

**So how to
identify
future
opportunities
for growth?**



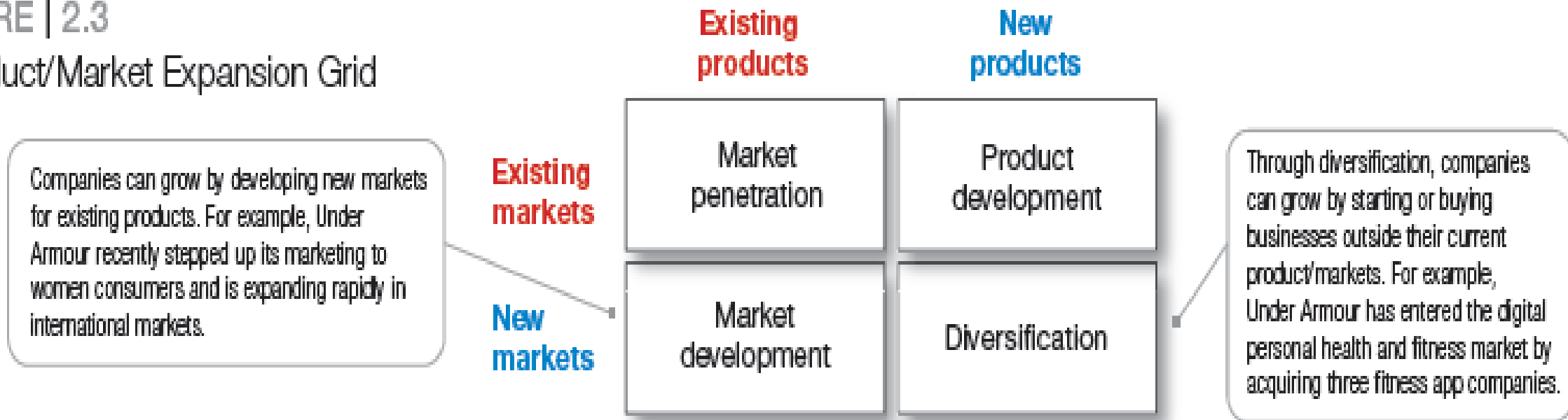
Designing The Business Portfolio

Looking at future opportunities for growth:

The ANZOFF MATRIX

● FIGURE | 2.3

The Product/Market Expansion Grid



Developing Strategies for Growth & Downsizing

Market penetration is a growth strategy increasing sales to current market segments without changing the product.

Examples:

Advertising
Promotions
Expansion of existing distribution

Market development is a growth strategy that identifies and develops new market segments for *current* products.

Examples:

Geographic expansion
New target audience

Developing Strategies for Growth & Downsizing

Product development is a growth strategy that offers *new or modified products* to existing market segments.

Diversification is a growth strategy through starting up or acquiring businesses outside the company's current products and markets.

Examples:

Apple AirPods
New fragrances/tastes...



Examples:

P&G acquiring Gillette, Wella...



Example - STARBUCKS



Impressive Growth of Starbucks (24B\$ powerhouse with 29.000 retail stores in 75 countries) behind 4 strategies:

- 1. Achieve deeper market penetration**, making more sales to current customers without changing the offering (*ex: 800 new US stores last year, new features to mobile app to drive loyalty - My Starbucks Barista feature to order via voice commands....*)
- 2. Market development, developing new markets with same product offering.** Review new markets, new demographic trends.... Ex: Starbucks expanding in ASIA (China)



Example - STARBUCKS

3. New Product development. Offering new products to existing markets. *Ex: ready to drink beverages sold in grocery stores.*

4. Diversification: starting or buying businesses beyond its current products & markets. *Ex: creation of ultra premium reserve brand with reserve roasteries and reserve bars featuring high end immersive experiences.*



**But you can also
decide to focus on
your core
businesses and
downsize.**



Developing Strategies for Growth & Downsizing

Downsizing is when a company must prune, harvest, or divest businesses that are unprofitable or that no longer fit the strategy.



Developing Strategies for Growth & Downsizing

Why would a company choose to downsize?

- Focus on core competencies
- Changing market dynamics
- Streamlining operations to improve efficiency or profitability
- Products or businesses which age and die



Example: Sebastian Professional

2008 brand re-launch : from 109 to 51 products



ORIGINALS

Sebastian Originals line-up regroups the industry most trusted, respected and sought-after products in care, styling and finishing.



EVOKATV

Evokatv line up is the essence of touchable sensuality and makes you fall in love with your hair.



LAMINATES & CELLOPHANES

Laminates is the must-have for brilliant shine, complete with Cellophanes, to provide luxurious color and color protection.



XTAH

Xtah products are innovative, performance-driven raw styling materials that allow total freedom for experimentation and hair design.



BODY DOUBLE

Body Double line up infuses thickness to your hair all with a weightless, natural feel.



TRUCCO

Trucco was the first ever make-up line from a professional hair care brand. An expressive range of tones, shades and colors that bring the magic to life in your look.



FOUNDATION



FLOW



FORM



FLAUNT

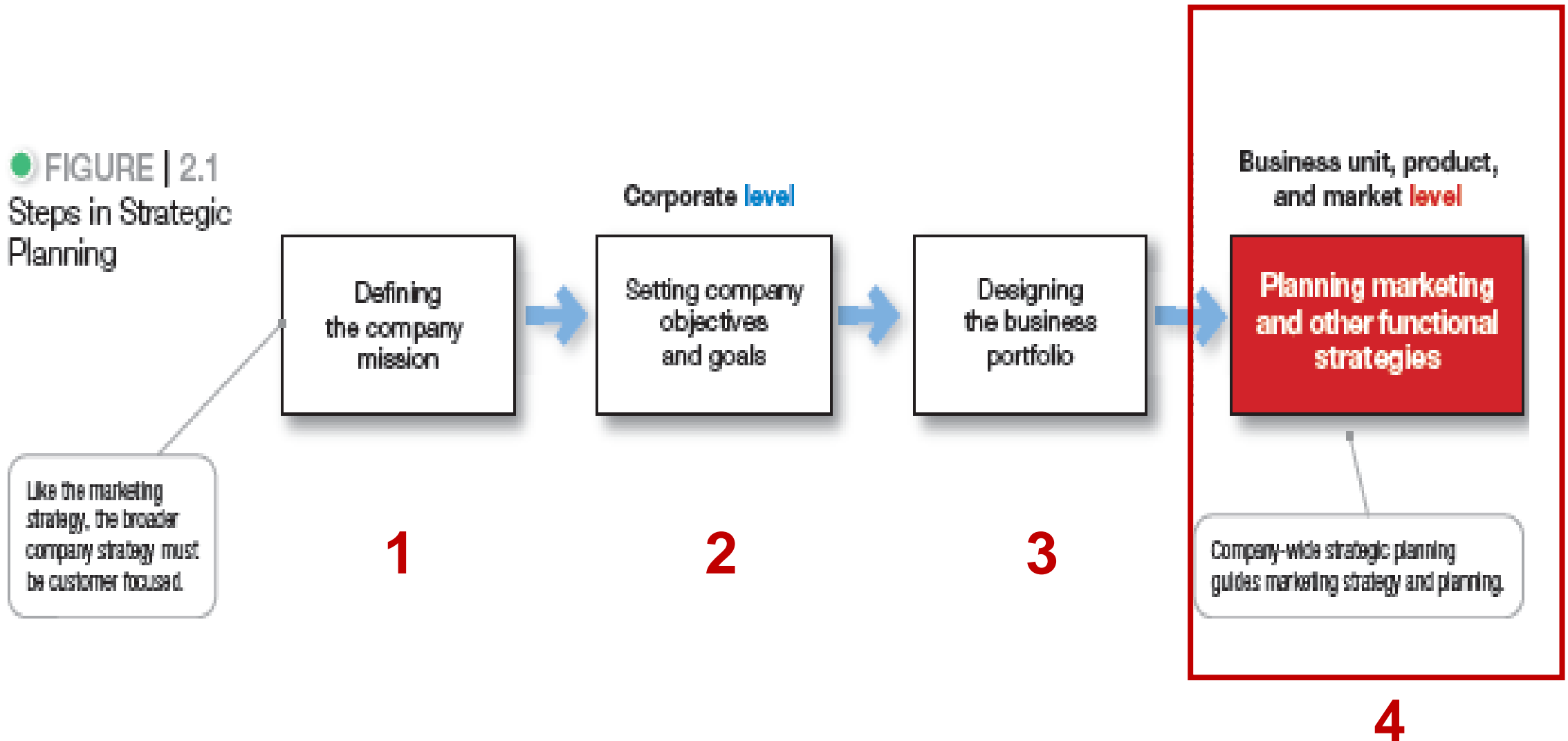


Other examples of companies having implemented downsizing strategies?



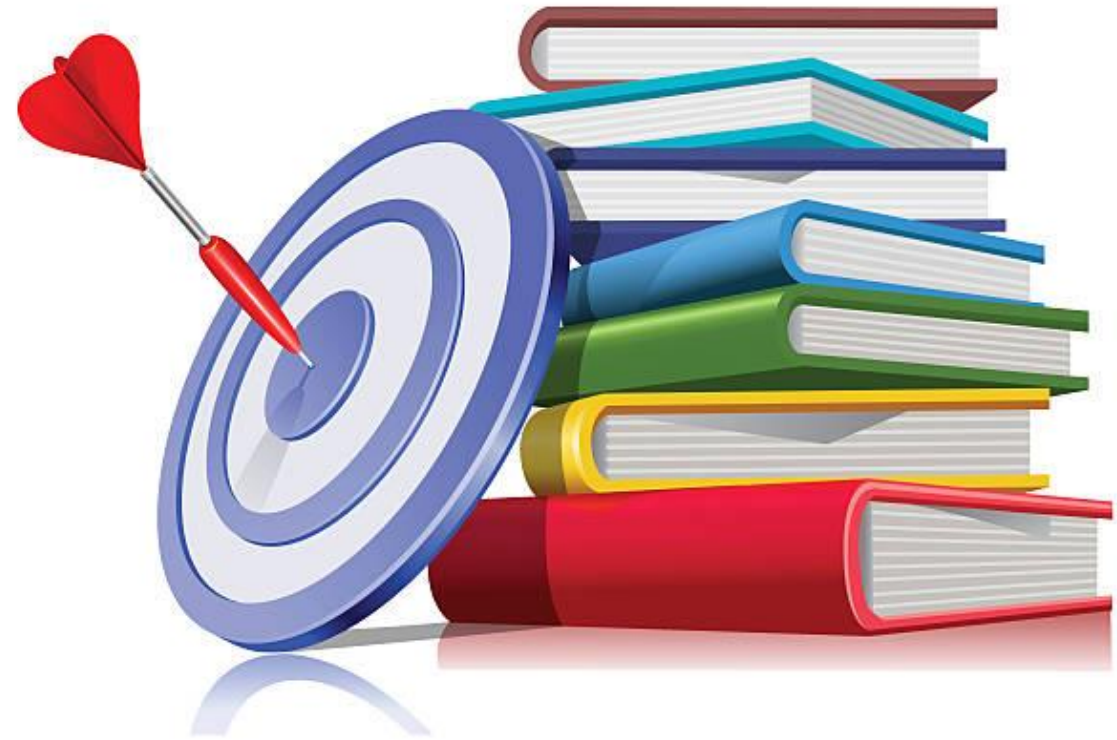
The 4 steps in strategic planning

● FIGURE | 2.1
Steps in Strategic
Planning



Learning Objective 3

Explain marketing's role in **strategic planning** and how marketing works with its **partners** to create and deliver customer value.



Partnering to Build Customer Relationships

Partnering with Other Company Departments

Marketing in isolation cannot create superior customer value.

Each department has a key role to play to design, produce, market, deliver and support the product or service.

Performance of each department and coordination between them is key.



Partnering to Build Customer Relationships

Partnering with Other Company Departments (Internally)

Value chain is a series of departments that carry out value creating activities to design, produce, market, deliver, and support a firm's products.

Which functions do you know in a company?

Finance
IT
Supply
R&D
Purchasing
Legal
HR ...

Example: Walmart

How do other departments enable Walmart to live their “Save money. Live Better.” brand promise?



- **Purchasing:** to find the right suppliers and buying from them at low cost.
- **IT:** to provide fast and accurate info about which products are selling in store.
- **Digital:** to apply latest technologies to web and mobile sites.
- **Logistics:** to develop effective delivery options.

Partnering to Build Customer Relationships

Partnering with Others in the Marketing System (Externally)

A Value Delivery Network is made up of the company, suppliers, distributors, and ultimately customers who partner with each other to improve performance of the entire system.

Competition is no longer only between individual competitors. But between the entire delivery network created by competitors.

Example: Tony's Chocolonely

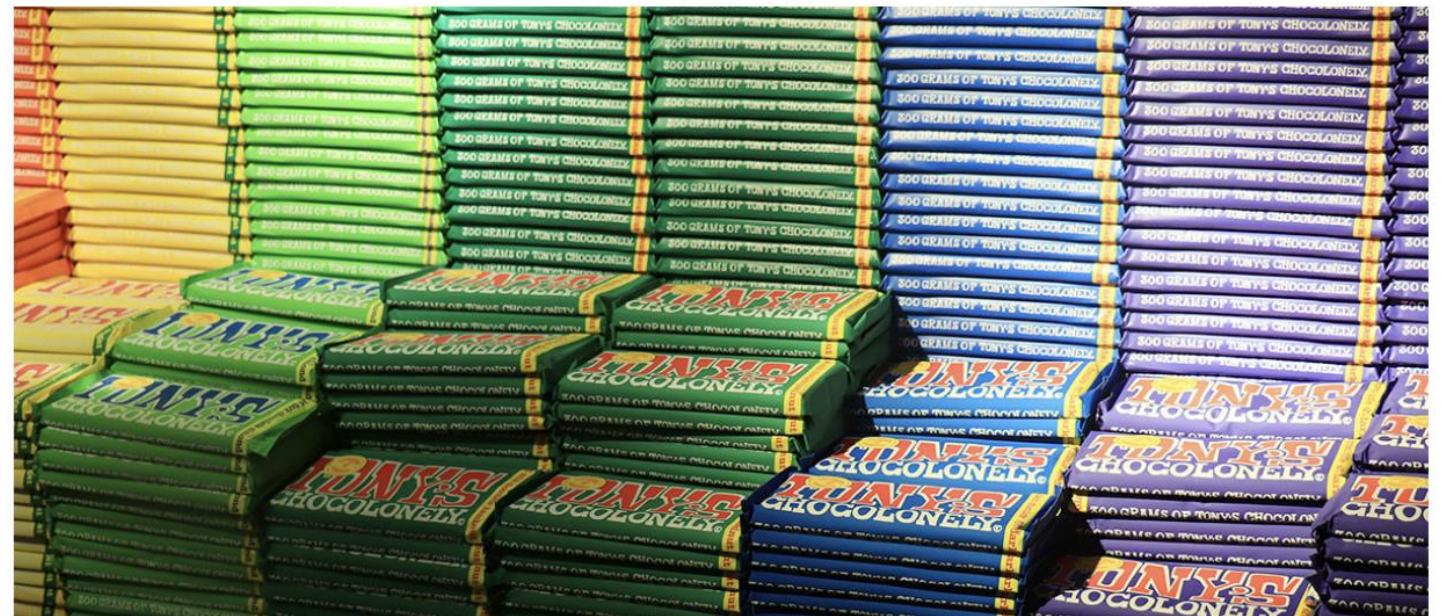
Harvard Business Review:

<https://hbr.org/2023/09/how-tonys-chocolonely-created-a-purpose-driven-and-profitable-supply-chain>

How Tony's Chocolonely Created a Purpose-Driven (and Profitable) Supply Chain

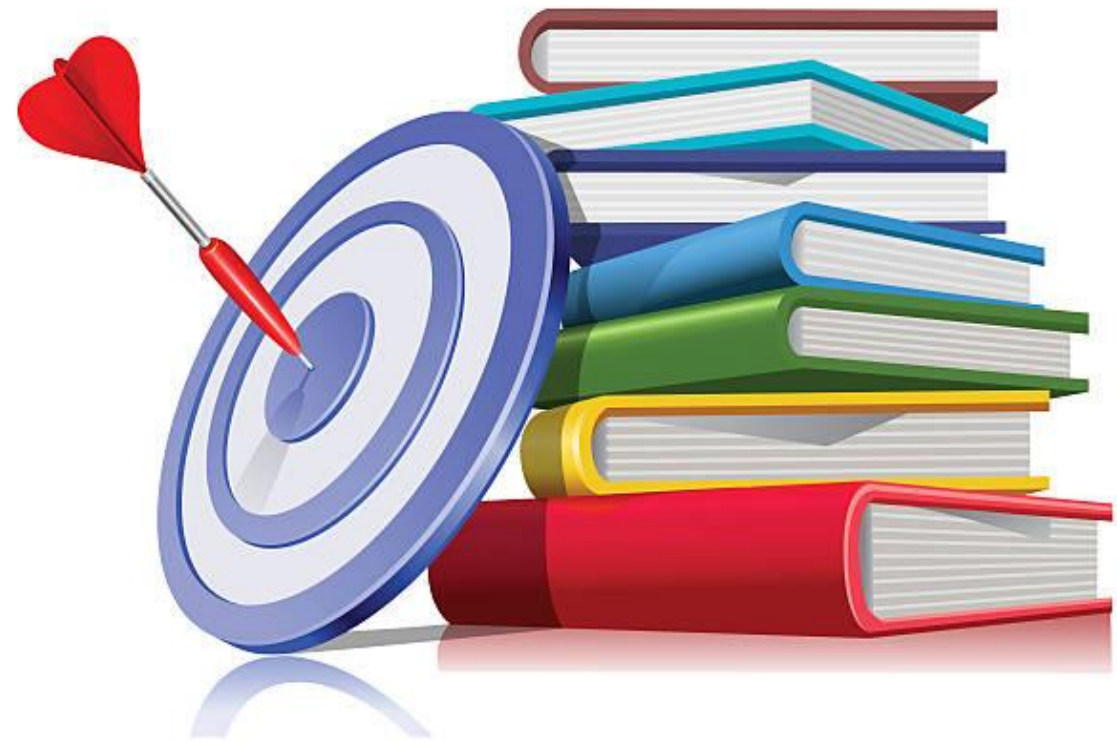
by Frans Pannekoek, Thomas Breugem, and Luk N. Van Wassenhove

September 11, 2023



Learning Objective 4

Describe the elements of a customer value-driven **marketing strategy and mix**, and the forces that influence it.



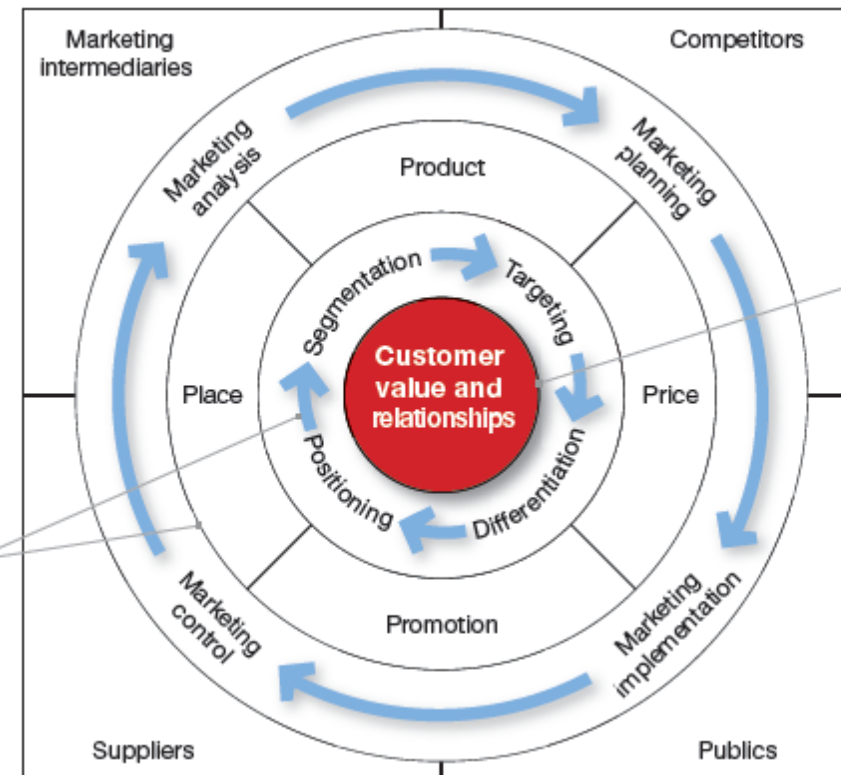
Marketing Strategy

Marketing Strategy is the strategy by which the company hopes to create customer value and achieve profitable customer relationships.

The marketing strategy includes:

- Segmentation
- Targeting
- Differentiation
- Positioning

● FIGURE | 2.4
Managing Marketing Strategies
and the Marketing Mix



Marketing strategy involves two key questions: Which customers will we serve (segmentation and targeting)? and How will we create value for them (differentiation and positioning)? Then the company designs a marketing program—the four Ps—that delivers the intended value to targeted consumers.

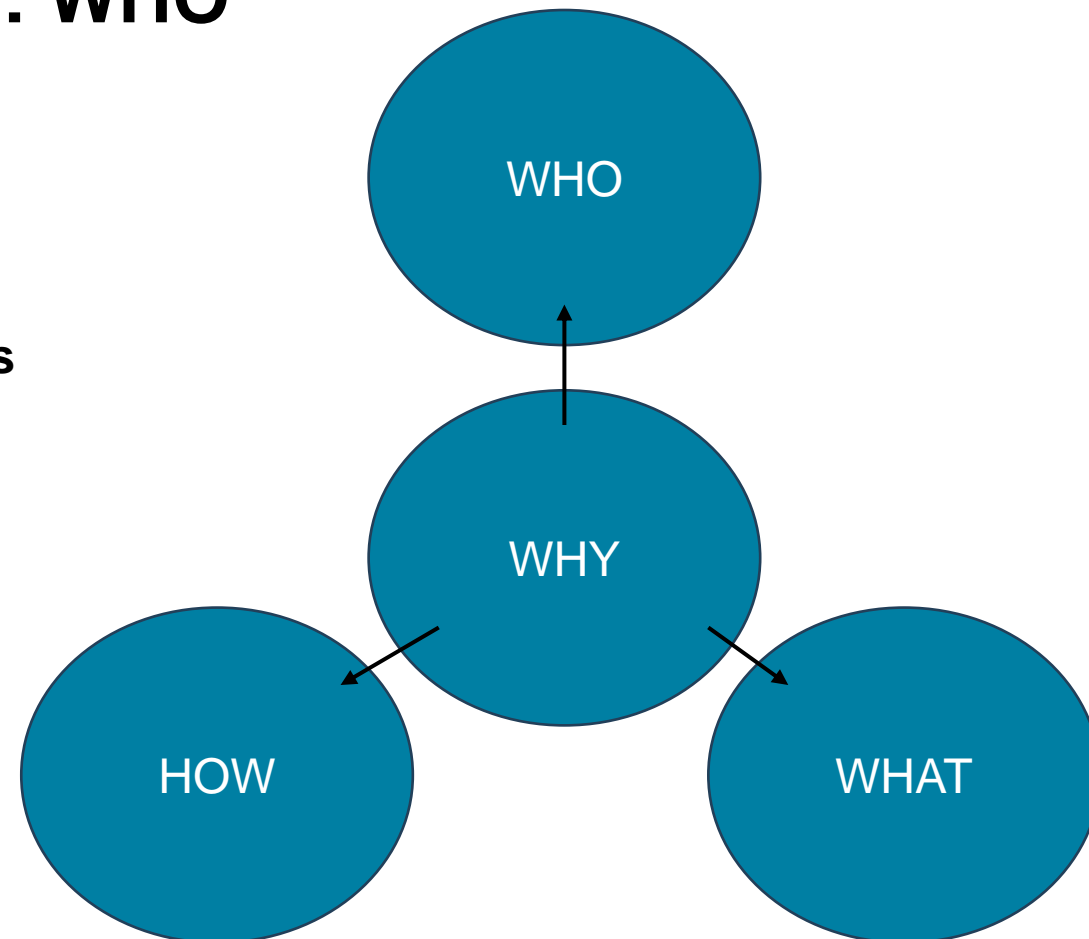
At its core, marketing is all about creating customer value and profitable customer relationships.

Marketing Strategy: Reminder Week 1

2. Select Your Customers to Serve : WHO

Who does your brand serve?

Lululemon serves women interested in yoga & wellness



Marketing Strategy

Market segmentation is the division of a market into distinct groups of buyers who have different needs, characteristics, or behaviors and who might require separate products or marketing mixes.

Market segment is a group of consumers who respond in a similar way to a given set of marketing efforts.

Market targeting is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter.



The importance of understanding your WHO

Dove 



Example: Hair Care Customer Segmentation

Perfection

"I have a busy lifestyle and want everything to be perfect. In my life nothing is left to chance."



Trendsetter

"I want to be the trendsetter! I like to be in the center of attention and shine with my style"



Experience

"I love to enjoy beauty with all my senses."



Simplicity

"Less is more"



Harmony

"I look to be in harmony with myself and the world"



Marketing Strategy

Differentiation is how a brand differentiates itself from the competition to be distinctive.

Market positioning is the arranging for a brand to occupy a clear, distinctive, and desirable place relative to competing products **in the minds of target consumers**.

Value proposition is how the set of benefits or values that brings this positioning to life.

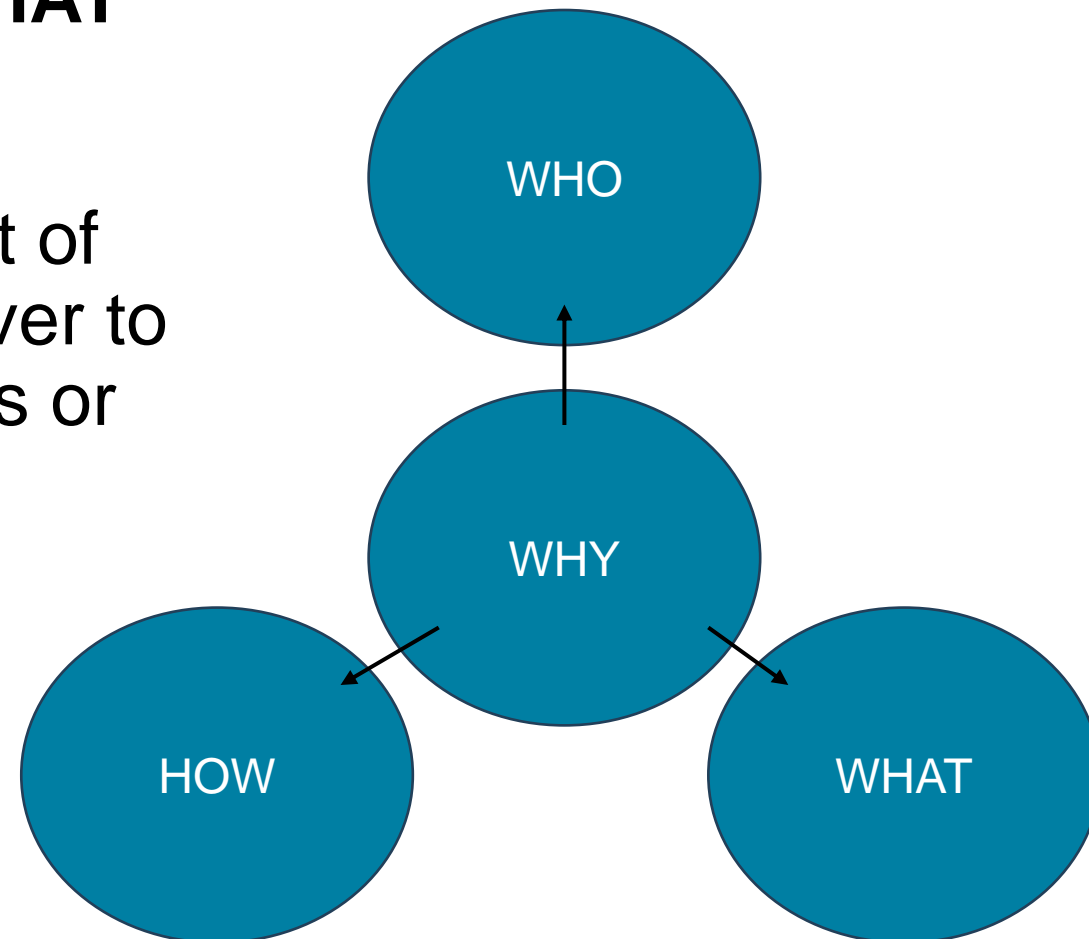
Brand Positioning



Marketing Strategy: Reminder Week 1

3. Choose a Value Proposition : WHAT

A brand's **value proposition** is the set of **benefits or values** it promises to deliver to customers to satisfy their needs, wants or desires.



Marketing Strategy

Differentiation

Competitive
Advantage



Unique benefit(s) that sets your brand apart by making a tangible difference in your target audience's life.

What examples of competitive advantages can you think of?

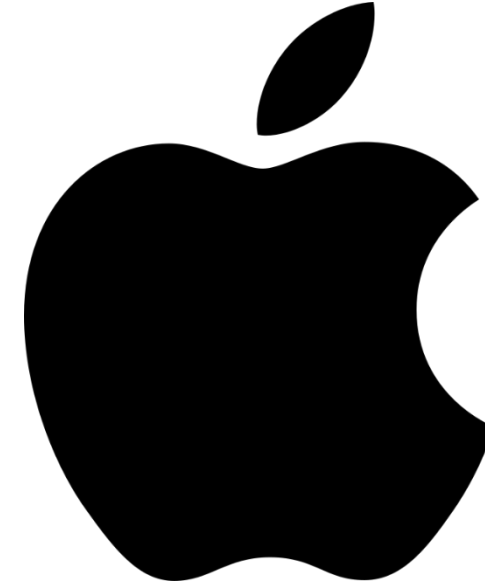


Marketing Strategy

Positioning



The productivity and platform
company for the mobile-first and
cloud-first world



Creative tools that
advance
humankind

Marketing Mix

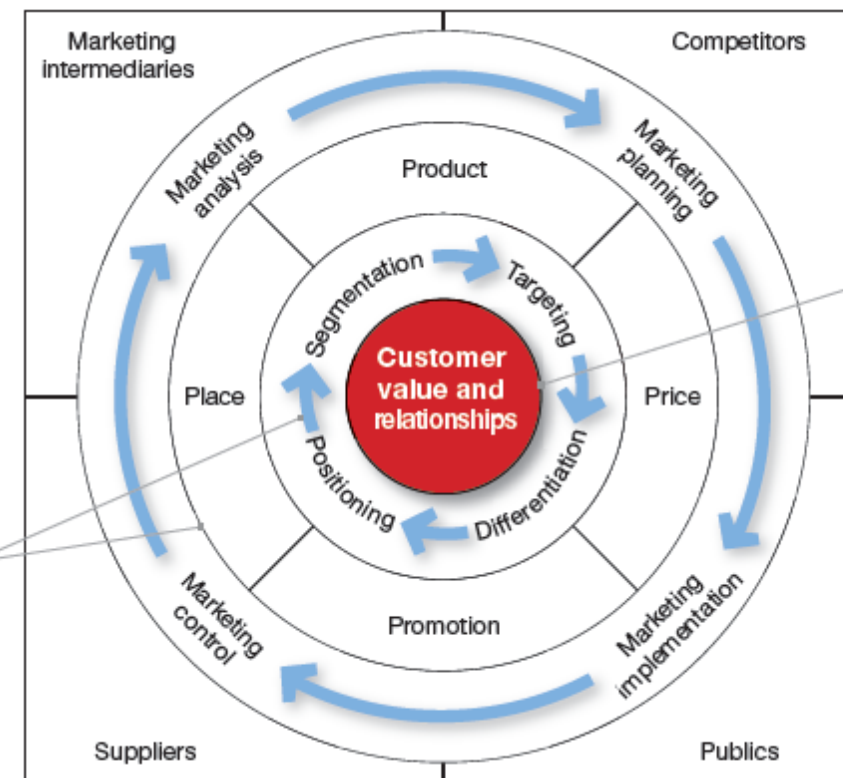
Marketing Mix is the mix of tactical marketing tools - product, price, place, and promotion - that the firm uses to produce the response it wants in the target market. It is what the **consumer experiences of the brand**.

The marketing mix is comprised of the 4Ps:

- Product
- Price
- Place
- Promotion

● FIGURE | 2.4
Managing Marketing Strategies
and the Marketing Mix

Marketing strategy involves two key questions: Which customers will we serve (segmentation and targeting)? and How will we create value for them (differentiation and positioning)? Then the company designs a marketing program—the four Ps—that delivers the intended value to targeted consumers.



At its core, marketing is all about creating customer value and profitable customer relationships.

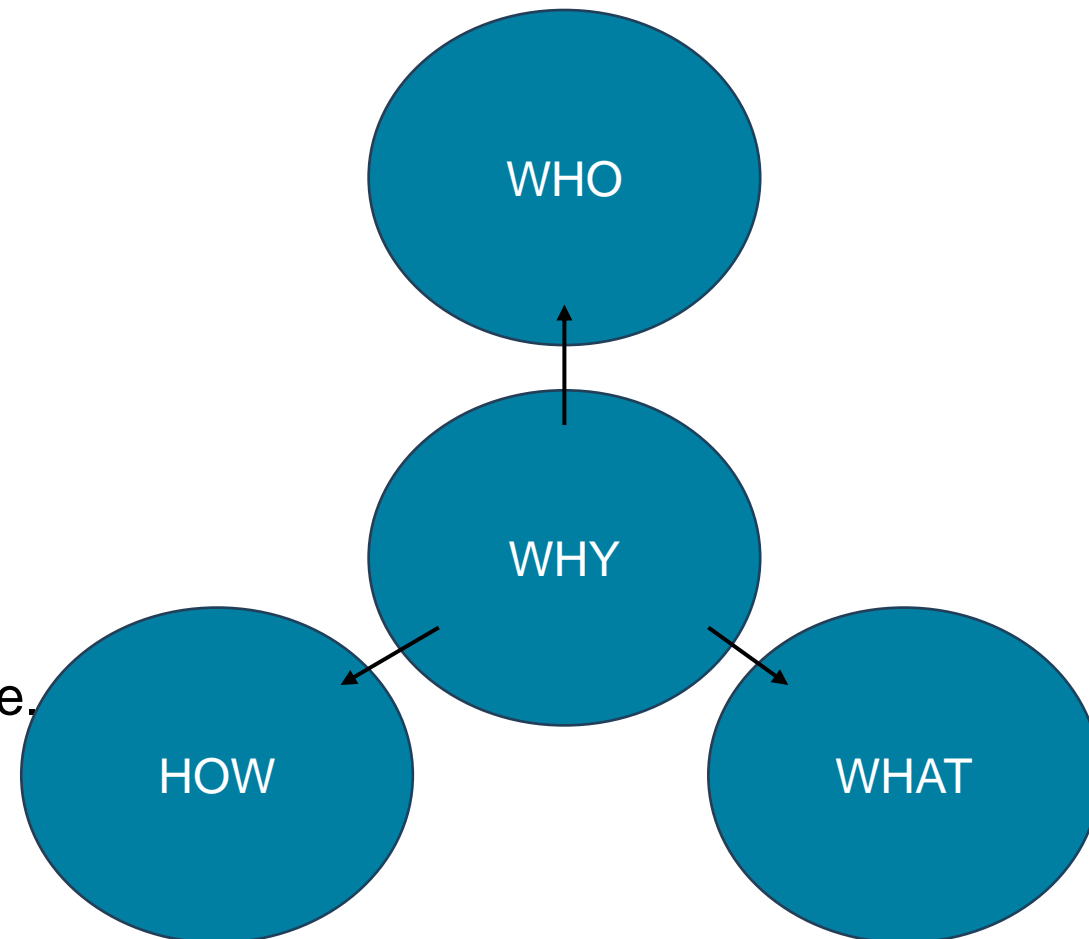
Marketing Strategy: Reminder Week 1

4. Design an Integrated Marketing Mix: HOW

The **marketing mix** is comprised of a set of tools known as the 4Ps:

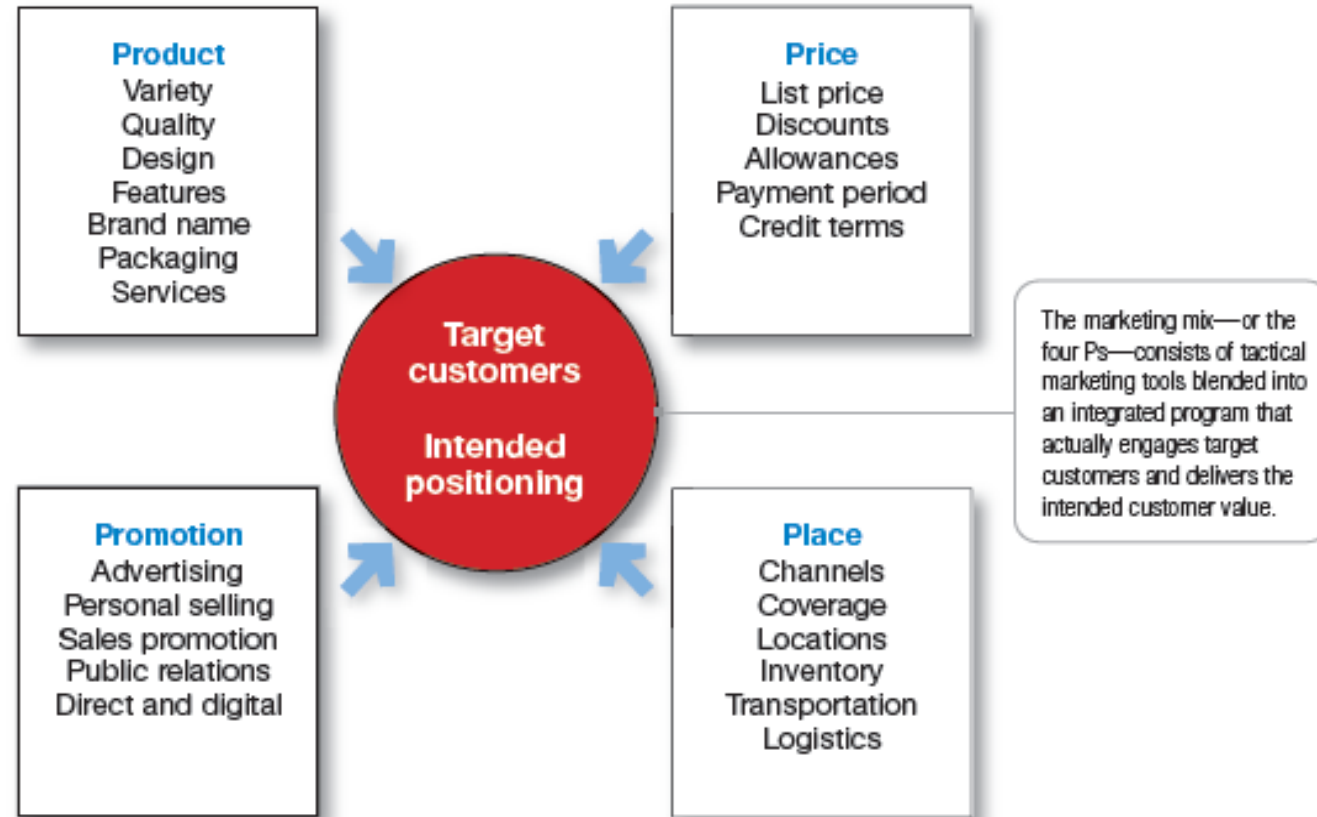
- Product
- Price
- Promotion
- Place

Integrated marketing program: a comprehensive plan that communicates and delivers intended value.



Marketing Mix

● FIGURE | 2.5
The Four Ps of the Marketing Mix



Example: Apple's Marketing Mix



10 minutes to work in groups





Product

Innovation: Continuous advancements and new features.

Design Excellence: Aesthetic appeal and user-friendly interfaces.

Product Range: iPhone, iPad, Mac, Apple Watch, AirPods.

Branding: Iconic Apple logo, strong brand identity.

Price

Premium Pricing: Higher price points for perceived value.

Skimming Strategy: Initial high prices for new products.

Discounts: Educational discounts, seasonal promotions.

Promotion

Advertising: Sleek and emotionally charged campaigns in various media.

Public Relations: Product launches, events, cultivating positive brand image.

Digital Marketing: Social media engagement, content marketing.

Product Placement: Strategic placement in movies and TV shows.

Place

Apple Stores: Flagship retail stores for controlled customer experience.

Authorized Resellers: Selective partnerships for brand representation.

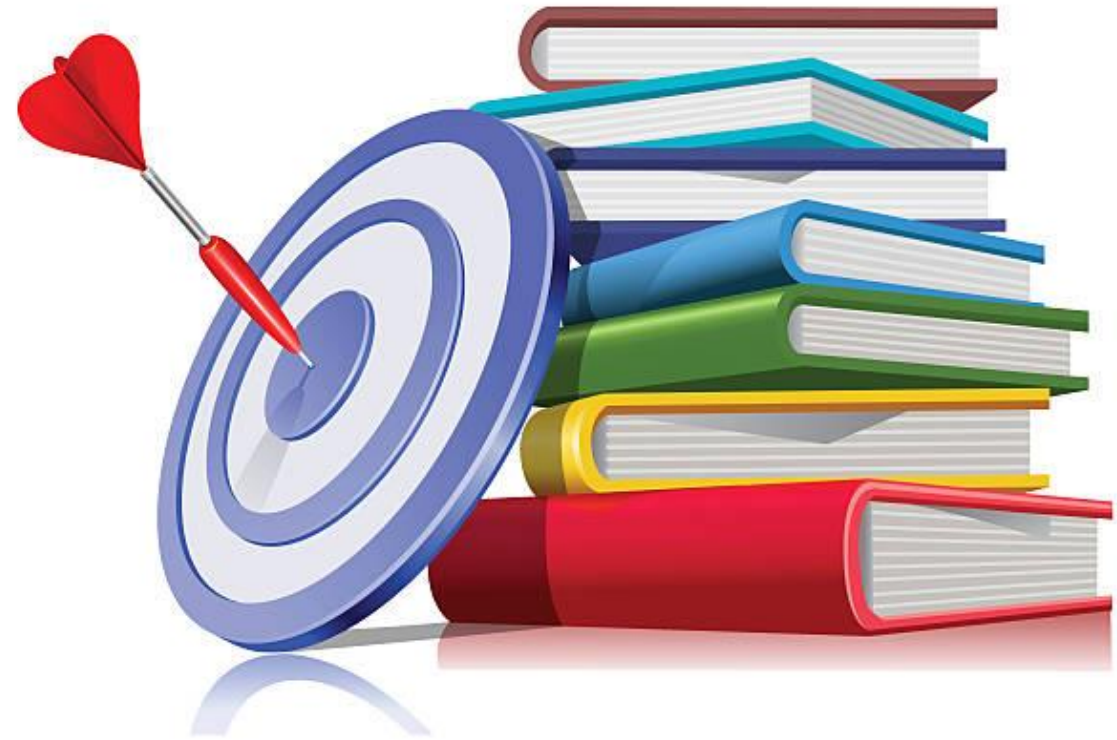
Online Store: Global accessibility, direct-to-customer sales.

Global Presence: Worldwide distribution.



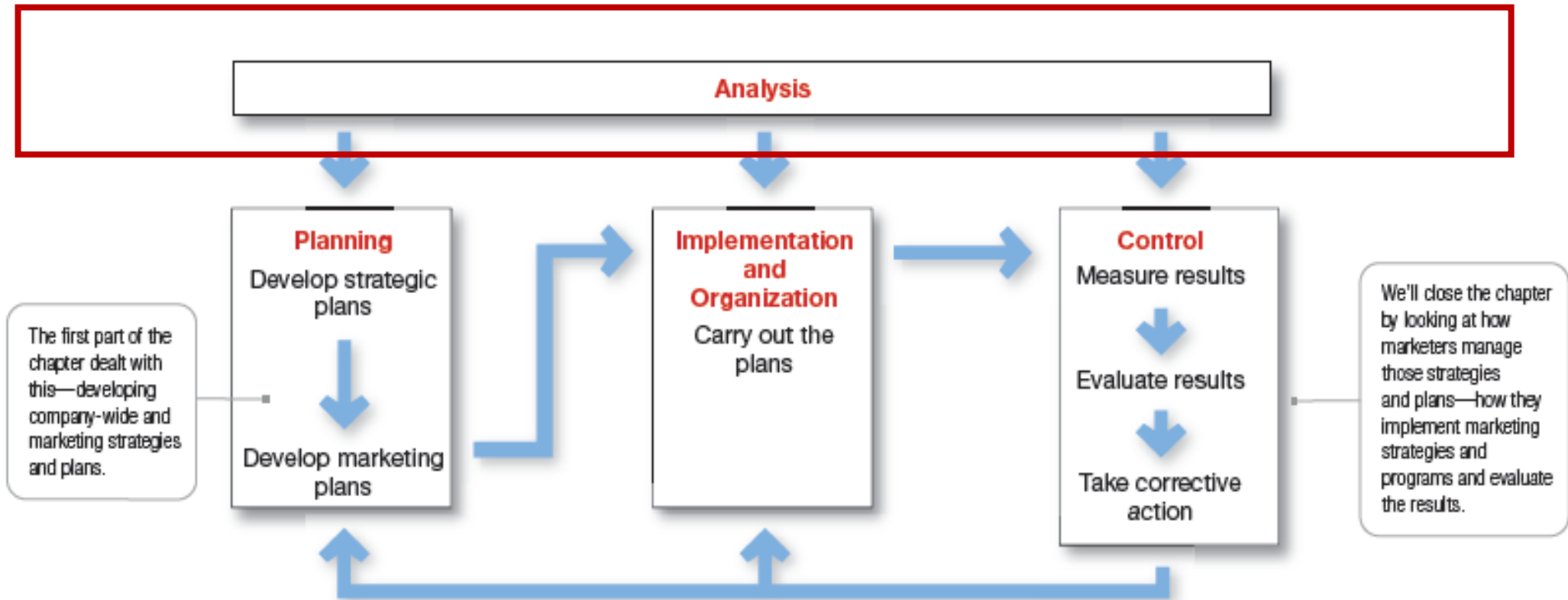
Learning Objective 5

List the **marketing management functions**, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.



Managing the Marketing Effort

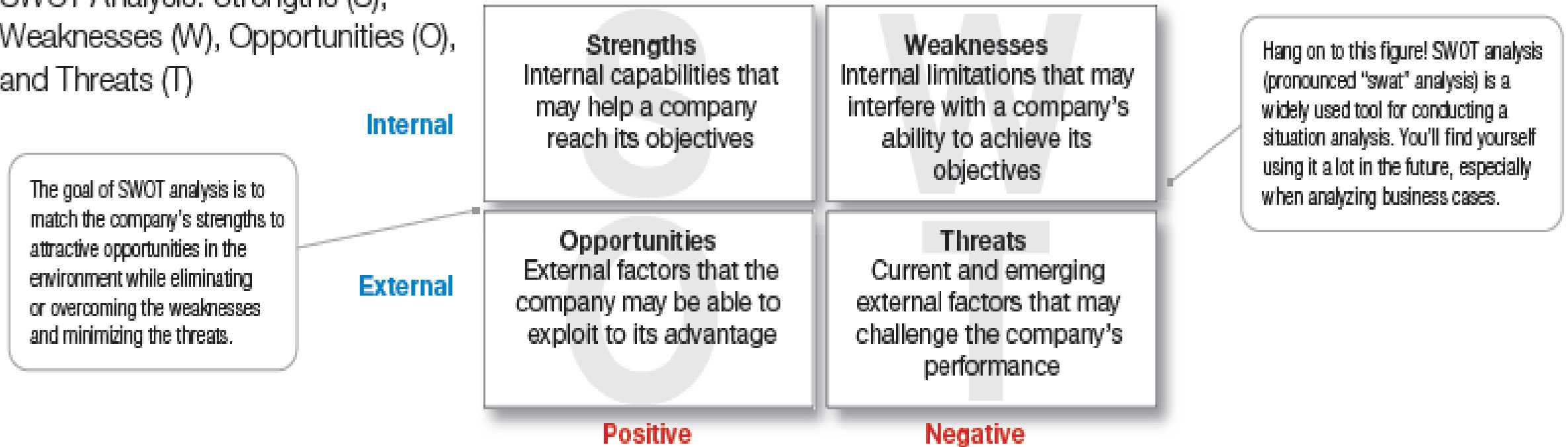
Figure 2.6 Analysis, Planning, Implementation, and Control



Managing the Marketing Effort

Figure 2.7 Marketing Analysis: **SWOT** Analysis

SWOT Analysis: Strengths (S), Weaknesses (W), Opportunities (O), and Threats (T)



Example: Apple SWOT



Strengths

- One of the world's most valuable brands
- With worldwide recognition
- The most advanced technology
- The brand of choice for collaboration in the market
- Professional market research
- Liam dismantling and recycling technology
- Continuously expanding the value of new services

Weaknesses

- Relatively high unit price products
- Relatively low advertising and promotion strategies (compared to P&G, Coca-Cola, Samsung marketing budgets)
- Expansion into areas where we do not specialize, such as video streaming, game streaming, credit card payments, etc.
- No compatibility with other hardware and software, except for Apple's own

Opportunities

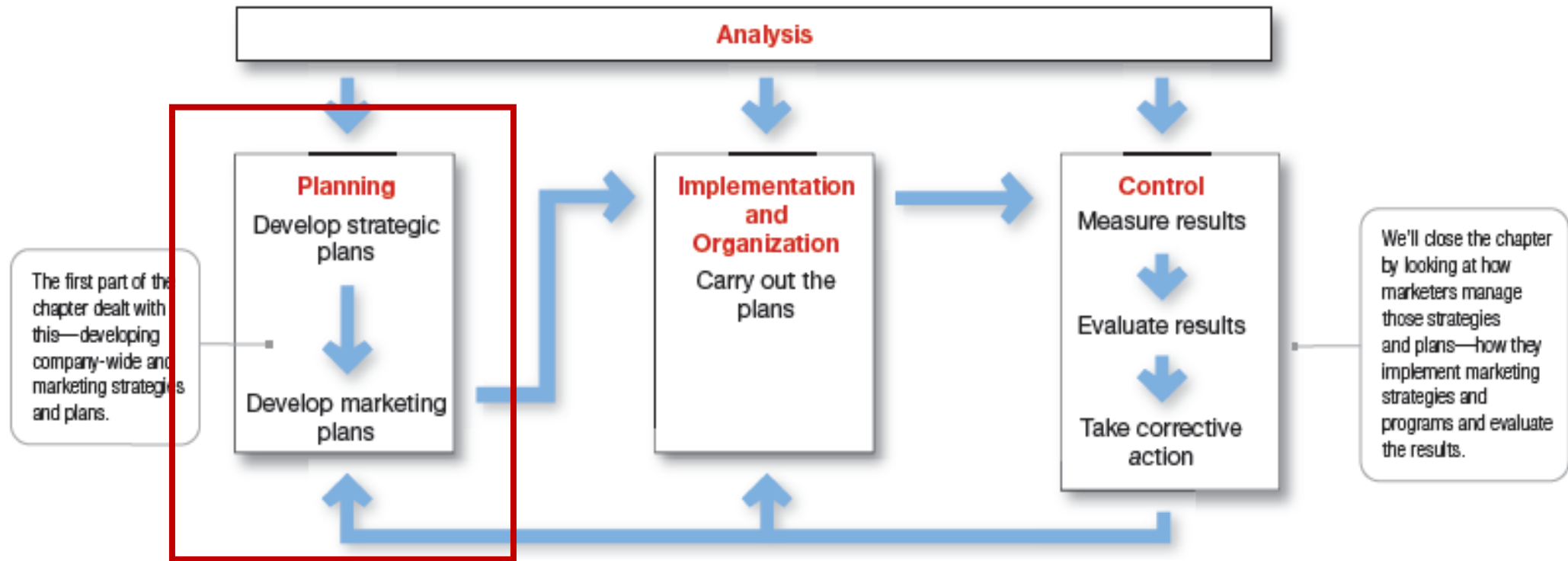
- Growing user base
- Access to the industry's most specialized talent pool
- Potential for significant expansion of distribution channels
- Lack of practical applications for green technology
- Development of Industrial Intelligence AI

Threats

- The COVID 19 outbreak affected the global manufacturing chain
- Pirated products are proliferating, making it difficult for consumers to identify them
- Increasing competition from the industry
- Competition for market share
- U.S.-China tariff war
- Consumer lawsuits

Managing the Marketing Effort

Figure 2.6 Analysis, Planning, Implementation, and Control



Managing the Marketing Effort

Market Planning: Parts of a Marketing Plan



Managing the Marketing Effort

Marketing Plan: the 1-pager

Executive Summary

Recommendation (recommended actions)

Key Findings (incl. market situation, SWOT, marketing strategies, controls, etc.)

- 1.
- 2.
- 3....

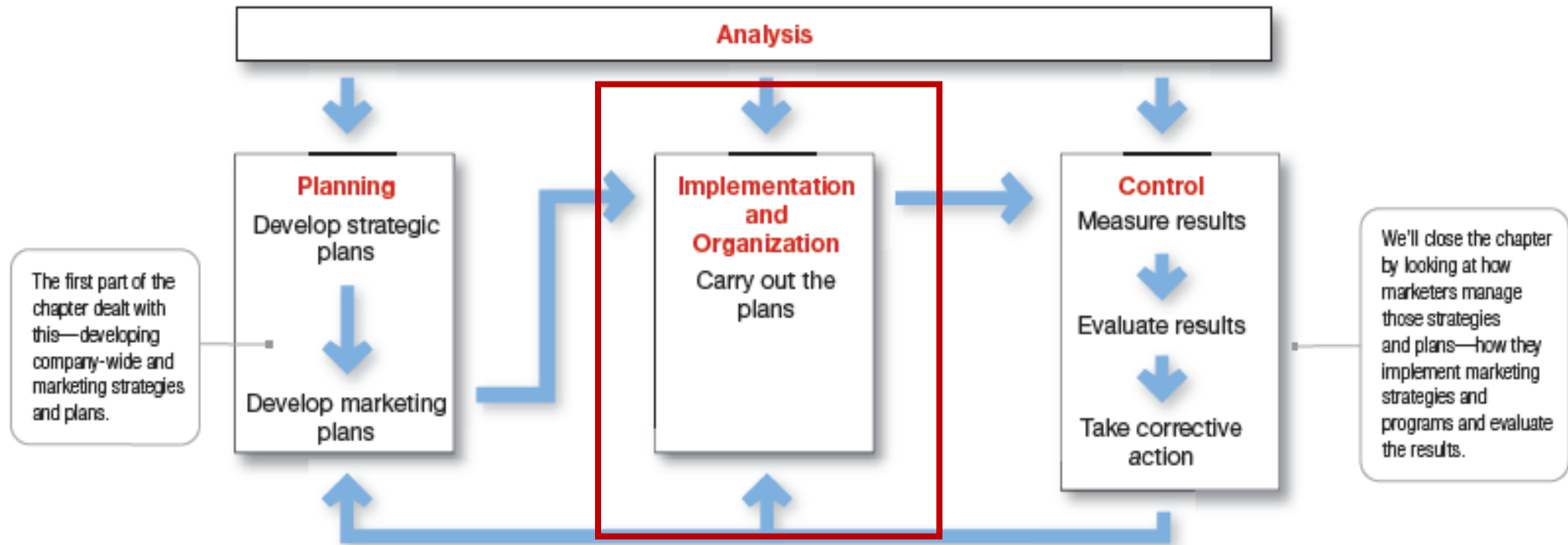
Next steps (usually includes budget)

<u>What</u>	<u>Who</u>	<u>By When</u>
-------------	------------	----------------

- 1.
- 2.
- 3...

Managing the Marketing Effort

Figure 2.6 Analysis, Planning, Implementation, and Control



Managing the Marketing Effort

Implementation

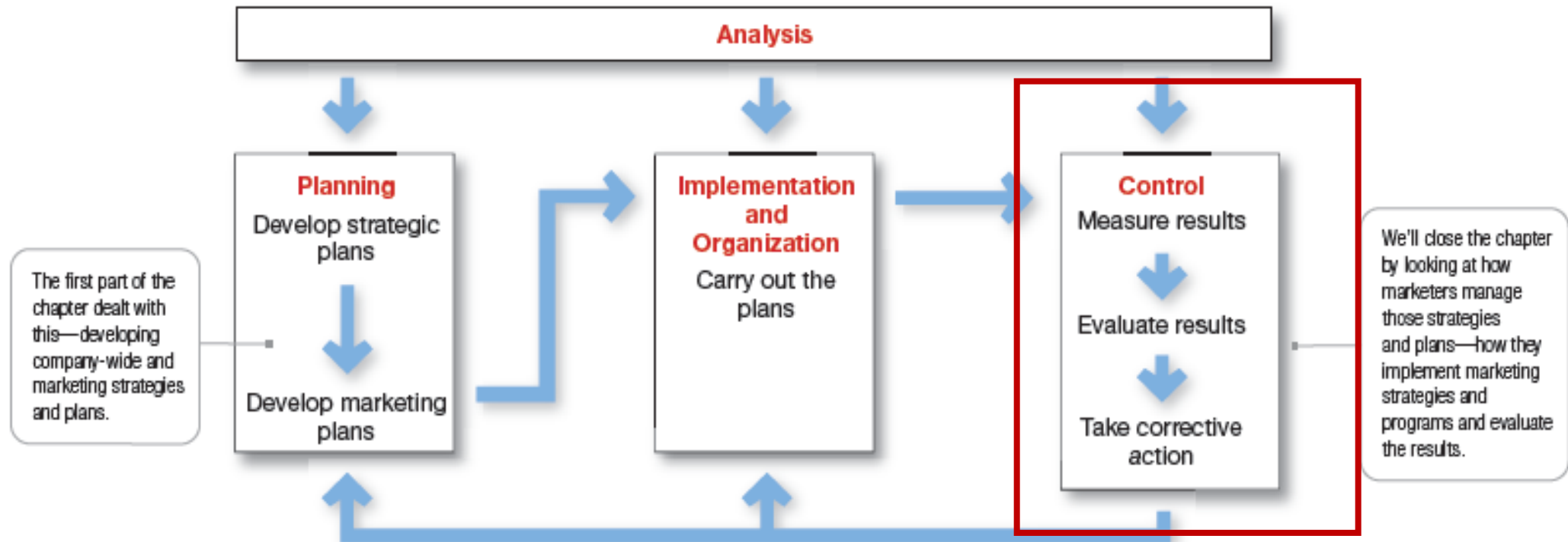
- Turning marketing strategies and plans into marketing actions to accomplish strategic marketing objectives.

A strategy is useless if not brilliantly executed!



Managing the Marketing Effort

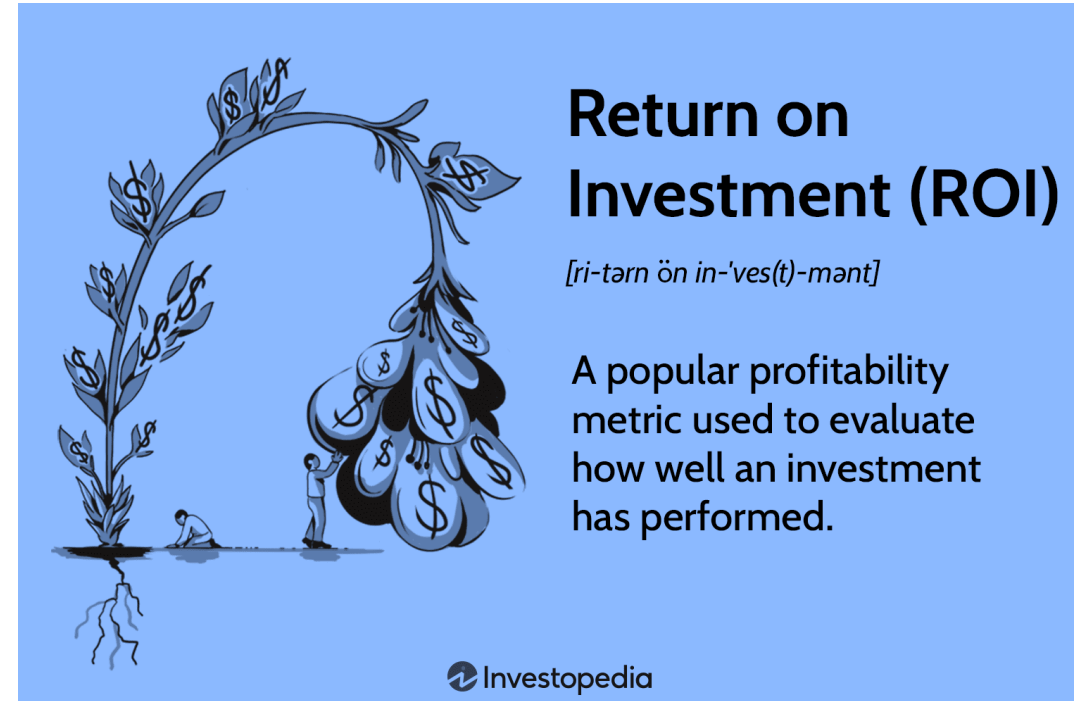
Figure 2.6 Analysis, Planning, Implementation, and Control



Measuring and Managing Return on Marketing Investment

Return on Investment (ROI)

Measure and evaluate the results of marketing activities and take corrective action where needed to ensure that your marketing \$\$ are being well spent.

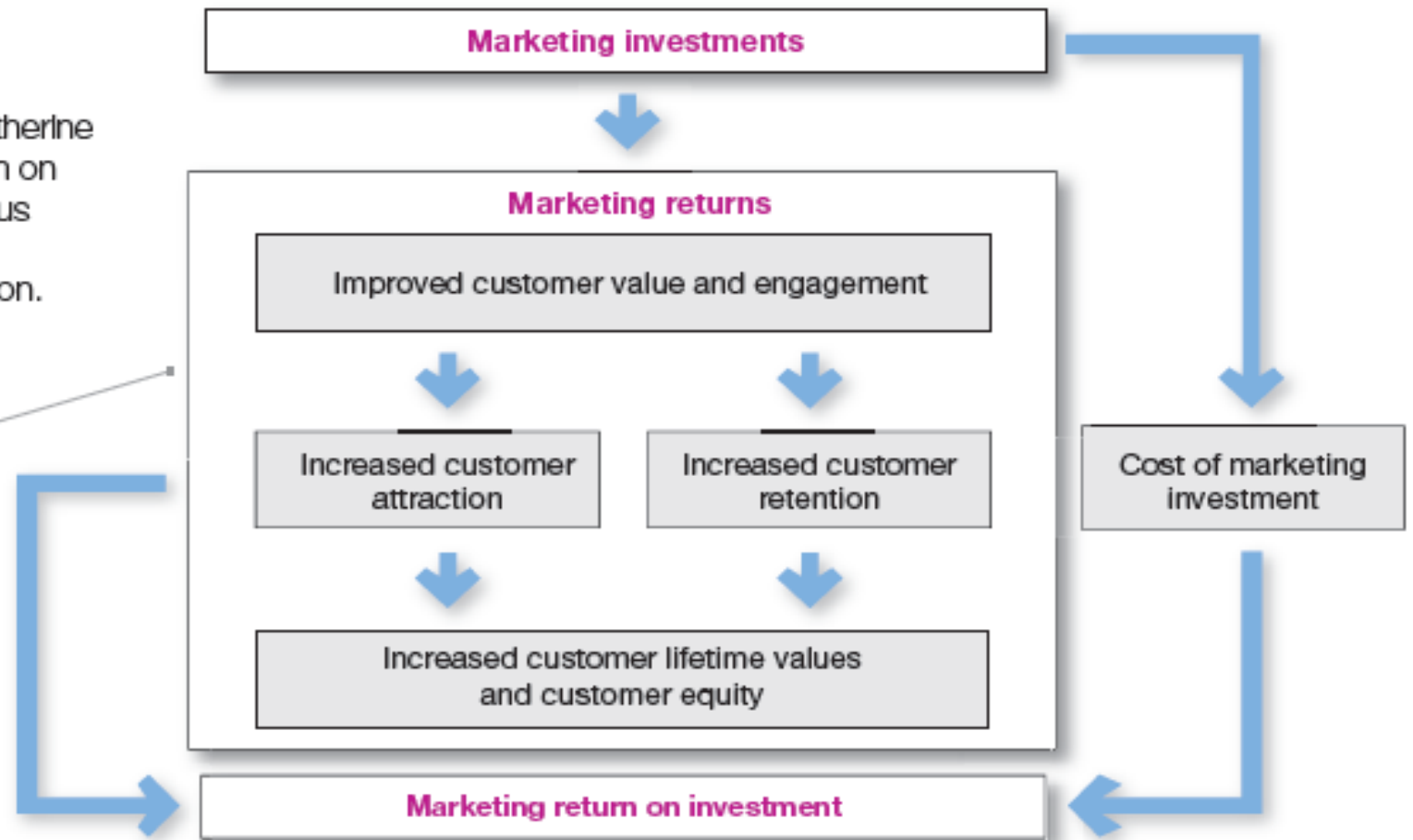


Measuring and Managing Return on Marketing Investment

● FIGURE | 2.8
Marketing Return on Investment

Source: Adapted from Roland T. Rust, Katherine N. Lemon, and Valerie A. Zeithaml, "Return on Marketing: Using Consumer Equity to Focus Marketing Strategy," *Journal of Marketing*, January 2004, p. 112. Used with permission.

Beyond measuring marketing return on investment in terms of standard performance measures such as sales or market share, many companies are using customer relationship measures, such as customer satisfaction, engagement, retention, and equity. These are more difficult to measure but capture both current and future performance.



Key Points To Remember

- **Strategy comes before action!** You need to plan. This is where corporate strategy and marketing strategy intersect.
- **But strategy is NOTHING without good execution.**
- **Business and brand portfolio are key.** Know how to use the Boston Consulting Group Matrix as well as SWOT.
- **Marketing Strategy and the Marketing Mix (4Ps).**





SEE YOU NEXT WEEK