

***Company and  
Marketing Strategy:  
Partnering to Build  
Customer Relationships***

Topic 2

International Economies and  
Trade

# Objectives

- Understand company-wide strategic planning and its four steps.
- Learn how to design business portfolios and develop strategies for growth and downsizing.
- Understand marketing's role in strategic planning and how marketers partner with others.

# Objectives

- Be able to describe the marketing process and the forces that influence it.
- Learn the marketing management functions, including the elements of the marketing plan.

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- Understand International Trade

# Case Study

## Walt Disney Company

- Known for films, animation, theme parks and customer orientation
- Parks offer a variety of attractions as well as cleanliness, order, and warmth
- Satisfying the customer is everyone's job
- Disney has grown via diversification
- Sales and net income have fallen

5/31/2012 *Discussion: How Can Disney Recover?*

# Strategic Planning

- Strategic planning is defined as:
  - "The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities."

# Strategic Planning

- Planning activities occur at the business unit, product, and market levels, and include:
  - Defining the purpose and mission
  - Setting objectives and goals
  - Designing the business portfolio
  - Developing detailed marketing and departmental plans

# Strategic Planning

- **Mission statements should . . .**
  - serve as a guide for what the organization wants to accomplish.
  - be “market-oriented” rather than “product-oriented”.
  - be neither too narrow, nor too broad.
  - fit with the market environment.
  - be motivating.

# Strategic Planning

- Mission statements guide the development of objectives and goals.
  - Objectives are developed at each level in the organization hierarchy.
  - Strategies are developed to accomplish these objectives.

# Strategic Planning

- *Business portfolio:*  
"the collection of businesses and products that make up the company."
- Designing the business portfolio is a key element of the strategic planning process.

# Strategic Planning

## Portfolio Design

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- *Step 1:*  
*Analyze the current business portfolio*
- *Step 2:*  
*Shape the future business portfolio*

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- Identify strategic business units
- Assess :
  - The growth-share matrix classifies into one of four categories using the:
    - ❖ *Market growth rate*
    - ❖ *relative market share within the market.*

# Strategic Planning

## BCG Growth-Share Matrix

High  
Market  
Growth

*Stars*

*Question  
Marks*

Low  
Market  
Growth

*Cash  
Cows*

*Dogs*

High Relative  
Market Share

Low Relative  
Market Share

# Strategic Planning

## Portfolio Design

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- *Step 1:*  
*Analyze the current business portfolio*
- *Step 2:*  
*Shape the future business portfolio*

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- Determine the future role of each and choose the appropriate resource allocation strategy:
  - Build
  - Hold
  - Harvest
  - Divest
- change positions over time

# Strategic Planning

- Matrix approaches to formal planning share many problems:
  - Difficult, time-consuming, and costly to implement.
  - Focus only on current businesses.
  - Too strongly emphasize market share growth or growth via diversification.

# Strategic Planning

- Designing the business portfolio also involves:
  - Developing strategies for growth by identifying, evaluating, and selecting promising new market opportunities.
    - ❖ *Product/market expansion grid*
  - Developing strategies for downsizing the business portfolio.

# Strategic Planning

## Product/Market Expansion Grid

	Existing Products	New Products
Existing Markets	<i>Market Penetration</i>	<i>Product Development</i>
New Markets	<i>Market Development</i>	<i>Diversification</i>

# Planning Marketing

- Marketing plays a key role in the strategic planning process.
- Marketers must practice CRM *and* Partner Relationship Management.
  - Partnering with other departments in the company as well as other firms in the marketing system helps to build a superior *value delivery*.

# The Marketing Process

## Key Elements

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- *Analyzing marketing opportunities*
  - *Selecting target markets*
  - *Developing the marketing mix*
  - *Managing the marketing effort*
- The strategic planning and business portfolio analysis processes help to identify and evaluate marketing opportunities.
  - The purpose of the marketing process is to help the firm plan how to capitalize on these opportunities.

# The Marketing Process

## Key Elements

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- *Analyzing marketing opportunities*
  - *Selecting target markets*
  - *Developing the marketing mix*
  - *Managing the marketing effort*
- *The segmentation process divides the total market into market segments.*
  - *Target marketing determines which segment(s) are pursued.*
  - *The market positioning for the product is then determined.*

# The Marketing Process

## Key Elements

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- *Analyzing marketing opportunities*
  - *Selecting target markets*
  - *Developing the marketing mix*
  - *Managing the marketing effort*
- Competitor analysis guides competitive marketing strategy development.
  - Strategy leads to tactics by way of the marketing mix:
    - The "Four Ps" – product, price, place, promotion (seller viewpoint)
    - The "Four Cs" – customer solution, cost, convenience, and communication (customer viewpoint)

# The Marketing Process

## Key Elements

---

- *Analyzing marketing opportunities*
- *Selecting target markets*
- *Developing the marketing mix*
- *Managing the marketing effort*

- **Marketing analysis**
  - Provides information helpful in planning, implementation, and control
- **Marketing planning**
  - Strategies and tactics
- **Marketing implementation**
  - Turns plans into action
- **Marketing control**
  - Operating control
  - Strategic control
  - ❖ *Marketing audit*

# Basis for International Trade

- **Principle of Absolute Advantage**
  - a country should export a commodity that can be produced at a lower cost than can other nations

or import a commodity that

# Basis for International Trade

- Principle of Comparative/Relative Advantage
  - a country should export either a product with the greatest comparative advantage (or with the least comparative

# Factor Endowment Theory

- **Factors of Production**
  - labor
  - land
  - capital
  - others (technology, education, etc.)
- inequality of relative prices is a function of regional factor

# Michael Porter

## The Competitive

### Advantage of Nations

- **Determinants of International Competitiveness**
  - factor conditions
  - demand conditions
  - related and supporting industries

# Validity of Trade Theories

- Leontief Paradox
  - Tendency for countries with similar endowments to trade among themselves
- Offshoring
- Factor Mobility and Substitution
- Demand

# Levels of Economic Cooperation

- Free Trade Area
- Customs Union
- Common Market
- Economic and Political Union
- Political Union

# Economic Cooperation

- **Free Trade Area**
  - elimination of internal duties
- **Customs Union**
  - free trade area + establishment of common barriers

# Economic Cooperation

- **Economic and Monetary Union**
  - common market
  - + harmonization of national economic policies
  - + one money

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• **Political Union**