Strategic Marketing Management Notes

Lecture 1 - Introduction & Planning Process

(Researched Examples in blue)

Marketing Management consists of 4 Stages:

Analysis - of the market, competitors, company and customers
Planning - marketing objectives, segments, target consumers, strategies and marketing mix
Implementation - allocation of staff and resources, time-scales, responsibilities and delegation
Control - Accountability of activities, profitability and return on investment, customer feedback

Strategic Marketing Planning begins with

Corporate objectives -> Marketing Audit -> Marketing Objectives -> Marketing Strategies -> Marketing Programmes -> Budgets -> finally Control and Evaluation

There are three levels of strategy which follow a hierarchy of development

Corporate Strategy describes a company's overall direction in terms of its general attitude toward growth and the management of its various businesses and product lines to achieve a balanced portfolio of products and services.

Pizza Hut, a subsidiary of the Yum! brands, for example has a corporate strategy to take advantage of their existing scale and quickly grow the brand in both developed and emerging markets.

Business Strategy, sometimes called competitive strategy, is developed at divisional level and emphasises improvement of the competitive position of a corporation's products or services in the specific industry or market segment served by that division.

Their business strategy to improve competitive position is to pull together to achieve a simple understandable business goal: have a clear win against competitor in a taste test.

Functional Strategy is concerned with maximising resources productivity. Within the constraints of the corporate and business strategies around them, functional departments, such as marketing, finance, R&D and production, develop strategies to pull together their various activities and competencies to improve performance.

Their functional strategy is to align all the departments in order to improve customer service, delivery time and order accuracy.

The purpose of planning

- Structure company's behaviour
- Allocation of resources
- Systematic decision-making

Lecture 3 - Porter's Five Forces Competitive Analysis

(Researched Examples in blue)

Porters 5 Forces Model is a good analysis of the current situation in determining the answer to where are we now? in the planning cycle

The 5 forces are:
- Existing Competitors
- Threats from New Entrants
- Threats of Substitutes
- Bargaining power of Suppliers
- Bargaining power of buyers

The strength of these forces ultimately affects the profitability of the industry and a firms ROI (Return on investment).

A weak force is seen as an opportunity and allows the firm to dominate that area.

First the industry competitors need to be identified, their objectives, strategies, strengths and weaknesses, their potential reactions

Coca Colas 5 Forces Model

Competitors: Moderate Strength
- **Coca cola is market leader at 64%**

Substitutes: High Threat
- **Any other beverage which may be cheaper and healthier or more accessible**

New Entrants: Low Threat
- **Good distribution**
- **Brand Identity**
- **Market Leader**
- **Capital Requirements**

Supplier Power: Moderate
- **Ingredients**
- **Packaging**
- **Distributors**

Buyer Power: Low
- **Sponsorship deals give exclusivity**
- **Brand loyalty**
- **Own many other soft drink brands Fanta and Sprite**

Competitors can be placed in clusters of strategic groups, in order to identify and differentiate them Kotler's Market Structure States there are Market Leaders, Market Challengers, Market Followers and Market Nichers

Market Leaders: Tesco
Challengers: ASDA Sainsburys
Followers: Morrisons
Nichers: Iceland

Lecture 10 - Distribution & Logistics Strategies
Distribution and logistics

Marketing channels are structures linking groups of individuals or organisations through which a product or service is made available to the consumer or industrial user (Brassington & Pettitt 2000)

Intermediaries consist of wholesalers, retailers, distributors and dealers, agents and broker, franchises and the internet

Distribution system design

Factors influencing channel structure are:
- Choice of outlets
- Consumer concentration: where the consumers will be
- Product characteristics: perishable/ industrial
- Economic and legal restrictions

Strategic channel choices
- Intensive distribution
- Selective distribution
- Exclusive distribution

There are different types of channels
- Physical flow - the physical movement of goods
- Title flow - the passage of ownership, such as car
- Information flow - feedback and exchange of information

Vertical marketing systems
Corporate marketing systems
Franchise systems
Co-operative and voluntary groups

Strategic Issues in channels can be caused by management conflicts such as:
- Goal incompatibility
- Position, role and domain incongruence
- Communication breakdown
- Ideological differences

Other issues can be growth of multi-channels and E-commerce

Buyer's perspective of distribution
- Availability
- Speed
- Reliable
- Range of choice
- Empathy when supply is interrupted
- Convenience
- Service and support
- Good price

The primary concerns of buyers are access, search, possession and transaction

Channel design decisions are based on

- Analysis of **customer service needs** - i*dentifying the market channels that can deliver appropriate value to customer*
- Defining **channel objectives and constraints** - *which segments should we serve and which channel to use for each*
- Identifying **key channel alternatives** - direct marketing, brokers, agents, whole sellers, retailers, e-commerce
- Evaluate alternatives - economic, control, level of flexibility

The integrated marketing effort model looks are both the marketing aspect and physical distribution efforts of marketing as a whole.

Marketing effort consists of obtaining demand - through marketing (4Ps)
Physical distribution effort consists of servicing demand which are the *logistics*

Logistics is the physical movement of goods down the distribution system it consists of:
- Order processing
- Warehousing
- Customer Service
- Stock management
- Transportation

It is the integrated approach to all the elements involved in moving products and services to the right place, in the right quantity and at the right time.

It can act as a competitive advantage if the system is efficient and customer service is valued.

Lean manufacturing is the need for efficient production

Just-in-time saves wasting of storage but resources and components are delivered and arrive when they are needed

Good customer service depends on:
- Order cycle time
- Consistency of cycle time
- Availability of product
- Order status information
- Flexibility to handle unusual variations
- Returns - damaged & surplus goods
- Response to emergencies
- Freedom from errors