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 5 - Scenarios and Market & Product Strategies

Evaluation and Selection of strategies

The forecast of methods and strategies will come from primary data and secondary data compiled.

Quantitative:
- Time series analysis
- Correlation methods
- Leading indicator
- Market Tests

Qualitative:
- Management judgement
- Sales force surveys
- Panels of experts
- Scenario Techniques

Strategy development has to be based on systematic procedures and strategic tools

The Delphi Technique is a forecasting method based on expert opinion and expert surveys. It looks at the probability of an event occurring, how desirable the event is and what is the feasibility of the event.

It is used for long range forecasting and is rapid and efficient way of gaining information from experts.

The limitations with it are that:
- There could be more influence from a dominant individual
- Group Pressure, a need to conform
- Slow progress
- In hands of facilitator of the programme

The Trend-Impact Analysis is the technique for projecting future trends from information gathered on past behaviour.

It is a combination of statistical methods and human judgement. Past history is first extrapolated by computers and then modified by expert opinion (e.g Delphi technique)

Iterative method used to lower discrepancies

Scenario Building it is the summary of potential actions and events in a likely order of development beginning with a set of conditions based on the current situation/environment/circumstances. (ie PEST factors)

How the uncontrollable factors such as pest influence the controllable factors like the marketing mix

Prepare Background > Select Critical Indicators > Establish past behaviour for each indication > Verify potential future events > Forecast each indicator > Write Scenario

Strategies can be formed for different sections of the market for example:
- The scope: single, multi-market or total market
- The Geography: local, regional, national or international

Price elasticity of demand is a measure of the *degree of change in demand for a good when its price changes*. If the change in demand is large in proportion to the change in price, **demand is said to be elastic** >1

If the change in demand is small in proportion to the change in price, **demand is said to be inelastic** <1

"*The change in quantity demanded (divided by) The change in price = price elasticity* "

Framework of pricing decisions
- **Company and marketing objectives**
- **Consumer demand**
- **Cost considerations**
- **Competitors**

Demand is determined by
- price
- consumer disposable income
- necessity of product
- consumer taste and fashion trends
- price of competitors
- time factors

To determine price there are different strategies
Cost-based strategies look at fixed costs and variable costs (total costs) and sales to project revenue and determine break even point and profits as a result of price

Competitor based strategies:
- Competitor prices, discounts, terms of credit & trade
- Competitor resources & marketing strategies
- Ease of entry into & difficulty of exit from industry
- Number of competitors & degree of differentiation
- Substitutes from other industries

Communication

The model of the communication process Relationship between

The Sender (Marketer) and the Receiver (Target audience)

1. Encoding of the message by Sender
2. Method of communication
3. Transmission of message
4. Decoding of message by Receiver
5. Feedback of communication

Marketing communications mix
- Public relations
- Direct selling
- Advertising
- Sales Promotions
- Personal selling

- 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

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

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

<u>**Logistics** is the physical movement of goods down the distribution system it consists of:</u>
- 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