

The Role of Marketing in Strategic Planning

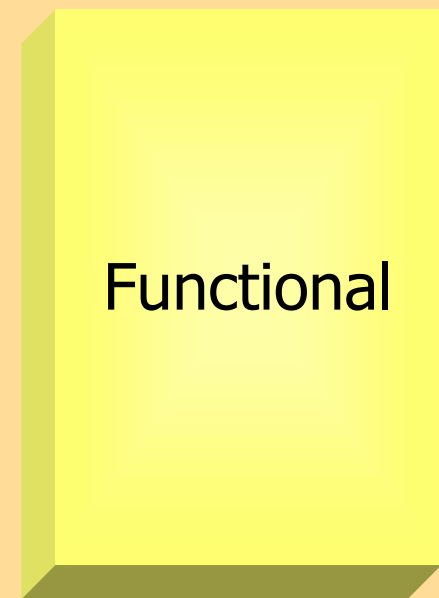
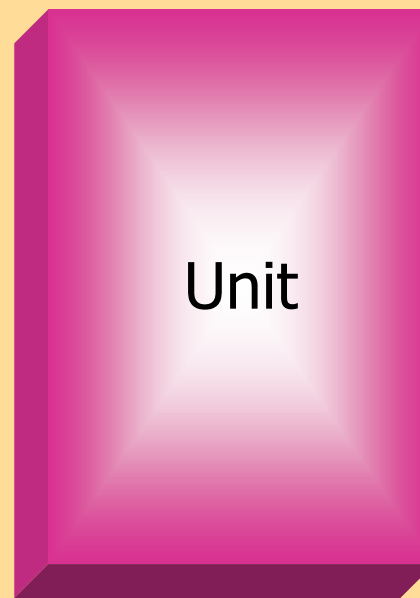
Strategic Planning

Strategic planning is the process of developing and maintaining a feasible fit between the organization's objectives, skills, and resources and its changing marketing opportunities.

Reasons for Planning

- If we do not know where we are going any road will take us there.
- The essence of strategic planning is the consideration of current decision alternatives in the light of their probable consequence over time.
- The future is unpredictable but it is not a random walk.

Four Organizational Levels of Large Corporations



The High-Performance Business



Stakeholders

Processes

Resources

Organization

Corporate Strategic Planning– Four Planning Activities

1. Defining the corporate mission.
2. Establishing strategic business units.
3. Assigning resources to each SBU.
4. Developing growth strategies

Corporate Strategic Planning (cont.)

Defining the corporate mission

- The mission should define the competitive scopes within which the company will operate. Industry scope, products and applications scope, competencies scope, market-segment scope, and vertical scope.
- Mission
 - What business are we in? What businesses should we be in? What do we do best? What are the values/ethics of the firm?
 - Define business by need rather than product.
 - Lodging vs hotel
 - Quick service restaurants vs fast food hamburgers
 - Marketing myopia - Transportation vs railroad

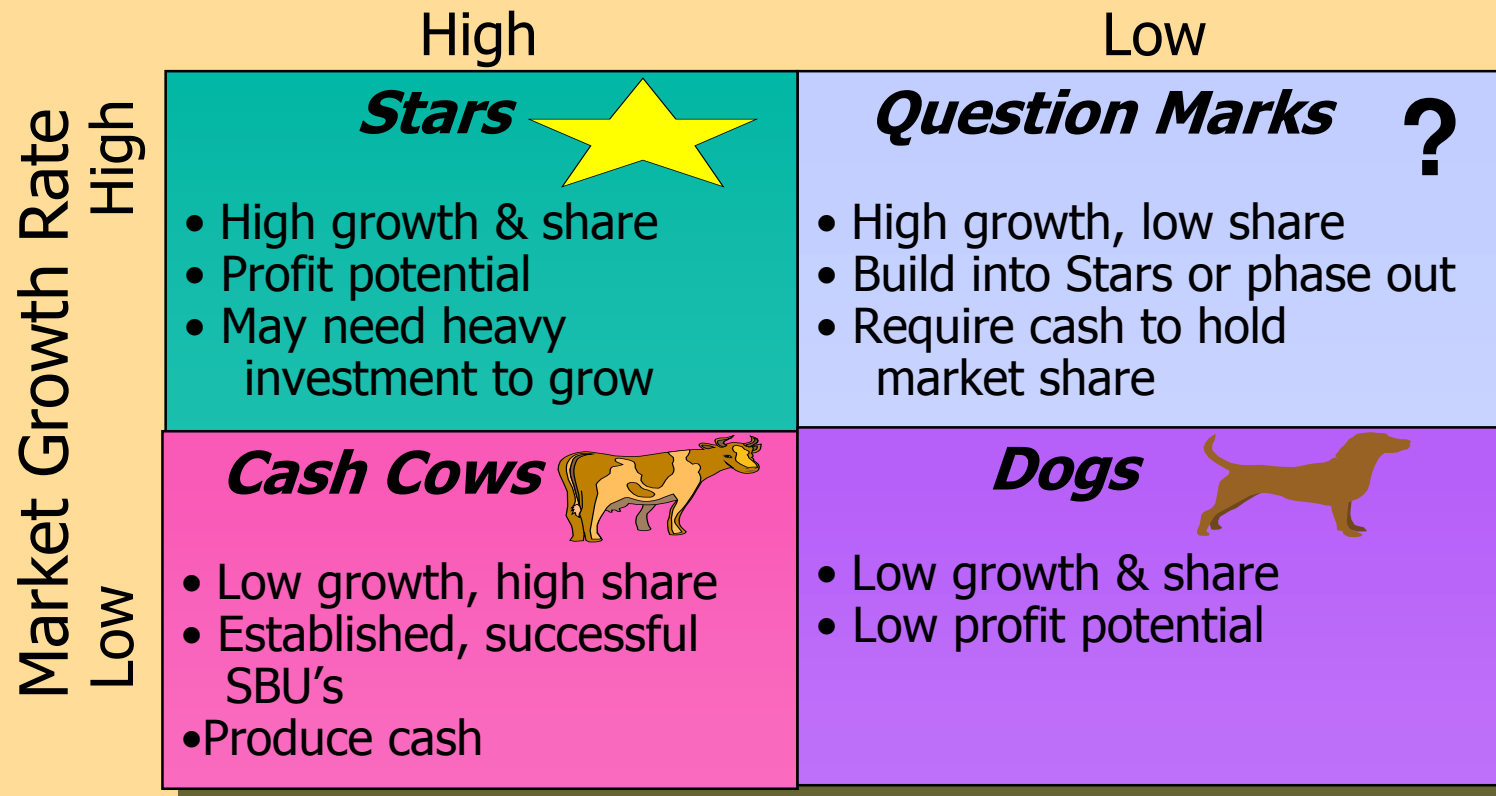
Corporate Strategic Planning (cont.)

Assigning resources to each SBU.

- Analytical tools such as the Boston Consulting Group growth-share matrix are used to guide.
- Anticipate changes

Analyzing Current SBU's: Boston Consulting Group Approach

Relative Market Share



Corporate Strategic Planning (cont.)

4. Developing Growth Strategies

- **Intensive growth opportunities:** Identify further opportunities to achieve growth within the company's current business.
 - **Market penetration strategy** seeks to increase current products in current markets.
 - **Market development strategy** looks for new markets in which current products can expand.
 - **Product development strategy** considers new product possibilities

Corporate Strategic Planning (cont.)

- **Diversification growth opportunities:**
Identify opportunities to add attractive businesses that are unrelated to the company's current businesses.
 - **Concentric diversification strategy:**
Company seeks new products that have technological and/or marketing synergy with existing product lines, even though the product may appeal to a new class of customers

Corporate Strategic Planning (cont.)

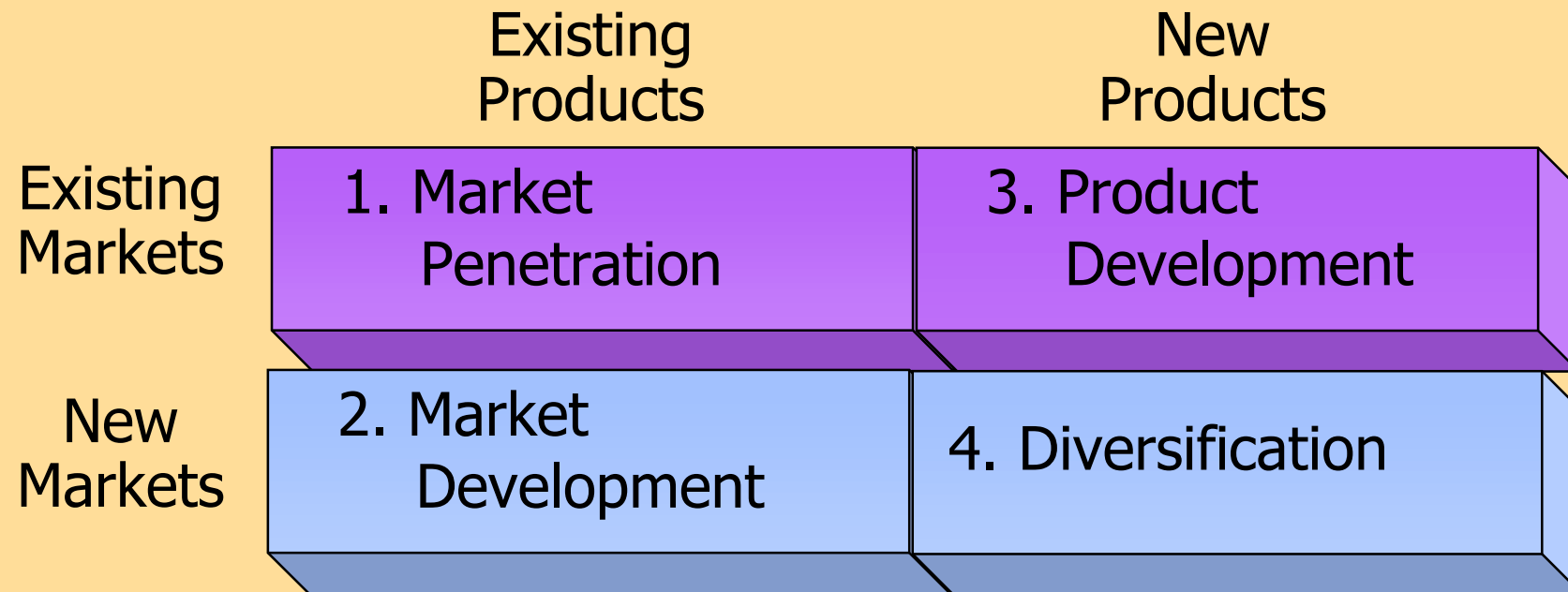
- **Horizontal diversification strategy:**
Company searches for new products that could appeal to its current customers though technologically unrelated to its current product line.
- **Conglomerate diversification strategy.**

Corporate Strategic Planning (cont.)

- **Integrative growth opportunities.**
 - **Backward integration:** A hotel company acquiring one of its suppliers.
 - **Forward integration:** A hotel company acquiring tour wholesaler or travel agents.
 - **Horizontal integration:** A hotel company acquiring one or more competitors, provided the government does not bar the move.

Developing Growth Strategies in the Age of Connectedness

Product/ Market Expansion Grid



Business Strategy Planning – Planning at the SBU Level

- 1. Business mission**
- 2. External environment analysis–**
opportunities and threats
- 3. Internal environment analysis–** strengths
and weaknesses
- 4. Goal Formulation** (*What do we want?*)–The
vision

Business Strategy Planning (cont.)

5. **Strategy Formulation** (*How do we get there?*)

- **Michael Porter's three generic types of strategy:**
 - Overall cost leadership
 - Differentiation
 - Focus
- **Strategic Alliances:** companies need to form strategic alliances with domestic or multinational companies that complement or leverage their capabilities and resources to achieve leadership nationally or globally.

Business Strategy Planning (cont.)

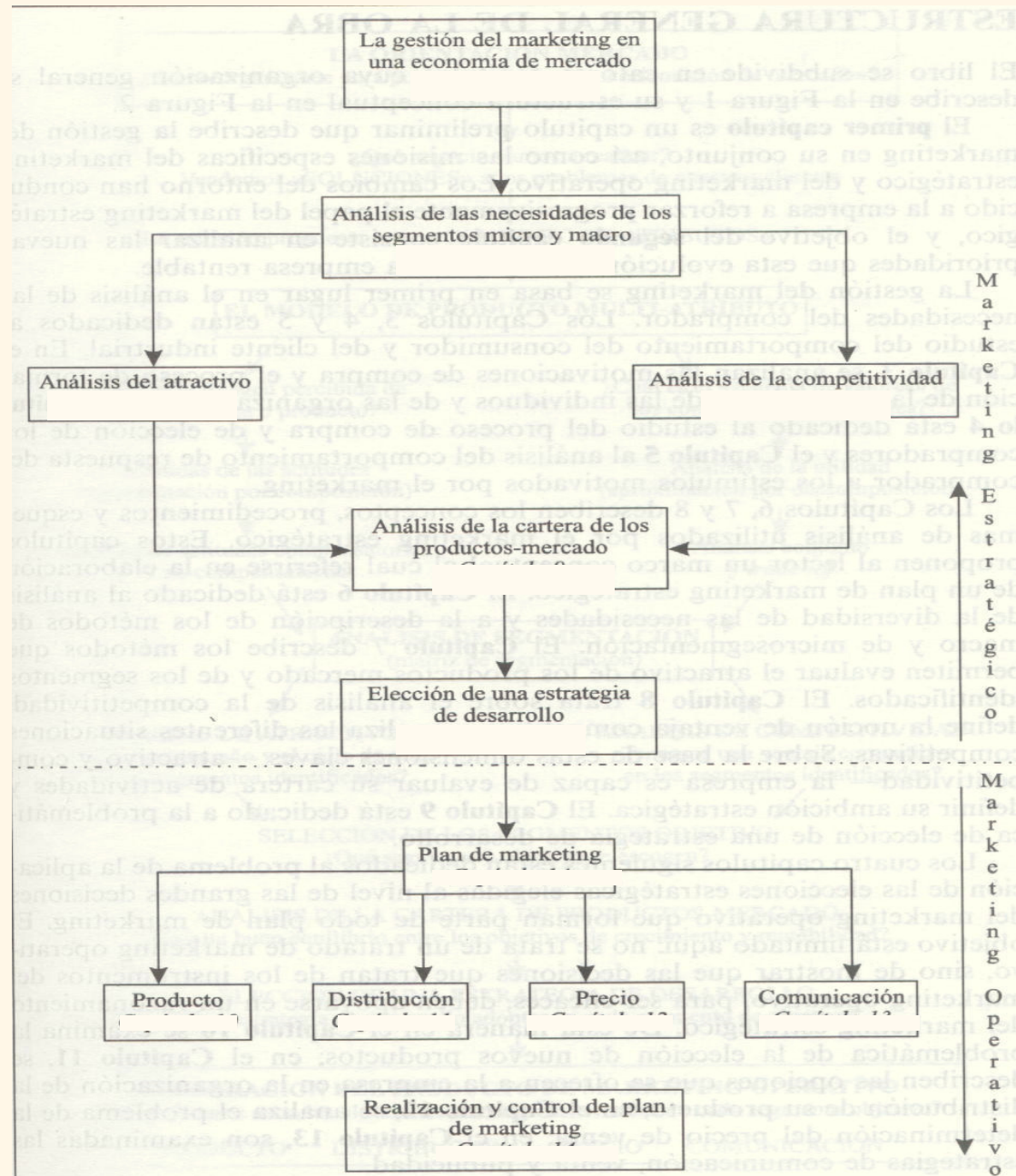
6. **Program formulation.** A company must develop hiring, training, advertising, and other programs to support its strategy.
7. **Implementation.** A firm must communicate its strategy to its employees and it must have the resources to carry out its strategy.

Business Strategy Planning (cont.)

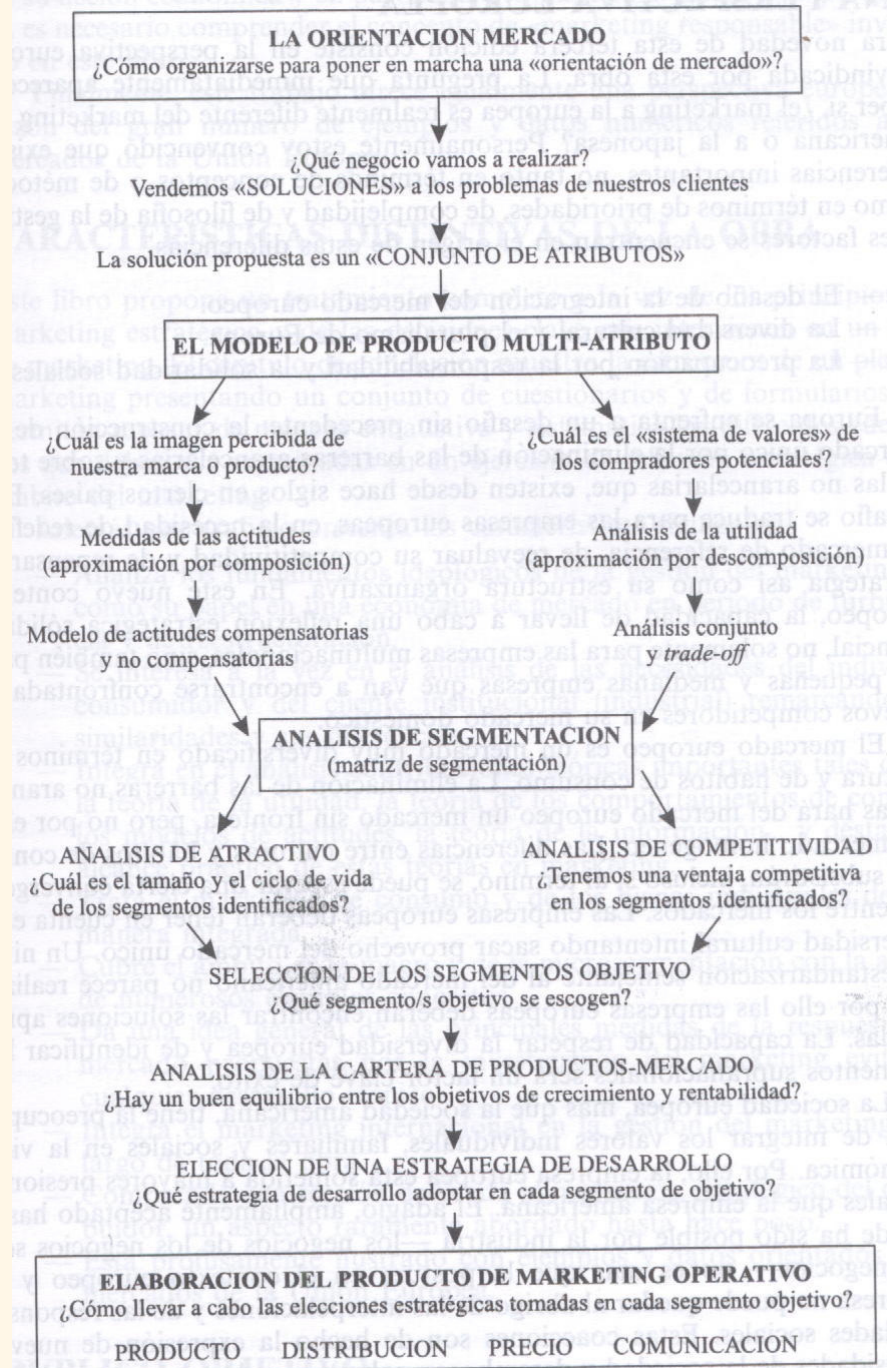
8. Feedback and control are absolutely necessary to track results and monitor new developments in the environment.

STRATEGIC MARKETING

MARKETING ESTRATÉGICO



Fuente:
“Marketing
Estratégico”,
Jean-Jacques
Lambin,
Madrid, 1995,
McGraw Hill



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“Marketing
Estratégico”,

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Lambin,
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Service Characteristics of Hospitality and Tourism Marketing

Characteristics of Services

Intangibility

Can't be seen, tasted, felt, heard, or smelled before purchase.

Inseparability

Can't be separated from service providers.

Variability

Quality depends on who provides them and when, where and how.

Perishability

Can't be stored for later sale or use.

Intangibility

- High risk associated with services. It is difficult to evaluate service before the experience. Furthermore, lack of tangibility after the experience
- Tangibilizing the intangible
 - Create strong organization image
 - Engage in post-purchase communication
 - Stimulate “Word of Mouth” & Publicity

Perishability

Lack of ability to inventory

Capacity and demand management

- Managing demand
 - Understanding demand patterns
 - Price, Shift demand
 - Reservation, Overbooking
 - Create promotional events
- Managing capacity
 - Cross-train employees
 - Schedule downtime during periods of low capacity

Inseparability

The customer becomes part of the service

- Service encounter, Moment of truth
- Managing employees
 - Communication training
 - Empowerment
- Managing customers
 - What do you expect customers to do?
 - Interaction with other customers

Variability

Lack of consistency

- Managing consistency
- Standardized procedure: industrialize service and cutting interaction
- Customized: taking care of individual
- Educate customers
- Train contact and non-contact employees
- Manage suppliers' quality

Management Strategies for Service Business

- Positioning strongly in the chosen target markets
- Effective interaction between customers and employees
- Managing differentiation
- Managing service quality
- Tangibilizing the product

Management Strategies for Service Business

- Tangibilizing the product
- Managing the physical surroundings
- Managing employees
- Managing perceived risk
- Managing capacity and demand
- Managing consistency