

# Course title: Creating Innovative Business Models

Lecture 3. Market Strategy

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# Objectives

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- Understand companywide 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

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

# Walt Disney

- 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

**Discussion: How Can Disney Recover?**

# Disney companies

- ABC
- 16 cable networks
  - [ESPN](#), Disney Channel, Toon Disney, SoapNET, A&E, the History Channel, [Lifetime](#) Television, [E!](#) [Entertainment](#)
- 4 TV production companies
- 8 movie production companies
  - [Walt Disney](#), [Touchstone](#) Pictures, Hollywood Pictures, [Miramax Films](#)

# More Disney companies

- 5 magazine publishing groups
- 5 music labels
- 19 Internet groups
- [Disney Interactive](#)
- The [Disney Store](#)
- [Disney Cruise Lines](#)
- Two sports Franchises

# Strategic Planning

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- 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.”



# BusinessNow

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## **Nervewire Video Clip**

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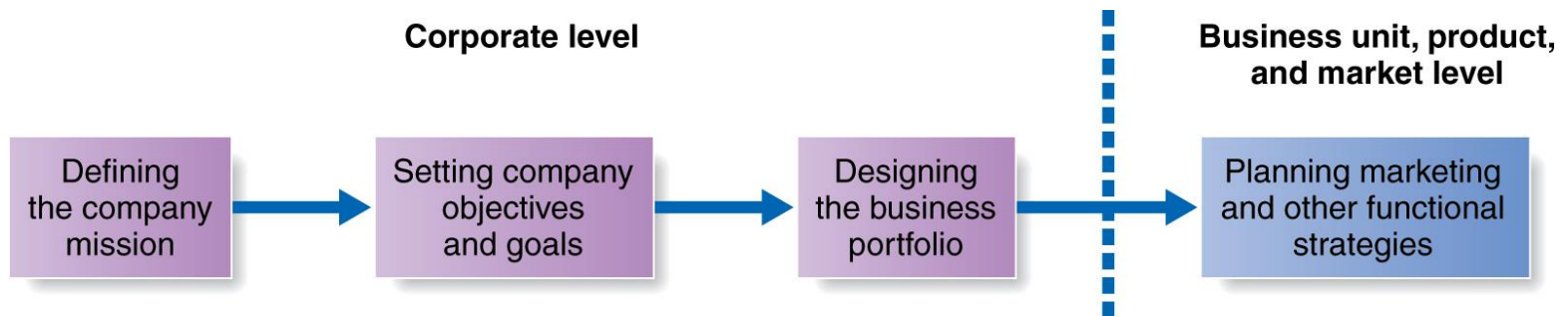


Click the picture above to play video

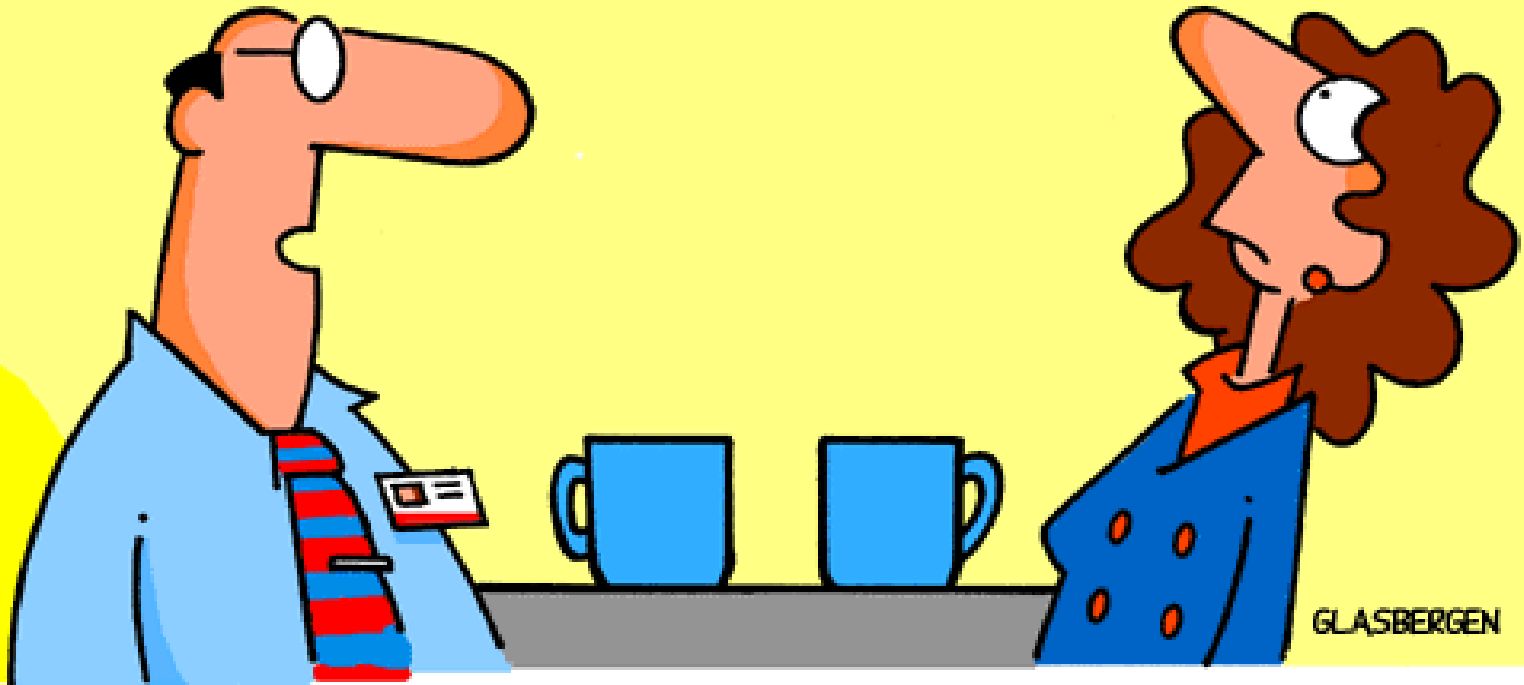
**Consultants may offer valuable services and expertise during the strategic planning process.**

**Figure 1:**

# Steps in the Strategic Planning Process



JUST LET ME MAKE IT TO  
RETIREMENT WITHOUT  
STRANGLING ANYONE



**"That's our mission statement."**

# Strategic Planning

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- 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

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- 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.

# Discussion Question

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**Google.com** is one of the leading Internet search engines.

**Construct a market-oriented mission statement that fits this business.**



# Strategic Planning

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



# Strategic Planning

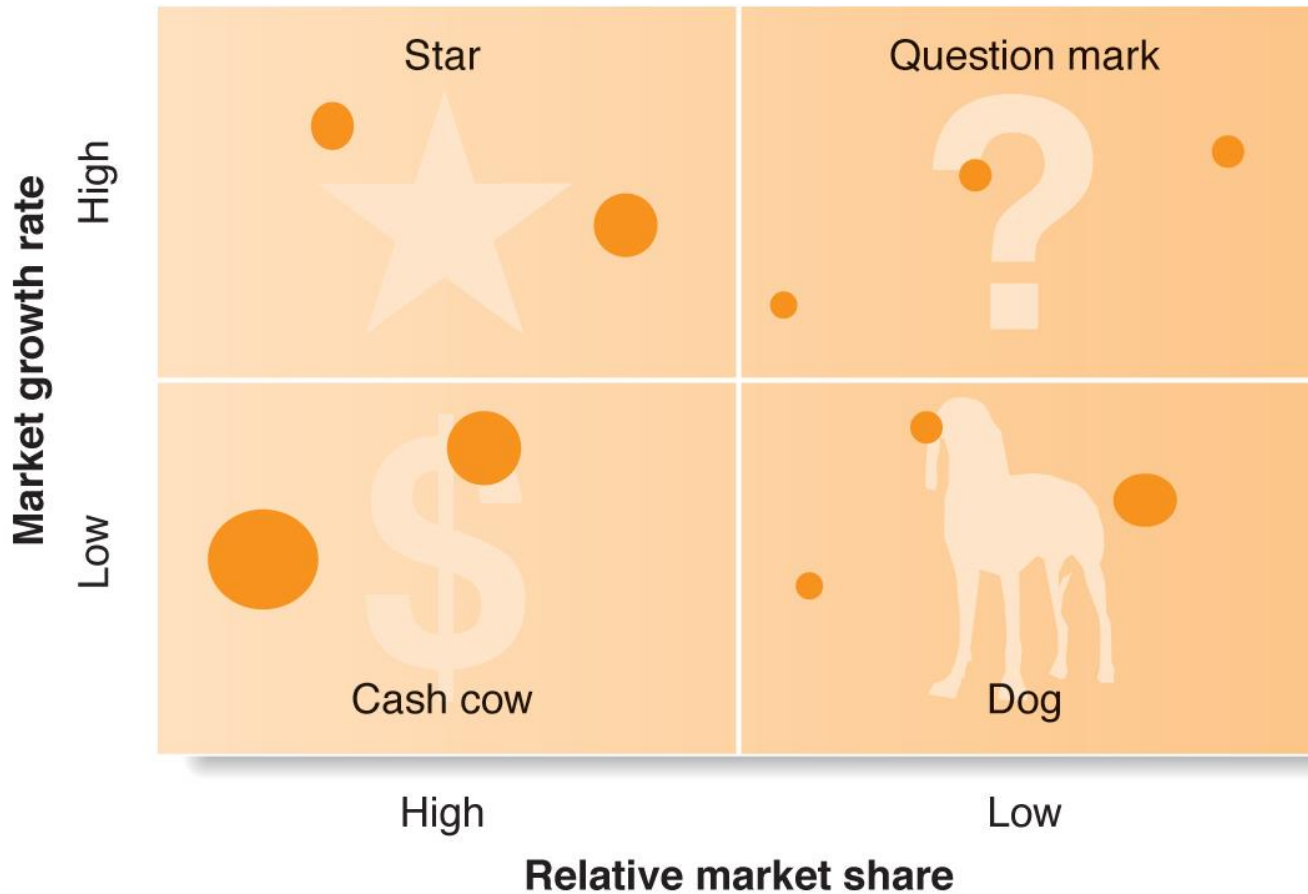
## Portfolio Design

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

- Identify strategic business units (SBUs)
- Assess each SBU:
  - The BCG growth-share matrix classifies SBUs into one of four categories using:
    - Market growth rate
    - The SBU's relative market share within the market.

# Figure 2: Growth-Share Matrix



# Strategic Planning

## Portfolio Design

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- *Step 1:*  
*Analyze the current business portfolio*
  - *Step 2:*  
*Shape the future business portfolio*
- Determine the future role of each SBU and choose the appropriate resource allocation strategy:
    - Build
    - Hold
    - Harvest
    - Divest
  - SBUs change positions over time

# Strategic Planning

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- 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

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

Figure 3:

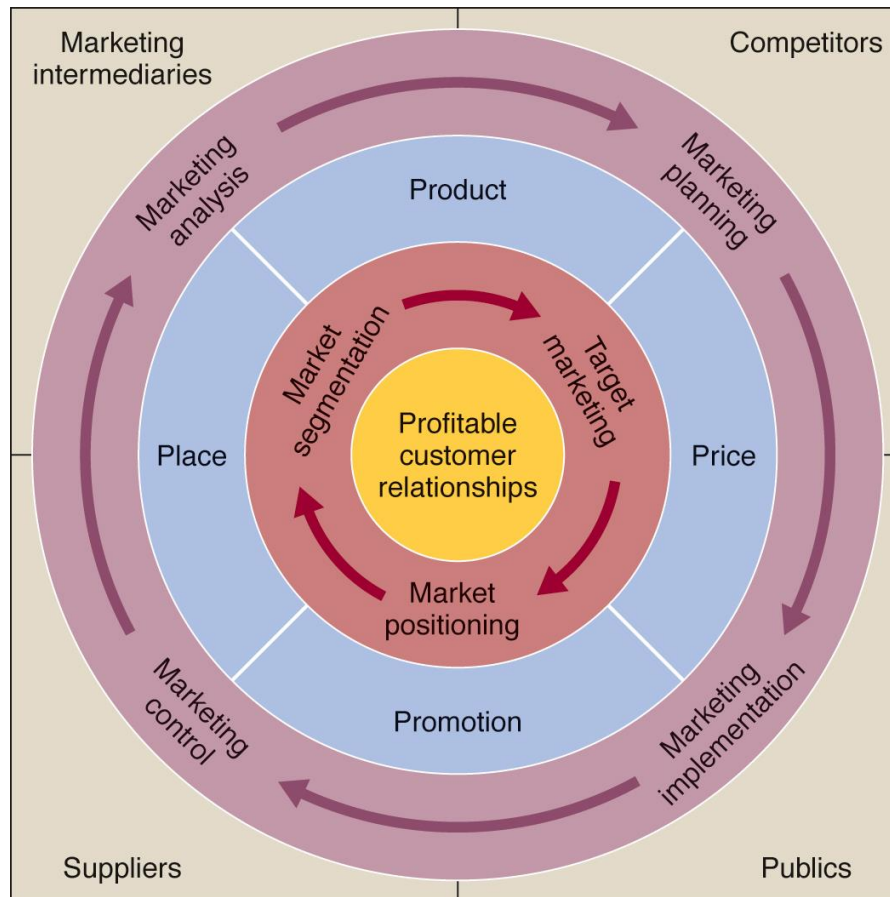
# Product / Market Expansion Grid

	Existing products	New products
Existing markets	Market penetration	Product development
New markets	Market development	Diversification



*Marketing plays a key role in the strategic planning process.*

# Figure 4: The Marketing Process



# 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* chooses which segment(s) are pursued.
- *Market positioning* for the product is then determined.



# Our Product Really Does Perform Miracles.

Marble Collegiate Church

Where good things happen.



## Positioning

Market positioning is not restricted to physical goods.

Identify the “competing products” of relevance to the Marble Collegiate Church.

What clear, distinctive, and desirable place in the consumer’s mind does the ad at left attempt to create?

# The Marketing Process

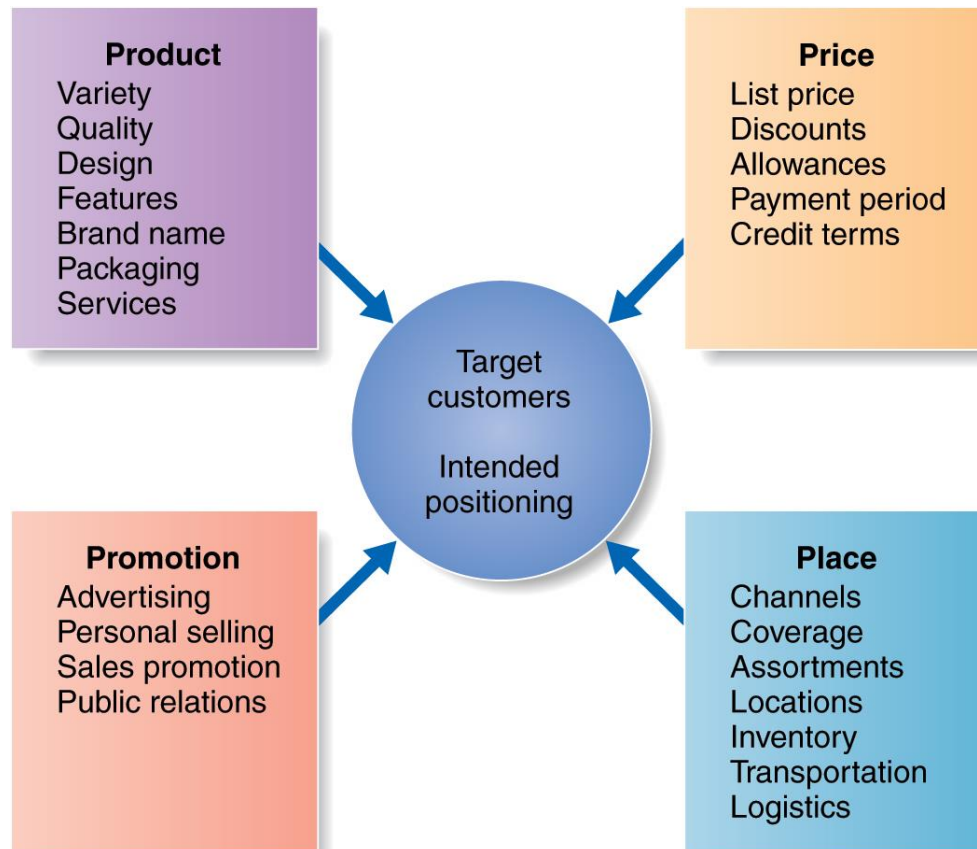
## Key Elements

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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 via the marketing mix:
  - The “Four Ps” – product, price, place, promotion (seller viewpoint)
  - The “Four Cs” – customer solution, cost, convenience, and communication (customer viewpoint)

# Figure 5: The Marketing Mix



# The Marketing Mix

Visit the Hill's Pet Nutrition site.

How are the 4 C's or the 4 P's presented within the site?



Hill's Pet Nutrition

The screenshot shows the Hill's Pet Nutrition website homepage. At the top, there is a navigation bar with links for 'REGISTER WITH US', 'SIGN IN', a language dropdown set to 'English', and a search bar. Below this is a secondary navigation bar with links for 'PET OWNER', 'VETERINARIAN', 'BUSINESS PARTNERS', 'WHAT'S NEW', 'CONTACT US', 'COMPANY INFO', and 'HOME'. A welcome message reads 'Hello Welcome to Hill's.' The main heading is 'Hill's Pet Nutrition'. Below this is a section titled 'The Leaders in Pet Nutrition and Innovation' with a welcome message and a paragraph about the company's mission. To the right is a photo of a woman with a dog. Below the main heading are three featured articles: 'Does your pet suffer from bad breath?' featuring Science Diet Oral Care, 'Breakthrough Nutrition That Fights Behavioral Changes Related to Brain Aging' featuring Prescription Diet Canine b/d, and a '\$10 REBATE FOR KIDNEY SCREENING' offer. A vertical sidebar on the left contains the Science Diet and Prescription Diet logos, a 'PET FOCUS' section with a photo of a dog and a vet, and a link to 'Learn how nutrition is improving this dog's life.'

# The Marketing Process

## Key Elements

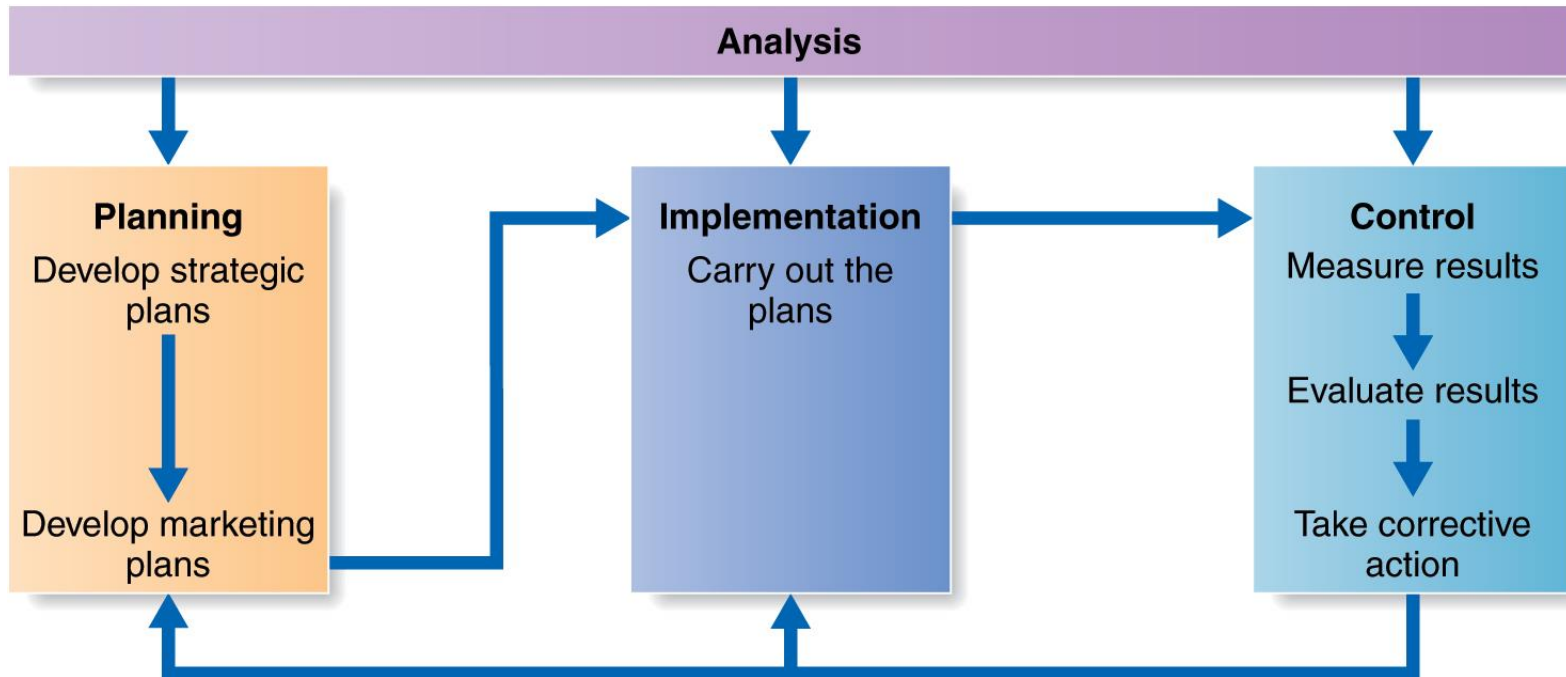
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- **Analyzing marketing opportunities**
- **Selecting target markets**
- **Developing the marketing mix**
- **Managing the marketing effort**

- 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

**Figure 6:**

# Managing the Marketing Effort



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