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SCHOOL OF BUSINESS
ADMINISTRATION IN KARVINA

Strategic International Marketing

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International Marketing/subject code

OUTLINE OF THE LECTURE

1. Definition of Strategic Marketing.
2. The process of Strategic Marketing.
3. STP Process.

1. DEFINITION OF STRATEGIC MARKETING

- Strategic Marketing is a process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving sustainable competitive advantage.
- Marketing strategy includes all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contribute to the goals of the company and its marketing objectives.

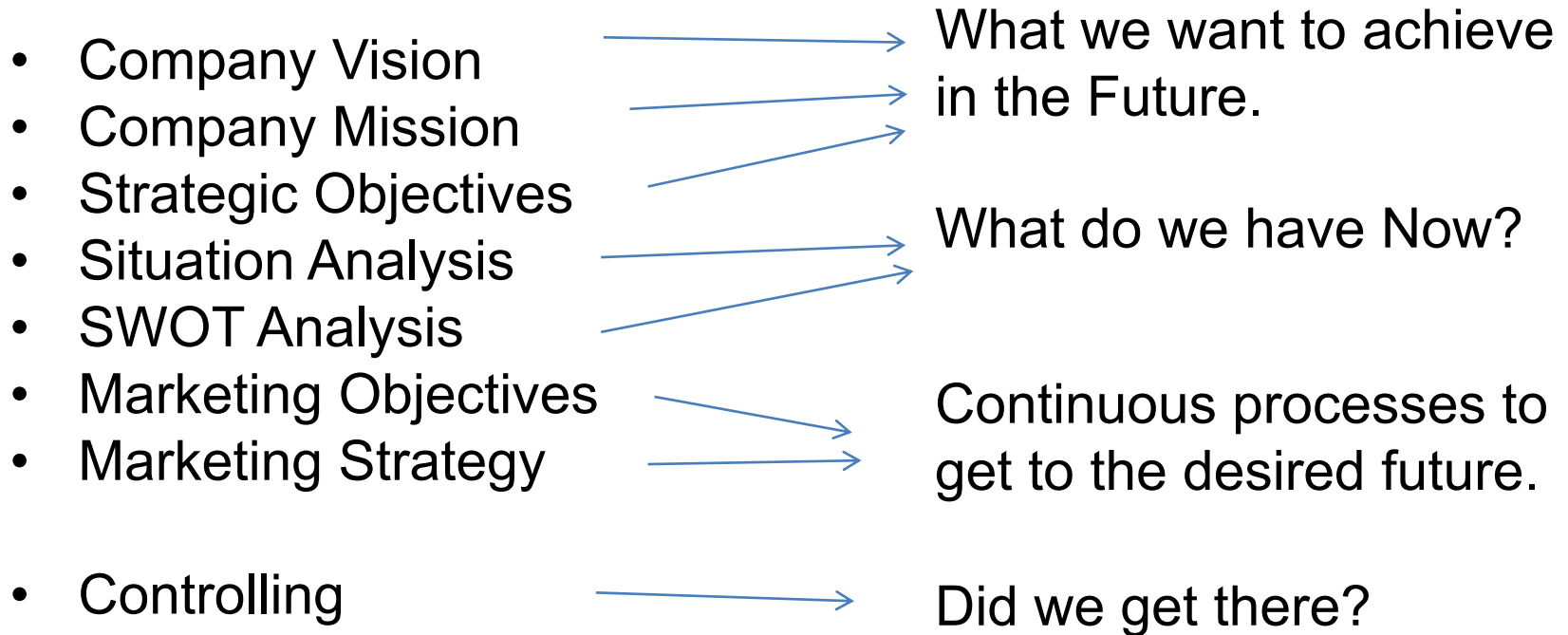
STRATEGIC MARKETING PLANNING 1

- **Strategic planning** is the process of creating and maintaining a strategic balance between the goals and possibilities of the organization in relation to changing market opportunities.
- **The aim** of the strategic marketing planning is to establish the concept of international business in the medium and long term (direction of company activities into geographic areas with growth potential, to quantify the investments associated with entering new markets, harmonization of production and business activities in individual countries and ensure their compliance with the expected development of demand and determination marketing objectives and costs.
- **Planning usually takes place on three levels:** long- and medium-term planning is done at the enterprise level and at the level of individual business units (activities), operational planning is most often realized at the level of individual brands.

STRATEGIC MARKETING PLANNING 2

- **Mid-term strategic marketing** plan should precede the process of market segmentation and selection of target market. Marketing objectives are embodied in the implementation plans that are being developed for each of the selected business activities and market segments (country). Objectives of mid-term planning - increase profitability, market share growth, etc. It is necessary to successfully implement planned activities and control targeted objectives.
- **Short-term-operative marketing plan** - specific objectives for each brand and each market separately, marketing strategy of intensive growth, external (integration) growth strategy and diversification growth strategy, positioning, followed by implementation and control.

2. THE PROCESS OF STRATEGIC MARKETING



COMPANY VISION

- For a company to be successful long-term it has to have core values and a core purpose that remain fixed while their business strategies and practices endlessly adapt to a changing world.
- Vision provides guidance about what core to preserve and what future to stimulate progress toward.
- A well-conceived vision consists of two major components: core ideology, which is about core values and purpose, and envisioned future, which is a vivid description of our 10-20 years distant future.

COMPANY MISSION

- A mission statement is a statement of the purpose of a company, organization or person, its reason for existing.
- The mission statement should guide the actions of the organization, spell out its overall goal, provide a path, and guide decision-making. It provides "the framework or context within which the company's strategies are formulated.,,
- Mission is communicated to all stakeholder groups and is often used for communication with our customer.

STRATEGIC OBJECTIVES

- Strategic objectives are long-term, continuous strategic areas that help you connect your mission to your vision. Holistic objectives encompass four areas: financial, customer, operational, and people.
- They are the points in future that we want to achieve. Usually set for 3 or 5 years.
- Objectives should be SMART – Specific, Measurable, Achievable, Relevant, Time-bound. This rule has some other meanings and sometimes more letters, but the basic principle remains the same.

STRATEGY

- Strategy establishes a way to match your organization's strengths with market opportunities so that your organization comes to mind when your customer has a need.
- When we set our strategic objectives, the strategy is a way how to achieve them. Basically we set to ourselves where we want to go and then plan how the journey looks like.
- Strategy should be flexible, it should really build on our strengths and market opportunities, but don't forget to calculate for weaknesses and market threats!

SUBWAY - GLOBAL FRANCHISING OF LOCAL SPECIFICS?

- Global company - global products – BUT still very different locally. Trying to create so-called "3rd place" between home and work.
- Squirrel Hill Cafe in the USA - strong Jewish community. In cooperation with the local rabbi created a list of kosher products, and simultaneously adjust its offer so that it fully complies with Jewish customers.
- Respecting the rules of Halal in Muslim countries - presentation of products and especially their administration.
- Expansion into Japan and China - Asians need to learn to drink coffee - mixed success - the creation of the second line of teas.
- Failure of café with desserts in France - complete replacement of sweets sold.

THE CHOICE OF MAIN ACTIVITIES

- This decision is a **major strategic decision** of the company.
- Selecting the **main** and **supporting activities** which will be developed on international markets, the company wants to clearly differentiate from competitors.
- A practical tool for assessing optimal business activities for a given market segment are called **portfolio analyses**.
- Result serves as a basis for determining which activities are considered unpromising, or are in conflict with the new company's mission. These activities will be either phased out or eliminated for deployment in the country.

SKODA AUTO A.S. STRATEGY

- **Growth strategy.**
- The beginning in 2010. Since 2011 - it works! Production 2012 - 939 thousand units, 2014 - 1,030,000 units. The plan for 2018 is 1.5 million units.
- How? - "Skoda plans every six months to launch a brand new car, or at least a modification of existing one." E.g. in 2013 there were 8 new or facelifted vehicles. The problem – production capacity, can not launch 7th model because of no available factories.
- Strategy "Green Future" - its essence is to reduce energy consumption, CO2 emissions and other hazardous substances. The main goal is to be friendlier to the environment by 25% in 2018. "Green Line,, cars have the system start - stop, brake energy recuperation and tires with low rolling resistance.

FEW EXAMPLES OF MARKETING STRATEGIES IN IM

- **Strategy of intensive growth** - the aim is to enhance company image, use economy of scale, improve the bargaining position of the company to partners, all through new products and markets.
- **External (integration) growth strategy** - the aim is increasing profitability through improved validation of selected intermediaries in the distribution chain (e.g. through franchising, exclusive distribution contract or establishing company stores) or absorb rival company through mergers or acquisitions.
Alternatively, the horizontal integration strategy, i.e. absorption of direct competition, which operates in the same industry.
- **Diversification growth strategy** - the expansion of existing activities in new segments, opening an entirely new business or manufacturing new products under the same brand. The aim is the redistribution of business risk.

L'OREAL - STRATEGY - GROWTH THROUGH ACQUISITIONS!

- L'Oréal founded in 1909, 1910 stores in Italy. In Austria in 1911 and in the Netherlands in the 1913.
- 1957 entry into the United States - exclusive dealership through the company Cosmetics for Hair. Two years later Brazil, through the takeover of Brazilian company FAPROCO.
- The Asian market in 1983, set up a research and development center in Tokyo, to adapt its products to the Asian market and the specific requirements and needs of consumers in Japan. Positions secured in 1996 by taking the brand Maybelline. This acquisition will facilitate entry into the Chinese market, where it was very popular.
- 1998 the company obtained SoftSheen whose products are focused on hair care for ethnic hair types, especially for the segment of Africans. Thanks to the acquired know-how of the company in 2000, expands into the African market.

STRATEGIC BUSINESS UNITS (SBU)

- Most companies operate several business ventures (meaning they have several different activities).
- The business portfolio is a set of business activities and products that will enhance the company's position in the market.
- For quality development we have to analyze existing portfolio. The result is a decision what activities we should continue to support and which to cancel.
- Usually included is also the development a new growth strategy.
- SBU = is a decentralized part within the enterprise, based on profit, with independent planning in the strategic sense, and managed in a manner that corresponds to a separate unit.
- SBU may be a business, product line, or even a single product
- An important issue for every business: how to divide into smaller functional units (SBUs)? (By customer – STP, technology? Traffic? Distribution? Region?)

3. STP PROCESS – A. SEGMENTATION

- STP Process = Segmentation – Targeting – Positioning.
- Segment = part of market.
- Groups that have similar characteristics and behavior are called market segments.
- Development of technologies enables better adjusting of services offer according to the different segments requirements.
- The segments should be:
 - enough large,
 - measurable,
 - stable,
 - similar (homogeneous) within the group,
 - and dissimilar (heterogeneous) across the different group.

SEGMENTATION CRITERIA

- **Demographic** – organization provides products and services only to segments chosen on the bases of age, gender, marital status, education, disposable income, occupation, religion etc.
- **Geographic** – organization decides to provide the products only in limited area (cities x villages, seaside area x inland etc.).
- **Psychographic** - social class, lifestyle, personality.
- **Behavioural** – buying opportunity (regular purchases, special occasion), expected utility (quality, service, savings), user status (non-users, ex-users, potential users, inexperienced users, regular users), frequency of use (rare, medium often, frequently), loyalty (none, medium, strong, absolute), readiness to buy (ignorant of the product, realizing the existence of product, informed, concerned with option to purchase, wishing to buy, decided to buy), attitude to the product (enthusiastic, positive, indifferent, negative, hostile).

IKEA SEGMENTATION

- **"Living alone"** - young people 20 to 30 years who are starting to build their own living, they can not afford to spend much – cheaper assortment.
- **"Living together"** - people living with their partners in the same household who are not married yet, or the kids have left, already have higher incomes, are not restricted and can afford more expensive products.
- **"Living with Children"** - Ikea Family - families with small children - not worth buying expensive furniture that children could damage, their homes must adapt to the age and number of children. Children also rapidly grow, their need for style and equipment in their little rooms changes.
- **"B2B"** - Ikea Business - equipment for offices, shops, restaurants etc.

SEGMENTATION IN THE INTERNATIONAL MARKETS

- There are **global segments**, which can be found in every country - segments of teenagers (around 12-18), young (about 19-25). Another segment are the global pioneers (middle class, educated), entrepreneurs (rich, traveling, like comfort and luxury).
- The main task of segmentation in international marketing is to find an appropriate segmentation base. The aim is to obtain a large enough segment to be attractive for the selected business activities (products / services).
- **Hybrid segmentation** - not creating a perfectly defined segments for each market, but combining multiple criteria together - precisely defined segments.

B. TARGETING

- **Target segment** – part of market which is selected by the company.
- Target marketing, in other words, is where the organization identifies market segments, selects one or more of them, and develops products and marketing mixes tailored to each.
- In evaluating different market segments, an organization should examine two broad issues: market attractiveness and the company's capability to compete in the segment.

SUBWAY - A LEADER IN FAST-FOOD RESTAURANTS (40,000 RESTAURANTS, FRANCHISING)

- Target segment from 16 to 39 years old who want to live healthily - eat healthy, are active = no time to cook.
- USA - junk food is cheaper, Subway offers quality products at slightly higher prices - campaign focused on weight loss - in most campaigns pick at a hamburger and fries, instead of Coke you get water.
- UK - junk food is more expensive than in the US, Subway, therefore, has the same price. Therefore it offers a healthier alternative that is not expensive. People are not so overweight - offering cookies and chips, instead of Coke you get juice.
- CR – beginnings, until now only 20 restaurants, fuzzy positioning
 - consumers have a variety of cheaper and healthier alternatives
 - expect from a fast food restaurant anything other than a Subway offers.

TARGETING L'ORÉAL - 4 MAIN SEGMENTS

- Cosmetics for the general public - brands Maybelline, Garnier, Softsheen-Carlson - B2C market, 15 to 60 years, lower to middle income, education elementary and secondary schools.
- Luxury cosmetics - brands Lancome, Ralph Lauren, Diesel - B2C market, 30-60 years old, medium to high income, education secondary schools and universities.
- Dermatological cosmetics - brands Vichy, La Roche-Posay, Skin Ceuticals - B2C market, 15-60 years old, high income, university education.
- Professional makeup - brands Redken, Kérastase, Matrix - the B2B market, small and medium businesses, beauty and hairdressing salons.

C. POSITIONING

- It is the placing of a product (brand) in the mind of a customer, in relation to other products (brands) in the market.
- Marketing positioning is arranging for a brand or product to occupy a clear, distinctive and desirable place in the minds of targeted customers relative to competing products or brands.
- Positional map (perceptual map) – graphic presentation how consumer feels the similarity or dissimilarity of brand of specific product in comparison with competitive products in the marketplace.

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- Cultural segmentation - two vegetarian restaurants in India at traditional places of pilgrimage.
- Socio-demographic segmentation - China, the biggest country - 200 new restaurants a year.
- Psychographic segmentation - in 2012, Austria was hit by interest in Asian dishes - only that year sold Asian food.
- All global fast-food chains use a form of franchising - convenient, but gradually emerging quality issues, departure from the company's strategy.
- Positioning in many countries is lacking - entering as a global brand, brings wanting American culture - later considered as junk-food (in the US McDonald's is the cheapest and the worst). Trying to constantly vary / adjust the portfolio (diversification growth strategy).

THE END

Thank you for your attention.

