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UNIVERSITY**

SCHOOL OF BUSINESS  
ADMINISTRATION IN KARVINA

# Strategic Marketing Process

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Strategic Marketing/subject code

# OUTLINE OF THE LECTURE

1. Lean Canvas and Value proposition Canvas.
2. Management and strategic marketing management.
3. Company's goals, vision and mission.
4. Planning.
5. Marketing situational analysis.
6. Analysis of macro-environment.

## 1. Lean Canvas

- Lean Canvas - based on Lean (agile) methodology. It is a canvas of the business model (BMC) that has been adapted to the needs of start-up projects.
- It is useful when you are developing your business idea and it makes no sense to write a business plan or even a standard canvas (BMC).
- Helps to fail quickly (a very important stage in the development of any business / product idea where you need to try and fail in the early stages to move forward), simply introduce it to other people (hub, accelerator, elevator pitch etc., but if I'm going to a bank I need to prepare the whole business plan!).

## PROBLEM

List your customers' top 3 problems

2

## EXISTING ALTERNATIVES

List how these problems are solved today

## SOLUTION

Outline possible solution for each problem

4

## KEY METRICS

List key numbers telling how your business is doing today

8

## UNIQUE VALUE PROPOSITION

Single, clear, compelling message that turns an unaware visitor into an interested prospect

3

## HIGH-LEVEL CONCEPT

List your X for Y analogy (e.g., YouTube = Flickr for videos)

## UNFAIR ADVANTAGE

Something that can't be easily copied or bought

9

## CHANNELS

List your path to customers

## CUSTOMER SEGMENTS

List your target customers and users

1

## EARLY ADOPTERS

List characteristics of your ideal customer

## COST STRUCTURE

List your fixed and variable costs

7

## REVENUE STREAMS

List your sources of revenue

6

### **Business model environment: context, factors, obstacles**

- BMC is designed and implemented in a certain environment (the company does not work in a vacuum)! The environment actually gives context to our model. Furthermore, the factors that affect it. And of course also obstacles and limitations.
- Main trends - trends from PEST, see the first lecture.
- Macroeconomic forces - global market conditions, capital markets, economic infrastructure, commodities and other resources.
- Sector forces - suppliers and other actors in the value chain, stakeholders, competitors, newcomers, substitution products.
- Market forces - market segments, needs and requirements, market factors, transition costs, income assets.

### Evaluation of the whole BMC

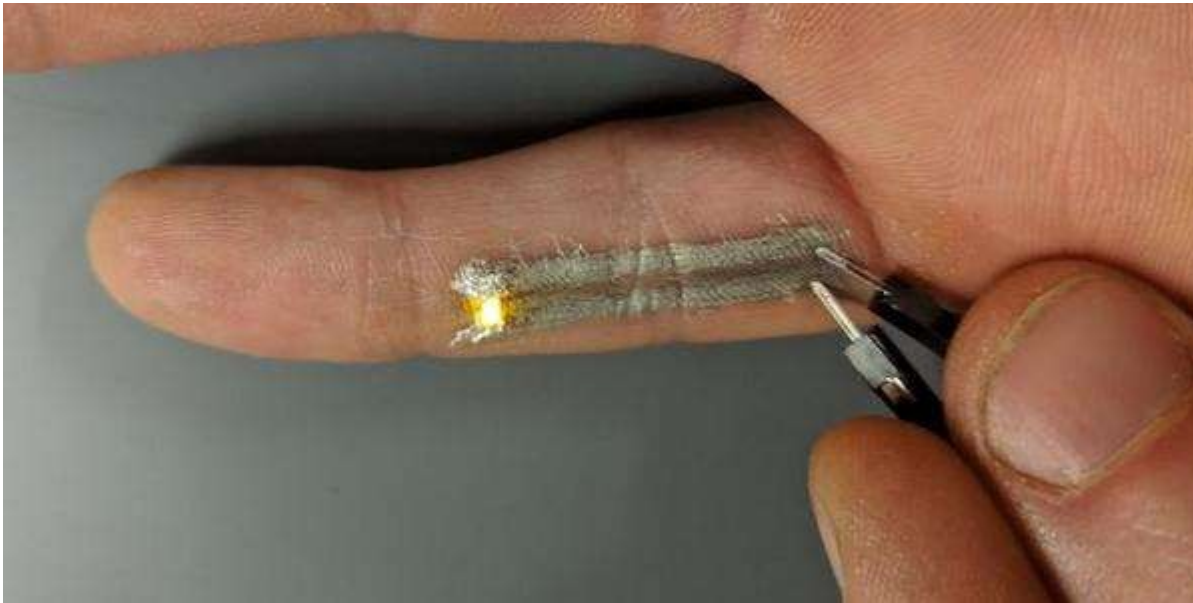
- We have a full canvas filled, what now?
- Canvas evaluation can be done in 2 ways.
- Overall assessment - we evaluate the whole model based on all strengths and weaknesses.
- SWOT evaluation - each item is evaluated separately by SWOT analysis.

### **The role of time in the development of BMC**

- Of course, all the factors in the last slide change over time and affect the chances of our design success!
- Therefore, we deal with individual items and their development trend, we forecast development in the short / long term.
- We can work with scenarios of the future. We know the classic positive, realistic, negative, but mainly we use contextual situations into which the state can develop.

## Let's practice it

- [Cheap](#) and fast printing of thin electronics allows extravagant tattoos as well as flexible skin sensors.

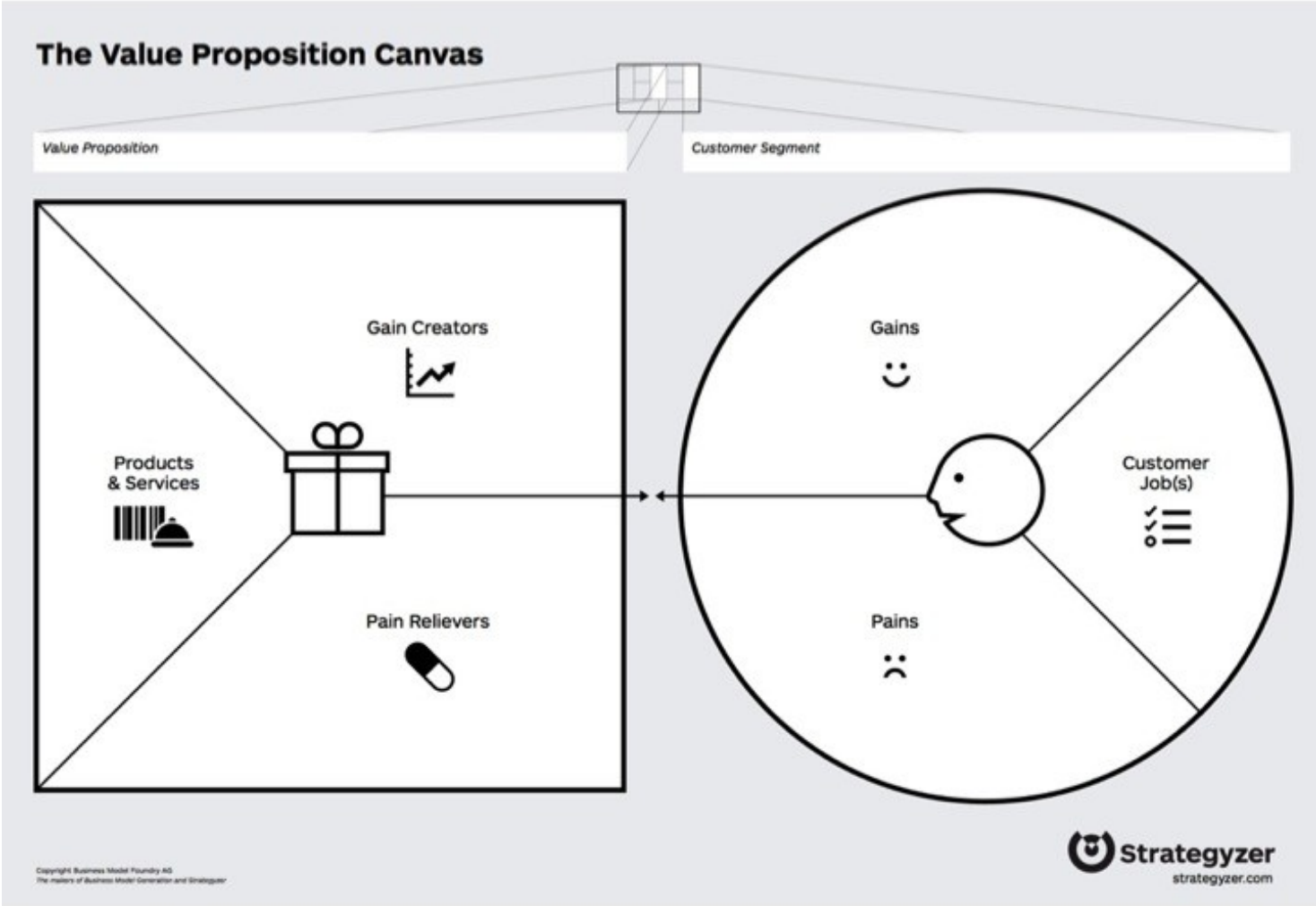




# Value Proposition Canvas (VPC)

- Value Proposition Canvas (explanatory [video](#)).
- It's part of the BMC, offering us the opportunity to go deeper - a powerful tool to understand / propose a value offer. We focus on 2 parts of BMC - value offerings and customer segments.
- (a book by Osterwalder et al., which follows the BMC)
- *"Value Proposition - Describes the benefits a customer can expect from your products and services."* (Osterwalder et al., 2016, p. 32)
- *VP Map - Describes in more structured and detailed ways the characteristics of the specific value proposition of your business model. Value proposition breaks down into products and services, Pain Relievers and Gain Creators.* (Osterwalder et al., 2016, p. 34)

# Value Proposition Canvas (VPC)



### Right part - customer profile

- Our goal is to be able to offer a value offer that exactly matches customer needs and solves their problems.
- **Customers' tasks** - everything customers try to do in their lives. Functional tasks (mowing grass), social tasks (acting professionally), personal tasks (feeling of security), support tasks (comparison of offers, product evaluation, product disposal).
- **Pains** - everything that annoys the customer during the task. Risks, obstacles, unwanted results.
- **Gains** - the results and benefits customers want. Benefits required (must have, otherwise does not work), expected, wanted, unexpected.

### Left part - value proposition

- **List of products** - which products do we offer, what do they bring, what problems do they solve?
- **Pain relievers** - how do we prevent customer difficulties? (saving time, money, energy, feeling better, better quality, performance, lightening things, solving emotional problems, social impacts, eliminating risk, breaking down barriers)
- **Gain creators** - how do we deliver benefits? (dtto)

### How to do VPC 1

- We select the customer segment, identify customer tasks, their pains and gains, then sort by importance.
- We create a list of our products and services, describe the solutions to the pains and gains, then evaluate them according to their importance.
- We strive to create harmony - we solve a customer's specific task and problems, we create value.
- Compliance of problem and solution (on paper, "I get good VPC"), product compliance with the market (I am sure I bring value to the market), business model compliance (a profitable and scalable business model can be built around).

### How to do VPC 2

- How to do it practically? Print as large canvas as possible, we take a lot of color stickies, colored pens, data and fantasy to the max.
- The common procedure for all these canvases is design, test (fail, fail, fail), repetition of both phases (iteration). (it is important to fail quickly and cheaply, so I show my "thing" everywhere and collect feedback)
- Design - all kinds of creative techniques (fill-out, drawing, napkins, pitch, scoring, scenes, scenarios), brainstorming, prototyping (paper, plastic, 3D printing, real), understanding of customers.
- It helps to have a Minimum Viable Product - a functional product with minimal features, but the customer can use it.
- Realizing Unique Selling Point - why people are buying my product.

### How to do VPC 3

- Proof of Concept - a small, incomplete demonstration that something works.
- Understanding customers - data detective (Google trends, search engines, external / internal data), journalist (interview - qualitative, in-depth, we ask why, what if), anthropologist (observation - ghosting, shopping habits, consultation, looking for formulas), imitator (Mystery Shopping), co-creator (we involve them), scientist (experiment).
- We must be able to endure criticism - but it is hard to find good criticism (de Bono's six-hat method).
- Let's do a workshop! 😊 Color point scoring. Pitch. Plus everything described now.
- Lean methodology - Build-Measure-Learn.

# 2. MANAGEMENT AND STRATEGIC MARKETING MANAGEMENT

- **Management** - in general, its an organized set of knowledge, elaborated by providing instructions for the actions leading to the achievement of company objectives with an efficient use of available resources.
- **Strategic marketing management** - runs as a continuous process, consisting of a series of activities - planning, organizing, decision-making, communication, control - in order to achieve certain benefits through:
  - determining the most effective enterprise relation to a specific market in which to implement enterprise products, and efforts to gradually achieve the optimization of financial ratios,
  - formation of appropriate strategies to create and support a viable market space for the product in conformity with marketing and business goals.



# STRATEGIC MARKETING MANAGEMENT

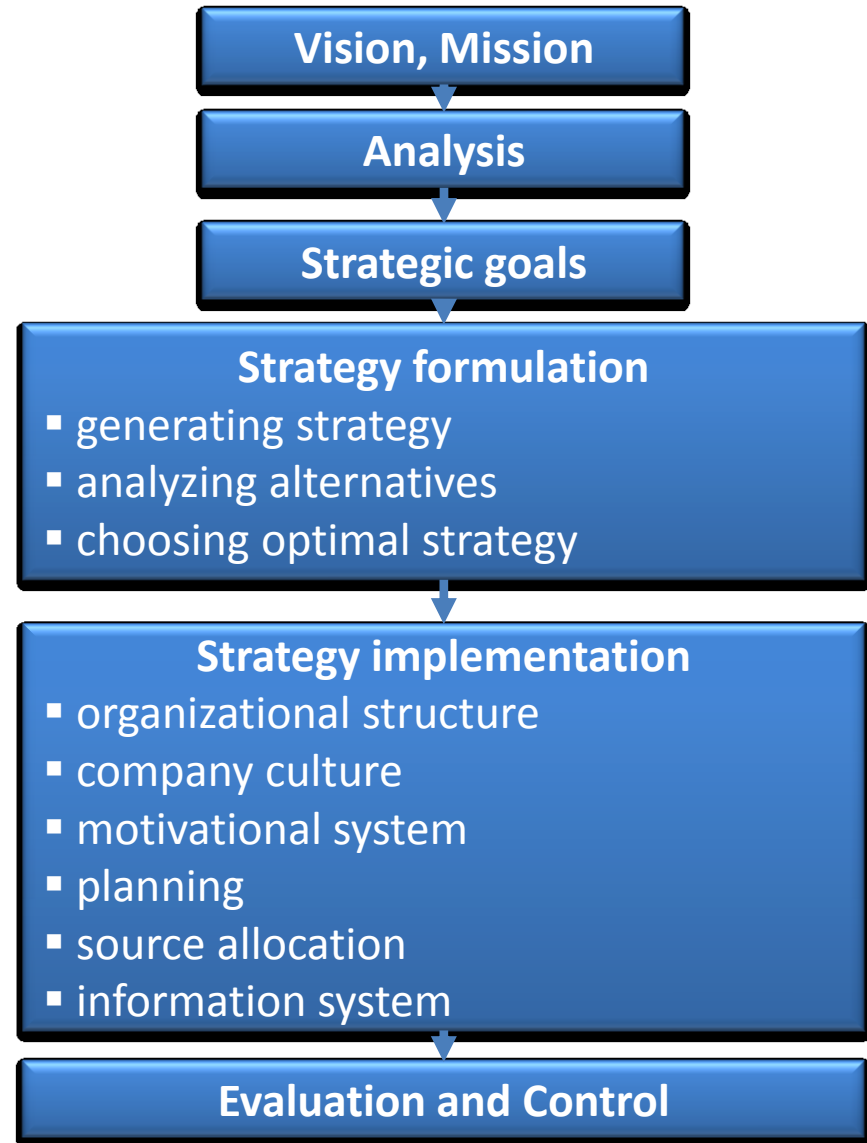
- **Strategic management process** is a set of actions and decisions that lead to the formulation of business plan and its implementation. It includes key decisions and key actions undertaken by management and management of individual business units with a single task - to develop a comprehensive long-term strategy for survival and growth.
  - defining objectives,
  - a procedure for achieving them,
  - realization,
  - control.
- Systematic and permanent solution constantly emerging conflicts of interest of individuals and interest groups and creating equilibrium acceptable to all.

## DECISION-MAKING

- Significant managerial activity within the management is **decision-making**. It can occur as:
  - one time, or a routine act,
  - decision-making process, conducted in a series of steps associated with a series of activities.
- **Strategic marketing decision-making** - builds on strategic goals, is characterized by a long-term comprehensive approach and seeks to ensure a dynamic balance in a changing marketing environment.
- Happens in a longer time horizon, the decision focuses on markets and meeting customer needs.

## STRATEGIC PROCESS

The strategic process has these steps.



# STRATEGIC PLANNING

- The goal is the formulation and modification of activities and products of the company in such a way that it will ensure satisfactory earnings and the stability and growth of the company.
- The basis is a clear definition of the mission of the company, determining its objectives, creating a business portfolio strategy and coordination of functional strategies.
- Principle - given the resources, find the optimal path to a defined goal (usually more than one), also have the possibility to react to unexpected situations and poorly estimated market developments.

### 3. COMPANY GOAL

- To compile the right strategy, we must know the goal that we want to achieve through it. For relationship of strategies and objectives, it is essential to perceive the particular marketing goal.
- Usually it is considered that the company's marketing goal is the control of "their" market segment. But what is "our segment"?
- To define **company objectives** we need to know why did we start with the business in the first place (profit? Employment? Improving the condition of the neighborhood? I just enjoy it?)

# VISION AND MISSION 1

- Vision and Mission have two mutually opposite definitions in the literature!
- **Vision** outlines in general terms and conceptual ideas the future developments and the status of the company. It is up to 10-20 years, general, captures the company's approach.
- **Mission** of the company is based on the vision. It is a brief statement of the company's message to customers, their employees and the public that explains why the company exists. Shorter periods (max. 5 years), communicated to customers, particular.

### VISION AND MISSION 2

- However, a number of large companies have mission and vision defined in the exact opposite. From their perspective:
- The **mission** is justification for our existence in the market, long-term, non-specific (no numbers).
- **Vision** is a specific elaboration of the mission into the procedure of how part of the vision will be achieved.

### MISSION AND VISION EXAMPLE

- Kofola Group's vision is to enthusiastically create attractive brands of beverages, which will offer the consumer such functional and emotional value that it will become an important part of their life.
- Kofola Group's mission is to be the preferred choice for customers, employees and shareholders. By 2020 we want to be the overall "number two" on soft drinks market in the Czech Republic, Slovak Republic and Poland. Our goal is to have a brand in each of these countries in the segment of cola drinks and water that will be on the 1st or 2nd position in these segments. In other categories to be within the third place.
- On the other hand [Coca-Cola](#).



# COMPANY MISSION STATEMENTS

- **Apple** is committed to bringing the best personal computing experience to students, educators, creative professionals and consumers around the world through its innovative hardware, software and Internet offerings.
- **Dell's** mission is to be the most successful computer company in the world at delivering the best customer experience in markets we serve.
- **Facebook's** mission is to give people the power to share and make the world more open and connected.
- **Google's** mission is to organize the world's information and make it universally accessible and useful.
- **Microsoft's** mission is to enable people and businesses throughout the world to realize their full potential.
- **Skype's** mission is to be the fabric of real-time communication on the web.

### **SOLUTION? COMPROMISE!**

- The solution is to compromise. Let's define a long-term vision of the company and then create it's mission.
- Justify the existence of the company.
- Questions: Who is our customer? What do they want? Do we produce it for them? What should we do? Are we doing things correctly (efficiently)?
- The mission is made up of five elements - history, current preferences of owners and managers, market environment, firms resources (specify if the mission is achievable) and distinctive competencies (i.e. what the company can do best).

### COMPANY MISSION

- It is good to concentrate on a limited number of targets.
- Mission should emphasize the main policy and primary value of the company.
- It must be clearly defined where the company will operate - the industry competencies, market segments or geographic range.
- A company always has a mission, whatever its definition. Realizing we have it is but the beginning of creation of STRATEGY!

## 4 PLANNING

- Planning is the process of defining a rational objectives and indicate ways in which these objectives can be achieved.
- It is the initial stage of the process of adapting the behavior of the company to changes in its environment (enterprise = open, dynamic system with target-based behavior).
- The plan is based on the following two categories:
  - Visions - identify the basic functions of the company, its mission and business sense.
  - Strategic objectives - represent the final status, toward which all planning activities should be directed.

### ELEMENTS OF PLAN

- **Resources** - represent tangible and intangible elements (financial resources, manpower, materials, information, infrastructure, etc.).
- **The plans** - are the result of the planning process and include both setting goals and defining the ways to achieve them.
- **Procedures** - are the instructions that detail and accurately determine the way certain activities are to be conducted. They take the form of chronological sequence of actions required.
- **Rules** - determine the way of doing things, without specifying their chronological order.
- **Programs** - are a summary of the objectives, procedures, rules, assigned tasks, necessary steps for utilizing resources and other elements necessary to carry out the sequence of activities.
- **Budgets** - numerical determination of expected results, the expected cash flow, anticipated revenues and expenses.

### PLANNING PROCESS

- **Setting objectives** which specify the expected results and indicate the endpoint. They can be long and short term.
- **Prognosis** of expected development constraints for the company based on the analysis of external and internal environment of the company.
- **Identification of alternative procedures**, respecting diversity and unreliability of forecasts.
- **Evaluation of alternative approaches** - especially in terms of expected profits and risks, while respecting the possibility of changing customer needs, behavior, suppliers, competitors, all that brings a lot of uncertainty into this process.
- **The procedures selected for implementation**, representing the adoption of the plan as the result of a compromise using available knowledge about the present and future development.

# THE STRUCTURE OF THE PLAN

- Ideally marketing plan will have the the following components:
- External analysis.
- Internal analysis.
- Choice of objectives and strategies.
- Detailed development of the plan for each marketing tool.
- Implementation, monitoring and adaptations.

### 5. MARKETING SITUATION ANALYSIS

- The beginning of the planning process.
- We do not operate in a vacuum.
- How to do it? Numerous methods: Čichovský 10C, 4C + 5C-7C Jakubíková, 3V Kumar etc. Good old view external + internal macro / micro – easy to explain to anyone!
- (0 Global - but due to today's globalization it is in 1)
- 1. **External Macro** - survey of macro influences including remote trends. We can not influence.
- 2. **External Micro** - analysis and assessment of the effects of micro, emphasis on marketing principles. We can influence, therefore, it enters into strategies as a variable component!
- 3. **Internal Micro** - specific, narrowly focused analysis – product, potential, restructuring etc.



# PURPOSE OF SITUATIONAL ANALYSIS

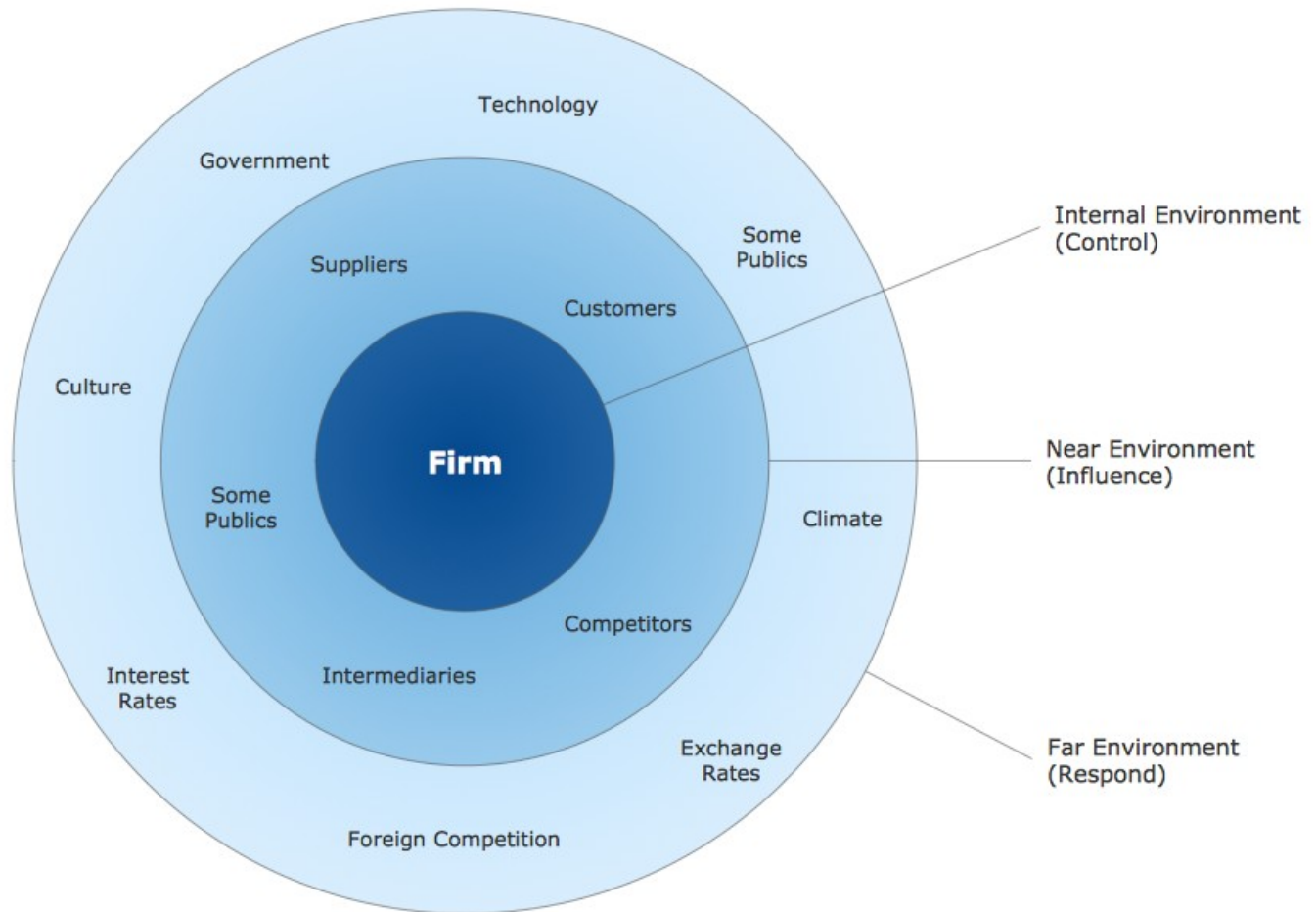
- Recognize the suitability of the current organizational structure and continuity of operations, identification of key activities, resources and effectiveness of their use.
- In terms of marketing - cost vs. return of our actions, control of marketing mix etc.
- Identify internal and external influences, trends.
- Analysis is performed in three time horizons. The procedure is always from past events concerning the company and gradually moves to the current situation. The last is obviously estimate of future development, which the company will take.

### WHAT DO WE ACHIEVE?

- After performing internal and external analysis, the enterprise will be able to understand what is its internal situation (suitability of the organizational structure, capabilities and resources, costs and profits associated with marketing, the effectiveness of marketing mix), and also in what relationship it is to the environment in which it operates (impact of macroeconomic factors and market size, trends, market potential, competition).
- It is appropriate to note – many of these analyses have a subjective evaluation of the importance of the factors as part of their process! (therefore, each person will get different results)

## MARKETING ENVIRONMENT

### Macro-Micro Environmental Forces Diagram Example



# 6. ANALYSIS OF MACRO-ENVIRONMENT

- What constitutes macro environment?
- **Economical** - purchasing power, the economic situation of the country and its development, growth rates, inflationary tendencies, unemployment, income level, spending pattern, the consumer price index, resource availability, interest rates, tax and customs conditions.
- **Demographic** - population, age structure, employment, population density, spatial distribution, education, lifestyle, migration.

# ANALYSIS OF MACRO-ENVIRONMENT

- The **political** situation - the development of legislation, procompetitive and antitrust, legal standards, consumer protection, environment, impact from the interest, civil and political groups.
- **Cultural and social** - basic cultural values of society, its way of life, social environment.
- **Technology** - technological development of the country, adopting new technologies, the pace of technological change.
- **Natural** factors - climate, natural resources, pollution.

# PEST ANALYSIS

- Affects the strategy of the company - whether it will ever be possible to enter the market and in what form (e.g. a big risk - not choose a capital form, but license; high tariffs – local factory).
- At high risks and additional costs resulting from the environment - do not enter the market.
- PEST analysis is generally very difficult to implement, requires many data sources.
- All manuals sound simple - understand PEST, find data, make a decision ... BUT!
- Secondary research (from the table), after that primary research.

**THE END**

Thank you for your attention.

