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OBCHODNĚ PODNIKATELSKÁ
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Strategy and planning

Marketing



Strategy

- Is a **process** that can allow an organization to concentrate its **resources** on the optimal **opportunities/challenges** with the goals of increasing sales and achieving a sustainable **competitive advantage**.



Building competitive advantage



- IKEA designs its own furniture, builds its own stores, and manages the entire supply chain, which allows it to have lower costs and a superior customer experience.
- Their system is chain-linked together such that it's **hard for competitors to replicate** it without replicating the entire system.
- IKEA is focusing its **resources** on **challenges** to achieve sustainable **competitive advantage**.



Who will win?



What is strategy?

- Strategy answers three key questions
 - **Where are we now?**
 - **Where do we want to go?**
 - **How are we going to get there?**
- Is strategy connected with action?
- „I‘m gonna wait for the next big thing“



Steve Jobs



- Rumelt in his book Good Bad Strategy:
- Strategy consist of three key areas



- **Diagnosis**

- That defines or explains nature of the challenge.
- Good diagnosis simplify overwhelming complexity of reality by identifying certain aspects as critical.

- **Guiding policy**

- Overall approach chosen to cope with or overcome the obstacles identified in the diagnosis.

- **Coherent actions**

- Designed to carry out the guiding policy.
- Steps coordinated with one another to work together in accomplishing the guiding policy.



Kernel of Strategy

- **Diagnosis**

- A diagnosis defines the challenge.
- What's holding you back from reaching your goals?
- A good diagnosis simplifies the often overwhelming complexity of reality down to a simpler story by identifying certain aspects of the situation as critical.
- A good diagnosis often uses a metaphor, analogy, or an existing accepted framework to make it simple and understandable, which then suggests a domain of action.



Kernel of Strategy

- **Guiding policy**

- A guiding policy is an overall approach chosen to cope with or overcome the obstacles identified in the diagnosis.
- Like the guardrails on a highway, the guiding policy directs and constrains action in certain directions without defining exactly what shall be done.



Kernel of Strategy

- **Coherent actions**

- A set of coherent actions dictate how the guiding policy will be carried out.
- The actions should be coherent, meaning the use of resources, policies, and maneuvers that are undertaken should be coordinated and support each other (not fight each other, or be independent from one another).



Bad and good strategy



- Bad strategy is just a list of “priorities” that don’t support each other, at best, or actively conflict with each other, undermine each other, and fight for resources, at worst.
- Bad strategy is the result of a leader who’s unwilling or unable to say “No.”
- Good strategy is about focusing and coordinating efforts to achieve an outcome, which necessarily means saying “No” to some goals, initiatives, and people.
- Good strategy leverages sources of power to overcome an obstacle. It brings relative strength to bear against relative weakness.



Bad strategy hallmarks



- **Fluff:** A strategy written in gibberish masking as strategic concepts is classic bad strategy. It uses abstruse and inflated words to create the illusion of high-level thinking.
- **Failure to face the challenge:** A strategy that does not define the challenge to overcome makes it impossible to evaluate, and impossible to improve.
- **Mistaking goals for strategy:** Many bad strategies are just statements of desire rather than plans for overcoming obstacles.
- **Bad strategic objectives:** A strategic objective is a means to overcoming an obstacle. Strategic objectives are “bad” when they fail to address critical issues or when they are impracticable.



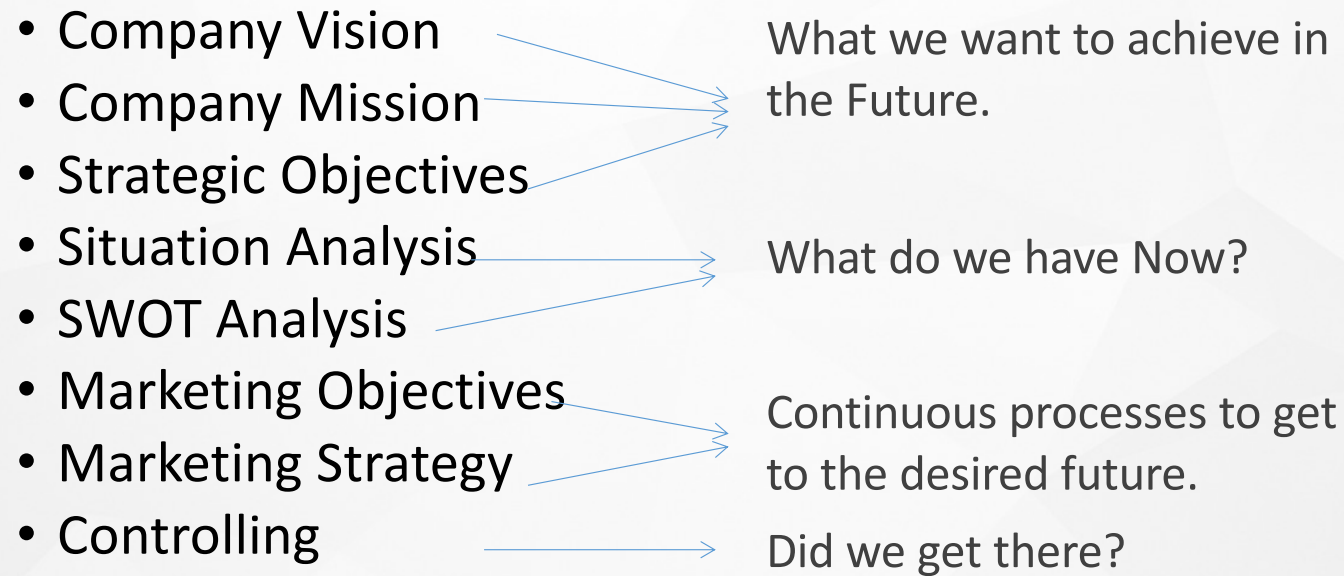
Marketing strategy

- 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.



Role of strategy in today's fast
changing, dynamic and
unpredictable world?





Steps of Strategic Marketing Management



Company Vision


- Companies that enjoy enduring success 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* and *envisioned future*.



Company Mission

- A **mission statement** is a statement of the purpose of a company, organization or person, its reason for existence.
- 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."



- 
- A: We produce mobile phones.
 - B: We enable people to communicate.
 - C: We want to earn 54% of the global mobile market in 2018.

Mission

- **Business mission has to be market oriented, not product oriented!**
- Products come and go but human needs will last forever.
- Marketing approach: Process of satisfying consumer needs not the production process of goods and services.
- This approach ensures adaptability to market changes.



Examples

- 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.**



Examples

- 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.



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.
- What are the key activities that you need to perform in order to achieve your vision?



Careful with growth obsession

- Growing the size of the business is not a strategy – it is the result of increased demand for your products and services!
- It is the reward for successful innovation, cleverness, efficiency, and creativity.
- In business, there is blind faith that growth is good, but that is not the case.
- **Growth itself does not automatically create value.**



Careful with growth obsession

- Tech companies grow in an artificial way, i.e. spending the money of their investors, not money they're making from customers.
- This growth isn't sustainable, and when they can't turn a profit they shut down (or get acquired).
- What could have been a great company, at a smaller size or slower growth rate, now no longer exists.



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.
- This section explains how you travel to your final destination.
- Does your strategy match your strengths in a way that provides value to your customers?
- Does it build an organizational reputation and recognizable industry position?



MARKETING ENVIRONMENT

- The marketing environment is defined as the **external** and **internal** forces that influence an organization's capability to undertake its business.



Dynamic changes

- Dynamics are waves of change that roll through an industry.
- They are the net result of a myriad of shifts and advances in technology, cost, competition, politics, and buyer perceptions.
- Such waves of change are largely **exogenous** – that is, beyond the control of any one organization.
- If you can see them coming, they are like an earthquake that creates new high ground and levels what had previously been high ground, leaving behind new sources of advantage for you to exploit.



Marketing audit or diagnosis

- External analysis
 - Macro-environment (PESTLE)
 - Micro-environment (3C, 5 competitive forces)
- Internal analysis

Strategy requires you to analyze the situation to understand the problem to be solved, as well as anticipating the actions/reactions of customers and competitors, which requires considering both positive and negative outcomes. **Ignoring negative outcomes does not set you up for success or prepare you for the unthinkable to happen.** It crowds out critical thinking.

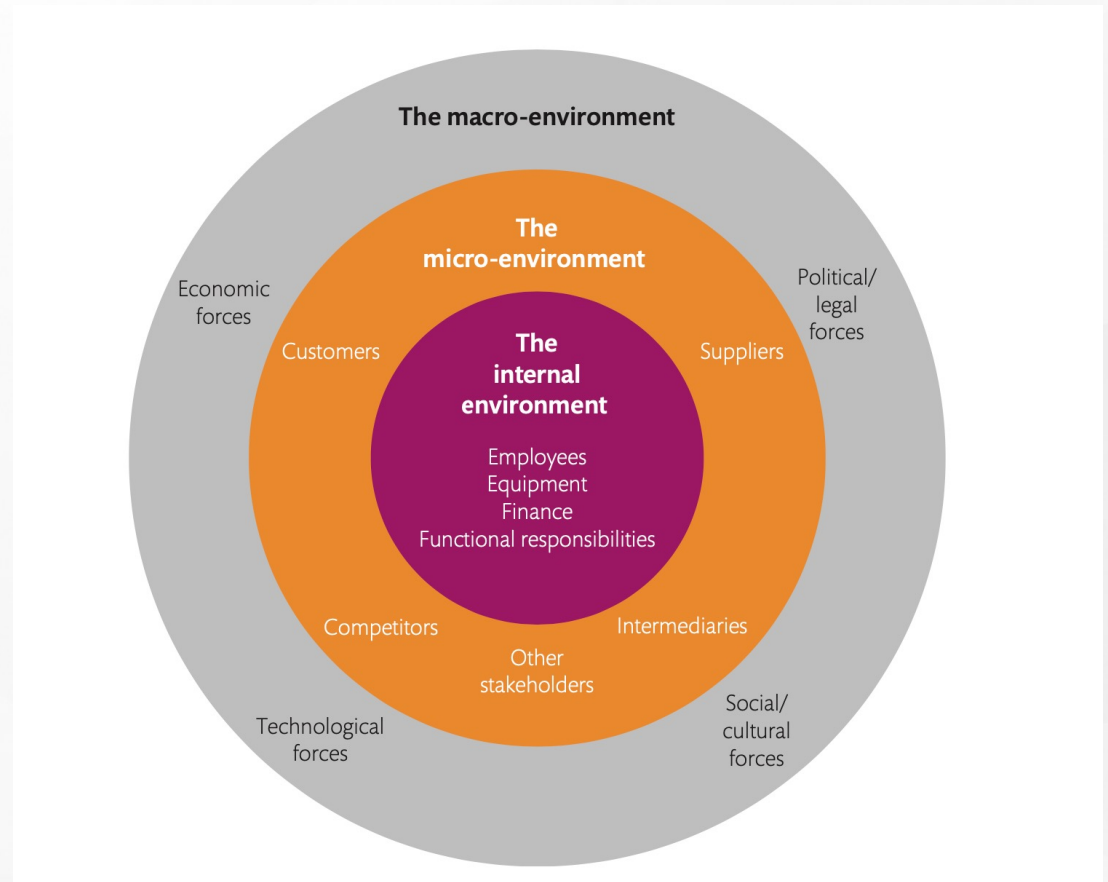


Environment onion

Internal environment

Micro level

Macro level



Sharp, B. (2013). *Marketing: Theory, Evidence, Practice* (Pap/Psc edition). Oxford University Press.



Strengths and weaknesses

- Knowing your relative strengths and weaknesses, as well as the relative strengths and weaknesses of your competitors, can help you find an advantage.
- Strengths and weaknesses are “relative” because a strength you have in one context, or against one competitor, may be a weakness in another context, or against a different competitor.



SWOT analysis design

	Positive	Negative
Internal	S Strengths	W Weaknesses
External	O Opportunities	T Threats



Common mistakes SWOT



- It does not reflect situational analysis results
- Confused strenghts and opportunities as well as weaknesses and threats
- Unballanced number of specific SWOT elements
- Matrix is not evaluated, in that case it is only overview not strategic tool
- Highly subjective or indefinite
- There is no connection to marketing objectives in next step of the strategic process



Strategic goals

- Broader perspective than marketing goals
- Ansoff growth matrix can be utilised as one of very effective way of setting up the general direction of the business
- There are two fundamental questions:
 - Which customers?
 - What products?



Ansoff matrix development

		Product	
		Existing	New
Market	Existing	Market penetration	Product development
	New	Market development	Diversification



Goals

S.M.A.R.T.



SMART Goals example

- Our goal is to improve our branding
 - No specific – what is branding, what is to improve.
 - No measurable – how we can assess it has been done?
 - No achievable or realistic – you cannot assess if the goal is achievable since there is no change specified.
 - No timely – there is no time frame in which the goal should be met.



SMART Goals example

- **Our goal is to improve our branding**
- **By the end of 2021, brand XY will have brand awareness measured by brand recognition among all customers in Czech Republic on the level of 45 % from the current 35 %.**



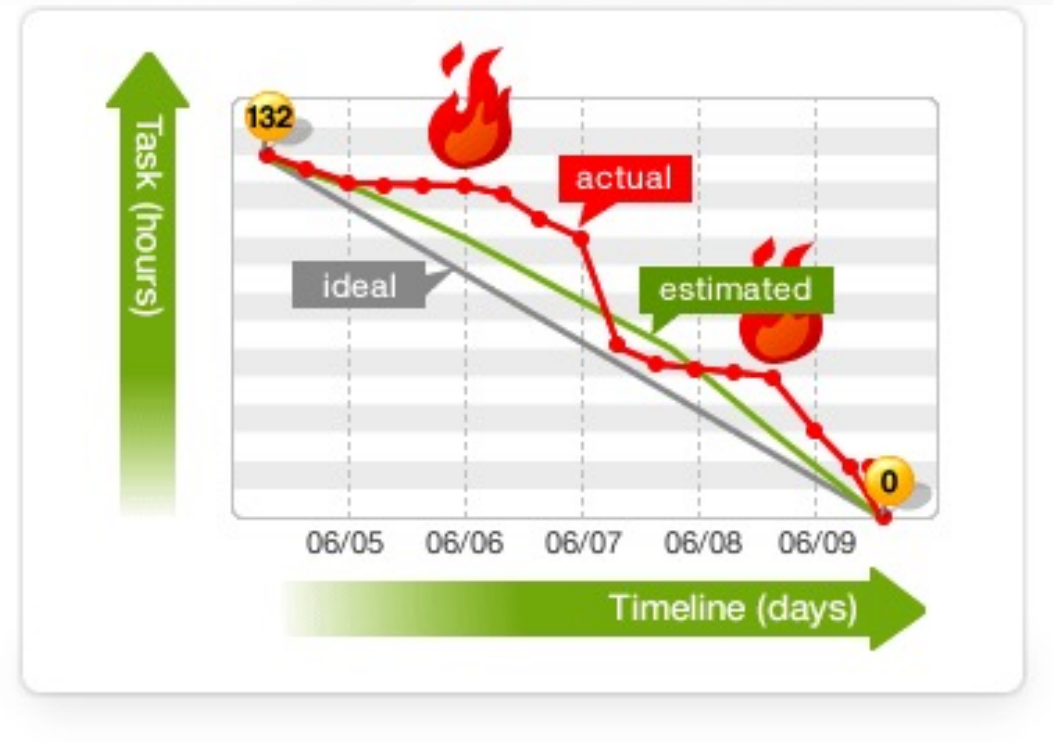
Tactics 4C / 4P

- Tactical decision making in range of months or quarters is dominantly done through **marketing mix**:
- What **solution** do we provide to customer?
 - (CUSTOMER / product)
- What **cost** does the customer have?
 - (COSTS / price)
- How **convenient** is our delivery and service?
 - (CONVENIENCE / place)
- How do we **communicate** the value to the customer?
 - (COMMUNICATION / promotion)



Control

- Strategic control
 - Year
 - Month
 - Week
 - Day
- Definition of metrics to be measured and controlled in order to achieve strategic goals while fulfilling business mission
- Evaluation and ongoing adjustments





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Thank you

