



Strategy and Marketing

1º Part

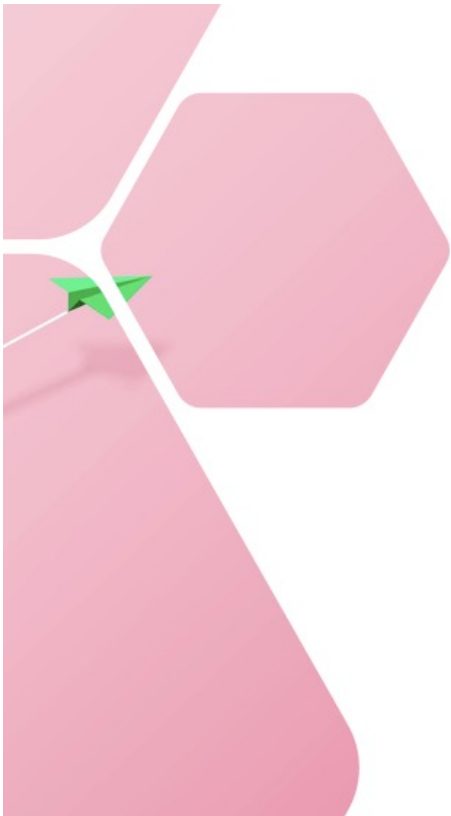
2021/2022 – 2º Semester

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What is Marketing?

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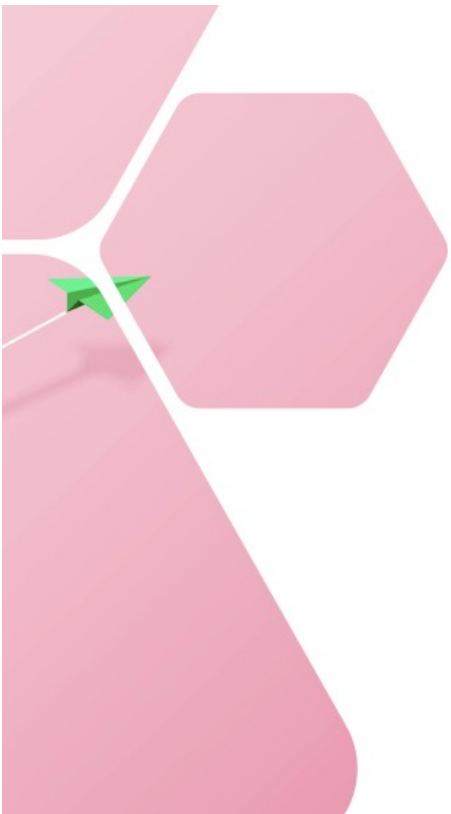


Marketing

•Definition:

- Activities aimed at satisfying the needs and wants of individual customers (“B2C”) or organizations (“B2B”) through the provision of goods/services

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Ex 1. When Google identified people's need to more efficiently access the information on the Internet, it created a powerful search engine that organized and prioritized information according to its relevance

Ex 2. When IKEA realized that people wanted designer furniture at substantially lower prices, it bet on this type of furniture

These two companies demonstrated marketing savvy and turned a private or social need into a profitable business.

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Strategy and Marketing

Marketing has to be aligned with Vision, Mission, Objectives and Strategies

- **Vision**, intentions to the future, guidance to excellence
- **Mission**, vision of company in an explicit and more concrete way, global orientations being operational and strategical. Create a mission: why, for what, competences, customers, products and values
- **Aims** given the company's mission, quantify and schedule business implementation in business settings. There are several aims: financial aims, (market share, revenues, rentability), and non financial aims (quality, image, service, innovation,,,)
- **Strategies**, where and how to compete; products-markets, ivertical integration, internacionalization; diversification (internal development or external one?)

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Exemple: Google's Vision

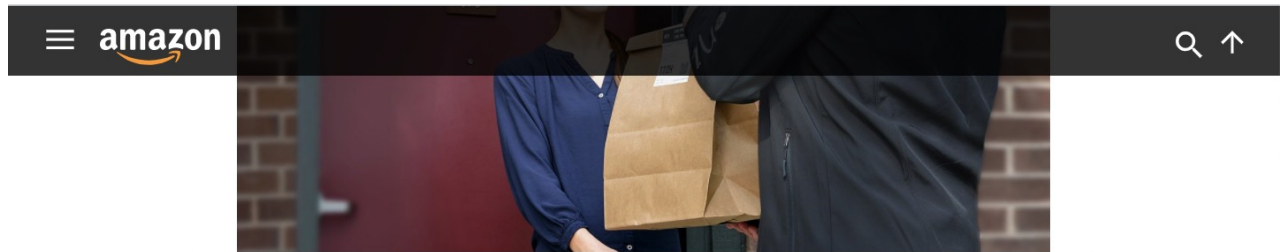
Google

About

Our mission is to **organize** the world's **information** and make it **universally accessible** and **useful**.

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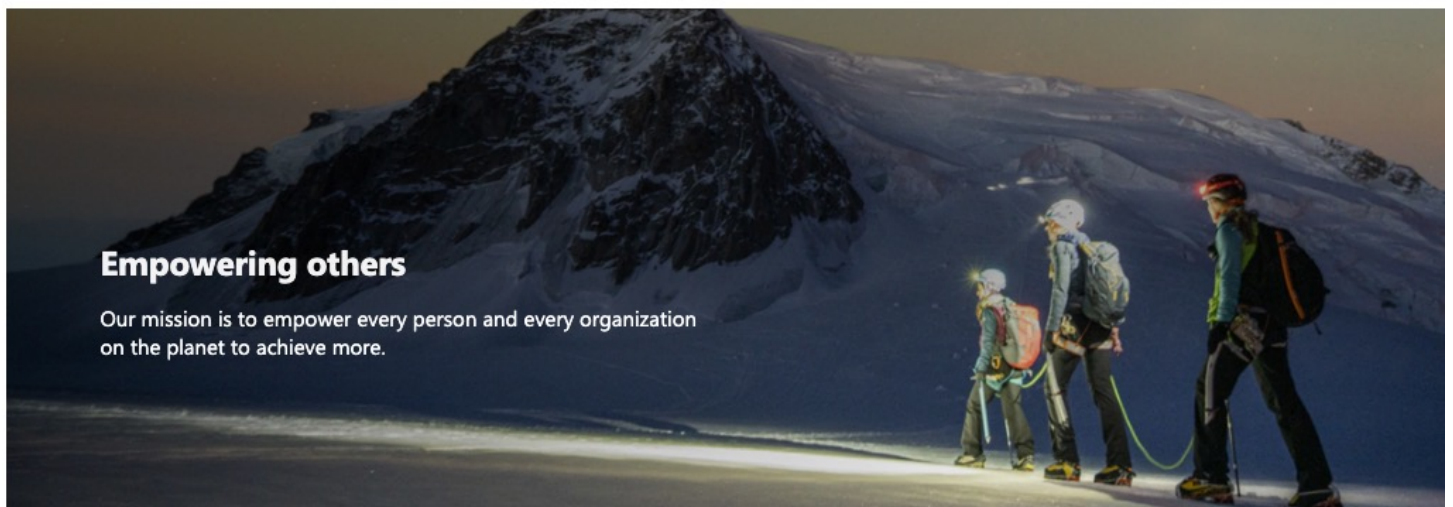
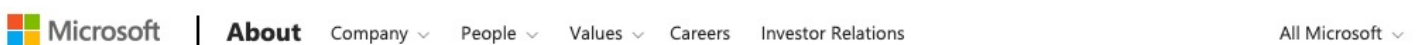
Exemple: Amazon Mission



“

We aim to be Earth's most customer centric company. Our mission is to continually raise the bar of the customer experience by using the internet and technology to help consumers find, discover and buy anything, and empower businesses and content creators to maximise their success.

Exemple: Microsoft Mission



Mission of Body Shop:

“The Body Shop exists to fight for a fairer, more beautiful world.”

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THE BODY SHOP. Search

HOME | BATH & BODY | SKINCARE | MAKE-UP | HAIR | FRAGRANCE | MENS | BY LINE

OUR VALUES

- LATEST STORIES
- AGAINST ANIMAL TESTING
- SUPPORT COMMUNITY FAIR TRADE
- ACTIVATE SELF ESTEEM
- DEFEND HUMAN RIGHTS
- PROTECT THE PLANET
- ETHICAL TRADE
- THE BODY SHOP FOUNDATION

WE'RE DIFFERENT BECAUSE OF OUR VALUES

Our values have always been at the heart of our business. In fact, they're at the heart of everything we do.

IN THE SPOTLIGHT

COMMUNITY FAIR TRADE

Our pioneering Community Fair Trade programme gives us some of the finest raw ingredients and accessories from around the world.

[View Community Fair Trade map](#)

CAMPAIGNS

Discover the difference that we, with your support, have made to our planet and the people and animals that live on it.

[View the Campaign timeline](#)

THE BODY SHOP VALUES REPORT 2011

[FIND OUT MORE](#)

OUR VALUES

- AGAINST ANIMAL TESTING
- SUPPORT COMMUNITY FAIR TRADE
- ACTIVATE SELF ESTEEM
- DEFEND HUMAN RIGHTS
- PROTECT THE PLANET

BEAUTY WITH HEART

[DISCOVER MORE](#)

Cruelty-Free INTERNATIONAL

LATEST STORIES

FROM 11TH MARCH, THE EU IS BANNING ANIMAL TESTING FOR COSMETICS. THEY'RE HAPPY BUNNIES. AND SO ARE WE.

AGAINST ANIMAL TESTING

After 20 years of campaigning, we're celebrating the EU ban on animal testing for cosmetics from 11th March.

STOP CAMPAIGN ENDS

STOP CAMPAIGN ENDS

7,044,278 voices created the BIGGEST campaign ever for The Body Shop.

WOOD POSITIVE

WOOD POSITIVE

We already minimise packaging wherever it is practical to do so. But Wood Positive is about doing more.

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Additional examples of Mission and Vision

<i>Ingvar Kamprad</i>	<i>IKEA</i>	<i>Make stylish furniture affordable</i>
<i>Walt Disney</i>	<i>WALT DISNEY</i>	<i>Create a magical world for families</i>
<i>Anita Roddick</i> <i>not</i>	<i>BODY SHOP</i>	<i>Embed Social Activism in Business (I am selling hope, I am selling emotion)</i>
<i>Bill Gates</i>	<i>MICROSOFT</i>	<i>Realize ubiquitous computing</i>
<i>Steve Jobs</i> <i>technology</i>	<i>APPLE</i>	<i>Transform how people enjoy</i>
<i>Jeff Bezos</i> <i>knowledge</i>	<i>AMAZON.COM</i>	<i>Provide the biggest selection of delivered conveniently</i>

Estrategy: Lead Companies and Followers

Lead companies and Followers

- Companies can greatly benefit from being among the first to identify and adapt to changes in the environment.
- The first to enter a market can become a product leader by becoming a benchmark against other products.
- The former can also appropriate distribution channels and an essential advertising message.
- Always retains some advantage over other companies

Estrategy: Lead Companies and Followers

The strategy of early companies to enter in a market differs from the strategy of late entrants to the market

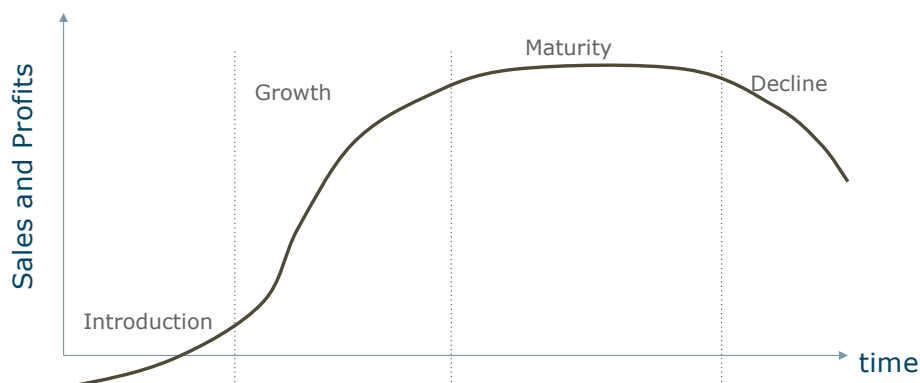
Lead companies – enter on a large scale, with a wide range of products, appropriate distribution, high promotion effort

Followers – smaller product line covering a smaller part of the market, investing less in promotion and consumer services; bet more on price discounts, increasingly using a niche strategy with the aim of exploring niches not much targeted by larger companies



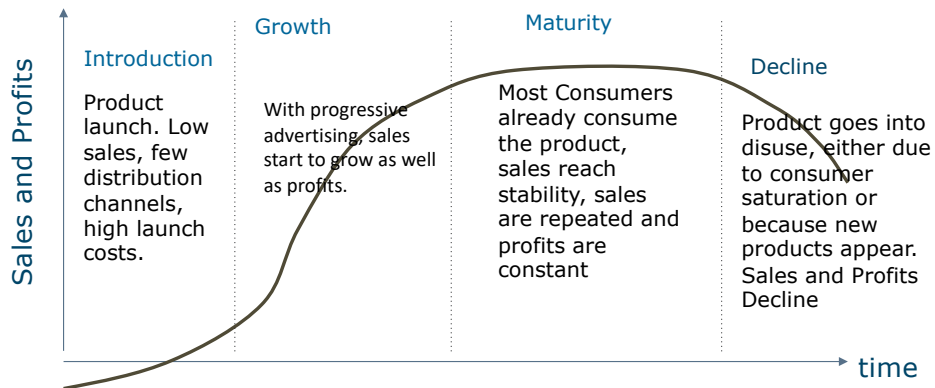
Estrategy: product life cycle

Product life cycle is the “history” of sales of a certain product during a long period of time



Estrategy: product life cycle

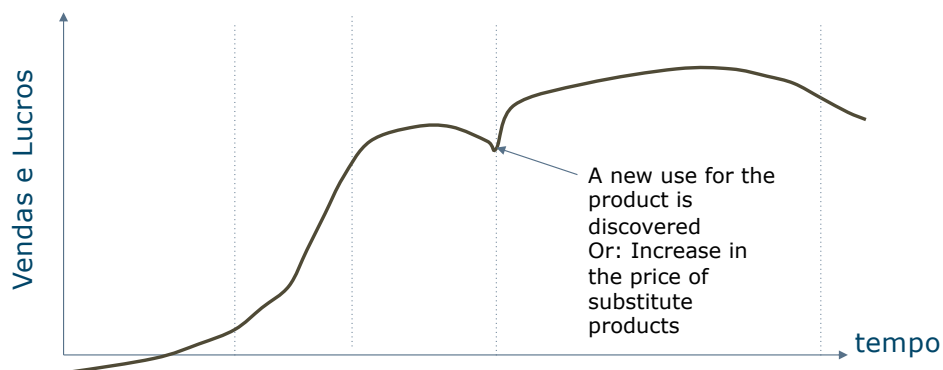
Product Life Cycle



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Estrategy: product life cycle

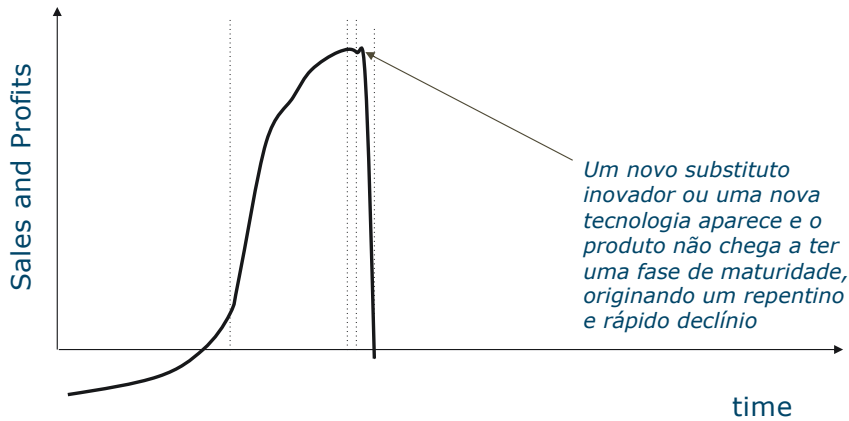
- **Criticisms and exceptions** – there are products with a different life cycle; events can take place that alter evolution – positively or negatively...



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Estrategy: product life cycle

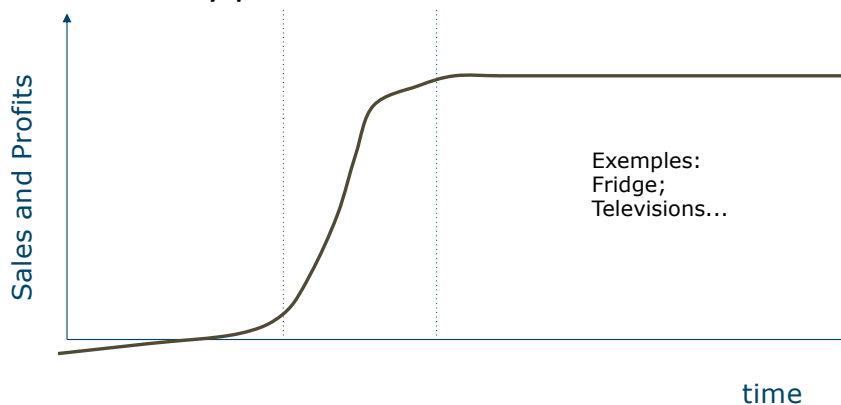
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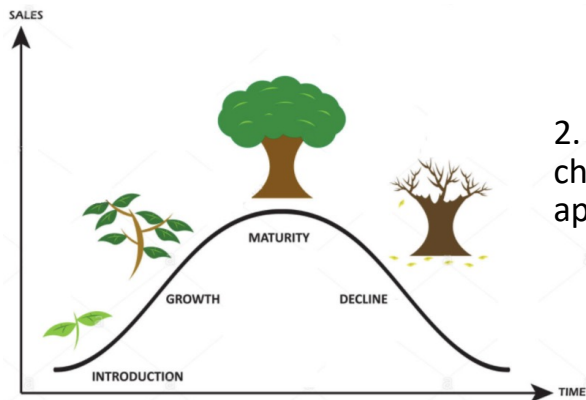
Estrategy: product life cycle

- **Criticisms and exceptions** – there are products with a life cycle with a different tempo; There are products with an extremely long maturity phase



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Strategic Implication of Product Life Cycle



1. The model signals the occurrence of opportunities and threats in the market, helping the company to change its objectives, its strategy and its marketing program

2. There is a strong correlation between market characteristics at each stage and the most appropriate marketing and investment strategy



Graphically represent the life cycle of each of the products below:

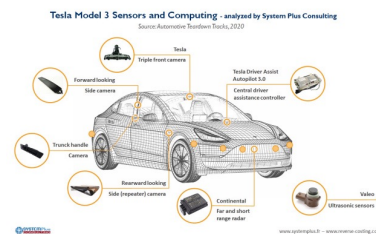
Exercise: Product life cycle

(5 min.)

1. Vinyl Disk



2. Tesla



3. Playstation



SWOT

The SWOT Matrix It is an instrument that allows an assessment of a company's competitive position according to 4 variables:

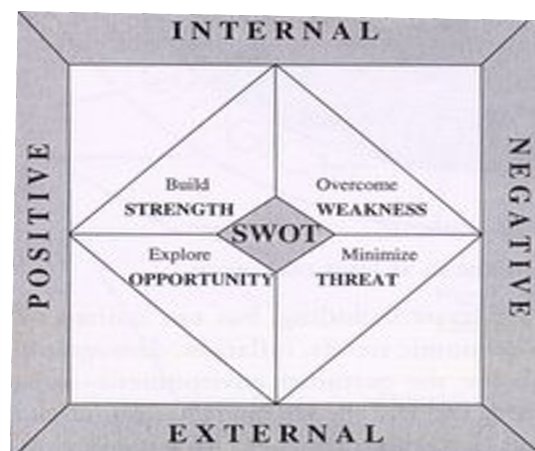
1. **Strengths** and 2. **Weaknesses** (of the organization – internal var.),
3. **Opportunities** and 4. **Threats** (from the surroundings – external var.).

It can be very useful for any organization, as it allows you to build, in a sustainable way, a guiding guide that supports the strategic decisions to be taken, in the present and in the future.

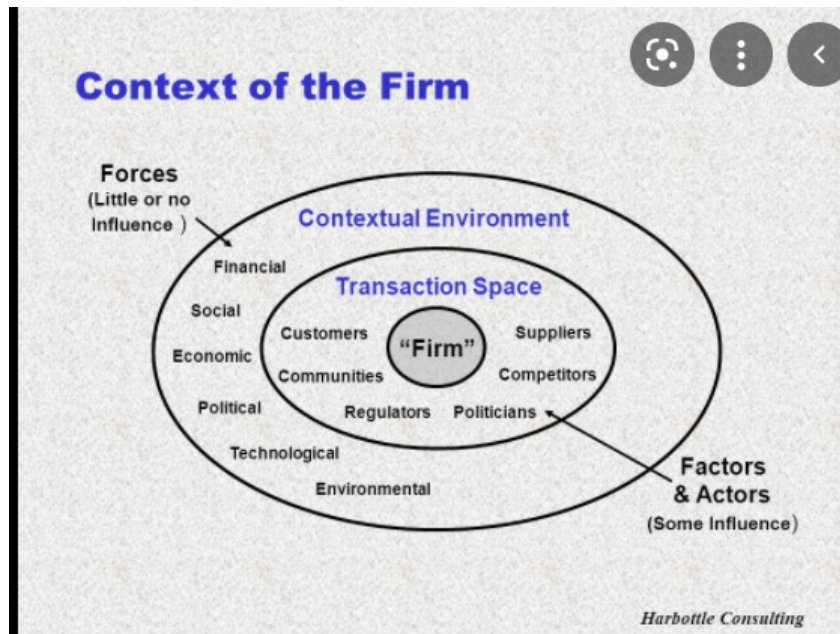
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SWOT

- **Opportunities and threats** are related to **the external environment**
- **Strengths and Weaknesses** are related to the company's present situation, so it is an **internal analysis**.



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Contextual Environment

- **Political-legal** – stability, labor and competition legislation, trade restrictions
- **Economic** – GDP, inflation, interest rate, exchange rate, unemployment rate
- **Socio-Cultural** – lifestyle, social values, demography, literacy
- **Technological** – technological and process innovation, patent protection, quality standards

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Transactional Environment

- **Customers** – current and potential
- **Competitors** – current and potential; substitute products
- **Suppliers** – sell goods or provide services to the final good/service industry/market; number
- **Community** – organizations, people and factors that share resources and have market/industry related interests

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Opportunities (Examples)

- *A new technology that can allow the company to improve its production*
- *New Regulation favorable to the company*
- *Reduction of Trade Barriers*
- *Changes in consumer preferences*
- *New uses for the product / New discoveries*
- *Competitors with difficulties that do not affect us*
- *Reduction of interest rates / financing costs*
- ...

Threats (Examples)

- *Tendency to increase the price of a raw material necessary for production*
- *New Regulation unfavorable to the company*
- *Increase in Trade Barriers (to our exports)*
- *Emergence of new international competitors with cost advantages due to fewer trade restrictions on imports*
- *Changes (negative) in consumer preferences*
- *New technologies that put the company's activity at risk (ex^o Graphics with the advent of color printing)*
- *Changes in exchange rates that are harmful to us*
- *Increase in interest rates / financing costs*
- ...

Internal Analysis

Objective analysis of the company. Helps to identify sources of competitive advantages as well as potential company-specific disadvantages; it is also useful for assessing a company's attractiveness as an investment target.

- *Production*
- *Raw Materials*
- *Transportation Costs*
- *Location (in comparison to market)*
- *Innovation and Technologies*
- *Human Resources*
- *Organization*
- *Marketing*
- *Finance ...*

Identify Strengths

Identify everything that the **company does well or better than others**, and that is under its control, that is, it can change, improve and improve at any time, as it is related to the internal part of the company (internal analysis).

Some questions to identify strengths:

What does the company and the team do well?

What features can be optimized and leveraged?

What do others think the company does best?

What advantages does the company offer?

Do you have good communication between sectors?

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Identify Weaknesses

Identify everything in which the company has difficulties, **has received complaints and can improve**, since it is related to the internal part of the company and can be controlled by it (internal analysis)

Some questions to identify weaknesses:

What can the company improve on?

Where do you have the least resources?

Do you have old/outdated practices?

Customers complain about which aspects of the company?

What do others think are your weaknesses?

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Strenghts (Examples)

Things that the company **does better than others** – which result in a competitive (or competitive) advantage over other companies.

- (Positive) Brand Image
- Intellectual Property (Patents...)
- Cost/Efficiency Advantages
- Qualified and quality human resources
- Low turnover
- Financial Resources / Access to Funding / Availability of Liquidity (Ex^o Apple has availabilities corresponding to a year's worth of operating costs)
- Privileged location (in terms of proximity to customers, proximity to the source of raw materials, etc.)

...

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Weakenesses (Examples)

- *Negative) Brand Image*
- *Bad reputation for Brand service*
- *End of life patents*
- *rising costs*
- *Low-skilled human resources*
- *Management disruptions*
- *High turnover (implies increased costs and decreased quality)*
- *Scarce Financial Resources*
- ...

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TOWS Matrix and Strategy Definition for a Company

1b. Internal Analysis 1a. External Analysis	Strengths (list)	weaknesses (list)
Opportunities (list)	Strategies SO	Strategies wO
threats (list)	Strategies St	Strategies wt

2. Define Strategies

SO – use Strengths to explore Opportunities
St – use Strengths to win over the threats
wO – in spite of weaknesses, explore opportunities
wt – in spite of weaknesses, win with the Strengths

3. Translate into tasks to be achieved

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SWOT Matrix (alternative way to represent it)



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SWOT/TOWS Analysis

Um Exemplo:

	Threats	Opportunities
Weaknesses 1. Seen as an unhealthy product. 2. Low Popularity in the Middle East. 3. Use of Fossil Fuels to make bottles.	1. Coca Cola can make a healthier product which is more appealing which will also help them with the threat of competition. 2. They can buy local products to help break into the Middle East market and also minimise exchange rates. 3. Coca Cola can build a more sustainable bottle that doesn't use Fossil Fuels and is also more recyclable to help with Global Warming.	1. Coca Cola need to make their product healthier so they can get a better image and also target the rising demand for healthier products. 2. They need to use the rise in technological advances so they can build a more sustainable bottle and not use Fossil Fuels. 3. They can try to target a different market in the Middle East. The growing population has opened a lot more markets everywhere and they can try to target a different one to become more popular in the middle east.
Strengths 1. Large market share. 2. Strong advertisement campaigns. 3. Customer Loyalty to the brand.	1. Coca Cola have a strong customer loyalty so they can afford to increase the cost of their product in order to tackle the different exchange rates. 2. Coca Cola have strong advertisement campaigns. If they come up with better and smarter ways to advertise then they can easy compete with other brands. 3. Coca Cola have a large market share. Because of this they can are more popular than other brands and they can try to make partnerships with other organisations and together try to battle Global Warming.	1. The rise in population has opened up more markets which Coca Cola can target to increase their market share. 2. They can take advantage to technological advances to create better advertisement campaigns. 3. They can make a healthier product to meet the demand for healthier products which in turn will also increase their customer loyalty.

Exercise:
Environment and
SWOT /TOWS
 (20 min):

For a solar panel manufacturer:

a) discuss the main elements of the contextual and transactional environment

b) Construct SWOT/TOWS, suggesting a strategy for each case: SO, WO, St e wt

Business Matrix

From the analysis of the environment and the company's competitive position, it is possible to build business matrices and point out strategies

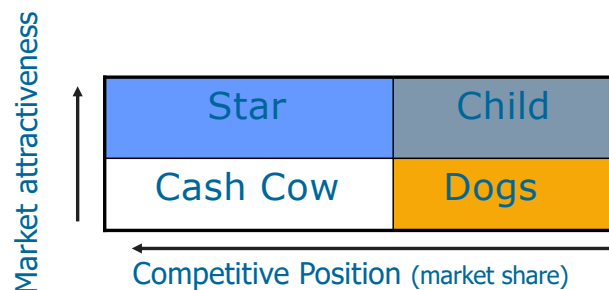
Two dimensions are relevant:

- **Competitive Position (of the firm) – market share**, firm dimension, growth, brand loyalty, technology,...
- **Market Attractiveness - Growth**, dimension, competition, rentability, technology, ...

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Business Matrix

- **Matriz de negócios BCG** (Boston Consulting Group)



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Business Matrix

- **Matriz General Electric-McKinsey&Company**

Market attractiveness	High	1	1	2
	Average	1	2	3
	Low	2	3	3
		High	Average	Low
		Competitive Position (market share)		

- ☐ Strategies: invest ■ pass from child to star (1)
- ☐ maintain or invest selectively (2)
- ☐ decrease investment (3)
- ☐;

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Ansoff Matrix

Business Matrix

(Product-Market Matrix -
Growth strategies)

	Current Products	New Products
Current Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

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