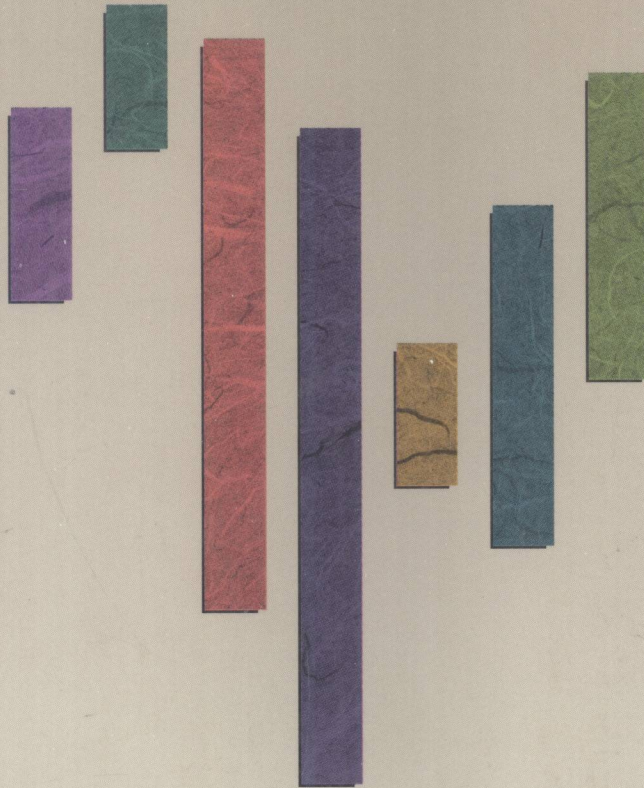


# Marketing Strategy

*Planning and Implementation*



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# Marketing Strategy

## *Planning and Implementation*

Orville C. Walker, Jr.

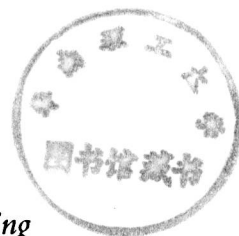
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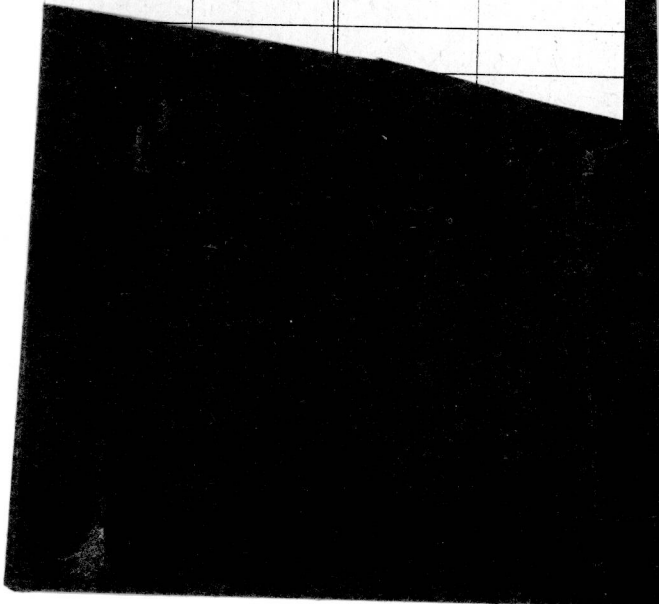
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# Preface

At the top of many executives' "things-to-do" lists for the 1990s is the objective of making their organizations more market-oriented, more tuned-in to customer needs and competitive threats, and quicker to respond to changing market conditions. The question is, How can that goal be achieved? Recent studies have concluded that the activities essential for achieving a market orientation are too important and pervasive to be left solely to marketers. Employees in every functional area must be trained and motivated to pay attention to and direct their efforts toward satisfying customer needs and desires.<sup>1</sup> A director of the Marketing Science Institute recently reinforced this broad view of the importance and scope of marketing activities by predicting that marketing as a stand-alone function will become extremely rare in the typical organization of the future. Instead, marketing—in the sense of doing what is necessary to serve and satisfy customers—will become everybody's business, at least within those organizations that survive and prosper in an increasingly competitive climate.<sup>2</sup>

Of course, even when the day-to-day responsibility for marketing activities is diffused across employees in every part of the organization, someone still has to plan, coordinate, and control those activities for each product or service the firm offers the market. Someone must devise a marketing strategy aimed at providing value to customers and gaining an advantage over competitors, and someone must ensure that the various functional activities necessary to implement that strategy are effectively carried out. That "someone" might be a traditional product or marketing manager, a vice president of marketing, a general manager of a business unit, or even a team of managers

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<sup>1</sup> For example, see Ajay K. Kohli and Bernard J. Jaworski, "Market Orientation: The Construct, Research Propositions, and Managerial Implications," *Journal of Marketing*, April 1990, pp. 1-14.

<sup>2</sup> Frederick E. Webster, Jr., "It's 1990—Do You Know Where Your Marketing Is?" MSI White Paper (Cambridge, Mass.: Marketing Science Institute, April 14, 1989).



drawn from a variety of functional areas. Regardless of who bears the responsibility, that process of formulating and managing the marketing strategy for a given market entry is the central focus of this book.

It is also important to recognize, however, that marketing strategies are not formulated or implemented in a vacuum. Most organizations have corporate and business-level strategies that establish guidelines concerning objectives to be attained, directions for future growth, and how the organization will compete and seek to gain a sustainable advantage in the marketplace. These guidelines impose constraints on the range of marketing strategies a marketing manager can pursue within the larger strategic context of his or her organization. But, on the other hand, marketing managers are also uniquely positioned to provide information and insights for the development of corporate and business strategies because they straddle the boundary between the external environment and the inner-workings of the firm. Thus, as organizations strive to become more customer-oriented and face ever more hostile and rapidly changing competitive environments, the marketer's role in strategy formulation is likely to increase.

Similarly, while marketing managers play a crucial role in translating the firm's broad objectives into strategic marketing programs designed to win customer acceptance and competitive advantage in specific markets, they do not implement those programs by themselves. Effective execution requires cooperative and coordinated efforts across many functional areas. Thus, the range of viable marketing strategies available to a manager is constrained by the resources and functional competencies available within his or her organization. And the successful implementation of a chosen strategy depends on the marketer's ability to win the cooperation and support of people in other functional areas.

## WHY WE WROTE THIS BOOK

As the above discussion suggests, the process of formulating and implementing marketing strategy is intimately linked with strategic decisions made at higher organizational levels and with the operational decisions and actions taken in a variety of functional departments. It is these internal linkages—together with their direct links to the external market and competitive environment—that make the management of strategic marketing programs such a challenging and interesting endeavor.

Unfortunately, most of the existing marketing management and strategy textbooks do not provide a very complete picture of the complexities involved in managing marketing strategies. Some examine strategic decisions that are made at the corporate or business level but devote relatively little attention to how those decisions might best be translated into strategic marketing programs for individual products or services. Others tend to treat marketing management as a stand-alone business function. While they do a good job of describing the concepts, analytical tools, and planning techniques that are useful for formulating marketing strategies, they pay only scant at-

tention to the web of internal strategic and operational relationships that surround that formulation process. Consequently, our major motivation for writing this book was a desire to provide a broader, more complete and realistic view of marketing's strategic and operational roles and relationships within today's organizations.

### **A focus on the strategic planning process**

As a basis for understanding the strategic role of marketing, one must first understand *how* strategies are formulated: the planning processes and the analytical tools and techniques managers might use when developing strategies. Thus, this book is structured around the analytical and decision-making processes involved in formulating, implementing, and controlling a strategic marketing program for a given product-market entry. It includes discussions of customer, competitor, and environmental analysis; market segmentation and targeting; competitive positioning; implementation; and control. Because we assume that the reader is already familiar with many of the concepts and analytical tools relevant to these topics, however, we go beyond a simple review of definitions and procedures to examine strategic implications. In our discussion of positioning decisions in Chapter 7, for instance, we not only review the techniques a manager might use to analyze a product's competitive position in the marketplace, we also discuss various positioning strategies and the conditions under which each is likely to be most appropriate.

### **A unique focus on strategic and interfunctional relationships**

This book differs from other marketing management and strategy texts in that it examines in detail how marketing interacts with other levels of strategy and with other functional departments within an organization. Specifically, it includes an examination of three sets of relationships that are given little or no attention in other texts.

1. *The relationships between corporate, business-level, and marketing strategies.* As mentioned, managers responsible for developing and implementing marketing strategies for specific products and target markets are also uniquely qualified to provide insights and information needed to formulate competitive strategies at the business and corporate levels of the organization. And as organizations strive to become more customer-oriented, the marketing manager's role in strategic planning is likely to increase. At the same time, those higher-level strategic decisions often impose guidelines and constraints on the marketing manager's freedom of action when designing marketing strategies and programs for individual products or services.

This book examines this complex set of relationships between the different levels of strategy in several ways. First, Chapter 1 presents a general discussion of the hierarchy of strategies found in most multiproduct organizations, their interrelationships, and the marketer's role in helping to



formulate strategies at different organizational levels. Chapter 3 provides a more specific, and unique, discussion of business-level competitive strategies and their implications for marketing strategies and actions appropriate for individual products or services within the business unit. Finally, each of the chapters discussing alternative strategic marketing programs appropriate for specific market conditions (Chapter 8–11) examines how those programs should fit the firm's higher-level strategies.

2. *Relationships between the content of marketing strategies and the strategic environment.* Most texts talk in general terms about how the marketing strategy for a given product or service should fit the characteristics of the market and competitive environment. But they usually do not provide much detail concerning the specific kinds of strategic marketing programs that are best suited to different environmental contexts. Nor do they discuss the specific tactical decisions and actions necessary to effectively carry out each strategy.

In contrast, this book provides an entire section of four chapters that discuss the marketing strategies and tactics best suited to specific environmental situations. Those situations are defined both in terms of market characteristics as defined by the stage in the product life cycle and by the product's relative competitive position. Thus, Chapter 8 discusses marketing strategies for new-market entries. Chapter 9 examines strategies for growth markets, both share-maintenance strategies for market leaders and growth strategies for low-share followers. Strategies for mature and declining markets are described in Chapter 10. Finally, global marketing strategies are detailed in Chapter 11.

3. *Relationships between marketing and other functional areas.* A marketing manager's ability to effectively implement a strategic marketing program depends in large measure on the cooperation and competence of other functional areas within the organization. Consequently, we devote substantial attention to the interfunctional implications of specific marketing strategies. Each of the marketing strategies appropriate for the particular circumstances described in Chapters 8 through 11 are also examined in terms of the requirements they impose on other functional departments such as product and process R&D, production, quality control, logistics, and finance. In addition, Chapter 12 provides an overview of the functional competencies required to effectively implement different competitive and marketing strategies. It also discusses organizational mechanisms appropriate for coordinating efforts and resolving conflicts across functional areas.

## THE TARGET AUDIENCE FOR THIS BOOK

Most MBA programs offer at least one course on marketing strategy. While they carry many different names—such as “Marketing Policy,” “Strategic Marketing,” or “Advanced Marketing Management”—they are usually positioned as capstone courses whose primary purpose is to help students inte-

grate what they have learned about the analytical tools and the 4 Ps of marketing within a broader framework of competitive strategy. Thus, such courses are often required of all marketing majors toward the end of their academic programs. And similar capstone courses are usually either required or offered as electives in many of the better undergraduate marketing programs as well. We designed this book primarily to serve the needs of students in these kinds of courses.

## **FEATURES APPROPRIATE FOR A CAPSTONE MARKETING STRATEGY COURSE**

We think this book's organization structure and its unique content makes it particularly well suited for use in integrative, capstone courses at either the graduate or advanced undergraduate level. Some particularly relevant features include the following.

- Because the book is organized around the analytical and decision-making processes involved in formulating and implementing marketing strategies, it provides the opportunity for students to review and integrate many of the concepts and techniques they encountered in earlier courses. But rather than simply rehash basic definitions and descriptions, this text emphasizes the strategic implications of such topics as market segmentation, competitor analysis, target market selection, and positioning.
- On the other hand, this text gives substantial coverage to a few technical topics that are often not covered in much detail in other marketing courses, such as secondary sources of competitive and market intelligence, the techniques of value-based planning, and the contents of an annual strategic marketing plan. However, to preserve the text's readability and provide instructors with greater flexibility in adapting the book to their individual course outlines, these topics are dealt with in separate appendices at the end of the relevant text chapters.
- The book also provides a sound review of the tactical elements—the 4 Ps—of marketing. But rather than forcing students to wade through yet another set of chapters on product, pricing, promotion, and distribution decisions, each of these program elements is discussed within the context of a variety of alternative marketing strategies, the objectives they are designed to accomplish, and the situations where their use is most appropriate.
- This book pays a great deal of attention to the role of marketing managers in the formulation and implementation of higher-level strategies within the firm and to the influences and constraints those higher-level strategies subsequently impose on the range of marketing actions appropriate for individual products or services. This helps students more fully understand and appreciate the linkages and interactions among an organization's corporate, business, and marketing strategies.

- We also provide unusually extensive discussions of the various functional competencies and resources required by different types of marketing strategies and the kinds of interfunctional coordination necessary to implement those strategies effectively. Thus, this book provides a good framework for reviewing and integrating the material that students have been exposed to in courses in other functional areas as well as in previous marketing courses.
- The ultimate objective of any capstone course is to prepare students to make a smooth transition from their academic program into the business world. All of the above features should help prepare students to better understand and deal with the kinds of activities and decisions they will soon face on the job. But in addition, we have attempted to write the book in a way that reflects both the excitement and the practical realities of marketing management as it happens in a variety of real world settings. The book incorporates hundreds of up-to-date examples that demonstrate marketing strategies and practices as they are applied to industrial as well as consumer products, services as well as goods, not-for-profit organizations as well as business firms, and foreign as well as domestic markets. And to further enhance student interest and understanding, every chapter begins with a mini-case example that serves to introduce and illustrate the major concepts or strategies discussed in that chapter. These introductory examples are referred to at appropriate places throughout each chapter to further help the student see the relationships among concepts and their relevance to real problems.

## **FEATURES APPROPRIATE FOR DIFFERENT TEACHING APPROACHES**

Capstone courses dealing with marketing strategy not only parade under a variety of different titles, they are also taught in a variety of different ways. Consequently, this book and its package of supporting materials were designed to fit a variety of teaching approaches. While we have tried to avoid excessive repetition and thereby keep the book relatively short and succinct, instructors who prefer a lecture-discussion approach will find ample material for either a quarter or semester course. For those who prefer case-oriented instruction, the book provides a solid foundation of concepts, techniques, and examples to prepare students for more effective case analysis and discussion. Many other features of the book and its supporting materials are designed to stimulate student interest and involvement and to facilitate the instructor's teaching performance, regardless of the chosen pedagogical approach. These features include:

- A computerized simulation case (the SAMAR case) has been developed to integrate a number of strategic issues involved in deciding how to allocate marketing resources among a portfolio of both existing and potential new products within a business. It provides an appropriate way

to expose students to the dynamics of resource allocation problems in a simulation context in which they can manage a firm over a period of time, analyze situations, make decisions, receive rapid feedback, and adjust their strategies. It also gives the instructor the opportunity to expose students to an integrative simulation without devoting as large a proportion of the total course to the exercise as many more extensive simulation games require. SAMAR can be used as a team project outside the class or as a part of the course requiring only one to three class sessions. The teaching note in the Instructor's Manual suggests a variety of ways SAMAR can be integrated with material in various parts of the text and with different course outlines, including those for executive courses.

- For those who prefer to incorporate a more extensive simulation game—either in addition to or instead of the SAMAR case—within their course, the Instructor's Manual includes suggestions from Jean-Claude Larréché, a coauthor of both MARKSTRAT and INDUSTRAT, concerning how those simulations can best be integrated with material in the text.
- While no cases other than SAMAR are included in the text, the Instructor's Manual includes a detailed annotated bibliography of more than 280 domestic and global marketing cases from a variety of published sources. Each case summary is keyed to appropriate topics and chapters within the text.
- The Instructor's Manual also includes a set of discussion questions geared to the material covered in each chapter. These questions are designed to provide a vehicle for meaningful student exercises or class discussions. Rather than being simple review questions that ask students to regurgitate answers found in the chapter, these questions are more application-oriented and often take the form of mini-cases that reflect actual company problems.
- The Instructor's Manual also includes a list of additional readings from a variety of up-to-date sources that illustrate or expand upon major topics in each chapter of the text.
- Finally, a set of overhead transparencies that reproduce, and in some cases expand upon, important exhibits found in the text is available to adopters.

## ACKNOWLEDGMENTS

A book like this is never solely the work of the authors whose names appear on the cover. Instead, many people aided and abetted this enterprise, and we gratefully acknowledge their contributions.

First, we thank our faculty colleagues in our respective schools for their wise counsel and advice. We are also grateful to our friends in industry. Our conversations with them over the years, both informally and within various executive programs, have contributed much to our understanding of how

marketing strategy works in the real world and have produced many of the most interesting examples in this book.

In a concerted effort to practice what we marketing academicians constantly preach, we have tried to be customer-oriented and to write a book that is responsive to the needs of both instructors and students. Consequently, we offer special thanks to our many undergraduate, graduate, and executive program students for their patience in serving as guinea pigs during the classroom testing of parts of this book at various stages of its development. Their constructive criticism and useful suggestions helped make this a better book. Similarly we greatly appreciate the work of the following colleagues who provided detailed and constructive reviews of this manuscript.

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We also thank the staff at Richard D. Irwin, Inc. for their unmatched skill at turning a rough manuscript into an attractive and readable book. In particular, Eleanore Snow, our Developmental Editor, has once again earned our heartfelt appreciation. In our view, Eleanore’s name should appear above the title (“Eleanore Snow Presents . . .”) much as the names of Cecil B. DeMille, Howard Hawks, and other great Hollywood producer-directors appeared in their films. Like them, Eleanore played a crucial and pervasive role in shaping the final product. Her insightful suggestions contributed greatly to both the form and substance of the book, her administrative skills were crucial for maintaining some degree of coordination among three rather willful and geographically dispersed authors, and her consummate skill at wielding an iron fist cloaked in a soft velvet glove was solely responsible for bringing the project to a timely conclusion.

Finally, because each of our lives has been touched and enriched by different people, we each dedicate this book to individuals who hold special

**Orville C. Walker, Jr.**  
**Harper W. Boyd, Jr.**  
**Jean-Claude Larréché**



# Contents in Brief

## SECTION ONE

### **INTRODUCTION TO STRATEGY**

- 1 The strategic role of marketing 3
- 2 Corporate strategy decisions 33
- 3 Business strategies and their marketing implications 70

## SECTION TWO

### **OPPORTUNITY ANALYSIS**

- 4 Environmental analysis 111
- 5 Industry dynamics and strategic change 141
- 6 Market targeting 172
- 7 Positioning decisions 201

## SECTION THREE

### **FORMULATING MARKETING STRATEGIES**

- 8 Marketing strategies for new-market entries 231
- 9 Strategies for growth markets 259
- 10 Strategies for mature and declining markets 294
- 11 International marketing strategy 335

## SECTION FOUR

### **IMPLEMENTATION AND CONTROL**

- 12 Implementing business and marketing strategies 367
- 13 Controlling marketing strategies and programs 404

**EPIL OG** Card wars: Competition heats up in the credit-card industry 434

APPENDIX Major sources of competitive  
intelligence and the marketplace 439

SECTION FIVE

**THE SAMAR CASE**

SAMAR: Strategic allocation of marketing resources 469

Index 493

# Contents

## SECTION ONE

### INTRODUCTION TO STRATEGY

#### 1 The strategic role of marketing 3

American Express: Service that sells 3

Multiple levels of strategy: Different issues at different levels 7

*Strategy: a definition*

*The components of strategy*

*The hierarchy of strategies*

Strategic planning systems 14

*The value of formal planning systems*

*Evolution of planning systems*

*Characteristics of effective planning systems*

The role of marketing in formulating and implementing strategies 20

*Factors that mediate marketing's role in strategic planning*

*The growing importance of a market orientation for future success*

The process of formulating and implementing marketing strategy 27

*Interrelationships among different levels of strategy*

*Market opportunity analysis*

*Formulating strategies for specific market situations*

*Implementation and control*

#### 2 Corporate strategy decisions 33

Borden, Inc.: Remaking Elsie 33

Strategic decisions at the corporate level 36

Corporate scope: Defining the firm's mission and intent 37

*Factors that influence the corporate mission*

*Dimensions for defining the corporate mission*

*Strategic intent or vision: a motivational view of corporate mission*