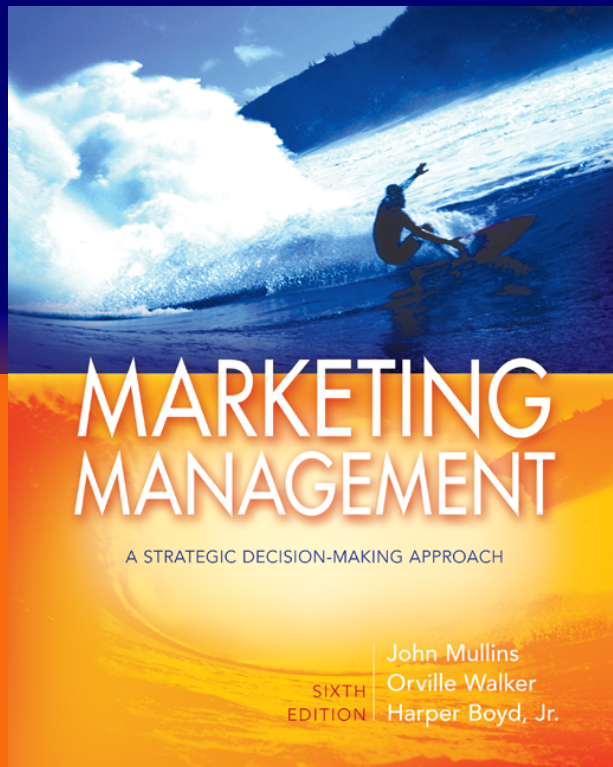


Chapter 2 Themes for Class Discussion



The Marketing Implications of Corporate and Business Strategies

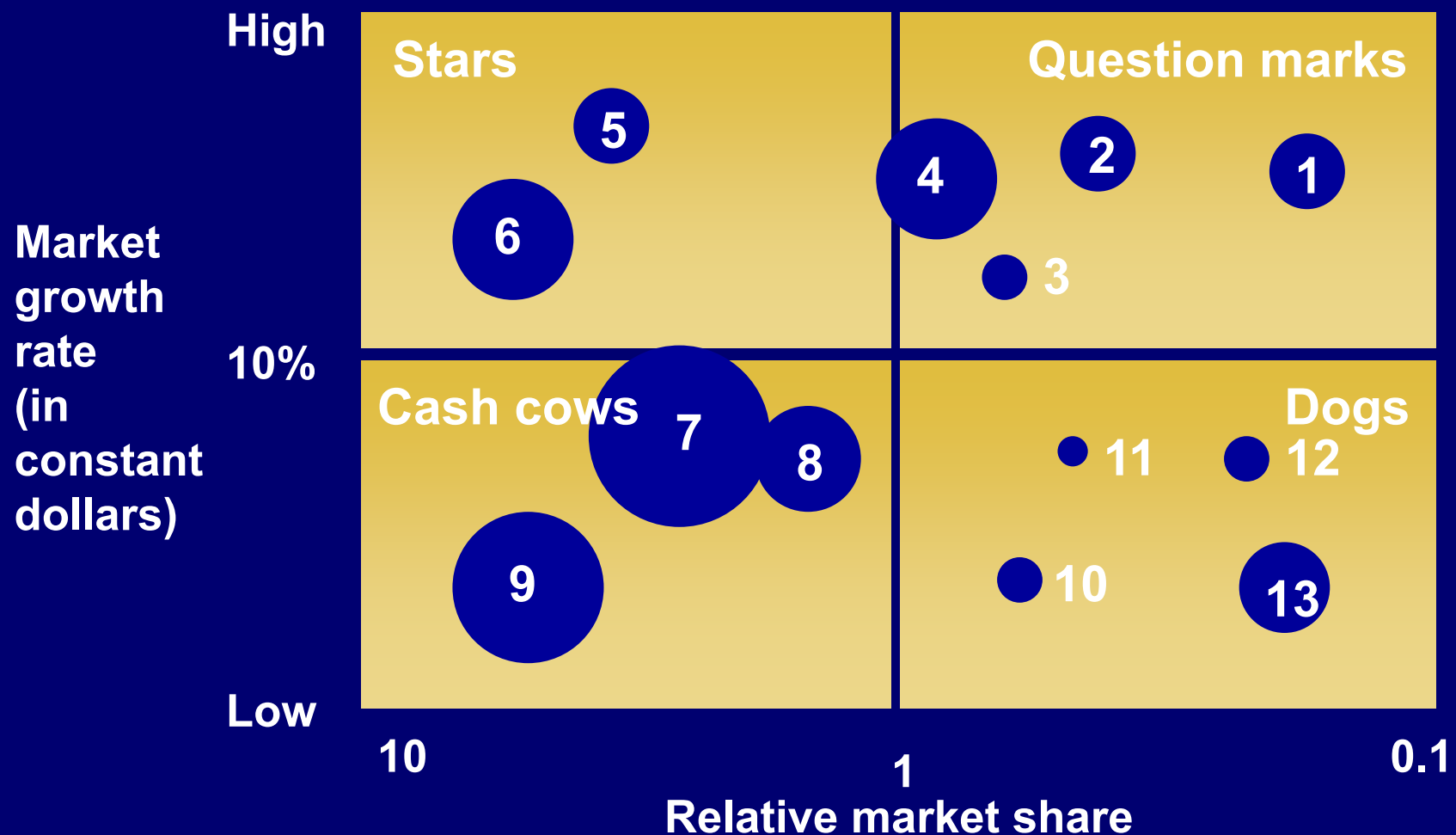
What does *strategy* mean?

- A fundamental pattern of present and planned objectives, resource deployments, and interactions of an organization with markets, competitors, and other environmental factors.

Corporate Growth Strategies (Exhibit 2.9)

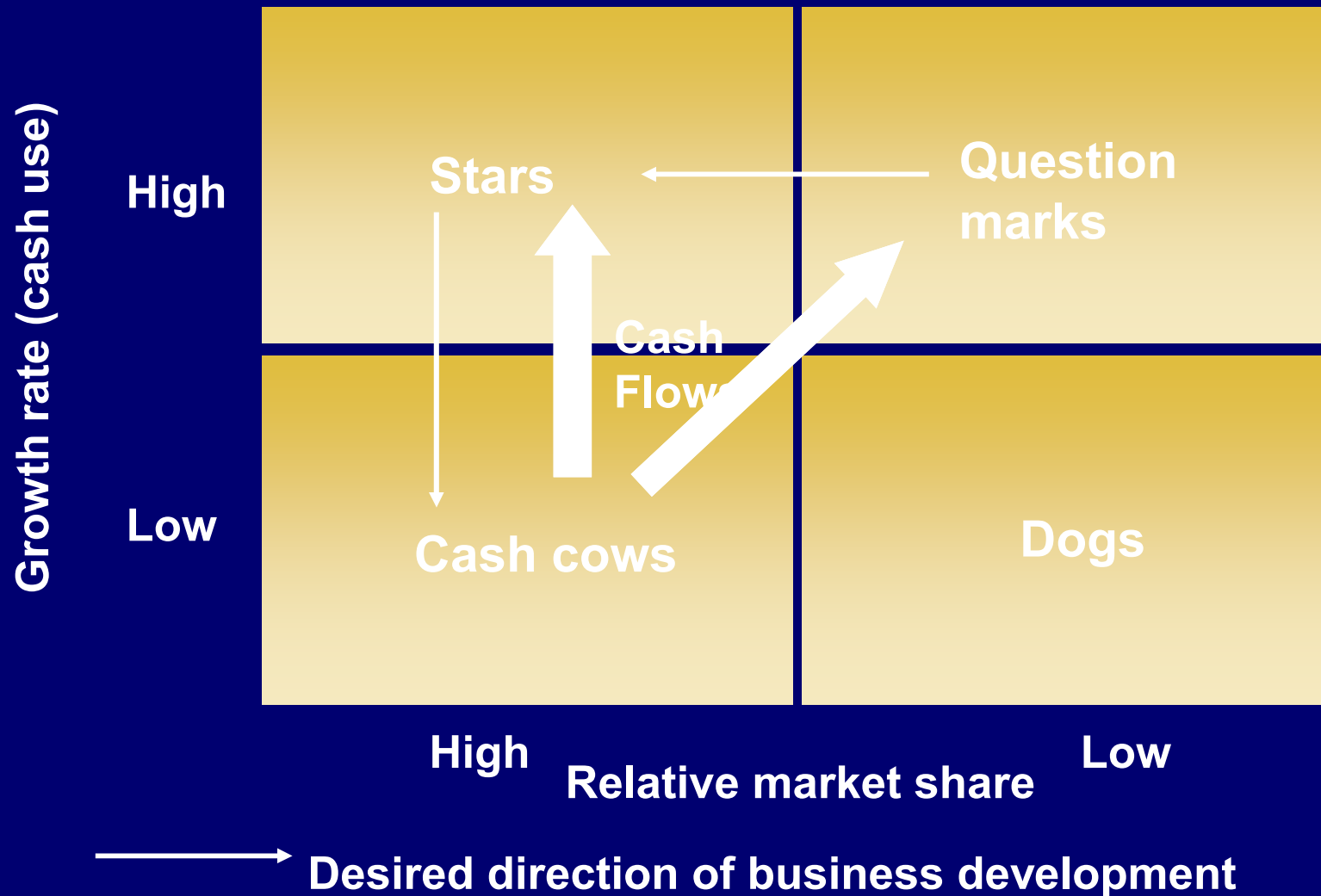
| | | Current products | New products |
|--------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Current markets | | Market penetration strategies <ul style="list-style-type: none"> • Increase market share • Increase product usage <ul style="list-style-type: none"> Increase frequency of use Increase quantity used New applications | Product development strategies <ul style="list-style-type: none"> • Product improvements • Product-line extensions • New products for same market |
| | | Market development strategies <ul style="list-style-type: none"> • Expand markets for existing products <ul style="list-style-type: none"> Geographic expansion Target new segments | Diversification strategies <ul style="list-style-type: none"> • Vertical integration <ul style="list-style-type: none"> Forward/backward integration • Diversification into related bus (concentric diversification) • Diversification into unrelated businesses (conglomerate diversification) |

Allocating Corporate Resources: The BCG Growth Share Matrix (Exhibit 2.10)



Cash Flows Across Businesses in the BCG Portfolio Model

(Exhibit 2.11)



Tools for Allocating Resources in Diversified Companies: The GE Nine-Cell Matrix

| | | Industry attractiveness | | |
|---------------------------------|--------|-------------------------|--------|-----|
| | | High | Medium | Low |
| Business's competitive position | High | 1 | 1 | 2 |
| | Medium | 1 | 2 | 3 |
| | Low | 2 | 3 | 3 |

1 Invest/grow

2 Selective investment/ maintain position

3 Harvest/divest

Sources of Competitive Advantage at Corporate Level

- Financial resources
- Human resources
- Corporate R&D
- Organisational processes

Synergy

- Knowledge-based
- Corporate identity and corporate brand