





Corporate Objectives examples

marketing: to achieve a 15% average sales growth over the next 5 years

Finance: to achieve after-tax ROI growth of 8% for the next 3 years

Accounting/manufacturing : to reduce manufacturing costs 3% per year over the next 3 year

Engineering/manufacturing : to reduce product returns rate by 20% within the next 3 years

Marketing/service/manufacturing/operations: to increase customer satisfaction ratings by 30% within 2 years

Strategy 1-5



Corporate Strategy II

. In formulating its strategy, the firm defines the areas it is targeting for growth,

the level and focus of its R&D effort, and

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how it intends to commit its resources over the long term to meet its corporate objectives.

The firm's strategy will include the details about product innovation, markets to serve, personnel, R&D, and corporate image.

Strategy 1-7

Corporate Strategy Example

IBM might decide to serve business and home users with its personal computers, and

McDonald's might decide to enhance its corporate image as the preeminent family restaurant chain.

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Strategy 1-10







Section II

- The marketing strategy core:
- c. Segmentation & positioning analysis
- (identifying market segments and the benefits they seek)

d. **Opportunity** analysis (linking the benefits the segments seek with business strengths and weaknesses)

e. <u>Synergy analysis</u> (the positive and negative synergism in advertising, distribution, manufacturing, etc., among products, segments, and marketing-mix components)

f. <u>Functional requirement analysis</u> (specification of what products, services, and support each segment requires and the company's ability to satisfy those requirements)

g. <u>Portfolio analysis</u>, the analytical core of the process (an integrated view of the strategic process, both for existing and new business)

Strategy 1–13

Section III

The **objective** and **strategy generation** and **evaluation** process:

- h. Generation of objectives and strategies
- i. Evaluation of objectives and strategies
- j. Implementation, monitoring, and program control

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Strategy 1–18

Definition of the level of the market

potential market
available market
qualified available market
served or target market
penetrated market

Strategy 1–15



Available market

the set of all customers

who have not only interest

but <u>sufficient income and access</u> to the product or service.

We can determine the available market by

linking the potential market to demographic and distribution data.

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Qualified available market

the set of customers who pass the availability screen and who are qualified to buy.

For example,

for **beer** the **qualified market** might be that part of the available market that is **20 years old or over**, i.e., **legal drinkers**.



Strategy 1-19

Penetrated market

the set of all customers who have already bought the product or service.

For the beer example the penetrated market is **all buyers of all brands of beer** in the **served markets**.

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Strategy 1–24

Jury of executive opinion I

A common judgment's approach is to **combine** the **views** of **key stakeholders** in hopes of gaining a sounder forecast than might be made by a **single estimator**.

Those stakeholders may be

company executives but may also include dealers, distributors, suppliers, marketing consultants, and professional associations.

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Jury of executive opinion II

The main problems with using juries of executives are

(1) a tendency to give **too much weight**

to their opinions,

- (2) the need to infringe on executives' time, and
- (3) **deciding how to weight** the individual forecasts to get a consensus.

(Armstrong (1985) provides some useful guidelines on how to solve these problems.)

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Delphi methods

for medium- or long-term forecasting.

A method of forecasting that relies on repeated measurement and controlled feedback among those participating along the following lines:

(1) Each individual prepares a forecast

(2) The forecasts are collected

(3) The summary is distributed each person who

prepared a forecast

(4) Those participating in the process are asked to study the summary and submit a revised fore cast

The process is repeated until the forecasts converge. Strategy 1-27

Market and product analysis

Buying intentionsMarket tests

Strategy 1-28

Buying intentions for forecasting sales

Ideally the firm draws up a **probability sample** of potential buyers and asks each buyer

•how much of a product he or she will buy in a given future time period under stated conditions.

•to state **what proportion** of their total **projected purchases** they will buy from a **particular firm**

*at least **what factors** would influence their **choice of supplier**.

With this information the firm seems to have an ideal basis for.

Strategy 1–29



Market tests

A direct market test is especially desirable for forecasting the sales of a new product or the likely sales of an established product in

a new distribution channel or a new territory.

□When a firm wants a **short-run forecast** of likely buyer response, a **small-scale market test** is usually a **good solution**.

Strategy 1-31



What Is An Artificial Neural Network?
An artificial neural network is a general response model that relates inputs (eg, advertising) to outputs (eg, product awareness).
A neural net attempts to mimic how the human brain processes input information and consists of a richly interlinked set of simple processing mechanisms (nodes).

Strategy 1-34

Naive methods

□ The **simplest** one is **to use the most recently observed** value as a forecast (a naive forecast is equivalent to giving a **weight of one** to **the most recent observation** and **zero** to **all other observations**.

Other methods may modify this procedure

by adjusting for seasonal fluctuations.

□Freehand projection, which is a visual exploration of a plot of time-series observations. This method is **quick** and **cheap**, but of **low accuracy**.

Semi-average projection, in which the analyst divides a time series in half, calculates averages for each half, and draws a line connecting the average points.

Strategy 1-33

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