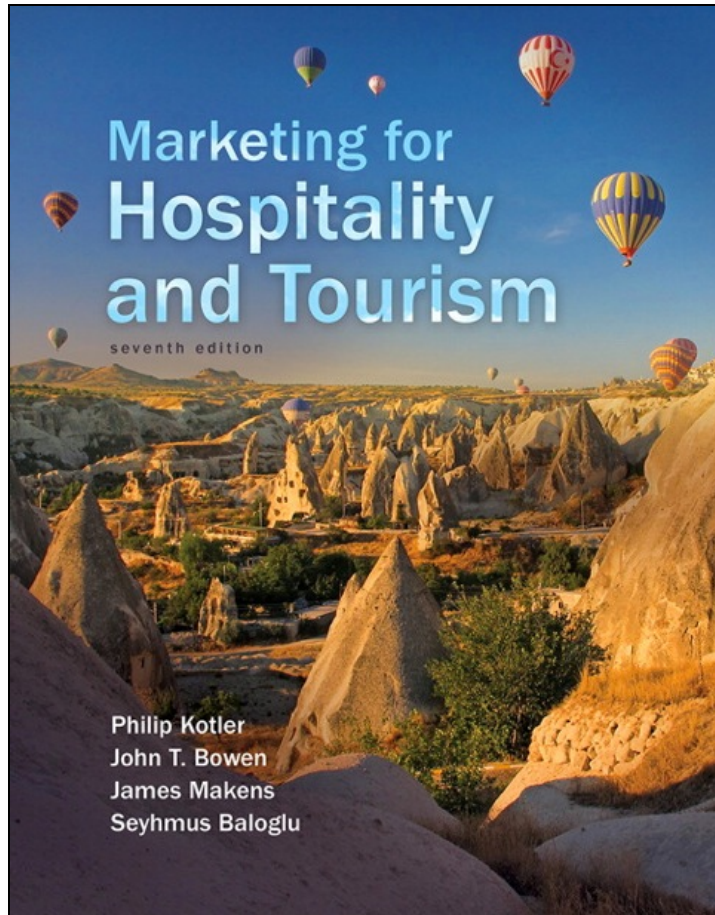


Marketing for Hospitality and Tourism

Seventh Edition



CHAPTER 3

The Role of Marketing in Strategic Planning

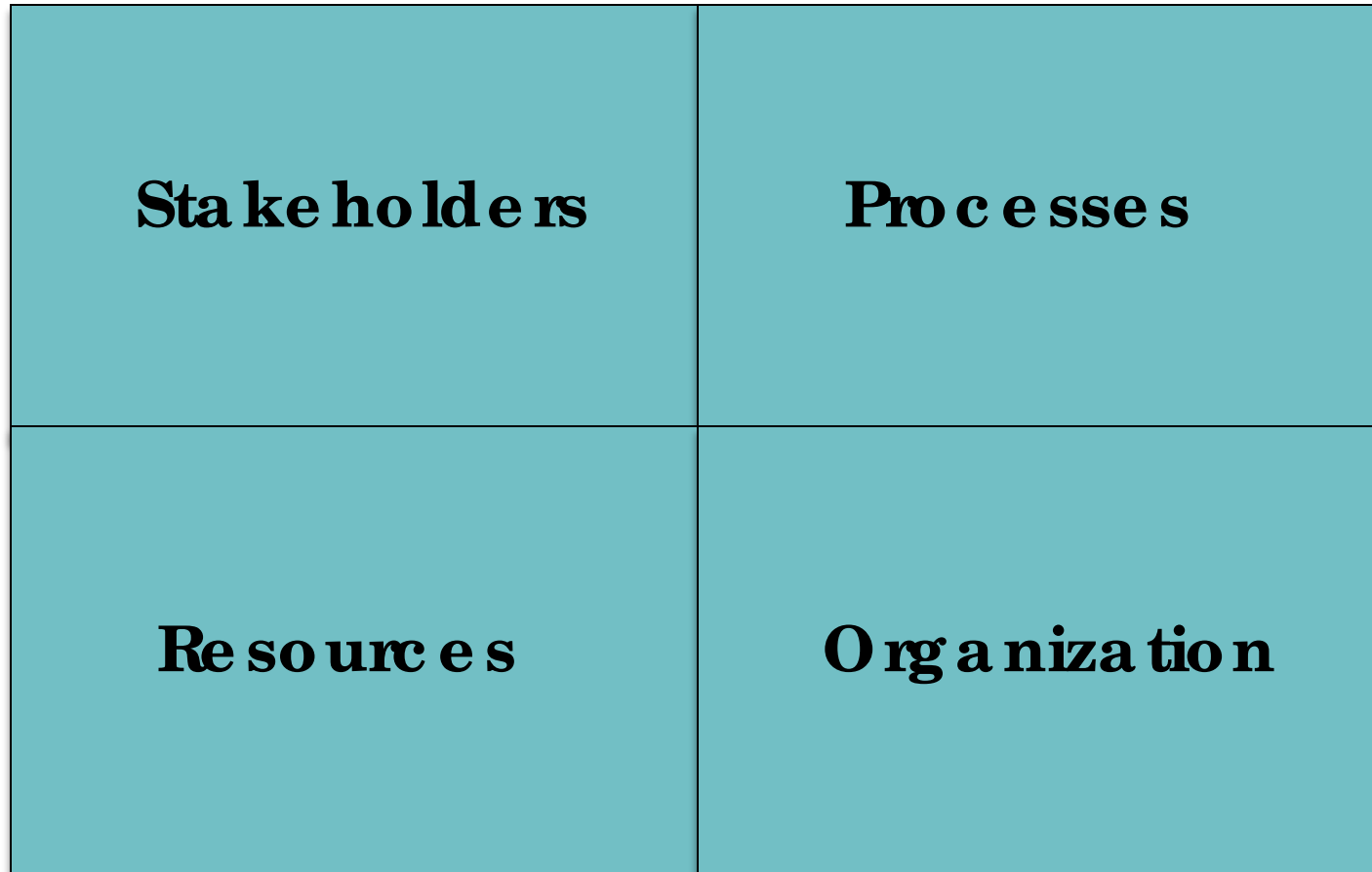
Learning Objectives

1. Explain company-wide strategic planning.
2. Understand the concepts of stakeholders, processes, resources, and organization as they relate to a high-performing business.
3. Explain the four planning activities of corporate strategic planning.

Learning Objectives (cont.)

4. Understand the processes involved in defining a company's mission and setting goals and objectives.
5. Discuss how to design business portfolios and growth strategies.
6. Explain the steps involved in the business strategy planning process.

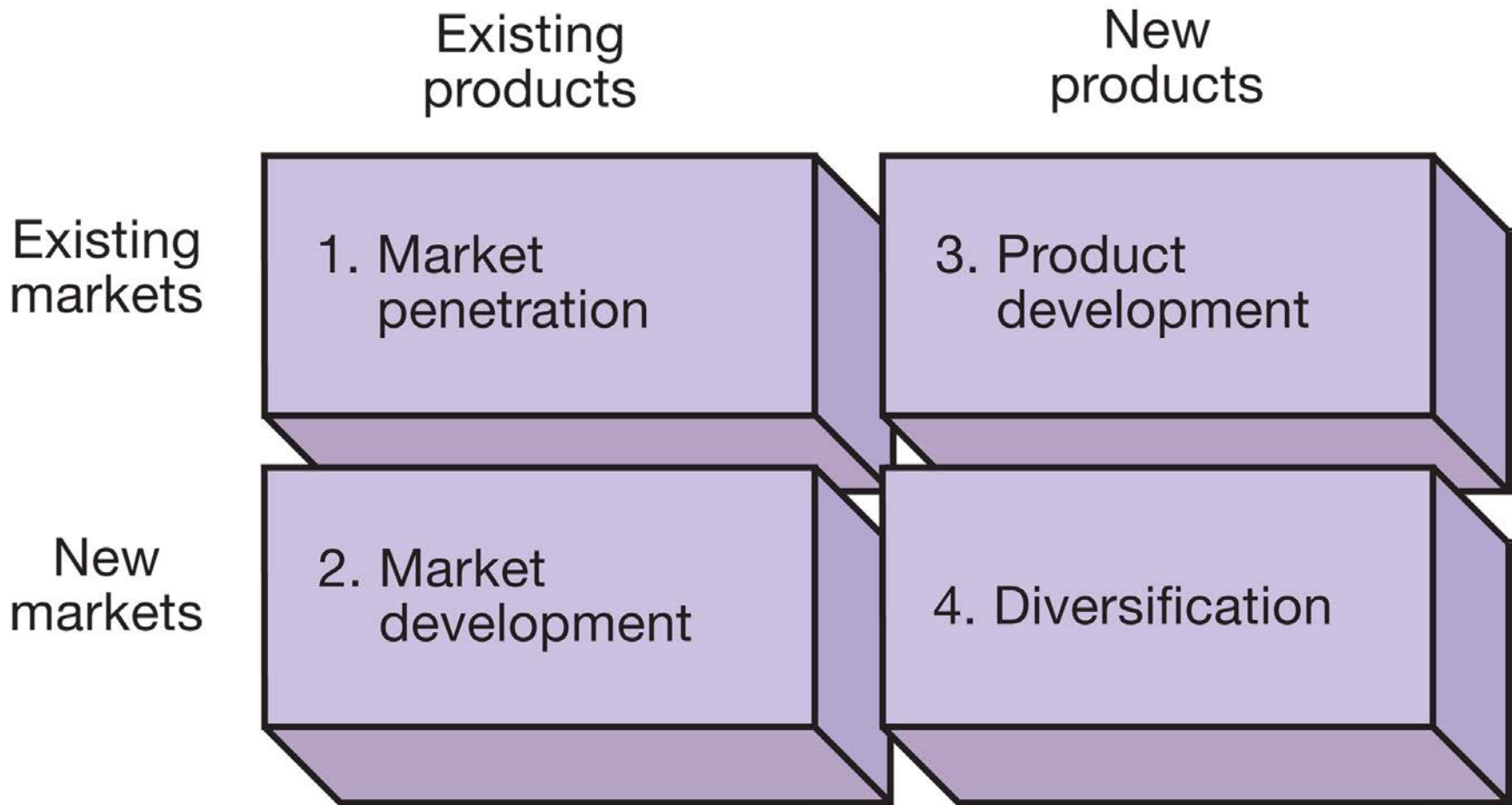
Characteristics of a High-Performance Business



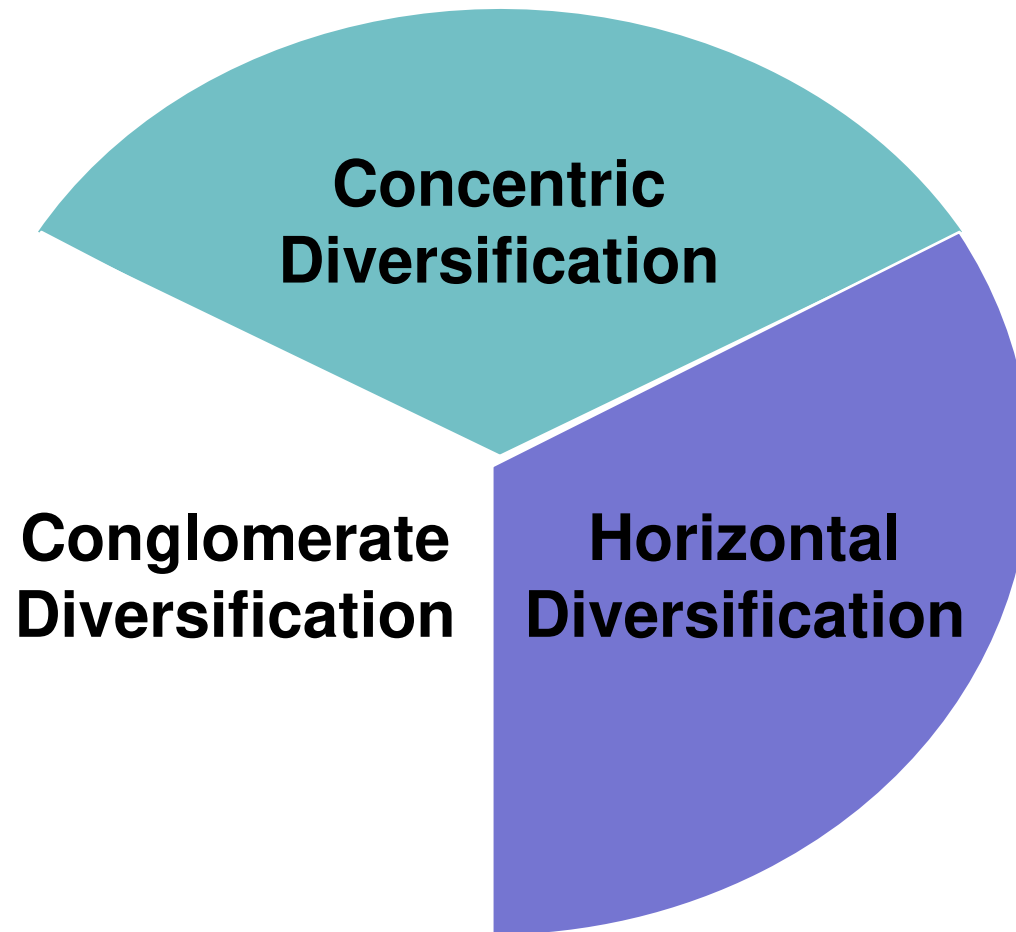
Defining the Corporate Mission

- A hospitality organization exists to accomplish something.
- According to Peter Drucker, ask:
 - What is our business?
 - Who is the customer?
 - What do customers value?
 - What should our business be?

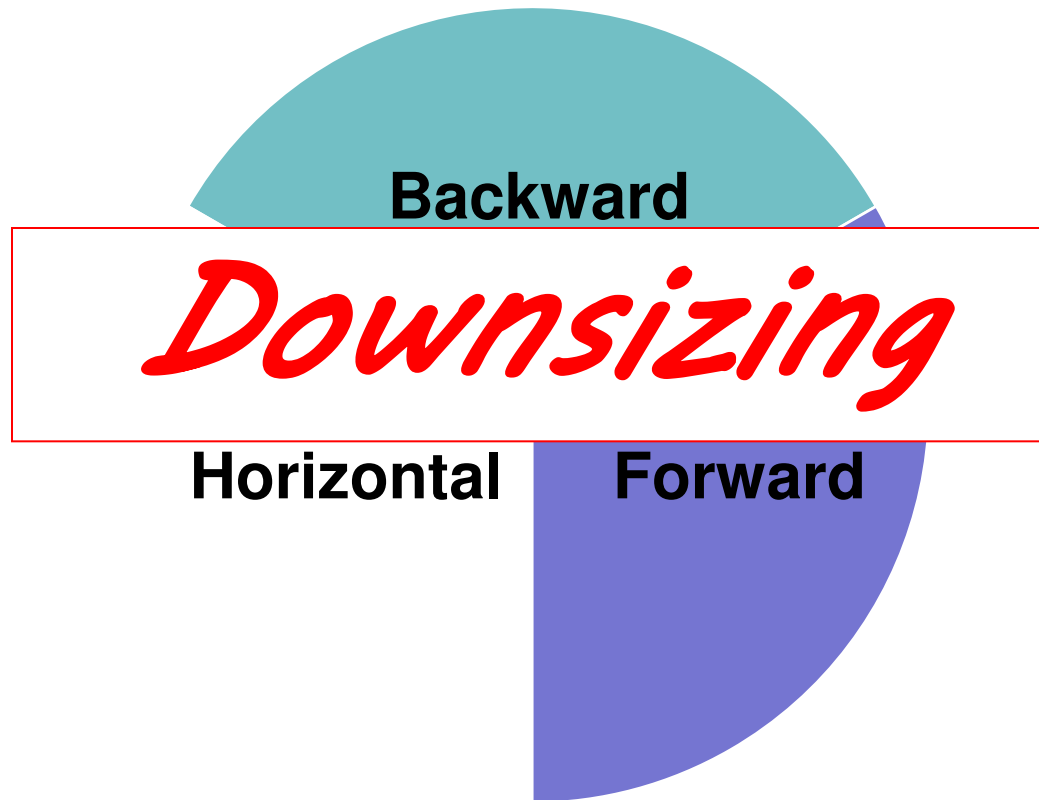
Figure 3–2 The product–market expansion grid is useful in helping managers visualize and identify market opportunities.



Diversification Growth



Integrative Growth



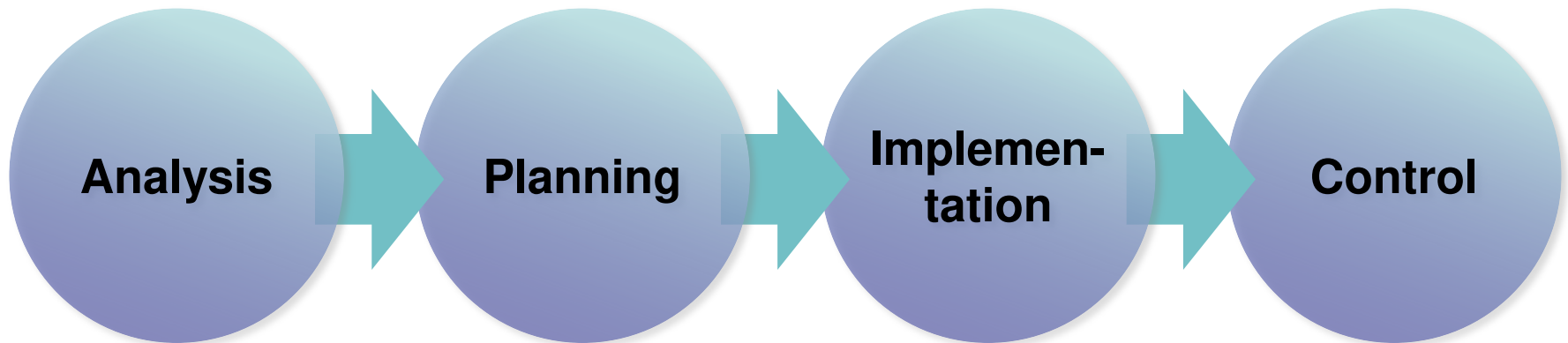
Customer Value-Driven Marketing Strategy



Developing an Integrated Marketing Mix

4 Ps	4 Cs
Product	Customer Solution
Price	Customer Cost
Place	Convenience
Promotion	Communication

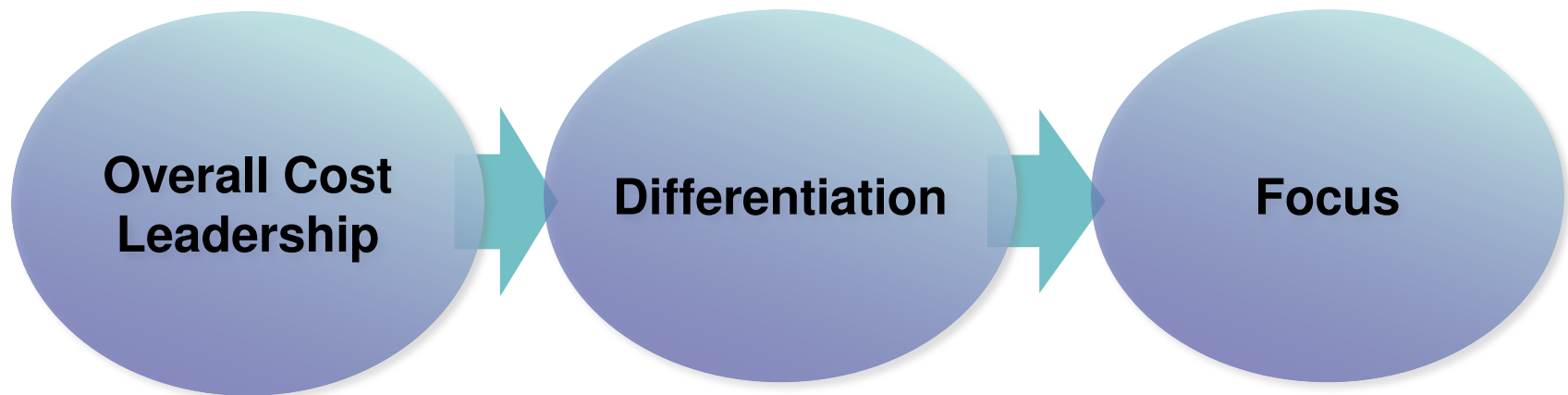
Managing the Marketing Process



SWOT Analysis

Internal Environmental Analysis	
Strengths	Weaknesses
External Environmental Analysis	
Opportunities	Threats

Goal Formulation Strategies



Key Terms

- **Ansoff product–market expansion grid**
 - A matrix developed by cell, plotting new products and existing products with new products and existing products. The grid provides strategic insights into growth opportunities.

Key Terms (cont.)

- **Backward integration**
 - A growth strategy by which companies acquire businesses supplying them with products or services (e.g., a restaurant chain purchasing a bakery)

Key Terms (cont.)

- **Concentric diversification strategy**
 - A growth strategy whereby a company seeks new products that have technological or marketing synergies with existing product lines

Key Terms (cont.)

- **Conglomerate diversification strategy**
 - A product growth strategy in which a company seeks new businesses that have no relationship to the company's current product line or markets.

Key Terms (cont.)

- **Corporate mission statement**
 - A guide to provide all the publics of a company with a shared sense of purpose, direction, and opportunity, allowing all to work independently, yet collectively, toward the organization's goals

Key Terms (cont.)

- **Corporate values**
 - A set of corporate priorities and institutional standards of behavior
- **Forward integration**
 - A growth strategy by which companies acquire businesses that are closer to the ultimate consumer, such as a hotel acquiring a chain of travel agents

Key Terms (cont.)

- **Horizontal diversification strategy**
 - A product growth strategy whereby a company looks for new products that could appeal to current customers that are technologically unrelated to its current line
- **Horizontal integration**
 - A growth strategy by which companies acquire competitors

Key Terms (cont.)

- **Macroenvironmental forces**
 - Demographic, economic, technological, political, legal, social, and cultural factors
- **Market development strategy**
 - Finding and developing new markets for your current products

Key Terms (cont.)

- **Market segmentation**
 - The process of dividing a market into distinct groups of buyers who have different needs, characteristics, or behavior who might require separate products or marketing programs
- **Marketing opportunity**
 - An area of need in which a company can perform profitably

Key Terms (cont.)

- **Marketing strategy**
 - The marketing logic by which the company hopes to create this customer value and achieve these profitable relationships

Key Terms (cont.)

- **Microenvironmental forces**
 - Customers, competitors, distribution channels, and suppliers
- **Product development**
 - Offering modified or new products to current markets

Key Terms (cont.)

- **Return on marketing investment (or marketing ROI)**
 - The net return from a marketing investment divided by the costs of the marketing investment. It measures the profits generated by investments in marketing activities.

Key Terms (cont.)

- **Stakeholder**

- Stakeholders include customers, employees, suppliers, and the communities where their business are located and other people or organizations that have an interest in the success of the business.

Key Terms (cont.)

- **Strategic alliances**
 - Relationships between independent parties that agree to cooperate but still retain separate identities.
- **Strategic business units (SBUs)**
 - A single business or collection of related businesses that can be planned separately from the rest of the company

Key Terms (cont.)

- **Strategic planning**
 - The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities
- **SWOT analysis** evaluates the company's overall strengths (S), weaknesses (W), opportunities (O), and threats (T).