**Marketing & the Portfolio Mix**

|  |  |
| --- | --- |
| **Strategic Alternative** | **Goal of Alternative** |
|  | Increase Customers |
| Market Penetration |  |
|  | Increase Products |
| Diversification |  |

**Complete the following chart based on Strategic Alternatives a company can pursue.**

A **mission statement** is a statement of the firms business based on a careful analysis of benefits sought by present and potential customers and an analysis of existing and anticipated environmental conditions.

Mission Statements should focus on the \_\_\_\_\_\_\_\_\_\_\_\_\_ being served rather than the \_\_\_\_\_\_\_\_\_\_ being offered.

* A Mission Statement that is too Narrow is called: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* A Mission Statement that is too Broad has \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* A Mission Statement that is well written will \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**What is a Strategic Business Unit (SBU)?**

Each SBU will have its own Rate of return on investments, growth potential, & associated risk. It will also have a mission statement, specific target market , control over its resources, and distinct competition

**A portfolio Matrix is used to classify each group by its present or forecasted growth & market share.**

* + Assumption is that market share & profitability are linked
  + Use **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** formula to measure market share
    - Ration between the company’s share & the share of the largest competitor
    - Example: Firm A has 50% market share & its competitor has a 5% market share; ratio 10-1
    - Example: Firm A has 10% market share & the largest competitor has 20%; ratio .5 – 1

**A portfolio matrix is broken down into four categories. Define Each & Understand where they fall in relation to market share & market growth.**

1. **Star**
2. **Cash Cow**
3. **Problem Child**
4. **Dog**

**Once classified a company will allocate future resources for each. The four strategies they use are:**

|  |  |
| --- | --- |
| **Strategy** | **Definition** |
| **Build** |  |
| **Hold** | **Company has a very successful cash cow, a key goal would surely be to hold or preserve market share so that the organization can take advantage of the very positive cash flow** |
| **Harvest** | **Appropriate for all SBU’s except those classified as stars. The basic goal is to increase the short-term cash return without too much concern for long-term effect. Most beneficial when money comes from a cash cow in an effort to support longrun prospects** |
| **Divest** |  |

**Remaining Terms from Chapter**

* **Target Market**
* **Market Opportunity Analysis (MOA)**
* **Marketing Mix (4 P’s)**
* **Implementation**
* **Evaluation**
* **Control**

**Assignment**

* **Complete Questions 1.07 / 7.1 regarding Target Market Strategies (p. 54)**
* **Answer the Ethics Exercise regarding Abercrombie & Fitch (p.55)**
* **Undercover Boss Episode**
  + **Tell me the following based on what you view**
    - What is the mission statement of the company (if not stated guess based on what you see)
    - Conduct SWOT – Give 1 Strength, Weakness, Opportunity, & Threat of company
    - What is their competitive advantage?
    - What Strategic Alternative do they use?
    - In terms of the Portfolio Mix, what classification are they?
    - How should future resources by allocated (Build, Hold, Harvest, Divest)
    - What is their target market (list at least 2 factors)
    - Define their Marketing Mix