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HANDOUT

MKT703

Strategic Marketing Management

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MKT703

Strategic Marketing Management

Lecture Handouts

Prepared for the students of Virtual University of Pakistan

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1. Strategic Marketing: Concepts and Process

LEARNING OBJECTIVES

- Define strategic marketing management
- Explain the strategic planning process
- Link corporate, business and marketing strategy

Strategic marketing management is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing market opportunities. It operates at three levels: **corporate strategy** (which businesses? - portfolio logic), **business-unit strategy** (how to compete? - Porter), and **marketing strategy** (who to serve, how to win - segmentation, targeting, positioning). Marketing's strategic role: sense opportunities, define value propositions, and build customer equity.

The planning process: **situation analysis** (5Cs: customers, company, competitors, collaborators, context/climate) -> **SWOT** -> **objectives** (SMART, marketing and financial) -> **strategy** (STP + marketing mix) -> **implementation** (action plans, budgets, responsibilities) -> **control** (metrics, marketing dashboards). Strategic plans are 3-5 year directional; tactical plans are annual. In volatile markets like Pakistan's (inflation, currency swings), plans must be rolling and scenario-based.

Customer equity

The total combined lifetime value of all the firm's customers - the ultimate asset marketing strategy builds (Blattberg/Deighton).

SECTION SUMMARY

Strategic marketing aligns capabilities with opportunities across corporate, business and functional levels via the 5C -> SWOT -> STP -> mix -> control process.

2. Analyzing Markets and the Environment

LEARNING OBJECTIVES

- Apply PESTEL and Five Forces
- Conduct market sizing and forecasting
- Analyze competitors strategically

PESTEL scans the macro-environment: Political (regulation, CPEC policies), Economic (inflation, incomes), Social (youth bulge, urbanization), Technological (smartphone/digital payments - Easypaisa, JazzCash), Environmental, Legal (consumer protection, Punjab Food Authority). **Porter's Five Forces** assesses industry attractiveness: rivalry, new entrants, substitutes, buyer power, supplier power - e.g. Pakistan's telecom: intense rivalry, high buyer

power (MNP), strong regulator.

Market sizing: TAM/SAM/SOM (total/addressable/obtainable); demand estimation via chain-ratio, market-buildup and buyer-intent surveys. **Forecasting:** qualitative (Delphi, salesforce composite) and quantitative (time-series, regression, Bass diffusion for new products). **Competitor analysis:** identify strategic groups, benchmark the marketing mix, anticipate moves via game-theoretic thinking - and define **competitive advantage** as superior customer value at acceptable cost, sustained by VRIN resources.

SECTION SUMMARY

PESTEL + Five Forces diagnose the playing field; TAM/SAM/SOM and forecasting size the prize; competitor analysis reveals where advantage is winnable and defensible.

3. Consumer Insight and Segmentation

LEARNING OBJECTIVES

- Explain consumer buying behavior
- Segment markets effectively
- Evaluate segments for targeting

Consumer decisions follow the **five-stage model** (need recognition -> information search -> evaluation -> purchase -> post-purchase), shaped by cultural, social, personal and psychological factors. Pakistani nuances: **family/collective decision-making** (elders influence durables), **value consciousness** (price-quality scrutiny under inflation), **religious considerations** (halal certification decisive in food/cosmetics), and **digital influence** (Facebook/WhatsApp reviews, Daraz ratings).

Segmentation bases: geographic, demographic, psychographic (VALS lifestyles), behavioral (occasion, benefit, loyalty). Effective segments are **measurable, accessible, substantial, differentiable, actionable** (Kotler's MASDA test). **Targeting strategies:** undifferentiated (mass), differentiated (multiple mixes - e.g. Unilever Pakistan's tiered detergents), concentrated (niche - e.g. organic foods), micromarketing/local and individual (customization). Evaluate on size, growth, structural attractiveness and company fit.

■ VERY IMPORTANT

MASDA criteria for effective segmentation is a classic recall question: Measurable, Accessible, Substantial, Differentiable, Actionable.

SECTION SUMMARY

Understand the Pakistani consumer's collective, value-conscious, digitally influenced journey; segment on solid bases passing MASDA; target where size, growth and fit converge.

4. Positioning and Brand Strategy

LEARNING OBJECTIVES

- Craft positioning statements
- Build brand equity (CBBE)
- Manage brand portfolios

Positioning is designing the offering and image to occupy a distinctive place in target customers' minds. The positioning statement: *For [target], [brand] is the [frame of reference] that [point of difference] because [reason to believe].* PODs (points of difference - e.g. Shan's authentic taste) win; POPs (points of parity - e.g. food safety) qualify. **Perceptual maps** visualize positions; **repositioning** (e.g. Dalda's health pivot) responds to market shifts.

Keller's **CBBE pyramid**: salience -> performance/imagery -> judgments/feelings -> **resonance** (loyalty, attachment, advocacy). Brand equity = the price premium and loyalty a name commands - built by consistent mix delivery, not ads alone. **Brand architecture**: house of brands (P&G: Ariel, Pampers), branded house (Engro), endorsed brands; **extensions** must fit (Dawn bread -> Dawn cakes yes; unrelated stretch risks dilution). Pakistani power brands: Shan, Dalda, Tapal, Jazz - equity built over decades of consistent value.

Brand resonance

The pinnacle of CBBE: deep loyalty, personal attachment, community and active advocacy - customers as evangelists.

SECTION SUMMARY

Position with PODs on a POP foundation; build CBBE from salience to resonance; architect portfolios and extensions to leverage equity without diluting it.

5. Product and Innovation Strategy

LEARNING OBJECTIVES

- Manage the product mix and lines
- Apply the product life cycle strategically
- Manage new product development

Product decisions span five levels (core benefit to potential product) and the **mix** (width, length, depth, consistency). **PLC strategies**: introduction (skim vs penetration pricing), growth (improve, new segments), maturity (modify market/product/marketing mix - the longest, most profitable stage for Pakistani FMCG), decline (harvest vs divest). **BCG matrix**: stars, cash cows (fund the future), question marks, dogs - balance the portfolio.

New product development (stage-gate): idea generation -> screening -> concept testing -> marketing strategy -> business analysis -> product development -> test marketing -> commercialization. Most failures die from weak concepts or poor launch - Pakistani examples: telecom VAS products that misread willingness to pay. **Diffusion of innovations** (Rogers): innovators to laggards; crossing the **chasm** (Moore) needs a beachhead segment. Co-creation and agile/MVP methods speed learning.

SECTION SUMMARY

Manage mix breadth/depth, ride each PLC stage with the right strategy, balance the BCG portfolio, and gate NPD rigorously - most products fail before launch, not after.

6. Pricing Strategy

LEARNING OBJECTIVES

- Set prices strategically
- Apply price adaptation tactics
- Manage price wars and psychology

Strategic pricing starts from **value**, not cost: **value-based pricing** (price on perceived benefit - e.g. iPhone), vs cost-plus (floor) and competition-based (parity). New-product: **skimming** (high initial - tech gadgets) vs **penetration** (low to build share - Jazz's early tariffs). **Tactics**: discounts, psychological pricing (Rs. 999), bundle, captive (razor-and-blades - printers/ink), and **dynamic pricing** (airlines, Careem peak factors).

Pakistan's inflationary context makes pricing strategic: **shrinkflation** vs price rises, tiered 'fighter brands' (e.g. low-cost detergent variants protecting premium), and protecting margins via mix shifts. **Price wars** (telecom's history) destroy industry profit - signal discipline, compete on value not price. **Transfer pricing** matters for multinationals; **predatory pricing** is illegal under competition law (CCP - Competition Commission of Pakistan).

SECTION SUMMARY

Price on value within the cost floor and competitive ceiling; choose skim/penetration deliberately; adapt tactically; avoid price wars - compete on differentiated value.

7. Distribution and Channel Strategy

LEARNING OBJECTIVES

- Design marketing channels
- Manage channel conflict and power
- Build omnichannel strategies

Channel design: **direct** (DTC, e-commerce - Daraz stores, brand websites) vs **indirect** (distributors, wholesalers, retailers - Pakistan's vast **kirana** network, the FMCG backbone). Channel functions: transaction, logistics, facilitating. **Intensity**: intensive (convenience goods - every kiriyana), selective (apparel), exclusive (luxury). **Franchising** scales services (food chains, TCS outlets).

Channel management: select, motivate (margins, support, training), evaluate partners; manage **conflict** (horizontal/vertical/multichannel - e.g. Daraz undercutting retailers) via clear territories, differentiated assortments and communication. **Omnichannel:** integrated inventory, click-and-collect, unified customer data - Gul Ahmed Ideas' online-offline integration exemplifies it. **Logistics:** warehousing, 3PLs, last-mile (the e-commerce bottleneck in Pakistan's smaller cities).

SECTION SUMMARY

Design channels for coverage and control (kirana depth for FMCG, DTC for margins); motivate partners; defuse multichannel conflict; integrate into omnichannel with reliable last-mile.

8. Integrated Marketing Communications

LEARNING OBJECTIVES

- Build IMC programs
- Allocate the communications mix
- Measure communication effectiveness

IMC: all touchpoints convey one coherent positioning - advertising, sales promotion, PR, direct/digital, personal selling, events. **Setting budgets:** objective-and-task (best - cost the goals), % of sales, competitive parity, affordable. **Message strategy:** creative briefs, appeal types (rational, emotional, moral - Ramadan campaigns' emotional peak in Pakistan), execution styles (slice of life, testimonial, humor - Ufone's legendary humor).

Media: TV (still the reach king in Pakistan - dramas' ad slots), digital (precise, measurable - Facebook, YouTube, TikTok; influencer tiers), OOH (billboards on Shahrah-e-Faisal), radio (FM in cars), print (declining but elite). **Digital metrics:** CTR, CPC, conversion, CAC, ROAS, attribution. **PR:** corporate reputation, crisis management (recall responses). **Sales promotion:**

push (trade) vs pull (consumer) - price packs, coupons, contests - effective short-term, dangerous long-term (erodes equity if overused).

■ VERY IMPORTANT

IMC exam answers should always integrate: one positioning, multiple coordinated tools, budgeted by objective-and-task, measured on both communication and sales effects.

SECTION SUMMARY

One positioning across all tools, budgeted by objective-and-task, with TV for reach, digital for precision, PR for reputation, and promotions used sparingly to protect equity.

9. Digital and Social Media Strategy

LEARNING OBJECTIVES

- Build digital marketing strategy
- Explain the customer journey online
- Measure digital performance

Digital strategy: **owned** (website, app, social profiles), **paid** (search, social ads, programmatic), **earned** (reviews, shares, UGC). The **funnel**: awareness -> consideration -> conversion -> loyalty/advocacy - mapped to content (blogs/videos for awareness, comparisons for consideration, offers for conversion). **SEO** (technical + content + backlinks) vs **SEM** (Google Ads auctions); **social**: platform-native content (TikTok trends, Instagram reels), community management, influencer marketing (nano/micro for authenticity).

Pakistan's digital landscape: 100M+ broadband subscribers, JazzCash/Easypaisa enabling COD-to-digital shift, Daraz/Foodpanda commerce ecosystems, WhatsApp as a sales channel (SMEs). **E-commerce strategy**: marketplaces vs DTC, assortment, pricing parity, reviews management, returns (the trust bottleneck). **Analytics**: GA4, pixels, cohorts, LTV:CAC ratio (healthy > 3:1). **Privacy**: cookie deprecation, first-party data, PTA/PECA compliance.

SECTION SUMMARY

Integrate owned/paid/earned across the funnel; win on content + community + conversion; measure LTV:CAC; adapt to Pakistan's mobile-first, COD-transitioning commerce reality.

10. Services Marketing and CRM

LEARNING OBJECTIVES

- Apply the services marketing mix
- Manage service quality (SERVQUAL)
- Build loyalty through CRM

Services' **4Is** (intangibility, inseparability, variability, perishability) demand the extended mix: **people, process, physical evidence** beyond the 4Ps. **SERVQUAL** gaps model: expected vs perceived service across reliability, assurance, tangibles, empathy, responsiveness. **Service recovery paradox**: a well-handled failure can build more loyalty than no failure - empower frontline staff (banks' complaint cells, airlines' rebooking).

CRM: identify, differentiate (by value - RFM), interact, customize (Peppers & Rogers IDIC). **Loyalty programs** (airline miles, bank cards, telecom rewards) work when rewards are attainable and the core service is sound. **Customer lifetime value** drives acquisition spending; **NPS** (net promoter score) tracks advocacy. Pakistani banks and telecoms compete heavily on service experience - HBL, Jazz's app ecosystems show digital service as differentiation.

Service-dominant logic

Vargo & Lusch: value is co-created with customers through service exchange - goods are merely service-delivery vehicles. The strategic lens for experience economies.

SECTION SUMMARY

Market services with the 7Ps; close SERVQUAL gaps; recover brilliantly; run CRM on IDIC to maximize CLV - because in services, the experience is the product.

11. Global Marketing Strategy

LEARNING OBJECTIVES

- Decide international market entry
- Standardize vs adapt
- Manage global brands

Entry modes by commitment: **exporting** (indirect/direct) -> **licensing/franchising** -> **joint ventures** -> **wholly owned subsidiaries** (greenfield/acquisition). Pakistani exporters (textiles, rice, surgical goods, IT services) typically start with exporting via agents, then partnerships. **CAGE** framework (cultural, administrative, geographic, economic distance) guides market selection.

Standardization vs adaptation: standardize where scale wins (Coca-Cola's core), adapt where culture demands (McDonald's McArabia; Shan adapting spice blends for Gulf diaspora). **Glocalization:** global platform, local execution. Manage **gray markets**, transfer pricing and

currency risk. **Emerging-market strategy:** frugal innovation (low-cost products for price-sensitive masses - e.g. QMobile's rise and fall), and diaspora markets as beachheads (Pakistani brands in the UK/Gulf).

SECTION SUMMARY

Enter progressively (export to subsidiary), choose markets via CAGE, standardize platforms but adapt to culture, and treat diaspora and frugal innovation as emerging-market advantages.

12. Marketing Control, Ethics and Exam Pointers

LEARNING OBJECTIVES

- Control marketing performance
- Address marketing ethics
- Consolidate exam preparation

Marketing control: annual-plan (sales, share, expense ratios), profitability (by product/segment/channel - activity-based costing reveals true winners), efficiency (ad/field metrics), strategic (marketing audit). **Dashboards** track KPIs: market share, penetration, NPS, CLV, CAC, ROMI. **Marketing audit:** comprehensive, independent review of environment, strategy and organization.

Ethics: truthful advertising (avoid deceptive claims - CCP/PEMRA oversight), vulnerable consumers (children), privacy (data use consent), greenwashing, and Islamic marketing ethics (**sidq** - truthfulness, **amanah** - trustworthiness, no **gharar**/deception, halal assurance) - increasingly a positioning asset in Pakistan. **Societal marketing:** balance profit, consumer wants and society's long-run welfare (e.g. anti-smoking, financial inclusion).

High-yield exam pointers

- Process: 5C -> SWOT -> STP -> mix -> control; MASDA; positioning statement format.
- Frameworks: PESTEL, Five Forces, BCG, PLC strategies, CBBE pyramid, SERVQUAL gaps, IDIC.
- Pricing: value-based vs cost-plus; skim vs penetration; Pakistan inflation tactics.
- Channels: kirana reality; conflict management; omnichannel.
- IMC: objective-and-task budgeting; media roles; digital metrics (CAC, LTV, ROAS).
- Global: entry modes ladder; CAGE; standardization/adaptation with examples.
- Pakistani examples for every topic: Shan, Dalda, Jazz, Daraz, Ufone, Easypaisa.

SECTION SUMMARY

Control via dashboards and audits; market ethically (sidq, amanah, halal) as strategy, not just compliance. Anchor every framework in a Pakistani example.