
TheCaseSolutions.com
Strategic Alliances
marketing
Worried about Strategy Implementation?
Don't overlook Marketing's Role


TheCaseSolutions.com
Strategic Alliances
Even giant companies—AT&T, Philips, and Nokia—often cannot achieve leadership, either nationally or globally, without forming alliances with domestic or multinational companies that complement or leverage their capabilities and resources. Many firms have developed global strategic networks, and victory is going to those who build the better global network. Many strategic alliances take the form of marketing alliances.
Program Formulation and Implementation
Feedback and Control
Goal Formulation
SWOT Analysis
Marketing and Customer Value
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Marketing and Customer Value

The task of any business is to deliver customer value at a profit. In a hypercompetitive economy with increasingly informed buyers faced with abundant choices, a company can win only by fine tuning the value delivery process and choosing, providing, and communicating superior value.

The Value Delivery Process

The traditional view of marketing is that the firm makes something and then sells it, with marketing taking place in the selling process. Companies that subscribe to this view have the best chance of succeeding in economies marked by goods shortages where consumers are not fussy about quality, features, or style. The three phases in value creation and delivery sequence are:

The Value Chain

Harvard's Michael Porter has proposed the value chain as a tool for identifying ways to create more customer value. The value chain identifies nine strategically relevant activities that create value and costs in a specific business are:

Core Competencies

Traditionally, companies owned and controlled most of the resources that entered their businesses—labor power, materials, machines, information, and energy—but many today outsource less-critical resources if they can obtain better quality or lower cost.

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Competitive advantage also accrues to companies that possess distinctive capabilities or excellence in broader business processes. Wharton's George Day sees market-driven organizations as excelling in three distinctive capabilities: market sensing, customer linking, and channel bonding. In terms of market sensing, he believes tremendous opportunities and threats often begin as "weak signals" from the "periphery" of a business.He offers a systematic process for developing peripheral vision, and practical tools and strategies for building "vigilant organizations" attuned to changes in the environment, by asking three questions each related to learning from the past, evaluating the present, and envisioning the future. Competitive advantage ultimately derives from how well the company has fitted its core competencies and distinctive capabilities into tightly interlocking "activity systems." Business realignment may be necessary to maximize core competencies. It has three steps:

A Holistic Marketing Orientation and Customer Value

Holistic marketing sees it as "integrating the value exploration, value creation, and value delivery activities with the purpose of building long-term, mutually satisfying relationships and coprosperity among key stakeholders."

Assigning Resources to Each SBU

Once it has defined SBUs, management must decide how to allocate corporate resources to each. Several portfolio-planning models provide ways to make investment decisions. The GE/McKinsey Matrix classifies each SBU by the extent of its competitive advantage and the attractiveness of its industry. Management can decide to grow, "harvest" or draw cash from, or hold on to the business. Another model, BCG's Growth-Share Matrix, uses relative market share and annual rate of market growth as criteria to make investment decisions, classifying SBUs as dogs, cash cows, question marks, and stars. Portfolio-planning models like these have fallen out of favor as oversimplified and subjective. Newer methods rely on shareholder value analysis, and on whether the market value of a company is greater with an SBU or without it (whether it is sold or spun off).These value calculations assess the potential of a business based on growth opportunities from global expansion, repositioning or retargeting, and strategic outsourcing.