The concept of ‘strategy’

**Generic**
- a plan of attack for winning
- a plan for beating the opposition

**Organisational**
- a plan for achieving organisational goals
- a plan for securing a competitive advantage in a given market
Competitive Marketing Strategy

“A market-oriented strategy that establishes a profitable & sustainable market position for the firm against all forces that determine industry competition by continuously creating & developing a competitive advantage from the potential sources that exist in a firm’s value chain.”
<table>
<thead>
<tr>
<th>Key Elements</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market-oriented:</td>
<td>Strategy based upon the needs &amp; wants of the marketplace</td>
</tr>
<tr>
<td>Establishes a profitable market</td>
<td>End goal of strategy to make a profit in the for-profit sector or to meet alternate metrics (NFP sector)</td>
</tr>
<tr>
<td>position:</td>
<td></td>
</tr>
<tr>
<td>Establishes a sustainable market</td>
<td>Marketing strategy not about one-off transactions. Aim is to find a place in the market</td>
</tr>
<tr>
<td>position:</td>
<td></td>
</tr>
<tr>
<td>Forces that determine industry</td>
<td>Complex mix of ingredients that create the marketing ‘whirlwind’</td>
</tr>
<tr>
<td>competition:</td>
<td></td>
</tr>
<tr>
<td>Continuously creating &amp; developing</td>
<td>Find a spot where, if need be, the primary challenges can be tackled</td>
</tr>
<tr>
<td>CA:</td>
<td></td>
</tr>
<tr>
<td>Potential sources that exist in a</td>
<td>What value any organisation wants to create using its available marketing resources</td>
</tr>
<tr>
<td>firm’s value chain:</td>
<td></td>
</tr>
</tbody>
</table>
Marketing Strategy is a Gap Analysis

Internal Environment:
Resources & Capabilities

External Environment:
Market Scan & Scenarios

Formulate Marketing Strategies

Strategic Fit

Gap analysis
Purpose of Strategy

- To set the *future direction* for the organisation
- To state how it is to *create value* to customers
- To identify what product/s and in which markets the firm will *invest its resources*
- To describe how it is to *perform better* than competition
It helps...

- Define the **scope of business**
- Finding ‘**Strategic Fit**’ between organisation and its environment
- Identifying a **Sustainable Competitive Advantage (SCA)**
- Guiding the **allocation of resources**
4 Main Ways of Approaching Marketing Strategy

- THINKING FIRST
- SEEING FIRST
- DOING FIRST
- SIMPLE RULES

COMPETITIVE MARKETING STRATEGY
Thinking first

• Logical, sequential and linear approach
• It’s about analyzing a strategic marketing problem and developing the solution and the strategy through a carefully thought through and largely sequential process
• Instant views and decisions are not made
Thinking First

Cognitively analysing a strategic marketing problem & developing the solution (the strategy) through a carefully thought-out process

It can help to see the big picture occasionally throughout the process. It can involve some inspiration & insight, but largely the process is one of painstakingly doing your homework.
Seeing first

- Importance of seeing the overall decision is sometimes greater than thinking about it.
- Insight often only comes after a period of preparation, incubation, illumination & verification in the cold light of day.
Doing First

(1) do something, (2) make sense of it, (3) repeat the successful parts & discard the rest.

Instead of marketing strategy – the reality is often that ‘doing’ drives

Many companies have successfully diversified their businesses by a process of figuring out what worked & what did not
DO SOMETHING

MAKE SENSE OF IT

REPEAT THE SUCCESSFUL PARTS

DISCARD THE REST
Simple rules

- It’s about selecting a few key marketing strategic processes, crafting a handful of simple rules and “jumping in” rather than avoiding uncertainty.

- In many respects the approach is related to Doing First aside from the main difference that the rules are predefined.
### Simple Rules

| **How-to** rules keeping managers organised to be able to seize opportunities |
| **Boundary** rules help managers to pick the best opportunities based on geography, customers or technology |
| **Priority** rules are about allocating resources amongst competing opportunities |
| **Timing** rules relate to the rhythm of key strategic processes |
| **Exit** rules are about pulling out from past opportunities |
Process and Temporality and the Four Main Approaches to Competitive Marketing Strategy

Process

Experiential

Cognitive

TEMPORALITY

Short-Term

Simple Rules

Seeing First

Doing First

Thinking First

Long-Term
Postmodern view

• Buyers are increasingly sophisticated and cynical about regular marketing
• Customers prefer context specific persuasion knowledge
• According to Brown (2001)
  • customers do not want the truth, the whole truth and nothing but the truth
  • They want marketing to be about glitz and glamour and to be mischievous and mysterious.
  • Marketing should be fun, but any nastiness is forbidden
• To undertake retro strategy (but in a manipulative way), marketers need to practice TEASE
Postmodern view

- Tricksterism
- Entertainment
- Amplification
- Secrecy
- Exclusivity

(Brown, 2003)
What to Choose?

• **Thinking First** Market Orientation works best when the issues are clear, the data are reliable, the context is structured, thoughts can be pinned down & discipline can be applied

• **Seeing First** works best when many elements have to be creatively applied, commitment to solutions is key & communications across boundaries are needed

• **Doing First or simple rules** work best when the situation is novel & confusing, complicated specifications would get in the way & a few simple relationship rules can help move the process forward

• **The Postmodern orientation** needs to be continually borne in mind to provide a check on how, in reality, buyers will interpret the final offering
Marketing Strategy Blueprint

1. Market scan
2. Internal analysis
3. Strategic fit
4. Objective and future direction
5. Segmentation
6. Targeting
7. Positioning
8. Action plan
9. Marketing mix
10. Contingency plan
11. Monitor
12. Possible corrective action
Hierarchy of strategy

Strategic management may be initiated at any or all of these hierarchical levels of an organisation.
Three levels of strategy

*Corporate*
The overall goals of the business; often expressed in financial terms

*Competitive/Business (SBU)*
How to compete in individual product-markets and support the corporate strategy

*Functional*
Functional strategies for the organisation’s functional areas in support of SBUs and corporate strategies
Marketing Strategy – Two Perspectives

**Marketing strategy at the functional level**
- Planning and controlling the marketing activities
- Planning and implementing the 4Ps/7Ps
- Management customer relationship

**Marketing as a philosophy/orientation**
- Guiding the organisation’s overall activities
- Playing a key role in the strategic management process (SMM)
Marketing-Management Orientations

• **The Production Concept:** The production concept, one of the oldest in business, holds that consumers prefer products that are widely available and inexpensive.

• Managers of production-oriented businesses concentrate on achieving high production efficiency, low costs, and mass distribution.

• Application: This orientation makes sense in developing countries, where consumers are more interested in obtaining the product than in its features. It is also used when a company wants to expand the market.
Marketing-Management Orientations

• **The Product Concept:** Other businesses are guided by the product concept, which holds that consumers favor those products that offer the most quality, performance, or innovative features.

• Managers in these organizations focus on making superior products and improving them over time, assuming that buyers can appraise quality and performance.

• Product-oriented companies often design their products with little or no customer input, trusting that their engineers can design exceptional products.

• can lead to marketing myopia
Marketing-Management Orientations

• **The selling concept**, holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organization’s products. The organization must, therefore, undertake an aggressive selling and promotion effort. This concept assumes that consumers must be coaxed into buying, so the company has a battery of selling and promotion tools to stimulate buying.

• The selling concept is practiced most aggressively with *unsought goods*. The selling concept is also practiced in the *nonprofit area* by fund-raisers, college admissions offices, and political parties. Most firms practice the selling concept when they have overcapacity
Marketing-Management Orientations

**The Marketing Concept**  The marketing concept, based on central tenets crystallized in the mid-1950s, challenges the three business orientations we just discussed. The marketing concept holds that the key to achieving organizational goals consists of the company being more effective than its competitors in creating, delivering, and communicating customer value to its chosen target markets.

- 1960: understanding and satisfying customers’ needs and wants
- 1970: orientation toward competitors were seen as preferable
- 1990: organizations should put equal attention to both customers and competitors
  - Customer oriented marketing strategy works best in turbulent environments
  - Competitor oriented marketing strategy works best in placid clustered environment
Marketing-Management Orientations

• **Societal Marketing concept:** The marketing concept sidesteps the potential conflicts among consumer wants, consumer interests, and long-run societal welfare. Yet some firms and industries are criticized for satisfying consumer wants at society’s expense.

• Such situations call for a new term that enlarges the marketing concept. We propose calling it the societal marketing concept, which holds that the organization’s task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer’s and the society’s well-being.