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MARKETING STRATEGY: CONCEPTS AND IMPLICATION

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ABSTRACT

In today's very competitive marketplace a strategy that insures a consistent approach to offering your product or service in a way that will outsell the competition is critical. However, in concert with defining the marketing strategy you must also have a well defined methodology for the day to day process of implementing it. This research studies contemporary strategy concepts and the methods of its implementation, which is very needed in Uzbek economy.

JEL CLASSIFICATION & KEYWORDS

■ M39 ■ Company ■ Vision ■ Marketing ■ Strategies ■ Satisfaction ■ Creativity ■ Leadership ■ Skimming ■ Penetration ■ Pricing ■ Spreadsheet

INTRODUCTION

According to Cliff Allen in the process of creating a marketing strategy you must consider many factors. Of those many factors, some are more important than others. Because each strategy must address some unique considerations, it is not reasonable to identify 'every' important factor at a generic level. However, many are common to all marketing strategies.

Hence, marketing involves establishing a company vision and definition and implementing policies that will enable a company to live up to its vision or maintain its vision. Marketing strategy is the process of planning and implementing company policies towards realizing company goals in accordance with the company vision. Marketing strategies include general ones such as price reduction for market share growth, product differentiation, and market segmentation, as well as numerous specific strategies for specific areas of marketing.

Competition is the primary motivation for adopting a marketing strategy. In industries monopolized by one company, marketing need only be minimal to spur on increased consumption. Utilities long enjoyed monopolized markets, allowing them to rely on general mass marketing programs to maintain and increase their sales levels. Utility companies had rather fixed market positions and steady demand, which rendered advanced concern for marketing unnecessary. Now, however, most companies face some form of competition, no matter what the industry, because of deregulation and because of the globalization of many industries. Consequently, marketing strategy has become all the more important for companies to continue being profitable [1].

The concept

Marketing strategy is a conscious approach to accomplishing something. Strategy precedes marketing and marketing strategy. The first time a human planned an approach for achieving a desired end – a goal or objective – he or she was developing strategy. Strategy can be formulated by individuals, groups, and organizations. The organizations can be families, corporations, nations, or groups of nations. In modem times, strategy can be formulated by complicated and sophisticated programmed software operating on computerized systems, personal computers, or computer networks.

Modem discussion of marketing strategy can be traced back to a discussion of marketing management by Leverett S. Lyon (1885-1959) in 1926. Marketing management was perceived as the business function that developed marketing strategy. Lyon argued that marketing management involves ongoing planning of a company's marketing activities in response to the constantly changing internal and external conditions. In the 1950s Peter Drucker (1909-) and others advanced theories of management that emphasized a customer-centered business strategy. They held that this orientation should be long term, not temporary.

Consequently, strategic thinking grew in the 1980s and 1990s in response to the formulaic, theoretical approach to marketing theory in the 1970s. Strategic thinking focuses on competitive advantage, consumer needs and wants, creativity, and flexibility. Competitive advantage refers to gaining a superior market position and therefore higher profits by offering better products, prices, promotions, convenience, or service than competing companies. In a sense, competitive advantage includes all the other elements of strategic thinking – customer satisfaction, creativity, and flexibility – in that each of them can provide a company with a competitive advantage.

Marketing strategy is the result of decision making by corporate executives, marketing managers, and other decision makers. In general, the formal organizational titles or jobs of decision makers, or the nature or purposes of the organization, are irrelevant to the formulation of marketing strategy. When the decisions concern products or markets, the results – i.e., the decisions – are all considered marketing strategy.

Strategy is also developed across the core functional areas of marketing: product, price, place/distribution, and promotion strategies. Any functional level of marketing, in turn, can have additional levels of marketing strategy decisions where refinement of the strategy might take place.

Contemporary approaches to marketing often fall into two general but not mutually exclusive categories: customer-oriented marketing strategies and competitor-oriented marketing strategies. Since many marketers believe that striving to satisfy customers can benefit both consumers and businesses, they contend that marketing strategy should focus on customers. This strategy assumes that customers tend to make more purchases and remain loyal to specific brands when they are satisfied, rather than dissatisfied, with a company. Hence, customer-oriented marketing strategies try to help establish long-term relationships between customers and businesses.

Competitor-oriented marketing strategy, on the other hand, focuses on outdoing competitors by strategically manipulating the marketing mix: product, price, place, and promotion. Competitor-oriented strategies will lead companies to imitate competitor products, match prices, and offer similar promotions. This kind of marketing strategy parallels military strategy.

Having selected the direction most beneficial for the overall interests of the enterprise, the next step is to choose a strategy for the offering that will be most effective in the

market. This means choosing one of the following 'generic' strategies (first described by Michael Porter in his work, Competitive Advantage) [2].

- A cost leadership strategy is based on the concept that you can produce and market a good quality product or service at a lower cost than your competitors. These low costs should translate to profit margins that are higher than the industry average. Some of the conditions that should exist to support a cost leadership strategy include an on-going availability of operating capital, good process engineering skills, close management of labor, products designed for ease of manufacturing and low cost distribution.
- A differentiation strategy is one of creating a product or service that is perceived as being unique "throughout the industry". The emphasis can be on brand image, proprietary technology, special features, superior service, a strong distributor network or other aspects that might be specific to your industry. This uniqueness should also translate to profit margins that are higher than the industry average. In addition, some of the conditions that should exist to support a differentiation strategy include strong marketing abilities, effective product engineering, creative personnel, the ability to perform basic research and a good reputation.
- A focus strategy may be the most sophisticated of the generic strategies, in that it is a more 'intense' form of either the cost leadership or differentiation strategy. It is designed to address a "focused" segment of the marketplace, product form or cost management process and is usually employed when it isn't appropriate to attempt an 'across the board' application of cost leadership or differentiation. It is based on the concept of serving a particular target in such an exceptional manner, those others cannot compete. Usually this means addressing a substantially smaller market segment than others in the industry, but because of minimal competition, profit margins can be very high.

Having defined the overall offering objective and selecting the generic strategy you must then decide on a variety of closely related operational strategies. One of these is how you will price the offering. A pricing strategy is mostly influenced by your requirement for net income and your objectives for long term market control. There are three basic strategies you can consider [3].

- A skimming strategy. If your offering has enough differentiation to justify a high price and you desire quick cash and have minimal desires for significant market penetration and control, then you set your prices very high.
- A market penetration strategy. If near term income is not so critical and rapid market penetration for eventual market control is desired, then you set your prices very low.
- A comparable pricing strategy. If you are not the market leader in your industry then the leaders will most likely have created a 'price expectation' in the minds of the marketplace. In this case you can price your offering comparably to those of your competitors [4].

These marketing strategies are not mutually exclusive. They can be used in combination. They also are not exhaustive. In general, additional dimensions and levels can be generated. In other words, other levels and types of strategies at any level can be developed. The actual wording of the final and most refined level of strategy will probably be unique in each situation for each organization for each decision maker. Marketing strategy development is a creative act, requiring an application of science and art.

The decision maker should eventually arrive at a specific stratagem or set of strategies designed to achieve the stated objective. The entire articulated set of decisions (selected strategies) is called the marketing strategy. If the marketing strategy is part of a marketing plan, some or all of the strategy decisions could be formally stated. In some cases, only the lowest level of strategy is indicated. The formal articulation of marketing strategy is a function of the decision maker's preferences, the organization's policy, user needs, and resources available.

Prepackaged marketing and spreadsheet software can facilitate the production of marketing models. A marketer needs only to change the values of the variables based on the facts that have been gathered in the situation analysis in order to use the output to arrive at a decision. When necessary, the decision maker can add or delete variables and change the functional relationships of the marketing model. Of course, it is also quite easy to assume different situational facts and consider the net impacts on the marketing strategy, or the results of implementing the marketing strategy. Thus, it is relatively easy, using computer software, to develop a marketing strategy and to perform sensitivity (degree of impact of changes) and contingency analyses (alternative scenarios).

The economic modernization of Uzbek economy and integration to global marketplace require to set up long term marketing strategy to sustain market positions. Studying the contemporary concepts of marketing strategy and its successful implementation gives competitive advantage.

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