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A STUDY ON STRATEGIC MARKETING AND PLANNIG IN BUILDING NEW ENTREPRENEURS.

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Abstract

This paper proposes a domain statement for strategic marketing as a field of study and delineates certain issues fundamental to the field. It also proposes a definition for marketing strategy, the focal organizational strategy construct of the field, and enumerates a number of foundational premises of marketing strategy. The domain of strategic marketing is viewed as encompassing the study of organizational, inter-organizational and environmental phenomena concerned with (a) the behavior of organizations in the marketplace in their interactions with consumers, customers, competitors and other external constituencies, in the context of creation, communication and delivery of products that offer value to customers in exchanges with organizations, and (b) the general management responsibilities associated with the boundary spanning role of the marketing function in organizations. At the broadest level, marketing strategy can be defined as an organization's integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication and or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives. Chief among the issues that are fundamental to strategic marketing as a field of study are the questions of how the marketing strategy of a business is influenced by demand side factors and supply side factors.

KEY WORD: Strategic Marketing, planning and entrepreneurs.

Introduction

This study is designed to help producers become more familiar with how to construct a strategic marketing management program for their business. The purpose of the study is to allow individual producers an opportunity to focus on grapefruit marketing and production strategies. That study has been modified to apply to a wide range of producer groups. It provides a basic introduction to marketing and strategic marketing management. Readers will learn the basics of a marketing plan and why they need one.

This study challenges producers to consider what their individual firm's marketing strategies and to identify alternative strategies. Are producers willing to change the way they market to improve the profitability of their businesses? Included is detailed information for performing an analysis of the customer, the company, the competition, and the industry as a whole. This research shows how this analysis can be used to form an effective strategic marketing plan that could increase efficiency and profitability.

What is marketing?

Let us begin with a definition of marketing. There are many different definitions of marketing. For our purposes, we define marketing as the identification of customer wants and needs, and adding value to products and services that satisfy those wants and needs, at a profit. This definition has three components: (a) the identification of customer wants and needs, (b) the need to add value that satisfies the wants and needs of customers' and (c) the need for firms to make a profit to be sustainable in the long-run.

What is a marketing plan?

A marketing plan is a written document containing the guidelines for the organization's marketing programs and allocations over the planning period. Note that a strategic marketing management plan is a written document, not just an idea. A marketing plan requires communication across different functional areas of the firm, such as operations, human resources, sales, shipping, and administration. Finally, marketing promotes accountability for achieving results by a specified date. Just like an effective goal, an effective marketing plan will be measurable, specific, and attainable.

Strategic Marketing Management

There are at least four goals of strategic marketing management that need to be understood by those wishing to use strategic marketing management to craft profitable strategies:

1. To select reality-based desired accomplishments (e.g., goals and objectives)
2. To more effectively develop or alter business strategies
3. To set priorities for operational change
4. To improve a firm's performance

Reality-based accomplishments are shaped by the level of understanding decision makers have regarding the external factors outside of their control and the internal factors under their control. Proper use of external and internal factors will lead to more effective business strategies. Strategy, by definition, means decision makers must make choices. That means setting priorities for operational change. Conducting a strategic marketing management planning exercise should be more than just an exercise. Therefore, the goal of effective marketing management is to improve a firm's performance.

External Analysis Components

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External analysis involves an examination of the relevant elements external to your organization that may influence operations. The external analysis should be purposeful, focusing on the identification of threats, opportunities, and strategic choices that are most critical for the firm. There are three main components of external analysis:

Customer analysis is the identification of market segments and the motivations and needs of potential customers

Competitor analysis is the identification of competitor's strengths and weaknesses

Industry analysis is the identification of major market trends, key success factors, and opportunities and threats through the analysis of competitive and change forces (e.g., distribution issues, governmental factors, economic, cultural, demographic scenarios, and information needs)

Industry Analysis

Industry analysis has two primary objectives:

a) To determine the attractiveness of various markets (i.e., will competing firms earn attractive profits or will they lose money?

1. To better understand the dynamics of the market so that underlying opportunities and threats can be detected and effective strategies adopted

A thorough industry analysis will include the following four components:

1. *Major market trends.* Events or patterns that are changing in the marketplace
2. *Key success factors*. Those factors that are the building blocks for success in your industry.
3. *Competitive forces.* These forces help explain the potential for profit (or lack thereof) in a particular industry, including the threat of entry, supplier and buyer power, the availability of substitutes, and the intensity of rivalry within the industry.
4. *Change forces.* these are events outside your organization that shape the way you conduct business, including government regulations, product and marketing innovations, economic issues, consumer trends, and information needs .

1. Identify trends and key success factors for your industry. For each trend or key success factor, indicate whether it represents an opportunity or threat to your firm. Cite evidence why the characteristic is an opportunity or a threat to your organization.

Customer Analysis

Customer analysis involves the examination of customer segmentation, motivations, and unmet needs. The following components of customer analysis are discussed here as part of the external analysis component of the model:

- *Market segmentation* is the identification of potential market segments. For example, a fresh fruit producer could identify potential market segments such as produce wholesalers, food service distributors, retail grocery buyers, roadside stand customers, and gift fruit buyers.
- *Customer characteristics and purchasing hot buttons* provide information needed for whether to gain or maintain a sustainable competitive advantage for marketing to a particular market segment. For example, retail grocery buyers of large quantities of fresh fruits require a supplier who can meet their supply needs when they order.

Competitor Analysis Components

Competitor analysis can include a multitude of parts. Following are our competitors:

Who are your competitors? Competitors may be firms in your same industry or they could be firms in other industries that your customers view as providing acceptable alternatives for your product or service.

What does each competitor do well? How are your competitors positioned and perceived in the marketplace? What are your competitors' cost structures? Do competitors have a cost advantage? What is the marketing attitude of competitors (e.g., least cost, differentiated product, niche market)?

What does each competitor do poorly? This might provide insight into areas that your company might exploit.

What can you learn from your competitors? Consider current and past strategies and anticipated future moves by competitors. Where does your firm have a competitive advantage (a strength that clearly places a firm ahead of its competition)? Where is your firm at a competitive disadvantage (a weakness that clearly places a firm behind its competition)?

Self Analysis Components

Having completed a detailed external analysis, now look internally for an understanding of aspects within your organization that are of strategic importance. Components of this part of the self-analysis include assessing the internal strengths and weaknesses of your organization, as well as identifying strategic problems, organizational capabilities, and constraints your firm brings to the strategic marketing management process.

We utilize the analysis of the internal strengths and weaknesses to identify strategic problems, organizational competencies and constraints. At this time, it is appropriate to define what is meant by strength and a weakness:

- *Strength.* Something a company does well or a characteristic that gives it an important capability (e.g., Wal-Mart's cost-efficient distribution system).
- *Weakness.* Something a company does poorly, or a characteristic that puts it at a disadvantage (e.g., Wal-Mart's inflexibility to respond to changes in local marketplace).

Strategic Marketing Management Analysis

The final analytical task is to zero in on the strategic issues that management needs to address in forming an effective strategic action plan. Here, managers need to draw upon all prior analysis, put the company's overall situation into perspective, and get a lock on exactly where they need to focus their strategic attention"

1. *Price Advantage* (overall cost leadership) is a price-driven strategy based on basic products/services offered to a broad market.
2. *Quality/Features Advantage* (broad differentiation) is a quality-driven strategy based on specialized products and services offered to a broad market (e.g., Publix)
3. *Market Focus Advantage* (focused low cost and focused differentiation) is a customer-driven strategy based on specialized products and services offered to a specially targeted market.
4. *Total Quality Management (TQM) Advantage* (best cost provider) is a value-driven strategy based on continual innovation in product, price, and process (e.g., Saturn)

It is rare that a firm excels at more than one of the primary competitive strategies. The characteristics that make one of the above strategies effective are likely to reduce the effectiveness of another primary competitive strategy. Remember, it is hard to be all things to all people.

Competitive Role Strategy

Once a firm has decided to pursue a primary competitive strategy based on overall cost leadership, broad differentiation, focused differentiation, or best cost provider, a competitive role strategy must be chosen. That is, a decision must be made how to best position the firm, given the primary competitive strategy that has been chosen. There are four competitive role strategies that can be chosen:

1. ***Leader*.** The largest market share and/or initiator of change that causes others to respond and follow their lead (e.g., McDonald's)

2. ***Follower***. An adopter and adapter of successful strategies from others (e.g., A&W restaurants)

3. ***Challenger***. An innovator of strategies that challenge the industry and its normal way of doing business.

4. ***Loner***. A provider of products/services that fill gaps in the marketplace (e.g., "mom and pop" restaurants)

Just as in primary competitive strategy, it is difficult for a firm to be all things to all people. For example, under Jack Welsh's leadership, General Electric made a commitment to only stay in markets where General Electric would be either first or second in market share. This is an example of a "leader" competitive role strategy.

The Changing Consumer

It is important to understand the changing needs of consumers when designing your strategic marketing management plan. For each of the following changing consumer needs, consider their potential impact (positive or negative) on your firm.

Over riding desire for quality. Today's consumers demand quality, and they are willing to pay for it.

Three Critical Marketing Concepts

The strategic marketing plan is built around three critical marketing concepts. These concepts are represented by the following acronyms and are discussed briefly at the end of this workbook:
TLC (Think like Customers).
CMSQ (Critical Marketing Strategy Question).
STP (Segment, Target, and Position).

Think Like Customers

Think like Customers' (TLC) is a plea for businesses to remember the customer in their decision-making process. To think like a customer is consistent with the viewpoint that marketing is the whole business as seen from the viewpoint of the customer. Experience and research indicate that all firms have the opportunity to do better at TLC. We are sure you would be able to cite numerous examples from your own life when firms did not practice thinking like their customers. Can you list examples of firms that think like customers? Can you list examples of firms that do not think like customers?

Segment, Target, and Position

"Segment, Target, and Position" (STP) is one of the basic building blocks of modern marketing (US Small Business Administration 1980). STP strategies should complement a firm's overall generic strategies, consisting of a primary competitive strategy, competitive role strategy, strategic initiative, and vertical coordination strategy.

Market segmentation is the basic recognition that every market is made up of distinguishable segments consisting of buyers with different needs, buying styles, and responses. In essence, this is the process of identifying all possible markets to which your product or service could be offered. Although there are many ways to segment a market, these are beyond the scope of this workbook.

MARKETING'S KEY COMPONENTS, CREATING VALUE FOR THE CUSTOMER:

What, then, is the key to a consistent proactive marketing strategy?

First and foremost it is a philosophy that dedicates resources of the firm to ensuring that the wants, needs, and demands of the customer are the firm's focus. This customer-focused mentality is the foundation of the strategy that makes up the entire marketing process.

Second, it is a plan, supported by the firm's philosophy. Once the philosophy is in place, a plan can give direction, guidance, and a structure for proactive strategies that will increase sales and improve business relationships. Often firms find themselves dedicating resources to marketing activities from trade shows to flyers and spending money on marketing that is not targeted to the right audience at the right time. This is reactive marketing with a shotgun, rather than a rifle. Conversely, a proactive, focused marketing plan can provide guidance for targeting the right audience at the right place and at the right time, which in turn maximizes the return on investment and increases revenues.

Third, marketing is a process of creating value for the customer.

It is a set of activities to educate, communicate with, and motivate the targeted consumer about the firm's services or the company's product and services.

Traditionally, this set of activities, the "marketing mix," is represented by four parts, the well-known "4 P's of Marketing": price, product, placement, and promotion. But to create a marketing strategy and plan that touch on all areas necessary to position a product in the market to maximize sales revenues, there are multiple areas to be tackled.

Political Environment

Often considered more relevant when entering a foreign market, the political situation in any new or existing market is invaluable to study and understand. Existing government policies and regulations can deter new entrants into an economy, particularly in underdeveloped or developing areas of the world, or can swiftly affect incumbents in an industry with new regulations and policies that can have both positive and negative results. Act and allowed some financial companies to expand their services, it also impacted those firms because they were not permitted to sell both institutional and investment services. Likewise, the Sarbanes-Oxley Act of

2002 prohibited firms such as those in accounting and financial services from providing consulting and auditing services. Additionally, government policies can add extra expenses to firms; for example, the HIPAA regulations of the late
1990s required health care organizations and all related firms to protect patient information, which led to increased costs to these providers.

MARKETS AND STRATEGY

- ***Economic Environment***

The economic health and welfare of a state, nation, or region also impact the firm's decision-making process. If an area is healthy economically and the consumers in a region have the means or potential means for creating purchasing power, then a company may want to consider selling its product or service in that area.

- ***Sociological/Demographic Environment***

In this part of an environmental scan, we look at trends and factors of the population of our market for instance, societal attitudes or population shifts that represent either opportunities or threats to our overall strategy. Included in this portion of the analysis is perhaps the education level of the local market, in terms of creating both a workforce and a customer base for the firm. If the levels are too low, then the cost of creating training programs for potential employees and educational marketing methods for potential customers should be taken into consideration.
The aging of the baby boomer demographic has affected the strategies of many organizations; interestingly, AARP has responded recently by becoming "more hip" in its image as a way to woo boomers who, prior to their arrival into AARP age range, have parodied its existence.

Technological

Technology refers not only to technology as it is thought of today with computers and systems to manage business more effectively, but also to the infrastructure necessary to support modern systems and processes. Certainly the diffusion of Web based technology has affected most organizations, giving even the smallest a global presence and a cost effective way to reach millions of potential customers. Thus, the strategy of an organization may be affected by technological change, and the velocity of technological change also means this variable must be monitored constantly. Certain areas of the world even in the United States cannot support systems without great build-out expense and investment. A firm must look at the condition of the host country or region's communication, transportation, and power systems, as well as the cost of using those systems. If the condition and cost are adequate, then the quality of the end product or service and the reliability of consistently providing the firm's product or service to the end user/customer must be analyzed.

Economies of Scale.

These refer to the ability of a firm to mass produce a product and therefore to sell to the customer at a lower price. A competitor that does not have the luxury or means to mass produce would thus not be able to compete on price, but rather be forced to find another way to differentiate itself from the competition to the consumer

Product Differentiation

This is the method or tactics used by a firm to give its product a more recognized value than the competitors' products. Brand identity is a powerful tool in creating value and therefore makes it difficult for a new entrant into the market to gain customer loyalty. For example, the leaders in the toothpaste market are Colgate and Crest. Customers tend to be loyal to their toothpaste brands, and it would require heavy expenditures to draw customers away from either of those brands. In addition to brand identity, advertising, first mover advantage (being first in an industry), and differences in products also foster loyalty to products and can easily make entering a market highly expensive.

Conclusion

A firm's strategic goals are based on both internal and external knowledge, insight, and in-depth analysis. Without a strategic plan, resources are spent on events, activities, and functions that may not generate revenue. To make the most of each dollar earned by the firm, all functions must work together create a well-oiled machine? The marketing plan, which is based on a full understanding of the market, the firm, and the customer needs, dovetails directly with the strategic plan to provide a road map for the firm. This road map is the ultimate tool for guiding leaders towards making decisions that will provide sustainable growth to the company.

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