

INTERPRETATION ATTEMPT OF MARKETING STRATEGY CONCEPT

POKUŠAJ INTERPRETACIJE POJMA MARKETINŠKA STRATEGIJA

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Abstract: *From the time of its introduction in marketing literature, the concept of "marketing strategy" has been understood in various ways. Some interpretations that emerged in various phases of development of management have found a permanent place in literature, others made room for new concepts. Searching for consensus and agreeing the concept of "marketing strategy" is a necessity allowing to communicate, and formulate practical recommendations on effective implementation of marketing strategy. This paper has been intended to outline (under certain provisions) an interpretation of marketing strategy that may, to the best of my knowledge, become a platform for seeking a unified method of understanding.*

Key words: *marketing strategy, buyer oriented strategy, competition oriented strategy.*

Sažetak: *Pojam „marketinška strategija” od trenutka kad se pojavio u stručnoj literaturi različito se shvaćao. Neke interpretacije nastale su na različitim etapama razvoja znanja o menadžmentu i našle su svoje trajno mjesto u stručnoj literaturi, dok su se druge pojavljivale nakratko i ustupale mjesto novim koncepcijama. Usklađivanje stajališta shvaćanja pojma „marketinška strategija” nužno je, jer dozvoljava sporazumijevanje i formuliranje praktičnih uputa za uspješnu realizaciju marketinške strategije. Cilj je publikacije pokušaj (uz određene pretpostavke) interpretacije pojma marketinške strategije, koja prema autorovu mišljenju može biti platforma za traženje ujednačenog načina njezina shvaćanja. Ograničen okvir publikacije dozvoljava jedino skiciranje predloženoga stajališta.*

Ključne riječi: *marketinška strategija, strategija usmjerena na klijente, strategija konkurenata.*



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1. Introductory remarks

The concept "marketing strategy" has been understood in various ways since it first emerged in writings on this subject. Some interpretations that had been formulated within consecutive stages of economic development and the advancement of marketing and management science found a permanent place in literature, while others were short-lived and were superseded by new concepts.

Seeking consensus and agreeing on the concept of "marketing strategy" is prerequisite for understanding and formulating practical guidelines on efficient implementation of marketing strategy.

This paper has been intended as an interpretation (under certain provisions) of marketing strategy that may, to my mind, become a platform for seeking a homogenous understanding of that concept. The limited confines of this publication allow only to sketch the suggested point of view.

2. Assumptions for the approach

A large number of factors determining the approach to understanding the concept of marketing strategy makes it imperative to disclose them "explicitly". This will facilitate comprehension of the intentions of the author formulating his judgment, and by the same token an assessment of its merit. The main provisions that have been adopted and respected by the author can be formulated as follows:

1) The understanding of marketing strategy is formulated for a market oriented enterprise. Marketing orientation means such state of market conditions "measured" with the relationships of an enterprise with its environment that requires the application of marketing as the philosophy of action. The emergence of marketing orientation is objective and it is conditioned many factors. An enterprise that realizes it is market oriented, must apply marketing as a tool for managing its potential (there is no alternative) to be efficient and effective on the market;

2) For a marketing-oriented enterprise, marketing has become a dominant force permeating all functional areas of the firm and forcing all levels of management to think in marketing categories. Its major function is dictated by the fact that it is marketing people who have to focus on a client by coordinating all enterprise functions in such a way that the client is understood, served, and finally satisfied [1]. Implementing marketing within such a wide spectrum requires starting marketing management on three levels: of an enterprise as a whole, strategic business units and market segments. Marketing (regarded as management process) takes place at the level of a strategic business unit. This substantiates treating marketing strategy as marketing of a strategic business unit;

3) Generally speaking, marketing as a philosophy of corporate potential management assumes the knowledge about processes and state of environment elements (particularly about its current and potential customers) to be a starting point. That feature of marketing substantiates the application of situational approach to the understanding of the gist of marketing strategy. Such an approach allows most true mapping of marketing orientation. In a general sense, marketing strategy is a set of

rules and principles designating the framework for the operational activity of an enterprise at the level of a strategic business unit;

4) There is no consensus on the subject scope of marketing. However, there is one common area that is accepted by all. It may be stated that a marketer is engaged in researching and explaining the phenomena and processes involved in the enterprise–environment relationships, and then formulating practical guidelines for shaping those relationships. Yet, a marketer is interested in the set of relationships that can be found only at “the output” of an enterprise;

5) The importance of elements and the processes within the environment varies for an enterprise pursuing marketing orientation. A crucial distinction bringing order into the picture is the division into the immediate and distant environment. An enterprise pursuing marketing orientation has no possibilities to shape distant environment. It has to adapt. Enterprises pursuing marketing orientation may shape elements immediate environment to various extent. Plethora of elements of the immediate environment may be reduced to four basic categories: buyers, competitors, intermediaries, supporting objects. Shaping immediate environment means influencing its objects, Strategic solutions should be applied to forming the principles of operating decisions within the scope of interaction with these elements.

3. Defining marketing strategy

In line with the above premises, marketing strategy may be defined as a set of rules and principles forming a framework for operating activity of an enterprise within the area of shaping relationships with the immediate environment as a whole, as well as its constituent parts. Strategy understood in such a way means a series of components that make a hierarchical system resulting from the “importance” of particular environment elements for the enterprise:

- Market forming strategy,
- Buyer oriented strategy,
- Competition oriented strategy,
- Intermediary oriented strategy,
- Supporting object oriented strategy.

1) Market forming strategy.

Market forming strategy is a set of rules and principles constituting a framework for the operational activity of an enterprise within the scope of building relationships with the immediate environment. An enterprise perceives its environment intermittently, which is the consequence of the way such an enterprise understands the market. Market area is the smallest category identified by a marketer. He perceives the immediate environment as an aggregate of market areas. Market area may be defined as a segment of a market controlled by an enterprise that is characterized by the component of subject and object dimension [2].

Generally speaking, formulation of market area forming strategy is connected with seeking answers to two questions:

- a) how to change the rules of operation on the market areas that are “served” by an enterprise?
- b) which rules and principles should be engaged to incorporate new market areas into the sphere of our own activity?

An extensive set of possible rules enforces the use of various classification schemes. It is generally accepted that Ansoff’s matrix is a useful classification instrument at the first level. You can specify four classes of market forming strategy:

- Market penetration: rules to increase the efficient use of existing products in existing markets,
 - Market development: rules and principles for increasing the efficiency of existing products on the existing markets,
 - Product development: rules and principles of launching new products on new markets,
 - Diversification: rules and principles of launching new products on new markets
- 2) Buyer oriented strategy.

Buyer oriented strategy is a set of rules and principles providing framework for current operations within the area of forming relationships with the customers. Total strategy includes two levels of solutions: market simulation strategy and market division strategy.

Market simulation strategy complies with the stipulations of the mission statement and the desired marketing image, and it combines two main instruments of influencing a buyer, i.e. a broadly understood quality “set of benefits” and its price. All possible options create a continuum whose extremes are preference strategy and “price/quantity” strategy. The choice of strategy consists in providing a “mix” of an appropriate proportion of features of two extreme strategies [2].

Implementation of a selected method of influencing the market requires settling two problems (market division strategy):

- a) the analysis of the enterprise potential from the angle of feasibility of implementation of a selected market simulation strategy. Recognized potential possibilities may allow including within the simulation all customers that make up that market, or even their part,
- b) a comprehensive analysis of customers making up a certain market. Only knowledge about customers’ price and quality expectations is used in market strategy simulation. The buyers are autonomous “entities” with various needs, motives, preferences, attitudes, behaviours on the market, etc. If we want efficiently influence the buyers, we must perceive them in a complex way. The analysis of a buyer will indicate whether it suffices to influence the market with one marketing program (ascertaining homogeneity of buyers, creating a profile of a “typical” buyer, and then adopting proper solutions), or to apply a number of various marketing programs (ascertaining heterogeneity of buyers enforces segmentation and creation of tailored programs, each for a segment of a “typical” buyer),

3) Competition oriented strategy.

Competition oriented strategy is a set of rules and regulations providing a framework for current operation of an enterprise within the area of establishing relations with the competitors. A global strategy comprises two levels of solutions:

a) strategy of gaining advantage over competitors. According to M.Porter, whose concepts have been accepted by majority of authors, there are three strategies allowing reaching better results from other firms in the sector: minimization of total costs, diversification of activity and concentration [3],

b) strategies of competing style complement solutions of the first level. The selection of the way of winning advantage over competitors poses the question about the conduct in such circumstances. Generally speaking, there are two stances towards competitors (model approach distinguishes offensive and defensive stance), and the selection of tools prerequisite for reaching certain objectives on the road to gaining advantage of competitors (model approach distinguishes a conventional and unconventional selection of tools) [2].

4) Intermediary oriented strategy.

Intermediary oriented strategy is a set of rules and principles constituting a framework for current operations of an enterprise within the area of relationships with the distributors (traders). Bringing order into strategies, it is worth assuming the relationship between a producer and a trader for the key criterion. An active attitude of a producer means treating a trader as a link of his distribution chain. A passive attitude of a producer means treating a trader as the end user satisfying his procurement needs. An active trader selects his supply channels in line with his strategy, regarding a producer as his potential supplier rather than a client whom he may try to offer his distribution potential. A passive trader submits to the leading position of a producer trying to offer his distribution capabilities. In the discussion of those attitude we may distinguish four classes of strategy facilitating the selection of a proper strategy of conduct with a market partner [2].

5) Supporting object oriented strategy.

Strategy oriented on supporting objects constitutes a set of rules and principles providing framework for current operation within the area of relationships with those objects. The term "supporting object" stands for any object within the immediate environment of an enterprise, facilitating its functioning on the market (for a producer it may be a bank, an insurance company, a forwarding company). The methodology of ordering knowledge about strategies is identical with the methodology of ordering knowledge on intermediary oriented strategy.

4. References

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