1.1 Various Marketing Concepts

The practice of marketing is almost as old as humanity itself. A market was originally simply a gathering place where people with a supply of items or capacity to perform a service could meet with those who might desire the items or services, perhaps at a pre-arranged time.

In 1960 Theodore Levitt wrote a journal article called Marketing Myopia. This is said to have really begun the marketing craze. In it he discussed that the big manufacturing industries at the time were misinterpreting what industry they were part of. He stated that until you fully understood the industry you were part of you were likely to fail. For example the rail industry was not in the business of rail transport but in the industry of transport in general they were still competing with the likes of cars and public transport.

Levitt is said to be one of the founders of the marketing discipline, and contributed to the making of the Four Ps framework that transactional marketing is based around.
Marketing is one of the terms in academia that does not have one commonly agreed upon definition. Even after a better part of a century the debate continues. In a nutshell it consists of the social and managerial processes by which products, services and value are exchanged in order to fulfill individual's or group's needs and wants. These processes include, but are not limited to, advertising.¹

If marketing is the distinguishing function of the business, then what is marketing and how is it achieved?

1. "An organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders."²

2. "Human activity directed at satisfying needs and wants through exchange processes." Philip Kotler.

3. "...the ongoing process of moving people closer to making a decision to purchase, use, follow, refer, upload, download, obey, reject, conform, become complacent to someone else's products, services or values. Simply, if it doesn't facilitate a "sale" then it's not marketing."

² "Dictionary of Marketing Terms" from marketingpower.com
4. "...the thing process of anticipating, identifying and satisfying customer requirements profitably" Chartered Institute of Marketing.

Take these definitions collectively and a comprehensive definition of marketing, applicable to both business and non-business environments, emerges:

Processes, functions, exchanges or activities – that create perceived value by satisfying needs of those involved in the transaction. These processes succeed in moving people closer to making a decision to purchase and facilitate a "sale." Afterwards, these processes anticipate, identify and satisfy customer requirements profitably and successfully manage existing relationships.

In his book, “The Practice of Management”, Peter Drucker wrote that "Because the purpose of business is to create a customer, the business enterprise has two and only two basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business."

Marketing, as suggested by the American Marketing Association, is "an organizational function and a set of processes for creating, communicating and delivering value to customers and for

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managing customer relationships in ways that benefit the organization and its stakeholders". Another definition, perhaps simpler and more universal, is this: "Marketing is the ongoing process of moving people closer to making a decision to purchase, use, follow...or conform to someone else's products, services or values. Simply, if it doesn't facilitate a "sale" then it's not marketing." Philip Kotler in his earlier books defines as: "Marketing is human activity directed at satisfying needs and wants through exchange processes".

Add to Kotler's and Norris' definitions, a response from the Chartered Institute of Marketing (CIM). The association's definition claims marketing to be the "management process of anticipating, identifying and satisfying customer requirements profitably". Thus, operative marketing involves the processes of market research, new product development, product life cycle management, pricing, channel management as well as promotion.

Relationship marketing is a form of marketing that evolved from direct response marketing in the 1960s and emerged in the 1980s, in which emphasis is placed on building longer term relationships with customers rather than on individual transactions. It involves understanding the customer’s needs as they go through their life cycles. It emphasizes providing a range of products or services to existing customers as they need them.
Phillip Kotler introduced Societal Marketing which is an enlightened concept that holds that a company should make good marketing decisions by considering consumers' wants, the company's requirements and society's long run interests. These efforts are now known as Corporate Social Responsibility.

A market-focused, or customer-focused, organization first determines what its potential customers desire, and then builds the product or service. Marketing theory and practice is justified in the belief that customers use a product/service because they have a need, or because a product/service has a perceived benefit. Two major factors of marketing are the recruitment of new customers (acquisition) and the retention and expansion of relationships with existing customers (base management).

Once a marketer has converted the prospective buyer, base management marketing takes over. The process for base management shifts the marketer to building a relationship, nurturing the links, enhancing the benefits that sold the buyer in the first place, and improving the product/service continuously to protect the business from competitive encroachments.

**Two Levels of Marketing**

Marketing is an understanding that marketing operates on two different levels i.e. strategic and operational.
Strategic Marketing

Strategic Marketing attempts to determine how an organization competes against its competition in a market place. In particular, it aims at generating a competitive advantage relative to its competition. When Jack Trout says that marketing is 'the war between competitors' and 'the conflict between companies' what he is really doing is defining marketing at the business level.

Operational Marketing

Operational Marketing executes marketing functions to attract and keep customers and to maximize the value derived from them. Also to satisfy the customer with prompt services & meeting the customer expectations. This includes the determination of the marketing mix, advertising execution etc.

Four Ps

In popular usage, "marketing" is the promotion of products, especially advertising and branding. However, in professional usage the term has a wider meaning which recognizes that marketing is customer centered. Products are often developed to meet the desires of groups of customers or even, in some cases, for specific customers. E. Jerome McCarthy divided marketing into four general sets of activities. His typology has become so

* "The Concept of the Marketing Mix" from the Journal of Advertising Research, June 1964 pp 2-7
universally recognized that his four activity sets, the Four Ps, have passed into the language.

The four Ps are:

- **Product**: The Product management and Product marketing aspects of marketing deal with the specifications of the actual good or service, and how it relates to the end-user's needs and wants.
- **Pricing**: This refers to the process of setting a price for a product, including discounts. The price need not be monetary - it can simply be what is exchanged for the product or service, e.g. time, or attention.
- **Promotion**: This includes advertising, sales promotion, publicity, and personal selling, and refers to the various methods of promoting the product, brand, or company.
- **Placement** or distribution refers to how the product gets to the customer; for example, point of sale placement or retailing. This fourth P has also sometimes been called *Place*, referring to the channel by which a product or service is sold (e.g. online vs. retail), which geographic region or industry, to which segment (young adults, families, business people), etc.

These four elements are often referred to as the marketing mix. A marketer can use these variables to craft a marketing plan. The four Ps model is most useful when marketing low value consumer products. Industrial products, services, high value consumer
products require adjustments to this model. Services marketing must account for the unique nature of services. Industrial or B2B marketing must account for the long term contractual agreements that are typical in supply chain transactions. Relationship marketing attempts to do this by looking at marketing from a long term relationship perspective rather than individual transactions.

As a counter to this, Morgan, in *Riding the Waves of Change* (Jossey-Bass, 1988), adds "Perhaps the most significant criticism of the 4 Ps approach, which you should be aware of, is that it unconsciously emphasizes the inside–out view (looking from the company outwards), whereas the essence of marketing should be the outside–in approach". Even so, having made this important caveat, the 4 Ps offer a memorable and quite workable guide to the major categories of marketing activity, as well as a framework within which these can be used.

**Seven Ps**

As well as the standard four Ps (Product, Pricing, Promotion and Placement), services marketing calls upon an extra three, totaling seven and known together as the extended marketing mix. These are:

- **People**: Any person coming into contact with customers can have an impact on overall satisfaction. Whether as part of a supporting service to a product or involved in a total service,
people are particularly important because, in the customer's eyes, they are generally inseparable from the total service. As a result of this, they must be appropriately trained, well motivated and the right type of person. Fellow customers are also sometimes referred to under 'people', as they too can affect the customer's service experience, (e.g., at a sporting event).

- **Process**: This is the process involved in providing a service and the behaviour of people, which can be crucial to customer satisfaction.

- **Physical evidence**: Unlike a product, a service cannot be experienced before it is delivered, which makes it intangible. This, therefore, means that potential customers could perceive greater risk when deciding whether or not to use a service. To reduce the feeling of risk, thus improving the chance for success, it is often vital to offer potential customers the chance to see what a service would be like. This is done by providing physical evidence, such as case studies, testimonials or demonstrations.

In India 4 ‘As’ are referred to reflecting a consumer-centred perspective, these are:

- Acceptability of the product or services.
- Affordability of the product or services.
• Awareness of the product and services
• Availability of the product and services.

**Eight Ps**

As well as the other seven, Packaging has been added to this list by some people. The rationale is that it is very important how the product is presented to the customer, and the packaging is often the first contact that a customer has with a product.

Although some disagree because packaging is seen as a subfield of promotion. Packaging is also sometimes viewed as a subfield of placement if the primary intent of the packaging is to protect the product during shipping.

"PHILOSOPHY" is the potential 8th P of marketing. Products (or services) should reflect the underlying philosophy or ethos of the organization. It should also be clear what the philosophy behind the introduction of the particular product is, as well. In his book, "Meeting Need", Ian Bruce explains this concept as it relates to marketing for charities. It also applies to other products and services.

**Resources, Relationships, Offerings and Business Models**
Marketing in the past focused mainly on basic concepts like the 4 Ps, and primarily on the psychological and sociological aspects of

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marketing. Competitive advantage was created by directly appealing to the needs, wants and behaviors of customers, better than the competition. Successful marketing was based on who could create the better brand or the lowest price or the most hype. Marketing in the future will be based on a more strategic approach to competitive marketing success.\(^5\) Marketers will consciously build and allocate resources, relationships, offerings and business models that other companies find hard to match. This does not mean the four P approach is dead, simply that it has been expanded upon.

**Resources**

Companies with a greater number of resources than their competitors will have an easier time competing in the marketplace. Resources include: financial (cash and cash reserves), physical (plant and equipment), human (knowledge and skill), legal (trademarks and patents), organizational (structure, competencies, policies), and informational (knowledge of consumers and competitors). Small companies usually have a harder time competing with larger corporations because of their disadvantage in resource allocation.

**Relationships**

Success in business, as in life, is based on the relationships you have with people. Marketers must aggressively build relationships

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with consumers, customers, distributors, partners and even competitors if they want to have success in today's competitive marketplace. There are four type of relationships (1) win-win (2) win-lose (3) lose-lose (4) lose-win. (customer-vendor).

Business Models
The concept of product vs. product in competitive marketing is dying. It's slowly becoming business model vs. business model. Business model innovation can make the competition's product superiority irrelevant. Business model innovation allows a marketer to change the game instead of competing on a level playing field.

Customer focus
Many companies today have a customer focus (or customer orientation). This implies that the company focuses its activities and products on consumer demands. Generally there are three ways of doing this: the customer-driven approach, the sense of identifying market changes and the product innovation approach.\(^6\)

In the consumer-driven approach, consumer wants are the drivers of all strategic marketing decisions. No strategy is pursued until it passes the test of consumer research. Every aspect of a market offering, including the nature of the product itself, is driven by the needs of potential consumers. The starting point is always the consumer. The rationale for this approach is that there is no point spending R&D funds developing products that people will not buy.

History attests to many products that were commercial failures in spite of being technological breakthroughs.

**SIVA**

A formal approach to this customer-focused marketing is known as SIVA\(^7\) (Solution, Information, Value, Access). This system is basically the four Ps renamed and reworded to provide a customer focus. The SIVA Model provides a demand/customer centric version alternative to the well-known 4Ps supply side model (product, price, place, promotion) of marketing management.

Product -> Solution  
Promotion -> Information  
Price -> Value  
Place -> Access

The four elements of the SIVA model are:

- **Solution**: How appropriate is the solution to the customers problem/need.
- **Information**: Does the customer know about the solution, and if so how, who from, do they know enough to let them make a buying decision.

- **Value**: Does the customer know the value of the transaction, what it will cost, what are the benefits, what might they have to sacrifice, what will be their reward?
- **Access**: Where can the customer find the solution. How easily/locally/remotely can they buy it and take delivery.

This model was proposed by Chekitan Dev and Don Schultz in the Marketing Management Journal of the American Marketing Association, and presented by them in Market Leader - the journal of the Marketing Society in the UK. The model focuses heavily on the customer and how they view the transaction.

### 1.2 Significance and Types of Marketing Practices & Strategies

There are many companies especially those in the Consumer Package Goods (CPG) market that adopt the theory of running their business centred around consumer, shopper and retailer needs. Their Marketing departments spend quality time looking for "Growth Opportunities" in their categories by identifying relevant insights (both mindsets and behaviours) on their target consumers, shoppers and retail partners. These Growth Opportunities emerge from changes in market trends, segment dynamics changing and also internal brand or operational business challenges. The marketing team can then prioritise these Growth Opportunities and
begin to develop strategies to exploit the opportunities that could include new or adapted products, services as well as changes to the 4Ps.

Real-life marketing primarily revolves around the application of a great deal of common-sense; dealing with a limited number of factors, in an environment of imperfect information and limited resources complicated by uncertainty and tight timescales. Use of classical marketing techniques, in these circumstances, is inevitably partial and uneven. Thus, for example, many new products will emerge from irrational processes and the rational development process may be used (if at all) to screen out the worst non-runners. The design of the advertising, and the packaging, will be the output of the creative minds employed; which management will then screen, often by 'gut-reaction', to ensure that it is reasonable.

For most of their time, marketing managers use intuition and experience to analyze and handle the complex, and unique, situations being faced; without easy reference to theory. This will often be 'flying by the seat of the pants', or 'gut-reaction'; where the overall strategy, coupled with the knowledge of the customer which has been absorbed almost by a process of osmosis, will determine the quality of the marketing employed. This, almost instinctive management, is what is sometimes called 'coarse marketing'; to distinguish it from the refined, aesthetically pleasing, form favored by the theorists.
If you want your company to succeed, at some point you will need to begin marketing your products or services. The old adage that the worst type of advertising is no advertising is still true. No matter what your marketing budget may be, there are many different types of marketing that you can take advantage of. Let’s take a look at a few of the more proven techniques that combine low cost with major results.

**Online Marketing**

Online marketing has opened up incredible avenues for small businesses. Thanks to companies like Google and Overture, you can place ads for your company right along side the big guns at competitive prices. Never before has it been easier to market your business than it is right now. New forms of online marketing are also making headway. Online video ads are easy and cheap to shoot and give you the kind of exposure that was previously limited to expensive national television campaigns. With low production costs and reasonable pricing, you can run an online video campaign at a fraction of the cost of traditional advertising.

**Offline Marketing**

The benefits of traditional marketing cannot be overlooked in our digital age. Many companies are reaping the benefits of
combining online and offline marketing techniques. For example, you can use direct mail or local advertising to drive potential customers to your site. This is a great and proven combination that results in increased traffic and better conversions.

You can actually save money on print campaigns by relying on your website to do the actual selling while the print ad can function as a pointer. You'll save money using less words while building brand awareness. Radio ads are still a proven way to increase awareness of your company. If you are new to radio marketing, try placing a sample ad with a local station. They'll be able to assist you in producing your first ad until you get the hang of the process.

**Word of Mouth Marketing**

Word of mouth is still one of the most powerful forms of advertising on the planet. The best word of mouth comes from satisfied customers. Go the extra mile for them, and really work towards building relationships with your customers. This will result not only in more leads but they'll keep coming back to you in the future. Try running special promotions or coupons for these regular customers to help them feel that
they are special and you’ll really be able to continue to build on these relationships in the future.

The best marketing strategies take advantage of all the different types of advertising. By spreading your ad dollars around you can be assured of greater success and better interaction with the public. Start small by combining a special promotion that will run both in print and online avenues at the same time. You can keep track of the success of each method by using coupon codes to see which form suits your company the best.

The field of marketing strategy encompasses the strategy involved in the management of a given product. A given firm may hold numerous products in the marketplace, spanning numerous and sometimes wholly unrelated industries. Accordingly, a plan is required in order to manage effectively such products. Such decisions consist of the following decisions:

- Should we (i.e. the firm) enter a market/industry?
- Should we increase funding for our product(s)?
- Should we maintain funding for our product(s)?
- Should we divest or cease production of our product(s)?

Evidently, a company needs to weigh up and ascertain how to utilise effectively its finite resources. As an example, a start-up car
manufacturing firm would face little success, should it attempt to
rival immediately Toyota, Ford, Nissan or any other large global
car maker. Moreover, a product may be reaching the end of its life-
cycle. Thus, the issue of divest, or a ceasing of production may be
made. With regard to the aforesaid questions, each scenario
requires a unique marketing strategy to be employed. Below are
listed some prominent marketing strategy models, which seek to
propose means to answer the preceding questions.

1.3 Planning for Marketing Practices

A marketing plan is a written document that details the actions
necessary to achieve a specified marketing objective(s). It can be
for a product or service, a brand, or a product line. It can cover one
year as an annual marketing plan, or cover up to five years. A
marketing plan may be part of an overall business plan. Solid
marketing strategy is the foundation of a well-written marketing
plan. While a marketing plan contains a list of actions, a marketing
plan without a sound strategic foundation is of little use.

The marketing planning process

In most organizations `strategic planning' is an annual process,
typically covering just the year ahead. Occasionally, a few
organizations may look at a practical plan which stretches three or more years ahead.

To be most effective, the plan has to be formalized, usually in written form, as a formal `marketing plan'. The essence of the process is that it moves from the general to the specific; from the overall objectives of the organization down to the individual action plan for a part of one marketing programme. It is also an iterative process, so that the draft output of each stage is checked to see what impact it has on the earlier stages - and is amended accordingly.

**Corporate mission**

Behind the corporate objectives, which in themselves offer the main context for the marketing plan, will lie the ‘corporate mission’; which in turn provides the context for these corporate objectives. This ‘corporate mission’ can be thought of as a definition of what the organization is; of what it does: 'Our business is ...'. Abell suggested that the definition should cover three dimensions: ‘customer groups’ to be served, ‘customer needs’ to be served, and ‘technologies’ to be utilized.\(^8\)

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Corporate vision

Perhaps the most important factor in successful marketing is the 'corporate vision'. Surprisingly, it is largely neglected by marketing textbooks; although not by the popular exponents of corporate strategy - indeed, it was perhaps the main theme of the book by Peters and Waterman, in the form of their ‘Superordinate Goals’.\(^9\) Theodore Levitt said: "Nothing drives progress like the imagination. The idea precedes the deed."\(^{10}\)

Henry Mintzberg explained: "... in some cases, in addition to the mission there is the 'sense of mission', that is, a feeling that the group has banded together to create something new and exciting. This is common in new organizations".

What a worthwhile vision consists of is, however, usually open to debate; hence the reason why such visions tend to be associated with strong, charismatic leaders. But the vision must be relevant. The message for the marketer is that, to be most effective, the marketing strategies must be converted into a powerful long-term vision; if such a vision does not already exist.

\(^{10}\) T. Levitt, 'The Marketing Imagination' (Free Press, 1986).
Marketing audit

The first formal step in the marketing planning process is that of conducting the marketing audit. Ideally, at the time of producing the marketing plan, this should only involve bringing together the source material which has already been collected throughout the year - as part of the normal work of the marketing department.

The emphasis at this stage is on obtaining a complete and accurate picture. In a single organization, however, it is likely that only a few aspects will be sufficiently important to have any significant impact on the marketing plan; but all may need to be reviewed to determine just which 'are' the few. In this context some factors related to the customer, which should be included in the material collected for the audit, may be:

- Who are the customers?
- What are their key characteristics?
- What differentiates them from other members of the population?
- What are their needs and wants?
- What do they expect the `product' to do?
- What are their special requirements and perceptions?
• What do they think of the organization and its products or services?
• What are their attitudes?
• What are their buying intentions?

It is clear that the basic material to be input to the marketing audit should be comprehensive. Accordingly, the best approach is to accumulate this material continuously, as and when it becomes available; since this avoids the otherwise heavy workload involved in collecting it as part of the regular, typically annual, planning process itself - when time is usually at a premium. The last of these is too frequently ignored. The marketing system itself needs to be regularly questioned, because the validity of the whole marketing plan is reliant upon the accuracy of the input from this system, and ‘garbage in, garbage out’ applies with a vengeance.

Analysis

The analysis of this material will, no doubt, require significant effort. In the first instance it is a matter of selection, of sorting the wheat from the chaff. What is important, and will need to be taken into account in the marketing plan that will eventually emerge from
the overall process, will be different for each product or service in each situation.

It is important to say not just what happened but why. The process of marketing planning encompasses all of the marketing skills. However, a number of these may be particularly relevant at this stage:

- ‘Positioning’. The starting point of the marketing plan must be the consumer. It is a matter of definition that his or her needs should drive the whole marketing process.
- ‘Portfolio planning’. In addition, the coordinated planning of the individual products and services can contribute towards the balanced portfolio.
- ‘80:20 rule’. To achieve the maximum impact, the marketing plan must be clear, concise and simple. It needs to concentrate on the 20 per cent of products or services, and on the 20 per cent of customers, which will account for 80 per cent of the volume and 80 per cent of the `profit'.
- ‘4 Ps’. The 4 Ps can sometimes divert attention from the customer, but the framework they offer can be very useful in building the action plans. The 4 Ps refer to Product, Place, Price and Promotion.
Marketing objectives

The next stage in marketing planning is indeed the key to the whole marketing process. The marketing objectives state just where the company intends to be; at some specific time in the future. James Quinn succinctly defined objectives in general as: "Goals (or objectives) state 'what' is to be achieved and 'when' results are to be accomplished, but they do not state 'how' the results are to be achieved".\(^{11}\)

It is conventionally assumed that marketing objectives will be designed to maximize volume or profit, by creating demand or rejuvenating existing demand, say; although the various sub-objectives may indicate many different routes to achieving such optimization. However, as Kotler suggested, there may be a number of other objectives.\(^{12}\)

- Synchromarketing
- Demarketing
- Counter-marketing

\(^{11}\) J. B. Quinn, 'Strategies for Change: Logical Incrementalism' (Richard D. Irwin, 2002)
\(^{12}\) P. Kotler, 'Marketing Management' (Prentice-Hall, 2005)
1. **Synchromarketing** - The aim may be to ‘redistribute’ existing sales (which are already at optimum levels) so that they occur at times, or in places, which the supplier prefers. Walls achieved this by balancing its summer sales of ice-cream with pies and sausages, demand for which peaks in winter.

2. **Demarketing** - Demand may sometimes exceed supply. In these circumstances the emphasis will be on rationing scarce supplies. Occasionally the supplier, rather than bring on-stream expensive new plant, may seek to persuade customers to buy less (or be less dissatisfied with the scarcity).

3. **Counter-marketing** - In what is usually a public-sector activity (but is occasionally undertaken by the private sector, where some uses of a product are damaging the corporate image), there may be an objective of stopping consumption completely.

**Emergent strategy**

In this case, the intended strategy, decided upon traditionally or incrementally, is overtaken by events in two main ways. One, which will probably be recognized by the organization, is that of unrealized strategy; where it proves impossible to implement the
chosen strategy in practice. Less obvious is the emergent strategy which is decided by events in the external environment; and, thus, forced upon the organization. This may not necessarily be recognized, in its totality, by the organization - since many of its implications may be hidden. As markets become more complex, however, such emergent strategies are becoming more common.

There are two main approaches to capitalizing on such emergent strategies. The first of these, favored in the West, is the umbrella strategy. This is a form of very positive delegation, in that the overall strategies, the umbrella, are very general in nature - and allow the lower level managers, who are closest to the external environment, the freedom to react to these changes.

**Marketing strategies**

There are numerous definitions of what strategy is, but again James Quinn again gave a succinct general definition: "A strategy is a 'pattern' or 'plan' that 'integrates' an organization's 'major' goals, policies and action sequences into a 'cohesive' whole"\(^{13}\) He went on to explain his view of the role of 'policies', with which

\(^{13}\) Op. Cit.
strategy is most often confused: "Policies are rules or guidelines that express the 'limits' within which action should occur.

The strategy statement can take the form of a purely verbal description of the strategic options which have been chosen. Alternatively, and perhaps more positively, it might include a structured list of the major options chosen.

1.4 Marketing Strategies & 21st Century

A marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage, especially in the 21st century.

Key part of the general corporate strategy

A marketing strategy is most effective when it is an integral component of corporate strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. It is partially derived from broader corporate strategies, corporate missions, and corporate goals. As the customer constitutes the source of a company’s revenue, marketing strategy is closely linked with sales. A key component
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of marketing strategy is often to keep marketing in line with a company’s overarching mission statement.

**Sectorial tactics and actions**

A publishing strategy can serve as the foundation of a marketing plan. A marketing plan contains a set of specific actions required to successfully implement a marketing strategy. For example: "Use a low cost product to attract consumers. Once our organization, via our low cost product, has established a relationship with consumers, our organization will sell additional, higher-margin products and services that enhance the consumer's interaction with the low-cost product or service."

A strategy consists of a well thought out series of tactics to make a marketing plan more effective. Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Plans and objectives are generally tested for measurable results.

A marketing strategy often integrates an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole. Similarly, the various strands of the strategy, which might include advertising, channel marketing, internet marketing, promotion and public relations can be orchestrated. Many companies cascade a strategy throughout an organization, by creating strategy tactics that then become strategy goals for the
next level or group. Each one group is expected to take that strategy goal and develop a set of tactics to achieve that goal. This is why it is important to make each strategy goal measurable. Marketing strategies are dynamic and interactive. They are partially planned and partially unplanned.

**Types of strategies**

Every marketing strategy is unique, but can be reduced into a generic marketing strategy. There are a number of ways of categorizing these generic strategies. A brief description of the most common categorizing schemes is presented below:

- **Strategies based on market dominance** - In this scheme, firms are classified based on their market share or dominance of an industry. Typically there are three types of market dominance strategies:
  - Leader
  - Challenger
  - Follower

- **Porter generic strategies** - strategy on the dimensions of strategic scope and strategic strength. Strategic scope refers to the market penetration while strategic strength refers to the firm’s sustainable competitive advantage.
  - Cost leadership
  - Product differentiation
  - Market segmentation
• Innovation strategies - This deals with the firm’s rate of the new product development and business model innovation. It asks whether the company is on the cutting edge of technology and business innovation. There are three types:
  o Pioneers
  o Close followers
  o Late followers

• Growth strategies - In this scheme we ask the question, “How should the firm grow?”. There are a number of different ways of answering that question, but the most common gives four answers:
  o Horizontal integration
  o Vertical integration
  o Diversification
  o Intensification

A more detailed scheme uses the categories:
• Prospector
• Analyzer
• Defender
• Reactor

• Marketing warfare strategies - This scheme draws parallels between marketing strategies and military strategies.

**Strategic models**

Marketing participants often employ strategic models and tools to analyze marketing decisions. When beginning a strategic analysis,
the 3Cs can be employed to get a broad understanding of the strategic environment. An Ansoff Matrix is also often used to convey an organization's strategic positioning of their marketing mix. The 4Ps can then be utilized to form a marketing plan to pursue a defined strategy.

1.5 SWOT Analysis

**SWOT Analysis**, or sometimes known as the **TOWS Matrix**, is a strategic planning tool used to evaluate the **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats involved in a project or in a business venture or in any other situation of an organization or individual requiring a decision in pursuit of an objective. It involves monitoring the marketing environment internal and external to the organization or individual. The technique is credited to Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s using data from the Fortune 500 companies.

**Strategic and Creative Use of SWOT Analysis**

**Strategic Use: Orienting SWOTs to An Objective.** If SWOT analysis does not start with defining a desired end state or objective, it runs the risk of being useless. A SWOT analysis may be incorporated into the strategic planning model. An example of a strategic planning technique that incorporates an objective-driven SWOT analysis is SCAN analysis. Strategic Planning, including
SWOT and SCAN analysis, has been the subject of much research.\textsuperscript{14}

If a clear objective has been identified, SWOT analysis can be used to help in the pursuit of that objective. In this case, SWOTs are:

\textbf{Strengths}: attributes of the organization that are helpful to achieving the objective.

\textbf{Weaknesses}: attributes of the organization that are harmful to achieving the objective.

\textbf{Opportunities}: \textit{external} conditions that are helpful to achieving the objective.

\textbf{Threats}: \textit{external} conditions that are harmful to achieving the objective.

See the SWOT diagram below. Correct identification of SWOTs is essential because subsequent steps in the process of planning for achievement of the selected objective are to be derived from the SWOTs.

\textsuperscript{14} http://www.mbatoolbox.org
First, the decision makers have to determine whether the objective is attainable, given the SWOTs. If the objective is NOT attainable a different objective must be selected and the process repeated.

**Creative Use of SWOTs.** If, on the other hand, the objective seems attainable, the SWOTs are used as inputs to the creative
generation of possible strategies, by asking and answering each of the following four questions, many times:

1. How can we Use each Strength?
2. How can we Stop each Weakness?
3. How can we Exploit each Opportunity?
4. How can we Defend against each Threat?

Ideally a cross-functional team or a task force that represents a broad range of perspectives should carry out the SWOT analysis. For example, a SWOT team may include an accountant, a salesperson, an executive manager, an engineer, and an ombudsman.

**Internal and external factors**

The aim of any SWOT analysis is to identify the key internal and external factors that are important to achieving the objective. SWOT analysis groups key pieces of information into two main categories:

- Internal factors - The *strengths* and *weaknesses* internal to the organization.
- External factors - The *opportunities* and *threats* presented by the external environment.
The internal factors may be viewed as strengths or weaknesses depending upon their impact on the organization’s objectives. What may represent strengths with respect to one objective may be weaknesses for another objective. The factors may include all of the 4P’s; as well as personnel, finance, manufacturing capabilities, and so on. The external factors may include macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the marketplace or competitive position. The results are often presented in the form of a matrix.

SWOT analysis is just one method of categorization and has its own weaknesses. For example, it may tend to persuade companies to compile lists rather than think about what is really important in achieving objectives. It also presents the resulting lists uncritically and without clear prioritization so that, for example, weak opportunities may appear to balance strong threats.

It is prudent not to eliminate too quickly any candidate SWOT entry. The importance of individual SWOTs will be revealed by the value of the strategies it generates. A SWOT item that produces valuable strategies is important. A SWOT item that generates no strategies is not important.

The following errors have been observed in published accounts of SWOT analysis:
1. Conducting a SWOT analysis *before* defining and agreeing upon an objective (a desired end state). SWOTs should not exist in the abstract. They can exist only with reference to an objective. If the desired end state is not openly defined and agreed upon, the participants may have different end states in mind and the results will be ineffective.

2. Opportunities external to the company are often confused with strengths internal to the company. They should be kept separate.

3. SWOTs are sometimes confused with possible strategies. SWOTs are descriptions of conditions, while possible strategies define actions. This error is made especially with reference to opportunity analysis. To avoid this error, it may be useful to think of opportunities as "auspicious conditions".

4. "Make your points long enough, and include enough detail, to make it plain why a particular factor is important, and why it can be considered as a strength, weakness, opportunity or threat. Include precise evidence, and cite figures, where possible.

5. Be as specific as you can about the precise nature of a firm’s strength and weakness. Do not build content with general factors like economies of scale.
6. Avoid vague, general opportunities and threats that could be put forward for just about any organisation under any circumstances.

7. Do not mistake the outcomes of strength such as profits and market share for strengths in their own right”.

**Additional uses of SWOT Analysis**

The usefulness of SWOT analysis is not limited to profit-seeking organizations. SWOT analysis may be used in any decision-making situation when a desired end-state (objective) has been defined. Examples include: non-profit making organizations, governmental units and individuals. SWOT analysis may also be, and often is, used in pre-crisis planning and preventive crisis management. Following the steps described above should lead to clarification of issues and development of goal-oriented alternatives.

**Alternative view on SWOT**

SWOT alongside PEST/PESTLE can be used as a basis for the analysis of business and environmental factors. It is a technique widely used by a group, department, unit, organisation or even an individual. As part of Continuing Professional Development SWOT analysis can be contained within and feed into an individuals CPD.
Using SWOT to analyse the market position of a small management consultancy with specialism in HRM.\(^{15}\)

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation in marketplace</td>
<td>Shortage of consultants at operating level rather than partner level</td>
<td>Well established position with a well defined market niche</td>
<td>Large consultancies operating at a minor level</td>
</tr>
<tr>
<td>Expertise at partner level in HRM consultancy</td>
<td>Unable to deal with multi-disciplinary assignments because of size or lack of ability</td>
<td>Identified market for consultancy in areas other than HRM</td>
<td>Other small consultancies looking to invade the marketplace</td>
</tr>
<tr>
<td>Track record - successful assignments</td>
<td>No administrative back up</td>
<td>Developmental opportunities for extending business into the EU</td>
<td>Limited financial resources</td>
</tr>
</tbody>
</table>

A SWOT carried out on a HR Department may look like as illustrated below:

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed techniques for dealing with major areas of HR, job evaluation, psychometric testing and basic training</td>
<td>Reactive rather than proactive; needs to be asked rather than developing unsolicited ideas</td>
<td>New management team, wanting to improve overall organizational effectiveness through organizational development and cultural management programmes</td>
<td>HR contribution not recognised by top management who by-pass it by employing external consultants</td>
</tr>
</tbody>
</table>

A SWOT carried by an individual manager could look like this:

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Enthusiasm, energy, imagination, expertise in subject area, excellent track record in specialized area</td>
<td>Not good at achieving results through undirected use of personal energies, trouble at expressing themselves orally and on paper –</td>
<td>More general management opportunities requiring development of new managers</td>
<td>De-centralisation having the effect of removing departments where the individual is employed and</td>
</tr>
</tbody>
</table>
may have ideas but these come over as incoherent, management experience and expertise limited  

eliminating middle management layers to form flatter structure of organization

<table>
<thead>
<tr>
<th>SWOT within corporate planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>As part of the development of strategies and plans to enable the organisation to achieve its objectives, then that organisation will use a systematic/rigorous process known as corporate planning.</td>
</tr>
</tbody>
</table>

- **Set objectives** – defining what the organisation is intending to do.
- **Environmental scanning**
  Internal appraisals of the organisations SWOT, this needs to include an assessment of the present situation as well as a portfolio of products/services and an analysis of the product/service life cycle.
- **Analysis of existing strategies**, this should determine relevance from the results of an internal/external appraisal. This may include gap analysis which will look at environmental factors.
- **Strategic Issues** defined – key factors in the development of a corporate plan which needs to be addressed by the organisation.
• **Develop** new/revised strategies – revised analysis of strategic issues may mean the objectives need to change

• **Establish** critical success factors – the achievement of objectives and strategy implementation

• **Preparation** of operational, resource, projects plans for strategy implementation

• **Monitoring** results – mapping against plans, taking corrective action which may mean amending objectives/strategies.

**Using SWOT in marketing**

In competitor analysis, marketers build detailed profiles of each competitor in the market, focusing especially on their relative competitive strengths and weaknesses using SWOT analysis. Marketing managers will examine each competitor’s cost structure, sources of profits, resources and competencies, competitive positioning and product differentiation, degree of vertical integration, historical responses to industry developments, and other factors.

Marketing management often finds it necessary to invest in research to collect the data required to perform accurate marketing analysis. As such, they often conduct market research (alternately marketing research) to obtain this information. Marketers employ a variety of techniques to
conduct market research, but some of the more common include:

- Qualitative marketing research, such as focus groups
- Quantitative marketing research, such as statistical surveys
- Experimental techniques such as test markets
- Observational techniques such as ethnographic (on-site) observation
- Marketing managers may also design and oversee various environmental scanning and competitive intelligence processes to help identify trends and inform the company’s marketing analysis.