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MARKETING STRATEGY

*Setting the Course
for the New Century*

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The term *marketing strategy* does not have a definition that the majority of marketing professionals would agree to or use. Not only is there an absence of a consensus concerning the definition, but also there is a significant amount of confusion. The definition for purposes of this discussion is grounded in the manner in which a firm manages its resources. Specifically, marketing strategy is the overriding principle a firm uses to organize and allocate its resources to generate profit from customers that are, in the aggregate, part of a market with reasonably clear parameters concerning its size and components. There are several parts to this definition. Each part will serve as a basis for discussing the practical areas of marketing strategy.

First, in terms of the overriding principle that drives a firm's marketing strategy, it is clear that it should be related to the vision that a company has created for its future. This vision should reflect where the firm expects to be positioned in five to ten years. How, in effect, it wants to be perceived. If, for example, a firm desires to be the leader in fashion apparel, then its marketing strategy for an apparel division or brand would reflect this objective. As an overriding principle based on its resource limitations and market analysis, it might establish a marketing strategy that it will serve only leading department stores and cater to fashion-conscious young adults (who tend to set fashion trends). Its market strategy must fit with its vision and this, in turn, will probably vary as its focus becomes more narrow and goes from holding company to division to brand.

What is considered strategy to one individual might be considered tactics to another. A more narrow focus, such as for a brand, will result in strategic direction that appears more tactical. In the end, the marketing strategy will shape the manner in which the firm allocates resources through manipulation of the marketing mix. In addition, organization of its employees with emphasis on marketing, sales, and research and development will also be affected. Vendor selection and raw material acquisition could also be influenced by strategic direction.

The development of a marketing strategy requires fundamental assessment of both the firm and the market. The chosen strategy should be the one that is thought to be best at leveraging a firm's assets in pursuit of the market that it has selected

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In order to meet the 21st century on their own terms, companies must establish a comprehensive marketing strategy. The fierce competition of the future will not allow for marketers that have not carefully assessed their marketing operations, brand images, and potential markets. This assessment will guide the firm's vision of its position and prospects in the coming century.



as its focus. Three fundamental tools have been successful in helping guide the process of choosing a strategic direction: the marketing audit, market potential assessment, and brand essence.

The Marketing Audit

An all-inclusive examination of a company's or brand's entire marketing operation as measured against corporate or division growth objectives and industry-wide norms is known as a marketing audit. It is performed by a team consisting of outside marketing specialists and in-house personnel from finance and/or research. Together they map the critical elements as to strengths and weaknesses of the firm, resource constraints, and achievability of current business objectives, all within the context of the current or proposed competitive frame. It is not unusual to find that the firm lacks consensus about any of these elements. The marketing audit is used to arrive at a consensus that will assure an efficient, common sense of purpose.

Market Potential Assessment

Market potential assessment fully documents all critical "need-to-know" aspects of a proposed business (e.g., the state of the category or categories under consideration, financial considerations, trends, prospect analyses, competitive profiles, full advertising analyses, pricing, and other marketing support programs). The final result includes an estimate of the size and components of potential markets that would be appropriate for business development.

Critical to this part of the process is the specification of the source of business that is to be considered the basis for additional revenue. The source of business will ultimately drive many subsequent tactical decisions concerning targeting and marketing mix changes to appeal to the agreed on targets. Although the source of business can be specified in a variety of ways, generally there are three primary sources:

1. Increased revenue (usage) from existing customers
2. Revenue from competitors' customers
3. Revenue from prospects who are not currently category users

The marketing audit provides an examination of the firm. The market potential assessment provides an examination of the potential markets that the firm might enter or further develop. The final step to strategy development prior to implementation of tactics concerns the brand and another key tool, brand essence.



Brand Essence

Brand essence is a layering process that dissects a company-wide (e.g., AT&T, Coke, Avis) or a product-specific brand (e.g., Pampers, PS-2, Advil). The brand is decomposed into its key components: attributes, benefits, values, and personality. At the conclusion of this step, a blueprint for the brand is established that assures all subsequent tactics will reflect the inner core identity of the brand, a process critical to effective strategy execution.

In conclusion, marketing strategy, while an abstract term, ultimately must be applied to provide direction to the firm's business activities. The direction results in a definition of the market to be pursued as well as the profitable allocation of financial resources, human resources, and manipulation of the marketing mix. The result of an effective strategy is the ability to meet the future on favorable terms and sustain financial growth.

