

RECONSIDERING COMPETITIVE ADVANTAGES

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***Abstract** Development of the competitive advantage involves a considerable effort from any organization. In particular, those organizations involved in a strong competitive market require the development of strategies to allocate long-term strategic marketing resources, efficiently and with easily quantifiable results. Faced with a multitude of phenomena and processes sometimes contradictory on different markets of consumption, contemporarily marketing has the mission to develop as creative as possible the business strategy of the organizations, their capacity of interacting with customers and other categories of audience. Such concepts as strategic positioning, relational marketing, management of the relationship with the consumer, marketing integrated research, a.s.o. are only a few of the tools with the help of which the marketing managers will implement successful operational strategies. All these developments are creating a real new paradigm of Marketing aimed to better explain the new types of complex market relationship in which the 21st Century organization is .*

Key words: *competitive advantage, strategic positioning, relational marketing, customer relationship management, integrated marketing research, new paradigm.*

A well-known contemporary economist, Prof. Peter Drucker said: “as its aim is to bring customers, the company will have two,-only two basic functions- marketing and innovation. Marketing and innovation are producing results. What is left are only costs.”

This assertion is truer today than ever. The contemporary modern environment has evidently changed in the sense of stimulating certain extremely aggressive competitive factors for any organization involved in production processes. Therefore, the only tool really efficient, which can help the organization attain its strategical objectives is innovation, the application of this unique concept in extensor at the level of the marketing strategy. In this way, the marketing activity can really become “the engine leading a business.”¹.

At present, we can assist a growth of dynamics for a multitude of markets, deep changes at the level of the consumers’ perception, of consumption usages, all these making necessary an adequate capacity of adjustment on behalf of the companies. Adjusting marketing to all these environmental factors is still showing a deficit: for about 80% out of the top marks, their capitalized value has decreased in the last three years. Referring to a number of indexes such as: the growth of the market share, the successful rate of the new products, the profit from advertising investments, direct promotion of sales, consumers’ satisfaction, the clients’ retention and loyalty, the purchasing programmes of the clients, the values are satisfactory, averages of 68% out of the marketing programmes initiated by the companies, while only 14% have higher values, and only 2% from the initiated programmes led to special results, to obtaining maximal values for the enumerated indicators 2.

Besides these statistical data, the manner in which at present marketing is implemented in most of the companies al over the world, is characterized through certain elements such as:

- ✓ decisions are mostly based on intuition and not on the real knowledge of the consumers’ problems and needs;
- ✓ planning in due course of time is not achieved, fast work with further adjustments is a further practice, aiming at short –term results, usually covering a span of time up to a month;
- ✓ stress is often laid on the visual identity of a mark and not on strategy and substance, on its developed capitalized value, there is not a positioning and a clear aim on the target markets;
- ✓ more commercial than informative advertising is being used, laying stress on the consumer’s entertainment and not on his objective information, favoring decision making;
- ✓ weak capacity of implementing marketing programmes, doubled by an insufficiently structured audit marketing;

All these objective phenomena are leading to only one natural conclusion: the necessity of developing and implementing a new paradigm in marketing, an effort which should start with a solid ground of the necessary marketing strategies, necessary at each level of activity.

As the well-known professor Michael Porter argued: “.....Strategy means to make choices. The essence of a strategy is to choose to develop activities differently from your competitors.....”³, in other words the development of a competitive advantage should be made, starting from the level of designing and implementing the marketing strategy, being insistently followed throughout the carrying on of its natural stages.

The development of strategies which should permit a real change of the way in which the marketing activity is implemented at present, starts from two classical concepts: targeting and positioning. The difference is the way in which these two concepts are applied.

At the level of identifying the really profitable segments for the company, the implementation of a model is necessary, which should permit the company the best possible analysis of these target segments.

This pattern in question should be applied for most of the organizations implied in productive activities irrespective of the nature of goods and of the services supplied. It is useful to highlight that such a pattern which is presented in Chart No.1, is applied only for analyzing consumers as natural persons, and not for the business segment of the clients in an organization. For this important segment on the market, targeting and segmenting is achieved according to other criteria, especially considering the degree of specialization of the production activity and market positioning, depending on certain variables: ruling prices, production capacity, organizational structure, utilized technology, etc. As we can notice below, chart no. 1 suggests a special stage of the process of identification for the most profitable segments of the organization market, as it centers on the necessity of ensuring the financial optimum, a thing which at present was not in the marketing managers’ vision, when they implement this stage of the market strategy.

Their testing with the help of some criteria strictly connected to profit to identify clients with the highest potential of growth “market engine.”

Taxonomic analysis through modern techniques of research: neural networks, latent classes, cluster analysis. Evaluation of different solutions, utilizing statistical, managerial and financial criteria. Identification of segmentation and of an optimal financial target.

Taking into consideration all the criteria utilized for market segmenting, they are referring to:

- ✓ Shares, values;
- ✓ Buying components;
- ✓ Motivations;
- ✓ Demographical data;
- ✓ Psycho graphical data;
- ✓ Sociographical data;
- ✓ Life Styles;
- ✓ The Stage in the Consumer’s Life Cycle;
- ✓ Existing variables in data base;

Chart No.1. Stages of identifying the most profitable segments of consumers for the organization

Source: Michael Porter; Competitive Strategy, Free Press, New York, 1980

Degree of involving of types of consumers.

Comparing behavior.

Data base from external sources.

Consumers’ motivations.

Pattern of presenting media content.

Demographical factors.

Psycho graphical factors.

MARKET SEGMENTS

| „Motivation Power” for different qualities/benefits communicated through positioning | | |
|--|-----------------------|----------------------------|
| Tangibles | Advantages | Benefits |
| | Special Cola taste | Energizing |
| | Lowest price | Helps losing weight |
| | | |
| Emotional | Original authenticity | Makes you feel young |
| | Teenagers’ favorite | Makes you feel free “wild” |

Chart No.2. Determining basic factors for differentiating market segments on the “consumer” type market

Source: Michael Porter; Competitive Strategy, Free Press, New York, 1980

We can notice that these categories of factors are centering on the mental and acquisition universe of the consumers, on their immediate buying and consumption behavior.

Studying in depth these problems referring to segmenting and targeting of the market segments represent a vital requirement for the success of the whole strategy which is defining in order to gain competitive advantage.

Without a correct targeting, without obtaining the return rate of investment for each client, the real prerequisites for a differentiation facing competition cannot be developed. Statistics are supporting these statements stating that at the global level of an organization market up to 24% out of the potential clients represent an early, rapid adjustment regarding the buying decision, adjustments that can bring up to 55% out of the potential profitability of a product 4. This percentage has grown lately being a distinctive feature of the contemporary economy- consumers with high possibilities of information, guided towards new experience and impulse shopping. Therefore, if this 4 category is not correctly identified and kept for each product or service, an important source of competitive advantage and even the basis of the whole marketing strategy are compromised from the beginning.

The following step in the configuration of strategy is represented by correct positioning. This fact becomes essential through two or three key sentences or statements which can have the force to be concise, and clear enough so as to focus the whole perception of consumers on the brand. There is at present a shortcoming on behalf of the marketing managers for their real positioning in the consumers’ mind, the planning of marketing efforts characteristic of positioning, not being strong enough and permanent so as to build a perception centered on fundamental qualities in brand positioning. According to statistics only 7% out of 340 advertisements spread for the first time are focused on the idea of informing the audience a “*raisn d’etre*” – that is a message to clearly communicate a state, a positioning apart from competition (Gobe Marc). In order to build a sufficient, successful positioning, after the first stage of identifying the target of marketing communication, the profitable segments, we must know the needs, the problems and concerns of these consumers’ segments for which we are building the positioning in question. To this end, the research qualitative techniques are well-known; they are integrated in a coherent strategy together with quantitative research. We are talking about an integrated effort of marketing research in which the exploration of profound motivations identified with the help of focus-groups is completed with the diversity and richness of representative statistics data obtained through direct classical investigations or online. Researchers can offer from 25 up to 75 different advantages or benefits connected to a product in order to quantify tangible, intangible or emotional characteristics.

Chart no. 3. Determining qualities for the importance of fizzy drinks

Correct identification of qualities which will define positioning of products and services is faced with difficulties as a result of the following situations:

- ✓ needs can be mixed up with problems;
- ✓ responsible people avoid accepting anything which could make them superficial;
- ✓ responsible people don’t want to admit that they are sensitive on price;

In order to better define consumers’ real motivations, the following model can be suggested concerning this situation:

| | |
|--|--|
| BMW | The most adequate automobile |
| Burger King | Choose in this way |
| Chevy Trucks | Tough, strong, durable |
| Chunky Soup | So hard that you can eat with a fork |
| Identifying “dream” Desires stated at the end of the questionnaire | Identifying “the problem” Importance of desires versus satisfied |
| | Identifying “the problem” Relation between perception and preference |
| Coke | Authentic, real, original |
| Disney | Entertainment of the whole family |
| GE | Improves life quality |
| Green Mountain Energy | Clean, ecological power |
| Mobile Service Stations | Rapid and friendly service |
| Visa | Accepted everywhere |

Chart no.4 Analysis Model of consumers’ motivations (Gobe Mark):

The model is useful to successfully determine the motivation power which it can generate at the level of the consumer’s behavior, a certain quality or benefit communicated as such to the consumer.

The practices of high marketing which should be the starting point for a new global guidance are characterized by excellent positioning modalities for leader marks. An important reason for which these marks are natural leaders, besides the qualities of products or services characterized by high quality, the supplementary value offered to clients is this correct positioning, its efficiency. To this end, the examples below can be considered as marks:

As a conclusion it is more than visible, for generating and maintaining competitive advantage, to have an efficient positioning, to be centered on each unique brand. Building and delivering a unique experience, profoundly emotional in each brand can assure a rapid identification in the universe of consumers' choice.

For a new efficient guidance of the marketing activity, besides targeting and excellent positioning it is also necessary a special, strategic, long-term relationship with the customers.

This is possible by utilizing in tandem the special instruments for direct marketing (creating, generating, administering and adjusting data base regarding clients, as well as direct communication, completely personalized with them), the relationship management with the consumers (administering at high level data base related to clients, relationship with them from the perspective of location programmes) and relational marketing (suggesting the development of a new model of communication, not only with business clients but also with individuals- promoting even in their case the idea of a "partnership").

Marketing has become a science and an art; as a result of this the marketing era strictly based on informatics technology has come to an end. Now the time of intuition marketing has come, suggesting a holistic approach of the customer, seen as a being with a complex personality, dynamics, not only a utilizer of "resources," "a carrier of demand."

Only in this way, the sophisticated consumer of this end of century can "cooperate" with organizations in attaining their strategical objectives, with a view to maintaining their competitive advantages.

Bibliography.

1. Henceforth all quotations will be taken from the same source mentioned as: Gobe Mark, Zyman Sergio, *Emotional Branding: The New Paradigm for Connecting Brands to People*, Allworth Press, New York, 2002.
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