MARKETING POLICY FORMULATION IN MULTIPLE STRATEGIC CONTEXTS

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Abstract

Business Strategy, as part adaptation of company’s actions in a particular business area to specific demand and competition or conversely opening new market positions, is the main strategic move that ensures competitiveness in the market and ensuring appreciable profitability of the business. Marketing policies adopted by one firm are fundamental decisions concerning the product and its conditioning elements. Marketing decisions are manifold; the most important for a company is selection of those marketing elements that can support business strategy as defined at the level of a whole company’s strategic units. This paper brings to the fore just correlations between marketing actions that are at the reach of the company and strategic business contexts in which it may lie. Thus, according to the four strategic situation of the market, will analyze key sets of strategic action in the field of marketing that companies can use in order to support the business strategy and not undermine the production and marketing efforts with the costs involved.

Key-words: marketing mix, policy, market, business strategy, strategic options,

Classification JEL : L10, L20, M10, M30,

1. Introduction

Putting into practice the strategies set across firms to do business strategies by developing the strategic business units defined in the company’s activity. Experimental studies have shown that properly or defective development and proper implementation of business strategies, that of the available economic affairs of an organization determines success or failure of strategic choices made in the company. From studies were drawn clear conclusions regarding, for example, the fact that the profitability of a business unit depends on the effective application of systematic policy on its products and the proper balancing and resource allocation policies to functions marketing, research & development and production-operations. [1]

Business strategies operationalize the overall strategy of the organization (company or strategic business unit thereof) that specifies details of how the organization should act to implement the chosen strategy. Giving details of the respective business strategies also allow understanding the overall strategy of the organization by most of its components and clarify those parts of the strategy aimed at specific functional areas including important is the area of marketing. The main marketing details to be clarified in relation to business strategies and how they are formulated they are the subject of this study.

Business strategies are detailed and are expressed at the level of marketing functional area, forming what is designated as the mix of business marketing.

Representing the essence of business management and marketing of a strong strategic business unit market-oriented, business strategy include the main elements that are intended to maximize value and profit. In the marketing of these ways are grouped as the "four P" namely product/service offered, price or range of prices, sales promotion and distribution, respectively all wholesalers, retailers, transportation and storage system. [2]

All business strategies can really prove beneficial to the company, provided it is established, implemented correctly in terms of marketing actions and followed consistently. [3] Chosen business strategy and associated marketing mix actions should promote the creation and retention of competitive advantage for the firm perspective. These advantages allow better positioning of all company specific market and industry in which they operate increases its sales force and one that faces other competitors. [4]

The competitive advantages of the company are very different and can include:

- Large or very large size of it;
- Providing products / services at the lowest prices and the highest level of quality;
Providing products / services most suited to the requirements of buyers;
- Domination of a specific market segment (comprising a specific group of buyers, a geographic area, etc.);
- Providing global values as higher price received, which is a judicious combination and particularly attractive for the buyer of high quality, fair price, great service etc.

The common denominator of all those competitive advantages, regardless of the strategy to achieve and maintain them is to create a viable and sufficiently large segment of buyers who are interested in purchasing products / services offered by the firm that they perceive as having value superior overall. [5]

Strategic business options are based on multiple correlations can be made between the extent of the market and type of product offered, as shown in figure no.1.

### Product Type

<table>
<thead>
<tr>
<th>MARKET EXPANDING</th>
<th>Standardized</th>
<th>Distinct</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIFFERENTIATION STRATEGY</td>
<td>COST LEADER STRATEGY</td>
<td>FOCUSED STRATEGY</td>
</tr>
<tr>
<td>SEGMENTATION STRATEGY</td>
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Figure no. 1. Strategic options for market

2. Sets of major options regarding marketing mix adapted to business strategies

Marketing Mix covers all actions taken by a firm in order to better adapt to consumer demands and offer the most efficient counter offer competitors. But the most effective option for a complete success of the business remains all better align the requirements manifested by consumers. [6]

In a first step it is essential for the firm to undertake an option on the four main areas of the marketing mix: product, promotion, distribution and price. Option must consider the fact that by using elements of the marketing mix can get additional value associated with the product or reducing the cost associated with the product. Whatever element of the marketing mix used will appear financially additional costs to the firm, which restricts it to a relying simultaneously on all four elements of the marketing mix. If the request is directed to a higher supply manufacturer or service providers will opt for the predominant use of a product policies and a policy of promoting competitive and if the application is directed to a cost as smaller firms will opt for a policy-based competitive price and distribution policy (Figure no. 2):
Firms following a differentiation strategy will underpin actions on product development and launch of new products based on research & development and innovation. If the company decided to pursue a strategy of positioning, given the multitude of segments of demand addressed by the company, it will be required to develop a policy for promoting effective to generate a unifying message and a strong image and joint product all segments concerned. If a firm uses a strategy of focus, addressing the entire market but identifying distinct groups of buyers with individualized buying habits will be necessary to improve policy distribution and increase sales force involved. And last but not least, the company pursues a cost leader is in a position to attract numerous classes of buyers to secure higher sales volumes that will allow volume production and hence a low unit cost basis for an effective pricing policy.

But what is interesting in terms of strategic options and policies related marketing is that companies will always situate in an area of strategic interference. Areas of strategic interference are actually every strategic action in which the company is based on at least two strategic alternatives and two big political marketing as success factors. To visually identify these areas of strategic interference, we have represented in the model in Fig. 2 as a quadrant (quadrant I, II, III, IV) within which the company will be positioned closer or farther away from one of the two policies or contrary equidistant from combining the two policies in a balanced way. In this case we have the following sets of business strategies:

1. Strategy to maximize value added (square II) - based on a good quality product with unique accents and a good brand image and product built on the market. In this situation it will not put too much emphasis on cost reduction and product price will be high;
2. Strategy to minimize client costs (quadrant IV) - based on manufacturing costs and competitive prices along with efficient distribution system to ensure minimum costs of acquisition and maintenance of the product for the customer. Instead the product will be a quality environment that will keep only absolutely necessary features reviews and promotion expenses will be massively diminished even to total elimination;
3. Strategy to attract customer subjective (quadrant III) - based on a high subjective value of the product and low subjective costs or otherwise good image management product manufacturer and completed by a highly effective sales system. In this case we have unique products but rather series products but adapted to different consumer segments by diversifying the range and manufacturing costs and product prices remain some high;
4. The strategy aims to attract objective customer (quadrant I) - based on a high objective value of the product and relatively low financial cost. The products offered by the company are generally generic products with reduced functionality but with increased degree of innovation with relatively low prices relative to product quality and sold to a market or educated consumers determined to try new products. Company will not choose in this case to higher advertising expenses and product distribution systems are not very extensive but rather targeted intensive type.

### 3. Marketing actions related to each strategic context

Firms have four major sets of policy options that allow them to adapt to market requirements and special characteristics manifest demand. Each set strategy is implemented through a marketing package that selects the best answers in relation to the needs, desires, purchase possibilities and ways of buying customers.

At the same time each component of the marketing mix (product, promotion, distribution, and price) is based on a set of sub-components to be applied differently depending on the policy option. Thus we believe that the marketing policies of each may be determined by 4 sub-policies each four being useful by a strategic situations [7].

**Product policy or policy range offers the options:**
- A limited range of standardized products unique innovative but if a strategy of differentiation;
- A broad range of new products derived from the basic items of multiple segments adapted for positioning strategy;
- An extensive range of products that keep the diversity of products and add new variants for each product applicable to a strategy of focus;
- A wide deep with a standardized product that will be developed in many variants or varieties for different consumer classes applicable to a cost leadership strategy.

**Promotion Policy of a company can develop the following four sub-policies:**
- Effective public relations, identifying partners to support product development but also good relations with opinion leaders and experts in the field, where a strategy of differentiation;
- Advertising, both commercial and brand, which should be sensitized as many consumer segments, applicable for a positioning strategy;
- Personal selling through a strong sales force and effective merchandising techniques by which products become accessible customer given the large diversity of products offered, applicable to a strategy of focus;
- Sales promotion through various discounts, coupons, contests and sales grouped by which sales will be supported to achieve high sales volumes that will ensure profitability and can support a minimum price of the products, applicable for a cost leadership strategy.

**Distribution policy of the firm can be achieved by four variants addressed four strategic situations:**
5. Conclusions

It is clear that companies that want to succeed in a given market will have to select from a large package of marketing policy.

Offer can be considered as a whole consists of a set of products with elements of communication and build a coherent image of products, availability of product features and elements of the valuation price. On these principles are formed Packages concrete supply company associated marketing packages that can increase its added value and can ease a customer's decision to conduct an election in respect of a product. We call these "marketing package" and in a more plastic as "satisfaction levels" offered the buyer.

Buyers do not purchase goods or services at a certain price and under certain conditions but try getting some satisfaction. This satisfaction is shared between the company selling the product and the buyer who wants the purchase of this product. The firm manages the creation of higher added value by marketing packages associated with each strategic situation, the customer satisfaction and satisfaction offered its own, expressed through sales volume and profit margins are higher.

Compared to all the above, marketing packages can be associated with four major strategic situations (Figure no. 3).

In reality no firm strictly follows one of the packages but performed various combinations within the structure cardinal presented either on one of the four cardinal directions or the intermediate positions of the four directions.

Figure no. 3. Cardinal structure of supply
6. Bibliography


