

MARKETING STRATEGIES AN EXPRESSION OF DECISION-MAKING PROCESS

1. Introduction

A decision-making situation is created in the following situations:

1. When there are one or several objectives which may program, in operational terms, the anticipated performances;
2. When there are two or several variants of action used to reach the expected objectives;
3. When there is a state of uncertainty concerning the way of action or the alternative meant to achieve the optimum objectives [1,199].

A marketing decision should be very well proved scientifically so that it may achieve efficient results. The diagnosis of present state is a first step in drawing up such a decision.

2. Marketing Diagnosis

Marketing diagnosis includes: the control of the results and the audit of the processes that are carried on in the firm. Its drawing up requires the following steps:

1. Collecting information concerning the characteristics of business environment-market, consumption, competition, technologies, legislation, distribution, state policy;
2. Comparing as against the proposed objectives, the previous situations and the performances of the main competitors;
3. Analysing the opportunities and the threatenings;
4. Synthesizing the investigations concerning the opportunities that may be turned to good account and the dangerous situations that may be unfavourable to the firm.

In marketing diagnosis, many indicators of market activity and policy are analysed. The following indicators are taken into account:

1. Indicators concerning sales: annual business cipher, variation of cashing money, sales expressed in physical units, the reductions that are afforded, a repartition of sales according to various areas;
2. Indicators concerning costs: commercial costs, costs for sales, advertising, promotion, marketing staff, marketing research;
3. Indicators concerning the row and net share;
4. Indicators concerning the position of competition: market shares as compared to the leader and the first five other competitors;
5. Indicators concerning customers: the number of customers (permanent, lost, new ones), the number of contracts;
6. Indicators concerning reaching the desired goals: cashing money (average sales) on a customer; the number of customers necessary for increasing the sales by 30%, 50%, 80% etc.

The decision process depends on choosing the optimum marketing strategy. To reach this goal one should take the following steps:

- an information by means of marketing internal and external researches;
- drawing up various/alternative solutions;
- choosing the strategy (decision choice)
- achieving the decision.

Choosing the strategy is followed by drawing up and communicating the tactical action programmes which include operational specifications: terms, responsibilities, resources, reevaluations and adaptations of concrete actions.

A control of decision implementation and achievement brings new data concerning taking new marketing decisions.

The diagnosis conclusions are expressed under the form of a synthesis stating the main trump cards of the entreprise as compared to the competition, the main actual and potential weak points and the relationship between the strong and weak points of the entreprise.

A marketing diagnosis is concluded with recommendations which are presented in order of their importance for the firm and they must be programmed in time.

These recommendations are direct references concerning the way of developing the trump cards and of eliminating the weak points within the marketing activity of firms.

3. Choosing the marketing strategy

The information are obtained by documentary researches, market studies, sales, expenses and firm resources analysis. It is very important that the diagnosis should reveal both the strong and the weak points of the firm as well the restrictions caused by the legislative and institutional background of the business. It is of much importance a correct and realistic evaluation of the state of the economic agent from a financial and commercial view point if we take into account that this situation is a starting point for the objectives of future evolution and for establishing the goals and means of each action and each stage belonging to the marketing strategy (Fig. 1).

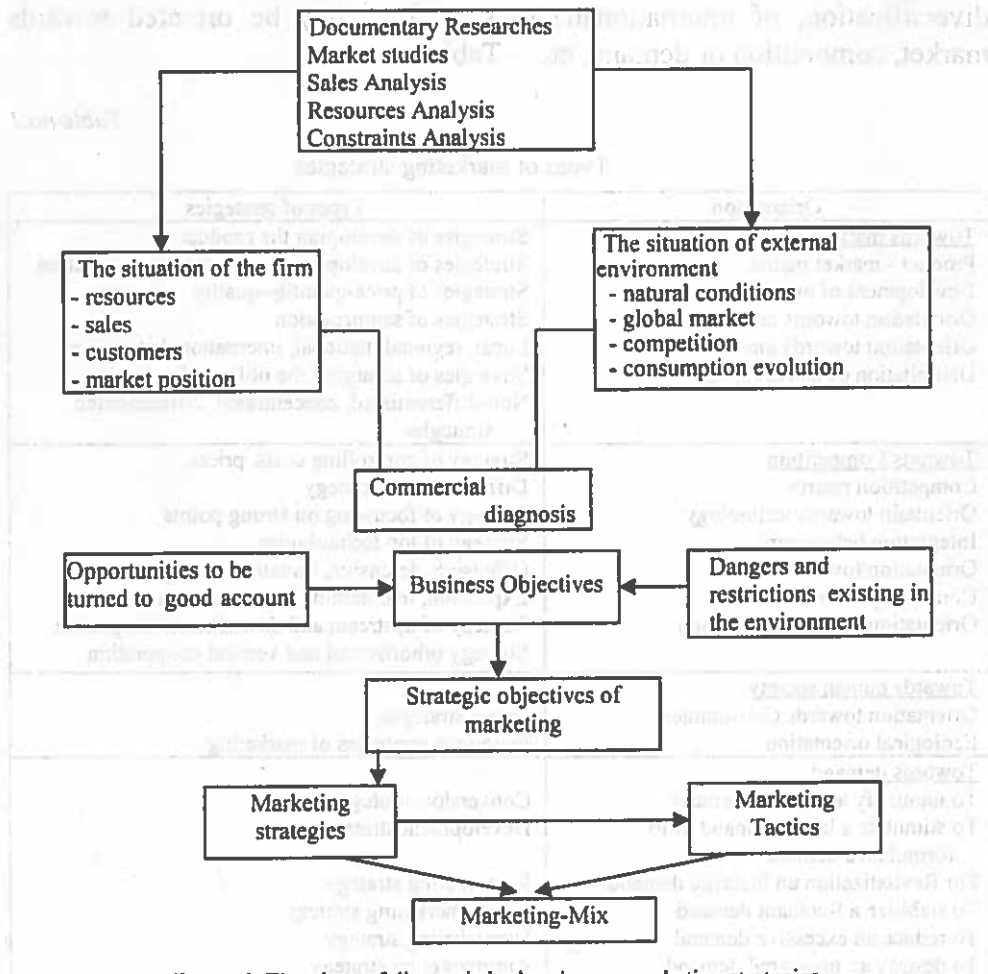


Figure 1. The place of diagnosis in drawing up marketing strategies

The multitude of possible combinations between the desired goods and the means used to reach them have given birth to a great diversity of strategic alternatives.

Porter M. [4] defines three basic strategies price leader, concentration and diversification - other secondary strategies being added to these.

Kotler Ph. [2] presents concentration or differentiation strategies, of extending the market or of developing the product, based on product-market matrix, resulting from the mission of each offering person in the market and from a strategic focus on certain objectives of the offering person.

Other information sources allow us to group the marketing strategies according to the renovation degree in: traditional, innovative, of diversification, of internationalization or they may be oriented towards market, competition or demand, etc. - Table 1.

Table no. 1

Types of marketing strategies

Orientation	Types of strategies
<u>Towards market</u> Product - market matrix Development of market Orientation towards customers Orientation towards innovation Delimitation of market space	Strategies of developing the product Strategies of developing the market, diversification Strategies of price-quantity-quality Strategies of segmentation Local, regional, national, international strategies Strategies of enlarging the utility, of replacing Non-differentiated, concentrated, differentiated strategies
<u>Towards Competition</u> Competition matrix Orientation towards technology Integration behaviours Orientation towards growth Competing behaviours Orientation towards innovation	Strategy of controlling costs, prices Differentiation strategy Strategy of focussing on strong points Strategy of top technologies Offensive, defensive, imitative strategies Expansion, maintaining, concentration strategy Strategy of upstream and downstream integration Strategy of horizontal and vertical cooperation
<u>Towards human society</u> Orientation towards Consumers Ecological orientation	Social strategies Economic strategies of marketing
<u>Towards demand</u> To unmistify a negative demand To stimulate a latent demand or to formulate a demand For Revitalization an inelastic demand To stabilize a fluctuant demand To reduce an excessive demand To destroy an undesired demand	Conversion strategy Development strategy Remarketing strategy Syncromarketing strategy Demarketing strategy Antimarketing strategy

The choice of a strategy requires an evaluation of all the alternatives leading to a certain result, in accordance with its own characteristics and with the efficiency criterion, following the stages rendered in Fig. 2:

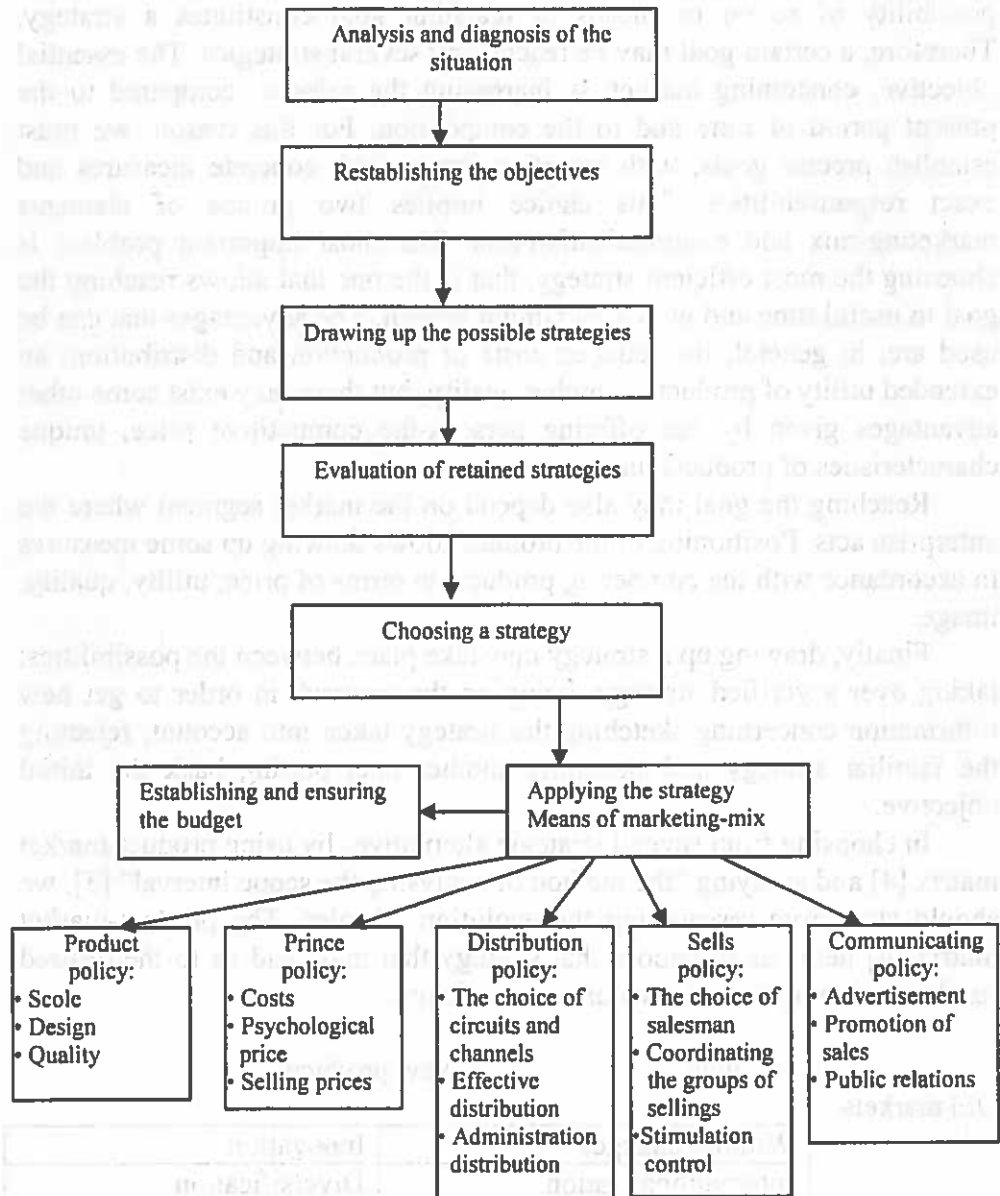


Figure 2. The process of drawing up the marketing strategy [5, 4, 6]

Knowing the variables of marketing background of a business, projected in time, the drawing up a strategy implies two aspects: establishing a formal pattern and framing up the strategy of marketing within the economic strategy of the firm. The strategic pattern implies establishing a goal and then the means this goal may be reached at each possibility of action or means of reaching goal constitutes a strategy. Therefore, a certain goal may be reached by several strategies. The essential objective, concerning market, is increasing the sales as compared to the present period of time and to the competition. For this reason, we must establish precise goals, with specified terms, with concrete measures and exact responsibilities. This choice implies two groups of elements marketing-mix and communication-mix. The most important problem is choosing the most efficient strategy, that is the one that allows reaching the goal in useful time and with a maximum benefit. The advantages that can be used are, in general, the reduced costs of production and distribution; an extended utility of products; a higher quality, but there may exist some other advantages given by the offering persons-the competitive price, unique characteristics of products, innovation, etc.

Reaching the goal may also depend on the market segment where the enterprise acts. Positioning of the product allows drawing up some measures in accordance with the competing products in terms of price, utility, quality, image.

Finally, drawing up a strategy may take place between the possibilities: taking over a verified strategy; going on the research in order to get new information concerning sketching the strategy taken into account; rejecting the familiar strategy and sketching another one; putting back the initial objective.

In choosing from several strategic alternatives by using product-market matrix [4] and applying "the method of analysing the scope interval" [3], we should start from researching the evolution of sales. The product-market matrix [4] helps us to choose that strategy that may lead us to the desired result concerning the sales volume in the future.

	Old products	New products
Old markets	Without changes	Innovation
	Internationalization	Diversification
New markets		

When the expected level of sales is situated under the desired one there may appear an interval called the scope interval, placed between the real curve of sales and the desired one.

The corresponding space is so much larger, as the distance between the two levels of the indicator is greater (Fig. 3). An analysis of the possibilities of increasing the market volume may lead to a packet of measures meant to shut the scope interval.

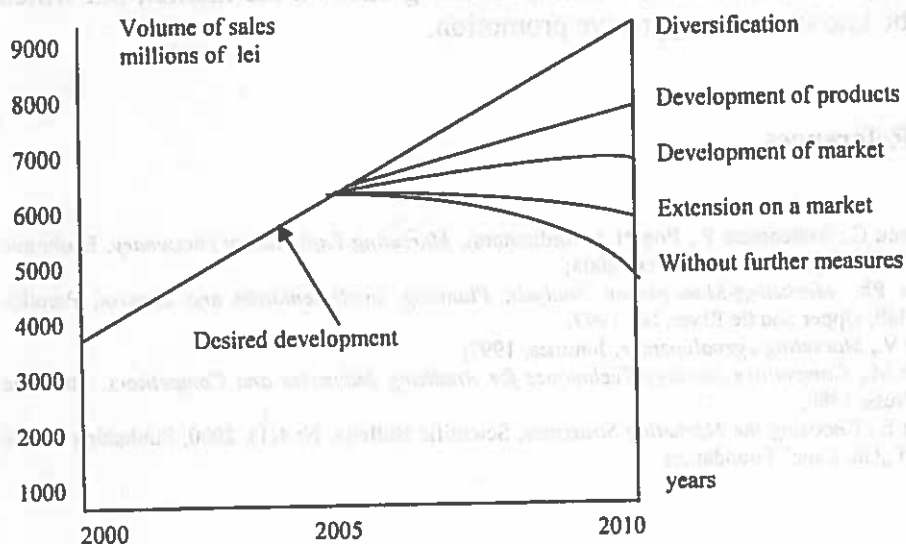


Figure 3. Strategic alternatives for shutting the scope interval [3]

This packet contains several ways of action:

- the strategy of developing the existing market for old products;
- the strategy of extending the existing product on a new market;
- the strategy of promoting a new product on an old market (of developing the product);
- the strategy of diversification, by launching new products on new markets.

In choosing one of the action directions we are conditioned by the synergy of the means that can be used. In order to establish the proper strategy we must also analyse the life cycle of the product, the portfolio of products of the firm (according to the B.C.G. method) as well as the experience curve of the enterprise. The strategies will adapt to the characteristics of each business, according to the results of this research. The strategy which is applied when launching a new product (stressing on

quality and diversification) is different from the proper to a product in its maturity stage (stressing on quality and diversification). The some thing applies to an enterprise in its maturity stage, with a rich experience, already known on the market; its startegy will be different from a new enterprise. When launching a new product, the first producer will be able to choose the strategy of eliminating the competition (an offensive one) by practicing lower prices while the second producer will draw the attention of the market by new products, different from the existing ones on the market, but which must be known by an aggressive promotion.

References

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