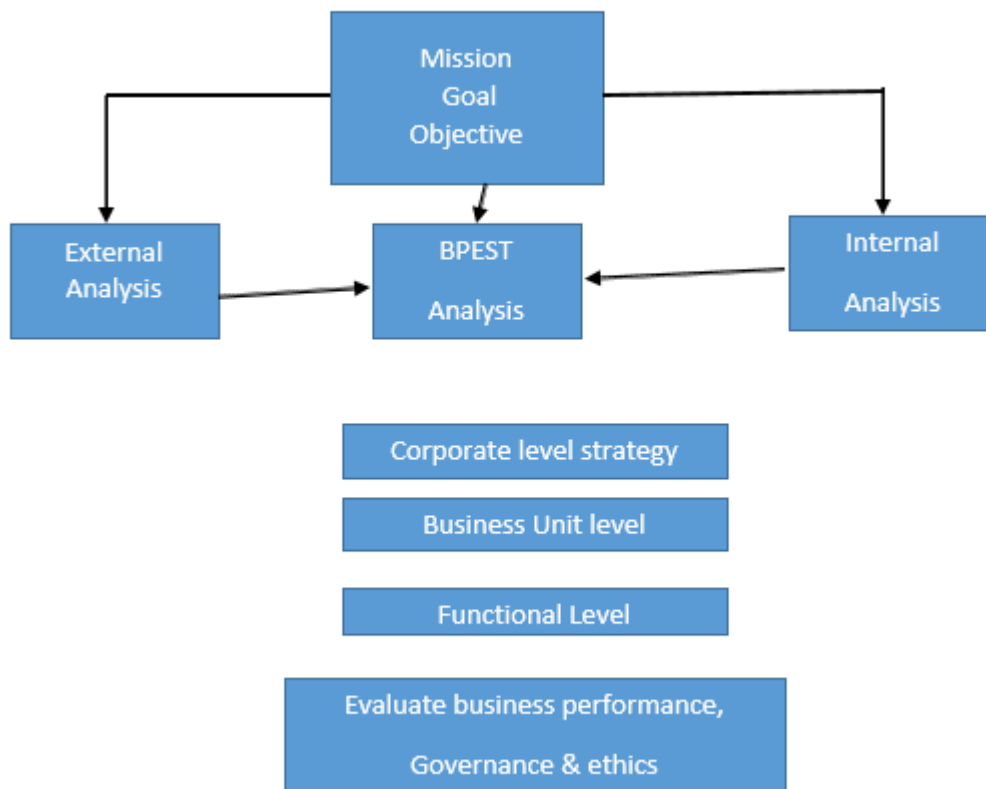


# UNIT 100 – UPSC - Marketing strategy formulation and components of marketing plan

Marketing strategy formulation is the procedure to describe major marketing objectives of firm. This facilitates formulators to develop a guide. They scrutinize the market and with relevant information, strategy makers determine what marketing approaches will be effective to approach clients and attract them to look for business services. Marketing strategy development often takes place within teams. The use of teams within organizations charged with new product development has proven to be a significant resource for the development of strategic outcomes (Bharadwaj and Menon 2004). Teams offer organizations the way to accomplish learning and creativity, as well as knowledge distribution throughout the organization.



In theoretical studies, Strategy is described as a firm's positioning to achieve a competitive advantage in the marketplace (Juga 1999). The main objective of a strategy is to protect organizational efficacy through the right activities at the correct time. The main focus of a strategy is that the organization achieves the right fit with the external environment. A marketing strategy facilitates firms to develop a plan that enables them to recommend suitable product to the right market to gain a competitive advantage. Consequently, a marketing strategy gives an overall idea to accurately position products in the marketplace while accounting for both internal and external limitations. Copious researches have demonstrated that marketing strategy research has mainly focused in either one of two fields such as marketing strategy formulation or marketing strategy implementation. Marketing strategy formulation research investigates the effect of certain variables on the development of marketing strategies themselves. Additionally, this research tends to focus on what should be done in practice or the role of marketing strategy in practice (Mintzberg 1994).

**Strategy formulation****Strategy Formulation**

Success of marketing strategy formulation depends on three constituents namely marketing strategy performance, marketing strategy creativity and marketing strategy improvisation. Marketing strategy performance is the process in which a team is capable to develop a wide-ranging marketing strategy for their technology. This is a worldwide measure of performance at the team level. These technologies are able to devise a marketing strategy for good performance. Marketing strategy creativeness is explained as the extent to which the strategic plan developed by the team to commercialise a new technology represents a meaningful difference from marketing practices within the business (Andrews and Smith 1996). The process of creativity has been revealed to augment performance through a focus on recognizing problems, developing hypotheses, communicating ideas openly with others, and challenging the status quo (Gilson and Shalley 2004). Marketing strategy improvisation is described as the level of change in the marketing strategy development over time and is created around an earlier explanation by Brown and Eisenhardt (1997) that illustrates improvisation as a way to create while simultaneously adapting to changing markets and technologies. Improvisation takes place when an organization faces a situation that it observes as being unforeseen and does not have a pre-planned course of action set and yet the situation is perceived as requiring a course of action (Weick, 1998). Thus, improvisation is affected by both environmental ambiguity and real-time information flows. In unsure environments, individuals may find improvisation necessary in order to stay alive. Individuals that uphold access to internal and external information are more expected to be exposed to unforeseen real-time information that may generate improvisation.

Many commentators suggested that process of marketing strategy formulation should start with a product concept which recognizes numerous benefits often including tangible and intangible aspects as it is perceived by the potential buyers (Levitt, 1974).

## Components of Marketing Plan

The marketing plan is necessary for business growth of any company. It offers clear and clear-cut statement about the strategies and actions that is to be implemented. Fundamentally, a marketing plan is a way to lay out the marketing for business, products, and services. It envelops everything from information about target market to specific step-by-step processes company use to develop certain marketing systems and strategies. Marketing Planning assists to develop systematic, long-term philosophy, to make an organised approach, to develop specificity and steadiness, to get conformity from colleagues and support from non-marketers, common goals and mutual benefits and to recognize sources of competitive advantage. The marketing planning framework is intended to provide a structured approach to the production of a marketing plan. The marketing plan is a significantly important part of the business plan for companies that enter in to market. It is crucial for a company to reassess and understand its business plan since this is the preliminary step to develop the marketing plan. Good marketing plan can facilitate to approach target audience, increase customer base, and eventually, augment bottom line. It is needed that company must set clear, realistic and measurable objectives for business. Marketing Plan is required because it will facilitate to improve odds against more experienced competitors and newly emerging companies. The Plan enables to identify and take action on any trends and consumer preferences that other companies have ignored, and to develop and expand selected group of loyal customers currently and into the future. The Plan also illustrates that marketers have carefully considered how to produce a product that is pioneering, exceptional and profitable that increases the chances of constant sales and generate profits.

In order to develop good marketing plan, experts need to perform extensive research, time and commitment, but is a very helpful process that can lead to huge business success. The two main elements of a marketing plan are market research to distinguish and forecast the requirements of a purchaser and the planning of an appropriate marketing mix to meet these fundamentals. The different constituents of a marketing plan are: identifying the target market, marketing mix, distribution channels, and market attraction towards the target market. An investigation of a company's strengths and weaknesses serves as the foundation for a marketing plan. A marketing plan mainly concentrates on company's growth approach, suggests ways in which it can develop new services or products that are targeted to definite consumer niches, and build on existing customer relationships.

**Basic components:** Basically, a marketing plan consists of several steps: situational analysis, objectives, strategy, tactics, budget, and controls.

**Organizational Mission:** The industry mission is a generally defined, enduring statement of purpose that distinguishes a business from others of its type. It should proclaim the type of business in the company and "what business does it want to be in?" It may embrace the markets being served, the customer needs being satisfied, and the technology used. A mission statement can considerably affect the range of a firm's marketing activities by narrowing or lengthening the competitive field. It represents the guiding force of company through recognizing the long-run

vision for what the organization hopes to accomplish. The mission comes from the senior leaders of the organization and often remains unchanged for many years.

**Objectives:** Objectives represents expectation of the organization with its marketing efforts. As with the mission, objectives also flow from the senior management level of the organization to down to the marketing department. Objectives can be in the form of financial goals or marketing goals. After performing situational analysis, the company ranks them and sets goals and a timetable to accomplish these objectives. The company also sets objectives with respect to stakeholders, company reputation, technology, and other issues. In developing marketing plan, it is suggested to consider two types of objectives such as strategic thrust and strategic objectives. Strategic thrust defines which products to sell in which markets. The options are existing products in existing markets (market penetration or expansion), new/related products for existing markets (product development), existing products in new/related markets (market development) and new/related products for new/related markets (entry into new markets). Strategic objectives for products need to be set. The options are to build sales and market share, hold, harvest (improve profit margins) and divest (drop or sell product).

**Marketing Strategy:** Marketing literature recommends that company objectives can be accomplished in various ways. It is the job of strategy to select the most effective course of action to fulfil objectives. In order to attain objectives, marketers must engage in marketing decision-making which indicates where resources (e.g., marketing funds) will be directed. However, before spending begins on individual marketing decisions, the marketer needs to establish a general plan of action that summarizes what will be done to reach the stated objectives. Generally, marketing strategy involves the accomplishment of marketing objectives through the determination of target markets, the setting of competitor targets and the creation of a competitive advantage.

1. **Product/Service Strategy:** What mix of products and services will company sell and how does that best meet customer needs and how does it compare to your competitors. Product decisions involve choices regarding brand names, features, quality and design, packaging, warranties, and the services that will accompany the product offering.
2. **Pricing Strategy:** How will company set its price for products/services relative to competitors, and what impacts will that have on volume of sales. Pricing decisions involve choices regarding list price, discounts, credit terms and payment periods.
3. **Place/Location Strategy:** How will the proposed or current location of business best meet the needs of customers and/or create an advantage over competitors. Place decisions involve choices regarding the distribution channels to be used and their management, the location of outlets, methods of transportation and inventory levels to be held.
4. **Promotional Strategy:** How will company promote business and how will that make customers aware of business and motivated to buy products/services. Promotion decisions involve choices regarding advertising, personal selling, direct and Internet marketing, sales and promotions and public relations.
5. **Positioning Strategy:** What values do company wants potential customers to relate with business, and how will they set apart from the competition.

**Tactics:** The strategy must be explained in depth regarding the 4Ps and the actions that will be taken in schedule time by particular individuals who implement the plan. Marketing strategy sets the stage for specific actions that will take place. Marketing procedure are the day-to-day actions

that marketers take on and involve the major marketing decision areas. This is the main area of the Marketing Plan since it explains accurately what will be done to accomplish the organization's objectives.

**Implementation Activities:** In this step, list the tasks is to be prepared to implement each marketing strategy. For each task should include a detailed description, identify a person responsible for its completion, and set a target date for completion. Having a plan of action with specific tasks ensures that the details are clear and that specific persons are responsible.

**Marketing Budget:** The Company's designed actions and activities involve costs that add up to the budget that it needs to accomplish its objectives. Carrying out marketing strategy almost always means that money must be spent. The marketing budget lays out the spending requirements needed to perform marketing tactics. While the marketing department may request a certain level of financial support they feel is required. Finally, senior management decide on how much funding will be offered.

**Controls:** The main intent of control systems is to appraise the results of the marketing plan so that corrective action can be taken if performance does not match objectives. The company must set review periods and measures that will reveal whether it is making progress toward the goal. When performance lags, the company must modify its objectives, strategies, or actions to correct the situation.

**Situational analysis:** In this step, organization investigates the macro forces such as economic, political-legal, social-cultural, technological and major players like company, competitors, distributors, and suppliers in its environment. The company carries out a SWOT analysis (strengths, weaknesses, opportunities, and threats). A SWOT Analysis is a structured approach to assess the strategic position of a business through distinguishing its strengths, weaknesses, opportunities and threats. It provides an easy method of synthesizing the results of the marketing audit by summarizing the company's strengths and weaknesses as they communicate to external opportunities and threats. Strengths and weaknesses is derived from the internal marketing audit analysis. Opportunities and threats is derived from the external marketing audit analysis.



### Major steps in Marketing plan

To summarize, a Marketing Plan is a written scheme to advertise the products/services of a new business. It is an expression of how serious a company is to fulfil its objectives in the market, with strategies and plans to increase market share and attract customers. An effectual Marketing Plan is supported by vigilantly collected market, customer and competitor information, and sometimes citing professional suggestion.