

Nature, meanings, and elements of the marketing strategy

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Abstract

A review was made, considering the views of 10 leading foreign and Bulgarian authors regarding the nature and elements of the marketing strategy. Based on the different approaches, the meaning of the marketing strategy and its efficient application, a new vision is represented regarding the nature of the marketing strategy, methods for consistency, and combination of elements, and their content.

Keywords: marketing strategy, elements of the marketing strategy

Introduction

The marketing strategy is a result from the corporative strategy of the organization and assists its realization through specific methods, activities, and instruments, oriented towards provision of services for the organization's target groups.

1 Nature of the marketing strategy

The definition of the market strategy's nature is extremely important for its correspondent development, application, and efficiency. There are great number of different definitions of prominent scientists and practitioners in the scope of the marketing area.

The present review represents views for the nature of the marketing strategy, according to Phillip Kotler, Armin Zeiler, J. Evans and B. Bermann, W. Pride and O. Pharrel, Richard Lewki, Michael Porter, Bruce Henderson, R. Kervin, V. Mahajan, R. Varadarajan, N. Krusteva and I. Petrova, Galina Mladenova.

The analysis of the cited definitions shows that the strategy is defined as a combination of approaches and methods, means or a plan for action, description or ways of combination, formula for competitive business. In summary, the strategy is a way towards the right direction. Undoubtedly, it has the nature of a plan, and in this sense, it can be viewed as a complex of purposeful activities.

The common in all definitions is that the desired result is the realization of the organization's aims through the elements of the marketing mix, which is the formula for success. A precondition for effectiveness is the satisfaction of needs and preferences, the feeling for the products as your own. Since the product cannot satisfy all preferences, the knowledge for leading criteria and decision making while purchasing an item are crucial. In the contemporary marketing paradigm of relationships, the main differentiating approach is the spirituality.

Based on analysis on the leading contemporary theories, the following newly summarized definition is suggested: The marketing strategy is a planned complex of purposeful activities, containing the elements of the marketing mix,

according to the market possibilities and resources of the organization, assisting for the achievement of differentiated competitive advantage, through which the marketing aim is achieved.

2 Elements of the marketing strategy

The marketing strategy consists of several key elements, needed for its successful application. The correspondence and conditions between them play an important role during the efficient realization of the marketing aims.

The marketing strategy is developed on the grounds of thorough analysis that characterizes its component parts. Although the components are reviewed separately, it is important that their two – way effect and their reciprocal action to each other will be taken into account.

Reasonably, there is a model suggested, regarding the consistency of the following structure elements of the marketing strategy:

- Analysis of the market and target groups;
- Main aims;
- Key competitive advantages and market challenges;
- Marketing mix;
- Innovations;
- Activities and tasks;
- Strategic marketing budget;

3 Conclusions

The clear and correct definition of the marketing strategy and its elements is crucial for the efficiency and practicality of the organization and community.

First element: Market and target group analysis.

The market choice and users identification are among the main marketing substances. Each undertaken marketing activity is inevitably connected with these two determinants.

The marketing choice for certain market depends generally on the users towards which the business is targeted, specifically their needs, necessitates and desires. [11]

From marketing point of view, "the market of certain products is combination from real and potential users, who have similar needs, different preferences and purchasing

power“ [11].

Considering the nature of the market, it can be summarized that the deep understanding of the conditions and perspectives for developing of the said market is essential for the developing and realization of the marketing strategies. The market analysis cooperates for the determination of the company's focus within the frames of the target market.

During the preparation of the organization's developing strategy (marketing strategy), important aspect of the said preparation is the target group identification. In the present market situation with well-differentiated and versatile target market, it is very important that all future marketing initiatives are in correspondence with the users. Through correct identification of the target groups, the organization strives to meet the needs of the customers better than the competitors do. The realization of the market analysis could be impossible without the application of target marketing initiatives and segmentation.

Regarding the construction of target market and market segments identification, it is necessary for the company to undertake measure in correspondence with the concept – target marketing. The target marketing expresses the decisions of certain company to differentiate the different user groups that form its market and to develop products and market mixes for the chosen target markets. The target market initiatives become increasingly popular for the finding of new market possibilities.

Kotler suggest three main steps for the conduction of target marketing:

- Identification and description of the different buyer groups, that is, application of market segmentation;
- Choosing of one or more market segmentations, that is, determination of the target markets;
- Market positioning [12].

From the following sequence must be noted that the decisions connected with the specified steps for target marketing are closely related and are strongly interdependent. Due to this reason, the three decisions connected with the target marketing must be reviewed as a system of interconnected and interdependent elements.

The results from the market analysis and the user evaluation represent several segments that can guide the company, to be of interest for it and to meet its requirements. It is necessary for the company to make decisions regarding the number and type of the segments towards which it will concentrate its efforts. It is narrower, more clearly expressed than the relevant market and covers only the segments on which the company has chosen to purposefully influence. It is suggested that the market and target groups' analysis is represented as complex process connected with research of the market segments, their extent, scope and attractiveness. At this point, it is necessary that certain activities are undertaken, connected with the evaluation of the existing markets, aiming to determine the strategic priorities of the company, as well as estimation of the development of the product markets and determination of their attractiveness with regards to the business aims of the given company.

With this first key element of the marketing strategy is conducted the market segmentation which results into differentiation of certain user groups which form the base market. There are actions that are overlapped and connected

with the determination of the size of the market segment through certain methodology, chosen by the organization. The target market must be in correspondence with the resource capabilities of the company, as well as to be evaluated as remunerative. The segment must give perspectives, comparable to the company's business aims.

In summary, the following conclusion can be drawn: the activities connected with identification of the existing and potential clients and their needs can be considered as founding and crucial for the formation of the marketing strategy, and for the future of the organization. The disregard of this substantial stage or the incorrect differentiation of the user groups is risky and can lead to incorrect segmentation, product failure or in the worst case – company failure.

Second element: Main aims.

Specifying the marketing aim, which will be achieved through the marketing strategy and creating realistic aims against the chosen target market are the main elements for the good marketing strategy. The specified aims for the target markets and segments must be in correspondence with the organizational and marketing aims of the company, as well as to give clarity regarding the business achievements using the chosen strategy, the desired market position towards which the company is focused, realizing the strategy.

In order for the aim to be effective it must be: (1) put in hierarchical order, so it can guide the business from the big to the specific aims; (2) determined in quantitative way; (3) realistic (4) and consistent [12].

In order for the first condition to be realized, the following conclusion must be drawn, overlapping the concept that both marketing aims and target groups aims must be set and consistent “from top to the bottom”, that is, from the organization's leadership towards the lower managerial levels. Thus, the formation and application of the marketing strategy will have purposeful orientation towards the achievement of the corporate aims, therefore the main condition will be realized, that is, the sub – aims are identified and cooperate for the realization of the main aim. Regarding the conduction of the second condition, it is necessary that the aims are clear and quantitatively formed, that is, to have neutral and valuable nature. The reality is the next condition for effectiveness of the aim. Each aim must be formed in such way that is achievable and in correspondence with the organization's possibilities. The achievable aim can be interpreted as equivalent of the realistic aim, because the realistic aim it in its essence the achievable one. All aims of the organization must be consistently formed and achieved. Sticking to one, more clear and more consistent view of the aim that must be achieved, the organization will be more consistent in its choice of resources for conduction of the selected activities. The consistency in the actions cooperates for their conduction step by step in a way which is more effective than the work without direction or targeting multiple directions. The earned and kept users, the maximization of the profits and minimization of the expenses can be determined as the main aims of each marketing strategy. Besides, there is the winning of reputation of the company within the frames of the existing community and specifically in the target market.

The identity is a substantial condition – it is at the base of the favorable understanding of the organizations' suggestions.

Another important aim in the strategy is the provision of quality and consistency in the service of the target market.

In summary, based on the identification of the aims against the target market, that must be achieved, can be determined what type of strategy must be chosen and what tactical actions must be undertaken for its achievement.

Third element: key competitive advantages and market challenges.

On this stage, the organization must undertake certain actions regarding the knowledge and research of its competitors, in order to offer the user more benefit than its competitors do.

In order for the competitive advantages of the company to be outlined, the application of the so-called competitive analysis is necessary. In order to obtain the competitive advantages, the companies must have long – term information regarding their competitors, so they can foresee their future reactions and the business behavior of the competitive companies as a whole. According to Michael Potter, the competitive analysis must give answer to three questions: What affects the competitor? What does he make? What could he perform in the future? [6] As a result from the presented sequence, one can summarize that the same is the ground for the identification of the key competitive advantages of the company, as well as precondition for important strategic decision. The detailed and analytical answer to the given questions cooperates as practical as possible for the conduction of competitive analysis, helping the preparation of competitive profile. The knowledge regarding the competitors cooperates for the foresight of their future activities and this helps the company when it comes to positively differentiate its suggestion from the competitors' suggestions and to gain advantage. The realized and distinguished competitive advantage will allow the organization to gain greater restitution. If there is not any competitive advantage, the existence of the company is not economically justified – this advantage is the reason that the company exist and develops it.

There is a competitive advantage at hand, when the restitution of the organization's market activities exceeds the average amount for the given branch. The advantages arises from these product and service characteristics which made it better than the competitors' advantage.

It must be summarized that the competitor's advantages can be the main aim of the company, as well as result of the applied marketing strategy.

The dynamic is one of the main factors that must be taken into account when crating competitive advantages. This is a result from the idea that the competitive advantages are considered as a variable quantity. If a given circumstances insures the presence of certain advantage, this means that it will do so in the future as well. Multiple factors affect the changeability. The competitive advantages in the current market conditions are characterized with greater instability in comparison with past periods. The continually changeable market environment involves recording and actualization of the changes in the competitive behavior and structure, the changes in the user behavior and the changes in the elements of the marketing environment that surrounds

the organizations. When analyzing these values, the company will bring out those factors, elements and circumstance that can insure the competitive advantages. In this sense, the dynamic in a certain environment can lead to great risk situations for the company and the so – called market challenges.

The formation of the marketing strategy in the current market conditions requires developing of scenarios for managing with the future challenges. It is necessary that the following matter a re taken into account: markets, needs, and necessities of the users, distribution channels, competitors and their suggestion – all of these things must be considered as dynamic quantities, affected by strong fluctuations and requiring attention.

As a result from the analysis of the process of preparation of the competitive organization's advantages shall be summarized with the following conclusion: the successful marketing strategy requires, in turbulent organizations, stipulated actions for changes and adaptation, meeting the market challenges, provoked by the environment. The main direction for finding the market challenges is the analysis of the elements of the surrounding marketing environment. The analysis of the necessity of researching the surrounding marketing environment allow us to summarize the following:

The due analysis of the surrounded environment is based on its dynamic. The environment includes different elements – events and circumstance affecting the object of management that is the organization. The periodical analysis and the identification of the changes in the environment and its components is precondition for the establishment of the key competitive advantages and market challenges. In the current marketing conditions, one can observe continuous fundamental changes in all of the environment components (changes in the demographic characteristics of the users, the models of the user behavior, economical and technological changes, etc), whose analysis gives possibilities for winning competitive advantages, as well as challenges with the organizations must learn to cope.

Fourth element: marketing mix.

During the process of marketing strategy creation, the main role is played by the elements of the marketing mix. Without developed marketing mix it would not be possible to form and follow certain strategy. The structural elements of the mix are the base for creation of successful marketing strategy.

MacCarthy classifies these instruments in four general groups, which he calls the “four P” of the marketing: (product, price, placement, promotion). Each component requires conduction of specific activities. These elements are classified to the controllable factors of the surrounding marketing environment and are object of the organizational management which can affect multipolar, complex and dynamic on the own products search.

During the formation of individual marketing mix it is necessary for the company to specify what is the strategic role of each compound elements, how the activities connected with the elements will be divided and which element will be with priority effect, that is, which of the elements will have lead role in the realization of the marketing strategy.

The marketing strategy, to a greater extent, consists in the creation and maintenance of the most suitable for the

organization marketing mix, that is, it ensures the best choice for the successful application in the complex of main characteristics of the elements. Some authors widen the mix to “seven P”, adding the physical presence, uniforms, furniture, atmosphere and processes. The number of the “Ps” in the marketing is constantly increasing, but all these additional elements can be found in the main four elements. It is crucial that they are properly combined regarding the satisfaction of the needs of the targeted market. Expressing his statements regarding the increasing number of elements in the complex, Alexander Rapiiev states that: “The marketing complex of the company – that is all that is related with the client” [13].

Based on the presented statements regarding the elements of the marketing mix, the following summarization can be made: the marketing mix and its elements are the main instrument for formation and realization of the marketing aims and strategies. Through this main substance in the marketing literature are created approaches and mechanism for strategies conduction.

The controllable quantities that form the mix allow the organization to change the activities connected with the elements in correspondence with the dynamically changing market environment, as well as the components are important for the formation of the marketing strategy, thus they can be reviewed as tactical means for conduction of the company’s aims. The concept “mix” accentuates the possibility for coordination and synchronization of the decision and action connects with the elements. The achievement of the company’s marketing aims requires coordination of the action connected with all elements of the mix.

Fifth element: Innovations.

The innovations are at the base of the development and growth of given company and the aim of each business is development, prosperity and high profits. Due to this reason, it is suggested that the innovations are reviewed as compounds element of the marketing strategy.

“Innovation means the introduction of some new or significantly improved detailed product (item or service) or production process, new method of marketing or new organizational method in the business practice, organization of work places or external connections which creates market advantages and increase the competitiveness of the companies” [14].

In the present days, one of the most valuable resources for the companies that will provide them with competitive advantages is the ability to turn the change into way of work and then gain profits from it. The innovations are main engine of the economic of each country. As an element of the marketing strategy, they must be reviewed in different direction according to the object in which they are realized, namely: products, processes, markets (marketing) and organizational – managerial innovations.

The strategic thinking and planning of the intellectual, information and human potential become even more important for the successful business activities and the company’s development. As a result, the following conclusion can be made: the innovations as an element of the marketing strategy represent a process of using knowledge or certain information for the creation and introduction of something new and useful. The innovations as an element of the marketing strategy are powerful means for gaining

strategic advantage over the competitors. Exceptionally great and even greater is the role of the innovations for the companies, because the innovations helps the production of new organizational products and increase the manufacturing process. Therefore, the innovations are becoming even greater permanent competitive power.

When putting the innovations at the base of the successful marketing strategy of a given company, it must be taken into account that the concept of innovation does not necessarily mean discovery, invention, etc., but process which can gain the organization added value or innovation with added value. With this type of innovation, the company can upgrade and add in such a way, that certain process is organized in new way and with new benefits. The most suitable type of innovations for the small and medium business companies are the so – called “kaizen” innovations, which in Japanese means continuous small improvements in different directions. They do not accentuate the discovery, but usually change something small and gather already known matters in new configuration which results to something new with new benefit for the users.

The innovation during the formation of the marketing strategy must be in correspondence with the priorities of the organization, also the introduction of the innovations prolonging the process of formation of the marketing strategy and the presence of changes that must be taken into account and managed.

Sixth element: Activities and tasks.

This stage can be reviewed as etalon, which differentiate in its essence aiding activities and tasks for the realization of the marketing strategy. This element is substantial for the preparation of the marketing strategy, specific process, requiring attention to the details. The realization of the strategy represents a combination of intertwined activities realized according to preliminary stipulated standards and agenda. This is finalizing, crucial element from the process of strategic planning, which must follow the setting of the aims and the development of measures and activities for their achievement. At this stage it is necessary that certain actions are specified, against the previous elements of the marketing strategy and periods for conduction are stipulated, which will help the achievement of the main aims. The determination of the main tasks for conduction of the elements and their realization cooperates for more effective conduction of the events for the actual realization of the marketing strategy.

The activities and tasks for conduction of the marketing strategy must be formed in such way that their conduction will cooperate for creation of key competitive advantages and effective marketing strategy.

Seventh element. Strategic budget.

This substantial element of the marketing strategy answers the question: “How much the project realization will cost?” Through preparation of current budget estimations, the organization can estimate whether or not the realization of certain marketing strategy can be conduction or it is necessary for the organization to undertake certain actions for reducing and cutting down the expenses.

The budget is record of chosen approach of a budget articles. For example, in the budget for the cash flow are included those budget articles which affect the cash flow, and in the profit and expenses budget record are included the transactions which

affect the profits and expenses of the organization.

As a result from the presented information, one can draw the following conclusion: the strategic budget is a written project, financial plan for project activities. It reduces all quantities of the organization in measurable quantities, determines the needed resources and the expected restitution within the frames of certain period of time.

The strategic budget is not just a list for all expenses, included in the conduction of the marketing strategy. It can answer the question are the expenses justifies against the estimated results?

As a results from the analysis the following summarized definition is suggested: the nature of the strategic budget is brought to the summarization of all planned actions and tasks for preparation and conduction of the marketing strategy and reviewing them as specific expenses, compared against the profits from the realized strategy.

In summary of the presented elements that are substantial for the marketing strategy, the following conclusion can be drawn: the marketing strategy is complex

of activities, considered as strategic and their conduction which predetermines the quality of the company's marketing strategy, effective conduction of the marketing aims and successful business as a whole.

In the current economical conditions, substantial role has the effective management of the organizational resources. The budgeting is the instrument for good financial planning, control and realization of a given strategic project. The ability for orientation in the fluctuations between the budgets and the actual indexes is precondition for duly identification of the problems and undertaking of certain actions, which must be adequate and correspondent to the changes in the planning process.

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