# An Introduction to Strategic Marketing Management

**Timeframe:** 8 hours

**Learning outcome:**
- Conceptualise and review the strategic management process within a marketing context.

**Recommended reading:**

**Multimedia:**

**Section overview:**
The main terms associated with strategic marketing management are covered in this section. An overview of general strategic planning will be given, followed by a discussion of the processes, with special attention to market-driven strategies, involved in the marketing branch of an organisation.

**Marketing: The Basics**

Forbes magazine recently posted an article by Michael Brenner (2012), in which he goes back to the basics of marketing, posing answers to the question: *What is marketing?* It does this by looking at influential business people in order to clarify the importance of marketing in a business environment.
These quotes and Brenner’s explanation are provided in Table 1.

<table>
<thead>
<tr>
<th>Quote</th>
<th>Brenner’s View</th>
</tr>
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<tbody>
<tr>
<td>“Business has only two functions – marketing and innovation.” ~ Milan Kundera</td>
<td>Marketing represents the future. Marketers therefore shape the future of the company.</td>
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<tr>
<td>&quot;The aim of marketing is to know and understand the customer so well [that] the product or service fits him and sells itself.” ~ Peter F. Drucker</td>
<td>Marketing is about understanding the psychological customer needs.</td>
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<tr>
<td>“Marketing is too important to be left to the marketing department.” ~ David Packard</td>
<td>Every employee of the organisation is a marketer</td>
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The views of these important business people emphasise the importance of marketing in an organisation. **Figure 1** provides a graphic definition of marketing:

**FIGURE 1: MARKETING DEFINITION**

![Marketing Diagram](image)

(Kazi, 2012)

Marketing can therefore be defined as:

A managing process that identifies customer needs and wants and finding ways to satisfy these. This generates customer loyalty, with generates incomes, which translates to profit.

(Kazi, 2012).
Kotler (2012) posits that the key marketing processes are:

- Opportunity identification
- New product development
- Customer attraction
- Customer retention and loyalty building
- Order fulfilment

Kazi (2012) goes on to place this information in perspective using the following diagram:
FIGURE 2: MARKETING OVERVIEW: THE DIFFERENT ASPECTS OF MARKETING MANAGEMENT

- **Marketing Orientation** (what is the business's attitude to marketing?)
  - Market Audit (Analyse current positions and options)
    - Market Analysis
    - Market Segmentation
    - Marketing Strategy
  - Market Research (Gain information on the market)
    - Quantitative Analysis
    - Qualitative Analysis
    - Consumer Tests
  - Marketing Mix (Persuade customers to buy)
    - Product (product variety, design features, brand, packaging, names, etc.)
    - Price (Discounts, allowances, credit term, payment, periods, etc.)
    - Place (Channels, coverage, assortments, location, inventory, transport, etc.)
    - Promotion (Sales promotions, advertising, sales force, public relations, etc.)
Watch the clip below, which provides an introduction to marketing:


In the next section we will discuss the marketing value chain. It is a systematic approach to examining how marketing can develop a competitive advantage to the organisation. The chain illustrates the way in which each successive activity creates and builds value.

**The Marketing Value Chain**

A value chain is:

A model used by businesses to illustrate how raw material is moved through the business processes to produce the products and eventually is sold to customers.

**FIGURE 3: A GENERIC MARKETING VALUE CHAIN**

(Adapted from Bhasin, 2009)

Let us examine the different elements of the marketing value chain.
Table 2: The marketing value chain

<table>
<thead>
<tr>
<th><strong>Macro-environmental Analysis</strong></th>
<th>Focuses on the legal, economic, political, social and technical aspects of the world that impact on the products and services that the firm offers.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Analysis of markets and industries</strong></td>
<td>Focuses on defining the geographical, geo-product and psychographic elements of the market that the company is targeting and also what its ambitions are in terms of market share.</td>
</tr>
<tr>
<td><strong>Customer analysis</strong></td>
<td>Focuses on the analytics and insights around consumer behaviour that motivate users, and on understanding their needs and how the product of service of the company responds to those needs.</td>
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<tr>
<td><strong>Competitor analysis</strong></td>
<td>Focuses on understanding how the competition is addressing the market and what strategies and tactics they are employing to take market share and create new markets.</td>
</tr>
<tr>
<td><strong>Market model design</strong></td>
<td>The strategy, operational models and design choices of the business model determine how the product is taken to market. Market model design is a discipline by which strategy and operations link together as the plan of the business.</td>
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<tr>
<td><strong>Promotion</strong></td>
<td>The marketing value chain involves aspects of promoting the product to potential customers according to segmentation so that customers are conscious of the product and enter the buying decision phase.</td>
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<tr>
<td><strong>Sales</strong></td>
<td>A sale is the mechanical process of establishing and maintaining a relationship with the customer – Customer Relationship Management (CRM), needs analysis, ordering and ensuring that fulfillment of delivery happens. It may include elements of inbound, outbound and other marketing strategies. In various contexts, there are various sales processes or strategies that may be more relevant. Marketing management is also concerned with sales from the perspective that it must ensure that the relevant forward and backward logistics of ordering and delivery need to link to the sales process.</td>
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<tr>
<td><strong>Supply</strong></td>
<td>Although the two are not directly linked, marketing has a direct impact on supply chain management. The logos, branding and procurement of production materials is a process that is led or influenced by marketing. The business cannot just buy anything – it has standards that are driven from a marketing perspective to create a brand experience.</td>
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<tr>
<td><strong>Delivery</strong></td>
<td>The most important aspect of marketing is not creative work – it is ensuring that the customer needs are satisfied. The customer’s needs can only be satisfied once the s/he consumes the product. Marketing is concerned with putting the right product in the hands of the right consumer at the point of consumption and ensuring that this experience has the desired effect on the consumer. Marketing thus has a critical role to play in the design and execution of the customer experience and in ensuring that the delivery process achieves this end consistently.</td>
</tr>
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(Ebert, 2012)

Each of these aspects forms a fundamental part of creating the marketing strategy, a concept which will be studied in significant detail in this Study Guide.

By studying the format of marketing plans, you will learn how to design and successfully implement a marketing strategy that can operate on a competitive basis in the context of both local and international markets. The ability to assess the success of the market strategy is crucial to the marketing manager and so you will also learn how to critically examine competitive strategies, especially when your business is undergoing internal or external changes.