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MARKETING STRATEGY IN
CORPORATE CONTEXT

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ABSTRACT

There is a growing body of thought - reflected in a burgeoning literature - which champions the benefits of 'strategic marketing' as a means of corporate salvation. This article seeks to put marketing into its correct corporate context - not as the ultimate locus of strategic planning and action, but as a managerial function concerned with the implementation of a philosophy of creating profitable customer satisfaction. The article argues that currently-fashionable excesses among those who apparently seek the aggrandisement of the marketing function make necessary this re-affirmation of the role of marketing management.

INTRODUCTION

There is currently a growing interest in strategy, which extends to all areas of the firm. The burgeoning literature on strategic issues reveals, however, a confused and confusing situation not only in the basic terms employed but also in the implications drawn from the discussions. Contributions to the debate about strategy are made from many perspectives bearing different relationships to formal disciplines but particularly prominent is that emanating from marketing. As a result of the lack of consensus on the meaning of strategy and the sheer volume of strategy studies it is now virtually impossible to extract applicable prescriptions for marketing management at the operational level. This is despite the fact that many writers have made quite striking claims both about the efficacy of strategic thinking in general and of marketing strategic planning in particular, and link the two as though the necessary connections were obvious to all. Within marketing itself, this has engendered lively discussion but, as we will argue in this paper, there is a risk that the current enthusiasm for marketing strategy, often coupled with extravagant claims for managerial efficacy, presents marketing strategy as something of a panacea for general problems of the organisation.

We contend that such a promulgation of marketing strategy is incompatible with the requirements of good marketing practice. Indeed, the currently fashionable 'marketing' of marketing strategy is not marketing at all: this activity is generally in violation of the marketing concept and confers few benefits on either corporate or academic consumers. Our general thesis is that a re-examination of the role of marketing strategy within traditional conceptions of marketing management would enable one layer of 'strategic' obfuscation to be removed from an increasingly dense field.

That some pruning is overdue is amply illustrated by a comparison of just two recent articles. In one, Greenley (1) claims 'an exhaustive search of the literature' and in the other Brownlie (2) provides a 'state of the art review' in the cases of marketing strategy and strategic marketing planning (these terms amongst others are closely substitutable). Yet, despite bibliographies of coincidentally 53 items in each case, only three sources are common to both! Our own case proceeds by way of selection and no claim is made to comprehensiveness. This we believe is consistent with the overriding benefits of strategic thinking in that it fosters the overview thereby escaping cloying detail and parochial viewpoints. In this respect it is ironical that as the strategy literature has proliferated it has become inward looking and over-concerned with detail.

MARKETING STRATEGY IN RELATION TO CORPORATE STRATEGY

A distinction must initially be made between marketing strategy and corporate strategy which, in view of the common element 'strategy', requires an examination of the role and extent of marketing in the corporate context. This issue too has a large and contentious literature. Some features of the debate are presented below to support the proposition that marketing can and should be considered both a function within and a philosophy of the firm. Nevertheless, the degree to which it is desirable or practicable to emphasise particular weightings of function and philosophy varies enormously. (3) Indeed it is this variability which has tended to disorient the marketing strategy debate.

Drucker (4) ascribes to marketing a central role:

"Marketing is so basic that it cannot be considered a separate skill or work within the business. Marketing requires separate work, and a distinct group of activities. But, it is, first, a central dimension of the entire business. It is the whole business seen from the point of view of its final results, that is, from the customer's point of view. Concern and responsibility for marketing must permeate all areas of the enterprise".

The problem remains, however, at which point to separate "the work" and "group of activities" along the tactical/strategic spectrum (which is the basis for many definitional approaches to strategy). For, even if one accepts that the firm as a whole is a marketing entity, the basic questions of importance and the ranking of its decisions must still be addressed. The ascription of a permeating central role for marketing, therefore, contributes little to understanding better the locus of strategy. Moreover, there are many who, pace Drucker and other marketing-oriented authors, dispute a marketing conception of the firm and would restrict its domain to a component function. Thus, Piercy (5) argues that it should "concentrate on the management of volume within the policies established by general management", a stance which implies some degree of subservience of marketing to corporate strategy, though the desirability of the firm as a whole adopting the marketing concept as a philosophy of action is not intentionally precluded.

An alternative view is posited by Weitz and Wensley (6). Noting that strategic decisions may be "made at all levels of the corporation from the chief executive officer to the individual salesperson", they distinguish between corporate-level strategy and strategy determination at lower levels in the corporate hierarchy. At a brand, product or business level "strategy deals with achieving and maintaining a

competitive advantage", but this clearly does little to clarify any fundamental distinctions between marketing and non-marketing strategic issues at either of the two levels of aggregation. Nor, incidentally, is it sufficient to relegate competition to lower levels. Others consider that competition, where it exists, should, like marketing, pervade the corporation both at the strategic business level and as a whole.

Weitz and Wensley consider corporate level strategy as dealing "primarily with determining what portfolio of businesses the corporation should hold... (and being)...concerned with acquisition, divestment and diversification". Further, they state that "marketing strategy plays a principal role in business level strategy" (i.e. at the lower level). However, Murray (7) credits marketing with a more comprehensive role.

"Of all the areas of specialist, professional and technical expertise in the firm, marketing is uniquely equipped, and indeed should feel uniquely responsible, for analysing environmental evaluation and translating its observations into recommendations for the design of the corporate resource base and its product-market portfolio.

The picture is further clouded, however, by writers such as Wind and Robertson (8), who welcome a distinct interest in "marketing strategy" almost as a new 'product' and see deficiencies in the traditional restriction of attention largely to "marketing management" which has "not focussed on the mission of the firm nor on how to gain competitive or consumer advantage, although such issues may be implicit in the marketing management perspective". Marketing strategy for them is concerned with long term competitive and consumer advantage but is distinguished from "business strategy" which does not call for "an empirical assessment of consumer responses to the strategic options", part of a "fundamental marketing perspective". Marketing as marketing management, hitherto, has manifested several limitations:- including "a neglect of corporate level issues", "the lack of an integrated strategic framework" and a concentration on improvements to specific marketing mix components.

A further contribution is made by Anderson (9) who in Drucker-esque fashion combines the marketing concept with issues of strategy at corporate level.

"The marketing concept is essentially a state of mind or world view that recognises that firms survive to the extent that they meet the real wants of the customer coalitions. One of the marketing area's chief functions in the strategic planning process is to

communicate this perspective to top management and the other functional areas".

An overview of these opinions is that marketing makes its contribution both to and as the business but, functionally, it may still be conceived - as, in the practice, it invariably is - a departmental responsibility. This permits us to retain a corporate and marketing distinction and to focus on the features of strategy.

We shall argue that marketing strategy should be conceived, constrained and organised on a relatively narrow front. This is in marked contrast to many of the expanded roles credited to it which we have quoted. But, first, it is necessary to examine further some of the benefits claimed by other authors for a more explicit recognition and expansion of the role of 'marketing strategy'. As may be seen, many of these benefits smack of disciplinary aggrandisement rather than objective assessment. They include

- overcoming of current limitations of marketing theory
- potential for intellectual ferment
- enrichment of the marketing discipline
- broadening of its perspective
- increasing the relevance of marketing
- new conceptual and methodological challenges to its scholars and practitioners (Wind and Robertson) (10)
- the allocation of resources to achieve sustainable competitive advantage in selected product markets (Weitz and Wensley) (11)
- by contributing to strategic planning:- greater anticipation of change
- better response to opportunity
- the avoidance of threats
- greater participation of marketing professionals in corporate strategic analysis and planning (Cravens) (12)

One way in which to confine marketing strategy so that its essential and direct features may be discerned follows from the distinction in conception and province between marketing and corporate responsibilities outlined above. Strategy is appropriate to both but, as the cells on the principal diagonal in Figure 1 shows, the nature and scope of the strategic role is qualitatively different. Thus, marketing strategy is a comparatively narrowly-defined activity, whereas this need not be the case for the corporation as a whole. (The cells in Figure 1 must be taken to represent tendencies because neither the corporate/marketing nor the narrow/broad categories are totally mutually exclusive and all cells are interconnected in terms of communication flows. Nevertheless, the minority cell entries do highlight

the marked division in terms of tasks and orientation implied by the classification).

The portrayal in Figure 1 is descriptive and static; it is necessary, therefore, to consider how strategy actually materialises. It is the essence of the strategic approach in general that the process of strategy formulation and implementation should be recognised and established and a distilled version of this is shown in Figure 2.

This scheme is simplified - and like all 'linear schemes' somewhat simplistic - but, we believe that it has general application. It applies equally to the marketing department, to other functions taken individually, and to the corporation as a whole. Some modification is needed to the extent that marketing, for instance can take its mission and objectives as given by the corporate centre or contributes to these through the review and feedback procedures. The portrayal in Figure 2 imposes a sequential logic on the individual steps but this should not be overformalised in practice. Indeed, the activities shown do not warrant the same degree of effort in each application nor are they necessarily rigorously consecutive. For instance, the analysis of alternatives can be relevant to the marketing department's consideration of various marketing mixes but such an analysis may need to make allowance for inputs and strategic options from other departments or from the centre in the light of environmental change or as circumstances and resources permit.

Taken together, Figures 1 and 2 are intended to show the role and scope of marketing strategy and its complementarity to a wider conception of strategy. The extent to which corporate strategy is explicitly imbued with marketing thought and its consequences must also be considered.

PUTTING MARKETING STRATEGY IN CONTEXT

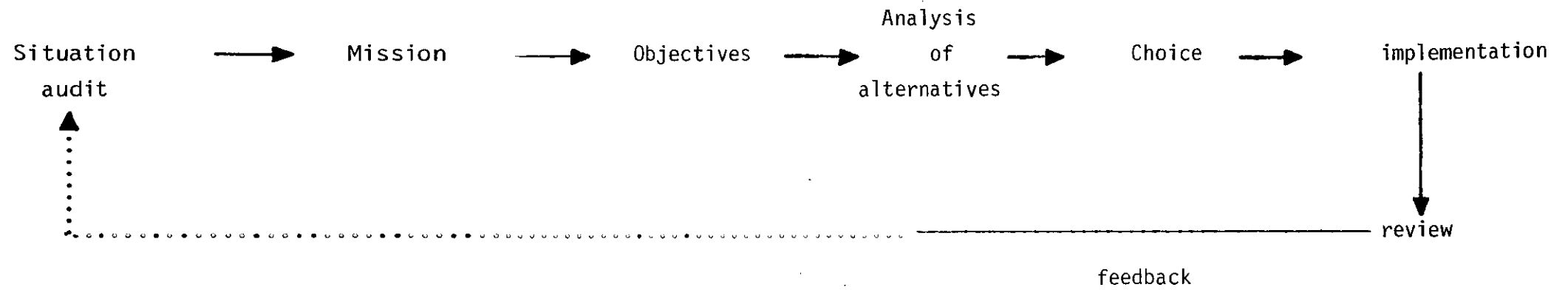
It can generally be asserted that marketing's ascendancy depends on the coherence and compulsion of its case at any particular time. However, the logic of its case and its inherent validity may be impeded by organisational structures and the locus of power (13). At its broadest level this issue can be considered one of marketing management, where marketing strategy is but a component of a wider brief to organise, implement and control marketing activities. It should be noted, however, that the range of explicit benefits claimed for marketing strategy, listed above, largely arises from a diagnosis that there have been considerable and significant failings in marketing practice and corporate performance. It is necessary in consequence to consider this issue in greater detail: to examine the role and responsibility of marketing management for strategy and its influence in the organisation.

Figure 1
An Allocation of Strategy

Strategy Conception		
	Narrow	Broad
Marketing Responsibility	Marketing Mix	Advisory
	Competitive targeting	Longer term
	Channels	Marketing
	Budgeting	Intelligence
	Segmentation	
Strategy Locus	PLC/Product Planning	
Corporate Responsibility	SBU's	What business
	subsidaries	Product/business
	Divisions	portfolios
		Growth Appraisal
		Risk analysis
		Comparative
		performance
		Mission/objectives
		Political/social
		other publics

Figure 2

The Strategic Process



The deficiencies that have been attributed to marketing (e.g. Hayes and Abernathy, (14), Doyle (15) vary from the lack of a sincere attempt to provide consumer benefits to the absence of propitious circumstances for fruitful marketing both within the firm and in its environment. At one extreme, marketing in its joint roles as a function and a philosophy may only be able to supplant other philosophies or functions when these are proved deficient or fail to command acceptance. In this respect, marketing may be seen as a last resort, on the other hand, its positive acceptance requires both an intellectual and emotional response. Thus intra-firm fine tuning of management ideology and technique may be insufficient for the acceptance of a marketing orientation and the establishment of an appropriate management structure and philosophy to implement it. Anderson (16) gives insight to the relevant processes with a constituency based conception of the firm. He draws attention to the similarities between the processes of negotiating with external interests for resources and power and the negotiations that proceed within a corporation. Internal coalitions of the various specialisms represented in firms have differential influences determined by their manifest expertise and comparative advantage in relation to the context at different times. In this way production, finance or personnel interests may be the most influential and the corresponding orientation of the firm as a whole determined.

It is precisely the limitations of the previous ascendancy of the marketing function that have given rise to the criticisms of its short-run focus, parochialism, conservatism in risk-taking, and the assumption of trappings, rather than substance, in its marketing research. When the era of growth was superseded by a less propitious external environment, the marketing nexus, which through specialisation had contributed to corporate goals, was threatened.

Thus marketing strategy's place within corporate strategy depends on the relative combination of internal and external imperatives. Clearly marketing's role in the formulation of corporate strategy is not sacrosanct and may decline unless marketing managers take steps to advocate strongly that strategies be adopted which enable it to "capture its preferred positions". In other words Anderson (17) claims that

"Marketing must negotiate with top management and the other functional areas to implement its strategies. The coalition perspective suggests that marketing must take an active role in promoting its strategic options by demonstrating the survival value of a consumer orientation to the other internal coalitions".

The conception of marketing strategy as a component and attribute of corporate strategy positions marketing strategy as a management responsibility, both in departmental and wider corporate terms. It is possible that marketing instruments - the mix, segmentation, product planning etc., - are manipulated and accommodated to outside interests both in the firm and the wider environment largely in disregard of the consumer orientation necessitated by the wholehearted acceptance and implementation of the marketing concept. Oxenfeldt and Moore (18) argue that in any event this can only be practised if customers are aware of what they want and can articulate those wants usefully to market researchers. Repeat buying is commonplace as a result of those wants being fulfilled by marketing action, brand decisions are salient and brand differences sufficiently large to involve customers and affect their behaviour. Claiming that the basic prerequisites of customer-orientation are often not present, they point out that many firms respond in ways which are not in customers' interests - promotion-based brand differentiation, stock loading, buying the loyalty of competitors' distributors or recruiting rivals' managers, and we might add, engaging in litigation with competitors.

In place of "customer-orientation", they put "competitor-orientation" in which the ultimate goals of sales to customers is achieved not through a direct appeal to final customers/consumers but by means of struggles with competitors for retailer patronage, each other's executives, and distribution channel dominance:

"To prevail in the battle, firms must identify their closest rivals, learn their significant strengths and weaknesses, and forecast their behaviour. They must also minimise their own vulnerability to inroads by competitors even while searching for and capitalising on that of their rivals". (19)

But this can easily degenerate into the kind of competitive posture which is based on defensive, largely negative considerations perhaps with detrimental consequences for consumers and, ultimately, for corporations. It is possible, however, to be more positive and see in the enlightened adoption of the marketing concept a means of fulfilling competitive imperatives and benefitting customers. Indeed, meeting and matching the needs and wants of consumers and the efforts of competitors is the minimum requirement if corporate objectives are to be fulfilled in the longer term.

Determining the requisite degree of consumer orientation and adopting the marketing concept to the level consistent with

the alternative use of corporate resources is not a simple undertaking. Certainly it does not just occur: it must be made to happen - i.e. managed in the widest sense of the term. (20) The recent attempts to centre attention on marketing strategy in isolation of the overall adoption of the marketing concept treat the symptoms of competitive vulnerability without meeting the core problem. Transient benefits might accrue from this - indeed, such is the lack even of rudimentary marketing skills and understanding in many instances, that the apparent gains can be dramatic - but in the longer term the organisation must attend in a comprehensive and well managed way to its customer needs if it is to meet these in a competitive environment. Strategy is but one component of this activity. It is always important, but only as a means to an end and only if it is attuned to an appropriate situation. There is a danger in the current trends of the strategy debate to play down the intellectual adaptation required and to concentrate instead on form and technique. This was not originally intended by the protagonists of strategy - indeed, the literature, having been given its head, is only now likely to find its tail.

CONCLUSION

In the rounded and multifaceted activities that comprise effective competition marketing assuredly has its place. The essence strategic marketing orientation is to hold a comparative advantage in fulfilling the wants and needs of consumers. This can only be achieved if marketing management is effective. A marketing perspective champions the overriding importance of a customer orientation. Moreover, it emphasises that this consideration is logically (if it cannot always be temporally) prior to the detailed attention to the tasks of management in planning, information processing, situation audits, control procedures and people skills. Management must manage but there are innumerable different styles and procedures and these must evolve and adapt as circumstances warrant or dictate. In this regard it matters little that, for instance, Buell (21) in writing that "Marketing strategies are major plans (or methods) for achieving major objectives or goals. Tactics are the plans or methods devised to implement the strategies" differs from Alderson and Green (22) in reversing the relationship between plans and strategy when they write that

"A strategy is a core idea from which a marketing plan is evolved. The consideration of possible strategies leads to the development of alternative plans for evaluation.

Such disagreements are a major feature of the existing strategic literature. The disputes on terminology ultimately must rely on some transcending philosophy to make sense, or less nonsense, from their often contrary prescriptions. Neither 'strategy' nor 'marketing strategy' - or other closely substitutable terms like strategic marketing planning, corporate planning, strategic planning - are needed in any overblown sense but there should be greater attention given to the conduct of marketing management. Ripples of discontent with that conduct have spread throughout the marketing community and led to the putative adoption of strategy issues as a panacea - not only for marketing itself but to fill the vacuum in the planning procedures of firms. But this deflects attention from the key issue which is, we believe, dependent on reassessment of the diffuse benefits of the marketing concept and paying greater attention to the general principles of good management.

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