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Marketing strategy: the right place and the big problem

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Abstract: *The study explores the use of the marketing strategy concept, guided by the idea of the original definition of strategy. This definition limits the number of organizational levels where the concept might apply. This restriction affects the application area of the label "strategic" in the marketing function. The study is based on logical reasoning associated with the original content of strategy and with the state of facts in the real world of business. The reasoning used in the study is similar to the reduction at absurdum approach, used in mathematics.*

Key-words**:** *strategy, marketing strategy, strategic marketing*

1. Strategy as a label for something important

„Strategy" and „strategic" are words that enjoy an intense use during the last years. They are used in the most surprising contexts, starting with scientific claims of a particular field and ending with the usual ones associated with current activities marked by banality. In many standard cases the use of the term could be quite excessive. The benign consequence of this is the creation of vague formulations associated to the main concept. But more serious is the possibility to create some confusion related to the basic concepts of strategy that refer to or used in any form the label „strategic."

The attribute „strategic" showed an expansion in the common language so spectacular that it is natural concern that a misuse of the label occur. This feeling is accentuated by the fact that the label „strategic" is only used as a beacon for what is intended to be perceived as important. Rumelt (2011) says that the use of this label became a verbal tic. There is an avalanche of strategic „stuff", - management, resources, projects, decisions, and many others- which might create the idea that the lack of such labeling creates frustration to the ones involved in these „stuff", thus getting this particular attribute becomes an implicit objective of their work. Does the label fit in all cases?

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This expansion of the use of label translates into an inherent enrichment of the meanings associated to the concept of strategy, and of the list of activities that are given strategic attribute. Currently all „classic” functions of the organization, such as, for example, operations, marketing or human resources, have an approach or a strategic perspective. In addition, even a series of activities, traditionally included in a function of the organization, as subclass resulting from the division of labor, have acquired some autonomy and status of „strategic”. As a result, the dedicated literature consecrates textbooks to strategies associated with these functions or activities, even if the approach proves to be disproportionate.

A special place in the list of organization functions that use the label strategic is occupy by marketing.

Strategic marketing has become a major concern of the management, gradually acquired a distinct and expansive personality. One explanation of this fact is the current trend to consider that customer satisfaction is a key-success of the business and that it takes precedence over economic or technical considerations induced by the classical logic of management. Is a successful approach? What exactly is the logical position of the so-called marketing strategies in the management of the organization?

2. The fall of strategy to marketing strategy

Without discussing in detail the definition of the strategy is to mention that the increasing size and complexity of organizations quickly put into question the problem of the „coverage” of a strategy. According to the initial concept the strategy refer to the whole organization.

However what exactly is the organization in a given specific situation in the current world of affairs? It is an independent entity that is recognized to have so-called legal personality, or a large entity, engaged in a series of significant autonomously activities?

To establish a clarifying context of the discussion a short retrospective on the development of organizations dimension is required.

Without insisting on a parallel with the military activity that has generated the concept of strategy, marking the size of companies over time is useful. A century and a half ago a big firm had several hundred employees. Increasing the size, for large companies, it was spectacular, so that 50 years ago there were already companies with more than 500,000 employees, size that may occur today with large corporations. Large retail networks often exceeded 100,000 employees, as large hotel chains.

Such crowds, whether in the army or in large corporations, are organized in groups that relate in any way to achieve what is envisioned as purpose. Grouping induced by a division of tasks associated with labor derived from the desired goals translates into relatively autonomous segment of the original crowd. The relative autonomy of the segment is given by many factors, among which is a specific activity or a geographical location than the rest of the corporation or the ability to achieve results in a relatively autonomous manner and in a time shorter than that required for achieving the original goal.

If segmentation occurs due to the increased size of organizations and to the relative empowerment of the organizations segments, it is likely that this is done on several levels.

The first level of segmentation will consist of large segments, and each will split the other components following the same model. The number of elements associated with a level of segmentation depends essentially on the possibility of coordinating them so as to achieve the purpose of assembly. Following the segmentation process will result the known pyramidal structure.

In this context of the process of structuring a large organization in question is the level to which it makes sense to use the label „strategy" for a partial plan. Beyond questions of terminology it is important to have a clear idea of the autonomy of the plan and how it relates to superior segmentation plan, like those of similar entities on the same level. Misunderstanding of how intractable a certain segment with the other, in the sense of autonomy calibrated poor or vertical inversions authority can have dramatic consequences on the existence of the entire organization.

In the business world there is some convergence of views of academics regarding the use of the label „strategy" for different segments of a company. In the strategic management textbooks dealing with definition of the firm strategy is discussed explicitly about two levels that are assigned specific strategies families. It should be noted that the two levels are conspicuous it relates to large companies dealing with a broad set of business, that are diversified. Explaining levels is facilitated by this situation, but without this particular organizational context concepts could be applied for small firms.

The first level is called „corporate" and the strategy is called „corporate strategy". This strategy refers to the entire organization, covering a period of 3-5 years (values are common and more), and the results are expressed in a synthetic manner by measuring in money. Both the results in an absolute form, and the results about the relative position (i.e., listing on the stock exchange) in a lot of organizations are expressed, explicit or implicit, in money.

Given the origin of the term strategy and current definitions or meanings associated with the business world, it may be pointed out that corporate strategy is an overall plan, and clearly deliberately targeted, formulated and driven by the top management of the organization. The strategy sets limits the autonomy of different parts of the organization, so as to achieve the desired economic result. This is why the most important categories of strategies of that level are called by some authors „directional strategies" and „portfolio strategies", referring to the direction of development chosen for ensemble and „configuration” of large segments resulting from the first level division of the organization.

With regard to the deliberate nature of the plan at this stage it is difficult to explain what it would mean for a company with 500,000 employees or an army with 2 million troops, an emerging strategy, in respect Mintzberg (1985), where the allocation of resources should be made without regard to some predefined targets. That fact stresses that consistency of a strategy is diminished if it concerns only a segment of the organization.

The second level of strategic management discussed current strategies associated with organizational entities resulted of the first segmentation of a large organization. For this level the label used is „business strategies”. Related entity of this type of strategy is the so-called „strategic business units”. It arose due to the difficulty of direct coordination of a big number of small segments, named, after military model, „divisions”. In the business world this innovation is attributed to American company General Electric, where more than 40 divisions has grouped in an approximately fifteen strategic business units.

For these strategies the goals are not only financial, but also they have a competitive nature. It is intended in the first instance the economic survival, then obtain an advantage over competitors, meaning a better classification. This feature is the most important point closer to the military, where the advantage over the enemy is fundamental for defining the long term behavior.

Due to the fact that these organizational entities can clearly identify the competitors, their relative autonomy is motivated and focused on achieving a better result in a „zero sum” game. This result of the segment has direct consequences on the overall economic outturn. In this logic, strategic autonomy must be understood as a choice considered the best means to achieve competitive advantage in the specific case of that entity, without the need to achieve a similar result or behavior a for a „sister-unit”. In other words, an entity can gain from participating in the competition, while a „sister-unit”, belonging to the same organization, can lose and, in extremis, not to survive in the competition. Given the logic of these entities, the strategy is unlikely to be an emerging one, the characteristics of a deliberate plan being predominant.

In terms of responsibility, the strategic plan of a business unit would be said that this remain, ultimately, in the portfolio of the top management. It sets the limits of autonomy and control strategic business unit activity, for obtaining a horizontally correlation between all units, even if it is just about the financial aspects. „The financial aspects” means allocating resources to support a strategy of a strategic business unit, as in reverse redirection of earnings to support the change of other units.

Following the downward hierarchical line analysis it could be identified a third level of possible strategies. Some strategic management textbooks labeled these strategies as „functional strategies” in the context of the discussion about their position in organization, considered as specific strategies for the function of the organization. It refers mainly to marketing, operations, including research and development, finance and human resources. On the latter, this is intended for both the organization and the employee to improve communication, to adjust expectations and to correct missteps when necessary (Drumea, 2014) Once the position is defined, the subject of functional strategies is emphasized in a few pages. A detailed approach of these kind of strategies is more likely to function only in specialized textbooks.

A first dilemma at this level is related to the use of the label „strategy" associated with a plan for a function of the organization. When such a plan is labeled a „strategy of...", referring to a specific type of activity, is selected de facto *only* a segment of the entity's organizational object management, which is contrary to the idea of the original definition and of other many definitions of strategic management textbooks.

But more important is the problem associated with the concept „unity of command", if the status of functional strategy is disproportionately emphasized by reference to the higher level. It is likely that the role of a function is over emphasized and affects the results of the strategy at the business level, then the whole corporate strategy. The problem has its „horizontal dimension" in the sense that each function is likely to show that their plan is the „most important", what would result in a difficulty to coordinate the multitude of plans.

3. The evolution from marketing myopia to strategic marketing hypermetropia

Without insisting on numerous examples from the military to illustrate the negative consequences caused by the strategic initiatives of functional segments, such systemic imbalances in the business world should be pinpointed. They have scored a real fashion in time, affecting a significant number of industries and companies in the last century.

More than half a century ago there was a preponderance of operations as a function of organizations, evident in manufacturing industries. Competitive advantages, in respect Porter (1980), based on reduced costs induced by productivity increases have gradually vanished under the pressure of demand for differentiated products.

There followed a fashion of financial strategies preponderance, neglecting the implicit skills essential for products. „Financial arrangements" seemed more attractive than those relating to products and markets and financial leaders had a decisive word on corporate strategy. The result was a significant series of important setbacks. For example, this approach is considered to be the cause of the loss start by American oil companies in offshore oil exploitation. The step to illegal financial arrangements was made in many cases, such as that of Enron.

It seems that the fashion of marketing strategies is prevalent now. In many cases, the marketing strategy obscures the concern for customer and product and replaces it with an illusion, so the „form" substitutes the „content".

Marketing myopia of Levitt (1960) is replaced by a type of hypermetropia of the concept, which consists in using some long-term „clichés" about price, promotion or distribution, while ignoring the product. The claim to label as „strategic" the afore mentioned elements is justified by the fact that they are declared to be referring at a long term perspective. To illustrate these new trends, the Apple case makes the reference, where a marketing man replaced the creator of products, Steve Jobs, founder of the company, and the results were so discouraging that Jobs had to be recalled.

If the corporate objectives are associated with a sophisticated problem regarding some integration issues, the social influence or the organization revitalization, as in the approach proposed by Bennis (1960), for fixing them, then intervention of the „General" or Strategos, i.e. the chief executive officer, is mandatory and the task cannot be passed on to an marketing executive, even if he is the main subordinate in a given organization.

Discussing the strategic alternatives for an organization, a crucial point is the portfolio strategy. Although some initial work on portfolio strategies refer to „products" as management object, almost all strategic management textbooks refer to the „business". The reason is that it is more logical to discuss about the „business portfolio". The conclusion suggested by these critical analysis of how the portfolio management is focused, unlike cataloging the use of strategy with respect to marketing as „excessive language"- according to the opinion of Guyon (1992), is really an excess when discussing this topic as a marketing one.

Similar reasoning can accompany other generic strategies. For example, Porter's differentiation strategy or the generic strategies of Ansoff (1965), - product development, market penetration or market development- though seem to be the preserve of the marketing department are business level strategies and is formulated at the corporate level, where the top management transfer the responsibility to the strategic business unit. To support any strategy of this kind means to involve all the functions of organizational entities and specific plans for each of them.

Regarding the use of well-known analytical tools labeled with acronyms like PEST, VRIO (Barney, 1991) or SWOT should be noted that they should focus strictly to the desired functional area, for example marketing. Otherwise there is the inherent danger of missing a really strategic goal, i.e. at the whole organization (Băcanu, 2014). If the area of analysis is „excessive" extended, according to the trend induced by the use of label strategy, then the effect of marketing expertise dissipates.

Up to a certain point, an upward trend of the importance of marketing and marketing people in the management is normal, given that the current concern for the customer is considered axiomatic a natural base for the business development

Drucker, 1954). The question is whether the transformation of marketing in a business function pivot is beneficial in any context and for any type of organization or industry. If, for example, the customer research is focused on finding a way to double cross the latter rather than to study his needs, then it is likely to experience a range of ethical dilemmas and, in a strategic horizon, to face the occurrence of economic problems that could destroy the organization. The case of HP's strategy imposed by Carla Fiorina (Mintzberg, 2004; Bacanu, 2014) or the case of Volkswagen are relevant for the whole assertion.

Under this strategic level, said functional level, the current practice and theory of the companies discussed about some more advanced strategies regarding the functions of the organization. In marketing, they are focused for example on price or distribution, and use the labels „price strategy” and „distribution strategy”. Rumelt (2011) points out ironically the meaningless of these phrases use. Depending on the imagination of the analyst or executive implied, it can distinguish a number of other strategies.

4. Conclusion

There is a content contradiction between what the strategy was two millennia ago in the Greek world and what it is now according to the modern definitions of strategy.

Between the idea of integration of organizations different parts as a whole and the focus on a specific segment of the organization appear a relative opposition if the present approach of the strategy is kept. One can predict that the relative contradiction can generate both control problems, in the sense that it becomes unclear who is „general” or what is the hierarchy of „generals” and practical issues of prioritization in the resources allocation.

For the marketing strategies the main „object” is ultimately the product. If an organizational entity that owns a product has a diversified portfolio, it is likely to show a differentiation of marketing plans and strategies regarding these products and a limitation of the common points of strategies appear in contradiction with the Greek definition of the word. If the product is customized for a specific market, then the strategic atomization at the functional level is more pronounced. For a large diversified conglomerate corporation it is logical to have a variety of marketing strategies with a clear distinctiveness of the portfolio at the business level. For example, Accor Group has over 160,000 employees and it have a marketing strategy for the luxury Sofitel hotels, different from the F1 hotels.

In terms of resources, particularly human ones, it would be observed that, as strategy addresses a narrower segment of the organization, they are increasingly less significance by reference to the organization. The strategist for the X product for the market Y at the price Z might be the last piece in the chain hierarchy, meaning a simple „operational soldier”, not a strategos/general.

For a small company the control problem becomes uninteresting, because the „general" manage the whole family of strategies. There remains the problem of priorities. If the strategic levels hierarchy is altered and the plan is made choosing a functional strategy as a referential point, the probability of an economic collapse of the organization increases significantly.

In other words, it is to be emphasized that in the business world, the strategies that aim the profitability do not match to the approach „art for art". Outstanding products, that yet do not create cash flow as Concorde, or customers over satisfied, but not willing to paid for the products, cannot constitute an economic base for a business.

The marketing concept, unintegrated properly alongside with other business functions as per a strategy in a classic sense of the term, is a simple expression of fashion in the world of business management. This is, by reference to the logic of the strategy, eventually questioning the consistency of the concept of „marketing strategy".

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