

Selecting the Right Marketing Strategy

There are many critical decisions companies must make whenever they reach a crossroad, such as expansion or the re-evaluation of market performance. The core decision will most often revolve around the consideration of the marketing strategy and the way the company will seek for gain an competitive advantage in the marketplace. This process can result in the company reinforcing its current operational posture, or it could lead to a revamping of the way the company communicates and how it is positioned. In either scenario, the need to decide on a core marketing strategy is a business imperative.

The classic book on marketing strategy, “The Competitive Advantage” by Michael Porter, identified 3 possible strategic alternatives for a company defining its marketing strategy. They are:

Cost Leadership Strategy

This strategy entails the production and distribution of same quality products at lower cost. In order to sustain this strategy the company needs highly efficient labor management, good engineering skills, on-going access to operating capital, products that are easily manufactured, and low cost distribution.

Differentiation Strategy

This strategy involves the manufacture of a product or delivery of a service that is universally perceived as being substantially different from others. To support this strategy a company should have excellent marketing skills, a good reputation, innovative employees, and a superior R&D or product development team.

Focus Strategy

This strategy requires that the company focus on a specific segment of the market with such intensity and distinction that other companies find it difficult to compete. To succeed with this strategy a company needs excellent marketing skills, a product that is superior in a number of functions, a strong R&D team, and a good reputation.

Selecting which of these strategies is right for you really depends on a number of critical factors that will help you determine how compatible the strategy is with your business. Some crucial considerations include:

- The Environment – the contemplation of the economic and social environment within which the marketing activities will need to take place. This can include anticipated new technologies, economic factors, demographics, the regulatory setting, and the cultural dynamics.
- The Target – the consideration of the targeted customer, including whether the targets are existing customers or new customers and their anticipated behavior. For example, you should reflect on decision making cycles, timetables, production cycles, and target’s price tolerance. You should also learn about their attitudes toward change, the rate at which they introduce new technologies/services/products, and their needs and perceptions of benefits.

- Your Product – a reflection of your product or service and its genuine place within the competitive grid. Some aspects that need to be reviewed include the benefit delivered, the value provided, the perception of the distinctiveness, the complexity of use and integration, the fit with regard to work flow patterns, and the complexity of your offering.
- Your Company – a true appraisal of your company and your capacity to execute the plan you are contemplating. You should be looking at your company's reputation, your market reach, your management talent, the company's infrastructure and communication systems, your employee satisfaction and motivation levels, your ability to market, and your ability to respond to competitive challenges.
- The Competition – an overview of the strengths and weaknesses of your competitors, with a special eye on how they could react to a competitive challenge. Also review their reputation, customer base, and market position.

The marketing strategy you select will dictate how well you perform in the marketplace and how your competitors and customers respond to your offer. You need to carefully consider your abilities and your resources, as well as the mood and trends within the market. Once you have completed your evaluation process and have determined the strategy you are confident will serve as the most effective path to your sales objectives, you can begin to construct the tactics and tools you will need to properly implement your strategy. The strategy you select serves as the foundation for your market performance. This very critical fact calls upon you to give your marketing strategy the time, consideration and process oriented devotion it truly deserves.

Craig Frank is CEO of Tudog Creative Marketing, an advisory and implementation firm offering a broad range of marketing related services designed to increase revenues and create value. Craig can be reached at craig@tudog.com