

What Is Strategic Marketing?

Marketing is a unique and broad discipline. Unlike most areas within a company, marketing requires both open-minded creativity *and* strict rigorous analysis. Marketers not only set high-level agendas but also manage all the execution details.

Because it's these details that are the most visible, many non-marketing practitioners view marketing's role as purely tactical. Sometimes even marketers think of their role in this way. True marketing, however, is about much more. Marketing is a strategic function. It must be completely aligned with the organization's business strategy. In fact, marketing should help drive that strategy.

A popular view is that the term "We need to do more marketing" invariably means, "We need to get our name out." In reality, advertising and communications are very important parts of marketing, but they are tactics within a good marketing strategy, not the marketing strategy.

As a strategic player, it is marketing's role to help the business achieve its overall objectives. To do this, marketing should identify and pursue the opportunities that provide the highest profitability and create the best long-term success for the organization. This includes, along with many other strategic decisions, identifying which markets to pursue and which to ignore, which needs to satisfy and which to leave unmet and which customers to grow and which to drop.

With this power also comes a greater degree of responsibility. Marketers must deeply understand their business, their market environment and their competition—including substitutes. Marketers must know precisely what value is added by intermediaries (dealers, etc.) that may touch the product before the end user. Most critically, marketers must intimately know the end users, even if they are two or three steps downstream.

By understanding the end users—the true customers—marketers can better create value. *Business Market Management* defines value as "the net economic, technical, service and social benefits the customer receives from doing business with your firm." This net result is all the good things the customer gets minus all the costs incurred to get them. These costs can include conversion costs, shopping costs or training costs. It's the difference between this net perceived benefit (value) and the price that is the incentive for the customer to buy.

The process of maximizing value encompasses both internal and external responsibilities. Internally, marketers should create priorities for improvement and expansion and help ensure customer needs are served. Externally, marketing must define and communicate the value in a way that resonates with the target audience. It should position the company's offering to make it the best choice and make the price seem small in comparison to the net benefit.

In today's hypercompetitive environment, it is becoming increasingly important to market more strategically. Marketers need to think beyond tactics. By creating and delivering maximum value where it matters most, customers are better served, price becomes less of an issue, profitability is maximized and greater success is the result.

"Marketing is not the art of cleverly disposing of what you make. Marketing is the art of creating genuine customer value."

PHILIP KOTLER

