WHAT IS STRATEGIC ABOUT THE STRATEGIC MARKETING PLANNING OF INDUSTRIAL FIRMS?

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1. INTRODUCTION

Marketing theory has advanced considerably since the days when target market selection and the marketing mix were established as the cornerstones of marketing management's task. In line with the increased attention focused on the strategic planning activity in the business economics field since the mid-seventies, marketing academics have shifted some of their attention to marketing's strategic role in the firm. Initially, existing marketing theory was merely dressed up in a new jacket and generally became *Marketing: a strategic perspective*. In time, however, the distinction between marketing's strategic and operational activities became more profound. In the last decade, many textbooks and articles have been published focusing specifically on the marketing division's strategic role under titles such as *Strategic marketing*, *Strategic market management* and *Marketing management: a strategic approach*. Prominent academics such as Biggadike, Schendel, Buzzell, Turnbull and Valla, Cravens and Jain were contributors in this field. However, a widely accepted theory on the content and hierarchical differences between strategic and operational marketing has not yet been developed, as even a superficial analysis of books and articles on this subject still shows a diversity of approaches.

The purpose of this paper is to contribute to the conceptual basis of this field of study which will eventually result in the acceptance of a broad theoretical paradigm by academics and practitioners alike. The question posed in the title of this paper will be addressed by answering the following three subquestions: When is a business activity (or inputs or decisions) strategic in nature? What are the main components of the business mission and strategy? What is marketing's role in formulating the business mission and strategy? In the last section of this paper, the importance of a stronger strategic marketing perspective by industrial product marketers will be stressed.
The approach followed in this paper is to first analyse, in more general terms, the nature of strategic activities, inputs and decisions and then to consider the marketing division's contributions in this regard.

2. WHEN IS A BUSINESS ACTIVITY STRATEGIC IN NATURE?

A literary review of the nature of strategic inputs, strategic activities and strategic decisions shows that little is being done conceptually in this regard, especially regarding the identification of strategic inputs and strategic activities. Some attention is paid to defining and discussing the strategic decisions emanating from strategic planning and contained in the strategy, and much less to the inputs on which these decisions are based or to the activities to be performed in the implementation of these decisions. The approach in the strategic planning field is therefore more process and content oriented than input and activity oriented.

This parochial perspective is probably due to the fact that both inputs and outputs are strongly functionally based, whereas the process and content of strategic planning and the decisions emanating from this exercise are top management based. Schematically this can be represented as follows:

**Figure 1 The input/output paradigm of strategic planning**

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INPUT                     STRATEGIC PLANNING                        OUTPUT
Information and experience Process, content and decisions Resource allocation and activity programmes
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The fact that the inputs and outputs of the paradigm above depend heavily on functional contributions merely confirms the fact that functional divisions play a crucial role in ensuring that strategic effectiveness is realised by the firm. It is for this reason that academics and practitioners alike should pay more attention to functional contributions to the firm's strategic planning exercise.

Schendel (1985, p. 41) probably made the biggest contribution to the debate on which activities or decisions are strategic in nature. His motivation starts by highlighting
the differences between efficiency (doing things right) and effectiveness (doing the right things). He goes on to relate the former to operational management and the latter to strategic management. He states the following: "Efficiency, and operations management are concerned with input and output, more output for the same input .... It is not concerned with changing direction, it is concerned with maintaining direction, in our terms, direction established by a basic strategy". He says the following about effectiveness and strategic management: "Strategic management is concerned with direction, with basic choices of actions that will achieve goals, subject to the constraints offered by the set of environmental, non-controllable forces facing the firm .... While strategic management does not dominate operations management, it supplies the cues for the directions operating management must take". In relating functional activities to the strategic and operational activities, Schendel (1985,p.57) indicates that most functional work is operations oriented and is concerned mainly with implementing the functional-related aspects of the business strategy and goals. Only those functional activities that contribute directly to the development or implementation of the firm's strategy can be regarded as being strategic in nature.

Schendel (1985,p.50) regards strategy formulation as the management of the interaction between three main elements, namely environment, goals and strategy. The end result of this interaction is the formulated strategy which comprises three entrepreneurial and two integrating components. The entrepreneurial components represent the primary decision areas which stipulate the future direction of the firm. They are the scope of operations, resource availability and deployment and the competitive advantage to be pursued. The integrating components of strategy, being operating policies and administrative structure, provide the backdrop to the successful pursuance of the entrepreneurial components. In terms of goal formulation, a functional division is only assigned a strategic role if it contributes significantly to the attainment of a particular strategic goal, such as expanding geographic scope or realising a competitive advantage. In terms of the strategy component, a functional division can make a strategic contribution when it contributes either to the formulation or the implementation of the entrepreneurial components, especially the competitive advantage component.
Schendel summarises his perspective of the strategic role of functional divisions with the following statement: "What is strategic about marketing, or finance, or for that matter management in general, depends upon whether it involves strategy-making and strategy use and whether it involves the three elements of goals, strategy, and environment. In this view there is an aspect of marketing that is oriented to operations, maintaining existing directions at ever more efficient levels, and there is an aspect that is strategic that contributes toward changing the direction of the business. It is a simple distinction, but an important one to make, and one complex in its implications. Much activity is oriented to operations and efficiency as it should be, and probably some lesser amount is directed toward strategy-making and use. The strategy part is less obvious, and about it we need to know a great deal more, whether the viewpoint is strategic marketing or strategic management".

Biggadike (1981,p.621) considered marketing's contribution to strategic management by evaluating marketing activities against a strategic management paradigm. According to him strategic management issues are those affecting the relationship of an organisation to its environment. These issues are usually related to either the choice of a particular strategy or the structure developed to implement the chosen strategy. The particular strategy chosen by the firm is the result of the following paradigm: environment + organisational capabilities + current competitive position => strategy. The strategy should spell out the choice of markets to be served - in other words the scope of the firm's market domain, as well as decisions about expanding, defending or contracting this domain. Any input, activity or decision related to any of these four aspects of the strategic paradigm can therefore be regarded as being strategic in nature.

Another approach to defining the nature of strategic decisions is to focus on the distinction between strategic and operational decisions. Digman (1986,p.6) defines strategic decisions as those which significantly affect changes in one or more of the following: the organisation's basic concept, its role in society, the mix of markets in which the firm competes, the firm's choice of products and services, and how it plans to compete against rivals. Operating management on the other hand, deals with
the ongoing day-to-day activities in producing, marketing and selling the firm's products. Steiner and Miner (1986, p.8, 13 & 14) define strategic decisions, *inter alia*, as being taken by top managers (generalists) from a corporate point of view of the total organisation, in contrast to tactics which are functionally-based decisions of a structured and often repetitive nature. Pearce and Robinson (1991, p.4) contribute two further important characteristics to strategic decisions, namely, having an enduring effect on the firm's prosperity and being more oriented towards the external environment than is the case with operational decisions. Finally, Jain (1993, p.26) contributes an interesting perspective by defining strategic decisions as "a commitment, not an act". This is in line with the widely accepted notion that the strategy at the business level provides only broad guidelines on the direction the firm is to take, while the specific activities in pursuance of this direction are developed at the functional level.

Although many additional differences between strategic and operational/tactical decisions are cited by strategic planning fundis, the above criteria seem to be the most important ones. To summarise: there appears to be considerable consensus - at least amongst strategic planning specialists - that strategic decisions are taken at the top management level regarding the formulation and/or implementation of the firm's mission and strategy. This results is an enduring commitment by the firm to the pursuance of a particular direction and position in the external environment.

With this view of the general nature of strategic decisions in mind, the focus can now be placed on the perspectives of marketing theorists regarding the marketing division's strategic decisions. As a starting point, the assumption is made that marketing decisions of a strategic nature are contained in the concepts "strategic marketing" and "strategic market planning". Although this connotation seems an obvious one it is not always applied as such in marketing texts.

Cady and Buzzell (1986, p.10) talk of strategic marketing versus conventional marketing. They regard the planning unit at which strategic marketing takes place as the product line or strategic business unit, compared to conventional marketing
having a individual product perspective. Consequently the market scope of strategic marketing is much broader, implying a wider range of customer functions to be served, technologies to be utilised and products categories to be considered. Conventional marketing regards market scope as given, whereas strategic marketing perceives it as a matter of strategic choice.

In a similar vein, Aaker (1992,p.12) focuses under the heading *Strategic market management*, on the inputs to be considered and decisions to be taken at the business unit level of a market driven organisation. He does not, however, relate these inputs and decisions to the marketing division at all, but rather maintains a broader strategic management perspective. Day (1990,p.6) also discusses the process towards developing a *market driven strategy* at the business level from the perspective of top management, rather than from a marketing perspective. Abell and Hammond (1979,p.10) also focus on market-related inputs and decisions at the business level, which is eventually contained in a strategic market plan. They say the following about this plan: "A strategic market plan is not the same, therefore, as a marketing plan; it is a plan of all aspects of an organisation’s strategy in the marketplace. A marketing plan, in contrast, deals primarily with the delineation of target segments and the product, communication, channel and pricing policies for reaching and servicing those segments - the so-called *marketing mix.*"

According to Walker et al (1992,p.21), over and above its responsibility for developing marketing strategies and programmes for individual product/market entries, the marketing division is also uniquely qualified to provide insights and information needed to formulate competitive strategies at the business and corporate levels of the organisation. This contribution by marketing is primarily due to its boundary-spanning position in the enterprise, as well as to the growing acceptance of a market-oriented business approach by the top mangement of many firms. Although Walker et al claim that their focus is primarily on the formulation of marketing strategies at the individual product/market unit level, the aspects covered in their book relate more to broader strategic options than to narrowly focused target market and marketing mix decisions. Most attention is paid to the strategic options to be pursued.
under different market conditions - new markets, growth markets, mature and declining markets and global markets. Walker et al, however, believe that marketing makes a strategic contribution to all three hierarchical levels - corporate, business and functional.

Ferrell et al (1994,p.2) and Jain (1993,p.22), on the other hand, follow a much stronger marketing perspective by translating the strategic market or strategic marketing decisions taken at the business level into functional marketing strategies or programmes. Although Cravens (1991,p.64) follows a similar approach, he calls the marketing-related decisions taken at the top management level, the marketing strategy, and the marketing mix decisions taken at the functional level, the marketing programmes.

In view of the different perspectives of marketing's strategic task cited above, the following important points of difference can be highlighted. Although most marketing theorists accept that marketing management has a dualistic planning role to play in the firm, that of contributing to planning at the business level and formulating the marketing strategy (or programmes) at the functional level, a clear distinction between marketing's strategic and operational inputs, activities and decisions is not drawn. In many cases (Cady & Buzzell, Aaker, Day and Abell & Hammond) marketing's role at the business level - in the formulation of the business strategy - is not spelled out. The primary dimensions of the business strategy are merely given and discussed in detail. This leads to the problem that neither marketing students or practitioners, nor any other departmental functionaries are quite sure what their contribution at the business level is.

Some authors, however, create the impression that marketing executives are the main players in formulating the business strategy. Aaker (1992,p.11) goes so far as to say: "Strategic market management or simply, strategic management ...." while Ross and Silverblatt (1987,p.104) state the following: "Hence, the Strategic Plan is a plan of all aspects of an organization's strategy in the marketplace. It is much broader in scope than the more limited strategic market plan.". When comparing these two
perspectives as well as the definition of the strategic market plan by Abell and Hammond earlier, it is clear that marketing theorists differ substantially on the content of marketing management's contribution at the business level, but even more so with regard to the part it plays in the business plan. By equating the strategic market plan with the business plan the strategic inputs of all the other functionaries - that is, manpower supply issues (manpower division), capital and money market issues (financial division), raw material supply issues (logistics division) and manufacturing technology issues (operations division) are ignored.

Even the existence of a strategic market plan, separate from the business plan, at the business unit level can be questioned. Having such a plan implies the existence of other strategic functional plans, such as a strategic manpower plan, a strategic finance plan and a strategic manufacturing plan. Developing all these strategic plans will place heavy strain on the firm in terms of administering and co-ordinating all these plans. The strategic inputs of all the functional divisions should rather be integrated into the business strategic plan and all further divisional plans should be operationally oriented and developed at the functional level.

With regard to marketing's strategic inputs at the business level, in a nutshell, one can say that strategic planning theorists have to some extent considered the nature of strategic inputs, activities and decisions, but marketing theorists have not really done so. Consequently a widely accepted theory of marketing's role at the business level has not been developed. Accepting the premise by strategic planners that strategic inputs are applied at the top management level in order to formulate the business mission and strategy, an analysis can now be conducted of the components of the business mission and strategy in order to determine marketing's contribution to these components.

3. WHAT ARE THE MAIN COMPONENTS OF THE BUSINESS MISSION AND STRATEGY?
As in the first section, we shall attempt to answer this question by firstly looking at the perceptions of strategic planning theorist and thereafter considering the approaches
followed in marketing literature.

Earlier in this paper we considered Schendel's perspective of the nature of strategic planning, namely, that it is an interplay between three components - the environment, goals and strategy. Strategy, in turn, consists of entrepreneurial and integrating components of which the former's components - scope of operations, resource procurement and deployment and competitive advantage - are at the heart of strategy making. Newman et al (1989,p.3) show similarities with Schendel's approach in that their statement of a firm's strategy contains an indication of the domain sought, the differential advantage pursued, the primary strategic thrusts or actions of the firm and the target results pursued. The aim of such a strategy statement is to show how the firm relates to the external environment (in terms of opportunities), which unique competencies the firm will apply in the pursuance of these opportunities, and what integrated action plans are devised to realise these opportunities.

From these two viewpoints, two dimensions of a firm's strategy can be distinguished, namely the components of the strategy, (i.e. the main decision areas which a strategy must address) and secondly the primary activities to be performed by the firm in formulating the strategy and thereafter implementing it. Another perspective of a business strategy is the strategic options available to the firm, given different market conditions. Marketing theorists should focus on all three of these dimensions in order to determine what marketing's contribution should be at the business level.

From a strategy content or components perspective it would seem that there is a fair amount of agreement that the main decision areas to be addressed in a business strategy are the scope of the firm's activities, resource procurement and deployment, the competitive advantage sought and the target results to be pursued. Another aspect of strategy making, which is primarily content related, is the mission of the business. This is the step in the planning process that precedes the strategy making phase. When analysing theory on the mission, also known as defining the business, one may conclude that it in fact represents the firm's primary strategic objectives, since it spells out the products to be delivered, the customer needs to be satisfied, the
customer groups to be served, the technology to be used, the growth areas to be pursued, the self-concept of the firm and the public image to be established (Pearce et al 1991, p.56). The mission therefore spells out the firm's future direction and probably its position in the marketplace, which must then be pursued by devising strategies and operational plans.

When analysing the activities contained in formulating the business strategy, the two primary activity areas are probably the information inputs supplied by participants in the process, as well as the decision-making skills they possess. The information inputs emanate from the respective responsibility areas of the participants, in our case the marketing environment, and their decision-making skills refer to their ability to contribute to the generation of strategy options, analysing those options and choosing between them. Activities to be performed as implementation of the chosen strategic option are firstly spelled out as broad strategic thrusts and then in finer detail at the functional level. Functionaries who participate in formulating the business strategy must understand the nature of these strategic thrusts to be able to make a positive contribution in this regard.

Newman et al (1989, p.115) define a strategic thrust or key programmes as "a vital positive undertaking which moves a company towards its differential advantage in its desired domain". Strategic thrusts are therefore those critical aspects of the firm's actions around which the success of its intended strategy pivots. Such strategic thrusts might, inter alia, be the expansion of the firm's scope, decentralising the organisational structure, entering new markets, driving costs levels down, enhancing product quality or adopting new technology.

In a similar vein, Day (1984, p.22) adopted Tregoe and Zimmerman's "driving force concept" which he defines as "the primary determinant of the scope of the business". He identifies six areas from which the driving force can emanate, namely:

* products offered
* market needs to be satisfied
* technologies to be utilised
* production systems to be utilised
* distribution and selling approaches to be followed
* raw materials to be procured

Scrutinising this list merely substantiates the important role of marketing at the business level.

With regard to the strategic options to be considered at the business level, the starting point should be the environmental options confronting the enterprise. Pearce and Robinson (1991,p.276) identify five "generic" environmental settings, namely fragmented, emerging, transitional, maturing and declining and global industries. In terms of the internal environment, the firm can be classified as a market leader, market challenger, market follower or a market nicher (Smith et al 1988,p.186). Given these internal and industry settings, a particular strategy has to be pursued by the firm.


* concentrated growth
* market development
* product development
* innovation
* horizontal integration
* vertical integration
* joint venture
* concentric diversification
* conglomerate diversification
* retrenchment/turnaround
* divestiture
* liquidation

A different approach is followed by Thompson and Strickland (1989,p.141) in that they distinguish between offensive and defensive strategies. The following offensive
strategies are identified:
  * frontal attack
  * attack on competitors' weaknesses
  * attack on many fronts
  * end-run offensive
  * guerrilla warfare
  * pre-emptive moves

Three defensive strategies are identified:
  * blocking defence
  * scare-off defence
  * lowering-the-prize-money defence

Miles and Snow (1978, p.167) identified another set of strategic options based on the intended rate of product and market development by the enterprise. These strategic types are: prospectors - first mover firms in product and market growth areas; defenders - a focus oriented approach by striving to maintain the firm's position in established product/market units; analysers - a middle-ground player by maintaining presently strong positions, but still pursuing opportunities in new, but related, product/markets; and reactors - no real commitment to a specific product/market, but also not an innovator in any sense.

Another strategy component which necessitates a choice between different options is the route towards attaining a sustainable competitive advantage. Porter's (1985, p.11) theory proclaiming two basic types of competitive advantage, namely, cost advantage and differentiation (pursued within broad or narrow markets) is still widely applied in strategic management and strategic marketing theory. Marketing obviously plays an important role where the differentiation route is chosen and where it is applied in a narrow market situation.

4. WHAT IS MARKETING'S ROLE IN FORMULATING THE BUSINESS MISSION AND STRATEGY?

When analysing strategic marketing theory in the light of the strategic planning
guidelines discussed above, the general impression one has is that this field has advanced considerably since the days when functional marketing issues (marketing concept, marketing environment, consumer behaviour, marketing research, market segmentation and targeting and the 4ps) were regarded as the be all and end all of marketing management. The prominent role marketing should play at the business strategy level is becoming clearer, although the distinction between this role and the role at the functional level is still somewhat blurred.

Theorists such as Aaker (1992), Day (1984 & 1990), and Abell and Hammond (1979) focus on the "market dimension" of the business strategy, although the impression is sometimes created that the market strategy and the business strategy are one and the same. In his earlier work, Day spoke of strategic market planning (1984) but later referred to a market driven strategy (1990). His attention seemed to shift from "the strategic role of marketing" (1984,p.3) to "market driven businesses" (1990,p.viii). This difference is a subtle but important one. Although a stronger external, and more specifically a market orientation by top management is desirable, and has been proposed for years as an extension of the marketing concept, the responsibility for developing and maintaining such a focus at top management level remains to be a function of marketing management. From an educational point of view, the aim should still be to equip marketing scholars with the necessary tools to fulfil their role in the top management team. Let us now consider these tools.

Biggadike says the following in his seminal article regarding marketing's contributions to strategic management: "Overall, I judge that marketing has made a number of conceptual contributions but few theoretical ones. The contributions occur most frequently at the environmental analysis stage and at the business unit level. Also, marketing has contributed more to the choice of strategy than to the choice of structure. Marketing concepts and techniques such as market segmentation, positioning, and perceptual mapping help define the environment and frame strategic choices in customer terms. The product life cycle concept helps dynamic analysis of the environment and different strategic options. Essentially, marketing sees strategic management as being market-driven, and provides aids for hypothesizing about
customer needs and competitor behavior."

As indicated earlier, functional managers participate in the business strategy formulation process in two ways, namely, providing inputs to the process and participating in the decision making with regard to the generation of strategic alternatives and the choice of the best of these alternatives. Probably marketing's main contribution lies in the environmental inputs (regarding the marketing environment) they provide and the techniques used to simplify this environment, especially the techniques of market segmentation, perceptual mapping/product positioning, portfolio analysis and life-cycle analysis (which should rather be called market evolution analysis).

Most textbooks in the strategic marketing field allocate a substantial part to this activity, under titles such as Strategic analysis (Jain 1993), Environmental monitoring (Cady & Buzzel 1986) and Marketing situational analysis (Cravens 1991). A much stronger emphasis is usually placed on the external analysis and more specifically the customer and competitor analysis. An external environmental component receiving scant attention, however, is the analysis of the industry in which the enterprise competes. Aaker (1992) calls this analysis the industry or market analysis. Its purpose is, *inter alia*, to determine the level of "extended rivalry" (Porter 1980, p.6) between the participants in the industry. Furthermore, trends in terms of growth potential, profitability and competitiveness within the different strategic groups of the industry should also be established. Such an analysis will show whether the industry can be classified as emerging, fragmented, in transition, mature or declining.

If one accepts Abell and Hammond's (1979, p.10) perspective mentioned earlier, that strategic market planning focuses on "all aspects of an organisation's strategy in the marketplace", not enough is being done in strategic marketing literature in respect of the internal or self-analysis. Obviously marketing management should start off by pinpointing the strengths and weaknesses of their own division, but should also scan wider in the firm in order to identify all the "competitive weapons" that can be applied on the battlefield. These unique strengths vis-à-vis competitors are better
known as distinctive competencies.

The main components of the business strategy were identified earlier as being an indication of the scope of the firm's operation (also called the domain sought) the competitive or differential advantage sought against competitors and an indication of resource procurement and commitment. Aaker (1992) incorporates these components in his perspective of the business strategy.

Figure 2: The components of a business strategy.

![Diagram of a business strategy]

Source: Aaker (1992,p.6)

Aaker's product-market investment decision could be shortened to investment decision, and the concept and basis of SCA's (sustainable competitive advantage) can be called the competitive decision - which is in line with the term Porter uses for this element. The two main decision areas of the business strategy are therefore the investment and competitive decisions.

The investment decision basically comprises three components, namely, defining the product and market domain of the firm, deciding on the investment intensity of each of these product/market units (pmu's), and indicating how synergies between the different pmu's will be promoted and managed. The investment decision therefore indicates where the firm is going to participate (business domain) and how strongly it is going to compete (investment intensity and synergy). Defining the business domain is also called defining product/markets (Cravens 1991), market definition.
(Cady and Buzzell 1986), business definition (Day 1990) defining the business (Abell and Hammond 1979) and the business mission (Aaker 1992). Marketing’s primary contribution to the delineation of the firm’s product/market units is its inputs in respect of the market segments constituting the potential market. As the target market decision is obviously taken at the business level, the process of market segmentation should also be considered here. Marketing also contributes to the product decision by proposing broad product features needed to satisfy the needs of the different target segments that were chosen. Many strategic planning theorists regard defining the firm’s domain as the main component of the business mission. Hence strategies are developed and implemented to realise the firm’s mission.

Marketing management’s primary contribution in deciding the investment intensity of each pmu comes in the form of the portfolio analysis which provides guidelines on each pmu’s cash flow or profit potential, based on the attractiveness of its market and the firm’s ability to compete within that market (Day 1986,p.167). The four basic investment options emanating from these portfolio models are growth, holding or maintaining, harvesting or milking and withdrawal or divesting (Abell and Hammond 1979,p.182). The more advanced models, however, identify more investment options on the growth - divestment continuum (Day 1986,p.204). A myriad of approaches exist for implementing any of these investment options, and marketing can play an important role in identifying and choosing among these alternative approaches.

The competitive decision focuses on the specific approach to be followed in a given target segment vis-à-vis competitors, in order to establish a sustainable competitive advantage (SCA) against them. Porter’s (1985) four generic strategies of low cost and differentiation, implemented either in a broad or narrow market, are usually discussed as the main decision area of the competitive decision, which will lead to the realisation of an SCA. Prior to making such a decision, top management should first determine what can be regarded as a SCA in the particular industry in which they compete and quantify such a position as far as possible.

Theoretically, a SCA can be defined as a superior position in a particular marketplace
that allows the firm to be more profitable in the long term than its competitors and is realised through better resources, activities, management skills or positioning decisions. Resources, activities, management skills and positioning decisions can therefore be regarded as the generic bases for attaining an SCA. Deciding which bases to use would, in turn, depend on what is relevant in terms of customer needs and behaviour and the characteristics of competitors. Determining which aspects of the total market offering are regarded by customers as decisive in their purchasing decision (purchasing criteria), and evaluating competitors against these criteria would go far to help decide which basis should be used for attaining an SCA. Therefore the marketing exercises of perceptual analysis and mapping and product positioning can play a vital role in deciding on these bases.

Obviously marketing management plays a more important role when top management has to decide on the scope of their participation in the marketplace (broad or narrow) and when a differentiated approach is considered. Marketing’s role is less important when a low-cost approach is evaluated, decided upon and implemented. Many of the bases for realising a differentiated position in the marketplace have marketing implications. Aaker (1992,p.203) identifies eleven aspects that can serve as the basis in a differentiation approach, namely, product and service quality, product features, technical superiority, product-line breadth, brand awareness, brand associations, customer orientation, brand loyalty, customer base, service features and distribution channels. Marketing plays a pivotal role in the last seven of these bases. However implementing any of the above-mentioned eleven bases in a differentiation strategy requires a multifaceted activity approach of which many will be marketing activities. These activities to be performed in the implementation of a particular base will probably be classified by top management as the strategic thrusts of the broader generic strategy decided upon.

5. WHY IS STRATEGIC MARKETING MORE IMPORTANT FOR INDUSTRIAL FIRMS?

This question can be answered only if the differences between industrial or business-to-business marketing and consumer products marketing indicate a need for stronger
participation by industrial marketers at the top management level of their firms.

A general perception exists that a principal difference between industrial and consumer goods is that the latter markets are far more complex because of the huge numbers of consumers in these markets. In many cases these final consumers are, however, quite homogeneous in their buying behaviour and need patterns in contrast to some industrial markets with only a few customers who are quite diverse in their buying behaviour and product needs. Furthermore, some of the consumer markets have only a few competitors serving that market (mostly local firms), whilst some industrial markets are subject to extreme competition - also from global players. Such dynamic industrial markets necessitate a strong marketing presence in the top management structure.

Empirical evidence shows that the marketing concept is more strongly embedded in consumer goods firms than in industrial product manufacturers (Webster 1978 and Houston 1986). This is partially due to a difference in the background of management personnel and the consequent business culture. Managers in industrial firms generally have an engineering background and are therefore far more concerned with product specification than with how these specifications respond to customer needs (Hutt and Speh 1992,p.5). As Day (1990,p.18) indicates, as firms wrestle with new or intensifying environmental challenges, there is a growing acceptance of the need to be market driven - hence the recent "rediscovery" of the marketing concept.

The strongest point for a more elaborate strategic marketing perspective in industrial firms emanates from the closer relationship that exist between buyers and sellers. This relationship is based on the principle that the seller representative is responsible for "customising" the product according to the buyer's needs. Turnbull and Valla (1990,p.97) propose a two-tier segmentation scheme - defining a macromarket, where a broader strategy is developed for a cluster of more or less similar buyer firms, and defining micromarkets, comprising of a few or individual buyer firms ranked according to their importance to the seller firm. As industrial firms become more and more focused on the specific needs of individual customers, the development of cost-
effective micromarket strategies will become more important to the firm. This, in turn, necessitates stronger participation by marketing at the strategy-making level.

6. CONCLUSION

Strategic planning theorists are of the opinion that strategic inputs, activities and decisions are applied at top management level in order to formulate the business mission and strategy. If this viewpoint is accepted, marketers should analyse the business strategy in terms of its components, activities and strategic options in order to determine what their contribution should be in this regard.

An analysis of the components of strategy shows that it consists primarily of an indication of the firm's domain (which is sometimes contained in the business mission), the competitive advantage sought, resource procurement and deployment and the target results pursued. The activity areas for formulating the business strategy are the information inputs and decision-making skills of the functional participants and the activities for implementing the strategy are contained in the primary strategic thrusts and functional programmes. The strategic options considered when formulating the strategy refer firstly, to the internal and external environmental postures, and secondly, to the strategy options to be considered, given a particular internal and external posture.

Marketing's primary contribution to the formulation of the business mission and strategy is the environmental inputs it provides. In terms of the external environment the dimensions of customers, competitors and the industry are marketing's main areas of contribution, and internally, the identification of company-wide unique competencies - to serve as competitive weapons in the marketplace.

As far as the business strategy itself is concerned, marketing plays an important role in both its primary decisions. The delineation of the firm's product/market units and resource allocation to these pmu's are the two areas of the investment decision where marketing makes a substantial contribution. When the firm decides to pursue a differentiated approach in a narrow part of the market, in order to gain a competitive
advantage against rivals, marketing will again make a valuable contribution. This aspect of the business strategy is known as the *competitive decision*. 
REFERENCES


