

THE STRATEGIC MARKETING PLAN- AN ESSENTIAL TOOL FOR ALL SMALL AND MEDIUM ENTERPRISES (SME)

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Abstract:

At present, due to the highly competitive environment and a more than ever demanding customer, the marketing approaches considered by the small and medium enterprises (SMEs) must be split into strategic and tactical tools. The first ones must outline the directions, objectives and paths necessary for a medium to long-term development, while the latter should focus on the instruments necessary to achieve the long-term objectives set within the framework established at the strategic level.

Certainly, the most important tool at the strategic level is the Strategic marketing plan. In this paper our goal is to propose a detailed strategic marketing plan which can be used by any SME regardless the type and approached market.

Keywords: Strategic marketing, vision, segmentation, targeting, positioning

JEL Classification: M31

For a certain period of time the strategic planning was considered “a must” only by the big multinational and transnational companies.

These big corporations felt the need to use strategic considerations because of their wide geographic presence and consistent portfolios. Each market was targeted through an adapted offer and this approach would have been impossible without a long-term strategy.

Lately, because of the development in telecommunications and the advent of the Internet services, the prospects have become better informed and more demanding. And if only these were not enough, the global business environment suffered serious transformations with great impact on all businesses, directly or indirectly connected to the Global markets.

These new conditions lead to a new approach from the small and medium enterprises (SMEs), an approach focused on long-term planning as a framework for their sustainable development.

In these conditions, the marketing approaches considered by the SMEs must be split into strategic and tactical tools. The first ones must outline the directions, objectives and paths necessary for a medium to long-term development, while the latter should focus on the instruments necessary to achieve the long-term objectives set within the framework established at the strategic level.

Certainly, the most important tool at the strategic level is the Strategic marketing plan.

In this paper our goal is to propose a detailed strategic marketing plan which can be used by any SME regardless the type and approached market.

The strategic marketing plan should encompass three main parts:

- A. The Executive Summary;
- B. The presentation of the current situation through the analysis of the marketing environment;
- C. The presentation of the strategic marketing proposals/propositions defined for a certain period of time.

A. The Executive Summary

The Executive Summary contains the essential details of the strategic marketing plan. It will include a brief description of the identified opportunities and / or threats and their strategic proposals in order for the organization to address them..

B. The presentation of the current situation through the analysis of the marketing environment

1. Presentation of the situation

- a. Who are we?
- b. Where are we?
- c. How did we get here?

Here, the business line has to be described. The field of activity in which the company activates must be precisely indicated.

If the organisation is a new one, in this stage there should be mentioned the idea and the business field (if it is a company). In this section should be given information regarding the addressed need, the means of addressing it, the organisation and the achievements in other fields, if it is the case. In general, this is the place where relevant information pertaining to the organisation should be mentioned along with the prospect of success with the new idea.

If it is an organisation with a long tradition on a specific market, the main events (both achievements and failures) of its activity within this market should be referred to. There should also be mentioned the situation of the organisation at the moment when it considers rethinking/reformulating its strategies.

2. Vision, mission, values, general objectives

These dimensions are established for a long period of time. They are revised from time to time, but with a reduced frequency, since any change in any of the components has very important repercussions on the organisation.

The vision is the dream of the person/persons involved in that particular approach. The vision, no matter how broad it might be, should be mentioned because it represents the impetus for the whole endeavour. Any action has its origins in a dream/wish which represents the trigger that sets into motion the entire process.

The mission is the implementation of the vision, in other words the mission is the means through which the vision is put into practice. The mission of the company has to be formulated as clearly as possible, it should neither be too broad nor too narrow considering that it represents the message that is sent to all the targeted publics. Formulating the mission involves providing answers to the following questions: Whom do we address to? What do we offer? How do we offer? Where do we offer?

The values of an organisation are its landmarks that can contribute to the implementation of the mission. They are communicated to the target public/publics, but nonetheless they represent a very important coordinate in conducting the business; e.g.: speed, perseverance, customer orientation.

The general objectives are the ones that are set by the owners or shareholders for the long run (e.g.: 5 years). They arise from the mission and usually they lie within one of the following dimensions: financial, production and marketing. The most commonly encountered general objectives are the financial ones, e.g.: return on investment within 5 years, reaching a turnover of 1 million Euro within 5 years; obtaining a 500,000 Euro profit in 5 years and so on. These are the goals of those who take risks and invest.

3. Analysis of the marketing environment

The following should be surveyed:

a. The external environment:

- i. Macroenvironment- natural environment, economic environment, technological environment, demographic environment, social environment, political environment, cultural environment, institutional environment (Balaure, et al., 2004, p. 77), global environment
- ii. Microenvironment- clients, competitors, product suppliers, services providers, labour force suppliers, internet service providers, public authority.
- iii. Porter's Five forces model (Porter, 1980 cited in Keegan and Green, 2005, pp. 503-507):
 1. Competitors with similar products
 2. Threat of new entrants
 3. Bargaining power of suppliers
 4. Bargaining power of clients
 5. Threat of substitute products

b. The internal environment:

- i. The analysis based on the functions of the organisation: production, research and development, sales, marketing, financial, human resources
- ii. Organisational chart

- iii. Relations between: departments, management and operational staff

4. SWOT Analysis- the purpose of this analysis is to provide a concise conclusion of the environment analysis

- a. Identifying the opportunities and threats in the environment
- b. Outlining the strengths and weaknesses

5. Segmentation- breaking down the market into homogenous parts:

- a. The data is obtained through the means of customer research
- b. The segmentation criteria must be relevant to the company's offer.

1. The main four groups for consumer market are:

- i. Geographic: location, climate, urbane density
- ii. Demographic: age, sex, education, income, occupation, religion, race, family size, family life cycle, nationality (Kotler and Armstrong, 2008, p. 186), social class
- iii. Psychographic: values, personality, lifestyle
- iv. Behavioural: knowledge about the product/service, attitudes, usage, loyalty, the step in the buying process, buying opportunities and buying benefits

2. For business markets, the following criteria groups are addressed (Bonoma and Shapiro, 1983):

- i. Demographic criteria: Market (what kind of business market should the company address?); Company size (how large should the targeted companies be?) Company location (what geographical areas should be addressed?)
- ii. Operational criteria: Technology (on what kind of technology used by the clients should the company fold?); Type of user (should the company address high-frequency users, average-frequency users, low-frequency users or nonusers? Customer's capacities (should customers with substantial needs be addressed or the ones with fewer needs?)
- iii. Purchasing/buying criteria: Organising the procurement/acquisition function (should companies with a well structured procurement function be addressed?); Power structure (what kind of company should be addressed? technical, financial, etc); Nature of existing relations (which companies should be approached? the ones with which the company has the tightest relations or the most attractive); General procurement policies (which companies should be approached? the ones that prefer the leasing? Service rendering contracts? System acquisitions? Sealed envelope bidding?); Acquisition criteria (should companies that value quality be approached? or the ones valuing service? Or the ones valuing the price?).
- iv. Situational criteria: Emergency (which companies should be approached - companies that request normal time deliveries or

- companies that opt for fast services?); Specific applications (which companies should be approached - those that use only some components of the company's offer or those that use the whole offer?); Order size (which companies should be approached - those that place small orders or large orders?)
- v. Personal criteria: Seller-buyer similarities (which companies should be approached - those that present similarities with respect to people and seller related value?); Attitudes towards risk (which companies should be approached – those that take risks or those that do not?); Loyalty (should companies that show high loyalty towards the suppliers be approached?)
3. For international markets, the following criteria groups are addressed (Kotler and Armstrong, 2008):
- i. geographic criteria- grouping the countries on areas
 - ii. economic criteria
 - iii. political and legal criteria
 - iv. cultural criteria
6. Targeting- how do we select our market?
- a. General approach
 - i. Undifferentiated- approaching the entire market in a unitary way (with a single offer)
 - ii. Differentiated- different approach for each identified segment
 - b. Specialised approach
 - i. Addressing more segments or niches
 - ii. Addressing one segment or niche
 - iii. Addressing each component of the market
7. Positioning- how do we get a competitive edge?
- a. The category that includes the offer must be unambiguously indicated. The category should obviously descend from the business line.
 - b. The goal is the formulation of the competitive advantage
 - c. Porter's model can be used (Porter, 1985, p. 12). In this sense, one of the following strategies can be used:
 - i. General strategy- of approaching a consistent share of the market -if not the entire market-, through either a low cost or differentiation strategy developed on the characteristics of the offer and interactions between the company and the client (communication, distribution)
 - ii. Focused strategy- of approaching a small share of the market through a strategy focused either on a low cost or differentiation strategy
 - d. Parity and Differentiation Points should be considered (Kotler and Keller, 2006)

- i. Parity Points- are those advantages that can also be found in the offers of the competition and that can be assessed by the customers through comparison
- ii. Differentiation Points- are those advantages that can only be found within the offer of the company

C. The presentation of the strategic marketing proposals/propositions defined for a clear period of time

8. Determining the time frame and the budget of the strategic marketing plan
 - a. These two dimensions represent the prerequisites of the strategic marketing plan formulation
 - b. They dictate future objectives and possible alternative strategies
 - c. In the current economic conditions, a strategic marketing plan should not consider a period exceeding 5 years. A strategic marketing plan should be prepared for a 3-5-year period.
9. Marketing Objectives- medium term:
 - a. Have to be SMART:
 - i. Simple
 - ii. Measurable
 - iii. Attainable
 - iv. Realistic
 - v. Time-framed
 - b. They can be quantitative
 - i. Turnover
 - ii. Market share
 - iii. Awareness (Notoriety)
 - iv. Client base etc.
 - c. They can be qualitative
 - i. Image
10. Strategic areas of major interest to the organisation
 - a. Determining the general strategy based on resources and market potential:
 - i. Using Ansoff's matrix (Balaure, et al., 2004, p. 544):
 1. Withdrawal from the market, market consolidation and market penetration (existing products-existing markets)
 2. Market development (existing products-new markets)
 3. Product development (new products-existing markets)
 4. Diversification (new products-new markets)
 - ii. Choosing the strategic alternative after performing the SWOT analysis (Bacanu, 1977, pp. 76-77)
 1. Aggressive Strategy (strengths-opportunities)

2. Diversification strategy (strengths-threats)
 3. Offensive strategy (weaknesses-opportunities)
 4. Defensive strategy (weaknesses-threats)
- b. Determining specific strategies for the marketing mix in order to highlight the competitive advantage, taking into consideration the following crucial areas for the activity of any organisation:
- i. The product lifecycle (introduction, growth, maturity, decline)
 - ii. Creating/developing/maintaining the brand
 - iii. Creating/developing/maintaining strong relations with the customers/clients
 - iv. Creating/developing/maintaining strong relations with the partners
11. Designing the strategic coordinates for each component of the marketing mix:
- a. Product- Here the planner must be able to answer two simple questions:
 - a. How should we build our offer?
 - b. How should we name and manage the name of our offer?
 - i. Offer- all enterprises should focus their endeavours on the number of product variants, degree of novelty and quality
 1. The size and structure of the product assortment (Balaure, et al., 2004, p. 347)
 - a. Adding new products/services or new product/service lines
 - b. Giving up some products/services or entire product lines or service lines
 - c. Maintaining the size and structure of the product assortment
 2. The degree of product renewal (Balaure, et al., 2004, p. 347)
 - a. Introducing new products/services
 - b. Modifying existing products
 - c. Maintaining the degree of novelty
 3. The quality level of the products (Balaure, et al., 2004, p. 347)
 - a. Qualitative adaptation
 - b. Qualitative differentiation
 - c. Qualitative stability
 - ii. The brand- the focus should be on how to name the products included in the assortment and how to manage the name (Kerin and Peterson, 2007)

1. New brand (new brand-new product)
 2. Brand expansion (existing brand-new product)
 3. Product line expansion (existing brand-existing product)
 4. Offensive/Defensive brand (new brand –existing product)
- b. Price- a company should be able to comprehend three things:
- a. how to establish the price level
 - b. how to manage the price level over time
 - c. how to react against actions from the environment using pricing strategies
- i. Strategies for setting the prices
 1. Strategies based on the costs of producing and selling the products
 2. Price strategies for new offers
 3. Strategies based on the prices of the competition
 - ii. Strategies for modifying the prices over time
 1. Strategies that consider the product life cycle
 2. Strategies that consider periodic price discounts for promotional purposes
 - iii. Offensive/defensive strategies towards/against the actions of the external environment components
 1. Offensive strategies towards the competition's behaviour
 2. Defensive strategies against the restrictions imposed by the public authority
- c. Promotion- an enterprise should consider promoting the company and/or its offers or both
- i. Corporate communication strategies (Popescu, 2001, pp. 153-155)- should we communicate with one group or several groups?
 1. With a sole target
 2. With multiple targets
 - ii. Commercial communication strategies (Popescu, 2001, pp. 153-155)- should we communicate about one name or more?
 1. With a single object
 2. With multiple objects
 - iii. Hybrid strategies
- d. Distribution- an enterprise should be able to answer the following questions:
- a. How are we selling our offer/s?
 - b. How many intermediaries should we consider?
 - c. Are we going to be able to control the selling process?

- d. How are we going to handle our good from the production site to the consumer?
- i. Distribution channel (Balaure, et al., 2004, p. 422-424)
 1. The number of channels used
 - a. Single channel
 - b. Multiple channels - multimarketing or multichannel marketing
 2. Channel size
 - a. Direct distribution
 - b. Distribution through short channels (a single intermediary)
 - c. Distribution through long channels (two or more intermediaries)
 3. The distribution intensity
 - a. Extensive distribution- it seeks broad market coverage
 - b. Selective distribution- it is done through a small number of distributors which are usually specialised in selling particular products
 - c. Exclusive distribution- with a sole intermediary that has exclusivity in selling the product
 4. The company's degree of participation in distribution
 - a. Through itself
 - b. Through intermediaries
 - c. Through both options
 5. The degree of control related to the channel intermediaries
 - a. Full control (e.g. fully vertically integrated systems)
 - b. Inexistent control
 - c. High, average and low control (concerning: inventories, sales, selling conditions etc)
 6. The elasticity of the distribution apparatus (technical-material basis, commercialisation forms etc)
 - a. High flexibility
 - b. Average flexibility
 - c. Low flexibility
- ii. Logistics- physical distribution or plainly "handling of goods"
 1. Warehousing
 2. Inventory management

3. Transportation
4. Logistics information Management

12. Monitoring the fulfilment of the objectives and the strategic plan review

- a. The monitoring is performed annually
- b. The following are being monitored: projecting, applying and fulfilling the objectives that were set in the tactical marketing plans framework required to be constructed based on the strategic marketing plan
- c. Also, the marketing environment is monitored

Instead of Conclusions

The present proposal is more than just a theoretical approach of how to develop a strategic marketing plan. Such a plan has been tested by the authors in the IT field for the past 5 years; time in which the practical work has been interweaved with up-to-date theoretical concepts. It is not a perfect instrument but it should be considered suitable for the small and medium enterprises for achieving daring goals in highly competitive environments.

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