

# Coordination of marketing strategy with business strategy by reference points theory

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## Abstract

Nowadays presenting the best strategy of marketing is major Problem of Producing Companies, managers. They try to apply various techniques to get the best performance. Via designing organizational units and determining organizations and interior sections, organization's tasks are divided among major units and it makes possible to standard the works and specialize personnel's actions. But the organization's success to get to goals requires to coordinate the above mentioned actions. In fact, without coordination, probability of delay and timer wasting in execution projects, plans and actions in crease, and the organization may confront with inability and lack of success. Food stuff industries include of producing companies which follow competitive and marketing strategies, to get to their goals. The research presents a model according to reference points theory to coordinate business level strategy and marketing strategy (SRPS). In the literature of management theories, three coordination models can be recognized including Logic model, Natural model and multiple model. In the article after analyzing the subject's Literature and philosophical and logical principals of strategic reference points, according to Hall view point: (two reference points of competitive rate) Low/high and (concentration focus) interior/exterior were considered as preferred reference points. According to the points, marketing strategy and business strategy were determined and then relationship between various types of strategies were analysed. Statistical society of the research, are Food stuff producing companies of Ahvaz city. The research data was analysed by statistical methods and results show that there is coordination between opportunism strate-

gy and influence marketing strategy in mass market strategy, analyzer strategy and marketing strategy of developing market and also distinguisher defender strategy of and marketing strategy of increasing using rate and in the condition it has better performance in comparison with the other conditions.

**Keywords:** business level strategy, marketing strategy, coordination, logic model, natural model, strategic reference points theory,

## Introduction

Vast changes and crisis due to the changes of the present world, confront various organizations. with many challenges. Managers and responsible persons require new techniques and instruments to maintain their position in competitive environment and organize multidimensional and complex actions, instruments which make possible suitable reaction to unexpected and sudden events, and strategy management which emphasizes on interaction in mutual relationship between organization and environment suitable relationship between the two factors. Some of concepts and tools have been considered in various countries by high supreme managers and authorities and studies many research and have been performed in the field (Ghasem Pour, 2006).

According to the research the previous experiments are not sufficient and it believes that strategy must predict changes of future environment more carefully and exactly and consider vast solutions to get to the organization's goals.

The research aims at considering alignment rate of marketing strategy with business strategy and its relationship with performance by applying strategic reference points theory.

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## The problem Explanation

Strategy is included of complete and multilateral plan which shows how the company gets to its goals and aims. (Hunger, 2002:7).

Daft says that strategy is included of a plan to establish mutual relationship with environmental factors which are usually contrariety. To get the organization's goals, some managers consider goal as strategy, but from Deft's viewpoint goal determines the way which the organization wants to go and strategy determines the way of getting there (Daft, 1998:54). Strategic conception, considers subjects and problems as mental, conceptual, and theoretical. So, strategy is explained as mental and conceptual solution and it cannot be considered operationally and practically. The subject considers all viewpoints which consider strategy as a tool to get to long term goals with time limit (Rezvani, 2010:20).

The most organizations use a collection of the related strategies which are designed in various levels of the company instead of a complete and united strategy.

Three important strategic levels in the most large multi segmented organizations include the agency's strategy, business strategy and obligational strategy.

## Business Strategy

The strategy considers on methods of successful competition in certain markets, and business is considered as a part of an organization which has a special foreign market and the point separates its from the other businesses (Janson and Showlz, 2002:11).

Business strategy, usually is performed in level of products or level of strategic marketing unit and it emphasizes on improvement of competitive condition of products and the companies' services in a certain industry or a part of a certain market. The marketing strategic unit may be included of competitive or cooperative strategies or both of them (Rezvani, 2009:30).

Business strategy shows how a company must compete or cooperate in a certain industry. We must pay attention to the point that from view point of closeness and similarity of total level of the company and level of business, some their strategies may be same. In fact, business level strategies included competitive strategies, cooperative strategies or strategic coalitions.

Business strategies from Mile's and Snow's view point includes opportunism strategy, which tries to use of the market's opportunities and present new products, defender strategies, which tries to handle a part of a total market to acquire a collection of products and fix costumers for themselves, and analyzers strategy, by following on opportunisms in domain of new product / market and also protection of a collection of fix costumers and products, they are placed among opportunisms and defenders, inactive strategy, which cannot solve entrepreneurial problems and have no certain determined strategy.

Walker and Rocert (1987) showed that although each of the two explained typologies has advantages but they have Limitations and they don't follow any competitive strategy and they have no determined strategy and despite of various researches which support the view point, none of them are complete solely. For example a defender trading unit can use of all competitive methods to support and defend its position in market: Some methods such as minimizing costs or distinguishing from competitors in regard to quality or services. They present results of their studies as a combination of the two above mentioned topologies which are consisted of opportunisms, and low cost defenders.

The other researchers analyze and criticize and combine the two types of porters and Miles and Snow in strategic level of business level, which results of their researches show main four types of business strategy it is, consisted of opportunism, analyzer, low cost defender, distinguisher defender (Mohamadi, 2001).

Marketing Strategies is a collection of continuous decisions and actions (Day, 1990) by which, the strategic trading unit expects to reach to its marketing goals and values (Keryouns, 1999).

Affairs which organization wants to perform according to market stocks, Sale rate and so on, are called marketing goal and method of reaching to the goals is called marketing strategy. So marketing strategies, are methods of reaching to marketing goals. (Islam, 2003, 144).

Marketing strategy focuses on suitable allocation of resources and coordination of marketing activities to get to the companies goals in regard to a special product/market. So vital crisis related to marketing strategy is determining special goal of market for a family of products or a special product. Then companies seek to acquire competitive priority and establish via designing and planning and

performing plan consisted of marketing factors according to requirements and needs of costumers in the target market (Walker et al, 2003).

Marketing strategy main focus is suitable allocation and coordination of marketing efforts and resources to get to operational goals of the company in regard to a special market/product.

### Strategic reference points

Strategic reference points theory helps strategic designers to enjoy of both models (wise and increaser) and it determines general priorities of system via being a basis for standards and put it in the strategy, so that all interested groups can be controlled and managed according to the considered principals. But, a suitable reference point at organizational level is consisted of various theoretical views choosing different plans for primitive comparison. For example, views according to goal and resource, suggest importance of goals and organizational internal abilities as sensitive and vital reference points. Organizational industrial economical theories and dependent on modern resources, suggest external interested such as competitors suppliers, costumers and the other non-economical interest as key reference points. Finally, studies and related literature to the companies identity, suggest strategic proposes and organizational changes, time importance and specially previous and next planning as key reference points. But ref-

erence points with internal, external and time basis must not be considered as strategic choices but preferably they are considered as elements of a multi-dimentional collection. So they present application of a tri-dimentional matrix of reference point consisted of vast varieties as a tool so that is defines how organizational decision makers consider multiple reference points simultaneously. So special modeling is performed according to interactions of the internal and external and time factors. (Fierbal, 1996).

Organization chooses strategic reference points to reach to strategic coordination or to execute suitable actions; In other words, strategic reference points are points for coordination and if the organizational systems and elements coordinate themselves with the points, a multilateral coordination will be obtained (Aarabi, 2005).

Marketing strategy focuses on suitable allocation and marketing actions and resources coordination' to reach to the companies' goals in regard to a special product/ market. So vital problem related to marketing strategical domain is consisted of determining special goal of market for a production family or a special product. Then companies want to acquire competitive advantages and establish via designing and performing plan consisted of marketing compound elements according to potential requirements and demands of costumers in the target market (Walker, 2003). Strategic marketing reference points for classifying are as follow:

Strategic reference points	Description	Life cycle phases
Marketing first SRP high of competing rate low	Number of competitors high = low controlling on factors distinguished products	Growth and maturity
	Number of competitors low = sever controlling on standard products factors	Introducing and decline
Second SRP, focalization axis inside or outside of the present markets Out side → inside	Maintenance of the present market= maintenance of he present stock of market, point to the organization's efficiency	Maturity and decline
	Acquiring new market increasing the markets stock point to the organization's efficiency	Introducing and growth

Determining life cycle phases of product in strategical reference points of matrix

Inside of the present markets ← centralized axis → outside of the present market

Low → competition rate → high

Typology of marketing strategy according to strategical reference points inside of the present market ← concentration → outside of the present market

First class of strategical model theory	Second class of strategical model theory
Third class of strategical model theory	Fourth class of strategical model theory

  

Maturity phase strategies	Growth phase strategies
A-strategies for maintenance stock.	A-for precedent companies
B- Strategy of extending sale growth	1- Defending of position strategy
1- strategy of increasing influence	2- Defending via unreal rush
2- increasing usage rate	3- confrontation
3- market development	
Decline phase strategy	Entering into market phase strategy
1- with drawl strategy	1- influence in market strategy
2- maintenance strategy	2- influence in special market strategy
3- profitable remaining strategy	3- temporal entering into a market and fast returning
4- very special and small market strategy	

Marketing strategies according to strategic reference points can be classified into four classes:

1- Introducing phase strategies when a company controls market factors in the product markets and its concentration is on new market and product. In this case it can use of strategies of entering into market phase.

2- Growth phase strategies: When a company has little control on market factors and it focuses on outside of the present markets, so it will choose growth phase market strategies.

3- Maturity phase strategies: When a company has little control on market factors, but it must focus on inside of the present markets, so it can use of maturity market strategies.

4- Declining phase strategies: When a company has high control on market factors and it focuses on the present market. So, it can choose strategies of declining phase market

### Marketing strategic reference points

According to the view point of Walker et al, life cycle model of product is a frame work which shows opportunities and threats in the opportunity market, by which the company can predict changes of goal, strategic market of product changing of products strategy and changing of the organization's marketing. Two main varieties are considered for recognize life cycle phases of product's life. If competition rate in industry or market be high, companies will require to distinguish their products from the competitor's products. If competition rate be low, companies do not require to distinguish their products and they can present standard and similar products to market (Aarabi, 2009).

For typology of marketing strategies, each of the above mentioned reference points are considered as a spectrum to obtain 2\*2 matrix, then strategies will be compared according to specification of each of matrix cells (Aarabi, 2009).

Strategy type 3	Strategy type 2	SPR2
Strategy type 4	Strategy type	←Control Rate→ Low ←Competition Rate→ high

### The research hypotheses

1- Alignment between introducing Phase strategy and opportunism strategy has maximum performance.

2. Alignment between growth phase strategy and analyser strategy has maximum performance.

3. Alignment between maturity phase strategy and distinguisher defender strategy has maximum performance.

4. Alignment between decline phase strategy and low cost defender strategy has maximum performance.

### Methodology

The study is comparative according to result of on applicable research and it is a quantity – quality research according to data. Time frame of the

research is since Apr/2012 till oct/2012; also place frame of the project is Ahvaz city and statistical society is consisted of major producer of Khuzestan province – with 32 companies; and all companies were analysed. Major independent varieties of the research, are marketing strategies and business strategies; each of them are consisted of four subordinate variables. To measure independent and dependent variables, a questionnaire including 32 questions was used. To measure strategy type of business level that each of statistical sample companies during pervious years were chosen.

Milese and Snow typology introduces four types of strategy: defenders, inactive analysers and precedents. Among researchers who used the typology and analysed value and admissibility of the method, Humbrich, Slutter and Varur, James and Hutten are more famous.

Michel Purter typology introduces three types of strategy including distinguishing the lowest cost, concentration on distinguish and concentration on the lowest cost. Among researchers who used the typology and analysed value and admissibility, Kumarousabramia is famous.

Compound typology which combines the two previous typology, introduces four types of the strategy: defender, low cost, distinguisher defender, analyser and opportunism. Among researchers who used this typology and analysed its value and admissibility walker and Rocert, Slutter and also-nare known.

Then, to evaluate type of marketing strategy which each sample company has chosen during two previous years, a question are was used which was prepared by the researcher. Questions of the question are was according to marketing strategies of Walker et al.

In the research, to analyse admissibility, content value method was applied for questionnaire to recognize strategy of business level and marketing strategy. Also, reliability of the questionnaire was evaluated by Cronbach Alpha and it was equal to 0/865, which is an appropriate amount.

## Results and Discussion

After data collection, the results of 32 selected companies were analyzed. Table 1 shows the results.

**Table 1. Descriptive statistics for different strategies.**

Total	Marketing strategy				Strategic level of business
	Marketing strategy of decline phase	Marketing strategy of maturity phase	Marketing strategy of growth phase	Marketing strategy of Introducing phase	
16	0	0	5	11	Opportunism
7	0	4	3	0	Analyser
8	1	6	1	0	Distinguisher defender
1	1	0	0	0	Low cost defender
32	2	10	9	11	total

In this research, Mann-Whitney and Kruskal-Wallis tests were used. Results of the tests are considered as follow:

First, the first research hypothesis says that there is coordination between opportunism strategy and marketing strategy in introducing phase (influence in certain market, influence in mass market, temporal influence). The results indicated that the coordination has maximum performance. The results were analysed by Mann-Whitney test. As the significance level was  $P=0/003$  and the rate is lower than %5, it is clear that there is a meaningful dif-

ference between performance of two companies and influence in mass and special markets. Also, as marketing strategy, as well as ranks in companies influenced by marketing strategy in mass market have higher mean, it is concluded that the hypothesis is confirmed.

According to the second hypothesis, there is a relationship between analyser strategy and marketing in growth phase strategy and it has maximum performance. The results showed that there is a meaningful difference between opportunism, analyser and distinguisher defender strategies

( $p=0/003$ ). Since companies which have chosen analyser strategy have higher rank mean, it is concluded that if a company has growth phase marketing strategy, it has maximum performance with analyser business level strategy.

According to the third hypothesis, there is a relationship between distinguisher defender strategy and growth phase marketing strategy (mass increasing, increasing of usage rate, market development) and the correlation has maximum performance. The results indicated that there is meaningful difference between performance of two companies with various marketing strategies ( $P= 0.003$ ). Since ranks average of companies with increasing usage rate marketing strategy is higher, it is concluded that the hypothesis is confirmed. In other words, a company with distinguisher defender business level strategy will have maximum performance if it has usage rate in creating marketing strategies.

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