10 Competitive Marketing Strategy and Planning

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A marketing strategy enables the business to organise its marketing activities to create and increase sales, make a profit or surplus, and engage with stakeholders so that they are satisfied with the business activities. Naturally, a marketing strategy requires levels of planning from conception to execution. Throughout the following pages, the different types of marketing strategy will be discussed, depending on the situation and needs of the business, along with an evaluation of the conditions required for globalisation. Once the strategic approaches have been detailed, the top-level strategy is implemented through a systematic and integrated marketing plan.

Business strategy

It is important from the outset that the organisation understands the key factors, which have roles in achieving a sustainable competitive advantage. Chapter 2 developed understanding of competitive advantage, and the factors that affect an organisation's capability of operating competitively in the market environment. The key players in a business strategy are the company itself, its customers, and market competitors, demonstrated in the *strategic triangle* (Ohmae, 1991; Jobber and Ellis-Chadwick, 2013).

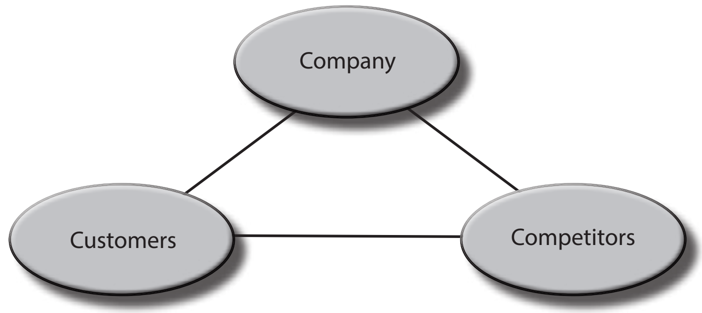

Figure 10.1: The strategic triangle. Adapted from Ohmae (1991:39)

Competitive behaviour

Competition is the driving force for change and is often seen as the heart of healthy economic pursuits in a thriving marketplace. Without competition from other manufacturers or service providers, operators survive through sacrifice: they deliver their goods or services to the consumer with satisfactory levels of product or service quality and limited desire and ability to excel. Competitive behaviour can manifest in a number of different forms, which can encourage healthy behaviour amongst competing organisations. The following section will discuss *conflict*, *competition*, *co-existence*, *cooperation*, and *collusion* (Kotler and Keller, 2016).

Conflict characterises aggressive competition whereby the objectives of each operator identifies a strategy to force the other out of the marketplace, and indeed perhaps out of business. As a result of financial recession, many retailers have since gone out of business because of conflict from their competitors. Borders, the leading book retailer faced much competition and was unable to compete with the likes of Amazon (both its multimedia book section, and hard copy marketplace), and discounted book sales in mainstream supermarkets such as Asda, Tesco, and Sainsbury's. Borders eventually ceased to trade throughout 2011, although franchised stores still operate today in the United Arab Emirates, and trading re-commenced in Singapore during 2013 (Borders books: Back in Singapore, 2013).

The objective of **competition** is not necessarily to stop others in the market, but to ensure that your organisation trades better than they do. Higher sales, improved profits, and increased market share results from beating the competition but there are limits to aggressive tactics. Healthy competitive tactics do not destroy the underlying structure of the industry but understand that overall profits being extracted from operations may be affected. Whilst short-term price promotions are often used, the longevity of these must be managed to ensure that this type of marketing activity does not harm overall profitability.

Co-existence can take different forms. Sometimes businesses do not fully appreciate that they are operating within the same market, due to the definition of market boundaries. Consider Mont Blanc and Cross: both are producers of fine quality writing tools. These operators may ignore competition from the jewellery market by defining their product as writing tools, rather than taking a market-centric approach and understanding that they are also competing in the gift market. They might ignore the serious competition from organisations such as BIC or Zebra, who both produce affordable writing solutions such as ballpoint pens. Finally, companies may recognise a sector of the marketplace which their competitor has entered (perhaps geographic, market segment or differentiation of product technology) and avoid activities which may cause harmful conflict.

Cooperation occurs when two or more operators decide to combine skills or resources to overcome problems and make the most of new opportunities in the market. By forming this type of strategic alliance, or joint venture, it is possible to create a better competitive advantage for future trading. An example of this would be the work by Shell Petroleum, Airbus, and Rolls-Royce who collaborated to produce alternative fuels (GTL Jet Fuel) used in the engines which can be found on the Airbus A380 aeroplane (World's First Commercial Passenger Flight Powered By Fuel Made From Natural Gas Lands In Qatar, 2009).

Finally, **collusion** sees organisations forming an agreement to inhibit further competition. This type of competitive behaviour is more likely to be found where there are a small number of suppliers in the marketplace, where the product or service price is relatively low, or where tariff barriers are in place, which can restrict trade. Recently, Amazon and Apple Books have created a sector in the book market for e-books. In 2009, Amazon sold books at an average price of around seven Euros which caused upset amongst publishers who thought that this would impair the printed market, and see sales fall as they had in the music business through physical media (CDs, vinyl, etc.). Apple brought the iBook platform to the market, with terms agreed with publishers, which caused consumers to switch from Amazon to Apple. This was identified as collusion, which was deemed detrimental to the industry and an example of anti-competitive behaviour from Apple towards another industry provider.