

Chapter 27

The Role of Marketing Strategies in Modern Business and Society

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ABSTRACT

This chapter introduces the role of marketing strategies in modern business and society, thus explaining the theoretical and practical concepts of competitive strategy, market segmentation strategy, differentiation strategy, cost leadership strategy, focus strategy, market orientation, and organizational performance; the significance of marketing strategies in modern business and society; and the impact of marketing strategies on organizational performance. Marketing strategies serve as the valuable foundation of marketing plans designed to fill marketing needs and reach marketing objectives. Marketing strategies include all basic and long-term activities in the field of marketing, thus dealing with the analysis of the strategic situation of an organization and the formulation, evaluation and selection of market-oriented strategies and effectively contribute to the goals of the organization and its marketing objectives. The chapter argues that applying marketing strategies has the potential to increase organizational performance and gain sustainable competitive advantage in the social media age.

INTRODUCTION

The significance of international marketing rapidly increases in modern business (Butkovic, Boskovic, & Katavic, 2014). Many organizations achieve marketing strategies intended to maintain and enhance customer relationships and further obtain long-term competitive advantage (Yoo & Bai, 2013). Firms applying market driving strategies need to start with their own subjective view on which markets to drive (Storbacka & Nenonen, 2015). The degree of standardization of the marketing program is critical in international business ventures (Helm & Gritsch, 2014). The transfer of marketing strategies represents a competitive advantage for multinational corporations (Schleimer, Coote, & Riege, 2014).

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In contexts where global competition is intense, marketing growth is rapid, organizational innovation is abundant, local conditions are idiosyncratic, and technological options are increasingly complex, the executives and marketing managers need to understand the dynamic forces that influence the structure of the industry in order to assess the strategic values (Pagani & Otto, 2013). Network market orientation facilitates the development of dynamic, exploratory capabilities (i.e., adaptation and absorption capabilities) in modern organizations (Monferrer, Blesa, & Ripollés, 2015).

Market orientation has a positive effect on export performance (Navarro, Arenas-Gaitán, & Rondán-Cataluña, 2014). McManus (2013) stated that there is a positive relationship between market orientation and a prospector-type strategy, as well as market orientation and both financial and non-financial performance. Continuing advances in database management and communication technologies have greatly accelerated the ability of marketing to become more direct, highly focused, and increasingly interactive (Csikosova, Antosova, & Culkova, 2014). Felzensztein et al. (2014) stated that sharing marketing knowledge builds sustainable competitive advantage in international markets.

The strength of this chapter is on the thorough literature consolidation of marketing strategies in modern business and society. The extant literature of marketing strategies provides a valuable contribution to practitioners and researchers by describing a comprehensive view of the functional applications of marketing strategies to appeal to different segments of marketing strategies in order to maximize the business impact of marketing strategies.

BACKGROUND

Marketing strategy is a concept built on robust platform of segmentation, targeting, and positioning (Ferrell, Hartline, & Lucas, 2002; Kotler, 2005; Perreault & McCarthy, 2002). Marketing strategy requires decisions about the specific customers that the organization aims to target in a superior way (Kotler, 2005). The study of the effectiveness of the marketing tools is essential for an appropriate marketing strategy (Sengupta & Chattopadhyay, 2006). The appropriateness of the marketing strategy is judged by assessing the difference between the customers' perception of the marketplace and the organization's market offering (Perreault & McCarthy, 2002).

Porter (1980) proposed three marketing approaches to gaining competitive strategies (i.e., differentiation strategy, cost leadership strategy, and focus strategy). Cost leadership and differentiation are the basic strategies that offer an equally successful path to outperforming the competition (Porter, 1980). Cost leadership and differentiation can be combined to gain competitive advantage (Dess, Gupta, Hennart, & Hill, 1995). Marketing strategy needs to be carefully considered so that it is appropriate for a set of business conditions (Ward & Lewandowska, 2008). Chari et al. (2014) stated that dimensions of market uncertainty (i.e., dynamism and complexity) and strategic feedback systems effectively influence the formation of emergent marketing strategy.

Marketing strategies have the potential to result in above-average profits (Porter, 1980). Three marketing strategies differ on a number of dimensions and pose different requirements in terms of organizational resources, skills, arrangements, procedures, incentive systems, and management style (Porter, 1980). Organizations, which are successful in both cost leadership and product differentiation, are expected to gain sustainable competitive advantage (Barney, 2002; Barney & Hesterley, 2006). Market orientation is linked to an organizational success (Blankson & Omar, 2002; Kumar, 2002). A market-oriented organization should implement marketing concept to reach business goals (Blankson & Stokes, 2002).

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