Mini Review

A comparison of operational marketing and strategic marketing: An organizational perspective

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The essay aims to justify that marketing in the current business environment should not only be perceived as an operational factor of the organization and that the organization must strategically deploy the concept of marketing on an organization wide basis in order to be successful in the business. The essay provides an overview of the operational marketing and compares it with the benefits of strategic marketing with an organizational perspective. The report then presents a critical analysis on the strategic marketing with examples from various organizations within and outside Iran so as to develop a profound understanding on the topic under debate.

Key words: Operational marketing, strategic marketing, organizational perspective.

INTRODUCTION

Marketing in the twenty-first century has become an integral part of every business organization irrespective of the nature of its business. This is apparently due to the stiff competition and the increase in globalization as well as the continuous innovation in the process of marketing itself through deploying latest IT based tools and infrastructure. The fact that any business operates mainly around its customers and only when the business is functioning with the customer as the primary element; it can achieve competitive advantage in the market. This essay is focused on the argument that, marketing is a business philosophy and an action orientated process which is valid for every organization in contact with its constituency of users. The essay aims to justify that marketing in the current business environment should not only be perceived as an operational factor of the organization and that the organization must strategically deploy the concept of marketing on an organization wide basis in order to be successful in the business.

OPERATIONAL MARKETING

The process of marketing in the operational perspective as argued by Philip (1988) focuses mainly on gaining the attention of the target customers and effectively completing a sale in order to generate revenue. The marketing process so perceived is mainly restricted to the operational level that is the marketing department of the company operating as a separate entity using the funds allocated for marketing in the budget without the close operation with the management or the production department of the company. Apparently, the knowledge gained about the products and services offered by the organization as well as uninterrupted communication are lost in this case. During the initial stages of marketing when it originated as a simple advert on the television during the 1970s, it was perceived that marketing is just a method to communicate the products of the company as opposed to enhancing the entire business and developing new markets. This perception was the main reason for the operational way of marketing as argued by Frances and Stephen (2003) who says that marketing in the early years was primarily concerned to just convey the message about new products to the customers and was treated as yet another operational department within the organization. The major disadvantage of considering the marketing management as an operational process is the fact that marketing requires first hand information about the company's current production and level of pricing in order to decide on any promotion plans and above all to identify new target market segments which is impossible without the apt information about the entire business itself. Alongside, it is clear that the competition
in the markets is continuously increasing with the growing level of globalization in every sphere of business. Hence, mere communication about the product details is no longer successful as a marketing strategy and the need to deploy marketing at the managerial level in par with the top level management is essential in order to clearly define the goals and strategies of the marketing mix that is, the plan to effectively reach the target customers with the information about the products and services. Apart from the fact of communication, a business can perform effectively only when it considers the customer as the topmost element of the business process itself as identified by Philip (1988).

This is essential in order to not only identify new customers but mainly to retain the existing customers itself. When marketing is considered as an operational process, the company fails to put the customer as the key for business and thus lacks effectiveness in the communication, which is the heart of marketing. This makes it clear that it is high time for any organization to consider marketing as a strategic element of the business rather than treating it as an operational part. Shahrvand, which is a popular supermarket chain in Iran, faced continuous loss in the past few years. An insight into the company’s marketing activities proves that the company failed to consider the demand from the customers for low priced products without compromising quality, which was mainly because of the growth of Refah the low priced supermarket chain in Iran. Alongside, it is also clear that Shahrvand was spending heavily on marketing but just failed to make it effective due to the lack of strategic insight into the target market.

The consumers oversaw the fact that the company is focused on providing high quality products to its customers when the products were not priced and communicated effectively that is, the advertising of the company was not effectively communicating the policies of the company on quality. Also, Ray (2004) says that marketing in the current Business-to-Consumer market can be effective only when it is considered as a strategic plan encompassing the company’s mission and policies as opposed to the operational perspective. The lack of the strategic thinking in product customization and understanding of the demography has proved fatal for even the FMCG (Fast Moving Consumer Goods) conglomerate. From the above arguments it is clear that the deployment of marketing as an operational element of business is no longer successful in the increasingly competitive environment. The next topic on strategic marketing provides insight on applying the marketing concept in a strategic perspective and discusses the advantages with examples.

**STRATEGIC MARKETING**

The concept of strategic marketing revolves around the primary idea of organizational involvement and planning. Hence a brief analysis on these areas is presented before proceeding to analyze the advantages of strategic marketing in business environments.

**MANAGEMENT ORIENTATION**

Philip (1988) argument argues that marketing must involve the entire organization in order to identify the critical issues faced by the business and the ways of addressing it as a whole organization rather than just a single department. This argument of Kotler (1988) is in par with that of Lambin (2000) who insists that marketing must involve the entire organization in order to achieve competitive advantage. It was established that marketing could be effective only through uninterrupted communication within different levels and sections of the organization. This level of free communication within the organization can be achieved only through the cooperation and involvement between the different elements of the organization itself. Considering the example of Shahrvand cited in the previous section, it is clear that the pricing of the products was conducted without the involvement or proper communication with the marketing department of the organization. Alongside, the lack of communication between the departments and the top-level management, which is evident from the above statement, was the primary reason for Shahrvand in failing to identify the key strategy of low price and competitive quality products in the shop floor.

On a global perspective, when the management orientation is considered, the major issue that needs to be addressed is the demography of the target market and the potential of the market that is, affordability and other related issues. This when considered in the Procter and Gamble example cited above can be seen that the company failed to identify the demand and the nature of the target customers in the India market where it initially introduced the Pantene range of hair care products and failed in achieving market share. This was essentially because of the lack of the company’s local knowledge about the target market, which was due to the lack of communication with the management in India before launching the product itself. The fact that the consumer market in India is not economically rich when compared to the west hindered the sales of the hair care products even though they were of exceptional quality. The strategy of the company to sell small packets of the same shampoo composition along with the bottled packages boosted the sales tremendously in the year 2003 thus proving that the local knowledge is essential for the success of the business and can be achieve by the total orientation of the organization itself so as to enable effective and uninterrupted communication between various levels of the organization.

The aforementioned examples are rather justified by the argument of Frances and Stephen (2003) that
communication is the critical element for a successful marketing plan for which the orientation of the whole organization is inevitable. Furthermore, the statement of Tsai-Lung (2005) that, the nature and contents of strategic marketing include the organizational marketing resources of choices, commitment and actions. Makes it clear that effective communication and total involvement of the entire organization is essential for a successful business venture and effective marketing plan.

MARKETING IN MANAGEMENT ORIENTATION AND MANAGEMENT FUNCTION

From the aforementioned discussions it is clear that the strategic implementation of the marketing only would provide successful results. But one should understand the fact that the marketing plan strategically derived must be executed effectively where the management function comes into the scene. The management function in the perspective of Lambin (2000) is essentially the operational elements of marketing that is, the various methods like direct marketing, promotions etc deployed by the marketing plan. This apparently reveals that the marketing plan derived through the management orientation can be successful only through the effective management function. Alongside, the involvement of the entire organization in the process of marketing is highlighted in management function. This can be achieved through a committed workforce that functions’ in par with the organizational strategy only when the management orientation is realized.

Shahrvand has achieved a considerable increase in its sales in the year 2004. This was essentially due to the company’s redefinition of its pricing strategy and introduction of the economy lines in its products, which is highly competitive in price. This initiative is apparently due to the strategic planning and effective pricing method in order to create a strong marketing plan. Alongside, the advertising of the products focusing on the high quality and price is apparently the management function where the advertising strategy was efficiently realized in the form of highly informative advertisements. Also the direct marketing strategy through the circulation of the leaflets on the latest products and prices door-to-door has further justified that the actual function of marketing must also be efficient in line with the management orientation so as to achieve sustainable growth in the market.

CONCLUSION

The analysis’s has proved that the marketing management must be given a strategic perspective as opposed to being treated as an operational element of the business. Alongside, it is also clear that the strategic marketing plan so derived through the management orientation can effectively reach the customers only when it is deployed with the same level of efficiency with which it was initially planned. Apparently, the operational element of the marketing is critical for the effective communication of the information to the target customers thus justifying marketing are also a management function. Thus it is clear that marketing can secure sustainable growth in the business and gain competitive advantage only when it is treated as both a management orientation and management function that is, management operation.

REFERENCES