

THE FORMATION MODEL OF ENTERPRISE MARKETING STRATEGY

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Abstract. The formation model of marketing strategy, based on the study of the nature and features of the strategic planning process of the enterprise market activity and also on the study of its potential and analysis results of the competitive market was offered. This allows us to formulate a set of policy measures on the improvement of marketing activity at the domestic enterprise.

Keywords: strategic planning, marketing strategy, competitive market potential of the company, analysis of marketing activities, strategy formation model, a set of strategic measures.

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Introduction

In modern terms, strategic marketing plays a crucial role in the economic success of the company. During the formation period of market economy in Ukraine business activity takes some specific features as the levels of the uncertainty and risk are increasing, the intensity of competition is rising and its new types are appearing, buyers are imposing more and more requirements on goods and services. The company's ability to obtain competitive advantages and to keep them largely depends on the effectiveness of marketing strategies due to the focus on the exceptional consumer value's creation, his ability to enhance the enterprise core competencies, susceptibility to dynamic market requirements, focus on the new product development and so on.

An important feature of the current stage of the market relations development in the country is to aim the domestic manufacturers at the strategic priorities of Ukraine, the variability of the environment, business globalization, the integration processes in the economy, the possibility of companies to determine the long-term goals and strategies in order to achieve them and others. All this makes the objective need for the further development of the theoretical and applied principles of strategic marketing, the formation methodology of marketing strategies as determinants of the companies' success in the market.

A special attention is paid to this problem by the domestic and foreign scholars such as Balabanova L., Voychak A., Gerasymchuk V., Kotler F., Krevens D., Kudenko N., Porter M., Fatkhutdinov R., Eriashvili N. and others. These works are considered to be the theoretical principles of strategic marketing management, classification of marketing strategies, methodological approaches to the formation of marketing strategy. However, it should be noted that the problem of the enterprise marketing strategy's model is not developed.

The formation model of marketing strategy

Today there is a need to ensure a strategic approach to planning of activities, change the management style and planning. This problem is realized through the strategic marketing management, marketing strategy's formation and planning of operational activities on the basis of the established strategic market goals. The vision of the long term prospective can provide the continued operation and growth to the company. This is possible in case of the implementation of the company's strategic marketing plan.

The decisive factors for the successful economic activities oriented towards good government in a market situation are the development and implementation of the multi-market orientation of marketing strategies, able to adapt to the external changes. A variety of consumer needs and new forms of competition open up growth opportunities for the companies that plan and operate in the market on the basis of strategic marketing.

Today the marketing strategies used by almost all businesses are functioning efficiently in the countries with the developed market economies. The marketing strategy is designed to answer the question of how, when and where the companies should carry out their activities in the market. It means that the strategic marketing is the process of developing a strategy that takes into account the variability of the environmental factors aimed at increasing of the consumer needs satisfaction.

The results of the literature analysis allow stating the defining essence of marketing strategy; various authors observe different approaches or concepts of its wording. Thus they propose to focus on the marketing complex, marketing concept, features of the product life cycle, market share, competitive nature etc.

From the position of a target orientation marketing strategy of the enterprise can be regarded as a dynamic system of marketing purposes, formed on the basis of the strategic objectives of the enterprise with the peculiarities of the market environment, as well as marketing tools to achieve them. On the other hand, it is a comprehensive program of further development of the company, which is based on the situational analysis of the market, and evaluation of the internal potential establishes a strategic direction, creates some of its market positions, different from competitors and, based on the specific set of the commodity objectives, marketing, pricing and communication policy, develops a system of marketing tools for the implementation of strategic activities.

From a purely managerial approach marketing strategy is considered to be the basic category or the result of the strategic marketing plan, which is an element of strategic marketing, which, in its turn, is a part of strategic management and marketing of the company. It is a philosophy of the enterprise's business in the market orientation and accordingly, the main direction of focusing efforts. The marketing strategy of the company should focus on the maximum and timely adaptation of its operations to the dynamic marketing environment in order to achieve the strategic objectives.

In the foreign economic literature a view on the classification of marketing strategies is formed at three strategic levels:

- General corporate level;
- The level of strategic business units;
- Functional level.

Accordingly, the portfolio of the company's marketing strategy covers three groups of strategies:

- Corporate;

- Functional;
- Tools.

Let us look at the features of these groups of the enterprise marketing strategies in more details that will allow to approach to the problems of the development model of marketing strategy from the most scientifically based position.

The corporate strategy in its essence is a set of decisions on the basis of which the company identifies and defines its intentions and objectives, develops basic policies and plans to achieve them and determines the scope. The main aim of the corporate strategy is to prevent or minimize the dangers (threats) by changing marketing environment, focusing on the weaknesses in the organization of the company and their reduction through the use of marketing opportunities. This strategy is aimed at the identification of interaction means with the market, harmonization of the enterprise demands and consumer demands through more efficient use of the company's potential in a competitive market.

The basic corporate strategies include the following:

- Portfolio strategy;
- Growth strategy;
- Competitive strategy.

Portfolio strategies should ensure the effective management of various areas (types) of activity to meet the needs of the market and the optimal allocation of resources. The basis of Portfolio Strategies is the portfolio analysis which is based on:

- Boston matrix Consulting Group (BCG matrix);
- Matrix «GE-McKinsey».

In general, this approach is based on a combination of marketing opportunities' estimation and potential of the company.

The growth strategies orient the company at strengthening of its business activities through the use of three growth opportunities:

- Organic (intensive development from its own resources);
- The acquisition of other companies or integration;
- Diversification (distribution of areas).

The growth strategies are formed on the basis of the construction of:

- Ansoff Matrix;
- Matrix of external acquisitions or new BCG matrix.

The purpose of the competitive strategies is to provide a competitive advantage in the market relatively to active competitors. They are based on the results of the competitive analysis which includes:

- Analysis of the competitive situation in the market;
- Estimation of the competitive advantages of the company and its major competitors.

In the process of these strategies formation the following models and matrix can be used:

- Porter's General competitive matrix;
- Porter's five forces analysis;
- Matrix of competitive advantages;
- Model of competitors' reaction.

The choice of the target markets and development for each respective set of the marketing efforts provide the enterprise with the functional marketing strategies. The main ones are:

- Market segmentation strategies;
- Strategies for positioning;
- Strategies for complex marketing.

The main areas of the market segmentation should include:

- Strategic Segmentation which is focused on the areas of strategic management, i.e. the definition of the basic markets in which the company will operate;
- Mini-segmentation (micro-segmentation), which is focused on the allocation of market segments based on the consumer, product and competitive features;
- Competitive segmentation, which is based on the identification of the market niche, being a part of the market that is not occupied by the competitors.

In this case it is possible to use the following in the chosen target market:

- Marketing aggregated strategies, aimed at the entire market;
- Differentiated marketing strategies, targeted to multiple market segments;
- Concentrated marketing strategy that provides maximum adaptation to the requirements of a particular market segment.

The importance of the functional strategies belongs to the positioning strategies that should influence the minds of potential customers in order to create the desired perception by consumers of the goods and the whole enterprise. The basic ones include the following:

- The strategy of information positioning based on the detailed product information;
- Consumer positioning strategy based on the image of goods in the minds of consumers through the use of the common information that can be perceived differently by consumers;
- Competitive positioning strategy that is based on the preferences of the competitors' goods or their comparison;
- Repositioning strategy that is aimed at strengthening of the position of goods at changes of the competitive environment, technology or other factors.

Strategies of the marketing complex are focused on the formation of the optimal combination of marketing funds and ensuring the efficient functioning of the company in the target market. These include the business tools strategies, namely:

- Marketing product strategy;
- Marketing pricing strategy;
- Marketing sales strategy;
- Marketing strategies for the product promotion and others.

The studies of different kinds of marketing strategies, considering the use of each one, allow us to study the general laws of their formation. This provided a reasonable choice of marketing strategies, being necessary to use a set of relevant scientific methodological approaches such as systematical, situational integration and others.

Considering the features of the discussed strategies in order to improve the development process of marketing strategies, the formation model of the company marketing strategy is offered (Fig. 1). This model is proposed for the use in the process of the strategic marketing planning of marketing activities at the existing domestic enterprises.

The characteristic feature of this model is such that it is offered for use with the regard of a system of marketing strategies' formation at three levels of the strategic marketing: corporative, functional and instrumental. Accordingly, the formation of marketing strategies should also take place at three stages.

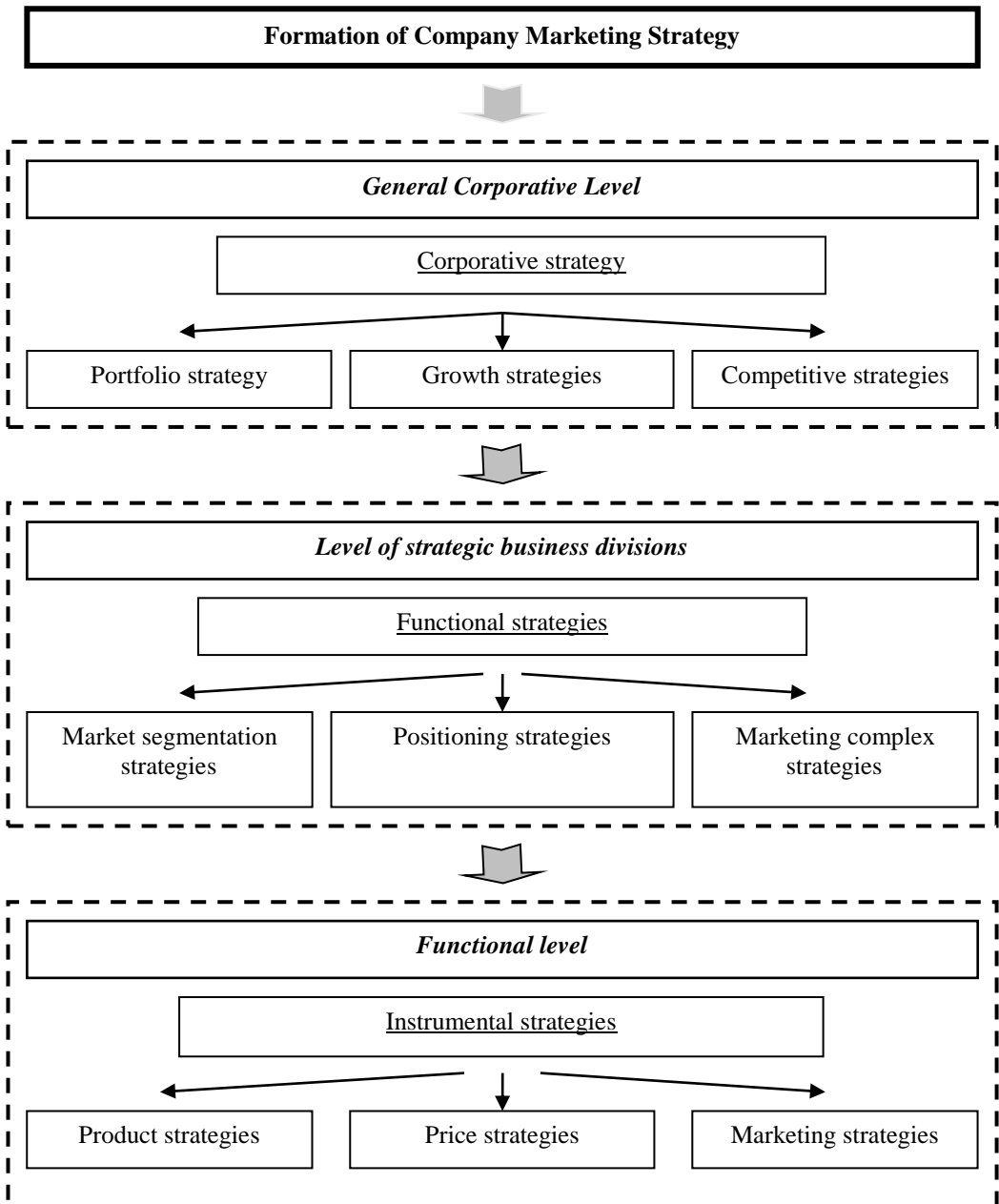


Fig.1. Formation model of company marketing strategy

The corporate strategy of the company is formed at the first stage. The strategic alternative of the enterprise is determined on the basis of a comprehensive situation analysis of the enterprise marketing environment, taking into account the current mission of the company.

Firstly, the analysis of the environmental factors' impact on the activity of the

investigated companies is conducted. The factors that impact the company indirectly through the various political, legal, economic, social, demographic, technical and technological institutions and processes, forming the microenvironment of the enterprises are identified. They are political, economic, social and technical factors. The factors of the immediate environment of the enterprise are also analysed, together forming the microenvironment of the enterprise. We mean consumers, competitors, suppliers, intermediaries and contact audience.

The next step is analysing of the internal environment, which according to the proposed model is appropriate to conduct such aspects of the company as production, marketing, finance, personnel, organization and management. The analysis of these aspects helps identify the advantages and disadvantages of the investigated companies.

These estimates are entered into the matrix SWOT-analysis, on the basis of which the strategic alternative of the company's further development is chosen: growth, limited growth or exit from the market. These combinations of the attractive opportunities with the particular advantages of the company identify the specific measures for the strategic development, and the combinations of weaknesses and threats - to outline the range of strategic business problems.

It was established that the company has three overall strategic alternatives:

- Growth;
- Limited growth;
- Termination of activities.

These alternatives define four options of the corporative business strategy, which is formed on the basis of a SWOT-analysis, which essentially is a method for the determination of the corporative strategy based on the analysis of the external and internal marketing environment. Therefore, the formation of the corporative business strategy should take into account the results of the situational analysis of the marketing environment.

Based on the estimation of the impact factors of the internal environment for marketing activities of the investigated enterprise and the nature of their influence, the strengths and weaknesses of these activities are determined. This estimation is often a factor in the degree of impact on the enterprise and is determined by using an expert method. Based on the estimation of the impact of the enterprises' microenvironment and the assessment of the factors impact of its immediate environment, the opportunities and threats are formed, which create the environment for the company in a competitive market.

It should be also taken into account that for the certain potential we need to estimate the attractiveness of the changing factor for the studied company and the success probability at the use of specific opportunities in order to achieve the appropriate market success.

The second stage is the formation of the functional marketing strategies. Developing strategies of reaching the market, positioning and differentiation strategies are carried out by using the tools of STP-marketing. The first step is the process of segmentation (or aggregation) of the enterprise market. Based on these data the decision of choosing one or more target segments is made, the strategies to reach the target market are formed. If the segments separation of the enterprise market is not appropriate, the strategy of the aggregate (undifferentiated) marketing is used.

If at the corporative level, based on the results of SWOT-analysis, a strategic alternative to the company is formed, then, at the functional level, the strategic decisions are taken on STP-marketing elements with paying attention to the segmentation, positioning and selecting of the target markets.

Creating a certain image in the minds of goods consumers, which is different from the images created by competitors, results from the market positioning of the company and its products. This is the next step of the marketing strategy formation. For this purpose strategies of differentiation are used, which in this case act as a competitive strategy aimed at establishing of the differences between the company and its competitors. There are four main types of differentiation in image, product, personnel and service.

The analysis of the individual elements in the marketing policy of enterprises showed that every company is trying to reach the possibly bigger potential market, being a characteristic feature of the undifferentiated marketing strategy. Indeed, considering the nature of goods and the enterprise demand for them, this decision seems to be appropriate.

It should be taken into account that sometimes the target market means the enterprises of all industries and economic sectors like food processing industry, catering, wholesale and retail trade, restaurant management and others. Consumers of this group of products are potentially all existing enterprises. In such circumstances, it is inappropriate to perform market segmentation. The reason is that possible results in terms of the unsatisfied demand identification in certain market segments of the market niche do not cover spending money and time on the research of this magnitude.

In this case it is an appropriate justification of the chosen market strategy or the choice of the positioning strategy or differentiation of sources in a target market. Noteworthy is the application of market aggregation instead of segmentation, examining the market as a single uniform set of consumers.

An effective strategy for the enterprise market coverage can be a complicated version of the undifferentiated marketing when a producer with regard to the market development improves or makes more complicated the product, saturating it with various functional features, and offers it as the most satisfying one for potential customers.

To justify the decision of the target market selection, the method of criteria estimation for the target market attractiveness and ability of the effective functioning in it can be used.

In the accounting of the life cycle stages of the target market of the enterprise it is advisable to provide the market positioning, based on the service differentiation. This includes the provision of goods or services which are different from the competitors' ones. Market at the stage of stabilization is very sensitive to the encouragement by the manufacturer, which needs the use of the positioning strategy for the sales promotion features or style sales. Differentiation in this case acts as a competitive strategy.

The service differentiation is made in the following areas:

- Delivery of goods to the point of consumption (search for benefits in speed, punctuality, preserving the quality of goods in the delivery);
- Installation of products on the site of use;
- Consumers training to deal with goods;
- Free consulting services related to the use of goods;
- Repair considering the speed and quality of recovery in functionality of products.

The strategy of positioning of the company products involves the decisions on the marketing complex for the individual products (product groups) in the structure of the production range. The decision basis is the portfolio analysis of the company by using BCG matrix, as well as the data on the stages of the product life cycle. Positioning strategies of goods are implemented by using the components of the marketing complex strategies.

In general, the functional marketing strategies should define a position that the company is going to take in the market in the process of competition.

The third stage is characterized by the tool development of marketing strategies. To achieve this goal the company should develop a set of tools of the marketing complex, which should ensure the effective positioning of the company and its products in the target market. Strategic decisions are made on the following elements of the marketing program: product, price, distribution channels, methods of promotion and staff.

It is necessary to ensure a systematic approach to a strategy of individual elements of the marketing complex: to reconcile their objectives and overall direction. The effective positioning and development of the appropriate marketing complex for the target market are the sources of the sustainable competitive advantage in a defined market.

According to the results of research in the enterprise practice, the proposal strategy is often used. For this, for individual product groups using ABC analysis of the company's commodity portfolio, the estimations are carried out. As far as the decision of the product range is concerned, it is desirable to conduct the further graphical analysis of the company's commodity portfolio by using BCG matrix. It is necessary to create the following matrix:

- Shares of commodity groups in the total implementation;
- Growth rates of implementation for each product group.

On the basis of the analysis we can make the conclusions ,concerning the feasibility of marketing efforts to individual products and product groups and redistribution of own resources for the benefit of those groups of products which are at the unbeneficial position at the same time reducing the costs of promotion.

It should be taken into account that conducting a situational analysis is very important as the development of new marketing strategies and the adjustment to the existing ones. At this stage the market and competition analysis, market segmentation and monitoring are conducted.

Market analysis is needed for further analysis of consumers and competitors. Market consists of a certain product or group of similar products that meet the needs of consumers (individuals or organizations) that are willing and able to buy goods.

Market analysis, as well as the forecast of its development is of great importance for the development of marketing plans. Based on the analysis, the decisions are made at entering new markets, on the service means of the existing markets or at exiting from the markets that have lost the appeal for the company. The purpose of this analysis in the marketing strategy formation is to identify the potential customers, description of their characteristics and preferences regarding the identification of goods, the estimation of capacity and the rate of the market development, establishing the products and companies that compete in this market.

The uncertainty and instability of the domestic market environment, the depth and speed of the changes occurring in it, obviously, will continue to grow, especially in the period of the economic crisis. Therefore, the domestic enterprises in the marketing activities' processes should not only adapt to the actual conditions, but should be also able to provide such a capability for a long period of time. This should facilitate the development and use of the relevant marketing strategies at enterprises.

The adaptation strategies, offered for the medium enterprises are desirable to be carried out in the following areas:

- Negotiated enterprise policy, e.g. detecting all suppliers and grouping them by the type of goods to be supplied;
- Identifying the competitive power of suppliers to study their activities;
- Estimation of the feasibility of the contracting enterprise policy and determination of

the optimal ratio of all its strategic components;

- Evaluation of the marketing strategies' economic efficiency:
 - Current product policy;
 - Pricing strategy of the company;
 - Distribution strategy and goods promotion;
- Staff development planning;
- Improvement of management organizational structure.

The continuous implementation process of the enterprise marketing strategy consists of the following successive stages:

- Conducting a situational analysis;
- Formation of a marketing strategy;
- Development of the marketing complex (marketing programs);
- Implementation of marketing strategies;
- Managing of marketing strategy.

Thus, the development of the complex marketing strategies at the corporative, functional and instrumental levels of the strategic marketing planning is a characteristic feature of the marketing strategy model's application in the strategic planning of marketing activities of the company.

Conclusions

The decisive factors for the successful economic activity are the development and implementation of the multi-market orientation of marketing strategies, able to adapt to the external changes. In their design and implementation it is necessary to consider the peculiarities of national economy, goods, the degree of competition in the market, production capacity and size. Therefore there is an urgent need to adapt the existing marketing strategies to the current business environment of the enterprises in the national market. Marketing activities research of enterprises revealed some shortcomings in planning of marketing. In this regard, the formation process model of marketing strategies at the enterprise is offered. We recommend its use in order to create a system of marketing strategies at three types of strategic marketing, taking into account the corporative, functional and instrumental levels.

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