Chapter 5

MARKETING STRATEGY

-- SOLVED QUESTIONS --

1. What is strategy?

Strategy is any specific action carried out to reach any proposed objective. It tries to develop sustainable competitive advantages in products, markets, resources or capacities, make them to be perceived as such by potential customers and that allow for the reaching of the set objectives.

2. What is marketing mix?

A company must create specific actions or strategies to attain the proposed objectives. These strategies attempt to develop competitive advantages in products, markets, resources or capacities that assure the reaching of those objectives. These strategies are supported on one or more marketing tools: product, price, distribution and promotion or communication. The combination of these tools makes up the marketing-mix.

3. What are the basic types of marketing strategies?

There are different ways to reach the established objectives. The strategies may be diverse. There are four basic types of strategies:

a) Growth strategies.
b) Segmentation strategies.
c) Positioning strategies.
d) Competitive strategies.

4. **What is the strategy of penetration?**

The market penetration stage proposes a way of growth based on increasing marketing pressure on the markets in which the company already operates and with the products already in its portfolio. The only way to grow under these conditions is to increase the rate of consumption in these markets and entails a relatively inexpensive way to grow, since one already knows the market and it does not require significant investment in research, development or the launching of new products.

5. **What are the advantages of segmentation strategy?**

Market segmentation allows for a better understanding of the needs and wishes of the consumer and their response to commercial offers. More specifically, market segmentation provides the following benefits:

a) Brings to light the existing business opportunities.
b) Contributes to the establishment of priorities.
c) Facilitates a study of the competition.
d) Facilitates the adjusting of the offer of products and services to specific needs.

6. **What positioning strategy pursued?**

The purpose of defining a positioning for a brand is giving it a unified direction, not just for the communication strategy (a key element with a high degree of responsibility in the creation of perceptions and attitudes in brands), but also for all of the other marketing strategies of the product.

7. **What are Porter's strategies?**

Porter classifies strategies with regards to the competitive advantage sought, (costs or differentiation) and to the scope of the market the company is aiming at (all or just some segments). He defines, in this way, three types of generic strategies:

a) Cost strategy. It consists in reaching the lowest costs through the large scale-production of non-differentiated products.

b) Differentiation strategy. It is the specialization of an enterprise in a certain aspect that will make it unique and be valued by the whole of the market. That is, it aims to achieve leadership in quality, technology, innovation, services, etc.
c) Focus strategy. Through this strategy, the enterprise concentrates on certain market segments, in which it may have a competitive edge, in costs or differentiation.

8. What is the evaluation of the marketing strategy?

Once the strategy has been designed, an evaluation of it must be made, using the adequacy, validity, consistency, feasibility, weakness and potential results criteria as described below:

- Adequacy. The strategy must respond affirmatively if it develops a competitive advantage or improves the current one, if it takes advantage of opportunities and limits risks and if it maintains or improves company image.
- Validity. It is valid if it is realistic with the environment and the competition and the forecasts can be accepted.
- Consistency. There must be alignment between the objectives and the strategies and the different elements of the strategy.
- Feasibility. It implies considering the necessary resources, as well as the acceptance by those responsible to put them into practice.
- Weakness. One must foresee the potential risks the strategy faces in the environment as in the plan's failure.
- Potential results. There must be a minimum mark set by the company regarding profitability and market penetration.