

# Strategic Marketing Management with Japanese Management Approach

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## Abstract

Extensive and comprehensive political, economics, technological differences and related crisis have caused organizations to encounter many challenges in directing activities and maintaining their position in a competitive environment. Strategic management is known as an efficient solution for institutes in dynamic environments.

Strategic marketing management determines and plans marketing strategies and implements them with a clear understanding of the organization's mission, the assessment of environmental factors, checking the organization's situation, and exploring opportunities in the market.

Strategic management process is a guidance to execute organization activities besides organization type or size. This process can be used by organizations in terms of marketing. The basic steps of strategic marketing management are similar for all types of organizations like organizations related to manufacturing industries, while importance of each step is different to others depending on effective environmental factors on the institute. In the present paper, these steps and some examples of their application are explained.

**Keywords:** manufacturing industries, marketing, strategic management, strategic marketing management

## 1. Introduction

Strategic marketing management involves various activities including evaluating environmental factors and investigating organization's status, analyzing market's opportunities, determining and executing marketing strategy and supervising on that. Figure1 shows the components of strategic marketing management and the relation between them.

Duty and commission of organization determines the priorities of evaluating environmental factors, analyzing the status of organization, and investigating market's opportunities. Understanding changeable environment of organization and markets of that is a base for developing effective strategies, and then target markets are developed. Purposes of marketing are planned for each market and various decisions are obtained for marketing programs. (For prices, advertising, distribution ...) these activities form marketing strategy, and then it is executed and is supervised. Executing strategy is often the most different phase.

## 2. Duty and Commission of the Organization

Duty and commission of an organization is main purpose of organization and defines what that organization interested in doing that and also determines the priorities of evaluating environmental factors and analyzing the status of organization.

For example, Daimler-Benz Company which is one of the successful companies in the area of manufacturing automobile in Germany is changing the main focus of his marketing in the area of manufacturing automobile and truck. It does this order through owning three companies which have a high technology. This case has caused to shift the company from a manufacturer company to an industrial company with various products. Management of such company has changed its purpose to preserving a competitive aspect against competitors. A key purpose of these ownerships is earning the important technologies, which are relevant to automobile, to control matters which are related to systems of brake, steering-wheel, abeyance, steerage....

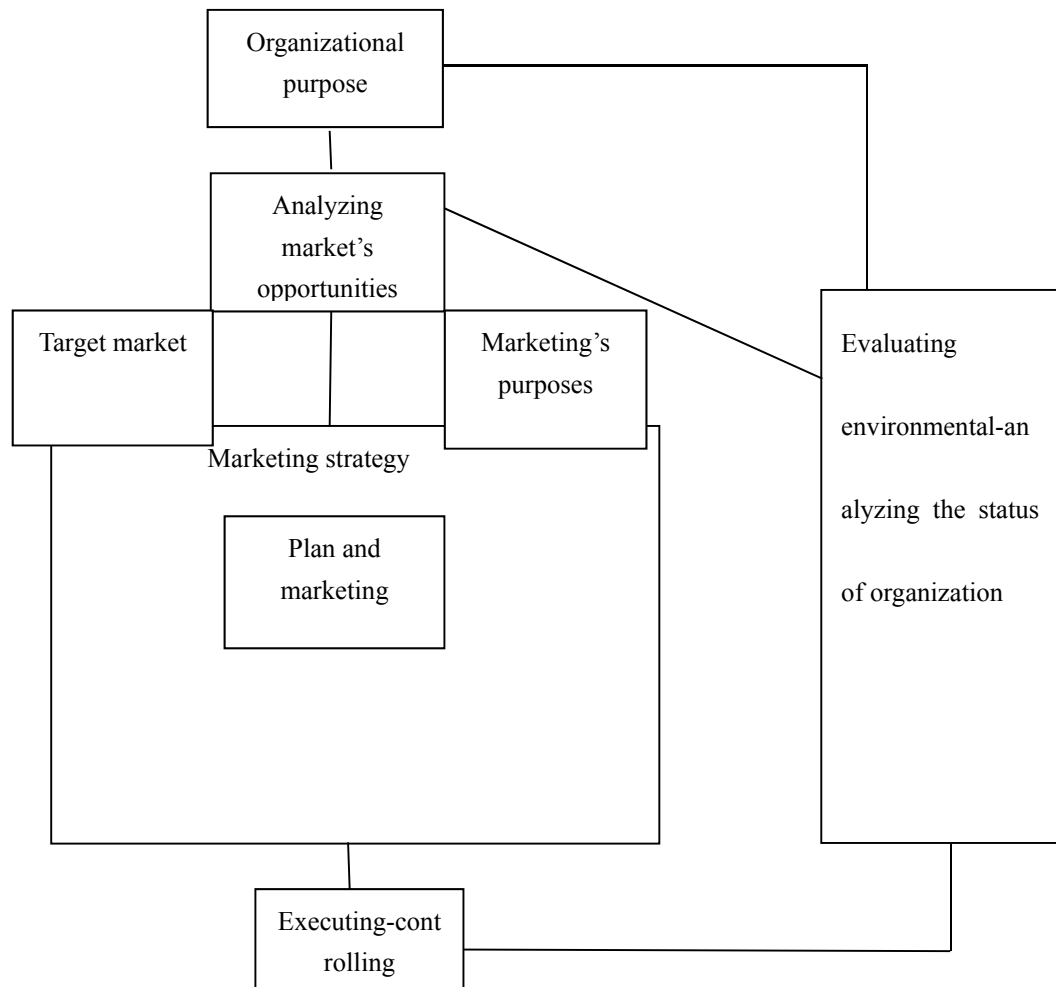


Figure 1. Commission and duty of the organization

### 3. The Assessment of Environmental Factors and Analysis of Organization Status

Assessment of environmental factors and analysis of organization's status help to recognize market's threats and opportunities and organization's powers and weaknesses and prepares methods for planning the strategy of marketing. In the assessment of environmental factors and analysis of the situation, we deal with the macro factors such as environment, economy, government, technology, society, and natural and plus, customers and organization (company) potential. Recognising and analyzing the situation of the organization is the basic way for investing in new opportunities and avoiding from the threats in the marketing strategies. Simply thinking these trends and tendencies to the future is deceiving and the history has proven that these thoughts are full of mistakes. Foundation of the strategies coincided with the environmental forces required the understanding of nature and the rate of changes. It should be mentioned that the environmental forces of changes are derived from the environment and they had the ability to effect on the opportunities and organization's marketing strategies.

For instance, in 2003, two toy factories began to work simultaneously. Only one of them is still working, the successful seller, minimized his/her stock and applied a new strategy with predicting the process of Chinese products' import, and initial investment in the facilities. The unsuccessful factory, with ignorance of environmental and external forces, bought a land and built on it and spent a lot of stocks and presented services. Location change caused the decrease of customers' demands of these toys and then the factory had to stop working.

#### 3.1 The Analysis of Market Opportunities

The analysis of market's opportunities is the step by step process of definition, description, and estimation the of size and features of a firm's considered product market and also the amount that this market would compete. A product's market includes final customers who can and would buy a specific product or receive a service.

Analysis of market's opportunities can be used for recognizing an opportunity in the market or the better understanding of the market that served before. An exact description of market's extent and characteristics can show us how a marketing method in a company can improve. The company basically required three types of information about its market:

### 3.1.1 The Definition of Market and Customer's Points of View

It provides descriptions of the market which are used for serving to target markets by marketing management in the assessment of market opportunities and marketing programs design. The views of customers also include perceptions, opinions, specifications of the buyer, and the purchasing patterns. Presenting the customer's view toward market position is an important base for the development of realistic strategies.

### 3.1.2 Estimation of Market Size

It depends on a clear definition of the target market of organization and is formed based on it.

### 3.1.3 Investigation of industry and competitors

It considers the possible trends and tendencies and operational experience in the industry as well as the strength and weakness points of each key competitors. Industry investigation includes identifying that how an industry achieves to its markets through its distribution channels (e.g. manufacturer, wholesaler, retailer, and consumer).

## 3.2 Marketing Strategy

Marketing strategy is the set of policies that are used to adapt the marketing programs (products, prices, advertisements, and distribution) with available opportunities in the target market in order to achieve the organizational objectives. Marketing is not properly done unless the needs and wishes of the customers are perceived and resolved. Developing a marketing strategy bilaterally help to ensure the exchange of resources. Orientation is long-term and includes fundamental decisions (not daily adjustment) and in addition to the markets, the competition is also considered. Development of marketing strategy includes decision making about which customers are considered and attended to and how to fix the product (and the organization) in future potential costumers view rather than competitors . Development of marketing programs includes identifying substitution combination of marketing variables (such as the higher quality, the higher price of goods) and then judges how much these combinations are consistent and match with market opportunities. The core of such adoption is the anticipation of potential customers to marketing variables combinations.

For example, by examining the luxury goods market, we realize that the policies which constitute a strategy for this market should be guided to create the highest picture such as:

- A range of prices that evokes the picture of a unique price.
- New products which suggest high quality, low need to change, and excellent coverage of warranty.
- Offer media and advertising messages that indicate unique and high-quality picture.

These policies (marketing strategies) limit the range of marketing activities and offer marketing activities which are appropriate for general purposes of marketing (such as picture quality). Basically, a marketing strategy shows that how to achieve marketing purposes.

### 3.2.1 Selecting the Target Market

The target market is a group of existing or potential customers in a product market which an organization directs its marketing purposes based on it.

A target market can include all final users with one or more sub-groups in a product market. Decisions about target markets are one of the most important management tasks. Strategic decisions involving target markets include:

- Deciding whether the total market for a product is followed by bulk production and mere concentrating on the part of a market.
- Setting a modification time for a strategy of the target market.
- Deciding to end a special service for a special target market.

Choosing the target market is conducted by the organization's purposes and prophecies. Since deciding about the target market should be accurately positioned in the discussion more extensively and its strategic resultants should be evaluated either. Once the target market is chosen, it will be the field of target focus and marketing programs.

### 3.2.2 Purposes of Marketing

Purposes of marketing should be in accordance with the company's purposes and for each target market a product should be chosen based on market share, selling, profit contribution and other quality purposes such as dimension strengthening. The targets sometimes divide into two groups including performance targets and supporting targets of the market.

Type one includes the special results like benefit and selling. Type two is prior to final performance results and can be include of raising awareness and intelligence in customers, educational efforts, and making the proper image and dimension of the product. The purposes have a role in the composition of marketing for each target market. For example, a company willing to sell in a target market for the amount of 8% in the upcoming year, probably makes some modification in the existing marketing program. In contrary, trying to increase the level of selling considerably, for example, 25%, requires substantial modifications in adapted marketing mix including a rise in the marketing budget like raising the number of sellers to some extent that is measurable otherwise identifying the progress towards achieving the considerable rise of selling is impossible.

### 3.2.3 Marketing Program

Marketing of an institute should be include of a coherent strategy towards customer satisfaction. For expanding the strategy, an institute applying the variables affected by demands which altogether create the marketing mix.

Marketing mix, like a puzzle, has several pieces which need to incorporate truly to achieve a result successfully. The variables of the marketing mix are represented in table 1.

Table 1. Marketing mix

Promotion	Price	Process	Product
Improvement of mix advertising in the medium, publishing, the time improvement of selling, and improvement of public identification	Price list The discount credit The rent contracts Flexibility	The type of channel/ Intermediaries/ department store The distribution location Store, transport, the levels of service	Forms Quality The type of service Guarantees, mixture

Preparing a marketing program for a target market includes marketing budgeting, allocating the budget to marketing mix of the institute and determining the best application of resources to every marketing mix variables.

### 3.3 Practical Example

As an example, investigating market opportunities and marketing strategic planning of the Sony company is displayed in figure 2.

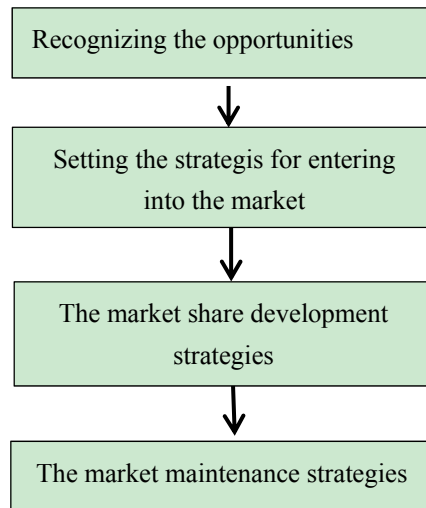


Figure 2. The planning pattern for marketing strategy of the Sony Company

### 3.3.1 Definition and Recognition of Market Opportunities

The successful companies in Japan investigated the market opportunities and noted the strategic management of marketing which means the evaluation of the environmental and extra-organizational factors through the investment in a systematic collection of data and utilization of the partitioning concepts of a market. The activities were performed in two directions as follow:

- Studying of the customers demands and intermediaries in the major markets like America and Europe completely.
- Evaluating the competitions in the major markets.

The companies concluded that Americans request the cheap, low-power, and durable devices which are along with sufficient after-sale service.

Therefore, recognizing customers and satisfying their demands which are one of the famous concepts of marketing were considered by Japanese people since the beginning. In addition, not only recognizing the customers demands but the partitioning of a market and competitions behaviors also were considered by Japanese. In the other words, competitors, customers demands, market partitioning, and choosing the market have been the center of an environmental investigation for Japanese companies.

### 3.3.2 Setting the Strategy for Entering into the Market

Japanese as a result of having the more time for planning and evaluating the policies in comparison to Americans, chosen the development strategy. Obviously, this constant readiness for future effectively helps them for development. The interesting point in the Japanese development strategy is emphasized in the marketing dimension.

- Product strategy: The Japanese product strategy is producing high qualified low-power devices, as an example, the products of Sony Company have the characteristics which are considered by Americans and includes all ages and people from all walks of life.
- Pricing strategy: Japanese chose the penetration pricing for integrating into the Japan's market. The strategy along with cheap after-sales service price was introduced to American's market.
- Process strategy: Distribution strategy for entering into the market was estimated by careful analyzing. All Japanese companies made the effort to present exclusive services.
- Sale promotion strategy: The primary attempts of Japanese companies were along with direct advertising on the target market. The center of advertising was ensuring the properties of the product and quality of the services as well as affordability and committing to customers. Therefore, Japanese accepted that the output of the investments should be considered for the distant future. Moreover, they already knew that the customers'

demands and competitors' reaction which includes the opportunities and the environmental threads were at most important. Accordingly, they made efforts to get the most out of the opportunities through long-term planning.

### 3.3.3 Market Developing Strategies

Once Japanese proved themselves in the American market, followed the important market developing strategies. The strategies were concomitant with marketing strategies in term of product, distribution, pricing, and selling promotion which the important proceedings categorized as follow:

- Continuous modification of the product for satisfying customers
- Raising the efficiency and quality of the product
- Changing the price intelligently to attract more customers and move rapidly on the experience curve
- Developing the distribution network
- Raising the advertising costs

### 3.3.4 Maintenance the Market Share Strategies

Japan stabilized its position in the market and raised the selling despite the following extra factors pressures:

- Emergence of new competitors likes South Korea and China
- The oil recession in 1973 which profoundly hit the Japon economy
- The export restriction of product into some European states
- A voluntary export restraint (VER) from the government to avoid the political tension with America, Europe, and china.
- Depreciation of the dollar and steadying the Chinese currency (yuan) decline.
- Integration of America as an oil seller and reducing the strategic need of middle east oil.
- The global recession and etc.

The position of Japan in maintaining the market relied on the following strategies:

- The innovation strategies
- The developing product strategies
- The developing market strategies in the new area

Japan created the interesting innovation for sells raising by utilizing the different methods of development such as common investing, clearinghouse trading, and conferring license etc. for instance, in the countries which have import restrictions, Japanese companies pave their way into the countries by partnership and providing the technologies and components.

### 3.3.5 The Government Role

The role of government of Japan in developing this country is not hidden from anyone. Some of the roles are as following:

- Specifying the import tariffs.
- Establishing effective monetary rules
- Establishing intelligent tax system.
- Controlling the foreign investment.

Generally, the following items had significant impact on the process of market strategy planning of Japan industry:

- The government played a pivotal role in development and progress of the upstream industries.
- The government has seriously supported the domestic industry and encouraged the exports.
- Picking long-term commitments and strategies and lack of emphasis on short-term operations.
- Applying the concepts and principles of marketing strategy management.
- Compatibility of the selected strategies to the environment requirements.
- Evaluating the opportunities and environmental threats and also improving system resources.
- Encouraging investing in China and reinforcing the foreign investment.

### 3.4 Implementing, Controlling, and Monitoring the Marketing Strategy

#### 3.4.1 The Implementation of Marketing Strategy

The execution of marketing strategy is doing the marketing actions that are in accordance with marketing strategies and programs. Most of the good strategies of the marketing fail due to poor implementation. Poor execution also makes the judgment difficult whether the marketing strategy is suitable. Personal skills are important in implementing the marketing strategies. Marketing strategy implementation requires conduction and leadership. Common presumption of the marketing purpose among shareholders is very important for key managers. This common presumption can be reinforced via makeup instructive programs.

Marketing culture needs serious attention, too. The role assigned to marketing in a company affects directly on talented and skillful managers' audacity in implementing of marketing programs. Administrative barriers can ovoid proper implementation of marketing efforts. So, successful companies give their managers freedom of action, authorities and flexibility to do important tasks.

#### 3.4.2. Marketing Strategy Control:

Marketing strategy control is establishing standards and controlling marketing performance to maintain this performance in line with objectives. The purpose of assessment and control is to close up institute marketing efforts more marketing purposes. Control determines whether there is the need to reform in marketing strategies or not.

Marketing control includes following items:

- Decision-making regarding what aspects of marketing strategies controlled and monitored (like overall marketing programs, sales force, promotion program).
- Standard situations (based on purposes) to use for performance measurement (this standards may include a little sale, market share and contribution rate and attention in benefit) support for market and behavioral standards (customer knowledge awareness).
- Knowledge feedback mechanism designing if useful and timely information are accessible to assess effectiveness of marketing activities.
- Result interpretation in order to recognize distances between purposes and performance.
- Implementing changes in strategies and tactics in order to eliminate or reduce gaps among purposes and performance

### 4. Conclusion

Basic steps of strategic marketing management are similar for all kinds of industry though the importance of each step is different from a situation to other one according to effective factors on institute so time marketing is more functional that recognition, judgment and experience help marketing principles and concepts and become involved with each other.

Strategic marketing management determines and plans marketing strategies and implements them with a clear understanding of the organization's mission, the assessment of environmental factors, checking the organization's situation, exploring opportunities in the market.

The purpose and commission of an organization and what the organization would work on, determined by the definition and priorities of assessing the environmental factors and analyzing organization's situation. Assessment of environmental factors and analysis of organization's situation help to recognize market's threats and opportunities and organization's powers and weaknesses and prepares methods for planning the strategy of marketing. The analysis of market's opportunities is the step by step process of definition, description, and estimation the of extent and features of a firm's considered product market and also the amount that this market would compete. The marketing strategy includes a collection of policies applied for connecting marketing plannings (products, prices, improvements, contribution etc.) with the existing opportunities and with the aim of achieving organizational goals. Performing the marketing strategy includes the implementation of marketing activities that are matched with the marketing plannings and strategies. Controlling marketing strategy is the application of standards and controlling marketing operation in the direction of goals.

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