THE DEVELOPMENT PROCESS OF STRATEGIC MARKETING PLANS IN UK AND AUSTRALIAN COMPANIES: A PRELIMINARY INVESTIGATION

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ABSTRACT

For the long-term success of a business, creating and maintaining a sustainable strategic position is crucial. Being everything to everybody is not sustainable, as it does not protect the company from imitators. According to Porter (1996) and Tellier & Pecaut (1995) trade-offs are necessary to create a sustainable position because they force the company to make choices and limit what they offer. These authors assert that managers have been led to believe that operational effectiveness eliminates the need for trade-offs, however the essence of strategy is choosing what not to do. Porter (1996), for example, states that through the years managers have concentrated on achieving operational effectiveness rather than strategy development. Management tools, such as TQM, benchmarking and outsourcing have replaced strategy. Even though both - operational effectiveness and strategy - are necessary for superior performance, they play different roles. Operational effectiveness is performing similar activities better than competitors, while strategy means performing different activities from competitors or performing similar activities in different ways. Operational effectiveness is an interesting issue as it exemplifies what a vast majority of companies are doing. All companies seem to be interested in being at the forefront of the productivity frontier, without considering that even though constant improvement in operational effectiveness is necessary for superior profitability it is not enough for overall competitiveness. Tucker et al (1987) state that competitive benchmarking - one of the tools used to achieve operational effectiveness - is not capable of identifying a competitive advantage. The only thing it achieves is identifying ways in which a company can imitate the best in their industry.

INTRODUCTION

Several studies have been undertaken to identify the critical factors necessary for the successful operation of a business. A study by Cooper et al (1996) in which 161 businesses from different industries in Canada, Germany, Denmark and US participated found that the second most important factor that distinguished the better performing businesses were having a clearly defined strategic focus to give direction to the business' total effort. The strategy specifies "the arenas where we will play the game" and those in which we won't. These arenas were defined in terms of products, markets or technologies the business would focus on. In the case of small businesses, studies in the US (Hess 1987 and Herbert 1989), Singapore (Gosh, Kim and Meng 1993) and Jamaica (Huck and McEwen 1991) also found that marketing factors - such as having a marketing strategy - were perceived as being critical for the success of small businesses in the respective countries. The focus of the study is to evaluate the strategic marketing process undertaken by companies in UK and Australia. The study has been built on an assumption that strategy managers will behave differently when formulating their strategies. These differences might be attributed to the managers' own views against some strategy variables and, hence, the extent of emphasis they have placed on such variables. Some managers, in general, perceive the internal (controllable) variables as more important and powerful than the external variables. Some others have the opposite view. This would lead to significant variations in managers' attitudes toward the extent of emphasis that should be placed on each variable of strategy development process. The initial results of this study support this as the vast majority of companies rely heavily on "judgment & experience" when formulating strategy. Consequently, the companies participating in the study were clustered in two opposite groups. Companies, which have placed a strong emphasis on each and every strategy variable, were found to have a 'proficient' strategy, whilst the other group has not. When dealing with company performance and critical success factors, "product/service performance" has been identified as the most important factor for success. It is also the one that predicts company performance in terms of profit, sales, market share and return on investment. The results also seem to indicate that these companies are operating in very competitive markets. There is a need for managers to look at alternative growth strategies, such as identifying submarkets to which they have something of value to offer. This sort of approach might prove more efficient and cost effective than constantly trying to capture market share from their competitors. This is especially true if they are trying to attract customers who are loyal to competitors' offerings.