UDC 339.138+658.8

V. Gonchar,
DrHab (Economics),

O. Kalinin,
PhD (Economics),
Priazovskyi state technical university, Mariupol, Ukraine

MARKETING ASPECTS OF STEADY GROWTH BUSINESS STRATEGY

Setting the problem. The existing controlling and estimating techniques of business steady growth factors do not consider many marketing specifics of business activity, and represented in many ways only as lifecycle of the goods, services and innovations implemented by the managers and assumed mainly from short – term investors point of view but not long-term managers. Development of marketing strategy of the companies is one of the most important conditions of their effective development. But often managers limit development of strategy to representation them in the most general view, without their specific types. As a result strategic planning is impoverished, it is not possible to connect various strategies together and complexity in planning and management is broken, and strategy becomes impractical and little connected with real conditions of management. Strategies are main products of process of strategic management, but if the product of strategic management has indistinct, fragmentary character, instead of clear and accurate strategy, then such strategy cannot yield any results but only will worsen competitive position of the company in the market.

The company can apply various strategies to the solution of tasks of development and achievement of general goals. There is a set of different types of strategy of production development, growth, reducing, marketing, sales, investment, financial and many others. For better orientation among a set of strategies in administration managers use various classifications of strategy allowing to order them in complete system and to create common language for understanding managers of their essence.

The last research analysis. Theoretical bases of marketing as instrument of strategy formation of were decribed in works of a number of domestic and international scientists: A.F. Pavlenko, D.E. Shultz, O.C. Walker, I. Ansoff, V.V. Bozhkova, N.V. Butenko, V.A. Vasilenko, T.V. Grigorchuk, G.I. Kindratska, M.Kh. Koretskiy, T.I. Lepeyko, M. Meskon, V.D. Nemtsov, G. Pearson etc. Nevertheless, there were not fully investigated the formation problems of a strategy for organizations steady growth. There is also lack of customer-oriented approach implementation to the management as well as the usage of a system of integrated marketing communications aimed at the promotion of services.

The aim of the article is to analyze and to make recommendations about more detail study and practical application of the marketing approach development of business steady growth.

The main part. After having analyzed many definitions of steady growth, it is proper to choose the most complex one, which includes several areas. It sounds like: "Steady growth and development is defined as the growth for a considerable period, both revenues and profits, while total income for the investors (expressed as the share price and reinvestment of dividends) exceed the cost of capital. Experience shows that few companies are managed to create shareholder value, without increasing the high level of marketing management and having proper marketing strategies.

Marketing strategy focuses on long-term company objectives and involves planning, marketing programs so that they help a company realize its goals. Companies rely on marketing strategies for established product lines or services as well as for new products and services. Marketing strategy is the result of decision making by corporate executives, marketing managers, and other decision makers. In general, the formal organizational titles or jobs of decision makers, or the nature or purpose of the organization, is irrelevant to the formulation of marketing strategy. When the decisions concern products or markets, the results – i.e., the decisions – are all considered marketing strategy. In a narrow sense, marketing strategy is a specified set of ways developed by marketers to achieve desired market ends. In a broad sense, marketing strategy is composed of objectives, strategies, and tactics. Objectives are ends sought. Strategies are means to attain ends, and tactics are specific actions – i.e., implementation acts. A marketing objective of increasing market share is linked to the marketing strategy of altering the product line in order to reach new market segments and to the marketing tactic of introducing a new brand name and various promotions for a targeted portion of the market [9].

Marketing strategy is developed at different levels of an organization (the hierarchical dimension), across core marketing functions (the horizontal dimension), and for marketing execution and control functions (the implementation dimension). Strategy is usually developed in a hierarchical fashion from top to bottom; for example, there could be several layers of objectives where each objective is a function of a superstructure of superior objectives, and a determinant of subordinate objectives (except for the highest and lowest levels of objectives). Higher-level decisions – the superstructure – act as constraints on the one hand, and guides or aids for decision making on the other. The organization levels could include the overall corporate level, strategic business units, product markets, target markets, and marketing units, depending on the complexity of the organization.

Strategy is also developed across the core functional areas of marketing: product, price, place/distribution, and promotion strategies. Any functional level of marketing, in turn, can have additional levels of marketing strategy decisions where refinement of the strategy might take place. For example, in the advertising component of the promotion function, the organization might develop marketing strategy consisting of advertising objectives, advertising strategies, advertising themes, advertising copy, and media schedules. In addition, because of the growing customer emphasis of marketing, marketers have added new customer-oriented components to the marketing mix: customer sensitivity, customer convenience, and service. Many international corporations are also connecting their general and marketing strategies with estimating and maintaining their market share.

The majority of companies that analyze their market position conclude that they are operating below their optimal market share. They are not exploiting their plant fully or have not been able to build a plant at the most economical size; they are not quite large enough to achieve promotional and/or distributional economies; and they cannot attract the strongest talent. In sum, they see a higher market share as promising greater profitability without commensurately greater risk – indeed, often as reducing that risk.

Share-building strategies must be designed to meet several considerations – whether the primary market is growing, stable, or declining, the product is homogeneous or highly differentiable, the company's resources are high or low in relation to its competitors' resources, and there are one or several competitors and how effective they are [12].

The most effective strategy for market-share gain is product innovation. Its weak sister, product imitation, may be appropriate for growth in a growing market, but it will probably not alter existing market shares. Such companies as Xerox, Zenith, Control Data, and Polaroid made their mark because they found a better product. At the same time, innovation is an expensive and risk-laden strategy requiring a careful analysis of market needs and preferences, a large investment, and astute timing.

Market segmentation may also be used to build share. Many dominant companies concentrate on the mass market and neglect or undersatisfy various fringe markets. This mistake is illustrated by the big three American auto makers, who for years sought the majority market, concluding that the small-car market segment was too small to be profitable. The vacuum they created was first filled by Volkswagen and then later by other European and Japanese auto companies at a high profit [14].

A third strategy for building market share is distribution innovation. In this instance, the company finds a way to cover a market more effectively. Timex achieved its growth as a watch manufacturer by entering unconventional outlets like drugstores and discount stores. These outlets then refused to carry additional brands of low-priced watches, leaving Timex king of the mountain. Avon achieved its spectacular growth as a leader in cosmetics by resurrecting the old and neglected channel of door-to-door selling rather than by fighting bloody battles for space in conventional retail outlets.

A final strategy for share building is promotional innovation. Consider Avis's "We're No. 2, We Try Harder." A clever and distinctive campaign or promotion, once established, is hard to duplicate or offset. At the same time, however, too many organizations emphasize promotional innovation when they should be searching for real product, segment, or distributional innovations. Flashy promotion has a hollow ring when unsupported by improvements in consumer value [8].

In evaluating their market positions, some companies will find that they are in fact operating at an optimal share level. The cost or risk of increasing their share would cancel out any gains. On the other hand, a decline in their current share would reduce their profitability. These companies are intent on maintaining market share.

Such organizations find, however, that stabilizing their share is almost as challenging as expanding it. Underdog competitors are constantly chipping away at the stable company's share. They introduce new products, sniff out new segments, try out new forms of distribution, and launch new promotions. One of the most annoying and common forms of attack is price cutting [5]. The high-share company is always wrestling with the question of whether to meet price cuts and maintain its share or give up a little share and maintain its margins. If the high-share company maintains its prices, it loses share. If it loses more than it expects, it may discover that rebuilding costs more than the gains from holding prices.

In general, the best defense for maintaining market share is a good offense – product innovation, the same strategy that works so well for the underdog. A dominant company must refuse to be content with the way things are. It has to anticipate its own obsolescence by developing new products, customer services, channels of distribution, and cost-cutting processes. A second line of defense is market fortification. The dominant company plugs market holes to prevent competitors from moving in. A third and less attractive defense for share maintenance is a confrontation strategy. Here the dominant company defends its empire by initiating expensive promotional or price-cutting wars to discipline upstart competitors. Confrontation may work, but it is undertaken at some risk and contributes less to social welfare than would more innovative responses [7].

The marketing aspect is very important for the sustainable development of the company from the point of view that without strong aspects in the promotion policy, the company will not be able to conduct effective marketing policy, and thus its potential and competitive advantage will be reduced. The strongest impact of marketing activities on the development of strategies is shown at strengthening its stable and strong market position, which is created by achieving extremely high and stable level of loyalty in a well-defined market segment.

For example: only 5% growth in terms of retention of credit by their best customers may lead to a 75% increase in terms of value creation. This jump is due to the extension of the potential value of new customers, as well as the constant increase in the growth rate due to changes in retention rates and customer loyalty. Since the successful customer retention does not dry up the source of growth, a growing company can increase the growth rate of only 5-10% due to one-time increase customer retention. Few improvements in the business have a dramatic effect on sustainable profitable growth. They are all depicted in table 1.

Table 1

Marketing management strategy destinations

Clients	Marketing channels	Product or the abilities	Finance
Excellent quality service and relationships with clients(loyalty)	The dominant position in the channel	Low costs of production	High devaluation, creating transaction currency
High costs of choosing another company	Partnership with leading participants of the channel	Top /unique characteristics	Availability of capital
Best informing about the behavior requirements	Controlling position in the network	Innovative products	
Business Model built around a new segment		Patents	
		Major share in buyers costs	

Most companies face some form of competition, no matter what the industry, because of deregulation and because of the globalization of many industries. Consequently, marketing strategy has become all the more important for companies to continue being profitable. The effectiveness of marketing strategies is based on internal growth strategy.

Internal growth strategy (table 2) refers to the marketing growth within the organization by using internal resources. Internal growth strategy focus on developing new products, increasing efficiency, hiring people, better marketing etc. Internal growth strategy can take place either by expansion or diversification.

By diversifying successfully into markets that are different from the one it dominates, a company can ensure that a steady stream of profits will continue even after something as drastic as an antitrust divestiture has occurred.

Many high market-share companies have done just this. For example, the Brookings Institution’s classic examination of the pricing practices of 20 major corporations (including General Motors, General Electric, General Foods, and U.S. Steel) revealed that antitrust concerns seemed to motivate several high-share companies to diversify. The report states:

Many of the companies interviewed expressed a preference for making their way into new markets, wherein their share would be a minor fraction, to dominating the market in the established product.”

The adoption of diversification strategies by dominant organizations normally has positive social benefits. Their movement into new industries tends to create healthy competition throughout the entire economy and help to create financially more strengthen structure of business. Diversification strategy is attractive for steady growth because allows effective ways for capital allocation.

Conclusions. In response to the continued growth of the instability of the environment a significant part of companies pays special attention to the strategic level of management. The use of marketing, importance of which in the activities of companies over the last century has steadily increased, today is not limited exclusively to the tactical aspects. Strategic marketing is used to justify the company's objectives, the choice of markets, where the company has competitive advantages to develop the benefits of these strategies. At the same time, work on strategic marketing - Analysis of internal factors, market segmentation, competitive assessment, development of marketing strategy – is preceded by the creation and promotion of the product on the market and largely determine the effectiveness of tactical marketing tools.

Table 2

Internal growth strategy destinations

Expansion		Diversification:	
Market penetration strategy:	Involves selling existing products to existing markets. To penetrate and capture the market, a firm may cut prices, improve distribution network, increase promotional activities etc.	Vertical diversification	In vertical integration new products or services are added which are complementary to the present product line or service. The purpose of vertical diversification is to improve economic and marketing ability of the firm.
Market Development strategy:	Involves extending existing products to new market. This strategy aims at reaching new customer segments or expansion into new geographic areas. Market development aims to increase sales by capturing new market area.	Horizontal diversification	Involves addition of parallel products to the existing product line. For example: A company, manufacturing refrigerator may enter into manufacturing air conditioners. The purpose of horizontal diversification is to expand market area and to cut down competition.
Product Development strategy:	Involves developing new products for existing markets or for new markets. Product development means making some modifications in the existing product to give value to the customers for their purchase.	Concentric diversification	When a firm diversifies into business, which is related with its present business it is called concentric diversification. It is an extreme form of horizontal diversification.
		Conglomerate diversification	Diversifies into business, which is not related to its existing business both in terms of marketing and technology it is called conglomerate diversification. It involves totally a new area of business. There is no relation between the new product and the existing product.

The most difficult is to define the strategy for clients with elastic demand and high quality requirements. In this area the most severe competition and customers are often offered a huge selection of virtually identical in quality and price of similar groups of goods and services from different vendors, differing only in individual functions. In these segments of the market it is difficult to clearly choose one or another strategy and follow it, as competitors will react instantly and use the weak spot. Development and choice of strategy is a complex and creative process that cannot be squeezed into the framework of pre-designed templates and a set of recommendations. This process cannot be standardized, as the creation of technical products. Only non-standard creative strategy allows achieving market leadership. With the help of different combinations of factors, market environment and institutional factors, companies create a large number of possible strategic options for development. The main task of the company management is to develop a strategy for the development of products based on innovation, create and maintain a sustainable competitive advantage to ensure the success of the company.

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Гончар В. В., Калінін О. В. Маркетингові аспекти стратегії сталого розвитку бізнесу

У статті було проаналізовано важливість маркетингу для досягнення сталого розвитку бізнесу, головні стратегії внутрішнього розвитку маркетингу та його рівні розвитку, досягнення конкурентних переваг та головні напрями маркетингового менеджменту. Надано приклади маркетингових стратегій провідних світових корпорацій. Розглянуто проблеми та перспективи стратегій екстенсивного росту бізнесу та його диверсифікації.

Ключові слова: сталий розвиток, управління, стратегія, маркетинг, маркетинговий менеджмент, маркетингові стратегії, зростання бізнесу.

Гончар В. В., Калинин А. В. Маркетинговые аспекты стратегии устойчивого развития бизнеса

В статье были проанализированы важность маркетинга для достижения устойчивого развития бизнеса, главные стратегии внутреннего развития маркетинга и его уровни развития, достижения конкурентных преимуществ и главные направления маркетингового менеджмента. Даны примеры маркетинговых стратегий ведущих мировых корпораций. Рассмотрены проблемы и перспективы стратегий экстенсивного роста бизнеса и его диверсификации.

Ключевые слова: устойчивое развитие, управление, стратегия, маркетинг, маркетинговый менеджмент, маркетинговые стратегии, рост бизнеса.

Gonchar V., Kalinin O. Marketing Aspects of Steady Growth Business Strategy

The article analyzed the importance of marketing to achieve steady business growth, the main strategy of internal development and marketing of its level of development, achieving competitive advantage and the main directions of marketing management. The examples of marketing strategies for leading corporations were described. The problems and prospects of the business strategy of extensive growth and diversification were made.

Keywords: steady growth, management, strategy, marketing, marketing management, marketing strategies, business growth.

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