

# Strategic marketing and marketing strategy: domain, definition, fundamental issues and foundational premises

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**Abstract** This paper proposes a domain statement for strategic marketing as a field of study and delineates certain issues fundamental to the field. It also proposes a definition for marketing strategy, the focal organizational strategy construct of the field, and enumerates a number of foundational premises of marketing strategy. The domain of strategic marketing is viewed as encompassing the study of organizational, inter-organizational and environmental phenomena concerned with (1) the behavior of organizations in the marketplace in their interactions with consumers, customers, competitors and other external constituencies, in the context of creation, communication and delivery of products that offer value to customers in exchanges with organizations, and (2) the general management responsibilities associated with the boundary spanning role of the marketing function in organizations. At the broadest level, marketing strategy can be defined as an organization's integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives. Chief among the issues that are fundamental to strategic marketing as a field of study are the questions of how the marketing strategy of a

business is influenced by demand side factors and supply side factors.

**Keywords** Strategic marketing · Marketing strategy · Competitive marketing strategy · Market strategy

## Introduction

The evolution of strategic marketing as a field of study, over the past few decades, can be viewed as a confluence of perspectives, paradigms, theories, concepts, frameworks, principles, methods, models and metrics from a number of related fields of study, chief among them being marketing, strategic management and industrial organization (IO) economics. Although the cumulative body of literature is indicative of significant advances along a number of fronts (substantive, theoretical and methodological), during almost every decade, marketing scholars have voiced concerns regarding the state of field (e.g., Wind and Robertson 1983; Day 1992; Reibstein et al. 2009). For instance, voicing concerns over marketing's loss of influence in the academic discourse about strategy, Day (1992, p. 324) noted: "Within *academic* circles, the contribution of marketing as an applied management discipline, to the development, testing and dissemination of strategy theories and concepts has been marginalized during the past decade." In a recent guest editorial, Reibstein et al. (2009) note that the growing balkanization of academic marketing into quantitative modeling and consumer behavior has diminished research on strategic marketing issues.

In addition to the factors that Day (1992) attributes to the *diminishing impact of research in the field of strategic marketing* and Reibstein et al. (2009) attribute to *diminish-*

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ing research on strategic marketing issues, strategic marketing's identity crisis may be a contributing factor to both of the above. For instance, an examination of marketing strategy literature spanning more than four decades is indicative of diverse points of view concerning the conceptual domain of strategic marketing as a *field of study*, and the definition of marketing strategy as an *organizational strategy construct*. Against this backdrop, the primary objectives of this paper are to delineate the domain of strategic marketing as a field of study, and propose a definition for marketing strategy as an organizational strategy construct. Exploration of issues fundamental to the field of strategic marketing and enumeration of certain foundational premises of marketing strategy constitute the secondary objectives of the paper. The remainder of the paper is organized into four major sections that correspond to the above objectives. These sections are preceded by a section devoted to elaboration of the rationale for focusing on the above issues and are followed by a discussion section and a conclusion section.

In the management discipline, the term *strategic management* refers to the field of study, and *corporate strategy* (strategy at the firm level in a multi-business firm) and *business strategy* (strategy at the business unit level in a multi-business firm) are among the organizational strategy constructs that are the focus of the field. However, in the marketing discipline, the terms *strategic marketing* and *marketing strategy* are used interchangeably in reference to the field of study, and marketing strategy is also used in reference to the organizational strategy construct that is the principal focus of the field. In the remainder of the paper, the term *strategic marketing* is used in reference to the field of study and *marketing strategy* in reference to the organizational strategy construct that is the principal focus of the field (except in instances where the term *marketing strategy* is used to refer to the field of study in the sources that are cited).

## Objectives and rationale

### Domain of strategic marketing as a field of study

The American Marketing Association (AMA) Marketing Strategy Special Interest Group (SIG), in its recent call for nominations for the *Mahajan Award for Lifetime Contributions to Marketing Strategy Research*, states the domain of marketing strategy research as follows: "The domain of marketing strategy research is broadly defined to include all firm-level strategic marketing issues, decisions, and problems" (ELMAR 2009). Although the above does not constitute an official domain statement of the SIG, it nevertheless serves to highlight the need for further debate

and discussion on this issue among the community of marketing strategy educators, researchers and practitioners.<sup>1</sup> First, the implications of broadly defining the domain of marketing strategy research as "includes all *firm-level* strategic marketing issues, decisions, and problems," versus as "includes strategic marketing issues, decisions, and problems *at all levels in a firm*," are vastly different from the standpoint of questions that should be the focus of scholarly research and topics that should be covered in a marketing strategy course. Second, defining the domain of marketing strategy research as including *only firm-level* strategic marketing issues, decisions and problems is clearly at variance with the cumulative body of literature on strategic marketing related topics that is published in marketing journals under the rubric of "marketing strategy research." Third, regardless of whether the domain of marketing strategy research is defined as including all firm-level strategic marketing issues, or as including strategic marketing issues at all levels in a firm (as argued in this paper), there is a need to clarify what distinguishes strategic marketing issues, decisions and problems from those that are not strategic. Fourth, defining the domain of *marketing strategy* research as being concerned with *strategic marketing* issues, decisions, and problems suffers from the problem of circularity. Against this backdrop, the first objective of this paper is to delineate the domain of strategic marketing as a field of study.

### Definition of marketing strategy

In 2004, the American Marketing Association (AMA) adopted the following as its official definition of marketing (Marketing News 2004, p. 1): "Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders." In 2007, the AMA adopted the following as its new official definition of marketing (Marketing News 2008, p. 28): "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." These definitions were preceded during the past century by four other official definitions of marketing that were adopted by the AMA in 1935, 1948, 1960 and 1985 (Gundlach 2007). A special section of the Fall 2007 issue of the *Journal of Public Policy and Marketing* was devoted to a series of articles focusing on issues relating to the

<sup>1</sup> Personal correspondence with the current co-chairs (Rajdeep Grewal and Raj Venkatesan) and the immediate past co-chairs (Venkatesh Shankar and Satish Jayachandran) of the American Marketing Association Marketing Strategy Special Interest Group.

definition of marketing—articles advancing alternative definitions of marketing and critiques and commentaries on extant definitions of marketing. While, over the years, the AMA has devoted considerable thought and attention to revisiting and revising its official definition of marketing, definitions of related constructs such as marketing strategy and marketing management have not received similar scrutiny. Against this backdrop, a second objective of this paper is to provide a review and critique of extant definitions of marketing strategy and propose a definition of marketing strategy.

The importance of the above objective is also highlighted by the diverse and contradictory points of view evidenced in literature regarding the conceptual distinction between (1) marketing strategy and marketing tactics, and (2) marketing strategy and marketing management. Consider, for instance, the distinction between marketing strategy and marketing tactics. An examination of journal articles and marketing textbooks (textbooks on principles of marketing, marketing management and marketing strategy) reveals diverse points of view including the following: (1) the marketing behaviors of firms in the realm of the 4Ps (product, promotion, price and place/distribution) are characterized as marketing strategy in some sources and as marketing tactics in other sources; in sources in the latter category, marketing behaviors pertaining to segmentation, target market selection and positioning are considered as the domain of marketing strategy and behaviors pertaining to the 4Ps as the domain of marketing tactics; (2) in yet other sources, some elements of the 4Ps are characterized as pertaining to marketing strategy (product and place/distribution) and others as pertaining to marketing tactics (price and promotion); and (3) in still other sources, certain marketing behaviors in the realm of each of the 4Ps are characterized as marketing strategy (e.g., promotion—push versus pull strategy; price—market skimming price strategy versus market penetration price strategy) and others as marketing tactics (e.g., promotion tactics and pricing tactics). Three representative quotes (one each from the 1980s, 1990s, and 2000s) are presented next to highlight this point.

In regard to the distinction between marketing management and marketing strategy, in an editorial essay, Cunningham and Robertson (1983, p. 5) stated: “As presented in marketing literature today, marketing management is concerned with target market selection and the design of the marketing program. The marketing management literature addresses issues at the level of the individual product or brand.... Marketing strategy, on the other hand, addresses issues of gaining long run advantage at the level of the firm or strategic business unit.” A potential problem with distinguishing between “marketing strategy” and “marketing management” along the above lines is that at the most

fundamental level, while the former pertains to the *marketing behavior* of organizations, the latter pertains to *managing* the marketing behavior of organizations. However, both an organization’s decisions concerning target market selection (choice of where to compete) and design of the marketing program (choice of how to compete) are primarily concerned with its present and/or planned marketing behavior and not with managing marketing behavior.

In regard to the distinction between marketing strategy and marketing tactics, Webster (1992, p. 10) states: “To consider the new role of marketing within the evolving corporation, we must recognize that marketing really operates at three distinct levels, reflecting three levels of strategy. These can be defined as the corporate, business or SBU and functional or operating levels.... In addition to the three levels of strategy, we can identify three distinct dimensions of marketing—marketing as *culture*, marketing as *strategy* and marketing as *tactics*.... Marketing as strategy is the emphasis at the SBU level, where the focus is on market segmentation, targeting, and positioning in defining how to compete in its chosen businesses. At the operating level, marketing managers must focus on marketing tactics, the ‘4Ps’ of product, price, promotion, and place/distribution, the elements of the marketing mix.”

In a more focused context (new product launch), Crawford and Di Benedetto (2008, p. 372) state: “No matter how new-to-the-world the product is, the firm should think of product commercialization in two sets of decisions. **Strategic launch decisions** include both *strategic platform decisions* that set overall tones and directions, and *strategic action decisions* that define to whom we are going to sell and how. **Tactical launch decisions** are marketing mix decisions such as communication and promotion, distribution, and pricing that are typically made after strategic launch decisions and define how the strategic decisions will be implemented” (italics and bold font in original source).

The characterization of marketing decisions pertaining to segmentation, target market selection and positioning as “strategic marketing decisions” and those pertaining to product, promotion, price and distribution as “tactical marketing decisions” is arbitrary and conceptually flawed. Some marketing decisions made by organizations in every one of the above realms are bound to be strategic and others non-strategic. Also, given the dynamic and evolving nature of the field, circumscribing the scope of strategic marketing decisions as pertaining to specific issues (e.g., three—segmentation, target market selection and positioning; seven—segmentation, target market selection, positioning, product, promotion, price and distribution) is inherently problematic. Drawing attention to the problem with the strategy versus tactics dichotomy, Mintzberg (1987b, p. 14) notes: “The point is that these sorts of distinctions can be arbitrary and misleading, that labels should not be used to

imply that some issues are inevitably more important than others. ... Thus there is good reason to drop the word ‘tactics’ altogether and simply refer to issues as more or less ‘strategic,’ in other words, more or less ‘important’ in some context, whether as intended before acting or as realized after it.” In the remainder of the paper, marketing decisions are broadly distinguished as strategic versus non-strategic (for simplicity of exposition, more strategic versus less strategic marketing decisions are referred to as strategic versus non-strategic marketing decisions).<sup>2</sup> Understandably, the characterization of marketing decisions as strategic versus non-strategic (i.e., more strategic versus less strategic) is essentially transformation of an intrinsically continuous variable (i.e., marketing decisions that are strategic to varying degrees) into a categorical variable.

#### Issues fundamental to the field of strategic marketing

Extant literature provides valuable insights into issues that are fundamental to marketing as a field of study. For instance, Hunt (1983) describes marketing science as the behavioral science that seeks to explain exchange relationships and focuses on four inter-related sets of fundamental explananda: (1) the behaviors of buyers directed at consummating exchanges, (2) the behaviors of sellers directed at consummating exchanges, (3) the institutional framework directed at consummating and/or facilitating exchanges, and (4) the consequences on society of the behaviors of buyers, the behaviors of sellers, and the institutional framework directed at consummating and/or facilitating exchanges. Day and Montgomery (1999) delineate the following as issues fundamental to the field of marketing: (1) How do customers and consumers really behave? (2) How do markets function and evolve? (3) How do firms relate to their markets? (4) What are the contributions of marketing to organizational performance and societal welfare? Teece, Pisano and Shuen (1997) note that the fundamental question in the field of strategic

management is how firms achieve and sustain competitive advantage. In a similar vein, enumeration of certain issues that are fundamental to strategic marketing as a field of study constitutes a third objective of this paper.

#### Foundational premises of marketing strategy

Kotler (1997, p. xxxii) notes: “Marketing is not like Euclidean geometry, a fixed system of concepts and axioms. Rather, marketing is one of the most dynamic fields within the management arena. The marketplace continuously throws out fresh challenges, and companies must respond. Therefore, it is not surprising that new marketing ideas keep surfacing to meet the new marketplace challenges.” Similar sentiments have also been voiced by other marketing scholars. For instance, Sheth and Sisodia (1999) point out that due to the contextual nature of marketing as a field of study, in the face of major contextual discontinuities, there is a need for a critical reassessment of the field’s law-like generalizations. They note that when one or more of the numerous contextual elements surrounding it (e.g., economic forces, technological forces, societal norms, and public policy) change, it can have a significant impact on the nature and scope of the discipline. Case in point is the impact of the Internet on marketing education, practice and research. The nature and scope of the marketing discipline has been significantly impacted by the large body of research published during the past decade that focuses on myriad facets of firm behavior and customer behavior in an Internet-enabled market environment. Similarly, the current high level of interest among marketing academics and practitioners in sustainability-related issues is destined to have a significant impact on the nature and scope of the marketing discipline.

Notwithstanding the contextual nature of the field, the marketing discipline is not completely void of generalizations that transcend different types of products (e.g., goods, services, ideas, experiences, and places), markets (e.g., consumer markets and institutional markets), and time horizons (e.g., pre-Internet and post-Internet). Against this backdrop, the fourth objective of this paper is to enumerate certain foundational premises of marketing strategy.

#### Domain of strategic marketing

Any attempt to set limits to a field of intellectual endeavor is inherently futile. Whatever boundaries we set will inevitably omit men whose work should be included. Yet when we stretch the boundaries to bring these men and these works within the field, we inevitably incorporate some we otherwise would have

<sup>2</sup> As might be noted, there are scholarly journals such as the *Strategic Management Journal* and *Journal of Strategic Marketing*, but none such as *Tactical Management Journal* and *Journal of Tactical Marketing*. Countless educational institutions, worldwide, offer courses on marketing strategy. However, it is doubtful as to whether any offer courses explicitly labeled as “marketing tactics.” A number of marketing academicians and doctoral students identify themselves as specialized in the field of marketing strategy. However, it is doubtful as to whether any identify themselves as specialized in marketing tactics. The American Marketing Association Marketing Strategy Special Interest Group is one of the largest special interest groups, but there isn’t a Marketing Tactics Special Interest Group. Most journals in marketing list only “marketing strategy” as a category under which manuscripts can be submitted for review and publication consideration, and use only “marketing strategy” as a category for indexing articles published in the journal.

excluded. And what seems to us today firmly entrenched as part of our little community, may yesterday have been an alien enclave and tomorrow may have set itself outside our walls as an independent discipline trying to define its own boundaries.

... To define the limits of a field of inquiry may prove, in the long run, to be only a gesture, but for a start, delimitation, however tentative, is indispensable. The danger is not too great if we keep in mind that any boundaries we establish are an aid to understanding. (Inkeles 1964, p. 1)

Inkeles' above observations serve to highlight (1) the need for and the importance of delineating the domain of any field of study, (2) the attendant challenges and limitations of any such endeavor, and (3) the need for periodically revisiting the issue, given the evolving nature of any field of study. Against this backdrop, the remainder of this section is organized as follows. First, the question of what distinguishes strategic marketing decisions from those that are not strategic is addressed. Next, a representative list of broad streams of research that provide a perspective into the evolution of the field of strategic marketing is presented. Third, a domain statement for the field of strategic marketing is proposed. Fourth, a conceptual framework (Fig. 1) that provides additional insights into the proposed domain statement is presented.

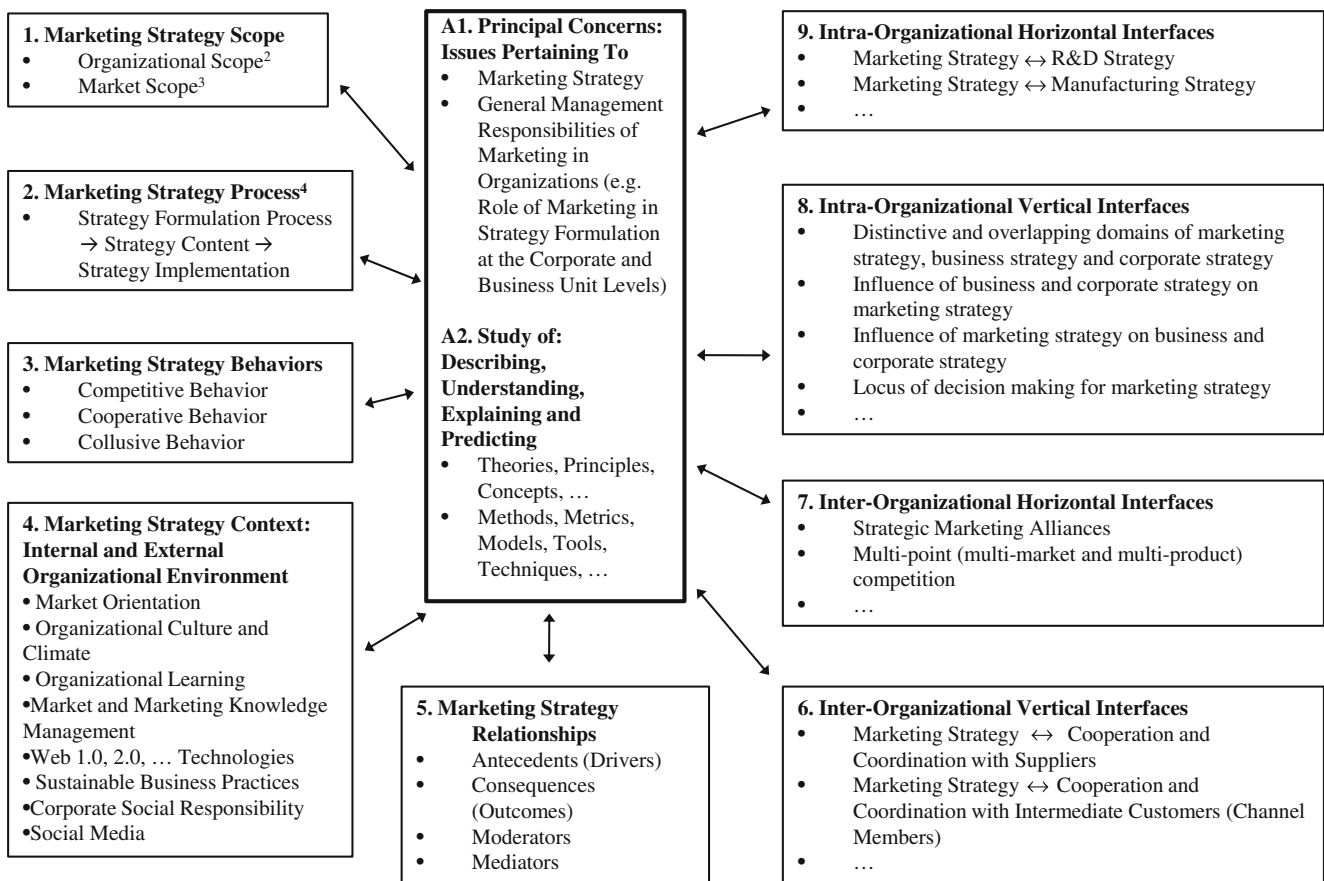
#### Strategic marketing decisions: some distinguishing characteristics

Strategic marketing decisions can be viewed as an organization's decisions in the realm of marketing that are of major consequence from the standpoint of its long-term performance (decisions that can have a major impact on an organization's long-term performance for better or for worse—ranging from positive impact to adverse impact on performance). Chief among the distinguishing characteristics of strategic marketing decisions that stem by virtue of their long-term performance implications are the following. Strategic marketing decisions:

- entail resource commitments that are either irreversible or relatively difficult to reverse (see Ghemawat 1991);
- entail resource commitments that are relatively larger in magnitude;
- entail resource commitments that are made with a relatively longer term outlook;
- entail resource commitments that are spread over a relatively longer time period;
- entail resource commitments that are made with a relatively greater emphasis on the achievement of a competitive cost and/or differentiation advantage;

- entail tradeoffs (i.e., pursuing course of action A implying that courses of action B, C and D must be foregone, in light of the relatively large resource outlays that pursuing any of these courses of action would entail);
- are made in the context of other strategic decisions, in light of inter-dependencies between them; and
- are made at higher levels in an organization (e.g. the top management level—the CEO and executives directly reporting to the CEO), and/or at higher levels within the marketing function (e.g. the CMO and executives directly reporting to the CMO).

*Strategic marketing decisions, actions, activities and behaviors* Although the foregoing discussion is framed in the context of an organization's marketing *decisions*, it also holds in regard to its marketing *actions*, *activities* or *behaviors*. To elaborate, a cursory examination of marketing strategy and business strategy literature is indicative of extensive reference to an organization's decisions, actions, activities and behaviors. For instance, Mintzberg (1987a) points out that while a statement of strategy that is future focused is an explicit guide for consistent future behavior of the firm, one that is past focused describes consistency in past behavior. Porter (1996) views the essence of strategy as activities—a business' decision to perform different activities (choice of activities to perform) and/or perform specific activities differently (the manner in which specific activities are performed) relative to its competitors. He points out that competitive cost advantage is the result of a business' performing specific activities more efficiently than competitors, and competitive differentiation advantage is a consequence of a business' choice of activities to perform and the manner in which they are performed. Day et al. (1990) note that marketing strategy focuses on marketing activities and decisions that are related to building and maintaining a sustainable competitive advantage. Within reason, the terms *actions*, *activities* and *behaviors* can be used interchangeably. An organization's marketing decisions specify the marketing *actions* or marketing *activities* or marketing *behaviors* to engage in (in the marketplace). While a number of marketing related activities may occur within the boundaries of an organization (e.g., new product development related activities), customers respond to and competitors react to an organization's marketing actions, activities or behaviors in the marketplace (e.g., actions such as the distinctive features of a firm's product offering, the channels through which the product is made available, and the price of the product offering). Illustrative examples that provide insights into some of the distinguishing characteristics of strategic marketing decisions are presented next.



**Figure 1** Domain of the Field of Strategic Marketing: Representative Organizational, Inter-organizational and Environmental Phenomena.<sup>1</sup> The issues delineated in the figure are only *representative* of the domain of strategic marketing as a field of study, and do not constitute either an extensive or a comprehensive mapping of the domain of the field. <sup>2</sup>*Organizational Scope of Marketing Strategy*: Firm, business unit, product class, product category, brand, etc. <sup>3</sup>*Market Scope of Marketing Strategy*: Geographic market scope, market types scope and market segments scope. *Geographic Market Scope*: Global, multi-

country, country, region of a country, etc. *Market Types Scope*: Business-to business market, business-to-consumer market, business-to-business and business-to consumer markets, etc. *Market Segments Scope*: All market segments, subset of market segments, specific market segment, etc. <sup>4</sup>Although for ease of exposition, the marketing strategy process is shown as a linear sequence, in reality, it as an iterative process. For example, firms routinely make ongoing changes in strategy content in the aftermath of the outcomes of implementation.

*Sizeable resource commitments that are either irreversible or relatively difficult to reverse* The Boeing 787 Dreamliner (currently under development) and the recently launched Airbus 380 airplane by EADS (European Aeronautic Defense and Space Company, the European parent company of Airbus) represent new product initiatives entailing multi-billion dollar (euro) resource outlays. These new product decisions are reportedly based on different scenarios and assumptions about how the market for commercial passenger aviation is likely to evolve. While the Boeing 787 Dreamliner is a response to a future scenario in which a growing proportion of international air travel will be point-to-point between city-pairs, the Airbus 380 is a response to a future scenario in which a growing proportion of international air travel will be between major international hub airports (at substantially lower costs per passenger mile). When introduced, the Boeing 787 Dreamliner is

expected to be able to connect with nonstop flights more pairs of cities worldwide than is possible with current airplanes. The 787 would be a relatively more fuel-efficient plane that can be configured with a seating capacity between 200 to 290 passengers (an aircraft with a capacity better suited for serving more international city pairs with nonstop flights). The recently launched Airbus 380, on the other hand, can be configured with a seating capacity of up to 555 passengers for commercial aviation (an aircraft with a capacity better suited to serve international city pairs that are major hub airports) (see Financial Times 2005). In addition, Airbus currently has under development the Airbus 350 (scheduled for launch in 2013) to compete against the Boeing 787 Dreamliner. Given the long lead times involved in the development of new products such as the above, and the large number of suppliers, sub-contractors and strategic alliance partners involved in

design, development, manufacturing and assembly, for all practical purposes they constitute irreversible strategic marketing decisions. The above illustration also speaks to the pitfalls of arbitrary rules of thumb such as a firm's decisions relating to segmentation, positioning and target marketing fall under the realm of marketing strategy, and those relating to the 4Ps (including "product" as in the Boeing 787 Dreamliner and Airbus 380 entailing multi-billion dollar resource outlays) fall under the realm of marketing tactics.

*Greater impact on performance of the firm over the long-term* Under certain conditions, even seemingly straightforward decisions such as how much to spend on advertising, and whether to lower, increase or maintain the current level of advertising expenditures can loom to a strategic marketing decision that has a lasting impact on the fortunes of a firm. A case in point, in the late nineteenth-twenties, Kellogg and Post dominated the market for packaged cereal. However, in the aftermath of the Great Depression, while Post cut back on its advertising, Kellogg doubled its advertising budget, moved aggressively into radio advertising and introduced new brands. By 1933, even as the economy cratered, Kellogg's profits had risen almost thirty per cent and it emerged as the industry's dominant player, a position that it continues to retain (see Surowiecki 2009).

*Relatively larger resource commitments* During the 1990s, when dial-up Internet service was commonplace, America Online's (AOL) strategy for acquisition of new customers was largely built around a portfolio of sales promotion programs that offered consumers a free trial of its dial-up Internet service (e.g., 30 days free trial offer; 1000 hours free trial offer). Most makes and models of new computers that were marketed to individuals and households came preinstalled with the software needed to use the free trial offer. The software, loaded on a disc, was also mailed directly to hundreds of thousands of households, distributed as an insert along with newspapers and magazines, handed out to travelers on commercial flights (along with the complimentary in-flight snack and beverage, a common practice during the 1990s), and distributed in many other ways. Collectively, the numerous consumer sales promotion programs employed by AOL to distribute several million discs via multiple distribution vehicles in order to acquire new customers by offering a no risk, free trial of its dial-up Internet service came to be characterized in the business press as an exemplar of "carpet bombing" marketing strategy (Kalakota and Robinson 2001). The above example also sheds insights into the pitfalls of arbitrary rules of thumb such as that a firm's decisions relating to sales promotion fall under the realm of marketing tactics.

Evolution of the field of strategic marketing: an overview

Strategic marketing as a field of study has evolved over almost half a century and continues to evolve. For instance, during the late 1970s and early 1980s, highlighting the benefits to organizations of greater involvement of marketing personnel in charting the strategic direction of the firm (e.g., analysis, planning and strategy formulation at the corporate and business unit levels), a number of marketing scholars (e.g., Day 1984; Wind 1982; Wind and Robertson 1983) called for a broader construal of the field. Given the boundary spanning nature of the marketing function, it was argued that marketing personnel in organizations are likely to be the most knowledgeable about the external environment, and, therefore, are equipped to play a major role in charting the strategic direction of the firm. It is conceivable that at least some of the new research streams that emerged in the field of strategic marketing during the past three decades are a consequence of such calls for a broader construal of the domain of the field. An examination of extant marketing literature is indicative of a number of broad research streams with a strategic focus, including, but not limited to, the following:

1. Research focusing on marketing strategy related issues in the realms of product, price, promotion and place (4Ps), and segmentation, target market selection and positioning (STP).
2. Research focusing on organizational level phenomena that influence marketing strategy in important ways (e.g., corporate culture, organizational learning and knowledge management).
3. Research focusing on issues at the interface of corporate and marketing strategy (e.g., synergy and horizontal acquisitions), business and marketing strategy (e.g., order of entry strategy and strategic alliances), and corporate, business, and marketing strategy (e.g., multi-market competition; and financial valuation of brands in the context of mergers and acquisitions).
4. Research focusing on strategy at the corporate level (e.g., diversification and divestitures) from the perspective of how corporate strategy has an impact on and is impacted by marketing strategy, and the strategic role of the marketing function in organizations at the corporate level.
5. Research focusing on strategy at the business unit level (e.g., generic competitive strategies) from the perspective of how strategy at the business unit level influences and is influenced by marketing strategy, and the strategic role of the marketing function in organizations at the business unit level (see Varadarajan and Jayachandran 1999).

On the one hand, the future directions in which the field of strategic marketing might evolve (1) as a consequence of

developments in the practice of marketing strategy that might shape the content and direction of the field, and/or (2) by the directions in which researchers, individually and collectively, is an unknown. On the other hand, the boundaries of any proposed domain statement must be sufficiently broad to encompass the current body of literature, as well as accommodate at least some of the future directions in which the field might evolve. The proposed domain statement presented in the next section constitutes a concerted effort to be responsive to the above issues.

#### Domain of strategic marketing as a field of study

Building on extant literature and the foregoing overview of the evolution of the field of strategic marketing, the following domain statement is proposed: *The domain of strategic marketing encompasses the study of organizational, inter-organizational and environmental phenomena concerned with (1) the behavior of organizations in the marketplace in their interactions with consumers, customers, competitors and other external constituencies, in the context of the creation, communication and delivery of products that offer value to customers in exchanges with organizations, and (2) the general management responsibilities associated with the boundary spanning role of the marketing function in organizations.* A brief elaboration of some of the considerations underlying the proposed domain statement follows.

Understanding, explaining and predicting the behavior of firms, broadly construed, is of enduring interest to researchers in the fields of strategic marketing, strategic management and industrial organizational economics. Of particular interest to strategic marketing as a field of study is the behavior of organizations in the marketplace in their interactions with consumers, customers (both end use customers and intermediate customers), competitors and other key external constituencies in the context of the creation, communication and delivery of products that offer value to customers engaging in exchanges (transactional and relational exchanges) with organizations. The creation, communication and delivery of products that offer value to customers in an exchange setting is a key element of AMA's 2007 definition of marketing (Marketing News 2008), as well as a number of other definitions. The second part of the domain statement relates to the boundary spanning nature of the marketing function in organizations and the associated general management responsibilities such as its role in the monitoring and analysis of the environment and strategy formulation at the corporate and business unit levels. For instance, Day (1984, p. 3) notes: "As a general management responsibility, marketing embraces the interpretations of the environment and the crucial choices of customers to serve, competitors to

challenge, and the product characteristics with which the business will compete." A conceptual framework that provides additional insights into the domain of strategic marketing as well as preliminary validation for the proposed domain statement is presented in the next section.

#### Domain of strategic marketing: representative organizational, inter-organizational and environmental phenomena

Complementing the *descriptive* domain statement presented in the previous section, Fig. 1 presents a *figurative* representation of the domain of strategic marketing. Here, the bidirectional links from Box A to Boxes 1 through 9 serve to denote that issues pertaining to marketing strategy and the general management responsibilities of the marketing function in organizations that are commensurate with its boundary spanning role are the principal concerns the field of strategic marketing. In an attempt to highlight the role of theories, principles, concepts, methods, models, metrics, etc. in the *study* of strategic marketing (describing, understanding, explaining and predicting phenomena of interest to the field), these are also listed in Box A. In Boxes 1 to 9, a number of *representative* organizational, inter-organizational and environmental phenomena are delineated. The bi-directional arrows shown in the figure denote *conceptual links* and not directional relationships. For example, the bidirectional arrow linking Box A and Box 2 denotes that issues pertaining to the marketing strategy formulation process, marketing strategy content, and marketing strategy implementation are among the phenomena that are the focus of strategic marketing as a field of study. For purposes of simplicity of exposition, the conceptual links are shown only in reference to Box A in the figure. For example, while the issues enumerated in Box 4 (internal organizational environment and external environment) are pertinent in the context of practically every one of the issues delineated in the other boxes, the conceptual links between Box 4 and Boxes 1 to 3 and 4 to 9 are not shown in the figure. A brief elaboration of two of the phenomena delineated in Boxes 1–9 (Box 2 and Box 8) follows.

*Marketing strategy behaviors* While certain aspects of firm behavior can be construed as specific to the domains of corporate, business, and marketing strategy, certain other aspects of firm behavior span multiple levels. Varadarajan and Clark (1994) provide an overview of the distinctive and overlapping domains of corporate, business, and marketing strategy. Although the term "firm behavior" is commonly used, it is decision-makers in the firm who orchestrate its behavior in the marketplace. That is, decisions made by managers and their subsequent execution manifest as a firm's marketing strategy behavior in the marketplace. For



instance, in reference to innovation strategy, Ahuja and Lampert (2001) draw attention to organizational pathologies (managerial biases and inertia) that could inhibit breakthrough inventions. They include the familiarity trap (favoring the familiar), the maturity trap (favoring the mature) and the propinquity trap (favoring the search for solutions near to existing solutions). The role of factors such as managerial cognitions and biases on the behavior of firms in the marketplace are subsumed under “process” in the proposed framework. As noted earlier, bidirectional links such as between Box 2 and Box 3 implied by the above are not shown in the figure.

In Fig. 1, cooperative and collusive marketing strategy behaviors refer to marketing strategy behaviors that are in accord with the prevailing legal and regulatory environment. While in certain instances, competitive, cooperative and collusive behaviors can persist as *distinct* behaviors, in other instances, cooperative and collusive behaviors are *precursors* to competitive marketing strategy behavior (e.g., alliances between sub-groups of competitors manifesting as competition between alliances; signaling by competitors resulting in diminished intensity of competition). In addition to competitive, cooperative, and collusive behaviors, Heil and Robertson (1991) list conciliatory and confirmative behaviors under the rubric of behavior of firms. However, these are not shown explicitly in Fig. 1 in light of their conceptual overlap with cooperative and collusive behaviors, respectively.

*Intra-organizational vertical interfaces* Diversified firms (multi-business firms) do not compete against each other; rather, individual businesses in the portfolios of multi-business firms compete in the marketplace (Porter 1987). However, the behaviors of multi-business firms at the corporate level (e.g., their diversification and divestitures related behaviors) are often *precursors* to the behaviors of individual businesses in their portfolios in the marketplace. Cases in point include the effects on the behavior of specific businesses in a firm’s portfolio of (1) economies of *scope* (cost and demand interdependencies between various businesses in a firm’s portfolio) that arise as a consequence of a firm’s diversification into related businesses, and (2) economies of *scale* that arise as a consequence of a firm’s horizontal acquisitions and/or geographic market extension acquisitions of its competitors in specific business domains.

Illustrative of the interdependencies between the corporate and marketing strategy behaviors of firms is PepsiCo’s initial diversification into the fast food business and subsequent divestiture of the business. Coca Cola Inc. and PepsiCo have long dominated the carbonated beverages (soft drinks) business. Partly in response to Coke’s historic dominance of the institutional (restaurant) segment of the market, over a period of time, PepsiCo diversified into the fast food restaurant business by acquiring a number of restaurant chains

including Pizza Hut, Taco Bell, and KFC. In addition to these restaurant chains serving as a captive market for its soft drinks, PepsiCo envisioned that by learning the nuances and intricacies of serving institutional customers in the restaurant sector, it would be able to enhance its competitive position in the institutional segment of the market for carbonated beverages. To the contrary, some of PepsiCo’s institutional customers such as Burger King perceived it as a competitor rather than as a supplier/partner (a perception reportedly reinforced by Coca Cola Inc.’s sales force), and switched their allegiance to Coke’s brands of carbonated beverages. The lower profitability of PepsiCo’s restaurant business, relative to its other businesses (carbonated beverages, fruit-based beverages and salty snack foods), coupled with the adverse impact on its relationship with institutional customers for its beverage business, were among the major considerations behind PepsiCo’s decision to spin-off its restaurant business as an independent, publicly traded company.

### Marketing strategy: definition

There was a hint of this new science in Socrates’ maddening insistence on definitions, and in Plato’s constant refining of every concept. Aristotle’s little treatise on definitions shows how his logic found nourishment at this source. “If you wish to converse with me,” said Voltaire, “define your terms.” How many a debate would have been deflated into a paragraph if the disputants had dared to define their terms! This is the alpha and omega of logic, the heart and soul of it, that every important term in a serious discourse shall be subjected to strictest scrutiny and definition. It is difficult, and ruthlessly tests the mind; but once done, it is half of any task. (Durant 1961, p. 59)

Durant’s above remarks invoking Socrates, Plato, Aristotle, and Voltaire highlight the importance of precise definitions of constructs to any field of study. The definition of marketing strategy presented in this section builds on extant conceptualizations of business strategy, marketing strategy and marketing. This is preceded by a brief discussion on (1) the scope of alternative definitions of strategy (e.g., definitions whose scope is limited to strategy content versus those encompassing content and purpose, or content, purpose and process), and (2) the layers of marketing strategy (customer interfacing layer and precursor to the customer interfacing layer).

#### Scope of strategy definitions

An examination of extant conceptualizations of strategy reveals that they range from narrow to broad in scope. The

scope of some are limited to strategy *content* (what is it), while others encompass *content and purpose* (what is it and towards what end), and still others encompass *content, purpose and process* (what is it, towards what end and how is it arrived at). Table 1 presents an overview of selected and representative conceptualizations of business strategy and marketing strategy and the limitations of some of the conceptualizations. While definitions that encompass both strategy content and purpose tend to be more pervasive, the justification for definitions of marketing strategy whose scope is limited to content resides in the dictionary definition of *definition* (an explanation or statement of the essential nature of anything).

An examination of marketing literature also reveals that the term “marketing strategy” is used in myriad contexts that differ in respect of the scope of marketing strategy content (from broad to narrow) such as the following:

1. A vector of marketing decisions (or marketing actions, activities or behaviors) encompassing multiple aspects of where to compete (e.g., markets to serve and market segments to target) and how to compete (e.g., differentiation by product features, positioning, channels, etc.).
2. A vector of marketing decisions encompassing numerous aspects of how to compete.
3. A vector of marketing decisions concerning certain aspects of how to compete (e.g., push strategy versus pull strategy—pattern of allocation of resources among the advertising, personal selling, consumer sales promotion and trade sales promotion elements of the promotion mix).
4. A marketing decision concerning a specific aspect of how to compete (e.g., market skimming price strategy versus market penetration price strategy, positioning strategy, and branding strategy).

Marketing strategy layers: customer interfacing layer versus precursor to the customer interfacing layer

Table 2 provides an overview of representative constituent elements of a business’ marketing strategy grouped into two broad categories: (1) the customer interfacing layer, and (2) precursor to the customer interfacing layer. The phrase “customer interfacing layer of marketing strategy” is used here to refer to an organization’s marketing actions such as brand name, product attributes, price, distribution intensity, advertising, and sales promotion that have the potential to engender affective, cognitive and/or behavioral responses from customers. The phrase “precursor to the customer interfacing layer of marketing strategy” is used to refer to an organization’s marketing decisions that are precursors to the constituent elements of the customer interfacing layer of marketing strategy. As shown in Table 2,

they include marketing decisions such as an organization’s choice of markets and market segments to serve, order of entry into a market, and mode of entry into a market.

Consider for instance the question of “how to enter a market.” Of the alternative entry strategies that may be available to a business (internal development, acquisition and strategic alliance), under certain environmental and organizational conditions, entering into a strategic alliance with another firm that possesses complementary skills and resources might be the preferred alternative, in light of its greater potential to enable a firm to offer to its customers a superior product offering relative to its competitors’ product offerings. However, the response of the customers is to the attributes of the superior product offering and not to the strategic alliance. Therefore, such strategic marketing decisions are shown in Table 2 as comprising the precursor to the customer interfacing layer of marketing strategy. Against this backdrop, a definition of marketing strategy is presented in the next section.

#### Definition of marketing strategy

Marketing strategy refers to an organization’s integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives. The proposed definition constitutes a broad definition that encompasses virtually all of the strategic marketing issues delineated in Table 2. For example, the term “crucial choices concerning markets” in the proposed definition encompasses an organization’s strategic decisions pertaining to questions such as where to compete (markets to serve and market segments to target), when to enter a market, and how to enter a market.

In reference to a specific product offering of an organization, the above definition can be stated as follows:

Marketing strategy refers to an organization’s integrated pattern of decisions that specify its crucial choices concerning markets to serve and market segments to target, marketing activities to perform and the manner of performance of these activities, and the allocation of marketing resources among markets, market segments and marketing activities toward the creation, communication and/or delivery of a product that offers value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives.

While organizations are faced with the need to address issues relating to “how to compete” on an ongoing basis

**Table 1** Representative conceptualizations of business strategy and marketing strategy

Conceptualization of business strategy	Remarks
<ul style="list-style-type: none"> <li>• A business' competitive strategy specifies how it intends to compete in the markets it chooses to serve. Strategies are directional statements (rather than step-by-step plans of action) that specify an <i>integrated pattern of choices</i> relating to <i>arena</i> (markets to serve and customer segments to target), <i>advantage</i> (positioning that differentiates the business from its competitors), <i>access</i> (communication and distribution channels to use to reach the markets) and <i>activities</i> (appropriate scale and scope of activities to be performed). These choices are highly interdependent (see: Day 1990, pp. 5–6).</li> <li>• The essence of strategy is in the <i>activities</i>—a business' decision to perform <i>different activities</i> (choice of activities to perform) and/or specific <i>activities differently</i> (manner of performance of specific activities), relative to its competitors. Competitive cost advantage is the result of a business performing specific activities more efficiently than competitors, and competitive differentiation advantage is a consequence of a business' <i>choice</i> of activities to perform and the <i>manner</i> in which they are performed (Porter 1996).</li> <li>• The matching of organizational competencies with the opportunities and risks created by environmental change in ways that will be both effective and efficient over the time such resources will be deployed (Hofer and Schendel 1978).</li> <li>• Strategy refers to the fundamental pattern of present and planned resource deployments and environmental interactions that indicates how the organization will achieve its objectives (Hofer and Schendel 1978, p. 25).</li> <li>• Strategy refers to the pattern of resource allocation that enables firms to maintain or improve their performance (Barney 1996, p. 26).</li> </ul>	<ul style="list-style-type: none"> <li>• On the one hand, explicit specification of the principal dimensions of business strategy (as arena, advantage, access and activities) provides clarity. On the other hand, a potential concern with a closed specification is whether it comprehensively captures the scope of the focal construct.</li> <li>• Consider the following adaptation of Porter's (1996) conceptualization as a working definition of marketing strategy: "Marketing strategy refers to a business' choice of <i>marketing activities</i> to perform and the manner in which specific marketing activities are to be performed." From the standpoint of action implications for marketing practice and operationalization for purposes of research, the usefulness of such a definition is very limited.</li> <li>• Definition highlights the importance of "fit" as an essential element of strategy (the matching of organizational competencies with the opportunities and risks created by environmental change).</li> <li>• Consider the following adaptation of Hofer and Schendel's (1978) and Barney's (1996) conceptualization of strategy as a working definition of marketing strategy: "Marketing strategy refers to a business' fundamental pattern or deployment of <i>marketing resources</i> in its interactions with customers and competitors for the purpose of achieving specific organizational objectives." A potential shortcoming of such a definition is that only certain marketing strategy behaviors imply different patterns of deployment of marketing resources across marketing mix elements. For instance, "push" versus "pull" strategy imply different patterns of deployment of marketing resources across advertising, consumer sales promotion, personal selling and trade sales promotion. However, certain other marketing behaviors (e.g., the positioning of a product offering and its pricing) do not entail the deployment of marketing resources, other than the market-based intellectual assets underlying the decisions. Understandably, given the integrated and interdependent nature of the marketing decisions that collectively constitute a business' marketing strategy, the positioning of a product offering will impact on the choice of attributes and amount of specific attributes that the product is designed to offer to customers, its pricing, manner of advertising, etc.</li> </ul>
Conceptualization of marketing strategy	Remarks
<ul style="list-style-type: none"> <li>• "Marketing strategy is a set of integrated decisions and actions by which a business expects to achieve its marketing objectives and meet the value requirements of its customers." (Slater and Olson 2001, p. 1056)</li> <li>• "Marketing strategy is concerned with decisions relating to market segmentation and targeting, and the development of a positioning strategy based on product, price, promotion and distribution decisions." (Slater and Olson 2001, p. 1056)</li> <li>• Marketing activities and decisions related to building and maintaining a sustainable competitive advantage (Day et al. 1990).</li> <li>• The analysis, strategy development, and implementation activities pertaining to developing a vision about the market(s) of interest to the organization, selecting market target strategies, setting objectives, and developing, implementing, and managing the program positioning strategies designed to meet the value requirements of customers in each target market (Cravens 2000, p. 31).</li> </ul>	<ul style="list-style-type: none"> <li>• While the first definition is open ended (a set of integrated decisions and actions), the second definition explicitly specifies the principal dimensions of marketing strategy (market segmentation, targeting, positioning, product, price, promotion and distribution) . As noted earlier, a potential concern with a closed specification is whether it comprehensively captures the scope of the focal construct.</li> <li>• The section of the paper titled, "Foundational Premises of Marketing Strategy," provides a discussion on the limitations of viewing achieving and maintaining a sustainable competitive advantage as <i>the</i> purpose of marketing strategy, rather than as one of the purposes of marketing strategy.</li> <li>• Illustrative of a definition of marketing strategy encompassing content, purpose, process and implementation. The term "strategy " is used to define marketing strategy (see reference to strategy development, market target strategies, and positioning strategies).</li> </ul>

**Table 1** (continued)

Conceptualization of marketing strategy	Remarks
<ul style="list-style-type: none"> <li>The primary focus of marketing strategy is the effective allocation and coordination of marketing resources and activities to realize the firm's objectives within a specific product-market. (see: Walker et al. 2006, p. 11).</li> <li>An endeavor by a corporation to differentiate itself positively from its competitors, using its relative competitive strengths to better satisfy customers in a given environmental setting (Jain 2000, p. 24).</li> </ul>	<ul style="list-style-type: none"> <li>Contrary to certain conceptualizations, that view strategy as the <i>pattern of allocation</i> of resources (Hofer and Schendel 1978; Barney 1996), Walker et al. (2006), conceptualize marketing strategy as <i>effective allocation</i> and coordination of marketing resources and activities. Conceptualizing strategy as encompassing both allocation of resources and coordination of activities is particularly appropriate from the standpoint of marketing strategy, since while certain elements of marketing strategy imply a pattern of allocation of marketing resources (e.g. push versus pull strategy), others (e.g., positioning and pricing) do not <i>per se</i> entail resource allocation. Effectiveness of resource allocation however is a measure of the quality of strategy rather than strategy <i>per se</i>.</li> <li>Although marketing strategy entails positive differentiation from competitors by leveraging an organization's strengths relative to its competitors, the scope of marketing strategy is much broader than implied by the proposed definition.</li> </ul>

and make appropriate mid-course changes, the question of “where to compete” (choice markets to serve and market segments to target) is an issue that is addressed relatively infrequently. Hence, in specific reference to an existing product offering of an organization that is targeted at specific markets and market segments, the proposed definition can be stated as follows:

Marketing strategy refers to an organization's integrated pattern of decisions that specify its crucial choices concerning marketing activities to perform and the manner of performance of these activities, and the allocation of marketing resources among markets, market segments and marketing activities toward the creation, communication and/or delivery of a product that offers value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives.

A brief discussion of the rationale underlying the proposed definition and elaboration of the key elements of the definition (the context in which specific key words and phrases are used in the proposed definition) follows.

The official definition of marketing adopted by the AMA in 2007 (Marketing News 2008, p. 28) reads as follows: “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” Building on the centrality to the definition of marketing of the creation, communication and delivery of products that offer value to customers in an exchange, marketing strategy is conceptualized as an organization's *crucial choices* concerning products, markets, marketing activities and marketing resources in the

creation, communication and/or delivery of products that offer value to customers in exchanges with the organization. Mintzberg (1987a) points out that a realized strategy can emerge in response to an evolving situation, or it can be brought about deliberately, through a process of formulation followed by implementation. The proposed definition is stated in the latter context (i.e., intended strategy).

In the proposed definitions, *organization* refers to both “for-profit” and “not-for-profit” organizations. In the former context, from a unit of analysis perspective, it can either be the firm at large as in a single business firm, an organizational sub-unit such as a strategic business unit in a multi-business firm, a product category within a strategic business unit, a product within a product category, or a specific brand of a product. *Integrated pattern of decisions* denotes that at the broadest level, marketing strategy entails making a multiplicity of decisions that are inter-related and inter-dependent and must therefore be internally consistent. *Crucial choices* refer to choices that are strategic in nature (a discussion on the defining characteristics of strategic marketing decisions was presented in an earlier section).

*Marketing resources* refers to all types of resources expended by an organization toward the creation, communication and/or delivery of products that offer value to customers in transactional and relational exchanges with the organization. They include financial resources expended toward specific marketing activities (e.g., advertising, personal selling, consumer sales promotion, trade sales promotion), the accumulated stock of marketing infrastructure assets (e.g., logistics and physical distribution infrastructure, sales force), and the stock of market-based relational assets (e.g., brand equity and channel equity). Although certain marketing strategy decisions *per se* and in isolation (e.g., markets to serve and market segments to

**Table 2** Marketing strategy layers: customer interfacing layer and precursor to the customer interfacing layer

Strategic marketing issue	Illustrative marketing decision choices and associated marketing strategy constructs
How to compete?	<p><b>A. Customer Interfacing Layer</b></p> <p><i>Brand Strategy</i> Single brand strategy versus multi-brand strategy</p> <p><i>Branding Strategy</i> Introduction of a new product (entry into a new product category) with an existing brand name in the firm's brand portfolio versus with a new brand name</p> <p><i>Channel Strategy</i> Single versus multi-channel strategy Online versus online and offline</p> <p><i>Distribution (intensity) Strategy</i> Intensive versus selective versus exclusive distribution</p> <p><i>Positioning Strategy</i> Positioning of a firm's product offering relative to the positioning of its competitors' product offerings Positioning of a firm's offerings in individual market segments relative to the positioning of its offerings in the other market segments</p> <p><i>Pricing Strategy</i> Market penetration price strategy versus market skimming price strategy</p> <p><i>Product Line Strategy</i> Broad versus narrow product line</p> <p><i>Promotion Strategy</i> Predominantly <i>push strategy</i> versus predominantly <i>pull strategy</i> [Pattern of allocation of promotion effort toward advertising and consumer sales promotion (pull elements of the promotion mix) versus trade sales promotion and personal selling (push elements of the promotion mix)]</p>
How to compete in individual country markets?	<p><i>Multinational Marketing Strategy / Global Competitive Marketing Strategy</i> Standardization of specific competitive marketing variables (e.g. positioning, branding) across country markets versus partial standardization / partial adaptation across country markets versus adaptation to individual country markets</p>
Where to compete	<p><b>B. Precursor to the Customer Interfacing Layer</b></p> <p><i>Target Market Strategy</i> Market(s) to serve Market segment(s) to serve</p>
Where to compete and how to compete? <sup>a</sup>	<p><i>Business Scope Strategy</i> Customer groups to serve (Markets and market segments to serve) Customer functions to serve (Customer needs to satisfy) Technologies to utilize (Abell 1980) Stages of the value added system to participate in (Day 1990, p. 27)</p> <p><i>Product-market Coverage Strategy</i> Single product-market concentration versus market specialization versus product specialization versus selective product-market specialization versus full product-market coverage (Abell 1980)</p>
What is the overarching strategy?	<p><i>Market driving strategy</i> (shaping / influencing / modifying the market environment) versus <i>market driven strategy</i> (adaptively responding to the market environment)</p> <p><i>Primary demand stimulation strategy</i> (increasing the size of the market for a product) versus <i>selective demand stimulation strategy</i> (increasing the firm's share of the market for a product)</p>
When to enter a product-market?	<p><i>Order of Market Entry / Market Entry Timing Strategy</i> First-mover (market pioneering) vs. early follower vs. late entry</p> <p><i>Product Launch (Rollout) Strategy Across Country Markets</i> Simultaneous entry into major country markets (Sprinkler model) Sequential entry into major country markets (Waterfall / Cascade model)</p>

**Table 2** (continued)

Strategic marketing issue	Illustrative marketing decision choices and associated marketing strategy constructs
How to enter a product-market?	<i>Market Entry Strategy</i> Internal development versus acquisition versus joint venture / strategic alliance
How to exit a product-market?	<i>Market Exit Strategy</i> Spin-off versus sell-off versus phase out
What should be the relative emphasis on alternative growth strategies?	<i>Relative Emphasis on Alternative Product-Market Growth Strategies</i> Relative emphasis on <i>market penetration strategy</i> (promoting present products in present markets), <i>market development strategy</i> (promoting present products in new markets), and <i>product development strategy</i> (developing new products for present markets) <i>Relative Emphasis on Innovation Strategies</i> Relative emphasis on radical innovations versus incremental innovations <i>Relative Emphasis on New Product Development Strategies</i> Relative emphasis on development of variety extension new products , replacement new products, competitive substitute new products , new to the firm new products, and new to the world new products. <i>Relative Emphasis on Retaining Present Customers versus Acquiring New Customers</i> Greater emphasis on retaining present customers ( <i>defensive strategy</i> ) versus greater emphasis on acquiring new customers ( <i>offensive strategy</i> ) <i>CRM Strategy</i> Relative emphasis on a portfolio of marketing programs employed for, respectively, acquiring new customers, retaining present customers, recapturing lost customers, reactivating dormant customers, enhancing the profitability and/or revenue streams of relationships with present customers, etc.

The strategic marketing issues, decision choices and associated marketing strategy constructs enumerated in the table are only *representative and* do not constitute either an extensive or a comprehensive list.

<sup>a</sup> The nature of issues pertaining to “how to compete” listed here (customer functions to serve, technologies to utilize and stages of value added to compete in) are at a higher level of aggregation compared those listed under “how to compete” in section A (i.e., under customer interfacing layer of marketing strategy).

target, pricing and positioning) may not entail expending marketing resources, acting on these decisions will necessarily entail expending marketing resources on an array of marketing activities.

*Organizational objectives* is broadly construed to encompass (1) the facilitation of the achievement of competitive positional advantage (cost and/or differentiation advantage), (2) the achievement of specific market responses from customers (e.g., affect and behavior) and competitors (including inaction or non-response), and (3) the achievement of specific marketplace performance objectives (e.g., market share, revenue, sales, sales growth, customer satisfaction, customer loyalty, and creation of market-based relational assets and intellectual assets), and financial performance objectives (e.g., profit, return on investment, market value creation). While an organization’s *stock* of market-based relational assets constitutes marketing resources that are available for deployment in the marketplace, their *creation* falls within the realm of marketing strategy objectives. While an organization’s marketplace related intellectual assets (i.e., market knowledge and marketing knowledge) play an important role in

making effective marketing resource deployment decisions, per se, they do not constitute marketing resources that can be deployed in the marketplace. The term *and/or* is used in the proposed definitions to signify that the scope of a specific marketing strategy can either be broad, encompassing creation, communication *and* delivery, or somewhat focused and limited. Of course, even in the latter context, the implication is commensurate behaviors with respect to other elements of marketing strategy, given the integrated, inter-dependent and multifaceted scope of the marketing strategy of an organization directed at entities in the marketplace such as customers and competitors.

### Strategic marketing: fundamental issues

Fundamental issues are issues that (1) are enduring to a field of study, (2) distinguish a field of study from related fields and contributing disciplines, and (3) are amenable to accommodating new insights and approaches. (see: Day and Montgomery 1999, p. 3)

The works of Hunt (1983), Day and Montgomery (1999), Meyer (1991) and Schendel (1991) among others lend credence to the following as among the issues fundamental to strategic marketing:

1. What explains differences in the marketing behavior of competing businesses in the marketplace? That is, why do competing businesses choose to behave the way they behave in the marketplace?

While questions pertaining to the behavior of firms in the marketplace have been the focus of research in industrial organization (IO), strategic management and strategic marketing, in both IO and strategic management, this issue is examined largely from a supply side (industry structure) perspective. Unique to strategic marketing is a dual focus, namely, marketing strategy being informed by both supply side and demand side considerations. To elaborate:

- A. *How is the marketing strategy of a business influenced by supply side factors?* That is, how do (a) the structural characteristics of the industry in which a business competes (e.g., industry growth rate, entry and exit barriers, the characteristics of the focal business, competitors' characteristics and history of past behavior), (b) the characteristics of the firm (e.g., distinctive skills and resources), and (c) the characteristics of the product offering (e.g., tangibles-dominant versus intangibles-dominant products) influence its choice of marketing behaviors to achieve specific organizational objectives?
- B. *How is the marketing strategy of a business influenced by demand side factors?* That is, how do the characteristics of a business' target customers (e.g., their attitudes, beliefs and preferences; number and size; purchase frequency; sensitivity and responsiveness to various marketing instruments; and history of past behavior) influence its choice of marketing behaviors to achieve specific organizational objectives?

More generally, in the broader context of both for-profit and not-for-profit organizations, the above fundamental issues can be restated as follows:

2. What explains differences in the marketplace and financial performance of competing brands/product lines/businesses?
  - A. What explains differences in the marketing behavior of organizations in the marketplace? That is, why do organizations choose to behave the way they behave in the marketplace?
    - a. How is the marketing strategy of an organization influenced by supply side factors?

- b. How is the marketing strategy of an organization influenced by demand side factors?
- B. What explains differences in the marketplace performance of competing organizations?

A brief discussion on the rationale underlying the delineation of the above as among the issues fundamental to strategic marketing follows.

Meyer (1991, p. 828) notes that strategy has crystallized around one definitive research question: "What causes certain firms to outperform their competitors on a sustained basis?" The centrality of the above question (which can be more broadly stated as: "What explains performance differences between firms?") in reference to marketing strategy is evidenced by a large body of research in marketing (Szymanski et al. 1993; Boulding and Staelin 1995). Schendel (1991) delineates the following as issues fundamental to strategy: (1) Why do firms differ? (2) How do firms behave? (3) How does the policy making process affect policy outcomes? (4) What is the role of the corporate headquarters in multi-business firms? (5) What explains international success and failure of firms? A critical examination of the above questions suggests that only the first two questions are truly fundamental. Consider for instance, the last of the above questions. The broader question of success or failure of firms (i.e., what explains performance differences between firms?) subsumes their success and failure in the international arena as well. Similarly, the policy making process and policy outcomes and role of the corporate headquarters in multi-business firms (questions #3 and #4) are likely to impact "how firms behave" and "why do firms differ".

In reference to the behavior of buyers and the behavior of sellers as fundamental explananda for marketing, Hunt (1983, p. 13) enumerates the following as guiding research questions: (1) Why do which buyers purchase what they do, where they do, when they do, and how they do? (2) Why do which sellers produce, price, promote and distribute what they do, where they do, when they do, and how they do? Chief among the factors that influence a seller's choice of specific behaviors (i.e., *what* a particular seller chooses to produce, and *how* the seller chooses to price, promote and distribute what it produces), is the seller's knowledge of buyers (i.e., why do which buyers purchase what they do, where they do, when they do, and how they do?). Highlighting the consumer behavior underpinnings of marketing strategy, Keller (1993, pp. 1–2) notes: "... marketers need a more thorough understanding of consumer behavior as a basis for making better strategic decisions about target market definition and product positioning ...". Hence, the enumeration of "How is the marketing strategy of an organization influenced by demand side factors?" and "How is the marketing strategy of an organization influenced

by and supply side factors?” as two distinct issues fundamental to strategic marketing as a field of study.

### Marketing strategy: foundational premises

In sociology as well as in history, it is our major premises that we are most apt to leave unstated, particularly when they are psychological. We leave them unstated not only because they are obvious, but also because they are so obvious that we cannot bring ourselves to take them seriously. (Homans 1964, p. 968)

In reference to the field of organizational science, Weick (1989) draws attention to Homans' above remark concerning major premises in various fields of study often going unnoticed and unstated because they seem simple and obvious. For the most part, the foundational premises of marketing strategy enumerated in this section are also simple, straightforward and obvious. At the same time, they are marketing strategy universals in the sense that they generalize across products, markets, and time horizons. That is, they hold regardless of whether (1) the product in question is a good, service, idea, experience, place, etc.; (2) the market in question is a business-to-consumer (B2C) market or a business-to-business (B2B) market, an industrialized country market or an industrializing country market, a high growth market or a low growth market, etc.; and (3) the time frame of reference is pre-Internet or post-Internet.

1. A purpose of marketing strategy is to facilitate an organization to achieve and sustain a competitive advantage in the marketplace.
2. A purpose of marketing strategy is to create market-based relational assets and market-based intellectual assets for the organization (see Srivastava et al. 1998).
3. A purpose of marketing strategy is to enable an organization to establish and nurture mutually beneficial exchange relationships with customers (see Bagozzi 1975).
4. A purpose of marketing strategy is to modify/influence/shape the affect, cognition and behaviors of customers and consumers in ways that are conducive to their acquisition, possession and consumption of specific product offerings of an organization (see Carpenter et al. 1997).
5. A purpose of marketing strategy is to identify and leverage new points of differentiation (see MacMillan and McGrath 1997).
6. A purpose of marketing strategy is to enhance the salience of non-price criteria vis-à-vis price or vice-versa in buyers' choice decisions.
7. A business can enhance the importance of non-price criteria relative to price in the brand choice decision process of buyers by segmenting the market into homogenous subgroups, developing differentiated product offerings responsive to the needs of individual market segments, and distinctively positioning its offerings relative to competitors' product offerings.
8. Differentiation implies heterogeneity in supply.
9. Heterogeneity in demand is not a necessary condition in order for a strategy of differentiation to be effective in the marketplace. Heterogeneity in demand can either be a pre-existing state of the marketplace, or a consequence of heterogeneity in supply and the marketing efforts of competing businesses designed to stimulate heterogeneity in demand (see Dickson 1992).
10. The range of options available to a business for pursuing a strategy of differentiation encompasses all non-price criteria that buyers either currently factor into the brand choice decision process or can be influenced to factor into the brand choice decision process.
11. All else being equal, a business can enhance its financial performance through pursuit of a strategy of differentiation when the incremental cost of differentiation per unit (i.e., cost per unit amortized over the projected sales) is lower than the price premium that a unit of a differentiated product will command in the marketplace relative to an undifferentiated product.
12. Holding all other factors constant, those dimensions of differentiation for which the incremental cost of differentiation is lower than the incremental price premium that such differentiation is likely to command in the marketplace constitute feasible avenues for differentiation.
13. A sustainable competitive cost advantage (being the lowest cost producer) is a necessary condition in order for a business to be able to compete on the basis of price over the long-run.
14. Competitive cost advantage does not imply being the lowest priced offering in the marketplace, but possessing the ability to compete on price and constraining the ability of competitors from competing on the basis of price.
15. In an industry, there will be more than one means (i.e., marketing strategy) to achieving a desired end (i.e., superior organizational performance). Thus, different competitors in an industry will be able to achieve and sustain comparable levels of superior performance by pursuing different promotion strategies (e.g., push strategy versus pull strategy), pricing strategies (e.g., market skimming price strategy versus market penetration price strategy), etc.
16. There will be differences in the marketing strategies (i.e., heterogeneity or diversity in marketing strategy) pursued by competitors in an industry. The marketing



strategies pursued by no two competitors in an industry are likely to be identical. At the margin, there will be differences in the strategies pursued.

Collectively, the first six premises constitute a departure from the view espoused in certain sources that the purpose of marketing strategy is to enable a business to achieve and sustain a competitive advantage (e.g., Day et al. 1990). A number of considerations suggest that it is more meaningful to view “enabling or facilitating a business to achieve and sustain a competitive advantage” as a purpose of marketing strategy, rather than as *the* purpose of marketing strategy. A large body of marketing literature sheds light on the following as among some of the other key purposes of marketing strategy: (a) creating market-based relational assets and market-based intellectual assets, (b) establishing and nurturing mutually beneficial exchange relationships, and (c) modifying/influencing/shaping the affect, cognition and behaviors of customers and consumers.

Ghoshal (1987, p. 428) notes that a general premise in the strategic management literature is that the concept of strategy is meaningful only when the actions of one firm can affect the actions or performance of another. Along similar lines, it makes sense to view the concept of marketing strategy as meaningful only when the marketing actions or behaviors of an organization have an effect (are undertaken with the intent to have an effect) on the affect, cognition and/or behavior of customers for specific product offerings of the organization. They also have an effect on the actions and performance of an organization’s competitors as a consequence of their effect (or potential to have an effect) on the affect, cognition and/or behavior of customers for specific product offerings.

As pointed out by Carpenter et al. (1997), if consumer preferences and decision making are context dependent, an important objective of marketing strategy is to create the context—shape the competitive environment, and consequently, the structure of preferences and decision making. Along similar lines, in their research focusing on consumer preference formation and pioneering advantage, Carpenter and Nakamoto (1989) highlight the importance of influencing consumers’ preferences as a major objective of marketing strategy. When marketing strategy behavior conducive to superior marketplace performance is viewed primarily from a supply side perspective (e.g., the industry/market structure underpinnings of marketing strategy) to the exclusion of demand side perspective (e.g., the customer behavior underpinnings of marketing strategy), one runs the risk of narrowly circumscribing the purpose of marketing strategy.

In regard to premise # 16, heterogeneity in marketing strategy among competitors can be explained as a consequence of heterogeneity in resources. Interestingly, Henderson (1983) in characterizing certain principles of competition as universal, whether applied to biological or business compe-

tion, notes that if multiple competitors coexist, then any given pair of competitors must differ from any other possible pair by a different combination of characteristics or factors. Otherwise, two or more of the competitors would be nearly identical and as a consequence would be conditionally unstable. For example, in a market for a frequently purchased product, the market share leader is likely to pursue a promotion strategy characterized by relatively greater emphasis on the pull elements of the promotion mix (advertising and consumer sales promotion) vis-à-vis the push elements of the promotion mix (personal selling and trade sales promotion). On the other hand, a market share follower is likely to pursue a promotion strategy characterized by relatively greater emphasis on the push elements of the promotion mix (personal selling and trade sales promotion) vis-à-vis the pull elements of the promotion mix (advertising and consumer sales promotion).

## Discussion

The first part of this section provides a brief discussion of certain caveats that should be borne in mind in the context of the preceding sections pertaining to the four major objectives of the paper. In addition, potential avenues for future research are briefly addressed with respect to some of the above. The latter part of the section draws attention to a related issue and the need for action at the disciplinary level.

*Domain of strategic marketing as a field of study* On the one hand, it can be argued that a broad consensus among the community of strategy researchers in marketing in regard to a critical and foundational issue, such as the conceptual domain of the field of strategic marketing, can be conducive to the advancement of the field. On the other hand, the need for a shared consensus on this issue can also be questioned. For instance, Hunt (2002) draws attention to Popper’s (1959) observation that all definitions of disciplines are largely arbitrary in content, and they primarily represent an agreement to focus attention on some problems, issues, and phenomena, to the exclusion of others. Hunt also cautions that a major problem with narrowly circumscribing the appropriate subject matter of a discipline is that it can seriously trammel research and other scientific inquiry and draws attention to Kaplan’s (1964, p. 70) characterization of the above problem as “premature closure.”

The conceptual domain of strategic marketing proposed in this paper represents the perspective of a marketing strategy researcher, albeit based on insights gleaned from a review of relevant literature. Extant literature provides insights into other approaches that can be employed to gain insights into the conceptual domain of strategic

marketing as a field of study. For instance, Nag et al. (2007) inductively derive a consensus definition for the field of strategic management. For this purpose, they enlisted the participation of a panel of strategic management scholars to rate the abstracts of 447 articles published in major management journals. Each panelist was presented with a web-based survey that contained the titles and abstracts of 18 randomly generated articles from the pool of 447 articles. They were asked to rate the abstracts on a four point scale (1: clearly not a strategic management article ... 4: clearly a strategic management article). The authors employed automated text analysis to identify the distinctive lexicon of the field of strategic management (a total of 54 words that appeared appreciably more frequently in the abstracts of articles that were rated by the panel of strategic management scholars as being on strategic management than in the abstracts of articles that were rated as not being on strategic management), and in turn, derive an implicit consensual definition of the field, as held by its members.

Eliciting the input of thought leaders in the field of strategic marketing and/or a more broad-based representative sample of marketing strategy researchers and practitioners constitutes yet another avenue for gaining insights into the shared consensus on the domain of the field. For instance, the responses to questions such as the following can shed insights into the shared consensus on the domain of the field and issues fundamental to it: (1) What do you view as the general domain of strategic marketing and the major substantive areas within its domain? (2) Given your construal of the general domain of strategic marketing, what do you view as some issues fundamental to this field? Phrase your responses in the form of questions (e.g., why do ...; how do ...; what is ...; what explains ...; when does ...; is ...).

*Definition of marketing strategy* Recent commentaries and critiques of AMA's 2004 definition of marketing have focused on the implications (or lack thereof) of the definition for the role and responsibility of marketing in society (Gundlach 2007), the implied neglect of moral responsibility by professional bodies (Mick 2007) and failure to address major societal and public policy issues (Wilkie and Moore 2007). Indeed, there may be merits to including "value to society at large" in the definition of marketing that is adopted by professional associations of marketing academics and/or practitioners. However, in the spirit of the merits of multiple definitions of marketing strategy from differing orientations, the definitions of marketing strategy proposed in this paper do not delve into societal issues. It should however be noted that a societal focus is implicit in the proposed definitions when employed in the context of not-for-profit organizations (specifically, the purpose component of the definition). It

is also intrinsic to certain marketing strategies such as pertaining to cause-related marketing, green marketing and green innovations (specifically, the content component of the definition).

On the one hand, given the centrality of marketing strategy to strategic marketing as a field of study, multiple definitions from different orientations can be valuable to practitioners and researchers from the standpoint of gaining better insights into a complex and dynamic field. As Mintzberg (1987b, p. 11) notes: "Human nature insists on a definition for every concept. The field of strategic management cannot afford to rely on a single definition of strategy, indeed the word has long been used implicitly in different ways even if it has been traditionally defined formally in only one. Explicit recognition of multiple definitions can help practitioners and researchers alike to maneuver through this difficult field." On the other hand, as Kinnear (1999, p. 113) notes: "At the most elementary level, it is almost impossible to do high-quality research that builds the state of knowledge without a set of agreed definitions." Echoing a similar point of view, MacKenzie (2003) notes that lack of attention to construct conceptualization (failure to adequately specify the conceptual meaning of the study's focal constructs) can undermine a study as a consequence of its cascading adverse impact on construct validity, statistical conclusion validity, and internal validity.

*Issues fundamental to strategic marketing* A synthesis and critique of theories that researchers have used to shed insights into questions that are fundamental to the field of strategic marketing and how are they connected to each other constitutes a potential avenue for future research. Recent studies by Merwe et al. (2007) and Brown and Dant (2009) provide insights for pursuing such research. For instance, Merwe et al. use social network theory to identify the most influential theories in marketing and the linkages between them. They distinguish among ten theories that have been influential in the field of marketing with reference to their *intrinsic capital*, and ten theories that have been influential in the field with reference to their *linkage capital*.

As noted earlier, Day and Montgomery (1999) view as fundamental issues that (1) are *enduring* to a field of study, (2) *distinguish* a field of study from related fields and contributing disciplines, and (3) are amenable to accommodating new insights and approaches. In addition to the questions enumerated in an earlier section, a compilation of other questions fundamental to the field of strategic marketing that meet the above conditions constitutes a potential avenue for future research.

*Foundational premises of marketing strategy* Researchers in marketing have focused on various foundational issues

**Table 3** The innovation lexicon: an overview

Administrative innovation	
• Architectural innovation	
• Big bang innovation	
• Big “I” innovation	Small “I” innovation <sup>a</sup>
• Borderless innovation	
• Bottom up innovation	Top down innovation
• Breakthrough innovation—market breakthrough innovation, technological breakthrough innovation	
• Business model innovation	
• Catalytic innovation	
• Commercial innovation	Social innovation
• Continuous innovation	Discontinuous innovation
• Derivative innovation	
• Disruptive innovation	
• Distributed innovation	
• End-user innovation	
• Entrepreneurial innovation	
• Evolutionary innovation	Revolutionary innovation
• Exploitative innovation	Exploratory innovation
• Frugal innovation (innovation for the base of the pyramid markets)	
• Game-changing innovation	
• Green innovation (sustainable innovation)	
• Hybrid innovation	
• Imitative innovation	
• Incremental innovation	Radical innovation
• Internet innovation (internet-enabled innovation, E-commerce innovation, digital innovation)	
• Leapfrog innovation	
• Market driving innovation	Market driven innovation
• Marketing innovation—advertising innovation, channel innovation, distribution innovation, packaging innovation, ... pricing innovation	
• Modular innovation	
• New-to-the-world innovation (new market creating innovation)	New-to-the-firm innovation (new market entry innovation)
• Open source innovation	
• Organic innovation	
• Organizational innovation	
• Policy innovation	
• Process innovation (marketing process innovation, ...)	Product innovation (goods innovation, services innovation, ...)
• Rapid innovation	
• Strategic innovation	Tactical innovation
• Technical innovation	
• Technological innovation (technovation)	
• Transformational innovation (market transforming innovation)	
• Trickle up innovation	Trickle down innovation

Intended to be representative and does not constitute a comprehensive list

<sup>a</sup> Contrasts such as Big “I” Innovation versus Small “I” Innovation are shown in separate columns

such as marketing principles (Armstrong and Schultz 1992; Buzzell and Gale 1987), premises (Hunt and Morgan 1995; Vargo and Lusch 2004), phenomena (Little 1979), and empirical generalizations (Boulding and Staelin 1995; Reibstein and Farris 1995). In that tradition, certain foundational premises of marketing strategy are presented in this paper. However, they are intended to be representative. Compiling a more comprehensive and larger number of foundational premises of marketing strategy is another potential avenue for future research.

The confusing vocabulary of the field of strategic marketing: a call for action

Although the primary focus of this paper is on domain of strategic marketing as a field of study and the issues fundamental to it, along with the definition of marketing strategy as an organizational strategy construct and the foundational premises of marketing strategy, tangentially two other issues were highlighted: (1) the use of different construct labels to refer to the same phenomenon (e.g., use of the terms *marketing strategy* and *strategic marketing* to refer to the broader field of study); and (2) the use of the same construct label to refer to different phenomena (e.g., use of the term *marketing strategy* in reference to the broader field of study as well as in reference to a specific organizational strategy construct). A third contributing factor to the confusing vocabulary of the field is the proliferation of new constructs; the contribution of some of them to enhancing our understanding of the field is suspect. Consider for instance the following construct labels found in the strategic marketing literature: (1) market strategy, marketing strategy, strategic marketing, strategic market planning, strategic marketing planning, strategic market management and strategic marketing management; (2) customer centric strategy, customer driven strategy, customer focused strategy, and customer oriented strategy; and (3) customer strategy, customer management strategy, customer relationship strategy, customer relationship management strategy, and customer lifetime value management strategy. Admittedly, literature provides extensive evidence of researchers providing precise definitions of new constructs that are proposed, clearly articulating how they are conceptually distinct from related constructs, and making available in the public domain valid and reliable scales for measuring them. At the same time, it is not uncommon for new constructs to be introduced to the field without offering precise definitions, without clearly articulating the conceptual distinction between newly proposed constructs and related constructs already in vogue in the literature, and without describing how the newly proposed constructs contribute to enhancing our understanding of issues germane to the field of marketing.

Needless to say, the above problem is not unique to the field of strategic marketing. It is also evident in other subfields within marketing as well as in other business disciplines. Consider for instance the partial listing of innovation related terms gleaned from the literature and summarized in Table 3. Notwithstanding the importance of innovation to the growth, profitability and survival of organizations, and the attendant high level of interest among business consultants, educators and practitioners on myriad innovation related issues, definitional ambiguities and potential conceptual overlap are relevant issues that merit attention. Given the accumulated body of literature in various specialized fields of study in marketing, the time may be ripe for professional associations and special interest groups affiliated with professional associations to assume a leadership role in addressing such issues.

## Conclusion

The advancement of marketing strategy, as a field of study, has benefited from a number of seminal conceptual and empirical contributions during the past four decades. In this vein, it is hoped that further dialogue and debate on the perspectives presented here regarding the domain of strategic marketing as a field of study and the issues fundamental to it, and the definition of marketing strategy as an organizational construct and its foundational premises, would lead to refinements and the emergence of a broad consensus on certain issues and competing perspectives on other issues.

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