



The Marketing Challenge

Marketing is an idea as old as politics, as enduring as courting, and as basic as business. In each, we make a promise to give people what they want and need. Winning the vote, gaining acceptance, or making the sale measures success. The marketing premise is that people buy not only products or services; they buy expectations and solutions to

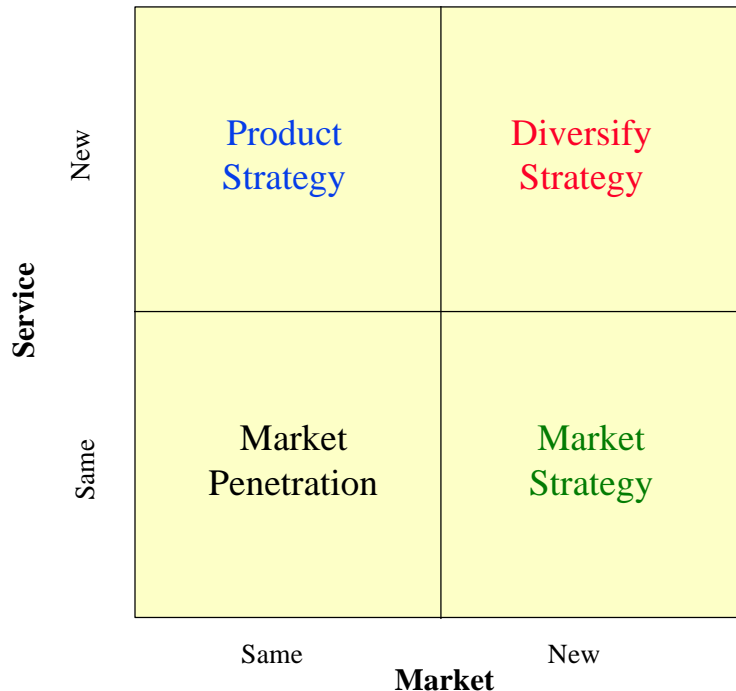
problems. Many industries have traditionally focused on selling the products and services they can provide rather than by providing the products and services people need, thereby missing opportunities to satisfy expectations. *The marketing approach identifies and attempts to meet customer's wants and needs.* Marketing offers the best opportunity to successfully compete and grow.

Growth can come to the aggressive firm from a variety of alternative approaches. This article will summarize a framework for developing and evaluating a marketing plan.

The Growth Matrix

This diagram shows the basic growth alternatives.

Growth Alternatives



Each of the quadrants in the diagram is a growth strategy, around which a marketing plan can be developed and implemented. Let's quickly review each of them.

Market Penetration

This strategy is perhaps the most simple and straightforward. It expands the selling effort for current services in the existing markets. Implicit in this strategy is the fact that the current market share is small, and that an increased focus can expand revenue within the current market. It requires only a few new skills, since the organization is familiar with both the marketplace and the services. The organization is also familiar with the procurement process and the competition.

Product Strategy

This strategy requires little change within the organization for the product and service, but often requires change in presenting the product and service. The new market can be a new geography, a new industry, a new scale (selling to a larger, or smaller enterprise), or using a new distribution channel. The product and service provided, however, is the same as that which has led to earlier success in the marketplace.

Market Strategy

This strategy requires little change within the manufacturing and operations organization, and likely requires some adaptation by the selling organization. Here, the product and service delivered is unchanged, but they are sold to new organizations in new markets, which may be new geography, new industries, and larger, or smaller organizations. Like the product strategy, only one element of the marketing mix has a very large element of change.

Diversification

This strategy requires the most change. Here new products and services are presented to new markets, requiring change in both the selling and delivery organizations. This strategy also permits a very rapid metamorphosis of the entire organization. It is especially relevant when market penetration of the organization is already very deep, and the product or market strategies are already being implemented.

Alternative Approaches

The growth strategies outlined above can be implemented within the framework of internal growth or external growth. Each of these basic approaches can be successful.

Internal

Internal growth is simply based on expanding the resources internal to the organization. Adding staff for selling and delivering the services is internal growth. With these additional resources, the firm can expand according to a market penetration, product, market, or diversification strategy.

External

External growth is more complex, and can provide a step function growth in the firm. Using this strategy, the firm can acquire competitive organizations in existing markets (penetration strategy), similar organizations in new markets (market strategy), complementary organizations in existing markets (product strategy), or the acquisition of a different organization in a different market (diversification strategy). This external expansion can also be accomplished with mergers and alliances, as well as acquisitions.

Market Segmentation

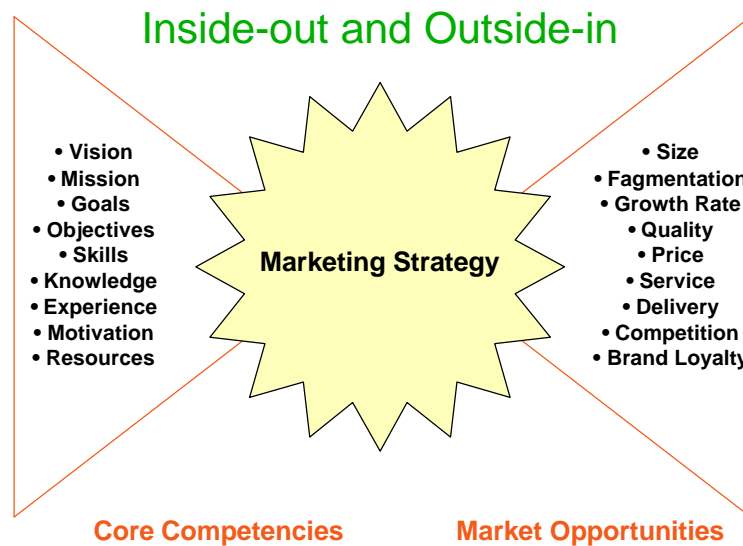
The segmentation of a marketplace, for analysis by the business, is limited by the imagination and intuition of the management team. Of course, some are easy: geography, industry, and company size. Others are somewhat harder to characterize: buying criteria, use of the service, and motivation. In each case, we must define as precisely as possible the dimensions of the market segment, and understand its boundaries.

Perhaps the easiest growth strategy is one where we can identify a market area that is growing, or could potentially grow, faster than new entrants can enter it and where price sensitivity is less of a factor. This market may not exist or it may be clearly obvious to the managers and employees of the firm

Market Research and Planning

Market research is important to the development of a comprehensive and worthwhile strategy for any business enterprise. This research is conducted both inside the organization (internal) and in the marketplace environment (external). The Innovative Strategies Group believes that it is important to look inside the organization, and to examine core competencies in light of the external world. We also believe that we must

explore the external environment while relating the market opportunities to the firm's core competencies. We call this "Inside-out and Outside-in."



"Outside In" refers to looking outside the firm into the environment and examining opportunities. These opportunities exist in related and GROWING markets for products and services currently offered.

"Inside Out" refers to looking inside the firm and to those competencies that exist inside the company and to the motivation of its management.

This graphic shows how these notions are brought together into a cohesive marketing and sales plan. Where the inside and outside elements come together, there is a strong foundation for a successful marketing plan.

"Would you tell me, please, which way I ought to go from here?" asked Alice.

"That depends a good deal on where you want to get to," said the cat.

"I don't much care where," said Alice

"Then it doesn't matter which way you go," said the cat.

Lewis Carroll, Alice's Adventures in Wonderland