

The strategic choice and evaluation paper marketing essay



The current paper is devoted to the discussion of strategic choice implemented for the growth and development of AT&T Inc., which is rated the 7th largest company in the USA, according to the 2010 data on total revenue. Preceding environmental scanning shows that AT&T faces severe competition from local providers, fighting for leadership in innovations introduction, market, and excellent customer service. Based on internal and external environmental analysis, the company has to carefully evaluate its perspectives and determine best applicable value discipline, generic strategy, and grand strategy.

Value discipline is a term typically applied for 3 major business leadership strategies, first formulated by Treacy and Wiersema (1997) in 1995: product leadership, customer intimacy, and operational excellence. A proper value discipline strategy endows the company with the specific context for setting company's corporate objectives and general vision, as well as affecting its most valuable client niches, and arranging its functional subdivisions.

In his turn, Although Porter acknowledges that the companies have demonstrated many different ways to achieve strong position in the industry, he insists that it is possible outperform other firms only with the help of three internally consistent and successful generic strategies, which are cost leadership, differentiation, and focus (Pearce & Robinson, 2011). Finally, grand strategy is seen as a general term for the wide-ranging statement of any strategic action, and identifies the means that are to be used for achieving long-term objectives. Business grand strategies include: product development, market development, horizontal integration, innovation,

concentration, divestiture, and liquidation (Pearce & Robinson, 2011; Heuvelhof, 2009).

Further, this paper will argue that AT&T should mostly concentrate its efforts on product leadership value discipline, focus generic strategy, and market development grand strategy.

Strategic Choice and Evaluation

Most of the recent initiatives in organizational change sphere have been directed on reducing costs and improving internal operations. But in the contemporary markets, this is no longer enough for achieving company's success. Today, AT&T should develop and implement a truly victorious strategy aimed at profitable growth and differentiation.

The basic idea of value discipline strategy is that today a company cannot be successful if it aims to be "everything for everybody." Instead, a company should choose the unique value which can be offered only by this particular company in this particular market. In addition, the authors of value discipline theory believe that the choice of a segment of service, in the essence, equals to choosing a strategy, and choosing a strategy, in its turn, equals to the choice of market services (Treacy & Wiersema, 1997). Nowadays, when the technologies on network markets are upgrading with the tremendous speed, AT&T is expected to keep up with the times, and therefore, it should introduce product leadership strategy. This strategy can absolutely be called innovative in all senses of the word. Companies that are guided by a strategy of product excellence, focus on a regular and rapid introduction of new products. Becoming industry leaders, they immediately present several new

products, and competitors are constantly forced to chase after them. The choice of this strategy is determined by the target segment of the telecom market.

Focus generic strategy can serve an appropriate addition to product leadership strategy. The company, conducting such a strategy, is focusing its efforts on meeting the specific buyer at a certain range of products on the market of a particular geographic area. While the strategy of minimizing costs and differentiation are aimed at reaching goals across the entire industry, the strategy of total concentration is based on a very good service provided to a specific customer, which means that a company will have to compete only in a narrow market segment (Pearce & Robinson, 2011).

Instead of attracting any buyers, offering them either cheap or unique products and services, the company conducting the strategy of focus is serving to the customers of a well-defined type and is forming its unique niche. Acting on a narrow market, a company may attempt to become the leader in minimizing costs or follow a strategy of differentiation in its segment (AT&T is already successful in diversifying products). At the same time, it is faced the same benefits and losses, as the leaders in minimizing costs, and companies that produce unique products.

Finally, AT&T is ready to expand the existing market to the international level. As a rule, at market development grand strategy, the dominating company is winning, and its possible ways are: 1) New consumers. Each product category has the potential to attract new buyers: people who are not knowledgeable about the product or reject it because of the high prices or

lack of required product features. 2) New ways to use the product.

Expanding of markets contributes to the discovery and promotion of new ways to use products. 3) Increased intensity of using the goods (Heuvelhof, 2009).

At the same time, the output of the already manufactured products to new markets is a bit risky. Market development may require additional investments for the purpose of advertising campaigns and product adaptation to the new requirements. Entering new markets also requires significant marketing research, in order to identify new requirements and tastes of consumers. But in the long run, this strategy is more than profitable (Heuvelhof, 2009). Market development strategy may also involve a number of alternatives, such as development of new segments in the same market; entering new markets domestically and in other countries, etc. Market development strategy heavily relies on sales system and know-how in marketing, inherent to AT&T.

Conclusion

Many of the industries are headed by recognized leading companies holding the largest market share. Such companies usually set an example to competitors by changing pricing policies, introducing new products, expanding distribution channels and increasing the intensity of promoting activities. In modern telecom market conditions, AT&T can never be vigilant, while other companies are trying to challenge its position or cash in on its weaknesses. Dominant position requires active operations in three directions. First, AT&T must find ways to increase the overall demand for products manufactured by the industry. Secondly, it must defend its market

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segment with well-planned offensive and defensive actions. Third, the company may try to expand its market share at the conditions of the stabilization of the total revenue.