

Importance of marketing in organizational success



In the global corporate world today, creating a successful corporation faces many challenges. These obstacles often affect their rate of long-term plan. Even the organisations which are well established, globally recognized and set the standards for market, struggle daily to maintain their status quo. Marketing is a very important process in any business since it contributes greatly to the success of the organization. Production and distribution are also depends largely on marketing. Marketing is a vital component to the prosperity of all organizations. The marketing strategies include obtaining new clients, branding, and public relation. All of these tactics are performed to encourage sales. The goal of marketing is to make the product or service widely known and recognized to the market, marketing managers must be creative in their marketing activities. In this competitive global market of many businesses, getting the product noticed is not that easy.

Marketing strategy is a method of focusing an organization's energies and resources on a course of action which can lead to increased sales and dominance of a targeted market niche. A marketing strategy combines product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe.

Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of overall firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. Corporate strategies, corporate missions, and corporate goals. As the customer constitutes the source of a company's revenue,

marketing strategy is closely linked with sales. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement.

1. 1 Generic marketing strategy

Every organisation wants to enter a sector where profit is more. But where the primary determinant of a firm's profitability is the attractiveness of the industry or sector in which it operates, an important secondary determinant is its market position within that industry. Even though an industry which have below-average profitability, an organisation that is optimally positioned itself with the completion can generate superior profit.

A firm positions itself by leveraging its strengths. Michael Porter has argued that a strength for any organisation ultimately fall into one of two category: cost advantage and differentiation. By applying these strengths in their strategy by using either a broad or narrow scope, three generic strategies result: cost leadership, differentiation, and focus. Whichever strategy an organisation choose to pursue, these strategies are applied at the business unit level. Because of these strategy are not firm or industry dependent, they are called generic strategies.

1. 1. 1 Cost Leadership Strategy

This generic strategy calls cost leadership strategy for being the low cost producer in an industry for a certain level of quality. The organisation that pursues this strategy sells its products either at average industry prices and earns a higher profit than the other competitor, or below the average industry prices to gain its market share. Almost every industry faces price

war in some stage. So in the event of a price war, by using the cost leadership strategy the organisation can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time. As Dell Computer initially achieved market share by keeping inventories low and only building computers to pre order. The cost leadership strategy usually targets a broad market. Some of the ways that organisation acquire cost advantages are by improving their process efficiencies, gaining unique access to a lower cost materials at large scale, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. As Wal-Mart is known for squeezing its suppliers to ensure low prices for its goods. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership.

Organisations that succeed in cost leadership often have some internal strength. To establish a barrier to entry, organisation invests money in their production assets. The organisation should have access to the required finance to make a significant investment in production assets. Organisation can reduce its cost by changing the product or process design while maintain the value. High level of expertise in manufacturing and process engineering should be needed. Design skill is also an important tool to efficient manufacturing. So it should be strength for the organisation. Efficient distribution channels also effect the cost of the product which delivered by the organisation.

While some risk associated with this generic strategy. As a rivals can also complete with the price while using the new technology and increasing their production capabilities. Additionally, several organisations following a focus strategy and targeting various niche markets may be able to achieve an even lower cost within their market segments and as a group gain significant market share.

1. 1. 2 Differentiation Strategy

Differentiation strategy is aimed at the broad market that involves the creation of a product or service that offers unique attributes that are valued by the customers and these customers perceive that the product is better than or different from the products of the competition. BMW is a good example of successful using a differentiation strategy. The added value and perception by the customer allows firm to charge a premium price for its product. The organisation hopes that by charging the higher price they can cover the extra costs incurred in manufacturing the product or offering the unique service. Because of the unique attributes and value of product, in case of price increased by suppliers the organisation may be able to pass along the costs to its customers who cannot find substitute products easily.

The organisation should have some strength to achieve success by following this strategy. The organisation should have a dedicated highly skilled and creative product research and development team for developing a unique product. While access to leading technology and new innovation help to developing the product, good brand name and corporate reputation for quality and innovation is primary for success. Creative marketing and sales

with the ability to successfully communicate with the consumers about the perceived attribute of the product.

The risks associated with a differentiation strategy include imitation by competitors and changes in customer tastes. Additionally, various firms pursuing focus strategies may be able to achieve even greater differentiation in their market segments.

1. 1. 3 Focus Strategy

The focus strategy is not a separate strategy, but it describes the scope over which the organisation should compete based on cost leadership strategy or differentiation strategy. The organisation can choose to compete in the mass market like Wal-Mart do with a broad scope, or in a defined, focused market segment with a niche segment. In either case, the basis of competition can still be either cost leadership or differentiation. The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist.

Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well. Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better.

A Combination of Generic Strategies

These generic strategies are not necessarily compatible with one another. If a firm attempts to achieve an advantage on all fronts, in this attempt it may achieve no advantage at all. To be successful over the long-term, a firm must select only one of these three generic strategies. Otherwise, with more than one single generic strategy the firm will be “stuck in the middle” and will not achieve a competitive advantage.

Yoshinoya can use the focus strategy because there are lots of completion in fast food industry like McDonald, KFC and Yum.

Learning outcome 2

Part 1

Market Segmentation with respect to competitors allows Yoshinoya to understand where they stand and allows them to benchmark with the best. Market Segmentation with respect to target customers can be based on the Industry Vertical where Yoshinoya want to focus or Geography Yoshinoya would like to focus and so on. Market Segmentation helps Yoshinoya to keep track of things in a proper way and also allows them to allocate work to their

sales team effectively, Also Market Segmentation helps to stay focus and define Yoshinoya's strategies and business targets with absolute clarity.

Market segmentation can be used by Yoshinoya as part of developing its business strategy. Some customers/segments are very mature and should be targeted to “ maintain & up sell” while others are immature and should be targeted to “ grow sales volume”. So segmentation can help to development of business plan and targets. Where Yoshinoya may be strong in a segment, they should be looking to protect market share and earn consistent margins while those where they lag may require aggressive prospecting coupled tolerance for lower pricing to gain market share. They can apply the right food and service according to market to ensure their products add value cost-effectively where the market hungers for it – but don't spend needlessly where this won't gain a competitive edge or their customers won't properly value it. Develop ones that specifically support the objectives in each segment – and measure relentlessly to understand the bottom line impacts to organisation and its customers to ensure good efficiency and effectiveness of all “ spend”.

Part2

There are four basic types of market structures under traditional market structure analysis: perfect competition, monopoly, pure oligopoly and differentiate oligopoly. A monopoly is a market structure in which a single supplier produces and sells the product. If there is a single seller in a certain industry and there are no close substitutes for the goods being produced, then the market structure is that of a “ pure monopoly”. Sometimes, there are many sellers in an industry and/or there exist many close substitutes for

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the goods being produced, but nevertheless firms retain some market power. This is called monopolistic competition.

An oligopoly is a market condition in which the production of identical or similar products is concentrated in a few large firms. The introduction of new products and processes can create new oligopolies. Fast food chain industry is also in oligopoly with three big players as McDonalds, Burger King, KFC. An oligopoly may be categorized as either a homogeneous oligopoly or a differentiated oligopoly. In a homogeneous oligopoly the major firms produce identical products, such as steel bars or aluminium ingots. Prices tend to be uniform in homogeneous oligopolies. In a differentiated oligopoly, similar but not identical products are produced. Examples include the automobile industry, the cigarette industry, and fast food industry. In differentiated oligopolies companies attempt to differentiate their products from those of their competitors. To the extent that they are able to establish differentiated products, companies may be able to maintain price differences.

Being part of an oligopoly affects a company's competitive behaviour. In a competitive market situation that is not an oligopoly; firms compete by acting for themselves to maximize profits without regard to the reactions of their competitors. The actions of a major firm in the oligopoly typically cause reactions in the other firms in the industry. For example, if one company in the oligopoly attempts to undersell the others, then the other firms will respond by also lowering prices. As a result, price cuts in oligopolies tend to result in lower profits for all of the firms involved. Prices in oligopolistic industries tend to be unstable, or lower, their prices slightly to gain a competitive advantage. Collusion between firms to fix prices is illegal in most

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of the country, so oligopolies must reach industry agreements on pricing indirectly. Companies can signal their pricing intentions indirectly in a variety of ways, such as through press releases, speeches by industry leaders, or comments given in interviews. In some cases there is a recognized price leader in the oligopoly, and other firms in the oligopoly set their prices according to that of the industry's price leader.

Industrial concentration is a matter of degree. This means that there is no absolute definition of an oligopoly in terms of the number of firms accounting for a certain percentage of an industry's output. Oligopolies tend to develop in industries that require large capital investments. Studies have shown that industries with high four-firm concentration ratios tend to have higher margins than other industries. In order to maintain an oligopoly, potential investors must be discouraged from establishing competing companies.

Oligopolies are able to perpetuate themselves and discourage new investments in several ways. The established, experienced firms in an oligopoly also enjoy significant cost advantages that make it difficult for new firms to enter the industry. These cost advantages may be the result of the large scale of production required as well as of experience in keeping manufacturing or operating costs down. Another factor that tends to perpetuate oligopolies is the difficulty of introducing new products into an oligopoly characterized by a high degree of product differentiation.

Prohibitively large expenditures would be required of a new firm to overcome consumer reluctance to try a new product over an established one. Finally, oligopolies perpetuate themselves through predatory practices such as

obtaining lower prices from suppliers, establishing exclusive dealerships, and predatory pricing aimed at driving smaller competitors out of business.

Part 3

A brand's identity is the visual expression of a brand that is communicated to the outside world, and includes its name, logotype or mark, communications, and visual appearance. An identity system and identity guideline manual allow for the consistent use of the brand's identity through all consumer touch-points-allowing a brand to be easily recognized and gain awareness in the marketplace. In the last decades the brand has evolved to a valuable marketing construct. Once started as a sender to identity products of a manufacturer, nowadays we can conclude that the brand has developed into a concept with an own identity. The brand, as a sublimation of the value proposition of an organisation, has become like a person with its own value set, vision, physical characteristics and behaviour.

To developing is a brand for Yoshinoya is very important. It helps Yoshinoya to create strong relationship not only with their consumers but also with, their employees and suppliers. These relations arise because the brand is able to fulfil the ambitions and aspirations of its stakeholders in a meaningful way. And the better the brand is able, the higher the chance for a long-term relationship, which results in higher preference, loyalty and willingness to invest.

For new market and product, the pricing objective often is either to maximize profit margin or to maximize market share. The developing a brand is must align with their marketing strategy. Demand and elasticity may vary among

customer behavioural segments. Optimizing prices for the “ average” shopper is far more effective than not optimizing prices at all, but may be less effective compared with focusing tactics on your highest spending or most loyal customers. By modelling demand by segment and then evaluating what-if pricing and promotion scenarios by segment, Yoshinoya can determine what impact a particular pricing or promotion program would have on their various segments. By optimizing pricing and promotions to meet the needs of its best or targeted customers, Yoshinoya can better focus its efforts during challenging market conditions.

Learning outcome 3

Part 1

Supply chain management is the process of planning, implementing, and controlling the operations of the supply chain with the purpose to satisfy customer requirements as efficiently as possible. Supply chain management spans all movement and storage of raw material , work-in-process inventory, and finished goods from point-of-origin to point-of-consumption. The term supply chain management was coined by consultant Keith Oliver, of strategy consulting firm Booz Allen Hamilton in 1982.

Supply Chain is one of the critical factors for the smooth functioning of any business. And in fast food business with Yoshinoya as the subject of the study it can expect a Supply Chain model of one of the highest precisions. Well managed supply Chain Structure, which not just ensures on time delivery of raw materials and supplies to Yoshinoya but also enables it to cut down on its cost and maximize profitability along with maintaining highest quality standards of its products. McDonald is the most complete in the fast <https://assignbuster.com/importance-of-marketing-in-organizational-success/>

food market. The level of commitment of McDonalds can be gauged from the fact that even before it set up its first restaurant in the country it infused huge money to set up its delivery mechanism. McDonald's initiative to set up an efficient supply chain and deploy state-of-art technology changed the entire fast food industry and raised the standards of performance to international levels. Yoshinoya should be work on its supply chain even before it opened its first outlet in any country. The supply chain has also been called the value chain and the service chain. Just like anything else, supply chain management is no panacea, nor should it be embraced as a religion. It is an operational strategy that, if implemented properly, will provide a new dimension to competing: quickly introducing new customaries high quality products and delivering them with unprecedented lead times, swift decisions, and manufacturing products with high velocity.

Yoshinoya intends to implement Supply Chain Management does not necessarily increase their competitive edge. Often times, organisation fails to identify the key business issues that are closely related to the effective implementation of Supply Chain Management. The key business issue often related to the effective implementation of SCM in the business processes are market positioning. A decision in market positioning can be consider as one of the most important key business issues to be dealt with. Market positioning relates to the core competencies that they have and how they utilize it to get ahead from other competitors. In order to compete, non core competencies are outsourced in order to give more focus on their core competencies. By stock taking company's internal strengths and weaknesses,

Yoshinoya can benchmark itself with McDonald, KFC or Yum. Through benchmarking, Yoshinoya can restructure its internal operation to favour the niche expertise that they have. Through restructuring also, Yoshinoya can decide which type of suppliers that they want in their supply chain so that they can position themselves in the correct market segment. The benchmarking can be set (Christopher M., 2003).

Effective management must take into account coordinating all the different pieces of this chain as quickly as possible without losing any of the quality or customer satisfaction, while still keeping costs down. With the implementation of well managed supply chain management, Yoshinoya will gain full control of its inventory and sales which help to minimise the risk of theft from its business. Stock levels can be maintained effectively, and accuracy also improved in specifying materials requirements. Yoshinoya can manage capacity planning and scheduling. This helps ensure it has minimum holdings in raw materials and avoids disruption to production cycles. Well supply chain also helps managers to ensure better data for decision making. Restaurants avoid losses through theft. With automated inventory controls in the fast food business, the company can minimise the risk of employee theft. One of the fast food chain manager state: “ Every employee interacts with patrons of the restaurants and that sometimes increases the potential for theft. We should have a reliable inventory system and can control the business properly.” The effect has been to increase the number of companies involved in satisfying consumer demand, while reducing management control of daily logistics operations. Less control and more supply chain partners led to the creation of supply chain management

concepts. The purpose of supply chain management is to improve trust and collaboration among supply chain partners, thus improving inventory visibility and improving inventory velocity.

Part 2: key issue

Successful supply chain management requires cross-functional integration and marketing must play a critical role. The challenge is to determine how to successfully accomplish this integration. The supply chain management issues concern activities of the firm at various levels of decision making, ranging from operational level to strategic level via tactical level.

The strategic level : The decision making at this level is made with long term objectives and with long lasting effects. These include decisions regarding location of various facilities, including the manufacturing plant, distribution warehouses and the structure of the distribution channel.

The tactical level: Decision making at this level is concerned with purchasing and production functions, inventory policies and transportation strategies. These decisions will be usually updated on an annual basis.

The operational level: Decision making at operational level will concern day to day management of activities such as scheduling, routing and vehicle loading etc.

The key issues in contemporary supply chain management are:

Configuration of distribution network: This issue deals with the design of a distribution network to serve a specific market. This will consist of a set of

warehouses and retail outlets, together with the manufacturing plant and supply sources. The design will be based on consideration of location and capacity of each of these elements. The total network cost will include the costs of inventory at various levels and costs of transportation between various facilities. This will also determine the level of service available to the customers.

Inventory control: This is concerned with the levels of inventory to be held at various points in the supply chain. It is very important because fast food material may need more care than other and it will expire soon. As inventory represents costs, the sensible approach is to hold as low an inventory as possible but businesses are forced to hold inventories as a buffer to counter the effects of an uncertain demand. Minimise the uncertainty and therefore the necessity of holding unnecessary inventory which increases the cost at the end.

Distribution strategy: The distribution strategy is concerned with the distribution of the fast-food products. There are several strategies available such as cross-docking, the classical distribution strategy or direct shipping. Yoshinoya should chose the best suitable for the achieve its supply chain and corporate goals.

Supply chain integration and strategic partnering: This is concerned with the complex issue of strategic inter organisational partnership for achieving competitive advantage. This is about sharing of information and efficient use of the information for coordinating business processes to deliver a superior value to the customers.

Product design: This is concerned with the design of the product and its impact on total cost of the product. It is possible that the design determines the strategies to be followed regarding inventory or transportation. The design may also determine the length of the product life cycle and the extent of uncertainty associated with demand for this product. The challenge for Yoshinoya is how to leverage design to achieve supply chain management objectives.

Information technology and decision support systems: The enabling role of information and communication technologies has been identified. The concerns of contemporary supply chain management are the efficient use of modern technology including the Internet and computerised decision support systems. The technology allows acquisition of vast quantity of data, information and their subsequent processing in accordance with selected decision criteria. These technologies emerge as key determinants of success for Yoshinoya in the management of supply chains?

Customer value: The key issue is the definition of customer value in an age of increasing consumer power. Yoshinoya's supply chains should be designed to provide value to the customers and it defines the value of the product also.

Learning outcome 4

Part1

The fundamental reasons for the popularity of IT system with small businesses are their efficiency, speed, low procurement cost and more than anything else, capability to handle multiple tasks with little chance for error.

Information technology is all about storing, manipulating, distributing and processing information. Over the past few years, IT has replaced the conventional modes of businesses with innovative technological tools. In addition to the increased output and efficiency, IT has introduced new concepts such as e-commerce. IT system can help to increase productivity by using a automated system and technological applications. Business corporations maximize their commercial advantage by making the right use of IT tools. Yoshinoya also can use the internet ordering system. IT is used for monitoring areas of the company that are not utilizing resources efficiently. Yoshinoya can use of real-time inventory and supply monitoring to produce the food according to demand, reducing the cost of overproduction.

IT also helps businesses to optimize their performance by analyzing processes using applications like OLAP (Online Analytical Processing), and EIS (Executive Information Systems). E-commerce is buying and selling services and goods over the Internet. Yoshinoya can use E-commerce for their supply chain management system. Online operations reduce the time and personnel required for business processes. It also reduces costs in areas like labour, document preparation, telephoning, and mail preparation. Technology has a major impact on business decisions in many organizations because it integrated with many process of business.

One of the first areas where technology will play a role in business decisions is with the business model itself. In some cases, a business may not even have the opportunity to establish itself without technology solutions to support it. Many initial decisions are made based on the supporting role of

technology, including communication methods, information and data management. In some cases, marketing and sales strategies are based on technology solutions, and play an important role in deciding on a course wherein the business can be profitable. Technology plays an ever-changing role in decisions about how to staff a business. At times, decisions have to be made about what kind and number of staff to employ to manage and maintain the technology itself. At other times, automation from technology may play a role in eliminating certain positions.

Technology plays a strong role in the work environment itself. Many employees are mobile workers who may not require space and resources at a main office location, so decisions must be made about office environment and size. When information technology infrastructure is housed on-site, decisions must be made on how to set up and secure the system. In factory environments with automated technology in place, the entire layout of the facility should be based on how best to set up and use technology. The role of technology in business communications is so encompassing that it is arguable that no decision can be made in this area that does not involve technology solutions. All types of phone systems, including office and mobile, are technology-based and critical to most organizations. Information technology and Internet-based communications have a major impact on how, where and when business communication takes place. Many critical business decisions are communicated through these technology solutions, so their impact is almost universal.

Critical business information and assets that exist in digital form are stored and retrieved through the business information technology network. Ongoing

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analysis and decision-making are required on how to maintain and secure this data. The CIO is responsible for ensuring that critical data is available and backed up in an off-site location. As with communications technology, this data is the backbone of many organizations. Digital information's role is so important that many business decisions could not be made at all without its availability. Information technology has introduced various new technological applications and tools that have increased productivity and efficiency in business organizations. Information technology has facilitated easy and quick modes of communication. Information technology has introduced several new methods of advertising, particularly through the Internet. Businesses increase their income through these methods of advertising. Employees and workers in organizations use emails, instant messages and video conferences for quick and effective communication.

Both men and women in business have adapted successfully to new technology. But the research cites the general decline in skill levels of people, which may eventually result in an overall reduction of income levels. It seems that people get used to technology doing all the work and tend to neglect their skill development. It is up to individual companies to make sure that their employees are still able to do crucial tasks without the assistance of computers, if necessary.

Summary

Yoshinoya founded in 1899 in Japan and now market is staturated in Japan where the base of Yoshinoya. Yoshinoya are not making much profit as they were made in last decade. Yoshinoya want to extend their business in

Europe and there are lots of completions to face for company. Yoshinoya should make it position in fast-food industry with McDonald and KFC.