Chapter 7

Implementing Marketing Plans

In this chapter we move to a different stage of our effective marketing management model—implementation (see Figure 7.1).

Members of a target market do not see and react to a marketing strategy, they see and react to the *implementation* of that strategy. A brilliant strategy with disastrous implementation does not turn out well. On the other hand, brilliant implementation of a fair strategy will usually generate very good results. Good implementation of a good strategy may generate great results. In this chapter the major issues involved in the implementation of marketing strategies will be explored, including internal marketing, total quality management, and implementing the marketing mix.

Societal marketing orientation

↓

Understanding

↓

Planning

↓

Implementing

Implementation issues: Chapter 7

↓

Connecting with customers

FIGURE 7.1. The Effective Marketing Management Process

INTERNAL MARKETING IMPLEMENTATION ISSUES

Chronologically, strategy development precedes implementation. Conceptually, both should occur simultaneously. That is, strategy, when it is conceived should be thought through to the point of implementation. Otherwise, strategic plans and goals might be impractical or at least inefficient, requiring far more resources than might have been the case if some thought had been given to implementation issues when the strategy was devised.

One of the most important considerations when devising a marketing strategy is to foster *ownership* of the plan. Several means can be used by management to foster ownership of a marketing plan:[1]

1. *Detailed action plans*—One effective way of getting key people to own the strategy is to develop a detailed plan for implementing the strategy. Such a plan sets responsibilities for specific actions for individuals, and includes a measure and time frame of the action. For example, a strategy to add a direct sales program to a channel that previously used only retailers would specify a number of actions and responsibilities. One action might be for the company to secure a list of 6,000 current customers' names and addresses from the in-home database within the next three days. By specifying what actions specific individuals will be accountable for, management can ensure that plan ownership has been achieved. Those activities required for the plan's successful implementation will be assigned and will not go wanting because no one took responsibility for them.

2. *Champion and ownership team—Champions* are individuals who see their overall responsibility as the successful implementation of the marketing strategy and marketing plan. Better yet is a team of people with different expertise who can make sure the assigned responsibilities are fulfilled within their spheres.

3. *Compensation*—Another proven means of getting ownership of a plan is to tie people's compensation to the performance of those actions involved in the plan's implementation. These performance measures can be results oriented for both internal revenue/profit measures and external market numbers such as product trial rate, market share, brand awareness, percent of stores stocking the brand, low out-of-stock occasions, etc.

4. *Management involvement*—Top managers must sustain a commitment to the plan and review its implementation progress periodi-

cally. Other people involved in the plan's implementation will look to management for cues on the interest and importance placed in its implementation.

Obviously, marketing managers must do a good job of "internal marketing" if marketing plans are to be translated into successful implementation activities. Internal marketing refers to "the managerial actions necessary to make all members of the marketing organization understand and accept their respective roles in implementing marketing strategy."[2] "All members" means that everyone from the production line workers to the president must understand that what they do impacts the delivery of customer satisfaction via the implementation of the planned strategy. This requires everyone to understand and be committed to the underlying tenets of the marketing concept (see Chapter 1), which may mean that marketers devote time to training and sensitizing employees into a customer philosophy. Thus, internal marketing necessitates segmenting the groups of people within the organization; analyzing their needs, motives, objectives and level of understanding of marketing philosophy; devising specific training programs for each segment; and then carrying out the training and motivating and measuring the success of these programs.

IMPLEMENTATION SKILLS

To be successful, implementation skills must be developed within an organization. From an implementation perspective, an organization must translate strategy into a series of assigned activities in such a way that everyone can see their job as a set of value-added actions. These actions should be seen as contributive to the organization because they ultimately result in greater value being delivered to the customer. Bonoma suggests four types of skills to be utilized in implementation activities:[3]

Allocating skills are used to assign resources (e.g., money, effort, personnel) to the programs, functions, and policies needed to put the strategy into action. For example, allocating funds for special-event marketing programs or setting a policy of when to voluntarily recall a defective product are issues that require managers to exhibit allocating skills.

Monitoring skills are used to evaluate the results of marketing activities. Chapter 8 discusses how these skills can be used to determine the effectiveness of the marketing program.

Organizing skills are used to develop the structures and coordination mechanisms needed to put marketing plans to work. Understanding informal dynamics as well as formal organization structure is needed here.

Interacting skills are used to achieve goals by influencing the behavior of others. Motivation of people internal as well as external to the company—marketing research firms, advertising agencies, dealers, wholesalers, brokers, etc., is a necessary prerequisite to fulfilling marketing objectives.

Figure 7.2 shows how Eli Lilly might have used these four skills to implement the strategy and objectives formulated at the corporate, SBU, and product/market levels of planning. In this example there is a consistency between every level and every action taken with respect to the various manifestations of strategy and tactics. Contemporary marketing managers, perhaps unlike their predecessors, would find it important to tell the sales force and external agents why these assignments were being made and not just what and how much to do.

INTEGRATING A SOCIETAL MARKETING ORIENTATION THROUGHOUT THE ORGANIZATION

One of the key indicators of whether a true societal marketing orientation exists within a company is the degree to which its philosophical tenets are held by people outside the marketing function. It is critically important to inculcate everyone within the organization, as well as the external agencies with which the company works, into having customer orientation in the execution of their jobs. Often it is necessary to institute training sessions to explain why such an orientation is needed in the globally competitive markets in which the organization competes, as well as set forth the management expectations for achieving the goal of generating satisfied, loyal customers. Several books have been devoted to the subject of building a customer focus within an organization. Kotler illustrates the problems

Corporate level
Objective: Maintain product leadership in each market we enter.
Strategy: Product leadership values discipline.

Strategic business unit level
Objective: Maintain a market share of the nonnarcotic analgesic market of 80 percent+ for the next five years.
Strategy: Introduce new products to take place of high-revenue-producing products when they lose patent protection.

Product market level
Objective: Call on physicians to detail Darvocet as a more advanced analgesic than Darvon with more efficacy and fewer side effects; call on pharmacists to leave order blanks for Darvon at sale prices.
Strategy: Product line extension and aggressive pricing.

Allocating	**Monitoring**	**Organizing**	**Interacting**
Assigning to sales force the targeted number and types of MDs and pharmacists to call on during a specified period of time. Budgeting of funds to cover advertising, selling, direct mail, and other expenses.	Annual plan controls will monitor sales to make sure total sales objectives are achieved as well as percent of sales to old versus new product; sales calls to MDs and pharmacists to ensure calls are made, pricing to ensure that the correct price for old and new products are printed and that sale announcements are received by pharmacists at specified time. Profitability controls will be used to monitor profitability by type of MDs, chain versus independent pharmacies, etc.	Ensuring that existing market organization structure aids in the execution of the specified strategy and tactics.	Motivating sales force to devote the effort necessary to make the number of calls needed to fulfill the strategic plan. Providing sales force with information and material needed to change MDs' prescribing habits toward new products and obtain orders from pharmacies for both old and new products. Working with ad agency in preparation of promotional materials.

FIGURE 7.2. An Example of Objectives and Strategy Implementation at Eli Lilly

involved in integrating the efforts of key personnel when implementing a customer orientation.

> The marketing executive of a major airline desires to increase the airline's market share by increasing customer satisfaction through providing better food, cleaner cabins, better trained cabin crews, and lower fares. Yet he has no authority in these areas. The catering department chooses food that keeps costs low; the maintenance department uses cleaning services that keep cleaning costs low; the personnel department employs people without regard to whether they are friendly; and the finance department controls fares. Since these departments generally take a cost or production point of view, the executive has difficulty achieving an integrated marketing approach.[4]

Integrated marketing efforts require two things. First, there must be a coordination of efforts among the various marketing functions (sales force, product management, advertising, marketing research, and so on). Too often, the sales force is angry at product management for setting an unrealistic sales goal; or the advertising agency and brand management cannot agree on an appropriate ad message. Second, marketing efforts must be well coordinated between marketing and the other departments within the organization. In its job descriptions IBM provides an explanation of how that job impacts on the customer. IBM factory managers know that a clean and efficient production area can help sell a customer on a factory visit. IBM accountants understand that quick response to customer inquiries and accuracy in billing impact the image customers have of IBM.

TOTAL QUALITY MANAGEMENT

Total quality management (TQM) and its related concept, continuous quality improvement (CQI), have gotten considerable attention as processes intended to deliver greater customer satisfaction. In both concepts the underlying motivation is to never be satisfied with "good enough." These tenets strive to identify and better execute those activities that can ultimately affect the ability of the company's product to generate satisfied customers. To a marketer, the "quality" of a product or service is defined as its ability to address a customer's needs.

Therefore, TQM involves evaluating how everyone in the organization can integrate their activities to address customer needs, and CQI involves evaluating how each activity can be measured and improved as a means of delivering need satisfaction.

Japanese producers have demonstrated these concepts in their success at building market share in a variety of business and consumer markets. By applying CQI and TQM they have shown that defective goods are not inevitable, continuous improvement is a mandatory goal, benchmarking the top-performing product in each product category is the starting place for such improvements, and that high quality ultimately costs *less* because of retaining customers and avoiding the expenses of correcting problems. Increasing quality involves not just avoiding the production of defective parts, however, it means improving the product's design so that it is capable of delivering satisfaction of customer needs.

Attention to TQM means focusing on activity-delivery schedules, customer service, billing accuracy, clear advertising strategies, etc., which can impact customer satisfaction. Taking the customer's point of view (a basic principle of the marketing concept) provides a perspective on how a company can continuously improve those implementation activities. For example, an airline reservation system might benchmark all the actions involved in making a reservation (e.g., ease of recall of the "800" phone number, waiting time to talk with reservationist, message/music while waiting, knowledge/friendliness/helpfulness of reservationist, accuracy of taking reservation, etc.). The company can then set goals for how to continuously improve by always looking at the service *from the customer's perspective. Defects* are defective ways of addressing customer needs; *improvements* are better ways of satisfying customers. TQM goals will remain empty rhetoric, however, unless employees are empowered with the authority and responsibility to make customer-related decisions on the spot. Of course, those decisions must be consistent with the company's missions and customer service policies. Without such empowerment, customers may get frustrated with not having their needs immediately addressed.

Total quality management can benefit an organization in several ways. Financially, the company can expect lower operating costs, better returns on sales and investments, and a high-quality image which allows for premium pricing of goods and services. Other benefits include more rapid introduction of innovations, improved access to global markets, better retention of customers, better corporate image, and better employee morale.[5]

ORGANIZING FOR IMPLEMENTATION

In the past two decades, management theorists have increasingly turned their attention to the interactions of people, systems, corporate cultures, and organizational structures as the key to understanding successful implementation of marketing strategy.[6] Each of these components will be discussed as contributors to the successful implementation of marketing strategy.

People

Success within organizations does not come from everyone doing their best but rather from everyone doing their best at an assigned role to achieve an objective everyone understands and works to achieve. Managers need to gain the cooperation of involved parties to successfully achieve the implementation of marketing strategies. One study revealed that implementation was improved if the manager seeking change:

1. Is invested with the authority and seniority to oversee the process and evaluate performance.
2. Can demonstrate that changes are needed when performance falls below competitive benchmarks.
3. Can demonstrate the feasibility of altering practices to improve performance.
4. Establishes a task force to identify those implementation procedures that are inefficient or ineffective and suggests improvements.
5. Approves improved practices.
6. Monitors changes and demonstrates their value to the organization.[7]

This approach is more effective than implementation by edict, persuasion, or more democratic/participative approaches. By using this approach the manager unfreezes old beliefs, norms, attitudes, and behaviors and engages in supervision of the change process.

An experienced manager can identify subordinates with superior ability to accomplish assigned tasks. These people usually receive the assignments most demanding and critical to the implementation process. Taken to the extreme, however, this approach of "giving the busy person the job you need done well" may overburden even the most competent executive. Establishing systems that allow senior management to review assigned tasks and responsibilities for implementation of a program can ensure that bottlenecks are not created by making too many demands on talented executives.[8]

Systems

A number of systems are relevant to the implementation of marketing strategies. Among these are accounting and budgeting systems, information systems, and measurement and reward systems. The system most directly involved in the implementation of marketing plans is the project planning system, which involves the scheduling of specific tasks for carrying out a project. Some of the better-known planned project implementation tools are the program evaluation review technique (PERT) and the critical path method (CPM).

Using CPM in the implementation of a marketing strategy requires completion of the following steps:

1. Specific activities and sequences must be identified in the marketing strategy.
2. Specific dates for completion and review points for progress are identified.
3. Specific individuals are assigned responsibility for completion of each task.[9]

To achieve success with the use of CPM, marketing managers must foster ownership of the process by means previously outlined in this chapter (i.e., detailed action plans, champion and ownership teams, compensation, and management involvement).

Mapping out the activities, sequencing, and time required to execute the actions makes it possible to identify the "critical path"—the sequence that will take the longest time to complete. Although other paths will have some slack time and delays these will not add to the overall time of the project. Only increases in the time it takes to perform the activities in the critical path will add to the overall time for the project. This increase could result in missed deadlines such as key buying dates, shipment deadlines, trade show dates, etc. If everyone understands the critical nature of performing his or her task in the allotted time the process can become self-managing. Everyone is dependent on one another for performing their tasks in sequence in a timely fashion and "peer pressure" prevents procrastination.

A competitive advantage can be obtained in certain markets by reducing the time it takes to implement a marketing strategy. Firms such as Toyota, Hitachi, Honda, Sharp, Benetton, The Limited, FedEx, and Domino's Pizza have gained a competitive advantage in their markets by greatly decreasing the time it takes to perform key implementation activities.

Corporate Culture

Organizational or corporate culture is the pattern of role-related beliefs, values, and expectations that are shared by the members of an organization. It is a social control system with norms as behavioral guides.[10,11] Rules and norms for behavior within an organization are derived from these beliefs, values, and expectations. Norms of behavior can actually exert more control over employee behavior than a set of objectives or sanctions, which people can sometimes ignore, because norms are based on a commitment to shared values. For instance, if a Nordstrom employee goes to heroic lengths to satisfy a customer, such behavior is seen as laudable by management and peers because it is consistent with the shared values of the organization's employees. Norms can also work to discourage sloppy work which would violate a set of shared values of excellence held by employees. In their book, *Built to Last,* Collins and Porras describe "cult-like" cultures as one of the traits of visionary companies. By this they mean that visionary companies tend to be cultlike around core ideologies, and not around charismatic individuals. According to Collins and Porras, such companies translate their ideologies into *tangible* mechanisms aligned to send a consistent set of reinforcing signals by indoctrinating people, and imposing a tightness of fit to create a sense of belonging to something special. They suggest the following:[12]

Hiring

- Tight screening processes during hiring and for the first few years
- Rigorous up-through-the-ranks policies—hiring young, promoting from within, and shaping an employee's mind-set from a young age

Training

- Developing internal "universities" and training centers
- Training programs that convey not only practical content but also teach ideological values, norms, history, and tradition
- On-the-job socialization with peers and immediate supervisors
- Using unique language and terminology (such as Disney's "cast members," and Motorola's "Motorolans")
- Corporate songs, cheers, affirmations, or pledges that reinforce psychological commitment and a sense of belonging to a special, elite group

Reward

- Incentive and advancement criteria explicitly linked to corporate ideology "buy-in" mechanisms (financial, time investment)
- Celebrations that reinforce successes, belonging, and specialness
- Awards, contests, and public recognition that reward those who display great effort consistent with the ideology; severe tangible and visible penalties or termination for breaching the ideology

Operations

- Plant and office layout that reinforces norms and ideals

The successful nurturing of a corporate culture as embodied by such visionary companies results in a governance of behavior sometimes described as a "clan." A clan system, utilizing norms, exercises control over employees by socializing individuals into an informal social system that stresses teamwork rather than strict adherence to a set of bureaucratic rules and regulations. If a corporation's ideology, which has been indoctrinated into the employee (see previous list), stresses customer service as a shared value, then the clan system operates to reinforce that value. A clan culture can aid in improving the implementation of marketing strategies in several ways.[13]

1. Goals and beliefs of the organization are shared by employees resulting in less goal conflict.
2. Clan members believe that their self-interest is best served through team cooperation, so they support one another.
3. Costs associated with formalized control methods are reduced because of the increase in commitment and reduction of politics and conflict associated with implementation activities.

Structure

When preparing an organization for implementation of marketing strategies marketing managers must build an internal structure capable of carrying out the strategic plans. Changes in an organization's strategy initiate new administrative problems which, in turn, require changes in the new strategy if it is to be successfully implemented. Chandler's study of seventy large corporations revealed this pattern: new strategy creation, emergence of new administrative problems, a decline in profitability and performance, a shift to a more appropriate organizational structure, and then recovery to more profitable levels and improved strategy execution.[14]

The axiom that structure follows strategy is well ingrained as a corporate heuristic. However, if an organization's current structure is so out of line with a particular strategy that it would be thrown into total turmoil to implement the strategy, then the strategy is not practical and is not realistic for that firm. Therefore, structure does to some degree influence the choice of strategy. However, structure should generally be of service to strategy, acting as a means of aiding people to pull together in carrying out their tasks toward implementation.

Organizational structure can actually refer to either the formal or informal structure. The formal structure can be seen with the organization chart. The informal organizational structure refers to the social relations among the organizational members. Wise marketing managers take both the formal and informal structures into account when planning strategy implementation. Three reasons have been offered to explain why this is so.[15] The first issue concerns whether the existing organizational structure is likely to facilitate or impede the successful implementation of the strategy. A strategy that requires the ability to make fast reactions to a changing market might be inhibited by a structure with multiple layers of management requiring approval before changes can be made. For example, General Electric found that it needed to eliminate several echelons of management and reorganize fifteen businesses into three areas in order to make fast responses to environmental change.

Second, decisions must be made regarding which management levels and specific personnel will be responsible for carrying out the various tasks involved in the implementation of strategy. Sometimes top management will need to be involved. Other times it is just a middle management issue. Finally, informal organizational structure can be used to facilitate the implementation tasks. For example, in one firm, several regional managers confer regularly on implementation issues. This type of informal network can be helpful in encouraging the adoption of changes in implementation tasks.

Type of Organizational Structures

Five strategy-related approaches can be used to structure organizations for implementation purposes: functional, geographic, divisional, SBUs, and matrix.

Functional. Organizational growth usually includes the development of several products and markets, resulting in structural change reflecting greater specialization in functional business areas. These structures tend to be effective when key tasks revolve around well-defined skills and areas of specialization. Performance of such functional area activities can enhance operational efficiency and build distinctive competence. Companies that are a single-business dominant-product type of enterprise or vertically integrated, usually adopt this type of structural design. In different types of organizations such functional structures might appear as: business firms: R&D, production, marketing, finance, personnel; municipal governments: fire, public safety, health, water and sewer, parks and recreation, education; universities: academic affairs, student services, alumni relations, athletics, buildings and grounds, and so on (see Figure 7.3).

Whatever the configuration, the disadvantages of this structural form center around obtaining good strategic coordination across the functional units. Thinking like a marketer, accountant, or engineer may in many ways be a good thing since an organization might need high levels of expertise in such fields. However, such tunnel vision can penalize a general manager seeking to resolve cross-functional differences, joint cooperation, and open communication lines between functional areas. In addition, functional structures are not usually conducive to entrepreneurial creativity, rapid adjustments to market or technology change, and radical departures from conventional business boundaries.

Geographic. Organizations who need to tailor strategies for the particular needs of different geographical areas might adopt this structural form. Some of its advantages include delegation of profit/loss responsibility to the lowest strategic level, improvement of functional coordination within the target geographic market, and opportunity to take advantage of the economics of local operations. Disadvantages include increased difficulty in maintaining consistency of practices within the company, necessity of maintaining large management staff, duplication of staff service, and problems with control of local operations from corporate headquarters (see Figure 7.4).

Divisional. Firms that develop or acquire new products in different industries and markets may evolve a divisional structural form. Divisional lines might be made on the basis of product lines (automotive, aircraft) markets (industrial, consumer), or channel of distribution (retail, catalog). Divisional mangers are given authority to formulate and implement strategy for their divisions but it may be difficult to coordinate strategies and turf battles may erupt (see Figure 7.5).

Strategic business units. CEOs with too many divisions to manage effectively may use a structure organized around strategic business

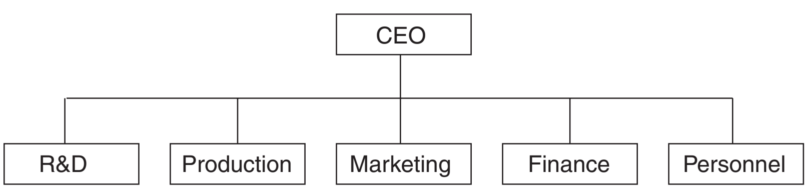

FIGURE 7.3. Functional Organization Structure

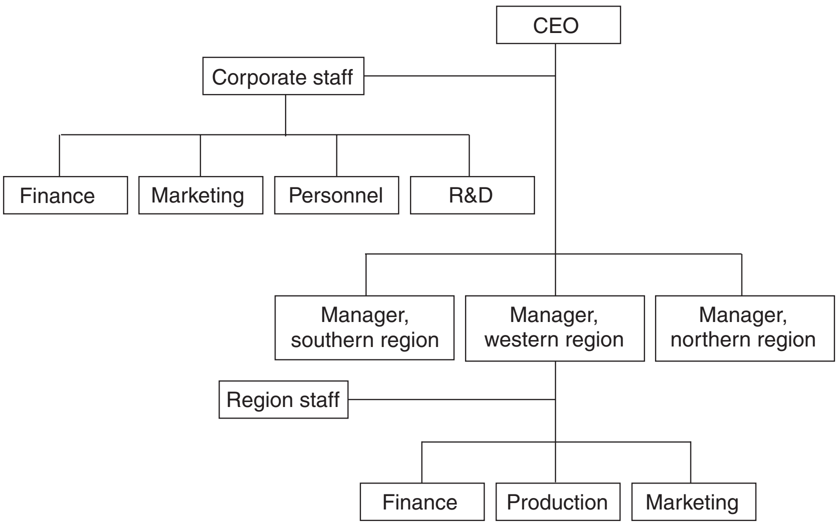

FIGURE 7.4. Geographic Organization Structure

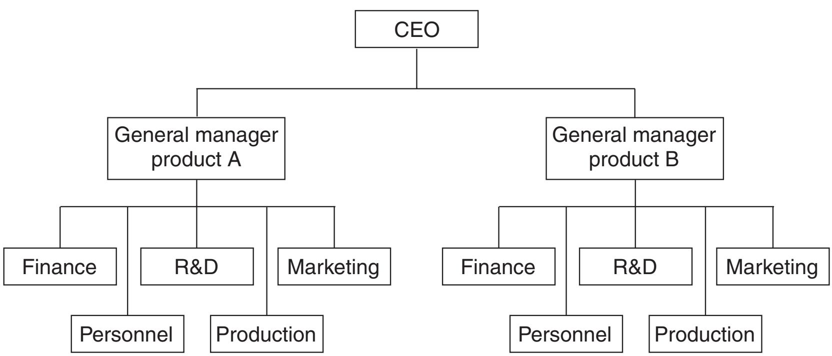

FIGURE 7.5. Divisional Organization Structure

units (SBUs). These forms are popular in large conglomerate firms. SBUs are divisions grouped together based on such common strategic elements as: an overlapping set of competitors, a closely related strategic mission, a common need to compete internationally, common key success factors, or technologically related growth opportunities. Vice presidents might be appointed to oversee the grouped divisions and report directly to the CEO. SBU structures are particularly useful in reducing problems of integrating corporate-level and business-level strategies and in "cross-pollinating" the growth opportunities in different, but related, industries. Disadvantages include a proliferation of staff functions, policy inconsistencies between divisions, and problems in arriving at the proper balance between centralization and decentralization of authority (see Figure 7.6).

Matrix forms of organization. In matrix structures subordinates have dual assignments—to the business/product line/project managers and to their functional managers. This approach allows project managers to cut across functional departmental lines and promotes efficient implementation of strategies. Such an approach creates a new kind of organizational climate. In essence, this system resolves conflict because strategic and operating priorities are negotiated, and resources are allocated based on what is best overall. When at least two of several possible variables (products, customer types, technologies) have approximately the same strategic priorities, then a matrix organization can be an effective choice for organizational structure. The primary disadvantage of this form is its complexity. People become confused over what to report to whom, and in the need to communicate simultaneously with multiple groups of people (see Figure 7.7).

As might be surmised from the listing of advantages and disadvantages of each of these structures there are no hard and fast rules for selecting a structure appropriate for any particular organization at a specific point in time. However, the process of analyzing organizational structure is a profitable step to take in considering how to best implement marketing strategy.

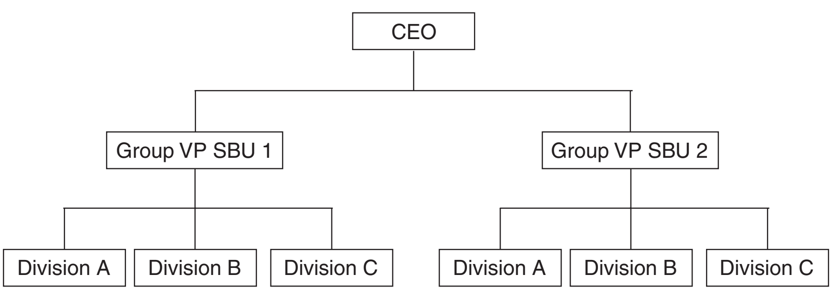

FIGURE 7.6. SBU Organizational Structure

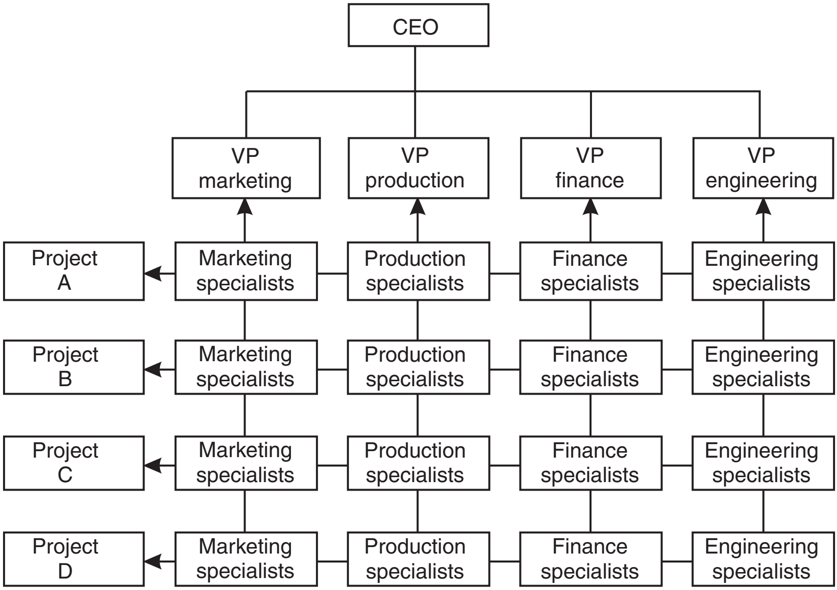

FIGURE 7.7. Matrix Organization Structure

TRANSITION FROM STRATEGY TO TACTICS

Implementation of a marketing plan includes turning the strategic elements of the marketing mix into tactics. Each of these elements is discussed next.

Product

Moving from a product positioning statement to a tangible product that delivers customer satisfaction in accordance with the positioning strategy and at a profit to the company is not easily accomplished. The design team must not lose sight of the product strategy while applying a high degree of creative and technical skills. They must understand not only the strategic needs in the product's design before the sale, but also the entire product use/consumption experience to make the product as "user-friendly" as possible. They must also consider the after-consumption disposal of the product and its packaging.

Product quality and service issues, market-entry timing, production scheduling, after-sale service, package handling, transportation, and many other issues must be decided. All of these decisions should be influenced by how they impact the delivery of customer value and correct tactical implementation of a predetermined strategy. Companies should never lose sight of the product strategy. It indicates where competitive advantage lies.

Place

Tactical issues for channels of distribution involve not only providing value by physical access to the product or service, but also the performance of important marketing functions such as merchandising, personal selling, advertising, pricing, and after-sales service. All these functions play a role in implementing the positioning strategy and must be seen as parts of a whole instead of autonomous tasks. Likewise, the type and number of outlets (intensive, selective, or exclusive distribution) play a major role in positioning the product in the minds of target-market consumers.

Promotion

Many models exist for selecting promotional media to maximize reach and frequency objectives for a given audience at a given budget. However, models are never a perfect substitute for managerial judgment in this area. Promotional tactics involve the actual presentation of messages to target audience members. These messages must be formulated to be the most effective means possible of presenting the essence of the positioning strategy to potential customers. Too many companies with sound positioning strategies have self-destructed at the implementation stage by choosing an advertising approach totally unsuited to conveying the image they wished to project for their company or product. Sales promotions, special-event marketing, trade show displays, collateral material, and all other forms of promotion should be carefully formulated to be the appropriate tactical implementation of the positioning strategy. Possible competitive reactions to promotional efforts should also be factored into tactical actions. Coherence with marketing strategy is as important with sales force tactics as it is with the other promotional elements. Sales training, sales support materials, and reward systems must be considered with overall strategy.

Price

Policies established in the pricing component of the marketing mix are essentially the implementation of a pricing plan which acknowledges that adjustments to price must be made to fit market conditions. Other price implementation issues include initiating price increases and responding to changes in competitors' prices.

As costs rise and productivity rises near the point of diminishing returns, companies feel the pressure to initiate price increases. The following types of price adjustments are commonly used:[16]

- *Adoption of delayed quotation pricing*—a price for a product is not set until the product is produced or delivered. In this way any price adjustment needed to maintain margins can be made once all costs have been determined.
- *Use of escalator clauses*—customers pay a price at time of order, plus any inflation increase that occurs before delivery is made. An escalator cause may be tied to a specific price index such as the cost-of-living index.
- *Unbundling of goods and services*—the product's price is maintained, but previously included services are now priced separately such as delivery or installation.
- *Reduction of discounts*—policy changes might be initiated that prevent the sales force from offering normal discounts.

Another pricing implementation issue is reaction to a change in competitors' prices. Market leaders, in particular, must determine how they will react to a drop in price by major competitors. Several options are available:[17]

- *Maintain price*—The market leader may decide to maintain its price without losing customers. This strategy can be risky in some circumstances but avoids both giving the attacker confidence and demoralizing the sales force.
- *Raise perceived quality*—Another option is to maintain price but improve the perception of value by strengthening products, services, or communications.

- *Reduce price*—The leader might decide to drop its price in response to a competitor. This is commonly motivated by a belief that buyers primarily make decisions on the basis of price, and that a failure to lower price will result in an unacceptable decline in market share. Quality should be maintained even if price is dropped, however.
- *Increase price and improve quality*—This approach is based on the belief that by establishing an elite image as the "best" on the market, a company can better capture the share of the market comprised of customers motivated by that status. Some firms pursuing this strategy simultaneously launch a less expensive "fighting brand," which is intended to compete against the lower-cost competitor.

Price implementation actions should be governed by the objectives a company sets for its price decisions.

SUMMARY

No marketing manager's job is complete without determining the implementation activities necessary to put a strategy into action. Internal marketing, or ownership of a strategy by those involved in the plan's implementation is an important first step. Likewise, a successful implementation program will include the development of skills such as allocating, monitoring, organizing, and interacting. If the organization is committed to total quality management and a societal marketing orientation, infusing these philosophies throughout the company is the job of marketing management. Appropriate organizational structure is key to successfully implementing marketing strategy. Several structures were discussed. The transition from strategy to tactics includes performing numerous activities for each element of the marketing mix.