



Marketing Strategy : The Challenge of the External Environment

By David Mercer, Sage Publications, 1998, pp 323, Price : £ 49.50 (cloth), £ 15.99 (paper).

In the words of its author, this book “concerns itself solely with long range planning: relating to the longer term, ten or more years ahead ...” Long range planning refers to the proactive measures and contributions of planners and line managers for long term survival and improvement of the long term position of the organisation. The long range planning process is seen as much as the job of line managers as of staff personnel — namely, planners. In a situation where the external environment is not stable, it becomes extremely important to monitor it and objectively assess what the future holds for the organisation. The authors characterise this process of long range planning taking into consideration the future possi-

bilities of the external environment as ‘long range marketing’.

The main objective is thus to provide management tools that will enable decision makers to understand and analyse the external environment, and manage for survival and betterment in the long term through a set of robust strategies.

Before proceeding further, it would be appropriate to make an observation. The CEO or line managers would possibly benefit more from participating in an agenda laid out by the planners. The book appears more appropriate to the staff advising the CEO such as market-planners or the Executive Assistant to the Group Operations President in large organisations.

The book covers three areas :

- Environmental Scanning — understanding the external environment
- Developing Scenarios — analysing the external environment
- Managing through Robust Strategies — managing for long term betterment and survival

Part 1 covers the scanning of the environment and scenario development; Part 2 lays out managing through robust strategies.

The intention of the environmental scan process is to uncover long term threats and opportunities facing the organisation. The relative importance of these threats and opportunities

varies. Mapping their relative importance and the likelihood of their occurrence in the future enables the manager to focus on those threats and opportunities that significantly impact the future of the organisation. Consequently the key issues impacting the organisation in the future are identified. These key issues, also called turning points, in turn help identify some form of discontinuity from normal trends. Multiple scenarios that are likely are then developed based upon likely turning points and these are further reduced to a couple of most likely scenarios. Forecasting is a key element of the scanning process that helps fix market and environmental parameters for scenario development. This is necessary if robust strategies need to emerge from alternative scenarios that can be translated into action plans for the future. The authors characterise robust strategies as those which, among other attributes, are long term in nature, ensure survival and are broader in coverage. In consideration of the external environment, robust strategies which apply to the marketing function are delineated.

A significant part of Part 1 is devoted to forecasting techniques — short term, medium term and long term with an emphasis on long term forecasting techniques. A combination of exposition and commentary on forecasting techniques as well as a commentary on the marketing research process has

been made. However, the reader is well advised to obtain prior familiarity with forecasting methods. Chapter two which deals with forecasting gives a reasonably good overview of some of the steps and techniques in environmental analysis. Techniques outlined include expert opinion, brainstorming, alternate scenarios, cross-impact analysis, relevance trees and morphological analysis. Among other techniques, the Delphi Study has been briefly but well delineated.

The other major thrust of Part 1 is on scenario building. Scenario building is a form of what-if or sensitivity analysis with respect to the aggregate external environment. As mentioned earlier, scenario building and the techniques of long term forecasting are considerably intertwined. As has been oft stated in the book, 'good scenarios' are challenging, plausible and internally consistent. They illuminate the uncertainties and issues that are critical for the future. Hence they should also help identify structural changes in the industry and market structure. Scenarios lead to better decisions if they improve our understanding of the world. The account of scenario building approaches used by Shell Corp and General Electric provides useful reading. Scenario building is well learnt through actual exercises keeping specific product-market and industry situations in view. Techniques for scenario building include brainstorming and focus groups.

Part 2, which deals with robust strategies does not impress

considering the high expectations built in Part 1. For one, generic robust strategies, a variant of robust strategies, are simply those corporate or marketing strategies which are seen as benefiting long term objectives. Issues on brand loyalty, positioning, customer satisfaction and complaint handling are dealt with satisfactorily in conventional marketing but their specific relevance to long range marketing is not clear. However, sections on conviction marketing, catastrophe theory and AIUAPR purchasing model, make useful reading.

The incorporation of short articles by leading authors from journals such as *HBR* and *Management Decision* adds to the learning of the long range marketing process.

To sum up, long term forecasting and planning are of value if they help uncover structural drifts and discontinuities in the market and industry structure. For this, one needs to look beyond the obvious to the hidden turning points. Using them as an agenda for shaping the future, as it pertains to the environment of organisations, may be possible if the firm enjoys market support, lobbying power and the ability to leverage much needed resources on time. If neither objective is served then the concept of long range marketing is reduced to nothing more than a systematic exercise of becoming aware of what the future possibly holds. Such an awareness might not add to the extant knowledge of the decision makers; such knowledge having been obtained through ex-

perience, informal discussions and judgment. In either case, the role of marketing strategy in effectively anticipating and coping with the present and the near future in a dynamic fashion, giving due consideration to the external environment, is not mitigated.

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Forging Reform in China: The Fate of State Owned Industry

by Edward S Steinfield,
Cambridge University Press, 1998

In a recent book (a product of his Ph.D dissertation at Harvard), Prof Steinfeld of MIT addresses the paradox of Chinese 'reforms' aimed at firm level, resulting in the situation going from bad to worse! He analyses this through case studies of Chinese steel companies, which, having occupied the commanding heights, actually performed worse after the reforms. The explanation of the apparent puzzle is that enterprise