

STRATEGIC MANAGEMENT DETERMINATION IN THE FUNCTION OF UNDERSTANDING CONSUMER PARADIGM

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Abstract: *Management job refers to decision making. The goal of decision-making is internal environment - where most immediate business events arise, develop, maintain, and disappear. However, one of the goals of decision-making is the external environment - target existing and potential changes, understanding the strategy as a process of changes. The strategy is a response of management to changes, in a way to achieve competitive advantage, to create diversity and to introduce new working methods that others do not have, to gain advantage, to position itself in the minds of consumers offering different products in relation to competitors, offering completeness range for specific groups of consumers, acceptability for consumers (in which case it is possible to make their segmentation), on the one hand, and competitors, on the other. The strategy, therefore, does not imply success, it is assumes competitiveness. Competitiveness is the lasting power, while the success is time-limited category.*

Consumer paradigm is one of the most important business focus segments (sui generis business investment) and external partner of business management culture of a company. Its proper understanding leads to building up successful strategic relations. According to definition, the relations are symbiosis of relations and change. Relations are the spiritual substances of two or more interest groups (for example, commercial companies, on the one hand and consumers on the other) that materialize the vision of the current situation, positive or negative. The changes are the elements of improvement, but worsen relations. These are the challenges of reality that are moving in many directions. It is important to focus on strategic direction, which carries the meaning of their relevance to business.

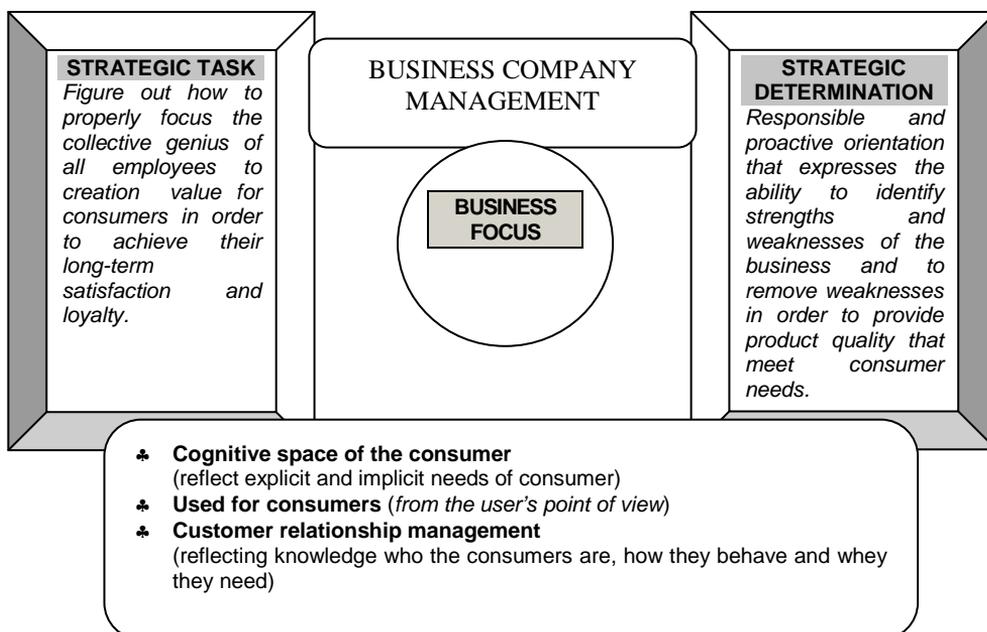
The consumer, whether it is a final consumer or industrial customer, is the business entity of management, client par excellence of an efficient, effective, and profitable business managing. Management must, in playing of a given business event, that seeks to conducting an intelligent way, with the aim of establishing an effective relational, business context. The reason is the fact that precisely the value of relations is crucial to a successful course of business, so the name the company, covered with the quality of products, made recognizable. The persistent presence of product quality in the minds of consumers implies also the quality of their representation.

Keywords: *strategic market relations, strategic principles, consumers*

1. INTRODUCTION

An alliance between management and customers must be written in the business genetic code. Hence, the strategic goal of business management must be achieving synergy among the invested resource qualities, and the result must be achieving of consumers welfare. Profit comes later.

All sectors of work (services, departments) in a commercial company should, under preformed matrix of business skills, to build a consistent identity as a desirable business fluid, channeled in the form of production values, their delivery, and their service. Holders of the value base are people employed in the company. They need to support complex business relations with the refined simplicity, thereby creating a responsible pattern of behavior. Management should not believe in the possibility of changing the personality of employees and should not trust in employees who, as individuals, are changing. People, employees, always remain true to themselves. It is therefore an illusion to build the path of learning responsibility for success, but compose a team of people originally responsible (responsible to themselves and others) who will, according to their conscience, building the path of business excellence. We should not forget that what visible regarding resource and events to management of a business company, it is in visible in life-size, and what is distant, is reduced to a size of perception (William Hazlitt). Hence, the strategic orientation of business company management is critical measure of retention customers, building of new customer relations, focusing on the establishment of partnership relations in the first phase with the existing, and in the latter (future) - with new customers. (Scheme 1)



Scheme 1 - The strategic mission and strategic focus of management in the context of consumers

2. DYNAMICS OF STRATEGIC MARKETING RELATIONS

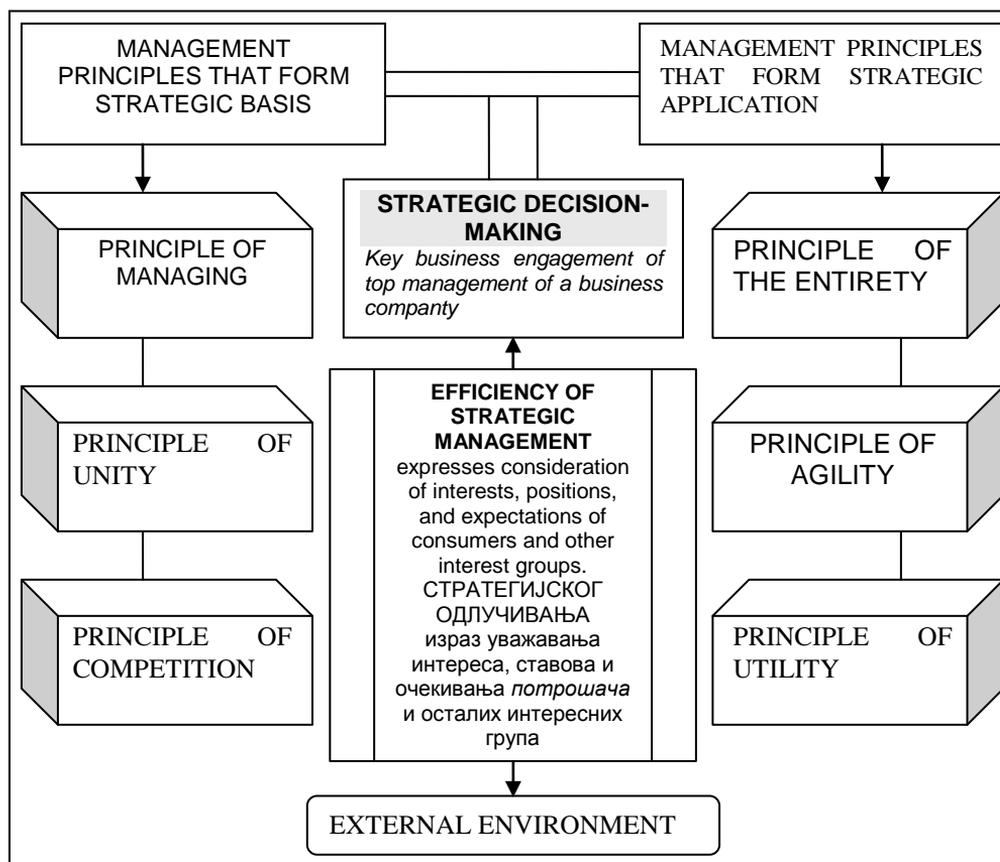
Dynamics of business relations provides a measure by which top management of the company shows how business can change the present, predetermine to high gradation of quality of the business future. Quality is the result of a special regime, the term of complete professionalism in work; and the existence of quality is the result of the continual struggle for new, high-ranking performance. Only the specialty of business company and the products it creates and sold, is the basis of its market freedom. The particularity is the need expressed by others. Others – for top management are above all, consumers, but other stakeholders too. Hence, the compass clockwise of top management should be turned toward the consumers, precisely; they should illuminate the path that leads through winding stairs to hidden chambers of their minds. When one steps onto this path, it must not stop, because that is the way to business stability, namely, stability for consumers. Management should always have in its business mind that consumers are the „producers“ of prominent market position of the company, but also a kind of management stimulants, to breed the memory of the future, highly implicated by Juvenal famous verse, “Whatever things men have done shall form the subject of our book“! (Latin, Quidquid agunt homines, nostri est farrago libelli!)/Juvenal, Satire I, pp. 85-86/.

If the top management of the business company in time and space given area of business operations, before and better than others, examine the future needs of consumers (harmonizing information on their lifestyle with geo-demographic data) and boldly directed its energy into shaping business offer, which creates the possibility of satisfying these needs, a new business harmony will originate, a foothold that will a lever of power. It is the primordial reason in support of the paradigm that consumers should be taken as a critical factor in achieving successful business outcomes. In fact, empirically is proven that consumers want the best products; their considered that quality must be adequately evaluated monetarily, but they think they are worth as the users of those products. In order for top management to persist in knowledge, i.e. the materialization of publicly reported and disclosed, latent consumer expectations, in order to eliminate any kind of gap, it must adopt a management platform, using a procedure consisting of three steps. The first step is to unfreeze the current model of behavior, the second step is the incorporation of new models of behavior (a new system of values through processes of identification and internalization) in business, and the third step is related to the freezing of the newly established models of behavior, through the establishment of market-tailored business standards. Understanding of the consumer paradigm is the takeoff in order to win medals on whose side are the principles of management as a component of strategic marketing relations/ a wider access to research issues/ and on the other side, management performance as a component of the buying-selling relations/ narrower approach of researching given problems/. Although both sides of medal are important, first look at the medal is the view on its face, and the face has always been a decisive moment. In the business the medal cannot achieved overnight. It may be result of gradual small steps producing attempts and mistakes, but whom, at the very end, had to bring satisfaction to all who had the interest to realize the value of achievements. The value evaluates the market. Therefore, only by appropriate strategic options can be successfully communicated to market relations in scope of the dynamics that characterizes them.

3. PRINCIPLES OF MANAGEMENT AS A STRATEGIC COMPONENT OF MARKET RELATIONS

In order to identify the consumer paradigm, the preparations are necessary. The paradigm is, certainly, the type of mystery. Top management must not let to take away that mystery, because in that way the hope will be taken too. For these reasons, top management of the business company should supports its vision of market relations using appropriate set of management principles, strategic dimensioned. In this way, a conceptual framework for management principles is created leading to a direct connection with the features of the environment (to use), threats (to be avoided or eliminated), and requirements (to meet). In other words, the strategic orientation of top management reflects by building up forces of competence that should be used to achieve the strategic intent. Only the management principles are the tools to search for transparency of the consumer paradigm, for various forms of questioning and answers, and according to their contents, producing a fuel to create an adequate business offer. Because it's not about how the consumer will choose a business company, it's about its choice in it (Jean Paul Sartre, "Il ne s'agit pas de choisir son l'epoque, mais de se choisir en elle"/French transcription/). The adoption and application of management principles is a prerequisite of building value of top management. The goal is not, and should never be, in pursuit of top management to change the consumers; it has to change reality by changing self-image as a business company. Top management has to see its target market through their customers, analysis of their needs, wants, and desires. The specific value is to choose the right target market. Because „on the wrong target market nor Rembrandt's painting, probably, couldn't be sold even for 50 pounds, while the right market it would reached a price of several million pounds“. The goal is the satisfaction for both parties; expectation fulfilled with the value (indeed, enthusiasm), for consumers; profit, for business company. The achievement, which covers the preceding paragraph, means fostering incentives to provide and implement superior offer, which will be placed continuously, the offer that is, among other things, the result of the knowledge management as a continuous adjustment of thinking and actions when confronted with reality. Superiority is a matter of continuous improvement, data collection, and evaluation of new ideas when it comes to new products, but also a constant improvement of existing products. In addition, not only production but also transport process should fully be concentrated on customers, not products, as selling offers. It is a way that means the establishment of better, more durable and productive relations with customers. This is the appropriateness of the life of business company. The existence of the consumer can, it is a well-known fact, to run the resources of the business company, show their value, stimulate their transformation into useful and attractive outputs. „Life of a company is lived with a view ahead, but it is only understandable with the view back. (S. Kierkegaard) it is therefore very important for business to act in harmony with the principles of management. Commitment to them is a privilege, not a victim. The victim is only a part of business life in which there are no principles based on the value aspects, i.e. principles that reflect what is right, and the proper is the only thing that guarantees the truth. For the purpose of this paper, we classified the management principles to those which form the strategic basis (its formulation, establishment/fuller expression/) and those that make strategic use.¹ (Scheme 2)

¹ Keegan J. Warren, *Global Marketing Management*, Seventh Edition, Prentice Hall, Uper Saddle River, New Jersey, 2002, pp. 22–28.



Scheme 2 - Classification of management principles in the context of the strategy

3.1. The management principles that form the strategic basis

Within this group of management principles that form the strategic basis (i.e., formulation, strategy formation) we stand out the principle of **managing** company's business, the principle of **unity**, and the principle of **competition** (hereinafter referred to as the first order, second and third principle).

The first principle of management should be recognized and used in business flows produced by the top management of the business company, the principle of managing, which chooses the **strategy** as a unique and irreplaceable **business concept**. The principle implies a long-term orientation of valuable business structure of the business company (which make use of critical success factors in the decision making process as logic sequence of activities to develop a strategic approach in business); a clear vision and leadership of these structures, and, having responsibility for creating, maintenance and development of business partners (both internal and external). The famous author of educational management products - Peter Drucker, wrote, inter alia, the following message of biblical force, „The business enterprise has two—and only two—basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs.

Second management principle that should be recognized and used in business flows produced by top management of a business company is the principle of **unity**, which determines the **strategy** as the primary value of *employees*. The principle includes full commitment of employees to all tangible and intangible sources of business company and, accordingly, the formation of so-called strategic community, with the purpose of producing the best for consumers, in order to implement the best business company. Because „only the best is good enough“, the experts would say - optimal. *Everyone is a strategist, whatever his/her job description is.*

The third management principle that should be recognized and used in business flows produced by the top management of the business company is the principle of **competition**, which determines strategy as the primary value of the **business company**. The principle implies constant planned activity that will enable skilled maneuvers of top management regarding changing markets, technologies, and capabilities in order to maintain the current value of the company's products i.e. their development. That is, to metaphorically represent the previous setting, as in architecture when you feel the urge to break one of, well known, flat boxes of glass and steel (skyscrapers) and then reassemble them at unprecedented ways; in a word, to recompose them. It is about the fact that profit should be accompanied by value, because management itself, in an entirely appropriate way, is a war of values. Only valuable categories (materialized/non-materialized) that constitute the lasting awareness, can be the starting point for the realization of customer needs and satisfaction of its renewal. They are captured and retained by placement of superior products, on the one hand, and human tinted communication fluid on the other. The value of its choices consumers realize as the difference between expected benefits and costs (supporting the given benefits).

3.2. The management principles that form the strategic application

Within this group of management principles that form the strategic applications, we are going to single out the principle of the whole, the principle of **agility**, and the principle of **utility** (hereinafter, the first, second and third principle).

The first management principle that should be recognized and used in business flows produced by the top management of the business company is the principle of a whole, which determines the strategy as a measure of **balance of values and resource capabilities**. The principle includes restoration of the balance of value and resource guidelines in their implementation. The principle is recognized, therefore, by its target premise, separated as – winning of the customers, by means of impact on a measure that reflects their hearts (the full measure of *value*), a measure reflected by their awareness; and a measure reflected by their fair number. Top management must bearing in mind that the principle of whole condition constant reviewing the effectiveness of content that made it (and its time reference), due to continual changes in behavior of competitors, changes of technology and changing consumer behavior.

Second management principle that should be recognized and used in business flows produced by top company management business is the principle of **agility**, which determines the strategy as a measure of the integration of **what, why** and **how** regarding the company's business processes. The principle involves concentrating on strategic energies, continuous monitoring of consumers, competitive business companies and resource powers of native business company (for the purpose of answering the question: *What?*); continuously analyzing and synthesizing data related to previous activities of top management (with the

purpose of answering the question: *Why?*) and continuous incorporation of data obtained in the developmental aspects of the activities of top management (with the purpose of answering the question: *How?*). The principle suggests, therefore, to the need for constant information on the relation between business company - the market/business company market, in order to create proactive behavior, as an outcome of the analysis of *external* environment (i.e., analysis of opportunities and threats; English, opportunity and threat analysis) or analysis internal environment (i.e., analysis of strengths and weaknesses. Top management that implements this principle eventually will show its activities not only as *reactive*, but as *proactive* compared to the dynamics of changes (not forgetting the fact that proaction, often involves the *surprise placement*). In other words, top management can, in a very effective way to harmonize *What, Why* and *How* in the business process.

The third principle that should be recognized by management and used in business flows produced by the top management of the business company is the principle of **utility**, which determines the strategy as a measure of integration of present and future, so-called „empty space“. The principle involves maintaining and developing of achieved strategically successful procedures. Top management must, by the attractions of their products to cover the *present* (meet the needs of existing customers) but also to shape them using development dimension, to cover the future (to satisfy the needs of potential and future users). „Empty space“ or “interim“ should be used for improvements in procedures, improving the knowledge and skills of staff in the internal and external business trends, creating a business partnership, etc. A business company should use its *core competencies and distinctive capabilities*² to concentrate its business focus at the point of connecting the present and future. Given business focus encompass an immeasurable degree of awareness of the importance of input and output performance, on the one hand, and their understanding and acceptance by consumers, on the other. Using this definition it is possible to recognize the value before the competition, to identify unmet needs, desires and demands of consumers, to create appropriate *marketing strategy* that supports its success using local - cultural differences, and national (international) - cultural similarities.

4. RESUME

Management principles, presented here, make logistics on which is going to be constructed entirely appropriate, efficient and effective, i.e. *optimal* strategy of top management. Only optimal strategies can contribute to the achievement and sustainability of superior

2 Key competences are integrated components of skills, knowledge, and technologies that are embedded in the key products of a business company, which form the basis of the business area of the company as a business system. Key competencies allow the value for consumers (creating a real impact on their perception of the business company and its products/brands), differentiation in relation to competitive business companies (possession of unique skills, knowledge, and technology) and capacity to expand management imagination (creating products that go beyond the existing ones, why not by the establishment of relationship with customers). Distinctive ability, generally speaking, is the ability of application replicable action models, which provide a coordinated and integrated development of skills, knowledge and technology of a business company, which are directed at achieving strategic goals, through which given company practically excludes their business assets from non-appropriate activities, allocating them to high quality jobs.

performance, thus achieving a competitive advantage³. This is its *key objective*. The application of management principles determines profitability, *feedback* value, value for money; contribute to sustainable development of meaningful proaction by the top management on the market. In other words, management principles should become the segment of business culture of the business company, the foundation of its business, and the eight colors of the rainbow. Each business segment should be devoted to the application of management principles, and not due to the winning destination, but searching endlessly for perfection. Business goal is always *mobile*, never *non-mobile*; modern business is meaningful if it provides benefits for both parties (business company and consumers), if high customer satisfactions are processed along with continual emphasis why it is one better than another, why, simply put, should choose the use of the products of one business company, not the other. Management principles call for the business courage and bravery. Freedom is in them. Freedom is the sure possession of those alone who have the courage to defend it. (Pericles)

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³Superior performance is measured in terms of profit or recovered means of investments that are above the average, higher unit revenues, lower unit costs, increased market share, etc. Sustainability is the time period in which superior performance taking place. Achieving competitive advantage depends on the characteristic abilities of the business company. Abilities are specific skills, relations, organizational knowledge (which increases the willingness to respond and promotes superior performance) and reputation (which is based on the quality and characteristics of products, but also effectively carried information to consumers). Capabilities are intangible and invisible assets, as opposed to resources that are partly tangible and partly intangible and visible means. Combination of resources and capabilities leads to basic competencies. Basic competencies create competitive advantage only when they are applied market where they create benefits seen as adding value in relation and outside of the value of competitors.