
Conceptual Model of Adaptive Management of Strategic Marketing: A System Approach

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Abstract:

This article provides some methodological tools of the systems theory and modeling that allow developing the concept of adaptive management of strategic marketing in unstable market conditions on the basis of the system approach by means of the conceptual modeling.

The observed gap is the subject of this research where using dialectical principles, formal and informal methods of system analysis, which is the methodology of the system approach the authors present their views in a detailed way.

The proposed system allows the policy makers to discover the inner logic that helps to consider and understand the conditioned links between elements of strategic marketing and the mechanism of adaptive control in interrelation with other subsystems.

Keywords: Strategic marketing, strategic and general organization management, system approach, system analysis, adaptive management, modeling.

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1. Introduction

At present, many scientists are making attempts to develop the concept and methodological tools of strategic marketing. Its tasks include the knowledge of principles, regulations and laws. All these tasks help to choose and implement market interaction through the target program „tree of marketing strategies“ in the context of environmental conditions. However, while this issue is far from being completely solved, which is understandable, since strategic marketing refers to the class of weakly structured and multicriterial systems, usually operating under uncertainty.

Hence, the tempting idea to manage strategic marketing seems utopian. Only 10-30% of the planned strategy becomes a realized strategy even in a relatively stable market environment (Grant, 2008), which gives cause to eminent marketing scholars for calling marketing strategic planning a toy for adults from time to time. The guidance was taken from a systemology that recommends “...*not to split each complex object into elements and then construct the whole, but look for common qualities in the complex, find common patterns, and then apply them to each individual process and identify deviations*” (Druzhinin and Kontorov, 1976). Nevertheless, the problematic field of strategic marketing by way of conceptual modeling as a basic subsystem of modern management of the organization will be studied.

2. Literature review

It is known that the whole variety of management methods can be reduced to three main types: reaction, stereotype and modeling (Druzhinin and Kontorov, 1976). Modeling methods are considered one of the most promising, but also poorly studied and complex in the implementation, which explains their rare use in practice (Sharashkina, 2016). Let us try to fill this gap somewhat by using dialectical principles, formal and informal methods of system analysis, which is the methodology of the system approach (Osoltsev, 2009). The system analysis allows hoping that this will help to discover the inner logic that helps to consider and understand both mutually conditioned links between elements of strategic marketing and the mechanism of adaptive control in interrelation with other subsystems (Mysova *et al.*, 2016).

According to this working hypothesis, a model that claims to be a system model should reflect the different facets of strategic marketing in one research focus, which, according to the general theory of systems, implies a four-level description (Osoltsev, 2009):

- conceptual description, consisting in the definition of primary ideas about strategic marketing, reflecting its multifaceted essence and practical sense of the use in modern management of the organization;

- structural description, where the composition of strategic marketing elements is revealed with different degree of detail without disclosing their internal content;
- functional description, when the importance of strategic marketing in relation to other subsystems is assessed, specific functions, internal and external links, requirements for the basic elements and criteria for their selection are determined;
- information description, the purpose of which is to identify the organizational and management mechanism of strategic marketing contributing to the achievement of long-term targets of the company by marketing methods and means.

3. Conceptual description of strategic marketing

It should be noted that each of the above descriptions is also hierarchical. For example, the hierarchy of the conceptual description of strategic marketing follows from different ideas about its mission and functions. So, if we consider strategic marketing as an instrument of cognition and substantiation of effective marketing goals and adequate marketing strategies, then it can be presented in the form of a model. The model reflects the marketing perspective of the subject of the market under consideration, taking into account the specifics of its functioning and the transformation of the environment in a given time period.

Meanwhile, the practical significance of this interpretation reflecting mainly the analytical aspect of the functions of strategic marketing will be close to zero, if strategic marketing does not acquire a broader management function with new objectives. At present, this essential point is a subject of discussions, both among scientists in the field of strategic management (Vikhansky, 2006) and strategic marketing (Shalygina *et al.*, 2012). For example, Vikhansky (2006) provides a clear definition of the category of strategic management, incorporates human potential, consumer demands and the ability of flexible regulation in the process of achieving firm competitive advantages over a long period in its concept. To form such a system, Vikhansky (2006) recommends using an integrated approach based on the synthesis of theoretical and methodological developments of strategic marketing, strategic and innovative management, quality management and “organizational development”. However, the scholar does not give concrete recommendations on the implementation of the mentioned synthesis. Unless Vikhansky (2006) gives an auxiliary role (segmentation, marketing research and analysis of their results) to strategic marketing, when distributing roles of each component of the general control system.

Summarizing the above, strategic marketing will be understood as a conceptual model of purposeful behavior in a competitive environment of a market interaction subject. Depending on its adaptive potential and the dynamics of the marketing environment, the model allows to develop scenarios for the development of events and design adequate marketing goals and strategies, consciously choose effective tools for marketing analysis and marketing management methods that could be

effectively used by organization management in developing strategically important management decisions.

4. Structural description of strategic marketing

Strategic marketing at the structural level is represented as a set of mutually related subsystems (Figure 1).

Figure 1. The composition of strategic marketing subsystems (author's development)



As Figure 1 shows, strategic marketing includes:

- a subsystem of marketing research that includes the necessary scope of external and internal marketing audit;
- subsystem of marketing evaluation of resourcing necessary for the implementation of strategic visions;
- a subsystem of forecasting (or compiling scenarios for the development of events) based on the system analysis of the results of marketing research on market dynamics, consumer behavior, the state of the competitive and external environment, the resource base, etc.;
- a subsystem of the definition of the objectives tree, the configuration of which will depend on the specifics of the business, the state and trends of the market development, the results of the assessment of the resource supply and other

factors of influence;

- a subsystem of the formation of the tree of marketing strategie coordinated with the goal-setting (the objectives tree), which is based on the development of ten schools of strategy formation (Mintzberg, Ahlstrand and Lampel, 2012);
- a subsystem of choosing the marketing concept of business management, methods, tools and means for its implementation;
- a subsystem of marketing communications with internal and external environment that have a positive impact on consumer behavior of the intended target audience and on the spectrum of relations between agents of the market under analysis;
- subsystem of acceptance and implementation of marketing management decisions, coordinated with the business strategy of the organization.

5. Functional description of strategic marketing

The above structure and key principles of developing a system model (Sovetov and Yakovlev, 1985): 1) the unity of the common goal; 2) hierarchy; 3) isomorphism; 4) formation of a set of requirements for its subsystems; 5) the availability of direct and reverse information links between subsystems and elements, were taken into account in compiling a scheme for the process of forming a functional model of strategic marketing (Figure 2). In this figure, it is not difficult to consider two mutually coupled contours:

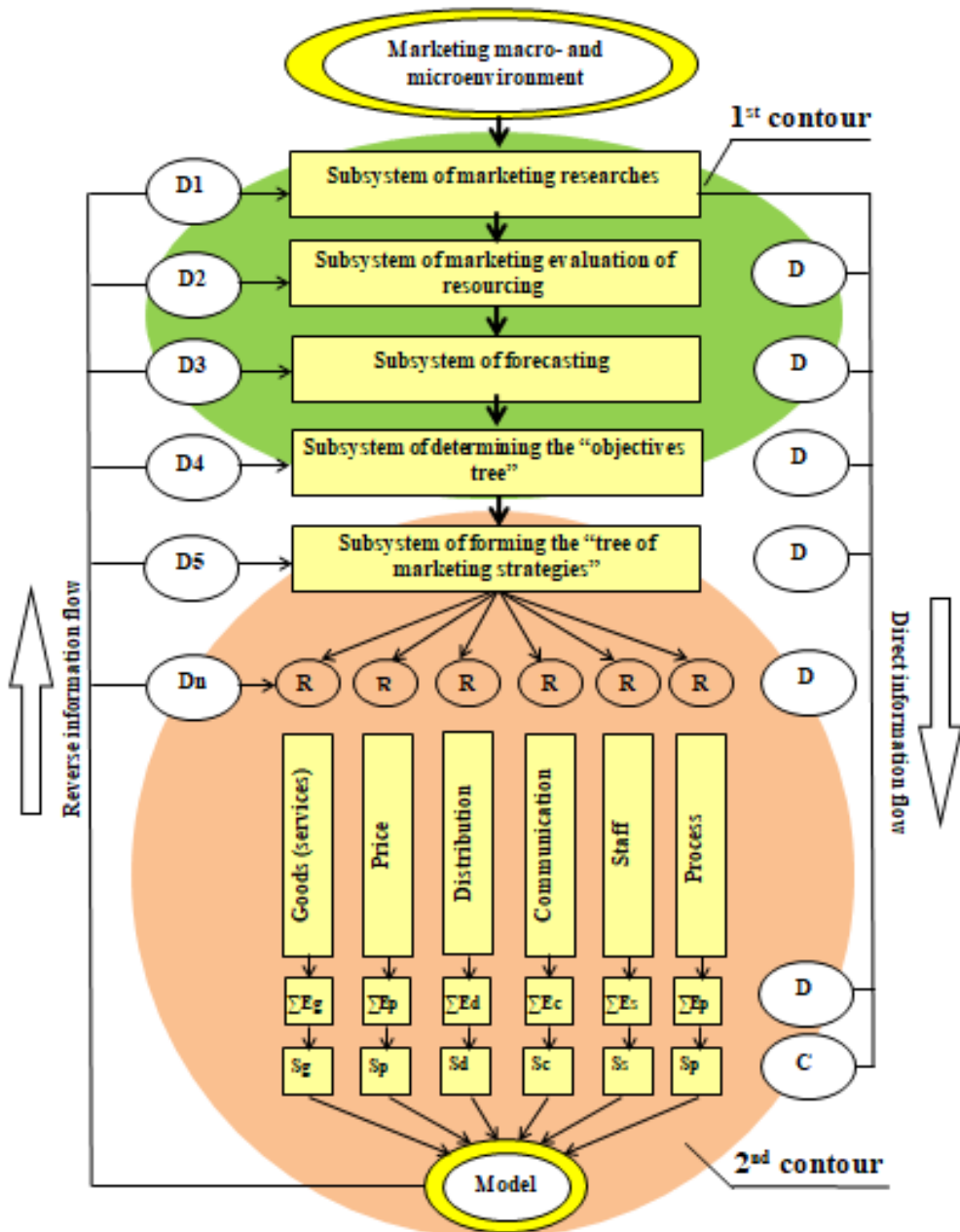
- the strategic goal-setting contour;
- the functional contour.

The main purpose of the first contour is the scientific substantiation for marketing strategic goal-setting. This is an extremely important, non-formal task. However, as practice shows, common sense, experience and intuition built on a number of system principles and regulations can contribute to a positive solution of this issue.

In particular, an enlarged flowchart of the definition of the „objectives tree“ tied to the above presented functional model is proposed in the article. It is adapted to the needs of strategic marketing (Figure 3).

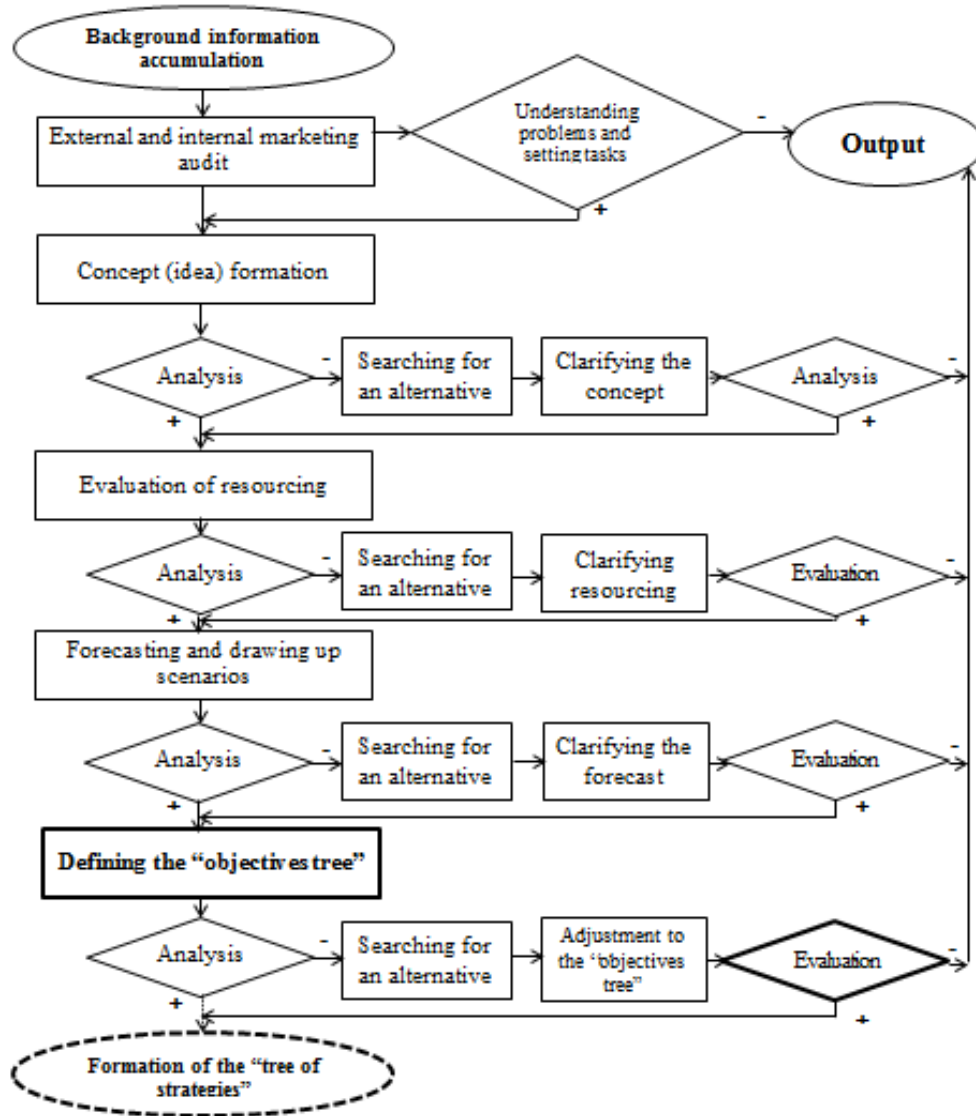
The structure of the functions of the second contour includes the stage of formation of the marketing „tree of strategies“ coordinated with the „strategic objectives tree“ (Figure 4), on the basis of which the requirements and evaluation criteria are determined in the process of selecting the functional elements of the marketing complex.

Figure 2. Scheme of interaction of functional subsystems and elements of strategic marketing (author's development)



D, Dn – data; ΣE – functional elements of the marketing mix; R – requirements for the complex and elements of the marketing mix; S – selection of functional elements; C – criteria for the selection

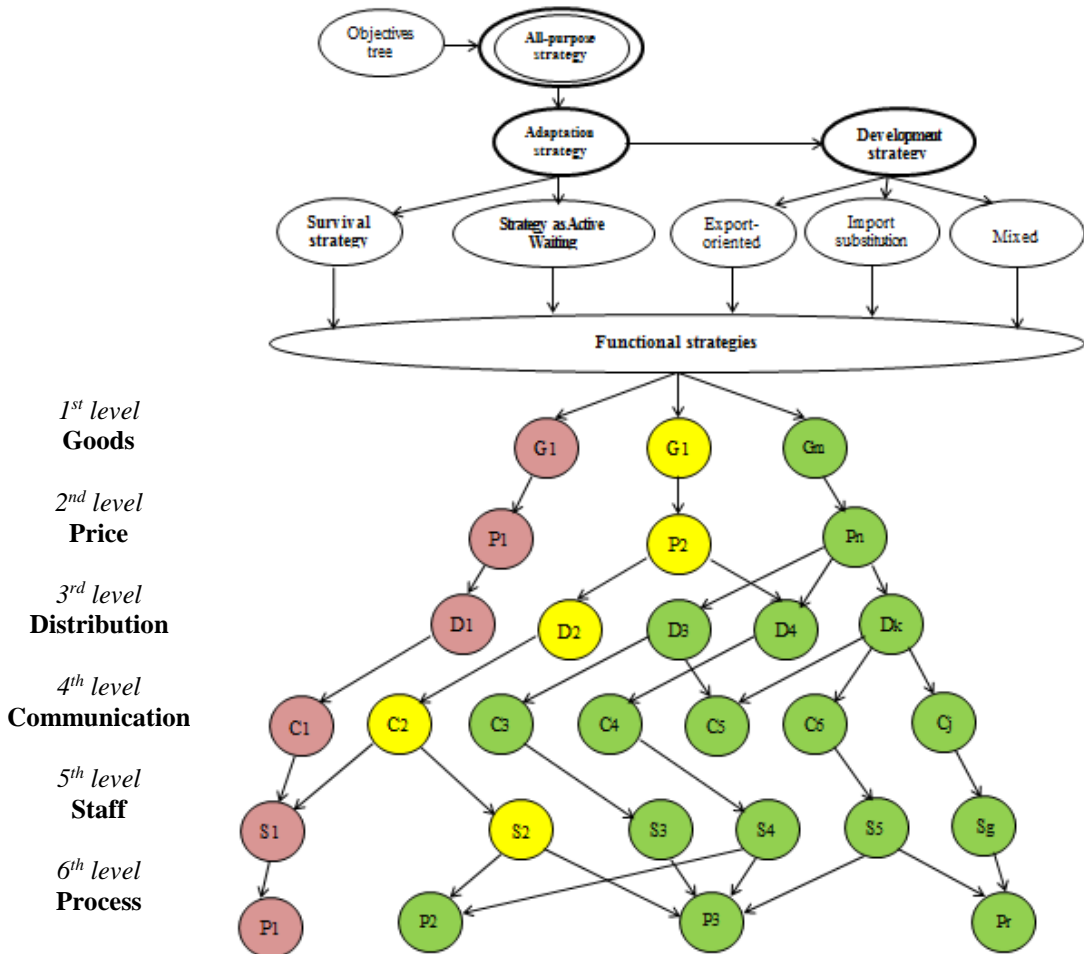
Figure 3. The flowchart of defining the „objectives tree“ (author’s development)



6. Information description of adaptive management of strategic marketing

Turning to the information description, it should be noted that the functional subsystem of strategic marketing in this case needs to be organically entered into the management system of the organization. Otherwise, it is unlikely to understand, scientifically substantiate, and, moreover, introduce a management mechanism that would work on the principles of marketing.

Figure 4. The marketing „tree of strategies“ correlated between submixes of marketing (author's development)



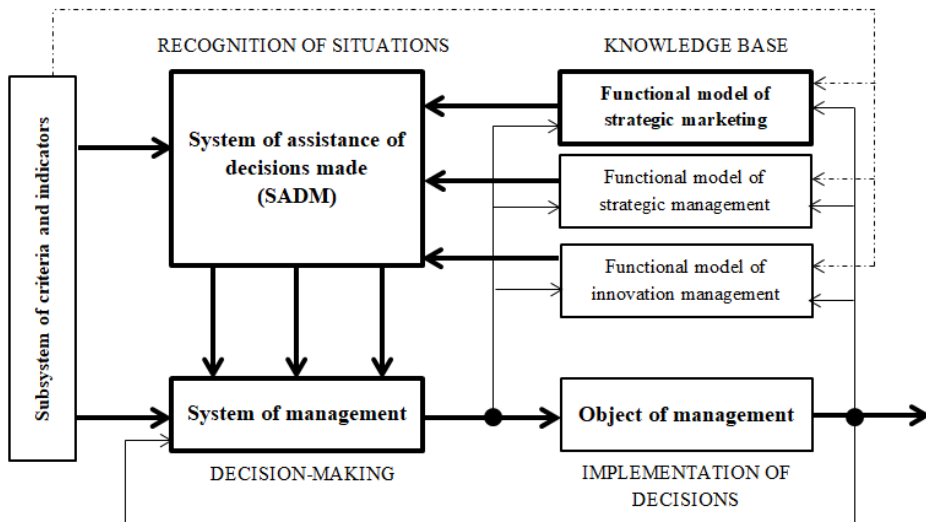
A comparative analysis of types of control systems shows that in the context of incomplete certainty adaptive control systems with the “information model of the environment and itself – displaying the environment and self-imaging” have the best capabilities (Druzhinin and Kontorov, 1976).

Taking into account the noted nuances, the adaptive management of strategic marketing of the subject of market interaction of this type entails management based on a complex conceptual model. Thanks to the system approach it reflects the interaction of subsystems of strategic marketing, strategic and innovative management among themselves and with the external environment. This interaction gives the system the quality of “controlled adaptation” to external and internal changes and allows achieving the strategic objectives in the unstable conditions of

demand for a particular market with less economic and moral losses.

For a deeper analysis of this issue, a flowchart of adaptive management of strategic marketing based on the provisions and schemes presented in the paper (Karpov and Yudin, 2006) is provided below. It reflects the aggregate of information links between the subsystems of strategic marketing, strategic and innovation management (Figure 5).

Figure 5. *The flowchart of adaptive management of strategic marketing (author's development)*



As is the case with the system approach, the functional model of strategic marketing is built into the general management system. This system generates the control signals generated through the Decision Support System (DSS), based in turn on the knowledge base obtained by means of modeling a complex of marketing, management and innovative functions.

Of course, the flowchart shown in Figure 5 does not disclose the managerial mechanism of strategic marketing sufficiently in practical terms. In this form, it demonstrates the general principles, structure, information and signal relations of adaptive management of strategic marketing, which, nevertheless, allows us to set a number of mutually conditioned key tasks. Avoiding solution of these tasks makes it difficult to achieve the desired result.

The first task is the task of finding relevant methods and ways of recognizing the situation, because “the quality of management depends on the quality of the situation in the control system ... Errors in the recognition of situations entail errors of control and the need for samples ...” (Druzhinin and Kontorov, 1976). In concrete terms, the

essence of the issue lies in the fact that the DSS adequately perceives the current situation, correctly assesses behavioral trends and responds to changes in the situation in a timely manner. And most importantly, the DSS would be as tight as possible with market participants, especially with its target audience, which increases the accuracy of forecasting the development of the market, the competitive environment and the organization itself. Figuratively speaking, ideally the DSS is a virtual workshop for processing initial information into an information product, as a result of the synthesis of a marketing, strategic and innovative way of thinking. To form such an intellectual product, it must undergo a number of stages of processing and using the collected information according to the chain: a mass of information – selection and evaluation – analysis-synthesis – recognition of the environment – forecast – goal – strategy – tactics – environment transformation.

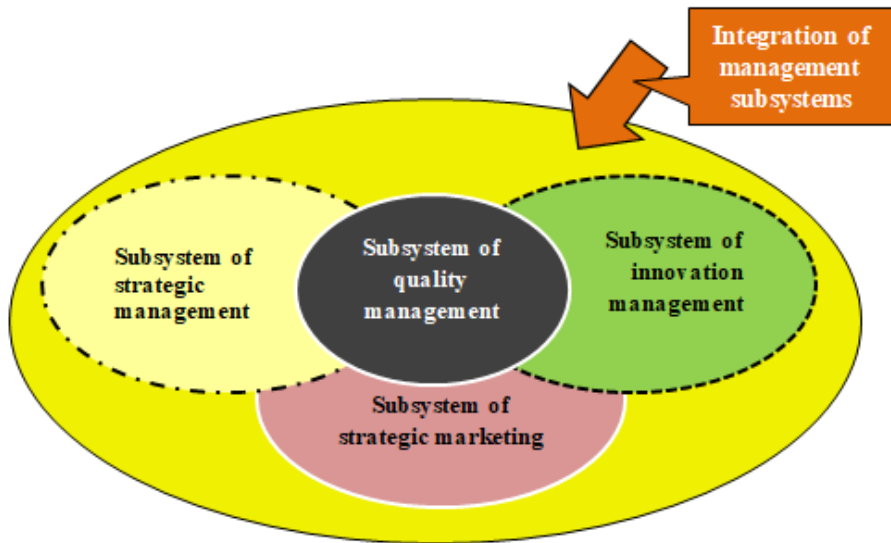
The second task is the problem of the optimal choice of criteria for evaluating the management system, which is the essence of the multicriteria problem (Nikolaev and Bruk, 1985). As a rule, requirements and evaluation criteria are determined by an expert method based on the accumulated experience of industry leaders, at times showing that “the exception confirms the general rule”.

The third task is the task of integrating the subsystem of strategic marketing into a common management system, which in practice is often accompanied by the emergence of conflict relations that threaten to undermine all efforts for adaptive management of strategic marketing.

The essence of this problem is that “the source of the conflict in a multiply connected structure may be the hypertrophy of the individual function of some subsystem and the tendency to develop it in spite of and at the expense of the basic function of the system, which can lead to mutual opposition of the elements, a decrease in efficiency, finally destruction of the system ...” (Druzhinin and Kontorov, 1976). Therefore, a complex of organizational and managerial decisions is extremely important. They allowed the above-mentioned subsystems of management to be considered as interrelated links that do not conflict with each other and complement each other in terms of one of the main principles of system analysis – the principle of complementation or diversity (Nikolaev and Bruk, 1985), which is visually reflected in Figure 6.

The solution of this question, in our opinion, lies in the search for a compromise between the participants in the process (Bondarenko and Osovtshev, 2015). Ultimately, the culture of the organization determines everything (Mikhailov, 1988), which, unfortunately, is more inclined to confrontation in Russia than to a compromise (Bazarov and Eremin, 2003).

Figure 6. Illustration of the task of integration of strategic marketing in the general system of business administration (author's development)



7. Conclusion

It is believed that the proposed conceptual model of adaptive management of strategic marketing in the complex solution of these problems can reflect the interaction of functional models of strategic marketing, strategic and innovative management as a whole. As a result, there can be a strong argument to consider strategic marketing as the full-fledged subsystem rather than the subsidiary subsystem of the organization's management, which increases the chance of disclosure and practical use of the most appropriate areas of market activity, selection of effective marketing strategies and methods of adaptive management of the organization depending on the dynamics of the environment.

The theoretical skeleton of adaptive management of strategic marketing constructed in such way has a universal character that can be used in a number of industries and spheres of activity for research and practical purposes. The preliminary results of the approbation of this model in relation to the tourist and recreational complex of the Russian Federation (TRC RF) indicate it. The results enable them to gain a deeper understanding of the problem of using the concept of adaptive management of strategic marketing in unstable conditions of demand in the segment of the tourist market under study and to find some ways to solve the problems arising in this sphere of business of actual problems.

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