CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

In the fast-evolving world of business, some companies succeed while others fail. The strategies a company pursues have a major impact on its performance relative to its peers. A strategy is an action a company takes to attain one or more of its goals. The company has taken various actions that are consistent with maximizing the value of its service. This research identifying and describing the pros and cons of the various strategies a company can peruse. Many of these strategies can apply to all service business. The aim is to give an understanding of the analytical techniques and skills necessary to identify and exploit strategies successfully.

The research used medium-sized Movie Theatre, XX Theatre, as a case study. The details of research methodology were described in Chapter 3. The first step is to analyze the company's history, development, and growth. A convenient way to investigate how a company's past strategy and structure affect it in the present is to chart the critical incidents in its history- that is, the events that were the most unusual or the most essential for its development into the company it is today. The XX Theatre faced the loss problem, which is the chronically problem.

Market research begins with studying the current situation, selecting a research method, collecting data both primary and secondary, analysing the data and preparing a report. Research methods are primary and secondary. Research primary methods are observation, surveys, focus groups, and experimentation. For secondary methods are census data, and other data collections. Marketing research should answer basic questions such as

- Who are our customers? What do we really know about their needs, wants, preferences, their behavior, and their life styles?
- What benefits do our customers want from us? What can we give then...at a price... that other companies do not?
- How do we perform in comparison to our competitors? (Benchmarking)
- How are we currently performing for our customers? Where are the gaps, the dull points, the fudges, and the points of excellence... the USPs (unique selling points)?
- How are we different, why are we different?
- How can we better delight? How do we change? What do we change?
- How clever are we with our market intelligence? How well is our market research working?

According to the survey, the target customers of XX Theater are those who are 20-30 years. Most of them are student and office employee with income 5,000-10,000 Baht and come to see movies 1-2 times a month. There are two competitors around the location.

Then, the company's external competitive environment had identified (opportunities and threats) and also analysed customer and current market situation. Company would target the right customers – not necessarily the easiest to attract or the most profitable in the short term, but those likely to do business with the customer over time. Finding royal customers requires taking a look at the customer segments to which a company can deliver superior value. Once a company has identified the customer it should keep, it has to go about the business keeping them.

Then, the company's internal operating environment had analysed in order to identify the company's strengths and weaknesses. Examine each of the value creation functions of the company, and identify the functions in which the company is currently strong and currently weak. The XX Theatre has cheaper movie ticket price than competitors, and located at the convenient transportation, which are the strengths. The theatre had the weak points about toilets, bad smell in theater, price of food and beverage, parking area, and all physical facilities. The company would be selecting the corporate mission, major corporate goals, and also describe the strategic ideas in order to achieve the goals. Sometime the mission and goals are stated explicitly in the case; at other times the company will have to infer them from available information. The information that needs to collect to find out the company's corporate strategy includes such factors as its line of business and the nature of its subsidiaries and acquisitions. The company's objective for the year 2001 is to maximise its profit and increase customer's satisfaction. For the year 2002, a company's objective is to expand movie theatres and customer based. For the year 2003, a company's objective is to increase market share.

After analyzing all collecting data, next step is to develop marketing strategies. A clear strategy ensures that the company's efforts are all channeled not only the same direction but down the same path. This presents the board marketing approach that will be used to meet the plan's objective. Strategy selection is the process of selecting methods or strategies, that when properly executed, will lead to the accomplishment of particular strategic objectives. Once the plans have been implemented the task of management is to control the use of resources such as compare actual sales against the budget, compare actual marketing costs against budgeted expenditure levels and against actual sales and so on.

From the case study of XX Theatre, the briefly implementation procedures of marketing plan are

- Converting strategic plans into actions
- Allocating responsibilities and giving authority to individual managers to use resources for example spend sufficient money to allocate them to achieve their individual targets.
- Establishing checkpoints to monitor activities
- Exerting pressure for control action where necessary, to ensure that things get done according to the aims of the plan
- Modifying the plan in the light of changing circumstances.

The task of analyzing the company's external and internal environment and then selecting an appropriate strategy is normally referred to as strategy formulation. In contrast, strategy implementation typically involves designing appropriate organizational structures and control systems to put the company's chosen strategy into action. To achieve superior customer responsiveness, a company needs to give customers what they want when they want it. It must ensure a strong customer focus, which can be attained through leadership; training employees to think like customers; bring customers into the company by means of superior market research; and responding quickly to customer demands.

From the research, some strategic planning failed because executives do not plan for uncertainty and because ivory tower planners lose touch with operating realities. In spite of systematic planning, companies may adopt poor strategies if their decision-making processes are vulnerable to group thinks and if individual cognitive biases are allowed to intrude into the decision-making process. Performance appraisals were the most critical step in the strategic planning phase. It involves linking and aligning managerial priority outcomes and performance appraisals to the strategies for which the manager is responsible for implementing. The focus of the managers is important to later aligning the focus of the company's employees. Measurement developed for each strategy. These measurements will serve as guideposts to ensure the implementation of the strategy starts and remains on track. The four basic categories of measurement are financial, customer/ end user, internal process, and staff training. As a general rule, measurements should include both lead measures – measures taken before the strategy is implemented – and lag measure – measures taken after the strategy is implemented

6.2 Recommendations

As the strategic plan is implemented, the focus of management becomes ensuring quality throughout the process. There are five main steps to ensuring quality.

The first step is to conduct periodic strategic risk updates. This involves analyzing what does or could slow process, quantifying the seriousness of those risks and mitigating them. This process should also be viewed from a positive perspective. This involves analyzing potential opportunities and encouraging their occurrence.

Step two is a sub component of step one, and involves continually analyzing the internal strengths and weaknesses and the external threats and opportunities.

Step three involves performance reviews. These reviews should focus on capitalizing on the information obtained in steps one and two described above.

Step four involves 360-degree feedback from key stakeholders. This will ensure the proper involvement of all parties and indicate when management style adjustments may need to occur to ensure success.

Step five is periodic strategy reviews. Strategies should not be implemented in a vacuum, as they were not selected in isolation. As such, they should receive periodic review to ensure continued relevance and to ensure they remain targeted toward particular strategic objectives. It is not always obvious what process should be reviewed first. The decision regarding what to review first is critical.

The lessons learned from a case study of XX Theatre are summarised as follows.

- The marketing research is a complex one. It involves a number of questions that need to be answered and a number of decisions that need to be made with respect to the choice of techniques used to solve a research problem. Besides the questionnaire survey or interviews, which used in this research; there are many techniques or methods to do market research. It depends on what type of business is or what information will be sought.

- The major components of the strategic management process include defining the mission and major goals of the company; analysing the external and internal environments of the company; choosing the strategies that align, or fit, the company's strengths and weaknesses with external environmental opportunities and threats; and adopting company structures and control systems to implement the company chosen strategy.

- The corporate vision and mission statement is a key indicator of how a company makes a formal commitment of its stakeholders. Mission or vision of a company is what the company trying to achieve over the medium to long term. XX Theatre vision is to be the leader of medium-sized movie theatre in Thailand. XX Theatre mission is to maximize its profits, market share, customer's satisfaction, and continuous improvement.

- This research used 7P's to develop marketing programs in order to address the special difficulties of service marketing. The marketing programs consist of product, price, place, promotion, people, process, and physical facility.

- In spite of systematic planning, company adopt poor strategies because the decision making processes were vulnerable to groupthink and individual cognitive biases occurred during the decision making process.

- The company structure did not operate effectively because inappropriate control and incentive systems were not in place to shape and motivate employees' behavior.

- To develop promotion mix, the steps are analysing the situation, setting the promotional objectives, designing the massage, selecting the channels, preparing the promotional budget – using methods based on a percentage of sales, competitive parity, and defining objectives and linking specific tasks to them. From the XX Theatre case study, some marketing activity plans were not successful because the customer did not know the information. That means the company lacks advertising. Advertising decision-making is concerned with setting objectives, deciding what the message should be and how to present it. In developing a media schedule, advertisers must choose some combinations of reach and frequency.

- The recruitment methods are crucial process. In this case, XX Theatre recruited employees by referral of current employees. Actually, there are many methods for recruiting. The manager must recruit and hire the appropriate kinds of people, train, and supervise them so they understand the products, services and the tasks they perform, and motivate them with attractive compensation and incentive programs. The three most common compensation plans for the employee are straight salary, straight commission, and combination plans providing a base salary and incentive consisting of commission, a bonus, or both. The manager must periodically evaluate the employee's performance to determine whether the employee is being effectively carried out.

- To evaluate how effective the marketing strategies are, this research used the key indicators of profitability, customer satisfaction, and sale promotion efficiency. Actually, there are many other kinds of measurement indicators apart from those used in this case study such as advertising efficiency, customer complaints, efficiency of employees, and so on.

- From the research results, the sales volume of ticket sales and candy bars was increased compare with previous year. These results met the objective of the first year. The company has big expenses in the year 2002 for expanding new movie theatres. The number of seats directly affects market share. At this stage, this research didn't meet the objective on develop marketing strategy in order to increase market share. In this case study, the market share cannot increase within one year. But, after expanding new movie theatres, the company tries to increase market share.

The case study of XX Theatre is only one case example from many cases. Lots of lessons learned from the research used as a guideline for other service businesses. To develop good marketing strategy, further study from best practice would further increase its benefits.