

Ten things you need to know about tactics

Ian Marcousé provides a framework of ten concepts for revision.

In this volume we look at aims, objectives, strategy and tactics

1 Tactics

These are short-term responses to an opportunity or threat. Perhaps because they are short-term, tactics can be applied rather more cynically than other business decisions.

Example: a hotel may have a skimming price strategy, but use Black Friday as a tactical way to boost room sales for slower-moving nights such as Mondays.

Advantage: tactics are about clever, short-term moves to respond to changes, such as a new launch by a competitor.

Disadvantage: tactics can get in the way of strategy, and ultimately the long term matters more than the short term.

2 Tactical decisions

These are decisions made to cover this week's trading. Different decisions may be made next week.

Example: with unexpectedly high temperatures one week in April, a shop puts a special display of its salad items by the front entrance to the store.

Advantage: crucial though long-term decisions are, businesses that keep making the right short-term, tactical calls can end up succeeding in the long term.

Disadvantage: in the period 2019–24, Asda continually lost market share as it focused on short-term promotions rather than long-term issues such as motivating staff and improving customer service.

3 Pricing tactics

These are short-term pricing policies that are designed to maximise short-term gross profit.

Example: a restaurant with poor bookings for this Thursday may email its regular customers, offering half price 'as a reward to regular customers'.

Advantage: when marginal cost is low, profits can be boosted sharply by selling at apparently low prices in order to maximise capacity utilisation.

Disadvantage: the great worry is that regular customers might decide to stop buying at 'rack rate' prices and try, instead, to buy last-minute cheap items.

4 Buying tactics

For profit to be made, buying at the right price is as important to companies as selling at the right price.

Example: an advantage B&M has over Tesco is that it can buy as much or as little as it wants of an item. Shoppers expect Tesco to always have certain goods in stock, whereas B&M is under no such obligation. This helps B&M to negotiate opportunistically – buying 50,000 of an item cheaply here, and 10,000 of another item there.

Advantage: manufacturers sometimes need to cut their stock levels and therefore are keen to find a buyer at (almost) any price. As mentioned above, a business such as B&M can take advantage.

Disadvantage: companies such as Toyota are proud of building long-term relationships with their suppliers – buying tactically could put those relationships at risk.

5 Being tactical with ethics

Ethics should be the moral standards that keep a business honest and point it towards social responsibility. However, some companies manipulate ethical trading for short-term gain.

Example: when a famous athlete wins a race, companies from soft drinks firms and fast food restaurants will place congratulatory messages on social media to try to associate themselves with healthy living (and success).

Advantage: with busy lives, it is easy for people to mistake ethical manipulation (such as 'greenwashing') for ethical values. For the firms undertaking this manipulation, this is an advantage.

Disadvantage: happily, there are sceptics out there, willing to take companies to task for their slippery tactics.

6 Marketing tactics

This is marketing based on short-term opportunities, be they seasonal or occasional, such as the Olympic Games.

Example: Nike has often run 'ambush marketing' campaigns to counter the impact of Adidas's position as an official Games sponsor.

Advantage: in a head-to-head battle such as Nike (USA) versus Adidas (Germany), neither side can afford to allow the other to gain an advantage.

Disadvantage: short-term marketing tactics can potentially be seen as 'demeaning' and therefore risk undermining a brand's quality image – so you will not see Chanel perfumes using tactics; they stick to strategy.

7 Tactics can backfire

When trying to do something clever in the short term, it is possible to generate a social media storm of negativity rather than positivity.

Example: in 2023 Zara ran an advertising campaign featuring a model standing amid rubble and limbless statues. Some saw the photos as resembling images emerging from the bombing of Gaza and criticised them as a tasteless exploitation of the conflict.

Advantage: some in business hold with the phrase 'there is no such thing as bad publicity' – even when tactics backfire, the brand name of the business may become a little better known.

Disadvantage: social media can turn a backfire into a public relations disaster – very quickly.

8 Tactical at the top

The fundamental role of a board of directors is long-term strategy, but when times are tough, the board can get caught up in day-to-day, tactical matters.

Example: a former chief executive at British Airways reportedly involved themselves in decisions about the menu choices on first-class routes.

Advantage: involvement by those at the top of the organisation can help tie together strategy and tactics.

Disadvantage: focus on small, tactical matters such as today's menu can distract the boss from more important, strategic decisions.

9 Underhand tactics

These are short-term, calculated ways to manipulate a situation to your own advantage.

Example: when two people have their eye on the same management job, one may spread negative rumours about their rival.

Advantage: being underhand may reduce the likelihood of being caught.

Disadvantage: being underhand will eventually tell on your reputation.

10 Finance tactics

Ideally, a business should have a financial strategy that has no need for tactics, but if cash flows are weaker than expected, short-term tactical fixes may be called for.

Example: in November 2024, Morrisons reorganised its balance sheet to lower its short-term debt level. It needed to make its financial position look healthier to restore confidence in the business.

Advantage: tactics such as borrowing cash from suppliers are a useful way to avoid letting your bankers know how tricky things have become.

Disadvantage: short-term, hand-to-mouth financial management is hardly a secure way to manage a firm's finances, whether it is a small family business or a major plc.

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