

Strategic Marketing-Contemporary Issues
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Lecture - 11

As we have discussed in several previous sessions, we are primarily looking at where are we today in terms of our marketing position, in terms of our market position, where are we today in terms of the organizations strategic position, in terms of the SBU strategic position. So, we did look at different sort of analysis, in terms of the Strength Weakness of the organization of our marketing strategy, we looked at issues like market share, we looked at analysis of the competitive situation, we looked at competitor analysis business intelligence and based on that position analytics. So, all those so far tell us in detail, how to assess where are we today.

We have started the discussion in the previous couple of sessions, where do we want to be and we are now going to focus more specifically why and how, where do we want to be could be several positions B 1, B 2, B 3, earlier if you remember we had talked about t_0 p_0 so, this could actually be T 1, P 1, T 2, P 2, T 3, P3 so this could be various options with respect to was strategic objectives to be achieved at different points of time could be at the same time, T 1, T 2, T 3 all could be the same meaning as say over the next 24 months so or over the next 3 years 12 months or whatever it may be or they could be different. That means this is what we want to achieve by the next 12 months, this is one to be achieved by the next 24 months, this could be what we want to achieve in the next 36 months.

Important point at this stage is to understand that, how do we know that we want to be there, why do we want to be there and how are we going to get there. We have also discussed that all these strategic journeys are not exactly we can plan for a very linear that we will grow our market share every month by 2 percent over the next 12 months, but in reality in some months it can go to 5 percent, in some months it can actually go to minus 2 percent, in some months it can go to 10 percent growth and so on so, the path even though we planned for the linear growth as we get along we have to do tactical corrections so, marketing tactics derived out of marketing strategy, the options we discussed in the last session.

Important point I reemphasize is that every strategy should have a good analytical provision for different situations therefore, this a to b or a to B 1 should have alternatives fallback, an adaptive components so, that we can take care of the uncertainties as we proceed and those are to be built into the tactical part of the marketing plan and we will discuss some of these issues today and tomorrow.

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So we are now looking at how do we analyze this marketing opportunities how do we segment them? What is the nature of B 1? What is the nature of B 2? What is the nature B 3 and how do we actually plan to get there? So, this opportunity identification B 1 B 2 B 3 fundamentally means identifying new buyers it could also be identifying new opportunities with existing buyers.

If you remember we discussed the concept of wallet share or getting a higher share of the customers spent in a certain category which is usually derived by understanding what are the unsatisfied needs of the buyers so, the unsatisfied needs can lead to new offerings or it could be the opportunity to create enhancement in the current offering, but fundamentally in both cases we are looking at meeting unmet needs that is like the core of this topic of identifying opportunities and finding ways to take advantage utilize that identification .

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As we have discussed in the last few sessions there may be an opportunity but, not all opportunities are valid for an organization at a particular point of time could be due to resource constraints, could be due to competence capability constraints, could be due to other preoccupations.

All that will come out from the swot analysis and based on that we can decide that there are opportunities B 4 or B 5, but at the moment we retain these three as our objectives and we at the moment put these two either we reject them or we put them on back burner for future. In choosing B 1, B 2, B 3 over B 4, B 5 we use two types of analysis qualitative as well as quantitative by this time you are already familiar with the qualitative aspects usually relate to creation of some complete new opportunities and quantitative means identifying numbers like what could be in rupees terms the additional sales, revenue potential or in volume terms the number of additional units that can be sold.

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OPPORTUNITY EVALUATION

Has both *qualitative* & *quantitative* phases

- **Qualitative**
 - Evaluates the likelihood of creating new opportunities
- **Quantitative**
 - Yields estimates of market sales potential and company sales forecasts

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It could be like the example we discussed about Woodland going to China, it could be by way of discussion that we had on about a major biscuit manufacturers introducing better nutritional options or low-sugar options in their biscuit range and so on. So, it could be product variant it could be a new product or it could be a new market geographically or in terms of usage and we will look at all of these by utilizing a diagram like this so, as you see here we have buyer type 1, buyer type 2, buyer type 3 could be like this B 1, B 2, B 3.

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OPPORTUNITY EVALUATION MATRIX

Market potential criterion	Competitive Activity	Buyer Requirements	Demand/ Supply	SPLE	Organizational Capabilities
Buyer Type I	<i>[Handwritten: High demand]</i>	<i>[Handwritten: High demand]</i>	<i>[Handwritten: High demand]</i>	<i>[Handwritten: High demand]</i>	<i>[Handwritten: High demand]</i>
Buyer Type II					
Buyer Type III	<i>[Handwritten: High demand]</i>	<i>[Handwritten: High demand]</i>	<i>[Handwritten: High demand]</i>	<i>[Handwritten: High demand]</i>	<i>[Handwritten: High demand]</i>

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Now, obviously we are almost never playing with an open situation no blank slate where you can draw anything that you want to there will always be some competitive activity that already exists right so, this could be fairly intent in terms of competitor activity this could be a kind of a new that could be very few competitors here, there could be only one competitor here so, it changes, it could be different now if there is only one competitor as suppose to a place where there are many competitors as you can understand that therefore, this is possibly in the product life cycle industry life cycle somewhere in the post growth scenario or high-growth scenario which means that the buyer requirement are well-known where as if there is only one competitor presumably that is a segment where the market opportunities have just emerged so there could be many question marks here with respect to buyer requirement right.

If we look at the demand supply situation again here there will be a good set of knowledge whereas, here may be some stuff some vendors that identified the supply chain has been established but, it could also have many unknown factors there could be the social political legal environmental issues economic issues so, there could be a social move towards healthier snacks which means that it is a biscuit market light snacks market quite intense with competitive activity buyer requirements are known but, new buyer requirements are emerging influenced by new developments new consciousness in the society at that stage.

Of course, we have to also understand that what is our organizational capability maybe the organizational capability to create a new range of biscuits, may be the organizational capability to use to develop a new type of shining metal colour paint that adds high corrosion resistant and is very impervious to saline environment could be an interesting opportunity for say automobile paint market in areas like Bombay or Chennai where we have high rate of corrosion due to the salt in the air and in the water around that area .

It is a new type of opportunity that can emerge which can leverage the organizational capability to do this new kind of development so you can see here this matrix gives us a good way of planning that what kind of importance we have in this current plan period for these 3 types of buyers or this 3 types of market segments and we can plan our resource allocation based on this sort of analysis.

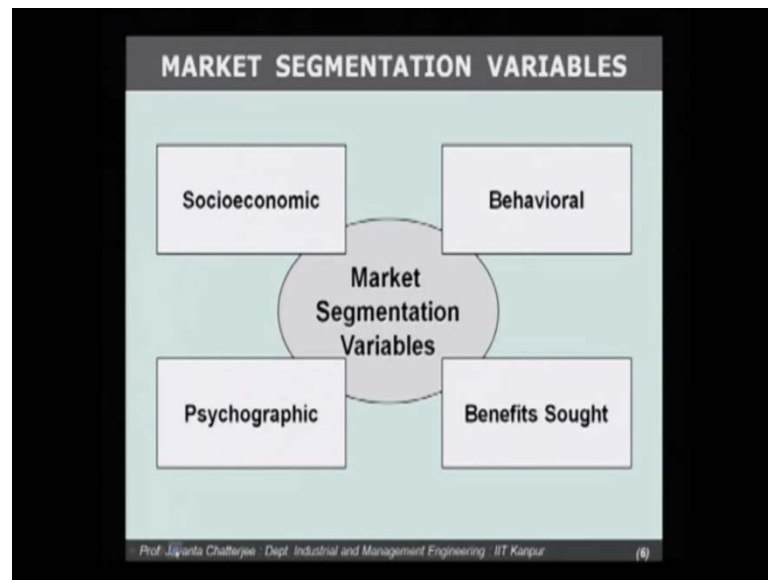
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Now the benefits of this sort of segmentation of the total opportunity into 3 parts, they are not have the same size this opportunity could be much bigger in potential then this opportunity, but this sort of analysis that we saw just now, the opportunity evaluation matrix allows us to think about new product development utilizing organizational capabilities understanding new buyer requirement right so it gives us a good handle on the new product development charter for the company, it helps us to design good marketing programs to reach so we know that what kind of marketing program will be needed here.

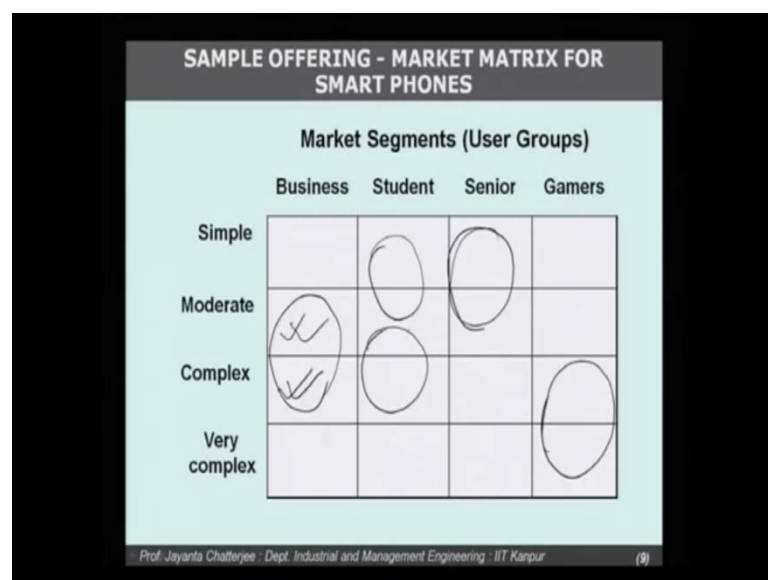
We know that the marketing program here will be knowledge sharing high-level of promotion because here we are at the early stage the marketing objective here is to establish our differentiation. Whereas, here the market is maturing the dominant design has emerged standards have been set as we discussed before our competitive activity as well as our marketing plan as to focus on operational excellence managing the cost downwards and so on so, accordingly the opportunity analysis and segmentation gives us a good way to allocate marketing resources for the different elements in the marketing mix the promotion, the packaging, the distribution and so on.

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The market segmentation is not only in terms of what we see as competitive activity for the demand-supply situation or organizational capabilities these are often coming out of the current situation analysis, but where we can go can often be actually by digging into researching into behavioural aspects, psychographic aspects so, that we can uncover or discover unmet benefits sought by the customer.

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Let us look at some example so what we are looking at therefore, to when we before discussing an example that we will look at which is a market matrix for smart phone, but

before that when we're looking at this B 1 B 2 B 3 the questions that we are trying to answer are those famous what we call W and H questions who are they? Who are these customers we are targeting? What do they want to buy? How do they want to buy? Where do they want to buy? When do they want to buy and some additional question to this why is not only why do they want to buy or in addition we should also answer why will they buy from us instead of competitor x y z?

So besides this sort of questions we may have all the answers to these, but that is not enough to validate that whether this is an objective that we should pursue at this point of time. We also need to understand that this market segment is it differentiable is it clearly different from this B 2 in terms of these criteria behavioural benefits sort and so on. Can we measure those differences are the features substantial and is this market accessible to us there could be a fantastic market opportunity for woodland in the high mountains of Peru or Switzerland but, may be to the cost of accessing those markets or the ways to access those markets are not within the current reach of the organization. Therefore, even though it is differentiable measurable substantial, but because it is not accessible it is, it is not a validity will not figure it could be something that is you might like to keep for your future plan having identified that as an opportunity.

Now here we are going to take up say smart phones this is a depiction of how you will use this segmentation formation of choice matrices so, smart phones I mean this is just an off-the-cuff example so one can say that there are business users student users senior citizens who would like to use the smart phone and gamers now you can immediately see that the category can be smart phone, but the need statement will be different for these different market segments is different buyer types.

So if it is the smartphone user for the business may be they will most probably looking for moderate to a complex user interface the feature bundle the way to use for business users perhaps will be here on the other hand for senior citizens they may need some part of the smartness for example, to have video chat with their grandchildren or with their family members, but they may not be interested in many of the high-speed multimedia complex features which will be needed by the gamers so the requirement for the smart phone for the senior citizens may be here, for the students actually there may be different within that same segment there may be 3 types of buyers some who will only want to use so this relates to one said segment opportunity has been identified quantified

characterized using the techniques that we have discussed you can summarize that by using the bullet points in the in this slide on the next one.

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ASSESSING OPPORTUNITY ATTRACTIVENESS

➤ **Opportunity Attractiveness:** *Based on a performance estimate of long-term profitability in the particular industry, as well as the firm's relative competitive position. The manager can determine the character and magnitude of the opportunity through examining the following :*

- Level of unmet need and the magnitude of unconstrained opportunity.
- Level of interaction between major customer segments
- Likely rate of growth
- Size/volume of the market
- Level of profitability

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When you look at level of unmet need and the magnitude of unconstrained opportunity level of interaction between the major customer segments like we discussed there may be certain interaction between the students segment and the gaming segments and so on the likely rate of growth of each segment the size and the volume that for each segment using that chain ratio method and the other techniques that we discussed and which can be due to also once you have the sales revenue numbers and you have your cost of goods sold you can also develop the relative profitability of each segment.

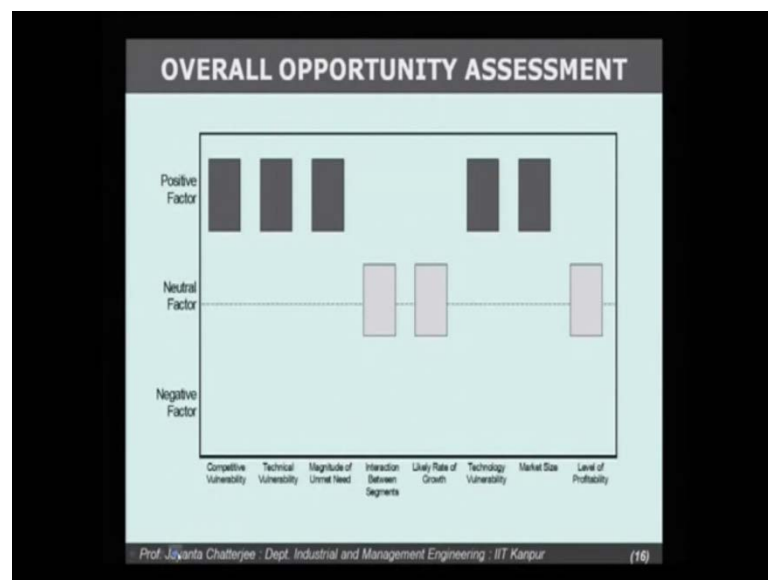
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ASSESSING OPPORTUNITY ATTRACTIVENESS (CONT'D)

➤ **Customer and Market Dynamics: Five factors to consider:**

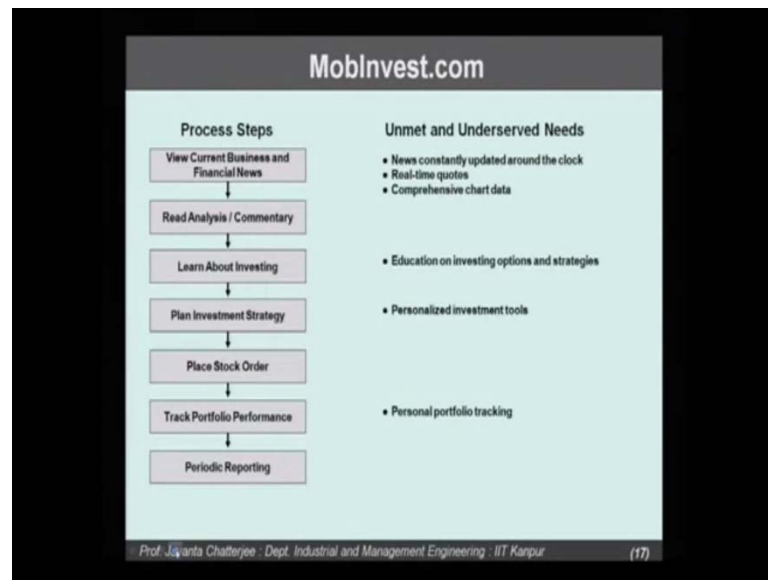
- **Unconstrained Opportunity**- Amount of white space that is still apparent in the market space.
- **Segment Interaction**- Level of reinforcing activity that generates more purchase and usage
- **Growth Rate**- The percentage of annual growth of the underlying customer market.
- **Market Size**- The dollar value of all the sales generated in a given market
- **Profitability**- The profit margin that can be realized in the market

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You can also then summarize these and apply to something like a diagram to compare the different alternatives so competitive vulnerability, technical vulnerability, magnitude of unmet need, interaction between segments likely rate of growth technical well these 2 are actually almost same so, we may be take one of them market size level of profitability and based on that you can position your, analyze your each one of the opportunities the B 1 B 2 B 3 and we will apply this to a case now sort of an imaginary case.

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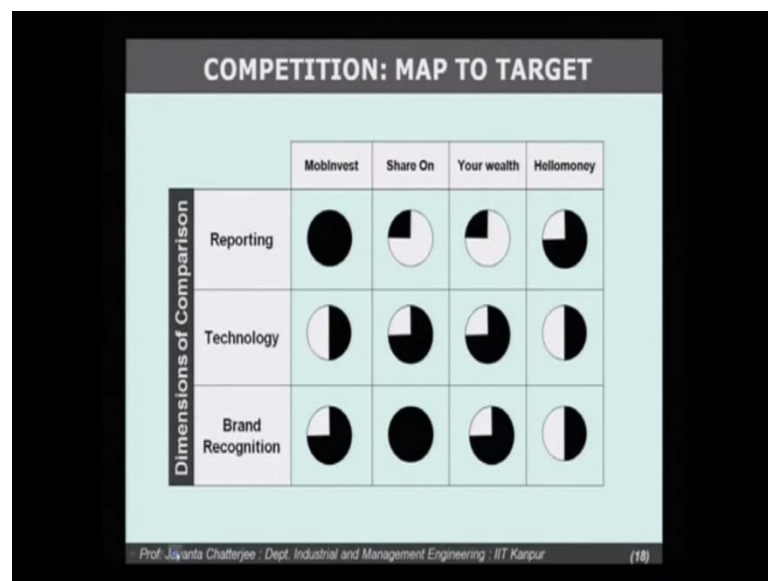


We will try to achieve these steps, but let us look at so, we are looking at an imaginary company called mobinvest.com. The business proposition provide investment related guidance stock market investment related guidance and capability to do buying and selling of stocks on your mobile phone an imaginary, I mean not so unrealistic it is to a large extent already available.

Let us say a company now come up with a total combination and they have determined that these are the steps that a customer is interested in that few current businesses and financial news read analysis and commentary from different stock market, analysis financial services if necessary, learned about certain type of investing, suppose you want to invest in derivatives then to learn about derivatives as suppose to current stocks then, plan investment strategy place order, track your investment portfolio and of course, periodic reporting now this company has identified that these are the unmet and underserved needs that today daily update is available from some services but, there is no service available which is round the clock giving update from the Indian market, from the US market, from the Australian market, from the Japanese market so there are many investments which are quite sensitive to global developments so, a mobile based reporting which gives round the clock information real time inputs and comprehensive charts these are identified as unmet and underserved .

Maybe they have found that there is inadequate information available for education and investment opportunity personalized investment tools a senior citizen 65 years old who wants to now look at the stock market as opposed to bank fixed deposits quiet worried about risks involved, but still interested and mobinvest is looking at this market segment and have analyzed that these are the unmet and underserved meets, these are the process that the segment of customer is interested to follow.

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Based on this they can also do an analysis of comparison that how this stack against that this is our company and these are again imaginary players in this market called share on, your wealth and hello money and from the previous application a previous analysis here we see seven process steps that usually a customer follows in this domain in its entirety of availing this service.

You can now combine them under three major heads reporting the quality of, reporting the depth of, reporting the frequency of, reporting technology of, delivery technology in terms of user interface technology, in terms of push versus pull that means coming to your phone automatically or your search and find so, that is what we call push technology versus pull technology and brand recognition. Now, you do a quick analysis against your offering against your competitors these kind of simple charts are very useful to come up with a final.

We cannot arrive at this without starting from here we have to go through the whole process of developing the entire chart of the consumer buying process for the product or the service we have to understand the customer in more depth, understand the segments in more depth, understand the competition in more depth, understand the competitor map, match with the company's resources and then come up with apply that to your case, develop the key buying steps the processes involved in the customers acquisition and consumption process and finally, come up with a chart like this which tells you that what are the strengths that you are going to deploy.

As you see in this case mobinvest the hypothetical case that we are discussing has decided that it is going to focus its marketing resources and technological and financial resources on the quality of reporting, the quality of guidance because it has chosen senior citizens, new investors, pensioners and retired individuals as their major market segment to start with and they have understood that the quality of advisory service and reporting service will be a winning strategy in this market.

So, technologically they want to be strong in that respect they want to be as strong as the other strong player here and they know that this company has higher brand recognition, this company is winner in terms of brand recognition. But, they would like to invest their resources to start with in this the reporting and the content quality rather than on brand promotion and this is how you actually do your analysis. Start with this kind of diagram with a detail analysis of and then answer the questions, understand the segments, assess the opportunity effectiveness, assess the competitive position and develop your final value package with which you are going to battle.

So, this concludes our discussion on opportunity analysis and developing marketing strategy in detail to avail and identified opportunity. At the same time to keep it in the perspective of the other opportunities so that resource allocation can be done across 3 identified opportunities that you would like to pursue so, you will have one set of actions to be followed for B 1 another set for B 2 and B 3 and still retain sum of the options that you might like to pursue later in terms of B 4 or B 5. So, fundamentally what we have discussed in this segment is: Where are we today? Where do we want to be? Why and how?

Thank you.