**Strategic Marketing-Contemporary Issues**
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**Lecture - 21**

To focus on few specific instances of strategy formulation, the first one that we are going to look at, will be the strategic imperatives for marketing in a new or growing market. So, you would recall the two fundamental concepts that we have introduced earlier; one is what is new?

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So, you would recall that we have talked about that the newness can be thought of in terms of this simple matrix, but we can talk about existing product, new product, and existing market, and the new market, existing market new market. So, this is where we normally operate; that means an existing set of products and we are offering that to an existing market. So, when we talk about a new market, it could be an existing product in the new market or it could be a new product in a new market. We have already discussed before that usually when we will talk about new market we think in terms of this, but this is the market of highest risk, because the customer is relatively unknown, the product is relatively unknown; and therefore that has the highest level of uncertainty. Most of the time we are either looking at a new product in a new existing market or an existing product in a new market.

So, these are the kind of dimensions of when we talk about a new market. We will now in this session look into these concepts in a little bit more depth to understand how marketing strategy can be fine tuned in particular cases. And we will discuss some well known examples, as well the other fundamental concept which we must remember is with respect to market growth.

And we know that the market growth can be of this type which we usually call the S curve where we know that the market the activities actually start much earlier because you have to do the product development. As you know this is time and this is either cumulative sales or it could be cumulative revenue or cumulative number of units sold or any one of those factors which fundamentally shows how the business is growing. And this is a stage were we had no revenue. And therefore, this is before the business activity start.

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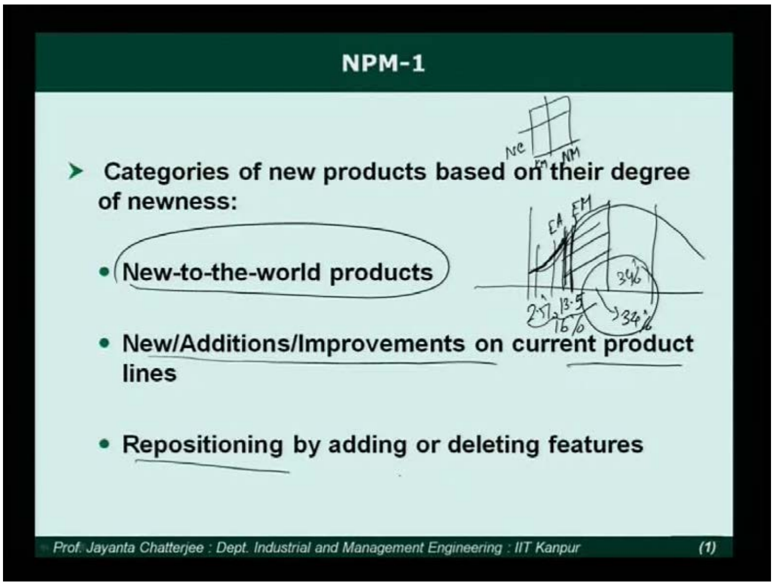


So, usually we know that this is actually the stage where we have the so called innovative adopters and early adopters and we have also often discussed. Before that at this stage we are looking at actually that same graph can be thought of in this fashion. In that case this early part can be divided into two parts and we know that the innovative adopters are about 2.5 percent of the total population. And that the early adopters are about 13.5 percent.

So, we know that these two together can represent about 16 percent. We also know that after this stage of so called early adopters to reach the next stage which is the creamy stage. The early majority which usually represents about 34 percent of the total revenue or cumulative number product sold etc. And actually normally delivers the highest level of margin or revenue and this late majority which is about another 34 percent.

So, we know that to reach this 68 percent of the total possible or usual distribution. It is not a, this graph does not automatically transit. Here we have discussed before that there is a chasm that develops and to cross that chasm we need to do some, we have to take some strategic steps.

Today of course, we are looking at the strategies at this stage. That means, when it is it is if it is an new product in a new market we often call it new to the world. So, actually as you can say here the newness can be also divided in two parts. That means, new to the company and new to the market and this could be known market. So, therefore, new to the world and new to the company is a dimension of the highest uncertainty or it could be an additions improvements on current product.

So, in a way it is kind of and it could be an existing product being taken to a new market with some tweaking in it. So, as you know that for example, Microsoft has taken their software and bundled it into a box which earlier was actually being bundled in a box like APC. Now, it is being bundled in a another kind of computer and which is become. So, therefore, a gaming box. So, it is a game computer bundled with some software and it creates an successful product x box and so on.

So, this is actually some new addition improvement on a current product set. By that actually we are able to reposition now this repositioning can also be done by adding or deleting feature say as we are seeing it in the mobile phone market. So, you can add features like a camera you can add various kinds of other smart features and create a new category called smart phone which actually goes to the same market but to the upper end.

So, it actually attract the business users the professional users the mobile professionals. On the other hand you can actually take away number of features from the usual dimension of mobile phone. And you can create a very simple phone suitable for rural users who would mainly be using it for talking and not that much of even sending text. But they may be interested in music they may be interested to have a torch attached to their phone. So, you add those little features and take out some of the major features and manage the cost profile.

And therefore, you can actually create a new price position in the marketplace. So, these are various degrees of newness. So, the newness can be in terms of therefore, in the new to the company. It could be as well as new to the market place. So, then it becomes really new type of combination or it could be an existing product were you add or delete features and create a new position. So, these are different dimensions and according to that according to which the marketing strategies will obviously, change.

Now, we often talk about the. So, called first movers advantage when were we talk about this new market or whenever we talk about this creating the new position. And whenever we talk about the first mover; we always think about you know the people like Apple which was the first in the play market space for personal computers.

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And there are so many other examples that we think about. But remember that the first mover has some inherent competitive advantages, because they can choose the market segment or the market position where they want to operate. So, when Motorola the first introduced mobile phone. So, they looked at the category of mobile professionals like the policemen, like the high end business executives or certain professionals who were on the move like service technicians and so on. And accordingly they created their product.

So, at that time it was not really like this small sleek light weight mobile phone which we can today put in our pocket it actually it was like a big break. And so but it created a market position were it was for those people to carry this couple of kg's kilograms of weight around just because they were able to have this mobile communication. So, army personnel police personnel mobile technician's executives on the move they accepted just as the original.

So, called you know today we call that notebook. But at some point of time it was called laptop and it was actually kind of quite heavy to put it on your lap you actually had to put it on a table. But yet it was actually mobile computing machine. So, the people who were pioneers in this fields like the mobile phone or the mobile computer or as small tractor or the very small compact cars etc as a first mover in that category they were able to create market segments.

So, in Maruti 800 was introduced in India it could actually it was the first compact car at that price point, in that in that marketplace and they of equated themselves with the young upwardly mobile professionals. And there are the first car for an engineer or a doctor. So, so it kind of created a position which was synchronized with aspiration of a young upwardly mobile person. So, the first mover in that way can define the rules of the game. So, these are the good points. They can have choice of channels before Maruti.

You know we had this older the too older car makers who operated in relative security of licenses and quotas. And so on and they did not have very many channels. There were not very interested in developing wide network of channels because whatever they produced got sold. So, it was like a seller's market people were waiting to get a car. All that changed when Maruti as a first mover created a mass market for cars this compact cars for a kind of professional who were then just coming up in the Indian market place because Maruti's growth happened around the same time, when this (( )) you know the software industry growth and various other new. So, called new to the country type of industries knowledge based industries were growing. And therefore, it created a wide network of channels because it has to assure these professional because these were people who were driving the car by themselves. So, it was a self driven car supposed to a driver driven car which was most often the case with earlier models like ambassador are fiat. And so these people wanted to be assured that that they will not be stranded if the car develop some trouble.

So, the channels were developed the supply chain was developed by Maruti and that created an advantage which even today they are using as a competitive advantage. So, the and in many many cases this channels are major distributers were locked in by the first mover in this case maruti. And therefore, these major service providers major distributors became a kind of a competitive barrier for the people who then came later on and try to challenge Maruti.

That the car many carmakers, international car makers who then join the frame or even Indian carmaker. So, later on came up. So, to create the the kind of channel Maruti had that time almost 8 10 years lead. It was not very diff not very easy for the new entrants to really penetrate that competitive barrier. And of course, this when this boom took place when this high rapid growth of demand came up for this small compact cars Maruti was able to create that economy of scale and as well as experience which keeps them in a leading position even today.

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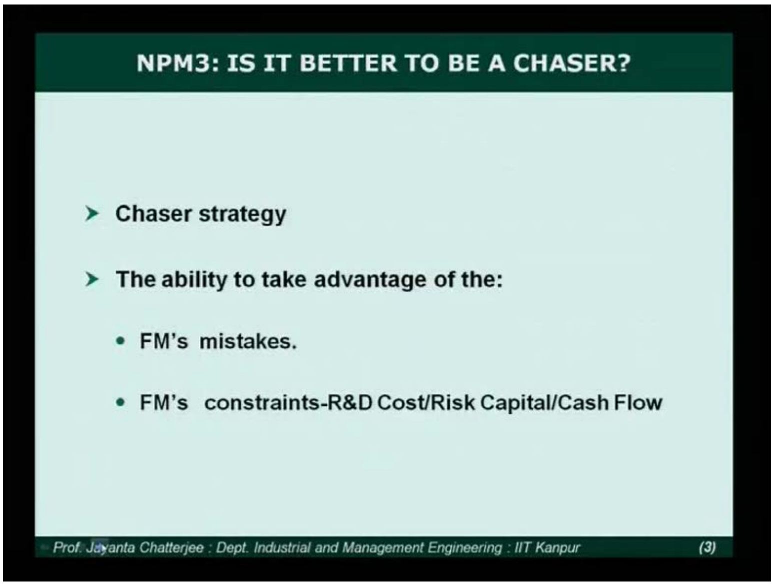


It is not always you know easy to retain these advantages because in many other cases a chaser or a follower can actually take advantage of the first movers market creation and yet attack the market leader in areas where they are most vulnerable. They can actually look at mistakes or customer dissatisfaction points and can and can do improvements which immediately appeal to the customer or they can actually focus on first movers constraints. The first mover often has already incurred a high RND cost.

And therefore, they have constant need of risk capital venture capital. They need equity participation because that becomes very expensive at that stage. And there is a constant cash flow problem. And these are areas which can be sort of capitalized by a new mover who takes care of these factors because they may be actually coming up with a follow up product. So, therefore, they are doing incremental improvement.

So, their fundamental expense that the expenses on fundamental R and D or lead R and D or pioneering R and D may be eliminated because they are basically creating a product which is taking care of some of the technological or operational mistakes of the first mover. And as a result they may also be able to create a better position with respect to the risk capital and so on.

So, these are therefore. So, therefore, the first mover or as we call the leading edge competitor can actually be on a bleeding edge because of this financial constraints that often haunt the first mover. So, the first mover; however, has options to which will take care of these possible problems with respect to risk capital or cash flow problem.

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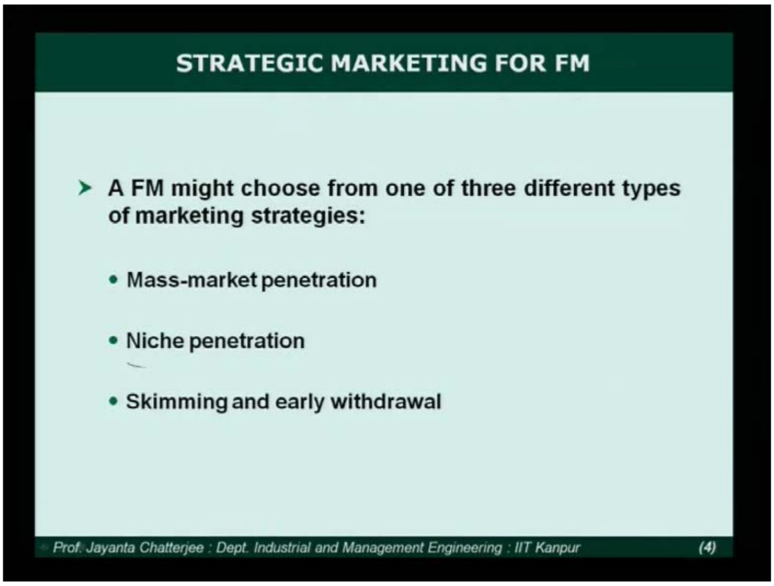


So, some many times we see that the first mover actually start with slice of the market a focused strategy which we have discussed before. That means, that they take a niche market penetration strategy. But this is not always feasible to take a niche market position. You may actually even as a first move or may have to take a mass market penetration.

That means, all out the bang or bust type of strategy because your market may demand. It we will see some examples and there is a third alternative which is you get into a market enjoy the market. When it is giving you the best level of revenue and return and then withdraw from that market again this is not always feasible, but is sometimes feasible.

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And we can in each case we can see that what are the alternatives. So, in the mass markets a penetration strategy. Obviously, we have to create as quickly as possible a commanding share of the total market. And therefore, you have to have a Blitzkrieg. We have to have a storming strategy into the marketplace you have to be able to do saturation distribution. You have to have relieve the volume which you can pump into the market if the one interest is rising.

So, you can look at the strategy that was followed by Apple when they launched the I pod. On later on the I phone, later on the I pad they the continue to do this mass market penetration. But of course, when they came up with I phone or they came up with I pad they were able to leverage the market base which they had already stormed into earlier with their Ipod product.

So, they were actually able to create a mass market which was a far beyond their original market position of high end computers or high end portable machines. And they have come up with the market which needed for to amortize their investment. And to make money they needed to sell at a speed which possibly was thousand times more than the speed at which they were selling their desktops notebooks before that.

So, this entry barriers that that time I pod created by rapid introduction of if you remember they were quite rapid in introducing three four variants they quickly. So, they came up with one model they quickly introduced a smaller models. They quickly introduced more sophisticated models and they created a whole range to cover the almost entire market space and created entry barriers, which then was not very easy for.

In fact, I would say that the iPod before it kind of got absorbed or this independent portable music devices using solid state backed up by the fantastic service which they got from I tune that combination today's absorbed in the so called the smart phone music phone or high end phone market.

So, possibly and that there are not very many buyers of at just that portable music format it has cut kind a got be fused into the new machines which they have introduced. So, as you are seeing that this is exactly the strategy we discussed a little while back. That you introduce a new to the company new to the market product and then you actually keep on harvesting on that by adding features deleting features blending into it in the other dimensions. And therefore, you expand the market.

So, if you have like apple unique competencies and resources and you have to deliver you're able to executive that strategy. Then of course, this mass market penetration even though it is expensive even though it is risky can be a very winning strategy.

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The Nish penetration on the other hand can help first movers, because the this Nish penetration strategy is needs and goes well with limited resources. And therefore, you do not try to cover the entire market the niche could be in terms of geography. The niche could be in terms of a type of customer the niche could be in terms of a type of use and so on and so forth. So, as you know that for example, in the phone market, the mobile phone market the very strong position which Nokia had created in a country like India were they were almost the first mover because the format with which the came was a killer format at which anyway was actually internationally had vanquished. They are the US while market leader which was Motorola.

So, Nokia came and created this with this new format a huge market in India. But they are kind of blind sided the growth of Samsung and some of the other makers in this market came from this Touch screen and some of the other features the with respect to likes a dual-sim. They were you know they lost significant market share some of because this some of this features which the a new competitors like some Samsung understood and were needs strongly felt by the customers and not well exploited by.

So, they initially came to the niche strategy for the dual sim phone for the touch screen phone for the for the more entertainment music oriented phone. And but slowly in the beginning and rapidly of when the strategy was working this new competitors like Samsung covered the entire market.

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Then we will see that is actually and a valid strategy for the follower continuing with the first mover strategy. The so called skimming strategy often followed by semiconductor makers. That means, you come up with a leading product a new product kind of a video compression embedded system chip. That is kind of very new provides many advantages to the buyer. It normally this skimming strategy we can see works in professional market of the so-called business to business or industrial market. And then the may also work to develop new applications for its technology for the next generation.

So, if you look at that strategies followed by companies like Intel you will see that they actually often follow the skimming strategy. They come up with the product at a high price point. People, industrial, professional buyers a buy that product because that extra functionality gives an edge to their end products. So, the computer makers buy the new Intel chips, because of the functionality is provided even though the price is higher. And then Intel deliberately starts cutting prices.

But on the other hand there r start adding features here. And therefore on one hand that original product prices going down that it many times. They actually kill their own product by introduction of the new or more powerful product. And that product like for example, the 3 8 6 or 4 8 6 chips are no longer visible in the personal computer space, but there are variance of 4 8 6 which are used in embedded systems on aircraft or missiles or many other defence related equipment. So, that is actually the strategy.

That is the strategy that we portrait here that you take add new features create new applications. And in the meantime in the main market place you replace the product with which you have had skimming profit and this is becomes a valid strategy.

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Now, if you have actually go on for the mass market penetration strategy. Then obviously, you have to maximize the number of buyers adopting as quickly as possible with a marketing program. That has to be aggressively focused on product awareness and you have to make it easy for the costumers to try the new product. If they try it on the assumption, the to try it they will like it and they will make repeat purchases or they are word of mouth publicity will create a market growth.

This has been studied well that how innovative new products new services are defused in the marketplace. So, I refer you can actually as search for the work of EM Rogers. Some excellent papers by Rogers are available free of cost on the net. And I will highly recommend that you and look at his work because that will give you a lot of insight into how first mover or how a pioneer in the market space can actually shape. They are offering strategy. It will apply to consumer products like a new type of shampoo. It will apply to a sophisticated electronic product like a music phone or it will a or a new type of our video streaming device.

In all cases these rules hold which Rogers pointed out this that you need to focus your strategy to create relative advantage. It must be that and the relative advantage should be very observable should be very clear it should not be you know like very technical. But you should be able to clearly see this is a very new thing. So, like the touch screen was a relative advantage it was very observable on a mobile phone for. And it should however, be compatible if then a touch phone actually created a new type of keyboard or created a radically very different type of customer interface. Then it would not have been successful.

So, the competitors who came in and to vanquish Nokia they knew that they have to keep the product compatible with what the customer already knew the use knowledge that was available in the market. They cannot actually radically depart from that. But they created a very observable relative advantage and another very important point is that even though at the backend or inside the phone the touch screen meant a lot of more technical complexity inside the machine.

But outside it appeared to be a simplicity because you do not have been you did not need the a separate keyboard anymore. You did not have to press and maybe the key size begin little bigger compared to the small tiny buttons which are available earlier. So, what was inside actually a technical complexity in terms of manufacturing in terms of service and everything to the customer it appeared like its simplicity a simplification.

So, you see therefore, relative advantage which is very observable and which appears to customer as delivering simplicity even though at the back end. It may be based on complexity are fundamental pillars of creating the success of a new product because this creates the buzz this creates the word of mouth publicity which is invaluable. And that actually causes which can we can even sure mathematically. This growth this from early adopter to the early majority is often created by this so-called buzz or the word of mouth or the publicity referral sales.

That happen because you tell your friends, you tell your relatives, a your children tell you and that actually creates this market growth. And of course, you will see often in a new product you have this trial packs or you have the demonstrations or you have booths where you can go. And try the product you have a mobile phones any new phone will always be available at the display where you can many distribution outlets where you can go and pick it up feel. It press it try it abilities again a very important part of this mass market penetration strategy for the first mover for the pioneered in the marketplace.

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And of course, there are some other techniques that can be followed. For example: increasing the customers. The ability to buy this was very ably used by if you many of you might remember. In those days I think in late seventies, early eighties when actually advertised. They showed their car. They talked about the price point which was highly attractive. They created test drive experiences which people immediately they immediately appeal to the younger professionals they could see that this was, so lightweight, so easy to drive. So, friendly in terms of user interface a. It was not junk it was not heavy it did not look like that divert driven almost a like a tank type of car.

And, but the really innovative marketing strategy was that they asked for I think if I remember correctly some 10,000 rupees or 20,000 rupees of deposit which you wanted to. If you wanted to have a car people were already at that point of time have been to wait because even though those older models where twenty, thirty old models. Even then you have to wait for six months, one year to get a car. In those days you have to even wait to get a scooter to and this 10000 rupees thousands of people came in and deposit at 10,000 rupees to participate.

In that allotment lottery now these huge some which collected on which they were actually ready to give some interest created a for them which they leverage to create a financing scheme a loan scheme to buy a car through their distribution network, through their tie up with some banks. And this car loan became a huge motivator because it made it in increase the customer ability to buy. And this was therefore a this is a very valid strategy at the introduction stage for the first mover for the pioneer at. And there are some additional considerations when you are of course, pioneering into a global market.

So, there will be cultural issues there will be issues relating to religion or there could be issues relating to particular conditions. For example, if you're selling a computer in India then the power supply has to be able to withstand the high fluctuation. And if you want to make the a product easily easy to migrate across the world you need to it to be versatile for hundred ten volt 220 volt 50 60. And thereby actually the computer makers the particularly the mobile computer makers, the laptop makers, the notebook makers they created a universal power supply which was impervious to 50 cycle 60 cycles or 110 volt 220 volt.

And thereby these are the additional considerations considerations if you are a pioneering global market year. But these details we will perhaps said discussed in a little bit more depth when you discuss about global marketing strategy. But this is at very important point to understand that how to increase the customers the ability to buy. And of course, the other issue relative advantage which is very observable which actually and presence complexity, a simplicity and its compatibility and reliability. These are fundamental building blocks for a pioneers. Mass marketing strategy as a fist mover.

Now, as opposed to the mass market strategy which we were just discussing the niche penetration strategy often used by entrepreneurial first movers because of the frugal nature or the limited resource driven marketing strategy that is often preferred by. And an entrepreneur is; obviously, based on the understanding that the niche that you are going to address at the segment that you are going to focus on should be immediately attracted what you are doing, because you do not have the comfort of the numbers. That if a does not buy, then b will buy because you are only looking at a one, a two, a three certain types of buyers in a limited number.

So, you have to create a very strong a value proposition in terms of either product feature or the use feature or the kind of business model to which you are proposing you have to have those advantage. If you want to make your niche strategy because obviously, compared to a mass-market strategy the growth in terms of number of units sold here will be limited even though actually it is possible to think about the better margin strategy. In this particular case, because you can keep your operational costs down. You can keep your marketing cost down because you can rely more on referral sales. You can a rely more on word mouth publicity.

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And so on and so far this quite often used in the industrial market. But it has also been a used the in some sense and even in consumer market. So, you could actually create niche market for herbal shampoo which is focused on hair growth as opposed to just cleaning your hair are cleaning the dandruff. You can actually kind of make it almost like medicinal shampoo and thereby you can create niche position are you can be create lice killing hair oil which is knish product.

Obviously, only people who are being bothered with these insects in their hair and they will be interested, but you have to make it. So, compelling that people should be able to see that when they use it and they can see that the it is killing the lice and it is you comb, and you see the dead at insects coming out of your hair not a very pleasant sight. But comforting the people who had bothered, and so here the value proposition the immediacy of the effect the customer’s advantage will have to be very rapidly created, very strongly demonstrated.

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And though these are the part of this frugal miss penetration strategy and a similarly in the skimming strategy also were because you trying to come in with the product that higher margin that will be there for limited number of buyers. We were discussing about the semiconductors. So, you come up with a new device which is the very low power consuming and needs.

Therefore a smaller battery or battery which can last longer. So, you have to then focus it on the mass-market a notebooks. But you have to create a new category car ultra book and make the your product and the very clearly appealing and giving advantage to the makers of ultra books. So, as a semiconductor maker like Intel you have to create a position which allows Intel's customers to create a new product to the very strong value proposition.

So, that why lead normal notebooks sells for at 30,000 rupees an ultra book can start at 50,000 rupees and can go up to a 1,00,000 rupees plus price point. And this will perhaps you know be there for some a one year two years. So, the skimming strategy cannot be a long-term strategy. It is a short term make money get out bring in new product diffuse the product. So, you know that it is something that is go in and come out type of strategy.

It was very ably used in the industrial market by companies like DuPont. Earlier they use to come in with the new polyester our new polymer based product that creating a new usage for say travel luggage and or product like Teflon which has so many important features. Given that creating new categories like non stick cooking were and so on. And they are actually we using your intellectual property rights at creating your patent barrier and other consonant strategies. You sustain your skimming strategy, but knowing that overtime you will not be able to retain that price point, retain that market dominance.

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You will have to actually then gradually have products which are cheaper, faster, better. Our can lend itself to larger market space as the first mover as a pioneer whether you are following the skimming strategy. In case of the skimming strategy is absolutely evident. But even in the mass market strategy one has to know that you will not be able to retain that dominant market position because by the very nature of the product life cycle graph that we have often discussed. The nature of the graph shows that as the market is growing as your volume is growing more and more people at will be attracted to that market.

So, that market at can only be sustained by the, I mean you can sustain your growth in terms of the number of units sold, if the only if you actually expand the market itself. So, the first mover to retain growth to be successful also has to play the pioneering role in developing the market itself. So, often you will find the consortium leader of for semiconductor makers will be in Dell. So, so as a first move the consortium leader for personal computers when that actually going as an industry body will be dell. So, so as the first mover with a kind of new product a first mover with the kind of a new business model like Dell. You have to know that you will not be able to have that almost monopolistic position an advantage for long.

So, you have to therefore, strategize is that the that what will be your marketing makes and in terms of product price promotion distribution and so on and after six months, after one year, after one-and-a-half years. So, you have to know that you have to do innovation in terms of your volume. Build up in terms of your cost reduction, in terms of your creating new ways for the customer to buy your product. Remember the Maruti. The example that we just discussed.

So, that your growth rate is at least equal to the growth rate of the market and preferably better than the market. Otherwise just remember from the relative velocity if the market is growing at a rate faster than your growth rate. You actually even though you may be growing year upon year, you are actually losing market share. And sometimes the market leader the first mover has to be prepared to this gradually erosion of market share because the original overwhelming position is. It is easier to say that retain that, but it is easier said than done.

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So, what kind market leader what kind of pioneer do to see that they retain that leading position. They are able to grow at least at rate at which the market is growing in that. Obviously, the main point that we have to look at is what we often say that we have to move from we have to move from product leadership to process leadership. And then to the so called customer relationship leadership and that is the only way you can actually retain new customers, at the retain current customers and embrace the late adopters or what we call the pragmatic majority in the product life cycle.

You know what we call the pragmatic majority in this? So, this chasm which develops to cross the chasm and be a dominant player in this early majority market which is the cream of the market. You have to have at this stage you know you your strategies based on product features. So, we often call it the product leadership. But at this stage you need to have process excellence or operational excellence and you need to have customer intimacy customer intimacy a lot of relationship expertise. So, that you retain your original adaptors and as well as embrace the new people coming now into the market.

So, for the original adaptors who have the innovators; they are looking for bigger faster better they are constantly looking for features. So, while trying to satisfy the late adopters if you neglect your early adopters the innovative users who gave your initial that 16 17 percent business. If you ignore them then these are the people who like Nokia's customers might migrate to Samsung and create a new wave. So, while you are actually doing very well with like as we can see Nokia. Now, it is still the dominant marketer that at in market like India they have created many value propositions for the late adopters the rural buyers for the less sophisticated buyers.

But perhaps they have lost the game with the more sophisticated buyers who were the early innovative buyer. So, you can see from this example of Nokia versus Samsung that you need to have that ability to run with the hound as well as be friendly to the hair. And therefore, you have to keep on innovating to keep your innovative new first time buyer satisfied or early adopter satisfied as well as create all the trial ability, all the clear visible advantages for the late adopters.

So, also we were discussing as a leader you need to keep the growing the market itself. So, on the whole; the very important point to succeed as a first mover with your marketing strategy is to be able to be flexible with multiple market strategies. At the same time because when you are here the market is here they are still something happening here.

So, you need to satisfy the innovators early adopters as well as the late adopter of the pragmatic majority at the same time and these three types of customers need different types of strokes as these different strokes for different folks. So, you need to have this array of marketing strategy and you haven't ensemble of marketing strategies which you should be able to deploy at the same time. This is the reason why in fast moving markets like computers or likes it today mobile phones you they have.

So, many different models you sometimes wonder you know it takes six pages on the web to go to all the products that are available from company like Nokia or Samsung. And they have all these products because they have to simultaneously be and daring simultaneously be appealing to different types of customers who are innovators, customers who are earlier adopters, customers who are late adopters, are pragmatic majority and so on and so forth. So, this is very important this ability to manage evolving strategies as the market matures is a key requirement to be successful.

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And of course; if your market leader as I said that you have to hold the fort. You have to hold your market share at to the extent possible as long as you can by moving at least said the speed at which the market is growing. And you have to yourself beat because you're the leader you have to expand the usages.

So, that is why today you see all the leaders of mobile computers they create. So, many different variance variance for children variance for game arse variance for women. And so that they are they can expand their appeal and customer satisfaction and loyalty. Customer intimacy as I called is primary requirement.

So that means, from product leadership which is our early stage you have to be able to simultaneously manage operational excellence. So that, you can keep your costs down. And customer intimacy so that you can actually create this invaluable asset. This is the key aim of the marketing department today in many different businesses is to be have the even loyalty is actually some people criticize that word because what you need to do is to be service leader, to be intimate, to be dear to the customer. So, it is more about creating not only satisfaction. But delight and which is the aim of what we call customer intimacy because it is only then you can actually encourage repeat purchasing by that customer, by that customers relative, children, friends.

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And so on essential to on the other hand. As a challenger follower you can often bypass this is an advantage because as we discussed you can actually as as a market leader. You have to create rangers. You have to create options which spanned the whole market. But if you are a chaser, if you are a challenger. And this is what is very nicely explained in the work of in his book at the innovator's dilemma and the follow-up books. And you can actually on you tube. And the easily enjoy sum of the excellent presentation made by professor Christiansen.

That how in the steel industry. For example, in US or in many other industries. When the leader ignored the peripheral or the low end of the market which was less margin and focused on their major customers; focused on the most revenue the significant part of their market; the follower created the disruption by winning the lower end of the market.

And therefore, they came through peripheral strategy and then occupied so nicely. Had explain that how the Japanese makers went into the European market with a very low end scooters and motorcycles. But gradually they became so endearing to the customer. At some point of time the bigger European makers went bankrupt and slowly the entire market got dominated by this, a new generation of our competitors. So, the challenges deceptive strategy often starts at the peripheral end often starts at the low end of the market.

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And so there are now as we are wiser the leader responds. With the second brand our leader that responds with different kind of strategy for market expansion or using the same technology for creating different types of usages. The end of course, there are sometimes no options from the market leader. But to contract or withdraw, but that they said always refer to the research or market disrupters. And sometimes even though particular segment is not that remunerative you have to be careful. That giving way are giving away that particular segment maybe finally, detrimental to your whole business which you have created as the market leader.