

Strategic Marketing - Contemporary Issues
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Lecture – 23

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We have discussed in the previous session or couple of sessions about marketing strategy implementation in a new market or in an emerging market for a new product or for a growth market. So, if you refer to our well-known life cycle graph. So, we have discussed about the strategies here, we have discussed about the strategies here, today we want to discuss little bit about strategic issues that are important for the maturing market or for the declining market.

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STRATEGIC MARKETING IN MATURE MARKETS

Handwritten note: *Maturity ≠ Decline*

- How do we detect Maturity ?
- Variations in STP can mean that different brands and market segments reach maturity at different times and a re-positioning may be possible.

Handwritten note: *Shampoo?*

Handwritten formula: $\frac{TAM2}{Addressed\ on\ Served\ Market} > \frac{50\% TAM1}{Total\ Addressable\ Market}$

Handwritten graph showing a curve that rises and then plateaus, with an arrow pointing to the plateau.

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Now, the important point to understand is that just because a product is old or has been there in the market for quite some time, it does not necessarily mean in that case that, that product is declining or that product is in trouble. So, which means that maturity is not same as decline or as we approach maturity it is not necessary that decline is imminent because products may actually spend a lot of time at this stage. And in fact, if a product is at this stage for a long time it is very good for the marketing organization, because you can make tonnes of money at that stage, because most of your investment has already been amortized. Your assets may be almost at zero value on your books - the production assets and you are still raking in revenue.

So, which means your profitability can be very high at this stage, because you maybe a very dominant player because other people might have already been shaken out or you might have already absorbed merged with or acquired many of your earlier competitors that is what happens in this stage and where actually some shake-outs happen at this stage. So, maturity is not necessarily declined and we can see many examples for example, see Horlicks or Bourn vita they these products have been there for a long time and they are still doing going strong, and there are variants that have been introduced which is a strategy important for this mature stage which we will discuss. But the point is therefore that just because Horlicks or bourn vita or Johnson's baby shampoo they have been there for a long time; it is not that they are actually un-profitable. In fact, it can be actually exactly the opposite of that it can be very, very lucrative business. So, the

matured stage or the decline stage are important marketing arenas and could be quite fruitful for a marketing professional.

Now one of the important question that is, it is always a sort of a puzzling issue to know where you are actually. I mean are you here or are you here? Are you actually on a fast decline or is it going to be a slow decline? These issues are, so is this going to take shape like this or is it going to go like this or is it going to go like this. Now it is almost it is quite difficult to predict where you are and how it is going to be once this stage is reached. So, how to detect maturity there are some solutions are norms given in the literature. Some people say that if you are tam two remember we had introduced this is more than 50 percent of tam one; that means, your addressed market total addressed market or served market. If this is more than 50 percent of the total addressable market that means, the market that is available logically to you.

That means, you have already covered 50 percent of that market, in that case we can say and you know you are approaching maturity. Or some other author have said that if you see declining sales over twelve quarters then you have to detect or you have to investigate that list that whether your product or your market is maturing. Important point here is that these are some concepts they are not universally applicable, they are not always true; you have to always look at your own context in your own market. And even if this tam one is more than 50 percent, the tam two is more than 50 percent or one and there is stagnation there is decline that does not mean you know there are no other opportunities.

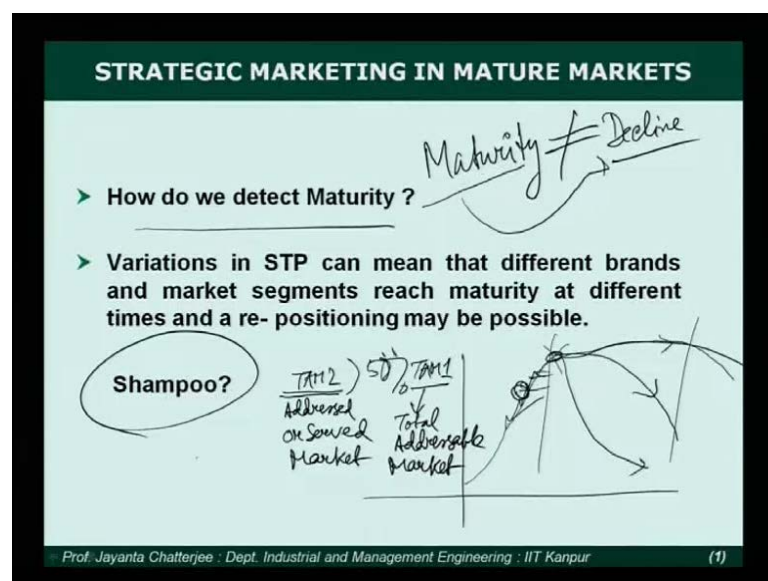
For example, a great instances that of the water filter market. Now Eureka Forbes, the market leader pioneering marketing model implemented in the Indian context who went door to door created the direct sales model of their water filter and were quite successful with their water filled as well as with vacuum cleaners. Both very relatively new product at that stage and they actually replaced the old candle type water filter and was doing quite well. But at certain point of time maybe five years back, maybe at the beginning of the twenty first century they had almost covered the big metros all across India. So, Bombay, Delhi, Madras, Bangalore, Kolkata and such places almost all the possible buyer had some model of Eureka Forbes. In fact, it goes to their credit that there are brand name became synonymous with this kind of filter. But then neglected or rather it

was not on their chart to look at this candle filters because in a way they felt that is what obsolete it.

But then came people like Tata swatch or people like pure it from HLL, they brought in filters which introduce lot of novelty and technological updating in the candles and the value proposition was that they it could be used even in spite of power interruption it because actually these model did not need any electrical power. And were quite good because they were using now nano technology or improved concepts quite innovative implementation in the design of the filters, and not only that in the earlier order type of candle filters people kept on using the old candle even though it is efficacy was already gone, but now they have introduced almost that razor and blades strategy that after a certain time you have to buy in new candle and because the old candle will no longer let water through.

So, they actually have created their therefore a trailing revenue model, and possibly we will over the next few years we will see good results coming out of this type of pure it or Tata swatch and so on. So, market which was considered to be maturing or was stagnating has now suddenly expanded and got a lot off new buyers and these new types of filters are doing quite well in the semi-urban and rural markets, where power supply is a problem. And of course, there is a response and good response coming from Kent or Eureka Forbes so on.

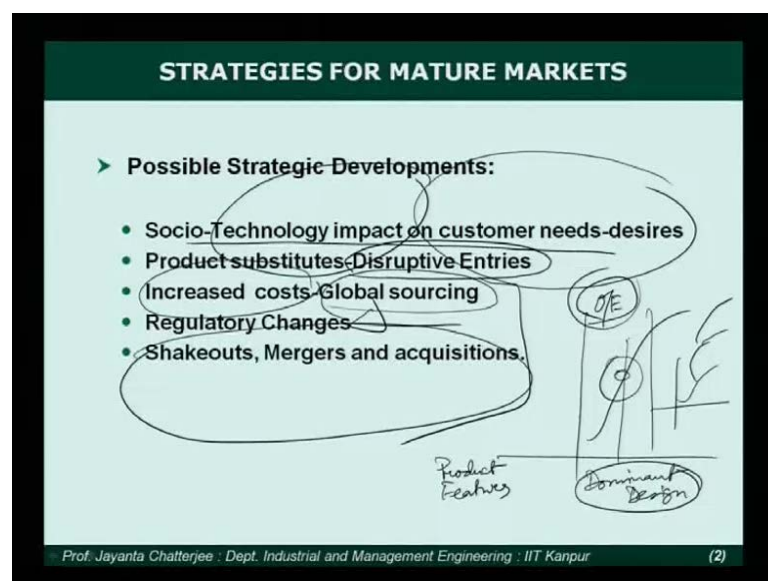
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Similarly, one can look at shampoo from one perspective if you look at the market like Bombay or market like Delhi, one can say, it is a mature market because everybody who can or want to use shampoo is already using some form of shampoo. The market people will say is cluttered and there are too many competitors there is pressure on margin, there is price competition and so on and so forth. But does it mean that there are no more opportunities, no on the contrary if you look at the statistics perhaps the penetration rate of shampoo, in spite of a introducing those sashes one-time use packets. the penetration in semi urban market or rural market will be miniscule.

And so if therefore, one can come up with a new concept with the new type of shampoo that can be a enormous opportunity or some people are now reacting against the high chemical content or polluting effect of use of shampoo or detergent after use. And they are not talking about completely new types of hair washing solutions which address this specific environmental pollution or rather the green issues. So, therefore, the important point here is that markets can mature, but markets can be regenerated. We have discussed this again a number of times before that the S curve can be converted into number of flips through e curves. So, now so therefore, detecting maturity is difficult and maturity does not mean, and maturity does not mean that the scope for innovation scope for new revenue generation is diminished.

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Now, what happens the possible strategic developments that can lead to maturity and the associated problems, and challenges. A one can be this is a major thing that a social or technological impact and on customer needs and desires. Very evident now if we look at say mobile phones, just a few years back at Nokia had an almost a unassailable position which was based on that excellent hardware and very well-known user interface which had a very large following because they had a very large customer base. And therefore, they are focus continue to be on better and better hardware utilizing the power of that user interface. And they were almost blindsided by the socio-technical move and changing customer needs and desires for more software on their phone, more application download on their phone. Features that could be derived out of a touch screen and so on. And there came Google android operating system which was ported on to a number of high-end phones and that there are also a large number of very low end phones which in a way mimicked or imitated the Google user interface and Google and Nokia was therefore, in pincer attack from the top end from smart phone manufacturers like an Apple and Samsung and so on.

And the other side and they had these huge pressures coming up from low-cost manufacturers in China, India and Southeast Asia and so on. And so at this what that social technological impact and customer needs and desires shifted, and therefore it that caused this. Sometimes there can be disruptive entries, there can be products when the leader continues to pursue as we will see in a later slide and the momentum of more features more of functionalities and so on. People we have discussed this before this whole issue about and disruption as a source of innovation or the kind of disruption in the marketplace and the customer's choice that is caused by innovative low end players.

Of course, there are responses which are usual that you know one can actually then respond with global sourcing when your costs are obviously, if you are a market leader your costs are going up in terms of salaries are people, in terms of your overhead costs and so on and so forth. So, sometimes one response by we have global sourcing, global sourcing also can actually help us to deal with a quick response to that shifting social technical parameters. Sometimes the maturities also brought in by regulatory changes and at this stage as we discussed a little while before shakeouts, mergers and acquisitions become quite.

So, we have discussed this again when we are reaching the early majority at the pragmatic majority time that is the time when a dominant design has emerged, and dominant design means you do not have any more much opportunity left to create distinctive feature. So, product features then become less important and their focus shifts to continuous lowering of costs and therefore, efficiency becomes a premium operational excellence a becomes the mantra at that stage and not everybody can and make that shift from distinctiveness our product leadership orientation to operational excellence and efficiency orientation at the same time.

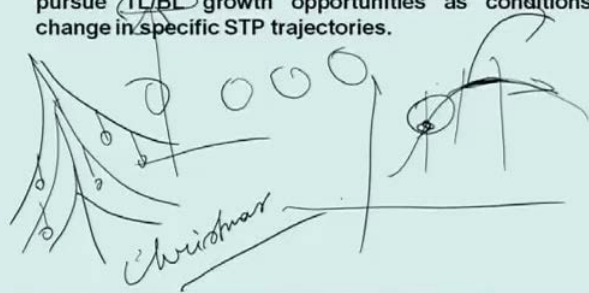
People like Intel have shown that they it can be done, because the Intel everybody thinks about Intel in terms of product leadership because the display all those features. They actually obsolete their own product before anybody else can and they have introduced 386, 486, 586 and they have introduced a new product when the older product was doing exceedingly well. This is another important lesson that if we are going to thinking in terms of creating a product platform, and if you are thinking in terms of a continuous introduction that is this a generation of e-curves out at your s curve up then it is better that you do it at this growth stage that means, the obsolete your own product before somebody else that. This is an important lesson that we can derive from the strategies are people like Intel, but many people do not know that or not constrain about that not only Intel is a product leader and has been a product leader now for almost and few decades. But they are also very, very good in they are operations and therefore, they are yield or the percentages of chips that are produced out of the line which are marketable are very high. Because the chips are produced on line switch produced few million pieces within a very short span of time.

So, if there is a little bit of quality glitch you can make an enormous loss just in one run and that is where actually Intel has been very good over and over years. And they by combining that product leadership continuous improvement in their product feature as well as this operational excellence that gives them this fantastic yield, and quality, and productivity that combination has been winning combination. And they have and therefore the reach that status where they are today.

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RESULTANT STRATEGIC CHOICES

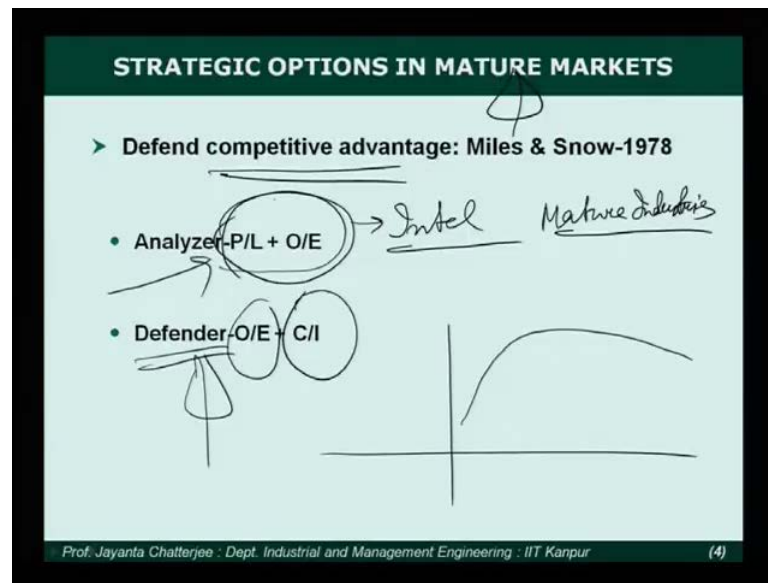
- Flexible and creative portfolio of marketing options to pursue TL/BL growth opportunities as conditions change in specific STP trajectories.



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So, the point is therefore that this flexible and creative portfolio of marketing opportunities. You need to create and not when actually you have declining beginning of the decline stage or maturity stage. It is better you do it at this stage when you are at the growth stage, because where you have are financial power the investible surplus to do that. If you are already at this stage, you are already coping with you know increasing costs and decrease in cash flow a problem and therefore, at that stage for you it may be difficult to cost that new Philip to happen. So, it is better that you start preparing for that creating that portfolio of options right when you are at this stage. So, because you need to importantly as you approach this stage you have to pursue the top line as well as bottom-line growth opportunities together. So, you have to create these different combinations permutations combinations of segmentation targeting and positioning that is what we mean by creating product portfolio. that is what we mean often actually use the example of Christmas tree, that means you have your original product platform and then you can actually hands stops from their and you can actually create the different kinds of variance. We often call it also the Christmas tree analogy to the product platform concept.

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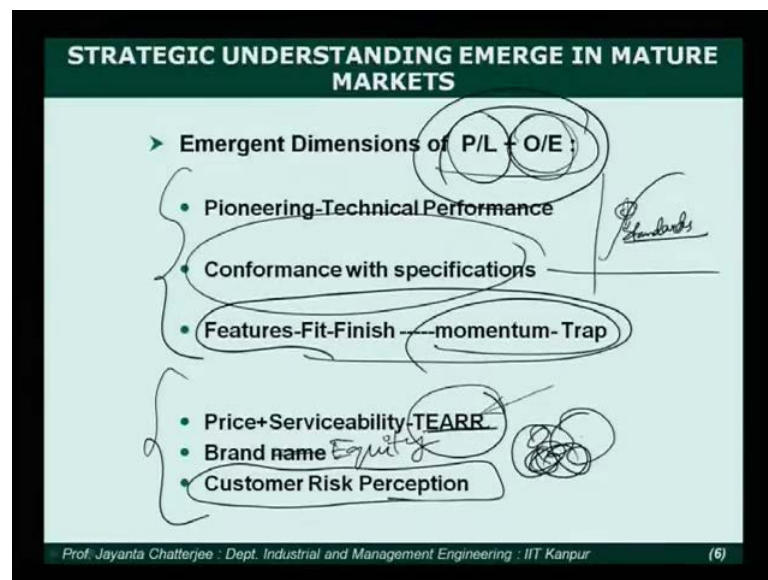
Now what are the different options as this maturity, market maturity emerges. This Raymond Miles and (()) snow, they have talked about these two some topologies, the strategy topologies, it will be good if you just search and look at this interesting concept which they had talked about the prospectors, the defenders and then this in between the analyzers. This analyzers strategy is fundamentally combining the product leadership as well as operational excellence as we discussed about Intel. And at this shows that in such mature industry like that of semiconductors, again as I mention that mature doesn't means it is declining. So semiconductors demand is still going on people had predicted that the technology the Moore's law will saturate and there will be no more microminiaturization that will be possible. But actually now you know, we are looking at new types of chips so called quantum chips or so called bio chips and so on, where complete new way of connecting transistor are being looked at, completely new types of transistor are being looked at.

So in this industries technology still is an important factor and that is where actually the analyzes strategy of combining a product leadership and operational excellence to win in different segments. To create a large number of STP clusters and create winning propagation is a good way of creating competitive advantage in a maturing market. Similarly if you are a defender, which means that you are in a strong position in a market, where technology is not very volatile. And it is kind of slow declined kind of a market like most of the metal industries are in that sort of a people have been predicting

replacement of all these commodity metals by improve material for a long time, but they are still going strong and lot of shake out has happened in that industries.

So we have seen the rise of Mittals, and we have seen the rise of various kinds of minimal, we have seen the rise of people like sterility, they have actually grown by good merger and acquisition strategy and excellent combination of operational excellence and customer intimacy. So this is another valid strategy that means either combining product leadership and operational excellence in the analyzer type of an market position or operational excellence and customer intimacy in defender type of market position when the market is maturing.

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When you are actually looking at product leadership and operational excellence combination that analyzer combination the kind of strategy very well executed by people like Intel, it is very important to remember that many people fall into this trap that I was talking about that if you have a product leader and your strategy has been based on creating distinguish position through features and through differentiation. So you have been pursuing this features, features, features and fit when to the different types of requirements and your best customers and their demands and superior finish and so on. It creates a kinds of a momentum which can itself be a trap. So you have to be a very conscious that just because your pursuing product leadership, it is not that you cannot at the same time be also very good in operational excellence. And in fact today, it is almost

mandatory, because of the market, mini markets mature quite fast and therefore you have to create.

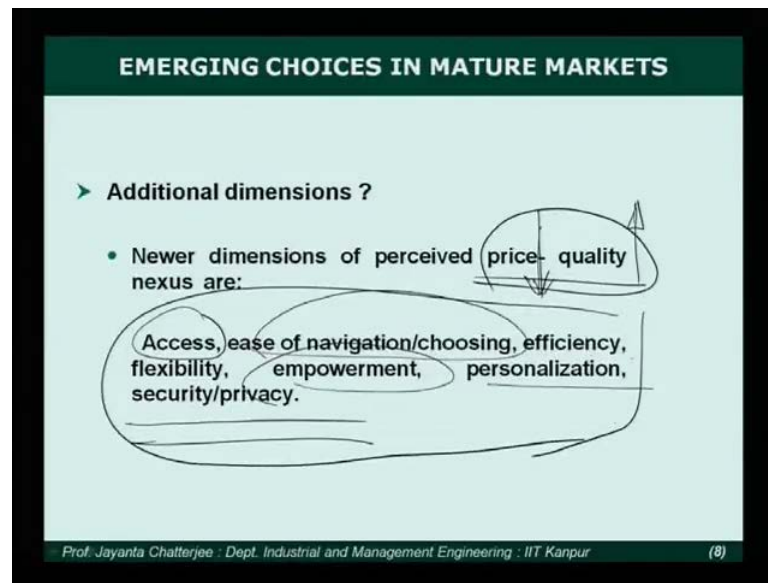
We know that as the market grows here dominant design emerges which we just discussed and that means that standards have been set. So, meeting the standards, beating the standards those also become very you know sort of a momentum in the company. But, to create this very strong combination of product leadership and operational excellence as a response to a market where maturity is emerging fast. We need to remember that as we have to pay attention to this, we have to at the same time pay attention to these more sort of intangible factors equally.

One important point is to think as we have discussed before no longer in terms of only products, but think in terms of product, service, systems also often known as PSS. And that can be expanded according to our perception as something which we call PSBS that means, you have to think in terms of your product, service as well as business system altogether. Your business model and your service and product combination and this point concept that is tangible empathy, assurance, reliability and response the TEARR factors that we have discussed earlier. It is a very important way of looking at how you are doing with respect to service associated with your product or in your service business or looking at your whole business in terms of the service dominant logic.

You know that is one way of creating this the focus on the operational excellence, which goes beyond your plant, but actually embraces all functions within the organization, whether the finance function the way they raise their invoice or deal with customers with respect to payments or the way the sales, marketing, service people deal with the customer. So, the focus on post sales, focus on long term relation that we discussed in the previous session, and measuring your performance in that respect using these factors become then very important. And also of course, the whole issue about brand equity which we will discuss in the following sessions in greater depth.

And continuous focus on customers risk perception, because as the market gets congested somebody who actually gives you the peace of mind, somebody a supplier on whom you can just trust that they will take care of problems if it emerges. It becomes a very compelling marketing proposition. So, managing customer risk perception is a way to leadership in this situation

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Some of the other dimensions here are that this price-quality combination; that means, low price and high quality combination which the Japanese and later on the Koreans have demonstrated in markets like automotive a two wheelers and so on that it can be done they have done that for many electronic products again and again and this combination earlier it used to be thought that you know high quality means high price these are the people pioneering people whether it is Sony or whether it is Toyota whether it is Hyundai, LG they have shown again and again that no actually very economic pricing can also deliver very high quality.

And today when we think about quality if we apply this product service systems approach then we have to understand that many sort of invisible that access or ease of navigation or choosing or empowerment of the customer personalization perception of security privacy. These can also become very important strategies in congested market by excelling in these dimensions one can create a position, which can give many added advantages in a matured market congested market highly competitive market.

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STRATEGIC PSBS IN MATURE MARKETS

➤ Gaps that must be addressed through PS Thinking:

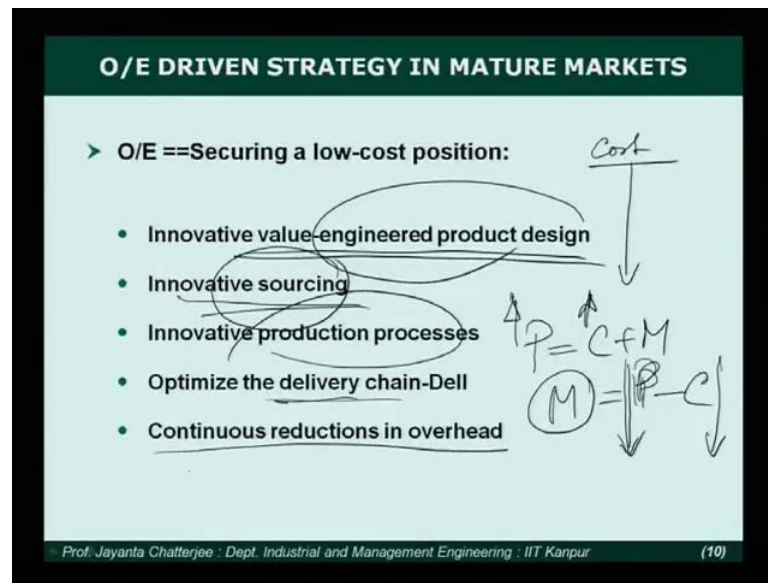
- Gap between the customer's expectations and the marketer's perceptions.
- Gap between management perceptions and service quality specifications.
- Gap between service quality specifications and service delivery.
- Gap between service delivery and external communications.
- Gap between perceived service and expected service.

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So, we were talking about this product service systems thinking and product service systems thinking is thinking in terms of this gaps this gaps emerge from those TEARR factors we have discussed this gaps before. And they can be a very good this five gaps that is gap between the customer expectation and the marketers perception; that means, what you are perceiving, you are delivering versus what the customer is experiencing; obviously, to know this you have to be in the shoes of the customer you have to have excellent feedback system from your frontline. So, that you are not in a spool's paradise at the top floor, but something else is happening on the on the retail shop floor.

So, similarly gap between managements perception and service quality specification as seen by the customer, as seen by your own service personal. The gap between service quality specification and service delivery which is kind of these two are related. And gap between service delivery and external communication, all of these are inter related they are inter dependent, but they are also they have some distinctive issues associated with each gap. This whole gap strategy we have discussed before, but it is important to emphasize again that in a matured market, the importance of continuous measurement of these gaps and taking remedial measures become very very important.

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The operational excellence as we have discussed is absolutely important. So, operational excellence in combination with product leadership gives you the response strategy in a matured market on behalf of a analyzer operational excellence and customer intimacy becomes a good response strategy in case of a defender market. But what is this, what are the issues with respect to operational excellence in a matured market is a continuous focus on value engineering, continuous focus on sourcing to reduce your cost. I mean ultimately here we are you are continuously trying to create a continuous pressure to bring your cost down, because we have discussed this before we earlier always use to say price is equal to your cost plus your margin. But today and therefore, if your cost went up then you could actually push your price up this was the dream sellers' market which we might have had some thirty forty years back in India, we had it for quite sometime because of the artificial protections that were there in the market place.

But today the whole issue is that your margin if you want to retain your margin profitability then you has to look that it at this equation as P minus C and understanding that competition in the market the fast maturity, the congestion in the market place all that will continuously put pressure on your price. You have to accept that, you have to deliver more features per number of rupees, more service per rupee, more customer in dear meant activities per rupee which means you have to also continuously deduce your cost at every point that is possible through your superior operations by value engineering, your product design, by superior sourcing superior production processes.

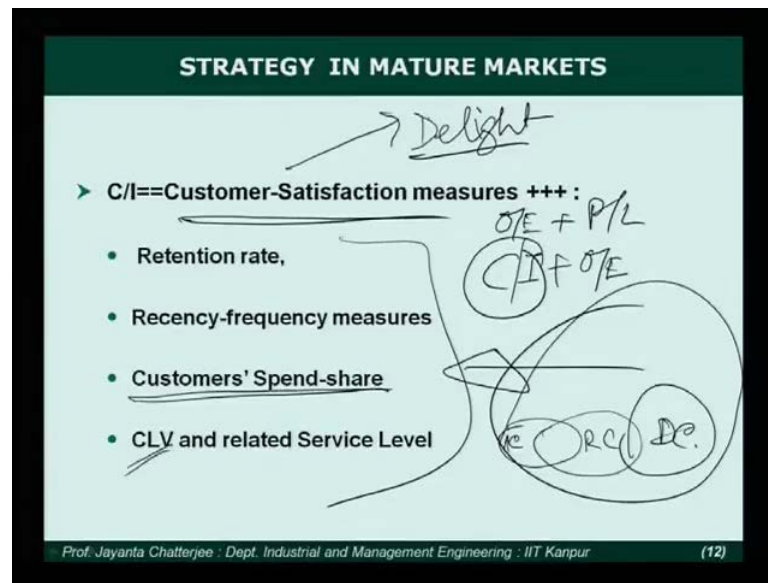
And also this is not only the input side or operation side also on the output side; that means, lower cost marketing, lower cost delivery over all continuous reduction in overhead becomes extremely important.

And if you are able to do that then in spite of your competitor seeing what you are doing they may not be able to respond to your strategy. Great example is DELL, they created the direct marketing model not going through the traditional model that existed at that point of time to going through wholesalers and retailers, which was more like a fast moving consumer goods model. And they created this direct marketing and also they co-opted the customer, the customer did a good part of the salesmen's work by creating their own computer configuration, and DELL did some innovative work with respect to supply chain and therefore, their computer could be actually delivered in parts which came to you and you could actually put it altogether quite easily.

So, this two prone approach one was the operational excellence derived strategy of providing boxes which played with each other quite easily, so plug and play modules. And on the other hand, direct marketing eliminating all the cost of intermediaries and improving the satisfaction, because the customer felt that the customer has participated in the production process. All put together the cost continued to be lower and that is why while the satisfaction of customer kept would be kept at a very high level and resulting in DELL current position as the leader in that market place for quite sometime now.

While many of them are asked while competitors have sort of fallen by the way side. So, the whole dynamics of what happened to DEC, what happened to Compaq, what happened to IBM, and what is now the strategy of Lenovo, what is now the strategy of HP, and how they are coping with this dominance of DELL all these can be interesting validation of this whole issue about how operational excellence can create a very strong position even when the market growth is kind of becoming flat even though it can be sort of a saturating market and possibly approaching in the traditional format towards they claim.

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So, just as we discussed about operational excellence, we are coming from that this very important combination of customer intimacy an operational excellence or operational excellence and product leadership. So, this customer intimacy at in this mature market is not only all things that you need to do to keep your customer satisfaction and going towards customer delight. But there are some very important measures that you must track through your information, marketing information system one of them is retention rate; that means, every customer you are acquiring for how long you are retaining them and what percentage of your customer base is continued to be your customer for over a period of time.

Recency-frequency that frequency; that means, every customer how long back or other the how recently they purchase from you that is a recency measure, and how many times they have purchased recently from you. And so which fundamentally means that we not only need to have a customer we not only need to have a satisfied customer. So, acquiring customer, then not only retaining the customer and delighting the customer; but at the same time, we have to make this by bigger and that we do one of the strategies we have discussed before that is looking at the adjacent space looking at customers spen share or wallet share as we call it; that means, not only what products you were doing, but you looking at the product service system concept what else can you offer to the customer which will bring you additional revenue. I mean what you can offer leveraging

your competence not by doing something completely unrelated and also a very important is to look at customer life time value and linking your service level.

So, there are concepts like you know silver customer, gold customer and platinum customer and with each level this indicates the life time value of that customer and then correspondingly deliver higher and higher level of service assurance. But some people also criticize this, because they feel that by boxing customers by what they have done in the past because whenever we are looking at lifetime value, the usual models are based on that data of the you know what has happened in the past, what kind of revenues you have brought from that customer.

Many of the models cannot actually capture very well that what could be. So, the potential of the customer which means we need a final forecasting model until and unless those are available, we have to understand this this life time value oriented service level delivery, the silver, gold, platinum sort of thing can sometimes back fire can actually you may lose the customer and losing a customer in a mature market is far more damaging, because there are many people waiting to take away your customer, because the market is congested at that stage. So, it is very important therefore, to tune these issues are however, important in any stage for any company.

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INNOVATIVE STRATEGIES FOR MATURE MARKETS

- Innovative Strategies for volume growth
- Increased penetration strategy
- Focus on nonusers.
- Focus on solution marketing
- Offering services that improve product performance or ease of expanded use –Google and Android.
- Developing more convenience and ease of access - Amazon to Flipkart

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For volume growth in a mature market, there are many innovative strategies that people have done well, one of them is focus on non-users, very well executed in India by the

tooth paste companies. They looked at people who do not use toothpaste, because they have been using various kind of so called you know homemade solutions, whether that was oil and salt or it was some kind of twig. So, that market was well addressed by the tooth powder which is kind of an Indian derivative from the tooth paste and in that format it could actually expand the market and whether it was the lalmanjan or it was various other kinds of herbal propositions have created new market segments in a relatively mature market. Or this different type of innovations that we are now seeing in a in a matured market of tooth brush is again an interesting understanding that how you can focus on nonusers and convert them to users.

Also focus on solution marketing; that means, you sell conditioner to the shampoo customer in a way you solve the problem that you might have created and that solution approach gives additional opportunity in a mature market. Or as we have seen the you know Google offering android and all the other things that you can see on the Google site continuous addition of newer and newer services can actually keep you a leader even if there are many contenders for that search market. And more convenience and ease of access again can be very powerful proposition as we have seen from the time of Amazon and today in India to the success of Flipkart and many other similar companies that how in a mature market of a selling books and music and so on.

You can create very strong position just by creating convenience. That simple introduction of the convenience of cash and delivery made Flipkart what it is today, because they alone with that innovation or along with that ease delivered to people who need not have credit cards or were afraid of using their credit cards I mean people new that this was one of the innovating factors of e-retailing in India. But they were the people who actually delivered, the solution delivered the solution efficiently, it was complemented by excellent quality excellent service response and very good replacement strategy or what we call reverse chain and all of that put together give them a very strong position.

It is a another issue that the market in which they are operating is mature, but as a company they are a young company in a high growth mode and therefore, of course, there are other challenges for of high growth like continuous pressure on their cash flow and need of more and more money for enhancing the infrastructure as the growth happens rapidly. So, it is like riding a tiger. Those are other issues, but the important

issue here in this context is to see that you can innovate either by focusing on convenience or by focusing on enhanced services or product service system solution marketing and focusing on nonusers and converting them to user can give excellent strategic advantages in a mature market.

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Of course along with that there are also this non-user strategy is often combined with the extended use strategy; that means, if people were just brushing once you convenience people that with with good logic that it is beneficial to also brush at night before you go to sleep. And or it is better to use a different product for washing your face and and use another product for for bathing. So, you have soap and you have a face wash product, so this is kind of extend the use or expand the number of times the customer interfaces with your product service system.

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MARKETING STRATEGIES FOR MATURE MARKETS

➤ **Market expansion strategy**

- Strengthening a firm's position in underpenetrated market—IITC Food Business in SUR markets
- Walletshare plus new customer or application segments-Titan Watch—Eyeglasses-Fastrack

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The market expansion strategy can be valid even in a matured stage, sometimes that can be done by discovering the under penetrated market and even though you can be if you look at ITC's Sunfeast product in the biscuit market, they are their product line up is not very different from that of Britannia. But the way ITC is focusing and leveraging their rural supply chain for their other products is perhaps is a battle that is still been rolled out, because Britannia also has had a good position in, but ITC has a much deeper and wider distribution chain in the semi urban and rural market, and we are observing we have this opportunity to be on the ring side of this great marketing battle that is going on between ITC and Britannia or ITC and Parle and so on.

And the other interesting this point about wallet share that we were discussing this is played together with this market expansion strategy under great example is that of Titan. They were very well established very respected in the watch category, they absorbed the the market share of the earlier players like HMT and so on. And they became absolutely dominant player, but seeing that particular trust and from the customer the brand equity they enjoyed with the customer. They the leverage that an introduce the titan eye care and they have soon now with their fast track model products whether for sun glasses or for different other youth products, they have become almost synonymous they have given lot of new dimensions to their market position.

So, they are now equally attractive to sort of ageing population or people who have seen titan for last 20 years, and similarly they are quite attractive to customers who are seeing Titan may be for the last five years or last ten years. So, they have by expanding the their range in a related value zone they have enhanced their share in the customer spend and thereby they have executed a another interesting classical strategy in the for mature or sort of costing market.

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EXPANSION STRATEGIES FOR MATURE MARKETERS

➤ Regional to National to International markets

- For firms with leading positions in mature regional markets, less-developed markets in other states or foreign countries. --Sagar Ratna or Tyre makers

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So, that kind of takes us to other more normal solutions that if your own market is matured in Tamilnadu then you can like prestige. Now they have been a leader in the southern market and now you can try to penetrate more sectors in the northern market or you can actually go to other regional markets whether in Sri Lanka or in Bangladesh or other parts of South East Asia and. So, you can actually go from the mature regional market to the less develop market in other states then to foreign countries. And there are again good examples like say Sagar Ratna which has been a very successful Udupi restaurant in the national capital region area, but then they have actually use that model and now have expanded to many other cities.

And they have actually now combined their original service model with different types of package food products and they are in a way some of the earlier moves by people like MTR, and they are now executing in a Sagar Ratna is executing that strategy in a more modern aggressive. And in a way which can give us a good understanding of expansion

strategy that can still be valid in a mature market. As similarly the tyre makers many of them have shown this that when the tyre market in US or the tyre market in Europe or the tyre market in Korea approach saturation, how they have actually then gone to other countries wherever the automobile growth was coming up and they have moved there. So, these are all different strategies that are more classical.

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The concluding points on this is going to be a sort of assignments for you that declining market is usually derived from the conditions of demand. So, today if you look at and the current and future competitive rivalry, so if you look at the position of Nokia which we were discussing just now. Nokia is under pressure from below by many low cost manufacturers from china, India and so on. Where they are standard phones no frill phones even they are feature phones are under continuous price pressure from this new entrance. On the other hand, they are foray into the smart phone with their new range of Lumia or before that some of the products they have introduced like the Asha range and so on. It is still not giving them the kind of revenue the top line bottom line growth that they had seen for last several more than a decade just about two years back.

So, the kind of dream run, they had say from 2000 to 2009 is they are no longer able to replicate that those ten years and from 2010 to 2012 for two years they have made several new moves and nothing is working out as they had expected it would. Their share prices are plummeting, market share is plummeting at this stage some analyst say or

proposing that why not why Nokia should not exit the low end phone business, why should they not exit the lower type of feature phone, and the standard phone business even though they have been the pioneer, the leader with their user interface very reliable hardware and many other features.

But today they are saying since the margin the growth the future rivalry will be in the smart phone market, where they are battered by Samsung and Apple and few other people. The analysts are saying that therefore should why should, Nokia not exit from standard phone and focus their energy to win the Smartphone battle right but this is where actually this concept of exit barriers come. Sometimes even if a solution is viable, but it may not be feasible, because it will be a wrenching exercise to shut down the traditional plants, suppliers the whole operation that has given them so much wealth and to abundant all of that in search of something that they are still not very good at is that a good strategy, is that a valid strategy in a market which you know which we know is maturing that is the standard phone market.

Even in a country like India, now people are saying that fifty percent of the population already have that sort of phone. So, should they now focus only on Smartphone or continue to focus on the standard phone in the low end of the market and protect and defend their position there, or they want they should do both is food for thought for you in the context of marketing strategy in a maturing and matured market. Let us hear from you and what you think about the Nokia strategy what you would advise them to do.

Thank you.