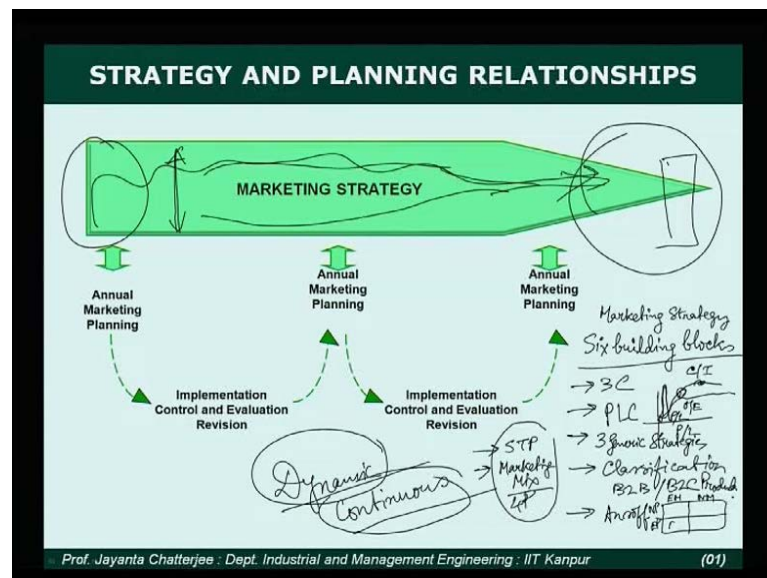


Strategic Marketing-Contemporary Issues
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Lecture – 37

As we approach the conclusion of this course, it will be good to put together the various concepts tools cases that we have discussed so far. And create a sort of blueprint or a map of how we will implement the strategy in an organizations marketing domain, how we will keep track of our progress, how we will correct deviations as they develop and achieve the goals that we had set out for.

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It is important at this stage of course, to understand as is shown in this particular diagram that our goal starting from a point and going towards goal. If this is the starting point and this is the goal then as this diagram shows that first of all there is a certain amount of play that must be built into the strategy and its implementation plan. Of course, as we approach our goal we can refine it further and further. So, that it is a very well delineated sharp target that we are trying to achieve, but initially it is important to keep some latitude some flexibility and build in some adaptability into the plan today we are going to discuss how exactly we should try to achieve that what are the processes and what are the do's and don'ts in taking this flexible adaptable approach to marketing strategy.

The first concept of course, is that to understand that strategy is a dynamic process. It is not a linear casting concrete process, it is as situations evolve we need to continuously monitor and we need to take corrective actions take additional steps sometimes go back or scale down or scale up. As the situation evolves now how do we formulate the strategy we have discussed number of times, but it is important again at this concluding stage to recap that in this course. We have introduced five or six important building blocks which we use always to layout explain to others in the company explain to the market at large our strategic position to bring everybody within the organization which is much far more important and synchronize some of the stakeholders objectives with respect to what is it that we are trying to achieve to these building blocks.

We can repeat again one we know is the concept of 3 C which means look at your company, its capabilities, its competencies resources. Look at your competitors, look at their competencies, their competitive moves, and their resources, and look at customers what they want, what they desire, what are the additional signals that you are getting from the market place for enhanced action or corrective action. So, continuous sensing of customers likes, dislikes, delights, because as we have often discussed that ultimately a good test of marketing strategy. It is validation is through developing customer advocacy moving from transactional marketing to relational marketing and achieving customer advocacy.

So 3 C then we know that some of the other I am not putting them in exact order it will become clearer how they are to be sequenced we have discussed the concept of product life cycle we know that products go through a sort of as curve sometimes this curve is very sharp most of the time these days in high velocity marketplace this life cycle graph is a very sharp rise sharp decline graph there are few industries of course, where it may go over a longer period of time that such industries such markets are becoming fewer fewer.

Along with the life cycle concept we have discussed the concepts of three generic strategies and we have linked that to life cycle we know that in the early stage our competitive strategy is based on product leadership product leadership we know that later on as the market matures dominant design emerges standards get set the product features get sort of communalized or commoditized at that stage operational excellence is an important generic strategy framework and as the market develops further customer

intimacy its becomes a important strategy dimension. So, this product leadership operational excellence and customer intimacy.

And we know today that they are not sort of completely exclusive of each other a certain minimum standard must be achieved in all three, but then depending on the life cycle position, of your market of your product of your industry you may have a higher emphasis is on product leadership or operational excellence or customer intimacy. They can also be linked to the generic strategy concept of differentiation that is the product differentiation that is product leadership or low cost achieved through operational excellence or focus which goes hand in hand with customer intimacy strategy.

The next building block concept is a classification of B to BB to C goods or other products. So, we know that we have in B to C we have talked about staple convenience or commodity products and then shopping goods or shopping products and then specialty goods and specialty products and the marketing strategies will differ will have some very prominent differences and some minor differences as we approach as we deal with these three different types in B to B we have discussed about the entering goods; that means, the is the components sub-assemblies and such or consumables that directly participate in the manufacturing production process.

We have discussed about facilitating goods like chairs tables computers electrical environmental equipment etcetera which do not directly participate in the manufacturing process, but sort of create conducive environment facilitate better production better productivity and then of course, the third type of products and goods are the capital goods or asset long-term asset goods products and. So, on these are machines these are test equipments these are erp systems and other similar high value investment which are either productive machines or linking networking machines and so on and so forth.

Then we have discussed the concept of at the an so ff matrix that is how existing products and new products can be related to existing market a new market and how therefore, the different strategy formulations can evolve. And then of course, after laying out these, we come to our two important strategic marketing building blocks. One is the segmentation targeting and positioning and then of course, the marketing mix which sometimes is called four piece or 6 piece or whatever these are those product price place promotion and so on. We have also discussed that there is a link these are later stage

these are the deployment building blocks and they have correlation with the earlier concepts like life cycle or the three C and so on.

For example, obviously, your promotion or your resource allocation among the four piece will change according to the life cycle in the early stage you when the product is not. So, known or it is a new entrance if it is a new product in a new market or it is a even a new product in a existing market needs the conditions that help better diffusion we discussed about the rogers diffusion model and at that stage; obviously, tri-ability becomes important and so customer education promotion must attract a high level of attention has should product features. So, product and promotion at that stage become more important than say distribution which at the latest stage; however, will become far more important because product features at that stage have all become standardized. So, as we see among the elements of the four piece, the relative allocation of resources attention management time engagement will evolve with respect to the earlier framework that we have discussed.

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MARKETING PLAN OUTLINE

I. **Where are we now?** *Situation Before Problems*
Summarize the key points from SAP analysis (market analysis, segments, industry/ competition, competencies now & new)

II. **Where do we want to be?**
The target may be defined demographically, geographically, or in social/economic terms. Each market target should have needs and wants that differ from other targets. These differences may be with respect to types of products purchased, use situation, frequency of purchase, and other variations. *Recency frequency*

Define objective as a quantified goal identifying what is expected when.

The objectives should be written for each target market for the following program components: (1) product-service Business System, (2) price, (3) distribution, (4) promotion (salesforce, advertising, sales promotion, and public relations), and (5) global technical services.

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So, let us look at some more discussion on this is something again this particular framework. I have discussed number of times that all strategy is about a journey; that means, it is going from point A to point B and I always draw it like this because we know that neither the point a is a very definitive point nor the point b is a. So, they are both like clouds and the way to approach them will be often a bit of evolving dynamic

meandering and continuous correction based approach. So, it is like approaching a summit during as we do in mountaineering you know where you want to go, but as you progress as we saw in the previous diagram that initially you have latitude some adaptability some room for maneuvering, but as you approach towards the approach the goal then you can become make it more sharper more definitive.

Now, how do we know where we are this point a right how do we do that in marketing strategy terms we try to do that through say for example, a sap analysis: now this can be thought in terms of an ERP based analysis, but I actually refer to sap as an analysis of situation which is derived out of industry analyses your product life cycle stage analysis and so on. Actors these are your three C'S your own company your colleagues your competitors, your customers and problems because without a clear understanding a problems pains positional alternatives all that represented by that pof sap the determination of our current position will not be complete.

So, first to know where are we. So, this will also depend on analysis of the market industry as I said competition your own company and very important that what is it now and what signals are already coming from the marketplace about new competencies that are required new features that are required. So, now, and new this is by itself also an important thing that we need to add to this analysis which will covered the situation the actors and the problems and the pains.

Wow where do we want to be this is about the point B, and this again needs to be defined in terms of STP. And also we can look at geographic objectives when we are looking at a global marketing strategy, it can sometimes be demographic; that means, looking at certain penetration in the youth segment or achieving certain position in the so-called silver market or the senior citizen market and it can be defined in terms of social objectives as we have discussed the triple bottom line objective. So, it is not only profit, but also some of these where we want to go it can be in terms of the people and planet; that means, it can be something to do with the society something to do with the environment reduction of carbon emission creating a more a greener product more energy-efficient products, all that will be part of the must be integrated with the marketing strategy, because without getting proper market feedback and calibrating your deployment on these without synchronizing with customers needs and desires. You will not be able to sustain any movement towards the planet or people oriented goals.

And this differences, we have also discussed about when we look at segmentation. You know, it is important to look at issues like Recency and frequency and collect on recency of purchase frequency of purchase. And sometimes, these are also very good inputs towards developing and the plan at least the tactical part of the plan. It is good to write down the key items of the plan because that helps to bring other department's even within the marketing organization the product management people the distribution management people the sales force field sales people the promotion people all of them together on the same page. So, it is good to write down the plan

And when we one good test this is actually we need to complete. This is products service business system; that means, when we look at the strategy we must look at it in a in a systems manner for example, I was just reading that sometime back a solar power automated rickshaws where test marketed across the country and projects of thousands of Crores of rupees where conceived and they are even now they are actually under implementation in different states of India.

But initially the deployment the marketing strategy which was based on a very good product design, which actually integrated solar panels with rickshaws. And the corresponding controllers based on driven by batteries and charging mechanism for the battery all those were technically well-conceived prototypes were build prototypes were tested, but in the market they failed they failed because the solar panel added a lot of weights to the rickshaw and so if by chance it was not working. So, the weight was too much. So, that therefore, the rickshaw puller had to basically take an empty rickshaw, because it was not possible without that solar-power assistance to drive. It to the nearest charging point with passengers on it, because the weight would have the panel itself was adding some 30-40 kilogram of weight.

Secondly the place where the rickshaw pullers usually live often that kind of security was not available the solar panels got stolen and sometimes they got damaged and so on and so forth. The point here is that before deploying such a new product though there is a demand for such a product there is a social need for such a product. So, it is a good product achieving targeting the triple bottom line objective, but instead of thinking of it is a as a product if one thought of it is the system and created an infrastructure for charging. So, that you did it was not needed to put all the charging mechanism onto the rickshaw and so actually if we had just followed the business model of other transport

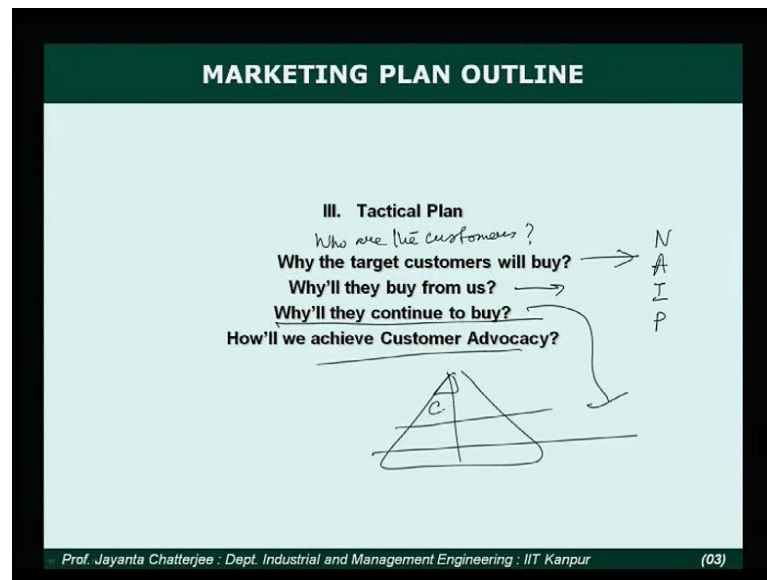
vehicles; that means, you have gas stations petrol stations or diesel filling points or even charging filling points where you go and refill and then you operate for some time and then you go back and refill in the same way here it could be the battery could be charged or it could be actually charged.

During night when the rickshaw was not in operation are maybe a fully charged battery one could taken in the morning and return the discharged battery in the evening and take a another charge battery in the next morning and also this whole charging mechanism could be segregated from individual rickshaws and could be actually a charging infrastructure created as a network across the city and thereby the rickshaw would have become more adoptable to the previous model one of the key points with respect to roger's diffusion model which is the backward compatibility issue.

So, we could have actually therefore, made a much big better success and which is now in the new deployment are already being thought about. So, if you have thought about this as a product service and business model together the strategy would have been far more successful we have often discussed in during this course examples like the success of apples IPOD which succeeded not because it was a good MP 3 player. There are other MP3 players already available its succeeded because the thought of I tune as a service along with IPOD as a product and it also thought about a new business model innovation where you could buy music one song at a time or you could actually combine some free downloads with purchased items it made purchas every easy any time anywhere. So, you did not have to go to a shop to buy the DVD or the cassettes or CD and so on.

So, you see always it is important to think of the marketing strategy as a composite of product service and business model then all the other items that that you know the deployment items the marketing mix the price that place for distribution, the promotion all these will become a much it will automatically sort of plan out well.

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And then of course, a during the deployment we should always have this asset test of you know when we actually hit the market that is the what we call well the interface with real customers. At that stage all the time we must be very clear that who are the customers why the target customers will buy what we are offering, and why will they buy from us you see this actually gives the understanding of the need analysis that the earlier points which we have the discussed that based on need analysis. You have to develop your alternative as a superior alternative we discussed I think this concept of need analysis establishing your alternative as a superior alternative and then of course, create the you know strong interest in your product and then the purchase action.

So, why the target customers will buy this particular product and will they buy from us what is it that we are offering to the customer that is different from other X Y Z people other competitors and why will they continue to buy how are we going to not only therefore, gain market share, but how are e we are going to protect the market share or grow on the market share how are we going to compete against the people who will follow us and who will actually be on the our side which will who will be in the market. At the same time, this are very important point this is this involves certain technical certain legal, it can be some IP protection oriented strategy it can be a continuous product enhancement strategy; that means, as competitors are trying to catch up with your product a you already bringing product two and product three and product four and product 5 very well executed strategy.

As we when we study intel starting from there the whole X 8 6 that is 3 8 6 4 8 6 5 8 6 Pentium dual core quad core the entire strategy that they have been deploying for last decades this is that why will they continue to buy from us. So, this retention issues that why will they continue to buy this retention issue we have discussed separately as a whole strategy this whole relationship based strategy whole creation of networks and ecosystem based strategy, all these we have discussed previously you must refer back to that and ultimately how will be achieve this our position across this pyramid; that means, go from many transactional marketing interfaces to relational and finally, to customer advocacy how do we achieve that this are the tactical plan issues which are rather continuous benchmarking continuous test issues that must be built into the into the dynamic review of the plan.

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IV. MARKET MIX STRATEGY FOR EACH MARKET TARGET

A. Product Strategy
Identify how each product fits the market target. Other issues that may be addressed would be new product suggestions, adjustments in the mix of existing products, and product deletion candidates.

B. Price Strategy
The overall pricing strategy (i.e., competitive, premium-priced, etc.) should be identified along with a cost/benefit analysis if applicable. Identify what role you want price to play, i.e., increase share, maintenance, etc.

Handwritten notes: ✓✓✓ (next to Product Strategy), V-P > 0 (next to Price Strategy)

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Products strategy now we are looking at this 4 piece, so to say. So, identify how each product fix the market this is important that most times this issue is faced marketing strategy issues for example, now we are now seeing say companies like Samsonite or companies like VIP all these luggage manufacturers they were earlier luggage manufacturer they are now feeling that the brand position the customer relation that they have established can allow them to grow revenue to bring in additional profitability by launching other associated products.

So, I think Samsonite is going into shoes v I p has gone into from luggage to almost fashion type of youth oriented accessories like rucksacks belt bags and side bags and. So, on and from their they might also look at getting into casual shoes or they may decide to get into other items that go with fable. So, they may come up with say travel pillow and other or travel lock or security arrangements for luggage during travel. So, the point is that it may appear that this is a good strategy because we are bringing in a series of new products which will be purchased by the customer for almost the same purpose and you already have a strong brand position as samsonite or as VIP in the travel market.

So, why not therefore, try to get more from the customer's wallet what we called mind share wallet share purchase share and introduce this new products, but always very important to understand that each product has a certain nuisance with respect to the features why they buy how they use and. So, on and that is why it is important to look at this mix of existing products with the next new products and also to look at not only product addition, but understand that resources are finite the attention and the sales force engagement are all kind of there is a certain limit and therefore, product additions must also look at product deletion candidates and therefore these are some issues that we often forget otherwise we have discussed in depth what is the meaning of product strategy within the framework of marketing strategy.

Pricing strategy again we have discussed in great detail you should refer back to that lecture that session that you know different types of pricing how pricing is related to the type of product how pricing is related to elasticity of demand at different stages during the life cycle and all of those how price a signals quality issues or quality images in that particular market segment so; obviously, therefore your pricing strategy if you are marketing perfume will be quite different from your marketing strategy and pricing strategy if you are marketing say breakfast cereal or salt snacks salty snacks.

So, therefore, pricing strategy again we have discussed in great depth all the different approaches to cost last to margin oriented to return on capital employed to the economic value added concept all of these different framework for price formulation, but the most important point is that again there is no single solution there is no magic pill for the finding the right price the only important point is that the value that is perceived by the customer minus the price this must be greater than zero. So, therefore, the customer must perceive that the solution for which he or she has acquired your product or service at that

that the perceived value benefit exceeds the price that the customer has paid. The next piece will be relating to place.

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IV. MARKET MIX STRATEGY FOR EACH MARKET TARGET

C. Distribution Strategy
Describe specific distribution strategies for each market target. Issues to be addressed are intensity of distribution (market coverage), how distribution will be accomplished, and assistance provided to distributors. The role of the sales force in distribution strategy should also be considered.

D. Promotion Strategy
Promotion strategy is used to initiate and maintain a flow of communication between the company and the market target. To assist in developing the communications program, the attributes or benefits of our product should be identified for each market target. How our product differs from competition (competitive advantage) should be listed. The sales force's responsibilities in fulfilling the market plan must be integrated into the promotion strategy. Strategies should be listed for (1) personal selling, (2) advertising, (3) sales promotion, and (4) public relations.

Handwritten notes and diagram: "Advtg → PR → Advertorial" with an arrow pointing down to "Personal Selling". A diagram shows a hierarchy of promotion strategies: "24" (top), "50%", "15" (middle), and "15%" (bottom), with "Personal Selling" written next to it.

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Here we have written distribution again we have discussed it in great detail the whole approach to an integrated approach to marketing promotion we have looked at the different types of advertise of promotion like starting from advertising going to public relations going and finally, going to personal selling and we know that the cost per exposure is the lowest in advertising because if you're advertising through aha television you are at one time reaching out to millions of people. So, even though you pay millions of rupees for a particular TVS spot or you pay lakhs of rupees for a print ad you are also reaching out to lakhs and millions of people.

So, potentially on an average it is only may be one rupee or two rupee per exposures. So, that way it looks very cost efficient, but remember that in terms of its effectiveness whether it has really reached your target audience or not our that knowledge is very low in case of advertising it is because it is almost like spray and pray that like a machine gun you have sprayed bullets and you have you pray that actually it has hit the target, but on the other end at the other end is. So, we have advertising we have public relations where actually we are trying to get advertorials and then we have of course, different other more targeted promotion rights.

So, finally, leading to personal selling which is very effective because we get feedback we know what has happened what an whether we have been able to get the customer finally, to buy, but also it is quite expensive. So, we have discussed that there are different types of goods and products will attract different. So, if you are going to mass-market then it is important to have mass communication it is important to have advertising maybe to some extent sales promotion, but if you are going to market a high value capital goods then advertising is not of that importance except for building corporate image corporate brand at that stage important strategy will be based on personal selling and so on.

So, this we have discussed again you should look at the promotion strategy and similarly you should look at the distribution strategy which is the entire discussion I think we had two or three discussions on channel strategy the different types of channels when like with respect to the life cycle the channel strategy changes and also how we treat in a way channel almost as customers or surrogate customers and therefore, just as we have customer relationship strategies similarly we should have our channel partner relation or partner relations strategy.

So, CRM and PRM often go hand in hand. So, these things that we have already discussed before you need to go back and understand that how these are related as an integral whole. So, again and again we have emphasized that we may have four piece, but they are all related and they comprise a network. Of course, your you may have twenty percent allocation of your resources at a certain stage to 1 P and 50 percent and the balance maybe 15 percent 15 percent, these relative distributions will change depending on the market evolution, depending on the 3 C'S, depending on the STP, depending on the product life cycle position. And that is the most important point that I am trying to emphasize today that these concepts are to be customized depending on the context, depending on the situation and all these building blocks are valid building blocks, but which block how you will actually allocate, how will you actually finally formulate your architecture of the strategy will depend on the analysis of the point a where you are today and point B where you want to be to understand point A.

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IV. MARKET MIX STRATEGY FOR EACH MARKET TARGET

E. Marketing Research
Describe the market research problem and the kind of information needed. Include a statement which addresses why this information is needed. The specific market research strategies can be written once the above two steps have been followed.

V. Coordination with Other Business Functions
Indicate other departments/functions that have responsibilities for implementing the marketing plan.

VI. Sales Forecasts and Budgets

VII. Contingency Plans
Indicate how your plans should be modified if events should occur that are different from those assumed in the plan.

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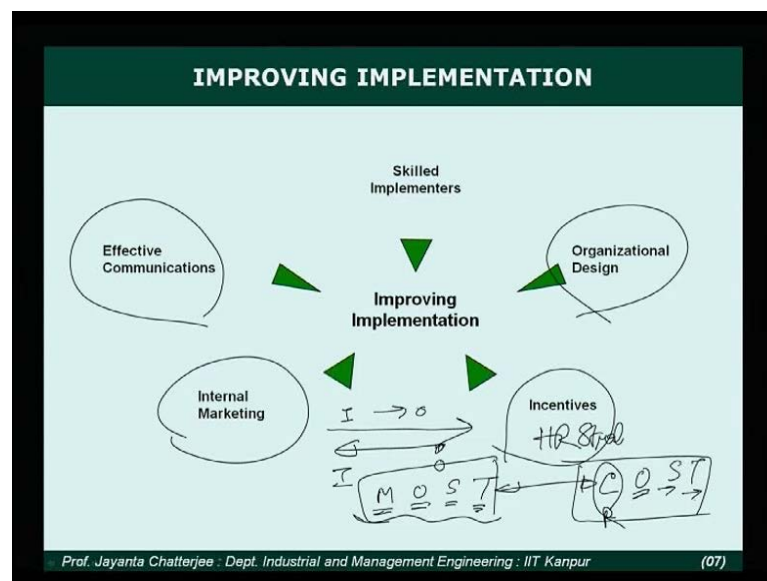
And point b we have discussed in depth marketing research is a domain by itself that is an absolutely essential input to the strategy formulation strategy monitoring strategy correction processes and a lastly it is important to remember that marketing does not stand by itself marketing strategies is derived out of the corporate strategy and marketing strategy must coordinate with finance strategy must coordinate with manufacturing strategy. So, coordination with other business function is also essential for the success of marketing strategy.

And as I said that initially our plan must have some play in it. So, we have to have this plan b concept what we call contingency plan. So, we need to develop different scenarios and if then analysis that if the we will discuss it with little bit more depth in the next section that we might have targeted a 15 percent growth, but you we in reality we might achieve 7 percent growth or we might actually be pleasantly surprised with 22 percent growth . Now, therefore, in each case we will have to have contingency plans that if it is 22 percent; that means, if one particular product portfolio is going faster than originally estimated that must receive all the encouragement all the fuel all the resources that is necessary to sustain that momentum which might mean that we may have to deprive some other portfolio.

So, this analysis is very important because each product manager will fiercely fight usually for his or her maybe sort of and as a as a strategist you need to balance these

various market research based fact based analysis and proposal. So, that we can balance the emotion and passion of each product manager each product group with the realities and facts coming from the market, so that even if we as a business manager as a product manager we may be deprived of resources because to help another one which has a higher momentum, but as long as it is based on facts we will be able to manage the emotional conflicts.

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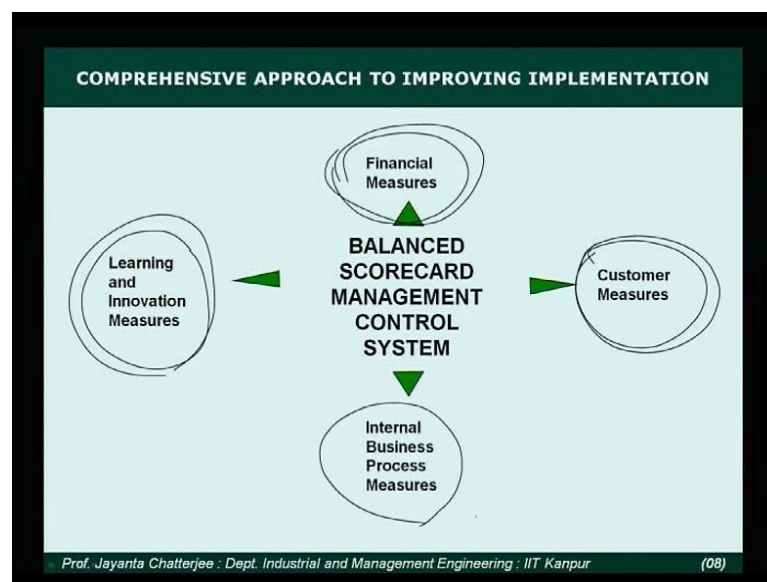


A little bit about some human resource issues some learning issues to which the I have now started leading to is that good implementation of strategy must also lay emphasis on building necessary competencies that may be with respect to your communication competency internal marketing will discuss that in little bit just now different types of incentives plans related to the overall hr strategy the organizational design must be helpful most important point to remember is that good marketing strategy depends on these inside out; that means, your competencies related to the outside requirement an outside in; that means, the opportunity sense from outside reflected back into necessary internal actions that are necessary or in some other way as I have discussed in one of the earlier session that usually whenever we are thinking of strategy we think in terms of you know establishing a mission from which are derived some objectives and then from that flows the strategy and the tactics, but must remember that this view of a strategy which is the most natural and most usual must be balanced with a COST; that means, look at your competencies your capabilities look at your resources and then look at the opportunities

that can be derived out of those competencies and from that develop your strategy and tactics.

So, this position based approach to strategy formulation and implementation and this resource based approach to strategy formulation and implementation they are not kind of either or, but as we more or more understand that they had to be treated in a complementary fashion sometimes they may create a paradoxical situation, but we must understand that the opportunities that are available outside sometimes pursuing those may lead us to and you know flying to the sun with wax wings. So, we must be therefore, able to handle with our competencies capabilities the opportunities as they evolve.

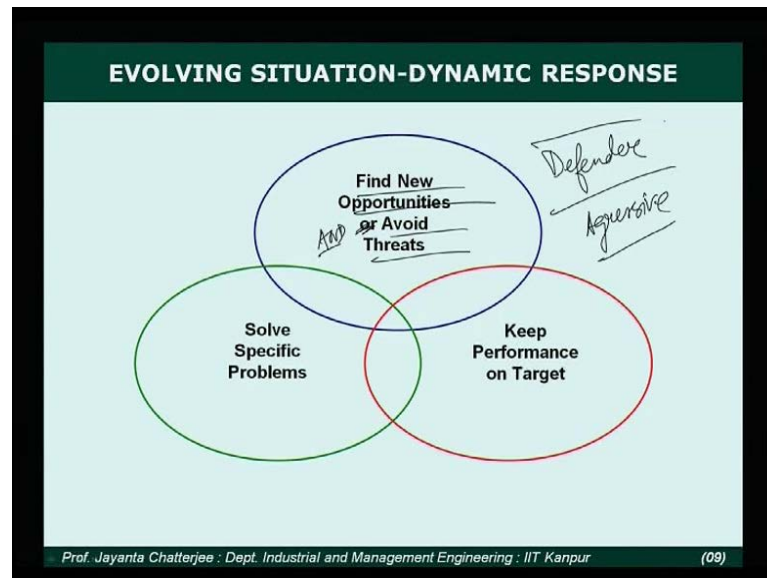
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A very good framework to understand that we are whether we are approaching the strategy implementation in right manner is this. So, called balanced scorecard concept so were we know. So, this is the outside; that means, what are the customer measures the market share profitability etcetera etcetera and it must be balanced. So, each one these are one is outside one is inside. So, like outside measure is what we achieve in the marketplace then it must be balanced with the insight processes of learning and innovation measures outside is the financial achievements with respect to return on the asset return on capital employed economic value added MV and so on, but it must be balanced with the internal business processes. So, again this is another way of lessing a

good framework because this can actually you can easily find a very detailed implementation plan using this balance work at structure

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That will tell us how to do this inside out and outside in strategy I would say similar therefore, that as you find new opportunities this is another way of presenting some of these not either or, but a and strategies. So, you have to simultaneously find new opportunities and avoid threats. So, earlier people used to say that defender strategy was an alternative to and aggressive strategy, but we now know that more and more you have to at many times manage for one portfolio you may be a defender for an another portfolio you may be an initiator on an aggressor or a challenger.

So, in one case you may be an incumbent in another case you may be a new entrant and it is not only with respect to competition as we discussed before the breakfast cereal case. So, Kellogg is a is in a mature market in the western American European market, but when it came into India. It was a complete in a new category, it was a new entrance for it. So, on one side, it is actually implementing a good defender strategy market. Retention strategy brand strategy in another case. It is actually in an innovator role in an initiator role in a new market entrant role. So, many times today therefore, we need to simultaneously manage the defense strategy and offence strategy in our marketing framework particularly when as the most markets are becoming more and more globalized and most strategies therefore, are to be taught out in terms of a global rollout.