

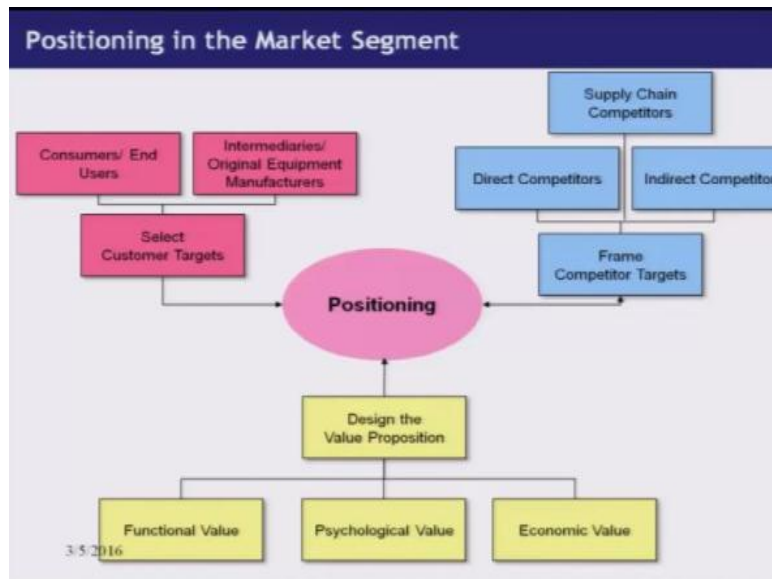
Indian Institute of Technology Kanpur
National Programme on Technology Enhanced Learning (NPTEL)
Course Title
Marketing Management – 1

Lecture: W8 – L2
Generic Modeling Strategy

by
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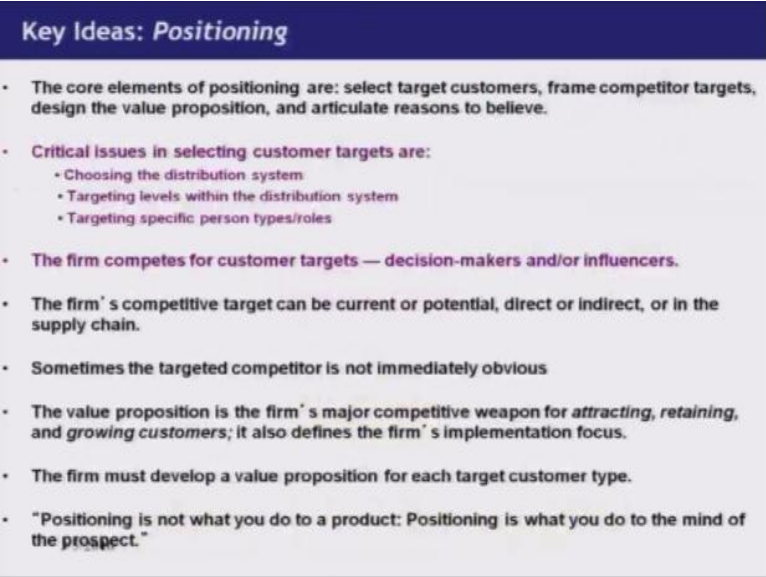
Prof. Jayanta Chatterjee: Hello welcome to our next session of our course on marketing management part 1 as you would recall yesterday.

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Prof. Jayanta Chatterjee: We concluded with this particular slide we are discussing positioning.

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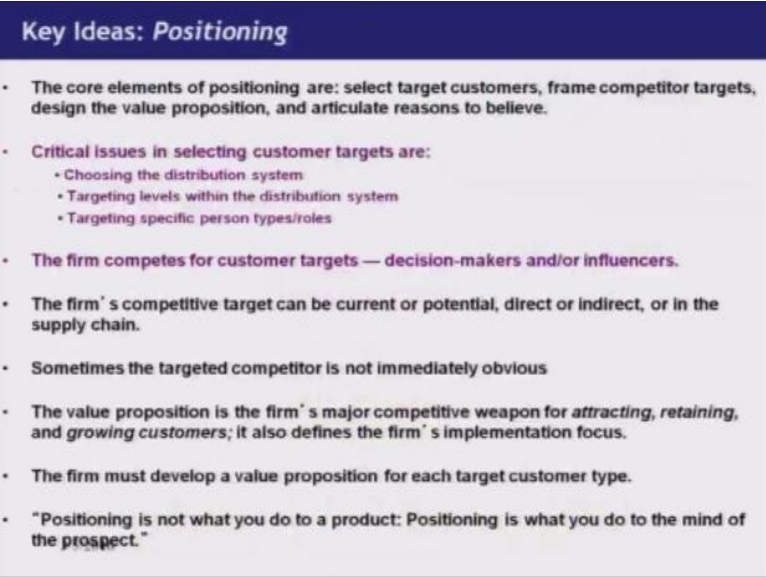
Key Ideas: Positioning

- The core elements of positioning are: select target customers, frame competitor targets, design the value proposition, and articulate reasons to believe.
- Critical issues in selecting customer targets are:
 - Choosing the distribution system
 - Targeting levels within the distribution system
 - Targeting specific person types/roles
- The firm competes for customer targets — decision-makers and/or influencers.
- The firm's competitive target can be current or potential, direct or indirect, or in the supply chain.
- Sometimes the targeted competitor is not immediately obvious
- The value proposition is the firm's major competitive weapon for *attracting, retaining, and growing customers*; it also defines the firm's implementation focus.
- The firm must develop a value proposition for each target customer type.
- "Positioning is not what you do to a product: Positioning is what you do to the mind of the prospect."

Prof. Jayanta Chatterjee: And core idea that we had explained in this particular slide are the core ideas are the core ideas are that positioning follows a sequence of activities it ends with *ING*, so has you can understand that it is all about doing formulating an implementation, so you select target customers you look at the competition and you understand that the current offerings in the marketplace for those target customers are proposing X,Y,Z,M,N,O, P values you then design a distinctive package of values that differentiates your products and services your offerings from those available from the competitors and then you create a web of reasoning.

We support from different dimensions from different constituencies for the distinctive value propositions that you have created, so positioning is in the mind is in the minds of the consumers and obviously there for positioning cannot succeed unless it is manifested in terms of availability across the distribution chain and depending on the kind of positioning whether you were looking for an exotic are a boutique positioning or a mass positioning you will have to decide different types of distribution strategies and different types of roles that your products and services will be playing in the life of your targeted customers and so on.

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Prof. Jayanta Chatterjee: So positioning therefore is very closely linked to your competitors and those customers you are competing for sometimes positioning is very direct positioning can also be shuttle can be indirect positioning can appeal to the logical part of the consumer behavior or in an very subliminal fashion it can appeal to the emotional triggers of consumers buying behavior, so the targeted customers can be addressed very obviously in the promotion scheme in certain types of positioning but when you are actually trying to position your products or services to appeal to the higher levels of Maslow's hierarchy of needs your positioning can become more and more shuttle

So at the higher level values oriented, emotion oriented, spirit oriented points become accentuated but usually in a very understated fashion, so the style of positioning can change according to the type of customers as well as the response to the competitors there is no hard-and-fast rule here sometimes in a market segment where competitors are positioned in a very I would say in the face position the competitors announcements are rather loud one can come with some shuttle value proposition distinctiveness which is understated delivered in a very sophisticated fashion but it will depend off course to in the will depend on the cultural dimensions and buying frequency of that product.

Prof. Jayanta Chatterjee: So in specialty products like say perfumes certain types of cosmetics can be both types of positioning can be valued in one case you can your positioning and be based on sort of an internal appeal of male hood or woman hood and other side it can be something positioning can also be very bold brash with respect to cleanliness or with respect to earlier and so on so positioning ultimately must understand that what you intend to do with the position is less important compared to what appears in customers mind so positioning is therefore always to be understood in terms of the mental model of, of the consume.

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Positioning Statement: <i>Cemex Example</i>		
Task	Focus	Positioning Item
Convince	Builders and contractors: site managers and project investors	Customer Target
In the context of other alternatives	Traditional cement producers	Competitor Target
That they will receive these benefits	Site managers. Consistent delivery within 30 minutes of Cemex receiving an order — versus the three-hour standard Project investors. Additional revenues from early project completion	Value Proposition
Because we have these capabilities	A global positioning satellite system on each truck. Computer software that combines truck positions with plant output and customer orders to calculate optimal destinations. The ability to redirect trucks en route.	Reasons to Believe

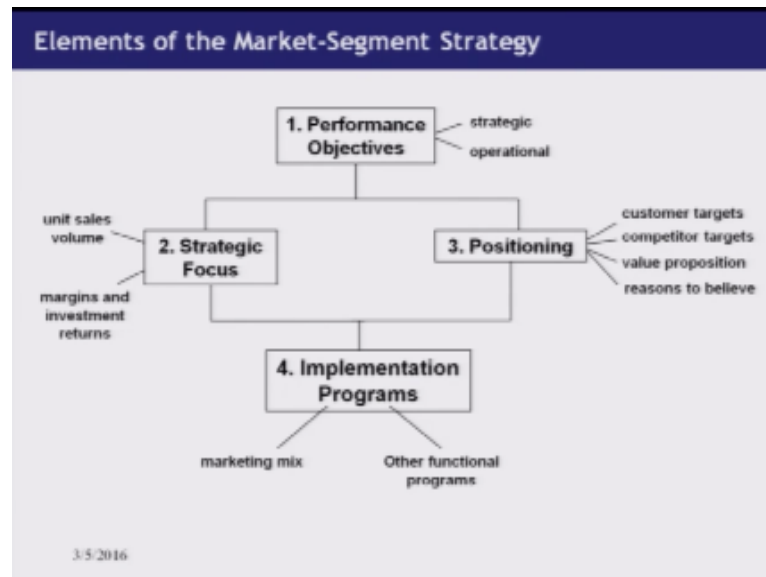
Prof. Jayanta Chatterjee: So for example I am moving into little bit institutional or B2B positioning issues I will expand on it in a little while but take for example the positioning of this company Cemex very famous it proposes to provide ready to use concrete to builders act the site they have special equipment on trucks to which enables them to provide ready to use concrete mix right at the construction site, so their whole value proposition is to the site managers to the constructors to the schedule keepers in terms of timeliness, so in terms of minutes as suppose to hours and they use technology they use on their truck like GPS or very special type of charness rotators very special types of delivery mechanisms and their whole set up on the truck.

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Prof. Jayanta Chatterjee: Itself creates a positioning in the business customers mind of time efficiency sophistication technological competence and so on, so you can see here the positioning is not only the delivery of concrete but also in terms of the total image that the company projects, so in a way positioning is very close to brand.

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Prof. Jayanta Chatterjee: In fact positioning is the foundation of the brand image and positioning as in conclusion therefore it depends on customer targets competition delivers the promise base on and impression to create sort of faith and confidence in the value proposition that you want to project.

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Prof. Jayanta Chatterjee: Very important point is that positioning has detail implication for all the different elements in the property is facing the customer the marketing mix that reach out to the customer, so in price in advertising and distribution in, in the entire marketing activity positioning puts it is imprint positioning also in many ways guides our research and development it influences our supply chain strategy it influences our operations and quality objectives, so positioning to be successful therefore must be supported by both the frontline activities as well as the backstage activities of an organization, so positioning influences, marketing positioning influences operations. Positioning in a way also influences our finance strategy, our investment strategy and so on.

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Key Idea: Implementation Programs

- The firm implements market-segment strategy via:
 - Marketing mix
 - Other functional programs.
- Marketing mix programs should support the value proposition, and all elements should support one another.
- The firm's functional areas must support the market-segment strategy.

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Prof. Jayanta Chatterjee: As we will see now our part 2 and part 3 of the of this particular course that positioning ultimately gets implemented through the marketing mix the nature of the product that the price the promotion, the distribution and so on.

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Managing Multi-segment Strategy: Possible Issues		
Marketing Mix Element	Potential Problem	Possible Solution
Product	Increased production costs, increased inventory costs, delivery delays	Modular design, just-in-time (JIT) assembly
Service	Alienate customers not receiving premium service package	Try to ensure perceived equity, and physical separation where possible
Advertising	Exposure to different appeals	Ensure that appeals do not conflict and that messages across segments are consistent; use specialized media
Sales force	Salespeople ineffective with multiple products and/or in multiple segments	Extra training or develop specialized sales forces
Distribution	Alienate intermediaries	Secure financial-service package for selected intermediaries; consider different brands and packages
Pricing	Trans-shipment — diversion from one segment to another	Manage price differentials, consider differentiating elements like brand and package

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Prof. Jayanta Chatterjee: And positioning to be successful must be integrated with the entire organization with a systems perspective. So positioning is even more challenging when a company addresses multiple segments. So for example today Lux is addressing mass-market of institutional use say for example in hotels in small sizes low price point, Lux is addressing the aspirational market in semi urban and rural markets.

But Lux also appeals to the premium market and so you can see here that with the same brand here the attempt is for addressing multiple segments, multiple types of buyers, multiple price points, multiple styles of marketing for FMCG companies or many as various kinds of consumer durable companies, this whole management of multiple price points, multiple positions for multiple market segments.

Is a, is a complex affair which must be carefully crafted. So that ultimately the total revenue gets maximized with the best possible return on sales, I would request you to look at the marketing strategy of major FMCG companies like Hindustan Unilever or proctor and gamble or Reckitt Benckiser and or Colgate Palmolive and see how they project soaps of different types or with the same name in different price categories.

The way they handle detergents in various formats bar's, powder for various purposes for washing machine, for tumbler use, bucket cleaning verses machine cleaning, small packs versus big packs, high-end detergents with various kinds of additives. Observe how they project the value proposition, observe how they manage multiple types of promotions observe how in the store these products are displayed.

Observe that there are stores where all the ranges may be available there are stores where only few of the total offerings will be available from the same company. And try to understand the challenges that you see here on this screen for managing multi-segments strategy and it is important to understand that sometimes this trading across different market segments can go very long, can create cannibalization, one set of products may eat into the sales of the other set of products from your own catalog.

Sometimes this is done deliberately when you are facing out one set of products and facing in another set of product, that time the cannibalization may be deliberate and part of the strategy. But sometimes it can be inadvertent created due to wrong position try to look for examples of successful multi-segment positioning and try to look for problems created due to ineffective multi-segment positioning, whether it is due to sales people problems or due to lack of distributor training and, and, and create discussions on the forum, which will allow us to input some further learning's.

Once you have articulated your initial observations, so I look forward to your comments with respect to positioning particularly multi-segment positioning in the coming days on the forum. Thank you.

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