

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

**Lecture: W8 – L4**  
**Generic Modeling Strategy**

**by**  
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Prof. Jayanta Chatterjee: Hello welcome to our next session during this week number eight.

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Prof. Jayanta Chatterjee: For our course on marketing management part 1 I am Jayanta Chatterjee from IIT Kanpur and today's lecture will be in a way the last lecture in this series because during the for the two remaining classes we will have live question-and-answer session so on 11 of March that means this Friday from 11 a.m. to 12 noon or maybe till 12:30 if there are more questions and interesting questions we will have live session.

So to make the live sessions successful I would request those of you who have been regular and who have been already posting questions on the forum post specific questions for the live session on any topic of this whole course where you have some doubt or where you have some additional queries so from today onwards start posting your questions and on 11 Friday we will pick up the interesting questions from there to illustrate gaps or highlight additional interesting points with respect to the coverage that we have already traveled.

And in a way I hope through the those questions and answer sessions we will create a good introduction to our next part marketing management advanced and will also be able to get into the depth of some of the interesting issues that we have covered in marketing management 1 today I am going to discuss a topic which is very closely allied to positioning that we discussed yesterday, so segmentation targeting closely allied to positioning will be captured in much more detail later on in branding.

So in a way what we want to say here that positioning and branding are often synonymous.

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**Crafting the  
Positioning and Branding  
Effectively**

Prof. Jayanta Chatterjee: Very similar activities positioning in a way creates the foundation for the brand and as I have already discussed earlier the a better term for positioning is value proposition, so in a way what therefore we are saying is that once we have a market segment identified and we are targeting the market segment we have to go with a specific value proposition and that value proposition forms the foundation for branding.

So we are already therefore saying that brands are very segment oriented usually particularly if you are creating a brand you have to be very conscious about your core market segment that you want to address.

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## **Developing and Establishing a Brand+ Positioning**


- **Understanding Positioning**
  - The act of designing a company's offering and image to occupy a distinctive place in the minds of the target market
  - Value proposition

Prof. Jayanta Chatterjee: So let us look at this whole issue about developing positioning developing the value proposition as a foundation activity for branding, so this perspective positioning means the act of designing a companies offering and image to occupy a distinctive place in the minds of the target market target customers so you see therefore there are key operative words here are the act of designing and we have used the in the previous slide the word crafting.

So the difference between or rather the coloration of crafting indicates that each positioning is unique for a particular product or family or for a company crafting means that each such project has to be treated individually there is no one size fits all type of positioning each one will have to be crafted keeping in view the target market segment the nature of the product and service the culture the behold environment of the marketplace where you will be operating so number of factors which we are going to discuss will all come together and you will have to just like a export artist sculptor or jeweler at takes all the elements and put together and crafts.

Crafts say in single piece unique customized for a particular customer in the same way here we will look at distinctive place in the minds of a particular segment of customers and create value proposition which is uniquely suited for that particular segment.

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**Value proposition  
Which Company  
Which Customer  
What is the key marketing  
message???**

Prof. Jayanta Chatterjee: So value proposition therefore will have to answer that which companies are we are considering as competitors what is the competition perspective which customers we want to address and what is our key marketing message, so as we see here therefore there are sort of two protagonists the competitors and the targeted customers and we are creating the key marketing message which we also called the value proposition which will be

endearing us which will create a unique position in the minds of those targeted customers for our products or services are both.

So we have used the word offering as I have discussed sometime back earlier in the early part of this course this word offering has a special place in marketing because it means the complete package of value proposition attributes of the products and services their properties and the message all put together is what we call offering.

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Prof. Jayanta Chatterjee: So as I said there are two protagonists the competitors, so that becomes our competitive frame of reference for crafting the value proposition creating the brand, so it defines which other brands or brand will be competing and here an important point is that when we craft our proposition with respect to a competitive set in a way also define that what kind of industry we are in what kind of industry we are addressing the kind of market share mindshare that we are attempting two important terms we are briefly discussed these two terms earlier but we want to discuss it again in depth here they are points of difference.

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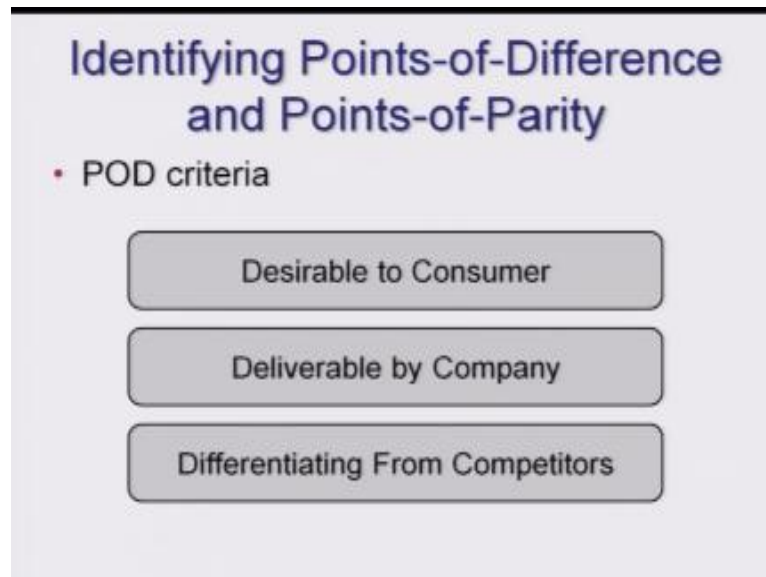
## Identifying Points-of-Difference and Points-of-Parity

- Points-of-difference (PODs)
  - Attributes/benefits that consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand

Prof. Jayanta Chatterjee: And points of parity points of difference is very clear it is those distinctive attributes those distinctive properties those distinctive features which will set our offering apart from those of the competitors, so these are points of difference are normally again always highlighted in our branding strategy always highlighted in the message marketing message, so because we want to always say that these are the areas where we are superior to our competitors these are the functions and capabilities that you will have from our product or service which you will not get from anybody else.

So points of difference are framed with respect to the desirability in the consumer mind.

(Refer Slide Time: 11:00)



Prof. Jayanta Chatterjee: The deliverability by the company and the differentiability with respect to the competitors, so obviously therefore it should be distinctive it should be desirable and off course it should be feasible and viable to be delivered by the company, so in some other configuration we often therefore say that your value proposition has to be desirable in the minds of the consumer it should be technically operationally competence wise feasible in terms of your organization's strengths and weaknesses and it should be commercially viable in the long run.

Points of parity on the other hand positions your company your products and services in a particular class, so that the customer is clear that this is about hospitality.

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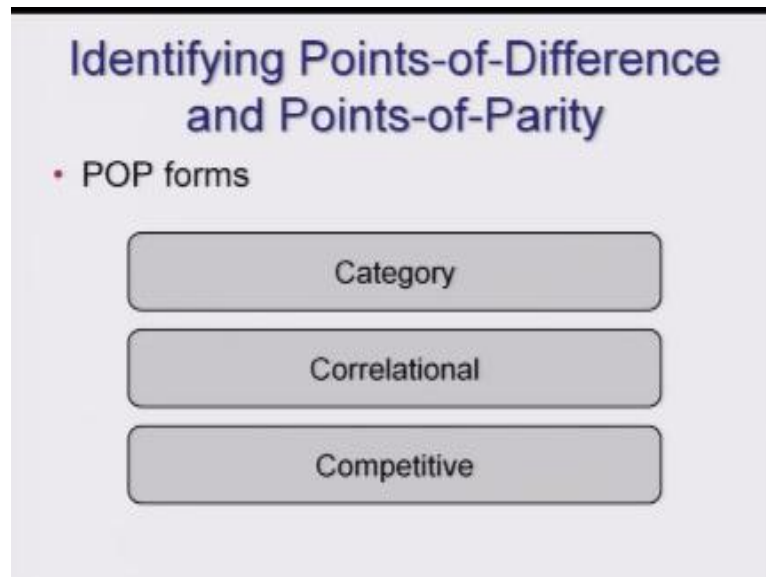
## Identifying Points-of-Difference and Points-of-Parity

- Points-of-parity (POPs)
  - Attribute/benefit associations that are not necessarily unique to the brand but may in fact be shared with other brands

Prof. Jayanta Chatterjee: This is about personal care this is for hair care, this is for communication, so your product and services should be understood in the context of all similar products and services, so customers will be able to clearly identify that which kind of industry you are representing which kind of products and services you are offering, so points of parities is very important because point of difference does not exist in the space it does not exist in a vacuum winned of difference is always with respect to a set of point of parity where is the point of parity tells us how are the competitors and what kind of industry we are talking about.

What kind of consumers we are talking about and so on every important point here I think I briefly discussed it last week that because of the rapid change in technology there are often diffused boundaries across these points of parity, so today a company which like Sony which originally might have been in devices in television today is also a major producer of content for television is also in the business of telecasting and broadcasting also in the business of complementary services for this whole business of entertainment.

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Prof. Jayanta Chatterjee: So point of parity usually gives us the category the correlational aspects with respect to other companies the competitive reference but many times competitors can be become collaborators as technologies evolve.

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## Identifying Points-of-Difference and Points-of-Parity

- Multiple Frames of Reference
- Straddle Positioning

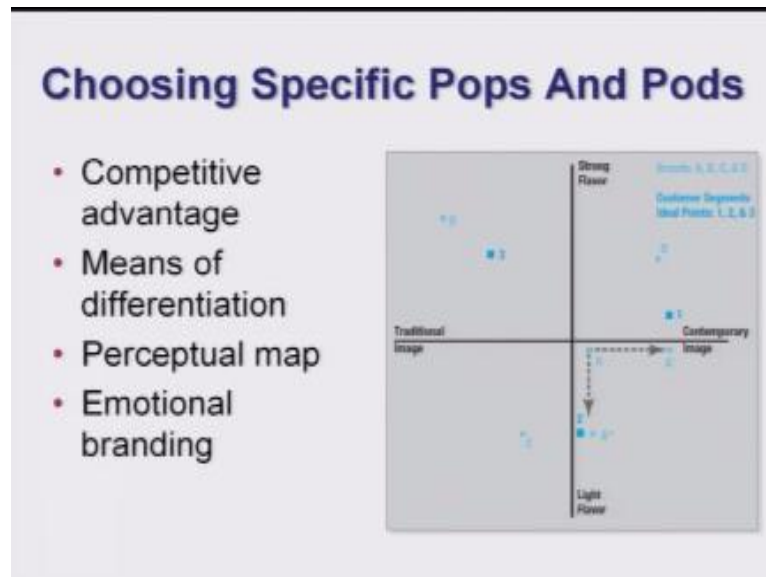


Prof. Jayanta Chatterjee: So important is that with the point of parity and point of difference put together we are looking at multiple a multi dimensional frame of reference and also as I said often the positions get diffused because segments merge like today in information technology and communication technology where to separate domains but today we always say ICT information and communication technology today, communication technology, content technology are often much together in the field of entertainment.

So some of the time we have this interesting situation now is what we called straddle positioning that means you create a position which actually straddles two different types of segments of our earlier years, so we now have earlier views to have normal consumer hatchback or sedan cars for urban use and we used to have sports utility vehicle for rough terrain driving and so on but now we have a positioning which is struggling and we call them MUV multi-utility vehicle, so they are good for city driving they are also good for rough driving they are also good for going on a picnic for a long drive and so on.

So this is what we mean by straddle positioning using the point of parity and point of difference.

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Prof. Jayanta Chatterjee: We often will be able to create this kind of positioning map what we call so as you see here that this is actually for some beverage or something say so we have strong flavor and light flavor the two ends of the Y axis and then we have traditional image and contemporary image two ends of the X-axis and on this we can have different products, so suppose we take beverages then I would like you to point out on the forum that if you take soft drinks like coke, Pepsi or if you take water like Bisleri if you take different kinds of juice that are available if you take something like the New Paper boat drinks product.

How will you put them on this map use this map positioning map this is meant for food beverage type of category and you can you will be able to put these different soft drinks and non-alcoholic drinks that I mentioned you will be able to put them on this map and you will understand therefore that how you use the point of parity and point of differentiation by for creating either clusters or distinctive positions.

So you may decide to play in a cluster you may like to create a complete different positioning and you can then try to understand the difference in the strategy for say 7 up or sprite verses the

Nimbu Pani in paper boat. How these companies have positioned similar products using this kind of positioning map.

(Refer Slide Time: 18:48)



Prof. Jayanta Chatterjee: To establish this positioning as a foundation of branding we have to announce or we have to be very clear to project some benefits which must come from the category from the point of parity and some by way of differentiation and to project this message we use product descriptor.

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Prof. Jayanta Chatterjee: Like for example I mentioned say MUV multi utility vehicle or even I have seen some positioning like XUV. So it is a utility vehicle and you can give it different forms. So either it can be a sports utility vehicle or it can be a large family oriented utility vehicle or it can be a weekend shopping truck oriented utility vehicle and so on. So therefore you can create this alternative approaches to positioning through different kinds of narratives, different kinds of brand stories.

So if you observe the television ads for different types of cars then you will see how the story unfolds. So in some cases the story will highlight young couple feeling wanting to feel free suddenly giving into urge for an outing the urge to take a break from a very busy intense schedule on the other hand you will see narratives about the whole family including the dog and including the grandparents wanting to go out for a picnic.

Or you will see narrative with respect to the gentleness of the car where the baby can sleep undisturbed at the back where the car is sticking going on a long ride. So you will see therefore the brand is highly dependent on the story or narration of that story which describes the consumer's interaction with the product or the service using various kinds of visual cues visual

language and words and always the brand will be in relation to the consumer's life. So as you can see therefore there are very few brands which means, the same thing to everybody or there are very few brands which can be all things to all bodies, there are brands always which means something to somebody. So their particular segment and a particular value proposition together create the foundation for a brand, very important.

So again I will repeat very seldom brand is trying to project all things for all bodies in most almost occasions the brand tries to tell a story tell a narration, give us visuals with respect to a particular market segment offering a particular set of values creating particular set of benefits appealing to particular logical as well as emotional needs of customers. So I will request you now to keep observing the different products as they are advertised on television.

Television is a very good place to observe this whole issue of value proposes value proposition and brand as, as a way of storytelling and you will see how these days humor, mystery, fun, merriment, jokes all become part of this story telling. So each ad almost like a micro or mini movie telling a at least a short story. So now I shift to some of the objectives that are attempted through the branding and positioning.

And what are the different activities that take place therefore or what shapes these narrations or stories that we were talking about. So it could be something to do with a market situation where you know there is a this is a typical market depiction.

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Prof. Jayanta Chatterjee: Where your forty percent share with market leader there 30% with market challenger, 20% market follower, 10% mish players in that same market and you can immediately see that the story to be told, the positioning to be portrayed will be different for different these different market segments owners or aspiring. So when you are a market leader then you will be, wanting to protect your current position.

You will definitely want to at least have the same percentage of new customers as the growth rate of the market is, that means your market share does not get eroded and you may like to get more usage from the same customer like creating a value proposition for brushing your teeth twice once in the morning and once before going to bed increasing the usage, creating formats for new usage.

So protecting market share by way of a constantly getting new customers as well as constantly enhancing the frequency of usage through a proactive marketing strategy often is based on some kind of responsive anticipation, so you do not react when the competitors has taken some action. You anticipate what your competitor is going to do and create activities which will be embedded in your original narration, so that tomorrow you are not surprised by some flanking attack. So

this is an important interesting the two sets responsive anticipation and creative anticipation, so which means when you create a brand you have to be clear where you are so you can be a challenge, you can be a market leader I am discussing about market leader.

If you are a leading brand, you have to understand that there will be always competitor nibbling at your trying to get some market share away from you, and you have to be clear about what kind of value propositions they may bring about, because you know what is there in your product and what is not there in your product, and therefore looking at those gaps you may know that this is where the attack is going to come. So if you are actually marketing a cola drink you know that your drink is not a juice, it does not have the value proposition of a healthy juice with real fruit.

So you may actually create a position which anticipates that, and say that no fruit juice included and you create a position that where actually it is people who would not like to have juice, it appeals to them and also it tells clearly that this is a different category, do not look for juice here. So that you actually tried to preempt juice drinkers or your customers to become juice drinkers, you create a particular appeal for your product as a casual trendy modern drink which is different from at a traditional fruit juice.

So you create a defensive marketing position when you are looking at this leading brand strategy, so you have to have, you have to protecting yourself against.

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Prof. Jayanta Chatterjee: Flank that means from the side or you have to create what we call preemptive defense, as I was discussing just now about cola drinks very clearly preempting them from attacks from juice and other types of beverages and there can be various other defense mechanisms. I think these details of these different types of protection strategies, brand protection strategies can be discussed more in the advanced part of this course, and but today I would like you to sensitize you do at least know that the defensive marketing has this different types of possibilities.

So some of them are very clear flank in you know from the side or contraction means that you may actually in, in some cases to protect your market share you may actually create a very focus that means dominate a particular segment whereas you come away from sparsely competitive segment, where you are not that strong so become stronger in the strong segment and so that you can ignore some of the segment where you are weaker, where you know that your market segment maybe under market share may be under attack.

So this is a very interesting diagram, it shows that initially the more market share you have the more profitable you will be, that makes almost good sense. But the point is that this growth of

market share from say this 20% to 50% can happen with the same value proposition, can happen with the properties embedded in your original narration, but if tomorrow you are going to expand market share beyond a certain point, so if you are a cooler marketer or let us say, let us take another set of examples.

So if you are a soap manufacturer and your positioning is that of a luxury soap with superior perfume, a luxury soap with more creaminess, more moisturizing properties, then there is a certain story with which you can actually try to create your increase your market share overall in the soap market and specifically in the luxury soap market. But if you want to tomorrow also embrace the segment for say organic soaps, or soaps which are totally manufactured with the natural organic method then you may not be able to get to that segment with your current narration.

So often actually in those cases companies acquire new brands, companies acquire new facilities, new technologies, new formulations, and then sometimes that cost of acquisition of those properties, processes, technologies, brands maybe not commensurate with the return. So what happens is therefore, beyond a certain point further expenditure to increase market share maybe counterproductive, so that is why this graph goes up and then starts going down after a certain point where you are trading well beyond your original narration, well beyond your original set of competencies, well beyond your original set of technology and facility and operational capabilities and so on.

So growth in market share has to be a primary objective of all marketing strategies in all segmentation, targeting, and positioning. But you have to be cautious when you are crossing segments, when you are expanding your targeting beyond your original Meta positioning. So this is therefore a very important input with respect to a market leader strategy.

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**Market-Challenger Strategies**

- Defining the strategic objective and opponent(s)

*A market challenger can attack:*

- ✓ The market leader
- ✓ Underfunded firms its own size
- ✓ Small local and regional firms
- ✓ An industry as a whole

Prof. Jayanta Chatterjee: On the other hand the market challenger, a market challenger has to attack the market leader, that is obvious logic and market challengers are often underfunded, small, or medium-size companies and they actually look much more intense at the whole industry to find the gaps and therefore usually the market challengers adopt frontal attack only when it is like Procter and Gamble which was not very active in India dominated market by Hindustan Unilever, but Procter and Gamble has all the products that Unilever has, almost all the products, so when they come into the Indian market as a new entrant

So when it is a geographical penetration often frontal attack will be used because P&G will like to say we are better at least we are as good as Unilever, so there will be a frontal attack but this is normally there because as we discussed that normally the market challenges are small and medium-sized local companies and they will usually use either flanking attack.

That means they will find you can you can see the attack created by say a company like paperboard in today's soft drinks market that means they have studied, they found that there is a particular type of ethnic drinks like kalakatta or like gol gappa paani, or like jaljeera or like amras, and they say okay we will create a set of values innovation based on ethnic nostalgia and

this positioning therefore is taking market away from the traditional gola or other types of soft drink manufacturers.

But it is happening because they have found a niche which is not very explicitly covered by the narration of the current soft drink competitors. Of course you can also do encirclement, encirclement of course normally will be a big company's strategy where they will try to do, completely attack a particular brand from different angles so normally a large company coming into a new market trying to take business away from an entrenched player will use this encirclement type of attack

So a big manufacturer of say milk products, when they come into India and they often may adopt this encirclement attack against somebody like Britannia or Amul. And then we have guerilla attack where you know you attack a weak point well as soon as the market leader responds then you retreat, then you attack another weak point, so this hit and run type of market challenges can also happen.

I think these are more esoteric this bypassed attack and guerilla attack, but these three or rather I would say these two are the frontal and the flank and most importantly flank is the attack strategy used by challenger brands. Then there are market followers will be you know just cloning that means just a me-too product but we will just say that you know we are better, or we are cheaper and they do not, their narration will not try to harp upon a distinctiveness, but within the point of parity they would like to focus on one or two properties and say otherwise we are as good as X being the market leader so the market niche strategy which

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### **Market-Nicher Strategies**

- End-user specialist
- Vertical-level specialist
- Customer-size specialist
- Specific-customer specialist
- Geographic specialist
- Product or product line specialist
- Product-feature specialist
- Job-shop specialist
- Quality-price specialist
- Service specialist
- Channel specialist

Prof. Jayanta Chatterjee: Is a very important strategy for all of you who want to become an entrepreneur is this strategy that understand that you have to start somewhere, if you are a new product, new service offering company you must start with this strategy. Very seldom you will start with a big bang, all different types of position embracing strategy, we will focus on particular type of customer, you will specific customer specialist

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Prof. Jayanta Chatterjee: Specific geographies specialist, product features specialist, these are some of the different types of combination that or high quality low price specialist. These are the different type of service highlighting specialist, or distribution based specialist, these are the different type of strategies that particularly these segment oriented, customer product feature oriented, specific customer oriented, specific geography oriented strategies are normally the proposed strategies for entrepreneurs and start-ups.

So today we looked at types of market positions, that of a leader, that of a follower, that of a slice or niche market player, and we looked at therefore that that sort of position entails certain kinds of competitive strategy and we did this whole discussion to highlight that positioning or value proposition is the foundation for brand, and brand must have points of parity with respect to competitors and the industry and will have points of differences, and this differentiation can be done in different ways and we also looked at the priorities of market leaders and priorities of market challengers .

And now I will like to remind you about the coming session on 11th of March where we would like to handle online live questions and discuss answer alternatives, so please post your questions or points that you have not understood well, points that are additional issues that have cropped up in your mind, points which you want to highlight as further issues to be covered in the next part of this marketing management course and more the merrier and more questions we have better will be our ability to select good indicators for knowledge building and creating your depth of appreciation, so hope to see you in big numbers with lot of questions on Friday.

So we will make a separate announcement, start posting your answer, questions now from today and we will make a selection on Thursday and take it up live on Friday, thank you.

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