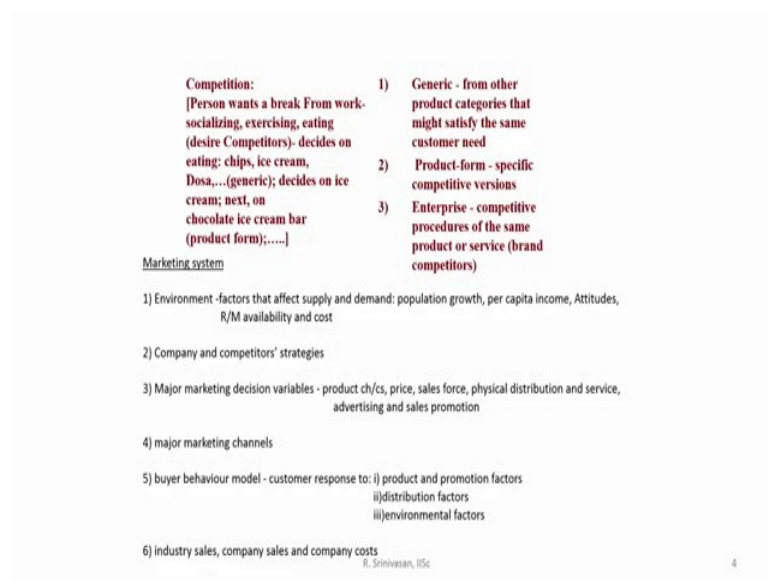


Integrated Marketing Management
Prof. R. Srinivasan
Department of Management Studies
Indian Institute of Science, Bengaluru

Lecture – 10
Competition

In this particular slide what has been exhibited is the marketing system which we outlined in the previous slide with respect to the candy company.

(Refer Slide Time: 00:35)



We are looking at the 6 factors: one is environment, how do you define environment is the factors that affect supply and demand. This can be the population growth, per capita income, the attitudes, raw material availability and cost. Then the second could be the company and the competitor's strategies. The third is the major marketing decision variables, typical factors here would be product characteristics, price, sales force, physical distribution and service, advertising and sales promotion. Then what are the types of major marketing channels that are adopted by the company? With respect to the candy company we saw vending machines and other different forms adopted.

Then how does the buyer react to all this, that is the buyer behavior models. It is typical customer response with respect to product and promotion factors, distribution factors and environmental factors kindly see that. Environmental factors also play a substantive role with respect to the customer response. Then the last one which we are going to see or get

is the industry sales, the company sales and how much did the company incur that is the cost. The cost, the industry sales, company sales and the company cost form the sixth component with respect to the marketing system.

You look at the top portion of the slide, if you look at it I have tried to take an example and what is the type of competition that you can get for a product. I have taken a typical example of an individual who wants a break from work. He has gone to his workplace from the morning to the evening maybe towards the weekend he wants to have some relaxation. For this relaxation who are the caterers, for this relaxation needs of the person? It can be socializing, it can be exercising, he goes to a gym or he can be going out for an eating place, eat out. What are these called in the typical competitive scenario? These are called desire competitors.

A person might be having a desire to socialize or go to the gym, exercise or eat out; these are called desire competitors. Suppose, let us say he decides on eating in the place where he may have different options. He may be having access to chips, ice cream etc.; all these are called generic competitors. So, you have desire competitors, you have generic competitors.

Then let us say he decides on having ice cream, in that ice cream only he may be having so many forms of ice cream. It can be a chocolate or ice cream bar or it can be a cone, different types of ice creams. He decides on chocolate ice cream then he should say whether I want a cone one or I want a bar one all these type, these are called product forms.

You have a generic form of competition from other product categories that might satisfy that might satisfy the same customer need. You might not be the only company which is exhibiting or which is catering to the chocolate ice cream. There may be other companies also which may satisfy the same customer need. Similarly, yours may not be the only company giving him the chocolate cone ice cream or the chocolate bar ice cream, they have more attractive versions. You have specific competitive versions also in the competitive form, then over and above this you have the enterprise that is the competitive procedures of the same product or service.

These are called the brand competitors, you may have it from Cadbury's, you may have it from some other company which is well known; all these are brand competitors. You

can have generic form of competition, you can have product form of competition and you can also have the enterprise form of competition coming into play. When you are looking at the marketing system, you are looking at the 6 components.

One is the environment, second is the company and competitor strategies, third is the major marketing decision variables. Fourth is the major marketing channels, fifth is the buyer behavior model, sixth is the type of output that are you are going to get in the form of sales maybe industry sales, company sales and company cost.

(Refer Slide Time: 07:33)

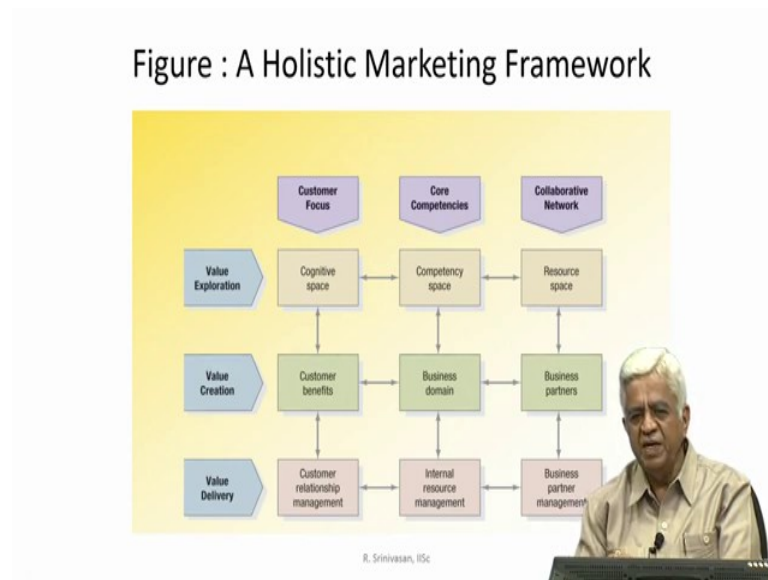


All these tells you how changes have drastically affected the present-day marketplace, it is not the same one which it used to be. What is happening now in the present day market place? You have retail transformation coming into place. Why this is coming into place? Because, of these types of inputs that you are going you are having, one is the type of IT inputs that you are getting with respect to your product, then the globalization that is taking place in almost all countries. Then the deregulation which has come into so many industries, then the privatization. This privatization resulting in competition, this competition is likely to result in convergence. Sometimes companies might merge to give the competitors very strong competition.

Sometimes the consumers might resist your product for their own reasons, then how the transformation is taking place with respect to the retail market. All this is really changing the marketplace that is it was not the simple marketing place it used to be. All these

different components which have coming now they have made the marketing in the present day quite a complex one, it is not so easy to decipher out ok. It is also a big challenge for the marker to market his products in the present day competitive market.

(Refer Slide Time: 09:59)



If you look at go back to the holistic marketing framework, if you go back to your holistic marketing framework you the consumer looks at value exploration with respect your product. And, then he also looks at value creation and value delivery, these three things from the company side. When you look at from the customer side you have the customer focus with respect to the cognitive space, with respect to the customer benefits, with respect to the customer relationship management; how you are keeping the customer happy.

This present day market is focusing quite intensely on CRM. So, earlier the CRM was not taking a very big marketing space, but now it is; it is a very important component of the marketing space. If you look at a typical Big Bazaar, many times if you are a privilege customer for this Big Bazaar; you may get a phone call from this big bazaar that before some sales is taking place that these particular sales are taking place on these particular days. And, a preview of this sales which is going to take place will be available for our privileged customers on this day.

Before it is opened to the general public, the privileged customers have a peep into what is going to be exhibited by this particular Big Bazaar outlet. You will get phone call

saying please visit the Big Bazaar for this preview. The next one is what is the type of core competencies that are exhibited? It is with respect to the competency space, it is with respect to the business domain, it is with respect to the internal resource management, how the companies doing all this. There is a lot of competition with respect to any product as I told you, how the company is really putting up with this and having its competency space.

Then the third component which comes into this is the type of collaborative network to face this marketing challenge, that comes under these three heads. One is the resource space, the second is the business partners and third is the business partner management. When we looked at the marketing system, we said there can be two types of middlemen. One is the agent middle man who will not take title to the product, but will perform all the other functions like scouting for the customer and then seeing to it that your product get sold in the market place, but do not take title.

But whereas, in the case of the merchant middleman he does all the activities of the agent middlemen, but also take title to your product. Your product is not exhibited by your company name or marketed by your company name. Suppose, Voltas is marketing your product let us say, it goes by the name of the Voltas. Suppose, a discerning consumer wants to know which is the company which has produced this product he has to turn the product upside down or to some other small space where the where it will be told this product manufactured by so and so. That is where your companies name might come.

What are we trying to do in this slide? We have revisited the holistic marketing network; this revisiting of the holistic marketing network is with respect to value exploration, value creation and value delivery. Then with respect to the customer, on customer focus, then core competencies and the collaborative network. The company first has to do a very sharp customer focus, then have core competencies, then have a good collaborative network; so, that it can click or succeed in the marketplace. This is where the whole marketing system has changed in the present day context ok.

We looked at a simple marketing system in the earlier classes, then the simple marketing system when you worked upon it we looked at the different types of actors who come into play. Then in order to really delineate these actors we took the example of a candy company, we looked at what is the type of input, outputs which can come out for a candy

company. First, from the company angle, second from the consumer angle, then giving you what is called the comprehensive marketing map for the candy.

Then highlighting in the whole process that the marketing place has changed totally, it is not the simple marketing place it used to be. And, again in the whole process we are looking at the holistic marketing framework which we had looked at in the previous classes. This holistic marketing change framework is now redrawn with respect to this value exploration, value creation, value delivery, customer focus, core competencies and the collaborative network ok. We stop here, we continue in the next class.