Integrated Marketing Management
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Lecture – 13
Marketing Strategy

Now, let us look at this concept what is called the gap analysis. What is this gap analysis?

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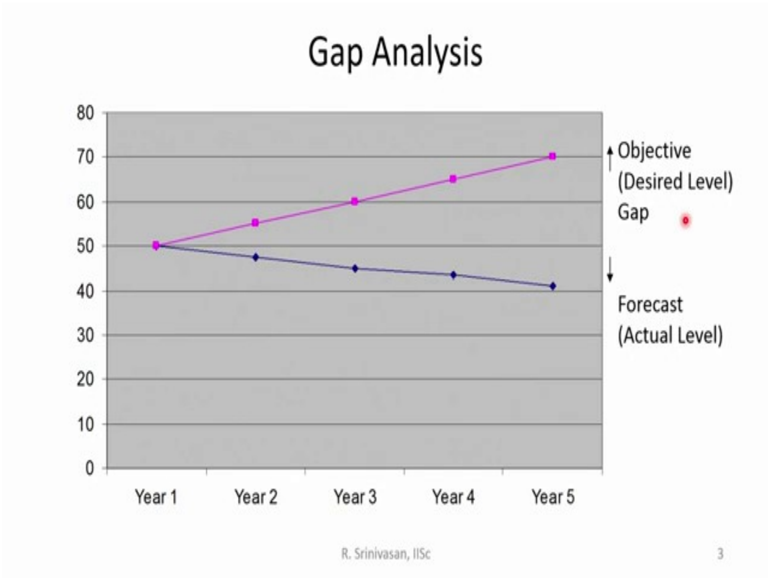

Suppose you are performing in the market; your performance is at a particular level. Considering your performance to be at the same level, what is a type of forecast which you can give with respect to the company for the next 5 years? Why are you making this forecast? You are making this forecast to find out how the company is likely to move from year 1 down to year 5. Based on actual levels kindly note that what you are performing now, given that particular scenario go 5 years down the line how much, how what might be the forecast?

Once you provide this forecast to the management, the management may ask you to increase this forecast level to this pink line which is coming here. If you really see this is the desired level which the management wants you to go to in the next 5 years. It is saying from one you go up to this level. There is a gap here, the second year there is again a gap. In the third again, when you are moving to the fifth year you are seeing there is quite a gap. This difference between the actual level of forecast and the desired level of forecast which the management wants you to achieve this is called this gap. Many times it is referred to as the strategic planning gap.

With respect to your marketing strategy you have to fill up this gap this gap needs to be filled. That is the job of a marketing manager. It mean go by different nomenclatures in the organization going up to the vice-president of marketing their job mainly focuses on bridging this gap to increase sales.

This strategic planning gap is the gap between the actual level of forecast and the desired level. In order to fill this gap you make use of growth opportunities which we discussed earlier. These growth opportunities can be intensive growth opportunities or integrative growth opportunities or diversification and each of this growth opportunities has again 3.

For example, intensive growth opportunities could be with respect to market penetration, with respect to market development, with respect to product development. Integrative growth opportunities with can be with respect to backward, forward and horizontal. And again you have diversification and you have diversification it can be concentric diversification or it can be horizontal diversification or it can be conglomerate diversification.

These are the options that are available to you as a manager to bridge this gap. The gap between the actual level and the desired level, this gap can be built can be bridged making use of these growth opportunities. This diagram which is presented here depicts what is called the gap analysis and the gap is with respect to the actual level of forecast and the desired level. Many times, it is also referred to as the strategic planning gap. This gap can be bridged by identifying different growth opportunities for the company. The different growth opportunities could be intensive, integrative or diversification.

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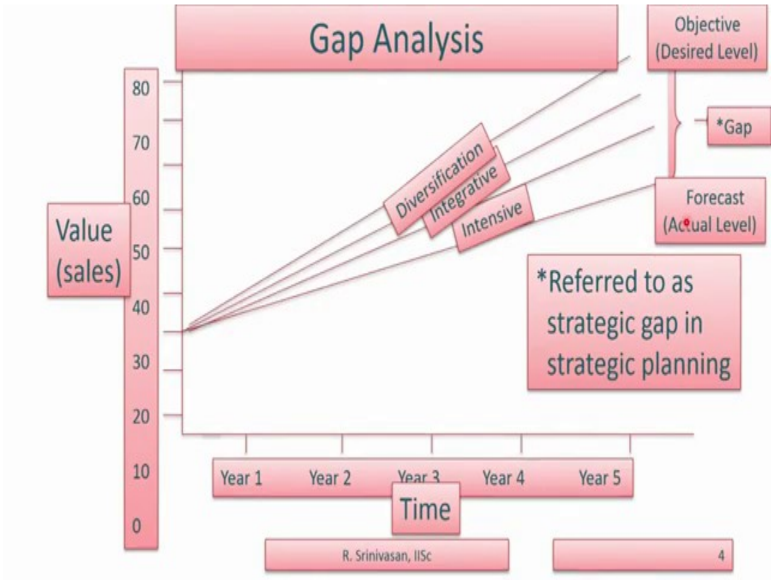

Now, if you look at this next diagram again with reference to gap analysis this makes this position even more clear. The forecast actual level the gap. Now, you build it up using let us say intensive growth opportunities or integrative growth opportunities or diversification. You have got 3 lines representing this bridging ok. You have intensive, integrative and diversification almost with respect to the sales. Everything with respect to the sales. This is another depiction of how the gap is sought to be built by making use of growth opportunities.

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Ansoff Matrix (Product-Market Expansion Matrix)

	Present Product	New product
Present Markets	1.Market Penetration	3. Product Development
New Markets	2. Market Development	4. Diversification

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We come to a very important matrix which was given by this gentleman called Ansoff. He gave what is called a product market expansion matrix. What is this product market expansion matrix? It is with respect to your present products and new products, present markets and new markets. So, if you see this diagram it is a 2 by 2 matrix; it is a 2 by 2 matrix.

When you are looking at products it is present product, it is new product. When you are looking at markets it is present markets, new markets. When you are looking at the present product and the present market you are looking at market penetration. Market penetration looks at present product and present market. When you are looking at the present market, but with a new product you are looking at product development. Suppose you are looking at a at the present product with a new market you are looking at market development.

Suppose you are looking at a new product and a new market, you are looking at diversification. So, a present product and a present market gives you market penetration. A present product and a new market gives you market development. A new product and a present market gives you what is called the product development. A new product and a new market gives you what is called the diversification. This is considered an important matrix in marketing given by this gentleman Ansoff it is also referred to as product market expansion matrix. This Ansoff matrix is also referred to as product market expansion matrix.

It is essentially a 2 by 2 matrix where you are looking at present products, new products, you are looking at present markets and new markets. When you are looking at present products and present markets it is market penetration. When you are looking at present products and new markets it is market development. When you are looking at new products and present markets it is product development and when you are looking at new products and new markets it is diversification. This is again looking at growth opportunities through this prism of this Ansoff matrix.

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We look the different diversifications, the concentric diversification, horizontal diversification and the conglomerate diversification. Now, the next question is how do we draw the marketing strategy using all this for a company. How do you go about drawing up the marketing strategy. If you look at the marketing strategy we can define marketing strategy as broad principles by which a business unit expects to achieve its marketing objectives.

What does it involve? It involves decision on market expenditure, marketing mix and marketing allocation. You have broad principles by which business unit expects to achieve its marketing objectives. It involves decisions on market expenditure, marketing mix and marketing allocation.

How do you look at marketing strategy? You have to look at marketing strategy with respect to a business unit kindly note that. And what do you do with respect to that business unit. You draw or you delineate the broad principles by which this business unit expects to achieve its marketing objectives. You look at it it's market expenditure, marketing mix and marketing allocation.

Using this definition of marketing strategy, we can give what is the type what is the basis for drawing this marketing strategy. There are essentially 5 bases for drawing the marketing strategy. One is market segmentation, second is market positioning, third is market entry, forth is marketing mix, fifth is timing.

The basis for drawing up the marketing strategy is market segmentation, market positioning, market entry, marketing mix and timing. What is market segmentation? You can segment your market on certain characteristics. It can be geographical, it can be end users, it can be buyer types, it can be customer size, it can be customer class or it can be specific products geographical.

Depending on the regions where your operating for example, a TVS company though operating throughout the country very strong in the south and the west. Now, it has moved up to the north and also the north east as well, but very strong in this market. Similarly, Honda which was very strong as Hero Honda. Now, Honda is removed you are only having the Hero now where was very strong in the north now making its 4 a or has already made it is 4 a very strongly into the south as well.

Market positioning. What is this? You the characteristics of the market positioning suppose it is sufficient current size. That is, you are having your position in the market which is which you think is good enough that is sufficient current size. It also let us say provides further growth potential. This positioning which you are making use of can be used to develop the market further. Companies would like to enter the market where it is not over occupied that is not too many players. If there are many players coming up with the same products in the markets then differentiation becomes quite a task.

Unsatisfied trends company can serve well. Let us say a customer wanted a particular feature in the product of the company which the company was not able to other competitors are not able to give, but your company is able to provide that can give the company a differential advantage and can help in positioning your product in the marketplace differently. What is market entry? You are looking at you may enter the market by acquiring an existing player or you can develop a product internally and come out with your product or you can collaborate and come out with the new product.

The entry of Tatas into the coffee market is a good example of acquisition. When Tatas acquired what is called what was then called the consolidated coffee which was operating in Coorg and you now have what is called the Tata coffee coming up from the same consolidated coffee. That leads you to the new this thing domain called acquisitions, acquisition of a company or a merger of a company and this merger and acquisitions is a very big subject in marketing and finance as it exist now in our country because of the fierce competition.

Then what is this marketing mix? This marketing mix stands for a set of controllable variables. Kindly note it is a set of controllable variables that the firm can use to influence the buyers' responses. It is in the control of the firm. It can; it can be with respect to product, price, place and promotion these are called the 4 Ps of marketing mix. The marketing mix stands for a set of controllable variables that the firm can use to influence the buyers' responses. It can be product price, place and promotion popularly referred to as 4 Ps.

The fifth of this category is what is called the timing. What is this timing? When are you introducing the product into the market? A very simple example, let us say you are manufacturing cold creams, the best time to introduce your cold creams could be in summer, when the market is always responsive. So, you would like to make use of the timing to enter the market at the appropriate time.

Now, when you drop a marketing plan you are looking at 5 things. One is what is called what should be your sales targets and in order to achieve that sales target what should be the total marketing budget. In order to; in order to achieve this total marketing budget what is the type of marketing mix allocation that you are using that is advertising, sales, promotion or personal selling. Then what is the type of pricing that you are going to adopt? Pricing can be zone specific. It should consider demand. It should consider cost and competition and the last aspect of it is this marketing budget is across the products or the product lines of the company.

This marketing budget has to be allocated to products or product lines. When you are drawing up a marketing plan, a marketing plan has got essentially 5 components. Looking at sales targets, the total marketing budget, then the marketing mix allocation with respect to advertising, sales promotion and personal selling then pricing with respect to zone specific should consider demand, cost and competition. The last one is the marketing budget allocation to products.

Any plan marketing plan should address this 5 components and the last one with respect to the marketing plan is where you suggest how to implement this plan and also to control the plan. This controlling of the plan could be with respect to the annual plan or the profitability control or the strategic control. That is matching of company's products, resources and objectives to markets. You can control the plan with respect to the annual budget, with respect to the profits or with respect to the company's products resources and objectives to markets.

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This could be the method of going about the marketing plan and the implementation and control. We looked at the marketing segmentation variables. This marketing segmentation variables when you are looking at geographic segmentation it can be region or climate. If you are operating in a hilly region a different product categories may be required with respect to your company when you are operating in a hilly region. Some extra characteristics to take care of that that is your breakings, anti skid properties with respect your automotives. They have to be very strong in a hilly region.

Similarly, when you are looking a demographic segmentation it could be with respect to age, sex, marital status, family size, education, occupation and language. Age is a very good example of youth market. Youth market again with respect to automotives you find that the youth market is in favor of using the bikes.

Maybe it is the speed which fascinates them or maybe sometimes the typical noise which comes from or the sound which comes when a rider rides a vehicle like a bullet or some other bike which fascinates this user. These are the types of things which can segment the market ok.

For an observer that sound may not be extremely nice, but still the user of this bike might like that sound. You may find so many youngsters riding the bike making lot of noise and that when that accelerator is given the vehicle zooms at a higher speed makes more noise.

Now the recent motor vehicles amendment acts attracts fines for all this also that is the next aspect of it, but from the marketing side age is an important criterion for penetrating a market or making your product a strong candidate. Some of the products may be useful only when you are a when your marital status is specified. If you are a married person, you may like to use that particular product.

Similarly, a male or a female suppose your product is catering to the males you have a certain this thing characteristic, to the females certain other types of characteristics. Similarly, what is the type of family size your product is catering to? Do they require a certain education level, what is the type of occupation they are in and what is the type of language fluency you expect whether it is English or regional.

What is the socio-economic market segmentation variables? Socio-economic market segmentation variables could be with respect to income levels, consumption levels then the caste or the social class the especially with respect to the Indian market, then the religion and culture. We are looking at the Indian market through the eyes of the market ok. This socio-economic variables of market segmentation could be income levels, consumption levels, the caste or the social class religion and culture.

The other category of market segmentation could be psychographic with respect to the individual consumer. How do you categorize that it can be compulsiveness or gregariousness? What do you mean by gregariousness? One could be an extrovert or an introvert.

Depending on whether is an extrovert or an introvert he could be a potential market segment for you. Autonomy is dependent on decision making on somebody else or he is independent that is he takes his own decisions or it can be conservatism. What is conservatism? He can be very liberal, radical, traditional or modern. All this coming under this or it can be authoritarianism. What is this authoritarianism? You can be autocratic or you can be democratic all this contributing to market segmentation variables in the psychographic category.

Then the marketing conditions. What are this marketing conditions? You are looking at two aspects. One is distribution channel, second is the intensity of competition. By saying intensity of competition you are looking at how many players are there in the market in this category.

Now, we will apply this market segmentation variables in the next class to a ubiquitous product. I want to demonstrate to you how are ubiquitous product like this toothpaste it can be segmented using the different types of segmentation variables which we have listed out here ok. We will stop here.

Thank you.