CHAPTER - VI

- Suggested Marketing Strategies.
CHAPTER-VI

Suggestions and Proposed Marketing Strategies

Major objective of the study was to propose Marketing Strategy for effectively marketing Computers in SSI Markets.

This chapter primarily speaks of the suggestions and proposed Strategies based on the research conducted.

Strategies which can be adopted for superior results are:

6.1 Segmentation Strategies.

6.2 Marketing Mix Strategies – Product, Price, Place, Promotion.

6.3 Promotional Mix Strategies – Advertising, Sales Promotion, Publicity, Personal Selling.

6.4 Branding Strategies.
6.5 Relationship Marketing Strategies.

6.6 Total Solution Strategies/ System Integration Strategies.

6.7 Strategies for Crossing the Chasm.

6.8 Positioning Strategies – Differentiation Strategies.

6.9 Internet Marketing Strategies/ Web based Marketing Strategies.

6.10 Primary Demand Creation Strategies.

6.11 Procurement Strategies.

6.12 Other Strategies.

6.1 Segmentation Strategies:

Segments are the collectivity of customers who are similar to each other in certain respects, and hence are likely to respond in an identical fashion to a common stimulus.

Based on the analysis of data collected, following suggestions can be made with regards to Segmentation Strategy:
1. The SSI market can be segmented based on:

a) Age of the Units.

b) Qualifications of the Top Management

c) Business activities of the Unit

d) Type of the organization

It is found that the organizations which are in existence for the last ten years and more, have more tendency of purchasing the Computers.

Hence, the priority while marketing will have to be attacking the segment which have their chronological age beyond ten years.

It was also evident that the Units which had their Top Management with Engineering qualifications went in for computerization in larger number.
Hence, the suggestion for the marketer would be to identify the qualifications of the Top Management and design a specific Marketing Mix and Promotional Strategy to handle this Segment.

It was also found that the extent of computerization varies depending upon the type of organization.

66% of private Ltd companies are computerized - highest in terms of percentage- this leads to the logical suggestion that the segment of Private Ltd Companies is the most potential one.

There is found a relationship between the business activities of the units and the tendency to buy computers.

100% of the Foundries in the sample chosen are computerized, where as Machine Tools units are not computerized at all. Hence foundry business units have higher provability of being Computer Centers.
6.2 Marketing Mix Strategies

a) Product Strategy:

Those who are the resellers of the National/ Multinational brands, have got a very limited scope in terms of modifying product attributes, functions and features.

However those who assemble and market their own brands and sell as unbranded ones, can offer the Computers with the configuration specially suited for the specific customer. (Ex- if the customer is putting the computer to be bought for use in Auto CAD, High Resolution Super VGA Colour Monitor is appropriate. If some one wants to use it purely for typing the letters/ word processing, low end Monochrome Monitor of 14” will be adequate)
b) Pricing Strategy:

Price is the function of Cost. It also depends upon the 'Perceived Value' by the buyer.

Competitive Pricing Strategy is advisable if the brand image is not the criteria for the customer while buying the computer. Such customers are found to be in majority in the Sample Survey.

This approach is also suitable when the price sensitive customer is ready to buy an unbranded computer, compromising quality and after sales service.

Premium pricing is advocated when it comes to quality conscious customer, who normally operates at the high end of the value chain activity and is giving due importance for after sales service. Those with activities like Machine Tools and CAD, come in this category.
c) Place Strategies:

The quality of distribution network that the marketer has to develop so as to effectively market in SSI market is a crucial issue.

If the marketer himself is a small entity, then the question of appointing Dealers and Sub-dealer does not arise.

However if the marketer has got a reasonably bigger size in terms of business volume and financial muscle – a Specialized Dealer/ sub Dealer to market exclusively in Industrial Estate will be an ideal proposition.

6.3 Promotional Strategy

It is empirically found that the importance attached to various factors by the customers of SSI units is in following order:

i) After Sales Service
ii) Reliability of the Dealer
iii) Price
iv) Brand Image  v) Discounts and Promotions.

While allocating the promotional budget on various heads this priority can be maintained for superior results.

a) Advertising : Target customers being Industrial Buyers, the spending on advertising head can be kept at bare minimum, with print ads in specialized Industrial periodicals.

The copy of the advertisements will have to be elaborate and detailed with technical specifications so as to educate the potential buyer and expedite the process of decision making.

b) Publicity : It is found that Publicity through Magazine articles is ranked 5th in order. The first four are Discussion with Dealer, Advertising, Sales Presentation and Discussion with Colleagues. With such a lower ranking for Publicity, the right strategy would be to spend minimum on this head.
c) **Personal Selling** : The analysis of the data collected clearly indicates that the buyers depend the most on the interaction with the dealer for information. This implies that the personal selling element of promotion mix is the most important one in the context of buying process.

Hence the right strategy for success in marketing of Computer in the Small Scale Industrial Estate is to see that the Dealer himself takes up the responsibility of selling. He also employs, trains and motivates the Sales Staff for higher effectiveness.

d) **Sales Promotion** : This element of promotional mix is given least importance by the respondents.

Hence the right strategy is to divert the funds from promotional tools like discounts and rebates towards personal selling and after sales service.
6.4 Branding Strategy:

It is found that the share of unbranded computers and assembled ones is the highest. This fact implies that the market is not fully matured enough to appreciate and perceive brand value. Besides, when the quality of performance and warranty period (of one Year) is common irrespective of the brand, the potential customer is bound to get inclined in favor of unbranded low priced Computers.

There is bound to be transition of the market from "Commodity approach" to "Brand preference" over a period of time. Hence Brand Building Strategies will have to be adopted by the marketer sooner or later.
6.5 Relationship Marketing Strategies:

It is evident with the empirical research that the 'Dealer/Marketer-Customer' interaction is the most important element in the buying process.

The customer is found to be less impressed by the 'Brand Image' of Computer but he bases his decision on the Marketer/Dealers Standing.

Hence the right strategy for the Dealer would be to develop and nurture the relationship with the customers. This would enhance the probability of repeat purchase and superior word of mouth publicity.

The approaches in the context of this strategy would be:

i) Enhancing the quality of After Sales Service.

ii) Enhancing the reliability by delivering in accordance with the promises made.
iii) Enhancing rapport by conducting periodic customers meets and feedback sessions.

6.6 Total Solution Strategies/ System Integration Approach:

80% of the Dealers believe that providing Totally Solution is an appropriate Strategy. All the Buyer have the inclination towards Systems buying Computer Hardware and Software is just small component of entire automation / Information System in the SSI unit.

The other related items are - Printer, Scanners, Modems, Speakers etc, (accessories and peripherals) – The customer normally is not fully aware of the financial implications and technical intricacies of all the related items.

Buyer does not buy Computer ( Hardware and Software) in isolation – but in the context of his entire systems requirements.
Hence the appropriate strategy for the Marketer/ Dealer in SSI segment would be that, he acts more like a benevolent Consultant - offering Total Solution, by adopting System Integration approach.

6.7 Strategies for “Crossing the Chasm”

An effort will have to be towards attracting main stream market comprising of pragmatist and conservatives, by crossing the chasm, this requires (i) Providing Solution to problems (ii) Working on rational appeals (iii) Enhancing confidence of buyers.

6.8 Differentiation Strategies/Positioning Strategies

Differentiation is essential to be recognized and identified in the crowded market place.
Selectivity of perception in favor of the product being sold by the marketer is enhanced if product offering has distinct identity.

If the differentiation on objective attributes is difficult, the differentiation on subjective attributes may be resorted to as a strategy.

The subjective attributes like Trust, Confidence, Reliability, and Technical Competence etc. can be injected in the minds of customer with sustained efforts.

6.9 Internet Marketing Strategy / Web Based Marketing Strategy

An additional channel along with the conventional distribution network can be adopted in the form of Internet.
Especially when it comes to ‘repeat purchase’ or the purchase by those who have access to Internet, this channel may prove to be more cost effective and efficient.

Dell, worlds top PC marketing company uses this channel alone for marketing.

In the absence of intermediaries, this channel benefits the customer as well in the form of reduced price structure.

6.10 Primary Demand Creation Strategy

The demand for the specific brand of Computer or from specific marketer is the sub-set of overall demand for Computers in the Small Scale Industries.

If the size of the cake itself is enlarged the share of individual marketer is likely to expand in that proportion.
To achieve this, some of the strategies will be:

i) To educate the SSI managements on the utility of computerization in enhancing efficiency and cost reduction, by conducting seminars/workshops.

ii) Conducting of exhibitions/road shows either jointly with other marketer or individually.

iii) Using the press, broadcast media for promotion of the concepts of automation

iv) Conducting training programs for the users of computers for guiding them to extract the best out of Hardware and Software they have.

6.11 Procurement Strategy

Procurement is one of the most critical elements, which determine the success of Marketers/Dealers in Computer industry.
Quality, Price and after Sales Support what the marketer offers to the end user depends upon what he gets from the principal source.

Hence the marketer has to evolve a strategy by which he procures the most desirable products at favorable terms.

A joint effort/ collaborative approach may be more appropriate- where in two or more marketers jointly procure the computers and hence can use their collective strength for negotiations with the principals.
6.12 Other Strategies

1. The Marketers can impress upon the buyers, that Computers can enhance the chances of getting ISO (Quality) Certifications.

2. The buying Center and priorities of components is to be understood by the Seller – normally it comprises of Top Management, Purchase/Accounts Department.

3. Local Advertisements and insertions in Yellow Pages is desirable.

4. College going children of the Top Management act as outside influences, and hence are to be taken in account by the Sellers.

5. As the buyers perceived risk is high the marketer will have to educate the buyers and reduce the risk element.