CHAPTER - III

MARKETING STRATEGY
MARKETING STRATEGY

Marketing strategy is a process by applying which any firm can find their objective or goal effectively and efficiently. The strategy can be made by proper planning. The good strategy can make the marketing target easy to achieve. The strategy also flailed the competitor’s planning. If we want to make good strategy, we should first make strategic planning.

Strategic planning calls the action in three key areas:

1. The first is managing a company’s business as an investment portfolio.

2. The second involves assessing each business strength by considering the marketing growth rate and the company’s position and fit in the market.

3. The third is establishing a strategy.

The strategy marketing plans lays out the target market and their value proportion that will be offered based on the analysis of the best market opportunities.
On the consumer side the target market is middle to upper income professionals who need one portable device to coordinate busy schedules and communicate with family and collegiums. The consumer prefers lower priced PDAs with expandable memory and functionality.

On the business side the target market is mid to large side corporation that want to help their work force stay in touch and input are access critical data on the go. These buyers want durable, powerful, easy to use PDAs that can operate customized business application.

Thus the marketing can be classified as under following criteria-

1. Positioning
2. Product management
3. Pricing
4. Distribution
5. Market communication
6. Market research
POSITIONING STRATEGY

All marketing strategy is built up on STP – segmentation, targeting and positioning. A company discovers different needs and groups in the market place, targets those needs and groups that it can satisfy in a the superior way, and then positions its offering so that the target market recognizes the company’s distinctive offering and image. If a company does a poor job of positioning, the market will be confused as to what to expect. If a company does a excellent job of positioning then it can work out the rest of its marketing, planning and differentiating from its positioning strategy.

DEFINITION

We define positioning as follows:

"Positioning is the act of designing the company’s offering and image to occupy a distinctive place in the mind of target market. The end result of positioning is the successful creation of customer focused value proposition, a cogent reason why the target market should buy the product."

‘POSITIONING’ ACCORDING TO RIES AND TROUT

"Positioning start with a product piece of merchandise, a service, a company, an institution or even a person....But
positioning is not what you do to a product, Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect.”

A competitor has three strategic alternatives:

1. The first is to strength its own current j position in the consumer’s mind.

2. The second strategy is to grab an unoccupied position.

3. The third strategy is to de-position or re-position competition in the consumer’s mind.

A business should follow four rules for success:

1. Become best at one of the three value discipline.

2. Achieve an adequate performance level in the other two disciplines.

3. Keep improving one’s superior position in the chosen discipline so that not to lose out to a competitor.

4. Keep becoming more adequate in the other two disciplines, because competitors keep raising customer’s expectation.
In the preceding chapter, while discussing the tasks involved in marketing planning, we had stated that marketing strategy will be dealt with separately in an exclusive chapter in view of the elaborate handling demanded by this topic.

The student may come across several other terminologies relating to marketing strategy stances besides those described above. All such strategy stances denote the particular approaches taken by a given firm to suit particular market requirements. Whatever be the strategy stance a firm adopts the core strategy will always consist of target market selection and marketing mix deployment.

**HOW MANY IDEAS TO PROMOTE POSITIONING?**

A company must decide how many ideas to convey in its positioning to its target customers. Many marketers advocate promoting only lone central benefits. A company should develop a unique selling proposition for each brand and stick to it.

The brand should tout itself as number one, on the benefit it selects. Number one positioning include best quality, best performance, best service, best styling, best value, lowest price, safest, fastest, most customized, most convenient, most technology, etc. If a company
consistency hammers away at as positioning and delivers on it, it will probably be best known recalled for this benefits. For example home depot has gained a reputation for best service among whom improvement product retailers.

As companies increased the numbers of claimed benefits for their brand, they risk disbelief and a loss of clear positioning. In general, company must avoid four major positioning errors:

1. UNDER POSITIONING

Some company discovers that buyers have only a vague idea of the brand. The brand is seen as just another entry in crowed marketplace.

2. OVER POSITIONING:

Buyers may have too narrow an image of the brand. Thus a consumer might think that they did not over look.

3. CONFUSED POSITIONING

Buyers may have a confused image of the brand resulting from the company’s making too many claims or changing the brand’s positioning too frequently.
4. DOUBTFUL POSITIONING

Buyers may find it hard to believe the brand claim in view of the product's features, price, or manufacturer.

- A company now chose several different positioning possibilities:
  - A company positions itself on an attribute, such as size or numbers of years.
  - Product is positioned as the leader in a certain benefit.
  - Positioning the product as best for some use or application.
  - The product claims to be better in some way than a named competitor.
  - The brand is positioned as the leader in certain product category.

5. QUALITY OR PRICE POSITIONING

The product is positioned as offering the best value.
PRODUCT LIFE CYCLE MARKETING STRATEGY

A company positioning and differentiation strategy must change as the product market, and competitor’s change over time. Here we will describe the concept of the product life cycle stage and the normal change as the product passes through each life cycle stage.

To say that a product has a life cycle is to assert four things:

➤ Product has a limited life.

➤ Product sales pass through distinct stages, each posing different challenges opportunities and problems to the seller.

➤ Profits rise and falls at different stage of the product life cycle.

➤ Product require different marketing financial, manufacturing, purchasing, and human resource strategies in each stage.

Most product life cycle curves are portrayed as bell -shaped. This curve is typically divided into four stages, which are:

➤ Introduction

➤ Growth

➤ Maturity

➤ Decline
INTRODUCTION

A period of slow sales growth as the product is introduced in the market. Profits are nonexistent because of the heavy expenses incurred with product introduction.

GROWTH

A period of rapid market acceptance and substantial profit improvement.

MATURITY

A period of slowdown in sales growth because the product had achieved the acceptance by most potential buyers. Profit stabilizes or decline because of increased competitors

DECLINE

The period when sales show a down word drift and profit erode.

DISTRIBUTION

Distribution is a process of a process of to reaching the product in the market by a systematic way. Distribution means how we distribute our product in market who have the demand of our product.
In distribution there are two way to distribute our product in the hand of consumer.

1. Distribution through marketing channel
2. Distribution through himself without channel

If we did not have any marketing channel then total effort will be-

Let we have three consumer and three products also

![Diagram showing distribution channels]

Total effort = $3 \times 3 = 9$

If we did not have marketing channel then

![Diagram showing distribution without channels]

Total effort = $3 + 3 = 6$

So we look that if we did not have marketing channel then we have to make more effort.
DISTRIBUTION THROUGH MARKETING CHANNEL

If we have distribution channel then we have two types of product.

1. Consumer Product
2. Industrial Product

Now the consumer product can distributed into following ways

**Consumer Product**

- Producer
  - Whole seller
    - Retailer
      - Consumer
- Producer
  - Whole seller
    - Agent
      - Consumer

**Industrial Product**

- Producer
  - Agent
    - Industrial Distributor
      - Industrial User
- Producer
  - Agent
    - Industrial Distributor
      - Industrial User
MARKETING RESEARCH

The term marketing research is used extensively in modern marketing management. In act a tool for accurate decision making as regards marketing goods and services. It is also useful for studying and solving different marketing problem in a systematic and rational manner. Research means detailed, systematic and comprehensive study of a problem.

Marketing research as a special branch of marketing management. Marketing Research acts as an investigative arm of a marketing manner. It suggest possible solution on marketing problem for the consideration and selection by a marketing manager.
OBJECTIVE/NEED OF MARKETING RESEARCH

- To find out reaction of consumer to the products of the company.

- To study current marketing problems and opportunities for suitable follow up actions.

- To design and test appropriate package, brand labels of company’s products.

- To study existing pricing, channel of distribution, market Competition for suitable change, if necessary.

- To find out the methods for making the products of company Popular and raising goodwill and market reputation.

- To study the needs, wants and expectation of consumer.
SALIENT FEATURES OF MARKETING RESEARCH

- Marketing research is a continuous process.
- Marketing research is wide in scope as it deals with all aspects of marketing of goods and services.
- In marketing research, suitable data should be collected objectively and accurately.
- Marketing research is useful to sponsoring company.
- Marketing research is a type of commercial intelligence activity.
- Marketing research acts as a tool in the hands of management for identifying and analyzing marketing problems and finding out solutions of them.
- Marketing research is applied in character.
- Marketing research is an essential supplement of competitive marketing.
- Marketing research is not an exact science.
- Marketing research can be conducted by using different methods.
THE MEANING AND SIGNIFICANCE OF MARKETING STRATEGY:

Stated in simple terms, marketing strategy is the complete and unbeatable plan designed specifically for attaining the marketing objectives of the firm. The marketing objectives indicate what the firm wants to achieve; the marketing strategy and overall corporate success is indeed direct and vital. And in this linkage lies the significance of marketing strategy.

Since realizing the marketing objectives is the purpose of marketing strategy, it is only logical that marketing strategy takes its direction and cue from the marketing objectives of the firm. We have already discussed in detail the process of setting the marketing objective marketing planning. We are not repeating the discussing. We would just emphasise here that strategy and objective are inseparably interlinked with one another.
FORMULATING THE MARKETING STRATEGY

Marketing strategy is not a nebulous idea. It is a well outlined game plan. And there are definite ways of formulating it. Basically, formulation of marketing strategy consists of two main steps:

- Selection of the target market.
- Assembling the marketing mix.

The essence of the marketing strategy of any firm can be grasped from the firm’s target market and its marketing mix. The target market shows to whom the firm intends to sell the products; the marketing mix shows how the firm intends to sell. Together they constitute the marketing strategy platform of the firm.

SELECTING THE TARGET MARKET

To say that target market selection is a part of marketing strategy development is an understatement. It does not fully bring out the import of the inseparable linkage between the two. When the selection of target market is over, an important part of the marketing strategy of the firm is already determined, defined, and expressed.
ASSEMBLING THE MARKETING MIX

We said earlier that target market and marketing mix together constitute the marketing strategy platform of the firm. We have just seen the relevant aspects of target market selection. In what follows we shall consider the marketing mix. Involved in this process are the choice of the appropriate marketing activities and the allocation of the appropriate marketing effort to each one of them the firm has to find out how it can generate the best sales and make profit.

MARKETING MIX CAN NOT REMAIN STATIC BECAUSE MARKETING STRATEGY CAN NOT BE STATIC:

It is not as though a firm can take complete rest, once it has assembled and put through its marketing mix. The marketing mix is a dynamic entity. The mix has to be modified and manipulated depending on requirement. In as much as the task of marketing is to anticipate and meet the changes in the market, marketing mix has got to be a flexible and dynamic entity.
THE MARKETING MIX OF THE FIRM IS THE VISIBLE PART OF THE MARKETING STRATEGY OF THE FIRM:

Another important and interesting fact regarding the marketing mix is that it is the visible part of the marketing strategy of the firm after all the marketing strategy of a firm is not seen as such by the outside world. It manifests through the marketing mix of the firm i.e., through what the firm actually does with its product, promotion, price and channel. The understanding that the marketing mix is the visible part of the marketing strategy of any firm is essential for formulating competitive marketing mix or marketing strategy. The strategies of the competitors could be countered only thought and understanding of their marketing mix, which is the sole visible part of their strategies.

MARKETING STRATEGY OF FIRM CAN BE STATED IN TERMS OF ITS TARGET MARKET AND MARKETING MIX:

In the above section, we explained that the target market and the marketing mix together constitute the marketing strategy of any firm and that no other clue is required to understand the marketing strategy of the firm. It follows that is should be possible to state in precise terms the marketing strategy of any form thought its target
market and marketing mix. Given below is an illustrative marketing strategy statement based on the target market and the marketing mix of the firm.

GAINING COMPETITIVE CONSCIOUSNESS AND SCORING OVER COMPETITION IS THE PURPOSE OF MARKETING STRATEGY:

We had explained at the beginning of this chapter that the main aim of marketing strategy is to cope with competition after discussing in detail the various ramifications of marketing strategy in the preceding pages. We have to now return to the same basic theme. Undoubtedly, it is competition that necessitates strategy. Coping with competition is the main aim of strategy. By the same taken, it can also be said that in a marketing environment that is devoid of competition, the scope and need for strategic planning and marketing strategies will be less.

MARKETING STRATEGIES FALL UNDER TWO GENERIC CATEGORIES-PRICE BASED AND DIFFERENTIATION BASED STRATEGIES:

We have seen that marketing strategy is formulated by selecting the target market and assembling the marketing mix. We
have also seen that marketing mix elements can be assembled by a firm in many different ways and that the relative weightage of the different elements will be different in the different combinations. And only because of this reality business firm are employing an abundance of strategies and strategy stance.

THE PRICE BASED MARKETING STRATEGY:

As already mentioned a business unit that opts for the price route in its competitive battle will enjoy certain flexibilities in the matter of pricing of its product and use price as the main competitive lever. It will price its products to suit the varying competitive demands, It will be enjoying certain inherent cost advantages, which permit it to resort to a price based fight. Such cost advantages may emanate from several activities /areas of operation. The major areas from where such cost advantage can accrue are economics of scale absolute cost advantages benefit of early entry, a large market share built over a period of time corporate synergy in major activities like production and marketing of different business, etc.
THE DIFFERENTIATION BASED MARKETING STRATEGY

Marketing strategy based on differentiation work on the principle that aspect of the offer and any activity of the firm can be mad distinctive compared with the competing offers. From the simplest of commodities to the most sophisticated of products and services, the scope for differentiation is tremendous.

The most stimulating idea on differentiation has been put forward by Theodore Levitt one of his HBR Hewitt in one of his classic marketing success, through differentiation of any thing. He explains “ In the market place, there is no such thing as a commodity all goods an services are differentiable.

DEFENSIVE STRATEGY:

Offensive strategy, also known as confrontation strategy, as the name indicates is a strategy aggression/ confrontation. An offensive strategy is usually employed by a firm that is not presently the leader, but aspires to leadership position in the industry. It is normally the No.2 or No.3 or a new contestant in the industry, who resorts to such a strategy. The ecru is that the firm adopting an offensive strategy automatically assumes the position of the challenger; the leader mostly is its target of attack. The
challenger aggress tries to expand his market share and utilizes all the elements of the marketing mix in attracting the leader. He can be offensive in price with daring price cuts; he can be offensive in product strategy by supplying superior products or the marketing mix in attacking the leader.

DIFFERENT FIRMS ADOPT DIFFERENT STRATEGY STANCES AS THEIR SENSIGNS DIFFER

In the market place different firms take different strategy stances. This is but natural as long as their situational designs and consequently their specific requirements of strategy differ from each other. They will evidently follow different strategy stances. One firm may find it appropriate to have a direct conformation with the market leader; another may find it appropriate to keep aloof for some time from the heat of competition; the third may find it relevant to chalk out a strategy of sheer survival. It is essential to understand that there is no universally valid strategy stance.

MARKETING STRATEGY STATEMENT:

An illustration

➢ Name of the firm

➢ Strategic Business
MARKETING STRATEGY

1. Demand based marketing:

   The sealing conscious well to do every user of mechanical form’s India.

2. Marketing Mix:

   1. Product.
   2. Price.
   3. Promotion
   4. Place (channel)

DEVELOPING AND COMMUNICATION A POSITIONING STRATEGY

All marketing strategy is built on STP- Segmentation, Targeting, and positioning. A company discovers different needs and groups in the marketplace, targets those needs and groups that it can satisfy in a the superior way; and then positions its offering so that the target market recognizes the company’s distinctive offering and image. If a company does a poor job positioning, the market will be confused as to what to expect. If a company does an excellent job of positioning, then it can work out the rest of its marketing planning and differentiation firm its positioning strategy.
We define positioning as follow: Positioning is the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market. The end result of positioning is the successful creation of a customer-focused value proposition, a cogent reason why the target market should buy the product.

POSITIONING ACCORDING TO RIES AND TROUT

The word Positioning was popularized by two advertising executives, Al Ries and Jack Trout. They see positioning as a creative exercise done with an existing product.

Positioning starts with a product. A piece of merchandise; a service a company; an institution or even a person.

But positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect.

Rise and Trout argue that well known products generally hold a distinctive position in consumers mind. Hertz is thought of as the world’s largest auto-rental agency coca-cola as the world’s largest soft-drink company and Porsche as one of the world’s best sports cars. These brands own these positions, and it would be hard for a competitor to claim them.
POSITIONING ACCORDING TO TREACY AND WIERSEMA

Two consultants, Michael Treacy and Fred Wiersema, proposed a positioning framework called value disciplines. Within its industry a firm could aspire to be the product leader, the operationally excellent firm; or the customer intimate firm. This is based on the nation that in every market there is a mix of three types of customers. Some customers favor the firm that is advancing on the technological frontier (product leadership); other customers want highly reliable performance (operational excellence) and still others want high responsiveness in meeting their individual needs.

Treacy and Wiersema observed that a firm cannot normally be best in all three ways, or even two ways. It lacks sufficient funds, and each value discipline requires different managerial mindsets and investments that of them conflict.

POSITIONING

How many ideas to promote?

A company must decide how many ideas [e.g. benefits, features] to convey in its positioning to its target customers. Many
marketers advocate promoting only one central benefit. Rosser Reeves believes a company should develop a unique selling proposition [UPS] for each brand and stick to it. Crest tooth paste consistently promotes its anticay its protection and Mercedes promotes its great engineering. Rise and trout favor one consistent positioning massage. This makes for easier communication to the target market; it results in employees being clearer about what counts; and it markets it easier to align the whole organization with the central positioning.

WHICH POSITIONING TO PROMOTE

Suppose a company has identified four alternative positioning platforms: technology, cost, quality and service. It has one major competitor. Both companies stand at 8 on technology, which means they both have good technology. The competitor has a better standing on cost. The company offers higher quality than its competitor. Finally, both companies provide below average service.

It would seem that the company should go after cost or service to improve its market appeal. However, other consideration arise. The first is how target customers feel about improvements in each of these attributes. Column 4 indicates that improvements in cost and service would be of high importance to customers, but can
the company afford to make the improvements and how fast can it provide them? Column 5 shows that improving service would have high.

COMMUNICATING THE COMPANY'S POSITIONING

To communicate a company or brand positioning; a marketing plan should include a positioning statement. The statement should follow the form: To [Target group and need] our [Brand] is [Concept] that [Point-of-difference]. Or example: “To busy professionals who need to stay organized palm pilot is an electronic organizer that allows you to back up files on your PC more easily and reliably than competitive products.” Sometimes the positioning statement is more detailed: mountain Dew: To young, active soft- drink consumers who have little time for sleep; mountain Dew is the soft drink that gives you more energy than any other brand because is has the highest level of caffeine. With mountain dew; you can stay alert and keep going even when you haven’t been able to get a good night’s sleep.

DIFFERENT FIRMS ADOPT DIFFERENT STRATEGY STANCES AS THEIR SITUATIONAL DESIGNS DIFFER

In the market place, different firms take different strategy stances. This is but natural. As long as their situational designs and
consequently their specific requirements of strategy, differ from each other, they will evidently follow different strategy stances. One firm may find it appropriate to have a direct confrontation with the market leader; another may find it appropriate to keep aloof for some time from the heat of competition; the third may find it relevant to chalk out a strategy stance.