CHAPTER 5

MARKETING STRATEGIES – AN OVERVIEW

Marketing strategy is a broad plan for achieving marketing objectives. A marketing strategy that is well-articulated will enable one to focus on marketing activities to achieve the organisational goal.

5.1 Definitions of Marketing Strategy

- By Philip Kotler, “Marketing Strategy is the marketing logic by which the business unit expects to achieve its marketing objectives.”

- By Dibb and Simkin, “Marketing Strategy indicates the specific markets towards which activities are to be targeted and the types of competitive advantage to be exploited.”

- By Piercy, “Choosing market targets and a strong market position base on differentiating capabilities to create a robust and sustainable value proposition to customers and networks of critical relationships.”

Thus from the above definitions one can assert that a marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. A marketing strategy should be centred around the key concept that customer satisfaction is the main goal. Fulfilment of wants of the prospects is one the important goals of marketing activities. A prospective buyer is known as a prospect.
5.2 Vision & Mission Statements

To frame a marketing strategy one should first take into consideration the Vision and Mission statements of the company.

**Vision Statement** Developing a vision statement is the first step in planning. Vision is what a firm would ultimately like to become, it encompasses the basic strategic intent of a firm. Vision acts as a strong motivator to take necessary action for bringing aspirations into reality.

Vision Statement of TATA POWER:
“To be the most admired and responsible Integrated Power Company with international footprint, delivering sustainable value to all stakeholders.”

Industry of Solar Energy Products can have the vision to make India’s economic development energy-efficient through the use of clean and green solar energy.

**Mission Statement:** A mission statement identifies the scope of a firm’s operations to achieve its organisational goals. Hunger and William (1999) state that “mission is the reason for organisation’s existence”. Most of the firms obtain their mission statements from a particular set of actions they want to perform. Hence, the statements of mission have to be clear, precise, motivating, distinctive and indicative of how to accomplish the goals.

Microsoft’s mission is to create software for personal computer that empowers and enriches people in the workplace, at school, and at home. As the world’s leading software provider Microsoft strives to produce innovative products that meet the customers’ evolving needs. (Issac 2012). Industry of Solar Energy Products can have the mission to focus on the target markets they can serve best by promoting the products.
5.3 SWOC ANALYSIS

The overall evaluation of company’s Strengths, Weaknesses, Opportunities and Challenges is called SWOC analysis. In order to frame marketing strategies the firms need to analyse their Strengths, Weaknesses, Opportunities and Challenges so as to take appropriate steps to achieve its marketing objectives.

SWOC analysis helps the organisation in identifying its hurdles and the available resources to overcome them.
In case of Solar Energy Product Industry one can enumerate the SWOC analysis as under:

**SWOC ANALYSIS**

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>OPPORTUNITIES</th>
</tr>
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<tbody>
<tr>
<td>Clean Energy</td>
<td>Reaches where Grid Power cannot reach</td>
</tr>
<tr>
<td>No Green House Gas Emissions</td>
<td>Generate Employment</td>
</tr>
<tr>
<td>Abundant Source of Energy</td>
<td>R&amp;D can help in Nano Technology</td>
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<tr>
<td>Renewable Source</td>
<td>Exports</td>
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<tr>
<td>India-Tropical Region</td>
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<tr>
<td>Reduces Global Warming</td>
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<tr>
<td>Sustainable Development</td>
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<td>Government Support</td>
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</table>
## WEAKNESS
- Costly
- Requires Open Space
- Inefficient Technical Know-how and Lack of Skilled Manpower
- Lack of Awareness
- Inefficient Battery Back-up

## CHALLENGES
- People may not buy in spite of Subsidy, Credit facility and Tax incentives
- Faulty installations may hamper further use
- Environmental factor may not help in accelerating the use
- Inadequate After Sales Service

### 5.4 PESTEL ANALYSIS

In PESTEL analysis the marketer studies the political, economical, socio-cultural, technical, environmental and legal aspects which affect the organisation. These are the external factors which have to be studied while framing the strategies to achieve the firm’s objectives. Following is the PESTEL analysis in case of Solar Energy Products.

**Political Aspects:**
India is a pioneer country to have a separate Ministry for New and Renewable Energy (MNRE). The broad aim of the Ministry is to develop and deploy, new and renewable energy for supplementing the energy requirements of the country.

**Economic Aspects:**
Since Solar Energy products are costly, subsidies are provided. 80% Depreciation is granted in the first year of installations. Credit facilities are granted where 85% of the system price is financed by the financial institutions/banks. With increase in demand the possibility of cost coming down cannot be ruled out.
Socio-Cultural Aspects:
The Sun is treated as ‘GOD’ and its influence appears in various religions - Hinduism, Zoroastrianism, Mithraism, Roman religion, Buddhism, the Druids of England, the Aztecs of Mexico, the Incas of Peru, and many Native American tribes. Therefore energy derived from the Sun may be widely accepted and used.

Technological Aspects:
Solar Energy Products require solar cells that are made from silicon, which are costly, and hence making these products expensive. Solar Energy Centre of India has been registered under Section 25 of Companies Act, 1956, as a Company not for profit, under the administrative control of the Ministry of New And Renewable Energy for the development of solar energy technologies and its related science and engineering.

Environmental Aspects:
Solar Energy is a natural source of energy. India being a tropical country has abundant sunlight. Solar Energy Products are environmentally clean and green, with no greenhouse gas emissions, thus reducing global warming and leading towards sustainable development. Solar energy becomes an unconventional resource and a very good renewable energy option.

Legal Aspects:
The Municipal Corporations of various cities across India can make the use of solar energy products mandatory. Solar Water Heaters are made mandatory for new constructions in Bangalore in 2007. It can be done in case of other Solar Energy Products for the remaining cities.

5.5 Marketing Strategy & Marketing Mix

‘Marketing Mix’ is the term coined by Neil Borden and is used to describe the combination of the fair inputs which constitute the core of a company’s marketing programme. Marketing Mix basically is combination of various elements, which in their totality, constitute marketing system of firm. These elements are often described as FOUR P’s: Product, Price, Promotion and Place. The marketer needs to study these
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four P’s in order to draft a marketing programme to achieve its marketing goal. Various aspects that one needs to study under each ‘P’ are indicated as under (Kotler, Amstrong, Brown & Adam.2006).

**Product:** In marketing, a product is anything that can be offered to a market that might satisfy a want or need. Managing the product includes product planning, product development, product design, product mix, product innovation, standardisation and branding. Positioning is an important aspect which helps the people to categorize the product. Positioning is “how organisations want their consumers to see their product”. What message about the product or service is the company trying to put across? Developing a positioning strategy depends much on how competitors position themselves. Do organisations want to develop ‘a me too’ strategy and position themselves close to their competitors so consumers can make a direct comparison when they purchase? Or does the organisation want to develop a strategy which positions themselves away from their competitors? Offering a benefit which is superior depends much on the marketing mix strategy the organisation adopts. The pricing strategy must reflect the benefit offered and the promotion strategy must communicate this benefit.

**Positioning Strategies**
There are seven positioning strategies that can be pursued:
Product Attributes: What are the specific products characteristics?
Benefits: What are the gains to the customers?
Usage Occasions: When / how the products are utilized?
Users: Identify the class of customers.
Against a Competitor: Positioned directly against the rival companies.
Away from a Competitor: Positioned away from the rival companies.
Product Classes: Compared to different categories of products.

Solar energy products are tailor-made products which are installed depending upon the requirement and availability of open space to install the equipments. The manufacturers/suppliers of solar energy products should follow the standards and specifications which ensure the smooth and efficient working of the products. After
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sales service which includes installation, repairs and maintenance should be provided. Appropriate positioning strategy can be adopted to capture the target market.

**Price:** The management is required to determine the basis for fixing the price of the product and then establish policies for dealing with discounts, subsidies, freight payments and price related situation.

Various Pricing strategies generally adopted by the firms are:

- **Penetration Pricing Strategy:** Here the product is introduced throughout the market at a lower cost. Penetration pricing is the pricing technique of setting a relatively low initial entry price, usually lower than the intended established price, to attract new customers. The strategy aims to encourage customers to switch to the new product because of the lower price.

- **Skimming Pricing Strategy:** Skimming pricing strategy emphasizes on launching the product at a high price. This strategy is effective when the potential market size is limited, buyers are willing to pay high price and potential competition is limited.

In case of solar energy products, as the price is high the marketers can adopt the skimming pricing strategy. They should enlighten the prospects about the subsidy provided by the Government; though initial price is high there will be no utility bills which the buyers will have to pay every month for consuming the solar power. The buyers/prospects should be informed about the pay-back period after which they use the product free of cost.

**Place:** Under this the marketer has to look into various activities which place the product in the hands of the customers. Here the firm needs to select the appropriate channels of distribution and effective distribution system to place the product at right time in the market.

Market is an arena for potential exchange (Kotler, 1986). Market segmentation becomes an important aspect in distribution. Market segmentation is sub-dividing the market into segments which are homogenous in nature for carrying out distribution.
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efficiently to target markets. Target Marketing is to break a market into segments and then concentrate marketing efforts on one or a few key segments. It can be the key to a small business’s success. The advantage of target marketing is that it makes the promotion, pricing and distribution of the products and/or services simple and more cost-effective. Target marketing helps to focus on all of the marketing activities. When one discusses market and market dominance there are four types of market dominance strategies:

- Market Leader: The market leader is dominant in its industry. A market leader is always ahead in developing innovative products and new business models. A market leader has significant presence, substantial market share in the industry and is recognized as the leader by other firms. Competitors will always strive to attack the leader on its weak point or challenge in its strong area. Therefore they need to remain in that position and maintain the same, e.g. Microsoft, Gillette, LG, Hero Motor Corp. (formerly Hero Honda).

- Market Challenger: A market challenger is a firm in a strong, but not dominant position that is following a forceful strategy of trying to achieve market share. It typically attacks the industry leader (e.g. Pepsi targets Coke) but it could also attack smaller, more vulnerable competitors.

- Market Followers: Market followers choose to emulate the leader rather than attack it. Most follower firms make products as per the product innovations of the market leaders. If the follower targets a market leader with the similar quality offering and at the similar price, it might have to encounter severe attacks from the market leader. So, unless the follower has some strong points in its armour it will not target the market leader e.g. Panasonic following Sony.

- Market Nicher: In nichers strategy the firm focuses on a few selected target markets, thus also called as focus strategy. It is expected that by focusing marketing activities on one or two narrow market segments and adapting one’s marketing mix to these specialised markets, one can better fulfil the needs of that target market. The nichers has to be big enough to be profitable, but small enough
to be overlooked by the major industry players e.g. Nike constantly created a new niches- cycling, walking, hiking etc. Market nichers can be attacked by big companies once they note that the niches are booming.

In case of solar energy products firms need to identify what would be their dominance status in the market and then frame the strategies. Firms should analyse their resources and know for themselves whether they are going to be leaders, challengers, followers or nichers. Market segmentation would further help in understanding whether a firm should follow a Standard marketing strategy or a Customised marketing strategy.

- Standard marketing strategy: It is when a firm develops and implements the same product, price, distribution and promotion strategies in all markets.

- Customised marketing strategy: Where a firm develops and implements a different marketing mix for each target market.

**Promotion:** It includes all the activities carried out to make people aware about the product. Advertising, Personal selling and various promotional programmes are the major activities which do the work of informing and persuading the prospects to buy the products. Advertising is any paid form of personal or non-personal communication. It is a notice or an announcement to the public with the use of printing materials, pictures, or written words, audio or visual media. One can use Indoor Advertisements which are in the form of newspapers, magazines, radio, television and films; Outdoor Advertising in the form of posters, painted display, travelling display, electrical sign, sky writing and sandwichmen; Direct Advertising which are directly referred to individuals/institutions/companies through sales letters, circulars, broadsides, gifts, catalogues, package inserts, tele calling; Indirect Advertising through window display, interior display, showrooms and exhibitions. Digital advertising through mobiles, internet and on-line advertising is another area which can be explored for the same.

Personal selling refers to oral communication made by the salesmen or the various intermediaries amongst the prospects with the intention of making sale. It is selling a
product on one to one communication basis. In other words, it is promoting a product through word of mouth by the sales persons or intermediaries.

Push & Pull strategies of Promotion are:

- **Push Strategy:** A ‘Push’ promotional strategy uses company’s sales force and trade promotion activities to generate consumer demand for a product. The manufacturer promotes the product to wholesalers, wholesalers promote it to retailers and retailers promote it to consumers. Here the product is pushed on to the final consumer therefore the name- Push.

- **Pull strategy:** A ‘Pull’ strategy is based on huge advertisements and promotional activities carried out by the manufacturer to create demand for the product. Consumer pull the product through the distribution channel forcing the wholesalers and retailers to stock it, hence the name pull strategy.

Depending upon the decision relating to the amount to be spent on promotion one can decide how to promote a product effectively which reaches the target audience.

Borden’s marketing mix which comprised 4P’s as discussed above was challenged by many. Especially 1980 onwards, many researchers proposed new ‘P’s’ into marketing mix. Kotler (1986) includes political power and public opinion formation to the ‘P’s’ concept. Baumgartner (1991) recommends the concept of 15 P’s. MaGrath (1986) proposes the addition of 3 P’s (personnel, physical facilities and process management). Vignalis and Davis (1994) suggest the addition of S (service) to the marketing mix. Goldsmith (1999) suggests that there should be 8 P’s (product, price, place, promotion, participants, physical evidence, process and personalization). Many doubted the effectiveness of marketing mix in its original form and proposed to have alternative approaches for the same.

### 5.6 Marketing Strategies and Product Life Cycle

As human beings have various stages in their life, similarly a product also goes through various stages in its life span. Product Life Cycle (PLC) is a crucial aspect which has to be studied by the firm for its survival and growth in the market. It helps a
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firm to manage the risk of launching a new product more effectively and further to understand the various stages in the life of a product and accordingly frame strategies to achieve the marketing goal. The typical PLC consists of four main aspects: (1) Introduction; (2) Growth; (3) Maturity; (4) Decline.

Diagrammatically a PLC curve which is bell-shaped explains the various stages which can be seen in Figure 5.1 (Rodrigues. 2013)

**Figure 5.1: Product Life Cycle**

![Product Life Cycle Diagram](image)

CHARACTERISTICS OF VARIOUS STAGES OF THE PLC

**Introduction stage of PLC**

A lot of research and development is required for launching a new product in the market followed by heavy promotion. The product is advertised to create awareness. If the product has no or few competitors, a skimming price strategy can be adopted. Advertising differentiates the product. Pressure of immediate profit does not exist.

**Growth stage of PLC**
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Due to promotion and acceptance of the product in the market the sales start increasing. Competitors are drawn into the market with very similar offerings. Products become more profitable in this stage. Companies think of forming alliances, joint ventures take each other over. Amount spent on advertising is high and it aims at building brand. Market share is likely to stabilise.

**Maturity stage of PLC**

Those products that survive the earlier stages are likely to stay longest in this phase. Sales increase at a decreasing rate and then stabilise. Companies attempt to distinguish products and brands are a key to this. Price wars and severe competition occur. In this stage the market reaches saturation. Companies begin to leave the market owing to poor margins. Promotion becomes more extensive and uses a greater variety of media. Advertising puts price ahead of the competition.

**Decline stage of PLC**

In this stage there is a downturn in the market. Innovative products are introduced or consumer preferences have changed. There is severe price-cutting and many more products are withdrawn from the market due to obsolescence. Profits can be enhanced by reducing marketing spend and cost cutting. Firms who are not able to manage and sustain quit.

Industry of solar energy is still in an introductory stage which requires a lot of promotion to create awareness regarding the utility of the products. Most studies indicate that the market pioneer gains the greatest advantage. Kotler, Keller, Khoshi, Jha (2013) state that Campbell, Coca-Cola, Hallmark and Amazon.com developed sustained market dominance. Nineteen of twenty five market leaders in 1923 were still the market leaders in 1983, sixty years later. In a sample of industrial goods businesses sixty six per cent of pioneers survived at least ten years, versus forty eight per cent of early followers.

The pioneers’ advantage can be that early users will recall the pioneer’s brand name if the product satisfies them. The pioneers’ brand also establishes the attributes the product class should possess. It normally aims at the middle of the market and so captures more users; there are producer advantages: economies of scale, technological
leadership, patents, ownership of scarce assets, and other barriers to entry. An alert pioneer can lead indefinitely by pursuing various strategies. But there are pioneers who have failed due to their inability to gauge their competitors; Bowmar (hand calculator), Apple’s Newton (personal digital assistant), Netscape (web browser), Reynolds (ballpoint pens), and Osborne (portable computers) were market pioneers overtaken by later entrants (Kotler, Keller, Khoshi, Jha. 2013).

Steven Schnaars (1991) studied twenty eight industries where imitators overtook the innovators. He discovered a number of weaknesses in the failing pioneers, including new products that were too crude, were inappropriately positioned, or emerged before there was strong demand, product development cost that drained the innovator’s resources; a scarce resources to compete against entering larger firms; and managerial incompetence or unhealthy complacency. Successful imitators flourished by offering lower prices, improving and innovating the product more constantly, or by means of brute market power to overtake the pioneer. None of the companies that now dominate in the manufacture of personal computers- including Dell, HP and Acer were first movers.

Peter Golder and Gerald Tellis (1993) in their research paper on Pioneer Advantage raise further doubts about the pioneer advantage. They have defined the following key terms used in their study:

—*Inventor* is the firm(s) that develops patents or important technologies in a new product category.

—*Product pioneer* is the first firm to develop a working model or sample in a new product category.

—*Market pioneer* is the first firm to sell in a new product category.

—*Product category* is a group of close substitutes such that consumers consider the products substitutable and distinct.

They conclude that although pioneers may still have an advantage, a larger number of market pioneers fail then has been reported, and a larger number of early market leaders (though not pioneers) succeed. Later entrants overtaking market pioneers include IBM over Sperry in mainframe computers and GE over EMI in CAT scan equipment.
Golder and Tellis also identified five factors underpinning long-term market leadership: vision of a mass market, persistence, relentless innovation, financial commitment and asset leverage.

Thus for solar energy product industry which is still in its introductory stage needs to study and evaluate themselves and identify their status in the market whether they are going to be pioneers, leaders, challengers, imitators/followers and accordingly frame strategy for sustainable growth.

5.7 Porter’s Generic Strategies Framework

Michael Porter has identified three generic strategies that could be adopted by the organisation in order to gain competitive advantage, which are as follows (Isaac, 2012):

- Overall Cost Leadership Strategy
- Differentiation Strategy
- Focus Strategy

**Overall Cost Leadership Strategy**: This strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its product below the average industry prices to gain market share. This strategy usually targets a broad market. Some of the ways that firms acquire costs advantages are by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership.

**Differentiation Strategy**: A differentiation strategy calls for the development of a product or service that offers distinct features that are valued by the customers which are different from the product of the competitors. The firm may sell such distinct product at a cost which is higher than the average market price of the product. For a
firm to succeed in differentiation strategy must have a highly skilled product development team who can help in making the product unique.

**Focus Strategy:** The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation; by doing this the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly.

Thus in case of solar energy products which are costly and tailor-made products, a focus strategy would be quite effective. These products have a life span of 25 to 30 years, thus by maintaining customer relations through efficient after sales service can help in achieving customer loyalty.

### 5.8 Buying Motives and Marketing Strategies

Buying motive is an inner urge which makes a prospect buy a product. The marketer needs to understand the buying motive behind the purchase of solar energy product. Buying motives help to understand the reasons for buying/using a product. Basically Buying Motives are bifurcated into two types:

- **Primary Buying Motives**

- **Secondary Buying Motives,** which are further divided into:
  - Rational Buying Motives
  - Emotional Buying Motives

**Primary Buying Motives:** When consumers buy to fulfil their basic need for survival it is a primary buying motive. When the consumer spends on food, clothing, shelter and physical well being it is considered as a Primary Buying Motive.
Secondary Buying Motives: After fulfilling the basic necessities the consumer now spends further. These motives are further classified into:

- **Rational Buying Motives**: When goods are bought taking into consideration the cost, utility, durability and economical viability then it is said to have a Rational Buying Motive. These motives are guided by rational thinking or reasoning power of the human beings.

- **Emotional Buying Motives**: Here goods are bought without taking into consideration the economical/monetary aspect of the product but are bought on the basis of emotions. It can be a purchase made for a hobby, love, friendship, or leisure activity. It can be loyalty towards the brand, company or the retailer which can also be called as Patronage motive.

Identifying the buying motive will further help in understanding the reasons for purchase of the goods. Literature review has helped the researcher to identify the factors which influence the buying decision or the use of the solar energy products. Data analysis will help in identifying the significant factors influencing the use of these products. Buying motive in case of solar energy products in cities can be treated as primary one. One cannot survive without power in urban areas. Life in cities will come to a stand still without power. But at the same time these products should be economically viable. The prospects should be made aware of the fact that after payback period they use solar energy products free of cost.

In order to frame appropriate marketing strategies for accelerating the use of solar energy products one needs to study the response of users and non users of these products, which will help in understanding the reasons for less usage of solar energy products as also what is the opinion or difficulties faced by the users of the product, which will help to suggest marketing strategies. This calls for data collection and analyses of the same. Appropriate research methodology is to be adopted, which is discussed in the next chapter.