CHAPTER VI

SUGGESTIONS, CONCLUSIONS AND RECOMMENDATIONS

6.1 MARKETING STRATEGIES

Marketing strategies are highly dependent on whether the company is a market leader, challenger, follower or nicher.

6.1.1 A market leader faces three challenges:

- Expanding the total market through new users, new uses and more usage.

- Protecting market share.

- Expanding market share if profitability increases at higher market share levels.

A market challenger aggressively tries to expand its market share by attacking the leader, other runner-up firms, or smaller firms in the industry.

A market follower is a runner-up firm that chooses not to rock the boat. It seeks to use its particular competencies to participate actively in the growth of the market.

A market nicher is a smaller firm that chooses to operate in some specialised part of the market that is unlikely to attract the larger firms. Market nichers often become specialists in some end-use. A multiple niching is preferable to single niching in order to reduce risk.
6.1.2 Communication and promotion

Marketing communications is one of the four major elements of the company's marketing mix. Marketers must know how to use advertising, sales promotion, direct marketing, public relations, and personal selling to communicate the products existence and value to the market customers.

6.1.3 Factors in setting the promotion mix

Companies consider several factors in developing their promotion mix.

1. Type of product market:

   Consumer goods: Advertising > sales promotion
                   > personal selling > public relations

   Industrial goods: Personal selling > Sales promotion
                    > Advertising > Public Relations

In general, PERSONAL SELLING IS MORE HEAVILY used with complex, expensive and risky goods and in markets with fewer and larger sellers.

While advertising is less important than personal selling it, nevertheless plays a significant role towards awareness and comprehension building, reminding, generating leads, legitimising and reassuring.

? Push versus pull strategy
3. **Buyer-readiness stage**

Advertising and publicity are most cost effective at the early stages of the buyer decision process and personal selling and sales promotion are most effective at the later stages.

4. **Product life cycle stage**

**Introduction stage** - Advertising and publicity, then sales promotion and, lastly personal selling.

**Growth stage** - All are toned down as word of mouth is predominant.

**Maturity stage** - Sales promotion → advertising → personal selling.

**Decline stage** - Sales promotion

5. **Company market rank**

Top ranking brands derive more benefit from advertising than sales promotions.

6.1.4 **Advertising**

Advertising is the use of paid media by a seller to communicate persuasive information about its products, services or organisation. Advertising is a potent promotional tool. The goals of advertising are to inform or to persuade or to remind buyers.

Advertising takes on many forms/national, regional, local, consumer, industrial, retail, product, brand, institutional and so on, designed to achieve a variety of objectives (immediate sales, brand recognition, preference and so on).
Public relations (Marketing PR) - MPR

Public relations is another important communication promotion tool. Although less utilised, it has great potential for building awareness and preference in the market place, repositioning products and defending them.

The major MPR tools are publication, events, news, speeches, public service activities, written material, audio-visual material, corporate identify media and telephone information services.

BUYING MOTIVES AND BUYING PHASES OF EMDE

Marketers must try to determine what motivates the buyer. EMDE buying motives, mostly are presumed to be rational, and the purchase is normally a methodical, objective undertaking. Their buying goal is to achieve the optimal combination of price, quality and service in the products they buy.

Actually, these buyers may have two goals:

1. Organisational growth and profits
2. Self interest.

Sometimes these goals are mutually consistent, and sometimes they are in conflict. Probably the more usual situation is to find some overlap of interests, but also a significant area where the buyers goals do not coincide with those of the firm. In these cases a marketer might appeal to the buyer both on a rational, "What's good for the firm" basis and on a go-building basis. Promotional efforts attuned to the buyer's ego are particularly useful when two or more competing marketers are offering essentially the same products, prices and services.
6.2.2 The EMDE buying process is a sequence of eight stages, called BUY PHASES. The process starts with the recognition of a problem. It ranges through the determination and description of product specifications, the search for and evaluation of alternatives, and the buying act, it ends with post purchase feedback and evaluation.

6.2.3 However, certain differences stem from the differences in buying motives and buyer-seller relationships. These are:

1. **Length of negotiation period:**

   The period is usually much longer, some reasons for the extended negotiations are—

   a. Several executives are involved in the buying decision.

   b. The transaction often involves a large amount of money.

   c. Considerable discussion is involved in establishing the exact specifications.

   d. Bids and estimates are often involved which need time for preparation.

2. **Frequency of purchase:**

   Buyers buy certain products very infrequently. Large installations are purchased only once in many years. Because of this buying pattern, a great burden is placed on the advertising and personal selling programs of EMDE marketers. Their advertising must keep the company's name constantly before the market so that when buyers are in the market, they will
already be acquainted with the selling firm. The sales force must call on potential customers often enough to know when a customer is considering a purchase.

3. **Size of order:**

The average order is considerably large. This fact, coupled with the infrequency of purchase is a big opportunity cost to the marketer. The marketer cannot afford to loose it because of poor selling techniques, non-competitive pricing, uncertain delivery, or imperfect products.

4. **Direct purchase:**

Direct marketing from the producer to the buyer/user is quite common. More so, when the buyer needs much technical assistance, both before and after the sale. From the marketer's point of view, direct marketing is reasonable because there are relatively few potential buyer, who are geographically concentrated. Nevertheless, some low end products and widely used products, such as X-rays are marketed through middlemen, known as Manufacturer's agents. The agents are commissioned to sell part or all of the products in particular territories. The agents are independent and are in no way employees of the manufacturers. They have little or no control over the prices and terms of sale, they have continuing, year-round relationships with their principals. Each agent usually represents several non-competing manufacturers of related products.
The main service offered to manufacturers by agents is selling. They seek out and serve markets that manufacturer's cannot profitably reach. They operate on commission which cover operating expenses and net profit.

Use of agents has some limitations. Many agents do not carry stocks. They cannot render to the customers adequate technical advice and repair service, nor are they equipped to undertake major installations. These agents, however, are suited to and used by small firms with new product lines with inexperienced sales force.

5. **Multiple influences on purchase**:

The purchasing decision is frequently influenced by more than one person, particularly in large hospitals and centres. Even in small owner-user centres, major decisions are made after consultation with colleagues, friends, experts etc.

Such buying patterns require that marketer be capable of determining who influences the buying decisions. Very often they call on the wrong executives.

6. **Demand for product servicing**:

The user's desire for excellent service is a strong buying motive that may determine buying patterns. Marketers must stand ready to furnish services both before and after the sale.
7. **Quality and supply requirements:**

Uniform performance and prompt and timely supply of EMDE is important.

### 6.3 SUGGESTIONS

"Attracting and keeping the highest values customers is the cornerstone of a successful marketing programme"

### 6.3.1 With this objective in mind a 2x2 MATRIX APPROACH is suggested

Fitting the product into this matrix requires an understanding of how buyer go about choosing products, and whether the product is of High or Low value.

**VALUE** – As perceived by buyers

**INVOLVEMENT** – Degree of involvement of buyer in selecting for purchase.

<table>
<thead>
<tr>
<th>VALUE</th>
<th>INVOLVEMENT</th>
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</thead>
<tbody>
<tr>
<td>1. Price</td>
<td>1. Exclusive applications</td>
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<tr>
<td>2. Efficacy</td>
<td>2. Specialisation</td>
</tr>
<tr>
<td>3. Convenience</td>
<td>3. Long usage</td>
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<tr>
<td>4. Innovation/Improvement</td>
<td>4. Loyalty</td>
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<tr>
<td>5. Additional Benefits</td>
<td>5. Knowledge-Orientation</td>
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<td>6. Availability</td>
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<td>7. Information flows</td>
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<tr>
<td>- Person</td>
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<tr>
<td>- Print</td>
<td></td>
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<tr>
<td>8. Providing on alternative</td>
<td></td>
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</tbody>
</table>
INvolvement

<table>
<thead>
<tr>
<th>High Value</th>
<th>High Involvement</th>
<th>Low Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create Markets</td>
<td>Eg: CT, MRI</td>
<td>Potential to Create</td>
</tr>
<tr>
<td>Select New Buyers</td>
<td>Eg: X-ray</td>
<td>Target Current Buyers</td>
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1. Low value - Low involvement

Buyer knows the product too well or is indifferent while the cost is less a concern than the facility.

Particularly in hospitals where basic diagnostic equipment should be made available.

Add value by differentiating products.

2. High value - Low involvement:

Products buyers are familiar with. They do not involve any complicated decision making.

The value (cost) could be high. Make buyer more involved with relevant strategies.
3. **Low value High-involvement/demand**:

Everybody associated with a health center is involved or seeks it, while cost is not prohibitive. Expand market through new buyers or repurchase by same buyer.

4. **High value - High involvement**:

Products are not only expensive, but the prospect is deeply involved in the purchase. Market creating strategies are suggested.

6.3.2 Perhaps the basic change in marketing thinking is the paradigm shift from pursuing a sale to creating a customer. EMDE MARKETERS are yet to accomplish this **paradigm shift**. It is hoped that with the impending medical insurance cover being made available in a big way, this shift would be facilitated.

6.3.3 Past marketing has been largely transaction oriented, today it is more relationship **oriented**. This demands a better understanding by the marketers of the customers needs and wants and necessary restructuring their organisational set up towards achieving this goal.

6.3.4 Effective marketing encompasses the appropriate use of communication, power, and selling in order to influence and thereby achieve a particular outcome. Marketers would immensely benefit by **developing these skills** in their **people**.
6.3.5 When the equipment is purchased and for want of certain repairs, closes down, the patients are put to inconvenience and the physicians are not in a position to conclusively diagnose patients. It is therefore, necessary that a reliable service is provided by the suppliers.

6.3.6 Buyers should enquire and establish the ready availability of replaceable parts of EMDE with local agents. Marketers too should reciprocate the same action.

6.3.7 A comprehensive marketing model

6.3.7.1 Combining the models of marketing planning and marketing operations produces a model for the overall marketing function.

Adding to that overall model, the context of the rest of the firm and the external environment, as well as the relationships between the elements of the model, produces the comprehensive model of marketing in figure 2.1. The arrows in the figure represent information flows which define the relationships between the model's elements.

The flow of information between the components of the model constitute an input-output relationship between the parts.
The Firm and the External Environment

MARKETING OPERATIONS

Understand and Predict
- Market
- Customers
- Competitors
- Products

Develop
- Products
- Expectations
- Investments
- Organisational Structure

Promote
- Products
- The Company
- Sales to Prospects
- Customer Partnerships

Marketing Planning
- Identify Opportunities
- Set Objectives
- Develop Strategy
- Formulate Plans
- Implement and Control

Fig. 6.1
A Comprehensive Model of Marketing
UNDERSTAND THE ENVIRONMENT

- Understand the
  - Market
  - Customer
  - Competition
  - Products

PREDICT THE ENVIRONMENT

- Predict the
  - market
  - customer
  - competition
  - products

DEVELOP PRODUCTS

- Develop within the firm
  - products
  - expectations
    - investments
  - Organisational structure
The next step is to see if the structure of the organization cannot be gradually re-shaped to be more in line with the model presented. The successful achievement of the right marketing structure will always depend on the visionary leadership of strong managers.

IN A SMALL COMPANY:

The problem in small companies is often one of either resources – there are not enough people to do a complete job of marketing (which translates into not enough money to hire them), or one of lack of structure – or the job gets done but in a disorganized manner, or both. One of three things is suggested – either people’s present activities can be brought into line with the desired state, or more people will have to hired, or both.

For small companies, I suggest that making marketing planning explicit is perhaps the most important marketing activity they can undertake. It takes away assumptions that have been made erroneously and exposes them to evaluation. It forces the choice of corporate destination. It requires the formation of workable plans to reach the destination.

IN THE TECHNOLOGY COMPANY:

Technology companies are those that use new technologies to produce entirely new kinds of products. With regard to these new technology products, there are often no direct competitors or competing products, no awareness on the part of potential customers of the capabilities of the product and consequently no demand for that particular product.
However, these new products were designed to accomplish some task, to meet some need. And potential customers are certainly well enough aware of their needs.

The sales of technology companies usually follow the adoption curve, the experimental, technologically sophisticated customers buy first and other customers follow as the technology becomes more accepted and less new. Therefore, a technology product’s initial success depends on finding and selling to this few, unique early adapters. The focus should be on market creation rather than market share. Nevertheless the interested market often includes both the old and new way of doing what the product does. I suggest that the marketer should measure the market defined in a way that includes alternate ways of accomplishing the same task, and also by the amount of the new market that has been created with the product.

WITH THE RELATIONSHIP-BASED BUYER:

Relationship buyers are characterized by:

- Careful evaluation of each purchase
- Long time horizons
- Large investments per purchase
- High vendor loyalty
- High vendor switching costs
- The establishment of a business partnership with a vendor.
6.3.8 Summing up

Finally, to sum up, it boils down to doing marketing with science. The activity focused, information flow dependent model of marketing laid out here should give the marketers a comprehensive checklist of marketing activities to perform and a blueprint for coordinating them.

To paraphrase Peter Drucker, "Marketing is essentially viewing the enterprise from the viewpoint of the customer and there is very little difference between it and the management of the enterprise as a whole".

6.4 CONCLUSION

1. 10-20% of equipment remains idle for want of maintenance services. In our country, there is a dearth of trained bio-medical engineers to handle the newer and more sophisticated equipment. This shortage of competent bio-medical engineers has been the cause of idle equipment at many centres.

2. When the equipment is purchased from a foreign supplier, the indigenous agent of the foreign supplier gives all assurance of support service to the buyer. However, once the deal is clinched, or when the relations between the supplier and the local agents are constrained, the services of the bio-medical engineers for repairs are often not available for long period of time.

3. If and when some of the parts are missing or have to be replaced, they are not readily available.
6.5 RECOMMENDATIONS AND DIRECTIONS FOR FUTURE RESEARCH

1. Further research is required into the general course contents with particular attention to the hands on exposure of the biomedical engineering course. This is because, it is felt that the graduating bio-medical engineering lot are inadequately trained inappropriately and exposed to the state of the art EMDE available in the market place. Restructuring and reinforcing the biomedical engineering syllabus would bring about stability and confidence in the buyers and supplement the efforts of the marketers by exposing the marketers to a more exacting market place. The post purchase scenario, ridden with such ills as idleness, disuse would also be sorted out leading to enhanced customer satisfaction.

2. Research into devising, formulating and implementing schemes to cover expensive medical treatment of large sections of people would up the demand for EMDE resulting in quality and service upgradation.

3. Research into ways and means of enhancing resale value of EMDE to facilitate resale and thereby expand the markets. Such measures would also enable marketers to customize the product portfolio to the buyers needs and resources.

4. Research into the establishment of a watchdog body to examine and suggest governing and controlling parameters related to the trade in EMDE.
6.6 SOME ASPECTS THAT NEED ATTENTION

1. Encourage clinical trials of new research EMDE in Indian Population. Currently all development activities including trials are undertaken abroad. Such activity, if undertaken in India would spread the awareness of EMDE among the buyer-users and facilitate their exposure to such EMDE.

2. Put a check to unfair trade practices of marketers and unethical misuse of purchase power by the buyer users.

3. Standardisation and certification by a central authority would establish confidence in the quality of small, indigenous manufacturers. Such a measure would also contribute towards creating confidence among the customers and add value to the marketing programs of companies.

4. Lastly, specific, in depth and focussed research into the manufacture, marketing, usage and customer satisfaction of individual EMDE separately to bring a greater understanding, clarity and benefit for marketers as well as buyers. The EMDE range is vast and unique with considerable market fragmentation existing which demands a separate research study for a wide array of Electronic Medical Diagnostic Equipment.