CHAPTER – II

REVIEW OF LITERATURE

2.1 ORIGIN OF STRATEGY

The law of competitive exclusion states that – No two species can coexist that make their living in the same way. The business world operates in the same way as the animal kingdom. Two enterprises that deal in the same goods and services in the same territory, under the same conditions, in the same manner, and with the same clientele cannot coexist equally. Eventually, one gains ascendancy over the other.

Because, if every business could grow indefinitely, the total market would grow to an infinite size on a finite earth. This has never happened.

Gause's principle states that competitors that make their living in the same way cannot coexist – no more in business than in nature.

Each sells to different customers or offers different values, services, or products. Strategy is the management of natural competition.

Strategy involves the search for a plan of action that will create competitive advantage and compound it.

Though strategic competition is not new, strategic competition in business is a relatively recent phenomenon. Strategy does not mean beating the competition. It means working hard to understand a
customer’s inherent need and then rethinking what a category of product is all about.²

Strategy is derived from the Greek “strategia” meaning generalship. Von Clausewitz (1976) wrote the classic military strategy. The widespread use of the term in business occurred after the second world war.

Zinkham and Pereira (1994) suggest that the notion of strategy was first introduced to the management literature in 1944 by Von Neumann and Morgenstern in their classic work on the theory of games which essentially focussed on situations of conflict. Following on from this, there was a series of major contributions on strategy such as those of Selznick (1957), and Chandler (1962).

Ansoff’s comprehensive text “Corporate Strategy,” published in 1965, firmly established strategy in the management lexicon.

There are many definitions of strategy, but in general it is regarded as embodying the joint selection of the product market arenas in which the firm is or will compete and the key policies defining how it will compete Rumelt et al., (1991).

Johnson and Scholes (1993) define strategy as: “the direction and scope of an organisation over the long term: ideally, which matches its resources to its changing environment, and in particular its markets, customers or clients so as to meet stakeholder expectations.”

Researchers and practitioners have used the term strategy freely for over two decades. Yet virtually writing on strategy agrees that no
consensus on its definition exists (Bourgeois, 1980; Gluck, Kaufman, and Walleck, 1982; Glueck, 1980; Halten, 1979; Hofer and Schendel, 1978; Lenz, 1980b; Rumelt, 1979; Spender, 1979; Steines, 1979). Hambrick (1983) suggested that this lack of consistency is due to two factors. First, strategy is multidimensional, second, strategy must be situational and, accordingly, it will vary by industry.³

In general, a strategy encompasses the goals, regarded as a general statement of aim or purpose, and objectives, and the means by which these are to be achieved.⁴

2.1.1 A host of definitions in a variety of fields exist⁵:

- in the military: Strategy is concerned with "draft(ing) the plan of war…"

- in Game Theory: Strategy is "a complete plan: a plan which specifies what choices (the player) will make in every possible situation."

- In management: "Strategy is a unified, comprehensive, and integrated plan…" designed to ensure that the basic objectives of the enterprise are achieved.

- and in the dictionary: Strategy is (among other things) "a plan, method, or series of manoeuvres or stratagems for obtaining a specific goal or result."
2.2 CRAFTING STRATEGY

Virtually everything that has been written about strategy making depicts it as a deliberate process. First we think, then we act. We formulate, then we implement. Strategies can form as well as be formulated. In practice, all strategy making walks on two feet, one deliberate, the other emergent. There is no such thing as a purely deliberate strategy or a purely emergent one. Deliberate and emergent strategy form the end prints of a continuum along which the strategies that are crafted in the real world may be found.

A basic promise of thinking about strategy concerns the inseparability of organisation and environment (Biggadike, 1981; Lenz, 1980). The organisation uses strategy to deal with changing environments. Because change brings novel combinations of circumstances to the organisation, the substance of strategy remains unconstructed, unprogrammed, nonroutine, and nonrepetitive (Mason and Mitroff, 1981; Mazzolini, 1981; Miles and Cameron, 1982; Narayanan and Fahey, 1982; Van Cauwenbergh and Cool, 1982).  

2.3 ORGANISATIONAL APPROACHES TO STRATEGY

2.3.1 Despite their grouping together here, organisational approaches are a diverse lot. Henry Mintzberg identifies five commonly used conceptualisations:

1. Strategy as plan, meaning a consciously intended course of action;
2. Strategy as *play*, defined as a specific manoeuvre intended to outwit a competitor;

3. Strategy as *pattern*, that is, consistency in behaviour whether intended or not;

4. Strategy as *position*, as a means of locating an organisation in an environment; and

5. Strategy as *perspective*, meaning an ingrained way of perceiving the world.

Any particular analysis of strategy is likely to involve the use of several of these conceptualisations and the means by which these are to be achieved.

*Nonetheless, a dominant conceptualisation can usually be identified in any specific strategic analysis.*

Labels should not be used to imply that some issues are inevitably more important than others. There is good reason to drop the word "tactics" altogether and simply refer to issues as more or less "strategic," in other words, more or less "important" in some context, whether as intended before acting or as realised after it.

Accordingly, the answer to the question, strategy about what, is: potentially about anything. About products and processes, customers and citizens, social responsibilities and self interests, control and colour.
2.3.2 Why organisations need strategies:

Organisations need strategy to:

✦ set direction for themselves and to outsmart competitors.
✦ enable themselves to manoeuvre through threatening environments.
✦ focus effort and promote coordination of activity.
✦ reduce uncertainty and provide consistency
✦ satisfy intrinsic needs for order
✦ promote efficiency under conditions of stability

Moore states it well: Strategy is “a relief from the anxiety created by complexity, unpredictability, and incomplete knowledge.”

Hence, strategy enables the organisation to concentrate its resources and exploit its opportunities and its own existing skills and knowledge to the very fullest.

When developing strategy, a manager considers how various tactics will affect short-term performance and broad strategic direction. A company’s competitive environment is the key determinant of that company’s strategy and performance.

2.4 STRATEGIC MANAGEMENT AND STRATEGIC MARKETING

An increasingly popular term in the marketing literature is “strategic marketing.” Equally popular in the policy literature is the term “strategic management.”
It there a distinction between management or marketing that is strategic or not? If so, what is strategic about either marketing or management?

A firm must be both efficient and effective to survive, and it must understand the difference between them. These terms develop this distinction. "Operations Management" is managing for efficiency, a concern with doing things right, as opposed to, "Strategic Management" which is managing for effectiveness, a concern with doing the right things. Both operations and strategic management must be done well to survive in a competitive system. Strategic management deals with enhancing success.

In this context, Chandler (1962) defined strategy as, "... the determination of the basic long-term goals and objectives of an enterprise, and adoption of courses of action and the allocation of resources necessary for carrying out these goals."

Others have since developed other notions of strategy, among them Ansoff (1965) and Andrews (1971). The evolution of the strategy concept has been well documented and developed by Hofer and Schendel (1978), and Schendel and Hofer (1979). All of the strategy notions advanced deal basically with establishing or meeting goals through a set of actions related to resource allocating decisions and with establishing a set of guidelines, sometimes called policies, which are intended to guide and constrain the day-to-day decisions needed to operate any complex organisation.

Vance and Lorange (1975) state that in diversified organisations, taken as given are that strategy formulation, implementation and control
takes place at three levels: namely, the corporate, business and functional organisational levels.

1. Corporate Strategy

2. Functional area Strategy

3. Business Strategy

2.5 STRATEGY AND MARKETING

In considering the relative roles of the various functional areas, there are perhaps only two basic competitive advantages that can be gained. One is being the lowest-cost producer among those competitors offering the product or service; the other is offering a differentiated product or service for which ready and immediate substitutes do not exist and for which, therefore, some consuming segment is willing to pay a premium for what is a relatively higher-cost product or service.¹⁴

Only those aspects of the marketing function that contribute to development of strategy, especially to the competitive advantage component, and finally to the use of strategy in the achievement of strategic goals, can be called strategic in nature. The strategic goals for
the marketing function are derivatives of the business goals, which in turn are derivatives of the corporate goals.

Marketing must develop a strategy that works towards the strategic goals established for it. Marketing literature has long used the term "marketing strategy" as a means of otherwise describing the marketing mix. This usage is the conventional usage of the term.

Schendel (1985) takes another view of marketing strategy. He does not refer marketing strategy to the marketing mix as that term is used in operating sense, the context which represents the normal usage of the term. The contributions that marketing can make to strategic management, the contributions that make marketing strategic, arise from the work involved in the strategy-making process.

Zabriskie and Heullmantel (1981) state that the market opportunities provide the central focus for the total strategic plan. Therefore, strategic marketing has to be the lead function in strategic planning.

Biggadike (1981) sees five areas of knowledge development in marketing with considerable relevance to strategy-making:

1. The marketing concept
2. Market segmentation
3. Positioning
4. Mapping, and
5. The product life cycle

Biggadike believes that market segmentation, its counterpart, positioning rank as marketing's most important contribution to strategic management.
2.6 STRATEGIC MARKETING Vs. MARKETING STRATEGY

In the somewhat short history of marketing thought, approaches to the study of marketing have focussed on the commodity, institutional, functional and managerial approaches.

Both marketing thought and practice are being heavily influenced by the application of a planning oriented philosophy that has the potential not only to clarify what marketing is and does, but to significantly alter and hopefully improve the theory and practice of marketing. This planning oriented philosophy is what has come to be known variously as strategic marketing or marketing strategy.

Vencil and Lorange (1975) argue that strategic marketing provides an organised and cohesive frame work for understanding and improving the managerial approach to marketing and the total practice of marketing.

Several attempts were made to review definitions of strategic marketing and marketing strategy.

Day (1981) states that any discussion and definition requires first a realisation that these terms are somehow necessarily linked to corporate strategy, strategic business units, product/market units, and the functional activities of marketing.

Strategic marketing is concerned with the issues of defining the broad structure of the marketing 'mix' in the context of the long-term competitive position of the organisation and its constituent businesses.
Strategic marketing, therefore, has a long-term future orientation that guides the organisation in the more traditional implementation actions to achieve a particular competitive position.

On the other hand, several definitions seem to point to a general agreement that the term marketing strategic is related to the marketing mix. (McCarthy, 1975; Robin, 1978). Here too the term marketing Strategy involves the design and implementation of a plan that combines the elements of the marketing mix to accomplish the short-term objectives of the organisation consistent with the strategic marketing plan.

All these definitions are tied to organisational levels. They should apply to organisations of all sizes.

**STRATEGIC MARKETING** is associated with marketing planning issues at the business level, while

**MARKETING STRATEGY** deals with the planning issues at the functional level. Marketing management is closely related to marketing strategy.

The essence of STRATEGIC MARKETING is to ensure that the organisation's marketing adapts to changes in the external environment, and that it has the marketing resources to do so effectively.16

MARKETING STRATEGY in essence, embraces the customer targets or segments and the means, in terms of the marketing mix elements, to be employed for these.
2.7 THE MARKETING CONCEPT

The "marketing concept"17 – the idea that business success requires being customer-oriented rather than product-oriented, that a business ought to view itself not as selling goods or services but rather as buying customers.

Marketing and Selling are not the same thing. Selling tries to get the customer to want what the firm has. Marketing tries to have what the customer will want. The central tenet of the marketing concept – namely, what the customer wants is what the firm ought to be selling.

Goods and services should be created according to the needs and wants of possible buyers and users. A great deal of attention is given to:

- The design of goods and services
- Their packaging
- How they are distributed and sold
- Pricing
- The training and management of those who sell them
- Their advertising and promotion
- The product-line planning
- The auditing of results and of the competitive environment

Developing a marketing program involves identifying three groups of consumers: 18

1. Market segment - people with a specific need

2. The program target - people in the segment with the best-fit characteristics for the product.
3. The program audience — all people who are exposed to the program, whether they need the product or not.

2.8 **MARKETING STRATEGY**

Foxall (1981) regards marketing strategy as being an indication of how each element of the marketing mix will be used to achieve the marketing objectives.

Greenley (1993) suggests that marketing strategy has five elements: market positioning and segmentation, involving the selection of segments for each product market; product positioning, involving decisions on the number and type of products for each segment; the selection of the marketing mix; marketing entry — how to enter, re-enter, position, or reposition products in each segment; and the timing of strategy and implementation given that, as Abel (1978) argues, there are only limited periods during which the fit between key requirements of a market and the particular competencies of a firm competing in that market is at an optimum. The marketing is likely to be modified according to different stages of the product life cycle.

Marketing strategy looks at ways and means of competing effectively in the chosen areas. Further, marketing strategy, guides the marketing management function to decide on the marketing mix and the management of day-to-day marketing operations.

2.8.1 **Marketing strategies: Issues and themes**

Hofer Schendel (1978) view a functional area strategy, eg: marketing, to be focussing around the issue of the maximisation of resource productivity.
The term “marketing strategy” is not a new term in the marketing literature. Although it is difficult to determine exactly when the concept was introduced, Leverett S. Lyon (1926) is generally accredited with being the first person to use the concept in a comprehensive manner. Lyon’s understanding of marketing strategy is remarkably similar to views held by some writers about what marketing strategy encompasses in the 1980s.

Henderson (1981) points that successful market strategies in effect segment the total market in a way that minimises competitors’ strength while maximising their own.

Marketing strategy has been defined in many ways. Alderson and Green (1964) define it as “a core idea from which a marketing plan is evolved.”

Simon and Freimer (1970) believe that a marketing strategy has two principal components:

1. selection of a market target group toward whom the effort of the firm will be devoted, and

2. development of a marketing mix

Henderson (1981) stresses the role of segmentation in market strategies as follows:

Market strategies are all based upon segmentation and concentration of resources.

He also emphasises the relevance of understanding competition and competitive strength. A key element in strategy is choosing the
competitor whom to challenge, as well as choosing the market segment and product characteristics with which to compete.

Boyd and Larreche (1978) concluded that not only has the word "strategy" been used in a variety of ways, but that a hierarchy of strategies could be defined. They identified the three levels of strategies as:

- Marketing strategies
- Marketing element strategies, and
- Product-market entry strategies

Marketing strategy is viewed not so much as a process, as in corporate strategic planning, but as a specific set of how to plans. Therefore, it often appears that what corporate planners hope will emerge as strategic marketing planning (a process) at the SBU level, is thought of not as a process, but as a plan (marketing strategy).

Kotler (1980) defines strategic marketing process as taking place within the context of the strategic management process, and as being concerned with the development of marketing positions and programs at product and market levels.

Abell and Hammond (1979) take a rather similar position. A marketing plan deals primarily with the delineation of target segments and the product, communication, channel and pricing policies for reaching and servicing these segments – the so-called marketing mix.

In the field of marketing such approaches as customer segmentation, marketing positioning, and the role of product life cycles have an important bearing on strategy formulation.
2.8.2 Segmentation and positioning

The principle of segmenting markets to seek competitive advantage is widely understood, and is increasingly being applied to industrial as well as consumer markets.

Biggadike (1981) thinks market segmentation and its counterpart, positioning, must rank as marketing's most important contribution to strategic management.

Henderson (1981) comments that most dramatically successful business strategies are based on market segmentation and concentration of resources in that segment.

2.8.3 Product life cycle

Polli and Cook (1969), Dhalla and Yuspeh (1976), Rink and Swan (1979) feel the concept has descriptive validity and intuitive appeal, though the concept suffers from a lack of precision and operationalisation. The product life cycle concept is valued for thinking about the nature of strategy development and market positioning through time.

2.9 MARKET SEGMENTATION, PRODUCT DIFFERENTIATION AND MARKETING STRATEGY

"Undifferentiated" and "Differentiated" marketing strategies are used to indicate whether or not marketing strategy is based on recognition of market segments.21

The term reflects a confusion or lack of precision in use of the term market segmentation." This term often is used to refer to recognition of the existence of multiple demand functions and
development of a marketing plan to match one or more of these demand functions. In this usage, market segmentation is described as a marketing strategy (Frank, Massy and Wird, 1972).

Mahajan and Jain (1978) refer to market segmentation as a form of research analysis directed at identification of, and allocation of resources among, market segments. According to this use of the term, the segments with different demand functions are assumed to exist, and the objectives are to identify and cater to these groups rather than to alter or enhance differences in their demand functions. Market segmentation thus is seen as a way of viewing the market rather than defined as a management strategy. The purpose is to provide a foundation for market segmentation strategy.

Rosen (1974), Lancaster (1979) and Chamberlin (1965) define the following:

2.9.1 **Market segmentation** as heterogeneity in demand functions exists such that market demand can be disaggregated into segments with distinct demand functions. Alteration of such demand functions such that they will become similar and constitute a unique market segment is **Segment development strategy**.

2.9.2 **Product differentiation** as a product offering that is perceived by the consumer to differ from its competition on any physical or nonphysical product characteristic including price. Alteration of perceptions so as to result in a state of product differentiation is **Product differentiation strategy**.
Product differentiation can be perceptual differences created by usage experience, word of mouth, and promotion. It can also be actual differences created by product characteristics.

2.9.3 **Market segmentation strategy** usually refers to use of information about market segments to design a program(s) to appeal to a specific existing segment(s).

A strategy of product differentiation does not require the existence of market segments, but may be used in conjunction with market segmentation strategy when segments are perceived to exist.

2.9.4 **Strategic segmentation**

It seems appropriate to offer a new definition of the concept of segmentation:

Market segmentation is the recognition that groups or subsegments differ with respect to actionable properties which suggest that different marketing mixes might be used to appeal to the different groups. We then may aggregate these subsegments to reduce costs more than benefits (revenues) and this "aggregation" is based on the fact that they both respond most to the same marketing mix. Subsegments may also be aggregated to satisfy constraints dictated by scarce resources or by management.

This concept states that unless the marketing mix were different (ideally) to different segments, the potential gain from segmentation is low. In most competitive markets, segmentation is inevitable and an important weapon in seeking and maintaining competitive advantage. As Henderson (1979) says: 'most dramatically successful business
strategies are based upon market segmentation and concentration of resources in that segment.

2.10 POSITIONING

In an attempt to emphasise the non-product aspects of positioning, Ries & Trout (1982) define it as: "not what you do to the product. Positioning is what you do to the mind of the prospect. Ries and Trout's focus on the end product of positioning strategies is the "position" the product holds in the minds of consumers.

When developing a positioning strategy, marketers need a good understanding of how their product differs from others. Few products are superior to their competitors on all their attributes. What is required is that they differ on key dimensions that are important to the target customers. When deciding which position to adopt, a company should promote its major strengths, provided that the target market values these strengths. Occasionally, products will require repositioning because of changing customer tastes and/or poor sales performance.

2.10.1 Product positioning

This concerns the decisions and activities intended to create and maintain a firm's PRODUCT CONCEPT in the customer's mind. Product Positioning is linked to segmentation so that effective product positioning helps to serve a specific market segment by creating an appropriate concept in the minds of customers in that market segment.

Every product offered to a market needs a positioning strategy so that its place in the total market can be communicated to the target market.
Alternative bases for constructing a product-positioning strategy have been identified. Wind (1982) includes positioning on specific product features, positioning for a specific user category, and positioning against another product.

Marketers often speak of positioning their brands in a certain manner in the market. The concept is generally understood to mean "the brand's perceived image with respect to similar products marketed by competing firms." According to Kotler (1991), product positioning means to arrange for a product to occupy a clear, distinctive and desirable place in the market and in the minds of the target customers.

2.10.2 Categories for positioning strategies. 25

1. Category-related positioning
2. Benefit-related positioning
3. Use-occasion-related positioning
4. Size-price-and quality-related positioning
5. Demography-related positioning
6. Attribute-related positioning

According to Ries and Trout (1981) who popularised the positioning concept, positioning should be attempted on as narrow a front as possible.

2.11 MARKETING MIX 26

The study of marketing is somewhat complicated as compared to pure science, since the forces and variables are not well defined. An
understanding of the customers, competitors and the outside environment is to be developed.

The marketing manager has to deal with a lot of forces on which he has very limited control. What a marketer can really control are four variables available to him:

- Product
- Price
- Promotion
- Distribution

These variables combined are known as marketing mix.

The **MARKETING MIX** is a mixture of controllable marketing variables that a firm uses to pursue the sought level of sales in the target market. It can be useful to compare the marketing mix elements offered by competitors to get an idea about the relative strengths and weaknesses of their offerings. This may be subsequently used in strategy formation.

### 2.12 DEVELOPING STRATEGY

Developing strategy involves deciding what to do. Two different approaches to developing strategy involve the product life cycle and market share. These are not different ways to solve the issue, but are different ways to look at the same issue.

#### 2.12.1 PLC and competitive marketing strategies

The importance of the product life cycle as a strategy development tool lies in its power:
a. to describe the most likely future events in each of the market segments selected, and

b. to identify those competitors whose present behaviour is inappropriate to the current stage of the PLC.

Thus, a comparison of the firm’s current position, current strengths and weaknesses can be made with the probable future demands of a changing PLC. Also, current strategies of major competitors can be evaluated to identify current competitive weaknesses that could be exploited.

2.12.2 The market development stage of a PLC

The main activity during the market development stage is experimenting, product altering, more experimenting and so forth. The idea is to find the right combination of product features and price that will cause the market to expand rapidly.

2.12.3 Managing innovations as a strategy

The evidence is quite strong that well-managed innovation is a proven strategy for profitability and competitive strength. Well-managed innovation, however, is not easy to achieve. Successfully managing innovation is a challenge in its own right.

2.12.4 Product service quality as a strategy

Businesses that supply high quality products and services are more profitable than those that supply low quality products and services.

Product or service quality is an important determinant of profitability. Broad-based research has shown that businesses with low relative
quality indices have gross margins (as a percent of sales and on average) of 24.6 percent, while those with the highest quality levels have gross margins averaging 32.3 percent. Customers value quality and are willing to pay for it.

2.12.5 Market segmentation models

Market segmentation is the division of a market into distinct subsets of customers, where each subset reacts to media or product offerings differently. Marketing opportunities increase when these differences among groups are recognised and measured. Market segmentation as a strategy exploits the differences. 28

To be operationally useful, market segments should be homogeneous, relatively few in number and accessible.

Segmenting markets is at least as much the “art of management as it is the science of measurement.” The ability to really segment the markets means that one has acquired a deep and thorough understanding of the structures of those markets. This is an excellent basis from which to begin to develop strategy. 29

From among the list of common methods for segmenting markets, the following appear to be applicable for the study:

Marketing conditions

♦ Channels of distribution
♦ Importance of service

Organizational characteristics

♦ Hospital size
Government purchases
- Buying procedures

Purchase/use characteristics
- Application
- Volume purchased
- Choice criteria

Needs/preferences for product characteristics
- Performance requirements
- Assistance from suppliers
- Desired features
- Brand preferences
- Quality level
- Service required

While evaluating different segments the following factors may be taken into account:

1. Market potential
2. Accessibility
3. Profitability

The market potential should be of sufficient size to lend economies of scale. The market should be accessible physically and through the media if the consumers are to be reached effectively. Above all, it should be profitable for the company to cater to the selected segment.
2.13 INTEGRATING MARKETING STRATEGIES

A basic company strategy should be to offer PRODUCTS that fill the needs and wants to serve.

PRICING is one of the most complex and difficult tasks that faces the management. There is no universal formula or a golden rule available for pricing decisions. The most important thing one has to understand is that price cannot be viewed independent of the other marketing mix elements. It depends on the target market, the positioning of the product, differentiation of the product, promotional support, distribution plans, personal selling efforts, etc.

Producers must first inform potential buyers that their brands exist and then get them to try their brands. Even after people buy their products, producers must continue to remind customers of the benefits of their products and discourage switch-overs. The aim of PROMOTION is to secure and hold customers.

In terms of DISTRIBUTION, companies state their distribution objective as "getting the right goods to the right places at the right time with the least cost." The right approach will be to fix the level of customer service to be provided and then choose a distribution system which provides that level of service at the least cost.

2.14 MARKETING IN INDIA

Bijapurkar (1993) expresses that marketing as a discipline is yet to be practised in its fullest contours, in India. Now that the Indian business environment is being released from the shackles it has been caught in all these years, much more will be required of the marketing discipline.
Though marketing in the form of a set of functions and activities has been in existence in India for a long time, this expertise is largely restricted to the principles of marketing action at an almost logistical level.

In order to formally incorporate the marketing perspective in business strategy, and vice versa, marketing theorists created a sharply defined concept of "marketing strategy." A conscious distinction was made between the traditional boundaries of marketing management and the new role that it was expected to perform (strategic marketing). Marketing strategy or strategic marketing was delineated as "focussing explicitly on the quest for long run competitive and consumer advantage for the firm."

Competitive advantage may be secured through differentiation of the organisation and/or its products and services in some way in order to gain preference by all or part of the market over its rivals. This may result in higher share and/or margins than competitors. In general, competitive advantage will be obtained through offering higher customer value.

Day (1994) suggests that two capabilities are particularly critical to competitive advantage, namely, market sensing capability, which is the ability to detect changes in the market and to anticipate the possible responses to marketing actions that may be taken; and customer linking capability, which embraces the "skills, abilities and processes needed to achieve collaborative customer relationships so that individual customer needs are quickly apparent to all functions and well-defined procedures are in place for responding to them."
As Porter (1980) argues, it is important to establish a competitive advantage which is sustainable, i.e., not easily eroded by environmental changes, or initiated by existing or potential competitors. This is not to suggest that marketing management has no strategic element to it or that it is an entirely tactical exercise. But to suggest that there is another plane beyond brand or brand group marketing strategies. This plane, by definition, is long term focussed and goes beyond developing brand strategies that will increase market share over the next few years.

It appears, in India, while the concept of strategic marketing is obviously a familiar one, the formal practising of it on a large scale is yet to happen.

Indian marketers will have to face a tough challenge to push their products and services because the consumer now wields greater "power to choose." Marketers will have to think of new products and services and superior marketing strategies to establish and retain their market presence.34

The key success factors in common with several marketing successes has so far been mainly attributable to: 35

1. Product
2. Overall management quality
3. Sales force
4. Innovative marketing advertising
5. Pricing
6. Promotion channel management
7. How to keep strategic directions steady without losing sight of basics.
2.15 THE MEDICAL ELECTRONICS INDUSTRY

A substantial part of the equipment manufactured by the organised sector are of international design and meet international standards of quality, performance and safety. This sector comprises of internally known names....

It is a pity that the government policies often hinder the growth of the local manufacturing industry. The government budgetary provisions and incentives to the indigenous medical equipment manufacturers is illusory.

The indigenous equipment, in most cases, is better suited to the Indian environment. The indigenous manufacture is also in a position to support the equipment better.

2.15.1 However, in a developing country like ours, where majority of the population is below poverty line, the modern diagnostic facility will be available only to the rich and affluent.

2.15.2 The Indian medical instrumentation industry is crowded, with a number of equipment sellers. These companies import instruments and equipment from large multinationals and sell them domestically.

2.15.3 The Indian medical systems will take not less than 20 years to mature, as there is no insurance in India.

2.15.4 Companies have a strong emphasis on service as they endeavour to provide value beyond the product. They believe in establishing a relationship with the customer which goes beyond just the sale of an equipment.
2.15.5 Though the market is comparatively small, companies have no great difficulty in establishing market shares. Each has identified and developed specific products that no one else is producing. India has no dearth of specialisations and medical professionals are finding it increasingly worthwhile to invest in medical equipment, creating a fairly good demand for middle and high end products.  

2.15.6 Budget provisions stifle investing in manufacturing. Indian manufacturers might find it more profitable to become importers of medical equipment. Since finished equipment in India will always be outpriced by imports and government procurement procedure makes it incumbent on purchasers to place orders for the lowest quotation, the indigenous medical equipment industry will be cut off from a major segment of the market.  

2.15.7 Over the past 20 years, there has been a dramatic increase in the use of ultrasonography as an imaging modality.  

2.15.8 In a scenario where technology is changing overnight, Indian companies, with no R&D to speak of, have to depend on the hitech handouts of their foreign partners. Clearly, the competition is hotting up. Although the market is booming, the entry of newcomers with backing of large business houses will force the existing players to alter their marketing strategies.  

2.15.9 Hospitals across India are certainly better equipped today. Curiously, even as the market grows, the prices of equipment have not fallen. An array of finance schemes have come up to help hospitals buy new equipment.
2.15.10 The concept of procuring refurbished equipment is still in the nascent stage, the secondary medical market in India has been growing at a rate of 20 percent per annum. Though the basic cost of medical equipment is approximately the same either in India or any developed country, what differs is the maintenance or running costs.  

2.15.11 Several MNCs are vying for a share in the estimated Rs.1,000 crore market. Companies, whose products have been in the country for a decade, or more, through distributors, have realised that as manufacturers they are better placed to provide better customer support and focussed marketing. Indeed, medical diagnostic imaging products are hi-tech which can be better serviced and maintained by company trained engineers. Moreover, an aggressive sales pitch is necessary to market these expensive products.
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