Chapter 4

MARKETING AND MARKETING STRATEGIES: A CONCEPTUAL AND THEORETICAL FOUNDATION
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Marketing and Marketing Strategies: A Conceptual and Theoretical Foundation

The chapter has been designed in a systematic manner with a view to establishing a conceptual foundation for understanding marketing and marketing strategies. It will also endeavour to explore the various aspects of environmental analysis required for developing strategies in general and marketing strategies in particular. The chapter will specifically focus on the following topics.

4.1. The Concept and Definition of Marketing in Modern Perspective.
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4.1 The Concept and Definition of Marketing in Modern Perspective

Marketing is basically concerned with exchange and distribution. The early process of exchange brought into existence the village markets where goods were exchanged against goods, which is called barter exchange. However the development of paper money in the later days removed all the difficulties of barter exchange and contributed to flourishing of trade and industry. The industrial revolution, which took place in the last quarter of the eighteenth century accelerated mass production of goods and led to the dramatic changes in the way people started buying factory made products. Large markets emerged in cities and towns. Companies and business enterprises came to exist in all shapes and sizes at the close of nineteenth century. The advancement in science and technology has manipulated the whole process of exchange and made it a complex system to manage. Gradually, competition emerged the biggest market force in capitalist economies. Globalisation with an account on market economy has increased competition many times.

Today, companies cannot survive by simply producing goods and services in the market. They must do an effective marketing job if they are to succeed in business characterised by fierce competition and changing technology at domestic and international levels. The concept of marketing starts with the management philosophy where customer is in the pivotal point. Customer satisfaction and retention is the most important task for companies in marketing concept. Philip Kotler has defined marketing as a social and managerial process by which the individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others. Stanton et al. also define marketing as total systems of business activities designed to plan, price, promote, and distribute want-satisfying products to target markets to achieve organizational goals. It
comprises all the activities from the time a product is conceived to the time it reaches the consumer. According to Drucker\(^3\) the only purpose of business enterprise is to create a satisfied customer. It is the epicenter (a central dimension) of the entire business, which must be seen from the customer’s point of view. Doyle\(^4\) believes that the success of business mainly depends on identifying changing customer needs and wants and then designing, producing the products according to the needs and wants of the customers. American Marketing Association\(^5\) defines marketing as a total system of business activities designed to plan price, promote and distribute want-satisfying products to achieve organisational objectives. It focusses on two main things:

i) The entire system of business activities should be customer oriented.

ii) Marketing should start with an idea about a want satisfying product and should not end until the customers’ wants are completely satisfied.

The consumer must be recognised and accepted as the focal point of business activities, and the knowledge of customer needs and wants should be the starting point for all major business decisions. The marketing concept holds that the key to achieving organisational goals consists of determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors. It starts with a well-defined market, focusses on customer needs, integrates all the activities that will affect customers, and generates profits by satisfying customers.\(^6\)

Therefore, it is clear that the basic idea of marketing management is to understand consumer needs better so that it can manipulate the elements of the marketing mix more effectively and can adjust demand to the available supply. The marketing philosophy focusses directly on three key issues of customer orientation, integrated organisational effort and profit direction.
4.2 Importance of Marketing

In businesses enterprises, the marketing function is vital because it generates revenues through the exchange process. Marketing managers confront extraordinary challenges in today's dynamic and rapidly changing competitive environment and to effectively deal with the same. They are supposed to plan and adopt the suitable marketing and business strategies. The major factor that has determined the importance of marketing function is competition in the market.

As competition is increasing, the role and importance of the marketing function is also increasing. When there was no competition, the marketing function was just any other function in the company. But when competition increased, the marketing function became an important function. Companies are taking all out measures to retain customers with their continued patronage and support. This means that customers are the key factors of marketing and marketing function for the successful operations of the business.

Some of the important benefits of marketing in business organisation are as follows:

i) Marketing is a social process. It calls for a balance between three considerations of company profits, consumer want satisfaction and public interests.

ii) Marketing deals primarily with identifying customers' needs and wants and then offering and delivering the products to the customers by adopting a suitable marketing mix, that is, product, price, place and promotion.

iii) Marketing focuses on delivering value and satisfaction to the customer through offering suitable products services, ideas etc.

iv) Marketing facilitates satisfying exchange relationships.
v) Long-term success can be assured only by taking a long-term strategic vision, especially in respect to promotional activities in the business.

vi) Marketing helps to reduce business risks. Marketing risks can be reduced by knowing the competitors, their activities and also by understanding the market in the national and international context.

Marketing is a global phenomenon and it is responsible to deliver the preferred products to the customers to lead a happy and comfortable life. It is a total integrative system developed by a marketer to approach the target market. It involves several activities right from product design to distribution planning. The entire system is based on three beliefs: (i) all planning and operations should be customer oriented, (ii) all marketing activities in an organisation should be coordinated, (iii) customer-oriented, coordinated marketing is essential to achieve the organisations’ performance objectives.

The essential requirements of marketing are (i) the identification of consumers market, (ii) the definition of target market segments and (iii) the creation of a differential advantage. Building customer relationship and a customer database for maintaining continued relationship are the important developments in recent times.

4.3 Role of Strategy and Strategic Market Planning in Effective Marketing

The concepts of strategy and strategic market planning have become very popular in the field of marketing. They are playing an increasingly important role in sharpening the edge of marketing management for achieving the key objectives of survival, profitability, growth and stability of business in the face of fiercely competitive environment.
The term “strategy” has been perceived differently by different authors. According to Jauch and Glueck\textsuperscript{10}, strategy is a unified, comprehensive and integrated plan that relates to the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organisation. Arthur Sharplin\textsuperscript{11} defines strategy as a plan or course of action, which is very important to the organization. Alfred D Chandler\textsuperscript{12} has stated strategy as the determination and adoption of the basic long-term goals and objectives of an enterprise with suitable allocation of resources necessary for carrying out those goals.

The definitions of strategy make it clear that it is a long-term approach designed to adapt the operations of a firm to the dynamic environment. Elaborating on the concept of strategy Shirley, Peter and El- Ansary\textsuperscript{13} observes that strategy has a long term perspective covering the following five issues:

i) Objectives of the firm to indicate, what the firm wants to be.

ii) Business mix of the firm to indicate, what specific goods and services the firm wants to offer.

iii) Customer mix of the firm for each business to indicate, what the target groups of the customers are.

iv) Corporate and business wise competition analysis to indicate, what the degree of thrust and market niche would be.

v) Geographic boundaries of the market to be served to indicate the operational limit.

David\textsuperscript{14} points out that strategic planning as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organisation to achieve its objectives. It focusses on integrating management, marketing, finance/accounting, production, operations, research and development, and computer information systems to achieve
organisational success. More precisely, strategic market planning is the managerial process that entails analysis, formulation, and evaluation of strategy and that enables an organisation to achieve its objectives by developing and maintaining a strategic fit between the organization's capabilities and the threats and opportunities arising from its changing environment. The primary responsibility of strategic market planning is always to look outward and keep the business in step with its expected environment. The lead role in meeting this responsibility is played by marketing. As a general management responsibility, marketing embraces the interpretations of the environment and the crucial choices of which customers to serve, which competitors to challenge, and with which product characteristics the business will compete.

Therefore strategic marketing can enable the firm to achieve the profitable growth, balance between resources and marketing opportunities reflected by customer needs. It is the backbone for a continuous success of a business organisation by having thrust for converting opportunities into profitable business activities. In essence, strategic market planning involves matching the resources and ends with productivity and customer satisfaction.

4.4 Distinction between Marketing Strategy and Strategic Marketing

In the literature of marketing, two concepts are frequently used creating some confusion in the minds of readers. Because of terminological similarities the terms "marketing strategy" and "strategic marketing" appear as if they were the same. Marketing strategy is a wider concept of which strategic marketing is but a part. Keeping this consideration in mind, an attempt has been made in the following lines to emphasise the differences between the two concepts.
Marketing strategy has become an area of primary concern to all. It is a marketing plan of the firm to clinch differential advantage over its competitors by accomplishing the functional objectives of developing new products, designing promotional strategies and garnering a greater market share. The development of marketing strategy is essential for success not only in developed markets, where the competition is intense and with every player is attempting to gain market share, but also in emerging markets, where the elements of product, communications, and distribution are recognised as valuable sources for competitive advantages.

In the Strategic Marketing Planning, organisational wide mission and objectives are the guiding force. Strategic marketing planning is a process of conducting a situation analysis (SWOT assessment), developing marketing objective, determining positioning and deferential advantage, selecting target markets and measuring market demand and designing a strategic marketing mix. The goal of strategic marketing is to attain market share and customer happiness through analytical and conceptual marketing process. Therefore strategic marketing planning is broad future oriented and longer term in nature.

Hooley et al. 17 has pointed out that the development of marketing strategy could be seen at three main levels. At the first level, the core strategy of the company will be selected, where the marketing objectives and the broad focus for achieving them will be identified. At the next level, market segments and targets (both customers and competitors) are selected and the company's differential advantages in serving the target customers better than the competitors are identified. At the third level, implementation of the strategy into the marketing organisation will be carried out. The marketing department, at this stage is concerned with establishing the marketing mix.
programmes that can convey both the positioning and the products/services themselves to the target market.

Jain\textsuperscript{18} refers that strategic marketing assists in the development of strategic perspective of the business unit to direct its future course. Marketing strategy is developed at the business unit level, which is an endeavour by a corporation to differentiate itself positively from its competitors, by using its relative corporate strength to better satisfy the customer needs.

Abell and Hammond\textsuperscript{19} have stated that a strategic market plan is not the same as a marketing plan but it is a plan of all aspects of an organisation’s strategy in the market place. A marketing plan deals primarily with the delineation of target segments and the combinations of product, promotions, channel and pricing policies are implemented for servicing those target segments. Baker\textsuperscript{20} distinguishes strategic marketing planning from marketing planning by stressing it with the marketing mix, while the former is seen as planning for all aspects of an organisation’s strategy in the marketplace. Kotler\textsuperscript{21} states that market oriented strategic planning is the managerial process of developing and maintaining a viable fit between the organisation’s objectives, skills and resources with the changing marketing opportunities. The art of strategic market planning is to shape and reshape the company’s business and products so that they yield target profits and growth.

Therefore, strategic marketing focusses on choosing the right products for the right growth markets at the right time. But in marketing management, market segments are defined by grouping customers according to marketing mix variables. Strategic marketing involves the inside of planning process as well as outside planning process so that it helps to carry out proactive market strategies with management information system, strategic intent, entrepreneurial thrust, real time management and longer time perspective.
Strategic Marketing comes into play because marketing management has more limitations, more uncontrollable settings and specific delineated objectives.

4.5 Environmental Scanning and Analysis for Developing Marketing Strategies and Strategic Market Plans

The development of both marketing strategies and strategic marketing plan calls for environmental scanning and analysis. There is no denying the fact that the environment provides the basic inputs for strategic management – be it in the area of marketing or any other functional area of management. An examination of the relevant environmental forces and their analysis is vital for gaining an insight into the relation of marketing strategies and strategic marketing plans. This has been done in sections 4.5 & 4.6 of this chapter.

Successful companies look beyond customer needs and wants and are sensitive to marketing environmental forces because they operate within a generally uncontrollable external environment. The organisations interact directly and indirectly with the environment, therefore there is a need to investigate, analyse and respond to any organisational changes that are taking place. If this is not done properly, potential and emerging threats are more likely to become actual threats, both of which will be reflected in a decline in performance. Therefore, there is a need to develop a clear vision of the future and converts environmental opportunities into profitable business activities

Any organisation is a creature of environment. Strategy formulation is seen as the development of long range plans for the effective management of the environmental opportunities and threats while taking into account the organisation’s strengths and weaknesses. Environmental analysis, as an integral stage of strategy formulation, involves the collection and analysis of
relevant types of information about the environmental forces and trends on
the one hand, and organisational resources and capabilities on the other. The
firm’s environment involves two distinct levels, the internal environment,
consisting of variables within the organisation, and the external environment
consisting of variables outside the organisation. The external environment is
further divided into two sub-environments: the macro environment and micro­
environment. The potential output of scanning and analysing the external
environment is the identification of opportunities and threats, both present and
potential, which face the organisation.

Dibb et. al. define environmental scanning is the process of collecting
information about the forces in the environment. Scanning involves
observation, perusal of secondary sources, such as business, trade,
Government, etc. Environmental analysis refers to the process of assessing
and interpreting the gathered information, evaluation and editing of
information, resolutions of inconsistencies and assigning priorities to the
findings. It also involves by understanding the dynamic nature of the
environment and forecasting its future trend. This analysis brings to light the
opportunities and threats arising due to changes in the environment and
successful firms take serious note of environmental changes and develop
appropriate strategies.

Figure 4.1 highlights the major constituents of environment. Operationally,
five different factors of environments are identified and which are known as
technological, political, economic, regulatory and social. The environment is
scanned at three different levels in the organisation corporate, strategic
business unit (SBU) and product/ market level (Jain Subhas C. (1999):”
p.129).
According to Jauch and Glueck\textsuperscript{24}, economic environment refers to all those economic factors, which have an impact on the functioning of a business. Technological environment exerts significant influence on business. Technological improvements can create new markets, result in proliferation of new and improved products, change the relative competitive cost position in an industry and make existing products and services obsolete. The social factors describe characteristics of the society in which the organisation exists. Literacy rates, education levels, customs, beliefs, values, lifestyles, the age distribution and the mobility of the population all contribute to the social environment. The international environment comprises of all factors related to global issues. The numbers of organisations dealing with global issues have been increasing with the announcement of globalisation in the country in 1991. Significant factors of international environment include the legislations, political parties and their practices, cultures and economic situation that
prevail in the countries in which the organisation does the business\textsuperscript{25}. The political system prevailing in a country dictates policies and controls of business. The democratic political system promotes and encourages while the authoritarian political system controls the business very much. A stable, honest, and efficient political system is a primary and essential factor for economic development and growth in business.

In scanning and analysing the environment, Johnson and Scholes\textsuperscript{26} suggest a stepwise approach which involves an initial audit of general environmental forces followed by a series of stages that are designed to provide the strategist with a clear of understanding, not just the current state of environment, but also how it is most likely to develop. The other steps are: (i) assessment of the nature of the environment, (ii) identification of the key environmental forces, (iii) identification of the competitive position, and (iv) identification of the principal opportunities and threats and strategic position of the firm.

The purpose of general environmental analysis is to predict the state of external events of the future, which shapes the organisation's environment. The prediction serves three important purposes viz., (i) it enables the firm to review and revise the mission and objectives, (ii) it identifies the fundamental requirements for success in future, and (iii) it permits the firm to formulate strategy to accomplish the goals within its strategy.\textsuperscript{27}

There are three basic premises upon which continuous environmental analysis is based. The premises are: (i) the determinants of firm's business success, (ii) the firm's response to environmental change, (iii) a knowledge of the business environment must precede the acquisition of any degree of control over it. Environmental scanning gives companies some advantage by providing information in formulating the strategies. However, companies must know
Jain has advocated that environmental scanning improves an organisation’s abilities to deal with rapidly changing environments. If properly used, environmental analysis can help to ensure organisational excellence in many ways. They are as follows: (i) it helps and organisation to capitalise on early opportunities rather than their competitors, (ii) it provides an early signal of impending problems, which can be defused if recognised well in advance, (iii) it improves the image of the organisation with the public by illustrating that it is sensitive to its environment.

The environmental analysis determines the marketing opportunities and threats emanating and affecting the business prospects. The strategic management process requires continuous assessment of facts and assumptions, regarding external environment with mass-view (socio-cultural, technological, economic etc) and with micro-dimensions (industry, competitions and customer) At macro level the environmental influences have been referred as PEST (political-legal, economic, socio-Cultural & technological) analysis.

Davis advocates that the marketing environment of any organisation is a force that can strategically affect the product/ market/ customer/ brand in terms of their market position and differentiation. Cravens has stated that understanding of an organisation is an essential initial part in developing a marketing strategy. This understanding can be derived from an assessment of: (i) organisational capabilities, (ii) threats from environmental forces, (iii) competitors strengths and weaknesses and (iv) customers’ specific needs.
Therefore a comprehensive environmental analysis is very much necessary to counter the evil effects of changing environment. The factors, which are responsible for assessing the environment, are; (i) the replacement of mass markets with micro markets, (ii) rising expectations across virtually all markets and a reduced tolerance to accept poor performance, (iii) the great pace of technological change, (iv) higher levels of competition, (iii) differentiation on the basis of service, (iv) the increased commoditisation of many markets and (v) the erosion of brands.

4.5.1 Competitor Analysis

In a free market economy, each company tries to outperform its competitors. A competitor is a rival of any business. A company must know, how it stands up against each competitor with regard to skill in maneuvering opportunities, preparedness in reacting to threats and so on. The competitions in the industry focuses on factors like entry mobility and exit barriers, powers of suppliers and buyers and elements of rivalry. The competition in the industry focuses on products that seek to serve same similar customer need or customer group.

The nature of competition and the factors, which influence it, are explored along with how firms identify competitors and how they use product positioning to obtain a competitive advantage. Success in the market place depends not only on an ability to identify customer wants and needs but also upon an ability to be able to satisfy those needs and wants better than competitors. This implies that organisations need to look for ways to achieving a differentiating advantage in the eyes of the customer. The differential advantage is often achieved through the product or service itself but sometimes it may be achieved through other elements of the marketing mix.

Competition analysis is a set of activities, which examines the comparative position of competing enterprises within a given strategic sector. The set of
activities, that organisations are undertaking when analysing competition analysis, are: (i) assessing competitors’ current and future objectives, (ii) assessing the competitors’ current strategies, (iii) assessing competitors’ resources, (iv) predict competitors’ future strategies. It helps to (i) provide an understanding of competitive advantage/disadvantage relative to competitors’ positions, (ii) generating insights into competitors strategies - past, present and potential, and (iii) provide an informed basis for developing future strategies to sustain over the competitors.\textsuperscript{33}

According to Jain\textsuperscript{34}, strategic competition is the studied deployment of resources based on a high degree of insight into the systematic cause and effect in the business ecological system. Strategic competition requires; (i) an adequate amount of information about the situation, (ii) development of a framework to understand the dynamic interactive system, (iii) commitment to invest major resources to an irreversible outcome, (iv) an ability to predict the output consequences. Once a company identifies its primary competitors, it must ascertain their strategies, objectives, strengths and weaknesses.

The key to identifying competitors is to link the industry perspective of competition and market perspective of competition by mapping out product/market segments. Such a map is the competitive arena in which a company can identify actual and potential competitors. In identifying the company’s competitors, a company should not restrict to the current competitors, but should also take into account potential competitors.\textsuperscript{35}

The starting point for understanding competitors’ strategies is identifying each competitor’s assumptions. Knowing a competitor’s assumptions will guide a firm to identify the basis of the competitor’s strategy. These assumptions influence how the competitor behaves, the way it reacts to events, and how it formulates its own competitive marketing strategy.
After the identification the competitors' assumptions, the firm is in a position to develop statements of the current strategy of each competitor. This strategy is most usefully thought of as a key operating policy in each fundamental area of business. The firm needs to know each competitor's product features, quality, customer services, pricing policy, distribution coverage, sales force policy, advertising and other promotion programmes. The firm has to estimate competitors' future strategies.

The assessment of a competitor's resources involves looking at their strengths and weaknesses. As a first step, companies can gather secondary data on each competitor's goals, strategies, and performance over the last few years. They can conduct primary research with customers, suppliers, and dealers in order to understand more about competitor's strengths and weaknesses. Competitor resource profiles can be built in much the same way as a firm conducts an analysis of its own assets and capabilities. There are four key functional areas of firm to assess its strengths and weaknesses; marketing, technology, management, and manufacturing; and their respective measures of success; sales, research & development (R&D), return on investment (ROI), and capacity utilization.

Competitors' strengths and weaknesses are based upon the existence or absence of assets of skills. Thus to analyse competitor's skills and weaknesses, it is necessary to identify the assets and capabilities that are relevant to the industry. Day distinguishes a firm's assets and capabilities. Organisational assets are the endowments of a business that has accumulated in economies of scale, location and brand equity, whereas capabilities reflect the synergy between the assets and enable them to be deployed to the company's advantage. Capabilities may be conceptualized as complex bundles of skills and collective learning, which promote the co-ordination of functional activities in an organisation. Organisational assets comprise things
such as; (i) physical assets—land facilities, buildings, equipment, (ii) financial assets—cash, credit rating, (iii) operational assets—machinery, systems and processes, (iv) human assets—employees, their qualities and skills; v) marketing assets—distribution, market knowledge, customer loyalty brand name, reputation, relationship with distributors, (vi) legal assets—patents and copyrights; vii) system—management information systems and decision support mechanism.

Porter\(^{38}\) defines four kinds of generic strategies by which a firm can achieve competitive advantage in a market. They are (i) cost leadership, (ii) product differentiation, (iii) focus and, (iv) no clear strategy. In a cost leadership strategy, the company attempts to become the lowest cost producer in the market. This can be achieved with economies of scale—an appropriate technology, preferred raw material access and automation. In contrast by the product differentiation strategy, a firm attempts to become unique along some non-price dimensions that are valued by customers in the market. Finally in the case of focus or niche strategy, the firm selects a market segment and tailors its strategy to serving more than the competitors.

Grant\(^{39}\) advocates that an organisational capability is a firm’s ability to perform a productive task, which relates to a firm’s capacity by creating value through effective transformation of input to outputs. These capabilities come about through integration of the knowledge and skills of the firm’s employees. The marketing capabilities are the integrative processes designed to apply the collective knowledge, skills and resources of the firm to the market related needs of the business, enabling the business to add value to its goods and services by adapting market conditions and taking advantage of market opportunities.
Strategy selection reflects with the demands of environmental changes, but at the same time, the firm should develop distinctive competencies. The competitive advantage enables the firm to compete by identifying target markets, which will be transformed into by delivering better products and also by providing superior customer service. It recognises that if the advantage is to be sustainable in the face of competition, it has to be based on the firm’s distinctive resources and capabilities. Achrol has stated that organisations, which stress the development of key capabilities, could better be able to achieve and maintain an advantageous position despite the turbulent environmental conditions of the business. In this context, firms must develop processes that allow them to collect information about market opportunities, develop goods and services to meet the needs of targeted customers in selected markets, fix up the price according to market information, communicate product advantage to potential customers and distribute products to customers.

The development of core competencies is the basis for producing a competitive advantage in achieving Strategic intent. Strategic intent concerns the directions in which a business is headed in the long-term. Strategic intent creates a sense of urgency, requires competitor focus, and searches for weaknesses in competitors’ position that can provide competitive advantage. The eight most prominent potential competitive advantages are: (i) a superior product benefit, (ii) a perceived advantage by customers, (iii) low cost operations, (iv) legal advantage, (v) superior knowledge, (vi) superior contacts, (vii) superior advantages and (viii) offensive advantages.

Proctor has listed several factors on strengths and resources for sustaining competitive advantages (SCA). Under the strengths, the factors are: (i) specialised knowledge of markets and needs, (ii) customer service orientation, (iii) design expertise, (iv) applications experience, v) trade relationships, (vi)
utilising relevant technologies, (vii) system design capabilities, (viii) ability to respond rapidly and with flexibility. Under the resources, they are; (i) coverage of distribution, (ii) availability or access to capital, (iii) business contacts, (iv) low cost manufacturing and distribution systems, (v) raw material availability.

A competitive advantage, to be sustainable, must continuously provide superior customer value over time. It must also fulfill four requirements. They are⁴⁴: (i) to be valued by the customer, (ii) to be rare among organisations, (iii) to be imperfectly imitable, and iv) not be strategically equivalent substitutes for their resources/skills.

Therefore, the organisations must know its real resources, skills and competencies, which help them to think, intend, develop and deploy such strategies, including their reaction and attack positions. The competitors' strength could be found through research and gathering of information so as to bring new and improved products at affordable prices. Specifically, two basic categories of information are required for marketing strategy development: information about the company itself and relevant information about the company's environment and its competitors. The later set of information is generally collected through a competitive intelligence system. The marketing intelligence system first identifies the vital types of competitive information and the best sources of this information. This system then continuously collects the data from the field. The information should be checked for validity and reliability before key information is communicated for designing the appropriate strategy.

4.5.2 Industry Analysis
An organisation's competitive environment is greatly affected by the industry in which it competes. A fundamental step in strategy development
is anticipation and analysis of the major structural elements of the industry. Such structural elements of an industry are identified as industry size, growth, competitive structure, cost structure, channels, trends etc. An Industry is a group of organisations producing similar goods and services. Industries and markets are different entities. Whereas markets can be looked upon as groups of customers with similar buying needs, industries are collection of organisations with common products and technologies. Industry is referred as a set of those marketing organisation that are in competition with one another for the same customer segment, whom some set of suppliers provide basic raw materials and related services and the products being sold are perceived by the customers to be substitutable.

Cravens focuses on the most important aspects that should be examined when analysing the industry environment. This is shown in Figure 4.2 as under:

**Figure 4.2: A Model for Industry Analysis**

1. Define industry structure and characteristics.
2. Identify and analyse the strategic groups.
3. Identify and describe key competitors.
4. Evaluate key competitors.
5. Anticipate actions by competitors.
6. Identify new competitors.

Product - market structure and market segments
Cravens’ model shows that there are six steps in industry analysis. The first step involves defining the specific industry structure for which the analysis is being planned and identifying its dominant characteristics. In the second step, the model points out to identify and analyse the various strategic groups who are responsible for determining the growth and development of the industry. In the third stage, the analysts need to identify and describe the key competitors who play a vital role in shaping the destiny of the industry. In the forth stage, it is necessary to evaluate the strengths and weaknesses of the key competitors in order to locate the marketing niche that will exist. In the fifth stage, it is important to anticipate the actions, which are likely to be taken by the competitors. An analysis of the proposed actions of the competitors can reveal which way the industry will be moving and which scenario is going to build up in the days-to-come. In the final stage of the industry analysis, the analyst will seek to identify the new competitors and examine their potential capabilities to seize the market share from the existing competitors. In this connection, it is also important to look into the strength of both existing and new competitors to enlarge the existing market through a variety of marketing strategies.

Porter\textsuperscript{46} has made an immense contribution to the development of the ideas of industry and competitor analysis, and their relevance to the formulation of business strategies. The state of competition in an industry depends on five basic competitive forces, the collective strength of these forces determining the ultimate profit potential of the industry and the ability of firms in an industry to earn rates of return on investment in excess of the cost of capital. The five competitive forces are; (i) threat of new entrants, (ii) rivalry among competitors, (iii) bargaining power of suppliers, (iv) bargaining powers of buyers and (v) threat of substitute products.
The five forces model suggests that competition extends beyond the companies within the industry to include new entries, suppliers, buyers and substitutes. The stronger the force is, the greater the restrictions on companies to raise prices and earn greater profits. In other words, a strong force is regarded as a threat because it is likely to reduce profits, whereas a weak force is viewed as an opportunity because it allows the company to earn higher profits.

Jain has pointed out the following factors, which are related to the dynamics of an industry. They are: (i) scope of competitors’ business, (ii) new entrants in the industry, (iii) other current and potential offering that satisfy the same need, (iv) industry’s ability to raise capital, attract people, (v) industry’s current practices like price setting warranties distribution structures, after sales service etc., (vi) tends in volume, costs, prices and return on investment compared with other industries, (vii) easy of entry into the industry, including capital investment, (viii) relationship between current and future demand and manufacturing capacity and probable effects on price and profits, (ix) effects of integration, both forward and backward, (x) effect of cyclical swings in the relationship between supply and demand.

A firm’s strategy can be distinguished by using several dimensions that differentiate it form the strategies of other firms in the industry. Such strategic dimensions include those strategic variables that can distinguish the business strategies and competitive positioning of the firms within an industry. The variables are. (i) the number of suppliers and their relative size distribution, indicating the extent of seller concentration in the market , (ii) the number of buyers and their relative size distribution, indicating the extent of buyer concentration in the market, (iii) the nature of the product, whether it is a standardised good or service or differentiated in a variety of ways, (iv) the degree of vertical integration i.e., the extent to which suppliers produce their
own input requirements, or own distribution outlets for their products, (v) the condition of exit, i.e., the extent and severity of barriers to exit, (vi) the extent to which firms are diversified and operate in several different markets.

4.5.3 Customer Analysis

In a free economy, each customer group tends to want a slightly different service or product from the producers. But a business unit cannot reach out to all customers with equal effectiveness. It must distinguish easily accessible customer groups of different tastes and preferences. Moreover a business unit also faces its' competitors who have the same ability to respond its customer's needs and wants. The business unit must clearly define it's target market and customers and for this it must segment the market, identifying one–or-more subsets of customers within the total market, and concentrate its efforts on meeting their needs. In attempting to decide which customer groups to trade with and what needs/benefits to satisfy, it is first to realise that every organisation has many district groups of customers, each with a different set of needs. Satisfaction of customer need is the ultimate test of a business unit's success. Therefore, designing an effective marketing strategy, firms should aim at serving customer needs and wants better than the competitors. Schiffman and Kanuk indicate about the importance of tracing customer needs and have stated that customer needs are the basis of all modern markets. Needs are the essence of the marketing concept. Marketers do not create needs, although in some instances they may make consumers more keenly aware of unfelt needs. Successful marketers define their markets in terms of the needs they provide to satisfy rather than in terms of the products they sell. Organisations do not exist solely as a supplier or a customer in a dyadic relationship with another party. They are, firstly part of a complex network of many suppliers and customers, and it will be necessary to map this network to understand fully about the forces acting on any individual member or group.
Secondly, there are strategic grouping of customers and other exchange partners, each of who is having similar strategies or acting in similar ways. These groups can be considered, as homogeneous entities if the common aspects of their behavior patterns are relevant to their exchange decisions. Thirdly, there are different individual influences on any customer or industrial consumer. The traditional industrial grouping of users, influencers, decision, advisors and gatekeepers can equally be considered in consumer markets, where family or peer influences can fulfill similar needs. It is therefore essential to identify the roles of different parties in the buying process to explore customer relationships.

The term “industrial market” is used to refer to those organisations, which buy goods and services that are used in the production of others. The industrial marketer normally deals with fewer, larger customers than consumer marketer. The markets are geographically concentrated and the demand is derived. One of the major differences between consumer and industrial buying decisions is the buying motive. In consumer marketing the purchases are made by the consumers for personal consumption of utility, but in industrial purchasing, the purchases are made for reducing operating costs, satisfy legal obligations and also provide an input to the manufacturing process. The demand for many industrial goods and services tends to be more volatile than the demand for consumer goods and services.50

The stages of industrial buying process are (i) problem recognition, (ii) determination of the general need, (iii) specific description of the required product, (iv) search for potential suppliers, (v) evaluation of suppliers, (vi) selection of a supplier, (vii) establishing the routine order, and (viii) review of performance and feedback.51
Dickinson identifies seven types of customer according to their needs, purchasing criteria buyer. They are: (i) local buyers: who remain loyal to a source for consideration periods, (ii) Opportunistic buyers- who choose sellers on the basis of his long-term interests, (iii) best deal buyers- who concentrate on the best deal available at the time, (iv) creative buyers – who tell the seller previously what they want in terms of the product, service and price, (v) advertising buyers – who demand advertising support as part of the deal, (vi) chisellers – who constantly demand extra discounts, (viii) nuts and bolts buyers- who select products on the basis of the quality of their construction.

In the industrial marketing, the significant factors of selecting suppliers are: (i) delivery capability, (ii) quality, (iii) price, (iv) repair and after sales service, (v) technical capability vi) performance history, (vii) production facilities, (viii) help and advice ix) control systems, (x) reputation, (xi) financial position, (xii) attitude towards the buyer, (xiii) compliance with bidding procedures, (xiv) training support, (xv) communications on the progress of the order, (xvi) management and organization, (xvii) packaging, (xviii) moral/ legal issue, (xix) location, (xx) labour relations .

Jain and Sharma investigate the relationship between customer involvements and on various product and brand related factors like customers’ risk perceptions, product’s hedonic value, product familiarity, brand awareness dissimilarity and difficulty of choice. The results are; (i) nature of product: - different types of products entail different levels of involvement, (ii) perceived risk: - higher risk perception did not lead to higher consumer involvement, (iii) hedonic Value: - higher perceived knowledge about product meant higher consumer involvement, (iv) familiarity: - higher perceived knowledge about product brings higher consumer involvement, (v) branding: - brand awareness and perception of brand dissimilarity were found related with customer involvement.
Cunningham and Roberts\textsuperscript{55} indicate some factors, which are related to industrial buying decision. They are: (i) delivery reliability, (ii) technical advice, (iii) test facilities, (iv) replacement guarantee, (v) speed of quotations, (vi) case of contract, (vi) ability to supply a wide range of products and services.

Lehmann and O'Shaughnessy\textsuperscript{56} suggest that in routine order buying, products, delivery, reliability, price and reputation are extremely important and in the case of procedural problem products, the important criteria are technical service, supplier flexibility and product

\textbf{4.6 Methods and Techniques of Environmental Analysis}

For analysing the environment, firms are using a number of techniques depending on their specific requirements in terms of quantity, quality, relevance and costs etc. The basic purpose is to help management to determine the future direction of the organisation.

Lilien et al.\textsuperscript{57} prescribe certain techniques of environmental scanning and analysis, which are listed below:

i) Mathematical Model: A model may be linear or nonlinear.

ii) Dynamistic: A model may be dynamic if it deals with a flow of efforts and effects over time.

iii) Degree of Uncertainty: Depending on whether the variables involved in the model are known with certainty or with probabilistic distribution.

iv) Level of aggregation: Either individual response may be modeled first and then the aggregation may be installed or the aggregate model may be used directly.
v) Level of demand: This model may be developed at brand level or at product level or at the level of product class.

The model and their mathematical interpretation are given in Table 4.1 for the sake of clear presentation and understanding.

Table 4.1: Environmental Scanning Models and their Mathematical Interpretation

<table>
<thead>
<tr>
<th>Q. Effect Dimensions</th>
<th>X: Independent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Mathematical Form</td>
<td></td>
</tr>
<tr>
<td>Linear</td>
<td>$Q = a_0 + a_1X$</td>
</tr>
<tr>
<td>Non linear in variables but linear in parameters</td>
<td>$Q = a_0 + a_1X + a_2X^2$</td>
</tr>
<tr>
<td>Non Linear in Parameters</td>
<td>$\log Q = \log a_0 + a_1\log X_1 + a_2\log X_2$</td>
</tr>
<tr>
<td>b. Dynamistic</td>
<td></td>
</tr>
<tr>
<td>Discrete time dynamic model</td>
<td>$Q_1 = a_0 + a_1X_1 + a_2Q_{t-1}$</td>
</tr>
<tr>
<td>c. Degree of uncertainty.</td>
<td></td>
</tr>
<tr>
<td>Deterministic model</td>
<td></td>
</tr>
<tr>
<td>Deterministic with additive error, which is stochastic</td>
<td>$Q = a_0 + a_1X$</td>
</tr>
<tr>
<td>d. Level of aggregation</td>
<td></td>
</tr>
<tr>
<td>Individual level (I-th individual)</td>
<td>$Q_i = a_{0i} + a_{1i}X$</td>
</tr>
<tr>
<td>Market level</td>
<td></td>
</tr>
<tr>
<td>e. Level of demand</td>
<td></td>
</tr>
<tr>
<td>Product level</td>
<td></td>
</tr>
<tr>
<td>Brand Level</td>
<td></td>
</tr>
</tbody>
</table>


In general, the important methods of environmental analysis are as follows:
(i) SWOT Analysis

It is an important method of environmental analysis. SWOT (acronym for the internal strengths and weaknesses of a firm and the environmental opportunities and threats facing that firm) analysis helps an organisation to match its strengths and weaknesses with opportunities and threats operating in the environment.

i) Strengths: Internal Capabilities of a firm, which can be used to gain competitive advantage over its rivals.

ii) Weaknesses: Limitations or constraints, which tend to decrease the competencies of the firm particularly in comparison to its rivals.

iii) Opportunities: - Major favourable conditions in a firm’s environment.

iv) Threats: - Major unfavourable conditions in a firm’s environment, which may pose a risk or damage the firm’s position.

Wilson and Gilligan have provided a list of factors to be considered for SWOT Analysis. Table 4.2 presents the list of factors of a firm’s Strengths and Weaknesses with Opportunities and Threats operating in the environment.
Table 4.2: Factors of SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strong brand image</td>
<td>• Price Control</td>
</tr>
<tr>
<td>• High quality products</td>
<td>• Delicensing</td>
</tr>
<tr>
<td>• Economics of Scale</td>
<td>• Import relaxation</td>
</tr>
<tr>
<td>• Breadth product line</td>
<td>• FDI norms</td>
</tr>
<tr>
<td>• Motivated employees</td>
<td>• Capital market reforms</td>
</tr>
<tr>
<td>• Strong R &amp; D</td>
<td>• Growth of consumerism</td>
</tr>
<tr>
<td>• Excellent distribution network</td>
<td>• Growing disposable incomes</td>
</tr>
<tr>
<td>• Good inventory management</td>
<td>• De reservations</td>
</tr>
<tr>
<td>• Comfortable debt-equity ratio.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Poor bad image</td>
<td>• Recession</td>
</tr>
<tr>
<td>• Narrow product mix.</td>
<td>• Political instability</td>
</tr>
<tr>
<td>• Weak distribution</td>
<td>• Religious battles</td>
</tr>
<tr>
<td>• Poor product quality</td>
<td>• Consumerism</td>
</tr>
<tr>
<td>• Poor receivables</td>
<td>• Import liberalization.</td>
</tr>
<tr>
<td>• Poor inventory management</td>
<td></td>
</tr>
<tr>
<td>• Outdated technology.</td>
<td></td>
</tr>
<tr>
<td>• Excess manpower</td>
<td></td>
</tr>
<tr>
<td>• Low credit rating</td>
<td></td>
</tr>
</tbody>
</table>

(ii) ETOP (Environmental Threat and Opportunity Profile) Analysis

ETOP is another important technique of environmental analysis. This technique conveniently summarises the diagnoses of all the various sectors of the environment, which is important to the strategic gaps facing the firm.\textsuperscript{59}
(a) List environmental factors: List the different aspects of the relevant environment. Economic environment may be divided into rate of economic growth, national income, savings investment rate of inflation, capital market reforms, fiscal policy etc.

(b) Assess importance of environmental factors: At this stage, the importance of each environmental factor is assessed closely and expressed in qualitative (high, medium or low) or quantitative factors (3,2,1).

(c) Assessing the impact: A relevant factor, which is analysed, might have a positive or negative impact as a threat.

(d) Combine to get a bigger picture: In the final strength, the importance of each factor and its impact is compared to produce a compact picture.

(iii) Strategic Advantage Profile (SAP) Analysis
A profile of strategic advantages (SAP) is a summary statement, which provides an overview of the advantages and disadvantages in key areas likely to affect future operations of the firm. It is a tool for making a systematic evaluation of the strategic advantage factors, which are significant for the company in the environment. The preparation of such a profile presupposes detailed analysis and diagnosis of the factor in each of the functional areas (Marketing, Production, Finance & Accounting, Personnel & Human Resources, R&D)

(iv) TOWS. Analysis
This analysis considers a two-way matrix matching against threats, opportunities, weaknesses and strengths. It provides four types of strategies Strengths-Opportunities (SO) strategy, Weaknesses-Opportunities (WO) strategy, Strengths-Threats (ST) Strategy and Weaknesses-Threats (WT) strategy towards perceived opportunities. WO strategies are used to improve upon internal weaknesses. A firm adopts ST strategy when its internal
strengths are good enough to reduce the impact of environmental threats, WT strategy is basically a defensive strategy played by an organization facing external threats and internal weaknesses.

4.7 Marketing Strategies in Practice

Marketing Strategies occupy an important place in marketing management. Without strategies, no marketing management can ever be successful. Strategies are formulated in different areas of marketing for higher profitability and effective business operations.

In practice, firms developed and follow a number of realistic strategies relating to the 4 Ps' of marketing i.e., product, price, promotion and place. Therefore, there are four groups of strategies, which most companies follow. These strategies are known as product strategies, pricing strategies, promotion strategies and place or distribution strategies. Figure 4.3 shows the different types of marketing strategies.

Figure 4.3: Types of Marketing Strategies

The strategies are now discussed as under:

4.7.1 Product Strategies

The Product is the most tangible and important single component of the marketing management. Basically, product is the vehicle by which a company
provides customer satisfactions. The products or services of an organisation help to create the image of the firm in the mind of the customer. This image is reflected in the customer perceptions and feelings about its products or services. Product strategies specify markets needs that may be served by different product offerings. Product strategies deal with number and diversity of products, product inventories, product scope and product design.


Each strategy is examined from the point of view of a business unit or profit center. The term positioning refers to designing the company’s offerings and image to occupy a distinctive place in the target market’s mind. As the market is heterogeneous, one product cannot make an impact on the entire market. Positioning is achieved by using marketing mix variables, especially design and communication. Although differentiation through positioning is more visible in consumer goods, it is equally true in industrial goods. The desired position for a product is determined using the following procedure\(^6^1\).

i) Analyse product attributes that are salient to customers.

ii) Examine the distribution of these attributes among different market segments.

iii) Determine the optimal position for the product in regard to each attribute.

iv) Choose an overall position for the product (based on the overall match between product attributes and this distribution).
Sometimes a product may also require repositioning. This can happen if (i) a competitive entry is positioned next to the brand, creating an adverse effect on its share of the market, (ii) consumer preferences change, (iii) new customer preference clusters with promising opportunities are discovered or (iv) a mistake is made in the original positioning.

Product-design strategy deals with the degree of standardisation of a product, providing choice among the following strategic options: Standard product, customised product and standard product with modifications. To develop standard product the firm should aim to increase economies of scale and at the same time it must draw the strategy for customised products to compete against mass producers of standard products through product design flexibility. The implementation of this strategy would benefit the company to increase in growth, market share and profits.

On the contrary, the product elimination strategy aims at shaping the best possible mix of products balancing the total business. This strategy would help to eliminate undesirable products because their contribution cost and profit is too low and they do not fit in the overall business strategy.

The new product strategy is required to meet new needs and to sustain competitive pressures on existing products. The competence is required through continuous tracking of customer needs and shapes those needs into the product development. Five components of this system should be assessed: (i) corporate aspirations towards new products, (ii) organizational openness to creativity, (iii) societal preferences towards creativity, (iv) screening method for new ideas, and (v) evaluation process.

Product strategy helps in reviewing the current positioning of the product and its marketing mix and seeking a new position for it that is more appropriate to
increase the life of the product. The effective implementation of product strategies results in increase in sales growth and profitability among existing customers and enlargement of the overall market among the new users.

4.7.2 Pricing Strategies

Price setting is an important area in marketing mix decisions of a company. It is the element that generates revenue for the company, and all others involve only costs. It is the only marketing mix element that can be changed quickly to respond to changes in demand or competitive moves.

Pricing should never be seen as an isolated component of a company’s marketing decision making. Companies spend large amount of money on product development, promotion, and distribution and face risks. Sometimes, price is the only marketing mix that can be changed quickly to respond to changes in demand or competitive moves. Developing new products or modification of existing products, any changes in promotional programme, or distribution system involves much time and efforts.

A pricing strategy is a course of action framed to affect and guide price determination decisions. These strategies help realising pricing objectives and answer different aspect to how price will be used as a variable in the marketing mix, such as new product introduction, competitive situations, government pricing regulations, economic conditions or implementation of pricing objectives. More than one pricing strategy may be selected to address the needs of different markets or to take advantage of opportunities in certain markets.

Low prices can be used as a weapon to build market share. Prices that undercut competitors attract new customers and allow for greater utilization of facilities. But low prices squeeze margins and often reduce net profits.
Thus an ideal pricing strategy should be the one that balances the need for sales growth against market demand for profits.

Dolan\(^{62}\) has identified eight steps, which are essentials for setting strategies for product or service pricing. They are: (i) to assess the customers' expectations on a product or service, (ii) to identify the variations in the product category, (iii) to assess customer's price sensitivity, (iv) to identify an optional pricing structure, (v) to consider competitors reactions, (vi) to monitor the prices realized at the transaction level, (viii) to assess customers' emotional response and (viii) to analyse whether the returns are worth the cost to serve.

The basic determinants for the pricing of products and services are production costs, competitive factors, and break-even analysis and demand considerations. Domestic price is affected by the considerations on pricing objectives, cost, competition, customer, and state regulations. In addition to the conventional considerations on pricing, multiple currencies, trade barriers, and longer distribution channels make the pricing decisions more difficult. The pricing objectives should be closely aligned to marketing objectives, which in turn need to be derived from overall corporate objectives.

In determining the prices the nature of competition plays a key role. The competition in an industry is analysed with reference to such factors as the number of firms in the industry, product differentiation and ease of entry. The competitive analysis reveals the position of global and domestic competitors in the particular market in reference to the price they charge for their products. It is essential for a company to conduct breakeven analysis of the current or proposed business. A breakeven analysis examines the interaction among fixed costs, variable costs, prices and unit volume to determine that combination of elements in which revenue and total costs are equal. In
determining the pricing strategy, the customer demand for a product is a key factor. The considerations, which are necessary for price setting, are the ability of customers to buy, their willingness to buy, propensity to consumer, the place of the product in the customer’s lifestyle, prices of the substitute products, the potential market for the product and the consumer behaviour in general.

The pricing methods that become part of pricing strategies are (i) cost-based pricing, (ii) demand oriented pricing, (iii) penetration versus skimming pricing strategies, (iv) competition oriented pricing, (v) price leadership strategy (vi) flexible pricing strategy, and (vii) product-quality leadership strategy.

In cost–based pricing, a company determines price by adding a monetary value or percentage to the cost of the product. The cost based approach includes two pricing methods: cost–plus and mark-up pricing. In mark-up pricing a certain predetermined percentage of product’s cost, called markup, is added to the cost of the product to determine the price. Companies use target return pricing methods and find out the price that would ensure a certain fair rate of return on investment. A demand oriented pricing approach takes account of the strength of demand. Firms’ charge high prices when or where demand is strong and a low price when or where demand is weak. Price skimming refers to charging the highest possible price whereas penetration strategy sets an initial price to generate volume. The skimming strategy helps in building substantial buyers segments with reasonable high demand for the product and high-price also helps the firm to build the quality image of the product. In the competition oriented pricing, a firm sets the same prices as charged by its competitors. This kind of pricing is used often in homogenous product markets where the market structure ranges from pure competition to pure oligopoly and firms can charges the same price as competitors.
4.7.3 Place/Distribution Strategies

Marketing is defined as an exchange process. Place/Distribution strategies are concerned with the channels that a company engages to make its goods and services available to consumers. Channels are the organised structures of buyers and sellers that bridge the gap of time and space between manufacturer and the customer. Distribution channels are composed of wholesalers, retailers etc, and facilitate distribution of goods or services to ultimate customers. No single distribution channel satisfies the needs of every firm, and many companies use several channel to reach different market segments. Marketers select distribution channels which are based on; (i) product – attributes and customer recognition, (ii) size and value of sales – extent of sales realisation, (iii) market area – customer segments, coverage, channel length, (iv) existing methods of distribution – impact, problems and prospects, (v) needed offers – customer value, value added distribution, cost effectiveness.

Jain \(^{64}\) identified six major distribution strategies, which are: (i) channel structure strategy, (ii) distribution scope strategy, (iii) Channel – modification strategy, (iii) Channel control strategy and (vi) Conflict management strategy.

Channel – structure strategy determines whether the goods should be distributed from the manufacturer to customer directly or infinitely through one or more intermediaries. It is aimed at reaching the optimal number of consumers in a given time schedule at the lowest possible cost while maintaining at desired degree of control. Distribution scope strategy is advantageous for establishing the distribution of goods and services effective with the target customers. This strategy is followed with the objective to serve chosen markets at a minimal cost while maintaining the desired product image. Multiple channel strategy employs two or more different channels for
distribution of goods and services. Multiple-channel distribution has two categories—complementary and competitive. In complementary approach each channel handles a different non-competing product and in competitive type two different and competing channels sell the same product. Channel modification strategy evaluates performances of current channels and making necessary changes in distribution perspective to accommodate environmental shifts. Channel control strategy focuses on vertical marketing system to institute control. Finally, Conflict management strategy help in resolving conflict among the channel members. This strategy is followed to devise a solution acceptable to the conflicting members so that they will co-operate to make it work.

According to Hardy and Mcgrath it distribution takes care of utility creation for the customer-form utility (quantity and assortment), time-utility (storage, inventories, order taking, expediting), place-utility (transportation, material handling, delivery), possession utility (knowledge gap-information dissemination and feed back; and ownership gap—buying and selling, credits, collections, financing and title transfer). To reduce the gap between manufacturer and ultimate customer, marketer has to carry physical/ virtual and other activities. Grover has emphasised about the modern technology and the role of information technology and communication has shifted focuses from indirect/ impersonal channels to direct and interactive channels. The new direct and interactive channels have been cheaper compare to personal sales calls, seminars, trade shows exhibits, showroom or over the counter selling yellow pages large display advertisements etc. Apart from providing a cost advantage, competitive pricing is the other advantage. It has made one to one marketing as customers are seen paramount. The new channels bring customer in shopping and introduce a large selection of merchandise, makes comparative shopping easy, quick ordering and build large customer database. The database helps organisation to identify existing
and potential customers (target selection strategies) and ensures better customer loyalty with improved organisation’s image. The customer gets regular feedback, from marketers and it increases their satisfaction levels. In conventional channels, manufacturer’s control over the channel members is less than the vertically coordinated marketing channels. The conventional / independent channels structure is short term, temporary and ad-hoc approach to customer value delivery. McCommon\textsuperscript{67} has stated that conventional marketing channels are highly segmented networks in which loosely aligned manufacturers; wholesalers and retailers have bargained with each other at arm’s length, negotiated aggressively over terms of sale. In contrast, vertically co-coordinated marketing channels are relationship-dependent systems where one of the channel member (manufacturer/wholesaler/retailer) own/control the other. Vertically coordinate marketing channels as stated by Bucklin\textsuperscript{68} is professionally managed and centrally programmed networks, pre-engineered to achieve operating economies and maximum marketing impact. These systems are rationalised and capital-intensive networks designed to achieve technological, managerial and promotional economics through the integrations, coordination and synchronisation of marketing flows from point-of-production to points-of-ultimate uses.

4.7.4 Promotion Strategies

The market place is becoming an increasing complex arena of competitors’ activities within a rapidly changing international environment. The task of the marketing is not complete unless informing, persuading and positioning of the product in the target market are undertaken successfully. This can be achieved by developing suitable promotional strategies. Promotional strategies consist of planning, implementing and controlling communications from an organisation to its customers and other target audiences. The function of promotion in the marketing program is to achieve various communications
objectives in the market segment. They are: (i) to create awareness of the product or service, (ii) to provide information about a product or service, (iii) to generate enquiries, (iv) to build recognition of a company name, (v) to make the selling task earlier.

A variety of factors are to be considered to determine the appropriate promotion mix in a particular product market situation. Jain has identified the factors, which are categorised as product factors, market factors, customer factors, budget factors and marketing mix factors. Grover has gone a step further by developing an integrated framework for marketing strategies with special emphasis on promotional strategies. According to him, environmental analysis, to begin with, call for continuously scanning the environment. Secondly, there is a need for directing strategic attention to such factors as: (i) segmentation of the market, (ii) identification of the target customers and (iii) product positioning in the market. In the third stage, based on segmentation-targeting-positioning strategies, the company will develop product strategies, pricing strategies and distribution strategies. The promotional strategies have the following components; (i) Advertising Strategy, (ii) Sales Promotion Strategy, (iii) Personal Selling Strategy, (iv) Public Relations and Publicity Strategy and (v) Direct Marketing Strategy.

Now it is possible for us to develop an integrated framework of marketing strategies with special emphasis on promotional strategies. This has been shown in Figure 4.4.
Advertising strategies are concerned with communicating a sales message to potential customers. Personal Selling strategies refer to face-to-face interactions with the customer. Sales Promotion is demand-stimulating activity designed to supplement advertising and facilitate personal selling. It is paid for by the sponsor and frequently involves a temporary incentive to encourage a purchase. It is a wide spectrum of activities concerned with contests, trade shows, in-store display, rebates, samples, premiums, discounts and coupons. Public Relation encompasses a wide variety of communication efforts to contribute to generate favorable attitudes and opinions towards an organisation and its products. It can take many forms including newsletters, annual reports, lobbying and sponsorship of charitable events. Publicity is a special form of public relations that involves news stories about an organisation or its products. Organisations frequently provide the material for the publicity in the form of news release, press conferences and photographs.
Direct marketing is specific target oriented and combines personal selling along with sales promotion and advertising.

4.8 Conclusion

The unleashing of the new competitive reins in India by formally setting the pace for the declaration of the liberalisation and globalisation process has seen many changes in the consumer and industrial market. Since July 1991, the competition has hot up. Attack is the order of the day; customer quests for value of every rupee, changing lifestyle are some of the systems, which call for a new look at the marketing management. It requires macro view of the emerging market opportunities rather taking environmental change as a problem.

Analysis of various marketing definitions and strategies indicates that marketing concept is a philosophy, an attitude, and a course of strategies, where customer is the fulcrum of all business activities. This also establishes that market-oriented organisation is superior than production oriented organisation. Apart from customer, coordinated activity, and company, one more dimension is specifically called for-the competitive environment.

Competitive environment in the market place needs for an appropriate match between the company, the customer and the competition. To achieve strategic excellence, a firm has to develop market driven performance, by looking inside its competencies and comparing them with the requirements of the environmental opportunities, become market sensitive, carry out continuous competition analysis and apply relevant strategies. It is also important to note that strategic marketing management is a process of developing and deploying coordinated corporate competencies for the development and operationalisation of differentiated marketing strategies. The marketing strategies must be living, dynamic, market-oriented, proactive, timely and
appropriate for a longer time horizon, by continuously maintaining a strong strategic match among customers, competitors and corporate goals and objectives.

A conceptual and theoretical foundation of marketing strategies is of utmost importance for understanding the marketing management in a holistic perspective. The knowledge of concept and importance of marketing, role of strategy and strategic marketing as well as methods and techniques of environmental analysis followed for developing different types of marketing strategies is extremely useful for carrying out the research study on “Designing Promotional Strategies for Effective Marketing In a Competitive Environment: A Case Study of Clariant (India) Limited”. Without a holistic approach perspective, it is difficult, nay impossible, to identify the factors and problems associated with promotional strategies. This chapter will act as a frame of reference for developing subsequent chapters as well as for analysing the data with accurate inferences, observations and conclusion.
References


8. Ibid., pp. 9-11.


34. Jain Subhas C., op.cit., pp. 73-103.


61. Ibid., p. 359.


64. Jain Subhas C., op.cit., pp. 444-480.


