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CHAPTER III

MARKETING STRATEGIES –
A CONCEPTUAL AND FUNCTIONAL ANALYSIS

In the last chapter, Literature Survey containing a brief review of the contribution of various scholars and the work of different researchers has been presented. The present study concern itself with assessment of marketing strategies of toilet soap manufacturers in Karnataka, in general and KS&DL, Bangalore, in particular. Therefore, discussion on growth and development of soap industry and a conceptual and functional framework of marketing strategies has been felt necessary. In the chapter one, the Growth and Development of soap industry in the world, in India and in Karnataka has been discussed. This chapter, intends to present a conceptual and functional framework of marketing strategies in general, the definitions and meaning, nature and types of marketing strategies, interaction between marketing mix and marketing environment, role of marketing mix in marketing strategies and the elements of marketing mix have been discussed in this chapter.

3.1 MEANING AND DEFINITIONS OF STRATEGIES

In corporate planning, strategy is the grand design or a dynamic action-oriented from general plan to accomplish company mission, basic objectives as well as function are developed in the action plans at a later stage. Objectives emphasize the state of being there, while strategy emphasizes the process of getting there. Objectives prescribe ends. Strategies provide preferred means to accomplish the desired ends. Strategy points out the chosen best way in which objective can be achieved in the best manner possible even in the face of anticipated competition, or against unfavorable environment.

Strategy includes:

1. Awareness of mission, purpose and objectives. This provides the central concept for planning – indicating what is our business, who are our customers, what goods and services shall we supply and so on.

2. Recognition of the unpredictability and uncertainty of events indicating business environment.
3. Need to take into account probable behavior of others in general and of the rivals in particular, e.g., marketing strategies will take into account the probable behavior of customers, dealers, suppliers' citizens, and particularly the behavior of competitors in the near future. In short, strategy is the magic word for action in a competitive market environment.

An enterprise must have at least two major broad objectives:

1. To do the right thing, and
2. To do things right.

Strategic planning reflects the first objective, i.e., to do the right thing. Tactical planning underscores the second objective, i.e., to do things right.

A strategy of a company is designed in such a way that it matches or fits with:

1. Future environmental marketing opportunities,
2. Capabilities of company's human and material resources,
3. Top management values and beliefs, and

The future market opportunities point to, what a company might do. The distinctive corporate competence and resources will point out what a company can do. Personal values and aspirations will indicate, what a company wants to do. Social responsibility, under societal marketing concepts, will reflect what a company should do to fulfill social obligations.

A strategy has three elements:

1. Mission and basic objectives or goals set by top management,
2. Courses or pattern of actions to follow,
3. Deployment or allocation of human and material resources to execute the plan and to accomplish the set objectives.

It gives the precise statements.

1. Where the firm wants to go and
2. How should it try to get there? While arriving at a decision regarding ends (where to go),

A firm has to solve three problems:

1. Choice of right objective in the light of
   a. Market opportunities,
b. Corporate competence and resources which can be allocated; limitations on resources will decide scale of effort and feasibility of marketing opportunities.

2. There are multiple objectives, many a time, conflicting and their conflict must be resolved.

3. We have to set the objectives, which must be challenging but feasible, motivating and acceptable to the executives and their subordinates.

In arriving at the second decision regarding preferred means to achieve desirable ends – how should we try to get there, we have several alternative courses of action and the choice of the best means is, many a time, quite hard. We have various company alternatives in technology, organizational set-up, market options, distribution options, promotion options, product choices, and so on. Hence, we prepare complete alternative plans.

Like a magnifying glass, strategy puts into the limelight critical activities requiring prior concentration and special efforts. Strategy acts as a bridge between our objectives and our action plans or programmes. Usually, we use two or three strategies simultaneously, a company may choose first to concentrate on, for example, share in the market, or product quality, or price, or after-sale-service, or sales promotion or advertising and so on. The critical factor assuring success will be given top priority. It is called Unique Selling Point (USP). It is responsible for positioning of one’s company to adopt a certain strategy. But if one aims at capturing the leadership in the market share, price, quality, service, etc., one must have one’s own strategy.

Corporate strategy formulation: There are four basic steps in the formulation of corporate strategy:

1. Determination of corporate objectives, viz., mission and corporate goals or objectives describing the central purpose of business.
2. Generation of alternative business opportunities and options at our disposal.
3. Selection of the best business opportunity or option.
4. Implementation of the chosen line of action to capitalize the selected business opportunity.

Strategy specifies selection and ranking of business opportunities and points out the preferred means of achieving the desired objectives. It also includes allocation of resources to exploit the well-chosen opportunities. Once the nature and magnitude of each business opportunity are precisely known, selection and ranking or grading of
Chapter 3. Marketing Strategies

opportunity will deserve special attention. The more important opportunity is given higher preference in our scale of preferences. This is called corporate or business strategy. Evaluation of opportunities under customer-oriented business planning will be made first by marketing management. The evaluation will be primarily based upon customer needs, customers, and competition. Resource availability will also be considered to determine its feasibility. The opportunity approved by the marketer will be screened by other areas of business such as research and development, engineering, production planning and finance departments. The top management can put the final stamp of its decision when the functional specialists have screened and approved the exploitation of business opportunity. Now we will have final business strategic plan ready for implementation to convert the chosen opportunity into a reality.

Different authors have defined strategy in their own words some of the important definition as follows;

1. “Strategies most often denote general programme of action and development of emphasis and resources to attain comprehensive objectives.”
     - Prof. Knvonts H and O'Donnell.

2. “The complex plan for bringing the organization from a given posture to a desired position in a future period of time”.
     - Mr. D.I. Cleland and W.R. King

3. “Pattern of objectives, purposes, or goals and major policies and plans for achieving these goals stated in such a way as to define what business is in or to be in and the kind of company it is as to be.”
     - Mr. E.P. Learned

4. “Strategy is the determination of basic long-term goals and objectives of an enterprise and the adoption of course of action and the allocation of resources necessary for carrying out these goals.”
     - Mr. Alfred Chandler

The above definition reveals that a strategy is a broad programme for action and organisation objectives and thus implementing its mission. Here, the word programme means an active, conscious and rational role played by managers in formulating the organisation strategy. A strategy creates a unified direction for the organisation in terms
of its any objectives and it guide the deployment of the resources used to move the organisation toward those objectives. It is the pattern of the organisation responses to its environment over a given time. Stating links the human and material resources of an organisation in one hand and with the challenges and risks posed by the outside world, on the other.

A successful marketing operation is resting on a carefully thought out plan. Instead of speaking merely a plan, he should think of strategic plan. The strategic aspects of his plan hinge on the ways to use the available resources to secure differential advantages over the competitors-and to move towards the attainment of the firm’s objectives. The strategy must reflect all aspects of the market, and above all it must be capable of anticipating the actions and reactions of competitors: The most significant elements for any successful strategy is to consider

a. The rivals who will be following their own strategy and whose actions are sure to counteract those of strategy.
b. The resources available to the strategist and to rivals.
c. The changes coming in the economic environment that could pose problems or create opportunities in the short and long-run and
d. Changes in the broader society that can change the very nature of markets and people’s attitudes towards them.

3.2 LEVELS OF BUSINESS STRATEGIES

A firm is to have strategies at two levels namely, corporate and business unit level. A strategy has to operate at two distinct levels of a corporation taking due care of two very distinct strategic needs. That is, the requirements or the needs at corporate level of the firm and those at its individual business units level. As these requirements are quite distinct from one another they need to be tackled through distinct strategies quite obviously.

Corporate Level Strategies:

Every corporation is expected to make certain corporate level strategic decisions regarding the line, length and nature of its growth, during its course of growth process. One can think of five possible corporate strategies of which one is to be selected depending on its individual unique position of realities it encounters. These five generic strategies are: Stability-Expansion-Diversification-Retrenchment and Combination. The
exact decision regarding the choice of three generic strategy way-outs are influenced by the growth objectives of the firm.

- **Business level strategies:**

Business level strategies are more popularly known as marketing strategies. As the firm grows and transmutes itself into a multi-business entity, the corporate managements encounter more challenging strategic requirements both at corporate level, and at the individual business levels. At the individual business levels, the managers are more concerned with the formidable struggle of meeting competition in the related business, protecting and guarding their market shares and profits, ensuring both the short-run prosperity and long-run financial health of the business. They are to focus their attention and energies on winning and retaining the class of customers. The job is one of forging the matching competitive strategies in the market as their fight is in the marketplace.

Thus, the strategic demands at corporate level revolve around the growth of the entire corporation coupled with the best utilization of the corporate resources facing the existing business. As opposed to these, the business level or marketing strategies hover round the task of marketing their products tactfully thus ensuring profits and growth.

### 3.3 DEFINITIONS AND MEANING OF MARKETING STRATEGY

Marketing Strategy is the total and unbeatable instrumental or a plan shaped and designed specifically for attaining the marketing objectives of a firm. A marketing mission and objectives tell us as to where we want to go and marketing mission and objectives tell us as to where we want to go and marketing strategy provides us with the grand design for reaching out there.

The following are the some of the important definitions given by different authors on marketing strategies:

1. "Strategy is the all important part of marketing. The one time planning decision - the most crucial decision that determines what business the company is in and the general strategy, it will follow may be more important than has over been realized".

   - Prof. Jerome McCarth

2. "There are three generic strategies for achieving success in the competitive market place. The first of these is to gain control over the supply or distribution, the second competitive cost advantage and the third product differentiation; marketing
as a discipline in critical component of all these three strategies. Marketing performs a boundary role function in the firm’s selection of an appropriate strategies; marketing spares the customer interface and provides the assessment of needs which must ultimately guide all strategy development”.

- Mr. Robertson and Yoram Wind.

3. “Marketing strategy has mainly one aim – to cope up with competition; there are five major and vital forces that decide the nature and intensity of competition – the threat of new entrants, bargaining power of customers, bargaining power of suppliers, threat of substitute products and jockeying among the existing contest arts; the collective strength of these forces in the industry where his company can best defined itself against these forces or can influence them in his favor; strategy can be viewed as building defenses against competitive forces.”

- Michael E Porter.

In the final analysis, marketing strategy stands for competitive marketing actions that are bound to evoke a response from competition. That is why; a successful marketer needs to have a comprehensive strategy to tackle competition at any cost. However, one cannot go to the extent of “any cost” unless one works according to a plan and that is competitive strategy for thumping success in marketing. It is but, therefore, natural that competitive strategy has to be one that will evoke the much sought after competitive advantage. Having given the competitive advantage, the said strategy should give a sustainable competitive edge. It warrants the thorough investigation and analyses of competition before one hope to have a competitive advantage. Thus, competitive investigation, scanning and analysis consist of two things namely, the “long-term profit-opportunity” and one’s own competitive position.

The ways of out beating competition are:

- Reducing competition: Perhaps this is the simplest way of fighting out. It sounds well in theory; however, in practice it means acquisition of smaller or weaker units which are in competition. Thus, Hindustan Lever acquired TOMCO and Broke Bond acquiring Kissan and Lipton.

- Joining competition: This is another way out to mitigate competition which is gaining ground. The best example is that of joint venture of Procter and Gamble and Godrej Soaps.
• Pre-empting competition: This is another way which is a proactive approach, which is very effective particularly when it is backed by competitive analysis. Kissan brand same of HLL allowing Maggie brand of Nestle and maintaining the supersensitivity.

• To create barriers: This implies forbidding others from entry in the line based on very strong financial and muscle power. Good many companies spend heavily barring others to just think of such extravaganza—a-luxury or a dream for them. Release of digital cameras by Sony Corporation reducing the supremacy of Kodak.

• To differentiate the products: It pays to differentiate the products. One must not hesitate to differ one’s own product with a new to provide better value for the money paid by the customers. It is not only ideal but practical. That is, what majority of the companies do it. The examples are good many but we can take toiletotries of all companies.

• To improve the speed of response: the competitive edge can be further sharpened than one thinks. These are, certain manufactured products, where speed of response as well as quick source is of top significance. Though, the companies are aware of keeping pace with changing technological tempo they should be well ahead of the same. Quality in consonance with technology has such valid response, if it catches the required speed. The policy of door delivery by Domino Pizzas within 30 minutes of order. Another case is that of loan clearance within 24 hours as claimed by personal finances companies.

• To divest from regular activities: Instead of moving in the same groove, it should move out of it. The firm should divest out of focus activities. This makes available much wanted scarce resources in the focused activities.

• To improve efficiency: It is but natural that, there is close alliance between important efficiency and the competitive edge. This helps the marketer to distinguish his products though reduced cycle of line and reduced costs.

To restate, a competitive marketing strategy should be such that it will give sustainable competitive advantage. One has to be therefore, proactive and quick in one’s responses and one should be willing to invest in long-term profits.
Nature of Marketing Strategies

The exact nature of strategy is self evident from the definitions we have gone through. The nature is clearly spoken by the following points:

1. They are dynamic: The concept of marketing strategy is relative as it is designed to meet the changing demands of a situation. Each situation and event needs a different strategy that is why strategies are revised and recast very frequently to cope up with the changes in a given situation or event.

2. They are futuristic: A marketing strategy is forward looking. It orients towards future. A marketing strategy is designed to bring out the organization from a ditch of regression to the path of progress for better change in the coming times.

3. They are complex: A marketing strategy is a very complex plan impounding in its compound other plans or firms of plans which area must to achieve the organizational goals. It is a compendium or complex of plans within plan to out-beat the strength and vitality of others in the line.

4. They provide direction: Marketing strategies provide a set direction in which human or physical resources will be allocated and deployed for achieving organizational goals in the face of changing environmental pressure, stress and strains and constraints and restraints.

5. They are all covering: Marketing strategies involve the right combination of factors governing the best results. In fact, strategic planning warrants not only the isolation of various elements of a given situation but a judicious and critical evaluation of their relative importance.

6. They are a link between the unit and the environment: The strategic decisions that are basically related with likely trends in the changing marketing changes in govt. policies, technological developments, ecological changeovers, social and cultural-overtones. Then, the ever-changing environment which is external to the organization has impact on it because unit is the sub-systems of supra-system namely environment.

7. They are interpretative: Marketing strategies are the interpretative plans formulated to interpret and give meaning to other plans in the spot-light of a specific situation or situations. They demand an adjustment of plans in anticipation of the reactions of those who will be influenced. Strategic decisions are the result of a complex and intricate process of decision making.
8. They are top management blue-print: Marketing strategies and their formulation is the basic responsibility of top management. It is because, it is top management that spells out the missions, objectives and goals and the policies and strategies or the ways to reach them. Thus, top management is not only to say to where to go but how best to go to the terminal point.

❖ Essentials of Marketing Strategies

Any marketing strategy to be worth calling as successful or effective must enjoy certain extras which can be called as essentials or requisites of it.

The basic guidelines, used to call a strategy a successful one used by experts are:

1. It is consistent: A marketing strategy to be effective is to be consistent with the overall and specific objectives and policies and other, strategies and tactics of the marketing organization.

2. It is workable: Any strategy however laudable and theoretically sound is meaningless unless it is able to meet the ever changing needs of a situation. In this business world contingency is quite common and the strategy that strikes at the head to contribute to the progresses and prosperity of marketing organization.

3. It is suitable: A strategy is emergent of situations or environment. It is the subservient of changing environment of business world. It is but natural that any strategy not suiting to the environment can impound the marketing organization in the compounds of danger, digress and frustration.

4. It is not risky: Any strategy involves risks as uncertainty is certain; what is important is that the extent of the risk involved or associated with strategy is reasonably low as compared to its pay-off or returns. It is because; a high risk strategy may threaten the survival of the marketing organization, let alone its success, if calculations go fut.

5. It is resource based: A sound strategy is one which is designed in the background of the available resources at its command. A strategy involves certain amount of risk which can hardly be segregated. A strategic decision warrants commitment of right amount of resources for an anticipated or “pass through” errors in such demands of resources.

6. It has a time horizon: The statement “a stitch in time saves nine” that aptly applies to the concept of strategy. A sound strategy is time bound to be used at the nick of the hour and tick of the opportunity. It has an appropriate time horizon.
This time this is costlier than money and its horizon banks on the goals to be achieved. The time should be long enough to permit the organization to make adjustments and maintain the consistency of a strategy.

3.4 TYPES OF MARKETING STRATEGIES

Marketing strategies may differ depending on the unique situation of the individual business. However, there are a number of ways of categorizing some generic strategies. A brief description of the most common categorizing schemes is presented below:

i. **Strategies Based On Market Dominance** - In this scheme, firms are classified based on their market share or dominance of an industry. Typically, there are four types of market dominance strategies: a) Leader, b) Challenger, c) Follower, d) Nicher.

Market dominance is a measure of the strength of a brand, product, service, or firm, relative to competitive offerings. There is often a geographic element to the competitive landscape. In defining market dominance, you must see to what extent a product, brand, or firm controls a product category in a given geographic area.

There are several ways of calculating market dominance. The most direct is market share. This is the percentage of the total market serviced by a firm or brand. A declining scale of market shares is common in most industries: that is, if the industry leader has say 50% share, the next largest might have 25% share, the next 12% share, the next 6% share, and all remaining firms combined might have 6% share.

Market share is not a perfect proxy of market dominance. We must take into account the influences of customers, suppliers, competitors in related industries, and government regulations. Although there are no hard and fast rules governing the relationship between market share and market dominance, the following are general criteria:

- A company, brand, product, or service that has a combined market share exceeding 60% most probably has market power and market dominance.
- A market share of over 35% but less than 60%, held by one brand, product or service, is an indicator of market strength but not necessarily dominance.
• A market share of less than 35%, held by one brand, product or service, is not an indicator of strength or dominance and will not raise anti-combines concerns of government regulators.

These calculations of market dominance yield quantitative metrics, but most business strategists categorize market dominance strategies in qualitative terms. Typically there are four types of market dominance strategies that a marketer will consider: There are market leader, market challenger, market follower, and market nicher.

a) The Market Leader is dominant in its industry. It has substantial market share and often extensive distribution arrangements with retailers. It typically is the industry leader in developing innovative new business models and new products (although not always). It tends to be on the cutting edge of new technologies and new production processes. It sometimes has some market power in determining either price or output. Of the four dominance strategies, it has the most flexibility in crafting strategy. There are few options not open to it. However it is in a very visible position and can be the target of competitive threats and government anti-combines actions.

Research in experience curve effects and the PIMs study during the 1970s concluded that market leadership was the most profitable strategy in most industries. It was claimed that if you cannot get enough market share to be a major player, you should get out of that business and concentrate your resources where you can take advantage of experience curve effects and economies of scale, and thereby gain dominant market share. Today we recognize that other less dominant strategies can also be effective.

The main options available to market leaders are:

• Expand the total market by finding new users of the product new uses of the product more usage on each use occasion.
• Protect your existing market share by developing new product ideas, improve customer service, improve distribution effectiveness and reduce costs.
• Expand your market share by targeting one or more competitor without being noticed by government regulators.
b) A Market Challenger is a firm in a strong, but not dominant position that is following an aggressive strategy of trying to gain market share. It typically targets the industry leader (for example, Pepsi targets Coke), but it could also target smaller, more vulnerable competitors. The fundamental principles involved are:

- Assess the strength of the target competitor. Consider the amount of support that the target might muster from allies.
- Choose only one target at a time.
- Find a weakness in the target’s position. Attack at this point. Consider how long it will take for the target to realign their resources so as to reinforce this weak spot.
- Launch the attack on as narrow a front as possible. Whereas a defender must defend all their borders, an attacker has the advantage of being able to concentrate their forces at one place.
- Launch the attack quickly, then consolidate.

Some of the options open to a market challenger are:

- Price discounts or price cutting
- Line extensions
- Introduce new products
- Reduce product quality
- Increase product quality
- Improve service
- Change distribution
- Cost reductions
- Intensify promotional activity

c) A Market Follower is a firm in a strong, but not dominant position that is content to stay at that position. The rationale is that by developing strategies that are parallel to those of the market leader, they will gain much of the market from the leader while being exposed to very little risk. This “play it safe” strategy is how Burger King retains its position behind McDonalds. The advantages of this strategy are:

- No expensive R&D failures
- No risk of bad business model
- “Best practices” are already established
• Able to capitalize on the promotional activities of the market leader
• No risk of government anti-combines actions
• Minimal risk of competitive attacks
• Don’t waste money in a head-on battle with the market leader

d) In this niche strategy the firm concentrates on a select few target markets. It is also called a focus strategy. It is hoped that by focusing ones marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market. The niche should be large enough to be profitable, but small enough to be ignored by the major industry players. Profit margins are emphasized rather than revenue or market share. The firm typically looks to gain a competitive advantage through effectiveness rather than efficiency. It is most suitable for relatively small firms and has much in common with guerrilla marketing warfare strategies. The most successful nichers tend to have the following characteristics:

• They tend to be in high value added industries and are able to obtain high margins.
• They tend to be highly focussed on a specific market segment.
• They tend to market high end products or services, and are able to use a premium pricing strategy.
• They tend to keep their operating expenses down by spending less on R&D, advertising, and personal selling.

ii. Porter Generic Strategies

Strategy on the dimensions of strategic scope and strategic strength. Strategic scope refers to the market penetration while strategic strength refers to the firm’s sustainable competitive advantage. The generic strategy framework (porter 1984) comprises two alternatives each with two alternative scopes. These are Differentiation and low-cost leadership each with a dimension of Focus-broad or narrow. a)Product differentiation, b) Market segmentation

a) Cost Leadership Strategy

This strategy emphasizes efficiency. By producing high volumes of standardized products, the firm hopes to take advantage of economies of scale and experience curve effects. The product is often a basic no-frills product that is produced at a relatively low cost and made available to a very large customer base. Maintaining this strategy requires a
continuous search for cost reductions in all aspects of the business. The associated
distribution strategy is to obtain the most extensive distribution possible. Promotional
strategy often involves trying to make a virtue out of low cost product features.

To be successful, this strategy usually requires a considerable market share
advantage or preferential access to raw materials, components, labour, or some other
important input. Without one or more of these advantages, the strategy can easily be
mimicked by competitors. Successful implementation also benefits from: a) Process
engineering skills, b) Products designed for ease of manufacture, c) Sustained access to
inexpensive capital, d) Close supervision of labour, e) Tight cost control, f) Incentives based on quantitative targets.

b) Differentiation Strategy

Differentiation involves creating a product that is perceived as unique. The unique
features or benefits should provide superior value for the customer if this strategy is to be
successful. Because customers see the product as unrivaled and unequaled, the price
elasticity of demand tends to be reduced and customers tend to be more brand loyal. This
can provide considerable insulation from competition. However there are usually
additional costs associated with the differentiating product features and this could require
a premium pricing strategy.

To maintain this strategy the firm should have: a) Strong research and
development skills, b) Strong product engineering skills, c) Strong creativity skills, d)
Good cooperation with distribution channels, e) Strong marketing skills, f) Incentives
based largely on subjective measures, g) Be able to communicate the importance of the
differentiating product characteristics, h) Stress continuous improvement and innovation,
i) Attract highly skilled, creative people.

c) Market Segmentation Strategies

In this strategy the firm concentrates on a select few target markets. It is also
called a focus strategy or niche strategy. It is hoped that by focusing your marketing
efforts on one or two narrow market segments and tailoring your marketing mix to these
specialized markets, you can better meet the needs of that target market. The firm
typically looks to gain a competitive advantage through effectiveness rather than
efficiency. It is most suitable for relatively small firms and has much in common with
guerrilla marketing warfare strategies.
iii. **Innovation Strategies**

This deals with the firm's rate of the new product development and business model innovation. It asks whether the company is on the cutting edge of technology and business innovation. The concurrence of shared innovation efforts can best be demonstrated with a 3 pillar model.

![Freudenberg's 3-Pillar Innovation Model](image)

**Fig. 3.1 Freudenberg’s 3-Pillar Innovation Model**

The most important pillar and main driving force of innovation are the Business Units. They operate close to customers and they are working on product-specific innovation strategies and technology road maps in their segments, and thus increase Freudenberg’s power of innovation.

The second pillar in the middle stands for the Business Group Freudenberg New Technologies. Its goal is to concentrate cross-Group technical know-how, especially which of interdisciplinary technologies (Freudenberg Forschungsdienste - Research Services) and to examine and to develop new business fields (New Business Development, Freudenberg Venture Capital).

The third pillar is made up of acquisitions aimed at the targeted expansion of the Freudenberg portfolio, thus contributing to increasing Freudenberg's innovative power.

- Growth strategies - A strategy based on investing in companies and sectors which are growing faster than their peers. The benefits are usually in the form of capital
gains rather than dividends. Strategy aimed at winning larger market share, even at the expense of short-term earnings. Four broad growth strategies are diversification, product development, market penetration, and market development.

a) Ansoff’s Product / Market Matrix

The Ansoff Growth matrix is a tool that helps businesses decide their product and market growth strategy. Ansoff’s product/market growth matrix suggests that a business’ attempts to grow depend on whether it markets new or existing products in new or existing markets.

![Fig. 3.2 Ansoff’s Product / Market Matrix Growth](image)

The output from the Ansoff product/market matrix is a series of suggested growth strategies that set the direction for the business strategy. These are described below:

b) Market penetration

Market penetration is the name given to a growth strategy where the business focuses on selling existing products into existing markets.

Market penetration seeks to achieve four main objectives:

- Maintain or increase the market share of current products – this can be achieved by a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling and

- Secure dominance of growth markets
• Restructure a mature market by driving out competitors; this would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors.

• Increase usage by existing customers – for example by introducing loyalty schemes.

A market penetration marketing strategy is very much about “business as usual”. The business is focusing on markets and products it knows well. It is likely to have good information on competitors and on customer needs. It is unlikely, therefore, that this strategy will require much investment in new market research.

c) Market development

Market development is the name given to a growth strategy where the business seeks to sell its existing products into new markets. There are many possible ways of approaching this strategy, including: New geographical markets; for example exporting the product to a new country. New product dimensions or packaging, new distribution channels, and Different pricing policies to attract different customers or create new market segments.

d) Product development

Product development is the name given to a growth strategy where a business aims to introduce new products into existing markets. This strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

e) Diversification

Diversification is the name given to the growth strategy where a business markets new products in new markets. This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience. For a business to adopt a diversification strategy, therefore, it must have a clear idea about what it expects to gain from the strategy and an honest assessment of the risks.

iv. Marketing Warfare Strategies

Marketing warfare strategies are a type of strategies, used in business and marketing, that try to draw parallels between business and warfare, and then apply the principles of military strategy to business situations, with competing firms considered as analogous to sides in a military conflict, and market share considered as analogous to the territory which is being fought over. It is argued that, in mature, low-growth markets, and
when real GDP growth is negative or low, business operates as a zero-sum game. One person's gain is possible only at another person's expense. Success depends on battling competitors for market share.

3.5 ROLE OF MARKETING MIX IN MARKETING PLANNING AND MARKETING STRATEGIES

Marketing mix has an important role to play in Marketing Planning and Marketing Strategy. Planning is an important managerial activity, which is a basic requirement for all organizations. Any organization will need general and specific plans to fulfill its objectives.

The primary concern of marketing planning is marketing strategy formulation. Marketing planning involves preparing action plans to shape the future growth of an organization. Achieving profitability, meeting competition, protecting and improving market share, and promoting brand image are its concerns. The task involved is to identify the consumers' needs in various segments, develop suitable products or services to meet those needs and generate profits. This is achieved through marketing planning and marketing strategy.

Marketing planning and strategy formulation is to be done reckoning the environmental variables of marketing like competition, the consumer, the government, and legal, political and natural forces. While the organization can choose, alter and control its marketing mix variables, it cannot choose or alter the environmental variables against which the products are marketed. Using the marketing mix variables, the organization tackles the environmental variables. This is the process involved in formulating the organizations' marketing strategy-assembling the marketing appropriately.

The four Ps of marketing have to be assembled in the best possible combination. This process involves choosing the appropriate marketing activities and the allocation of the appropriate marketing effort and resources to each one of them. The organization has to consider how to generate targeted sales and profitability. Different combinations of marketing mixes are considered with varying levels of expenditure on each marketing activity to identify the most effective combination. It then chooses the best combination of mix of product, price, place and promotion to ensure success.

It is necessary to work out marketing mix for every brand because the competition in the market is ultimately at the brand level. And it is the marketing mix that decides how much strength the brand has at its disposal to fight competition.
3.5.1 Interaction between Marketing Mix and Marketing Environment

The Following Fig 3.3 presents the Interaction between Marketing Mix and Marketing Environment

Initiating or independent factors acting as stimulus are
a) Controllable factors, and
b) Non-controllable factors influencing the controllable factors

Controllable factors represent the marketing mix: a) Product, b) Price, c) Promotion, d) Distribution (place).

Promotion covers personal selling, advertising, sales promotion and publicity (tools of marketing communications). Distribution includes channels, transport, warehousing and inventory control. These controllable factors are the marketing instruments or variables. Taken together they give us marketing programme or marketing mix. The firm has a choice of alternatives regarding these marketing instruments, and their permutations and combinations. A company can achieve its marketing objectives by selecting and balancing the marketing mix-programme in such a way that it fits the requirements of the market environmental forces, i.e., the non-controllable factors. Marketing management must establish a happy and enduring marriage or union between
non-controllable factors and marketing programme in the form of tailor-made marketing mix for each market segment – the target market.

Internal limitations indicate the firm’s capacity or resource position. Resources of the company are the means (inputs) and company objectives are the ends (output). Production capacity, research and development, financial and personnel resources, level of production cost, etc., are the internal resource limitations. We have to match these means to our ends. Hence, marketing objectives are determined on the basis of self-analysis of our strengths and weaknesses – internal constraints. In essence, planning involves a matching of means and ends, or inputs and outputs.

External environmental factors are uncontrollable by individual firms, and marketing management is called upon to adjust and adapt with the requirements of the environment. We have changing customers, changing customer needs, changing competition, changing distribution structure and changing economic, social, technological, legal and political climate. We have to establish proper balance between our resources and our marketing environment. The environmental factors reveal marketing opportunities and threats. On the basis of available resources, we have to select the best marketing opportunities and find out appropriate marketing mix to capitalize the chosen marketing opportunities. By anticipating threats, management should be prepared to meet their challenge in time. Threats and uncertainties can be converted into opportunities through intelligent planning.

Marketing mix acts as a stimulus and resulting variables such as consumer satisfaction, market share, return on investment and company image as responses. The marketing objectives represent desired responses. The firm will be judged by outsiders on the basis of results achieved. Under customer-oriented marketing plans and strategies, main marketing objectives are naturally consumer-citizen satisfaction and profitability through serving the demand, viz., customers and customer needs. Company image will be bright if marketers adopt and practice sincerely the socially responsible marketing policies. When a firm succeeds in establishing profitable relationship with changing marketing environment, it is assured not only survival but also growth and prosperity.

The following discussion brings out important elements of marketing mix
3.5.2 The Elements of Marketing Mix

The key to understand integrated marketing today is to understand the word strategy. The strategy, has already discussed, is what we are going to do;

A marketing strategy is a link between the product and the marketer; it provides a much desired direction for allocating the marketing efforts. It is translated into an action plan through the tools of marketing management. These tools together are called marketing mix. Individually they are product, price, promotion and place. It is the blend or compound of all the marketing efforts hovering round the four ingredients as stated above.

However, there can be four ‘c’s from the angle of consumers. Thus what “product” is for marketer is “consumer needs and wants” for consumers; ”price” is for marketer is “cost to all consumers”; ”promotion” is for marketer is “communication’ for the customer and what ‘place’ is for marketer is “convenience “for the customer. Precisely, marketing mix is the master mix of sub mixes namely, product mix, price mix, promotion mix and place mix and as a set of good many variables. These are elements of marketing decisions over which the firm has control. Hence, marketing mix signifies internal controllable forces. Following is detailed analysis of each elements of marketing mix;

3.5.2(1) The Product-Mix

The product is the focus of making and marketing efforts. Product is the sum-total of physical and psychological satisfaction it provides to the buyer. For instance, a car in a physical sense is a fabricated conveyance powered by gasoline engine which carrier people from one place to another. To a teenager, with its driving license, it is a sign that he is no longer a boy—but a fully grown-up man; to his father, a particular make is an indication of success in his life as a status symbol. A product is the sum-total of parts like—materials used in its construction and its ability to perform, its packaging, its brands and the intangibles associated with it—all that speak about its personality or image. The product-mix is the composite of products offered for sale by the firm, over period of time.

The Product Mix Variables:

The product mix has the following important variables

1. The product-line and product range: ‘Product-line’ is a group of closely related products which are able to satisfy a class of need, to be used together, to be sold to the same ranges. Each firm has its own product line. Thus, Godrej Company has product-line consisting of—Vanaspati, soaps, detergents, fridges, furniture, machine tools, soft-drinks, and so on. Product-line stands for the
entire range of products manufactured by the firm. That is, taking a particular
product say, TV set, we have so many companies in India.

Precisely, it speaks of the width of the product mix. ‘Product range’ on
the other hand, speaks of the depth of specialization in terms of varieties based
on consumer pockets and functional requirements. Thus, Sony Corporation of
Japan has countless models of TV sets, video players and recorders; Casio
Corporation of Japan has given widest range of calculators numbering more
than one thousand. Take famous case of Coca Cola Company of America
which started with “Sacred” 6.5 Oz., bottle by 1954. But, today, it has two
sizes “King” and “Family” size bottles of 10 and 12 Ozs., in wide range named
as “Sprite”-“Tab” and range of Fanta flavor such as grape root-bee orang-
ginger both in bottles and cans. In India, Kirloskars give oil engines in the
range of 0.5 HP to 2,000HP.

2. Product design: The marketing decisions start with designing the product in a
way which is required by the target consumer. Product design is an important
factor in the sale of many products. The trend in the product appearance is
away from ornamentation and leaning towards greater simplicity in form and
construction. The form, the color and the line of all the products are being
planned to give greater proportion, beauty and functional utility. Products
designed properly enhance their utility, attractiveness, ease of operation, safety
and appeal; good design; therefore increases sales volume, provides
advertising and selling features permit higher prices reduces manufacturing
costs, minimizes service and reduces transportation charges. Design is a major
selling feature in almost all the consumer goods-be it a ready garment,
draperies, millionaire items, wall paper, silverware or even an automobile.
Similarly, style merchandise manufacturers are to go as per style movement.

Product design is influenced by –

i. External appearance:- determined by size, shape, proportions, color,
finish, texture, dimensions, ornamentation and other physical features
that appeal to the consumer senses of beauty- utility and
distinctiveness.

ii. Construction:- the arrangement of parts and materials to give the user
greater convenience, ease of maintenance, economy in operation,
helping them for easy handling, save time and money in selling, facilitate inventory control and make possible attractive store displays.

Attractive packages have communicating value. An attractive package in a self-service store helps the consumers to identify the product, builds consumer confidence, describes merits and limits of products and encourages impulsive buying. Thus, it makes brand identification, easy prevents substitution and short weight and makes an element of advertising and sales promotion, possible.

Package design is a significant factor in successful merchandising. Good package design includes such elements as size-color-shape-material-construction-closure-copy-and illustration. These elements make package a silent salesman. While redesigning a new or redesigning an old package, the manufacturers must take into account the nature of product, the cost of packaging, product family resemblance, packaging materials, advertising value of packaging, size and price and above all the legal requirements.

4. Product quality: Establishment and control of quality standards is a basic step in merchandising. Generally, specific grades or standards of quality are established for products either by agreement among the producers or by law. These product quality standards are based on factors like- color, texture, flavor, weight, finish, appearance, size, shrinkage, strength, shape, moisture and the other physical features depending on the nature of the product. Once the standards of quality are established by the manufacturer, continuous efforts are made to see that the products conform to the standards so set. Product quality depends on proper redesign, engineering, choice of materials, manufacturing processes, workmanship and packaging.

5. Product labeling: A product label may be either descriptive, informative, grade designating or a combination of these. Labels are fixed to products to identify them and to describe their ingredients, quantity, quality, and other characteristics. A descriptive label is one that may describe the contents by size, weight, number of pieces, syrup, cups and number of servings. An informative label may include descriptive material, but it informs primarily the users how the product is made and how to use it for best results. A grade label designates the ISI standard mark to which the product conforms. In any country, labeling is mandatory in case of food, drug and cosmetic products so
that the manufacturer is to give the details of his name, place of manufacture, date of manufacture, expiry date, lot or batch number, composition and so on.

6. Product branding: The brand image is the part of a complex activities used to reduce the risk inherent in modern business by creating a degree of loyalty among the customers. This is a very true as we experience that today people do not want just a face-powder but a particular brand say ‘Emami’ talc or say Pond’s dream-flower’. What is true of this face-powder is true of all the consumer durable and non-durable products. It applies to industrial goods also. A brand is a symbol, a mark, a name, a communication which brings about an identity of a given product. A brand is a product image, a quality, a value, a personality. Products are identified and labeled with trade-marks or brands composed of letters, numbers, words and designs. A good brand name is one which is easy to remember, pronounce, describe the product or its use, suggests product quality distinctive and compliment with legal sanction.

7. After-sale Services and Guarantees: With every increase in the use of machinery, appliances, equipment and gadgets, there is inherent need for after-sale services such as installation, guarantees and warrantees against defect, servicing, repairs, spare-parts, maintenance and the like. Manufacturers of machines, instruments, gadgets and technical equipment will have to establish service policy and a plan for servicing their equipments after sale. Mechanical service is an important sales asset. It is instrumental in securing repeat sales, customer goodwill and word of mouth advertising. The heart of sound service policy is the product guarantee or warranty which defines the producer’s liability for defects in materials or workmanship over a certain period of time ranging from the year to five years under normal circumstances.

Every manufacturer should determine as to who shall be responsible for service to customers. It may be the responsibility of manufacturer or distributor or wholesaler of retailer. Such a decision depends on factors like nature of product-the amount and type of service required and the resources of the manufacturer. In case the middlemen are responsible, the manufacturer should train those in the areas of after-sale services such as installation, servicing and maintenance.
3.5.2(2) The Price Mix

Price is a major marketing tool and helps in directing the product to a specific consumer segment. Price is the value of a product expressed in terms of money. Price is a powerful instrument in which both the buyers and sellers are keenly interested. It is the price of a product or a service that ensures a decent return in investment, guarantees stable economic structure, creates, maintains and extends market and market share. Price is equal to consumer expectations and expectations imply product, installation, credit, after-sale services and the like. Hence, pricing constitutes one of the major problems of marketing management. Every marketing manager is very much particular about his pricing policy, its determination and implementation.

- The Price Variables:

There are good many variables affecting the price of a product namely, its nature-nature of market-cost of manufacture-costs of marketing-sales policies and methods-channels of distribution and competitor’s prices. The basic price variables relate to the pricing policies, margin, terms of credit, terms of delivery and resale price maintenance.

1. The pricing policies and strategies: The price policies and strategies are the guidelines and the frames within which management administers prices so to match them to the market needs. These policies can be broadly identified as policies involving price variations, geographical price policies, policies involving price differentials, price policies involving leadership imitation and policies involving psyche of the consumers.

In the first category, such policy may be variable in multiple and non-variable or single price policy. In second category, it may take two forms namely, point origin price policy and freight absorption price policy. Again, freight absorption policy may have variations as uniform, delivered, zone and base point price policy. In the third category, various discounts are offered such as quantity, fiscal, trade, geographical and advertising.

2. The terms of credit: Without the ability of offer some form of deferred payment or installment buying, many of the products sold by business houses would never actives the size of the market needed to get production economies of scale. Credit, by expanding a market, can make new firms of production economically worthwhile. The modern business is built up and expansion is based on the credit.
Credit is the breath of modern marketing efforts. No firm can think of surviving without this credit. It is a means of sales promotion; its significance is in its contribution to efficient selling. Even though its influence on sales activities is considerable, it is above all a financial matter and such credit obligation of the business house must be kept at a prudent level.

Of the total turn-over of the business houses, the credit share ranges anywhere between 60 and 95 percent. The business house grants credit to wholesalers and wholesalers in turn, to retailers and retailers back to consumers. In case of direct selling, credit is granted to customers depending on the nature of the product, its marketability, class of customers, competitor’s terms and consumer credit facilities made available by banking and other financial units.

3. Terms of delivery: Delivery of the goods to the dealers, middlemen and customers is also of vital importance. Clear-cut policies are to be spelled out regarding the terms of delivery as to quantity, time and place of delivery and the conditions of valid delivery.

4. Margin: Margin here refers to the difference between the final price paid by the consumer and the total cost incurred in making available to him the product or service. This includes margin of retailer, wholesaler and the producer. If conventional margins are existing in a market, it is essential to accept these to get necessary distribution and positive promotion of the product. Where dealer margins are reduced below the accepted normal, in the trade, advertising may be pressed in service to exert consumer pressure on dealers. Much depends on the nature of products. Articles, particularly, consumer durables and non-durables need lower margin because of mass consumption. On the other hand, the industrial products requiring after-sale services and maintenance will need higher margin to the intermediaries.

5. Resale price maintenance: Resale price maintenance is a practice whereby manufacturers or the distributors or the importers recommended and/or the price and the profit margin at which a product will be sold in section or sections forwarded actuality. It manifests itself in the removal of price competition at the level or levels at which it is imposed. It is a policy of establishing a minimum resale price below which a wholesaler-a retailer may not sell, the manufacturer’s products.
Resale price maintenance is designed to prevent excessive price cuttings by wholesalers and retailers and the consequent reductions in their profit margins. It discourages product substitution by merchants and maintains the prestige of an advertised brand. It generates co-operation and merchandising support of dealers. Further, the consumers are protected against over-charging by the middlemen.

3.5.2 (3) The Promotion Mix

Promotion mix is the communication mix which deals with the personal and impersonal persuasive communication about the product or service of the manufacturer. Though companies communicate with their present and potential customers in a wide variety of ways, the most distinguishable categories are two namely, personal and impersonal. Personal communications relate to face to face meeting between the salesforce of the company and the clientele. On the other hand, impersonal communications include advertising, sales-promotion and public relations.

- **The Promotion Mix Variables:**

  The promotion mix variables worth considering are personal selling, advertising, sales-promotion, exhibitions and fairs and public relations. Following is the brief outlining of these.

1. **Personal Selling:** Personal selling has an important role to play in communicating between a firm and its customers. The important questions to be answered to achieve fair degree of success are: How important is personal selling? What is its role in the marketing mix and in management of sales-force? Recruitment-Selection-Training-Motivation and controlling the management of sales-force?

2. **Advertising:** Advertising is a very popular method of impersonal communication using its wide variety of media and media vehicles. These media are indoor, outdoor, direct and display advertising. In planning advertising, decisions must be made on the objectives to be achieved, the audience to be reached, the themes and appeals of advertisements, the media selection, advertising appropriation, coordination with sales-force, advertising agency, advertising effectiveness, its evaluation and so on.

3. **Sales-Promotion:** Sales-Promotion is the achievement of short-term marketing objectives by schematic means. It is the function in marketing of providing inducements to buy, offered for a limited period only, at the time and place the...
purchasing decision is made, which are supplementary to a product’s nominal value. Precisely, it implies special offers. Thought, it is an important tool of marketing, it is secondary to advertising and personal selling. It deals with offering of short-term incentives such as coupons, premiums and contests for consumers, buying allowance, cooperating advertising allowance, free goods for distribution to dealers, discounts, gifts, extras, sales contests, special bonus for members of sales-force, and the like. Successful sales-promotion involves defining of sales-promotion programme, its finalization, testing and implementation and evaluation.

4. **Trade Fairs and Exhibition:** An exhibition is the huge congregation of manufacturers and dealers under a single roof for displaying, demonstrating and selling their products. On the other hand, a trade fair is a mammoth gathering of prospects arranged by manufacturers and the dealers where fun and frolic and entertainment are prominent. The success of these depends on the sound planning as to size, site, design of exhibitions and spots, administrative and sales staff, sales literature, display and demonstration style.

5. **Public-Relations:** Public-relations involve the installation and maintenance of mutual understanding between a firm and all who are likely to come in contact with it. These sections of society are customers, share holders, administration staff and general public. It attempts to portray the image and the personality of the organization. It is an impression of public opinion. It is the art and science of developing reciprocal understanding and goodwill. Functionally, it encompasses different activities undertaken to achieve corporate objectives. It engages in conferences, tours and visits all called as public relations programme.

   It is an attempt to achieve good relations was public and the techniques used include publicity, promotion, exploration and advertising. It is planned, deliberate and sustained effort to institute and maintain good relations between the firm and its publics.

**3.5.2 (4) The Place Mix**

Place or distribution mix stands for the matching arrangement for the smooth flow of goods and services from the producers to the consumers. It is concerned with creation of place, time and possession utilities. In other words, it signifies two things namely-physical distribution and the channels of distribution.
The Place Mix Variables:
The basic place mix variables are-transportation, warehousing, inventory levels-channels of distribution. These are described in brief at this juncture.

1. **Transportation:** A selection is to be made of the most efficient, economical, rapid and dependable mode of transport for the firm’s products taking into account railroads, motor trucks, inland-water ways, pipe-lines, air or railways express and post parcel. The basic question is who shall assume the cost of transportation from the manufacturer to the wholesaler and wholesaler to the retailer. This is of particular importance, in these days of ever increasing rates. It is known fact that transport is creating place utility that widens market and marketability for the products of the firm.

   There can be at least five possible alternatives namely,
   a) F.O.B: free on board policy under which the buyers pay the transport costs from the point of shipment to the point of purchaser.
   b) Rapid or Delivered policy under which sellers pay all the shipping costs from seller’s point to customer’s point
   c) Freight allowance policy in which sellers allow the buyers a certain portion of the transportation costs involved in getting the goods from the sellers to the buyers.
   d) Averaged transportation charge policy in which buyers pay an uniform charge on all the shipments regardless of their location in respect to the seller’s shipping point.
   e) Basing point policy under which buyers pay the costs of transport from a basing point regardless of whether shipments originated at basing point or elsewhere, either within or without the basing point area.

   The transportation policy-its choice is influenced by atleast seven factors namely, consumer demand, advertising, plant location, profit, warehouse facilities, competition and product value.

2. **Warehousing:** Warehousing has its own place in distribution of goods that creates time utility by adjusting supply and demand, preserving or conditioning the product and obtaining more favorable demand and market price. Hence, plans and policies are to be designed and implemented regarding storage and storage
facilities considering the public warehouses, private storage and cold storage. Today, storage involves four functions in distributing the goods namely, receiving, actually receiving and checking the unloaded incoming goods; transfer to warehouses; selecting—that is picking up goods to conform to the orders received and finally shipping that involves checking, loading the goods as per order specification in case of outgoing goods.

3. **Inventory levels:** Merchandising is responsible not only for what to make available but also how much to produce. Merchandising staff, along with market research staff, determines the volume of merchandise the manufacturer expects to sell in a given period say, a month, a quarter, a term or a year. Sufficient inventory must be on hand of different sizes, colors, models, and varieties to make immediate shipment upon the receipt of orders, failing which the sales and advertising efforts go futile, orders cancelled, customers are lost to competitors and hence, profits are reduced. In determining the amount of merchandise, to make for inventory, part and current sales and the anticipated future sales for the product lines are to be considered.

The inventory requirements are dependent on economic conditions, weather conditions, new or improved products and amount of advertising and sales-promotion. Amount of inventory involves determining the variety of products, models, sizes, types or colors of each product to manufacture. Much depends on the policy followed by each business house as some manufacturers go in for concentration and others diversification. Good many manufacturers follow a policy of product concentration.

The merits of such policy are-production costs are reduced; concentrated and more sales; reduced inventories; effective sales-promotion, advertising, and lower warehousing costs; improved sales and after-sale services by dealers. On the other hand, diversification implies handling large varieties of products in the product-line and range. Manufacturers are very often encouraged by their distributors, dealers and salesmen to diversify the product lines. The merits of diversification are: greater satisfaction to customers; greater expansion of market by tapping new levels of demand and purchasing power; reduced production and distribution costs; a more complete product line for the dealers; reduced risks by distributing over more varieties; improved ability to face competition; avoiding seasonal fluctuations and increasing sale volumes and profits.
4. **The channels of distribution:** every manufacturer or producer is faced with the problem of developing plans and policies involving the choice of a channel or channels of distribution for his products. These plans and policies are related with the determination of the number of the franchise agreement stipulating the obligations of manufacturers and the intermediaries and the legal implications involved in their relationships, on the other.

In developing and implementing these plans and policies, the manufacturer should take into account the factors such as the type of product-in the nature and extent of market-the channels employed by the competitors-the relative merits and demerits of each channel of distribution to the manufacturer-in the extent of cooperation extended by the intermediaries-the potential volume, cost and profit derived in case of each alternative channel.

This involves a detailed distribution survey gathering information regarding the operations of various types of middlemen, their functions characteristics, policies, strengths and weaknesses and the ability to render efficient and economical distribution service. These policies are broadly of three kinds of which one is to be selected by the manufacturer to his advantage. One intensive distribution in which the maximum number of outlets is employed; two selective distributions in which selected outlets are used and three exclusive distributions in which only one outlet in an area is employed.

### 3.5.3 Whether Only Four P’s Do?

As elucidated earlier, the four ‘Ps’ model of marketing mix has gained acceptance probably more because of its elegance than its valiant validity in all the situations. It is regrettable that what this FOUR Ps MODEL gained because of its simplicity has been offset by its inability to cover universal appropriateness. There are good many situations and instances of marketing programmes which do not match to FOUR Ps MODEL. Therefore, it goes without saying that this model has no universal validity. The essence of FOUR Ps MODEL is that if a manager manages to attain the right product at the right price with right promotion and in right place, this marketing programme is bound to be effective and hence, successful.

However, it is not so because each of the four “Ps” can be further broken down into a number of sub-components. To put alternatively, it is not enough to think of only the rigidity repeated four ‘Ps’. One should go beyond these pre-established four ‘Ps’ so
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that one can identify the paramount sub-components that underscore the company’s marketing strategy. Let us examine some valid cases so as to know how, the number of ‘Ps’ differ from ‘mix’ of one company and another in case of different products.

Thus a company producing say cosmetic — these “Ps” can be → product → packaging → price → promotion → personal selling → publicity → physical distribution → persuasion. Taking the case of a company manufacturing domestic appliances say Vacuum cleaner or Water-purifier. These Ps can be → product → Price → Personal selling → precision product like say computer, where these Ps will be → product → Precision → Price → place pre and post-sale service → product obsolescence → premature disposable value → promotion.

From these three simple examples, the essence of the message is very very clear that what is suitable mix for a cosmetic company is not suitable for once which produces domestic appliances or that produces computer. Hence, each and every situation demands a very careful analysis of the key areas where the company’s resources are to be allocated judiciously. Such critical analysis and investigation speaks of its importance.
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