

CHAPTER 5
ANALYSIS BY MARKETING STRATEGIES
(AN OVERVIEW)

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This chapter and the chapters that follow attempt to analyse data and examine marketing strategies followed by firms in marketing new products. While the next chapter seeks to analyse marketing strategies by new products this chapter attempts to examine at an overall level marketing strategies followed in marketing new products by firms. For the purpose of analysis marketing strategies have been divided into five groups viz. Group I as those strategies followed by 0 to 20% of the respondents, Group II as those marketing strategies followed by 20 to 40% of the respondents, Group III include marketing strategies followed by the 40 to 60% of the respondents, while marketing strategies followed by 60 to 80% of the respondents comprise of Group IV and those followed by 80 to 100% of the respondents comprise Group V implying thereby the application these marketing strategies find among the marketing practitioners while marketing their new products. Marketing strategies in relation to targets, product, price, place, promotion, competitive marketing strategies and company growth strategies have been examined within the framework of the five groups stated above in the discussion that follows. As stated earlier, this chapter examines marketing strategies at on overall level.

5.1 Targets

In what serves as the starting point of marketing strategies, marketing strategies in relation to targets and followed by the five groups are examined in the passages that follow.

5.1.i Data indicate that marketing strategies in relation to targets followed by group one i.e. by 0 to 20% of the respondents and therefore said to find little application include targets fixed at the Head office in relation to what the competitors are likely to set, targets given to regional / zone / branch office irrespective of their potential, targets given equally to each region / zone / branch, use of data - base created through an in – house research study, data-base created through a commissioned research study, use of sub-brokers, agents, clients list and their references, data-base with the company, depositors list, branch office, registered office, direct marketing, advertising, references, word-of-mouth, acquaintances, travel agents, corporate clients, direct distributors, and lastly sub-dealers (table 5.1 , 5.2).

5.1.ii Target related marketing strategies followed by group two i.e. by 20 to 40% of the respondents include targets fixed at the Head Office based on expected

potential, targets fixed at the Head Office as some fixed percentage increase over that of last year and the use of brokers and their services in achieving the targets (table 5.1, 5.2).

- 5.1.iii** Marketing strategies followed by group three i.e. by 40 to 60% of the respondents include the use of data-base existing with the company to achieve targets and the use of dealers and distributors as intermediaries in marketing new products (table 5.1, 5.2).
- 5.1.iv** Data reflect that while none of the target related marketing strategies are followed by group four, those followed by group five i.e. by 80 to 100% respondents include targets fixed by the Head Office based on actual market potential, targets given to regional or equivalent office depending on their potential and the use of data-base with the intermediaries in achieving the targets. Thus contrary to popular belief that targets are set in relation to what competitors are likely to set or as some fixed percentage increase over that of last year data indicates otherwise. Data indicates that marketing strategies in relation to targets that find wider application among the marketing managers include targets based on actual market potential, setting branch targets based on branch potential and the use of database with the intermediaries in achieving these targets. Actual market potential and market conditions thus govern the marketing strategies followed (table 5.1, 5.2).

5.2 Product

The next dimension of marketing strategies and one of the four elements of marketing-mix is the Product. Marketing Strategies in relation to Product followed by the five groups under consideration are discussed below.

- 5.2 i** Product related marketing strategies followed by the respondents in group one i.e. by 0 to 20% of the respondents include marketing a new product in a new market, marketing a new product in a new segment, marketing a new product whose technology is new, marketing a new product line, marketing a new product that is an item addition to a product line, marketing a new product that involves product line modification., a new product that is a line stretching product and marketing a new product that is complementary to an existing product (table 5.3, 5.4)
- 5.2 ii** The aforesaid marketing strategies followed by group one i.e. by within 20% of the respondents find limited application among the marketing managers while those followed by group two i.e. by 20 to 40% of the respondents include marketing a new product whose applications are new, a new product whose functions are new, marketing a restyled product, a repackaged product,

a repositioned product and a new product that is an extension to the existing product line (table 5.3, 5.4).

5.2 iii Product strategies followed by **group three** as is evident from the data include marketing a new product that is an improved/modified product and marketing a new product that is a me-too product (table 5.3, 5.4).

5.2 iv Product strategies followed by **group four** i.e. by 60 to 80% of the respondents include marketing a new product in the existing market. While data indicates that none of the product strategies find application in **group five** (table 5.3, 5.4).

Data thus indicate that marketing strategies followed by a large number of marketing managers focus on marketing a new product in the existing market, marketing an improved product, a me-too product, a new product whose applications are new, a new product whose functions are new, a restyled product, a repackaged product, a repositioned product and an extension to the existing product line. In essence therefore data reflects that marketing strategies focus/centre around a new product in the existing market, product modification strategies and an extension to product line vis-à-vis market modification and product line modification strategies. This also reflects research imperatives for diffusion of innovations with respect to market modification, product modifications and product line modifications (table 5.3, 5.4).

5.3 Price

The second element of marketing-mix and the third dimension of marketing strategies discussed in the present study is Price. Price connotes different meanings to different people such as quality to consumers, costs to manufacturers, margins to intermediaries, consumer satisfaction or value for money to customers and so on. Pricing strategies are examined in this part of the discussion as followed by the firms and within the framework of the five groups defined earlier.

5.3.i Data indicate that among the price related marketing strategies followed by **group one** i.e. by 0 to 20% of the respondents are new products offered at a relatively lower price, marketing a new product that is priced to promote a line rather than a particular product, maintain price leadership strategy, high price strategy with a view to discouraging potential new entrants, low price strategy with a view to discouraging potential new entrants, improve sales of other weaker products strategy, discourage price wars strategy, marketing a new product that is priced to beat competition, a new product priced to offer value for money, two or more products are offered at a special price, marketing a new product that is priced at some fixed percentage of costs, marketing a new product that is priced on consumer perceptions and demand intensity rather

than costs, marketing a new product that is priced on products perceived value, demand differential strategy, different place strategy, marketing a new product that is priced to maintain market share i.e. maintain market share strategy (table 5.5, 5.6).

- 5.3.ii Pricing strategies followed by group two i.e. by 20 to 40% of the respondents are marketing a new product that is offered initially at a comparatively high price to skim the market, marketing a new product priced to carve a niche, competitive parity strategy, marketing a new product whose price is based on costs the percentage of which is not fixed, a new product that is priced differently for marginally different product and a different time strategy wherein a new product is priced different for different times (table 5.5, 5.6).
- 5.3.iii Price related marketing strategies that find application in group three i.e. among 40 to 60% of the respondents are maximise a new product that is priced to maximise short run profits, a new product priced to maximise/increase market share at the cost of current profits, improve corporate image strategy and lastly differential price strategy where in a differential price is charged to justify the difference in the number of models/options available in new products (table 5.5, 5.6).
- 5.3.iv Data indicate that pricing strategies followed by group four i.e. by 60 to 80% of the respondents include marketing a new product priced to maximise long run profits, marketing a new product priced to increase/maximise current sales revenue, marketing a new product priced to maintain intermediary loyalty and marketing a new product priced to penetrate the market (table 5.5, 5.6).
- 5.3.v Data indicate that over 80% of the marketing managers group five market a new product that is priced to achieve a certain rate of return and market a new product that is priced to create consumer acceptance (table 5.5, 5.6).

Data indicates therefore that among the price related marketing strategies followed by the marketing managers consumer acceptance reigns first followed by the objectives to fulfil certain returns, maximise long run profits, increase current sales revenue and penetrate the market. Thus customer, returns, profits, sales revenue, market, intermediaries and corporate image form the core of pricing strategies followed by the firms.

5.4 Place

The third element of marketing-mix is Place. This includes the multitude of activities undertaken at various levels namely at the corporate level, regional level, zonal level, branch level and also at the dealers level, distributors levels and/or retailer level in the distribution of new products including setting and achieving targets,

deciding on the intermediaries and related issues, determining the promotion/promotools at these levels and so on.

- 5.4.i Distribution related activities undertaken by **group one** i.e. by 0 to 20% of the respondents as is reflected by the data are setting and achieving brokers targets, determining the volume/value of business, determining agents targets, utilising clients list to the firms advantage as also references given by them, seeking the help of sub-brokers in achieving targets, undertaking local advertising and/or promotion including co-operative advertising, direct-marketing, outdoor display, organising meets such as sales meet, brokers meet, agents meet etc., sending mailers, determining corporate targets, determining new branches or destinations or stations and/or sectors in case of airlines and giving incentives for consumer durables (table 5.7, 5.8).
- 5.4.ii Data indicate that distribution related activities undertaken by 20 to 40% respondents i.e. by **group two** comprise of setting and achieving distributor targets (table 5.7, 5.8).
- 5.4.iii As against the above, 40 to 60% of the practising marketing managers i.e. **group three** work towards setting and achieving regional goals/targets and dealer targets (table 5.7, 5.8).
- 5.4.iv Data indicate that among the distribution activities undertaken by group four i.e. by 60 to 80% of the respondents are regional goals and dealers targets. (table 5.7, 5.8).

Thus activities undertaken in the distribution of new products centre around targets namely corporate targets, branch targets, dealers targets, regional/zonal targets and distributors targets. Stated in quantitative terms these targets serve as a starting point and lends direction to and facilitates distribution of new products.

5.5 Intermediaries

Related to the distribution activities of the new products are the linking pins i.e. the intermediaries -who play a pivotal role of linking the manufacturers with the consumers through the new products.

- 5.5.i Data indicates that sub-brokers, agents, clients, branch offices, registered offices, travel agents and sub-dealers are among the intermediaries used by marketing managers in **group one** i.e. by 0 to 20% of the respondents (table 5.9, 5.10).
- 5.5.ii **Intermediaries** used by **group two** i.e. by 20 to 40% of the respondents as reflected by the data are brokers and distributors (table 5.9, 5.10).

5.5.iii As is evident from the data 40 to 60% of the respondents i.e. marketing managers in group three are observed to avail the services of dealers as their intermediary in marketing new products (table 5.9, 5.10). As against this none of the intermediaries cited by the respondents fall in group four and five.

Thus dealers and distributors are reiterated as intermediaries used in marketing consumer durables while brokers, sub-brokers and agents are reiterated as intermediaries used in marketing financial services and travel agents are the sole intermediaries used in marketing airlines.

5.6 Promotion

A vital element and an important dimension in marketing new products and the fourth element of marketing-mix is promotion which includes advertising, sales promotion, publicity and personal selling. It is also this element or the fourth P as it is referred to that facilitates and takes a new product to a take-off. In a free-listing question, marketing managers brought out as many as seventy-three promotional tools/measures/means as used by them in marketing new products.

5.6.i Data indicate that among the promotional measures or tools used by group one i.e. by 0 to 20% of the respondents include posters, banners, glow signs, clients references, branch meet, sales camp, trade fairs, exhibitions, sales meet, annual meet, point-of-purchase displays, display signs, logos, sub-brokers meet, gift schemes, improving service standards, agents meet, clients list, free coupons/tickets, publicity, sales promotional schemes, tele-marketing, direct marketing to corporate clients, stickers, branch meets/networking, custom-made services, hand-outs, incentives including non-financial incentives to intermediaries, seeking customer feedback, customer satisfaction, post-sales follow-up, brochures, rebates, premium, regional meet, annual reports, outdoor displays, word-of-mouth, contests, sales targets, agents targets, discounts, at the counter service, after sales service, response time, relations with travel agents, special offers, direct marketing to agents, retail advertising, use of sales promoters, co-operative advertising during schemes, dealer support, buy-back schemes, sign boards, credit, catalogues, global ads, demonstrations, dealer-customer relations, teasers, competitive advertising, institutional selling, event marketing, sales canvassing and price offers (table 5.11, 5.12).

5.6.ii Promotional measurers followed by group two i.e. by 20 to 40% of the respondents as reflected by the data are brokers meet, (print) advertising, leaflets, incentives to intermediaries, direct mailers, special schemes promotional - plus free or dealer schemes, viz., displays including window displays, print-outs about an issue or new products, brochures and billboards (table 5.11, 5.12).

5.6.iii Data indicates that marketing managers in **group three** i.e. 40 to 60% of the respondents cite hoardings as a promotional tool in marketing new products (table 5.11, 5.12).

5.6.iv As against the above, managers in **group four** i.e. 60 to 80% of practising marketers use advertising as a promotional tool to promote new products (table 5.11, 5.12). As against this none of the promotional measures cited by the managers fall in group five.

Data thus reflects that advertising tops among the promotional measures adopted by the marketing managers followed in the second place by hoardings; incentives to brokers takes the third spot while the fourth is taken by special schemes while leaflets appear on number five along with a mix of printed matter plus incentives to intermediaries. The stated then form the core of promotional measures used by marketing managers and the firms towards promoting new products.

5.7 Competitive Marketing Strategies

Marketing-mix strategies discussed above do not work in isolation. They are integrated with the competitive marketing strategies followed by the firms. Examined hereafter therefore are the competitive marketing strategies followed by the firms as also by the above stated groups of marketing managers.

5.7.i Data indicate that competitive marketing strategies followed by less than 20% of marketing managers in marketing their new products i.e. by **group one** include promote new uses for the product strategy, confrontation strategy wherein the firm confronts the challenger in a quick and direct response involving promotional, price and/or brand war, manufacturing efficiency strategy which involves constant efforts to keep new product manufacturing costs low, superior service strategy, head-on or direct attack strategy, back-door strategy, guppy strategy wherein the firm attacks smaller competitors rather than the market leader, cheaper goods strategy wherein an average product is available at a much lower price, aggressive advertising strategy wherein the firm takes on the leader through head-on ads, efficiency strategy aimed at maintaining costs quality and price, customer size strategy wherein the firm serves a distinct size of customers only and lastly geographic strategy in which a specific geographic area/region is served (table 5.13, 5.14).

5.7.ii Competitive marketing strategies followed by **group two** include 'use more' strategy aimed at increasing the number of times the new product is used, fortification strategy which aims to keep new product prices reasonable by spreading its products across categories and classes, product flanking strategy wherein new products are offered in almost all segments for that category,

product specialisation strategy, multibrand strategy, premium product strategy, price discount strategy, product proliferation strategy wherein the firm offers variations of the product, improve services strategy which involves that firms find ways of serving the customers better and faster than competitors and/or the leader and lastly specific type strategy wherein firms specialise in and serve a specific market/segment only (table 5.13, 5.14).

5.7.iii Competitive marketing strategies followed by group three i.e. by 40 to 60% of the marketing managers include brand extension strategy wherein the success of a brand is extended to other products in a given category, aggressive advertising strategy wherein the stated precedes a new product launch, aggressive sales force strategy wherein the firm relies heavily on sales force to gain shelf-space and retailer co-operation for the new product, effective sales promotion strategy wherein firms rely on sales promotion to promote the new product, premium product strategy, improved services strategy which involves finding new ways of serving the customers better & faster including through mail order bookings, shoppers list, tele-services, door-to-door services etc., and specific target market strategy with a view to gaining distinctive advantage (table 5.13, 5.14).

5.7.iv Data indicate that competitive marketing strategies followed by group four which comprises of 60 to 80% of marketing managers adopting the stated strategy includes innovation strategy, harassment strategy which involves offering special incentives to intermediaries thereby encouraging them to carry the firms new product and also at the same time discouraging them from carrying competitors products, quality product strategy, extensive-efficient dealership strategy, product innovation strategy and new markets strategy (table 5.13, 5.14).

5.7.v Lastly, competitive marketing strategies that find application in group five i.e. strategy followed by 80 to 100% of the marketing managers includes attract new users or non-users to the new product (table 5.13, 5.14).

Data thus reflects that market leader strategies followed by marketing managers centre largely around attracting new-users/non-users to the new product as against new uses or more uses for new products. The focus thus remains on the consumers. Further, data also reflects that among the competitive marketing strategies viz. market leader strategies, market share expansion strategy, market challenger strategies, market follower strategies and market nicher strategies, marketing strategies followed by the marketing managers centre largely around market share expansion strategies and to a certain extent market challenger strategy. Market share expansion thus is the focal point of competitive marketing strategies followed by the firms.

5.8 Company Growth Strategies

Competitive marketing strategies discussed above do not work in isolation. These are further integrated with the company growth strategies which includes intensive growth strategies, integrative growth strategies and diversification strategies.

- 5.8.i.** Among the company growth strategies that find application in group one i.e. among 0 to 20% of the marketing managers, data indicates this includes backward integration strategy wherein the firm seeks greater control over the suppliers, horizontal integration strategy i.e. seeking greater control over competitors, horizontal diversification which involves adding new products that do not necessarily blend with existing products and conglomerate strategy which involves adding new products that are totally new to existing company products, markets, technology (table 5.15, 5.16).
- 5.8.ii** Company growth strategies followed by group two i.e. by 20 to 40% of the respondents include product modification strategies namely creating different versions/models of the product and secondly, developing additional models and sizes (table 5.15, 5.16).
- 5.8.iii** Growth strategies that find application in group three i.e. are followed by 40 to 60% of practising marketing managers while marketing new products are intensive growth strategies namely motivating current customers to buy more, attracting competitors customers to switch to company product, integrative growth strategy viz seeking greater control over distributors and diversification strategy viz. adding new products that blend with the existing product line (table 5.15, 5.16).
- 5.8.iv.** Data reflects that company growth strategies that are followed by marketing managers in group four which comprises of 60 to 80% of the respondents following the stated includes intensive growth strategy namely attracting new market segments, moving into new distribution channels and using new advertising media and lastly modifying/improving existing features of the products (table 5.15, 5.16).
- 5.8.v** Data reflect that marketing managers in group five i.e. 80 to 100% of marketing managers follow an intensive company growth strategy of attracting non-users in the market to the new product and secondly moving into additional geographic-regional/zonal markets thereby taking the new product to new markets (table 5.15, 5.16).

Customer focus is once again reiterated in company growth strategies examined above. Data thus reflect that intensive growth strategies namely market modification, market penetration, market development and product

development, integrated growth strategies viz. greater control over distributors, dealers and suppliers and diversification strategies viz. adding new products that blend with the existing product line are among the company growth strategies that are widely followed by the practising marketing managers.

5.9 Marketing Strategies : An Overall View.

Lastly, an examination of the percentage of respondents following all of the above discussed marketing strategies namely those related to targets, product, price, place, promotion, competitive marketing strategies and company growth strategies indicate that considering the percentage of respondents following the strategies, strategies followed most to least emerge in the order of competitive marketing strategies, price, company growth strategies, promotional, target related, product and place strategies including intermediaries used. Thus competitive strategies, price, company growth and promotional strategies take a lead over targets, product and distribution strategies. Further when the percentage of respondents following the strategies is divided by the number of options available, strategies followed emerge in the order of company growth strategies, competitive marketing strategies, pricing strategies, product, intermediaries used, target, place and promotional strategies. Thus company growth, competitive marketing strategies and pricing strategies take a lead over targets, distribution and promotional strategies. Thus in both cases i.e. percentage of respondents following the strategies as well as the same divided by the number of options available in strategies, competitive marketing strategies, company growth and pricing strategies take a lead, while promotional strategies, target related strategies, distribution i.e. place and product related strategies order changes with the increase in the number of options available. While the percentage of respondents may be high, the stated strategies, place moves up/down with the decrease/increase in the number of options available respectively. An increase in the number of options available spreads respondents thin thereby taking a particular strategies place down the order and vice-versa. Data thus indicate that in both the cases, competitive marketing strategies, company growth strategies and pricing strategies take a lead while targets, place and promotional strategies follow with the marketing strategies positions in the latter case concurring with experts opinion that only 1% of total expenditure is spent on promotion and targets, place and promotional strategies take a back-seat. Analysis thus indicate company growth strategies, competitive marketing strategies and pricing strategies as the fore-runners among the marketing strategies followed by the firms.