

## UNIT II

### MARKETING STRATEGY

- ▶ Marketing strategy formulation
- ▶ Key Drivers of Marketing Strategies
- ▶ Strategies for Industrial Marketing – Consumer Marketing
- ▶ Services marketing
- ▶ Competition Analysis
- ▶ Analysis of consumer and industrial markets
- ▶ Influence of Economic and Behavioral Factors
- ▶ Strategic Marketing Mix components.

#### DEFNITION OF MARKETING STRATEGY

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- Marketing strategy is a process of using the marketing mix to satisfy and attract consumer to make a profit for the organization.
  - A/C to “**Philip Kotler**”- “Marketing Strategy is define as a set of **objectives, policies, rules** that guide over a time for marketing effort of the firm”.
  - Marketing strategy is a particular procedure used by the seller to achieve a marketing goal.

## Elements of marketing Strategy

- Marketing Mix
- Resources of the firm
- Gaining competitive consciousness and scoring over competition

## MARKETING STRATEGY FORMULATIONS

### Marketing Strategy Formulation

- Segmenting the Market
  - Selecting the Target market
  - Positioning the offer
  - Assembling the Marketing Mix
- **Marketing strategy formulation refers to the process of establishing a company's marketing targets and objectives.**
- **This enables executives to produce a guideline or blueprint and then construct techniques to realise the strategies.**

**Segmentation refers to a process of bifurcating or dividing a large unit into various small units which have more or less similar or related characteristics.**

### **Market Segmentation**

Market segmentation is a marketing concept which divides the complete market set up into smaller subsets comprising of consumers with a similar taste, demand and preference.

A market segment is a small unit within a large market comprising of like minded individuals.

One market segment is totally distinct from the other segment.

A market segment comprises of individuals who think on the same lines and have similar interests.

The individuals from the same segment respond in a similar way to the fluctuations in the market

### **Basis of Market Segmentation**

#### **Gender**

The marketers divide the market into smaller segments based on gender. Both men and women have different interests and preferences, and thus the need for segmentation.

Organizations need to have different marketing strategies for men which would obviously not work in case of females.

A woman would not purchase a product meant for males and vice a versa.

The segmentation of the market as per the gender is important in many industries like cosmetics, footwear, jewellery and apparel industries.

#### **Age Group**

Division on the basis of age group of the target audience is also one of the ways of market segmentation.

The products and marketing strategies for teenagers would obviously be different than kids.

Age group (0 - 10 years) - Toys, Nappies, Baby Food, Prams

Age Group (10 - 20 years) - Toys, Apparels, Books, School Bags

Age group (20 years and above) - Cosmetics, Anti-Ageing Products, Magazines, apparels and so on

#### **Income**

Marketers divide the consumers into small segments as per their income. Individuals are classified into segments according to their monthly earnings.

The three categories are:

High income Group

Mid Income Group

Low Income Group

Stores catering to the higher income group would have different range of products and strategies as compared to stores which target the lower income group.

Pantaloons, Carrefour, Shopper's stop target the high income group as compared to Vishal Retail, Reliance Retail or Big bazaar who cater to the individuals belonging to the lower income segment.

### **Marital Status**

Market segmentation can also be as per the marital status of the individuals. Travel agencies would not have similar holiday packages for bachelors and married couples.

### **Occupation**

Office goers would have different needs as compared to school/college students.

A beach house shirt or a funky T Shirt would have no takers in a Zodiac Store as it caters specifically to the professionals.

### **Types of Market Segmentation**

#### **Psychographic segmentation**

The basis of such segmentation is the lifestyle of the individuals. The individual's attitude, interest, value help the marketers to classify them into small groups.

#### **Behaviouralistic Segmentation**

The loyalties of the customers towards a particular brand help the marketers to classify them into smaller groups, each group comprising of individuals loyal towards a particular brand.

#### **Geographic Segmentation**

Geographic segmentation refers to the classification of market into various geographical areas. A marketer can't have similar strategies for individuals living at different places.

Nestle promotes Nescafe all through the year in cold states of the country as compared to places which have well defined summer and winter season.

McDonald's in India does not sell beef products as it is strictly against the religious beliefs of the countrymen, whereas McDonald's in US freely sells and promotes beef products.

**Target Marketing refers to a concept in marketing which helps the marketers to divide the market into small units comprising of like minded people.** Such segmentation helps the marketers to design specific strategies and techniques to promote a product amongst its target market. A target market refers to a group of individuals who are inclined towards similar products and respond to similar marketing techniques and promotional schemes.

Kellogg's K Special mainly targets individuals who want to cut down on their calorie intake. The target market in such a case would be individuals who are obese. The strategies designed to promote K Special would not be the same in case of any other brand say Complan or Boost which



majorly cater to teenagers and kids to help them in their overall development. The target market for Kellogg's K Special would absolutely be different from Boost or Complan.

Jordan, a college student went to a nearby retail store to purchase a shirt for himself. The retailer tried hard to sell a nice formal shirt to him, but somehow could not convince Jordan. Jordan left the store sad and empty handed.

### **Why target marketing? (Need of Target Marketing)**

Organizations can use similar kind of strategies to promote their products within a target market. They can adopt a more focussed approach in case of target marketing. They know their customers well and thus can reach out to their target audience in the most effective way.

### **How to create Target Market**

The organization must first decide who all individuals would fit into a particular segment. A male and a female can't be kept in the same segment. The first and the foremost step is to decide on the target market.

The next step is to identify need and preference of the target market. It is essential to find out what the target market expects from the product.

Once the target market is decided, organizations can decide on the various strategies helpful to promote their product

**Market Positioning** refers to the ability to influence consumer perception regarding a brand or product relative to competitors. The objective of market positioning is to establish the image or identity of a brand or product so that consumers perceive it in a certain way.

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## Key Drivers of marketing Strategies

- 1. Competition
- 2. Political Trends
- 3. Technological Advancements
- 4. Economic Growth and Stability
- 5. Legal and Regulatory Issues
- 6. Socio-Cultural Trends

### **Strategies for Industrial Marketing – Consumer Marketing**

- ▶ **Industrial marketing is a subset of communications and sales that focuses on providing goods and services to other businesses rather than individual customers. This occurs when one company sells industrial products or services to another.**
- ▶ **Consumer marketing is the process of promoting and selling products or services to individual consumers or end-users. This type of marketing involves figuring out what the target audience needs, wants, and likes and then making marketing plans to meet those needs.**

### **Industrial Marketing Strategy**

- ▶ 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:
- ▶ 1.Strategies based on market dominance - In this scheme, firms are classified based on their market share or dominance of an industry.

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  - ▶ Leader
  - ▶ Challenger
  - ▶ Follower Nicher
- ▶ 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.
  - ▶ Product differentiation (broad)
  - ▶ Cost leadership (broad)
  - ▶ Market segmentation (narrow)

- ▶ 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. There are three types:
  - ▶ Pioneers
  - ▶ Close followers
  - ▶ Late followers
- ▶ **Growth strategies** - In this scheme we ask the question, —How should the firm grow?|. There are a number of different ways of answering that question, but the most common gives four answers:
  - ▶ Horizontal integration
  - ▶ Vertical integration
  - ▶ Diversification
  - ▶ Intensification
- ▶ A more detailed scheme uses the categories
  - ▶ Prospector
  - ▶ Analyzer
  - ▶ Defender
  - ▶ Reactor

Marketing warfare strategies - This scheme draws parallels between marketing strategies and military strategies.

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- ▶ Analyzer

- ▶ Defender

- ▶ Reactor

## 5. STRATEGIC MODELS

### 6. Real Life Marketing

Marketing participants often employ strategic models and tools to analyze marketing decisions. When beginning a strategic analysis, the 3Cs can be employed to get a broad

understanding of the strategic environment. An Ansoff Matrix is also often used to convey an organization's strategic positioning of their marketing mix. The 4Ps can then be utilized to form a marketing plan to pursue a defined strategy.

There are many companies especially those in the Consumer Package Goods (CPG) market that adopt the theory of running their business centered around Consumer, Shopper & Retailer needs. Their Marketing departments spend quality time looking for "Growth Opportunities" in their categories by identifying relevant insights (both mindsets and behaviors) on their target Consumers, Shoppers and retail partners. These Growth Opportunities emerge from changes in market trends, segment dynamics changing and also internal brand or operational business challenges. The Marketing team can then prioritize these Growth Opportunities and begin to develop strategies to exploit the opportunities that could include new or adapted products, services as well as changes to the 7Ps.

## **6.Real-life marketing**

Real-life marketing primarily revolves around the application of a great deal of common-sense; dealing with a limited number of factors, in an environment of imperfect information and limited resources complicated by uncertainty and tight timescales. Use of classical marketing techniques, in these circumstances, is inevitably partial and uneven.

Thus, for example, many new products will emerge from irrational processes and the rational development process may be used (if at all) to screen out the worst non-runners. The design of the advertising, and the packaging, will be the output of the creative minds employed; which management will then screen, often by 'gut-reaction', to ensure that it is reasonable.

For most of their time, marketing managers use intuition and experience to analyze and handle the complex, and unique, situations being faced; without easy reference to theory. This will often be

'flying by the seat of the pants', or 'gut-reaction'; where the overall strategy, coupled with the knowledge of the customer which has been absorbed almost by a process of osmosis, will determine the quality of the marketing employed. This, almost instinctive management, is what is sometimes called 'coarse marketing'; to distinguish it from the refined, aesthetically pleasing, form favored by the theorists.

### **Consumer Marketing Strategy**

- ▶ A consumer [marketing strategy](#) is a kind of plan that businesses pursue to try to maximize profit by matching their products with the individuals who are most likely to buy or use them.
- ▶ It is part of a greater marketing strategy that includes branding opportunities, outreach, product development, multimedia marketing, and other aspects of general marketing.
- ▶ Many businesses are adopting consumer oriented marketing strategies because they are so often useful in leading to higher sales and profits.

### **CONSUMER MARKETING STRATEGIES**

#### **4 CONSUMER MARKETING STRATEGIES**

- ▶ **Collect and analyze customer data**
- ▶ **Segment your audience**
- ▶ **Employ personalization**
- ▶ **Create A social media strategy**
- ▶ **Collect and analyze customer data**
- ▶ Gathering customer data is an important consumer marketing strategy since it allows you to get to know customers better and deliver personalized messages that drive conversions.

- ▶ To start collecting and analyzing customer data:
- ▶ Learn more about your customers by conducting market research
- ▶ Understanding your customers' needs is an important step in consumer marketing, and market research is one of the ways you can do that. Market research can help you gather your customers' demographic information and understand their values, purchase behaviors, and attitudes toward brands.
- ▶ As a result, market research helps you develop products and services that your customers need. This strategy also sheds light on your customers' pain points, so you can tailor your marketing messages to drive purchases.
- ▶ For example, let's say you own a pet supply store that offers various pet food options for dogs and cats. You conduct a survey to learn more about your customers' needs.
- ▶ The results show that your customers want pet toys and accessories, and that they'd like an option to have their orders delivered. It may make sense for you to adapt your offerings to better meet customers' needs.
- ▶ Gather and manage customer data using a marketing technology (martech) stack
- ▶ Customer data platforms (CDPs) and customer relationship management (CRM) software are just some of the martech tools you can use to gather and manage data about your customers.
- ▶ A CDP can provide you with a customer database that stores and unifies real-time customer data. It can create individual profiles for each user, detailing what users purchased, which marketing channels they interacted with, which pages they visited on your website, and more.
- ▶ A CRM, on the other hand, stores your customers' and prospects' valuable information like name and contact information. By doing so, a CRM lets your sales and marketing teams stay connected with them. You can send personalized messages to your customers or nurture your prospects to convince them to convert.



- ▶ These martech tools, like MarketingCloudFX, can help you manage and store first-party data you collect about your customers. Doing so can help you analyze valuable information, like identifying which pages and marketing channels helped convert site visitors into customers.

## **SEGMENT YOUR AUDIENCE**

- ▶ Segmenting your audience comes with a host of benefits. It allows you to:
- ▶ Communicate more effectively with customers and prospects
- ▶ Identify the best channels to use when reaching out to your customers
- ▶ Effectively nurture customers who are in the different stages of the buyer funnel
- ▶ Identify the persona segments you should focus your time, budget, and resources on
- ▶ Once you've added your first-party data into a CRM, you can create segments based on data points that are most valuable for your business.
- ▶ For consumer marketing, consider grouping contacts according to:
- ▶ How engaged they are with your product or business
- ▶ Which product feature(s) they use
- ▶ Which marketing channel(s) they engage with
- ▶ Customer location, if your business has multiple stores or hubs
- ▶ Are there segments who are highly satisfied with your products and services that they'd refer your business to their family and friends? Another consumer marketing tactic you can consider is creating a loyalty program for these segments to keep them engaged with your business.
- ▶ Let's look at one of the consumer marketing examples from Ironman. Its newsletter subscribers are segmented according to their interest in races and what they opted to receive. Members who expressed interest in races in North America get updates about races in the region.

### 3. EMPLOY PERSONALIZATION

- ▶ Personalized marketing enhances the customer experience. Consumers appreciate it when brands take an extra effort to view them as humans, try to understand their needs, and tailor marketing messages and unique customer journeys for them.
- ▶ That's why 77% of people choose, recommend, or even pay for brands that provide personalized marketing experiences. This is a consumer marketing strategy that you can use to stand out from the competition.
- ▶ In our earlier example of the pet supplies shop, you can reach out to your customers and newsletter subscribers with customized emails based on their pet ownership journey. Tools like EmailMarketingFX can help you personalize emails, addressing each one by their first name and sending out newsletters specifically for different segments.
- ▶ In this consumer marketing example, Netflix sends out a suggested show to a user based on their viewing behavior and favorites list.

### 4. CREATE A SOCIAL MEDIA STRATEGY

- ▶ Did you know that there are over 5 billion active social media users? So if you want your consumer marketing strategy to reach your target customer, you'll probably see them on social media.
- ▶ Nurture your relationships with your audience through an organic social media strategy. An excellent way for B2C companies to engage with them is to share user-generated content of customers using your product. You can also add customer testimonials to your content calendar.
- ▶ You can also target new users by employing a paid social media advertising strategy. You can nudge them to engage with your post, leave a message, or sign up as a lead.
- ▶ Here's a paid social media ad by Cheetos. The snack's Hands-Free campaign uses social media ads to communicate its messages to a target audience. A call-to-action (CTA) button of "Shop Now" invites the target audience to purchase.

## **SERVICES MARKETING**

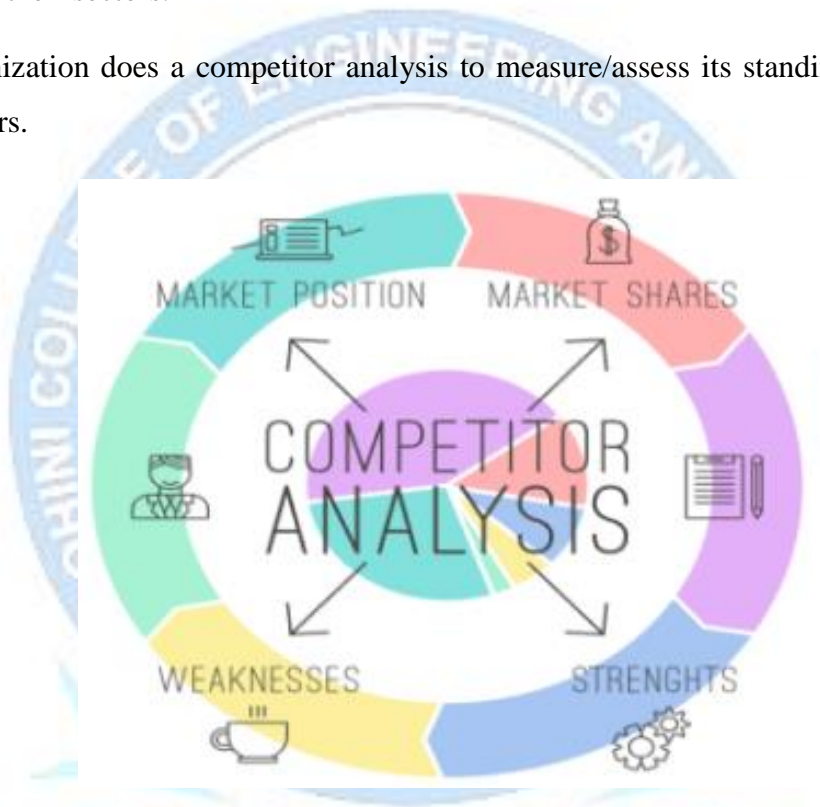
- ▶ **Services marketing is a form of marketing businesses that provide a service to their customers use to increase brand awareness and sales. Unlike product marketing, services marketing focuses on advertising intangible transactions that provide value to customers.**
- ▶ **Services Marketing Examples**
- ▶ **Healthcare industry**
- ▶ **Doctors, nurses, surgeons, and other people who work in hospitals are great examples they sell their health services by seeing and taking care of their patients.**
- ▶ **Hospitality industry**
- ▶ **The hospitality industry is made up of places like hotels and restaurants that serve food, rent rooms, give massages, and do other things for their customers.**
- ▶ **Professionals services**
- ▶ **Accountants, lawyers, teachers, writers, masons, carpenters, chefs, electricians, and plumbers are all examples of service-based jobs. Depending on the job, they may offer more than one service to their clients.**

## **Nature of Service marketing**

- Marketing of Intangible Products
- Non-Transfer of ownership
- Expanded Marketing Mix
- Inseparability of consumption and production
- Heterogeneous products
- Managerial Function

## COMPETITION ANALYSIS

- ▶ A competitor analysis, also referred to as a competitive analysis, is the process of identifying competitors in your industry and researching their different marketing strategies.
- ▶ Competitor analysis is a driver of an organization's strategy and effects on how firms act or react in their sectors.
- ▶ The organization does a competitor analysis to measure/assess its standing amongst the competitors.



- ▶ **Competitor analysis begins with identifying present as well as potential competitors.** It portrays an essential appendage to conduct an industry analysis.
- ▶ *An industry analysis gives information regarding probable sources of competition* (including all the possible strategic actions and reactions and effects on profitability for all the organizations competing in the industry). However, a well-thought competitor analysis permits an organization to concentrate on those organizations with which it will be in direct competition, and it is especially important when an organization faces a few potential competitors.



Michael Porter in Porter's Five Forces Model has assumed that the competitive environment within an industry depends on five forces:

- ▶ Threat of new potential entrants,
- ▶ Threat of substitute product/services,
- ▶ bargaining power of suppliers,
- ▶ bargaining power of buyers,
- ▶ Rivalry among current competitors.

These five forces should be used as a conceptual background for identifying an organization's competitive strengths and weaknesses and threats to and opportunities for the organization from its competitive environment.

**The main objectives of doing competitor analysis can be summarized as follows:**

- To study the market;
- To predict and forecast organization's demand and supply;
- To formulate strategy;
- To increase the market share;
- To study the market trend and pattern;
- To develop strategy for organizational growth;
- When the organization is planning for the diversification and expansion plan;
- To study forthcoming trends in the industry;
- Understanding the current strategy strengths and weaknesses of a competitor can suggest opportunities and threats that will merit a response;

Insight into future competitor strategies may help in predicting upcoming threats and opportunities.

Competitors should be analyzed along various dimensions such as their size, growth and profitability, reputation, objectives, culture, cost structure, strengths and weaknesses, business strategies, exit barriers

