

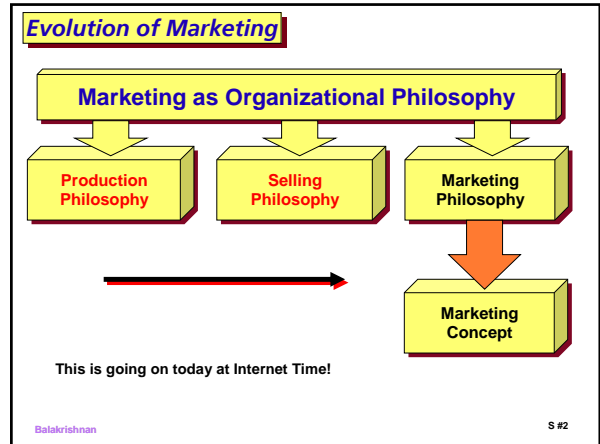
**Framework for Marketing Strategy**

Dr. P.V. (Sundar) Balakrishnan

Managing World-Class Organizations

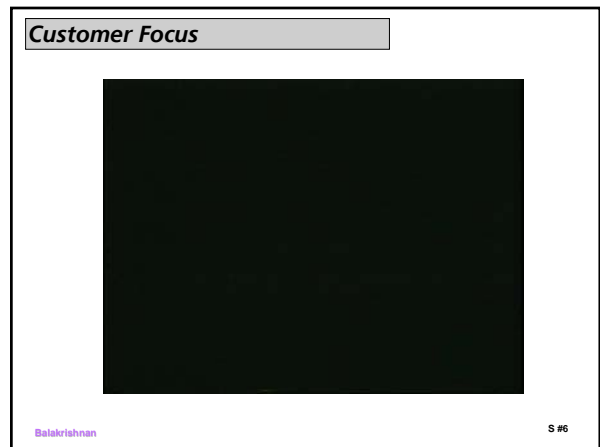
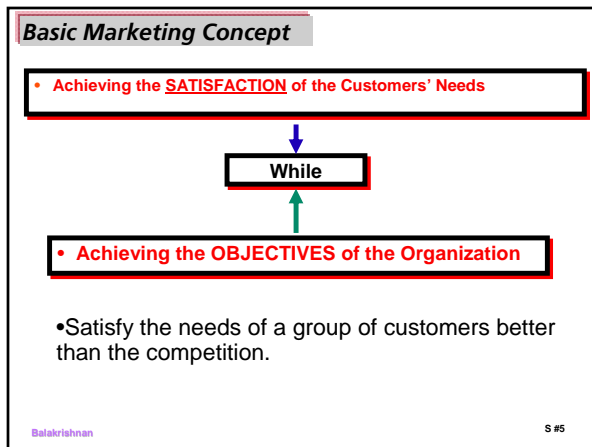


Balakrishnan S #1



- "we were ... under the misapprehension that a computer program and a product are the same thing.
  - A lot of programmers believe that when they finish writing a line of code and do some testing, they have a **product**.
  - They have done the first twenty percent."
    - Ed Oates, Founder of Oracle
    - *The Difference between God and Larry Ellison* by Mike Wilson, 1997
- Balakrishnan S #3

- computer program vs. a product
- BUT...
  - "The thing still has to be packaged;
  - it has to be marketed; it has to be sold; it has to be maintained. . .
  - We knew that instinctively,
  - but we really didn't have the business acumen to run a rapidly growing company."
    - Ed Oates, Founder of Oracle in
    - *The Difference between God and Larry Ellison* by Mike Wilson
- Balakrishnan S #4



### The Marketing Concept

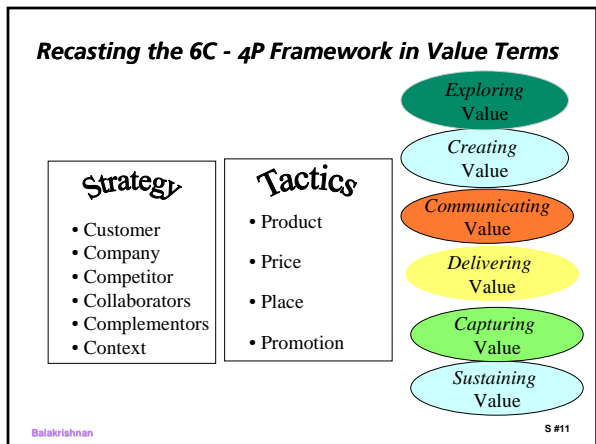
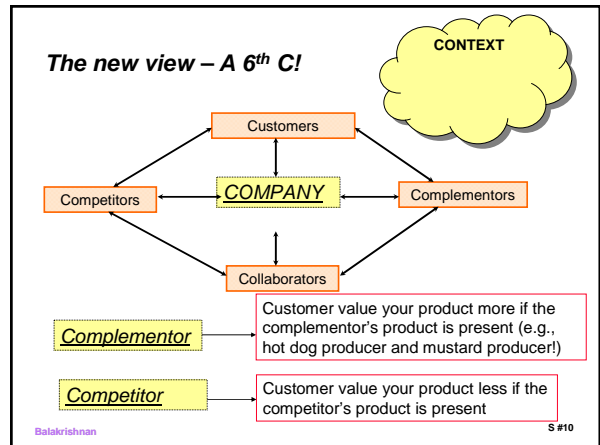
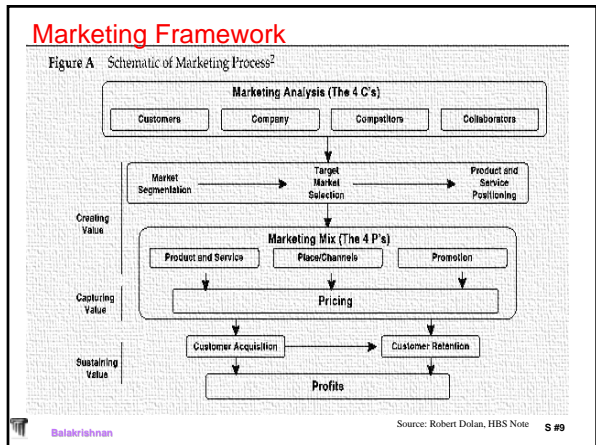
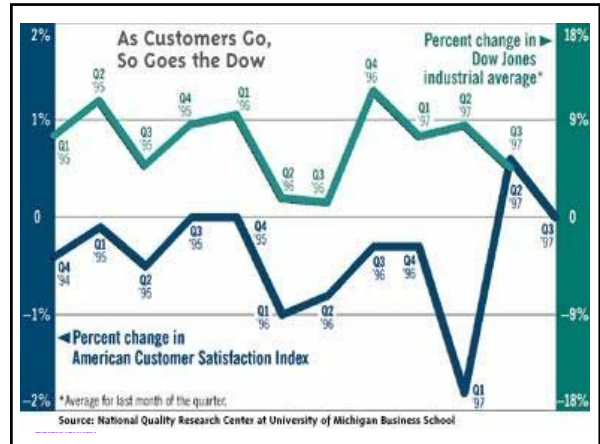
To achieve organizational (& Societal) goals by determining the needs and wants of customers and delivering the desired benefits more effectively and efficiently than competitors.

"There is only one valid definition of business purpose: to create a customer."  
- Peter Drucker

"Everything starts with the customer."  
- Lou Gerstner, CEO of IBM

"Creating shareholder wealth is not the purpose of the business. It is the reward for creating customer value."  
- Michael Tracy and Fred Wiersema in CFO magazine

Balakrishnan S #7



### Marketing Analysis

**TOPICS**

- ✓ Business Definition
- ✓ Matching SUPPLY <====> DEMAND
- ✓ Sizing Up Marketing Situations
- ✓ Δ PLC ==> Δ Marketing Mix

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**1. Business Definition**

→ **What Business Are We In?**  
 "The Great Organizations are constantly unprogressive. They will not take on the big thing..."  
 Justice Louis D. Brandeis (1912)

**Examples:**  
 a) GAS Company  
 !  
 b) Western Union:  
 • ==> Telegraph Business.  
 c) Railroad Companies

Balakrishnan S #13

**1. Business Definition (contd...)**

→ **What Business Are We In?**  
**Example:**  
 AT&T:  
 ==>Telephone  
 ==>Voice Transmission  
**Paradigm Shift:-- Internet Model**  
 Not ...

**Ask your Neighbor :  
 ABC TV==> What Business are they in?**

Balakrishnan S #14

**To... Market**

	0	1	2	3	4	5
<b>Shipments</b>						
A (Us)	403,027	495,192	548,905	550,351	541,388	515,000
B	369,916	388,520	349,396	323,005	342,197	297,000
Other	367,057	324,010	343,885	370,374	202,495	129,070
<b>Total</b>	<b>1,140,000</b>	<b>1,207,722</b>	<b>1,242,186</b>	<b>1,243,730</b>	<b>1,086,080</b>	<b>941,070</b>
<b>Market Shares (%)</b>						
A (Us)	35.4	41.0	44.2	44.2	49.8	54.7
B	32.4	32.2	28.1	26.0	31.5	31.6
Other	32.2	26.8	27.7	29.8	18.6	13.7

**Position in a Market => !**

Balakrishnan S #15

**Market**

	0	1	2	3	4	5
<b>Shipments</b>						
A (Us)	403,027	495,192	548,905	550,351	541,388	515,000
B	369,916	388,520	349,396	323,005	342,197	297,000
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**Dominant Position in a Declining Market => Cash Cow!**

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**How Broadly do we define our Market?**

	0	1	2	3	4	5
<b>Shipments</b>						
A (Us)	403,027	495,192	548,905	550,351	541,388	515,000
B	369,916	388,520	349,396	323,005	342,197	297,000
Other	367,057	324,010	343,885	370,374	202,495	129,070
Processors	60,040	112,220	209,800	392,352	733,699	1,372,016
<b>Total</b>	<b>1,200,040</b>	<b>1,319,942</b>	<b>1,451,986</b>	<b>1,636,082</b>	<b>1,819,778</b>	<b>2,313,086</b>
<b>Market Shares (%)</b>						
A (Us)	33.6	37.5	37.8	33.6	29.8	22.3
B	30.8	29.4	24.1	19.7	18.8	12.8
Other	30.6	24.5	23.7	22.6	11.1	5.6
Processors	5.0	8.5	14.4	24.0	40.3	59.3

**Share in a Market => !**

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**How Broadly do we define our Market?**

	1980	1981	1982	1983	1984	1985
<b>Shipments</b>						
A (Us)	403,027	495,192	548,905	550,351	541,388	515,000
B	369,916	388,520	349,396	323,005	342,197	297,000
Other Electric	367,057	324,010	343,885	370,374	202,495	129,070
Electronic Word Processors	60,040	112,220	209,800	392,352	733,699	1,372,016
<b>Total</b>	<b>1,200,040</b>	<b>1,319,942</b>	<b>1,451,986</b>	<b>1,636,082</b>	<b>1,819,778</b>	<b>2,313,086</b>
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Other Electric	30.6	24.5	23.7	22.6	11.1	5.6
Electronic Word Processors	5.0	8.5	14.4	24.0	40.3	59.3

**Declining Share in a Growing Market => Problem Child!  
 •Electric Typewriter/ Word Processor Market**

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**Business Definition**

Need to Consider:

- How Narrowly we define/
  - ====> **Restriction on Focus!**
- How Consumers perceive the product from their point-of-view?
  - ====> (Consumption) I.e., **PRODUCT BENEFITS**

Example:

- Drill ====> **Need a better drill?**

Consumers' Need:

ABC TV==> What Business are they in?

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**EXAMPLE: ABC Television**

ABC TV==> What Business are they in?

What is Our Product? \_\_\_\_\_

- I.e., what do we **SUPPLY**? \_\_\_\_\_

What is Our Market? \_\_\_\_\_

- DEMAND?** I.e., who do we sell our product to?

ABC TV - Business is to : \_\_\_\_\_

! \_\_\_\_\_

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**EXAMPLE: ABC Television**

ABC TV==> What Business are they in?

What is Our Product? \_\_\_\_\_

- I.e., what do we **SUPPLY**? \_\_\_\_\_

What is Our Market? \_\_\_\_\_

- DEMAND?** I.e., who do we sell our product to?

ABC TV - Business is to : \_\_\_\_\_

**Supply**  
**Audiences to Advertisers!**

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Products

A bundle of Attributes that provide Consumers with certain Benefits.

Also called

- Resource; Marketing Offer; Customer Solution**

Ex: Drill Bits.

- Benefits provided?**

Sellers who focus on the Specific product rather than the Benefits provided suffer from "Marketing Myopia".

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**2. Matching SUPPLY <=> DEMAND**

**JOB:**

- To Make this Exchange Process Possible
- To Increase the Efficiency of the Marketing Exchange

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**3. Sizing up the Marketing Situation**

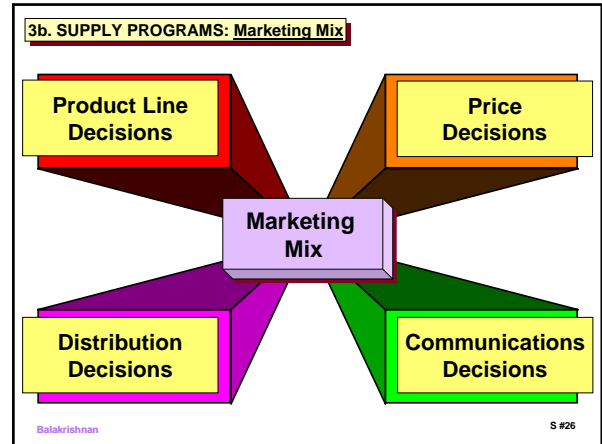
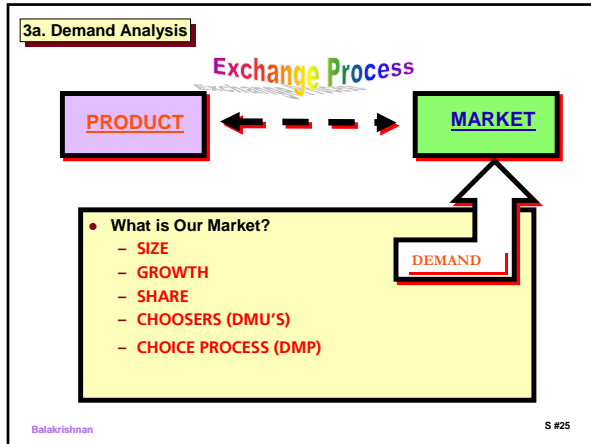
Organizational Philosophy

Marketing Concept

Exchanges Strategies

Product Market

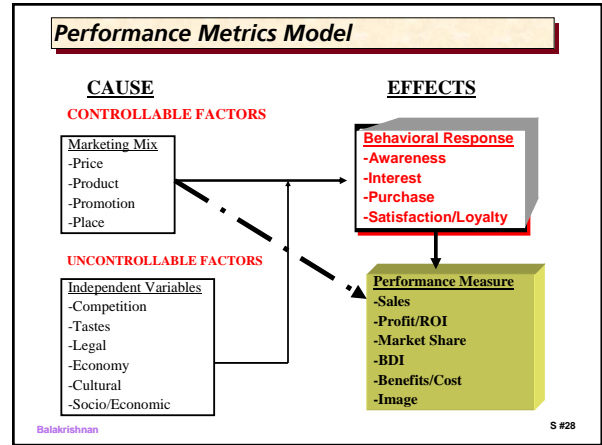
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**MARKETING SITUATION APPRAISAL**

STRATEGY	Product
	Market/Segment
Demand Analysis	Size
	Rate of Growth
	Market Share
	Relative Market Share
	Decision Making Unit
	Decision Making Process
	Product Benefits
	Price/Value-Added Basis
	Communications Program
	Distribution Program
Success Factors/Other Forces	
Supply Programs	

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**Strategy - Basics**

- Mission
- Business Objectives
- Marketing Objectives
- Marketing Strategy

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**Mission**

- Who is the customer?
- What is the value to the customer ?
- What will our business be?
- What should our business be?

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**Factors that affect mission**

- History
- Current preferences of owners and management
- Market environment
- Resources
- Distinctive competencies - Core competencies –**
- Hamel and Prahalad

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S #31

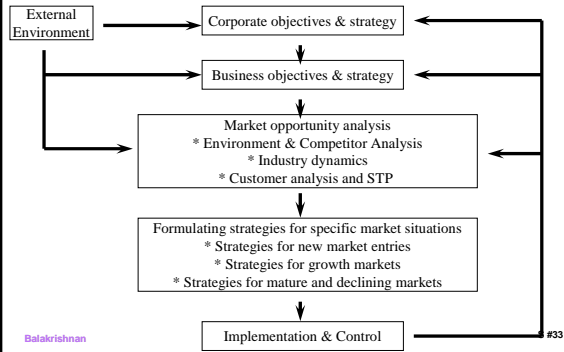
**Components of a Strategy Statement: SORCS Model**

- Scope**
  - Breadth of *strategic domain*: number and types of industries, product lines, market segments. Reflects company mission and *strategic intent* (vs. *Strategic fit*)
- Objectives and Goals**
  - Desired level of accomplishment on one or more performance dimensions and the *growth vector*
- Resources & their deployment**
  - Allocation of human, financial and other resources across businesses, markets, etc.
- Competitive advantage**
  - What are the distinctive competencies or strengths relative to competitors?
- Synergy**
  - Improving overall efficiency and effectiveness by exploiting synergies across businesses and product markets

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S #32

**Formulating and implementing marketing strategy**



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#33

*Compaq*

**Hierarchy of strategies**

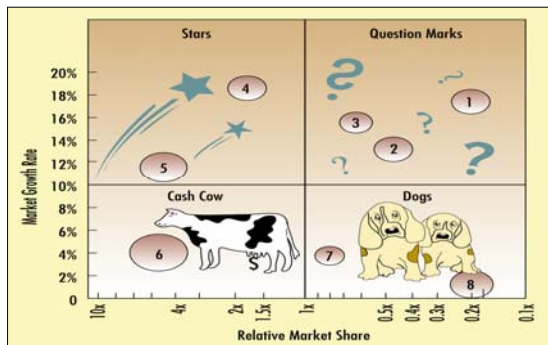
- *Corporate strategy*: Capturing market share leadership in the PC industry; Seeking further growth by developing new products for corporate networks
- Provides direction on company mission, kind of businesses to be in, growth policies
- *Business-level strategy*: For the consumer market, differentiate offerings from IBMs by providing greater value through lower prices, improved services and development of user friendly products
  - Addresses the way a business competes in an industry
- *Marketing strategy* (or Functional strategy): How to divide market into segments, which segments to target, what products to offer each segment, what prices to charge and what promotional appeals to use.
- Plan for pursuing the company's objectives for a specific product-market.

The marketing job of monitoring the needs and wants of the consumer to identify market opportunities and threats, in this case, was a major input into corporate strategy

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S #34

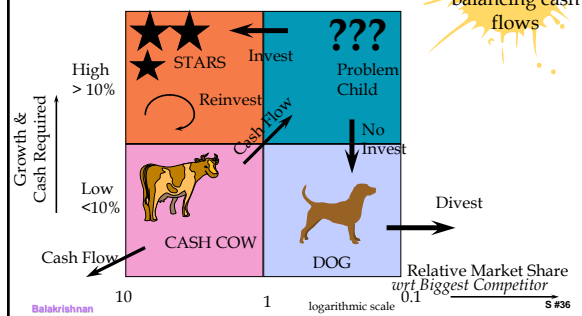
**The BCG Growth-Share Matrix**



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**PORTFOLIO ANALYSIS for Resource Deployment: Boston Consulting Group's Matrix**



Based on the principle of balancing cash flows

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S #36

