

# MARKETING STRATEGIES

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This hand out deals with

- the concept of marketing
- elements of marketing
- how to learn about marketing

## THE CONCEPT OF MARKETING

An entrepreneur sets up a business primarily to make a profit. To do so, she provides a service or products to people, and charges them a price for-it. People, however, will be prepared pay a price for a product or service only if they feel it will satisfy them, though the actual satisfaction can come only after the service or product is bought and used.

For an entrepreneur to be able to sell her product, it is therefore necessary for her to

- establish what needs of people does her product or service satisfy.
- persuade people to feel that the product or service will be satisfactory.

**This process, of finding out what provides satisfaction to the customer, and providing the right product or service in the right manner so that they feel it will satisfy them, can be called MARKET- ING.**

Marketing often taken to be the same as "selling". Although selling is a very important part of marketing, it is not all of it. In selling, the focus is on the product i.e., we start with a given product, and then try to see whom it can satisfy, and how best we can make people accept it. In marketing the focus is on customers, i.e., we look at the customers first to see what needs or wants they have, and how a product can satisfy that need. Thus, we can realise that one need may be satisfied by one or more alternative products, and therefore we can determine which' production provide that would be most effectively produced and would profitable/or the entrepreneur. In fact the very choice of the product and the technology is governed by what the market wants, as much as by the resources of the entrepreneur.

Marketing includes the entire range of activities aimed at not only providing people with the product they want to buy, but also selling it to them in the most effective and profitable manner. No manufacturer can sell a product without a marketing effort. Marketing involves a shift in thinking, in which you start by thinking of the customer and his /her needs, and then create an appropriate product and sell it, instead of selecting a product first and then looking for customers.

It is therefore of great importance that women venturing into the field of enterprise **must know and understand** the concept of marketing, and learn the why and how of it.

### MARKETING IS

- A CUSTOMER ORIENTED ACTIVITY
- AN INTEGRATED ACTIVITY

## 4 Ps OF MARKETING;

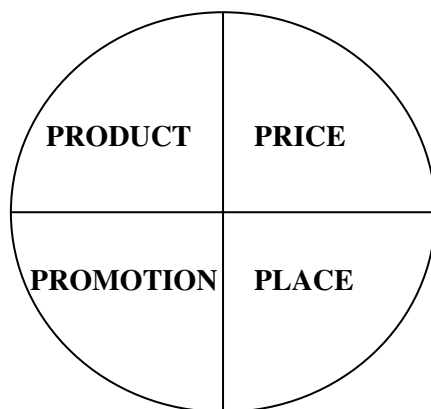
To prepare an effective marketing strategy the entrepreneur/s must know what are called the 4 Ps of marketing;

**Product** What is the product or service?

**Price** What can she charge?

**Place** Where should she be located with regard to her market and how can she distribute her goods to the market?

**Promotion** How can she best promote her product?



This form the key determinants or the pillars on which entire marketing edifice is built. These form the basis for all analysis, market segmentation, marketing mix , product mix even finding aniche market.

## MARKETING IS CUSTOMER ORIENTED

Survival in the business world means being able to attract and hold on to customers, by satisfying their needs better than the competitors do. The entrepreneur's success depends largely on how well she satisfies her customers' needs. In effect, she is not only selling a product or service, but more importantly, satisfying a need, and must adapt her product accordingly. She must focus her attention on what her customers need, and not on what product she can make and sell.

The facilitator should, with the help of discussions and the suggested activities help the women explore this idea of business being seen ,through the eyes of the customer. With the help of the examples, he/she (must explain that what "sells" is not the product or the service itself, but the feeling of satisfaction it provides to the customer.

## MARKETING IS AN INTEGRATED ACTIVITY.

Marketing is not an isolated function. Any activity or decision is influenced by other factors within the enterprise and from outside (For example, which product to develop will greatly depend on entrepreneur's financial resources.) How the entrepreneur carries out marketing will also depend on

the type of the Product, the type of customers, the resources available with her, and her own abilities. From this point of view, marketing will influence, for instance, what product to make, how much to make, how to make and package it.

Understanding this concept also requires a lot of work on the part of the women, especially for those who have not been involved in business of any kind. The facilitator has the task, therefore, of getting this across firmly. He/she could work through different examples, and call existing successful entrepreneurs to speak to the women about their own experiences in marketing and how important it was for them.

## **MARKET ORIENTATION**

Human beings all over the world have a number of wants, which they satisfy by buying some product or service. There are a very large number of such products or services that can satisfy people, but not everyone wants all of them. Some people want certain products while others want some other products.

Depending on her capabilities and strengths, one of the first task of an entrepreneur is to decide who her customers would be, and to make correct decisions regarding the kind of goods or services to be produced which can be sold to the customers. Thinking about customers first, and looking at the business from their angle is called "**Market orientation**". This approach induces thinking about customers and their needs and assists in creating an appropriate product or service and in selling it.

The best way of sensing opportunities for new ideas is to study the benefits that people are buying in a product rather than its Physical features. That is identifying 'why' people buy rather than 'what' they buy is essential for successful marketing.

For any entrepreneur, getting this "Marketing Orientation is probably. Other than other than Empowerment, the single most important aspect of entrepreneurship that they need to learn, understand and Intern who Every where in the world, successful entrepreneurs have been those have practised this concept totally.

### **Elements Of Marketing**

#### **MARKETING INVOLVES**

- DEMAND ANALYSIS
- MARKETING STRATEGY
- MARKET SEGMENTATION
- MARKET POSITIONING
- MARKETING MIX
- PRODUCT MIX
- PRICING

## **ANALYSIS OF THE MARKET**

Originally, a market meant a physical place where goods and services are exchanged. With the development of economics, the word market now refers to the notional interface between the customers and the suppliers of any product or service. As such, it can be a local market, state level, national level or international level market, depending on where the customers or suppliers are located.

For any entrepreneur, the first thing she needs to do in marketing is to identify where and how big her market would be. This decision often depends on the strengths of the entrepreneur, her resources, and her own inclination as to what kind of business she would like to be in.

*How the facilitator can help in enabling the woman in understanding this concept depends on the previous exposure that the potential entrepreneur has already had to some form of business. In most cases, women have had little or no exposure. Hence the facilitator needs to start from scratch, and can probably explain the concept of the Market by examples drawn from the local society.*

Having made a preliminary decision as to what her overall market would be, the entrepreneur then needs to analyse the market. Often small business fails to grow or become sick because the entrepreneurs fail to do an analysis of the market. Market analysis, as the name implies, means to study the market and find out why people buy, how many buy, different products can they buy to satisfy a particular need, how much they buy and what are the different qualities of products already available for that need.

Market analysis, therefore, is undertaken in the effort to learn something reliable about the product the entrepreneur is going to launch. It also gives the entrepreneur the various strategies one could use to make her product ( it can be goods or service, in goods it can be consumer goods of industrial goods) be accepted in the market. The major areas where the analysis to be done, are

- Demand analysis and buyer behaviour
- Knowing her competitors and their strategies

## **DEMAND ANALYSIS AND BUYER BEHAVIOUR**

This refers to the kinds of products needed, and the reasons why such products have a demand, i.e., what prompts buyers to behave the way they do. This could be done by actually doing a market survey for her product. How the survey is done depends on the type of product and the size of the market. In the case of a small, local market, it may be possible to ask all the users or buyers about what they buy, what they want and why they buy, or are willing to buy, a particular product or service. In most cases, however, the market is not so small that all users can be asked these questions. In such cases, typically a representative sample of the market or users is chosen and a survey done for that group. This is called a survey on a sample target group.

Other ways of measuring the demand are

1. information from primary sources, i.e., the users.
2. information from secondary sources, i.e., the intermediate sellers who buy the product from the producer and in turn sell it to end user, it could also mean statistics on the market for any product, from a magazine, trade journal, etc.

3. expert opinion, competitors sales force opinion, distributors opinion etc.

## **KNOWING HER COMPETITORS AND THEIR STRATEGIES**

For any entrepreneur, what her competitors are doing in the market what strategies and tactics they employ, with regard to her customers is an important aspect in marketing of her product. She needs to know

- Her competitors price, product, share in the market, what are their strengths and weakness, what is their distribution network, what percentage of commission they are at present paying for their products.
- What are the various products the competitors have, what is their total sales for each product,
- Are customers happy or unhappy about their quality,
- Are the competitors not catering to a particular need of the customer,

Knowing this will help her decide whether her product would compete with her competitors' products and accepted by her customers.

Learning how to analyse demand and to look at competitors is essential for any potential entrepreneur. The facilitator can help the women in carrying out sample market surveys, in doing sample surveys for their own products, so that they get real life experience in studying the market.

## **MARKETING STRATEGY**

Marketing strategy is a plan, which tells you the ways you could reach your goal or objectives. The major elements in formulating marketing strategy are; market segmentation, market positioning, and marketing mix strategy.

## **MARKET SEGMENTATION**

Every entrepreneur must make a determination not only of 'which' needs to serve but also 'whose' needs. Different groups of people have different wants and needs, and therefore will need different products. If we picture the "total market" to consist of all buyers from all over, then we can say that this total market is divided into different sets, or "segments". This division of the market into segments is called segmentation.

The process of identifying the buyers, and understanding their different desires or requirements, i.e., identifying which market segment they belong to, is an important exercise for the entrepreneur. The type of plan or strategy that the entrepreneur develops for her customers depends very much on what type market segment do they comprise.

Broadly the market segments are classified into three major categories, they are

- Geographic: Region, Country, Size, City, Density, etc.

- Demographic: Age, sex, family, size, income, occupation, education, religion, nationality, Social class etc.
- Psychographics: Life style, personality, benefits Sought, user status, usage rate, loyalty status, marketing factor

The facilitator needs to help the woman analyse her own strengths and help her look at what kinds of products are feasible for her to make or provide. In order to understand what is segmentation, the facilitator can ask the entrepreneur some questions, as shown in the box below. Even if she may not know all answers, she can realise that there are different segments in the market. (Note: These are not all the questions that need to be asked," are only an illustrative list.)

- Which kind of people can I sell to?
- With what segment of people/society am I comfortable within selling?
- Who will buy the product I have planned to provide?
- How much money would such groups pay for the product?

Marketing strategy will depend on the type of segment the entrepreneur wants to cover, be it geographic, demographic, or psychographics.

## **MARKET POSITIONING**

Having looked at the different market segments, the entrepreneur must relate her own strengths, resources as well as limitation to the market, so that she can decide what type of market can she serve to obtain maximum benefit. Looking at the total market, understanding the segmentation, and then deciding which segment is she best able to cater to, is called "market positioning". Market positioning is to select a specific pattern of market, which will afford the maximum opportunity to the entrepreneur to reach her objective. The products manufactured by the entrepreneur, to start with cannot be everywhere, she has to select a target market based on the size of the market segment, the potential of the segment she has chosen, or the segment where she finds that there is an unsatisfied need of the customers.

If the entrepreneur is able to answer the questions mentioned in the previous section, she will be in a position to decide what segment of market is she most likely to choose. The facilitator can work with her further, to explore in depth what the demand would be, what part of the demand would she plan to satisfy, and what quality of product she will provide.

## **SELECTING A MARKET NICHE**

### **Unique Selling Proposition**

To capture a larger market share and be viable, sustainable and profitable, there is absolute need to differentiate or distinguish the business, products and/or services from the competitors. In other words, a particular business needs made special in the eyes of the customers and/or prospects.

USP is the one thing or idea that sets any business favourably apart from it's competitors'. It's a statement of Advantages that is brought to the customers that differentiate any business from its competitors.

It's the focal point around which the success and profitability of the business is built, and the business/ the firm needs able to state it and fulfill it effectively. It's always stated in terms of the benefit that is delivered to the customers.

The USP often helps determine the special niche for the products or service in the particular market segment

### Effective USP Components

When formulating and implementing your USP, it's crucial that the following components it is born mind:

- The USP must be truly unique
- It must be strong enough to excite the target market and get them talking about it
- It mustn't be easily imitated or copied

In other words, **“The USP really needs to pack a punch.”**

## MARKETING MIX

We now have an entrepreneur who has looked at the market segmentation, and has decided on her own market positioning. The next step she needs to take is to decide how she will present her product to the market. For example, she must decide on the type and quality of product, how it is to be packaged, and whether she will make just one product or a number of related products. She also needs to decide how she will price her products, depending on the demand and the competitors present, on the attitude of the customers, how she will sell the product direct or through distributors and dealers. She also needs to decide whether she would advertise her products, or arrange for any door to door campaign, or if she wants publicity in some other way.

Having looked at all such issues, she has to decide what specific combination of all these factors would she be using, to get maximum benefit. Such a combination of different factors that she decides on, is called her "Marketing mix". This essentially is the set of tools which the entrepreneur can use to influence the buyer's response.

Though the factors which need to be looked into are given in the subsequent paragraphs, the facilitator can, at this point, encourage the entrepreneur to think and come up with their own views on the different In which she could present her product. At this point of time, the entrepreneur has already worked with the facilitator through the concepts of product idea, technology, and of marketing. Hence she would be in a position to come up with independent ideas. The facilitator must, at all times encourage this independent thinking, and as far as possible, enable the women to think out her own solutions. Then the facilitator can help her compare her ideas with the principles that are given in this hand out, so verify and validate them. This would greatly useful in the women understanding and internalising the concepts.

The most common variables that influence the buyers behaviour are:

- Product: Quality, Features, Style, Brand name, Packaging Warranty, Product line (i.e. other products) after sales service etc)

- Place: Distribution channels, Distribution coverage, outlet locations, sales territories, transportation, stock level, etc
- Promotion: Advertising, personal selling, sales promotion, publicity etc.
- Price: Price levels, discounts, allowances, Payments, terms, etc.

## **PRODUCT MIX**

When an entrepreneur decides on a particular technology and acquires machines to make some product, It is possible, very often, to use the same machinery to make some other product as well. In cases where this is not possible, adding one or two machines can help the entrepreneur make more than one product.

Generally, it is advisable for an entrepreneur to select the machinery she buys such that she has the choice of making more than one product Being able to make a variety of products enables the entrepreneur to satisfy more than one market segment; alternately, she has the flexibility of making that product that has a larger demand at a given time, in cases where demands of different products fluctuate.

When deciding the machinery required for manufacturing the product which the entrepreneur has decided', she should therefore look at various other products which could be made from the same machinery or with a minimum add on machinery. Suppose the entrepreneur has decided to make dehydrated vegetables, for which a drier is necessary. With the same drier, she can think of drying fruits, mushrooms, green leaves, coconuts gratings, and various other things. With the same investment on a drier she is able to manufacture a various other products which are related to the dehydration process.

Adding products which are made in similar processes, or which have similar end users or markets, gives rise to a "mix" of products, and this group of products chosen by the entrepreneur is called the product mix. For instance, the Kodak camera (in various sizes to suit different people) Kodak colour films, Kodak colour processing equipment, Kodak chemicals, are all made by one company, as all these a satisfy one want, of getting good photographs.

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