



# Competitive Strategies (Ch. 11)

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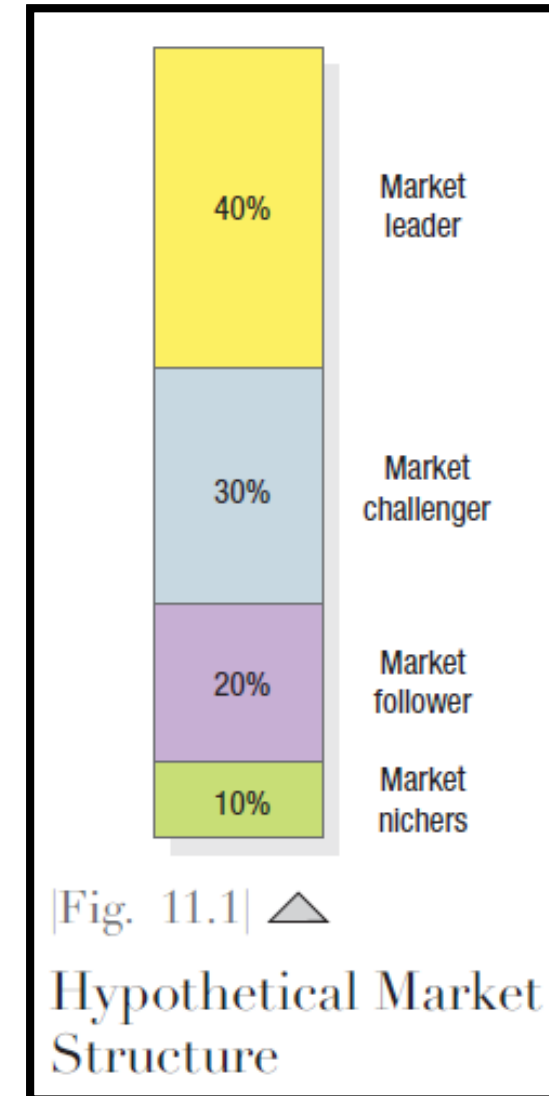
11.04.2018

# Outline

- Competitive Strategies for Market Leaders
- Other Competitive Strategies
- Product Life-Cycle Marketing Strategies
- Marketing in an Economic Downturn
- Case study no.1 
- Case study no.2 

# Competitive Strategies for Market Leaders

- „*In order to stay market leader*“ options:
  1. **Expand total market demand;**
  2. **Protecting market share;**
  3. **Increase market share.**



# Competitive Strategies for Market Leaders

- **Expanding Total Market Demand**

1. New customers;

2. More (frequent) usage;

3. Additional Opportunities to Use the Brand;

4. New Ways to Use the Brand.

# Competitive Strategies for Market Leaders

- **Protecting Market Share**

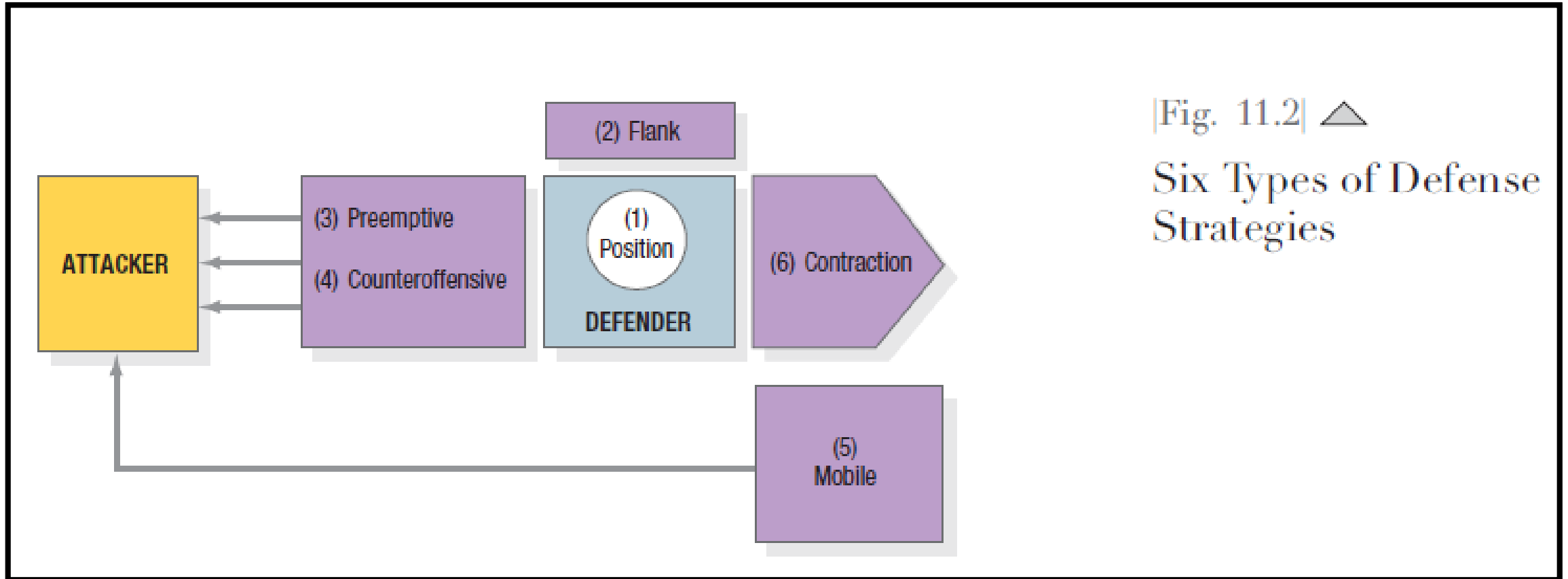
- continuous innovations;

1. **Proactive Marketing** (*responsive anticipation, creative anticipation*);

- Take risks, have a vision, proactive thinking, innovation.*

2. **Defensive Marketing** (*Position Defense, Flank Defense, Preemptive Defense, Counteroffensive Defense, Mobile Defense, Contraction Defense*)

# Competitive Strategies for Market Leaders



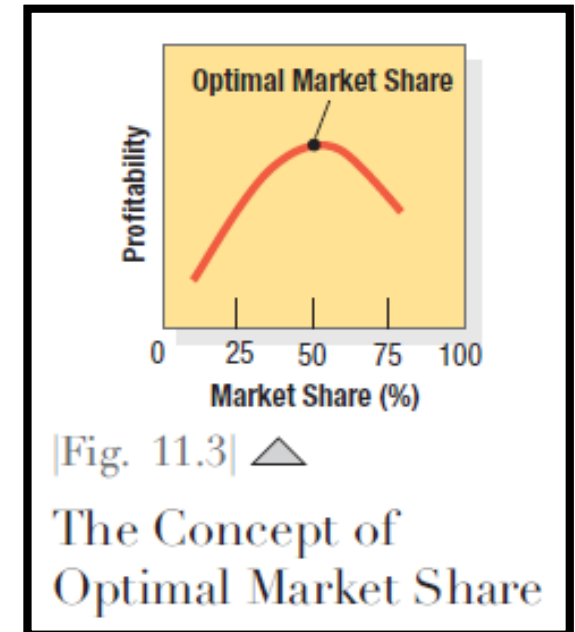
[Fig. 11.2] ▲

Six Types of Defense Strategies

# Competitive Strategies for Market Leaders

- **Increasing Market Share**

1. The possibility of provoking antitrust action;
2. Economic cost;
3. The danger of pursuing the wrong marketing activities;
4. The effect of increased market share on actual and perceived quality.



# Other Competitive Strategies

- Companies that occupy lower ranks in industries:

***1. Market-Challenger Strategies***

***2. Market-Follower Strategies***

***3. Market-Nicher Strategies***



# Other Competitive Strategies

- **Market-Challenger Strategies**

1. Defining objectives and opponents;
2. Choosing general attack strategy (*frontal, flank, encirclement, bypass, guerilla*);
3. Choosing a specific attack strategy.

- **Market-Follower Strategies**

- *innovative imitation*;
- *less profitable*;

- 1. Counterfeiter (black market);
- 2. Cloner;
- 3. Imitator;
- 4. Adapter.

# Other Competitive Strategies

- **Market-Nicher Strategies**

- *leader in a small market;*
- *creating niches;*
- *expanding niches;*
- *and protecting niches;*
- *multiple niching vs single niching.*

**What is product life  
cycle?**

# Product Life-Cycle Marketing Strategies

- **Product features:**

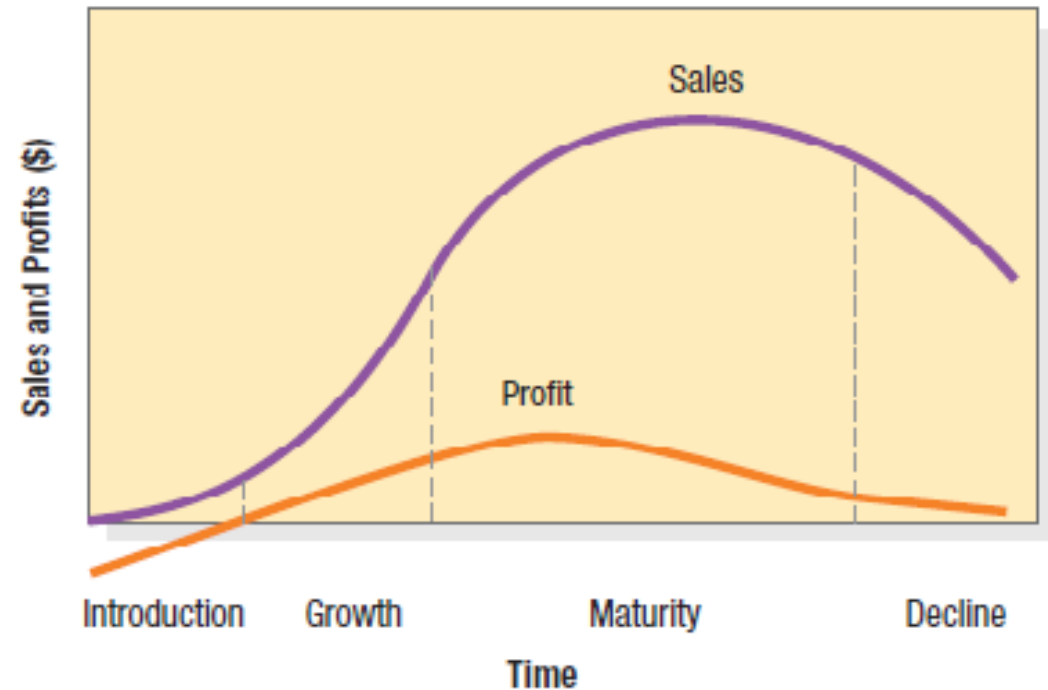
1. Products have a limited life;
2. Product sales pass through distinct stages;
3. Profits rise and fall at different stages of the product life cycle;
4. Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each life-cycle stage.

- **Product Life Cycles** (*Introduction, Growth, Maturity, Decline*)

# Product Life-Cycle Marketing Strategies

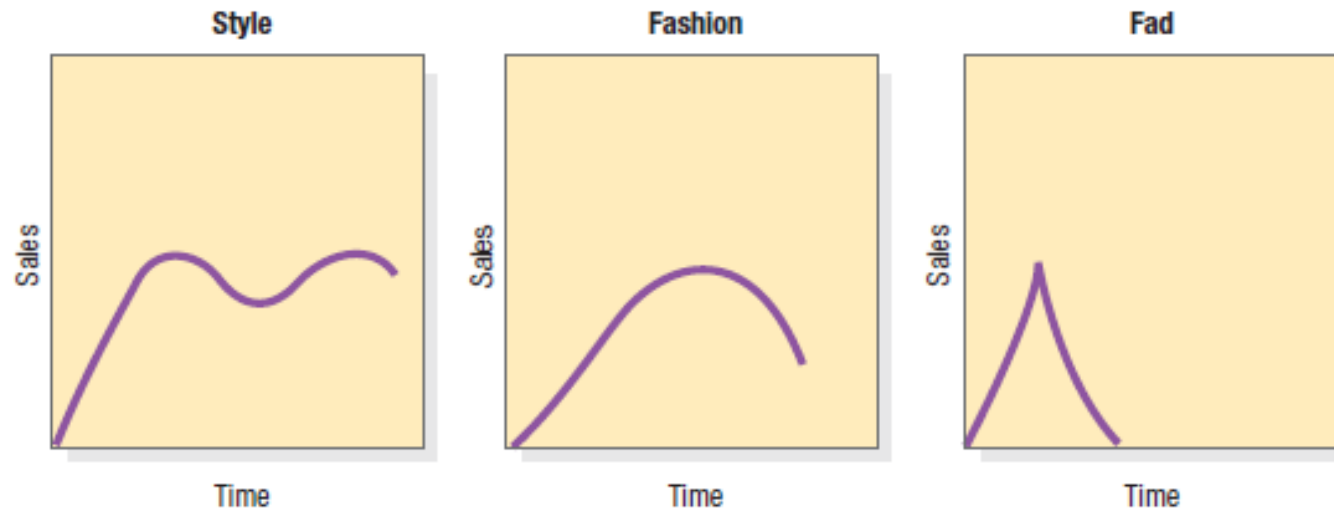
|Fig. 11.4| ▲

Sales and Profit Life Cycles



# Product Life-Cycle Marketing Strategies

- **Style, Fashion, and Fad Life Cycles**

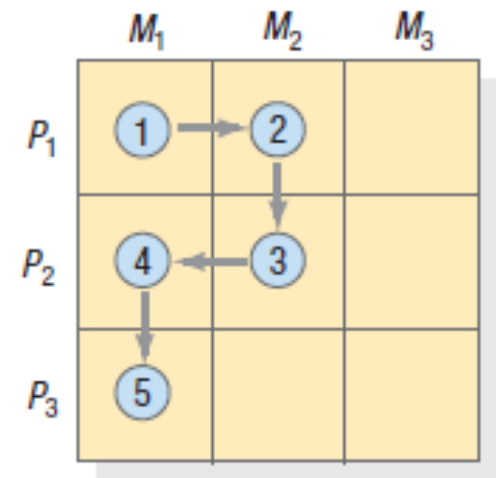


[Fig. 11.6] ▲  
Style, Fashion, and  
Fad Life Cycles

# Product Life-Cycle Marketing Strategies

- **Introduction Stage and the Pioneer Advantage**

1. *Recall name;*
2. *Customer inertia;*
3. *Effective marketing spending's;*
4. *Timing.*



[Fig. 11.7] ▲

Long-Range Product  
Market Expansion  
Strategy ( $P_i$  = product  
 $i$ ;  $M_j$  = market  $j$ )

# Product Life-Cycle Marketing Strategies

- **Growth Stage**

To sustain rapid market share growth now, the firm:

- 1. improves product quality and adds new features;*
- 2. enters new market segments;*
- 3. adds new models and flanker products;*
- 4. increases its distribution coverage;*
- 5. shifts from awareness to preference and loyalty communications;*
- 6. lowers prices.*



# Product Life-Cycle Marketing Strategies

- **Maturity stage**

*-growth, stable & decaying maturity;*

1. Market modification (number of users, usage rate);

2. Product modification (quality, feature, style improvements);

3. Marketing program modification (price, promotion, distribution mod).

# Product Life-Cycle Marketing Strategies

- **Decline Stage**

- *system to identify declining products;*

- 1. **Harvesting** (*reduction of costs while maintaining sales, difficult to perform*);

- 2. **Divesting** (*sell the product to another firm, liquidate brand quickly or slowly?*)

# Product Life-Cycle Marketing Strategies

**TABLE 11.2** Summary of Product Life-Cycle Characteristics, Objectives, and Strategies

	Introduction	Growth	Maturity	Decline
<b>Characteristics</b>				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Middle majority	Laggards
Competitors	Few	Growing number	Stable number beginning to decline	Declining number
<b>Marketing Objectives</b>				
	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand
<b>Strategies</b>				
Product	Offer a basic product	Offer product extensions, service, warranty	Diversify brands and items models	Phase out weak products
Price	Charge cost-plus	Price to penetrate market	Price to match or best competitors'	Cut price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective: phase out unprofitable outlets
Communications	Build product awareness and trial among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits and encourage brand switching	Reduce to minimal level needed to retain hard-core loyals

**Sources:** Chester R. Wasson, *Dynamic Competitive Strategy and Product Life Cycles* (Austin, TX: Austin Press, 1978); John A. Weber, "Planning Corporate Growth with Inverted Product Life Cycles," *Long Range Planning* (October 1976), pp. 12-29; Peter Doyle, "The Realities of the Product Life Cycle," *Quarterly Review of Marketing* (Summer 1976).

# Marketing in an Economic Downturn

- Explore the Upside of Increasing Investment;
- Get Closer to Customers;
- Review Budget Allocations;
- Put Forth the Most Compelling Value Proposition;
- Fine-tune Brand and Product Offerings.

# Summary

- A **market leader** has the largest market share in the relevant product market.
- A **market challenger** attacks the market leader and other competitors in an aggressive bid for more market share.
- A **market follower** is a runner-up firm willing to maintain its market share and not rock the boat.
- A **market nicher** serves small market segments not being served by larger firms. The key to nichemanship is specialization.
- Companies normally **must** reformulate their marketing strategy several times during a product's life cycle.
- Each product life cycle **stage** calls for different marketing strategies.
- Like products, markets evolve through four stages: **emergence, growth, maturity, and decline.**

# Case Study no.1 – Samsung



- *What are some of Samsung's greatest competitive strengths?*
- *Samsung's goal of \$400 billion in sales by 2020 would bring it to the same level as Walmart. Is this feasible? Why or why not?*

# Case Study no.2 - IBM



- *Few companies have had such a long history of ups and downs as IBM. What were some of the keys to its recent success? Can its plans to solve some of the world's most challenging problems succeed? Why or why not?*
- *Who are IBM's biggest competitors today, and what risks do they face with their current strategy?*

# Visiting Lecturer – Announcement

- **PhD Wojciech Czar**
- Thursday 18.04.2019
- **Presence is mandatory**



Thank you for your attention.