

Marketing

Competitive strategies

8.4.2021

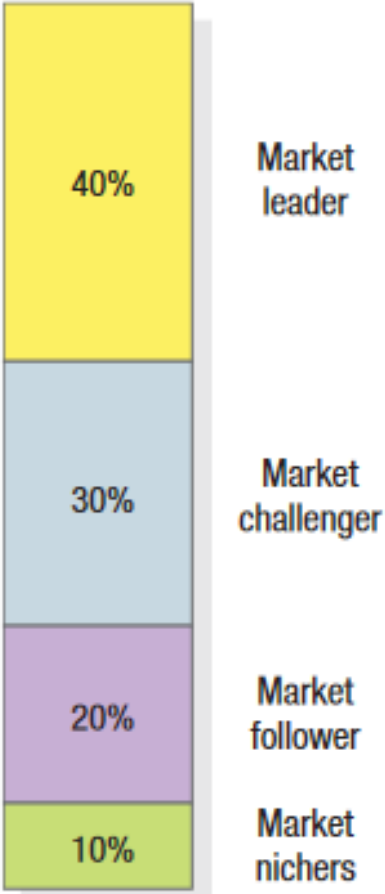
“If you don't have a competitive advantage, don't compete.”

Outline

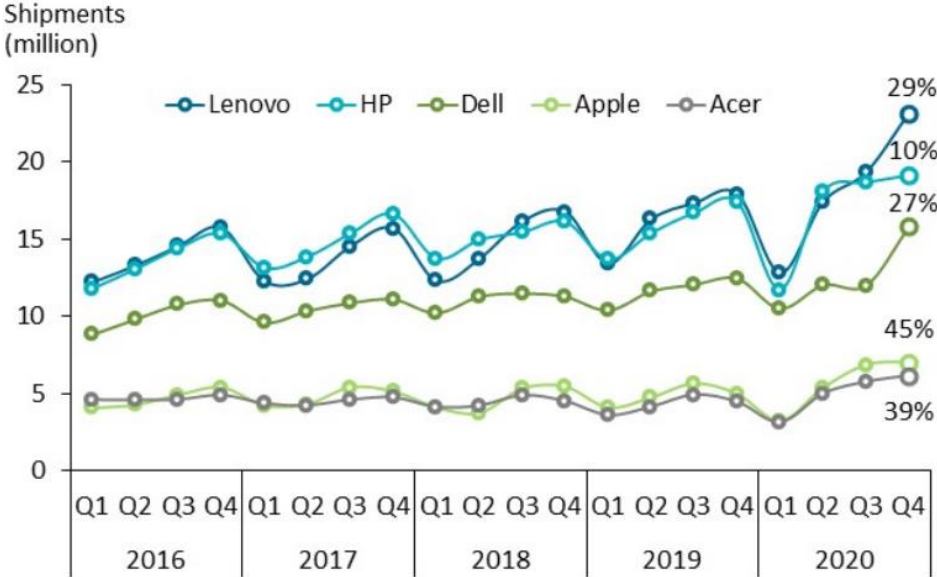
- Competitive Strategies for Market Leaders
- Other Competitive Strategies
- Product Life-Cycle Marketing Strategies
- Marketing in an Economic Downturn



Hypothetical market structure



Top five PC vendor shipments: Q1 2016 to Q4 2020



Note: percentages show year-on-year growth
 Source: Canlys estimates (sell-in shipments), PC Analysis, January 2021

“It has been suggested in the past that there are, in essence, two sorts of people: those who make change and those who talk about making change. It’s better to be in the first group, there is often far less competition.”

(Anon.)

Market leadership

Expanding the total market strategy

- The focus of expanding the total market depends on where the product is in its life cycle (maturity stage)

Defending market share strategy

- the leader firm must keep its costs down, and its price must be consistent with the value that customers see in the product

Market leadership

Expansion of the overall market

- Targeting groups that currently are non-users
- Identifying new uses for the product/service
- Increasing usage rates

Guarding the existing market share

- Strong market positioning
- The development and refinement of meaningful competitive advantage(s)
- Continuous product and process innovation
- A generally proactive stance
- Heavy advertising
- Strong customer relations
- Strong distributor relations

Expansion of the current market share

- Heavy advertising
- Improved distribution
- Price incentives
- New product development
- Mergers
- Takeovers
- Geographic expansion
- Distributor expansion

Companies that occupy lower ranks in industries:

- I. Market-Challenger Strategies***
- II. Market-Follower Strategies***
- III. Market-Nicher Strategies***

I. Market-Challenger Strategies

- a good reputation in the market
- a strong financial position

These firms target the market leader or the competitor at the same level with the objective, to reach the first position in the market or become an industry leader.

- I. A general attack strategy
- II. A specific attack strategy

I. Market-Challenger Strategies

Frontal Attack:

the direct attack, wherein the market challenger matches with the competitor's product, price, advertising, and promotion activities.

The market challenger can even cut the price of the product, provided he convinces the customers that the quality is not compromised and is as good as the high-priced products.

Flank Attack:

attacking the competitor on its weak points. The market challenger determines the weak areas of the competitor in terms of two strategic dimensions i.e. geographic and segmental.

Encirclement Attack:

attacking a competitor from all the fronts simultaneously, it is the combination of both the frontal and the flank attack. The market challenger launches several offensive campaigns i.e. surrounds the competitor with a varied brand and forcing the competitor to defend himself from all the sides simultaneously. This strategy is adopted to enjoy the long-term market dominance.

I. Market-Challenger Strategies

Bypass Attack:

the indirect attack, the market challenger broaden its market share by attacking the easier markets.

The challengers can bypass the leader by following any of the strategies viz. Expanding into the untapped markets, diversifying into the unrelated products, modernizing the existing product with the invention of technology.

E.g. Pepsi adopted this strategy when it launched its mineral water brand “Aquafina” very well before the Coca Cola’s mineral water brand.



Guerrilla Warfare:

the intermittent attacks imposed by the challenger to demoralize the competitor by adopting both the conventional and unconventional means of attack.

E.g. When the Coca-Cola was the official partner of the world cup, the Pepsi counter-attacked it by using the punch line “ Nothing official about it”.

A variation on guerilla marketing as the idea of ambush marketing

NEWS > NATION/WORLD
**Nike's Visibility At Olympics Upsets Some
Official Sponsors**
Sun., July 21, 1996

1996 Olympics:

Nike

"Nike has chosen to put a shoe store at the back door of the sponsor village, standing at the edge of the group picture and trying to look very sponsorlike," said Darby Coker, director of communications for the marketing arm of the Atlanta Committee for the Olympic Games.

Audi

"We are not trying to kid anybody into thinking we are a sponsor," Nike spokesman Keith Peters said. "I hear it all the time, and we feel we have every right to be a participant at sports events. We have been with our athletes and track and field longer than the people in Atlanta will have anything to do with sponsors."

In 2011, Samsung launched the Galaxy S II around the same time as Apple's iPhone 4S.

People frequently line up outside Apple stores. But Samsung isn't known for its retail operations, so they put a pop-up store a few feet away from Apple's flagship Sydney site and offered their Galaxy S II at AUS\$2 instead of the near AUS\$850 full retail price.

Despite only being open for three days, the pop-up store achieved its goal — take away from Apple's moment by having a bigger line throughout the week



I. Market-Challenger Strategies

- 1 It must have a *sustainable* competitive advantage either in terms of cost or differentiation.
- 2 It must be able to partly or wholly neutralize the leader's advantages, typically by doing almost as well as the leader that which the leader does best.
- 3 There must be some impediment to the leader's retaliating. Most commonly this might be because the leader will run foul of anti-monopolies legislation or has an enormous and inflexible commitment to a particular technology that the challenger can sidestep.

II. Market-Follower Strategies

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

Following:

- Closely
- At distance
- Selectively

Competitive rivalry is typically the most intense in industries with stagnant demand, high fixed costs, high inventory costs

II. Market-Follower Strategies

Counterfeiter

In this strategy, the company copies the product of the market leader and sells it in the black market.

Eg.- Watches of luxury brand been sold such as Rolex, pirated movie CDs.



Cloner

the company not only replicates the product of market leader but also name and packaging of that company with minor differences.



\$500 billion is lost to counterfeiting every year. That's 3.3% of world trade, and US, Italian, French, and Swiss brands are the most affected.

22% of all counterfeit goods seized are footwear. The most common brand victims are Nike, Adidas, Louboutin, and UGG.

12% of counterfeit goods are electrical equipment



\$309 (counterfeit)



\$1,390 (real)

The most commonly used platforms for counterfeits: Amazon, Taobao and Aliexpress (owned by Alibaba in China), It is estimated that 67% of items sold on Taobao are counterfeit.

II. Market-Follower Strategies

Imitator

the follower company imitates the product of leader company but maintains its own difference and quality in the product. They offer the product to the customers at compromised quality but the characteristics are exactly the same or similar.

Eg: IBM possessed the technology to bring a personal computer long before Apple or Microsoft.

Adaptor (a white collared strategy)

a stereotyped strategy which is used by many companies. The follower companies create products that are improved versions or adapted from the goods and services that are already present in the market.

Every company comes out with a better version of a car than another.

III. Market-Nicher Strategies

leader in a small market;

- *creating niches;*
- *expanding niches;*
- *and protecting niches.*

Multiple niching

a strategy adopted by a company operating simultaneously in more than one market niche

A niche market could stand apart from others because of:

Geographic area

Lifestyle

Occasion

Profession

Style

Culture

Activity or habits

Behavior

Demographic

Need

Feature reduction or addition



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Our Price: \$29.95
You save \$19.95!

90% of the population uses its right hand, left-handers have widely had to adjust to using products designed for "righties."

Lefty's created a store that sells products designed exclusively for left handed people.

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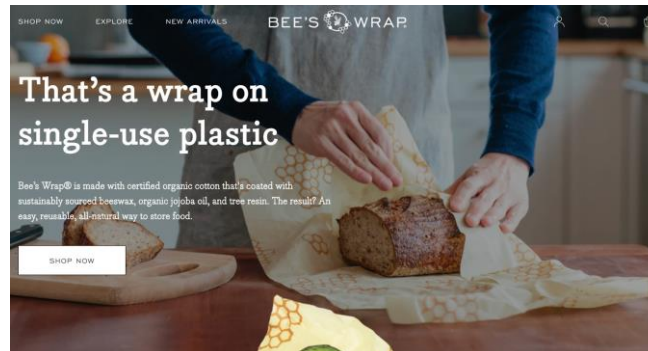
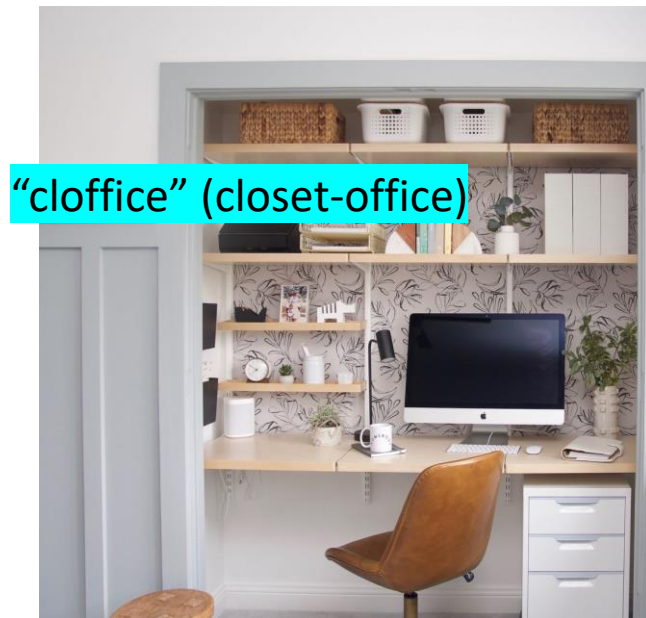
Firms entering a market should initially aim at a niche rather than the whole market.

An Irish upstart company, Digicel Group, has successfully tapped into one of the few remaining high-growth segments: poor people without cell phones

Jamaica: reputation for competitive rates, comprehensive coverage, superior customer care, and a wide variety of products and services.

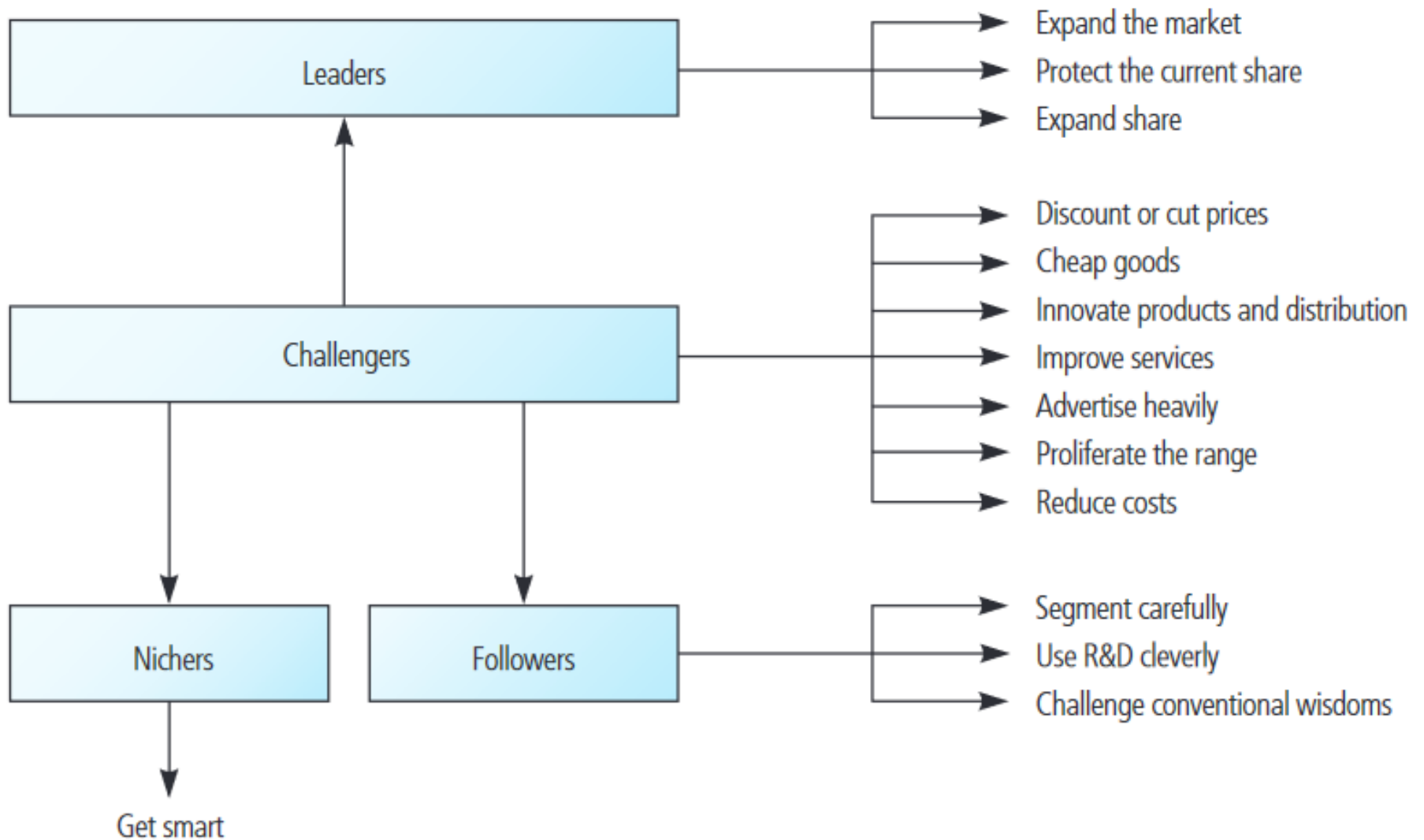
III. Market-Nicher Strategies

- The final product quality (low or high) is not dependent on the price elasticity of demand
- The product is about the specific needs that aims to satisfy and aspects of brand recognition (e.g. prestige, practicability, money saving, expensiveness, environmental conscience, or social status)

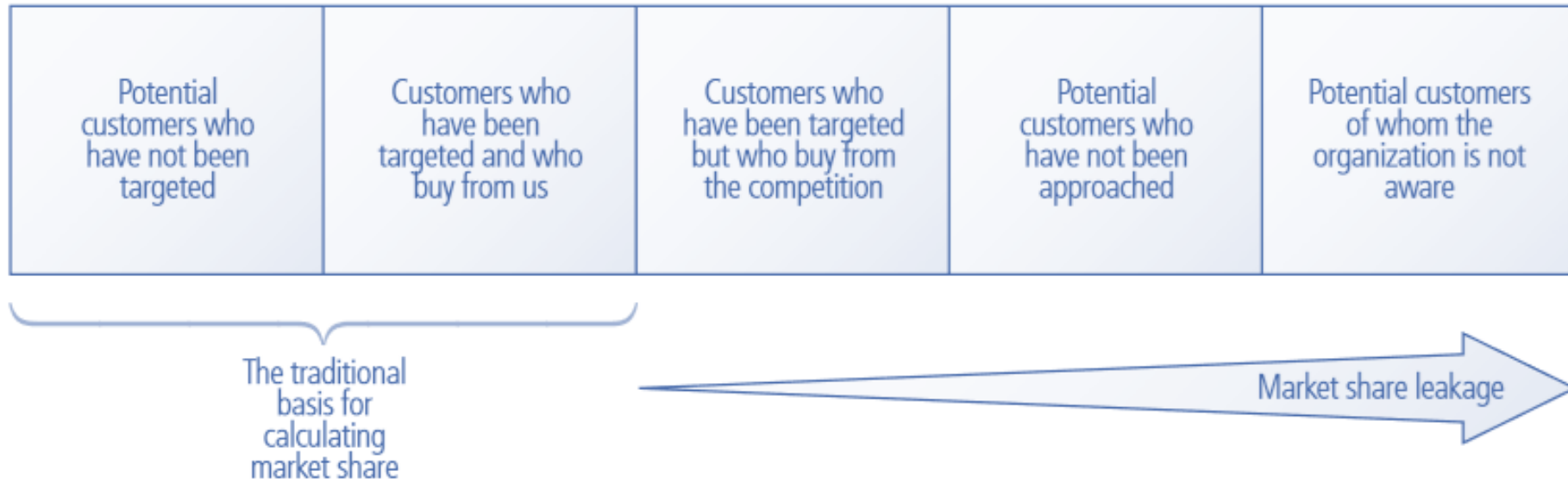


Key points:

- 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.



Broadening the market share redefinition



Product Life-Cycle Marketing Strategies

Product life cycle (PLC) affecting the positioning and differentiation

Each product life cycle **stage** calls for different marketing strategies.

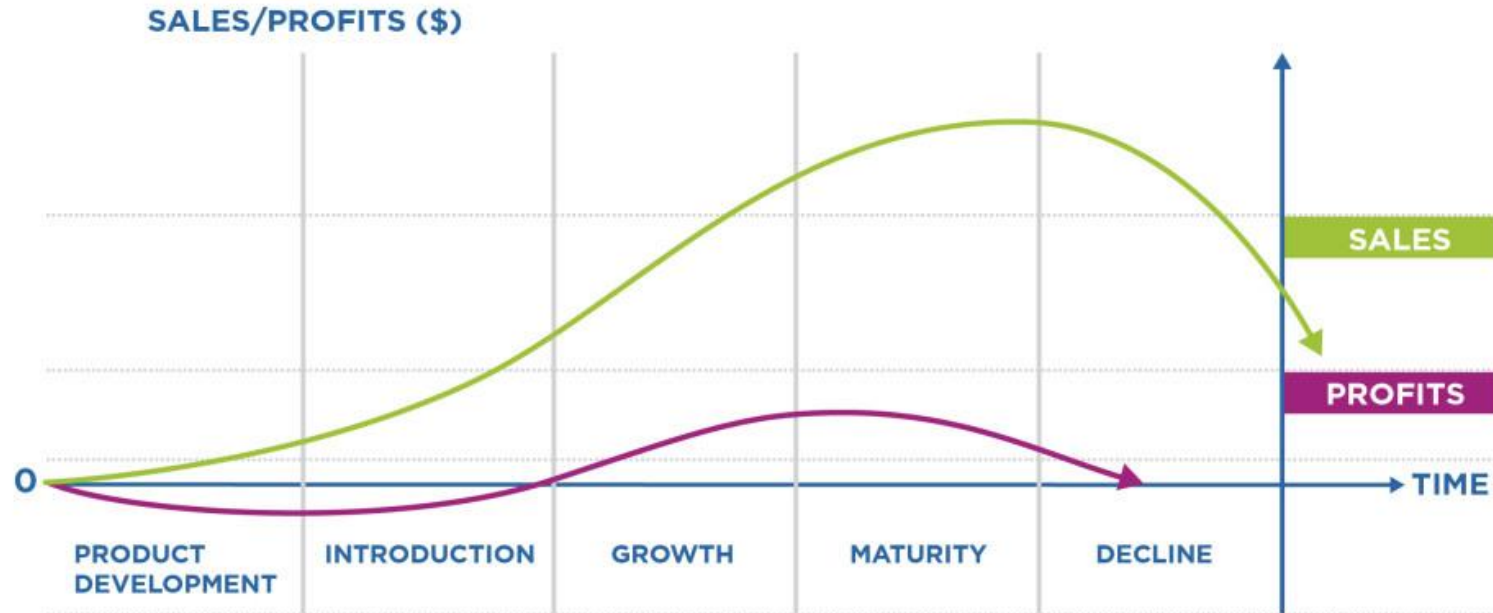
Product Life-Cycle Marketing Strategies

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.

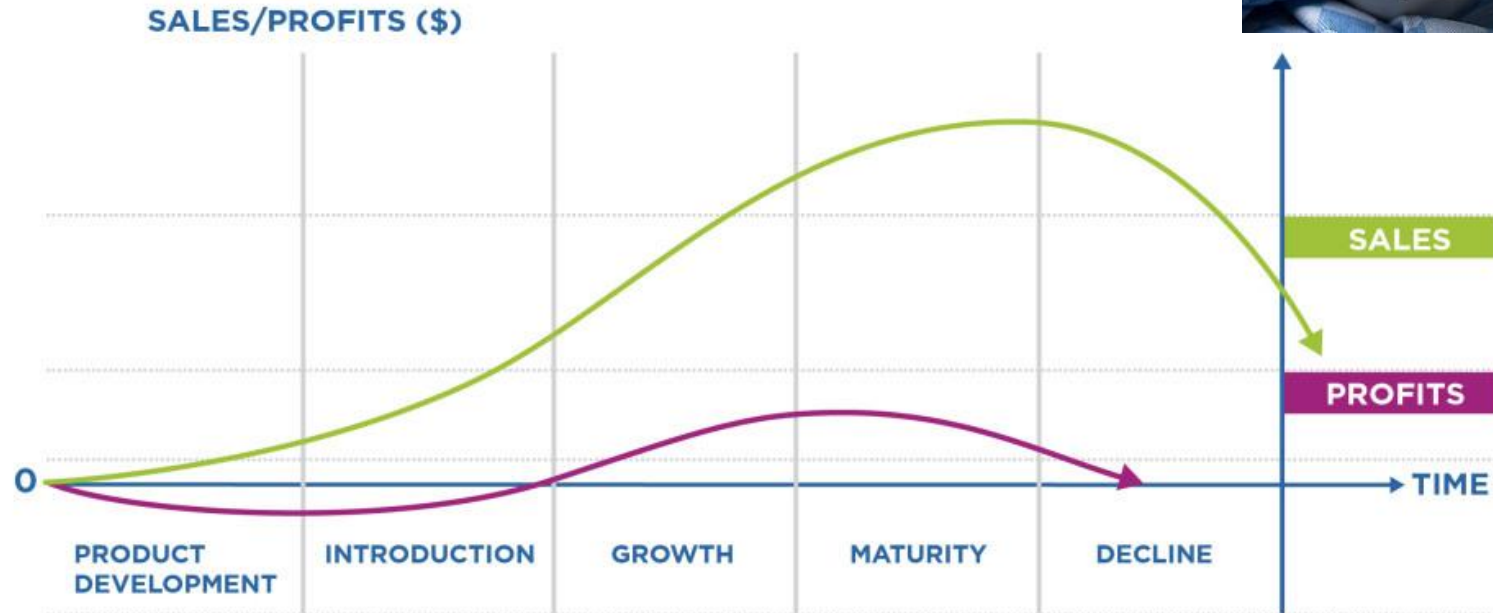
Companies **must** reformulate their marketing strategy several times during a product's life cycle.

Product lifecycle



What kind of promotion is suitable for each phrase??

Product lifecycle



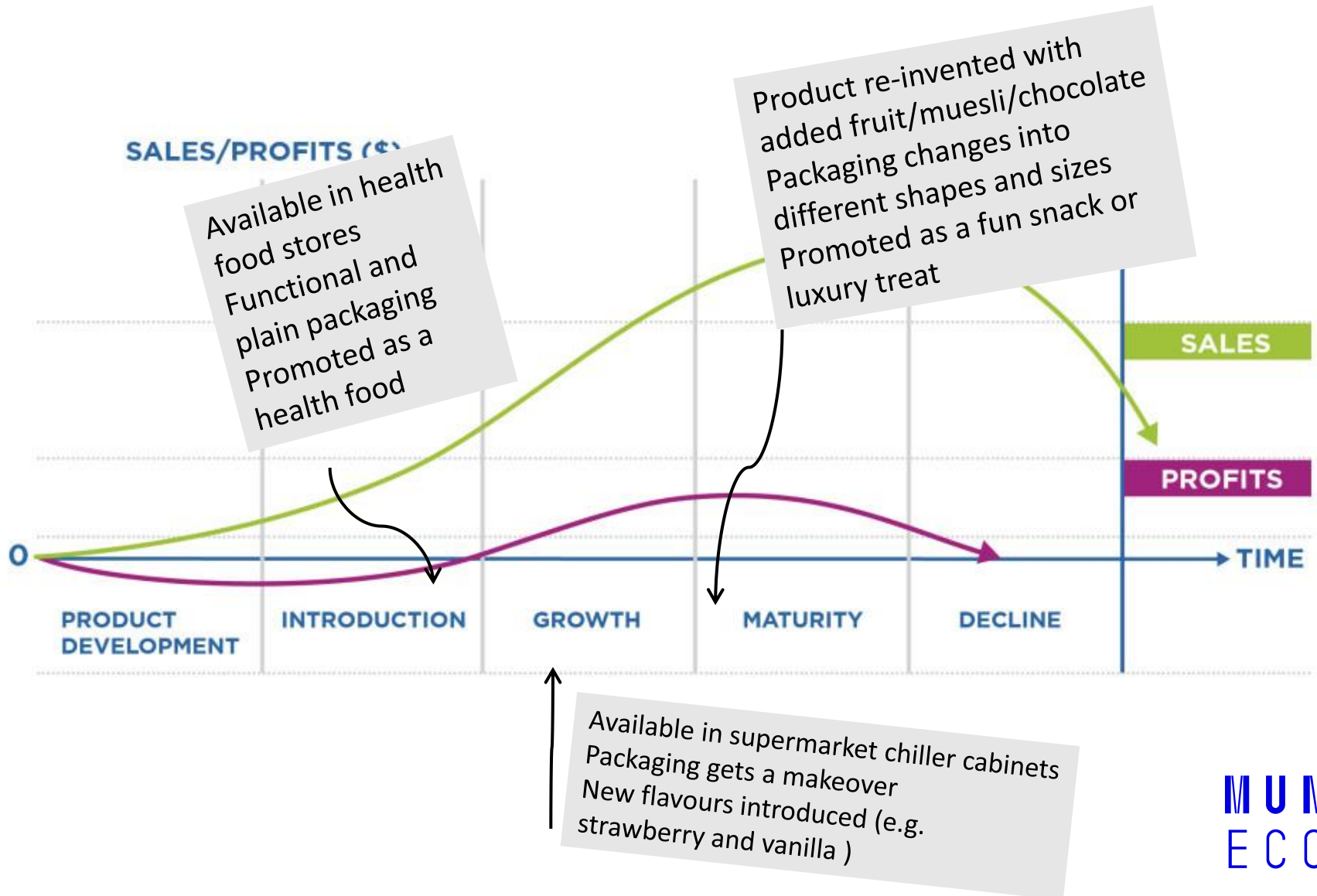
What kind of promotion is suitable for each phrase??

Informative advertising – increasing awareness

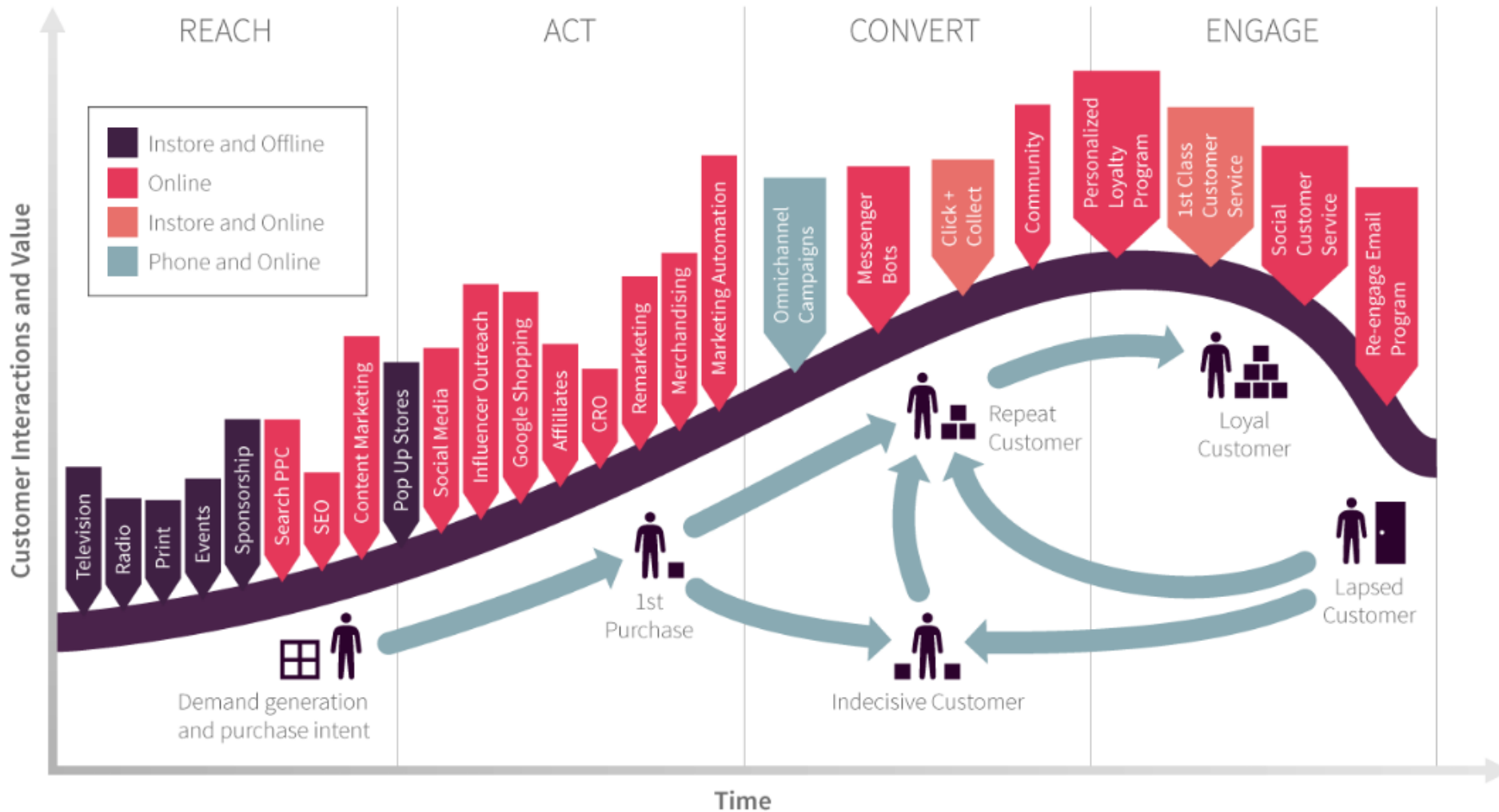
Persuasive advertising – increasing brand loyalty

Reminder advertising – price and promotion changed to increase life of product

Product lifecycle



Lifecycle marketing model

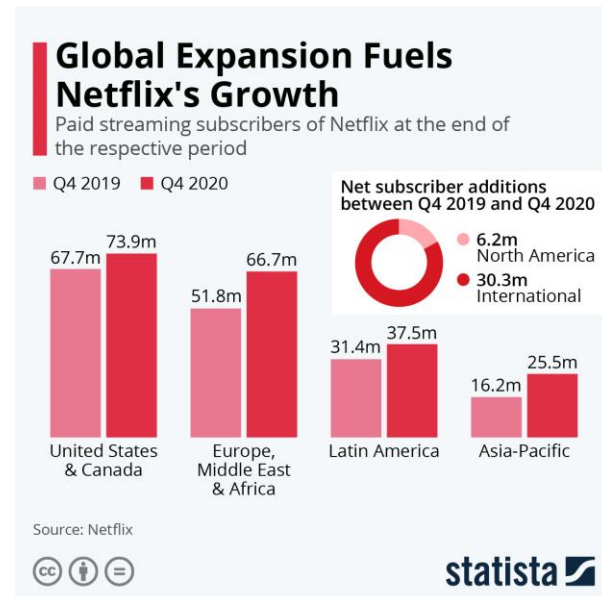


How to extend the Product Life Cycle?

Advertising/packaging Price/specification

- *Large changes are marked by new product names (e.g. Lenovo YOGA laptops) while spec upgrades are labelled 'generations'. The more generations of a product, the cheaper older generations become as they are seen as 'value' options.*

New markets/platforms



Case of Nintendo

Extending the lifespan of the games by continuously utilizing the changing platforms and technology available.



Several games originally launched in the 1980s and available on cartridges have been re-released multiple times to extend their lifespan:

- *Early-2000s: Games released on GameBoy Advance, with the new appeal of portability (akin to portable music devices like Walkman)*
- *Late-2000s: Games released on the Wii Virtual Console, with the new appeal of forming a non-physical collection on one device (akin to the rise of digital downloads of films)*
- *2010s: These games have now been made available on their Switch console as a subscription product (akin to Netflix and other on-demand services)*
- *2019 saw the release of the Nintendo Switch Lite: This slinkier, lighter device won't hook up to your TV but it does offer the convenience of handheld on-the-go gaming*

TABLE 11.2

Summary of Product Life-Cycle Characteristics, Objectives, and Strategies

	Introduction	Growth	Maturity	Decline
Characteristics				
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
Marketing Objectives				
	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand
Strategies				
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).

Take a position:

Brands cannot be expected to last forever

versus

***There is no reason for a brand to ever
become obsolete.***

Marketing in an Economic Downturn

Like products, markets evolve through four stages: **emergence, growth, maturity, and decline.**

- 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.

Marketing strategies during pandemic crisis

Marketing strategies during Covid crisis

- online commerce;
- advanced delivery and payments;
- enhanced shipping;
- access to paid content;
- growth of content volume;
- social and charity campaigns;
- anti-crisis offers;
- collaborations;
- online experience products;
- adapted marketing communication.



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FOR MILLIONS AROUND THE WORLD,**

NOW IS YOUR CHANCE.

Play inside, play for the world.






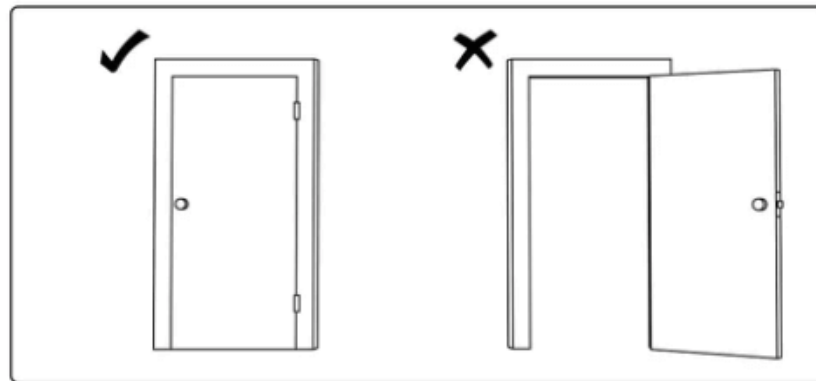
National Parks and Wildlife Service South Australia

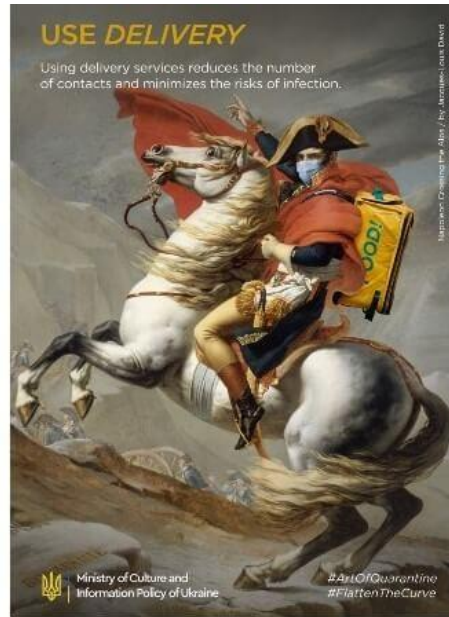


STAY HÖME



	1x
	1x
	100x





#ArtOfQuarantine - Ministry of Culture and Information Policy of Ukraine



A Safety Driven Lifestyle

#coronavirus_preventions



Staying home with
your family
will save your life



A Safety Driven Lifestyle

#coronavirus_preventions



Enjoying the comfort
of your home
will save your life

A Safety Driven Lifestyle of TBWA for Nissan

Marketing strategies during (Covid) crisis

Benefits:

- *it contributes to brand recognition;*
- *keeps people engaged with the brand;*
- *generates publicity and media coverage;*
- *works for your product as a free trial period;*
- *spreads the word of mouth.*

How Brands Are Advertising During the Pandemic

<https://www.youtube.com/watch?v=Q4DpxASLnXo>

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