



Eva Tomášková

eva.tomaskova@law.muni.cz

Marketing for Lawyers

Marketing strategies



Market power

- A firm with market power has the ability to individually affect either the total quantity or the prevailing price in the market.
- Many countries have anti-trust or other legislation intended to limit the ability of firms to accrue market power.
- Such legislation often regulates mergers and sometimes introduces a judicial power to compel divestiture.
- A firm usually has market power by virtue of controlling a large portion of the market.
- Indicators of market power:
 - Market share (This is the percentage of the total market serviced by a firm or a brand)
 - Barriers to entry (predatory pricing, product typing, creation of overcapacity)



Decision of customers

- Market share of a company is an important decision for customers.
- “Is the company I am buying from stable?”
- Do you prefer buying at smaller companies or at bigger companies? Why?



Position of the market

- Information about increasing of market is necessary for analysis of position on the market.
- BCG matrix
- Market attractiveness

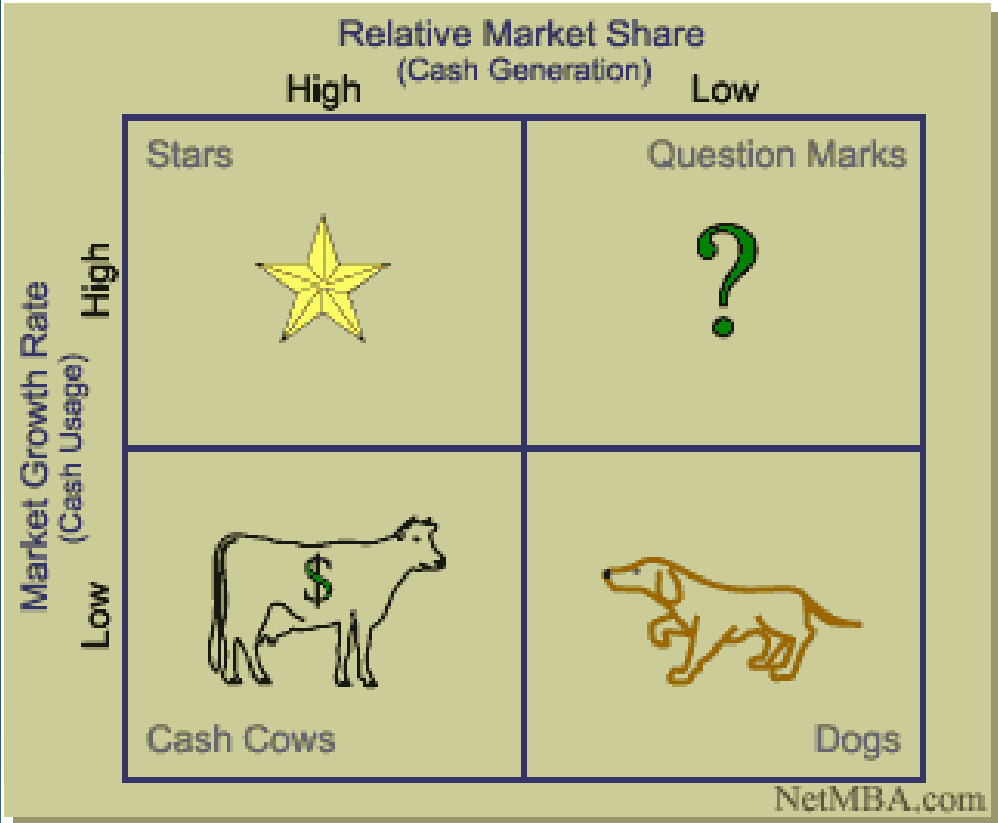


BCG Matrix I.

- a portfolio planning model of the Boston Consulting Group in the early 1970's.
- It is based on the observation that a company's business units can be classified into four categories based on combinations of:
 - market growth and
 - market sharerelative to the largest competitor
- maps the business unit positions within these two important determinants of profitability.



BCG Matrix II.






Categories of BCG Matrix

- Dogs
 - has little potential
 - such businesses are candidates for divestiture
- Question marks
 - (known as a "problem child") has the potential to gain market share and become a star
 - if they does not succeed, they will degenerate into a dog
 - must be analyzed carefully in order to determine whether they are worth the investment required to grow market share
- Stars
 - generate large amounts of cash
 - it will become a cash cow when the market growth rate declines
 - the portfolio of a diversified company always should have stars that will become the next cash cows and ensure future cash generation
- Cash cows
 - as leaders in a mature market
 - generate more cash than they consume
 - cash cows provide the cash required to turn question marks into market leaders



Example

- Dogs – floppy disk
- Question marks – USB 3.0
- Stars - USB flash drive – USB 1.0 or USB 2.0
- Cash cows – Compact disk (CD), Digital Video Disc (DVD)



Market attractiveness (GE matrix)

the McKinsey and Company Consulting group

Includes:

- Market attractiveness - market growth as the dimension of industry attractiveness,
- Competitive strength - market share as the dimension by which the competitive position of each company is assessed.

- Factors that Affect Market Attractiveness
 - Market Size
 - Market growth
 - Market profitability
 - Pricing trends
 - Competitive intensity
 - Overall risk of returns in the industry
 - Opportunity to differentiate products and services
 - Segmentation
 - Distribution structure (e.g. retail, direct, wholesale)

- Factors that Affect Competitive Strength
 - Strength of assets and competencies
 - Relative brand strength
 - Market share
 - Customer loyalty
 - Relative cost position (cost structure compared with competitors)
 - Distribution strength
 - Record of technological or other innovation
 - Access to financial and other investment resources



Market attractiveness (GE matrix)

Market Attractiveness ↑		Market Share →		
		Low	Medium	High
High	Invest or go away	Invest	Keep the leader position	
Medium	Cash and go to disinvestment strategy	Cross	Increase of market attractiveness	
Low	Disinvestment strategy	Cash and go to disinvestment strategy	Cash	



Limitation of BCG and GE Matrix

- BCG matrix overlooks many other factors of profitability
- The framework assumes that each businessman is independent of the others.
- The matrix depends heavily upon the breadth of the definition of the market. A businessman may dominate its small niche, but have very low market share in the overall industry. In such a case, the definition of the market can make the difference between a dog and a cash cow.

BCG matrix still can serve as a simple tool for viewing a corporation's business portfolio (a range of property investments)



Brand Positioning

- emotional branding can also be extremely powerful
- Brand managing:
 - from Diagnostics (defining the field of play)
 - Creation (defining the brand architecture)
 - Realization (giving meaning to the brand)
 - Monitoring (if brand fulfills expectation of firms)

BRAND ARCHITECTURE SYSTEMS

UMBRELLA

Used when a brand name spans across a range of sub-brands, typically all falling within the same category. We can look to FedEx as an excellent example of successfully incorporating the umbrella model.



PRODUCT

Each product or service is individually branded, but the parent brand is de-emphasized. P&G uses this model as it owns 50 leading brands, such as: Tide, Duracell, Gillette, Crest, Old Spice, etc. Successful use of this model is reserved for large, multi-national corporations possessing the resources to successfully manage its individual sub-brands into prominence.



ENDORSED

Used when sub-brands are linked to the corporate brand by verbal and/or visual endorsement. 3M uses this model with its eleven brands because it knows that when the 3M logo is imprinted on the packaging of its products, consumers associate those products with reliability and quality. In this model, the sub-brand is the dominant brand backed up with the strength of its parent brand.

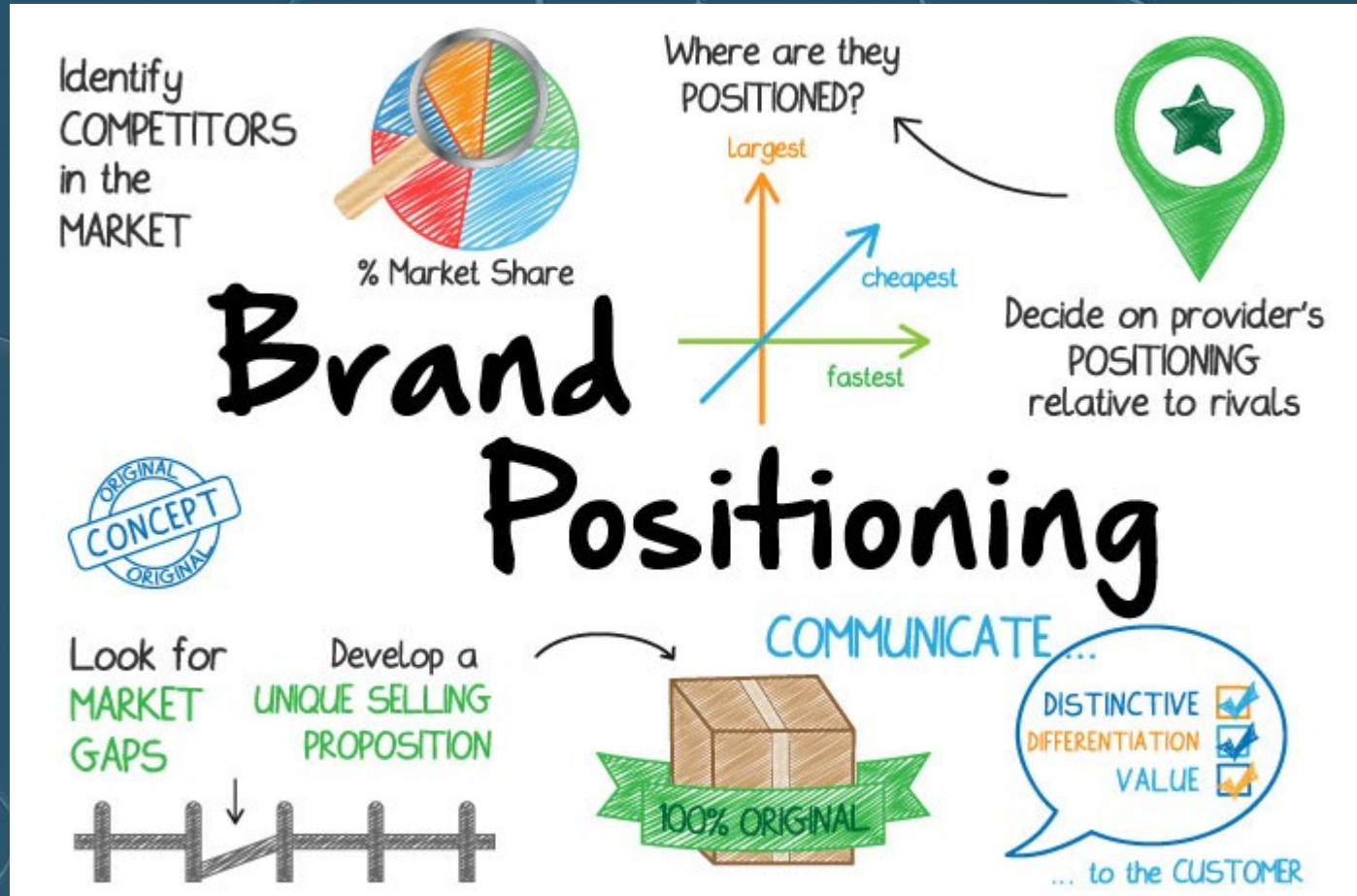


IC

This system uses a single name across all products and



Brand Positioning



The most valuable brands



<https://www.marketwatch.com/story/the-most-valuable-brands-in-the-world-in-one-chart-2017-02-08>

The most valuable brands

Google

1 Rank 2017: **1** 2016: **2** ↑
BV 2017: **\$109,470m** +24%
BV 2016: **\$88,173m**
Brand Rating: **AAA+**



2 Rank 2017: **2** 2016: **1** ↓
BV 2017: **\$107,141m** -27%
BV 2016: **\$145,918m**
Brand Rating: **AAA**

amazon.com

3 Rank 2017: **3** 2016: **3** →
BV 2017: **\$106,369m** +53%
BV 2016: **\$69,642m**
Brand Rating: **AAA-**



4 Rank 2017: **4** 2016: **6** ↑
BV 2017: **\$87,016m** +45%
BV 2016: **\$59,904m**
Brand Rating: **AAA**

Microsoft

5 Rank 2017: **5** 2016: **4** ↓
BV 2017: **\$76,265m** +13%
BV 2016: **\$ 67,258m**
Brand Rating: **AAA**

SAMSUNG

6 Rank 2017: **6** 2016: **7** ↑
BV 2017: **\$ 66,219m** +13%
BV 2016: **\$ 58,619m**
Brand Rating: **AAA-**

verizon

7 Rank 2017: **7** 2016: **5** ↓
BV 2017: **\$ 65,875m** +4%
BV 2016: **\$ 63,116m**
Brand Rating: **AAA-**

Walmart

8 Rank 2017: **8** 2016: **8** →
BV 2017: **\$ 62,496m** +16%
BV 2016: **\$ 53,657m**
Brand Rating: **AA+**



9 Rank 2017: **9** 2016: **17** ↑
BV 2017: **\$ 61,998m** +82%
BV 2016: **\$ 34,002m**
Brand Rating: **AAA**

ICBC

10 Rank 2017: **10** 2016: **13** ↑
BV 2017: **\$ 47,832m** +32%
BV 2016: **\$ 36,334m**
Brand Rating: **AAA**

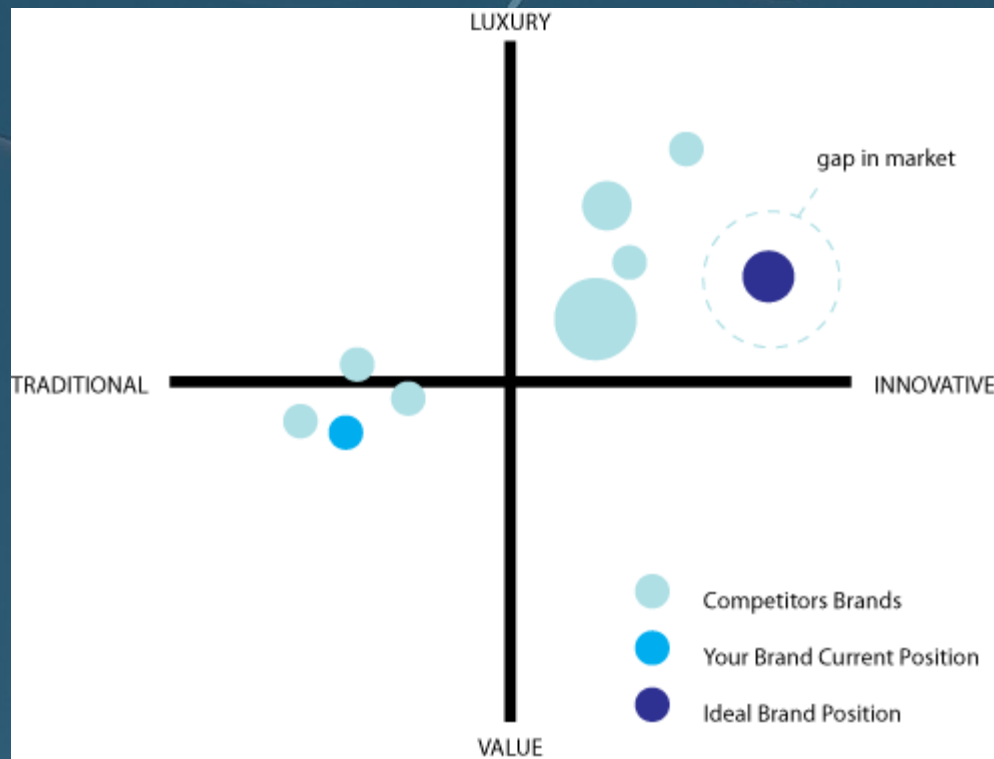


Position analysis

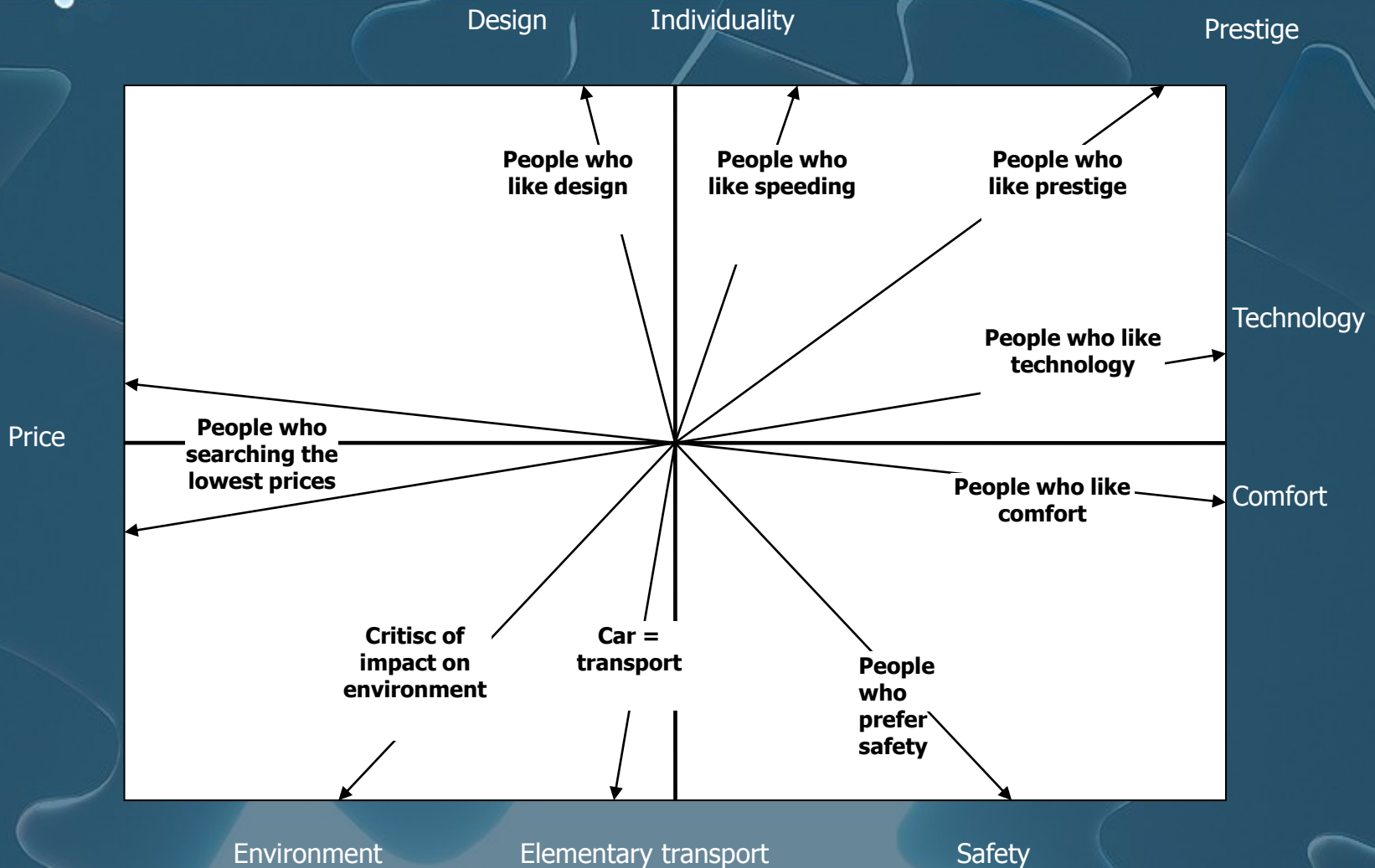
- Psychological model
 - Based on brand perception by customers
 - Main presumption:
 - To have differences recognizable by customers
 - Customers have to place product of a company and products of competitors to the graph
 - To know the best position for customers
 - To measure differences between ideal position of customers and current position
- + Clear perception and wishes of customers
- To realize a large research

Brand Positioning Example

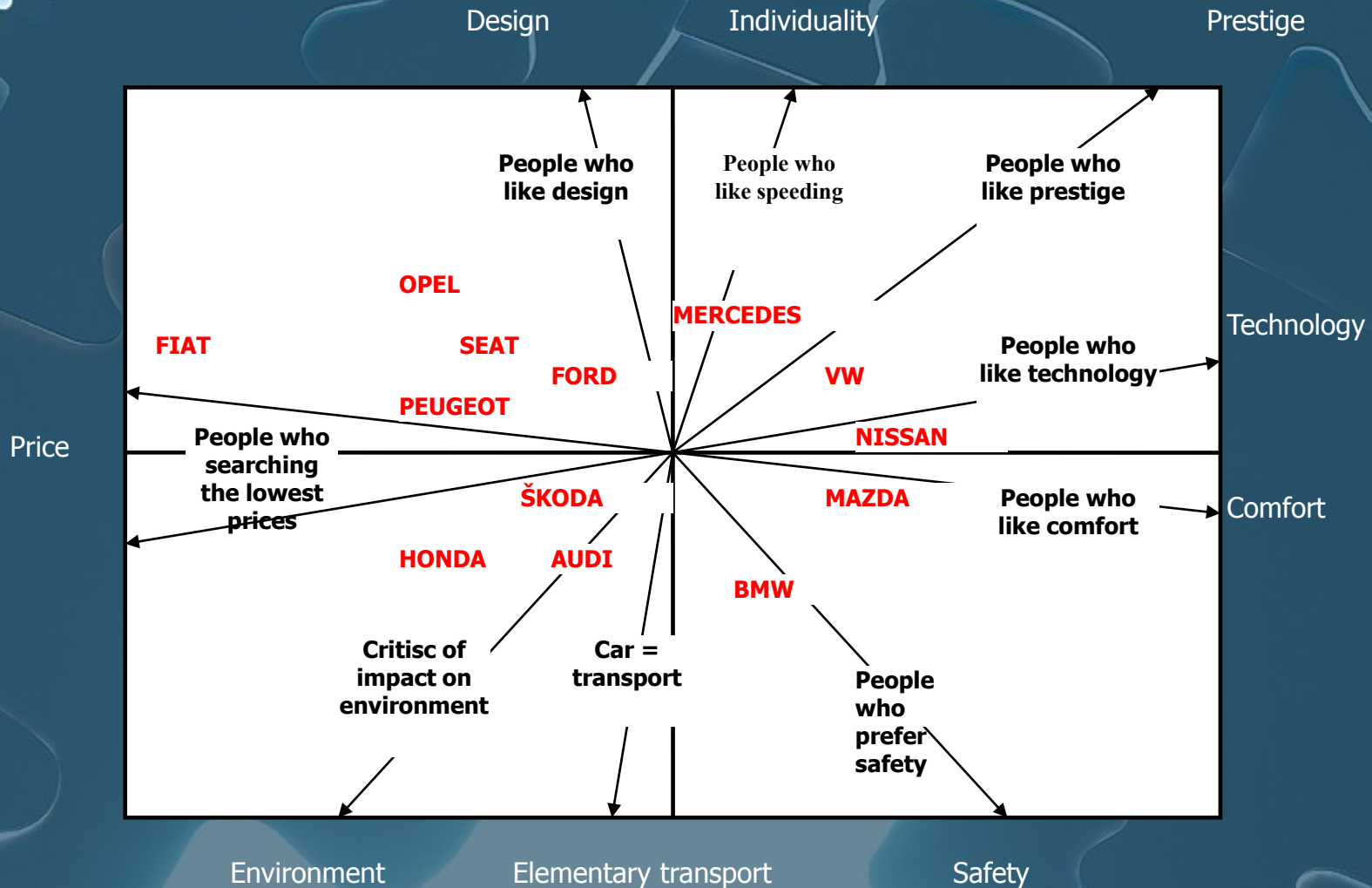
https://xposurecreative.uk/brand-positioning-example/?cli_action=1543826899.638



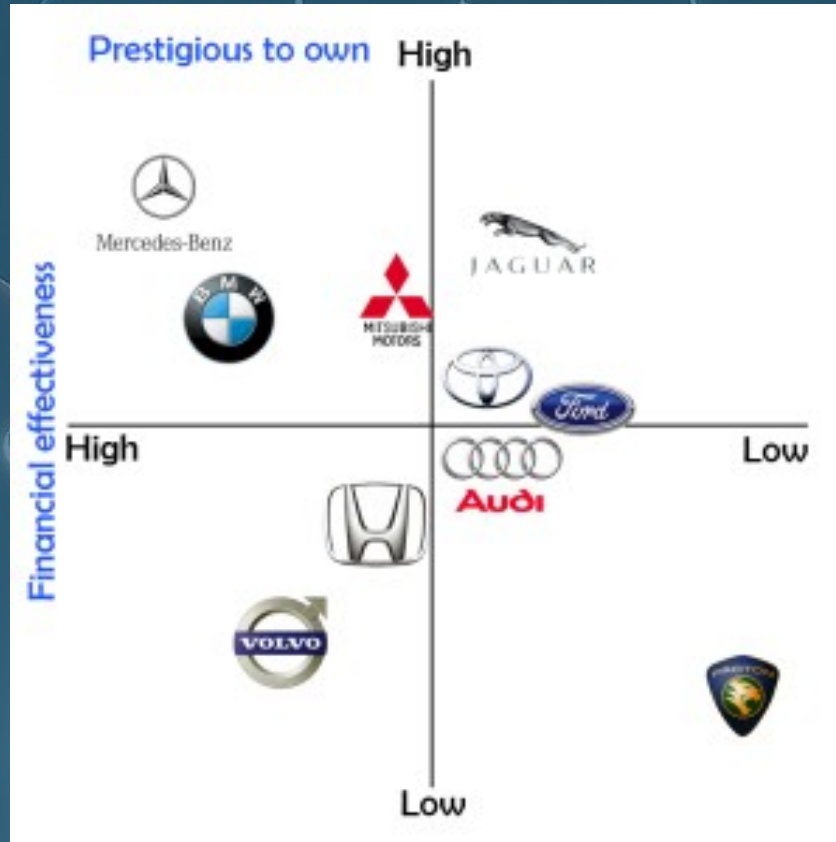
Creation of position graph



Position analysis I.

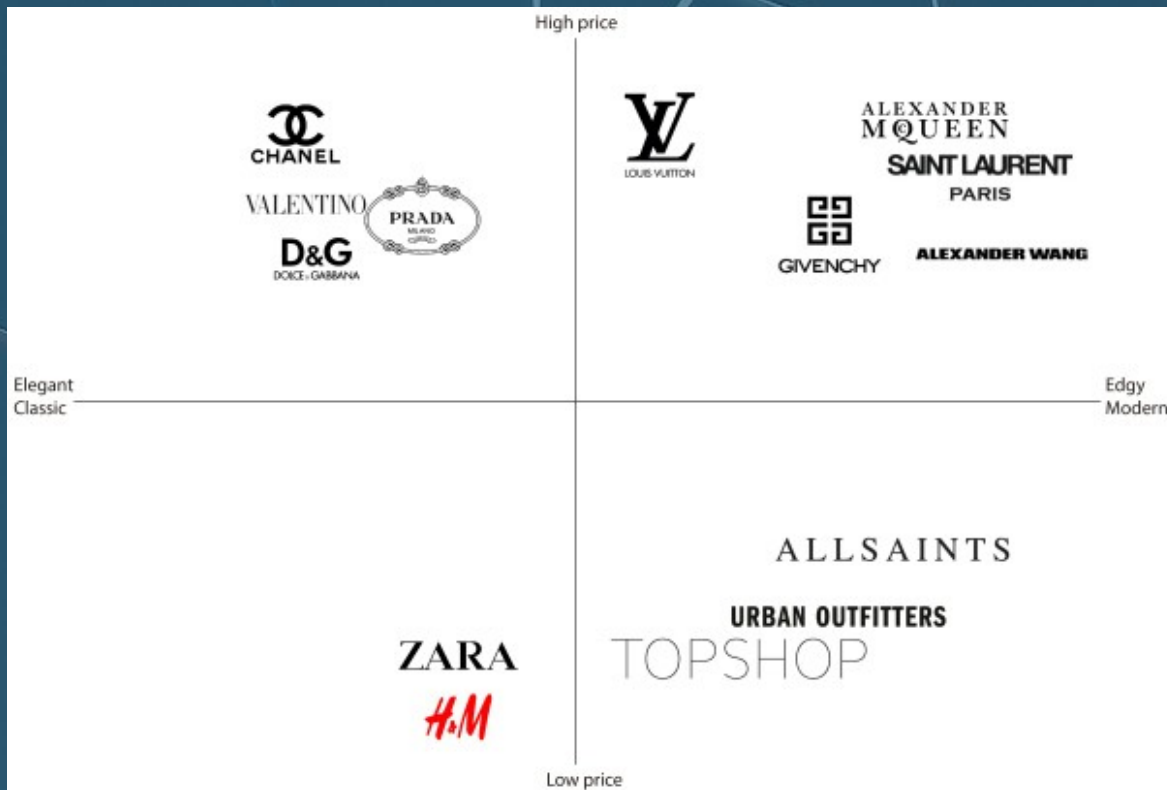


Brand Positioning Example



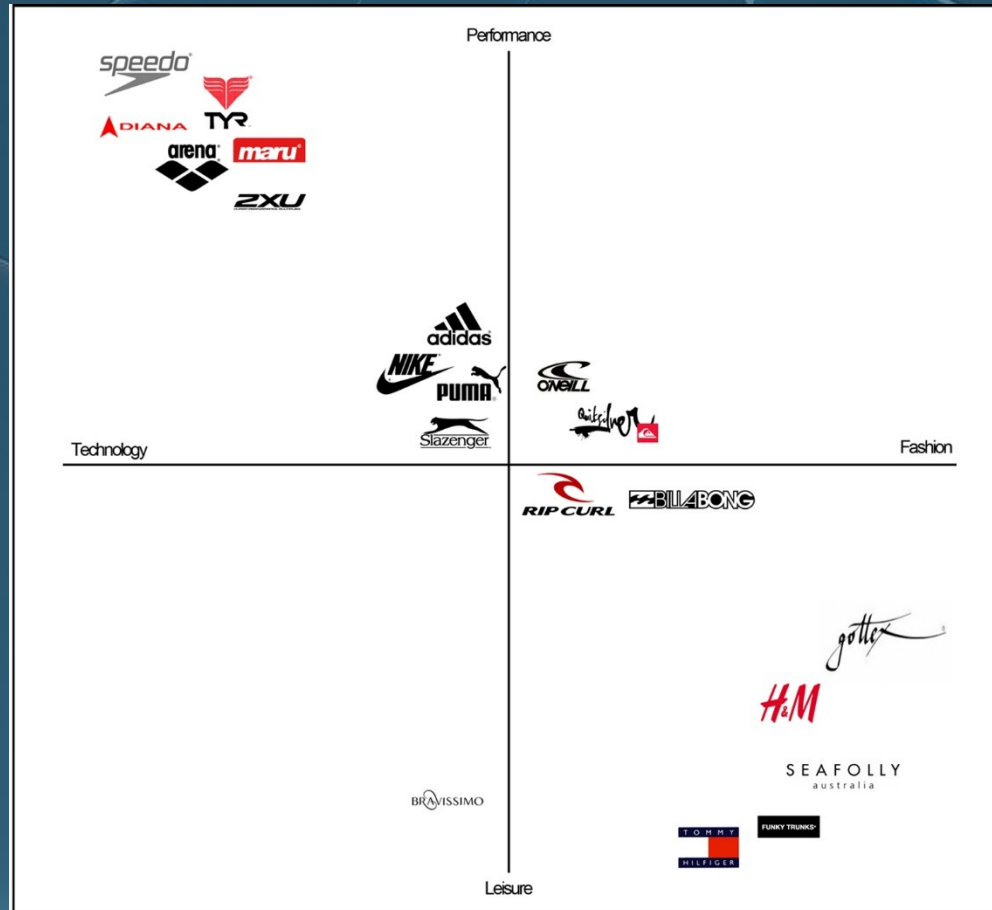
<https://lucythebusybee.wordpress.com/2013/10/24/applying-the-perceptual-mapping-concept-into-brand-positioning/>

Brand Positioning Example



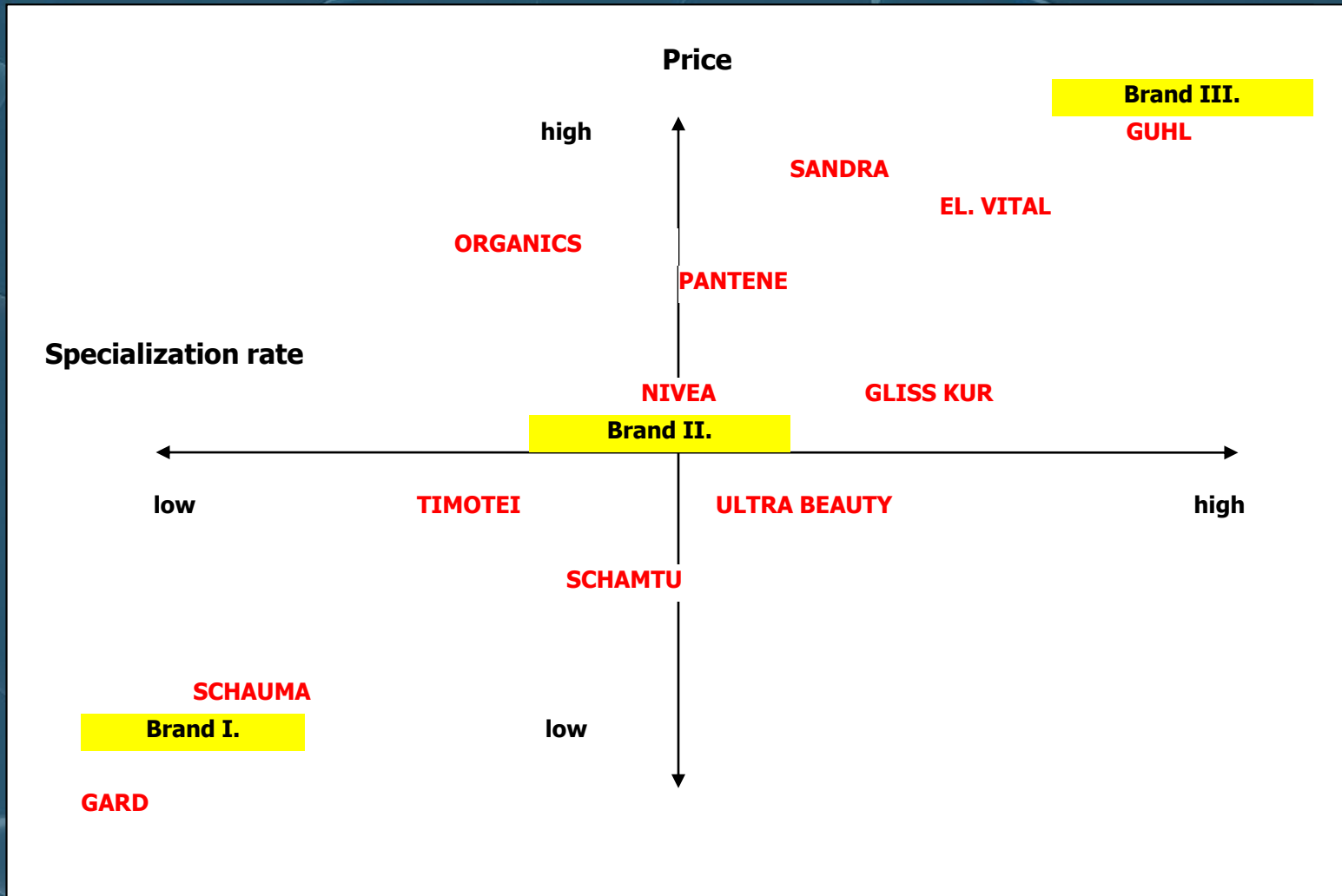
<https://yslculc.wordpress.com/2015/08/09/target-customers-advertising-analysis-brand-architecture-brand-position/>

Brand Positioning Example



<https://lucythebusybee.wordpress.com/2013/10/24/applying-the-perceptual-mapping-concept-into-brand-positioning/>

Position analysis II.





SWOT

S

STRENGTHS

- Things your company does well
- Qualities that separate you from your competitors
- Internal resources such as skilled, knowledgeable staff
- Tangible assets such as intellectual property, capital, proprietary technologies etc.

W

WEAKNESSES

- Things your company lacks
- Things your competitors do better than you
- Resource limitations
- Unclear unique selling proposition

O

OPPORTUNITIES

- Underserved markets for specific products
- Few competitors in your area
- Emerging need for your products or services
- Press/media coverage of your company

T

THREATS

- Emerging competitors
- Changing regulatory environment
- Negative press/media coverage
- Changing customer attitudes toward your company



Strategy

- Strategy refers to a plan of action designed to achieve a particular goal.
- A goal is a projected state of affairs that a person or a system plans or intends to achieve
- Goals should be SMART
 - S – specific
 - M – measurable
 - A – attainable
 - R – relevant (realistic)
 - T – time-bound
- Determine 3 goals (could be from your personal life) which are SMART.



Marketing strategy

- Marketing strategy is a process that can allow a company to concentrate its limited resources on:
 - the greatest opportunities to increase sales and
 - achieve a sustainable competitive advantage (requires erecting barriers against the competition).
- The main goal of marketing strategy is customers satisfaction.



Types of strategies

- Strategies based on market dominance
- Porter generic strategies
- Innovation strategies
- Growth strategies



Strategies based on market dominance

Marketing warfare strategies

- A company must identify its position relative to the competition in the market
- Typically there are four types of market dominance strategies:
 - Leader
 - has market dominance
 - Challenger
 - The market challengers' strategic objective is to gain market share and to become the leader eventually
 - How?
 - By attacking the market leader
 - By attacking other firms of the same size
 - By attacking smaller firms
 - Follower
 - product imitation strategy might be just as profitable as a product innovation strategy
e.g. Product innovation—Sony, Product-imitation--Panasonic
 - Nicher
 - Smaller firms can avoid larger firms by targeting smaller markets or niches that are of little or no interest to the larger firms



Porter generic strategies

- Product differentiation
- Cost leadership



Innovation strategies

- deals with the firm's rate of the new product development and innovations
 - Pioneers
 - concentrate on being the one with the newest, hottest products around.
 - A company promises its customers will get the new technology before anyone else does.
 - Close followers
 - wait for other to pioneer in different direction, and when they are on to something, a company quickly adopts it, improves it and makes it its own.
 - Late followers
 - A company adopts only the most stable of technology, it stresses to its customers that its products will be stable, tried and tested, with no bugs or last minute recalls.



Growth strategies

- Possibilities how a company should grow
 - Horizontal integration
 - A company tries to expand by acquiring or starting new business in the same field as its main business
 - it allows to control a bigger market share
 - Vertical integration
 - A company tries to acquire or start businesses that supply its current business or sell its products.
 - it allows to have a stable production and delivery structure
 - Diversification
 - A company tries to get new markets with new products, where are great profits there
 - Intensification
 - A company adds new features to its existing products (new versions of products)
 - it allows to expand its market position