



# ***Product Strategy Decisions over PLC***

***Dr. Pallavi Chandwaskar***

# INTRODUCTION STRATEGIES

## Pioneer strategy

- Potential sources of competitive advantage available to pioneers are:
  - First choice of market segments and positions.
  - The pioneer defines the rules of the game.
  - Distribution advantages.
  - Economies of scale and experience.



EUREKA  
FORBES



# Pioneer or a Follower?

## Follower strategy

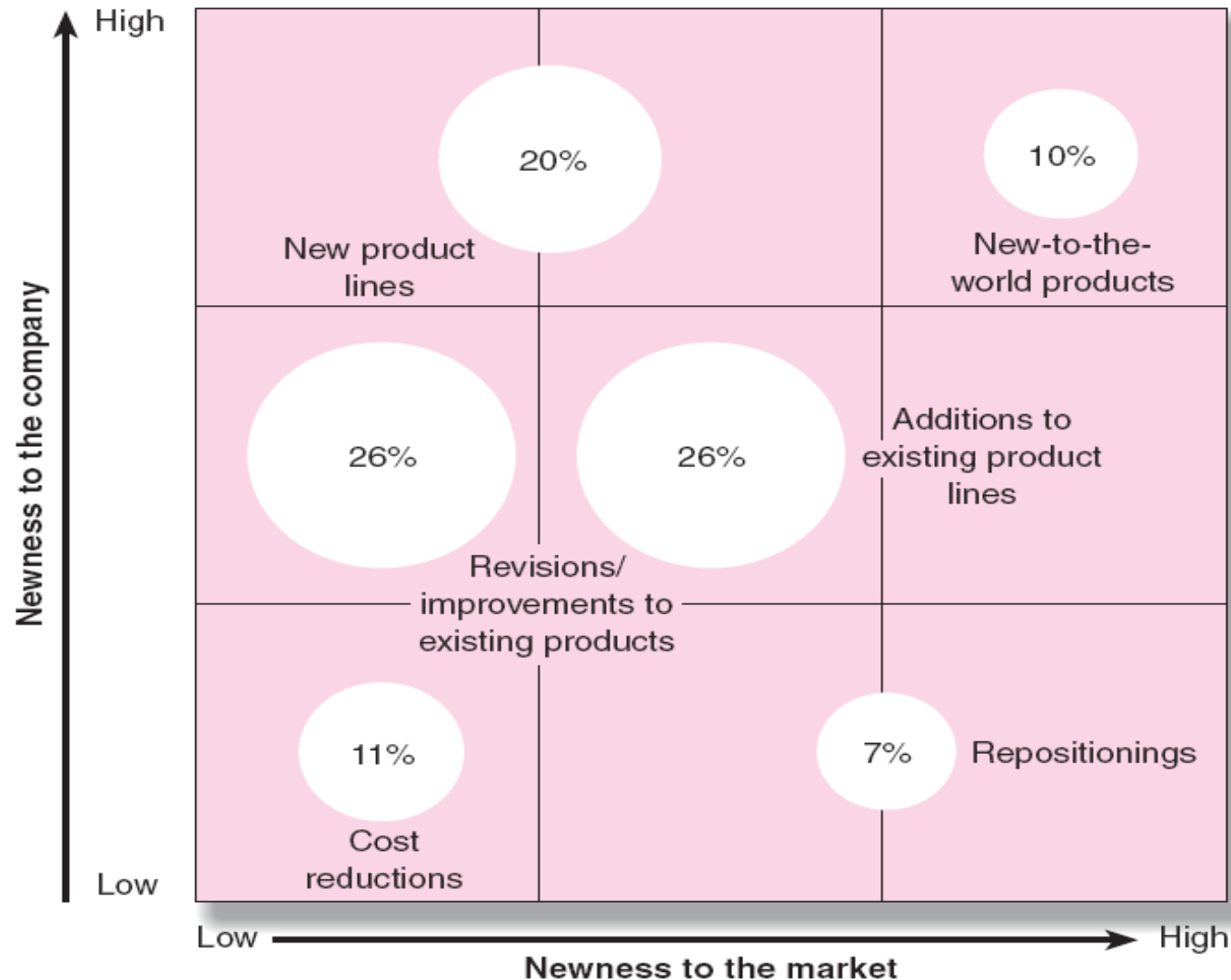
- The ability to take advantage of the:
  - Pioneer's positioning mistakes.
  - Pioneer's product mistakes.
  - Pioneer's marketing mistakes.
  - Latest technology.
  - Pioneer's limited resources



# Strategic Marketing Programs for Pioneers

- A pioneer might choose from one of three different types of marketing strategies:
  - **Mass-market penetration** eg. Lifebuoy soaps
  - **Niche penetration** eg. Mercedes with easy financing options
  - **Skimming** eg. Apple i-phones
  - Coca Cola Innovations - Pioneer  
<https://www.youtube.com/watch?v=UZ3iLo9RrSg>
  - DHL Innovations  
<https://www.youtube.com/watch?v=5zuyssUMGTc>

# New Product Introduction strategies: According to Their Degree of Newness to the Company and Customers in the Target Market



## Class Activity #5

- Analyse, think, identify and share 5 Introduction strategies by different FMCG players by naming their brands.
- (Time allotted: 10 minutes)



# Strategy Over the Life Cycle

	Life Cycle Stage			
	Introduction	Growth	Maturity	Decline
<i>Competitive Position:</i> Leader/Follower				
<i>Objective</i>				
<i>Positioning</i>				
Customer targets				
Competitor targets				
Differential advantage				

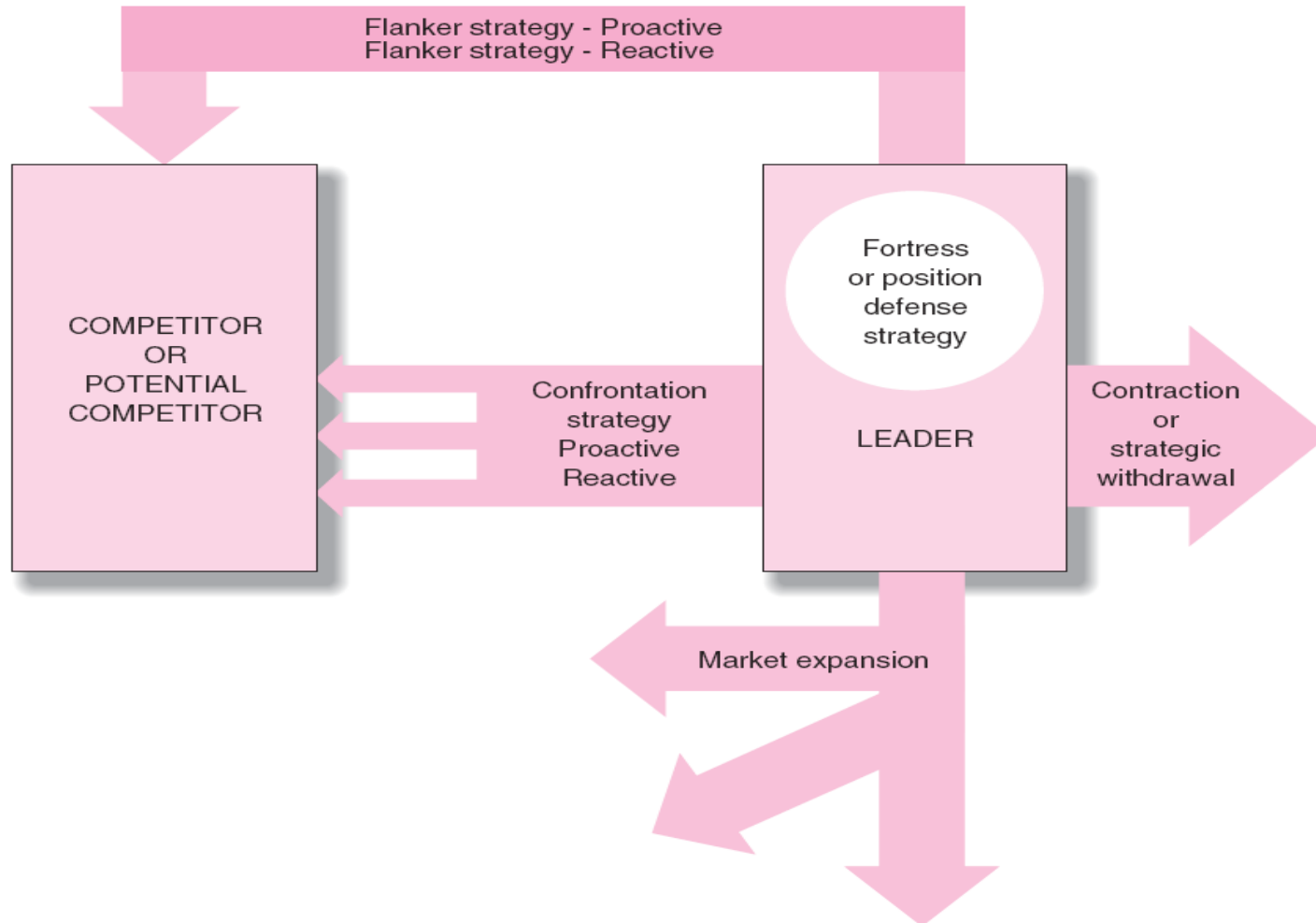
# GROWTH-MARKET STRATEGIES for Market Leaders

- Marketing objectives for share leaders
  - Retaining current customers
  - Stimulating selective demand among later adopters
  - Stimulating primary demand





# Strategic Choices for Share Leaders in Growth Markets



# Strategies for share Leaders in Growth Markets



FORTRESS/ POSITION DEFENSE	FLANKER	CONFRONTATION	MARKET EXPANSION	CONTRACTION/ STRATEGIC WITHDRAWL
Building on <b>existing strengths</b> ; appeal to late adopters	Developing a <b>second entry</b> that covers a weakness in original offering	Head-to-head <b>competitive offering</b> <a href="https://www.youtube.com/watch?v=hCHUITSCpW0">https://www.youtube.com/watch?v=hCHUITSCpW0</a>	<b>Line extensions</b> aimed at a variety of new applications	Withdraw from smaller or slower growing segments <b>to conserve resources</b>
Increase satisfaction loyalty & repeat purchase <a href="https://www.youtube.com/watch?v=3xsvucTiuQw">https://www.youtube.com/watch?v=3xsvucTiuQw</a>	Attract new customers with specific needs different from early adopters	To win new customers & protect against loss of share among current customers	Develop new user segments & retain current customers	Focus offerings & resources on selected high growth segments

# Growth-Market Strategies for Market Leaders

- **Fortress, or position defense, strategy**
  - The most basic defensive strategy is to continually strengthen a strongly held current position.
  - Actions to improve customer satisfaction and loyalty.
  - Actions to encourage and simplify repeat purchasing. Eg. Maruti Suzuki loyalty programmes, frequent flyer by various airlines



# Growth-Market Strategies for Market Leaders

- **Flanker Strategy**
  - One shortcoming is that a challenger might simply choose to bypass the leader's fortress and try to capture territory where the leader has not yet established a strong presence.
  - To defend against an attack directed at a weakness in its current offering, a leader might develop a second brand to compete directly against the challenger's offering.
  - Eg. Maruti Suzuki Swift- and- Swift Dzire (any upgradations in current offering of any product)



# Growth-Market Strategies for Market Leaders

- **Confrontation Strategy**
  - If the leader's competitive intelligence is good, it may decide to move proactively and change its marketing program before a suspected competitive challenge occurs. (Proactive) eg. Microsoft Windows10
  - A confrontational strategy is more commonly reactive.



# Growth-Market Strategies for Market Leaders

- **Market Expansion**

- A more aggressive and proactive version of the flanker strategy.
- The most obvious way a leader can implement a market expansion strategy is **to develop line extensions, new brands, or even alternative product forms utilizing similar technologies to appeal to multiple market segments.**
- Eg. Dettol extended to soap, hand sanitizers, dish wash gel etc.





# Growth-Market Strategies for Market Leaders

- **Contraction or strategic withdrawal**
    - In some highly fragmented markets, a leader may be unable to defend itself adequately in all segments.
    - The firm may then have to reduce or abandon its efforts in some segments to focus on areas where it enjoys the greatest relative advantages or that have the greatest potential for future growth.
- Eg. Withdrawal of brands like Omni, Esteem, Zen, Alto by Maruti Suzuki



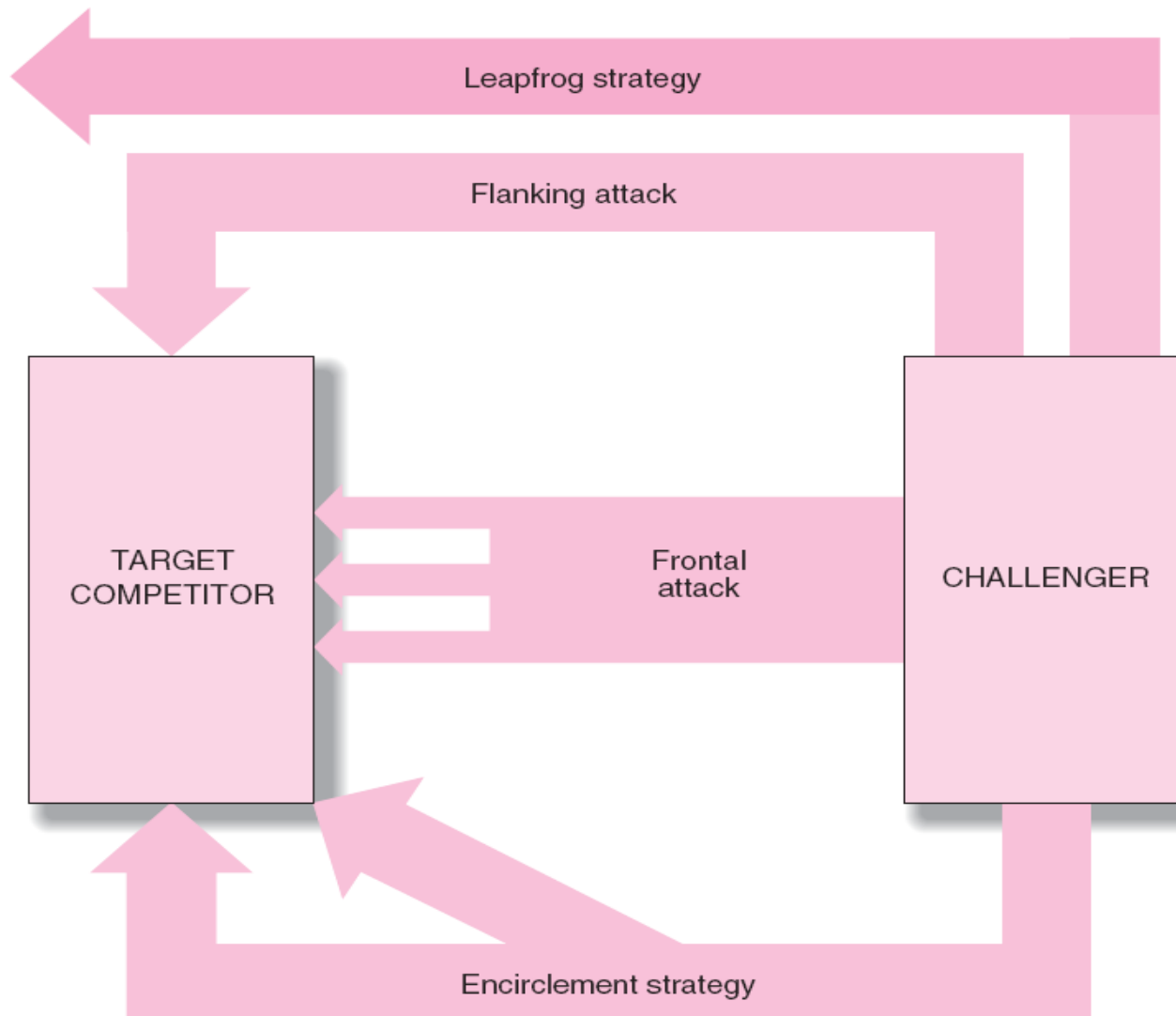
# Share-Growth Strategies for Followers

- **Marketing objectives for followers**
  - Some competitors may seek to build a small but profitable business **within a specialized segment** of the larger market that earlier entrants have overlooked.
  - Many followers often seek to **displace the leader** or at least to become a powerful competitor within the total market.





# Strategic Choices for Challengers in Growth Markets



# Strategies for Challengers in Growth Markets

FRONTAL ATTACK	LEAPFROG	FLANK ATTACK	ENCIRCLEMENT	GUERILLA ATTACK
<p>Offering lower price or more attractive features. Capture repeat purchases from target competitor's current customer Eg Oppo, Vivo</p>	<p>Superior new offerings providing enhanced benefits. Induce current customers in mass market to replace their current brand with superior one Eg. i-10 Auto, iphone for first touchscreen smart phones</p>	<p>Attract a share of new customers in <b>major segments</b> with different needs from those of early adopters Eg. Subway v/s Mc Donalds</p>	<p>Attract a share of new customers in <b>smaller, specialized</b> segments with different needs from those of early adopters Eg. Sensodyne from GSK</p>	<p>Attract a share of new customers in a number of existing segments by counter attacking competitor's each move. (Challenger with limited resources &amp; other four strategies may be impossible.)</p>

# Share-Growth Strategies for Followers

- **Frontal attack strategy**
  - A follower wanting to capture an increased market share may use this strategy:
    - Where the market for a product category is relatively homogeneous,
    - Has few untapped segments, eg. Micromax for Rural markets and
    - At least one well-established competitor.



# Share-Growth Strategies for Followers

- Frontal attack strategy is most likely to succeed when:
  - Most existing customers do not have strong brand preferences or loyalties,
  - The target competitor's product does not benefit from positive network effects, and
  - When the challenger's resources and competencies—particularly in marketing—are greater than the target competitor's.

# Share-Growth Strategies for Followers

- **Flanking and encirclement strategies**

- A flank attack is appropriate:
  - When the market can be broken into two or more large segments
  - When the leader and/or other major competitors hold a strong position in the primary segment, and
  - When no existing brand fully satisfies the needs of customers in at least one other segment.
- In some cases, a successful flank attack need not involve unique product features.

# Share-Growth Strategies for Followers

- **Flanking and encirclement strategies**
  - Encirclement
    - Involves targeting several smaller untapped or underdeveloped segments in the market simultaneously.
    - It usually involves developing a varied line of products with features tailored to the needs of different segments



# PLC strategies at Maturity Stage

- The market maturity stage occurs when the market has become saturated.
- Sales growth rate tends to decrease.
- Efforts are focused on differentiation of the product.
- Pricing may be lower because of increased competition.
- More internal pressure is placed on reducing costs. Margins begin to shrink as marginal competitors are forced out of the market.
- Distribution is maxed, and promotions come into play as a way to encourage preference over competing products.
- Market share becomes the main focus in the maturity stage.



# PLC strategies at Maturity Stage

- Modifying the product refers to changing **characteristics such as quality, features, style or packaging to attract new users and inspire more usage. Eg. Surf Excel matic**
- **Prices could be cut** to attract new users or competitors' customers. The firm could also launch a **better advertising campaigns** or rely on **aggressive sales promotion**.





# Class Activity

- Identify 5 examples of brands strategizing at Maturity of PLC.
- Go to Library (e-resources) look for recent newspapers, business magazines etc. for such brand promotions which communicates any strategy at maturity stage.
- Get snapshot of the such brand promotion, explain and discuss in class.

# PLC strategies at Decline Stage

- The market decline is recognized by the downturn in the demand for the product.
- It may be hastened by the introduction of an innovative new product or changing consumer tastes. Eg. CTV v/s LED, old mobiles v/s smart phones
- Rejuvenating the **product by adding features and finding new uses**. Intense competitive pressures may result in the withdrawal of more products from the market.
- General strategies for the decline stage include **cutting prices, choosing a selective distribution by phasing out unprofitable outlets and reduce advertising as well as sales promotion** to the level needed to retain only the most loyal customers.



# PLC strategies at Decline Stage

- Certainly if it generates a profit, or can be made to generate a profit with an infusion of capital that can achieve a reasonable pay back, then **by all means harvest the profits while you can.**
- If management decides to harvest the product, costs need to be reduced and only the last sales need to be **harvested.**
- Dropping the product from the product line may involve selling it to another firm or simply **liquidate** it at salvage value.



# Class Activity#6

- Identify 5 examples of brands strategizing at Decline of PLC.
- <https://economictimes.indiatimes.com/industry/auto/cars-uvs/rip-nano-worlds-cheapest-car-goes-up-in-smoke/articleshow/64941654.cms>

