

MODULE 15 Marketing strategies for New Market

6 Categories of new products

- Cost reductions (11%)
- Repositionings (7%)
- Improvements in or revisions of existing products (26%)
- Additions to existing product lines (26%)
- New product lines (20%)
- New to the world products (10%)

Objectives of new market / product development is to secure future volumes and profit growth

Market entry strategies

Pioneer Strategies

PioneerAdvantages

- First choice of market segments & positions
- The pioneer defines the rules of the game
- Distribution advantages
- Economies of scale & experience
- High switching costs for early adopters
- Possibility of preempting scarce resources & suppliers

Determinants of pioneers success:

- New product market is isolated from competitors
- Firm has sufficient size, resources, competencies
- Large entry scale
- Broad product lines
- High product quality
- Heavy promotional expenditure

Follower strategies

Follower Advantages

- Ability to take advantage of pioneers marketing mix mistakes
- Ability to take advantage of the latest technology
- Ability to take advantage of pioneers limited resources

Determinants of followers success:

- Larger entry scale than pioneers
- Leapfrogging the pioneer with superior technology, quality & service

Marketing strategies:

- Heavy advertising (create awareness)
- Extensive sales force (win early adopters)
- Stress product benefits
- Extensive sales promotions (trials, samples)
- Move quickly to expand product range to multiple segments
- Offer free trial, extend warantee
- Penetration pricing
- Extend credit terms
- Heavy use of trade promotions
- Offer installation & training to discourage switching

Mass market penetration

Objective:

Objective is to capture and maintain share of total market for new products

Market:

- Large potential
- Consumers adopt product quickly

Product:

technology patented / hard to copy

Competitor:

few with limited resources

Company:

Strong engineering, Strong marketing skills, Sufficient financials

Niche penetration

Objective:

Helps smaller pioneer gain biggest bang for its bucks and avoid direct confrontation with bigger competitors

Market:

- Large potential
- Consumers adopt product quickly

Product:

Technology is easy to copy

Competitor:

Lots with good resources

Company:

Limited engineering, Limited marketing skills, limited financials

Strategic marketing programs for Pioneers

Marketing strategies:

- Heavy advertising at target segment
- Extensive sales force
- Stress product benefits
- Extensive sales promotions (trials, samples)
- Product development aimed at modifications / improvements
- Offer free trial, extend warantee
- Penetration pricing
- Extend credit terms
- Trade promotions
- Offer installation & training to discourage switching

Skimming and early withdrawal

Objective:

Where competition is inevitable - prices & margins will drop after followers enter the market

Market:

- limited potential
- Consumers adopt product slowly

Product:

technology easy to copy

Company:

Strong basic R & D, good sales & promotional skills, limited financials

Competitor:

lots with substantial resources

Marketing strategies:

- Limited advertising (create awareness)
- Extensive sales force on largest adopters
- Stress generic product benefits
- limited use if any of sales promotions (trials, samples)
- Limited if any further product development
- Offer free trial, extend warantee
- Skimming pricing
- Extend credit terms
- limited use of trade promotions
- Offer limited engineering, installation & services