

Pre entry defensive strategy marketing essay



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Any firm, be it a start-up or a firm which is years old does need marketing plan for itself. This provides long term sustainability to it. The marketing plans can have various reasons or motives behind the strategies that they use like increase in the sales, increase in the brand visibility, awareness etc. When it comes to different types of firms, the approach to the marketing changes. Here we will take up the cases of start-ups and established firms separately and see the difference.

Start-ups

It is a well-established fact that more than half of the newly established/ start-up firms tend to fail in the very beginning of their launch. The success rate is less than 50%. Therefore these firms need special focus strategies to help them sail through the competitive landscape. One of the reasons of the failure is also the fierce competition. A lot of firms are constantly entering the markets due to low entry barriers and making the industry more and more fragmented.

The best strategy for a start-up is going to be the one which is really low-cost looking at the business model of the small firm. Start-up marketing has been a unique challenge because of the limited resources.

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Even before thinking of the marketing strategies, the start-ups should understand the market structure, the macro-level factors, the end-level consumers, products trends and various distribution channels and certainly the competitors.

Have one influencer

One key opinion leader or a decision maker can be called and his advice and the expertise can be shared. This can be further followed by a phone interview or an article for the newsletter for the much needed earned media. This will be totally free of cost.

Creating relevant content online

The new business can be publicised online by generating the related content online. This can be done through Facebook pages , LinkedIn profiles or blogs etc. Through this the business should be positioned as a source of brand knowledge. This does not require an additional budget but does require skills of content generation and creativity. It has become very important to have an online presence even if the business has got nothing to do with the online selling. This can be explained by the search online buy offline (SOBO) behaviour of the consumers. More awareness can be generated by working with an SEO writing and strategic implementation of a company. It capitalises on blogging. , press releases, ad lead generation. This effort along with generating brand awareness and improves the company's rank on the search engines. E-news is also another good option that can position a small company as an expert and helps in relationship building. By targeting media / bloggers etc. a large database can be created which gives the clients a possibility to subscribe.

The online section can also be leveraged in a lot of other ways. There are many online communities etc. that gives paid membership and help advertise in a customised manner. As soon as the company enters its

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business name, the ads go to all the prospective customers. The success of a site is mainly measured by the amount of traffic that is seen on a website.

The pay per click model of search engine advertising can also be used.

Sharing short company's video on sites like YouTube etc. can also help generate a propensity for the brand. The videos will include the company's culture, values, mission, goals, revenues and success stories.

Blogs is also one area that can be highly used. By identifying the various related blogs that suit the company profile and also looking at the kind of blogs that are pretty famous amongst the prospective customer, they should be regularly updated. Some influencers and opinion leaders can be called to write on the company's blog to add more credibility and buzz on the website. To create and share some valuable content through websites, blogs etc. is mainly called content marketing and has proved to be a success for the start-up firms.

The online forum - be it a Facebook page or a blog can be effectively used by narrating stories about the success of the company. This can be a big client deal or a problem solved or a successful marketing campaign etc.

The company should also have an extensive online map-listing as this is the first thing consumers will put in the search engines when looking for a particular company.

Using Trade Magazines

More visibility can be created by publishing an article or the company expertise in the trade magazines (if it is a B2B company) or local magazines

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(B2C Company). Also various efforts like small programs, contests etc. at trade shows helps in getting people talking about your company rather than that of the competitor's. Getting involved in a trade association is also a good way to increase the visibility and interaction with the customers.

Google Adwords and Keywords

The new start-up should have relevant domain names and Google Adwords that help increase the brand visibility online. This also helps us in targeting specific consumers.

Customer Loyalty Programs

This helps in building long-term relationships with the consumers. For example an email address list or a phone number database.

The company can prove its area of expertise in one particular domain by teaching seminars through the chamber of commerce. It solves the purpose of both promotion and marketing.

Other unconventional methods

The relationship with the consumer can also be strengthened by providing personalised gifts to all the customers. This will not only help us get the customer database but it will also help us to get the new customers with very low customer acquisition costs.

Another way can be by organising business awards or giving the company's name for such a competition.

Since a start-up is a beginning by individuals/smaller groups they have a greater chance of increasing their span by networking with networks - friends of friends and on. This helps in knowledge and resource sharing. The social presence can also be increased by attending professional luncheons, conferences, fund-raising events, joining committees or by joining a non-profit organisation to give a CSR angle to the newly born business.

Also another method can be tie-ups with the media channels- can be a television channel, radio etc. and talk as a business advisor while solving other people's doubts in real time (thorough phone calls). This adds a lot of positive publicity since the company's name is everywhere there. Certain educational events addressing various topics of marketing can be conducted to fly across the new company's name. The same can be extended on to the online medium by giving people an access to a large resource/guide/reports through the website in exchange of visitors' names, numbers and addresses.

Since the start-ups are in their nascent stage without many resources, they can ask more experienced people for help; build interactions with them which can eventually lead to asking for a referral. These companies can also join hands with other established firms in a fund raising effort or act as an arm under these big companies. These start-ups can offer pilot projects to other firms to give them a demonstration of the kind of work and to build trust.

To know the true value of the company, after some time of the launch floating a survey amongst the existing customers (online, face-to-face, and telephonic) can also give a good evaluation of the perception of the company

in the minds of its consumers and clients. This is a feasible technique as the client (in case of B2B) and the customer (in case of B2C) database would have been definitely managed. The results can be leveraged by putting it in the media publications and press releases.

Responding to the authors of various articles in the business newspapers and giving them reviews about their articles can also help in building a long-term relationship with the editors to give you the necessary PR whenever needed.

Since the major marketing issue with a start-up is to mainly establish a brand presence awareness and relevance, this can be done by various sampling methods, couponing, conducting contests etc. The marketing activities have to be certainly depending on the type of products being sold and the target audience. E. g. if the T. G is 17-25 age group people then the best marketing activity can be tie-ups with schools and colleges and sponsoring events like fests. Getting endorsements from an expert also help a company go a long way.

The company should remember that whatever it does, it should never outsource its core competency. The three basic aims for a start-up is to retain its employees and existing customers and at the same time getting new customers as well. If recruiting is not possible with the limited budgets, the best way is to look for an intern.

The company at its initial level should gradually expand its base by focussing on the local market and customising itself according to the local customers.

Collaborations with courier services like Fed Ex and Blue Dart will help us to reach out to all our customers by making these agencies deliver the fliers, business cards, catalogues etc.

The company should have a very relevant name to itself to achieve a greater brand recall and a catchy logo as well. The name of the company is always considered to be a small aspect and not much thought about but it is the name that carries off the legacy for the years. The brand logo with specific colours can help us create related activations around them. Brand ritual is also something that can be incorporated to increase consumer engagement. In addition to the name and logo the company should also have a slogan and a design for it to be identifiable to the target market.

Established firms

Once the company is established in the market, it has other issues to deal with as compared to the start-ups. Since the brand awareness and presence with a considerable market share is already set up for these firms, the issue is to develop a marketing plan that will be for a sustainable growth for a firm. Plans that will help the company stay for a longer period of time. Also at this stage, unlike the start-ups, retaining the existing customers is far more important than getting new ones.

At this stage many strategies like offensive, defensive, global, post-entry strategies have to be applied. Various other models also come into play when we talk of established models. These are PEST analysis, Porter's five forces etc. that help in design the marketing strategies for long term taking into account the macro factors for the concerned firm.

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The Porter's five forces model can be used to evaluate the industry/firm.

It consists of the following parameters:

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And the marketing strategies should be designed according to the above said parameters:

Rivalry among Existing Competitors: The strategies designed should be designed keeping in what the competitor's moves are. The counteraction is not necessarily be the same what the competitor company has done but somewhere close to that so that the current position of the firm remains in the market. This can be understood by the example that Pepsi and Coke have launched very similar mango variants named Slice and Maaza.

Bargaining Power of Suppliers and Buyers: This generally is predominant in big firms where supply and distribution is very important. If we take retail firms for example then the relationships they establish with the wholesalers can lead to an upper hand of the retailers and hence marketing strategies like certain trade schemes, sampling/promotions etc. helps.

Threat of Substitutes: This is mainly the threat of other substitute products that people might use in the absence of our product. These are not necessarily the competitor's similar products but products of other category all together that might eat into the firm's market share. Example - because of various coffee variants people are stopping to have the cold-drinks. In these cases the marketing strategies should be focussed on building consumer engagement to get back the lost customers and also to build loyal

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customers those who prefer sticking to our firm's products than someone else's.

Threat of New Entrants: If the industry is very attractive and is growing, the other rival firms will certainly enter. The only strategy to be used here is the consolidation of the industry to increase the entry barriers for other firms.

The example of the famous firm - De Beers can be taken. Here, this firm has taken control of 70% of the coal mines. This strategy has made it very difficult for any other player to enter the industry.

Also the web/online measures stated above in this document (start-up firms segment), equally applies to the established firms as well. Online presence is a must today for any firm. Here unlike the small firms the main goal would be consumer engagement and building and excitement around the existing brand rather than broadening the client/customer base. This can again be done by taking help of the various digital agencies that keep tracking the firm's performance on the basis of various parameters.

For established firms, tracking a company's performance on a constant basis and then modifying the marketing strategies according to the changes is necessary.

The start-up firms lie in the first three stages in the graph shown below. They are in their introduction and growth stage while the established firms are now in the maturity stage. And this is the major reason that the marketing strategies for both types of firms have to be different from each other. For the established firms the efforts should be put such that the firm doesn't fall in the decline stage.

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The established firms marketing strategies should be mainly focussed on brand building. These firms are certainly making large amount of money and hence it is can be very effectively used for some CSR effort. This helps in building a positive image in the eyes of the consumers and it also humanises the brand for its stakeholders. As an example we can take the cause marketing campaign of the brand Vodafone-its partnership with the National Autistic Society (NAS). It created various activations and certainly did increase people's awareness about the NAS. After the completion of this campaign, it was evaluated and it was found that now more than 50% of the stakeholders saw Vodafone as a socially responsible company. This also received an award for Excellence from business in the community. Including socially responsible business practices is now a seen as a sustainable marketing plan for big, established firms.

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Global marketing strategy

Another marketing technique for the established firms is to expand itself in the global markets. After establishing a dominant presence in the local markets, the next step is to go further-Global. There are several problems with going global. The first one to be addressed can be the cultural differences and different consumer behaviour in a particular geography. Understanding the need gaps, identifying the markets with the growth potential is another big task. All this takes extensive amounts of research and hence certain agencies that help in global expansions should be referred

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to. The major framework to be considered to design a global marketing strategy is the PEST analysis.

The marketing manager has to see that any communication that is being designed for a firm/brand is consistent across the boundaries so that it makes it clear in the minds of the people that it is trying to communicate the same message. But this can be highly difficult looking at the cultural differences. A TVC that does wonders in America might just flop in India because of the different mind-set and acceptance levels of Indians. The first factor in the PEST analysis is:

Political factors: This is something which is very difficult to handle in different countries. This factor consists of the extent to which the government in that particular country controls the regulations. These include tax-policy, labour laws, tariffs etc.

Economic factors: It includes interest rates, inflation, economic growth etc. The business in the country depends on them largely as for example the cost of capital depends on the current interest rate and hence changes the profitability for a company.

Social factors: This includes the cultural aspects of geography like- levels of health consciousness, shopping behaviour, mind-set, population growth rate, career attitudes, and average working age.

Technological factors: this includes automation, R&D, technological changes etc. in a geography. This also changes the marketing strategies as we see

that the technological shifts change the costs and sometimes leads to innovation.

The strategies in global expansions also change because of certain environmental and legal factors (anti-trust law,, employment law, consumer law etc.)

Looking at these factors we see that creating tailored experiences for people and personalising the offerings leaves a lasting relationship between the firm and the consumer.

The firms usually respond to the competitor's strategy by either increasing the advertising costs, cutting costs, or in most of the cases introducing a similar product. The firm need not always respond to the competitor's move immediately. It should wait for the right time and then do that. There are two main strategies by which an establish firm grows. It either eats into the competitor's share or creates a totally new market for itself which is also known as blue ocean strategy.

There are two basic strategies that are used:

P. T. O

Defensive and Offensive Marketing strategies.

Defensive strategy

The defensive strategy is mainly to discourage the challenger firms to attack and is further divided into the pre-entry (protecting a firm by making it difficult for another firm to enter in the same industry- increase the entry

barriers or it takes place before the market leader firm is attacked by the challenger firm) and the other one is the post-entry (making the life difficult for the competitor firm once it has entered the market).

Pre-entry defensive strategy

Fortify and Defend

This mainly works by convincing the challenger firm that it is absolutely unprofitable to enter the market or it decreases the profit expectations of the about-to-enter firm. This is done by creating entry barriers like location, capital requirements, access to raw materials and distribution channels etc. The related firms as an example that can use this strategy would be - aerospace and automobiles.

Covering all Bases

This mainly deals with the fact that the existing firms should not leave any stone unturned. That is the company comes up with all the possible variants and the product lines such that there is no room for the competitor's to introduce a new product and be outflanked by them. These kind of brands are known as blocking brands which identify a niche or a unfulfilled need in the market which could have possibly proved to be a reason for the competitor's to enter.

Improving continuously

This includes playing on the existing strengths of the established firms. By continuously improving in due course of time the firms will develop a considerable immunity against the other firms. The firms should play on their <https://assignbuster.com/pre-entry-defensive-strategy-marketing-essay/>

USPs. A company that is best known for its distribution efficiency should look for another channel. And similarly can play on with innovation, new product developments, product promotions etc.

Signalling

The established firms in the market mainly announce or signal its next action that deters the competition to enter. This announcement can be made through the internet, news, television, speeches or in trade fairs etc.

Increase the capacity

This strategy mainly aims at building the excess capacity in a way that will deter the competitors to enter. This is because they will see that if they enter their volume will simply add to the already built excess capacity in the industry which will practically be of no use.

Post-entry defensive strategy

This is implemented by the firms to protect their existing market share from the competitors who have entered.

Defend the position before the entrant is established

Whenever the firm enters the market it mainly goes through three phases- establish itself, hold on to the success and sustain it and then later expand into other markets, The existing firm can attack the challenger firm right in the middle and not letting it go to the second stage.

Introducing the fighter brands

This strategy aims at introducing fighter brands which is as a threat to competitor's major brand. It is mainly to give a good competition to the competitor's price-cutting brands since the competing products are many less-priced versions from the competitor claiming to have the same quality at a lesser price. This has the risk of cannibalisation though.

Engage in different markets

The established firms operate in various industries and sectors. This strategy aims at attacking the competitor in a different area than where they have attacked the leading firm. So here rather than giving it back to the challenger in the core area, the leading firms attacks the challenger where their strength lies (in some other domain).

Offensive Strategies

These strategies are implemented regardless of competitor's moves to keep increasing the markets share. They are both direct (if the firm has superior resources) and indirect (when superior rivals are there).

They are many in number and are explained in short in the following pages:

Frontal Attack

This is a pure frontal attack by getting into the competitor brand's consumers with a similar 4 P strategy.

Flanking Attack

It reduces the risk that the Frontal Attack entails. It believes in following the path of least resistance. It attacks the challenger firm in the area where it is least capable to defend itself.

Guerrilla Attack

This is primarily aimed at the firms which have very limited resources. This is done to harass or demoralise the challenger firm so that they get a little off balance.

Strategic Encirclement

It aims at targeting/encircling one particular competitor/ firm/ brand and defeating it completely. This is done for domination in the market for a longer term.

Pivot and Hammer strategy

This one combines the defensive and offensive strategies. The pivot here is the core competencies like the brand name, innovation and the purpose is to defend them. Hammer is the central force that the company has which is offensive. So both the operations are happening simultaneously. While the pivot is trying to maintain the current market share, the hammer is trying to expand the share in the pie.

Predator Strategy

It aims either at accepting lower profits solely to serve the purpose of removing the competitors or damaging the existing rivals so that they are forced to leave.

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The Blue Ocean Strategy

Its purpose is to avoid head-on with the competitors and totally by-pass them by exploring a totally new market which the challenger has not yet done and have the first mover's advantage.

Underdog Strategy

This is mainly followed by some smaller firms when they enter the market dominated established players. It offers the market better products with lower prices.