

Marketing blunder assignment

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10/422 INTRODUCTION: The most fatal and prevalent commercial mistakes that entrepreneurs and companies make are marketing or market related.

One of the leading venture capitalists, who has looked at thousands of business plans and helped to launch many firms, says there are two reasons why companies fail. The first is lack of sales, and the second is lack of everything else. A startup business or new product or service usually fails because the firm does not satisfy enough customers, or does not do it better than the competition.

Every company venturing into a new international market has to tread very carefully. In a bid to rush into uncharted territories, they often commit grave errors which prove very difficult to undo later on. Some of these errors are absolutely unwarranted and provide no logic as to why the best marketing companies across the world committed them. We can define marketing blunders as follows- A blunder that results from offering an inappropriate product or service that has negative economic impact on the firm or from how the product/service is offered is known as marketing blunder.

This occurs when a product or service offered does not meet societal needs or cultural norms. SOURCES OF INTERNATIONAL MARKETING BLUNDERS 1.

INABILITY TO READ CULTURAL CUES PROPERLY : Multinational companies sometimes fail to read the cultural foundations as they move from country to country selling their products. They feel that the strategy which had delivered them success in other countries and their home turf would be replicated in most of the countries and but sadly this is not so. Examples:

Procter & Gamble blundered, when it launched the “ cheer” laundry detergent in Japan, overlooked the fact that Japanese wash their clothes in cold water and advertising campaign that Cheer washed clothes at all temperature seemed rather meaningless. 2. LAUNCH OF THE PRODUCT AT THE WRONG TIME: Sometimes the product is launched at a wrong time. Timing is one of the critical elements in the launch of a product. Timing is one of the critical elements in the launch of a new product. Most firms understand this and also recognize that various culture recognize time differently.

Plus the economic and political conditions within the country can also affect the product adversely. Consider this example- Reebok launched its high priced shoes in the face of a growing recessionary trough in the Indian economy. Ignoring the fundamentals of the economy was one of the main reasons of the company doing badly. 3 . COMMUNICATION PROBLEMS: This is one of the nagging problems that international marketers face. There can be severe repercussions that ill planned and under researched communication can do to the products.

Example- A McDonnell-Douglas ad for its aircraft in India showed a model wearing a turban in the style of Pakistan, not India. 3. FAULTY PROMOTIONAL METHODS: Sometimes the method of promotion that is adapted is faulty in itself. For example, in India, Reebok tried to promote its shoes by signing the sports stars for endorsing the shoes, notable among them being Baichung bhutia, the Sikkim’s footballer. However football in India is not a mass popular sport except in Bengal and it did not have much effect on the sales. 5.

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IGNORING RACIAL, NATIONAL AND RELIGIOUS SENTIMENTS: The ignoring of racial and religious sentiments can also backfire badly for companies. For example- when Pepsodent was launched in SE Asian countries, its teeth whitening property was positioned as “ Wondering where the yellow went”. It was taken as a racial slur. **6. INABILITY TO READ THE MARKET FORCES:** The inability to read the different forces that operate in the market is the most common cause of the failures of products. Most of the MNC’s that rushed in India misread the size of the market.

The Indian middle class was said to be 200 million strong that provided the MNC’s with a huge potential market. However the MNC’s failed to realize that a person with an annual income of Rs. 40, 000 per month also falls within the middle class segment. Compounded with it a majority of Indian female population does not work. That translated really into the fact that the amount of disposable income with the middle class was not really as high as it was thought. Thus the sales of most Consumer durables, automobiles and luxury products have fallen way short of expectations.

For example- Reebok read the market pretty badly. It launched its products with fanfare, with swank outlets that were called infinity and with outrageously priced shoes that were locally sourced from Phoenix International. Everything was Indian except the brand name. However it had overlooked the fact that Indians are not so fitness conscious and sports shoes are a fashion accessory in India and worn primarily by young people. By pricing it outrageously high, it had shut out the bulk of the middle class consumers who had rather cheaper choices from Liberty, Lakhani and Action shoes.

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Reebok was forced to do a seconds sale in Bangalore. Having burnt its fingers the company is now redoing its strategy, lowering prices and trying to deliver for money. [pic] STRATEGIC APPROACH TO INTERNATIONAL MARKETING Before any company embarks on the process of international marketing and selling its products in foreign countries, it is proper that it does a sort of strategic analysis to examine the feasibility and its scope for success. The whole marketing mix sometimes needs to be given a fresh, time consuming look to get an idea about the suitability of the mix to the various international markets.

Now one should not be oblivious to the fact that in an international marketing situation, the environment goes on changing from country to country and with it should change the marketing mix. The framework for such a situation would be as follows:- [pic][pic] CASE STUDIES: 1. KELLOGG'S IN INDIA ??? In 1994 entered Indian market with an investment of US \$65 million. ??? Indian consumers found the whole concept of eating cereal in breakfast a new one. ??? This meant company had to promote not only the product but also the very idea of eating breakfast cereal in the first place. ??? Corn flakes became a novelty product as it was too expensive. First sales figures were encouraging. However, it soon became apparent that people had bought corn flakes as one ??? off, a novelty purchase. ??? People liked the taste but it was too expensive Kellogg's remained unwilling to bow to price pressure and decided to launch other products in India without further research in market. ??? Attempts to ' INDIANIZE' its range have been disastrous. ??? MAZZA branded of fusion cereals such as mango, coconut and rose failed to make an impression. ??? Acknowledging the relative failure

of these brands, Kellogg's came up with a new strategy of establishing brand equity. If not cereal, its going to sell biscuits ??? Although most of the biscuit ranges have been so far a success, Kellogg's is still struggling in cereal category. ??? Product consumption restricts to urban centers and affluent households. LESSONS LEARNT- ??? When Kellogg's first launched corn flakes in India it was launching a western product attempting to appeal to Indian tastes. ??? Regional identities, customs and tastes are important factors ??? A bigger opportunity lies in localizing the offerings. ??? Don't try and make consumers strangers to their cultures. The society is much larger than any product or brand.

2. REEBOK IN INDIA Reebok came to India in the mid-90s mainly to develop the middle segment of the footwear market in Africa, the Middle East, and Central and South Asia. REASONS FOR FAILURE- ???

Positioning: Sports & fitness ??? Tried to occupy a mind space which didn't exist ??? Activities routing the brand around sports ??? Pricing: Premium ??? Entry level pricing was very high ??? Perception of " no value for money" ??? Targeting: Very narrow segment targeted ??? Fitness was a very nascent industry ??? Males only ??? Distribution: Exclusive retail show rooms ??? Through franchises Promotion & campaigns: Global campaigns with no localization.

REPOSITIONING: PRODUCTS: ??? Extended foot line ??? Globally accepted technologies in India ??? Play Dry Technology ??? DMX technology ??? Tailor made products for Indian consumers ??? Canvass shoes for kids ??? New challenge collection ??? Fish Fry Collection DISTRIBUTION: ??? Collaboration with Bata ??? Immediate access to largest distribution network in India ??? Access to a much wider consumer base. ??? Presence in tier-II towns ??? In

multi brand environments ??? Factory outlets ??? Exclusive women's store.

PRICING: ??? Reduced entry level price ??? Pricing based on industry average
??? Stock clearing discounts ??? New challenge , canvass shoes

COMMUNICATION ??? India centric communication ??? In sync with brand
personality & promise ??? Learnt to catch the beat of a cricket crazy
nation ??? Use of cricketers as brand endorsers. Roped in local faces like-
Yuvraj singh, M. S. Dhoni and Rahul Dravid. ??? Launched a cricket website

KEY LEARNINGS- ??? Ask not what percentage of an existing market your
brand can achieve. Ask how large a market your brand can create by putting
resources behind creating a category ??? There are some elements of brand
which cannot be changed no matter which country you venture into, but the
way they are delivered can vary. Have a bottom up approach even if you are
an established brand ??? Catch your target audience at a very young age.

TEN TIPS TO AVOID MARKETING BLUNDERS- 1. Develop a marketing plan 2.
plan a marketing budget 3. Target a specific audience 4. Develop a clear and
consistent marketing message 5. Understand that your product will not sell
itself. 6. Clearly identify the product benefits. 7. Expand your media mix 8.
Appreciate the lifetime value of a customer 9. Have a matching revenue
program 10. Try to up-sell the customer. –