Marketing strategy, cases

[Business](), [Marketing]()

Marketing is a very valuable part of a business; some of the most popular examples of companies who use marketing everyday to help boost sales are McDonald's, Coca-Cola, Pepsi, and M&M's. These companies are coming up with new ideas everyday to make the pubic what to buy their products. We know these advertisements and love them. I will discuss some of these examples of marketing and explain why I think marketing is so important. I believethat marketing is the most important part of an organization. It is the main source for getting business. Marketing brings the product to the customer through commercial and advertising, making the consumer want the product, and were to get it.

A great example of this is Coca-Cola and Pepsi; there on going rivalry gives the marketing side of their companies something to work with. There are constant taste tests going on, you can go to Schliderbahn and take one. This helps the people pick which one they like best. They also have numerous commercials on prime time Television making the consumer desire to go out and buy a soda. Both Pepsi and Coca-Cola hire famous people to enjoy their product on commercials. This reaches out to us through our heroes and idols. Another great example is McDonald's they to have commercials enticing the children to come and play and they offer toys in there meals. This gives the children a reason to want to go there and eat.

They also hire famous people to enjoy theirfoodon commercials; they also try to incorporate sports into the enticements also. They have catchy songs and jingles that seem to stay with us all through out the day. These are some examples of what I would consider marketing, they are promoting there business through giving the public what they want. " Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create and maintain relationships that will satisfy individual and organizational objectives." -Contemporary Marketing Wired (1998) by Boone and Kurtz. Dryden Press

In this definition of marketing it says to me that the objective to marketing is to take the needs of consumers and are incorporated it into their products to boost the organization. I think this is a great definition. When a company is first starting off it needs to reach the public to make its self-known, get its name into the household. By marketing the products that it has it can effectively find their way into the homes if done correctly, making the business successful.

Another example of marketing that comes to mind is, M&M’s they not only came up with a catchy slogan “ Melts in your mouth not in your hands” which everyone knows but they come up with different varieties of colors regularly making buying them interesting. The also have sassy commercials making the consumer feel that getting M&M’s will be fun. They have captured the audience with cute characters that can find there way into our pockets.

“ Marketing is a function that works to persuade customers to behave in a way that improves a product’s performance.”

- Steve Yastrow

My personal definition of marketing is the creativity, ideas, and promotional and innovative concepts to help ensure consumer recognition of the product to boost sales and help establish a client base. I think most companies invest a lot of time andmoneyto

Marketing their company and it pays off. Those household names that we know best have put their futures in marketing, making the product something desirable and assessable. Marketing can be a powerful tool for a company, using it in an effective way can make or break a company. Marketing offers a huge variety of opportunities to an organization and will benefit the overall success of the products.

Honda Marketing Strategy

Honda established the American Honda Motor Company as a subsidiary in 1959. During the 1960's the type of motorcycles brought by Americans underwent a major change. Motorcycle registrations increased by over 800, 000 in five years from 1960. In the early 60's the major competitors were Haley - Davidson of U. S. A, BSA, Triumph and Norton of the UK and Motto - Guzzi of Italy. Harley-Davidson had the largest market share with sales in 1959 totaling a6. 6 million dollars. Many of the motorcycles produced were large and bulky and this led to the image of the motorcycle rider as being one who wore a leather jacket and went out to cause trouble.

The Boston Consulting Group (BCG) report was initiated by the British government to study the decline in British motorcycle companies around the world, especially in the USA where sales had dropped from 49 0n 1959 to 9

0n 1973. The two key factors the report identified was the market share loss and profitability declines a scale economy disadvantages intechnology, distribution, and manufacturing.

The BCG report showed that success of the Japanese manufacturers started with the growth of their own domestic markets. The high production for domestic demand led to Honda experiencing economies of scale as the cost of producing motorbikes declined with the level of output. This provided Honda to achieve a highly competitive cost position, which they used to penetrate into the US market.

" The basicphilosophyof the Japanese manufacture is that high volumes per model provide the potential for high productivity as a result of using capital intensive and highly automated techniques. Their marketing strategies are therefore directed towards developing these high model volumes, hence the careful attention that we have observed them giving to growth and market share." (BCG p. 59).

The report goes on to show how Honda built up engineering competencies through the innovation of Mr Honda. The company also moved away from other companies who relied upon distributors to sell their bikes when the company set up its headquarters in the west coast of America. The BCG found that the motorcycles available before Honda entered the market were for limited group of people such as the police, army etc. But Honda had a " policy of selling, not primarily to confirmed motorcyclists but rather to members of the general public who had never before given a second thought to a motorcycle"(SP p. 116).

The small, lightweight Honda Super cub sold at under 250 dollars compared to the bigger American or British machines, which were retailing at around 1000 to 1500 dollars. In 1960 Honda's research team comprised of around 700 designer and engineer staff compared to the 100 or so employed by their competitors showing the value, which the company placed on innovation. Production per man-year was 159 units in 1962, a figure not reached by Harley-Davidson until 1974.

Honda was following a strategy of developing region by region. Over a period of four to five years they moved from the west coast of America to the east coast. The report showed the emphasis, which Honda paid to advertising when the company spent heavily on the advertising theme " you meet the nicest people on a Honda" thereby, disassociating themselves from the rowdy, hell's angel's type of people.

Essentially the BCG is portraying Honda as a firm dedicated to being a low cost producer, utilizing its dominant position in Japan to force entry into the U. S market, redefining that market by putting up the nicest people image and exploiting its comparative advantage via aggressive advertising and pricing.

Pascal tends to disagree on many points of the BCG report. The report suggests that there was a smooth entry into the U. S market, which led to an instant success. Pascal argues that Honda entered the American market at the end of the motorcycle trade season showing their impotence to carry out research in the new market. As they entered the market at the wrong time sales were not as good as they should have been and any success was not going to be instantaneous.

Pascal also criticizes the assumption that Honda was superior to other competitors in productivity. He says that Honda was successful in Japan with productivity but circumstances indicate that the company was not superior. The lack of funding from the ministry offinanceand the ploughing back of profits into inventory meant they had a tight budget to follow.

The BCG report shows that Honda had a smooth policy of developing region-by-region, moving from the west to the east. Pascal response is that this is partly true but reminds that Hondas advertising was still in Los Angeles in 1963, four years after setting up their subsidiary. The report to the British government showed that Honda had a deliberate strategy of disassociating themselves from the hells angels' type of people by following the nicest peopleadvertisementpolicy.

Pascal shows that this was not an intentional move since there were disputes within the company with the director of sales eventually persuading to management against their better judgment. The BCG report found Honda pushed into the U. S market with small lightweight motorbikes. However Pascal says this is again not true. He argues the intended strategy was one of promoting the larger 250cc and 350cc as Honda felt that this was what the market wanted since Americans liked all things large. The bikes were unreliable which led to the promotion of the super cubs. These bikes salvaged the reputation of the company.

An idea, which hardly came from an inspired idea but one of desperation. Overall Pascal gives the impression that it was through an incidental sequence of events which led to Honda gaining a strong hold in the U. S market, mainly through the unexpected discovery of a large untapped segment of the market while at the same time trying to retain the interest of the current market.

The criticism made by Pascal can be further analyzed by looking at the strengths of the Honda Company.

The strengths of Honda start with the roles, which the founders played. Honda was an inventive genius with a large ego and a volatile temperament. His main concerns were

Not about the profitability of the company or its products, but rather to show his innovative ability by producing better engines. Fujisawa on the other hand thought about the financial section of the company and how to market the ideas. He often challenged Honda to come up with better engines. By specializing in their own abilities the two of them were able to pool together resources and function effectively as a team.

Another strength was the way the company utilized its market position. Strengths in design advantages and production methods meant they were able to increases sales in Japan even though there was no organization within the company. Once there was a large enough demand for its products, mainly the super cub, Honda both in Japan and in America, moved from a sale on consignment basis to one that required cash on delivery.

This seemed a very risky decision to make at the time but within three years they had changed the pattern within the motorcycle industry by shifting the power relationship from the dealer to the manufacturer. Mr. Honda had cultivated a " success against all odds" cultureinto the company. This was tested when he sent two executives to the U. S with no strategy other than to see if they could sell something.

The weaknesses within an organization can become irrelevant if the strategy is strong and there is goodleadership.

An element of luck also helped Honda follow an emerging strategy. Restrictions placed on funds by the government for the U. S venture forced Honda to take an alternative route. If they had all the funds necessary they may well have gone through the normal distribution channels.

Honda entered the us market right at the end of the motorcycle trade season. When leaking oil and clutch problems occurred on their bikes it did not affect Honda as hard as it would have had they entered in the beginning of the season. Also people noticing the Super cubs led the company to produce a bike, which was not at first supported by senior management.

The success of Honda was not the result of senior management coming up with all the answers. In fact senior executives in most Japanese manufacturing companies do not take their strategic positions too seriously. Salesman, cleaners and those working on the manufacturing floor all contribute to the company is run and thereby influence its strategic position.

It is this ability of an organization to move ideas from the tom to the bottom and back again in continuous dialogue that the company values the greatest.

As a conclusion it is necessary to consider the theoretical side of Hondas strategy and see whether the company was in fact following a model. The first model is the Andrew's model. Andrew came up with the idea that there were two stages to corporate strategy, formulation and implementation.

Formulation involved looking at the market, competitors and resources and formulating a corporate strategy, which would be implemented throughout each process of the organizational structure. This model was also supported by Porter. This is how the BCG saw Honda, as a corporation, who had looked at the market, formulated a strategy to cope with theenvironmentand competition pressures and implemented it, making all Hondas plans and activities deliberate.

The second model known as the emergent strategy portrays a different image to the Andrews model and shows how Pascal viewed Honda. The model shows a realized strategy made up from an intended strategy together with an emergent strategy, which is not planned but emerges in relation to activities within the environment.