

Leadership for India Inc: Practical Concepts and Constructs
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Week - 08
Functional Leadership Models
Lecture - 38
Marketing Leadership

Hi Friends, Welcome to the NPTEL course, Leadership for India Inc: Practical Concepts and Constructs. We are in week 8, discussing Functional Leadership Models. In this lecture, we will focus on Marketing Leadership, as with R&D and operations leadership model discussions. Let us first understand the domain of marketing. What are the success factors, what are the challenges that are inherent in marketing in the contemporaneous and the futuristic world?

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Purpose of Marketing

Marketing Strategy or Marketing Management comprises a set of activities connecting the firm and the customer for mutual value creation. Some key functions of marketing management are as follows:

Marketing Management is far more than just selling products and services; nor is it one of creating perceptions about products and services. It serves customers, society and the firm based on aligned value propositions. Marketing is the face of the company for the society.


NPTEL



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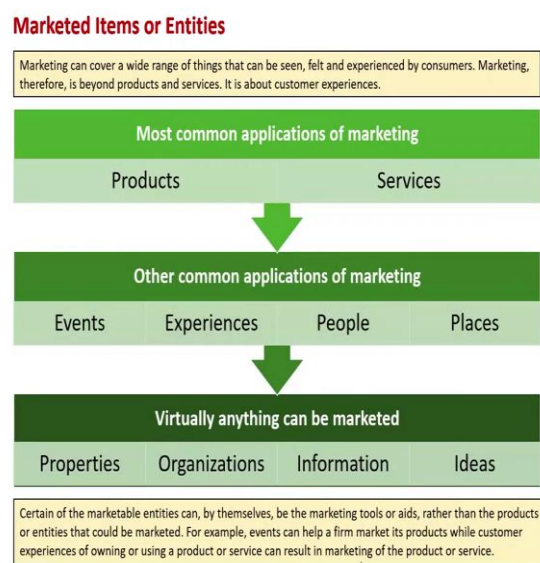
Determining the price at which the products and services will be accepted by the customers. Positioning, promoting, distributing, selling and delivering the developed

products and services in the market place. Providing after sale service to the customers and maintaining continuous engagement.

So, the value chain of the customer is starting with customers need, moves onto the firm which supplies the product or services. Earlier it used to be seen as a transactional chain, but today we see this as an experienced chain. Marketing management is far more than just selling products and services.

It is also not one of creating perceptions about products and services. It serves customers, society and the firm based on aligned value proposition that is marketing serves the firm itself because unless the products are sold, the firm cannot generate cash and recover its investments; nor can it produce and offer more products for future requirements. Marketing is the face of the company for the society.

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What are the marketed items or entities? Many times we see products and services as items that are marketed, but there are several other common applications of marketing. Events can be marketed, experiences can be marketed, people can be marketed, places themselves can be marketed. Virtually anything can be marketed as I said properties, organizations, information and ideas to quote a few.

Certain of these marketable entities by themselves can help marketing of other marketable products or services. For example, an event which can be marketed by itself

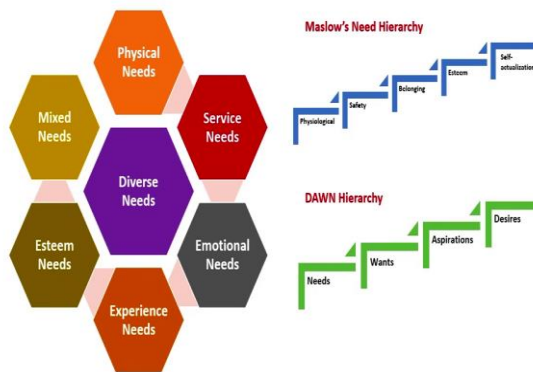
as a marketable platform, however, an event can promote the sales of a particular product by display by explanation of the features of the product and so on.

For example, if you create an experience for the visitors to a mall by displaying a car and allowing them or enabling them to sit in the car and explore the potentialities then you are creating an experience. That experience is a marketing of that experience creating platform, but at the same time that experience is helping market this product. See the subtle application of marketable and marketed products or services.

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Diversity and Hierarchies of Needs

The needs that marketing caters to are equally diverse and dynamic. Markets can be shaped by firms but could also overwhelm or underwhelm the firms if markets and consumers are not read right by the firms.



A sharp identification and definition of consumer needs, by one or both of the two hierarchies above, is the basic foundation for effective product or service development and marketing of products and services.



The diversity and hierarchy of needs drives any marketing activity. A human being or a society has several needs, we understood from Maslow's need hierarchy that there are five types of needs – physiological, safety, belonging, esteem and self-actualization, but not all these psychological needs can be fulfilled by a marketing operation on a firm.

The firm for example, cannot sell self-actualization as a marketable product. Yes, some companies do sell nirvana through yoga as a self-actualization service or a product or a theme. Taking such examples apart, it is very difficult to market self-actualization as a consistent and regular product or services.

So, I have created what I am call DAWN hierarchy, it starts with needs, then proceeds to wants then they become aspirations and then finally, they become desires. So, when you

look at your own life, you find that certain things are essentially needed for day to day living.

Then the next step of the need hierarchy comes up saying that ok, if I have this probably life would be better and that is the want zone, but we look around and see in the papers and see in the media the kinds of products that are available, then we aspire to acquire them and that aspiration becomes a desire that is a strong desire to wait for the product to be announced, go to the mall or visit the digital marketplace and acquire.

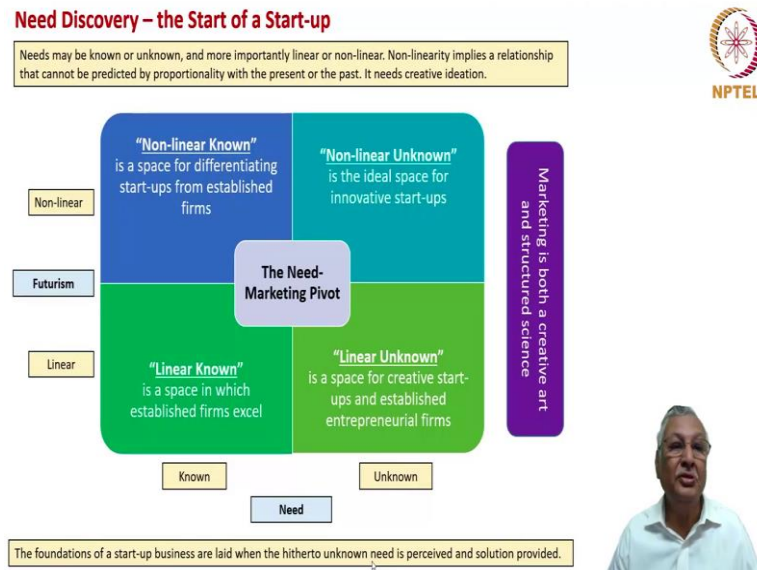
So, this is the DAWN hierarchy a reverse acronym of the need hierarchy which I have said of needs, wants, aspirations and desires and the diversity of needs is expressed in terms of physical needs, service needs, emotional needs, experience needs, esteem needs and mixed needs and physical needs are those which are provided physically by a product or service.

But, when you say experience needs it could also merge with the product need or service need. You may like to get a watch delivered in a completely contact less delivery system, but that would not give you the experience. You still aspire for going into a watch shop, feel the different kinds of watches, feel them on your wrist, evaluate them and then take the product.

So, the physical need for a watch is also combined with the experience need of your mind for having a fruitful purchasing experience. And, marketing tries to understand which type of need is correlated strongly with the which other type of need and makes it possible that a cluster of needs are fulfilled while the need that is being fulfilled could be one of these needs as a primary need.

So, a sharp identification and definition of consumer needs by one or both of the two hierarchies above is the basic foundation for effective product or service development and marketing of products and services.

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Need discovery – the start of a startup, let us look at the process by which need is discovered. Let us plot a need in terms of the known need and unknown need on the x-axis. Similarly, the futurism that is implied in fulfilling the need could be plotted as linear and non-linear on the y-axis.

That is because a need may be known or unknown and more importantly it could be linear or non-linear. We discussed the concept of nonlinearity earlier; nonlinearity implies a relationship that cannot be predicted by proportionality with the present or the past. Earlier if one liter of fruit juice satisfied a family maybe today two liters of fruit juice may be satisfying, but that could be related to the expansion in the family size and therefore, there is a linearity.

But, if tomorrow the requirement for a beverage is satisfied only by something which is actually highly nutritional and immunity building that is a discontinuity if everybody starts shunning sugar based fruit beverages and instead wants really nutrition fortified fruit juices which is demonstrable in terms of its medical efficacy, then it is a distinct break from the past. That is the nonlinearity.

To be able to cope with nonlinearity, firms need creative ideation. So, the need-marketing-pivot can be expressed in this manner. The first is the linear known that is it is a space in which established firms can use the known products to fulfill the linearly required product. So, linear known is a space in which established firms can excel.

The second aspect is linear unknown that is the need is unknown. However, the unknown needs can be fulfilled in a linear fashion using either variants of the products that are available or the facilities that are available or having certain interactions with the customers.

So, linear unknown is a space for creative startups and established entrepreneurial firms. They are trying to get you something which is unknown through the technologies that are available. So, when people brought in the digital market space, we may see it as an absolutely discontinuous development in marketing, but you can also see that the way the need was being fulfilled was entirely physical.

What the E-commerce did was to substitute one physical model by another digital model. So, you can say that it is an unknown need which was there in the market place that was fulfilled with a linear technology that again was available, but that is a great enough space for creative startups and established entrepreneurial firms to make their presence felt and grow.

Then let us look at the known need and a non-linear futurism. This is a space for differentiating startups from established firms. What they are trying to do is to express the known need through a completely different non-linear product. When companies came up with phones which can meet the communication need which was well known, can meet camera need which was again well known.

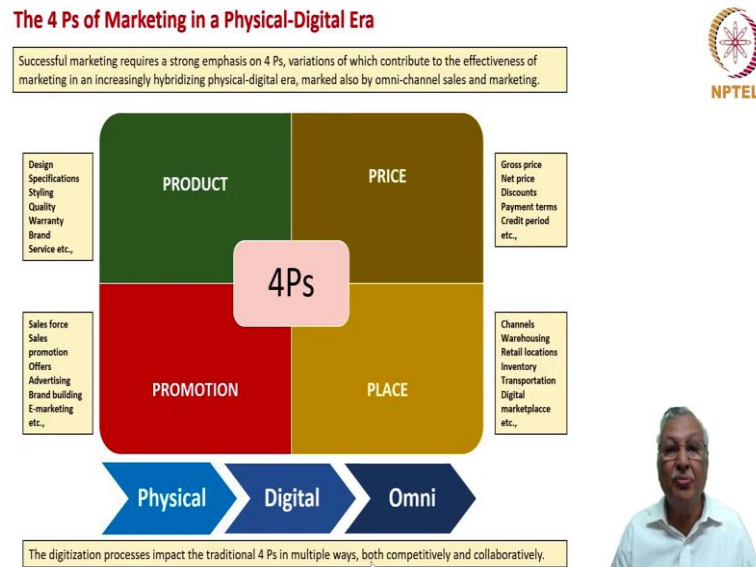
The social communication need again well known, recording need well known, all those needs have been merged together and in a non-linear fashion the smart device was developed and this is a space for differentiating again start-ups from established firms. This is the non-linear known space.

Then finally, you have the non-linear unknown space that is the problem is unknown to the customer or the individual nor is it known either in terms of the problem or in terms of the solution for the startup. And, this is the ideal space for innovative startups because they would like to explore the unknown characteristics of the DAWN hierarchy and meet them with what they also feel that the technology is only in terms of emerging space.

So, they use a non-linear disruptive technology to fulfill the unknown needs in a very innovative and creative fashion. So, marketing is therefore, both a creative art and a

structured science. The foundations of a startup business are laid when the hitherto unknown need is perceived and solution provided in an ideal situation.

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Let us also look at the 4 P's of marketing in a physical digital era. The 4Ps of marketing are product, price, promotion and place through the series of classic marketing texts we had over the last several decades, we fully understand what these 4Ps are and we experience those as well.

In respect of a product it is the design, specification, styling, quality, warranty, brand and service cluster. In respect of the price it is not just one price or a low price – it is the gross price, it is the net price, it is the discount that is offered it is the payment term that is offered, the credit period that is there etcetera etcetera.

As far as promotion is concerned, it is done by the sales force the sales promotion efforts, the sales promotion offers, advertising, brand building, E-marketing and so on. These are the various ways in which promotion of a product can be done. And, the place it could be through channels and those channels could be at various levels, it could be a physical channel or it could be a digital channel, it could be also Omni channel.

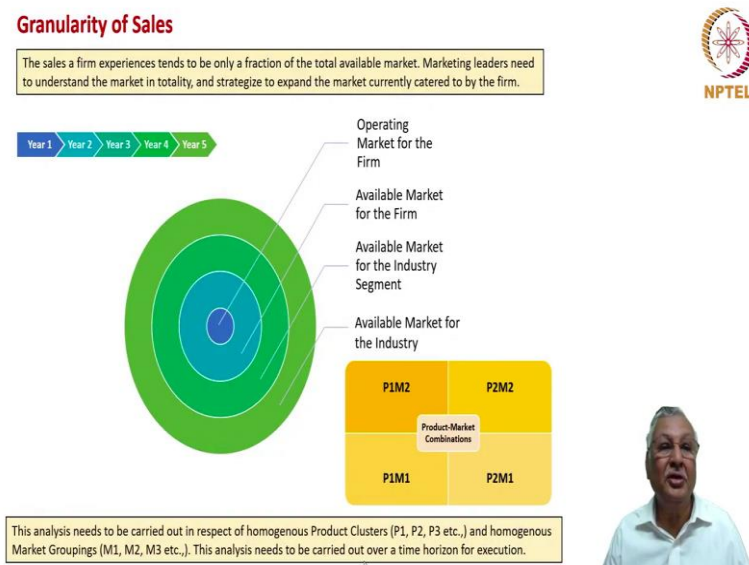
And it could be at warehousing locations, you see many times the factory sales being taken up at an outlet outside of the factory, that is a location for discount sales. In that case, some Ps of this 4P matrix are combined the product, the price, the place, as well as

the promotion in some cases, that is the methodology of boosting the sales. Then it can happen through inventory itself getting displayed in a shop.

So, if you look at current situation we still have the physicals marketing P, we also have the digital marketing P and very soon we will be having a very infectious and very prevalent system of Omni channel marketing. Wherein every company which is developing, manufacturing and trying to market a product will have its own portal that is a trend that has already got itself established and it would only increase in future.

So, the digitization processes impact the traditional 4Ps in multiple ways both competitively and collaboratively.

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We should also look at the granularity of sales. What is granularity of sales? That is based on this concept, the sales a firm experiences tends to be only a fraction of the total available market. Many times companies think that they have reached the maximum potential in terms of the sales and market potential. It is not so.

Marketing leaders need to understand the market in totality and strategize to expand the market currently catered to by the firm. Let us look at this situation again the concentric circles model. In the blue innermost circle, you have the operating market for the firm, but then the firm must be looking around and look at the available market for the firm,

then you should look at the available market for the industry segment and finally, the available market for the industry as a whole.

So, when you look at a product such as light commercial vehicle, you can think of the numbers you sell every year as the market. But no, you have to look at the total industry volume. That could probably be the available market for the firm from an industry perspective, but the industry segment may be crying for more applications, greater accessorization and greater variety in the product range, if you are making those things available the industry segment itself could expand.

And, the light commercial vehicle is part of a total commercial vehicle industry. Why not the entire commercial vehicle market or at least a large proportion of the market be seen as the market for the light commercial vehicle? That is how the available market from the industry can be far far higher than the market which is currently being catered to.

If this were not the phenomenal light commercial vehicles which are only 25 percent of the total market for commercial vehicles 3 decades ago would be 65 percent to 75 percent today of the total commercial vehicle market. Because, the light commercial vehicles moved along to provide greater market sustenance for various applications that is the concept of granularity of sales.

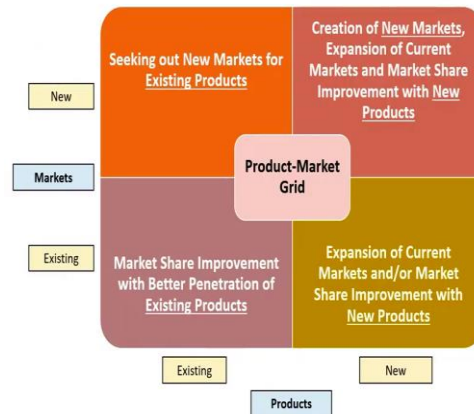
We should also look at the product market combinations. When you are drawing of a marketing plan if you have P1 to PN products and you have M1 to MN products you have to see the combinations P1M1, P2M1, P1M2, P2M2. And, these M2s or M3s whatever way you can classify are those markets which are known and unknown and the products are what you have and what you need to develop.

So, you have to granulate your sales based on the product market configurations that are possible and then draw up your marketing plan. The firm may have homogeneous product clusters P1 to PN and homogeneous market groupings M1 to MN. And several combinations of these individual products and individual market segments can be developed that is the challenge in demand planning for a strong marketing leader.

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Product-Market Grid: the Classic Market Growth Strategy

The product-market matrix is a classic strategy that marketing and business leaders deploy to chart growth.



The two quadrants driven by new products are the natural play for start-ups and entrepreneurial firms, small or big.



So, let us also look at this product-market grid because that P1M1, P2M2 etcetera arises from understanding the product market grid. This is the classic market growth strategy as we are all aware of but let us look at it in a little more granularity and detail. We have existing products; we have new products. We have existing markets and new products.

Many times we try to simplify this paradigm saying that new products and new markets make a great combination which is true. But, while making new markets for those new products we also have the capability to expand the current market and achieve market share improvement that is what this grid is demonstrating for you. If you have existing products and you have existing markets, you are achieving market share improvement with better penetration of the existing products.

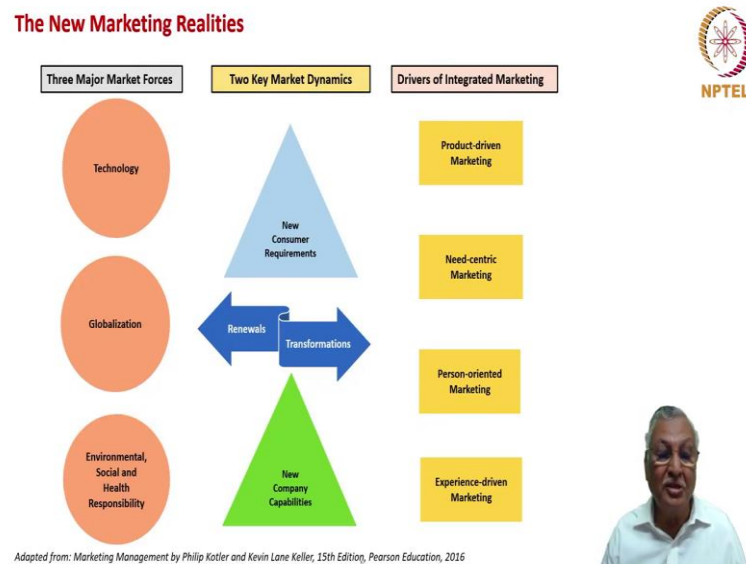
Let us say you have the existing products, but they have not been utilized elsewhere then you are seeking out new markets for existing products. Typically, is the case when you have products which are developed for let us say the United States of America, but those products can be sold in the European Union as well, then you can seek out those markets for the existing products.

Then you have a case where you develop new products, but then offer them in the existing market because the existing market is your priority market and you need to nurture it. So, expansion of current markets and or market share improvement with new products in the current existing market and then finally, you have this new products and

new market combination. That is not merely creation of new markets with new products, it also involves expansion of current markets and market share improvement with new products.

So, what you see here is that market development and product development are synergistic. They have a cumulative growth oriented impact on the sales for your company, on value creation for your company. The two quadrants driven by new products are the natural play again for start-ups and entrepreneurial firms whether small or big.

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Let us look at some marketing realities because a marketing leader needs to understand beyond affecting just sales or ensuring the profitability of the sales process. You need to look at what are the major marketing forces that are shaping up the industry in a completely different way. So, we went through these things in an earlier lecture as well.

Technology is one major market force, globalization is another major market force and environmental, social and health responsibility is another market force. Today, a consumer in India is not willing to look at a product which is a dated product compared to what is available in the developed market.

That is why today we have smart wearables or smart phones, smart devices being introduced across the world almost around the same time. That is the change that has

happened in terms of technology and globalization working together. But, then in future people also would look at the green certification the product would carry, whether the product has been made in an environmentally, socially and health wise compliant and friendly manner will be seen.

And there could be green certifications which will promote product development as well as product to delivery. So, given that you have new consumer requirements coming up in future and new company capabilities that need to be built in company and that will lead to renewals on one sign that is the existing industries will have to be renewed to keep pace with the changes.

Like, if you want to go into the ESH compliant product range, you got to update your technologies and globalization to be able to do that. But, on the another hand, if you are trying to fulfill entirely through a completely different set of products, you need to get into different kind of transformation journey as is going to happen with electric automobiles replacing regular automobiles. That is the transformative reality, that is the transformative market drivers.

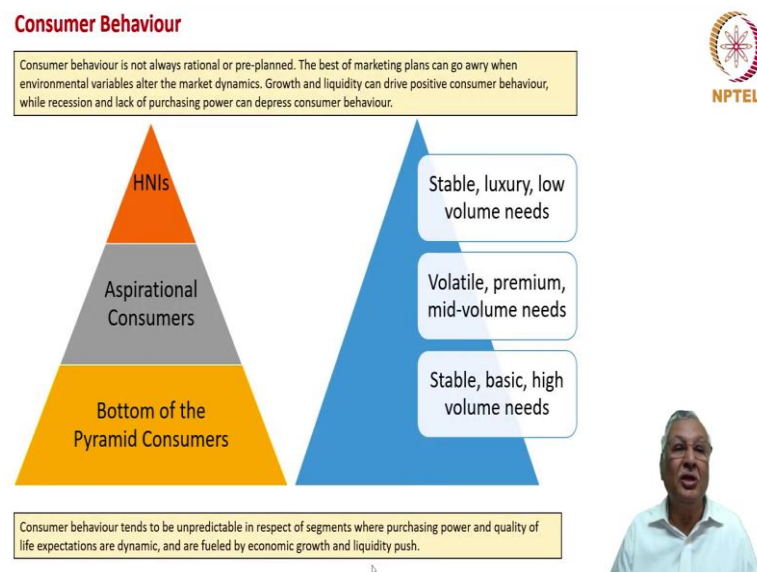
The drivers of integrated marketing when that happens is product driven marketing, need centric marketing, person oriented marketing and experience driven marketing. So, you cannot anymore offer a product and hope that it would be sold. You need to do all of these things together – why is an electric vehicle a better choice, why is an electric vehicle an essential choice? Because the regulation wants it that way; because you are contributing to the lowering of the pollution levels.

Why is it important for the person? Because it is being made available at an affordable price point and the overall life cycle cost probably would be demonstrated to be lower compared to be an IC engine vehicle my expectation. And, experience driven marketing – when you drive an electric vehicle you will find it noiseless, smooth the take off and the cruising would be very well done on a highway let us say.

When that happens you have four distinct drivers of integrated marketing that will take care of these transformations that is the marketing reality and the marketing leader when he thinks of all these possibilities, he cannot just be the number counter or a person who allocates a marketing targets for different organs of the organization.

His role is almost like a R&D leader or like an operations leader, while the marketing leader cannot obviously, be those two positions, the marketing leader has to have that strategic approach and framework to work with the other leaders and fulfill all of these marketing requirements. In fact, the marketing leader has to be in advance of the other two leaders to point out to them the potentialities that exist in the product and marketing space.

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Let us look at now consumer behavior. Consumer behavior is not always rational or preplanned. The best of marketing plans go awry when environmental variables alter the market dynamics. Growth and liquidity can drive positive consumer behavior, while recession and lack of purchasing power can depress consumer behavior.

Again, the pyramid concept works. The bottom of the pyramid consumers are indeed the most important base of consumers, they are extremely large in number, but their affordability parameters are pretty tight. Then you have aspirational consumers when we talk about a growing middle class, people who are wanting to upgrade their style of life, we place them in this aspirational consumer class.

Then, we have got high net worth individuals who have got enormous money and they are always looking for not merely investments and, spending they are looking at spending in a varied spectrum of products and services. And, if you want to correspond these three classes of consumers with their characteristics, the bottom the pyramid

consumers are stable they have basic and high volume needs. They could constitute the bread of your business as currently understood.

But, as Dr. C. K. Prahalad pointed out, they could enable the firm create value unknown, unimagined value by catering to the bottom of pyramid consumers in a creative way. The aspirational consumers tend to be volatile. They can switch their brands; they can be motivated to move from one type of product to another type of product.

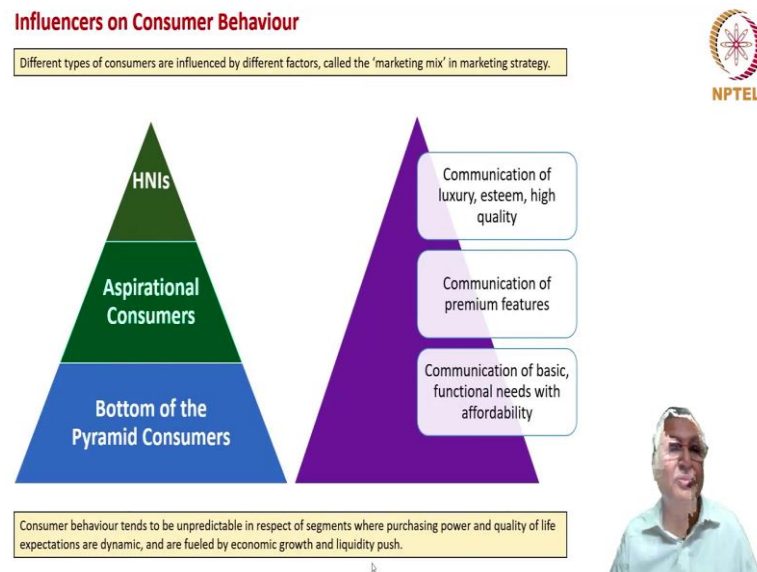
If you are looking for an air conditioner which has got the antiviral properties somebody can move that person from that air conditioner replacement idea to a ozonizer or air purifier idea. Marketing leader can demonstrate to them that the existing air conditioner along with the ozonizer and air purifier is a more potent combination than trying to have a higher priced air conditioner with the antiviral or antibacterial properties.

That is the potential that exist in aspirational consumers, but at the same time while they are welcoming new products they are prone to getting moved across the product categories. So, they are volatile, premium and mid volume need providers. HNIs are predictable in a way they look for a Mercedes Benz car, high-end villa, they want to spend their money in high education products and things like that, maybe in travels. Stable, luxury, low volume needs characterize the HNIs.

Consumer behavior tends to be unpredictable in respect of segments where purchasing power and quality of life expectations are dynamic, and are fueled by economic growth and liquidity push. I would therefore, always tell the marketing leaders that they must have greater affinity and greater focus on bottom of the pyramid consumers because they are the consumer groups that would support the industry or the firm in good times as well as in bad times.

Because basic high volume needs are going to remain at all times. And, actually the firm will fulfill a good socioeconomic mission by having a good proportion of the products in the BOP category.

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What are the influences on consumer behavior? Different types of consumers are influenced by different factors. We may call it the marketing mix in marketing strategy. The bottom of the pyramid consumers are influenced by communication of basic functional needs with clear messaging on the affordability and functionality and the quality level.

The aspirational consumers need to be communicated very extensively about the premium features of the product. If someone is talking about cooking oil fortified with vitamin D or something which can reduce the cholesterol accumulation in the body, a premium feature is sought to be communicated on and on and on again because the basic purpose of the cooking oil is known to everybody.

So, aspirational consumers are being modified in their thinking process to think of a value added cooking oil and the others also could do this. That is why the aspirational consumers seems to be a fidgety person, always wanting to look around and see the other new feature that could be available. HNIs we need to communicate the perception of luxury, esteem, high quality.

Consumer behavior as I said tends to be unpredictable in respect of segments where purchasing power and quality of life expectations are dynamic and are fuel by economic growth and liquidity push. And, if you see the liquidity push it moves up vertically

starting with very low liquidity push at the bottom of the pyramid to the very high liquidity push at the HNIs.

That is why, various other economic subsystems such as banking system, non-banking financial corporations are essential to provide some of these enablers or supporters for consumer behavior. Whenever there is a recession, the recession can be countered to some extent if the credit is available for consumer purchases.

On the other hand, if credit does not become available even if there is no recession the consumer demand may be latent. So, it is not just the consumer system that a marketing leader needs to focus on, the consumer system that is supported by the other economic subsystems must be looked at as in a totality.

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Customer-Product Profitability Analysis

Customers and products vary in terms of respective profit potential. The company must choose an appropriate product-customer mix that maximizes overall profitability. At the same time, certain customers and products may be retained despite low-profit or loss making situation to preserve overall business equity in markets.

		Customers			
		Customer Group 1	Customer Group 2	Customer Group 3	
Product 1	+	+	+	Highly Profitable Product	
Product 2	+			Profitable Product	
Product 3		-	-	Unprofitable Product	
Product 4			-	Highly Unprofitable Product	
		High Profit Customer	Low Profit Customer	Loss Making Customer	

Adapted from: Marketing Management by Philip Kotler and Kevin Lane Keller, 15th Edition, Pearson Education, 2016



Let us also look at the customer-product profitability analysis. Customers and products vary in terms of their respective profit potential. The customer has got his own expectations of what the price should be and he will gravitate to the product that offers that value-price equation.

The company must understand this process and must choose an appropriate product-customer mix that maximizes the overall profitability. At the same time certain customers and products may be retained, despite low profit or loss making situation to

preserve overall business equity in markets. We have that situation in the pharmaceutical industry.

We have a number of injectable products. Within those injectable products the life saving antibiotics that is, which are used in critical care settings, intensive care settings have the highest level of price-cost leverage. It may make sense to sell only those products and then maximize the profit, but it would not work that way in the actual marketing practice because you are serving a customer.

You are not trying to seek profits from them. You have to look at the way in which a hospital functions. The hospital requires patients who have got multiple needs. They require normal very common injections such as let us say ceftriaxone which handles all the normal respiratory infections. They also require meropenem or imipenem cilastatin or ertapenem which really tackles the high end infections or critical care infections.

You have to enable the hospital to take care of the entire spectrum of patients. Therefore, that is why you have to bundle low profit or loss making products with the high profit products to be able to provide a total solution for the customer. So, in this case, you have customer group 1, customer group 2, customer group 3. You have product one which is highly profitable, profitable product, unprofitable product, highly unprofitable product.

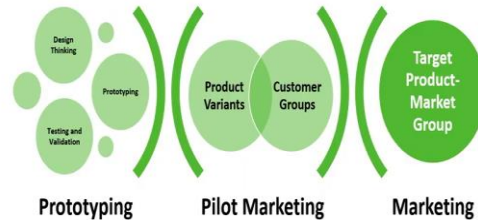
From a look see point of view, you can classify the customers as high profit customers, low profit customers and loss making customers, but that is an incorrect way of looking at it. You got to really look at the total customer product group and say that I will get better market share in the highly profitable product customer groups and also serve those customer groups which are still interested in highly unprofitable product or unprofitable product for reasons of their own sustenance.

Only when you are able to get over this particular way of looking at customer profit segmentation, you will be an effective marketing director.

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Product Marketing Plan

Prior to marketing a product, a company should undertake pilot marketing of the product in the target markets, following the previously discussed processes of design thinking leading to prototyping, testing and validation.



Many marketing plans do not provide adequate time for pilot marketing. While pilot marketing may not lead to any change in specifications once a proper development protocol is followed, it will provide valuable inputs for structuring appropriate market positioning and communication strategies.



So, prior to marketing a product a company should undertake pilot marketing of the product in the target markets following the previously discussed process of design thinking which lead to prototyping, testing and validation. So, you got to have design thinking as part of the process, then look at testing and validation and then prototyping.

Let us say you are having an infusion pump which caters to 2 drugs being simultaneously injected, you can theoretically do it for 10 drugs as well. But, then you have really work on the hospital bed side to understand the various infusion possibilities that occur and, decide what is the optimum number that needs to be done and what are the bells and whistles that the infusion pump should have so that it is extremely unobtrusive as far as the bed side is concerned.

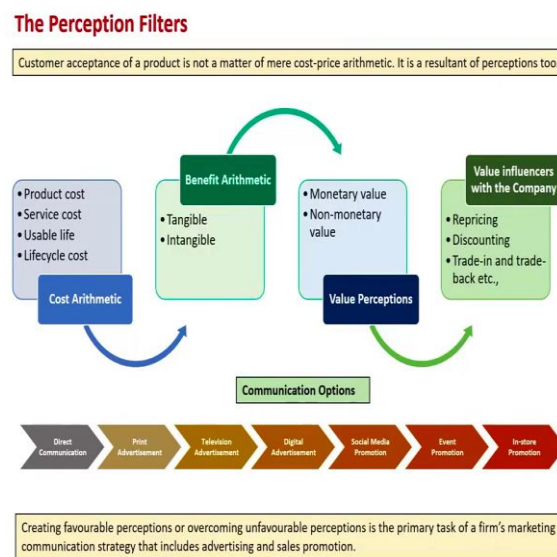
But extremely effective as far as the nursing station is concerned. And, to be able to do that you have to have design thinking that is working at the patient bed side, working in the nursing station, working with the clinicians and doctors and then developing a prototype, and that has to go through testing and validations – that is a prototyping phase.

And, in the pilot marketing, you look at different types of product variants and different types of customer groups. You may have hospitals which are really high end where you have got the high technology in nursing assistants and clinicians assistants that is available where the departmentation is very professional.

But, you may also have the smaller clinics where one person tries to do everything and sophisticated product could actually be a troublesome product. So, you should understand the product variants that stem out of your design thinking process and the customer groups you would like to handle and then carry out pilot marketing and finally, you get to the target product market group and do the marketing.

Many marketing plans do not provide adequate time for pilot marketing, while pilot marketing may not lead to any change in specifications once the proper development protocol is followed, it will certainly provide valuable inputs for structuring appropriate market positioning and communication strategies. So, product marketing will be only completely successful when pilot marketing is integrated as part of the product marketing plan.

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In marketing, a lot is based on perceptions. In fact, many people believe that marketing is neither about the product nor the person who is selling the product, but it is all about the perceptions. Many of the advertisements tend to create perceptions that if you take this product you will get this value in spite of having the advertisement councils and the quotes etcetera.

And, the so called test which underlined statements, it will be very patent for us that some of the observations that are being made or aimed at creating perceptions rather than establishing facts. So, customer acceptance of a product is not a matter of mere price

arithmetic in the real marketing world that happens today. It is a resultant of perceptions too.

Perceptions of course, must have a basis. If the basis is not there then obviously, the company will be seen as a fraudulent company. You must have basic facts, right? Only there could be little variations in terms of the perceptions that come out of those facts. So, the first perception is about the cost arithmetic – what is the product cost, what is the service cost, what is the usable life, what is the life cycle cost.

Cost arithmetic on a life cycle basis becomes extremely important in industrial products and high technology capital intensive products such as commercial vehicles, then also the capital goods which are operated in factories and so on. So, people are encouraged to look at high priced products, provided they also are able to appreciate the overall life cycle cost advantage.

Even when electric vehicles will be introduced product cost could be higher. But, the usable life and life cycle cost or even the operating cost based on the cheap power if it is available at that point of time could be very low. So, that is the cost arithmetic. Then there is also the benefit arithmetic that is the tangible benefit you can see in terms of the parameters such as the productivity of the capital goods or mileage of the vehicle and so on. These are the tangible benefits.

Even in products which cannot be really measured there could be measures. Like you can put a drop of moisture, it may do much more than what several drops of moisture could do in terms of the other products. So, the benefits could be tangible. And, there are of course, some intangible benefits which is related to the brand value, the custom value, the quality value that comes from the company and the particular product brand.

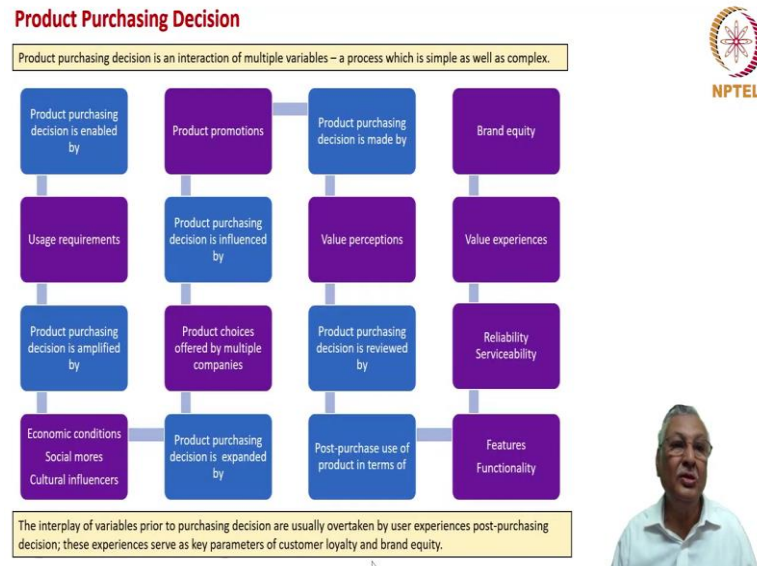
Then you have the value perception which is a combination of the cost arithmetic and benefit arithmetic which is viewed in terms of the monetary value as well as the non-monetary value. And company, once this paradigm is set still has certain influences which could be used that is the re-pricing, discounting, trade in and trade back.

The same high priced product can be seen to generate greater value for the customer when the customer is assured that he or she would have the trade in possibility with the

next generation of products is introduced. So, there are certain value influencers with the company well beyond the arithmetic we have discussed here.

And, what are the communication options for that? You could do it through direct communication, print advertisement, television advertisement, digital advertisement that is in Facebook or other social media, even promotion, in store promotion and so on. Creating favorable perceptions or overcoming unfavorable perceptions is the primary task of a firm's marketing communication strategy and that should include advertising and sales promotion.

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We have talked about several aspects of the product, the marketing process and the consumer behavior and the influences of consumer behavior, but let us look at in a holistic sense how a product purchasing decision gets made. This process is simple as well as complex. I say it is simple because by and large it is a sequential structured process in the mind of the consumer.

I say it is complex because as many as 16 decision points or action points are involved in making this happen. Product purchasing decision is first of all enabled by the usage requirements. So, the human being has to understand his or her in latent needs and if he or she is not able to understand, the company should make it clear about the usage requirements.

The product purchasing decision is amplified by economic conditions, social mores, cultural influences we have seen that in respect of certain advertisements where a good product could not be sold further because of the social mores or cultural influences impacting the communication message. So, there could be other conditions completely unrelated to the product that could have an impact.

Similarly, economic conditions; if you have stimulus coming in through either they leave travel concessions are the freedom to choose your options to use the money, then suddenly a spike in demand would occur for certain important products which are probably required in the festival time or elsewhere. So, there are other extraneous non-product factors which will come into play.

Then, you have product purchase decision which is basically available at that point of time. And that could be expanded because more products offered by more number of companies actually expands the market, if there is only one company offering only one product the market seems to be small.

So, competition enhances the size of the market because it is stimulating the thinking process in all the customer groups and also leading to higher levels of purchasing decisions. This product purchasing decision is influenced by product promotions. You may have that internal decision that, yes, I must buy because this is my perceived need, but unless product promotions take place you may not really purchase the product.

Once the decision is made to purchase a product the supporters will be in terms of value perceptions and similar ones which we have discussed in the previous slide. But, the product purchasing decision is always reviewed by post purchase use of the product in terms of features functionality, reliability, serviceability, value experiences and brand equity.

If you have bought a product from a particular company and you have already experienced it, even if all of these processes that have been discussed earlier enable the individual or bring the individual to the point of making the purchase. The experience one has in terms of the features functionality, reliability serviceability, value experiences and the brand equity could finally, influence the purchasing decision.

Assuming that successfully you have been able to integrate all of these factors in the earlier segments of the purchasing decision then, even then the post purchase use of the product generates a clearer understanding of the features on the functionality.

Sometimes the products are used for completely different user requirements that is how camera makers and also the smart device makers discover that people use cameras not for photographing somebody else, they use cameras for photographing themselves.

So, the mobile phone had such a great internal selling proposition which many companies fail to understand. Companies were providing 30 megapixel, 48 megapixel cameras in the rear to photograph others, but they did not cater to the individuals requirement to photograph oneself with the complete freedom of selfie. So, that was a big discovery that came very belatedly.

So, creative marketing means that is what – ability to anticipate these kinds of requirements and come up with the product which beats all other products far ahead. So, after the purchase decision is made and the product is acquired all of these things can be built up in terms of the product.

So, from the beginning, that is from the product purchasing decision to the buildup of brand equity for such a product a whole lot happens in the marketing place. And, the marketing leader must be aware of these milestones these stage gates that happen in the product purchasing decision.

And, the interplay of variables prior to purchasing decision are usually overtaken by user experiences post purchasing decision, these experiences serve as key parameters of customer loyalty and brand equity. You can see the selling of product as either a goal fulfillment for the company or as a fulfillment of demand that is experienced or expressed by the consumer.



But, you should see every product selling activity of the firm or every product purchase activity of the consumer as an instrument to enhance customer loyalty and brand equity. Those companies which are enjoying high level of brand equity also enjoy a high level of customer loyalty because these have been built up over time by excellent products, excellent service and excellent engagement with the consumer.

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Building Brand Equity

Brand equity denotes the tangible commercial value and the intangible goodwill that the name of a brand that represents the product or service carries. Brand equity gets built up over time. Factors contributing to brand equity:

Brand equity and corporate equity are positively correlated although there could be exceptions; a good brand could exist under a not so well-known corporate umbrella and a good corporation could have ordinary brands.



So, how do we build this brand equity? Brand equity denotes the tangible commercial value and the intangible goodwill that the name of the brand represents as the product or service. So, the moment a product is talked about and the company that is making the product is talked about, immediately your mental faculties go towards the equity of that particular brand.

Many times we think of the product brand and many other times we think of corporate brand and at times we think of both of them together. So, brand equity comprises these six drivers product performance, product reliability, product serviceability, usage experience, product affordability and corporate credibility. All these six are essential for sustainable brand equity to be built.

Brand equity and corporate equity are positively correlated although there could be exceptions, a good brand could still exist under a not so well known corporate umbrella and a good corporation could have ordinary brands. Just because let us say one company is well known for a whole range of kitchen appliances, it is not that all the alliances will be bought from the same company by different customer groups.

Some people may think that this particular appliance is best made by this company. So, the variations of brand equity and corporate again corporate brand equity influencing the purchase decisions are many. So, we have to look at how the brand is differentiated, how

the brand is proven to be loyal in the minds of the customers and how the brand gets recalled every time it is being talked about.



That is why, you have these brand extensions trying to extend Cinthol soap into Cinthol talcum powder or trying to extend a particular hair oil brand to a shampoo brand as well.

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Customer Relationship Management

Customer Relationship Management (CRM) is the methodology and technology for governing the relationships between the company and the customer to ensure better customer experiences and improving business potential in the process. CRM has moved from knowing the customer better to discovering the customer needs more proactively.

Customer satisfaction and customer retention are two basic outcomes of CRM. Digital CRM goes farther in terms of reading customer mind and behaviour to develop cues for better engagement between the company and customers.



All of this requires very durable and sustainable customer relationship management. Customer Relationship Management or CRM is the methodology and technology for governing the relationships between the company and the customer to ensure better customer experiences and improving the business potential in the process.

CRM has moved from knowing the customer better to discovering the customer needs more proactively. Various tools are available for CRM – sales force engagement, data analytics, artificial intelligence, digital communication, digital payments, cashless check out and so on.

These days, data analytics which deals with CRM is one of the most impressive and engaging domain of work for people who have specialized in engineering as well as in management studies. And that is being done because they do not just churn data, they also come up with concepts that are related to the data that is being analyzed.

And, that is customer relationship management which is again expressed and carried out in terms of customization, collaboration and communication with the customer being the focus. Customer satisfaction and customer retention are two basic outcomes of CRM.

Digital CRM goes farther in terms of reading customer mind and behavior to develop cues for better engagement between the company and customers. And if certain sensors are observing customer behavior and telling the company what to offer, it is one level of customer relationship management.

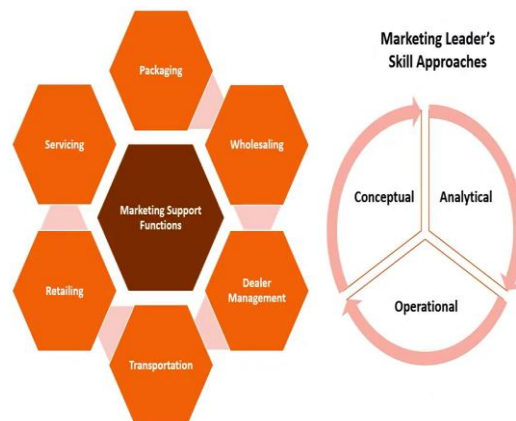
But, there is also a view for which I also subscribe to, nothing can really substitute an engaging salesperson or a store's manager. There is no point in having sales people in the stores which turn their eyes away when a customer enters. But, having a whole number of sensors in the store trying to offer better solutions for the customer through E-mails that would come later, that is completely inappropriate.

You need to have engaging sales force and then you can go to the next level with having customer relationship management out of such human engagement as well as digital engagement.

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Other Marketing Capabilities

Successful marketing requires the leader to exercise his or her ability over a number of supportive domains, each of which is a specialized sub-function in itself. Important sub-functions are as below:



Even a great product can lose its value without quality assurance in any of the above supportive functions.



And, again the marketing capabilities spectrum does not stop with whatever we have considered. We already have considered several aspects of marketing. Successful

marketing requires the leader to exercise his or her ability over a number of other supportive domains.

Each of which is a specialized sub function in itself. Let me summarize the importance of sub functions for you - packaging is a great sub function, wholesaling another important function, dealer management another one, transportation, retailing, servicing. Because each of these have got an influence on how the product is presented to the customer at the final delivery point and, how the product is protected all through the journey.

And once you want to superimpose the environmental empathy, how the packaging can be environmentally friendly. So, the marketing leader skill approaches to handle these supportive functions need to be conceptual, analytical as well as operational. Today, we do not have several packaging aspects that used to be there in a smart phone 3 or 4 years ago. They have been simplified without any loss of perception on the part of the consumer.

In future, many more developments would come in that manner in packaging of other products. As a result of which both the consumer as well as the company would benefit and marketing leader must conceptually analyze all of these six factors to see how the customer value chain can be made more empathetic as well as more helpful for the consumer.



Even a great product can lose its value without quality assurance in any of the above supportive functions and the biggest drawback for most companies is that quality is seen only as a shop floor function. Only now companies are moving to thinking of quality assurance even in research and development, it is called developmental quality assurance.

But, we need quality assurance in all of these parameters which take the product to the final delivery point which is the distribution logistics, packaging and so on.

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Market Segmentation

Market segmentation involves segmenting the total market (ie., the universe of customers relevant for the product family) in terms of certain common characteristics related to usage of the product and affordability.



Samsung Galaxy S10 Range Galaxy Note 10 Range Samsung Galaxy S20 Range

Samsung Galaxy A70 Series Samsung Galaxy M Series Samsung Feature Phone

With specifications ranging from 1 GB memory to 1 TB memory, 2 MP camera to 108 MP camera and steep gradients on a host of features and prices ranging from Rs 10,000 to Rs 100,000 in steps of Rs 10,000, Samsung segments mobile phone market like no other manufacturer.



Let us look at the concept of market segmentation. In fact, if you see these slides, this and the following slide you can also appreciate how fast the technology has been changing. When I drew up these slides, I have got the latest technologies put in. But, in just a matter of few weeks you can see that new ranges of products have coming and the specifications have received a bump up.

And, when the product growth in terms of specifications and standards is so fast, obviously, the market segmentation also tends to be dynamic and volatile. For that understanding to be as precise as possible and for the volatility be removed, we should clearly understand the basic market segments that the firm is trying to engage with.

Market segmentation involves segmenting the total market that is the universe of customers relevant for the product family not product alone product family in terms of certain common characteristics that are related to the usage of the product and it is affordability.

So, you look at the Samsung smart phone range. You have this Samsung Galaxy S 10 range. It was there about a couple of years ago. Then came the Note 10 range, then let us say a few weeks back we had the Samsung Galaxy S20 range and now today we have Galaxy Note 20 range which I have not represented here.

We also have for several other types of customer groups Samsung Galaxy A70 series and Samsung Galaxy M series. Some of these are promoted directly only through online channels that is the Galaxy M series whereas, the others are available both through physical channels as well as the digital channels.

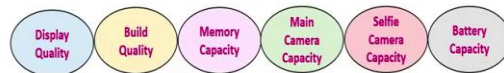
Quite apart from all of these things and alongside all of these sophisticated phones, Samsung still sells the feature phones that is features which do not have the level of multimedia functionality and other common characteristics found in the smart phones. With specifications ranging from 1 GB memory to 1 TB memory, 2 MP camera to 108 MP camera and steep gradients on a host of features and prices ranging from rupees 10,000 in steps of rupees 10,000 to rupees 100,000 possibly, Samsung segments mobile phone market like no other manufacturer.

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Specifications Lead to Segmentation – Smartphone Example



	Galaxy A10	Galaxy A50	Galaxy A70	Galaxy M30	Galaxy S10	Galaxy S10+	Galaxy Note10	Galaxy Note10+	Galaxy S20	Galaxy S20+	Galaxy S20 Ultra
Approx. Dimensions (mm)	136 x 76 x 8	156 x 75 x 8	165 x 77 x 8	156 x 76 x 8	150 x 70 x 8	158 x 74 x 8	151 x 72 x 8	162 x 77 x 8	152 x 69 x 8	162 x 74 x 8	167 x 76 x 9
Height (cm)	168	195	183	193	157	198	168	196	163	186	220
Frame build	Plastic	Plastic	Plastic	Plastic	Aluminium	Ceramic	Aluminium	Aluminium	Aluminium	Aluminium	Aluminium
Display	IPS LCD	Super AMOLED	Super AMOLED	PLS TFT	Dynamic AMOLED	Dynamic AMOLED	Dynamic AMOLED	Dynamic AMOLED	Dynamic AMOLED	Dynamic AMOLED	Dynamic AMOLED
Size (inches)	6.2	6.4	6.7	6.2	6.1	6.4	6.3	6.8	6.2	6.7	6.9
Resolution (ppi)	271	403	393	270	550	552	401	496	563	525	551
Memory	32 GB - 2 GB RAM	64 GB - 4 GB RAM	128 GB - 8 GB RAM	32 GB - 2 GB RAM	512 GB - 8 GB RAM	1TB - 124 GB RAM	256 GB - 12 GB RAM	512 GB - 12 GB RAM	128 GB - 8 GB RAM	128 GB - 8 GB RAM	128 GB - 12 GB RAM
Main Camera	13 MP	16 + 5 MP	22 + 8 + 7 MP	13 + 5 MP	12 + 12 + 16 MP	12 + 12 + 16 MP	12 + 12 + 16 MP	12 + 12 + 16 MP	12 + 64 + 12 MP	12 + 64 + 12 + 3 MP	108 + 48 + 12 + 0.3 MP
Selfie Camera	5 MP	16 MP	32 MP	5 MP	10 MP	10 + 8 MP	10 MP	10 MP	10 MP	10 MP	40 MP
Battery (mAh)	3400	4000	4500	3400	3400	4300	3500	4800	4000	4500	5000
Price (Rs.)	8000	14000	15000	7500	45000	66000	70000	80000	67000	74000	93000



And if you look at the way the market segmentation is done, specifications lead to segmentation that is the design leads to segmentation. You can look at various products which I have presented here when you have time to go through this slide in great details but, the form factor the display size, the memory all of these things are pre-determinants.

So, the display quality whether it is LCD high definition, LED, OLED, super OLED and the contrast ratios these are all determinants of the display quality, the build quality, how the phone feels in your hands how easy is to operate by single hand these are all the build quality, form factor relevant aspects.

Then you have the memory capacity, how fast you can process the data, what could be the refresh rate that could be available, how fast the videos can be captured, how fast the data can be stored to the fullest extent and yet the phone be very fluid in its operation, then the main camera capacity, the selfie camera capacity.

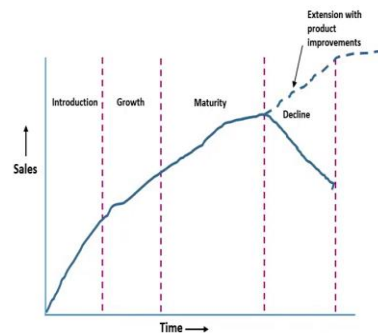
Are you just looking at optical stabilization or laser stabilization, what is the level of software influence on the hardware aspects of the camera, the battery capacity and so on. And, again battery capacity cannot be bumped up just like that without influencing the form factor so, where is the right balance. So, the way you segment the consumers is dependent on the way the specifications are developed.

Apriori you can have certain market segments and try to develop products for those segments that is the again the traditional view. Today, we can think of making these specification Apriori and try to view or develop a market segment around it. That is the way the future market development would grow.

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The Growth Driver: Product Lifecycle and its Management

Product Lifecycle (PLC) covers the growth of the product from the first launch in the market place to its decline, and final exit; PLC can be extended with product improvements and extensions. A marketing leader must be strategically and technologically creative to face technological disruptions astutely, aligning with the CEO and other CXOs.



PLC extensions can be of limited use when faced with disruptive technological developments; that said, just as feature phones co-exist with smart phones, basic products can continue to be of relevance. Marketing leader should have the acumen to lead the company into newer technological frontiers while defending the existing products.



Another important, growth driver – product lifecycle and its management. Product lifecycle covers the growth of the product from the first launch in the market place to its decline and the final exit. PLC can be extended with product improvements and extensions. A marketing leader must be strategically and technologically creative to face technological disruptions astutely aligning with the CEO and other CXOs in that process.

Product life cycle is nothing, but the sales over a particular period of time for a product. Every product starts with an introduction phase then experiences the growth phase when the growth is very substantial, then slowly comes to the maturity phase and then experiences the decline phase. And, PLC management is the process of extending the product life cycle probably higher or at least keep at the maturity level with product improvements.

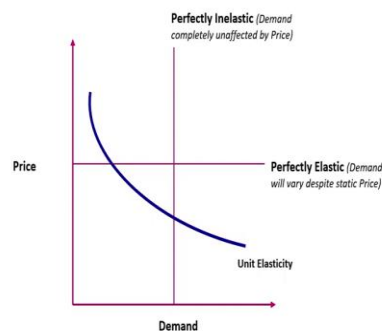
PLC extensions can be of limited use when faced with disruptive technological developments. That said, just as feature phones coexist with smart phones, basic products can always continue to be of relevance. Marketing leader should have the acumen to lead the company to newer technological frontiers while defending the existing products that is important.

In today's situation should you have a brand new computer for online teaching? If you are able to get the same computer with better audiovisual capabilities probably the need will be met and that is how the marketing leader leads the company into requirements of product that have to be satisfied when the environment changes that is important.

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Judgemental Capability: Price Elasticity of Demand

A marketing leader should have a fine sense of judgement. The concept of price elasticity of demand is an example. It connotes the elasticity of demand (higher or lower) to the price (lower or higher) corresponding. The decisions have to balance the short-term and tactical with the long term and strategic.



The nature of price elasticity curve varies depending upon the nature of product and structure of the industry. Typically, price elasticity works in a range for each product-industry situation. The larger domain of demand estimation and price discovery call upon the highest judgemental capabilities of a marketing leader.



Then there is also the judgmental capability that is where the intuitive capability of the marketing leader comes into play. A marketing leader should have a fine sense of judgment. The concept of price elasticity of demand is an example. It converts the elasticity of demand that is whether the demand could be higher or lower depending

upon the price level that is correspondingly lower or higher. The decisions have to balance the short term and the tactical with the long term and the strategic.

Price elasticity is a kind of plotting of price versus demand. You can see here if the demand remains static or if the demand remains unchanged irrespective of the price, then we called that product perfectly inelastic, that is demand completely unaffected by price. On the other hand, if you have demand which is variable completely at the same level of price, we call it as a perfectly elastic situation; demand will vary despite static price.

The nature of price elasticity curve varies depending upon the nature of the product and structure of the industry the curve which I have demonstrated is one typical examples, unit elasticity of the product. Typically, price elasticity works in a range for each product-industry situation is not absolute standard, it is not prescriptive.

As a concept it is prescriptive, but not as an equation or not as an analytical basis. It is very difficult to summarize price elasticity. It is therefore, the judgmental factor of the marketing leader comes in the play. The larger domain of demand estimation and the sub specialty of prize discovery they call upon the highest judgmental capabilities of a marketing leader and here the intuitive capability of a market leader also becomes important.

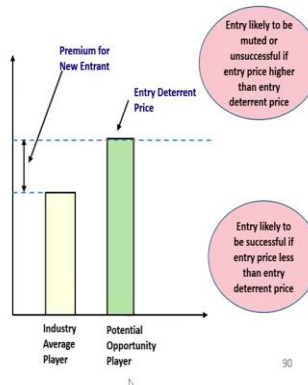
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Strategic Capability: Entry Deterrent Price



Propounded by Professor Michael Porter, entry deterrent price is a hypothetical concept that focuses on the prevailing structure of prices (and related factors such as product quality and service) which just balances the potential rewards from entry (forecast by the potential entrant) with the expected costs of overcoming structural entry barriers and rising retaliation. This represents a case of strategic marketing.

Factor	Cost (\$)
Material Cost	1000
Conversion Cost	400
Cost of Goods	1400
Marketing Cost + Fixed Dealership Cost	100
Advertising & Sales promotion Cost	100
Sales Force Cost	100
Total Cost	1700
Margin	300
Target Price	2000



Let us also go to another very important aspect which is the entry deterrent price, it is a key decision which a company needs to make every time it introduces the product variant or a new product. The concept of entry deterrent price is a concept propounded by professor Michael Porter.

Entry deterrent price is a hypothetical concept that focuses on the prevailing structure of prices in an industry as well as the related prices such as product quality and service obtaining in the industry and from the firm which just balances the potential rewards from entry forecast by the potential entrant with the expected costs of overcoming structural entry barriers and rising retaliation.

This is the ultimate test of strategic marketing. Let us see how the cost of a product gets built; material cost let us say is 1000 dollars. You have a conversion cost of 400 dollars and the cost of goods will be 1400 dollars. You have marketing cost, fixed dealership costs about 100 dollars and also advertising and sales promotion cost 100; sales force cost is 100, total cost is 1700.

You realize that as much as 700 dollars is over and above the basic material cost of a product and that is true. In some cases, the material cost could only be 20 percent and in some case it could be around 60 percent, but this is one average example I cited and then you need a margin to sustain as a company that is 300. Finally, the target price is 2000.

The entry deterrent price is 2000 plus a premium which the customer is willing to pay for a product that the firm in a new situation is going to offer or a new firm is going to offer to the industry and the market. So, when company such as Isuzu came with their trucks for them the price at which they came in was far beyond the entry deterrent price. So, they had no possibility of penetrating the market. The existing incumbents continue to rule the market.

Illustrated graphically, you have the price structure of an industry average player which is shown in the yellow box and there is a potential opportunity player. That player will be successful that is that the green bar player will be successful, if the player manages to price its product with an appropriate backup cost structure at the entry deterrent price level.

The difference between the entry deterrent price level and the price under the yellow bar situation represents the premium that is willing to be paid for the new entrant. The moment the cost and price structure exceeds that entry deterrent price the new comer does not have much hope of aggressive reentering the market.

So, entry likely to be muted or unsuccessful if entry price is higher than the entry deterrent price; entry likely to be successful if entry price less than the entry deterrent price. So, this is the strategic capability which the marketing leader needs to possess.

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A Marketing Leader Needs to be Growth-Oriented

A firm depends on the marketing leader to identify growth opportunities on one hand and create demand for the firm's products and services on the other. Driving growth should be in the DNA of a marketing leader.



Disrupted Value Propositions

Growth is getting tougher for firms in the face of new market dynamics: rising consumer expectations, increasing competition, and digital disruption. This is true for both B2B and B2C segments.

Co-creating New Value Propositions

Growth under the circumstances cannot be created unilaterally. It requires co-creation of value in collaboration with other departments on one hand, and with customers on the other.

Experience Engine

Marketing leaders must focus on creating new customer experiences that transcend products and services. Data Analytics and Artificial Intelligence are tools to customize new experiences.



The task of a marketing leader has taken a step-function increase from marketing a few products or services to positioning experiences to multitudes of customers. This requires marketing leader to be patient and persistent as much as collaborative and creative.

So, viewing together all of these aspects, we have to conclude that a marketing leader needs to be growth oriented. A firm depends on the marketing leader to identify growth opportunities on one hand and create demand for the firm's products and services on the other. Driving growth should be in the DNA of a marketing leader.

And, what are the three aspects by which the marketing leader would drive growth? One – disrupted value propositions. Growth is getting tougher for firms in the face of new market dynamics: rising consumer expectations, increasing competition and digital disruption. This is true of B2B as much as it is true of B2C segments.

Co-creating new value propositions: products cannot be designed in the laboratory and then offered in the market place without any verification with the customer, probably the customer experiences have to be thought of in advance and created and designed

thinking we discussed it is an important aspect of that. So, growth under the circumstances cannot be created unilaterally. It requires co creation of value in collaboration with other departments on one hand and with customers on the other hand.

And, finally, the experience engine a virtuous marketing division or a strong marketing domain will be powered by the engine of experience which the consumers will have with the company and that experience engine is useful for the company as well. Marketing leaders must focus on creating new consumer experiences that transcend products and services that go beyond what is offered in terms of the products and services.

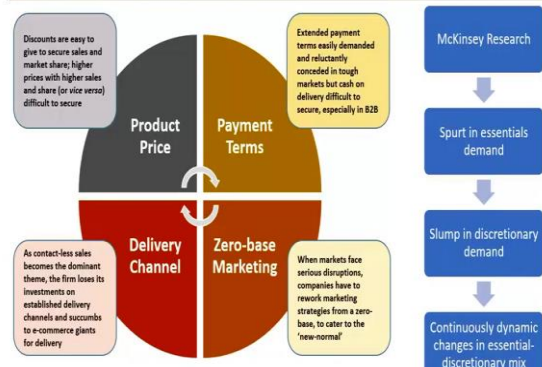
We saw the data analytics and artificial intelligence are tools to customize new experiences, but there is also the human empathy that is the sales person's empathy, the marketing leader's empathy in handling the customer experiences and in making them happen. The task of a marketing leader has therefore, taken a step function increase from marketing a few products or services to positioning experiences to multitudes of customers.

It even goes to the extent of co creating value along with the customer should there be a need for that. This requires marketing leader to be patient and persistent as much as collaborative and creative; that is very much required.

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A Marketing Leader Needs to Generate Cash

An oft-ignored function of a marketing leader is to generate cash from the sales process. This process becomes challenging when markets become depleted and volatile as in the case of Covid-19 pandemic and/or when customer perceptions and market dynamics change because of technological disruptions.



The marketing leader will need to be more of a business leader than ever, blending strategic futurism with current operational dynamics, preparing to redefine the marketing strategy even on a month to month basis.



But, all of this is strategic as well as operational and extremely value driving for the company, but a marketing leader also needs to generate cash for the company. He cannot take off the eyes on the cash generating machine that a sales and marketing division needs to be.

An oft-ignored function of marketing leader is to generate cash from the sale process. This process becomes challenging when markets become depilated and volatile as in the case of covid-19 pandemic and or when customer perceptions and market dynamics change because of technological disruptions.

So, we have four types of issues involved in cash generation – one of course, is the product price; second is the payment terms; third is the delivery channel and fourth is the zero-base marketing. You can influence the product price by giving discounts. Discounts are easy to give to secure sales and market share. Higher prices with higher sales and share or vice versa are difficult to secure.

So, a marketing leader who trades market share for lower price is obviously, not generating enough cash for the company. On the other hand, a marketing leader who gets market share volumes as well as higher price is the virtuous market leader for the company.

You can give extended payment terms especially for the C&F agents for the retailers and these are easily demanded and the marketing leader may concede in tough markets, but cash on delivery which is the ideal which the marketing leader could have is very difficult to secure especially in B2B.

So, the payment terms which marketing leader is able to negotiate is an important aspect of marketing leader's cash generation efficiency. Then the delivery channel – as contactless sales becomes the dominant theme the firm loses its investments on established delivery channels and succumbs to E-commerce giants for delivery and E-commerce by and large operates on exceptional margins.

If you sell a product what you see as the lower price is still not the lower price. The consumer certainly benefits in the universal digital market place, but the companies further squeezed because the margins that have to be paid to E-commerce giants are

indeed high. Therefore, the delivery channel is a challenge that needs to be overcome by the marketing leader.

And, the zero-base marketing, that is, when markets face serious disruptions companies have to rework marketing strategies from a zero-base to cater to the new normal. So, we can see the marketing leader's different perceptions; if you are the marketing leader in an E-commerce firm, you act on the flip side of the parameters, the marketing leader in a physically marketed product company phases.

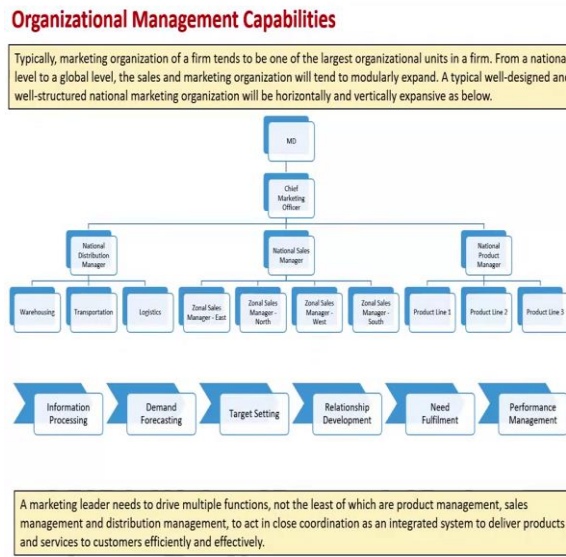
So, it all depends on the context as I keep saying through this leadership course. It is not who you are of course, it matters very much who you are, but what also matters is the context in which you are; the product context, the business context, the firm context, the industry context and this, and so on.

Which is one of the reasons why I present leadership in so many cross sections and in so many perspectives that you would be able to think of multiple ways of looking at leadership and the leadership contexts that you face. There is McKinsey research which says that spurt in essentials demand has happened because of the Covid situation there is also a slump in the discretionary demand that also has happened. This continuous dynamic between essential-discretionary mix would happen all the time.

If the economy is in a kind of V shaped recovery, if the vaccines become universally available and affordable and very effective, then the V shaped recovery could take the markets even higher than the pre-Covid levels.

So, the marketing leader nursing these things need to be more of a business leader than ever, blending strategic futurism with current operational dynamics preparing to redefine the marketing strategy even on a month on month basis, that is the requirement of the marketing leader.

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And, to be able to carry out this vast canvas of tasks, marketing organization tends to be large. In fact, along with operations marketing would be one of the largest and multilayered organizational structure that could exist in an organization. From a national level to a global level the sales and marketing organization will tend to modularly expand.

A typical well-designed and well-structured national marketing organization will be horizontally and vertically expansive as below. You have the chief marketing officer report to the managing director. You basically have three types of leaders – one in charge of distribution, one in charge of national sales and one in charge of national products.

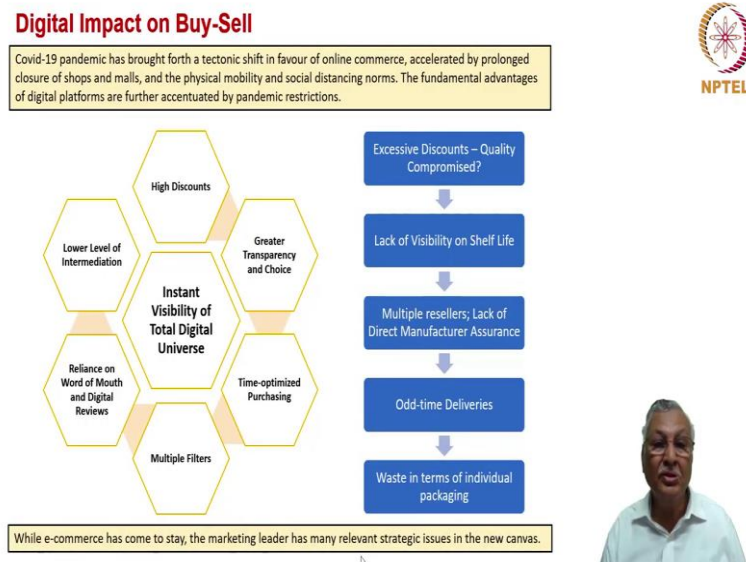
And, if you are an international company the national sales managers, national distribution managers and national product managers will be replicated for those global regions as well. Then each will have warehousing transportation and logistics as in the case of distribution and sales itself will be divided into convenient zones – south zone, west zone, east zone and north zone etcetera.

National product manager will have different product managers who will look at clusters of homogeneous products and this organizational structure and the organizational process must be capable of providing these aspects. One information processing, second – demand forecasting, third – target setting, fourth – relationship development, fifth – need fulfillment and sixth – performance management.

The organization structure is an enabler. The process is one what makes the organization structure effective and efficient. A marketing leader needs to drive multiple functions not the least of which are product management, sales management and distribution management organized nationally or regionally. And, these need to act in close coordination as an integrated system.

They also need to integrate themselves with other delivery mechanisms within the company and other external stakeholder systems, then only the delivery of products and services will happen efficiently and effectively and the creation of experiences we have been talking about will happen to the benefit of the organization.

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Having said all of these things, we cannot ignore the digital impact on buy and sell as well. COVID-19 pandemic has brought forth a tectonic shift in favor of online commerce, accelerated by prolonged closure of shops and malls, and the physical mobility and social distancing norms being here to stay.

The fundamental advantages of digital platforms are further accentuated by pandemic restrictions as we all know. So, but there is also this characteristic feature about the digital universe is something that will make it more and more appealing in future. That is the instant visibility of total digital universe, you need a product.

In physical world you got to understand which store would have that product and experiment whether that product is really available, but with digital universe you have instant visibility. But, it also comes with certain advantages and disadvantages depending on whether you are in the customer side or the firm side.

High discounts, greater transparency and choice, time-optimized purchasing, multiple filters, reliance on word of mouth and digital reviews, lower level of intermediation. Instead of fighting against these trends, marketing leader needs to absorb these things as the new challenges that are being posed for marketing leadership and accordingly, develop products and process that could beat the digital impact either through the digital media themselves for selling of products or through the physical channels.

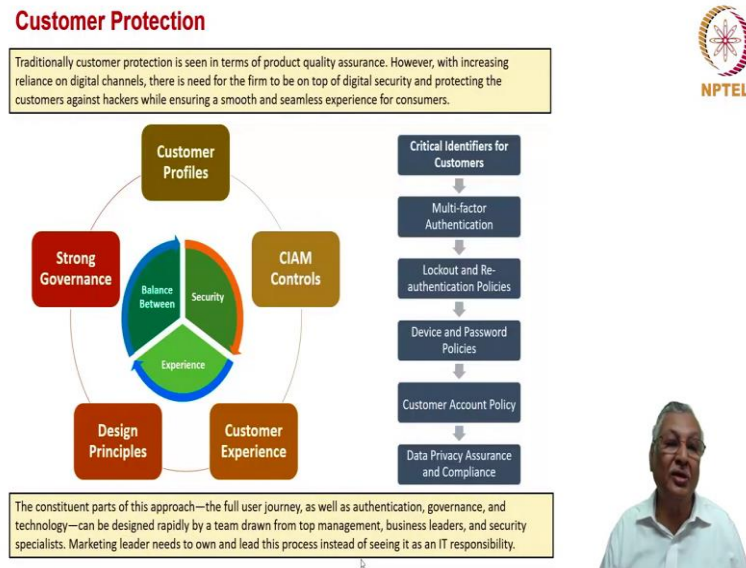
If you have excessive discounts, quality could be compromised; if you have lack of visibility on shelf life, brand recall could be compromised; if you have too many resellers, there may be lack of direct manufacturer assurance; odd time deliveries upset the customers, there could be wastage in terms of individual packing.

As far as the environmental stability is concerned if you offer 20 products from an E-commerce site, it is quite possible that these 20 products will come on 20 days with individual packaging and that enormous drain on the packaging resources and a pressure on the environmental resource also. So, how can we have green E-commerce? That is a challenge.

And, if you are able to get your digital operations which we generally believe is green to get into the green mode on an end-to-end basis. From the time the products arrive at the E-tailor's warehouses to the way they reach the customers if packaging is minimized and recycled and the product integrity is preserved, then you have done a hybrid marketing model even for this digital age.

So, many strategic issues are there in this new canvas which can be efficiently and effectively fulfilled by the marketing person.

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The marketing leader also has to look at the data privacy that comes up when the digital universe starts taking over. The digital marketplace also throws up several aspects of customer protection which we need to take care of. Every now and then we come across the news that millions of data points regarding the customers are compromised in hacking.

Cyber security is an extremely important aspect of higher level of digitization. Traditionally customer protection is seen in terms of product quality assurance. However, with increasing reliance on digital channels there is need for the firm to be on top of digital security and protect the customers against hackers while ensuring a smooth and seamless experience for consumers.

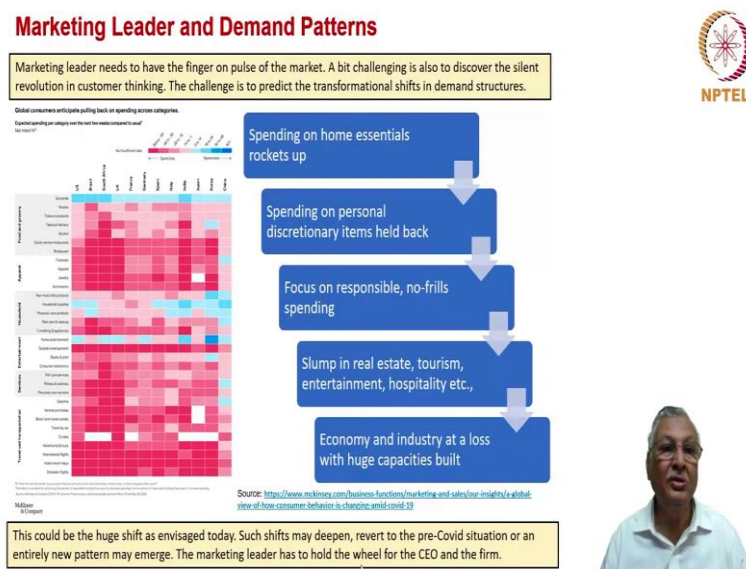
And, to be able to balance security with experience, we need to understand the customer profiles, but put in place CIAM controls, have customer experience, have a good digital design for the whole site and ensure there is strong governance. It cannot be that a portal is designed and it will operate on its own. There must be strong administrative and governance mechanism on the digital portal.

What are the critical identifiers for customers in a digital market space? Multi-factor authentication, lockout and re-authentication policies, device and password policies, customer account policy, data privacy assurance and compliance. The customer is eager for easy entry easy shopping and easy navigation, but some of these things could

interfere with the data security requirement. So, balancing of this is a joint exercise between the chief digital officer of the company as well as the chief marketing officer of the company.

The constituent parts of this approach – the full user journey as well as authentication, governance and technology – can be designed rapidly by a team drawn up from top management, business leaders and security specialists. Marketing leader needs to own and lead this process instead of seeing it as an IT responsibility.

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Marketing leader and demand patterns; marketing leader needs to have the finger on the pulse of the market. A bit challenging is also discover the silent revolution in customer thinking. We have illustrated through certain principles, how customers thinking could be revolutionarily changing. The challenge is to predict the transformational shifts in demand structures.

As I said in the earlier slide, as per McKinsey research, global consumers anticipate pulling back on spending across categories. There is going to be increase in essentials, food and grocery, apparel household whereas, the luxury items could be reducing. There is going to be a focus on responsible, no-frills spending. There could be a slump in real estate, tourism, entertainment, hospitality etcetera. Economy and industry could be at a loss with huge capacities built.

But, will there be lasting parameters may not be because the economies will bounce back and there will be newer products which would be coming into this place of the products which are being shrunk in terms of the demand. I have already spoken in the previous lectures about how new protective equipment or how new health care products are going to rule the markets in the future years.

So, there would be a shift in the product requirement rather than a loss of total product opportunity. To envision this and motivate the firm to redirect itself to the emerging demand patterns is extremely important. So, it is not business as usual. That does not mean that business will be worse than usual; it could be that business will be far better than usual and it could be even more purposeful from the socio-economic angle and marketing leader's responsibility is to enable this huge shift that is the key responsibility of a marketing leader.

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Characteristics of Marketing Leader

We can identify the characteristics of the marketing leader from the deep and expansive discussion we had in terms of certain key attributes. The 30-attribute apex leader model serves us well, but some unique requirements:

- Should be a visualizer of current and emerging customer needs, and interpret them in terms of product or service ideas
- Should have the aptitude to work with customers and create unique experiences and lasting relationships
- Should be a collaborator and integrator working with various functions of the firm, especially R&D, Operations and Finance
- Should have the passion to fight against the odds (for example, declining demand or enhanced competition) and ensure planned sales
- Should be tactical in execution and strategic in thinking, capable of zero-base marketing if circumstances demand
- Should have a thorough knowledge of product/service specifications and functionalities and customer expectations and usage patterns

Key Metrics

Market Share

Market Growth

Geographical Diversification

Per Capita Productivity Per Person

Clicks and Footfalls

Total Financial Health

A successful marketing leader is one who is a "here and now" leader from one perspective, and a "take you there" leader from another perspective. The leader helps both the firm and the customer discover themselves.




So, we have talked about the marketing leader in various ways and we have looked at the challenges essentially as a marketing process and the consumer process. We also looked at the digital impact on the marketing leader and potential impact of ones in life time kind of emergencies such as Covid pandemic and so on.

So, all this makes the marketing leaders role an extremely important role which is full of persistent, passion, full of foresight, full of empathy for the customer and also full of responsibility to maintain the cash generation cycle for the company. So, we can identify

the characteristics of the marketing leader from the deep and expansive discussion we had in terms of certain key attributes. Without doubt the 30-attribute apex leader model serves us well.

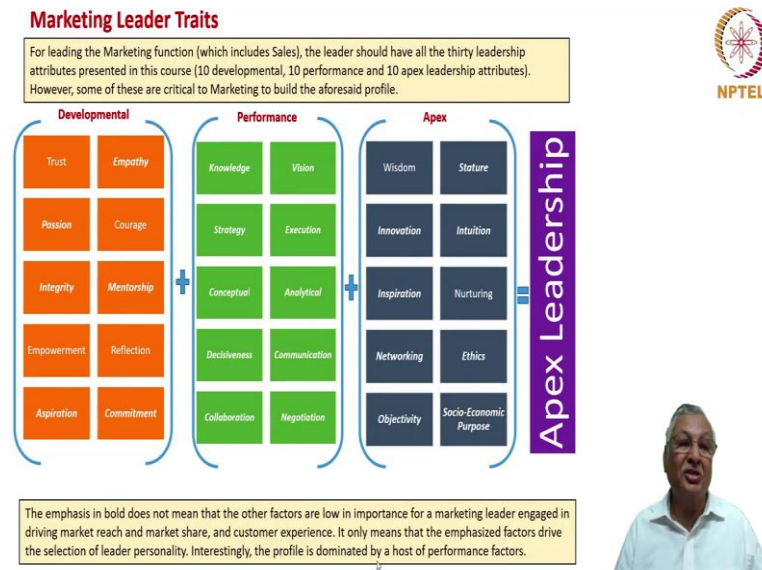
But, these attributes must be synergized to generate some unique requirements of a marketing leader in actual fulfillment. The marketing leader should be a visualizer of current and emerging customer needs and interpret them in terms of product or service ideas, fundamental requirement. The marketing leader should have the aptitude to work with customers and create unique experiences and lasting relationships; customer relationship is the core.

Should be a collaborator and integrator working with various functions of the firm especially R&D, operations and finance. Should have the passion to fight against in the odds for example, declining demand or enhanced competition and ensure planned sales. The marketing leader should be tactical in execution and strategic in thinking, capable of zero-base marketing if circumstances so warrant.

Should have a thorough knowledge of product service specifications and functionalities and also the customer expectations and usage patterns. Key metrics for a successful marketing leader would be market share, market growth, geographical diversification, per capita productivity per person, clicks and footfalls in respect of digital market space, the total financial health including the cash generation these are the key metrics which are understood. But, there is a strategic overlay.

A successful marketing leader is one who is a here and now leader from one perspective, and take you there leader from another perspective. The leader helps both the firm and the customer discover themselves in a brand new future, that is the strategic framework that should propel the marketing leader in the service of the firm as well as this consumer society.

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The marketing leader traits that support this type of profile are the usual ones which I have been talking about in the previous lectures. These are not usual; they are actually exceptional leadership traits which every leader should have, 10 developmental leadership traits, 10 performance traits and 10 apex leadership traits – these are not merely traits these are competencies as we discussed.

Out of these 30, all of which are required for a marketing leader or any other domain leader these ones which are shown in bold and italics are extremely critical to marketing; because they help the marketing leader build the profile that have been, that has been mentioned earlier. Out of the developmental characteristics you require empathy, passion, integrity, mentorship, aspiration and commitment in a strong manner.

Because the marketing leader is always wanting to go forward, create new demand where one does not see demand, create a new product when one does not see the product, must understand the customer's perspective, customer's viewpoint both in terms of affordability as well as usability of the product. So, you must have lot of empathy for the customer.

In terms of performance virtually or actually all of the performance leadership competencies will be required and in terms of the apex leadership characteristics stature, innovation, intuition, inspiration, networking, objectivity, ethics, socio-economic

purpose all except nurturing probably are called for; it does not mean that a marketing leader should be one who does not nurture the people.

No, it is not meant that way each and every factor that has been mentioned here as a leadership competency is required for the leader. However, depending upon the domain, some of these things become emphasized into a greater degree and those emphasized parameters help create that unique leadership personality for that particular domain.

And, if that domain leader moves into the apex leadership position, they get further strengthened with the full apex leadership trade coverage. So, this is how the marketing leadership works in terms of the competencies and the canvas the leader has. Interestingly the profile of a marketing leader as in the case of operations leader is dominated by a host of performance factors.

So, recapping the marketing leader is an extremely important leader in the organizational ecosystem and the role of the marketing leader in understanding the present, learning from the past and creating a new future for the organization as well as to the customers cannot be understated at all. It is a great responsibility and therefore, marketing leadership also offers a greater avenue to become potentially an apex leader for a company.

So, with this, we will conclude today's lecture.