

**Business Development From Start to Scale**  
**Prof. C Bhaktavatsala Rao**  
**Department of Management Studies**  
**Indian Institute of Technology, Madras**

**Week - 01**  
**Business Fundamentals**  
**Lecture - 02**  
**Marketing and Business Development**

Hi friends, welcome to the NPTEL course Business Development From Start to Scale. We are in week 1 discussing Business Fundamentals. This is the 2nd lecture of the week and the topic today is Marketing and Business Development.

(Refer Slide Time: 00:30)

**Marketing**



Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (AMA, 2017)



27

Let us look at the definition of marketing as given by AMA. I will read it out for you. Marketing is the activity, set of institutions, and processes for creating, communicating,

delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. You will observe that there are three clusters of words here.

Each is important and each needs to be connected with the other. The first cluster of words relates to activity, set of institutions and processes. These are internal to the organization, internal to the person, these are characteristics of the organization and the marketing person. The activity of marketing the set of institutions dedicated to marketing and the process of marketing.

The second cluster of words creating, communicating, delivering and exchanging offerings. Creating means creating of marketing communication, creating of marketing content. Communicating means conveying that to the marketplace to the individuals in the marketplace, to the consumers, to the customers in the marketplace.

And this communication can be through a variety of means radio talks, television clips, digital communication print, media outside flexes, word of mouth, events, exhibitions there are many ways in which the marketing content can be communicated. Then the third delivering. Delivering means the product and services have to be delivered to the consumer.

It could be through a retailer, a distributor, a wholesaler could take place in the mall could take place in the shop and so on. The third cluster of words relates to exchanging offerings that have value for customers, clients, partners and society. I am repeating two words from the previous cluster into this. Because these are the products and services which need to be exchanged in consideration for money. But the cluster here is the marketplace customers, clients, partners and society.

The way you look at it, it could be a straight away a consumer or a group of consumers for example, clients and partners or the whole society at large. Only when you bring together all these clusters of words in logical sequence you can get marketing carried out. Therefore, let me repeat marketing is the activity, set of institutions and processes for creating,

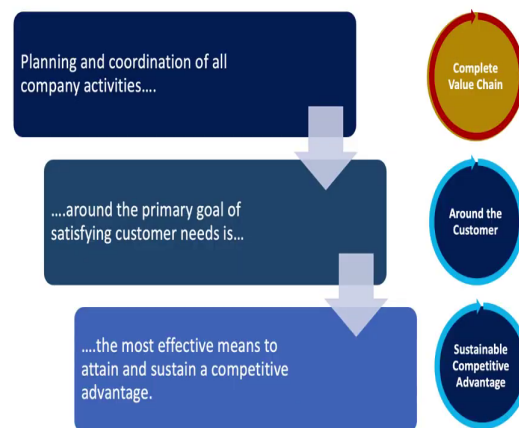
communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.

Why am I emphasizing marketing. So, much? Marketing is being emphasized by me so much mainly because without marketing you can convey what you intend to offer. Therefore, marketing is the bridge between you and the consumer, the bridge between the company and the marketplace.

Moreover, business development as I have explained earlier is an integrative function, it is not a function that functions in a solo. It requires various other disciplines to be a part of it in differentiates to be able to deliver its objective of business development. That is why we focus on marketing. We will also focus on other adjuncts in later parts of this course.

(Refer Slide Time: 04:38)

### Marketing Concept



To put it simply marketing concept means planning and coordination of all company activities which means you are covering the entire value chain of the company. And how are they coordinated? How are they planned? They are planned and coordinated around the primary goal of satisfying customer needs; that means, whatever you do in terms of marketing is focused on the consumer and also the ecosystem that envelopes the consumer.

And it is the most effective means to attain and sustain a competitive advantage. The whole goal of marketing is not to do something in terms of sales for today, the goal of marketing is to establish a relationship with the customers with the market segments and the overall marketplace in such a manner that the company can continue to sell or market its products and services to that marketplace.

So, the concept of marketing is nothing but planning and coordination of all company activities around the primary goal of satisfying customer needs and as the most effective means to attain and sustain a competitive advantage. The key thing is to understand the companies value chain and see how this value chain can provide value to the customer as well.

And when the value chains of the customer and the value chains of the company work in tandem then there could be sustainable competitive advantage.

(Refer Slide Time: 06:15)

### Market-Oriented Firms

Market-Oriented Firms

- All departments and personnel are focused on customer needs and competitive fulfillments
- Develop and adapt products and programmes to respond to changes in the environment
- Conduct intense marketing research prior to product development
- Segment markets and position appropriate products, with tailored programmes

Samsung Smartphones: Galaxy S22 Series, Galaxy A Series, Galaxy M Series

NPTEL

29

Now, there are market-oriented firms and there are firms which are oriented towards other functions of an organization. So, let us understand what are market-oriented firms. So, there are four characteristics of market-oriented firms all departments and personnel are focused on customer needs, they develop and adapt products and programs to respond to the changes in the environment.

Third they always conduct intense market research prior to product development and they segment markets and position appropriate products with tailored programs. If you look around and try to find out market-oriented firms you will find plenty of which Samsung is one firm which is excelling in terms of the smartphones business.

It looks at the market in terms of various segments, it understands the consumer needs in terms of their feature requirements as well as the price requirements. As a result of which it

keeps developing a number of products to meet the segment requirements with different price points feature levels and therefore, different value points.

(Refer Slide Time: 07:27)

### Production Orientation Vs. Marketing Orientation



Business Activity or Function	Production Orientation	Marketing Orientation
Product offering	Develop and manufacture products as per available competencies	Develop and manufacture products as per customer needs
Product range	Narrow	Broad
Pricing	Based on costs and margins	Based on perceived value
Market segments	Homogenous	Heterogenous
Product packaging	Product protection	Customer appeal, additionally
Financing	Third party	Captive or networked
Promotion	Technical	Additionally, lifecycle value

30



Production and marketing are the twin engines of any organization or any company. Of course, there are several other functions which make these things work. In fact, R and D is the real engine of the company without R and D developing products the company cannot have anything to offer.

But that is it and assuming that R and D develops the products the way the production of the product is carried out or the way marketing of the product is carried out you know determines production orientation versus marketing orientation in a company. Now, how are these firms distinguished in terms of these two orations in terms of these two orientations?

I have listed here certain factors in terms of business activity or function that is the left most column. Now, I compare each of these factors in terms of their visibility and character and characterization in the production oriented firm vis a vis the market-oriented firm. So, in terms of product offering, the production-oriented firm develops and manufactures products as per available competencies.

It has already the dies and moulds, it already has the machinery and it would like to keep on utilizing those facilities to develop products and try to sell them as long as it is possible. If you look at the Indian automobile industry or any other industry in India prior to liberalization

The intense effort was to completely utilize the facilities available and churn out the products as required by the facility rather than as required by the market whereas, a marketing-oriented firm develops and manufactures products as per customer needs. Today there are model changes people are willing to modify their production lines, people are willing to develop through R and D new products to be able to meet customer needs.

Secondly in the production-oriented company the product range tends to be narrow. Because you would like to have standardized production. The more you produce the more cost effective you are therefore, you are likely to be more profitable or you are likely to have better pricing advantage. But in a marketing-oriented organization the concept is that product range should be as broad as possible.

In fact, they would go to the extent of offering multiple SKUs that is store keeping units to be able to satisfy each and every demand. In respect of pricing a production-oriented organization is very focused on costs and margins. Whereas, a marketing-oriented organization looks at perceived value of the product and they will define the life cycle cost life cycle value of the product and try to influence the pricing strategy.

Marketing-oriented organizations tend to have superior pricing power compared to the production-oriented organizations. Similarly, marketing-oriented organizations try to

preimmunize the products that is they make the products and their selling avenues more premium in the look feel and experience and consequently the pricing power is also superior.

In terms of the market segments that are served production-oriented firm wants to be in homogenous market that is a market in which segments are very few, the customers have certain common needs. Whereas, the marketing-oriented firm is willing to micro segment a market and go as heterogenous as possible.

And in terms of product packaging production-oriented firms see the product packaging as just as just an important requirement to protect the product. Whereas, marketing-oriented firm looks at product packaging as a means for customer appeal additionally. So, when you buy a pharmaceutical product, some products will be in very plain old-fashioned blisters the carton in which they are packed would be of relatively flimsy nature the printing would not be almost completely black and white and with no font selection and so on.

Whereas a marketing-oriented firm would try to give a better package, would like to give a blister pack tablet mechanism and give you very clear readable fonts. This is just one example of how product packaging can differentiate the production-oriented organization and the marketing-oriented organization in terms of appealing to the customer. In terms of financing production-oriented company would like to do nothing with financing they would say that it is an transaction between the customer and the financing institution.

So, a triangle is formed in production-oriented company the company producing, the marketing department and at separate financing entity. Whereas, a marketing-oriented organization sees finance and financial capability of the customer as an important aspect of driving market growth expanding the market reach. Therefore, they have either a captive financing organization or a network financing organization.

Tata motors as an example has Tata capital as its financing arm, Ashok Leyland has got HLFL a subsidiary as a financing norm. Several companies in the consumer goods industries



have tie ups with banks, have tie ups with financing institutions for example, Bajaj finance to be able to provide financial support to customers who want to buy new products.

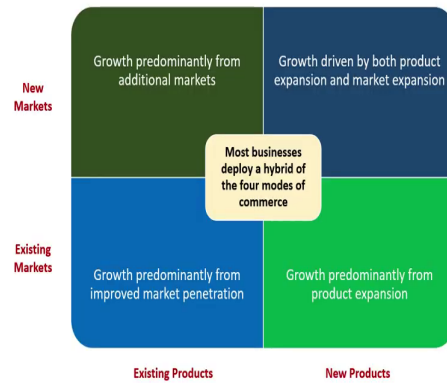
And this level of captive and networked financing is going to be an important determinant when products are preimmunized and when marketing-oriented firms need to and want to extract value from the marketplace. This trend of having captive financing is there virtually in every group. Mahindra has got Mahindra finance, as I said Ashok Leyland and Tata motors have their own financing arms (Refer Time: 14:02) has got strong financing types with various other parties.

Again, this financing need not necessarily be captive may be greater capability will arise when companies are allowed to have multiple financing sources. Similarly, financial companies will also be more viable when they service products of different marketing-oriented companies.

And as far as promotion which is an important ingredient of marketing is concerned production-oriented firms tend to be very technical in terms of their promotion. The functionality of the product is established and the functionality of the product is communicated as much as possible. Whereas, a marketing-oriented organization looks at the life cycle value, it creates perceptions around what a product can offer, in terms of value in terms of the prestige and various other parameters.

(Refer Slide Time: 15:03)

### Methods of Market Development



31



Now, let us look at the methods of market development. There are two types of market development which is product-oriented market development and market-oriented market development. And taking these two dimensions into consideration we can develop the classic product market grid. Most businesses deploy a hybrid of the four modes of business or commerce as I have indicated here.

Now, the product dimension can be categorized in terms of existing products and new products. Similarly, the markets can be categorized in terms of existing markets and new markets. When you do that, you will get four grids which have different characteristics. If you are selling existing products in the existing markets the way growth can come is predominantly from improved market penetration.

Market penetration means you are selling more products in the same market; that means, you aim for higher market share. So, whenever Airtel or Jio talks about increased market share what they mean is that they are becoming more competitive in the existing marketplace which is the telecommunication uses.

If you have new products which are placed in the existing markets it means that you are trying to expand your market and derive growth through product expansion. The marketplace is not expanded your market for the products is expanded because you are offering new products, Samsung predominantly does that.

It offers newer and newer smartphone product lines for example, the Galaxy series the A series, M series, F series and so on. And therefore, there is an inevitable increase in the market volume as well as the market share. There is the third dimension where the existing products are put into new markets when a domestic oriented company exports its products it is a new market.

A company which is predominantly in the eastern market if it wants to get into the southern and western markets it is putting the same products in the new markets and deriving growth because of the additional market coverage. There could also be companies which are putting new products into new markets they would decide that this product is appropriate for making a new entry into a new market.

And in this case, you have growth which is driven by both product expansion as well as market expansion. These are the four methods of market development. Existing products existing markets, new products existing markets, existing products and new markets and new products and new markets. You can also realize that each of these grids require different types of competencies.

If you want to have higher growth or higher market share in the existing product and existing market area you need to have probably improved features, higher cost competitiveness and better selling capabilities. If you want to grow by putting new products into existing markets

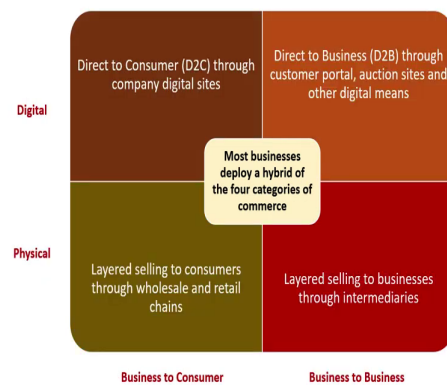
you need to have better marketing capability and you need to have better selling capability once marketing is done.

If you want to have existing products, put into new markets you got to understand the new geographies better, you need to have the ability to create new distribution structures, create new sales forces, incur additional marketing expenditure, etcetera. And if you want to have new products and new markets it tantamounts to virtually creating a new business entity right from R and D to ultimate market delivery.

So, these are the methods of market development and the implications for companies. And every company as it goes through the growth journey would be adopting these approaches in a hybrid fashion.

(Refer Slide Time: 19:19)

### Categories of Marketing



Now, marketing itself is done in different types. We have seen how products and markets are related. Now, we are seeing how the business and the consumer are related. Thanks to the availability of digital in a universal fashion you have two layers one is the physical layer which has been the established brick and mortar type and the second is the digital layer which is the new information technology internet driven telecommunication driven digital channel.

When you do that, you have two types of marketing. One business to consumer and you have business to business B2C, B2B as we call. Now if you are selling to the consumer through the layers of the distribution chain that is from the company it goes to the wholesaler and from the wholesaler, it goes to the retail it is a B2C conducted in the physical mode.

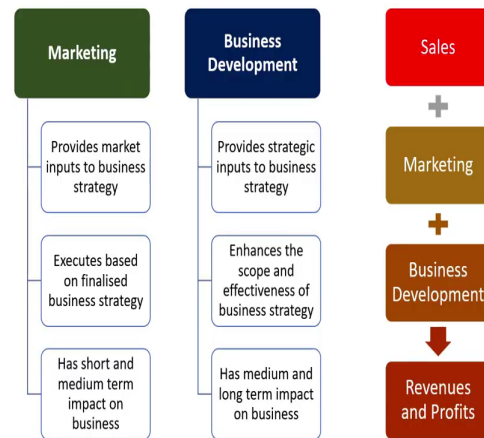
On the other hand, if you sell to businesses directly, but through some intermediaries it is called B2B business at physical. But the same two business types can be conducted through digital means as well. D2C business is the business which is conducted by the company directly with the consumer through its digital sites.

Today every company has got a D2C site. Horlicks when it when it introduces gummies has a very aggressive digital site program. Hindustan liver has its own digital site. Virtually every company has its own digital site apart from placing the products in the Amazons and Flipkart's of the world. So, this direct consumer is taking the company directly to the consumers mindset as well as to the consumer pricing action and purchasing action.

In the business to business digital mode you have businesses conducted through customer portals, auction sites and other digital means these are the four categories of marketing that are available.

(Refer Slide Time: 21:29)

### Marketing and Business Development



33



When we emphasize marketing as an essential ingredient or an adjunct to business development let us also understand what are the differences or what are the characteristics of marketing and business development which will be contrasted. Marketing provides market inputs to business strategy.

It executes based on the finalized business strategy has short and medium term impact on business. Business development creates a relationship, but it is up to the marketing function to make use of the relationship that is created. Of course, business development will be there to hand hold and to keep developing the relation further, but it is the marketing department which needs to take over once the business development ends its job in a manner of speaking.

Typical example is you have got strategic alliances that are developed between two companies. One company develops and manufactures products let us say a pharmaceutical

company and there is a company which is buying those products in a different geography. And a business development executive or a business development leader establishes that relationship between these two companies.

And how does the business development do that? It provides strategic inputs to business strategy, it enhances the scope and effectiveness of business strategy, it translates the business strategy into a workable framework or a workable relationship through the distribution alliance.

And as a result of it has medium and long term impact on business. But that is this is at a strategic level or at a conceptual level. But once that relationship is established marketing needs to be stepping in into this whole framework, it needs to have a steering committee of understanding the demand on an annual basis or on a 3 year basis coordinate with the departments of the company to provide the products, coordinate with the receiving company to understand the market dynamics.

And make sure that the inventory system is managed to the best of benefits for both the partners. So, marketing and business development are interlinked in terms of the inputs as well as the outputs of the respective processes. So, if you have sales capability which is within the ecosystem of marketing and together.

They are in the larger ecosystem or the broader ecosystem of business development the whole company's business operations function admirably and that would result in enhanced revenues and profits for the company.

(Refer Slide Time: 24:10)



Now, what are the marketing functionalities? In the earlier lecture I talked about sales and marketing and also kind of distinguished sales and marketing in terms of two sub functions within the organizations. But you can also take an overarching view of marketing which includes everything from the time you contact the customer to the time you keep servicing it in the after sales life of the customer and the product.

So, it will comprise sales, it will comprise service, it will comprise spare parts, comprise finance advertising and sales promotion. So, business strategy leads to marketing strategy, marketing strategy leads to all of these marketing operations which again results in revenues and profits. So, these are the six functionalities of a good marketing setup in an organization.



(Refer Slide Time: 25:04)

## Business Development



Business Development is the activity, set of institutions, and processes for identifying medium and long term business opportunities and creating relational frameworks that ensure complementarity and mutual benefit on a sustainable basis



Now, we have looked at marketing in various facets until now. Let us look at business development a similar definition of course, this is coined by me. Business development is the activity, set of institutions and processes for identifying medium and long term business opportunities and creating relational frameworks that ensure complementarity and mutual benefit on a sustainable basis.

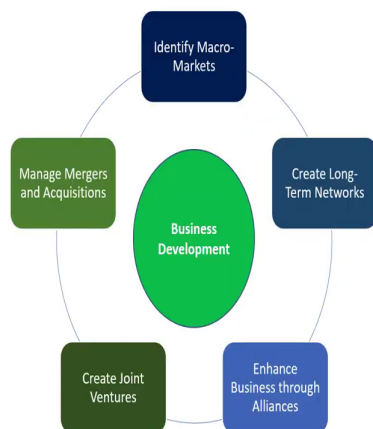
Now, let us look at the clusters of words which are here. The first cluster activity, set of institutions and process. The activity itself is contacting a partner, explaining the mutual benefits and so on. Set of institutions that is who does that the business development department and similarly the business development department of the other constituent to the process and the process itself could involve mutual visits, exchange of information or even making the first contact in a third-party location and various process this is one cluster.

The second cluster is to understand and identify medium and long term business opportunities and creating relational frameworks. I have not said short term opportunities short term opportunities are essentially in the domain of marketing and sales, what business development needs to look at or the medium and long term business opportunities and creation of a relational framework which will be sustaining over a period of time this is the second cluster of words.

And third ensure complementarity and mutual benefit on a sustainable basis. That is it should be a win win relationship. The supplier should win the receiver should also win that is the complementarity and mutual benefit and that should be in a sustainable manner.

(Refer Slide Time: 27:02)

### Business Development Functionalities



So, what are the business development functionalities? It has five essential functionalities. One you must identify the macro markets. When you say macro markets which country is good for my products or which state is waiting to receive my kind of products.

Identify which product goes into which kind of consumer psychology. So, these are all the macro market parameters which the business development function identifies which country is looking at India as the new manufacturing destination, which country is trying to import cost competitive products, which country is trying to implement a China one strategy aggressively. These are all the macro market parameters.

And once you do that you should create long term networks. And how do you create long term networks? By contacting them, by communicating with them, by being present in their mindset not necessarily with an immediate sale or marketing view, but with a view of establishing a relationship as with let us say drug discovery you do 10 networks 2 or 3 networks will be successful and long lasting.

So, you should not say that I need to have only one on one relationship between a market network and the final business opportunity not necessarily, you have to look at let us say 100 macro markets develop 10 long term networks or even 50 long term networks and finally, you may be ending up with a few alliances. Therefore, the third aspect of business development functionality is to enhance business through alliances.

There are several other ways you can enhance businesses which we will cover in one of the forthcoming lectures. And you could also create joint ventures as a way of developing the business or simply merge with the company or acquire the company. The three points which I have mentioned alliances, joint ventures and mergers and acquisitions are methodologies and tools to solidify the business development relationship that you have been successful in terms of establishing.

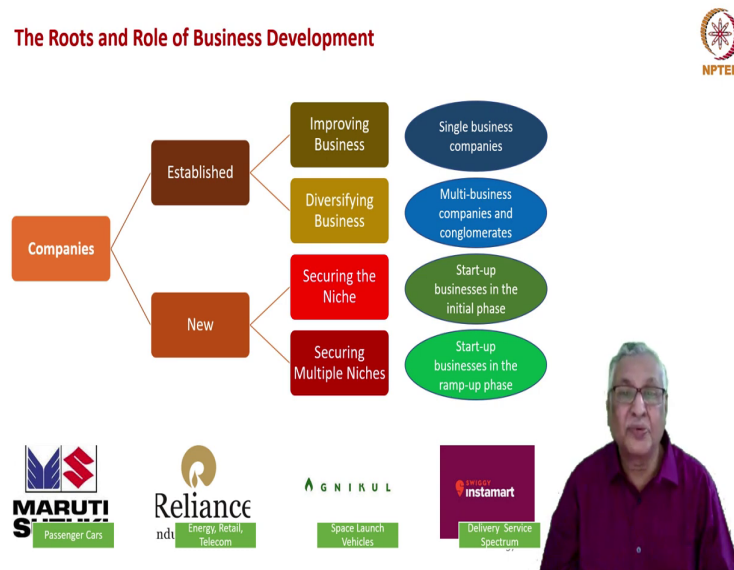
So, how does business strategy impact business development? Business strategy says that I am not interested in marketing my products I would like to be only developer and marketer a

manufacturer, this is a strategy for somebody else may say that I want to meet the requirement of each and every customer I will meet and I will try to tune my manufacturing infrastructure my supply chain infrastructure to be able to meet that requirement.

So, each company may have a different business strategy and depending upon the business strategy that you have developed you will pursue a path of business development which is aligned to that business strategy. Therefore, whether to look at few partners or many partners, whether you look at a joint venture or an alliance all of these things come under business development based on the business strategy you have developed.

And once you do that you integrate the business development network with the ecosystem that you have in terms of your development manufacturing and marketing and create a total customer value chain and that results in revenues and profits. So, just as marketing had its own functionalities business development also has its own functionalities.

(Refer Slide Time: 30:30)



Now, the roots and roles of business development are discovered and considered in this particular slide. Companies basically are of two types. One is the established set of companies the other is the new set of companies. The established set of companies again are of two types. One set wants to improve the business and another set wants to diversify the business.

And within the companies which are wanting to improve the businesses there could be single business companies or there could be business companies which are wanting to have dominance in that single business. Whereas the diversifying businesses typically want to be already in multi businesses and they want to be conglomerates eventually.

Companies which are new they have not been there in the marketplace or in the industrial arena are again of two types. One set of companies are those which are wanting to secure a niche that is they want to get a toehold in the marketplace in the industrial horizon. These are

typically the start-up businesses which are the in the initial phase of commercialization of their wonderful ideas and prototypes.

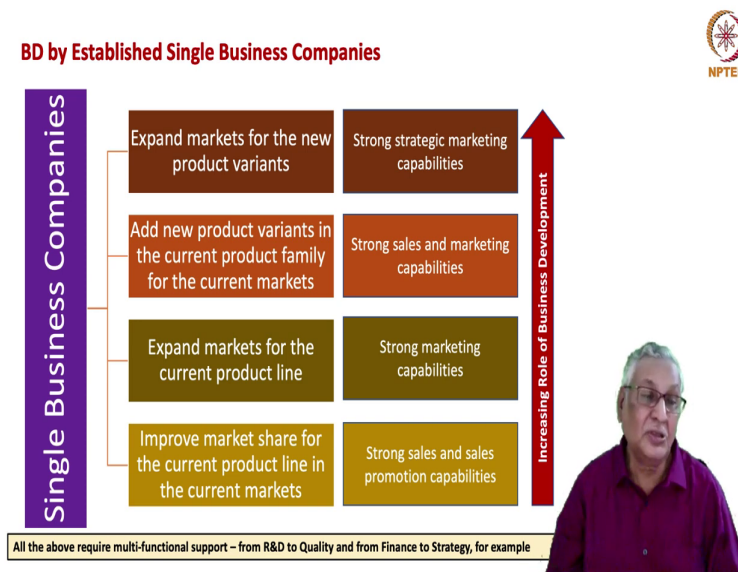
The second set of companies relate to the companies in the start-up space, but are in the process of securing multiple niches or in the process of growing their businesses. So, typically start-up businesses in the ramp up phase conform to this categorization. So, when you look at these definitions and when you look at the four examples, I have given you can see the pathway of business development that has led those companies to become what they are.

Maruti Suzuki established company only in the passenger cars in overall terms, but it has diversified its business with multiple product lines in that area. Reliance industries has diversified in terms of the industrial segments itself it went into started with textiles went into energy, retail and telecom in a big way.

Agnikul is an IIT Madras research park incubated start-up and it has decided to secure a niche in the private space launch vehicle space. A start-up which is wanting to get into different businesses is exemplified by Swiggy started as a food delivery company, but then we started getting into grocery delivery. But it wanted to take the game to a launch higher by saying that it would offer everything in time frame of 10 to 30 minutes.

So, there is a delivery service spectrum which is being considered by Swiggy tomorrow it could offer medicines, it could offer healthcare services wherever there is a need for a delivery Swiggy could enter. So, it is a new company a start-up company wanting to secure multiple niches. So, that is how business development works to enhance the capabilities of a firm.

(Refer Slide Time: 33:40)



Now, if they want to do these kinds of different development activities let us look at how the business development gets done in these four categories of firms. Let us look at single business companies. There are four ways in which the single business company can work. It can expand markets for the new product variants because the business is being expanded through introduction of new products.

And to be able to do that you need to have strong strategic marketing capabilities. When you talk about strategic marketing capabilities it is the ability to focus the needs of the customers and then create a marketing communication that positions the product for the future.

The other capability is to add new products within the existing current product family and for the current markets; that means, that if you are having a passenger car with 100 cc engine you sorry, 1000 cc engine you would add a passenger car with 1300 cc or 1500 cc or if you are

having a scooter with 150 cc engine you would offer a product with 200 cc engine that is going to require strong sales and marketing capabilities.

However, if an internal combustion engine oriented company wants to add an electric vehicle it will go into the first category where it is expanding markets for the new product variants which means that you should be able to not only sell the automobile you should also be able to sell an electrified automobile which has the requirements of either battery charging or battery swapping and different kinds of customer behaviour in terms of the range and you know energy density and various other parameters.

So, there is a difference here. You can expand the markets for the current product line again as I said getting into other markets export markets and so on. This requires strong marketing capabilities to be able to foresee the likelihood of our selling those products in those markets whose characteristics we do not know.

So, researching about them and understanding the fit between our company and those markets is important for them. The fourth one a simple one is to improve market share for the current product line in the current markets. I said simple one, but in actual practice probably it is the toughest one.

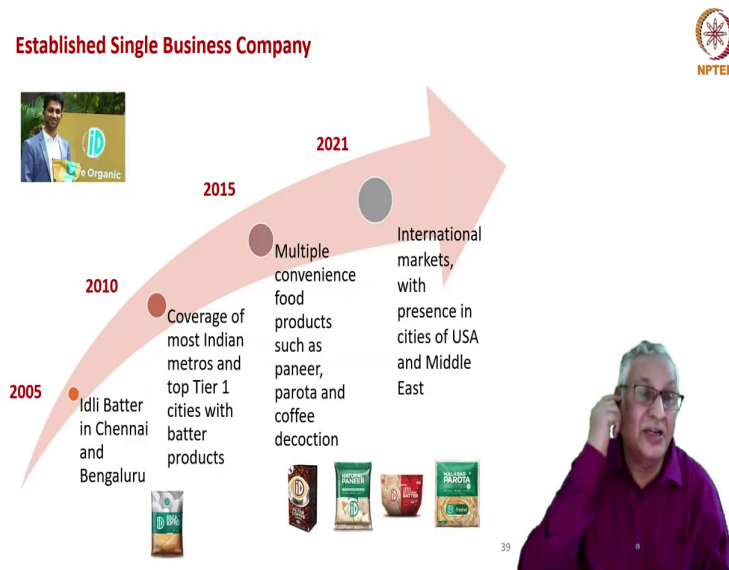
Because you have to have strong sales and sales promotional capabilities when all the products are let us say commoditized and there is not much of a difference between one type of water and another type of water, I mean drinking water bottles. How would you achieve higher market share? You will achieve only when you have a strong sales and sales promotional capability.

Sales promotion because you will incentivize the distributors and retailers to be able to stock your product and when somebody says that give me bottled water, he is motivated to offer one for which intense sales promotion has been done. And therefore, the retailer benefits. These are the four ways by which a single business company operates to expand its business.



And in this as you can see from the bottom to the top there is an increasing role of business development. All of these four activities or four methodologies require multi-functional support from R and D to quality and from finance to strategy for example.

(Refer Slide Time: 37:12)



Now, look at the way id which is a unique home batter producing company evolved it came into the market in 2005 on a very innovative platform. You do not have to make idly batter at home with all the trouble and mess I will make the idly batter almost like a South Indian requirement.

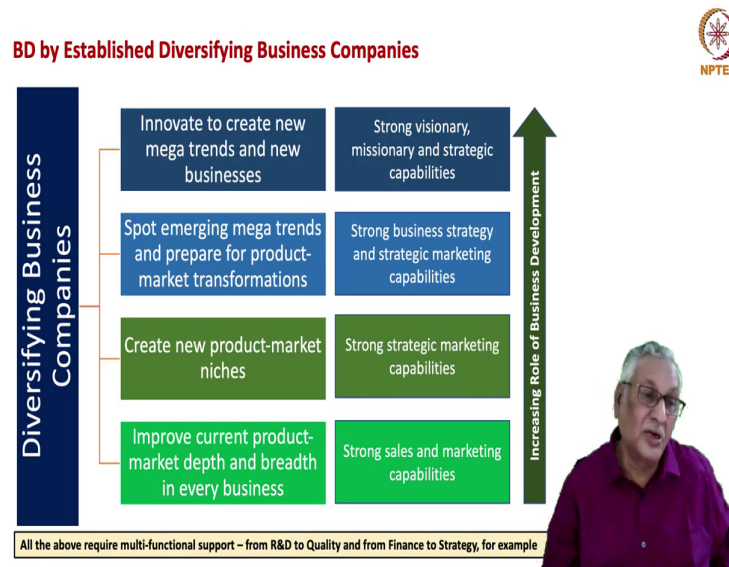
So, it started with idly batter in Chennai and Bangalore. Met the traditional taste and consistency requirements of a typical traditional home. Then it went into coverage of most Indian metros and top tier one cities with varied battery batter products in 2010 by 2015 it started introducing more convenience food products such as paneer, parota and coffee

decoction. And in 2021 the company began looking at international markets with presence in cities of USA and Middle East.

So, if you look at this company ID which has a kind of product cluster which falls in one definition of meeting the kitchen needs of typical Indian, it has moved through the four categorizations which I have discussed and described in the previous slide. So, from 2005 to 2010, 2015 to 2021 the company has moved in terms of expanding its product line achieving higher market share in the same product line, extending the product to more geographies, adding more convenience food products.

And finally, getting into the international markets in a bold diversification albeit geographic diversification. This is how the single business company moved.

(Refer Slide Time: 38:58)



Now, let us look at the diversifying business companies. Let us start with the bottom this time. They would improve the current product market depth and breadth in every business and to be able to do that they require strong sales and marketing capabilities. They might try to create new product market niches which requires strong strategic market capabilities.

They may spot emerging mega trends and prepare for product market transformations that requires strong business strategy and strategic marketing capabilities. And eventually they may innovate to create new mega trends by themselves and create new businesses for that you require strong visionary missionary and strategic capabilities.

Again, you will see the increasing role of business development as a company moves from the foundational stage to the superstructure and the apex stage. All the above again require multi-functional support from R and D to quality and finance to strategy there is no difference between the first methodology and the second methodology.

(Refer Slide Time: 39:59)

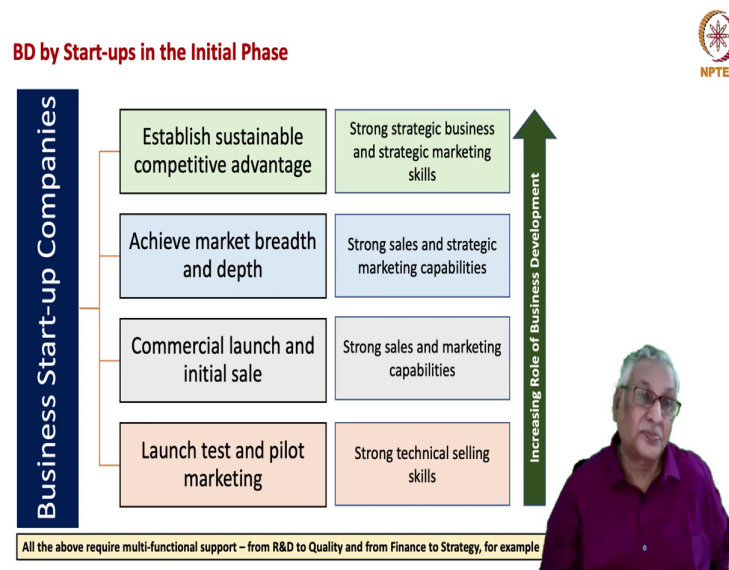


Let us look at an example here we have Tata, Tata group I mean. So, in the 1990s the focus was only on operational excellence and product excellence. So, that they will get the maximum possible market share in Tata motors. Then in 2000s they went into the globalization of businesses they got into beverages, steel, automobiles, hotels, etcetera. They acquired Tetley brand for global beverages market, they acquired Corus and other operating facilities of Corus.

So, that they could be a globalized steel company and irrespective of Tata motors they acquired the Marquee, Jaguar, Land Rover, Glr models and globalized their automotive business. In 2010 the company started looking at the product market diversification, but with a focus on business consolidation. They understood that spreading too thin on too many product groups is not likely to be helpful.

So, they wanted to operate in ten business verticals and with clearly defined strategies, again we will cover this at a later stage in another lecture. In the 2020s the mega trends of electric vehicles, electric batteries, semiconductors, renewable power, hydrogen power. So, perhaps these are being considered actually already implemented in certain cases to be able to diversify the company even more and in line with the emerging mega trends.

(Refer Slide Time: 41:34)



Now, start-ups have a different way of looking at business development. In the initial phase the business start-ups look at launching the product and testing the product and pilot marketing and that requires strong technical selling skills. There are three proofs that are required by a start-up.

One is the proof of concept that the concept that has been thought about will work in practice and that will happen when the ideation and prototype stages are successful and they are tested

and validated. The proof of product is to develop a minimum viable product actually run in the field and then see whether it meets the requirements and once the minimum viable product is done you do the ultimate desirable product all of these are covered very well in my entrepreneurship leg course.

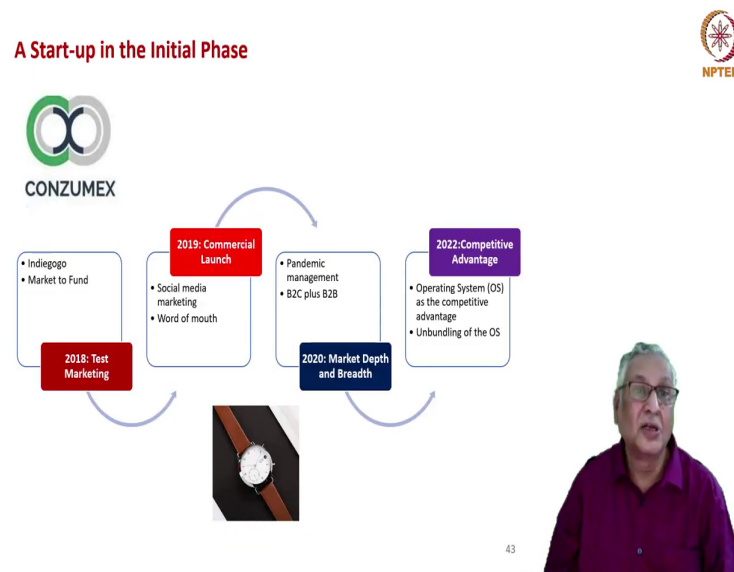
Anyway, that apart the simple concept here is that you need to prove your concept, you need to prove your product and finally, you need to prove your business. You may have done wonderful product development and the product itself has come very nicely. But is the market ready to accept it or do you have the capability to convince the market that this is a product that needs to be taken?

All of these things require strong technical skills with a facet of marketing viewed in. Then you have the commercial launch and initial sale that requires strong sales and marketing capabilities. And later on, you need to achieve market breadth and depth which again requires stronger market sales and marketing capabilities. And finally, you need to manage yourself as a well Lloyed production machine like a mainstream company which requires you to focus on sustainable competitive advantage for the long term.

That requires strategic business and strategic marketing skills. What are the strategic business skills that are required? Ability to create a large organization, ability to establish efficient management processes, ability to have a value chain which is delivering to the customer, ability to respond in terms of design manufacturing and marketing requirements everything what a very well-established mainstream company does.

And apart from that you need to have a business sense to understand where the market is going and influence that market development. Again, increasing role of business development in these four phases as with the other two types of companies. These companies also require multi-functional support from R and D to quality and from finance to strategy for example.

(Refer Slide Time: 44:17)



Let us look at an example an IIT Madras research park incubated smart wearables company Conzumex that is the company. In 2018 he did the test marketing for its first product called Muse smart watch it is a watch with analog looks, but with digital capabilities.

And it marketed through Indigo go which is a technical innovative product platform and it has used that to market its product in those people who are interested in such technologically innovative products, but also use the proceeds to fund the working capital cycle.

In 2019 it made its commercial launch undertook aggressive social media marketing and relied on word of mouth. In 2020 it had shown volatility because of the pandemic, how to manage the adverse circumstances that that arose out of pandemic and looked at both B2C and B2B.

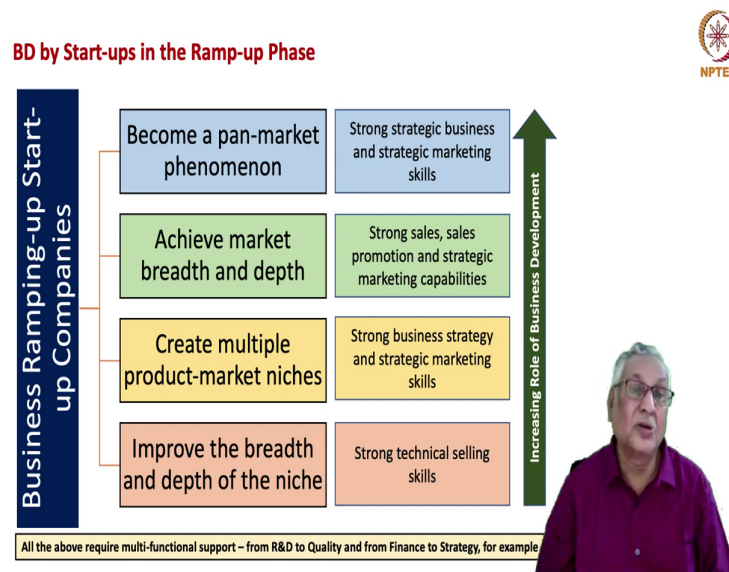
Not only that to enhance the market depth and breadth it introduced a new product called Muse Cue which has the ability to measure our vital parameters that are necessary for identifying the intensity of COVID and also go as far as differentiating a COVID cough from a normal cough.

It also tied up with the hospitals and clinics to be able to forecast who would who would be treating intensive COVID therapy and also therefore, create appropriate pathways in terms of intermediate ICU requirement. That is how they try to manage the pandemic situation.

And in 2020 we started viewing its operating system as the competitive advantage it looked at unbundling of the OS and took the design and manufacture to the next level. So, a start-up in the initial phase behaves in terms of strategic marketing, strategic technology and business development in this fashion.



(Refer Slide Time: 46:17)



Now, let us look at the fourth category which is business development by start-ups in the ramp up phase. Again, going from the foundation. We such companies they improve the breadth and depth of the niche they require strong technical selling skills; they create multiple product market niches which require strong business strategy and strategic marketing skills.

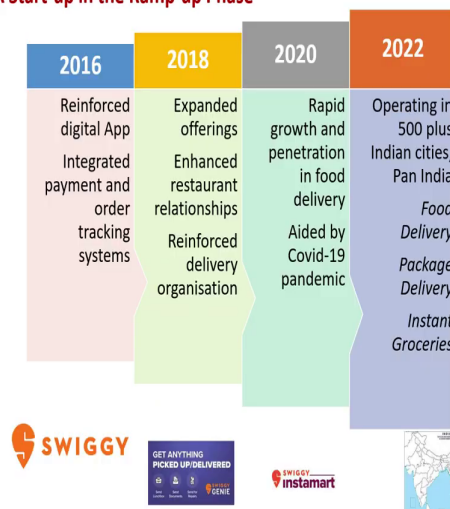
They require the ability to achieve market breadth and depth not only sales, but strong sales promotion capabilities and strategic marketing capabilities. Become a pan market phenomenon strong strategic business and strategic marketing skills. Companies which we have evaluated evaluated these methodologies and have evolved into pan Indian companies be it the Zomato, be it Nykaa, be it Paytm they have integrated all of these capabilities to be able to ramp up their operations.

Again, as the company moves through all these four phases increasing role of business development because they require more relationships, they require more win win arrangements and they require more sustainability capabilities. And you can see that Zomato increased its hotel and restaurant network, it got into different kinds of structuring arrangements some of them worked some of them did not work they had pushback as well, they try to get into instant delivery system.

Again, there was a pushback, but they kept on growing, they kept on adding newer verticals and started showing a business savvy diversification that took the company on to the ramp up ramp up phase in a very aggressive manner.

(Refer Slide Time: 48:06)

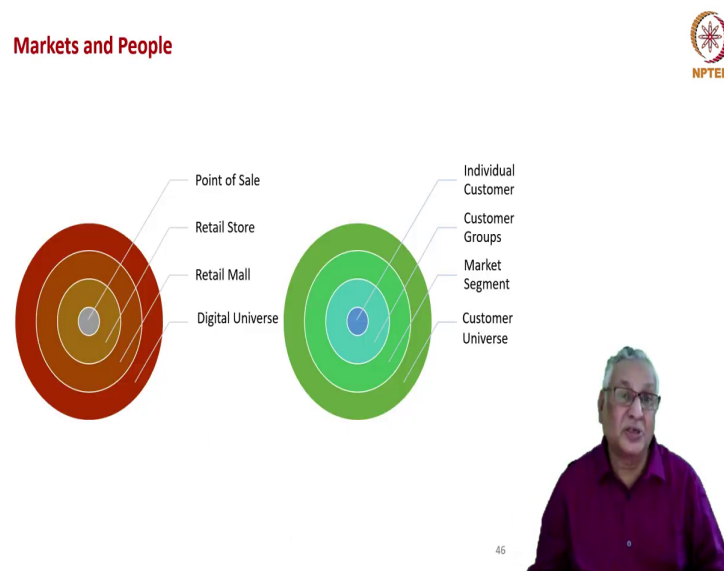
### A Start-up in the Ramp-up Phase



So, a start-up in the ramp up phase another example is Swiggy as I said. In 2016 reinforce the digital app integrated payment and ordering order tracking systems. In 2018 expanded the offerings, enhanced the restaurant relationships, reinforce delivery organization.

In 2020 rapid growth and penetration in food delivery aided strongly by COVID-19 pandemic. In 2022 operating in 500 plus Indian cities pan India not only traditional food delivery of the company, but package delivery, instant groceries and so on.

(Refer Slide Time: 48:47)



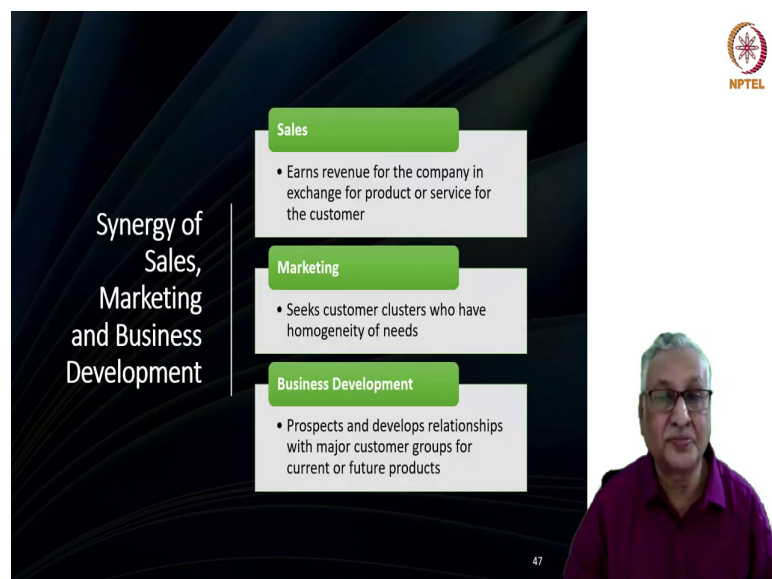
So, when you look at this whole picture which I have presented to you in several cross sections you will find that there are two drivers. One is the market and the second is the people. And what does the market comprise of? It comprises the point of sale where the sale

actually takes place, a retail stroll which provides a physical platform or a digital platform for the sale to take place for the products and services to be listed and displayed.

A retail mall which provides a further ecosystem for the retailer to stay. And in today's terms whole thing completely digitized and operating as a digital universe. And when you look at the customer you look at an individual customer, you look at a customer group you look at the market segment and you look at the customer universe.

So, these are the four circles of people who are going to influence your demand pattern. The matching of the markets and the people to what you require in terms of your strategic marketing and in terms of your business development is the challenge and the opportunity you have as the business development leader of the company.

(Refer Slide Time: 50:04)



The slide features a dark background with a light-colored title on the left: "Synergy of Sales, Marketing and Business Development". To the right, there are three stacked boxes, each with a green header and a white body containing a bullet point:

- Sales**
  - Earns revenue for the company in exchange for product or service for the customer
- Marketing**
  - Seeks customer clusters who have homogeneity of needs
- Business Development**
  - Prospects and develops relationships with major customer groups for current or future products

In the bottom right corner of the slide, there is a small number "47" and a video overlay of a man with glasses wearing a purple shirt. In the top right corner of the overall image, there is an NPTEL logo.



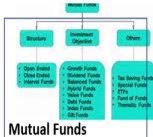
So, at this point of time let us recall again the sales, marketing and business development functionalities and how business development is an integrative art and science of taking the other adjuncts into its fold. Sales earns revenue for sales earns revenue for the company in exchange for product or service for the customer.


Marketing seeks customer clusters or the market segments who have homogeneity of needs and finally, business development prospects and develops relationships with major customer groups for current or future products. This is the three circle business development approaches which I would comment.

(Refer Slide Time: 50:56)

### Three Approaches to Business Development



Product Driven	<ul style="list-style-type: none"> <li>Product fulfils a novel need</li> <li>Product creates appeal</li> </ul>	 Digital Watch
Customer Driven	<ul style="list-style-type: none"> <li>Customer has choices</li> <li>Customer evaluates</li> </ul>	 Automobiles
Context Driven	<ul style="list-style-type: none"> <li>A dynamic product-market match</li> <li>Adaptive business development</li> </ul>	 Mutual Funds



In terms of actualization there could be three approaches to business development. One could be entirely product driven; one could be entirely customer driven and one could be context

driven. When we say entirely it does not mean that other functionalities of the organization do not step in, they do step in.

But the one which moves the needle in the marketplace is either the product or the customer and in some cases the context. So, when a digital watch is introduced and that product fulfils a novel need of the customers when it comes with appeal that is a product driven business development.

When the customer has many choices as in the case of any automobile line and there is an evaluation process by the customer you have to be really looking at the customer in great depth to be able to fulfil his layered requirements and to understand how his mind works in terms of purchasing using and operating the car or the truck.

Then you have a context driven approach to business development. It is going to involve a dynamic product market match; it requires adaptive business development. Consider yourself that you are in the mutual fund industry you are a business development guy, the mutual fund industry is nothing, but an investing platform that is made available for the investors because they do not have the time or the risk profile to directly dabble in stocks.

So, you offer mutual fund as an integrated way to earn money through their investment. So, there are three categories here. One the structure of a mutual fund which is open ended, closed ended and interval funds. Then you have an investment objective growth, dividend, balanced, hybrid, value, debt, multi cap, the you know themes are too huge or too vast to be described here.

Then you have got others which are very special purpose and which have got their own characteristics, some of them are passive funds, some of them are fund of funds some are thematic funds and so on. These categorization unlike a product or service does not stay fixed this categorization keeps evolving over time and depending upon environmental changes the preference of consumers moves, the requirements of the company offering mutual funds also changes.

And the context is set by the environment the global environment, the liquidity, the government policies, the tax rates, the capital gains rates, the semi regulations and various other factors. And therefore, you cannot say that like an automobile I will offer a product and that will remain forever, no.

It is context driven dynamic product market development of the business and it has to be very adaptive. So, there are three approaches to business development that business development person can look at. Generally, product driven, generally customer driven or generally context driven.

(Refer Slide Time: 54:02)

**Marketing – BD Gradation: A Pharma Example**



Markets	Sales and Marketing				Business Development		
	Doctor	Clinic	Hospital	Pharmacy - Physical	Pharmacy - Digital	GPOs - Private	GPOs - Govnmnts
Patients							
Cardiac							
Pulmonary							
Vascular							
Gastro							
Endocrin							
Oncology							
Nephro							
O&G							
Paediatrics							
Derma							
Others							

49



Let us also look at how the business development gradation occurs with reference to the sales and marketing. There are several types of patients requiring several types of therapies. For

example, you require cardiac therapy, lung therapy, pulmonary therapy, vascular therapy, gastro, diabetes therapy, endocrinology, oncology for cancer, nephro etcetera etcetera.

And these medicines are deployed or offered and administered in a whole sequence of settings you have doctor, you have clinic, you have hospital where this prescription could be happening in some cases even the administration would be happening. And the medicines that are required are supplied through a physical pharmacy or an online pharmacy.

But there could be segments which are not into this mainstream, there could be private gel practitioners, there could be private GPU organizations that is group purchase organizations which have got significant purchasing power, there could be governments which are wholesale purchases of medicines.

Now, sales and marketing typically looks at the first five blue channels. Business development has to look at the entities which are going to control a huge amount of purchasing activity. Particularly the United States which is an evolved pharmaceutical market with billions of dollars at stake group purchasing organizations and governments are very strong and business development typically focuses on this.

For every industrial product or for every product you will find that there are spaces where sales and marketing works and there are spaces where business development works. I would call this a marketing to business development gradation and I have taken the pharmaceutical example. With this we come to the end of this lecture.

Thank you very much for your attention. We will meet in the next lecture.