



Chapter 6: MARKETING STRATEGIES IN THE LIFE CYCLE



Learning outcomes

After reading this chapter, you should be able to:

- Describe what a sustainable competitive advantage entails
- Understand the model for global competitive advantage
- Understand the various market strategies for growth
- Develop marketing strategies for mature and declining markets
- Explain how marketing strategies are evaluated to identify the best strategy.



Sustainable Competitive Advantage (SCA)

Definition: “A SCA occurs when an organisation implements a value – creating strategy that other companies are unable to duplicate or alternatively find it too costly to imitate.” Hitt, Ireland & Hoskisson (2005:5)

Breakdown of the definition

- **Sustainable** means that what makes the organization unique from its competitors to such an extent that competitors find it difficult to replicate or too costly to imitate
- **Competitive** means that the organization is able to successfully compete against competitors, providing it with a uniqueness that is sustainable over a prolonged period
- **Advantage** (the essence), means that the organization has an advantage over other organizations, for instance the technological superiority of the Research and Development section of the organization that provides new products and services.

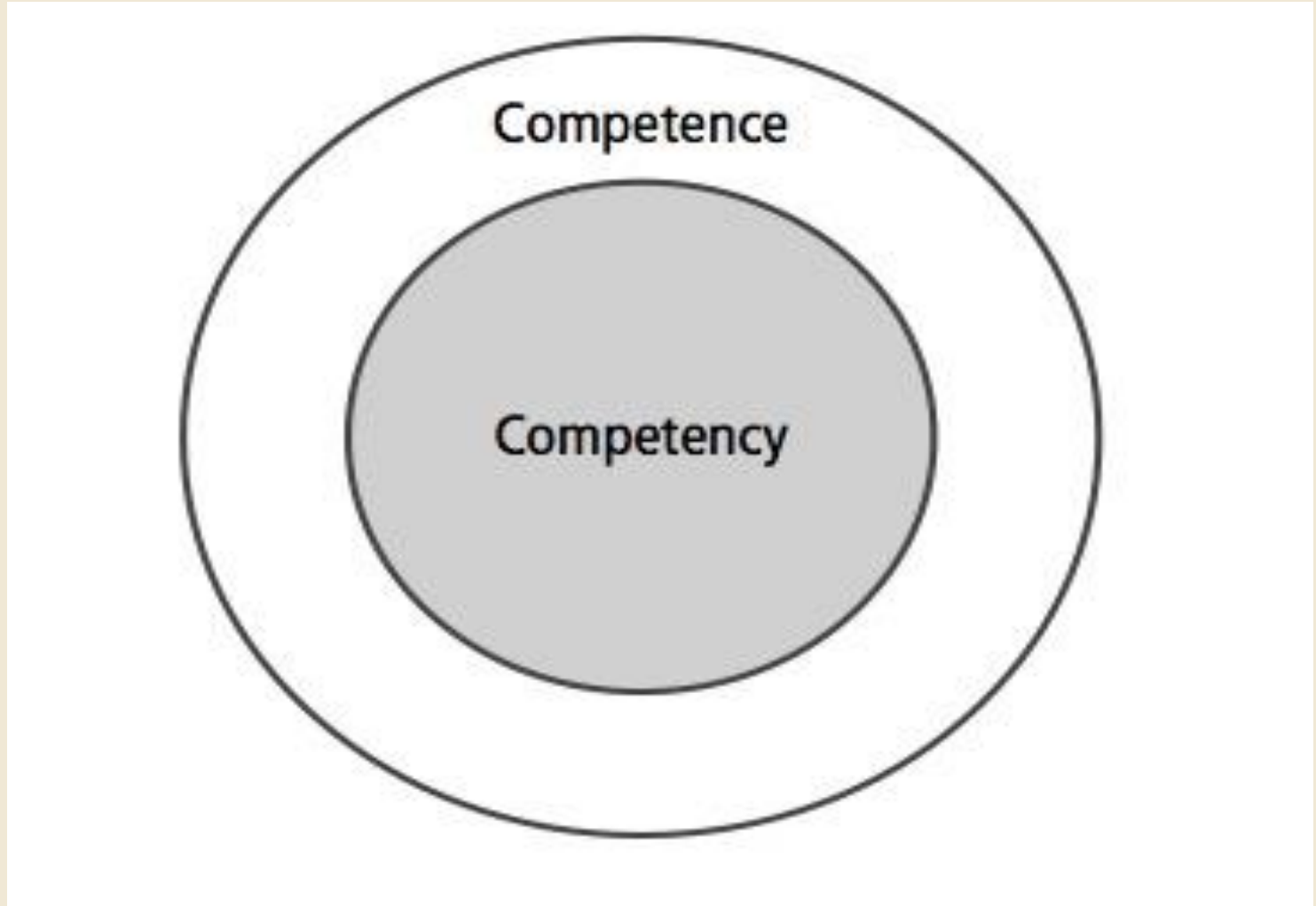


Figure 6.1: Steps in obtaining a sustainable competitive advantage



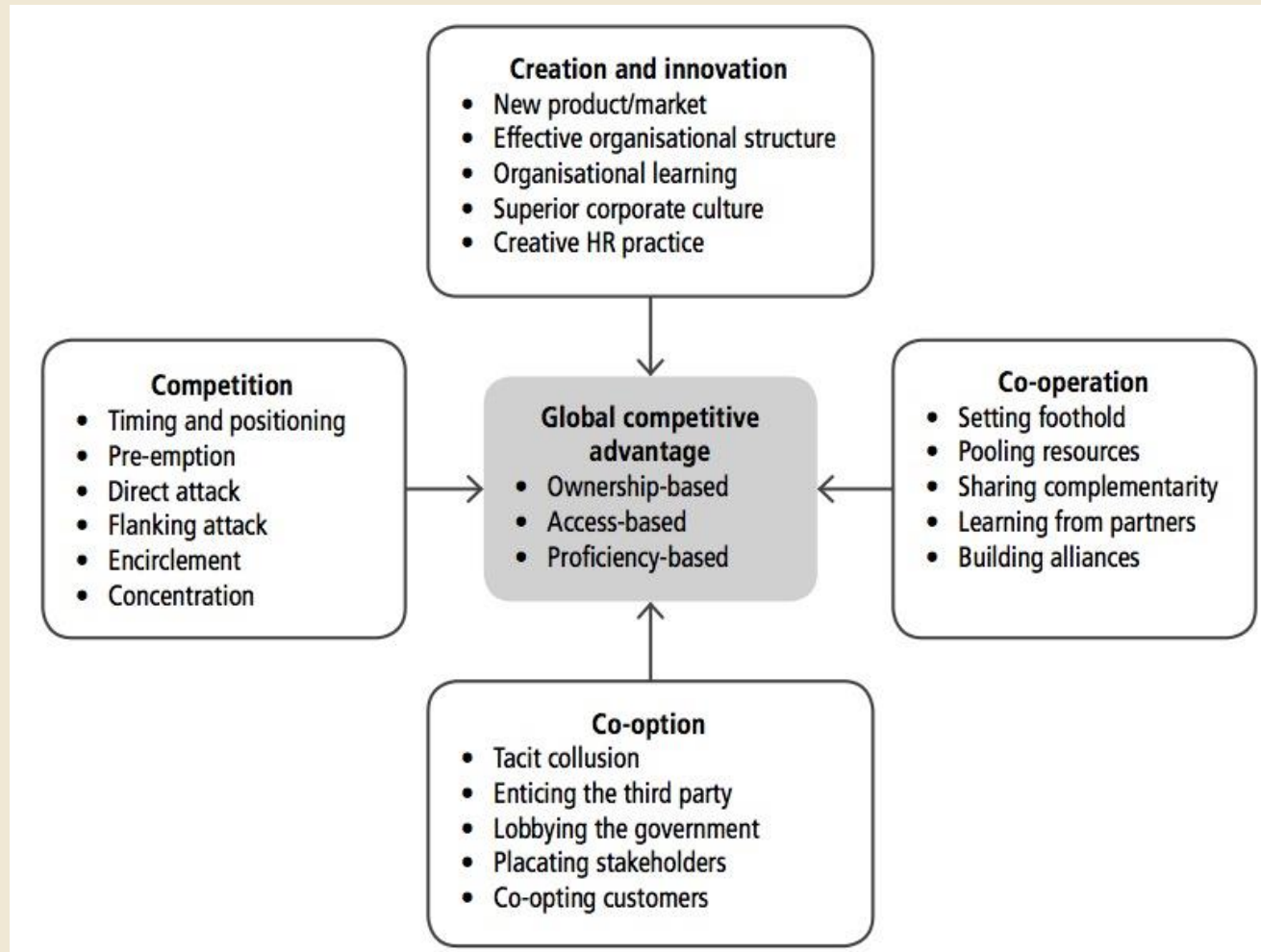


Figure 6.2: The difference between competency and competence



Sources of global competitive advantage

Figure 6.3: Model for Global competitive advantage



Source: MA, H. (2004: Vol 42, No 7. p909)



Figure 6.4: Competitive advantages in the competitive environment

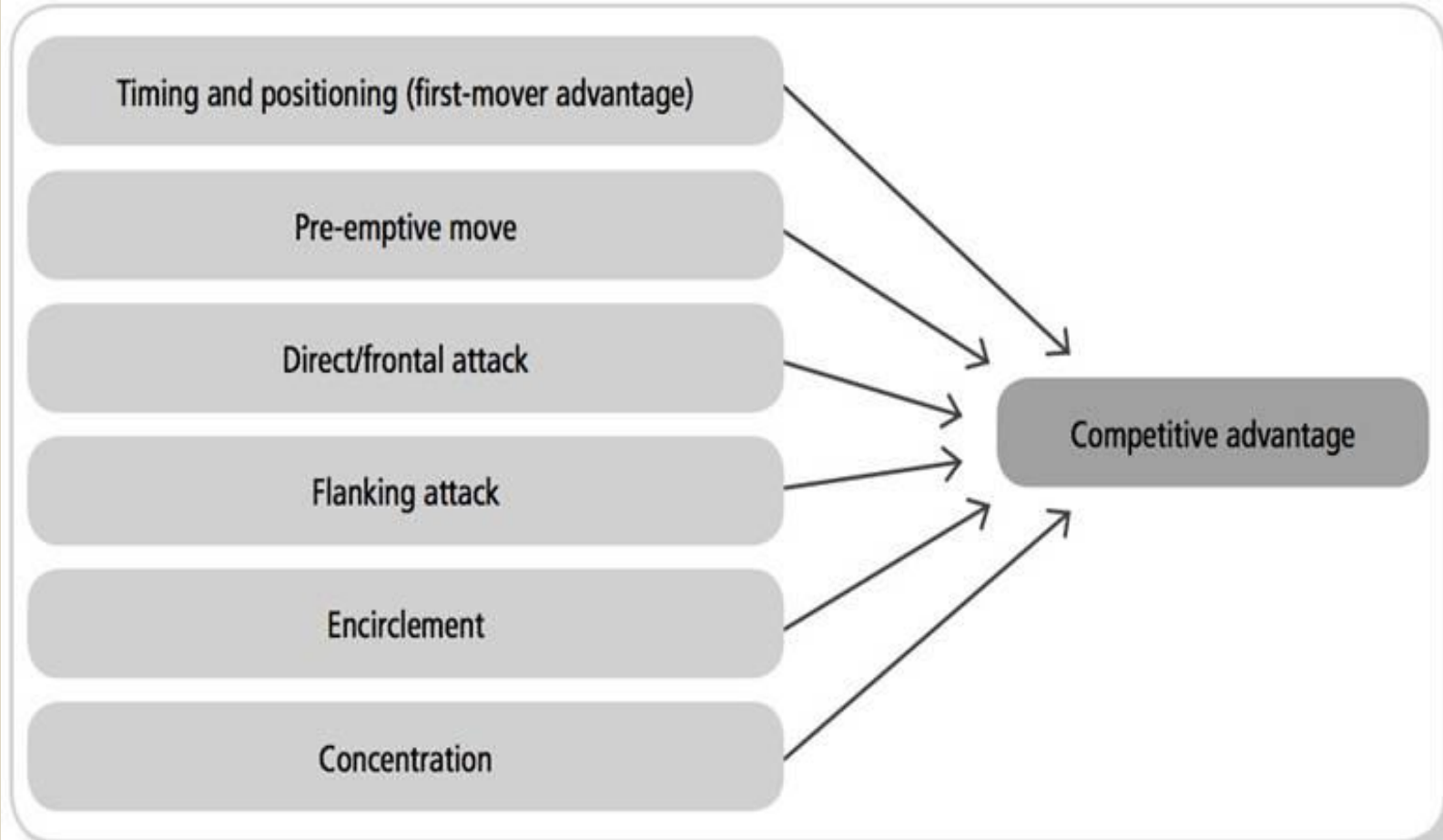




Figure 6.5: Competitive advantages through cooperation

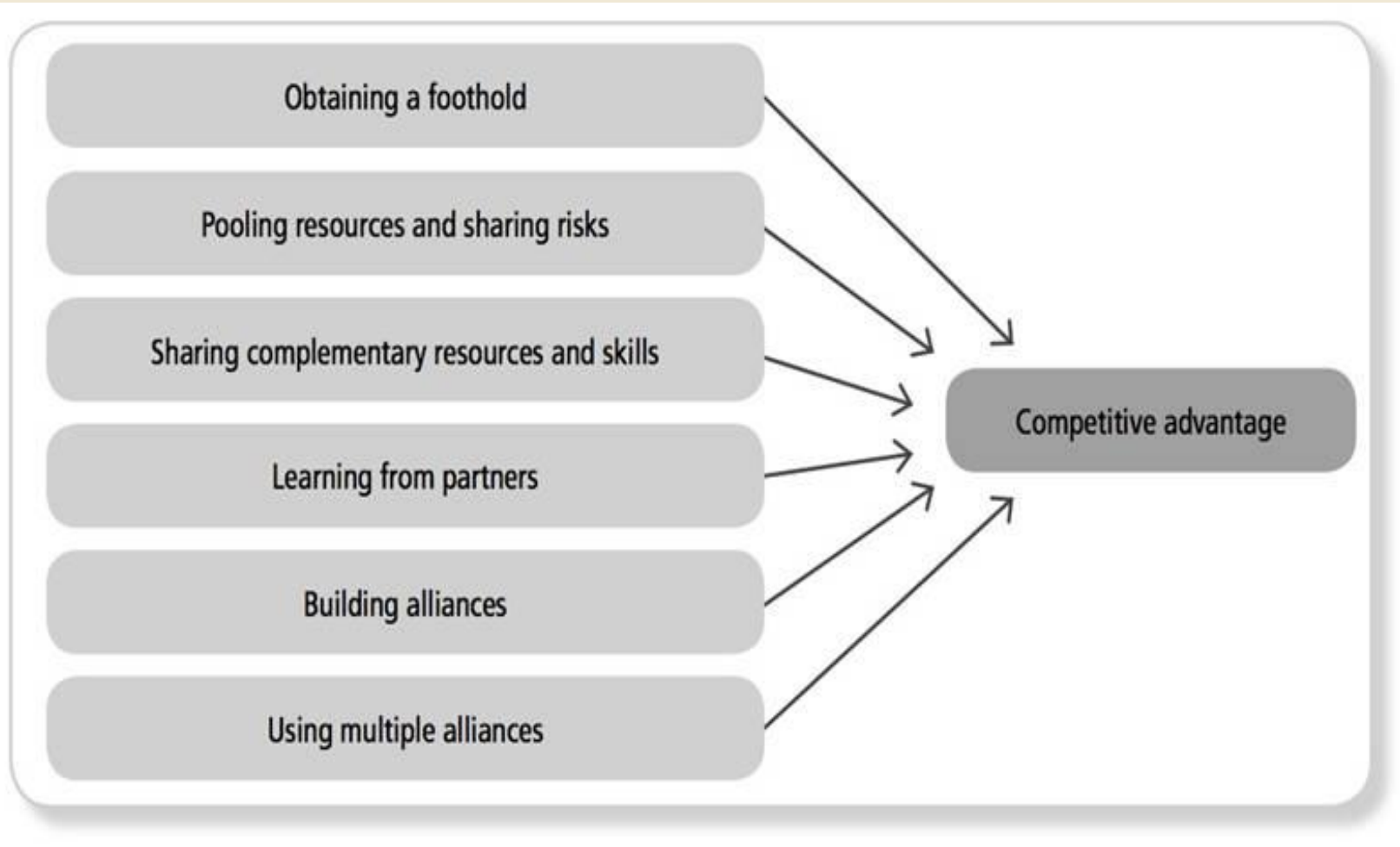
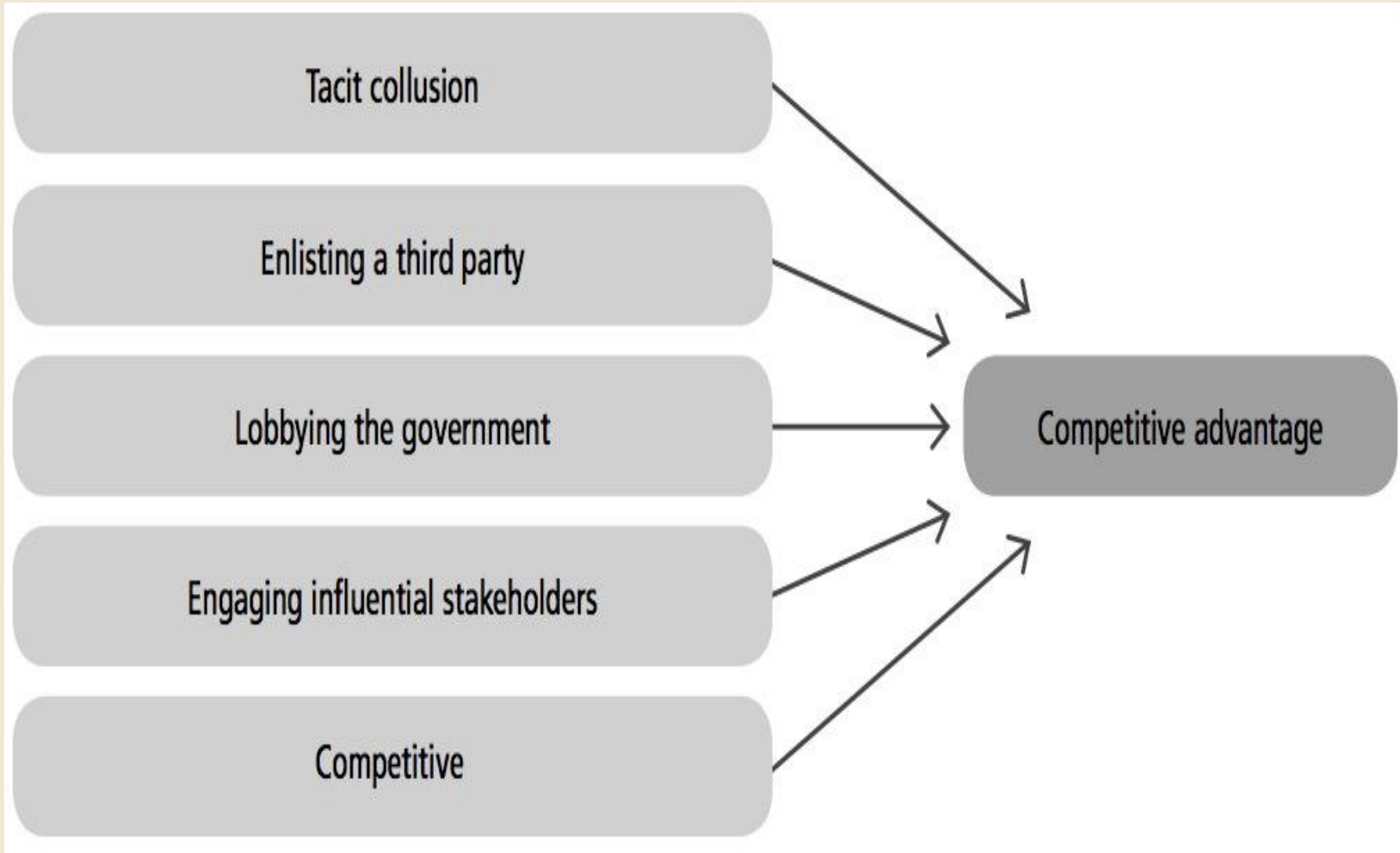




Figure 6.6: Different forms of co-optation





Marketing strategies for growth markets (Ansoff Matrix)

Market penetration	Growth in existing product markets (present product in present market)	<ul style="list-style-type: none">• Increase market share of the organisation• Increase usage of the product
Product development	Growth through introducing new products (new product in present market)	<ul style="list-style-type: none">• Add product features, i.e. product refinement• Expand product line• New generation products• Innovative products
Market development	Growth in new markets (present product in new market)	<ul style="list-style-type: none">• Expand geographically• Target new segments and target markets
Diversification	Growth through diversification (new products in new markets)	<ul style="list-style-type: none">• Related diversification• Unrelated diversification

Table 6.1: Various growth strategies



Marketing strategies for mature and declining markets

- **Characteristics of a mature and declining market**
 - The occurrence of excess capacity
 - Competition which intensifies
 - Problems in creating product differentiation
 - Problems with distribution channels
 - Problems in realizing increased profits and lowering costs.
- **Strategies**
 - Growth, by revitalizing the industry or a sub segment of the market
 - Being a profitable survivor
 - The option to milk or harvest
 - The option to exit or liquidate.



Testing strategies

Figure 6.7: Generic testing criteria for different strategies

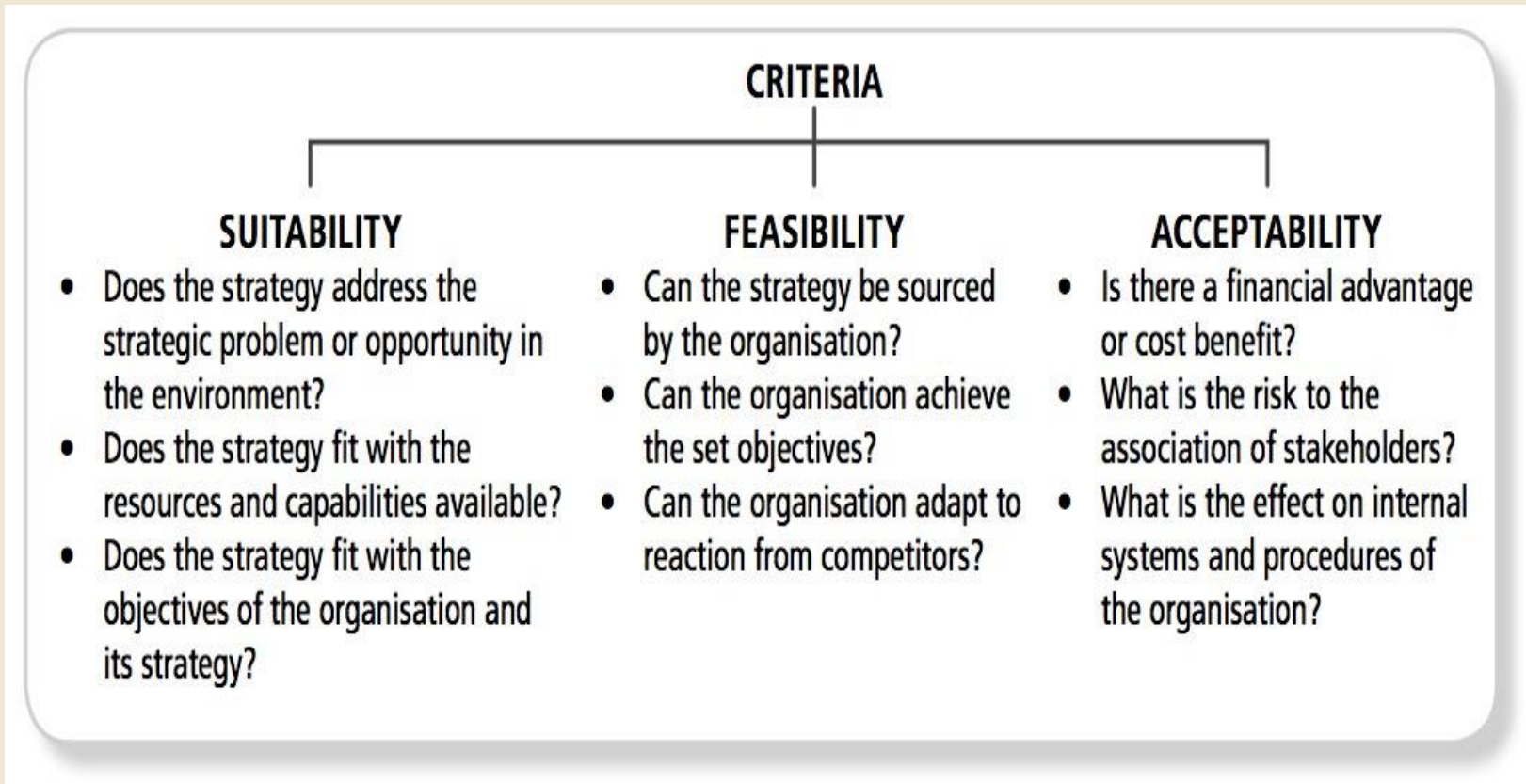




Table 6.2: Examples of the suitability criteria

Strategy	Is this option suitable in terms of:		
	The environment?	Capability?	Stakeholders' objectives?
Harvest/ consolidation	<ul style="list-style-type: none"> Withdraw from declining market Maintain market share 	<ul style="list-style-type: none"> Cut investment, or build through continued product investment and R&D 	<ul style="list-style-type: none"> Stick to what stakeholders know best
Growth through market penetration	<ul style="list-style-type: none"> Grow market share 	<ul style="list-style-type: none"> Exploit the resources and competences of the organisation 	<ul style="list-style-type: none"> Meet stakeholders' needs regarding growth
Growth through product development	<ul style="list-style-type: none"> Exploit knowledge of customer needs 	<ul style="list-style-type: none"> Exploit R&D capabilities of the organisation 	<ul style="list-style-type: none"> Meet stakeholders' needs regarding growth
Growth through market development	<ul style="list-style-type: none"> Existing markets saturated New growth opportunities through geographical spread, e.g. new countries 	<ul style="list-style-type: none"> Exploit range of current products and services 	<ul style="list-style-type: none"> Meet stakeholders' needs regarding growth
Diversification	<ul style="list-style-type: none"> Existing markets saturated or declining? 	<ul style="list-style-type: none"> Exploit core competences in new industries? 	<ul style="list-style-type: none"> Meet stakeholders' needs for faster growth

Source: Adapted from Johnson, Scholes & Whittington (2008:367)