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Contemporary Marketing Strategy

Analyzing Consumer Behavior to Drive Managerial
Decision Making

palgrave
macmillan

PREFACE

In the growing market competition today, eighty percent of companies jump into the global marketplace with twenty percent of these companies with complete knowledge on consumer behavior. However, consumers are the pivot of business, but the power of resources and technology often overrides the consumer psychodynamics, and make them perplexed in the marketplace toward making appropriate buying decisions. Companies often apply consumer marketing solutions without realizing that such strategies only drive the acquisition of consumers, they might not protect the interest of the company toward retention of profitable customers. Therefore, a company in a competitive marketplace must manage customers by catering to their preferences and values, and exhibiting how products or services can help solve each buyer's problems. Consumers do not buy products, instead they buy solutions today. And it is a must for managers to learn to reap the enormous benefits of loyalty by developing individual relationships with customers to make a right decision in marketing. To achieve these ends, managers should be able to understand the dynamics of consumer behavior, and derive benefits from behavioral analytics in making appropriate marketing decisions. Emerging companies with innovative products and services either overrate customer loyalty, or reject further possibilities of marketing in a specific market. Such abrupt decisions might pull down the competitiveness of the company and restrict the expansion of business in future. In the right perspective, companies should lean toward co-creation and customization of products and services in association with consumers.

Companies must continually update their business models, strategies, and communications to respond to the explosion of consumer options. Although the theory of cumulative advantage makes sense in predictable industries, consumer behavior tends to shift continuously. Companies need to balance the power of cumulative advantage with the need to refresh their approach on managing consumers. One of the strategies in this front is to leverage company's core capabilities in a new format accentuating to work with consumers. LEGO Group developed its cumulative advantage by mining the emotional perceptions of consumers with colorful blocks, which delivers the legendary message to young managers that the value of a brand can be built as a part of someone's identity. Such market decision delivers a powerful competitive advantage for the companies. Managerial ability to take a purely rational approach to decision-making in marketing is often suffered by lack of clarity within the organization, and insufficient information about the consumer perceptions on need and associated values. The managerial judgment is therefore directed by a set of systematic biases within the organization and around the market.

This book is divided into nine chapters across three parts comprising the role of consumers, market and organization, and the functional strategies. Chapter 1 discusses the internal factors affecting consumer behavior, explains consumer ecosystem and behavior process converging consumer perceptions and attitudes. The factors associated with the consumer motivation, learning, and knowledge transfer have also been deliberated in this chapter. The chapter also explores key variables that drive cognitive thinking process of consumers in the context of beliefs and social influences toward decision-making and setting preferences. In addition, discussion on the process of consumer stimulus and response mapping for marketing organizations to understand the cognitive dynamics among consumers for developing competitive marketing strategies constitutes one of the interesting points of learning.

Chapter 2 explores the external factors affecting the consumer behavior, and guides managers to learn the causes and effects of extrinsic variables to develop right marketing strategies. The external factors affecting consumer behavior have been discussed categorically in this chapter, spread across the sections on business environment, geo-demographic factors, consumer culture, seasonality, and induced consumer perception. This chapter also discusses the concerns emerging among the multinational companies, related to developing competitive marketing strategies

by learning comprehensively about co-creation and creating consumer value that affect the behavior dimensions of the consumers. In general, this chapter focuses on learning about the influence of external factors by discussing how situational factors at the time and place of purchase may influence consumer behavior. The discussions also guide managers about how consumers' relationships with the marketing organization influence the decision-making process of the company.

Chapter 3 discusses the market ecosystem for companies for developing appropriate marketing strategies that seem fit in the competitive marketplace. The market ecosystem is explained in the chapter in the context of industry attractiveness, consumer behavior, market competition, and innovation and business growth. In addition, the discussion on market segmentation, targeting, and positioning of products and services in the competitive marketplace also enriches learning on market environment in this chapter. Discussions in this chapter get into the core of marketing strategy formulation through exploring the external fit of the firm. Chapter 4 deliberates strategic capabilities and direction toward developing long-term marketing strategies by strengthening the organizational capabilities and competencies. Developing organizational vision and mission with employee engagement and deriving sustainable advantages of continuous improvement efforts involving employees form the core of discussions in this chapter.

Chapter 5 discusses the advanced marketing-mix comprising various non-conventional elements that are groundbreaking for the marketing organizations in making the right marketing decision across geo-demographic consumer segments. This chapter discusses advanced marketing-mix which consists of basic, extended functional, and design elements besides various peripheral elements supporting the marketing-mix for developing appropriate marketing strategies. The discussions in this chapter deliver core knowledge and skills for understanding decision metrics, and developing suitable marketing strategies to gain competitive leverage. This chapter also discusses entry strategies for the companies which are exploring new markets for driving business growth. Chapter 6 focuses on discussing the product and brand strategies. The product strategies have been addressed in this chapter deliberating on product-mix, product lifecycle, and product planning and consumer relations. The discussion on product-mix includes extended product strategies, product overlap strategies, product scope strategies, product design strategy, and product diversification strategies. The second part of the

chapter discusses the brand management concepts concerning brand building, brand launching, brand governance, and brand communication. The section on brand governance deliberates on brand–consumer segment, co-creation of brands, and breakthrough brands in this chapter. The leaning objective in this chapter is to gain knowledge on developing a right product strategy for a right market, and avoid the situation of product failure. This chapter aims at delivering knowledge and skills on new product management in the competitive marketplace.

Chapter 7 examines contemporary trends in development and implementation of the pricing strategies. Pricing structure, pricing taxonomy, product lifecycle based pricing strategies, and pricing and profitability are the core topics addressed in this chapter. The discussions on the pricing taxonomy include value and skimming strategy, paywall pricing strategy, and dual standards in pricing. The section on pricing and profitability discusses developing pricing strategies in the context of standard and incremental mark-ups using the price waterfall model. This chapter aims at developing knowledge and skills on various pricing strategies with regards to sustain the market competition, enhance market share, and profitability of the company. The distribution and promotions strategies discussed in the Chapter 8, share contemporary knowledge on channel management strategy, contemporary distribution strategies, managing channel conflicts, and recent trends in distribution technology. The discussion on the distribution strategies includes distribution scope strategy, multichannel strategy, channel modification strategy, and mid- and broad-market mapping distribution strategies. The application of radio frequency identification technology is addressed in this chapter in the section on distribution technology. The second part of this chapter explains modern strategies on promotions of products and services through the discussion on promotions-mix. The objectives of this chapter are to impart knowledge and skills on contemporary good office practices of global companies on distribution management, and compare their advantages against the conventional distribution and logistics modeling. On the aspects of promotions management, this chapter addresses the new managerial ways to develop economic promotion strategies combining the sales performance and right marketing strategies. Chapter 9 discusses the marketing research methods to support development of marketing strategies. The scope of marketing research, process of conducting marketing research, methodologies and research models, diverse research areas, and technology and market drivers for exploring future

research have been addressed in this chapter. The principal objective of the chapter is to impart knowledge on skills on marketing research for managers to use it as a tool to support development of marketing strategies.

This book discusses the behavioral impact of consumes on marketing decisions across the business cultures, and analyzes the contemporary best practices to carry out customer-oriented strategies and implement them carefully. One of the core arguments presented in this book is that the new business strategies can be derived based on extended elements of marketing-mix, organization capabilities on decision-making, market competition, and consumer behavior reflecting the social values, business ambience, and cognitive drivers that evolve contemporary business philosophies. In the growing market competition of the twenty-first century, the corporate success depends on making consumer-oriented business strategies by analyzing the right consumer psychology. However, it is evident from the failures of several corporate initiatives that companies are unable to manage business as they cannot resolve the complexities in consumer behavior.

This book presents new insights on drawing contemporary interpretations to the behavioral theories of consumers, and guides the breakthrough strategies in managing the time, territory, target, and tasks pivoting around consumers and market competitiveness. It is difficult to pin down what consumers truly value, and embed them into the decision process. But universal building blocks of consumer behavior to develop marketing decision do exist. This book suggests creating opportunities for companies to improve their performance in existing markets and break into the new markets. Discussions in the book arrange the elements in a pyramid paradigm to four kinds of interlinked variables that include *behavioral concerns* of consumers at the top followed by *competitive push* needed in marketing decisions, *functional performance* of the marketing decisions at the bottom, and then *social impact* of business at the peak.

This book provides the knowledge and skills managers can use to develop consumer-driven strategies. The discussion on analyzing consumer behavior and managing business strategies have been explained systematically. Most growing companies have the vision to consistently create or introduce new business initiatives with customers and suppliers, and incorporate consumer database into their enterprise resources planning systems. This book offers knowledge and skills about developing

the market-centric and competition oriented models, and illustrates the power of consumers in managing sensitive market interventions through marketing-mix strategies, innovation, and technology applications for expanding and establishing business in competitive markets. The book illustrates the consumer analysis and market behavior mapping, and guides the companies to build sustainable businesses associating consumers in the competitive marketplace. The broad foundation of this book is laid on the conceptual discussions on consumer theories and applied arguments on shifts in consumer behavior. This book categorically reviews the marketing theories, concepts, and previous researches, and discusses the applied tools and techniques for developing consumer-centric marketing strategies.

I have been teaching consumer behavior, marketing strategy, and international business management courses in M.B.A. programs for over a decade during which my knowledge, insights, and critical thought process have periodically updated. This book is an outgrowth of the thought process from a classroom to a wider platform of audience. I have taught the above courses from the perspectives of delivering contemporary practices in marketing management to students putting them through various real-life business scenarios, so that they can analyze the market complexities and gain confidence in choosing the right strategies to do business in the competitive marketplace. Global markets have entered into the new generation management involving stakeholders in developing customer-centric business strategies, and growing sustainable in the competitive marketplace. This book argues advanced marketing-mix, and several consumer-centric strategies to associate consumers as associates to co-create new businesses in new markets. Initially, I worked out a teaching agenda on strategic marketing and business expansion models for global companies and discussed them in length in the classroom, encouraging timeless discussions on the subject that helped in developing new conceptual frameworks on the subject. Some of my research papers on business modeling and customer-centric marketing in the emerging markets have published in the international refereed journals that had driven new insights on the subject. Accordingly, filtered and refined concepts and management practices have been presented in the book that are endorsed with applied illustrations and updated review of literature on managing business in the overseas destinations.

The principal audience of this book are working managers, and students of undergraduate and graduate management studies, research

scholars, and academics in different business-related disciplines. Besides serving as textbook in undergraduate and graduate programs, this book would also inspire working managers, market analysts, and business consultants to explore various solutions on international business management. This book fits into the courses of Business Management, International Marketing, Business in Emerging Markets, and New Product Management in various universities and business schools.

I hope this book will contribute to the existing literature, and deliver new concepts to the students and researchers to pursue the subject further. By reading this book, working managers may also realize how to converge best practices with corporate strategies in managing business at the destination markets while students would learn the new dimensions of marketing strategies.

Mexico City, Mexico
June 2018

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ACKNOWLEDGEMENTS

The thought process in evolving this book originated from the course on Marketing Strategy, which I have designed and developed. I have been teaching course on International Business Management in the M.B.A. program at EGADE Business School and at Boston University since 2010. I have benefitted by the discussions of our colleagues within and outside the EGADE Business School and Boston University. I am thankful to Dr. Kip Becker, and Dr. John Sullivan, co-chairs of Administrative Sciences Department of Boston University and Dr. Alvaro de Garay and Dr. Fernando Moya the then Directors of EGADE Business School who have always encouraged me to take up new challenges in teaching graduate courses, develop new insights, and contribute to the existing literature prolifically. I enjoyed encouraging discussions with the students and corporate managers on the subject while imparting the course, which helped in enriching the contents of this book.

I am thankful to various anonymous referees of our previous research works on globalization, consumer behavior, and marketing strategy that helped in looking deeper into the conceptual gaps, and improving the quality with their valuable comments. Finally, I express our deep gratitude to Arati Rajagopal who has been instrumental in completing this book. We acknowledge her help in copy editing the first draft of the manuscript and for staying in touch until the final proofs were cross-checked and index was developed.

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