



MARKETING STRATEGY FOR LEADERS, CHALLENGES, FINDERS AND MARKET EFFECT

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Abstract : Marketing Strategies are highly dependent on whether the company is a Market Leader, Challenger, Follower or nicher

I. INTRODUCTION

According to Webster's New World Dictionary, strategy is the science of planning and determining the direction of large-scale military operations. Strategy is how to move the troops into the most favorable position before the actual battle with the enemy. John. A Byrne defines strategy as the fundamental pattern of planned and planned goals, resource deployment and organizational interaction with markets, competitors and environmental factors. Meanwhile, Jack Trout in his *Trout on Strategy*, the core of strategy is how to survive in a competitive world, how to make good perceptions of the consumer different, to recognize the strengths and weaknesses of competitors into specialties, to master a simple word in the head, give direction and understand the reality of the market by being the first rather than being the better.

Marketing strategy is highly dependent on whether the company is a market leader, a challenger, a follower or a bully. Market leaders face three challenges: enlarging the whole market, protecting market share or increasing market share.

The market leader wants to enlarge the overall market because he is most benefited by the addition of sales. Market leaders must have specific strategies to:

- Enlarge the market as a whole
- Protect the market
- Increase its market share.

A well-known strategy is defense strategy. Under the market leader, there are companies ranked two, three or more who are always eyeing to seize position as market leader.

They are market challengers, market followers or market insiders.

The market challenger is a very aggressive company trying to enlarge its market share with a strategy of attacking the market leader.

Market challengers can choose alternative strategies, including frontal (head-on) attacks, raiding, encircling, preceding or guerrilla attacks.

Market followers are two or three ranked companies that always follow the market leader.

They usually do not cause turmoil, but they can eat away at the market leader, because even as followers, they have a strategy too. Market scrapers are typically smaller companies that choose to

move in a special section of the market that does not attract large companies / market leaders, they are usually specialties. But a successful market pioneer, has a high profit opportunity.

II. MARKET LEADER STRATEGY

Market leaders are companies that control the largest market share and usually lead in price changes, new product launches, distribution coverage and promotional intensity. Whether respected or not, this company's dominance is recognized by its competitors and is a reference of competitors to be challenged, imitated or avoided. Some of the market leaders in Indonesia are Aqua (Bottled Drinking Water), Gudang Garam (Clove Cigarettes), Unilever Indonesia (Consumer Packaging) Bottle Sosro Tea (Bottled Tea), Gramedia (Publisher), Kompas (Daily Newspaper), Indofood Food) and BCA (Bank).

Market leaders must always be vigilant because other companies are always challenging and looking for weaknesses. The market leader may fall two or three.

Challenges that market leaders must face:

- **Product Innovation**

For example: - The launching of Simpati prepaid card by Telkomsel is very difficult for Satelindo

- Tora bika duo that packs coffee and sugar in one package that makes it difficult for a Fire Ship.

- **Competitors are not afraid to spend, while market leaders may be frugal and afraid of difficult times.**

Example: Telkomsel - Satelindo

- **Market leaders look old-fashioned compared to their competitors**

For example: Hotel Indonesia, Bata Shoe

- **Market leaders must incur huge costs and reduce profits.**

Example: Sympathy

In order for market leaders to remain number one, there are 3 strategies that are usually done by the Market Leader namely:

A. Overall Market Demand Strategy

Market leaders will benefit if the overall market can be improved, so market leaders should strive to continue to expand the overall market.

Strategy used:

1. *Creating a New User*

If the Indonesian people are more often photographed, Fuji will benefit most because 70% of films sold are Fuji. If Fuji can convince people to buy a camera and take pictures, or take a photo on another holiday opportunity, or take more pictures on each occasion, Fuji will profit. The most successful companies developing new users are Baby Johnson and Johnson shampoo. At first they were confused as birth rates continued to decline, but they observed that other family members also used baby shampoo, Johnson and Johnson management decided to conduct ad campaigns targeted at adults. Johnson and Johnson baby shampoos became the number one brand in the whole shampoo market.

2. *New Usage*

Markets can be developed by discovering and promoting new uses of a product.

- Used Americans to eat cereal only for absorption, 2-3 times a week. Then cereal is promoted as a snack, it turns out its consumption increases

- Vaseline is used only for lubricated lubricants, now widely used as skin cream, hair care and so on.

- Consumers find “es soda happy”, by mixing Seven-up with sweetened condensed milk and syrup.
- Some villages in Java mix the sprites with raw eggs for herbal medicine.

3. Added Usage

Another market strategy to enlarge the overall market is to convince people to use more products every time they use.

Example: - P & G suggest using head and shoulders shampoo twice each shampoo. Then advertised again, informed that the shampoo does not damage the hair although shampoo every day.

- Enggiam recommends his vitamin as a second uptake (one tablet daily), but Hemaviton more creatively recommends taking a vitamin twice a day.

B. Market Maintaining Strategy

In addition to trying to expand the overall market, market leaders must continue to defend themselves against competitors' attacks. Aqua must keep watch over Ades, Teh Bottle against Te Kita, Rajawali Citra Televisi Indonesia against Indosiar, Indosat 001 against Satelindo 008, Rinso against So klin.

What should the market leader do to defend the area?

Suntzu said to his soldier: "We can not expect the enemy not to attack, but we must be sure that our position can not be defeated."

The most constructive response is continuous innovation. The market leader should not be satisfied with the present circumstances and fall asleep, the best defense is attacking. Even though the market leader is not attacking should be on guard, do not let there is a weak side. The leader must close the hole to prevent competitors from entering. If there is a weak market segment, the market leader must decide which land is important and must be maintained and which should be removed. There's no way he can keep his dominance in the market, because he has to concentrate on the resources he needs. The objectives of defense strategy are:

1. Reduce the chance of attack
2. Redirecting attacks less dangerous areas
3. Reduce the intensity of attacks

There are 6 known defense strategies:

1. Position Defense

The basic idea of defense is to build a fort around its territory. Strong brands like Coca-Cola or Aspirin Bayer can not be relied upon as a source of growth and profit in the future. Now Coca-Cola, while controlling nearly half of the world's soft drink market, has purchased a fruit juice company and diversified into water and plastic refineries.

2. Defense Ribs

Market leaders not only need to take care of the area, but need to keep outside guard to protect weak gaps, or perhaps as a basis for innovation for counterattack.

Example: Jewel Food Store A leading supermarket in Chicago. The company believes that Supermarkets will remain dominant, but be on the lookout by strengthening the food mix. To anticipate the emergence of Fast Food, Jewel adds the option with frozen food and instant food. Discount stores are faced with promoting generic food.

Defense ribs are meaningless if not seriously done. Mistakes Ford and General Motor half-heartedly designed a small car, eventually Small Car market controlled by Japanese cars.

3. Defense Preceded

Another more aggressive defense is attacking the enemy. Defense precedes the opinion that prevention is better than cure.

How:

- a. Conducting guerilla warfare, hitting one competitor in one place, the other elsewhere, so everyone is confused
- b. Flooding the market, for example Seiko did with 2,300 watch models sold worldwide.
- c. Continuous price attacks.

4. Defense Counterattack

Most market leaders will strike back if attacked. If the competitor lowers the price, the Market Leader can not be left quiet, He will do a massive promotion, make a product upgrade or go into the sales area.

Example: Kopiko who is sleeping, suddenly doing back promotion when attacked by Kino.

5. Move Defense

The Market Leader expands the area to a new area that can be a center for attack or defense in the future. This expansion not only adds to the brand, but with the innovation of Market expansion and Market diversification. This action will make the company more resilient. So resistant to attack and can attack Galile.

Example: The oil company turned into an energy company.

6. Defense Back

Big companies are aware that they can not keep all of their territory anymore. Their labor is too little, while competitors are gnawing in some places. The best action seems to go back strategically. It means not leaving the market, but leaving a weak area and strengthening strong areas.

Example: - Westing House reduces the number of refrigerator models from 40 to 30 resulting in 85% of its sales.

- G M standardizes the engine by offering fewer options.

C. Strategies Expanding Market Share

The next strategy for Market Leaders is to Increase Market Share, to increase profits. According to data collected from hundreds of business units, the most influential major variable to earnings, is Market Share.

According to the ROE Study of Capital Market Impact of Market Strategy (PIMS), the average Business unit whose market share is below 10%, is about 9%. On average, every 10% difference in market share increases, corresponding to a 5% difference in RO I. According to the study business with a market share of over 40%, will earn an average ROI of 30% or three times (3x) business whose market share is 10%.

But another study says, the optimal market share of a company is 50%, if its market share rises again, the profit rate will decrease, as the cost to gain market share is higher. Higher Market Share will result in higher profits if met two conditions:

1. The cost per unit of product decreases with the increase of market share.
2. High quality products and get a chance to set prices higher.

This Market Pursue Strategy is implemented by P &G Cater Pillar.

III. MARKET CHALLENGE STRATEGY

Companies that occupy second, third and so on can be called Second Rank. Same second rank as Colgate, Ford, Westing House and Pepsi Cola. This two-ranked company can do two things. They can aggressively attack the market leader to seize Market Share as the Market Challenge. Or they can be calm and not turbulent, called Market Followers.

Examples of Market Challengers, Who Chase Market Leaders, even surpass them:

- Canon now goes beyond Xerox.
- Toyota now surpasses General Motors.
- British Airways now surpasses its predecessor Pan Am.

As a Market challenger the Company must determine its strategic objectives, generally increasing its Market Share, in hopes of raising profits.

Basically, the Attacker can attack three types of companies:

a. Attacking Market Leaders

This strategy is high risk but the results can be high too. If the leader is the Leader of all and does not serve the market well.

- Xerox seized the copy of 3M market by developing a better copy process (dry system instead of wet system).
- Canon seizes Xerox Market by launching photo copy machine table.
- Clove cigarettes lightly attack the market White Cigarette Market.

b. Attacking comparable companies that do not work well and financially weak. Frontal attack may work if the resources of the attacked company are limited.

c. Attackers of local / small companies are not good and financially weak.

Example: - Indomie becomes big by eating a smaller noodle company.

- *Matahari Department Store* becomes big by preying on local shops in the area.

Choosing an Assault Strategy

1. Frontal Attack

The company performs a frontal attack directly against its opponent; who is attacked is the enemy's strength not the weakness of his opponent. The result depends on who is stronger and more resilient. In a Pure Frontal Attack, the attacker matches the advertising product and the competitor's price. In order for the Frontal attack to succeed, the attacker must be stronger than his competitors.

Example: Cigarette principle No. 1 attacked Frontal Cigarette 234, with the motto "If it can no. 1 for what 234. "

An alternative to Pure Frontal attack is a customized Frontal attack, usually in the form of lower prices than competitors. This attack can take the form of matching a leader's offer in every way and offering a cheaper price. This will work if the market leader does not retaliate by lowering the price and the market believes that the attack product is equal to its competitors, making it cheaper, the value is equally good.

Example: Rodeo biscuits (nissin) emulate Oreos, for almost 50% of them.

2. Rusk Attack

Attack on the competitors' weak points. There are two strategic dimensions, ie raids of geographic and segment. In a geographical attack, the attacker chooses an area where competitors are weak.

Example: Competitors IBM chose to strengthen marketing in small towns. In a segment attack, the attacker chooses a Market Segment that the Leader does not serve, such as the Japanese Automobile Manufacturers choosing to serve the gas-efficient car market.

3. Attack With Siege

It is an attempt to reach the enemy territory through an integrated lightning attack. The siege encompasses large attacks from several sides, so the enemy must protect the face, ribs and rear. The condition is that attackers have better resources and believe that siege will increase enemy spirit.

Example: Seiko in the watch market depicts a siege attack. Seiko widened its distribution in every watch market, flooding the market with so many models constantly changing. In the world there are 2,300 models of Seiko.

4. Attack With Precedence

Is the least direct attack, ignoring the enemy and attacking the market more easily.

His approach strategy:

- a. Diversify into an unrelated product.
- b. Diversify into new geographic markets.
- c. Skip to new technology to replace existing products.

Example: Colgate's success uses the first two principles. In the US Colgate lost to P & G, then Colgate boosted his overseas lead into the market, especially where there was no P & G. the third approach to Nitendo's success with the Video Game, and then followed by Sony that created the Play Station, replacing Nitendo's dominance.

5. Guerrilla Attack

An alternative to attackers, especially if the gains are weak. Perform a small attack on the enemy area, with the intention of disturbing the enemy and finally get a permanent place. Usually done by small companies to large companies.

Example: First Bayer created the Autan as an anti-mosquito lotion. Soffel guerrers against Autan. Now Soffel became the market leader of mosquito repellent.

IV. MARKETING STRATEGY (FOLLOWER)

According to Prof. Levitt in his article "Innovative Imitation", proposed that a product imitation strategy might be as profitable as a product innovation strategy. Innovators must bear the cost of developing products, distributing and educating the market. The rewards are usually market advantages. But other companies can replicate or improve the new product and launch it. Although the company may not be more than the market leader, but the followers of this profit can be high, because it does not incur the cost of innovation.

Many two-ranked companies prefer being a follower rather than challenging a market leader. If a company can not attack powerfully (with product or distribution innovation) it is better to follow than attack the market leader.

These conscious imitative poultry is common in capital-intensive industries and homogeneous products such as steel, fertilizers and chemicals. Including Indonesia pharmaceutical industry. Most of the product is to imitate the inventor, because to find a new drug, the cost of research is very expensive. They call the mock product with Me too product !.

Most impersonator companies do not want to steal company leader customers, generally they give similar offer to the buyer, by following the leader. The market share of followers is usually quite stable. As market followers they must also have a strategy. Marketers must know how to retain customers and seize new markets. Followers are usually attacked by market challengers, so they must be able to maintain low product costs, product quality and high service.

Followers must be able to determine the direction of growth so as not to invite a counterattack. There are 3 (three) strategies that can be taken:

- a. Cloner: Follow the product, distribution and advertising leader. Cloner does not start anything, but lives like a parasite from the investment market leader.

Examples: - Apple Computer and Rolex clocks have many problems with counterfeiters especially in the Far East.

- Rodeo biscuits can be called as Cloner from Oreo.

- b. Imitator: Imitate some things from the leader, but still distinguish the features in packaging, advertising, prices, and others. The leader is usually not bothered by the imitator, as long as the imitator does not become a challenger who attacks him. Imitators even help leaders avoid allegations of monopoly.

Examples: - Sanadryl cough medicine Benadryl imitator

- Panther Myabi imitator Mitshubisi Pajero.

- c. Adapter: Follow the product and then adapt and sometimes fix it. Adapters may choose a different market for a direct confrontation with the leader but often the adapter becomes a challenger.
Examples: - Japanese companies adapt and improve products developed by the Western world.
- Equil Adapting Aqua.

V. MARKET NICHER STRATEGY (MARKET NICHER)

The Alternative of Followers in Large Markets is to be a leader in the Small Market or Niche Market. Small companies generally avoid competition against large companies by leading to small markets that do not attract large companies. But now many big companies make business units or companies that lead to the clamor. There are 3 (three) large companies that have Market Overdraft strategy:

- Wings (Producer So Klin Detergent) makes Daia's cheap detergent.
- Followed by Unilever (Rinso Manufacturer) releases Sunlight detergent.
- Johnson & Johnson The company is a world-class big, but there are still many business units in the overdraft market.

Being a Pencer is beneficial, because they can get to know their customers well. So as to meet the needs and desires of its customers. As a result, the scraper can put prices higher too, while general marketing places a high volume of sales.

Niche The ideal market has characters:

- Size and purchasing power is quite profitable.
- High niche growth position.
- The niche does not attract a major competitor.
- The company has the expertise and enough resources to serve niche well.
- Firms can withstand competitors' attacks with good relationships with their customers.

The Basic Idea of the Pencer is a Specialization:

- End user specialist: The company specializes in serving end users.
For example: Lawyers may specialize in cases of Civil Law, Criminal Law or Commercial Law.
- Vertical Specialist: The company specializes at a certain point in the distribution value chain of production.
For example: Copper companies specialize for copper as raw materials, semi-finished goods or finished goods.
- Certain customer specialists: The company only sells to multiple customers.
Example: PT. Andarila Plastik produces special plastic container for PT. Aqua Golden Missisipi.
- Customer size specialist: Fully specialize in small, medium and large customers.
- Geographic Specialist: The company only sells in certain areas.
Example: Zinc just releases Vetamax videos in Indonesia.
- Product Specialist or product line: Company only makes one product or product line.
Example: Rodenstock only produces sunglasses and lenses only. Intel only produces computer chips.
- Product feature specialist: The company specializes in the type or feature of a particular product.
Example: Tropicana special food for diet.
- Order specialist: The company makes its products based on the orders of each customer.
Examples: Taylor (Tailor), Architecture and Furniture Store.
- Specialist quality / price: The company moves only in the lower class or in the upper class.
Example: Mercedes, AT Cross Pen, Equil.
- Service Specialist: The company offers services that other companies do not offer.
Example: Cleaning Service Company and Factoring Company.
- Channel specialist: The company specializes in one distribution channel.
For example: Avon is only sold from house to house, not sold to stores.

VI. CONCLUSION

1. The marketing strategy to be chosen depends heavily on the position of the company / product; whether as a market leader, a challenger, a follower or a scavenger.
2. Market leaders face three challenges:
 - a. Enlarge Markets
 - b. Protecting Market Share
 - c. Enlarge Market Share.
3. Market challengers can choose a strategy of attacking the market leader from several majors. Frontal Attack, Raiding Attack, Outlying, Predicting or Guerrilla Way.
4. Market Followers do not want to cause turmoil, just follow the Market Leader, but he must also have a special strategy.
5. Scrapers are usually smaller companies, exploiting markets that have not been worked on Market Leaders. Usually the scraper is a specialty. Niche Market can not be ignored, many companies access and high profit by working on Niche Market.

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