

PROF JAGDISH N SHETH

Mantras to Beat Slowdown



Leading marketing thinker Prof Jagdish (Jag) N Sheth is the Charles H Kellstadt Professor of Marketing in the Goizueta Business School at Emory University, US. Prior to his present position, he was at the University of Southern California (seven years); at the University of Illinois (15 years), and on the faculty of the Columbia University (five years), as well as the MIT where he served two years. Prof Sheth is renowned for his scholarly contributions in consumer behaviour, relationship marketing, competitive strategy and geopolitical analysis. In this exclusive column for Pitch, Prof Sheth offers his mantras to tide over the current financial crisis that has already engulfed many a brand and many a company across the world. Here are his success mantras:

My prescriptions for marketers to beat the slowdown are the following:

First is to offer price value to customers such as discounts, more liberal trade in allowances, sales promotions and other price-related marketing activities. Airlines and retailers are doing these today and we can learn from

their experiences on what works and what does not work.

Offering value packs in consumer goods, especially, works well. However, one needs to make sure that it creates net incremental growth and shift of inventory from retailers to consumers. It should be executed in such a way that it is more than cannibalisation of existing market demand.

My second prescription is to use non-traditional marketing focused on expanding the domestic market. This includes greater focus on rural markets for consumer products and on small and medium enterprises for business-to-business markets. Both rural and SME markets are growing faster than average.

The third advise is to capitalise on the downtrading of luxury or high performance brands and products. In other words, offer great bargains for super premium products/brands, especially for prestige brands/products.

Fourth point is to continue to advertise, but wisely. Advertising is a very versatile marketing tool. It not only persuades a prospect to become a customer but it also reinforces purchase as well as reminds loyal customers to continue using the product.

Under tough economic times like the ones we are in now, the

smart thing to do is: Do more with less. This means using advertising in non-traditional media like product placements in movies and television programmes, using mobile phones, social networking sites, word-of-mouth and increasing the point-of-sale presence. In other words, become more creative in discovering the 'below-the-line' media which are more cost efficient and measurable—BTL media delivers more with less.

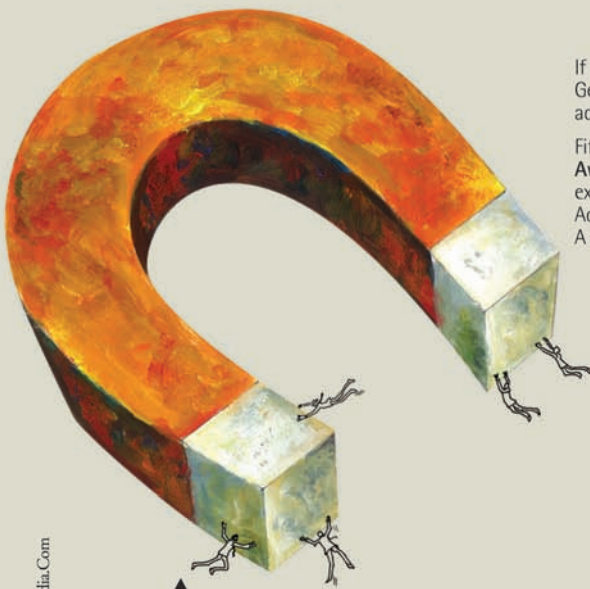
Fifthly, offer discounts and freebies. However, it's really whether either will increase consumption. In one-time purchases such as televisions and appliances, discounts are better. In repeat purchases such as toothpaste, shampoos and pet food,

In tough times, the smart thing to do is to advertise more, but with less money. This means becoming more creative in discovering the below-the-line media, because it delivers more with less.

freebies are better. Both tactics are very useful if you want to reduce your inventory as the product is seasonal or perishable; or if carrying the inventory is greater than the price of product.

Sixth, reach out to the unexplored territories or go rural. This is not only smart in the present circumstances, but also it will give the first mover advantage. I think rural markets will continue to grow in our country at a faster pace than average.

My final advice to marketers in tough times is to focus on cash flow. Marketers tend to measure market behaviour in terms of volume and value as well as economies of scale in production. Therefore, they tend to push inventory to retailers and tie up their cash flow. Unfortunately, retailers delay payment or become delinquent if they are unable to sell the product. So, you need to manage the cash flow! ■



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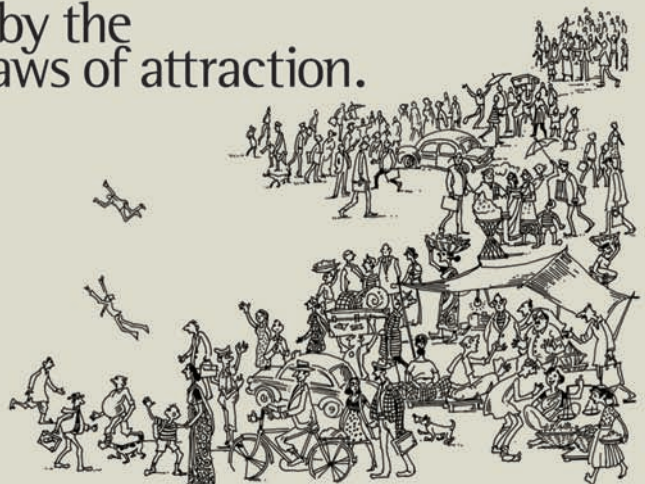
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