

WINNING AGAIN IN THE MARKETPLACE: NINE STRATEGIES FOR REVITALIZING MATURE PRODUCTS

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Every year basically sound products and services falter in the marketplace because of maturity, stiffer competition, or environmental changes. Although market declines and even product withdrawals are expected and even accepted, they are still destructive to the well-being of a company, its employees, and society as a whole. The consequences are even more regrettable when we consider that many of these "failures" can be avoided. Any number of languishing products and services can be revitalized, and premature demise thus converted into successes, through the application of appropriate marketing strategies. The genius of marketing can reverse losing situations and allow business to win again in the marketplace.

Unfortunately, one of the strongest forces working against this outcome is the prevailing perception that it is not possible. In recent years the popular advice of consultants has been to "harvest" or "disinvest" the "dogs" in a company's portfolio—the products with low profit and growth. According to the dictates of their analytical models, the best thing to do is to cut your losses or milk the market dry.

Limitations of Disinvestment

Even though getting rid of a low-profit, low-growth product seems at first glance a sensible plan of action, its limitations become apparent with further inspection. Disinvestment turns out to be a "quick-fix" solution based on short-term considerations; in the longer term it is unproductive. A cluster of economic and non-economic conditions makes disinvestment costly, troublesome, and perhaps even impossible. One need only look at the following factors to grasp the point:

High-Tech Bias. Often a product is labeled a "dog" on the basis of unreasonable criteria that define satisfactory performance in terms of that achieved by young, high-tech industries. A growth rate of 10-15 percent and a market share of 25 percent are inappropriate yardsticks in a mature, advanced economy.

High Economic Losses. Because potential buyers will be aware of the performance of the product, the divesting company will take a large loss, if it can sell at all. The loss

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is somewhat less with a "harvested" or phased-out product.

Regulated Nature of Business. Some companies, such as utilities, are in business only because of government regulations that have given them an exclusive franchise, a monopoly, to perform a special service; they cannot abandon the business just because it is unprofitable.

Impacts on Stakeholders. Because large corporations operate in the open, public opinion has an impact on business decisions, thus making it hard, for instance, to close down factories that sustain towns. Companies also have to consider what effects layoffs will have on the morale of the remaining workers.

Sentimental Attachments. A product/service/business unit that created the company and/or was a success in the past generates strong emotional attachments. Severing that unit can damage the human quality of corporations, which are after all made up of people with more than just economic needs.

Lack of Imagination. Aside from the economic and emotional factors, disinvestment is unimaginative; it negates the talents of marketing. Creatively turning a product around is less wasteful, more satisfying, more economical in the long run, socially responsible, and aesthetic.

The remainder of this article will deal with ways of unleashing the power of creative marketing. We will describe nine strategies for revitalizing mature products—all within a conceptual framework. These alternative solutions to disinvestment are imaginative but not imaginary; we will also present successful case histories for each strategic option.

Creative Marketing Strategies

It is useful to arrange the nine strategies into a conceptual framework according to what changes, if any, are necessary, in the product's uses and/or markets (see Exhibit). For example, the first three strategic options (entrenchment, switching to intermediaries, mandatory consumption) can be employed in the existing market for the existing usage. The fourth and fifth strategies (going international, broadening product horizons) keep the same uses but travel

to new markets; the sixth and seventh strategies (new applications, new situations) stay in the existing market but acquire new uses. The eighth and ninth options (repositioning, redefining markets) are the most ambitious; they require new uses for the product and migration to a new market as well.

Exhibit I A conceptual framework for creative marketing strategies

		Existing Markets	New Markets
Existing Uses	1. Entrenchment	2. Switching to Intermediaries	3. Mandatory Consumption
	4. Going International	5. Broadening Product Horizons	
	6. New Applications	7. New Situations	
New Uses	8. Repositioning	9. Redefining Markets	

Entrenching the Existing Business

By entrenching your business, you are trying to increase your market share by taking business away from your competitors; there is little significant product or market expansion. The strategy includes combinations of four basic tactical variations: (1) segmenting the market, (2) identifying specialty markets, (3) going after heavy users of the product, and (4) seeking multiple channels of distribution.

Aside from the economic and emotional factors, disinvestment is unimaginative.

Currently, entrenchment strategies are being carried out by the coffee division of General Foods, Levi's, and Scandinavian Airlines.

General Foods' (GF) Coffees

Coffee consumption in the United States has been declining since the early 1960s, and most experts believe that coffee will never regain its status as the all-purpose, all-meal, adult drink. In fact, the average age of the coffee drinker today is above 40, and it is increasing almost chronologically.

Given this permanent decline in the coffee market, General Foods, as the market leader, has begun an entrenchment strategy by segmenting the market and by introducing a much larger variety of coffee brands and types than its competitors. Furthermore, GF is attempting to position each brand for a different usage situation so that they do not compete against each other and so that they constitute a solid full-line fortification against other companies. The Maxwell House brand of regular coffee is positioned as the morning breakfast beverage to be consumed at home. Sanka and Brim are the decaffeinated brands; Sanka marketed primarily as dinner coffee and Brim for the office, although that distinction has been eroding recently. Finally, there are the General Foods International Coffees, which are special-occasion beverages.

Levi's Jeans

With the astounding success of the high-priced designer or "signature" jeans, Levi's has lost control of the specialty, premium market. As a consequence, it is pulling back, entrenching its position as daily, convenience clothing for the middle class. It is, in effect, going back to its roots as economical work clothing for middle America. The retrenchment of its jeans means Levi's must make a distribution change and an image change as well. The company will be selling its jeans to the convenience, middle-class department stores such as J.C. Penney and Sears, and it will be advertising through those outlets also. Promotion must reflect the entrenched position: people must be taught to again think of Levi's as sturdy, economical, everyday clothes.

Scandinavian Airlines (SAS)

SAS is a cooperative venture of Norway, Sweden, and Denmark; it is a public company, government owned and operated. SAS was losing money on both its domestic and international routes because of price competition,

discounts, and startup carriers. It responded by segmenting the market in a new way: creating a business class of travel with real value-added services. Business travelers have a separate lounge area at every airport, dedicated hotel space with equipment and personnel available so that they can get their work done, the privilege of more flexible reservations and schedules, and traditional first-class amenities. The cost is less than first class, however, and higher than economy class. Business class has become, in short, a boon to business travelers and Scandinavian Airlines.

Switching from End Users to Intermediaries

Choosing this strategic option means that rather than using advertising, promotion, and investment in a distributing system to motivate the ultimate consumer of the product to buy, the company focuses its efforts on someone who can resell the product more effectively. The company "pushes" the product on the reseller or intermediary, who has a better standing—and thus a stronger "pull"—with the end user than the product does. The strategy is appropriate for such diverse offerings as dairy products, dishwashers, and videotex services.

Dairy Products

So-called "imitation" cheese is made in part from vegetable oil, extracted chiefly from protein-rich soybeans, and it is higher in food value, lower in cholesterol, and lower in cost than cheese made from cow's milk, the so-called "natural" cheese. We are unfortunately not culturally ready to accept something that sounds like an inferior substitute even if it is better for us. Since consumers will not knowingly buy dairy substitutes, the only alternative has been to sell to schools, fast food restaurants, governments, and the military. These buyers act as intermediaries by incorporating the imitation cheese and like products into the food they in turn sell to their clientele. Already, 20 percent of the cheese that Americans eat is "imitation," and the percentages will likely go up because it is an economical way for institutions to provide adequate nutritional content to their meals.

Dishwashers

Years ago the successful appliance manufacturers such as General Electric, Whirlpool, Westinghouse, and Sears had trouble selling

their new appliance, the automatic dishwasher. There were four major reasons for this failure: traditional values, bias against gadgetry, technical incompetence, and high costs. Each of these reasons was the primary inhibiting factor for one potential segment of the market.

The dishwasher was successfully marketed when the manufacturers changed direction and sold the product to an intermediary, the builders and contractors. Of course, the builders have different buying motivations than the end users of the product. The primary factor in this market is the economic value of the dishwasher. The manufacturers were able to demonstrate that houses with dishwashers sell an average of two months sooner; the apartments with dishwashers rent an average of two months sooner. This fact was extremely attractive to the home builders and landlords because of the considerable cost of holding an unsold house or having an unrented apartment.

From a plateau of 12 percent household penetration in the early 1960s, dishwasher sales have already reached 65 percent penetration. The industry predicts that eventually dishwashers will be a universal necessity comparable to the refrigerator, the television set, and the stove.

Videotex

Videotex is the general name for any two-way video interactive computer system that allows us to do things electronically and alone what we traditionally have had to do manually and in conjunction with others; the four main areas are shopping, reading, entertainment, and education. Unfortunately, aside from the significant costs of the hardware, software, and long-distance phone service, the market is not ready because people are not yet comfortable with what could be a radical change in doing things. Videotex is bursting with potential but not organized to succeed. To save an exciting idea from dying even before birth, the industry will have to sell its services to intermediaries rather than to end users.

The best use yet for the technology might be for in-house training in large corporations, which may already have the hardware. Historically, these sessions have been similar in manner to traditional education: people are brought together over distance to sit in classrooms. Not only is this practice very expensive, it disrupts the work routines of people pulled from their

home base. It should be possible to design a corporate education system, using videotex, that would allow employees to learn as part of their regular jobs. Videotex would also be excellent for sales meetings and for acquainting distributors with new products and pricing policies.

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Creating Mandatory Consumption

In creating a mandatory consumption situation for your product, you are changing the environment, that is, manipulating the conditions and forces outside the company's usual realm of control, outside the traditional marketing mix. Implementing the strategy is risky because operating beyond the accepted corporate prerogatives can—if discovered—cause resentment and hostility, which may even make the situation worse. The mandatory consumption strategy is valid only if the environmental change is in the genuine public interest. In addition to the risks, changing the environment is not easy because the forces against change are very powerful. What a company is attempting entails shifting a product from a voluntary to a directed or involuntary status.

The change has already been made for lead-free gasoline and smoke detectors. It is also being made for emergency phone services.

Lead-free Gasoline

Lead-free gasoline was created by Amoco (Standard Oil of Indiana) in response to the environmental concerns of cities with polluted air. Amoco was attempting to become a leader in what it had expected to be a significant market for a product that reduced noxious auto emissions. Unfortunately for the air quality and the company, the gas didn't sell. The problem was that in the early 1970s, out of approximately 100 million cars on the road in America less than 10 million had engines that could take lead-free gas without poor performance; lead reduced knock in most cars of that time.

The solution, then, was to make a change in the basic product—the car—so that derived

demand would naturally develop for a secondary product—the gasoline. In order for that plan to succeed, car manufacturers would have to build engines that required, not just ran better on, lead-free gas. That circumstance came to pass because the EPA got together with the auto makers and the oil companies to promote emission control standards that could be met only by engines running on lead-free gas. In time, the gasoline must come to dominate the market.

In creating a mandatory consumption situation for your product, you are changing the environment.

Smoke Detectors

Because smoke detectors were a failure in the marketplace, the industry set about to change the environment. The best approach seemed to be to exploit the public safety issue associated with fires. The companies aligned themselves with state and local fire departments, whose primary concern is with saving lives and property from fire. In concert they began a strong lobbying campaign in the early 1970s to create state and local fire codes that would mandate smoke detectors for all new construction of public buildings.

Wisconsin became the first state to pass the necessary bills. Many states have since joined, until we now have nearly a national code committed to the installation of smoke detectors in public places such as hotels, restaurants and motels. Some states have even required existing structures to be retrofitted with smoke detectors. As a result, commercial sales have grown, new companies have entered the business, and, with the publicity of new legislation, the industry is expanding by catering to the personal home market.

Emergency Phone Numbers

In many cities 911 means emergency; it is the quick way to get help from the police, the fire department, or the ambulance service, 24 hours a day, seven days a week, every day of the year. In addition to the obvious public benefit of an emergency phone service, two specific groups stand to profit when 911 is adopted: (1) the local phone companies make money when

they can sell the service to the city, county, or incorporated area; and (2) companies that manufacture the computer-aided dispatch and switching equipment that channels the emergency calls to the appropriate departments—fire, police, ambulance.

As a consequence, we find in many states that the local telephone companies are engaged in shaping the law, designing emergency systems, and helping to pass legislation mandating the 911 service. Not only will they prosper when the legislation goes into effect, but the public will have a service of real life-saving value. As with smoke detectors and lead-free gas, the strategy works because it also serves the public interest.

Going International

Selling your product in a foreign country offers some exciting marketing possibilities without your having to devise new users for the product itself. However, other adaptations are usually necessary. There are four basic substrategies for going international; they are categorized by those elements of the domestic marketing mix that must be changed to go abroad.

Global Marketing

The global or universal option is the easiest of the four, and thus the most seductive, because it makes no changes in the elements of the marketing mix nor any changes in the nature of the population segment to whom the product is marketed. It is, however, the most treacherous substrategy because it rarely works.

It has, however, worked for Marlboro cigarettes, after Philip Morris gave its product a strong, masculine image with the Marlboro Cowboy. It seems that "Marlboro Country" represents a universal theme, touching a common chord in people around the world. The advertising is almost the same across most countries. There is, to be sure, some modification in the model used in the ads, such as a Japanese cowboy in Japan, and ethnic differences are maintained in costumes and setting. However, the message is constant: conquest of nature without modern technology, primitive survival. The symbol of that mastery may change from cowboy to shepherd or some other outdoor "hero," but the essential message remains the same—and it works: Marlboro is the number one selling cigarette in the world.

General Motors is also attempting a global strategy, although not with a focus on image. GM is emulating the Japanese by designing cars for the world market—making products suitable for road conditions everywhere and always up to world standards. GM will begin to enjoy economies of scale in all elements of the business: design, manufacturing, and marketing. It will also have the considerable advantage of being able to purchase parts from different suppliers around the world and hence obtain the best price available. Global thinking could make GM the world leader.

The global or universal option makes no changes in the elements of the marketing mix.

Product Differentiation

In this strategic option, the physical characteristics of the product are altered and an adjustment is made in price when the company migrates from domestic to international markets. Product size, packaging, and cost must respond to the realities of the new foreign markets; distribution and promotion, however, remain about the same. Warner Lambert's attempts to sell *Chiclets* gum in India are illuminating.

When the company packaged several pieces of the gum in a cardboard box, as they did in America, they created a mess. The hotter and more humid Indian weather melted gum not chewed right away, leaving an unappetizing mess. The package of eight to twelve pieces was also too expensive for the Indian market; it couldn't compete with local substitutes. To solve both problems the company redesigned the package to hold two individually wrapped pieces of gum—a size that could be consumed quickly. Because there were fewer pieces, the price per package could be much cheaper, one the Indian customer could afford. Of course the price per piece was higher, to cover the cost of repackaging, as well as to generate greater margins. The alteration has worked well: *Chiclets* is a popular brand of chewing gum in India.

Market Differentiation

This substrategy for migration to international markets is essentially the inverse of product dif-

ferentiation. In this instance we might make changes in the image or positioning of the product and adjust the channels of distribution; at the same time, the physical properties—its engineering characteristics—are kept intact. However, as in the case of bicycles, the product can evolve over time as a result of the market differentiation.

In most places outside the United States, bicycles are a basic form of transportation: they are used as commuter vehicles in countries where distances are shorter, energy costs higher, and prices of automobiles beyond the reach of most people. They are also a mainstay for delivery routes for small products. Bicycles, then, are purely functional, and they are colored a functional dull gray or black, suitable for practical working adults. For manufacturers to appeal to required American markets, there was much that needed changing.

In the United States the bicycle has been successfully marketed as a recreational, summer fun vehicle for children. Bicycles became the Christmas or birthday present; they became a must for all kids old enough to ride one. To add excitement, the original single-speed bike became a three-speed and then a ten-speed; to add to the feeling of fun, the bikes took on many colors and were given shiny, metal lusters; to appeal further to the youth market, banana seats were installed. All these items said "fun" and all have made the bicycle a conspicuous consumption item.

Unique Marketing

The final substrategy for going international involves the most extensive adaptation of the domestic operation because it changes all the elements of the marketing mix: product, price, distribution, and promotion. Because the degree of adaptation is expensive, unique marketing is employed less often than the other substrategies. One interesting application, however, involves a very common product: soup.

Surprisingly, not only is soup as a product different in Europe and America, but so are its associations, its preparation, and its role in the diet. In Europe soup is served at dinner time as part of the main meal. It is used primarily as a filler, so that the family will eat less meat, which is more expensive. Soup has, therefore, been a staple of the lower socioeconomic class and continues to have strong associations with that

class. The homemaker generally adds a lot of vegetables or leftover meat to economize and to enhance the soup's nutritional value. She therefore needs a soup base or stock and not a complete, precooked soup. A dry soup mix that takes 10 to 15 minutes to prepare also suits her purposes. Knorr, a Swiss company, is the dry soup market leader in Europe.

In the United States soup has been positioned primarily as a lunch item to supplement the sandwich, neither of which is identified with any socioeconomic class. The market leader, Campbell's, succeeded as a lunch item, especially for children, because it convinced mothers that soup tasted good enough to draw their children home to eat and would give them a hearty warm lunch. That emotional appeal to be a good mother was augmented by the practical appeal of time: canned soup takes only 3 to 5 minutes to prepare.

Knorr failed in the United States because it wouldn't or couldn't customize its product for the U.S. market. After a struggle, Campbell's has found some success in Great Britain by altering the taste, lowering the price, and adjusting its promotion to fit the British lifestyle. The change in marketing mix was complete and internally consistent. It was the only way the company could hope to go international.

Broadening the Product Horizon

Broadening a product's horizons means expanding its functions beyond the primary use, a strategy that can involve redefining the business. The process often requires two adjustments: (1) focusing on the underlying market function and (2) thinking of the product as a component in a system. The strategy creates a new market situation because it puts the company up against a new set of competitors. That is the story of orange juice, television sets, and banking.

Orange Juice

During the last few years the orange juice people have been working hard to broaden their product's horizons by making an entry in the beverage system as a natural and healthy option to other drinks. The problem was that the American public was in the habit of drinking orange juice in small quantities of 4 to 6 ounces

at one time of the day, breakfast. Orange juice was in a sense stuck in that market with no prospects for growth.

In order to grow, orange juice had to be perceived by the public as an ideal all-purpose beverage and not just the perfect liquid vitamin to be taken in the morning. To achieve that goal, the industry adopted the "it's not just for breakfast anymore" slogan and ran a series of effective television commercials that pictured people of all ages drinking large glasses of juice with great enthusiasm at various times of the day. Orange juice is now competing successfully against soft drinks as a healthful alternative.

Broadening a product's horizons means expanding its functions beyond the primary use.

Television Sets

Since their introduction, television sets have been stand-alone appliances, sufficient unto themselves, faithfully performing one primary function: bringing entertainment and educational programs from somewhere out there into the home. Now, however, the scope of usage for the humble television set is being broadened so it can function as a CRT (cathode ray tube) along with other computer hardware and software components. As the central CRT unit, it is capable of doing more than just passively bringing in network programs. As part of the computer system, the television set offers active, participatory education, information, and entertainment, along with electronic shopping and banking, data processing and storing, and the whole gamut of new high-tech marvels for the home.

Because television is in the information generating and receiving business, its sales potential is greater. People are discovering that a 12-inch black and white television is functionally far superior to the display screen that comes as part of the standard computer package. Consequently, the television set is facing a potentially far brighter future than one would expect for a mature product because it is expanding into a new market as a component in an electronic information system.

Banking

Without regulatory restrictions and protections, the banking industry has to go through the process of recognizing just what business it is now in. Banking used to mean strictly borrowing and lending money, paying interest on deposits, and collecting interest on loans. Now the banks are broadening their horizons and defining themselves as a component in a larger system of financial funds and insurance. Competition will come from investment firms, brokerage houses, and Sears. It's a whole new day, full of risks and opportunities.

A product often has more versatility and more capability than its designers originally conceived.

Finding New Applications

A product often has more versatility and more capability than its designers originally conceived of, and thus it has more uses than the ones being marketed. Finding these new uses generally entails performing one or both of two operations: (1) identifying the functional needs that the product satisfies other than the ones for which it was designed, and (2) discovering the nonfunctional wants that can be associated with the product. Although there are exceptions, finding new applications usually involves the functional. That seems to be true for baking soda and 800 phone numbers.

Baking Soda

The original and primary function of baking soda was to act as a leavening agent in many baked goods. However, demand for baking soda for that function is derived from the carbohydrate consumption in a society. As the society becomes more industrialized, it becomes wealthier and consumes more protein-based calories and fewer carbohydrates. In time, demand for baking soda as a baking aid declines.

Fortunately for Arm and Hammer, consumers of baking soda had discovered a host of other useful functions of the product. The additional uses depend on one or more of its three principal properties: it absorbs odors, it acts as a mild cleanser, and is it safe to swallow. The company has advertised dozens of uses on the package

and promoted two on television: absorbing odors in the refrigerator and cleaning carpets. The results have included considerable increase in sales and a new product life for many new uses.

800 Numbers

Toll-free numbers with an 800 prefix began as an aid to hotels and rent-a-car agencies to encourage customers to make long-distance reservations; it was good for businesses, consumers, and AT&T. The service really took off, however, when companies began using it for consumer affairs and promotions. Whirlpool, for instance, has a "cool line" that customers can use to complain about products or, as is overwhelmingly the case, ask for help in getting appliances repaired. Procter & Gamble also puts 800 numbers on their many packages to handle customer concerns and as an early warning system for potential problems.

Promotional uses are even more inventive. Quaker puts 800 numbers on the back of cereal boxes so that kids can call in and win prizes; there are also 800 numbers for Bisquick and Jell-O that allow customers to get recipes toll-free. And dozens (maybe thousands) of organizations are converting their last seven digits into letters to create memorable messages: 1-800-MERRILL gets you Merrill Lynch; 1-800-HOLIDAY is for Holiday Inn reservations; 1-800-USA ARMY offers the opportunity for a career change. All generate good things for the companies—and for AT&T.

Finding New Situations

This strategy involves finding new situations with which the product can be linked; it involves seeking out mostly new nonfunctional wants that the product can satisfy and thus be rejuvenated. This is accomplished by associating the product or service with any or all of three new situations: (1) a different time, (2) a different place, and (3) a different positioning or image. The potential is there for Jell-O, small refrigerators, and educational facilities.

Jell-O

Jell-O is General Food's brand name for gelatin dessert, and the product has been very successful for GF over the years. However, as Jell-O matured and its growth slowed, it in-

creasingly had to take on strong competition from other product labels, including cheaper store brands. Since gelatin technology is highly standardized, GF found that it was unable to significantly differentiate its brand and thus retain the degree of profitability that it would like.

Consequently, it has tried to give *Jell-O* different associations so that it will be used in new situations. Essentially, it is shifting the product from a dessert to a decorative ingredient. Instead of saying how lightweight and low in calories *Jell-O* is as a dessert and stressing that "there is always room for *Jell-O*" after a meal, GF is emphasizing its nonfunctional qualities of fun, excitement, and entertainment. *Jell-O* is said to add color and life to eating, possibly as a dessert, but more likely as a salad during (rather than after) a meal. Thus, *Jell-O* can help the homemaker by inciting laughter and joy for a group of kids or by adding color and variety to what would otherwise be a dull display of food at adult gatherings. Its nonfunctional associations as a decoration are more important than its functional practicality as food.

Repositioning involves redefining the product's image to put it into new usage situations in new markets.

Small Refrigerators

An electric refrigerator has been a standard item in virtually every American home for more than four generations. Thus, it has become a highly mature product that faces stiff competition among the various brands, no growth, and small profit margins. A promising response to this stultifying situation is being developed by such electrical-oriented Japanese companies as Panasonic. It is coming out with a much smaller refrigerator, about one-tenth to one-eighth the size of the normal refrigerator-freezer you would find in a typical American kitchen. Its main use is for the office, although it can travel about the house and go on vacation.

Although a very mature appliance, the refrigerator in its small form is thus being revitalized with all three new situational elements. It has several new locations, although the office use predominates; its new times include the work day and vacation trips, and its new positioning is as a convenience item for work or travel rather

than just as a necessity. The new positioning stresses the time and effort saved by one's having an executive refrigerator handy right in the office, and, because the new usage situation fits into the business lifestyle, it has a real chance to succeed.

Educational Structures

Many public school districts and colleges have declining enrollments and thus decreased revenues. They are also receiving less state and federal support. In addition to the budget crunch, they have excess capacity and underutilized facilities that cry out for new usage situations. The solution calls for thinking of times that the buildings can be occupied other than during the relatively short school day and searching for activities associated with school other than classes.

The obvious answer is social and recreational uses of the schools in the late afternoons, evenings, and weekends for purposes other than organized school functions. Districts with swimming pools are in the best position because pools are in use by students such a small percentage of the time and the public has demonstrated a willingness to pay to use the facility. The same is true with tennis courts, particularly lighted ones, and with the school gym: citizens could pay for court time or buy an athletic club membership. Further, the gym or auditorium might be rented out to groups for plays, concerts, social engagements, and even wedding receptions. The potential is there for needy educational institutions.

Repositioning

Repositioning involves redefining the product's image to put it into new usage situations in new markets. Although it is a simple-sounding strategy, it is important to recognize that two shifts are occurring and that their leverage is more powerful than may be first apparent. Consequently, they can do a lot for the product, but they are not for every situation. Repositioning does, however, seem to show promise for Campbell's soup and for hospitals.

Campbell's Soup

Campbell's has been successful over the years in positioning soup as a lunch supplement to the sandwich, particularly for children. The soup

was sold to mothers on its ease of preparation and its good taste. Now, however, the kids are not coming home from school for lunch any more. Even if they do come home, the mothers are no longer there because they are out working.

Recognizing that the times are changing, Campbell's is trying to change with them and adapt to the needs of a U.S. population that is getting older and more health conscious. While the need for a child's lunchtime sandwich supplement has declined, the evolving demographic trends and lifestyles have created a large, and still growing, market segment of single adult households. These people have neither the need nor the desire to prepare full meals, certainly not every day. Nor is eating out fun all the time!

Campbell's is providing an alternative by positioning its soup as a main meal substitute for adults and emphasizing its substantial quality with the slogan, "Soup is good food." In this vein we are seeing smaller cans labeled "soup for one" to fit the single adult market and "chunky soups" that "eat like a meal" to appeal to the average American's concept of a full dinner. The essential repositioning is thus from a fun, good-tasting sandwich supplement to a nutritionally well-balanced main meal. The shift is both from children to adults and from an emotional appeal of good motherhood to a very rational and functional appeal of good nutrition. Different people (new market) have to be taught to think differently about the product and to use it in a new way.

If the strategic option calls for one element to be changed, then others must be adapted as well.

Hospitals

As American society is aging it is also adopting a health-oriented lifestyle that stresses avoiding illness and debilitating conditions rather than treating them after they arise. This trend has run smack into the health care industry's building boom and facility expansion. Faced with excess capacity—too many beds and not enough patients—and competition from health spas, Jane Fonda, and exercise gurus of awesome variety, hospitals are adopting a repositioning strategy appropriate for our health-

conscious society: they are getting away from illness and into wellness.

For the older person bent on physical fitness the supervision of medically trained staff is important, and it is here that hospitals are discovering their competitive advantage over the health spas. They are establishing outpatient health centers and inviting people to exercise under hospital supervision with trained personnel available to take medical histories, to set up individualized programs, to tailor classes to people over 40, pregnant women, and heart patients, and to guard against over strenuous activities that can do more damage than good.

Such programs not only take business away from the spas, they put to use some of the hospital's excess capacity when the space is converted to accommodate outpatient activities. Besides supervised exercise, hospitals are involved in such capacity-utilizing and, sometimes, revenue-generating programs as health fairs, testing programs, clinics, and classes of various descriptions. This is a repositioning strategy that should work.

Redefining Markets

Our final strategy involves switching customers and competitive areas. It is slightly more extreme than its companion strategy of repositioning within the new uses/new markets category because it means operating in a totally new set of markets rather than just in a new segment of the same market area. The relevant illustrations here have to do with the possibilities available to dial soap and to rustproofing services.

dial Soap

After a hunter learned that deer were repelled by deodorant, he decided to apply that knowledge to protect his fruit trees from the animals. He selected dial soap because it has a lot of deodorant in it, purchased a case of motel-sized bars, and tied them to his trees. The experiment worked perfectly. Not only did the smell of the soap keep the deer out of the orchard, the soap melted slowly enough in the rain to not damage the trees or soil.

The opportunity is thus there for any deodorant soap maker, particularly dial, to revitalize sales by opening up a new agricultural market with very little product adaptation (drilling holes in bars of soap and running string

through). To date, we know of no one who has done that, but we wouldn't be surprised if Armour-Dial is investigating the possibility.

To give a new strategy a chance to succeed, you also have to be ready to let it fail.

Rustproofing

In recent years rustproofing companies whose primary business had been to undercoat new cars have found themselves in extreme difficulty, to a point where they are struggling for survival. There are two main factors working against them. (1) In the short term, new car sales have not grown, because of the recession of the early 1980s and competition from Japan; the record profit year of 1983 for domestic producers did not come from record high sales volumes. (2) In the long term, rustproofing is increasingly being done on new cars in the factory by automakers themselves, thus, in effect, almost wiping out the primary market.

Rustproofing companies should thus think about redefining their markets from the consumer to the industrial. Instead of treating new cars, or even old cars, in their retail outlets, they might have to look for other objects that need protection from the elements. The obvious place to search is situations where metal structures and machines must remain outside. In fact, rustproofing companies have two options within this market redefinition. First, they can look for nonauto industrial jobs as just described and work on bridges and construction equipment such as cranes. Second, they can try to get inside the factory and become subcontractors for the original equipment manufacturers, that is, the automakers; that way, although they remain independent on new car sales, they do get to concentrate on their established area of expertise. In any case, they obviously must make major readjustments, and one of the most promising is a redefinition of their market.

Strategy Selection Factors

There are at least five factors that can have an enormous impact on the implementation of whatever strategy is selected to revitalize a mature product. The first four are very present-

oriented; the last is directed toward the future. They can be abbreviated as rules or guidelines as follows.

Be Consistent

The point is simple but extremely important: if you change one element of the total marketing mix, you must make sure it is still consistent with the other elements. Or, more often, if the strategic option calls for one element to be changed, then others must be adapted as well. Whatever the variations, consistency is the key.

Strive for Win-Win Situations

The fundamental essence of business success rests in identifying win-win combinations with customers and intermediaries. Each party must feel that the transaction is beneficial, or the transactions will soon cease. Unfortunately, many businesses think in terms of win-loss situations in which they try to gain an advantage at the expense of the customer or intermediary. The goal should be to create situations in which a favorable position is achieved at the expense of the competition.

Test Market Your Ideas

It is absolutely essential that a company test its new ideas to ensure that the execution of its strategy will be carried out smoothly. In other words, the problem is often not with the concept as much as with its implementation. In a new strategy, so many functional entities will have to work together to provide consistency that a tryout is necessary. Test marketing will (1) coordinate and integrate all the functions and (2) properly estimate the market potential of the new strategy.

Create an Entrepreneurial Atmosphere

To give a new strategy a chance to succeed, you also have to be ready to let it fail. Consequently, you have to create a risk-taking atmosphere in the company that gives the staff confidence to take on chancy projects. One vital step in that direction is to give the faltering product or service to someone in the organization with an entrepreneurial bias. Most important of all, the manager taking on the project should be rewarded for success but not punished for failure, if the execution was right. Thus you will have created a win-win situation within the

company, and people who made one project work will be back for more.

Monitor the Changing Environment

The most common reason for a good product to decline is a significant change in the business environment. Here, the difficulties accrue to an entire industry, not just to one business. Consequently, recognizing what is happening right now and knowing what is likely to be going on in the future are in the vital interests of business professionals. There are four major areas of particular importance:

1. *Demographic Trends:* We are a maturing, time-driven society, beginning to live in non-traditional households.
2. *Lifestyle Shifts:* Individual lifestyles are becoming dominant and there is a blurring of sex roles within the family.
3. *Emergence of Ethnic Markets:* People are more inclined to retain their ethnic and

racial identities than to blend into the melting pot.

The most common reason for a good product to decline is a significant change in the business environment.

4. *Competitive Changes:* Competition is coming from outside traditional industries (Sears in banking, for instance) and from specialty chains.

Conclusion

Revitalizing a maturing product is far better than disinvesting it. The talents of marketing can succeed if the correct strategy is chosen. Select the strategy with the right mix of usage and/or market changes and consider the five guidelines for implementation. Let your creativity help you win again in the marketplace.