

Exploring a new paradigm of Marketing : Opportunities and Challenges

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Abstract

A successful firm must recognize the vital importance of continuously monitoring & adopting changing marketing environment. Marketing environment is constantly giving new opportunities and threats for business. Marketers must identify and modify its products and services according to change in business environment to succeed in business. Opportunities are found by identifying customers' needs and wants, change in customer's taste and preferences, new product and technological development, analyzing buying trends etc. By conducting systematic and regular environmental scanning marketers are able to revise and adopt marketing strategies to meet new challenges and opportunities in the business. The marketing environment is made up of different Micro Environment and Macro Environmental forces which must be studied carefully. Globalization, Privatization, Liberalization, Deregulation and Technological advancements have changed the entire business environment. There has been a shift from broadcast marketing to interactive marketing; from transactional marketing to relationship marketing and from Mass Marketing to One to One Marketing. The entire Marketing Mix can be customized to suit individual requirement of customers on one to one basis, even when the number of customers reach to millions and are spread across the world. In today's competitive market customization of various elements of Marketing Mix is inevitable for short term as well as long-term survival and success of any business. Customization of Marketing Mix is also very important for effective customer relationship management.

Keywords: Customization, Technological advancement, Marketing Mix.

Introduction

The Marketing environment is changing very fast. Indian economy is also growing at the rate of 8 -10% annually and it gives new opportunities and challenges for the business. Proper understanding of marketing environment helps the firm to make suitable strategy to attract and retain customers so that the customers will give business to the company

throughout his lifetime and can provide positive publicity about the company and its product. There has been a sea change in the marketing environment, which require the change in Marketing Mix policy of the company. The following figure summarizes the shift in marketing environment:

From	To
Protection	Free Market
Control	Freedom of choice
Emotional Ideology	Pragmatism
Isolation	Building Relationship
Self-reliance	Collaboration, Take over, Joint venture etc.
Operational Technology	Information Technology

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To sustain and excel in this global competitive market, the company has to customize various elements of marketing mix. The company can customize its marketing mix in the following ways:-

Product Customization-

The process of creating customized products or services for individual customer is called as product customization. This can be done with the understanding of following factors:

a. Creating what customers want- Products should be made as per the customer's requirements and that too even when a large number of customers demand individualized product. The company or the businessmen should be able to know about what are the customer's needs and wants.

b. Remembering what customers want- Marketer must understand customer's needs and wants, buying behavior, spending pattern etc. to be successful. They should have all the relevant details of the customers as an advocate keeps track of his client and pursues his case.

c. Anticipating what customers want—Firms are often able to know a customer's need based on previous purchasing pattern, demographic information etc. The company keeps track of birth, death, marriage, divorce and all those events which inevitably have an impact over customer's future needs. In this way the firm will be able to know about the customer's needs and potential demands.

Price Customization

Companies today customize their prices to give as much value of money to the customers as possible. The company can customize the price through the following way:-

a. Personalized Pricing— It occurs when a firm decides to offer each user a different price. The personalized pricing can be of three types:-

(i) Supplier led dynamic price-- Here the list price is adopted for a particular segment taking the consideration of quantity purchased, credit enjoyed, delivery mode, time, location etc. These factors are considered for differentiation.

(ii) Demand Led Dynamic Pricing— It puts the final arbitrator of the maximum selling price into the hands of the buyers.

(iii) Value Led Dynamic Pricing – Here, the goal is to maximize profit by identifying where supplier can promote and deliver value added services for individual customers.

Differentiation should be based on what are customer values.

b. Versioning- It occurs when a company decides to simplify a product line and let the customer select the version of product most appropriate for them. The company has to determine which feature will be highly valuable to some customers but of little value to others and then price them. The goal is to get each customer to pay the highest possible price for the product. Since the customers themselves are selecting the price they will pay, they will mostly accept paying different prices.

Channel Customization

There are a number of examples of companies using more than one channel of distribution to sell to different groups of customers. Nowadays, many companies use Internet to differentiate their distribution. There are some companies which are very aggressive in customizing their distribution system according to the need of their customers. For example, American Airlines regularly sends e-mail directly to certain customers to inform them about special cut rate fares at the same time American Airlines tickets are available via traditional channel.

Companies in mass consumption items such as fast moving consumer goods, packaged food, gift etc. leverage their traditional distribution system by taking order through website but distribute them through traditional retailer. Distributor and retailer thus do not interact with consumer but just provide the logistic support. Likewise, Amul in India is using many retailers for delivery of orders received through Amul website. There are some pros and cons of prospects of food retailing in India. Through Food Retailing, small retailers will make the market strong by innovative techniques. The purchasing power of the people is increasing day by day. Because of stiff competition among the retailers, the consumer will certainly gain as the retailers will provide better quality products and the procurement method will also be more efficient. Some economists and business strategists think that the intermediaries will be displaced but this phenomenon is not as true as it appears to be because the intermediaries will find an employment with any organized retailers because of their knowledge and skills. There are a number of farmers who are producing a large quantity of goods but they are not getting the appropriate buyers, when the big retailers will enter the market then these farmers will get the buyers as they don't have to move anywhere else to sell their products.

Customizing Communication

A good database enables a firm to plan communication and keep the record of customers, which helps in targeting

the potential customers in an efficient way. There are various ways to inform and attract the customers:

a. E-mail:- E-mail based marketing is somewhat similar to direct mail marketing. Here a company uses a database of addresses to send message directly to the people in the database. The cost of e-mail marketing is lower and the level of customization in e-mail marketing tends to be much greater. The customization is based on a customer's prior preference, purchases and inferred preferences. Company sources report that the response rate tends to be around 20%.

b. Viral Marketing:- It refers to the technique of using the internet to accelerate word of mouth, to advertise and to increase the rate of adoption of a product. Hotmail, Amazon.com etc. uses viral marketing.

c. Database Power Call Centre:- Telephone is the most widely used direct marketing tool. Telephone integrated with computer system and database proves to be excellent tool of personalized communication. More and more companies in India and abroad have started their call centers or hire call centre service. Tele marketing not only benefits from database information, it can also add data, which will be useful for future business prospect.

d. Personalized Experiential Marketing:- It refers to create an environment in which customers are made to feel like they are a part of the company and have large experiences. A real example is Nike where a selected company's retail store—"Nike Town" attempts to create an environment in which customers are made to feel like they are the part of the company.

e. Banner advertisement and interstitials:- Banners are the rectangular stripes that typically appear on the top or bottom of web pages delivered by commercial site. The cost associated with such advertisement is dependent on the number of impressions and the rate per thousand impressions charged. By clicking on a banner advertisement, users can link directly to the advertiser's website. Thus, enabling the advertiser an opportunity to directly interact with potential customers.

f. CRM and E-CRM:- Although CRM is much broader term and could actually mean a full marketing paradigm. It helps in producing customized communication to the customer. E-CRM or online CRM is an application used when the internet is used as main channel of doing business. E-CRM is basically customer facing internet position of CRM. It includes capabilities like self-service, knowledge bases, automated e-mail response, personalization of web

contents, online product branding and pricing etc. Thus, by customizing various elements of marketing mix, a firm can survive and succeed in the business in today's stiff competitive market.

Factors which leads to changes in Marketing Environment:

The firm doing marketing work must monitor the major environmental forces which influences the business environment and make the business strategy accordingly. Following are the factors which influences marketing environment:

a. Demographic factors:- The first environmental forces to monitor is population because people make market and they purchase goods & services offered by the company. Marketers should know about the changes in size and growth rate of population in different cities, region and nations. They should know about household pattern, educational level, changes in buying behavior, geographical shift etc. By careful scanning of demographic environment the actual and potential demand can be known.

b. Economic factors:- Marketers require customer as well as purchasing power. The firm should know changes in purchasing power of customers, demand conditions, current income, saving rate and credit availability etc.

Marketers must also pay close attention to major trends in spending pattern of customers. The income distribution, purchasing power, saving rate, credit facility, etc has to be analyzed for smooth functioning of business.

c. Natural factors:- Changes in availability of raw material, water level, air pollution etc, have to be analysed before and after entering into the business. The deteriorating conditions of natural environment is a major issue being faced by the business people. In many cities air & water pollution has reached dangerous level. Marketers need to be aware of threats and opportunities associated with natural environment. The availability of inputs, cost of energy, increased level of pollution, changing role of government in environment protection etc. must be considered.

d. Technological factors:- Technology is shaping people's life. The economy's growth rate is affected by how many major new products and technology are discovered. Each technology creates long run consequences for business. The marketers should try to adopt latest products and technology in production and in other areas of business. The marketers should watch new products and technological changes in business & try to adopt latest technology for business.

e. Political & Legal Factors:- Marketing decisions are strongly affected by the development in political environment. The political environment consists of “Business Policy, Business Law, Government agencies, etc.”

There are substantial amount of legislations for regulating the business. The marketers have to scan the political environments. Stable government & friendly business policies are required for smooth functioning of business.

f. Cultural factors:- The society where people live & grow-up influences their beliefs, values, buying behaviors etc. Each culture consists of different subculture and cultural values which undergo changes with time. A businessman should study comprehensively about cultural environment prevailing in the country & make their business strategy accordingly.

Conclusion

The marketers must modify its business as per changes in marketing environment to sustain and succeed in the business. Markets have become very competitive. Earlier, it was sellers’ market but now it is buyer’s market. Customers have become king and want to be treated like that. Earlier buyers were in queue to purchase the products and now the sellers are in queue to sell the products. Globalization, Privatization, Liberalization, Deregulation and Technological advancement have changed the entire business environment. There has been a shift from Broadcast Marketing to Interactive Marketing from Transactional Marketing to Relationship Marketing and from Mass Marketing to One to One Marketing. The entire Marketing Mix can be customized to suit individual requirement of customers on one to one basis, even when the number of customers reach to millions and are spread across the world. In today’s competitive market customization of various elements of Marketing Mix is inevitable for short term as well as long-term survival and success of any business. Customization of Marketing Mix is also very important for effective Customer Relationship Management.

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