

Strategic Issues: Marketing and Management Challenges

Dr Pramod Pathak

The two scenarios

Pre Globalisation

- Different economic order
- Customers wanted you
- Demand > supply (few suppliers)
- Few options
- Monopolistic market
- Producer / manufacturer orientation

Post Globalisation

- New economic order
- You want customers
- Supply > Demand (more suppliers)
- More options
- Oligopolistic market
- Customer orientation

The strategy then

- Product concept- Quality oriented, high price, less distribution,
- Production concept- Quantity oriented, less price, high distribution
- Selling concept – sales oriented, push strategy

company centric world view / producer is the king / sellers' market

The strategy now

- Marketing concept – customer satisfaction and customer delight are the objectives
- Customer gaining preeminent position
- Social marketing concept – inclusive growth, triple bottom line, green consciousness leading to CSR

Stakeholder centric world view / customer is the king / buyers' market

What lead to all this?

- The LPG regime
 - Liberalisation and globalisation led to privatisation
 - Increased competition as entry barriers eased.
 - The grammar of business changed from sales oriented to marketing oriented

What is Marketing?

- Marketing is managing profitable customer relationships
 - **Attracting new customers**
 - **Retaining and growing current customers**
- “Marketing” is NOT synonymous with “sales” or “advertising”

What is Marketing?

- A social definition:
“Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.”

Anything Can Be Marketed

- Goods
- Services
- Experiences
- Events
- Persons
- Places
- Properties
- Organizations
- Information
- Ideas

Understanding Core Concepts

- **Needs, wants, and demands**
- **Marketing offers: including products, services and experiences**
- **Value and satisfaction**
- **Exchange, transactions and relationships**
- **Markets**

How to face?

- **Customer Management:**
 - **Marketers select customers that can be served well and profitably.**
- **Demand Management:**
 - **Marketers must deal with different demand states ranging from no demand to too much demand.**

Marketing Challenges

- Technological advances, rapid globalization, and continuing social and economic shifts are causing marketplace changes.
- Major marketing developments can be grouped under the theme of ***Connecting***.

Marketing Challenges

Connecting

- *Via technology*
- *With customers*
- *With marketing partners*
- *With the world*

- Advances in computers, telecommunications, video-conferencing, etc. are major forces.
 - Databases allow for customization of products, messages and analysis of needs.
- The Internet
 - Facilitates anytime, anywhere connections
 - Facilitates CRM
 - Creates marketspaces

Marketing Challenges

Connecting

- *Via technology*
- ***With customers***
- *With marketing partners*
- *With the world*

- Selective relationship management is key.
 - Customer profitability analysis separates winners from losers.
- Growing “share of customer”
 - Cross-selling and up-selling are helpful.
- Direct sales to buyers are growing.

Marketing Challenges

Connecting

- *Via technology*
- *With customers*
- *With marketing partners*
- *With the world*

- Partner relationship management involves:
 - Connecting inside the company
 - Connecting with outside partners
 - Supply chain management
 - Strategic alliances

Marketing Challenges

Connecting

- *Via technology*
- *With customers*
- *With marketing partners*
- *With the world*

- Globalization
 - Competition
 - New opportunities
- Greater concern for environmental and social responsibility
- Increased marketing by nonprofit and public-sector entities
 - Social marketing campaigns

The modern tool

- ***CRM – Customer relationship management . . .***

“is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.”

CRM

- It costs 5 to 10 times MORE to attract a new customer than it does to keep a current customer satisfied.
- Marketers must be concerned with the lifetime value of the customer.

CRM

Key Concepts

- *Attracting, retaining and growing customers*
 - *Building customer relationships and customer equity*
- Customer value/satisfaction
 - Perceptions are key
 - Meeting/exceeding expectations creates satisfaction
 - Loyalty and retention
 - Benefits of loyalty
 - Loyalty increases as satisfaction levels increase
 - Delighting consumers should be the goal
 - Growing share of customer
 - Cross-selling

CRM

Key Concepts

- *Attracting, retaining and growing customers*
 - *Building customer relationships and customer equity*
- Customer equity
 - The total combined customer lifetime values of all customers.
 - Measures a firm's performance, but in a manner that looks to the future.

CRM

Key Concepts

- *Attracting, retaining and growing customers*
 - *Building customer relationships and customer equity*
- Customer relationship levels and tools
 - Target market typically dictates type of relationship
 - Basic relationships
 - Full relationships
 - Customer loyalty and retention programs
 - Adding financial benefits
 - Adding social benefits
 - Adding structural ties

The strategic challenges

- Quality
- Production
- Service
- Human Resources
- R&D
- Price
- Distribution
- Promotion

The solution

- Attitude change
- Technology change
- Practice change

HRD as the means