

Summary

Chapter 2

Recent Trends in Marketing

Learning Objectives:

- Recent trends in market such as CRM, E-Marketing etc.
- Customer Relationship Management (CRM) definition, features, importance
- How Relationship selling is used in retaining customers
- Different programmes in CRM
- How branding helps in marketing
- Importance of E-marketing and its types
- Opportunities and Challenges
- Internet marketing concept
- Social Marketing

With increase in competition, demand, and benefits in the market place, there are recent trends introduced in marketing which helps customer to be at the center of business systems. All business operations revolve around customer service and satisfaction and many companies are following customer-oriented philosophy to ensure growth in sales, profits and market share.

A. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)- According to Parvatiar and Sheth (2001), CRM is defined as “a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer.”

Gronroos (1990) stated “CRM is to establish, maintain and enhance relationship with customers and other partners, at a profit, so that the objectives of the parties involved are met.”

B. Features of CRM:

- I. Customer Relationship Management (CRM) focus on building and maintaining profitable and long-lasting relations with the customers and creating superior customer value and customer satisfaction.
- II. CRM focuses on co-operative and collaborative relationship between the firm and its customer.

- III. Relationship management requires putting customer first and genuine customer involvement through communication and sharing of knowledge.
- IV. The customer is not to be treated as one-time purchaser but as a person who will patronize the brand for life time. If the customer is taken care, sales volume, market share and profits will grow.
- V. CRM should focus on Customers (consumers, users, and channel members) and the Brands.
- VI. CRM makes use of IT and database, interactivity through websites, call centres and other means of contacting customers.

C. Relationship Selling- All customers do not contribute the same value to the company, rather only a small percentage of the customers contribute to a large percentage of the total sales volume and profit.

Important factors to be considered while selecting the customers are:

- i. **Benefits:** Concerned about quality, price, service
- ii. **User status:** Non-user, Ex user, potential user, occasional user and regular user
- iii. **Usage rate:** Light user, medium user, and heavy user
- iv. **Shop/Brand loyalty:** None, medium and strong
- v. **Attitude to product:** Enthusiastic, positive, negative, and hostile

It is not possible for a salesperson to meet all the customers and develop relationship with them. To start with he should select a few customers in each market such as Distribution channel, Distributors and Retailers so that he can offer more personalized service, which makes them feel happy and important

D. Retaining Customers- It has been observed that acquiring new customers is a costly process compared to retaining existing customers. Further, a large percentage of profit comes from long-term customers and, therefore, the companies have to focus on existing customer-base. When a company loses a customer, it loses much more than a single sales transaction. It loses the entire business the customer would make over a period of time known as 'customer life time value'.

Companies lose customers for a variety of reasons:

- (a) If the customer finds that the price is high compared to the benefits offered by the product, he may buy another product;
- (b) When a new product, with more features, is offered in the market, the customer may buy the new product;
- (c) The customer may buy another product due to personal reasons such as easy availability, influence of friends and relatives and indifferent nature of the service provider;

(d) Some customers (Natural floaters) keep on changing brands particularly in the case of FMCG products.

E. Customer Relationship Management Programmes

(1) **Customer loyalty programmes** offer additional benefits to loyal customers who patronize company's products and services. Example: Hotels, airlines, shops, Credit card providers offer additional benefits in the form of bonus points, coupons, etc. to customers for repeat purchases.

(2) **Customer service centres** deal with customer complaints and offer solutions to their problems

(3) **Customer clubs** provide opportunities for interaction between the customer and the company. Example: Many companies have formed 'Achievers club' which offers membership to distributors and dealers based on their sales performance.

(4) **Customer retention programmes** aim at retaining loyal customers by offering them target oriented schemes such as achievement of sales targets, new product volumes and prompt payment of outstanding, etc.

(5) Many companies have initiated **Customer interaction programmes** through on-line (websites, e-mails, chat room) and off-line (telephone, fax, telephone) and outsourcing (call centres) activities.

(6) **Direct Mailing**: It is a way of sending information relating to goods and services directly to prospects and customers.

(7) **Telemarketing** involves use of telephone to contact new and existing customers, to take order and to know the market situation.

F. Brand- Brand is much more than product name, company name or logo. Brand includes company products, services, behaviour of company staff, distribution channel, and use of technology and management processes. It is the sum total of the experience of customers with the company.

The company has to integrate the activities of sales, management, accounts, and logistic departments to develop positive brand image. The organization should move away from a purely sales approach and initiative customer relationship management programmes to face the challenges in the market.

G. E-marketing- Electronic marketing basically involves selling of products and services through electronic channels i.e., use of fax, e-mail, ATMs and smart cards for doing business.

Advantages of e-marketing:

- (1) **Time factor:** The company can send messages to distributors, dealers and consumers at any time and the receiver can access the mail at his convenience. The messages are received instantly.
- (2) **Availability of information:** The consumer has access to updated information on a variety of products and services which enables him to take purchase decision.
- (3) **Geographical coverage:** The messages can be sent to customers located at far off places including foreign countries and it will be received instantly.
- (4) **To and from communication:** There are facilities such as chatting and conferencing and business discussions could be held at short notice without the need for the physical presence of participants in one place.
- (5) **Shifting of selling process from seller to buyer:** Buyers have become more demanding and they can choose from a variety of goods and services available in the market. E-marketing allows the sellers to catch the attention of buyers and build relationship with them through Internet.
- (6) **Distribution cost:** E-marketing basically involves direct marketing and, therefore, the distribution channel costs are reduced.

H. Types of E-Market

1. **C2C (Consumer to Consumer)** where consumers directly sell products and services to other consumers through internet. Example: e-bay facilitates selling of privately owned items between individuals.
2. **B2C (Business to Consumer):** The organisation sells products/services to consumers: Examples: Flipkart sells books, computers, mobile phones, etc. on the Internet.
3. **B2B:** The transaction is between business organizations using Internet. It includes quotations, purchase orders, payments, etc.

I. E-marketing is a Customer-led Business

E-marketing makes use of database of customers and prospects and creates constant flow of information between customers themselves. E-marketing is a customer-led business and basic marketing principles apply to online marketing too.

Marketing management can be defined as the management process of identifying, anticipating and satisfying customer needs profitably.

Similarly, E-marketing can identify, anticipate, and satisfy customer needs efficiently.

- J. Internet Marketing-** The Internet is a worldwide network of computers to provide an alternative communication network. Internet marketing can be defined as the use of the Internet and related digital technologies for achieving the marketing objectives.

The important types of network are:

- (1) Internet consists of **computers and users** who can receive and send data files and has facilities for creating, viewing, and listening to the contents.
- (2) **Intranet** runs internally in a company and connects people within an organisation.
- (3) **Extranet** connects vendors, distributors, dealers, and consumers within the company. The access can be either partial or restricted.

K. Types of Internet Sites

- A. **Company/product sites** provide information about company, products/brands- www.himpub.com.
- B. **Service sites** facilitate customer service interface for a company like www.monster.com.
- C. **Selling sites** for purchase of products like www.amazon.com, e-bay.
- D. **Information sites** like www.google.com, www.yahoo.com.

L. Types of Stores

1. **Web Store Format:** It is an online website and the customer could visit the website and buy products. It offers listing of products and payment processing facility.
2. **Brick and Mortar Model** has a commercial address and customers can transact business face to face. Further, the company may also have online services. Many consumers believe that Brick and Mortar Stores are more reliable due to the presence of physical shop with customer service counter.
3. **Brick and Click Model** provides on-line and off-line facilities. The customer can order online and pick up the product from the shop.

M. Internet and Market Segments- There are three market segments:

1. **Cyber buyers** are professionals who spend considerable time on-line, at their place of business. They should make major purchase decisions and want to locate sources of supply.

2. **Cyber consumers** are mainly home computer users who may be interested in on-line shopping and buying.
3. **Cyber surfers** are typically young people who surf net for fun.

Mobile Commerce is the buying and selling of goods and services through handheld instruments such as cellular phone and digital assistants. The areas covered include mobile banking, mobile ticketing, mobile vouchers, coupons, loyalty cards, information services such as sports results, stock data, and mobile browsing and shopping.

N. Marketing through social channels- Taking suggestions from our social channels before buying consumer durables like refrigerators, air-conditioners, and automobiles. Since we have confidence in their recommendations, we follow their advice in making a purchase decision.

Word of mouth publicity through social channels costs the business relatively little.

Companies can take the following steps to stimulate social channels to recommend the products:

1. Identify influential people in the society and convince them about the advantages of the products.
2. Offer them products at special rates.
3. Use influential people in testimonial advertising.
4. Develop rapport with them and request them to recommend products.
5. **Example:** The Insurance agents, mobile merchants and salesmen dealing with household products are already making use of social channels for selling their products and services.

O. Societal Marketing- The societal marketing concept is based on the following premises:

1. The marketer should fulfil the customer demand and also to contribute to enrichment or quality of life.
2. The marketer shall not offer a product to consumers if it is not in the best interests of consumers.
3. The marketer will offer long-run consumer and public welfare.
4. The integrated marketing plans and programmes shall duly consider consumer-citizen wants.

The societal marketing concept is a management philosophy that believes in assessing the needs and wants of consumers on target market and to adapt the organization to produce and market goods to give expected satisfaction more effectively than competitors in such a way that preserves the consumers and society's well-being.

A company is practicing **niche marketing** if it focuses on sub-segments with distinctive traits that may seek a special combination of benefits.

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