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RESTRUCTURING MARKETING CONCEPT OF COMPETITIVE ADVANTAGE IN BUILDING COMPANY.

Introduction

Recent years have shown significant, abrupt and very rapid changes in the business environment, which are difficult to predict. In order to survive, enterprises must seek new strategic solutions, because traditional ways of doing things are not effective or successful. Sales-oriented enterprises change their focus points. Customer satisfaction, loyalty, commitment becomes a major component of today's strategies of successful companies. Considering the above, this article's focus is to present the restructuring of marketing and show that companies can build their competitive advantage on customer relations.

1. The importance and role of restructuring in marketing

The concept of restructuring is becoming more and more popular not only in specialist business literature but also as a practical approach implemented in companies. The definitions of restructuring can be divided according to many criteria, yet most often they are presented in two groups. The first group includes all the definitions focussing on the features and essence of the phenomenon, whilst the second embraces terms narrowing down the meaning of restructuring in the context of certain studies and investigations [Sapijaszka, 1997]. Nevertheless, restructuring can be broadly defined as a radical change.

Generally speaking, restructuring means the introduction of changes in enterprise strategy as well as in its practical approaches to conducting business. In the narrow sense, restructuring should be understood as the definition of the scope transformations in certain enterprise areas. The changes are supposed to improve competitive advantage of the enterprise and increase its effectiveness. Yet it is worth mentioning here that the process of change is difficult because people fear of change. The change is supposed to fill in the gap between what the enterprise was to achieve and has achieved. By making changes, one is never able to predict all their impact. Hence change is always related to high risk.

In terms of functions, restructuring can be related to either organisational or financial changes. Organisational changes may involve the following: improvement of all the processes and changes in the production activity, this includes the restructuring of human

resources, process chain, research and development as well as marketing [Stabryła, 2000]. Given the stage of the life cycle of the enterprise and the need for structural changes can be distinguished creative restructuring, anticipatory, adjustment (adaptation), and repair [Borowiecki, Nalepka, 2003].

The term restructuring of marketing should be understood as the introduction of changes into the existing product portfolio, optimal development of the diversification scope, rationalizing of the distribution process, flexible pricing as well as changes in customer relations. The aim of the restructuring is to expand marketing and activating functions of the enterprise market, which has lead to increase sales and strengthen its market position. As part of the restructuring of marketing is essential to the reorientation of the undertakings, restructuring and changes in product sales and the use of the marketing mix [Suszyński, 2003]. It is often the case these days that companies directly interact with customers and that is why they should carry out thorough reorganization, which will build and nurture relationships with customers, who determine the enterprise success. It is thanks to satisfied customers that the enterprise generates profits that can be reinvested into further development. The aim of the article is to show that building relationships with customers can be a source of competitive advantage. In order to accomplish the research identifies the following research questions: what is the essence and importance of marketing restructuring ?, how environmental change influences exerted to change the approach to marketing the company ?, what are the areas of potential changes in the marketing orientation ?, how changes in marketing orientation affect the building competitive advantage ? The total restructuring measures reorient businesses is crucial.

2. New approach to marketing

Business environment changes rapidly and for these reasons, companies need to understand that the success does not only come as a result of introducing new products or the use of modern technologies. It is essential to use the knowledge about customers. What can be observed is the change in approaches to marketing. Those who manage companies need to recognize the need to abandon the focus on sales of particular products in favour of building customer-relations. What becomes necessary is the transformation of the marketing department into customer focus department. Until quite recently, the companies that wanted to reach a larger number of customers used only one-way communication system.

Direct communication between a single customer and the enterprise had a very limited scope. These days, communication between the customer and the enterprise is more direct;

and the use of feedback from customers has become a key to the success of businesses. Changes in approach to marketing have been presented in Figure 1.

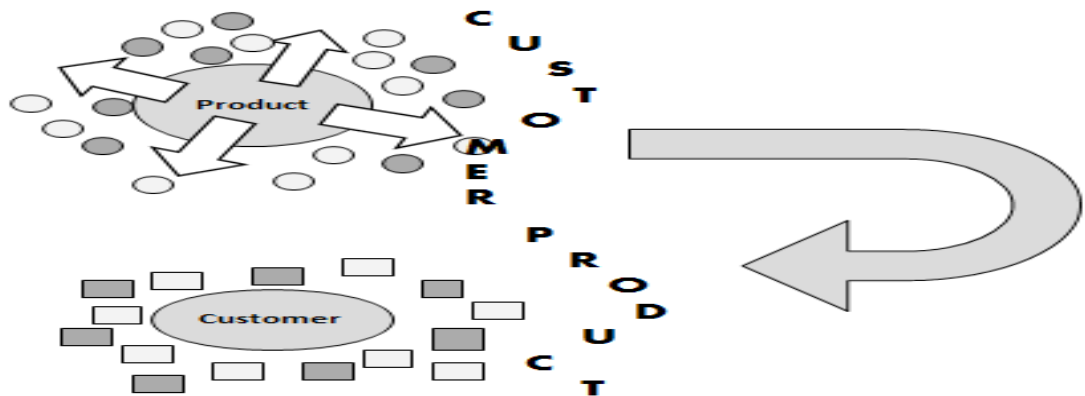


Fig. 1 Changes in approach to marketing

Source: T. Rust, Ch. Moorman, G. Bhalla, *Zmiana podejścia do marketingu (Eng: Rethinking Marketing)*, HBR-Polska, December 2010-January 2011, p. 62.

Having analysed Figure 1, one can conclude that the fundamental difference between traditional marketing and customer-oriented marketing is that the structure of traditional marketing is subordinate to the sale of products and brands, whilst customer-oriented marketing focuses on customer service. In customer-oriented marketing, communication is a two-way and individualized process. According to the new approach to marketing, companies should put more focus on customer service, which can be the source of competitive advantage. Customer service should be considered from two perspectives. Firstly, customer service should ensure high quality of service; secondly it can help to build long-term relationships with customers. Companies wishing to build and strengthen relationships with customers must develop new measures for determining strategy effectiveness. These measures have been presented in Figure 2.

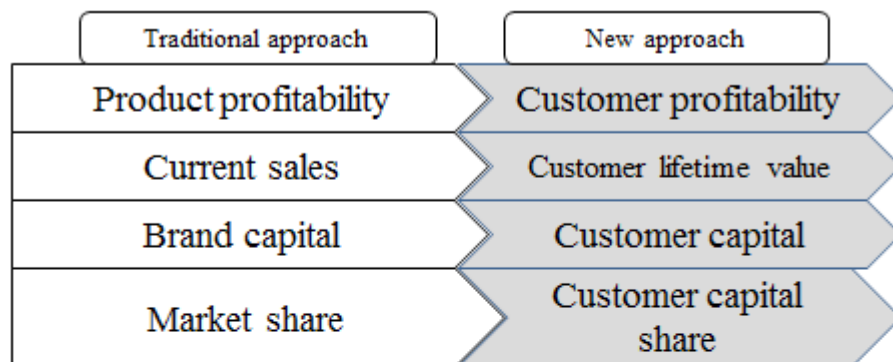


Fig. 2 Measures in approach to marketing

Having analysed Figure 2, it can be concluded that people managing enterprises should focus less attention on product but more on customer profitability. This concept has been around for some time in companies, which sell goods below cost. Although such a strategy does not generate profits, it strengthens relationships with customers. Another proof of change is the fact that companies decide to abandon the focus on daily sales in favour of considering the customer value. The parameter related to customer value helps to estimate the future earnings of the relationship with the customer taking into consideration the discount rate in order to reflect the value of money in time. Thirdly, instead of focussing on brand equity (value) companies should concentrate on the customer capital (the sum of customer values). Aiming towards the customer capital improves enterprise image and gives a positive idea on its value as well as increases the impact of marketing activities. The last area that differentiates the traditional approach to marketing from modern approaches is moving away from market share focus in favour of participation in the total customer capital (the value of customer base in the enterprise divided by the global value of customers on the market). It is worth mentioning here, that the market share shows fragmentary sales value compared to the competition at a given time. Market share also depends on whether the sector is dispersed or concentrated. The share in customer capital is a reflection of enterprise's competitive advantage [Rust, Moorman, Bhalla , 2011]. If this share increases constantly, this means that the enterprise has the ability to compete.

3. Restructuring of marketing - empirical analysis

The aim of this article was to show that a change in the approach to marketing is the source of competitive advantage for companies. For the purposes of this study, the authors have conducted empirical analyses in small businesses. The study was conducted in 2013/2014 and included three stages. The empirical analysis is composed of three stages. In the first stage, the authors have studied 42 small enterprises in the context of pursuing pro-customer policies (from November to December 2013). The study (in this stage) has shown that out of 42 surveyed companies, 31 maintain high customer-focus. This conclusion has been drawn based on the results of K. Burnett questionnaire. In the second stage, the authors analysed the level of changes implemented in enterprise marketing strategies (from 15 December 2013 until 31 January 2014). The third stage included the analysis of results and formulation of conclusions (the period from 1 February to 31 March 2014).

The results of the first stage showed that 31 of the surveyed enterprises are customer-oriented, which leads to the conclusion that the analysed enterprises are moving away from sales focus towards customer orientation. It can be concluded that for these companies, sales are very important yet now they are focussed not on selling individual products but they also put much focus on customer relations. Companies concentrate on customers; they take actions to attract new customers and maintain existing ones. Those companies which turned out to be customer-oriented were analysed in the second stage of the study, which dealt with changes in the area of marketing. At that stage, the authors used the Likert questionnaire with a 5-level scale. Questionnaire findings have been presented in Table 1.

Table 1 Changes in marketing focus - study results

New areas of focus in marketing	Result scores				
	1	2	3	4	5
Does the enterprise measure customer satisfaction?	0	15%	70%	15%	0
Does the quality of service influence customer relations?	0	0	0	10%	80%
Does the enterprise use customer feedback?	0	0	0	80%	20%
Do first-line employees have a role in collecting information about customers?	0	0	0	15%	85%
Does first-line information reach all management levels?	0	0	0	85%	15%
Does the enterprise make efforts to increase customer value through:					
• price	0	0	0	0	100%
• product	0	0	0	0	100%
• distribution?	0	0	100%	0	0
Do customers receive feedback?	0	0	100%	0	0
Are customers informed about the role of their feedback in the improvement of processes?	0	80%	20%	0	0
Do customers give feedback?	0	10%	90%	0	0
Does the enterprise implement innovation to increase the value offered to customers?	0	0	0	20%	80%
Does the enterprise analyse customer information and customer experiences?	90%	10%	0	0	0
Does the enterprise analyse customer satisfaction or dissatisfaction with provided service?	90%	10%	0	0	0
Does the enterprise take actions to prevent conflicts with customers?	0	0	0	0	100%
Does the enterprise pay attention to the emotional aspects of customer relations?	0	0	0	90%	0
Does to the enterprise perceive the following changes:					

Product profitability ⇒ Customer profitability	0	0	0	100%	0
Sales ⇒ Customer lifetime value	0	0	0	100%	0
Brand equity ⇒ Customer capital	0	0	90%	10%	0
Market share ⇒ Participation in customer capital	0	0	100%	0	0

Source: own work based on research (5 - definitely yes, 4 - rather yes, 3 - partly yes, partly no, 2 - no, 1 - definitely no)

Having analyzed information in Table 1, one can conclude that the studied enterprises are implementing the change from sales-orientation to customer-orientation. Nevertheless, the studied enterprises also have areas which should be of particular focus. They concentrate on the following: the impact of customer service on building relationships with customers, the use of feedback from customers, and the motivation of first-line employees to retrieve feedback and present it to the management. Particular attention should be also drawn to the fact that the analysed enterprises adjust the price and the product to customer needs in order to increase the value offered to the customer. What is noteworthy is the awareness of people that they can build customer relations with the help of emotional bonds.

However, sufficient customer-focussed activities are not undertaken in all areas. For example, companies do not measure customer satisfaction, do not pay attention to increasing the value that the customer receives through distribution; the enterprises do not analyse customer experiences (negative or positive) related to the quality of offered products (services). Moreover, the enterprises do not investigate why customers leave the organisation or why they return, when such analyses touch upon the emotional aspects which have been previously defined as a parameter which significantly influences customer relations. It should be also noted that the analysed enterprises do not collect customer feedback. The second stage of the study included interviews because information received in the questionnaire was not exhaustive. The owners were asked about the reasons for not collecting information about customer satisfaction, why distribution is not considered important and why customers are not analysed in the context of their cooperation with the enterprise. According to the interviewed owners, the measurement of customer satisfaction and detailed analyses are too complex to be implemented. Measuring customer satisfaction would require additional tools for data collection. There is not enough time or funds to do it. When it comes to analysing positive or negative feedback from customers who have either resigned or decided to continue using the enterprise's services, the owners have never even considered implementing such analyses. The

conclusion was that there is no need to dig into such analyses because customers very often talk about satisfaction or dissatisfaction. Their comments significantly influence enterprise activity. It is also worth noting that in most of the studied companies, employees have been trained in customer service. The trainings were supposed to make sellers aware of the importance of friendly and reliable customer service. Through those trainings, first-line employees acquired knowledge on how to collect feedback from customers and how to use it. Currently, feedback from customers is naturally used by staff and managers. The only concern is the fact that communication flow is not customer-enterprise-customer but rather customer-enterprise.

An analysis of measures that should be used by a customer-oriented enterprise shows that these measures are not used sufficiently. When it comes to profitability measures or sales, one could notice strong emphasis on customer profitability and customer lifetime value. Having analysed only those two parameters in one of the enterprises, one can see that the margin is not calculated the same way for each product, but it depends on demand. It is also worth noting that demand is not the sole determinant of prices. When owners calculate profitability and define margins, they always put forward the question whether the customer will pay the price. This element indicates that the companies are focussed on providing value to the customers (good product for the price that the customer is willing to pay). An analysis of two consecutive measures: brand equity and market share shows that there has been no intention of abandoning these measures in favour of customer capital. This is due to the fact that the enterprise never calculated its market share, yet the brand is well recognised by the customers. However, the notion of customer capital is not clear to the owners of the enterprise.

4. Conclusions and recommendations for analysed enterprises

The research and analysis led to the formulation of conclusions and recommendations to the owners (managers) of the analysed companies. Conclusions and recommendations together with their strategic importance for winning competitive advantage have been illustrated in Figure 3.

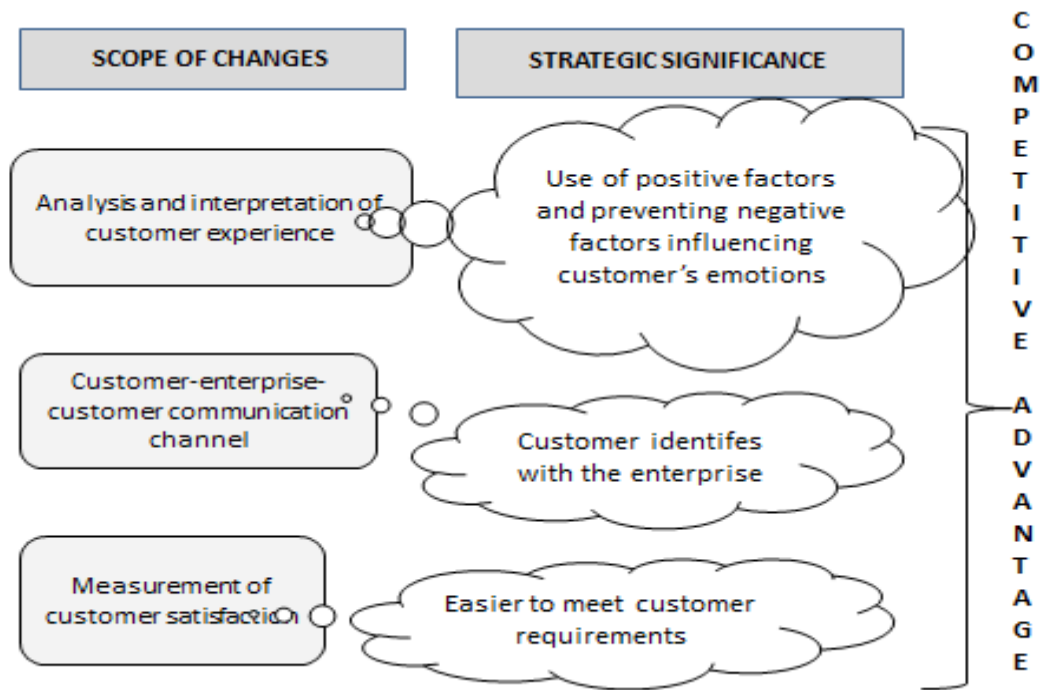


Fig. 3 Conclusions and recommendations for analysed enterprises

Source: own work based on the conducted analysis

Having analysed Figure 3, one can see that the management of analysed enterprises should focus more on the measurement of customer satisfaction; in particular on the reasons why customers purchase products or use the services of this enterprise, also what negative experiences made them leave. It should be noted that customer satisfaction does not cause any negative results, whilst dissatisfaction does. Dissatisfied customers communicate negative information about the enterprise faster than the satisfied ones. A dissatisfied customer can easily destroy enterprise image and undermine its brand. Analysis of customer dissatisfaction reasons makes it possible to take measures minimising the negative impact. The analysis of factors causing positive customer experience can strengthen activities in these areas (for example if fast service generates positive emotions, the employees should not let the waiting times extend). Customer-enterprise-customer communication model is also a very significant factor strengthening the bond between the enterprise and the customer.

The result of the study was an attempt at creating a model for restructuring of marketing in small enterprises. This model is presented in Figure 4.

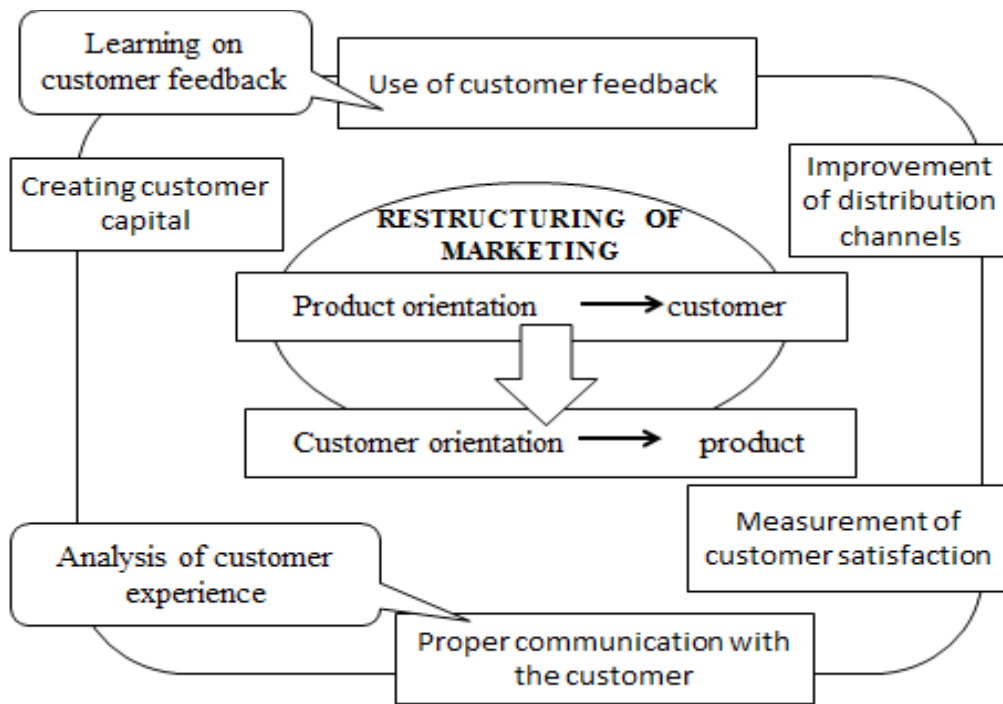


Fig. 4 Model for the restructuring of marketing in small enterprises

Source: own work based on the conducted analysis

Having analysed Figure 4, one can conclude that information about customers have become more important. For these reasons, companies must learn to acquire knowledge about customers not only at the level of individual customers; this information should be collected for all the segments and it should be summarised in the total view. Customer focus is more and more recognized in enterprise activities. Every enterprise claims that its main business strategy is to achieve customer satisfaction, which can be obtained not only by nice service but also by new set of methods and tools which are called management of customer value. This builds up customer capital. The methods include processes that make it possible to build long-term relationships with customers and raise their value for the enterprise, the perception of products, prices, distribution and promotion as benefits for the enterprise, permanent introduction of innovation increasing the offered value and making it more distinguishable [Dobiegała-Korona, 2011]. Modern enterprises are in constant direct contact with the customer, which is why they should perceive the benefits that can be gained from customer feedback. Feedback from customers will be an effective source of information only if one works out answers to the following questions: Has the enterprise reached consensus in customer relations? Do employees and managers regularly receive feedback from customers? Does the enterprise inform customers about the impact of their opinions on the improvement of processes in the enterprise? Is it possible to perceive financial benefits when the attitude of customers changes from negative to positive [Markey, Reichheld, Dullweber 2010-2011]?

Nevertheless, customer feedback can become a valuable source of information if it reaches all levels: from the top management to mid level managers. Managers often complain that profitability growth is very difficult and at the same time they own a "bonanza" of unused potential of a customer base. Attempts at searching for new product or geographical markets or acquiring new enterprises are a short-sighted strategy. Strategically speaking, managers (owners) must not focus on solving current problems but they need to prevent future ones. First-line employees need to learn how to build emotional relationships with customers. Enterprises should aim at minimising the need to use a few service channels, improving the efficiency of self-service. They should also use feedback from disappointed customers or those who have experienced some problems [Comstock, Gulati, Liguori, 2010-2011].

Conclusion

Marketing should be customer-oriented. The success of an enterprise and its ability to gain competitive advantage largely depends on principles, people and processes. Those three dimensions determine the activities within marketing. People should speak a common language and use innovative leadership methods¹. Principles and processes in organizations should be customer-oriented. Customers become those key elements which decide about customer success. It should be remembered that processes and principles depend on people, because people bring organizations to life and manage them. Therefore it is very important to collect knowledge about customers in order to build competitive advantage in the business environment. Thus, organization growth may be positively affected by restructuring of marketing, which was presented in the article. Restructuring of marketing means change of the focus point from sales to customers. Only organizations that are customer-oriented, recognize customer needs and create added value are competitive and successful.

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SUMMARY: Implementation of changes within marketing is increasingly becoming the source of enterprise success. Hence the term: restructuring of marketing, which means the introduction of changes in the area of marketing and is one of the activities that may be the source of enterprise competitive advantage and may indicate the development route. Companies that want to be competitive need to change their approach to marketing and sales orientation and need to start building relationships with customers. Therefore, the aim of this article is to present the idea of restructuring of marketing as well as to demonstrate the compatibility of approach to customers with enterprise competitive advantage. The study has been conducted with the help of K. Burnett's questionnaire, questionnaire with a 5-level Likert scale and interviews. The results showed that the analyzed enterprises do not utilize fully customer perspective measures and those companies are not sufficiently customer-oriented. For these reasons, the practical implication is the formulated conclusions and recommendations for small enterprises, while the added value of the article is the development of a general model of changes within marketing, which can be used by small enterprises.

Keywords: restructuring of marketing, customer relations, customer capital

Article category: Research article

JEL Classification: M39