Searching for shoes that fits the aching feet - a Marketer's solution

Parvez Mahmud *

Abstract

The world economy and the marketplace today are deeply stuck in the mud of a far-reaching recession. The crisis is still unfolding. There remains great uncertainty as to the depth and severity of the crisis as well as its impact on the real sectors (so called main streets). During this tough time, marketing is even more important to support revenue generation. Decision-makers must remember one simple truth: The source of the business's cash flow is the customer base. Cost cutting impacts customer satisfaction and demand, which in turn impact top-line revenue, creating the need for further cost-cutting. This vicious cycle results in a difficult position for any business to re-emerge from. Yet it can be avoided—by maintaining a customer perspective during this trying time.

Steps to be taken

Although a gulf of difference exists between different business situations, some common steps can be suggested to address the problem -

1. Reevaluate the segmentation

Examining the segmentation with an eye toward which customers are truly driving the cash flow and are absolutely critical to retain, and which customers are less important but consuming critical fixed resources, will help to inform investment and cost-cutting decisions.

2. Taking care of customer touch points

One must develop an understanding of the impact that each customer touch point has on the customer and the degree of perceived value the customer receives from each touchpoint. Which add value and are critical to satisfaction? Which are "nice to haves"?

3. Putting oneself into the customers' shoes

The marketer must recognize that customers are taking a hard look at their expenditure profile, which may result in (1) eliminating consumption of a particular product or service; (2) reducing consumption; or (3) continuing to consume at the same level but with a lower-priced product or service.

The third group is the most critical among these three. The first and second customer groups are difficult to influence, but the third can be addressed by continuing to demonstrate the value that a company's offering delivers to them.

4. Focusing on retaining customers rather than acquiring new ones

While investing heavily to acquire new customers may not make sense in this difficult economic environment, investing to retain the customers makes absolute sense. Now is the time to increase customer equity through activities such as these:

- *Opening a dialogue with customers:*
- *Recognize the economic situation and sympathize with the challenges customers are facing.*
- *For a period of time, offer free services that have a limited impact on the cost structure but deliver additional value to the customers.*

5. Augmented customer service

Without making a significant investment in customer service, a business can take various actions to improve the level of service delivered -

- *Developing programs to foster improved customer service:*
- *Developing internal competitions for the customer-service team.*
- *Establishing awards and recognition initiatives for the customer-service team.*

There is an old saying that "one cannot save their way to revenue." In times such as these, we believe that a company should make sure that its marketing is firing on all cylinders and operating as effectively and efficiently as possible.

Keywords: CRM, Contact Management, Opportunity Management, value-for-penny

* Lecturer, Department of Business Administration, The University of Asia Pacific, Bangladesh. **Phone: 01716514753, E-mail: pmrazib@yahoo.com**

Introduction

The financial crisis of 2007–2009 has been called the worst financial crisis since the one related to the Great Depression by leading economists and it contributed to the failure of key businesses, declines in consumer wealth estimated in the trillions of U.S. dollars, substantial financial commitments incurred by governments, and a significant decline in economic activity. Many causes have been proposed, with varying weight assigned by experts. Both market-based and regulatory solutions have been implemented or are under consideration, while significant risks remain for the world economy.

So much has been written about ‘the global financial crises in the recent past. It has even got its own acronym—the GFC—presumably to make writing faster. I fear that the growth of this ‘product’ is mirroring the crisis itself, or at least one interpretation of it. Anyone with a view about the crisis is in print, many with but a tenuous connection to reality, and all generating collectively a massive growth of speculative positions on the crisis. Most readers will have trouble telling quality from the junk—bring on the publishing crash.

No one needs convincing that the economic situation that we are facing today is unprecedented. Yet much of the advice that executives have received is remarkably similar to what they hear during normal time. Because of, among other reasons- deregulation, lowering of trade barriers, advance of technologies, demographic shifts and greater urbanization- strategies which worked a decade ago are unlikely to do so anymore.

What an exciting time to be a marketer. Every industry today is experiencing massive change - competitive shake-outs, industry consolidation, or drastically changing customer needs and behaviors. Change can be a launching pad for growth and an opportunity to do things differently, further your competitive advantage, and gain market share by evolving in new ways relevant to customers.

Recall that- “importance of proper market segmentation cannot be overemphasized”

Marketing segmentation is a powerful strategy for companies experiencing significant market change. Matching your unique value proposition to the right customer segments can help you improve margins and gain market share - and on the flipside, changing needs may require you to adjust your value proposition.

Every marketer today should be asking themselves how has their customer landscape changed - what new emerging needs and values are driving customer behaviors, and has your customer segmentation been affected. By re-evaluating segmentation strategy - which segments do a marketer should continue to invest in, which are no longer attractive, and what new segments may have emerged – a marketer can better align the value proposition with the right customer segments. The same old segmentation efforts with the same old products likely will not position the organization for growth.

It is time for deeper customer insight to question and drive change in a marketer's strategy, and better position himself to adapt to changing customer needs. One can't take a back seat approach. Marketers must be proactive in evaluating their value proposition in the light of change, and ensure it is aligned with their segmentation strategy. It is an exciting time to be a marketer - embrace the change.

In Times like These, a Loyal Customer is the Best Friend.

The recession is now a very ugly reality and it's hitting from all sides. Orders are being cancelled. Projects are being delayed. Cash flow is in the tank. Margins are under pressure. The Board wants to know the survival plan. Employee productivity is down as they wait for the next round of layoffs. So, what's the bright spot in this otherwise cyclone of gloom? Well, it may not be the bright light at the end of the tunnel, but there is still one asset that you can count on to help grow you business. It is your loyal customer. Now, more than ever, your Loyal Customers represent a source of profit and growth and they deserve to be hugged, nurtured and protected. Yes, your Loyal Customer is experiencing all the body punches that the recession has to offer, but they have been with you through the good times and the bad times and they will be with you in the future. It is not the time to turn your back on your most valuable asset. As bad as it is out there, people still need to buy products and services and they should be buying what you have to offer. If they are not buying from you, then whom are they buying from? Loyal customers are still very profitable customers. They buy more frequently (just maybe not as often as in the past). They buy more of what you have. They are less price and promotion sensitive. They put more money in the bank for you. They are emotionally engaged in your business and want to see you succeed. And, most important, they promote your business to their friends and family. They are Promoters of your business and they can be an effective extension of your marketing and sales departments. On the other hand, you most likely have customers who may not have bonded with you as you had hoped. In fact, they may take every opportunity to disparage your products or services to anyone who will listen. These are your Detractors and they can cost your company money.

The concept of Promoters and Detractors has been well developed and documented by Fred Reichheld in his book, *The Ultimate Question*. After reading it, tracking customer loyalty may already be in a marketer's recession survival tool kit. You may just find that one nugget of gold that can help you make it through the night. In a time when many companies are cutting back on spending, it may seem counter intuitive to suggest that limited resources should be invested in understanding customer loyalty. But it is one of the best investments you can make right now. Spending to understand the profit generated by Promoters while identifying how to stop the profit loss caused by Detractors may give you the highest ROI of anything you can do during this financial maelstrom. Tracking customer loyalty doesn't need to be expensive nor messy. You only need to ask a few well crafted questions to get the insight you need. Reichheld's book, *The Ultimate Question*, explains the theory of Net Promoter Score (NPS) in detail, but in a nutshell, only one question is asked to identify Promoters and Detractors: "What is the likelihood that you will recommend our company to your friends and family". Promoters would give you a rating of 9 or 10, while Detractors would give you a rating of 0 to 6. Simple arithmetic subtracts the percentage of Detractors from the percentage of Promoters to yield a Net Promoter Score (NPS) which can be used to measure and track customer loyalty. NPS has proven to be an effective tracking metric but it does need a supplemental survey question to uncover the real nuggets of gold needed to improve your offering to Promoters and Detractors. A simple question such as "What are the two or three things that we do well?" and "What else could we do to make you to recommend us?" It is these types of question that provides insight into the drivers of satisfaction for Promoters and dissatisfaction for Detractors. Take the insights from the Promoters and incorporate them into your marketing messages to acquire more customers. Learn from your mistakes with Detractors to fix the operational issues that are costing you money. You may not make your business entirely recession proof (even if there is such a thing) but you will be in much better shape to weather the storm. As mentioned previously, measuring and tracking customer loyalty doesn't need to be expensive nor complex. New services such as the Consumer Contact Loyalty Monitor (CCLM) provide affordable, convenient and actionable turnkey solutions to track and measure loyalty. Consumer Contact is one of the largest independent data collection companies in North America, offering both CATI and Online services. With over 38 years of experience, Consumer Contact has become a leader in customer satisfaction tracking for B2C and B2B. CCLM allows small to medium sized businesses to track and measure loyalty with the effort and expense involve with many of the large, full-size agencies. We all need to have a best friend when times are tough and it is just as important to find and protect Loyal Customers when the economy is hurting. Your Loyal Customer may be just the friend you need to hold your hand and guide you to the bright light at the end of this dark, scary economic tunnel.

Why CRM Is Even More Important During A Recession

There are many reasons why the effective use of a Customer Relationship Management (CRM) application is vital during times of recession.

The sub-prime mortgage fiasco and subsequent global financial meltdown have left many organizations scrambling amidst budget cuts, layoffs and corporate reorganizations. When it comes to IT, the recession is suddenly making outsourcing CRM and other functions more attractive options, according to analysts.

"If anything is [the recession is] increasing the focus on spend," said Phil Fersht, research director, global business services and outsourcing with Boston-based AMR Research Inc. "Companies are not going to be spending more money on IT and services. They are trying to get more with less, and that means exploring avenues that take advantage of lower-cost delivery. There will be more demand for outsourcing services that have immediate cost impacts on the business and not a heavy initial investment."

1. Obtaining the complete value.

What we are looking at here is maximizing the lifetime value of your existing customers by concentrating more on upgrade, renewal, cross-selling, expansion, referral, and shut out revenue streams.

Let’s look at how a CRM sales & marketing module can help you to maximize the lifetime value.

a. Through improved **“Account Management”**.

• Tracking the purchase history of your customers and analyzing the opportunities for upgrades and cross-selling in future.

• Identifying referrals from accounts and contacts for promoting new products and services.

• Specifying parent-child relationships between accounts and their subsidiaries or other divisions to accelerate your expansion revenue.

• Storing account and contact-related notes and documents in the account history to help you identify upgrade and cross-selling opportunities.

b. Through better **“Contact Management”**.

• Managing the hierarchy of contacts within your customers to have better coordination when dealing with customers.

• Tracking all contacts and related opportunities, support cases, activities, and other details from a central database.

c. Through enhanced **“Opportunity Management”**.

• Associating opportunities with accounts, contacts, activities, and other modules to have a better visibility on the opportunities and provide you with a 360 degree view of your customers.

• Tracking competition on each business opportunity, in order to increase your shut out revenue stream.

2. Assisting you to be more efficient when dealing with your customers, prospects, and suspects.

In every company there is room for improvement in business processes and sales executive effectiveness.

Again, let’s look at how the CRM sales & marketing module can help you to enhance your sales processes and improve your sales execs’ performance.

a. Through better **“Opportunity Management”.**

• Tracking all sales opportunities end-to-end in a sales cycle.

• Importing potentials from other Business/CRM solutions and services. Even Fortune 500 companies have Excel spreadsheets hidden away somewhere with vital sales information that is not made available centrally!

• Again, by associating opportunities with accounts, contacts, activities, and other modules to have a better visibility on the opportunities.

• Analyzing the sales stage and probability of winning deals.

• Using intuitive sales funnel charts to analyze your the pipeline and eliminate any bottlenecks in the sales cycle.

• Alert ALL of the stakeholders in your company when a big deal closes, or is nearing completion.

• By setting up sales escalation processes through workflow rules to reduce the bottlenecks in the sales cycle.

• By automatically generating quotes, sales orders, and invoices from your opportunities.

b. Through better **“Contact Management and Automated Workflow”**.

• By setting up contact assignment rules to automatically assign contacts to your sales executives. e.g. automating web enquiries to lead assignment.

c. Through improved **“Sales Activity Management”**.

• Logging all important customer-related emails into your CRM account for quick reference in future.

• Storing all the details of customer meetings and calls in an intuitive calendar.

• Managing daily tasks of the all of the users in order to create a more streamlined sales process.

• Inviting your CRM users, your leads, contacts and customers to public events.

• Setting up recurring events with daily, weekly, monthly and yearly frequencies.

All of the above can help a business to streamline its sales, marketing and support processes and get them through tough economic times. Following methods can be advised to the companies who are finding it hard to earn even their bread and butter in these tough days-

Concentrate on retention rather than acquiring new customers, search for ways to augment customer service

Innovation is traditionally associated with developing new products or services or adding new functionalities to the existing ones. In both cases, companies expect customers to pay a premium. The idea of innovating the offering that offers greater or almost the same, functionality at a lower price is unconventional. Some executives may regard it as silly: why invest in research to sell products for less than the prevailing prices? However, smart companies have done just that to attract the great masses of value-concerned customers at home.

Cost innovation strategies are disruptive in that they result in products and services those look inferior in some ways to existing ones but are more affordable and easier to use than competitors’ offerings. They often render obsolete the market leaders assets, capabilities and experiences by changing the rules of the game. By undermining traditional profit models and by growing those parts of the market those competitors are ill-equipped to serve.

<u>Selling cutting-edge products at mass-market prices:</u>

Companies often sell the latest technology to the early adopters. By restricting a state-of-the-art technology to a few segments initially and transferring it to the mainstream markets over time, they capture the maximum value throughout its life and enhance the return on their investment in research and development. However, some newcomers from developing countries have found ways to offer the latest technology at mass-market customers at low price.

By changing their strategies in the value-for-money types in the battery market, for instance, Chinese firm BYD has become a global market leader. Lithium-ion cells allow battery powered devices- be they cell phones or electric cars to work longer. When BYD entered the market in 1995, four Japanese companies controlled the market and they sold batteries , which were expensive, only to power high-end products. Instead of trying to improve their performance BYD started to look for ways to replace their costly raw materials used to make lithium-ion cells with cheaper substitutes. It also learnt to produce them at ambient temperature and humidity, which made it unnecessary to construct expensive “dry rooms” in plants. The company was able to reduce the production cost of the batteries from $40 apiece to just$12. As BYD continues to develop lithium-ion cell batteries for more segments, costs continued to fall. And by 2007 its lithium-ion products enjoyed a 75% share of the batteries used in cordless phones, 38% of those used in toys, 3% of those in power tools and 28% in mobile phones. Despite its lower costs, BYD has never recalled its products from the market whereas Sanyo and Sony were compelled to do this when their batteries exploded in laptops.

<u>Offering assortments and customization to value customers:</u>

Customers usually have to pay a hefty premium if they want a large section of products or customized offerings. That’s because most companies in developed countries, which focus on gaining economies of scale, fear that if they offer a plethora of choices, their operation will spiral out of control. They will spend additional time making changes in manufacturing lines and loose money from write-offs on obsolete inventory. But companies in emerging markets have been able to transform the rules of variety and customization by learning to gain economies of scope. First, relatively low human resource costs allow them to hire large staffs to develop customized designs and handle changeovers. Second, they mixed automated processes to deliver quality, with human intervention to gain flexibility. Third, niche markets are far larger in Asia than in the west, enabling companies to economically support a wide variety of offerings.

An excellent example is China's Goodbaby which sells customers 1,600 kinds of children's strollers, bassinets, walkers, playpens, bicycles and tricycles- four times than its rivals offer but at comparable prices. The Shanghai based company has products that practically meet every need- from strollers that can handle uneven surfaces to those which fold away with two simple movements. It covers the entire price spectrum- selling the rolls-royce of strollers for $600 as well as inexpensive ones those retail for $30. A $400 million dollar company Goodbaby can do this because it invests 4% of its annual revenue in research- twice the average for toy industry worldwide. It employs 220 designers at R&D centers in China, Germany, France, UK, the USA and Japan and it comes up on average with 2 new products a day. By 2008, Goodbaby controlled 80% of Chinese stroller market and 25% of the US market.

Developing mass markets out of tiny niches:

Most companies define niches as tiny market segments comprising a few customers who are willing to pay premium prices for goods and services those meet their special requirements. These companies rarely check whether there is any latent demand suppressed by their high prices and poor value-for-penny offerings. Smart companies from emerging markets- such as China's Haier, which has captured 60% of the US small refrigerator within less than a decade- has succeeded by tapping into that demand and turning niches into volume markets.

Companies do not loose money when they shift from high-margin to high-volume products and services. For instance, although cellular phones in Bangladesh are commonplace today, even among fisherman and farmers, they didn't seem likely when the companies started offering mobile phone services back in 1995. then, the first mobile telephone operators charged much more than the state-owned landline companies did. Mobile devices were expensive. Customers would have to pay $150 to $175 to get a connection and each call cost around 15 cents, which was prohibitively expensive for most Bangladeshis. After 2000 leading mobile telephone companies like Banglalink started lowering the prices to grow the market and consolidate the industry. Something started as a premium business, quickly turned into a mass market.

Experience says that, companies defend against emerging giants at home by shifting their focus to high-end, affluent segments. This strategy often proves to be in effective. Volumes at the top end are small, so the players end up with insufficient units over which to spread their fixed costs after they have lost the mass market. Production levels quickly become subscale and the manufacturing costs rise. Meanwhile, rivals from developing countries can spread their costs across larger volumes. Since their revenue from mass market sales match their fixed costs, they can set a price that covers only their variable costs when they target upmarket niches and grow them into mass market. As a result, the incumbent's disadvantage intensifies as they retreat to higher-end market segments.

Instead of moving to the high ground, companies can capture value-for-penny markets all over the world by using one or more of the following five approaches:

- **Collect more resources from emerging markets:** Almost all companies from the developed world source directly or indirectly from countries like China and India to cut costs. To grow, they must make bolder moves that involve relocating as many stages of the value chain as possible, from R& D to customer service.

  Take computer peripherals maker Logitech, which has set up a global production center in Suzhou, China in 1994 and closed its plants in Ireland and United States. When the big bet proved insufficient to maintain its competitive advantage, the company added a major design hub in 2005. Eighty designer works at Suzhou facilities and the numbers will soon double, since Logitech is shifting its most of the product development activities over there. Several other companies are doing the same: foreign firms are operating 700 R& D centers in China by 2008.

  A few information technology giants have shifted the base of their global operational base overseas. For example, in December 2007, Cisco set up a globalization center in Bangalore and located its chief globalization officer there. The CGO implements the company's global strategy, collaborating with functional leaders and developing disruptive business models aimed at creating new channels, markets, processes and technologies. Earlier in 2005, Intel shifted responsibility of its channel performs group in Shanghai. Running the group out of China allows the company to nurture demands in other emerging markets as well as in segments of the developed world that need advanced technologies at inexpensive prices. Cisco and Intel want their China and India operations to take their cost innovation capabilities global- something their Silicon valley headquarters may not be able to pull off, being, as they are, far away from unfamiliar markets and oriented toward high-tech products for dollars, not low-tech goods for pennies.

- **Product development may take place in the emerging markets which will be brought back home later on:** Few multinationals have exploited the full potential of the innovations developed by their foreign subsidiaries. The primacy of the patent organization and the idea that the home base is the font for all innovations die hard. Faced with today's complex challenges, however, some forward-thinking multinationals are reassessing the role of developing markets in their innovation strategies.

In 2006, the Diageo, the London-based alcoholic beverages manufacturer, set up an innovation group in Hong Kong. This group seeks technologies and sports trends in Asia that will help create innovative products for the company's global portfolio. Unilever has long used India as a source of innovation, developing products there that it can sell globally. More than 250 scientists work in two research centers in Mumbai and Bangalore and they have bagged around 600 patents. Recently, the two centers have led the development of Pureit, an inexpensive water purification system that meets the stringent criteria of the U.S. Environmental Protection Agency. Hindustan Unilever launched the product in India in 2008 and it plans to sell Pureit in other emerging markets in Africa and south America in the future.

Similarly, Hewlett-Packard's laboratories in India are developing the Shop Owner's Management Assistant, a simple low cost device that small retailers can use to track inventory. It is basically a Linux based computer with retailing software that can help shopkeepers with inventory management and billing for both bar-coded and non bar-coded commodities and even generate a few standard reports. HP meant the product to be used by India's mom-and-pop retail stores, but the company has found that the wholesalers and the manufacturers also want it, because it enables sales representatives to track customer inventory. The company intends to sell the device throughout the developing world and it anticipates a market for it in the developed world, too, among many small and medium sized enterprises those can not afford sophisticated inventory tracking systems.

- **More investment should be allocated for brands:** The current crisis, we hope, is one-in-a-lifetime event but waves of political coups, hyperinflations, downturns and currency fluctuations are common in developing countries. Executives in developed economies can learn something from the marketing strategies and branding tactics that work in such volatile environments. For instance, western companies always think of TV advertising as a brand building vehicle. However, the cannot afford the daunting cost and high wastage rates of TV commercials when they launch value-for-money products. Executives must find alternative ways to get the message out- which cannot include the internet in many developing countries.

  The Taiwanese computer manufacturer Acer uses a novel channel. For ,ore than a decade, it has put its name on the heavy luggage trolleys and small carts used inside Asia's airports. Business fliers and vacationers, who can afford to fly by air, are both potential laptop buyers. They can read Acer's message for 5 or 10 minutes as they walk from cars to gates or baggage claims to exits. The amounts of time the Acer name and tagline are displayed to potential customers are equivalent, therefore, of 10 to 20 half-minute TV ads, which represent a high impact/cost ratio.

In fact, emerging giants often use cost-effective tactics to break into developed markets. In July 2004, when Haier was trying to build awareness of a new line of air conditioners in the United States, it teamed up with target. They set up a temporary target store filled only with Haier products in Time square in New York and offered customers free delivery and other promotional incentives. Haier sold 7,000 air conditioners in 7 hours- feat that received coverage in the media and set off a lot of chatter on the web.

- **Merging with the big giants is rewarding:** Multinationals have traditionally formed joint ventures with local companies to break into developing countries. Now, however, they must find ways to combine their skills with local firms' cost innovation capabilities. Yesterday's one-sided joint venture must give way to alliances that both broaden penetration in emerging markets and target value-for-money segments in developed economies.

  For instance, when 3com and Huawei joined forces in 2003, they hoped to win market share from Cisco all over the world. For its part, 3com brought its brand, a global distribution network, a detailed knowledge of customers in the United States and Europe and a set of product add-ons those completed the Chinese company's offerings. Huawei brought its product line, sizable market share in developing countries, cost-competitive service capabilities and design and engineering resources. The alliance enabled 3com to compete effectively With Cisco by revitalizing its product range. It helped Huawei accelerate the global penetration of its technologies, enhance its reputation and learn how to build a multinational company. So successful was the tie-up that in 2008, Huawei and 3com decided to merge- a move that the Bush administration thwarted.

  Acquisitions are another way to absorb new capabilities. In October 2001, Emerson Electric paid $750 million for Avansys, one of the world's leading producers of power supply devices for telecommunication equipment providers and data centers. At the time, the experts felt the price was too high, but Emerson argued that Avansys was an outstanding company that brought complementary products, a young and talented workforce and capabilities it could leverage to enhance its business worldwide. The move has paid off handsomely: Emerson Network Power has become a global leader generating sales of $3.6 billion in 2008- an 11% increase over 2007 and margins of 12.6%. In the same way, in 2005, PalmSource, which made operating systems for mobile devices, bought China mobileSoft The Chinese company had developed a wide range of soft wares for mobile phones including a dozen applications, operating software for Smartphones and feature phones and a version of Linux optimized for mobile devices. The combination had provided PalmSource with a line of softwares that enabled it to power mobile phones at practically all price points in all regions. That is partly why, in May 2005, Japan's access, a rival provider of software for mobile devices, acquired PalmSource for a hefty $324 million.

- **<u>Invest in growing mass markets in developing countries:</u>** In the past, many multinationals concentrated on profitable but small high-end segments in the developing world, particularly as an entry strategy. Since growth in the developed world has stalled, it is no longer enough to view sales in emerging markets as the icing on the cake. It is not just that developing countries offer the biggest potential for growth: Western multinationals that don't meet the merging multinationals on their home turf will give them free rein to develop scale and experience. So developed-country companies must invest heavily in growing mass markets in developing countries.

  Nokia's experience in China demonstrates the benefits of such a strategy. The cellular phone manufacturer started by focusing on upper-end segments, where margins were attractive, but had to consider its strategy when foreign companies' share of the mobile phone market fell from 95% in 1999 to 45% in 2003. That was when Nokia and other multinationals decided to mass market, a strategy that raised their share to 65% by 2007. Once outflanked by local competitors those offered customers a large choice of models, the western multinationals have expanded their product ranges considerably. They now even offer popular features as recognition of handwritten Chinese characters for text messaging.

  Nokia launches two or three new models every month in China, having mastered the trick of delivering variety at low cost. Instead of introducing initially high profit devices to a small market and gradually lowering the price as demand increases, as it does at home, Nokia, like its Chinese counterparts, has invested in producing a wide variety of products in the expectation that the volume of demand these offerings will generate will create profit. The company invested around$5.7 billion in China from 2002 to 2006. It targeted the low and the low-middle segments of the mass markets with phones that retail for less than $40 (without any subsidy from the telecommunication operator); some sell for as little as $8. As a result, Nokia became the leader in the low end segment, while still dominating higher-priced segments, enjoying a 40% share of the entire Chinese mobile phone market in 2006.

  To consolidate its position, Nokia has since appointed 100 distributors in cities across China, established 300 franchised sales outlets and recruited more than 5,000 salespeople to promote its products in every corner of the country- not just on the western seaboard where many of its western competitors remain. The company has merged its four joint ventures into a single holding company in China that is one of its five regional units worldwide. Tellingly, Nokia's Chinese manager reports directly to the mobile phone division's head at its Espoo, Finland headquarter.

Bolster Trust

Worried customers- even the comfortably well-off and the live-for-today segments- see familiar brands and products as a safe and comforting choice in trying times. Reassuring messages that reinforce an emotional connection with the brand and demonstrate empathy (for example, by conveying a sense that, “we are going to go through this together”) are vital. Moreover, emphatic messages must be backed up by actions demonstrating that the economy is on the customer’s side. If sales is declining, the last thing to do is to take the problem out on customers and reducing quality while raising prices. Loyalty programs should reward not just big spenders but also the people who purchase small amounts frequently. Rather than imposing ever higher fees on customers who exceed their credit-card limits, card issuers should alert people when they are close to going over their limits. Retailers can educate customers how to shop smart and save money.

While it is important to make emotional connections, don’t neglect to reinforce trust by reminding customers that buying the brand is a sound decision. Aleve got this right when it added to its pool of commercials an ad with the message; “That’s value, that’s Aleve”

Conclusion

Survivors that make it through this recession by focusing their attention on consumer needs and core brands will be strongly positioned for sunnier days ahead. However, companies must understand how people's behavior may change following the recession so they will be able to offer products and communicate messages aligned with the needs of new consumer segments. After most recessions have ended, consumers' attitudes and behaviors return to "normal" within a year or two. Following more extreme downturns, though, consumers' heightened sense of economic vulnerability can persist for a decade or longer. The deeper and more prolonged a recession is, the greater the possibility that there will be profound transformations in consumers' attitudes and values. Witness the long- lasting caution regarding consumption characterizing Americans who lived through the Great Depression or present-day Japanese who endured a stagnant economy throughout the 1990s. Usually, repercussions are not as extreme as that. In the United States, postwar recess ions have lasted an average of 10 to 11 months. The harshest were the 16-month-tong recession of 1973- 1975, during which consumption growth was -0.9%. and the 18 month-double-dip recession of 1980 and 1981- 1982, during which consumption growth was negative in the first dip but rebounded in the second. The last recession, in 2001, saw no decline in *overall* consumer spending, although many individuals cut back. However, the current recession, as noted, is unusually severe, and consumer confidence and trust in businesses are at record-breaking lows. Given these facts, there is a good possibility that consumer attitudes and behavior shaped during this recession will linger substantially beyond its end. While the comfortably well-off and live-for-today segments may carry on as usual, the slam-on-the-brakes and pained-butpatient segments - by far the large majority of consumers - may well retain the consumption habits they've learned. They'll seek value and trusted brands, remain moderate in their purchases of treats, and continue to delay purchases of postponabIes. Consumers can also be expected to retain their distrust of business, an attitude forged by the corporate malfeasance that fueled this recession. This profile suggests two lessons for marketers. First, the discipline around marketing strategy and research they developed during the recession - and the ability to respond nimbly to changes in demand - will continue to serve them when the economy recovers. And second, they should prepare now for a possible long-term shift in consumers' values and attitudes. The shock of the downturn and anger about the abuses that drove it promise to accelerate preexisting trends toward reduced materialism, commitment to sustainability, higher expectations of corporate social responsibility, and resentment of cynical marketing that treats people as soulless and mechanical consumers. Increasingly, customers will demand that business act in their and society's best interests and will factor company practices into their brand choices. During and after the recession, it would be foolhardy for marketers to ignore those changing expectations. While businesses are putting customers under a microscope, their customers are, in turn, examining them more closely than ever.

Reference

1. Fred Reichheld , *The Ultimate Question*
2. Harvard Business Review, April 2009
3. MIT Sloan, January 2009
4. Philip Kotler, Gary Armstrong, *Principles of Marketing (13e)*
5. Philip Kotler*, Marketing Management (13e)*
6. Philip R. Cateora, John L. Graham, *International Marketing (13e)*
7. Shubhash C. Jain*, International Marketing, (6$^{e)}$*
8. World Bank Economic Review, Volume 23, Number 2, 2009

Author:

Parvez Mahmud

Lecturer, Department of Business Administration

The University of Asia Pacific

Phone: 01716514753

E-mail: pmrazib@yahoo.com