MARKETING AND INFORMATION TECHNOLOGY (IT) ARE NOW FEEDING BACK TO EACH OTHER[1]

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Abstract

*While **IT** has had an impact in marketing performance, its use is giving a feedback to marketing. Marketing requires more information to improve performance and in this way is exerting **IT** to produce larger capacity equipment and systems. As companies in the **IT** industry produce and distribute more equipment and systems using marketing, the better understood is the marketing concept.*

1.   Introduction

Marketing is primarily an information function (Blattberg, Glaser, and Little 1994, pg 2). Computing and telecommunications have combined to form Information Technology (IT) resulting in dramatic increase in the speed and amount of information processing and transmission. In marketing, information technology was initially applied to automate and increase record keeping capacity, then to improve operational efficiency, and finally in strategic considerations and decision making (Fletcher, 190, pg 46). There are numerous success stories in the retailing business; the financial sector; the manufacturing industry; the air travel industry; and many other industries, of the application of IT to marketing. What is more interesting is that marketing is now interwoven in IT.

IT is providing marketing with the tools such as telemarketing (Sandom, 1994) and database marketing (Robins, 1994) which are improving its performance tremendously. On the other hand, IT has grown into a fully blown industry comprising of the computer manufacturing, software development, and the telecommunications industries. These industries are producing and distributing a large volume of various products through marketing.

The marketing process in the IT industries has taken an approach which provide many valuable lessons from which companies in other industries may learn (Thorell, 1994). Marketing in the IT industries has a definite feed back on marketing in general. Based on the marketing concept, this process has delved deeper into the essence of the concept, elaborated the basic requirements of the concept, and put this into practice. While companies in other industries have continued to use the marketing mix as the basic way of strategically positioning themselves relative to competitors, companies in the IT learned a few lessons quite early.

For these companies technology is their product. Technology is taken for granted; is expected, accepted, disposable, and transparent (Barmes and Glynn, 1993). Companies who had thought technology *is the thing* made blunders which cost them their lives. Rodime, the Scottish disc drive company, which in 1983 produced the world's first 3.5 in hard disc drive committed a series of strategic blunders which caused the company to cease manufacturing in 1991 (Financial Times, 20/12/94). Barmes and Glynn (1993) warn that "the best product no longer guarantees an advantage over competition. Technology is no longer enough"

In this paper we shall examine this feed back and its nature using the requirements of the marketing concept and examples from marketing by mainly computer manufacturing companies and other companies as and where appropriate. The paper is organised in the following way. Section 2.0 describes the nature of the feedback IT is having on marketing by first dealing with the marketing concept; changing marketing environment and industry structure; and customer orientation, the marketing process, and gaining competitive advantage through IT . Section 3.0 discusses marketing approach under IT. In this section marketing is approached in a broader context covering any industry.

2. Nature of Feed Back IT is having on Marketing

2.1 The Marketing Concept

The marketing concept holds that the key to achieving organisational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors. The requirements of the marketing concept are focus the market; customer orientation; co-ordinated marketing; and profitable operations through customer satisfaction (Kotler, 1992).

2.2. Changing Environment

IT is changing the environment in which marketing is taking place. The nature of competition has changed and is continually changing. The marketing arena is all information and it is very easy to obtain information about competitors and their customers. On the other hand IT is changing the structure of many industries. The introduction of the electronic modules in the electronic typewriter has changed the structure of the typewrite industry by determining new suppliers and by making it easier for any company able to assemble the respective parts to enter the market (Jackson, 1989). This has intensified competition by increasing the number of competitors. With this change and intensification of competition, the environment has become more turbulent.

For a marketing company to do business in this environment, it must have clearly defined goals. For a company to have a goal or goals, it must have a sense of direction it is taking. In addition to this, Fletcher (1990, pg 74) observes that IT has now brought home the important need for marketing companies to really define the business they are in, a requirement of the marketing concept that was left out by marketing companies. Calluna Technology Inc. is a Scottish disc drive maker who have plans to conquer the world market (Financial Time, 20/12/94). The company's goal is clear, to be the world leader in the market of 1.8in. hard disc drives, products that cover not more than the area of a credit card. The business that the company is in can be discerned from the words of Norman White, the founder and managing director of Calluna who said "this is the floppy disc drive of the future. The personal element in personal computing will become the portable element." The company is in the business of providing high capacity portable personal computing. That is the way to the company's goal. The first feed back to marketing is the full realisation of the definition of the business a company is in as being one requirement of the marketing concept.

2.3. Changing Industry Structure

IT has also developed the ability to create markets where none were existing or rendering obsolete those which are old. The introduction of electronic typewriter gave rise to new markets for a new generation of electronic office products and dealt mechanical and electrical typewriter markets a death blow (Jackson, 1989). This means that in addition to changing the nature of competition, IT is also changing the market by creating more segments and eliminating others. Also, IT as observed by Fletcher (1990, pg. 69), in some

instances, has created new markets by uncovering and stimulating needs that were dormant or unfulfilled. Confirming this observation, Convex created a new market segment by developing the superminicomputer between Crays supercomputer and Digital's minicomputers (McKenna, 1991).

A company should aim at remaining in the business it is in not by making a wild goose hunt but by identifying the markets it wants to serve rather than trying to serve the entire market. The disc developed by Calluna is to be an embedded component of a notebook computer but more importantly, the portable version of the disc can be inserted in and removed from any PC having an expansion slot conforming to the standard set by the Personal Computer Memory Card International Association (PCMCIA). The disc can be used as a portable disc or as part of a notebook or personal computer. The company has targeted notebook and PC markets. The second feed back to marketing is the full realisation of the importance of market segmentation as a viable strategy for a company to remain in business.

2.4.   Customer Orientation

The key is satisfying customer needs as the customer sees them. These needs are complex and have been modified by abundant information and new values coming with IT. The customer wants to be recognised and be treated as an individual. The customer wants to see a demonstration of responsibility toward their needs and a feeling of personal concern. The customer also needs to know how well a product will meet requirements. *The customer's eyes are penetrating!*

Some computer manufacturers are realising and putting to practice the fact that if you want to know your customers' needs you should speak to them (Sandom, 1994). Digital, Silicon, and Sun customers come from the educated customer base. These are well versed in the use of the systems and in the use and importance of the Internet. These customers know exactly what their needs are and what they require from the systems provided by the manufacturers. In addition they know what limitations the products have and they usually communicate with the manufacture. These companies recognise this and sponsor researches where some of their customers research in one or more of the aspects of the companies products.

Computer manufacturers have realised that being customer oriented takes more than simply leaning in the way of the customer. The companies work with their customers on specific projects. Digital worked with MIT's

Project Athena during which time Digital Engineers contributed significantly to the development of X-Windows standard. Silicon and Sun have developed products with their customers. To know their customers companies need to speak to them (Sandom, 1994). These companies have done more; they have taken their customers' problems and strategies as part of their responsibilities and developed a reliable customer-manufacturer relationship where their internal expertise have been integrated with the customer resources and used to meet customer needs.

Computer customers are distinct and each unique in one way or the other. Computer companies realise this and, in their relation with the customers, they speak to customers as individuals and offer them the advantage of immediacy and intimacy that is lacking in current business. By connecting their customers on the Internet, Digital, Silicon, and Sun has given the companies the capability to know their customers' needs almost immediately. The client authentication safeguards installed in the Internet ensures that the customer identity and specific position in the company is retained and respected. In this way the customer uniqueness is upheld providing the companies with the opportunity to give the customer the personal attention they expect.

By the nature of the problems that computer customers have, the customers have to know the product they are buying to ascertain capacity to deal with the intended function. Computer manufactures provide their customers with adequate details about their products by way of documents. Digital, Silicon, and Sun make these available through their Internet connection. Being customer oriented include telling customers honestly what the company's product is and what are its capabilities in meeting their needs. Being candid is satisfying your customers.

The third feed back to marketing is re-affirming customer orientation. Customer orientation will ensure that the company is providing the customer with the satisfactions required. The way the computer manufacturing companies are orientating themselves to the customer has a unique underlying philosophy: *satisfying customer needs requires individual and unique attention to the customer.* To match with this philosophy a company has to know the customer as an individual, know and understand the customer's needs, talk to the customer and communicate to them about the product they are buying, and use company relevant expertise to solve customer problems. Be responsible for the satisfaction of their needs.

2.5. Marketing Process

The Internet marketing programs of Digital, Silicon, and Sun did not stem from strategic directives from highly placed marketing personnel but rather it stemmed from the initiative of marketing personnel. The companies have developed a marketing process which allows the generation of strategic marketing ideas to come from any resourceful personnel within the company. This has helped the companies to integrate their internal technological capabilities into the customer needs (McKenna, 1991). Externally the customer has been incorporated as a participant in the successful adaptation of the companies' products.

Mahan (1992) observed tnat one tool of effective marketing is the power to make it happen. This encompass information needed to solve customer current problems and authority and ability to solve these problems without supervision. Digital employees actively monitor the customers through the use of the UseNet feature in the Internet on regular basis. This has brought the employees in contact with the customers and enabling them to respond to customer problems and queries and to receive valuable feed back from customers.

The fourth feed back to marketing is the full realisation that marketing is a process involving everyone and the entire fabric of the company. A company should develop and sustain a co-ordinated marketing process. The idea is that the company should perform a series of activities within and outwith the company which will ensure that the customers are getting what is really required to meet their needs as they have perceived them. A company has to build an internal capability to enable it to serve the customer and build the external capacity to enable the customer to receive this service. The key is to co-ordinate the internal and external capacities in a process through which the customers are actually served by the company. Calluna has employed reliable and competent suppliers in East Asia, England, and California who manufacture and test components for the company's products; and it has a network of specialist distributors in Europe, while in US a company rebadges Calluna's products for sale in its own label (Financial Times, m 20/12/94).

2.6. Competitive Advantage

The marketing concept requires profitable operations by providing the customer satisfaction better and more efficiently than the competitors. To have a competitive advantage means that the company has to differentiate itself over competitors. The traditional way of gaining and maintaining a competitive ad-

vantage has been the 4Ps of the marketing mix; product, promotion, price, and place. The paradigm is now weak and have negative effects on marketing. The way the mix has been used has completely left the customer out and as a result the mix has deteriorated as a way of gaining competitive advantage (Gronroos, 1994). A new approach is needed and Barnes and Glynn (1993) are suggesting the customer service approach.

Customer service is not a new notion and has been around for some time too. The service has been provided as an activity and no one notices it as something special. The customer service referred to here is the value-adding service, the service that will make the customer want to have, and maintain, an on-going business relationship with the company. Fletcher (op. cit, pg. 44) suggests that customer service be looked at as a *marketing process of establishing reliable relationships with the customers*[3]. The three Unix computer manufacturers have demonstrated that to gain competitive advantage through services, a company should interact with the customer, build reliable relationships, and provide value-adding service (Mahan, 1992).

The customer is now more informed and knowledgeable. One way of gaining competitive advantage is to have genuine involvement of the customer in the company's marketing process (McKenna, op. cit). In this way the company will be communicating and sharing information and knowledge, gaining useful feed back, and guaranteeing a product that is tailor-made to the customer needs.

The fifth feed back to marketing is the full realisation that in the final analysis the customer has to chose from which company to buy or which company to do business with on the basis of existing relationships. The computer companies have realised that relationships between the company and its customers form the basis for the customer to choose a company. The customer service process should make this happen. What is important is to make the customer's choice a natural choice. Genuine two way communication and respect of customer communication is the magic. Customers speak with other customers and a recommendation made may be more effective than a new advertisement the company has just commissioned.

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[3]The italicised part is the authors' modification

3.0.   Marketing Approach under IT: A Conclusion

The above discussion indicates that while **IT** has had an impact in marketing performance, its use is giving a feedback to marketing. Marketing requires more information to improve performance and in this way is exerting **IT** to produce larger capacity equipment and systems. As companies in the **IT** industry produce and distribute more and more of these equipment and systems using marketing, the better understood is the marketing concept. The feedback given to marketing from using **IT** is basically the better understanding of the requirements of the marketing concept. The feedback to marketing is seen as coming in the following manner:-

i.   The full realisation of the definition of the business a company is in as being one requirement of the marketing concept.

ii.   The full realisation of the importance of market segmentation as a viable strategy for a company to remain in business.

iii.   The re-affirmation of customer orientation.

iv.   The full realisation that a company should develop and sustain a co-ordinated marketing process.

v.   The full realisation that in the final analysis the customer has to chose from which company to buy or which company to do business with on the basis of existing relationships.

Using examples mainly drawn from the **IT** industry, the feedback to marketing has been made manifest in the following ways.

o   **IT** has stimulated the need for a more complete situation analysis and the need for companies to really define the business they are in, a requirement of the marketing concept that was left out by marketing companies.

o   **IT** has developed the ability to create markets where none were existing or rendering obsolete those which are old; ability to create more segments and eliminating others; and the ability to create new markets by uncovering and stimulating needs that were dormant or unfulfilled.

- IT has modified customer needs and made them more complex by abundant information and creating and delivering new values. Customer orientation now means more than simply leaning in the way of the customer. Companies are taking customers' needs as part of the company's responsibilities, developing reliable customer relationship, and integrating company expertise into customer needs as individuals and giving them the personal attention they expect. The companies also communication to the customer about their products.

- IT has given companies the ability to treat customer service as a marketing process of establishing reliable relationships with the customer and providing value-adding service as a way of gaining competitive advantage, gaining useful feed back, and guaranteeing products that are tailor-made to the customer needs.

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