www.ijemr.net ISSN (ONLINE): 2250-0758, ISSN (PRINT): 2394-6962

Volume-6, Issue-6, November-December 2016

International Journal of Engineering and Management Research

Page Number: 30-34

Marketing Strategies Adopted by Software Companies in Vidharbha Region: A Review

Satish Rewatkar[1], Dr. A. K. Mansuri[2]

[1]Research Scholar, R.T.M. Nagpur University, Nagpur, INDIA

[2]Ph. D. Guide & HOD of Commerce Department, G S College of Commerce, Wardha, INDIA

ABSTRACT

Business organizations are constantly seeking ways to enhance their performances in order to compete actively and aggressively in the market. Profit-seeking organizations have long recognized the importance of creating value in the products and services they offer to the customers, all in the common objective to deliver commercial goods efficiently in order to keep the current customer-base satisfied. Aside from inculcating loyalty among the members of the clients and customers of a business organization, companies are likewise aware of the need to widen and extend the reach of the company's products and services to new markets in order to increase its share on clients and customers. Marketing strategy has been a salient focus of academic inquiry since the 1980s. There are numerous definitions of marketing strategy in the literature and such definitions reflect different perspectives. The prime aim of this research is to Study the Marketing Strategies adopted by Software Companies in Vidharbha Region.

Keywords— Marketing Strategies, Customer Satisfaction, Impact of Brand, Customer Relationship Management

I. INTRODUCTION

Marketing of software firm consists of creating value, delivering value and communicating value to customers. This requires constant analysis of customer needs and technology up gradation. Marketing of software products is different from the traditional product due to uniqueness inherent in the product. (Nigam, 2011) [1]. The paper identifies the marketing challenges faced by the small software firms during the growth process. It starts with the study of small software firm and the influence of marketing strategies on the growth of same. Marketing strategy is more important for software companies now than it has ever been. The strategy of a software firm truly determines the phases it will undergo. The computer software industry is undergoing some major changes which are making an impact on software vendor business models, as well as marketing and sales tactics. A successful marketing strategy can change the present and future of any software firm. In such a competitive scenario where every software company is competing with each other, strong strategy enables them to have a competitive advantage over others. This case illustrates the determining factors of the successful marketing strategy for the software firm and its impact on the future of the firm.

Each company works with specific goals and these are to be accomplished. To accomplish the pre-chosen targets various activities are to be performed. It is a bit much that one all associations would perform one kind of activities. The activities may incorporate production, marketing, human resource, back, transportation, service, explore, co-ordinations, buying, and storage, exchanging, collecting, circulation and others. These activities are performed and these are identified with each other so that the destinations can be satisfied adequately (Alexander, 2010). [2] Comparative way the marketing activities are performed in a portion of the organization those are keen on marketing the items or services for utilization of clients. Marketing is one of the imperative activities of an association. It is through marketing the items or services of the organization are coming to the clients (Brodwin, 2011) [3]. The organization recovers the cash when the items are sold out in the market. So the business cycle continues going further. It is required to facilitate the marketing activities without activities moreover. It is important to work in close coordination with production. Production alone is not going to fill the need. Production without marketing get to be futile for the organization and marketing without production is impractical. So also, marketing is identified with different activities like fund, research and human resource activities (Kotler, 2009) [4]. The fundamental concern of this research paper here is with the marketing activities of software companies in Vidharbha region.

There are several types of businesses in the software company. Infrastructure software, including operating systems, middleware and databases, is made by companies and organizations such as Linux, Google, Microsoft, IBM, Sybase, EMC, Oracle and VMware. Enterprise software, the software that automates business processes in finance, production, logistics, sales and marketing, is made by Oracle, SAP AG, Sage and Infor. Security software is made by the likes of Symantec, Trend Micro and Kaspersky.

India, a relative laggard among developing countries in terms of economic growth, seems to have found such an opportunity in the IT revolution as an increasingly favored location for customized software development. India's success at software has led to speculation about whether other developing countries can emulate its example, as well as whether this constitutes a competitive challenge to software companies in the developed world. The Indian software company consists of a large and growing number of firms using NASSCOM membership as a measure. Many of the firms entered the industry during or just before the economic liberalization in 1991, and few have exited. A few big companies, with a large

Copyright © 2016. Vandana Publications. All Rights Reserved.

fringe of small and medium sized companies dominate the industry during or just before the economic liberalization in 1991.

A growth of 22 per cent for the past five years is proof of the fact that the Indian software product industry is thriving, and that the country is entering the product era. Today, around 2,400 organizations are contributing USD 2 billion to the overall software company revenues, enabling India to emerge as a global software products hub. Exports of software products alone are expected to grow to USD 1.3 billion in FY2011, an increase of 13 per cent over the previous year. The domestic software products market is expected to reach 158 billion in FY2011, recording a growth of 14 per cent over the 2010 revenues of 140 billion. The most remarkable software company of the last 3 decades is that of India. Supported by a technological revolution India became an increasingly favored location for customized software development.

II. OBJECTIVES OF THE STUDY

2.1 To Study the Marketing Strategies adopted by Software Companies in Vidharbha Region.
2.2 To Study the Satisfaction level of customer with respective software product and service provide by them.
2.3 To study the impact of Brand on purchase of software product.
2.4 To study the impact of Relationship Management on the software companies in Vidharbha region.
2.5 To analyze the implementation of different Marketing Strategies and their success.
2.6 To study the Customer Retention toward software companies in Vidharbha region.

III. LITERATURE REVIEW

3.1 Marketing Strategies

According to Proctor (2005), marketing is the procedure by which organizations make client enthusiasm for merchandise or administrations. It produces the strategy that underlies deals methods, business communication, and business improvements [5]. It is a coordinated procedure through which organizations assemble solid client connections and make esteem for their clients and for themselves.

Marketing strategy is more important for software companies now than it has ever been. The computer software industry is undergoing some major changes which are impacting software vendor business models, as well as marketing and sales tactics. (Source: www.software-marketing-advisor.com, 2012). A single case study is applied that analyzes the global marketing strategy of a small software firm with five employees, that globalized instantly and that serves global business-to-business markets by using an Internet-based sales channel strategy. (Fuerst, 2010) [6]. India is one of the strongest countries on the field of software development in the world. India is a fast developing country (Niosi and Tschang, 2009) [7]. Many Indian software companies decide to export to the United States because of their large and lucrative markets. According to Niosi and Tschang (2009) [7], these larger developed markets are also the most mature and readiest to outsource services.

In terms of finding suitable partners, the main challenge for the managers of a software company will be to balance the allocation of resources between the expansion of the network through the current relationships and a focus on establishing new relationships and customers independent of existing networks. These two activities are not mutually exclusive, however, due to the limited resources experienced by many small software companies, a balance must be found. (Moen et.al, 2004) [8]. The Indian export is dominated by custom software development, consultancy, and professional services, over 80 percent (Arora et al., 2001) [9].

In the view of Kotler (2010), marketing strategy, when imagined as the greater wicker container, comprising of components identifying with production, distribution, promotion and pricing, will direct comprehend the importance of this research study [10]. The marketing idea, whereby an organization chooses to construct its concentrate on the gainful fulfilment of its objective clients, has helped numerous organizations, both little and medium size organizations, to build their business development and upper hand. There are a few marketing strategies an association utilizes keeping in mind the end goal to enter a business opportunity surprisingly and to hold its buyer base. A marketing strategy can likewise serve as a marketing arrangement for the association. They both go as one and yield powerful results.

There are various models, theories and literature reviews identified with marketing strategies, there are numerous models and theories, which may look to some extent like what will be talked about later in this research study (Lages et al, 2009) [11]. Some of these incorporate the marketing blend - item, value, place and promotion, in other literature reviews, they are alluded to as the 4Cs-commodity, cost, channel and communication (Chimhanzi, 2004) [12].

3.2 Customer Satisfaction

Customer satisfaction is playing a vital role in promoting the product and experience the profit in the business. In judging the customer satisfaction factors are that businesses should consider: Increasing loyalty and customer retention by just 5% can increase profits by 75%. Most dissatisfied customers will reveal the problem for nine other people. Only 4% of dissatisfied customers actually complain to the company. Satisfied customers, on the other hand, tell five to six other people about their positive experience.

According to Fatima Abogila Mohamed Matog, Dr. Deva Raj Baduu, 2014, Predicting customer satisfaction in the field of software is key point. This has to be addressed and find the possible innovative solutions to achieve the customer satisfaction in the field of software products. To attain Customer-oriented business philosophy the company has to follow customer-focus, customer centrism, relationship marketing and other necessary customer centric fundamental concepts [13].

3.3 Impact of Brand

Brand Awareness is related to the strength of the brand node or trace in memory. Brand awareness is “the likelihood that a brand name will come to mind and the ease with which it does so” (Keller 1993 p. 3). Brand awareness is used to measure brand equity in many marketing studies (see Aaker 1991; Berry 2000; Keller 1993; Kim et al. 2002; Yoo and Donthu 2001; Yoo et al. 2000). Aaker (1991) states that brand awareness can be viewed as a continuum ranging from brand recognition at the lowest level, to brand recall at the mid-level, to top-of-mind recall and finally, the dominant brand.

Brand Equity is a concept that has been studied extensively in marketing literature over the past two decades (Aaker 1991 p. 3; John et al. 2006; Keller 1993; Yoo et al. 2000). Both marketing scholars and practitioners look at brand equity to explain and improve marketing productivity. Keller’s (1993) study on conceptualizing, measuring, and managing brand equity is a seminal article in this area of research.

Keller (1993 p. 2) defines brand equity as “the differential effect of brand knowledge consumer response to the marketing of a brand”. Brand equity is studied for two main reasons, financial-based motivation and strategy-based

Copyright © 2016. Vandana Publications. All Rights Reserved.

motivation both of which lead to additional research and relevance for practitioners.

Software is a flourishing, global business and the largest one hundred software companies in the world together generated software revenues of over $220 billion in 2009 (Verberne 2010). Software is unique in a sense that it can be distributed electronically.

According to Keller (1993), brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong and unique brand associations in memory. The structure of memory association can be explained with a type of associative model formulation (see Anderson 1983). Consumers may associate a brand with a particular product feature, color, logo, spokesperson, or auditory cues.

The importance of brand equity comes into play when marketers try to maximize efficiency from their marketing strategy while trying to decrease their costs. "Given higher costs, greater competition, and flattening demand in many markets, firms seek to increase the efficiency of their marketing expenses" (Keller 1993 p. 1). The brand equity concept is used to measure the incremental utility or value of a product by its brand name (Yoo and Donthu 2001).

3.4 Customer Relationship Management

Developing long lasting relationships is key for the success of the software business as continuously the interaction of software product developer and customer is involved. Relationship marketing brings right mix of customer service, software product quality and marketing. This directly influences the stakeholders of the software firms. Relationship marketing helps to develop right kind of relationship with software vendor with the clients. The software firms should focus on the customers but should try to establish partnership relationship with the stakeholders. It helps to develop marketing network of the firms, which in long run help to optimize the cost of advertising and promotion of new software products and services and maximize the profit of the software firms.

The effectiveness of the marketing of software products can be enhanced by deployment of effective IT Systems with high degree of customization of software products and services as per individual client's requirement. The product specifications can be mentioned online to reduce the time delay in the negotiations. The information should be put on the portals of the software firms and comparability with the competitors should be available.

The software product firms should stress on shortening their sales cycle. Once the buyer finalizes the buying decision, the rest time is spent on meetings, information gathering and negotiations. Shortening the sales cycle brings sales revenue more quickly and improves the sales productivity.

According to Russell, S. Winner (2001), Customer Relationship Management is the new Mantra of marketing. Companies like Oracle have come up with products and services that can track customers through the World Wide Web and be able to predict their future moves needs and wants. Kotler (2003) uses customer relationship management interchangeably with customer relationship marketing. He says that customer relationship management's aim is to produce high quality equity which he called customer equity. Rust, et al (2001) further distinguishes the three drivers of customer equity, value equity, brand equity and relationship equity. Rust, et al (2001) described Value Equity as the customers' objective assessment of utility of an offering based on perception of its benefits relative to its costs.

According to Berry (2003), Customer relationship management (CRM) consists of the processes a company uses to track and organize its contacts with its current and prospective customers. Wilson (2005) stated that the CRM software is used to support these processes; information about customers and customer interactions can be entered, stored and accessed by employees in different company departments. The primary goal of CRM according to Gary and Greg (2002) is to improve long-term growth and profitability through a better understanding of customer behavior. CRM aims to provide more effective feedback and improved integration to better gauge the Return on Investment (ROI) in these areas.

In order to achieve customer satisfaction, it is important to recognize and anticipate customers' needs to be able to satisfy them. Enterprises which are able to rapidly understand and satisfy customers' needs, make greater profits than those which fail to understand and satisfy them (Barsky and Nash, 2003). Organizations must therefore, develop and manage a healthy and good customer relationship with all the entities they have to deal with.

On the perspective that competitive advantage can lead to long-term sustainable profitability, a majority of the respondents felt that it promotes the overall image of the company hence customer loyalty, enhances customer loyalty by enhancing organizational culture, enhances innovations in the company hence customer loyalty, enhances coordination between company and its customers and finally through value addition, the company is able to increase its market base. This study therefore concludes that CRM has an effect as a strategy for gaining competitive advantage for the company. (Rajab Nurwin Fozia, Simon M. Shiamwama, 2014) [14]. Another characteristics of a successful marketing strategy is developing and maintaining relationships (Bell, 1997; Moen et al., 2004).

3.5 Implementation of Marketing Strategies

Implementation is the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan‟s stated objectives. Kotler (1984) cited in Noble (1999b). Implementation was found to be a highly complex and interactive process with many variables impinging upon it – more of a „spring‟ than a simple cascade. Many factors influence the flow and content of the „spring‟ (Wernham, 1985).

It is clear that a poor or vague strategy can limit implementation efforts dramatically. Good execution cannot overcome the shortcomings of a bad strategy or a poor strategic planning effort (Hrebiniak, 2006). Gupta (1987) classifies Strategic Business Units (SBU's) strategic contexts into two dimensions: strategic mission (such as a "build ‟strategic mission and a "harvest‟ strategic mission) and competitive strategy (such as differentiation and low cost). Walker and Ruekert (1987) divided business strategy behaviors into three types: prospectors, differentiated defenders and low cost defenders. These distinctions are based on the strategy categories introduced by Miles and Snow (1978; prospectors, defenders, analyzers, reactors) and by Porter (1980); overall cost leadership, differentiation and focus.

In order to analyze strategy implementation, the researchers reviewed here make use of a variety of theories, including agency theory (Govindarajan & Fisher, 1990), organization theory (Govindarajan & Fisher, 1990), psychology (Kim & Mauborgne, 1991, 1993), social system theory (Walker & Ruekert, 1987), social learning theory (Govindarajan, 1988), expectancy theory (Guth & MacMillan, 1986; Judge & Stahl,1995). The more exotic of these theories provide surprising and useful additional insights regarding strategy implementation: Guth and MacMillan (1986) point out that a richer, if more complex, explanation for individual managers‟ commitment to a strategy comes from the expectancy theory of motivation.

They draw on an expectancy model and find three fundamentally different sources of low to negative individual manager commitment to implementing a particular strategy:

Copyright © 2016. Vandana Publications. All Rights Reserved.

perceived inability to execute strategy, low perceived probability that a strategy will work and perception that outcomes will not satisfy individual goals. Kim & Mauborgne (1991, 1993) bring the scope of procedural justice judgments as a psychological phenomenon from legal settings to social settings to analyze the effect of procedural justice on strategy decision-making and implementation.

Yoo, Donthu and Lee (2000) indicate marketing activities such as price, slogans, symbols, packaging, company image, country of origin; store image, advertising expenditures, and promotional events have important influence on the brand equity and purchase intention. High brand equity levels lead to higher consumer preferences and purchase intentions (Zeithmal, 1998: Cheng and Chang 2004). Firms with high brand equity usually have good performance (Pappu, Quester and Cooksey, 2005).

3.6 Customer Retention

In Current market the concept of customer loyalty is of great importance. Making a consumer loyal toward a specific company product is not an easy work. Loyalty of customer plays vital role to achieve competitive advantage and sustain it. The two main variables Customer retention and Customer satisfaction are of extreme importance. These variables ought to be depending upon various other variables.

Customer retention is dependent on trustworthiness, attributes of a product and customer relationship while Customer satisfaction is dependent on product perceived value and product quality.

Customer retention should thus become a part of the strategic marketing planning process of any firm. It is important to define customer retention and also to understand how it can be measured.

Customer retention in turn earns the business a good reputation and goodwill in the open market. It also generates a healthy competition with the opponents. The record of retention of the customer is the best proof regarding the quality of the products and the services provided to them. It also paves the way for more research and development to happen in their products and services.

The strategies for Customer retention discussed by Roopa Singh, Imran Akhtar Khan (2012) are Proper Email Communication/Marketing, Understand the value of lifetime, Analyze and sell, Customer Feedback and Solicit Complaints Regularly, Give Surprises to Customers [15].

With the understanding of the behavior of the customers and satisfying them provides the benefit to the business in the long term. Establishing good relationship with them by providing better services will create customer loyalty and hence more visits over time. This will bring more profit.

IV. ELEMENTS OF MARKETING MIX

According to Slater et al (2010), marketing mix is the combination of the elements of marketing and what roles each element plays in promoting products and services and delivering those products and services to the customers [16].

The software product firms need to be competent in offering services with ever changing demands of the dynamic marketing environment. To overcome these barriers, the firms should deploy holistic marketing strategies based on the established niche markets for specialized software products (Nigam, 2011) [1].

The marketing mix of the software product is very flexible, as it is neither a pure service nor a pure product. The marketing of the software product had to be dealt sensitively otherwise the firms would lose its brand equity in the market (Nigam, 2011)

The marketing mix is a business tool which includes “four Ps” that are price, place product, and promotion. However, in recent times, the “four Ps‟ have been expanded to the 'seven Ps' with the addition of physical evidence, process, and people are as follows:

(a) Product: The product is a combination of tangible and intangible aspects of the products offered by the manufacturer to the customers. It can be defined as a bundle of satisfaction and dissatisfactions offered by company to the customers at a point of time. Their physical attributes what they do, how they differ from your competitors and what benefits they provide.

(b)Price: Price means the monetary value of the product has been fixed for exchange purpose. The price is the amount a customer pays for the product. It is fixed after considering various factors such as market share, competition, material costs, product identity and the customer's perceived value of the product.

(c)Promotion: The promotion concept is applied for products or services and to the business. The promotion includes all communications a marketer used in the market for his products of services to create awareness, persuade the customers to buy and retain in future also.

(d) Placement: Place represents the point or location where the product is made available to purchase. It is required that the products and customer should be available at a point then only the sales would be possible.

(e)People: The services are being provided with the help of employees and to the customers. There is direct contact for delivery of the services to the customers.

(f)Process: For availing a service certain activities are to be performed. For that purpose, procedure, mechanism and flow of activities by which services are delivered are to be decided.

(g)Physical Evidence: There are essential conditions for providing the service. These are two types. One is internal and another is external. These create the environment in which the service or product is delivered.

V. MARKETING OF SOFTWARE COMPANIES IN VIDHARBHA

Initially, in 1980’s, Software companies was offering only IT enabled Services to clients in US and Canada but slowly and steadily it became the business transformation and services center at Nagpur. An International cargo hub, (MIHAN), is being developed at Nagpur. MIHAN will be used for handling heavy cargo coming from South-East Asia and Middle-East Asia. Project will include ₹10,000 core (US$1.9 billion) Special Economic Zone (SEZ) for Information Technology (IT) companies.

This will be the biggest development project in India so far. More than 118 companies in Vidharbha including 97 registered with STPI. Nagpur region having Parsodi Information Technology Park, Software Technology park at Sadar, Special Economic Zone (SEZ) for Information Technology (IT) companies, Lambent IT Park at Besa. The companies started to made Customized software application, accounting software, web page designing, software application for manufacturing unit, distributors, wholesalers, retailers, Hospitals, for SME’s Enterprise Resource Planning called ERP application. Marketing Strategies of software companies in Vidharbha region are concentrate on the Customer Satisfactions, Impact of Brand, Customer Relationship Management, Customer Retention and Marketing mix which includes 7 ps.

VI. CONCLUSION

Copyright © 2016. Vandana Publications. All Rights Reserved.

Although strategies provide a firm with a plan of action, the struggle does not end there. A constant strife to implement the best strategy available, tweak it or integrate two or more strategies together, are some of the things that need to be done. For all this to be viable the firm needs to have a dedicated working unit. The marketers, the strategy makers as well as the manager, before implementing or introducing new methods/strategies, need to remember what is truly important for the long term benefit of the firm; the idea and needs of their customers. Amongst various strategies, this paper has concentrated on the elements on marketing. All of them are viable, provided some minor amendments are made to suit the region and the firm. Software companies in Vidharbha region can use, what influence they have over the region, and convince governments to be more accommodating towards some portions of a certain strategy. The market for software products is small in Vidharbha region and so they have to cater to every customer. Pertaining to new strategies further research could be under taken with regards to reactive behavior of Software companies in Vidharbha region which will help to achieve deeper understanding in firm and customer behavior which, in turn, will help to implement marketing strategies to the new age.

REFERENCES

[1] Nigam, Dr. Ashutosh (2011), "Holistic Marketing of Software Products: The New Paradigm", IJCSMS International Journal of Computer Science & Management Studies, Vol. 11, Issue 01

[2] Alexander, L.D. (2010). Successfully Implementing Strategic Decisions. Long Range Planning, 18, 91-97.

[3] Brodwin D.R. (2011). Strategic Implementation: Five Approaches to an Elusive Phenomenon. Strategic Management Journal, 5, 241-264.

[4] Kotler, P. (2009). Marketing Management. 11th Edition. Power Points by Milton. Pressely. University of New Orleans

[5] Proctor, T. (2005). Essentials of Marketing Research. 4th Edition. England: Prentice Hill.

[6] Fuerst Sascha(2010), "Global marketing strategy: the case of a born global software firm in Colombia", Revista Ciencias Estratégicas, vol. 18, núm. 24, julio-diciembre, 2010, pp. 271-286

[7] Niosi, J. and Tschang, F.T. (2009), "The strategies of Chinese and Indian software multinationals:implications for internationalization theory", Industrial and Corporate Change, Vol. 18 No.2, pp. 269-294.

[8] Moen, Ø., Gavlen, M. and Endresen, I. (2004), "Internationalization of small computer software firms: Entry forms and market selection", European Journal of Marketing, Vol. 38 No. 9-10, pp. 1236-1251.

[9] Arora, A., Arunachalam, V.S., Asundi J. and Fernandes, R. (2001), "The Indian software service industry", Research Policy, Vol. 30, pp. 1267-1287.

[10] Kotler, P. (2010). Principles Of Marketing: A South Asian Perspective. Pearson Education India

[11] Lages, L. F., Silva, G., & Styles, C. (2009). Relationship capabilities, quality, and innovation as determinants of export performance. Journal of International Marketing, 17(4), 47-70.

[12] Chimhanzi, J. (2004). The impact of marketing/HR interactions on marketing strategy implementation. European Journal of Marketing, 38, 73-98.

[13] Fatima Abogila Mohamed Matog, Dr. Deva Raj Baduu, "Customer satisfaction in software industry", Global Journal of Advanced Engineering Technologies, Vol3, Issue3-2014 ISSN: 2277-6370

[14] Rajab Nurwin Fozia , Simon M. Shiamwama , "Impact of Customer Relationship Management as a Strategy for Competitive Advantage in Kenyan Public Universities: A Case Study of Moi University" International Journal of Business, Humanities and Technology Vol. 4, No. 4; July 2014

[15] Roopa Singh, Imran Akhtar Khan, An Approach to Increase Customer Retention and Loyalty in B2C World, International Journal of Scientific and Research Publications, Volume 2, Issue 6, June 2012 ISSN 2250-3153

[16] Slater, S. F., Hult, G. T. M., & Olson, E. M. (2010). Factors influencing the relative importance of marketing strategy creativity and marketing strategy implementation effectiveness. Industrial Marketing Management, 39(4), 551-559.

Copyright © 2016. Vandana Publications. All Rights Reserved.