



RESEARCH ARTICLE

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Dr.D.Rajasekar

Associate Professor

Amet Business School

Amet University, ECR,Kanathur, Chennai-603112



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Reverse Marketing – a new perspective in the current marketing scenario

D.Rajasekar

Associate Professor, Amet Business School, Amet University, ECR,Kanathur, Chennai-603112

ABSTRACT

Reverse Marketing demands a different perspective on the role of supply and how it should be managed. When it is considered the mirror image of marketing and afforded top management attention, the supply area can have a substantial bottom-line impact with savings in the five to thirty percent range. Translated into profits, a five percent savings in supply dollars may increase profits between thirty and fifty percent. Leenders and Blenkhorn document the innovative efforts of major American and Foreign firms in both the public and private sector which have tested the reverse marketing concept and found that it is essential for quality control, MRP, JIT, global demands, and keeping the competitive edge. This study examines the reverse marketing perspective and its application in the marketing arena.

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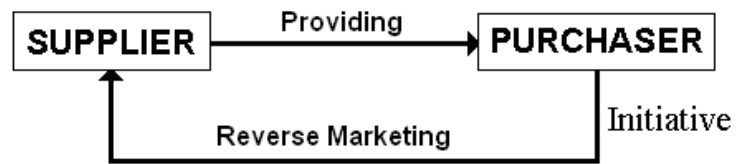
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1. INTRODUCTION

The dramatically changing market conditions have made many firms to realise the requirement of significant changes in their purchasing function. In firms, purchasing has become proactive and strategically important. This phenomenon has been referred to as 'Reverse Marketing'. As the term implies, there are clear similarities with the marketing concept. During the last four decades, many technology and sales-oriented companies have transformed themselves into competitive customer driven organisations. Pressured to meet the demands of global competition, today's buyers and sellers must utilise effective strategies to produce quality products while cutting costs. The reverse marketing is the innovative strategy of supply management. This breakthrough strategy reverses the traditional supplier-buyer relationship in that the buyer aggressively and selectively seeks a long-term relationship with a few key suppliers to maximise quality and minimise costs. The organizations in a variety of industries can put reverse marketing strategies to work for them. Leenders and Blenkhorn illustrate "important decision-making factors such as: when to consider using a small or large supplier; how to turn social, environmental and political mandates -- minority contracts -- into a profitable advantage; and how to take new technological needs to the right supplier for the best deal, best service, and highest quality products". Reverse Marketing will focus management attention on establishing an acquisition strategy which is more concerned with supplier development (and in many instances, the development of non-suppliers into highly valued suppliers). Reverse marketing is the concept of marketing in which the customer seeks the firm rather than marketers seeking the customer. Usually, this is done through traditional means of advertising, such as television advertisements, print magazine advertisements and online media. Reverse marketing works mainly on the basis of the Law of Attraction. While marketing mainly deals with finding the right set of customers and targeting them, Reverse marketing deals with strategies that would make the customer find the company offering the product.

1.1 REVERSE MARKETING

In the marketing current scenario, the buyer-supplier relationship has changed considerably. The traditional relationship, where the seller takes the initiative by offering a product, is increasingly being replaced by one where the buyer actively searches for a supplier who is able to fulfil its exact needs. The phenomenon where the supplier is subsequently urged to deliver the product with the required specifications and where the buyer participates in identifying the best solution is called Reverse Marketing. Graphically, Reverse Marketing can be represented as in Chart-1:



The Purchaser tries to persuade the Supplier to supply

The simple reversal of arrows in Chart-1 produces a substantially different perspective. The purchaser, instead of being persuaded to buy, now tries to persuade the supplier to provide!

1.2 REASONS FOR REVERSE MARKETING

Reverse Marketing is not a technique, but a changed perspective on purchasing and supply management, and is found to lead to cost reductions of 5 to 30 percent. In addition, reverse marketing may result in improved product quality, delivery performance and service support. The traditional purchaser and the reverse marketing oriented person can be regarded as two extremes, each with their own characteristics. The characteristics of the reverse marketing oriented purchaser have far-reaching implications for suppliers. A supplier needs to assess the purchaser with whom he wants to do business and translate this into a strategy and action. One direct consequence for the supplier is an increasing attention to the use of relationship management, which may lead to the implementation of account management.

Reverse Marketing is a powerful method to increase the sales by 'reversing' many of the conventional marketing procedures that really aren't very productive. It can be summarised as follows

- The seller can sell a lot more of the products or services by using methods that get prospects to approach the seller instead of the seller seeking them out. Converting these warm prospects to paying customers is a breeze compared to convincing the cold prospects.
- A system of multiple contacts to qualified prospects can reduce the seller's expenses dramatically and increase the profits.
- The real money in any business is in repeat sales to customers who already know the seller. This type of marketing is easily 10 times as profitable as selling to new customers.

Using reverse marketing, buyers can create "good, better and exceptional suppliers" overtime.

1.3 REVERSE MARKETING – AN EXAMPLE

The most commonly talked about example must be of the cosmetics company 'Dove'. Now cosmetics companies usually talk about how their products will add to your flawed looks. If you're dark, they'll make you fair. If you're pimply, they'll clear it up. If your skin is dry, they'll moisten it. And so on. Cosmetic companies

tend to pick and criticize your looks and create this impression that you're quite ugly overall, and the only way to make yourself more desirable is to use their products. As if their products actually make a beauty of a beast.

But Dove chose a different path altogether. Instead of pointing at the little flaws which your skin might have, Dove asked women to come together and celebrate their beauty. You will now notice, how very less coercive Dove ads seem as compared to the ads of other cosmetics brands. It's a completely different, novel approach to marketing altogether. Dove rarely uses models, who are viewed as plastic and artificial. Dove uses 'real women', beautiful, but not extremely so, to add a touch of realism to the ad. And it is this appeal, the seeming genuineness of women, the lack of coercion, and the lack of this artificially created sense of inferiority of women to the models in terms of looks, that drew more and more women towards using the products of Dove. And yes, it has been successful.

The example probably told a bit about what reverse marketing strategies are. It is a sort of assertion to the customers that they don't really need to use the products of a particular company. It is sort of like reverse psychology-which loosely means that you get customers to do something by asking them not to. Of course, it doesn't forbid the people from using their products or any such thing, but reverse marketing tells people that they're awesome overall even without using any of the artificial add-ons which they sell.

It may seem illogical that this approach should work. On one hand companies practicing reverse marketing seem to be telling customer not to use their products, and on the other hand, we see customers going out and buying them. So what is reverse marketing's whole appeal?

1.4 HOW REVERSE MARKETING WORKS?

Reverse marketing has seen quite a few success stories, even with its fairly unusual approach. Why so? This is because it is a breath of fresh air from the otherwise fear-inducing advertising techniques. How many times have a consumer gone and purchased something because its advertising campaign had some thinly veiled gory eventuality, should the consumer not use the product? It's happened almost too many times.

Lets continue the example of cosmetics. How many of those wrinkle-reducing products ads show women frowned upon just because age is catching up with them. The ad runs as, "see what happened to this lady who didn't use the wrinkle reducing cream when she should have? Now she's old, ugly and no one likes her. You want to be this way?". People started seeing this approach as an open threat and didn't like it. No one wants to be told what to do. And this is where reverse marketing has been successful. Don't tell people what to do. It appeals to the people's sensibilities; the result of this is that

people warm up to these products. They want to use a product that doesn't poke fun at them, or threatens them. They want one which makes them feel good about themselves, doesn't brag and yes, is effective.

Of course, there are some important caveats of using reverse marketing. A new entrant in a market ought not to try this. Dove and other reverse marketers have been successful because they are already established brands and people know how good they are. Secondly, the products have to be so good that they speak for themselves!

1.5 REVERSE MARKETING ORIENTED PURCHASING

Reverse marketing approach to purchasing obviously requires other capabilities than traditional purchasing does. As with every significant organisational change, the successful implementation of a reverse marketing strategy requires

- personnel with the right education and attitude
- sufficient commitment and support from the organisation and
- practical guidelines

that show reverse marketing oriented purchasers how to implement such a strategy.

Organisational commitment and support should be fostered by top management and can be demonstrated by elevating purchasing position in the organisation and involving it formally in various critical strategic decision making processes.

1.6 AN EVALUATION OF REVERSE MARKETING

Both marketing and purchasing are all about developing and maintaining relationships with external parties. Reverse marketing embodies a number of relevant world-wide trends and serves as a conceptual umbrella. This implies that reverse marketing should not be embraced as a completely new purchasing philosophy. In this context, three remarks need to be made.

First, the concept of reverse marketing is not suitable and certainly not profitable for all purchasers. The number of products to which it can be applied is limited and there will always be room for traditional, adversarial purchasing with an emphasis on individual transactions rather than long term relationships.

Secondly, reverse marketing efforts directed at suppliers require an informed and streamlined internal organisation. Internal marketing may prove to be the key to having one's own organisation function as a single unit. However, the implementation of a reverse marketing strategy has significant implications for the whole organisation.

Thirdly, firms can no longer limit themselves to applying marketing principles only vertically (forwards to customer and backwards to suppliers). The successful firms of this decade develop and maintain close relationships with all relevant external parties, such as competitors, manufacturers of complementary

products, government, interest groups and relevant media.

2. CONCLUSION

Reverse Marketing is an aggressive and imaginative approach that requires a strategic perspective of the supply role in the organisation. In reverse marketing, the purchaser takes the initiative rather than the supplier. Reverse marketing may involve the current, past, or new suppliers for any kind of products both existing and new. So, both public and private organisations can use reverse marketing to increase supply effectiveness.

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