



MAXIMIZING EFFICIENCY THROUGH RESERVE MARKETING

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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 savings.

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. This study examines the reverse marketing perspective and its application in the marketing arena

Keywords: *Supplier, Purchaser, Relationship Marketing*

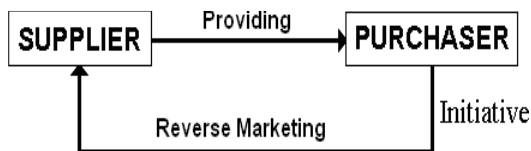
Introduction

The dramatically changing market conditions have made many firms to realize 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'. 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 maximize quality and minimize costs. 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.



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

Chart-1: Reverse Marketing

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!

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.

Comparison between Advertising and Reverse Marketing

- The old way of advertising was based on companies actively trying to convince people that they needed their product. To do this companies would use what is known as the hard sale method which simply means they would go out of their way to tell people that their product or service would in some way improve or enrich their lives. Many times in order to sell their product the hidden messageThe 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.



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order to sell their product the hidden messageAn Example of Reverse Marketing

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 us a bit about what reverse marketing strategies are. It is a sort of assertion to the people 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 people 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 you not to use their products, and on the other hand, we see people going out and buying them. So what is reverse marketing's whole appeal?

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.

Conclusion

Reverse marketing is not a technique, but a changed perspective on purchasing and supply management, and is found to lead to substantial material cost reductions. In addition, reverse marketing may result in improved product quality, delivery performance, and service support. The traditional buyer and the reverse marketing oriented purchasing professional can be regarded as two extremes, each with his or her own characteristics. The characteristics of the reverse marketing oriented purchaser have far-reaching implications for suppliers. A supplier needs to assess the purchasers with whom it wants to do business and

translate this assessment into a long-term strategy.

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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