

Chapter 11

Convergence Marketing

ABSTRACT

The convergence marketing has emerged as an outgrowth of relationship marketing. Many firms in the competitive marketplace prefer on developing strategies by convergence of technology with customer value in promoting products and services. It is argued in this chapter that such convergence among the firms involve consumers, social networks, and technology that influence the decision making process for gaining competitive advantage. This chapter discusses the attributes of convergence of technology with customer value that provides higher competitive advantage to the business through frequent interactions among the market players and customers. The convergence marketing emphasizes on strategic, reflective, and organizational look at relationship marketing and contributes to existing knowledge within three fundamental elements including organizational customer focus, customer management focus, and customer knowledge focus. This chapter also examines how convergence of technology and customer value drives value co-creation in the firms and discuss that in an increasing market competition, customers interact with emerging technologies, and consumer communities co-create value with firms.

INTRODUCTION

Major business trends such as deregulation, globalization, technological convergence, and the rapid evolution of the Internet have transformed the roles that companies play in their dealings in the marketplace. Companies also need to revise some of the traditional mechanisms of the marketplace such as pricing and billing systems.

Prahalad and Ramaswamy (2000)

Growing new technologies have driven customers to become co-creators in developing customized products and services. New technologies have also allowed customers to disseminate personalized messages that they receive and authorize companies to customize the messages that they would like to deliver in the society. Such services were once offered only to the elite for a very high cost, but the application of the technology by the companies for penetrating the mass market makes such customization much cheaper and easier. From

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jeans to coffee, to bicycles, to eyewear, to cosmetics, to vitamins, to breakfast cereals, companies have used this technology to create customized offerings. Managers have realized over time that if customers could get exactly what they want, why they would settle for some less-than-perfect standardized offering or message and if companies could manufacture to order, the inventory reduction would go directly to the bottom line. Many firms focused on convergence of technology with customer value in promoting products and services in the mass markets. The path to convergence has proceeded in the initial responsible stage, companies and social networks, and social organizations, realizing that firms, technology, and society had to coexist, started to look for ways to influence each other through joint social responsibility projects. This experience paved the way for the get-into-business stage, in which social networks and companies sought to serve the customers at the bottom of the pyramid market segment by setting up successful businesses. In this process, customer learned through peers the business discipline from the private sector, while corporations gained an appreciation for the local knowledge, low-cost business models, and community-based marketing techniques that have mastered in managing the communication in the bottom of the pyramid. Increased success on both sides has laid the foundation for the co-create business in which companies and social networks become key parts of each other's capacity to deliver value (Burgmann and Prahalad, 2007).

Convergence of technology with customer value provides higher competitive advantage to the business that has frequent interactions among the market players and customers that are complex and important in achieving success in business. The convergence marketing is woven around the five Cs driving the "fusion" concepts in the corporate marketing strategies (Wind et al, 2001). These 'C' factors include:

- **Customization:** Convergence of customized and standardized offerings and messages
- **Community:** Convergence of virtual and physical communities
- **Channels:** Seamless convergence of call, click, and visit
- **Competitive value:** Convergence of new and traditional competitive value equations and pricing models
- **Choice tools:** Convergence of new search engines and decision tools for consumers and company-provided advice

These are areas in which new technologies and systems create opportunities for customers to do things. These factors also provide new strategic areas in which customers could creatively combine the old with the new to create a fusion. The product or service may not be important enough to warrant the time and energy of customization, and customers may have an unarticulated need, so they may not know what they want until they see it. They also might like to fit into a crowd, with popular music or a global brand. They might like to engage in an experience that they don't need to design themselves. For example, many movie viewers would prefer to see the artist's vision for the plot than to write their own "customized" end to the movie. Texas Instrument used its Web site to involve teachers in developing its new TI-92 calculator on its Web site. The participants were so engaged in the process that when a competitor came out with a copycat product, one teacher complained that the "competitor stole *our* ideas." Companies can also create standardized products that offer opportunities for future customization. For example, the Lego Studio is a standard product that children can use to put together original movies that they can share with others over the Internet. Neurosmith developed a cartridge system that will allow parents to go online to change the tune that plays on the company's Music Blocks for infants.

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