

## Unit 9

## Definition of 1:1 marketing

Works on the principle of marketing to & targeting a customer individually.

1:1 marketing seeks to sell to one specific customer as many products as possible over a period of time and across different product lines.

The share of customer: change in mind set where focus isn't number of customer that the organisation seeks to reach with the product, it is the number of products that each individual customer buys that counts.

1:1 marketing doesn't mean interacting on a 1:1 basis with the customer, but rather evaluating each customer and determining a marketing strategy based on the profitability of the group or customer.

## Contrasting 1:1 marketing with mass marketing

### Mass marketing

- The marketing that has traditionally taken place where the market consists of people who are relatively similar (same market segment) and who are exposed to high levels of advertising.

### 1:1 Marketing

- Focuses on increasing the number of products sold to each individual customer

## One-to-one marketing

### Advantages/benefits of 1:1 Marketing

- ✓ The ability to track defections by customers and attempt to find the reason for them
  - Through 1:1 Marketing, the organisation can track defections & attempt to find reasons for the defections
- ✓ The ability to know customers better and thus satisfy their needs more adequately
  - Info regarding the customer can be collected and used to develop products and services that satisfy the needs of the customer better.

### Steps in the 1:1 marketing process

1. Identify individual customers and establish how they can be reached
2. Differentiate between customers by their needs & values
3. Interact with customers to establish a dialogue
4. Customise the organisations products
5. Make the relationship a continuous learning relationship

## Steps in the 1:1 Marketing Process

### Step 1:

- *Identify* individual customers and establish how they can be reached

Necessary to have information about customer, including:

- Age
- Income
- Other demographic criteria
- Purchasing behaviour
- Preferences over a period of time

### Step 2:

- *Differentiate* between customers by their needs and values

The organisation should differentiate between the customers who have been identified as this will help it to focus its efforts on gaining the most advantage with the most valuable customers.

### Step 3:

- *Interact* with customers to establish a dialogue

The organisation should determine the best ways of establishing customer contact to develop a meaningful dialogue with the customer:

- Websites
- Social media networks
- Voicemails
- Emails questionnaires
- SMS's

Customers & organisations need to share info about:

- Disposable income
- Family members roles and behaviours in the purchasing decision
- Changed product and service preferences

### Step 4:

- *Customise* the organisation's products

- The organisation should ensure that a product is available that meets a customer's needs, and this may involve customising the product.

### Step 5:

- *Continue* making the relationship a continuous learning relationship

- The organisation should create an ongoing learning relationship by focusing on building up the relationship in the long term.

Table 5.1 Contrasting mass marketing and 1:1 marketing<sup>6</sup>

<b>Mass Marketing</b>	<b>1:1 Marketing</b>
Product managers seek to maximise the sales of their product i.e. to as many customers as possible	Customer managers seek to sell as many products as possible to one customer at a time
New customers are sought on a continual basis	New business from current customers is also sought
Economies of scale is the focus	Economies of scope is the focus. (This refers to the extent of the knowledge that the organisation has concerning a customer, where the more information an organisation has, the better the quality of the relationship with the customer.) <sup>7</sup>

## Definition

The process of providing and supporting profitably individually tailored goods & services according to each customer's preferences with regard to form, time, place & price.

- Providing & supporting
  - Provision of after-sales service & a warranty/guarantee.
- Profitable
  - The organisation shouldn't consider offering certain options
- Individually tailored
  - The product is designed specifically to satisfy individual needs that have been identified as part of the 1:1 process
- Goods & services
  - Both goods & services can be customised
- Customer preferences
  - Must be unique as if too similar, it might not be profitable to customise
- Form, time, place & price
  - Customisation process must make allowances for different customer needs with regards to nature of product, when, where and price

# Mass customisation

## Customisation and personalisation

### Customisation

- The process of providing & supporting profitably individually tailored goods & services, according to each customer's preferences with regard to form, time, place & price.

### Personalisation

- The process that enables communication, products and/ or services to bear the name of the customer, thus adding value to the customer as they position themselves with others
- Eg: Name on diary, caps & clothing; communication, etc

## Preconditions for mass customisation

### Individual needs & preferences

- Individuals should have individual needs and preferences that are specific to them so that, in effect, he or she is a possible segment by him- or herself.

### Assembling unique offerings

- The business should be able to assemble the unique product or the customer should be able to complete the assembly.

### Customer appreciation

- The customer should value and respond to companies that can mass customise those products that have important purchase criteria for customers. They must regard the criteria as important and appreciate them.

### Adaptable technology & processes

- The technology and processes of the organisation should be sufficiently flexible and adaptable to accommodate mass customisation.

### Support of intermediaries & suppliers

- The intermediaries and suppliers should be supportive of mass customisation.

### Readiness for a mass customisation programme should be considered

- The organisational readiness for a mass customisation programme should be considered.

### The competitive environment should be analysed

- The competitive environment within which the organisational functions should be analysed.

## Approaches to customisation

### Option 1:

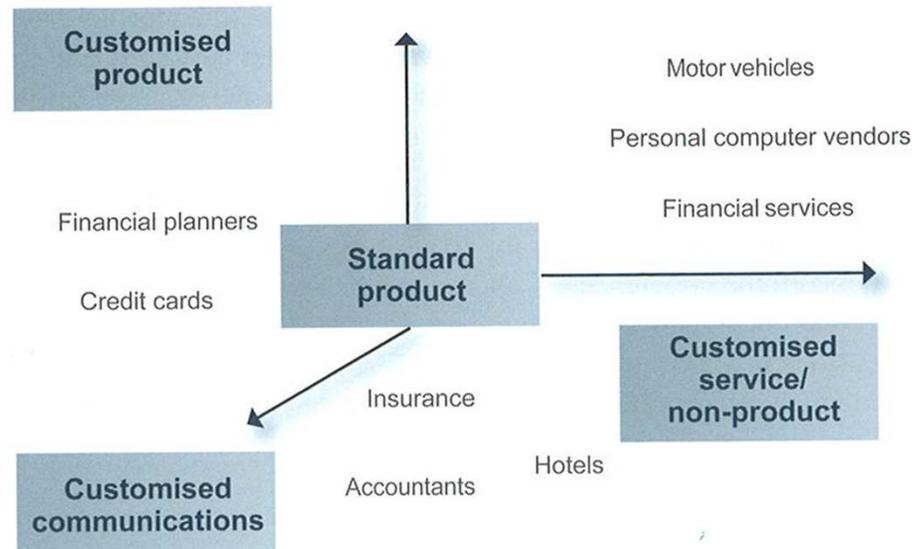
- **Standard product, standard service & customised communication**
- The organisation is personalising the communication & some organisations attempt to customise in this way. The impact of this personalisation is limited in that it does not affect the entire operation of the organisation.  
Eg: Amizon books

### Option 2:

- **Standard product, customised service & customised communication**
- The organisation has the ability to adapt aspects of he service offered as well as the communication, but the core product remains the same.  
Eg: Hotel

### Option 3:

- **Customised product, customised service & customised communication**
- This places a great challenge on the business, as it has to be able to deliver the options that it offers its customers. This implies that the organisations inter-functional co-ordination and cooperation have to be at a high level.  
Eg: motor vehicle



## Selecting the appropriate degree of customisation

The organisation's mission  
(the mandate fit).

- Does the organisation's mandate and mission provide guidance as to which approach would be best?

Customer feasibility.

- Organisations should research their customers to establish the nature of the desired customisation.

Competitive advantage.

- Mass customisation has the potential to deliver competitive advantage, thus the actions of competitors should be examined.

Operational feasibility.

- The organisation should establish whether it is practical to implement these options.

Financial feasibility.

- Will customisation result in greater profitability? To answer this question, costs (and the potential benefits) should be calculated.