Applications of marketing flexibility in manufacturing and service sectors

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Abstract Most businesses are now faced with extreme pressures that relate to advances in globalization, rapidly evolving technology, as well as changes in the demands and behaviors of consumers. Marketing flexibility is therefore the key strategy for a business which helps to ensure customer satisfaction, achievement of success, differentiation among the competitors and superior performance under the environmental fluctuations. Unlike the plenty of studies pertaining to manufacturing and operational flexibility, there are only little efforts made to investigate and research on the topic marketing flexibility. Hence the concept of marketing flexibility is relevant for the prevailing situation and moreover it is undoubtedly an important topic for researchers that help in investigating firm performance and the sustainability of competitive advantage. This article presents an extensive study about marketing flexibility and its practical as well as theoretical applications through various approaches.

Keywords: Flexibility; Marketing flexibility; Agility; Flexibility in services; Flexibility in manufacturing

1. Introduction

It was found that most of the studies in the field of flexibility were concerned about operational and manufacturing facets rather than flexibility in the field of marketing. Also, these works also explored the versatility of marketing in broader strategic context. [1] define flexibility as “Flexibility is the degree to which an organization has a variety of managerial capabilities and the speed at which they can be activated, to increase the control capacity of management and improve the controllability of the organization.”

In this fast-moving volatile, uncertain, complex and ambiguous world, nothing is static. This is applicable to the businesses as well varying from various domains – finance, marketing, human resources etc. Organizations that lacks flexibility was found not doing well in their business as expected compared to the competitors in the same field. Flexibility concept is still under the stage of studying wherein lots of researches and studies have to be performed in order to understand its dynamics and applicability. Organizations that have adapted marketing flexibility can face demand fluctuations both short and long term and also cope with the threats that they may face in this ever-changing business environment. Marketing flexibility helps the business to succeed and survive in such challenging situations. It acts as a key to the growth strategy of the organization.
2. Individual Approaches

2.1 Corporate Entrepreneurship

The research performed by [2] deals with a study of selected managers in South Africa working in different industries. It was found that there is a positive relationship between different market orientation, flexibility, and job satisfaction factors. The authors suggest that companies should develop their business strategies by promoting their marketing, flexibility and job satisfaction orientation.

According to [3], there have been changes in the way of doing business after the introduction of the Liberalization, Privatization, and Globalization (LPG) phenomenon. LPG has eroded boundaries which led to more challenging competition and providing importance and priorities to the customers. The research explains the lessons that are to be learnt from the corporate world by closely examining various firms such as Nokia vs Micromax (Developmental (NPD), Distribution, and Price Flexibility), Wal-Mart/Big Bazaar Vs Subhiksha (Promotional, Distribution, Logistics, and IT Flexibility) to name few.

2.2 New Product Development

In order to develop complex value-constellation systems that are capable of optimizing the satisfaction and advantages of all involved parties, the flexibility of marketing programs must be extended to all involvement, interaction and implementation processes [4]. The author explains a theoretical approach of the study that has few limitations. The first limitation is that the model built and addressed is merely a preliminary attempt to identify the main areas of the marketing system that need versatility to improve the co-creation process of value. The next limitation is that the flexibility research of participatory marketing processes has focused primarily on the advantages of this approach. The third limitation is that the developed model needs to be tested and improved through empirical research.

In order to cope with the market changes and performance, two distinct marketing skills are necessary to be adopted by the organisations - marketing flexibility and marketing planning capabilities. The authors [5] use view based on resource and literature exploring strategic flexibility to understand more about the paradox that is identified for planning the flexibility which is essential in achieving superior organizational responsiveness and a productive New Product Development (NPD).

2.3 Arts industry

Location advantages along with product development, advertising and pricing strategies have become strategic tool for the arts industry [6]. The author studies how location and other marketing mix factors can affect the financial flexibility of Performing Arts Organisations (PAOs) and their success.

The article published in Tribune Business News [7] demonstrates how well marketing flexibility can be applied in the field of arts. There have been so many customisations by the customers regarding their ticket buying options based on the varieties of the concerts that they are attending. In the last decade, the orchestra has made several changes to tackle subscriber-drain- more flexible exchange policies and encourage listeners to create their own concert packages.
2.4 Automobile industry

The case study of Tata Nano has been studied and explores to establish a significant role in recovering the sales profits of this car. The study done by [8] reported that inflexible marketing was one of the main causes of Nano's initial poor sales. Tata Motors recognised this issue and fixed it by producing the revised version of Nano 2012, which clearly means that Tata Motors could incorporate high flexibility in marketing. This is very clear when it was observed that the sales improved drastically by a thriving margin immediately after the launch of Nano 2012 bringing back. Hence Tata Nano could reach its maximum potential by the effective use of marketing flexibility as the situation demanded.

The study [9] concludes with the finding that automotive organisations were forced to adopt business-environment volatility and market dynamism to have the appropriate level of flexibility in their marketing mix. This author explains the importance of why marketing flexibility needs to be practised in the companies by taking the example of market leaders who controlled the industry for long time. The research also shows that even the market leaders today are having the fear of losing their positions in the market and they consider factors like innovation and inventions are essential to retain the same. The constantly fluctuating fuel prices, declining customer loyalty, increased knowledge and constant switching between the petrol and diesel variants have increased risks not only for individual companies but also for the entire market. Marketing flexibility if integrated on all these critical issues will ensure that both feasibility and relevance are retained by adjusting to the various rising situations.

2.5 Telecommunication industry

In the Indian Telecom Sector, the series of different events has turned the industry into a more competitive and dynamic environment [10]. It was observed that telecom organisations could manage and retain their customers by applying flexibility in various marketing activities such as branding, point of purchase, product creation, product differentiation, product planning and development, pricing strategies and loyalty programs. The author also suggests to use marketing and flexibility interaction matrix to develop flexibility integration model by considering other business functions like finance, supply chain and CSD.

2.6 Finance

[11] found that both initial public offering firms and seasoned equity offering firms are succeeded by a more aggressive marketing promotion in the initial two years following the offering. The link between marketing investment and firm value is moderated by the strategic flexibility of competitors with respect to issuers. It was also found that the only those issuers with less strategic flexibility could benefit more from the competition compared to that of firms that have adopted an aggressive marketing strategy.

The research in the field of commodity production done by [12] revealed that when two spot market prices are negatively correlated, the commodity producer would hedge more both financially and operationally. It was also observed that the marketing flexibility impact was more significant when the correlation is negative. The research concludes that the commodity producer should make operational and financial decisions simultaneously.
2.7 Methods to measure marketing flexibility

The research conducted by [13] identified the factors that should be utilized to maximize flexibility. It is suggested that the marketing-based flexibility is needed to improve the planning in organisations. A conceptual model of marketing flexibility orientation was developed based on the dynamic capability and contingency theories [14].

[15] developed a marketing flexibility measurement scale (AUTOFLEX) for automobile companies which includes a 26-item scale of six different dimensions including price, customer orientation etc. The study also paves ways for the future research on marketing flexibility in automotive field. The first limitation that can be observed in this scale is that, only a hand-picked number of automobile organisations operating in four-wheeler department were taken for the study. The other limitation that can be observed is that the study has taken only the company’s perspective and not the customer’s point of view which is also an important factor in deciding the dimensions and the factors. The third limitation is that the developed scale cannot be used for other segments of the automobile industry though these segments are similar in many aspects.

[16] developed a scale - FLEXMARK to measure and test the marketing flexibility in the organisation. This scale is an important indicator of organisational performance and can be used to measure organisational flexibility. The development of scale revealed that 59 attributes and 12 dimensions were relevant including new product development and Innovation, price measure, channel partner, customer satisfaction, structure of sales and marketing department, employee audit, training needs etc. Though the scale is not yet tested for reliability and validity, it is first of its kind in the field of flexibility which can be used by managers while taking strategic decisions. There is no particular industry or sector identified for the application of this scale. Hence further studies can be done to customise or standardise the scale as per the specific industry or sector needs and demanded flexibilities.

The research has come up with a 26-item AUTOFLEX scale that showed good reliability with the support of strong proof of content, construct, and nomological validity [17]. The scale could also establish its correlation with measure of market orientation which was essential for the nomological validity. The AUTOFLEX scale has adopted the concept of marketing flexibility that helps to make decisions according to the customer preference changes. The degree of marketing flexibility and various ways to enhance it by finding areas which are missing can be found and rectified by the automobile managers by using this scale.

3. Strategic flexibility

[18] define market focused strategic flexibility as “The firm's intent and capabilities to generate firm-specific real options for the configuration and reconfiguration of appreciably superior customer value propositions”. The authors propose an integrative model with a proper approach in place that act as a mediator of market-focused strategic flexibility in marketing strategy frameworks. Organizations should use of strategic flexibility to combat business uncertainties. Strategic flexibility refers to a firms ’ ability to acknowledge, adjust and adapt to changes in the environment. Environmental dynamism is one among many important factors that influences strategic flexibility. It was found that there is positive and significant relationship between strategic flexibility and exploitative innovation performance [19].
The managers should be capable enough to understand when they have to stop or reverse resource commitments and act accordingly [20]. The authors show that in a vicious cycle of insensitivity, self-serving interpretation and inaction, managers can become unconsciously trapped. Changes in today’s demand are a "contextual" approach to marketing intelligence and planning. Another perspective of strategic flexibility is being studied in the research conducted by [21]. Strategic flexibility enables a company to decide whether the emergence of new market, new technology, political rules/regulations and public opinion can be controlled or not.

Classical business borders are beginning to blur because of changing contexts. Product expansion and product extension are not considered to be going hand in hand. Instead, they are complementary as they are the parts of a dynamic process. Marketing and flexibility in development have both a positive effect on the competitive success of an organization and on product innovation in a material way [22].

4. **Coordination flexibility**

From a marketing perspective, strategic flexibility helps a firm to redefine strategies, and to reconfigure and redeploy resources with respect to a firm’s products and markets. The research conducted by [23] and [24] exemplifies the same concept. The research by [25] is an attempt to bridge the gap in the coordination flexibility from the view of collective cross-functional connections and flexibility in the usage of resources. This research explores the need of intra organisational coordination flexibility (IOCF) for marketing. IOCF deals with the readiness to accommodate deviations from the standards kept according to the strategies and to adapt to them and plan their cross functional activities more effectively and efficiently. This is considered as a critical factor for succeeding in the business.

5. **Retail business**

[26] establishes a systematic approach on how the expected total sales can be predicted over a certain period of time when the days designated for sales campaign are provided. The [26] says that when N campaign days were allocated over a period of M days, the total sales may not incur any additional cost when the marketing flexibility is introduced. The study is applying ABC analysis to define a Good Sales Day (GSD) and using this, the values of four expected daily campaigns were calculated that can be used to maximise the expected total sales.

As per [27], “A flexible organizational structure is a must for organization to be viewed as an open system. An informal organic and centred enterprise with a flat hierarchy, loose job descriptions, self and focused teams and cross functional involvement meets this requirement quite well.” The research urges the need to study how temporary flexibility can affect the attitude of retailer employees with respect to the flexible labour hours. The relation between flexibility and enterprise can have a major impact on the competitiveness and efficiency of the enterprise.

There was another research conducted to understand how small businesses and environmental uncertainty are related. It was observed that responsiveness was considered as an unavoidable factor that the small businesses with higher levels of market orientation would consider sustaining in the changing industries [28]. The aspects of technological turbulence in the field of competitive advantage
and innovative ideas for product supply were also explored in the research. These factors were closely related to the higher degrees of market orientation.

6. Technology/E-Commerce/Online industry

The research conducted by [29] concluded that the different characteristics of product novelty are associated in a different way to role flexibility of R&D/marketing. Hence, careful measures should be taken while planning the product development in such cases and ensure that the integration between R&D and marketing are done effectively.

The research done by [30] presents a comprehensive view of flexibility. The ways by which online businesses accommodate technology, human resources, operations, marketing, finance and management define how they can become versatile in the industry. It is essential to concentrate on customisation and personalisation of products and services offered online as it shows how much the firms are competitive and flexible in accordance with the fluctuating customer demands. As per the research, the author suggests having flexibility in the field of market research, products/services offered, pricing, distribution and public relations which are essential components of marketing field. As the environment is facing complex transformations very frequently, an improvement in the strategic decisions’ quality along with online business flexibility is really necessary to sustain in the market.

A new generation of mobile devices has significantly increased the internet's reach, resulting in the rapid growth in the field of m-commerce [31]. Along with the traditional method of accessing internet via PCs, mobile access seems to attract more people due to its versatility, making it possible to access the Internet from anywhere. This has paved its way to the popularisation of m-commerce over the existing e-commerce. The model developed by [31] discusses the relevance of optimal strategy in allocation of promotional budget between PC and mobile promotions.

7. Key issues in further research

Not only is the subject of flexibility relevant to current practice, but it is also an important topic for scholars when researching how effectively a firm works and competitive advantage required for its sustainability. Managers face significant challenges when handling external change and adapting to it [32]. The article also mentions about the economic crisis that has occurred in many countries including Europe which has undoubtedly affected the need for flexibility in firms. The other factor impacting the marketing flexibility is the changes in the consumer behaviour. By the implementation of strategic marketing flexibility in the firms, they can achieve sustainable competitive advantage.

The major challenge faced by managers in the field of flexibility is the implementation of flexibility. The managers should be able design portfolios to increase the flexibility or should consider developing strategic options that are creative and differentiable by interacting with the customers. It was also suggested that further research is needed to address how innovations can affect the market orientation and flexibility alignment.
8. General applications

[33] find that niche markets are unstable. Because of this, chances of catastrophic failures are really high and this shows the importance of market flexibility in order to survive among the competitors for long term. The author illustrates how strategic flexibility can be incorporated in niche marketing – via systematic contingency planning and portfolio development. First of all, an organisation should face an adverse unavoidable mishap, overcome its shock and continue its business as before in order to survive in long term. This equips the organisation to face any problems and its consequences in the future – both short term and long term. Any company that over invests in a single resource is unlikely to possess required flexibility, and hence it could fail.

In order to develop complex value-constellation processes capable of enhancing the optimal benefits of all stakeholders, marketing system versatility will significantly improve the value-creation process through engagement, interaction and implementation [34]. Flexibility, within specific limits determined by the expertise, resources and productivity objectives of the business, represents the main feature of participatory marketing programs, enabling interactions with and among staff, consumers and other stakeholders [35].

The research done by [36] highlights critically the gap in the relation between technology and strategic management process that organizations follow. The field of flexibility and organizational strategy is evolving and there must be proper understanding how it affects the enterprise on different management processes leading to increased competition and better performance. The author also illustrates how versatility has developed as a philosophy and takes the form of a strategic catalyst to improve the performance of the organizations.

9. Labor market flexibility

[37] says that to secure flexibility in uncertain and changing environment, firm can ensure flexibility in two ways: Flexibility on the extensive margin and flexibility on the intensive margin. The former is the employer’s ability to change the number of employees and the latter is changes in working time, or in the range of tasks that employees perform. Countries with more stable labour markets should have a competitive advantage precisely when changes are more important namely those industries that suffer from high variance shocks [38].

10. Futuristic research directions

In this paper, 36 articles from 1992 to 2019 have been collected through various trusted websites, which helped in exploring the studies conducted in the field of marketing flexibility and its applications in various segments varying from finance, retail business, flexibility scale development etc. The approaches, real time case studies, applications, advantages as well as disadvantages have been summarised.

Companies operating in a complex and rapidly changing world need to build marketing flexibility to achieve sustainable competitive edge. It was observed that marketing flexibility has been applied in numerous fields. The case of Tata Nano is such an example which showed how the application of marketing flexibility helped Tata in reaching its maximum potential sales. There have been studies in
the automotive industry. Marketing flexibility scale has been developed by taking many factors into consideration which can be used to measure organisational performance and organisational flexibility.

In order to apply marketing flexibility, there must be continuous efforts to be put to explore and enhance the number of options keeping in mind the various ways to expand the current business by the firms. The scale developed for the measurement of marketing flexibility needs to be enhanced further in such a way that it is more precise and can be used in every segment irrespective of the types.

11. Conclusion

Flexibility guarantees the firm’s competitive edge in normal circumstances, while it ensures stability in the event of turbulent times. The diversification of strengths, such as participating in multiple product markets, developing the ability to use multiple distribution channels, customisation and personalisation of products, proper resource utilisation and designing operating procedures to deal with environmental change, can be used to adapt the marketing flexibility in the organisations.

Through implementing steps to improve organizational marketing flexibility, business will definitely benefit by achieving both long-term sustainability and short-term profits. There is a need of more systematic studies and research in the field of marketing flexibility. Efforts are needed to be put in by the managers to understand the gap and act accordingly. This topic needs more research and if done properly, the businesses can achieve success in no time.

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