

# **FLEXMARK: Scale for Testing Flexibility in the Marketing System**

## **Introduction**

In our last paper “A conceptual framework for flexible marketing system” it was discussed that for success in today’s competitive markets there is a need to develop a marketing system in the organizations, which should be flexible in nature. It was illustrated by the help of a multinational organization’s example and a comparison was made with a hypothetical organization. Also, the 4 Ps of marketing were demonstrated as variables of flexibility in the proposed marketing system. This paper takes the same issue one step ahead in terms of generating more variables with the help of discussions from the area experts and extensive literature survey. The variables thus gathered are used in developing an instrument for measuring the flexibility in the marketing system of organizations - *FLEXMARK*.

## **Literature Review**

Extensive literature review has been conducted to find out the relevant variables to develop the scale to measure marketing flexibility in the organizations. Researchers worldwide have written much on the issue related to flexibility, but not much has been focused on the marketing flexibility, which is the major gap identified by the author in this paper. Especially there is a need for development of such a tool which can be helpful in decision making and identifying problems in the marketing function in any organization. As author believes that the function of marketing needs to be flexible, for meeting the objectives of the organization as a whole.

Based on extensive literature review and experts opinion it has been proposed that Marketing System Flexibility of any organization can be captured by including twelve (12) dimensions. These dimensions are discussed below one by one along with the literature reviewed and the attributes developed under each dimension:

*New Product Development and Innovation* has been studied by various researchers; it has been observed that those organizations that are proactive in terms of launching products before their competitors do well in the market. They take inputs from their sales team and develop new products or add innovative features while developing new products. Alison Chapman (1988), Sanchez A M and Perez M P (2003), Biazzo S (2009), Peter L. Primrose

(1996), Luca Pieroni and Fabrizio Pompei (2008) Dwi Larso, Toni Doolen and Marla Hacker (2009).

*Price Measure* studied by various researchers has brought about significant findings like price flexibility decreases the demand for industrial output, and wage flexibility increases the output (Kandil M, 2000). For having flexibility under this dimension it is important to keep a vigil on the competitors pricing and make adjustments as and when required without losing time. Also it reflects the number of price points the company has thought of according to the demand in the market. Similar studies have been conducted by other researchers like Charles Woollam (2003), Ariga K. and Ohkusa Y. (1998).

*Information System* dimension was developed from a study done by Ramaraj Palanisamy (2005), where it was found that IS success and organizational flexibility could be achieved through IS flexibility. It has been observed that the organizations which are proactive invest on IS against manual systems, and have formal mechanisms to capture market dynamics.

*Structural Design and set-up* has been studied in various researches like Franklin Becker (2002), Andrew E. Polcha (1990), Colum McLaughlin and Erling Rasmussen (1988), Angel Martinez Sanchez, Manuela Perez Perez, Pilar de Luis Carnicer and Maria Jose Vela Jimenez (2007), Michie J and Sheehan-Quinn M (2001). The dimension is extremely relevant as structure and design of any set-up in any organization has direct relationship with the employee motivation in different workplace settings. A simple example to understand the difference between a pro-flexible organization and a not so flexible organization is similar to a horizontal and vertical organizational structure, where communication between the departments and people gets affected. Structural design and set-up in a flexible organization should lead to cooperation and joint functioning between different departments like S&M with production, logistics and even planning and finance.

*Employee Audit* has been studied by Alpkhan L, Yilmaz C and Kaya N (2007), Zehava Rosenblatt and Batia Inbal (1999), Black B (1999), Gould B (1998). It includes the broader issues of performance measurement and control processes in an organization. It is observed that the S&M employees are audited for their performance on various parameters like sales volume, profitability, customer information, competitor's information, and organizational commitment, rhetoric (aspiration and presentation) for leveraging the benefit of flexibility.

Even the management or the employers are audited for employment rigidities like fixed-term contract, working time, minimum wage etc.

*Training needs* another important dimension has been studied by Boreham P, Lafferty G, Roan A and Whitehouse G (1996), Jos Sanders and Andries de Grip (2004) which refers to the participation of the employees in training programs which makes them better employable internally and have better opportunities to improve their position internally. It also includes the area in which training is required like for S&M people training on sales forecasting, market sensing techniques, competitor's information gathering, and customer information gathering etc.

*Channel Partner* as studied by Bulent Sezen and Cengiz Yilmaz (2007) refers to the need to evoke desired form of behaviour. It has been observed that flexible firms conduct channel partner audits for assessing their performance, channel coverage, and comparison within the channel partners on regular basis.

*Product Promotions* as studied by Dotun Adebano (2009) found that promotion is directly related with demand. Customers may not like to buy products without promotional offers. It is hypothesized that a flexible organization is one, which is quick in terms of creating and launching promotions in the market and also takes cognizance of competitors move. Impact assessment of the promotional campaigns is also an important criterion of flexibility.

*Supply Chain and Logistics* is an important dimension of flexibility as studied by Mary Margaret Weber (2002), Antonio J. Verdu-Jover, F. Javier Llorens-Montes and Victor J. Garcia-Morales (2004), and Song Hua, Samir Ranjan Chatterjee and Yu Kang-kang (2009). The more the organization is flexible in terms of sharing the data with its suppliers and do collaborative production planning, logistics planning, few control measures for agility, to respond to market demand, the better the relationship between suppliers and customers leading to overall satisfaction.

*Place or Geographical area* studied by Ron Ashkenas (2000) attributes the success of organizations to the permeability of their boundaries. The flexible organizations are those who can add or subtract any location or intermediary at the first opportunity to gain market share.

*Customer Satisfaction* as studied by Daniel Arias Aranda (2003), and Rajshekhar G. Javalgi, Thomas W. Whipple, Amit K. Ghosh, Robert B. Young (2005) suggests that the flexibility in service operations leads to performance efficiency, which ultimately leads to customer satisfaction, which is the mantra of success of most organizations. Customer feedback and formal communication to the employees for taking due care of customer complains has to be a regular feature in a flexible organization.

### **Methodology**

The methodology used for the development of the scale is by doing extensive literature review and in-depth interviews with a panel of six (06) industry experts. The *FLEXMARK* Scale thus developed will be tested for its validity. Factor Analysis will be used for grouping the attributes under each dimension and re-confirming their adequacy under each dimension. The scale will be tested on one specific industry, which will be consumer durable, to start with. Subsequently, it will be tested for other industries as well for its reliability and validity.

### **Findings: Development of Dimensions and Attributes**

Finding from the literature review and in-depth interview helped in gathering the dimensions and attributes for developing the *FLEXMARK* Scale. There are 67 attributes which were derived under 12 dimensions. The list of dimensions and corresponding attributes is summarized in the table below:

#### **Summary of the Dimensions & Attributes developed for the Scale – *FLEXMARK***

<b>Author</b>	<b>Dimension &amp; Attributes (Developed from literature)</b>
Bulent Sezen, Cengiz Yilmaz (2007)	<b>Channel Partner</b> <ul style="list-style-type: none"> <li>– Our policy &amp; Program for channel partners are developed to evoke desired forms of behavior</li> <li>– Channel partners are regularly audited for performance</li> <li>– Channel partner audit analyze channel coverage</li> <li>– Channel partner audit includes comparison within channel partners</li> <li>– Channel partner audit Identify potential partner replacements or additions</li> </ul>
Daniel Arias Aranda (2003) Daniel Arias Aranda (2003) Rajshekhar G. Javalgi, Thomas W. Whipple, Amit K. Ghosh, Robert B. Young (2005)	<b>Customer Satisfaction</b> <ul style="list-style-type: none"> <li>– Our company takes care of changing customer needs</li> <li>– We have regular customer feedback mechanism</li> <li>– We are instructed to take immediate care of any customer complaint</li> </ul>

Alpkan L, Yilmaz C & Kaya N (2007) Black B (1999) Zehava Rosenblatt, Batia Inbal (1999)	<b>Employee Audit</b> – S&M Employees are audited for performance w.r.t. sales volume – S&M Employees are audited for performance w.r.t. profitability – S&M Employees are audited for performance w.r.t. customer information – S&M Employees are audited for performance w.r.t. competitor information – With the market dynamism, we change the strategy (planning) – S&M employees are audited for organizational commitment – S&M employees are audited for Rhetoric (aspirational or presentational) – Employers audit is conducted for employment rigidities (fixed-term contract, working time, min. wage etc.)
Ramaraj Palanisamy (2005)	<b>Information System</b> – We have integrated information system to capture market dynamics – We have manual system to capture market dynamics – We have no formal system, but depend on word of mouth, to capture market dynamics – We do not capture the market dynamics at all – We have integrated information system for unobstructed communication between all levels of employees
Alison Chapman (1988) Biazzo S (2009)  Dwi Larso, Toni Doolen, Marla Hacker (2009) Peter L. Primrose (1996) Luca Pieroni, Fabrizio Pompei (2008)	<b>New Product Development and Innovation</b> – New product is proactively thought before competitors – New product is launched before competitors – New product has inputs from sales/field employee – For new & innovative products, we are the first to develop similar product for the Indian market – NPD Department works closely with frontliners, channel partners & customers to identify the GAPs (requirement) in the market – We have low job turnover in S&M department
Ron Ashkenas (2000)	<b>Place or Geographical area</b> – We add or subtract a place when ever see an opportunity – We add or subtract a dealer or franchise according to the need of the situation
Ariga K. and Ohkusa Y. (1998) Kandil M (2000) Charles Woollam (2003)	<b>Price Measure</b> – Our price policy is perceived as standard (rigid) by business partners – With any change in competitor's price, we adjust our prices within 1 month – To cater to customer needs there are many price points in each category of products. – To manage the demand in the market we change the price
Dotun Adebano (2009)	<b>Product Promotions</b> – We launch promotional campaigns before competitors launch it – If competitor launches it before us, we respond within 1 week – If competitor launches a new scheme for dealers, the earlier offer is replaced by a better offer at earliest. – If competitor launches a new scheme for consumers, the earlier offer is replaced by a better offer within a week or 10 days. – Impact assessment of a promotional campaign is done by External Experts – Impact assessment of a promotional campaign is done by Internal Team
Andrew E. Polcha (1990)  Angel Martinez Sanchez, Manuela Perez, Pilar de Luis Carnicer, Maria Jose Vela Jimenez (2007)  Colum McLaughlin, Erling Rasmussen (1988)  Franklin Becker (2002) Michie J, Sheehan-Quinn M (2001)	<b>Structural Design and Set-up</b> – Both S&M are under one head/authority – S&M employees work on rotation basis within S&M department – Suggestions from the Frontline staffs is taken while taking important decisions like pricing and promotion etc. – S&M takes care of outbound logistics – Production decisions are taken with the consent of S&M – Workplace planning is done to increase organizational effectiveness – We have high degree of manufacturing flexibility to cope up with the (global) demand – Employees have freedom of choice and flexible working arrangements – We have a centrally controlled planning system
Antonio J. Verdu-Jover, F. Javier Llorens-Montes, Victor J. Garcia-Morales (2004)  Mary Margaret Weber (2002) Song Hua, Samir Ranjan Chatterjee, Yu Kang-kang (2009)	<b>Supply Chain and Logistics</b> – We have collaborative production planning, which takes care of no stock out position in the market – We have logistics arrangement in such a way that the products can be transported within short notices, without any extra cost. – We have a parallel virtual or agile organization to respond to market demand. – We do not use too many control measures in supply chain operations, to maintain high level of agility.

<p>Boreham P, Lafferty G, Roan A, Whitehouse G (1996)</p> <p>Jos Sanders, Andries de Grip (2004)</p>	<p><b>Training Needs</b></p> <ul style="list-style-type: none"> <li>– S&amp;M employees are trained on ‘Sales Forecasting’</li> <li>– S&amp;M employees are trained on ‘Market Sensing techniques’</li> <li>– S&amp;M employees are trained on ‘Competitor’s information gathering’</li> <li>– S&amp;M employees are trained on ‘Customers information gathering’</li> <li>– S&amp;M has less access to training due to part-time and casual labour/employees</li> <li>– S&amp;M employees have firm-internal mobility/employability</li> </ul>
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## Conclusion

It can thus be concluded that there have been several research studies on the different functional areas of business organizations, but none is found on the marketing system as a whole. Therefore this paper is relevant from the view point of the integration of different functions together and developing dimensions, which can be used to develop a scale for measuring the marketing system flexibility in any organization. The results thus generated may be used to develop a model or a tool, which may be used by the managers while taking strategic decisions depending upon the level of flexibility in their organizations. Thus, it has high practical implications.

The limitation of this study is that the dimensions are based on the literature review done and the experts opinion, which may not be all, and there can be more dimensions which may be included to his scale as and when further research is conducted. Secondly, there is no particular industry or sector which has been focused while developing this scale. Therefore modifications may be required according to the nature of the industry. This scale is also yet to be tested for its validity and reliability. The idea is original as no study has been found having these eleven dimensions. Neither there is availability of any such scale or instrument which can be used to measure marketing systems flexibility for any organization.

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