

Leveraging Marketing Flexibility for Emotional bonding

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***Abstract:** An organisation needs to be flexible to cater to changing environment, to countenance the accelerating pace of competition, for continuous improvement and attain sustainable competitive advantage and for managing long-term stability. Flexibility is regarded as a crucial characteristic of successful organisations in a highly competitive and rapidly changing business environment. Most of the time flexibility is associated with manufacturing and operations, finance and resource so its relevance in the marketing domain is relatively new. In marketing, it is linked with the delivery of better values to the customer in the ways which each individual customer requires. Using PAPAM case study, this paper attempts to discuss the role of flexibility as a tool for building relationships and maintaining emotional bonding in India.*

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1. Introduction

In this dynamic and changing environment, management researchers have well recognised the role of flexibility in the survival and success of organisation (Kogut, 1985; Ansoff, 1988; Volberda, 1998). Management Literature has given enormous emphasis on particular capabilities such as adaptability, flexibility and responsiveness. The more the organisation becomes flexible, the better it can respond to change (Pasmore, 1994, p 4). Flexibility improves the ability of enterprises and their employees to respond more quickly and efficiently to stimuli from the environment, than their competitors. Flexibility is a multi-dimensional concept-demanding agility and versatility; associated with change, innovation and novelty; coupled with robustness and resilience, implying stability, sustainable advantage and capabilities that may evolve over time (Bahrami 1992). A flexible organization is thus intrinsically stable. Instability is consequential of a lack or excess of flexibility, so flexibility is the middle course between rigidity and overreaction (De Leeuw and Volberda 1996). As Gerwin (1993) mentioned flexibility is not just an adaptive response to an uncertain environment, it can also act as a proactive function by creating uncertainties that other competitors are unable to deal with. In order to deal with the challenges of an increasingly dynamic environment, there is a need to increase flexibility (Sanchez, 1997). Flexibility allows an organization to adjust its current structures and practices in response to changes in the environment. In order to become flexible, organizations need to be able to identify changes in the environment and to have appropriate strategies at hand to accommodate to these changes. Flexibility also implies greater ease of use, particularly in terms of setting up and modifying marketing programs and processes. The need for many small, loosely connected processes has some specific implications for interface design.

Ansoff (1965) is one of the pioneer authors that attempted to define the concept of flexibility in two categories viz. External and internal flexibility. External flexibility is considered to be the positioning of the organisation by "not putting all one's eggs in a single basket", whereas internal flexibility is seen as "seeking to provide a cushion in response to catastrophe". Both types are used by the management of organisations to deal with uncertainty, unforeseen change, contingency and catastrophe (Ansoff, 1965,p 55). Flexibility includes both the variety of procedures and the speed with which these procedures can be activated, with the aim of increasing the control capacity of the organisation on the environment, decreasing the sensibility of the organisation to the environment. Managers should think of mass customization as a process in which a company moves away from mass production toward

mass customization by building three organizational capabilities viz. solution space development, robust process design and choice navigation (Salvador et. al, 2009).

Although a comprehensive and widely accepted theoretical framework has yet to be developed, previous studies have contributed to the theoretical exploration of a unified theory of flexibility (Sethi and Sethi, 1990; Toni and Tonchia, 1998; Sawhney, 2006). The degree of flexibility to be built into a firm depends upon the conception and perspective of the organisation-environment relationship. The dynamic contingency perspective looks at flexibility as a proactive and reactive organisational potential for maintaining a dynamic fit between organisation and environment.

Presently, the companies have realised the importance of flexibility and are thriving on this and the ability to adapt to the change in the market scenario. The complex competitive environment in which firms operate has led to the increase in customer demand for superior value (Sánchez et al., 2009). Many companies are faced today by an incomparable trend towards individualization of demand. Especially, consumers with great purchasing power are attempting to express their personality through personalized product choices. In addition, popularity of personalized gifts is increasing because they are more memorable and valued much more highly than the investment made in them. Traditionally, the objective of customizing goods and services is to attain increased revenue by the ability to charge premium prices derived from the added value of a solution meeting the specific needs of a customer (Porter, 1980). However, the present competitive situation of many industries prevents the company from reacting by a strategy of differentiation or cost-benefit relation. There is growing evidence that mass customisation strategy is transforming into a mass personalisation strategy and as a result it is redefining marketing and business strategies (Mishra and Routray, 2011). Keeping this in mind “PAPAM” venture was initiated in 2009 in India by using marketing flexibility as a novel concept for creating personalized gifts for building relationships and creating emotional bonding. Building relationship is not only requirement of individual customers but it is also desired by organisations which are interested to build high growth enterprises by connecting with their employees, customers or a channel partner in order to provide strategic attention to them and to achieve best business outcomes.

2. Research Methodology and objectives

In this paper a descriptive approach is taken to discuss the evolution of the marketing flexibility model in India using internet technologies as enabler through a case study approach. The single case approach has been an increasingly popular methodology within the literature, and it has enabled various authors to provide some very important new insights (Rahman and shariff, 2003; Endo and Kincade, 2008). First, the boundary of the case was properly defined to prevent irrelevant data collection. The study only collected data in the area of marketing flexibility and focused on personalized gifts market in India. The interview with the founder members of papam.in was conducted for this study. Secondary data sources were also used to gain a comprehensive and in-depth understanding of the marketing flexibility model in India.

The study seeks to examine a business model framework (through a case study) which can be successfully implemented in the Indian scenario by using marketing flexibility.

3. Personalized Gifts Market in India

Over the years the dynamics of human relationship has transformed but the usefulness of gifts has remained the same. In recent years, the popularity of personalized gifts has significantly increased; it's becoming especially trendy for a number of occasions e.g. birthdays, weddings, anniversaries, Mother's Day or Father's Day, graduation, retirement, confirmation, housewarming etc. Personalized gift is more memorable and is also a great choice for the "person who has everything." In addition to this, people often look for added value when they make discretionary purchases.

Advances in technology have made a wider variety of personalize products available and much more affordable. In India, a number of players have now entered into this business of personalized gifts viz- Picsquare, Giftstoindia24x7.com, Indiacardsgallery.com, Archiesonline.com. Even though online marketing is gaining momentum in India, there are still few players who are bearing the additional cost of investing in the click business infrastructure. There is a prominent need for providing a platform for making available the personalized gifts at flexible prices. This business strategy has been implemented by Papam.in, which actually has entered into new online business of making available flexible products for building relationships at flexile prices.

4. Papam- The Case study

PAPAM pioneered a new business of personalized gift for building relationships and creating emotional bonding. Papam.in is an Indian start-up founded by Manish Pathak and Paras Arora. Though urban consumers in India are showing their inclination towards electronic mail in place of normal post, this portal tries to establish the long lost magic of 'touch and feel' of paper greeting card. Thus, this portal is working on a niche area which offers personalized paper greeting cards for all occasions and festivals printed on demand.

4.1 Product Flexibility

Greeting cards are perfect gifts for all occasions and best medium to convey your feelings and emotions, for expressing seasonal wishes or showing appreciation for a good job done. The functionality of greeting cards increases with personalisation. The PAPAM website facilitates consumers to choose a readymade greeting card according to an occasion or create a card of their choice. It has more than 500 design templates, which can also be modified by the consumers to suit their preference. People can create their own message to be printed inside the greeting card. The portal provides a message gallery also, to select message for appropriate occasions. One can also edit the selected message. The portal has a huge gallery of good and well thought of graphics to help users for creating personalised cards. The designs go beyond the normal flowers and candles and give some good theme based designs. Thus, a very simple concept of sending greeting cards to one's friends and family is presented with loads of value additions. Then the cards were worked on in-house for value additions in terms of customer specified details such as colour, design, images etc. They were made of high quality paper and had a personal touch of the customer.

Another product which has a major share in the PAPAM business is the wedding card. Several other value-adds like saving your cards and calendar options to save important dates like birthdays are also available. The portal offers greetings in 3 different sizes jumbo, medium and mini.

4.2 Flexibility in Operations

PAPAM works on the Make-to-Order (MTO) approach where once a confirmed order for products is received, products are built. The customer places the order online after browsing through the available designs and personalising the front page, the messages, colour and even fonts of messages. Raw material for most of the orders is just good quality paper. The

printing is outsourced to an external agency at present. When a customer places an order, the orders are passed to the print company. Papam is dedicated to deliver personalized greeting cards at the doorsteps of the recipient. The delivery of the cards is also outsourced to a national courier delivery major. The printed cards are mailed, to the respective addresses provided by the customers, through this channel. Where courier reach is not available, the Indian postal service is availed. The portal also provides a facility of full tracking support. Fig. 1 depicts the customer interaction with the web based system at papam.in.

The customer has several options for payments while placing the order – credit and debit cards, net-banking, pay by mobile and cheques for those who do not have internet transaction facility. The internet payment option is done through the CCAvenue payment gateway. The portal has net banking facility available with many banks like Centurion Bank, Cooperation Bank, ICICI bank, IDBI bank etc.

4.3 Flexible Pricing

The cards are priced starting from INR 39. The concept behind this price is that for a courier to be tracked online, a minimum of INR 40 is charged for delivery. So PAPAM charges a rupee less than 40. Higher end cards are priced at INR 49, 69, 79, 99. The higher priced cards are of course of better quality paper and innovative value adds.

One of the core competencies of PAPAM lies in its low cost strategy. The lower priced personalised cards delivered to a customer's desired locations cost even lesser than the cost of courier. One of the main reasons for its low cost is that the operations of the company are completely based on 'on demand basis', thus the company has virtually zero inventory cost.

4.4 Flexibility in Services at PAPAM

Apart from its core product, PAPAM offers many other unique and innovative services to its customers.

- Affiliate Program in which people place a link to papam.in on websites or their blogs etc. and in turn can earn money in proportion to the sales.
- My calendar facility this allows a customer to schedule their cards beforehand, their cards would be printed and delivered on specified date by PAPAM.
- Also, PAPAM allows people to create and upload their own designs and the designer can earn money from this. Thus it is a very good option for freelance designers.

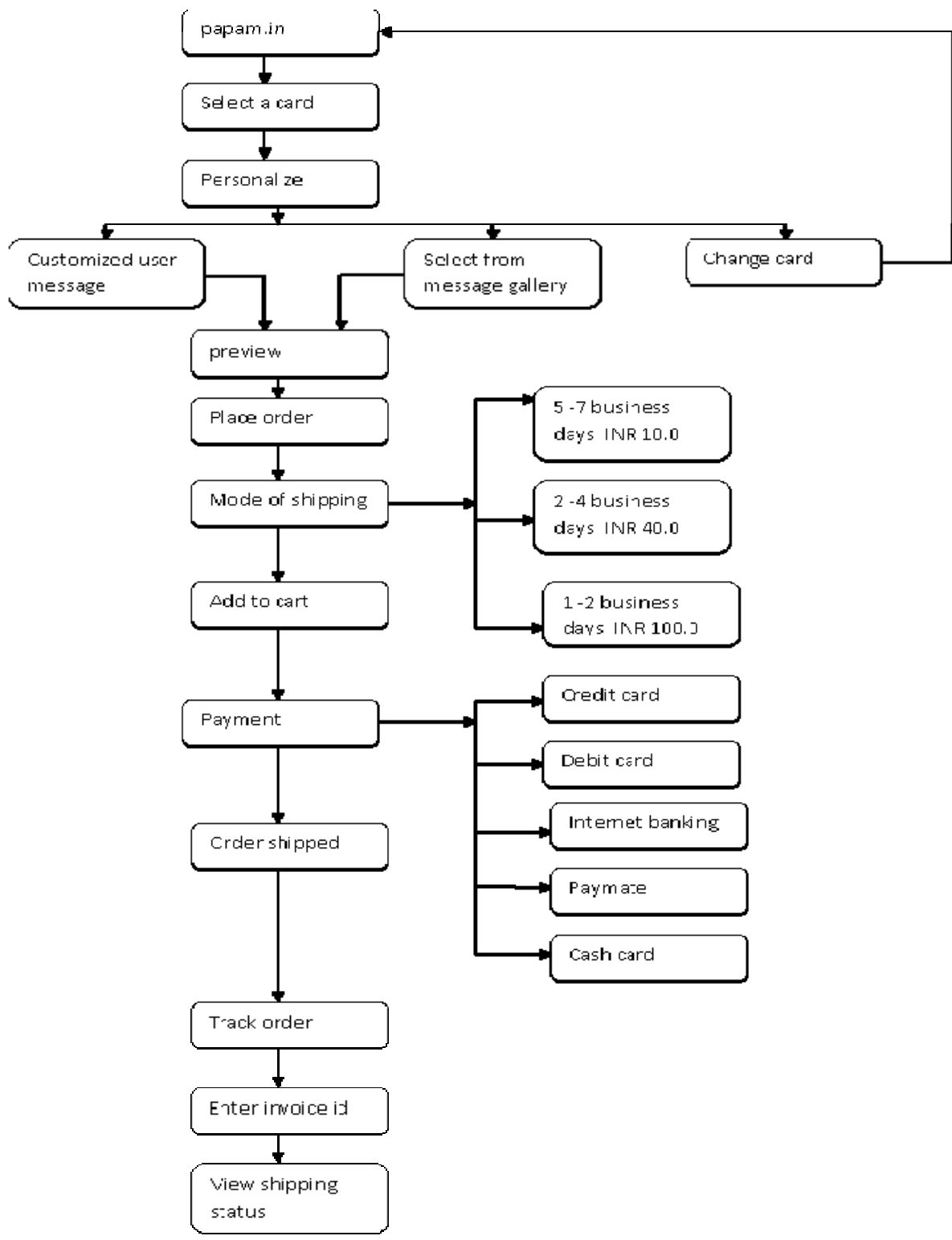


Fig. 1: Customer interaction with the web based system at papam.in

4.5 Flexibility in Marketing Strategy

PAPAM has segmented the market into two broad categories – the individual customer for its B2C business and the corporate customer for B2B business. The individual customer segment is completely online. The customer logs in and places his order. The corporate customers are, however, approached and presented the unique advantages of building bonds with their clients, partners and employees. It might provide them opportunity to retain their key employees, maintain healthy partners and clients by building stronger bonds with them.

A royalty scheme encourages innovative designers to upload their designs and if customers buy cards with their designs, they would get 1% of the sales. The promotion of their product is mainly done online through blogs, networking sites and FM radio. They even conduct road shows and use viral marketing extensively.

PAPAM plans to expand its business abroad – mainly into UK, US and Australia. They also intend to diversify their product basket into personal gifts, bouquet, conference kits and calendars. It also plans to add prepaid scratch card vouchers as a payment option for those who do not use cards, cheques or net-banking. It also intends to make cards in regional languages to cater to a niche untouched section of customers.

4.5 Differentiating strategy

“Your relationships are Unique. You define them.” – This is the philosophy behind papam.in, a company dedicated to capture the very basic emotional need of creating, connecting and cherishing the bonds with friends and family. Papam.in provides the first of its kind bond building services in India. It is a zero inventory company, orders go for printing only after the payment is made. After the customer places order raw material is procured, raw material for most of the orders is just good quality paper. The printing is outsourced to an external agency at present. When a customer places an order, the orders are passed to the print company. The delivery of the cards is also outsourced to a national courier delivery major. The printed cards are mailed, to the respective addresses provided by the customers, through this channel (fig. 2).

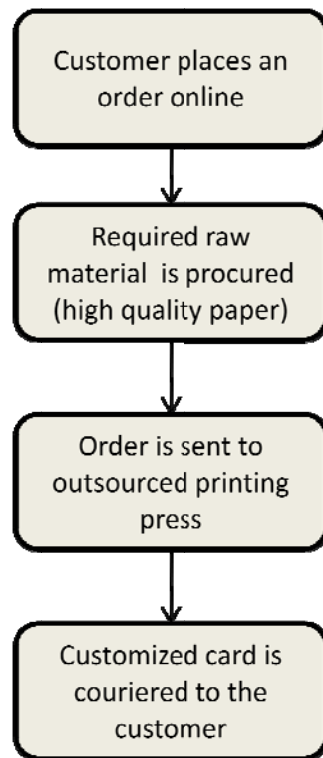


Fig. 2: Operational cycle of papam.in

5. Conclusion

Many companies are faced today by an unprecedented trend towards individualization of demand. Marketing flexibility at Papam.in offers consumers a product solution that is more unique and gives consumers control over stylistic benefits they receive from personalised products. Co-design is the core element that differentiates personalized products from other agile manufacturing strategies. Consumers with great purchasing power are attempting to express their personality through personalized or customized product choices. As a result, manufacturers are forced to build production systems with an increasing number of variants, right down to the production of units of one. When consumers evaluate various product alternatives, the degree to which consumers' value personalized products based on product flexibility compared to ready-made alternatives varies and generally customers show a positive inclination towards personalized products. Research by Franke and Piller (2004) and Schreier (2006) has shown that up to 50% of the additional willingness-to-pay for personalized (consumer) products can be explained by the positive perception of the co-design process itself. Co-creating provides customers experience a sense of design ownership

and thus enables a company to increase the loyalty of its customers. As a result, marketers can leverage this positive attitude.

Although, personalisation of products using IT tools as enabler is becoming very popular but its functioning in Indian scenario is still very restricted. In this paper we have focused on one such innovative business model adopted by an Indian company papam.in to provide personalized products to its customers. Papam.in has developed a web based system to provide personalized products to their customers. This paper also highlights the innovative strategies vis a vis marketing, operations, pricing, used by papam to realize their vision of personalisation at affordable prices to the customers. The product is positioned as a unique offering of its kind – a completely personalized product. It begins with choosing from a wide variety of cards and then customising it according to your design, images, colours and message. PAPAM promises to process and ship the card within 24 hours of placing the order.

Thus, through this case it can be concluded that innovative use of IT tools can act as catalyst for popularizing the concept of personalized products. The limitation of the study being, it is too early to declare the business venture as successful, since it is still in its formative years. The success of the venture would rely on how it performs in the future and how it is able to sustain itself in the competitive market. Therefore, understanding about patterns, processes and problems experienced by consumers constituting goods and services is limited, and best practices are yet to be recognized and put in wider application in business. There are still many exciting and productive research opportunities in these and other related fields.

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