

Analyzing Symbiotic Marketing Models and Strategies in Customer Consumption value Chain



Management

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ABSTRACT

In a holistic consumption pattern, customers tend to engage in interrelated consumption pattern. Through these patterns, customers form a chain of collective consumption values. Correspondingly, the interrelated products as well as enterprises develop a kind of symbiotic relationship, a "product ecosystem". By viewing conditions of the enterprises and their products and directed at the types and characteristics of the customer consumption value chain, enterprises can adopt symbiotic marketing models such as marketing of group products/services within one company, marketing alliance between multiple companies, or integrated marketing through a third party. The symbiotic marketing strategies that can be understood from these models include derivative correlation, type correlation, topic correlation, and mixed correlation.

1. INTRODUCTION

In real life, in order to attain a certain life purpose or pursue a certain life value, a customer carries out a variety of consumption activities. Centered on the resulting and interrelated consumption needs, the corresponding products and services can be grouped together either in material or immaterial terms.

The rise or fall in the sales of a certain product or service in the market is directly or indirectly related to factors such as the status of the group product in the market or the functionality of the product in its group. In this sense, the interrelated products and companies form a symbiotic relationship. Therefore, cooperation and Alliance marketing among these companies is one of the effective means to further satisfy customer needs, increase the efficiency of companies, and also to create a good environment for business operation.

Strategically, a company seeks its competitive advantage mainly through incessant segmenting of a target market. However, a saturated and over-fragmented market can affect the efficiency of business operation and reduce the chances of success in the development of new products and brands. It is thus necessary to develop a new and profitable marketing strategy.

In as early as 1966, the American scholar Lee Alder proposed the concept of "symbiotic marketing" from a resource sharing perspective, and predicted that symbiotic marketing would become increasingly important for business operations. In the business practices thereafter, the ideas of "cooperation", "alliance" and "mutual benefit" gained increasing importance and this led to the buildup of examples for symbiotic marketing. Yet, there is still a lack of in-depth academic research on symbiotic marketing. In the face of today's market needs, increasingly complicated business operations and intensifying market competition, providing effective guidance to companies on their business practices and activities necessitates to systematically studying symbiotic marketing in theory, especially from the customer angle of attaining their life values.

2. LITERATURE REVIEW OF SYMBIOTIC MARKETING

Lee Alder introduced the biological concept of symbiosis (which refers to the harmonious co-existence of dissimilar organisms in a mutually beneficial relationship) into the research of business marketing. The "symbiotic marketing concept" that he proposed is defined as "the alliance of resources or programs between two or more independent organizations, designed to improve the marketing potential of each. These resources may include distribution facilities, a sales force, research, market development, production, technical personnel, and/or finances". From the perspectives of facilities sharing, modern franchising, licensing arrangements, joint product offerings, joint sales organizations, and production partnerships, symbiotic marketing can help to optimize and improve resource allocation and also maintain the competitive advantage of companies (ibid). Alder's major contribution is the idea that different companies can implement a "symbiotic" marketing concept through resource-

sharing marketing.

Undoubtedly, this new idea is an expansion of traditional marketing models in which companies carry out their marketing activities independently. Based on Adler's research, Rajan (1986) further clarified the characteristics of symbiotic marketing, by elucidating the specific qualities and scope of symbiotic marketing from multiple dimensions (such as temporal structure, proximity, quantity, levels, focus and marketing functions, et al). He suggested that companies can implement four types of marketing plans (product vs. product, product vs. service, service vs. product, and service vs. service) based on each of their supplies. Different factors of symbiotic marketing has analyzed, and categorized their symbiotic relationships. Rajan's major contribution lies in his exploration of the original driving forces of symbiotic marketing development and applicable symbiotic models, by analyzing strategic growth opportunities of companies, business environment, organizational factors, as well as characteristics of both products and markets. He also expanded Alder's symbiotic marketing relationship from specific product or vertically integrated (supply, manufacture and sales) Companies to include different products, services and suppliers that have a complementary relationship. In addition to Alder's and Rajan's research, Leveson (1982) discovered, through analysis of relevant examples, that commodities and service marketing consists of large numbers of symbiotic relationships, thereby verifying Alder's theory. For the marketing strategies of networked service companies, Lockett and Blackman (2001) suggested that companies with distinctive segmentation can build up a symbiotic marketing system through an internet platform so as to expand market coverage more effectively, reduce costs, and improve the service value.

To summarize the discussion of the concept of symbiotic marketing in the existing literature: first, under certain circumstances companies that have a symbiotic relationship among themselves or between their products can develop a mutual collaboration in marketing strategies; second, companies can implement symbiotic marketing through cooperation in the supply of raw materials, facilities and technologies as well as in the vertical process of product manufacturing and sales. Additionally, companies with complementary products or services can also achieve symbiotic marketing by carrying out lateral cooperative marketing; third, resource-sharing and mutually complementary advantages should be the basis of symbiotic marketing.

However, joint marketing among companies should have two basic starting points: one is the resource sharing and mutually complementary advantages, and the other, even more importantly, is to satisfy customer needs effectively. The satisfaction of customer needs is not only the basic purpose of marketing but is also one of the essential factors in measuring the effectiveness of marketing. On the other hand, a symbiotic relationship exists not only among different companies, but also among different products within the same company. Therefore, symbi-

otic marketing should consist of two latitudes: customer needs and operational resources, and two basic layers: a product-layer (between companies products) and a company- or organization-layer (between organizations).

3. MARKET FOUNDATION AND IMPLICATIONS OF SYMBIOTIC MARKETING

3.1 Market Foundation of Symbiotic Marketing

Customer needs are the foundation for marketing development. Consumption is one of the means for customers to pursue their life value. As society progresses, the content of life values that customers are seeking and the means to satisfy their needs become more and more diversified. This leads to the development of an increasingly complicated ecological system that grows from the multi-level life values of customers. The correlations between different kinds of goals and means to value seeking are increasing. Hence, the customers' need for, and evaluation of, a certain product becomes closely connected to the content, process or outcome of other interrelated products and also to the overall purpose of consumption. The fulfillment of overall life values requires the support of multiple life activities with each activity comprising multiple value segments that interact dynamically with each other, thus forming a value-seeking subsystem. All the subsystems then form an interdependent/ecological system of the overall life values that a specific customer is seeking.

In a life value subsystem, the customer needs to conduct a group of consumption activities to fulfill the goals of seeking life value. These products and services are thus interdependent and correlated because of the interrelations between customer needs. Corresponding to the ecosystem of the customer's life value, some products or services may form a symbiotic "product ecosystem".

Therefore, some interrelated products and companies may form a symbiotic ecosystem that is engaged in both competition and collaboration. To systematically attain the customer's value in certain group consumption is precisely the market basis of symbiotic marketing.

3.2 Basic Implications of Symbiotic Marketing

Based on the relationships between customer life-value system and products as well as between the interrelated companies, symbiotic marketing has implications on multiple levels.

The first is the symbiosis between product, company and customer. This can be achieved through a systematic study of customer's life-value seeking, and also by identifying, developing and satisfying the customer's group consumption needs. The second is the symbiosis among products. Centered on satisfying the needs of the customer's group consumption, companies can seek further development through symbiosis of interrelated products or services. The third is the symbiosis between product suppliers - symbiosis between companies. Through the provision of interrelated products or services, companies can achieve symbiosis not only between products but also between companies. The fourth is the symbiosis between companies within an industry chain (or companies in an industry group).

This can be attained by effectively meeting the living needs of customers who are at the far receiving end of the production and consumption chain. This paper mainly explores the symbiosis between products and also between the interrelated product suppliers, by using the symbiosis of products, companies and customers as the basis.

4. CUSTOMER CONSUMPTION-MIX VALUE CHAIN

4.1 Customer Consumption-mix Value Chain and Product Ecosystem

As stated above, life value seeking has become a complex ecosystem. Similarly, consumption activities centered on meeting interrelated needs and life values have also become a complicated and inter-related consumption behavior ecosystem. In order to pursue a certain life value, the customer combines several single consumption activities into a group, in which individual

consumption value constitutes a subsystem of the entire life-value seeking system. This is referred to as Consumption-Mix Value System, which we name as Customer Consumption-mix Value Chain.

Classic examples of customer consumption-mix value chain:

Example 1: Fashion Consumption: Fashion consumption usually presupposes a set of matching clothes, accessories, belts, shoes and handbags. These interrelated consumption values form a value chain focusing on a certain style or fashion concept;

Example 2: Office Automation (OA): Centered on the consumption-mix of computer-related products, including software, printers, scanners, digital cameras and network services. The combination of all interrelated consumption values forms the OA consumption-mix value chain;

4.2 Types and Characteristics of Customer Consumption mix Value Chain and the Corresponding Product Ecosystem

By analyzing the different examples of a consumption-mix, we can classify customer consumption-mix value chain and corresponding product ecosystem into several types, based on correlations among the individual consumption components: Derivative correlation, Form correlation, Theme correlation, and mixed correlation. Therefore, understanding the characteristics of different types of correlations will help to generate creative and efficient marketing strategies.

(1) Derivative Correlation

A derivative consumption-mix value chain consists of several derivative and interdependent consumption activities. Correspondingly a derivative product ecosystem is formed. In this system, any of the single products or services is usually able to affect and sometimes even have a crucial influence on the whole consumption-mix value system.

For example, the Office automation consumption, as discussed above, gives rise to software, printers, scanners, and network (internet) services. The correlation between products and services in the derivative correlation type is the strongest among all types.

(2) Form Correlation

The need for compatibility either in consumption or between different consumption activities to raise the overall value in consumption generates the form-correlated consumption mix value chain. This makes up the form-correlated product ecosystem. Although the products and services may not have derivative correlations, the various factors that connect them are their strong form-correlations, their complementary elements, increased availability of choices for customers, as well as richness and coordination of group consumption in means and content. Therefore, the content of and the ways in which different consumption activities are combined have strong influences on the whole consumption value. Another example is the "Purchase from Malls in India" which has given rise to electronic transaction use of credit cards, debit cards of various banks.

(3) Theme Correlation

In this type, there is not necessarily a correlation in consumption forms, but these forms are combined based on a central theme to form a consumption-mix value chain. Thus, in the theme-correlated product ecosystem that arises from this, the products and services may have phenomenally weak correlations but they can embody an implicit common effect during the consumption process.

(4) Mixed Correlation

This is a mixture of the above two or three types. The combination of the whole range of products in the first example exemplifies a Mixed Product Ecosystem, which includes a derivative product ecosystem: Computer, Basic Software, Application Software; or Computer, Printer, Scanner; and also a form-correlated product-mix with the computer as the core product that interlinks with other component products such as printer, scanner

or digital camera.

So, the relationships among component products are quite complicated.

The purpose, theme and habits of consumption are also factors that influence the classification, which also leads to changes in types of correlation. For instance, a theme correlation may transform into a form or derivative correlation. In this way, a company can take the initiative to modify the type of consumption-mix value chain, improve the customer consumption value and strengthen the customer's demand for the products through its marketing plan so as to reach a level of symbiosis between products as well as between the companies.

5. BASIC STRATEGIES AND MODELS FOR SYMBIOTIC MARKETING

5.1 Basic Strategies for Symbiotic Marketing Based on Customer Consumption-mix Value Chain To implement symbiotic marketing strategies effectively, companies should first establish an overall strategic plan and principles. First, corporations should basically target at improving the whole value of the customer consumption-mix and fostering a good ecological environment for the product. Second, it is necessary to improve the operational profit of a product through creating, expanding and upgrading the overall status of the product's ecosystem in the market and upgrading the roles of products in the ecosystem. Third, corporations should develop symbiotic marketing according to the theme of consumption-mix and characteristics of related products or services as well as the relationships between them, by tailoring the marketing strategy of products or services according to the theme of consumption-mix and in relevance to this, by strengthening coordination within the company. Fourth, the different types and characteristics of customer consumption mix value chains should determine the types of marketing strategies.

Based on the types and characteristics of customer consumption-mix value chains and analysis of examples of related corporations, strategies for symbiotic marketing can be classified into types that are associated with derivative correlation, form correlation, theme correlation and mixed correlation.

(1) Strategies associated with derivative correlation Creative strategies associated with derivative correlation can be devised based on derivative customer value chain, or derivative correlations between products. The guiding principles are as follows: through following the consumption trend of customers on certain product and its derivative correlations, companies could explore a potential product ecosystem; develop and modify their products; integrate the existing products into the current ecosystem; improve the status of the ecosystem in the market and also the influence of the companies within the ecosystem.

Example 3: "Redbus.in". Travel booking company has integrated sales, service with various partners like Big fix, jabong.com, Domino's Pizza, Justeat, City Bank, ING, SBI, Axis Bank for symbiotic benefits.

Meanwhile, they collaborate with banks and insurance companies to better satisfy their customers' various demands that derive from service consumption, and they expand their influence by playing the leading role either as a corporation or a brand and at the same time, increase their competitive strength within the service ecosystem.

(2) Strategies Associated with Form Correlation

This refers to strategies that are designed to suit products of the form-correlated type of the customer consumption-mix value chain or interrelated products that share similar consumption means within the same company. The form correlation strategy aims to increase or modify the forms and patterns of customer consumption, or strengthen the correlation and coordination between individual consumption activities by centering on the theme of mixed consumption of the target customer. Through an integration of the company's internal and external resources,

the company can improve the value of customer overall consumption and product's status in the market.

Example 4: Food Marketing and Consumption Patterns. Certain foods—such as chicken, cheese, and soft drinks—have experienced significant growth in consumption in recent years. For some foods, total market consumption has increased, but this increase may be primarily because of choices of a subgroup. On the other hand, it can vastly improve the sales prospects of products, expand its market segment, and strengthen the influence of the product ecosystem as well as the development potential of corporate ecosystem.

(3) Strategies Associated with Theme Correlation

Strategies associated with theme correlation are based on putting theme-related products together for joint marketing to fulfill a particular life demand of the target customer. Creativity is an essential element in this strategy in order to build up a completely new product ecosystem or even a new business model. In the "Time Atelier" example, although most products have no derivative or form correlations, they are connected by the theme of efficiency and convenience and the concept of "creating time", thus forming a new product ecosystem and creating a new business model.

(4) Strategies Associated with Mixed Correlation

This type of strategy targets at products belonging to the mixed correlation type of customer consumption-mix value chain. For example, some comprehensive shopping centers integrate shopping, food, entertainment and other services into one unit, by focusing on one theme such as high-quality living, relaxation, convenience, or low budget. Hence, products and/or services that share a similar theme are grouped together. The underlying idea is to divide the product ecosystem into several subsystems, such as the derivative-type, form-type or theme-type subsystem, and then establish the theme of every subsystem by centering on the consumption-mix (or whole product ecosystem) theme, and in the end, devise the marketing plan and strategies according to the characteristics of each subsystem. The key factor lies in coordination among every sub-theme, strategies, and between every sub-theme and main theme, as well as in the effective integration of resource advantages and strengths within a corporation and between different corporations.

5.2 Basic Forms and Models of Symbiotic Marketing Strategy

The major characteristic of the above-mentioned strategies is the greater emphasis on marketing integration of interrelated products. However, the process of marketing involves not only multiple products, but also multiple corporations. Hence, symbiotic marketing is more complicated than the traditional marketing of a single product. Based on the relationships among related corporations, the affiliation between corporation and products, and combinative group relationships among products, there are two basic marketing formats, namely product congregation and strategy coordination, and also multiple basic marketing models.

(1) Basic Formats

This refers to the grouping of interrelated products and services into one product (service) package for the target customers. This usually suits those target customers whose consumption products have clearly defined correlations and thus can be easily integrated in consumption means. The "Integrated Household" of Haier in example, the "Redbus.in" in example 4, and the marketing of cosmetic packages for some brands all illustrate this. This format is also applicable for those target customers who have clearly defined themes in their other group consumption and possess strong interests in seeking an overall consumption value, as shown in the "Time Atelier" example 3. It is usually easy to adopt a unified marketing plan and strategy in this format.

This format integrates the marketing strategies of each individual product. It is suitable for those target customers with the potential to seek a consumption concept which is hard to

form an overall theme yet; or who have individual consumption products that have a high level of selectivity, dispensability and ambiguity; or whose interrelated consumption products have weak correlations in consumption forms. Correlations found within the customer value chain can provide guidance to ways of coordinating the marketing strategies of interrelated products and services, and also ways of strengthening their correlations. In this format, marketing activities are carried out separately for each product, but there needs to be coordination in terms of marketing theme, plan and strategy.

Example 5: “International Travel Services” for Citibank’s customers. Based on the living and working needs of target customers (senior white-collar staff), Citibank provides a series of value added services that center on the theme of “Overseas Travel” through a collaboration with other banks and corporations. Customers with a “Citibank World Cash Card” can obtain discounts from airline companies and restaurants and also have convenient access to currency exchange, airport pickup, tour guide, translation, medical and various other services during their business trips or overseas travel. They can also receive a full or partial “VIP” treatment from other companies that participate in the joint marketing program by Citibank.

Example 6: Food outlets, Supermarkets carry a broad assortment of goods and generally offer lower prices. Certain convenience products—e.g., beverages and snacks—are provided in more outlets where consumers may be willing to pay higher prices for convenience. Distinctions between retail formats are increasingly blurred—e.g., supermarkets, convenience stores, and restaurants all sell prepared foods to go. A small number of online retailers now sell food that can be delivered to consumers’ homes. This is usually not a way to reduce costs—with delivery, costs are usually higher than in supermarkets—but rather a way to provide convenience to time-pressed consumers.

(2) Basic Models

Based on the correlations between the companies and the products, fundamental marketing models can be structured in the following ways: group marketing of products within a company; joint marketing between companies; and integrated marketing through a third party.

Group marketing of products in one corporation: Some products in the corporation can be combined for marketing purposes based on the demands of customer mixed consumption. For instance, the “Integrated Household” of Haier in example 6 or the marketing of cosmetics in a package for some cosmetics brands.

Multi-corporations joint marketing: this is an integrated marketing model with collaboration from multiple companies. First, if a particular product of the company is the core or dominant

product within the customer group consumption, all the marketing strategies of this and the other interrelated products are integrated into a marketing plan based on the marketing concept of the core product. An example is Citibank. Second, in the case in which the targeted product serves a secondary or complementary function for a core consumption product that belongs to another company, for example restaurant services in a tourist destination, the main marketing purpose for the secondary product is then to strengthen its correlation with the overall theme of mixed consumption and increase its influence within the product ecosystem. In the example 5 of marketing for Microsoft’s software, IBM was initially the dominating corporation. Soon after accumulating enough experience and strength through IBM’s product ecosystem, Microsoft was able to develop a new product ecosystem that centers on its own products.

Integrated marketing through third parties: Here the third party corporation does not provide its own products or services, but combines the marketing of different products and services of other corporations into one body based on the needs of customer mixed consumption, for instance the “Time Atelier” in example. In this model, what the corporation provides is an integrated service. On one hand, in order to determine the detailed content of all interrelated consumption activities (or combined consumption value chain), it needs to understand and clearly establish the theme of customer consumption or pursuits. On the other hand, it needs to integrate and coordinate interrelated products or services according to the theme and needs of the customer’s overall consumptions, and when necessary, adjust the format, attributes, functions or concept positioning. The key is to find the potential actual needs and theme of customer consumption-mix, develop or strengthen the product ecosystem to satisfy the needs, adopt an effective format, policies and strategies to combine interrelated products, consolidate advantages and potential of multiple products and services, and strengthen the ability of the product ecosystem in satisfying all the inter-related demands of customers.

6. SUMMARY

Symbiotic marketing studied here is a coordinated marketing model, combining products, services and corporations in terms of certain longitudinal correlations among customer consumption demands. Symbiotic marketing therefore serves as an addition to the traditional latitudinal marketing. The goal is to satisfy versatile customer needs, strengthen the relationship with customers, create a positive ecological environment for products, and ultimately obtain unique competitive advantages, by fully and effectively utilizing the operational resources of all the corporations involved. At the same time, the concept of symbiosis may also offer new ideas for corporations that seek to develop effective strategies.

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