Marketing Strategies for Erp

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ABSTRACT

The use of Enterprise resource planning (ERP) solutions is now becoming prevalent worldwide. ERP solutions have been implemented in most companies due to its advantages like increase their performance in terms of cost, quality, speed and services. There are a few limitations associated with the implementation of an ERP. One of the major limitations of ERP system with respect to the Indian scenario is awareness in terms of the long term benefits, thereby making marketing of an ERP solution a challenge. In order to market an ERP package, an in-depth understanding of the marketing strategies is mandatory. This paper discusses the know-how of strategies that may be that implemented for positioning ERP in the market.

KEYWORDS | Enterprise Resource Planning, competitive positioning, marketing strategy

Introduction

A theoretical study of the dynamics of the ERP market, how they evolve through number of stages, and the characteristics of competitive behavior, provides a basis for assessing market attractiveness and assists the ERP marketing personnel to choose the market, the market segment and to position themselves competitively. Marketing activities of an ERP, no matter how positively taken up, is unlikely to be of much use unless it is set in a strategic contest. The marketing manager's foremost job is to manage the marketing strategy process. This primarily means making the correct choice of markets and industry segments. Making this choice is a complex endeavor. The manager must select at a broad generic level between positioning the ERP and the implementation or service to meet the specialized needs of one segment, positioning additional products and services also to meet the needs of several separate segment and positioning the ERP to provide general appeal across many segments.

Managing marketing strategies

Before any marketing strategy is developed for the selling of ERP, clear cut answers are required for questions like what is the organization's and the ERP's current market position?, is it leading the market or is it still to reach the top?, is it seeking a strong or dominant industry position or is it merely seeking to win a small but profitable industry sector?, does the stage of market maturation strongly suggest or preclude certain competitive initiatives? These questions help in creation of target markets. The selection of a target niche results in a clear identification of the target group with which the organization wishes to develop a market relationship. The bifurcation analysis leading to this decision yields an essential profile of target customers in terms of their buying needs and relevant individual or organizational characteristics. When the target customer group has been chosen, the managerial challenge becomes that of positioning the company and its ERP or services relative to the preferences and acceptability of the target group. The objective of this exercise is to serve the customer and to outperform competitors by focusing the company's competencies in an appropriate manner. To make a competitive positioning decision, the manager must know the customer purchase criteria, customer preference regarding service or product performance on each criterion and customer perceptions of competing vendor and their products on each criterion.

The importance of understanding the customer purchase criteria used in evaluating the alternative ERPs and services is stressed, not only because of their central role in explaining customer's favoring an ERP, but also because an appreciation of the nature and use of these criteria is fundamental to the positioning decision. Evaluative criteria are usually best conceived as benefits sought by customers from competing products or services. The identification of such criteria which customers will use in making their evaluations not only allows the seller to understand their decision-making but also makes it possible to segment the market in terms of customers requiring a suitable ERP-based solution.

Steps for Competitive positioning

The first step in formulating a positioning approach is to complete a basic listing of the criteria important to the target customers through formal research or, at the least, through personal questioning of buyers and reflection on experience in marketing to them successfully. Some prospects will require the ERP sales people to give them the confidence that they understand their needs. It is very important for the ERP salesperson to take control of the discussions because the customer will ultimately never gain confidence, if he is allowed to stick to his explicit idea, technology and environment without any initiative from the vendor.

After the criteria have been identified, the next step is to identify customer preferences concerning ERP performance on each criterion. A map of customer preference is of enormous importance, as it documents explicitly an ideal service from the customer's viewpoint. In doing so, it provides one of the essential benchmarks relative to which an ERP and related service offering may then be positioned.

The next step that must be taken before making a positioning decision is to detail the perceived position of each competing product on each criterion. Significant marketing implications of the analysis now begin to appear. How the different ERPs differ is readily visible as is their ability to match customer preferences.

Armed with such information the marketing team then decides how to position its ERP offering in the market. The position chosen is of a relative nature. The position is chosen relative to the identified customer preferences and competitor performance on each important criterion and relative to the company's capabilities

Understanding the advantages and the limitations of the ERP, the company should target those prospects that will possibly look at what it is contributing. Those companies perform best

which define their target markets carefully and prepare a tailored marketing programme. A company can define its target market but fail to fully understand customer needs. The vendor must closely look into the five basic types of needs namely, stated needs, real needs, unstated needs delight needs and secret needs. Responding only to the customer's stated need may not meet his expectations. Customer-oriented thinking requires the company to define customer needs from the customer's point of view. Every buying decision involves an exchange, and management cannot know what these are without researching the customers. Responding only to the customer's stated need may not meet his expectations.

Developing Marketing Strategies

Should the organization offer the ERP at a premium price with excellent service that is well-advertised and aimed at higher-end markets? Or should it aim for a product to be offered at a medium price with limited functionality? After launch, the ERP positioning strategy will have to be modified at different stages in the product life cycle: introduction, growth, maturity, and decline. Moreover, the strategy choice will depend on whether the organization plays the role of market leader, challenger or follower. Finally, strategy will have to take into account changing global opportunities and challenges. To transform marketing strategy into marketing programmers, marketing managers must take basic decisions on expenditures, mix, and allocation. The organization must first decide the level of their marketing expenditures in their marketing budget as a percentage of the sales goal. Second, the company also has to decide how to divide the total marketing budget among the various tools in the marketing mix. Finally, marketers must decide on the allocation of the marketing budget to the ERP, channels, promotion media, direct mail advertising versus trade-magazine advertising or any support service that can provide a competitive advantage in the competitive marketplace. A critical marketing mix tool includes the various activities. It must identify, recruit, and link various marketing synergies with the management consultants to help recommend the ERP and services efficiently to the target corporate. Promotion includes all the activities the company carries out to communicate and promote its products in the target market. The organization has to employ, prepare, and inspire salespeople. It has to lay down communication and promotion programmes consisting of advertising, sales promotions, public relations, and direct and online marketing.

Application of marketing strategy

The product manager is required to outline the broad marketing strategy that he or she will use to accomplish the plan's objectives. The marketing strategy is often presented in list form:

• Target market   : To identify industry sectors

• Positioning   : Define and emphasize USP of the product

• Product line   : Add-on products

• Price   : Competitive price

• Distribution   : Synergy with hardware/software vendors

• Sales force   : To expand by 10% and introduce a national account-management system to provide widely available and quick service by competent professionals

• Service : To develop a new advertising campaign that supports the positioning

• Advertising   : To participate in trade shows and seminars

• Strategy : To emphasize USP in the advertisements and commercials; increase   the advertising budget by 20%

Conclusion

The marketing concept rests on four pillars: target market, customer needs, integrated marketing, and profitability. As for any product, the fundamental selling concept for an ERP takes an inside-out perspective. It starts with organization, focuses on the company's existing strengths, and calls for heavy selling and promoting to produce sales. The marketing concept takes an outside-in perspective. It starts with a well-defined market focused on customer needs, integrates all the activities that will affect customers, and produces sales by satisfying those needs.

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