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Value Creation in Marketing: Can Sales-Turnover turn to be a Competitive Advantage to the Marketer and Customer?

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ABSTRACT

Doing business based on value delivered gives companies the means to get an equitable return for their efforts. Once markers/suppliers truly understand value, they will be able to realize the benefits of measuring and monitoring it for their customers. In this highly competitive circumstance all the firms regardless of the local or multinational tend to focus on value creation in marketing, by any means, in order to make their customers satisfied. Value is usually made with a target to satisfy the ultimate customer, but value creation in sales-turnover also affects the channel members and cost function, as a result impacts on the volume of sales and customer satisfaction as well. This formulation integrates value management, brand management, and relationship management within a customer-centered focus. Companies can decide which driver(s) strengthen for the best payoff. In this paper an effort has been made to develop an integrated value model composed of different strategies with different value concept, which ultimately impact on the sales turnover and thus create a value throughout the marketing functions and achieve its ultimate target. The paper moves step by step, from discussion of the concepts evolved in relation to value creation in marketing, then induction and development of the conceptual value creation model with special focus on the minimization of duration of the Sales-Turnover for competitive advantage vis-à-vis value creation for consumers. Finally, a rigorous theoretical analysis is given with an experimentation of the value model on a company- Abul Khair Co. Ltd.- partially practicing this concept in their marketing functions. This inductive model can be a solid basis for further research of strategic marketing application.

Key Words**:** Value creation, Value model, Sales turnover, Competitive advantage, Customer satisfaction.

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1. Introduction:

The purpose of business is to create and retain customer. But, the question is how? While business thinks in terms of products and derived values, customer is looking at satisfaction. The key question is whether all the strategy, product features, additional offers and value creation lead to ultimate customer satisfaction. The customer is buying satisfaction. And highest value is derived when the customer is fully satisfied with his purchase (Srinivasan, 2004). The key here is to rollout more value propositions with the very basic of the requirement whether the value proposed gives satisfaction to the customers. Because the customer is buying satisfaction, and highest value is derived when the customer is fully satisfied with his purchase. Therefore, value is essentially to be thought at every point of marketing function, and dynamic strategic models can create value in dynamic form to give customer more satisfaction in different dimensions.

Purpose of this paper is to show a value creation in marketing related to sales turnover. And the consumer is expected to have perceived this value creation with satisfaction as long as the proposed model is exactly followed, provided the basic requirement of the product is adequately met. Not necessary all the consumers would respond to this value creation, but the consumers with elastic demand would have a positive mind to accept it.

A number of studies have taken place on the value creation for the customers both in the B2B (Business to Business) and B2C (Business to Consumer) marketing. Anderson, J. C. (1998) in Harvard Business Review presented a thought provoking discussion on the value creation for the customer in the context of B2B marketing. However, the concept remains same when it is applied in the context of B2C marketing. Kotler, P. (2005) in his recent theory of Holistic marketing concept discussed value in different dimensions. He also further focuses on different forms of value creation that ultimately interpret the dimensions of consumer satisfaction. Total-Customer-Value (TCV), as defined by Kotler, is the "perceived monetary value of the bundle of economic, functional, and psychological benefits customers expect from a given market offering". These days marketing has continuously been struggling to create Total-Customer-Value for consumer through building image, ensuring brand equity & value equity, achieving consumers' trust and satisfaction, and above all upholding sustainability not in the sense of business and enterprise only, but in the society's recognition and welfare also

In this paper an attempt has been made to ensure TCV in monetary form by using value creation model consisting of a set of marketing strategies, and minimization of duration of sales-turnover. Anderson (1998) questioned marketers: "How do you define the value of your market offering? Can you measure it?" Few marketers in business markets are able to answer those questions, and yet the ability to pinpoint the value of a product or service for one's customers has never been more important. By creating and using what the authors (Anderson) call customer value models, marketers are able to figure out exactly what their offerings are worth to customers.

Khoo, A. (2008) in an interesting article on value creation questions why Bill Gates is the richest man in the world? He argues this is because Gates has created the greatest value in the world. Because of Microsoft products, millions of people have been able to work more efficiently and achieve their personal and business goals.

In describing the way to understand the requirements of customer, Anderson suggested field value assessments- the most commonly used method for building customer value models- call for marketers to gather data about their customers firsthand whenever possible. Through these assessments, a supplier/ marketer can build a value model for an individual customer or for a market segment, drawing on data gathered form several customers in that segment. Suppliers/ marketers can use customer value models to create competitive advantage in several ways.

First, they can capitalize on the inevitable variation in customers' requirements by providing flexible market offerings. Second, they can use value models to demonstrate how a new product or service they are offering will provide greater value. Third, they can use their knowledge of how their market offerings specifically deliver value to craft persuasive value propositions; And, fourth, they can use value models to provide evidence to customers of their accomplishments. But, however, this is exclusively applicable for B2B marketing only.

Anyway, doing business based on value delivered gives companies the means to get an equitable return for their efforts. Once markers/suppliers truly understand value, they will be able to realize the benefits of measuring and monitoring it for their customers.

Kanter, R. M. (2003) in a civic-action research project in five regions of the United States found three assets mostly responsible behind success in business; those are concepts, competence, and connections. Concepts are leading-edge ideas, designs, or formulations for products or services that create value for customers. Competence is the ability to translate ideas into applications for customers, to execute to the highest standards. Connections are alliances among businesses to leverage core capabilities, create more value for customers, or simply open doors and widen horizons. As a result, research about value creation has been a priority for success in competitive business operation.

The paper has attempted to develop an " Conceptual Value Creation Model through Sales Turnover" consisting of two major parts, of which the first one is "Strength for Marketing Programme" such as JIT and high distribution incentive, extensive advertisement and public relation and efficient sales force with market intelligence, and the second one is "Value to the Consumer Market" such as competitive price as perceived by the consumers, special attributes incorporated in order to create value for product, and standard product configuration as expected by the consumers. All these strategies are for helping firms marketing their products by minimizing the "duration of Sales-Turnover", which is basically a sort of fuel for the firm with regard to expand market share through value creation & brand equity.

2. Scope & Rational of the study:

The scope of the study has been confined with literature review, discussion, analysis and thought provoking idea of value creation model through sales turnover; rather than examining the idea empirically. A firm has selectively been studied in order to justify the applicability of the idea. Empirical part has been intentionally avoided keeping a view to financial constraint in mind.

Most of the firms, in this highly competitive circumstance of globalization, regardless of the local or multinational tend to focus on value creation in marketing, by any means, in order to satisfy their customers. Value at any point of marketing function would definitely impact the success of marketing. Value is usually made with a target to satisfy the ultimate customer, but value creation in sales-turnover also affects the channel members and cost function, and as a result, impacts the volume of sales and satisfaction of customers. This value model can ideally be a strategy for the products of elastic demand. Sales turnover ultimately impacts on cost function, and other strategies in the model connected to the sales turnover strategy impact dynamically on various points of marketing activities.

The intensity of using value concept in the field of B2B marketing is much stronger compared to B2C marketing, and therefore, a number of concepts and strategies for value creation appeared with a view to accelerate B2B marketing.

The authors have been inspired by the Holistic concept of marketing by Philip Kotler to rethink on value creation based on existing literature and concepts. Why not make an "integrated model for value creation" like the Holistic Marketing Concept that would guide practitioners to redesign the value creation in marketing? However, the value creation model would not just reinvent the wheel, but show the interrelationship among different set of strategies with a new dimension of Sales-Turnover-Strategy in order to create value for the consumers as well as trade members. Thus, this approach gives a competitive advantage to the marketers. Porter, in his value chain model, showed the points of production functions and marketing as a whole that the value should be ensured in so that the total quality of management and customer satisfaction can be achieved.

However, this paper is not going to give any end result of the study but an exploratory idea of a model. It will rather trigger further research on it, especially empirical study to prove its scientific application in marketing.

Moreover, the paper will cover the following objectives:

a. To discuss the concepts evolved in relation to value creation in marketing.
b. To induce and develop of the conceptual value creation model with special focus on the minimization of duration of the Sales-Turnover for competitive advantage vis-à-vis value creation for consumers.
c. To examine the Sales-Turnover-Strategy concept on a large-scale firm who is creating value in monetary form for the customers and channel members using this concept.

3. Methodology:

This is a sort of conceptual paper on inductive approach. The conceptual model could not be tested empirically due to constraint of money, as mentioned earlier, but a selective case study method has been applied to test the validity of the model on a firm who has been using this model partially in its own marketing function. Inductive method as described by Gill & Johnson in their book *Research Methods for Managers* is that “the logical ordering of induction is the reverse of deduction as it involves moving from the 'plane' of observation of the empirical world to the construction of explanations and theories about what has been observed”. In this sense, induction relates to the right-hand side of Kolb's learning cycle, i.e. learning by reflecting upon particular past experiences and through the formulation of abstract concepts, theories and generalizations that explain past, and predict future experience. In sharp contrast to the deductive tradition, in which a conceptual and theoretical structure is developed prior to empirical research, theory is the outcome of induction” (Gill, 2002). The data have been collected from various books and academic journals in order to support the literature. However, authors own observations and insights have been used as the basis of this paper. An idea of sales-turnover-strategy has been induced in the value creation model, which is derived from the findings of in-depth interview of a brand executive of “Sylon” tea division at ‘Abul Khair Co. Ltd. The brand executive for in-depth interview has been conveniently chosen since no brand executive or higher officer was willing to give information due to company secrecy. As a result, authors used their own sources, the brand executive personally known to them. Due to the matter of confidentiality, the name of the brand executive is not disclosed herein.

The authors may be questioned that why did they choose Abul Khair Co. ltd? Answer is very logical that initially one of the authors worked in research division of “Sylon” Tea marketing at Abul Khair Co ltd., and thereby came to know how sales turnover strategy is being used in marketing for competitive advantage.

However, as literature suggests, as stated by Ahmed (2007) that “case studies are in-depth focus on particular events, circumstances or situations that offer the prospect of revealing understanding of a kind, which might escape broader surveys”. “Case studies can involve either single or multiple cases, which enable the researcher to make comparative, and numerous levels of analyses, propose generalization and even add to the existing literature” (Leedy, 1997; Yin, 1994). When selecting a case for a case study, researchers often use information-oriented sampling, as opposed to random sampling (Flyvbjerg, 2006). Case selection should be theory-driven. When theories are associated with causal typologies, the researcher should select at least one case which falls in each category (Ahmed, 2007). Therefore, selection of a particular case “Abul Khair Co.” can be justified. Anyway, the case of Abul Khair Co. could not be rigorously analyzed due to non-cooperation of top executives. They denied giving any interview and information with a fear that information may be leaked to the Income Tax authority.

> [**Sales-Turnover-strategy** is defined as a strategic concept that it reduces the duration of sales turnover and recovers the money from the market by the help of some other selective strategies as mentioned in the integrated value model, and thereby offers relatively high commission to trade members and cheaper price with additional value added product to the customer as expected. In this concept the margin on unit sale would be relatively lower than that of competitors, but because of the value added to the product and marketing functions, greater gross profit would be made on the total maximum amount of sales. As a result, firms can expand market share through value creation and brand equity as well.]

Based on this concept, an integrated model for value creation has been developed with various dynamics of marketing strategies. The model of value creation in marketing adds a new value to the theory through its various dynamics connected to each other, and moves toward the expansion of market share through value creation & brand equity on the basis of sales-turnover-strategy.

Criteria for judging the quality of research design:

Since a research design is thought to present a logical report, a series of logical tests are good ways to examine all of them. Yin (2003) refers to four design tests:

Construct validity:	establishing accurate operational measures for the concepts being studied
Internal validity:	establishing an informal relationship, whereby certain circumstances are distinguished from false relationship
External validity:	establishing the domain to which a study's findings can be generalised
Reliability:	demonstrating that the operations of a study, such as data collection procedures, can be repeated with the same results.

From the above mentioned four tests, authors applied the first one to this study. As it is not a causal study, therefore, it is not feasible to test the internal validity. Moreover, authors have not empirically tested the proposed model, so it is not possible to show the test of reliability, and the external validity can not be proved. In this study, literatures have been rigorously used that support each and every strategy discussed in the model. We did not discuss any literature on some common marketing strategies such as 4P strategies and CRM because they are widely used and known concepts in marketing. However, the logical bonding of the strategies mentioned in the model and sequence of integration leading toward the ultimate goal proves the internal validity of the model. The argument and discussion of the model also further strengthen the internal validity of it.

4. Theory:

Customers estimate which offer will deliver the most value. Customers are value maximisers, within the bounds of search costs and limited knowledge, mobility and income. They form an expectation of value and act on it. Whether or not the offer lives up to value expectation affects both satisfaction and repurchase probability (Kotler, 2003).
Value has been dynamically described by Kotler (2003) in marketing. As he describes that - Customer Perceived Value (CPV) is the difference between the prospective customer's evaluation of all the costs of an offering and the perceived alternatives. Moreover, he also points out about Total Customer Value in relation to CPV, which is the perceived monetary value of the bundle of economic, functional, and psychological benefits customers expect from a given market offering.
Much has been written about customer orientation, customer relationship management (CRM), Customer Perceived Value (CPV), Total Customer Value (TCV) Customer Lifetime Value (CLV) metrics, Customer Centric organization models, customer retention, customer care etc with a view to ultimately satisfy, retain and attract customer through value creation.
Srinivasan (2004) in his paper "Creating customer value" describes the ways customer receives value at different points of satisfaction. He terms the ways as myths in value creation. Some common myths in value creation are:

Myth # 1 More is often considered value

Buy one get one free schemes are rolled out. There is of course an instant sales push. However at the end of the scheme the customer feels that he had all along been paying 100% more for the products and perceives that very product as costly once the scheme is withdrawn.

Myth # 2 Price is value

Many businesses consider lower price as offering more value. More often than not lowest price products end up as the second best with a higher priced product with similar product attributes leading the market. The simple reason is the higher price product may be offering a higher satisfaction due to perceived values and imagery. Car markets are a prime example of this syndrome.

Myth # 3 More features are value

Businesses load a product or service with more features thus offering a higher value. While this may be attractive if the features are not backed by adequate supports the satisfaction may be less and value is reduced.

We encounter this everyday. A customer buys a product with many features but not demonstrated properly or may not be serviced properly. Enquiries may not be handled effectively. For example, Cell phones companies may be offering plenty of additional features like national roaming or free incoming calls etc. However if the billing is poor and billing enquiries are not addressed properly the customer is dissatisfied and leaves the service for another provider.

Myth # 4 Products are competing with similar products

This is often true in the leisure industry. A movie theatre may not be competing with another movie theatre. If the customer is not satisfied with a theatre or movie he may look at options to other entertainment sources, for instance an amusement park. We may call them discretionary time products. Highest satisfaction levels are very important in this type of business.

Srinivasan (2004) argues, through describing various myths of value creation and satisfaction of the consumer, on the interrelationship between value creation and customer satisfaction. So, while marketing is talking about customer satisfaction as core focus, there should be special emphasis given on value creation to make them satisfied. And, satisfied customers retain and bring more customers as well as create positive sentiment about brand image. This relationship also indicates about the importance of customer relationship management. The aim of Customer Relationship Management (CRM) is to produce high customer equity. The customer equity is equal to the total of the discounted lifetime value of all the firm's customers. On the other hand, value equity- is the customer's objective assessment of the utility of an offering based on perceptions of its benefits relative to its costs (Quality, price and convenience). Customer equity is also linked with brand equity- which is the customer's subjective and intangible assessment of the brand, above and beyond its objectively perceived value. It includes customer brand awareness, customer attitude towards the brand, and customer perception of brand. Where as, relationship equity- is the customer's tendency to stick with the brand, above and beyond objective and subjective assessment of its worth. The strategies for relationship equity are loyalty programme, special recognition and treatment, community building programme, and knowledge building programme, etc. Therefore, establishing brand-equity should be the ultimate target of the firms through the CRM strategy. Customer relationship management (CRM) enables companies to provide excellent real-time customer service through the effective use of individual account information.

- Identify prospects and customers
- Differentiate customers in terms of (1) their needs and (2) their value to the company.
- Interact with individual customers to improve knowledge about their individual needs and build stronger relationships.
- Customize products, services and messages to suit each customer.
- Reduce the rate of customer defection
- Increase the longevity of the customer relationship
- Enhance the growth potential of each customer through " Share of wallet", cross selling and up selling
- Make low-profit customers more profitable or terminate them
- Focus disproportionate effort on high-value customers.

This formulation integrates value management, brand management, and relationship management keeping the focus customer-centered. Companies can decide which driver(s) strengthen for the best payoff.

In a hypercompetitive economy with increasingly rational buyers, a company can only win by creating and delivering superior value. This involves the following five capabilities: understanding customer value; creating customer value; delivering customer value, capturing customer value and sustaining customer value. To succeed, a company needs to use the concepts of a value chain and a value delivery network.

Executives must pay attention to how their companies create value in both the physical world and the virtual world (in the mind of consumer and channel member). But the processes for creating value are not same in the two worlds. By understanding the differences and the interplay between the value-adding processes of the physical world and those of the information world (virtual world), senior managers can see more clearly and comprehensively the strategic issues facing their organizations. Managing two interacting value-adding processes in the two mutually dependent realms poses new conceptual and tactical challenges. Those who understand how to master both can create and extract value in the most efficient and effective manner (Sviokla, 1995)

The value a company creates is measured by the amount the buyers are willing to pay for a product or service. A business is profitable if the value it creates exceeds the cost of performing value activities. To gain competitive advantage over its rivals, a company must either perform these activities (activities in the value chain) at lower cost or perform them in a way that leads to differentiation and a premium price (Porter, 1985).

So, the model we are going to develop is a set of strategies linked with each other to create value in cost cutting, differentiation, and price. Michael Porter proposed the value chain as a tool for identifying ways to create more customer value vis-à-vis quality. Every firm engages in a synthesis of activities that are performed to design, produce, market, deliver, and support its product. Value does not mysteriously come to life at the point of exchange (market), Instead, the ultimate source and determinant of value is each consumer's personalized experience, which is the contextual meaning of cognitive, affective, and co-native impressions of interaction (event) outcomes (-------2006).

The theories of value creation have been evolved over time. The 70's has often been viewed as the decade of quality improvement, during which companies began to invest heavily in quality improvements, and Total Quality Management became a buzzword. In the 80's, with quality a given, the competitive landscape shifted to lean manufacturing, focusing on concepts such as just-in-time, flexible manufacturing, and zero inventory, in order to achieve manufacturing excellence. In the 90's, market globalization, shortening product life cycles, and the disintegration of many industries created the race to improve the supply chain (Lee, 2001). Some of these theories, 80s and 90s, are described below in order to have well foundation of the knowledge of value creation in recent time, which are by and large customer focused.

Just in Time (JIT):

JIT concept helps ensuring the value-chain concept in the firm's business management operation. JIT Purchase is the purchase of goods or materials such that a delivery immediately precedes demand or use. JIT purchasing requires organizations to structure their relationships with suppliers and place smaller and more frequent purchase orders. JIT purchasing can be implemented in both the retail and manufacturing sectors of the economy. Companies adopting JIT purchasing do not have large amounts of material inventories on hand which enables a production line to continue operating even when some deliveries do not occur on time or where defective materials are delivered. JIT in most cases is followed by EOQ (Economic order quantity), therefore, companies ensure the following:

a. Companies increasingly are establishing long-term purchasing arrangements in which price and quality dimensions that apply over an extended period are agreed to by both parties.

b. Companies are using electronic links, such as the internet, to place purchase order.

c. Companies are increasing the use of purchase-order cards (e.g. VISA Card or other Credit Cards) in order to make the payment fast (Horngren, 2000).

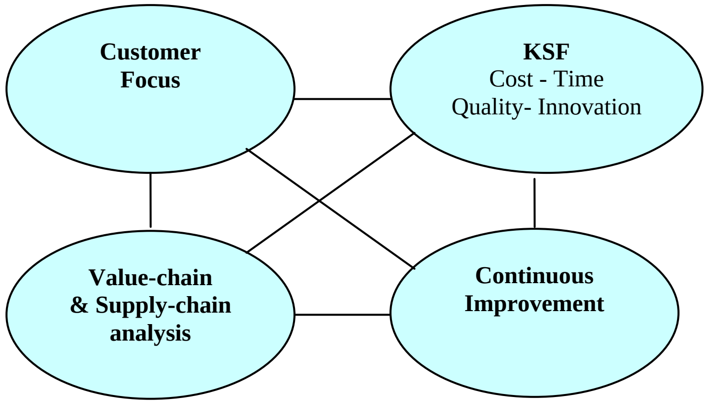
Quality-improvement programmes often result in substantial savings and higher revenues in the short run. Quality improvement also benefits a company's long-run performance. For example, a quality focus creates expertise about products and processes that frequently lead to lower costs, increased customer satisfaction, and higher future revenues. Sometimes, the benefit of better quality is preserving revenues, not generating higher revenues. If competitors are improving quality, improvement will likely suffer a decline in its market share, revenues, and profits (Horngren, 2000).

Managers are always struggling with cost cut, quality control and improvement, and value creation. All these issues eventually make the firm highly competitive and customer-oriented. The design of a management accounting system should be guided by the challenges facing managers.

As described by Horngren (2000), the diagram presents four key themes that are important to managers attaining success in their planning and control decisions. Management accounting can play a key role in helping managers focus on these four themes.

Four key factors of value creation

Fig.1.1



Source: Horngren (2000:8)

1. **Customer focus**: Customers are pivotal to the success of an organization. The number of organizations aiming to be "customer-driven" is large and increasing. The challenge facing managers is to continue investing sufficient resources in customer satisfaction such that profitable customers are attracted and retained.

2. **Key success factors (KSF):** These operational factors directly affect the economic viability of the organization. Customers are demanding ever-improving levels of performance regarding several of the following:

   i. Cost-Reduction: organizations are under continuous pressure to reduce the cost of their products or the services they sell.

ii. Quality-Customers: Today, customers expect higher levels of quality and are less tolerant of low quality than in the past.

iii. Time: Time has many components, including the time taken to develop and bring new products to market, the speed at which an organization responds to customer requests, and the reliability with which promised delivery dates are met. Organizations are under pressure to complete the activities faster and to meet promised delivery dates more reliably than in the past in order to increase customer satisfaction.

iv. Innovation: There is now heightened recognition that a continuous flow of innovative products or services is a prerequisite for the ongoing success of most organization.

Managers need to continually track their performance on the chosen key success factors vis-à-vis competitors. This tracking of companies outside their own organization alerts managers to changes in the external environment that their own customers are also observing and evaluating.

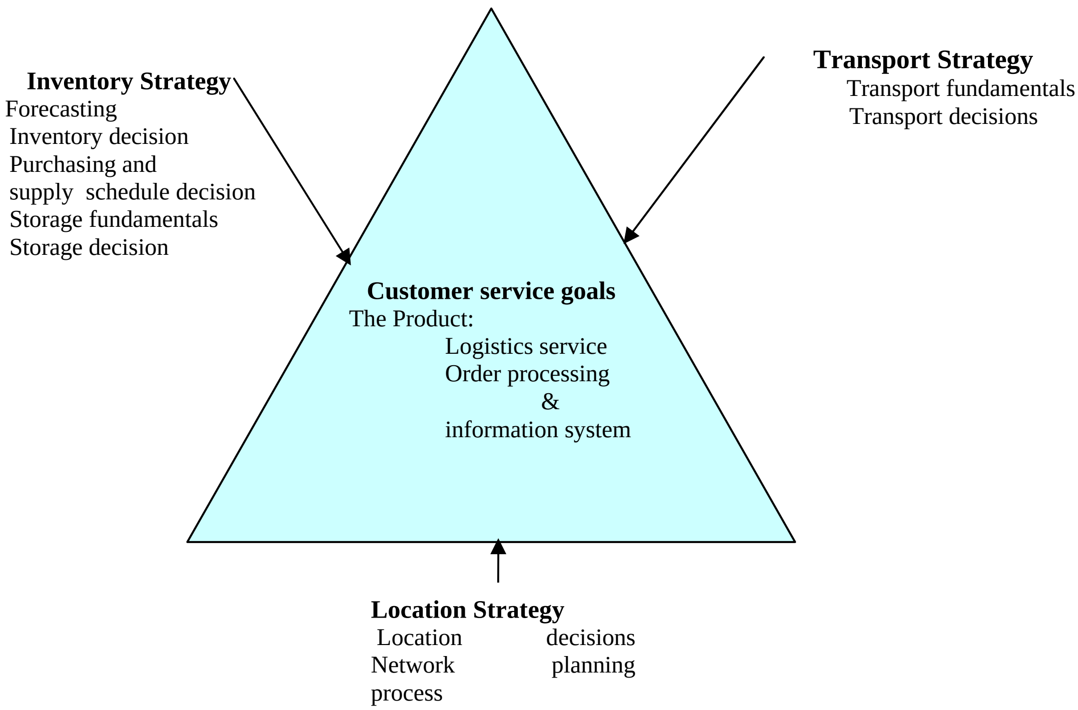
3. **Continuous Improvement:** Continuous improvement by competitors creates a never-ending search for higher levels of performance within many organizations. Phrases such as the following capture this theme:
    i. A journey with no end
    ii. We are running harder just to stand still
    iii. If you are not going forward, you are going backward.

To compete, many companies are concentrating on continually improving different aspects of their own operations. Keep in mind though, that different industries will focus on improving different operational factors.

4. **Value-chain and Supply-Chain analysis:** Value-chain can be summarized like – "treating each of the business function as an essential and valued contributor, and integrating and coordinating the efforts of all business functions in addition to developing the capabilities of each individual business function"

The term "Supply-Chain" describes the flow of goods, services, and information from cradle to grave, regardless of whether those activities occur in the same organization or other organizations. The model of supply-chain is given in order to understand the concept (Ballou, 2004)

Fig. 1.2 Supply-Chain Model



Source: Ballou, 2004.

From the above discussed literatures the following conclusion can be drawn that they are basically focusing on:

- Customer satisfaction
- Quality improvement
- Innovation
- Cost cutting
- Time management leading to quality control/enhancement and cost reduction
- Strategic advantages in production and supply-chain leading to, further, quality control/enhancement and cost reduction
- Strategic approach such as customer relationship management is for making the customer satisfied, and building a bond between customer and firm through image creation and brand equity.

All these factors are critical to value creation either in production, supply, and management operation, or in customer satisfaction. Therefore, a proposition can be made that the strategies a firm makes basically result in value creation in different areas, which then gives the firm the competitive advantage in the market.
[Image building or customer satisfaction or cost cutting or quality enhancement—are all different kinds of values, no matter what strategies are used].

5. Result of In-depth Interview from the Brand Executives of "Sylon" Tea at Abul Khair Co. Ltd

In short, we provide the findings of the in-depth interview in order for justifying the strategic aspects used in the conceptual value creation model as discussed in the literature review above. Before we have discussed the strategic aspects with the brand executive, we figured out the strategies based on literature review so that they can be justified whether and how they are being used in "Sylon" tea marketing. In-depth interview was taken by structured disguised questionnaire; without showing the questionnaire to the interviewee. A thorough discussion was also taken place in order to know how they apply and what the results they receive against.

Table 1.1 <u>Result of In-depth Interview</u>

Question of strategic use	Yes	No	Comments of interviewee
Do you use Sales Turnover strategy?	•		We are getting a very good result using this strategy. We have expanded the market share very successfully in short time.
How many times in a year you roll the sales money?	10		
Do you use JIT and high distribution incentive?	•		Not JIT, but using higher trade incentives and often consumer promotion more extensively than competitors.
Do you advertise extensively and go for public relation	•		Only advertisement, no public relation is maintained.
Do you have efficient sales force and marketing intelligence?	•		Yes, we have efficient sales team. We provide them training and commission on the basis of sales volume and market intelligence report.
Do you think you have competitive price as perceived by consumers?	•		It is true, because our sales have gone high in short time, but we have not ever studied the consumers' perception and attitude towards price.
Do you incorporate special attributes with the product as expected by consumers?	•		Only at the initial level of PLC we gave special offer and additional free condensed- milk with the Tea.
Do you think that you ensure standard product configuration and accompanied services as expected?			We believe, but it can be justified after consumer survey.
Do you maintain Customer Relationship Management?		•	

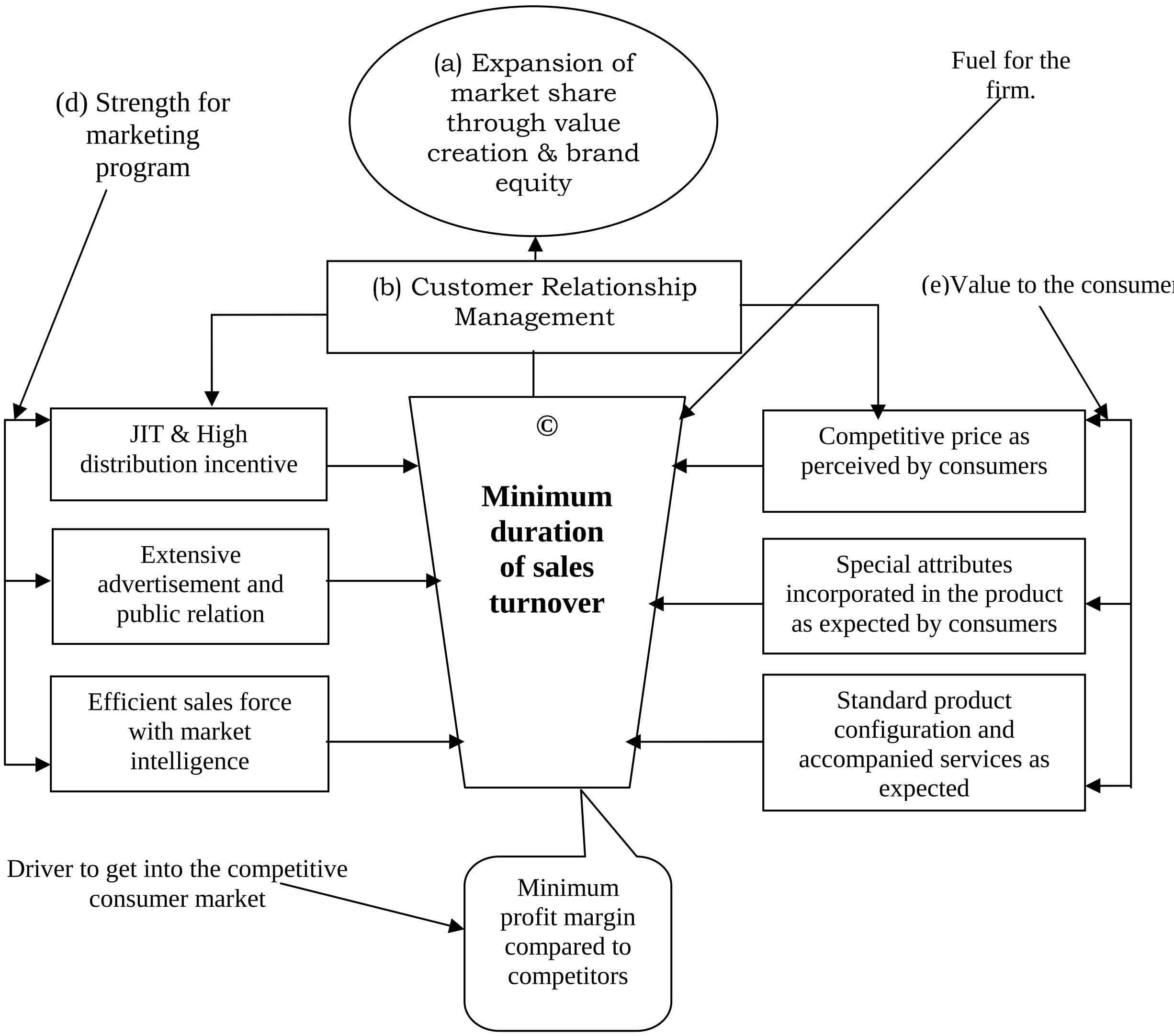
Do you think that after you have used the sales turnover strategy market-share has been expanded, and brand equity is developed in the market?	•		Market share has been definitely increased; but we are not sure about brand equity.

6. Development of a Conceptual Model for Value Creation through Sales Turnover Strategy:

This model has been developed on the inductive approach, but at the same time, in order to strengthen the foundation, in-depth interview method was used to collect information on the way sales turnover strategy is being used in Abul Khair Co. for “Sylon” tea marketing. Open ended interview of a brand executive working at Tea marketing division captured information that helped authors developing this model. The above discussed literature review gives a solid foundation on the various natures and dynamics of value creation, eventually that led the structure of the diagram. However, the fundamental marketing concept was also an influential factor considered while developing this model. This model can be, in future, examined empirically with rigorous focus to prove its validity and reliability scientifically.

But, now this model is a conceptual idea expressed thorough this strategic approach so that practitioners are inspired to use it considering the context, nature of marketing and product offering. The applicability and impacts are explained with a view to consequences seen in Abul Khair Co. and the knowledge of value creation in marketing suggested. However, one thing to be specially noted that this conceptual model for value creation is not the exact outcome of the case study of Abul Khair Co., rather it is more likely an ideal conceptual model founded on the sales turnover strategy used by “Sylon” tea marketing team. Therefore, the conventional way of presentation of case study is not followed, and an idealistic approach is made. The discussion and explanation of the model is given in the next chapter.

Fig. 1.3 **Conceptual Model of Value Creation in Marketing through the Sales-Turnover Strategy:**



6.1 Discussion and Implication of the Model:

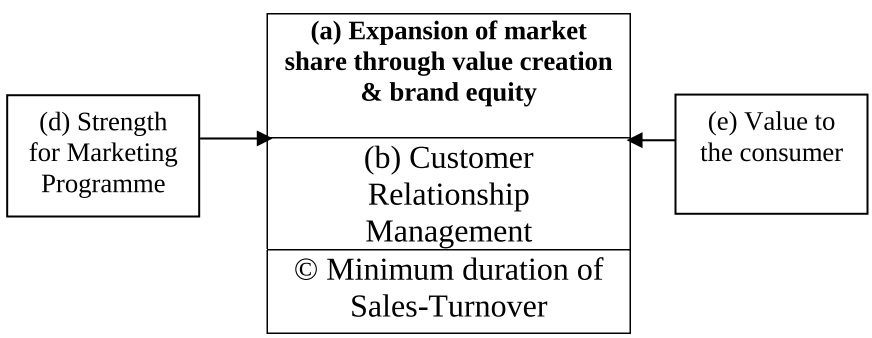
Every viable organization is built on a sound business model, whether or not its founders or its managers conceive of what they do in those terms. But a business model isn't the same thing as a strategy, even though many people use the terms interchangeably today. Business models describe, as a system, how the pieces of a business fit together. But they don't factor in one critical dimension of performance: competition. So, sooner or later – usually sooner – every enterprise runs into competitors. Dealing with that reality is strategy's job. A competitive strategy explains how you will do better than your rivals. And doing better, by definition, means being different. Organizations achieve superior performance when they are unique, when they do something no other business does in ways that no other business can duplicate. When you cut away the jargon, that's what strategy is all about – how you are going to do better by being different. The logic is straightforward: When all companies offer the same products and services to the same customers by performing the same kinds of activities, no company will prosper. (Magretta, 2002)

However, this is not a typical model that we often develop in the scientific research and then finally test the validity through empirical study; rather it is a conceptual model of set of strategies which leads to cost cutting and value creation in different points of marketing activities based on the inductive approach.
This model has basically five parts:

a) expansion of market share through value creation,
b) customer relationship management,
c) minimum duration of sales turnover,
d) strength for marketing programme and,
e) value to the customer.

(a) is the ultimate target of the firm that it must accomplish in order to enjoy competitive advantage and sustainability. **(a)** can be achieved while **(b), (c)** are adequately supported by **(d)** and **(e)**. **(d)** is composed of three broad strategies such as Just in Time Management in supply chain and proper distribution incentive; extensive advertisement and public relation; and efficient sales force with market intelligence. Moreover, **(e)** is also composed of another three broad strategies which directly create value for the consumers such as Competitive price as perceived by the consumers; Special attributes incorporated in the product as expected by consumers; and Standard product configuration and accompanied service as expected by the consumers. If **(d)** and **(e)** are adequately designed which help achieving the **(c)** and **(b)**, firm can easily create value and brand equity, therefore, it can expand the market share in terms of sales volume and virtually- i.e. consumer's mind set.

Fig: 1.4 Strategies used in the model of value creation



A firm would strengthen its marketing programme by applying three broad strategies. JIT (Just in time) in supply chain management would save time and inventory cost, which would ultimately reduce the cost of production and increase the performance and quality in production and supply. Moreover, high distribution incentives would stimulate wholesalers and retailers to sale the goods. Extensive advertisement and publicity will result strong positioning as well as brand image of the product, and stimulate consumers for buying the product as long as the advertisement is adequately made.

However, strong sales team will physically position the product in the market while market intelligence will keep updates about the competitors, consumers and other uncontrollable forces. Thus, firm can redesign the tools based on the competitor's steps and position and customer's reactions.
On the other hand, firm should directly create value for the customer in order to ensure brand equity in the market. In this regard, firm should set competitive price for the product which would seem reasonable to the customer against the utilities consumer receives as per perception. It should also incorporate some special attributes with the product compared to competitor's product as expected by the consumers. However, consumer's expectations can be recorded through the market intelligence of the firm. Product should be configured with certain standard, the standard which consumers perceive; and the accompanied service or post sale service as expected by the consumers or which might make them feel benefited while purchasing the product should be provided on time with certain quality, the quality that consumers perceive to be high.

However, the above discussed strategies i.e. **(d)** - *strength for marketing programme* and **(e)** - *value to the customer* would directly help achieve the **(c)** - *minimum duration of sales turnover*. Minimum duration of sales turnover means reducing the length of time of sales and recovering the sales-payment from the channel members. Sales turnover can be reduced as long as consumers are provided with high value for product, stimulated for those values through promotion, and channel members are offered relatively better incentives (this is also a kind of value for them) for selling the products. As a result the demand in the consumer market would go up with increasing brand image, at the same time channel members will be highly interested to sell the brand because of higher incentives and brand image; therefore, they would move for selling the product much faster than those of other brands who have less brand image and offering relatively less incentives to channel members.

> The faster they sell goods the lesser is the duration for which the capital is blocked; the lesser the duration for which the capital is blocked the minimum is the cost of capital and the maximum is the use of capital; the maximum the sales turnover the minimum is the cost of capital; the minimum the cost of capital is the maximum the return in business.

So, this strategy can also create value for channel members and consumers as long as it is supported by strategy (d) and (e). Because of the minimum cost of capital and maximum use of capital, a firm can earn maximum profit with relatively minimum margin on per unit sale. When channel members can sell the goods more quickly because of high demand and brand image, they can repeatedly use the capital through increased turnover depending on how quickly they can empty their shelves and recover the money. Therefore, though the channel members keep relatively lower margin on each unit sale but considering the high turnover they can make maximum profit from the total volume of sale, (total volume of sale consists of volume of sale in each turn multiplied by total number of turns.) As they can keep relatively lower margin, so this would give further value to the customer. Thus, the amount of sales and the consumers' satisfaction would go up because of value creation at different points, and finally the company will also enjoy the long-run benefit for better sustainability.

Above discussion shows that strategies (c), (d), (e) basically emphasize on customer-focus, and value creation resulting in cost reduction and brand equity. These strategies help develop a marketing programme centering on customer relationship management (CRM). Different supplementary strategies discussed above also aids in building customer relationship by giving them special value, creating brand mage, communicating brand information, offering cheaper price accompanied with better service, i.e. collecting market information on consumer needs through consumer research and fulfilling them.

At a glance, sales-turnover strategy in support of other strategies, which has been discussed above, is resulting the following benefits that a firm can enjoy as competitive advantage. They are

- reduce the cost of capital,
- offer relatively lower margin on unit price,
- maximum return on sales for the channel members and
- ultimately better valued product provided to the customer and
- higher valued incentives for channel members.

(Say for example, if a retailer, A, buys a product of TK. 100000/ for selling, and finishes selling all the units in four months, therefore, he can use the capital TK. 100000/ for three times in a year, which becomes TK. 300000/. But if another retailer, B, buys another competitive product of TK. 100000/ for selling, and finishes selling all the units in two months, therefore, he can use his capital for six times a year, which becomes TK. 600000/.In that case he can keep half margin than retailer A, and can make equal profit. Moreover, after every two months he can reuse his capital; therefore, the cost of capital becomes half than A, which gives another value to the retailer. However, this strategic option does not only give value to the retailer but the consumer also in the form of cheaper price and continuous availability of product in almost all shops; the same will be applicable for marketers),

The value model may seem to be nothing new but a strong supporter of the generic strategy concept of Michael E. Porter. However, the emphasis of this model is on the gradual but timely integration of the different strategies, which guarantees the expansion of market share and ensures competitive advantage and sustainability.

7. Benefits of Using the Value Creation Model:

The basic benefits of using this model in business are much wider than that has been explained in the discussion chapter. The fundamental question in the field of strategic management is how firms achieve and sustain competitive advantage (Rumelt, 1994).And today, in the age of globalization this has been the most fundamental strategic problem of business which the proposed model is trying to solve. The specific benefits of this model are mentioned below:

1. It integrates a number of strategies into a model that leads to the expansion of market share through value creation & brand equity; these two factors eventually ensure sustainability for the firm.
2. It shows different kinds of values derive from the strategic applications, and move for the customer relationship management, which also indicates company's orientation towards consumerism and social welfare.
3. The model gives information on value creation; that strategic application is basically creating value either for firm, customer and channel members, and the end result is brand equity and expansion of market share.

4. It also explains how the reduction of time of sales-turnover can act as a driver to get into the competitive consumer market with the supplementary assistance of other common marketing and production strategies.
5. And finally, this model gives a conceptual understanding of how a strategy stimulates other strategies, and the integrated form of it causes a particular result.

8. Conclusion

We all are familiar with these strategies discussed in the model but are not sure about the consequences (synergistic effect) that result from the adoption of the integrated approach. Though we have only used an inductive approach, but our approach has been well founded on the literature review. Application of sales-turnover strategy has been observed in a firm continuously using the strategy, but not in the form we suggest. We suggest an integrated approach of different set of strategies that create value and results in the expansion of market share and brand equity. Different set of strategies put together in the model are linked with each other, thus, meeting the ultimate goal of the firm. In every point of strategic application, a kind of value is created such as cost cutting, incentives for channel members, image of the product through promotion, value in perception of the consumers and retailers because of the efficient salesmanship; strong market intelligence also creates value to the marketers that they come to know about what exactly customers want and what exactly competitors offer that consumers appreciate best.
Value is also created through reconfiguring the product and adding new feature to the product as expected by the consumers. Cost cutting results in relatively cheaper price, and efficient salesmanship provides better service, which also create value to the customer.

In fact, pursuance of this model leads the marketing programme towards CRM (Customer Relationship Management) and results in the expansion of market share and brand equity.
The major limitation of this model is that no experimentation has been carried out, but observation and assessment of the application of sales-turnover strategy in the Abul Khair Co. Ltd. The company had a very good result af they applied sales turnover strategy especially in “Sylon” brand tea marketing. However, the integrated form of different strategies mentioned in the model is not possible to experiment in any firm within a short period of time and with limited fund.
Therefore, this paper reflects a first hand inductive approach based on thorough literature review on the subject and author’s observation and intuition.
Suggested models, to some extent, may be very difficult to experiment since it is related to the practical functions of marketing; no company would agree to use it just as an experiment. But related literature strongly supports the notion that application of this model would possibly bring expected result as long as the strategies are effectively used and the company resources are adequately positioned. The value does not only result in the mentioned consequences, it also leaves an ever-lasting impression in the mind of the consumers as well as the channel members. We call this end result as the “virtual positioning” of the brand and company in the market.
Further study is encouraged to experiment the validity and reliability of this model in real application of marketing.

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