Information Management and Business Review
Vol. 6, No. 5, pp. 212-219, Oct 2014 (ISSN 2220-3796)

Double-way interrelations customers↔products

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Abstract: On the one hand, the impulse in the case of these interrelations and the proper functioning of any company producing/providing services is represented by the needs and motivation of the customers, these aspects leading to determining their behavior in the process of their acceptance / rejection of the products/services they are provided. On the other hand, the products or services should be tailored according to the requirements of the customers and consumers and they should consider the satisfaction of a set of desires and needs, including the ones expressed by the Maslow's Pyramid of Needs. In order to highlight these multidimensional double-way interrelations, one surely needs, at the same time, to use the marketing sub-function in a case study in symbiosis with the other functions, sub-functions and highlighting tools of the analyzed firm or company. Any purchasing act follows to simultaneous reach more goals, the consumer having to manage between positive motivations and the negative ones, the last category acting as a break. In the double-way interaction, the redirecting of the negative behaviors, along with the improving the supply characteristics are the appropriate ways of winning. A key role in this action is played by the customer loyalty programs which provide a strengthened interrelation and a win-win type beneficial strategy.

Keywords: *Consumer behavior, motivations, needs, feedback, win-win strategy, profitability*

1. Introduction

The practical background of the approach: In this paper, our scientific method is a little and slight different from a usual one. More precisely, I speak about induction that is, starting from the practical example, to emphasize the traits of the compulsory relationship between the consumer (client) and the firm (products), mainly based on marketing sub-function, advertising and the folding of the firm's activity on the customers' needs and behavior[1]. On the other hand, a very useful tool considered in the present analysis was *the questionnaire method*, appropriate for our purpose, due to the fact that Tess Conex S.A. Company is dealing with spare parts, pieces and auto parts. Therefore, we need to know which the tastes, needs, even social status of the clients are, or of the possible future customers. A typical example for our goal is an entity, a firm from the auto market, cars being the most wanted and useful medium-term products for the modern people. In this situation, the SWOT analysis for the Tess Conex S.A. Company is an edificatory picture[2] for the understanding of what is in fact and what is the functioning and the way to be followed by this firm.

The below table shows the strengths and weaknesses of the company and, at the same time, the reason why SC TESS CONEX SA *is the market leader*. And again, the 4 Ps are the pillars of the analysis and determine the structure of the marketing sub-function actions and, also, the response of the market, of the customers, under the form of *feedback process*. Regarding the threats and opportunities resulting from the analysis of the external factors influencing the evolution of the company, we mention:

The Opportunities:

- The membership to the CONEX Group of Companies – provides easy access to the various information regarding the market's evolution trends and sources of external funds;
- The increase of the auto service business over the past three years in Romania;

[1] Trifu, Alexandru (2011)-Microeconomics, CD format, Performantica Publishing House, Iasi.
[2] Kotler, Ph., Keller, K. L.-*The Marketing Management,* online book, www.ro.scribd.com, pp. 72-77, viewed 20th of March, 2014.

- The enrollment in Government Programs supporting SMEs;
- Holding significant market shares in their activity areas;
- The competitive positioning against foreign auto parts manufacturers;
- The access to cheap and highly qualified labor, generating competitiveness factors for the foreign markets;
- Most of the manufactured products are in the mature stage bringing profit and providing the necessary support for the launch of new products;

Table 1: SWOT points for SC Tess Conex S.A.

Submixes	Strengths	Weaknesses
		* technologies and equipments worn and outdated affecting productivity and costs; low level of automation of the technological processes of production;
	* product position * the product of S.C. TESS CONEX S.A. Are quality products, the quality is given by tradition, experience and qualification;	
PRODUCT POLICY	* relatively large volume of sales * highly varied range of products	
	* the ease with which a wide variety of new products can be absorbed;	
	* the integration into the TESS CONEX SA Industrial Group Provides access to information on the development of new products and market conditions within the group.	
	*ongoing analysis of the customer satisfaction with the company's products; *responsiveness to their suggestions.	
PRICE POLICY	* differentiated price policy based upon several factors: Sold quantities and payment arrangements; * adapting payment terms to customers; * favorable price / quality ratio	* relatively high prices, a direct consequence of high costs generated by the use of worn and outdated technologies and equipments
	* existence of an optimum number of sales managers capable of covering the whole country;	
DISTRIBUTION POLICY (PLACEMENT)	* a developed car park; * regularity concerning deliveries; * the existence of SC TESS CONEX S.A. regional warehouses.	* large covered areas
PROMOTION POLICY	* constant participation in fairs and exhibitions in the automotive and spare parts industry.	

The increase of the domestic consumer's preference, but also of those from the markets of Germany (a Gauss curve with a peak in 2011-2012 regarding Dacia sells), France and other UE countries for the automobiles

manufactured in the Dacia Renault factory, which are cheaper compared to other automobiles manufactured in Europe, with an excellent price-quality ratio.

Threats:

- The negative financial and economic conditions due to the global economic crisis;
- Characterized by high levels of inflation indicators;
- Legislation frame instability.
- It is estimated that a decrease in the auto market, as occurred from 2009 to the present day, which could lead to a reduction in turnover.

The marketing sub-function within SC TESS CONEX S.A.: The goal of the marketing policy of the group consists of the freight policy goal plus the achievement and maintenance of a level of total customer trust in any existing or future product or service of the CONEX Group. The principle applicable in the marketing policy of the TESS CONEX Company is the actions and processes aiming at total customer satisfaction and the achievement of the company's quantitative and qualitative objectives[3].

P1 – the principle of ensuring customer satisfaction through product and service quality as well as the value the customers benefit of;

P2 – the principle of strategic planning oriented towards the market and the customers;

P3 - the inverted pyramid principle;

P4 – Context (where are we?);
Objectives (where do want to go, what do we want to achieve?);
Strategy (how to do?);
Actions to be implemented (what do we do properly?);

P5 – The principle of ensuring profitability by achieving sales objectives.

Short and medium term objectives: Since 2012, the firm implements a European co-financed project by continuing to invest two million euro in refurbishment and the introduction of new machinery in the production process and some of the funds are designated for trainings, thus investing in the continued education of the company's employees. According to the mission statement and based upon the SWOT analysis, the short term and long term objectives are as follows:

The increase of the market share by 50% until 2015 and the increase annually in turnover in relative value by 7-10%;

The constant refurbishment by a fund increase of 25% net annually and the maximum use of opportunities offered by the possibility of accessing and implementing projects of projects for SMEs with an outstanding financial support of the EU;

The enhancement of the marketing activities to strengthen the analyzed firm brand name and of the products made by the firm, by an increase of in the marketing budget by 5-10% annually;

The intensification of the staff's education degree by specific training programs benefiting from projects for HR development financed from EU funds. To achieve the already set objectives, the SC Tess Conex SA medium term strategy is a growth increase strategy namely: a focusing strategy combining the product development (through an effect arising from experience) with the market development (gaining a grater share of the competitor's market). In this respect, we will apply *ALL 4 (FOUR)* classic policies of marketing mix and of Economics, either:

The product policy - seeks the constant increase in quality and range diversification through innovation and refurbishment.

The price policy - takes into consideration the fact that the market segment from the target market consists of middle-income consumers, this is why the price increase is taken into account in so far as the size effect (by increasing the sales volume) does not cover the increases due to inflation.

The distribution (placement) policy – is determined by the market's dynamics;

[3] See also Udrescu, M., Coderie, Ctin (2009)-*Managementul marketingului (The marketing management),* Artifex Publishing House, Bucuresti, pp. 71-141.

The promotion policy – targets the direct customers (those who sell the firms' products, but especially the final consumer, seeking complete information about the product and the company.

Promotion at SC TESS CONEX SA: "We don't just sell products, we sell solutions and images to our customers" says Ruxandra Krisan the spokesperson of the company[4].

Improving and strengthening the image of the analyzed firm: For 2012 the SC Tess Conex S.A. company improved and strengthened and consolidated the company's image through advertising and sales promotion.

The promotion strategies that the firm will adopt will be enforced by the following actions:

- Promotion and merchandising at the point of sale;
- Participation in fairs and exhibitions (the intention is to inform the general public, the current and potential customers and to negotiate with potential customers).
- A nationwide promotion campaign through the media and the outdoor will be performed.
- The issue of a monthly magazine presenting the Auto Conex offers used as a mean of communication. The magazine will have a monthly issue freely distributed and thus the clients are kept informed about the market trends, new products, seasonal products, promotions and the events organized by the company.
- The improvement of the online product catalogue presented by categories / sub-categories, allowing advances research options; photos – detailed presentations; prices; monitoring product availability using stock update indicators; the introduction of product compatibility and barcodes for all the manufactured products, subsets and parts.
- The information of interested customers by e-mail on the news about products and promotions prior to their official launch on the market.
- Once the company products reach the distributor's shelves, follows the merchandising and marketing campaign with promotion material at the point of sale, promotions dedicated to the end customers, information campaigns, questionnaires actions and so on.

Promotion and merchandising at the point of sale: The sales promotion actions have an incentive effect to attract new customers to try the company's products and also to reward loyal customers. For sales and an effective collaboration of the distributors with the company representatives gifts will be granted: T-shirts and caps printed with the -Tess Conex - insignia (during the summer time) and waistcoats (during the winter time). The total price of the promotion materials is estimated at 8.169 euro. To these costs the travel, accommodation and entertainment costs will be added for the people who will be traveling across the country to monitor the smooth running of programs.

The operational program

- establishing the categories of items to be merchandized and promoted;
- purchasing presentation racks (together with the Conex company);
- preparing the graphics of the promoted material;
- contacting the printing house for the execution of the promoted material;
- establishing merchandising techniques according to the reference category;
- implementing the program in stores;
- performing periodic checks to verify the proper functioning of the merchandising actions.

Within these activities sales promotions will be conducted to boost sales of certain items (these will be decided upon at the right time depending on their evolution). The following will be used: **bonus packages, couple packages, discounts or gifts.** The sales promotion actions will be performed with a certain seasonality to not increase the consumer sensitivity and to not blur the brand's quality image.

The attention will be drawn to be the following:

- new products (complete exhaust sets for Opel Astra and Opel Vectra);
- the difficulty to sell products.

[4] General approach presented in Kotler, Ph., Keller, K. L. -*The Marketing Management*, op. cit., pp. 148-209.

The company promotion via major distributors – stickers stuck on transport vehicles.

Radio – sales will be boosted in areas where their progress is not satisfactory. The radio campaign will be conducted in collaboration with the key customers from those areas and the costs will be incurred by the both sides. The target areas are: the town of Argeş, Galaţi, Hunedoara, Râmnicu Vâlcea, Brăila, Zalău and Târgovişte.

The degree of customer satisfaction is a key element for the company because it allows us to see the image/perception of the Tess Conex and its products (primarily the price and quality) amongst its customers. A nationwide market survey will be conducted of 100 questionnaires x 0.05 euro = 5 euro and the results will be used to optimize the product policy, price and promotion.

Investigation of actual customer by using a questionnaire: The Tess Conex Company wants to test the customer satisfaction degree concerning its spare parts for automobiles equipped with classic engines and injection engines – Dacia, Renault, Ford, as well as – Daewoo, Opel and Skoda. Our company wants to conduct a market study during December 2011 - December 2012 and even in 2013 for which the following questionnaire[5] was drawn up:

Questionnaire proposed

1. *What is your car's brand?*
a. Dacia;
b. Renault;
c. Volkswagen;
d. Daewoo;
e. Opel;
f. Skoda.

2. *What is your car's engine type?*
a. classic;
b. by injection;

3. *What is your car's manufacturing year?*
a. before 1997
b. between 1997 and 2002
c. between 2003 and 2008
d. after 2009

4. *Are you satisfied with our products?*
a. highly satisfied
b. satisfied
c. neither/nor
d. dissatisfied
e. totally dissatisfied

5. *How would you rate the quality / price ratio concerning our products?*

6. *How long have you been utilizing our products?*
a. under 1 year
b. between 1 and 5 years;
c. between 5 and 10 years;
d. between 10 and 15 years;

[5] The activity of questioning is done with the support of some colleagues and students in their practice period.

Brand	Exceptional	Very good	Good	Satisfactory	Unsatisfactory
DACIA					
RENAULT					
VOLKSWAGEN					
DAEWOO					
OPEL					
SKODA					

7. *Where from did you hear about our company?*
a. colleagues or friends
b. TV commercials
c. brochures or catalogues
d. mass-media
e. internet
f. other

8. *What job do you have?*
.....
9. *What is your monthly income?*
a. up to 500 Lei
b. between 500 – 1000 Lei
c. between 1000-2000 Lei
d. over 2000 Lei

10. *How often do you repair your car annually?*
a. one repair per year
b. between 2-5 repairs
c. over 5 repairs per year

Interpretation of results: Results obtained after completing the questionnaires are summarized in Table 2.

Table 2: The questionnaire's results

QUESTION	A	B	C	D	E	F
1	30	25	0	19	11	15
2	55	45	0	0	0	0
3	0	50	25	25	0	0
4	40	50	5	5	0	0
5	30	40	20	10	0	0
6	10	35	55	0	0	0
7	15	5	35	25	17	3
8	0	0	0	0	0	0
9	25	45	30	0	0	0
10	45	50	30	0	0	0

This research was conducted on a sample of 100 effective customers, using final users of the firm's products leading to the following conclusions, being considered, as well, the feedback communication to the firm:

- Amongst the surveyed customers, most of them drive Dacia automobiles, that is 30% of them, followed by the ones driving Renault automobiles 25%, Daewoo automobiles 19%, Opel automobiles 11% and Ford automobiles 15%;

- As far as the engine type is concerned, we have a higher number of customers using the classic engine, that is 55 % of the surveyed customers;
- Concerning the car's year of manufacture, the majority of the customers own a vehicle produced between 1997 and 2002, that is 50 people (that is half of the surveyed customers), and the rest own vehicles produced between 2003- 2008 and between 2009 – 2013 and the proportion is 25 % of each;
- Amongst the surveyed people, most of them are satisfied with the products manufactured by our company, that is 40 % are very satisfied, 50% are satisfied and 5% for the other options, that is „neither/nor" and „dissatisfied";
- The quality/price ratio is considered to be exceptional by a very large percentage of customers 50% namely, and for the „very good" and „good" ratings the percentage is 20% for each of them;
- 55% of the people out of 100 have been utilizing the Tess Conex company products for approx. 10 years, a number of 35% for approx. 5 years and the rest of 10% answered that they recently learned about the company's products and have been utilizing them for less than 1 year.
- Most of the respondents have learnt about our company from brochures and catalogues, that is 35 people, accounting for 35% , 25 % from the mass-media, 17% from the Internet, 15% from colleagues and friends and 3% have used other sources;
- One can notice that we have customers with a stable job, with an income up to 1.000 lei (45%) , followed by the ones earning an income of 2.000 lei (30%) and the rest of 25% earning up to 500 lei per month;
- A number of 45 faithful customers, 45% of the sample, have their car repaired once a year, followed by a 50 % of the surveyed customers who have their cars repaired more than twice a year, and the few 5% who had their cars repaired more than five times a year.

Indeed, we could use the *important coefficients method*, with specific form of *semantic differential*[6], but we think that a straight interaction with the client is more comprehensive in order to obtain the due course of action for the company and the fullest satisfaction of the consumers. As a clarifying conclusion, *the company should focus more on the promotion campaign by more affordable means such as: TV commercials and the Internet for the promotion of offers.* Taking into account the evaluation performed by using the above questionnaire, we noticed that the company has a large number of customers, that is 55% who buy our products more than once a year for the repair of their vehicle and it would be advisable to reward their loyalty by granting certain discounts.

3. Conclusion and results

The company analyzed has good prospects for development and functioning due to the world class actors such as Dacia Renault and Ford who, in recent years, managed to transform and maintain the auto industry from Romania amongst the European top manufacturers and worldwide exporters. Also, in the middle of the economic and financial crisis, the production of the company did not suffer any decline since the Dacia automobiles, with an excellent quality-price ratio have successfully competed against the automobiles from the same class which were much more expensive and managed to stay on top of the sales both on the domestic market and on the international market. The restructuring of the **SC Tess Conex SA** activities has involved an increased attention on the specialized sales activities through specialized distributors alongside the major customers, automobile manufacturers and specialized and authorized services of the analyzed manufacturers, especially Dacia, Renault, Ford, Daewoo, Opel and Skoda. The reshaping of the company was necessary due to the evolution of the Romanian automobile market, very important for the future sustainability on the EU and international markets. The number of the automobile model Dacia Berlin and Dacia Nova is decreasing especially due to an increase of living standards during the latest 20 years and the facilities offered by the environmental protection programs. These programs granted to those willing to scrap the cars older than ten years financial compensations allowing them to buy new cars.

This is why the spare parts manufacturers for Dacia (especially for the Berlin type and Dacia Nova models) had to modify and diversify their product portfolios to withstand the market – it is important to mention that

[6] Grigore, Aurica (2008)-*Marketing. Practical Applications*, Academic Foundation "Danubius" Publishing House, Galati, pp. 90-92.

certain competitors of Tess Conex have already exited the Romanian automotive scene. The evolution of car sales impacts the evolution of the spare parts market and this has a striking long-term effect upon automobiles. The refurbishment and modernization of its production, the continuous improvement of its Human Resources Department allowed **SC Tess Conex SA** to withstand its position during crisis years and **to** maintain the same number of employees since 2008, while many other manufacturers have fired some of their staff and entered into recession. The sales of new Dacia vehicles cover 47% of the domestic market and they are leading exporters even when automobiles sales decline and these results are worth mentioning. The reported issues mirroring the automotive market in Romania are of great interest for the Romanian manufacturers of spare parts, exhaust systems because it can help them to foresee the market needs for the ten following years on various car types.

Taking into account the automotive market situation for the last 10 years, one can notice that the exhaust systems for the Renault automobiles (mainly Clio, Mégane and Logan models), Skoda and Volkswagen, closely followed by Opel are and will be best sellers for the years to come. The Daewoo range should not be neglected since it has a rather wide share amongst the old vehicles and its maintenance has a significant market share on the spare part market in Romania. The target market for the current production is mainly the domestic market that is local and regional distributors of spare parts, automotive service, major automotive shops of the local market, as well as car manufacturers. Taking into account the product characteristics (mainly spare parts for the Dacia automobiles); the possibility of their export is obvious only in the countries where people drive similar automobiles, such as: Turkey, Egypt, and Syria. From the customers' standpoint, the provider covers the entire Romania; the latest estimates show that Tess Conex has a market share of approximately 50%, compared to the year 2006 with an increase of approximately 10 % thereof. Among the first obstacles encountered there are:

-The market confinement.
-The customer reluctance to purchase because of the main competitor - Dacia-- the constraints on the raw material costs (the high quality materials involve high manufacture costs and thus higher prices than the competition's prices).

The reference product market is given by the whole population owning and using a car regardless of their origin and brand name. The company's market is that part of the product market on which SC Tess Conex SA (both as major manufacturer and distributor) sells under its own name, its own interest and its own brand. As on any market, the segmentation of spare parts is inherent since no manufacturer has products meant for a single customer. All claims are about the composition of the individual demand of all potential buyers. Each market consists of a number of various market segments each of them being made of a group of buyers or buyer units. In 2013, due to its promotional program, SC Tess Conex SA expected an increase of the total market share by 10%, a good proportion, considering the financial and economic crisis and the difficulties of the Romanian economy. Of course, in our case, the applied marketing and economic methods, theories, principles and instruments were defining and helped us to understand the mechanisms of functioning and behavior of a SME entity on a specific and dynamic market, as the auto market is in our days. Economics and, particularly, marketing, become a new mode of thinking and acting based on the **win-win principle** in every respect and all considered systems.

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