

STRATEGIC SUCCESSION OF NEW INNOVATIVE VENTURE

Dr. Monika Raghuvanshi

Post - Doctoral Scholar, India Biodiversity Conservation Society

ABSTRACT

Traditional marketing strategy can be broadly divided into three steps namely searching leads, developing relationship with the customer and customer conversion however it can be sub-divided into numerous ways. Success ratio of this depends upon wisdom, scientific approach, analysis power, communication skill etc but the best part is willingness to apply it can motivate anyone for doing it.

This is a case-study approach where a new innovative venture of online platform for heavy vehicles has applied aggressive marketing strategy by hiring part-time employees to target customers into various areas.

Multiple Regression analysis has been performed where customer conversion based on data collected on field has been treated as dependent variable. Data based on customers pitched and customers who showed interest have been used as independent variables.

Result shows customer acquisition varies by number of “customers pitched”, keeping “customers who showed interest” as constant or vice-versa. Customer acquisition varies along the number of “customer pitched” and also with the number of “customers who showed interest” after being pitched. This show if customer acquisition varies due to changes in the number of customers targeted for pitching product means efforts or hard-work applied by the sales individuals seems to impact customer conversion rate. On the other hand if customer acquisition varies due to changes in the number of customers who showed interest after pitching product means skills applied by the sales individuals also seems to impact customer conversion rate.

This study will help new ventures to decide on strategic course of action using traditional customer acquisition techniques. Sales team strategic succession observed in the study may act as guiding factor for new ventures.

Key words: Customer, Acquisition, Conversion, Succession

INTRODUCTION

Customer acquisition is a long term strategy of success and customer conversion is the base of strategic succession. Companies invest huge amount in customer acquisition and lead conversion. Traditional strategic customer acquisition is generally target based for the white collar workers. Traditional marketing strategy complies of searching leads, developing relationship with the customer and customer conversion. Communication skills and expertise in the field with confidence can ensure success into the same. Similar strategies have been used since years by the companies aggressively to develop customer base and boost business. Traditional marketing strategies have been centre of attraction for the new ventures to build brand image and increase market awareness. Traditional marketing strategy can be imposed on white collar workers based on incentives and work done can be compelled.

This traditional yet preferable marketing strategy can be broadly divided into three steps namely searching leads, developing relationship with the customer and customer conversion however it can be sub-divided into numerous ways. Success ratio of this depends upon wisdom, scientific approach, analysis power, communication skill etc but the best part is willingness to apply it can motivate anyone for doing it. Hence this is a case-study approach where a new innovative venture of online platform for heavy vehicles has applied traditional marketing approach to increase its market share. Aggressive marketing strategy has been utilized by the company where part-time employees were hired to target customers into various areas. These employees were reimbursed travel allowance and incentives were paid based on the customer conversion.

ORGANISATIONAL PROFILE

Maalgaadi.com is an online business application to provide transportation services from B2B. It operates

like Ola or Uber however it provides heavy transport facility. Maalgaadi.com business venture have three components for its operations handling.

Component 1: Customer application is installed and operated from mobiles. Industrial customers can book heavy vehicle online and track the same till unloading at the destined location.

Component 2: Drivers application is installed on mobiles of drivers of heavy vehicle. They are provided features for customer's booking, tracking, route guiding, payment from the company and reward system etc.

Component 3: Back-end application to coordinate between industrial customers and drivers. It is termed as dashboard and has administrative features.

Company hired Interns as part-time employee to target customers, explain the functions and benefits of the application and get the application downloaded in their customer's mobile. Here customers targeted means customers who are pitched the product, after product is pitched data on number of customers showed interest is collected and application downloaded on the mobile means customer conversion or acquisition.

PROBLEM STATEMENT

Sales team of an organization are the front end workers dealing with customers. It can be observed that performance of sales individuals vary when it comes to customer acquisition. This has been attributed to many causes which may vary as per organizational profile as well. Sales individuals have their own unique selling proposals. Some sales individuals are efficient due to hard-work while others are efficient due to communication skills or proficiency in handling work-profile.

When a new company is launched what strategy should be opted by hiring sales –team is a concern. Online ventures can be launched with less capital however initial investment phase demands less expenses to gain stability. In such scenario they may not be willing to spend huge amount of capital on sales team and strategic planning may sort the issue. Hiring new comers demands less investment. Hence if a sales team is comprise of all new-comers whether skills decides the customer acquisition per sales individual or efforts put for customer-acquisition a more effective. Sales

individuals can be guided correctly if correct strategic actions are opted and results can be obtained in terms for customer acquisition.

RESEARCH QUESTION

However this case-study is about a new venture who hired interns as sales individuals. Hence experience is same for all the candidates along with the purpose of working. This makes it interesting to study that if a new online venture is started and they are targeting customers using traditional marketing strategy customer acquisition by various sales individuals vary as per communication skills or hard-work. Is there difference in the customer conversion rate based on the number of customers pitched and customers who showed interest?

SCOPE

Study conducted have analysed the result based on the numbers of customers who have been targeted to pitch the product in various areas and conversion rate of customers who downloaded the online application on the spot. This study will help new ventures to decide on strategic course of action using traditional customer acquisition techniques.

Sales team strategic succession observed in the study may act as guiding factor for new ventures. Sales team should be skilled or incentive based approach should be opted to improve their performance are crucial factors however results obtained may vary with either of the strategy for strategic succession. Customer acquisition is the ultimate goal of any venture in the long run and deciding factor for the survival of the company hence it should be accompanied with the correct strategies.

REVIEW OF LITERATURE

Sargeant and West (2001) mentioned that management plans strategically and act for customer acquisition however such processes are unexplained by the company. They proposed 7 phase approach for customer acquisition. Phase 1 is based on “Objective” consists of new customers, response rate, acquisition cost and customer value. Phase 2 is based on “Segmentation and profiling”. Phase 3 is based on “Target” through channel and communication. Phase 4 is based on “Cost involved for communication”. Phase 5 is based on “Effective communication” using

$X1-M_{x1}$	$X2-M_{x2}$	$Y-M_y$	$(X1-M_{x1})^2$	$(X2-M_{x2})^2$	SP_{x1y}	SP_{x2y}	SP_{x1x2}
-33	-6.8	-3.6	1089	46.24	118.8	24.48	224.4
-18	5.2	-0.6	324	27.04	10.8	-3.12	-93.6
-33	-9.8	-2.6	1089	96.04	85.8	25.48	323.4
2	1.2	8.4	4	1.44	16.8	10.08	2.4
82	10.2	-1.6	6724	104.04	-131.2	-16.32	836.4
			SSX1: 9230	SSX2: 274.8	SPX1Y: 101	SPX2Y: 40.6	SPX1X2: 1293

discounts and schemes. Phase 6 is based on “Order completion”. Phase 7 is based on “Post- purchase response or dissonance” using analytical tools.

Blattberg et al. (2001) proposed 6 stage approach for customer acquisition, shortly called as ACTMAN (Acquisition Tactical Management). They said companies should select customer acquisition process as per target. Strategies should be planned based on segmentation, targeting, positioning, in-bound or out-bound customer, value proposition, communication network, media selection etc.

Ratner (1997) explained that customer acquisition outcomes depend on the sales personnel who are assigned target and budget.

MULTIPLE REGRESSION ANALYSIS

Customer conversion based on actual data collected on field has been treated as dependent variables. Data based on customers pitched and customers who showed interest have been used as independent variables.

Regression equation for Y is:

$$\hat{y} = -0.02862X_1 + 0.28239X_2 + 4.1036$$

Customers pitched X1 Values	Customers showed interest X2 Values	Application downloaded Y Values
25	15	5
40	27	8
25	12	6
60	23	17
140	32	7
M: 58	M: 21.8	M: 8.6

Calculation Summary

Sum of X1 = 290

Sum of X2 = 109

Sum of Y = 43

Mean X1 = 58

Mean X2 = 21.8

Mean Y = 8.6

Sum of squares (SSX1) = 9230

Sum of squares (SSX2) = 274.8

Sum of products (SPX1Y) = 101

Sum of products (SPX2Y) = 40.6

Sum of products (SPX1X2) = 1293

Regression Equation = $\hat{y} = b_1X_1 + b_2X_2 + a$

$$b_1 = ((SP_{x1y}) * (SS_{x2}) - (SP_{x1x2}) * (SP_{x2y})) / ((SS_{x1}) * (SS_{x2}) - (SP_{x1x2}) * (SP_{x1x2})) = -24741/864555 = -0.02862$$

$$b_2 = ((SP_{x2y}) * (SS_{x1}) - (SP_{x1x2}) * (SP_{x1y})) / ((SS_{x1}) * (SS_{x2}) - (SP_{x1x2}) * (SP_{x1x2})) = 244145/864555 = 0.28239$$

$$a = M_y - b_1M_{x1} - b_2M_{x2} = 8.6 - (-0.03*58) - (0.28*21.8) = 4.1036$$

$$\hat{y} = -0.02862X_1 + 0.28239X_2 + 4.1036$$

Multiple Linear Regression Equation (Y)

$$-35.9575 - 1x11x21x3$$

	Y Value	X ₁ Value	X ₂ Value	X ₃ Value	Best fit
Equ. 1	150	25	15	5	103.662
Equ. 2	200	40	27	8	213.9
Equ. 3	40	25	12	6	78.9551
Equ. 4	200	60	23	17	193.238
Equ. 5	250	140	32	7	250.245

RESULT

The result is significant shows difference in the conversion of customer based on the number of customers pitched and customers who showed interest.

It can be obtained from the equation that customer conversion rate is directly proportional to the number of customers pitched and customers who showed interest. Hence it can be assumed that efforts imposed are directly proportional to the result obtained however multiple regression analysis shows the changes in the value of dependent variable by changing the value of any one independent variable by keeping the other independent variable constant. Result shows customer acquisition varies by number of “customers pitched”, keeping “customers who showed interest” as constant or vice-versa. Customer acquisition varies along the number of “customer pitched” and also with the number of “customers who showed interest” after being pitched.

This show if customer acquisition varies due to changes in the number of customers targeted for pitching product means efforts or hard-work applied by the sales individuals seems to impact customer conversion rate. On the other hand if customer acquisition varies due to changes in the number of customers who showed interest after pitching product means skills applied by the sales individuals also seems to impact customer conversion rate.

CONCLUSION

Strategic succession is consist of course of actions opted for achieving the ultimate goal. Here ultimate goal is customer acquisition. Study conducted shows dependent variable customer conversion varies with either of the independent variable keeping the other constant. Customer conversion varies with the number of customers who are pitched the product hence hard-work implied changes the customer acquisition. Customer conversion also varies with the number of customers who showed interest after product is pitched hence skills used by sales individuals changes the customer acquisition.

This shows strategic succession process of a new-

venture can be boosted by trainings as well as incentives. Both the strategies work for customer acquisition hence sales individual should be trained for skills acquisition and should be motivated by incentives to work-hard. Anyone strategy cannot work alone means only trainings or only incentives cannot ensure success. Strategic succession should be complied by both to have better result in terms of customer acquisition.

IMPLICATIONS

1. New ventures should decide on strategic course of action even for traditional customer acquisition techniques.
2. Sales team strategic succession decides the survival factors for new ventures and thus ensures sustenance.
3. Sales team performance can be enhanced by skill based training sessions and incentive based approach.

REFERENCES

- Ackere, V., Ann, Reyniers, & Diane J. (1993). A Rationale for Trade-Ins. *Journal of Economics and Business*, Volume 45, No. 1, 1-15.
- Blattberg, Robert, C., Getz, Gary, Thomas, & Jacqueline, S. (2001). *Customer Equity: Building and Managing Relationships as Valuable Assets*, Boston. Harvard Business School Press.
- Dellarocas, & Chrysanthos. (2003). The Digitisation of Word-Of-Mouth: Promises and Challenges of Online Feedback Mechanisms. *Management Science*, Volume No. 10, 1407-1424.
- Ratner, & Juliana. (1997). Banks use no-load funds to lure new customers. *American Banker*, Volume 162, No. 124, 1-2.
- Sargeant, Adrian, & Douglas, W. C. (2001). *Direct and Interactive Marketing*, Oxford. Oxford University Press.
- Stokes, David, Lomax, & Wendy. (2002). Taking Control of Word-of-Mouth Marketing: The Case of an Entrepreneurial Hotelier. *Journal of Small Business and Enterprise Development*, Volume 9, No. 4, 349-357.