

THE EFFECT OF PRICING, MARKET ACCESS AND CUSTOMER RELATIONSHIP MANAGEMENT TOWARD SOCIAL MEDIA AND ENTREPRENEURSHIP (SMEs) GROWTH

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ABSTRACT : In today's market, conventional ways of doing business is shrinking and new marketing strategies and business models are flourishing. This is to ensure that the business has a competitive edge against its competitors. Social Media and Entrepreneurship (SME) has taken a rise in recent years but even though the technology is relatively new, it cannot escape basic economic variables. This paper aims to study the relation between growths of SMEs in accordance to these variables; pricing, market access, and customer relationship management. Jagongo and Kinyua (2013) provide the theoretical framework for this paper and is the standard in validating existing literature from 2013 until 2016. This paper uses literature review to find how these variables interact with one another to attract the growth of SMEs. In summary, pricing is an issue that classic business model had to tackle, but it did not have much impact on SMEs due to pricing usually aligns with consumer responses. Market access is also a strong point in SMEs growth since the availability of ICT resources. Last but not least, based on changing pattern of customers' demand, SMEs can adapt and update its customer relations so that it becomes and stay relevant in today's changing markets.

KEYWORDS - *Social Media and Entrepreneurship (SME); Pricing; Pricing Effects; Market Access; Customer Relationship Management (CRM); Classic Business Model.*

1.0 INTRODUCTION

A marketing strategy can simply understand as an overall process or model to allow a company to focus limited resources on the best opportunities to increase sales and thereby achieve a sustainable competitive advantage. In specific, marketing strategy can best discuss into two part, segmentation and differentiation as described by Shaw (2012). In related to segmentation, Smith (2003) pointed out that it was meant to be both customer-driven and reflected in an organisational structure. Thus, with segmentation, an organization recognizes that it will encounter a variety of customer demand curve as the priority is heterogeneous, and focus on serving one or more specific target segment in the overall market.

Differentiation taken part in the marketing strategy will concentrate on bending the will of demand to the will of supply. Thus, these distinguish or differentiate some aspect (s) of the marketing mix of competitors, the mass market or a large segment, where customers are relatively homogeneous. These segmentation and differentiation can best illustrated as in Figure 1 below:

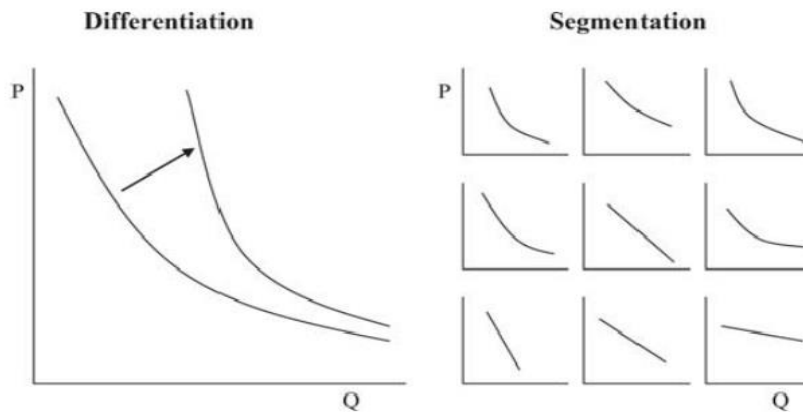


Figure 1 : Differentiation and Segmentation

In short, marketing strategy involves situational analysis, environmental analysis, SWOT analysis, objectives and goals analyses of an organisation. This also agreed with past research conducted by Zhu and Chen (2015) in social media and human need satisfaction. They claimed that social media has implications for relationship marketing, which state that, effectiveness of social media marketing is influence by customer satisfaction. Meanwhile, study done by Jagongo and Kinyua (2013) summarised that social media and entrepreneurship (SMEs) were categorized as dependant variables, which depend on three more independent variables, namely, pricing, market access, and customer relationship management, as can be seen in Figure 2.

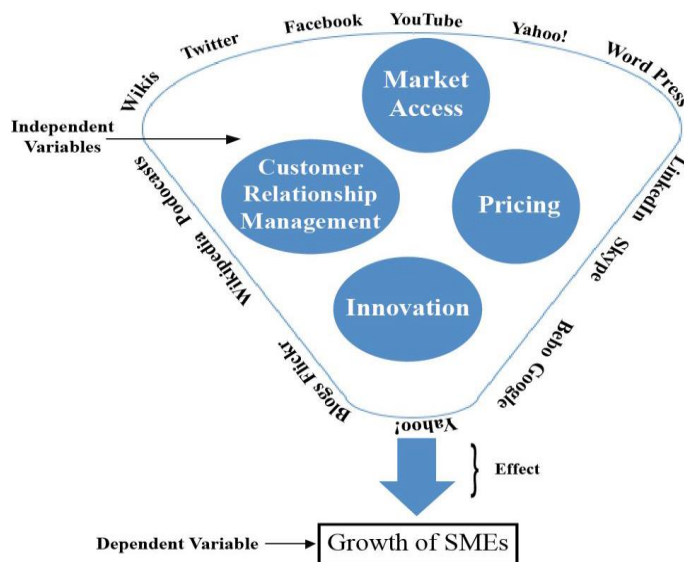


Figure 2: Listed of variables study

Neti (2011) has listed seven benefits of social media marketing, namely,

- 1) Generating exposure to businesses,
- 2) Increasing traffic/subscribers,

- 3) Building new business partnerships,
- 4) Rise in search engine rankings,
- 5) Generating qualified leads due to better lead generation efforts,
- 6) Selling more products and services
- 7) Reduction in overall marketing expenses.

In short, understanding on SMEs is an important marketing strategy. McCann and Barlow (2015) suggest that business must consider the resources required in implementing and using the various platforms, and how they will be able to measure if the adoption of such media allows them to achieve the business goals intended. Neti (2011) also stressed that it is compulsory for social media marketing to fulfil the consumer satisfaction although it is not categorized as mass advertising strategy. It plays a role as multitasking phenomena, can influence the recipient into an action, can contribute to customer loyalty and lastly, to prevent any negative publicity of the products.

1.1 Problem Statement

Many extensive researches from 2013 backward suggested that the growth of SMEs as dependant variables were contributed by three others independent variables, namely, pricing, market access and customer relationship management. Thus, new literature must be developed to understand the recent situation pertaining to the issue.

1.2 Objectives

In order to shed light on the topic and address the existing research gap in Jagongo and Kinyua (2013), the objectives of this study is to validate recent literature from 2013 till 2016 on a theoretical framework examining the drivers of pricing, market access and customer relationship management that attract the growth of social media and entrepreneurship (SMEs).

2.0 LITERATURE REVIEW

2.1 Pricing

Review on Calabrese and Francesco (2014) study entitled a pricing approach for service companies: service blueprint as a tool of demand-based pricing, summarise that, demand-based pricing is a promising approach for enhancing profitability of service companies. Thus, consumers will be the main focus of companies pricing marketing strategies and to operate directly on price determinants in order to increase profits.

Sayman and Hoch (2014) had studied about to examine buyers' willingness to pay a premium price for a reward programme offering. Normative analysis model was designed and use the solution as a benchmark for the actual price of a tolerance in controlled settings. Review of analytical models show loyalty program will transform the market into different segments, price sensitivity, and the share of the reward firms that will change the entire segment at a given time. Concluding that, it turns out that buyers can easily switch from offering a reward firms play an important factor here. Buyers are willing to pay premium prices for firms reward; loyalty programs do not create barriers to switching for buyers - even lower than theoretically possible.

The factors that can influence the size of the price premium are average purchase price, purchase frequency, familiarity with the brands, price-quality inference; perceive deal frequency, the amount of pleasure derived from consuming the product, and demographic variables such as income and age of the buyers. Ferreira and Coelho (2015) briefly stated that the perception of prices was expected to carry out, at least partially, the effect of product involvement in brand loyalty. In addition, the price is a complex stimulus, which may involve research model positive effects and negative effects.

Research model positive impact of higher prices is that it can reflect a positive signal about the scheme and the prestige of the sensitivity of the price - quality product. However, the negative effects described by Ferreira and Coelho (2015), a higher price can reduce the probability of purchase, as the price of delivering cost or sacrifice that the consumer bear to buy something. Awareness of the users of the product will focus, where users are concerned with the balance between the price paid and the quality will be accepted. In addition, the negative impact of a higher price realization prices, sales proneness, coupon proneness and mavenism price. Godey *et al.*, (2016) explained that price premium is simply known as a potential direct antecedent of purchasing behaviour. Finding from research study in Godey *et al.*, (2016) show that price premium become weak outcome factors in SMMEs, but having strong relationship in consumer responses.

2.2 Market access

Njelekela and Sanga (2015) give overall definitions on market as the process of communicating the value of a product or service to customers. They looking forward into depth on market access issue, in which, focusing on contribution of information and communication technology in improving access to market information among smallholder farmers. To jump into summary, the researchers have reported that ICT's is important for smallholder farmers to have improved access to market and market information. Thus, get some benefit to eliminate the middlemen who in most cases odds much by having market information on their products.

Further argue on market access, Paul (2015) decided to focus on emerging consumer market with introducing new measures for industry analysis. Researcher attempt to newly introduced measures of the Success-probability index (SPI) by estimating the ratio of the number of foreign firms entered into a particular industry with that of the domestic firms. In short, the linked can be seen in which, the higher the number of Herfindahl Index for foreign firms, the lower the success probability of domestic firms.

Paul (2015) also discussed on how to analyze the industry within the context of Opportunity-threat matrix (OTM) for foreign and domestic firms in an emerging market, as can be seen in Figure 3.



Figure 3: *Opportunity-threat matrix (OTM)*

Robinson and Grunwald (2016) point out that market access, especially in pharmaceutical manufacturers is becoming more challenging with the stipulation on new government policy on increasingly focused on cost-containment measures. Furthermore, referencing on products is spreading to emerging market in which resulting in more complexes on rules and relationships. Thus, they attempt in designing the concept of Global Price Management (GPM) to combat and overturn these margin pressures by providing an overarching discipline, which integrates and aligns pricing processes, and the people involved with timely data, models and insights that support optimal decision making to improve product margins at launch and through the lifecycle.

Robinson and Grunwald (2016) revealed out three strategy in their attempt to model the strategy on GPM, in which; 1) sound, accurate pricing and market access data which to work with, 2) collaboration and alignment of stakeholders in pricing, market access, health economics and government affairs on a global, companywide platform and 3) full compliance with internal global governance policies and external regulation.

2.3 Customer Relationship Management (CRM)

SMEs have challenges customer relationship management (CRM) in the way that enables consumers to filter out advertising and CRM messages, compare prices with competitors from anywhere and distribute positive or negative brand messages to a global audience (Malthouse, *et al.*, 2013). Thus, the study was come out with new framework on developing a social CRM strategy with the foundation that companies derive by analyzing large quantities of data about their customers, made available by social media (Figure 4).

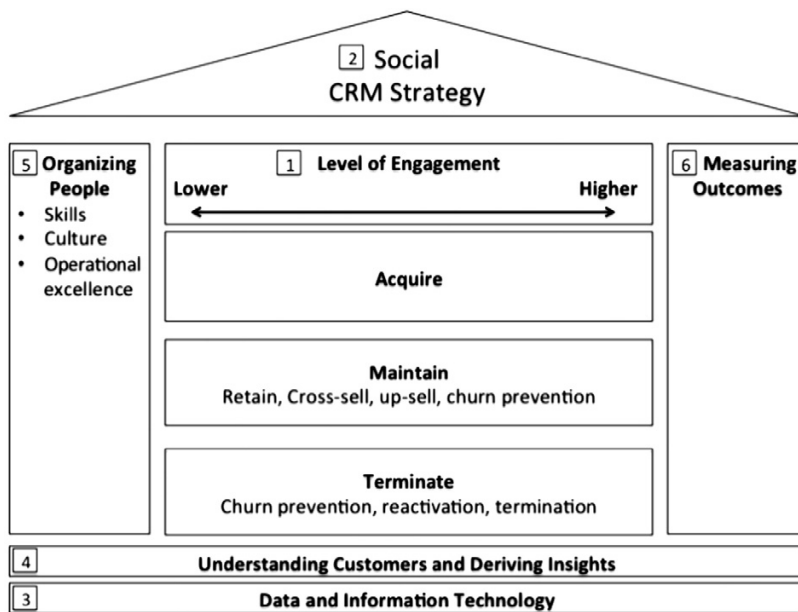


Figure 4: Social CRM

Valmohammadi and Beladpas (2014) attempt to identify and evaluate factors that help in marketing activities. They stressed the importance of CRM to enhance customer value is maintained. As this study shows, the charges reduced basis when new policies that come to implement and impose less administrative fee for managing the investment. In addition, all employees must be trained to understand that every single contact with customers must be calculated. Looking forward, the organization shall ensure the implementation of CRM and therefore the quality of services will also increase. Again quoting Tseng and Wu (2014), the researchers also noted that the impact of CRM on customer knowledge and service quality. Therefore, it is important to identify the determinants of CRM behaviour towards SMEs and integration among channels relating to its customers that include things such as shops, internet, customer service, and more, for which the customer purchases and service records documented that help companies to understand customer buying behaviour (Tseng and Wu, 2014).

Study done by Moreno, *et al.*, (2015) was suggested that customer knowledge management is the ultimate keys driven to improve CRM performance, due to the importance of knowledge into customer satisfaction and able to promote new products with the knowledge. Thus, CRM performance can be achieved based on sales income increased, profitability improved, market share increased, levels of customer service improved, personalized of products and customer satisfaction, retention and loyalty increased. This finding is aligned with that of Moreno, *et al.*, (2015) in their empirical work of the achievement of CRM performance was contributed by knowledge management, in which was based on social media used and readiness of technological and organizational.

Research done by Tseng (2016) was aligned with that of Valmohammadi and Beladpas (2014) in their empirical study of CRM in which that CRM consists of the acquisition and deployment of knowledge about customers to enhance a firm to sell their products and services more efficiently. Not surprisingly, an enterprise that possesses better knowledge management capability (KMC), it can deal with different explicit and implicit matters in customer information, and further extract and transform this into strategies which can support its operations and marketing, as well as enhance CRM and service quality.

3.0 CONCLUSION

In summary, this review paper explained in details on recent literature that discussing on SMEs as dependant variables and others three independent variables, namely, pricing, market access and customer relationship management. Pricing issue can become negatively impacts due price consciousness, sale proneness, coupon proneness and price “mavenism”, but loyalty programs can overcome this issue by creating a switching barrier for buyers-albeit lower than theoretically possible. However, the relationship between pricing and SMEs are weak, in which, pricing align with consumer responses. Market access was influence mostly by ICT’s facility (well know SMEs), in which, spreading the accurate data on the products and beneficially eliminates the middlemen. Thus, smallholder farmer as domestic firms can link together with foreign firms in Global Price Management (GPM).

Based on recent literature, revealed that customer demands keep changing, therefore CRM systems should keep updated and implement KMC in providing customers with satisfying products and services so that companies can maintain customer retention.

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