

Marketing strategies of ibm



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Introduction

This study aims at examining the use of theoretical marketing approaches in the practical business scenario. In this domain the marketing strategy of IBM has been considered on empirical grounds. It is by the use of marketing theory and concepts that the study evaluates the marketing strategies of IBM and its role in fulfilling the firm' overall goals and objectives. Four specific aspects of marketing strategy evaluation are assessed in this study. Initially the proceedings are related to the importance and the use of information in successful marketing strategies by IBM. This is followed by a discussion on IBM marketing strategies in relation to its organisational strategy. The paper also makes an analysis of the application of IBM marketing strategies in global context. Lastly e-business strategies of IBM in the marketing domain are assessed.

Evaluation of marketing strategy of IBM

International Business Machines Corporation, better known as IBM, is a multinational IT company involved in the manufacture and retail of computer hardware and software applications, and IT consulting services. Employing the best talents in the industry, IBM is today the largest as well as the most profitable information technology employer in the world. Despite of the adverse economic conditions, the firm achieve a significant increase in its net revenue and income in 2008 compared to previous years.

Well - devised and efficient marketing strategies have been the key to IBM' global success. The company strongly believes that devising effective marketing strategies requires making appropriate decisions that can well

enhance all kinds of competitive advantages and can create all kinds of new sources of value for the purpose of improving the organisational revenue growth. According to Luq Niazi, Leader of Strategy and Change at IBM, “when the leaders of an organisation think about their business as components, it becomes clear which ones they need to own – and which they do not”. This clearly indicates the great emphasis that IBM places on the performance and decision making capabilities of leaders in devising effective marketing strategies. In addition, the firm also considers understanding the requirements and needs of customers as crucial for developing effective marketing strategies. Understanding the innovative demands of customers lies at the core of developing effective marketing strategies.

Based on IBM’ market share and dominance in the IT industry, the firm can be aptly described as a ‘ market leader’. Being a market leader, an important marketing strategy which IBM uses against its competitors is the defensive marketing warfare strategy. The defensive marketing strategy involves the firm employing tactics to maintain its market share. There are several tactics that firms use for defending their market share, such as fortification, counterattack, mobile defence and strategic retreat (Ries and Trout, 2005). Being the courageous market leader that IBM is, the firm adopts the best defensive marketing strategy which is “ self attack”. IBM’ strategy is “ cheaper and better than IBM”. Aware of IBM’ tactic, customers wait for IBM’ new prospects as they know that the Big Blue will constantly introduce new and better products which makes the firm’ own products obsolete. Another key marketing strategy employed by IBM for sustaining its market leadership is product differentiation strategies. Product differentiation can be achieved

using a variety of factors such as distinctive products, reliability, durability, product design etc (Kurtz and Boone, 2006). IBM uses a product differentiation strategy based on quality of performance. In line with its quest for further growth and market leadership, the firm adopts a diversification strategy. The importance of IBM' growth strategy has heightened in the current economic situation with companies in the computer industry having faced a massive drop in the industrial production and productivity of computer hardware and the future growth for this segment also appearing dim. In such a context, IBM has strategically reduced its exposure to hardware by diversifying into software and services.

IBM also realises the importance of maintaining good relationships with its customers and in line the firm lays great emphasis on trust – based marketing strategies. Trust based marketing strategies stress on the need for organisations to gain ethical hold over consumer dealings and also be honest and open about its products and the services. For IBM, adoption of this strategy has been very effective in developing its brand identity and image. In all of its marketing activities, the firm strives at building customer trust and loyalty.

Importance and use of information in IBM marketing strategy

The importance and use of information is vital for gaining success. In line, IBM adopted the strategy to take up Social Networking to the work place. It is an absolute means of sharing ideas, complains and letters of appreciation in public. By means of adopting networking opportunities, IBM established its strong hold over competitive market. It is through the provision of Social Networking (SN), that IBM established its commitment to technology and

developed an enterprise – wide SN mindset. IBM is the first major IT supplier that has got potential provisions for SN and is in the process of changing the entire enterprise along with a credible application to address the market.

By means of investments made in the SN domain, IBM has gained enough market strengths in the enterprise lineage, global services, deep pockets and above all in gaining loyal customers. By success of SN, IBM proved to be a fine player in the domain of information networking. The proceedings have added many advantages to its organisational global services. SN for enterprises have been implemented with enough marketing strategies and this is what is providing IBM with technical expertise in the field of organizational/adoption issues. The launching of more facilities related to SN are relevant to the competition of the market. The launcher came up with a new idea and launched it much before the thought had developed in anyone's mind. The second big thing to the adoption of marketing strategy is the IBM's mindset in the launching of Lotus Connection. It is an information networking process with collaboration-centric approach to SN and helps in information sharing and uninterrupted workflow. By few minutes of exploration anybody can well get hold over its functionalities. IBM kept it easy and user friendly; the basics of marketing strategies.

When it comes to the use of information system in IBM, the adoption of unique kind of marketing strategies is predominant. The basic approach is in being innovative and adopting something that is very user friendly and easy for the customer to adopt. Complicacies in the same field can lead to failure of the same. This is the reason that IBM lays emphasis over making it simple, easy and sharing more than the consumer can expect. Once there is a kind

of trust and sense of being facilitated gets into the consumer, he hardly will opt for any other company and this is what IBM believes to the core.

Application of innovative ideas in the field of information sharing units can be of great risk, but under the marketing strategy of IBM, this risk has been taken again and again with enough success.

IBM marketing strategy in relation to Organisational strategy

The strategic effectiveness of an organizational strategy can be measured using SWOT analysis. This is a structure that figure out strengths, weaknesses, opportunities and threats of a particular company.

Incorporating the Johnson and Scholes' model for corporate strategy into this structure creates three success criteria for evaluating a firm (Rifkin, 2001).

These are as following;

- Suitability can be assessed to identify the factors that will support the strategies.
- Feasibility is all about the adoption of executing the strategy into practical field.
- Acceptability is something that will determine the reactions that the organisation will receive by the execution of the strategies.

At IBM, employees are greatly encouraged to initiate creative marketing tactics. The application of SWOT and the Johnson and Scholes model proves that IBM has got enough potentiality in developing well crafted assessment about itself. Its main strength lies in identifying its weaknesses. The approaches are all very professional and the marketing persuasions are well structured as per the organisational structure. As per the declarations made by the official site of IBM, the basic marketing strategy in relation to

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organisational strategy adopted by IBM is more concerned about the proceedings led by HRM. The perspectives of organisational dealings are strategically adopted to meet the demands of HRM.

The typical business culture of IBM is customer centric and in hence a substantial amount of responsibility is placed on the HR department. It has been marked that on traditional ground many IBM executives along with aspiring general managers are selected for the purpose of improving sales force and market oriented projects. It can be well marked as Samuel J. Palmisano, the current CEO, IBM; initially joined the company in the position of a salesman. With his determination and marketing strategies he achieved the position that he currently occupies (Spooner, 2002). Though it is unusual for a CEO's profile, but in IBM, growth of the organisation and the people working for it are directly proportionate to performances led in the field and the adoption of the marketing strategies which respond adequately to competitive pressures.

Global context in IBM marketing planning

In the global context, IBM has proved itself as a strong contender by managing to sustain in the most difficult situations. It has overcome the twists and turns it initially faced in adjusting to the 'bricks-and-clicks' business structure. Overcoming all the hurdles IBM is now achieving milestones through the advantages forwarded by brick-and-click enterprises. It is through this enterprise structure that IBM has transformed into a major player in terms of getting hold over global marketing plans. Its formulisations are inclusive of creating a global brand blueprint. It is a mode that usually gets expressed locally and after attaining some success approaches on

global grounds. IBM always follows the process of establishing central framework and then architects the relevant consumer experiences to gain consistency with the brand.

IBM always concentrates in gaining single view from its consumers and that helps in assessing the risk factors of global marketing strategies (Rometty, 2001). In order to meet the diversified point of views, IBM follows the structure noted below;

- Process of analysing the context of ‘ when’, ‘ where’ and ‘ how’ the appropriate and relevant customer data can be collected. This is an approach that is done under the provision of practical market survey.
- The means to create absolute governance framework with special attentions led over management policies and overall practices. These are the sources that are collected through the purpose of encouraging customer centricity added by the scope to safeguard customer privacy.
- Approaches led by institute consistent processes for target customer is the next step. In this process the relationship led by the management across all the domains of sales and provided services of the organisation are scrutinized professionally.
- The process of appointing efficient team leaders and strong management initiators. IBM also appoints a leader who can perform as a single customer advocate and is very much accountable for all the sorted touch points.

The marketing strategies adopted by IBM to meet global demands and competitions are well inclusive of a robust infrastructure. It has the provision

for optimising flexibility and a hub-and-spoke architecture for collecting consumer demands on global arena. There is also well marked acknowledgement for all the innovative ways adopted by the partners of IBM. Developments attain by the partners of IBM in global terms is also directly related to the marketing strategies followed by IBM. IBM understands the fact that partners can add much hold over the local market and can reach the consumer with more in-depth formulations. This is the reason that they believe in developing capitalized relationship with these partners for future opportunities.

IBM and e-business strategies

The motive of any electronic business is to efficiently meet consumer demands through internet networking. The internet provides a medium for businesses to reach out to customers globally at very low costs. It is an exclusive means adopted through the dealings related to information and communication technologies. In case of IBM the role of e-business is very strong. Through e-business strategies, IBM is equipping itself with all kinds of external activities and is applying determined relationships for respective business dealings; with individuals, diversified groups and corporate clients. According to 'Who Says Elephants Can't Dance?'; a book by a former CEO of IBM, Louis Gerstner (2003), IBM' approach for e-Business strategies is handled by specialised e - business teams operating under IBM's marketing department.

It is through its e-business strategies that IBM is able to link its internal as well as external data processing systems with greater efficiency and flexibility. E-business helped IBM in reaching closer to its consumers,

conveying the message of reliability and in turn enhancing customer loyalty to the brand. The proceedings led by IBM for the development and implementation of e-business concentrate on the diversified functions occurring through electronic capabilities. IBM is also a part of the entire value chain proceeding for more profitable dominance over the local as well as global market. There are some predominant sectors where the e-business strategies are applied to gain more trust and money from the consumer.

These activities are noted below;

- electronic purchasing
- supply chain management
- processing orders electronically
- handling customer service
- cooperating with business partners

These proceedings add special technical standards in the e-business structure of IBM. The firm also utilises e-business strategies to exchange of data between its partners and associate companies. As a matter of fact the e-business strategies of IBM are not much different from the other marketing strategies. The basic difference however depends over the expansion of management for sending and receiving contracts from the consumer. It is under this strategic implementation that IBM has adopted many local dealers to be a part of its services. These dealers are of course selected through some professional modes. The reputations of these dealers are marked by IBM first before offering the partnership. In terms of services for each product sold through e-business, IBM provides appropriate training to all those people who are a part of this structure. With strategic planning IBM is

also into the dealings related to integrated intra and inter firm business proceedings.

Conclusion

From the above discussions, it can be derived that the marketing strategies adopted by IBM are built on the structure of trust – based marketing, defence marketing warfare, product differentiation and diversification marketing strategies. It is through the appropriate use of these theoretical approaches that IBM has established itself very strongly in the traditional marketplace as well as in the burgeoning online marketplace. IBM strives at fulfilling the needs and expectations of its customers and in enhancing customer trust and loyalty. The products and services provided by IBM can guarantee their utility to the customer's satisfaction. In a nutshell, IBM is a courageous risk – taker that places great emphasis on innovative ideas for further growth. In line, the firm explores the consumer's domain through proper hold over local and global proceedings.

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