

Example of business to business marketing and supply chain management argumentati...

[Business](#), [Company](#)



1. Introduction

Cinema business has been developing in India for over a century, however it has been traditionally based on manual labour and very simplistic processes. However, the entry of the entertainment software leader from New Zealand, Vista Entertainment Solutions, has changed the situation in the market and has initiated a large wave of technology integration into cinema operations (Vista, 2012). The aim of this paper is to explore the success of Vista in the Indian market. Firstly, it analyzes the overall market environment in the cinema business in terms of the opportunities and threats it poses for Vista. Secondly, the paper examined Vista's market positioning. Lastly, it considers the role of Bigtree Entertainment, the leading ticketing and information solution provider, which is a partner company that controls Vista's operation in the Indian market and enhances its success (Bigtree, 2012).

1. 1 Theory and concepts

The paper is using several theories and concepts in order to help evaluating Vista's performance in the Indian market. Firstly, it relies on the analysis of the external environment, or the Indian cinema market, thus assessing the opportunities and threats for the company.

Secondly, market positioning of Vista in India, as well as a brief market segmentation are presented and discussed. A prerequisite for positioning is a precise customer segmentation and a selection of the target audience for the company's products/services. Traditionally, segmentation was more common for B2C mass market activities, however, due to the scale and

importance of each customer in the B2B market. That is why clear segmentation and targeting is essential for successful positioning and future relationship building and it should be discussed before examining Vista's marketing positioning.

According to Kotler and Scheff (1997, p. 115), marketing positioning is the design of the product image and offering in a way that it can take a competitive position in the market and in consumers' minds. While in the B2C market is positioning is mainly driven by the emotional impact of the products, B2B positioning is based on rational and objective evaluation of all parameters (Wright, 2004, p. 318). That is why it is necessary to discuss several aspects of Vista's offer that can be presented through an extended marketing mix. This model allows evaluating not only the 4 traditional Ps of marketing, i. e. product, price, promotion and place, but also looks at 3 other criteria: process, physical evidence and people (Forsyth, 2007, pp. 10-11) . Although this approach gives only the general idea of the market position of Vista, it is nevertheless sufficient for the general analysis of the company positioning and encompasses more aspects than the standard marketing mix. Lastly, the relationships along the value chain are described through the collaborative advantage achieved by Bigtree Entertainment, the company that develops ties with downstream customers, while working together with Vista on the strategic orientation of the Vista software in India.

2. Cinema business environment in India

2. 1 Opportunities for Vista

Cinema business has a special place in Indian culture and life. Already in the end of the XIX century, films were a part of the Bombay magic shows. The development of film industry led to the formation of small travelling cinemas, which exist even today (Mittal, 1995, pp. 26-27). Along with the development of open-air cinemas, the number of permanent cinema theatres in India has been growing rather steadily since 1960s. Although the overall number of cinemas per capita in India is still significantly lower than in the most developed countries, it is important to note that the average annual attendance rate of Indian cinemas is much higher than that of most developing or developed countries (Mittal, 1995, pp. 29-32). This fact suggests the presence of a vast market for cinema development, which is an opportunity for Vista. Additionally, the development of digital media format reduced the cost and time of broadcasting movies, thus fuelling rapid growth of both traditional cinemas and multiplexes, which especially need software solution for operating them. Moreover, Indian economy shows recent trends of liberalization, therefore it should be easier for Vista to operate in the country (Stiglitz and Ocampo 2008, p. 154). In particular, more relaxed regulations regarding international currencies made monetary transactions between India and New Zealand simpler. Lastly, English is widely spoken both in New Zealand and India, therefore the absence of language barriers smoothens negotiations and reduces cultural tensions.

2. 2 Threats

The penetration of a new market is always accompanied by numerous threats (Bradley, 2005). It is especially true for the expansion into the

markets with different cultural and political characteristics. Thus, India is characterized by high degree of entertainment market regulation, therefore it could be hard for Vista to operate in the market. In particular, Indian government levies a significant entertainment tax on cinema tickets. This tax suppresses industry profitability, thus discouraging new entrants from building new cinemas as well as puts an additional cost pressure on the incumbents, who are forced to reduce costs and to avoid major investments, such as the purchase of Vista software. Furthermore, the cultural differences between India and New Zealand make it much harder to succeed in the Indian market. Cultural factors are, perhaps, even more important in the B2B segment, because Vista does not only have to consider whether their software will add value to the final consumers, who attend cinemas, but also evaluate the compatibility of their software with requirements of the business customers, who own and operate cinemas.

2. 3 Future Considerations

The opportunities and threats discussed above mostly relate to the entry of a new Indian market for Vista. However, once the company has become well-established in the region, it is also necessary to maintain its competitive advantage and to alter the strategy in order to protect the current market position and to continue expansion and internal growth. One of the further opportunities for the company is to expand its target audience and to start selling their products not only to major multiplexes, but also to small cinemas. This would require both the adjustment of the software itself, and the need to develop future relationships with numerous dispersed

customers. The rise of online ticket booking could also become an opportunity to expand into B2C market and to become an intermediary between current cinema clients and the cinema-goers.

However, it is necessary to be aware of the problems that arise after Vista is well-established in India. One of the main issues is the potential imitators and local rivals. Since it is relatively easy to copy a software once it has been already developed new Indian companies may try to develop similar systems. Due to the lower labour cost in India and the insider knowledge, new entrants may offer lower prices to the cinemas, especially to the small regional ones. That is why it is important for Vista to capture a significant market share and to communicate its value proposition very clearly to the current and potential clients. Moreover, it is crucial to build relationships with the existing customers through Bigtree or on its own in order to increase switching costs and to ensure customer loyalty.

3. Market positioning of Vista

Market positioning in B2B market is, perhaps, even more complex than in B2C. While in B2C business companies seldom interact with their customers directly and the bargaining power of any individual consumer is quite low, in the B2B sector every client usually requires a lot of personal attention and an individual approach.

3. 1 Segmentation

In order to examine and understand market positioning by Vista, it is first necessary to identify customer segmentation that is used by the company

and customer groups that Vista targets in India. As Vista operates in the B2B, the number of customers is relatively small. Initially, the main audience of the company were major cinemas and multiplexes, which were too complex to operate relying only on human labour. These customers were relatively few and accounted for large number of visitors. The needs of these customers were relatively uniform and were similar to those that Vista experienced in New Zealand and other more developed cinema markets. However, over time small cinema operators started to realize the benefits associated with automation of cinema processes and the use of IT for managing their operations. The heterogeneity of the needs of these small cinemas and their wide dispersion around the country were a significant barrier for targeting them. However, as Bigtree joined forces with Vista and Vista's knowledge of the Indian market improved, the company considered to target also this market segment. Although the success of this strategy is yet unknown completely, the trend of increasing use of technology shows that the market for Vista is likely to expand and the company will need to target both multiplexes and small regional cinemas.

3. 2 Marketing Mix

Since market positioning in the B2B market is mostly based on objective parameters, rather than on emotional factors as in B2C, full transparency in all elements of the product mix is essential for B2B companies, such as Vista (Wright, 2004, p. 318).

The positioning of Vista could be evaluated using the extended marketing mix, which consists of 4 traditional criteria, i. e. product, price, promotion and place and 3 additional ones, specifically process, physical evidence and people (Singh, 2010). Although this tool does not allow considering all the factors necessary for positioning, it provides an opportunity to focus on the four most generic and strategic areas. For the purpose of the paper the customers of Vista are the Indian cinemas; the positioning for both Vista and Bigtree is the same. Before creating a clear positioning marketing mix, it is first necessary to identify the potential market, where Vista should concentrate its marketing efforts. Since the analysis of the cinema market in India has revealed rapid growth in the multiplex segment and considering the fact that the complexity of multiplex operations is much higher than that for traditional cinemas, Vista should target multiplex cinema theatres. However, small cinemas should also be addressed to a certain extent, due to the high potential of small and medium cinema market. Therefore, it should position its market offering taking into consideration its target audience (Blythe and Zimmerman, 2005, p. 86).

3. 2. 1 Product

B2B customers often demand customized products that fit their specific needs (Jobber and Lancaster, 2009). That is why Vista tries to be very flexible and adopts its software to the peculiarities of the Indian market. Thus, their software is designed to consider the strict regulations regarding taxation of the tickets, which makes it compatible with the market requirements. Vista partnership with Bigtree ensures close contact with the

market and the possibility to collect feedback for further improvement. Vista engineers spend some time in India working with Bigtree employees on enhancing the software and adopting it to the needs of their business customers in India.

An important aspect of the product offered by Vista is the emphasis on innovation and technology. The uniqueness of such software in the market and the continuous effort of Vista and Bigtree to enhance their product and to make it more advanced make their system highly competitive in the market and relatively hard to imitate by the competitors.

3. 2. 2 Promotion

The promotion of Vista products is largely based on personal selling (Jobber and Lancaster, 2009), where Bigtree acts as Vista's agent in India. Bigtree has developed significant knowledge of the industry and the market in general, that is why it helps Vista to approach numerous cinema theatres in India. Moreover, the company initially targeted primarily multiplex cinemas, since they were easier to approach and to establish relationships. With the help of Bigtree, Vista is starting to look into the market of individual cinemas, which usually requires more extensive market knowledge and direct contact with the owners (New Zealand Trade and Enterprise, 2012).

3. 2. 3 Price

Price is usually more important in the B2B segment, since B2B customers evaluate products based on their characteristics rather than on emotions, as

it has been mentioned above (Jobber and Lancaster, 2009). Moreover, due to relatively high bargaining power of individual buyers and the close personal contact, prices are often negotiated in B2B business. That is why Vista is trying to offer low prices, but without sacrificing their quality. Thus, the possibility to cooperate with Indian company and to use Indian software developers for some of the projects significantly lowers operating and development costs, thus allowing the company to offer low prices without reducing own margins (Roy, 2009). However, Vista does not have to engage in price competition in the market due to its profound market knowledge and long-term relationships with the clients, in particular through Bigtree.

3. 2. 4 Place

It is hard to define the physical notion of place for software distribution. However, it is possible to suggest that Vista is distributing its products through the intermediary, Bigtree Entertainment. The speed and reliability of delivery and service is very important for business customers (Jobber and Lancaster, 2009), that is why Vista has established their office in India along with the tight cooperation with Bigtree, in order to ensure seamless implementation of Vista technology by their customers and to offer best possible service level.

3. 2. 5 Process

Processes within Vista are mostly related to customer service and the organization of product development. As it has already been mentioned, customer service is a high priority for Vista, and the company is establishing

its operations in such a way that would allow them to be close to their customers in India. This approach is consistent with the B2B market needs, since clients' bargaining power and individual contribution into Vista's revenues are quite significant. In order to ensure high level of customer support for adjusting software to the market, tailoring it to the needs of every customer and for assisting in software implementation, Vista has established two main processes. First, the company has a small office in India, where own software developers are ready to work with the clients and with Bigtree on the development and servicing of their product. Second, Bigtree acts as a key representative in the country, therefore Bigtree employees are always ready to help final customers in solving the problems that do not require Vista's interference. This two-fold system allows Vista to address the needs of their business customers fast, due to cooperation with Bigtree and due to the presence of the own office, and cost-effectively, since only major cases that cannot be resolved by Bigtree are forwarded to Vista. Thus, processes in Vista both enhance customer service and contribute to cost-reduction and efficiency.

The process of software development is designed similarly to customer service. Bigtree acts as an agent in India and collects customer feedback as well as monitors local market environment. In the next step, they work closely with Vista team on the development and adjustment of the software to the current market needs. Such process provides Vista with insider information about the Indian market, and reduces the cost of collecting the necessary data, which may be quite high due to cultural and geographical

distance between the countries. Moreover, Vista does not have to establish a big office in India and does not need to deal with final customers, who are quite numerous and highly dispersed around the country.

3. 3. 6 Physical Evidence

Physical Evidence is a part of the marketing mix that is very hard to define for service industries, since their core product does not have tangible features. However, physical evidence of the product sold by Vista could be illustrated by the cost-savings for cinema operators in managing the complexity of the ticketing and operation processes, as well as in the presence of both Bigtree and Vista personnel to support software users.

These are the two aspects of the Vista product that can be easily visible by the customers and they make the intent to buy the service more apparent.

3. 3. 7 People

People are key to the development of Vista's business. In this case, people do not only mean internal employees of the company, but also its customers, partners and suppliers. Customer orientation is in the core of almost every business, however it is particularly important for B2B markets, where every customer accounts for a large portion of business. That is why Vista is emphasizing customer service by working closely with Bigtree on improving their software, tailoring to the customer demands and assisting the clients with its implementation. Vista relationships with partners can be illustrated by the relationship with Bigtree. For Vista partners are just as close as own employees. That is why there is a strong sense of cooperation and trust

between them that allows working closely together on providing the best possible customer service and high-quality products. The strength of the relationships and the commitment of Vista to its partners has been also demonstrated by the fact that they do not limit their partnership to one type of activity but also initiate new projects, such as an online cinema ticket booking platform, together.

Summarizing the characteristics evaluated within the marketing mix framework it is possible to suggest that Vista is implementing a number of steps in order to position its business and to communicate the value of their products to the current customers. Additionally, it has worked on creating partner relationships with Indian cinemas through Bigtree and by offering high level of customer service. However, most of these features can create value only for the present positioning of the company. In case Vista and Bigtree expand their operations in the market for smaller cinemas or in the B2C segment through the booking business, it will be necessary to reposition the company and to reshape some or even all of the 7 Ps of the marketing mix (Ferrell and Hartline, 2011, p. 214).

4. The role of Bigtree in handling relationships

Bigtree Entertainment has shown collaborative advantages by managing close relationships with the downstream cinema/multiplex owners and by jointly developing strategic direction of Vista software with upstream supplier, Vista (Hutt and Speh, 2010). By addressing both upstream and downstream processes, Vista ensures customer satisfaction and business sustainability (Seliger, Khraisheh, and Jawahir, 2011, p. 347). Moreover, it

was able to address the needs of a wider business environment by customizing their offering to the local regulatory requirements and current business needs.

Firstly, Bigtree managers were able to identify the opportunity of developing online ticket sale in India and to develop it by involving Vista. The cooperation of the two companies is largely based on mutual trust and long-term relationship building. Bigtree managers bridge the cultural differences between New Zealand and India and reduces Vista's risk of entering the new market (Brassington and Pettitt, 2006), while Vista provides access to highly sophisticated and successful software. Their relationships have expanded even further with the creation of the [www. bookmyshow. co. nz](http://www.bookmyshow.co.nz), the only website in New Zealand, where consumers can purchase cinema tickets for multiple cinemas (Anon, 2011). This project can become a great strategy to diversify the business of Bigtree and Vista, since it opens a new B2C market for the companies and allows to leverage on the synergies that arise from the use of similar software, from the existing relationships with cinemas and with the knowledge of the cinema knowledge in India.

Managing downstream supply has been the key role of Bigtree Entertainment. They have demonstrated their managerial ability to manage these relationships by penetrating a large portion of the multiplex market and by gaining access to the small individual cinemas. It helps to transform local requirements and the sophisticated negotiation process common for cinema owners into the final contracts with Vista.

Bigtree Entertainment plays an important role in developing relationships with the broad business network in India. Thus, it has connected the owners of cinemas and multiplexes all over India, in order to create an Internet-based booking service for cinema tickets in India. The company also customized their offering as well the Vista's software to the local regulatory requirements, thus addressing the issue of strict industry control and taxation.

5. Conclusion

The establishment of Vista in India has been a complex process that was based on a number of interactions. The main success factor of the penetration of the new market was its close cooperation with Bigtree, an Indian software development company. Bigtree has indeed played the central role in the development of cinema software in India. Firstly, they cooperate very closely with Vista in order to create the best possible product for the market and to adapt to the local requirements. Bigtree also work with the downstream customers, who actually purchase the product. In this case, Bigtree has to explore new distribution channel for Vista products and to collect feedback for the Vista developers. Lastly, Bigtree aligns the interests of Vista and other business players by adjusting the software to fulfil local regulatory requirements. Thus, Bigtree controls both the flow of information upstream and the flow of software and support service downstream. The example of this relationship helps to understand how close cooperation in B2B business can both reduce the risk of the new entrants and maximize value creation, thus enhancing the satisfaction of final business customers.

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*The theories used: marketing mix, collaborative advantage theory

*Theories that could be used: PEST analysis of the macro environment of the Indian market, value chain to assess value added on each stage of the service delivery to the final customers, Total Quality Management to evaluate the customer satisfaction and to ensure continuous improvement both of the products delivered and of the processes.