

# Cyber Space, Corporate Restructuring, Advertising: Boon for Competitive Advantage

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**Abstract:** *Hyper competition is a key attribute of the new economy. New customers want it quicker, cheaper, and they want it their way. The primary quantitative and qualitative shift in competition requires organizational change on an exceptional scale. Today, sustainable competitive advantage should be built upon the corporate capabilities and must constantly be reinvented. A little competition can be a healthy thing. It can also be both costly and disastrous if the companies aren't up to par with others in their particular business or industry. How the competition is handled can be a direct link to the success or the failure of a company. Companies significantly increase their chances of reaching on top by creating a competitive edge. Once companies have developed a competitive edge, maintaining it will be a daily challenge. It will require the management to look into the crystal ball and attempt to forecast, where the trends and changes in the industry will come from, and what the company can do to stay ahead of the game? It will demand that the competitors and their future plans should be continuously tracked. Companies will also need to recognize that through the course of time the customers' needs may change due to a variety of circumstances. The company must be flexible and willing to change as well.*

**Keywords:** competitive advantage, cyberspace, 4p's, KTDC, restructuring, RIL, L&T, advertising, Zoo zoos, competence

## 1. Introduction

An advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retains more customers than its competitors. There can be many types of competitive advantages including the firm's cost structure, product offerings, distribution network and customer support. Competitive advantages are those resources that allow a business entity to develop and maintain an edge over competitors who produce similar goods and services. The competitive advantage differs from the comparative advantage, in that the focus is often more on the strategies and skills involved, and less on the resources and final cost of production. A competitive advantage may be achieved by a brilliant public relations strategy, a unique mode of production, or the addition of some benefit that goes above and beyond the benefits offered by similar products on the market.

The purpose of seeking a competitive advantage is to establish the company and its products as unique within the wide range of comparable goods and services. By doing so, companies are able to create a loyal client base that will remain with them even if operating costs make it necessary to increase the unit price of the product in. In order to accomplish this goal, the manufacturer must include and exploit some aspect of the product that will keep and hold the attention of the consumer. Along with developing a unique benefit to the product, aggressive and appealing marketing campaigns can help to establish a company and its product line as being highly desirable. Even when similar products are as good or maybe even better at the core purpose for the product, a competitive advantage is achieved when public recognition is higher. Many consumers will only purchase products they consider to be brand names. Successful marketing helps to establish a product as a brand name and thus increases the chances that the consumer will buy the product instead of a competitor.

## 2. How to Achieve a Competitive Advantage

All businesses must meet the challenges of competitive markets. Doing so involves using a range of approaches and skills. Competitive advantage does not necessarily mean lower prices. Since it is obviously vital in the long-term to maximize margins, the key is to find other ways to make customers want to buy from a particular company.

1. Build solid foundations

2. Be easy to do business with

- Accessibility
- Promptness
- Simple systems
- Flexibility

3. Communicate effectively

- Clarity
- Description
- Persuasion
- Courtesy
- Be organized

4. Deliver quality

5. Please people with excellent customer care

6. Develop and improve company image

7. Use public relations

8. Use customers as promotional tools

- Testimonials.
- Referrals.
- Develop customer loyalty

9. Network effectively

10. Form business-to-business partnerships

- Joint Promotion.
- Strategic Alliances

• Outsourcing.

11. be adaptable
12. Monitor levels of customer satisfaction

### Cyber Space

Many companies across the world have made their presence in the cyber space through their Websites. Companies located in any part of the world are easily accessible through Internet because of their web presence. Internet Technologies are making the world look like a small village inter connected with each other. The net worked global world offers tremendous opportunities for even small & medium companies to reach a large customer base transgressing the national boundaries. Thus the electronic commerce on Internet is the closest thing to a global free market where the barriers for entry are low, with several untapped business opportunities on the net, revenue sources are many and access being universal there is room for successful players. Many firms underestimate the value of using their websites to gain significant competitive advantage in their given markets. Most businesses only utilize their websites as a means of displaying their corporate profile, list of products as well as things like their contact details and email address. It is fairly safe to say that managers should always view web technology in light of the whole marketing mix instead of merely as an extension of their existing advertising efforts. It is important to highlight some of the ways that a website can positively impact each of these marketing mix elements:

#### Distribution (Place)

Ways to enhance the distribution networks may include using the web portal to enhance logistics, create new marketing channels (for example affiliate channels) or provide better or faster product access for customers. Be careful however when creating new e-commerce sites as it is important to conduct a thorough online market analysis of the product to ensure that the competitive as far as other Internet based competitors are concerned. Internet retailers such as Amazon are growing in size and dominance and should be taken into account when planning any online strategy. Affiliate marketing channels may also be something to look into in terms of gaining more traffic to the site. New incoming marketing and information channels can be easily established by creating an affiliate program which entails other firms listing the site URL on their pages which in turn can equate to more traffic for the site.

#### Promotions

The growth of the Internet's accessibility is inevitable and firms would be well advised to start the web advertising function as soon as possible. The reason for this is that "staying power" is paramount with more and more people starting to use the web. Firms that have been around the longest and which have high levels of interconnectivity will always maintain a pretty big competitive advantage over newer entrants. Once a firm's web page has established a decent ranking and is featured on other

related sites, the ability for firms to utilize this coverage to reach out to new domestic and international markets can be quite powerful. The success of large Internet advertising campaigns is well documented. Email marketing lists are also a great way to stay in touch with the customers and the effective use can provide a valuable marketing and information channel. The benefits are twofold with the ability for marketers to use them to heighten brand awareness whilst strengthening customer relationships. Newsletters and other marketing can be used to let customers know about new products or services as well as provide segment relevant information to them designed to offer value.

#### Product

Whilst observing the product part of the marketing mix, an Internet portal can substantially strengthen the firm's current product offering. Ways that a web site can enhance the product offering are many, ranging from offering new web related products through establishing outgoing affiliate programs. Giving customers better services that boost the appeal of the core product is a great way to effectively relate products to customer needs. This usually involves the creation of secondary or ancillary products that can either be sold or provided for free. These additional offerings can help to generate higher, sometimes passive, earnings as well as increase a firm's potential differentiation.

#### Price

The automation of some of the firm's functions using web technology usually equates to a significant saving of operational costs. For instance having an effective inbound ordering form can reduce sales staffing costs. Because ordering online doesn't require a sales representative to take the call and then effectively turn it around this costs the firm a certain amount per enquiry in staff time. Encourage clients to use the web form as opposed to other methods of product ordering may be an effective means of reducing these costs. Ways that a firm may wish to do this is to reflect the reduced staffing cost in the price by offering a "better deal" to Internet customers. Also, this can help to establish a pattern of online behavior in customers that can sometimes be translated to other online firm functions such as support pages.

#### Example of companies using cyberspace as competitive advantage

The perfect example is the website of Kerala State Tourism as well as KTDC. The State of Kerala often referred to as God's own country has been endowed with beautiful landscape laden with its picturesque beaches is an ideal place that attracts tourists from all over the world. The Kerala Tourism realizing the immense potential the tourism can generate in terms of revenue for the state, has developed the website that provides valuable information to tourists not just from India but for tourists from different parts of world as well the website has language translation facilities for French, Dutch, German and Spanish. Several Multinational companies have redesigned their websites with country specific strategy. Big

Companies like Coca Cola, Nokia, GE, Microsoft etc. are some examples to quote. Many business analysts emphasized the need for country-specific web content as early as 2003.

### Corporate Restructuring

Restructuring refers to multidimensional process. However, the term corporate restructuring is used here for operational restructuring as long term strategy of business. Operational restructuring is an ongoing process, which includes improvement in efficiency and management, reduction in staff and wages, sales of assets (for example, reduction in subsidiaries), enhanced marketing efforts, and so on with the expectation of higher profitability and cash flow (1). Rising competition, breakthrough technological and other changes, rising stock market volatility, major corporate accounting scandals have increased the responsibility to managers to deliver superior performance and enhance market value to shareholders. The companies which fail to deal with the above successfully may lose their independence, if not face extinction. According to a study by the Harvard Business School (2), corporate restructuring has enabled thousands of organizations around the world to respond more quickly and effectively to new opportunities and unexpected pressures, thereby re-establishing their competitive advantage.

In India, corporate houses have recently witnessed an increase of restructuring in different organizations. The main reasons for the sudden impetus to restructure in India are as follows: a) provisions and new government policy of relicensing b) increased competition is another key element for giving rise to corporate restructuring. c) mounting pressure on margins have necessitated higher volume of business, resulting in mergers and acquisitions or the grand concentration of strategy has led to demergers of non-profitable businesses, and d) all round resource optimization in existing businesses to streamline operational profit and to stay fit in competition. However, some organizations have done their restructuring through acquisition and mergers and some through demergers. There is also corporate restructuring done through changes in corporate structure and optimization of resources including financial structuring. When the market price of shares is rising, the companies like to use their shares to acquire other companies. Acquisition is a process of taking over companies and merging with the entity in order to improve the margin. Here the advisors of the company may suggest and encourage mergers after taking over the other company. Demerger is a process of corporate restructuring in which single or multiple business units are spun off as a new entity. Demerger is just the opposite of merger. In a market of falling prices, mergers and initial public offers are less popular and the merchant banks, who normally earn their fees from corporate activity, start to look at demerger possibilities of their clients.

### Example of companies using corporate restructuring as competitive advantage

There were various corporate restructurings in India during the last few years such as Reliance Industries Ltd., Larsen and Toubro Ltd., and Siemens Ltd. For example, the

acquisition, merger, and demerger of Reliance Industries Ltd. like their acquisition of IPCL (5) mergers of Reliance Petrochemicals Ltd., and the recent demergers of four entities like Reliance Communication Ventures Ltd., Reliance Energy Ventures Ltd., Reliance Natural Resources Ventures Ltd., and Reliance Capital Ventures Ltd. which spun off from Reliance Industries Ltd. (RIL), and were perhaps the most prominent restructurings in recent times. Even the recent demerger of the cement division of Larsen and Toubro Ltd. (L&T), named Ultratech Cement Ltd., seems to be one of the L&T's grand strategies to concentrate more on infrastructure, engineering, energy and turnkey businesses. Other kinds of restructuring through structural changes, to improve sales and profit, or all round optimization of products, processes and systems in Multinational like Siemens Ltd. are worthy examples of successful restructuring in Indian industry.

### Advertisement

One method to gain an advantage in a business competition is through strategic use of advertising. Good marketing and advertising makes people aware of what products or services a business has to offer. It is used to bring in potential customers. Special advertising strategies can be used to gain the upper hand. The sales can be improved by doing a better job at advertising than the opponents. Companies can use advertising strategies to gain a competitive advantage. The company can win by doing a better job at advertising than opponents, attacking them in the ads, or even preventing them from advertising.

**Having better ads:** The most common way for a company to beat the competition in reaching the public and gaining their attention is through doing a better job in advertising. This includes using clever ads, focusing on specific markets, and purchasing more advertising space than the opponents.

**Attacking opponent in ads:** Some companies have used comparison ads to show their product is superior as compared to the competition. They will show comparisons and state statistics. This is using advertising for an advantage in a head-to-head competition.

**Preventing opponent from advertising:** In most situations, it is difficult to prevent competitors from advertising effectively. But there are examples of such a strategy being used effectively:

- Large companies have been known to pressure the media into not displaying ads of smaller competitors.
- In political campaigns, there have been many cases where a candidate for office removed opponent's signs and replaced them with his.
- Some companies have had people illegally deface the ads of the competition.

### Examples

#### 'Zoo zoos'

A new innovative concept from mobile service provider Vodafone Essar is on its way to capture hearts of millions of viewers similar to that of 'Hutch dog'. Zoo zoos -- stick-

like figures with an egg-like heads -- feature in the latest Vodafone Essar commercials that are aired during the Indian Premier League Twenty20 cricket series to promote different offerings and services provided by Vodafone to its customers. The Zoo zoos are receiving a good response from audiences as they have captured the hearts of thousands of people on Face book and YouTube. The entire shoot cost about Rs 3- crore (Rs 30 million) for the 30 different ads. Users can download images and wallpapers of Zoo zoos. There is also a contest titled 'What kind of Zoo zoo are you?' in which users can participate. Zoo zoo merchandise like mugs, key chains, etc is on the anvil too.

### Saint-Gobain

Glass India Ltd will focus more on advertising the many products it has launched, now that it feels that it has established Saint-Gobain as a brand in the country. In the first phase of the company's advertising strategy, since it entered the Indian glass market in 2000, Saint-Gobain Glass India focused on establishing a brand identity. All the products in the market were aimed at larger buildings and commercial complexes. But, smaller residential and office buildings too had a need for this product. The company exploded the market with this product, which alone contribute to more than 5 per cent of sales in tonnage terms. As a result of this locally adapted reflective glass, within the Saint-Gobain group, the Indian subsidiary of the French multinational had become the largest producer of the reflect sol range, which was one range of solar control glasses.

### 3. Conclusion

It is not possible for the companies stated above whether they followed cyberspace or corporate restructuring or advertisements as their strategies, to achieve competitive advantage without understanding their unique capability also called as competency. Competencies are particular strengths relative to other organizations in the industry which provide the fundamental basis for the provision of added value.

From the above examples it is clear that KTDC understood that their competency is their beautiful beaches and picturesque places which can bring revenue to them without investing much on these. Hence they decided to use website as their medium to show their uniqueness and achieve their competitive advantage.

Likewise RIL and L&T have the potential of investing huge human capital as well as financial capital so they have went for acquisition, mergers and demergers. Take the examples of zoo zoos and Saint Gobain they have their own uniqueness in their products and services which aided the advertisement to acts as competitive advantage for their products.

From these examples it is clearly understood that companies must have competency and it also should be unique to not only to attain competitive advantage but also to sustain it in the long run.

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