

Presenting and explaining the in-crisis business companies' turnaround process following personalized marketing (case study: industrial city of Iran)

Mohammad Ali Sarlak^{1*}, Mirza Hassan Hosseini², Mehdiyar AmirSherdoost³

¹Prof, Organizational Behavior Management, Payame Noor University, Tehran, Iran. ²Prof, Business Management, Payame Noor University, Tehran, Iran. ³Ph.D. Candidate, Business Management, Payame Noor University, Tehran, Iran.

Correspondence: Mohammad Ali Sarlak, Prof, Organizational Behavior Management, Payame Noor University, Tehran, Iran.

ABSTRACT

There is a deep gap in the literature of marketing management in designing the process of company turnaround based on the inductive method and based on the experiences of successful resuscitation companies. The main issue in this study is the existence of many problems in in-crisis business companies and how to solve them under personalized marketing in the industrial city of the country. Therefore, the main purpose of the study is to investigate the turnaround process of in-crisis business companies with personalized marketing (case study: the industrial city of Iran). This research is exploratory research that in terms of purpose and nature is practical and descriptive-survey and field type, respectively. Theoretical bases of the study were obtained through library study method and its data by random sampling and researcher-made questionnaire that has been approved by experts. In this study, in addition to formal content validity, the convergent and factor validity were also used. The target statistical population of this research was 2700 people of managers and staff of offices and management companies of industrial estates of Iran, as well as the second community, were experts, professors, and strategic executives aware of industry and marketing. The sample consisted of 394 randomly selected staff managers and staff and 15 experts were selected from the snowball method. Descriptive and inferential statistics with SPSS and Lisrel were used to answer the research question, to investigate the hypotheses, and to analyze the data collection. The results showed that factors such as causal conditions, contextual factors, liquidity, crisis control, outcomes, and personalized marketing elements were identified by the experts. Therefore, the key suggestion was to utilize an efficient tool in analyzing the data of crisis companies to help make the right decisions and to try to reduce costs and control and monitor the progress of strategic marketing programs in in-crisis companies.

Keywords: Business Crisis, Personalized Marketing, In-Crisis Companies.

Introduction

The definition of marketing in recent studies is the process of applying marketing knowledge, skills, and resources to create added value for goods and services, meeting competitive

demands, and responding to market-related needs. Marketing and Marketing Management are words that are very much used in today's business world. Marketing management is the art of selecting profitable target markets as well as attracting and retaining and enhancing customers through their creation and exchange and providing value to them. It can be said that marketing is an extensive and complex process in which the desired product can be identified using marketing research methods and then it produced according to customer's request. Topics such as advertising, branding, product pricing, product distribution, packaging, and so on are among the top marketing issues and the marketing management team should consider. Marketing management is a process that needs to be implemented as teamwork and is one of the prerequisites for the

Access this article online

Website: www.japer.in

E-ISSN: 2249-3379

How to cite this article: Mohammad Ali Sarlak, Mirza Hassan Hosseini, Mehdiyar AmirSherdoost. Presenting and explaining the in-crisis business companies' turnaround process following personalized marketing (case study: industrial city of Iran). *J Adv Pharm Edu Res* 2020;10(S1):139-146. Source of Support: Nil, Conflict of Interest: None declared.

This is an open access journal, and articles are distributed under the terms of the Creative Commons Attribution-Non Commercial-ShareAlike 4.0 License, which allows others to remix, tweak, and build upon the work non-commercially, as long as appropriate credit is given and the new creations are licensed under the identical terms.

success of organizations in the business world. Another important work in marketing management is the fragmentation of the market and customers. To succeed in the marketplace as well as deliver the best product, marketers and customers need to be fragmented into the right patterns, the fragmentation can be based on the sales market or customer which includes age, gender, education, job, and so on. In marketing management, the subject of the product life cycle and how long this product can stay on the market and be sold is proposed. Today, business is conducted in different parts of the world in different ways. On the other hand, this is associated with crises in industrial companies. Therefore, this study designs a turnaround pattern of in-crisis business companies tailored to personalized marketing and investigates its application in the country's industrial city.

Theoretical foundations of research

Today, in the field of competitiveness and marketing activities, large and small business firms are established in the country ^[1]. As a result, business firms' owners in the country have resorted to stopping production or reducing quantity and quality rather than managing crisis and competing with external competitors, which had long-term consequences such as accumulated losses and bankruptcy ^[2]. For political reasons, statistics on bankrupt companies are not available in developing countries such as Iran; but the number of such companies is increasing. In this situation, the managers of in-crisis companies should look for appropriate strategies for rescue and exit from bankruptcy prevention. Company turnaround is a process in which the poor performance of the firm changes and its performance characteristics improve ^[3]. It is a two-step process. First, the performance decreases, and then the performance improves. The difference between resurrecting a company and other key concepts of strategic management, including transformation, change, and restructuring, is an urgency for change ^[4]. The company begins the turnaround process when the performance indices decrease in succession ^[5] and if this situation persists, the risk of bankruptcy and destruction increases. In-crisis companies experiencing performance decline, are implementing strategies to recover from bankruptcy ^[6], but studies show that most of the efforts to revive the company have failed. As the scope of the economic and financial crisis widens, managers of in-crisis companies have begun to implement strategies to save them from bankruptcy ^[7]. Numerous crises ^[8] and an increase in the number of in-crisis companies that have attempted to revive but have failed ^[9] have led to the in-crisis business companies' turnaround process that threatens the survival of businesses. Today, the nature of the business to achieve marketing capabilities seeks to create and enhance competitive advantage ^[10] and how resolving agents of business crises adapt to uncertain and rapidly changing environments ^[11]. Given the person-to-person marketing process, it can expect personalization of interactions and direct communication with customers to be an acceptable outcome. One measure of marketing success is sales. Person-to-person marketing can increase product sales by allowing customers to

identify and offer products or services based on customers' preferences and interests. It also reduces processing costs and transaction time by simplifying the purchasing process, but more importantly, person-to-person marketing reports problems and tracks the process of resolving them, through careful reviews of customer satisfaction and causes of customer dissatisfaction. Therefore, the most important measure of business improvement, customer satisfaction, is improved ^[12]. Also, according to Vienna (1993), strategic management researchers have not been able to greatly assist in-crisis business companies' managers in identifying and evaluating the crisis, how to adopt appropriate strategies, and identifying effective contextual and interferer factors incorporate reshaping and evaluating the effectiveness and outcomes of the turnaround strategy. A review of the literature on corporate turnaround shows that most researchers have emphasized the content of the strategy and have neglected many important issues while neglecting the in-crisis corporate turnaround process. The worrying statistics about the percentage of business failures have reinforced the notion that until now, scientists have not been able to design a comprehensive model to guide management actions to exit the crisis ^[13]. Today, among the types of marketing, a new type of marketing has emerged. This type of marketing is personalized marketing. The widespread use of the Internet has allowed marketers to abandon mass market experiences in the 50s, 60s and 70s decades, and to adopt new approaches that go back to the marketing experiences of a century ago, at a time when merchants knew exactly their customers. Despite the challenge that no two customers are alike, marketing personalization ensures that a brand and the brand-related marketing are as fit and proper as the customers ^[14]. Personalization marketing strives to provide a unique product to each customer. This type of marketing utilizes user information and sociology methods to deliver the right information at the proper time to the users. Personalized marketing creates a sense of being unique to customers ^[15]. After the economic crisis, domestic small business companies with limited production capacity and a low-power brand are easily defeated by foreign companies. Large companies are selected as divisions of foreign companies and small units are simply eliminated from the competitive market or lose market share. Like other personalization approaches, the premise of permission-based marketing is that customers are aware of their request; but in many cases, consumer choices are vague, complex, and contradictory. Collaborative marketing may be a much better concept than permission-based marketing because marketers and customers need to work together to best serve the customer. In the previous round of sanctions, successful companies had a good understanding of consumers and competitors and were attacking rather than simply defending. Thus, in a commercial crisis, small companies need to merge to see the least damage. Also, exporting high-value goods is an important strategy that should be on the corporate agenda. Developing and launching new products is the third idea that companies should consider. On the other hand, the fourth base

of this version is a brand promotion in crisis. Thus, the strength of the brand of small companies and the preparation of their infrastructures should be considered more in the crisis era. Thus, the problem of in-crisis companies in Iran is that active manufacturing companies, a major player in the economy of any country, play an important role in increasing national income. The exit of weak companies and entry of strong companies into the industry is essential for economic and dynamic reform of the industry; because it provides the opportunity to reallocate production resources from inefficient to efficient companies that provide the ability to survive and thrive in turbulent environments. However, the bankruptcy of companies imposes costs on the country's economy. In the last decade, there have been many sanctions and increasing economic pressures in the Iranian economy, and the competitive power of large and small companies has diminished. Increasing production and inflation costs, exchange rate fluctuations, liquidity shortages, financing problems, technology burnout, reduction of customs tariff and increased imports and depreciation of the national currency created many problems for large and small businesses in the country. Instead of managing the crisis and competing with foreign competitors, business firms' owners in the country have resorted to stopping production or reducing quantity and quality which had long-term consequences such as accumulated losses and bankruptcy. Evidence shows that the number of such companies is increasing. In this situation, the managers of in-crisis companies to prevent bankruptcy should look for appropriate solutions for turnaround and exit from the crisis. Today there are many problems in the economies and industries of countries. Manufacturers and industrial factories have realized that the maintenance of assets and equipment is a reality and is paying more attention to the closure and failure of factories, companies, and organizations. Therefore, the following problems exist in Iranian companies: autarchy in limited and

ineffective management and communications, high turnover and neglect of human resources and lack of incentives for employees, neglect of the purpose of the company, failure to understand and achieve it, lack of new customers and deteriorating sales conditions, inadequate analysis of company strategies, inadequate and inaccurate financial information of the company, lack of attention to the history of related companies and their failed expansion plans and uncontrolled or unmanaged growth. Turnaround is a two-step process. First, the performance decreases, and then the performance improves. The difference of the company's turnaround with other fundamental concepts of strategic management, including transformation and change is restructuring in urgency. The company begins the turnaround process when its performance indicators gradually decrease and if the situation is the same, the risk of bankruptcy and destruction increases. In-crisis companies that are experiencing a steady decline in performance are implementing strategies to recover from the bankruptcy crisis. So, there is a deep gap in the literature of marketing management in designing the process of company turnaround based on the inductive method and based on the experiences of successful resuscitation companies that this study was conducted to investigate this. Therefore, this study attempts to present the in-crisis business companies' turnaround process using the theoretical foundations and background of turnaround research and modeling approach and find out the key factors of the in-crisis business companies' turnaround process in the current business situation. According to the above, the main question of this research is "what is the in-crisis business companies' turnaround process in line with personalized marketing (case study: the industrial city of Iran)? Finally, the theories that have been accepted as influential theories in this model that form the basis for the components and dimensions of this research are as follows:

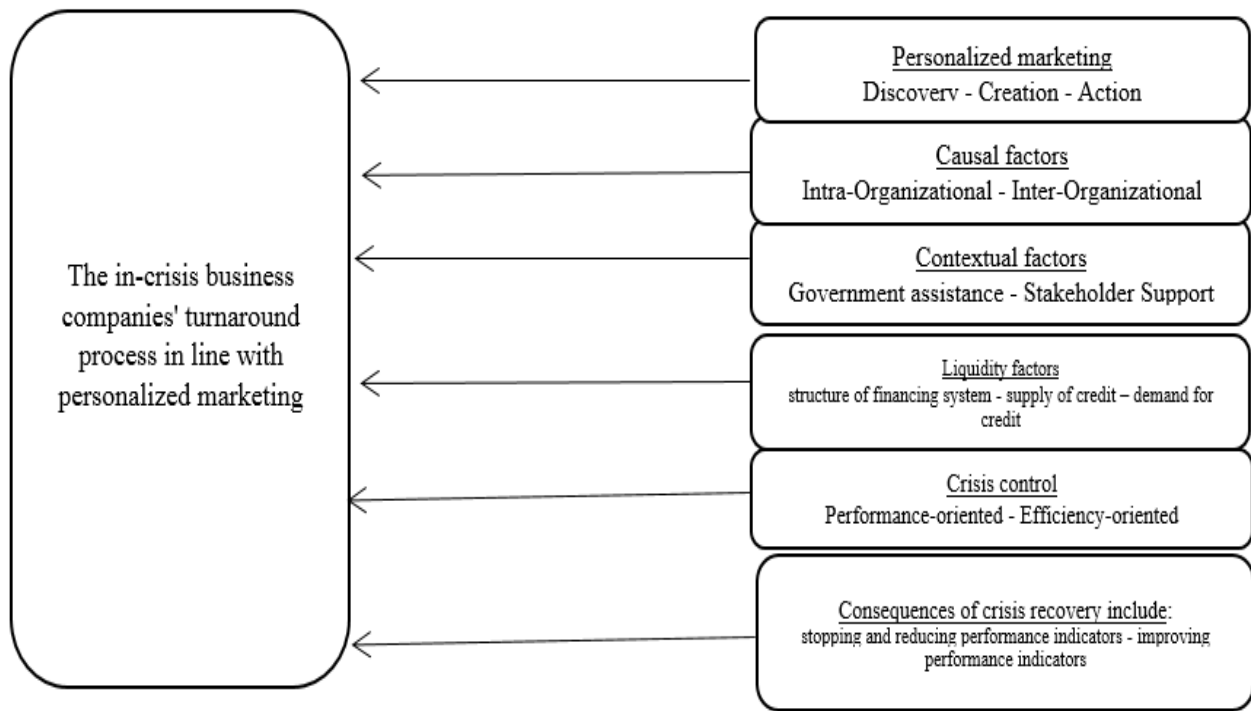


Figure 1: Theoretical framework of research

Method

According to the studied theoretical foundations, independent and dependent variables were extracted from previous researches and the theoretical framework of research (Figure 1) was the basis for data collection.

- ✓ What are the components of the turnaround pattern of in-crisis business companies following personalized marketing (case study: the industrial city of Iran)?
- ✓ What is the relationship between the components of the turnaround pattern of in-crisis business companies following personalized marketing (case study: the industrial city of Iran)?

Table 1: Research Regulations

Analytical Paradigm: Interpretive	Philosophy of Research: Realism
Research Strategy: Delphi Theme Analysis Method	Research Approach: Qualitative
Research Objective: Exploratory	Research Orientation: Fundamental-Practical
Research data gathering: Semi-structured interviews and review of documentation	Research logic: inductive

Purpose of the research

The main purpose of the study is to investigate the turnaround process of in-crisis business companies with personalized marketing (case study: the industrial city of Iran). The researcher seeks to identify the components of the turnaround in in-crisis business companies with personalized marketing (case study: the industrial city of Iran) and to explain the components and relationships between them and the elements of this model. (Table 1)

The main questions of the research

The main questions of this research are:

- ✓ What is the turnaround pattern of in-crisis business companies following personalized marketing (case study: the industrial city of Iran)?

Spatial domain of the research

The industrial cities of Iran in 2016 are the spatial domain of this research.

Sampling

Purposive sampling is used in this study. Its sampling strategy is also theoretical sampling. According to this rule, the researcher completes the interview when the content of the interviews has been repeated, and there is nothing new to say.

Method of data collection

The method of data collection in this research is multi-method including a review of 10 documentaries, reports, and in-depth interviews with 10 experts and strategic managers of Iran's industrial cities. Based on theoretical sampling, after reviewing 10 reports and documentaries, in-depth interviews were conducted with 10 managers and experts of Iran's industrial cities. From sample 8 onwards, the research reached theoretical saturation which was analyzed for 10 in-depth interviews.

Validity of research

The following steps were taken to ensure the validity of the study:

- A. Adaptation by participant: Participants reviewed the axial coding stage and expressed their views on it; their views were applied at the axial coding stage.
- B. Peer review: Four professors of business policy and marketing management reviewed the findings and commented on the quality of data analysis.
- C. Research Participation: Participants were simultaneously assisted in data analysis and interpretation.

Methodological path of research

First, the scientific literature and the latest findings in the field of research were studied based on library and documentary study methods.

Second, to extract the required data, in-depth interviews were conducted with a number of the industrial city managers of Iran, and also the related documentation was investigated.

Third, the interview data were coded and analyzed according to the theme analysis method.

Fourth, the results of data encoding were reported using the data itself. (Table 2)

Data analysis

Paradigm pattern of in-crisis business companies' turnaround process following personalized marketing

In the first step, the concepts derived from the interviews and documentation review were extracted and open coded to obtain a paradigm pattern of in-crisis business companies' turnaround process following personalized marketing. This was done by naming and categorizing the phenomena through careful examination of the extracted data.

Table 2: Sample axial and open coding and extraction of the initial category

Interviewers' code	The subgroup of verbal statement	Open code	Axial code
I4, I5, I8, I10	Discovery	Personalized marketing	In-crisis business companies' turnaround process following personalized marketing
I3, I5, I6, I7	Creation		
I1, I2, I4	Action		
I1, I3, I6	Intra-Organizational	Causal factors	
I4, I5, I8, I10	Inter-Organizational		
I3, I5, I6, I7	Government assistance	Contextual factors	
I1, I2, I4	Stakeholder support		
I1, I3, I5, I6, I7	Financing System Structure	Liquidity factors	
I1, I2, I3, I5, I6, I7	Supply of credits		
I1, I2	Demand for credits	Crisis control	
I3, I10, I9, I2	Performance-oriented		
	Efficiency-oriented		
I5, I6, I7	Stopping and reducing performance indicators	Consequences of crisis recovery	
I1, I2, I45	Improving performance indicators		

Then, Table 3 shows the categorization of the main and sub-categories related to the in-crisis business companies' turnaround process following personalized marketing using axial coding. Table 3 contains five main categories including personalized marketing, causal factors, contextual factors, liquidity factors, crisis control, and consequences of crisis recovery.

Personalized marketing includes: discover, create and action
Causal factors include: intra-organizational and inter-organizational

Contextual factors include: Government assistance and stakeholder support

Liquidity factors include: structure of financing system - supply of credit - demand for credit

Crisis control includes: Performance-oriented and efficiency-oriented

Consequences of crisis recovery include: stopping and reducing performance indicators - improving performance indicators

This article presents only a fraction of the customized tables for personalized marketing.

After defining the main and sub-categories, their features and dimensions, axial coding begins. Axial coding is the process of linking categories to their subcategories and elaborating them at the level of features and dimensions. Figure 2 shows the paradigm pattern of the axial coding. In this model, six categories were identified in-crisis business companies' turnaround process following personalized marketing.

Table 3: Sample coding and extraction of the main and sub-categories

References	Categories
I4, I5, I8, I10	Discovery
I3, I5, I6, I7	Creation
I1, I2, I4	Action

The main focus of this research is the strategies of company turnaround and performance improvement that despite its importance, no comprehensive research has been undertaken in this regard. There has been no research on the turnaround of the company in Iran, and only the research of Hosseini, Nekoei Zadeh, and Makhzan Ghadimi (2011) has investigated the marketing strategies of service companies during the recession. The purpose of this study was to identify the factors and indicators of marketing strategy in crane rental companies during the recession and to determine the effect of each of them on the number of sales from managers' point of view. The results of this study show that successful firms during the recession did not reduce activity and costs but used the recession as an opportunity and applied the strategy of development and differentiation. The following is a summary of the foreign research carried out in this area. In the strategic management literature, Bybelt (2004) was the first to devise a multi-stage process model for in-crisis corporate turnaround. He believed that the turnaround process is a two-step process. The first step is saving and improving efficiency, including implementing an emergency plan to stop the financial crisis and the resulting losses, as well as implementing a consolidation plan to improve and streamline the firm's main operations. The second step is the recovery step and returns on profitability that involves entering new markets, designing new

products, and increasing market penetration. Manimala (2014) considered a four-step process for a turnaround after surveying 28 in-crisis Western and Indian companies need revival. Although the steps of this process are conceptually distinct, they are not temporally separated. The first step, namely stopping the crisis, includes actions such as reducing costs, reducing inventory and disposing of unused assets, launching early return projects and deadlines and delaying commitments to foreign stakeholders. The second step, namely change of direction, includes redefining the business, changing the corporate identity, more market orientation, quality orientation, organizational restructuring, reorganization of capital debt, changing management staff, training and retraining, applying incentives and improving information distribution and public relations.

The third step, namely institutionalizing, includes building a strong culture and developing the company's value system through the development of human resources, reorganizing roles, tasks, and procedures, as well as communication systems. The fourth step, namely growth stages, involves introducing new products, entering new markets, diversifying businesses, reinforcing and refocusing on R&D as well as mergers and acquisitions of other firms.

The conceptual model of the research is presented as follows by examining the supporting theories and taking into account the opinions of the experts and the done research.



Figure 2: Model extracted from the research results

Based on the model of this study:

The first step of turnaround begins with an assessment of the factors and causes of the crisis and fits with the process models of

Pierce and Reyes (1993), Chaudori (2002), Scherrer (2003) Shirk, Bad Yan and Palmer (2004), Mishouri and Alstrom (2004), Cutter & Schwab (2008) and Murphy (2009).

In the second step, the need to implement turnaround strategies is identified by examining the nature of the crisis in terms of severity, extent, and continuity. Similar to this step has been taken into account in the process models of Pierce and Reyes (2009), Arojisami, Barker, and Yasai Ardakani (1995), Chaudori.

The third step is the step of determining the type of turnaround strategies based on the results of previous steps that are classified as efficiency-oriented and performance-oriented strategies. These strategies have also been adopted by Babelt (1982), Manimala (1991), Pierce & Reyes (1993), Scherrer (2003), Lork et al. (2004), Mishouri & Alstrom (2004) and Smith & Christopher (2004). The efficiency of implementing turnaround strategies is influenced by contextual conditions such as government assistance, including tax exemptions, training and counseling, assistance in deferred loans, and stakeholder support, including provider assistance, creditors' assistance, and shareholder support. In the process models of Arojisami et al. (1995), Scherrer (2005), Mishouri & Alstrom (2004), Smith & Christopher (2005), Faylachacho and Thames (2006) and Srinivas (2013) the role of contextual conditions in the success of the implementation of turnaround strategies has been considered. On the other hand, in terms of intervening conditions, corporate governance, including changes in senior managers, the role of new managers, and the capabilities of the board in crisis control, affect the success of the turnaround process. Process models that have addressed the role of corporate governance dimensions in the efficiency of the implementation of turnaround strategies include Manimala (1991), Chaudori (2002), Lork et al. (2004), Mishouri & Alstrom (2004), Cutter & Schwab (2008) and Srinivas (2013). Choosing the proper strategy and executing it properly will lead to results such as stabilizing the position of stopping the decline and improving and restoring the company. In the process models of Pierce and Reyes (1993), Chaudori (2003), Lork et al. (2004), Mishouri and Alstrom (2004), Smith and Christopher (2005), Cutter and Schwab (2005) and Murphy (2005), the evaluation of the outcomes and consequences of implementing turnaround strategies in crisis exit and return on growth and profitability is emphasized.

Highlights and important notes of the proposed model in terms of its design and implementation are as follows:

The model is designed to meet all performance requirements, including quality, security, high capacity, scalability, flexibility, and availability. Implementation of this model provides high security for data transmission and includes various security features and capabilities such as encryption, filtering, limiting capability, user access, and defining different levels of information access for individuals. The key outputs of this proposed model will be time-saving, cost savings, improved productivity, and expediting the sending and receiving of office

correspondence. According to research studies, this model can help managers to achieve goals by utilizing modern tools such as comprehensive and integrated systems based on useful information.

Suggestion

- A. Pathology of crisis causes to recover in-crisis companies, they must obtain accurate pathology from crisis-causing factors if they are to exit the crisis faster and continue to grow.
- B. Evaluating the nature of the crisis and its causing factors: To evaluate the nature of the crisis, first implement performance-oriented strategies such as debt reorganization, cost reduction, and operational asset reduction.
- C. Creating market turnaround strategies and policies tailored to personalized marketing: Follow the efficiency-oriented strategies such as asset transfer, asset investing, product change, and market change.
- D. Engaging and negotiating with public and private sector policymakers: Good interaction with government, stakeholders, banks, and investors can enhance the likelihood of successful in-crisis business companies' turnaround process.
- E. Evaluating the outcomes and consequences of crisis causes and turnaround factors: Evaluating the consequences of implementing turnaround strategies and timely control and monitoring at various stages of the turnaround process leads managers of in-crisis companies, while aware of the effectiveness of their crisis control measures, gain valuable experiences for the future.
- F. Choosing and implementing the turnaround strategies tailored to personalized marketing: Choosing an ICT strategy is main to developing in-crisis companies to exit the crisis and is argued that if this strategy is given more importance to the internal use of information and communication technology, it will greatly help resolve the crisis.

References

1. Arogyaswamy, K., Barker, V. L., Yasai-Ardekani, M. Firm turnarounds: An integrative two-stage model. *Journal of Management Studies*, 2017; 32(4): 493-525.
2. Belcher, T., Nail, L. Integration problems and turnaround strategies in across border-merger: A clinical examination of the Pharmacia-Upjohnmerger. *International Review of Financial Analysis*, 2017; 9(2): 219-234.
3. Rahman Saresht, R., Hassan Yeganeh, Y., Fallah Shams, Mirfiz Irandoust, M. Designing a Strategic Model of In-crisis Business Companies' Turnaround Process, *Business Management*, 2014; 6(2): 497-516.
4. Bibeault, D.B. *Corporate Turnaround: How Managers Turn Losers into winners*, New York: McGraw-Hill, 2018.

5. Hambrick, D. C., Schechter, S. M. Turnaround strategies for mature industrial-product business units. *Academy of Management Journal*, 2017; 26(2):231-248.
6. Brandes, O., Brege, S. Strategic turnaround and top management involvement: The case of ASEA and ABB. *Blackwell Business*, 2017; 91-114.
7. Creswell, J. W., Miller, D. L. Determining Validity in Qualitative Inquiry Theory into Practice, 2017; 39(3): 124-131.
8. Harker, M. Market manipulation: A necessary strategy in the company turnaround process? *Qualitative Market Research*, 2016; 4(4): 197-206.
9. Balgobin, R., Pandit, N. Stages in the Turnaround Process: The Case of the UK. *European Management Journal*, 2016; 19 (3): 301-316.
10. Bunn, P., Redwood, V. Company accounts based modeling of business failures and the implications for financial stability. *Bank of England quarterly Bulletin*, 2015; 43(4): 462.
11. Murphy, J. Turning around failing organizations: Insights for educational leaders. *Journal of Educational Change*, 2017; 11(2): 157–176.
12. Mende, M., Bolton, R., M., Bitner, M., J. Decoding Customer-Firm Relationships: How Attachment Styles Help Explain Customers' Preferences for Closeness, Repurchase Intentions, and Changes in Relationship Breadth, *Journal of Marketing Research (JMR)*, 2017; 50(1): 125-142
13. Pearce, J. A., Robbins, K. Toward an improved theory and research on the business turnaround. *Journal of Management*, 2017; 19(3): 613-636.
14. Firat, A.F. Globalization of Fragmentation – A framework for understanding contemporary global markets, *Journal of International Marketing*, 2017; 5(2): 77-86.
15. Halimi, A., B., Chavosh, A. Choshali, S., H. The Influence of Relationship Marketing Tactics on Customer's Loyalty in B2C Relationship – the Role of Communication and Personalization, *European Journal of Economics, Finance and Administrative Sciences*, 2017; (31): 49-56.