

Chapter 23

Toward a Customer–Centric Strategy Implementation Model: The Case of a European Mid–Sized Glass–Packaging Producer

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ABSTRACT

This chapter presents a model of customer-centric strategy implementation based on best practices developed by Vetropack, one of the leading companies in the European glass packaging industry. The company developed its own mix of customer-centric marketing strategies, which are implemented on various organizational levels and include processes such as quality assurance, key account management, customer care, business partnering, and a marketing information system. Although the model developed and case presented are based on some industry specific features, the overall approach could be used as a benchmark for different industries and companies, especially those active in business-to-business markets. As an outcome, combining the theoretical framework and best practice findings, we propose a new approach to customer-centric strategy, which unifies internal and external organizational learning.

DOI: 10.4018/978-1-4666-2524-2.ch023

INTRODUCTION

The objective of this chapter is to develop a model for implementing customer-centric strategies, based on best practices (“industry wisdom”) from the glass packaging industry, while still holding the promise of generalization. Based on the business experience of Vetropack Group—a European mid-sized glass packaging producer, the model is the result of implementing customer-centric marketing strategies, combined with continuous improvements and adaptation to local specifics and challenges of the overall glass packaging market. It represents Vetropack’s current customer-centric strategies, but also indicates areas that need further improvement in order to maintain a competitive edge.

The European glass market is well developed and saturated. It is also significantly influenced by the overall economy of the food and beverage industry in the region. The recent economic downturn and negative consumption trends in the consumer market resulted in reduced orders and a significant decline in glass packaging production in 2008 and 2009 (FEVE, 2011). Although the European market recovered slightly in 2010 and 2011, packaging glass supply exceeded demand and the glass packaging market became even more competitive (Datamonitor, 2011). In such an environment, customer retention and application of the customer-centric strategy seems to be one of the most important tasks for the industry.

With seven production facilities throughout Europe, Vetropack’s sales reached 4.17 billion pieces of glass packages in 2010, with a turnover of CHF 589.4 MM (Vetropack Holding Annual Report, 2011, 2012). Vetropack offers a wide range of standardized glass bottle and jar shapes for the food and beverage industry and custom made products in both limited editions and mass production. Headquartered in Switzerland, Vetropack began its European growth in 1986, with

the acquisition of Pöchlarn glass works in Austria, followed by the acquisition of glass works Moravia Glass in the Czech Republic in 1991. Today, after more than two decades of expansion, Vetropack operates in Central, Eastern, and South-Eastern Europe, with the seven production plants strategically positioned in Switzerland, Austria, Czech Republic, Slovakia, Croatia, and Ukraine.

Following the successful path of the Vetropack’s expansion in the emerging markets of Eastern Europe through acquisitions of independent glass factories and their financial and operational reconstruction, this specific industry and the case discussed can serve as a benchmark for a variety of organizations in business-to-business markets.

BACKGROUND

More than a decade ago, Sheth, Sisodia and Sharma (2000) predicted that problems with marketing productivity, market/customer diversity and technology development should increasingly lead toward the individualization of marketing practices. The idea of focusing marketing efforts toward even narrower segments “logically” leads to the idea of “one-to-one” marketing (Peppers & Rogers, 1999). Customization to the extent of individual customer needs, referred to as “customerization” (Wind & Rangaswamy, 2001) is enabled by the development of flexible/modular engineering and manufacturing (for producing different product options) and e-business (for customizing other aspects of marketing, such as price, distribution channels, and promotion). Although such a process extends from the organization’s research and development practices (Selden & McMillan, 2006), the essential “ingredient” of this process is related to customer involvement in the development of the product/service, as well as the entire marketing offer. This form of interaction, referred to as “customer co-creation” (Prahalad &

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