

PROTONEGOCIATIONS - SALES FORECAST AND COMPETITIVE ENVIRONMENT ANALYSIS METHOD

Lupu Adrian Gelu

ASE București, Facultatea de Management Ploiesti, Str. Grigore Alexandrescu nr.1, 0721227256,
adrian_lupu06@yahoo.com

Abstract:

Protonegotiation management, as part of successful negotiations of the organizations, is an issue for analysis extremely important for today's managers in the confrontations generated by the changes of the environments in the period of transition to market economy and the economic crisis we are going through. Marketing researches have identified many techniques and method of analysis of clients preferences correlated with the attributes of the products and services and the positioning or repositioning of new products on the market. This article will try to prove the importance of protonegotiations in the business system, it will point out the fact that protonegotiation may lead to a sales forecast for the offered product or service. The results of the protonegotiations in different moments of their development can also be used as method of analysis of the competitive environment that competition carries out its activity in.

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1. Considerations about protonegotiations

Apart the proper negotiations that suppose a meeting between authorized representatives of the parties, having an order of the day and a commonly-established procedure in order to reach an objective under the form of a written agreement, there is between the parties a constant activity of tacit accommodation and harmonization of attitudes¹³⁸. All negotiations suppose an activity significantly oriented towards the other¹³⁹. The absence of a formal and organized framework does not allow us to call this kind of activity 'negotiations'. The fact that they have the basic features of negotiations suggests the introduction of the term 'protonegotiations'. Protonegotiations consist in a unilateral action that is taken as signal by the interested parties, it is decoded, interpreted and commented by the party that feels targeted.

We are, under these circumstances, able to define the situation of *simple protonegotiation* as the purchase reaction of the end user to the stimuli of promotion of the product-service offered by the seller in the conditions known or indicated in the message of promotion of the offered product-service. As a matter of fact, simple protonegotiation is an exception with regard to the other protonegotiations due to the fact that it is the only transaction situation that ends without a concrete negotiation, provider-beneficiary, client-buyer to mark the agreement. The consumer of promoted product accepts the product sales conditions without other negotiations regarding the product purchasing conditions. In case of major transactions with complex aspects that are going to be negotiated protonegotiation is still very important but it will have a completely different dimension.

Communication is only one of the conditions of negotiation¹⁴⁰.

In these situations, the activities of communication with potential partners will be part of a major campaign of promotion of the targeted interested to the potential segment of partners, as much as possible to the targeted partner. In this case, the protonegotiation activity cannot replace the effort of formal negotiations subject to a complex of principles and by their initiation they express an affirmation of the common will to reach a result.

We can say that the protonegotiation that is not limited to the mere promotion of product-service but is part of evolved campaigns of communication and promotion that do not conclude the proper transaction without the need of other negotiations between partners in order to reach the purchase agreement, irrespective of the nature of the agreement, is a *complex protonegotiation*. Unlike the situations of simple protonegotiation, where the agreement is concluded between the parties without the need for a meeting between the parties and which can be approached as a distinct process with its own objective, complex protonegotiation is only a separate activity within a larger process that shall ideally end up with the conclusion of the agreement, after passing through all the intermediate stages of common negotiations. Also, in the context of complex protonegotiation, the proper activity represents a easing of the way that the negotiator team must go in the phases of the negotiation process. A well-defined protonegotiation campaign, prepared in detail that reaches its objectives, bringing the negotiator teams together and making them decode the issued signals correctly, can mean in the economy of a negotiation more than the sum of the efforts that a company must make in order to prepare a team of experimented and trained negotiators¹⁴¹. Depending on the ability of its use, the degree of knowledge of negotiation and sales techniques, the

138 Lupu Adrian-Gelu, Protonegocierea-comunicare indirecta in negocieri, Simpozion International „Comunicare, Competenta, Competitivitate”, ASE, Bucuresti 2007.

139 Thuderoz Christian, Negociation. Essai de sociologie du lien social, Presses Universitaires de France 2000.

140 Deac Ioan, Introducere in teoria negocieri, Editura Paideia, Bucuresti, 2002.

141 Lupu Adrian-Gelu, Eficiența protonegociierilor în procesul negocierilor comerciale, Simpozion International EFINV 2007”, București.

protonegotiation activity can be directed for the resolution of other intermediate objectives followed by the negotiator team.

2. Protonegotiations – a sales forecast method

In the light of the idea according to which protonegotiations are simple and complex, naturally the analysis of protonegotiations as a sales forecast method must be made in two dimensions. In each of these two situations protonegotiations materialize through different negotiation methods, techniques and tooling.

In the case of simple protonegotiations, where the transaction is concretized without holding actual negotiations, the traceability of the interlocutor must be ensured by an expansion of the product promotion. The most adequate form that simple protonegotiation can have so that sales forecast can be quantified is product questionnaire, an actual opinion poll.

Questionnaires are a flexible research tool that allows primary data collection through questions structured with well-defined principles so that they arouse interest and involve the subjects so that they answer as sincerely and clearly as possible to the questions addressed to them through the questionnaires. Relevant and objective, questionnaires or opinion polling through questionnaires have advantages and, of course, disadvantages.

The advantages of an opinion poll based on a form with questions are that in a short period of time information can be obtained from many people and the appreciation is possible in a short time interval as well. Some of the advantages of its use in market research are the following: thematic richness of the data that can be collected through it, accessible handling and processing, possibility to repeatedly pass it on to the same different subjects; also, in the panel-type longitudinal market researches the questionnaire is able to collect from the bearers of the application both quantitative and qualitative information.

The disadvantages are the limitation of the possibilities to answer the question, problems regarding data interpreting and possible technical appreciation means. The latter are inevitable, if the objective is the analysis of the relations between questions or the inter-relation of certain questions. Although with regard to the necessary costs it is not the cheapest research tool, it is used mainly for the collection of the necessary data on the most varied issues. Thus, it can be used in both selective researches performed among economic agents (industrial survey) and for the investigation of clients with regard to many aspects.

Philip Kotler believes that for the collection of the data necessary for marketing research, 'two categories of tools can be used: questionnaires and specialized devices'. Considering the opinion of other marketing specialists as well, the instruments considered to be most frequently used during marketing research are the following: interviews and questionnaires.

In the specialized literature and practice of marketing researches questionnaires are the most important and most frequently used tool for the collection of the necessary information for market research. In this sense, a reputed professor of the University of London, the English specialist C. A. Moser stated in his works that: '...an investigation cannot be better than his questionnaire', pointing out this way the central position of this tool in the methodology of social investigations.

But in order to adopt the form of protonegotiation, to be more precise, simple protonegotiation, apart from the opinion polling function, the questionnaire must contain a message that stimulates the respondent's interest and decision to purchase the indicated product or service. The questionnaire – protonegotiation must ensure a communication of the interests of the part that generates the negotiation. The questionnaire must also promote the product or service so that the answer to the questionnaire can really express the buyer's decision to purchase the promoted product or service. Only now in this situation can we say that the questionnaire represent a simple protonegotiative method meant to forecast sales.

Forecast can be performed over sales in case of simple protonegotiations, it is based on comparative methods regarding the evolution of sales in the intervals of time without protonegotiative monitoring and the one in which the organization management adopts the study of promotion of sales through simple protonegotiations. Following the analysis of the sales situations performed in the two sales intervals, the one with application of sales forecast protonegotiative method and the one in which no method is applied, the first important quantifiable conclusion regards the modification of the sales volume following the application of that method. In the past people used to believe that the sales force had to sell, sell and sell again.¹⁴² Of course, the ideal sales case from the point of view of the economic efficiency of the sale is when with low sales promotion costs major transactions as volume, values, etc. can be performed. The practice of the last period in which sales operations do not only consist in proper sales but also in services associated to sales, such as: servicing or technical assistance sales placed at the clients' disposal that accompany the traditional form of selling through sales agents or other specially arranged location proves that the efforts made by the sellers are greater every time.

Another application of this method consists in the fact that by proportional multiplication of the capital allocated to the promotion of sales and their forecast by protonegotiative methods sales can be taken to the desired level of

¹⁴² Kotler Philip, *Managementul Marketingului*, Ed.IV, Editura Teora, 2005.

volumes and profit. Also, applying the protonegotiative method the future sales levels can be guessed and at the same time following the analysis of the sales forecasts the position of the offered product or service can be seen by the curb of the lifecycle of that particular product or service.

In case of complex protonegotiation, the questionnaire can play a forecast role, with the observation that in this case negotiations must be held in order to conclude the transaction. The questionnaire in this case only plays the role of stimulus to dialogue and initiation of the negotiation. It is obvious that in the case of complex protonegotiative situations, any form of indirect communication used in protonegotiation can be used as a sales forecast tool.

The sales forecast using this method is performed after quantifying the interest showed by the people that responded to protonegotiative actions, the assessment and forecast of the sale of that particular good or product depending on their answer.

As compared to the sales forecast, in the case of application of the method based on complex protonegotiation, the sum of conclusions that can be drawn by analysis is much higher. In this case, elaborate buyer behaviour studies can be carried out, as well as forecasts regarding the product lifecycle, sales forecasts, studies regarding the investments necessary in the product production process or in the modification of the organization's management itself.

As stated above, citing C. A. Moser: '... an investigation cannot be better than his questionnaire', the quality and quantity of the information obtained after the application of the forecast methods based on the application of protonegotiative models is directly proportional with the quality of the transmitted messages, the quality of the interpretation of the received messages, the level of training of the negotiation team and quantity of financial resources that can be attracted in these activities.

The main issue at the manager's discretion is the type of protonegotiative forecast that needs to be approached. The resolution of this issue lays mainly in the strategic objectives established for the product or organization or the medium and short-term objectives considered during the application of the protonegotiative models for the desired forecasts.

3. Protonegotiations – a method of analysis of the competitive environment

Marketing researches have identified numerous techniques and methods of analysis of clients' preferences correlated with the attributes of the products and services and the positioning or repositioning of new products on the market, such as for example: the multi-dimensional scale, BCG analysis, price analysis in correlation with product attributes, etc. Starting from the idea according to which the efficiency of a company depends on the class, quality and cost of the offered products, the management system must be conceived so that it is capable of keeping up with the strategic evolutions and innovation on world market. In Ridderstrale and Nordstrom's opinion¹⁴³, these strategies consist in: combining operation and creation, using markets and human beings; imposing the innovation of supply and demand, rational and emotional monitoring of imperfections. McKinsey¹⁴⁴ points out the fact that innovation refers to the reconfiguration of the company, rearrangement of the 'value chain', change of the rules of the game so it is necessary for the company to capitalize distinct competences and create barriers in order to protect the created advantage. According to Prahalad and Hamel, innovation is all-embracing and defies stereotypes¹⁴⁵.

After the launch of the protonegotiative messages, through the received signals, the analysis of the steps taken by rival companies, a synthesis image of the profile of the existing or new rivals in the competitive context and their strategic intentions can be obtained and strategic counter-measures can definitively be elaborated in order to take the own product, service to the preferences of the targeted clients and, why not, obstruct rival products or services.

The analysis of the feed-back of messages of protonegotiative nature is the base of the analysis of the competitors on the targeted market segment. The competitor analysis is meant to:

- foresee rivals' future strategies;
- foresee reactions to the company's strategic initiatives;
- determine rivals' behaviour so that it can be influenced into company's favour.

These are all referred to the knowledge and understanding of the rivals, strategies, tactics and reactions to market movements. The analysis requires the intelligence of the competitor (of the competing company). Competitor's intelligence implies continuous information, a systematic collection of data and analysis of the publications about all rivals, and not only.

In order to analyze and understand rivals' behaviour, the competitor analysis model¹⁴⁶ can be used, which supposes five analysis and forecast directions, briefly presented in chart 1:

143 Ridderstrale Jonas, Kjell Nordstrom, *Karaoke Capitalism, Management pentru omenire*, Ed. Publica București, 2007, pg. 300.

144 McKinsey, *New thinking for a new financial order*, Harvard Business Review, September 01, 2008, pag54.

145 Prahalad C. K., Gary Hamel, *Competiția pentru viitor*, Ed Meteor Press, București, 2008, pg. 154

146 Grant R.M., *Contemporary Strategy Analysis*, Blackwell Business, Oxford, UK, 1998, p.217- 232.

- 1) Identification of the current strategy, observing what the rival does and says. Mintzberg (1988) points out the difference between the *intended strategy* and *performed strategy*. The intended strategy is presented in the annual balance report and the performed strategy consists in the actions performed and decisions made.
- 2) The identification of the objectives implies the analysis of the rivals' performances, prices and profit.
- 3) The assumptions of the rivals of the industry regarding the perception about the industry, the business in general, stability in time.
- 4) Foreseeing the rivals' behaviour using any possible information.
- 5) Identification of the rivals' capabilities, with reference to the potential for change, for a quick adaptation to the constraints of the environment.

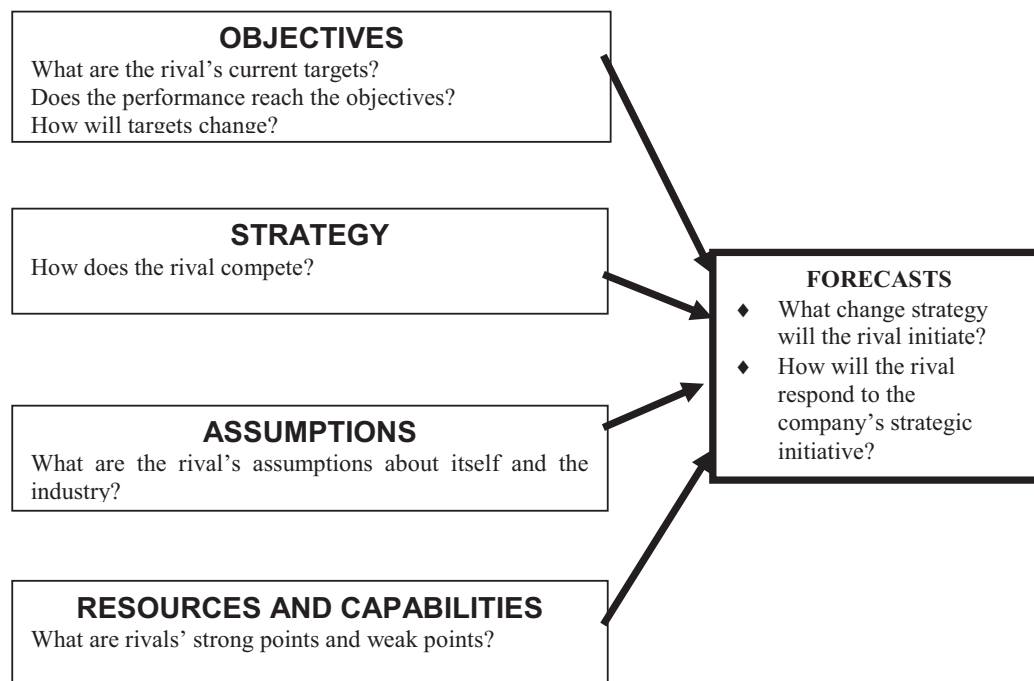


Chart 1: Competitor analysis model

The main objective of this analysis is to identify the threats that the company may be exposed to. In order to find the adequate means and strategies in order to be successful in competition with other companies, it is necessary to know in detail the advantages of the company, plastically speaking, the 'war arsenal'. The knowledge of the position, competition structure, competitive structure and competitive advantage lead to the elaboration of the competitive strategy of a set of alternative strategies. In Grant's vision¹⁴⁷ competitive advantage represents the company's ability to have a performance higher to its competitors with regard to the basic purpose of existence, namely profitability. If the adopted strategy is not efficient or if the competitive environment imposes the adaptation of the company to new environmental conditions, to new requirements, change is adopted.

Theoretically there are no limits for a company in offering to its clients and consumers a wide range of opportunities associated as a matter of fact to the characteristics of the products and services.

Another strategy applicable in the competitive environment of the company that can be applied after the analysis of the results of the protonegotiative messages is differentiation. Differentiation in the competitive environment¹⁴⁸ refers to the promotion of what is 'unique', except for the practicing of a lower price. Differentiation as a strategy does not mean the promotion of 'oneness' only to be 'unique', but to create value by understanding the products and services, understanding the clients and consumers and identification of the unique opportunities and their creative use.

There are many models of creation of the differentiation, the most frequent being the following: the offer's market route (to the clients and consumers) by examining the resources and capabilities the oneness and route of the demand on the market can be created, by examining the consumers' needs and preferences.

Analyzing the answers obtained from the messages of protonegotiative nature launched by the organization, the information referring to the analysis of the competitors in the targeted segment can be used, corroborated with the strategy applicable in order to promote the differentiation of the organization in the competitive environment for

147 Grant R.M., Contemporary Strategy Analysis, Blackwell Business, Oxford, UK, 1998, p.217

148 Grant R.M., Contemporary Strategy Analysis, Blackwell Business, Oxford, UK, 1998, p.217

the identification of the organization's success factors. Except for the aforementioned situations, the results of the protonegotiative forecast of sales analysis can be applied successfully in the analysis of the competitive advantage, analysis of the competition context that the future activity is targeted in, harmonization of the product lifecycle with the product and activity portfolio, elaboration of managerial strategies in the competitive environment, strategy monitoring and assessment of the strategies of the competitive environment, change of the managerial strategies and of course, the spectrum of applications can be extended.

In order to survive and become prosperous in a certain industry, a company must comply with the two criteria proposed by Grant¹⁴⁹ namely it must offer what the clients and consumers want to buy and must fight and survive the competition. In order to cope with the second criterion, the company must therefore analyze the context and identify its success factors. The information generated for the company by the protonegotiative methods of analysis of the competitive environment completes the image of strong points necessary for decision-making and the substantiation, establishment and implementation of the strategy necessary to the organization.

Conclusions

Far from being exhaustive, the study is trying to prove both the importance of protonegotiations as sales method and the importance of protonegotiation as method of analysis of the competitive environment.

The novelty of this study consists in the introduction of the method of analysis of the competitive environment with the help of protonegotiative practices. It is obvious that the use in the analysis of the competitive environment of this innovation and the efficient balancing of its component parts could generate special savings of financial resource, time and last but not least special efficacy. As any real information used at the right moment, in organization management, in the elaboration of managerial strategies, as essential part of the strategic management applied in a competitive environment, the information generated by the protonegotiative methods of sales analysis can be used in different analysis, studies, forecasts etc.

The applicative dimensions of these methods are going to be practically and analyzed comparatively with the already recognized analysis models. The study represents an improvable, efficient analysis that can be, I hope, handy to successful managers to whom it can directly or indirectly a competitive advantage.

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149 Grant R.M., *Contemporary Strategy Analysis*, Blackwell Business, UK, 1998, p. 78-79.