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# Marketing Issues Facing Deregulated Industries

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Deregulation changes how money is made in an industry. Success, which used to be a function of pleasing regulators, becomes dependent on pleasing customers. It is no wonder that deregulation causes most companies to start talking about “getting closer to their customers.”

### ➤ **Marketing Becomes Important**

Deregulation makes marketing important. Suddenly, “rate payers” are no longer captive customers. In banking, telecommunications, transportation and utilities, deregulation causes management to ask, “How does one attract and keep customers?” This is the fundamental marketing question.

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## CUSTOMER EXPECTATIONS

### ➤ **Expectations Change!**

Deregulation introduces customer choice where little or none previously existed. As a result, customer expectations change, often radically. These new expectations define the benefits that customers seek and directly effect levels of customer satisfaction. Thus, the measurement and monitoring of changing customer expectations is critical to the success of any marketing program designed for a deregulated industry.

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## PRICE

### ➤ **Price Is Not a Marketing Tool**

Deregulation introduces price differences where none existed before. This changes the behavior of customers and competitors. Price differences then become a trigger that starts customers searching for better value.

The most important lesson for managers in deregulated industries to learn is that price is a marketplace reality, not a marketing tool. Discounts will not build sustainable market share. As many truckers discovered during the ‘80s, “We all cut price. That didn’t work! Now what?”

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## BRAND IMAGE



### **Importance of Brand Image**

With deregulation, the importance and even the components of brand image change. In a regulated environment, much of what was known as a company's "brand image" was in reality a "corporate reputation" supported by public relations. Under deregulation, brand image only involves customer perceptions of value.

Because customers have choice in a deregulated market, brand image becomes essential to maintaining profitability. First, the source of profits in a deregulated industry shifts from rates to market share. A strong, positive brand image helps to maintain and build market share. Second, a strong brand image enables companies to increase the profitability of their current customer relationships.

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### *Related Articles*

To learn more about the topics discussed in this article, you may wish to read the following papers found on [www.uwa.com](http://www.uwa.com):

- The Purchase Logic for Contract Logistics: The Benefits of Outsourcing Distribution
- Turning Products into Services