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Brand Icons in the Indian Market

Welcome to this summer issue of your favorite magazine, the Advertising Express. Marketing and advertising are social disciplines and we see the same significantly reflected in the way that these are linked with another big social facet in recent times in India—cricket.

This issue of Advertising Express features an article on iconic brands as the cover page article “Creating Brand Icons in the Indian Market”. There was a time when people focused more on the price factor while choosing a product or service. But now the scenario has changed. People look for brands—starting from shampoo to footwear. Given this background, the article talks of how such brand icons can be created.

The ‘Media’ section in this issue has two articles. “Brand Promotion Through Internet Advertising” is a discussion on contemporary practices in usage of media. Internet advertising has gained immense importance and is now a crucial platform in brand development, brand promotion and brand management. Education, a youth-based sector, is spending heavily on print but radio is missed out or is not being effectively used. The article “Education: An Undermined Opportunity for Indian FM Radio Industry” is a discussion of the reasons and impact of such practices.

The ‘Advertising’ section has two articles. “Mobile India….Uniting India: Festivals, Films and Cricket Saga” is a discussion on how the telecom service providers in India are using advertising to hit the success track in a competitive market scenario. The next article “Advertising Emerging Through Recent Market Scenario” discusses how each brand is advertising in its best to capture the Indian market.

The retail organizations are finding it to retain their employees for a longer period. Resultant attritions are directly affecting their efficiency. In an intense competitive scenario, it is of utmost importance for the retailers to motivate their employees and keep them on job for longer periods to improve the internal efficiency, opine the authors of the article “Employee Retention: A Major Challenge for Indian Retail” featuring in ‘Perspective’ section. Another article, “Customer Relationship Management: Challenges and Building an Effective Strategy” is a discussion of the role of customer relations in the sustenance and growth of contemporary organizations.

Two presentations are featured in the section ‘Research’. The availability of online technology has helped the banks to simplify their task of providing efficient ATM services. In their article “ATM Issues: Learnings from a Study in Chennai” the authors have conducted a pilot survey of ATM users of various banks in Chennai to provide insights into the subject, and offer meaningful appreciation of issues relating to ATMs in a larger geography. “Contemporary Advertising Practice and Pester Power in India” studies relevant literature from both national and international side; analyzes the antecedents of assumption of undue power by kids over their parents in an Indian context; audits the advertising scenario in India with its cause and effect relations and discusses the ethical dimensions of advertising and marketing.

Suresh Garmella
Advertising Emerging Through Recent Market Scenario

The pace of change has become so frenetic and erratic that success today is no guarantee for success tomorrow. Advertising today is more technology-driven and is a knowledge-oriented process. The world’s prestigious brands like Mercedes Benz, BMW, Ford, Toyota, Peugeot, Mitsubishi, Fiat, Skoda and Hyundai have entered the Indian roads. Each one of them is advertising at its best to capture the Indian market.

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In the recent business scenario, intensive competition and wide choice of alternative products have made the consumers more demanding, leading to relentless price competition across a range of products, from airlines to fast moving consumer goods. A large number of malls, cash and carry wholesalers, supermarkets and hypermarkets have come into existence in the last few years. And more investments (including foreign investments, where permissible) are in the pipeline. Consumers are now buying big ticket products and services such as durable domestic utilities, houses, automobiles, travel, insurance, mutual funds, etc., with relative ease. The above developments and changes have made advertisement one of the important tools of marketing.

Need for Advertisement
In most of the markets, an oligopoly-like situation is emerging and this will continue, with big fish eating up the small ones. Every company in the market wants to be in the top three positions in terms of market share and size. Moreover, future consumers are going to be multi-processors, time-savers and will lay stress on value for money. The future lies in cycle-time reduction and innovation in a competitive globalized economy. In India, with the ushering in of economic reforms in 1991, the demand for advertising has grown by leaps and bounds. With competition from both within and without growing, and with the best brands from every place in the world making inroads into the domestic market, sellers are resorting to the no-holds-barred approach of aggressive advertising. Apart from the above, globalization
has brought about profound impact on various consumer sectors like soft drinks, toothpastes, soaps, detergents, cosmetics, electronic goods and cars. For instance, the early phase of liberalization brought with it Procter & Gamble (P&G), which shook Unilever as no one had done before. In 1992, P&G launched Ariel, a compact detergent that forced Hindustan Unilever to come out with an improved product, Surf Ultra and then Surf International. Both Surf and Ariel have since been fighting for the urban housewife's attention. The leader Surf took an interesting route in 2005 by involving cine actress and social activist Shabana Azmi, who exhorted that people should use Surf as it uses less water to wash clothes. This came at a very apt time when water scarcity had received a lot of attention. To quote another example, there is phenomenal change in the Indian car market.

**Influencing Factors Through Various Channels and Waves of Advertising Print Media**

Growth in the number of young adults entering the workforce, inflow of foreign funds into the print media, proliferation in the number of publications and editions, and rise in readership levels saw advertisement earnings soar in the print media. In the battle for the reader's attention, advertising money flowed where the consumer was, and the print media which is symptomatic of this trend, led the way.

Advertising revenues in print media grew by 41.2% to touch Rs.10,470 cr during 2010, cornering 47.9% of the ad pie. The English and Hindi language press continued to dominate the rankings, in terms of share of ad space. The English language press with 35.2% ad space stood at the No. 1 position, followed by Hindi language at 24%. In the southern region, the Tamil press led the pack with 9.8%, followed by Telugu at 6.6% and Kannada at 2.2%. Major publishing houses such as Hindustan Times, Anand Bazar Patrika, Living Media, Ushodaya Enterprises, Thanthi Trust, Gujarat Samachar, Amar Ujala Prakashan, Deccan Herald, Rajasthan Patrika, Deccan Chronicle and Sandesh registered increases in advertising revenue.

**Television**

2010 was a great year for television advertising too, in terms of total revenue (Rs. 11,110 cr). However, the revenue growth over the previous year was just 1.6%, accounting for 40.2% of the total ad spend. With indoor entertainment gaining ground, television witnessed major strides in viewer-ship. Advertisements revenues on music, infotainment and kids channels registered substantial increase.

**Outdoor**

The year 2010 was a turning point for outdoor advertising. While on the one hand, this sector attracted international specialists like JC Decaux and News Outdoor, on the other hand, it also drew the attention of major domestic media players like the Times Group, The Jagran Group and the Star Group. This sector grew by 27.5%, clocking Rs. 4,275 cr in advertising revenues during 2010.

**Radio**

The radio sector has grown at a scorching pace over the past few years, and nearly a dozen players have entered the fray giving listeners a totally new experience. The new entrants have also offered stiff competition to the government-run All India Radio, which enjoyed monopoly during earlier times. Five years ago, the first attempt to roll out commercial FM radio was unsuccessful because of exorbitant license fee. In the second round of spectrum auction, the license fee structure was lowered significantly. The advertising spend on radio during 2007 was Rs. 1,270 cr, constituting 2% of the total ad spend, registering 68.4% growth over the previous year.

**Internet (e-Advertising)**

Due to the growing appeal of the Internet beyond the metros, the Internet user base is fast becoming more diverse and, therefore, an essential part of media plans. Interactive facility, focused targeting and cost-effectiveness are some of the advantages of this medium. There are around 40 million Internet users in the country, and Internet advertising now stands at 1% of the ad pie. The ad revenues amounted to Rs. 350 cr during 2010, registering a growth of 51.5% over the previous year.

**Cinema**

As far as cinema is concerned, India is the top film-producing country in the world, churning out over 1,000 movies a year. During 2010, advertising spend through cinema shot up to Rs. 215 cr (0.4% of total ad pie), clipping the highest growth rate of 90.9%.

**Public Relations**

With the shift towards integrated marketing communications, marketers are using Below the Line (BTL) activities like Public Relations (PR) to get value for money. PR is an important tool in the arsenal of marketers, and professionals in this field are being
seen as communication specialists who manage the clients’ image. Several foreign players now have Indian affiliates and the presence of nearly 35 key players has fueled competition. The size of the PR industry was at Rs. 580 cr during 2010. Some of the established PR agencies which have made a mark are Corporate Voice, Weber Shandwick, Good Relations, IPAN, Genesis Burson Marsteller, Perfect Relations, Hanner & Partners, Vaishnavi Communications, Integral PR and Madison PR.

**General Trend During 2006-10**

Total advertising spend almost doubled (increased by 90%) over a four-year period between 2006 and 2010. Total advertising spend increased by 22% during 2010 to hit a figure of Rs. 27,580 cr, compared to the growth of 21.7% during 2009. The print media led the pack in 2010 with an advertising of Rs. 10,470 cr, followed by television at Rs. 10,110 cr. Outdoor advertising at Rs. 1,775 cr, radio at Rs. 780 cr, Internet at Rs. 450 cr and cinema at Rs. 205 cr accounted for the rest. There was also growth in non-mass media advertising with direct marketing, retail media and public relations being the prominent segments. Television stands out at the top with 45% of total advertising spend, followed very closely by the print media at 44% (see Exhibits 1 and 2).

**Nostalgia Theme – A Good Old Days Advertisement**

Humor in advertising has gained greater currency in recent years. Pleasing, bantering, soft sell messages are preferred to high decibel hard sell advertisements of the past. While enjoying the change, consumers got nostalgic about the past. They romanticized about the ‘Good Old Days’. As a result, there is resurgence in the popularity of art forms that fuse the past with the present. The nostalgia theme has driven many recent campaigns. Brands reintroduced advertising characters that had been retired a few years back. For example, Onida brought back its ‘Devil’. ICICI Prudential leveraged on the consumer insight that the people do not want to retire from their youthfulness. Cherry Blossom reintroduced its beloved ‘Charlie Chaplin’ and Seven Up its ‘Fido Dido’. There has been an increase in the use of old movie songs and Sanskrit slokas.

**Celebrity Endorsements – Art of Heart**

Celebrity advertising continues to be in fashion. The year 2003 belonged to Aamir Khan, and the following years were dominated by Amitabh Bachchan. The ‘Big B’ has been featured in many advertise-ments, including those of Parker Pens, Dairy Milk Chocolate, Nerolac Paints, Rin Supreme, Eveready, Dabur Chyawanprash, Himani and Pepsi. Besides these two stars, many other celebrities have also been roped in for promoting various brands. The celebrity advertisements released by Pepsi, Adidas, TVS, Airtel, Boost, Britannia, Santro, Videocon, Cadbury, Coke, Titan, Samsung and many others cost each of them a huge sum of money. The celebrity fee itself ranged from a minimum of Rs. 75 lakh to Rs. 6 cr. The choice of the celebrity and the advertising agency are critical in this context.

**Optimistic Approach – Highlighting Social Cause**

For the past few years, many corporates are riding on the positive resurgent spirit of India and have capitalized on the same. LG changed its corporate tag line to “Life is Good”. Bharat Petroleum built a new corporate campaign around the nucleus of ‘Energizing Lives’. Dabur adopted a new logo and corporate slogan “Celebrate Life”. Fair & Lovely mirrored the resurgent aspirations of Indian women in its cricket commentator advertisement.

Indian Oil with its “India Inspired” campaign reflected the optimistic and confident India. The private financial services and telecommunication sectors are now eyeing the rural markets. Rising consumer confidence has been reflected in a spate of “look good-feel great” themes, starting with the “India Shining” campaign of the previous National Democratic Alliance (NDA) government.

**Branded Entertainment**

Growth of multiplex has increased the business of branded entertainment. Branded entertainment is now profitable and was valued at Rs. 65 cr during 2010. This has become an integral part of the marketing budget. Branded entertainment is divided into two major categories: feature films and broadcasting. While Tanishq, Bournvita, Thums Up and Tata Safari have been the early runners in experimenting with this format, the diversity and the number of brands using this channel today has risen a great deal.

**Focus of Rural India – Advertising for Rural Markets**

Several companies have tried to reach out into the hinterland to
Exhibit 1: Comparative Advertising Spends in Recent Years

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<td>Amount (in Rs. Cr)</td>
<td>27,690</td>
<td>16,505</td>
<td>14,865</td>
<td>13,685</td>
<td>10,448</td>
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<td>% Growth Over the Previous Year</td>
<td>22.0</td>
<td>21.7</td>
<td>15.1</td>
<td>11.0</td>
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As per the attributes survey

Exhibit 2: Media-wise Advertising Spends During 2008-10 (Rs. Cr)

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<th>Medium</th>
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<th>2009</th>
<th>2008</th>
<th>Average (%)</th>
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<tr>
<td>Print</td>
<td>10,470</td>
<td>10,000</td>
<td>5,000</td>
<td>44.10</td>
</tr>
<tr>
<td>Television</td>
<td>11,110</td>
<td>8,000</td>
<td>7,700</td>
<td>44.90</td>
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<td>Outdoor</td>
<td>4,275</td>
<td>3,500</td>
<td>870</td>
<td>7.10</td>
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<tr>
<td>Radio</td>
<td>1,270</td>
<td>485</td>
<td>280</td>
<td>2.20</td>
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<tr>
<td>Internet</td>
<td>350</td>
<td>265</td>
<td>190</td>
<td>1.20</td>
</tr>
<tr>
<td>Cinema</td>
<td>215</td>
<td>155</td>
<td>92</td>
<td>0.40</td>
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<tr>
<td>Total</td>
<td>27,690</td>
<td>24,505</td>
<td>14,132</td>
<td>100.00</td>
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As per the attributes survey

Conclusion

In conclusion, we can say that the future of advertising is both bright and challenging. Over the past few years, there have been tremendous changes in the marketing and communications business. The challenge lies in remaining differentiated in everything that is offered and constantly exciting and engaging customers with the advertising message. Classical advertising is receding into the background and giving way to a wide variety of campaigns in large numbers, to cater to diverse markets and cultures. Advertisers are spending colossal sums of money and advertising budgets are increasing from year to year. Advances in information and communication technologies are opening up unprecedented opportunities for advertising. Indian advertising is reaching global markets.

Sell their goods and services, thereby creating business opportunities for advertising agencies by way of rural and small town advertising. Comparatively, good monsoons during majority of the years since 2009 have supported better level of earnings among farmers, thereby creating demand not only for fast moving consumer goods and agriculture-related items, but also for high value household durables and automobiles.

The hegemony of the urban mind in advertising is expected to decline, because India is not just represented by people who live in big cities. So far, advertisers have been imposing urban modes and urban views over the rural consumers. But, they will have to grow out of this and also create advertisements with a distinct rural focus. Further, advertising in future will be increasingly used for publicizing socially-relevant issues.

Reference: # 18M-2011-06-04-01

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basic descriptive information. Unfortunately, response rates to warranty cards are in the 20-30% range leaving big gaps in the databases. Service businesses are normally in better shape since the nature of the product involves the kind of customer-company interaction that naturally leads to better data collection. For example, banks have been in the forefront of CRM activities for a number of years. Telecom-related industries (long distance, wireless, cable services) similarly have a large amount of customer information.

**ANALYZING THE DATA**

Traditionally, customer databases have been analyzed with the intent to define customer segments. A variety of multivariate statistical methods ranging such as cluster and discriminant analysis have been used to group together customers with similar behavioral patterns and descriptive data which are then used to develop different product offerings or direct marketing campaigns. Direct marketers have used such techniques for many years. Their goals are to target the most profitable prospects for catalogue mailings and to tailor the catalogues to different groups.

More recently, such segmentation approaches have been heavily criticized. Taking a large number of customers and forming groups or segments presumes a marketing effort towards an "average" customer in the group. Given the range of marketing tools available that can reach customers one at a time using personalized messages (what has been referred to as "1-to-1" marketing), there is less need to consider the usual market segmentation schemes. Rather, there is increased attention being paid to understanding each "row" of the database, that is, each customer and what he or she can deliver to the company in terms of profits.

As a result, a new term, Lifetime Customer Value or LCV, has been introduced into the lexicon of marketers. The idea is that each row/customer of the database should be analyzed in terms of current and future profitability to the firm. When a profit figure can be assigned to each customer, the marketing manager can then decide which customers to target. A model of the profitability of a customer based on past and current purchases is the following:

\[ TJK \text{ whereby} \\
\begin{align*}
    t &= \text{the current time period}, \\
    T &= \text{the total number of time periods in the database}, \\
    J &= \text{the number of products purchased}, \\
    K &= \text{the number of marketing tools used to target customers}, \\
    P_j &= \text{Price of the } j\text{th product purchased}, \\
    C_j &= \text{Cost of the } j\text{th product purchased}, \\
    M_{ik} &= \text{Cost of the } k\text{th direct marketing tool (customer acquisition costs)}. \\
\end{align*} \]

In words, the profit that a customer has produced for the firm is the sum of the margins of all the products purchased over time less the cost of reaching that customer. These costs include any that can be broken out at the individual customer level such as direct mail, sales calls, etc. Note that mass advertising would not be part of this formula. It could be assigned to individual customers by computing a per customer dollar amount but because it is the same for each customer, it would not affect the rank ordering of the customers in terms of their profitability.
CUSTOMER RELATIONSHIP MANAGEMENT —
FRAMEWORK & RESEARCH DIRECTIONS

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FULL PAPER

CRM (Customer Relationship Management) is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way. For example, an enterprise might build a database about its customers that described relationships in sufficient detail so that management, salespeople, people providing service, and perhaps the customer directly could access information, match customer needs with product plans and offerings, remind customers of service requirements, know what other products a customer had purchased, and so forth.

CREATING A CUSTOMER DATABASE

A necessary first step to a complete CRM solution is the construction of a customer database or information. This is the foundation for any customer relationship management activity. For Web-based businesses, this should be a relatively straightforward task as the customer transaction and contact information is accumulated as a natural part of the interaction with customers. For existing companies that have not previously collected much customer information, the task will involve seeking historical customer contact data from internal sources such as accounting and customer service.

What should be collected for the database? Ideally, the database should contain information about the following:

- Transactions. This should include a complete purchase history with accompanying details (price paid, delivery date)
- Customer contacts. Today, there is an increasing number of customer contact points from multiple channels and contexts. This should not only include sales calls and service requests, but any customer- or company-initiated contact.
- Descriptive information. This is for segmentation and other data analysis purposes.
- Response to marketing stimuli. This part of the information file should contain whether or not the customer responded to a direct marketing initiative, a sales contact, or any other direct contact.

The data should also be over time. Companies have traditionally used a variety of methods to construct their databases. Durable goods manufacturers utilize information from warranty cards for
basic descriptive information. Unfortunately, response rates to warranty cards are in the 20-30% range leaving big gaps in the databases. Service businesses are normally in better shape since the nature of the product involves the kind of customer-company interaction that naturally leads to better data collection. For example, banks have been in the forefront of CRM activities for a number of years. Telecom-related industries (long distance, wireless, cable services) similarly have a large amount of customer information.

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    J &= \text{the number of products purchased,} \\
    K &= \text{the number of marketing tools used to target customers,} \\
    P_j &= \text{Price of the jth product purchased,} \\
    C_j &= \text{Cost of the jth product purchased,} \\
    M_{ck} &= \text{Cost of the kth direct marketing tool (customer acquisition costs).}
\end{align*}
\]

In words, the profit that a customer has produced for the firm is the sum of the margins of all the products purchased over time less the cost of reaching that customer. These costs include any that can be broken out at the individual customer level such as direct mail, sales calls, etc. Note that mass advertising would not be part of this formula. It could be assigned to individual customers by computing a per customer dollar amount but because it is the same for each customer, it would not affect the rank ordering of the customers in terms of their profitability.
The equation can be used as the basis for LCV calculations by adding forecasts for the major parameters and discounting back. This obviously requires assumptions about future purchasing, product and marketing costs, as well as how long the customer can be expected to remain with the firm. Generally, this will result in a number of scenarios for each customer depending upon these assumptions.

The equation not only is the basis for LCV, but it can also be used to show where additional profits can be obtained from customers. Increased profits can result from:

- Increasing J, the number of products purchased, by cross-selling;
- Increasing P, the price paid, by up-selling or charging higher prices;
- Reducing C, product marginal costs;
- Reducing MC, the customer acquisition costs.

Other kinds of data analyses besides LCV are appropriate for CRM purposes. Marketers are interested in what products are often purchased together, often referred to as market basket analysis. Complementary products can then be displayed on the same physical page in a hard-copy catalogue or virtual page on the internet. A new kind of analysis born from the Internet is clickstream analysis. In this kind of data analysis, patterns of mouse "clicks" are examined from CyberStore visits and purchases in order to better understand and predict customer behaviour. The goal is to increase "conversion" rates, the percentage of browsing customers to actual buyers.

Research issues include the following:

- What is the appropriate valuation method? Do current methods capture all of the aspects of customer value?
- How do we impact the parameters of the model, e.g. increase P and J?
- How can we modify the model to incorporate data from Web clickstream and log file data?
- Are there new market segmentation and analysis tools that can do a better job?

**CUSTOMER SELECTION**

Given the construction and analysis of the customer information contained in the database, the next step is to consider which customers to target with the firm's marketing programs. The results from the analysis could be of various types. If segmentation-type analyses are performed on purchasing or related behavior, the customers in the most desired segments (e.g., highest purchasing rates, greatest brand loyalty) would normally be selected first. Other segments could also be chosen depending upon additional factors.

For example, if the customers in the heaviest purchasing segment already purchase at a rate that implies further purchasing is unlikely, a second tier with more potential would also be attractive. The descriptor variables for these segments (e.g., age, industry type) provide information for deploying the marketing tools. In addition, these variables could be matched with commercially-available databases of names to find additional customers matching the profiles of those chosen from the database.

If individual customer-based profitability is also available through LCV or similar analysis, it would seem to be a simple task to determine on which customers to focus.

The marketing manager can use a number of criteria such as simply choosing those customers that are profitable (or projected to be) or imposing an ROI hurdle. The goal is to use the customer profitability
analysis to separate customers that will provide the most long-term profits from those that are currently hurting profits. This allows the manager to "fire" customers that are too costly to serve relative to the revenues being produced.

While this may seem contrary to being customer-oriented, the basis of the time-honored "marketing concept," in fact, there is nothing that says that marketing and profits are contradictions in terms. The 80/20 rule often holds in approximation: most of a company's profits are derived from a small percentage of their customers.

**STEPS FROM CUSTOMER SERVICE**

One of the ongoing challenges successful businesses face is in optimizing customer satisfaction and developing Customer Relationship Management. So many companies "jump on the bandwagon" of improving customer service in order to impact customer retention levels. Since 1994, customer satisfaction has dropped in nearly every sector of the economy according to the American Customer Satisfaction Index. So why is this? Raising customer satisfaction levels requires a comprehensive systems approach.

This paper will cover:

- Selecting the correct people
- Developing, motivating and managing the people
- Establishing effective service delivery processes
- Building in continuous improvement
- Ensuring managers as the key change-agents
- Setting a clear customer experience strategy

Often organisations confuse defining a customer experience strategy with creating a "slogan". How many companies create a slogan without any supporting initiatives, thereby disillusioning employees and creating a "flavour of the month?"

**SELECTING THE CORRECT PEOPLE**

It's really hard to teach an elephant to dance!

When recruiting employees to provide customer service, the process often tends to concentrate more on functional expertise, technical competence and knowledge rather than interpersonal skills. However, lack of the right attitude can drastically impact client satisfaction levels. Research has in fact shown that attitude is the most important requirement: skills and functional expertise can be taught.

Therefore in selecting the right people:

- Defining the critical job requirements
- Develop scenario-based interviews/assessment centres to screen and select candidates
- Involve multiple team members in the hiring process
- Ensure evaluation is based on objective, not the subjective "Be Like Me" criteria
DEVELOPING, MOTivating AND MANAGING YOUR PEOPLE

Even though you have hired the right people, there is still a need to orient them into the organisation's customer relationship culture and define key communication skills. In Call Centers and Technical Support departments, there is a tendency to rely on technical/functional skills and neglect interpersonal skills development. This can result in providing acceptable material service, the more tangible aspect, yet unacceptable personal service, the competitive differentiator.

Therefore to build a customer relationship culture, it is important to:

- Provide training in key areas required to deliver exceptional personal service
- Reinforce these skills using ongoing coaching and feedback
- Measure current performance levels
- Reward performance using a combination of monetary awards and non-monetary recognition

ESTABLISHING EFFECTIVE SERVICE DELIVERY PROCESSES

Effective processes and procedures provide the foundation for smoothing or inhibiting the material service element of the customer interaction. Efficient service delivery systems appear transparent to the customer. Poor systems create those 'speed bumps' that necessitate personal intervention in order to satisfy the customer requirements.

The critical elements in ensuring a positive material customer experience are:

- Mapping the service delivery processes
- Evaluating critical success points in the process
- Defining service standards and objectives for these essential points
- Establishing service delivery procedures to optimise material service
- Creating service level agreements to smooth internal service delivery

BUILDING IN CONTINUOUS IMPROVEMENT

No matter how effective the service delivery processes, or well-trained the service deliverers, things go wrong. Products have faults. Customers get frustrated. Things slip through the cracks. The organisations that are built around managing the customer experience are able to resolve these issues effectively. This process known as "recovery" is an important differentiator in building customer loyalty.

In order to recover effectively, it is necessary to:

- Actively seek customer feedback and complaints: you cannot improve if you don't know what went wrong in the first place.
- Train staff how to handle customer complaints effectively using the correct mix of empathising, apologising and resolution.
- Make sure that the real problem is solved, not just the symptoms.
- Focus on proactive prevention as well as reactive to cure problems.
ENSURING MANAGERS ARE THE KEY CHANGE-AGENTS

As consultants, we observe that senior management often has the vision, intention and commitment to introduce a comprehensive customer relationship management system. The "make or break" element is in involving middle management in the change process, and empowering them to be the key change-agents.

To do this, it is important to:

- Engage the management team early and often in the process
- Involve management members in articulating the customer experience strategy
- Teach managers coaching skills so that they are able to articulate and reinforce the key personal service skills
- Use managers as facilitators when rolling out interpersonal skills training
- Reward managers on establishing, monitoring and updating service delivery processes
- Ensure managers are able to act as an example to their teams.

SETTING A CLEAR CUSTOMER EXPERIENCE STRATEGY

To establish a good strategy certain key practices are required:

- Understand the overall organisational vision and mission
- Define the organisation's customer service direction, slogan and values
- Ensure customer service is defined as a key responsibility for the business/department
- Share the customer experience strategy via a comprehensive communications program
- Ensure that this strategy does not conflict with other business strategies.

As consultants, it is amazing how often we hear organisations say, "Improving Customer Service is a priority, and we are also introducing stringent cost-cutting measures." This can present a tough dichotomy.

CONCLUSION

As you can see, in order to deliver outstanding service, it is essential to build a customer relationship-focused culture. This can take up to two years and can involve changing the way the company operates in all aspects of service delivery. The time investment can be high, but the pay-off can be enormous building long-term customer loyalty and helping to ensure business profitability.

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