Chapter 1
Conceptual Framework

1.1 Introduction

In the time of Liberalization, Privatization and Globalization (LPG), organizations are experiencing cut throat competition for their existence and sustenance. This is forcing organizations to be more innovative and proactive into their business operations, thus, brand promotion plays a vital role in creating sustenance and having competitive edge into their operations. According to the conventional wisdom, branding is for external communication which aims to influence potential and prospective customers. But, this approach of branding is too narrow, especially, when a company desire to frame effective business strategy its employees should also be motivated for successful implementation of marketing plans. In the era of turbulence, organizations are compelled to change the need, preferences, taste, trend, competition strategies according to their customers and competitors. This requires consistent and effective brand communication to their employees for better understanding of promotional goals and customer satisfaction.

As the employees are bombarded all day by information, so that they can create awareness & knowledge among customers. This will portrait positive image of the
organization in front of the customers through their attitude and behavior. Through brands, customers identify their priorities which can help them to simplify their lives and streamline their selection-making. Employees, being an integral part of brand promotion are playing a very crucial role comparatively in service industries; hence, companies are concentrating equally on their employees for displaying company’s brand image in front of the customers. Today, where employees are become tools for fighting against competition, organization understood the significance of employees’ involvement in the fulfillment of company’s commitment. For example, company in its promotion activity commit the customers for quick delivery, maintaining neat & clean environment, quick response and maintaining quality at its retail outlet, but, if company overlook internal marketing for its internal customers i.e. its work force, probably company would not be able fulfill the commitment as said because it’s their employees who make the commitment into action in the actual market. Researches revealed that employees are the key factors for delivering promises thus it conceptualized the fact ‘No Talent-No Brand’. Therefore, employees’ talent should be explored and utilized to build a brand.
The following figure display the process of using human resources to deliver the brand promise:
The abundance of the products can be seen on the overcrowded selves. There is flood of product of almost all the categories. But in the real fight only few of them win customer’s acceptation as a potential product. The unsound products moved out from the shelves, reason because there is a very thin line between the category of winners and losers. The losers start as product and die at store shelves as products. But winners start as product in the factory and go on to become brands in customer’s hearts and minds. Successful brands stand for values and make these values proprietary to their names. Brands are etched in customer’s mind, they signify what they stand for and what they don’t stand for; what to expect from them and what not to expect from them.

According to the American Marketing Association (AMA), the brand is a name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors. Brand is a name in every consumer’s mind (Mooij, 1998) and it is characterized by a noticeable name or symbol which can differentiate the goods and services from the rivals’ (Aaker, 1991; Keller, 1998). An effective brand creates confidence among the employees to work with and facilitate an efficient tool to fight against the competitor’s brand. A good brand establishes confidence among the customers regarding product performance and quality assurance. A brand makes the product relevant and meaningful for the target customers. It enhances the product over
and above the basic generic level. Brand differentiates the product or company in the marketplace with its unique visual cues. It defines and defends market positioning and space.

Research revealed that a strong brand effectively managed and executed, will deliver significantly better returns to shareholders than a weaker brand (McKinsey, 2000). Strong brands typically add 3 percent to an organization’s value, while weaker brands can actually destroy value to the order of percent. To have value, a brand needs to be associated with good companies, appropriate markets and quality products and to be leveraged through effective marketing. Strong brands are a key driver of shareholder value creation: Brands accelerate consumer acceptance – a new product is more quickly accepted when marketed under a trusted brand. Brands change perceptions – people are prepared to pay more for a desired brand, such as ‘Sony for its pure and qualitative picture & sound’, ‘Dettol for its germ killing ability’ and ‘Benz & BMW for its luxury and status’. Brands increase shareholder certainty – around 80 percent of investors’ decisions are based on potential performance beyond the next four years. The three most important concerns to businesses during a downturn are controlling costs, pressure on prices, and retaining customers. Brands can play a crucial role in confusing and less confident for consumers. It will rise above competitive price wars, sustaining a premium as competitors throw their margins away.
Many researches claimed that a brand plays multiple roles in creating value to the product and to the organization. Studies revealed four basic roles of brand in value creation and strengthened the product against competition. First, brand brings the product at the selection level where customers are shown the real value of the product which provides true value for money with desired satisfaction and committed quality. Brand ensures the authenticity of the product’s performance as displayed and helps them in their selection process among the products available. Customers are attacked by many suppliers as markets are overflowed with various categories of substitute products. In that case, the customers are confused, since the products are replica of each other in terms of quality and performance along with cash and non cash benefits. Thus, a brand helps the customers in product selection by ensuring value for money with the desired quality.

Second, brand communicates about time age of a firm is into. It shows the strength and ability of the firm to better cater the need of the customers in particular sector against their rivals. Time age provides competitive edge to the firm to establish trusted image in the mind of the target customers while making purchase decision. A brand ensures consistency in performance and quality expected by the customers which further helps them to become loyal towards the particular brand. Firms critically examined the message communicated by a brand to explore the market opportunity and achieving strategic goal of the organization. Brand, now a days is being used as a strategic tool by
many organizations to display their strategic intent to the customers to achieve trust and to show their concern towards the society. One of the best examples of this strategy is P&G, where its ad campaign clearly state that buy any product from P&G and contribute rupee one towards the girls’ education. It means P&G donate one rupee on every unit sold in the welfare of girl child to provide education to them. This show organization’s social concern and put emotional impact over customers’ psych. This has become a highly adopted marketing strategy.

Third, Brand creates differentiations from the rivals. Differentiation is a unique tool to win against the competition. Brand creates a substantial differential advantage in one’s product. For creating substantial differential advantage a marketer must create a point of difference in the way customers perceive the Brand. The point of deference is to be unique so that customers accept the brand as one which can satisfy their desired needs that can’t be fulfill by any other brand. A marketer puts lots of efforts to create distinction through various ways, sometime by offering additional benefits with the brand, by creating innovative campaigns endorsed by famous personalities, by showing sustained performance of product since its inception and by many innovative methods. Many researchers propounded that creating difference is an effective strategy to attract the crowd. In the arena where customers are bombarded with many products closely related to each other creates a critical situation in front of the customers what to buy? What not
to buy? In this situation brand helps the customers to choose the right product by creating substantial difference in the product from the competitor’s one.

Fourth, brand identification helps the organization to achieve their strategic goal associated with a brand or a product. Brand identification is the outcome of innovative steps taken by an organization to create un-ad awareness among the potential customers. It implies over market to make the customers able to identify their favorable brand. A successful brand creates distinction from its competitors and creates its identical image in the market. Brand identity gives strength to the organization to achieve its organizational goals through customer acceptance. If an organization succeed in creating brand image by offering several benefits and the same is perceived by the target customers, the brand occupies the space in the mind of the customers and turn them into potential consumers of that brand. Hence, at the time of point of purchase brand identity make it happen to turned up the customers towards the identified brand.

1.1.2 Brand Image

Brand image can be defined as a unique set of attributes in customers’ mind concerning to a brand stand for the implied promise a brand makes. It is the sum of all tangible and non-tangible benefits a brand offers. According to Hsieh, Pan, and Setiono (2004), a
successful brand image enables customers to identify the needs that the brand satisfies and to differentiate the brand from its competitors, and consequently increases the likelihood that customers will purchase the brand. Brand image, on the other hand, is the totality of customers’ perceptions about the brand, or how they see it, which may not coincide with the brand identity. Companies have to work hard on the customer experience to make sure that what customers see and think is what they want them to.

Brand image is considered as an impression in customers’ mind whether real or imaginary or both which create overall personality of the brand in the form of perceived value. Building a brand image is not overnight job but it is a process which works over time. Organizations spend lot of resources in terms of finance, efforts, time and so on to build up a brand which can be placed as synonymous of a product into particular category. For example, Nirma has built up its image as synonymous of detergent powder through its positioning strategy (Nirma made segment redefinition through its low priced strategy). Similarly, Colgate has achieved a renowned image in dental care products. Hence, it is a set of belief held about a specific brand.

A brand image can be either positive or negative based upon various factors that affect customers’ perception. Customer as an ultimate factor decides whether a brand has positive image or negative based on various associations with a brand. On the basis of these attributes or associations image of a brand got create in the mind of customers. An
image of a brand is formed on the basis of subjective perceptions of associations’ that the customers have about the brand. For example, customers’ view about Volvo is associated with safety, it gives them surety and confidence about the product. Similarly, the brand Toyota is associated with reliability. Brand image displays the reliability and trustworthiness of an organization for the further transactions.

The idea behind brand image of a brand is that the customer is not buying just a product or service, but also the image associated with that product or service. Brand image should be positive in a true sense, unique among the competitors’ brands and instant to give need satisfaction. Brand images can be strengthened using brand communications like advertising, packaging, word of mouth publicity, other promotional tools, etc. Brand image contributes a lot to convey the brand’s character in a unique manner to create distinction from its competitor’s image. The brand image consists of various associations in consumers’ mind –tangibles, non tangibles, benefits and attributes. Tangibles consist of the physical attributes of a brand where as non-tangibles stand for assurance, surety, confidence etc. Brand attributes represent the functional as well as mental connections of customer’s psych with the brand. These attributes may be conceptual or specific or both to the customers.

Customers always go for benefits associated with a brand which gives them extra to their purchase because these benefits are rationale for their purchase decision. Studies revealed
that there are three types of benefits which make a brand more lucrative and competent against the competition:

First, Functional benefit- it gives the answer of choosing a particular brand which functionally different from its rivals. It makes to user understand what is different in the brand in comparison with the competitors.

Second, emotional benefit- it gives mental satisfaction to the customers. Sometimes, emotional benefits become stronger than any other benefits to the customers. Emotional benefits are more advantageous to the brand in case of child products, beauty care products, medical products etc. Ultimately, it makes customers feel confident and assured for brand performance.

Third, rationale benefit- it gives the answer of ‘Why do I believe you?’, ‘Why not others?’. If, an organization successfully justified these three benefits for its brand can achieve customer’s acceptance while establishing a positive brand image.

Various researches suggested that the brands those carry positive brand image posses more loyal customers than the other brands. Brand image create loyalty among the customers and image develops due to consistency in delivering tangibles and non tangibles benefits to the customers (Bennett & Rundle-Thiele, 2005; Nandan, 2005). The
empirical studies revealed that image does influence satisfaction, which in turn lead to loyalty among the customers in the context of retailing (Bloemer and Ruyter, 1998).

A product/services which consistently holds a favorable image in the mind of the customers, would definitely achieve customer’s confidence and gain a better position in the market. Favorable brand image holds sustainable competitive advantage and increase market share or performance (Park, Jaworski, & MacInnis, 1986).

1.1.3 Brand as Influencer

Organizations are putting efforts for creating a competitive edge through its brand as an influencer to attract customers and achieving their confidence. There are various factors which influence the customer’s buying decision one among them is a ‘Brand’ itself. Brand act as influencer to encourage customers for making their purchase decision towards a particular brand. It uses various rudiments of marketing mix to get the confidence of the customers. There is a lot of buzz in the market for finding the influencers. Customers rely on authenticated influencer to trust upon because of their knowledge and expertise in the subjected areas. For example, a person investing in stock market, first go for searching information about the product to invest into or on the other hand go for specialist advice before investing. In this case, customers do believe on
specialist advice because of his knowledge and expertise in the area. These peoples act as an influencer who helps a brand to acquire customer attention and trust.

Influencer campaign the brand, sometimes for purposefully or un-purposefully. When a company goes for brand promotion using promotion mix to attract customers it is purposefully but when a person advocate a particular brand to his/her peer group it is un-purposefully. It has been observed that when a brand is presented with positive word of mouth by an influencer (peer group, user etc) customer even with less brand awareness include that brand into the list of alternatives available with them. On the other hand, if the brand is negatively proposed through word of mouth by the influencer it adversely affect customer’s perception at evaluation phase. This would imply that brands that enjoy high customer awareness and positive perceptions are more apt to endure the occasional negative referral by an influencer than brands with limited awareness (Rapirer, 2004). It revealed that the brand with strong awareness and positive customer perception enjoy advantage of existing users who act as a brand influencer for the company.

Brand as influencer plays multiple roles apart from its basic role of attracting customers towards the particular brand. It helps the brand to achieve familiarity, loyalty and favorable image. Due to these factors a brand has got second chance to positively persuade the customers in addition to the influencer.
Brand reach directly to the customers through one or the other mode of marketing communication to influence their purchase decision. In addition to that, brands have a second opportunity to influence the purchase decision by reaching the influencers to the customer. The relevance of reaching influencers to a decision maker is vital not only because of the influencer’s positive persuasion in the consumer’s decision making process, but also of the negative control that an influencer can command on the consumer’s decision making process. Influencer and customer often represent different set of attitude and preferences towards a brand, this mismatch between the preferences create obstacles in the purchase decision. An organization needs to develop a sound marketing strategy to communicate successfully with each individual audience both customer and influencer to maintain the harmony and equality in the perception towards a brand. Disequilibrium in the perception of these two leave a brand alone from the list of alternatives prepared in the customer’s mind while searching for information to make purchase decision. This would lead to confusing customers with less brand awareness and deviates them from the buying decision of a particular brand.

Customers includes a brand during information search phase is depend on brand awareness. Creating indecisive levels of brand awareness over time assure that many customers may not include the brand among the alternatives to be evaluated while making buying decision. Hence, a marketer must understand the customer’s psyche, taste
and preference with respect to create a positive brand image and try to communicate the message in a way customers expect. Manhaimer (2007) discussed in his study that brand act as a influencer for repeat purchase. According to him there is a co-relation between brand equity and customer loyalty. This relationship is weakened as the customer involvement increases towards the brand. Brand equity has a significant contribution in the prediction of customer loyalty. Brand is really a good tool that can be used strategically to compete with the competition and value creation for the product. A strong brand is referred to as a brand champion. A “brand champion” is positioned as a brand that is appealing, enjoyable, accessible, popular, well-known, trusted, of quality, affordability, and has a strong premium brand message. A strong brand also allows brand-owners to command greater margins and not be at the mercy of the retailer (Aaker, 2002).

1.1.4 Employees’ Perspective

Value creation for their brand in the mind of the customers is very relevant now days. Organizations are presenting their brand as more than just a mere product, because it is now understood that brand’s strength lies in its bondage with the customer. A brand must transform into something that can satisfy the customer’s physical, social, psychological and other needs. These all achieved through external communication with targeted
prospects. Organizations are spending lots of money over advertisements and promotions just to establish pedestal for communicating the desired messages. Mitchell (2002) opined that, spending more on external communication, customer touch points without an equal emphasis on internal customers is less effective because many practitioner believed that employees are the brand and should treated as a priority audience. Employees are the one who make the brand alive for the customers.

Entrepreneurs always think that, why internal marketing? Does it have relevance? Mitchell (2002) propounded that internal communication is very significant because it is the best way to help employees make a powerful emotional connection to the products and services the organization sell. In the absence of such connection employees may not fulfill the expectations or brand promise. Internal communication is an increasingly powerful tool for organizations. It encompasses how an organization defines itself and the value of being an employee within it; it encompasses the communication between employees or departments across all levels or divisions of an organization; it is a form of corporate communication and can be formal or informal, upward, downward, or horizontal; it can take various forms such as team briefing, interviewing, employee or works councils, meetings, memos, an intranet, newsletters, the grapevine, and reports (Riel, 1996).
One of the most important messages that internal communication should deliver is to create and define the company’s values and beliefs to the employees who will thus have a clearer sense of what it means to be a member / employee of the organization (Belasen, 2007). As indicated by empirical research by Vallaster (2004), employees are evidently happier in an organization with strong internal communication. Borsese et al, (2003) explained the importance of internal communication as the need to build and retain a permanent relationship between managers and employees, in order to create awareness among the internal stakeholders of their actions’ impact on the environment and their quality. Internal branding is equally important as external branding because it establishes relationship between employer and employee. The core objective of internal branding is transferring the desired corporate identity to the employees with the end-goal of enhancing their motivation and engagement (Vallaster, 2004). This approach includes every employee believing in core value and principles of the organization (Balmer and Gray, 2003; Belasen, 2007), and conveying the same to the customers.

1.1.5 Employee Branding

In the era of cutthroat competition, organizations are competing with each other to recruit the best talent in order to achieve high degree of brand promotion through employee
attitude & behavior. Best employees represent the strength and ability of the organization to fulfill the commitment with desired quality. Employee branding shapes employees' behavior so that they project the brand identity of their organization's products through their routine work behavior. Employee branding is intended to induce employee-brand identification, a psychological connection between the employee and the brand. Employee branding is the process through which employees adopt the organizational culture and how the culture influence employees in achieving the brand image. It is a process of training employees and making them understand their responsibilities and duties with proper motivational factors to reach and build good brand image of the organization in front of the customers.

The employee branding process enables the organization to consistently deliver its desired brand image to customers, thereby solidifying a clear position in the minds of customers and employees alike. If this process executed efficiently, it would automatically provide a competitive edge to the organization. Employee branding has achieved a great acceptance by various MNCs as a strategic tool in this competitive arena. Hence, it has become a matter of discussion as a source of strategic advantage to the companies. Entrepreneurs have understood the potential of the employees. Employees are the key result area where company can utilize them for their up-liftmen. Employee branding is a process by which employees internalize the desired brand image and are
motivated to project the same to the customers and other organizational constituents (Miles & Mangold, 2004).

Figure 1.1.5: A conceptualization of the employee branding process.

They suggested that employee must know the desired image of a brand to be projected in front of the customers. Employee branding as a concept works extensively upon employees’ functionality towards the greater achievement of organizational strategic objectives and to perform according to the organizational desired line and length.
Employee has got a significant place in positioning the organization’s brand image along with the other modes of positioning. Many organizations have successfully achieved the intent of creating positive image and competitive advantage largely due to efficiently and effectively positioning the image in to the customers’ mind.

A study conducted by Miles & Mangold (2005) on ‘South West Airline’ revealed that the employee branding process can be used to effectively position the organization in the minds of customers and other stakeholders. For this to happen, the mission and values must be carefully thought out, and should give rise to the desired brand image. The messages emanating from the organization’s message systems should be proactively designed to reflect the desired brand image, as well as the behaviors and attitudes the organization expects and rewards. Then, the messages should be delivered frequently and consistently. South West Airline is the example of success of employee branding to strategically position the brand image among the customers.

Employee branding is rooted through “Employee Brand Image”, if organization wants to understand the successful implementation of employee branding technique to achieve customers’ acceptance they must understand the notion of employee brand image. The employee brand image refers to the image that an employee project to those around him. The employee brand image is likely to be aligned with the desired company brand image. When employees know and understand the desired brand image, and are sufficiently
motivated to project it to others, the organizational position is created in the minds of customers and other stakeholders.

To manage employee brand image, an organization must send frequent and consistent messages to the employee to keep them updated and motivated and let them feel that they are the integral part of the organization in brand building and other business operations. Through these messages organizations try to built an equitable understanding among the employees that what behavior is appropriate and what responses is suitable in various situations to fulfill the need of employee branding technique. The consistent messaging towards employees make them understands what behavior they must obtain to achieve the objectives of this strategy. Consistency in throwing frequent messages develops employee’s psychological ability to better understand the strategic intent of the organization and use this to deliver his best to the customers.

1.1.6 Employee as a Strategic Tool

The process of brand building and enhancing its reputation before customers starts at the point at which employees and customers meet (Bernoff and Schadler, 2010). Thus, organization must concentrate to gain competitive advantage by enhancing their financial performance and defining the brand to their employees that is to be projected and then
motivate them to deliver the same to the customer at the time of interaction (King and Grace, 2009; Miles and Mangold, 2004). Hence, the employee has become a tool for creating image and delivering promises. In this highly competitive world, it is very difficult to survive and even more challenging to build a brand that has equity among competitors. King and Grace (2009) introduced the idea of employee based brand equity and assume that it impact the organization’s brand equity. They discussed that the organization which consistently succeeded in delivering promises to the customers are enjoying competitive advantage over competitors and making good financial records. Here, the tool which is being highly used for delivering promises and customer services is its internal workforce i.e. ‘Employees’.

According to Frost and Kumar (2000) external service quality can’t be managed until internal service quality is well managed. With the help of ‘Internal Service Quality Gaps Model’ he suggested that management must maintain harmony between ‘Internal Supplier and Internal Customers’ for ensuring prompt external service delivery. The model discussed about the dimensions and their relationships which determine service quality gap among internal customers (Front-line Staff) and internal supplier (Support Staff) with in a large service organization.
Figure 1.1.6: Model of Internal Service Quality Gaps by Frost and Kumar

The model described different events when such gaps are encountered like:

Internal gap 1: Difference in support staff’s perception (internal supplier) of front-line staff’s expectation (internal customers).
Internal gap 2: Difference between service quality specifications and the service actually delivered resulting in an internal service performance gap.

Internal gap 3: Difference between front-line staff’s expectations and perceptions of support staff’s (internal supplier) service quality. This is the gap which focuses on the front-line staff (internal customers).

From the above model it is concluded that if internal customer (front line executive) is not satisfied with services he/she cannot make the external customers happy & satisfied.

1.1.7 ERM and CRM

ERM: Employees are the foremost element of any organization who occupies a significant place and perform various essential tasks. Any organization can’t achieve its goal without collaborative efforts and contribution of employees. Employees are considered to be an asset of the company. It is crucial that the employees should work synergistically to attain individual & organizational goals. No task can be accomplished if the employees are engaged in constant conflicts and misunderstandings. It has been observed that targets are achieved at a much faster rate if the employees work together and give mutual respect to each other. Employees must be comfortable with each other to deliver their best and enjoy their work. As Francis Bacon said, ‘Knowledge is Power’.
Knowledge is important for preserving valuable heritage, learning new things, solving problems, creating core competences, and initiating new solutions for both individual and organizations. Knowledge sharing can only happen if inter-personal relations amongst the employees are good. Consequently this will help in employee and organizational development.

Liao et al (2003) in their findings explored that knowledge sharing in an organization is not only technological or related to the specific job but also related to employees’ behavioral factors that help to understand them each other in a much better manner for cooperation and for collaborative efforts. Businesses need to create such an environment where employees can find and experience various attributes like open environment and incentive/reward systems etc. that can motivate them to share their knowledge positively and voluntarily among their colleagues. Pieterse (2008) opined that good interpersonal relationship among employees resulted in increased productivity. Employee relationship management is a scientific method to enhance the confidence of employees by improving employee’s morale, loyalty and change readiness. He discussed that relationship must exchange value between two and it should be from the bottom of the heart. Employees must carry faith and trust towards their colleagues and organization from the inner. The problem with a relationship is that it is much like an iceberg. The visible part of the
relationship is only the tip of the iceberg that is visible above the water level. Most of the factors that determine the quality of a relationship are beneath the water.

The above model describes how an employee relationship can built commitment towards the organization, job and management. Committed employees create value to the organization and perform their job more sincerely and efficiently. Employee relationship management has gained significance especially at managerial level.

Figure 1.1.7a: Employee Relationship Management
Managers use various management theories and models to develop and maintain relationship and to make their employees committed towards the job. Engagement is most closely associated with the existing construction of job involvement (Brown 1996) and flow (Csikszentmihalyi, 2003). Job involvement is defined as ‘the degree to which the job situation is central to the individual identity (Lawler & Hall, 1970). Kanungo (1982) explained that job involvement is a ‘Cognitive or belief state of Psychological identification.

**CRM:** Customer Relationship Management has become an important function of any business organization. It is a systematic approach to gain customers’ confidence and trust on the brand and make sure for repeat purchases. According to the well-known empirical “Pareto principle,” it is assumed that 20 percent of a company’s customers generate 80 percent of its profits. In other words, retention of a large customer base is a major issue. CRM is a key to success in such a turbulent environment where customers are the only determinant of any organization’s success. The importance of CRM is increasing day by day because it is believed that “it is five to ten times more expensive to acquire a new customer than obtain repeat business from an existing customer.

Many companies have established various channels of communication to manage their interaction with customers at the time of point of purchase and after purchase. According
to Bohling et al (2006), companies are investing more on information technology to manage their interaction with customers for better services. Ives 2005; Bharadwaj and Piccoli (2000) propounded that depending on IT alone for better management of interaction doesn’t work and one can’t even measure the return on that investment. For successful management of CRM manager must concentrate on combining IT and effective organizational people and their skills together. Effective use and implementation of CRM program give easy access to customers also. It provides opportunity to get updated and avail direct and indirect advantages. Long term customer retention and for making long term growth strategy, it is very important to have one-to-one relationship with customers. It also provides integrated data base knowledge for better services and customer care programs (Peppers & Rogers, 1993).

Shani and Chalasani (1992) defined relationship marketing as “an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value added contacts over a long period of time”. It is not always true that organization must have individual relation or one-to-one interaction with the customers for long term retention. But it is equally important to target the right customer for managing relationship. Customer selection is a crucial part of customer relationship management as several studies have shown, not all customers are equally profitable for
an individual company (Storbacka, 2000). Thus, the company must be selective in designing its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs.

Sharma et. al., (2001), discussed the various dimensions of CRM as its main functions. He propounded the direct and indirect business function of CRM which are essential for business success. For any business, success, lie on three parameters i.e. Profit, Volume and Safeguard. CRM helps company to safeguard their customers from external threats (competitors) and attract new entrants through fair relationship, thus, increase sale volume which in turn generate profit for the organization. Hence, CRM is being considered as one of the valuable tool for business success.
The below chart describe the functions of CRM:

Sourced from Sharma et. al., 2001

**Figure 1.1.7b: Customer Relationship Management**
1.1.8 Banking Sector in India: Reforms & Revolution

India’s financial sector is diverse and growing rapidly. It comprises commercial banks, non-banking financial companies, cooperatives, pension funds, mutual funds and other smaller financial entities. It is surprising that financial sector is dominated by banks with 60% of the total asset of the financial system followed by insurance industry. Reforms in financial sector has affected everyone in different manner that results in strengthening purchasing power, higher standard of living, new business opportunities, trade and development etc. Today’s world is globalized where every economy is interconnected with other economy in every sense including financial system. Banks and other financial firms are performing their operation in multiple countries. In India, till 1990s the role of financial system was to channeling resources from the surplus to compensate the deficit sectors. Even though the financial sector did this job reasonably well and brought success & strength in India’s financial sector. The Indian banking sector suffered a lot from low capital base, lack of infrastructure, lack of competition, high inter mediation cost and low productivity etc. Shaw (1973) concisely reasoned that a developed financial sector reflects the ease with which entrepreneurs with sound projects can obtain financial resources, and the confidence with which investors anticipate adequate returns.
India is now ranked among the top 10 economies globally in financial transaction and operations. Growth in financial sector in India was due to the development of other sectors like:

**Growth in the Insurance sector in India**

- With the opening of the market, foreign and private Indian players are keen to convert untapped market potential into opportunities by providing tailor-made products.

- The insurance market is filled up with new players which has led to the introduction of several innovative insurance based products, value add-ons, and services. Many foreign companies have also entered the arena such as Tokio Marine, Aviva, Allianz, Lombard General, AMP, New York Life, Standard Life, AIG, and Sun Life.

- The competition among the companies has led to aggressive marketing, and distribution techniques.

- The active part of the Insurance Regulatory and Development Authority (IRDA) as a regulatory body has provided to the development of the sector
Growth of the Capital Market in India

- The ratio of the transaction was increased with the share ratio and deposit system
- The removal of the pliable but ill-used forward trading mechanism
- The introduction of infotech systems in the National Stock Exchange (NSE) in order to cater to the various investors in different locations
- Privatization of stock exchanges

Growth of the Venture Capital market in India

- The venture capital sector in India is one of the most active in the financial sector inspite of the hindrances by the external set up.
- Presently in India there are around 34 national and 2 international SEBI registered venture capital funds

Such growth in financial sector have boosted customer base to all the financial firms. Ever increasing affiliation of people with financial institutions for different reasons brought this sector into highlight with huge customer base. Due to the lucrative growth and opportunity in this sector competition has arise rapidly. Now, the firms are facing challenges to retain the existing customers & adding new one with them for future growth. Here, the role of employee branding starts to attract the customers with their
product and services and keeping them happy & satisfied. The role of employees is considered crucial for delivering the services as promised, thus, employees are keeping at priority for their growth and development. Happy and satisfied employee work efficiently and project positive brand image of the organization to the customers.

1.1.9 Corporate Scenario of Insurance Industry in India

The future of the Indian insurance sector looks bright. The sector which stood at a strong US$ 72 billion in 2012 has the potential to grow to US$ 280 billion by 2020. This growth is driven by India’s favorable regulatory environment which guarantees stability and fair play. This environment has given rise to an insurance market which encourages foreign investors to tap into the sector’s massive potential.

Ever since the Indian government liberalized the insurance sector in 2000 and opened the doors for private participation, the sector has gone from strength to strength. The resultant competition has provided the consumer with a never-before-seen range of products and providers, and also enhanced service levels markedly.

The health of the insurance sector reflects a country’s economy. This sector not only generates long-term funds for infrastructure development, but also increases a country’s risk-taking capacity. India’s economic growth since the turn of the century is viewed as a
significant development in the global economy. This view is helped in no small part by a booming insurance industry.

Industry Dynamics

Consistent growth in the insurance sector depends on a few factors. Some of these are:

- Effective distribution channels – The efficiency and cost of the various distribution strategies used by companies are significant to their success in the insurance business. This particularly holds true for the retail business.

- Focus on overall financial inclusion – As time evolves, so must the approach of the insurance sector in India. The objective of the insurance sector should ideally be to offer a broader range of activities to a wider populace.

- Consumer needs and preferences – The growth of India’s insurance industry can be attributed to product innovation, dynamic distribution channels, and vibrant publicity and promotional campaigns run by insurance companies. Benefits attached to the products and the manner in which they are delivered (through various marketing tie-ups) have helped bring customers and insurance companies closer to each other and made the latter more relevant.
Health insurance is an up-and-coming segment in this sector. Currently, it caters for 10 per cent of the overall US$ 30 billion healthcare expenditure in India. Consequently, there is plenty of scope for players in this area.

The life insurance segment contributes about 4 per cent to India’s gross domestic product (GDP) in terms of total premiums underwritten annually. There are 23 private companies in the segment. The state-owned Life Insurance Corporation (LIC) dominates the field, with about 71 per cent of the market share, according to Insurance Regulatory and Development Authority (IRDA).

**Growth in Indian Insurance Industry**

Fastest growing insurance industry is claiming potential business opportunity and growth in both market share and profitability terms. The above table exhibits the growth in rupee terms in Indian insurance industry. It also explains the percentage wise change in every financial year as growth.

Insurance industry is segmented among various categories that combine together represent a huge sector. Therefore, the insurance sector has gone through a number of phases by allowing private companies to solicit insurance and also allowing foreign direct investment of up to 26% (as of 2013 there have been proposals to extend the FDI up to 49% to strengthen the Insurance Market even further). The below table depict the rate of growth and profitability in the sector.

![Graph showing growth and profitability in the insurance sector](image)

1.1.10 Understanding SERVQUAL

Service quality is defined as comparison of expectations with actual performance experienced. The measurement of subjective aspects of customer service depends on the conformity of the expected benefit with the perceived result. This in turns depends upon the customer's expectation in terms of service, they might receive and the service provider's ability and talent to present this expected service. Successful Companies add benefits to their offering that not only satisfy the customers but also surprise and delight them. Service quality is always being in researchers’ discussion due to gaps among the service expectation and service delivery. Parasuraman et al. (1985) suggested a gap model on service quality. The model attempted to show the salient activities of the service organization that influence the perception of quality. Moreover, the model shows the interaction between these activities and identifies the linkages between the key activities of the service organization which are pertinent to the delivery of a satisfactory level of service quality. According to him service quality is a function of the differences between expectation and performance along the quality dimensions.

Researchers encountered various gaps between service expectation and service delivery. Taking these gaps as a background they have proposed a model that point out the activities which causes such gaps in service delivery.
Figure 1.1.10: Model of service quality gaps by Parasuraman et al. (1985).
Gap 1: Customer Expectation-Management Perception- Difference between customer’s expectation and management perception of service quality.


Gap 4: Service Delivery-External Communication- Service delivery and external communication to the customers about the service delivery.

Gap 5: Expected Service-Perceived Service- Service expected by customers and perceived service.

The above discussed gaps have significant relations with customer satisfaction and brand building. Employee helps to minimize these gaps by providing valuable inputs on customer expectation and their perception towards the services.
1.2 Rationale of the study

Growing complexity in business due to ever increasing competition bringing all the virtues of the brand into grey shade not because of the brand is not competitive but because of the available options to the customers. It becomes very challenging to maintain the harmony between market expectation and business expectation. Today, the challenge is not about trapping new birds but it is more challenging to keeping trapped birds for a longer time. Big business houses, corporations and multi-national organizations are focusing more on strategic branding. Branding is become a strategic tool to fight against unavoidable domestic as well as foreign competition. It has achieved a great significance in the new scientific era of technology where consumers are more likely to pursue the brand which is more spoken everywhere. Entrepreneurs are sharing considerable portion of their income for heavy advertisement and brand promotion.

Brand building has become a common practice in business world. For many years, brand building is done through media mode, celebrity endorsement, brand ambassador and various other methods but today, there is a new technique which is being utilizing for making a brand more valuable and divergent to the customers. It is nothing but utilizing firm’s most valuable asset to give competitive edge to the brand is ‘An Employee’.
The significance of an employee is now understood by the organization in promoting brand to the customers. Firms have started using employees as a brand ambassador to promote and secure good image of a brand in front of the customers. They use them as a unique tool to display their expertise and distinctiveness in their offerings. Employee branding is the fastest emerging concept that is being used almost in every sector for brand promotion.

The scope of employee branding looks more important in service industry where the product is intangible. The selling skills, employee’s knowledge, presentation style and behavior decide consumer’s faith on brand. A well known brand carries many dissatisfied customers not because of the brand’s unfulfilled promises but because of the employee’s performance while delivering the promises. Front line employees are the face of the brand who dealt with customers.

Keeping the above discussion in mind and the background of various literature reviews the topic of employee based branding is considered as current research problem. The concept is very relevant to the present business scenario hence, the study will investigate how employee branding works for brand promotion. The study will also focus on what attributes an employee should posses that can change the customer perception towards the brand. Not much research has been done on ‘Employee Branding’, thus, present research has been conducted.
1.3 Objectives of the study

1. To determine and analyze the factors responsible for brand image creation through ‘Employee Branding’.

2. To study the role of employees in brand image creation.

3. To study how the concept of ‘Employee Branding’ works in different industry and sectors.

4. To open up new vistas of research and develop a base for application of the findings in terms of implications of the study.