CHAPTER-1
INTRODUCTION

1.1 INTRODUCTION TO ANTHROPOLOGY

Anthropology can be broadly defined as the study of human beings and their ancestors through time and space and in relation to physical character, environmental and social relations, and culture. The subject matters of Human Biology, Human Ecology, Palaeontology, Prehistoric Archaeology, Ethnic and Community studies, Religion, Linguistics, and Folklore etc., are all encompassed under the umbrella of Anthropology. There are two broad fields in Anthropology known as Bio-physical and Socio-cultural and there is infinite space for sub-classifications within them (Pant and Alberti, 1997).

The socio-cultural field, widely known as cultural anthropology has been the best recognised and by far the most illustrative among all the sciences of man. Also, Social Anthropology (as it is called in Britain) and Ethnology (in many parts of the continental Europe) belong to the same field although they may slightly (and, sometimes, significantly) differ in their theoretical premises, methodological approach and over all cultural perspectives. Cultural anthropology is holistic and interdisciplinary by nature, for it combines a series of empirical, logical and intuitive inquiries and attempts to explore and interpret the implicit patterns and meanings underlying people’s beliefs and behaviour, communities and organizations (Pant and Alberti, 1997).

Economic activity has always been key area of study for anthropology, no matter in whatever form. Societies these days rely majorly on diverse range of businesses and industries as well as participate in a globalizing economic market. There has been change in anthropology of economic life accordingly with researchers increasingly involved in examining different aspects of “how people sustain” and “how they make a living”. Thus, anthropologist work with resource industries service and manufacturing industries; communications and media industries; advertising agencies as market researchers, designers and architects. Furthermore, internal dynamics of human groups, along with the external issues that shape these are taken up by the anthropologists. So, to appraise the working environment within the industries,
organisational cultures largely with reference of social and economic context in which production takes place are considered by anthropologists (Fisher and Downey, 2006).

Anthropology is not just about applying its research methodology to evaluate the situation, but it requires theory and analysis that enables the in-depth exploration of the situation and make social actions more transparent. It also indicates a level of intellectual independence, derived from scientific training, and upheld by the ethical codes that guide the discipline. In an attempt to reflect Globalisation, anthropologists over the time have tended to unsettle the comfortable assumptions made about the benefits of economic growth and hence, the utility of the market as a force for positive change. Like other application of anthropology, researchers thus find themselves both ‘standing back’ to reflect critically on issues and with a more internal role, trying to conduct research in a way that properly incorporates ethical principles.

During 1980s, when anthropologists are increasingly hired as full time consultants to study consumer behaviour and formulate marketing strategies, then the term “Business Anthropology” came into existence. Presently, the term narrowly denotes the entire business-oriented problems under the application of anthropology. Three major domains of anthropological research and practice that emerged in the private sector are; Organizational anthropology that pertains to the study of complex organisations to incorporate their cultures, work processes and opt problem-solving approach in organisations in both private and public sectors; Anthropology of marketing and consumer/customer behaviour; and Design anthropology (product and services design). All these approaches are based on basic anthropological methodology for studying of various kinds of problems. A thread running through all these fields are the issues pertaining to diversity and globalization (Baba, 2006).

Business and industrial companies, being social communities share a common purpose, often have common trainings through business schools or vocational institutions, and establish their own internal culture. Therefore, they are very conformable to the kind of organisational research that specialises in gaining an understanding of institutional cultures, the ways these work internally and interact with larger social and economic network (Corsin-Jimenez, 2008).

Business and industries in multicultural societies and globalising economies, increasingly employs people from diverse cultural backgrounds, coercing them to
manage this diversity. Few corporations also brings in international network of relationships that further introduces more diverse cultural perspective into the equation. The cultural transition skills of anthropology and its capability to provide in-depth understanding of social behaviour are therefore a significant part of work that anthropologists do in this sphere.

Laabs in 1992 reported that over 200 anthropologists were employed in corporate America, recommending businesses on a range of issues that include the ways to encourage creativity, to manage human resources issues, and to resolve conflicts and inspire collaborations. Anthropologists under ethnographic contexts try to understand the happenings under the surface of business. In an organisation, this may mean impending even mundane things like meetings as analytic opportunities to see what is really going and the ways in which decisions get actually made. Helen Schwartzman, for example, took a close look at meetings in an American mental health centre, and suggested that they provide a useful context for understanding events within organisations. Meetings are so prevalent in American society and are basic and pervasive part of this life. Being so boring and frequently so boring, their significance as a social form has not been recognised or examined (Schwartzman, 1987).

Anthropologists in the corporate world consider cultural differences in ideas about their respective jobs and their expectations from it. This helps companies to develop better training programmes and refine the skill set of their employees. There are many subcultures at the work place as group of people are united by common knowledge and expertise, professional training, a particular language and by the particular and of work that they are involved in. Members of professional groups often have characteristics replicating those found in small scale societies like unique system of meanings, practices, and dialect distinguishing one group from other (Baba, 2005).

Anthropologists also consider the ways ‘local’ work cultures are established by wider cultural contexts. For example, Thomas Rohlen’s classic research on daily life in a Japanese bank examined the training of young people in preparation for a lifelong carrier. Thus, validating the fact that how national culture of a country shapes the subculture of any occupation in a local setting (Baba, 2005).

Business people with more cultural awareness are also more successful. A cross-cultural training programme was designed and implemented for an American
company operating in Japan. It was observed that the project managers that underwent the training programme were able to complete their project in nearly half duration and increase the financial returns from the projects threefold (Reeves-Ellington, 1999).

Therefore, to describe and analyse cultural settings, Reeves-Ellington instructed business people to use basic methods developed by anthropologists that will enable them to think about the way that things are classifies in particular cultural space to discern local principles for behaviour and to consider the values that drive these. Business people were further encouraged to think about the cultural logic to understand the reason people engage with their environment, their viewpoint of human nature, their approach towards relationships and purpose behind the activities and their daily routines i.e. utilisation pattern of their respective time (Colson and Kottak, 1996).

To reach out to their target audiences, Business and industries disseminate their ideas and products through a range of media platforms that includes newspapers, radio, billboards, televisions, and so on. In this representational arena cross cultural translation and an analytic eye of anthropologists has proved to be useful. In a globalisation world, it is vital to understand the ways that communication mediums create multiple linkages between local, regional, national and international spheres of activity, thereby exposing people to external institutions and alternate ways of life (Colson and Kottak, 1996).

Market research is often considered as a separate disciplinary field, but market researchers heavily relies on the data collection methods of the social sciences. A natural extension of exploring communications between manufacturers and customers is in the area of marketing. In the recent years, it has engorged its distinctiveness of in-depth qualitative approaches such as ethnography, and is also beginning to recognise that analytic approaches applying anthropological theory to elucidate human behaviour can be useful (Mariampolski, 2006).

Anthropological experience is also beneficial in ensuring that communications are culturally sensitive. Advertisement is intimately concerned with cultural beliefs and values, looking forward to present products in a way that accords with the things considered culturally desirable. Advertising content and presumed response to it is
therefore fertile ground for anthropological analysis as is the ‘advertising culture’ of the companies that produces the particular product. The way people perceive and represent their own identity also has a major impact on manner they engage with ‘the market’, for example: its influences their buying decisions, their eating and reading choices, TV watching preferences, etc. In working with the business and industry, a number of anthropologists are indulged in conducting user based and ethnographic research.

Most often involvement in market research create ethical dilemma for anthropologists. It has been realised that in focus groups and surveys, people very rarely report their behaviour honestly and more accurate information may be gleaned by simply observing their actual conduct. However, ethical codes that guide anthropology strictly forbid researchers to do research covertly, and this often raised questions on those market researchers that spy on customers in shopping malls, fast-food halls and so on, sometimes getting involved with them while pretending to be their fellow shoppers and sometimes recording (both audio and video) their behaviour. Ostensibly some market researchers regard this study as ‘ethnography’ or ‘anthropological studies’. However, McLaren (2002) being highly critical of this misinterpretation of anthropology, is working to make real world a focus group.

Consumer behaviour is an important area of activity, outlining the ways in which societies use and manage their resources. However, it could be further argued that in the places such as shopping malls, security cameras as well as store staff are already recording and observing the consumer behaviour, thus significance of taking permission specifically for an underway research project by any means become worthless. However, some techniques clearly go beyond the boundaries of simple observation and stray into deception. In general, market research is conducted openly, focussing on what people think or what they want, and to produce goods and advertise accordingly. It has been pointed out that to explore people views and to observe their behaviour at their respective natural settings without preconceptions is highly commendable. It was also indicated that ethical concerns induces within the people the likelihood to buy consumer goods.

Also, anthropologists are increasingly being hired to assist in product design as well as give their recommendations in creation of new products. Squires (2002) conducted
ethnographic research on American breakfast behaviour by observing actual practices instead of merely asking people about their breakfast servings. The research responsively put forth a wide gap between parents wish to give their kids an ideal and socially acceptable breakfast. Another factor that came forward from the research was the pressure on women to be good mothers and the economic pressure on them to work outside the home, resulting in lack of time of preparation and their complete dependence on ready to cook or ready to serve breakfast cereals. Thus, the outcome of the research resulted in development of new product based on the consumer demand that tremendously surged the sales in breakfast food industry during its first year of launch.

Anthropologists employed as designers assist the firms especially those that design things for people, with the need based behaviour of the buyers. Heath Comb studied the work of the ethnographers hired by the furniture companies to study the usage pattern of furniture by people at their homes and respective living spaces. Their findings assisted the furniture industries to design their products accordingly and to strategize their brand positioning as ethnography focusses on closely studying people to get a detailed understanding of consumer needs (Combs et al., 2006).

On the other hand, commercial clients does not buy anthropology, but rather only seek answers to their questions and solutions to their problems. In other words, they just buy research in order to address their problems. This also holds true for charities, public organisations and policy makers. Clients approach research companies at the first instance rather than approaching anthropologists directly (Drazin, 2006). Thus, there is wide range of ways that anthropologists can approach commercial activities. They could be an analyst of Globalisation; as critics of its social and environmental effects; as cultural translators; and as an experts that can offer commercially useful insights into human behaviour. Therefore, the opportunities for anthropologists to find employment in business and industry are constantly soaring, as are the potential areas where they can act as consultants.

Anthropologists are playing a crucial role in consumer behaviour research and thereby contributing to improvements in product design and innovation. Also, they are helping corporate organisations to adapt to the rapid changes in their competitive environments. Cultural knowledge of anthropology and ethnographic skills adds value
by providing detailed, empirically grounded, as well as develop inclusive understanding of human social practices and systems of meaning that can help businesses do a better job by recognising and responding to human and societal needs. The cross-cultural approach provides new understanding to businesses needed to operate effectively in diverse cultural contexts around the globe (Baba, 2005).

Globalisation, being a process of economic and social transformation is steadily increasing interdependence amongst the nations and peoples of the world through changes in global markets and related shifts in corporate strategies. With globalisation gaining strength over the past two decades, anthropological practice in private sector has expanded. However, due to relatively new anthropological application in the business world, ‘anthropologist services’ rather than ‘anthropologists’ are employed as anthropological training provides a unique combination of skills that can bring important assets to the business world.

Consumption, defined broadly as the acquisition, utilisation and disposition of goods and services, is the engine of a modern capitalist economy (Arnould, Price, and Zinkhan, 2002). Virtually everyone who lives in such an economic system is actively involved in consumption decisions, from the small children who beg their parents for toys they have seen in televisions commercials to the wage earning adult whose entire life is structures by and dependent upon the purchase of goods and services from corporations. It is these consumption activities that keep the capitalist production system operating. If people around the world stopped buying new goods and services for an extended period of time, our economic system probably would collapse. The consumption of goods and services is far more significant in cultural terms than may appear at first glance (McCracken, 1988; Sherry, 1995). The capacity of consumption choices to reflect and signal individual identity and social affiliation suggest that goods and services have symbolic value (Arnould et al., 2002).

Traditionally, it was believed that value-in-use of most goods and services was defined by their utilitarian nature i.e., their functional properties, the service provided, its performance, reliability, durability, features and price. However, it has been now realised that things people consume are often related to their personal identity or the appropriation of someone else identity. In other words, it spread the message of one’s social status or the belonging to particular class, ethnicity, religion, gender or age.
Marketing manager’s attempts to provide consumers with the value they seek by making connection between goods and services and correlating authentic meanings that exist within the culture (Belk et al., 1989).

Consumers are the only ones that creates or derives meaning from a product as human behaviour is ultimately open ended rather than being predetermined. Consumers can also create new kind of meanings through the use of products and services, resulting in creation of innovative uses or designs for products as they may play role in cultural shifts. Anthropologists being trained in cultural concepts and ethnographic methods are positioned to have an in-depth understanding of behavioural patterns that may further facilitate products designing and setting up of concepts and functions based on the experiences in consumer lives. This knowledge can be invaluable to organisations in product planning and finalising its marketing strategies i.e., promotion, packaging, market segmentation and product placement as well as pricing.

To comprehend the natural settings of the corporation and to explore the ways these natural systems interrelates with the management rationale designs, anthropologists are well equipped with the expertise of identifying culture differences. This further assist companies to recognise its own natural systems and creatively co-design ways to work together efficaciously to serve human purposes.

According to Jordan (2003), knowledge of culture provides the anthropologist to gain a comprehensive understanding of consumer lives from diverse cultural backgrounds. Identifying cultural differences is mandate to mark the features significant for acceptance of the products after making required modifications in it. Due to their in-depth knowledge of consumer lifeway’s preferences, and symbolic systems derived from the consumer purchasing behaviour, anthropologists can mark their prominence in the marketing arena. Based on their understanding, value additions to the product can be done from time to time that has been derived from culturally grounded systems of practice and meaning that affect people work behaviour.

People with different cultural backgrounds often have deviating elucidations of a situation that can influence their capability to agree on their reactions to the situations and the ways they do it. Anthropologists not only provide reasons for divergence of viewpoints amongst group of employees but also supports discussions and compromises that assist people to form effectual cross-cultural good. Opportunities
for anthropologists to train employees and organisational development in international
corporates are evidently limitless. Acquaintance with foreign cultures for training
programs intended at surging awareness and effectiveness can be provided while
working with foreign customers or employees. Participant observations can be
conducted to help identify and resolve behaviour glitches involving employees from
multiple countries (Hall and Hall, 1990).

Three core aspects of anthropological experience that bring vital worth to non-
public enterprises are knowledge of concerning culture, skill in ethnographic practice,
and specialised information concerning explicit culture, together with language
capabilities. Anthropologists are trained in every of those areas of experience. It is
solely discipline of social science that has the distinctive combination of those
characteristics and it is a mixture that best addresses the requirements of the global
firms.

To effectively correspond to the markets and interact with the workers,
businesses must have a general understanding of culture. By culture, it is meant
distinctive shared pattern of behaviour, thought and feeling that emerge
from a group’s historical expertise in a very specific surroundings which are also
educated to new members as correct way to live. Cultures and subcultures are necessary
aspects of business markets due to its potential to influence the consumption patterns.
Cultures conjointly exist within the corporation in the form of organisational cultures
that influence workers intellectual and behaviour. Various theories are used by
Anthropologists to describe and explain business situations and problems, including
functionalism and structural-functionalism (Warner and Low, 1946), cultural
materialism (Briody and Baba, 1991), cultural ecology (Baba, 1995), symbolic/
interpretativism (McCracken, 1988), cognitive theory (Gregory, 1983), and
postmodernism (Hamada, 1995).

Cross-cultural comparison, being an instrument to apprehend cultural transformations
and the ways cultures are related to each other, enables anthropologists to project
points of both co-operation and potential conflict between groups. The approach holds
more reliable for the situations wherein two different work groups in the same
company or the same demographic group in two different countries can be compared.
Despite of many control factors, there are often significant cultural differences that
are salient in identifying unique cultural patterns. When combined appropriately, these characteristics aids to obtain a well-grounded, multi-facets, and detailed understanding of culture that explains many aspects of cultural phenomena that are relevant to business (Applebaum, 1981).

Anthropologists’ analytical viewpoint appeared as the result of research over the last century as they have been studying people and cultures very different from their own. For example, Malinowski (1984), studied the Trobriand Islanders in the Pacific in the 1910s, and Donald Cole (1975) subsisted for long with the Al Murrah Bedouin in Saudi Arabia in the 1960s. In such cases, the anthropologist sustained in a foreign world, not familiar with the language, food and adapted to survive on their own and even learnt the rules of acceptable behaviour amongst the respective community. They only closely observed and learnt to survive on their own and this methodology later on emerged as Participant observation, a staple technique used with by the researchers around the globe.

Owing to increased competition in the business industry, the customers are often considered as a worthy source of innovation to be drawn from. This perceived value of customers and the need to maintain a healthy long term relationship has transformed the way consumer behaviour is studied, analysed and acted upon (Baba, 2006). Also, there has been prerequisite to understand people’s feelings and understanding of the way of life of a people (Jordan, 2010).

Different types of problems tackled by Anthropologists in Business world are as follows:

**Work Processes:** The anthropologists recommend the ways to improve work processes by observing the working attitude of people so that the work could be made easier and more efficient.

**Group Behaviour:** Anthropology being an integrated system of learnt, shared ideas, behaviours and material objects characteristic of a group always focussed on group behaviour rather than an individual behaviour. While working with the particular organisations, the anthropologists contributes towards the betterment of masses rather than of individual employee.

**Organizational Change:** Anthropologists explores the issues be it the management
issues or anything creating hindrance in the working of the employees. Making these issues cornerstone of the research, Anthropologist discover respective views without preconceptions, and observe their behaviour at their respective natural settings. Based on the research, anthropologists suggest the organisational changes that facilitates better work environment, effective training sessions and thus, declined attrition. Jordan (2003) examined the cultures of the merged companies that were facing issues with its employees. It was established that new management was exasperated due to the reasons that its employees conform to its requests. After carrying out an exploratory research, it was discovered that the members of the uncooperative group felt that change would cost them market share and that the new management did not understand issues involved in their particular market. The reasons for the resistance to change were different from the ones management was assuming. These insights assisted the organisation to settle their dispute with mutual consent and thus, reaching to a valid conclusion.

**Customer/Consumer Behaviour:** To study the consumer behaviour, anthropologists concentrate on individuals, groups, or organizations and the processes they opt to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy their respective needs and the impacts that these processes have on the selection of the consumer and society. It may be better illustrated by the study of Susan Squires (2002); who conducted a consumer study for a manufacturer of personal care products who wanted to know if people would use hand lotion and tissues at the office as well as at home. Her research with office workers revealed that they would if these products were packaged in office appropriate containers, rather than ones designed for the home and bathroom.

**Product Design:** Based on the consumer behaviour research, the anthropologist makes recommendations in product design and this application of anthropology has exponentially grown in the last decade. To get an efficient product design that meet the demand of the consumers, companies employ ethnographic (qualitative and anthropological) techniques, realising that these techniques infer rich understanding of consumer expectations from particular product and can endorse the designers with ideas for new products.

**Globalization and Diversity:** With the business growing global these days,
anthropologists has been perceived as ‘culture broker’ assisting cultural groupings understand each other. Anthropologists are assisting the companies in understanding the cultural aspects of the countries they are operating in and in the environment of intense competition and to understand the extremely demanding market, anthropological methodologies continues to be at the heart of the companies processes as today’s business climate is characterized by the globalization of economy (Harris and Morgan, 1987).

Apart from the qualitative (ethnographic) data collection techniques and analysis, social scientists these days specialises in statistical approaches to understand behaviour as Quantitative data provides a valuable summary and analysis of the subject and then qualitative data adds the rich details that give the quantitative data depth and meaning in the real world, thereby providing a specific approach to understanding human behaviour which goes far beyond just studying feelings.

The need to comprehend various cultures that comprise the marketplace and also the company work atmosphere is barely expected to grow within the future as business globalisation payoff quickly and also the demographics of shopper and labour markets changes over time. Anthropologists these days have unlimited opportunities to work with firms in sanctioning diversifications to bear these environmental changes while also determined to instil unique perspective in business practice. Based on the contribution related to innovations and changes that is crucial within the world marketplace, anthropologists are expected to retain their positions within the corporation in turbulent economic times. The capability and power to make this happen depends solely upon our vision and also on our initiative to try and do therefore (Applebaum, 1981).

1.2 CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

In the highly competitive environment, knowing customers requirement becomes substantive to serve them better and to win their loyalty forever and this has been the main purpose of Customer Relationship Management (CRM). With respect to the business and industry, it is often understood as a philosophy, a strategy, a process, or a technological tool. However, different authors have portrayed CRM differently. Ryals and Knox (2001) stated that "CRM is a relationship orientation, customer retention and superior customer value created through process management". As a
business strategy "CRM is a customer-focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized services to each customer" (Croteau and Li, 2003). CRM as a business process was defined as “a macro-level (i.e., highly aggregated) process that subsumes numerous sub-processes, such as prospect identification and customer knowledge creation” (Srivastava et al, 1999). As a technology, "CRM is an enabling technology for organizations to foster closer relationships with their customers" (Hsieh, 2009). “CRM types/forms will cover the extent in which CRM will act at an organization, where CRM is extending for three levels; strategic, operational, and analytical” (Buttle, 2004; Iriana and Buttle, 2006).

The strategic nature of CRM enables customer-centric business culture thereby facilitating improved value over competitors and providing an edge to decide thrust areas for investment in the organisations resources. However, the operational aspect facilitates streamlining workflow at the front office that primarily include data collection, transactions processing, and workflow regulations at the sales, marketing, and services (Lun et al., 2008; Zhang et al., 2006). Furthermore, the analytical approach increases customer and organisation value using the customer data. Utilising operational CRM and analyse customer data, the Analytical CRM creates information about the customer segmentation, customer behaviour, and customer value to the organisation through statistical analysis tools primarily the data mining (Gefen and Ridings, 2002; Dyche, 2002).

According to Jobber (2004), the concept of Customer Relationship Management is not contemporary, even the earliest merchants creates good relationship to keep them coming back. However, it was much easier at the initial stages of commerce when staff members have complete insights of preferences of their customers and were aware of the earnings and spending patterns. However, with the surging commercial business and soaring competition, the information about the individual customer fades amongst the masses. Thus, to deal with bunches and to provide the good services, customers were segregated in groups based on their profiles and they are put in batches that best fit their desires. Targeting the customers with more or less with same requirements is comparatively feasible until there is no compromise on services or desires (Bose, 2002).
Therefore, to better address the concern of meeting individual requirement, the term Relationship Management started surfacing around 1980s, with an intend to work more towards maintaining relationships with customers by meeting their respective prerequisites and provide additional value for their customers. According to Levitt (1983), Relationship Management is a cluster of methodologies and terms that defines the ways corporations must endeavour for long term relations and must provide quality work and good customer service. Since 1983, relationship management was rapidly recognised by marketers, however, the concept of relationship management soon slumped due to the reasons that information required to work on the concept was missing and the corporations were more focussed on their products and segmented marketing (Peelen, 2005).

During 1990s, realising the importance of customer relations and necessity to view it more holistically, relationship management had been brought in to practice as customers not only exclusively interacts with the marketing personals but more or less with other parts of the organisation as well. Thus, all the departments of an organisation must solely contribute towards providing best services to the customers and thereby pleasing them, no matter whether it is Business to Business marketing or Business to Customer marketing model. Several organisations have established itself around the targeted population so as to provide them prompt service and also, reap benefits to the fullest.

Soon after once again the concept of relationship marketing vanished owing to difficulty in attaining effective short term outcomes. Also, highly expensive as well as tedious systems and the strategies required to maintain customer databases also halts its wide acceptance. This resulted in the decline of the relationship management concept and simultaneously emerged a more refined concept termed “Customer Relationship Management” (Peelen, 2005). Furthermore, advancement of information technology systems enabled easy maintenance of customer information which can also be circulated among all the parts of organisation, providing access to every member with the customer profile (Xu, Yen, et al. 2002). Customer relationship marketing provides insights of the customer needs and aspirations, thereby holding them as a customer for long; thus withstanding with the competitive market that more or less offers similar products but probably differs on in meeting customer
expectations. This is where CRM helps to recognise customer expectations (Kale, 2004).

Knowledge being the only competitive differentiator enables the companies to reach out the masses as per their expectations (Drucker 1996). Information systems describing customers are used by successful companies to establish relationships as per the customer needs and by gathering information of respective customers, a strategy to reach out to maximum customers with same level of expectations can be reached. Also, based on the information, forecast of customer buying trends and buying behaviour can be established (Xu and Yen et al., 2002). This information systems can be customised for the individual needs of the customers (Rigby, 2003); and it can also bring down the obstacles as well as rivalries between departments to track customer behaviour (Edwards. 2007). The soaring emergence of CRM concept can also be evidenced from the surging CRM software market from USD 8.9 billion in 2008 which is further expected to rise and touch 13.3 billion USD in 2012 (Gartner Group, 2008).

Edwards (2007) pointed that an efficient CRM system overcomes the usual sales channel wherein sales executive market a particular product, with CRM system at place sale can happen through a technician assisting a product or a delivery employee delivers a particular product. CRM system enables converting these leads into sales. Wailgum (2007) further argued that CRM is indispensable for the organisations lacking clear viewpoints of their customer requirements and their respective requisites and desires. By opting this concept, its organisation, not the respective customers that will be benefitted.

To obtain an optimise benefits from CRM, it must be implemented at all the levels of organisation, be it technician, sales, delivery and others with any nature of interface with the end users, rather than just introducing amongst the top management Strategic Direction (2002). Also, simply introducing CRM will not solve any purpose, it must be implemented at ground level (Wailgum, 2007). Rigby et al. (2003) further argued that relying simply on CRM software’s won’t be fruitful, instead a customer centric strategy must be developed and implemented by the organisations. Also, it will save the expenses to get expensive software systems to get insights of your potential customer likings.
However, the difficulty in quantifying the performance of CRM systems has been a drawback as pointed out by Corner and Hinton (2002) that dearth of performance measuring procedures has been a shortcoming, especially with respect to the IT sector where measurement of Return on capital investment is a must. Precise effect and remuneration of value-added customer support thus could not be obtained from CRM systems. Zarah and Kimiloglu (2009) agreed with this viewpoint and stated that it is challenging to quantify the achievement of CRM as wider the CRM implementation, harder will be to narrow down its accomplishments. Enhanced efficiency and revenues has been the outcome of CRM initiatives in many organisations (Chen and Popovich, 2003).

To uphold the customers for long, it is significant to acknowledge their contribution to the organisation both in terms of profitability as well as extended association and there must be distinguished treatment with those associated from long. Also, feedback from the customer is equally important as it further paves the scope of improvement and these complaints must be taken positively to further meet the customer expectations Zineldin (2006). Since, culture is most unheeded and undervalued aspect of CRM strategy, culture of the company needs to be transformed to imitate the thoughts behind CRM. To shift their emphasis towards the customers, many a times management tries to change the organisational culture by focusing on the ways to alter the social, physiological as well as emotional cultures and also makes sure the management optimistically accepts the changes and adapt accordingly to establish strong customer relationships (Greenberg, 2004).

One to one interaction with the customers has proved to be beneficial in terms of boosting sales numbers, therefore a sales representative must maximally interact with its customers to ensure a long association. Interaction for a short duration often leaves an impressions amongst customers that they are not attended properly, resulting in sales decline (Chase, 2004). Quite contrary, customers may also leave when relationships are forced on them and they themselves are not willing to maintain associations. In such cases, interaction duration must be proportional to willingness of the individual to carry it forward (Xu and Walton, 2005). Also, a firm must maintain and analyse customer interactions records in order to ensure the sustainability of their permanent clients apart from creating the new ones so as to surge the customer worth to the respective company. By formulating strategies meeting the individual customer
needs, the company earns loyalty as well as enhances switching costs, as customer preference information ensues competitive advantage (Chase, 2004).

Research pertaining to CRM can be structured along customer lifespan including the retention strategies. Alongside, customer acquisition must also be considered to understand the promotions that directed the customer towards other firms and it also helps to comprehend the value added strategies that can be offered to customer to enhance their worth to the firm; offering customised products (Ansari and Mela, 2003) as well as cross-selling are few of those many initiatives (Kamakura et al., 1991, 2003). Through these measures, customer attrition rate can be brought down and ascertain revenues upsurge from the existing customers. Activities that can improve demand from the customers are “cross-selling”, “up-selling”, and “channel management”. Cross-selling provides choice to the customers to purchase across different categories and provides an opportunity to gain immediate profits as well as to maintain long term relationships thereby raising the switching cost concerned with purchasing from other sources; whereas up-selling is majorly focused to raise demand from pre-existing product line. Channel management pertains to across the channel migration of the customers to reduce the associated costs or to increase the demand (Ansari et al., 2004).

1.3 ROLE OF MARKETING IN CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

According to UK Chartered Institute of Marketing, “Marketing is the term given to those activities which occur at the interface between the organisation and its customers. It comes from the original concept of a marketplace, where buyers and sellers would come together to conduct transactions (or exchanges) for their mutual benefit. The aim of marketing as a discipline is to ensure that customers will conduct exchanges with the marketer’s organisation, rather than with the other ‘stallholders’. To do this effectively, marketers must provide those customers with what they want to buy, at prices which represent value for money”.

“Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange and satisfy individual and organisational objectives” (American Marketing Association). However, this definition only considered the marketing in relation to broad social
context, completing ignoring the role of the customers and thus criticised on this account. To the layman, often the marketing is related to negative implications and is considered as a skill to cheat people by convincing them to purchase certain thing that they don’t want. Marketing practitioners must first of all ensure selling the things or services as per the requirement moving by the will of the buyers rather than just selling the products for sake of revenue collection.

Marketers are conversant with the fact that selling an average product at high price or a low quality products at a nominal cost would not bring back the customers and ultimately it will adversely affect their business. Considering the cut throat competition of the market, customers are often considered as king makers and those considerate about their balance sheet only will soon vanish while other with customer centric practices will dominate the market (Baba, 2006).

Anthropologists are face-lifting the concept of marketing as these days customer buying decisions can be defined on the basis of their buying trends and factors influencing buying decisions but complete record along with the statistical analysis of the customer demographics must be maintained. Thus, instead of only concentrating on customer identification along with their buying trends, the companies must understand their customer holistically, recognising the ways to create new opportunities and improve their product offerings so as to observe enhanced sales (Baba, 2006).

The application of anthropology, more particularly cultural anthropology in marketing is focussed on primitive cultures and its analyses describing the ways by which cultures have sorted their difficulties of living. The cultural anthropologist scrutinises the cultural evolution, along with the interrelations between technology and culture. In addition, subcultures pre-existing in large communities is also taken in to consideration to understand the preferences of particular group of people with more or less similar cultural backgrounds. Study of the individual behaviours in terms of their preferences and societal taboos must also be conceived to fetch a wealth of insights in to the marketing conditions (Winick, 1961).

Three situations wherein Anthropologist knowledge could be instrumental in marketing has been identified as Understanding of culture; cognizance with the themes of particular culture; understanding of taboos. There has been several instance
of contribution of anthropological knowledge in marketing and few of many such instances are; a central heating equipment manufacturer planned to introduce a new technology of heating in an area that is already using a technique congenial with their requirements and deeply imbedded in their daily lives. Acceptability of such innovative technique in the community contented with conventional heating method was highly uncertain. So the deliberation anthropological knowledge suggested the ways of presenting the new technology, so as to bring it in agreement with the implications of heating, however, heating method had transformed profoundly. Initially, there had been resistance to the central heating, but it declined obtusively after the first year. Apart from the marketing concern, to get the approval for the launch of the product it was mandate to get approval from the concerned nodal authorities as the area has been facing a decline in the birth rate and there exists a common myth amongst the authorities that introduction of heating equipment will further decline the birth rate due to reduced sexual activity as a result of the increased temperature.

However, with anthropologist intervention, it was pointed out to officials that heating equipment meagrely influence the birth rates and the data collected by anthropologist made possible for the manufacturer to carry out discussion about its probable effects with the concerned officials. In another case, an exploratory study using anthropological methodology was carried out to empathize the special connotations of eye and mouth in terms of their symbolic roles and this research findings were utilised for advertising cosmetic products for women (Winick, 1961).

The anthropologist has been working in the circumstances wherein comprehensive understanding of the cultural themes has been often ignored. An anthropological study was conducted by researchers to explore the reason for declining sales in a chain of candy sweets. It was ascertained through the research that these candy sweets were primarily used for gifting purpose at the special occasions rather than being consumed by the buyer. Anthropological recommendation to push their product in the market through innovative packaging as well as advertising it appropriately. Even themes for the special occasions and window displays were suggested as a result of which the retail chain of candy sweets revived its sales. Thereafter, the entire strategy of the chain was revised based on the anthropological interpretation and recommendations, since anthropologists has thoroughly studied the concept and importance of gift
receiving and gift giving. Market researchers these days utilise anthropological tools and techniques to study subcultures, themes as well as lifeway’s and to efficiently design marketing strategies, they seek to understand the ways the people live and the products they use by collecting first-hand knowledge as cultural anthropologists (Winick, 1961).

1.3.1 The Marketing Environment

Every organisation has certain liabilities and is bounded by several laws, surrounded by numerous public bodies and also have clientele and competitors as it is impossible to work in a vacuum as all these together forms the marketing environment wherein all the organisations operates and to deal with this situations is the major challenge for a marketer. Thus, any marketing strategy must be devised keeping these complexity of the rapidly changing surrounding environment. One can broadly classify marketing environment into external environment and the internal environment.

The external environment is concerned with efficiently implementation of the marketing policies at the ground level outside the organisation and it holds an utmost importance for meeting the organisation targets and also denotes the threats and opportunities for an organisation with respect to the overall market. However, internal environment somewhat pertains to framing market strategies and policies within the organisation. Regardless of both being equally important, organisations primarily concentrate on external environment, followed by the internal environment. To operate in these complex environments, two approaches i.e. Proactive and reactive approach has been followed by the respective organisations and under the reactive approach, considering the environmental aspects as uncontrollable, marketing plans are devised accordingly to best match the changes in the environmental factors while proactive approach considers internal environment much important as they believe that external environment can be altered even if cannot be controlled.

The external environment can be further categorised as Micro-environment and Macro-environment, wherein former deals with customer base, company warehouse locations, or the presence of insensitive pressure group. However, macro-environment includes factors like government regulations, overseas competition, fluctuations of currency exchange rates or even it considers the climatic changes. The external environment cannot be controlled but can be altered to some extend and most of the
marketers operates in it by avoiding threats and making the best out of available opportunities (Kotler and Armstrong, 2008).

1.3.1.1 The Micro-Environment Factors
Kotler et al., (2008) explicated the factors composing as well as influencing the micro-environment:
1. Competitors;
2. Customers;
3. Suppliers;
4. Intermediaries;
5. Publics.

1.3.1.1.1 Competitors
Majority of firms are unable to identify their competitors due to the reason that often they describe their business as well as related competition too narrowly. For example, a bus company categorising itself as being solely in bus business, may find other bus operators as their competitors but if the same company classifies itself into the transportation business, then it may consider taxis, railways, etc., as their potential competitors. A retailer may consider other retailers of the nearby localities as their competitors, without considering the competition being faced by online shopping portals. Thus, it is imperative for an organisation to primarily recognise their competitors based on those providing the nearest substitutes meeting the customer needs. An organisation or a firm must first define the category of the customers they are planning to target. And thereafter, based on the targeting, customers with more or less similar requirements and characteristics are sorted together, which is also known as segmentation. Each segment have distinguished requirements and even the expectation levels and then after finalising the segment type that will be targeted, product must be positioned in the marketing. Customers with the immediate needs might approach the firm themselves to avail any product or service but these firms must be prepared to deal with their competitors. However, this issue gets minimised when the company holds a monopolistic position in the market with very weak or no competition. Thus, competition can either be amongst the companies offering more or less similar products and services or amongst the firms contending for the hard-earned money of the buyers, but eventually the companies must provide product
meeting customer requirements as well as outperforming the product quality of the competitors.

1.3.1.1.2 Customers

Customer needs, requirements and expectations are ever changing characteristics and the companies must bring changes their product and services accordingly. Few years back, Johnson and Johnson, an American FMCG company well known for their baby products, ascertained that the quantity of baby shampoo as well as talcum sold largely outnumbered the babies in the country. Research was carried out to explore the probable reasons and it was revealed that many adults are using their products, therefore to further reach out this new customer segment, a major campaign was being run and the company was able to capitalise from this new demand segment. Needs of customer holds utmost importance to marketers, and it is necessary to identify new segments, along with those segments vanishing with time and the companies must be cognizant with the newly rising lucrative segments.

1.3.1.1.3 Intermediaries

Retailers, Dealers, Distributers, Wholesalers, CFA (Carry and Forwarding agent) and others involved in distribution of firm’s products forms this category as these are the front face of all the companies, directly interacting with the end users. Many a times, they acts as catalyst and control the sales of the product by influencing the buyers. Many firms offers several sort of target related benefits and bonus to these intermediaries so as to boost their sales. This category also includes research consultancies, Advertising companies, transport and warehousing firms, event organisers, and all other individuals or sources that facilitates the product outreach. Intermediaries are of utmost importance to the marketers, therefore strong communication links and information sharing networks are established with them.

1.3.1.1.4 Suppliers

Supplier being an important member of supply chain holds an imperative position to maintain Customer Relationship Management, however at first instance it might appear nowhere close to marketing department but rather an organisation is highly dependent upon suppliers to provide an uninterrupted supply of good quality products that can meet the anticipations of the end users. An organisation with bare hands
cannot hold their clients for long, they have to provide reliable services or goods to attain their confidence in them. A supplier is equally responsible to maintain goodwill of a firm in the market. Poor quality products, delay in delivery, inability to meet commitment will inevitably effect the reputation of the company and thus, losing the customers. Therefore, organisations must keep a check on their respective suppliers and make sure they will deliver appropriate goods, and this can be achieved by sustaining good relationship with the suppliers and through appropriate as well as timely exchange of the information. Any information related to the any new or existing product must reach out to the customers and this is mainly channelled through the suppliers.

1.3.1.1.5 Public

Public is the name given to all the financial, governmental, media as well as local publics associated with the marketing of the product in one way or the other. Dealing with all these public kinds is often termed as Public Relations. Most important of these are financial publics that comprises of banks and shareholders that regulates the finances of the firm and can pressurize them to operate in their particular directed ways. Sometimes, these financial publics pressurise the firms to work on their directions to retain their existence in the market and it is only to tackle these issues, companies prepares annual reports for their shareholders and attractive balance sheets for the banks and other financial institutions. Local Publics mostly comprises of the regulatory authorities such as municipal corporation, pollution board, local charities, etc., that ensures the company to work in harmony with their neighbours and minimises short-term local difficulties. Several companies expect their respective franchisees to work towards the local community development whether by participation in charity event or by organising it on their own. The activities results in the upliftment of the company brand image and makes local residents optimistic about the company products.

1.3.1.2 The Macro-Environment Factors

The macro-environment are those forces that not only influence the functioning of only firm itself, but also effects its competitors as well as the factors of the micro-environment. It is not possible to control these factors but one can alter these macro-environment factors through worthy public relationships (Kotler et al., 2008).
The macro-environment factors include:

1. Demographic Factors;
2. Economic Factors;
3. Political Factors;
4. Socio-Cultural Factors;
5. Ecological and Geographical Factors;
6. Technological factors.

1.3.1.2.1 Demographic Factors

Demographics being the study of population factors helps in defining the pillars upon which any organisation can create their strategy. The three mainstays of strategy formation i.e. Segmentation, Targeting and Positioning can be appropriately instilled after getting an information regarding population size, density, gender, race or occupation of the community members as these demographic factors have major impact on companies and their future planning. Information regarding the birth rate can be advantageous for baby products manufacturers as they can plan their production accordingly. It also assists in planning governmental policies; for instance declining birth rate results in less working population after few decades and more old age people liable for state pensions. Thus, the respective states can also strategize their planning consequently. Similarly, variation in ethnic population in the cities can shift the demand of the products or services from the particular areas.

1.3.1.2.2 Economic Factors

Economic factors primarily highlights the earning trend of a particular population with respect to the kind of the occupation they are involved in. Also, it emphasise the government policies such as interest rate, taxation policy, government budget for development, etc., that reflect the economy of an area. Firms can capitalise the opportunities after crucially analysing the economic trends. For instance, reduction in taxation along with enhanced government budget on development will raise the economy, with people having more income at disposal and can spend lavishly on products and services. In the same way, rise in the interest rates will result in expensive home loans, thereby dropping the demand of house and eventually the household products. Last few decades has witnessed the increased proportion of income expenditure on clothing’s and entertainment while spending on food products.
and housing has declined. Economic information data is periodically released by financial institutions that could be helpful for the marketer to envisage the demand of their respective products or services.

1.3.1.2.3 Ecological and Geographical Factors

These factors came into being with the growing unavailability of adequate raw material and locations to dispose the waste material as several industrial complexes must be disposed of by following the norms of governing bodies. Also, setting up of various industries surrounded by heavily occupied areas is not permissible. All these factors seriously impact decision making of the organisations and many firms consider the public viewpoint on their concerns so as to proactive in their strategy and they often face pressure from the individuals as well as the organised groups. Thus, in order to tackle these issues, firms often consult the concerned pressure groups so that these matters can be sorted before any further investment are committed by the companies and seldom they opt concept of societal marketing to take the feedback and understand the viewpoint of multiple societies.

1.3.1.2.4 Political Factors

Factors that involves political movements or decisions, are often uncontrollable as well as unalterable but they might have deep impact on the business. Global movement for privatization of government owned and undertaken businesses, surge in import duty and increased emphasis on human rights insist the companies to plan their marketing policies conferring to the persisting political climate. Followed by the political factors often comes the legal factors wherein government passes certain laws to which the companies has to follow and they might affect their business.

1.3.1.2.5 Socio-cultural Factors

With respect to the marketing, Socio-cultural factors involves the behaviour and attitude of the individuals involved in any sort of dealing with the end users. These factors underlines the shared beliefs in the form of the expectations that the marketing personal or any other service provider representing any organisation must behave appropriately and must be courteous as well as helpful. Impolite and insolent executives are often disliked by the customers, that event affects the brand image. There has been several other beliefs such as restaurants must be clean and brightly lit,
grocery stores displaying the list of all available stocks etc. that are not bylaws but are formulated to meet the expectations. However, these beliefs vary from area to area and from country to country and there has been change in attitude of the people over the period of time. Attitude of people towards consumables has witnessed a drastic change over the last decade. It has been shifted from homemade food to ready to cook packs and finally to ready to consume dishes. Also, the change has been observed in the attitude of the people during the famous festival of Deepawali in India wherein people has minimised the use of fire-crackers to avoid adding on to the pollution as well as consumption of sweets due to its degrading quality and for health reasons but at the same time, all the rituals are culturally performed using the same sweets. Exploration of these socio-cultural factors can largely assist the companies to invest their resources at the appropriate places.

1.3.1.2.6 Technological Factors

Advancement in technology and manufacturing techniques has severely impacted several businesses during the last decade as there has been complete face-lifting of the end product that reach out to the users. It is at this point many corporations are investing huge amounts to capitalise on advanced technology and to make it their unique selling proposition (USP). For instance, replacement of Audio cassettes with CDs and then followed by DVDs and finally the iPods and an additional feature in mobile phones. Similarly, pen drives and external hard disks has replaced all the storage devices that were exclusively used during last two decades. The companies are turning more towards innovations and spend a lot on Research and Development activities, that further will result in coming up of many new players with different product line and that may completely vanish the old industries using conventional manufacturing resources. Thus, all the firms must recognise these upcoming trends by understanding the varying expectations of the end users as the marketer is more concerned with satisfying the needs of the buyers, no matter whether it is an individual needs or an organisational requirements.

1.4 UNDERSTANDING COMMONLY USED MARKETING TERMS

Jim Blythe (2005) while highlighting the major marketing concepts defined most commonly used marketing terms and these are as follows:
1.4.1 Customers

Anyone who purchases the products is considered as Customer, no matter whether it is an individual, intermediate broker or an organisation. The customers are the ones that only buys the products and delivers it to the users. With respect to Indian industry, these are mostly the Dealers or Distributors or in rare cases the warehouses through which product reaches to the end users. Now a days, online selling portals are the potential customers for the companies, although most of these acts as a trading gateways (i.e. selling without maintaining any stocks) and functions like a carry and forwarding agent.

1.4.2 Consumers

On the other hand, consumers are the ones that procure the products for consumption. And in today’s competitive environment, both the customers as well as consumers are sagely targeted by the manufacturing companies as the formers represents the company products to end users and are the sole influencers while latter are the ones that actually pays and their expectations must be appropriately addressed. This is the reason that many companies these days instead of carrying out research on large number of end users, meet their dealers/distributor by organising their periodic meet and get the complete feedback of their products as well as the anticipations of the end users from their product line.

1.4.3 Need

Famous anthropologist, Bronislaw Malinowski categorised the human needs into the two kind’s i.e. basic needs and desired needs. Basic needs includes food, shelter, clothing, etc. and it is perceived that apart from this, the items that an individual does not own, is not aware about it. In the modern world, the basic needs are closely associated with employment or earning to afford the basic needs but it also pave path for what is known as desired needs or wants. For instance, eating food is a basic need for survival but having burgers, pizza, etc., changes that basic need in to desired ones. Thus, a term closely associated with the need is Want.

1.4.4 Want

A want is the desire of an individual to acquire something or anything to add on to his satisfaction. It largely depends upon the affordability of the individual as well as availability of the aspired products. Therefore, several Fast Moving Consumer Goods
(FMCG) companies therefore manufactures products that meets the desires of the individuals, apart from making the basic need products.

1.4.5 Demands

Want sometimes emerge into demands, at times when a potential customer have more income at disposal. Few marketers have been successful in making the people pay for the ‘expected’ products rather than just paying for the nominal ones. To address the special demands of the customers, the companies has introduced the concept of “customisation” or “Do It Yourself (DIY)” wherein the products designs are customised by the buyers depending on the requirement and final finished product is provided by the company by asking for few extra bucks.

1.4.6 Product

A product is any commodity purchased by the buyer to meet his requirements. Apart from the products of basic needs, customer only buys product if they presume to get any sort of benefit out of it. For sake of getting good quality product, brands are often preferred over the unbranded ones, no matter whether they have to pay bit extra for it. This is the main reason that companies invest huge amount in spreading their brand names in the market and they welcome the feedback from their buyers to further improve their services as it is commonly believed that a satisfied customer will attract ten more customers through positive word of mouth, while negative feedback will influence hundred potential customers. Along with the products comes the service that is majorly perceived as intangible and requires much more efforts to on the part of the company to provide good services apart from just manufacturing the product in their production house. The good quality products and unmatchable service makes a company the market leader.

1.4.7 Markets

Markets represents the place of commercial activities where actual as well as potential buyers purchases the goods and services. It is the battlefield wherein companies commercialises their products and implement every possible strategy to better place their products before the customers. It is the place wherein many companies survives the cut throat competition while many other succumbs to it and everyone is in the race to hold maximum market share. Even the FMCG giants like Hindustan Unilever holds even less than one fourth of the market share in their product category. Markets being
highly fragmented holds place for every product that meets the buyers’ demands and it is therefore, marketers execute analysis by breaking down the whole market in to the segments representing the customers with more or less similar needs and even the niches including specific products categories.

### 1.4.8 Price

Last and the most important is “Price” that represents the payment made by the buyer to purchase any particular product. Every product holds a specific value and it represent its worth to the customers. More the value of the product, more will be its demand and less will be its substitutes along with the high loyalty. Products with low value are often substituted with the alternatives as customers always hunts for ‘value for money’.

### 1.5 MARKETING STRATEGIES

Several customer-orientated practices has been opted by companies to make maximum of their investments and these has been described as below:

#### 1.5.1 Cost-plus Pricing

Due to its operational simplicity and its reliability to reach pre-determined profitability targets, this kind of strategy is usually promoted by accountants and engineers. Under this strategy, final cost of the product is reached by simply calculating the manufacturing cost of the product including the add on expenses such as research and development, distribution, transportation, marketing, etc., then adding a fixed predefined profit percentage to finalise the price at which it can be offered to the buyers. (Zeithaml, 1988).

#### 1.5.2 Mark-up Pricing

This strategy is commonly opted by the retailers and selling counters wherein they add a fixed percentage of their margin over the cost-plus pricing. In other words, it is the margin taken up the selling points to finalise the shelf price. Depending upon the kind of the product, the profitability margin fluctuates widely from one point to another. Sometimes, these variations goes up to 100% or even more depending upon the kind of markets in which the products are sold as well as the kind of the product while sometimes in highly competitive market, just to maintain relationship with their customers, the profitability goes as low as to 0%. But generally there is a common
price range finalised by the retailers organised in the union or associations (Zeithaml, 1988).

1.5.3 Customary Pricing

A more customer oriented strategy is Customary pricing wherein the entire segment is offered products or services at the same price without any price fluctuation or variations irrespective of the geographies or the operational market locations. Mobile operators represents such example of Customary pricing wherein outgoing and incoming call rates are fixed for all segment of customers, however it differs with respect to geographies. This approach can be implied by every firm due to the fact that its application requires standardised reduction in profitability, opted by all the firms operating in an area and offering similar kind of product line (Schindler and Kirby, 1997).

1.5.4 Demand Pricing

One of the most market oriented approach is Demand pricing wherein the shelf price is finalised depending upon the demand of the products with some consideration given to substitute available in market. This is achieved by carrying out a research to understand how much a customer can pay for a particular product and then based on the results, the price will be finalised. However, the price of the products vary from one region to regions and being allured with the high profit margin, it imposes threat for entry of the new players in the market offering the same products or substitutes at the competitive price. High prices often reduces the potential buyers as very few observes the value for money, thus companies operates with a mind-set to work on the principles of high profitability rather than mass production (Schindler and Kirby, 1997).

1.5.5 Skimming

It is a contemporary practice wherein companies often price their products very high and then lure them by introducing several sort of sales and discounts. However, this approach conceives that the entire customer segments does not have expect value for money and company enjoys monopoly in the market with its renowned brand image and products line satisfying the needs of the buyers. Rapid returns at once is the only advantage of this approach and most often products produced in mass production are
offered on heavy discounts, nearly at the production cost whereas unique ones are never discounted. This also inhibits the entry of the new players as huge investment has to be made to carry out mass production for selling the products at low profitability (Erickson and Johannson, 1985).

1.5.6 Penetration Pricing

Only those firms opt this approach that desires to acquire large part of market share in a short interval; and they achieve it by providing value for money i.e. introducing existing or new product line that substitute a high priced products at a very low price. By doing so, they not only withstand the stiff market competition but at the same time seizes a preeminent position in the market. Profit margin are reduced to an extreme level and products are sold at a low price with an intention to completely capture the market. However, the prevailing competitors may withstand this price war for a long duration that would eventually result in bankrupting of the new entering firm. Therefore, it is often recommended to compete on the aspect of the providing, better quality or services (Gueguen and Legoherel, 2004).

1.6 MARKET COMMUNICATION AND PROMOTIONS

A transparent communication between the buyer and seller is equally important to maintain a descent relationship and it requires active participation of both the parties but the information must be equally important as well as informative for both the parties, information shared by the organisation serving their own purpose might be not useful for the customers and they simply ignore it. However, communication is defined as transaction involving utilisation of the symbols to convey something meaningful and major fundamentals of communication comprises intention i.e. a thoughtful initiative to bring out some reactions and its transactional that implies involvement of all the participants in the process, and it involves symbols such as words, pictures, etc., to convey the information. There are several modes of keeping the associates conversant. Audio-visual advertisement, hoarding at the common places, printed media, internet classifieds, social media platforms, sponsorships, sign boards are few of many contemporary methods used to communicate with the people. These initiatives often arises as productive strategies to grab new customer segment who would otherwise was unaware of the products or the services. Companies these days makes huge investments on promotional activities. Hiring of film stars, athletes,
sport persons, and other well-known dignitaries has become a common practice and innovative advertisements are created to make an impressions in the mind of the watchers so that whenever they move out to buy anything from their product line, they must at least consider that particular company’s product for once (Hofstede, 1980). According to Hassan and Katsanis (1991), “Sales promotions are short-term activities designed to generate a temporary increase in sales of the products. Sales promotion has many guises, from money-off offers to free travel opportunities. The purpose of sales promotion is to create a temporary increase in sales by bringing purchasing decisions forward and adding some immediacy to the decision-making process”.

In general, Sales promotions comprises of four features that are:

1. Attractiveness: Extend to which an advertisement is considered desirable by the customers. It must leave an impressions in the mind of the people to convert them in to potential buyers. In other words, it must be convincing and must be rightly perceived by the customers.

2. Fit to product category: Every advertisement must justifiably convey the message and entirely relate itself to the product that has been aimed. A meaningless advertisement often goes unnoticed inadvertently.

3. Reception delay: It entails to the timely delivery of the promotional gifts. Many a times, promotional claims of the advertisement mislays its importance owing to the delayed delivery by the recipient.

4. Value: Perceived value of the promotions must be invariably high by the customers, no matter whether or not it is a high investment advertisement. Sometimes, an unattractive offers also work well provided that it fits well with the product category.

Companies primarily gets in to three types of sales promotions initiatives; one which are offered to intermediaries i.e. dealers, distributors, wholesalers, etc., to allure them to increase their sales in the market. Secondly, promotions for retailers to promote products of respective company, as they are the prime influencers and are capable of convincing the buyers. Thirdly, the manufacturer promotions that are mainly meant for the buyers and are directly offered by the companies to the end users.
Bennett (1998) defined various purposes of the **trade promotions** which primarily includes the enhancement of sales responsibility amongst the intermediaries by stocking more quantity of products and thus, extending more commitment in terms of selling the products in the market. It is also meant to entice them to hold less stock of competitor products by offering them less or no shelf space as the retail market operates on the theme that one which is more visible is eventually more saleable. More stocks also addresses the issues of fulfilling the surged demand of any particular product during the festive seasons or special occasions. In most of the industries, intermediaries operates through the market chain and linkages, acting as a sole point of sale for retailers, traders and even sometimes the end users. These promotions also agitate them to opt brand loyalty and only push their products in the market and these intermediaries often defines the market leaders. Thus, it encounters the competitions by doing hard bargaining with its competitors, by pulling off the products from the retailer shelves.

Retailer promotions are mainly meant to raise the store footfall i.e. number of people visiting the store and to do so, retailers organises some discount campaigns and seasonal sales. Even it positively impacts the sales quantity as well as buying frequency. It also promotes the own-brand sales giving a stiff competition to the other firms and it also promotes brand loyalty. However, sometimes aggressive sales promotion raised the perception of poor quality products or the old style products so the efforts of implying promotions must be rightly directed (Beatty, Kahle, and Homer, 1991).

Manufacturer promotions accentuates the customers to go for new products that has been recently launched. To achieve this, often manufacturers distribute free samples to potential customers, or disseminate free sample along with the other purchases. It also brings in new customers and amplify the product usage. Such sales promotions also inspires the customers to purchase the bundle packages or more costly form of the similar product. In addition, self-liquidating offers are often introduced by the companies wherein as a part of sales promotions, wristwatch, perfumes, t-shirts, etc., bearing the logo of the company are given complimentary with buying products worth of particular amount. It gives the company an additional visibility in the market. In some cases, companies start producing even these complimentary products to add financial gains (Harris, 1996).
However, short termed are the achievements made through these sort of sales promotional activities but eventually the sales or the financials are most important for any firm, no matter whether it has been temporary or permanent sources. Also, these campaigns are intended to derogate the competitor campaigns that can only be achieved by offering good quality products at cost competitive price (Dunning, 1993).

1.7 OVERVIEW OF CEMENT INDUSTRY

After being third largest economy by GDP in context to purchasing power, India ranks 165th in GDP per capita terms, primarily due to its huge population base. Since 1990s, progressive economic de-centralisation had resulted in diverse economic market, primarily determined by educated middle class business minded people. This can be evident from telecommunications as well as service sector that has tremendously grown since last decade (The World Factbook by Central Intelligence Agency).

Agriculture sector still contributes towards 50% of the India economy, although the enhanced variation in businesses and manufacturing has resulted in decline of dependency on agriculture. Of the remaining contribution, manufacturing holds over 25% of the output. However, economic inequality continued to a major problem in India, even after the economic growth and progress of the service sector. With continuous population growth and nearly one third of India population living under the poverty line (according to Census, 2011), it has become difficult to raise living standards.

1.7.1 History of Cement Industry

The history of the cement industry in India dates back to 1914, when for the first time Indian cement industry produced only 1000 tonnes of cement, although prior to this the market was completely dependent upon imports. But the industry has crossed the landmark of 0.26 metric tons of cement production by 1924. However, this production has pulled down the import to one half, meeting the demand of 2 metric tons of cement during the same decade. However, looking at the demand the requirement for further development of the industry was necessary but looking at the huge scope in the industry, many producers who entered the market with the perception to gain advantage of being first comers, soon wiped out on the grounds of
extreme price wars between the price for capturing the present as well as the further market (Global Cement Directory, 2013).

To further abridge ambiguity adjacent to the industry and forestall the import of cement by fulfilling the demand through in-house production, ICMA (Indian Cement Manufacturers' Association) came into existence in 1925. However, it consequently got decided in to two group and finally in 1960s, CMA that represents modern Cement Manufacturers' Association was formed again (Singh, 2012).

During 1930s, the production capacity of cement in India has progressively upsurged, reaching up to 1.8 metric tonnes in 1942 and the imports has declined to merely 1000 tonnes per year. And to make this industry more structured and systemised as well as to forbid the outflow of benefits from the price wars between the firms, ACC which means Associated Cement Companies was formed in 1936 as a result of joint efforts of eleven majorly competing firms.

During the Second World War, Cement production in India got under defence regulations with more than 90% of the cement utilised for the defence assignments and the demand from other sources contracted to less than 10%. After the war, the prices of the cement directly came under the regulations of the government, with the production capacity further soared to 3.2 metric tonnes per year. But the government controlled price could not meet the quality of the cement that the country was expecting at the time. De-regulation became the urgent need of the nation and was finally implemented since 1989. It was then when the cement production capacity witnessed huge development both in terms of quality and quantity (Global Cement Directory, 2013).

Concrete, of which the cement is one of the major ingredient is the most used substance on the planet, with over one tonne of consumption by each individual on this planet as it is the important component for infrastructure development when mixed with sand and the gravel. Use of the cement is exclusively limited to construction in India and with increasing population comes the surged demand of accommodations that ultimately raises the need of the cement. Due to the high investments involved in constituting a cement production plant, the industry is highly consolidated with near to none substitutes available in the market. In developing Indian market, the demand of the cement is on rise constantly whereas in developed
counties, it has achieved a saturation point. Globally, China is one of the fastest growing cement market while India being the highest potential market for this commodity (Global Cement Directory, 2013).

Cement is widely used in all sorts of the constructions, be it Residential, Commercial as well as Industrial. The demand from the urban market and Urban-rural market is highest due to developing housing sector during the last decade. The demand from the rural sector is limited to merely 20% of the total production whereas the Government sector accounts for nearly 50% and the remaining is accounted by builder and construction companies. Increasing Urbanisation and growing purchasing power has been an important contributor for housing demand that eventually raises the requirement of the cement. In India, the cement sector marked the growth rate of 10 percent as compared to global development of 5 percent. Invaluable contribution for the growth of this segment is made by National Council for Cement and Building Materials that provides fantabulous Research and Development Infrastructure and vital intellectual capital. Also, this sector has been opting new technologies for providing a high quality product as well as for energy conservation. Measures related to quality control and improvements in laboratory mechanisation has been made. As against the per capita global consumption of 396 kg, Each Indian average consumption is nearly 150 kg only that indicates the high potential for this commodity in the near future with improvement in socio-economic condition of the population (Singh, 2012).

The major cement players although is struggling to withstand the growing transportation cost as well as raw material prices that ultimately coerces the construction industry. Therefore, the companies are working towards achievement of high operational efficiency and are also spending towards the development of human resources adequately so that they can meet the proficient essentials of construction industry (Global Cement Magazine, 2012-13 issue).

Cement being the single most significant and lucrative product in the construction industry has a consumption estimate of 600 million tonnes by the end of this decade. At the current inflation rate of 8% coupled with population growth and governmental substructure amplification, Cement industry of India has immense market prospects. With the economic prosperity in India, the demand for Indian cement industry is
witnessing an upsurge. After China, India is now the second largest producer of Cement in the world. Being the 11th biggest economy in the world, India will have a critical role in generating demand for Cement. Since the 4th Five Year Plan, Cement Industry of India has been exhibiting significant progress and has gradually boosted production at an elevated rate (Global Cement Magazine, 2013).

With the boom in Real Estate Industry in 2009-10, the cement market also flourished by 10% in the country. The growth in the industry has also been powered by the government’s sub-structural amplification. The rise in demand is resultant of the explosion in construction industry, which includes commercial as well as real estate, vigorous development in the residential segment, the thriving IT/ITES sector, and major structural expansion mechanisms, like highways, railways, seaports, airfields, energy schemes. There is an expected increase in global demand of cement with United States of America and Pakistan being the prospective trade markets. As the local cement costs more than the imported one, buying cement from other countries will be preferred. The top five players dominate the complete cement industry with an estimated share of 70-80% of the whole industry (Global Cement, 2012).

The growth factors for the industry are as follows:

- Increased trend of nuclear families.
- Diminution in the duration of the landlord
- Enhanced accessibility of housing loans and a constructive tax regime
- Improved per capita income.

With the growing demand, the product of the cement is also meant to increase so as to give stiff competition to multinational players getting in to the Indian market. To achieve so, the companies are implementing new strategies to meet the enhanced demand as well as the opposition. Customer Relationship Management stratagems are highly efficient in dealing with the channel partners and intermediaries to enable synergies. Major Indian players has already has already revised their strategies, primarily related to operating competences, cost price optimization, providing high quality product, better distribution channel, proactive marketing units, rightly targeting right customer segments, extension of product profile, aggressive sales campaigns and advertisements. In 21 century, these factors are foreseen as the major contributor of this segment (Global Cement, 2013).
To use the available resources of cement industry optimally, the government during its 12th Five year plan has proposed the investment of USD 1 trillion in infrastructure sector and raise the production capacity to 150 metric tonnes. In 1965, to attain self-sufficiency for production of this invaluable commodity, the Indian Government had formed Cement Corporation of India (CCI) which presently holds 10 units operating in 08 Indian states. Furthermore, Government has approved the investment schemes of private companies to assist them for using their resources to the fullest.

- Proposal of value nearly Rs 9,200 crore (US$ 1.45 billion) has been approved Andhra Pradesh State Investment Promotion Board (SIPB) which includes the setting up of another 03 cement plants likely to produce 12 metric tonnes of cement annually and will provide employment to over 4,000 people directly and many more indirectly.

- India together with Switzerland has been working towards reduction of energy consumption and developed new techniques for production of cement more efficiently, thereby addressing the growing requirement of cement from infrastructure sector.

- It has been decided to utilise cement rather than bitumen for new roads construction owing to high durability and low maintenance of cement when compared to bitumen.

- The Government of India has decided to adopt cement instead of bitumen for the construction of all new road projects on the grounds that cement is more durable and cheaper to maintain than bitumen in the long run.

The buyers of the same product segment more or less requires them for same function but evaluation measures or benchmarks has been opted by buyers of diverse category and based on this evaluation criteria, sellers plan their strategies accordingly which will further fascinate different buyers. Market segmentation which represents sorting of the customers in to segments and/or groups with similar expectations. But buyers of one products categories more or less has similar anticipations, thus companies in such cases work on the products as well as services such as premium product category, provision of technical support, host of the other related products, etc. (Business Standard, 2012).