

Business Development From Start to Scale
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Week - 05
Connecting with Customers
Lecture - 24
Customer Bonding

Hi friends, welcome to the NPTEL course Business Development from Start to Scale. We are in week 5 with the theme of Connecting with Customers; in this lecture the 24th in the series we discuss the topic of Customer Bonding.

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Customers Use Multiple Filters

Customers use multiple filters before they arrive at their final purchasing decision. Given below is a typical flow.



As companies seek to acquire customers, they must be prepared to support the customer through the first-time decision-making process. Product and service must be the prime instruments to enable the migration.



Customers have multiple filters before they make their purchasing decisions. It is important to understand how the purchasing decision finally, gets realized through the number of stages

that the process takes a customer through. First of all, there is a target product search, you have a need and then you start looking at the product options that are available.

And fundamental to that is your awareness of the need and also the awareness of the target product that is the first filter. The second one relates to the awareness of products and brands; you must be aware of the alternatives that are available and whether you have experience of using the products.

The best way of getting this awareness is through visiting a store or visiting a digital store. The third aspect is openness to try out and this openness gets fortified by physical feel of the product which is also fortified by reviews. And your own interest to personally experience the exploratory process, going to a dealer workshop and driving an automobile is an example of this.

Then the fourth filter is that of the financial analysis what are the benefits that are occurring out of this purchasing decision. Is it an essential purchasing decision, is it a comparative analysis that is going to lead me to this purchasing decision, is it the sample pack that is offered along with the main product that is going to make me think about this product.

And if in case I am buying it for the first time, what is making me switch over from the previous brand. Therefore, we have to look at the switching cost that is involved in getting a new customer hooked on to our product. And the customer thinks at all times that my use experience is going to decide my future patronage of this product or any other product.

So, from target product search to awareness of the product and brands to the actual trial and then making a decision on repeat purchase versus switched purchase. And the post purchase behaviour are all influenced by the quality of the product, the pricing of the product and the image that the brand and the company have with the customers.

As companies seek to acquire customers, they must be prepared to support the customer through the first time decision making process that is extremely important. Product and

service must be the prime instruments to enable the migration from the competition products. They also are essential to ensure that the loyalty is retained for the products and brands.

And at all points of time the company must be very conscious of keeping the customer fully engaged and happy. Which means that at no point of time the company should take its customers; however, loyal and repeat they are for granted that is important. Because, at any point of time during this filtration process, the customers may switch from one brand to another brand.



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Forming Strong Customer Bonds

Forming customer bonds is a complex process for a firm that requires inclusivity not only within the organisation but integrating the customer ecosystem too.

- Create superior products, services, and experiences for the target market/ customers
- Get cross-departmental participation in planning and managing the customer satisfaction and retention process
- Integrate the "Voice of the Customer" to capture their stated and unstated needs or requirements in all business decisions
- Organize and make accessible a database of information on individual customer needs, preferences, contacts, purchase frequency and satisfaction
- Ensure forums and processes for the customers and the company staff to connect for the customers to express their needs, perceptions, and complaints
- Consider frequency, loyalty and club marketing programmes for customers
- Run award programs recognizing longstanding customers and outstanding employees

Even the most advanced companies adopt some of the programmes to build bonds with customers.



How do we form then strong customer bonds? It is a complex process; it is not one persons responsibility, it is the responsibility of many functions and many persons in the company to develop strong customer bonds. Fundamentally you have to create superior products, services and experiences for the target market and customers.

And that starts with the basic product itself and the way the product is packaged. There are of course, products which are not packaged like automobiles, but most products are packaged. And the packaging itself serves a strong purpose besides production it also serves the purpose of attracting the customer.

Second is to getting the cross departmental participation in understanding and managing the customer satisfaction levels and customer retention processes. Many people do not take seriously the packaging issues; I have personally seen the primary and secondary packing not being as good as the product itself. We can have in fluidity products, leakages, you can have external oiliness in edible oils, you can find that the label is not properly pasted with thoroughness.

You can find that the printing of the label does not contain the necessary information to the required voluntary disclosure level. All of these things are inter departmental issues and each has got an impact in terms of the customer satisfaction and the retention process. So, it is not just the marketing departments activity to get customer satisfaction retention process.

From the R and D stage when the product is analyzed, its inherent constituents are analyzed and the final label claims are made, there is cross departmental participation. The third one is that we should speak the voice of the customer not that of the function or that of the company.

When the market is behaving in a different fashion, you have to understand the voice of the customer and how are inconvenient it is it has to be conveyed to the top management. So, the stated unstated needs as well as the stated unstated requirements have to be communicated through the voice of the customer. Then organize and make accessible a database of information on individual customer needs.

There should be a huge data that is available on the customer details, customer preferences, purchase frequency, preferred retailers and the way they interact with the retailers. We should

also have the forums and process that are required for the customers as well as the company staff to interact with each other.

And that only will provide understanding of the company's capabilities, the products capabilities to the customers and that of the customer's needs perceptions and complaints to the company. We should also look at specific programs such as loyalty programs and club marketing programs for customers.

You have to reward continued customer loyalty, we have to also award those people who are doing very well in the entire marketing value chain, not merely the employees. We have to reward the long-standing customers; we have to reward the distributors and retailers.

Even the most advanced companies adopt some of the programs to build bonds with customers; nobody takes that the product loyalty once established will remain on its own forever, everybody strives to keep this loyalty intact.

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Customer Bonding Examples

Strategic marketing requires a percentage of marketing expenditure to be invested in platforms that personalise customers' association. The range of customer platforms illustratively presented below summarises.



While such programmes do offer a financial benefit, a strong emotional connect also develops with the company.



When you see the loyalty programs and customer bonding programs that are run by various companies, it is evident. Each of the companies which is providing this kind of loyalty program is a leader in its own right. They have got standing every customer recognizes those companies still they run these programs.

Strategic marketing requires that a percentage of marketing expenditure is invested in platforms. That personalized customer's association platforms that increase the level of belongingness of the customers towards the company. And the range of customer platforms that I have listed here indicates that every industry and every company regardless of the size could follow this approach.

Lufthansa's Miles and more program is extremely famous and we have parallel programs from other companies as well. Samsung has the Samsung shop digital shopping platform

which also serves as the points giving program. Taj has its inner circle rewards and privileges which is now upgraded to the Tata Neu super app points.

Then HDFC bank runs the my rewards catalogue, the card called eN-Dhan Fuel Card introduced by Ashok Leyland and Hindustan Petroleum Corporation as a co branded fuel card has several advantages. It ensures control and efficiency, because you would not be using the personal credit card for the fuel filling requirements.

It ensures savings and discounts and provides convenience and ease and it also builds loyalty of the owners as well as the drivers towards the Ashok Leyland vehicles as well as the petroleum corporation. Big basket offers the stock membership and also provides e vouchers.

Shoppers stop has its first citizen program, Apple User Groups are another very important community initiative. Payback has got multiple points which are agglomerated and from time to time these are offered to the customers. Encircle is the tightened loyalty program, TIMES POINT is one of the largest reward programs, AmazonPrime is also a loyalty program which provides better level of service for a subscription.

While such programs do offer a financial benefit, a strong emotional connect also develops with the company. This has extended to such an extent that the credit cards or debit cards which were being offered for a fee earlier are now made completely free that is from a free from.

That is from a fee situation all these cards have moved to a free situation and this has happened, because companies have seen these kinds of initiatives building customer bonding and customer loyalty.

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Value Creation Practices

Customer engagement will need to be a process that enhances value for the customers and company stakeholders.

SOCIALISING	
Welcoming	Making the new customers feel as though they have been the valued customers of the company
Empathizing	Understanding the experiences of customers with reference to product usage and service
Governing	Enabling a community feeling amongst the customers
ENGAGING	
Communicating	Sharing the product or service features in totality and continuing with consistency and relevance
Supporting	Providing samples, trial products, AMCs, lifetime support, and trade-in programmes
RECOGNISING	
Tiering	Recognizing both homogeneity and heterogeneity with meaningful tiers of relationship
Celebrating	Noting crossing of milestones or recognizing personal events with celebrations
Badging	Translating milestones into symbols and mementos
Documenting	Capturing customer journeys with experiences and interactions
INTEGRATING	
Guiding	Providing complete understanding of the product and its use through minimalist as well as comprehensive modes
Customizing	Providing variants that meet specific customer needs
Diffusing	Using the brand power to spread inclusivity and positivity to related activities, including socially responsible activities

Corporate and product brands are important tools for creating a social community of customers and stakeholders



How do we build value for the company through the customer engagement? This is a key aspect of marketing. There are four ways in which you can create value in the customer connect program; first of all you have to socialize the company, the product and the brand with the customers.

You have to welcome customers to the fold, if the customer is a new customer you must make the customer feel as though he or she has been the valued customer of the company for a long time, you should empathize. Design thinking can be implemented in continuous practice as well, one must understand the experience of customers with reference to the product use and service.

You must govern that is you should enable a community feeling amongst the customers. The second aspect of customer engagement is engagement itself that is you constantly dialogue

with the customers. And that dialogue occurs through a number of media initiatives and number of above the line as well as below the line marketing activities.

So, sharing the product or service features in totality and continuing that program with consistency and relevance. Supporting, providing samples, trial products, annual maintenance contracts, lifetime support, and trading programs and warranty itself could be a strong supporting measure.

Recognizing that is multi tiring the customers in terms of their loyalty levels as well as in terms of the purchase preferences. And in terms of their attachment to the company will go a long way in keeping customers attracted to their purchase behaviour. And though other customers to move into the category all the cards which I have mentioned at least inner circle card had blue silver and gold membership.

And the benefits that are available for different tires are different. So, we are recognizing that once the homogeneity of the customers as well as the heterogeneity with meaningful tires of relationship. Then we have to celebrate also we have to note the crossing of milestones or recognize personal events with celebrations.

It could be birthday, it could be marriage anniversary, it could be crossing of an educational milestone or a carrier milestone and so on. A time will come probably when the LinkedIn profiles or social profiles of the customers will be tracked by the companies to reward them to praise them when they achieve certain things that are impressive that also could happen in future.

The scope and scale for data analytics and social connectivity seems to be endless. Then we also have to batch these milestones into symbols and mementos a new year memento or a feel good card would go a long way in keeping the customer bonding strong. Then of course, documenting, we have to take customers experiences as your own experiences record them and use them for role modelling as well as for showcasing.

They are not necessarily advertisement per se for the company, but it is the co sharing of the experiences by both the company as well as the users. Then you have to integrate that is you have to provide a complete seamless integration between the product, the customer and the company.

How does that happen by providing all the documentation that is required all the guidance that is required for the use of product as part of the product supply and also through other means that are digitally available. Customization of variants is another way you meet specific customer needs.

And finally, diffusion of the brand power to spread inclusivity and positivity to related activities including socially responsible activities is important. Corporate and product brands are important tools for creating a social community of customers and stakeholders that is important.

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Britannia Homepreneur Program

Britannia's new initiative helps fund women homepreneurs from Tamil Nadu. This has become a winning initiative.



The Company has been able to support thirty women through its yearly startup contests, and stimulate customer support for funding. Each pack will carry the story of one of these five women. The consumer can go through the QR code, read about the person and fund them.

<https://www.thehindu.com/life-and-style/britannias-new-initiative-helps-fund-women-homepreneurs-from-tamil-nadu-all-you-have-to-do-is-have-a-biscuit/article6156520.ece>



I am showing here an example of the Britannia Homepreneur Program, Britannia has understood that women of the Indian towns and villages have got entrepreneurship in them, they also need financial sustenance. So, it has taken up a start-up program for women entrepreneurs, the fourth one is currently going to be launched.

And, as per this women are selected based on the contest parameters and the proposals made which are judged by independent panels. Then they are funded to the tune of 10 lakh's per start-up, but more important than this has been the initiative of Britannia to take five out of such winners and put them as the explainators of the venture in the marigold pack and with a QR sign.

Then those people who are interested in supporting them can scan that QR code, reach up to them and then start funding the ventures as well. So, the company has been able to support 30



women through this yearly start-up contest, it has been able to support strong customer engagement for funding of these start-ups.

As I said each pack will carry the story of one of these 5 women and consumer gets connected instantly to those entrepreneurs. This is a great way in which a company can show its social responsibility and also at the same time promote the image of the company, this is one example of enabling customer bonding.

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Finding Gold at the Bottom of the Pyramid

C.K Prahald believed much innovation can come from developments in emerging markets such as China and India. He estimated 5 billion unserved and underserved people make up the "bottom of the pyramid".



Source: C.K.Prahald, *The Fortune at the Bottom of the Pyramid* (Upper Saddle River, NJ: Wharton School Publishing, 2010); Bill Breen, "C.K.Prahald: Pyramid Schemer" *Fast Company*, March 2007, p. 75; Reena Jais, "Inspiration from Emerging Economies," *BusinessWeek*, March 23, 2009, pp. 38-41; Vijay Govindarajan and Chris Trimble, *Reverse Innovation: Create Far from Home, Win Everywhere* (Boston, MA: Harvard Business School Publishing, 2012); Jeffrey R. Immelt, Vijay Govindarajan and Chris Trimble, "How GE is Disrupting Itself," *Harvard Business Review*, October 2009, pp.56-65; Vijay Govindarajan, "A Reverse-Innovation Playbook," *Harvard Business Review*, April 2012, pp.120-23; Felicity Carrus, "Reverse Innovation Brings Social Solutions to Developed Countries," *The Guardian*, August 29, 2012; Constantinos C.Markides, "How Disruptive Will Innovations from Emerging Markets Be?," *MIT Sloan Management Review*, 54 (Fall 2012), pp. 23-25.

We also have to find Gold at the Bottom of the Pyramid; Dr. C K Prahald believed that much innovation can come from developments in emerging markets such as India and China and he made this prescription 20 years ago. He estimated that five billion unserved and underserved people make up the bottom of the pyramid at that point of time.


And he also said that companies such as Aravind Eye Care System, Narayana Health, Nestle and Harman have taken up the (Refer Time: 17:22) on behalf of the bottom of the pyramid. And provided several programs which helped customers, consumers and just participants from the bottom of the pyramid club.

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Customer Performance Scorecard

Customer performance scorecard records how well the company is doing in respect of customer need fulfillment.

Sample Customer-Performance Scorecard Measures
• Percentage of new customers to total number of customers in a period
• Percentage of lost customers to total number of customers in a period
• Percentage of repeat customers to total number of customers in a period
• Level of customer satisfaction (from the highest to the lowest)
• Percentage of customers who say they would repurchase the product
• Percentage of customers who say they would recommend the product to others
• Percentage of target market customers who have brand awareness or recall
• Percentage of customers who say that the company's product is the most preferred in its category
• Percentage of customers who correctly identify the brand's intended positioning and differentiation
• Average perception of company's product quality relative to the principal competitor
• Average perception of company's service quality relative to the principal competitor



Not many companies go to this level of detail, confining themselves only to gross sales figures, segment-wise.



You try to analyze yourself by the customer profiles, the strength of the customer bond is tested is known when you understand the customer statistics. So, you need to have as a company the customer performance score cards and that will tell the company how the company is doing in respect of customer need fulfilment.

Here I have given a few Customer Performance Scorecard measures; the first is the percentage of new customers to total number of customers in a period that is customer

augmentation. Second, the percentage of lost customers to total number of customers in a period that is customers deserting your brand and going to another brand.

Percentage of repeat customers to total number of customers in a period, that is the loyal customers who are coming back to you again and again. Level of customer satisfaction probably using the liquid scale or any other scale from the highest level of satisfaction to the lowest level of satisfaction.

Percentage of customers who say they would repurchase the product, percentage of customers who say they would recommend the product to others, percentage of total target customers who have brand awareness or recall. That is if in a store 200 people enter, you would like to know the percentage of people who know your brand regardless of whether their intention is to buy the brand at this moment or not.

That is very important indicator, because they entered the store to buy a soap to buy a detergent powder or things like that. So, you need to know whether there is sufficient awareness on a gross universal basis. Percentage of customers who say that the company's product is the most preferred in its category.

This is the ultimate proof of the brand power and the product power of the company. Percentage of customers who correctly identify the brands intended positioning and differentiation; that is people with the dry skin, taking the right kind of soap, or people having the oily skin, taking the right kind of soap

Similarly, people using the hair oils understanding whether they need it for pre wash requirement or post wash requirement that designing capability in the customers is also important. And who builds that designing capability? The customers themselves, if they are educated and if they have the time, they may build their designing capability.

All it or it can be passed on from the generations, but the company can also take its steps to imbue that it is a capability in the customers. Then average perception of company's product

quality relative to the principal competitor. We got to judge our company's capability in terms of the product quality, vis a vis the product quality of the competitors.

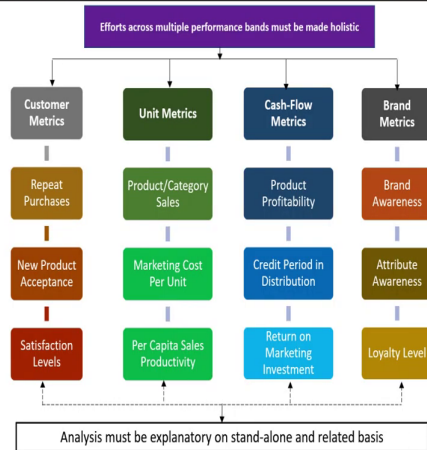
Similarly, the service quality be it in terms of the warranty years, in terms of this spare parts prices, or the service mechanic available at short time all of these things are indicative of the service quality relative to the principal competitor. Not many companies go to this level of detail.

They all stay with gross sales figures segment wise and feel happy about this being the terminal indicator of customer satisfaction, but unfortunately it is not so simple. Gross sales whether it is going up or going down does not necessarily indicate the real performance with the customers. You got to understand the performance in terms of measures such as the ones I have outlined.

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The Economic Aspects of Customer Engagement

Customer engagement should lead to both emotional and economic fulfillment to both customers and the firm.



Customer feedback needs to be an institutional feature, which may require a combination of techniques.



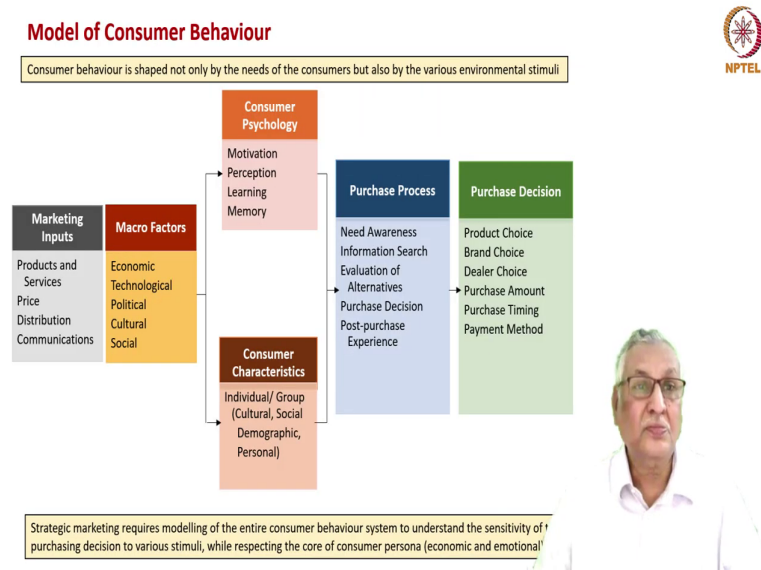
And customer does not buy a product only because of the need; customer also has an economic need while trying to buy the product. Customer engagement therefore, must lead to both emotional and economic fulfilment to the customers as well as the firms. Now, you can look at this process in terms of four verticals.

The first vertical is that of customer metrics that is the repeat purchase, the new product acceptance, and the satisfaction levels. Second is the unit metrics; product or category sales, marketing cost per unit, per capita sales productivity. Then the third vertical is that of cash flow metrics; product level profitability, credit period in distribution and return on market investment.

The fourth vertical is that of brand metrics; awareness of the brand in the customer mind, attribute awareness and loyalty level. This analysis must be explanatory both on standalone basis as well as on related basis that is having high per capita sales productivity, but having low product profitability gives us conflicting signals this needs to be understood.

Having high sales and having high credit period is not something which is to be desired so; obviously, the brand power is not the one which is selling the product, but the credit period. So, the integration of the metrics is an important aspect of understanding the customer engagement, customer feedback needs to be made an institutional feature and this requires a combination of techniques.

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And one of the techniques is the Modelling of Consumer Behaviour; consumer behaviour is not only because of the needs, but also because of the various environmental inputs that the customer has. Fundamentally the company's job is to provide marketing inputs; so, that the product that is offered is understood and appreciated by the customer.

Products and services, the price distribution, and the related communication messaging; but there are many other factors which are relevant for the customer such as economic, technological, political, cultural, and social. The company cannot say that I have nothing to do with those macro factors.

If you will recall mutual fund companies talk about certain types of mutual funds in certain economic market conditions. When the stock market is going down, the mutual funds talk

about systematic investment plans being better. When the market is going up, they would talk about hybrid funds being better.

When there are economic cycles that are perceived the mutual funds that are suggested or thematic funds. In today's circumstance for example, there are suggestions that the infrastructure cycle in India is going to go up; therefore, one must have thematic infrastructure fronts in the portfolio.

So, analyzing the macro factors and relating them to the marketing inputs is a vital task of the marketing department. Marketing department cannot stay in isolation connecting itself only with the products and services. So, internal view of the product performance has to be linked to the external view of the environment that is there.

Then you have the option and choice as well as the ability to influence customer characteristics to the level you desire. So, at the individual level, at the group level there are several factors which we have seen such as cultural factors, social factors, economic factors, demographic, personal that influence consumer characteristics.

But when you also consider the macro factors and you understand that you have these marketing inputs you can improve the consumer psychology in respect of the product. You can make the consumer more motivated; you can improve the perception of the consumer with reference to the product.

The learning cycle can be improved and recall can be made more permanent, but all of these things prepare the ground. There is a purchase process that exists in the consumer system and that must be understood by the company and you as the business development executive.

There must be an awareness of the need to start the purchase process, then the information search, evaluation of alternatives, purchase decision, and post purchase experience and behaviour. And the purchase decision itself is made by the product choice, brand choice, channel choice, purchase amount, purchase timing, and the payment method.

Why is it that the payment companies are constantly improving the way the payment gateway functions? Earlier there used to be no memory of the card, then the memory of the card with all the safety features has come in. Now, one click payment mechanisms are coming in subject of course, to the RBI regulations.

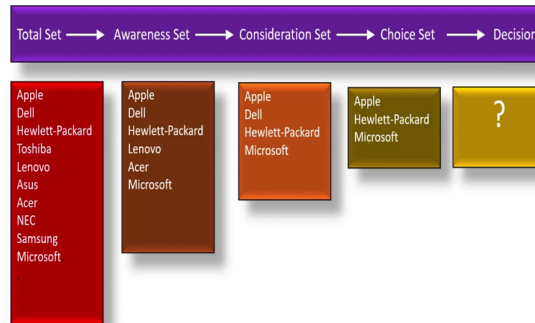
Why is it being made? To make ease of payment one of the reasons by which the product service can be rendered better. Strategic marketing therefore, requires modelling of the entire consumer behaviour system to understand the sensitivity of the purchasing decision to various stimuli and various triggers.

Of course, the core of the consumer persona economic and emotional must be respected, but the company also has certain latitude in providing triggers, stimuli, educational inputs, learning inputs for the consumer to make the purchasing decisions in a better manner, that is a company responsibility.

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Consumer Search Dynamics

Consumers receive and seek information about competing brands and their features. In today's context, the sources of information are many and the extent of information large. Yet, there could be blind spots too. The transparent company gains in the long term by providing complete standalone and comparative information to the customers.



This filtration by the consumers may happen at the corporate level, product brand level or at the product level.



The Consumer Search Dynamics are complex; there is a flow of activities and the information, prioritization process that happens. Let us say somebody is wanting to buy a laptop computer, the customer looks at the total set of laptop computers that are available Apple, Dell, Hewlett, Packard, Toshiba, Lenovo, Acer is NEC, Samsung, Microsoft just to quote a few.

But that total set may not be known to the consumer at all. The consumer will be aware of only a few products which are available in the general perception; Apple, Dell, HP, Lenovo, Acer and Microsoft why so? That is because these products are well communicated about, they are there in the general working environment around us and these are also well advertised.

Therefore, the awareness gets focused on these products out of the total number of products, even though this happens. The consideration set would be smaller, because you will take into account the features, you will take into account the image, you will take into account the price and various other factors which we have discussed earlier.

Then you narrow down the choice that is from the long list you get to a short list and you may say that my choice will be out of Apple, Hewlett, Packard and Microsoft and the decision could be any of these things. And the decision could be formalized by looking at these products in the digital marketplaces could be formalized by taking reviews of your friends and family members, working colleagues or a physical visit to the store and dialogue with the promoters in the store.

So, this filtration by the consumers may happen at the corporate level, product brand level or at the product level, that is Apple is a great company. Therefore, I will buy or Hewlett-Packard is an established laptop company. I will buy Microsoft is a company which is coming newly with this brand-new surface series of laptops.

Therefore, I will try it out; so, these are the concepts at the corporate level. At the product brand level, the nature of the laptop brand as well as the product like mac-book how is it famous. And envy of Hewlett-Packard or pavilion of Hewlett-Packard how is it famous, and Microsoft surface how is it famous.

So, this is the product brand level. And finally, at the product level what kind of ram is there, what kind of display is there, what kind of weight and form factors are there these are all the factors which are helping you at the product level. So, consumer search dynamics itself is a important process that needs to be recognized by the company.

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A Consumer's Brand Belief about Laptop Computers

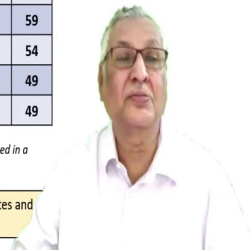
An expectancy-model formulation predicts that the typical customer will favour Laptop A, which has the highest perceived value. When most laptop buyers form their preferences in a similar way, each Company would try to influence the consumer mindset by projecting the factors that are in favour of its product (amongst the attributes).



Laptop Computer	Attribute									Total Rating
	Memory Capacity	Graphics Capacity	Size and Weight	Price	Processor Capacity	Camera and AV	Battery Life	Display Quality	Elegance	
A	8	9	6	9	5	5	7	3	7	59
B	7	7	7	7	2	6	5	5	8	54
C	10	4	3	2	7	3	6	9	5	49
D	5	3	8	5	3	8	4	7	6	49

Note: Each attribute is rated from 0 to 10, where 10 represents highest level in that attribute. Price, however, is indexed in a reverse manner, with 0 representing the lowest price, because a consumer prefers a low price to a high price

Companies can conduct test marketing of their products and the competitor products on key attributes and create expectancy models on a comparative basis, and then choose the right marketing strategy.



Let us look at this with an example, a consumer will have brand beliefs about laptop computers and this can be modelled in terms of an expectancy model. And if you formulate the model as per the criteria, it may say that the customer should prefer the laptop computer called A.

I have given so many attributes for the laptop memory capacity, graphics capacity, size and weight, price, processor capacity, camera and audio-visual capability, battery life, display quantity, elegance and arrive at a total rating. If it is very poor it will be 0, if it is very great it will be 10. So, when four types of laptop computers are analyzed, we have got ratings of 59, 54, 49, 49; so, a computer with 59 rating will; obviously, get boosted.

The company needs to influence the customer mindset in a positive way by projecting the factors that are in favour of its products amongst the various attributes and relate to the nature

of the work and the nature of the need of the consumer. So, when someone is trying to sell the all in one printers, the questions that are asked are is it for home use or is it for business use.

Do you require automatic document feeding, do you need are you paper conservation conscious which means that dual printing is available. Are you interested in ink conservation in which case would you go for laser cartridges with high level of productivity or would you go in for normal desk jet or inkjet printers.

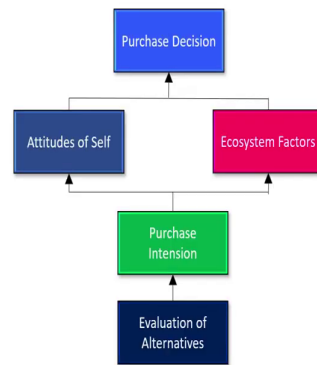
These are all the questions which the company poses to the users; so, that they go to the products which offer those kinds of attributes. Companies can also of course, conduct test marketing of their products and the competitive products on these key attributes and create expectancy models on a comparative basis and then choose the right marketing strategy.

All of this work keeps on happening in the background, even as products are getting sold in the marketplace today. All the work that I have mentioned here will get executed in the back end by the company in association with the customers and that is the role of a marketing department in a company.

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Steps Between Evaluation of Alternatives and a Purchase Decision

Consumer mindset is not a fixed mindset, even if alternatives are well researched. Others' attitudes and unanticipated situational factors can influence the consumer mindset.



Understanding consumers, in terms of their rigidities and sensitivities, is also important. This requires consumers also to be self-aware, introspective and reflective.



So, what are the steps between evaluation of the alternatives and a purchase decision? We have evaluated all our alternatives; we have made our purchase intention clear to ourselves. And by going to a store we have also made this intention obvious to the storekeeper, but then there are attitudes of self and there are ecosystem factors.

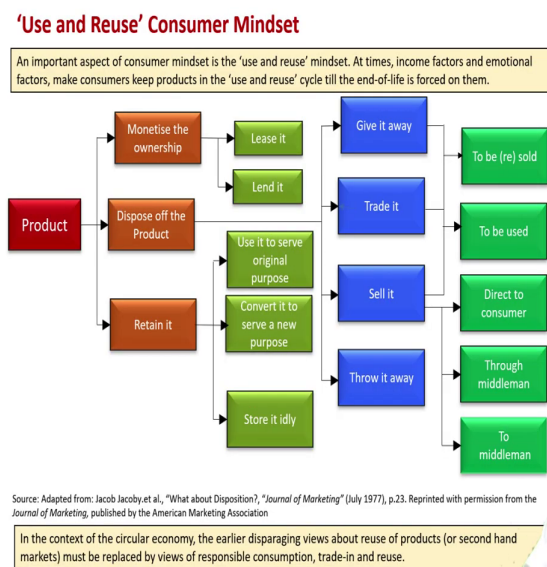
The attitudes of self may relate to how the salesperson greets you, how the product is displayed the availability or the product of the type you want these are all attitudes of the self. The ecosystem factors are those related to your purchasing power on that day, you are being in good psychographic position on that day.

The competitive parameters that operate in the system on that day, the relative promotion of the brands on that day and many other things including the urgency of buying a product all of these things lead to the final purchasing decision. So, we need to understand how rigid or how

flexible the customers are, whether they are open to influence or they are insensitive to influence.

This also requires the consumers to be self aware introspective and reflective in making a positive purchase decision based on real criteria rather than transitory criteria.

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Then within the consumers there is going to be a use and reuse mindset, this has become very important in the context of the circular economy. Earlier it was ok to keep a product in an ideal state or condemn the product as not necessary. But today, when the technological change is so rapid that you are having a proliferation of products and when you are encouraged to buy new products all the time you always have an inventory of the old products that need to be dealt with.

So, far in India nobody thinks of monetizing the ownership of the old product. Suppose you have two three houses it may be ok to keep them unoccupied, but you can rent those houses for let us say production of a TV serial that is how many farmhouses are productively used even though the owners go to those houses only in the weekend. So, leasing of the product or lending of the product when the product is movable that is one way.

Second you feel that it is not going to fetch you any value; therefore, you dispose of the product. This is when generations of the products change and they are not supported well by the new generation software or the third piece is to retain it and in each of these things again there are options. When you retain a product, you use it to serve the original purpose a Smartphone you can continue to use for a long long time just for talking.

But you cannot use it for the kind of gaming which you want to have in today's circumstances. Or you can convert it to serve a new purpose, you have bought a laptop which does not have strong data transfer capabilities. Therefore, you create a data addition, you have taken a computer with low level of GB, then you offer an external hard disk and that helps you serve a new purpose or simply you store it idly.

Now, when you think of disposing of the product you have again options; you can give it away as a gift, you can trade it to another product, you can sell it realize the cash or simply discard it throw it away junk it. But are there the right actions to be taken in the context of the circular economy reselling, reusing is an important aspect of the consumer mindset and that is evolving.

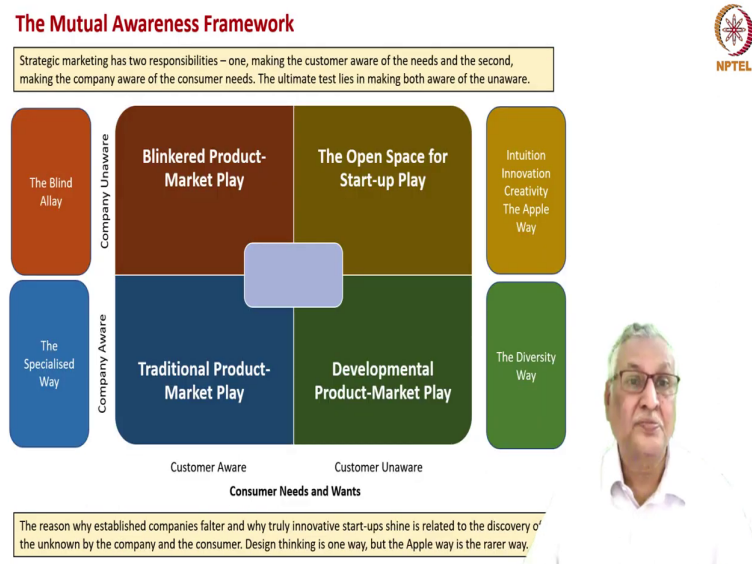
I would not say that is fully evolved; companies have a strong producers responsibility today that is to trading those products for better products. Similarly, collect the packages as much as possible directly or through third party and then use it in reclamation or edible oil makers to collect the used cooking oil and use it for productive purposes.

All of these things need not be done by the company itself, but third-party entrepreneurs will be coming into play to do those kinds of activities. And when you want to sell it you have

direct to consumer activity through platforms, like onyx and eBay. You can do it through middleman or you can just sell it to middleman and do not worry about what happens thereafter.

In the context of the circular economy, the earlier disparaging view about the reuse of products or second hand markets must be replaced by use of responsible consumption, trade in and reuse it is a marketing responsibility that has a social flavour to it.

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We talked about the Mutual Awareness Framework, we have to make the customer aware of the needs, but the company also must be aware of the consumer needs. We said that the design thinking process is the best way to understand the (Refer Time: 38:33) of a consumer, but the ultimate test lies in making both aware of the unaware; so, consumer needs and wants is a set.

Let us say the consumer is aware and the consumer is not aware, then company which thinks it is a wise entity may also be aware of certain things and may not be aware of certain things. So, if the consumer is aware and the company is aware we are playing in the traditional product market play. The company is specialized and the customer is repetitive everybody is in the zone of comfort.

Let us say the customer is unaware, but the company is aware the company is aware that we need to have ceiling fans which do not create any noise, the company is aware of the need and it may develop a product. But the customer who has been used to a noisy fan all through the life may not be aware of this need and the impact of the noise on the sleep quality and health condition of the person that play is a developmental product market play, it is a diversity way.

Then you have situation where the customer is aware of the needs and wants, but the company is unaware these are all blinded companies and that is a blinkered product market play. The companies have too much of confidence in the robustness of their products and their ability to keep on extending the product life cycles and this will definitely lead the company into the blind alley.


Then there is a situation where neither the customer nor the company is aware of the requirements and that is the perfect open space for start-up play. Their intuition, innovation, creativity, play a big role it is the Apple way. Now, companies have to think about these open spaces far more than they have been thinking about so far. They have to play in the developmental product market play or in the open space for start-up play.

They should never be in the blinkered product market play and certainly should not treat the traditional product market play as a perpetual zone of comfort that is the requirement. Many established companies falter and many truly innovative start-ups shine because of the appreciation of this four-grid model.

Discovery of the unknown by the company and the consumer is the way to progress for any industry or for any nation. And design thinking is definitely one way which guides the

companies do that, but the Apple way is the rarer way where there is lot of intuition within the company that makes the company do things innovatively the way it does.

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Consumer Neuroscience and Neuromarketing

"Neuromarketing" loosely refers to the measurement of physiological and neural signals to gain insight into customers' motivations, preferences, and decisions, and to even manipulate consumer behaviour.

Common Methods	<ul style="list-style-type: none">Brain scanning, which measures neural activity, and physiological tracking, which measures eye movement, face tracking, and other proxies for that activity.Sensors and artificial intelligence
Insights Possible	<ul style="list-style-type: none">Consumer motivations, preferences, and decisions, engagement levelsOpenness to change inputs, emotional responses, brand recall
Potential Uses	<ul style="list-style-type: none">Price setting, Brand improvement, hypothesisationAdvertisement improvement, campaign modification
Pros	<ul style="list-style-type: none">Relates behavioural responses to internal processing of information scientificallySystematises and classifies marketing mix to predictable influences
Cons	<ul style="list-style-type: none">Requires expensive equipment and controlled conditions; non-scalable easilyIntrusion into consumer privacy, concerns on thought and behaviour manipulation
Potential Pathway	<ul style="list-style-type: none">Limited use of scanning to develop certain hypotheses on target groupsExtensive use of sensing, tracking and reading mechanisms with artificial intelligence

Consumer neuroscience and neuromarketing are scientifically feasible but dystopian in the face of consumer privacy.



When we talk about all of these things there is a aspect of consumer neuroscience and neuro marketing that we need to be aware off. Neuro marketing in a loose manner refers to the measurement of physiological and neural signals to gain insight into the customers motivations, preferences and decisions and these are attempts used to even manipulate consumer behaviour.

So, what are the common methods brain scanning which measures neural activity and physiological tracking which measures eye movement face tracking and other proxies for that activity. Today certainly we can rule out brain tracking or brain scanning as a method that is common, but other aspects of eye movement capture face tracking are already in vogue.

But time may come even when the neural electrical measures are captured by the computers or sensors. And the common methods are to deploy sensors and artificial intelligence for analysis of the data. What are the insights possible out of the so called neuro marketing? Consumer motivations, preferences and decisions are known engagement levels are established.

The openness of a consumer to change inputs, emotional responses, brand recall would be known. The way the consumer searches for the brand that is desired, the way the consumers eyes and fingers move across the brands are all indicators of the consumer psychology they can be captured.

And what are the potential uses of this kind of approach, price setting, brand improvement, hypothesis, advertisement improvement, campaign modification can all happen. You can have a very high-priced product with an excellent packaging. Looking at the price someone may move to another product, but the attractiveness of the package may bring the consumer back to that product that is a very important insight.

Somebody may take the product and look for the date of expiry, amidst all the clutter that exists that is an important insight. That for this product as an example chocolate the date of expiry is extremely important. So, we should put our date of expiry in a manner that wise customer can see it well and therefore, have a positive impression about the company.

The pros of this kind of approach is that it relates behavioural responses to internal processing of information scientifically. It systematizes and classifies the market mix to predictable influences; so, the marketing strategy is better customized, better personalized to individual customers.

The cons, it requires expensive equipment and controlled conditions it is non scalable easy, you can do this in a mega store, you can do this in a modern trade channel. But you cannot do it in the kirana stores or the mom-and-pop stores and much of the sales happens through those channels as well.

It is also in a way an intrusion into consumer privacy, because while capturing these movements, you are also capturing a whole lot of information on the person which could be used misused. There are also concerns on the thought and behavioural manipulation that arises as the next step of this kind of neuro dwelling into ones brain, what is the potential pathway.

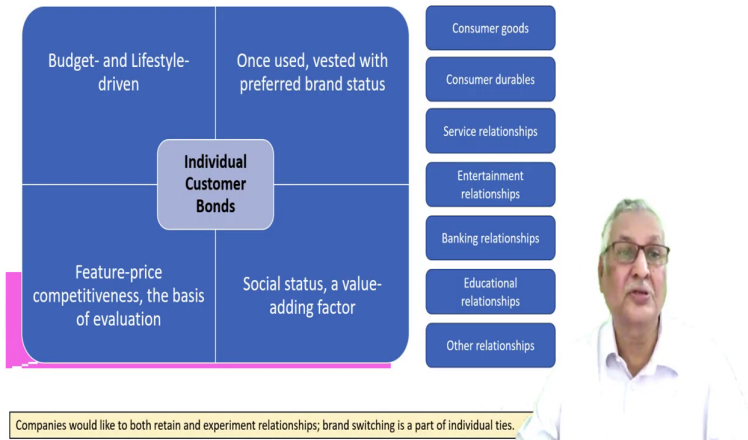

We have to use such techniques such technologies only in a limited way and that must be used to develop certain hypothesis on target groups. Extensive use of sensing, tracking, and reading mechanisms with artificial intelligence must be used to help not only the company, but also the retailer and the customer basically to improve the consumer experience and not to influence only the sales.

Consumer neuroscience and neuro marketing are scientifically feasible, but seem to be dystopia in the face of consumer privacy that is something which we need to take into account.

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Individual Customer Bonding

Individual customer bonds are transactional and emotional whereas individual customer bonds are goal/strategy driven. However, individual customer bonds can be long term based on attachment to the brands/ company.



Individual Customer Bonds

- Budget- and Lifestyle-driven
- Once used, vested with preferred brand status
- Feature-price competitiveness, the basis of evaluation
- Social status, a value-adding factor

- Consumer goods
- Consumer durables
- Service relationships
- Entertainment relationships
- Banking relationships
- Educational relationships
- Other relationships

Companies would like to both retain and experiment relationships; brand switching is a part of individual ties.

So, Individual Customer Bonding is an extremely important aspect of our marketing activity. So, individual consumer bonds are driven by various factors, feature price competitiveness is the basis of evaluation, social status is a value adding factor, budget and lifestyle driven is a kind of optimizer or a constraint.

And once these are used, they get vested with preferred brand status in respect of a product. And these are applicable in respect of consumer goods and consumer durables, service relationships, entertainment relationships, banking relationships, educational relationships and so many other relationships.

So, companies would like to retain as well as experiment these relationships and in doing so whatever one company does the other company can also do and attempts better; so, brand switching is a part which we need to be cognizant off.

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Business Customer Bonding

Business customer bonds are strategic and objective whereas individual customer bonds are transactional and emotional.

Business goal- and strategy-driven

Once evaluated, vested with preferred partner status

Business Customer Bonds

Techno-commercial competitiveness, the basis of evaluation

Business and organisational synergy, a value-adding factor

- Supply relationships
- Channel relationships
- Consulting relationships
- Media relationships
- Banking relationships
- JV relationships
- Other B2B relationships

Companies would like to retain and keep expanding relationships once the first tranche proves successful.

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At the business level too, we have business customer bonds that are strategic and objective, compared to individual consumer brands which are transactional and emotional. The business customer bonds are in terms of the techno commercial competitiveness which is the primary basis of evaluation.

Then the synergy between the vendor and the company in terms of business alignment, organizational alignment is a value adding factor. And the business customer bonds are also

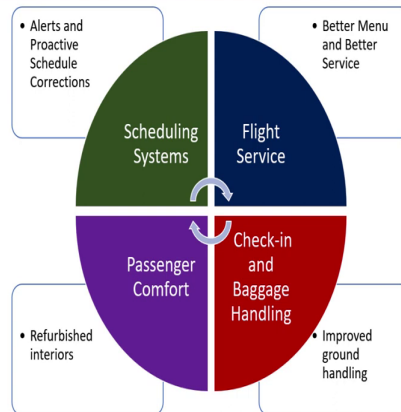
business goal and strategy driven. Once evaluated these business customer bonds remain vested with preferred partner status.

Supply relationships, channel relationships, consulting relationships, media relationships, banking relationships, joint venture relationships and other B2B relationships are classic examples of business customer bonds which once validated remain in place for several iterations. Companies need to ensure that the business customer bonds are developed well, business development leaders have got a stellar role in ensuring that the business customer bonds are built.

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Building Customer Bonds: Air India Efforts

Tata Group took over Air India as part of Government of India's privatisation drive. The new leadership of Air India has flagged off an initiative to rebuild the bonds with its customers.



Rebuilding bonds with customers will be even more challenging than building customer bonds in the first place.



Air India has been making enormous efforts after the privatization; Tata group took over air India as part of government of India's privatization drive. The new leadership of air India has flagged off an initiative to rebuild the bonds with its customers. There are four aspects;

scheduling systems, alerts and proactive schedule corrections, flight service, better menu and better service.

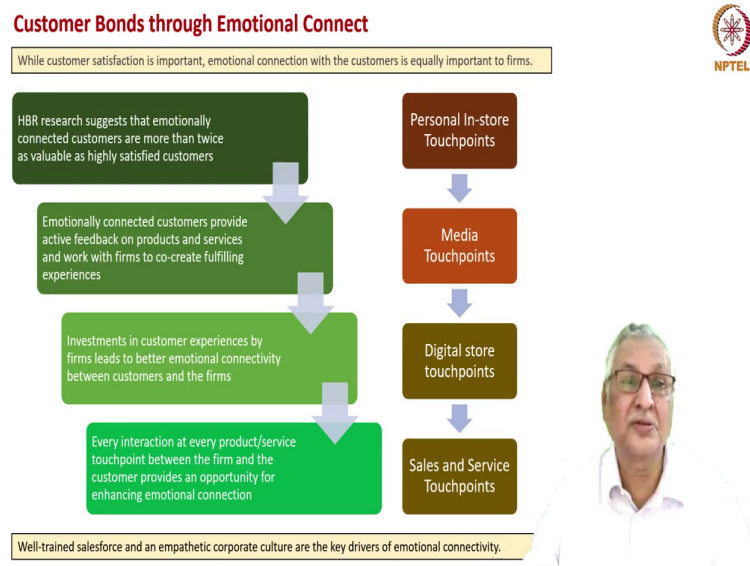
Now, better grooming guidelines, passenger comfort, refurbished interiors, check in and baggage handling, improved ground handling, these are all steps which are going to play themselves out in the short term and would have an impact. But for the long term the company is looking at various other options, that is ensuring direct flights between India and the most preferred destinations in the United States and Europe that is one aspect.

Second, bringing in more modern, more wide-bodied aircraft; so, that the capacity utilization capacity, handling gets improved. And the third one is to ensure that all the airlines under Tata Group are merged into one single entity; so, that the economics of consolidation are played out not only in favour of the company, but also in favour of the customers.

So, rebuilding bonds takes place through strategy and several strategic projects are several strategic initiatives. Rebuilding bonds requires much more challenging and challenged efforts than normal building of bonds. But that is well worth the while because when you look at rebuilding it also assumes that there is at the back of the mind the brand value that is resident.

You need to correct any negativities and aberrations relating to the previous brand experience and construct a new brand awareness and a new brand magic; so, that the customer bonds are rebuilt to a much higher level. The Air India's example clearly demonstrates that it is a feasible and viable strategy to undertaken.

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Then there is the aspect of Emotional Connect; in fact, Air India itself has been working on emotional connect of that being a Tata Airline at some point of time in the past and the connectivity as a National Airliner in the past. While customer satisfaction is important emotional connection with customers is also equally important to firms.

See these are four important aspects, one connecting the customers emotionally with the company is far more important just than just satisfying the customer. Second, emotionally connected customers are active participants of the product family or the company firm family and they co create fulfilling experiences.

And the third aspect is that investments in consumer experiences in consumer bonding by firms leads to better emotional connectivity between the customers and the firms. And fourth,

every touch point between the company and the consumer; it need not be the today's sale point, it could be the tomorrows service point.

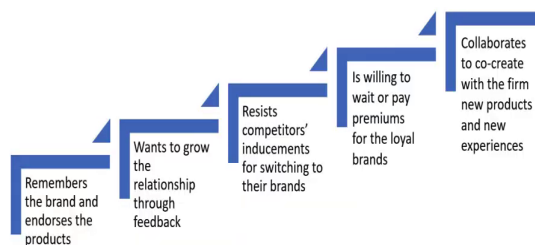
It could be just meet and greet as somebody walks into the store, all of these things could provide an opportunity for enhancing emotional connection. The advertisements, the media campaigns, the flexi boards, the corporate news clippings all of these things enhance the emotional connectivity.

So, the touch points are; personal in store, media touch points, digital store touch points, sales and service touch points. Well trained sales force and an empathetic corporate culture are the key drivers of emotional connectivity between the customers and the company.

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Customer Loyalty Ladder

A customer who is loyal does not merely confine himself or herself to mere product purchase; he or she works with the firm on additional fronts as demonstrated below.



Customer loyalty arises from patient investments by the firm on the product and the relationship with the customer



The customer loyalty ladder is demonstrated here, a customer who is loyal does not merely confine himself or herself to a mere product purchase. He or she works with the firm on additional fronts as demonstrated below. First, the person remembers the brand and endorses the products, wants to grow the relationship through feedback.

Resist competitors inducement from switching to their brands is willing to wait or pay premiums for the loyal brands, collaborates to co create with the new products and new experiences. In spite of the Samsung phones getting released in February, why does the Apple customer wait till the next Apple launch cycle in the later part of the year?

That is because there is a loyalty that is attached to the products and the ecosystem by the customer. Not only that, when they use the product, they explain to the others that this product is good, effective and must be taken. So, this loyalty is not simply one of individual to product or individual to company loyalty it has got lot of diffusing power.

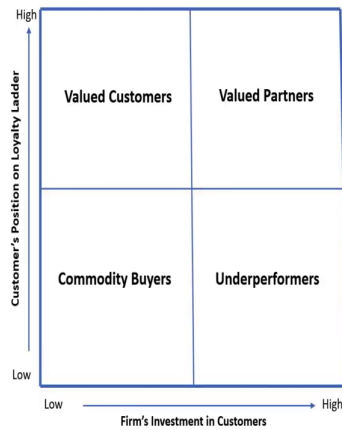
Customer loyalty arises from patient investments by the firm on the product and the relationship with the customer. Customer loyalty is the biggest defence a company has in times that are bad and recessionary and it is the biggest driver that the company has in times of fast growth in the economy and in the market.

Therefore, customer loyalty must be taken very seriously by the companies and customer bonding must be a strategic vertical in the overall marketing department of the company.

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Business Buyers

Business buyers can be seen in terms of four classifications based on customer loyalty and cost of serving customers



The correlation between the firm's investments and customer's loyalty is most profound in valued partnership.



Similarly, in business buyers we have four classifications, firm's investment in customers is one aspect, customer position on the loyalty ladder is another. When you look at this a low level of firm's investment in customers that is the company is not developing the products to meet the business customers requirements. And customer's position on loyalty ladder is also low, then what you have is a set of commodity buyers.

They look at every product as a commodity and based only on price they make purchases; it could be for items like sand, it could be for clinker, it could be for pigments, purchases are made only on that basis. Let us say firm is investing a lot on the customers, but customers are not moved to invest in terms of loyalty.

Then what happens, the company remains an under performer it has over invested, but is not able to move the customers to the high value or high point of the loyalty ladder. Let us say

firm is having very low investment in customers that is providing the same dated product over and over again.

But the customers are willing to be loyal and keep purchasing, because the company is seen in a positive light by the buyers then you become valued customers. Let us say the firm is investing in customers to meet the futuristic needs of the business and the customers are also loyal to such a company then it becomes a valued partnership.

So, from being commodity buyers to becoming valued customers and finally, becoming valued partners is a progressive journey for business customers and companies catering to business customers as well. The correlation between the firms investments and customer loyalty is the most in valued partnership and companies must strive to reach that stage. With this we come to the end of this lecture, I hope to see you in the next lecture.

Thank you very much for your kind attention.