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Role of Anthropology in Strategizing Customer Relationship Management

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Abstract: ***The present study was focused on understanding the Market Realities, Sales Strategies, and the Opportunities on which the cement companies can able to sustain and plan to grow over the long period of time with an aim to conceptualise the role of Customer Relationship Management strategies. In this era of cut throat competition, all the companies must have an arrow headed sales promotional and marketing activities to sustain over the long run. Over the time, conceptualization of these activities has occupied a place of utmost importance in social sciences as success of any company is highly dependent on the customer-centric marketing strategies. Study on cultural concepts and ethnographic methods has been increasingly gaining popularity to understand the customer behaviour and conceive the strategies surrounding their needs. This knowledge can be invaluable to organizations in product planning and finalizing its marketing strategies. Since the channel members that are referred as Customers in the research holds major role in influencing the end customer's purchase, the study explored the customer-centric strategies, and loyalty programs to better push their product in the market through channel members as well as for efficient and effective customer relationship management.***

Key Words: Customer Relationship Management; Market Realities; Sales Strategies; Customer-Centric Strategies; Channel Members; Customer Behaviour, Marketing Strategies.

I. INRODUCTION

Anthropology is not just about applying its research methodology to evaluate the situation, but it require 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 (Baba, 2006).

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. The socio-cultural anthropology has been the best known and by far the most representative among all the sciences of man. The anthropologists believe that their knowledge, skills and perspectives have considerable value for the comprehension, interpretation and guidance in the affairs of business and governance. For anthropologists, the study of marketing and consumption is the study of adaptive strategies and of directed, planned change. These are the areas that are familiar territory in the study of cultures. The term Business Anthropology is used more broadly to represent any application of anthropology to business-oriented problems (Pant and Alberti, 1997).

It is believed that business people with more cultural awareness are also more successful. 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 (Squires, 2002).

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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 (Jordan, 2003). 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 (Eggert and Ulaga, 2002).

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. 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).

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, 2013).

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 21st century, these factors are foreseen as the major contributor of this segment (Global Cement, 2013).

II. REVIEW OF LITERATURE

Since Customer Relationship Management contributes at all level of organisation and expects the participation at all levels, it involves the effectuation of the strategies to acquire, retain as well as partner with the customers that can be of superior value to the company and special benefits can be passed on to such customer and certain methodologies along with technologies in form of e-commerce applications that has been developed by the firms to maintain such customer relationships. This is also intended to uncover the overt preferences of the customers to convert them from 'need' based shoppers to 'want' based buyers (Singh and Agrawal, 2003).

Expectation level of the customers these days has reached all together at the next level, that requires a more in depth relationship with the suppliers and management of such relationships has been an important aspect of achieving business goals. Due to the reasons that several companies offer more or less similar products, customer can easily and responsively compares these products, implying the concept of 'survival of fittest' for those who provides cost competitive products and value for money than other who 'simply' offer the products. Rising competition has diminished the brand loyalty, thus adding to the complexities to the job of marketing professionals (Xu et al., 2002).

The importance of aiming the suitable customers has become extremely significant that the performance of an organization exclusively is completely dependent upon customer acquisition as well as retention. Due to this, the technology has acquired an importance place in marketing of CRM. Furthermore, Data analysis after its generation has been done to get holistic understanding

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of the customers which is validated through data mining and keeping the record of the same for reaping benefits through the purchasing sessions (Natarajan and Shekhar, 2010).

The customers with consistent purchases and robust behavioural attribute, are often loyal and very significant and profitable for the organisations. Apart from profitability in revenue terms, it will also spread positive word amongst their known individuals regarding the product they purchased from particular organisation. Commitment to maintain relationship is both enduring and valuable for both the customer and the organisation that infers a positive response headed for the organisation and is mutually beneficial for both the parties (Garbarino and Johnson, 1999). These relationships are valued by the firms and is often maintained for long term benefits as well as transactions.

Continuous communication and interaction is one of the significant facet of initiating, maintaining and developing long term relationship which is beneficial for both the parties. More the number of transactions, low will be the trust, resulting in a short term relationship. Committed relationship on the other hand is entirely an outcome of friendship, mutual trust, similar intend as well as synergy in knowledge sharing. The committed buyers are extremely meticulous in showing their faithfulness before they obligate themselves for the necessity of the product, pre- purchase and post-purchase behaviour. Collectively these factors impact the loyalty of the customers in essence of availing high quality product or service at comparatively a lower price (Harvey and Speier, 2000).

CRM methodologies are efficacious in understanding the mentality of the customer towards any product or service through their buying behaviour as well as purchasing patterns, based on which their desire are appropriately addressed. This impregnates the feeling of satisfaction and trust that in turn will enable the organisation to concentrate on the acquirement of new customers, without any stress of retaining the old ones, as associated cost for retention of the existing customer base is quite high that varies from industry to industry. It enables the organisations to have and maintain large base of satisfied customers by offering diverse range of products either through production of different varieties or customisation of the existing ones. Thus, it can be concluded that CRM is beneficial for organisations in terms of customer retention, cutting down the cost of holding the customers, and aids in improved customer loyalty (Karlenzig, 2002).

III. RESEARCH DESIGN

A phenomenological approach was opted to analyse and describe the relationship quality between manufacturers and dealers. A combined qualitative-quantitative approach using both Primary and secondary sources of data, was taken into consideration to examine multi-faceted relationship structures. Sampling was based on the subjective judgement and resembles what has been defined as “Purposive Sampling”. The sample selected was both exclusive and non-exclusive dealers of cement (Black Cement) giants in India. Typical informants were managing directors, Purchase managers and marketing managers of the authorized cement dealer stores, who were well qualified to inform about relationship characteristics pertaining to the best and worst in company-dealer relationship. A key informant competence test was carried out and parameters considered were the number of years as a dealer of any product, years of association between dealer and its present supplier company, business relationship between the manufacturing company and dealer.

The purpose of the research is to understand the Market Realities, Sales Strategies and the opportunities on which the cement companies can able to sustain and plan to grow over the long period of time. The present study was conducted across India mainly in two of the four major metropolitan cities i.e. Delhi, and Mumbai covering both the exclusive and non-exclusive dealers of Leading Cement Manufacturing Companies of India. To have a deep understanding of Companies’ Market strategies and customer relationship management, a developing city (Located not more than 200 kilometres from these respective metropolitan cities) along with local/ regional cement brand was also be included in the study. A total of 200 dealers of 5 shortlisted national cement brands were interviewed from each of the city, and a key informant competence test were carried out and parameters considered were the number of years as a dealer of any product, years of association between dealer and its present supplier company, business relationship between the manufacturing company and dealer. A combined qualitative-quantitative approach was taken into consideration to examine multi-faceted relationship structures as the combined research design could only make it possible to adopt a “multi-dimensional perspective” of relationships and to capture the full essence or depth of company-customer relationship.

IV. RESULTS

Customer Relationship Management over a period of time has been developed as a comprehensive strategy that includes the processes to retain as well as partner with individual customers to generate value for the firm as well as its customers, this is the reason that there has been surge in adoption of customer relationship management concept in the marketing domain. These days the focus of the strategies has been altered from only acquisition of customers to both acquisition as well as retention that needs an

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altogether different tools and methodologies to formulate such marketing approach. Therefore, several years of behavioural research and attitude studies were put together to generate the concept of Customer Relationship Management that provides an opportunity to the companies to raise their profit levels by procuring and building relationships with their superior customers as the aim of the CRM is to establish a loyal customer base that can patronise the company and its brand frequently. Thus, CRM is an approach to develop as well as manage long duration customer relationships so that they can make repeated purchases as major portion of the company revenues comes from the existing loyal customers. Therefore, it is more sensible for the organisations to focus their resources on them than to spend on chasing the other new buyers that can easily switch to other brands on being provided some good deal. Customers have a lifelong worth to a business and that acquiring the finest customers over a period of time may become a company's utmost sustainable advantage.

Cement is one of the most significant and profitable product of the construction sector, with the utilisation of cement anticipated to witness year on year upsurge. India, being a second largest producer of the cement after China is experiencing a surge in demand due to the economy boom, with large number of infrastructure projects in pipeline. Since it is very difficult to establish unique selling proposition in case of cement product, cost efficiency is the only benchmark for market competitiveness, to gain sustainable returns that forms the basis of growth. Cement has been a business of commodity wherein volume sales majorly depend upon the distribution network of the company.

Cement is generally transacted in two major segments that includes trade and non-trade. The difference is that in the former case, it is being supplied to the dealers and in the second case, it is provided to the institutional bulk buyers and the selling is higher amongst them. As such, all the major cement brands have a robust network of product distribution, along with the dealer and retailer presence so as to have enhanced cement realisations. Fierce competition insists players to expand their reach and attain pan India presence. However, within last few years the cement industry has rapidly moved on the path of consolidation, with few players regulating the considerable market share. Therefore, CRM (Customer Relationship Management) tools and approaches are increasingly being used to share relevant information with the network partners, along with supply chain associates for enabling synergies.

To withstand the market competition, companies has increasingly embraced all probable marketing methodologies and the only point where the companies could improvise more are the sales promotional activities. Cement dealers being the major influencers in the cement purchase, the manufacturing companies has started offering several incentive schemes to these influencers to ascertain their preference towards the sales of their brand. They provide several schemes to these dealers that often range from household products to domestic and international tours. These schemes were based on sale of targeted quantity for short term as well as long term. Products like refrigerator, LED television, air conditioners and other home appliances are offered as part of short term schemes that also includes disbursement of silver and gold coins while to acknowledge the achievement to be made in a comparatively long period, domestic and foreign tours are offered depending upon the quantity of cement sold. Also, to attract masons that forms the other major segment of influencers, companies organises masons meets periodically that comprises of companies' products presentation as well as recent and upcoming development followed by refreshments and distribution of several gifts items so as to lure them to suggest their brands while undertaking any assignment. Generally, these gift items comprises of annual calendars, diaries and other gifts such as wall clocks, pens, coasters etc., and these are distributed at regular intervals so as to be regularly in touch with them.

Promotional activities then took the shape of gift distribution that majorly comprised of pens, key chains, pocket diaries, tea coasters, wall clock, table pieces, calendars, pen stands, and annual diaries for the dealers and sometimes for their end users. Later on, to meet the surging competition, the companies started offering gold schemes, domestic and foreign tours, scholarship programme for dealer's kids etc. Also to raise their brand visibility, companies had initiated to install hoarding and billboards at the places of huge footfall. Also, dealer shops were decorated with posters, danglers, hoardings to attract the potential buyers and leaflets as well as brochures were distributed to reach the masses.

Meetings as well as conferences were organised for the influencers such as dealers, engineers and masons wherein along with the refreshments, several gift articles are distributed at the conclusion of the meeting. Such meetings are periodically carried out to assure incessant recall of their respective brand. To increase the visibility, the companies that are expanding their presence at national level has initiated sponsoring several events such as Indian Premier League, Reality shows and talent hunt programs. With such intensive and rigorous promotional programs, companies have created an opportunity to establish a unique identity, which has facilitated them to reach the masses and intensify their market share. Thus, gaining a competitive advantage over its respective competitors. Also, the buyers have become aware about cement as a brand rather than considering it a commodity.

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It has been realised that distributors, dealers, retailers and the C&F (Carry and Forwarding) agents play a vital role in the product distribution channel. Traders of repute, working in building material segment or allied products are identified by the companies and are then negotiated to appoint them as an exclusive Dealer. These dealers are selling points to small retailers and end users which also includes builders that are big demand generators. Dealers are followed by the network of retailers that are not the exclusive ones but have good set up in several corners of the city through retail counters and they only caters to the end users. Individual household builders are the major purchasing segment for the retailers.

Advertising and Sales promotion activities, holds a special role in cement industry like other industries. Realizing this, renowned cement companies have looped in famous celebrities to promote their brands and to influence potential customers. As people tend to imitate their favourite eminent personalities and show a tendency to follow them while choosing a particular product/brand, it becomes easy for the companies to convince their target customers using the influence of their brand ambassadors. Locally, companies attempt to influence potential consumers by implanting advertisement boards strategically placed at a location to gain maximum attention. Attractive hoardings are provided by all the cement companies to their dealers in order to catch maximum attention of its consumers and hence maximum business.

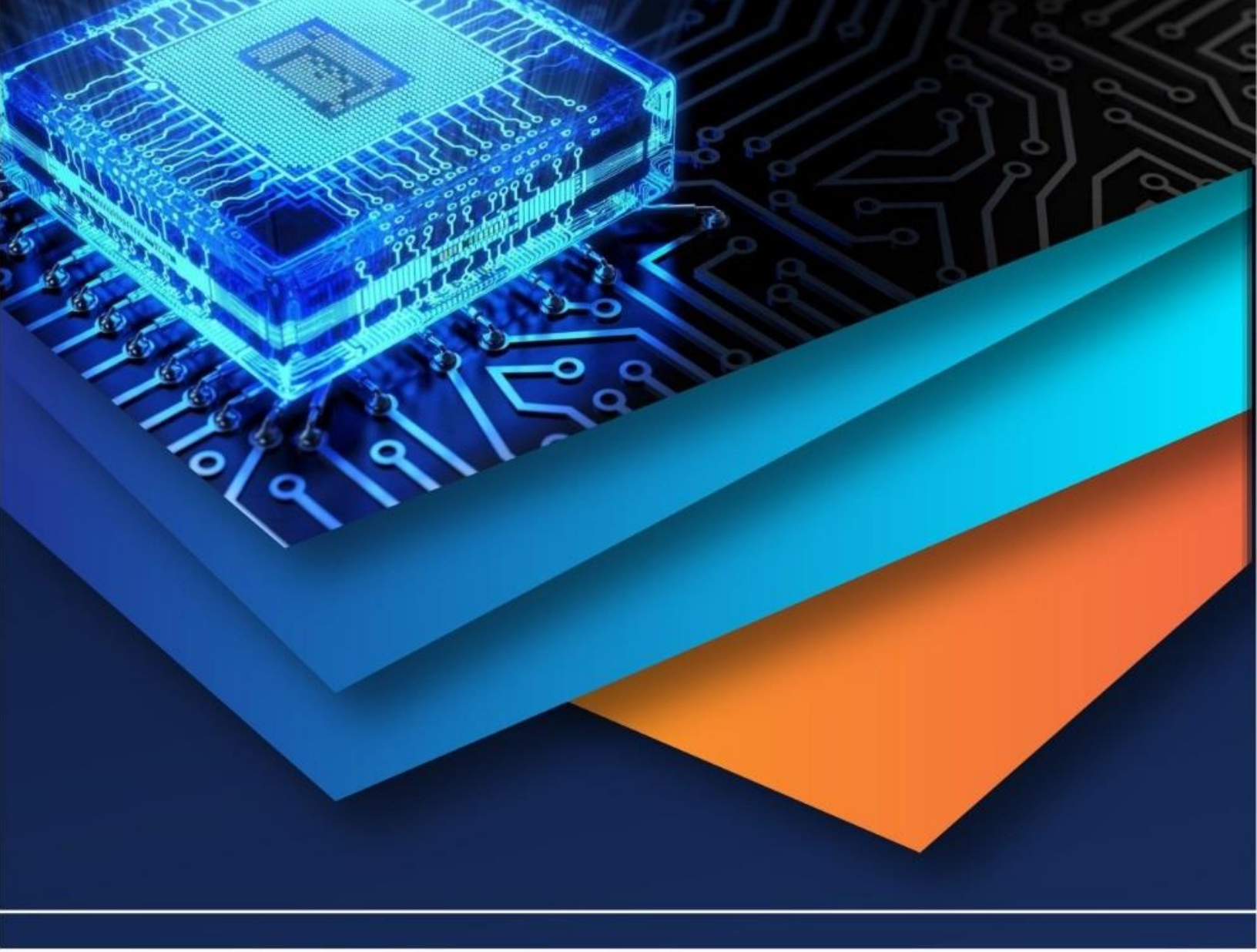
Companies also offer various hidden discounts in the form of credit to their dealers based on their past performance. Such things keep the dealers inspired to remain associated to a particular company as switching over to another company could lead to losing their hidden discounts earned through their sales in the previous years. Existence of such schemes offered to the networks positions network as an important influencer in cement industry. To maintain their existing networks and to allure other dealers to associate with them, companies keep on introducing such incentives in their business models.

Thus, it can be concluded that Cement companies have become very aggressive in their sales and promotional efforts. New schemes are rampant in the market. They are trying their best to enticing dealers and masons. Even bigger places are not shying away from selling small quantities; some even supply it door to door. Today´s market is the buyer`s market. Cement companies are promoting several sub-dealer shops in small areas. The market is getting more than saturated with small cement sellers. Also, it has been understood by the companies that selling a single brand in the shrinking cement market is tough. Diversification in brands, products, sales strategies is the way to go forward.

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