Discerning Customer Relationship Management: An Exploration in Business Anthropology

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Abstract: Customer Relationship Management is a modern business concept that primarily focuses on customer and considers them as one of the important resources for the development of enterprise. It is a widely implemented strategy for managing a company’s interactions with customers, clients and sales prospects. The research attempts to understand the Market Realities, Sales Strategies and the opportunities on which the cement companies can able to sustain and plan to grow in an environment of cut throat competition as Cement is the most important and profitable product in the building material sector with soaring demand which is further anticipated to rise due to government’s push for large infrastructure projects. 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; Brand Awareness; customer-centric strategies; channel members.

INTRODUCTION

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. Today business anthropology is effectively divided into three fields, a) Organizational anthropology (the study of complex organizations to include their cultures, work processes, and change directives), b) Anthropology of marketing and consumer/customer behaviour, c) Design anthropology (product and services design) (Baba, 2006).

Assessing or defining the market requires an understanding of human behaviour. Anthropologists recognize that markets do not buy products, people do; businesses do not buy products, people do. Anthropologists are teaching firms to recognize that a market is a grouping of people who share some similar human behaviour such as particular buying or usage patterns. Today’s business climate is characterized by the globalization of economy, intense competition and extremely complex and demanding market. The aim of business anthropology is to explore what the anthropologists can do for business and how do they do it. Marketing is also evolving under the influence of anthropologists. Outdated is the practice of simply describing the consumers’ purchase decision such as who buys what, where, and what factors influence the decision (Baba, 2006). Broadly, Marketing in any community, society or a universe can be Business to Business (B2B) marketing which depicts commerce transactions between businesses, such as between a manufacturer and a wholesaler, Business to Consumer (B2C) and Business to Government (B2G). All of these rely on basic anthropological methodology and theory; and involve studying of various kinds of related problems. A thread running through all three of these is issues of diversity and globalization. Customer Relationship Management (CRM) is a sound business strategy to identify the bank’s most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, re-pricing, discretionary decision making, and customized service-all delivered through the various sales channels (Onut et al., 2008).

Concrete is second only to water as the most consumed substance on earth, with nearly one ton of the material used annually for each person on the planet. The Indian cement industry has been on a high growth trajectory for more than a decade, led by buoyancy in sectors such as real estate and...
construction. According to a study conducted by EMIS (A Euromoney Institutional Investor Company), India is the world's second-largest cement manufacturer after China, accounting for about 7% of the global production. The country is also among the leading exporters worldwide. Since cement is a cyclical commodity, the dynamics of production are highly dependent on the overall economic activity in India. Thus, the recent slowdown in GDP growth and especially the unstable situation in the construction sector have resulted in decreasing demand and excess capacities. Cement production in India is a fragmented industry with more than 160 players. However, the sector is rather oligopolistic in nature as the top 10 producers control about 70% of the domestic market. The housing sector is the main driver of demand for cement manufacturing, as over 67% of the production is directed to housing construction. Another 13% are used in the commercial construction and 11% in infrastructure projects, with approximately 9% of the cement used in industrial construction. The demand for cement was affected by the economic slowdown in recent years, subdued construction activity and delays in execution of infrastructure projects.

REVIEW OF LITERATURE

In literature, many definitions were given to describe CRM. The main difference among these definitions is technological and relationship aspects of CRM. Customer relationship management (CRM) is increasingly important to firms as they seek to improve their profits through longer-term relationships with customers (Onut et al., 2008).

In the 21st century, concept of marketing communication has become dominant; this means a harmonized adoption of different promotional tools and activities for convincing customers with most effective relationships possible (Jozsa et al., 2005). Every organization and/or industry reaches to the customer through their goods and/or services to offer them the same as to bring in force a long term relationship that forms the main relational constructs in marketing channels. Among these constructs, the basic relationship building blocks are trust and commitment (Anderson et al., 1987; Anderson and Weitz 1989; Dwyer et. al., 1987; Moorman et. al., 1992; R.M. Morgan and S.D. Hunt, 1994), and both of these variables are identified as indicators of relational continuity (De Ruyter et al. 2001).

Sales promotions include incentive offering and interest creating activities which are generally short term marketing events other than advertising, personal selling, publicity and direct marketing. The purpose of sales promotion is to stimulate, motivate and influence the purchase and other desired behavioural responses of the firm’s customers” (S.H. Kazmi and S.K. Batra 2009). W. Ulaga and A. Eggert (2006) systemized capabilities essential for CRM in three categories: core offering (product quality), customer operations (know-how and time-to-market), and sourcing process (service, communication and cooperation) and According to them (2006c), relationship value displays a strong impact on trust and commitment and is therefore an antecedent to these variables. Thus, trust, commitment and loyalty between marketers and buyers give rise to relationship marketing. Relationship Marketing found ready acceptance in a marketing world where it had become obvious that strategic competitive advantage could no longer be delivered on the basis of product characteristics alone and where corporate profitability was beginning to become associated with satisfying existing customers (Egan 2001).

Others who lag behind in relationship marketing opts sales promotion as competitive strategic tool. Kotler (2001) describes sales promotion as adverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of particular brand, products, or service by consumers or the traders. Companies these days use sales promotion to create a stronger and quicker response. Sales promotion can be used to dramatize products offer and boost sagging sales (IB. Odunlami and A. Ogunsiji, 2011). To conclude, it can be said that due to increased competition, the customer is viewed as a valuable source of innovation to be drawn from. The approach between the stakeholders has transformed the way consumer behaviour is studied, analysed and acted upon; and new market strategies are embraced to deduce maximum profitability from available customer segment (Baba 2006).

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 C. Nachmias and D. Nachmias (1995) 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 100 dealers of 5 shortlisted cement brands (that are ACC, Ambuja, Shree, Ultratech and any one regional brand) 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.

RESULTS

Among the cement companies, customer relationship management existed as a process, utilized by the companies to understand their end user groups and respond quickly to shifting their desires. Depending upon the pain points, CRM strategies are designed and implemented around every corner of end users group. Most commonly, consumer satisfaction and loyalty surveys demonstrate the pain points and strategies to market the product through the supply chain are intended accordingly.

Over the years, more and more companies have adopted customer-centric strategies, programs, and technology for efficient and effective customer relationship management. The realization among companies that retention is more economical and feasible than new customer acquisition is on rise and have realized that there is need to customize. Various sales promotional schemes are introduced to push their respective products in the markets as well as to withstand the competitive environment. Increasing cement production capacities with supply surpassing demand has led to cut-throat competition, resulting in introduction of innovative schemes by all players primarily aimed at increasing market share, consolidations and mergers leading to economies of scale leading to low production cost and consequently, a rise in market penetration by competitors, etc. Effective brand-building involving innovative ideas and schemes for dealers and masons, new means of advertising and involving one and all in maintaining quality at all levels.

With a nationwide reach, along with the strong footprints in all part of India, companies target to cover all the major strategic locations. Strong dealer network with retailers nurtured on empowered partnership enables the major companies to cater even the tiniest village. The concept of a two-tier distribution chain comprising of manufacturers and dealers functions very well as it is a perfect and simple set-up, in the sense that manufacturers sale cement to dealers. Furthermore in Cement industry, price is used only as a differentiator between the various Competitors brands. The prices of different brands in the same segment remain more or less similar, with just a difference of 2-5 rupee per bag. Most of the Cement companies offer a 5-10% margin to the dealer and particular amount of money against per Mt. (Metric tonnes) of the sales to the Sales Organizer for promoting the sales in his region. Due to internal competition the dealers pass on this advantage to the customers by reducing their own margins to 2-3%. Cement companies offer a lot of discounts like cash discounts, volume discounts, seasonal discounts, foreign tours and allowances to dealers for promoting healthy sales. The dealers take advantage of these discounts to gather more business. The company also provides discount in case of bulk purchases. Though the profit margins are already low in cement industry thus discounting is not practiced in case of small quantities.

The major customer base which buys cement in India even today is the household owner. The end customer’s purchase is influenced by opinion leaders’ viz. contractors, masons, architects etc. Thus to attract the influencers, cements sales teams organize seminars for contractors and masons. They come up with merchandises often where in
the masons, contractors are gifted with caps, key chains-shirts with the logo of Cement Companies to enhance the brand recall. They also interact with retailers and distributors who are the channel members representing the company to the end customer and acts as the connecting link. Thus, to lure them, apart from the eye capturing advertisements, the sales promotion schemes are implemented, not directly for the end users but channel members are the one who benefits from sales promotions. There have been performance-linked incentive schemes for their retailers which include gold coins, foreign trips, motor vehicles etc. Few of the Sales promotional schemes opted by the players captured in the study are:

**Trade Allowance (Buying allowance):** means it is a deal or discount offered to resellers in the form of a price reduction on Merchandise ordered during a fixed period.

**Trade Shows:** it is a forum where manufacturers can display their products to current as well as prospective buyers. It is carried out mainly by the Management Personnel, once in six months.

**Contests & Incentives:** it is developed to stimulate greater selling effort & support from seller management or sales personnel, it is directed sales persons, wholesalers & distributors. For example: rewards such as Trips or valuable merchandise as rewards for meeting sales quotas or other goals.

Few players has worked out an equity-incentive scheme for its retailers. Instead of giving cash incentives, retailers are given the option to own shares in the company. Some other players have come up with mechanism under which one particular scheme can be availed in combination with other available schemes as well. For enjoying abroad trips, the stockiest will have to meet their sales target that eventually soars the company sales.

**CONCLUSION**

Considering the growing demand for cement in India and higher capacity utilization over the years, key Indian players have already begun to revisit their business strategies. Further, as cement is a commodity and the process is well known, there is no USP as far as this product is concerned. Therefore, the differentiation would largely relate to operating efficiencies, cost optimizations and reduction, and providing superior product and service and marketing strategies such as the presence of a stable and proactive marketing leadership, targeting specifically various customer and market segments, an expansion in product profile complemented with aggressive sales promotion and advertising will be the key to unlocking the puzzle of profit and expansion in the Indian cement industry in the 21st century.

**REFERENCES**


