

What is the need to customer centric form of business in India?

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ABSTRACT

India after the crisis of 1991-1992 went ahead in the field of industrialization and this was possible due to liberalization in the policies brought by the then Prime minister P.V. Narshimharao and finance minister Dr. Manmohan Singh. But to make this progress a sustainable one there is a need of continuous change in the pattern of business dealing so that more and more customers show their trust on the Indian product whether domestic or in the International market. Firstly the pattern of business was product centric but now it has been shifted to customer centric way. The paper deals with finding out the importance of costumer centric form of business pattern, factors causing shift in the pattern of business and its future implication and the data indicating towards the objectives are all secondary in nature and are gained from magazines ,journals, and internet sources. This helped in drawing the conclusion that costumer centric pattern of business is more effective in today's time and which attracts more costumer toward the product.

Keywords: Pattern of business, product centric, costumer centric.

Introduction

An organization or economic system where goods and services are exchanged from one another or for money. Every business requires some form of investment and enough to whom its output can be sold on a consistent basis in order to make a profit.

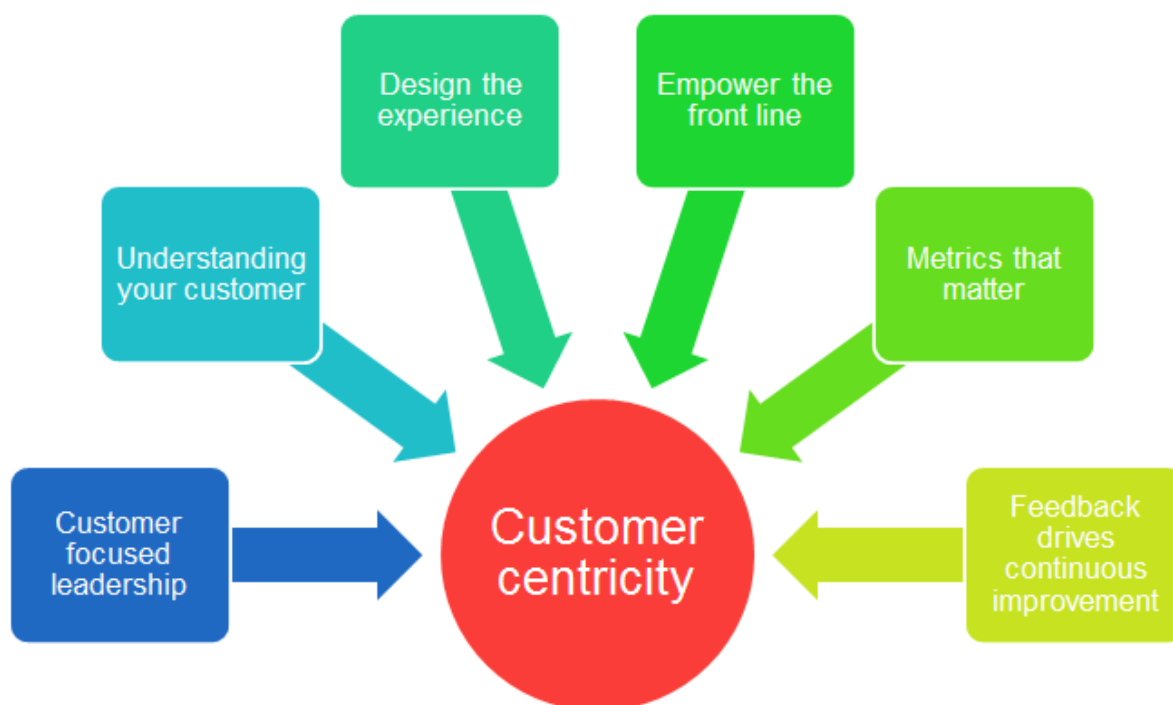
Business can be privately owned, not for profit or state owned. An example of a corporate business is PepsiCo, while a mom-and-pop catering business is a private enterprise. Firstly business was based on product centric where importance was given on the quality of product and total care was given on the product and nothing was considered regarding the costumers but in today's time it's necessary for the business firm to take care of the costumers need and the this shift in the market strategy is called costumer centric form of business.

Product Centric:

It involves a marketing in which more emphasis is given on products, specifically and selling that product to as many people as possible. Example: Soft drink companies frequently choose product centric marketing because they are concerned with selling as many soft drinks to as many people as possible. It is not a product that necessarily fulfills a need; rather, it can be sold and marketed broadly based solely on the product.

Customer Centric:

Customer centric is a way of doing business with your customer in a way that provides a positive customer experience before and after the sale in order to drive repeat business, customer loyalty and profits. And a customer-centric company is more than a company that offers good service. Both Amazon and Zappos are prime examples of brands that are customer centric and have spent years creating a culture around the customer and their needs. Their commitment in delivering customer value is genuine – In fact, Zappos is happy to fire employees if they do not fit within their customer centric culture!



Difference between Product centric and Customer centric Approach:

A product-centric company focuses on developing newer and more advanced products irrespective of the demand that is existent in the market. The demand is non-existent, the utility and the quality of the introduced product creates a new customer segment for the product. The best example of such a product is perhaps iPad, and in my regard Apple, Google, and Tesla are great product-centric companies.

A customer-centric company, on the other hand, focuses on identifying a key customer segment, their needs, and wishes, and then continuously developing products and services to fulfill those needs. Such an

organization would typically expand by increasing the wallet share within its customer segment and by entering into newer markets to target similar customers there. One of the best customer-centric companies is Amazon. They identified a customer segment of 20 something who are continuously connected to the internet. Then Amazon started off by selling those books online and went on to develop products like Kindle, Fire etc. along with bringing more products these customers could buy from Amazon. Similarly, Nike, Zappos, TD Bank, Southwest Airlines are few more examples of great customer-centric companies.

They both also differ on the basis of their organization structure as in product centric organizations are on the basis of the different products being developed where as customer centric organization is usually flat and very loosely designed to enable proper ,flexible and quick communication within various divisions, quicker response to costumers

After this its necessary to understand that which among these both approaches suits best, and it could be analyzed with the help of few examples

Review of literature:

Papers have been reviewed which helped in coming across the idea that shift in type of marketing from product centric to costumer centric in today's time is a best decision so as to increase your product life :

- 1) Meena Ramanlal Ambaram "The factors that enables costumer centricity and the changes in the organization design when moving from a product to a costumer centric strategy" Research work focuses on the shift in market strategy from product centric to costumer centric strategy which is important to face the competition going in the market and for which qualitative research approach was adopted and was performed in two stages. First stage dealt with the study of four case studies of the company who shifted from product centric to customer centric strategy and the second stage dealt with the semi structured interview of the persons and came to the conclusion that the transition from product centric to customer centric strategy entails the understanding of the key enabling factors and they are grouped under three category i.e. technological, customer and organizational factor and produces the proof for change in the organizational structure.
- 2) CGAP Publication by Lisa Sathl, Barbara Magnoni, Gerhard Coetzee" "The business case for customer centricity": According to paper the customer centricity is a better approach to understand the needs of the customer because it increase the use of products and loyalty by reducing the costs, under this researchers found that 2 percent increase in customers retention leads to 10% decrease in cost.
- 3) "Effects of costumers centric structure on firms performance" Ju-Yeon Lee et.al : The study deals with the importance of understanding the importance of customer centric and also helped to know how customer centric strategy plays a vital role I the business and to do work has been done on the secondary data from the last 13 years.

Objectives:

- a) To find the need of customer centric strategy for business.
- b) To look into the factors which make this shift from product centric to customer centric form of business.
- c) Future of customer centric form of business strategy

Methodology

The data collected for fulfilling the objectives of the work is all secondary in nature obtained from different sources such as research papers, different matters from Google, all together helped in drawing the inference that how customer centric strategy for business is effective.

Conclusion:

After having a study of different market strategies in terms of attracting the customers and increasing the life of a product. Product centric business strategy focuses on the quality of a product without taking care of the demand by the customers side, which increases the productivity without complete utilization of product, so it's necessary that a firm or an industry owner should firstly take a note of customers need and then look into his production which will also help him in deciding the price of his product and which will further help him in deciding the future loss/ profit, and supernormal profit.

Benefits of customer centric business strategy:

- Loyal customers are worth up to 10 times as much as their first purchase,
- it is 6-7 times more expensive to acquire a new customer than it is to keep a current one,
- 3 out of 5 Americans (59%) would try a new brand or company for a better service experience.

Need more arguments?

- 62% of global consumers have stopped doing business with a brand or organization due to a poor customer service experience,
- When it comes to sales, the probability of selling to an existing happy customer is up to 14 times higher than the probability of selling to a new customer.

In other words, although the sales-centric culture seems to be more effective, it's the customer-centric approach that's more profitable in the long-term. That's because customer centricity is about delivering high-quality products, but it is also about creating real relationships with customers before and after the sale in order to **drive repeat business, loyalty and profits**.

Customer centricity is an approach to doing business that focuses on providing a positive customer experience in order to drive profit and gain competitive advantage.

Leslie Cottenje

Best Practices to becoming a Customer Centric Company

1. Brands that are committed to customer centricity are passionate, and truly believe the customer comes first. They believe that without the customer, they cannot succeed in business (which is true) and want to see the world through the customer's eyes. Marketers inside customer-centric organizations understand what customers want, and use customer data to capture customer insights and share this across the organization.
2. Brands that are committed to customer centricity focus on what the customer wants and needs, and develop products and services around that.
3. Brands that are committed to customer centricity focus on building relationships designed to maximize the customer's product and service experience.
4. Brands that are committed to customer centricity analyze, plan and implement a carefully formulated customer strategy that focuses on creating and keeping profitable and loyal customer.

Ways to measure customer centricity:

Measure of customer centricity will help us to know how much we need to move ahead in order to shift towards becoming a truly customer centric organization is both complex and long but, do not be put off by this as even the smallest changes to policy and processes can have a significant benefit for both employee and your customer. Being a customer centric organization is the Holy Grail towards unlocking the true potential of customer value. Always put yourself in the shoes of the customer and minimize customer effort and maximize customer value.

Churn rate

Acquiring new customers is getting more difficult. Therefore, more companies are investing in keeping existing customers instead of trying to find new ones:

- Acquiring new customers can cost up to 5x more than keeping existing customers
- A 2% increase in customer retention has the same effect on profits as cutting costs by 10%
- On average, companies lose approx. 10% of its customer base each year (also known as customer churn)

Companies with a high retention rate grow faster. The key to success is to understand why people leave, and why people remain customers.

To calculate the churn rate, measure the number of customers who left in the last 12 months divided by the average number of total customers (during the same period).

Customer lifetime value (CLV)

For a customer-centric business, the most valuable asset is the customer. The profits generated during the retention phase are often known as customer lifetime value or CLV. Customer Lifetime Value (CLV) measures the profit your organization makes from any given customer.

To calculate CLV, we need to take the revenue you earn from a customer, subtract the money spent on serving them and adjust all of the payments for time value of money. Another way to calculate it is to take average order value and repeat purchase rates. For example, if your average order value is \$100 and the repeat purchase rate per customer is 20% your estimated CLV is \$120. Calculating the customer lifetime value helps you understand why it makes sense to invest in keeping your customers. It's a great way to get an understanding of your customer portfolio and to segment your customer.

All these above information will help in taking the decisions that which market strategy is best suited for increasing the life of a product and will also help in making changes in the quality of product which will keep its consumers intact.

The Reasons for a Client Centric Approach

Companies choose a client centric approach for a number of reasons, but the biggest one is that new customers are hard to find. Unless you are providing a good or service that is brand new in the world, the majority of customers are evaluating your business against competitors or equivalents. For example, the pizza shop on one end of a street is always being compared to the pizza shop on the other end. Acquiring new customers can be costly, requiring discounts or promotions, so a business makes more by keeping the customers they have and selling them more. So a pizza shop adds pasta and drinks, gaining more of their existing customers' restaurant budget. A financial advisor adds an estate planner, retirement specialist and tax advisor to the team. Or, a more concrete example, Apple builds a smart phone and then creates a closed ecosystem around it to maintain a seamless and safe user experience.

