

The
Smart Manager

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Ramesh Iyengar waxes eloquent about his lifelong tryst with direct marketing and putting the customer on center stage...



A microbiologist by qualification and a foodie by interest, Iyengar started out in advertising 26 years ago at Lintas India. In 1991 he founded Select Direct Marketing - his own DM agency, which remains a leading independent direct marketing agency in India. He received the first Gold EMVIE for Media Invention in 2000, for his Direct Marketing concept called LOCATOR. He has taught CRM at leading management institutes such as XIC, IIMA, IGTC and NMIMS.

As I sat down to write this piece for Smart Manager which would appear in “First Person” I realized it was going to be such fun, walking down memory lane and recalling my tryst with Direct Marketing (DM) and Customer Relationship Management.

an accident

I started my own DM agency by setting up my shingle in 1991. Select Direct Marketing Communications was born eighteen years ago. It was a fortuitous year, as I got registered as a company on 1st January... quite a memorable date.

My starting a DM Agency was an accident or was it fated? I was heading Client Servicing in Trikaya Advertising, which then became Trikaya Grey (and then as we all know just Grey!). As part of our integration with Grey, senior management was sent off by rotation to the Grey HQ in New York. I went with the sole purpose of studying Grey Worldwide’s strategic thinking and systems.

I had five weeks to accomplish the task. It took only two! What was I going to do with the rest of my time? Fortunately, I got introduced to Matt the head of the Direct Marketing Division. And after several oyster chasing sessions at the famous Grand Central restaurant on the station platform... I became a convert to DM.

The future was clear to me. Accountability in communication. What you put in and what you get. Everything that's measurable. Phew! I found it highly exciting even though above-the-line advertising was considered mainstream and ruled the roost.

the return home

I recall making a passionate presentation to my agency colleagues on DM, only to find the normal skepticism still at play.

'Will it work here?' 'Clients won't be interested.' In spite of the objections, the late Ravi Gupta bought into my conviction and told me to go ahead and set up a DM unit. Which I did, only to find that overseeing a DM unit was no fun.

The DM bug had bitten too deeply. I wanted to personally spearhead a DM operation.

I took the plunge in 1991. The process of setting up my own company was heady. I remember briefing a young Art Director on my company's logo. I told her the company name would be SELECT DIRECT. She asked me why? I said because firstly DM was a selective process. Secondly, we will offer select services. And, thirdly since my own research threw up that 67% of qualified marketing professionals thought that direct marketing was 'Just direct mail' we needed to position ourselves generically. So 'select' would mean choose DM as it is targeted, has least wastage, and is most cost efficient. She came back with a fitting design – the name



set in a contemporary font with a border made of a dotted line and a scissor, resembling the ubiquitous coupon. I said to myself have I found my first convert?

the early days

The very first assignment I got was an experiment for Lakmé. It was Rajeev Bakshi, the then GM Marketing, who took me out for lunch, enquired about the whys and what of direct marketing, got thoughtful and then, voila we crafted a brief together.

The idea was to database women who were infrequent users of cosmetics, with a view to strategically promoting cosmetics and getting them to increase their usage. Lakmé was eminently poised to do this, as they had a vast product range including substitutes like the *Kajal* pencil to replace the traditional khol used by Indian women.

My maiden task fetched spectacular results. We zeroed in on the one day when all women in North India buy cosmetics --*Karwa Chauth*. An integrated communication plan was

developed using media combined with strong in shop presence. The consumer was incentivized to buy

Lakmé products and in return she would receive a small prayer book on *Karwa Chauth*, produced in a silk satin cover and gold tassels – a perfect moment, to capture data with an easy to fill data form.

The plan went off like a dream with thousands of traditional women spontaneously asking to be kept informed about Lakmé cosmetics; opening themselves to a dialogue across their lifetime; and creating opportunities for Lakmé to up-sell and cross-sell. How much more targeted could one get? And how thrilling it was to kick off my sojourn in DM in this 'fashion!'

getting a taste of success

I worked on several clients thereafter such as Parle, the confectionery giant, for whom I built a database of 2,32,000 children in Mumbai, by using a simple in-school contact program. This was a feat in itself as our database was a tad larger than the circulation of *Times Of India* those days! We had built ourselves our own media vehicle, to reach a difficult to reach audience - children between eight to thirteen years.

Scores of clients followed such as the Chemtech Group with the challenging task of building traffic of CEO's and

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senior managers to their exhibitions that had been around for 25 years. The only “fly-in-the-ointment” was that the exhibition venue had changed from a convenient South Mumbai location close to the central business district of Nariman Point, to a far off suburb in Goregaon. For any decision maker interested in plant and process equipment, that would mean sacrificing a day or two as the exhibition grounds were much larger, with greater number of exhibitors.

The future of Chemtech exhibitions was at stake and the company turned to direct marketing to rescue them. Working with a potentially strong database of companies, an intensive DM campaign was rolled out to create excitement around an established event that had but slightly lost its sheen.

Did it work? The power of one-to-one persuasion had rarely been used, if at all! But work it did and that too, like magic. Tens of thousands of engineers and decision makers marked the event in their diaries as a not-to-be-missed event and made it a point to visit. The statistics showed that over Rs600cr worth of process plant equipment enquiries were generated.

new terrain

A few years down the road, Harish Thawani, who had started a TV space selling company, asked if DM could help him. The demand was assistance to launch a Top-Ten Hindi film songs program, which would be more compelling to watch than the program already on air called Philips Top Ten.

A study of the competition revealed that Philips Top Ten was virtually a bottom ten as

far as the viewer was concerned. The data collection was done using a diary panel, which was inexorably slow and when you added the antiquated production methods... all in all, the viewer was exposed to some pretty ‘old’ songs.

We spotted the opportunity. How about using Response Management principles to get the viewer to respond directly? The viewer's payoff was the promise of the “power-in-your-hands” to vote a song in or out. This was excitedly announced via in-program promos using eyeballs fetching VJ's (those days the term didn't even exist) like Baba Saigal.

The plan worked. Starting with a trickle, the response postcards became a flood. Every week a rigid Process Turn Around Time ensured that tens of thousands of responses were data entered within the very week, the top-ten drawn up and handed over to production. And, the results aired the next week!

Sounds like an easy thing to do today. But managing 3.9mn responses at a time when there were no SMS services, and just pre-historic 486 computing power, floppy diskettes with a measly 1.4 MB storage capacity, and barriers such as the P&T Department pricing the competition postcard at Rs2, was quite a logistical challenge (Superhit Muqabla has the dubious distinction of being responsible for the post card pricing!).

Superhit Muqabla became a runaway success. It made DD Metro! The TRP's rose and rose, while the ad rates soared and soared. Resulting in a fantastic ROI for Harish, and for us the chance to build competencies in large scale database and operations management.

putting your money where your mouth is

Client after client slowly started witnessing the power of Direct. By now, the world wide stage for DM was also evolving into a better practice of putting the customer in the centre – Customer Relationship Management (CRM) was the new mantra. It meant a paradigm shift. From a mere tactic of customer engagement to elicit a response or enquiry, the action shifted strategically to loyalty management that would provide returns over the customer's lifetime.

Few in India understood DM, leave alone CRM. In such a climate, I went on a new business drive and paced Shopper's Stop, which then had just two stores in Mumbai and Bangalore. BS Nagesh the CEO challenged me. He said, "We have initiated something in-house. We call it the First Citizen's Club. We are able to map around 17% of our total sales to some 22,000 customers, who have signed up as members of this club. We have started the process. Now what can you do to improve this. Make a commitment and the business is yours."

The challenge was most exciting. At last I would get a chance to demonstrate how DM is accountable and measurable... and that too, over the customers' life time. Life Time Value (LTV), a foreign concept, would now be applied in India by Select Direct!

I committed that club member sales would increase to 20% in year one and 25% in year two. The program is legend today and the First Citizen Club, a solid case study. The contribution of sales from members returned a healthy 25% in year one, 30% in year two and peaked at 37%. CRM had succeeded. Further the store saw how CRM makes a brand recession-proof. During the mild 'recession' of 1999, the sales contribution of the club did not decline. Even with a shrinking wallet, loyal citizens just moved their spends from other stores and shopping areas to Shopper's Stop, their favorite store. That's what prompted me to pen the maxim 'Loyalty is always earned. Never bought'.

Nagesh was truly one of the most passionate clients I had. He believed in CRM. He walked the talk as they say. Years later when I came face to face with a changed situation, I bowed out of this very strong relationship. Nagesh was moving

up the ladder very fast and had many more things to do. His previous teams who were CRM believers were replaced by very competent managers, no doubt, but those who had no understanding of the 'Power of One'. They hailed from large MNC's with a mass mindset. They practiced one-on-many. We spoke in two different tongues.

doing it my way

This 'First Person' account can go on and on. However, it would be incomplete without sharing with readers how 'I did it my way'. In December 1995, I was twirling a flute of champagne in France, at my sister-in-laws wedding in a famed Chateau, which had once been occupied by Marie Antoinette. Champagne does wonders to creative thinking, and it worked its magic. Sitting there I was struck by a business idea, based on DM principles, which gave birth to LOCATOR.

Some background first. During my many years in advertising, I had handled a clutch of accounts in the building and interior décor industry. They all usually had a common problem- that of being unable to access key specifiers, namely Architects, Designers, Consultants and Builders. So I decided to cultivate this target group, build a relationship, and hand it on a platter to clients who would happily pay for the same.

Thus was born LOCATOR; a DM channel that manifested as a catalogue of Building/ Décor products. A unique medium, LOCATOR was an industry first and not surprisingly was recognized as such in the form of the prestigious GOLD Media Invention Award in 2001. Over fourteen years, LOCATOR morphed into the strongest relationship that any brand could aspire to with a group of hard-to-get professionals reputed for an impossible- to-work with attitude (much like creative people in any field!).

But they could not be ignored as a mere 5000 professionals were specifying annually some Rs12000 crores worth of material. A niche market segment; perfect for DM & CRM.

The strength of LOCATOR is measured in the steady response to each issue of the catalog, usually a high 20%. The quality of the relationship, however, is witnessed at each of our events. LOCATOR's tenth anniversary celebration saw over 600 architects take time off and revel with us at the Turf Club. Contrast this with attendance at their own industry



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association meets, which produce a handful of the usual suspects.

Today, LOCATOR gives opportunities to manufacturers to catch professionals young through architectural colleges. Displays and demos ensure that the brand gets seeded in virgin minds, ready to be specified when they leave the comfort of the college and enter a competitive working life. The brand that got in first and built the relationship is the brand that the professional will prefer all his life!

LOCATOR also lives up to its name, helping architects seek and find new products and services. LOCATOR is a formidable brand. And do you want to know the best part? Thanks to CRM's cost efficiency, it has been achieved at a spend of less than Rs2cr spread over ten years.

wasssup now?

Our agency has survived eighteen long years, exhorting clients to "Select" Direct Marketing. I am happy that we have worked with some of the finest brands such as ICICI Bank Credit Cards, TATA Sky, IDBI Fortis Insurance, Bajaj Electricals, Pyramid Megastore, among others.

The CRM scene is a lot better today. The financial sector has deployed CRM to the maximum extent. For example, we have explored every single program possible for ICICI Bank Credit Cards over a seven-year period. The cards base has grown from 250,000 in 2001 to over 5mn. This has presented the best opportunity to slice and dice such a large database and provide 'different strokes for different folks' as they say.

My commitment to DM and CRM has also turned me into a teacher at various colleges, including Xavier's Institute of Communication (XIC), IIM-A, NMIMS, SNTD and IGTC. XIC has been the longest stint; not to mention that I have a special attachment since it was here that as a student, I met and married Ameeta, my wife.

As for the future, it seems very promising and exciting. Just recently I got an opportunity to connect with and congratulate Nandan Nilekani, an old family friend, on his being appointed by the Government of India for the new identification card project. It's a massive exercise and I offered our services, if at all required. It will be exciting to scale up to such a level where there is the possibility of a one-to-one relationship with every Indian!

regrets, but a few

Personally I love cooking and hosting parties. Once again my DM orientation stays with me ...being customized, personalized, with a one-to-one approach, be it making a colored cocktail to match a pretty lady's dress, or dishes specially made a second time for someone who loved it the first time.

Any excellent dish, usually has taste and flavors that are opposites but well balanced. *Thodi Khatti, Thodi Meethi*. So also in my journey till now in DM.

The only part I would like to change is the attitude of managers in charge of CRM or Loyalty Management in their companies. How can you even begin to understand loyalty, I asked as a speaker at a recent seminar on Loyalty Management, if you are not even loyal to your job... sometimes not even for twelve straight months! This has been my only lament that the industry is being steered by people who don't even remotely practice what they preach!

On the other hand, could it be that since this is the trend and here to stay...consultants like us are needed even more? Provide leadership and continuity from the outside, with only one purpose that we exist for...the customer's customer! ■