



MAKING INDIA A TOURISM HUB THROUGH CONSUMER CENTRIC MARKETING (CCM) – CHALLENGES AND OPPORTUNITIES

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Abstract

A shift towards focusing on current customers rather than constantly chasing the prospects, designing and creating experiences that reach the heart of the existing customers paves way for the concept of consumer centric marketing.

Consumer Centric Marketing (CCM) is a relatively new trend in marketing. It aims to streamline data used by companies and to enhance the concept of customer relationship marketing way forward.

It is a practice of placing the customer at the center of a company's marketing effort, focusing on customers rather than sales. CCM elevates the customer-company relationship in the organisation, leading to loyalty and profitability and enables the firm to earn long term return on their investment.

The paper tracks India's tourism and hospitality sector and the growth drivers for tourism in India. It tries to assess the relevance of CCM in the tourism industry context and lists the prerequisites for successful implementation of CCM. It states that maintaining sustainable competitive advantage, cost inefficiency, resistance to change and security issues are the major challenges in implementing successful CCM.

The paper concludes that CCM is an approach that needs to be adopted and promoted throughout the service industry and that CCM adds value to the total customer experience, improves loyalty and ultimately profitability. Collecting, synthesizing and synchronizing information about the customers buying patterns and converting this knowledge to a highly personalized service is the need of the day.

Keywords: Consumer Centric Marketing, CCM, Customer-centric, CRM, Tourism, Make in India.

1. Introduction

In today's global and competitive world, brands need to seek alternatives to leverage their most important asset: existing customers. Referrals and word of mouth have become keys to future growth more than ever.

Hence, a shift towards focusing on current customers rather than constantly chasing the prospects, designing and creating experiences that reach the heart of the existing customers is essential. This paves way for the concept of consumer centric marketing.

Consumer centric marketing (CCM) is relatively a new trend in modern marketing. It attempts to streamline data used by companies with a view to taking customer relationship marketing to the next phase.

1.1 Definition of Consumer Centric Marketing (CCM)

CCM may be defined as "the discipline of capturing and deploying efficiently, the consumer insights with a view to enhance marketing effectiveness and better serve those consumers who are brand's best prospects".

In simple words, it is a practice of placing the customer at the center of a company's marketing strategies, focusing on customers- existing and potential, rather than sales.

A customer-centric approach adds value to a company, as it enables to differentiate itself from competitors who are not offering the same experience. The goal of CCM is for companies to gain meaningful insight into the characteristics of their customers. It takes into consideration the customer attitudes, habits and values that shape the consumers' opinion about the brands offered by the company. Customers play an active role in designing their required product by informing their



preferences and thus enabling the customization of their products accordingly by the company. Hence, CCM elevates the customer-company relationship in the organisation, leading to loyalty and profitability and enables the firm to earn long term return on their investment. It can be said that companies that establish and maintain regular communication with their customers enjoy a relationship based on trust that in turn helps the company to grow.

The CCM is based on the concept of learning from customers and allowing them to take the lead in designing the required features for the products, offering customers the products with higher perceived value and thereby increasing customer life time value.

1.2 The evolution of the CCM

CCM is built on the techniques designed for Customer Relationship Management (CRM), but is more advanced than CRM. CCM allows the organisation to gather detailed information about their customers and hence tries to understand the customers better. This is enabled by internet, databases and data mining applications. Internet is used to enable consumer interactions, data collection and analysis. It also enables the identification and tracking of consumers. The customers can participate in the actual product design and thus facilitates customization.

CCM is built on the following traits:

- Focus on current customers (Sell more to current customers)
- Exceed expectations
- Convenience for the customer first.
- Think Value, not Price
- Experience is an investment

Development of Information Communication Technology (ICT), particularly the internet, is drastically changing the communication between vendors and consumers. The internet offers superior facilities for building relationship as compared to conventional means. It has changed the way goods and services are purchased. It has empowered the consumers to make informed purchases and to join forums and exchange views and opinions with other customers.

2. India's Tourism and Hospitality Sector

India's tourism and hospitality industry is characterized by an annual 1 billion domestic travelers, 7.59 million foreign tourists in 2013-14 and 18.13 billion dollars in foreign exchange earnings. With attractive beaches, geographical diversity, 30 World Heritage Sites and 25 bio-geographic zones, India is the 16th most visited country in the world, with a share of 1.56% in the world's tourism receipts. It ranks 42nd in the United Nations World Tourism Organization rankings for foreign tourist arrivals, accounts for 6.8% of the GDP and is the third largest foreign exchange earner for the country. (Source: www.makeinindia.com, an initiative of Central Government)

India offers a diverse portfolio of niche tourism products – pilgrimage, cruises, adventure, sports, medical, wellness, film, eco-tourism, rural and religious tourism. Domestic tourism accounts to more than 75% of the tourism economy.

2.1 Growth Drivers for tourism in India

With specific reference to tourism sector in India, increasing recognition of its contribution to economic growth and employment generation, focused marketing and promotion efforts, availability of better infrastructure, the growth of online travel portals and more effective public private partnerships are deemed as the key drivers.

The focus is shifting towards skill development in the tourism and travel sector. Also, the introduction of Visa on Arrival facility may influence significantly the tourists travel plans to India. Along with these, the launch of branding and marketing initiatives by the Government of India such as *Athiti Devo Bhava* and *Incredible India* may provide a focused impetus to growth.

2.2 FDI Policy

- 100% FDI is allowed under the automatic route in tourism and hospitality
- 100% FDI allowed in tourism construction projects, including the development of resorts, hotels and recreational facilities.



3. CCM in the tourism industry context

The travel, tourism and hospitality industries have been revolutionized by the emerging technologies. On the one hand, ICTs facilitate the expansion and enlargement of the market and on the other, growing demand requires advanced ICTs for the management of tourism firms.

Organisations must realize that every tourist carries a unique blend of experiences, desires, motivations and is different. Tourists as consumers also become demanding, requesting high quality products and value for their money.

Experienced travelers rely on electronic media to get information on destinations and experiences and also to communicate their wishes and needs to suppliers directly.

Through internet, customers can share their will personal information to avail better service, discounts, offer and newsletters. But customers will be happy to share their personal information only when they trust a specific organisation. If the organisation attempts to misuse sensitive information, they should be prepared to face the agitated customers, negative word of mouth and legal action. Most importantly, consumers will lose trust and break the relationship with the organisation.

Tourism CCM applications may be designed with services available to travelers before, during and after their trip. Much of the current CCM concentrates on before the tour services such as internet sites that track the availability of accommodation, flights and holiday packages according to the criteria set by users. The after trip communications may include invitation to join travel forums and blogs, thus building towards customer loyalty and future bookings.

Mobile applications are set to enable CCM as customers can easily communicate their preferences to service providers. They will allow customers not just to book a tour, but also to check-in at airports and hotels, and pay electronically through Mobile banking.

3.1 Prerequisites for successful CCM

The prerequisites for successful CCM can be summarized below:

- Have relevant information about the customers:
The company needs to have a good amount of relevant information about the customers.
- Suitable communications platforms:
The company needs to offer their clients adequate communication channels or selling points where the client can select the elements of their product.
- Scope for customisation:
There should be scope for customization of the product or service. This may not be possible to implement in sectors such as FMCG, where goods are produced in bulk, with no scope for customization.

Even though many organizations claim that they follow customer centric marketing approach, they may not be fully compliant with the concept. True customer-centric organizations exhibit the following qualities:

- Accessible:
Customer-centric organizations are easily accessible wherever, whenever their clients want.
- Responsive:
Respond every time, and close the loop with customers whenever there is an update.
- Empathetic:
Companies need to respond with empathy. They must listen to, understand and care for the customers.
- Cohesive:
It's hard to provide customers with quick information if the departments exist in disconnected silos. Hence there is a need to have a good way to communicate and collaborate internally.
- Nimble:
In a customer centric company, customers' comments should play a major role in the direction of its roadmap. Opening up the company to customer feedback, ideas and criticism is essential to guide internal thought and development processes.



3.2 Challenges of CCM

A company trying to integrate of consumer centric marketing approach may face the following challenges:

- Maintain sustainable competitive advantage:
Only innovators will be able to maintain sustainable competitive advantage. Even though the customers will demand the latest ICT solutions, the service industry may not be able to meet their requirements due to the initial investment required to achieve this as well as the difficulty to calculate any rate of return for this investment.
- Cost inefficiency:
CCM can be cost inefficient as customization has a higher per unit cost of production and this may affect the price of product as well as its competitiveness.
- Resistance to change:
As with any innovation or technology advancement, there would be initial resistance to sign-up for new services until consumers understand and appreciate the value of this service.
- Security issues:
People are concerned with the perceived risks associated with internet-based transactions. Lack of trust may cause them to reject these new services, as they worry about threats to privacy. Some of these concerns may be counter-balanced by CCM organisations complying with strict privacy controls and displaying these policies prominently on their web pages.

4. Conclusion

Government policy initiatives include positioning the tourism sector as a major driver of economic growth, acknowledging the critical role of private sector and positioning India as a global brand. It is estimated that the tourism industry in India will grow by 8% per annum during 2015 and 2016. Foreign exchange earnings are likely to exhibit annualized growth of 14% p.a.

Innovative thinking and customer orientation are cited as the basis for best business performance. CCM is an approach that needs to be adopted and promoted throughout the service industry. It is a philosophy wherein customers and organisations interact dynamically to create the best possible solution which adds value to the total customer experience and also improves loyalty and ultimately profitability.

Each day, a range of new technologies are emerging to help customers satisfy their requirements. Collecting, synchronizing and synthesizing information on the customers buying patterns and converting this knowledge to a highly personalised service is the need of the day.

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