



Institute Of Management Technology
Ghaziabad

Powered by
MarkUp



September-October '06



Fueelling thoughts..



markazine

Fueelling thoughts..

editors' desk



Dear Readers,

welcome to the second edition of *markezine*, IMT's marketing e-magazine. The first landmark edition in the history of IMT Ghaziabad provided us with overwhelming response and feedback. This time we have two new features that, we hope, would make this magazine an even more enriching experience for you. Firstly, we have introduced a feature called "the Industry Focus" which will focus upon a specific sector in each issue and provide a brief analysis of the current developments in that sector.

For the marketing gurus, we have introduced a crossword to tax your mind and get the adrenalin rushing. We have tried to make this magazine a blend of information and trivia to effectively disseminate marketing information in a easy to read manner.

Apart from this we have our regular features which were well recieved in the last issue. Our aim is to make markezine a better quality e-magazine with each succeeding issue.

(Kshitij Shah & Srinath Sridhar).

We will appreciate your feedback, suggestions and queries. Do mail us at markup@imt.edu.

The editors



Kshitij Shah
Srinath Sridhar

Acknowledgement

The assistant editors:

Aritri Chakraborty
Deepa Krishnan
Vinita Aggarwal
Neha Gupta
Urmila Shenoy

The designers:

Ankur Jhunjhunwala
Ankit Gorwara
Pranay Shrivastava
Nimit Popli
Aniruddh Upadhyay
Kamal Khanna

Content developers:

Ankit Rai
Sajja Praveen
Chowdary
Varun Garg
Tanushree Garg
Suryabir Singh
Yogesh Gupta

Conceptualised by:

Arvind Balan
Ashish Joshi

Supported by:

Student Council

index***gurumantra*****3**

The retail sector is going places. Newer strategies are being adopted by retail biggies to capture the imagination of the customer. Read an article from Prof R P Saxena about the concept of 24-7 retailing. Is India ready for it?

***alumni speaks*****8**

Mr Naresh Mehrotra, VP, K Raheja Groups, is an alumnus of IMT G. Since graduating in 1982 from the institute he has successfully charted a career path in the field of marketing. In an exclusive interview he talks about his life at IMT and his mantras for success.

students' corner**9**

The service sector has grown by leaps and bounds poised to lead India's growth over the next decade. In this context with regard to developing and sustaining a competitive advantage for brand India, will service sector be the knight in shining armor?

industry focus**12**

India's IT biggies have had an astonishing year. The face of corporate India all over the world looks set for greater things with a spate of acquisitions by some major players. Our experts analyze the year past and what the future has in store.

***the other perspective*****16**

Tata acquires Corus, a much bigger player in the steel industry. Videocon acquires Daewoo's ailing business. Wipro is buying all over the place. What challenges do these companies face while doing such multi billion dollar deals? We analyze.

from our classroom**19**

It is not enough to be profitable only any more. For the long term good of your company Corporate social responsibility is a must. Here we discuss about Hindustan Levers' Project Shakthi, its rural initiative.

***ad review*****22**

MNC's have always been blamed for politically and socially incorrect advertising. Coca Cola's new advertisement featuring Bollywood star Aishwaria Rai being eve teased has come under the scanner. Read on and judge for yourself.

vis-a-vis**24**

How many times have you been disturbed by that irritating direct marketing effort by your cell phone subscriber? Our students debate on whether direct marketing is a necessary promotional tool or a blatant invasion of privacy. Join the arguments.

mark-o-meter**18*****crossword*****27*****answers*****28**

guru mantra

Are We Ready for 24/7 Convenience Retailing?**Introduction**

The concept of traditional retailing has rapidly been changing as retail stores intend to serve consumers round the clock. The days have gone where many retail stores were being closed soon after 8 or 9 in the evening. As the service sector (IT, Airlines, Telecommunication) gained the momentum and a big boom in the BPO have resulted in changed working hours and sleeping schedules of people. Any retail idea that will save customers time is likely to be a winner in the future. Time has become customers' most precious commodity and they always look for ways to conserve it.

During early '60s, lifestyles and demographics were changing in the United States. The average age of the U. S. population was becoming younger, and people were much busier. They needed products and services at all hours. 7-Eleven, which was considered to be a store with "extended hours" back in the mid- 1900s, got its name because the stores were open from 7 a.m. until 11 p.m. Most of the competitors followed the timings of 7-Eleven stores. But 7-Eleven's move to stay open 24 hours started in 1962, at a store in Austin, Texas, and it happened almost by accident. The store was located very close to the university campus. One Saturday night after a football game, the store was so busy that it never closed. Eventually, the manager opened the store 24 hours a day, seven days a week, and it was quite successful. Soon afterwards, 7-Eleven

opened 24-hour stores in Dallas, Fort Worth and Las Vegas, and those hours were adopted company wide. Today, most 7-Eleven stores around the world operate 24 hours a day. Serving customers 24 hours a day is one of the cornerstones of 7-Eleven's business. 7-Eleven's simple act of opening stores around the clock was a pioneering move in the retail arena.

Ottawa's 24-hour grocery stores were also very successful 24-hour stores in small towns across North America, Moncton and Halifax are just a few places where 24-hour shopping has become a way of life. So Thousands of competitors — as well as other retail operations, grocery stores, drug and even fitness centers — have followed this 24/7 and this drift that has changed the way Americans live and shop. Many bookstores, supermarkets and food markets open 24 hours a day in China and Taiwan. In Toronto, Consumers have successfully accepted a 24-hour Dominion grocery store. Even in England and Wales, legislation has permitted 24-hour alcohol sales. Around 700 establishments, including 240 pubs have applied for around the clock sales. Until now, last call for drinks in pubs has come at 11 p.m.

Vending machines, which were once thought the last rung on the distribution ladder, now are ruling many parts of the world. In Finland, where customers use cell phones to purchase soft drinks, Japan where customers purchase rice bags, USA where even micro transactions



Prof. R. P. Saxena

Dr. R.P. Saxena, the Area Chairperson of Marketing is a Post Graduate in Economics and a Post Graduate in Business Administration with specialization in Marketing. He did his Ph.D. in Economics in the area of Marketing of Financial Services. He has a total work experience of 24 years, of which 8 years in industry and 16 years in management education. He is an Accredited Faculty for Global MBA Programme jointly run by IMT, Ghaziabad, India and Fairleigh Dickinson University (FDU), New Jersey, U.S.A.

(purchases less than \$10) are being done with the help of new vending technology. Sophisticated new machines are reinvigorating business. A Super vending machine from Belgium holds up to 200 items, ranging in size and variety. These vending machines have become so crucial in promoting the 24/7 culture and consequently making people work longer hours with shorter lunch breaks.

The Indian Scenario

Except the ATM, these new technology vending machines will take a long time before they become ubiquitous to Indian consumers. The concept of 24/7 might be practiced across the world; yet, imbibing it in a Indian retailing environment would pose steep challenges to Indian retailers.

The concept of 24/7 retail outlets is inter-connected with different complex social and legal issues which has to be sorted out. Moreover, the willingness of the majority of Indian consumers including those who work in BPO and Software, to shop round the clock should be researched. Even though the metro cities (Delhi, Bombay, Bangalore, Kolkata, Chennai and Hyderabad) are witnessing a nightlife culture, in the other major cities it will be an alien concept. The rising new malls and super markets depict that Indian customers have a strong preference to traditional brick and mortar retailers over internet based click and mortar retailers even though the later saves time. The emergence of double employment in the Indian social set up may also fuel the requirement of round the clock retailing. Yet, the major question lingers in the minds of retailers whether Indian consumers would shop round the clock. This is the major obstacle for deploying the concept of round the clock retailing.

But a new entrant to retail, Modi Enterprises (part of KK Modi Group) has opened a 24/7 retail

outlet at Lajpat Nagar, New Delhi. This is the first outlet of a planned chain of convenience stores with the shop board: 24 by 7, which is modeled after the famous US chain 7-11. The promoters have obtained permission in Delhi to remain open 24 hours. The 1400 sq.ft. Store is stocking daily groceries, cosmetics, ready to eat food, cut vegetables and a pharmacy. Services offered include bill payment, mobile re-charging, film development, and courier. And the group has also planned national expansion thereafter. All these are will verify consumer acceptance for 24/7 retail outlets.

On a large basis, except the retailing of drugs and hospitality services, other product categories being retailed viz. food, beverages, lifestyle products, durables, entertainment etc. have not adopted the round the clock retailing. But, during festival occasions viz. Diwali, etc. Indian retailers stretch the closing time and it is yet to become daily affair. No big Indian retail players viz. Metro, Big Bazaar, Pantaloon, Vishal, Subhiksha, Shoppers Stop, Westend, Giant, Life Style, Shoppers Stop, Food World, Coffeeday Café, Globus, Music World, Crossroads, Planet-M, Westside, Planet Fashion, Trouser Town, etc., yet to try the concept of around the clock retailing.

The key players of any retail chain are Consumers, Retailer, Suppliers and Government (or General Public/Society as a whole). The issues that are concerned to these links of the retail chain are discussed below.

Consumers

Albeit, consumers across the globe are adapted to round the clock retailing, the position of Indian consumers is yet to be decisive. Recently, The Delhi government allowed the retailers to cater to the consumers round the clock. Moreover, the exact

An exploratory research in Delhi metro yielded the following results. Retailers may consider the consumers belong to certain sectors viz. Software, BPO etc. The retail sector ought to profile the consumers who would like to buy round the clock and also, the location of the round the clock of outlets to be figured considering transportation and accessibility. Even, consumers those who have four wheelers may not be willing to make mid night purchase due to security reasons let alone the consumers who depend on public transportation. If the issues on security, location and value addition to mid night buyers viz. discount on mid night purchase etc. could be considered and resolved, the concept of round the clock may be accepted by consumers. Yet, the concept will have a long way to go in semi-urban and rural areas. Initially, the companies can test and try in metros. So the consumers' expectations and attitude towards this new concept would be an interesting study. There is a need to get primary information from the market regarding the behavior of different sections (Socio Economic Classification) of Indian consumers towards around the clock retail outlets. Analysis of this information would surely reveal many hidden aspects.

Retail Outlets

Selling products round the clock would be a sensitive proposition for some retailers, but it would ensure round the clock cash inflow. The intense competition in the sector would provide edge to the super malls over unorganized retailing sector. To make this reality, the retailers have to travel a long journey full of hurdles.

- Exact identification of consumers who would like to shop round the clock.
- Security issues of having opened the outlets round the clock.
- Recruiting employees who would be willing to work round the clock.

- Wooing consumers to make purchase round the clock and work out the different initiatives and value addition.

The concept could become a reality if the retailers ensure that the inflow of consumers to make mid night purchase and rest of the issues would automatically be solved. But the task is to ensure that the shop is opened during mid night also. But there is a legal hurdle by government of concerned state government, as shops have to follow Shops and Establishment act. Keeping labor welfare in mind, various clauses have been formulated under the Shops and establishments Act. They were made based on the fact that there is excess supply of labor relative to demand and so it gives the employers an incentive to exploit them. But looking from a convenient view point, there is not much relaxation for the retailers to operate flexibly.

During 2003-04, Labor Department, Pondicherry, exempted all shops and Establishments of Pondicherry region from the application of the provisions of the sections 10(1), 12(1), 12(2), 13, 14(1), 14(2), 16(1), 16(2), 17(1), 17(2), 18, 19 of the Shops and Establishments Act, to keep them open beyond the working hours and on weekly holidays during the specific festival's specified period (Exempted period).

Recently the Retailers Association of India (RAI) appealed to the Secretary - Industries, Government of Maharashtra to note that retail being the priority sector has no policy or operational relief granted to the store operators. It is in the above context that RAI has requested the Maharashtra government to approve and pass the following policy initiative in The Mumbai shops and Establishments Act.

Proposed working hours

| | Malls (with more than 10000 sq.ft space) | Shops with more than 1000 sq.ft. | Shops with less than 1000 sq.ft |
|-----------------------|--|----------------------------------|---------------------------------|
| Earliest opening hour | 24 hours x 7 days | 24 hours x 7 days | 5:00 AM |
| Latest Closing Hour | 24 hours x 7 days | 24 hours x 7 days | 1.00 AM |
| Spread over | 12 hours | 12 hours | 12 hours |
| Close | N.A | N.A | N.A |

The concept ought to bring benefits to the retailers, if so; other issues could be solved with enthusiasm. Hence, the super malls and retailers would work on this core issue of wooing consumers to make round the clock purchase and determine the initiatives viz. special discount for mid night purchase, special gifts, onsite free meals, surprise gifts etc. to make it happen.

Suppliers/Producers

The effect of 24/7 working of retail super markets will touch the supplier, which in turn affects the manufacturers. The frequency of orders may increase from the super markets. Unless the secondary sales do not increase, the suppliers do not benefit. The increased frequency of ordering does not ensure increased sales always, but smaller lot sizes may benefit the supplier in better planning of his operations. If the supply to the super markets and malls forms a significant portion of sales, then the supplying company may have to operate as per the requirements of the super markets and malls. Aligning the process in the beginning may be difficult for the suppliers if the retailers insist on supply at any point of time in the day. The retail supply chain should be agile enough to accommodate the variations in supply and demand so as to succeed offering round the clock services to the customers. Use of information solutions like continuous replenishment, optimize floor space, and analytical solutions to understand the customer behavior, would be make the retail supply chain

responsive to the changes in demand and supply.

Society, General Public and Government

A considerable or a significant increase in the spending pattern can be expected especially in the entertainment sector, which in turn facilitates the spending economy. As the outlets will work around the clock, a significant increase in employment can also be expected. Traffic may be expected to reduce in the peak hours if retailers work around the clock. Civic problems and crime rates may increase as the anti social elements may take advantage . Government may have to think about the extension of the timings of public transportation facility (if necessary) and to strengthen the social security system especially in the night.

Conclusion

Malls and large format shops are modern formats of retailing which house even restaurants and multiplexes/ theatres within them and hence a 24x7 operating approval by the government will go a long way to enable many more retail ventures to open. The high-tech sector and businesses in the suburbs have been growing over the last five years. That's where the demand is, in the outskirts, where people tend to work shifts and long hours. Its full potential is yet to be figured out. Despite lacking FDI (Foreign Direct Investment) in retailing, India has been placed in the top among the emerging markets for attracting the global retailers. In a market of

cutthroat competition, service differentiation would be a better choice to gain the competitive advantage. The present scenario portrays encouraging sign to the Indian retailers as the consumers are positively responding new initiatives and slowly shifting towards organized retailing. Now is the time for our Indian Brick and Mortar retailers to develop new concepts, rethink about the current formats and simultaneously respond to consumers, global competition and internal strengths so as to be successful even if the restriction of FDI in retail is

removed. The concept of 24/7 (around the clock) retailing would be a reality, only if concerns are to be addressed and to be solved. After all, the concept would work toward providing better and different experience to consumers. Hence, the stakeholders' viz. Consumers, Retailers and Government ought to understand the concept the round the clock retailing and optimize its use for the larger interest of beneficiaries. If it succeeds, it would act as a significant cue on the way the future Indian retailing would take off.

References:

- (1) Barry Berman, Joel R Evans, 2002, "Retail management a strategic approach", preface p. viii, ISBN 81-7808-778-2.
- (2) <http://www.bangkokpost.net/yearend2001/retailing.html>
- (3) "The Global Retail Development Index Emerging Market Priorities for Global Retailers" Copyright 2005, A.T.Kearney, Inc.
http://www.atkearney.com/shared_res/pdf/GRDI2005Monograph_S.pdf
- (4) (http://www.retailwire.com/Discussions/Sngl_Discussion.cfm/10036)
- (5) (<http://ccsindia.org/interns2003/chap17.pdf>)
- (6) Restaurants & Institutions; 01/01/2001, Vol. 111 Issue 1, p65, 4p, 3c

nuggets!

Twelve years ago, executives at two energy firms, InterNorth of Omaha and Houston Natural Gas, wanted a catchy name for their newly merged companies. Their choice—Enteron—drew attention, but for all the wrong reasons. Numerous callers pointed out that enteron is the medical term for the canal through which people excrete solid waste. Three days later, the company name was changed to Enron.

alumni speaks

Mr. Sanjay Mehrotra
Vice President
Marketing
K Raheja Group

Mr. Sanjay Mehrotra, Vice president, marketing, K Raheja Group, was on campus recently to further interaction between the young managers of IMT, Ghaziabad and the corporate world. Mr Mehrotra is an alumnus of IMT, Ghaziabad and passed out in 1982. In the following excerpts from his interview with MarkUp he shares few words about his journey to success, his life at IMT Ghaziabad and the challenges ahead.

MarkUp: What is the difference between the IMT G of 1982 and the IMT G of today?

Mr. Mehrotra: First of all, I would say better infrastructure. There are more facilities for students, which were not available for us in our student life. Next is Brand Name. In our times, the institute was in a nascent stage and most of the faculties were visiting faculties. But now, it is a tested institute with a known name throughout the country.

MarkUp: Sir, please tell us about your journey after IMT G?

Mr. Mehrotra: I joined 'Blowplast' in sales and marketing division. After few years, I moved to Birla group where I worked for 12-13 years. After that I moved to Raheja Group where I am still working as a part of the K. Raheja Builders in the capacity of Head-Sales and Marketing.

MarkUp: How do you think MBA from IMT helped you in corporate world?

Mr. Mehrotra: It really helped. When you are in a management program of an institute like IMT, you start thinking from a manager's perspective which is extremely important. Moreover it helps you develop a business insight, which ultimately plays the biggest part in your success in corporate world.

MarkUp: What do you think the major factors affecting the quality of education in a B-School?

Mr. Mehrotra: I feel that academics is the most important factor affecting the quality of education in a B-School, because it builds the conceptual base of the student, on which business insight develops. Quality of faculties and quality of admitted students are again important as they play a big role in deciding quality of education. You guys are really lucky nowadays in this area. Also, a proper and varied mix of students from diverse backgrounds is also important for an overall growth of students.

MarkUp: Sir thanks a lot for all the insight you provided. In the end please give us suggestions for the improvement of markezine.

Mr. Mehrotra: I think you should try to make it more towards practical side than regular magazines. For example, separate section should be incorporated which will be synchronous with the daily marketing practices managers follow to achieve targets. Moreover, you should try to get someone from industry to share their experiences with you, and based on that you should try to develop an experience-sharing platform for the readers.

students' corner

Operational Excellence in Service sector: Key to sustaining India's competitive advantage

Competitive advantage is one of the most clichéd terms of modern marketing. But nobody can deny the fact that both entity cannot survive in the market without this concept. Especially when competition is tough, one needs to have a unique selling point to stand out amongst competition. If you come up with a different perspective to satisfy the customer, you will be crowned as "the trendsetter". Similarly, brand India needs a competitive advantage to face the rest of the world. Is it the service sector!

Let us look at some facts and statistics to gauge the validity of the given topic.

| Growth of GDP and Major Sectors in India: 1950-51 to 2003-04 | | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|---------|---------|
| (Average annual growth, per cent per annum) | | | | | | |
| | 1951-52 to 1980-81 | 1981-82 to 1990-91 | 1992-93 to 1996-97 | 1997-98 to 2001-02 | 2002-03 | 2003-04 |
| GDP | 3.6 | 5.6 | 6.7 | 5.5 | 4 | 8.1 |
| Agriculture | 2.5 | 3.6 | 4.7 | 1.9 | -5.2 | 9.1 |
| Industry | 5.3 | 7.1 | 7.6 | 4.5 | 6.4 | 6.5 |
| Services | 4.5 | 6.7 | 7.6 | 8.1 | 7.1 | 8.4 |

Sources: CSO; Economic Survey 2003-04.
Reproduced from Acharya (2004)

2005-06 was characterized by vigorous growth in manufacturing, one of the three sub-sectors of industry. In contrast to the sharp fluctuations in agriculture, industry and services have continued to expand steadily. Indeed, since the beginning of the Tenth Plan in 2002-03, an annual growth of 7.0 per cent or more, **industry and services** have acted as the twin engines propelling overall growth of the economy. Over a somewhat longer horizon, in the six years between 2000-01 and 2005-06 (AE), on an average, **service** with a share of 52.0 per cent of GDP, contributed 65.0 per cent of GDP growth, and increased its share in GDP

from 49.8 per cent to 54.1 per cent.

These facts do indicate that service sector has been consistently moving on the path of growth and there has been no looking back.

When we talk of the contribution of services to our GDP, the first thing that comes to our mind is IT enabled services for very obvious reasons.e.g.in 2004-05, IT services accounted for as much as 3.3% of the GDP. But, do we actually understand what constitutes this sector? The tertiary sector deals with provision of services to other businesses as well



Ms Deepa Krishnan

PGDBM (Marketing)
2006-2008

If you come up with a different perspective to satisfy the customer, you will be crowned as "the trendsetter"

as the final consumers. By this definition, services include transport, telecommunications, software & engineering, financial services, distribution, wholesaling, retailing, pest control, entertainment, hospitality & leisure, [insurance](#), [tourism](#), [banking](#), [education](#), franchising, media, consulting, transport, and healthcare although the list is not at all exhaustive. Public utilities may also be considered part of the tertiary sector as they provide services to people.

The general notion about service sector is based on only a part of this arena and not the whole of it. Here are a few eye-opening facts:

- Outsourced services form a huge part of revenues from the services sector. India has become the hub of backend offices in the world. This sector is projected to reach \$16 billion by 2008. Our unemployed educated section of people finds a place here.
- On the entertainment front, our film industry (including, Bollywood, Lollywood, Kollywood) is a major brand ambassador for India. The popularity of the cine stars makes our country famous. Moreover, the increase in the number of Cineplexes is boosting the incoming revenues from the entertainment industry.
- Animation sector a part of the category of entertainment is also booming. India has a vast base of English speaking workforce, it has good studios and the cost of animation services is low.
- India is also one of the fastest growing markets for software development because it has one of the best talent pools available worldwide.
- Indian food has always enjoyed a niche market across different foreign countries and has a fan following of its own.
- India is a major tourist destination as evident from travel and tourism being the second highest foreign exchange earner for India. The diversity in cultural heritage, religions, languages, customs & traditions has always fascinated the rest of the world.
- The paradigms of financial services are changing. Today, insurance companies are exploring values in banking and investment products and vice versa. Since liberalization, India has attracted a lot of private players in the insurance sector. Banking reforms in India are also aiming to reach to the level of global competitiveness.
- Education – the key to developing a talented human resource force is growing into an industry with thousands of schools, professional institutes, coaching centers and personality development centers. Private players are working hand-in-hand with the government and are backing many institutes and are also providing employment to the students.
- Healthcare facilities have improved to a great extent, increasing the life expectancy of an average Indian upto 70 years.
- We also have a chunk of self-employed people rendering services on a smaller scale, in the form of middlemen (retailing & wholesaling), consultants, and owners of beauty saloons and boutiques.

But what reason do we have to think that the service sector will be the forerunner of the Indian economy? One apparent reason is the superior quality of services at a lower cost. Another point that I can think of is the attitude and culture of the Indian people that is conducive for rendering services. We have a strong educational tradition and growing Internet and telecommunications capabilities along with a favorable time zone differential. Trade liberalization has also proved to be an added advantage.

How do we define operational excellence? It is a level of performance where all core processes in that particular business unit are consistently delivering to customer, people and business requirements. It boils down to achieving the broader objectives through customer satisfaction, not compromising on lowering the cost of operation.

How to go about it? First, we need to identify the strategic resources or enablers. For instance, Rolls-Royce identified the following as the means to attain operational excellence:

- Lean value chains
- People, leadership and culture
- Best practices sharing
- Focused investment

Similarly, India needs to identify the key strategic resources that facilitate our country to establish its brand in the world market. We have not realized our potential yet and there is long way to go.

marquize of the month



Mr Ashish Ohlyan
MIB 2005-07

Ashish Ohlyan is the winner of the online quiz conducted on 4 September, 2006.

nuggets!

Gates and celebrity television artist Oprah Winfrey are the only two people in the world to be named **one of the 100 most influential people of 2004, 2005 and 2006** by the Time Magazine

industry focus

The Indian ITES Sector: An Overview

The Indian ITES Sector has been one of the cornerstones of the success story of the new India. With a share of 46 percent of the global ITES pie, and a size worth US\$ 7.2 billion (Rs.318 billion) in 2005-06, it has not only managed to garner a major chunk of the global market, but has managed to sustain an exorbitant growth over the years-the estimated growth in 2006 being a high 28%. A large population of low-cost, English speaking and technically proficient labour force has been the USP of the sector, and has captured the attention of the entire global ITES industry. As the global ITES industry keeps maintaining a healthy growth rate over the years (the global spend increased by 7% in 2005), the ITES sector in India still has a long way to go.

The terms ITES and BPO are often used interchangeably. ITES though, in its strictest form, refers to outsourcing of business processes(domestic or offshore) that can only be combined with IT. ITES is therefore, a subset of BPO. Although BPO is usually associated with lower-end call center work, there has been an evolution in the recent years with the emergence of higher-end Knowledge Process Outsourcing. This article though, uses ITES as a broad term to encompass ITES, BPO, outsourcing and offshoring. ITES has emerged as a popular competitive strategy for global corporations, as outsourcing and offshoring have led to cutting costs, mitigating risk, greater flexibility of time, and focusing on core competencies, besides other advantages.

There have been a growing number of outsourcing locations available with global firms today- China (estimated revenue US \$ 0.3 bn), Ireland(US \$ 2.2 bn) ,Canada, Phillipines (US \$ 0.8 bn), South Africa(US \$0.22bn), Mexico, Hungary and The Czech Republic being the primary players. India has still managed to maintain its competitive advantage though, and ranks at the top in terms of financial benefits, service maturity, labour pool and skill levels. Tough for the foreseeable future, India is expected to be the preferred destination for ITES services, these other destinations might cut into India's share of the pie. While the European countries may remain the preferred destination for European corporation, China might become the ITES hub for the Japanese firms. Over the long term, China may become India's leading competitor, while minor challenges may be faced by Russia, South Africa and Eastern Europe. India's bugbear in the way of growth has been lack of adequate infrastructure. Attrition has been a major cause of concern too, with the rate of attrition in major hubs being as high as 60-70%.

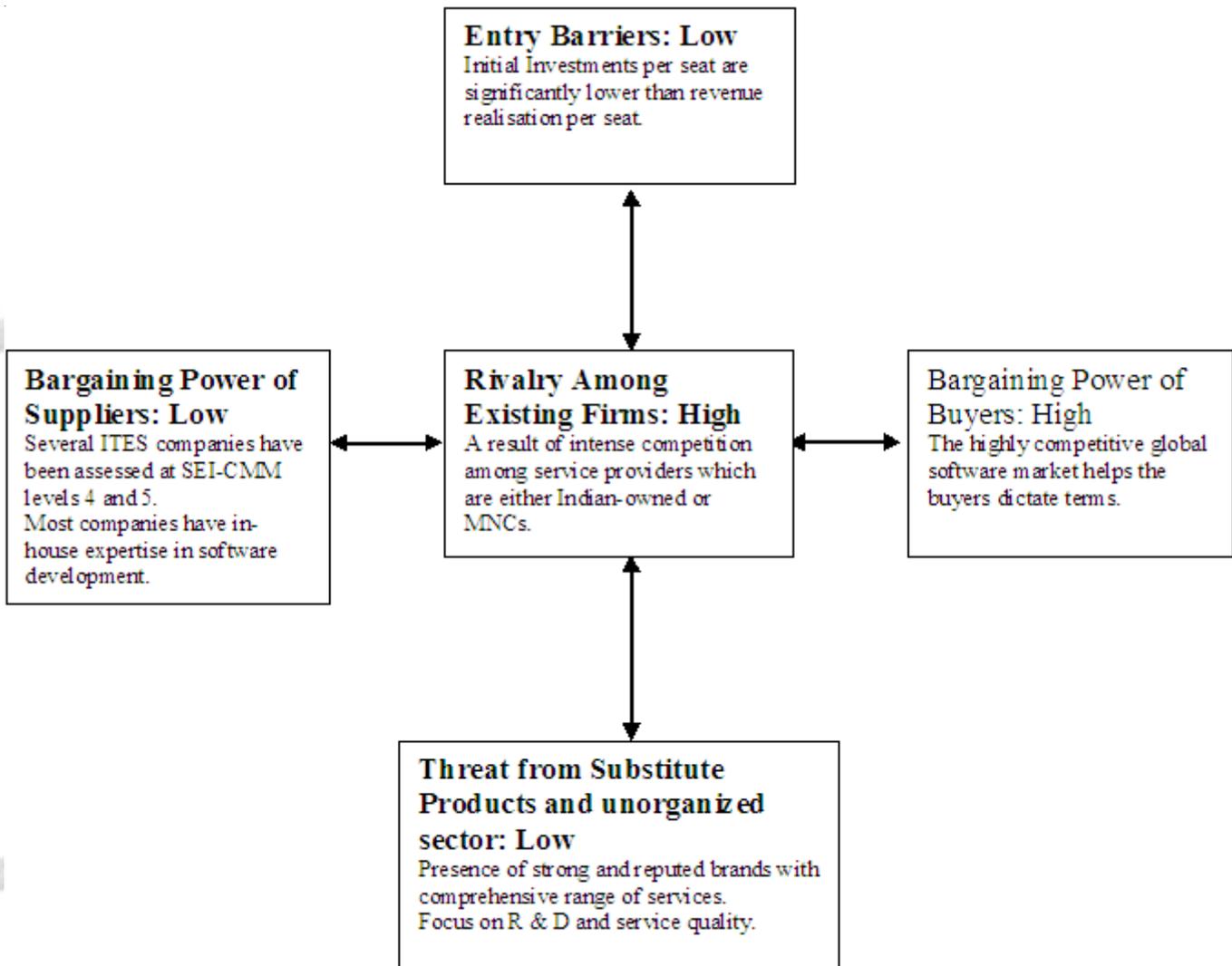


Mr Rajesh Nanda

*PGDBM (Marketing)
2006-2008*

“India’s bugbear in the way of growth has been lack of adequate infrastructure. Attrition has been a major cause of concern..”

Environmental Analysis: Porter's Model

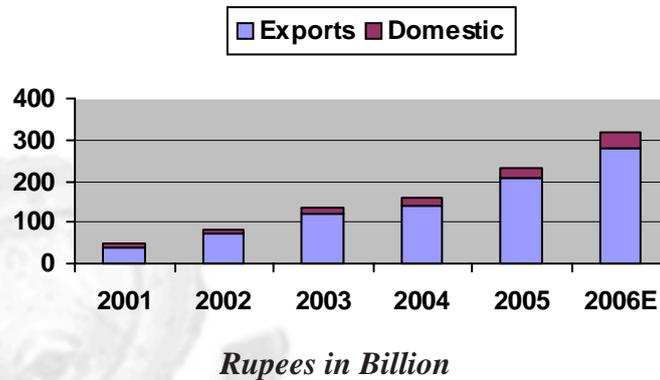


The Market Size

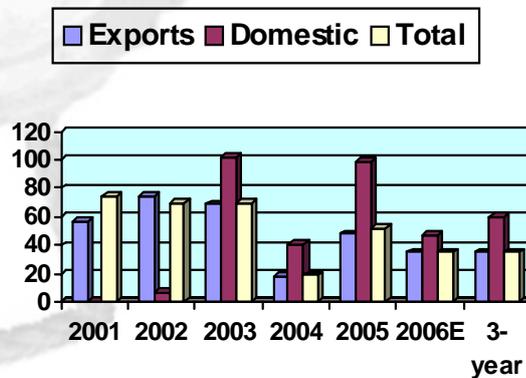
The size of the Indian ITES market is US \$7.2 billion (Rs.318 billion) as of 2005-06 as compared with US\$ 5.2 billion in 2004-05. Between 2004-06, the industry revenues have increased at a three year compounded annual growth rate (CAGR) of 35% in Rupee terms, and 39% in US dollar terms. Growth in Rupee terms though has decreased from 52% in 2004 to 35% in 2006. since the beginning

of the 1990s, the revenue has been driven by exports, with the exports amount for US\$278 bn in the year 2005-06- a three-year CAGR of 32%. Revenue in the domestic ITES industry too has indicated a strong growth, with a three-year CAGR of 60% to register a revenue of US\$60 billion in 2005-06. the share of the domestic industry in total ITES sector has increased from 9% in 2003-04 to around 13% in 2005-06.

Revenue Trends in the Domestic ITES Industry



Revenue growth in the ITES Sector



Major Markets:

The US and Europe (primarily the UK and Germany) remain the key markets, accounting for as high as 90% of the total exports. Although growth has been strong in these markets, Indian firms have also exhibited strong growth recently in markets such as Japan, Australia, Canada and the Netherlands. The US accounts for around two-thirds of the net export revenue, with the other major markets including Western Europe accounting for around 20%.

Importance to the Economy:

India's share of the global IT-ITES market rose from around 1.7% in 2003-04 to 2.3% in 2004-05, and further to an estimated 2.8% in 2005-06. The sector's share in the country's GDP is projected to increase from around 4% in 2004-05 to 7% in 2007-

08.

With the ITES sector reporting high growth, export revenues have increased rapidly from US\$2.5 bn in 2002-03 to US \$4.6 bn in 2004-05, and to an estimated US\$6.3 bn in 2005-06. A major impact of this has been on employment creation, which has almost doubled every year. The number of professionals employed by the ITES industry is estimated at 0.41 million by end-2005-06.

India accounted for about 46% of the global ITES market in 2004-05. With only 10% of the potential global market being tapped by all countries put together, the potential for further growth is very large. Given the CAGR of 35%, the industry can generate revenues to the tune of US \$26 billion by 2009-10.

Market Supply Characteristics:

The Indian ITES market is characterized by large number and diversity (in terms of size) of service providers, either Indian-owned or MNCs. Currently there are around 1500 companies providing ITES to clients across 120 countries. These companies

can be categorized by nature of operations (captive or third-party) and ownership (MNC or Indian). Captive firms account for nearly 65% of the total revenue. The MNCs also similarly account for 65% of the annual revenue, while the domestic firms account for the remaining 35%.

Key Multinational Players:

- Genpact (Formerly GE)
- American Express
- Swissair
- Lufthansa
- Mckinsey and Co.
- Standard Chartered
- Convergys
- Citigroup
- eServe
- Ernst and Young
- Core BPO
- SITEL India

Key Indian Players:

Company

- Wipro BPO
- HCL Tech. BPO
- IBM-Daksh
- ICICI One Source
- EXL Services
- Mphasis BPO Services
- Intelenet
- Progeon
- GTL

Key Service Lines

- Customer support, Administration
- Technical support
- Customer Support, HR, F&A*
- Customer Support
- Admin, Customer Support, F&A
- Customer Support
- Customer Support, F&A
- Customer Support,HR, F&A
- Administration.

*F&A- Finance and Accounting
HR - Human Resources

Looking Ahead:

The global ITES Industry is set to grow at a healthy pace, and corporations are expected to continue outsourcing their labour-intensive business process service tasks to developing countries like India, to gain cost savings and quality advantage. Though the potential for growth for the Indian ITES sector remains high, there are quite a few road-blocks to negotiate. A few of the key issues and challenges include increasing resistance of overseas nations to outsourcing, increasing labour costs, high attrition rates, poor infrastructure. Besides, the

sector needs to move up the value chain to maintain its differential, by venturing into high-end services like Knowledge Process Outsourcing(KPO), Legal Process outsourcing (LPO), and Medical Process Outsourcing(MPO). All these would lead to new domains of job creation, a demand for intricate technical skill sets, as well as a further consolidation for the sector in the global ITES pie, thus leading to higher economic gains. This anticipated transition though would require a consorted and sustained effort both from the sector and the Government as a whole.

nuggets!

Unilever was created in 1930 when British soap maker Lever Brothers merged with Dutch margarine producer, Margarine Unie.

the other perspective

Marketing Challenges in M&A

Mergers and acquisitions (M&A) have become increasingly popular in business practice. Post-merger integration (PMI) has received increasing attention because of the fact that substantial value creation can happen after the merger. However, such attention has been in direction of synergies coming out for shareholders in terms of wealth creation through cost savings. Direct fallout of this is marketing-related issues of PMI and the subsequent effect it has on the merged firm's performance, has been largely neglected. The **Reebok-Adidas** merger is a case in point. The two firms would enjoy substantial cost savings arising out of economies of scale. But they will have to maintain individual brand identities at-least in the short term which will result in higher market related costs.

Against this background, we adopt a marketing perspective of M&A and try to find out the significance of marketing integration process in mergers vis-à-vis cost savings arising out of a merger.

Marketing integration process can be viewed as the extent of similarity achieved between two firms' marketing structures, activities, and processes. It also can be achieved through combining the "best of both worlds" into a newly created structure, activity, or process. **Performance outcomes** are measured by cost savings and market related performance. **Market-related performance** is measured by metrics such as customer loyalty and market share. It has a positive impact on costs for two reasons. First, a high level of

customer loyalty after the transaction enables companies to avoid costly activities directed toward attracting new customers. Secondly, if market share increases, opportunities for cost savings through economies of scale emerge.

Many variables including firm-level variable (customer orientation of merger, relative size of the acquired firm) as well as market level variables (market growth before the merger or acquisition, distinction between product and service firms) have an impact on the above defined outcomes.

Lets analyse few of these factors. In the case of a high **customer orientation** in PMI, cost savings will be low. Furthermore, a high level of customer orientation will result in positive market-related outcomes of merger. When decisions to integrate brands or distribution channels are made with a strong focus on customer value, the market-related performance will increase. **IBM's** sale of computer business to **Lenovo** is a case in point. **Lenovo 3000** series was targeting individual and small users. On the other hand, **IBM Thinkpad** brand caters to medium and large enterprises. Combining both will create high customer orientation, hence market related performance would increase.



Mr Atul Bagaria

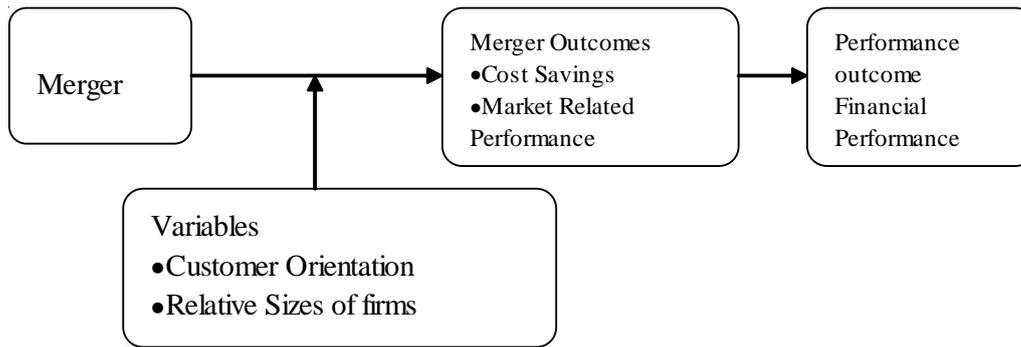
*PGDBM (Finance)
2005-2007*



Mr Abhishek Sehgal

*PGDBM (Finance)
2005-2007*

"...a high level of customer orientation will result in positive market-related outcomes of merger."



Framework of the Integration Process

In the case of **high relative size** (i.e., when the acquired is almost as big as the acquirer), there is greater potential for cost savings through economies of scale. With respect to market-related performance, we perceive a negative effect of the extent of integration as PMI is likely to involve more people. In such situations, internal conflicts, holding back of information, and so forth, are likely consequences and will takeaway managerial time that is needed to serve customers. Take for instance **P&G Gillette** merger, where P&G expects savings to the tune of \$14-15 billion but marketing integration would be a problem as both are big FMCG giants with large portfolio of products. The only advantage they have is complementary nature of their products.

Market Growth is another variable which has the potential for cost savings in mature markets (i.e., markets with low growth rates) as integration will have greater impact than in high growth markets.

One example of acquisition where marketing perspective has played more importance is **Tata Tea's acquisition of Energy Brands of USA**. Tata Tea has acquired a company of a size of its balance sheet, which can be drag on its financials also but in the long run it will broaden its product portfolio and give Tata a wider presence in the US market.

Thus we can conclude that PMI financial performance is not only impacted by cost savings but also by market related outcomes. These constructs are summarised in the figure above. There is a chance that the positive effect on financial performance through cost savings may be negated by weak market-related performance. Thus it is also important for us to analyze M&A from a marketing perspective and to realize that the marketing integration process is highly relevant in driving ultimate M&A performance.

Sharp

This Japanese consumer electronics company was named after its first product, an ever-sharp pencil.

mark-o-meter

1. What is meant by ZEN in Maruti ZEN?
2. Which international organization got its name because, when it was first started, its members would meet in turn in each other's houses?
3. Which famous site had the name cadabra.com in the past?
4. Name the car named after an Austrian girl?
5. Which company was known as the Blue Ribbon Sports Company earlier?
6. Which company is Official sponsor of Olympic Games since 1964 Winter Olympics?
7. Before Microsoft, Bill Gates and Paul Allen had floated another company. What was the name of the company?
8. Name the famous company known in the past as NM electronics?

Know your marketing mettle : Answers on the last page

nuggets!

Henry ford's 1st car was — model t???? Nope, On June 4, 1896 in a tiny workshop behind his home on 58 Bagley Avenue, Henry Ford put the finishing touches on his gasoline-powered motorcar. He dubbed his creation the 'Quadricycle,' because it ran on four bicycle tires. This ultimately led to the founding of the Ford Motor Company in 1903.



Model T

The Quadricycle



from our classroom

SHAKTI BY HLL: A CSR INITIATIVE

What is Corporate Social Responsibility (CSR)?

Customers all over the world are increasingly getting educated and empowered. They have ready access to information, thanks to technological advances like the internet. Organizations realizing this, are adopting customer centric marketing. Customers want the corporations to maintain the highest ethical and moral standards. Any organization doing this generates tremendous goodwill and trust. Added to this, government legislation and pressure, investor interest in social criteria and changing business procurement practices are forcing companies to adopt CSR. The world has become a small place where information flows seamlessly. Organizations adopting CSR is an acknowledgement of this fact.

Historical context

The concept of organizations considering factors beyond economics, in their marketing and production efforts is not a new one. For example, the East India Company during the evolutionary stages of the company development in England was involved in development of society wherever it went which included setting up settlements and developing transport and financial services. Even in US law and public policy mandated companies of that era (nineteenth century) to adopt favorable policies towards health and safety for

workers, consumer protection, labor practices, environmental protection, etc. There was a voluntary adoption of practices that responded positively to public mores and social tastes. By middle of twentieth century management gurus like Peter Drucker and Milton Friedmann were propounding Corporate Social Responsibility as a key business management practice.

HLL Shakti

In 1976, HLL initiated its Integrated Rural Development Programme in the Etah district of Uttar Pradesh. HLL has implemented similar programmes in all the lesser developed regions of the country where it has set up factories. These programmes have focused on empowering and educating the rural people by imparting them training on farming techniques, animal husbandry, health and hygiene. These initiatives have given HLL a wealth of information about operating in rural areas.

They realized that the key to rural development is providing income-generating opportunities for the poor. A sustainable model can only be built when these programmes are linked to core business of the organization. They understood working this way would be mutually beneficial to both the rural poor and the company. Having acquired these critical learning's, HLL initiated project Shakti in 2001 in Andhra Pradesh with a view to integrate business interest with national interest.



Mr Sambit Pattnaik

*PGDBM (Marketing)
2006-2008*

“They (HLL) realized that the key to rural development is providing income-generating opportunities for the poor..”

Project Shakti is HLL's rural initiative. It targets villages with population no more than 2000 with the aim of empowering the rural women by providing them with income-generating opportunities, educating them on health and hygiene through Shakti Vani, providing them with information through the iShakti information portal and by giving them access to sustainable micro enterprise opportunities. Following the footsteps of Grameen Bank in Bangladesh, NGO's and governments have been trying to organize rural women into Self Help Groups (SHGs). One key lesson learnt by them is, just the availability of micro-credit is not sufficient but it also has to be properly routed to create investment opportunities. HLL's project Shakti is playing a vital role in creating micro enterprise opportunities by training and equipping the rural women, as extended arm of company's operation.

Around 1999 HLL was brainstorming how best to penetrate the untapped rural markets. In the course of their discussions they realized the presence of a number of agencies providing micro-credit to rural people. HLL wanted to help the rural people better utilize their money by proving them a business model. Working on this premise, HLL provides the rural women with mass marketing products relevant to the rural market. HLL has tied up with some micro-credit lending agencies like CARE. The rural women have access to funds which they use to buy the products and sell them in their village and neighboring areas. HLL is investing resources to provide on the job training and local marketing support to rural women. It also gives the women vital inputs about managing their enterprise efficiently. This acts as a stabilizing factor for these rural entrepreneurs.

Started in 2001 project Shakti has spread to 50,000 villages in 12 states and has helped 25,000 rural women transform into entrepreneurs. In the process project Shakti has touched the lives of 15 million rural populations. HLL wants the project to expand

to 100,000 villages and touching the lives of 100 million rural populations. A Shakti entrepreneur makes between Rs 700 -1000 on an average which is twice the normal income of a village household. This has helped bring respectability and dignity into the lives of rural women and has empowered them. It has given them a voice and is helping them to create a secure a better future for their children.

Another aspect of project Shakti is Shakti Vani, a social communication programme. Women trained in health and hygiene issues address the villagers in schools and *baithaks*. They sensitize the villagers about the need for sanitization. They educate the villagers about the need to consume iodized salt. Shakti Vani plays an important role in helping prevent frequent ailments like diarrhea.

iShakti is the internet based rural information service from HLL. It has been designed to meet the needs of the village folk pertaining to medical health and hygiene, agriculture, animal husbandry, education, vocational training and employment and women's empowerment. This programme has been initiated in Andhra Pradesh.

With the help of iShakti farmers can have access to effective methods of pest control. Villagers can consult a local doctor about their health problem. 'i-shakti' has also tied up with Azim Premji Foundation to deliver innovative educational modules to students. iShakti fills the information lacuna in the villages and provide them with information relevant to their economic and social life. The iShakti kiosks are operated by Shakti entrepreneurs. HLL intends to make these kiosks, critical tools in the process of unlocking the dormant economic potential of the villages and promoting social welfare.

Conclusion

C.K.Prahalad the famous management guru says "For many fast-moving consumer good companies,

the bottom of the pyramid is not marginal anymore, that's where the market is". Competition in urban areas is increasingly becoming stiff and in a globalized market countries like China are adopting cost structures that are very difficult to match. In view of these facts the attractiveness of rural markets is increasing for business organizations. Projects like Shakti provide a win-win situation for the organization and its customers by creating a self sustaining cycle of growth. It can help us solve some of our most acute problems like lack of health and education among the rural women and the skewed

sex ratio, by helping women have a say in the decision making process of the household. Initiatives like iShakti can play a constructive role in bridging the digital divide that afflicts our country. Programs like these can be critical tools for the villagers, to help them be a part of the story of growth and prosperity that is being scripted in our country. Project Shakti is a shining example of how a business organization can play a positive role in social development, while making sure, its topline and bottomline are not affected. That is the true essence of Corporate Social Responsibility.



nuggets!

Kiran Mazumdar-Shaw is the India's first woman brew master. Shaw joined the Ballarat University in Melbourne, Australia, and qualified as a master brewer in 1975. At present, she is the CMD of Biocon Ltd. In 2004, Shaw became India's richest woman.

ad review

Coca Cola's: "Thande ka thadka": A review



The new Coca Cola Advertisement starring bollywood beauty Aishwaria Rai has come under a fair bit of criticism, especially from women for its portrayal of women in a negative light. Women all over India are complaining that the ad is distasteful and irresponsible as it glorifies eve teasing and portrays it as a playful and a harmless act. Their primary cause for complaint is that the impact of this commercial on young men who see a celebrity enjoying inappropriate behavior, which, in reality, would be a traumatic experience, could lead to adverse reactions from hot blooded men across the country.

Such scenes are also very common in Hindi films and have a similar effect. However, a film is not seen as often as a television advertisement which is repeated dozens of times a day with correspondingly greater impact. Social analysts are also complaining that Coca-Cola released such a commercial at a time when crimes of this nature are on the rise. This is exactly the kind of

behavior that resulted in the rape of the South African model and the German diplomat, the Holi riots in Navi Mumbai and in the death of Mehr Bhargava, shot for protesting eve teasing. Women's safety is not to be taken lightly and everyone must know that eve teasing is not acceptable in any form. Conversely, some people think that Thande Ka Tadka is a silly ad. What it depicts is not a normal course of events. For instance the girl in reality would not react in the way Aishwaria Rai does in the advertisement. People in the bigger towns are sensible enough not to get swayed by the ad. However, people in the smaller towns may get influenced.

However an Industry analyst Prahlad Kakkar says that "I don't think that the ad encourages eve teasing. Such an allegation would be stretching things a bit too far. One must understand the humor in it. In advertising such liberties are taken, it is a part of their creative license."



Mr Sajja Praveen
Chowdary

PGDBM (IB)
2006-2008



Mr Pratap Rao

PGDBM (Marketing)
2006-2008

..some people think that Thande Ka Tadka is a silly ad. What it depicts is not a normal course of events.

In Indian cinema, eve teasing is the most popular form of courtship. It is the only way a guy gets acquainted with a girl. He annoys her, plays pranks and irritates her and she plays her part by pretending to be annoyed, but secretly enjoying it. Commercials draw heavily from filmdom. Probably, somewhere along here comes the grey area. In reality, women don't respond that way to eve teasing and even if they do, men usually don't take it well and resort to more vulgar comments.

What Coke had to say in response was "The ad, in no way approves eve-teasing. In fact, the ad shows

Reference: www.dnaindia.com

Aishwarya Rai using her wit, humor and her always-being-in-control-attitude getting better of the people making fun of her. The ad goes a step further to reflect the bold self expression and confidence of Aishwarya to turn tables on the same people. The campaign, actually encapsulates the new found confidence of the youth of today and speaks the language of the empowered generation."

The advertisement may not have universal consensus on its portrayal of women. But a little bit of controversy never hinder sales.

Coca-Cola's name is derived from the coca leaves and kola nuts used for flavoring. Coca-Cola's creator John S. Pemberton changed the 'K' of kola to C' for the name to look better.



Vis-à-Vis



Arvind Balan
PGDBM (Marketing)
2005-07



Anish Kumar
PGDBM (Marketing)
2005-07

DIRECT MARKETING- Is it worth it?

Consider three situations:

- You have somehow taken time out to have dinner with your family (not a very easy task for working professionals today). You are relishing the home food when suddenly you receive a call from a tele-marketer who addresses you by your name, knows all about your previous loans and wants you to buy his latest financing package.
- You are having an important meeting with your client or your boss when your phone starts buzzing; one of those calls from the cellular agencies, who want you to switch over to their connection.
- You are watching your favorite movie on the tele, when suddenly one of those ever pervasive infomercial crops up, and you have to wait for another 20 minutes to catch the climax.

But this attempt by marketers to capture your freedom of thought, expression and choice which is a euphemism for direct marketing has some deep social, cultural and economic implications which are jeopardizing society.

Direct marketing basically attempts to send its mes-

What is **Direct Marketing**? Is it just another method of selling products? Or its a way to run customer service and customer loyalty programs?

It is actually a hybrid combination of both, which may result in sales revenues as well as a more satisfied customer. Consider these scenarios:

- A person is watching TV and after every 15 minutes, some 10 odd 30-second commercials pop up. He just switches the channel.
- A person is reading a newspaper, and he doesn't like the ads there. Even if he is interested by any Ad, even then he doesn't bother to call a given number.
- A hoarding of Gym Equipment is there on the main road, in which 90% of people are not interested. And even if interested they are not able to find any significant information.
- Even if few of the advertisements are actually able to sell products, they are unable to follow up on the customer after that.

What do these situations indicate? Simply that most of the traditional advertising methods are not working these days with the same effectiveness. Either 90% of the targeted people are not the right prospects, or they are not able to get the desired information from these advertisements.

-sages directly to consumers, using “addressable” media such as mail, email, SMS, telemarketing seeking a response from the target. Advertisers often call it “targeted mailing”, as mail is usually sent out following database analysis. For example a person who likes golf may receive direct mail for golf related products or perhaps for goods and services that are appropriate for golfers.

The practice which began with the aim of offering marketers a tool to address their customers personally, build offerings tailored to their needs and enhance customer relationships and loyalty, has now come to be associated with terms like junk mail and e-mail spam, carpet bombing and intrusion of privacy. Cell phone spam could either be one of those unreadable chain-mantras or a joke or a message from your cell phone company or someone selling something. Though with spam customer always has the option to “hit delete” but phones must be answered; paper mail must be carted to the trash.

Marketers claim customers are free to ignore the intrusions, however the truth is that all forms of direct marketing impose some recipient cost. Like unsolicited email, fax “costs” includes increased need for storage, bandwidth, CPUs, wear and tear, paper and toner etc., false positives (i.e., damage from blocking legitimate mail) due to the need for anti spam filters.

Even spamming on the cell costs you money. For example, have you ever wondered where the SMS jokes originate from? You got them from your friends but who sent it to them? It has always been argued that many of the messages are generated from one of the many mobile phone companies. Even if they are not, you pay to forward them to your friends. One estimate puts the share of such messages, both personal and corporate, of the total SMS traffic at over Rs 100 crore. Does that tell you something about why they crop up?

Other than that, these traditional methods are highly ineffective when it comes to customer relationship and loyalty. Other than that the response time is again quite large with unpredictable output levels.

So, a growing concept called Direct Marketing makes its presence felt. In this form of marketing, the targeted prospect is reached directly by different mediums of communication with detailed information about the product. This can be done by Direct Mail, SMS, Telemarketing and Internet etc. This provides the company with a host of long-term and short-term benefits. Some of these probable benefits are:

- *Focused Target:* Here only the target prospects are focused on. Hence those people are targeted who the right prospects for the product sold. So it saves company’s energy and cost of targeting 90% of the uninterested people.
- *Personalized Message:* The marketing message can be personalized for different prospects according to their personalized needs. This increases the chances of conversion significantly.
- *Detailed Information:* Company’s message can be longer, thus providing the full details and information about the product company is offering.
- *Active involvement of the User:* In this, user is actively involved in the negotiation from the starting point. This involvement leads towards the higher satisfaction index for the customers.
- *Immediate Response:* This approach results in immediate response from the customer from the customer side. This can help the marketer to personalize and improvise its approach to attain more favorable results.
- *Better Predictability:* In this type of marketing approach, results are more predictable. Usually marketer has an idea about conversion rate from previous experiences, so it can predict the results. This is not the same in case of traditional means of marketing.

Many companies do not ask consumers whether they are willing to receive calls or direct marketing messages. This is legally shaky ground for most telecom companies and marketers. Are they allowed to give out your numbers to direct marketers? Not unless you opt for it.

In US telemarketing industry passed a law 'national do-not-call list', which went into effect on October 1, 2003. Under the law, it is illegal for telemarketers to call anyone who has registered themselves on the list. After the list had operated for one year, over 62 million people had signed up. An evidence to show how much the customers detest telemarketing. Even the environmental protection groups, are agitating against the direct mail concept (junk mail). They say:

- Each year, 100 million trees are used to produce junk mail;
- 250,000 homes could be heated with one day's supply of junk mail; and
- Americans receive almost 4 million tons of junk mail every year.

This brings us to the question whether does direct marketing is benefitting companies. Consider this: the cost per thousand in direct marketing is higher than almost any other form of mass promotion. It's not unusual for postage, paper, printing, creative services, tracking and fulfillment cost to come to over a dollar per contact. Phone solicitation is even more expensive. Added to this is the threat of inconsistent presentation and customer backlash. The individual tele-caller might communicate poorly; argue with the customer affecting the entire company's reputation.

Even the basic premise of this concept, that the target will respond via telephone or internet, credit card in hand, is flawed. You are simply adding to the already cluttered consumer mind. The filter in the mind usually blocks out the unwanted information. The agitated, annoyed customers even might put you in his blacklist.

- *Customer Satisfaction:* Detailed information, easy to respond, Personalized message; these are the things which can play a big role in making the customer happier, and thus improving customer satisfaction index of the company.
- *Customer Relationship and Loyalty:* Again this is the only mean of marketing where customer relationship can be established from the starting point of interaction. This along with higher levels of customer satisfaction can lead to customer loyalty.

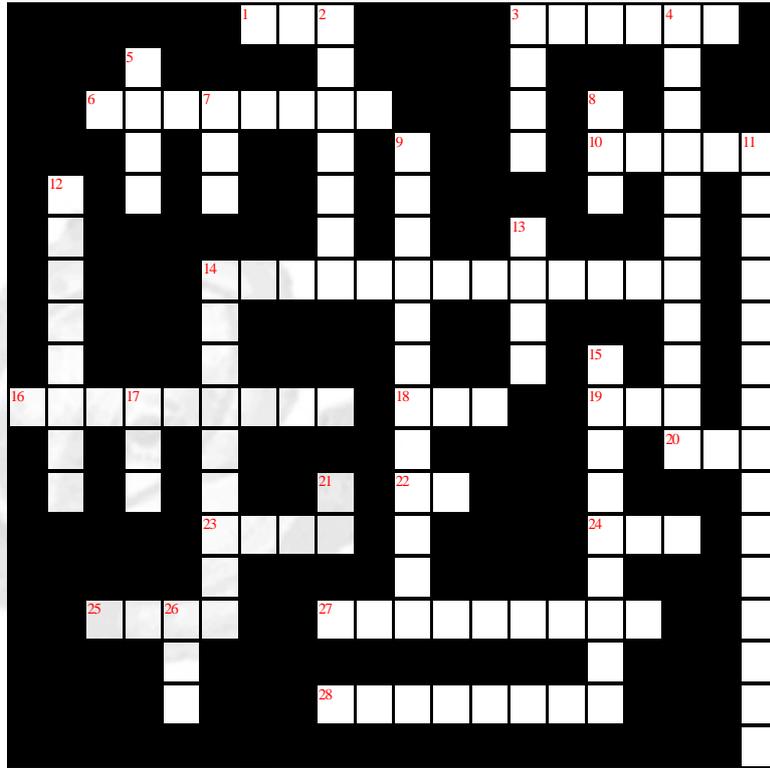
Here, some may argue that in direct marketing, the cost per person is much more than that of traditional marketing practices. But when 90% of uninterested customers are removed from that, it becomes significantly cheaper than other mediums. Add customer satisfaction to it and Direct Marketing will

nuggets!

The 41 million kisan credit cards issued in rural India exceed the 40million credit plus debit cards issued in urban India

There are 42000 rural super-markets {haats} in India that exceeds the total no. of retail chains in US {35000}

crossword



ACROSS

1. This automobile is called the ultimate driving machine (3)
3. This country purchases the largest number of US made goods (6)
6. John Styth invented this in 1886 (8)
10. Pepsi Cola's original name was _____ drink (5)
14. This celebrity Business women was sentenced for 5 months as a part of a stock fraud case (13)
16. This celebrity tycoon ran for the president of the US in 1992 as an independent candidate (9)
18. Established in Sweden in 1947 by Erling Persson, sells clothes and cosmetics in over 1200 stores in 24 countries.
19. Management approach for continuous development of product, processes and services(3)
20. The company received unwanted media publicity in the 1980s when an urban legend spread that their previous corporate logo was a satanic symbol.(3)
22. "We bring good things to life " is the slogan of which brand (3)
23. One of the biggest Saudi conglomerates formed in 1980, founded by Maan A. Al-Sanea which began as a construction services company and now has 37 companies in diversified sectors.(4)
24. This is the first 'pure-play'KPO organization which has grown beyond 1000 employees(3)
25. The largest selling beauty company in the world(4)
27. This NFL football player was acquitted for the murder of his wife in the year 1995 (9)
28. The first McDonalds was placed here (8)

DOWN

2. Worlds largest retailer (7)
3. Oldest company of RPG enterprises, established in 1958(4)
4. Executive producer of the reality TV show Apprentice (11)
5. Best selling car in the US in the year 1983 (4)
7. The few areas or regional markets where a company decides to make 'spot buys' by allocating its advertising budget(3)
8. Major Player in international media arena, Launched in Asia in 1992 this company is winning many Emmy and Golden Globe awards.(3)
9. This famous tycoon bought the Desert Inn Hotel in Las Vegas after the management tried to evict him from his room (12)
11. Actual name of the legendary businessman and Hollywood producer Samuel Goldwyn (15)
12. This soft drink was the first product to appear on the cover of the Time magazine (8)
13. A major player in the computer business (4)
14. This boxer actually bit off a chunk of his opponents ear in a 1997 fight (9)
15. Co-Founder of Apple Computers(9)
17. World wide market leader in CRM software (3)
21. The first company to introduce a safety-engineered syringe, the _____Safety-Lock.(2)
26. This communications agency founded in 1928 has recently got into sports Marketing consultancy (3)

