

## ***Market Intelligent Enterprise***

The strategy, process and technology adopted for the front-end operations (sales, marketing and customer service) finally determine the framework of any customer facing solution. But this systematic approach to customer relationship management has come about through a slow process of evolution/refinement.

In the boom period that followed World War II, the focus was on mass efficiency, hence the strategy was of mass production and processes and technology were accordingly adopted to facilitate it. There was minimal, if any, product and service differentiation.

In the 70's, as mass production led the way to scale-dominated, cost-effective processes, there came a tilt towards use of cutting-edge technological innovation and product differentiation.

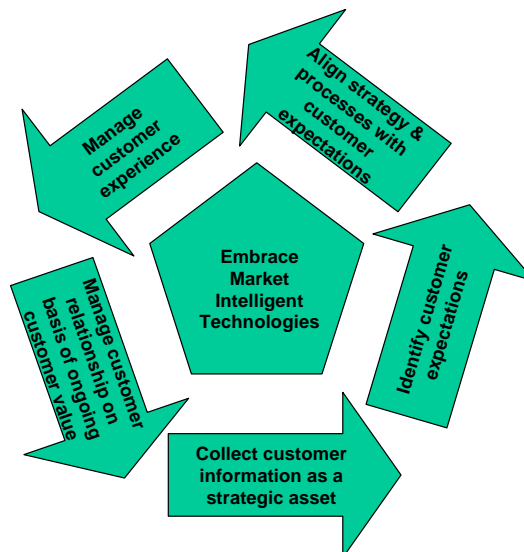
Customers' needs went into oblivion in the 80's when the emphasis shifted to reengineering and downsizing. It was only in the 90's, with the spread of globalization and the proliferation of competition, that the companies realized that they were losing customers' loyalty. Training programs were launched and customer satisfaction processes designed to listen to customer needs. However, cost considerations narrowed the focus on valuable customers and building long-term relationships with them.

In the world of today, organizations have come out with state-of-the-art CRM solutions, customized under the guidelines of their strategy, processes and technology. Keeping this in mind, Pricewaterhouse Coopers, one of the Big 5 in the consulting arena has designed a Market Intelligence Enterprise Framework that provides a template to be used across industries, especially those that operate in the B to B space.

### **MIE**

PwC defines a Market Intelligent Enterprise as “an enterprise that institutionalizes the capacity to acquire and apply market information quickly across and effectively manage customer relationships with your best customers and best prospects”. Companies can realise the vision of being a MIE by enhancing customer loyalty through achieving excellence in the following key areas (as depicted in the figure)

**The Market Intelligent Enterprise Framework**



**Figure 1**

## **1. Collecting customer information as a strategic asset**

An MIE Derives its strategic advantage from the ability to collect, assimilate and act on customer information swiftly and in the right manner. The customer information is derived information from both its current and prospective or target customers and through all customer touch points. This information then becomes the foundation of the strategy and processes of the MIE, and is the basis for the MIE to manage its customer experiences and relationships. Collecting customer information is frequently simpler in a B2B situation than in B2C, simply because the customer are typically fewer, interactions more frequent and relationships with the top customers better established.

## **2. Identifying customer expectation**

In a B2B setting, the customer expectation can be typically mapped on the following dimensions: Supply reliability & flexibility, Supply lead-time, Quality, Price, Technical support and Integration with customer's processes & systems. PwC has a Voice of Customer (VoC) methodology, to map customer expectation through direct interviews with customers and internal stakeholders. In this methodology, a representative cross-section of customers is scientifically chosen, and detailed interviews are conducted to elicit customer expectation and current performance of the client against this expectation. A mapping of customer expectation should lead to identification of discrete customer segments that buy similar products & services, and demand similar service levels. This segmentation should then serve as a basis for setting differential strategies for delivery of products & services to the customers.

## **3. Aligning strategies & processes with customer value & expectation**

A key part of formulating the business strategy is examining the offerings and value proposition to the customer. . A well-designed value-added offering helps the customer focus on his core competence, reduce his costs and improve his delivery capability. An MIE will need to mix & match product delivery systems and channels to deliver the appropriate service standards to different sets of customers

The MIE should align its business processes closely with the customer expectation. This can be done by identifying key process metrics and setting targets on this metrics in a manner that enables full delivery against customer expectations.

## **4. Managing customer experience**

The major customer touch-points are marketing & sales, Customer support, Billing & payment, Dispute resolution and Product development & testing. Each of these interactions offers the Enterprise an opportunity to demonstrate its commitment to total customer satisfaction. Relationship marketing is a very effective approach where the focus is on building & reinforcing a long-term relationship with the customer with every interaction. The relationship starts when a prospective customer is approached. Availability of the right information on the customer and ability to offer the right value proposition are key to continuance of the relationship.

## **5. Managing customer relationships on basis of ongoing customer value**

The first step in managing customer relationships is identification of the 20% of the customers that bring in 80% of the revenues. This should be done on basis of two factors:

- a.) Customer Lifetime Value is defined as the value today of a customer based on the future profits over its life expectancy.
- b.) Strategic importance, i.e. how much the customer contributes to maintaining the competitive edge of the Enterprise

A strategically important customer may have a comparatively low lifetime value.

The second step to managing customer relationships is to create a tiered retention strategy that directly ties retention effect to the lifetime value and strategic importance of the customer. The tiers can be of cross selling, features enhancement or discounts or bundles of such offerings.

An MIE also uses its analysis of customer lifetime value and its understanding of customer segments to better target its marketing efforts. It discovers significant cross-selling opportunities to existing customers, e.g. an industrial equipment manufacturer offering maintenance / remote monitoring services to a customer with high installation base. It also identifies prospects more accurately, lowering marketing costs and raising the effectiveness of sales force.

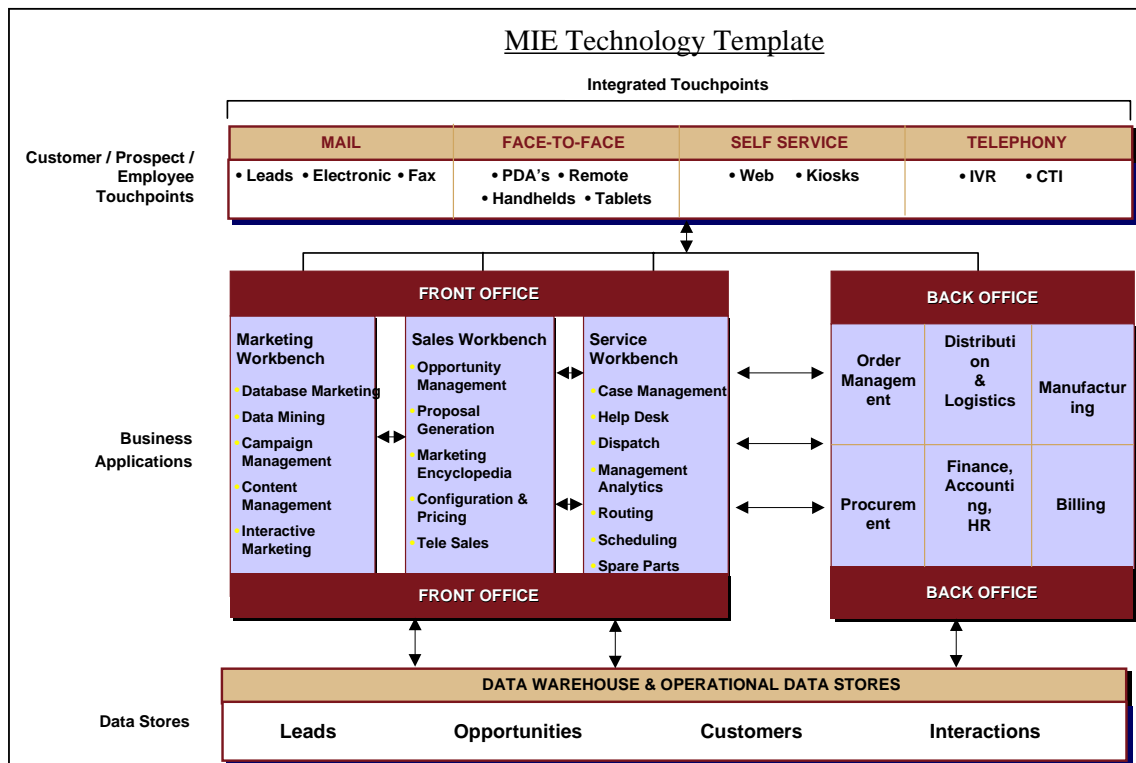


Figure 2

## 6. Embracing Market Intelligent technologies

Figure 2 depicts the Technology Template for a Market Intelligent Enterprise. Each of the modules depicted in it contributes to the goal of acquiring & applying market information swiftly to effectively manage customer relationships.

Technology and connectivity will remain the two great enablers for a Market Intelligent Enterprise: together they determine the velocity and quality of information flow. Extensive capturing of customer. Information, its collation & analysis and swift responding to the identified customer needs is possible only through enablers like E-commerce, CRM packages, data mining solutions etc.

A key promise of technology is the visibility of demand across the extended supply chain: this enables vendors to be more responsive to their customers while shedding excess inventory and minimizing the risk of stock obsolescence. The better inflow of customer data also helps vendors analyze the purchase behavior of their customers more closely and take proactive measures to build brand equity with customers.

### ***Conclusion***

The vision of Market Intelligent Enterprise is a key tool for businesses to fundamentally reinvent themselves for remaining competitive in an operating environment that has evolved considerably in the last few years. Realization of this vision has now become a strategic imperative for businesses seeking to survive & prosper in this environment of fluid customer expectation and disruptive technology. Each of the areas addressed above by MIE has the potential to yield substantial benefits to an Enterprise in terms of enhanced customer value, higher market share and better earnings.