

# TARGETING THE SWITCHABLE CUSTOMER USING MARKETING ANALYTICS

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**Abstract:** A business enterprise can enjoy the success because of large customer base who display loyalty towards the brand. The customer is the basis of survival business. One of the principal goals of any marketing strategy is to identify and meet the needs of the patronage. Considering customer importance at all stages of the marketing process customer satisfaction is very crucial and so do the customer retention. The purpose of this study is to analyze how marketing analytics can be used as a tool to target the switchable customers. This study examines various factors which lead to switchable behavior of the customers and how this behavior can be stopped using analytics so that customers can be retained for a longer period.

**IndexTerms - Brand Switching, Brands, Marketing analytics, Consumer Behavior, Data analysis, Customers research, Retail.**

## I. INTRODUCTION

A brand or mark is a name, term, design, symbol, or other feature that distinguishes an organization or product from its rivals in the eyes of the customer. Customers are the most important resource upon which the success of the business depends and when these customers rebuy, come again and again. It develops customer loyalty, satisfaction and revenue. It means if the brand does not meet the expectations of the customers, they start looking around anticipating that other brand(s) will fulfill their need and when customer eventually chooses the other brand for fulfillment that phenomena is called brand switching. Eventually when the customers choose to switch the brand it erodes the profits, market share.

## II. LITERATURE REVIEW

This literature review is has two sections (a) Brand Switchers behavior (b) Marketing Analytics. Separate sections have been provided in order to cover all the aspects.

### Antecedents of brand switching behavior

Brand Switchers are the buyers who are indifferent to a particular brand and keep switching from one to another brand are switchers. Brand switching literature can be studied at organizational as well as consumer level but switching behavior differs at both the levels. At organizational level switching is a complicated process because a number of people are involved in the buying and decision making process whereas consumer are not dependent on anyone for their decision (Barclay,1991).

Raju (1984) explored the brand switching behavior for fast moving consumer goods where he projected that product class, product awareness, switching cost and individual difference variable examined where his research established that product awareness impacts brand switching. Variety seeking identified as another factor for brand switching (Roehm & Roehm, 2005).The major stimulus behind brand switching is other brand being a market leader and unique product attributes (Trivedi & Morgan, 1996).

Keaveney (1995) reported around 800 behaviors of service firm that causes the brand switching of the service providers. 45 services of different types were observed through using critical incidence method.

He discussed service encounter failure, employee responses to service failure, core service failure, inconvenience, pricing, ethical issues and involuntary switching as the reasons of customer brand switching for service providers.

**Employee Responses to Service Failure –** When service provider is not capable enough to handle the situation and because of that customer has faced trouble than it might be possible that customer may switch to another brand.

**Service Encounter Failure –** Customer many a times switches the service provider if he/she finds that the people are not supportive and they misbehave frequently. More of those service employees are not technically sound in their domain areas.

**Core Service Failure –** When unexpected mistakes take place such as any technical fault due to which customer need to face problem like offer is not showing in billing or discount is not given to customer. Service catastrophes, billing errors and mistakes are the major reasons for core service failure.

**Inconvenience –** Distance location, inconvenient working hours leads to switching.

Service Encounter Failure – Unresponsive, impolite, uncaring and unknowledgeable employee behavior forces the customers to switch to other brands.

Pricing – If current service provider is charging high price and giving same services as that of others then the customer may switch to other competitor(s).

Ethical issues – customers may switch due to unethical practices prevailing or adopted by an organization for short-term gains. In many cases harmful practices, lying behavior, threatening behavior and conflicting interest are the reasons behind the consumer switching behavior.

Involuntary Switching – When it is not under the control of a customer like customer going abroad.

Attraction by Competitors – Many customers switch when the services provided by the competitor are better, reliable, high quality and personal attention.

Studies done by Keaveney and Parthasarathy (2001) on online services included attitudinal, behavioral and demographical factors. Satisfaction, risk-taking tendency and involvement examined under attitudinal factor then behavioral factor considered service usage level and information which consumers seek to reach the decision making and for demographics (income and education)

### **Development of marketing analytics literature Marketing Analytics**

In any business enterprise big or small customer attrition is an important component of measuring the profitability and market performance. Thus, researcher D. Anthony Miles (2014) examines the customer behavior in small business enterprise using marketing analytics. Using the random sample size of 198 respondents the researcher has studied the effect of dependent variables customer behavior analytics, marketing behavior analytics and economic behavior analytics on industry types (Semi-commodity, Consumer competitive, Commodity-type and Consumer monopoly) as independent variable through quantitative research methodology using discriminate analysis, linear regression and correlation. A strong correlation between Business Climate and Customer Turnover is found using Pearson's correlation. Anderson and Sullivan, (1993) identifies that if the reasons are known why customers are switching then strategies can be devised to dissuade them to move to other brands. When these reasons for switching are known in advance the competitive firm can use this as a tool to attract the customers of the competitors. (Al-Kwif O S, 2014) .

Brand usage has changed over a period of decade drastically especially after extensive usage of internet from one-sided communication from the enterprise side to interactive discussion has been a paradigm shift. Globalization, liberal economies and rapid technological development has offered excessive exposure of numerous brands and reduced the product life cycles. Therefore, companies proactively started collecting information related to behavior of their consumers.

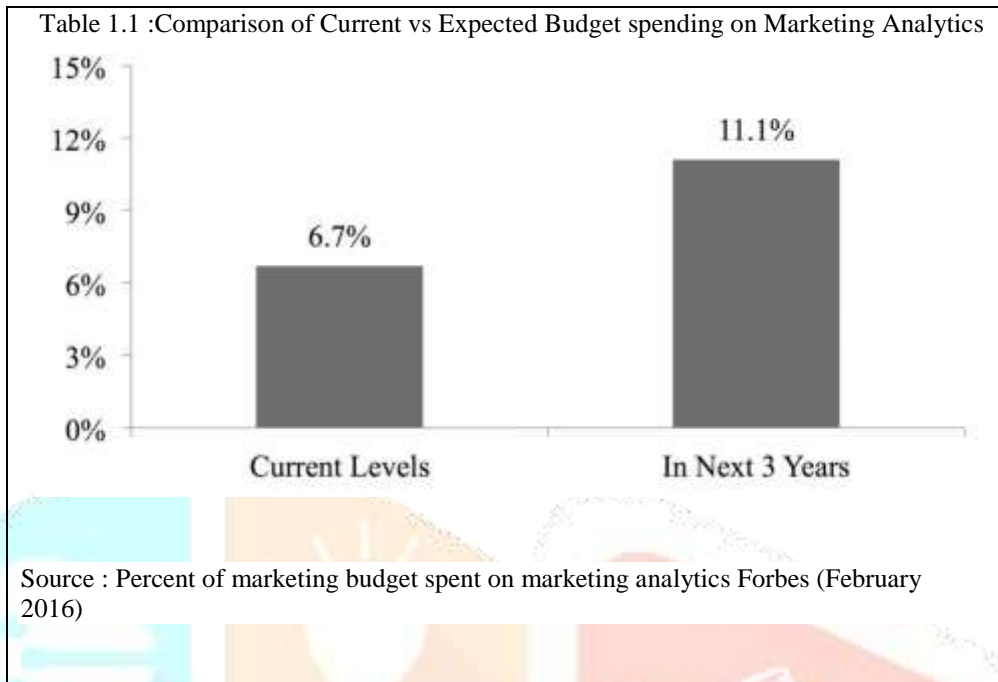
There is no doubt that brands have evolved over a period of time and enterprises want to expand their customer base , if not, then at least maintain the market share and for that purpose it is important to maintain the existing customers failing which will lead to brand switching. The marketing scenario is changing at a very fast pace because of technological advancement. Earlier, the companies were targeting the prospect through promotion mix using advertising, sales promotion, personal selling and direct marketing but with the advent use of technology and the targeting have reached the level of 1:1 interactive marketing. The data driven marketing strategies are being devised to collect the data. It is then analyzed, deciphered and meaningful relationships are established out it. The adoption of marketing analytics has happened at slow pace with marketers as they had a lot of apprehensions regarding the use of analytics. Marketers gained the insights about the analytics but fail to understand how it can be used to solve the problems associated with consumers. Greco (2005) explored the use of marketing analytics for direct marketing. A large number of files stored on computers carrying big databases. These databases are maintained at a central systems one or more computers called servers. A server is a computer system that provides a service over a network. The files stored on servers are accessed by different computers in the enterprise. When these databases work together and complexity increases we called it as data warehouse. The purpose of warehouse is not just to store the database but to help the organizations to make strategic decisions. Analysis of data to discover hidden patterns and meaningful relationships this process is called data mining. A marketing analyst observes the data and makes meaningful interpretations from that data to devise new marketing strategies.

Market Sizing is the process of estimating the number of potential customers. This estimation can be done using analytics. How many prospects are there? How are they spread geographically? Who are they? The answers to the underlying questions can be examined through analytics.

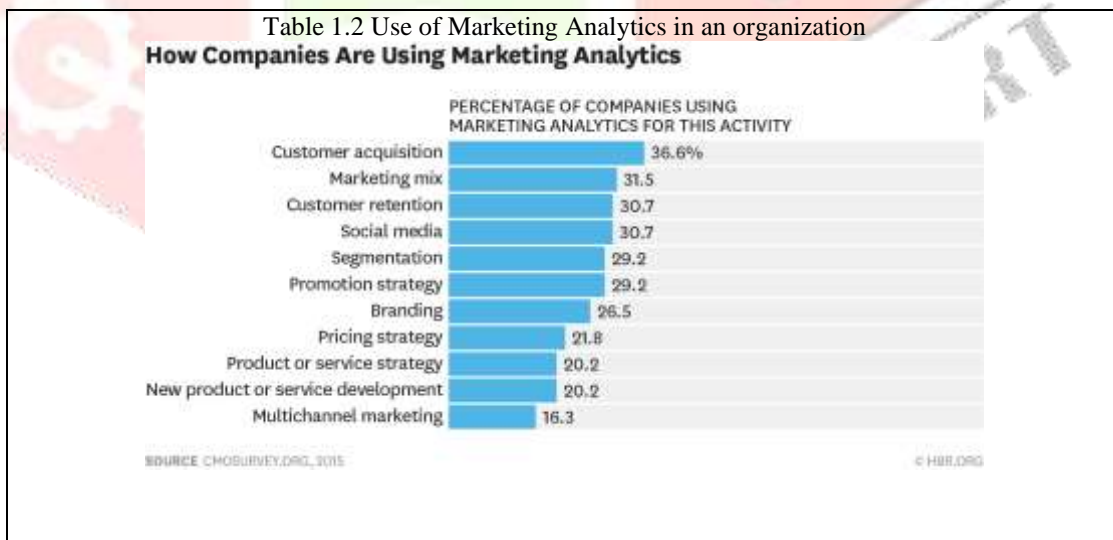
Marketing analytics can be used for identifying the prospect. Parameters are defined for identifying the target audience. Very accurate profile of the potential customer is drawn using special programming techniques. Prospects classified are indexed according to each parameter set according to the profile thus offering a basis of segmentation.

Marketing Analytics Finance

According to Moorman Christine, *Kumar Shiwani and Yang Sylvia* (2016) in magazine Forbes article shown in table 1.1 states that marketing analytics will grow in next three years as a percentage of overall marketing budget allocations even after years of similar increase as shown in figure below.



Ariker Matt , *et al* (2015) in Harvard Business Review article published as shown in Table 1.2 that when CMOs’ are asked for which area of marketing, analytics has been used. It is reported that in 11 areas marketing analytics is used ranging from customer acquisition to multichannel marketing. Customer acquisition emerged as the highest use activity at 36.6 %.



**Patronage Migration Intelligence**

It is a marketing analytics tool that helps identifying the best customers on the basis of profile data. The activities of the customers are tracked over various time periods (daily, quarterly and monthly, yearly) and then comparisons to current and prior year. This data is then combined with customer movement modeling, which generates customer health report and helps providing information related to growing or contracting customer base. The marketer can synthesize the other marketing strategies and take action accordingly. For example if the customer base is squeezing it means customers are probably not satisfied and may be switching to other brands so this application help identifying the brand switching customers and aides marketer to develop strategies to reduce the migration of customers.

### Successive Customer Worth

Marketing analytics helps in developing the significant knowledge related to how much a customer worth is to the enterprise over time and how much an organization can afford to spend to acquire a new customer. The orders placed by a particular patronage, its frequency, type of buying (full price or discounted price) are traced over a period of time (quarterly, 6 monthly, yearly) and the customer worth is evaluated.

### Marketing Media Campaign and Return on investments Generation

Organizations track down the topline and bottom-line with respect to its return on investments. The promotional campaigns investments are compared with revenue generation. Revenue attribution is the process of attributing sales to the marketing efforts that generated them. Marketing resources are allocated appropriately based on revenue attribution. If it is too much or too less a balance is created. Impact of various channels is examined to know the revenue attribution.

### Predictive Modeling

Forecast customer behavior regarding likelihood of who is going to buy, who is going to remain, leave or likely to pay predictive modeling helps the marketer. This modeling requires technical knowledge of statistics to predict the future.

### Campaign Selection

Right marketing promotions are targeted when all knowledge and analysis is put together for customers. Model scores combined with customer data and right campaigns are targeted to the existing customers and brand switching may be stopped.

### Contact Optimization

This is the holy grail of marketing analytics for getting the right product, with the right offer, to the right customer, at the right time through the right channel. It is customer centricity approach which means choosing the best events for each customer rather than marketing event approach which is choosing the best customers for an event. Through this approach individual needs and wants may be identified and customer may be given offer accordingly through contact optimization makes use of predictive sales per mailing customer scores, maximize profitability, customer experience with minimal revenue impact, saturation measurements between marketing events and it finds the optimal contact strategy for each customer across channels, brands, and time.

## III. CONCLUSION

Brand switching is complex process and it is dynamic in nature. It is important to understand the customer expectation which is built on trust. When customer loose trust they start looking around for other brands which has the potential to fulfill their need and result in brand switching. It can be concluded that factors of switching varies with respect to industry, service and product. It can be determined that a brand needs to build technological capabilities through marketing analytics to secure the exiting customers base. Brands may be built robust by converting consumer preference into product attributes that fit the needs of a specific market segment. (M. Dahlen, Granlund, & Grenros, 2009)

## IV. RECOMMENDATIONS

The consumer preferences are changing at fast pace and product life cycles are getting shorter, so it is important to integrate all the information related to customers. The information collected through various sources like mobile, email, social media and in-store, in other words in-store analytics should be synthesize with online analytics. Brand should listen to the customers' demands silently but act proactively. Promotions should be targeted to the potential brand switchers keeping the attribution process in mind and not based on marketing event. Identify the intrinsic as well as extrinsic reasons for brand switching and synchronize it with brand strategies.

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