Customer Relationship Management
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Lecture – 13
Building Customer Relationships (Contd.)

Hello everybody, welcome to Customer Relationship Management course on NPTEL Swayam platform. This is Dr. Swagato Chatterjee from VGSOM, IIT Kharagpur who is taking this course for you. We are in Week-2 and we are discussing Building Customer Relationships in this particular video; we are discussing certain strategies related to customer co-option.

So, I have discussed some of the strategies like Dialogue and Customer Community, Customer Forum, Beta Testing, making customers your competence, source of competence in the last video. In this particular video, I am going to discuss about how you can create experiences which is very much targeted, very much personalized towards one customer.

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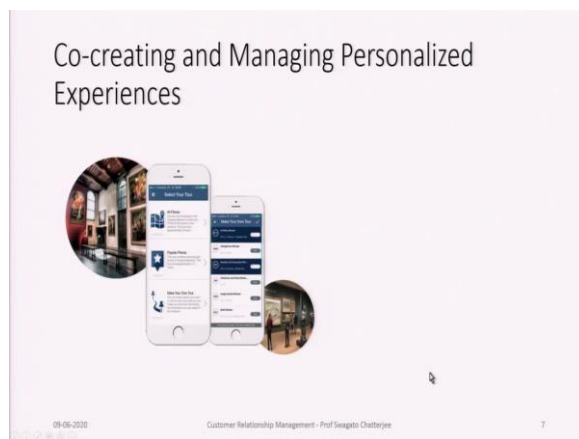
So, if I come to the specific slide of the video; you can see that co-creating ─ we have discussed about co-creation, but co-creating and managing personalized experiences is something that becomes a very important factor when you try to drive a customer co-option. So, what is, what some of the examples I will give that there are you can; one of

the example that I can give is there is a museum, there are some museums in India and outside India which gives you Apps.

So, earlier days what happens, what used to happen in the in museum or any historical place? When you go to the historical place, lots of guides are there; these guides will come to you and they will say that okay; I want to be your guide and you generally used to pay some money, you have to deal with them and then once the deal is cracked, this particular guide will show

Now, you are dependent on the guide. Whatever the guide says, you generally tend to believe because you think that this guide and often times it happens that we do not know who is the legitimate guy. You often times even a person who shows you the see this is I am certified by blah blah blah that certify where the how to check whether this certified by blah blah blah is actually authentic or not that also you do not know.

So, if you do not know they show you an ID card, they you show you a certificate, but you have no idea how to check that certificate, then there is no point on having that certificate. And you go ahead with this guy and after seeing lots of stuff you find try to feel, you start feeling that probably I have made a bad choice. And then again the old game comes up that dissonance then you try to find out that what information he has told which is correct. What information was there, I have seen in that Wiki page also so; that means that this guy is correct; so, you try to reduce your dissonance again.

So, this kind of circular kind of situations keeps on happening. Now, to tackle with those kinds of situations what museums and museums also have museums and these heritage spots, have limited I would say limited source of revenue. They have to maintain quite a lot of staff, they have to maintain their employees the buildings, the artifacts and these and that, but the problem is the revenue that did generate generally is not very high.

So, in India if I say how much money will you pay for to see a monument? Probably, 10 rupees, 20 rupees, 50 rupees at max; so the entry fee is something like that and let us say a footfall happens and then that footfall is required to maintain the garden, maintain the people and this that. But what happens is the alternative source of information goes away that is number 1, number 2 is its all often times it is a onetime visit, you once you visit and that is over.

So, there has to be a customer relationship management strategy that you can take where you can, which you can use to create certain solutions. So, that is what this solutions which are museum solutions comes into the picture. What are the advantages of museum solutions? Let us say XYZ app; this XYZ app what it will do? It will first create a whole information about a museum.

So, whenever you come to this you can download the app and whenever you come to this thing, you buy a ticket. The ticket is a little bit higher price than whatever you generally do. Because now the information is there in that app and that gets a, that generates a code number, you code that code number you put in your app.

The moment you put in your app it will track where you are, probably it will ask you to show the picture in the scanner board or it will ask you to show you me your GPS location or whatever artifacts you are seeing, there will be a QR code in front of their artifact. Scan that QR code and you will get information about that particular artifact.

The whole history sometimes it is recorded, prerecorded voice you can listen through your headphones or sometimes it can be just text which and there will be historical facts, pictures. So, when you do that and you go around the museum, you get a better experience. Better and probably credible experience from this particular app.

So, this is very personalized in nature also. You do not want to see this you want to see that, you can see that, it is not driven by that app. It is up to you what you want to see at what level of depth you want to get the knowledge, how much time you want to spend with that particular artifact. It is up to you. So, that is a very good example of personalized experience managing in the museum sector.

Now, another important thing that becomes an added advantage of this kind of apps ─ you have to understand, that the museum has not developed the app. Oftentimes, this app is developed by a app developer outside, like Zomato, who has multiple restaurants in registered with there is something like that. There is an app developer, there is a XYZ app which has multiple museums with them.

Now, if as the app developer; if I know that I have seen you spending time with this particular artifact, in this particular museum what are the various things that I can do for the customer? I can send suggestions to the customer that okay, you have gone to this

museum, you know within 2 kilometer away or within 5 kilometer from your location; XYZ museum and this what we call the heritage places are there. So, why do not you go through those places? So, I can give this kind of an information towards to these customers.

What else I can do? I can also tell them that why don't you ─ there are certain items: there are certain artifacts within this museum or within some other museum, some other floor. So, based on how much time you have spent with an artifact, I can also give you examples or I can give you recommendations about other artifacts.

So, all of these things become an important factor; when you use this particular kind particular app for management of the customer experiences inside a museum or inside a heritage place. What else can be done for the museums?

Now, this is a basically a cross selling kind of, recommendations and cross selling kind of approach and that helps the museum in increasing the footfalls. Because footfall become some major factor of ─ for museums, for heritage places; many people do not want to visit those places and footfall become some important problem.

So, majorly for not so well known heritage places or not so well known museums; so then this kind of apps, if they go for this kind of apps; they will get better people, they will get quality people. It is not like, people who just come to Rome okay; I have come to this place, this why before coming to Delhi I knew that okay, I have to go to 10,-15 different places in Delhi.

So, these guy is become, it becomes a challenge in 1 day, how many places I will go? That becomes a challenge rather than spending time in one particular place, learning about that particular place quite a bit, learning about his history and blah blah blah, it becomes a challenge that how to cover every place, how to cover go there, take a peek, take a superficial view of that particular place and go and to go to the next place.

When you get that kind of travelers in your, in a heritage place; obviously, that creates a footfall. So, that's why that kind of travelers are important, but that is not a quality traveler. They will create nuisances, they will probably sometimes later also because they do not have appreciation for that particular heritage place.

So, always museum guy or a heritage place guy would want those kinds of travelers who will appreciate that particular place and this kind of apps can help. So, that is how you can co-create and manage personalized experiences.

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What next? Another important thing that becomes an issue of customer relationship management is shaping the customers experiences. So, one good example I will give you is Mr. Bill Gates.

So, he writes books which is futuristic in nature, which says ─ which talks about how the technology industry will move. You can search for his some of the very well known books. All these books gives you an idea that how the technology industry, how the user experience will move in the digital world will move in the future.

Now, that is something that creates: so we do not know as a user, we have certain needs which are not fulfilled oftentimes technology products are so innovative and we do not have an idea that innovation is even possible that we become ─ we come up with that this has been developed. So, this shaping of our expectations that what I can expect in the future, what kind of products are coming that becomes a important factor for and Bill Gates one of the way of Bill Gates doing that is writing books.

Nowadays, I have seen examples where Google is doing and Google is using this translator and these and that. Alexa is even so, or Google help basically: the Google

personal assistant is even making joke with you. So, Sundar Pichai is doing a press conference kind of stuff in a ─ or probably doing a technological, I would say showcase while he is showcasing the futuristic products that are coming up.
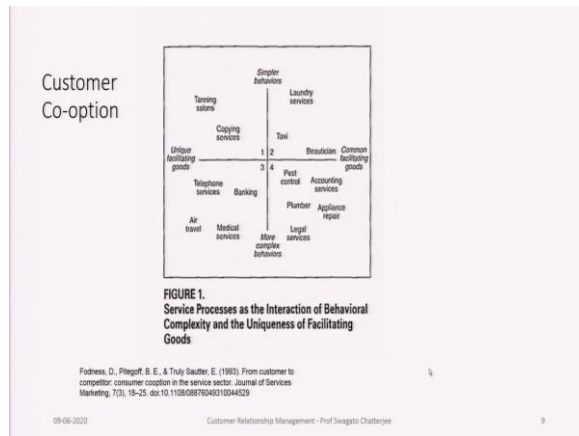
So, that is shaping customer expectations we all do that. And that was not done properly for Apple Newton. Apple Newton, the expectation was not set. Apple Newton was much more ahead of the of: so the expectation was so high, it was so futuristic that the product that ultimately came out of that particulars Apple Newton was not so good, not up to the mark in terms of the expectations that were set. So, you have to set expectations correct, but you have to set realistic expectation, you cannot set absolutely dreamy expectation and then not fulfill that.

So, Newton was pulled back just because that expectation was not being fulfilled. And often times you allow your customers to set the expectation, rather than you I told previously that you can use your customers as your core competence.

One way of doing it is that: make the customer setting the expectations rather than you setting the expectations. So, Amway is one of the example where the customers go out and talk about their experiences with the Amway products to their friends, family members, this that.

So, the customers themselves set the expectations for the other customers and your job is to just make sure that happen. So, that also becomes an important factor when we try to create a customer experience in the context of customer relationship management.

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FIGURE 1.
Service Processes as the Interaction of Behavioral Complexity and the Uniqueness of Facilitating Goods

Fodness, D., Pitegoff, B. E., & Truly Sautter, E. (1993). From customer to competitor: consumer cooption in the service sector. Journal of Services Marketing, 7(3), 18–25. doi:10.1108/08876049310044529

Now, all these things are called customer co-option together. So, one of the papers that we have studied from customer to competitor; how the consumer co-option in the service sector can create.

So, what they have done is: they have this ─ in this paper the Professors Fodness et al; what they have done is, they have divided the whole service sector into common facilitating good and unique facilitating goods in one axis and simple behavior and make more complex behavior in other axis. So, the things which are very complex and where customer co-option is not possible is probably this air travels, medical services, telephone services, banking; is not possible.

But tanning salons or copying services which is basically simple wear and unique facilitating goods; probably that is still possible. What is more possible, why it is more possible is probably beautician or accounting services or appliance repair. So this is how you can develop. So, service from processes as the interaction of behavioral complexity and uniqueness of facilitating goods; this is something that is how they have developed the services.

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FIGURE 2.
Consumer Cooption Model
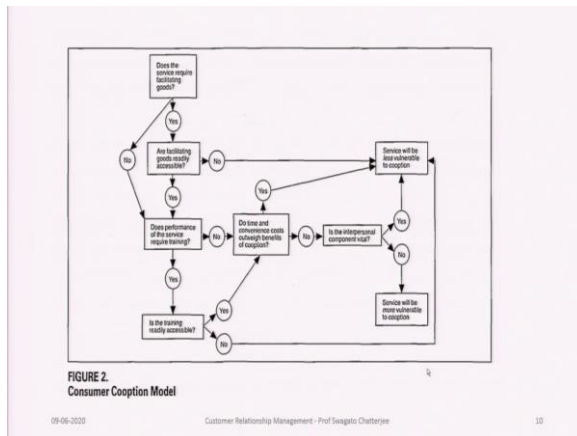
Now, how do you decide when customers can become your competitor? So, does the service record facilitating goods? I have known from the previous chart what is facilitating goods. If it is yes, then you come here. If it is no, you come down. So, if it is facilitating goods, are they really accessible?

If it is not necessarily accessible, then service will be less vulnerable to co-option. Co-option means the customer becomes your competitor probably that might not happen because the facilitating goods are not so much accessible towards the, in the market.

But if that does not require facilitating good or if the facilitating good is accessible, then the next question comes is does the performance of the service require training? So, you know the goods, but do you have the training how to use the goods? Again, if you have the training: how to — if it requires training and if you have — if the training is accessible. Then again you can go back to this: it can be vulnerable to co-option.

But if it does not require training then do time and convenience costs outweigh the benefits of co-option? So, rather than I as a customer, if I want to do it on my own: because I can learn from my own no? If you and I talk with each other and if you get information from me and create something, then I might feel as a customer that why I am giving information to you for free? I can do it myself. If I can give you information idea, then I can implement the idea also.

Now, question is that whether to implement the idea? Whether from customer co-creation to customer co-option means customer becomes your competitor. What is required? Do you require facilitating goods? No, there is no problem. Yes, whether that good is available: No. Then facilitating goods is no; then probably I will not go for competition.

If it is yes, available, then the question is, do I know how to use it, if the training is required. 'No', then the chances of co-option is high. 'Yes', training is required; training is accessible also. If training is also accessible, again my chances of co-option is high. If training is not accessible or training is not required, then the question comes is that whether the time and convenience that I will be losing by creating those particular app which is absolutely for me. Will it be okay, will it be higher than the pain of or the benefits of co-option.

So, benefits of co-option — how much money I will generate or how much benefit I will get and how much convenience and cost issues I will face for that, what is the balance between that and that might lead to whether you will go for co-option or not co-option.

So, the same Professors Fodness and et al have given these particular directions. And you can know that from where customer co-creation makes sense, in which situation it does not make sense and you should go for not involving customer in your co-creation process. And that might give you an idea that whether you were in a threat or not and that is very important factor while deciding.

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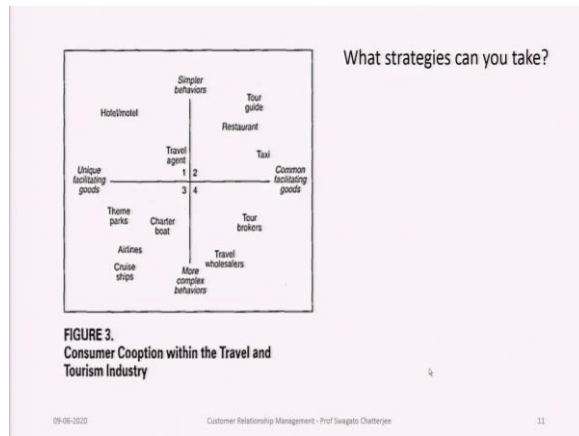
So, one easy example is, I will mean: with the one that I am trying to tell. So let us say, you are a taxi service provider and you know that okay I can create a taxi experience, ─ I can create a taxi experience by understanding what the customer needs, when they need and etcetera.

Now, question is that, if I can do that, then any other customer who can drive and has a little bit of knowledge about technology also, you can create an App. There might be many customers who have an app and who can drive also they can create their own cars, taxi services.

For strategies, Uber can take or taxi services can take to make sure that even if they bring in customers in their co-creation process, in the service idea generation process, in the service experience generation process; still there will not be any problem.

So, this is my question for you from this particular week. Put it in your ─ put this particular question in your forum, that forum that we have created. As I told again and again that I am talking about so much about co-creation, you have to also justify. Why I am asking to put all these things in the forum? Because you will get better experience rather than this monologue that we are having.

You will get as a student better experience, if you participate in that forum that will be the co-creation strategy of this particular course. While, I will generate information, you

can share with each other the information and that will create a better learning process than I giving lecture towards you.

So, then giving that is the background context I will ask you that what should Uber do to make sure that they can avoid co-option. Co-option means in the process of co-creation, in the process of customers and companies to coming together and creating something; customer becomes so knowledgeable that he starts competing with the company. That is co-option. How I can stop that?

What kind of strategies I can take such that this particular thing does not happen. That is where I will stop this particular week's video, I will see you in the next week; in Week-3.

Thank you very much for being with me, I will see you in the next video.