

CMAI

# APPAREL

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**Dressed to deal!**  
Fundamentals of  
power dressing

*Big Sense*

Rating customer loyalty

**Apparel  
Exports**

Letters of credit

**The gift from  
Kinnaur**

Exclusive  
Kinnauri weaves



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Special**

*SCALING*  
retail heights

It's time to take the big leap!

OFFICIAL MAGAZINE OF THE CLOTHING MANUFACTURERS ASSOCIATION OF INDIA



# Rating customer Loyalty

Customer is King, they say. Gauging customer loyalty, thus, is a vital exercise for apparel brands and retailers. Kanishka Ramchandani speaks with Ravi Teja of Nihilent Technologies about customer loyalty programme and its benefits for the retailers.



*Ravi Teja, Senior Associate Vice President, Country Manager (India) and Head, Enterprise Transformation Group, Nihilent Technologies*

A customer is considered loyal when there is 'top-of-the-mind' brand recall, accompanied with actual buying of the product. Understanding customer loyalty can help companies gauge customers who will continue buying and those who are at the risk of defecting and then take steps to prevent it. Therefore, measuring customer loyalty and developing a retention strategy are of great importance to an organisation's success.

**Where and when was customer loyalty conceptualised first?**

Initially, when there were only few players in the market, customers accepted whatever they were offered, and the approach of markets was more 'product focused'. As the number of players in the market increased, customers had a choice, they started demanding quality. Then, service along with quality was given priority. Customer loyalty, as a concept, gained importance only in the late '90s. Today, quality and speed of service together form the basics of a product and the approach of companies is completely 'customer focused'.

**When and how was this concept introduced to the Indian market?**

In August 2010, Nihilent partnered with Indian Statistical Institute (ISI) to introduce its patent-based tool '14signals' for customer loyalty evaluation to the Indian Market. Nihilent partnered with ISI to bring



**4** **ive details about the concept of customer loyalty.**

Optimised product pricing and qualities are no longer a guarantee for the long-term success for an organisation. Companies now realise that increasing and retaining a loyal customer base has become an important success pivot in their long-term success. Customer loyalty is all about 'creating trust'. Once a customer trusts the brand, he automatically becomes loyal to the brand. Customer loyalty is therefore a planned process or programme aimed at attracting the right customer (one who has the ability and willingness to buy), getting him to buy, buy often, buy in higher quantities and bring along more customers.



“ THE APPAREL INDUSTRY IS UNIQUE AS IT IS ONE OF THE FEW INDUSTRIES THAT RELY STRICTLY ON MARKETING AND PROMOTION TO SELL PRODUCTS TO ITS CUSTOMERS. ”

their expertise in the application of statistics, assisting in defining the survey objectives and scope and formulating the sampling methodology. A loyalty benchmark finding for the banking and financial services industry was carried out and showcased at the Customer Retention Satisfaction & Loyalty in Financial Services India 2010 conference held in Mumbai. Subsequently, Nihilent carried out a

special Government to Consumer report, which scientifically analysed loyalty index towards the ruling political party at the centre.

The online tool [www.14signals.com](http://www.14signals.com) was launched to specifically cater to the growing SME market in India. It intends to help the SME sector to successfully identify loyalty drivers and drive customer retention.

### In which way is it relevant to the apparel industry?

It is increasingly being understood by marketers globally that loyalty is not a programme – it is a journey and a strategic business goal. The customer loyalty and satisfaction for the apparel industry carries great importance. Especially, if it is considered that gaining new customers creates four times more costs than protecting existing customers from leaving.

The Indian consumers, especially those from the urban, middle income and the relatively young segment, who are primarily the segment most apparel brands target, have been showing seemingly contradictory buying behaviour.

The apparel industry is unique as it is one of the few industries that rely strictly on marketing and promotion to sell products to its customers. And hence it is very important for any brand to make the right promises and deliver them to the maximum possible limit. Our patented customer loyalty evaluation model known as '14Signals' is based on the analysis of the 'experience' of the customers in comparison with their 'expectations' for a service. It helps businesses to:

- Successfully identify a customer's choice and preference with regards to the brand of clothes, his preferred fit and colour thus driving loyalty and retention
- Forecast the fashion trends and customer preferences over a period
- Predict the future course of action in terms of marketing plans, target consumers and new brand launches in accordance to the need of the consumers
- Make the right offers to the right customers at the right time

### Tell us more about the beginning of Nihilent Technologies in the field of customer loyalty programmes.

We started our research with the fundamental question, 'What ensures loyalty?' We started analysing the end-to-end relationship of a buyer with a seller. The relationship begins when the seller stimulates the prospective buyer wherein he makes the right kind and amount of promises in order to

# “ THE CUSTOMER LOYALTY EVALUATION MODEL ANALYSES CUSTOMER EXPECTATIONS AND EXPERIENCE BASED ON 14 SIGNALS. ”

excite him and then to 'sell' the service/product. The prospective buyer also gets influenced by the brand and image of the seller and its product/service existing in the market. All this creates a perception in the mind of the prospective buyer to avail of/buy a particular service/product.

Nihilent obtained the patent for 14Signals, the Customer Loyalty Framework in July, 2010. By August, 2010 the online portal [www.14signals.com](http://www.14signals.com) was up and running. Since then, there has been no looking back. We completed industry benchmark analysis for the Banking and Telecom sectors and also conducted an assessment of the loyalty that Indian citizens have towards the government.

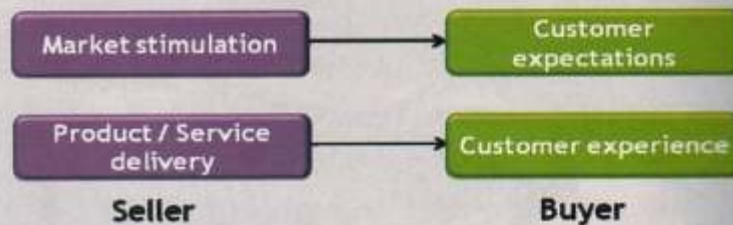


## What is Customer Loyalty Evaluation™ (CLE) and how does it work?

Customer Loyalty ensures that a company stays long in the market and sustains its growth in the long term. Engaging a customer's attention and safeguarding his interests in terms of product/service satisfaction entails a huge expenditure for a service/product providing entity. With easy availability of information over internet and increased competition in every sphere, customer loyalty is becoming a bigger challenge for companies.

The Customer Loyalty Evaluation model analyses customer expectations and experience based on 14 signals. Our intensive research over the years shows that these 14 signals are the aspects on which the customer makes a buying decision and evaluates his experience. The 14 signals not only captures the tangible monetary factors but also intangible aspects such as emotional, psychological and ethical factors.

14Signals, based on the patented Customer Loyalty Evaluation (CLE) framework, makes customer loyalty measurable and predictable. The model analyses stimulation generated by the business with experience delivered.



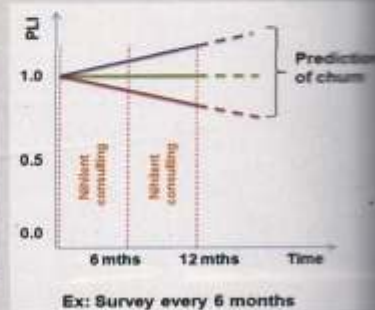
## What is Predictive Loyalty Index (PLI) and how does it work?

The patented predictive model is based on the analysis of the 'experience' of customers in comparison with their 'expectations' for a product or service.



If  $PLI > 1$  (over a continuous period of time)

- The long term marketing ROI i.e. Customer Loyalty is achieved
- Marketing efforts are well focused



“ WE ARE ALSO LOOKING AT USING THE DIGITAL MEDIA AND IN PARTICULAR THE SOCIAL MEDIA PLATFORM TO HELP GENERATE AWARENESS AND VISIBILITY ABOUT ‘14SIGNALS’.”

**How can an apparel maker or retailer make use of these programmes?**

Scenarios where the patented CLE model 14Signals can be applied:

- i. Predict customer loyalty
- ii. Predict the success of new products launched in the market
- iii. Determine Loyalty Benchmarks within the sector
- iv. Evaluate Marketing Return On Investment (ROI)
- v. Find the root causes for customer problems
- vi. Innovate and deliver the right product
- vii. Ensure accurate timely offers
- viii. Manage customer expectations

**What are your immediate plans?**

We plan to expand our base in the Indian and other emerging markets by targeting the banking, manufacturing, telecom and retail sector. Our web portal is built to specifically target the Micro, Small & Medium Enterprises (MSMEs) and our target is to also focus on the SME sector.

**How do you plan to expand Nihilent’s reach in the Indian market?**

The strategy for the Indian market will be a three pronged approach –

- 1. We would look to conduct various marketing campaigns for our consulting service offerings. The targeted industries would predominantly be:
  - Corporate Banking
  - Mobile Services
  - Hospitality
  - Government
  - Retail
  - Auto



2. We would look to promote our online tool to the SME segment. In Phase 1, we plan to look at creating maximum visibility to promote the brand 14Signals by showcasing the CLE framework and its usability in various different sectors.

3. We plan to publish loyalty benchmark reports for various industries that will help companies to benchmark their customer loyalty against that of their industry by partnering with Market Research

and Data gathering agencies. We are also looking at using the digital media and in particular the Social Media Platform to help generate awareness and visibility about ‘14Signals’.

**Do you have any specific plans for the apparel industry?**

We are aggressively looking at expanding our reach in the retail sector and also talking to a number of well-known brands in the segment. \*