

## **The 21<sup>st</sup> Century challenges for the customer mindshare of a brand like CRISIL**

This dissertation addresses six key challenges that brands like Crisil face for gaining the customer mindshare. The dissertation uses the brand 'Crisil' as a case study and assumes the challenges and solutions applicable to Crisil are also applicable to other brands like Crisil with minor adjustments.

### **Challenge 1: Distinctive Positioning**

Crisil stands for analytical rigor, objectivity, independence, and innovative new products. ICRA is independent, professional, and leader in credit rating. Fitch is international, has global standards, and known for blend of local market understanding and international knowledge. CARE also makes its own promises too. Can the customer finally make out which agency stands for what in this clutter?

All promises seem synonymous. There is no reason why a customer should deal with agency X when its promises are not a great deal different from agency Y and agency Z. The customer is so overburdened with information that he can barely relate the agency and its respective promises. He is thoroughly confused and perplexed. In future, if the market were to see the entry of more players, each one of them making an average of three promises, there is bound to be more confusion and bafflement in the customer's mind – the traditional marketing battleground. Today, absence of a clear positioning may not adversely affect Crisil. But with increasing competition, it is imperative that Crisil take a position in the customer's mind.

For instance, in times like these, where some financial services behemoths are being accused of being skewed in their advice, Crisil might position itself as an 'INDEPENDENT' opinion-giver.

Or Crisil can position itself as delivering some other 'single key central benefit'. But what position is appropriate and who is to decide it?

Customers. Who are better equipped than its customers to answer these seemingly simple yet fundamental questions? A carefully designed market research should be used in determining the final positioning.

Once decided upon, Crisil should make concerted efforts to communicate its positioning. Everything – employees, website, monthly journals – which has an interface with customers, has to be geared to communicate the chosen positioning.

Nevertheless, the currently chosen positioning need not be sacrosanct. It has to change with the times. Say, in future, Crisil's 'independence' positioning could become obsolete when every rating agency is assumed to be independent. Also, if customers were to demand 'accurate' rather than 'independent' opinions, then it would be appropriate for Crisil to change its positioning accordingly. The challenge for Crisil is to continuously monitor changes in customer preferences and changes in the market place and reposition itself accordingly.

## **Challenge 2: Communication Challenges**

Crisil has to constantly communicate with its customers, be it to communicate its positioning, its new products or its achievements. A brand like Crisil does not require high budget communication for gaining quantum mind share of customers. Nor does it need to communicate through traditional media like television advertisements. Crisil has to rely on non-traditional methods. But other similar brands are also using non-traditional media to reach their customers. Therein lays the challenge. Crisil has to stand out in the clutter.

- Co-operative advertising: When companies and institutions rated by Crisil advertise in newspapers and magazines, they refer to their being rated by Crisil. They want to gain credibility by being associated with Crisil. But each company refers to their association with Crisil in their own way. Sometimes Crisil's name is referred to in a paragraph, sometimes in the main heading and sometimes in the footnotes. There is no consistency in how the name is written and where it is written. What should Crisil do? Crisil should develop a logo or put its existing name in a rectangular box format or some distinctive format. It should ask its customers to display this logo in their advertisements in a fixed position, say, lower left-hand corner of the advertisement. Crisil might negotiate with its customers about this issue at the time of entering the rating agreement. Crisil should be willing to bear a percentage (say 2%) of the advertisement cost. Intel has been using, quite successfully, a similar technique with its customers. Its logo is prominently displayed in most computer advertisements.

- Articles on editorial pages: Crisil has been publishing articles in various journals, newspapers and magazines. Publishing such articles on the editorial page would get better recognition. Editorial pages are more read and more respected. Such articles should bear the signature of an employee and Crisil, rather than just Crisil. Publishing only under Crisil's name could be perceived as an advertisement for Crisil.

- Awards for mid-level managers: There are not many forums where mid-level managers, the ones usually involved in decisions of buying Crisil's research reports or advisory services, can showcase their talent. Crisil should organize events to recognize and appreciate the talents of such mid-level managers. Crisil, whose customers are primarily finance managers, might restrict the awards to finance managers.

Also, the challenge for Crisil is to choose those strategies that will build the brand in the long term rather than give it short-term benefits.

### **Challenge 3: Umbrella Branding vs. Sub-Branding**

Crisil, for the first time in India, has started rating hospitals. Crisil has already graded three corporate hospitals and is currently working on a few others. The number of hospitals rated could rise dramatically over the years. With increase in numbers, the probability of Crisil committing errors rises. As result of a few errors in high volume hospital rating business, the credibility of Crisil could take a beating elsewhere. Traditional corporate customers may express concern and Crisil's image might suffer.

Should hospital rating services carry 'Crisil' brand name (umbrella brand) or should Crisil develop a new sub-brand exclusively for hospital rating services?

Similar questions need to be asked for other Crisil services. Customers for entertainment grading, advisory and research services may be completely different. Also the services may differ in their positioning; Crisil's research may be known for its 'analytical robustness' whereas its advisory services may stand for 'professionalism'. These differences in target customers and positioning demand different sub-brands. A single mother brand like Crisil, which has its own personality and image, will not symbolize what other products/services stand for.

While sub-brands will be able to better symbolize different services and different positioning, there is a catch. Sub-branding can be an expensive proposition. A new brand means additional spending on name research, on advertisement, and on image and preference. Another key advantage of umbrella branding – ability to introduce new services quickly – is not available if Crisil decides in favor of sub branding. All this makes the decision of 'umbrella vs. sub-brands' even more challenging.

How should Crisil face this challenge? Umbrella branding is only successful if there is a good fit between the different products under the same umbrella. Where the products/services are different and have different 'key central benefits' to offer, new sub-brands distinct from the mother brand should be developed. To tackle initial resistance, the sub-brands may be supported by the mother brand 'Crisil'. The support should be subtle and discontinued once the sub-brands are established. So, in the rare event of

hospital rating services division giving an erroneous opinion, the corporate relationship manager will not have to run to pacify the corporate clients!

#### **Challenge 4: Quantifying marketing efforts**

You cannot control something which you cannot measure. Be it quality of products on the shop floor, productivity of employees in the office or efficiency of the operations in the factory. Branding is no different. To efficiently manage your brand, you should first measure it.

#### **What is the monetary value of the brand called 'Crisil'?**

Rs. 1270 million. That's what Crisil was worth at the end of 2001-02 fiscal. (Annexure 1: Brand Valuation of Crisil)

The challenge here for Crisil is to continuously measure and monitor the financial value of its brand. Such valuation will not only indicate the effectiveness of Crisil's marketing efforts but will also make various stakeholders, both present and future, react positively. Rather than being a one-off exercise it should be an annual feature. Like Infosys (Brand Value: 5376 crores), Crisil should incorporate brand valuation in its annual report.

Brand Multiple, which determines the value of a brand, is a function of seven weighted factors. These are the factors, which Crisil has to constantly monitor and improve upon, as these factors are on their way to become worldwide benchmarks in near future.

What can Crisil do to increase the financial value of its brand?

There is little Crisil or any company can do in areas like market and protection. But there is a lot what Crisil can do in other areas.

A clear positioning for credit rating and its other services would mean better differentiation from competition and better customer loyalty. A better customer loyalty would mean ability to set prices and thus leadership position in the market.

Besides leadership, Crisil should focus on 'support' factor. Higher investment in marketing and communication would strengthen the brand and hence increase its financial value.

Interbrand, probably the premiere brand valuation firm, uses the same seven factors in its various valuation methodologies. These seven factors are here to stay. So, the next time when brand valuation of Crisil is attempted, you know what the criteria are; you should begin to build on them.

### **Challenge 5: Cross-selling**

Cross selling is a relatively small challenge, nevertheless, an important one. Another distinctive aspect of this challenge is that it concentrates on 'selling' rather than on 'marketing'. The primary difference between them being, in marketing you develop a service/product based on consumer need gap while in selling you try to sell a product that you already have.

For instance, Crisil's bridging the need gap of hospitals, insurance companies, and patients by developing rating services for healthcare is the marketing aspect. And if it tries to sell CrisInfac healthcare sector report to these customers it would be cross selling.

## **What's the challenge in it for Crisil?**

Cross selling. One estimate is that attracting a new customer can cost five times as much as pleasing an existing customer (Patricia Sellers, 'Getting Customers to love you', Fortune, March 13, 1989, pp. 38-49). Cross selling is crucial for profitability of any service organization with multiple products/services like Crisil.

For instance, in the hospital example, Crisil can offer its advisory services to mid-level corporate hospitals besides selling them rating services. Cross selling requires efforts on various fronts.

Customer Relationship Management is one such front. CRM concentrates on the retention of customers by collecting all data from every interaction, every customer makes with a company. This data can then be used for specific purposes like marketing. In a highly competitive market place, the company that has the greatest understanding of their customers' data will be able to respond more quickly to changing circumstances.

Another challenge is coordinating between various departments and their relationship managers. Setting up of inter-functional teams goes a long way in inter-departmental coordination and bridging the marketing and finance mentalities. Though inter-department relationship managers of Crisil currently interact with one another, their interactions need to be formalized for better results. An HR challenge in cross selling is to train people in cross selling different services of Crisil. People have to be trained to look beyond the silos of their departments in the overall interest of the organization.



## **Challenge 6: HR Challenges**

Marketing is a way of thinking. Getting people to think this way is Herculean task, nevertheless, achievable. It is all the more challenging in a finance organization like Crisil, where people are predominantly logical and numerical oriented.

HRD of Crisil needs to institute comprehensive training to all its employees, especially, to the ones who come in frequent contact with its customers. All training - interpersonal skills, knowledge about products and selling abilities – should have ‘customer focus’, rather than product or service focus. Training should see that all interactions of its employees with the customers are in tune with the brand image and personality of Crisil. They should be trained to be effective ambassadors of the brand. All this is easier said than done. But once successfully implemented will help reap huge benefits. Walt Disney entertainment parks, for instance, where employees are regarded as ‘actors’ in the ‘service drama’, is a classic case of what ‘customer focused’ employees can do for the organization.

Once Crisil succeeds in such marketing-orientation, it can claim ‘brand conscious’ employees as its competitive advantage.

Despite training, it's relatively difficult for finance oriented employees to fully appreciate and implement brand and marketing strategies. One needs to be a professional marketer for that. Crisil should recruit marketing professionals and create a marketing department. Not only will such a department help in sustaining the brand health of Crisil, but also will help in training Crisil's employees in customer orientation. The costs of such a department need not be high. Say, Crisil recruits four professionals for the marketing

department at six lakhs per annum. The addition to staff expenses would be mere 2% approximately or 1% to total expenditure. A worthwhile investment considering the benefits Crisil is likely to reap.

Conclusion: To gain maximum customer mindshare, brands like Crisil have to wage the marketing battle on more than one front. None of the above challenges would give optimum results in isolation. Adequate attention has to be paid to all the challenges. Finally, to emerge victorious in the 21<sup>st</sup> century, brand decisions have to become part of corporate strategy.

#### Annexure 1

<b>Brand Valuation:</b>		<b>In lacs</b>	
	2002	2001	2000
<b>Income from operations</b>	6677	4398	3398
<b>Total expenditure</b>	-3316	-2963	-1803
Depreciation	-701	-538	-294
Extraordinary Expenditure		-405	-13
<b>PBIT</b>	2660	493	1287
Other income	-161	-169	-287
<b>Adjusted Profit</b>	2499	324	1001
Inflation compounded factor at 8%	1	1.09	1.18
Present Value of profits for the brand	2499	352	1182
Weightage factor	3	2	1
Weighted profits	7498	704	1182
Three year average weighted profits	1564		
Remuneration of Capital employed (5%)	-341		
Brand Related profits	1223		
Tax @ 35%	428		
Brand earnings	795		
Multiple applied	16		
<b>Brand Value</b>	<b>12719</b>		

<b>Brand Multiple Calculation</b>			
Factors	Weights (%)	Scores	Weighted Score
Leadership	25	70	17.5
Stability	15	75	11.25
Market	10	60	6
Internationality	25	80	20
Trend	10	75	7.5
Support	10	60	6
Protection	5	100	5
Total score	100	520	73.25
Brand strength score	73.25		
<b>Corresponding Brand Multiple</b>	<b>16</b>		

### **Bibliography:**

1. Valuation of Trademarks and Brand Names by Michael Birkin in the book Brand Valuation edited by John Murphy and published by Business Books Limited, London.
2. Brand Valuation, Creating Powerful Brands by Leslie de Chernatony and Malcolm McDonald, published by Butterworth Heinemann.