

Methods to Improve Customer Retention and Satisfaction Level to Build a Strong Brand

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Abstract

Today, India being among the fastest emerging superpower and in the midst of an aggressive market has given rise to a whole new concept called the Quality Living or Better Living. The case revolves around the situation in which a budding organization in the red ocean market opts a different strategy of providing hassle free experience to its customers rather than following the default marketing strategies. Even after earning an asset of 1200+ customers within last 3 years, compromising on marketing expenses has been the biggest hurdle for ABC Homes. Why is it still following the traditional marketing techniques? Why has it not been able to adopt the Digital or Social Media Marketing? 500+ Premium Priced Rooms, yet low on revenues? These are some of the questions that are underlying various dimensions and will be explored within the below study.

Keywords: Red Ocean Market, Touch Points, Inventory Lite Model, Umbrella approach, Moment of Truth

I. INTRODUCTION

In May 2015, a tech startup “ABC Homes” entered the Indian Real Estate market with an objective to provide the most premium and luxurious accommodation to bachelors in Gurgaon, New Delhi and Noida region. Within India, the regular PG’s and Apartments have always created issues for its residents on a daily basis and specially during the time they leave the facility, whether related to amount deduction on the name of Security and Maintenance Charges or brokerage at the time of bed booking. Over the time, this sort of misunderstanding started creating a sense of distrust among the residents. To tackle the issue, ABC Homes planned a new sort of offering by providing a bundled offering to its residents.

Like Uber, Airbnb, Big Basket and many other inventory lite model brands, ABC Homes also adopted the method of behaving as a bridge between Property Owners and Tenants. Currently, it is operating within the market as a manager for Property Owners by helping them in furnishing the property, keeping an eye on its maintenance and providing them with tenants of high pedigree. On the other hand, it is providing a whole lot of relevant accommodation options to the residents or tenants.

Under the working model, currently there are 3 options available to residents:

1. Villas: A multistorey building with 40-50 residents living all together in different occupancies with all the amenities and services being complementary.
2. Apartments: An alternative to Villa with complementary amenities and services except for fooding to the residents in need of privacy.
3. Dorms: An equivalent concept to Hostels for Students and College Undergrads and Postgrads.

A firm believe in creating a sense of community among all its residents has let this organization come up with various community events. Every alternate weekend, engaging events like Stand-up Comedy Night or FIFA / IPL Match Screening, Dog therapy session or Roasting Sessions are organized for all its residents to help them build networks among themselves. Moreover, ABC Homes has tied up with some well-known brands in order to offer lucrative discounts and offers to its residents. These privilege partners include Kingdom of Dreams, Inner Chef, Uber, Shuttl, The Bear Café, Max Healthcare, FoodPanda and many more. The company tries taking leverage from all sorts of marketing and branding at reasonable investments and among all, the most beneficial strategy is the refer and earn, where the residents earn a sum of money as a commission on referring ABC Homes to their friends, family members and relatives over a specific staying condition of minimum 6 months.

In the era of massive digital marketing, the organization still flourishes upon traditional marketing techniques including umbrella approach to content marketing and leaflet/flyers distribution at selected locations. Although the organization is very slow in adapting the exponential power of the Digital Media, but still it is leveraging the freebies via Facebook and Instagram Pages and is constantly targeting relevant public on various Residential Facebook pages like Flat and Flatmates Gurgaon or Flat and Flatmates New Delhi. On one hand, where the existing competition goes for mass marketing via banners on DMRC (Delhi Metro Rail Corporation) trains and residential society gates, ABC Homes goes for online concierge service for its residents to resolve there day to day issues within 48-72 hours which gives a clear indication of the difference in the focus of the organization. One brand (Competition) focuses on visibility whereas other brands (ABC Homes) have chosen Word of Mouth as their visibility harpoon.

Talking about the typical consumer journey within ABC Homes, there are multiple checkpoints to ensure that the customer is totally convinced with the offerings and then agrees to pay for the service:

1. The first touch point is interaction with potential customers in market via posting relevant ads on Facebook Pages, Websites and Free Classifieds. The average number of ads posted by the organization is approximately 8-10 a day with a special inclination towards the peak online hours (12:30 – 14:30 IST). The average time taken by a single post to generate leads is 36 hours with an approximate customer attrition rate of 70%
2. This leads to an average lead generation of 6-8 new leads per day per sales executive and the contact details of the potential client are being asked via personal messages on their Facebook Accounts. Later, the qualified clients are approached via WhatsApp or Facebook Messenger asking about their budget, preferred location and preferred occupancy
3. The data collected under this interaction is uploaded onto the lead management system account of the company to keep a track of the ongoing conversations and available options
4. The next touch point under the journey is a cold calling between the customer and sales executive having an interaction for generating awareness about the brand, its offering and its unique selling proposition accompanied with some sorts of consumer doubts. The interested clients after this stage are invited to visit the facility (accommodation) itself in order to be double sure before paying for it
5. These days, the company has also invested in a 3D Residential View App support in order to provide the same experience to clients at a distance
6. The last touch point is to get a confirmation from the clients regarding the bed booking with a non-refundable payment towards and sharing all the claimed facilities in written in the form of an email in order to give a source of credibility and to avoid chances of forgery.

The below figure shows the journey of a customer from their first interaction with Customer Executives to the point of acceptance of Legal Agreements.



Figure: 1 Customer Journey within ABC Homes

During the course of 8 weeks, association with the sales and marketing department has helped me in unravelling the core model of this company, gave an incredible experience to explore various customer touchpoints and leverage their moment of truth, how to negotiate with customers over lack of competitive advantage in certain categories but the thought of the hour is that, whether the organization will be able to sustain with niche market segment? Can this organization survive within this market with ongoing change in its team of customer executives? Is this the time to spread the wings of service differentiation to enjoy a healthy competition? Is the path chosen by ABC Homes sustainable?

III. LITERATURE REVIEW

On a very basic level, what joins any of the co-living community is a want to stay in a more connected way with the people all around you. Under the concept of Co-Living, some people feel that, there is nothing surprising about the idea of people living respectively in a group. Young experts and professionals today value experiences over belongingness; they cherish being part of like-minded communities. This millennial mentality has impelled innovative advancements crosswise over verticals.

Housing system from a wider aspect recognizes that the outcomes depend upon 3 assumptions starting with public policy and not just related to housing but also associated to other factors like transport and broader economic policy. Next comes market processes, business goals and individual aspirations and at last comes the assumptions about ways of living. The most important question at the moment is that “What is the real change that we want?” and “From where is the change going to emerge?”. This is one of the reasons that the discussions regarding the co-living has been so interesting. Different authors across the globe have different sayings. For some, “The idea of co-living provides an opportunity to think differently about community and ownership whereas, for someone else it’s not just to bring change in housing but to demographics and ideas about health and well-being”(Matthew Taylor, *Co-living and common good: RSA Action and Research Centre, March 2018*). Frankly speaking, collective living isn't another marvel. It has been practiced crosswise various societies all through history, and for various reasons. The American lodgings of the 19th and 20th Century were a passing advance between family life and freedom. (Jessica Leigh Hester, *A Brief History of Co-Living Spaces: CityLab, February 2016*). The sharing of clean offices has been rehearsed in Japan since the start of the 17th century. Small scale, densely populated, mixed-use regions were the focal point of Japanese urban life.

Basically, Co-living spaces deal with the plug and play model (utilizing the most recent innovation to increase service efficiency) that saves us from the day to day issue of managing household chores, giving us a chance to focus on more imperative things. The only thing which has been constant throughout our human race is (Change) and nobody agrees more to it than our today’s digital wanderers, who move easily starting with one occupation then onto the next, one city to another, one house to another. Unlike the previous generations, the urban millennials don’t determine their sense of security from similarity, the same city, the same habitation. Quite recently, a couple of new businesses like Common, The Collective, Ollie and WeLive by WeWork, began trying different things with applying the collaborating model to lodging spaces (Omri Barzilay, *Forbes: How Major Real Estate Developers Are Experimenting with Co-Living, January 2018*). These organizations are absolutely in the real estate business, but their offerings come with a philosophy of community, shared space and an implicit social life along with decent furniture, pre-installed internet and TV service, concepts of live cooking, housekeeping and a lot of social exercises. As most of these new companies are attempting to remain lean and stay away from the

complexities related to owning and developing a real estate project, they have banded together with more settled engineers and landowners, becoming the company working in the interest of the proprietors of these properties.

III. ANALYSIS

Being an organization at the budding stage, ABC Homes was successful enough in catering to 1200+ residents across 500+ rooms in 30+ accommodations across Gurgaon, New Delhi and Greater Noida but still wasn't able to do a high profitable business. The profit margin and customer satisfaction level were decreasing every other day. For this, a 2-way model has been constructed where the first objective was to look at the revenue and pricing model of the company. At the same time, evaluating whether the claimed offerings are getting effectively delivered to its customers/residents or not. Under the evaluation, the first mode was Online Feedback or Questionnaire format whereas, the second model was Focus Group Interviews targeting the existing ABC Homes residents.

Within the bucket for questionnaire, a sample size of approximately 150 residents have been taken with the gender (Male: Female) in the ratio of roughly 7:3 based upon the difference in the number of residents within the ABC Homes and the area under consideration has been Gurgaon. Under the questionnaire, a total of 9-10 questions have been asked from the residents apart from their basic details. During the initial construction of the questionnaire, a lot of statistical factors have been considered including the variability of accommodation within the population, non-response rates, attrition rates and resources like time and personnel. On the other hand, the focus groups interviews, have been taken with random residents asking them the same questions but in a much more conversed way in order to have an in-depth knowledge of the quality of service in various accommodations. Apart from getting the relevant feedback, the next important job was to ask for the suggestions from the residents itself in order to identify the gaps to take corrective measures.

The below figure shows below is a process chart of the way that ABC Homes has adopted to find the gaps.

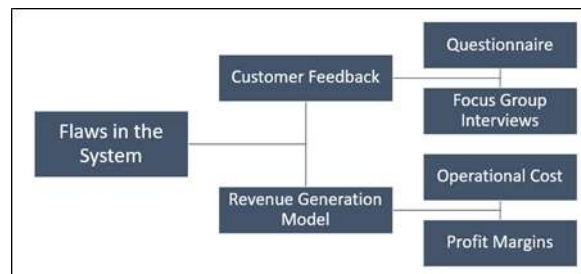


Figure 2. Process Chart of ABC Homes to find gaps in Pricing Model and Customer Satisfaction

The Likert scale employed for collecting the feedback under the survey was on a 7-point value with Point 1 depicting the maximum dissatisfaction whereas Point 7 depicting the maximum satisfaction. As discussed above, the questionnaire has been created focusing on all the parameters, which ABC Homes claims to provide while interacting with its customers. The most important factors among all would include:

1. Quality of professional housekeeping services
2. Effectiveness of online concierge service or resident's application
3. Engagement level of community events

4. Quality of food available from hired chefs
5. Average response time to resolve any query

Apart from the above questions, collection of resident's opinions was done via questions related to their reference, and their need to be contacted by the Company executives once a month which turned out to be an important factor under the brand responsibilities, as in this highly competitive market the only domain left under the competitive advantage is the emotional link between a brand and its consumer. Prepared sample questionnaire for generating the feedback is as follows:

1. Which Villa/Apartment are you currently staying in?
2. Does the Operations Team resolve your queries on the Resident App?
3. Do you want anyone from ABC Homes to contact you once a month to know about your stay and well-being?
4. Are you satisfied by the price offering?
5. Would you suggest others to stay in ABC Homes?
6. Parameters to evaluate ABC Homes services

- a) RFM (Resident Facility Manager)
- b) Professional Housekeeping Services
- c) Resident Application
- d) Community Events
- e) Quality of Food
- f) Locality
- g) Response time for Queries
- h) Value for Money
- i) Online Concierge Services
- j) Referral System

The prepared questionnaire has been shared with the organization itself in order to support their ongoing initiatives of bringing the like-minded residents onto the same page. The company believes that by collecting data from the activities of the resident's social media accounts via cookies, they can bring the people with same preference close to one another which can improve their stay at ABC Homes. For this, a set of questionnaire and user accessibility permission is required during the initial stages and then, the static details within the Social Media Account profiles are being accessed to provide a better accommodation as the organization believes in a saying that "Your Network is your Net Worth". After the collection of feedback, the results have been segregated in three types of levels:

1. Point of Differentiation: Having a score above 6 signifies the excellent implementation of the relevant factor and thus can be neglected from the area of concern
2. Area of Improvement: A score between 4 to 6 signifies an area for improvement but not a major area for concern.
3. Failure to achieve the Standards: A score below 4 signifies huge scope for improvement or as a factor for bad publicity and branding. The processes under this category should be given the highest priority.

The below tables signify the average rating given by 150 Residents as per their gender. Observing the table clearly tells us that both the boys and girls have been facing issues on a daily basis and they have remained unsolved from Operational background.

One thing is to be noted that none of the factors have crossed the mean rate of 6.0, which means that the facilities and amenities claimed during the sales pitch was nothing but a case of Over Promising and Under Delivering. The mean of all the parameters in case of Boys Villa is (4.1967), whereas in case of Girls Villa is (4.2043), which straight away pointing towards a huge scope for improvement and thus can be a warning call to modify the business & revenue plan and as well as start concentrating on providing what is being promised.

Table-1: Average Score of Survey done on Male Residents
Table-2: Average Score of Survey done on Female Residents

PARAMETER'S (BOYS VILLA)	MEAN VALUE
RFM (Resident Facility Manager)	4.7213
Professional Housekeeping Services	4.1803
Resident Application	3.7049
Community Events	4.0819
Quality of Food	4.0163
Locality	4.9672
Response time for Queries	3.9344
Value for Money	4.1147
Online Concierge Services	4.1803
Referral System	4.0655

PARAMETER'S (GIRLS VILLA)	MEAN VALUE
RFM (Resident Facility Manager)	4.5652
Professional Housekeeping Services	4.4347
Resident Application	4.1739
Community Events	3.9565
Quality of Food	3.7826
Locality	5.3478
Response time for Queries	4.0434
Value for Money	3.6521
Online Concierge Services	4.0000
Referral System	4.0869

The objective of gathering customers review over the current offering of ABC Homes has not been quite impressive and suggested towards the overall growth of the organization and if possible, a need to bring some sort of modification in its model. The next objective was to evaluate the revenue model, operational cost and profit margin of the business for which a random property has been chosen and results are calculated.

Sample Property Type		Villa	
Property Name		Villa Sector 55 Gurgaon	
Address		Metro Pillar 243, Sector 55, Gurgaon	
Serial No.	Occupancy Type	Total Number of Rooms	Pricing per Person
With attached Washroom	1	6	INR 22000
Without attached Washroom	1	0	INR 21000
With attached Washroom	2	15	INR 15000
Without attached Washroom	2	0	INR 14000
With attached Washroom	3	6	INR 12000
Without attached Washroom	3	0	INR 11000
With attached Washroom	4	0	INR 9000
Without attached Washroom	4	0	INR 8000
Net Revenue per Month			INR 7,98,000

Table-3: Sample Property Details on Occupancy

Sample Property Type		Villa	
Property Name		Villa Sector 55 Gurgaon	
Address		Metro Pillar 243, Sector 55, Gurgaon	
Inventory	Quantity	FirstYear	Second Year
Sofa	1	INR 2400	INR 2000
Center Table	2	INR 300	INR 250

Bean Bags, Ottomans	0	INR 140	INR 120
Dining Table (4 People)	0	INR 800	INR 700
Dining Table (6 People)	1	INR 1000	INR 850
Pool Table	1	INR 3500	INR 3000
Foosball Table	0	INR 500	INR 450
Mini Gymnasium	1	INR 6000	INR 5850
Play Station	1	INR 4000	INR 3800

Table-4: Sample Property Details on Inventory for Lounge and Pool

Sample Property Type		Villa	
Property Name		Villa Sector 55 Gurgaon	
Address		Metro Pillar 243, Sector 55, Gurgaon	
Inventory	Quantity	First Year	Second Year
Television in Lounge Area	2	INR 1700	INR 1550
Microwave Oven	1	INR 300	INR 200
Washing Machine –Front Load	3	INR 900	INR 750
Refrigerator – Simple/Exclusive	1	INR 2200	INR 2050
RO Water Supply	3	INR 1300	INR 1200
Air Conditioner (Window/Split)	Individual for Rooms	INR 1000	INR 900
Fire Extinguisher	3	INR 500	INR 400
SSD	1	INR 600	INR 500

Table-5: Sample Property Details on Electronic Appliances

Sample Property Type		Villa	
Property Name		Villa Sector 55 Gurgaon	
Address		Metro Pillar 243, Sector 55, Gurgaon	
Particulars	Quantity	First Year	Second Year
RFM + Housekeeping	1 Each	INR 45000	INR 45000

Tea/Coffee Vending Machine	1	INR 5500	INR 5300
Power Backup – Big DG	1	INR 25000	INR 24000
Internet	1	INR 13500	INR 13500
Chair	15	INR 250	INR 200
Table	5	INR 250	INR 200
Repair per Person	54 Residents	500	
Meter Cost	27	INR 520	
Wallpaper	30	INR 20	
Frames	50	INR 150	
Gypsum	1	INR 80000	

Table-7: Cost of Staff and Miscellaneous Expenses

Net Operational Cost	INR 5,68,070
Landlord Rental	INR 4,00,000
Beds with Side Table and Mattress	INR 48,111
Lounge	INR 3,350
Pool Table, Foosball Table, Play Station	INR 12,650
Electronic Appliances (AC, TV, MW, WM, RO)	INR 12,900
Tea/Coffee Vending Machine	INR 5,300
Power Backup	INR 0
Chair/Table in Rooms	INR 4,000
Internet	INR 0
Housekeeping + RFM	INR 45,000
Kitchenware (Induction + Cookware)	INR 1,200
Repair and Maintenance per person	INR 27,000
Pest Control	INR 1,800
Fire Extinguisher + SSD	INR 1,700
Horticulture	INR 0
Amortization	INR 5,059

Table-6: Operational Cost of Sample Property

After getting profit margins equivalent to 28.81% we came across the fact that the investment that was being done by the company was very much capital intensive.



Figure 3. Profit Margin and Percentage

ABC Homes was following the method of renting the assets but on calculations, the amount being paid in a time span of 2 years was coming almost double the price of the asset itself. On further discussion with the operational heads, the point came out to be the lack of investment within the organization which restricts ABC Homes to go for bulk purchases and warehousing. Thus, to a certain extent it's time to bring a mild change in the business plan of the company and try customization, where the company can start providing rooms or accommodations as per customer requirements. Within the initial paragraphs of the case, it has been shared that most of the residents of ABC Homes were young and aggressive working professionals working from 9 a.m. to 9 p.m., and thus they avoid the complementary services within the bundled package and this has been a common query from all the residents during the cold calling with them too, where they express their interest to go for a customization model rather than paying hefty amounts for complementary services.

IV.DISCUSSION

Talking about the offerings and all sorts of amenities that the company claims to provide during the sales pitch seems to be ineffective during the execution stage. After having focus group interview with more than 10+ residents. We got to see their anger, which they had towards the company and the only reason for the same is the inflexibility and difference in the price structures. If we look at the above paragraph depicting the revenue, operational cost and profit margin, we will get to know that there is an utmost need to fix this ongoing issue of less revenue generation. For this, customized bed allocation and accommodations would be a better option. Where, the company can claim to provide any allocation in any price range and the price of the rooms will increase with the increase in the facilities.

During the conversations with residents, we came along a lot of issues which were faced by almost all the residents across all properties. Some of them include factors like Quality of Food, Recreational Area,

Electricity, Internet, Washrooms and Hygiene and supportive staff. Thus, a small effective measure to be taken in all weak areas has been mentioned

1. Fooding System: Under this, dynamic fooding system can work any day where the residents will be having the choice to eat as per their choice. This will require strong tech support or integration to keep a track record of the consumed meals per client. Most of the residents under these facilities are working class professionals, thus a provision for the delivery of prepared lunch to the offices can be a source of revenue generation for the company.
2. Recreational Lounge: In case of recreational area, there has been a whole lot of partiality between the boys and girl's accommodations. There are no recreational elements in any of the girl's villa still they are being charged almost equal, thus either the amenities should be provided or the prices should be reduced.
3. Electricity: The most important point of dissatisfaction among the residents have been electricity, a lot of residents have complained about the electric prepaid meter. As per their comments, the company claims Rs. 12/unit, whereas they do not tell us about the services charges, which increases the charge to Rs. 14/unit approx. Moreover, they were dissatisfied with the quality of electric appliances like, the window ACs that have been used are non-star rated ACs. In some regions, there is a straight disparity in the electricity bill because of monotonous electricity charges.
4. Difference in Rent Structure: The 2nd most affecting factors, is the difference in the rent structure of 2 residents within the same room and here the sales come into play. In order to complete the conversion, sales guys do pitch a person a specific bed at a lower price. This habit brutally affects the image of the company, it degrades the authenticity of the organization.

At last, in a nutshell, the suggestions focus on making the accommodations budget properties. The company should also go towards making some budget properties with just a decent room and basic amenities in the form of 1RK, which involves comparatively less investment and more returns. Those properties should be made in order to target the working professions who come after 10-12 hours of Job. For such customers, a good spacious fully furnished single room only serves the purpose.

V.CONCLUSION AND RESULTS

Co-living is currently developing as the next biggest hospitality trend and currently, this idea has a massive opportunity in India as it tends to fulfill the essential need of convenience of the young urban migratory population. Focus on high quality, innovation driven services and consistency hold the way to this industry. The comforting component for business visionaries in this segment is the accomplishment of worldwide partners in spreading common living. Presence of ABC Homes within the evolving segment can be considered a golden moment to flourish and gain access to a very niche market which has a desire for a quality and premium accommodation at affordable price. On the basis of the findings from the above case, we got to know that in a competitive market there is no right or wrong methodology until your customers are getting what they paid for. You can be a tough competition to the existing players by following the traditional ways but to a certain extent that is not what makes a brand had a long-lasting customer recall. If we talk about the legendary brands like Coca-Cola, HUL, General Electric and JC Penney, the most common thing among all of them was the continuous change and I think, this is something what ABC Homes can also focus on i.e. fulfilling the customers queries being relevant to the technology. The next segment that can be a huge boost to the company can be accommodation for millennial couples who earn a lot and have the capability to spend even more subject to the availability of decent facilities which makes

their life easy removing all sorts of tension related to maintenance and service while living in an accommodation. The possibility of co-living is to join the vitality and spirit of the commune with the commercial effectiveness. The odds of having a flat mate from a comparative social and financial status enhances social networking. The benefit of socializing with like-minded people is the bait for moving with flat mates. Changes in housing are uniting individuals. While conceding that the idea in India has far to run compares with US and China, the fate of co-living in India appears wide and encouraging and quite promising.

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