



# Net will be norm,

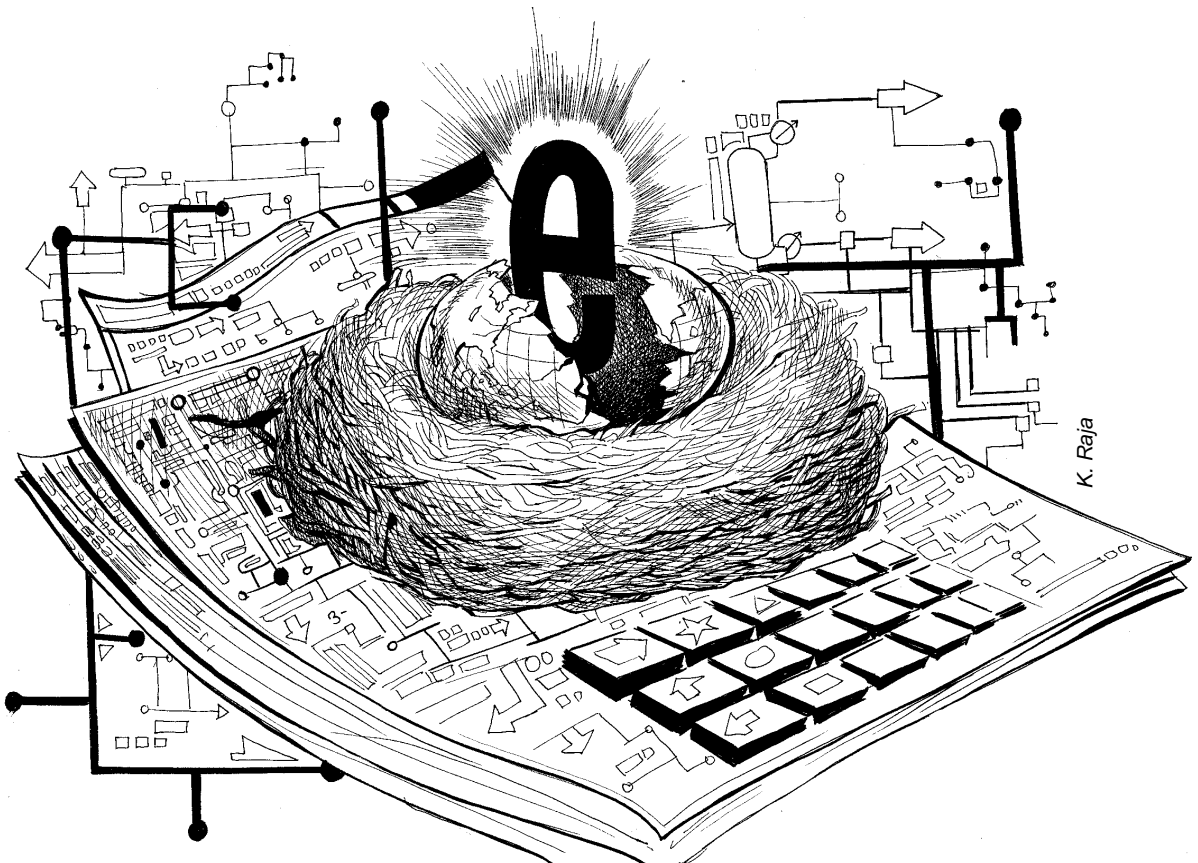
*'I told you so. The dotcom bubble will burst sooner rather than later,' says one smugly.*

*'How many portals can you have on India,' questions another authoritatively.*

*To say that dotcom stocks are phenomenally overvalued is a gross understatement,' writes another, who prides himself on his turn of phrase.*

*Too much money chasing too few ideas,' says a self-appointed financial analyst.*

**T**HE black Friday on which the Nasdaq died showed that the investing world had suddenly stopped being dotty about dotcoms. The media went to town and the bulls into hibernation. But, in all the media hype and preoccupation with crashing values, one has tended to ignore old economy stocks and companies. Years of brand building, steady growth and consistent dividend payouts have suddenly become less glamorous



# not exception

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than the exciting ventures on the Net, even if the ventures are losing whopping sums. And, yet the reality is that both old and new will have their place in the sun.

But, the old will have to get younger and creatively collaborate with the new for, notwithstanding the doomsayers, e-commerce is here to stay. Yes, even in our sub-continent, despite its minimal PC population and sluggish telephone lines that give Aesop's tortoise a run for its money, the older, established companies are realising they might get caught in the shifting sands of technology and are preparing for the demands of a networked economy. Old or new, we live in challenging times. As Charles Handy says: "The world is up for grabs." That is both frightening and very exciting. Will the old guard ride the Net wave excitedly or be sucked into the eddy of technology fearfully? My gut feel says the former, as do several industry experts who have shared their views of the future with us.

## Customer will drive the Net

Several years ago, I went to meet the creative hot-shop Chiat & Day (now TBWA) looking for a possible collaboration, and asked if they would be looking at India. The reply was interesting. "We will come to India if Nissan wants us to," they said. "We opened our operations in Canada because Nissan wanted us to." Agency networks live, breathe and eat their clients' brands. The client is the source of all business. All benefits flow from him. Clients determine the future growth and direction which agencies take.

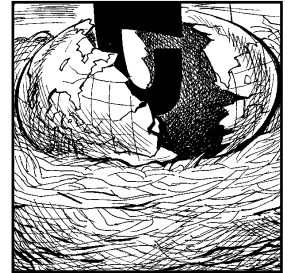
Older, well-established companies might do well to take a leaf off their

agencies' notebooks. Today, companies have to transform themselves both attitudinally and technologically to enable them to serve their customers better. They must have a Net strategy geared to leverage their customer relationships. As J. Ramachandran of IIM Bangalore, who consults for several old world and dot-com companies, says: "Today, having a Net strategy is a must. To be a qualifier in the race, you must have an e-strategy. One day it (having a net strategy) will become a hygiene factor." These views are echoed by industry.

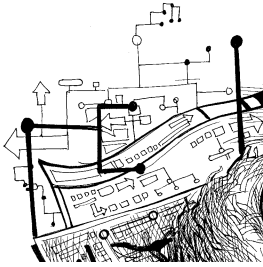
Bharat Tandon, Managing Director, Vetcare, says: "There is an environmental pressure to have an e-strategy in place. If you do not have one you will be left behind." Environment notwithstanding, there will be pressure, and enormous pressure, from one's own customers. As Shikar Ghosh, Chairman and co-founder of Open Market, an Internet-commerce software company, says: "Companies that do not want to participate in Internet commerce may be forced to do so by competitors or customers." It is hardly surprising that well-established companies in a wide range of products such as watches, entertainment electronics, garments, beer and pet-care are getting e-ready.

## Know thy customer

Whether one is marketing in a virtual world or real world, the knowledge of the customer and her behaviour will be crucial. Dell's classification of the consumer into different types is an interesting model for PCs which are no longer technology products. The older companies might be well advised to remember that while technology may well power



*Old companies will have to learn to ride the dotcom wave if they are to survive. The Net promises to suck everyone rapidly into its vortex, and only companies that are e-ready are ready at all.*



*Companies have to transform themselves both attitudinally and technologically to serve the customer better.*

the Internet revolution, it is consumers in flesh and blood who will write the cheques, or punch the PIN numbers, if you will.

How well do companies know these new Czars of the Net? Those companies which take a lead in understanding consumers and serving them will lead. My experiences with Amazon.com have demonstrated its keenness to single me out as an individual customer with his own tastes and preferences. Amazon.com is able to combine the sophisticated technology of a Net-based company with the personalised attention of your friendly neighbourhood grocer. They know my interests are in communication and management. So, whenever I visit the site, they keep giving me information on books on my areas of interest, for my consideration.

Technology is used to build knowledge. Technology is the corner-stone of service, and knowledge builds brand loyalty.

The question that comes to mind is simple: What can established, old order companies and brands learn from the brash upstarts of the new 'click and mouse' generation? A lot, actually. But the beginning is the customer.

### **Not traffic, relationships**

The current fixation with instant gratification, quick fixes and warp speed branding might lead us to ignore the lifetime value of the consumer, but this is really where companies that harness the Net will score. Titan, the market leader in watches by far, realises the value of relationships. Says Titan's Bhaskar Bhat: "We find that retaining customers is more profitable than getting new customers. The Net provides us the opportunity to continue the relationship. It provides us a two-way communication medium. And, let us not forget that today's netizens are targetable, high net-worth individuals."

As marketing guru Philip Kotler says: "For time-starved, high-income people, the opportunity is to figure out how to make products and services available in a hassle-free way." Yes, companies will have to know their customers, use this knowledge to personalise and market to consumers. Databases will be key. Banks could well be sending birthday cards to key customers or advertising loans to families whose children are approaching 18 or sending investment ads to families who just became 'empty nesters'. Established companies could use the Net

## **Techno types**

\* Techno-wizards: Thrive in a high-tech environment; the hotter and more challenging the technology, the better.

\* Techno-to-Go: May already have a good knowledge base, but want a computer that is ready to run right out of the box and prefer to call a customer assistance line for help than refer to a manual.

\* Techno-boomers: May have started from ground zero, but studying hard to learn how computers can help them look smart.

\* Techno-novices: Want to look smart, yet have no knowledge of, or experience with technology.

\* Techno-phobes: Avoid technology whenever possible. Pencil-and-paper types all the way.

\* Techno-teamers: Chief interest in computers is how computers can improve their productivity at the office, and how computers can make them more valuable members of the corporate team.

\* Techno-critical: Rely on computers for more sophisticated applications critical to the job, such as computer-aided engineering or design.

– from *Techno Brands*, by Chuck Pettis. ■

to great effect in building relationships with customers.

### **Not technology, strategy**

The law of dominance says: One is wonderful. Two is terrific. Three is threatened. Four is fatal.

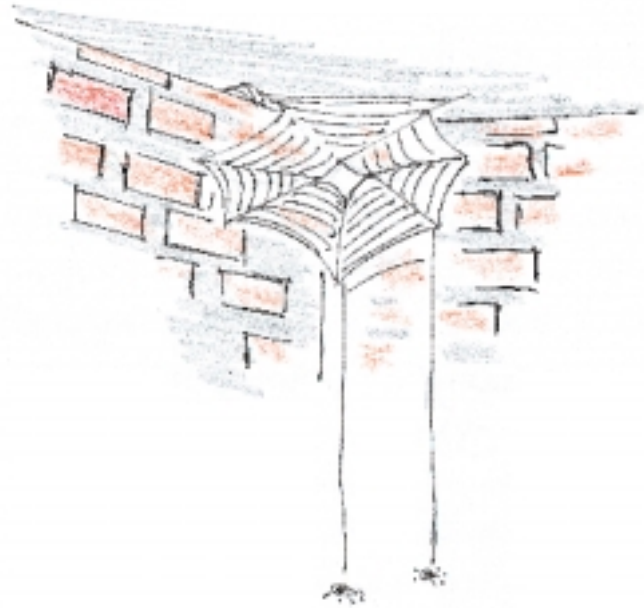
It is possible for companies that have an aggressive Net strategy to get a head-start in the virtual world, whatever might be their standing in the real world. According to IIM's Ramachandran, a Net strategy helps pre-empt competitors from getting into that space. Yahoo! is a great example of a site which has pre-empted many big names from getting a mindshare. It becomes habit forming, so it is important to have a first-mover strategy and stickiness.

Fazle Naqvi, Director-Marketing, Merchandising and IT, Indus League Clothing Ltd, believes that the current Net users in India are young but will soon be a force to reckon with. They are under 20 today, but will soon have their first job and access to credit cards. More significantly, they will, unlike their older counterparts, have less resistance to transacting over the Net. Titan, which pioneered the concept of gifting, believes that the Net will drive this business opportunity. While you may want to touch-and-feel watches that you are buying for yourself, you may not do it for gifting. This is where the Net comes in, says Titan's Bhat. Companies such as Dalmia Electrodyne have been able to bid for global requirements through a site called [www.freemarkets.com](http://www.freemarkets.com). The Net allows small players to market themselves to global players. It also provides global players an outsourcing device. Basically, it shrinks the space for both.

### **Not technology, a state of mind**

Enough predictions have been made about how this entire business of e-commerce is a marginal activity. Dewang Mehta, the President of Nasscom,, expects the volume to be about Rs 10,000 crore by 2002, and industry experts, such as Anand Halbe, General Manager - Marketing, Sun Microsystems, say: "It is

*etc.*  
RAVIKANTH



**“Don't worry, we'll succeed – we've a good brick-and-mortar back-up.”**

not e-commerce anymore, it is just commerce.” This type of commerce will be the norm and not the exception.

Traditional brick-and-mortar companies which have tremendous domain knowledge will strategically tie up with technology partners. Companies will find that this is not just another management gimmick which they have been dished out but a genuine strategic tool. While it is true that a lot may still have to be done on the infrastructure, legal and security fronts, we still can't ignore the opportunities in the e-commerce space. We are still a country where secretaries send and receive e-mail on behalf of their bosses. But, the opportunity is there for many companies to change, and e-transform themselves. “If you do not e-transform, you die,” said an analyst. Harsh words, perhaps. But we are not living in easy times either. ■

*(The author is CEO, brand.com)*  
*(Research inputs from Radhika Madhavan.)*