# Butterfly Customers: Strategies and Technology for Marketers

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## Abstract

Dynamics of customer engagement are hastily changing. Marketers must understand the entire customer journey and creatively apply the amicable strategies. Digital era demands integrated strategies and integration of multidisciplinary strategies for greater customer engagement. To continue acquiring, retaining, capturing transient customer, marketers need to recognize this and innovate new strategies. The present research aims at exploring the strategies to capture flit and retain Butterfly Customers. The research is descriptive but exploratory in nature. The information collected from standard secondary sources and interviews/discussions with decision makers and experts in the domains of marketing, information technology and analytics. The results echo that capture flit and retaining Butterfly Customers is difficult but imperative to marketers. The strategies and tools explored are useful to marketers to identify and capture flit and retain Butterfly customers. The study is exploratory hence there is a scope for experimental/empirical multidisciplinary research.

## 1. Introduction

Globalization, liberalization, privatization etc., together with information technology transformed the world into global village, markets in to global digital market; citizens as netizens and customers as butterfly customers. Most of the business classes and their customers are adopting technology - social networks, mobile computing, analytics, cloud computing and IOT – at rocket speed. Dynamic growth of hastily changing digital trends is highly upsetting even market leaders. Rapid growth of digitalization and transient customer behavior resulted in not only complex marketing opportunities but also unresolved problems to marketers. Deregulation became buzz word for almost all the countries in the digital era. Digitalization and deregulation are now destinations for multinational corporations; which in turn result in cutthroat competition among marketers. Creativity, innovation, technology-business incubation; government and NGOs initiatives towards skill development and entrepreneurship made the competition very strong. Smaller ventures, Flipkart etc., are inventing incredible new business opportunities and models which generate complex and an abrupt impact largely on traditional markets. Customer attitudes and
demographics are hastily changing. Customers are becoming more fickle and expect greater business transparency and corporate responsibility. Increased comfort with technology and high usage of online channels is feeding this shift. The digital disruption has left many organizations spinning but revealed fantastic opportunities for higher levels of customer engagement. Together, rapid adoption of technology, changes in customer behavior and increasing competition market forces are exerting intense pressures on almost all industries.

The rapid changes in information technology domain encouraging citizens to use internet, digitalize information and make available

goods and services on the click of icon. Customer switching behavior is hastily changing. The marketing strategies have to run fast following the transient dynamic consumer needs and wants. Web becomes central point for selling and buying goods and services. Marketers are observing new switching behavior, offering suitable marketing stimulus but facing intense pressures. In digital era of challenging market, the most difficult task is to have loyal customers and more critical task is to maintain them as organization's loyal customer forever.

## 2. Literature Review

There are many factors that change the loyal customers to butterfly customers **[1].** Butterfly customers buy goods and services without emotional bond. They are intelligent, educated, informed but frequently move ranges of brands of cross segments. The reasons can be availability of innovative, creative and incredible smart technology applications to customers. This butterfly customer segment is profitable but disloyal. The factors cause to transform loyal customer into butterfly customer are many, ranging from basic stimulus offers by marketers to changing marketing dynamics as well as combating integrated marketing communication in digital era. The ever switching behavior of these customers' results in making even incredible features of goods and services outdated in short run and posing challenge in the form creating cutthroat competition among marketers for creativity, innovation, incredibility and incubation. .

When comparing Gadget generation (Z) with previous generations, it is found that switching behavior is very high in Gadget generation. They demand incredible product and services, ready to pay more without emotional bond. This situation demands creative and integrated strategies and integrated multidisciplinary technological strategies for proper customer

engagement. Engaging emotive customer is more difficult than cognitive customers, demands development of balanced strategies coping customer transient psychology. They are more influenced by virtual reality and prefer to frequently switchover from one brand to another with searching behavior for new trends. To engage Gadget generation as customers, marketers should develop integrated strategies to target social connectivity, recreation, and everyday customer value, socially desirable incredibility in product and service, and capturing customer flit information.

In accordance with the growth of innovation and communication technology, Z generation appears having characteristics which are similar to butterfly customer. Z Gen is the generation being born between1995-2004 **[2].** Observing the characteristics of a Butterfly Customer, it can be seen that Z generation or adolescence generation segment follow the butterfly's character, which is perching and moving from one flower to the others. Reinartz and Kumar **[3]** confirm that butterfly customer is kind of disloyal customer but this segment is the potential segment.

"Butterfly customers" are defined by O'Dell and Pajunen **[4]** to be people that flit from one store or supplier to another, always searching for a lower price or a different shopping experience. They always prefer next best offer and deal, without loyalty on any specific brand, and ever search for a creative, innovative and incredible products and services; a new and opt whatsapp for better choice, incredible features and latest trend. They easily discard used brand and pick new brand randomly which is close to the old and create customer value, lifetime value or daytime value. Hence, it is not only difficult to be a butterfly customer but also serve him forever. A single product line is not the target choice of butterflies; a cross ever changing product line of various marketers is the preference of

butterfly customers. The ever transient nature of butterfly customers became a challenge to satisfy, predict and retain forever.

The existing literature evidence that customers can be categorized into, to target with Customer Relationship Management based on projected lifetime duration and lifetime profitability, True friends,

Barnacles, Butterflies and Strangers. Brand Switching Behavior is the type of consumer behavior that is found in today's market. This behavior is increasing because the consumers are exposed to millions of marketing stimulus and get huge product and brand choices. Consumer can choose more than one brand in one type of product. When consumers are on huge marketing choices and stimulus, brand switching behavior is not sufficient. The extreme continuum of brand switching behavior of a consumer, is called a butterfly customer. In the concept of butterfly consumer it takes much effort to reach, and believe which customers are loyal. Butterfly customer is most challenging customer because they are not just the common brand switching behavior. This paper will detail and discuss the phenomena that can give new sight and awareness for marketers. In the digital era, marketers have to know that the markets are not in the same situation. Marketer will face more difficult marketing strategies to reach butterfly customer. This type have unique characteristics and are not likely with brand switching behavior, such as can switch cross segments, smart, pessimistic and skeptic, well educated, well informed, and easier to move. In the real market, there is no loyalty in butterfly customer. Thus, marketers have to create integrated and dynamic marketing strategies to capture flit and retain butterfly customer forever **[2].** Customer data sharing is not easy due business confidentiality in market which is a major hurdle for creation of business intelligence to identify patterns of butterfly flit.

## 3. Objectives

It is an attempt to explore more insight on this domain taking into consideration the available scant literature and suggest integrated, multidisciplinary management strategies to capture flit and retain butterfly customers. The primary objective is to add more knowledge to the existing literature on butterfly customer concept in marketing. The secondary objectives are to explore strategies and Technology for marketers to capture flit and retain butterfly customers.

## 4. Methodology

The study is descriptive but exploratory in nature. The secondary information is collected from contemporary and multidisciplinary standard journals, books, thesis and dissertations. The primary information is collected through discussions with experts in customer loyalty, switching behavior and beyond.

## 5. Model
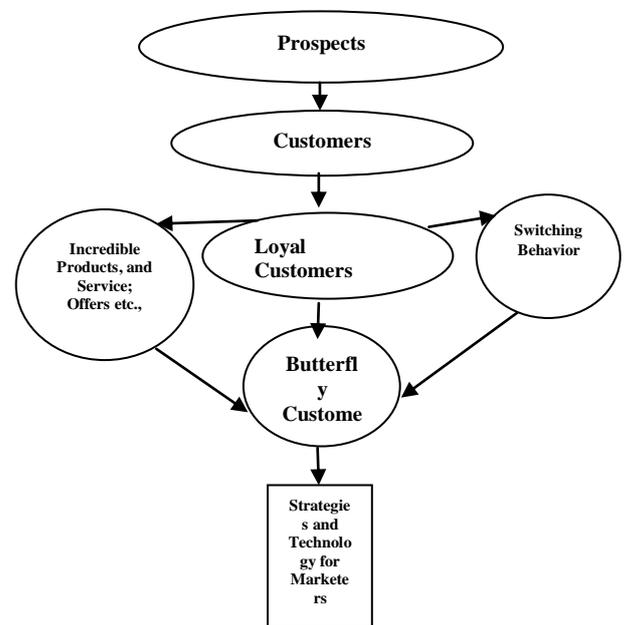


## 6. Strategies and Technology For Marketers

### A. Product Innovation and Incredible Strategy

Butterfly consumer is called as profitable yet disloyal customer. After their purchasing drops off; stop spending much time and effort into selling to them **[3]**. Since butterfly customer is a type of customer who switches easily from one product and brand to others, then the most suitable strategy for butterfly customer is implementing sustainable product innovation and always searching for incredible. Especially, since the butterfly customer is a pessimistic and skeptic customer, the product must be up to date and differ from the others to attract the type of customer. Incredible factor in goods or service makes the product live long and target for butterflies.

### B. Measuring the relationship between loyalty and profitability

The aim of Customer Relationship Management is to bring into line business processes and customer strategies, for increased customer loyalty and profitability forever. CRM related customer strategies include tailoring product and service delivery process to

the explicit needs and preferences of individual customers and developing customized marketing communications at individual customer level. A marketer must establish techniques of ranking customers to identify the most valuable to serve them heart and soul.  It means valuing every customer and deliver outstanding service to all. In practice, it simply is not possible. It is a widely held belief that loyal customers are an organization' most profitable customers, that they cost less to serve, are usually willing to pay more than other customers and often generate new business via word-of-mouth recommendations [3]. These benefits are frequently cited as the foundation for pursuing customer loyalty initiatives [5; 6; 7; 8; 9; 10]. Reichheld and Teal's study [11], however, appears to be the only well-documented empirical evidence to substantiate the hypothesized positive life - time-profitability relationship [12]. The contention that loyal customers are always more profitable may be a gross over-simplification [13]. Empirical research undertaken by [3] indicates that the relationship between loyalty and profitability may be much weaker than loyalty program proponents' claim. They discovered little evidence to suggest that regular customers were cheaper to serve, less price sensitive or provided more word-of-mouth marketing. On the basis of their results, they advocate that management, instead of focusing on loyalty alone, should measure the relationship between loyalty and profitability in order to better identify the appropriate customers on which to focus. Hence, it is pragmatic on the part of marketers to identify, target butterflies who are really worthy to the organizational benefit.

### C. Integrating Customer Relationship Management and Revenue Management

Management of revenue streams directly and indirectly deal with customer relationship management practices. Many authors (14; 15; 16) suggested that integration of Customer Relationship Management and Revenue Management lead to customer loyalty, which indirectly useful to marketers cautiously developing customized strategies for retention and profitability. Introduction of CRM taking into consideration Revenue Management required understanding customer profile, attitude, switching over and transient behavior, factors useful for maintain balance between relationship and revenue. Quantification of relationships demands measurement of behavioral and attitudinal variables to segment customers customized to markets. In simple words, relationships without profitability not feasible for both parties, the bondage may not be long live.

### D. Balanced IMC-cum- Branding Strategy

Majority of generation of butterfly consumer is generation Z which is in close proximity to gadget and communication technology. For the gadget generation, the most effective strategy to reach is aligning Integrated Marketing Communication (IMC) with Branding strategy. The integration between IMC and branding strategy can be applied on the digital marketing considering that butterfly customer is very close with their gadgets and devices. Whereas the marketers need to maintain not only aligned IMC with branding strategy but also balance between them.

### E. Investing for Customer Lifetime Value

Customer loyalty and Profitability are two eyes in the process of retaining the customer forever.  Measuring and enhancing customer deal-time value, customer daytime value, and customer lifetime value ensure to invest on the most concentrate on transient and profitable customers, capture flit of butterfly customers; diverting spending on non-profitable customers to lucrative customer focused activities. Managing customers for loyalty, however, does not amount to managing them for profitability. On the other hand, the loyalty-profitability link must be managed concurrently [17].

### F. Next Best Offer Strategy (NBOs)

Integraton of strategies and technology for developing incredible next best competitive offers must be adopted by marketers to win transient customer behavior otherwise competitors will take the advantage and lead the butterfly customers.  These strategies must be dynamic and fit to target individual customer expectations. The integrated-cum-customized strategies should focus on targeting transient individuals with perfectly customized offers at perfect actionable movement using proper strait with heart and soul. The perfectly customized offers creation is not easy task. It requires transient individual customer data which can be captured using contemporary technology for collecting customer purchase data, context of purchase data, switching and transient behavior data.   In the past, the customer data collection was time taking and complex task, due to modern technology inventions and availability of the technology at affordable price most of the big and medium marketers are adopting and using customer data collection tools at ground level. Data collection may serve a little purpose of marketer, knowing upper layer of customer behavior but not switching and transient behavior. Furthermore, marketers need to apply data analytics to devise and execute incredible new best offers. Difficulty to reach perfection in this process can be overcome by using contemporary data analytical tools available online and offline.  Experimentations
need to accelerate, continuous performance evaluation result in more insights in to creation of incredible competitive best offers, attracting and capturing transient customers. Marketers that do not rapidly upgrade their offers will only lag further behind.

### G. Solution Strategy Vs Customer Delight Strategy

Stop delighting customer. Traditional marketers focus on delighting customers for loyalty generation. In reality, customer expect solution to their product or service. This mismatch strategy consumes investment in process of delighting customers. Marketers should focus on minimizing customer effort to find solution to their products and services, this in turn stimulates satisfied customers to become product/service line customers, creates positive word-of-mouth and really contribute a lion share to organization revenue. In the digital customers facing many problems which can be easily solved by marketers through offline and online. To satisfy customers, marketers need to focus on product or service problem solving strategies and follow up strategies for customer delight.

### H. Total Quality Management

Total Quality Management is essential for manufacturing or service oriented organizations.  In recent years, organizations recite TQM. The primary element either in product or service a customer look in to be nothing but Quality.  The origin of every customer satisfaction and word-of-mouth definitely would be Quality of product/service or after sales service.   Marketer's culture should be to ensure quality in all facets of production and productivity as well as before sales in the form customized promotion, during sales in the form of lifelong customer relationship and after sales in the form of sales service for customer solutions which in turn results in curbing switching and transient customer behavior.  Most of the marketers employing TQM as their organizational culture have reported the evident quantitative and qualitative benefits of it. Hence, Total Quality Management must be heart and soul philosophy of every marketer/market.

In the process of facing cutthroat competition and became a market leader organizations giving high priority for quality

strategy. Total Quality Management strategy is useful to the marketers to improve performance of the organizations. The marketers should strategically integrate quality evaluation and control tools, techniques and technology in the all levels of process of structured production. The effective blending of quality evaluation, control and enhancing tools, techniques and contemporary technology results in incredible quality goods and services which can easily attract butterflies through system itself. Marketers should give required importance to employee's reports on any possible problems in production or service quality. In the traditional management system employees were afraid of reporting quality problems taking in to consideration criticism by someone. Marketers should develop mechanism of employee participation in quality management decisions.

## I. Green Marketing Strategy

Corporate Social Responsibility (CSR) is buzz word in multinational companies, but customers generally feel it as the term of corporate world. Green Marketing is word-of-mouth of environment friendly customers and corporate world. Butterfly customers are disloyal but highly environment friendly customers, they aware benefits and prefer environment friendly products and service, even pay more for it. They are very particular not only at status but also their health and environment health. Hence, organizations need follow the green marketing philosophy with heart and soul, which will useful to capture some segment of flit of butterflies.

## J. Using Data Mining Techniques

Databases are knowledge banks. Data mining techniques are meant for knowledge discovery in databases. Marketing research has different phases such as collection of distributed data from different sources and analysis of that data for strategic decision making. Data mining techniques are used to analyze the collected data from different sources and produces patterns which are used for marketing strategies improvement. By using these techniques the transient behavioral patterns of customers can be identified, causes for and consequences of that behavior also explored. Data mining tools ensure continuous flow of information for decision makers.

Extracting knowledge from different databases is called data mining which is used in different fields such as marketing, medical, cloud etc. Classification, association analysis, clustering, prediction etc are different mining techniques. Association analysis has a vital role in improving the marketing strategies for instance adjusting rack space, managing the customer life cycle, attaining new customers, improving profits etc. these techniques can also be used in cross selling analysis. Profiling is the process of analyzing characteristics of good customers which helps a company to retain the customers who are at risk of leaving.

Association rule mining process is responsible for detection of association rules from a database. Frequent Item set Mining (FIM) and Association Rule Mining (ARM) are two different aspects of data mining **[18].** The support count of frequent item set is always $\geq$ the user-defined support threshold value. But in case of infrequent item set, the support count value is always $\leq$ the support threshold.

Frequent item set mining has most common implementation in the field of market basket analysis. Market basket analysis is responsible for studying and analyzing different customers purchasing patterns. Let us consider an example of a customer is purchasing washing soap. Then the probability of purchasing washing powder by the same customer can be analyzed. This helps the seller to plan their marketing strategy in order to increase the profit rate.

Just like frequent item sets, infrequent item sets are also essential in the process of generating association rules. Infrequent patterns are generally very rare in database and also treated as interesting rules. Such types of rules are discarded by implementing support measure, but they are very important in cross marketing analysis.

## K. Using Product Recommender System

Electronic commerce is in vogue nowadays. Customers and business organizations share a common platform web for buying and selling

more and more products respectively. A user can buy a product by browsing for it on the web. There are a number of e-commerce web sites such as Amazon, Flip kart, Snap deal etc. These on-line stores sell many products of different brands and different models. Since a single product is available in different models with different brands, it increases the burden of information processing before he decides which product meets his needs. So it is better for the e-commerce store to provide the product recommendation system by showing its review rating. Based on the product's and customer's profiles/information provided, this system predicts the goods or services in which a customer might be interested.

## L. Using TRMF Model

In today's competitive world, good marketing strategy is a prerequisite to attract the customers. Analysis of Customer's data is useful for making future marketing strategy. The method of customer value analysis gives the knowledge of future purchasing behavior of customers from their past buying records. TRFM analysis is used to get the customers value in future [19]. In TRFM model four parameters time, recency, frequency, monetary are used. These parameters are used in clustering stage for finding out similar customers. After that, classification phase occurs, in which classification is generated using demographic variables (sex, age, education etc.) of customers. Then finally association rule mining phase follows. This phase is used to find out product recommendation to customers.

TRFM analysis four parameters- Time, Recency, Frequency, and Monetary are considered. Time (T): Time(T) gives the information about how much time is taken by the consumer to buy products. Recency (R): Recency (R) gives the information about how recent the last purchase of product was by consumer. Frequency (F): Frequency (F) gives the information about how often the consumer purchases the products. Monetary (M): Monetary (M) gives the information how much money is spent by consumer to purchase products. This model is useful to find flit of butterfly customer and develop suitable strategy to catch and disseminate positive word-of- mouth. `If the marketers follow the above the chances for catching flip and butterfly customers retention is easy and automatically very lucrative and makes the organization market leader.

## M. Informatica

It is a famous data analytics tool used for Data Integration and to provide data quality. The market decision makers are taking several crucial and strategic decisions based on day-to-day transactional data by considering distinguished mindset customers. Depending on this data set, the knowledge workers do the analysis in order to mine or extract different patterns. To meet all these requirements the informatica tool may be well fit. It provides a functional interface for business intelligence.

## N. Cognos

IBM Cognos Business Intelligence is an analytical tool and web based reporting system which aids the leaders to analyze and to understand the market scenario. It is enterprise software having multiple features, user friendly reporting etc, and economical for large and medium organizations. The tool is one of the solutions

to obtain business Intelligence, and leverage the benefits of strategic decisions in time in dynamic markets. The business intelligence creates an opportunity to visualize the reality and break elusive customer strategies as well as useful to find causes for flit and develop suitable strategy to capture and retain forever.

### O. **Weka**

Waikato environmental knowledge analysis tool is one of the open source software. It can be used to extract the business intelligence. It allows the CSV (Comma Separated Values) and ARFF (Attribute Related File Format) formatted files as source data. It facilitated to present the data and the output in the form of effective graphics. The tool allows using of various Application Programming Interfaces of Java. It also allows finding the patterns of consumer switching behaviors from one brand to another brand. The patterns analysis result in as business intelligence and useful for decision making purpose. The tool can also be used in simple Command Line Interface as well as in Graphical user interface.

Creation of mutually useful and meaningful customer relationships ever demand proper customer engagement both online and offline. Customer relationship is useful to marketers to understand their customer behavior, switchover behavior, products they expect, and their preferences. Due to maintenance of business confidentiality towards data security the firms are not providing the data to use, to find the marketing patterns. The Non-availability of the data became a hurdle for data analytics and marketers; utilization of technology for capturing flit and developing multidisciplinary strategies to satisfy butterfly customers. Big organization leveraging benefits use technology as revolution in data analytics, some of the tools are open source tools. The marketer can use these tools for creating quality information for their decision making.

## 7. Conclusion

Today's connected world demands that marketers take a greater role in driving customer loyalty. This shift calls for organizational and cultural transformation. The competition to acquire new customers is intense. Customers have more choice and greater access to information than ever before. They are using social media, forums and blogs to connect and share their experiences of goods and business to aid one another in purchasing decisions. Considering the
cost of winning new customers and developing long-term loyalty with customers, once you have them is more critical than ever. Hence, today's marketers must respond to rising complex customer expectations and acclimatize to the breakneck speed of complex customer buying strategies. Change will continue, and continue to accelerate developing a sustainable approach. The effort of functional team work of marketing team is pivotal in this journey. Those that do not rise and head up their journey now will surely be left out in the race .In today's, digital world, organizations must understand the entire customer journey and creatively apply the right strategies. New strategies should be introduced at the right level of maturity, at the right time to build greater customer engagement. Old strategies should be phased-out to keep the operation "lean and mean". The product innovation and incredibility as well as technology blend in the strategies is imperative to catch flit and to meet dynamic customer expectations. Future research scope in this area is very wide in these four areas: Management, Psychology, Technology and Multidisciplinary specifically in management and information technology.

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