



**CUSTOMER CENTERED MARKETING FOR ENGLISH PROFICIENCY
CERTIFICATIONS IN FIVE EMERGING COUNTRIES OF LATIN AMERICA**

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Maestría en Administración de Empresas – International MBA
Bogotá
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ACKNOWLEDGEMENTS

Agradezco especialmente a Isabella y Deicy quienes me han prestado dos años de su preciado tiempo y han tenido la paciencia y me han dado su apoyo para terminar este proyecto académico familiar.

Gracias a mi padre quien estuvo, ha estado y estará siempre a mi lado, apoyando cada propuesta coherente o incoherente, como aquel compañero necesario que se debe tener en la vida. Gracias especiales a Rafael y Luis Alberto quienes han sido la inspiración para mis emprendimientos personales.

Especial gratitud al director del proyecto de grado Michel Rod, cuyas enseñanzas y comentarios contribuyeron al desarrollo y materialización de este documento.

También me gustaría agradecer al CESA y a la escuela de negocios SPROTT, por haberme dado la oportunidad de ingresar al MBA y haber confiado que podría finalizarlo para ascender profesional y personalmente.

Finalmente, gracias a Flor Maria y Ana Emilia quienes han estado junto a mi cada segundo de mi vida, ellas han creado lo que soy y por ellas he logrado lo que tengo.

1. ABSTRACT

English Proficiency Certifications have been in the market since the 1960's when they were created as a consequence of the demand of foreign students in the North American universities. Neither promotion nor marketing had to be undertaken since it was a requirement from Universities to candidates expecting to enter different higher education programs. This situation created the perfect environment for the organizations administering exam certifications to generate marketing strategies focused in the product more than the customer, similar to what has traditionally happened with education marketing.

This research aims diagnose and propose a marketing strategy centered on the customer for Independent English Professional Certifications, with special emphasis on the TECS (Test of English Communication Skills) as an alternative to language testing needs by governments, students, universities and private organizations in 5 emerging countries of Latin American countries, where familiarization with written and spoken English is seen as an opportunity to improve life quality through job, travel or education.

First, the state of the art is analyzed in regards to education marketing and how this has been focused in the institutions and programs, rather than the students as customers, followed by the study of relationship marketing and other concepts that focus on the customer as the center of the marketing process, concluding with the concept of Customer Asset (Kapital Cliente ®) as the most recent perspective that positions the customers as the drivers of the commercial and management areas of the organization. Next 5 Latin American countries are analyzed in their socioeconomic context is analyzed. Finally, marketing strategies of three

independent English Proficiency Certifications are analyzed to make a proposal of a marketing strategy and tactics examples centered on the customer.

Key Words: TOEFL, IELTS, TECS, Kapital Cliente, Customer Asset, relationship marketing.

2. INTRODUCTION

English Proficiency certifications for Latin American countries have become a tool to access universities or jobs, that only people with higher income are able to get due to their cost. In addition, these traditional certificates take long periods of time to be issued after an exam is taken, for instance ETS, the organization administering the TOEFL exam, would issue the certificate with the test results 10 days after the candidate has done it (ETS English Testing Service, 2016); Cambridge University would issue the results of the IELTS exam 13 days after taking the test; moreover the process of taking the exam itself is customer unfriendly and laborious, which makes it difficult for many individuals to gain access to them.

Communications, travel, entertainment, job and education have now become less complex and simpler to access for people across countries, where boundaries that were present more than 20 years ago have faded. English language knowledge plays a key role for this evolution of society. Focusing in job and education in emerging economies¹, English is a must in order to enter better higher education programs; not only because international professors would give a different scope to problems and subjects, but also because the most recent research publications are first translated in English. In fact, it is a standard practice to write research abstracts in both the first language of the country and in English. According to the KPMG Change readiness index, an educated work force helps countries adapt to change and compete globally (Stiles, Davies , & Cooper, 2015). On the other hand, it has been reported that

¹ The current research paper takes into account the Dow Jones country classification system, compared with KPMG Change readiness report and the World Bank Doing business report to define a list of emerging economies.

employees who speak English tend to earn higher salaries than those who don't speak the second language (EF Education First, 2015).

The previous context makes English learning programs an important business that has grown exponentially in the recent years, where university students and employees from basic positions up to managerial positions take English courses in order to expand their opportunities for a better life quality. Beyond speaking a second language, demonstrating comprehension of an appropriate English level to universities and employers has become an issue since the most widely accepted certificates are the TOEFL (with a North American English focus) and IELTS (with a British English focus), but their language approach, price and long time to take the exam, as well as time to get the results make it hardly accessible to most of the people willing to certify their knowledge of the second language (support this with real example and source).

After revising different alternatives other than the previously mentioned certificates, taking into account easy access, price, prompt results and the communicative approach criteria, a solution to this situation was presented with the TECS (Test of English Communication Skills) certificate. This is an affordable certificate, that provides prompt results and is easy to access, combined with the compliance of the criteria to offer an alternative to traditional certificates, another two options are APTIS and ITEP test.

Research has been made on how to market education specially focused in graduate programs, but very little has been researched about the best practices to market international exams specifically for Latin American countries, taking into account the economic and cultural context present in the region.

The results of this research will benefit people in Latin America who will be able to have access to a different approach in English Certification, as a result of the application of a marketing strategy centered on the customer, beyond the product.

The origin of international standardized exams in the decade of the 1960s with the TOEFL (Test of English as a foreign language) certificate, as a result of the need to have a measure of the English level of students who entered universities in USA, created the context of a product based marketing strategy. Later in the 1980's, the university of Cambridge created the IELTS (International English Language Testing System) as a tool to assess students entering higher education programs in the United Kingdom. These two exams have not had the need to make such important marketing efforts, since they have natural customers that are the ones who actually do the marketing for them; that is universities, publishing houses and schools that create preparation materials and give training to students that take these exams. This has made the marketing strategies of these certifications to be based in the product rather than on the customer.

With the growing need of people from Latin American countries to speak English in order to be able to access better opportunities related to job, life and education in addition to the policies of those governments to increase the level of English as a Foreign Language in their population, the traditional exams have moved away from being the only solution available and more exams have been created. However, after taking a closer look at their marketing approach, all of them appear to be focused on the product and not on the customer.

The use of a marketing strategy focused on the customer will allow independent English Proficiency certifications to be known and accepted by more people and organizations in Latin American countries, providing an alternative for individuals wanting to certify their

English Level, Governments that want to assess and create programs to increase communications skills in the foreign language in their population, and international companies that want to have a reliable source of knowledge of the English communication skills of their employees.

The Objective of this paper is to expand the market of Independent English Proficiency Certifications in Latin America, through the application of a customer-centered marketing approach.

The paper starts by studying the state of the art of research works on marketing for English Proficiency Certifications, followed by the theoretical framework that allows the understanding language testing as well as marketing approaches from transactional marketing to relationship marketing and the latest marketing proposal of Customer Asset. After this study, the methodology worked along the project is explained. The next chapter develops the core topic of the paper by explaining different English Proficiency Certifications and comparing their main features. Following the country analysis is made taking into account the KPMG Country Readiness Index and the World Bank Doing Business Report. After this chapter the industry is studied under Porters 5 forces analysis to later study three different English proficiency certifications under the *Diagram of the strategic location of the customer in the corporate culture* (Restrepo, 2015), finally the conclusions are developed together with the customer centered Marketing strategy.

3. STATE OF THE ART

When analyzing the state of the art for the current research, a lack of studies was evident referring specifically to marketing of English knowledge exams certifications. It was also noticed that research on marketing of traditional and widely-known exam certificates such as TOEFL or IELTS was absent in databases and libraries. There is a wide range of research papers on the methodology, results and procedures of the exams from a second or foreign language acquisition and education perspective, but not from the business side, as for instance, their marketing strategy. As a consequence, this proposed research could become the pioneer in the analysis and proposal of a customer-centered marketing strategy in this matter.

There are two main topics that must be addressed in order to have the correct scope and realize the possible contributions to the solution of this research. On one side, the reviewing of the extant academic literature has been made in relation to education marketing since English language exams certifications necessarily fall into this category, due to the fact that historically, the main target customer has been higher education institutions and English education and training organizations that are closely linked to the test centers where individuals do English exams that would grant them the certification of their communication skills.

On the other hand, taking into account the theoretical framework and focus of the project, academic studies in relation to the marketing strategies centered on the customer have also been reviewed in order to have a wider scope that contributes to the development of this

research paper, given that it is the main objective and could become the basis for the progress and solution to the research question.

Much has been studied about marketing for higher education, explained by the increasing competition of study programs on one side opposite to the decreasing number of students on the other side (Sarkane & Sloka, 2015); some researches include topics such as information and source preferences of the student in higher education, recruitment strategies, strategy in direct and instructive marketing communications, possibilities for improving higher education institutions' marketing strategies, and the student-institution match. Different aspects of marketing of international education online and the emotional connections in higher education marketing has been studied since the last century, going back to 1982 when experts stated that traditional marketing strategies were applicable to higher education marketing and the modelling of the student attitude toward the university (Churchill, & Surprenant, 1982).

Some marketing concepts have been adapted to higher education programs promotion such as the 4Ps (Brownlie & Saren, 1992), although education administrators don't recognize that students should also be taken as customers with a different perspective needless to say, but taking into account marketing strategies to reach a wider audience. Now that the internet has made the physical boundaries of the universities collapse, these institutions have become more global and thus marketing for education has to correspondingly take this into account, since this is becoming an export industry in some countries (Gomes & Murphy, 2003).

Educators and education administrators have not shared the same interest as marketing professionals, in fact these are sometimes considered as opposite and not complementary areas (Gibbs, 2008), although the use of well-focused marketing strategies would find a

different perspective for the attraction of students to higher education programs. Consequently, researchers have investigated this issue from the standpoint of the matching of students interests and university programs aimed to increase the focus of the organization, program information and realization; one of the conclusions of a recent research was that recruitment strategies are closely linked to the university traditions and identity, at the same time quality exposure plays an important role (Moogan, 2011). These strategies are centered on the university and programs as a product, not much as on the customer or student. More research in the field has close similarities with these findings. German and British researchers have studied higher education marketing with a focus on quality and the students' expectations, finding that this academic interest of the student is not an important issue for the institution as much as the quality of the student that complies with the university academic demands (Vossa & Gruberb, 2007). Market segmentation is another issue affecting the enrollment of students in emerging economies, where evidence shows that this is not perceived to be very effective in recruiting students, as a consequence of the lack of understanding by administrators of the importance of segmenting markets for the institution increase in students (ALHAKIMI & QASEM, 2014).

As mentioned previously, education and marketing have been seen as two conflicting concepts and thus administrators would apply marketing strategies focused on the institution and program as products, rather than focused on the students as customers, in addition to traditional and sometimes outdated marketing strategies. International language exams marketing is related to education marketing in the sense that both have to do with students especially in undergraduate or graduate programs as well as the second major customer being

universities, who are the ones who request this exam to enter their programs or as a graduation requirement in most countries in Latin America.

In this sense, the aim of this research is to propose a marketing strategy focused on the customer and thus the existence of academic works in this sense is extensive as a result of the growing interest of marketing professionals and even companies that since the 20th century have shown their concern to change their organizational structures towards customer needs (George, Freeling, & Court, 1994). In fact, in 2000 there was a research study aimed at describing these changes in the organization in order to move from a product focused organization to a customer focused, which defined the customer focused organizational structure as the one that uses groups of customers related by industry, application, product usage or other non-geographic similarity as the basis to structure the organization (Homburg, Workman, & Jensen, 2000). Although this is an initial approach it is palpable that the idea of the customer-centered marketing strategy, as it is seen today, is not present, even though organizations have started to realize that moving from solely the product to a more customer oriented perspective, would assist in the understanding of the problems the customer is trying to solve and in consequence provide a more suitable product. This is how sales staff who are basically product specialists need to involve the customer in the value chain to differentiate product offerings based in the knowledge of the consumer (Homburg, Workman, & Jensen, 2000).

With the beginning of the new century, there is an evolution of communications, technology and business focused on service and as a result of this, the term 'New Economy' was coined (Hübner, 2005). As stated by Gummesson (2002), this changes the relations between the organization and the customers and creates the perfect environment for relationship

marketing, which is based in networks and interactions, addressed to value the customer more than ever before. But in addition to the customer, it takes into account the suppliers, competitors and middle men (Gummesson, 2002). This is the result of different marketing and management practices, especially traditional marketing management, services marketing, and the network theory of business-to-business marketing (Gummesson, 2002), which takes each customer as an individual, as opposite to the traditional approach which was addressed to the masses, where customers were treated as numbers or percentages. This new marketing takes each customer and customizes the product and experience not only as a onetime buyer, but actually as a returning client to the extreme that it raises a new standard for all the organization, including the CEO and every manager, no matter the discipline or department, to stress the need for building relationships with the customer (Wind, Jerry , & Rangaswamy, 2001). Consequently, there is a special emphasis on the way of thinking about the customer from the perspective of the anonymous mass and then divide it, becoming an abstract residual which is what traditional marketing practice is, in contrast to relationship marketing which defines the strategy from the individual to build a community according to their behaviors and likes, which would make the product reach more relevant (Gummesson, 2002).

In order to achieve the customer centered marketing approach and to create products and solutions from the perspective of the customer, since customer oriented companies tend to be more profitable than companies that try to force a product into a market (Saunders & Wong, 1993), segmentation becomes an important role; this had been focused on product characteristics, quality, benefits sought, but only in 2005 there is academic evidence of how the focus was emphasized in the purchasing behavior and customer needs (McDonald &

Dunbar, 2005), in order to correctly associate this segmentation with the relationship marketing, the correct use of a CRM tool is needed to be able to understand the customer needs, predict their behavior, propose tailored products according to their expectations and reach fine levels of micro segmentation that completely match product and customer and generate marketing plans and strategies.

A more sophisticated concept that goes beyond segmentation is data mining, which involves the development of models from discovery, predicting and forensic areas that aim to respond to specific questions posted by the company; moreover, data mining methods allow the study of different clusters and across different variables to build categories (Tudorache & Vija, 2015).

With the use of this sophisticated data technology, organizations can really get to the point of predicting what to promote and when to sell thanks to a customer driven marketing strategy. According to the Gartner Report in 2003 (Shah, Denish, Roland, & Rust, 2006) by 2007, marketers who spend at least 50% of their time to customer centered marketing processes would achieve 40% more ROI than their peers who are product centered. A customer focused sales campaign would entail the actions related to the customer expectations and the time when the need arises, as a result different sales specialists would perform sale calls at different times with the solution expected by the customer adding value to the firm. In contrast, the product centered sale would have a group of customers who are supposed to purchase a product and thus several sales specialists may perform the sales call at the same time, spoiling the image of the company and decreasing the image and value of the firm (Kumar, Venkatesan, & Reinartz, 2008). To support this, an experiment was performed with two different companies and sales groups; one product oriented and the other

was customer oriented, as a result the company focused in the customer had a profit close to USD \$1 million over the product based company; additionally the value perceived about the firm increased due to the right time of the calls selling the right product (Kumar, Venkatesan, & Reinartz, 2008).

All these previous studies are joined together in the concept created by Marta Lucia Restrepo; Customer Asset (Kapital Cliente® in Spanish). This concept involves the transformation of the customer into an asset in the organization which involves its development and management in order to make it a profitable asset. In this sense all the organization must commit to the conservation and development of each customer in order to achieve their retention. This asset would provide the organization with information that starts in the simple purchasing process which is the moment in which the customer meets not only the product but the firm, and all what is around plays an important role that would end either in the abandoning of the product or the reference of a good experience with his/her circle of acquaintances (Restrepo, 2015), this experience would not only achieve the purchase of the product, but get the customer to repeat it and not purchase from another source.

Different departments in the organization are in charge of managing and getting the best results from the resources under their responsibility, therefore as some examples Human Resources is in charge of managing the employees to grow the organization or the Chief Financial Officer (CFO) is an expert with the administration of the funds of the company and responsible for its stability and growth, however there is an important resource that drives all the organization and that is the customer (Restrepo, 2015); from this view a company that understands that the customer is the driver of all the commercial and financial resources, is an organization that understands and works towards the concept of the Customer as an asset.

As any asset in the organization it needs to be managed, hence the need for a position responsible for this administration and development is born as the Chief Customer Officer (CCO), who would be the authority with comprehensive view of the customer that helps him create corporate strategies to maximize its acquisition, retention and profitability (Chief Customer Officer Council , 2016)

4. THEORETICAL FRAMEWORK

Marketing of academic products have for long been focused in the product itself, whether it is an undergraduate or graduate degree, a course and even international certifications. This would be easy to identify by analyzing the advertising and marketing campaigns of most universities where the most important characteristic is the description of the features of the product, in addition to the display of new possibilities the customer will have, after consuming the product, the participation of the customer is scarce and he/she must adapt to it, since education has direct relation with the development of life quality of the people.

This proposal is focused in the application of marketing strategies focused on the customer, rather than on the product; unquestionably the product qualities play a paramount role in this process, although the aim is to make the customer the center of the process in order to increase the amount of possible buyers, with an informed decision helping grow the product positioning in the market, achieving the company growth.

To be able to attain the purpose of the study, some marketing approaches are taken into account; being the main one, the concept of the customer as a company asset that is not only the responsibility of the marketing manager, but all the company offices and departments, since it is acknowledged that this is the real source of income and as such the company must devote its efforts to maintain it and grow it. In this sense the customer must be appropriately identified, understood and valued (Velez, 2008).

The way to approach the organizational thought of the customer is based in four main pillars; people, processes, technology and industries (Restrepo, 2015). The first pillar, *people* holds

the main importance since the company is made by people who work for the people, with the people; people are the main focus of relationship marketing; the second is *processes* because the company adapts its activities and tasks in order to supply a product or service, the third is *technology* since these are the group of tools that make it feasible to know and understand the customer which is part of the product and company differentiation; last but not least important the *support industries* which are external players of the organization who supply communication models, services and other products that are employed to create a customer centered marketing strategy.

Going back in history some authors have supported this idea of the customer centered strategy, as accounted by Martha Lucia Restrepo in her Book, *Kapital Customer* (Restrepo, 2015). Peter Drucker in 1964, defines that the basic purpose of the organization is to create and hold the customer, another important contributor was Leonard Berry who in 1980 describes the difference between relationship marketing and traditional marketing, which becomes the breaking point for thinking the organization as centered in the customer. Later in 1983, Berry and Parasuraman, stress on the importance of “identifying, knowing and attracting” the customer, which sets the basis for the importance of gathering information about the customer to have a better knowledge of the products or services that would match their interests and needs. Gronroos makes an interesting contribution by linking the concept of customer loyalty with its long term profit, which set the basis for the financial analysis of the customer in the organization; more recently Rogers and Peppers in 2013 and Paul Greenberg in 2014, outline that the customer management is closely linked with the information systems, social networks, monetization of the internet websites and digital

marketing. This trend involves the extreme personalization of the contents, and the concept of big data as one of the most important competitive factors.

Derived from the academic review a common interest in the authors arises, and it is the relationship marketing and how it is directly related to the building of customers and their perception of value towards the products and the organization. This relationship marketing began as an alternative to improve the limitations of traditional transactional marketing which focuses merely on the “points of sales” transaction with the aim to maximize the efficiency of individual sales; opposite to this the relationship marketing main objective is to develop and promote the long term relation with the customer to achieve its retention, by reaching their satisfaction and perception of value of the product or service.

The evolution towards the relationship marketing was the result of four main conditions (Sanchez, Gil , & Molla, 2000); the competence intensification, the need to build loyalty of the customer, the conception of the market as a network and the creation of cooperation agreements to face the demand of products and services in a more convenient fashion. The evolution of the sales and distribution systems was another input for the development of the relationship marketing, due to the limitations the marketing mix could have to face the distributor’s power, since it has access to paramount customer information that could contribute to a better knowledge of the interaction with the product and future marketing developments (Wakabayashi & Oblitas, 2012). The binomial relations customer – salesman, customer – products or customer – organization develop important ties, making the transaction longer and the customer contact more frequent with the emphasis of the organization on the customer satisfaction with the products and services to gain a profitable return on investment (Kotler & Armstrong, 2005).

The following graphic shows a view of the transition from the transactional marketing to the relationship marketing from the models of Schoell and Gultinan (1991), Alet (2004), Swift (2001), Callaghan - Shaw (2002) and Krasnikov et al., 2009 as conceptualized by Wakabayashi, José and Oblitas, Haydeé in 2012.

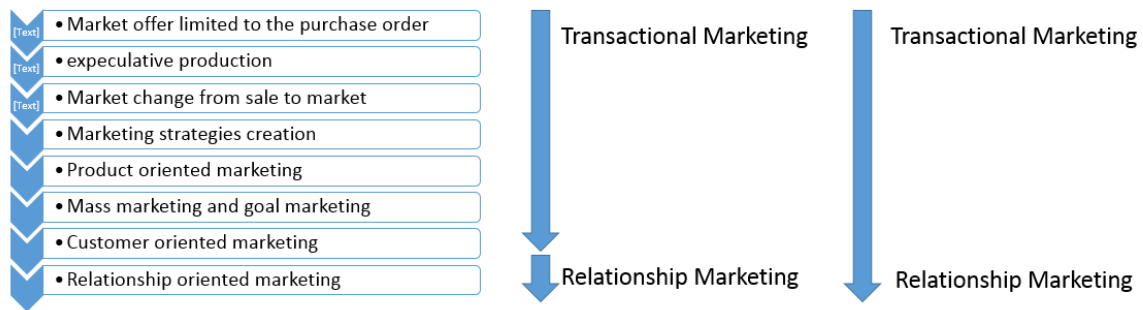


Figure 1. Marketing evolution (Wakabayashi & Oblitas, 2012)

To achieve a successful relationship marketing strategy, the main focus must be in the analysis of the available customer information, which has been collected by means of technological tools, the total satisfaction of the customer through customer service strategies and the consistent communication by means of different channels aided by technology. This proposal which takes into account the dynamic, creative and systematic observation of the customer, frames the perfect environment for the creation of the Customer Asset (Kapital Cliente ®); which represents the knowledge of the organization about the relations that affect the customers and build sources for competitive advantage (Cegarra & Rodrigo, 2003), creating an opportunity for innovation and consolidation of the markets.

The concept of asset has close relation with the different activities and features of the organization that produce income, such as the knowledge asset, working asset, intangible and

tangible assets and as such these are transformed and maintain to generate value to the organization (Parra, Garcia, & Ruiz, 2010).

Three features of the Customer asset; supply, replacement and interchange allow the association of the concept with a resource that needs to be replaced and that is result of the interchange of products, services and added values in generate income, company positioning and as a consequence, every customer produce an economic value that has close relation with the market offer and the concept of offer and demand, acknowledgement of the market environment and a permanent source of innovation (Parra, Garcia, & Ruiz, 2010).

This dynamic asset is a permanent source of business which goes beyond the mere transaction, since these are people with background culture, knowledge, families and associates, values and other features that would help us know more about their likes or dislikes. It is for this reason that the consistent quantitative and qualitative customer research, must take into account the customer life, including environmental factors as the ones mentioned above, in order to produce an impact over the brand (Restrepo, 2015), by creating the perception that the organization may be of great contribution for the buyer.

This takes us to analyze the concept of the perceived value of the product or service and the customer loyalty, which has been defined by Ruiz- Molina from Valencia University as the result of the comparison of the perceived benefits and the efforts made in the moment of acquisition of the product or service where three feelings come in play; the emotional value or what he/she feels, the social value realization of the person as an individual in the society and the product performance or functional value (Ruiz, Gil, & Calderon, 2010).

In consequence the concept of Customer Asset would be the organization resource based in the quality of the experience of each individual customer and the organization; this experience would determine the possibility to replace and expand the active customer base and thus the customer as an asset would provide two value types to the organization: the strategic value related to competition and innovation in the market and the economic value as it relates to the income generation in a short and long term (Restrepo, 2015).

The Customer Asset concept, releases the pressure of the product differentiation, due to the customer focus and thus even with a similar product, it is possible to manage the customer to increase the organization income. This is where the perception of the product value and the post sales processes come in play, which would create on the customer the preference for one special product or organization, generating an active customer loyalty; promoting a customer that would not focus on the price, but on the added value perceived on the product or organization. To achieve this, the organization must have a clear view of the customer profile, must know his/her drivers on the decision making process and his/her preferences when selecting a product or service over the other.

In order to gain this customer knowledge: organizations must focus on what they value the most and find the methods to maximize the customer's equity (Villameva & Hanssens, 2007), these methods include different data mining techniques such as discovery, predictive modeling and forensic analysis areas, that would allow a better approach to the knowledge of the customer and achieve the right segmentation, which source would be taken from the CRM (Customer Relationship Management) department of the organization, as well as the research department, which plays a paramount role when it comes to the segmentation of the customers, based in aggregating possible buyers into groups that have common needs, and

behavioral trends towards the product or service. To gain a more effective knowledge of the customer through this approach, the micro segmentation would *make easier and more specific the classification of the individual by his/her life style, likes and preferences, habits and trends, his/her dynamic in the social structure and his/her development as a professional and active member of the organization, society and family* (Restrepo, 2015).

Once the micro segmentation is achieved the organizational culture must adapt to the findings of the research and knowledge of the customer, making the best effort to not only focus on the product development, but the managerial process taking the customer as the center of the organization. For this reason, the concept of the Customer Asset goes beyond the communication and marketing strategies and permeates all the teams in the structure of the organization; this is a more specific and elaborated concept framed in the relationship marketing that demands the involvement of the board of directors, managers and every single person thinking on the customer as the most important asset for the company.

5. METHODOLOGY

This is a qualitative research study, methodology that has been selected due to the fact that it has been proven to be appropriate for topics where the subject area is broad and complex (Eisenhart, 1986), additionally it takes into account that this is an analysis of the concept of relationship marketing, in the context of English Language Certifications in Latin American Countries.

For the purpose of the current research, a study of three different English Proficiency Certification will be made taking into account the following criteria: Compliance with the Common European Framework of Reference for languages (CEFR), international certification with the English level description, internet based, non-placement test, accepted by universities and other organizations, English speaking skill assessment, communicative or structural language approach.

The countries studied will be selected taking into account the main factor that their official language is other than English and thus English certifications for work, travel or study is a must in situation where this is requested. The selected countries, would be emerging countries in Latin America, where the selection criteria will be made according to Morgan Stanley Capital Investment Emerging Markets Index. The entry mode will also take into account the Ease of Doing Business Index from the World Bank, which measures the regulations that enhance business activities and those that limit them in order to have a better picture of the Latin American countries where the study will be conducted, these regulations include 11 business areas used to analyze the economy of the country, from which special emphasis will

be put in the following: the general ease of doing business report, starting a business, , getting electricity, registering property, getting credit, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

In order to review the feasibility of the project in the target countries, an international market study supported by KPMG Chage Readiness Index will be performed taking into account the approach made by professor Papadopoulos in his book International Market (2011), which considers important features that must be analyzed prior to conducting business in a country different from the home country:

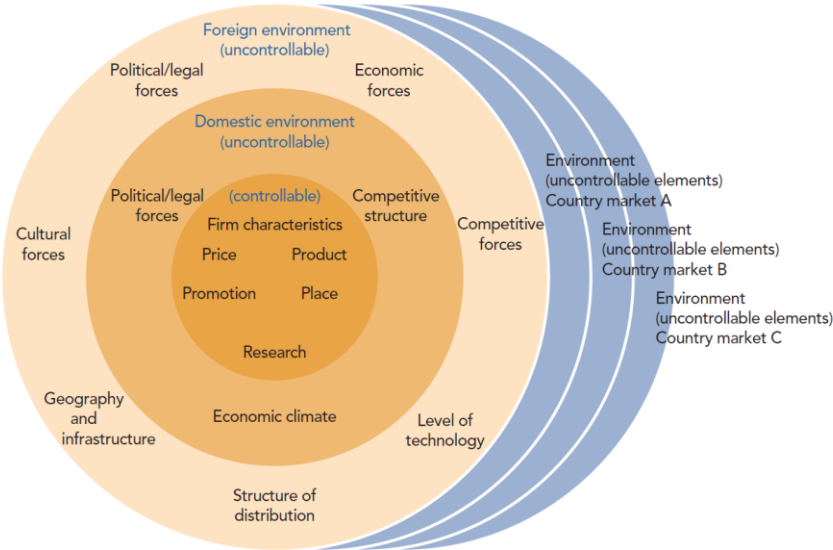


Figure 2. The international marketing task (Papadopoulos, Cateora, Gilly, & Graham, 2011)

This analysis will take into account the firm characteristics and readiness to internationalization, as well as the analysis of the 4Ps (Price, product, promotion and place), features that become controllable variables that will be set by the organization. Important uncontrollable variables will also be analyzed in the domestic side, such as the political and legal environment, competition in terms of price, customer approach and product added

values, as well as the local economic climate. This will set the antecedents to later study international uncontrollable variables, such as the economic forces in the target countries, which will be a sensible issue to be analyzed given situation of these underdeveloped and emerging countries, that will influence in the income of the company. After reviewing and selected the test to be introduced in those countries, the analysis of the competitive forces will be made, with the aim to know what the context will be and what the customers may know about related products.

Since one of the criteria is the special features that these tests are internet based, the level of technology must be a fact to be analyzed, and will also allow us to consider an important issue of the project. The structure of distribution will depend on the country way of doing business taking into account that the simplest way of distribution would be a central distributor in charge of sub-distributor, although this will be concluded after the analysis. Taking into account the amount and kind of questions presented in the exams, the cultural forces must be analyzed to decide on a type of exam that does not damage the perception of the product or possible changes in the content of the test will also be considered.

The Industry will be analyzed taking into account Porters 5 forces analysis to understand the industry attractiveness and its drivers. Finally, three English Proficiency Certifications are studied to know their marketing strategy trend whether it is Transactional or Relationship marketing.

6. ENGLISH PROFICIENCY CERTIFICATIONS

In order to better understand the different suppliers of standardized tests that measure the English proficiency that may be applied in Latin American Countries in North, Central and South America, it is important to make clear that there are two different groups of English Proficiency tests; one that is supported by governments worldwide and have an academic approach which aim to certify the English proficiency to be accepted by North American, British Universities and other universities where English is required to enter the program, these are also used by embassies to certify the English level of legal immigrants or employees. These tests are made by organizations that work together with governments such as the ETS (Educational Testing Service) who also administer tests such as GRE (Graduate Record Examinations) in the United States and Cambridge University in Great Britain; these two certificates are the TOEFL (Test of English as a Foreign Language) and IELTS (International English Language Testing System).

A second group is made of tests which aim is to assess the English Level of the students in a less comprehensive way, to make the testing time shorter and assess less skills, thus focusing only the evaluation of listening, speaking, reading or writing separately or grouped by sets of two skills. These tests are not necessarily accepted by Universities worldwide or have such strict dates. Some of these are made by ETS such as the TOEFL IPT, TOEIC (Test of English for International Communication) and the British Council such as APTIS or FCE (First certificate of English) and some others by independent organization such as the ITEP (International Test of English Proficiency) created by Boston Educational Services, QPT (Quick Placement Test) made by Oxford University Press and TECS (Test of English

Communication Skills) made by the International Language Testing Organization. Following a brief explanation of each of these tests, for the aim of this paper the tests have been grouped as the *Government Supported English Proficiency Tests* comprised of the TOEFL and IELTS and the *Independent English Proficiency Tests* made by the APTIS, TOEIC, IETP and TECS.

6.1. Government supported English Proficiency Tests

6.1.1. **IELTS (International English Language Testing System):** This is a test that measures the language proficiency of people who want to study or work in environments where English is used as a language of communication (British Council , 2016). Created in 1989, this test is widely accepted in Universities and government institutions. The test main administrator is the Great Britain government cultural center, the British Council and thus it has the institutional support. It has two different English assessment options; academic and general training. The testing time is around 4 hours where listening, reading, writing and speaking are assessed. The results certificate is issued 13 to 15 days after the test has been taken. The final customer price for this test is around USD \$245.

6.1.2. **TOEFL (The Test of English as Foreign Language):** The TOEFL iBT test measures the ability to use and understand English at the university level. It evaluates how well listening, reading, speaking and writing skills are combined to perform academic tasks (ETS, 2016). This was actually the first English proficiency standardized exam which was created back in 1970 by the company ETS (English Testing Service) in USA, this test has the American government support as it is

accepted by public and private universities and is required for some immigration and job procedures. The final customer price for this test is around USD \$220.

6.2. *Independent English Proficiency Tests*

Following a brief description of the independent tests which will be taken into account for the current paper as an alternative to the government supported English proficiency tests. This alternative is based basically in terms of costs, since most of the people living in the target countries don't have the money power to pay for such English Proficiency test, but do need to certify their language level to access job opportunities, enter university programs or get their technical or professional degree.

6.2.1. TECS - Test of English Communication Skills: This is a comprehensive test created by the International Language Testing Organization which main purpose is to assess the level of communication of the test takers using modern, communicative, more real life and less academic question samples. This organization has thought of the high stress candidates face when doing tests, which may influence the test results and reduces it by using topics closer to the current reality, such as social media, current new events, among others. The company has also focused on making easier and more clear the test administrator work, by developing a comprehensive dashboard where people administering the test may see the progress of the English proficiency level of their institution in general, best scores and set goals to increase their Institution Level.

6.2.2. **APTIS:** Created by the British Council, the cultural office of the British Embassy, is a test that measures the four basic communication skills in only one sessions or allows the administrator to select different skills to be assessed. This test issues immediate results if the speaking section is bypassed or it takes the British Council 3 to 4 days to issue the results when this skill is included in the assessment, the speaking section is recorder and the examiners would grade the answers and enter the score in the certificate. The test is internet based with colorful graphics, but tends to include outdated questions taken from more academic tests performed by the same institution. The testing time is as long as 3 hours. The results of

6.2.3. **TOEIC – Test of English for International Communication:** This is the most traditional of the independent tests. It was developed by the ETS (Educational Testing Service) in 1979 to serve the public and private organizations when they needed to hire bilingual staff in Countries where English is not the native language. This test is made of academic, structural questions and is divided into two separate sections that have to be taken at different times; listening and reading which takes about 2.5 hours and speaking and writing which takes about 90 minutes, this last section is not available in every country. This test has not been updated to the latest technology as it still uses the traditional pencil and paper format. Being this a United States this is the only test where the scores are not standardized with the Common European Framework of Reference for Languages and uses their own level descriptors.

6.2.4. **ITEP:** This test was created by a former director of the Multinational Language School ELS Language Centers and a former professor from Iraq, who together formed the company Boston Educational Services LLC. The test was introduced in 2008 and pretends to be as valid as the TOEFL or IELTS tests. This test has two different

options, depending on the candidate's interest; the ITEP SLATE and the ITEP Academic. It is made of 5 different sections comprising Grammar, listening, speaking, writing, and reading. Scores are standardized with the CEFR and a certificate with the level description is issued 5 days after taking the test.

The following chart shows a comparison of the different characteristics of the tests taking into account the skills assessed, these skills are Speaking, reading, writing, listening and language structure or usage of grammar for communication, this feature is important in terms of how comprehensive the test is and what methodology is used to assess each skills, most tests don't assess the speaking or writing skill due to the difficulty of its methodology assessment. Another important feature is the certificate with a comprehensive level description of the results according to each skill assessed, this would show people interested in the English proficiency of the candidate a clear explanation of the test taker and thus contribute to a better academic or job decision. The administrator dashboard is one of the most important features a test should have since it is the test administrator, the one who needs and uses general information of the test such as the amount of tests taken, general proficiency level of the students, best results and others. The compliance with the Common European Framework of Reference for Languages (CEFR) since this has been the standard adopted by most institution in Latin America, this Framework is a standard created by the Common European Union to have a common reference point when dealing with the language level of citizens across nations. These tests must be internet based since this is the trend in language testing, making the results processing easier to obtain, faster and more reliable; English for Communication or academic purposes since this makes a great difference in the methodology

of the test communicative approach would be closer to the test taker reality and academic approach would be used more for students who want to access to undergraduate or graduate programs. Total amount of questions, which is linked to the time the student spends in taking the exam. Another important feature is the final customer price, which has to do with the money power of the test taker and the countries where this study is projected which are emerging countries and underdeveloped countries in the Latin American market.

	FEATURE	TECS	APTIS	TOEIC	ITEP
1	Amount of skills assessed	4	4	Sets of 2	4
2	Certificate with level description				
3	Administrator dashboard				
4	Compliance with European Union CEFR				
5	Internet Based				
6	English for Communication Purposes Assessment				
8	Fraud detection of validation				
9	Total maximum testing time	2 Hours	3 Hours	4 Hours	1 hour 20 minutes
10	Time to get the results certificate	Immediate	4 Days	28 days	5 Days
11	Final Customer Price	USD \$30	USD \$80	USD \$170 \$85/ 2 skill	USD \$120

YES: NO:

Figure 3: Comparative table of *Independent English Proficiency Tests*. Self (2016)

7. COUNTRY ANALYSIS

Following the analysis of the countries where the customer centered strategy is to be applied. These countries have been selected taking into account the Emerging Markets Index made by Morgan Stanley Capital Investment (MSCI, 2016) which is a comprehensive analysis of the 23 countries that represent 10% of the market capitalization taking into account an openness to foreign ownership, ease of capital inflow and outflow, tested efficiency of operational framework and stability of the institutional framework. From these countries the region that has been selected for the current study is Latin America, taking into account that most of their exports/imports dynamics are with United States and Chinese companies, where language is of paramount importance for communication, MSCI has classified as emerging countries in Latin America Brazil, Chile, Colombia, Mexico and Peru. The analysis of these countries will be made taking into account the KPMG Change Readiness Index and the Ease of doing business report made by the world bank. The study of the countries under these two reports will provide more insights of the countries' economies and how feasible it would be to apply such strategy. Another study that will be taken into account is the EF English Proficiency Index, a study made every year since 2011 by the multinational language training company EF on the English Proficiency of the countries, this would also allow to inquiry more on the interest and use of English of these countries in order to shape the customer centered strategy.

KPMG Change Readiness Index:

The Change Readiness Index (CRI) created by KPMG since 2001, shows how capable a country is prepared to manage certain situations in order to find opportunities and mitigate possible negative impacts. These kind of situations include financial and social instability or natural disasters, technological challenges or government changes. This index analyzes each country in three basic pillars *Enterprise capability*, *Government capability*, *people and civil society capability* (Styles, Davies, & Cooper, 2015).

The first pillar, *Enterprise Capability*, includes indicators such as labor market, which flexibility helps improve productivity; economic diversification, which would contribute to have wider sources of income; economic openness, which promotes imports and exports dynamics; innovation research and development, which has to do with the way country the country utilizes their income to innovate in products and services; business environment which for the current study is one of the most important issues, since it includes indicators such as starting a new business, degrees of government regulation, property and contract laws, taxation, investor protection and anti-monopoly policy; another indicator is the financial sector which would provide sufficient funding to enterprises in order to exploit opportunities. The last important indicators for the aim of this strategy is the technology infrastructure.

Since some opportunities for English proficiency testing products remain in the in the business with the government, the second pillar, *Government Capability*, is of paramount importance. From the 10 indicators studied in this pillar, the ones that will be analyzed deeper are the macroeconomic framework, where a strong framework reduces de risk of currency fluctuation and inflation. Regulation, since a stable policy promotes the relations between the government, corporations and citizen; Fiscal and budgeting, since it would give an measure

of the risks of making business with the government. Government strategic planning and horizon scanning since this would be key to implement an English Language Certification process and security, since a secure environment influences the inbound of investment of multinational companies and promotes the country development.

Finally, the third pillar retains its importance since object product, English tests, are performed by people, this is the *People and Civil Society Capability*. The main indicators to be studied are the human capital, which is analyzed in terms of adult literacy and the quality of institutions and workforce; Civil society, which includes professional associations and freedom of expressions; technology use, which becomes of paramount importance since the tests analyzed are internet based and require a minimum technology knowledge. Inclusive growth, since the product is aimed to social groups that do not possess the money power to escalate in the social pyramid, and thus an inclusive society together with the proper tools would achieve a positive social development. Access to information is key as well since marketing efforts would require citizens and corporations to have access to mass media, as well as the internet speed would influence the product development and marketing strategies.

Doing Business Report

This report created by the World Bank measures issues regarding regulations to do business in different countries, which is of paramount importance when having the intention of entering different markets. The ease of doing business is measured by ranking 190 countries, giving a Distance To Frontier (DTF) score in different indicators, this DTF is basically a benchmark of the economy with respect to regulatory best practices, a higher DTF means that the economy analyzed practices are far from what would be considered a positive environment to make business. The indicators analyzed are Starting a new business, which

has to do issues such as time, procedures, minimum capital among others; other indicators include dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation (World Bank, 2017). This index will be used to deeper analyze the pillar of *enterprise capability* in the KPMG CRI, giving more insights as to the reasons for a determined country ranking in such index.

EF English Proficiency Index

One last analysis that will be taking into account to study the 5 emerging countries is the EF English Proficiency Index (EF EPI) which is a study of the English skills in citizens in different countries. EF the multinational Language Center started with this index back in 2012, by collecting information with different multinational companies and universities around the world (EF Education First, 2015). Taking into account the EF EPI will also serve to better understand the need English proficiency of the country and how pertinent an international English proficiency certification would be for Universities or companies.

7.1. Brazil

According to the World Bank (World Bank, 2016), this country is the biggest in the region; not only in land extension with 8.5 million Square Kilometers, but also in population with almost 206 million people. This makes its culture to be varied from north to south and east to west. The ages structure is located mainly in the ages 15 to 24 years old and 25 to 54 years old, which makes 60.27% of the population, making it great location for the development of products addressed to people in labor age as the English proficiency tests, the GDP per capita

ranges in USD \$ 8,538. Most of its dwellers are in the upper middle income and as it is well known the most outstanding feature is that it is the only Latin American country part of the BRICS.

This country is in the position number 59 of the KPMG CRI with a score of 0.52 (See appendix 1). The focused strengths are in the informal sector and economic diversification which is a good signal to introduce these new products as more people are going from informal jobs to more formal, increasing the amount of opportunities for education products. The economic diversification is also a strength for the project as more industries export their products making language development and certification a must.

In the pillar of *enterprise capability* is challenging. This country ranks in the position 117 out of 127 in the labor market indicator, in part as a consequence of the high unemployment rate of 11,2% registered in April of 2016 (Reuters, 2016), the business environment is also an indicator to take into account since it ranks 104 with a score of 46%, a deeper analysis of this can be made with the Ease of Doing business Report (World Bank, 2017) where this country ranks in 123 of 190 countries (See table 1). Special factors affecting this indicator is the time to starting a business which is 79.5 days, a meaning of the amount red tape in the country which may also affect other business areas. Trading across borders is another indicator that affects the country business, with a Distance To Frontier (DTF) of 55.57 placing the country in position 149; this would not be a surprise taking into account the protectionist policies for imports placed by the Brazilian Government, although they created an electronic system which shortened the time for documentation compliance. The most important indicator to watch and which requires special attention is paying taxes; the country

ranks as one of the last 9 countries in this indicator out of 190, specially due to their high tax rate of 68.4 percentage of profits.

Moving to the pillar of *government capability*, the country has a moderately stable macroeconomic framework, even though they recently had the prosecution and later dismissal to their former president Dilma Rousseff, this is actually a positive signal which talks about the strength of their economy and how they are able to survive crisis. In terms of regulation, they rank in position 111 which is rather low, meaning that policies don't support the economic development and don't promote the relations between government, corporations and citizens. Brazil is also known for its corruptions practices on the side of government institutions and employees, in fact Transparency International gives a score of 38 and rank it on position 76 of 168 countries (Transparency International , 2015) and states that their corruption perception have gotten worse, resulting in loss of jobs and economy deterioration; as a result of they rank in position 104 in the fiscal and budgeting indicator. The government Strategic planning and horizon scanning is a good indicator raking in position 36, becoming an opportunity for making long term business in areas planned. Although the corruption issue has decrease security perception, it still ranks in position 55 as one of the most outstanding indicators.

Finally, by analyzing people and civil society the overall rank is 63 representing the highest opportunity for the current study. The human capital plays an important role with a score of 50%, meaning that this country has decent workforce and high adult literacy, universities are important and their enrollment is high; this represents an opportunity for the product studied, since one of the main customers are universities. The power of the civil society is important in Brazil scoring 54%, meaning that associations that promote growth in society play a

significant role. Given the extensive territory and amount of native culture, the use of technology ranks at a moderate 61 position, where the main technology areas are in the most important cities. The amount of multinational companies in the country and FDI are factors that influence this indicator. The country is working in inclusive growth, through different policies that have transformed society and one of the reasons why this is one of the countries in the BRICS group. Finally, the information access is fairly open to most of the people scoring 60% and being ranked in position 44 which is actually the highest indicator for this pillar, making possible addressing marketing campaigns to different social groups.

The English proficiency development in this country is rather low according to the EF EPI with a score of 48.30 over 100. They have qualified human resources but there is a general idea that they lack of the English proficiency that would promote more business. Although as compared to the previous year the country has increased in 1.09 points showing their interest in developing a higher English Proficiency.

7.2. Chile

With a land extension of 756 Square Kilometers and a population of almost 18 million people, this country is the most economically stable in the region. The percentage of population with age for the target project is 58.62%, which is citizens between 15 and 24, plus citizens ranging in the ages of 25-54, which would be the ones interested in language certifications. The country GDP per capita is USD \$13.383 according to the World Bank, making it the highest in South America.

This is the country with the best overall ranking in Latin America according to the KPMG CRI standing in position 19 (See appendix 2)., with special strengths in the inclusion of the informal employees to formal jobs and the economic openness where trade barriers are scarce and money flow in and out of the country is an advantage for the current study. In regards to the pillar of *Enterprise Capability*, the labor market indicator is actually high with a score of 68 points, giving the image of a country with high productivity. Their economy diversification is another outstanding indicator with a score of 70 points promising opportunities for different industries, their business environment is one of the highest in the region ranking in position 26, this is supported by *doing business* report (World Bank, 2017) where their overall rank is 57 of 190 countries (See table 2), one of the most outstanding indicator in this analysis is *trading across borders* with a DTF of 80.56, where document compliance for imports and exports takes only 24 hours, the total tax rate is a decent 30.5% of profit. The technology infrastructure is also an important indicator as they rank in position 39, showing their technology development.

The pillar of *government capability*, is also outstanding ranking in position 15, where the macroeconomic framework scores a high 80 points, indicating low risk in currency fluctuation and inflation, the regulation is another strength of this country ranking in position 15, meaning that the policies support economic development; in the area of fiscal and budgeting this country is actually among the first 5 country with the best public spending, denoting macroeconomic stability and as shown previously a high GDP. Regarding the government strategic planning and scanning, they score 70 point being this one of the reasons of their outstanding economy; the security indicator also has a solid 67 score, which would contribute to the business environment and country development.

Regarding the pillar of *People and Civil Society Capability*, the human capital has a score of 70 points as an evidence of the level of education of the society and a skilled labor force, in the indicator of technology use this country ranks in position 36, which is an advantage for the current product, although inclusive growth is one of the lowest rank in position 66, this country is making improvements to make a better society for all the people. Finally access to information is another important indicator being this country in position 20 of 127, posting possibilities for successful marketing and advertising strategies.

When it comes to the English Language development surprisingly enough this country has a low level, specially from professionals of the IT sector. Due to the amount of multinational companies exploiting natural resources, specially cooper, the engineering sector has the highest English level as a consequence of cultural and social exchange with companies from abroad, which marks the need for English development and certification.

7.3. **Colombia**

With a population of almost 48 million people and a GDP per capita of 6.056 according to the World Bank (World Bank, 2016), this economy has had an important advance in the last years. The target population between 15 and 24, as well as 25 to 54 makes 59.36%.

The overall ranking of this country according to the KPMG CRI 46 (See Appendix 3), which places them in the higher area of the table. In regards to the indicator of *Enterprise capability* the most positive indicators are labor market, business environment and informal sector, with scores over 60 points; on the indicator of labor market the country government promotes education at professional and technological level, generating more skilled and educated

workforce. The government and private sector have also made important efforts to include citizens into the formal sector. Regarding the business environment this country is well ranked in position 31 which by analyzing it through the doing business report (World Bank, 2017) is in a good standing, ranking in position 54 of 190 economies (See table) 3), where the strongest indicator is getting credit in position number two. The challenge remains in the indicator of trading across borders where this country ranks in position 121 with a special difficulty in the amount of time for documentation compliance for imports and exports. This country has made significant advances in terms of technology infrastructure a reason of why its one of the first 40 countries in the ranking.

Colombia ranks well when referring to *government capability*, this country ranks 52, where the most outstanding indicator is the government planning and scanning with a score of 80 points placing it amongst the 10 top countries in the world, what opens a window for business with the government. The macroeconomic framework as well as the fiscal and budgeting are also the top indicators, which show an economic stability for future projects. The challenge remains in security due to the leftist, groups and drug cartels that places this country in the bottom of the table.

Regarding the *People and Civil Society Capability*, the human capital is a remarkable indicator ranking in the top 50 countries, as a signal to moderate-high literacy and quality of institutions; security issues as well as corruption affects the indicator of civil society, the country has been making efforts to increase the technology literacy of its citizens and thus it is placed in position 54. Finally, the access to information shows an important score of 68 points, which is important for the project since it includes high internet speeds and press freedom.

According to the EF EPI Colombia English proficiency is low, but it scores high in the region with a score of 52.34 over Chile and Brazil. The weakest area is in the language level of employees of the Information technology sector where it ranks on the bottom of the table and Engineers who show the lowest English Level being the last country in the rank. This panoramic presents challenges and opportunities for English certifications especially important for these professions.

7.4. México:

Mexico is one of the biggest countries in Latin America and with an important economic development with many factories manufacturing for Multinational companies specially the car industry where most of the brands have assembly lines to produce for the regional market. This country has 127 million people with a GDP per capita is USD \$9,009 (World Bank, 2016). The population between 15 and 24 and 25 to 54 makes 58.41% of the total population. KPMG CRI ranks it in position 42 (See Appendix 4), where the highest score in the *Enterprise capability pillar* is placed in the economic openness with 78 points, evidenced in the amount of multinational companies that have invested in the country and the exports diversification. This country also has a stable financial infrastructure which gives efficient funding to companies, placing the country in the 37 position in the financial sector indicator. In the doing business index (World Bank, 2017), this country is ranked in position 47 where the most important indicators is getting credit with a DTF of 90 (See table 4). As mentioned earlier the exports-imports dynamic places this country in the position 61, although paying taxes is the most highlighted weakness placing the country on the bottom positions of the table where the tax rate is 52% of profits.

Moving to the *government capability pillar*, this country ranks in the top 40 on the table, showing stability characterized specially by its government strategic planning and horizon scanning which is the highest ranked indicator with 72 points; followed by the macroeconomic framework, which has taken them to be one of the top economies in Latin America accompanied by the fiscal and budgeting indicator ranked in position 35. The challenge in this pillar is stated in the security indicator where is placed in position 110 out of the 127 countries in the index, as a result of the drug cartel wars due to the border with the biggest world consumer.

In regards to the *people and civil society capability*, the human capital plays an important role with a score of 52%, where due to the amount of companies the country counts with a high amount of skilled and educated work force, one of the highest indicators is the civil society with a score of 65, which shows the freedom of expression and political stability. The challenge of the current project is on the technology use, which surprisingly has the lowest score in the pillar with 35 points, entering the country with an internet based product would need would need special communication and training.

Although their neighbor country is the United States, it is interesting to know that the English proficiency is low with 49.05 according to the EF EPI, and analyzing this level by economic sectors professionals in consulting ranks as the bottom three countries in the world; the strength is presented in employees in the pharmacology and health sector where they show higher English proficiency.

7.5. Peru:

This country with 31 million people and a GDP per capita of USD \$6.121 is the world largest producer of silver and third largest producer of silver. The target population of 15 to 24 and 25 to 54 makes 58.54%. It has shown a stable government and economic growth in the last years, making it one of the top four countries with more economic relevance in South America.

The KPM CRI overall rank for this country is position 41 (See appendix 5), where government capability ranks as the top pillar in position 41, supported by the informal sector and economic diversification with a score over 75 points, followed by the business environment that is ranked as the 35th best in the world. Making a deeper analysis of this pillar with the doing business index (World Bank, 2017) is evident the outstanding rank of 54 out of 190 countries. Where getting credit and enforcing contracts are indicators that denote strengths for the country (See table 5). Improvements need to be made in the starting a business indicator where is ranked in position 103 and trading across, which is position as the 86th country, being this indicator especially important to maintain and increase the flow of exports and imports.

Regarding the *government capability pillar*, the government planning and horizon scanning pillar is one of the most outstanding placing this country as one of the top 15 in the world; followed by fiscal and budgeting and macroeconomic framework which show a lower currency fluctuation and inflation risk as well as a good balance of debt. The main challenge in this country government capability is in the regulation indicator, where is ranked in position 85 meaning a broken link between the people, government and corporations, followed by security which is placed on the bottom of the table due to the high amount of minor crimes which government has not been able to control.

Finally, in the pillar of *People and Civil society capability*, the main strength related to the current study is the access to information with a score of 64, followed by the civil society ranked in position 45, meaning that organizations and freedom of expression are not critical points. The Human capital is moderately developed with a score of 52, showing that improvements must be made in the people literacy and access to education to have a better prepared labor force. As other Latin American countries the challenge is faced when referring to the technology use indicator, which has the lowest score with 35 points, as a consequence making strategies to make people understand and use the internet based English certifications is a must.

8. PORTER 5 FORCES ANALYSIS FOR THE ENGLISH PROFICIENCY TESTING INDUSTRY

Following the analysis of the industry taking into account the 5 forces of Porter, with the aim to understand the market dynamics and thus be able to formulate a strategy centered in the customer for this rather specialized product. This industry has a final customer who is the person who needs to certify the English proficiency, but this customer has to attend a university or language academy to perform the test; this becomes then the channel for such product. The channel in this industry is highly demanding since this is an academic test where a psychometric analysis is required by channel managers and directors in order to accept the product as one of the options for their test takers. This analysis serves as a statistical report of the reliability and standardization of the test results. For this reason, it may seem a product easy to copy, although it is important to understand that the development stage of the test is of paramount importance for its success.

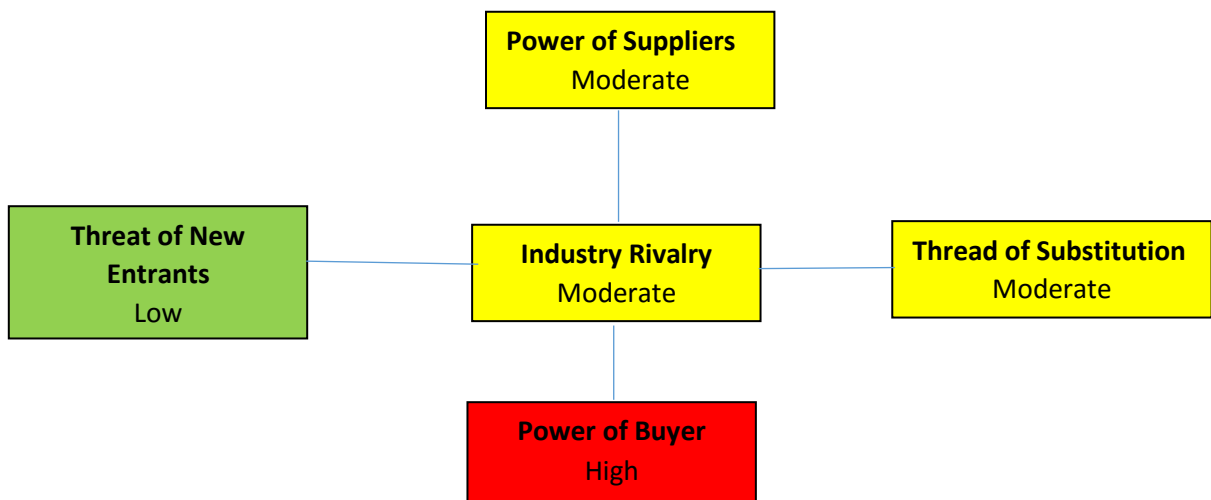


Figure 4: Adaptation of Porter's five forces of competition framework. M. E. Porter, "The Five Competitive Forces that Shape Strategy," Harvard Business Review 57 (January 2008): 57–71.

8.1. Power of suppliers: Moderate

This is a highly concentrated industry with only 2 major suppliers that have government support and 2 independent suppliers, that become an alternative to consumers and prevent monopolies. As a result, buyers would have to purchase the product regardless of price variation. Volume in this industry is important since it is what actually makes the gross profit, making economies of scale key for the success of the organization. English proficiency certifications would always need a location that assures that no fraud or identity theft is being performed, and thus forward integration would be difficult to achieve as it would be costly of the organization. Most locations where these kind of tests are taken prepare special testing rooms with security specification required by the testing companies, one location may be authorized dealer for more than one company, making the channel an important factor of this industry. Differentiation is essential in the industry, since language testing would be relatively similar to do, as it basically require the production of questions items that measure the English level of the test taker, in consequence customer service, quick response, attractive layout, updated items, security, ease of purchase are some of the factors that would give or take power from suppliers. The buyers switching costs are high, giving more power to suppliers who offer a quality product and added value, forcing the buyer to keep prefer one proficiency certificate over the other. These certificates may be substituted by English tests

made in-house, that may not have as much academic and technological development, but due to the lack of knowledge may affect the products sales.

8.2. Threat of new entrants: Low

Being this an academic product that requires specific professional development and contribution, as well as a well-defined marketing strategy to promote in people the trust over the products, due to the importance of its reliability, in a market where two main companies and products are the have been in the market for long time, makes it difficult for new entrants to penetrate the industry. This industry has a highly educated purchase decision process, which forces new entrants to make deep studies of their product to promote its quality amongst customers and be able to keep special product features such as security, reliability and accountability over time, to create brand identity. As mentioned previously this product requires the cooperation of the distribution channel, since they are the ones who actually promote the product, creating the preference of one product over the other.

Economies of scale are key to the industry, since developing one test and validating its reliability with psychometric analysis has high cost of production, and thus being able to sell high volumes would generate higher profit of the testing company. Since the sale of this product relies on its trust by the customers, possible retaliation of competitors may be present by sending messages of a low quality product that may affect the certification of the English

proficiency level of a student or employee, affecting academic or labor outcomes. Language professionals and human resources professionals trust traditional and well established suppliers more than new industry players.

8.3. Power of buyer: High

The buyer in this industry demands high quality academic products that they can trust to know the English proficiency level of the candidate. Beyond price sensitiveness, the buyer requires added values such as practice tests, academic and technological support, easy to management platform for test administrators and test takers. This industry has two different kind of customers; the final customer who is required a language proficiency certificate and does not really notice the difference between one test or another and the channel as a customer who is well educated on the key features of the product and the industry and makes it prefer one certificate over the other.

Price sensitiveness depends on what the certificate is required for. Sometimes governments or universities in English Speaking countries would require certain certificate such as TOEFL or IELTS making the price sensitiveness very low, in the other hand institutions may also require a certificate regardless of the name, which may increase the price sensitiveness, due to the difference among tests prices. Another variable regarding price sensitiveness is the volume of the purchase made by the channel; some channels such as universities, government and multinational corporations would have higher buyer not only because to the amount of tests that may be purchased, but also because this product gains its reputation as it is used by more institutions.

Although it is a big market with a growing trend and well segmented customers, with few companies that supply the product, lowering the buyers power, there is a part of the customer population that still lacks of education towards the product and there is the need to make them aware of the importance of the product development to assure a reliable certification of the person, otherwise backward integration may become a threat for the industry, since the channel may consider the idea of making their own certifications regardless of the quality or reliability level.

8.4. Power of substitutes: Moderate

Although as it was mentioned previously, the costs of development, production and validation of an English Proficiency Test is high, the institution has the possibility of making their own in-house test without any validation or variety of test item. Making in-house tests will always be more expensive and less reliable, since as economies of scale is key of this product developing a test for only a group of test taker is not cost efficient, although specially universities and education institutions in general may think that asking a professor to develop such tests may be less costly, it is important to make them understand of the benefits of having a third party test certification.

Another possible substitute that may give the image of a product that would give the same result are sample tests or free internet based tests that may deliver a result on the English proficiency of the test taker, but fact such as security, fraud prevention, reliability and accountability are not taken into account.

In order to decrease the power of substitutes, focused education must be made to the target market to have them understand the importance of validation of the results for test takers and

a coherent test interpretation. A cost analysis must also be shown to possible customers where they identify that what may seem a low cost in-house produced test, would actually be more expensive from the point of view of human labor, lack of validation, reliability and lack of trust by the final user. This final user must also be addressed, to make them familiar with the importance of having a standardized third party certificate specially to comply with university requirements.

Power of substitutes is low in government and organizations of other sectors different from education, since this is a field that is not part of their core business and thus they demand a product that is reliable, saves time and fulfill their testing needs for their target stakeholders.

8.5. Industry rivalry: Moderate

The industry has two large, government supported companies and two independent companies which makes the industry rivalry moderate. These large companies have two main advantages; they are supported by the government and were pioneer since they launched these kind of certificates publicly more than 40 years ago. One of these companies, Cambridge University together with the British council have complementary products that have given them advantage over other competitors by offering not only the Language proficiency certificate, but also the means to learn and develop the language to achieve high scores in these tests. They have also developed solutions for different ages and targets, making them the top supplier of this product. The other company main company, ETS (Educational Testing Service) has been rather slow in reacting to the market changes and has

developed testing focused training material, but has no updated their products or developed new ones.

In the other side the two independent companies Boston Education Service (BES) and the International Language Testing Organization (ILTO) would be direct rivals in terms of the products they offer, since they both have developed an updated internet based test, flexible and affordable for low budgets. BES has been working closely with governments around the world to offer language certificates to their citizens, through government English promotion programs, in the other side ILTO has worked closely with universities whose target are students with low budgets making English proficiency certifications accessible to social groups with low incomes, in order to give them tools to access the labor market, this company has also focused in products not only for the final customer, but for the test administrator being the only company that offers a robust test management interface with statistics, calendar and other tools making the test administration and follow up more comprehensive than other tests.

Customers are loyal to the traditional brands, but open to new possibilities resulting in opportunities to penetrate the market, technology is important as customers require the use of internet to assure faster and more reliable results.

Advertising is focused due to the product concept, and thus this industry does not require massive advertising. Although participation in seminars, congress, research groups and associations promotes trust in the customers, which is key to this industry.

9. CUSTOMER ASSET MARKETING DIAGNOSIS TO ENGLISH PROFICIENCY CERTIFICATIONS

In order to suggest a customer centered strategy for English proficiency certificates a selection of 3 tests has been made taking into account their similarities and current used by universities, governments and corporations. Before working on this task, an analysis of the current marketing strategy being done by these companies to promote these specific products will be made taking into account how the company approaches to the marketing task, taking into account that the transactional marketing is based merely in one management area related directly with sales and indicators, different from the relationship marketing and the Customer Kapital® concept which takes into account all the organization to reach the customer, generate loyalty, repeat sales and create a marketing environment around the customer, beyond sales goals and performance indicators, thus permeating the corporate culture towards the customer, not only the product.

This exploratory study analyses the marketing tasks related with the customer and the organization, this is the tactics used in sales, advertising, service, communication, distribution channels, areas that need to be tuned in order to gain market consolidation and further customer loyalty.

The tool used for such analysis is suggested by Martha Lucia Restrepo in her book Customer Kapital®; the *Diagram of the strategic location of the customer in the corporate culture* (Restrepo, 2015), allows the organization diagnosis through a matrix that has the X axis that goes from the extreme of *intuitive* to the *counter-intuitive* actions, where the *institative* is

based in the traditional marketing practices which have to do with the customer perception of the product, thus emphasizing in , brand building, logistics and gross profit of the product or service (Restrepo, 2015). The *counter-intuitive* extreme of the axis, is related with the direct response of the customer, through market research and knowledge of the product recipient; these are more customized tasks through more personal advertising media such as email, internet adds, telemarketing where the customer information is of paramount importance to appropriately and efficiently reach the customer.

The Y axis is related with the marketing tasks in the organization that generate an approach or distance with the customer. The top of the axis places *loyalty* activities that organizations perform in order to achieve high levels of customer satisfaction as conditional to achieved their loyalty, this also includes exit barriers. The bottom of the axis, called *migration* includes activities and company behaviors that make the customer detatch from the company and its products, resulting in customer desertion. The use of transactional marketing strategies, the accountability of only one department of the organization in the customer and the exclusive reliance on technology characterized this end of the axis (Restrepo, 2015).

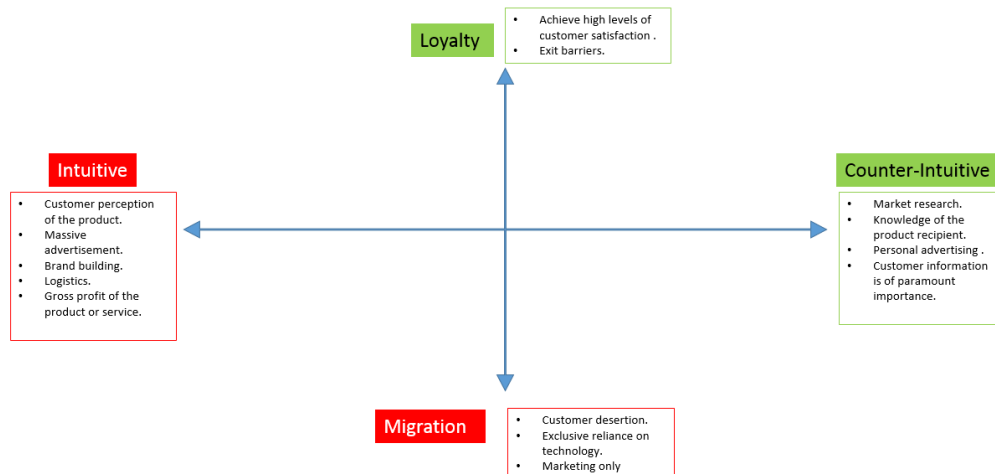


Figure 5. *Diagram of the strategic location of the customer in the corporate culture. Restrepo, M. L. (2015). Kapital Cliente. Bogotá: CESA.*

When crossing these two axis, four zones are created. These zones allow the identification of traits that identify the organizational culture, resulting in the diagnosis of how the organization is addressing its marketing strategy, thus affecting the whole system; as agreed

with Peter Drucker “marketing is not a function, is all the business seen from the point of view of the customer” (Cohen, 2012).

The first zone is the *Transactions zone* formed in the areas of *Loyalty* and *Intuitive*, is mainly characterized by the sales results, the commercial dynamics spins almost exclusively around the offer of products and services, where the strength of the brand is paramount to generate trust. The cash flow and sales speed is key in this zone, as a result of efficient logistics and technological support. In the upper-right corner crossed by *Loyalty* and *Counter-intuitive*, the *Relations Zone* is based on getting results, based in the knowledge, development and growth of the customer. The deep knowledge of the customer is the main reason of the business success; Communication with the customer is personal and takes into account times and life style to reach a commercial exchange. The bottom-left corner is made by crossing the *Intuitive* and *Migration* ends of the axes, this area is called the *Indifference zone*, where the operational and industrial capability of the company play a relevant role. The customer is not the main organizational target in this zone, since the priority of the company is to generate revenues as a result of standardized industry practices in order to win the sales from its competitors focusing in the financial health of the company. Finally, the bottom-right corner, shaped by crossing the *counter-intuitive* and *migration* concepts on the diagram, make the *Detachment Zone* where the organizational objective is far from creating a permanent commitment with the customer, due to being part of a monopoly or oligopoly, the priority is to keep continuity of the market and production conditions where the customer can only accept the product or service the way the organization offers it, without any opinion or influence in it.

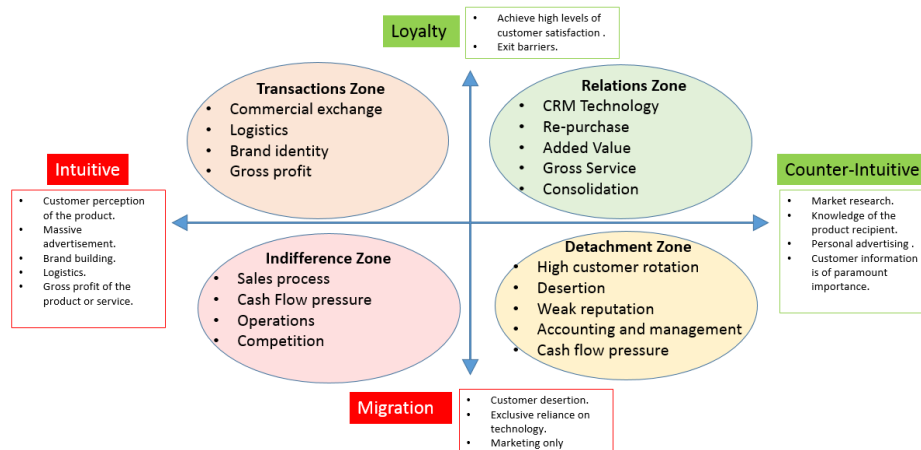


Figure 6. *Diagram of the strategic location of the customer in the corporate culture. Restrepo, M. L. (2015). Kapital Cliente. Bogotá: CESA.*

Taking into account this diagnosis tool, the analysis of the three independent English Proficiency tests and their relation with the organizational culture of the companies they belong to, will be made separately to understand similarities and differences, these test have been chosen due to their proximity in their general features including, but not only assessed language skills, items characteristics, and results delivery: APTIS developed by the British Council, ITEP created by Boston Education Services and TECS made by the International Language Testing Organization.

In order to make the diagnosis based in the Diagram, an operational research matrix would contribute to better understand in an impartial manner the cultural trait of customer orientation in order to better classify the organization in one of the for zones previously described. Table 6 includes the Operational Research Matrix adapted from the Customer Kapital ® concept (Restrepo, 2015) to the English proficiency tests and the organizations that developed and promote them.

The marketing strategy for the product and the zone where the company is placed in the diagram, is made possible by answering a series of questions that are positioned in different parts of the diagram depending if the task or action ha relation with traditional or relationship marketing. Table 7 shows a list of questions and their association the marketing strategy being done by the organization. The methodology of this diagnosis is to give a positive or negative answer to each of the questions which

will be placed in each of the zones described above. These questions have been asked to key people in the marketing decisions of these companies who have direct relation with the certifications and their marketing strategies, addressed conversations have been held with Matt Kettering, Academic Director for TECS with an emphasis in the Latin American Market, Diana Conto Marketing director for APTIS in the British Council in Colombia and Jared Grainger Exams Division Coordinator for Latin America in charge of the ITEP test. In addition, several documents, websites and advertising media samples have been critically analyzed following such methodology. The positive or negative answers to these questions are strategically located in each zone in order to portray the marketing trend (transactional or relationship) of the company.

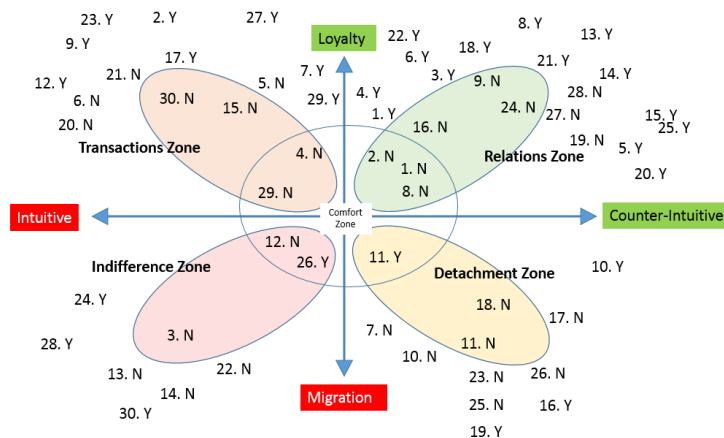


Figure 7. *Diagram of the strategic location of the customer in the corporate culture.* Restrepo, M. L. (2015). *Kapital Cliente.* Bogotá: CESA.

Following the results of the analysis of the marketing approach of the English proficiency certificates and their companies under the *Diagram of the strategic location of the customer in the corporate culture*, and their approach in Emerging markets in Latin America, which has become their main region in later years.

9.1. International Language Testing Organization, creators of the TECS (Test of English Communication Skills)

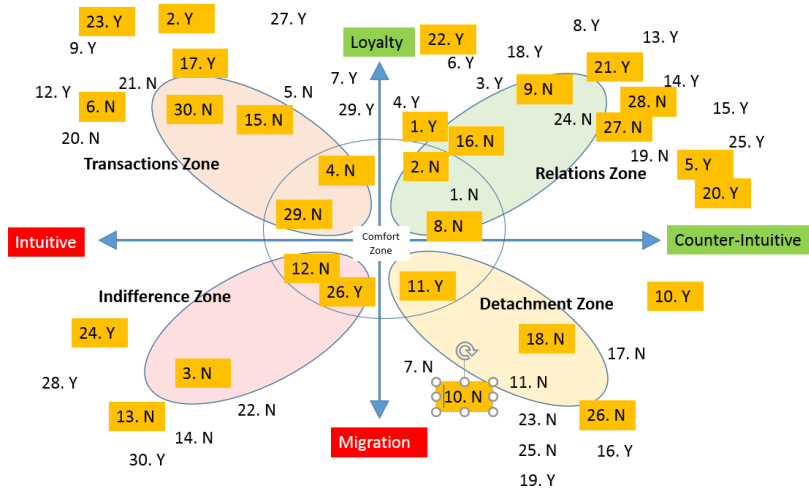


Figure 8. Analysis of the ILTO Marketing Strategy under the diagram of the strategic location of the customer in the corporate culture. Restrepo, M. L. (2015). *Kapital Cliente*. Bogotá: CESA.

The dominant zones for this company are the transaction and relation zones, with a special emphasis in the comfort zone. After analyzing the marketing material and the interview with the people in charge of the tests, it is evident that the communication is segmented according to the target customers, since although it is only one certificate, the way to address an educational institution must be different from addressing a corporation. This is a rather young company that has developed their products mainly for the Latin American Market, thus the market research is more oriented towards the commercial performance, due to the concern for revenues in this early stage, in addition the sales team is assessed with a special focus on the sales budget. The database plays an important role for this company, since it allows the identification of the customer and its segment, in order to enhance the commercial communication.

This company has a special trend towards the comfort zone, explained by the lack of knowledge of the effectiveness of the marketing tactics, although they know about their commercial importance and for this reason it becomes a repetitive action. ILTO (International Language Testing Organization) makes important efforts to know the distribution channel and the way they interact with the final customer, although this is of no surprise in the industry taking into account that the testing centers

make the road to the final customer, especially in Latin America as opposite to USA where testing companies may use their own testing centers. In fact, this is the only company with a robust management dashboard that provides the channel with important information about the final customers, being this the main trait in regards to the relationship marketing and how all the organization work towards the same goal. In addition, this company has permanent contact with the final customer as well, which allow them to know closely their expectations and adapt the product to their needs.

Market research is also concerned with developing the potential of the existing customer, through new products or finding new uses and customers for the existing products, in a Latin American market that grows due to the importance that is given to education to step up the social ladder. The customer is in the center of the process for this company, in consequence the management board has frequent contact with the distribution channel and final customer. The customer is not only seen from the revenue perspective, but actually as a tool to improve the existing products or develop new ones, as a result they have two main research and marketing offices, one in Mexico to work with the Central American customers and one in Colombia to work with the rest of the countries in the region who do not speak English.

Some issues must be of concern for this company, since the marketing plan does not include tactics to develop customer loyalty or information research do perform a micro-segmentation analysis that would bring new success to the company. It is also perceptible that although there is a great effort to know the final customer and interact with the channel, currently the priority is not the customer, but the product improvement and distribution development.

9.2. British Council, creators of the APTIS test

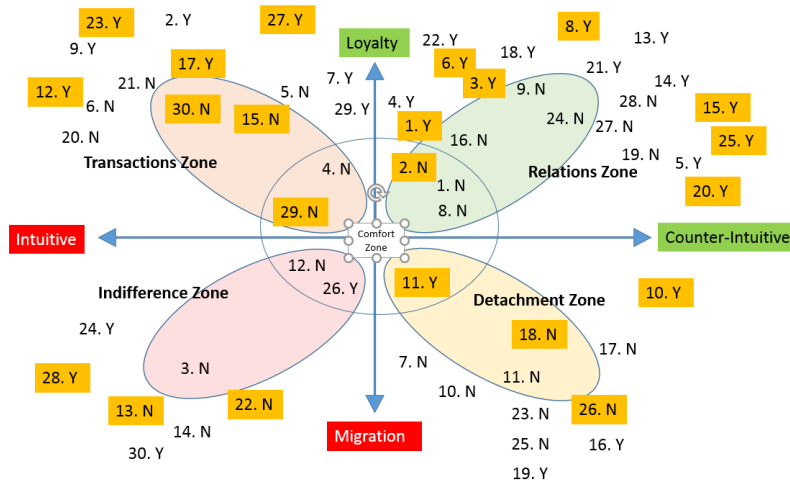


Figure 9. Analysis of the British Council Marketing Strategy under the diagram of the strategic location of the customer in the corporate culture. Restrepo, M. L. (2015). *Kapital Cliente*. Bogotá: CESA.

The marketing trend in this company is quite spread along the diagram. This company has wide experience in the field and its products are well sold among the academic institution, due to the development of the government supported exam IELTS. Their marketing strategy is centered more towards the transaction zone due to being traditionally prone to thinking about the product, beyond the customer. In fact, their product research in terms of language testing are known and respected in the industry, due to their deep analysis and comprehensive development. Around 10 years ago they renewed their management board, and the new one arrived with new ideas and a concept of the company with a higher emphasis in the customer, which together with the financial strength have contributed to work their tactics towards the relationship zone, with some activities that need to be corrected to close the possibility of customer migration.

Being the British Council a government agency for Great Britain, they not only have their own tools, but additional resources to research the Latin American market and reach it with the proper product. Their communication is segmented according to the customer; the distribution channel is their media to reach the final customer, although they own most of the distribution channel, since the test may be

performed in the premises of the British Council, although the APTIS test has been thought for Emerging countries, who need to certify their English level, but not with the strict process as the IELTS. The introduction of this product has been made using mass media advertising. Selling is not only responsibility of the sales team, but everyone is involved in the process, from the management to the academic directors who go with the sales people to explain customers the benefits of the product for their organization.

It is evident that the market research is focused in assessing the features that increase the added value of the products for the customer. In fact, this company has different products for different ages and target companies such as universities, schools and corporations. Due to years this company has been in the market, it counts with an extensive customer database that is shared among different departments in the organization, making the customer reach one of the strengths of the organization. This makes the sales team evaluation to include not only the growth of this database, but also its retention. This retention is achieved by creating products for micro-segments in order to increase sales not only to new customers, but also to existing ones.

Some challenges remain in this organization, such as training to employees where the focus is the customer. Although some new products are developed for existing customers, tactics to increase customer loyalty are scarce and the amount of invoicing of the customer keeps being a grading criteria for the way it is reached; big accounts have priority over lower invoicing accounts, thus the market research and marketing strategies are focused in the distribution channel such as languages academies, schools and universities, more than the final customer. This makes the management to be focused in the development of product and distribution processes.

Although the English proficiency certification is not government supported, this company has an extended advantage over the other two companies, because it is developed by the British Council, with the support of Cambridge University Assessment office, although this expertise and advantage makes them over focus on the product, which may in the long term become a strong disadvantage as

other big traditional companies in the industry that have had to abandon the testing product and start other product lines.

9.3. Boston Educational Service, developers of the ITEP

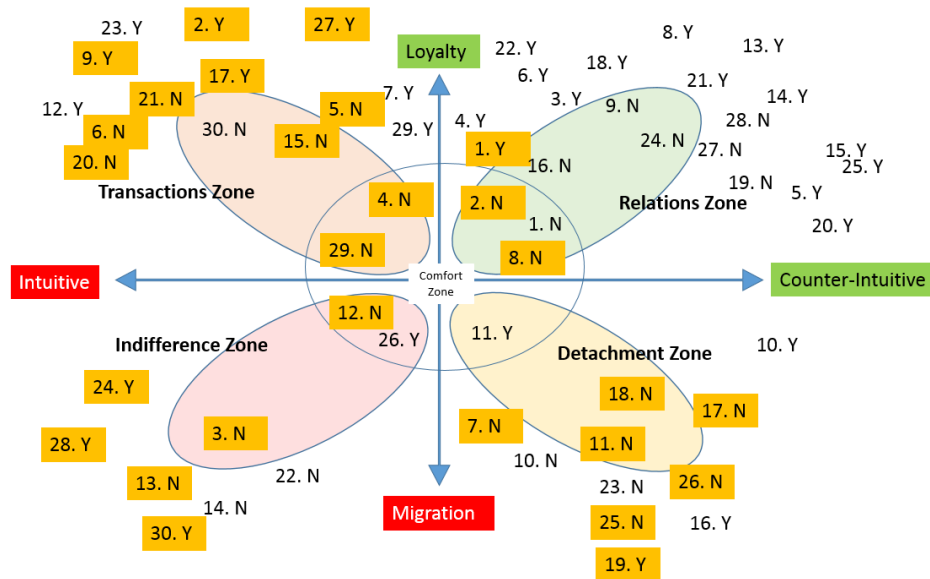


Figure 10. Analysis of Boston Education Service Marketing Strategy under the diagram of the strategic location of the customer in the corporate culture. Restrepo, M. L. (2015). *Kapital Cliente*. Bogotá: CESA.

This company was created by a former director of the company EF (Education First) who saw in the English Proficiency tests a good business and thus started this company back in 2012. His extensive database and government relations as a results of more than 20 years in the industry made this company achieve important sales numbers and growth. The beginning of the company marked a trend toward relationship marketing, thinking about the customers and developing products according to their demands, making BES the only company with professional specific tests. When they entered the Latin American Market they focused on developing marketing strategy centered on the ITEP test with the aim to sell it to the governments and thus it became the official test for the government English promotion programs in Colombia and Peru.

After making an analysis of this company under the methodology of the *Diagram of the strategic location of the customer in the corporate culture*, it is evident that this company has migrated from a relationship marketing model towards a more transactional marketing with a concerning trend towards the indifference and detachment zone.

Their communication is segmented according to the customer, as they have products for different sectors and commercial strategy is focused in achieving sales goals and thus the assessment indicators are set in terms of achieving the sales budget. This company does not have much contact with the final customer as with the distribution channel, who is their priority; the distribution channel is mainly reached through the sales team. Their marketing budget has special focus in knowing about the distribution channel and their relation with the final customer.

This company is more focused in achieving new sales, rather than working with the existing customers to expand their possibilities and potential. As a result, no loyalty programs or repurchase strategies are perceived in their marketing plan or communication pieces addressed to the public.

The company does not have training programs on the customer or product. The information of the products is passed to the sales team as an individual training and written information with a focus on the product and not on the customer, as a consequence new sales people face trouble when reaching customers and trying to understand the business, the product and the target market.

The customer is assessed in terms of the amount of the purchase and thus government agencies are the company's main focus leaving unattended customers interested in the product, but that not represent high invoicing amounts. This makes the customer database to be owned by the sales staff and not the company, in consequence not all the departments in the organization have the same information about the customers, in fact the knowledge of the customer is restricted to their basic contact information and product purchase, but not potential products they may require, consequently

the customer is either contacted more than once by different sales staff or left aside in certain advertising campaigns and marketing programs, losing valuable business opportunities.

This company would make an example of the transition from a relationship marketing strategy, to a transaction marketing, focusing on the product that used to be successful, leaving the customer aside, consequently moving to indifference and detachment zone actions, that are making the customer migrate to other companies and English proficiency certifications in the growing Latin American market.

10. CONCLUSIONS AND SUGGESTED STRATEGY

English proficiency tests as products to certify the language level of people who are required to present them in order to access job or education opportunities have been studied in the first part of the current paper, followed by the country analysis of 5 emerging countries in Latin America which concentrate most of the region capital and have high business potential for such products, these countries are Mexico, Colombia, Peru, Brazil, Chile. The external analysis was done using the KMPG Country Readiness Index, together with the World Bank, Doing Business report to make a deeper analysis of the enterprise capability in these countries. In order to better understand the industry and its drivers, an analysis of Porters 5 forces was made, resulting in the characterization of attractive industry.

Taking these elements into account, a study focused on diagnosing the current marketing strategies present in three different Companies that develop English Proficiency Tests in Latin America was made. Each company evidenced a different trend; ILTO exams, a young company is placed in the relationship zone with some comfort zone and transaction zone issues as a result of revenue constrains. The British Council, a strong company with the support of Cambridge University and the British Government has the financial power to perform certain actions that take place in the relationship zone, but due to the high amount of customers and traditional management style they are also placed in the Transaction zone with some issues that from the detachment zone. Finally, the Boston Education Services, creators of ITEP test, started with a great customer oriented work that placed them in the

relationship zone, but through the years they have moved to the transactions zone and even getting closer to the indifference and detachment zone.

In order to succeed in today's market where technology makes competition easier and more complex, companies to reinvent themselves towards a more customer oriented relation. Although it is a big industry there are limited resources that are attractive for companies that are developing products to get bigger amounts of market share. The general strategy must be focused in the segmentation and micro-segmentation of the customer database managing the information to have a better knowledge of the product recipient. This product has an advantage over others, because it is internet based and it provides the possibility of capturing additional information of the customer, such as the age, occupation, professional development which by performing a further analysis the company may find information on the customer likes and preferences. This information would serve to understand and better address advertising campaigns; know their product expectations, to be able design more custom made tests according to the specific language proficiency needs.

These testing platforms and the whole process would also serve as a tool to get essential data that would contribute to the calculation of the product life cycle as well as the customer life cycle in a product that may seem to be used once, but as a result of this information management expand this life cycle by offering new or complementary English proficiency related products in accordance with the Latin American market dynamics and thus develop tactics that cultivate customer loyalty in an industry where the final customer only does a onetime shop. The result of the analysis also allows the vision of how companies are looking at the Channel of distributions and not counting with the final customer, thus developing this side of the business beyond the product and the channel would be paramount to increase company revenues and the lifecycle of the customer.

These strategies must be present throughout the whole organization to really achieve a marketing focused on the customer; not only the marketing or sales department must be held accountable for the

success of the strategy, but all the different departments that in some way or another make contact with the customer and the product.

Making clear the importance of having all the stakeholders as part of the service process and how they exercise influence in the customer and the company results, the strategy must be focused in four functions that according to Restrepo, are value creators and contribute to the whole marketing strategy centered in the customer (Restrepo, 2015).

1. **The differentiation** of the customer that ends with the individualization of the experience.
2. **The value generation** that is determined by the organization, on what additional offerings are made to the customer from the point of view of the service, the product and the process.
3. **Permanent improvement** from the service management understanding the customer expectations and committing with increasing the experience and innovation with the contributions made.
4. **The product creation** as a consequence of the permanent improvement including, redesign, innovation and transformation of the product and customer service.

After reviewing the marketing tactics developed by the three companies studied in the context of the Latin American Market, following some suggested tactics that would favor this customer centered marketing strategy, based in enhancing the relation among the customer, the company and the product:

Customer Satisfaction Tactics:

These tactics are based in delivering high quality products and services (Gale & Chapman , 1994) and thus in the Latin American Context with high Human Capital these tactics are key in the marketing strategy:

- Send follow up emails with to test takers with useful links to increase their English Level and inviting them to take the test again.
- Permanently updates the item bank (every 6 months) and include items related to current and real life events.
- Create a statistics dashboard where test administrators such as professors or human resources assistants can find the information they need regarding English proficiency of test takers quickly and handy.

Brand Equity Tactics:

These are the sum of intangible assets such as name awareness, brand association, distribution channels (Aaker, 1991)

- Partner with online English courses, such as Duolingo, English central or Open English to certify the English proficiency level of their students, as well as giving test takers the possibility to prepare for the test.
- Sponsor academic English Proficiency events such as university conventions or Human Resources conventions.

Relations creation and maintenance:

These are actions that individualize the customer and create a one-one communication with the aim of knowing more about them and better complement products and services (Peppers & Rogers, 1993)

- Allow test takers to do a Free Demo test where they can enter key information to study their habits and preference and given them a discount certificate to take the test.
- Create an app with a Free Demo test to be able to send notifications with tips to advance in the English proficiency of the test taker.

The strategy and tactics must involve the customer as the center of the process from different departments of the organization; marketing, sales, communications, management, IT and so on. As stated in the problem Independent Testing companies tend to apply transactional marketing tactics, although moving towards a more relationship marketing strategy centered in the customer would make them achieve more efficient long term business results.

11. TABLES

TABLE 1: Brazil Doing Business Report

BRAZIL		Latin America & Caribbean		GNI per capita (US\$)		9,850
Ease of doing business rank (1–190)	123	Overall distance to frontier (DTF) score (0–100)	56.53	Population		207,847,528
✓ Starting a business (rank)	175	Getting credit (rank)	101	✓ Trading across borders (rank)		149
DTF score for starting a business (0–100)	65.04	DTF score for getting credit (0–100)	45.00	DTF score for trading across borders (0–100)		55.57
Procedures (number)	11	Strength of legal rights index (0–12)	2	Time to export		
Time (days)	79.5	Depth of credit information index (0–8)	7	Documentary compliance (hours)		18
Cost (% of income per capita)	5.2	Credit bureau coverage (% of adults)	78.9	Border compliance (hours)		49
Minimum capital (% of income per capita)	0.0	Credit registry coverage (% of adults)	53.4	Cost to export		
				Documentary compliance (US\$)		226.4
Dealing with construction permits (rank)	172	Protecting minority investors (rank)	32	Border compliance (US\$)		958.7
DTF score for dealing with construction permits (0–100)	51.28	DTF score for protecting minority investors (0–100)	65.00	Time to import		
Procedures (number)	18.2	Extent of disclosure index (0–10)	5	Documentary compliance (hours)		120
Time (days)	425.7	Extent of director liability index (0–10)	8	Border compliance (hours)		63.1
Cost (% of warehouse value)	0.4	Ease of shareholder suits index (0–10)	4	Cost to import		
Building quality control index (0–15)	9.0	Extent of shareholder rights index (0–10)	7	Documentary compliance (US\$)		106.9
		Extent of ownership and control index (0–10)	7	Border compliance (US\$)		969.6
		Extent of corporate transparency index (0–10)	8			
Getting electricity (rank)	47	Paying taxes (rank)	181	✓ Enforcing contracts (rank)		37
DTF score for getting electricity (0–100)	81.23	DTF score for paying taxes (0–100)	33.03	DTF score for enforcing contracts (0–100)		67.41
Procedures (number)	4	Payments (number per year)	9.6	Time (days)		731
Time (days)	64.4	Time (hours per year)	2,038	Cost (% of claim)		20.7
Cost (% of income per capita)	58.0	Total tax rate (% of profit)	68.4	Quality of judicial processes index (0–18)		13.6
Reliability of supply and transparency of tariffs index (0–8)	5	Postfiling index (0–100)	8.03			
Registering property (rank)	128			Resolving insolvency (rank)		67
DTF score for registering property (0–100)	52.62			DTF score for resolving insolvency (0–100)		49.15
Procedures (number)	13.6			Time (years)		4.0
Time (days)	31.4			Cost (% of estate)		12.0
Cost (% of property value)	3.1			Recovery rate (cents on the dollar)		15.8
Quality of land administration index (0–30)	13.8			Strength of insolvency framework index (0–16)		13.0

Source: Doing Business 2017: Equal Opportunity for All. (World Bank, 2017)

TABLE 2: Chile Doing Business Report

CHILE		OECD high income		GNI per capita (US\$)		14,060
Ease of doing business rank (1–190)	57	Overall distance to frontier (DTF) score (0–100)	69.56	Population		17,948,141
Starting a business (rank)	59	Getting credit (rank)	82	Trading across borders (rank)		65
DTF score for starting a business (0–100)	89.84	DTF score for getting credit (0–100)	50.00	DTF score for trading across borders (0–100)		80.56
Procedures (number)	7	Strength of legal rights index (0–12)	4	Time to export		
Time (days)	5.5	Depth of credit information index (0–8)	6	Documentary compliance (hours)		24
Cost (% of income per capita)	0.7	Credit bureau coverage (% of adults)	12.4	Border compliance (hours)		60
Minimum capital (% of income per capita)	0.0	Credit registry coverage (% of adults)	48.4	Cost to export		
				Documentary compliance (US\$)		50
Dealing with construction permits (rank)	26	Protecting minority investors (rank)	32	Border compliance (US\$)		290
DTF score for dealing with construction permits (0–100)	78.83	DTF score for protecting minority investors (0–100)	65.00	Time to import		
Procedures (number)	13	Extent of disclosure index (0–10)	8	Documentary compliance (hours)		36
Time (days)	152	Extent of director liability index (0–10)	6	Border compliance (hours)		54
Cost (% of warehouse value)	0.6	Ease of shareholder suits index (0–10)	7	Cost to import		
Building quality control index (0–15)	13.0	Extent of shareholder rights index (0–10)	10	Documentary compliance (US\$)		50
		Extent of ownership and control index (0–10)	6	Border compliance (US\$)		290
		Extent of corporate transparency index (0–10)	2			
Getting electricity (rank)	64	Paying taxes (rank)	120	Enforcing contracts (rank)		56
DTF score for getting electricity (0–100)	78.31	DTF score for paying taxes (0–100)	63.85	DTF score for enforcing contracts (0–100)		62.81
Procedures (number)	6	Payments (number per year)	7	Time (days)		480
Time (days)	43	Time (hours per year)	291	Cost (% of claim)		28.6
Cost (% of income per capita)	70.5	Total tax rate (% of profit)	30.5	Quality of judicial processes index (0–18)		9.0
Reliability of supply and transparency of tariffs index (0–8)	6	Postfiling index (0–100)	5.58			
Registering property (rank)	58			Resolving insolvency (rank)		55
DTF score for registering property (0–100)	70.89			DTF score for resolving insolvency (0–100)		55.51
Procedures (number)	6			Time (years)		3.2
Time (days)	28.5			Cost (% of estate)		14.5
Cost (% of property value)	1.2			Recovery rate (cents on the dollar)		33.5
Quality of land administration index (0–30)	14.0			Strength of insolvency framework index (0–16)		12.0

Source: Doing Business 2017: Equal Opportunity for All. (World Bank, 2017)

TABLE 3: Colombia Doing Business Report

COLOMBIA		Latin America & Caribbean		GNI per capita (US\$)	
Ease of doing business rank (1–190)	53	Overall distance to frontier (DTF) score (0–100)	70.92	Population	48,228,704
✓ Starting a business (rank)	61	Getting credit (rank)	2	Trading across borders (rank)	121
DTF score for starting a business (0–100)	89.57	DTF score for getting credit (0–100)	95.00	DTF score for trading across borders (0–100)	62.83
Procedures (number)	6	Strength of legal rights index (0–12)	12	Time to export	
Time (days)	9	Depth of credit information index (0–8)	7	Documentary compliance (hours)	60
Cost (% of income per capita)	7.5	Credit bureau coverage (% of adults)	92.1	Border compliance (hours)	112
Minimum capital (% of income per capita)	0.0	Credit registry coverage (% of adults)	0.0	Cost to export	
				Documentary compliance (US\$)	90
Dealing with construction permits (rank)	34	Protecting minority investors (rank)	13	Border compliance (US\$)	545
DTF score for dealing with construction permits (0–100)	76.54	DTF score for protecting minority investors (0–100)	73.33	Time to import	
Procedures (number)	10	Extent of disclosure index (0–10)	9	Documentary compliance (hours)	64
Time (days)	73	Extent of director liability index (0–10)	7	Border compliance (hours)	112
Cost (% of warehouse value)	6.7	Ease of shareholder suits index (0–10)	8	Cost to import	
Building quality control index (0–15)	11.0	Extent of shareholder rights index (0–10)	6	Documentary compliance (US\$)	50
		Extent of ownership and control index (0–10)	8	Border compliance (US\$)	545
		Extent of corporate transparency index (0–10)	6		
Getting electricity (rank)	74	Paying taxes (rank)	139	Enforcing contracts (rank)	174
DTF score for getting electricity (0–100)	73.73	DTF score for paying taxes (0–100)	58.91	DTF score for enforcing contracts (0–100)	34.29
Procedures (number)	5	Payments (number per year)	12	Time (days)	1,288
Time (days)	109	Time (hours per year)	239	Cost (% of claim)	45.8
Cost (% of income per capita)	581.4	Total tax rate (% of profit)	69.8	Quality of judicial processes index (0–18)	9.0
Reliability of supply and transparency of tariffs index (0–8)	6	Postfiling index (0–100)	47.48		
Registering property (rank)	53			Resolving insolvency (rank)	33
DTF score for registering property (0–100)	73.29			DTF score for resolving insolvency (0–100)	71.74
Procedures (number)	6			Time (years)	1.7
Time (days)	16			Cost (% of estate)	8.5
Cost (% of property value)	2.0			Recovery rate (cents on the dollar)	69.4
Quality of land administration index (0–30)	16.5			Strength of insolvency framework index (0–16)	11.0

Source: Doing Business 2017: Equal Opportunity for All. (World Bank, 2017)

TABLE 4: Mexico Doing Business Report

MEXICO		Latin America & Caribbean		GNI per capita (US\$)	
Ease of doing business rank (1–190)	47	Overall distance to frontier (DTF) score (0–100)	72.29	Population	127,017,224
✗ Starting a business (rank)	93	Getting credit (rank)	5	Trading across borders (rank)	61
DTF score for starting a business (0–100)	85.74	DTF score for getting credit (0–100)	90.00	DTF score for trading across borders (0–100)	82.09
Procedures (number)	7.8	Strength of legal rights index (0–12)	10	Time to export	
Time (days)	8.4	Depth of credit information index (0–8)	8	Documentary compliance (hours)	8
Cost (% of income per capita)	17.8	Credit bureau coverage (% of adults)	100.0	Border compliance (hours)	20.4
Minimum capital (% of income per capita)	0.0	Credit registry coverage (% of adults)	0.0	Cost to export	
				Documentary compliance (US\$)	60
Dealing with construction permits (rank)	83	Protecting minority investors (rank)	53	Border compliance (US\$)	400
DTF score for dealing with construction permits (0–100)	69.79	DTF score for protecting minority investors (0–100)	60.00	Time to import	
Procedures (number)	13	Extent of disclosure index (0–10)	8	Documentary compliance (hours)	17.6
Time (days)	86.4	Extent of director liability index (0–10)	5	Border compliance (hours)	44.2
Cost (% of warehouse value)	9.8	Ease of shareholder suits index (0–10)	5	Cost to import	
Building quality control index (0–15)	11.7	Extent of shareholder rights index (0–10)	8	Documentary compliance (US\$)	100
		Extent of ownership and control index (0–10)	6	Border compliance (US\$)	450
		Extent of corporate transparency index (0–10)	4		
Getting electricity (rank)	98	Paying taxes (rank)	114	Enforcing contracts (rank)	40
DTF score for getting electricity (0–100)	68.32	DTF score for paying taxes (0–100)	65.81	DTF score for enforcing contracts (0–100)	67.01
Procedures (number)	6.8	Payments (number per year)	6	Time (days)	340.7
Time (days)	100.4	Time (hours per year)	286	Cost (% of claim)	33.0
Cost (% of income per capita)	336.7	Total tax rate (% of profit)	52.0	Quality of judicial processes index (0–18)	10.1
Reliability of supply and transparency of tariffs index (0–8)	6.2	Postfiling index (0–100)	42.64		
✓ Registering property (rank)	101			Resolving insolvency (rank)	30
DTF score for registering property (0–100)	61.05			DTF score for resolving insolvency (0–100)	73.11
Procedures (number)	7.7			Time (years)	1.8
Time (days)	42.1			Cost (% of estate)	18.0
Cost (% of property value)	5.2			Recovery rate (cents on the dollar)	69.1
Quality of land administration index (0–30)	16.3			Strength of insolvency framework index (0–16)	11.5

Source: Doing Business 2017: Equal Opportunity for All. (World Bank, 2017)

TABLE 5: Peru Doing Business Report

PERU		Latin America & Caribbean		GNI per capita (US\$)	6,200
Ease of doing business rank (1–190)	54	Overall distance to frontier (DTF) score (0–100)	70.25	Population	31,376,670
Starting a business (rank)	103	Getting credit (rank)	16	Trading across borders (rank)	86
DTF score for starting a business (0–100)	85.01	DTF score for getting credit (0–100)	80.00	DTF score for trading across borders (0–100)	71.45
Procedures (number)	6	Strength of legal rights index (0–12)	8	Time to export	
Time (days)	26	Depth of credit information index (0–8)	8	Documentary compliance (hours)	48
Cost (% of income per capita)	9.9	Credit bureau coverage (% of adults)	100.0	Border compliance (hours)	48
Minimum capital (% of income per capita)	0.0	Credit registry coverage (% of adults)	37.4	Cost to export	
				Documentary compliance (US\$)	50
Dealing with construction permits (rank)	51	Protecting minority investors (rank)	53	Border compliance (US\$)	460
DTF score for dealing with construction permits (0–100)	74.70	DTF score for protecting minority investors (0–100)	60.00	Time to import	
Procedures (number)	14	Extent of disclosure index (0–10)	9	Documentary compliance (hours)	72
Time (days)	174	Extent of director liability index (0–10)	6	Border compliance (hours)	72
Cost (% of warehouse value)	0.5	Ease of shareholder suits index (0–10)	6	Cost to import	
Building quality control index (0–15)	12.0	Extent of shareholder rights index (0–10)	9	Documentary compliance (US\$)	80
		Extent of ownership and control index (0–10)	3	Border compliance (US\$)	583
		Extent of corporate transparency index (0–10)	3		
Getting electricity (rank)	62	Paying taxes (rank)	105	Enforcing contracts (rank)	63
DTF score for getting electricity (0–100)	79.06	DTF score for paying taxes (0–100)	69.04	DTF score for enforcing contracts (0–100)	60.70
Procedures (number)	5	Payments (number per year)	9	Time (days)	426
Time (days)	67	Time (hours per year)	260	Cost (% of claim)	35.7
Cost (% of income per capita)	335.5	Total tax rate (% of profit)	35.6	Quality of judicial processes index (0–18)	8.5
Reliability of supply and transparency of tariffs index (0–8)	6	Postfiling index (0–100)	32.17		
Registering property (rank)	37			Resolving insolvency (rank)	79
DTF score for registering property (0–100)	76.69			DTF score for resolving insolvency (0–100)	45.85
Procedures (number)	4			Time (years)	3.1
Time (days)	6.5			Cost (% of estate)	7.0
Cost (% of property value)	3.3			Recovery rate (cents on the dollar)	30.0
Quality of land administration index (0–30)	17.0			Strength of insolvency framework index (0–16)	9.5

Source: Doing Business 2017: Equal Opportunity for All. (World Bank, 2017)

TABLE 6: Operational Research Matrix adapted from the Customer Kapital ® concept (Restrepo, 2015) to the English proficiency tests and their organizations.

Categorical Variable: General Objective	Dimensional Variable: Specific Objectives	Intermediate Variables	Empiric Variables
<p>To describe the features and trends of the marketing practices of the companies that developed and promote the English Proficiency Certifications, from the relationship marketing perspective, to be able to locate that trend in the <i>Diagram of the strategic location of the customer in the corporate culture</i></p>	<p>1. To describe the level of use of the main variables that make the information systems in the companies that developed and promote the English Proficiency Certifications.</p>	<p>1.1. Identify the way the information systems are used in the work teams. 1.2. Describe the technical concept y use of the information systems, derived from these applications. 1.3. Identify the information sources used to feed the system</p>	<p>To know the way, the organization performs market research.</p> <p>To know how the commercial dynamic is assessed.</p> <p>To know what is the structure of the information system.</p> <p>To know if the concept of data base, interaction technology and individual communication is used.</p> <p>To know the primary and secondary source of data.</p>
	<p>2. Identify the way that companies that developed and promote the English Proficiency Certifications identify and recognize the customer.</p>	<p>2.1. Understand the relevance of the customer in the production process. 2.2. Identify the weight given to the customer in the marketing decisions and advertising communication. 2.3. Describe the value concept of the customer for the organization. 2.4. Identify if the organization has actions towards customer interactivity.</p>	<p>Identify what type of information the organization has about the customers.</p> <p>Identify what the organization questions about the customer.</p> <p>Know if the organization knows or practices the life value of the customer.</p> <p>Know if there are any loyalty programs and customer participation in the production process.</p>
Categorical Variable:	Dimensional Variable:	Intermediate Variables	Empiric Variables

General Objective	Specific Objectives		
	<p>3. Describe the features of the massive or direct advertising communication made by the companies that developed and promote the English Proficiency Certifications.</p>	<p>3.1. Know the position in the organization, given to customer research.</p> <p>3.2. Identify the features of the relationship marketing applied in the organization.</p> <p>3.3. Identify the features of the traditional advertising practices developed by the organization.</p>	<p>Identify if there are coincidental communication moment.</p> <p>Assess if these moments are seized to incorporate information to the decision making process in the management board.</p> <p>Identify if innovation, customer participation and differentiation is of interest for the organization.</p>
	<p>4. Describe the features of the transition from the massive communication process to relationship communication.</p>	<p>4.1. Know if the transition process to new marketing practices is being done from the training of the human factor.</p> <p>4.2. Know the conditions and features of the mass advertising program</p> <p>4.3. Know the features of the way relationship marketing is done.</p>	<p>Inquire about the advertising training program and its topics.</p> <p>Inquire about the criteria used for advertising investment.</p> <p>Identify how customer quality is defined.</p> <p>Identify the management conditions of the commercial team.</p>

Source: Restrepo, M. L. (2015). *Kapital Cliente*. Bogotá: CESA.

Table 7: Questions and their associations to the zones locations according to their positive or negative answer (Restrepo, 2015).

Zone location	Question
Transactions Zone	<p>Q23. Is communication with the customers segmented?</p> <p>Q6. Is Market research concentrated in assessing the reasons of commercial performance?</p> <p>Q2. Is Market analysis oriented to having information that basically shows the evolution of the life cycle of the products?</p> <p>Q27. Is the commercial team assessed by the budget accomplishments as the main variable?</p> <p>Q9. Is the distance between the final customer and the organization determined by the distribution channel?</p> <p>Q20. Is the essence of the marketing strategy in finding products for the customers?</p> <p>Q21. Does the commercial policy allow to treat each customer differently?</p> <p>Q17. Is the information in the database related with the customer identification?</p> <p>Q29. Is the image and product management done only through mass advertisement?</p> <p>Q30. Is selling an activity done only by sales people?</p> <p>Q5. Is the marketing plan based on the research of the customer profile?</p> <p>Q15. Does the organization use a unique database structure?</p> <p>Q12. Does the marketing budget in the mass communication account invest more than 60% in mass media?</p> <p>Q6. Is the market research focused in assessing the reasons for commercial performance?</p>
Comfort Zone	<p>Q29. Is the image and product management done only through mass advertisement?</p> <p>Q4. Has the research budget been assigned in more than 30% to know more about the customers' opinion in the last years?</p> <p>Q2. Is the marketing analysis focused in having information to know about the evolution of the life cycle of the products?</p> <p>Q1. Is the research emphasis oriented towards the search for product differentiation?</p> <p>Q8. Is the market research designed in such a way that the organization knows the main results of its marketing tactics?</p> <p>Q11. Does the marketing budget include a line of more than 40% to know more about the distribution channel and the relationship model adopted with the final customer?</p> <p>Q26. Has the organization implemented a training program based on the customer addressed to all the employees?</p> <p>Q12. Does the organization invest more than 60% in mass media advertising?</p>
Relationship Zone	<p>Q6. Is Market research concentrated in assessing the reasons of commercial performance?</p> <p>Q7. Is the market research focused in assessing the potential of the current customers of the organization?</p> <p>Q22. Do the training programs include an emphasis in the customer value?</p>

	<p>Q1. Is the research emphasis oriented towards the search for product differentiation?</p> <p>Q3. Does the research plan include the preconception: the customers have the information?</p> <p>Q18. Does the organization have a position in charge of the customer information analysis?</p> <p>Q8. Is the market research designed in such a way that the organization knows the main results of its marketing tactics?</p> <p>Q13. Does the communication strategy include a section for customer loyalty programs?</p> <p>Q9. Is the distance between the final customer and the organization determined by the distribution channel?</p> <p>Q28. Is the customer quality measured by its invoicing amount?</p> <p>Q21. Does the commercial policy allow to treat each customer differently?</p> <p>Q14. Does the organization have a work team currently focused on the design and development of an information model about customers?</p> <p>Q16. Does the organization have data bases organized in management areas?</p> <p>Q24. Is the customer information located in islands inside the organization?</p> <p>Q27. Is the commercial team assessed by the budget accomplishments as the main variable?</p> <p>Q15. Does the organization use a unique database structure?</p> <p>Q19. Is the marketing strategy focused in finding customers for the products?</p> <p>Q25. Is the customer in the management board agenda?</p> <p>Q5. Is the marketing plan based on the research of the customer profile?</p> <p>Q20. Is the essence of the marketing strategy in finding products for the customers?</p>
Indifference Zone	<p>Q12. Does the marketing budget in the mass communication account invest more than 60% in mass media?</p> <p>Q26. Has the organization implemented a training program based on the customer addressed to all the employees?</p> <p>Q3. Does the research plan include the preconception: the customers have the information?</p> <p>Q22. Do the training programs include an emphasis in the customer value?</p> <p>Q24. Is the customer information located in islands inside the organization?</p> <p>Q13. Does the communication strategy include a section for customer loyalty programs?</p> <p>Q30. Is selling an activity done only by sales people?</p> <p>Q28. is the customer quality measured by its invoicing amount only?</p> <p>Q14. Does the organization have a work team currently focused on the design and development of an information model about customers?</p>
Detachment Zone	<p>Q18. Does the organization have a position in charge of the customer information analysis?</p> <p>Q7. Is the market research focused in assessing the potential of the current customers of the organization?</p> <p>Q11. Does the marketing budget include a line of more than 40% to know more about the distribution channel and the relationship model adopted with the final customer?</p>

	<p>Q17. Is the information in the database related with the customer identification?</p> <p>Q10. Does the organization plan its communication strategy with special emphasis in the distribution channel?</p> <p>Q23. Is communication with the customers segmented?</p> <p>Q26. Has the organization implemented a training program based on the customer addressed to all the employees?</p> <p>Q25. Is the customer in the management board agenda?</p> <p>Q16. Does the organization have data bases organized in management areas?</p> <p>Q19. Is the marketing strategy focused in finding customers for the products?</p>
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Source: *Restrepo, M. L. (2015). Kapital Cliente. Bogotá: CESA.*

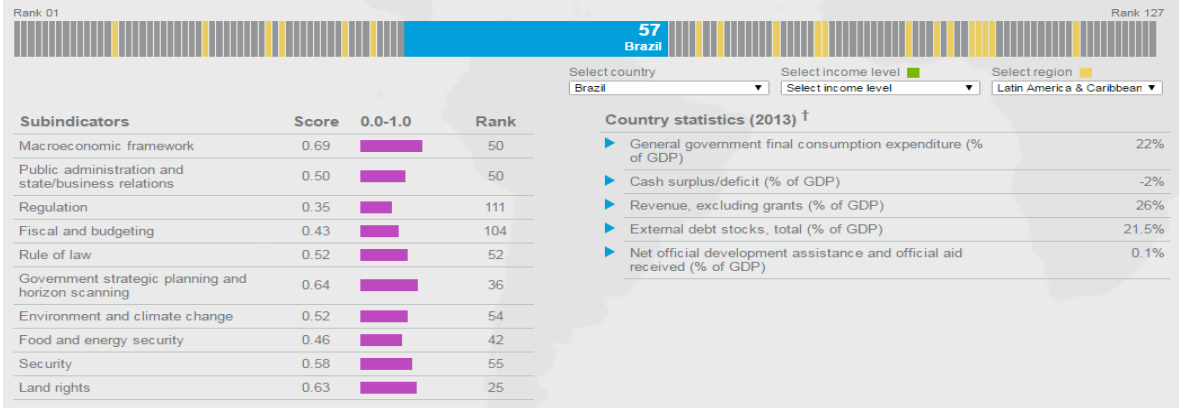
12. APPENDIX

Appendix 1 BRAZIL KPMG CRI

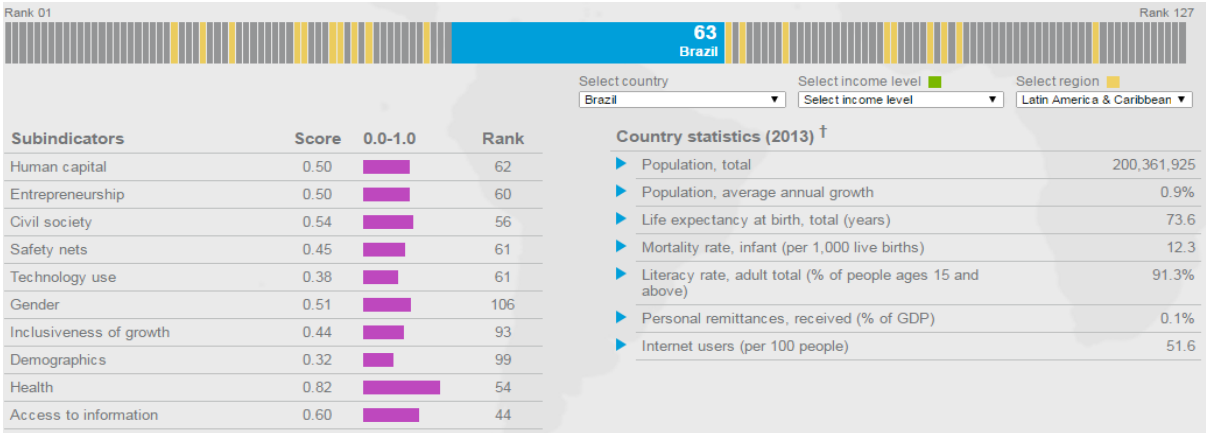
Overall ranking



Enterprise Capability



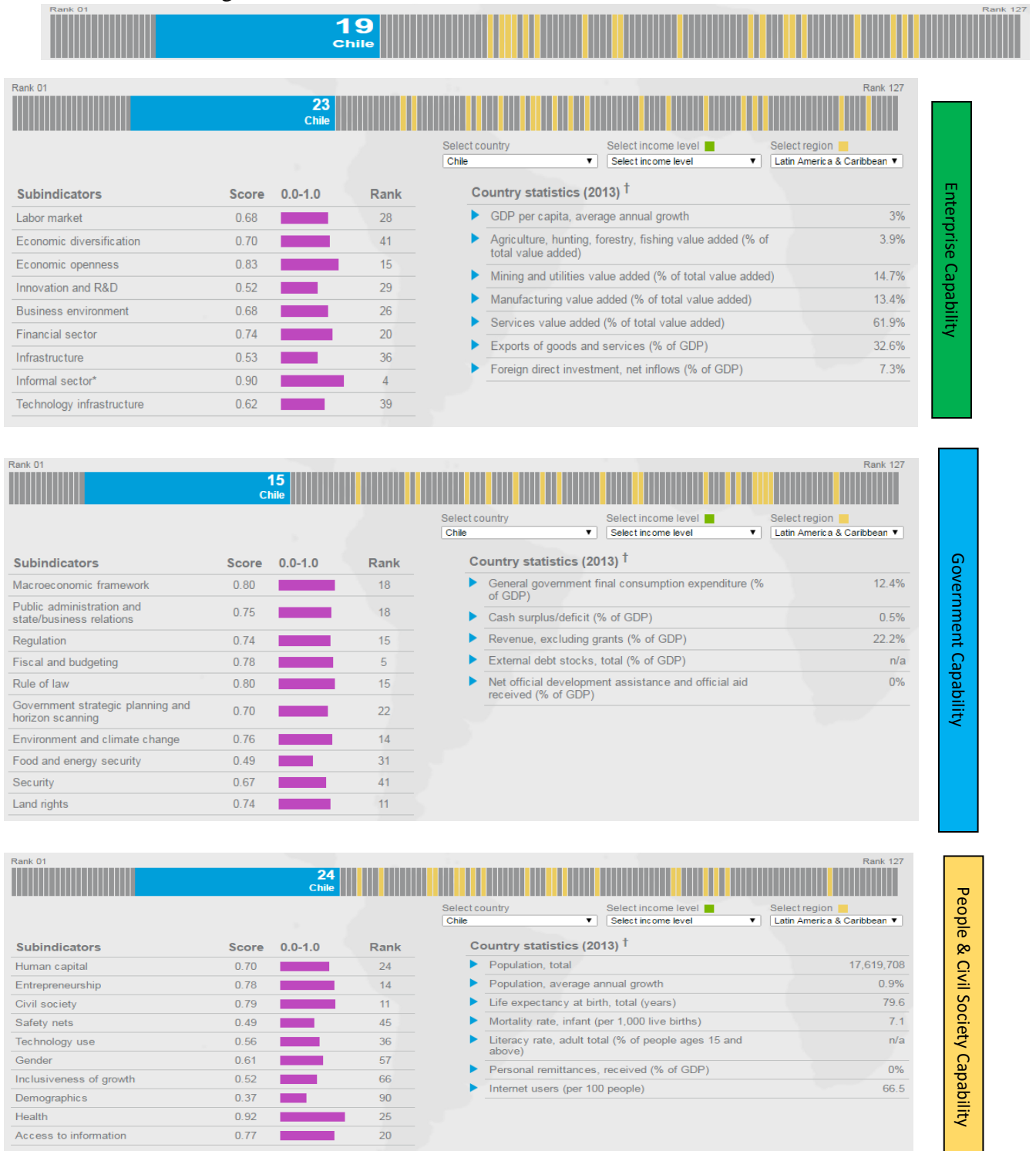
Government Capability



People & Civil Society Capability

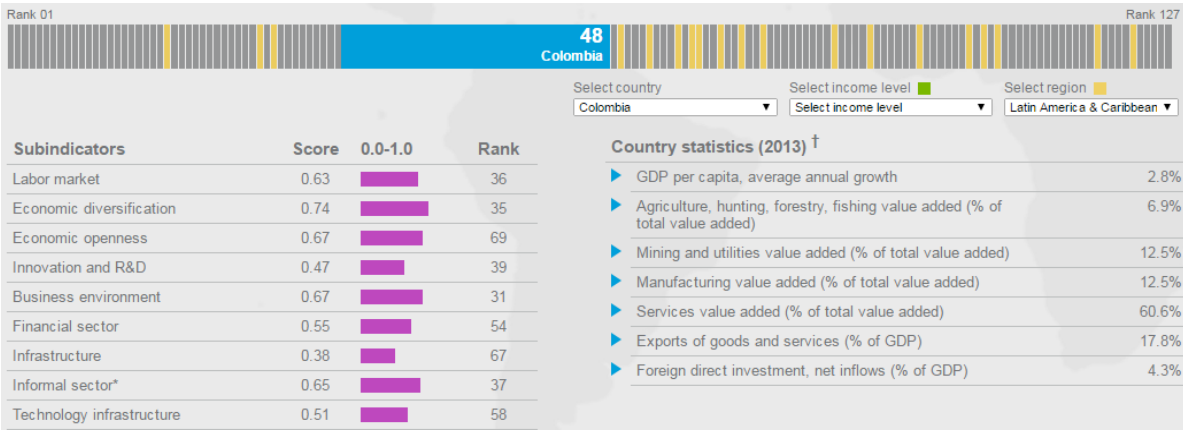
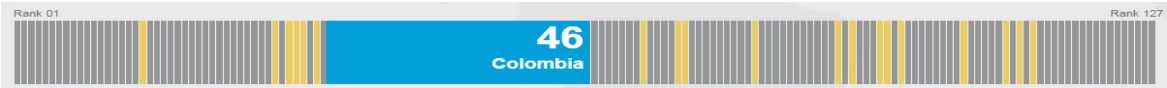
Appendix 2 CHILE KPMG CRI

Overall ranking

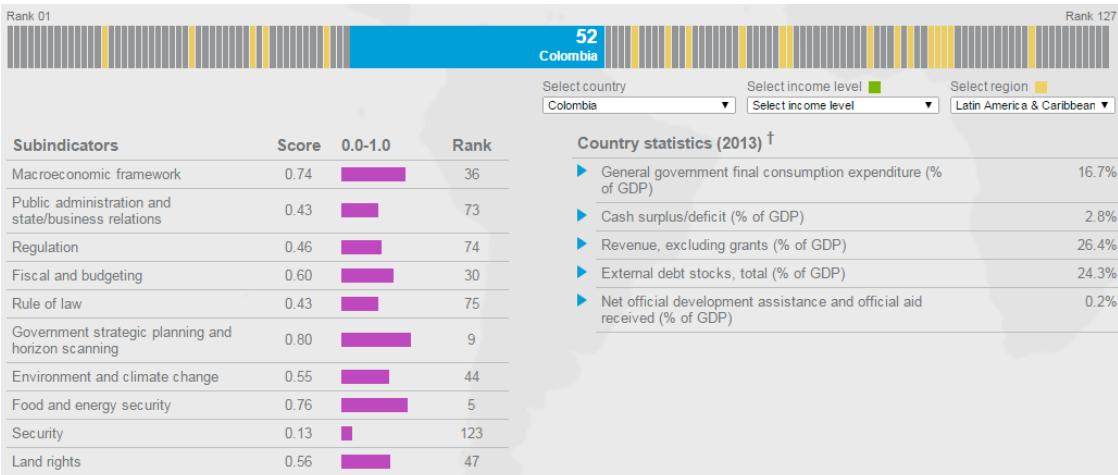


Appendix 3 COLOMBIA KPMG CRI

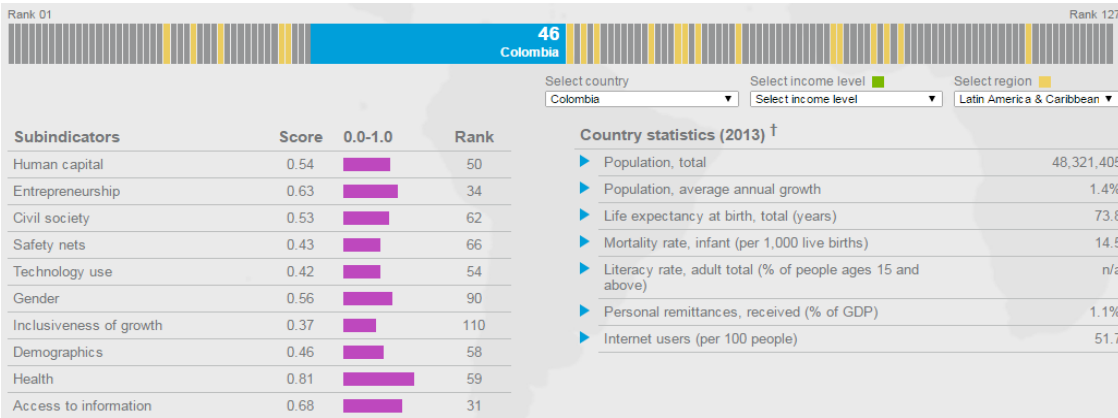
Overall ranking



Enterprise Capability



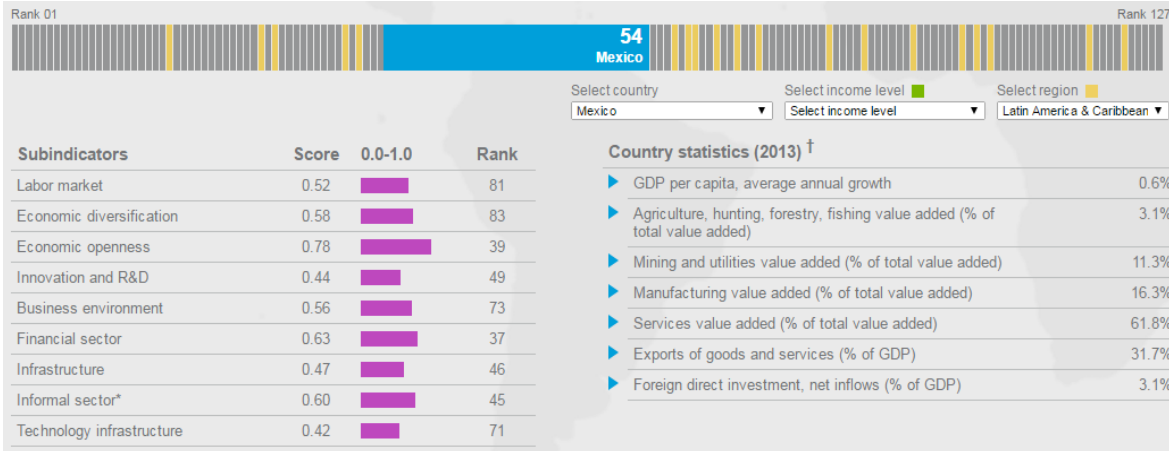
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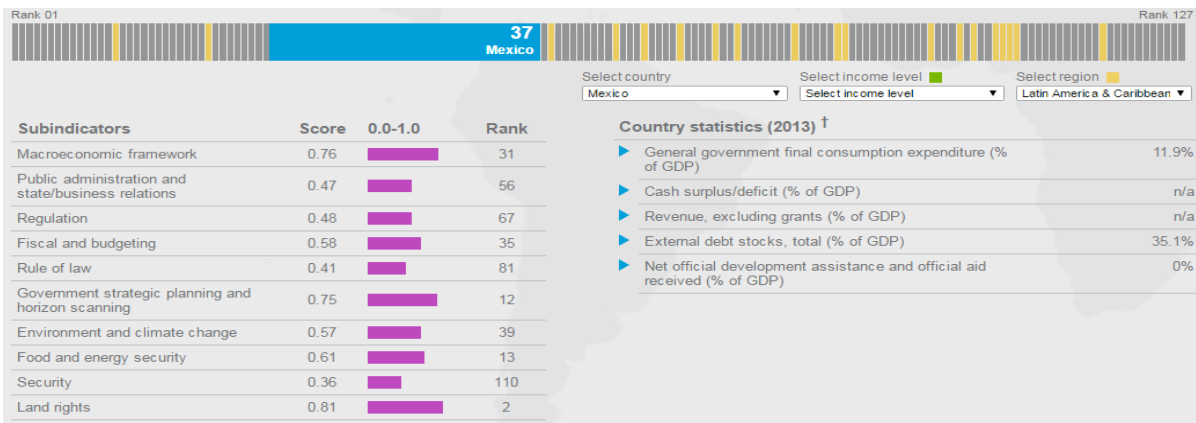
People & Civil Society Capability

Appendix 4 MEXICO KPMG CRI

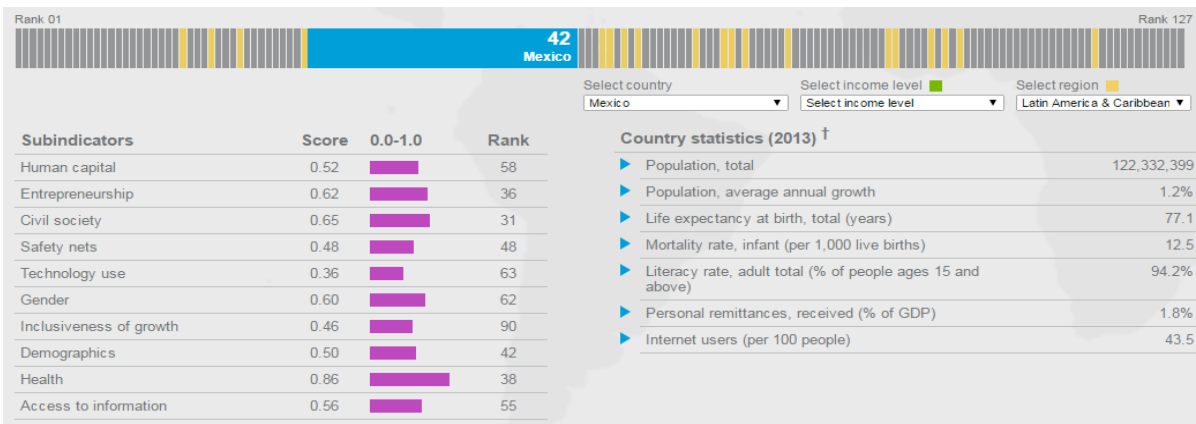
Overall ranking



Enterprise Capability



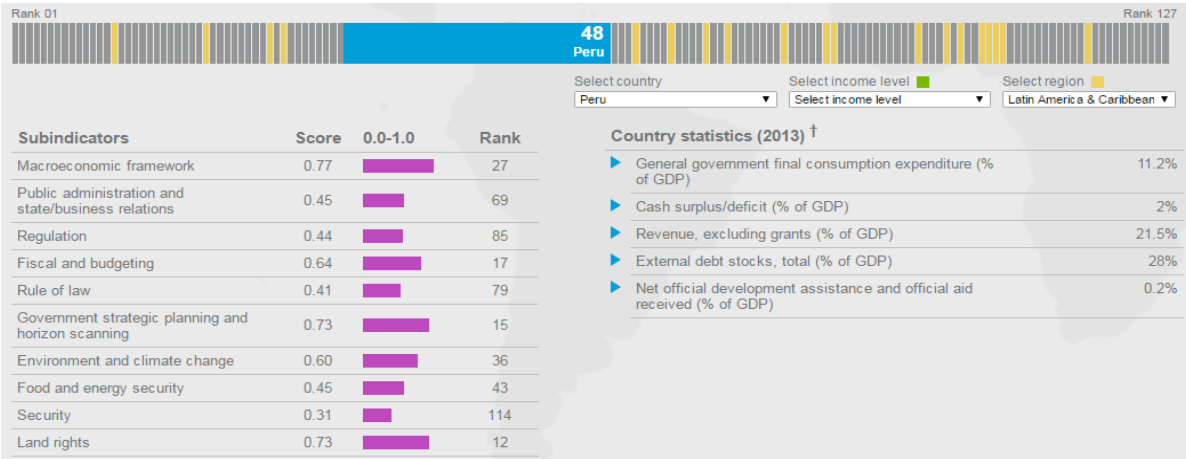
Government Capability



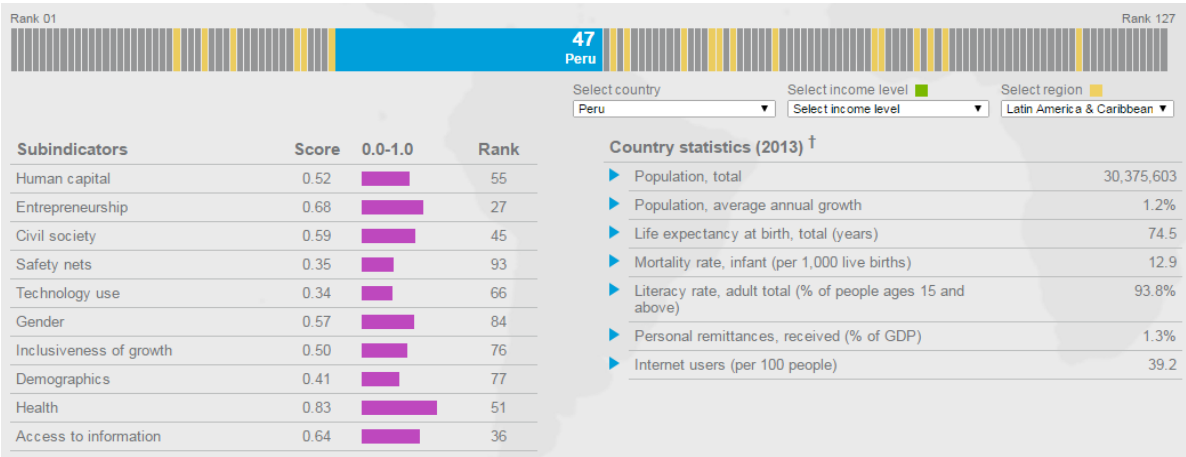
People & Civil Society Capability

Appendix 5 PERU KPMG CRI

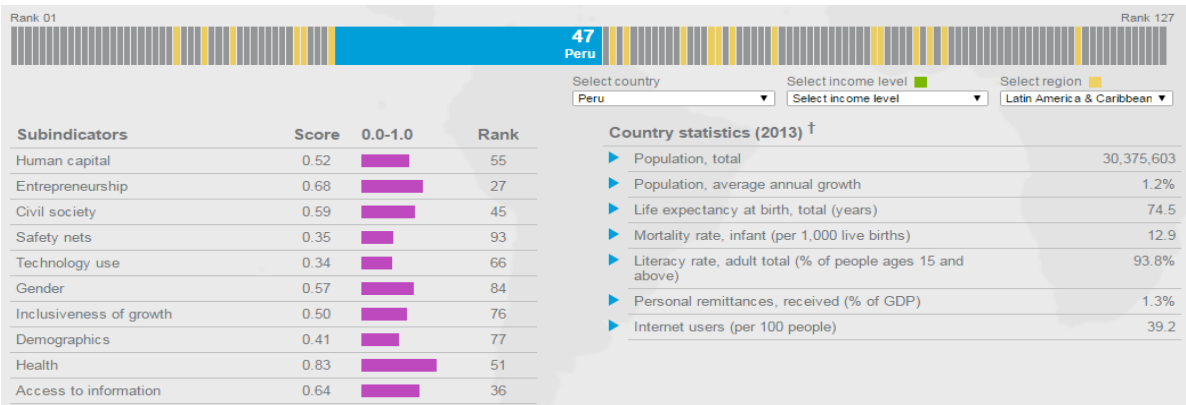
Overall ranking



Enterprise Capability



Government Capability



People & Civil Society Capability

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