

Customer Relationship Management

DEMKT527

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LOVELY
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Customer Relationship Management

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Objectives

After studying this unit, you will be able to:

- Explore the definition and scope of Customer Relationship Management
- Know the history and evolution of CRM
- Examine the transformation of customers
- Analyse the touch point analysis of CRM

Introduction

Customer satisfaction has always been a key element in the pursuit of corporate goals and objectives. However, the current competitive environment fostered by liberalization and globalization of the economy, and the rising customer expectations for quality; service and value have prompted many companies to organize their business around customers they serve, rather than around product lines or geographic business units. This is partly because customer contact, care and insight have been rendered increasingly more practicable and economical through computers, telecom technology and internet, historically, customer relationship existed even in the pre-industrial era due to the direct interaction between producers and customers as between farmers and buyers of agricultural products, or as artisans and craftsmen produced customized products for each customer. It was when mass production of goods in the industrial era led to the emergence of middlemen and transaction-oriented marketing, that direct interaction between producers and customers became less frequent.

In recent years, however, several factors have contributed to the rapid development of direct interaction between producers and customers. The concept of customer relationship management as a co-operative and collaborative process has thus tended to be more common. Its purpose is mutual value creation on the part of the marketer and customer. Customer Relationship Management (CRM) solutions provide customer-oriented services for planning, developing, Customer Relationship Management maintaining, and expanding customer relationships, with special attention paid to the new possibilities offered by the Internet, mobile devices, and multi-channel interaction. CRM enables

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a company to capture a consolidated customer view through multi-channel interactions in a data warehouse solution.

Sophisticated analytical techniques are then applied to this customer information to better understand and predict customer behaviour. CRM can then be used to strategically implement acquired customer knowledge in every area of the company, from the highest management level to all employees who come into direct contact with customers. CRM thus enables an organisation to address its customers' preferences and priorities much more effectively and

efficiently. CRM is a tool that can help organisations to profitably meet the lifetime needs of customers better than their competitors.

1.1 Definition and Scope of Customer Relationship Management

Customer Relationship Management is a comprehensive approach for creating, maintaining and expanding customer relationships.

Significance of the words used in the definitions:

(a) Comprehensive: CRM does not belong to just sales or marketing. It is not the sole responsibility of customer service group or an IT team; i.e. CRM must be a way of doing business that touches all the areas.

(b) Approach: An approach is broadly a way of treating or dealing with something. CRM is a way of thinking about and dealing with the customer relationship. We can also use the word strategy because CRM involves a clear plan. In fact, CRM strategy can usually serve as a benchmark for other strategies in your organization, because any strategy sets directions for your organization. We can also consider this from a department or area level just as a larger organization has strategies for shareholder management, marketing, etc. Each strategy must support managing customer relationships. Thus CRM is strategic. To realize this, one can make a list of key strategies, to brief your area of responsibility. Then write down organizational approach towards customers. Compare the CRM strategies with other strategies. They should support each other. External customers are those outside the organization who buy goods and the services the organization sales. Internal customers is a way of defining another group in some organization whose work depends upon work of your group. Therefore, they are your customers. It is your responsibility to provide what they need so that they can do their job properly.

(c) Customer relationship: Finally let us see what we mean by customer relationship. In today's world where we do business with individuals or groups with whom we may never meet and hence much less know in person-to-person sense. CRM is about creating the feel of comfort in this high tech environment. CRM is a discipline as well as a set of discrete software and technologies which focuses on automating and improving the business process associated with managing customer relationships in the areas of sales, marketing, customer services and support. CRM software applications facilitate the coordination of multiple business functions (such as sales, marketing, customer services, and support) and also coordinate multiple channels of communication with the customer face to face, call centres and the Web – so that organizations can accommodate their customers' preferred channels of interaction.

CRM (Customer Relationship Management) is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer. The basic objective of CRM is to increase marketing efficiency and effectiveness. Notes It is co-operative and collaborative processes that help in reducing transaction costs and overall development costs of the company.



Notes: CRM can also be defined as an alignment of strategy, processes and technology to manage customers and all customer-facing departments and partners. CRM in short is about effectively and profitably managing customer relationships throughout the entire lifecycle.

Most CRM initiatives begin with a strategic need to manage the process of handling customer related information more effectively. For beginners it could simply mean better lead management capabilities or sales pipeline visibility. However, as organizations mature in their CRM initiatives, shall visualize as a tool to acquire strategic differentiators, it includes adoption of IT related systems,

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training of employees and amendments in business processes related to customers. It is not just software but an approach to update and enhance business methods to improve customers' relationship with the organization.

CRM is a comprehensive approach which provides seamless integration of every area of business

that touches the customer namely – marketing, sales, customer service and field support – through the integration of people, process and technology, taking advantage of the revolutionary impact of the Internet. CRM creates a mutually beneficial relationship with your customers. In the rapidly expanding world of e-commerce, there is a new generation of empowered customers emerging who demand immediate service with the personalized touch.

Relationship marketing is a term often used in marketing literature. It is sometimes used interchangeably with CRM. Relationship marketing has been defined more popularly with a focus on individual or one-to-one relationship with customers, integrating database knowledge with long term customer retention and growth strategy. Some writers have taken a strategic view and shifted the role of marketing to genuine customer involvement (communicating shared knowledge) rather than manipulating the customer (telling and selling). Overall, the core of CRM and relationship marketing is the focus of co-operative and collaborative relationships between the firm and its customers and for other marketing factors. It must, however, be noted that CRM programs now envisage a wider spectrum of efforts other than data-based one-to-one relationship with customers, which characterizes relationship marketing.

The development of CRM as a strategy is attributable to certain emerging factors. One is the process of disinter-mediation in many industries i.e., direct interaction with end-consumers. This is due to the easy accessibility of companies to the sophisticated computer and telecom technologies. Thus, in the case of financial institutions including banks, insurance companies, computer software, household appliances and even consumables, the process of disintermediation is making relationship marketing more popular. This development is also due to the growth of service sector, so far as services are supplied directly to the customers, it minimizes the role of middlemen. There is inevitably a greater emotional interaction between service provider and user, which is found necessary to be sustained and enhanced.



Task : What do you understand by customer relationship?

1.2 History and Evolution of Customer Relationship Management

Customer Relationship Management is a concept that became very popular during the 1990s. It offered long-term changes and benefits to businesses that chose to use it. The reason for this is because it allowed companies to interact with their customers on a whole new level. While CRM is excellent in the long-term, those who are looking for short term results may not see much progress.

One of the reasons for this is because it was difficult to effectively track customers and their purchases. It is also important to realize that large companies were responsible for processing tremendous amounts of data. This data needed to be updated on a consistent basis. In the last few years, a number of changes have been made to customer relationship management that has allowed it to advance. These capabilities have allowed CRM to become the system that was once envisioned by those who created it. However, the biggest problem with these newer systems is the price. A number of personalized Internet tools have been introduced to the market, and this has driven down the cost of competition. While this may be a bane for vendors who are selling expensive systems, it is a bonanza for small companies that would otherwise not be able to afford CRM programs. The foundation for CRM was laid during the 1980s.

Did u know? During this time, it was referred to as being database marketing. The term “database marketing” was used to refer to the procedure of creating customer focus groups that could be used to speak to some of the customers of the company. The clients who were extremely valued were pivotal in communicating with the firm, but the process became quite repetitive, and the information that was collected via surveys did not give the company a great of information. Even though the company could collect data through surveys, they did not have efficient methods of processing and analyzing the information.

As time went on, companies begin to realize that all they really needed was basic information. They needed to know what their customer purchased, how much they spent, and what did they do with the products they purchased. The 1990s saw the introduction of a number of advances in this system.

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It was during this time that term Customer relationship management was introduced. Unlike previous customer relationship systems, CRM was a dual system. Instead of merely gathering information for the purpose of using for their own benefit, companies started giving back to the customers they deserved. Many companies would begin giving their customers gifts in the form of discounts, perks, or even money. The companies believed that doing this would allow them to build a sense of loyalty in those who bought their products.

Customer relationship management is the system that is responsible for introducing things such as frequent flyer gifts and credit card points. Before CRM, this was rarely done. Customers would simply buy from the company, and little was done to maintain their relationship. Before the introduction of CRM, many companies, especially those that were in the Fortune 500 category, didn't feel the need to cater to the company. In the minds of the executives, they have tremendous resources and could replace customers whenever it became necessary. While this may have worked prior to the 1980s, the introduction of the Information Age allowed people to make better decisions about which companies they would buy from, and global competition made it easier for them to switch if they were not happy with the service they were getting.

Today, CRM is being used to achieve the best of both worlds. Companies want to maintain strong relationships with their clients while simultaneously increasing their profits. The CRM systems of today could be called "true" CRM systems. They have become the systems that were originally envisioned by the pioneers of this paradigm. Software companies have continued to release advanced software programs that can be customized to suit the needs of companies that compete in a variety of different industries. Instead of being static, the information processed within modern CRM systems is dynamic. This is important, because we live in a world that is constantly changing, and an organization that wants to succeed must constantly be ready to adapt to these changes.

Landmarks in the History of CRM: 1960-2010

1960s Mass Production/Mass Product

1970s Mass Market

1980s Total Quality Management

1990s Customer Relationship Management (CRM)

2000s Customer Relationship Management (CRM)

2010s e-Customer Relationship Management (e-CRM)

1.3 Mass Production/Mass Product

Mass Production is a system of manufacturing based on principles such as the use of interchangeable parts, large-scale production, and the high-volume Assembly Line. Although ideas analogous to mass production existed in many industrialized nations dating back to the 18th century, the concept was not fully utilized until refined by Henry

Ford in the early 20th century and then developed over the next several decades. Ford's success in producing the Model T automobile set the early standard for what mass production could achieve. As a result, mass production quickly became the dominant form of manufacturing around the world, also exerting a profound impact on popular culture. Countless artists, writers, and filmmakers used the image of the assembly line to symbolize either the good or the evil of modern society and technological prowess.

Mass production techniques maximized the profit-making ability of corporations, but it dehumanized the lives of workers. Frederick W. Taylor introduced Scientific Management at the beginning of the 20th century, which used time and motion studies (often timing them with a stopwatch) to measure workers' output. Taylor's goal was to find the ideal process and then duplicate it over and over. In the abstract, scientific management was a giant leap forward, but in reality, mass production led to worker unrest, turnover, and social conflict. Unionization efforts, particularly the struggles to organize unskilled workers by the Congress of Industrial Organizations (CIO) in the 1930s and 1940s, and battles between management and employees intensified as workers became more alienated because of the factory setting.

Mass Market: Mass Marketing is a market coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer. It is type of marketing (or attempting to sell through persuasion) of a product to a wide audience. The idea is to broadcast a

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message that will reach the largest number of people possible. Traditionally mass marketing has focused on radio, television and newspapers as the medium used to reach this broad audience. By reaching the largest audience possible exposure to the product is maximized.

In theory this would directly correlate with a larger number of sales or buy in to the product. Mass marketing or undifferentiated marketing has its origins in the 1920s with the inception of mass radio use. This gave corporations an opportunity to appeal to a wide variety of potential customers. Due to this, variety marketing had to be changed in order to persuade a wide audience with different needs into buying the same thing. It has developed over the years into a worldwide multi-billion dollar industry. Although sagging in the Great Depression it regained popularity and continued to expand through the 40s and 50s. It slowed during the anti-capitalist movements of the 60's and 70's before coming back stronger than before in the 80's, 90's and today. These trends are due to corresponding upswings in mass media, the parent of mass marketing. For most of the 20th century, major consumer-products companies held fast to mass marketing mass producing, mass distributing and mass promoting about the same product in about the same way to all consumers. Mass marketing creates the largest potential market, which leads to lowered costs.

Total Quality Management (TQM): Total Quality Management, a buzzword phrase of the 1980's, has been killed and resurrected on a number of occasions. The concept and principles, though simple seem to be creeping back into existence by "bits and pieces" through the evolution of the ISO9001 Management Quality System standard.

"Total Quality Control" was the key concept of Armand Feigenbaum's 1951 book, *Quality Control: Principles, Practice, and Administration*, in a chapter titled "Total Quality Control" Feigenbaum grabs on to an idea that sparked many scholars interest in the following decades, that would later be catapulted from Total Quality Control to Total Quality Management. W. Edwards Deming, Joseph Juran, Philip B. Crosby, and Kaoru Ishikawa, known as the big four, also contributed to the body of knowledge now known as Total Quality Management.

The American Society for Quality says that the term Total Quality Management was used by the U.S. Naval Air Systems Command "to describe its Japanese-style management approach to quality improvement." This is consistent with the story that the United States Navy Personnel Research and Development Centre began researching the use of Statistical Process Control (SPC); the work of Juran, Crosby, and Ishikawa; and the philosophy of W. Edwards Deming to make performance improvements in 1984. This approach was first tested at the North Island.

Total Quality Management (TQM) is a management strategy aimed at embedding awareness of quality in all organizational processes. TQM has been widely used in manufacturing, education, government, and service industries, as well as NASA space and science programs.

Total = Quality involves everyone and all activities in the company.

Quality = Conformance to Requirements (Meeting Customer Requirements).

Management = Quality can and must be managed

Customer Relationship Management (in 1990): Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses small and large interacted with their customer bases. In the short term, however, it proved to be an unwieldy process that was better in theory than in practice for a variety of reasons. First among these was that it was simply so difficult and expensive to track and keep the high volume of records needed accurately and constantly update them.

In the last several years, however, newer software systems and advanced tracking features have vastly improved CRM capabilities, and the real promise of CRM is becoming a reality. As the price of newer, more customizable Internet solutions have hit the marketplace; competition has driven the prices down so that even relatively small businesses are reaping the benefits of some custom CRM programs.

In the beginning... The 1980's saw the emergence of database marketing, which was simply a catch phrase to define the practice of setting up customer service groups to speak individually to all of a company's customers. In the case of larger, key clients it was a valuable tool for keeping the lines of communication open and tailoring service to the clients needs. In the case of smaller clients, however, it tended to provide repetitive, survey-like information that cluttered databases and didn't provide much insight. As companies began tracking database information, they realized that the bare bones were all that was needed in most cases: what they buy regularly, what they spend, what they do.

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Advances in the 1990's: In the 1990's companies began to improve on Customer Relationship Management by making it more of a two-way street. Instead of simply gathering data for their own use, they began giving back to their customers not only in terms of the obvious goal of improved customer service, but in incentives, gifts and other perks for customer loyalty.

E-CRM: This is a web based Sales Force Automation tool that helps you to focus on un-covered customer-revenue opportunities that are not possible in a manual sales process. The architecture of the product brings your Customers/Sales Teams/Channel partners into a single centralized structure. This will help you overcome the stumbling block of remote accessibility of information across your organization. Its easy to use web based interface, faster deployment and effective implementation will streamline your sales process quickly and in a cost effective way. It records enquiries, follow ups, complaints and details of any other interaction with the client which helps to build and maintain life long relation with the customer.

Customer Relationship Management:

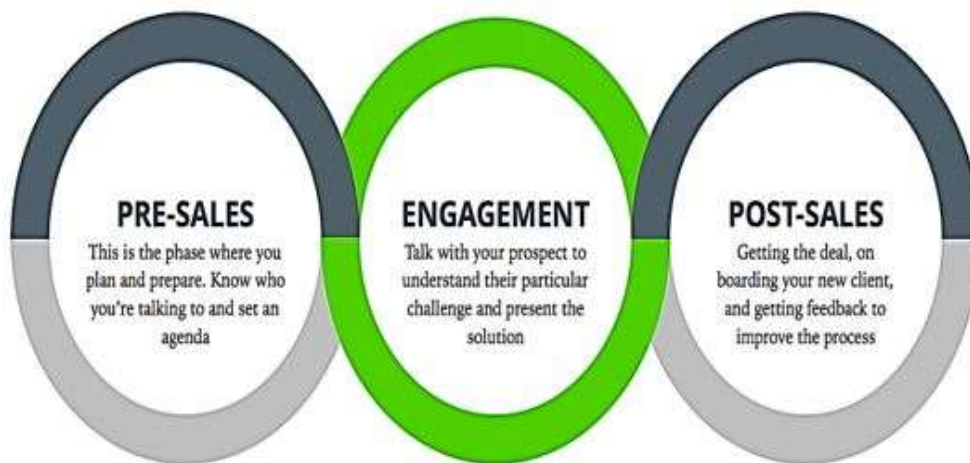
- Business is the activity of making one's living or making money by producing or buying and selling products (such as goods and services). Simply put, it is "any activity or enterprise entered into for profit."
- **India is becoming the world's fastest-growing startup ecosystem with over 80 Unicorn Startups, as of 2022.** In today's world, unicorn startups are not as uncommon as before; however, building a unicorn startup is not easy. It takes a lot of hard work, commitment, and perseverance throughout the startup's journey to climb the ladder of unicorns
- [BharatPe](#)
- [Mindtickle](#)
- [upGrad](#)
- [coinDCX](#)
- [Zetwerk](#)
- [Blackbuck](#)
- [Droom](#)
- [OfBusiness](#)
- [ShareChat](#)
- [PharmEasy](#)

Food for thought:

- Who is the most important person in our business?
- How well do we know our customers?
- What is our customer's EXPERIENCE when they interact with our company?
- What happens when we don't know our customer?

CRM is the process of managing all aspects of interaction a company has with its customers, including prospecting, sales and service. CRM applications attempt to provide insight into and improve the company/customer relationship by combining all these views of customer interaction into one picture. CRM is an integrated approach to identifying, acquiring and retaining customers. By enabling organizations to manage and coordinate customer interactions across multiple channels, departments, lines of business and geographies, CRM helps organizations maximize the value of every customer interaction and drive superior corporate performance.

1.4 CRM Process



- CRM embraces all aspects of dealing with prospects and customers, including the call centre, salesforce, marketing, technical support and field service. The primary goal of CRM is to improve long-term growth and profitability through a better understanding of customer behavior.
- CRM aims to provide more effective feedback and improved integration to better gauge the return on investment (ROI) in these areas.
- CRM is a business strategy that maximizes profitability, revenue and customer satisfaction by organizing around customer segments, fostering behaviour that satisfies customers and implementing customer centric processes

1.5 CRM Goals

In order to get the most from Customer Relationship Management, you have to have a clear set of CRM objectives and goals. Although customer relationship management can be loosely defined as the process of building and maintaining good relationships with your customers, there are many improvements that a well-designed CRM plan can help you accomplish. These can include learning more about staffing needs so that you can refine your search for talent, tailoring your production efforts and inventory to better meet the needs of your targeted market or improving your online reputation among other things.

1. Improved Customer Satisfaction

Happy customers are loyal customers and they also offer good word of mouth advertising, which can be invaluable. Making customer satisfaction the primary goal of your CRM campaign is the surest way to improve your bottom line. This can be achieved by fostering increased customer engagement via social networking sites and various mobile platforms. You can consider implementing surveys or creating an interactive blog. Actively soliciting feedback from your clients will help you determine which actions and activities will make them more content with the services or products they are receiving.

One of the major benefits in mapping out your CRM plan with increased customer satisfaction as your primary goal is the fact that all other goals and objectives will invariably support this effort. In this way, each method that you use or measure that you take will share a symbiotic relationship with the rest. As a result, all of your investments in CRM will be supporting your goals in a balanced and seamless fashion.

2. Improve the Efficiency Of Your Business

CRM can help you eliminate redundancies in your marketing campaigns by allowing you to intuit which stage of the purchasing process each returning customer is in. You can send out marketing materials that are targeted to specific interests and purchasing abilities, rather than transmitting general messages that are far less likely to generate an optimal amount of attention. A good CRM

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platform will collect and organize a wealth of data pertaining to individual and group consumer profiles. Another part of these endeavors can be the implementation and use of knowledge management systems that increase the speed at which customer inquiries are addressed and problems are resolved. Greater levels of efficiency will also lead to improved client satisfaction.

This is additionally a very proactive form of reputation management, both online and off and thus, it is certainly a worthwhile goal to pursue. As an added benefit, some of the most innovative efforts to improve the overall efficiency of your business can also support the branding process. Showing yourself as being transparent, easy to connect with and ready to provide rapid support and services will foster the development of a strong and appealing brand image. Given that branding is one of the most costly and time-consuming aspects of building your business and garnering more attention for it, seeking to improve overall efficiency in a way that will foster a better reputation is a vital addition to your top CRM objectives and goals.

3. Expand Your Customer Base

It is important to note that CRM is not just for managing the customers you already have. A CRM program that is linked to a high-quality knowledge management platform will allow you to stay in contact with prospects that have yet to convert. It will also allow you to identify commonalities and relationships among the clients that you already have, so that you can hone and improve your future efforts in outreach. A larger customer base will allow for increased continuity in profits, even in a seasonal industry.

Having goals like this one as part of your CRM plan is also a great way to devise a system that is wholly self-supporting in the financial sense. By streamlining your marketing efforts for faster and increased conversions, you can cut costs in a number of areas while increasing your profits. Moreover, all of your new and most recent converts can be quickly funneled into a system that allows you to keep in touch and to keep your services and products fresh in their minds. This ensures that your CRM budget is never exhausted.

4. Enhance Your Sales And Support Teams

One of the most important CRM objectives to consider is enhancing your team. By better learning the needs of the people you service, you can become increasingly adept in identifying the right talent to provide these services. Talent management software, HR management software and other cloud-based tools can help you increase the value of your trained employees. Much like your current customers, your talent is among your top assets. Whether CRM helps you replace undesirable additions to your team or gives you a framework for increasing the customer service skills of existing employees, it is certain to improve the benefits that hired workers are providing.

More importantly, CRM will give you a guideline for any professional development plans that you wish to implement and make mandatory among all employees. The data that your CRM system collects can be used as part of employee reviews and employee rewards or incentive programs. Tracking customer feedback in relation to the workers who have supplied customer service will allow you to make highly informed hiring, firing and promotion decisions. It will also give you an in-depth guide for sharing with any recruitment agencies that you are working with or for bolstering your own in-house recruitment teams.

Many companies are heavily reliant upon cloud-based and integrated systems. With knowledge sharing solutions, you can get optimal benefits from each and every aspect of these endeavors. Best of all, with goals that foster and support each other as the basis of this system, each of your investments in CRM is guaranteed to provide phenomenal returns. After having determined your CRM objectives and goals, you will need to start looking for the right tools and resources for bringing these to fruition.

1.6 Importance of CRM

The core of any business whether it big or small are its clients or the customers and customer are considered king in marketing because without them your business will neither operate nor you will be able to pay salaries and bonuses to your employees.

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A business can be successful if customer relationship management is implemented. Customer's demographics, their location, their spending habits, their engagement with your brand, their preferences, their feedback, and other vital information, all these data can be acquired from the CRM system. This in turn can help you can design your marketing campaign which will overall help in your business growth.

1. More sales can be increased to your existing customers by investing in CRM System

Abundant data about the existing customer is only possible through CRM. To increase or boost your sales, data can be collected of any type to target the right customers with the right offer. One such example is web forms. You can create your customized form and put fields like customer's names, their address, age, preference, family members, etc. or whatever you think is ideal to design a perfect marketing tool. This way you can send personalized gifts such as special loyalty discounts or free takeaway.

2. More leads can be generated if you invest in a CRM system

CRM system can help you in several ways to generate more leads. For example, while using web forms you can offer freebies if visitors put their email addresses. That way you are getting prospective customers who may be interested in your product or services.

The second way to generate leads is through customer referrals. You may ask how? If your existing customer's engagement is analyzed by you, you can get the data of your satisfied customer. You can then ask satisfied customers to refer your company to their friends, family, or acquaintances.

3. Customer Service Improvement

To retain customers, customer service is a must. Just like yours, a customer's time is also very valuable. A customer will either be happy or unhappy with your products or services. While the happy ones will stay the unhappy ones will leave, unfortunately. So it is important to know who your unhappy customers are.

This data can only be found out by using the CRM system Creation because CRM provides data regarding customer satisfaction. It stores all the details in one central location and makes it easily accessible for your team and anyone from the company. By effectively using CRM you can then hear out their complaints or negative experiences and resolve them in a better way.

Their complaints might be either defective products, misinformation, lack of guidance or below par after-sales services, etc.. Gaining valuable customer feedback is also possible through advanced CRM. All you need to do is send out customer surveys.

4. Improves efficiency in your team's organization

In the CRM system, all the details of interactions can be logged between your staff and your customers. Emails, phone calls, calendars, and everything is stored in one place for the smooth functioning of work. CRM can also remind you of your pending tasks that need to be completed. For instance, if a prospective customer asks you to follow up with them after a week if you had called them then this detail can be logged into the CRM system. So after a week, the CRM will remind you to call the customer.

Your CRM is easily accessible can be accessed from anywhere from the world as it is could base and can store huge data and documents. So this way success can be achieved if there are proper team collaboration and organization.

5. Automation of daily tasks

If tasks need to be done manually then it would take forever. To complete a task other sub-tasks, need to be completed as it is all interrelated. Vital sales tasks are time-consuming like filling out forms, sending reports, addressing legal issues, etc. plus there is a chance of human error. That is why CRM comes to rescue. By investing in CRM, the routine pressure of employees gets diminished because it is automated. So, this way the CRM can take care of the details whereas the sales representatives can focus on closing sales and resolving customer queries and complaints.

6. Employee accountability can be achieved through CRM

We know that if an organization grows or is growing big the customer also grows and for maintain that more and more number of employees is needed. Once the customer grows big there is also a chance of losing customers if everything is maintained manually.

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But with CRM you can assign your employees or team their roles and responsibilities and can keep track if they are going in the right direction or not. If not the problems can be identified and solved rather than playing the blame game. So there is transparency. This will also allow the employees to work on their weaknesses and allow them to grow further along with the organization's goal mainly effective customer relationships.

Keywords

Active Listening: Active listening is a communication technique. Active listening requires the listener to understand, interpret, and evaluate what they hear.

Behavior analysis: Behavior analysis is a science concerned with the behavior of people, and it attempts to understand, describe and predict their behavior.

Body language: Body language is the person's expressions, behavior, body movement, etc., through which you can judge that a person is tense, relaxed, worried, happy, restless, etc.

CLTV: It reflects the possible future business a company can expect from a loyal customer.

Continuity Marketing: These programs are generally aimed at retaining customers and enhancing their loyalty.

Cross-selling: Cross-selling is the act of selling a product or service to a customer as a result of another purchase.

Customer Relationship Management (CRM): Customer Relationship Management (CRM) is a business strategy to select and manage customers to optimize long-term value.

Event-based Marketing: The best definition of event-based marketing is a time-sensitive.

marketing or sales communication reacting to a customer-specific event.

Verbal Behavior: Verbal Behaviour, a detailed behavioural analysis of what constitutes as language is provided

Summary

- CRM is a comprehensive approach which provides seamless integration of every area of business that touches the customer namely – marketing; sales, customer service and field support – through the integration of people, process and technology, taking advantage of the revolutionary impact of the Internet.
- CRM creates a mutually beneficial relationship with your customers. In the rapidly expanding world of e-Commerce, there is a new generation of empowered customers emerging who demand immediate service with the personalized touch.
- Customer relationship management does not enable a quick win. It is a long-term approach that has to be adopted at a strategic level. However, the journey of understanding the strategic benefits of relationship management has just begun.
- To a greater degree, companies have understood the implications of customer relationship management and have identified the risk to their business of not doing so, namely loss of customers and competitive attack. They are yet to look at the bigger picture and understand all of the associated benefits that would enable their business strategies to be successful.
- The competencies required to deliver these customer benefits are to deliver on its service promise, integrate products and service channels effectively, customize products, services and their respective prices, create opportunities for cross selling and delivery mechanisms for the onward promotion of these products and services and reduce the gestation period to market by allowing quick and effective introduction of new products and services.

Unit 01: Introduction to Customer Relationship Management

- Customer Relationship Management (CRM) is a business strategy to select and manage customers to optimize long-term value.
- CRM requires a customer centric business philosophy and culture to support effective marketing, sales, and service processes.
- CRM applications can enable effective Customer Relationship Management, provided that an enterprise has the right leadership, strategy, and culture.

Self Assessment

1. Which of the following is the first stage in the Consumer Adoption Process?
 - A. Awareness
 - B. Interest
 - C. Adoption
 - D. Evaluation

2. Which of the following is the basis of building lasting relationship with the customers?
 - A. Product Price
 - B. Need Identification
 - C. Product Quality
 - D. Customer Satisfaction

3. which of the following factors influence the buying decision for a product?
 - A. Cultural factors
 - B. Individual factors
 - C. Social factors
 - D. All the above

4. If actual experience of a customer with goods is more than the the customer will be satisfied.
 - A. Product value
 - B. maximum value
 - C. minimum value
 - D. perceived value

5. which of the following is an aspect of relationship marketing?
 - A. Generating profit for consumers only
 - B. generating profit for business only
 - C. Creating conditions to earn profit from customers
 - D. Provision of engagement activities across stages of the relationship lifecycle.

6. Customer Relationship Management is a comprehensive approach for creating, maintaining and expanding
7. The concept of customer relationship management as a co-operative and collaborative process is mutual value creation on the part of the and customer.
8. Customer is the key element of CRM.

Customer Relationship Management

9. Mass Marketing is a in which a firm decides to ignore market segment differences and go after the whole market with one offer.
10. Mass marketing or undifferentiated marketing has its origins in the with the inception of mass radio use.
11. The elaboration of TQM is Notes
12. is a process for managing quality; it must be a continuous way of life; a philosophy of perpetual improvement in everything we do.
13. The full form of E-CRM is
14. The data gathered as a part of CRM must consider and
15. Customers expect efficiency in

Answers for Self Assessment

- | | | | | |
|------------------------------|--------------|---|--|--------------|
| 1. A | 2. D | 3. D | 4. D | 5. D |
| 6. Customer relation | 7. Marketers | 8. Satisfaction | 9. Market coverage strategy | 10. 1920's |
| 11. Total quality management | 12. TQM | 13. Electronic-customer relationship management | 14. Customer privacy and data security | 15. Services |

Review Questions

1. Write short note on CRM.
2. Describe the history of CRM.
3. How did CRM evolved?
4. What do you understand by Touch Point Analysis?
5. How does TPS help in increasing customer efficiency?
6. Explain how CRM helps in understanding the customer's views?
7. How have the customers transformed in recent times?

Further Readings

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Unit 02: CRM System

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Objectives

- . Understand Different CRM Processes
- Success of CRM Processes
- Application Of CRM in Different Business Areas

Introduction

Improves Informational Organization – CRM identifies, documents, and records all customers' interactions with the organization. This helps businesses to understand their customers better and provide instant solutions.

Ensures Enhanced Communication – CRM is cloud-based and never disappoints customers as it makes information accessible from any device. All the customer needs is an internet connection.

CRM enhances Your Customer Service – With CRM, customer support becomes a cakewalk. When the customer reaches out to the company, the executive would be all equipped to retrieve information on the activities like the recent purchases made, priorities and any other assistance that the customer requires.

Automates our day to day tasks – A CRM is developed to automate the performance of multiple tasks of the employees. This would help employees focus more on converting leads and addressing customer issues while the CRM is at their disposal to take care of the details. Greater efficiency for multiple teams – The stored information entitles the users of different teams to access emails, phone calls, and calendar details from a secure and easily accessible console. The best part of CRM is that users can same data with multiple teams simultaneously by tagging the required team to access the information. This new find simplifies the work for the teams and gives the possibility to work together to enhance the bottom line seamlessly.

Delivers accurate analytical data and reports – CRM systems archive data in one place that prompts enhanced data analysis. The tool is developed to easily integrate with plugins and other tools that can generate the possibility to create automatic reports to maximize your time. This helps the users to make effective decisions to reap the rewards in customer trust and get good revenue in the long run.

Customer Relationship Management

Customer satisfaction has always been a key element in the pursuit of corporate goals and objectives. However, the current competitive environment fostered by liberalization and globalization of the economy and the rising customer expectations for quality, service and value have promoted many companies to organize their business around the customers they serve, rather than around the product lines or geographic business units.

Customer relationship management (CRM) first gained prominence in the early 1990s. It refers to the holistic approach that organizations can take to manage their relationships with their customers, including policies related to contact with customers, collecting, storing, analysing customer information, and the technology needed to perform these tasks.

2.1 Need For CRM

According to Philip Kotler and Gary Armstrong, 'CRM is concerned with managing detailed information about individual customers and all customer "touch points" to maximize customer loyalty. It can also be defined as, 'an alignment of strategy, processes and technology to manage customers, and all customer-facing departments and partners'. In short, CRM is about effectively and profitably managing customer relationships through the entire life cycle.

CRM helps in providing better service to the customers and developing effective customer relationships. CRM integrates everything that a company's sales, services and marketing teams know about the individual customers to get a 360-degree view of the customer relationship.

The aim of CRM is to build customer equity; customer equity is the sum of lifetime values of all the customers. CRM analysts develop data warehouses and use data-mining techniques to develop and maintain long-lasting relationships with the valuable customers.

A data warehouse is a company-wide electronic database of detailed customer information. The purpose of data warehouse is not just to gather information but also to place it into a central location for easy access. Once the data warehouse locates the data at a central place, the data analysts use the data-mining techniques to examine the mounds of data to find out interesting facts about the customers.

1. Better service to customers:

CRM provides more avenues for customers to communicate and explain their needs to the organization through numerous contact points. Customers get increased satisfaction and a feeling of being special and important because of the increased personalization of services and customization of goods offered to them.

For example, ICICI Bank maintains a list of priority customers and provides them with additional facilities and special offers such as free tickets to concerts, movies, and so on. Some banks, such as Syrian Catholic Bank provide personalized services to their important customers.

2. Customization of market offerings:

Companies can customize a product or service depending on the data available with the firm. The firm can facilitate customer-company interaction through the company contact centre and web site. Such interactions help develop customized products.

3. Reduction in the customer defection rate:

CRM emphasizes on training and development of the employees to become more customer oriented. Due to CRM training and development, employees show care and concern towards the valuable customers; therefore, the customer defection rate may be reduced to a great extent.

4. Increase and improvement in long-term relationships:

Some firms treat their customers as partners. Firms solicit the help of the customers to design new products or to improve their services. If the customer gets involved with the firm, they are more likely to remain with the firm.

5. Increase in customer equity:

CRM increases customer equity. Firms focus the marketing efforts more on the most valuable customers (MVCs). The main aim of CRM is to produce high customer equity. Customer equity is the sum of lifetime values of all customers. More focus on MVCs will enable a firm to increase the customer equity.

6. Competitive advantage:

The firms that adopt CRM get competitive advantage in the market. They can face the competition with much ease. Competitive advantage helps in generating higher returns on investment.

7. Building and maintaining corporate image:

The image of the firm also gets enhanced. Loyal customers become evangelists. The evangelists spread a good word about the company and its products. This enables a firm to get additional customers to its fold.

8. Higher return on investment:

Due to CRM, a company gains a position to generate higher returns on investment. This is because of the repeat purchases on the part of the loyal customers. The company also makes money through cross selling. The higher return on investment increases the shareholders' value.

2.2 Techniques of Building CRM

Firms use a number of techniques to build, maintain and enhance CRM. The techniques include the software programmes, promotional techniques, pricing strategies, MVC programmes, and so on. Some of the techniques have been discussed in detail.

Data Warehousing and Data Mining:

CRM analysts develop data warehouses and use data-mining techniques to develop and maintain long-lasting relationships with the valuable customers.

A data warehouse is a company-wide electronic database of detailed customer information. The purpose of data warehouse is not just to gather information, but to place it into a central location for easy access.

2. Once the data warehouse locates the data at a central place, the data analysts use data mining techniques to examine the mounds of data to find out interesting facts of the customers.

The mined data can be utilized for various marketing decisions such as the following:

1. Product design and modification
2. Product pricing
3. Promotion mix
4. Selection of channels of distribution
5. Maintaining dealer relationships

2.3 What are Different Types of CRM?

The market for CRM software is booming, and you can find CRM solutions tailored for specific business goals.

However, most CRM tools fall into either one of these three categories:

- 1. Operational CRM**
- 2. Analytical CRM**
- 3. Collaborative CRM**

1. Operational CRM

This CRM focuses on customer-centric business processes. These processes include selling, marketing, and services. The application provides client information, previous marketing efforts, past sales, etc., and summarizes the customer-firm relationship. It also sets up the interaction of the organization with its current and potential customers. The two best and most famous examples of operational CRMs are Salesforce and Hub spot.

Operational CRM includes two main components that help in serving the top-notch experiences to the customers. They include:

Customer Relationship Management

Salesforce Automation (SFA): SFA application helps in managing selling activities. The tool focuses on setting the organization to invite new customers and maintaining the existing customers. The information is organized by the application so that the company can increase its sales by keeping the customers need in mind. Some of its focused CRM sales modules are:

Product Configuration: It permits designing the product or deciding its price to the salesperson or customers. It works on an **if-then-else**

Quotation and Proposal Management: A quotation and proposal can be created by the salesperson related to the product price and customer details, respectively. These details include the customer's name, product code, delivered product, number of pieces, etc.

Accounts Management: Under this module, a proper record of inward entries and credit and debit amounts for various business transactions are managed.

Lead Management: With its help, the users can qualify leads and refer them to the correct salesperson.

Contact Management: It helps keep a computerized record of customer's contact details, automatic dialing numbers, and salespersons' calendars. This record further helps in smooth and effective communication with the customers.

Opportunity Management: It helps the users to recognize and follow the leads from their status to closure and beyond closure.

Marketing Automation (MA): Marketing automation is used to providing products and services and approaching potential customers in the best possible way. It involves the following CRM marketing modules:

Market Segmentation: This divides existing and potential customers into sub-groups as per the typical behavioral and consumption pattern. It helps in identifying the target audience and ideal customers. Some of the most common types of market segmentation are as under:

Demographic

Psychographic

Geographic

Behavioral

Campaign Management: Planning, executing, tracking, and analyzing a marketing initiative is known as campaign management. Sometimes this management focuses on the launch of a new product or an event. These campaigns include several modes such as email, social media, surveys, print common issues or problems that may arise during the lifecycle of a project. These issues may include technical failures, problems of staff or suppliers, material shortages, etc. If these problems are ignored or not resolved on time, they may cause conflicts, delays, or even permanent failure of the project. To manage all the issues, it must have a strategic focus on listening, observing, research, data gathering and analyzing, and relationship management.

Customer Call Management: This is a software tool used by **call center agents** and **corporations** to increase the efficiency of inbound call handling and enhance their customer's experience. These tools store data of customer's account information and contact history. This helps in understanding customer's history with the organization and personalize their contacts. The application provides accurate data that does not rely on assumptions of marketing and employee performance. **CSL tracking** or **call recording** is the foundation of any successful customer call management.

Service Level Management: It is one of the five components of the **ITIL Service Delivery Area**. SLM is helpful in developing the **Service Level Agreement (SLA)** and **Operational Level Agreements (OLA)** so that the contracts can be completed. It also provides a framework to define the services, ages y to the service levels, and calculates the costs of underdeveloped services. The primary purpose of SLM is to make sure that all the services are delivered on time to the customers as per the previously set targets.

Benefits of Operational CRMs:

It helps in managing a number of various marketing campaigns.

It provides an option of self-service to the customers.

It traces all the critical information from leads to sales KPIs.

It sends reminders and assigns leads to all the recurring activities such as meetings and sales reps.

It also helps in increasing the sales and revenues of the organization by gaining intuition.

2. Analytical CRMs

Analytical CRM is responsible for finding out the better way to provide services to the customers. This CRM helps the top management, sales, and marketing to analyze the data. This customer data provide insights related to the present status of the business organization. This analysis supports the management in better decision-making, marketing executives in understanding campaign effectiveness, sales executives in increasing sales, and personnel building strong customer relationships. If you want to improve the customer analysis of your business, then you may use **Zoho Analytics** or **Wave: Salesforce Analytics Cloud**, the two best applications for customer analysis.

ts various tools are:

Data Warehousing: The analytical CRM starts from this point. The place where unsold goods are stored for a temporary period is known as a **warehouse**. In the same manner, a data warehouse is a central place where data from various sources is integrated and stored. In simple terms, it is a way that helps in collecting, accessing, and organizing the data of the customers generated by all the departments. Only after following this module, an organization can move further to analyze and generate reports. Two main approaches include **Extract, Transform, Load (ETL)**, and **Extract, Load, Transform (ELT)** together forms a data warehouse. The essential features of the data warehouse are:

Subject Oriented: The focus of the data in the data warehouse is on the prime subject of the organization. It helps in effective decision-making.

Data Integrated: The warehouse data is combined in such a way that it is stored without any inconsistency. They have complete consistency, including banking conventions, physical attributes, and measurement of variables, encoding structure, and many others.

Time-variant: The data of the data warehouse is mainly used for its **mining** and **forecasting**. Because data warehouse mainly contains historical data that shows a long time horizon.

Non-volatile Data: The data present in the data warehouse can't be updated, created, or deleted. It can only be read. Data warehousing improves data quality, maintains data history, and restructure the data. Various design methods of the data warehouse are as under:

Bottom-up Design: Data marts are formed so that some specific business processes can be performed by providing reporting and analytical capabilities. After it, these marts are combined to form a data warehouse.

Top-down Design: This approach is created by using the data model of normalized enterprise. This design has the **atomic data**, the data at the most significant level of details in its data warehouse. The data for specific business processes or departments are stored in dimensional data marts.

Hybrid Design: This DW database is the third standard form that removes data redundancy. This architecture supports the data replacement with a **master data management repository**. There are three primary types of Data Warehouse which include:

Enterprise Data Warehouse (EDW)

Operational Data Store (ODS)

Data Mart

Data Mining: This is the process of analyzing a large amount of data after collecting it at one place to discover business intelligence. It helps the organization in solving problems, mitigating risks, and seizing new opportunities. It is a complex technique that you can use to turn the basic information of your data into valuable insight. Data mining supports various statistical techniques such as association, classification, and anomaly detection. These techniques can be used to analyze data by identifying patterns, trends, and relationships. This analysis can be further used to identify future uncertainties, take proper measures to resolve them, understand customers, develop profitable marketing strategies, increase revenues, etc. Data mining is applicable in many fields such as sales and marketing, business and research, education, product development, and healthcare. Some commonly used functions of data mining are as under:

Data Cleansing and Preparation: In this function, the transformation of data helps in further analyzing and processing. For example, finding and removing errors.

Customer Relationship Management

Artificial Intelligence (AI): AI performs analytical activities along with human intelligence that includes planning, learning, reasoning, and problem-solving.

Clustering: Under this process, a dataset is divided into sub-classes known as **clusters**. This partitioning helps in understanding the natural **grouping** or **structuring**.

Classification: Under this technique, various dataset items are assigned to target categories. This is done to predict the target class for each case accurately.

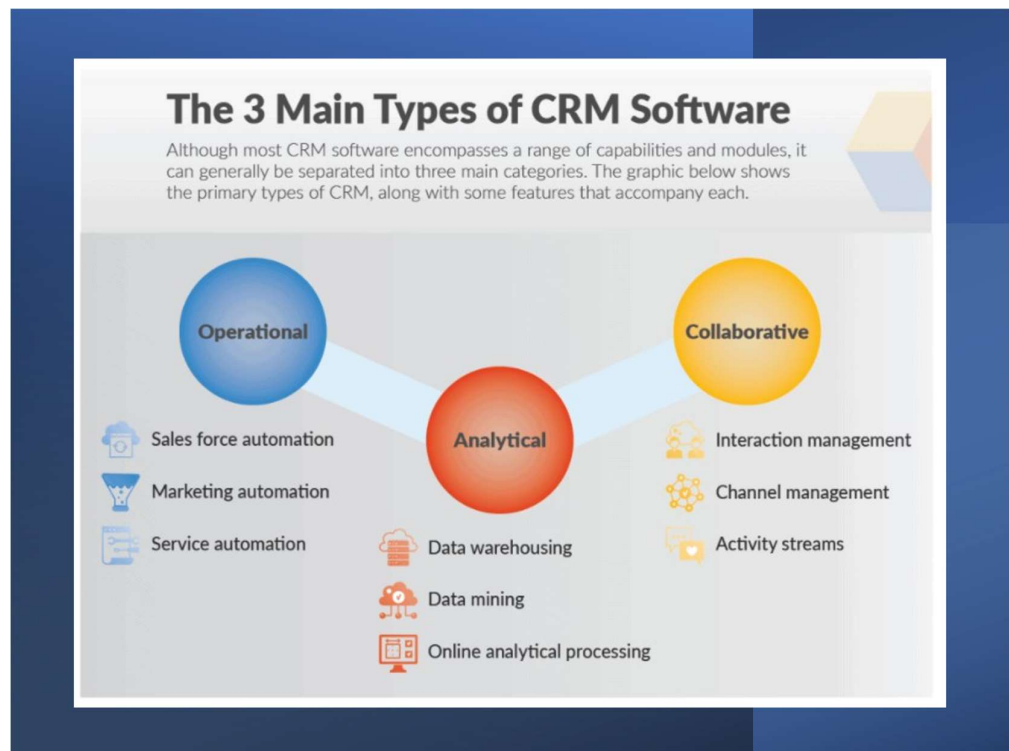
Machine Learning: Under this programming technique, the statistical probabilities are used to provide computers the ability to **'learn'** without explicit programming.

Association Rules Learning: These tools are used to know how variables in a dataset related to each other? For example, determining those products which are typically purchased by the customers together. The ARL tool is also known as **Market Basket Analysis**.

Regression: This technique helps in forecasting the numerical values that are based on a particular set of data such as sales, stock prices, etc.

Online Analytical Processing (OLAP): It is a software tool that allows the same time analysis of the information from a set of various database systems. The analysts can extract and go through different sets of business data. The technique helps in faster analysis by pre-calculation and pre-aggregation of data. These databases have one more cube. Various types of OLAP area as follows:

Relational OLAP (ROLAP): ROLAP performs the standard relational operations without pre-computation. It can drop down to the lowest level of detail in the database. These tools can easily handle textual descriptions. The speed of ROLAP makes it less effective than MOLAP. The tool is also not appropriate if the model is heavy on calculations.



Multidimensional OLAP (MOLAP): MOLAP performs the operations in multidimensional data. Due to their optimized storage capacity, multidimensional indexing, and caching, MOLAP shows fast query performance. A common disadvantage of the tool is that the processing can be lengthy in some performance, while some may introduce data redundancy.

Hybrid OLAP (HOLAP): The HOLAP tool helps the model designer in deciding whether data is to be stored in MOLAP or ROLAP. These tools can utilize pre-calculated cubes as well as relational data sources. HOLAP has the performance of MOLAP and the efficiency of ROLAP. This is because they can store detailed data in a relational database and aggregated totals in a multidimensional database.

Unit 02: CRM Systems

Desktop OLAP (DOLAP): The tool is used to download the data from the database locally or on the desktop so that it can be analyzed. It offers minimal functionalities hence is relatively cheaper than other OLAP tools.

Web OLAP (WOLAP): WOLAP is a **three-tiered architecture** that works via a Web browser. Its three components are client, middleware, and database server.

Mobile OLAP: This tool helps the users in analyzing and accessing data via mobile devices.

Benefits of Analytical CRMs:

It enhances customer satisfaction.

It increases customer retention rates.

It finds out your weakness and helps to work on them.

It helps in optimizing marketing campaigns.

It targets leads, prospects, and buyers with applicable content.

It makes a detailed report about the customer journeys and personas.

It finds out the best customers to cross-sell and upsell.

It increases the revenue by analyzing which product or service provides the most significant sell.

3. Collaborative CRMs

As clear from the name, collaborative CRMs help collaborate different teams in the organization and share the customers' required information. Operational CRMs deal with marketing and sales, and collaborative CRMs focus on better customer service.

The application not just helps the departments (like sales and marketing) to exchange quality information but also supports the teams. Without collaborative CRMs, it can be too difficult to share customer information between the departments because of their separate working process. Some of the best examples of collaborative CRMs applications are **Pipedrive** and **Copper**.

Its various modules are as follows:

Interaction Management: This is an online application that helps in building a better relationship between an organization and its customers as well as vendors, partners, and employees, which improves their performance, delegation, and team building. This effective communication can take place through convenient ways to chat online, get customer feedback via polling or rating, send customers to online resources, share files, expertise and skill directories, etc. Effective interaction with customers helps in the smooth running of the business as it creates low-cost customer support services, helps customers to get experts' consult, creates incentive programs, provides an environment of online collaboration, etc.

Channel Management: Under channel management, various marketing techniques and sales strategies are developed to reach the broadest possible number of customers. In order to develop programs for providing quality services to the customers and increase sales, the channels should be divided into segments as per the customers' characteristics, **for example**, needs, buying patterns and success factors, etc. After it, a program can be launched to include goals, policies, products, sales, and



Direct Marketing Channel: The medium in which no intermediary is involved in distributing goods or services is known as direct selling. In such a medium of distribution, the manufacturers directly sell the goods or services to the customers. It is also called **Zero-Level Channel**. This distribution network is widely popular in service-based businesses such as traveling, catering, salons, etc. Direct selling is also the most profitable and cost-efficient channel for small producers as it reduces the margins to intermediaries.

Indirect Marketing Channel: The medium in which various intermediaries distribute the goods and services is called Indirect Marketing Channel. This channel is also called **Selling through Intermediaries**. The channel is further divided into three types as per the number of mediators involved:

One-Level Channel: Under this channel, only a single middleman is involved in the distribution process. That single person is known as a **retailer** who buys goods from the producer and sells them to the end users. This channel is mainly used by shopping malls and retail marts. Other than this, producers of some particular products like furniture, footwear, clothing, etc., also prefer one-level channels.

Two-Level Channel: Under this channel, the goods are bought by the wholesaler in bulk and then are supplied to various retailers in small quantities. In the end, the customers buy these goods from the retailers. This mode of distribution is preferred by those producers who want to grab the market. The two-level channel also increases the availability of the producers which helps in the mass production and a high amount of sales.

Three-Level Channel: Under this channel, the individual agents or agencies are appointed by the producer for the further distribution of goods to selective wholesalers in bulk. These wholesalers sell the goods to the retailers, and then these retailers sell them to the customers. It is used by those producers who want to grab a large geographical area. This mode of distribution is mainly used for confectionery products. Other than this, peripheral goods are also preferred to distribute via a three-level channel.

Strategic CRMs: Strategic CRM is helpful for the organization which focused on building long-term relationships with their customers instead of short campaigns and quick sales. Here, the customers are the priority of the business. The producers collect, segregate, and apply information about the customers and market trends so that they can provide a better value proposition to the customers. The organizations make a constant analysis of customers' needs and adapt them. Strategic CRM helps in increasing the market share and frequently buying customers. The various steps to develop and determine the CRM strategies are:

Amplifying the commitments.

Building a valuable project team from various departments.

Analyzing the actual business requirements.

Benefits of Collaborative CRMs:

It supports cross-team communication.

It supports the customers consistently across their channels of choice.

It provides messages related to the actual pain points.

It combines data to get more precise information about the customers.

It also manages the customer journey by providing a holistic approach.

2.4 What are the 5 steps in the CRM process?

The five steps of the CRM process are a collaborative effort between marketing, sales, and support departments.

1. Generate Brand Awareness

The first step to acquiring new customers is to introduce them to your business. The marketing team typically takes on this task through several measures:

Learning about your target audience. Marketers will research to identify their audience's target demographics, interests, preferred channels of communication, what messaging they respond most to, and what they care about.

Segmenting your target audience. Audience personas are created to segment a brand's target audience into similar groups based on similar interests or demographics. This helps marketers identify which types of people are most likely to become customers and who their campaigns should target.

Creating marketing campaigns that speak to those target demographics. A/B tests and marketing automation can identify what works and what doesn't, create unique campaigns for unique customer segments such as on social media or email, and create strategies for lead acquisition.

Creating marketing campaigns

When it comes to completing these steps, a CRM solution is a wealth of information. The tool can show past leads and customers patterns to give marketing teams a clear picture of their target audience.

Beyond understanding similarities in demographics, marketers can also analyze sales notes in their CRM technology to understand what led to conversions in the past. By understanding what resonated with leads, marketers are better equipped to create effective campaigns.

2. Acquire Leads

Introducing brand to a potential customer is just the beginning of the CRM process. From there, we need to learn more about your business and engage with it.

Depending on how your company is structured, this lead acquisition step could be a marketing or sales team responsibility – or both. Your marketing team, for example, might encourage website visitors to share their email with a newsletter signup CTA or a social media giveaway.

On the other hand, Sales could use their CRM system to set up live chat on your site. With this feature, your team can proactively reach out to potential customers who land on your website.

If your CRM technology comes equipped with a lead enrichment tool, like Reach, the lead acquisition is unbelievably simple. All the tool needs is a lead's email address to reveal detailed information about the person instantly.

We can personalize your outreach with the lead to start the relationship off on the right note with customer data. Not to mention, you can save tons of time by not needing to research leads yourself.

Convert Leads into Customers

You've successfully engaged with your leads, and they're interested. Now it's time to turn those leads into customers.

To do so, sales reps must first be skilled at identifying how interested leads are and, specifically, whether they're interested enough to make a purchase. Again, a CRM system is beneficial here. The historical data from past successful sales can be used to identify lead-qualification criteria. These

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criteria can be added as “attributes” to your CRM’s lead-scoring tool to help reps identify opportunities with the highest probability of a sale. If leads seem likely to make a purchase, reps must then nurture them further and build their trust enough to convert. One way to do this is to send leads to case studies, white papers, and other resources that may sway their decision.* *

Reps should also use their CRM platform to set reminders and tasks to follow up with interested leads. After all, studies have shown that “63% of consumers need to hear a company’s claim 3-5 times before they believe it.” So use’s dashboard to help you remember to follow up to ensure that no opportunities are missed.

Provide Superior Customer Service

Once successfully converted your lead into a customer. Great! But the CRM process doesn’t end when a customer converts. To grow as a company, you need to retain customers. So how do you keep that customer coming back? Excellent service from support.

Provide Superior Customer Service

According to Zendesk’s 2021 Customer Experience Trends Report, customer service is the most significant factor determining a consumer’s loyalty to a brand. Conversely, poor customer service can cost you customers and negatively impact your reputation. Therefore, support teams must deliver superior support whenever, wherever, and however their customers expect it. Forty-nine percent of customers say being able to resolve their issues quickly is the most crucial aspect of a good customer service experience. With CRM software, support agents can easily access the historical customer information they need to resolve a ticket quickly.

ifty-seven percent of customers expect to have a choice of channels when reaching out to customer support. CRM features allow support agents to provide omnichannel support and manage those conversations in a single, unified view. With the right CRM, your agents have the customer information and resources they need to resolve a customer’s issues quickly and effortlessly. This allows for a stress-free and efficient experience for both the customer and the support agent.

Drive Upsells

When we think of a returning customer, we imagine a shopper continually coming back to the same business to buy the products they know and love. But there is another important way existing customers provide value – by upgrading to more expensive products. How do you convince customers to switch products? Personalized recommendations via email are a great place to start. You can use your CRM to organize customers into intelligent lists based on similar purchase histories.

You can then create custom email templates that send relevant product releases to entire lists of customers at once. This way, you can be sure the promotional deals or releases you send are reaching the people most likely to buy them.

If your business is service based, you may find upsell opportunities through check-in calls. Set reminders in your CRM to regularly reach out to repeat customers to ask how they’re doing and whether there is any way you could improve your service. Their needs may very well have changed since the last time you spoke, and they may be ready for an upsell.

With a CRM process, the customer lifecycle no longer feels abstract. Instead, the right CRM enables you to create a deliberate, personalized experience that naturally drives leads through your sales pipeline.

Benefits of CRM for Business

Marketing automation CRM

Improves Informational Organization – CRM identifies, documents, and records all customers’ interactions with the organization. This helps businesses to understand their customers better and provide instant solutions.

Ensures Enhanced Communication – CRM is cloud-based and never disappoints customers as it makes information accessible from any device. All the customer needs is an internet connection.

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CRM enhances Your Customer Service – With CRM, customer support becomes a cakewalk. When the customer reaches out to the company, the executive would be all equipped to retrieve information on the activities like the recent purchases made, priorities and any other assistance that the customer requires.

Automates our day to day tasks – A CRM is developed to automate the performance of multiple tasks of the employees. This would help employees focus more on converting leads and addressing customer issues while the CRM is at their disposal to take care of the details.

Greater efficiency for multiple teams – The stored information entitles the users of different teams to access emails, phone calls, and calendar details from a secure and easily accessible console. The best part of CRM is that users can share data with multiple teams simultaneously by tagging the required team to access the information. This new find simplifies the work for the teams and gives the possibility to work together to enhance the bottom line seamlessly.

Delivers accurate analytical data and reports – CRM systems archive data in one place that prompts enhanced data analysis. The tool is developed to easily integrate with plugins and other tools that can generate the possibility to create automatic reports to maximize your time. This helps the users to make effective decisions to reap the rewards in customer trust and get good revenue in the long run.

Choosing the right CRM for your business?

Choosing the right CRM is a key to any successful business.

Following are the questions to consider to find if it's the right for your business

Is it for small business

Are any limitations to the number of users

Is it easy to use?

Is the API accessible?

What are the default security features available

Is it easy to integrate with other solutions that I already use?

Is the software affordable and fits your budget?

Following are the factors to consider knowing which CRM is the right for business.

Implementation: Implementation plays a vital role. If you are changing or installing new software to the existing process, a phase of implementation has to be gone through. Understand if implementation factors like training and testing and the associated cost incurred would fit your requirements.

User Adoption – The new change should be easy to adopt by the users of the team. Involving the teams in selecting the CRM process helps associates accept the change and the new system. In addition, the more ownership the employee gets in choosing the new tool, the easier it is to adapt to the change.

User Adoption

Mobility – Employees in the teams are more adoptive to the newest technology. So it is critical to choose a CRM tool that can be updated regularly and remain current with the latest technology.

Customization – Each business process is unique and different, and the demands are other too. The CRM you choose must be flexible and versatile to handle your business processes. It should also be adaptive and scalable to the changes in business processes without any replacement.

Compatibility – It is essential to choose a CRM compatible with other existing applications involved in the process.

Customer Relationship Management

Product Demo – As a part of the user adoption, it is crucial to access a product demonstration. This would help you understand the strengths and weaknesses of the tool and understand if it would be the right tool for your business needs.

Reporting – While you sit back and enjoy the product’s functionalities, it is essential to check on the reporting capabilities that can assist you to thrive amidst your competitors successfully.

Customer relationship management is the lifeblood of solid businesses. Develop a CRM process to ensure you’re investing your time and energy efficiently. Although CRM seems like an internal process, it will result in customers having the best possible experience doing business with you. The goal of any solid CRM process is business growth and profitability. CRM boosts productivity by allowing you to focus on the highest quality leads and deals so you can reinvest the time back into them.



Case Study:

Strategic CRM at Boise Office Solutions In 1998 the CEO of Itasca, Illinois-based Boise Office Solutions, decided that the only way to escape the bruising price competition and razor-thin margins of office supply superstores such as Staples and Office Depot was to provide greater value through superior customer service, with the support of a CRM system. Three years and \$20 million later, the \$3.5 billion subsidiary of Boise Cascade switched on a CRM system that differentiated them from other competitors in the office supplies industry. The company can now share customer data across five business units, 47 distribution centers and three customer service centers. This has allowed Boise to cross-sell, retain and service accounts much more effectively. One of the CRM system’s many features is web collaboration which allows representatives to co-browse and chat with customers online while making recommendations.



Source: Green guard (2002) 11



Note: Choosing the right CRM is a key to any successful business.

Summary

In this chapter you have learned that the expression CRM has a variety of meanings. Four types of CRM have been identified: strategic, operational, analytical, and collaborative. There are many misunderstandings about CRM. For example, some people wrongly equate CRM with loyalty programmers, whereas others think of CRM as an IT issue. Although CRM is generally thought of as a business practice, it is also applied in the not-for-profit context. Several different constituencies have an interest in CRM, including CRM consultancies, CRM software vendors, CRM application service providers, CRM hardware and infrastructure vendors, companies that are implementing CRM and their customers. Several different models of CRM have been developed. Finally, we have produced a definition that underpins the rest of this book. We define CRM as the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer-related data and enabled by information technology.

Keywords

Competitive Advantage: An advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competition. There can be many types of competitive advantages including the firm’s cost structure, product offerings, distribution network and customer support.

Corporate Social Responsibility: Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large

Customer Value Framework: The framework identifies five major sources of value – information, products, interactions, environment, and ownership – that are associated with central value-chain processes.

Customer Value: It is defined as the difference between what a customer gets from a product, and what he or she has to give in order to get it. It helps people and companies unlock their inner creative power and achieve amazing results. **Marketing Research:** It is the systematic gathering, recording, and analysis of qualitative and quantitative data about issues relating to marketing products and services. The goal of marketing research is to identify and assess how changing elements of the marketing mix impacts customer behaviour.

Marketing Strategy: Marketing strategy is a process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage.

Technology Components: The CRM technology components combine the functions of CRM engine, Front-office solutions, Enterprise Application Integrations (EAI) for CRM.

Self Assessment

1. The first model component of CRM architecture is
2. There are types of technological components of CRM.
3. Departmental model is possible for size of organizations.
4. is the capture, storage, extraction, processing, interpretation and Notes recording customer data to the user.
5. is any CRM function that provides a point of interaction between customer and the channel itself.
6. Product quality, service quality, price, and image shape a customer's perception of
7. The growth matrix of the customer value includes combinations.
8. The first combination of customer value growth matrix is
9. The last combination of customer value growth matrix is
10. We define as the perceived worth in monetary units of the set of economic, technical, service and social benefits received by a customer firm in exchange for the price paid for a product offering.
11. is performing activities that increase the value of goods or services to consumers.
12. The ultimate goal of value creation is
13., is the process of using intellectual capital to create new products or services that generate positive business results in the form of financial returns.
14. Companies can create shared value opportunities in ways.

Customer Relationship Management

15. Creating Shared Value is a business concept first introduced in article
Strategy & Society

Answers for Self Assessment

- | | | | | |
|--------------------|----------------|---|-------------------------------|-------------------------------|
| 1. Functional | 2. Three | 3. All | 4. Analytical CRM | 5. Collaborative CRM |
| 6. Value | 7. Four | 8. Existing product & existing customer | 9. New product & new customer | 10. Value in business markets |
| 11. Value creation | 12. Innovation | 13. Value creation innovation | 14. Three | 15. Harvard business review |

Review Questions

1. Write short note on customer value.
2. How customer value is important to business?
3. Explain the framework of customer value creation.
4. What are the technological components of CRM?
5. How is value creation significant in enhancing brand loyalty?
6. How many components are there in CRM and what explain them?
7. What are positioning and product concepts?
8. What is marketing research?
9. How is the strategies made for product identity enhancement?
10. Write short note on CSV?

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Unit 03: Conceptual Foundations

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Objectives

- Understand about Evolution and Benefits OF CRM
- Conceptualize Customer Relationship Management
- Building Customer Relationship Management

Introduction

A company can outperform rivals only if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable value at a lower cost, or do both. — Michael E. Porter. 1996.

Organizations use customer profitability analysis to identify the most valuable customers or customer segments to prioritize marketing, sales and service investments. By studying profitability metrics such as lifetime value, repeat purchase rate, and churn rate, analysts can identify profitable segments, uncover defining characteristics of those segments and target similar populations for acquisition. Similarly, retention programs may be created for particularly profitable customers. Business intelligence provides the statistical and data mining capabilities to calculate lifetime value, identify product affinities for cross-sell campaigns, and perform predictive analysis of from additional marketing investment.

Customer segments or individual customers Notes may be further investigated through ad hoc analysis, lists of customer segments may be automatically generated, or alerting rules may be applied to customer segments to automatically notify relationship managers when profitable customers have executed a transaction. Within any given customer base, there will be differences in the revenues customers generate for the firm and in the costs the firm has to incur to secure those revenues. While most firms will know the customer revenues, many firms are unaware of all costs associated with customer relationships.

In general, product costs will be known for each customer, but sales and marketing, service, and support costs are mostly treated as overhead. Customer profitability analysis (CPA) refers to the allocation of revenues and costs to customer segments or individual customers, such that the profitability of those segments and/or individual customers can be calculated. The impetus for the

increasing attention for CPA is twofold. Firstly, the rise of activity-based costing (ABC) in the 1990s led to an increased understanding of the varying extent to which the manufacturing of different products used a firm's resources (Cooper & Kaplan, 1991; Foster & Gupta, 1994).

When using ABC, firms first identify cost pools: categories of activities performed within the organization (e.g., procurement). For all cost pools, cost drivers are identified: units in which the resource consumption of the cost pool can be expressed (e.g., number of purchase orders). Costs are then allocated to cost objects (e.g., products) based on the extent to which these objects require certain activities (measured in cost driver units). Once it became accepted that not every product requires the same types and same levels of activities, it was a small step to see that customers, too, differ in their consumption of resources. The size and number of orders, the number of sales visits, the use of helpdesks, and various other services can be very different for each customer.

Consequently, some customers incur more relationship costs than others, leading to different levels of customer profitability. Although this has long been recognized, it fits better in the logic of ABC than in the traditional costing systems. Secondly, information technology makes it possible to record and analyze more customer data—both in type and in amount. As data such as number of orders, number of sales visits, number of service calls, etc. is stored at the level of the individual customer; it becomes possible to actually calculate customer profitability. It is considered good industrial marketing practice to build and nurture profitable relationships with customers.

To be able to do this, a firm should know how current customer relationships differ in profitability, as well as what customer segments offer higher potential for future profitable customer relationships. CPA can deliver such knowledge. While many publications extol the virtues of knowing which customers are profitable and which are not (Cooper & Kaplan, 1991; Jacobs, Johnston, & Kotchetova, 2001; Shapiro, Rangan, Moriarty, & Ross, 1987; Storbacka, 1997), most publications provide no more than a cursory description of the actual implementation process of CPA.

One notable exception is the case description by Noone and Griffin (1999) set in the hotel market. Firms operating in industrial markets face specific implementation issues however. These issues are related to characteristics such as the use of account management and personal selling, indirect selling via distributors, maintenance and repair services, demonstrations of equipment at customer sites, and extensive discounting and bonus structures for customers and distribution partners. The objectives of this article are to develop a general approach for the implementation of CPA in industrial firms and to share what was learned from the actual implementation of such a process in one national subsidiary of a multinational industrial firm.

3.1 Benefits of CRM

Before heading towards the discussion about what is meant by customer lifetime value, we must understand the concept of managing the customer profitability.

1. Better client relationships

By having access to a unified view of contact and customer information, you're in a better position to know who's who and provide personalized, thoughtful service and support. By receiving in-app notifications of customer inquiries across multiple channels (social media, web form, email, voice, and more), your response times will be faster; automation tools for transferring inquiries to the most relevant agents, and collaborative tools to involve multiple team members also make your responses smarter, and speed up issue resolution times. CRM systems can dramatically improve customer experience, helping you retain existing customers and turn leads into new customers.

2. Ability to cross-sell

To increase sales doesn't only mean new customers but selling new products to regular customers. CRM software gives you in-depth information on a customer's purchasing behavior and their place in the customer life cycle. When you know what products they've bought, you can intelligently cross-sell products and services related to their interests. With the right planning and data, you can avoid the major pitfalls of cross-selling, i.e. annoying customers with irrelevant or poorly timed suggestions.

When you know customer needs inside and out, and their preferences over time, there's also the benefit of better upsell results. CRM data collection and marketing automation can identify the incrementally more expensive, higher-end products and services that a customer will actively consider, rather than reject out of hand.

3. Organize customer information

With CRM, all your customer data across channels is consolidated in one place. You can easily keep track of who's who, log notes on individuals, and see the history of each customer's interactions with your company. For example, when they visited your website, if/when they spoke to a sales, support, service rep, and what they've purchased.

This allows you to see where in the customer life cycle or journey your customer is, and segment customers according to interactions with your company. CRM contact organization tools also have tools for eliminating duplicate customer profiles.

4. Sales productivity

Sales productivity tools notify you to send a follow-up email, provide detailed customer purchase histories, and allow you to track deals through the sales pipeline. They can also identify a new sales opportunity, and track existing opportunities by stage, month, amount, and the probability of success.

Sales reports provide detailed views of who your best customers are, where your leads come from, sales pipeline pain points, customer motivation for purchasing from you, and more.

5. Improve customer satisfaction

When customer interactions are backed by service CRM, you'll be better positioned to increase your standard of service and support. Over time, you'll be able to build up distinct customer profiles, leading to an in-depth understanding of group values, preferences, and demographic and geographic information. You can identify your stable customers and reduce marketing activities accordingly and determine churn risk and customer sentiment, meaning you can intervene in a timely fashion to shore up relationships and save deals.

More directly, CRM offers survey features for monitoring customer satisfaction and customer ratings for individual service and sales reps.

6. Centralized database across your sales organization

A centralized database unifies information across departments and teams, allowing you unlimited access to lead and contact information, purchase histories, inventory, sales, and marketing information. When your sales reps are on the beat, they'll be able to have access to a client's interactions with other departments like service and support, meaning they're well-positioned to anticipate customer demand.

You can also capture multichannel customer interactions, like when a customer fills out an online contact form, spends time on a specific website section, or leaves a blog comment; with a CRM platform, that information all goes into an organized database and becomes a part of your business's useful data.

7. Maintain all communication and interactions with prospects

All your interactions with prospects and customers—email, phone calls, chatbots, and more—can be tracked and managed with CRM. This allows you to receive notifications on whether or not you've responded to a lead or customer's inquiry in addition to fulfilling your follow-ups in a timely manner, without having to resort to post-its and scattershot manually-input reminders across other digital tools.

8. Automate mundane tasks

CRMs offer marketing automation, sales force automation, and service automation, eliminating a lot of repetitive, menial tasks. This gives more time for the high-level cognitive tasks humans are best at (like one-on-one engagement with customers).

Automation tools for data entry, smart identification of potential customers, lead and customer tracking, drip email marketing, follow-ups, and information field updating also make your business smarter, with less effort. These automated workflows often come in templates or can be easily set up.

9. Enhance team collaboration

Collaborative CRM tools help facilitate communication throughout your team, as well as with external stakeholders like suppliers and distributors. This allows you to collaborate on strategy, and deliver best practice results within your company in all customer-facing interactions.

Customer Relationship Management

By sharing customer information across your team, you can establish best practices for contacting them (when, and over which channel) and ensure consistent, quality customer interactions. Team members will be able to access individual case files in real-time, reducing the need for face-to-face meetings. Mistakes and redundancies are stamped out, so service costs fall too.

10. Generate customer insights

Customer data feeds customer insights while a CRM unifies cross-channel activity of users, offering a single, detailed portrait of each individual – from geographical location to brand affinities, interests, and purchasing behavior.

Having a holistic view allows you to know who your public is, and personalize engagement. AI and machine-learning driven data mining can provide recommendations for sales, marketing, and other teams to predict churn and the best next action to take.

11. Enhance Client Retention

Customer retention and churn rates are key determiners of any company's success, customer churn being a major obstacle to any business's growth.

CRMs offer tools like sentiment analysis, automated ticketing, and customer support and service automation, all of which help give human agents the information they need to defuse issues and build customer loyalty. In-depth analytics tools that look at customer life cycle can show you when churn happens and its causes, so you can identify and address specific pain points.

12. Segment Customers

CRM reporting and analytics tools can segment leads and customers into different categories, using criteria like how long they spent on your website, what links they clicked on, and what kind of personal information they shared on a form.

With a marketing CRM, you can use segmentation tools to build separate marketing campaigns for separate demographics, keeping your brand "top-of-mind" until the lead is ready to become active. These can be drop email campaigns or homepage pop ups. For sales, you can use segmentation to filter customer type, location, or deal stage, calibrating your pitch and outreach timing, and increasing the likelihood of making a conversion or winning a deal.

13. Automate forecasting for your sales performance

A sales CRM provides automated sales forecasting tools, incorporating metrics on deal value and the probability of deal close, so you can get accurate estimates on sales and allocate resources accordingly.

Accounts management tools automatically put client information in one place for easy access, including their activity, pending deals, associated contacts, and payment status. Quotation management lets you generate quick quotes and keep track of those already in play. Both are super useful for forecasting sales and orienting your production and operational resources around specific customer segments.

14. Map your sales processes over time

When you run your sales processes through CRM, your sales team will gain full visibility on emails, calls, client meetings, team member performance, and results. Over time, this will generate more and more valuable sales data, offering insights on what aspects of your sales cycle are performing well, and which are in need of some tweaking.

With centralized data at your fingertips, CRM allows you to define KPIs, build sales pipeline stages, identify criteria for lead qualification, and figure out which specific actions sales reps should take at any given deal stage. This will allow you to build a repeatable sales cycle, and refine it to get the best possible results.

15. Cost-effective

There are many modern CRMs affordable for small and mid-size businesses, and even freelancers. Cloud-based, SaaS platforms and increasing competition have driven down costs, while the 'Uberization' trend has cut down CRM learning curve, minimizing implementation time and in many cases eliminating the need for in-house developers and IT.

Additionally, there's the 'bang for your buck' factor; tools like Business Intelligence (BI), machine-learning algorithms, and AI, previously priced beyond the reach of the average company, are now integrated into many low-cost and no-cost platforms.

16. Create administrative tasks efficiently

Repetitive admin tasks take up a lot of time. Manual data entry – seeking out a specific email thread in your jumbled Gmail inbox, recording contact information and importing it from your phone (or a napkin) to the company's contact database—all these little menial tasks cut into more important business processes. CRM addresses these pain points by automatically consolidating contact data from different sources into one full-visibility profile, plus giving you a searchable, cross-channel overview of all your communications with any given contact.

17. Scale and grow efficiently

With analytical CRM tools, customer information of all descriptions can be collected and analyzed from multiple channels. Being able to understand the customer life cycle in terms of quantitative data offers holistic benefits for how to engage leads, convert leads to customers, and retain them. When you know your customers well-and-truly, it leads to improved customer experience and, in turn, more customer loyalty.

By ensuring customer needs are met, you can build a sustainable business model and start scaling and growing. CRM strategy tools for marketing and sales lead to informed business decisions; you'll be able to run cost-effective campaigns targeted at the right customer segments and predict your hiring requirements over time in relation to projected business growth.

18. Accessible from any device and anywhere

Cloud-based, SaaS CRM provides seamless access from any desktop, tablet, or smartphone. Mobile CRM comes standard with most platforms, allowing you to take calls, close deals, respond to inquiries, and generally do in-office tasks anywhere.

Having contact management, sales management, and sales pipeline features in your pocket at all times is a powerful proposition. Having access to in-depth information stored on the Cloud at all times, you'll be in a superior position to knock down tasks and deal with customer-facing interactions.

3.2 Building Customer Relationship Management

Customer relationships are the foundation of many businesses. You can optimize your customer relations strategies by using a range of tactics that make customer satisfaction a priority. In this article, we review the importance of customer relations and share thirteen methods for developing lasting, profitable relationships with your customers.

What is customer relations?

Customer relationships are the connections that a company forms with a customer through interactions and purchases. A business's marketing, branding and business policies can all have an impact on how customers view their relationship with the company. Customer relationships can help businesses form the kind of loyal connections that lead to long-term profits.

Customer relations vs customer service

They may sound like the same thing but customer relations refers to the ongoing relationship you build with your customers, while customer service is mostly in response to specific and individual customer complaints and/or issues that need to be addressed immediately.

Benefits of strong customer relationships

Good customer relationships are a critical part of having a successful business. They're important because they set the tone for how existing and future customers think about a business and its products.

Some of the benefits of strong customer relationships are:

Greater stability: Companies rely on their customer relationships to build a loyal base of consumers that they can rely on to make purchases. Knowing that you have good relationships with your customers can help you feel confident with income projections and invest in ways to expand.

Stronger word-of-mouth advertising: Having a good relationship with your customers can encourage them to share their positive experiences with others and introduce your brand to new customers.

More purchases: Good customer relationships often lead to customers staying with your company for a long time, making more purchases and spending more money as time goes on. Increasing the lifetime value of each customer by growing strong relationships is a great way to get the highest return on the investment you made to attract each customer.

3.3 Ways to Build Customer Relationships

Here are 13 techniques you can use to build stronger customer relationships:

1. Understand the customer journey

To have good customer relationships, you first need to evaluate the customer's actions and thought processes during the buying process. Having a customer journey map that details each step of the sales funnel and addresses a customer's thoughts at every stage can help you empathize with the customer's experience and anticipate their needs.

2. Introduce yourself to the customer

In an increasingly digital world, customers appreciate the chance to talk directly to a company representative. Give customers a direct contact number for a front-facing staff member and sign all communications with the name of a real employee. Taking the time to introduce yourself to the consumer on a personal basis is a great way to form genuine connections.

3. Survey customers to measure satisfaction

Customers appreciate it when a company listens to their comments and complaints. Send out customer surveys to gather feedback on your company's products and customer service. Consider posting a survey on your website or sending email requests for feedback or product reviews. All of these methods will help you learn more about what your customers value.

4. Implement CRM software tools

Using customer relationship management (CRM) software to help manage data and track communications can allow you to provide more engaged service to customers. By using software to manage administrative tasks, your team can focus more on connecting with customers in an authentic way.

5. Market your customer service perks

Start advertising your company as a business that values the customer to spread awareness of your brand and create a company culture that emphasizes a commitment to consumers. Using your excellent customer service as a marketing tool attracts customers who also value high-quality, attentive service. Emphasize offerings like a 24/7 customer service line, a responsive app or loyalty rewards to attract and maintain loyal customers.

6. Match customer habits

Make it easier to have relationships with customers by using the same types of technology and communication channels that they do. Research how your customers tend to shop, then make your brand accessible in those spaces. You can create company profiles on the social media sites your target audience uses the most to make it easy for customers to find you and interact.

7. Respond right away

One of the most important steps of starting and maintaining a customer relationship is being responsive and communicative. When customers can trust that you'll reply to their needs right away, they'll have an incentive to keep using your services and build a long-term relationship. Strive to respond to messages from customers as quickly as possible to engage them before they get distracted or move on to a competitor. Set policies guaranteeing a response within a certain time frame and always try to be faster than that time.

8. Set consistent quality controls

Having strict quality standards ensures that customers receive consistent quality every time they do business with your company. Setting up quality assurance policies gives you the opportunity to prevent any issues before they impact the customer, presenting a reliable, positive image to all clients.

9. Follow up regularly

It's normal for customer engagement to fluctuate over time, which is why following up is a great strategy for balancing long-term customer relationships. If a customer hasn't made a purchase in a while, reach out to ask about any services they could use in the near future. This can help you prevent customers from switching to a competitor by reminding them of the positive connection they already have with your business.

10. Personalize all communications

Personalizing communications with customers by calling them by name is a simple and effective strategy for developing customer relationships. You can use mailing list software to automatically fill in customer names in form emails, or add extra customization by writing personal letters to clients. Customers often appreciate getting personalized attention and feel more attached to brands that interact with them on a personal level.

11. Keep detailed customer files

Show customers that you care by referencing their customer files and account information during interactions. Keeping detailed records on customer interactions can allow you to reference previous purchases, efficiently respond to customer service tickets and look for patterns in customer behavior. By recording information about each interaction you have with your customers, you can quickly reference a customer's experiences with your brand and even build a sense of nostalgia with them.

12. Find ways to reward loyalty

Loyalty programs are an effective tool for improving customer relations. When customers have an incentive to make purchases from your company, they'll feel more motivated to stay loyal to your brand. You can also make customers feel valued by sending discounts after large orders or during the customer's birthday month.

13. Communicate with affirming language

When talking to customers, use words and phrases that empathize with their experience and point of view. Using affirming language makes the customer feel comfortable and allows them to build trust with company associates. Treating the customer like a priority and validating their experience as a consumer shows them that you're committed to their satisfaction and value them as a long-term customer.

3.4 IDIC framework of CRM

Customer Relationship Management (CRM) is a management function that provides a base for creating and maintaining good relations for a long-term association. It provides a platform to organize and synchronize customer service, as well as works to provide effective technical support. Therefore the process of **CRM** becomes very important for a business in the long term. An effective **CRM** tool helps businesses with valuable feedback about products and attend queries and grievances.

In order to enable the smooth functioning of the customer service, certain models are followed. These customer relationship models have been developed over the past few decades by various researchers. The most common models relating to **CRM** are IDIC Model, QCI Model, and **CRM Value Chain Model**.

The IDIC (identify, differentiate, interact, customise) is a model developed by Peppers & Rogers (1995). The model helps to assess the expectation of customers and their value to the business (Eko, 2014).

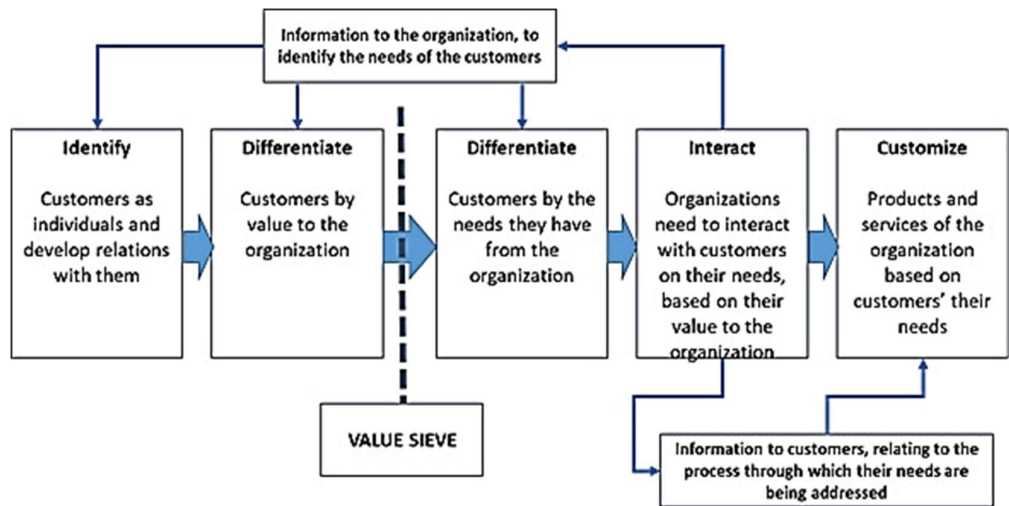


Figure 1: IDIC Model of customer relationship management (Buttle, 2009)

Identify customer expectations

A business working towards customer relationship management has to first identify its customer needs, wants and preferences. This helps to curate new products and strategies oriented towards customers (Ahmadi et al, 2012). For instance, in terms of identification, Nestle conducted a market survey to identify the customer base for their coffee by assessing the nations where caffeine intake was high. It found that Western countries had a more positive outlook towards coffee drinks while Eastern nations preferred tea as their caffeine drink. The company then established its coffee brand, Nescafe, in the Western countries. The brand also offered coffee-flavored candies in Eastern countries to gauge reaction to the flavor.

Differentiate Customer Expectations

To meet customer expectations it is important to differentiate customer base into value and need (Peppers & Rogers, 1995). This differentiation helps to prepare strategies that meet company goals and customer expectations for strong customer relations.

Differentiation by value helps to identify customers that are loyal and should be focused on. Their feedback can be valuable for product line extension, increased efficacy, and performance, as well as revenue generation (Srivastava, 2013).

Differentiating existing customers on the basis of their needs helps to strategize promotions (Charantimath, 2011). For instance, apart from analyzing the customers who add value to the company's brand image, DuPont made it a point to understand that other customers needed effective customer service to address their needs individually.

Customer Interaction

Customer interactions help to understand customer expectations and how they relate to business products and services (Eko, 2014). The interaction, based on customer value and needs, provides a chance to collect feedback, opinions and wants. Unilever always has its sales representatives and customer care executives ready to discuss possible improvements they can make on their product line or take feedback for improvements. This has helped them develop customer-oriented products.

Customizations to meet customer expectations

After identifying, differentiating and interacting with the customers a fair idea can be drawn for new strategies and product customizations (Peppers & Rogers, 1995). For instance, market research firms like McKinsey realized the need for customizations from the feedbacks of customers. Their customers expected increased customizations on their requests. This will help them in taking their own strategic

decisions based on the reports of McKinsey. McKinsey incorporated the clause of providing a percentage of customization leverage in its reports.

The IDIC model provides a sound framework through which businesses can tread through customer engagement and work to meet their expectations.

3.5 Customer Defection

Understanding consumer behavior is a great topic of discussion. Now, while we are at it, customer defection relates a lot to consumer complaint behavior. Let us discuss the same before taking a leap towards the main topic of customer defection.

Consumer Complaint Behavior Consumer complaint behaviour is also known as consumer complaint responses (Singh & Widing, 1991). Crie (2003: 61) defined consumer complaint behaviour as a process that “constitutes a subset of all possible responses to perceived dissatisfaction around a purchase episode, during consumption or during possession of the goods or services”. He argued that consumer complaint behaviour is not an instant response, but a process, which does not directly depend on its initiating factors but on evaluation of the situation by the consumer and of its evolution over time. Broad bridge and Marshall (1995) explained that consumer complaint behaviour is a distinct process, which begins when the consumer has evaluated a consumption experience (resulting in dissatisfaction) and ends when the consumer had completed all behavioural and non-behavioural responses. Singh (1990) identified consumer complaint behaviour as the consumer dissatisfaction response style. Thus, complaint is actually the response following the consumer dissatisfaction. These responses/actions include among others, switching patronage, telling friends and family and complaining to a consumer agency. Mason and Himes (1973) categorized the response styles into action group and no action group. The consumers who complain to member(s) of distribution (e.g. retailer or seller) with intention to seek relief are classified as action group, while others and are classified as no action group.

In another study, Warland, Heerman, and Willits (1975) categorized the consumer complaint behaviour into upset action and upset no action. They argued that consumers might not complain, even though they are dissatisfied; they regard them as the upset but no action group. Otherwise, they are in upset action category. Other researchers have different labels for these styles, such as complainers and non-complainers and activists and non-activists (Singh, 1990).

Action taken by consumers is not only to complain to the seller, but also include warning families and friends, stopping patronage, diverting to mass media, complaining to consumer council and complaining by writing a letter to management (Heung & Lam, 2003). This buttresses the two-level hierarchical classification (public or private action used in this study) first proposed by Day and Landon in 1976.

Public action refers to the direct complaint actions to the seller or a third party (e.g. consumer agency or government), which included seeking redress directly from retailer or manufacturer, and taking legal action (Bearden, 1983; Bearden & Oliver, 1985; Cornwell, Bligh, & Babakus, 1991). The public actions that could be taken by consumer included verbal complain to retailer/ manufacturer, writing comment card or complaint letters, writing to newspaper or complaint to consumer council (Heung & Lam, 2003). Private action indicates that complaint is privately through negative word-of-mouth communications to family and friends or the decision not to repurchase the product or services again or boycott store (Bearden, 1983; Broad bridge & Marshall, 1995; Cornwell et al., 1991). Private actions generally do not get the direct attention of the seller and thus could have a serious impact on sales and profitability (Heung & Lam, 2003).

Bearden and Oliver (1985: 228) pointed out that “private complaint has no effect on the firm’s responses, but may reinforce negative attitudes through the process of consensual validation whereby individuals seek confirmation of their feelings by selectively exposing themselves to agreeable others”. It is important to know that a consumer may only either involve in one action (the public or private complaint) or will involve in both public and private complaint

(Kolodinsky, 1995).

Defection

Customer defection is also termed as “customer exit” or “switching behaviour”. In Colgate and Hedge (2001), the terms switching, defection and exit were used interchangeably, which showed that the terms have similar definition. Defection can be defined as customers forsaking one product or service for another (Garland, 2002). The customer decides not to purchase a product or service again.

Customer Relationship Management

Crie (2003) defined defection as an active and destructive response to dissatisfaction, exhibited by a break of the relationship with the object (brand, product, retailer, supplier, etc.). According to Colgate and Hedge (2001), defection is the customer's decision to stop purchasing a particular service or patronising the service firm completely, which is a gradual dissolution of relationships due to problem(s) encountered over time. They explained that defection is a complex process following customers faced with problem(s).

Stewart (1998) in studying the customer defection in the banking industry tried to define defection as the ending of the relationship between customer and bank. He explained further that the relationship is marked by a customer "run down" the account to a negligible balance and have no future transaction or formally close the account.

Previous research has shown that complaint has impact on the defection intention by the customer. Arnould (2004) pointed out that dissatisfied customers who do not complain are more likely to discontinue purchase, which means, they are more likely to defect than those who complain

In other words, majority of customers who complained will continue to buy the product or service, compared to those who are dissatisfied but do not bother to complain (Sheth, Mittal, & Bruce, 1999). Buttle and Burton (2002) also stated that non-complainers were found to be the least loyal customers, even more disloyal than complaining dissatisfied customers whose problems were not resolved. For complaint customer, defection is often the last resort after complaint has failed (Kim et al., 2003; Colgate & Hedge, 2001). So they will likely choose to stay after the complaint is resolved. In other occasions, customer defection will increase in accordance with complaint.

According to Colgate and Hedge's (2001) study, up to 80% of customers do make an effort to complain to the bank prior to defect. In relation to the Malaysians context, complaint style may likely be influenced by the people's lifestyle. Abdullah (1996) claimed that Malaysians are less forthright in expressing views and opinions and giving negative feedback can be awkward and difficult as indirectness is the more acceptable norm than directness in day to day behaviour. One of the consequences of this norm is that it is more difficult for organizations to understand why customers are unhappy (Ndubisi & Tam, 2005).

As the choice of complaint style might differ across cultures, it is expected to find some differences in the Malaysian consumer complaint behaviour. Example: One would expect private complaint to be more strongly associated with defection than public complaint, and defection to be higher among private complainants compared to public complainants (Ndubisi & Tam, 2005).

It is also logical to believe that Malaysian customer might be more willing to engage in private complaint rather than public complaint because a customer who chooses public complaint will have to confront the service provider directly, which may not be deemed normative (Ndubisi & Tam, 2004). Customer complaint behaviour can explain defection. Although both public and private complaints have significant impact on defection, the strength of the impact produced by private complaint is greater than that produced by public complaint. This indicates that among customers who defect, many are unlikely to complain to the bank before leaving. Those who will complain before leaving are in the minority.

In other words, the likelihood of customers complaining privately rather than publicly before defecting is higher. This result is not moderated by the gender of the customer; instead it is a generic view of male and female customers of Malaysian banks. Irrespective of their sex type, they are generally less likely to complain to the bank before defection. Ndubisi (2003a) had earlier shown that dissatisfied customers blame the company when served poorly, and rather than complain directly to the company, they typically patronize one another.

There are few implications of this study on customer management by banks in Malaysia. Managers should recognize that zero complaint is not tantamount to customer satisfaction because not all unsatisfied customers are likely to complain directly to the bank. They may choose to complain to friends and family members instead. The fact that private complaint explained defection better than public complaint shows that management may not know that customers are dissatisfied until they defect from the bank. Moreover, the generic nature of this result (without significant difference between men and women) indicates a strong consensus and demands genuine efforts that are not gender discriminatory to forestall customers from abandoning the organization without a word of caution

Summary

- At best-practice organizations, customer profitability is owned by marketing, with finance as a key stakeholder.
- Study participants have defined a small, dedicated group of two to five individuals who are involved in calculating and reporting customer profitability. Best-practice partners have developed an enterprise-wide view of the customer.
- Best-practice partners have clearly defined customer segments and sub segments. Most have developed five to nine macro customer segments. Best-practice partners use multiple bases for customer segmentation such as needs, geography, and customer profitability.
- Best-practice organizations capture revenues and costs at the transaction level for each specific customer account. Best-practice organizations take a holistic view of customer profitability and include lifetime value and customer valuation metrics in the calculation.
- Best-practice organizations include the majority, but not all, of their costs in the customer profitability calculation. Best-practice organizations use appropriate methods for cost assignment.
- Best-practice organizations all work closely with IT. Enabling technologies for calculating customer profitability include data warehousing, CRM systems, data mining, external databases, and predictive analytics. At best-practice organizations, customer profitability information is used as an input in many areas.
- Best-practice organizations emphasize intelligence (e.g., decision support), not routine reporting, in customer profitability information dissemination. Best-practice organizations secure buy-in from the users and upper-level support for customer profitability initiatives.
- Best-practice organizations hold employees accountable for customer profitability. Best-practice organizations use customer profitability and segmentation to appropriately align sales and marketing resources.

Keywords

Repeat Purchasers: (a) number of repeat purchase customers over the past year as a % of total number of customers or, (b) Value of repeat sales as a % of total sales or, (c) % of purchases by current customers. This measure provides an indication of customer retention/ loyalty. Customer Account

Profitability: This is a measure of the value of specific customer accounts. Customer Acquisition Cost: This is a measure of the cost involved in attracting or retaining customers.

Customer relationship – duration is the average duration of relationships of an organisation with its customers or, the duration of relationships with key/ individual customers.

Customer-Projected Retention: This measure provides an indication of projected customer retention/loyalty and may be effective in the measurement of current customer satisfaction as opposed to measurements relating to customers already lost

Customers - Value of Key Customers: (a) value of total sales or contracts to key customers as a % Notes of total value of gross sales or contracts, per period, or, (b) value of sales or contracts gained through referrals from key customer as a % of total sales or contracts. This is a measure of the performance of identified key customers, allowing the effectiveness of special relationship strategies to be assessed and refocused as necessary.

Self Assessment

1. Customer Relationship Management is about
 - A. acquiring the right customer

Customer Relationship Management

- B. instituting the best processes
 - C. motivating employees
 - D. all of the above
2. CRM technology can help in
- A. designing direct marketing efforts
 - B. developing new pricing models
 - C. processing transactions faster
 - D. all of the above
3. A _____ is an organized collection of detailed information about individual customers or prospects that is accessible, actionable and current for marketing purposes such as lead generation and others.
- A. customer database
 - B. customer mailing list
 - C. business database
 - D. none of the above
4. _____ uses sophisticated mathematical and statistical techniques such as neural networking and cluster analysis.
- A. data mining
 - B. data survey
 - C. crm
 - D. none of the above
5. The main drawback of CRM is
- A. implementing crm before creating a customer strategy
 - B. rolling out crm before changing the organization to match
 - C. stalking, not wooing, customers
 - D. all of the above
6. The marketing messages committed to customers wishes is a part of
- A. permission marketing
 - B. activity marketing
 - C. supplier marketing
 - D. none of the above
7. The method used to assess real cost of providing services to an individual customer is
- A. cost based accounting
 - B. activity based accounting
 - C. turnover based accounting
 - D. price based accounting

Unit 03: Conceptual Foundations

8. _____ is any occasion on which the brand or product is used by end customers.
- customer touch point
 - retailers touch point
 - company touch point
 - none of the above
9. _____ is the study of how individuals, groups and organizations select, buy, use and dispose off goods, services, ideas or experiences to satisfy their needs and wants.
- consumer behavior
 - product cycle
 - purchase behavior
 - none of the above
10. A consumer buying behavior is influenced by
- cultural and social factors
 - personal factors
 - both a and b
 - none of the above
11. Product quality, service quality, price, and image shape a customer's perception of
12. The growth matrix of the customer value includes combinations.
13. The first combination of customer value growth matrix is
14. The last combination of customer value growth matrix is
15. We define as the perceived worth in monetary units of the set of economic, technical, service and social benefits received by a customer firm in exchange for the price paid for a product offering.

Answers for Self Assessment

- | | | | | |
|-----------|----------|--|--------------------------------|-------------------------------|
| 1. D | 2. D | 3. A | 4. A | 5. D |
| 6. A | 7. B | 8. C | 9. A | 10. C |
| 11. Value | 12. Four | 13. Existing product & existing customer | 14. New product & new customer | 15. Value in business markets |

Review Questions

- What is meant by Lifetime customer value?
- What do you mean by customer defection?

Customer Relationship Management

3. Give examples of customer's defection from your surroundings.
4. Explain the concept of service failures.
5. What drives the customer defection?
6. What is base profit analysis?
7. Is there any difference between cost-volume profit analysis and base profit analysis, if yes, what?
8. What is meant by value chain analysis?
9. How are calculations of sales and revenue made in value chain analysis?
10. Explain the scope of failures and defection made by customers.



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Unit 04: Strategy and Organisation of CRM

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- 4.8 Networks
- 4.9 Socialisation on the Worldwide Web

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

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Objectives

- When and how did the relationship orientation arise within marketing?
- What are the differences between a transaction-based and a relationship-based orientation in marketing?
- What is the meaning of customer–supplier relationships?
- How can we assess the quality or strength of relationships in terms of interactions, trust and commitment?
- How can we describe the dynamic of relationships; the relationship life-cycle?
- How are customer–supplier relationships embedded in less dyadic, networked relationships, such as are seen in social networks and communities?

Introduction

The emphasis in classical marketing and sales has been on customer acquisition and transactions, not on customer loyalty and building relationships. Customer service was long considered only to be an ‘after sales activity’, not a part of the core of a commercial process. Over the past three decades retaining customers and building relationships with them has gained attention and with that attention, the roles of marketing, sales and service have changed.

Within marketing theory and practice, ‘there has been a long-standing and clear tendency . . . to focus on the sale, the single event of a transaction, as the objective of marketing activity and the dependent variable for analysis’ (Webster, 1992). Levitt has illustrated this concept quite clearly (Table 1.1). Apart from indicating the salesman’s strong focus on the transaction, he demonstrates what the consequences are for the feelings of the salesman as well as the buyer during the purchase and use process. It would seem obvious that a better synchronisation of emotions is a pre-condition for both

customer and supplier in order to arrive at the development of a long-term relationship. Levitt's black-and-white depiction is hardly flattering. However, some level of differentiation is appropriate here. First, his example focuses on salesmen and not on marketing or commercial processes in general, and second, one must not forget that the objective of transaction marketing is to make customers happy. The expectation is that this happiness will translate into future repeat purchases. Within transaction marketing, the process between two or more transactions is neither analysed nor influenced. The attention for the relationship and the investments in the relationship is lacking. Over the past two decades, an increasing number of market situations have witnessed a shift in the focus on the transaction to the relational aspects of the exchange (Arndt, 1979). Arndt said that 'many earlier competitive markets are structured as a result of voluntary, long-term, binding commitments among the organisations involved. In such arrangements transactions are planned and administered instead of being conducted on an ad hoc basis.' As Bruhn (2003) describes in his book *Relationship Marketing*, in the literature the origins of relationship marketing are diverse. We basically follow his historical analysis here. Bagozzi (1974 , 1975) contributed in the mid-1970s when he defined marketing as an exchange process between buyer and seller, and thereby formed the basis for the subsequent conceptualisation of relationship marketing. Accepting the view that a customer relationship comprises various exchange processes, the question arises as to how the relationship changes over time. In this regard, one recognises several relationship phases that first came under discussion in the early 1980s (Dwyer et al ., 1987 ; Peelen, 1989). The possibility of delineating phases within a relationship makes it necessary to design relationship marketing explicitly. In the early 1980s this was seen for the first time in the field of service marketing (Berry, 1983). It is in the field of service that significant contributions have been made to relationship marketing: the so-called Nordic school, with founders Evert Gummesson and Christian Grönroos, was the first explicitly to define relationship marketing and contrast it with transaction

Table 1.1 The transaction orientation

Stage of the sale	Salesman	Buyer
Before transaction	'Real hope'	'Vague need'
Romance	'Hot and heavy'	'Teasing and hopeful'
During transaction	'Fantasy – bed'	'Fantasy – bored'
After transaction	'Looks elsewhere for next sale'	'You don't care'
A long time afterwards . . .	'Indifferent'	'Can't this be made better?'
Next transaction	'How about a new one?'	'Really?'

marketing, its marketing instruments and organisation. Zeithaml et al . (1990) constructed ServQual, a method to measure the (thus) so far intangible subject of service.

Around 1990, the International Marketing and Purchasing Group with, among others, Håkansson (1983) designed a conceptual model for relationship marketing in business-to-business markets. The interaction and networking between buyers and sellers became the subject of research of this international group.

At the beginning of the 1990s, as Bruhn (2003) notes, an after-effect of analyses and discussion on customer relationships was that customer retention and lifetime values entered the stage of marketing research (Reichheld, 1995). Relationship marketing, with its origin in the service industry and business-to-business markets, was in this period also applied to the consumer markets for branded goods (Fournier et al ., 1998).

The 1990s were further characterised by studies into the effects of relationship marketing on retention and customer value, even leading to the recognition of customers as investments with a clear net present value (Reichheld, 1995). Relationship marketing became more and more relevant in business-to-consumer markets (Fournier et al., 1998). A more comprehensive set of relationship constructs, such as trust and commitment (Morgan and Hunt, 1994), were developed to complement the long existing concept of satisfaction. The issue of service recovery and its impact on relationship termination were increasingly considered (Boshoff, 1997).

4.1 Customer Supplier Relationship

The word 'relationship' conjures up thoughts of the feelings that two people have for one another: mutual attraction and respect, consideration, dependency and the like. These are aspects which will only appear if certain conditions are met. Relationships, after all, 'imply some sort of intermittent

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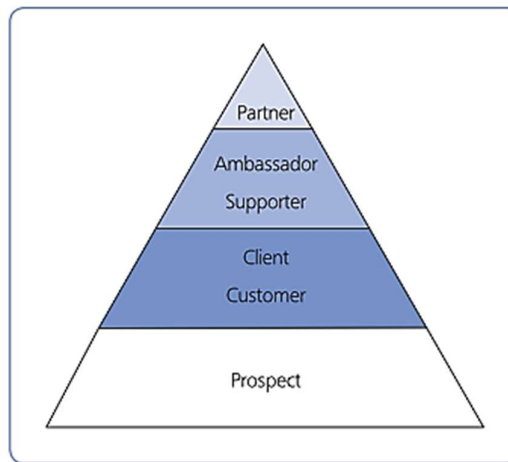
interaction between two or more persons, involving interchanges over an extended period of time' (Hinde, 1979). Poiesz and van Raaij (1993) describe this in more detail as follows:

- Interactions must take place between at least two parties; characteristic of interactions is that the activities of one of the parties influence those of the other, and vice versa.
- A certain degree of continuity must be present in a relationship since interactions from the past influence present and future interactions; relationships will also have to extend over a longer period of time.
- The effects of interactions are dependent upon the actual events and the subjective approach to these events.

Within the field of psychology, a distinction is made between primary and secondary relationships (Tolboom, 1996). The first type of relationship involves basic long-term interpersonal relationships which are based primarily on emotional bonds and the feeling of mutual obligation towards one another. Primary relationships, such as the love relationship between two people, are, unlike secondary relationships, rather diffuse and comprise many roles, behaviours and situations. Normally they are not limited by strict rules governing contact, and the people involved generally know one another extremely well. In primary relationships, one person cannot automatically be replaced by another. Secondary relationships, such as those between customer and supplier, are by contrast relatively short-term interpersonal relationships with a limited degree of social interaction, fairly clear rules of etiquette and reasonably well-defined social roles. In contrast with primary relationships, deep emotional involvement rarely occurs; the various players may be more easily replaced in general. The transitional area between secondary and primary relationships is rather large.

The relationships between customer and supplier may be present at a variety of levels and in various compositions (Peelen et al., 1996; Rowe and Barnes, 1998); they may be secondary in nature, but may also lie somewhere in the transitional area between secondary and primary relationships. An example of a primary relationship is the bond a customer has with the local bakery shop; this is the place where Bob gets fresh bread from John every morning, bread which represents a guarantee that his day will get off to a good start. The two men have got to know and value one another over the years and are involved with one another. This differs from the relationship between the cashier at the supermarket and the customer. Even if the customer shops there regularly and has been buying groceries there for quite some time, it is highly likely that the supplier and the customer do not know one another by name and that their conversation is limited. A variety of supplemental classifications have been created to further clarify the differences between the parties involved in customer-supplier relationships. These classifications indicate (see Figure 1.1; including Payne, 1995; Peelen et al., 1989; Schijns, 1998)

- whether or not a transaction has already been completed: from prospect to customer;
- if a long-term orientation is present which extends further than that one transaction: from customer to client;
- to what degree the relationship is felt by both parties: from supporter to ambassador;
- to what degree both parties take an active position in the relationship: from ambassador to partner.



Pyramids of Relationship

Alternatively the categories describe to what degree the following are present (Tolboom, 1996):

Cooperation or competition: competition occurs in a relationship if a customer plays a number of suppliers off against one another and ultimately chooses the one with the best offer. Cooperation may be considered to be present if both work together well to achieve that result which is best for both parties: for example, while setting an appointment the customer takes the supplier's schedule into account as well.

Equal or unequal distribution of power: although a balanced distribution of power is a characteristic of a close relationship, it is not something we will encounter often. An unequal distribution of power is often seen in knowledge- and skill-oriented services where the customer's fate depends upon the expertise of the service provider. An imbalance of power also frequently exists between producers and distributors because one of them is dependent on the other for a substantial portion of its turnover, and for which other alternatives do not exist. It is not unusual for a large supermarket chain to be responsible for some 30 per cent of the turnover of a brand-name manufacturer within a certain national market.

Dependence or independence: this involves an aspect of relationships that is inversely proportional to the balance of power; the powerful party is the independent one, and the other party is the dependent one

A task or social-emotional orientation: are the interactions between both of them heavily task-oriented, such as in the case of the supermarket, or is there room for social interaction, such as in the case involving the local baker?

A formal or informal form of contact: the contact between a customer and their solicitor will be much more formal than the contact with their hairdresser

In analysing the quality of the relationship, attention is also drawn to aspects such as commitment, fairness, loyalty and trust (Dwyer et al., 1987; Moorman et al., 1993; Peelen, 1989). Some relationships are continued because there are no better alternatives available and because terminating the relationship would invite a great number of problems (for example, Jackson, 1985; Peelen, 1989). In these types of relationship it is the negative rather than the positive considerations which result in continuity. Take, for example, a company which has made an investment in a certain operating system for its computers and feels obligated to equip newly purchased computers with this system as well and to choose application software which will run on this particular operating system.

Other situations may be characterised by more positive aspects which bind both parties to one another. The car dealer is a representative of your favourite make of car, takes extremely good care of your car, makes sure that you feel special and is always available. What keeps two parties together may differ from one relationship to another and even within relationships themselves. As the examples above demonstrate, the bond may be for financial, personal as well as structural reasons.

A profile is shown in Table 1.2 for the two most extreme types of relationship; many of the aspects mentioned above were used in the creation of the profile for the weak and close relationships. Although customer-supplier relationships may be described on the basis of a multitude of aspects,

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there seems to be general agreement on the central role assigned to interactions and reciprocity, commitment and trust in the formation of relationships (Morgan and Hunt, 1994)

Table: Profile of close and weak customer supplier relationships

Lacking/weak relationships	Close relationships
Concrete agreements have been made regarding reciprocation.	There are few agreements concerning reciprocation.
Agreements have a short-term horizon.	Of the few agreements that do exist, many have a long-term horizon.
Initiative for interaction is taken primarily by one party.	The initiative for interaction is distributed evenly among the parties.
A limited number of topics are raised for discussion.	A multitude of topics are raised for discussion.
Topics are treated in a limited degree of depth.	Topics are treated in a high degree of depth.
Both parties present themselves as separate individuals/entities to the outside world.	Both parties present themselves as one entity to the outside world.
Each of the parties pursues its own interests.	Each of the parties pursues its own interests and takes the other's satisfaction/fate to heart.
Intentions regarding the continuation of the relationship are present to a limited degree.	The intention exists to continue the relationship in the long term, in spite of changes in the environment.
There are few barriers to ending this relationship and to starting another one.	There are many barriers to ending this relationship and starting a new one.
The parties consider, and may experiment with, alternative partners.	With respect to alternative partners, the adage 'look but do not buy' applies.

Without a reciprocal basis, there is no relationship. The meaning of commitment and trust were also recently demonstrated empirically in Garbarino and Johnson's study (1999). They determined that the intention to continue a relationship in close relationships is dependent upon commitment and trust. In situations of a more transactional nature, it appears that it is particularly customers' general contentedness with the organisation and its products and services that determines whether repeat purchases will be made.

4.2 Interactions and Reciprocity

According to social exchange theories, reciprocity forms the basis for relationships. The views on reciprocity have been around for quite some time. In 1925, Mauss had already suggested that three rules apply in a primitive society: giving, receiving and giving again (cited in Peelen, 1989). Something must be received for which something is given in return which then creates the obligation to give something again. It is referred to as a 'calculated return' in association with reciprocity. A positive gift is returned with another positive gift; a negative gift is returned with a negative one. This last theory describes a negative form of reciprocity. Receiving something creates the obligation to give something, and a never-ending cycle is thus begun, even in a negative respect. Generally speaking, reciprocity assumes the following:

- A moral norm exists to give something back when something is received.
- A precise return is not desirable. Exchanges do not need to be in balance immediately as long as an equilibrium is created in the long run.
- Reciprocity occurs in all cultures; it is universal.
- Reciprocity makes interaction possible because the norm of return applies; people are willing to take a chance with someone because of the valid norm

According to anthropologists, the goal of reciprocity is the survival of the group, but according to an individual psychological explanation, the goal is to better oneself in an economic sense.

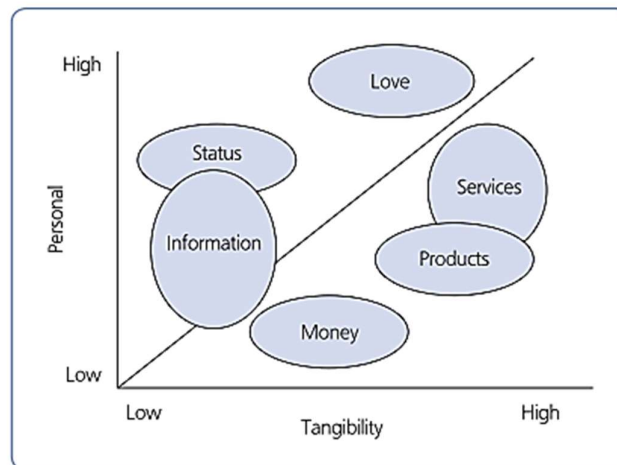
All sorts of things may be exchanged in relationships. On the basis of an extensive empirical study, Foa and Foa (1976) suggest that an adult is capable of distinguishing between six 'resources': love, services, status, information, goods and money. There are two dimensions by which these 'resources' may be specified:

1 The personal aspect of the resources: if the value of a resource is dependent upon the person providing it, then there is a personal aspect involved. This is the case with love, for example. People do not receive love from a stranger or an enemy. The opposite of this occurs with money: individuals are usually indifferent with respect to the person who makes the money available.

2 The tangibility of the resources: goods are characterised as the most concrete type of resource – they are tangible. Status and information consist of verbal or non-verbal behaviour and have the least amount of tangibility

In addition to resources, Foa and Foa also differentiate between costs. The costs of resources vary. The giving of love does not have to entail costs; it may even imply benefits. By providing information, people do not become poorer in terms of information. The handing over of goods on the other hand leads to a direct loss of the resource concerned.

The personal nature of resources and tangibility of resources are offset against one another in the exchange relationship is typified by the types of resources which are exchanged (Hinde, 1979). Loose relationships with little commitment will generally be characterised by the exchange of few personal resources, whereas in close relationships, in addition to resources found under the diagonal, more personal objects are also exchanged



4.3 Interactions and Emotions

What is a relationship without emotion and without the ability to truly affect one another? Emotions are reactions to stimuli that are comprised of physiological excitement, which induces the evaluation of a stimulus, a facial expression and a subjective experience. We are often unaware of emotional reactions: we do not 'sense' the emotion, because the biggest part of our emotional life is subconscious. Obviously, we are pretty sure we 'feel afraid' when we go on a rollercoaster ride, but not all stimuli are as strong and omnipresent. A sales clerk's gentle smile does not consciously make the customer 'feel' appreciated. However, emotions that are present below what we would call a conscious threshold do influence what we observe and the way we respond; they are at the heart of the concept of selective perception. The emotional reactions of which we are aware are just the tip of the iceberg. Frijda (1986) calls them 'the peaked cliffs that stand out from the deep and continuous flow of our emotional reactions'.

Emotions occur in many different ways and there are many subtle nuances. However, seven basic emotions can be described:

Surprise: what we feel when confronted with something 'mysterious' and we are not immediately sure whether it is positive or negative;

Fear: one of our main human emotions, leading to either fight or flight

Anger: which presents itself when expectations are not met, relating to our instinct to fight; • **sorrow:** involving a sense of helplessness, avoidance and passivity or brooding;

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Loathing: the sense that something has to be kept at a distance or rejected. Response to a repulsive source;

Contempt: the object of contempt is perceived as beneath the person feeling the contempt. It is a less physical reaction than loathing;

Happiness: a positive emotion essential not only to general wellbeing, but also to a person's chances of survival

People rarely experience a solitary (basic) emotion, but rather a mix of almost simultaneous emotions. A surprise which appears to be something positive can lead to happiness or even delight. The pallet of emotions expands when one explores it, for instance, happiness can take several forms, such as delight, ecstasy or optimism.

Emotions influence our physical and mental behaviour. They influence the amount of attention we pay to something, our drive for results, our openness to stimuli and our decision-taking behaviour. When we are happy, we open up, we show more interest, we want to be rewarded for our efforts, are willing to take more risks and quicker decisions. Negative emotions, such as loathing, tend to make us avoid punishment, show little interest, even active disinterest, and are also likely to lead to faster decision making, just to get clear of or avoid the negative situation.

4.4 Trust

The exchange of resources, and the emotional response this solicits, will influence the trust in the relationship. Trust is essential if a relationship is to develop, and has been defined by Moorman et al. (1993) as 'a willingness to rely on an exchange partner in whom one has confidence'. Or, as Morgan and Hunt (1994) describe it: 'the perception of confidence in the exchange partner's reliability and integrity'.

One can conclude from these descriptions that trust is associated with qualities such as honesty, fairness, responsibility, helpfulness and involvement. Of these characteristics, honesty in particular is essential if trust is to exist. Without honesty, there is no confidence, no integrity. 'The honesty of a partner can be defined as the conviction that the partner is trustworthy, keeps his promises, has the courage to admit to limitations and convey bad news' (Geyskens and Steenkamp, 1997).

Trust also originates in the competency and the courtesy of a person or organisation. One gains competency when skill and expertise are present, along with the ability and the opportunity to make use of these. This person's or organisation's courtesy must lead to these competencies being employed to protect the customer's interests. The supplier is prepared to provide assistance and places long-term customer interest above its own short-term interests (Geyskens and Steenkamp, 1997). Three distinct levels of trust can be identified. Keeping one's commitments is fundamental to the lowest of these levels (Crosby et al., 1990). Legal contracts are complied with. One rung higher is concerned not with specific behaviour, but with the partner's characteristics, for example, motivation and ability. The third level is where one finds general, all-encompassing standards such as integrity.

Trust is, in all likelihood, also a multidimensional concept; there is little evidence to indicate that it is a one-dimensional idea. It would also be incorrect to say that suspicion is the opposite of trust.

Trust in someone else generally leads to overcoming feelings of insecurity and doubt. People are ready to take more risks; for example, one is prepared to invest more in a relationship. People trust that, in the event of problems arising, the customer will discuss these with the supplier, so that a solution may be found in a constructive manner. Trust also leads to goodwill, which causes people to act in a more tolerant manner if a transaction does not live up to their expectations. Trust makes it possible for a higher level of commitment to be attained in a relationship.

4.5 Commitment

Commitment is not a means to an end. It is the ultimate goal one can set for mutually beneficial relations. Commitment is defined as 'an enduring desire to maintain a valued relationship' (Morgan and Hunt, 1994; Moorman et al., 1993). Within this framework of commitment, the objective is to continue the relationship, producing outcomes which are as mutually beneficial as possible (Peelen, 1989).

Johnson (1991) is critical of the way in which many people treat the concept. Many go beyond the future orientation in their measurements, while others measure only one of the forms of commitment. In order to address these points, Johnson identifies three different forms of commitment, namely personal, moral and structural. Personal commitment is demonstrated by the desire someone

displays to continue a relationship. The satisfied customer at a car dealership will want to continue their relationship with that company. In the case of moral commitment, people feel a sense of obligation; they feel that they ought to continue the relationship. The small, independent baker finds it difficult just to stay in business, and people feel that after all these years, they really shouldn't buy their bread elsewhere, even if it is better or cheaper somewhere else. The structural form involves the perception that 'there is no escaping it'. Investments have been made in that operating system and it cannot be done away with without having to make substantial investments in new software, training programmes and undergoing a difficult transitional period. Clear differences can be seen between these three forms. Some of them are experienced as limiting freedom of movement; others are based on a voluntary choice. Some result from personal choice, others are imposed. The features of these three forms are outlined in table below.

Of the three forms, personal commitment is the only one which is felt both internally and originates from a personal choice. The choice may be seen as an attitude held by someone with regard to the relationship and/or the partner. The influence of the continuation of the relationship on a person's self-image also influences personal commitment. One is, after all, a respected customer of a dealer which represents a well-known brand. Moral commitment has the character of self-imposed limitations which arise from a person's value system and a sense of responsibility felt towards the partner. The last type of commitment involves

Table 1.3 Characteristics of the three forms of commitment

	Structural	Moral	Personal
Choice/limitation	Limitation	Limitation	Choice
External/internal	External	Internal	Internal

4.6 The Dynamics in Relationships

How do relationships begin and grow? Trust and commitment cannot be forced; they must develop. Marketers will have to understand how this happens and the manner in which they can influence the process.

Following Foa and Foa's (1976) insights on 'resources' to be exchanged, we may conclude at any rate that at the start of the relationship, the emphasis must lie on the exchange of goods and certain services for money. Very few personal resources are exchanged at the outset. A relationship which is initially characterised by a discretionary aspect and a focus on transactions and cross-selling will have to develop into a long-term partnership in which the supplier functions as a 'total solution provider' for the customer. A service provider who, for example, is capable of analysing the transactions completed with the customer in the past, and the confidence to do so, can lay the foundations for a consultational relationship: what was the point of the purchase, what did you hope to achieve and how can you gain additional benefits from this supplier? As a result, a bond of trust may be created in which the exchange of personal information becomes something that occurs naturally. The mutual respect (status) can continue to grow. The exchange of more personal and non-concrete resources can increase the value of the customer-supplier relationship for both parties.

Parties engaged in a relationship should possess certain capabilities necessary to allow the relationship to expand and develop. In order to increase the level of intimacy, the personal exchange of resources, trust and commitment, both customer and supplier must have a capacity to empathise – to see the world through someone else's eyes. A supplier can place themselves within the customer's frame of reference, and at the same time make the customer aware of the fact that they understand them

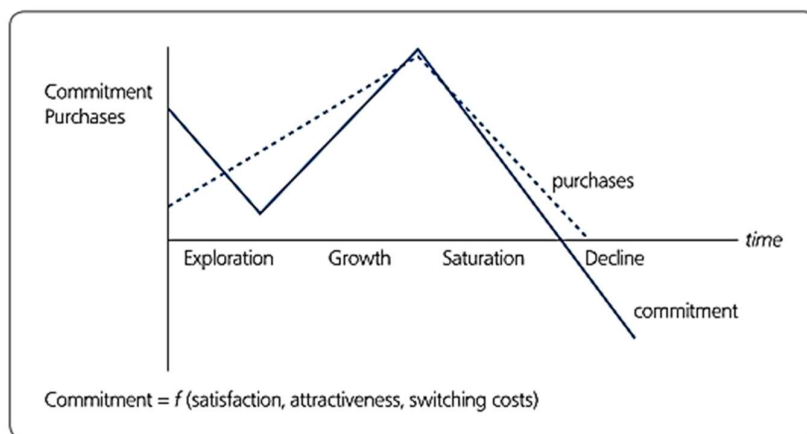
. A necessary condition for this to occur is that both parties must supply information openly and honestly and must be prepared to 'expose' themselves (self-disclosure), which in turn requires that both parties are willing to put themselves in a vulnerable position. Customer and supplier will have to accept and have a positive attitude towards one another. In terms of the negotiations to be conducted and transactions to be completed, empathy is a difficult aspect for marketers and salespeople. The marketer and the salesperson benefit from showing their products and organisation and putting their best foot forward.

They are good at seducing, but less adept at presenting their vulnerable side, listening and putting themselves in the other person's position. The development of the relationship may be detailed

further on the basis of insights into relationships originating from the field of social psychology. Dwyer et al. (1987) identify five phases in a relationship. During the first phase, both parties become aware of each other. Both parties position themselves and take actions designed to demonstrate their appeal to the other party. From the moment that bilateral interactions occur, the second phase begins, that of exploration or sounding out. This phase begins with attraction. Attraction may develop because both parties think that they aspire to the same goals or it may originate from the perceived personality: they are honest or capable. Or it may simply involve physical attractiveness! It is acceptable to be seen in public with them. The potential of the resources to be exchanged or those already exchanged can increase the mutual appeal: the supplier's products are good and the customer has a great deal to spend. The capacity for empathy plays a much larger role during this second phase. More interaction takes place and negotiations will be conducted. The fact that one or both parties are prepared to negotiate indicates a mutual interest. If the relationship is to survive this phase, it is important for information to be exchanged and the reciprocity in the relationship to be monitored: both parties are evaluating the situation on a regular basis and determining whether the relationship is satisfying and fair. After all, the future orientation is still limited and any arrangement would be easy enough to terminate at this stage. During these interactions, norms and role and expectation patterns can become complicated for the relationship.

After introducing adjustments, Peelen (1989) put Dwyer and colleagues' model, which was based on theory, into practice in consumer markets. A relationship life-cycle has been constructed which describes the pattern in which the purchases and the commitment in the relationship change over time under the influence of interactions. Although no explicit focus is placed on trust in the study, the measurement of commitment is not based fully on the insights of Johnson, and the first phase of Dwyer and associates has not been mapped out, the cycle does offer useful concepts which can be used in interpreting relationship management. At the same time, one needs to bear in mind that the relationship life-cycle describes the development of an average relationship (within a segment). Deviations from this outlined path of development will occur; not all consumers will follow the exact same path and changes in the development path will also occur in future.

None the less, the cycle offers a practical handle for organisations which would like to develop relationships with customers in a standardised manner. The course of the customer-supplier relationship will first have to be examined before a plan can be devised for the relationship. In the relationship life-cycle (Figure 1.3), the boundaries between the phases indicate moments in the relationship at which a change in the (development) of the behaviour occurs. These key moments exist during the transition from the first to the second phase involved in the first purchase. The growth phase is, in turn, completed at the moment the increase in purchases changes course, moving from progressive to regressive. Finally, the decline phase begins as the number of purchases begins to drop.



The relationship Life Cycle

4.7 Analysis of the Course of Relationship

During the exploratory phase, the customer sees the promises made during communication fulfilled for the first time. The first introduction makes an important impression on the relationship. The level of satisfaction during the exploratory phase is still relatively low; the customers have little or no

Customer Relationship Management

experience of the products and services of the supplier. The appeal of the supplier depends on the experiences that customers have had with alternative suppliers and the differences between the alternative suppliers.

The switching costs are still quite low at this stage. The growth phase (three months to two years) is characterised by a sharp rise in the number of purchases. Customers would like to get to know the supplier's products and services. The advantages of the supplier's offering are now discovered. The satisfaction with the goods and services increases. The supplier is now examined more for its performance than for its reputation or image. None the less, the commitment in this phase drops slightly, depending on the policy pursued. Doubt and the first confrontation with the actual value-for-money ratio can have a negative impact on commitment. The likelihood is relatively high that the relationship will be terminated during or just after the growth phase. If a supplier has invested in the relationship, there is a risk that this investment has not yet paid for itself. The saturation phase (usually after more than two years) is characterised by the highest number of purchases from suppliers and the highest degree of commitment. Not many changes are occurring in either behaviour or purchases at this stage.

The relationship has taken shape. During this phase, the supplier's ideal customers are discovered. Satisfaction increases in all respects when compared with the growth phase. Trust grows. During the last two or more years, goodwill has been built up. The appeal of the relationship improves during this phase as well, and the switching costs increase slightly now that the customer has become accustomed to the supplier's methods and offering.

4.8 Networks

The relationship between two people, also known as the dyad, is considered the most elementary form of social relationship. However, in reality, we find more complex relationships between groups of people and the position that each individual occupies with respect to the others. This position is defined within sociology as that individual's social position. In concrete terms, a social position may be defined as the position which a person occupies in a complex of people interacting with one another. Some positions are reserved for only one person within society (queen, prime minister).

Other positions may be held by several people simultaneously (police officer, teacher, nurse). Organisations as such may constitute one legal identity, but are from a sociological point of view more a biosystem, a more or less coherent group of people, cooperating in a structured way to reach shared goals. These systems do not operate in isolation, but in their turn engage in and build relationships with other stakeholders, ranging from shareholders, suppliers, distributors and other partners. Customers, who develop a relationship with an organisation, actually build a relationship with the people who represent it. They form their impression based on the interactions with employees or distributors and the way the organisation as a whole is represented in the media and by others who have experience of them. Salespeople, more than people in marketing or service for that matter, are an important and distinct group who form a bridge between the customer and the organisation.

They often reach out to the customer and it is their role to bring both parties together. In doing so, they can often experience role-related stress, ambiguity in objectives and intentions. Are they representing customers and their needs and wants or are they representing an organisation and its offering? It is a conflict that also arises in many service departments, where call agents may want to help disgruntled customers, but are operating within boundaries of an organisational structure they themselves are supposed to represent.

Dissociative behaviour, where agents actually start 'complaining alongside the customer' about poor organisational performance is not uncommon. Thinking only about the organisational side of the networked-economy would be wrong. Consumers too are involved in interactions with others, in other social structures. Recently, attention paid to the social structure in which consumers act has increased substantially, and the remainder of this chapter will consider this aspect of consumer-supplier relationships. The possibility of forming communities on the internet is a driving force for this (see the section overleaf where social networks among consumers are discussed). Social media bridge distances and time and bring people together and thus also customers and suppliers. In practice, the term social network is used somewhat loosely to refer to a group of users or customers and suppliers who interact with one another, without the need to analyse the connection within the social structure.

Does it involve an open or closed network, in other words: how is the admission of new individuals arranged? Does the supplier represent the centre ('central ego') of the community? Does the supplier have a special position as a result of which they can exercise a high degree of control over what takes place in the network? Or does the social network consist of a collection of individuals with a high degree of social cohesion which has developed because the individuals find one another attractive? The supplier may be one of them; they might even stand outside the community and have very little influence on it. Certain behaviour will probably even be punished because it does not fit the norms and value patterns or the goals of the community.

4.9 Socialisation on the Worldwide Web

We cannot ignore the impact of information and communication technology on socialisation. Less than a century ago, communication options were still confined to verbal exchanges of information to a restricted group of people, owing to the limitations of communication devices. Those channels that did have greater reach, broadcasting media such as the radio and television, have long been 'undemocratic' in the sense that they were controlled by institutions, not by individuals. However, with the internet, people can literally, as YouTube stresses, broadcast themselves. Over the past decade, a worldwide computer network that was regarded as a technological network for information distribution, has transformed into a social network connecting grandparents with their grandchildren and fans of Lady Gaga to their idol and to each other.

Socialisation can easily be facilitated and stimulated online. People can either build their identity and profile from the ground up or just go online 'as they are'. They can engage in all kinds of new behaviour sparking new types of communities (e.g. massive multiplayer online role playing games) or transfer 'old behaviour' to the web and find a photography community of more than 1 million members instead of the local village community of 20. Social media employ mobile- and web-based technologies and offer ample opportunities to create highly interactive platforms on which individuals can share, co-create, discuss and modify their user-generated content. Kietzmann et al. (2011) have designed a honeycomb framework of seven social media blocks (see Figure); each addressing a specific facet of the socialisation process on the web:

1 Identity: The extent to which users reveal their identity and disclose information such as name, age, gender, profession, location and other sorts of information that users can use in some way. The presentation of a user's identity also happens consciously or subconsciously in conversation when one exposes subjective information, such as feelings, thoughts, likes and dislikes (Kaplan and Haenlein, 2010).

2 Conversations: The communication between users in the social network, which do not necessarily have to be linear or dyadic conversations.

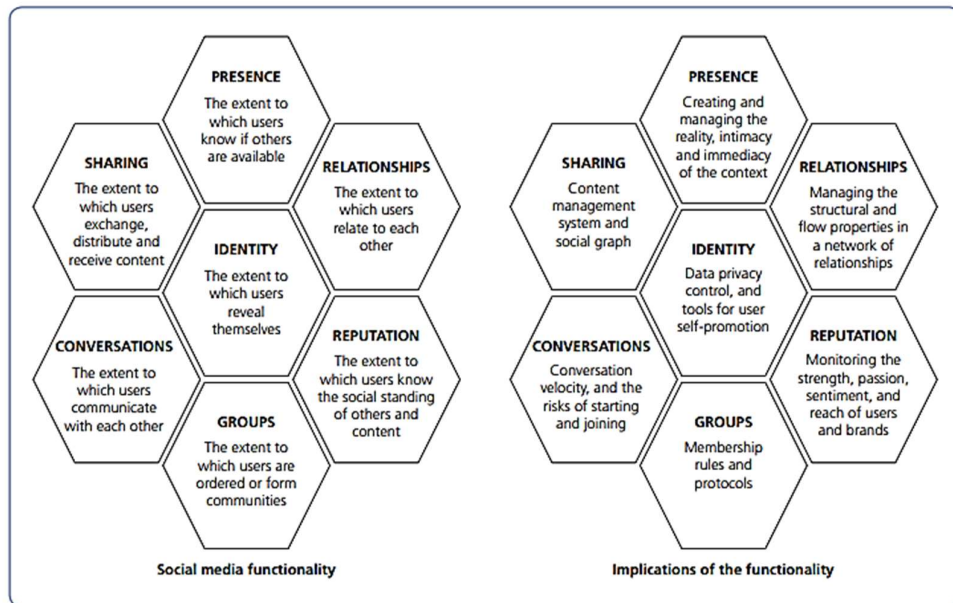
3 Sharing: People exchange, distribute and receive content, in many cases about the objects that mediate ties between people. Without these objects, a network is nothing more than the connections between the people.

4 Presence: The extent to which users can know if other users are 'accessible'. It includes knowing where the user is in the virtual and/or the real world, and whether they are currently available.

5 Relationships: A form of association that leads users to engage in conversation, share objects of sociality, meet up, or simply just list each other as a friend or fan. In several cases these relationships are formal, regulated and structured; on other platforms, such as Twitter and YouTube, relationships hardly matter and actual identities are not valued.

6 Reputation: To what extent can you identify your own and others' standing? Is the centre of the community and the more or less formalised leadership identifiable? It is not only a matter of trust, but also of status. This is something that information technologies are not yet good at determining, due to the highly qualitative nature of the criteria.

7 Groups: This is a functionality offered in many social networks; users can form their own (sub) groups or communities to interact on a smaller scale with the true 'in-crowd'. Within groups different interaction patterns can arise, because members share a passion or an interest. Depending on the degree to which each of these building blocks is addressed, the social network will be either loose, supporting socialisation only to a small extent, leaving much room for expression and exploration, or more closed



Summary

In order to realise a close relationship between customer and supplier, mutual trust will need to grow so that more can be invested in the relationship and more personal 'resources' can be exchanged. The ways in which both parties invest effort in the relationship can have positive consequences for commitment; structural as well as personal and moral commitment may increase.

Managing customer relations begins with giving thought to the meaning of relationships between customers and suppliers. It asks for attention to topics such as interactions, emotions, trust, mutual commitment and relationship development. Insights into these bilateral relationships have to be seen in the broader perspectives of social networks in which people interact. They can strengthen or hinder the development of the bilateral relations. An understanding of how social networks and groups within them, interfere in the development of bilateral relations becomes more important from the perspective of consumers, who, through the rise of social media, have reached a position from which they can participate on diverse platforms in networks with other consumers.

Keywords

Customer - Repeat Purchasers: (a) number of repeat purchase customers over the past year as a % of total number of customers or, (b) Value of repeat sales as a % of total sales or, (c) % of purchases by current customers. This measure provides an indication of customer retention/loyalty.

Customer Account Profitability: This is a measure of the value of specific customer accounts.

Customer Acquisition Cost: This is a measure of the cost involved in attracting or retaining customers.

Customer Relationship - Duration: Customer relationship - duration is the average duration of relationships of an organisation with its customers or, the duration of relationships with key/individual customers.

Customer-Projected Retention: This measure provides an indication of projected customer retention/loyalty and may be effective in the measurement of current customer satisfaction as opposed to measurements relating to customers already lost

Self Assessment

1. According to Poiesz and van Raaij (1993) relationship is described as :
 - A. Interactions must take place between at least two parties;
 - B. A certain degree of continuity must be present in a relationship
 - C. The effects of interactions are dependent upon the actual events and the subjective approach to these events.
 - D. all the above

2. Customer Supplier relationship indicate:
 - A. whether or not a transaction has already been completed: from prospect to customer;
 - B. if a long-term orientation is present which extends further than that one transaction: from customer to client;
 - C. to what degree the relationship is felt by both parties: from supporter to ambassador;
 - D. All the above

3. Which is not the component of pyramid of relationship
 - A. Trust
 - B. Partner
 - C. Ambassador
 - D. Client customer

4. There are two dimensions by which these 'resources' may be specified:
 - A. The personal aspect of the resources
 - B. The tangibility of the resources.
 - C. Both the above
 - D. None of the above

5. The exchange of resources, and the emotional response this solicits, will influence thein the relationship.
 - A. Trust
 - B. Love
 - C. Conflict
 - D. Intensity

6.is not a means to an end. It is the ultimate goal one can set for mutually beneficial relations.
 - A. Trust
 - B. Commitment
 - C. Love
 - D. Comparison

7. According to the course of relationship, end stage is:
 - A. The first Introduction
 - B. The growth Phase
 - C. The saturation Phase

- D. The decline Phase
8. Kietzmann et al. (2011) have designed a honeycomb to :.
- A. Identity
 - B. Conversations
 - C. Sharing
 - D. All the above
9. Which of the following is not among the Three 'value disciplines', are:
- A. Coperational value
 - B. operational excellence
 - C. product leadership;
 - D. customer intimacy.
10. Which of the following is not The context of CRM external strategy is :
- A. Competency
 - B. customers
 - C. Competition
 - D. Distribution
11. The code of conduct: this involves the manner in which relationships are approached; people should be putting themselves in the other person's position (empathising), This creates:
- A. creating trust, profiling themselves as attractive,
 - B. open and sincere,
 - C. lending substance to the relationship and increasing commitment.
 - D. all the above
12. The chances of a relationship-oriented company
- A. displays too much reactive behaviour;
 - B. does not have enough entrepreneurial spirit;
 - C. does not have enough vision.
 - D. All the above
13. Theconsists of the beliefs, norms and values which are adhered to by the people within an organisation and which have repercussions on their behaviour.
- A. Culture
 - B. Vision
 - C. Mission
 - D. Trust
14. During brainstorming sessions with marketers, the culture within a relationship-oriented organisation has been further classified based which on the following statements:
- A. People dare to show their true selves.
 - B. Overtures are made in the proper manner
 - C. People come across as sincere
 - D. All the above

Unit 04: Strategy and Organization of CRM

15.directed at the development of sustainable, mutually beneficial customer relationships is a demanding process, often requiring the redirection of several aspects of the business, which are traditionally more product-oriented, towards a customer orientation.
- Culture
 - Strategy
 - Vision
 - Trust

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. D | 2. D | 3. A | 4. C | 5. A |
| 6. A | 7. D | 8. D | 9. A | 10. A |
| 11. D | 12. D | 13. A | 14. C | 15. B |

Review Questions

- Describe a close customer-supplier relationship in your own words and indicate how this differs from a transactional relationship.
- What is the relationship between trust and commitment? Give an example to explain your answer.
- Analyse a relationship you have with a supplier or service provider as a customer.
 - Choose a company with which you have a relatively close relationship.
 - Describe the trust and the commitment on the part of both parties in the relationship, and explain how these have grown.
- What causes differences to arise in the relationship life-cycle between customers of the same company? Explain your answer.
- What should you know about a customer in order to be capable of and desirous of developing a long-term relationship with them?
- Indicate how a marketer would be able to improve the relationship for each phase in the relationship life-cycle. Explain your answer. Describe the social structure in a virtual community of your choice. Under what circumstances would the development of long-term customer-supplier relationships not be advisable? Explain your answer.
- A characteristic of professional services is that an expert, such as a doctor or lawyer, helps customers in exchange for payment.
 - How would you typify the balance of power in these relationships?
 - What role does the capacity for empathy play in these relationships?
 - Under what circumstances can mutual commitment exist in these types of relationships?
- Different aspects of socialisation on the web can be distinguished, as described in the honeycomb of social media. Specify which aspects are supported by different platforms, such as Twitter, YouTube, LinkedIn and Facebook.
- Analyze the influence of social networks on the development of trust and commitment in bilateral relationships between customers and organizations. Illustrate your answer for a company of your choice in the service industry.

- 9 Under what circumstances do you not recommend the development of a long-lasting relationship between a customer and an organization? Explain your answer.



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Unit 05: CRM Marketing Aspects

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Objectives

- Details to know Customer Knowledge
- Organise data management (in various stages of maturity) in a way that this valuable asset is both structurally maintained and profitably exploited
- Transform data into customer knowledge (developing the desired customer profile)
- Formulate an information policy. How can we respect customers' privacy while using customer data to create value for the customer as well as for the company supplying the products or services

Introduction

Within the field of information management, distinctions have always been made between data, information and knowledge. Data are details: the date on which a prospect became a customer, the value of the last purchase, the term within which payment was made and the customer's address. Data become information as soon as a user assigns a meaning to them. The data say something about the identity and profile of the customer; as a result, it becomes possible to create an image of the customer. Information becomes knowledge as soon as action is taken on the basis of this information; because the customer's profile is known, we know when we should offer them which products or services. It is important to avoid falling into the trap of focusing too singularly on the collection,

maintenance and analysis of the data. This includes resisting the temptation to invest large amounts of time and money in developing a 'crystal ball' which subsequently fails to yield results. It is important is to keep sight of the ultimate goal: knowledge. This involves using the information to develop a relationship with customers, which in turn requires creative utilisation of information sources.

Spending Time on Data Quality

Improving data quality costs money. Relevant customer data need to be gathered and their quality needs to be managed. Information on the identity and profile of former, current and prospective customers has to be collected and registered. Data have to be compiled from different sources and, if necessary, bought from external data suppliers who will supply single-use data. Data need to be retrieved from one's own back-office systems on, for example, transactions, payment history and identity. We have to keep track of which topics were discussed, when and with whom, during front-office communication with customers. Investment is needed in software designed to compile and manage these data. We have to ensure that data do not become obsolete. The inevitable mistakes which creep in when data are collected from so many sources have to be identified and corrected. Hardware and networks must be adapted to meet the demands of these database applications, while ensuring the safety and speed of the other operational applications. Call-centre agents, for example, must still be able to input an order quickly and verify delivery.

One can conclude from this description that the set-up and maintenance of a customer database require spending and investment. In deciding whether to set up this type of database, there is a significant risk that a number of the activities mentioned above will be overlooked and thus the cost of necessary investment will be underestimated. When it comes to CRM programmes, which also include the development of the 'multichannel' environment and the integration of the front and back offices, there is a particular tendency to underestimate the cost of the hardware systems required to manage the data. During the realisation of the project, the company will then be faced with budget overruns and/or concessions to be made in quality, which ultimately endanger the financial success of the entire CRM programme. There have been cases of companies with millions of customers that found they had to reserve as much budget for the system hardware as for the database itself.

If we become aware of which expenses must be incurred in order to collect, register and keep data current, it will also become clear that we only have to invest in those data which ultimately contribute to the customer profile we would like to create and which will come to form the basis of our actions. It is all too easy to record 'everything we come across', only eventually to realise that much of it is of little value. Keeping these types of files up to date involves a great deal of work and expense

5.1 The Waste Resulting from Poor Quality

In order to convince those members of management charged with making decisions on investments in data of the importance of data quality, it can be interesting to present them with the expenses that result from the lack of quality in data. These costs are easier to demonstrate with a higher degree of certainty than the future profits which may be earned from 'good quality data' and can thus be used as an argument when convincing managers of the importance of quality

Identification Errors:

In calculating waste, we limit ourselves initially to the identification aspect: are we able to address, write to or otherwise contact the person or organisation using the correct name, address, telephone number and e-mail address?

Incorrect identification can lead to the following waste (Mergen, 2003; Peelen and Redeman, 2006):

Returned mail items. In addition to the fact that production and mailing expenses have been wasted, the post room incurs expense in 'handling' the returns and the database manager will have to correct errors in the database.

Mail duplication. More than one of an item sent to the same address because certain customer information is duplicated in the database.

E-mail that is returned or sent twice. Although the waste is less substantial than that experienced with physical mail items, corrections will still have to be made to the database.

Incoming telephone calls which cannot be processed sufficiently. The data necessary to be of service to the customer either cannot be found quickly enough or are missing entirely. The caller must wait a long time or will only get an answer to their question in a subsequent conversation which must be effected at either their or the supplier's own initiative. This requires the agent to spend additional time on the telephone and can even lead to additional expense for the telephone call.

Salespersons, account managers and service engineers who visit the customer at the wrong time, at the wrong location or after having made preparations from inaccurate data. Their time and travel expenses have been wasted.

Invoicing errors. Customers either do not receive an invoice or have received an incorrect invoice for goods/services provided. Errors are either not reported, for example if they are to the customer's advantage, or require rectification. Sales are lost and/or corrective expenses result.

The consequences of errors can extend even further than the direct waste mentioned above. In the long run, the effectiveness of communication and the level of service are affected. The likelihood increases that the customer's perception of post and e-mail will deteriorate to the level of junk mail and the telephone will be reduced to a bureaucratic 'pillar-to-post' facility. Opportunities to use the wasted time effectively are missed; the salesperson, the service engineer and the account manager could have acquired a new customer or pleased an existing one during that lost time. Customer satisfaction and commitment suffer. Errors can provoke irritation on the customer's part. In general, the most damage is done when errors are made in the gender or name of a customer (AGB Interact, 1995).

5.2 Profile Errors

In addition to identification, errors may also be made in the profile. These will result in similar waste, albeit on a larger scale. The communication will be less focused; the organisation will be less able to form a full or accurate picture of the customer and, as a result, less able to communicate effectively. The message will be less powerful and may ultimately reach people and businesses which do not belong to the central target group.

Calculating the cost of this waste produces a strong argument in favour of investing in data quality. After all, the figures involved can be quite substantial. Preventive investments to correct errors in identification and develop better profiles suddenly seem more attractive. Thus, procedures geared towards improving quality stand a better chance of being implemented. Investments in tools are within reach so that the database can be cleaned up, for instance, people and companies which appear more than once in the database are identified; steps are taken to ensure that the proper description is maintained for these subjects and duplicated information is removed.

Comparisons can be made with other databases in which up-to-date data on identities and profiles may be maintained.

5.3 The Utilization of Data as an Asset

Utilizing Data

Data are resources in which a great many investments are made and must continue to be made by relationship-oriented organisations. They are assets which must be exploited. First, it is important for organisations to make the right investments, or in other words, record the proper data. Second, the value of these resources only becomes apparent at the moment they are put to use. It is only then that data are converted to information and knowledge. Incorrect handling of data can lead to only a portion of data's potential value being realised or, worse, a situation in which the data value is nullified. Given how often the value and purpose of investing in customer databases come under discussion, the management and exploitation of these data deserve a great deal of attention. Historically, organisations are accustomed to managing physical resources. Data possess entirely different qualities and their management differs considerably from that of physical resources such as machines. Typical problems faced by organisations that invest in and utilise data are shown in the box below.

Typical problems within organisations involving investments in and utilisation of data

Strategy

- There is no connection between the company's and strategic business unit's strategy and the data and information strategy.
- The company does not know which data are the most important.
- The data necessary to implement the strategy are not available.
- The influence of new sources of information or data are not incorporated into the formulation of the strategy

Knowledge of data resources

- There is insufficient knowledge within the company of available data and the manner in which they may be converted into useful information.
- Employees cannot find the information they are seeking.
- Information chains, which run from data creation to use, are insufficiently identified and managed.

Access

- Employees do not have access to the data they are seeking, even if they are aware of their existence.
- Data are not being shared. Quantity
- There are too many data that have little or no value.
- There is a great deal of unmanaged redundancy in the data.
- Superfluous data are not deleted but continue to require attention.
- Commonly used terms, such as customer or profit, have many different meanings.

Quality

Data values are inaccurate, out of date and/or inconsistent, leading to additional expense, complications in the decision-making process and a decline in the quality of operational management.

Need for new data

- New data are not gathered at the speed desired by the organisation.
- Reliable sources of data appear difficult to find.
- Data structures are difficult to adapt.

Use

- The use made of the data is ineffective.
- Decision-making is insufficiently based on facts.
- New market opportunities are not adequately identified.

Security

- Data are exposed to unauthorised use, theft, viruses, loss and unintentional destruction.
Privacy
- The concept within businesses of handling data in a confidential manner is poorly understood.

- There is poor understanding of legitimate and illegitimate use of customer and employee data.
Organisation
- Management responsibilities with regard to data are poorly defined.
- Organisations' bases for policy with regard to data and information are 'brutal'.
- There are no procedures in place for dealing with data issues within the organisations

Data are resources in which a great many investments are made and must continue to be made by

The Organization of Data Management

Building customer knowledge is seen as a prerequisite for relationship building. It should be our goal to organise knowledge management in such a way that it is developed and applied as a strategic differentiator that drives organisational success. It is one of the key principles of CRM that 'because we know our customers and understand them better, we are able to improve the value we create in our relationship with them'. The means or resources, in this case the data and the tools to analyse them (Figure 5.2), should become an integral part of marketing decision making (from lead generation to transaction to after-sales and relationship building). The application of customer knowledge management will have to be embedded within the strategic scope of the organisation. The strategy should drive the way knowledge management is implemented, and vice versa. Knowledge management should result in the right input being available for strategy formulation. Ultimately, embedding knowledge management is crucial for the effect customer analysis will have on organisational performance (Davenport et al., 2010).

Peelen et al. (2009) have empirically validated four different categories of customer intelligence within a group of organisations they researched. Each category has a specific way of fulfilling a role in the organization

Market research driven organisations: These organisations focus mainly on customer satisfaction. Customer data that are generated are applied for internal decision making. The results that are achieved are not clearly linked back to the role of customer intelligence. They use limited datasets and a narrow array of tools and techniques or analytical software.

Fragmentised analytics organisations: On a business unit or departmental level these organisations are quite astute in their use of customer intelligence. They are still very much customer-satisfaction-oriented, but also make use of segmentation models in analytics. They can be found mostly in commodity markets, where intelligence hardly finds its way into product differentiation.

Database marketing-oriented organisations: These companies have an analytical focus on customer segmentation and customer satisfaction. The (personalised) support of customer contact is at the core of their analytical capabilities, including the ability to differentiate service concepts in relation to customer groups. They have a fairly complete set of tools, techniques and supporting software to underpin their analytical capabilities

Analytics-driven organisations: Operating from a broad set of goals and targets (including customer satisfaction), these organisations have top management commitment and a fact-based corporate culture. Customer intelligence is used both in internal decision-making processes and in supporting customer touch-points in the broadest sense possible. Data governance has their attention and a wide array of software, tools and techniques are deployed.

The degree of maturity in terms of customer analytics is different for each of the four categories. They have been named in order of maturity, with the first being the least mature. The latter group use customer knowledge as a strategic asset and deploy it in strategic decision making in relation to segmentation, product development and pricing. They use customer intelligence across the entire organisation, not just within one or two departments or functional units.

Research indicates that the organisations in the later phases of the maturity model have also existed for longer. It seems hard to jump a phase or to start out as a relatively young organisation in the third or fourth phase, suggesting it is a growth path. How far one needs to grow in order for optimal returns on customer analytics to be delivered, depends on the customer relationship strategy.

5.4 Communication and Multi-Channel

Channels have always had the power to transform markets and even economies (Wilson et al., 2008). They provide consumers with access to organisations and can significantly affect the revenues and cost structure of an organisation. The railway has connected the west coast to the east coast of the United States, helping to overcome geographical barriers such as mountains and rivers. The telegraph made rapid connections possible for transmitting information, increasing information exchange and reducing the delay between sender and receiver. These may seem like old examples, but current-day innovations in communication still have a similar impact on our markets and economies, as we see price differentiation decrease, and new businesses and industries emerge. Hundreds of years ago, as the demand for goods such as textiles and shoes began to grow, people started to wonder about fashions 'at the other end of that train line' and wanted to wear them. Arguably, the internet revolution has spurred new business in a similar way. The internet is only now beginning to adapt itself to its users, the consumers and businesses that want to use it to communicate and exchange information.

The first decades of the internet were about machines being connected to machines. Now we are seeing hardware and software reduced to supporting roles as it becomes more about people connecting with people. Despite the importance that channels represent to organisations, they are often approached on a tactical rather than a strategic level. The lack of strategic direction is leading to disruption of customer experiences and lack of orchestration between channels. We are noticing that contact centres are not always well connected to personal sales and retail outlets and that the web is often not connected to other channels. In the meantime, the number of channels is growing and the technologies that enable even more ways of communicating are seeing the light of day. Think about the speed with which we have seen the following channels develop: web, e-mail, mobile (data and voice), text (SMS and MMS), kiosks and multifunctional ATMs, interactive speech technology. The offering of services from third parties makes the adoption of channels easier for organisations. If they cannot facilitate a channel themselves, they can outsource it to a third party, who will invest in infrastructure and development in their stead.

At the same time, the efficiency and effectiveness of mass media are declining. It is becoming difficult and expensive to reach a large target audience with a single sender-initiated message. The mass media channels are cluttered with advertising, fragmented and easily avoided by customers who are getting increasingly annoyed with the constant commercial bombardments from advertisers. The channels which we refer to as 'below the line' and which are the topic of this chapter, have to start playing the part that mass media used to play.

They can be directed with greater precision and can be more customer-initiated, alleviating many of the issues related to mass media. What's more: with digital contact maturing and internet and mobile penetration having reached levels of 90 per cent and above in developed Western economies, they also offer volume at a fraction of the costs of below-the-line communications in the 1980s or 1990s. It is interesting to note that consumers seem to adapt more quickly than businesses. It's a sign of the reversal of roles in supply chains. They embrace new channels and exploit new opportunities quickly. It is crucial that organisations should keep pace with their customers.

This is true for retail outlets, but it is just as valid when talking about contact centres or websites. Online, some 75 per cent of shopping carts are still abandoned before reaching the checkout procedure, because the website's accessibility and usability is less than optimal. Consumers are less likely to follow the procedure or process that the organisations have set out for them. They are hard-pressed for time, impatient and get frustrated quite quickly when they feel they are being treated like numbers when cancelling a subscription, reporting a complaint or enquiring about a bill. They fight back and, in doing so, expose an organisation's poor service performance to a wider audience. Many organisations are therefore working on their multichannel strategy. One might wonder whether a negative option motivation ('we don't want to get slated in public') is the best motivator for organisations. In the area of social media, for instance, it seems to lead to management by strict rules and regulations.

Employees are restricted in what they are allowed to do and new channels are approached very carefully, maybe too carefully and, in particular, too defensively. The true goal of the CRM multichannel strategy should be to work out which channel mix creates the most value for the customer and the organisation, by offering brand relevant experiences through multiple touch points that combine effectiveness in achieving relationship goals while being as cost effective as possible

5.5 How to benefit from Multichannel

What are the right questions to ask when formulating a multichannel strategy? In many real-life situations, the tactical approach towards channels is preventing organisations from focusing on the right questions. There is too much attention paid to costs and too little paid to the unique, differentiated position an organisation can achieve in its market through strategic channel management. Wilson and colleagues (2008) have developed an innovation wheel that helps to answer the right core questions. It starts with identifying the change required in the current situation. It then guides the organisation towards realising this change. In the process, attention should be paid to the topics of finding the right combination of channels, anchoring the choices in the strategy and in the organisation, financial accountability and performance measurement.

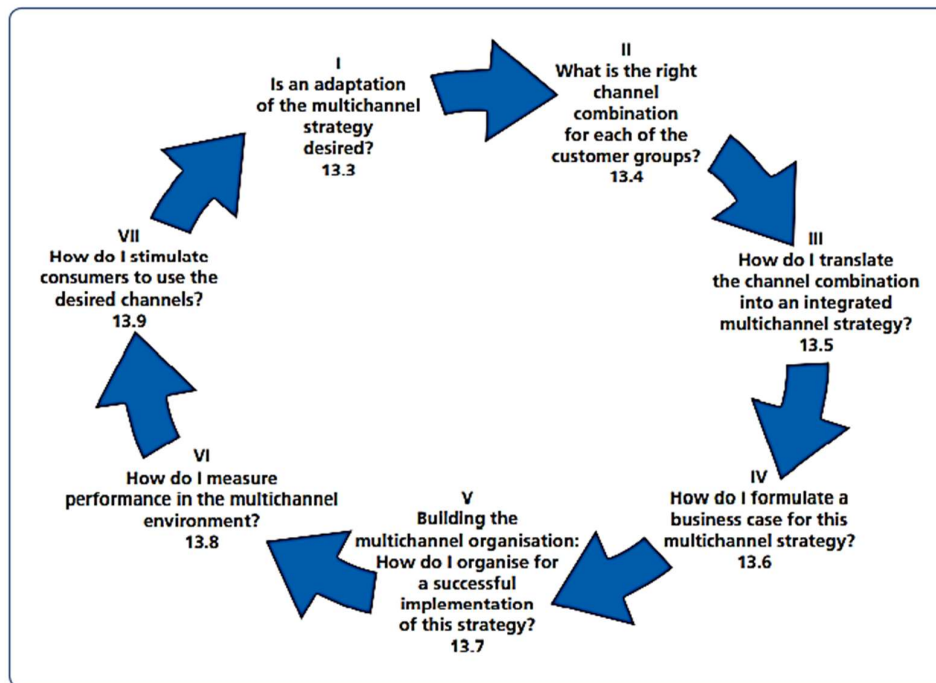
5.6 Should the Multichannel Strategy be Adapted?

Whether or not change in the existing channel mix is actually desired depends on three aspects (Wilson et al., 2008) (see Figure 13.2):

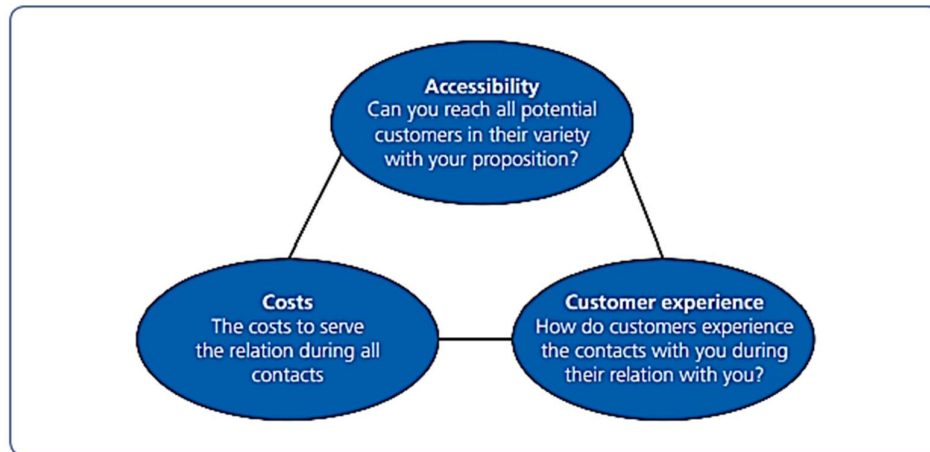
- 1 costs;
- 2 accessibility of the organization
- 3 customer experience that is offered (or rather, created).

The criteria are strategically relevant in judging whether or not the current channel combination is working or needs to be adapted.

The cost level is often one of the primary reasons, if not the primary reason, to reconsider the current channel situation. If the airline industry is to serve as an example, the no-frills airlines have been able to significantly lower the costs of serving a customer. The entire customer process from first orientation to booking and checking in, flying and disembarking



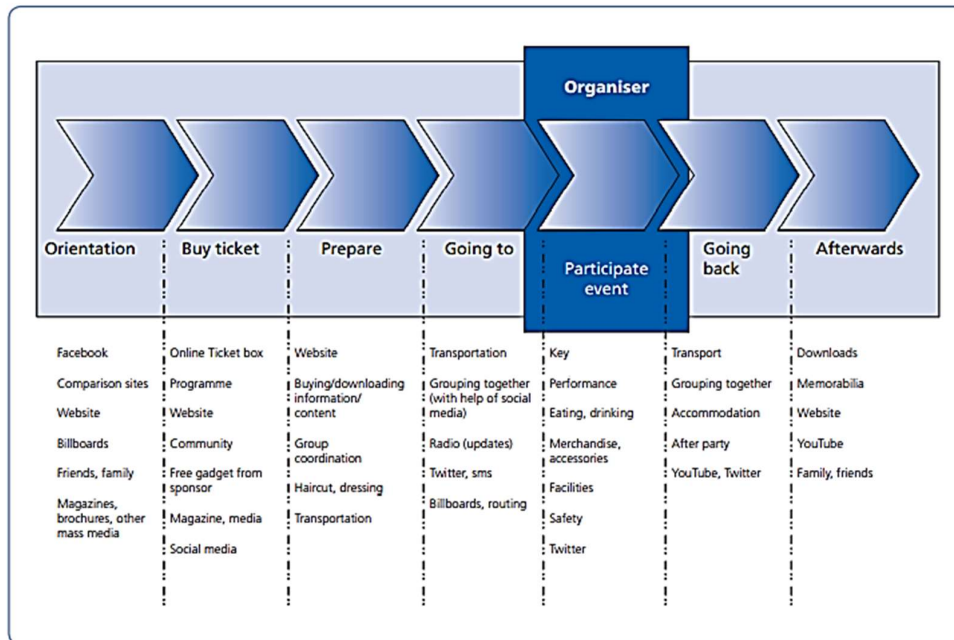
The Innovation wheel of Multichannel.



Three strategic criteria to use when assessing current channel combinations.

has been simplified and is directed through alternative, cheap channels. The cost advantage is such that traditional airlines were finding it impossible to compete without making changes of their own. They too started offering online booking systems, reduced fees paid to intermediaries and increased self-service as standard across the entire boarding and flight process.

The customer experience is on many a manager's agenda. Improving the way customers experience their contact with the organisation is seen as a way of improving the revenue and profit potential. Often, the goal of experience-oriented projects is to increase customer satisfaction while at the same time lowering costs. It seems contradictory, but it often is not. Resolving customer complaints or answering their questions during the first contact can prevent many extra costs being generated by repeat contact, in addition to which, customers feel that they received good service. A better integration of channels also often achieves both goals. When consumers have visited a website and have a question, it may help to have an application that allows the contact centre to see which page the question originates from. They can get real-time insights into the clickstream of the web visitor and help them through the process, which makes the contact both more efficient and effective. The customer will feel that the organisation has made an exceptional effort to provide service, while in fact it was in everyone's best interest.



According to Kahneman (2011), it is the amplitude, the difference between highs and lows in the customer journey that actually influences the degree to which an experience is memorable. It is even more important than the climax, the ultimate experience itself. It seems as though it is no bad thing to let customers puzzle a bit, or have them experience some confusion or distress and actually make an effort. It increases their eventual appreciation! Another point that Kahneman stresses: people remember the end point of the journey. The last song of the concert is often most significant when it comes to marking the 'eternal memory'. So it seems like a good idea to save at least some, if not the best, for last. A nice example is IKEA, with their low-priced, self-service ice-cream cones right after you have passed the checkout, they make a final impression that stresses the values 'cheap', 'for the family' and 'self-service', which are the core of their brand essence.

5.7 What is the Right Channel Combination?

Answering this key question on the optimal channel combination (see Figure 13.1) is divided into sub-questions again (Wilson et al., 2008):

- 1 the range of channels and which channels to use in which 'touch points';
- 2 the degree of differentiation; and
- 3 the controllability.

What range of channels will the organisation offer to customers in different segments? The insights in this area are developing. At the peak of the dotcom-hype it was thought that the online world was competing with the offline environment. Now there is a more realistic perspective that they are complementary and it's wise to offer a mixed approach. Obviously, costs increase as a result, because the result will be a more complex channel structure, but both accessibility and the customer experience are increased and a careful 'best-of-both-worlds' approach becomes possible.

The fact that mixed propositions are more common doesn't mean that single channel propositions are no longer viable. For start-ups it may prove a very good strategy to become dominant and stay reliable through their growth phase. It was only after sticking to a web-only strategy with minor telephone support for a very long time that Dell Computer Company also started selling through other channels in their expansion strategy. Pure online players such as Amazon.com or its Dutch equivalent Bol.com are also proving that single channel approaches can reach a large part of the market. After the range of channels has been determined, the organisation should specify which channels are to facilitate which 'touch points' during the 'customer journey'. Which channel choices are made when it comes to orientation, selection, buying, delivery and after sales processes? A simple

solution might be the main channel approach: the organisation selects one main channel of entry into the customer journey. It's like a gateway

Customer insight is a very valuable asset when making decisions about the range and combination of channels to use. What do customers require?

What are their 'natural preferences' or 'instinctive behaviours'?

There are several factors influencing these preferences, as research by Peelen et al. (2000) has shown:

- **Personality characteristics.** Three dimensions in particular play a part in channel preferences: – Conservative or open-minded: Conservative people value certainty, trusted shapes and forms and frameworks. They are quite sceptical about new channels. Open-minded consumers are just the opposite and want to experiment.

- **Passive or active.** Some people are passive and have a strong tendency to conform to or greatly value the opinions of others. They are more likely to trust and follow advice from others; they are relation-oriented. Others are more active and have a need for control; they want to make their own decisions and reject direct advice from others.

- **Instrumental or social.** The instrumentals are about results, they are efficient and targeted. They are more individual. They do not derive certainty from a hunch, but from objective aspects. Social consumers derive energy from contact with others. They prefer human contact and face-to-face is preferred over telephone contact. Efficiency is not their primary goal. Feeling good about the interaction is important.

- The 'top-of mind awareness' of a channel is a second trait determining channel choice with users. It is dependent upon situational factors, such as availability, knowledge and experience with channels.

- Risk perceptions of the product or service (high-risk perceptions lead to a broader search and orientation in the desire to find alternatives);

- Intrinsic interest from the consumer in a good or service leads to more intensive search and orientation behaviour within channels and a general tendency to use more channels.

- Subjective experience of 'time' tends to make consumers who feel pushed for time instrumental and targeted, with a preference for efficient channels.

- Actual trust, knowledge and experience with channels can be influential in consumer choices

- Typical feel/see/smell products are less likely to be bought through digital channels, whereas catalogue goods that can be bought by specifications, or commodities, where product variations are low, are more suited to remote shopping.

- For perfume, clothing and cars, digital channels tend to provide pre-purchase information and lead to store locations, more than they function as purchasing channels. This may change for repeat purchases when people know what they want.

<i>Availability and service level</i>				
		Gold	Silver	Bronze
Access	Telephone	Free calls Personal	Regular call rate	0800/0900 no.
	Face-to-face	Account manager	None	None
	E-mail	Newsletter	Newsletter	None
	Internet	Personal page	Personal page	Standard
Service levels	Telephone Response time 1st/2nd line	24 hours 20 seconds 90%/10%	24 hours 30 seconds 80%/20%	Office hours
	Account manager Back-up	Experienced and trained Yes	Young None	None
	E-mail Response time	1 hour	4 hours	24 hours
	Internet personalisation	High	High	Less
Communication	Newsletter Transaction status Education Activities/campaigns	+ hardcopy Internet + mail Seminar Face-to-face	ID Internet + mail Internet Tel/mail	E-mail Internet Internet E-mail
Service levels	Newsletter Frequency Personalisation	12/yr Yes	4/yr Yes	3/yr No
	Transaction Frequency Costs	12/yr Free	6/yr Free	3/yr Fee
	Education Frequency Costs	2 seminars/yr Free	2 seminars/yr Contribution costs	None
	Activities Incentives Personalisation Cross-selling	Max. 25% Yes $p > 50\%$	Max. 15% Yes $p > 35\%$	Max. 5% By name $p > 5\%$

Differentiation in Multichannel Mix

If accessibility or the quality of the customer experience is soaring, it may be best to limit the range of channels and the degree of differentiation. In the Practitioner's insight box at the start of this chapter, we discussed the level of importance which marketers attach to this aspect. Multiple plans that are presented to increase the channel range, simply never get implemented because the organisation can't handle it.

5.8 Translating the Channel Combination into an Integrated Multichannel Strategy

The next key question is how to give the optimal channel combination shape and form in a multichannel strategy? If a multichannel strategy is to work out well, different channels will need to be combined at the right place at the right time. If the account manager does not know about complaints a customer has voiced through a contact centre agent, the effect will be the opposite of what the organisation is trying to achieve by providing multiple channels. If a promotional offer is being sent out to a customer who has just cancelled, it may provide an awkward situation. If it is sent to a customer who just ordered, it will cost money and potentially damage the relationship (why didn't my account manager give me the benefit of this offer?).

The challenge is to define the required connections and to determine the required quality of the connection (Wilson et al., 2008). When it comes to making this decision, the starting point is the

formulation of strategies per customer group. The marketing goals in terms of projected retention, cross-sales, recommendation behaviour and channel goals as well as cost-to-serve, desired customer experience and turnover should be specified per customer group. Many decisions relating to channel integration are made so much easier with these starting points clearly identified.

5.9 The Business Case for Multichannel Strategy

The fourth step that is outlined in the innovation wheel for multichannel strategy is drafting the business case. It needs to be shown that the proposed changes are worthwhile and profitable from a financial point of view. Time and resources are always limited, so priorities must be set. Which channel choices are proving to deliver the best balance between value to the customer and value of the customer? A further ranking of options can be achieved by assessing both effort and impact. The top of the list might include the quick wins, which require little effort and show the greatest impact. They are able to enthuse and invigorate for the tougher challenges yet to come. The more structural projects showing high returns in terms of customer value and value to the organisation, the so-called 'must win battles', can be found a little bit further down. Projects with high effort and little return, the 'uphill battles' are placed at the bottom of the list.

It becomes most interesting to assess how one can expand the value of the customer base. Do we need to improve retention in particular groups and is a certain channel decision likely to deliver that retention? The investment in a personal sales visit is easily warranted if it is shown that the churn rate after such a visit is significantly lower. Beware of self-fulfilling prophecies though; it's not hard to believe the customers who defected might not have had a sales visit because of a lack of interest and a growing intention to shop elsewhere. Another question that is valid, is 'Do we need more customers and can we get them through active recommendation behaviour from current customer groups?' It often leads to high-quality acquisition, but the potential to get customers to recommend is channel-dependent. The potential might be limited and personal visits may be necessary. Maybe selective use for only the most promising of customer groups is possible, while the other contacts can be shifted to other channels. It is a matter of constantly matching the cost to serve to the value of customer groups against the potential to create increased revenue through either cross-selling, new customer acquisition or prolonging of the relationship.

The analysis we mentioned can be done for:

- customer groups;
- programmes aimed at intelligent channel combinations;
- performance upgrades to individual channels (such as using the contact centre for sales instead of just service); and
- planned shifts towards channels other than the current ones.

5.10 Building a multichannel Organization

Because they require cross-functional coordination, multichannel organisations can encounter some quite complex issues. One could argue that this is also the case for Enterprise Resource Planning (ERP) projects that span several functional departments. However, any errors made in aligning the organisation around CRM are highly noticeable to customers; the front office is far more 'exposed' than the back office. Multichannel organisations require long-term investments, rather than ones that pay out immediately.

They require careful planning and control. Because of this, channel innovations are in need of some form of central coordination. In order to be able to sell, deliver and service customers and build relationships with them, the product managers, channel managers' segment or customer managers, service managers and marketing intelligence specialists need to work together. Jointly they create value and manage relationships with customers across channels. If there is no clear sense of direction or central coordination, the activities will most likely not be aligned and therefore at least less efficient, though most likely less effective as well. There will be scope to allow one channel manager's or service manager's particular interest to prevail over the total outcome. The service manager might get room to let costs and operational issues take the upper hand and not pay attention to the developments in value for top customers. Product management may be tempted to approach customer groups who are not within the segment manager's scope for certain products, because extra

sales should be achieved. Contact centres might push the tricky questions through to the second line a bit faster to increase the first line's 'firsttime-fix' ratio, but at the same time the total cost to serve are increasing and customers are receiving less service, being patched through unnecessarily.

- Budgets: allocated to serve the special needs of customer groups, so that the pain of increasing service levels for one group is not felt in the budget of the channel that is concerned but is facilitated. Budgets for product introductions, change stimulation programmes etc. might also be considered.
- Quarterly or yearly planning: managing the organisation by financial goals and projects could be coordinated through the formula manager, who has the authority to approve or reject the plans.
- Service level agreements: these specify the performance the formula manager expects from the channels, from the product managers and customer group managers. They specify which levels must be met for any given period and may include bonuses or penalties.

The coordination can also be allocated to one of the departments. For larger customers, it seems appropriate to let the account manager be the coordinator. For smaller segments it could be the segment manager. In product-oriented organisations the control is often placed in the hands of one general manager responsible for all products or value propositions, a chief marketing officer or commercial director.

5.11 Performance Measurement in the Multichannel Environment

The sixth question that is asked concerning the innovation wheel relates to how to measure performance as far as channel changes go. In a general sense, the topic of performance management is attracting a lot of attention. In the case of the multichannel strategy this may be even more so. The complexity of the matter requires careful monitoring. A sharp eye should be kept on whether a carefully crafted channel combination is delivering the desired outcome in the channel results and the overall marketing strategy (Wilson et al., 2008). It is important to measure all critical aspects of multichannel management on an operational level for segments, customer contacts and channels. In developing the performance measurement standards, the customer and the desired experience chain should be the starting point and not, as is often the case, the channels (Arikan, 2008). The objects to measure are:

- How many people are being reached?
- How are customers and prospects experiencing the 'touch points'?
- What revenue and margins are achieved at what costs?

Summary

The biggest challenges in CRM might be the channels. There are many forces working together to create change within an organisation. Technology is progressing, consumers are quicker to adopt than ever before, even leading businesses in the process. Mass communication channels are both losing impact and volume. They are less effective and less efficient and are giving way to below-the-line media. The area of digital communications is very lively, with the internet and social media taking a greater share of advertising spending every year, but progress made in multichannel management remains limited.

The range of channels used to communicate with customers is not expanding and channel integration leaves something to be desired, that much customers and businesses will agree on. To make the change happen, the multichannel question must be placed within the right strategic context. It should be about finding the right combination of channels during different stages of the relationship with different customers.

Asking the right key questions is a first step to solving the puzzle. Is the current combination of channels ideal from the point of view of costs, experience and accessibility? Is it delivering the desired financial performance? What changes are desirable and how can these changes be implemented across touch points? What degree of differentiation is required and is it controllable? Is the business case positive? Are results measured appropriately?

The final question is maybe the toughest one of all: how do we get customers to use a new and improved multichannel infrastructure? If all is well, the design principle of 'don't force, but seduce' has been used, but even then behaviour is unlikely to change overnight, whereas a channel

infrastructure will be geared towards a certain level of load balancing between channels. A new balance will need to be found every time, or an organisation faces the risk of losing business opportunities, creating excessive costs or even worse, losing customers.

Keywords

Inbound Contact Centre: Contact centres communicate with customers in a number of ways, but who initiates the contact defines the type of contact centre. If the outside world initiates contact, then the contact centre is said to be an inbound contact centre.

Job Analysis: Job analysis is the formal process of identifying the content of a job in terms activities involved and attributes needed to perform the work and identifies major job requirements.

Job Description: A job description is a list that a person might use for general tasks, or functions, and responsibilities of a position.

Lodging: A room or rooms rented out to someone, usually in the same residence as the owner.

Outbound Contact Centre: If the contact centre itself is responsible for initiating contact; then the contact centre is said to be an outbound contact centre.

Reservation: An arrangement whereby something, esp. a seat or room, is booked or reserved for a particular person.

Text Chat: It can be an effective way to communicate with the customer. Text chat is like a telephone call, but instead of talking, the two people are typing their dialog.

Training: The action of teaching a person or animal a particular skill or type of behaviour

Self Assessment

1. Which of the following is the data:
 - A. the date on which a prospect became a customer
 - B. the value of the last purchase,
 - C. the term within which payment was made and the customer's address
 - D. all the above

2. Data become..... as soon as a user assigns a meaning to them.
 - A. Information
 - B. Data set
 - C. Accurate
 - D. Knowledge

3. In addition to the fact that production and mailing expenses have been wasted, the post room incurs expense in 'handling' the returns and the database manager will have to correct errors in the database. This is referred to as:
 - A. Returned Mail Items
 - B. Mail Duplication
 - C. E- Mail
 - D. None of the above

4. More than one of an item sent to the same address because certain customer information is duplicated in the database. This is referred to as :
- Returned Mail Items
 - Mail Duplication
 - E- Mail
 - None of the above
5. can be made with other databases in which up-to-date data on identities and profiles may be maintained.
- Comparisons
 - Data
 - Accuracy
 - Timelines
6. The need for new data is:
- New data are not gathered at the speed desired by the organisation.
 - Reliable sources of data appear difficult to find.
 - Data structures are difficult to adapt.
 - All the above
7. Security Concerns for the data is :
- Data are exposed to unauthorised use, theft, viruses, loss and unintentional destruction.
Privacy
 - The concept within businesses of handling data in a confidential manner is poorly understood.
 - There is poor understanding of legitimate and illegitimate use of customer and employee data.
Organisation
 - All the above
8. The different categories of customer intelligence within a group of organisations they researched are:
- Market Research driven organization
 - Fragmentized analytics organisations
 - Database marketing oriented organizations
 - all the above
9. Sales revenue – cost of production/provision =
10. There are steps in ABC costing process
11. ABC is often used by telecommunications companies to improve customer
12. is concerned with how profit is determined by sales volume, sales price, variable expenses, and fixed expenses.
13. Consumer complaint behaviour is also known as
14. Complaint has impact on the by the customer.
15. is the measure of the extent to which fixed costs are being used in an organization.

Answers for Self Assessment

- | | | | | |
|-------------------|------------------|----------------------------------|-------------------------|------------------------|
| 1. D | 2. A | 3. A | 4. A | 5. A |
| 6. D | 7. D | 8. D | 9. Base profit | 10. Five |
| 11. Profitability | 12. CVP analysis | 13. Consumer complaint responses | 14. Defection intention | 15. operating leverage |

Review Questions

- Many companies develop channels in isolation. They set them apart from all other channels. The internet is very often a separate department. What might be the reasons that companies do this? Name at least four and give reasons.
- What might be the reasons organizations are very careful to adjust their multichannel environment? Name at least three and explain them.
- When determining the current multichannel strategy, one can anticipate future requirements by looking at lead users or younger customers. Take a random organization that you know and look at how it should adapt its channel mix to reflect the behavior and customer experience requirements of young people.
- The challenge in many multichannel innovation programmes is to combine goals that appear to conflict. Lowering costs while improving accessibility and increasing the customer experience. Think of four examples or ways to achieve this. Briefly explain each.
- Explain what is meant by the 'click, call, face' model.
- What makes it difficult to organize the efficient and effective use of channels to combine a seamless customer experience, accessibility and good financial performance?
- What channel conflicts can you think of between telephone, the internet and the direct sales channel?
- What performance indicators would you use in a multichannel environment where the contact centre is responsible for lead generation, sales and customer service, where the internet supports all phases of the customer buying cycle and the sales function is used purely to generate leads and 'close the deal' (and not for relationship building or after sales activities)? What problems do you see occurring?
- Stimulating customers to use desired channels is a part of what we call the navigation issue. It is a matter that requires optimisation and is actually referred to as a pinball-machine. The customer is the ball and the goal is to score as many points as possible. How do you evaluate this analogy and what are the benefits and drawbacks of viewing it this way?
- In what way does a mail-order house attempt to generate new business through the utilisation of multichannel? Conduct a small-scale study and describe and evaluate which new IT-supported channels a certain mail order firm has chosen to develop over the past five to ten years

**Further Readings**

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Unit 06: Analytical CRM

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Objectives

After studying this unit, you will be able to:

- Relationship Data Management
- The central role of customer-related databases to the successful delivery of CRM outcomes
- The importance of high-quality data to CRM performance

Introduction

We will discuss the importance of developing an intimate knowledge and understanding of customers in this chapter. This is essential to achieving CRM success. Strategic CRM, which focuses on winning and keeping profitable customers, relies on customer-related data to identify which customers to target, win and keep. Operational CRM, which focuses on the automation of customer-facing processes such as selling, marketing and customer service, needs customer-related data to be able to deliver excellent service, run successful marketing campaigns and track sales opportunities. Analytical CRM mines customer-related data for strategic or tactical purposes. Collaborative CRM involves the sharing of customer related data with organizational partners, with a view to enhancing company, partner and customer value.

Customer-related databases are the foundation for the execution of CRM strategy. Proficiency at acquiring, enhancing, storing, distributing and using customer-related data is critical to CRM performance.

6.1 Customer Related Database

Companies typically do not have a single customer database; instead, they have a number of customer-related databases. Large organizations, such as financial services companies, can have 20 or more customer systems, each with a separate database. These databases capture customer-related data from a number of different perspectives. Customer-related databases might be maintained in a number of functional areas – sales, marketing, service, logistics and accounts – each serving different operational purposes. Respectively, these databases might record quite different customer-related data – opportunities, campaigns, enquiries, deliveries and billing.

Customer-related data might also be maintained by different channel managers – company-owned retail stores, third-party retail outlets and online retail, for example. Similarly, different product managers might maintain their own customer-related data. Customer-related data can have a current, past or future perspective, focusing upon current opportunities, historic sales or potential opportunities. Customer-related data might be about individual customers, customer cohorts, customer segments, market segments or entire markets. They might also contain product information, competitor information, regulatory data or anything else pertinent to the development and maintenance of customer relationships.

6.2 Developing Customer Related Database

Most databases share a common structure of files, records and fields (also called tables, rows and columns). Files (tables) hold information on a single topic such as customers, products, transactions or service requests. Each file (table) contains a number of records (rows). Each record (row) contains a number of elements of data. These elements are arranged in common sets of fields (columns) across the table. The modern customer related database therefore resembles a spreadsheet. There are six major steps in building a customer-related database,

Steps:

1. Define the database functions
2. Define the information requirement
3. Identify the information sources
4. select the database technology and hardware platform
5. Populate the database
6. Maintain the database

How to create a customer database

Understanding how to create a successful customer database could contribute to the success of your marketing and sales efforts. Consider the following steps to create a customer database:

1. Define the Database Functions

- It's important to define and understand your customer database functions. An effective customer database system should perform the four functions of customer relationship management (CRM):
- Operational functions: Operational customer relationship management relies on the database from related strategic direction to help in the organization's day-to-day running. For example, a restaurant host might access data from a guest's history to determine which kind of meals a customer is likely to order.
- Collaborative functions: A collaborative CRM database is an important part of aligning distribution channels with partners that serve the end customers.
- Analytical functions: Analytical customer relationship functions use data to support marketing efforts and create value for the customers. For example, a restaurant can provide a free meal to regular customers from records collected from the customer database system.
- Strategic activities: Strategic customer relationships require information about markets, customers, market offerings, competitors, distribution channels and the ability to identify new customers and methods that the company can use to attract their target audience.

2. Identify the information sources

- Understanding your sources of information can contribute to the success of your customer database. Try to collect customers' information from sales departments, marketing agents, services departments and those that make strategic customer relationship decisions. Be sure to include information about customers' emails, products they prefer and their preferred salutations.

- If dealing with CRM decisions, you might require a completely different set of databases. Be sure to check that you have access to all critical information.

3. Select the type of database

- You may store customer-related data in three forms:
- Hierarchical database: These types of databases organize customer data in a simple visual structure
- Network database: This model involves linking different customer's information to each owner in an intricate web network
- Relational database: Relational databases are digital-based and also referred to as relation-based database
- Factors like the size of databases, cost of the platform and its users may influence your choice of database. However, a relational database is an effective way to create, administer and update the required data. Tables in the form of rows and columns store the data in an easy-to-monitor display.

4. Structure the data

- After determining which type of database is best for your organization, it's important to define how you plan to structure the data. This involves entering marketing information into marketing segments where you can access it to make informed decisions about your marketing efforts. Similarly, you may keep sales-related details in sales segments to analyze the information and apply the data to your sales strategies.
- To ensure that the marketing and sales data is accurate, you may validate the information, reduplicate the data and merge and compare data from two or more sources.

5. Expand the database

- Once you have created the database, the next set involves supplementing the database with other sources. To do this, you may use data from existing customer details to search for similar information using campaign-generated data. An expanded database may help you analyze a larger amount of customer data, enhancing your position in the competitive markets.
- You can also contact specialist data companies who offer services that can enrich your database with missing information such as email addresses, telephone details, standard industrial classifications, contacts and employee numbers.

6. Develop a regular maintenance program

- It's important to update business and customer data in order to ensure accuracy. You can keep your customer databases updated in several ways:
- Adding data from new campaigns
- Removing inactive clients' data
- Ask clients to update their records
- See your instant resume report on Indeed
- Get recommendations for your resume in minutes
- Tips for using a customer database to improve your marketing and sales efforts
- Below are some additional tips to help you use a customer database to improve your marketing and sales efforts:
- Build buyer personas: It may be helpful to know your target customers and their buying behaviors. Successful organizations rely on buyer personas representing ideal customers stored in their customer database systems. With the correct data, you can make profitable marketing and sales decisions about your target audience.
- Reduce customer churn: An ideal customer database may help you understand and improve customer churn. If a customer typically purchases from you every week, and you notice the customer has not purchased in the previous month, try to research the possible

reasons for their changed buying patterns. Your sales team can then connect with the clients using the details from the customer database platforms to encourage their usual buying habits.

- Provide personalized customer support: It's important that a customer service representative always be ready for an incoming call from the customers. Using a customer database, representatives can easily access the caller's profile for relevant information. With this information, the customer representative can provide personalized support to the client, which plays a crucial role in customer retention.
- Promote sales foresight: A customer database provides relevant information that predicts when your customers will likely buy again by considering their previous purchases. Through the report, you can create programs of planned obsolescence or complementary products to offer your clients, which boosts your marketing efforts and client retention strategies.
- Personalize email communication: You can personalize email communication to your customers based on past purchase data from your database, which may increase your chances of retaining clients. This may generate sales by segmenting the email list by customer demographics.

6.3 Elaborative Explanation of Concepts

Step # 1. Define the Database Functions:

Databases support the four forms of CRM – strategic, operational, analytical and collaborative. Strategic CRM needs data about markets, market offerings, customers, channels, competitors, performance and potential to be able to identify which customers to target for customer acquisition, retention and development, and what to offer them.

Collaborative CRM implementations generally use the operational and analytical data as described below, so that partners in distribution channels can align their efforts to serve end-customers. Customer-related database is necessary for both operational and analytical CRM purposes. Operational CRM uses customer-related database to help in the everyday running of the business.



For example:

- i. a telecoms customer service representative (CSR) needs to access a customer record when she receives a telephone query
- ii. a hotel receptionist needs access to a guest's history so that she can reserve the preferred type of room – smoking or non-smoking, standard or deluxe
- iii. a salesperson needs to check a customer's payment history to find out whether the account has reached the maximum credit limit.
- iii. Analytical CRM uses customer-related database to support the marketing, sales and service decisions that aim to enhance the value created for and from customers. For example:
- iv. the telecoms company might want to target a retention offer to customers who are signaling an intention to switch to a different supplier
- v. the hotel company might want to promote a weekend break to customers who have indicated their complete delight in previous customer satisfaction surveys
- vi. a sales manager might want to compute his sales representatives' customer profitability, given the level of service that is being provided. Customer-related database are typically organized into two subsets, reflecting these operational and analytical purposes.

Operational data resides in an OLTP (online transaction processing) database, and analytical data resides in an OLAP (online analytical processing) database. The information in the OLAP database is normally a summarized, restructured, extract of the OLTP database, sufficient to perform the analytical tasks. The analytical database might also draw in data from a number of internal and external sources.

OLTP data needs to be very accurate and up to date. When a customer calls a contact center to enquire about an invoice, it is not used by the CSR telling the customer what the average invoice is for a customer

in her postcode. The customer wants personal, accurate, contemporary, information. OLAP data bases can perform well with less current data.

Step # 2. Define the Information Requirements:

The people best placed to answer the question 'what information is needed?' are those who interact or communicate with customers for sales, marketing and service purposes, and those who have to make strategic CRM decisions.

A direct marketer who is planning an e-mail campaign might want to know open and click-through rates, and click-to-open rates (CTOR) for previous e-campaigns, broken down by target market, offer and execution. She would also want to know e-mail addresses, e-mail preferences (html or plain text), and preferred salutation (first name ?Mr? Ms?).

Operational and analytical needs like these help define the contents of customer-related databases. Senior managers reviewing your company's strategic CRM decisions will require a completely different set of information. They may want to know the following.

How is the market segmented? Who are our current customers? What do they buy? Who else do they buy from? What are our customers' requirements, expectations and preferences across all components of the value proposition, including product, service, channel and communication? With the advent of packaged CRM applications, much of the database design work has been done by the software vendors.

The availability of industry-specific CRM applications, with their corresponding industry specific data models, allows for a much closer fit with a company's data needs. Where there is a good fit out of the box, the data base design process for both operational and analytical CRM applications becomes one of implementing exceptions that have been overlooked by the generic industry model.

Some CRM vendors have also built in the extract, transform and load processes to move information from OLTP to OLAP databases although it is highly likely that a client will need to modify and customer information fields:

Customer Information Fields:

Most CRM software has predefined fields in different modules, whether for sales, marketing or service applications. For example, in a sales application, a number of fields (columns) of information about customers are common: contact data, contact history, transactional history, current pipeline, future opportunities, products and communication preferences.

Contact data:

Who is the main contact (name) and who else (other names) is involved in buying decisions? What are their roles? Who are the decision-makers, buyers, influencers, initiators and gatekeepers? What are the customer's invoice addresses, delivery addresses, phone numbers, fax numbers, e-mail addresses, street addresses and postal addresses? customize the standard processes.

Contact history:

Who has communicated with the customer, when, about what, in which medium and with what outcome?

Transactional history:

What has the customer bought and when? What has been offered to the customer, but not been purchased?

Current pipeline:

What opportunities are currently in the sales pipeline? What is the value of each opportunity? What is the probability of closing? Is there a 10 per cent, 20 per cent ... 90 per cent chance of making a sale? Some CRM applications enable sales people to allocate red, amber or green signals to opportunities according to the probability of success.

Opportunities:

Whereas ' transactional history ' looks backwards, ' opportunity ' looks forwards. This is where opportunities that have not yet been opened or discussed are recorded.

Products:

What products does the customer have? When were these products purchased, and when are they due for renewal? Have there been any service issues related to these products in the past?

Communication preferences:

What is the preferred medium of communication – mail, telephone, email, face-to-face, etc.? If it is e-mail, is plain text or html preferred? What is the preferred salutation? And the preferred contact time and location? Customers may prefer you to contact them by phone for some communications (e.g. an urgent product recall), by mail for others (e.g. Invoicing), by e-mail (e.g. for advice about special offers) and face-to face for other reasons (e.g. news about new products).

These preferences can change over time. When a customer's preferences are used during customer communications, it is evidence that the company is responsive to customer expectations. Many companies allow customers to opt in to, or out of, different forms of communication. Customers may prefer to adjust their own preferences. Amazon(dot)com, for example, allows customers to opt to receive e-mail about six different types of content: terms and conditions of shopping at Amazon; new products; research surveys; magazine subscription renewal notices; information about and from Amazon's partners and special offers.

Step # 3. Identify the Information Sources:

Information for customer-related databases can be sourced internally or externally. Prior to building the database it is necessary to audit the company to find out what data are available. Internal data are the foundation of most CRM programmes, though the amount of information available about customers depends on the degree of contact that the company has with the customer. Some companies sell through partners, agents and distributors and have little knowledge about the demand chain beyond their immediate contact. Internal data can be found in various functional areas.

i. Marketing might have data on market size, market segmentation, customer profiles, customer acquisition channels, marketing campaign records, product registrations and requests for product information.

ii. Sales might have records on customer purchasing history including agency, frequency and monetary value, buyers ' names and contact details, account number, SIC code, important buying criteria, terms of trade such as discounts and payment period, potential customers(prospects), responses to proposals, competitor products and pricing, and customer requirements and preferences.

iii. Customer service might have records of service histories, service requirements, customer satisfaction levels, customer complaints, resolved and unresolved issues, enquiries, and loyalty programme membership and status.

i. Finance may have data on credit ratings, accounts receivable and payment histories.

ii. Your webmaster may have click-stream data.

Enhancing the data:

External data can be used to enhance the internal data and can be imported from a number of sources including market research companies and marketing database companies. The business intelligence company Claritas, for example, offers clients access to their Behaviour bank and

Lifestyle Selector databases:

These databases are populated with data obtained from many millions of returned questionnaires. Experian, another intelligence company, provides geo-demographic data to its clients. External data can be classified into three groups:

1. compiled list data
2. census data
3. modelled data.

1. Compiled list data:

Compiled list data are individual level data assembled by list bureaux or list vendors. They build their lists from a variety of personal, household and business sources. They might use local or council tax records, questionnaire response data, warranty card registrations or businesses' published annual reports. Lists can be purchased outright or rented for a period of time and a defined number of uses. Once the list or its permitted use has expired, it must be removed from the database.

If you were a retailer thinking of diversifying from leisurewear into dancewear and had little relevant customer data of your own, you might be interested in buying or renting data from an external source.

Data could have been compiled by the bureau or vendor from a variety of sources, such as:

- i. memberships of dance schools
- ii. student enrolments on dance courses at school and college
- iii. recent purchasers of dance equipment lifestyle questionnaire respondents who cite dance as an interest
- iv. subscribers to dance magazines
- v. purchasers of tickets for dance and musical theatre.

2. Census data:

Census data are obtained from government census records. In different parts of the world, different information is available. Some censuses are unreliable; others do not make much data available for nongovernmental use. In the USA, where the census is conducted every ten years, you cannot obtain census data at the household level, but you can at a more aggregated geo demographic level, such as zip code, census tract and block group.

Census tracts are subdivisions of counties. Block groups are subdivisions of census tracts, the boundaries of which are generally streets. In the USA there are about 225 000 block groups, with an average of over 1000 persons per group.

Census data available at geo demographic level includes:

- a. median income
- b. average household size
- c. average home value
- d. average monthly mortgage
- e. percentage ethnic breakdown

- f. marital status
- g. percentage college educated.

For the UK census there are 155 000 enumeration districts, each comprising about 150 households and ten postcodes. The enumeration district is the basis for much geo demographic data. Individual-level data are better predictors of behaviour than aggregated geo demographic data. However, in the absence of individual-level data, census data may be the only option for enhancing your internal data. For example, a car reseller could use census data about median income and average household size to predict who might be prospects for a purchase promotion.

3. Modelled data:

Modelled data are generated by third parties from data that they assemble from a variety of sources. You buy processed, rather than raw, data from these sources. Often they have performed clustering routines on the data. For example, Claritas has developed a customer classification scheme called PRIZM.

In Great Britain, PRIZM describes the lifestyles of people living in a particular postcode. Every postcode is assigned to one of 72 different clusters on the basis of their responses to a variety of lifestyle and demographic questions. Eighty per cent of the data used in the clustering process is less than three years old.

Step # 4. Select the Database Technology and Hardware Platform:

Customer-related database can be stored in a database in a number of different ways:

1. Hierarchical
2. Network
3. Relational.

1. Hierarchical database:

Hierarchical and network databases were the most common form between the 1960s and 1980s. The hierarchical database is the oldest form and not well suited to most CRM applications. You can imagine the hierarchical model as an organization chart or family tree, in which a child can have only one parent, but a parent can have many children.

The only way to get access to the lower levels is to start at the top and work downwards. When data is stored in hierarchical format, you may end up working through several layers of higher-level data before getting to the data you need.

Product databases are generally hierarchical. A major product category will be subdivided repeatedly until all forms of the product have their own record. To extend the family tree metaphor, the network database allows children to have one, none or more than one parent. Before the network database had the chance to become popular, the relational database superseded it, eventually becoming an ANSI standard in 1971.

2. Relational databases:

Relational databases are now the standard architecture for CRM applications. Relational databases store data in two dimensional tables comprised of rows and columns. Relational databases have one or more fields that provide a unique form of identification for each record. This is called the primary key. For sales databases, each customer is generally assigned a unique number which appears in the first column.

Therefore, each row has a unique number. Companies also have other databases for marketing, service, inventory, payments and so on. The customer's unique identifying number enables linkages to be made between the various tabases. Let's imagine you are a customer of an online retailer. You

buy a book and supply the retailer with your name, address, preferred delivery choice and credit-card details.

A record is created for you on the 'Customer' database, with a unique identifying number. An 'Orders received' database records your purchase and preferred delivery choice. An 'Inventory' database records that there has been a reduction in the stock of the item you ordered. This may trigger a re-ordering process when inventory reaches a critical level.

A 'Payment' database records your payment by credit-card. There will be one-to-many linkages between your customer record and these other databases. With the advent of enterprise suites from vendors such as Oracle and SAP, all of these databases may reside in the one system and be pre-integrated.

The choice of hardware platform is influenced by several conditions:

1. The size of the databases. Even standard desktop PCs are capable of storing huge amounts of customer data. However, they are not designed for this data to be shared easily between several users.
2. Existing technology. Most companies will already have technology that lends itself to data-base applications.
3. The number and location of users. Many CRM applications are quite simple, but in an increasingly global marketplace the hardware may need very careful specification and periodic review. For example, the hardware might need to enable a geographically dispersed, multilingual, user group to access data for both analytical and operational purposes.

3. Relational database management system (RDBMS):

A relational database management system can be defined as follows: An RDBMS is a software programme that allows users to create, update and administer a relational database. There are a number of relational database management systems available from technology firms that are well suited to CRM applications. Leading RDBMS products are Oracle, DB2 from IBM, and Microsoft's SQL Server. Most RDBMS products use SQL to access, update and query the database.

The selection of the CRM database can be done in parallel with the next step in this process, selection of CRM applications. Modern database applications come together with their own database schema, which predetermines the tables and columns in the database structure. Each CRM vendor then supports a specified list of database technologies, for example, Oracle or SQL server.

Indeed, it is possible to buy an entire platform, consisting of integrated hardware, operating system (OS), database and CRM applications. Leading platforms include UNIX, Microsoft and IBM.

The UNIX platform offers a number of hardware/OS/database options, such as Hewlett-Packard hardware, Digital UNIX operating system and Oracle database. The IBM platform employs AS/400 hardware, OS/400 operating system and DB2/400 database. Microsoft NT servers are becoming more popular for CRM applications, due to the ease with which they can be scaled and expanded.

Step # 5. Populate the Database:

Having decided what information is needed and the database and hardware requirements, the next task is to obtain the data and enter it onto the database. CRM applications need data that are appropriately accurate.

We use the 'appropriately' because the level of accuracy depends upon the function of the database. Operational CRM applications generally need more accurate and contemporary data than analytical applications. You may have personally experienced the results of poor quality data. Perhaps you have received a mailed invitation to become a donor to a charity, to which you already donate direct from your salary.

This could have happened when a prospecting list that has been bought by the charity was not been checked against current donor lists. Perhaps you have been addressed as Mrs. although you prefer Ms. This is caused because the company has either not obtained or not acted on or checked your communication preferences. One of the biggest issues with customer data is not so much incorrect

data as missing data. Many organizations find it difficult to obtain even basic customer data, such as e-mail addresses and preferences.

The main steps in ensuring that the database is populated with appropriately accurate data are as follows:

1. Source the data
2. Verify the data
3. Validate the data
4. De-duplicate the data
5. Merge and purge data from two or more sources.

Sourcing: organizations must develop explicit processes to obtain information from customers, such as on initial sign-up or when concluding a service call. Organizations cannot rely on customer goodwill; data must be collected whenever interaction occurs.

Verification: this task is conducted to ensure that the data has been entered exactly as found in the original source. This can be a very labour intensive process since it generally involves keying the data in twice with the computer programmed to flag mismatches. An alternative is to check visually that the data entered match the data at the primary source.

Validation: this is concerned with checking the accuracy of the data that are entered. There are a number of common inaccuracies, many associated with name and address fields: misspelt names, incorrect titles, inappropriate salutations. A number of processes can improve data accuracy.

- range validation: does an entry lie outside the possible range for a field?
- ii. missing values: the computer can check for values that are missing in any column.
- iii. check against external sources: you could check postcodes against an authoritative external listing from the mail authorities.

De-duplication: also known as de-duping. Customers become aware that their details appear more than once on a database when they receive identical communications from a company. This might occur when external data is not cross-checked against internal data, when two or more internal lists are used for the mailing or when customers have more than one address on a database. There may be sound cost reasons for this (de-duplication does cost money), but from the customer's perspective it can look wasteful and unprofessional. De-duplication software is available to help in the process.

The de-duplication process needs to be alert to the possibility of two types of error:

1. Removing a record that should be retained. For example, if a property is divided into unnumbered apartments and you have transactions with more than one resident, then it would be a mistake to assume duplication and delete records. Similarly, you may have more than one customer in a household, bearing the same family name or initials.
2. Retaining a record that should be removed. For example, you may have separate records for a customer under different titles such as Mr and Dr.

Merge and purge also known as merge-purge, this is a process that is performed when two or more databases are merged. This might happen when an external database is merged to an internal database, when two internal databases are merged (e.g. marketing and customer service databases), or when two external lists are bought and merged for a particular purpose such as a campaign. There can be significant costs savings for marketing campaigns when duplications are purged from the combined lists.

Step # 6. Maintain the Database:

Customer databases need to be updated to keep them useful.

Consider the following statistics:

- a. 19% of managing directors change jobs in any year
- b. 8% of businesses relocate in any year
- c. in the UK, 5% of postcodes change in an average year
- d. in western economies about 1.2% of the population dies each year
- e. in the USA, over 40 million people change addresses each year.

It does not take long for databases to degrade. Companies can maintain data integrity in a number of ways.

1. Ensure that data from all new transactions, campaigns and communications is inserted into the database immediately. You will need to develop rules and ensure that they are applied.
2. Regularly de-duplicate databases.
3. Audit a subset of the files every year. Measure the amount of degradation. Identify the source of degradation: is it a particular data source or field?
4. Purge customers who have been inactive for a certain period of time. For frequently bought products, the dormant time period might be six months or less. For products with a longer repeat purchase cycle, the period will be longer. It is not always clear what a suitable dormancy period is. Some credit-card users, for example, may have different cards in different currencies. Inactivity for a year only indicates that the owner has not travelled to a country in the previous year. The owner may make several trips in the coming year.
5. Drip-feed the database. Every time there is a customer contact there is an opportunity to add new or verify existing data.
6. Get customers to update their own records. When Amazon customers buy online, they need to confirm or update invoice and delivery details. Remove customers' records when they request this.
7. Insert decoy records. If the database is managed by an external agency, you might want to check the effectiveness of the agency's performance by inserting a few dummy records into the database. If the agency fails to spot the dummies, you may have a problem with their service standards users with administrative rights can update records. Database updating and maintenance is also enabled by database query language.

Common languages are SQL (Structured Query Language) and QBE (Query By Example). Maintenance queries available in SQL include UPDATE, INSERT and DELETE commands. You can use the commands to update your customer-related database. INSERT, for example, adds a new record to the database.

Summary

CRM strategies offer companies a complete view of their customers across the entire organization.

When implemented properly, a CRM strategy integrates all customer-facing and back office applications with the same data. Companies reap large gains from these efficiencies by offering better service and developing deeper relationships with customers.

In order to achieve those gains, the implementation of the CRM strategy has to create a 360-degree view of the customer. This means merging the information silos maintained by each department into a single data repository accessible by all departments.

Selection of technology is vital to a successful CRM implementation. Selecting a package approach, rather than tying together existing individual components, enables each department to tie into the same database with systems that speak the same "language."

Implementation of a CRM strategy is by no means a project for the IT department alone. λ Marketers must be directly involved in the process because they will ultimately win or lose based on the quality of the outcome.

If implemented properly, a CRM strategy enables marketers to interact with customers armed with useful information. λ Additionally, by analyzing existing customer data, marketers have better tools to build future marketing campaigns, increase sales and drive ROI.

Keywords

- **Competitive Advantage:** An advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competition. There can be many types of competitive advantages including the firm's cost structure, product offerings, distribution network and customer support.
- **Corporate Social Responsibility:** Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large
- **Customer Value Framework:** The framework identifies five major sources of value—information, products, interactions, environment, and ownership—that are associated with central value-chain processes.
- **Customer Value:** It is defined as the difference between what a customer gets from a product, and what he or she has to give in order to get it. It helps people and companies unlock their inner creative power and achieve amazing results.
- **Marketing Research:** It is the systematic gathering, recording, and analysis of qualitative and quantitative data about issues relating to marketing products and services. The goal of marketing research is to identify and assess how changing elements of the marketing mix impacts customer behaviour.
- **Marketing Strategy:** Marketing strategy is a process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage.
- **Technology Components:** The CRM technology components combine the functions of CRM engine, Front-office solutions, Enterprise Application Integrations (EAI) for CRM.

Self Assessment

1. Percentage or number of customers who move from one level to next level in buying decision process is called
 - A. conversion rates
 - B. marketing rates
 - C. shopping rates
 - D. loyalty rates

2. Customized products and services for customers and interaction to individual customers are part of
 - A. retailers management
 - B. customer relationship management
 - C. company relationship management
 - D. supplier management

3. Company's 'customer relationship capital' is another name of
 - A. satisfied customers
 - B. dissatisfied customers
 - C. customer retention

- D. customer conversion
4. Company's monetary, time and energy cost, all are included in
- A. total customer cost
 - B. psychological cost
 - C. personal benefits
 - D. image benefits
5. A person or company that yields a revenue more than incurred costs of selling and serving is called
- A. dissatisfaction
 - B. superior value
 - C. profitable customers
 - D. satisfied customers
6. Customers lifetime purchases that generate net present value of future profit streams is called
- A. customer lifetime value
 - B. customer purchases value
 - C. customer cost incurred
 - D. customer relationships
7. 'total customer benefits' includes
- A. product benefits
 - B. services benefit
 - C. image benefit
 - D. all of above
8. Programs designed for customers which is limited to any affinity group are classified as
- A. club membership programs
 - B. royalty programs
 - C. loyalty programs
 - D. group membership programs
9. First step in analysis of customer value is to
- A. identify customers value attributes
 - B. assessing attributes importance
 - C. assessing company's performance
 - D. assessing competitors performance

10. Difference between customers evaluation including all costs incurred and benefits is called
- customer perceived value
 - company market value
 - customer affordability
 - customer reliability

Answers for Self Assessment

- | | | | | |
|------|------|------|------|-------|
| 1. A | 2. B | 3. A | 4. A | 5. C |
| 6. A | 7. D | 8. A | 9. A | 10. A |

Review Questions

- Write short note on customer value.
- How customer value is important to business?
- Explain the framework of customer value creation.
- What are the technological components of CRM?
- How is value creation significant in enhancing brand loyalty?
- How many components are there in CRM and what explain them?
- What are positioning and product concepts?
- What is marketing research?
- How is the strategies made for product identity enhancement?
- Write short note on CSV.

**Further Readings**

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Unit 07: Operational CRM

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Objectives

After studying this unit, you will be able to:

- Explore about the evolution of contact centres/call centres.
- Describe what is a contact/call centre?
- Determine the technologies for contact/call centre infrastructure.
- Identify the meaning and appliance of call centre to contact centre.
- Know what front desk management is technology

Introduction

No company operates in a vacuum, devoid of contact with customers or the general public. If you have the need to communicate with others outside of your company (who doesn't?), then you are a prime candidate for developing or using a contact centre. Heck, you may already have a contact centre and not even know it! This unit introduces you to contact centres—what they are and how they benefit customers and companies. You'll even discover some of the traits that distinguish a good contact centre from a bad one. By the end of the unit you should have a good grasp of how good management, sound skills, and great technology can help make a good contact centre into a great one.

How did the evolution of contact centres/call centres happened? The answer lies within the points and observations stated below.

- Customers need the comfort of a central point of contact.

- Growth in the industry, because the customer can contact by any means, from any place, at any time.
- The customers can easily obtain information.
- Of the Advantages Notes
- It is Economical
- Of Ease of contact and Time Saving
- Of the Availability of standardized product/customer information
- Of the Service availability 24 hours a day, 7 days a week, 365 days a year.

7.1 Contact Centre Technology

Sometimes a contact centre is just one or two people sitting beside a phone answering customer calls. Often it's a very large room with lots and lots of people neatly organized into rows, sitting beside their phones, answering customer calls.

But contact centres are more than headset-wearing switchboard operators. The modern contact centre handles phone calls, e-mail, online communication, and sometimes even old-fashioned written letters. In short, contact centres deal with any type of contact for a company (other than in-person) – contact with the general public and customers of all types: potential, happy, or even disgruntled. Contact – good, bad, or downright ugly – is the name of the game.

To a customer or client, contact centre personnel are the voice and face of the company. If you (as a customer) are angry, you often get mad at the person on the other end of the phone – after all, you're talking to the company, right?

Inbound/Outbound

Contact centres communicate with customers in a number of ways, but who initiates the contact defines the type of contact centre. If the outside world initiates contact, then the contact centre is said to be an inbound contact centre. Conversely, if the contact centre itself is responsible for initiating contact, then the contact centre is said to be an outbound contact centre. Customers contact inbound centres to buy things, such as airline tickets; to get technical assistance with their personal computer; to get answers to questions about their utility bill; to get emergency assistance when their car won't start; or for any number of other reasons for which they might need to talk to a company representative. In outbound centres, representatives from the company initiate the call to customers. Your first reaction might be, "telemarketing, right?" Well, yes, telemarketing is a reason for a company to contact you, but companies have lots of other good reasons to contact their customers, as well. Companies might call because the customer hasn't paid a bill, when a product the customer wanted is available, to follow up on a problem the customer was having, or to find out what the customer and other customers would like to see by way of product or service enhancements. Outbound contact centres are, most often, very telephone centric. Whereas inbound centres can handle many different ways of contact, outbound centres most often use telephones because of, well, tradition and perception. It is not unusual for a company's representatives to call a customer on the phone, but it is more unusual for them to send an e-mail to a customer.

If companies send out e-mail to customers, it is often done through some mass-mailing effort, not as one-on-one contact. Perception enters into the picture because people are very quick to categorize unexpected e-mail as spam, but less likely to be upset by unexpected phone calls.



Notes: A new breed of inbound centres is starting to emerge – self-service centres. In traditional contact centres, all interaction between the customer and the centre is done with human

agents. However, in self-service centres a good portion of the load is being shifted toward non-human systems, such as automated response or even speech enabled. Automated response systems enable the customer to use the keypad on their phone to answer questions by pushing buttons.

Each button push brings them closer to the information for years, giving the customer access to simple (and common) information, such as addresses, balances, and procedural instructions. Speech-enabled systems are more sophisticated and easier for the customer to use. In such a system the customer actually speaks a response, rather than needing to press keypad buttons. Speech-enabled systems are a great boon for cell-phone using customers because they no longer need to perform gymnastics to keep pressing buttons on their phone. As speech-enabled systems become more sophisticated, customers will be able to ask questions directly to the self-service system and get a wide variety of answers.

Internal/External

Just as contact centres can be designed as inbound or outbound, they can also be designated as internal or external. (I almost said in-house or out-house, but figured that the unintended allusion might be distracting.) When companies are small, they often develop their own contact centre capabilities internally. As companies grow, they often look to outsource their contact centre functions, or they spin off those functions to a subsidiary or partner company. This is where the concept of the external contact centre comes into play – the centre is external to the main company.

In fact, companies that provide nothing but contact centre functions to other companies have grown into a multi-million dollar industry. At last count the traditional call centre industry employed more than 6 million people in North America alone, and accounted for the sale of more than US\$700 billion in goods and services. Through today's contact centres you can purchase, complain, or just talk about almost anything from the comfort of your home, office, car, or wherever you can get to a phone (or log on to the Internet) customer service person or entire departments, the principles by which a contact centre are operated are still the same. People involved in customer contact need the same skills and the same tools, regardless of the number of people involved. Thus, the information in this book has applicability regardless of the size of your operation, and regardless of whether your operation is internal or external.

7.2 Contact or Call Centre

Traditionally, contact centres have been called call centres. The newer name—contact centre—reflects the fact that more than just phone calls are being handled. Many call centres have evolved over the years to do much more than just answer phones. Bottom line, it's up to the customer to decide how they want to communicate with your company, and it's up to your company to respond appropriately through its contact centre. Some companies choose to separate the handling of customer contacts by medium. For instance, a company may establish a department for inbound calls, one for outbound calls, and a group for e-mail. (There Notes are as many organizational permutations as there are ways to communicate.) Some companies, especially smaller ones, opt to create "universal agents" who handle all contact types. Companies create universal contact agents for reasons of efficiency and service, and often because they find it easier to train agents in multiple communication methods than to train multiple agents in product or service information.



Did you know?

Some contact centres are called blended operations—agents in the centre handle both inbound and outbound contact. Blending done well can make contact centre operations very cost-effective and can improve service to the customer as well.

What Makes a Good Contact Centre?

In general, the things that make a good contact centre are also the same things that make a good business. For instance, a good contact centre has a strong culture where people work from a common set of values and beliefs and are bound by a common purpose and a strong focus on the

business objectives. Just as in any business, effective management continually aligns everything the contact centre does with its business objectives and desired culture. Generally, as Figure 6.1

illustrates, you should look for your contact centre to deliver in three areas:

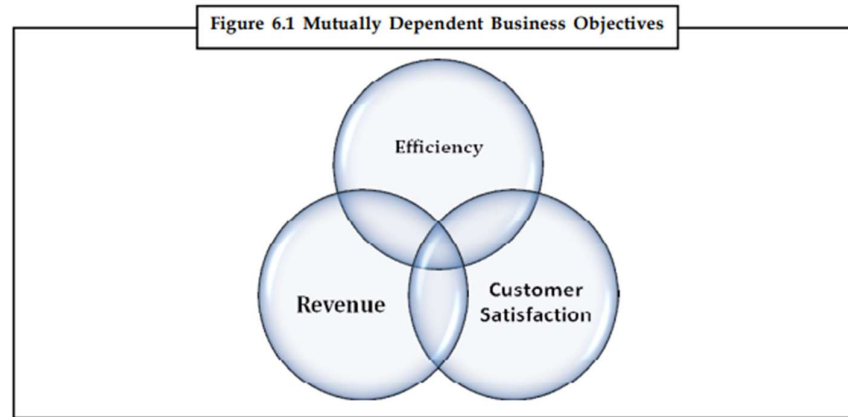
1. Revenue generation includes everything that leads to revenue—sales, upgrades, customer retention, collections, and winning back previously lost customers.

2. Efficiency refers to cost-effective operations for the organization—whether this relates to the operation of the contact centre or to getting work done for the organization. Generally, the contact centre is a much more efficient means of contacting customers about a new

promotion than John, Betty, and Fred in the marketing department.

3. Customer satisfaction is really long-term revenue generation— build customer loyalty and keep them doing business with you. Contact centres should make things easy for the customer. The contact centre is available when the customer needs it and has access to all the information necessary to answer customer questions or solve customer problems. Try calling a checkout clerk or even the president of your favourite sporting goods store— trust me, even if you do get through, you probably won't get the answers you need.

Figure 6.1 Mutually Dependent Business Objectives



Source: <http://misbridge.mcombs.utexas.edu/knowledge/topics/crm/>



Notes It's a mistake to think that revenue, efficiency, and customer satisfaction are distinct goals. In fact, they're very much mutually dependent (Figure 6.1 illustrates this). Good revenue generation cannot happen without some level of efficiency, and only satisfied customers will continue to buy a product. And for customers to remain satisfied, they want the same thing contact centres do when they do business—an efficient transaction. For most customers, talking to your contact centre is not the highlight of their day! When a contact centre fails to sell a customer on the first attempt, revenue isn't maximized because customers who really want your service/product must call back. This creates inefficiency by duplication of effort. It also represents poor service, as it makes customers do more work to get what they wanted when they initiated the first call.

7.3 Merits

Not all contact centres are created equal—some are run very well with clearly defined missions, while others are a hodgepodge of people tucked away in a corner trying to poke their fingers in the dike. (Think of the brave work of Hans Brinker in saving his city in Holland.) When everything is working as it should, a good contact centre:

1. Focuses on its business goals
2. Answers customer contacts (phone calls, e-mails, and so on) quickly
3. Has high employee morale
4. Resolves a high percentage of customer inquiries on the first contact

5. Measures customer satisfaction as a service indicator and has high customer satisfaction scores
6. Provides a significant source of revenue for the organization
7. Has a good process for collecting and presenting performance data: everyone knows where they stand monthly, daily, hourly, or in real time
8. Is efficient—little rework is required: calls are consistent in length, requiring a minimum of customer time for resolution
9. Has everyone engaged and busy with a purpose, but with no one overly taxed
10. Improves processes continually to make constant gains in service, efficiency, and revenue generation
11. Is seen corporately as a strategic advantage—an ally to the rest of the organization Many contact centres are exemplary in their dedication to customers and clients. The real pros in the industry have transformed perceptions so that well-run contact centres are no longer viewed as “money holes” or “necessary evils,” but as profit centres or a real competitive advantage. In fact, today entire companies are built around contact centre capabilities.



Example: You may buy a computer from a company that doesn't have a retail store, or do your banking with a bank that doesn't have branches—they offer the telephone or Internet as your only contact options.

Demerits

Not all of the changes in contact centres have been viewed as positive. Contact centres and their managers have faced significant challenges. Partially because of the impact that contact centres have had on everyone's daily lives, and partially because of some bad management and bad business practices, contact centres have raised the ire of consumers and caught the attention of legislators, particularly outbound centres. Frequent shuffling of customers from agent to agent



Notes

- Customers often left on hold for extended periods of time.
- Customer issues that frequently require multiple contacts before they are resolved.
- Low employee morale and high turnover
- No way to measure customer satisfaction—or, if there is, scores are low.
- A poor understanding of metrics or performance
- Harried staff running from crisis to crisis, putting out fires but not getting ahead.
- A lack of improvement in working conditions
- The wider corporation grumbles about the contact centre, complains about costs, and questions the results, some talk about outsourcing.

Fortunately, as ugly as the symptoms of a bad contact centre are, they can be solved. It takes determination and perhaps a complete “rethinking” of your organization, but solutions do exist. This book provides a few strategies, tools, and skills to help you control what your contact centre produces.

As with any business, a competent and productive contact centre is the result of well-planned objectives and conscientious alignment—management needs to align practices so that they are consistent with objectives. When this is done effectively, the contact centre will have many characteristics of the good, few if any of the bad, and none of the ugly. A well-run contact centre is not an accident. It's a result of good planning and good execution by good people.



Caution: Not all contact centres operate in ways beneficial to either themselves or the organization as a whole. These are some things you'd expect to see in a contact centre that isn't working properly. Long delays for customers to get through to "the next available agent"

7.4 Future Prospects

As technology and management practices improve, so will the sophistication, capability, and service of contact centres. If it has not happened already, your contact centre will likely continue to evolve, integrating all methods of communication into one quick and seamless channel, regardless of what language or device your customers are using. One of the fascinating things about contact centres is their never-ending pursuit of improvement. Effective managers are constantly looking for better technology, better processes, better people, and better training for those people. It's all part of the original charter for contact centres: to find more effective ways of communicating with customers so the company can serve customers better and cheaper, while generating more revenue. Accordingly, I look for contact centre services to become more customized to the needs of individual customers. There will be technological advancements, perhaps some "ohhs and ahhs" in what contact centres can do with automation. But the end result will be that more contact centres will provide better service. Great one-on-one service will become the minimum expectation for doing business, regardless of the medium.

Fortunately contact centres aren't alone in their quest to better service their customers. Leading vendors, such as Avaya, continue to provide ground breaking technology specifically tailored to the needs of a modern contact centre. Such companies stand ready to partner with organizations. Notes interested in meeting the future head-on. As you read through this book, you'll get a glimpse of the future and how you can plan for it.



Notes As contact centres improve in all aspects of their operation, they will look for ways to go beyond customer service—to make the experience of dealing with the company better. Contact centres will do all of this because customers expect—and deserve—the best.



Task: What is the future of call centre, according to you?

7.5 CRM Technologies for Contact/Call Centre Infrastructure

A Call Centre is based on the following technologies:

- Customer Relationship Management (CRM)
- Interactive Voice Response/Voice Response Unit (IVR/VRU)
- Automatic Call Distributor (ACD)
- Computer Telephone Integration (CTI)
- Predictive Dialling (PD)
- Web Services □ Database Servers Customer Relationship Management

CRM is putting the customer at the centre and re-orienting and aligning all facets of the organization to deliver sustained customer satisfaction every time. It means not just a software solution as an outcome of convergence, but a means of realigning technology, process, policies and people.

- CRM provides ways of handling customers.
- CRM provides ways for optimising customer satisfaction.
- The goal of CRM is to maximize the interaction and gain maximum information and
- provide maximum satisfaction to customers. Interactive Voice Response/Voice Response
- Call handling time is decreased
- Allows callers to streamline their questions to get accurate information by providing

- access to database information
- Enhanced call routing based on questions Automation of FAQ enquiries Improved customer service satisfaction
- Faster response 24 *7 for 365 days and Reduced queuing time

7.6 Automatic Call Distributor (ACD)

The ACD portion of the system ensures that incoming calls are distributed evenly, so agent productivity is maintained at a high level, and inbound callers are handled efficiently.

The routing of calls is achieved by the following criteria:

- Agent vacant to take the call
- ANI (Automatic Number Identification)
- Skills based routing
- Call routing to skilled agents
- Number of call accumulative in a queue

Computer Telephone Integration (CTI)

CTI is the technology that links telephone systems and computers within a call centre. Applications using CTI technology help automate inbound and outbound call handling, eliminate many of the repetitive tasks performed by agents and improve call centre management with better reporting capabilities.

7.7 Elements of CTI

- Telephone switches (ACDs and PBXs) route the calls.
- Computers contain the databases of relevant customer information, such as name, address, account number, telephone number, purchasing history, etc.
- CTI software (known as middleware) provides the instructions and interfaces for carrying out the CTI tasks.



Notes CTI Features in an Inbound Call Centre

- List: Management Addresses uncompleted calls, such as busy, no-answer, or answering machines, by redialing numbers according to specified time intervals.
- Screen Pop: Presents customer data, product, and service information simultaneously with the incoming telephone call.
- CLI: Matches the incoming caller's phone number to the customer profile.
- Inbound Call Routing: Routes calls, based on data and the customer's profile to the agent best equipped to help that particular customer.
- ACD Connectivity: Provides the ability to connect one or more ACDs to a CTI server, regardless of the manufacturer, in standalone or networked configurations.

CTI Features in an Outbound Call Centre

- "do-not-call": Some people have enrolled themselves for not calling them.
- Time zone restrictions: Difference in time for countries.
- Call Results Upload: Updates the host computer with campaign results for scheduled batch processing.

Customer Relationship Management

- Predictive Dialing: Maximizes agent occupancy as well as connects per agent while minimizing abandoned calls.
- Campaign Build: Allows segmentation of outbound campaigns based on customer profiles.
- Call List Download: Transfers call list records in real time or batch mode from any standard medium.
- Transaction Disposition Reporting: Logs call results, such as sale or no sale, along with transaction values to campaign histories by transaction, agent, or application.
- Speed Dialing: Features allow for speed dialing, preview dialing, and manual dialing from a host or workstation application.
- Preview Dialing: Allows the agent to become familiar with a customer profile before initiating a call.

CTI Features in a Blended Call Centre

- Call Blending: Blends of inbound and outbound calling to maximize productivity and increase the variety of tasks offered to agents.
- Scheduled Calling: Calls customers back at a previously specified date and time.
- ACD Connectivity
- Preview Dialing
- Enhance Dialing
- IVI/VRU Connectivity: Provides the ability to connect to one or more VRUs regardless of the manufacturer, in standalone or networked configurations.
- Workstation connectivity: Allows call centres to drive character-based (dumb terminals) or graphical user interfaces in a client/server or cluster-controlled architecture.
- Predictive dialing: Dialogic Card is used for outbound calls. The automation of outbound dialing allows agents productivity by automating the services. Numbers are dialed automatically in advance by an agent available to take the call as per the skill and availability.

Caselet Product Support Services Saved the Day

The Customer

A leading network security and information management company in the USA required a rigid support setup to aid its product sales team. It was much needed because the company's operations had expanded to other countries and it was becoming very difficult to manage the support function.

The Challenge

The company approached Flatworld Solutions with the following challenges:

- Due to the company's increasing client base at a fast pace, a lot of pressure was building up due to the absence of product support services.
- The company was unable to provide product support services after the normal working hours. Thus, outsourcing product support services to Flatworld Solutions facilitated product support round-the-clock.
- The turnaround time to resolve queries of the company's non-USA clients was huge.

It had to be reduced, especially for its clients in Asian and European countries.

- The company was incurring heavy costs to provide the product support services.

7.8 Call Centre to Contact Centre

Web Call Centre Present Scenario

Web-enabled call centres were ranked as the number one area for future development in the 1999 call centre study. Twice the number of study participants is web-enabling their call centre for customer contact.

Today potential customers are using the Internet to view goods and services, making the Internet a preferred, cost-effective method to interact with customers. The Web page is a virtual storefront where customers interact with your business. □ Merging of the Internet and call centres will provide Web pages with an interactive

option. □ The Internet has added multimedia communications (e-mail, voice, text chat, or any combination that solves the customer's problem) to the role of call centres. □ A portfolio of solutions provided via the Internet and designed for unified customer care,

can help businesses meet the challenge of bringing to customers the best of both worlds – The Internet and call centre-tie-up.

Access methods: From the web, email is the most common method for customer access to call centres. The complete list of access methods (with the associated percentages of use for each)

includes: □ Form email (52%) □ Free form email (46%) □ Text chat (27%) □ Click-to-talk (11.5%) □ Voice over IP (VoIP) (2%)

7.9 Need for Web – Contact Centre

When the customer has a question, it must be answered before they complete the purchase. If the customer is unable to get an immediate answer, the result is either lost business or an unhappy customer.

- Combining Web pages and call centres allows customers to see the information-rich Web page and get their questions answered immediately.

- The cost of handling is reduced, because the Internet Call Centre was able to respond directly to the customer questions, thereby completing the transaction in fewer steps.

- The customer feels good about the Organisation because their questions were answered Notes Promptly leading to customer loyalty.

- The Web allows customers to help themselves. The customers have control over the rate and direction of the inquiry and are left with a positive feeling. This is important because customers with a positive experience are likely to use the site again and tell others about it.

- In certain cases, human assistance is needed. This is particularly true for complex situations involving problem resolution and decision making.

- The Internet Call Centre is based on a combination of the existing telephone switch, call management hardware and software, and award winning data networking capabilities that can be combined for the customer using Professional Services group.

Issues with Web-enabled Call Centres

The issues encountered with web capabilities to support customer contact include:

- Customer reluctance to use self-service capabilities on the web
- Unresolved inquiries that require a follow-up call
- Additional training to learn new skills for agents
- Web capabilities used improperly by agents (web surfing, etc.)

Summary

□ With the advent of the Software as a service technology delivery model, the virtual call centre has emerged. In a virtual call centre model, the call centres operator does not own, operate or host the equipment that the call centre runs on. Instead, they subscribe to a service for a monthly or annual fee with a service provider that hosts the call centre telephony equipment in their own data centre. Such a vendor may host many call centres on their equipment. Agents connect to the vendor's equipment through traditional PSTN telephone lines, or over Voice over IP. Calls to and from prospects or contacts originate from or terminate at the vendor's data centre, rather than at the call centre operator's premise. The vendor's telephony equipment then connects the calls to the call centre operator's agents.

□ Virtual Call Centre Technology allows people to work from home, instead of in a traditional, centralised, call centre location, which increasingly allows people with physical or other disabilities that prevent them from leaving the house, to work. A predictive dialling system running out of numbers to dial.

□ Cloud computing for call centres extends cloud computing to Software as a service, or hosted, on-demand call centres by providing application programming interfaces (APIs) on the call centre cloud computing platform that allow call centre functionality to be integrated with cloud-based Customer relationship management, such as Salesforce.com or Oracle CRM and leads management and other applications.

□ The APIs typically provide programmatic access to two key groups of features in the call centre platform: Computer Telephony Integration (CTI) APIs provide developers with access to basic telephony controls and sophisticated call handling on the call centre platform from a separate application. Configuration APIs provide programmatic control of administrative functions of the call centre platform which are typically accessed by a human administrator through a Graphical User Interface (GUI).

Keywords

Inbound Contact Centre: Contact centres communicate with customers in a number of ways, but who initiates the contact defines the type of contact centre. If the outside world initiates contact, then the contact centre is said to be an inbound contact centre.

Job Analysis: Job analysis is the formal process of identifying the content of a job in terms activities involved and attributes needed to perform the work and identifies major job requirements.

Job Description: A job description is a list that a person might use for general tasks, or functions, and responsibilities of a position.

Lodging: A room or rooms rented out to someone, usually in the same residence as the owner.

Outbound Contact Centre: If the contact centre itself is responsible for initiating contact; then the contact centre is said to be an outbound contact centre.

Reservation: An arrangement whereby something, esp. a seat or room, is booked or reserved

for a particular person.

Text Chat: It can be an effective way to communicate with the customer. Text chat is like a telephone call, but instead of talking, the two people are typing their dialog.

Training: The action of teaching a person or animal a particular skill or type of behaviour.

Self Assessment

1. If the outside world initiates contact, then the contact centre is said to be an contact centre.
 - A. . Inbound
 - B. Outbound
 - C. Call centres
 - D. Revenue

2. If the contact centre itself is responsible for initiating contact, then the contact centre is said to be an contact centre.
 - A. . Inbound
 - B. Outbound
 - C. Call centres
 - D. Revenue

3. Traditionally, contact centres have been called
 - A. . Inbound
 - B. Outbound
 - C. Call centres
 - D. Revenue

4. includes everything that leads to revenue i.e. sales, upgrades; customer retention, collections, and winning back previously lost customers.
 - A. Revenue
 - B. Demerit
 - C. Improvement
 - D. Automatic Call Distributor

5. Frequent shuffling of customers from agent to agent is a of CCT.
 - A. Demerit
 - B. Improvement
 - C. Automatic Call Distributor
 - D. Computer Telephone Integration

Customer Relationship Management

- 6. means sending the customer’s call to the person with the best skills to answer questions.
- 7. Front office must be trained properly to function within the guidelines and policies of the lodging establishment.
- 8. A is a detailed listing of the tasks performed in a front office manager’s job, provides the basis for a sound job description.
- 9 The responsibility of communications within the hotel usually rests with the Notes
- 10. The front office must be able to project incomes and related expenses, to interview, and to interact with potential business clients.

Answers for Self Assessment

- 1. A 2. B 3. C 4. A 5. A
- 6. Skill based routing 7. Employees 8. Job analysis 9. Front office 10. Manager

Review Questions

- 1. What is the meaning and concept of front office management?
- 2. Discuss various functions of front office manager.
- 3. Explain the concepts that will assist employees in developing their own supervisory style.
- 4. What do you mean by job description and job analysis? Prepare a job analysis of a Areceptionist.
- 5. What is contact centre technology?
- 6. Differentiate between call and contact centre.
- 7. What is a text chat?
- 8. What are the CRM technologies working for enhanced system of CRM?
- 9. What is meant by outbound contact centre?
- 10. Discuss front office management in detail.



Further Readings

Books Front Office Operations & Management, Publisher: Delmar Cengage Learning. John R. Hendrie, “Major Hotel Operators Have Rediscovered Hospitality Fundamentals by Revisiting the Guest Room,” Hotel Online, July 6, 2004.

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Unit 08: CRM Systems and their Implementation

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Objective

CRM strategies offer companies a complete view of their customers across the entire organization.

- When implemented properly, a CRM strategy integrates all customer-facing and back office applications with the same data. Companies reap large gains from these efficiencies by offering better service and developing deeper relationships with customers.
- In order to achieve those gains, the implementation of the CRM strategy has to create a 360-degree view of the customer. This means merging the information silos maintained by each department into a single data repository accessible by all departments.
- Selection of technology is vital to a successful CRM implementation. Selecting a package approach, rather than tying together existing individual components, enables each department to tie into the same database with systems that speak the same "language."
- Implementation of a CRM strategy is by no means a project for the IT department alone.
- Marketers must be directly involved in the process because they will ultimately win or lose based on the quality of the outcome.
- If implemented properly, a CRM strategy enables marketers to interact with customers armed with useful information.
- Additionally, by analyzing existing customer data, marketers have better tools to build future marketing campaigns, increase sales and drive ROI

Crm Systems Implementation of Crm Systems the Future Aspects OF CRM Systems

Introduction

A CRM system helps you keep your customer's contact details up to date, track every interaction they have with your business, and manage their accounts. It's designed to help you, improve your customer relationships, and in turn, customer lifetime value.

Which means: Your company and its people create vast quantities of data every day. Each time someone picks up the phone and talks to a customer, goes out to meet a new sales prospect, or follows up a promising lead, they learn something new and potentially valuable. But where does this data go? Into notepads or documents on laptops perhaps; or maybe it's just stored in their head. If that's the case then details can get lost or forgotten, meetings and phone conversations may not be followed up, and choosing what to focus on can be a matter of guesswork rather than a rigorous exercise based on fact.

Worst of all, if the staff member leaves then all their knowledge may walk out of the door with them. Fortunately there is a solution to this problem. The solution is Customer Relationship Management or CRM for short. [CRM](#) takes your customer data and turns it into useful, actionable insight that can transform your business

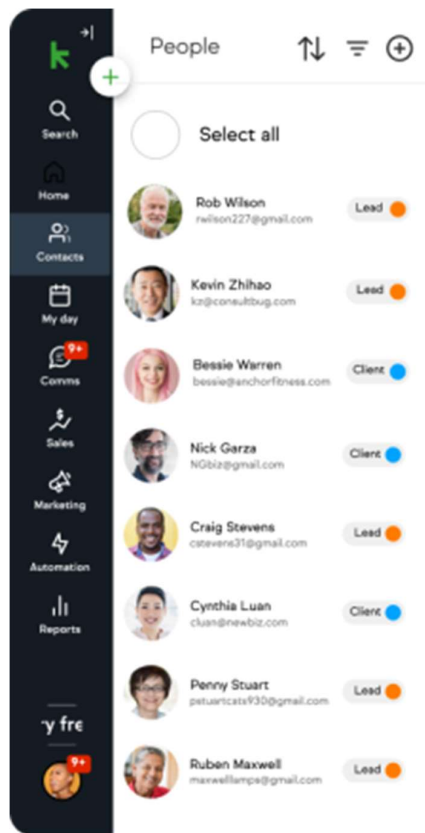
8.1 CRM Systems

CRM stands for "Customer Relationship Management" and is a software system that helps business owners easily track all communications and nurture relationships with their leads and clients. A CRM replaces the multitude of spreadsheets, databases and apps that many businesses patch together to track client data. The result: organization, efficiency, better time management, and impressed clients.

Client management platforms like CRMs connect all the data from your sales leads and customers, all in one place. A CRM consolidates all communications (form fills, calls, emails, text messages, and meetings), documents, quotes, purchases, and tasks associated with each lead and client. Your entire team can access those details at the right time—to close a sale or deliver outstanding service.

What Does a CRM System Do?

Contact management is the core function of any customer information system including CRM software. The purpose of a CRM is to store and manage all data for every kind of contact, from leads to business partners.



8.2 Level Up with a CRM

A spreadsheet is great if you have under 100 contacts or you're tracking only static info like name, email address, phone number, company name, website, etc. A spreadsheet can't compete with a CRM in tracking more complex, dynamic data like what emails a contact has opened, what pages they've visited on your website, or their last purchase date. Your CRM is always updating automatically as your leads and customers take actions, while data in a spreadsheet becomes stale the second you stop manually adding to it.

The best CRM software shows – at a glance – how hot or cold a lead really is with lead scoring. Based on rules you set, points are added to a lead record for important actions your lead takes (like submitting a form or clicking a link) so your sales team can identify the hottest leads to focus on. Lead scoring is next to impossible without a CRM.

Data Points	Static info (name, email, phone)	Static info plus communications history, files, notes & actions taken
Contact Updates	Manual contact updates	Automatic contact updates, as actions are taken and info is submitted
Information Flow	Information stays in your spreadsheet unless imported into another tool	Data flows from your CRM into your sales and marketing automation engine
Lead Scoring	Lead scoring is nearly impossible	

8.3 What a CRM Doesn't Do

CRMs aren't designed to help with backend operations like production, warehousing, shipping, engineering or finance.

And of course, CRM tools can't manage what they can't see. So if people work leads or deals outside the system, that lowers its effectiveness for the whole team.

Some CRM software is used for data management only. However, an all-in-one CRM system like Keep also offers important features like sales and marketing automation, landing pages, quotes, and I Examples of How a CRM Platform Works

A good CRM doesn't stop at collecting information; it helps you harness all of that data to:

- Get personal at scale, sending the right messages at the right times to leads and clients
- Focus sales teams on the hottest prospects
- Shorten the sales cycle
- Monitor, analyze, and improve results

Here's an example of a personalized email that a consultant might send to a lead, utilizing data captured in their CRM. invoicing to help entrepreneurs manage their entire businesses more efficiently.



Examples of How a CRM Platform Works

A good CRM doesn't stop at collecting information; it helps you harness all of that data to:

- Get personal at scale, sending the right messages at the right times to leads and clients
- Focus sales teams on the hottest prospects
- Shorten the sales cycle
- Monitor, analyze, and improve results

Here's an example of a personalized email that a consultant might send to a lead, utilizing data captured in their CRM.

A CRM absorbs as much information as possible on leads before guiding them—or helping you guide them—through a planned journey toward purchase.

For example: Suppose a real estate agent is looking to grow her contact list by offering a free educational course on home-buying basics. She runs a Facebook ad campaign, linking to a course registration page with questions about desired location, property type, price range, and timing.

TO [lead email address]

FROM Jennifer at ABC Consultants

Let's get started, [lead first name]!

Hi [lead first name],

Thanks so much for your interest in [area of interest]! We have helped many clients in the [industry] industry tackle [biggest challenge] and look forward to working with [lead company name] to develop a plan for success.

I'm excited to help you get started. Simply [click here](#) to schedule a meeting.

[Sales rep signature]

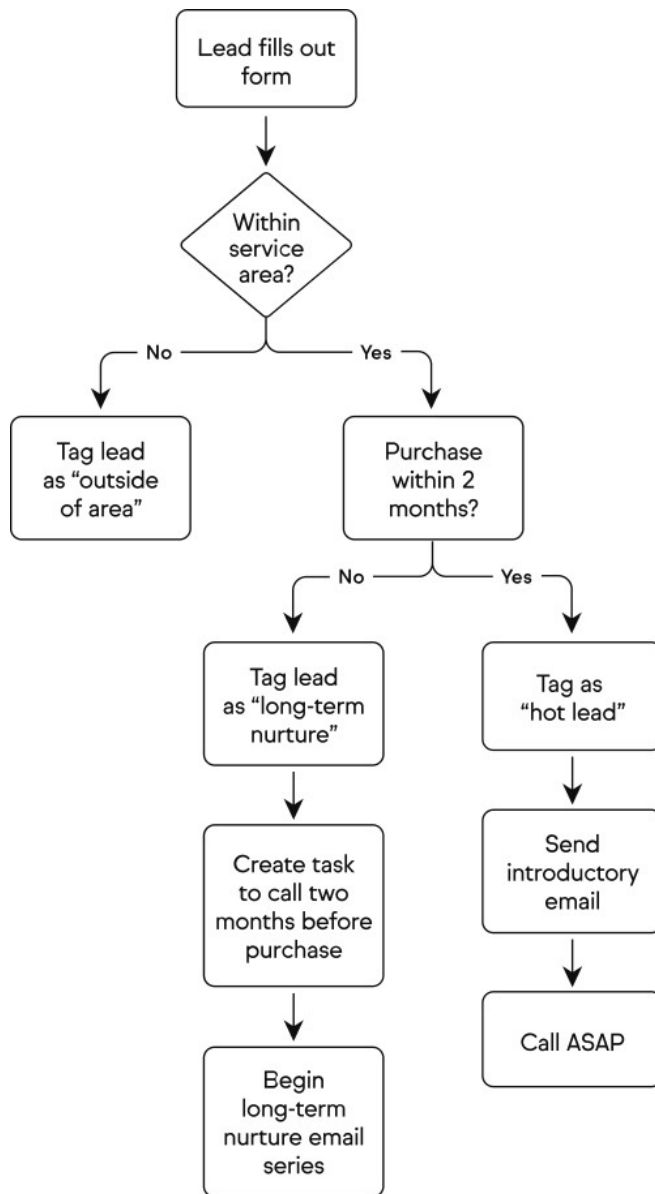
 Unit 08: CRM Systems and their Implementation

Each lead's responses will trigger different automated follow-up communications from the realtor.

A lead looking to buy a home within two months in the realtor's service area would be tagged as a "hot lead" and enter a fast-track communication sequence.

A lead in the realtor's area whose purchase timeframe is six months out would be tagged as "long-term nurture" and receive a series of emails offering home-buying resources, designed to keep the realtor top-of-mind until the lead is ready to buy. The CRM could also create a follow-up task to contact the lead via phone four months later.

Leads whose target purchase location is outside of the realtor's area will be tagged as such and will only receive communications related to the course.



How Does CRM Make Sales and Marketing Easier?

A CRM platform amplifies your sales and marketing, without building huge teams or blowing your advertising budget. If your CRM is coupled with sales and marketing automation (like Keap), you can create a sales and marketing engine that takes sales to a whole new level.

Sales

Sales CRM software streamlines the entire sales process with improved visibility, prioritization, and follow-up.

Greater Visibility

A CRM provides the visibility that your sales team needs to be most effective. Having all lead and customer data in one place facilitates easy handoffs between teammates if the account owner changes—everything about an individual or company is documented and accessible.

As a sales rep, you can see exactly what a lead has done, which allows you to personalize your conversation and encourage the appropriate next step. For example, you see that a lead has watched your overview video and checked out your case studies. When you speak with them, you can encourage them to sign up for a webinar or consultation to learn more.

CRM systems, in conjunction with VoIP telephone systems, improve visibility for inbound calls, too. When a lead calls a sales rep, their phone number is recognized and their record appears on the sales rep's computer screen instantly.

Greater visibility is also available to sales management through a CRM. A sales manager can easily track individual sales rep activities and performance as well as monitor the entire sales pipeline.



Clear Prioritization

A CRM helps the sales team prioritize their outreach efforts through lead scoring, which calculates a lead's interest in your product or service. Leads with the highest lead scores are pushed to the top of the list. Your CRM can also prioritize outreach to customers. Records with approaching contract renewal dates and customers who are likely to be interested in a new product can be flagged for sales team follow-up.

Better Follow-Up

Amazing follow-up (and more sales) is made possible with a CRM. By automating follow-up with leads and clients, you no longer have to manage sticky notes on your desk or copy and paste the same email to every new lead. Your system initiates follow-up at the right times, creating a consistent customer journey and converting more leads into clients.

Marketing

CRM in marketing is often game-changing, as it offers powerful insights, personalization, and testing opportunities that ultimately lead to increased sales.

Insights

With data consolidated in a CRM, it's possible to analyze patterns and find insights that lead to greater profitability. For example, a business can evaluate what characteristics are common in their ideal customers with the largest lifetime value. This allows you to spend your advertising dollars more efficiently and prevent budget going to leads that likely won't be interested in your product or service.

Insights from your data can also help you increase revenue. For example, if you identify common purchase combinations, you can create packages or bundles to increase sales. Similarly, your data can tell you when customers are most likely to repurchase. You can plan follow-ups and offers to align with likely repurchase timing.

Segmentation/Personalization

CRM makes sending the right message to the right person at the right time a reality. With your CRM connected to a sales and marketing automation tool, you can send emails and text messages based on a customer's recent actions.

Let's say a lead who hasn't engaged recently just clicked a link in an email you sent announcing a special promotion. You might want to tag that lead as "re-engaged," follow up with an email containing a compelling customer story, and create a task for a sales rep to call them. e sales team's tasks.



Personalization offers a huge advantage in winning more business: 76% of consumers say that personalization prompted consideration of a brand and 78% say that personalized content made them more likely to repurchase, according to a study by McKinsey. All of that data in your CRM database can be used to build deeper customer relationships through personalized communications. With marketing automation, you can personalize your messages at scale with emails that dynamically pull in info stored in your CRM, as well as emails that are automatically triggered by specific actions such as signing up for a consultation.

Testing for Improvement

Testing is the key to improving your marketing. A robust marketing CRM allows you to test just about anything you can dream up: different promos, text messages, ads, how frequently to call a lead, etc. Rather than going just on your gut, data from testing proves which option is most effective in driving maximum profitability.

8.4 How Do I Get Started with CRM?








The best way to fully understand how to use CRM software to organize and grow your business is to use one. Try Keap's CRM and sales and marketing automation software for free in a 14-day free trial.

Once you've signed up for Keap's free trial, get started with these simple steps:

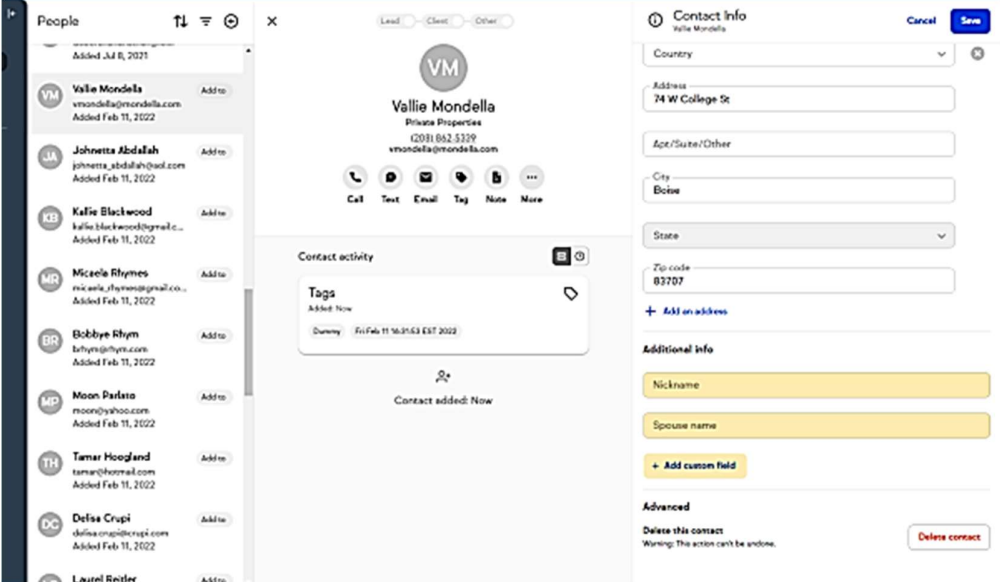
1. Import your list of contacts and map your fields

Import your contacts

Pick a contact source to begin.

 Google contacts	Contacts
 QuickBooks online	Connected
 Mailchimp	Contact file import
 Constant Contact	Contact file import
 HubSpot	Contact file import
 My spreadsheet	Excel and CSV files
 My phone contacts	Keep mobile app

2. Add custom fields to capture any new data points you'd like to store for your leads or customers



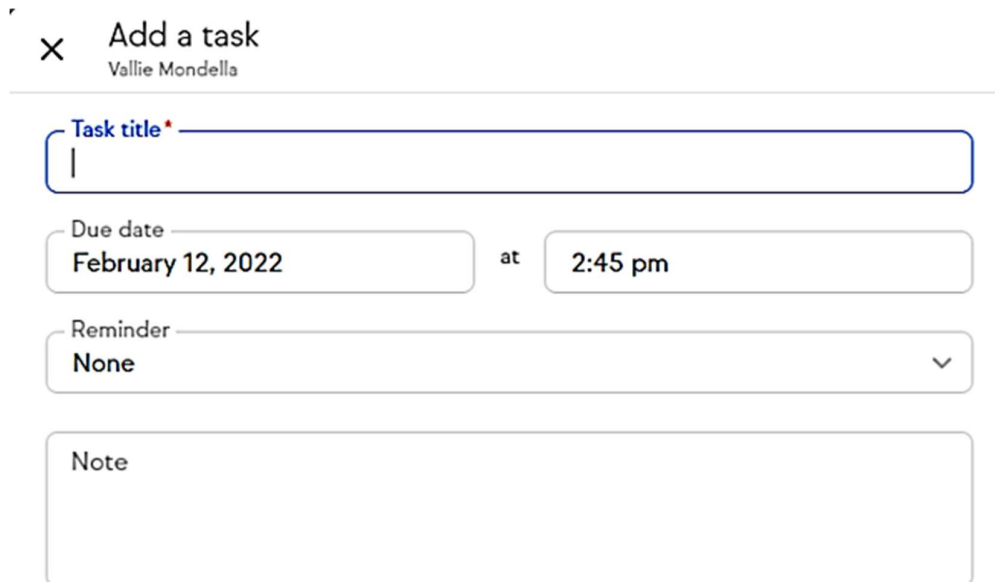
The screenshot displays the Keap CRM interface. On the left, a 'People' list shows several contacts, including Vallie Mondella, Johnetta Abdalah, Kefie Blackwood, Micaela Rhymes, Bobbye Rhym, Moon Parlato, Tamar Hoogland, Deisa Crupi, and Laurel Reiter. The main area shows the detailed view for Vallie Mondella, including her profile picture, name, phone number, and email address. Below this, there is a 'Contact activity' section showing a 'Tags' activity from 'Dunamy' on Feb 11, 2022. On the right, the 'Contact Info' form is visible, with fields for Country, Address (74 W College St), City (Boise), State, and Zip code (83707). There are also sections for 'Additional info' (Nickname, Spouse name) and 'Advanced' (Delete this contact).

3. Categorize your contacts with tags for easy segmentation (i.e., website leads, repeat customers, vendors, partners)



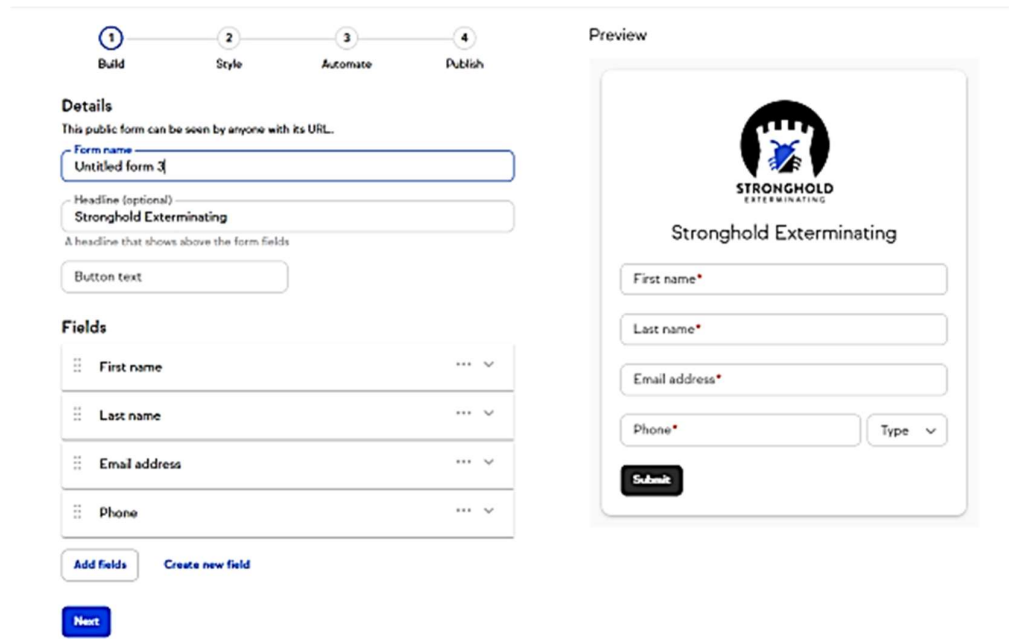
The screenshot shows a mobile interface for adding a new tag. At the top, there is a back arrow, the title "Add new tag", and the name "Vallie Mondella". A blue "Save" button is in the top right corner. Below the header, there are three input fields: "Tag name" with the value "Website lead", "Tag category" with a dropdown arrow, and "Tag description" which is currently empty.

4. Add tasks, notes, files, and other details to a contact record

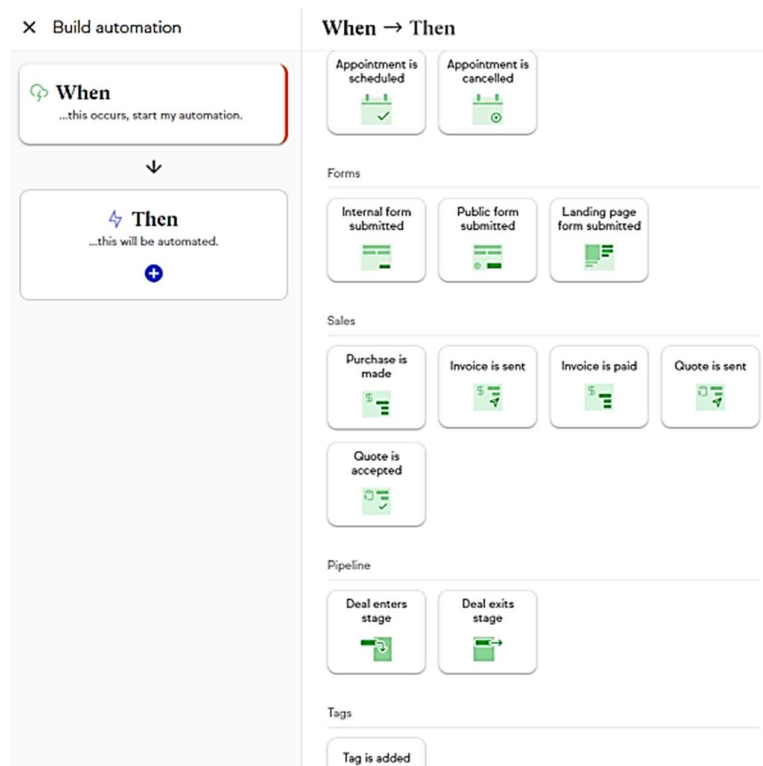


The screenshot shows a mobile interface for adding a new task. At the top, there is a close 'X' icon, the title "Add a task", and the name "Vallie Mondella". Below the header, there are four input fields: "Task title" (empty), "Due date" (February 12, 2022) and "at" (2:45 pm), "Reminder" (None), and "Note" (empty).

5. Create a lead capture form or landing page to collect lead data directly in your CRM



6. Explore additional features that will help you level up your business like Easy Automations, Appointments, and email marketing



8.5 How proper CRM implementations impact your business

CRM project planning impacts your business in many ways. Having a proper CRM implementation plan means saving time, having the most accurate and valuable data, and getting all your staff on the same page and using the same information.

1. Save time in choosing a new CRM vendor

One of the first things when it comes to CRM implementation is choosing the right CRM platform. There's a lot of good research and reviews online, and most CRM systems have free trials or free versions. When you take this step seriously, you'll have an up and running CRM system faster and with fewer onboarding steps which could be costly.

2. Making the most of your CRM data

If CRM systems are like well-coordinated machines, then CRM data is the engine fuel that keeps them running. Improper CRM data can gravely impact your business, leading to customer mixups, inefficient sales teams, and overall clueless CRM users. Before CRM implementation, make sure your data is clean: Remove contact duplication or old and invalid information.

3. Giving your CRM users the best CRM tools

You have got to think of who will be the end-users of this CRM software. Your sales managers and sales reps? Your marketing team? Or your customer support agents? The best CRM have functionalities for all these departments, and they impact your business by making sure every team member works smoothly with all the others no matter the departmental siloing.

8.6 What makes for a successful CRM implementation plan?

A successful implementation of CRM doesn't have to cost a million dollars nor take a year to get going. CRM implementation strategies abound online, and our step-by-step plan is based on the best intel the CRM world has to offer. Whether you are a startup, small business, or enterprise looking to combine CRM with ERP software, these CRM implementation strategies will surely boost your uptake ability. Here's the 10 step strategy to CRM implementation:

- 1) Map out your specific needs
- 2) Shop around for the best CRM apps
- 3) Think about integrations
- 4) Select a CRM implementation team
- 5) Set out your metrics, KPIs and goals
- 6) Plan a comprehensive budget
- 7) Clean and prep your CRM data
- 8) Onboard your CRM users
- 9) Rollout the CRM for an initial stage
- 10) Analyze your data and get feedback

The CRM implementation process isn't necessarily a strict one-at-a-time set of rules. You have some leeway in how you go about this, especially if you parcel out the initiatives to different people involved in the CRM implementation phases.

There are many ways you can keep organized during the CRM implementation process. You can use a spreadsheet or an app or just a whiteboard. Spreadsheets and apps, however, are better because they are accessible remotely.

1. Map out your specific needs

The first step of our CRM implementation process is the most high-level work you'll have to do throughout: understanding your needs and thinking hard about how you expect a CRM system to meet them.

You'll need to think of things like your company size and industry, how many of your team members will be using the CRM, and which departments: from marketing, the sales process, or support, among others.

2. Think about integrations

Step 2 of our CRM implementation guide is all about envisioning the ecology of business software, and where your CRM will fit among it. Large businesses often use ERP, so think about how you'd like those to work together.

Some CRM platforms really do it all. There are many great CRMs that work as add ons and extensions with other major tools like Google and Microsoft products. Ecommerce operations should especially consider which integrations they'll need for pricing and payment modules.

3. Shop around for the best CRM apps

Time for CRM implementation step 3: shopping around. Just as you want to create a great customer journey for visitors to your shop or site, so do the best CRM tools out there want to do for you as their potential customer.

Look at features lists, compare pricing models, even read outside reviews. Often, CRM systems will give you free trials. Of course, too many free trials might add some unwanted extra time to your CRM implementation process.

4. Select a CRM implementation team

Step 4 of implementing CRM is about choosing the right people for the job. Three good roles to consider are: advocates, who convey the importance of CRM to your team; experts, who really know how to implement and use it and can teach newbies; and the workhards, who'll do things like data migration.

It's key that communication is rife among everyone. Clear messaging on obstacles or setbacks can minimize time wasted.

5. Set out your metrics, KPIs and goals

In step 1 you made the grand plan for your CRM system. Now in step 5, it's time to get down into the details and numbers. This step is important come the final step too, as any new business process is cybernetic in nature: implement, get feedback, adjust and repeat.

Metrics you might consider are the cost of CRM versus sales or profits. It can measure marketing campaigns against new contacts and leads. It can analyze customer support issues and resolution times. Lots of Types of CRMs have great dashboards for instant reporting.

6. Plan a comprehensive budget

With step 6 we talk about dollars. Now of course a great CRM system will make you more efficient and save you money in the longer run. Up front, however, there's likely going to be a down payment.

Free versions won't cut it if your business aims to scale. Make sure when picking a plan, that your budget remains safe even if you need to suddenly upgrade for some reason or other. Also, integrations can either be a cost-saving device, or a costly one, if you don't add up the numbers first.

7. Clean and prep your CRM data

On to step 7 of CRM implementation. If you've never used a CRM software before, chances are your customer data is on spreadsheets and other media. You'll want to go over it, discard out-of-date stuff, and look to merge duplicate data. You can also do some data segmentation ahead of time.

If all you're doing is merging your data from an older CRM to a new one, the best CRMs come with tools to do it for you. Otherwise you get simple tutorials. If need be, there are always outside specialists you can hire, either from the vendor you subscribed to or a 3rd party specialist.

8. Onboard your CRM users

Step 8 of the process to implement your CRM is something people often overlook, and that's giving your team ample time to get to know the software. You can't just have it installed and expect everyone to understand what it can do, and why you've implemented it.

This means expecting there to be downtime from their regular work tasks. You might even hold training sessions outside the usual workspace. There will be holdouts who don't like new things, but communicate clearly how CRM is a tool to help their work, not add to it. Finally, make sure your specialists are still dedicated for some time to helping everyone.

9. Rollout the CRM for an initial stage

This step 9 of your CRM implementation brings us closer to the end, because it fuses implementation with initial usage. When you finally start using your CRM, have a probation period in mind, which could be two weeks or a month.

The idea here is to manage expectations. There will be bumps in the road, so as long as you don't hit that road running full speed you'll be able to come out unscathed. It also eases up pressure on your team to become CRM user experts instantly. And this takes us to our final step.

10. Analyze your data and get feedback

So, what is the last step in CRM implementation? It follows naturally from steps 5 and 9. Now that your probation period is up, take a step back. Measure its success rates against those KPIs you set in step 5.

What's more, this is the opportunity to do the most important thing: Talk to your team about how they feel about the CRM software. Hear their pain points out and look for solutions together. Feedback from users is invaluable to proper CRM implementation.

Once you've assessed the results and heard the feedback, you might want to change your plans to adjust. That might mean how you use the CRM, or what you expect from it, or even if you have the right plan with the right tools.

Finally, repeat that last step every so often. Stay agile to your shifting business needs as well the concerns of your team who use the implemented CRM.

8.7 How long should a CRM implementation strategy take?

Before you set down deadlines for total CRM implementation, remember not every organization, nor every CRM system functions identically.

Startups and small businesses will likely get their CRM implemented in about 2 weeks to 2 months. Larger businesses should bank on anywhere from 1 to 4 months

Summary

Key takeaways on successful implementation of customer relationship management

Now that you're all read-up on CRM implementation best practices, it's time to get ready for implementing customer relationship management into your business process. Just remember the key takeaways:

Customer Relationship Management

Think of your specific needs, and who in your organization will be using the CRM. Make sure they have a say in choosing the CRM system and are involved in the implementation and onboarding.

Know your bottom line. This means having a firm sense of your budget, how long your operations can slacken while your team adopts the CRM system, and what kind of ROI you expect from a well-implemented CRM.

Gather data and analyze it. Make regular reports on the CRM's efficacy and its adoption rates. Ask for feedback from the CRM users often, and don't be afraid to change courses if need be.

In conclusion, e-CRM takes conventional CRM to new heights. Combining the technologies of conventional and Web CRM opens Customer Relationship Management to all participants in the process, inside and outside the enterprise.

□ Users can access the CRM system via PCs or Laptops using Windows or via the Web using a Browser.

□ As we move towards WAP (Wireless Application Protocol) devices, cost-effective access will increase still further. E-CRM takes us one step further towards harnessing the true database marketing philosophy.

□ The e-CRM, i.e., CRM online implies an additional means of communication and level of interaction with the customer where there is a real difference in the technology and its architecture, which allows for ease of self-service to the customer.

□ As the Internet is becoming more and more important in business life, many companies consider it as an opportunity to reduce customer-service costs, tighten customer relationships and most important, further personalize marketing messages and enable mass customization.

Keywords

CRM: Contact with customer made through the retail store, phone, and fax.

Digital Signature: A digital certificate simply ties together a public key with say the name and address of the customer or merchant.

E-CRM: All of the traditional methods are used in addition to Internet, email, wireless, and PDA technologies.

Mobile CRM: This is defined as "services that aim at nurturing customer relationships, acquiring or maintaining customers, support marketing, sales or services processes, and use wireless networks as the medium of delivery to the customers."

Web Browser: This model preserves the fundamental value of the Internet as a communication medium, and provides a common platform for independent access to data anytime and anywhere.

Self Assessment

1. CRM system Includes:

- A. File and content sharing
- B. Sales forecasting
- C. Instant messaging between employees
- D. All the above

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2. CRM features are:
 - A. salesforce automation,
 - B. better workflows in your business processes,
 - C. for maintaining high customer retention and overall excellent customer experience.
 - D. All the above

3. Having a proper CRM implementation plan means
 - A. saving time,
 - B. having the most accurate and valuable data,
 - C. getting all staff on the same page and using the same information.
 - D. All the above

4. which is not the step for proper implementation of CRM System?
 - A. Map out your specific needs
 - B. Shop around for the best CRM apps
 - C. Think about integrations
 - D. Creating Trust

5. CRM is about:
 - A. acquiring the right customers
 - B. instituting the best processes
 - C. motivating employees
 - D. all the above

6. _____ is an organized collection of detailed information about individual customers or prospects that is accessible, actionable and current for marketing purposes such as lead generation and others.
 - A. customer database
 - B. customer mailing list
 - C. business database
 - D. none of the above

7. _____ uses sophisticated mathematical and statistical techniques such as neural networking and cluster analysis.
 - A. data mining
 - B. data survey
 - C. crm
 - D. none of the above

8. The main drawback of CRM is
 - A. implementing crm before creating a customer strategy
 - B. rolling out crm before changing the organization to match

- C. stalking, not wooing, customers
 - D. all of the above
9. The marketing messages committed to customers wishes is a part of
- A. permission marketing
 - B. activity marketing
 - C. supplier marketing
 - D. none of the above
10. The method used to assess real cost of providing services to an individual customer is
- A. cost based accounting
 - B. activity based accounting
 - C. turnover based accounting
 - D. price based accounting
11. _____ is any occasion on which the brand or product is used by end customers.
- A. customer touch point
 - B. retailers touch point
 - C. company touch point
 - D. none of the above
12. _____ is the study of how individuals, groups and organizations select, buy, use and dispose off goods, services, ideas or experiences to satisfy their needs and wants.
- A. consumer behavior
 - B. product cycle
 - C. purchase behavior
 - D. none of the above
13. A consumer buying behavior is influenced by
- A. cultural and social factors
 - B. personal factors
 - C. both a and b
 - D. none of the above.
14. _____ exerts the broadest and deepest influence on buying behavior.
- A. social factors
 - B. international factors
 - C. personal factors
 - D. cultural factors
15. _____ is the fundamental determinant of a person's wants and behavior.

- A. culture
- B. attitude
- C. value
- D. none of the above

Answers for Self Assessment

- L. D 2. D 3. D 4. D 5. D
6. A 7. A 8. D 9. A 10. B
11. A 12. A 13. C 14. D 15. A

Review Questions

1. Explain the concept of e-CRM and analyze the essentials of building an e-CRM.
2. What are the objectives of e-CRM? Examine the CRM process.
3. What are the essential features of an effective e-CRM?
4. "The CRM applications are a convergence of functional components, advanced technologies, and channels". Discuss the modules of e-CRM.
5. What are the strategic objectives of CRM marketing applications?
6. Discuss the designing of CRM marketing organization.
7. Explain the interdependence of CRM and e-CRM.
8. What is e-Commerce?
9. What are the basic requirements of e-CRM?
10. "Regardless of the company's objectives, an e-CRM solution must possess certain key characteristics". Discuss.



Further Readings

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Unit 09: E-CRM

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Objectives

Introduction and Application of E-crm Technologies like

1. Websites & Technologies-emails
2. Chat Rooms
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Introduction

CRM is a strategy by which companies optimize profitability through enhanced customer satisfaction with ardent focus on automating and enhancing the customer- centric business processes of Sales, Marketing, and Service. CRM also focuses on added customer loyalty that directly affects the organization's bottom line.

Electronic customer relationship management (E-CRM) is the application of Internet-based technologies such as emails, websites, chat rooms, forums and other channels to achieve CRM

Customer Relationship Management

objectives. It is a well-structured and coordinated process of CRM that automates the processes in marketing, sales and customer service.

An effective E-CRM increases the efficiency of the processes as well as improves the interactions with customers and enables businesses to customize products and services that meet the customers' individual needs.

9.1 Techopedia Explains Electronic Customer Relationship Management (E-CRM)

Electronic customer relationship management provides an avenue for interactions between a business, its customers and its employees through Web-based technologies. The process combines software, hardware, processes and management's commitments geared toward supporting enterprise-wide CRM business strategies.

Electronic customer relationship management is motivated by easy Internet access through various platforms and devices such as laptops, mobile devices, desktop PCs and TV sets. It is not software, however, but rather the utilization of Web-based technologies to interact, understand and ensure customer satisfaction.

An effective E-CRM system tracks a customer's history through multiple channels in real time, creates and maintains an analytical database, and optimizes a customer's relation in the three aspects of attraction, expansion and maintenance.

A typical E-CRM strategy involves collecting customer information, transaction history and product information, click stream and contents information. It then analyzes the customer characteristics to give a transactional analysis consisting of the customer's profile and transactional history, and an activity analysis consisting of exploratory activities showing the customer's navigation, shopping cart, shopping pattern and more.

The benefits of E-CRM include the following:

- Improved customer relations, service and support
- Matching the customers' behavior with suitable offers
- Increased customer satisfaction and loyalty
- Greater efficiency and cost reduction
- Increased business revenue

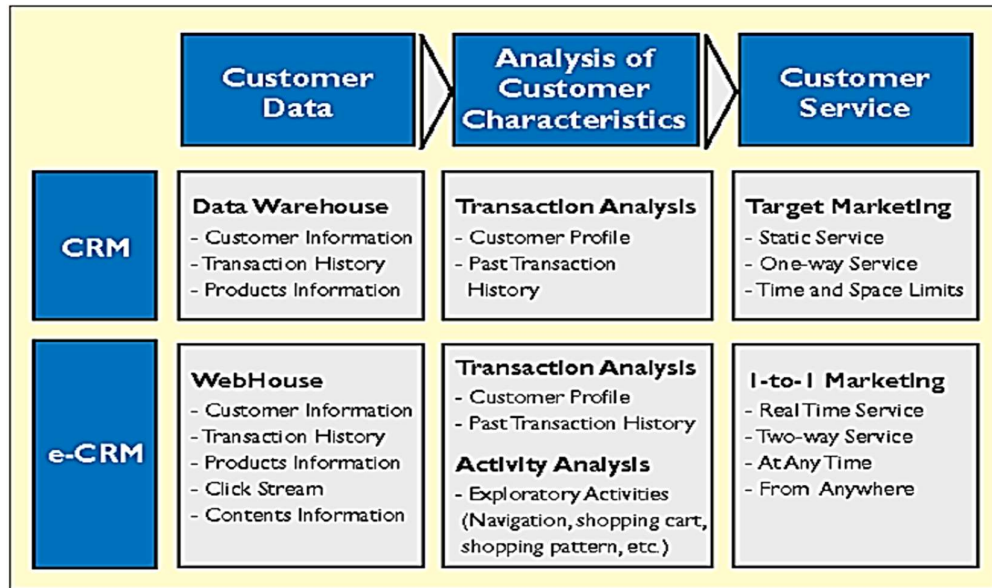
Businesses that strategize and implement an E-CRM solution are able to align their processes around technology to effectively deliver seamless, high-quality customer experience across all channels. Customers have the power to help themselves through online personalized services that are made available on demand. The Internet provides a simple and ideal medium where customers can get information from websites, buy products and find answers using FAQ sections, forums or chat rooms.

E-CRM

- Due to the increasing momentum of Internet in running the business process has led companies to shift their focus to E CRM which gives it an opportunity to reduce customer service costs, strengthen the customer relationships and enhance communication prospects by sending personalize marketing messages by enabling the strategy of mass customization. This has paved the way to introduce Customer Relationship Management (CRM) by using E-Commerce called E-CRM.
- E-CRM can be defined as a sum total of all the activities to manage customer relationships by using the Internet, web browsers.
- E CRM is a concept derived from E-commerce. It uses net environment i.e., intranet, extra-net and internet. It concerns all forms of managing relationships with customers making use of Information Technology (IT) to integrate internal organization resources and external marketing strategies to understand and fulfill their customers' needs

Features of E-CRM

- E-CRM is the customer focused management of the whole e- business relationship with each customer, in order to measure, create and increase income and reduce costs for each customer & segment and thus to generate greater positive lifetime value.
- E-CRM means CRM-database access via the Web. It means Intranet access for internal users, extra-net access for business partners and customers and of course, Internet access for the market at large. E CRM expands the traditional CRM techniques by integrating new electronic channels, such as Web, wireless, and voice technologies and combines it with e-business applications into the overall enterprise CRM strategy.
- Traditional CRM + Internet= E CRM



Difference between CRM and ECRM:

CRM	E CRM
Customer contact made through fax, retail store & phone.	Internet, PDA technologies, email, wireless are used for customer contacts.
Views differ based on the audience, and personalized views are not available.	Personalized individual views based on purchase history and preferences. Individual has ability to customize view.
More time involved in implementation and maintenance is more expensive as the system exists at different locations and on various servers.	Less time involved as Implementation and maintenance can take place at one location and on one server.

9.2 Goals of ECRM

Effectively managing differentiated relationships with all customers and communicating with them on an individual basis. Companies can supercharge profits by acknowledging that different groups of customers vary widely in their behavior, desires, and responsiveness to marketing. To reinforce the reliance of customers and create additional customer sources, firms maintain the relationship in two general categories B2B (Business-to-Business) and B2C (Business-to Customer or Business-to-Consumer) so that the implementation of CRM should come from respective viewpoints.

It increases customer loyalty and customer retention by improving customer satisfaction, E-loyalty results in long-term profits for online retailers as they incur less costs of recruiting new customers.

Why Is ECRM essential in the digital world?

E CRM is essential in the digital world because of the changing dimensions in CRM as listed below

- ✓ Emergence of new technology
- ✓ Effects of Globalization and Market penetration across the globe has become inevitable
- ✓ Changing scenarios of expectations and attitudes of Customers and Stake holders
- ✓ Revenue generation strategies facilitating more avenues to measure, create and increase the profit from the business
- ✓ Cost reduction scenarios

9.3 Technical Capabilities of E CRM

Customer Campaign: Customer analytic software predicts, measures, and interprets customer behaviors, allowing companies to understand the effectiveness of E CRM efforts.

Real Time Data Mining: Data mining software builds predictive models to identify customers most likely to perform a particular behavior.

Software Simulation : Business simulation used in conjunction with campaign management software optimizes offer; messaging and channel delivery prior to the execution of campaigns, and compares planned costs and ROI projections with actual results

- **Software Engine: A real time decision engine coordinates and synchronizes communications using business intelligence.**

9.4 Different Levels of E CRM

There are three different levels of E CRM

- ✓ Foundational services
- ✓ Customer Centered Services
- ✓ Value added services

Factors to be considered for successful implementation of E-CRM

- 1) Organization Objectives
- 2) Focus on All Business Aspects
- 3) Define the Business Problem
- 4) Establishing Proper Metrics
- 5) Business Processes not Technology
- 6) Implement Change
- 7) Using Skilled Managers
- 8) Choose the Right Vendors
- 9) Ease of Usage

9.5 Application of E CRM

With the creation of Sales Force Automation (SFA), the trend of the upcoming Internet can be seen as the foundation of what we know as E- CRM today. Data collection, aggregation and customer interaction is easy due to its application because customer preference information is gathered quickly using website, email questionnaire and after proper analysis they are able to satisfy their needs accordingly. With the creation of Sales Force Automation (SFA), the trend of the upcoming Internet can be seen as the foundation of what we know as E- CRM today.

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Data collection, aggregation and customer interaction is easy due to its application because customer preference information is gathered quickly using website, email questionnaire and after proper analysis they are able to satisfy their needs accordingly. Due to improved communication technology, different departments in company implement (intra-organizational) or work with business partners (inter organizational) more efficiently by sharing information.

Companies use the Internet to acquire products or supplies for in-house production. This is known as e procurement used to achieve cost efficiency. Due to improved communication technology, different departments in company implement (intra-organizational) or work with business partners (inter organizational) more efficiently by sharing information.

Companies use the Internet to acquire products or supplies for in-house production. This is known as e procurement used to achieve cost efficiency. Usage electronic chat as a means of technical support and customer support. This helps any company to save time and effort. Maintain a central server or email list as a method of distributing information. Building sales and sales revenue by increasing the area of operation and reducing operating costs, hikes the efficiency of the supply chain management.

The customer-centric information store consolidates information about millions of customers together with preferences, permissions, and information that may be useful to them.

The analysis and segmentation engine helps in leveraging this customer information to build a business campaign strategy and evaluate its success. The personalization engine helps in personalizing the entire customer experience, configuring unique sets of messages and offers to each customer.

The broadcast engine helps to proactively deliver information and offers to every customer via the media of his or her choice. The transaction engine helps to facilitate the interactions between customer and the company, either exchanging information or driving transactions.

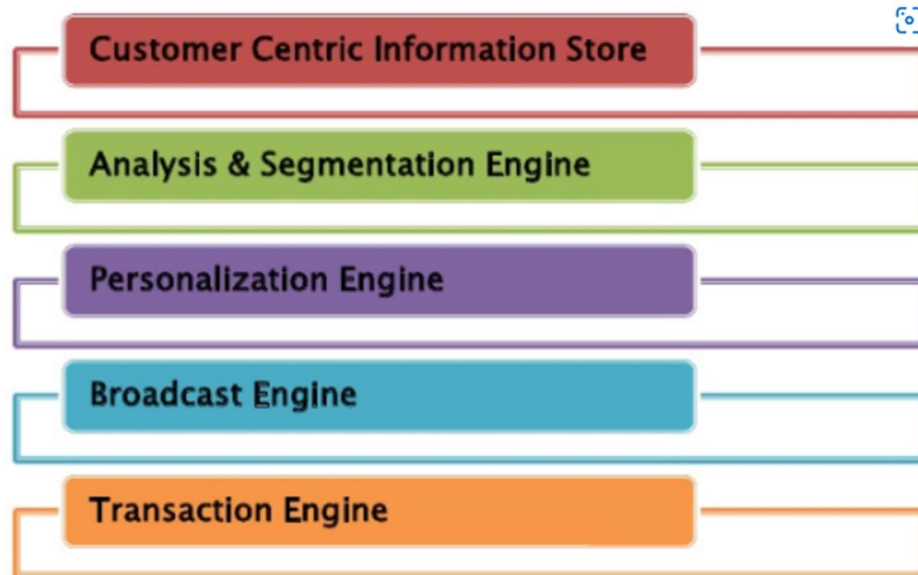
Equipped with such infrastructure, companies can continually create significant customer value at Internet speed, automating the who, what, when, where, and how of sales and marketing.

9.6 Advantages

- ✓ Equipped with such infrastructure, companies can continually create significant customer value at Internet speed, automating the who, what, when, where, and how of sales and marketing.
- ✓ Better levels of customer service
- ✓ More effective customer life cycle management
- ✓ A single 360 degree' customer view
- ✓ Higher sales (better conversion rates etc.)
- ✓ User-generated content
- ✓ Site stickiness
- ✓ Increased customer switching costs
- ✓ Decreased costs (through customer self service etc.)

- ✓ Reduce customer acquisition costs
- ✓ Improve customer retention

The E CRM has five engines:



9.7 7 C's of Effectiveness of ECRM

- 1) Context
- 2) Content
- 3) Community
- 4) Customization
- 5) Communication
- 6) Connection
- 7) Commerce

E CRM Technologies:

- Customers are the most important part of any business and it is vital to have a good relationship with them to reduce customer attrition.
- E - CRM consists of strategies, processes, and software that manages your company's interactions with customers and potential clients.

9.8 Coca Cola

- Coca-Cola uses CRM to promote collaboration and deal with customer issues quickly and efficiently.
- By using CRM software, every member of a Coca-Cola team can identify issues, monitor customer behaviour and social media to promote offers and promotions.

Moreover, team members can use mobile apps on the go to access customer history anytime and anywhere, create and update work orders, and send out field technicians in real-time.



Customer Relationship Management plays a pivotal role in Apple's growth strategy.

From Apple device, we must register it using an Apple ID. An Apple ID is an account you use to access Apple services like the App Store, Apple Music, iCloud, iMessage, FaceTime, and more. These unique IDs synchronize across devices, save music and film preferences, and provide bespoke recommendations based on what you like. For users, this is convenient. For Apple, it's a tool that provides insights on what customers like and it can be used for effortless, targeted marketing.

9.9 AMAZON

Throughout the past few years, Amazon has become the go-to online platform for online shopping. One of the main reasons for this is Amazon's CRM system. Amazon has one of the most complete CRM infrastructures in the world that harnesses customer data during purchases to instantly customize users' online experience.

When purchasing an item from Amazon, you will need to set up a personal account. Then, Amazon can track your purchases and browsing history to tailor marketing campaigns and email campaigns based on things you will probably like.

Moreover, you can configure your account to set up purchases in one-click. This is one of Amazon's most popular feature and customers appreciate it as it dramatically speeds up the checkout process when making a purchase.

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9.10 Activision CRM

- **Activision is a pioneer in the video gaming industry that uses CRM to connect with gamers via social media websites such as Facebook and Twitter.**
- ✓ By using a cloud-based CRM solution, the company was able to:
- ✓ reduce customer service related expenses by 25%,
- ✓ assess and resolve 82 % of customer-related issues through online self-service,
- ✓ improve communications with its gaming community,
- ✓ reduce overhead costs,
- ✓ increase user satisfaction rates,

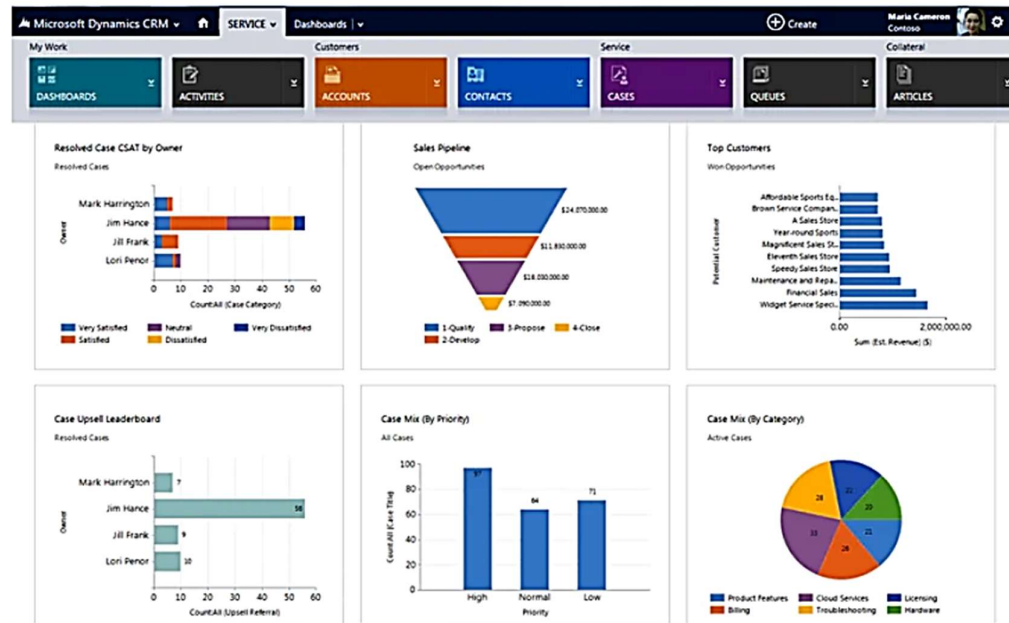
Customer Relationship Management

9.11 TESCO CRM

Tesco uses a Clubcard to reward its most loyal customers. For every pound spent, you earn a point. These points can then be traded in for Tesco Clubcard ‘vouchers’ and vouchers can then be traded in for rewards. Tesco has partnerships with many restaurants, hotels and gas stations thus giving users more opportunities to earn points.

There are programs available for all family members: Tesco Kids Club, Tesco Baby and Toddler Club, Tesco Healthy Living Club, World of Wine Club.

Tesco uses this for targeted marketing actions and there are over four million variations of its quarterly mailing to ensure that discounts and offers are personalized for each customer.

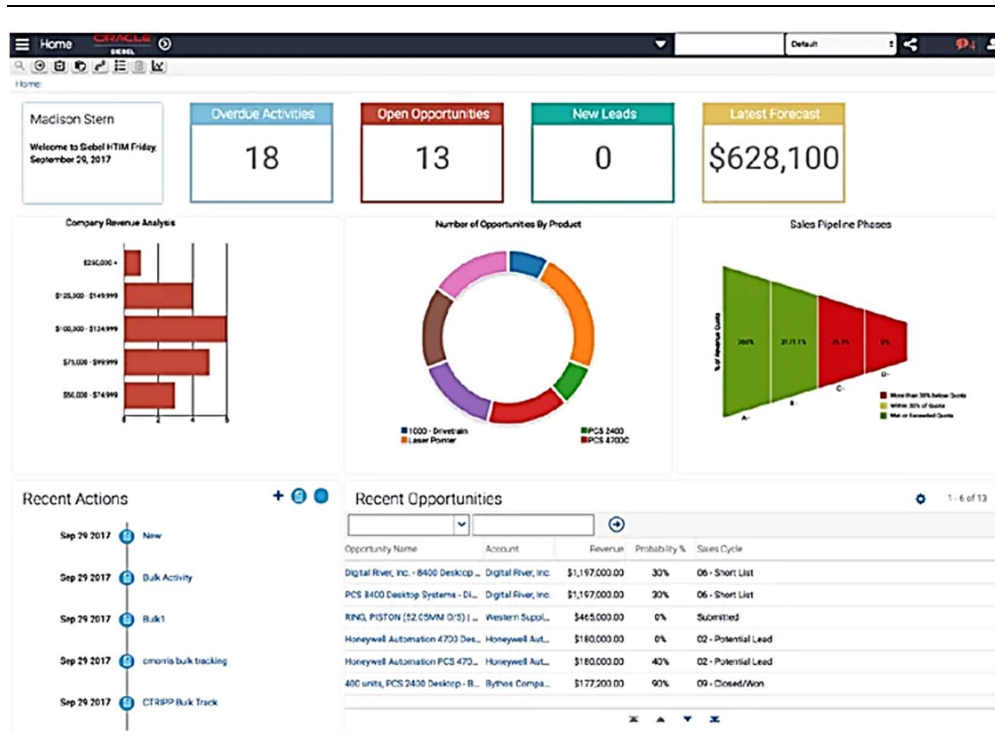


9.12 Microsoft Dynamic 365

Microsoft Dynamic 365, a cloud-based CRM and ERP combining 200 apps [Microsoft Dynamic 365](#) is a highly collaborative cloud-based CRM software that can help your sales team be more efficient in an increasingly complex environment.

With Microsoft Dynamics 365, will be able to analyze company’s performance to develop an effective marketing strategy and create a personalized customer-business relationship. Moreover, this software can be used to generate and send messages containing automatic responses based on the customer's actions,customize workflows based on the requests and the needs of the company; target customers before setting up an e-mailing campaign.

Microsoft Dynamics 365 now combines CRM (Microsoft Dynamics CRM) and ERP. And, today this software offers a wide range of features including marketing, customer service (after-sales service), field services (field uses), project management automation, and more.



9.13 ORACLE E CRM

From a marketing perspective, Oracle CRM offers mailing and e-mailing features. Marketers can use this software to develop and execute marketing campaigns, set up workflows and carry out complete and precise analyses to have a clear vision of marketing actions. On the other hand, sales teams can use Oracle CRM's advanced contact management functionalities to :

- ✓ automate sales processes,
- ✓ improve interactions with customers and prospects,
- ✓ forecast sales more accurately.

9.14 Pipedrive

Pipedrive, the all-in-one CRM platform for salespeople

Pipedrive is a sales-focused CRM software specially designed for small businesses. The strength of Pipedrive focuses on developing sales and integration with more than +250 services within one click

- ✓ get more hot leads and guide them into the sales pipeline to make a big deal, track communications information to have a global vision on your schedule,
- ✓ get the most interesting customer insight by tracking the performance of your business,
- ✓ protect your database and keep it transparent but private,
- ✓ access your Pipedrive on the go anywhere, anytime on any device by using the Pipedrive App,
- ✓ customize easily the interface and activity to suit your needs.

9.15 Salesforce Sales Cloud

Salesforce Sales Cloud is a cloud-based CRM software that helps you track and monitor customer information and interactions in a single platform to follow more leads. Developing sales, building customer loyalty and exploring new opportunities are the major assets of this marketing solution.

Customer Relationship Management

With Salesforce Sales Cloud, we will be able to create personalized, targeted emails based on customer profiles to help us connect with our customers and prospects. These include:

- individualized workflows, to adapt responses based on customer's actions,
- intelligent customer service, to respond more quickly and accurately to user requests,
- reports and analyses presented in the form of customized graphs to monitor the performance of your campaigns.

Management

Contact management is carried out by an automatically updated database which allows you to:

1. access customer and prospect data in segmented lists according to selected criteria,
2. remove potential duplicates with an account and contact merging feature,
3. monitor customers and prospects data to have a clear vision of the opportunities and actions to be implemented,
4. prioritize accounts with the possibility of sponsorship,
5. access a detailed history of exchanges between clients and your company.

E CRM software

- E-CRM is considered as the largest software market in the world and there is a plethora of CRM software for we can to choose from.
- CRM software features are varied and adapted to various needs. There is no point in investing a considerable amount of money to get the most complete CRM software if expectations are not too high.
- However, for a very large company with a large customer base, it is advisable to choose a complete software package that will cover all of needs and offer discounts based on the number of users.

Summary

□ The front office is the client-facing part of the firm and includes the roles which focus on working with and for clients, rather than in support, risk, compliance and operations roles. It is named because traditionally, the client-facing staff would be at the front of the business where they could be seen, and the support staff would be behind them at the back, unseen.

□ Usually, front office roles are income generating and therefore some people argue that roles such as Equity Research are not front office, as they do not directly generate any revenue although this is clearly wrong, as they are perhaps the most client-facing role there is alongside Sales. On the other hand, traders almost never meet clients so they might not be considered front office, when they most definitely are.

□ Often, people get too focused on whether a role is “front office” or not and there is confusion over what is front office and what inst, as the examples above demonstrate. Front office roles can be thought of as the intermediary roles, both between clients and between outside and inside roles. For example, two buy-side firms might interact through the Sales force at an investment bank, and front office bankers interact with both clients and support staff and therefore facilitate the flow of information.

□ Typically, the front office is the hardest area of an investment bank to get into, but also has the best pay and exit opportunities.

□ Historically, call centres have been built on PBX equipment that is owned and hosted by the call centre operator. The PBX might provide functions such as Automatic Call Distribution, Interactive Voice Response, and skills-based routing. The call centre operator would be responsible for the maintenance of the equipment and necessary software upgrades as released by the vendor.

- With the advent of the Software as a service technology delivery model, the virtual call centre has emerged. In a virtual call centre model, the call centres operator does not own, operate or host the equipment that the call centre runs on. Instead, they subscribe to a service for a monthly or annual fee with a service provider that hosts the call centre telephony equipment in their own data centre. Such a vendor may host many call centres on their equipment. Agents connect to the vendor's equipment through traditional PSTN telephone lines, or over Voice over IP. Calls to and from prospects or contacts originate from or terminate at the vendor's data centre, rather than at the call centre operator's premise. The vendor's telephony equipment then connects the calls to the call centre operator's agents.
- Virtual Call Centre Technology allows people to work from home, instead of in a traditional, centralised, call centre location, which increasingly allows people with physical or other disabilities that prevent them from leaving the house, to work. A predictive dialling system running out of numbers to dial.
- Cloud computing for call centres extends cloud computing to Software as a service, or hosted, on-demand call centres by providing application programming interfaces (APIs) on the call centre cloud computing platform that allow call centre functionality to be integrated with cloud-based Customer relationship management, such as Salesforce.com or Oracle CRM and leads management and other applications.
- The APIs typically provide programmatic access to two key groups of features in the call centre platform: Computer Telephony Integration (CTI) APIs provide developers with access to basic telephony controls and sophisticated call handling on the call centre platform from a separate application. Configuration APIs provide programmatic control of administrative functions of the call centre platform which are typically accessed by a human administrator through a Graphical User Interface (GUI).

Keywords

Inbound Contact Centre: Contact centres communicate with customers in a number of ways, but who initiates the contact defines the type of contact centre. If the outside world initiates contact, then the contact centre is said to be an inbound contact centre.

Job Analysis: Job analysis is the formal process of identifying the content of a job in terms activities involved and attributes needed to perform the work and identifies major job requirements.

Job Description: A job description is a list that a person might use for general tasks, or functions, and responsibilities of a position.

Lodging: A room or rooms rented out to someone, usually in the same residence as the owner.

Outbound Contact Centre: If the contact centre itself is responsible for initiating contact; then the contact centre is said to be an outbound contact centre.

Reservation: An arrangement whereby something, esp. a seat or room, is booked or reserved for a particular person.

Text Chat: It can be an effective way to communicate with the customer. Text chat is like a telephone call, but instead of talking, the two people are typing their dialog.

Training: The action of teaching a person or animal a particular skill or type of behaviour.

Self Assessment

1. Proper scoping of a project helps to reduce and mitigate risks.(True False)
 - A. True
 - B. False

2. Project Management is the first step in designing CRm Project (True/ False)
 - A. True

- B. False
3. outlines the interactions between an user and application.
- A. Use case
 - B. Technical Specification document
 - C. Functional Specification Document
 - D. Project user training plan
4. Pre- Implementation stage is a cRM Assessment stage.
- A. Readiness
 - B. Management
 - C. Scrutiny
 - D. Sub tasks
5. Top management commitment is on of the organizational critical success factors.
- A. True
 - B. False
6. Before the implementation ofCRM, it is necessary to obtain the commitment of the
- a. Management
 - b. Principals
 - c. Department
 - d. Organisation
7. E CRM is much more than Internet access for CRM (True/False)
- A. True
 - B. False
8. CRM Strategy should be in line with the company's..... strategy.
- A. Business
 - B. Output
 - C. Functional
 - D. Future
9. Types of Prototype models are:
- A. Proof of concept model
 - B. Low fidelity model
 - C. High fidelity model
 - D. All the above
10. The major output from a prototype demo is.....
- A. Feedback
 - B. Feed forward
 - C. Concurrent feedback
 - D. All the above

11. generation is done after prototyping.
- Report
 - Proposal
 - Bill
 - Plan
12. Customization is a process ofthe CRM solutions
- Planning
 - Buying
 - Fine Tuning
 - Integrating
13. The size of a project is determined by:
- Interfaces
 - Workflow
 - Functions to be implemented
 - All the above
14. Analysis is done to evaluate technical specifications and functions of the CRM solutions.
15. Worklow and rule changes during customization affect the and

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------------------------|------------------------|
| 1. A | 2. B | 3. A | 4. A | 5. A |
| 6. A | 7. A | 8. A | 9. D | 10. A |
| 11. B | 12. C | 13. D | 14. Fit/ gap
analysi | 15. Costs,
schedule |

Review Questions

- What is the meaning and concept of front office management?
- Discuss various functions of front office manager.
- Explain the concepts that will assist employees in developing their own supervisory style.
- What do you mean by job description and job analysis? Prepare a job analysis of a receptionist.
- What is contact centre technology?
- Differentiate between call and contact centre.
- What is a text chat?
- What are the CRM technologies working for enhanced system of CRM?
- What is meant by outbound contact centre?
- Discuss front office management in detail.



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<http://www.gartner.com/newsroom/id/71530>

Unit 10: CRM Process

CONTENTS

Objectives

Introduction

10.1 What is the CRM process?

10.2 CRM Process

10.3 What are the steps in the CRM Process?

10.4 The Benefits of CRM

10.5 Difference between CRM and E CRM

10.6 Is an online CRM better than traditional one?

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

- Introduction and Objectives of a CRM Process
- An Insight Into CRM and E CRM and Online CRM

Introduction

Consumers today expect a personalised customer experience catering to them as individuals. In order to meet these expectations, you have to understand what your audience wants and needs, and you must understand how to deliver on these requirements better than your competition.

The CRM process helps your organisation achieve these goals.

10.1 What is the CRM process?

The CRM process is a strategy for keeping every customer interaction personalised and meaningful that consists of five main steps. A customer relationship management system (CRM system) provides the data and functionalities your team needs to execute this strategy – and ultimately turn leads into customers.

To understand the steps in the CRM process, you have to understand the customer life cycle. It is one of the first concepts that you learn as a sales rep to understand how a person becomes a loyal customer.

The CRM cycle involves marketing, customer service and sales activities. It starts with outreach and customer acquisition and ideally leads to customer loyalty.

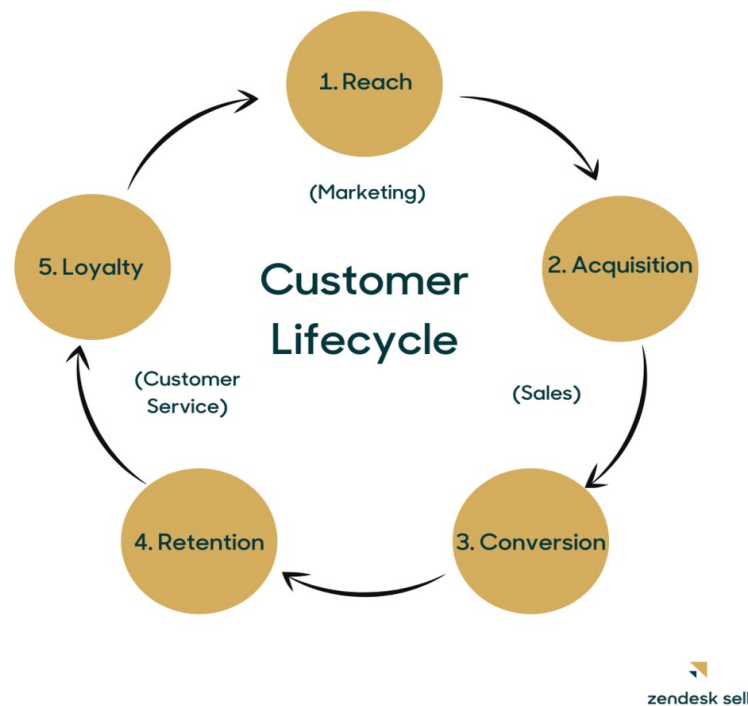
There are five key stages in the CRM cycle:

- Reaching a potential customer
- Customer acquisition
- Conversion
- Customer retention
- Customer loyalty

10.2 CRM Process

The CRM process is that concept in action. It is the tangible steps that an organisation must take to help drive consumers through the cycle of learning about your brand and ultimately becoming loyal (and repeat) customers.

CRM process



According to the customer life cycle, we know that the first step in the CRM process is maximising reach with leads. In practice, reach is using your CRM to generate brand awareness via targeted marketing campaigns.

Every stage in the customer life cycle corresponds to an actionable step in the CRM process. The key is knowing what those steps are and how to execute them.

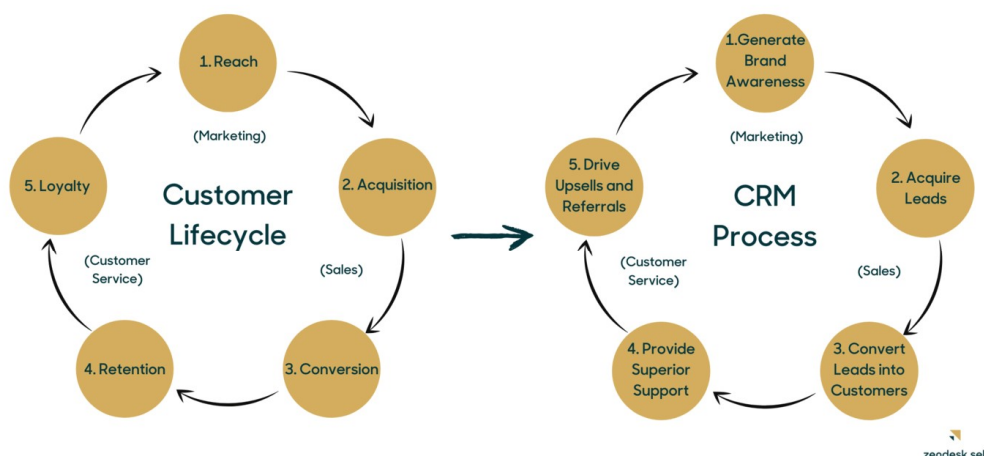
10.3 What are the steps in the CRM Process?

The five steps in the CRM process are a collaborative effort between Marketing, Sales and Support departments. To help you understand how each team works together, we will go through how each step works in practice. We will cover not only how each part of the process can be completed with a CRM tool but also who is responsible for each step.

1. Generate Brand Awareness

The first step in acquiring new customers is to introduce them to your business. The Marketing team generally takes on this task using a number of measures:

1. Learning about your target audience: Marketers will conduct research to identify their audience's target demographics, interests, preferred channels of communication, what messaging they respond most to and what they care about.
2. Segmenting your target audience: Audience personas are created to segment a brand's target audience into similar groups based on similar interests or demographics. This helps marketers identify which types of people are most likely to become customers and who their campaigns should target.
3. Creating marketing campaigns that speak to the target demographics: A/B tests and marketing automation can be used to identify what works and what does not, to create unique campaigns for unique customer segments such as on social media or email and to create strategies for lead acquisition.



When it comes to completing these steps, CRM software contains a wealth of information. The tool can show patterns in past leads and customers to give marketing teams a clear picture of their target audience. Beyond understanding similarities in demographics, marketers can also analyse sales notes in their CRM technology to understand what led to conversions in the past. By understanding what resonated with leads, marketers are better equipped to create effective campaigns.

2. Acquire leads

Introducing your brand to a potential customer is just the beginning of the CRM process. From there, you have to encourage them to learn more about your business and engage with it.

Depending on how your company is structured, this lead acquisition step could be a marketing or sales team responsibility — or both. Your marketing team, for example, might encourage website visitors to share their email with a newsletter signup CTA or a social media giveaway. Sales, on the other hand, could use their CRM system to set up live chat on your site. With this feature, your team can proactively reach out to potential customers who land on your website.

If your CRM technology comes equipped with a lead enrichment tool, like Reach, lead acquisition is unbelievably simple. All the tool needs is a lead's email address to instantly reveal detailed information about the person. With customer data, you can personalise your outreach with the lead to start the relationship off on the right note. Not to mention, you can save tons of time by not needing to research leads yourself.

3. Convert leads into customers

You have successfully engaged with your leads and they are interested. Now it is time to turn those leads into customers.

To do so, sales reps must first be skilled at identifying how interested leads are and, specifically, whether they are interested enough to make a purchase. A CRM is very helpful here. The historical data from past successful sales can be used to identify lead-qualification criteria. These criteria can be added as "attributes" to your CRM's lead-scoring tool to help reps identify opportunities with the highest probability of a sale.

If leads do seem likely to make a purchase, reps must then be able to nurture them further and build their trust enough to convert. One way to do this is for reps to send leads case studies, white papers and other resources that may sway their decision.* *

Reps should also use their CRM platform to set reminders and tasks to follow up with interested leads. After all, studies have shown that "63% of consumers need to hear a company's claim 3-5 times before they actually believe it." Use your CRM's dashboard to help you remember to follow up to ensure that no opportunities are missed.

4. Provide superior customer service

You have successfully converted your lead into a customer. Great! But the CRM process does not end when a customer converts. In order to grow as a company, you need to retain customers. How do you keep the customer coming back? With excellent service from Support.

According to Zendesk's 2020 Customer Experience Trends Report, customer service is the biggest factor that determines a consumer's loyalty to a brand. Conversely, poor customer service can cost you customers and negatively impact your reputation. Support teams must be able to deliver superior support whenever, wherever, and however their customers expect it.

Forty-nine percent of customers say being able to resolve their issue quickly is the most important aspect of a good customer service experience. With CRM software, support agents can easily access the historical customer information they need to resolve a ticket quickly.

Fifty-seven percent of customers expect to have a choice of channels when reaching out to customer support. CRM features allow support agents to not only provide omnichannel support but also manage those conversations in a single, unified view.

With the right CRM, your agents have the customer information and resources they need to resolve a customer's issues quickly and effortlessly. This allows for a stress-free and efficient experience for both the customer and the support agent.

5. Drive upsells

When we think of a returning customer, we imagine a shopper continually coming back to the same business to buy the products they know and love. But there is another key way existing customers provide value – by upgrading to more expensive products.

How do you convince customers to switch products? Personalised recommendations via email are a great place to start. You can use your CRM to organize customers into smart lists based on similar purchase histories. You can then create custom email templates that send relevant product releases to entire lists of customers at once. This way, you can be sure the promotional deals or releases you send are reaching the people most likely to buy them.

If your business is service-based, you may find upsell opportunities through check-in calls. Set reminders in your CRM to regularly reach out to repeat customers to ask how they are doing and

whether there is any way you could improve your service. Their needs may very well have changed since the last time you spoke, and they may be ready for an upsell.

With a CRM process, the customer lifecycle no longer feels abstract. The right CRM enables you to create a deliberate, personalised experience that naturally drives leads through your sales pipeline.

Create a better customer experience with the CRM process

In order to stand out from the competition, you can not go wrong by delivering a personalised, meaningful customer experience – one that makes your customers feel like no matter what, you have got them.

10.4 The Benefits of CRM

Collecting and organizing actionable customer data is a full-time job, and one that isn't very forgiving of mistakes. As such, investing in a high-quality Customer Relationship Management (CRM) tool is a must for any business that wants to take customer satisfaction to the next level. CRM offers a number of advantages that will help you identify, understand, and assist your clients, so that you'll never have to worry about losing revenue as a result of incomplete data. Here are six benefits of CRM software that can help your company find success.

Improved Informational Organization

The more you know about your customers, the better you'll be able to provide them with the kind of positive experience that really pays off. Everything that they do, and every interaction that they have with your organization needs to be identified, documented, and recorded. To do this, you need to move beyond the sticky-notes and disorganized filing cabinets, and start utilizing advanced organizational technology that can not only accurately quantify and categorize data for easy future reference, but also make that data available across departments. Thanks to CRM this all becomes a possibility, it allows you to store a vast list of customers and any important information regarding them. Access to their file is even more convenient than before due to the cloud, so no matter who it is that is helping the customer in question, they'll have the same actionable data instantly available. This will result in less wasted time for clients and employees.

CRM for Enhanced Communication

As mentioned above, CRM makes it possible for any employee to provide the same high level of service, by having access to the same customer data. After all, even if your customers have a single, main point of contact, there's a good chance that at some point that contact may not be available, and the client will be forced to have to work with someone new. When that happens, many customers face the unhappy prospect of having to 'start fresh' with someone who doesn't understand their own unique preferences and issues. CRM does away with this concern, by making detailed customer information communicable to whomever might need it. As such, it won't matter who it is that is currently assisting the client, because they'll be working from the same information. And given that CRM is cloud-based and accessible from any device with an internet connection, the communication benefits of mobile CRM are not limited to the office.

CRM Improves Your Customer Service

Your time is valuable, but so is your customers' time. And, should your customers experience a problem that needs resolution, they're going to be unhappy unless that problem can be taken care of quickly. With CRM, as soon as a customer contacts your company, your representatives will be able to retrieve all available activity concerning past purchases, preferences, and anything else that might assist them in finding a solution. In many cases, your more experienced representatives, armed with past information and history, will be able to locate a solution within the first few minutes, thanks to an accessible database of potential issues. And, should a solution not be readily apparent, then bringing in other representatives, or even crowdsourcing for answers through customer portals, is a simple matter. With CRM, customer support becomes a walk in the park.

Automation of Everyday Tasks

Completing a sale is never as easy as just getting a customer to agree to commit. Along with the surface details of any sale, there are hundreds of smaller tasks that must be completed in order for everything to function properly. Forms need to be filled out, reports need to be sent, legal issues need

to be addressed – these ancillary chores are a time consuming, yet vital aspect of the sales process. The best CRM systems are designed to take the burden of many of these tasks from off the shoulders of your employees, thanks to the magic of automation. This means that your representatives will be able to focus more of their efforts towards closing leads and resolving customer pain points, while the automated CRM system takes care of the details.

Greater efficiency for multiple teams

Automatically stored communication allows you to view emails, calendar and phone call details in one easily accessible place. Add that to the ability for multiple teams to access the same information, it simply sky rockets the amount of achievable progress. Sales, marketing, and customer service teams can share valuable information about clients to continue to funnel them down the pipeline to get the desired result of closing a sale, knowledge of new products, or excellent customer service. Every department can now tag team to get the right information to the right individual. With this new found ease, teams can seamlessly work together to improve the bottom line.

Improved Analytical Data and Reporting

Miscalculated data should not be the reason you cannot succeed, with CRM this is no longer a possibility. CRM systems store information in one place which leads to improved analyzing of the data as a whole. Easily integrated with different tools or plugins, you have the ability to generate automatic reports to maximize your time. Personalize your dashboard views to quickly locate information needed such as customer information, sales goals, and performance reports to reach untapped opportunities. With better reporting data you can make resourceful and effective decisions to reap the rewards in customer loyalty and long run profitability.

10.5 Difference between CRM and E CRM

Difference between CRM and ECRM

Last Updated : 09 Sep, 2020

Read

Discuss

Now a days internet has changed everything and also the business standards, procedures, management are not out of it. Internet has brought a lot technological change to the business world. In the beginning when CRM was the only way of establishing customer relationship and to take business ahead now it has been slowly replaced by eCRM and it has a great impact on the growth of business. So now lets understand the difference between them deeply.

1. Customer Relationship Management (CRM) :

CRM refers to Customer Relationship Management. It includes the processes and systems which enable a business to form, manage and track relationships and communications with its customers for the growth of the business but CRM is based on traditional system like web based and retail store, telephone or fax customer contact. In Customer Relationship Management nature of relationship is simple and static.

2. Electronic Customer Relationship Management (ECRM) :

eCRM refers to Electronic Customer Relationship Management. It is a step ahead of CRM and it is the adaption of CRM in a E-Commerce environment and through internet. Here every communication occurs through internet like from obtaining customer support to online purchase, customer relationship management to customer feedback/suggestion collection everything. In Electronic Customer Relationship Management the nature of relationship is complex and dynamic.

S No.	CRM	E-CRM

01.	CRM stands for Customer Relationship Management.	E-CRM stands for Electronic Customer Relationship Management.
02.	CRM applies traditional tools and standards to perform its operation.	E-CRM applies electronic/digital tools and standards to perform its operation.
03.	In CRM customer contact is initiated through retail store, telephone or fax.	Along with telephone, in E-CRM customer contact is initiated through the internet, email, wireless, mobile and PDA technologies.
04.	in CRM Customer service is time and space constraint.	Customer service can be provided at any time from any location.
05.	In Customer Relationship Management wide area coverage is not possible.	In Electronic Customer Relationship Management wide area coverage possible.
06.	In CRM quick response is possible through telephonic call.	In E-CRM quick response may or may not happen poor response
07.	In CRM system is designed around products and job function.	In E-CRM system is designed around customer needs.
08.	Customer Relationship Management is more effective.	In eCRM optional response limits its effectiveness.
09.	It may or may not provide so attractive options.	It provides attractive options as it uses audio visual features, animations etc.
10.	In CRM web based applications needs PC clients and also which needs to be downloaded separately in various platforms.	In Electronic Customer Relationship Management no such requirement, internet is the backbone and the browser is the customers portal to e-CRM.
11.	In CRM the nature of relationship is simple and static.	In eCRM the nature of relationship is complex and dynamic.
12.	CRM implementation is longer and management is costly as the system is situated at various locations and on several servers.	In E-CRM reduced time and cost. System implementation and expansion can be managed on one location and on one server.

13.	Customization of information is possible but requires little changes in system.	Customization of information for each person is very easy.
14.	Innovation is optional in CRM.	Innovation is necessary in E-CRM.
15.	In CRM the data is secured as there is no involvement of internet and no additional cost is incurred for data security.	In eCRM the data is not so secured as there is involvement of internet but security can be provided with firewalls etc and additional cost is incurred for data security.

10.6 **Is an online CRM better than traditional one?**

The best way to answer this is with data: although online CRMs became popular less than 10 years ago, it is estimated that they currently occupy more than 75% of the sector.

CRM online

When something becomes an industry standard so quickly and is adopted by so many companies, it often means that they have a brutal advantage over their counterparts.

In the case of online CRM it is no different.

Advantages of an online CRM

Online CRMs have 3 major advantages over traditional CRMs. These three groups, which explain why it has become a market standard are

- Profitability
- Productivity
- Scalability

Having a online CRM allows you to improve your profitability

When the first customer management software was launched it was very expensive. You needed infrastructure, software licenses and knowledgeable staff to keep them up to date.

That's precisely why they were only available to the largest and most pocketful companies.

However, the rise of the internet democratised many services, and so did CRM.

By having all the infrastructure, software and maintenance staff centralised in one company serving many others, online CRMs are much cheaper than traditional ones.

To make matters worse, by having all these areas outsourced you don't have to worry about security, which is usually another very expensive aspect.

For all these reasons, online CRMs are much more profitable.

Online CRMs are more productive than traditional ones

Better management of communication with your customers and your off or online sales opportunities is the number one reason why you should have a CRM, but as if that were not enough, having a software of this type will also help you a lot to be more productive, especially if it is a online CRM.

Why is that?

With an online CRM you can access all the data you have centralized in the tool wherever you are, as long as you have a device with an internet connection.

This makes life much easier for all employees who connect from home, travel a lot or work from different places.

Furthermore, with a CRM of this type, you make it easier to work, coordinate and communicate in remote teams, where not everyone works from the same physical space and which are increasingly becoming a constant in the market.

It is easier to scale an online CRM than a traditional one

The last great advantage of online CRMs over traditional ones is that they are much more flexible and dynamic.

To access new functionalities or add users to a traditional CRM you have to pay specialists to adapt the tool and even buy more infrastructure such as servers.

In online services, with a few clicks and modifying your payment, you have it solved.

Furthermore, with online CRMs, each time an improvement or update is made, it is implemented immediately for all users, while in traditional CRMs you have to wait for the new version to come out, acquire it and update all the programs.

Summary

- The front office is the client-facing part of the firm and includes the roles which focus on working with and for clients, rather than in support, risk, compliance and operations roles. It is named because traditionally, the client-facing staff would be at the front of the business where they could be seen, and the support staff would be behind them at the back, unseen.
- Usually, front office roles are income generating and therefore some people argue that roles such as Equity Research are not front office, as they do not directly generate any revenue although this is clearly wrong, as they are perhaps the most client-facing role there is alongside Sales. On the other hand, traders almost never meet clients so they might not be considered front office, when they most definitely are.
- Often, people get too focused on whether a role is “front office” or not and there is confusion over what is front office and what inst, as the examples above demonstrate. Front office roles can be thought of as the intermediary roles, both between clients and between outside and inside roles. For example, two buy-side firms might interact through the Sales force at an investment bank, and front office bankers interact with both clients and support staff and therefore facilitate the flow of information.
- Typically, the front office is the hardest area of an investment bank to get into, but also has the best pay and exit opportunities.
- Historically, call centres have been built on PBX equipment that is owned and hosted by the call centre operator. The PBX might provide functions such as Automatic Call Distribution, Interactive Voice Response, and skills-based routing. The call centre operator would be responsible for the maintenance of the equipment and necessary software upgrades as released by the vendor.
- With the advent of the Software as a service technology delivery model, the virtual call centre has emerged. In a virtual call centre model, the call centres operator does not own, operate or host the equipment that the call centre runs on. Instead, they subscribe to a service for a monthly or annual fee with a service provider that hosts the call centre telephony equipment in their own data centre. Such a vendor may host many call centres on their equipment. Agents connect to the vendor’s equipment through traditional PSTN telephone lines, or over Voice over IP. Calls to and from prospects or contacts originate from or terminate at the vendor’s data centre, rather than at the call centre operator’s premise. The vendor’s telephony equipment then connects the calls to the call centre operator’s agents.
- Virtual Call Centre Technology allows people to work from home, instead of in a traditional, centralised, call centre location, which increasingly allows people with physical or other disabilities

that prevent them from leaving the house, to work. A predictive dialling system running out of numbers to dial.

□ Cloud computing for call centres extends cloud computing to Software as a service, or hosted, on-demand call centres by providing application programming interfaces (APIs) on the call centre cloud computing platform that allow call centre functionality to be integrated with cloud-based Customer relationship management, such as Salesforce.com or Oracle CRM and leads management and other applications.

□ The APIs typically provide programmatic access to two key groups of features in the call centre platform: Computer Telephony Integration (CTI) APIs provide developers with access to basic telephony controls and sophisticated call handling on the call centre platform from a separate application. Configuration APIs provide programmatic control of administrative functions of the call centre platform which are typically accessed by a human administrator through a Graphical User Interface (GUI).

Keywords

Job Description: A job description is a list that a person might use for general tasks, or functions, and responsibilities of a position.

Lodging: A room or rooms rented out to someone, usually in the same residence as the owner.

Outbound Contact Centre: If the contact centre itself is responsible for initiating contact; then the contact centre is said to be an outbound contact centre.

Reservation: An arrangement whereby something, esp. a seat or room, is booked or reserved for a particular person.

Text Chat: It can be an effective way to communicate with the customer. Text chat is like a telephone call, but instead of talking, the two people are typing their dialog.

Training: The action of teaching a person or animal a particular skill or type of behaviour.

Self Assessment

1. If the outside world initiates contact, then the contact centre is said to be an contact centre.

2. If the contact centre itself is responsible for initiating contact, then the contact centre is said to be an contact centre.

3. Traditionally, contact centres have been called

4. includes everything that leads to revenue i.e. sales, upgrades; customer retention, collections, and winning back previously lost customers.

5. Frequent shuffling of customers from agent to agent is a of CCT.

6. One of the fascinating things about contact centres is their never-ending pursuit of

7. Full form of ACD is

8. Full form of CTI is
9. sends down a Web form with required text fields or an email form.
10. is like a telephone call, but instead of talking, the two people are typing their dialog.

Answers for Self Assessment

- | | | | | |
|----------------|-------------------------------|-----------------------------------|---------------|---------------|
| 1. Inbound | 2. Outbound | 3. Call centres | 4. Revenue | 5. Demerit |
| 6. Improvement | 7. Automatic Call Distributor | 8. Computer Telephone Integration | 9. Web server | 10. Text chat |

Review Questions

1. What is the meaning and concept of front office management?
2. Discuss various functions of front office manager.
3. Explain the concepts that will assist employees in developing their own supervisory style.
4. What do you mean by job description and job analysis? Prepare a job analysis of a receptionist.
5. What is contact centre technology?
6. Differentiate between call and contact centre.
7. What is a text chat?
8. What are the CRM technologies working for enhanced system of CRM?
9. What is meant by outbound contact centre?
10. Discuss front office management in detail.



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Unit 11: Developing CRM Strategy

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Introduction

Customer relationship management (CRM) is the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle. The goal is to improve customer service relationships and assist in customer retention and drive sales growth. CRM systems compile customer data across different channels, or points of contact, between the customer and the company, which could include the company's website, telephone, live chat, direct mail, marketing materials and social networks. CRM systems can also give customer-facing staff members detailed information on customers' personal information, purchase history, buying preferences and concerns.

11.1 Why CRM benefits businesses

The use of CRM systems can benefit organizations ranging from small businesses to large corporations, through:

Having customer information such as past purchases and interaction history easily accessible can help customer support representatives provide better and faster customer service.

Collection of and access to customer data can help businesses identify trends and insights about their customers through reporting and visualization features.

Automation of menial, but necessary, sales funnel and customer support tasks.

Components of CRM

At the most basic level, CRM software consolidates customer information and documents it into a single CRM database so business users can more easily access and manage it.

Over time, many additional functions have been added to CRM systems to make them more useful. Some of these functions include recording various customer interactions over email, phone, social media or other channels; depending on system capabilities, automating various workflow automation processes, such as tasks, calendars and alerts; and giving managers the ability to track performance and productivity based on information logged within the system.

Marketing Automation

CRM tools with marketing automation capabilities can automate repetitive tasks to enhance marketing efforts at different points in the lifecycle for lead generation. For example, as sales prospects come into the system, it might automatically send email marketing content, with the goal of turning a sales lead into a full-fledged customer.

Sales force automation. Sales force automation tools track customer interactions and automate certain business functions of the sales cycle that are necessary to follow leads, obtain new customers and build customer loyalty.

Contact Center Automation

Designed to reduce tedious aspects of a contact center agent's job, contact center automation might include prerecorded audio that assists in customer problem-solving and information dissemination. Various software tools that integrate with the agent's desktop tools can handle customer requests in order to cut down on the length of calls and to simplify customer service processes. Automated contact center tools, such as chatbots, can improve customer user experiences.

Geolocation technology, or location-based services. Some CRM systems include technology that can create geographic marketing campaigns based on customers' physical locations, sometimes integrating with popular location-based GPS (global positioning system) apps. Geolocation technology can also be used as a networking or contact management tool in order to find sales prospects based on a location.

11.2 The benefits of CRM for social media

CRM tools specifically for social media platforms help companies foster customer relationships and monitor customer sentiments around their brands.

Workflow automation. CRM systems help businesses optimize processes by streamlining mundane workloads, enabling employees to focus on creative and more high-level tasks.

Lead management. Sales leads can be tracked through CRM, enabling sales teams to input, track and analyze data for leads in one place.

Human resource management (HRM). CRM systems help track employee information, such as contact information, performance reviews and benefits within a company. This enables the HR department to more effectively manage the internal workforce.

Analytics. Analytics in CRM help create better customer satisfaction rates by analyzing user data and helping create targeted marketing campaigns.

Artificial intelligence. AI technologies, such as Salesforce Einstein, have been built into CRM platforms to automate repetitive tasks, identify customer-buying patterns to predict future customer behaviors and more.

Project management. Some CRM systems include features to help users keep track of client project details such as objectives, strategic alignment, processes, risk management and progress.

Integration with other software. Many CRM systems can integrate with other software, such as call center and enterprise resource planning (ERP) systems.

11.3 Types of CRM technology

The four main vendors of CRM systems are Salesforce, Microsoft, SAP and Oracle. Other providers are popular among small to midsize businesses, but these four tend to be the choice for large corporations. The types of CRM technology offered are as follows:

11.4 Cloud-based CRM

With CRM that uses cloud computing, also known as SaaS (software as a service) or on-demand CRM, data is stored on an external, remote network that employees can access anytime, anywhere there is an internet connection, sometimes with a third-party service provider overseeing installation and maintenance. The cloud's quick, relatively easy deployment capabilities appeal to companies with limited technological expertise or resources.

Data security is a primary concern for companies using cloud-based systems, as the company doesn't physically control the storage and maintenance of its data. If the cloud provider goes out of business or is acquired by another company, an enterprise's data can be compromised or lost. Compatibility issues can also arise when data is initially migrated from a company's internal system to the cloud.

Companies might consider cloud CRM as a more cost-effective option. Vendors typically charge the user on a subscription basis and offer the option of monthly or yearly payments. However, cost may still be a concern, because paying subscription fees for software can be more costly over time than with on-premises models.

Popular cloud-based CRM providers include Salesforce, HubSpot and Zendesk.

On-premises CRM

This system puts the onus of administration, control, security and maintenance of the database and information on the company using the CRM software. With this approach, the company purchases licenses upfront, instead of buying yearly subscriptions from a cloud CRM provider. The software resides on the company's own servers and the user assumes the cost of any upgrades. It also usually requires a prolonged installation process to fully integrate a company's data. Companies with complex CRM needs might benefit from an on-premises deployment.

Many cloud-based providers, such as Salesforce and Work Wise, also offer on-premises versions of their CRM software.

CRM systems have moved far beyond traditional customer profiling functions.

Open-source CRM

An open source CRM system makes source code available to the public, enabling companies to make alterations at no cost to the company employing the system. Open-source CRM systems also enable the addition and customization of data links on social media channels, assisting companies looking to improve social CRM practices.

Open-Source CRM platforms such as Oro CRM, Bitrix24, Suite CRM and SugarCRM offer alternatives to the proprietary platforms from Salesforce, Microsoft and other vendors.

Adoption of any of these CRM deployment methods depends on a company's business needs, resources and goals, as each has different costs associated with it.

CRM examples in practice

Examples of CRM usage vary by the type and purpose of the specific CRM system.

Contact center

Traditionally, data intake practices for CRM systems have been the responsibility of sales and marketing departments, as well as contact center agents. Sales and marketing teams procure leads and update the system with information throughout the customer lifecycle, and contact centers gather data and revise customer history records through service calls and technical support interactions.

Social CRM

Social media in CRM involves businesses engaging with customers directly through social media platforms, such as Facebook, Twitter and LinkedIn. Social media presents an open forum for customers to share experiences with a brand, whether they are airing grievances or promoting products.

To add value to customer interactions on social media, businesses use various social CRM tools that monitor social media conversations -- from specific mentions of a brand to the frequency of keywords used -- to determine their target audience and which platforms they use. Other tools are designed to analyze social media feedback and address customer queries and issues.

Companies are interested in capturing customer sentiments, such as the likelihood they will recommend products and their overall customer satisfaction, to develop marketing and service strategies. Companies try to integrate social CRM data with other customer data obtained from sales or marketing departments to get a single view of the customer.

Another way in which social CRM adds value for companies and customers is through customer communities, where customers post reviews of products and can engage with other customers to troubleshoot issues or research products in real time. Customer communities can provide low-level customer service for certain kinds of problems and reduce the number of contact center calls. Customer communities can also provide new product ideas or feedback that companies can use in lieu of feedback groups.

Mobile CRM

CRM applications built for smartphones and tablets have become a must-have for sales representatives and marketing professionals who want to access customer information and perform tasks when they are not physically in their offices. Mobile CRM apps take advantage of features that are unique to mobile devices, such as GPS and voice recognition capabilities, to give sales and marketing employees access to customer information from anywhere.

Business-to-business (B2B) practices

A CRM system in a B2B environment helps monitor sales as they move through the sales funnel, enabling a business to address any issues that might come up during the process. CRM systems in the B2B market help create more visibility into leads and, therefore, increase efficiency throughout the sales process.

CRM challenges

For all of the advancements in CRM technology, without the proper management, a CRM system can become little more than a glorified database in which customer information is stored. Data sets need to be connected, distributed and organized so that users can easily access the information they need.

Companies may struggle to achieve a single view of the customer if their data sets are not connected and organized in a single dashboard or interface. Challenges also arise when systems contain duplicate customer data or outdated information. These problems can lead to a decline in customer experience due to long wait times during phone calls, improper handling of technical support cases and other issues.

CRM systems work best when companies spend time cleaning up their existing customer data to eliminate duplicate and incomplete records before they supplement CRM data with external sources of information.

11.5 Elements OF CRM

CRM can give both large and small businesses a strategic advantage, regardless of their workforce size or geographic reach. Effective CRM focuses on three areas of management:

People: Success requires a company-wide investment from employees and management. CRM works best when its guiding philosophy is adopted at all levels of the organization, from front-line sales and customer service staff to the C-suite.

Process: Finding and retaining customers is fundamental to doing business, and lasting relationships are built largely through sustained effort and proven results. Adopting a CRM-based approach in every aspect of customer interaction – from marketing to sales to support – helps businesses create a better and more consistent customer experience.

Technology: CRM can help businesses easily and purposefully collect data from disparate sources and mine it for results. Sophisticated, intuitive CRM software allows sales, marketing, analytics, market trends and other relevant information to be read together as a unified tapestry, delivering a deeper form of insight about customer needs and behaviors.

11.6 CRM Drives Results

One reason CRM has become such a popular strategic management tool is because it can drive a host of positive changes and results. It gives businesses the capability to:

- 1) Automate processes and synchronize systems to eliminate performance gaps and better enable on-demand customer response.
- 2) Connect areas of business that might normally operate independently, such as marketing, sales and fulfillment.
- 3) 3. Collect, manage and analyze a wide range of customer data.
- 4) Tailor and personalize customer interactions, creating stronger connection.
- 5) 5. Integrate social media and manage online presence.
- 6) 6. Improve risk and reputation management capacity.
- 7) 7. Expand cloud computing and storage solutions

11.7 Role of CRM in Business Strategy

Relationship management software is used by some of the world's most well-known companies to run their operations. To simplify their processes and bring together the inter-departmental interaction, they invest in innovative automation systems. The ultimate effect is increased productivity and reduced duplication in workflows.



1. **Retaining Existing Customers:** Customers are without a doubt the foundations of every successful business. Businesses, on the other hand, place a premium on client retention.

According to a study, 82 percent of businesses think that keeping existing customers is less expensive than acquiring new ones.

2. **Customer Service Improvements:** Customer service is a critical component of every company's long-term success. Customers are more likely to stay with your company if the customer service provided is good. Customers, on the other hand, who believe they are not being treated fairly may quickly sign up for other solutions since they have a variety of alternatives.
3. **Integration with Third Parties:** Businesses use a variety of solutions to meet their various business needs. However, individuals encounter difficulties when attempting to access many pieces of data and information. By gathering data from numerous platforms, an efficient system may implement timely solutions, allowing users to collect, track, and evaluate the whole process from a single perspective without jumping between tabs or producing several spreadsheets.
4. **Managing Databases:** Sales and marketing teams can maintain a unique database to feed information about their clients, leads, prospects, employees, and connections thanks to the impact of this strong cloud solution. This may keep records of all types of consumer interactions in this section.
5. **Data analysis:** Though there are many other styles of selling, the Data-Driven Selling Approach has gained favor and acceptability among market analysts. By 2025, Gartner predicts that 60% of B2B sales companies will have switched from experience and sensory perceptions selling to data-driven selling
6. **Increase Productivity:** The primary goal of any software selection is to decrease employee burden and eliminate the need for extra resources. Businesses may also subscribe to a CRM system to streamline their management processes. CRM software provides the capacity to handle all unnecessary work and prevent employees from diverting their attention away from more vital duties.

Our customer relationship management software, when joined with a motivated sales and marketing staff, opens up a world of possibilities for your company. This sophisticated program has become a vital component of business management applications and sales communities all across the world.

11.8 Service Quality and Customer Relationship Management

- Increasing global competition and transparency amongst suppliers and prices, make customers more demanding and mobile between firms. As a result, service quality alone is not anymore sufficient to increase customer loyalty and repeat purchases. Customer relationship management (CRM) has nowadays been widely argued as a strategic necessity for enhancing the competitiveness and performance of a firm.
- CRM is a process of understanding and managing profitable customer relationships by delivering superior customer value, service and satisfaction. However, although it has been recognised that the delivery of personalised and quality-based services and products is a major prerequisite and purpose of CRM, the interrelationships and the implications between service quality management and CRM practices have not been so far examined

Important:

1. the role of CRM as a tool for designing and delivering quality-based products; and
2. the impact of service quality issues for developing successful CRM programmes.

CRM measures Service Quality:

As businesses have come to terms with the opportunities inherent in the adoption and implementation of CRM initiative. CRM measure Service Quality with the establishment of divisions such as: customer experience, customer complaint, customer relations, customer value and advancement respectively, it is important to understand customer expectations and service personalisation, customer satisfaction and customer advocacy behaviour.

Understanding Customer Expectations:

One of the primary goal of a company is to understand its customers needs and wants in order to provide targeted service, targeted satisfaction and targeted profit. Knowing what customers expect is the first and the most crucial aspects of quality service delivery. Understanding customer expectations is a set of tactics and methods adopted by an organisation to generate more knowledge on what the customer expects, based on their needs and wants with the aim of providing best service in order to win their loyalty.

Understanding customer expectations stresses the identification of core customer desires and availing those customers products and services that will deliver expected satisfaction at a profit.

Understanding customer expectations stresses the identification of core customer desires and availing those customers products and services that will deliver expected satisfaction at a profit.

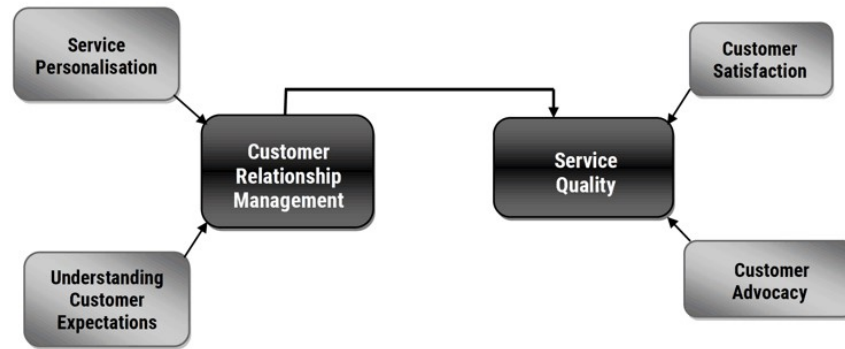
Service Personalization:

Service personalization can be defined as a market differentiation strategy targeted at meeting customers demands based on their individual needs and wants for the purpose of keeping them satisfied at a profit. Also, service personalisation enables a business to match the right product or service to the right customer for the right price, at the right time, with a view of giving each customer a unique consumption experience. Service personalization is as an approach used by organization in generating intelligent details of customers and analyzing their characteristics in order to make recommendations for effective planning and effective service provision. Whilst some say that personalization is a strategy designed and tailored towards addressing customer needs across all customer-interfacing departments such as sales, marketing, and customer service, etc.

Another aspect of service personalisation has to do with the distribution of customised mails or by customising the business and customers relationship.

11.9 Service Quality: Customer Satisfaction and Customer Advocacy Behaviour**Service Quality:**

Service quality is perceived as mediator between the producer and its customers. It has received wide attention in literature in the past decades; recently scholars are of the opinion that Service quality should be defined from the consumers perspectives rather than the firm's perspective. Service quality is a measure of service delivery against customers expectations. Customer satisfaction is very illusive to define and measure due to its subjective nature of experiences and its relativity. Service quality is perceived as mediator between the producer and its customers. It has received wide attention in literature in the past decades; recently scholars are of the opinion that Service quality should be defined from the consumers perspectives rather than the firm's perspective. Service quality is a measure of service delivery against customers expectations. Customer satisfaction is very illusive to define and measure due to its subjective nature of experiences and its relativity.



Understanding customer expectations is the first step in delivering quality services. This is because services provided to the right customer and at the right time will tend to produce satisfaction. Whilst right services offered to the wrong customer will create dissatisfaction.

Understanding Customer Expectations & Customer Advocacy Behavior:

When customers expectations are identified by service providers it means that the firm stands a better chance of serving its customers uniquely and satisfactorily and this portends some positive influence on its customers advocacy intention.

Service Personalization, Customer Satisfaction and Customer Advocacy Behavior

Every consumer enjoys to be served uniquely; thus, service personalization is an initiative adopted by firms to provide individualized or customized services to their customers which is aimed at inducing the feeling of respect and customer value. Further, it can create and deliver the desired level of intrinsic satisfaction in customers, as well as inducing the feeling of loyalty behaviors on consumers.

CRM and quality:

One of the hottest strategies is transforming companies to become customer-centric in today and their aim is to provide products or service that meet the requirements of customers. Quality management is based on customer expectations. If the product or service fulfill the customer requirements, we successfully satisfy the customer. Therefore, our customer become our partners and they can find a place at our process. Tight connection occurs between Customer Relation Management and Quality Management.

Quality Management

We usually distinguish four stages of qualitative trends in companies:

Quality monitoring (so-called consecutive control, testing of samples of finished products);

Quality control (so-called causal control, testing throughout the whole manufacturing process, with a for Quality assurance (QMS models – Quality Management System);

Total quality management (TQM models – Total Quality Management).cus on weak points and corrective measures)

Balanced Score Card:

BSC models (Balanced Score Card) have an increasingly important role in quality management and can be applied to business management alone or as a part of TQM

QMS Model: QMS (Quality Management System) offers a systematic approach to quality management. The system should be:

- a written plan;
- a system ensuring the fulfillment of customers' expectations in terms of the required quality;
- a system ensuring that all system requirements of the company are satisfied;
- a system valid for all business activities

Summary

The recent trend of globalisation and liberalization has posed serious problems to domestic banks.

The entry of new foreign banks and private sector banks with their advanced knowledge base of automation in the banking operations and aggressive marketing strategies has pushed public sector banks to a tight corner.

Potential customers have started moving towards foreign banks and private sector banks.

To survive and succeed, banks must identify their marketing areas, develop adequate resources, convert these resources into healthy and efficient services and distribute them effectively satisfying the manifold tastes of customers.

The domain of customer relationship management extends into many areas of marketing and strategic decisions. Its recent prominence is facilitated by the convergence of several other paradigms of marketing and by corporate initiatives that have developed around the theme of cooperation and the collaboration of organizational units and their stakeholders, including customers.

□ CRM refers to a conceptually broad phenomenon of business activity, and if the phenomenon of cooperation and collaboration with customers becomes the dominant paradigm of marketing practice and research, CRM has the potential to emerge as the predominant perspective of marketing.

□ From the corporate implementation point of view, CRM should not be misunderstood to simply mean a software solution implementation project. Building relationships with customers is a fundamental business of every enterprise, and it requires a holistic strategy and process to make it successful.

□ From an academic standpoint an important question is whether CRM or relationship marketing will become a well-respected, free standing, and distinct discipline in marketing. Our belief is that it certainly has the potential, and we wish that it would happen because marketing will benefit enormously from it.

□ The lessons learned from previous efforts, both successful and unsuccessful, of various marketing domains that have tried to become disciplines provide a good road map of how to develop CRM and relationship marketing into a distinct discipline.

□ As an intervention strategy, it would be highly desirable for relationship marketing and CRM scholars to organize their own association and their own scholarly journal.

Keywords

Brand Building: The goal in brand building is to carefully manage a company's name, brands, slogans and symbols, otherwise known as brand equity.

Call Centres (CCs), or Customer Contact Centres (CCCs): These have long played a critical role on the customer interaction front.

CTI: It can be defined as the application of computer-based intelligence to telecommunications devices.

Customer Equity: It is the Net Present Value of a customer from the perspective of a supplier.

Customer Relationship Management

Customer Knowledge: It refers to understanding your customers, their needs, wants and aims is essential if a business is to align its processes, products and services to build real customer relationships.

Customer Value Analysis (CVA): CVA compares price and quality (or value) of a product against competitors.

Enterprise Data: Enterprise Data is information that is entered and used by each staff member in performing their job, but which is also relevant to others in an organisation or group, such as the feedback from a customer during a sales call.

Lifetime Customer Value: It is a reflection of the possible future business a company can expect from a loyal customer.

Self Assessment

1. ACD stands for:
 - A. Automatic Customer Detection
 - B. Automatic Call Distribution
 - C. Automatic Call Decision
 - D. None

2. CPG stands for:
 - A. Customer Packaged Goods
 - B. Consumer Packing Goods
 - C. Consumer Packaged Goods
 - D. None

3. The goal in is to carefully manage a company's name, brands, slogans and symbols, otherwise known as brand equity.
4. compares price and quality (or value) of a product against competitors.
5. The has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system.
6. is typically used to judge the appropriateness of the costs of acquisition of a customer.
7. Customer Equity is the Net Present Value of a customer from the perspective of a supplier.
 - A. True
 - B. False

8. Relationship marketing some times is referred to as Customer Relationship Management (CRM).
 - A. True
 - B. False

9. Customer satisfaction is not a reaction to value received.
 - A. True
 - B. False

10. Customers consume physical and digital products.
A. True
B. False
11. By enabling direct customer interaction, CRM has changed every sphere of activity.
A. True
B. False
12. A CRM solution is a stand-alone solution.
A. True
B. False
13. ERP offered the means to optimize resource planning at the enterprise level but there was still no means of connecting to the customer.
A. True
B. False
14. CRM proved to be revolutionary for the business success.
A. True
B. False
15. CRM is as important for an organization as is the blood to human beings.
A. True
B. False

Answers for Self Assessment

- | | | | | |
|-------------------|-------|-------------------|--------|-----------------------|
| 1. B | 2. C | 3. Brand building | 4. CVA | 5. Balanced scorecard |
| 6. Lifetime Value | 7. A | 8. A | 9. B | 10. A |
| 11. A | 12. B | 13. A | 14. A | 15. A |

Review Questions

1. Examine the importance of customization and the role of training in implementation of eCRM.
2. What do you mean by Client-Server CRM Model?
3. What is Computer Telephony Integration (CTI)?
4. What do you understand by Roll-out and System Hand-off?
5. What are advancements happening in the field of CRM?
6. How will you help a firm going from a crisis of customer's dissatisfaction?
7. Has the invention of e-CRM given wings to the framework of CRM?
8. What is meant by emerging trends in CRM and what are they?

9. What is meant by LTV and how does it help in improving a company's CRM function?
 10. How far is CRM successful in giving businesses a future and customer loyalty?



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Unit 12: CRM Links in E-Business

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Objectives

- E-commerce and Customer Relationships on the Internet.

Introduction

E-commerce customer relationship management is different from the traditional business CRM. As, CRM in any e-commerce business involves the recording, tracking and creating customer email and advertisement campaigns. So, this blog is specially created to explain the meaning structure, how it is different from traditional CRM, benefits, examples where eCommerce customer relationship management and the best software in the world.

12.1 CRM Meaning

CRM stands for customer relationship management, which means the management of the interaction and building relations with customers or potential customers to create smooth functioning of the company. These are the different techniques and technology which a company opt to build good relations.

CRM Definition

CRM definition defines the process in which an organization administration analyse the data to understand customer behaviour and to find information to create the procedure and tools for better interaction with customers.

What Is CRM In Marketing

Also, CRM stands for customer relationship marketing, it is very different from customer relationship management. As, customer relationship marketing is the process of building client relationship, customer loyalty and brand value.

Customer Relationship Management

Plus it is used to develop long term relations with their established and potential customers with the appropriate strategies and marketing activities. As a result, the organization focuses entirely on corporate performance.

Also, CRM in marketing is used to evaluate customer value.

Like, the organization gives some rewards points after the purchase is made, which can be redeemed later on. Because customer loyalty is an advantage to both organization and customer.

Provides cross-selling opportunities, where, based on customer approval, a business may pitch proven marketing or brand strategies to more than one client.

12.2 What Is CRM In E-Commerce?

Ecommerce customer relationship management is described procedures, techniques to build strong customer relations. Plus, the CRM in e-commerce is necessary to build the database of customer contact information, purchasing behaviour(Part of human resource databases) or any type of data required for analytics.

For example: while making a purchase online a customer has to create an account, give their personal information. As a result, a traditional organization can build and track the purchase and behaviour to provide customize coupons and mails. And that's how eCommerce customer relationship management starts.

Customer relationship management (CRM) systems allow companies to analyze their past, current, and future customers on a variety of levels. CRM is essential for any business, including e-commerce sites, because it allows them to grow and succeed. This article will discuss other functions of CRM in relation to e-commerce and how it differs from traditional CRM.

Need For ECommerce Customer Relationship Management

Ecommerce customer relationship management is required the most in e-commerce business to attract the customer and to build brand loyalty. Here are the basic reasons for eCommerce customer relationship management:

Customer History

The very first thing for any eCommerce organization is to know the customer's history. Because it is important to know about the customer background, it helps the organization to relate the customer's demographic with their purchase behaviour.

Plus the customer history helps in analysing different categories, performance and helps in taking decisions.

Smooth Team Management

Ecommerce customer relationship management is not only benefits in creating good customer relation but also it is helpful in the smooth functioning of the team. Because the way your customers behaves is directly connected to how you allocate your internal resources. Ecommerce CRM helps you divide your customers into different groups based on certain criteria.

For instance, you can have premium customers who always buy the most expensive products from your website. On the other hand, you can also have a medium category of clients who are loyal to your brand and buy your products regularly.

So, customers with different preferences will have different sales force strategies that will be applied. For this reason, eCommerce CRM is important touse internal recourse efficiently.

Individual Marketing Strategy

Customers having their personalized coupons or offer gives a boost in customer loyalty. Because in the case of eCommerce customer relationship management organization have to appreciate customer

brand loyalty very often. Since the customers have too many options and to retain them on your website, it is important to personalize their experience.

Business Expansion

Another important need for eCommerce customer relationship management is to understand the organization's business growth and its performance. As the customer history purchase behaviour, category growth, product sales help to determine in which sector the organization can expand.

E-Commerce CRM Vs. Traditional CRM

Traditional Customer Relationship Management	eCommerce Customer Relationship Management
Primary roles of traditional CRM recording storing important customer information. (preferred contact method, account information, and potential customer leads).	E-commerce customer relationship management (e-CRM) primarily focuses on the sales and customer experiences that are conducted online.
It helps businesses understand how to adequately interact with their customers and satisfy their needs.	E-CRM analyze the customer information and sales patterns and record and store data. Even, CRM software also analyzes organization site's metrics, for example: Conversion rates Customer click-through rate E-mail subscription opt-ins Which products customers are interested in.
The primary goal of traditional CRM is to unite employees and customers by ensuring everyone gets what they need.	E-CRM designed to provide customers with personalized experiences. Creating an environment for customers to customize their experience. And to listen to their needs and making them feel heard are the key areas where E-CRM shines.
Finally, traditional CRM provides those in sales with a customer profile detailing information on past purchases and outreach history.	Moreover, E-CRM also helps in targeting and gathering new customers, but also helps in retaining current ones as well.

One of the primary roles of traditional CRM software is recording and storing important customer information (i.e. preferred contact method, account information, and potential customer leads) all in one location. Utilizing traditional CRM software in daily operations is beneficial because it helps businesses understand how to adequately interact with their customers and satisfy their needs.

The primary goal of traditional CRM is to unite employees and customers by ensuring everyone gets what they need. Finally, traditional CRM provides those in sales with a customer profile detailing information on past purchases and outreach history.

Customer Relationship Management

E-commerce CRM (e-CRM) primarily focuses on the sales and customer experiences that are conducted online. Like traditional CRM, e-CRM is able to analyze customer information and sales patterns and record and store data, however, it is able to do so all day, every day. Most e-CRM software also has the ability to analyze your site's metrics, for example:

Conversion rates;

Customer click-through rate;

E-mail subscription opt-ins;

Which products customers are interested in.

This easy-to-use e-commerce add-on is designed to provide customers with personalized experiences. Giving your customers the ability to customize their e-commerce experience, on top of listening to their needs and making them feel heard, are just a few tips to keep in mind when attempting to build your customer relationships. Not only can these tips help recruit new customers, but can help retain current ones as well.

Benefits Of CRM For E-Commerce

E-commerce based organization have a different approach to CRM. So the benefits and importance to the organization are also different from tradition customer relationship. Here are the different benefits from eCommerce customer relationship management:



Access To Most Relevant Information

A very first benefit for any organization is the access to the information, which is gathered from online actives, customer history, purchase behaviour etc. Because of this information organization can perform analyses for future demand, production, supply chain management, expansion etc.

Payment Data

In case an e-commerce website has multiple platforms for making payment. And to support and secure payments organization have to maintain and requires the data. So that organization will be able to analyse the payments modes that are used most often for which kind of category.

For example, when an organization have the information that consumers prefer to pay from debit/ credit card in case of electronic purchases. So, an organization will give more benefits or coupons to such customers to create strong brand loyalty.

Effective Use Of Time

A salesforce in the organization can spend only 11% of their time making sales rest of the time is spent on administration work or some other work. So, eCommerce customer relationship management helps the organization to develop the self-service system, where salesforce only focuses on consulting and giving advice. So, that it can focus their maximum time on improving customer experience.

Customer Segmentation

As one of the basic need of an e-commerce website is to provide customer information, which has proven as one of the most useful tools for eCommerce relationship management. As it helps the organization to understand the links between customer history and its purchase behaviour.

This aspect is important to separate the customers, so that organization can target their different segment of customers differently

Order Management

Order management includes steps from lead generation through to revenue. You can view and act upon order placement, order processing, shipment tracking, delivery and customer feedback against each product. Which not only help in monitoring each product's growth, it also helps in prompting favourite product as well.

12.3 Impact of E-Commerce on CRM

Although it is truly about managing relationships with customers and providing a great customer experience, e-commerce has made an impact on CRM in a variety of ways. One study discovered that e-commerce had promising implications for improving customer satisfaction and loyalty. In fact, the study shows that the elements that lead to customer loyalty are:

- Competency;
- Capability to establish the relationship;
- Commitment;
- Solving the customer's problem;
- Trust;
- Quality of the relationship.

Implementing e-CRM is beneficial not only because it records and stores customer data 24/7, but also because it is capable of accomplishing all of the above – ultimately ending with positive customer experiences.

12.4 The Importance of CRM for E-Commerce Sites

CRM has impacted e-commerce sites by becoming an essential part of a business's success. One study found that interactively collecting and condensing customer data helps to build a company's e-CRM capability, which ultimately leads to their corporate success. It is safe to say that going forward, CRM platforms created specifically for e-commerce (as well as implementing a scalable e-commerce solution) may very well be a necessity for web-based businesses.

Failing to understand the importance of CRM for your e-commerce site could result in the loss of a multitude of benefits, including but not limited to:

1. A better understanding of supply and demand;
2. Seeing if your customers are able to navigate your site without any issues;
3. Better customer service;
4. Easy check out processes;
5. A decrease in loss and costs (due to the ability to better record customer sales);
6. Having the ability to create advertisements that are aimed at your target audience.

12.5 CRM Examples

CRM examples are very much common to see in the world. Here are the examples of big companies that focused on CRM in their organization.

Apple CRM

Ecommerce Customer relationship management plays a pivotal role in Apple's growth strategy. In case of using any Apple products a customer has to use their Apple ID, This Apple ID is used to access Apple services like the App Store, Apple Music, iCloud, iMessage, FaceTime, and more.

In addition to this, Apple ID is used to synchronize across devices, save music and film preferences, and provide bespoke recommendations based on what you like.

Coca-Cola CRM

Customer relationship management in Coca-Cola has been taking a lot seriously. To ensure this to their customers they have integrated the software to ensure smooth functioning. It uses CRM to promote collaborations and deals with customer issues quickly and efficiently.

By using CRM software, a team member of Coca-Cola identifies the issues, monitor customer behaviour and social media to promote offers and promotions. Moreover, team members can use mobile apps on the go to access customer history anytime and anywhere, create and update work orders, and send out field technicians in real-time.

Amazon CRM

Amazon is the biggest e-commerce platform and it is only possible because of customer services. Moreover, Amazon has the biggest and complete eCommerce customer relationship management system in the world.

Process in Amazon to buy any product starts from creating an account, giving all the information. As a result, it helps Amazon to track their purchase behaviour, so that they can create personalized e-mail and ad marketing strategies.

Moreover, you can configure your account to set up purchases in one-click. This is one of Amazon's most popular feature and customers appreciate it as it dramatically speeds up the checkout process when making a purchase.

CRM Tools

ECommerce customer relationship management is widely managed by the CRM tools which designed to help the organization manage the activities and to track the statics and the performance of the organization. Plus these tools are designed to give the appropriate suggestions to create a uniform performance. Here are the different software used by small, eCommerce customer relationship management:

CRM, Salesforce

CRM - salesforce is one of the world's leading cloud-based CRM tool/software which provides creative CRM solutions that can be effectively used for all the business requirement companies from high scale enterprises to small start-ups.

Salesforce CRM helps to understand customer requirements, it indicates new ways to help, solves issues faster and provides a quick and clean deployment. With just a single view, we can do the selling, serving and marketing like anything.

HubSpot CRM

In today's competitive market, HubSpot is one of the famous and most commonly used CRM tools. As it has created a great impact on its Clients with its powerful mechanism and capabilities. Because of it is free to a huge extent and this attracts most of the Clients.

HubSpot's simple platform allows Clients to start quickly without even changing much. It is simple and fast and has most of the features that the other CRM's possess. HubSpot is no doubt provides the best integration CRM environment which the other CRM tools do not provide for free. It is flexible and powerful software.

SAP CRM

SAP CRM is one of the famous Customer Relation platforms that is developed to support improved working capabilities and also provides you with a very good customer interaction experience for better business growth.

CRM in SAP allows deploying the application either in the cloud or on-premise depending on the customer requirement. And it plays a vital role in boosting customer engagement, sales, and marketing. It automates and integrates all the customer-facing activities.

12.6 Tips for choosing an e-commerce CRM Solution

It's important for businesses to take the time to find an e-CRM solution that fits their specific needs. Similar to selecting the best e-commerce solution provider, it is recommended to take into consideration the following tips to help you select a CRM platform that complements your business.

- Create a plan on how you wish to use this solution to help grow your business;
- Think about how the solution will work and integrate with other business platforms and tools;
- Consider how to train your employees on the new integration and explain the importance of it to them;
- Understand the amount of time and effort it takes to factor in an e-CRM solution;
- Make sure it is within your budget to integrate the solution;
- Read the CRM directions prior to selecting it to make sure they are easy to comprehend (you don't want to choose a difficult solution);
- Conduct thorough research on the platform, including researching the future of CRM, the level of customization, and the level of mobility (is it accessible on a mobile device?).
- Prior to finalizing your e-CRM plans, review the information above to help you get a better understanding of the role of the solution and how it can be beneficial for your business.

Summary

□ CRM is a complicated yet fruitful process by which a company gains enormously, if deployed properly. To process the data effectively many e-CRM solutions are available and a firm has to choose the best possible solution to suit the needs of the firm.

□ The benefit of e-CRM should not be lost in the cost and time to process the information and as such the significance of a solution depends upon its simplicity and authenticity of implementing the solution. While acquisition and retention are fairly well understood, Notes customer profitability through expansion requires some scrutiny.

□ Since expansion presents enormous untapped value; an e-CRM strategy must be able to identify the expansion potential for each customer. It consists of creating space for online catalogue that helps customer to research products thoroughly by accessing all the information they need. Secondly, lead capture and profiling captures prospect information on website, and leverages that information for a follow-up.

□ The significance of CRM solution lies in its ability to store and retrieve data. It is the process of analyzing detailed data, to extract and present actionable, implicit, and novel information to solve a business problem.

Customer Relationship Management

- Above everything, marketers are now under compulsion to be concerned about customer relations and loyalty. Studies have shown that retaining customers is less expensive and perhaps a more sustainable competitive advantage than winning over new customers.
- Relationship building and strategies aimed towards customer retention are a plenty in the web-world and all it depends on deciding which strategy suits best under which market condition.
- In this unit, you learnt about the data mining technique. Data Mining is an analytic process designed to explore data (usually large amounts of data - typically business or market related) in search of consistent patterns and/or systematic relationships between variables, and then to validate the findings by applying the detected patterns to new subsets of data.
- The ultimate goal of data mining is prediction - and predictive data mining is the most common type of data mining and one that has the most direct business applications.
- The process of data mining consists of three stages: (1) the initial exploration, (2) model building or pattern identification with validation/verification, and (3) deployment (i.e., the application of the model to new data in order to generate predictions).
- In this unit you also learnt about a statistical perspective of data mining, similarity measures, decision tree and many more.

Keywords

360 degree Marketing: Marketing activities which take into consideration brand identity and take an inclusive approach so that the brand is presented at all points of consumer contact.

Competitive Advantage: An advantage that firms have over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competition. There can be many types of competitive advantages including the firm's cost structure, product offerings, distribution network and customer support.

Consumer Behaviour: Consumer Behaviour is a branch which deals with the various stages a consumer goes through before purchasing products or services for his end use.

Cross-selling: Selling the customer additional, related, products

Data Mining: Data mining (sometimes called data or knowledge discovery) is the process of analyzing data from different perspectives and summarizing it into useful information - information that can be used to increase revenue, cuts costs, or both.

Economy: The system of production and distribution and consumption.

Marketing: The management process through which goods and services move from concept to the customer.

Up selling: Selling the customer a more expensive version of the product

Self Assessment

1. When we consider 360 degree marketing, it include studying components of it.
2. involves the marketing that all marketers know and love.
3. The concept of marketing inside your own organization relates to
4. Better motivated and enthusiastic sales and customer service staff is a for the internal market.
5. Shareholders can also be termed as

6. Data mining expectations need to be
7. Neural networks are non
- 8.A is a structure that can be used to divide up a large collection of records into successively smaller sets of records by applying a sequence of simple decision rules.
9. Cluster analysis is used in marketing for market
10. techniques make possible a different approach to segmentation, namely cluster segmentation.

Answers for Self Assessment

1. Four
2. The external market
3. The internal marketing
4. Reward
5. Stakeholder
6. Realistic
7. Linear
8. Decision tree
9. Segmentation
10. Data mining

Review Questions

1. Explain the utilization 360 degree marketing in enhancing sales.
2. What do you understand by marketing strategies?
3. Discuss the advantages of data mining.
4. Differentiate between cross and up selling.
5. How will you use up selling for increasing sales of your product?
6. Assume that each item in supermarket is bought by 1% of transactions. Assume that there are 10 million transactions and that items are statistically independent. Assume mid-sup = 10. What is the expected size of a frequent set? What is the expected number of frequent sets?
7. Suppose that you have data describing the closing prices of the stock you own for the last 1000 days. Suppose you are interested in generating all rules which tell you about chances of your stock going up on a given day provided you know the pattern (up or down) on K preceding days, with some minsup and minconf defined. How would you model this problem as association rule mining problem, is there a way to represent this as transactions with binary attributes like in the supermarket case?
8. Summaries the data mining technique and its significance in today's scenario.
9. What are six strategies for increasing cross and up selling?
10. Give live examples used in businesses about up selling.



Further Readings

Books Front Office Operations & Management, Publisher: Delmar Cengage Learning. John R. Hendrie, "Major Hotel Operators Have Rediscovered Hospitality Fundamentals by Revisiting the Guest Room," Hotel Online, July 6, 2004.

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Objectives

- Understand Economics of CRM
- understand relationship between Customer Lifetime Value and Customer Profitability.

Introduction

Management Summary Customer relationship management (CRM) is an enterprise business strategy designed to optimize profitability, revenue and customer satisfaction by organizing the enterprise around customer segments, fostering customer-satisfying behaviors and linking processes from customers through suppliers. CRM requires a large investment in technology, labor resources, consulting services and training. Management Summary Customer relationship management (CRM) is an enterprise business strategy designed to optimize profitability, revenue and customer satisfaction by organizing the enterprise around customer segments, fostering customer-satisfying behaviors and linking processes from customers through suppliers. CRM requires a large investment in technology, labor resources, consulting services and training

13.1 Understanding Customer Relationship Management (CRM)

Elements of CRM range from a company's website and emails to mass mailings and telephone calls. Social media is one-way companies adapt to trends that benefit their bottom line. The entire point of CRM is to build positive experiences with customers to keep them coming back so that a company can create a growing base of returning customers.

Increasingly, the term CRM is being used to refer to the technology systems companies can engage to manage their external interactions with customers at all points during the customer lifecycle, from discovery to education, purchase, and post-purchase.

With an estimated global market value of over \$40 billion in 2018, CRM technology is widely cited as the fastest-growing enterprise-software category, which largely encompasses the broader software-as-a-service (SaaS) market. Five of the largest players in the CRM market today include cloud computing giant Salesforce, Microsoft, SAP, Oracle, and Adobe Systems.

13.2 Benefits of CRM

A CRM system helps businesses organize and centralize their information on customers, allowing for easier access and customer support. Businesses use CRM systems to optimize sales and marketing and improve customer retention. Data analytics is also much easier, where businesses can track the success of various projects or campaigns, identify trends, infer associations, and create visually intuitive data dashboards.

Customers enjoy better service and are more likely to report higher satisfaction as a result. Customer interactions including complaints are stored and can be easily recalled so that customers do not have to constantly repeat themselves.

Special CRM software aggregates customer information in one place to give businesses easy access to data, such as contact data, purchase history, and any previous contact with customer service representatives. This data helps employees interact with clients, anticipate customer needs, recognize customer updates, and track performance goals when it comes to sales.

CRM software's main purpose is to make interactions more efficient and productive. Automated procedures within a CRM module include sending sales team marketing materials based on a customer's selection of a product or service. Programs also assess a customer's needs to reduce the time it takes to fulfill a request.

CRM Cloud Solutions

Cloud-based systems provide real-time data to sales agents at the office and in the field as long as a computer, smartphone, laptop or tablet connects to the internet. Such systems boast heightened accessibility to customer information and eliminate the sometimes-complicated installation process involved with other CRM products or software.

The convenience of this type of system, however, has a trade-off. If a company goes out of business or faces an acquisition, access to customer information may become compromised. A business might have compatibility issues when and if it migrates to a different vendor for this kind of software. Also, cloud-based CRM programs typically cost more than in-house programs.

13.3 CRM Human Management and Artificial Intelligence

All of the computer software in the world to help with CRM means nothing without proper management and decision-making from humans. Plus, the best programs organize data in a way that humans can interpret readily and use to their advantage. For successful CRM, companies must learn to discern useful information and superfluous data and must weed out any duplicate and incomplete records that may give employees inaccurate information about customers.

Despite this human need, industry analysts are increasingly discussing the impact that artificial intelligence applications may have on CRM management and the CRM market in the near future. AI is expected to strengthen CRM activities by speeding up sales cycles, optimizing pricing and distribution logistics, lowering costs of support calls, increasing resolution rates, and preventing loss through fraud detection.

Tangible AI applications for CRM, however, are in the early stages of adoption, although Salesforce and Microsoft have already started to integrate AI components into their existing CRM systems.

Industry research estimates that the CRM market was valued at \$52.4 billion in 2021, and will grow at an average annualized growth rate of 13.3% through 2030.

13.4 Types of CRM

Today, many comprehensive CRM platforms integrate all parts of the customer relationship the business may have. However, some CRMs are still designed to target a specific aspect of it:

Sales CRM: to drive sales and increase the pipeline of new customers and prospects. Emphasis is placed on the sales cycle from tracking leads to closing deals.

Marketing CRM: to build, automate, and track marketing campaigns (especially online or via email), including identifying targeted customer segments. These CRMs provide real-time statistics and can use A/B testing to optimize strategies.

Service CRM: integrated dedicated customer service support with sales and marketing. Often features multiple contact points including responsive online chat, mobile, email, and social media.

Collaborative CRM: encourages the sharing of customer data across business segments and among teams to improve efficiency and communication and work seamlessly together.

Small Business CRM: optimized for smaller businesses with fewer customers to give those customers the best possible experience. These systems are often much simpler, intuitive, and less expensive to implement than enterprise CRM.

13.5 How Much Does a CRM System Cost?

CRM pricing will depend on the size of the business, scope of features in the platform, number of users, and software vendor. Set-up and implementation fees can run in the thousands of dollars. CRM is then typically billed on a per-user per-month basis and can range from \$15 to \$300 or more per-user per-month depending on the complexity of the implementation.

How Do Businesses Choose Which CRM to Go With?

Today, there are several vendors of CRM platforms, so choosing a CRM boils down to cost, service, and functionality. That means you want the best bang for your buck, and not to spend extra money on added features that you won't use. Establish a budget that revolves around the business' goals and then select the features or functions that you require. Then, shop around and research vendors' customer reviews and feedback.

What Is an Example of Customer Relationship Management?

CRM can come in many forms, from tracking customers' purchasing behavior to fielding complaints and returns. One example of CRM might be sending out a tailored thank you note to customers after making a key purchase, both to improve their experience with the company but also in an attempt for a cross-sale or to upsell them in the future.

The customer lifetime value equation essentially views a customer as an income stream. So instead of considering the customer's purchases as single transactions, the marketing focus becomes creating ongoing series of profitable transactions. These ongoing transactions are created through customer relationship management practices and strategies - with the success of CRM activities being measured by improvements in the firm's customer lifetime value.

While this guide is mainly dedicated to understanding and utilizing customer lifetime value, it is necessary to explain the relationship between customer lifetime value and customer relationship management.

Customer relationship management or CRM developed in the 1980s primarily through service firms that had direct contact with their customers. Prior to that time it was essentially a business to business marketing strategy. CRM became very popular marketing concept in the 1990s and is still quite critical to many service industries.

The concept of customer relationship management is to manage individual customers (or segments customers) through various relationship stages. Ideally we take a non-consumer (sometimes referred to as a prospect) and progresses through a series of relationship stages that sees them becoming a first time customer, then a loyal customer, and then a supportive advocate. Please note there are numerous relationship models with slightly varied terminology that discuss the CRM stages.

Customer Relationship Management

In most cases, a first-time customer is really making a trial purchase and may never repurchase the product/brand again. There are also likely to buy in small quantities initially. Either way, it should be clear that a first-time customer is generally relatively low in profit for the firm.

If we use the banking sector as an example, a first-time customer to a bank is usually likely only to open a savings or transaction account. While there are exceptions to this outcome, this is generally the case for most first-time customers. Therefore, the bank will look to grow the relationship with the customer – increasing the share of customer (known as share of wallet in the banking sector).

To do this effectively the bank considers the customer's profile, how long they have been a customer, how valuable they are, and so on. They will then look to manage that relationship and try to progress the customer to a more valuable relationship by selling them or expensive or additional products/services.

However, this is not always the case, and some customers will remain low profit customers ongoing. If the bank identifies that the customer is relatively unresponsive to the additional offers, then they would probably increase the customer's lifetime value by reducing the bank's marketing activities and support that are targeted at that consumer.

This highlights a direct relationship between the goals of customer relationship management and customer lifetime value. With customer relationship management, we are considering the customer (or a segment of customers) and determining the most appropriate course of action – that is, various marketing activities and campaigns and people interaction – that will enhance the relationship with the customer, so it becomes more profitable to the firm and more beneficial and convenient to the customer. Typically, customer relationship management should be a win-win scenario for both the firm and the customer.

Customer lifetime value is a key marketing metric that allows you to measure the impact and outcomes of the firm's customer relationship management strategies and tactics. As highlighted in the banking example above, some customers may not be responsive to cross selling activities. Therefore, increased up selling costs may result in a reduced customer lifetime value.

As an ecommerce business owner, you've likely been told all about the importance of Customer Lifetime Value (CLV). But it's a complicated metric not only to measure but to improve.

The process to improve CLV will vary from business to business, but there is one thing that any business can do to start improving the lifetime value of a customer, and that is to improve your relationship with them.

Using a Customer Relationship Management (CRM) platform is an easy and scalable way to interact with your customers and provide them with more personalized information and deals. There are several CRMs available, and they all have different focuses and benefits.

We recommend you research how to choose the right CRM for your business, but the important thing is you start the process of leveraging customer data and testing iterations of your messaging and audience segments.

13.6 What Is Customer Lifetime Value?

Customer Lifetime Value (CLV), sometimes expressed as CLTV, is essentially looking at the value of an individual customer over the expected lifetime of their relationship with your business. Instead of looking for the success of marketing campaigns in the immediate revenue they bring in, we look at the expected value of all the customers it has created.

How to Calculate Customer Lifetime Value

The Customer Lifetime Value calculation starts with calculating a customer's expected Lifetime Value (LTV). LTV in marketing is the predicted value of a customer over the duration of their relationship with your business and can be determined using the following formula:

Lifetime Value = Average Value of Sale x Average Number of Transactions x Retention Time

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To calculate CLV, which measures the profitability of a customer by multiplying the lifetime value by the profit margin, use the following Customer Lifetime Value formula:

$$\text{CLV} = \text{Lifetime Value} \times \text{Profit Margin}$$

CLV is used to forecast future profitability, determine acquisition targets and set targets for acquisition rates.

How Customer Acquisition Cost Impacts Lifetime Value

The Customer Acquisition Cost (CAC) is the calculation of how much it has cost you to acquire an individual customer:

$$\text{Customer Acquisition Cost} = \text{Sales and Marketing Expenses} / \text{Number of New Customers}$$

When you understand the expected Customer Lifetime Value of any given prospect, you have a better understanding of how much you are willing to pay to acquire that customer. You might find that it makes sense to offer a steep discount on a first purchase if the CLV is big enough.

13.7 What Is a Good Customer Lifetime Value?

Your Customer Lifetime Value should always be higher than your Customer Acquisition Cost (CAC) to be sustainable. A good CLV is at least 3 times greater, with an LTV to CAC ratio of 3:1. For example, making \$150 for every \$50 spent falls within this 3:1 guideline.

The Importance of Maximizing Customer Lifetime Value

Customer Lifetime Value is an important metric for measuring where your business is right now and forecasting future profits because it demonstrates how long a customer is expected to keep purchasing from you and how much money they are expected to spend during that time.

When optimizing for CLV, you might look at changing aspects of your business model, from deciding which products you should sell to whether you need to improve the onboarding process or further invest in customer service to face less attrition.

13.8 Why CLV Metrics Matter

CLV is a way to take a step back and look at the big picture of your business. Instead of looking at sales for the quarter, you're looking at customer acquisition rates and improvements in retention because they are signs you're building an enduring relationship with your customers, and in turn, building a better business.

- ✓ Take on an executive view of your company and:
- ✓ Take a wider look at short and long term marketing goals and strategies
- ✓ Focus on growing customer retention rather than individual sales
- ✓ Make better decisions in acquiring high-value customers
- ✓ Determine better customer segmentation
- ✓ Reward customer loyalty
- ✓ Increase profitability

How Does a CRM Help?

If you're wondering how to increase Customer Lifetime Value, CRMs can help. Customer Relationship Management platforms allow you to store, manage and act on customer data. They centralize this data, including personal information, purchase behaviors and contact information, so different teams can consistently interact with customers and make their experience with your brand frictionless.

Specificity – The sales rep who encouraged a customer to purchase can leave information for the customer services department to access when that customer has a complaint.

Scale – We can use CRMs to run different iterations of messaging, promotions and follow-up timings to see what works for different audiences and provide effective communications at scale.

The goal is to increase LTV. If you can increase the LTV of existing customers while keeping acquisition costs the same or lower, then your CLV will be much more profitable.

Three ways to improve CLV with the assistance of a CRM are by improving:

Attrition: Improve customer satisfaction by having a 360° view of the customer’s relationship with your business so far.

Segmentation: Provide meaningful discounts and complementary products or services to subsets of your customers.

Personalization: Act on specific customer feedback that you’re seeing from more than one customer.

Satisfied customers produce the most revenue

Customer Relationship Management software and strategies are an important part of keeping your customers satisfied. They increase customer retention, encourage further purchases and turn your customers into your advocates.

1. Reduce Customer Attrition

We’ve looked at how having a dynamic approach towards determining your acquisition costs and making inventory decisions based on profitability can increase your CLV. Still, reducing customer attrition (churn) is a very effective way to retain your customers for longer periods, thereby improving your CLV.

2. Create Accurate Customer Segments

CRMs are an effective way to build accurate customer segments and measure the effectiveness of your campaigns and messaging to these audiences. Customers are not all equal; different segments will have different CLVs. Using segmentation to manage both your customer acquisition costs and how much time and effort you spend nurturing customers of different values is a more cost-effective way of treating all customers in regards to CAC and CLV.

3. Using a CRM to Scale Personalization

A CRM allows you to use customer purchasing data to segment your audiences to make marketing more personalized and meaningful. Using CRMs to implement personalization tactics that can be automated and are scalable allows you to trigger specific messaging at important touchpoints in the customer relationship journey.

Another effective way to improve customer engagement and on-page retention is to implement a chatbot, allowing your prospect to ask questions and leveraging machine learning and automation to help them find answers or point them in the right direction.

13.9 CRMs and Predicting Customer Lifetime Value

CRMs also make the CLV metric easier to optimize as they usually have it pre-built into their software.

Most CRMs can even take advantage of predictive analytics that allows you to determine Customer Acquisition Costs based on the expected LTV of a prospective customer. And as you scale, you will have access to more data, which improves the accuracy of predictive analytics.

Being able to predict CLV, revenue and profitability can improve your ability to make executive decisions. With a good picture of where your company is going and growing, you can make

purchasing decisions and staffing decisions, even leveraging more debt to help you meet future demands with more inventory or infrastructure. Actionable insights can be gleaned from predictions of future purchasing behaviors.

Demonstrating your current business strengths and accurately predicting future growth with a tool like a CRM will also make it easier to find investors and partners. This works best with a subscription model where you can count on recurring income. If your ecommerce business is focused on building long-term customer relationships, then being able to demonstrate a high and improving CLV is just as helpful.

Optimizing Customer Relationships For Improved CLV

If you're looking to improve customer lifetime value, start by optimizing your relationships with your customers. Improve onboarding. Make customers feel special with personalization tactics that reward high LTV customers or loyal customers. Focus on increasing sales and leveraging customer behaviors and comments to choose appropriate products and price points.

Leverage data to make sustained improvements to either how your product is designed or how you support customers after the sale is made.

Summary

- At best-practice organizations, customer profitability is owned by marketing, with finance as a key stakeholder.
- Study participants have defined a small, dedicated group of two to five individuals who are involved in calculating and reporting customer profitability. Best-practice partners have developed an enterprise-wide view of the customer.
- Best-practice partners have clearly defined customer segments and sub segments. Most have developed five to nine macro customer segments. Best-practice partners use multiple bases for customer segmentation such as needs, geography, and customer profitability.
- Best-practice organizations capture revenues and costs at the transaction level for each specific customer account. Best-practice organizations take a holistic view of customer profitability and include lifetime value and customer valuation metrics in the calculation.
- Best-practice organizations include the majority, but not all, of their costs in the customer profitability calculation. Best-practice organizations use appropriate methods for cost assignment.
- Best-practice organizations all work closely with IT. Enabling technologies for calculating customer profitability include data warehousing, CRM systems, data mining, external databases, and predictive analytics. At best-practice organizations, customer profitability information is used as an input in many areas.
- Best-practice organizations emphasize intelligence (e.g., decision support), not routine reporting, in customer profitability information dissemination. Best-practice organizations secure buy-in from the users and upper-level support for customer profitability initiatives.
- Best-practice organizations hold employees accountable for customer profitability. Best-practice organizations use customer profitability and segmentation to appropriately align sales and marketing resources.

Keywords

Customer - Repeat Purchasers: (a) number of repeat purchase customers over the past year as a % of total number of customers or, (b) Value of repeat sales as a % of total sales or, (c) % of purchases by current customers. This measure provides an indication of customer retention/loyalty.

Customer Account Profitability: This is a measure of the value of specific customer accounts.

Customer Acquisition Cost: This is a measure of the cost involved in attracting or retaining customers.

Customer Relationship – Duration: Customer relationship – duration is the average duration of relationships of an organisation with its customers or, the duration of relationships with key/ individual customers.

Customer-Projected Retention: This measure provides an indication of projected customer retention/loyalty and may be effective in the measurement of current customer satisfaction as opposed to measurements relating to customers already lost.

Customers - Value of Key Customers: (a) value of total sales or contracts to key customers as a of total value of gross sales or contracts, per period, or, (b) value of sales or contracts gained through referrals from key customer as a % of total sales or contracts. This is a measure of the performance of identified key customers, allowing the effectiveness of special relationship strategies to be assessed and refocused as necessary.

Market Share Projection: Market share projection is a measure of projected market share, commonly used in setting goals or targets in new product promotions or when penetrating new markets with existing products.

Return on Investment (ROI): This measure provides an indication of how well profits are being generated from use of the organisation's resources. A measure commonly used to compare performance between organisations; ROI is useful for assessing an organisation's competitive advantage. In this context it can be used to track the success of a CPM initiative.

Self Assessment

1. Full form of CPM is
2. Full form of ROI is
3. Data mining provides better understanding of
4. means effectively assessing the value of particular customers
- . Full form of ABM is
6. is related to a customer's perception of the price, quality, and convenience of purchasing products or services.
7. The concept of customer value represents the link between the customer as the with regard to a company's revenue and the internal processes representing the costs of a company.
8. Sales revenue – cost of production/provision =
9. There are steps in ABC costing process
10. ABC is often used by telecommunications companies to improve customer
11. is concerned with how profit is determined by sales volume, sales price, variable expenses, and fixed expenses.
12. Consumer complaint behaviour is also known as
13. Complaint has impact on the by the customer.
14. Consumer complaint behaviour is a process

15. is the measure of the extent to which fixed costs are being used in an organization.

Answers for Self Assessment

- | | | | | |
|---------------------------------------|----------------------------------|-------------------------|--------------|------------------------------|
| 1. Customers Profitability Management | 2. Return on Investment | 3. Consumer Behaviour | 4. Grading | 5. Activity-based management |
| 6. Value equity | 7. Stakeholders | 8. Revenue | 9. Five | 10. Profitability |
| 11. CVP analysis | 12. Consumer complaint responses | 13. Defection intention | 14. Distinct | 15. Operating leverage |

Review Questions

1. What is meant by Lifetime customer value?
2. What do you mean by customer defection?
3. Give examples of customer's defection from your surroundings.
4. Explain the concept of service failures.
5. What drives the customer defection?
6. What is base profit analysis?
7. Is there any difference between cost-volume profit analysis and base profit analysis, if yes, what?
8. What is meant by value chain analysis?
9. How are calculations of sales and revenue made in value chain analysis?
10. Explain the scope of failures and defection made by customers.



Further Readings

Books Front Office Operations & Management, Publisher: Delmar Cengage Learning. John R. Hendrie, "Major Hotel Operators Have Rediscovered Hospitality Fundamentals by Revisiting the Guest Room," Hotel Online, July 6, 2004.

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Unit 14: CRM implementation

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14.8 Here are two CRM tools with strong analytics and reporting capabilities:

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- Understand how to choose the Right CRM Solution
- Framework for choosing Right CRM

Introduction

Company and its people create vast quantities of data every day. Each time someone picks up the phone and talks to a customer, goes out to meet a new sales prospect, or follows up a promising lead, they learn something new and potentially valuable. But where does this data go?

Where Does the data Go ? Into notepads or documents on laptops perhaps; or maybe it's just stored in their head. If that's the case then details can get lost or forgotten, meetings and phone conversations may not be followed up, and choosing what to focus on can be a matter of guesswork rather than a rigorous exercise based on fact. Worst of all, if the staff member leaves then all their knowledge may walk out of the door with them.

Solution: Fortunately, there is a solution to this problem. The solution is Customer Relationship Management or CRM for short. [CRM](#) takes your customer data and turns it into useful, actionable insight that can transform your business.

14.1 How to Choose a CRM

Step 1: Identify your needs

To find the right customer relationship management (CRM) software, identify your business needs and consider your daily activities and sales processes. Highlight important steps and types of customer interactions.

Start by listing out problems within your business that you want to solve to determine which CRM features are helpful. Consult every team, including your sales and customer service teams, about their experiences with customer data and customer relationships to understand how a CRM can make their work more efficient and help improve sales.

A CRM system can help your business become more successful, but you need to first be clear about your business goals.

Step 2: Check CRM features and tools

A CRM software should include contact management, marketing automation, and lead tracking for monitoring marketing campaigns and sales activities. When comparing CRM companies, consider the available features and how data-driven and customer-centric each one is. Find out if it will save you money by integrating with your existing task management systems, marketing automation solution providers, and other third-party software-as-a-service platforms that can enhance the CRM's functionality and customization. Also check if the CRM's tools and features can grow with your company or if you can upgrade to a more advanced version, should your business needs change in the future.

Also consider how these upgrades will fit into your budget. Knowing how much to pay for upgrades, as well as the per month per user base cost, will determine if a CRM software is within your budget.

To promote customer relationships and sales from the field, your team members need to access customer information, monitor the sales pipeline, and perform end-to-end operations without the aid of a desktop computer. For on-the-go sales, consider a potential CRM software's mobile-friendliness.

Step 3: Test drive the CRM

Before choosing a CRM, ask for a live demo session, where an agent shows you how the CRM operates and answers your questions about the CRM system.

Opt for a free trial to test drive the CRM platform's functionality and user experience. This trial period enables your sales team and other team members to examine the CRM's user-friendliness as well as its effectiveness in tasks such as extracting customer information from social media and reporting customer interactions.

Before buying a CRM or opting for a free version, make sure your team members approve of its features and its user experience.

Compare Quotes for CRM Software

Fill out this questionnaire to get customized pricing from providers that meet your needs.

14.2 What Is CRM Software?

A customer relationship management (CRM) system enables businesses to manage their relationships with current customers and sales prospects. CRM software uses a data-driven approach to help employees keep track of leads and valuable client information, including phone numbers, email addresses, and previous interactions in one centralized location. This software includes an assortment of tools that can do everything from automating emails to generating real-time dashboards which show information on business performance and other insights generated with artificial intelligence. The exact offerings of each CRM software vary.

Most companies sell CRM systems as software-as-a-service (SaaS). The CRM service hosts the software on a centrally located server and you pay to access the software on a subscription basis. Subscriptions are typically charged on a per user, per month basis, though the actual contract may last a full year. (Discounts are sometimes available for extended subscriptions.)

Many CRM plans have different tiers, so large businesses can pay for enterprise-level CRM tools, while small businesses can access free versions with fewer features. Some CRM companies offer a

full suite of supplemental software that is available via subscription, such as tools to train employees or promote team collaboration. The advantage is that you can purchase all your software in one place and simplify sharing data across teams while making sure that all of the tools work together. The downside is that this also locks businesses into a single digital ecosystem.

Do I Need a CRM?

A CRM is a tool for managing your business's customer interactions to improve business-to-business or business-to-individual relationships. CRM software helps you stay connected and streamlines sales processes through sales management, contact management, and marketing automation features. The CRM system will help build customer relationships by keeping you updated on customer needs.

You need a CRM if you have a lot of customer information to manage or feel that it's challenging to locate and use customer data. Also, if your sales team is slow in keeping up with the lead flow or sales pipeline, you can benefit from a CRM. It has the potential to improve your customer service and help your business grow.

A CRM improves the efficiency of businesses by organizing certain aspects of your business in a way that enhances customer relationships and increases customer satisfaction and retention. It studies customer interactions, highlights profitable customers, and markets effectively by using a customer-facing and cross-selling strategy.

A CRM can organize your lead and customer information and automate marketing campaigns. Sales-focused features can help your sales team close more deals. You can receive reminders of sales processes and schedules to improve your customer service, customer relations, and, hopefully, your sales.

For optimum results, train your team members to use the CRM platform correctly. If they are not well trained, employees might make mistakes that cause total loss of customer data and sales.

Mistakes to Avoid When Choosing a CRM

These are common mistakes to avoid when choosing a CRM system:

Not involving CRM users

Some companies only consult executives when choosing a CRM. But you need to involve the actual users of the CRM. This may include your sales team and anyone who deals with customer data. Find out their needs and the features they need to increase the efficiency of sales operations and related tasks.

Ignoring business needs

Another common mistake businesses make is buying a CRM without first examining their needs and what they want to achieve by using a CRM. You need to establish your expectations, as it will help you when comparing CRM software.

For example, for many companies, sales activities and customer interactions are primarily digital. Customers expect to connect with businesses over social media. Choosing a CRM that limits social media integrations can mean fewer interactions with your customers. Instead, you'll want a CRM that pulls data from social media websites and uses AI to better identify leads.

Implementing a CRM without a Sales Strategy

Some CRM companies claim to increase customer retention and sales automatically. However, a CRM can only help your business grow when there's an existing strategy for customer acquisition and retention.

Before buying a CRM, you should already have target customers and a sales strategy. Then you can make sure the CRM system you're considering has the necessary tools to implement your strategy and connect with these potential clients.

Believing a high price equals a better fit

Some believe that an expensive CRM is required to promote business growth. Instead, consider how well a CRM software's features will cater to your specific needs, and be cautious about paying for features that you don't currently need. Keep in mind that a business needs a clear strategy and employee training on using the CRM to achieve company goals for a CRM to be effective.

The cost of CRM varies amongst software providers. Typically, CRM providers offer subscription-based models and charge you for each user on a monthly or yearly basis. Prices can be as low as \$9 per user per month or as expensive as \$79 per user per month. Some have free versions, though these may have limitations on the number of users, features, add-ons, storage capacity, or integrations. Also, CRM software may offer a free trial of up to 30 days to let you test drive the system.

Paid plans often have one to four different tiers to choose between. You can typically pay on a per-month basis or pay an upfront fee for a whole year. Many CRM software companies also offer add-ons from both their own company (think: artificial intelligence or automation) and third-party vendors. Some of the add-ons are free, while others have a monthly subscription fee. So, while some businesses are satisfied with the built-in features of a free CRM, others need to invest a significant amount of money to receive the CRM solutions their business requires.

14.3 How Do I Get Quotes for a CRM?

Most companies provide the cost for a subscription to their CRMs on their respective websites. Some companies require you to contact their sales representatives for prices on other software, like marketing add-ons, as well as for information on bundling their CRM with other products. Regardless of whether their prices are displayed, reach out to the sales representative to see if they offer free trials or other discounts on their CRM software.

How Long Is a CRM Contract?

The length of a CRM contract varies depending on the company, but most CRM providers offer their SaaS as annual subscriptions. Be careful, companies often list their annual subscription prices on a per user, per month basis; despite being priced out per month, these subscriptions may actually be for a full year. Some companies, like Zoho, offer both monthly subscriptions and yearly subscriptions, with a discount if you opt for the longer subscription period.

Generally speaking, it is much easier to upgrade a subscription to a higher tier than it is to downgrade to a lower tier. Similarly, the cost to upgrade a subscription is often automatically applied, while you generally have to wait until the end of your subscription term to downgrade. While there are typically no penalties for canceling a contract, companies often have strict refund policies (limiting refunds to the first month or so, if at all). Keep in mind that many contracts automatically renew for the same plan and period unless you specifically request to cancel them.

14.4 How to Maintain a CRM

Regardless of what CRM you decide to purchase, you'll want to make sure that you maintain it. The most important aspect of maintaining a CRM is making sure that all of your customer data is up-to-date. This task primarily relies on your teams remembering to update customer information as it changes, assuming the CRM doesn't do so automatically.

One perk of cloud-hosted CRMs is that there is relatively little work required to maintain them. Software updates will usually get pushed out automatically. Any lingering issues can be addressed through customer support, which varies by CRM provider. Most companies offer relatively robust customer support for basic issues, with additional support options available for a fee.

A few companies offer on-premise CRMs (for example, SugarCRM), which require a bit more maintenance. On-premise means that software is hosted on your company's data server instead of the cloud. Technical support is included for the duration of a subscription in most cases.

14.5 What Are the Best CRMs?

There are numerous CRMs, and while many offer similar features, not all CRMs are equal. To cut through the confusion, we evaluated both professional and consumer reviews. We compared each CRM's cost along with features ranging from third-party integrations to email tracking, customization, security, customer service, and more. A select few rose to the top, earning a spot in our rating of the Best CRM Software of 2023.

The CRM software market is expected to reach \$113.46 billion by 2027, according to Fortune Business Insights. This means there is an endless list of CRM vendors competing for your business, and it can sometimes be difficult to feel confident picking the right one for you. The best CRM software options will include these core features.

14.6 Contact and lead management

Contact and lead management is perhaps the most fundamental component of any CRM platform. After all, if you can't store, monitor, and organize your customer data in a way that helps you drive sales and increase customer retention, what's the point? Choose a CRM system that matches your current workflow and sales process, especially if you have a highly complicated or specialized funnel that may require custom fields.

From a sales perspective, the most effective CRM solutions leverage artificial intelligence for predictive lead scoring, so you and your team can prioritize the leads that are most likely to convert to customers. Contact management is helpful for customer service as well. This feature allows you to store notes about all of the interactions you have with each customer, so everyone on your team is on the same page. It will also help you personalize future interactions and deliver consistently excellent customer service.

Here are two of the top CRM tools for lead management:

Zoho CRM includes an artificial intelligence feature, called Zia, that helps predict conversion probability. This helps sales teams prioritize the leads that are most likely to become customers. In this CRM system, you can also customize the lead source options, so you know exactly which marketing campaigns are the most lucrative and which channels have room for improvement. From there, the Zoho CRM solution allows you to assign leads to your sales team based on lead location, line of business, or round robin distribution.

Insightly enables users to create an automated workflow for new leads based on custom criteria. Not only does this save time by reducing repetitive tasks, it also helps ensure no lead slips through the cracks. In addition to the pipeline status, the Insightly CRM solution associates a lead/contact record with all of its respective opportunities, projects, organization, and communication history, so all of the need-to-know information about a prospect is at the ready.

Cloud-based deployment

As opposed to a traditional on-premises CRM software, cloud-based CRM products are much easier to install and configure. The cloud-based model of customer relationship management software makes it possible to access the software from anywhere with an internet connection since it's hosted on a remote server. This also means you won't need to worry about upgrades or other maintenance requirements.

The cost of cloud-based CRM products is spread out over time rather than requiring a hefty capital investment like traditional deployments. Most CRM solution vendors also offer a scalable pricing structure, so you only pay for the features, users, or capacity you need at any given time and can add more as your business grows.

14.7 Here are two of the top cloud-based CRM tools:

Salesforce is one of the biggest names in the CRM market. The cloud delivery model means Salesforce is exceptionally customizable depending on what features and integrations you need. For example, with this CRM solution, users can start with the Sales Cloud to manage prospects and drive revenue goals, then add the Marketing Cloud and Service Cloud down the road to streamline those efforts. Additionally, it's easy to add more Salesforce seats as internal teams scale alongside the business.

Freshworks CRM requires minimal onboarding, which means it can be set up and put to use very quickly. This is great for fast-paced sales environments. Similarly, the cloud foundation means a rapidly growing business can easily move from one Freshworks tier to another as it requires more users, capacity, or features. Or, users of this customer relationship management software can purchase optional add-ons to extend functionality for a specific need like conversion rate optimization, WhatsApp integration, and quote generation. This customization and flexibility would not be possible with a traditional, on-premises CRM deployment.

Marketing automation

CRM software with built-in marketing automation tools simplify your customer communication strategy. Using customer segmentation in CRM systems, you can target your messaging according to different stages of the sales funnel, customer type, industry, geographic location, or other custom segments. In these CRM solutions, you can also track email open rates and link clicks, which are helpful for determining which marketing efforts are most valuable.

Automating email campaigns from the start will help you stay engaged with your customers without needing to send emails manually. This might look like an introduction series for new prospects or customers, or individual emails that are triggered when predetermined criteria are met. For example, when someone's email address gets added to your contact list, you can use automation tools to enrich their customer profile. Once they take a specific action, your CRM system can automatically send special offers or other compelling messages based on their purchase history and behaviors.

Here are two of the top CRM tools for marketing automation:

HubSpot is a robust platform for CRM, marketing, sales, and customer service. However, it's evident that HubSpot was uniquely designed to drive sales through marketing automation. The inbound marketing tools aim to attract leads through email, social media, website content, display advertising, and similar channels; then, all of the data HubSpot collects is immediately visible to sales teams to nurture leads through the customer lifecycle. The best part of this CRM solution is that many tools in the HubSpot suite are available for free with the option to upgrade for more functionality.

Drip, as the name suggests, is purpose-built for ecommerce drip campaigns. Its email builder helps create email campaigns that are visually engaging and targeted to a specific audience, thereby maximizing the likelihood that a customer will take action. Unlike other platforms, Drip includes support for multiple channels, including SMS, direct mail, and social media touchpoints. This helps businesses automate customer interactions from all angles while still maintaining a personalized approach.

Analytics and reporting

With all of the customer data CRM platforms contain, the solution you choose should provide you with valuable insight to inform your business decisions. However, basic cookie-cutter analytics and reporting might not be sufficient for your needs. A new leads report, for example, will provide relevant information about how many prospects you have and where they originated, but a losses report uses deeper analysis to determine possible roadblocks that prevent those prospects from converting to customers. Depending on your needs, you may also want to create custom reports based on your own filtering criteria.

Analytics and reporting might also take the form of forecasting tools, which are not as common across all CRM platforms. Forecasting uses your data to create a model for future sales growth, which ultimately benefits your ability to manage your supply chain and internal operations. It's easy to make assumptions about what your future revenue will look like based on your gut instinct, but having accurate, comprehensive data to support those instincts is invaluable.

14.8 Here are two CRM tools with strong analytics and reporting capabilities:

Pipedrive was developed to drive sales for smaller teams with minimal tech experience. This CRM system's interface is very user-friendly, including the reporting features. The dashboards make it easy to visualize pipeline data and identify areas of strength and weakness. Similarly, the forecasting tool helps sales teams save time and resources by highlighting the opportunities that are most likely to close.

At its lowest price point, Vtiger offers a surprising number of customizable dashboards and reporting templates. All workflows on this customer relationship management software platform are automated, which makes it easier to craft reports that hone in on specific characteristics, like a lead's pipeline stage, the percentage of interactions for a marketing campaign, or a team member's win rate.

14.9 CRM software: Industry specific considerations

Customer relationship management software looks slightly different from one industry to another. Especially for healthcare, financial services, and real estate sectors, what you need from a CRM platform will largely depend on the type of relationship you have with your customers.

Healthcare CRM

In the healthcare industry, a CRM platform will make it easier to understand patient needs and patterns. A CRM system will take a lot of the administrative work out of managing a healthcare organization, so processes can run more efficiently. In turn, each patient receives the best care possible as quickly as possible.

The most effective healthcare CRM will run on multiple kinds of devices, including smartphones, tablets, and desktop computers. When a physician is with a patient, for example, they can reference relevant documents, add notes to the patient record, and schedule future appointments all from the same location. From a patient perspective, a CRM tool should provide a user-friendly self-service portal for managing appointments, accessing lab results, and paying healthcare costs. HIPAA compliance is also a major concern when dealing with patient information, so look for a solution that includes security controls for who is able to access the data and the actions they're allowed to take.

Here are two prominent healthcare CRM vendors:

Kareo is built for independent practices rather than large clinics and hospitals. It combines electronic health records, practice management, patient engagement, billing, and marketing tools under one platform while also integrating with many of the common third-party apps medical professionals use. Kareo also offers free onboarding and training, so caregivers have the technical support they need to use the platform without wasting time worrying about troubleshooting.

Athenahealth seeks to remove silos from healthcare organizations so patient data can be used to improve overall health outcomes. It helps maximize productivity by streamlining administrative processes and enabling access to patient records from any device. Athenahealth helps medical offices stay ahead of the curve by offering support for medical decisions, care coordination, and emerging healthcare trends like telehealth.

CRM Software for Financial Services

The days of being required to visit a financial institution in person to receive service are long gone. A CRM tool will create the personalized, digital-first experience to which customers have become accustomed while simultaneously providing a birds' eye view of each customer profile to agents. Customer relationship management software will also provide a way to capture valuable feedback to ensure customer needs are being met. Not only is this significant for customer experience, but it also helps agents navigate opportunities to grow their clients' portfolios.

Additionally, a CRM system should have features that simplify compliance requirements. The financial industry is regulated by strict legislation at the state and federal levels, so organizations must be prepared to comply with audits and investigations at any given time. This includes well-documented security measures like encryption and multi-factor authentication to protect customer data from unauthorized access. CRM software will also make it easier to manage contracts and comply with tax requirements.

Here are two financial services CRM solutions:

iPipeline is built on the Microsoft Dynamics CRM platform with additional features that are specifically tailored to the insurance and financial services industry. This CRM solution digitizes many administrative processes, including policy administration, document processing, underwriting, and quote generation. iPipeline enriches the customer experience through customized self-service portals and simultaneously provides agents with the data they need to manage their clients' accounts.

Redtail is a budget-friendly financial services CRM that helps strengthen client relationships and reduce attrition. This CRM system integrates with a wide range of common industry platforms and provides immediate data insight through straightforward dashboards and reports. This means agents can access their contacts, calendar, and relevant documents from the same platform. Redtail's unique pricing structure also allows businesses to pay per database rather than per user, which is ideal for lean teams.

CRM Software for Real Estate

The real estate industry is unique because agents must manage leads from both ends—that is, people who are wanting to sell their homes as well as those who are looking to purchase. A CRM software simplifies the juggling process by automating email campaigns that match new listings with appropriate prospects once a new listing becomes available. The best solutions will also include integrations for social media management platforms as well, so all marketing efforts can tie back to an individual client's status in the sales pipeline.

CRM applications save real estate agents time by identifying high-value clients who are most likely to act on available listings as well as those who are more interested in browsing listings at a leisurely pace. They will also help with appointment scheduling, geolocation mapping, and document management. Most importantly, CRM solutions with easy-to-use mobile applications make it possible to manage communication, contracts, and new opportunities while on the go—an absolute must-have in the fast-paced real estate market.

Here are two real estate CRM vendors to consider:

Propertybase helps agents, teams, and brokerages improve their productivity by centralizing leads and automating follow up with prospective buyers and sellers. Under one roof, it includes tools for CRM, marketing, back office management, and lead generation. This helps agents streamline the home buying process from listing to closing. Propertybase also integrates with most multiple listing services (MLS) like Zillow and BoldLeads so agents can automate drip campaigns and track listing performance from one place.

Juniper Square is geared toward commercial real estate investment managers, and includes a number of unique features to help manage investor relationships. This includes fundraising automation, investor reporting, and a self-service investor portal. Juniper Square also offers services for specific needs like accounting, reporting, and compliance so investment firms can streamline their operations.

CRM Software for Nonprofit Organizations

Although nonprofit organizations use CRM software a bit differently than for-profit companies, it's still a crucial part of managing constituents, donations, and community impact. Of course, marketing automation is helpful for fundraising pushes and advocacy work, but the wider scope of contact management helps identify and engage the most supportive donors, volunteers, and members. This personalized approach to donor management leads to larger, more frequent donations that make nonprofit work possible.

By creating customized dashboards and reports, nonprofit leaders can identify trends within their constituent profile. Do donations roll in at a higher volume during certain seasons? Which highly engaged members have felt compelled to become volunteers? How many recurring donations are active and from whom? This information is important for planning organization resources as well as creating opportunities to recognize the top contributors. This insight is less beneficial, however, if the CRM platform itself comes with too big of a price tag. Fortunately, there are numerous cost-effective options that still enable a high degree of customization.

Here are two CRM solutions for nonprofit organizations:

Kindful was built to help nonprofits with online fundraising, donor management, and dynamic reporting. Its widespread integrations centralize the applications that span an entire organization, like QuickBooks, Mailchimp, Eventbrite, and Shopify. It helps build deeper, more impactful donor relationships and minimizes the amount of administrative work that can waste valuable time.

Salsa helps engage constituents through multiple online and offline channels, including email, social media, and direct mail. It features a unique machine learning tool that helps automate future gift recommendations and collect deep insights about each donor. In addition to advocacy and peer-to-peer fundraising tools, Salsa's SmartEngagement technology enables organizations to automate workflows to deepen supporter engagement and combat donor attrition.

14.10 Benefits of Customer Relationship Management Software

The benefits of using CRM software are fairly universal, but small and medium-sized businesses will experience some benefits more significantly than a larger enterprise and vice-versa.

For owners of small and medium-sized businesses, there are never enough hours in the day to get everything done. These organizations must reduce operating costs at every opportunity and keep budgets as lean as possible to maximize profitability. CRM software can help these companies strategically use their business resources by helping sales teams prioritize the most promising leads and deprioritize the least promising.

Automation and analytics capabilities also make SMBs more efficient and free up time to focus on other priorities. This helps propel sales opportunities and drive revenue goals, but it's important that these features are easy to use and not overwhelming. Especially for lean teams who may not have as much technical expertise, the right CRM solution will have an intuitive interface with simple controls that easily integrate with existing workflows.

More features don't always mean a specific product is better, and basic tools can still have a significant impact on an organization's bottom line. The key is getting the right configuration from the beginning, so SMBs should look for vendors that offer accessible training, support, and documentation. These resources will ensure the software is working effectively and provide assistance if something goes wrong.

Here are two examples of CRM solutions created with SMBs in mind:

Nimble makes building a CRM easier because it builds itself for you. It automatically combines contacts from your email, social media connections, and calendar appointments into a single, unified console. This helps you skip long setup times and get to nurturing your relationships. Nimble also integrates with your social media profiles to meet your contacts where they are, and the browser extension provides actionable contact information on the fly.

Less Annoying CRM provides video tutorials and introductions to make setup and use as easy as possible. The software combines your team's calendar and tasks with the CRM to keep everything organized in one place. To keep leads from slipping through the cracks, Less Annoying CRM provides an updated list of every lead in your pipeline, including their status and when they were last contacted. The web-based software is sleek, customizable, and available on-the-go.

Enterprise benefits

The clearest advantage of CRM software for large enterprises is the ability to glean deeper understanding from new and existing customer data. This insight often comes from customization options that are baked into a specific CRM platform, whether it's the features themselves that are

included or how those features are implemented. Profile fields, dashboards, reports, workflows, integrations, and automations can all be customized to meet the unique needs of an enterprise on a large scale. By enriching business decisions with comprehensive, up-to-the-minute data insights, leaders can feel confident that they have a reliable foundation for future planning.

CRM software also helps ensure sales, customer service, and marketing teams have access to all the relevant information they need, regardless of where they are physically located. Especially for companies with a distributed workforce, this is essential for maintaining quality service at all times. For example, a sales representative should be aware of all the interactions a contact has had with the customer service team so they can approach any future conversations with an appropriate tone. Trying to upsell an unhappy customer is usually a futile effort, but the context that a CRM provides can help turn a negative situation into a positive one.

Data backups and security are also of the utmost importance for large organizations with vast databases. As part of a broader disaster recovery plan, CRMs should provide tools for automatic backups that can be restored in the event of a data breach, natural disaster, or other instance of data loss. Likewise, a CRM's security measures like password policy management, multi-factor authentication, and even biometric verification in highly sensitive situations will give an organization's security team the controls necessary to manage user access.

Here are two enterprise-grade CRM solutions:

SAP CRM offers unique customer insights that allow you to proactively anticipate their needs. Use those insights to deliver personalized experiences and drive engagement from your contacts. With solutions for e-commerce, sales, customer support, and marketing, it's easy to deploy SAP across your organization for cohesive lead management. The platform is customizable and scalable, allowing you to add and alter features to meet your needs.

Netsuite CRM is a cloud-based solution providing information on the entire customer lifecycle. In addition to standard CRM capabilities, Netsuite's CRM also provides sales forecasting and integration with your e-commerce platform to make sure you're hitting your goals. The platform helps improve sales performance in a variety of industries, including hospitality, retail, financial services, and consulting. Netsuite also offers highly-rated ERP, BI, and HCM tools that you can combine for a complete software suite.

Choosing the best CRM software for your organization

When it comes to CRM software, you know your needs better than anyone. Whether your business model requires specific features or you want to start small and scale as your business grows, there is a CRM product that will streamline your customer experience efforts and propel your business forward. Start by looking at vendors who built tools with your business's industry or size in mind, then take advantage of free trials and live demonstrations to narrow down your search.

Summary

Relationship marketing is emerging as the core marketing activity for businesses operating in fiercely competitive environments.

- On an average, businesses spend six times more to acquire new customers than to keep them. Therefore, many firms are now paying more attention to their relationships with existing customers to retain them and increase their share of customer's purchases.
- Most acquisition marketing campaigns begin with the prospect list. A prospect list is simply a list of customers that have been selected because they are likely to be interested in your products or services.
- As the focus of your program shifts from acquisition to retention, the goals become those of establishing loyalty, advancing the relationship and building a sense of community, participation and affinity. As with prospecting, however, the data strategy should also

help determine whether customers do or don't meet the company's criteria for retention.

□ Berry and Parasuraman, two early advocates of relationship marketing have developed a framework for understanding the type of relationship strategies.

□ The framework suggests that retention marketing can occur at different levels and that each successive level of strategy results in ties that bind the customer a little closer to the firm

Keywords

Customer Acquisition Cost: It is the cost associated with convincing a consumer to buy your product or service, including research, marketing, and advertising costs.

Customer Delight: Customer delight occurs when the customer's perception of their experience of doing business with you exceeds their expectation.

Customer Retention: It is the activity that the selling organization undertakes to reduce customer account defections.

Fear, Uncertainty and Doubts (FUD): Fear, Uncertainty and Doubts, is a marketing strategy. FUD is generally a strategic attempt to influence perception by disseminating negative and dubious or false information. An individual firm, for example, might use FUD to invite unfavourable opinions and speculation about a competitor's product; to increase the general estimation of switching costs among current customers; or to maintain leverage over a current business partner who could potentially become a rival. The term originated to describe disinformation tactics in the computer hardware industry but has since been used more broadly.

FUD is a manifestation of the appeal to fear.

GAMP: Global Account Management Programs

Prospect List: A prospect list is simply a list of customers that have been selected because they are likely to be interested in your products or services.

Response Behaviour: The responses that come in as a result of a marketing campaign are called response behaviour.

Self Assessment

1. is the activity that a selling organization undertakes in order to reduce customer defections.
2. Customer delight =
3. Full form of SFA is
4. Full form of GAMP is
5. The third component of customer loyalty model is
6. Choice Reduction and Habit is a component of
7. Binary response behaviour is the kind of response behaviours.
8. Full form of CAC is
9. include the methodologies and systems to manage customer prospects and inquiries, generally generated by a variety of marketing techniques.
10. The best medium to deliver promotional messages to a clearly identifiable set of customers or prospective new customers is
11. Companies that tend to be past-oriented use the strategy.

Customer Relationship Management

12. When adopting an strategy, an actor ignores the customers and concentrate on the expectations expressed within own organisation.
13. strategists focus heavily on the future of a company or organization and the well-being of the staff.
14. Co-proactive strategy in managing expectations is the one needed in relationships.
15. An strategy is appropriate in situations where the company management can rely on the employees' commitment,

Answers for Self Assessment

- | | | | | |
|------------------------|---------------|-------------------------------|--------------------------------------|-----------------|
| 1. Customers retention | 2. P>E | 3. Sales Force Automation | 4. Global Account Management Program | 5. Trust |
| 6. Customer loyalty | 7. Simplest | 8. Customers Acquisition Cost | 9. Customers acquisition management | 10. Direct mail |
| 11. laissez-faire | 12. introvert | 13. Intro-proactive | 14. Committed | 15. extrovert |

Review Questions

1. What do you mean by customer retention strategy?
2. Describe the keys of customer retention.
3. Write short note on emotional bonding.
4. Explain the benefits of customer involvement in product/service development.
5. Define customer acquisition. Discuss the reason for customer acquisition.
6. Describe, in detail, various strategies for customer acquisition.
7. Describe the methodologies and systems to manage customer prospects and inquiries, generally generated by a variety of marketing techniques.
8. What do you understand by the term customer retention? Discuss its importance.
9. Discuss the strategies of customer retention.
10. What are the costs and difficulties of customer retention programs? How will you overcome these hurdles?



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Unit 15: CRM Application in B2C Market

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Objectives

- understand importance of CRM in B2C Market
- Elaborate all benefits of B2C CRM
- B2C Application in Banking

Introduction

Customer Relationship Management software is the secret of success for many companies. While it excels at the B2B business model, it also produces fantastic results in the B2C field.

Customers are the lifeblood of any company. If you want to achieve long-term success, it is imperative to manage that relationship. But that does not imply that every CRM software is a wise investment.

15.1 What is a CRM?

Customer Relationship Management – CRM assists you manage all of your business's interactions and relationships with current and potential clients. A CRM system, a tool that aids in contact management, sales management, productivity, and other areas, is what most people mean when they mention CRM.

With the aid of a CRM solution, you can concentrate on the relationships that your business has with specific people, such as clients, service users, employees, or suppliers, over the course of the

relationship's lifecycle. This includes attracting new clients, earning their business, and providing ongoing support and other services.



15.2 What is B2C CRM?

B2C customer relationship management software enables you to supercharge your outreach and lead conversion efforts. Automate your busywork, unify data sources and track critical marketing metrics from a single platform.

As the name implies, the primary focus of CRM is the customer, and given that B2C firms often have a significantly bigger number of clients than B2B enterprises, it becomes much more challenging to keep track of each client's history and preferences. The same goes for creating customised, targeted messaging for each candidate, a task that is practically unachievable without computer assistance. Additionally, being able to emotionally connect with prospects through focused marketing initiatives and social media posts can significantly affect client acquisition and retention.

B2C CRM software enables companies to establish genuine ties with their prospects, which is essential for B2C success given the weight placed on each individual candidate experience.

15.3 What is B2B CRM and B2C CRM?

B2B CRM and B2C CRM software are not interchangeable and have whole different use cases to themselves.

Majority of conventional CRMs were created primarily to support B2B organisations.

B2B CRMs generally connect with marketing technologies to nurture prospects over the duration of a protracted sales funnel. They are clearly designed to assist salespeople in managing prolonged, largely predictable sales cycles.

Even so, many B2C marketers continue to push B2B CRMs to accommodate their very distinct business requirements. But it was evident that a solution designed specifically for B2B sales wasn't working, and B2C CRMs emerged to meet the needs of businesses who sell to individual consumers rather than huge organisations.

Due to the fact that it established the current benchmark for what an Enrolment CRM should be able to perform, No Paper Forms has long been acknowledged as the market leader in the Education Industry. Its reporting features make use of interactive and customised dashboards and data visualisation so that decision-makers and other users can get the broad or narrow view of the data they need.

B2C CRM is a strong, efficient tool for enhancing customer experience, maintaining relationships, tracking data, and fostering coordination among departments. Leveraging an industry specific CRM is the secret to B2C success, considering that customer satisfaction, contact management, data tracking, and coordination are undoubtedly the defining characteristics of any educational organisation.

Topic	B2C CRM	B2B CRM
Business Objective	Suitable for businesses selling direct to decision maker	Suitable for businesses selling to organisations
	Short and fast moving sales cycle	Typically involves long and complex cycle
	Used by large call centre teams & on field agents	Mostly used by sales representatives
Customer Journey	Deep focus on Customer touchpoints	Simple journey from Lead-in to conversion
	Complex Enrolment Journey	Focus on identifying more contacts within the organisation
	Trigger-based drips and workflows	Journey revolves around deal stages, quota, proposal
Customer Portal	Student Enrolment Portal to collect applications, documents, payments on one platform	No Provision
	Focus is on giving experience to the students	Handled by adding new fields for every aspect
Payment System	Powerful Payment Stack	Payment Links
	Configurable Workflow Builders	No conditional workflows
	Real Time Visibility to call centre teams	Broken end customer journey

15.4 How to Select the Best CRM for Your Business?

Every vertical needs a different type of CRM, identifying what aligns best with your business. Between the two forms of CRM, there is a distinct difference. And given that you are now aware of all the distinctions between a B2B CRM and a B2C CRM, why would you attempt to push your organisation to use a system that isn't designed for your market? It is evident that B2B marketers have their own software, whereas B2C marketers want a CRM of their own, one that is tailored to meet their unique requirements.

While looking for a CRM, you should make sure to:

Determine Your Goals: Recognize the problem that a CRM is meant to solve.

Recognise how it is Implemented: Do not undervalue the impact of implementation as it may result in significant costs and time away from your teams' present duties.

Get ready for user Acceptance: Put your salespeople at rest by acknowledging that since they control the personal relationship with the customer, they are not in danger of losing or sharing their customers with others.

Be aware of Product Mobility: A tool that can be accessible from a range of web-enabled devices is what you should look for.

Organize

Your Procedures: You want a CRM that can expand along with your company and change with your procedures without needing to be changed.

Review the Software Compatibility with Current Versions: Verify that the CRM system you select can communicate with other systems you already use.

Investigate the Product Demo: Accessing a product demonstration is critical, but using the demo is even more crucial.

Enquire Regarding Reporting Capabilities: Your wins, losses, and possibilities for progress will be highlighted by the ability to create personalised reports based on your particular data.

Every business vertical needs a different type of CRM that aligns best with their business. For an EdTech business a B2C CRM is just the right choice that brings the desired value, at its core, to streamline your collaboration with candidates on various stages.

B2B Vs B2C model:

- A B2B CRM like Sales Force Automation or Hubspot is useful in a right scenario. B2B CRM tools are designed for B2B businesses selling to other businesses. While a B2C CRM is built precisely with the B2C and ecommerce industry in mind, there are still core differences between a B2C CRM and a B2B CRM. Here are some of them.
- **Difference in built and Function:** A B2B CRM is built for B2B companies with a sales team or a sales rep. This tool provides functionality for handling leads, lead scoring, and opportunities, and moving them through the different stages of the sales cycle. While a CRM for B2C is built for marketers. The system provides details on a huge number of customers. Hence, enabling marketers to keep track of where the buyers are in the customer lifecycle, and what are the necessary things to push them towards their next purchase
- **Difference in design for sales Cycle:**
- Most B2B accounts have a longer sales cycle while a B2C business has a shorter one. While B2B businesses focus more on phone calls, B2C sales cycles can vary from impulse buyers and those who love to do window shopping.

The software enables B2C marketers to understand where their customers are in the sales cycle. These are based on their current behavior, how likely they are to buy, and to be able to easily work out the most effective next best action according to each unique situation.

organization. For example, if your eBook generated a lead, who later became a customer, marketing can take credit for influencing this deal.

15.6 **CRM impact on B2C companies**

- This is crucial to understand because it will help you to **understand why CRM has such a strong impact on B2C companies**. Because your business works with a large number of customers, you have to use CRM to create multiple targeted groups. Here is how CRM makes it possible.
- **Keeping a full record of customer history**, including interactions and their preferences, will help you to define the path to success. When we talk about moving companies, there is a variety of services to offer to clients. However, your neighborhood might have a higher need for local relocations. If you are close to campus, the number of college moving deals will be higher. That's why you need to collect information about customer deals. Know what kind of customers you are working with.
- **Advanced reporting features**: Once you collect all that customer data, you need to do something with it. CRM offers an array of reporting features. Customize and automate your reports, whether it is on a daily, weekly, or monthly basis. You can also use data visualization features to create powerful dashboards and business charts. That way you get the most important information at a glance.

Real Time Data Updating:

- One thing that is tricky with [B2C customers](#) is that the sales process happens more quickly. A customer sees what you are offering, and they will make a quick decision about whether to purchase or not. Because of that, you cannot afford to wait on processing previous customers' data. You will stay behind, and you will not have the latest information. CRM system does real-time updating, and you always have up-to-date customer data at your hand's reach. The only way to keep all information up-to-date and updated in real-time is to use a Cloud-based database. That's how CRM functions. When we think about having a local database to keep all of the customer data, think about potential expenses. We have to buy the hardware. Then, we need IT specialists to set everything up, and do regular maintenance. We need to purchase software and spend money on training people how to use it.
- With CRM, half of that is already done. You don't need to purchase hardware, the database is Cloud-based. No need to do maintenance, there is a team of professionals who can solve any problem you encounter. When it comes to training people, vendors often offer free

training courses, also found online.



15.7 You can integrate CRM with multiple channels

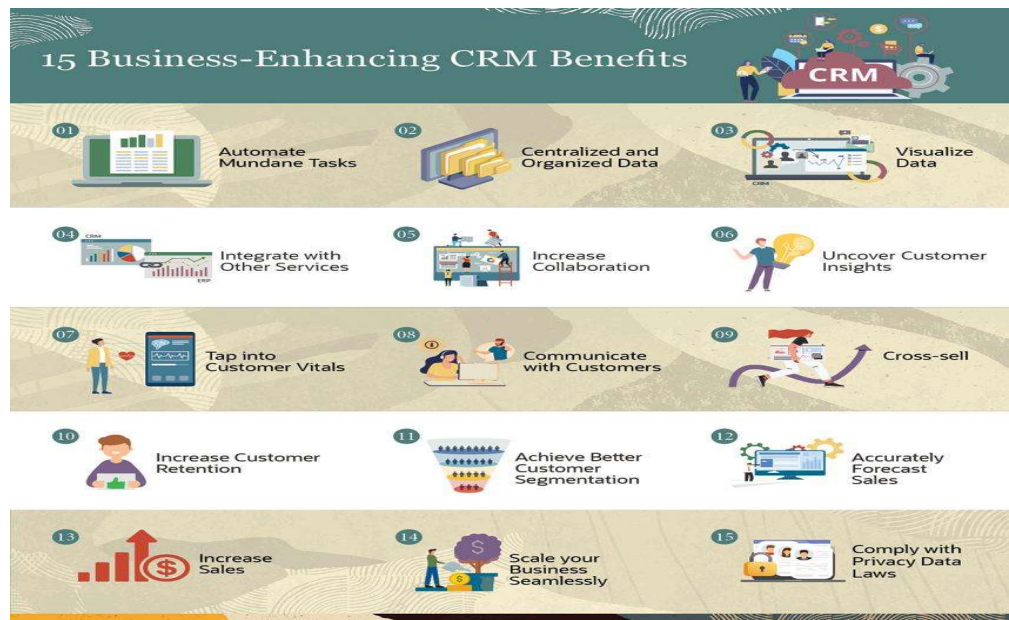
- A lot of companies already have other channels or systems they already use. CRM works well with other software. You can easily integrate CRM with social media and benefit from a wide audience all around the world. Furthermore, if you are using an e-mail system, live chat, telephone lines, or any other way of communication, you can integrate it with CRM. In the past, companies had to collect customer data manually. There would be a person sitting behind the desk, and just creating a bunch of folders containing customer profiles. Due to that process, there was an increase in human errors. Furthermore, the efficiency was also reduced because of the repetitive work.
- Maybe the strongest feature of CRM is the ability to automate any customer data-related process. There is no more manual work, redundant tasks, and out-of-date information. CRM simplifies all of the processes and helps your employees thanks to automation. They will have more time to spend on other duties, which will in return increase their productivity.

Benefits of CRM for B2C companies explained!

- you can easily keep track of customer data;
- analyze all customer data with powerful reporting features;
- use the benefit of real-time data updating;
- reduce company expenses thanks to the Cloud-based nature of Customer Relationship Management software;
- integrate CRM with other systems for the full experience;
- automate business processes and increase employee productivity

15.8 CRM System

- A CRM system works as a shared platform where all customer information is stored, organized and viewed by various business units, such as sales, marketing and customer service teams. For example, a CRM can help customer service teams quickly access a customer's purchase records and support history. Or it can be used for broader scenarios, like analyzing customer trends and patterns to create more accurate forecasts.



15 CRM Benefits to Take Advantage of in 2022

Perhaps you're considering introducing a CRM system to help increase customer retention and streamline operations. Or maybe you've already adopted one and want to better understand what it offers. Either way, recognizing the benefits a CRM can bring to your company – and your customers – can help you get the most return out of your investment in CRM.

1. Automate mundane tasks: CRM technology can save considerable time by automating mundane tasks like data entry. For example, a CRM can automatically capture key information from each customer interaction, remove duplicate data and ensure that all data is up to date. This automation eliminates the need to create spreadsheets that store customer information, while also providing a way for all relevant departments and/or employees to interact with relevant customer data on demand – without the need to manually share spreadsheets across departments.

Many CRM systems can also automate a variety of other tasks, including invoicing, forecasting, sending emails to customers and even customer segmentation – all of which can help save time and money, allowing employees to shift their focus to more value-adding tasks.

2. Keep data centralized and organized: Once CRM software is deployed, customer service, sales and marketing teams can be assured their customer information is accurate and up to date. CRM solutions can show all collected data in one central database that's automatically updated any time new information is added. In addition, all customer-facing roles can access and filter information relevant to what they do within the company. For example, a sales team can readily access customer transaction data from the same CRM database that a customer service team uses to reference purchase history and support ticket info.

3. Visualize data: CRM software typically shows data from both individual customers and segments of customers in graphical, easy-to-digest dashboards. Individual customer dashboards, for example, might show customer contact information, purchase history, a log of previous interactions, recent activity and support requests and resolutions. Combined, this data can improve customer support and enable a seamlessly personalized experience, regardless of which representative contacts the customer.

When dealing with customer segments, dashboards might include at-a-glance information regarding sales pipelines, repeat customers, social media engagements, campaign revenue, forecasting, KPIs on leads, customer contact rates, response times and more. CRM dashboards are usually customizable to a team or employee role, which helps ensure the right information reaches the right people at the right time.

Integrate CRM software with other services for a more holistic view of data: CRM software usually allows for integration with third-party applications, such as enterprise resource planning (ERP) solutions, accounting software and calendars. This integration enables various key business applications to seamlessly share data to provide a big-picture, holistic view of your company's — and customers' — information. What's more, integrating CRM with other software eliminates the need to go back and forth between applications, improving employee productivity.

4. Increase collaboration: When CRM systems are integrated with ERP solutions and other important business software, stored data can be seamlessly shared throughout the company. This encourages data transparency and lets all departments tap into detailed logs of customer data, making it easier for different departments to collaborate. Moreover, some CRMs allow employees and departments to communicate with each other — via emails and reminders, for instance — without leaving the platform. Ultimately, this helps employees work faster and more seamlessly, even between different departments.

5. Uncover customer insights: When contrasted with a more manual, spreadsheet-centered customer relationship management approach, smartly designed CRM dashboards automatically organize and display data in charts and graphs. Visualized data can be easier to understand, empowering employees to garner a fuller view of customer trends, behaviors and patterns — all of which analysts can then turn into actionable insights that can improve customer service, sales or overall business productivity.

6. Use on-demand access to customer vitals to provide more proactive customer service: Order history, search history, questions, support requests, personal information, contacts and more can be found within each customer profile stored in a CRM system. And with cloud-based solutions, this information can be accessed from anywhere, at any time, as long as the employee has the credentials to do so. On-demand access to customer vitals increases the chance of providing more proactive customer service, which can make for a better customer experience. For example, a keen salesperson might notice a certain customer routinely visits a web page for an out-of-stock item. With that data in mind, the salesperson may proactively reach out to the customer to alert them of an upcoming restock.

7. Engage in more efficient customer communication: CRM systems can improve the customer service experience for both the customer and the representative. All records of interactions, conversations, emails and other representatives' notes about a particular customer will be stored, easily accessible and always up to date. This prevents customers from needing to repeat all of their information every time they call to ask a question or make a request. This can help make the experience more pleasant for both parties, as the representative will have all relevant information to help resolve the customer's request.

8. Cross-sell more effectively: It's easy to recommend related or supplementary products or services to a customer when all of their historical purchases, searches and interests are available on a centralized platform. Sales reps and marketing teams that have access to a CRM database containing this information may be able to create more effective cross-selling and upselling strategies that leverage intelligent product recommendations — ultimately offering more personalized experiences for customers and potentially boosting revenue.

9. Increase customer retention: Since acquiring new customers can be more costly than retaining existing ones, customer retention is often the main goal of implementing CRM software. All of its features come together to increase customer satisfaction and, therefore, the odds of turning a first-time customer into a repeating, loyal customer — maximizing their lifetime value and positively affecting a business's bottom line. Specifically, CRM systems enable companies to better manage interactions with both customers and prospects, thanks to a consolidated view of all documented customer interactions, transactions, contact information and preferences. This information can be used to provide insights about customers and establish more personalized relationships.

10. Achieve better customer segmentation: More robust CRM systems can automate customer segmentation according to criteria such as location, age and purchase history. For example, companies may find it useful to generate automatic mailing lists to contact all customers who purchased a specific product in case of a recall or to alert all customers within a certain geographic radius about a new in-store product. Automatic customer segmentation can save time by eliminating the need to check every single customer profile or to manually enter contact information. Marketing teams can also benefit from a CRM's customer segmentation, as this feature can facilitate targeted campaign planning, for instance.

11. Accurately forecast sales: To be able to predict future sales and revenue, one needs to analyze accurate past performance data. CRM software can positively impact a company's ability to accurately forecast customer demand by automatically tracking and reporting past sales, customer trends and prospect touches, thus allowing for more precise planning in subsequent sales cycles.

12. Increase sales: While CRM systems can clearly make life better for customers, they can also be beneficial for businesses as a whole – especially when it comes to sales. For example, sales teams can access CRM dashboards that provide indispensable real-time data, including customer and prospect records, forecasts and predictions, and customer and prospect activity. This allows sales teams to more effectively learn about customers, know when and how to contact them, manage sales pipelines and more.

Seamlessly scale your business: Growing businesses might want to consider scalability when choosing a CRM system. The software should be able to adapt and expand anytime there's a need for more data storage, users, servers, access locations or even customers. Once implemented, the right CRM can help businesses scale seamlessly by eliminating the need to migrate all data to another system once a limiting threshold is reached. This not only saves time, but it can also help prevent the loss or duplication of information – ensuring all data remains accurate and up to date.

More easily comply with data privacy and customer security regulations: In this day and age, businesses have no choice but to comply with stringent data privacy requirements. A CRM system can help companies securely obtain and document their customers' and prospects' preferences and permissions. Doing so manually can be time-consuming and prone to errors that place a business at risk for penalties associated with noncompliance – not to mention the potentially irreversible damage that privacy controversies can have on a business's image. The right CRM, however, can automatically maintain customer preferences while keeping their data secure.

crm benefits infographic

15.9 What Companies Benefit From CRM?

Deploying CRM technology can be especially beneficial for sales, marketing and customer service departments of businesses of all sizes and industries, whether B2B or B2C. In fact, research estimates show that 91% of businesses with 10 or more employees have some sort of automated CRM system in place.

In retail, for example, a CRM can improve operations by tracking and storing order history, customer interactions – via social media, phone or emails, for example – and trends that can be used to help plan marketing campaigns. Hospitality industries can use CRM software to record guest preferences and offer them a personalized experience regardless of which hotel employee, for example, they're interacting with. Meanwhile, banks and other financial services may benefit from the added layer of security CRM can provide when managing confidential financial information and tracking customer preferences and history.

If you find your company struggling to maintain spreadsheets with customer information or find that crucial customer information is getting buried in long lists, a CRM solution might be a good idea for your business. Another sign that your company needs a CRM is growth in sales and customer numbers. The better equipped you are to consistently manage customer interactions, the more likely your customers will return.

Summary

In this connection-deprived age, where everyone is time-poor and relationship-starved,

authentic and emotive connections with people are increasingly necessary. The standard quality of most products or services is already high enough, we can generally afford most of the things we need and a “commitment to customer service” is about as essential as breathing if you are serious about staying in business.

□ Business is about connecting and working with people. At the fundamental level, everyone wants to feel connected with others, to be heard and valued. We prefer to deal with people who act as one with their values. We naturally distrust those people who consistently shirk their promises, or those who change their tune rapidly depending on the situation.

□ Customers are most likely to stay loyal when you demonstrate integrity and authenticity... the attitude of being wholly who you are. They need to see you living, working and engaging with others in a way that is truthful to your values and ethics.

□ For soloists, to be authentic means designing your business to reflect your personal values. Authenticity means you are the same person at work and outside of work. In other words, you are wholly and consciously present in your business.

□ Does your business treat people in the same way you do as a person? If you are a generous person, is your business generous to the community? If you are an honest person, does your business unambiguously reflect this honesty?

□ If you are used to having a different persona at work and away from work, being authentic will be a challenge at first. This is especially true if you have set up your business based on conventionally accepted practices and have not yet considered the implications of these practices on the way you engage with people.

□ Then there is always the pressure to conform and the fear of appearing less valid to the outside world because you may choose to do something differently.

□ But the price of authenticity is worth it, because maintaining a façade is hard work! When you are operating in a way that is true to who you are, there is less of a need to learn and remember blind rules. Think dating...

□ A person or business with integrity will behave consistently with those rules every time, regardless of the situation. In fact, those rules may be quite obvious to people who know that person or business well. Think of your closest friend (assuming this person is someone with integrity) – I reckon you can list at least three rules of theirs.

□ Integrity means not conceding to someone else’s points just to avoid conflict. It means not twisting your rules (or values) to suit your advantage or for your immediate comfort.

□ Having integrity requires faith. Be clear about your values and stick by them, even in the face of great cost, loss or adversity. You need to have faith that when you stick to your truth, the right things for you will come about, eventually.

□ In a crowded market, your actions count more than ever before. The best marketing and PR may well get you some immediate attention, but that won’t translate to loyalty and commitment if your actions don’t bear out your integrity. Remember: as the social creatures that we are, we are actually very good at sensing the lack of authenticity.

□ If you want inspire loyalty, you need to start by making genuine connections with people. Be real. Be yourself. Make your actions count

Keywords

- CEM: Customer Experience Management
- Credit Limit: Total amount that you allow the customer to spend on purchases before the system

Customer Relationship Management

- sends a workflow message.
- CRM software: is something that can help businesses looking to profile their customers.
- Customer perception: The sum of all interactions with a brand's products, services and people.
- Data strategy: It is made to test the data efficiency and validity.
- Email metrics: It comes within the scope email service provider databases, focused on delivering
- and managing email campaigns.
- SFA: Sales Force Automation
- Suppliers: The contacts or businesses who provide other businesses with their raw material for
- their finished product.

Self Assessment

1. According to ____, CRM is an iterative process that turns customer information into positive customer relations.
A. Ronald S. Swift
B. Stanley A. Brown
C. Chris Todman
D. Gartner Group
2. CRM is a business philosophy that aims at maximizing ____ in the long run
A. Organization value
B. Customer value
C. Business value
D. Software value
3. Enhance Customer Relationship Management started in ____.
A. 1980
B. 1970
C. 1990
D. 1985
4. The objective of data mining is to detect ____ relationships among data
A. Vendor
B. Customer
C. Application
D. Hidden
5. In ____ year PeopleSoft got expanded from their original human resources platform
A. 1990s
B. 1980s

- C. 1960s
- D. 1970s

6. EAI stands for ____

- A. External Authoring Interface
- B. Enterprise Application Integration
- C. Equal Appearing Interval
- D. None of the above

7. ____ was developed as a Linux program. However, it is still compatible with Windows.

- A. Telemation
- B. SAP
- C. Oracles
- D. PeopleSoft

8. A successful CRM increases production and profit throughout the ____.

- A. System life cycle
- B. Business life cycle
- C. Customer life cycle
- D. Organization life cycle

9. ____ combines the information of the customer that flows through different departments and customer channels

- A. CRM Architecture
- B. CRM life cycle
- C. CRM programs
- D. CRM coding

10. The ____ feature of CRM deals with communication between companies and their customers.

- A. Collaborative
- B. Operational
- C. Analytical
- D. Automation

Answers for Self Assessment

- | | | | | | | | | | |
|----|---|----|---|----|---|----|---|-----|---|
| 1. | A | 2. | B | 3. | C | 4. | D | 5. | A |
| 6. | B | 7. | A | 8. | C | 9. | A | 10. | A |

Review Questions

1. What is meant by data strategy?
2. Name the steps used in managing customer relation.
3. Discuss the techniques to manage customer relations in detail.
4. What is customer experience?
5. What is CEM?
6. What is a metrics?
7. How is CRM different from CEM?
8. What is customer profile?
9. How do you create customer profile?
10. How are customer's relations carried on in India or by Indian government?

**Further Readings**

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Unit 16: CRM Application in B2B Market

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Objectives

- understand importance of CRM in B2B
- Understand B2b Applications in E-commerce
- Analyze importance of B2B Applications in FMCG Sectors.

Introduction

Business-to-business (B2B), also called B-to-B, is a form of transaction between businesses, such as one involving a manufacturer and wholesaler, or a wholesaler and a retailer. Business-to-business refers to business that is conducted between companies, rather than between a company and individual consumer. Business-to-business stands in contrast to business-to-consumer (B2C) and business-to-government (B2G) transactions.

16.1 Understanding Business-to-Business (B2B)

Business-to-business transactions are common in a typical supply chain, as companies purchase components and products such as other raw materials for use in the manufacturing processes. Finished products can then be sold to individuals via business-to-consumer transactions.

In the context of communication, business-to-business refers to methods by which employees from different companies can connect with one another, such as through social media. This type of communication between the employees of two or more companies is called B2B communication.

16.2 B2B E-Commerce

Late in 2018, Forrester said the B2B e-commerce market topped \$1.134 trillion—above the \$954 billion it had projected for 2018 in a forecast released in 2017. That's roughly 12% of the total \$9 trillion in total US B2B sales for the year. They expect this percentage to climb to 17% by 2023. The internet provides a robust environment in which businesses can find out about products and services and lay the groundwork for future business-to-business transactions.

Company websites allow interested parties to learn about a business's products and services and initiate contact. Online product and supply exchange websites allow businesses to search for products and services and initiate procurement through e-procurement interfaces. Specialized online directories providing information about particular industries, companies and the products and services they provide also facilitate B2B transactions.

Business-to-business transactions require planning to be successful. Such transactions rely on a company's account management personnel to establish business client relationships. Business-to-business relationships must also be nurtured, typically through professional interactions prior to sales, for successful transactions to take place.

Traditional marketing practices also help businesses connect with business clients. Trade publications aid in this effort, offering businesses opportunities to advertise in print and online. A business's presence at conferences and trade shows also builds awareness of the products and services it provides to other businesses.

Example of Business-to-Business (B2B)

Business-to-business transactions and large corporate accounts are commonplace for firms in manufacturing. Samsung, for example, is one of Apple's largest suppliers in the production of the iPhone. Apple also holds B2B relationships with firms like Intel, Panasonic and semiconductor producer Micron Technology.

B2B transactions are also the backbone of the automobile industry. Many vehicle components are manufactured independently, and auto manufacturers purchase these parts to assemble automobiles. Tires, batteries, electronics, hoses and door locks, for example, are usually manufactured by various companies and sold directly to automobile manufacturers.

Service providers also engage in B2B transactions. Companies specializing in property management, housekeeping, and industrial cleanup, for example, often sell these services exclusively to other businesses, rather than individual consumers.

16.3 What is a B2B CRM?

First, let's define what B2B CRM really is. The definition of the term "business-to-business" (or B to B) encompasses everything from companies that sell products or services directly to other businesses to those that are more like resellers who provide inputs for another company's output.

In any event, whatever their business model may be - whether they produce a product themselves and then make it available through distributors or established reseller networks; whether they simply serve as an intermediary between buyers and sellers; or even if they function as a buyer only (i.e., they do not produce their own product) - B2B companies are businesses that sell to other businesses.

What this means is that, aside from the obvious fact of whether they have a physical presence in your area (i.e., they're doing business there), you can also tell how much money and effort these companies

put behind improving customer satisfaction simply by looking at how proactive they are about developing relationships with clients, both current customers as well as potential ones.

For example: A company may be selling big-ticket items like cars or homes through an established network of regional dealerships who deal directly with customers, but that doesn't necessarily mean they don't have a Business To Business CRM.

Perhaps dealerships are their only business and they rely on referrals from satisfied customers to sell additional items; or perhaps the company is actually buying cars through another dealership (e.g., "buying wholesale") in order to resell them at a markup; or maybe it's even selling large quantities of stuff like appliances, electronics and furniture directly to end-users who just want something new for their homes over the Internet - things that typically don't require any kind of physical presence whatsoever!

Once you've identified your target market, it's time to actually figure out how much money you should be putting into building up a sales channel for them.

16.4 Benefits of a B2B CRM

The following are just some of the benefits that a Business To Business CRM can provide to companies.

1. Improves Customer Relationships and Satisfaction - As it's been said, "A customer is not always right... but they are never wrong."

A truly effective sales channel allows you to identify potential customers who have needs or wants that your business can meet, as well as those who may be interested in learning more about what you offer before actually purchasing anything (i.e., leads).

You also get feedback from satisfied customers on how quickly their inquiries were resolved and on any issues they might have encountered while they were trying to make a purchase.

2. Gives the Business an Edge - The ability for a company to track and analyze leads is a great way to identify which customers are more likely to become paying customers. By having access to information about prospects' needs and wants, you can also be better prepared for potential problems that may arise with specific opportunities or clients (e.g., identifying the early warning signs of credit issues).

3. Improves Productivity - Another benefit from having a B2B CRM is improved productivity in the sales team as they no longer need to personally follow up with each prospective client on their own; instead, they just have one centralized tool where all customer data is readily available.

Additionally, they can spend more time working with a smaller number of prospects and have the ability to track client data such as their name, industry and company size so you know where your sales are coming from.

4. Improves Sales Efficiency - The information that's available in CRM systems is not only used for making sure that each prospect has been properly followed up on; it also enables companies to quickly identify which clients really could be potential customers (i.e., those who actually may want or need what you're selling).

This helps businesses improve their productivity because they can devote less time focusing on what they don't know and more time focusing on what they do.

5. Improves Client Relationships - By having access to the personal information about your clients, you can be better able to customize services that best meet their needs; by monitoring this data over time, it will give you a clearer picture of how satisfied customers are with each interaction.

That way, when one client is unsatisfied or unhappy with the service provided (e.g., slow response times), other clients won't feel slighted because all information was available for them to see in advance. This also helps businesses improve relationships by giving the client a better idea of what to expect from the business.

What role does a Business To Business CRM system play in a sales and marketing plan?

16.5 B2B CRM as a key component of the sales and marketing plan

The primary function of Business To Business CRM is to enable companies to effectively communicate with potential clients. Businesses can use it for both inbound and outbound communication, which are covered below:

1. Inbound Communication - Your B2A customer relations management (CRM) system allows you to add leads into your database so that you know who's interested before they become customers. Additionally, if someone inquires about purchasing from your business but never becomes a client, having access to their name will allow you address any issues that you may be having with that person.

2. Outbound Communication - Once a potential client has become aware of your business by way of the inbound communication, they can then use their CRM system to contact you. They will have all the information needed to make an educated decision about being able to buy from or sell your product or service.

This is especially useful for businesses who are not yet well-known and don't have a strong web presence (e.g., new startups). The name recognition associated with using B2B CRM systems also increases trust among customers because it shows that you've done your research on them.

Business To Business CRM systems are also used to determine which leads will be the best clients, and help you keep track of how many customers have been added to your database over time. This helps businesses make better hiring decisions by helping them know what type of employees they should hire in order to meet customer needs.

Business 2 Business:

Some features of B2B e-commerce transactions include:

- Relationships between buyers and sellers are often long-term
- Companies purchase based on need
- Transactions involve large quantities of goods

For example, consider a metal fabrication company and a manufacturer of cookware. The cookware manufacturer needs metal to produce its pans and knives, so it orders several tons of steel from the metal fabrication company. Because the cookware manufacturer likes the prices and expedient shipping, it establishes a long-term relationship with the metal fabricators that provides a steady supply of necessary goods, while the fabricator gets a reliable client.

16.6 What are the types of B2B e-commerce?

There are several types of B2B e-commerce, each differing in terms of their audience and their scope. Here are four examples of B2B e-commerce:

Manufacturers

Manufacturers use raw materials to produce goods on a large scale. In a B2B e-commerce model, the manufacturer operates an online portal, such as a website, through which other businesses can buy the goods. Common clients of manufacturers are wholesalers and other manufacturers. For example, in the automotive industry, a company that manufactures cars might source individual car parts from many other manufacturers. Each is part of a B2B relationship that leads to the production of automobiles sold to consumers.

Distributors

A distributor is an intermediary between manufacturers and other businesses. They purchase in large quantities from the manufacturers and sell to other manufacturers or to retailers. Distributors often have established networks of buyers so they can increase the visibility of manufacturers' goods and help create more sales, which is especially useful for B2B businesses that are trying to establish an online presence.

Wholesalers

Wholesalers purchase goods in large quantities from distributors or directly from manufacturers and then sell to retailers. They profit by purchasing the goods at a lower price and then selling them at retail value. Wholesale B2B businesses are common in

Construction

Food service

Medical supply

Retail

They often sell to both large, well-known franchises and smaller businesses.

16.7 B2B2C

Short for "business-to-business-to-consumer," the B2B2C involves a business selling to and partnering with another, intermediary business in order to sell to consumers. A B2B2C business has direct access to a consumer base, but most of their sales go through the intermediary, which has a deeper, better-established business-to-consumer relationship. This partnership allows the lesser-known business to get their products to consumers benefiting from the reputation of their partner. An example of a B2B2C business is a food-delivery application, which relies on the reputations of its affiliate restaurants to deliver their service and make a profit.

Advantages of B2B e-commerce

There are several ways in which B2B e-commerce can benefit a business, including:

Increased sales

By making it easier to browse and purchase goods online, B2B businesses are encouraging an activity that clients may have self-limited because of constraints on time. Compounded with the tendency for B2B sales to occur in wholesale quantities, the potential for more sales is likely high. Digitizing your sales also allows you to introduce automated features such as cross-selling and up-selling, which would recommend related products or deals on a higher number of purchases to your clients.

Wider visibility

Offering products and services online removes geographical limitations. With an internet connection, potential clients from around the globe can access a business's catalog and make purchases. By being online, the business can also implement digital marketing strategies, such as search engine optimization, to increase its reach even further at a reduced cost relative to traditional advertising methods.

Versatility

As evidenced by the B2B2C model, e-commerce can allow a B2B business to sell both to businesses and directly to consumers. By structuring the system to accommodate for purchase quantities of all sizes and directing the marketing toward multiple audiences, a B2B business can further increase its sales and consumer base.

Lower costs

Operating strictly as an online merchant, a B2B e-commerce business can eliminate the need to maintain a storefront and all the associated overhead costs and labor needs. A digital platform also allows for automation of repetitive processes such as invoicing and order fulfillment, which can help to streamline operations while removing the potential for costly errors.

16.8 Disadvantages of B2B e-commerce

There may also be several disadvantages to the B2B e-commerce model, such as:

Limited market and high saturation

Because B2B businesses often succeed based on long-term relationships, it can be difficult for small- or medium-sized B2B e-commerce operations to establish a reputation and client base among those who are used to working with specific suppliers. Also, an increasing number of businesses are changing or expanding their model from storefront to digital, meaning that there are more competitors vying for the same clients.

Digital remove

Customers may want to examine, feel and use goods before purchasing them, and potential B2B clients may be no different, particularly if they intend to purchase in bulk. Unfortunately, the e-commerce platform does not allow for real-life examination of goods, requiring that one buy on faith. Given the possibility that the purchaser may be unsatisfied with the goods, the business could face costly after-sales disputes that may compromise its reputation. To help protect against this possibility, it is important to optimize the browsing experience for clients by improving product descriptions and offering video demonstrations.

Complicated relationships

It's not uncommon for long-term clients to seek or expect preferential treatment like discounts on purchases. Such requests can be challenging to manage even in the more adaptive world of face-to-face negotiations, but the largely automated world of e-commerce can make it more so. The special needs and requests of long-term clients may require long discussions or email exchanges that somewhat negate the convenience of an e-commerce model. It may be helpful to arrange the system so that negotiations can occur as a separate operation, away from the purchasing platform.

Security Concerns

A web-based business model opens up several risks to both the business and its clients. By operating an online portal accessible to anyone, businesses are revealing their pricing to competitors who can use that information to leverage their own sales. For clients, there may be concern that purchasing online carries the risk of exposing their sensitive data to security breaches. To address the latter concern, it is vital to invest in strong online security measures that encrypt clients' data and protect against data leaks.

16.9 What are the types of B2B e-commerce?

There are several types of B2B e-commerce, each differing in terms of their audience and their scope. Here are four examples of B2B e-commerce:

Manufacturers

Manufacturers use raw materials to produce goods on a large scale. In a B2B e-commerce model, the manufacturer operates an online portal, such as a website, through which other businesses can buy the goods. Common clients of manufacturers are wholesalers and other manufacturers. For example, in the automotive industry, a company that manufactures cars might source individual car parts from many other manufacturers. Each is part of a B2B relationship that leads to the production of automobiles sold to consumers.

Distributors

A distributor is an intermediary between manufacturers and other businesses. They purchase in large quantities from the manufacturers and sell to other manufacturers or to retailers. Distributors often have established networks of buyers so they can increase the visibility of manufacturers' goods and help create more sales, which is especially useful for B2B businesses that are trying to establish an online presence.

Wholesalers

Wholesalers purchase goods in large quantities from distributors or directly from manufacturers and then sell to retailers. They profit by purchasing the goods at a lower price and then selling them at retail value. Wholesale B2B businesses are common in

- Construction
- Food service
- Medical supply
- Retail

They often sell to both large, well-known franchises and smaller businesses.

How does B2B e-commerce differ from B2C e-commerce?

B2C e-commerce involves end-users buying from a business. Because the purchases are usually for individual use, the quantity of items per purchase is often small. However, B2B e-commerce involves transactions between two businesses, one of which is likely trying to supply their inventory. As a result, B2B transactions are often in bulk.

What should a B2B e-commerce business include on its website?

The information on the website should optimize the browsing experience for potential buyers. Very specific, detailed product descriptions are crucial, as they can encourage purchasing by helping to eliminate uncertainty about the details of the goods. The website should also thoroughly explain the communications process so that clients know how to raise questions about purchases.

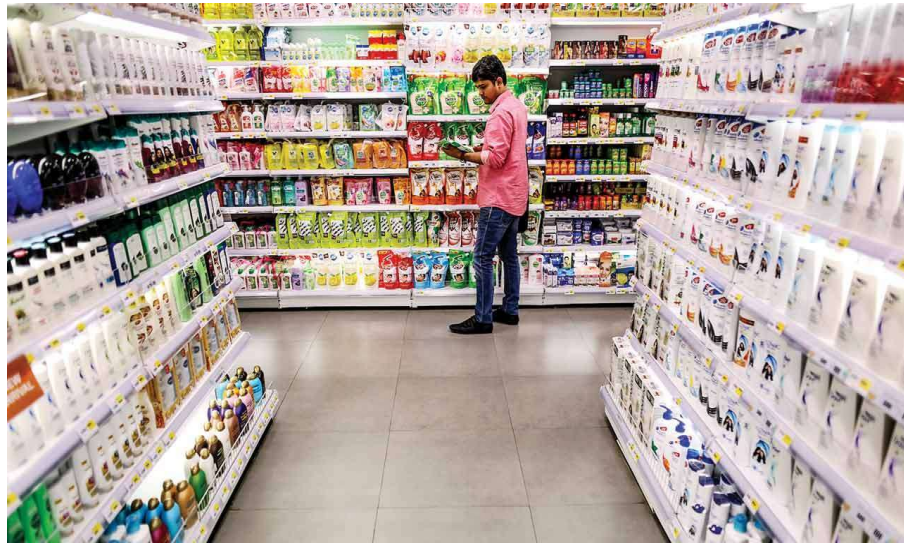
How can a B2B e-commerce business protect its clients' online data?

One measure that businesses can take to secure their clients' online data against security breaches is collecting only the data necessary to complete the transaction and refraining from storing information like credit card numbers. This limits the amount of data that malicious entities can target. SSL certificates can help as well, as these authenticate user identity and encrypts the data involved in the transaction.

How can a B2B e-commerce business keep from revealing its prices to competitors?

One way to maintain the exclusivity of pricing information is to set up a system whereby one must register with the website to see the regular prices and to authenticate their identity upon registration. This can help ensure that those who are privy to your pricing are potential clients rather than competitors.

16.10 FMCG



- Over the past 20 years, the fast-moving consumer goods (FMCG) sector has experienced a remarkable transformation, particularly in regard to adopting online sales channels.
- Although significantly boosted by the pandemic, [FMCG ecommerce](#) growth finally [slowed down](#) in 2021, as consumers and businesses returned to the pre-pandemic behavioral patterns.
- Nevertheless, ecommerce continues to lead channel growth, even if at a slower pace. Since “digital” is not going anywhere, it’s extremely important to continue developing online channels and respond to new market realities quickly.
- To maintain the industry’s stellar ecommerce growth, choosing the right digital solution needs to be a priority.
- Definition: FMCG or fast-moving consumer goods, also known as CPG or consumer packaged goods, are products that are sold quickly at a fairly low price. Examples include household products, pet care, snacks, grocery, fresh and frozen food, beverages, and personal care products.

16.11 What Is FMCG?

Fast-moving consumer goods (FMCG) are consumer products designed for frequent use, usually consumed quickly, and have high demand and low cost.

This definition of FMCG can be broken into four key parts

- Designed for frequent use: FMCG products are typically used often, even daily. These include products like bread, soap and shampoo.
- Consumed quickly: FMCG products are consumed quite speedily. For example, a consumer might purchase bread from a local bakery or bakery chain and eat it on the same day it is purchased.
- Have high demand: The demand for FMCGs is usually very high. This can be due to their affordability or practicality, among other reasons. An example of an FMCG product with high demand would be soap – people tend to buy soap frequently due to the need for cleanliness.

- Low cost: FMCGs are usually inexpensive or at least cheaper than other types of goods on the market. An example would be bread – it is often much more affordable than a luxury handbag.

These goods are called fast-moving as they move from the sales area to the point of consumption within a short time span.

16.12 Characteristics Of FMCGs

There are some key characteristics that define FMCG products and separate them from other types of products. These are:

From The Consumer Perspective

- High availability: FMCG products are usually widely available and sold in several stores and supermarkets worldwide. This allows consumers to purchase these products easily without too much trouble.
- Purchased frequently: FMCGs include products that consumers frequently require, usually daily or near-daily. For example, breads and coffee are generally bought at least once a week.
- Low buying effort: FMCGs are usually low effort purchases for the consumer. For example, with shampoo, most people know that they prefer a particular brand or type without testing it. This means that most people enter the store knowing exactly what they want and buy it straight away.
- Low cost: FMCGs are usually inexpensive compared to other products on the market, therefore taking up a smaller proportion of consumers' income.
- Rapid consumption: The time between buying the product and consuming it is very short, often only a number of hours. For example, a loaf of bread might be purchased in the morning and consumed at lunchtime that same day.

From The Retailer Perspective

- ✓ High turnover rate: FMCG sales are higher than other product types' sales as they are purchased frequently by consumers. This means that retailers can keep inventory for these products for shorter periods of time, which ultimately reduces costs.
- ✓ Highly distributed: Since these goods have high demand and low cost, they usually need to be widely available and distributed across different locations and regions. For instance, there might be several different supermarkets in a town that all sell the same bread brand.
- ✓ Low unit cost: As FMCGs have a high demand and low cost, they usually have a low unit price for consumers. This means that retailers can sell these products at a low price and still retain the same profit margin. This is different from luxury items that usually have a high unit cost but lower demand, meaning that they must be sold at a higher price to maintain the retailer's desired level of profit.
- ✓ Non-durability: FMCGs are not built to last. This is because they have a short time span from production until consumption. They are also required in large quantities so manufacturers do not need to preserve them for long periods of time, which allows them to be sold at lower prices.
- ✓ Consistency in form, size, colour and price: FMCGs are standardised, which allows them to be produced cheaply in bulk quantities. For example, if a manufacturer produces packets of shampoo, they are all the same size and contain the same amount of liquid. This means that

when one purchases a packet of shampoo from their local store, they know exactly what they are getting.

16.13 Types Of FMCGs

FMCG products are usually broken up into different types depending on the industry they are sold in. These include:

- Food and Beverages
- Personal Care
- Healthcare Care
- Home Care
- Food And Beverage

Food and beverage products usually fall into the FMCG category due to their short life span and high turnover rates.

Types of food and beverage products that are usually classed as FMCGs include but are not limited to:

- Processed food, such as bread, pasta and potato chips.
- Ready to eat food, such as packets of nuts or crisps.
- Beverages, such as bottled water, coffee cups and cans of soda.

Personal Care Products

Personal care products, such as shampoo and toothpaste, can also be classed as FMCGs because they are needed frequently by most consumers, usually bought at a low cost and not built to last.

These include lotions, hair dyes, lipsticks, cosmetics, deodorants, bath soap, dental care products, etc.

Healthcare Care Products

Healthcare care products are also classed as FMCGs because they are usually highly demanded, not built to last and very distributed.

These include products like plasters, bandages, syringes, condoms, etc.

Home Care Products

Products that are used for household purposes also fall into this category because they are usually standardised, low durability goods that are highly distributed and sold at a usually low unit price.

They include cleaning products, kitchen towels, toilet rolls, bleach, dusters, etc.

FMCG Companies Examples

Some of the largest FMCGs companies in the world include but are not limited to:

Coca-Cola

Coca-Cola is an American multinational corporation that is currently among the world's largest beverage companies. The Coca-Cola Company manufactures, distributes and sells nonalcoholic beverages. The company operates in over 200 countries and focuses its product range on sparkling soft drinks such as Coca-Cola and Diet Coke, still drinks such as Minute Maid, and energy drinks such as Powerade.

Nestle S.A.

Nestlé S.A., often styled as NESTLÉ, is a Swiss transnational FMCG company headquartered in Vevey, Vaud, Switzerland. It is the largest food company in the world measured by sales.

The company deals in baby food, medical food, bottled water, coffee and tea, confectionery, dairy products, frozen food, pet foods, ice cream, breakfast cereals, and snacks.

Unilever PLC

Unilever is a British-Dutch multinational consumer goods company co-headquartered in London, United Kingdom and Rotterdam, Netherlands. Its products include food, beverages, cleaning agents and personal care products. It is among the world's largest consumer goods companies measured by market cap.

Summary

In conclusion, e-CRM takes conventional CRM to new heights. Combining the technologies of conventional and Web CRM opens Customer Relationship Management to all participants in the process, inside and outside the enterprise

- . Users can access the CRM system via PCs or Laptops using Windows or via the Web using a Browser.
- As we move towards WAP (Wireless Application Protocol) devices, cost-effective access will increase still further. E-CRM takes us one step further towards harnessing the true database marketing philosophy.
- The e-CRM, i.e., CRM online implies an additional means of communication and level of interaction with the customer where there is a real difference in the technology and its architecture, which allows for ease of self-service to the customer.
- As the Internet is becoming more and more important in business life, many companies consider it as an opportunity to reduce customer-service costs, tighten customer relationships and most important, further personalize marketing messages and enable mass customization.
- E CRM is being adopted by companies because it increases customer loyalty and customer retention by improving customer satisfaction, one of the objectives of e-CRM.
- E-loyalty results in long-term profits for online retailers because they incur less costs of recruiting new customers, plus they have an increase in customer retention.
- Together with the creation of sales force automation (SFA), where electronic methods were used to gather data and analyze customer information, the trend of the upcoming Internet can be seen as the foundation of what we know as e-CRM today.

Keywords

CRM: Contact with customer made through the retail store, phone, and fax.

Digital Signature: A digital certificate simply ties together a public key with say the name and address of the customer or merchant.

E-CRM: All of the traditional methods are used in addition to Internet, email, wireless, and PDA technologies.

Mobile CRM: This is defined as "services that aim at nurturing customer relationships, acquiring or maintaining customers, support marketing, sales or services processes, and use wireless

Customer Relationship Management

networks as the medium of delivery to the customers.”

Outsourced Model: It is similar to the ASP option. A company with limited resources and capabilities will utilize outside businesses to fill in the gap.

Self-hosted Applications: In this situation the software is hosted by the e-business. The vendor will teach users how to put the software to use.

Web Browser: This model preserves the fundamental value of the Internet as a communication medium, and provides a common platform for independent access to data anytime and anywhere.

Self Assessment

1. ERP stands for:

- A. Enterprise Regional Planning
- B. Enterprise Regional Placing
- C. Enterprise Resource Planning
- D. None

2. EFT stands for:

- A. Electronic Fund Transfer
- B. Electronic Foreign Transfer
- C. Electrical Fund Transfer
- D. None

3. EDI stands for:

- A. Electronic Diagram Interchange
- B. Election Document Interface
- C. Electronic Data Interchange
- D. All of the above

4 is a global computer network providing a variety of information and communication facilities, consisting of interconnected networks using standardized communication protocols

5 Full form of OLTP is

6. The Internet business is subject to privacy laws of country.

7..... is a segment that companies may want to explore.

8. Full form of SCM is

9. SFA application gives businesses HELP with their sales

10. Data Quality Management is a of SFA

Answers for Assessment

- | | | | | |
|---|--------------------|----------------------------|---------------------------|--------------------------|
| 1. C | 2. A | 3. C | 4. e-Business application | 5. Digital certification |
| 6. Customer interactions, Anticipated ROI | 7. Online business | 8. Supply Chain Management | 9. Data | 10. features |

Review Questions

1. Explain the concept of e-CRM and analyze the essentials of building an e-CRM.
2. What are the objectives of e-CRM? Examine the CRM process.
3. What are the essential features of an effective e-CRM?
4. "The CRM applications are a convergence of functional components, advanced technologies, and channels". Discuss the modules of e-CRM.
5. What are the strategic objectives of CRM marketing applications?
6. Discuss the designing of CRM marketing organization.
7. Explain the interdependence of CRM and e-CRM.
8. What is e-Commerce?
9. What are the basic requirements of e-CRM?
10. "Regardless of the company's objectives, an e-CRM solution must possess certain key characteristics". Discuss.

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Unit 17: Managing the Personal Selling Function

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Objectives

- Understand Personal Selling Efforts required for Selling CRM Tool
- Models for B2b Sales Force Management

Introduction

User adoption is one of the most frequently cited barriers to sales process effectiveness. According to many estimates, CRM adoption rates hover around 25% or lower on average. These are appalling numbers.

While there are many reasons for it, one of the biggest barriers to adoption is the fact that the standard process workflow doesn't reflect the reality of how salespeople actually work.

CRM is the tool most often used to implement and reinforce sales process, and the simple truth is that traditional CRMs were designed for data input accountability and reporting, and not for optimal workflows that guide and support salespeople in their daily work.

Most organizations rely on sophisticated customer relationship management (CRM) tools to manage their orders and revenue and organize business flows.

Implementing CRM solutions modernize sales processes for organizations and improve their customer experience by empowering salespeople to accelerate the sales cycle and get more control over opportunities. Organizations are well aware of the fact that the right CRM tool can completely transform their sales workflow and accelerate productivity which is why many organizations have a CRM tool. Unfortunately, investment in a CRM alone doesn't equal broad user adoption.

According to CSO Insights, only 40% of businesses claim a 90% CRM adoption rate, while the majority of businesses struggle to encourage system adoption. We can conclude that implementing a CRM system in your organization will not always lead to a success story. To turn the tables around, organizations need to get to the root cause of this failure, that is, low user adoption. The sad truth is that even with the aim of improving efficiency and productivity, the CRM projects often fail to translate into real-world usage by the people most likely to benefit from them.

17.1 How low CRM adoption leads to CRM project failure

Ineffective use of CRM can mismanage customer relationships, fail to capture important data and insights, or even lead to a loss of potential customers leaving unfavorable consequences on your business.

The CRM adoption challenge is difficult to tackle as it's not just one problem, it's a series of problems that feed into each other and create a vicious never-ending cycle.

CRM project failure

We know that data is the lifeblood of every business, but for it to be of any value to the company it is critical for a salesperson to input, store, and update accurate data as well as ensure data quality and integrity.

For instance, after a prospect is discovered, a sales representative has to fill in its detailed info into the CRM and the same process has to be repeated after each interaction. Logging emails, phone calls, and recording meeting details become a major part of a sales rep's daily routine which adds a lot of manual data entry tasks to their work which might complicate their job and drive them away from adopting the software.

This is where the vicious cycle begins - sales teams fail to see the CRM value right off the bat causing them to put in a very little effort in the data entry stage. Entering the data manually into the CRM is just a workplace drudgery for them. According to HubSpot, manual data entry tops the list of CRM adoption challenges and around 32% of sales reps spend over an hour on data entry every day which, let's face it, is not a very good use of their time.

Experts say that salespeople are reluctant to put in the manual effort as they think that the CRM solution is a way of controlling them and is a digital evidence that could be used against them in case they fail to reach their goals. Another reason for their resistance could be the complex interface of the application and lack of practical training which leaves them intimidated by the system.

With a decreased effort, the sales team might input low-quality data or leave out essential data points, causing the CRM to be powered by poor, inaccurate data. Poor data quality can become a huge overhead for companies. In fact, organizations believe that poor data quality is responsible for an average of \$15 million loss per year.

Inadequate data makes the CRM system less valuable thereby decreasing its usage among the employees. The poor data also leads to poor insights that provide very little value to the sales and business development teams. This is a huge problem for management as well, since, without the data, a manager can't run reports or conduct analytics on those reports. And without the analytics, they fail to answer critical business questions. So the whole point of having a CRM in the first place is actually lost.

With little insight being gained from the inadequate data, the CRM will reinforce the sales team to believe that there's nothing in it for them. The cycle continues to repeat itself leaving them to grow more and more disinterested in the tool. It's not hard to see how this cycle can affect the CRM adoption rates. Most companies don't fully consider user adoption issues while planning a CRM project but it is critical for them to build a strong adoption strategy from the very beginning and keep it in focus throughout the CRM lifetime.

To break this vicious cycle of adoption, it is important to understand the challenges and then figure out the suitable solutions. So here are some of the most critical challenges of CRM user adoption.

17.2 Lack of user-centricity affects CRM adoption

Most CRM platforms are tailored according to the requirements of sales managers and leaders since they are the key decision-makers in purchase decisions. So to get the deals finalized, suppliers optimize the CRM features that are most suitable for the decision-makers, mainly pertaining to reporting, pipeline visibility, or forecasting. The result of this optimization is that ease of use is compromised, making the CRMs too cumbersome for sales reps to adopt.

Also, the decision-makers do not really understand the real value of the CRM tools and focus more on spending as little as possible. Hence, the CRM might not end up mirroring how sales reps actually wanted to execute the sales process but they are still expected to adopt the tool effectively. In most cases, almost no effort is made from the organizations to make users aware of the tool background or show them how and why it can help them achieve their KPIs. As a result, the moment they feel uncertain about how to use the tool, they fall back to the traditional methods of getting things done.

The less understanding users have about the benefits of the CRM, the more resistant they are towards the change. It's a sum-total of all this dissatisfaction that tends to impact the user adoption rates.

The CRM isn't the centre of gravity

Businesses rely on certain tools like email or spreadsheets to run a wide variety of day-to-day processes. These tools are the "center of gravity" that define the workflows for a company. When a CRM is introduced, it often ends up competing against these tools for the similar tasks.

A CRM is implemented to achieve more consolidated communication and less use of spreadsheets. Failing to achieve these results can be an indication that the team is not using the CRM at the optimum level.

Since employees have been stuck with the old methods for a very long time, they feel comfortable in entering the data into the old, familiar spreadsheets, rather than putting additional effort to learn entering data into the new CRM. Most employees prefer traditional methods of getting things done. Another reason for people going back to the traditional methods could be the lack of on-the-go training on how to navigate through the complex interface of a CRM.

17.3 Lack of training

Instead of investing in customization and training processes, most companies simply purchase the software and ask the employees to figure it out themselves and expect them to start working right away.

As a result, employees are forced to navigate their way through the complex system, leaving them overwhelmed with the number of steps and features, again forcing them to switch to old methods. They would rather pull data from different sources and work with spreadsheets to make reports because it seems easier than navigating through the complicated CRM that doesn't provide the right training.

Even if some companies take initiatives to develop training programs for their employees to improve adoption rates, the challenge here is that the traditional system education methods aren't suited for the digital world anymore. These methods are only setting the company up for failure. Let's see why:

Companies spend all the time in software education teaching things like - looking up an account, adding an opportunity, updating a contact's information, or distributing books full of walkthroughs on how to complete each step. But the user is still left clueless on how to interact with the CRM system at each step of the process.

Users tend to easily forget the lengthy class-room-style learning and are unable to implement the knowledge practically after the tool is implemented.

Users don't always have time to invest on long and formal software-related training.

The one-size-fits-all training content does not account for the customizations made during implementation.

Training is not contextual to the user role in the organization.

Losing confidence in the product

How an organization decides to rollout a change can either make or break the user adoption efforts. If the organization fails to convey the “what’s in it for you” factor to the users, it might lead to low accountability to use the tool. First impressions matter the most, and if the staff’s first experience with a new CRM fails to meet their needs, people lose confidence in the capability of the software.

Even if the organization tries to make improvements, it would still be a huge challenge to actually change people’s minds and push them to accept the change because they will always hold the first impression in their minds.

17.4 Lack of support

In an ideal world, the CRM would have a "guru" who is an expert, a cheerleader, and a 24/7 point of contact for any issues faced by the users. But let’s face it, the world is not ideal and the guru doesn’t exit. Organizations mostly do not focus on supporting the new software users once the product is implemented which discourages the employees from adopting it.

Organizations fail to understand that a CRM is not a set it and forget it system as it is likely to release new features on a regular basis hence a constant promotion and support is required throughout its lifecycle. For instance, if a CRM admin needs to add custom objects for better report visibility, without the post-implementation support and lack of testing skills, the admin would modify the solution without checking if the objects reflect the necessary data and increase report visibility. This could lead to wrong data output.

Employees will always have queries and issues while trying to work with the new tool and features. Failing to provide users with enough support at the time causes a lack of enthusiasm leading to lower adoption rate and underutilization of the product.

17.5 Techniques for tackling CRM adoption Issues

So with the challenges well-known, once the platform is selected for a business, what are the CRM best practices that can help ensure a successful implementation? Let’s discuss some targeted strategies and techniques that might help solve user adoption challenges.

Demonstrate the software value

Employees play the most significant role in successful CRM implementation. Hence, it is always wise to involve them from the very beginning of the implementation process and exhibit how the new system will reduce their workload. It is critical for organizations to make individual users understand the need of a new system to get the adoption process started off on the right foot.

To tailor the CRM according to user needs, the representative users across the sales hierarchy need to be involved in the software selection and design process. As a gesture for effective user adoption, users should be run through all the features to seek their perspective on the ideal CRM experience. Their inputs will help determine which application and workflow will be best suited to improve sales efficiency.

Also, communicating the staff about the value a CRM will bring to them and tying user adoption with personal growth and development will make users embrace the transformation more easily.

Break the cycle with good data

By now we already know that a CRM is only as good as the data in it. Only by filling it with quality data can the cycle of poor CRM adoption be broken. But manual effort is a big part of getting that quality data, which is just a monotonous, boring task for a user that keeps them from seeing the actual benefits of the tool. This is where CRM automation can change the game.

Automating time-consuming data entry and management tasks like customer outreach with quick email and call logging or email templates with merge fields can help reduce the manual entry efforts

and make users see the CRM as a labor-saving tool. Every manual effort reduced by automation translates into lower frustration levels for the users and increased efficiency.

Automation fits into the business workflows and maintains quality data through automatic contact updates while ensuring that users don't have to change their ways of working just to get the data entered. Automation helps clean up the data, keep it up-to-date and also generate valuable insights that are easily visible and accessible by sales reps.

In addition to data automation, CRM can also be optimized with tools like relationship intelligence automation (RIA). RIA collects, stores and analyzes customer data from multiple resources like emails or social media and delivers automatically to the sales team without any manual input. It serves the CRM users with workable relationship insights that can help accelerate sales and strengthen customer relationships.

17.6 Leverage Digital Adoption Solutions for in-app Guidance and Performance Support

When it comes to the adoption of complex CRM applications like Salesforce, training cannot be just about sending employees to a traditional training class for a few weeks and overwhelming them with too much information at once. Instead, a short, initial training period that focuses on onboarding and a few key processes is the right way to get started with the training plan.

Digital adoption solutions (DAS) can be overlaid onto CRM applications (like Salesforce) to offer automated continuous learning while onboarding users to the new app. The system helps accelerate Digital Adoption in an organization by placing employees on the front lines and assisting them while working a typical day, providing walkthroughs to tackle practical tasks like adding an opportunity, data entry, data update, etc. DAS enables learning in the flow of work and prevents users from exiting the application to find help.

Digital adoption solutions can help improve CRM user adoption by:

- ✓ Customizing the training content according to the specific needs of a user based on their role.
- ✓ Providing constant support with app-related issues with no lag time.
- ✓ Sharing bite-sized instructions every time a salesperson tries to perform certain tasks as repeated training makes it easier for them to remember how to complete the task.
- ✓ Making learning content easy to find through self-help widgets. This helps users easily locate help content, while using the application.

Regularly act on user feedback

The sales reps should always feel empowered to provide suggestions for improvements in the tool or report a process that is too complex for them. There is nothing more motivating to a user than knowing that their opinion is valued which keeps them engaged and makes them feel more invested in making the implementation successful. Hence, it is vital for organizations to understand the pulse of the users by regularly collecting their feedback and then channeling it to make improvements or add new features in the CRM.

Apart from providing in-app guidance, DAS also enables the monitoring of employee-software interactions as well. This monitoring is done by tracking user behavior like which CRM features are being used and how, record creation or updation rates, activity completion, open or closed tasks etc. Such insights can be used to understand software usage, what features the users need more help in, errors, and plug the gap accordingly. This can help improve the adoption metrics and create a better user experience.

Make the most of your CRM

CRM is meant to organize data and contacts based on targeted groups of customers, provide reports that give a direction to a business, and integrate with other software so it never moves away from the sales process.

CRM is an effective tool that salespeople should not fear. Instead, it's up to managers to make their teams aware of how it can make their lives easier. It is important to pay attention to what users want, give them the chance to voice any concerns, and highlight what's in it for them to encourage adoption.

The CRM strategies discussed above can help organizations to encourage user adoption because they are all focused on the sales team. All of these aspects run parallel to each other and are tied together for a successful CRM implementation.

A CRM is not a static thing; rather, it is complex and needs to be constantly supported, maintained, and shaped toward refinement. Achieving the desired user adoption rates does not happen overnight; it requires an ongoing investment in improvement and dealing with milestones.

17.7 Workflows – why they matter

When you look at the way that salespeople actually work, their time is generally divided into three (often unequal) segments, which may be mixed and matched through the course of the week. In larger organizations, these workflows can be divided between separate teams.

Prospecting and qualifying

This is a high-volume workflow, often involving many interactions with large quantities of contacts. This is the "hunt" portion of the sales process, and it requires a fast pace and structured follow-ups.

Opportunity management (and account planning)

Though it may take more of the salesperson's time, this is a less activity-focused workflow, involving deeper conversations and fewer contacts. This is the more strategic portion of the sales process – it's slower, deeper, and requires a solid ability to build relationships, customer understanding and ability to design solutions, and to move the prospect forward in their decision processes, as well as collaborating effectively with colleagues and multiple stakeholders.

Analyzing and optimizing won and lost deals

This is a different type of workflow altogether, possibly involving large amounts of data viewed in aggregate at various intervals. It tends to be collaborative in nature, and is the workflow most often neglected in busy sales organizations.

What good is activity without progress? Informative and actionable sales workflows is the difference that makes the difference.

These workflows each have their own rhythm separate from the others, but in traditional CRM they're handled in a similar manner. Although contacts may be "marked" based on where they are in the sales process, there's no separate workflow management for each. Other than a tag or two, leads look like prospects look like opportunities look like customers, and the activities involved in managing each stage of the relationship is handled in precisely the same manner. It seems to be based on the assumption that everyone knows what to do with whom and when, and are just required to log everything so that we "save it in the database" and can pull out reports to see that "activity levels are on par" and that there is a forecast report available for the next board meeting.

This weakness makes it easy for salespeople to fall into a bad habit of over-focusing on one type of activity over another, and it's hard for the salesperson or their coach to identify an appropriate balance of activities and to know if activities lead to progress. When using systems only to log activity, it becomes a best effort environment, where each sales person does his best, without the guidance of best practices that should have been captured by the sales teams over time. This also negatively affect ramp up times of new hires, as there's no "map" on how things should be done. It risks creating a sales culture that is reactive rather than proactive.

A better system divides up the workflow types directly inside the CRM, for easy management.

Such a system provides a variety of benefits, including:

- ✓ Helps salespeople better organize their time and activities

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- ✓ Helps coaches see where individuals salespeople need the most help
- ✓ Provides better quality data to iterate process and workflows

To show how this works, let's take a look at how our software, Membrain, divides the workflows, and the benefits that division provides.

Workflow one: prospecting and qualifying

Activities in the prospecting stage may include cold calls, email, LinkedIn engagement, booking meetings and any number of other activities designed to gain access to potential clients. In prospecting, the activity level is usually high and efficiency is important.

Hence, the workflow needs to reflect this and also provide resources for learning, product information, email templates and other content to help the salesperson become more efficient and effective at these activities. Once the salesperson has gained access to a potential prospect, the goal is to qualify customer fit according to a set of criteria and then work to find out if there's a possible opportunity before converting the prospect into a sales project.

By managing the prospecting workflow separately from the later stages in the pipeline, salespeople and their managers can quickly see how many leads are in this stage, and what needs to happen for each one to move to the next stage or to be disqualified out of the process. One way of looking at it is as a pre-qualification stage, where leads from marketing efforts are to be managed.

Prospects only move out of this workflow and into the opportunity management workflow when specific criteria are met based on the company's unified definition of a qualified prospect. This function makes sales analysis and forecasting more accurate, creates clear and unified definitions of both win rates sales cycles and helps salespeople and their managers get a handle on whether the salesperson's selling time is effectively balanced between the two primary workflows, prospecting and opportunity management.

Workflow two: opportunity management & account planning

Planning and executing sales opportunities as well as planning to maximize accounts is the main workflow in which most salespeople will spend the majority of their time in a complex sales environment. Only fully qualified prospects move into this workflow. From here, the salesperson and managers can see where each opportunity is in the process, as well as how they're moving through it and whether there are any problem areas to address. While efficiency is important, effectiveness is much more important. In a complex selling environment, each lost account and opportunity hurts and we need to truly make sure to execute well.

By designing the opportunity management process as a milestones-based progression, we can differentiate between busy-work and progress, which is very important; because, what good are 1000 calls, if they don't get the customer to progress their buying decision? Also, a well-defined and visualized process allows us to highlight "pause moments", where we stop and make sure that we've completed important steps and activities that could jeopardize the deal if missed. A classic example of this is when sales people stress to later stages with a single stakeholder, hoping that this person will bring the other people on the decision team along with him. Hope is not a strategy and that approach rarely works. It also creates bloated pipelines and incorrect forecasts. Hence, we need to systemize how best practice selling needs to be done within the opportunity management process. And make it easy for both salespeople and managers to get an overview of what has been done and what needs to be done next to maximize the chances of each opportunity.

Because it is separate from prospecting, it can have specific learning and enablement content embedded directly into it, customized for the stages, activities and milestones in which the salesperson will engage - "content in context". Using dynamic plays, the process can change based on information captured about the customer throughout the sales cycle.

The analytics workflow allows salespeople and sales leaders to easily see how salespeople are doing and where they're having trouble. Because qualified prospects are managed separately from leads, it's easy to see how healthy or unhealthy the pipeline is, and where it needs attention.

The analyze and optimize workflow provides valuable insights that can be fed back into the process to improve performance. For instance, if our win/loss analysis shows that we have a greater chance of winning new customers in a specific industry, we can choose to adjust our qualification criteria to focus more on this space to increase our sales effectiveness. If you learn that you often lose against a specific competitor, add a dynamic play that helps salespeople to overcome the hurdles presented by that competitor, using specific messaging and customer success stories. Over time, adjusting your qualification criteria and capturing knowledge and best practices from the field within your dynamic process, will create a sales infrastructure that your competitors envy, increase your win rates and boost revenues!

17.8 **B2B**

- B2B sales are being transformed by [B2B ecommerce](#). [Omnichannel experiences](#) are now becoming as commonplace as they are in B2C ecommerce. Younger, savvier B2B buyers expect 24/7 engagement in all their favourite places.
- It's no longer enough to have a website and a friendly attitude. Businesses need the right information, the right strategy, and an arsenal of [digital solutions](#).
- B2B buyers have different priorities than B2C customers. Since B2B buyers are often making high-value purchases to meet specific needs, they're not likely to buy impulsively. They also have to think about long-term issues and work with multiple departments. This makes their customer experience more complex than a B2C consumer's. In other words, the B2C consumer buys emotionally; the B2B buyer purchases logically.

Three things that B2B customers look for:

Instead of marketing blasts, B2B buyers want to be presented with detailed information that's easy to access.

The majority of B2B buyers find speaking to a salesperson helpful during the research process but prefer to avoid it when reordering. Setting up one-click reordering or recurring subscriptions can help win over the B2B buyer.

B2B buyers are looking for products that meet rational pre-set criteria. They may already have a list of requirements around price and performance, so B2C revenue-drivers like upselling and cross-selling aren't effective B2B sales techniques.

17.9 **How do you succeed in B2B sales?**

B2B ecommerce isn't B2C ecommerce, and even today there are some differences when selling. But that doesn't mean that businesses should approach B2B sales like it's still the 1990s.

Today's buyers and purchase influencers are young, savvy products of the digital age. They expect personalised engagement and omnichannel experiences. And they want sellers to meet them on their home turf, whenever they please. Throw in their attention to ethical practices, and the old B2B sales playbook can be ripped up and thrown in the bin next to the fax machines and rotary phones.

To thrive in B2B sales today, companies need to focus on giving buyers what they want: a sleek, highly tuned digital experience. Here are some ways to drive B2B sales:

17.10 **Top 10 successful B2B sales techniques**

1. Research and know your prospect

Research is an important aspect of every sales process, but understanding the needs of the prospective B2B buyer is especially important. B2B buyers often have tight remits and complex queries, so getting to grips with their industry and potential concerns is key.

2. Collaborate with other teams to get a single view of the customer

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According to the Salesforce e-book, *Transforming the B2B Sales Function*, 86% of B2B salespeople say that having a connected view of customer data across marketing, sales, and service is important for increasing customer satisfaction.

With digital solutions like Salesforce's Commerce Cloud, B2B organisations can connect their departments and provide a 360 view of the customer.

3. Make use of AI and machine learning

AI and machine learning are reinventing both B2B ecommerce and B2C ecommerce, surfacing the most promising leads and suggesting the best steps. Salesforce's research reveals that high-performing sales teams are 4.9 times more likely than underperforming sales teams to have already used AI to provide opportunity insights and intelligent forecasting.

4. Use automation and self-service options

Digital solutions allow sales agents to do what they do best: sell. This may seem like it shouldn't be an issue, but the average salesperson spends over 65% of their time on non-selling activities. Using automation and introducing self-service options can let salespeople tend to their customers.

5. Quickly respond to queries

This is an easy one. Many B2B customers complain about slow response times, so the companies that respond quickly will win over those customers. In a world of 24/7 engagement, there's no excuse for snoozing on the customer experience.

6. Become a trusted advisor, not just a sales rep

High-value B2B sales tend to be impactful across the entire organisation, so there's a lot of anxiety about getting it wrong. Understanding the pain points of the B2B buyer is important – offering solutions is even better. According to Salesforce's State of the Connected Customer report, 78% of B2B buyers seek salespeople who can function as trusted advisors.

7. Build relationships

In the end, B2B is really P2P – person to person. B2B relationships tend to last longer than B2C relationships, which are often one-and-done purchases. So when communicating with potential leads, try to engage with decision-makers personally.

8. Earn trust

Young B2B buyers are more attuned to ethical messaging than their predecessors. Altruism may have been considered less important than something like cost-value relationship on Maslow's Hierarchy of Needs model, but it's a decisive factor for millennials.

These younger B2B buyers tend to only approach sellers after they've already done their research, and they're not likely to approach at all if it appears that your values don't align with theirs.

9. Get social

Engaging customers in the places where they spend their time makes sense, so B2B organisations need to up their social media game. Studies have shown that 20% of business users now use social media as their primary form of communication, so don't neglect the value of these channels in B2B sales.

10. Capitalise on FOMO like a B2C

It's true that B2B buyers don't make emotionally driven purchases in the same way that B2C customers do. It's also true that they're only human. B2B buyers want to know that they're not falling behind their competitors, so make sure to share plenty of customer success stories highlighting the benefits of new products or services.

Summary

- The front office is the client-facing part of the firm and includes the roles which focus on working with and for clients, rather than in support, risk, compliance and operations roles. It is named because traditionally, the client-facing staff would be at the front of the business where they could be seen, and the support staff would be behind them at the back, unseen.
- Usually, front office roles are income generating and therefore some people argue that roles such as Equity Research are not front office, as they do not directly generate any revenue although this is clearly wrong, as they are perhaps the most client-facing role there is alongside Sales. On the other hand, traders almost never meet clients so they might not be considered front office, when they most definitely are.
- Often, people get too focused on whether a role is "front office" or not and there is confusion over what is front office and what inst, as the examples above demonstrate. Front office roles can be thought of as the intermediary roles, both between clients and between outside and inside roles. For example, two buy-side firms might interact through the Sales force at an investment bank, and front office bankers interact with both clients and support staff and therefore facilitate the flow of information.
- Typically, the front office is the hardest area of an investment bank to get into, but also has the best pay and exit opportunities. ^λ Historically, call centres have been built on PBX equipment that is owned and hosted by the call centre operator. The PBX might provide functions such as Automatic Call Distribution, Interactive Voice Response, and skills-based routing. The call centre operator would be responsible for the maintenance of the equipment and necessary software upgrades as released by the vendor

Keywords

Best-practice partners have clearly defined customer segments and sub segments. Most have developed five to nine macro customer segments. Best-practice partners use multiple bases for customer segmentation such as needs, geography, and customer profitability.

□ Best-practice organizations capture revenues and costs at the transaction level for each specific customer account. Best-practice organizations take a holistic view of customer profitability and include lifetime value and customer valuation metrics in the calculation.

□ Best-practice organizations include the majority, but not all, of their costs in the customer profitability calculation. Best-practice organizations use appropriate methods for cost assignment.

□ Best-practice organizations all work closely with IT. Enabling technologies for calculating customer profitability include data warehousing, CRM systems, data mining, external databases, and predictive analytics. At best-practice organizations, customer profitability information is used as an input in many areas.

□ Best-practice organizations emphasize intelligence (e.g., decision support), not routine reporting, in customer profitability information dissemination. Best-practice organizations secure buy-in from the users and upper-level support for customer profitability initiatives.

□ Best-practice organizations hold employees accountable for customer profitability. Best-practice organizations use customer profitability and segmentation to appropriately align sales and marketing resources.

Self Assessment

1. CRM helps in :
 - A. Helps salespeople better organize their time and activities.
 - B. Helps coaches see where individuals' salespeople need the most help
 - C. Provides better quality data to iterate process and workflows
 - D. All the above

2. When you look at the way that salespeople work, their time is generally divided into three (often unequal) segments:
 - A. Prospecting and qualifying
 - B. Opportunity management (and account planning)
 - C. Analyzing and optimizing won and lost deals
 - D. All the above

3. Digital adoption solutions can help improve CRM user adoption by:
 - A. Customizing the training content according to the specific needs of a user based on their role.
 - B. Providing constant support with app-related issues with no lag time.
 - C. Sharing bite-sized instructions every time a salesperson tries to perform certain tasks as repeated training makes it easier for them to remember how to complete the task.
 - D. all the above

4. The more strategic portion of the sales process—it's slower, deeper, and requires a solid ability to buildcustomer understanding and ability to design solutions, and to move the prospect forward in their decision processes, as well as collaborating effectively with colleagues and multiple stakeholders.
 - A. Relationship
 - B. Conflict
 - C. Talk
 - D. None of the above

5. andworkflows are the difference that makes the difference.
 - A. Informative and actionable sales
 - B. Plan and action
 - C. Details and description
 - D. Data and handling

6. CRM system helps:
 - A. Helps salespeople better organize their time and activities
 - B. Helps coaches see where individuals salespeople need the most help
 - C. Provides better quality data to iterate process and workflows
 - D. All the above

7. means sending the customer's call to the person with the best skills to answer questions.
8. Front office must be trained properly to function within the guidelines and policies of the lodging establishment.
9. A is a detailed listing of the tasks performed in a front office manager's job, provides the basis for a sound job description.
10. The responsibility of communications within the hotel usually rests with the Notes
11. The front office must be able to project incomes and related expenses, to interview, and to interact with potential business clients.

Answers for Assessment

1. D 2. C 3. A 4. A 5. A
6. D 7. Skill based routing 8. Employees 9. Job analysis 10. Front office
11. Manager

Review Questions

1. What is the meaning and concept of front office management?
2. Discuss various functions of front office manager.
3. Explain the concepts that will assist employees in developing their own supervisory style
4. What do you mean by job description and job analysis? Prepare a job analysis of a receptionist.
5. What is contact centre technology?
6. Differentiate between call and contact centre.
7. What is a text chat?
8. What are the CRM technologies working for enhanced system of CRM?
9. What is meant by outbound contact centre?
10. Discuss front office management in detail.

**Further Readings**

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Unit 18: Choosing CRM Tools

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Objectives

- Analyzing and Understanding CRM Technology Software
- Understand Features of -driven Technology Selection

Introduction

The success of your business depends on how deeply you understand your customers and quickly meet their needs. Maintaining and growing strong customer relationships is an important aspect that is directly influenced by how you serve them and boost satisfaction. This is where CRM comes into play.

CRM stands for customer relationship management. It can be one or all of the following: processes, strategies, and technologies used by businesses to efficiently manage interactions with customers, leads, and prospects. Initially built as a basic sales force management tool, CRM technology quickly became an effective tool for businesses to understand their customers and improve their experience. This helps businesses like yours build customer loyalty, retain more customers, and ultimately grow revenue.

A customer-centric approach to doing business

Customer relationship management helps customer-centric businesses successfully win and keep customers for life.

To successfully deliver offerings customers will love, you need to have a proper strategy and plan in place. When you put customers at the centre of your business, you can build strategies and offerings that aim to improve customers' lives while driving business success.

No machine can replace the human mind's capability to understand other people and build effective business strategies. But that said, today's technology can enhance human potential. The right CRM technology and tools can take care of manual processes and help your teams focus on high-value

activities that require a human touch. It can also help you manage customer feedback and knowledge resources better to always provide customers with the right answers and solutions.

18.1 What is CRM technology, and what does it do?

The basic function of CRM technology is gathering and storing data. More sophisticated software also enables data analysis, providing insights to help grow customer satisfaction.

CRM technology helps you consolidate, unify, and centralise all the important customer information and company data in one place. This includes information such as:

- ✓ Name, contact number, email address, home and work addresses, social media handles, birthdays, contact lists, etc.
- ✓ Prospect and customer interaction details – like conversations across touchpoints, meetings, etc.
- ✓ History of products and services availed, frequency and the value of purchases, preferences, payment modes
- ✓ Engagement metrics like page visits, clicks, etc. on your brand’s website, app, sales, and marketing campaigns
- ✓ Returns or exchange requests, complaints, and feedback

Customer data is central to CRM technology and allows you to accurately understand customers, predict their needs, and fulfil them. Also, with the use of CRM technology and tools, you can digitise or automate crucial business processes, like:

- ✓ Consolidating leads and qualifying them
- ✓ Following up, by setting up auto-responses or reminders
- ✓ Processing orders and payments
- ✓ Engaging customers through sales and marketing campaigns, measuring their performance
- ✓ Providing customer support and online services, etc.

Additionally, CRM solutions also provide actionable analytics across departments based on the centralised data. This helps you tie together different functions and teams to deliver better customer

experiences.



18.2 CRM basics: Things CRM technology can help you do

The interactions between a company and its customers occur through various stages. CRM technology helps manage every stage of interactions between a company and its customers. At each of these stages, the company is expected to deploy different strategies and processes to drive engagement. The different stages of the customer lifecycle involve:

Finding quality leads

Leads are generated by reaching out to consumers and businesses that are likely to have a need for your offerings. Or you can also find leads by keeping track of people contacting your business via available touchpoints. Healthy pipeline management requires robust inbound or outbound marketing strategies that target the right people with the right messaging. An intelligent CRM technology can help you manage campaigns across marketing and sales, monitor engagement, optimise outreach, and continuously generate quality leads.

Managing leads and opportunities through to conversion

As leads are routed to the sales team, they further qualify and organise these to prioritise the hottest leads first. Using a CRM technology solution can expedite and improve these processes and help convert quality leads into customers faster. Similarly, you can use CRM technology to also identifying and leveraging new and cross- and upselling opportunities to grow your business.

Personalising customer experience

Personalisation is key to winning and maintaining deep customer connections. Continue gathering and analysing data (while maintaining compliance) to know your customers inside out, and provide them with a consistent, personalised experience. Use CRM technologies and tools to gain customer insights, curate customised offerings, and personalise engagement.

Providing customer support and managing feedback

This involves listening to customers and addressing their issues or requests. After the sale has been made, all complaints, suggestions, and appreciation from customers need to be carefully analysed in the context of the offerings provided. This helps design better products and services and improve customer retention. Also, CRM plays a key role in case resolution – consolidating all customer queries from across touchpoints on a single platform, and allowing you to resolve cases quickly and efficiently.



18.3 Types of CRM technology

There are all kinds of CRM technologies available in the market today based on operating systems, business function, and industry-specific needs.

Here are the three main types of CRM technology systems:

1. Cloud-based CRM technology

These CRM applications use cloud computing to store and process the data gathered. This is one of the most popular types of CRM as it allows businesses the freedom to access all of their data and communicate with internal teams, partners, and customers without the need for any on-premise software or hardware. Your teams can stay productive from anywhere in the world and continue to provide excellent customer experiences. All they need is a stable and secure internet connection.

This type of CRM technology is also known as SaaS (software as a service) or on-demand CRM technology. The data is secure and accessible quickly and easily. Such technologies are often available based on a subscription model, which means you only have to pay for what you use. Salesforce Customer 360, the world's #1 CRM platform, is a SaaS solution.

2. On-premise CRM technology

As opposed to cloud-based CRM technology, this allows the company to store and manage data on their premises. Servers owned, managed, and serviced by the company are used to store and process the data.

This type of CRM technology is used by large companies and big businesses that have the resources to manage such complex hardware. The cost notwithstanding, this type of CRM technology allows for completely secure and autonomous data storage.

3. Open-source CRM technology

As the name suggests, this type of CRM technology is available to companies for free. By making the source code of the technology available at no cost, open-source CRM technology allows companies to use these services, which are mostly restricted to simple data gathering or SEO monitoring.

User / function-specific CRM technology solutions

Some CRM solutions are also designed with user roles in mind. For example, a sales-focused CRM technology will have features and tools that aid sales processes and tasks. Similarly, marketing or HR-focused solutions provide functionalities that are more suited for their department's use cases.

Industry-specific CRM technology solutions

These days, CRM solutions are available for almost every kind of business. While many CRM software are designed to be industry-agnostic, there are others that are designed to suit the specialised needs of different industries. Salesforce Industry Clouds offer specialised out-of-the-box solutions for businesses in varied industries, such as finance or manufacturing.

Here are a few examples of industry-specific CRM technology solutions:

1. Non-profit CRM

The needs of a non-profit organisation differ greatly from regular businesses. Their main use cases revolve around managing initiatives and programmes, volunteers and teams, donors, partners, etc. They may also want to use technology that can help them streamline processes such as hiring, fund management, and marketing.

These solutions can also allow the organisation to reach out to potential donors or even government officials through means such as email newsletters and social media tools.

2. Financial services CRM

The nature of information and data exchanged between financial organisations and their customers is sensitive and requires utmost confidentiality. CRM applications designed for these businesses particularly focus on security and stability. Such businesses are also governed by strict government regulations. Therefore, these CRM applications are also designed to conform to all such banking regulations.

3. Real estate CRM software

This CRM technology strongly focuses on managing client details and requirements. It facilitates and manages interactions between different players within the real estate ecosystem. These include buyers, sellers, brokers, lending organisations, regulatory authorities, etc. As property transfer is a complicated process involving several sensitive steps, such CRM applications are designed to make the process easy and hassle-free.

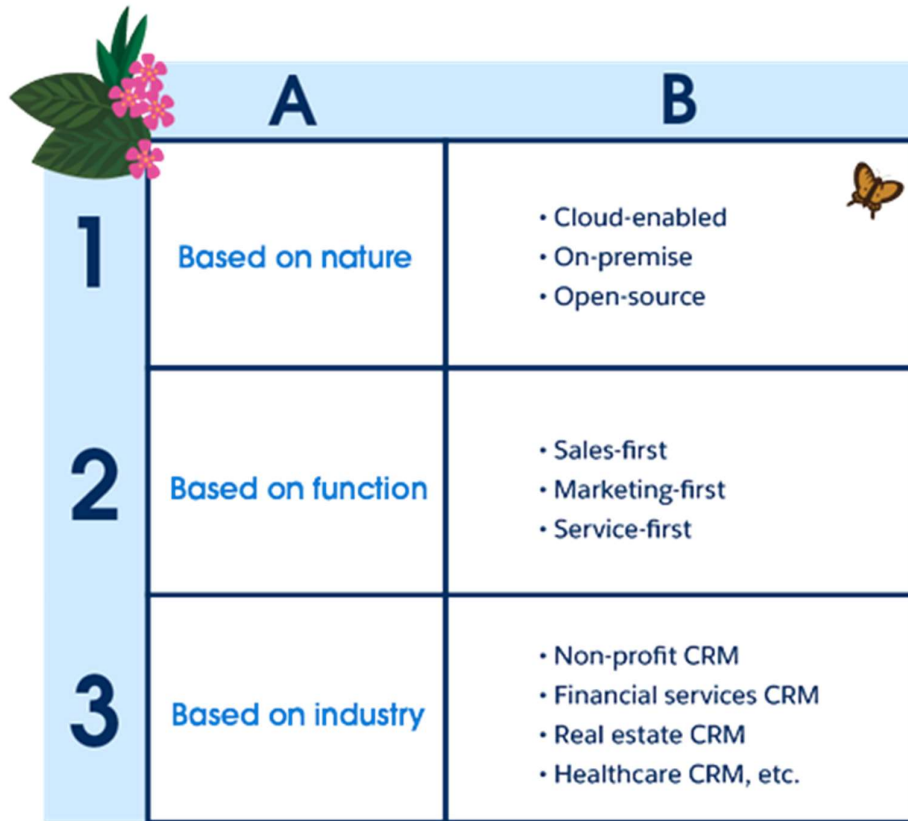
Finding leads, potential buyers, and lending agencies are all managed and monitored through these systems in order to close deals in time and optimise profit for both the buyer and seller.

4. Healthcare CRM

This is also known as patient management and medical practice management software. Healthcare professionals and organisations can use such CRM technology to manage patients' medical records,

and enable collaboration and coordination between different stakeholders such as caregivers, doctors, diagnostic centres, health insurance companies, pharmacies, medical equipment manufacturers, etc.

Types of CRM technology solutions



	A	B
1	Based on nature	<ul style="list-style-type: none"> • Cloud-enabled • On-premise • Open-source
2	Based on function	<ul style="list-style-type: none"> • Sales-first • Marketing-first • Service-first
3	Based on industry	<ul style="list-style-type: none"> • Non-profit CRM • Financial services CRM • Real estate CRM • Healthcare CRM, etc.

18.4 Benefits of using CRM Technology

As CRM technology directly works on improving data management for crucial business functions like sales, marketing, and services, it naturally enables data-driven decision-making. Mobile-enabled CRM solutions even provide additional benefits, like selling or servicing customers on the go. For example, a sales representative can meet a lead while on the road and upload the details of their interaction on the company's central database through their mobile phone. This data can be accessed by the marketing department in real-time to optimise marketing strategies in a short span of time.

The benefits of using CRM technology include:

Complete customer view

CRM technology solutions enable you to not just store customer information; it also allows you to track how they interact with your brand across touchpoints. This helps you get a holistic view of your customers, their needs and interests, and how they perceive your brand. This information can be leveraged to engage customers in a meaningful way, rather than following a blanket approach for all.

Scaling outreach and services

You want your company to be on a growth path; and when it is, you want your teams to be equipped to drive that growth. A CRM technology solution allows you to scale your business to thousands and millions of customers with ease. It can put all the relevant information your teams need at their fingertips, making it easier for them to provide a smooth customer experience every time.

So, salespeople can close more deals, marketing teams can deploy successful campaigns, and service teams can stay on top of all customer cases.

Greater profits

Using CRM technology solutions can help you provide better services and products by deeply understanding customer needs. This improves customer satisfaction, directly impacting your company's bottom line. CRM technology solutions also enable automation of processes such as servicing deliveries and requests, sending out reminders and alerts for important actions, and resolving customer complaints - all greatly increasing efficiency. And with manual work out of the way, your teams can be more productive and focused, driving profitability.

Deeper customer insights

The USP of a CRM technology solution is not data storage; it is enabling businesses to draw insights from the data. Data insights can help you spot trends, manage engagement across channels, and identify unmet customer needs. Advanced CRM technology can also help you become more predictive - meaning you can foresee business opportunities and forecast sales to enable consistent growth.

Improved collaboration

CRM technology solutions unify entire organisations around a single source of truth and give them the tools to grow your business collaboratively. This means that no matter where your employees work from, they can seamlessly communicate and collaborate with other team members on important tasks and projects. This can also foster a healthier, growth-oriented company culture.

18.5 Choosing and Adopting the right CRM Technology for your Company

It can be difficult to choose the right CRM technology solution for your company, given the sheer number of options available in the market today. Here are a few things you need to consider before choosing one:



1. Define your goals

Figure out the main reason for wanting to adopt a CRM solution for your company. This could be anything - from wanting to unify all your business divisions to supporting your growing small business's expansion. However, here are a few goals that most businesses aim towards:

- ✓ increasing sales and therefore, profits
- ✓ reducing risks and optimising resource management
- ✓ creating a loyal and satisfied customer base

- ✓ reducing customer complaints and dissatisfaction
- ✓ increasing productivity and employee satisfaction
- ✓ promoting a positive brand image
- ✓ attaining sustainable growth and setting long-term goals.

Did you know that all these can be fulfilled by using the right CRM solution? Once you define these goals, work out how a particular CRM tool will help you achieve them.

2. Understand the implementation process

This entails mapping the resources, effort, and time that the implementation of the solution will take for your company and if it will integrate well with your existing systems. You need to see if you have:

The talent needed to plan and execute the solution's implementation; if not, are there funds available to outsource the same Any legacy systems and data that need to be integrated into the new solution and how you plan to do that Any business processes and requirements that the new system does not support

Similarly, you also need to think of a roll-out strategy to ensure the solution is implemented in a planned and timely manner. This will also consider the time and effort needed to train your staff to transition and make full use of the new system.

If your technology provider also offers free trials and demos, it makes sense to leverage that and check the suitability of the solution for your business.

3. Map your business processes

Clearly define your business processes and determine how the CRM technology solution can support and facilitate them. This is very important to avoid issues in the future.

Conclusion

It is important to choose the right CRM technology for your business, as the efficient functioning of your business processes and employee productivity will depend on the technology adopted. It is also imperative that the solution you choose can sustain your business in the long term and continue to support your operations as you scale.

18.6 Features to look into CRM

Customer relationship management (CRM) solutions can do much more than organize contacts and act as a digital rolodex. With the right features, CRM software can also help you boost sales by keeping an eye on customers, from nurturing leads to closing the sale and maintaining customer loyalty. It can also save you tons of time and money through [sales force automation](#)

1. Workflow automation

CRM software can make your life easier by automating your workflow. Look for software that lets you set up custom rules and comes with sales force automation to help you and your team be more productive.

By using rules, you can set your CRM software to automatically perform a specific action based on triggers or events, such as these:

When a potential customer fills out a contact form on your website, the CRM software automatically directs the message to the right sales representative or department.

When a sales representative receives a message, the CRM software automatically sends a preset response to acknowledge the message.

If a lead, prospect, or opportunity doesn't respond to your message or proposal, the CRM software automatically sends a follow-up message after a preset amount of time, such as 48 hours or two business days.

When a sales representative makes calls or sends messages to a contact, the CRM software automatically logs hours and keeps track of all communications.

As sales representatives complete tasks, the CRM software automatically reports them to supervisors and upper management for performance reports.

Workflow automation features can also take the time and legwork out of tedious sales tasks, such as order processing, order tracking and inventory control.

2. Customization

No two businesses are the same, so the best CRM software can cater to your business's unique needs. Some CRM solutions let you choose which features to include in your package, and some also allow you to customize basic areas, such as with the abilities to add contact fields, choose which data to show on your dashboard and create custom reports. You can also customize with extensions, plugins and other add-ons to expand your software's capabilities.

If you need even more customization to truly tailor the software to your business, many CRM software providers offer more advanced options using APIs. This gives developers access to all technical specs and coding for full customization of your software. The API also allows you to integrate the software with existing business solutions your company uses to streamline processes.

3. Third-party integration

Connecting your CRM software to other solutions you already use can save you tons of time and money. Most CRM programs offer third-party software integrations; the key is choosing one that's compatible with the software you use and easy to implement. For instance, popular CRM software Salesforce has its own marketplace called AppExchange, where users can easily connect Salesforce to solutions such as QuickBooks accounting software, Mailchimp email marketing software and DocuSign electronic signatures.

Here are a few things you can do with the right third-party integrations to make your life easier:

Run CRM software straight from Outlook, Gmail or other email clients so you don't have to keep switching between apps.

Automatically sync sales and order information with your POS system and accounting software to eliminate manual data entry.

Automatically build email lists and launch email marketing campaigns from either your email marketing software or CRM software so you don't have to open both.

Back up and sync data with Dropbox, Box.com and other popular cloud backup storage services.

Depending on your software, some integrations may require IT administration.

4. Customer service

CRM software can help you acquire and retain customers by providing excellent customer service. Look for the following capabilities that will allow your sales reps and customer support team to perform their best:

Gives you a 360-degree comprehensive view of customers that shows everything there is to know about a customer from the first point of contact

Automatically tracks all points of communications, from lead acquisition to closed sales and sales histories. Logs all incidents, website visits, purchase histories, and other activities for future reference and to keep all reps on the same page Uses customers' first names to personalize all correspondence

Has unique reference numbers for each account, customer and help issue

Automatically sends customers acknowledgments of their inquiries and messages so they don't feel ignored Supports premade email templates and call scripts that answer the most common questions

Some CRM solutions can make this even easier by integrating third-party apps such as the Desk.com support platform, SurveyMonkey feedback forms and the RingCentral business phone system.

5. Employee tracking

CRM software is a great way to track employee activity and performance. Choose software that gives employees their own accounts where they can individually track their hours, tasks, meetings, sales numbers, goals and other items. The software should also give supervisors and upper management access to dashboards that let them view individual employee goals, completed tasks and other metrics of productivity. This can help managers write employee performance reviews, create incentives, reward strong employees, and identify those who are struggling and address areas of improvement.

6. Social media

A CRM with built-in social media monitoring features can save your marketing team time, because they won't have to switch platforms to perform the essential task of monitoring your company's social media.

Salesforce, for example, has tools for you to perform these social media tasks:

- ✓ Get in tune with what people are saying about your brand through social listening.
- ✓ Gain insight into the numbers of social media actions your brand gets, such as comments, shares and mentions.
- ✓ Check every social media channel (Facebook, Twitter, Instagram, etc.) to customize your social media strategy accordingly.
- ✓ Get insight into who your customers are.
- ✓ Identify and leverage your brand.
- ✓ Manage the day-to-day tasks of posting to your social media accounts.

7. Lead management

A lead management feature will help you to identify your leads and the actions they've taken along the sales cycle. Through the lead management process, you'll be able to score your leads and, if needed, filter them off to a different member of your team to turn select leads into customers.

Sometimes dead leads sit in a CRM for weeks or months. A smart sales manager stays on top of leads and redistributes quiet or seemingly dead leads to different members of their team for reengagement.

8. Real-time data

Starting in 2017, real-time data became the main driver for CRM systems, according to CMSWire. As noted in the article, CRMs can pull real-time data from devices, applications and even appliances.

These are just a few of the benefits of pulling real-time data:

- ✓ It helps you make better-informed marketing decisions about bidding price and placement of online advertising.
- ✓ You get an instant snapshot of market demand, so you can update your marketing plan accordingly to yield better results.
- ✓ You can identify which of your products and services generate the most revenue, and which generate the least and may need a boost in exposure.

9. CRM analytics

CRM analytics, also known as customer analytics, offer insight into customer data. This data is important because it can help you make better decisions about the types of products, services, marketing and overall communications you distribute to your customers.

Look for these specific analytics in a CRM:

- ✓ Customer segmentation that is simple to read and understand
- ✓ Clear profit and loss data to help you determine your ROI
- ✓ Informative web analytics that illustrate customer website use and behaviors

10. Reporting

Reporting is the feature that brings the results of your sales and marketing efforts all together, and it comes standard with all the CRMs we've researched. The more of these report types you can access, the better:

- ✓ The number of leads that come in during a certain amount of time
- ✓ The number of sales generated during a certain amount of time
- ✓ Which of your sales agents closed which leads and how many they closed in a certain amount of time
- ✓ The number of outbound calls being made
- ✓ The effectiveness of your emails
- ✓ The stage at which your leads converted, helping you identify opportunities to close leads in a shorter time

11. Sales forecasting

A CRM with this feature predicts your future sales based on data from your current pipeline. You may need to alter your marketing plan based on the sales forecast. For example, if you thought your toy store was going to sell a lot of girls' dolls during Christmas but learned through sales forecasting that building blocks are more popular, you can cater your campaigns accordingly. Sales forecasting can also anticipate market changes to mitigate your business risks.

12. Email

Tracking emails through a traditional inbox can get overwhelming and confusing. Lifewire noted that, as of 2015, the average office worker received 121 emails. It's important for every single sales email to be received and addressed in a timely fashion to increase the probability of generating revenue.

An email feature in a CRM helps keep your sales reps organized and productive. They can integrate their calendars to schedule appointments and engage prospects and customers accordingly. Another great email feature is the ability to automatically pull in email templates so reps spend less time crafting email content. You can use this feature to create several email templates, such as these:

- ✓ Basic information about the company, segmented by industry
- ✓ Follow-up after a phone call
- ✓ Follow-up after one email has been sent
- ✓ Follow-up to a proposal that reps are waiting on customers to return
- ✓ CRM software can be a useful tool for businesses of all sizes, but it's important to select a truly effective platform that can scale with your needs. If you look for these 12 features in CRM software before you buy, you can't go wrong.

Summary

CRM is a complicated yet fruitful process by which a company gains enormously, if deployed properly. To process the data effectively many e-CRM solutions are available and a firm has to choose the best possible solution to suit the needs of the firm.

The benefit of e-CRM should not be lost in the cost and time to process the information and as such the significance of a solution depends upon its simplicity and authenticity of implementing the solution. While acquisition and retention are fairly well understood, customer profitability through expansion requires some scrutiny.

Since expansion presents enormous untapped value; an e-CRM strategy must be able to identify the expansion potential for each customer. It consists of creating space for online catalogue that helps customer to research products thoroughly by accessing all the information they need. Secondly, lead capture and profiling captures prospect information on website, and leverages that information for a follow-up.

The significance of CRM solution lies in its ability to store and retrieve data. It is the process of analyzing detailed data, to extract and present actionable, implicit, and novel information to solve a business problem.

Above everything, marketers are now under compulsion to be concerned about customer relations and loyalty. Studies have shown that retaining customers is less expensive and perhaps a more sustainable competitive advantage than winning over new customers.

Relationship building and strategies aimed towards customer retention are a plenty in the web-world and all it depends on deciding which strategy suits best under which market condition.

In this unit, you learnt about the data mining technique. Data Mining is an analytic process designed to explore data (usually large amounts of data - typically business or market related) in search of consistent patterns and/or systematic relationships between variables, and then to validate the findings by applying the detected patterns to new subsets of data.

The ultimate goal of data mining is prediction - and predictive data mining is the most common type of data mining and one that has the most direct business applications.

The process of data mining consists of three stages: (1) the initial exploration, (2) model building or pattern identification with validation/verification, and (3) deployment (i.e., the application of the model to new data in order to generate predictions).

In this unit you also learnt about a statistical perspective of data mining, similarity measures, decision tree and many more.

Keywords

360 degree Marketing: Marketing activities which take into consideration brand identity and take an inclusive approach so that the brand is presented at all points of consumer contact.

Competitive Advantage: An advantage that firms have over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competition. There can be many types of competitive advantages including the firm's cost structure, product offerings, distribution network and customer support.

Consumer Behaviour: Consumer Behaviour is a branch which deals with the various stages a consumer goes through before purchasing products or services for his end use.

Cross-selling: Selling the customer additional, related, products

Data Mining: Data mining (sometimes called data or knowledge discovery) is the process of analyzing data from different perspectives and summarizing it into useful information - information that can be used to increase revenue, cuts costs, or both.

Economy: The system of production and distribution and consumption.

Marketing: The management process through which goods and services move from concept to the customer.

Up selling: Selling the customer a more expensive version of the product

Self Assessment

1. How does CRM helps?
 - A. Name, contact number, email address, home and work addresses, social media handles, birthdays, contact lists, etc.
 - B. Prospect and customer interaction details – like conversations across touchpoints, meetings, etc.
 - C. History of products and services availed, frequency and the value of purchases, preferences, payment modes
 - D. All the above

2. CRM technology and tools, can digitise or automate crucial business processes, like:
 - A. Consolidating leads and qualifying them
 - B. Following up, by setting up auto-responses or reminders
 - C. Processing orders and payments
 - D. all the above.

3. Things CRM technology can help us do :
 - A. Finding quality leads
 - B. Managing leads and opportunities through to conversion
 - C. Personalising customer experience
 - D. Providing customer support and managing feedback

4. Goals that most businesses aim towards:
 - A. increasing sales and therefore, profits
 - B. reducing risks and optimising resource management
 - C. creating a loyal and satisfied customer base
 - D. all the above

5. We can customize:
 - A. extensions,
 - B. plugins and
 - C. other add-ons
 - D. nothing

6. An intelligent CRM technology can help you manage campaigns across :
 - A. marketing and sales,
 - B. monitor engagement,
 - C. continuously generate quality leads.
 - D. all the above

Customer Relationship Management

7. SaaS means:

- A. software as a service
- B. software solutions
- C. Software simulation
- D. software segmentation

8. CRM technology to manage patients' medical records, and enable collaboration and coordination between different stakeholders such as:

- A. caregivers
- B. doctors,
- C. diagnostic centres
- D. All the Above

9. CRM technology solutions help businesses:

- A. Find quality leads
- B. Manage leads and opportunities
- C. Personalise customer experience
- D. All the above

10. CRM technology to also identifying and leveraging new and cross- and upselling opportunities to grow our business.

- A. True
- B. False

Answers for Self Assessment

1. D 2. D 3. A 4. D 5. A
6. D 7. A 8. D 9. D 10. A

Review Questions

1. Explain the utilization 360 degree marketing in enhancing sales.
2. What do you understand by marketing strategies?
3. Discuss the advantages of data mining.
4. Differentiate between cross and up selling.
5. How will you use up selling for increasing sales of your product?
6. Assume that each item in supermarket is bought by 1% of transactions. Assume that there are 10 million transactions and that items are statistically independent. Assume mid-sup = 10. What is the expected size of a frequent set? What is the expected number of frequent sets?
7. Suppose that you have data describing the closing prices of the stock you own for the last 1000 days. Suppose you are interested in generating all rules which tell you about chances of your stock going up on a given day provided you know the pattern (up or down) on K preceding days, with some minsup and minconf defined. How would you model this problem as association rule mining

problem, is there a way to represent this as transactions with binary attributes like in the supermarket case?

8. Summarizes the data mining technique and its significance in today's scenario.
9. What are six strategies for increasing cross and up selling?
10. Give live examples used in businesses about up selling.



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Unit 19: Implementation of CRM Systems

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Objectives

- Understand Projects To Implement CRM Systems
- What is CRM implementation?
- 7 benefits of CRM implementation
- Customer relationship management: going from strategy to implementation
- CRM implementation challenges, failures, and risks to account for

Introduction

Implementing a CRM project in an organization takes more than purchasing and installing the CRM form a vendor. It needs setting up the features of CRM system according to the business requirement, training the staff, and overall shifting from conventional work culture to a new method of handling work and customer relationships.

There are various phases a business needs to go through while implementing CRM projects. Here in this chapter, we will discuss in brief how to implement a CRM project.

Developing CRM Strategy

This is the first stage. CRM strategy is a top management level plan of aligning employees, CRM process, and technology to achieve business goals.

Situation Analysis

The business conducts situation analysis by considering internal and external factors. This is nothing but SWOT (Strength, Weakness, Opportunities, and Threats) analysis to find out how the business is doing with the objective of examining readiness for CRM implementation.

	Helpful	Harmful
Internal Factors	Strengths	Weaknesses
External Factors	Opportunities	Threats

The managers analyze and appraise existing customer strategy, served market segments, market position of business, marketing channels, etc. They try to find out the answers for the questions such as –

- Which customer segments does the business serve?
- What are the marketing and customer related objectives of the business?
- What is the business position and market share?
- What is the cost to customer management?
- How effective the present strategies of customer acquisition and retention?
- Which products/services under what category does the business offer?
- To what extent the customers are aware of the products/services?
- Who are business competitors, and what are profit margins?
- Which channels we use for product distribution? What is the depth of channel penetration?
- Which channels are effective? Which are becoming obsolete?
- How do channel partners find dealing with our business?
- Will the business buy, rent, or create its own CRM? What is each option's feasibility?

Thus, situation analysis serves as a foundation to know what the managers want to achieve by implementing CRM.

19.1 Building CRM Project Foundation

Before implementing CRM projects, there are various changes required to bring in the business environment such as –

The working culture changes present in the business organization.

As the CRM can mean different to the people from different domains, it is necessary for the business to start educating the staff on CRM systems.

The top management of business also sets up the vision on how CRM will change the business to benefits regarding serving the customer better and earning high revenue.

Clear priorities are set for objectives and activities such as enhancement of customers' experience, cost reduction, increasing revenue, etc.

Goals (qualitative results) and objectives (quantitative results) are set.

Governance structure of experts is formed which is essential to identify and allocate resources and responsibilities appropriately.

19.2 Identifying Business Processes

The processes are the ways by which the business gets the things done. The processes can be of the following types –

Vertical – Located completely within a department. For example, customer acquisition is only marketing related process, whereas annual revenue and tax calculation are accounts processes.

Horizontal – They span across various departments in the business. For example, product manufacturing is cross functional across R&D, finance, material management, sales, etc.

Primary – They have major impact on the business costs or revenue. For example, picking and delivering packages is primary process for a courier company.

Secondary – They have minor impact on the cost or revenue of the business.

Front-Office – They encounter the customers. For example, complaint handling.

Back-office – They are where customers are directly involved. They are not known to the customers. The business needs to anticipate which existing processes may get affected and to what extent.

Specifying Requirements

During this step, the business identifies the stakeholders (staff, sales team, marketing team, channel partners, IT specialists, etc.), processes, data requirements, and technology.

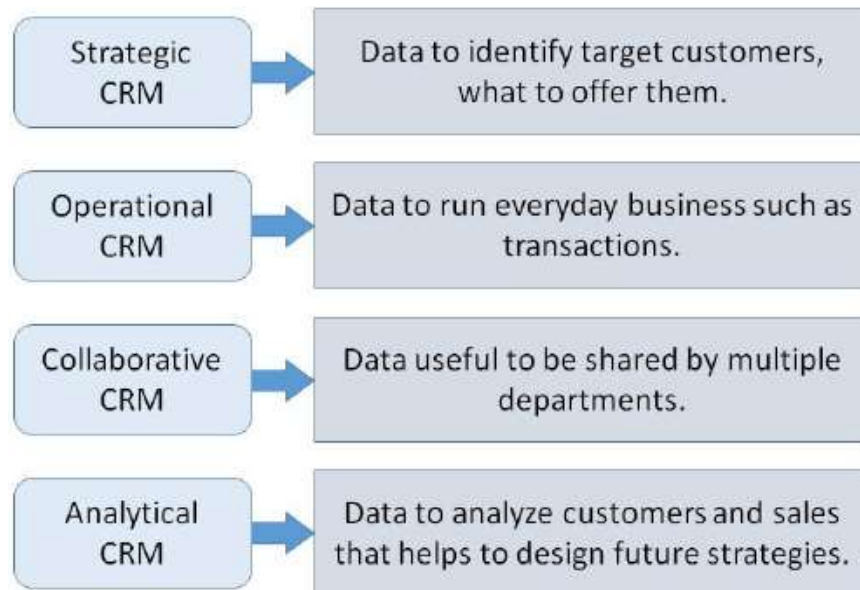
Data Requirements

The business needs to create the inventory for the available data for the CRM purposes. There are different data requirements for different CRM types as shown –

For example, database management, procurement, etc.

The internal IT staff of the organization is put to perform several CRM related roles such as networking, database management, front-end development, system integration, etc.

The management identifies change and project management needs in the organization, and risk factors.



Which database system the business will require for CRM?

What is the number of customers the business have?

How much the number of customers can increase in future?

Which fields of data are mandatory and which are additional for the business?

The business develops a customer related database to store the customer information, such as contact data, contact history, transaction history, communication preferences, opportunities with customer, and so on.

19.3 Technology Requirements

It includes selection the required CRM technology from a wide choice.

How to access the CRM software: from business server (On-Premise) or from vendor's server (Hosted or Online) via internet?

Which CRM applications can fulfill the business vision and objectives among a myriad number of applications under CRM.

What hardware is required for sales, services, and marketing staff?

On Premise CRM	Hosted or Online CRM
It is installed at user premises. A CRM purchasing business bears the cost of infrastructure, customization, and implementation.	It requires payment of fees on annual basis. For example, USD 50 per user, per month.
Costs are variable.	Costs are fixed and known.
It imposes significant burden on staff and budgets of a business.	There is less burden on business staff with this CRM.
The vendor provides CRM upgrades at user premises. Upgrade costs are additional to the initial costs.	Vendor performs CRM upgrades away from the area of using it. Hence no interference in the business work.

19.4 Creating Proposals

The business forms a well-structured Request for Proposal (RFP) in which it lists down the idea and vision of CRM, the type of CRM required, process, technology, costs, time frames, contracts, and staff issues.

The proposal is descriptive enough to give idea to the vendor about the business structure and requirements. The business then invites at least three and at the most six technology vendors by sending the proposal.

Selecting Partner

When a business receives response from various vendors, it need to select a right vendor. The business management assesses the proposal responses on the scale of importance of issues included in the RFP. It the shortlists the technology vendors and invites them for demonstrating their CRM products.

Implementing the CRM Project

The business takes the following steps to –

1. Chalk out the internal project plan.
2. Refine the project plan with incorporating the technology vendor.

3. Identify customization needs as no off-the-shelf CRM software can completely satisfy the CRM needs of a business. It is done with lead developer, database developer, front-end developer, and vendor.
4. Create a prototype of the customized software.
5. Test the prototype on dummy database and users. Test it first on the newly acquired customers rather than directly on the customer database.
6. Identify further customization and training requirements.
7. Create in-house awareness on the final system installation.

19.5 Performance Evaluation

As a final and continual stage for large span of time, the business evaluates how well does the CRM perform. When a business implements new technology, the users take a large span of time to get acquainted and comfortable with the technology.

There are two variables the business considers –

Project outcomes – Whether or not the project went on as per the plan without overrunning budgets, costs, and time. Is it working smoothly and successfully?

Business outcomes – Has the business objectives set initially have achieved?

If the business objective was to improve the rate of customer retention, the rate was 70% before CRM coming to aid, and it went up to 78% after CRM implementation then the business has achieved its objective.

19.6 CRM implementation

Customers are important as no business exists without its customer base. And, of course, the way a company manages its customer database determines its business success.

Relationships are, by far, the most important part of the trendy acronym – CRM.

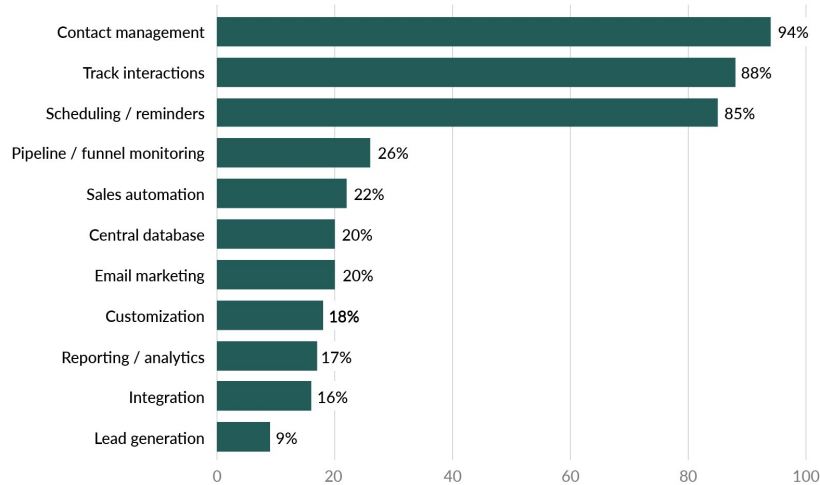
Why? Because relationships are a bridge between your business offering and your customer needs.

In fact, the majority of businesses that consider adopting a CRM system, first and foremost, are looking for a way to improve the quality and consistency of their relationships with customers and build customer loyalty.

This means that they want to improve their core business processes – managing contact information and streamlining their relations with customers.

According to Software Advice, contact management is the number one feature that is requested by 94% of CRM users, followed by the ability to track customer interactions (80%) and schedule tasks and set up reminders (85%).

TOP-REQUESTED CRM FEATURES



Yet, when describing the benefits of a CRM software, very often “CRM evangelists” tend to focus on how the system can help you:

- Increase revenue
- Manage your sales pipeline
- Catch and nurture leads
- Send better marketing campaigns
- Manage your team
- Run customer service reports, and,
- Analyze data.

And they are 100% correct – a good CRM system helps you do all that!

In addition - 85% of CRM users found improved customer experience to be a huge benefit to using a CRM system, while 58% of CRM users were able to make much quicker decisions.

But ... it seems like they fail to notice the elephant in the room – they spend little time addressing the greatness of CRM’s basic (yet key) functionality – contact management!

Better relationships = higher customer satisfaction

As your company grows, so does your customer database.

Eventually it becomes more and more difficult to centralize and streamline your communications with customers, both potential and existing.

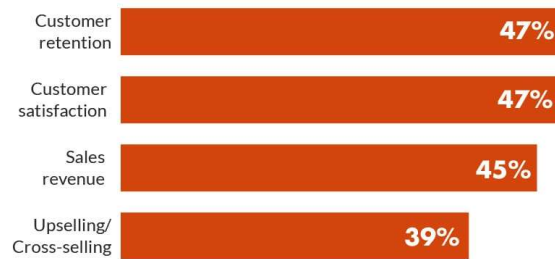
Important conversations are hidden in emails, scattered around in spreadsheets, lost on Post-it notes, leading to patchy and inconsistent interactions with customers.

All of this leads to – simply and plainly – you losing money.

Studies show that the answer to this problem could be a CRM system.

Apart from obvious benefits, such as increasing B2B sales by 30% and shortening the sales cycle, a CRM system can help businesses improve customer retention and satisfaction rates, studies show.

WHICH ASPECTS OF BUSINESS WERE SIGNIFICANTLY IMPACTED BY THE CRM?



19.7 CRM impact on business

So, let's look at the key benefits of CRM and how it can take your relationships with customers to "another level" – the level of full satisfaction, aka customer loyalty.

7 CRM benefits to make your customer relationships better

How satisfied are you with your customer satisfaction rates? (pun intended)

I'm not just talking about the customer service you provide, but rather the quality of your daily interactions with customers.

To find out, here is a little survey for you:

	YES	NO
Do you know where ALL your customer data is located?	<input type="checkbox"/>	<input type="checkbox"/>
Are you always working with an up-to-date database, where all names, phone numbers, and email addresses are correct?	<input type="checkbox"/>	<input type="checkbox"/>
Are you able to view every contact's email, mailing address, phone number, full name, website, in one place?	<input type="checkbox"/>	<input type="checkbox"/>
Do you know "who is who" in the company you're about to contact?	<input type="checkbox"/>	<input type="checkbox"/>
Are all customer interactions stored in one location? Can everyone in your company get access to the communication history?	<input type="checkbox"/>	<input type="checkbox"/>
Do you know what your colleague discussed with the customer last time they spoke on the phone?	<input type="checkbox"/>	<input type="checkbox"/>
Do you know when your customers were contacted last time and when it is time to follow up on a new sale opportunity?	<input type="checkbox"/>	<input type="checkbox"/>
Are you able to find the purchase history of your customers with just a few clicks?	<input type="checkbox"/>	<input type="checkbox"/>

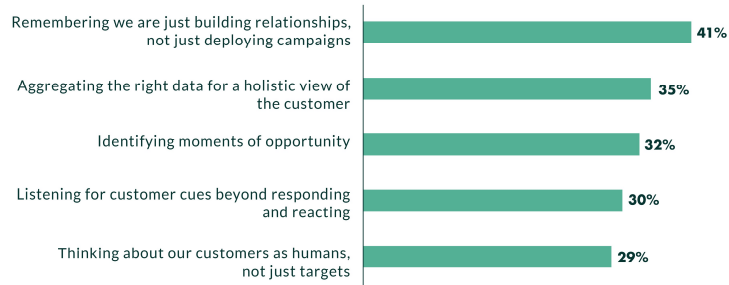
If you answered 'NO' to any of these questions, chances are your business is suffering from a disorganized or ineffective contact management, which strongly impairs the quality and consistency of your relationships with customers and prospects.

A CRM system can benefit your business by helping you centralize, optimize and streamline your communications with customers, and become better in these 7 areas.

1. Better knowledge of your customers

One of the biggest challenges to building long-term relationships with customers is to aggregate the right data and build a holistic view of the customer:

GREATEST RELATIONSHIP-BUILDING CHALLENGES



If CRM is known for one thing only, it's this: CRM gives you a full 360-degree (holistic) view of each and every customer. The fact that you have all information stored on each contact in one place is what makes CRM a super powerful communication tool.

Being able to track more customer interactions is a reason why 72% of companies start using a CRM, which then doesn't come as a surprise.

Like a cheat-sheet offering easy access to key information, a CRM system gives your sales, marketing and customer service teams a competitive advantage.

A CRM system will allow your teams to see a contact's:

- Full name
- Email address
- Telephone number
- Website
- Social media accounts
- Job title
- Relationship to other contacts in your database
- Language skills & preferences
- Birthday

With all this information at your fingertips, personalizing your communication with a contact becomes a breeze.

Secondly, with the help of CRM you can save all activities, projects, sales, live chat messages, email exchanges, invoices, orders, contracts, or customer service requests that a contact has ever been involved in.

In other words, a CRM system allows you to know better who your contacts are and what they want.

2. Better segmentation

Nobody wants to do business with a faceless crowd.

Everybody wants to deal with a perfect audience.

But how exactly?

You can do it by segmenting contacts (customers and prospects) into target audiences. And there's hardly anything else out there that does segmentation better than a CRM.

CRM allows you to break down data by categories and criteria, making it easy to create focused lists.

Used in sales and marketing, such segmented lists allow you to run specific customer marketing campaigns (and account-based marketing campaigns) and analyze your sales process and lead pool.

When you know whom you're addressing, you can consciously tailor your offer, your tactics, and even your sales pitch!

In a nutshell, a good CRM system helps you know better who is really interested in what you have to offer, who is still being on the fence, and who's cold as ice.

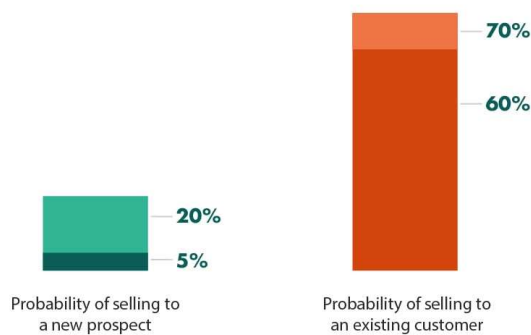
3. Better customer retention

Apart from being a great asset in finding and nurturing your potential and new customers, CRM is also a great tool for keeping your existing customers happy.

A CRM system comes up with a handful of "customer retention" benefits: it will help you keep your promises by reminding you about appointments or when to send follow up emails.

But what makes the real trick here is that CRM can also prompt you to reach out to those customers who have not been contacted in a while, and perhaps feel neglected.

After all, keeping an existing customer is 6 or 7 times cheaper than getting a new one, claims the report by Frederick Reichheld of Bain & Company.



To sustain your customers' interest, a CRM system can also help you orchestrate your B2B marketing strategies, send email campaigns, free trial offers or post-purchase customer surveys, etc. – all at the right time!

4. Better anticipation of needs

We feel more confident when we know what to expect.

The same applies to business.

It's easier to cross-sell or upsell a customer when you've been tracking their buying habits.

And since one of the key benefits of having a CRM system is to help salespeople sell more and sell faster, it is the access to customer interaction history through the entire customer journey that allows sales reps to anticipate customer needs.

If you know the contact's purchase history – what they bought and when, what contracts they were offered, what buying habits they demonstrated, and even how they became your customers, you can be proactive and come up with new or better offers at the right time!

A CRM system is also indispensable in providing great customer service. The access to interaction history makes it easy to offer timely customer service.

Just a few clicks and you know whether a contact had any problems with your product, how their service requests were handled, and whether they were satisfied or not. And if they complained about something in the past – it's your chance to redeem your reputation and offer a much better customer experience.

5. Better and speedier communication

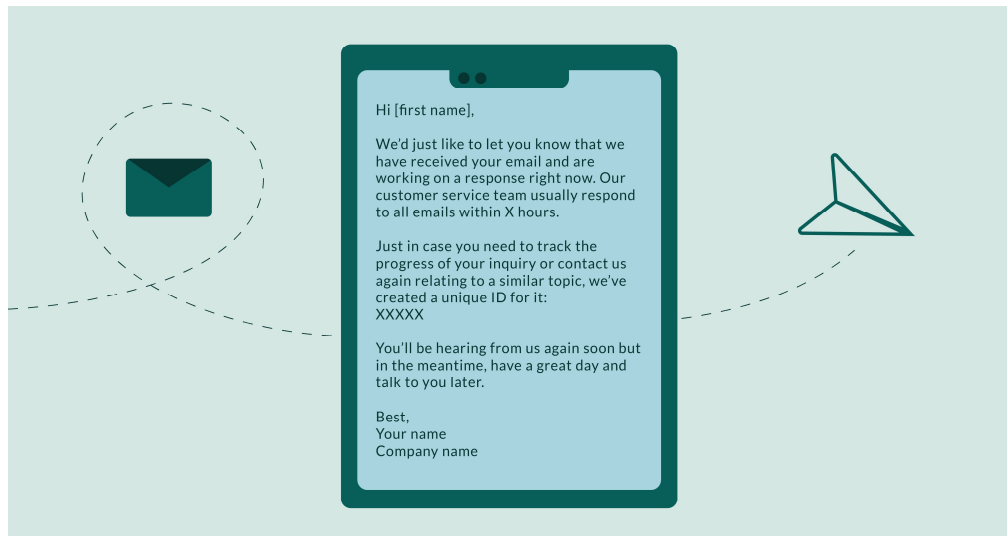
Not making your customers wait by quickly replying to their requests is a sign of professionalism.

Saving yours and your customers' time is the CRM system, which offers you a set of customizable, ready-to-use email templates, letters, documents, proposals, quotes, invitations and newsletters.

Speaking of ready-made templates, here's one for you.

Our most recent edition of the Customer Service Benchmark Report found that 90% of companies do not use autoresponders to acknowledge they have received a customer service email.

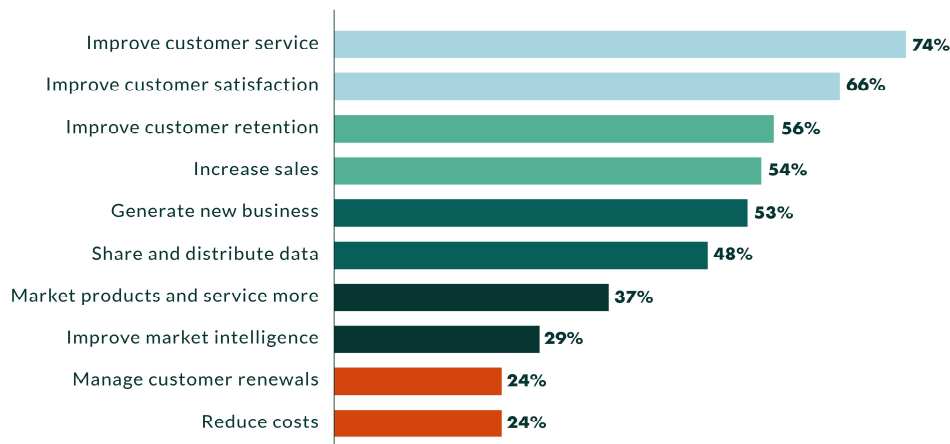
Simply copy the template below and upload it in your CRM system to stand out from the competition:



Another benefit is that a CRM system can also help you draft SMS and emails and schedule their dispatch weeks or months in advance.

And when it comes to dealing with customer service requests, speed is critical!

In fact, the number one reason that companies invest in CRM is to improve customer service. There's so much data being collected and value to be added.

“WHAT ARE THE MAIN BENEFITS YOUR BUSINESS HOPES TO ACHIEVE USING CRM?”

With all contact interaction history just a click away, CRM allows you to personalize your communication, send replies offering quick solutions to recurrent problems, send links to FAQs and videos, not to mention that phone calls can be made straight from the system.

6. Better protection of data privacy

Finally, let's address the "buzzword" of the last few years – the General Data Protection Regulation (GDPR). In order to comply with the data privacy requirements of the new EU regulation, it's über important to have a CRM software that has inbuilt GDPR-related functionality. The main benefit of CRM here is that it will save you a lot of time and effort, as being GDPR compliant is a job in itself, not to mention all the unpleasant legal consequences if you violate this privacy law.

A CRM system can help you:

Obtain and document your contacts' permission to store and use their personal details (consents) Send automatic notifications to all new contacts informing that you would like to store their data, Manage your customers' subscription to email communication preferences Set up rules to update personal details for groups of contacts – all at one time. Doing this all manually will take most of your time and you also run the risk of making mistakes.

But, setting up a CRM system to do that for you is a quick, safe and reliable way to make your communications with customers GDPR compliant, which in turn builds trust as you handle your customers' data with respect.

7. Better collaboration within your organization

A good CRM system doesn't just benefit the way you manage customer relationships. It also improves collaboration within your organization.

How? By improving the way you and your team communicate with each other.

Cloud-based CRM's make it easy for all employees to see the communication and interactions between the company and customers.

This transparency means that employees gain a mutual understanding of how to present themselves (and the company) to future leads.

When employees are able to message each other, comment or send each other projects and schedule internal meetings in one cohesive system, it's never been easier to boost internal collaboration, which inherently means more productivity.

A centralized CRM platform with all customer data and information available to all employees ensures two things: The customer at the heart of the organization and everyone on the same page as to how they approach and maintain customer relationships.

Customer relationships as a business priority. A customer is more than just a sales opportunity.

You can have the most amazing product to offer, but if you don't treat your customers right, you won't sell a thing!

That's why building good relationships with them is every business' number one priority.

And this is exactly what a CRM does best – helps you maintain great relationships with customers, by treating each and every one individually, not forgetting about them, and being there when they need you.

Also, in the face of the new EU privacy law, a GDPR-compliant CRM system is a powerful tool to strengthen your bond with your customers, as it will build deeper trust with your contacts since their personal information is going to be handled securely and professionally.

Summary

The front office is the client-facing part of the firm and includes the roles which focus on working with and for clients, rather than in support, risk, compliance and operations roles. It is named because traditionally, the client-facing staff would be at the front of the business where they could be seen, and the support staff would be behind them at the back, unseen.

1. Usually, front office roles are income generating and therefore some people argue that roles such as Equity Research are not front office, as they do not directly generate any revenue although this is clearly wrong, as they are perhaps the most client-facing role there is alongside Sales. On the other hand, traders almost never meet clients so they might not be considered front office, when they most definitely are.

2. Often, people get too focused on whether a role is “front office” or not and there is confusion over what is front office and what isn't, as the examples above demonstrate. Front office roles can be thought of as the intermediary roles, both between clients and between outside and inside roles. For example, two buy-side firms might interact through the Sales force at an investment bank, and front office bankers interact with both clients and support staff and therefore facilitate the flow of information.

3. Typically, the front office is the hardest area of an investment bank to get into, but also has the best pay and exit opportunities.

4. Historically, call centres have been built on PBX equipment that is owned and hosted by the call centre operator. The PBX might provide functions such as Automatic Call Distribution, Interactive Voice Response, and skills-based routing. The call centre operator would be responsible for the maintenance of the equipment and necessary software upgrades as released by the vendor.

Keywords

Inbound Contact Centre: Contact centres communicate with customers in a number of ways, but who initiates the contact defines the type of contact centre. If the outside world initiates contact, then the contact centre is said to be an inbound contact centre.

Job Analysis: Job analysis is the formal process of identifying the content of a job in terms activities involved and attributes needed to perform the work and identifies major job requirements.

Job Description: A job description is a list that a person might use for general tasks, or functions, and responsibilities of a position.

Lodging: A room or rooms rented out to someone, usually in the same residence as the owner.

Outbound Contact Centre: If the contact centre itself is responsible for initiating contact; then the contact centre is said to be an outbound contact centre.

Reservation: An arrangement whereby something, esp. a seat or room, is booked or reserved

for a particular person.

Text Chat: It can be an effective way to communicate with the customer. Text chat is like a telephone call, but instead of talking, the two people are typing their dialog.

Training: The action of teaching a person or animal a particular skill or type of behaviour.

Self Assessment

1. Perceived monetary value of all benefits which customers expect from a given product because of brand image is called

- A. total customer benefit
- B. total customer cost
- C. total economic cost
- D. total functional cost

Answer: A

2. System includes all experiences while using market offering is classified as

- A. customer proposition
- B. value delivery system
- C. product proposition
- D. distinctive proposition

3. Number of customers or potential customers who will help in company's growth is classified as

- A. customer base
- B. retailer base
- C. distributors base
- D. marketers base

4. Any occasion on which brand or product is encountered by end customers is called

- A. customer touch point
- B. company touch point
- C. retailers touch point
- D. relationship touch point

5. Technique which tries to identify real cost of serving an individual customer is called

- A. activity based accounting
- B. cost based accounting
- C. price based accounting
- D. turnover based accounting

6. customer managed relationship

- A. data mining**
- B. permission marketing**
- C. one-to-one marketing**
- D. batch processing**

7. What are the main benefits of CRM?

- A. Improve customer service
- B. Improve customer satisfaction
- C. Improve customer retention
- D. All the above

8. Performance evaluation is done on basis of:

- A. Project outcome
- B. Project details
- C. Project frameworks
- D. None of the above

9. SWOT analysis helps to analyze:

- A. Which customer segments does the business serve?
- B. What are the marketing and customer related objectives of the business?
- C. What is the business position and market share?
- D. All the above

10. CRM system allows us to see:

- A. Full name
- B. Email address
- C. Telephone number
- D. all the above

Answers for Self Assessment

1. A 2. B 3. A 4. A 5. A
 6. C 7. D 8. A 9. D 10. D

Review Questions

1. What is the meaning and concept of front office management?
2. Discuss various functions of front office manager.
3. Explain the concepts that will assist employees in developing their own supervisory style.
4. What do you mean by job description and job analysis? Prepare a job analysis of a receptionist.
5. What is contact centre technology?

6. Differentiate between call and contact centre.
7. What is a text chat?
8. What are the CRM technologies working for enhanced system of CRM?
9. What is meant by outbound contact centre?
10. Discuss front office management in detail.



Further Readings

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Michael L. Kasavana, Ph.D., Michigan State University, Rooms Division Managing Front Office Operations.

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Online links <http://blog.tmcnet.com/telecom-crm/2007/11/30/crm-adoption-biggestproblem-in-83-percent-of-cases-wigan-gets-crm-tre.asp>

http://education-portal.com/articles/Front_Office_Manager_Job_Description_and_Requirements.html

<http://hotelmule.com/forum/viewthread.php?tid=722>

<http://scn.sap.com/docs/DOC-5036>

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Unit 20: Future of CRM

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Objectives

- Factors Influencing Future of CRM
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Introduction

The future has arrived – at least it has in the world of customer relationship management or CRM software, one of the fastest growing categories of enterprise software. We are entering the era of intelligent, integrated CRM, and the future of CRM is even brighter. From small businesses to global enterprises, sales and marketing teams are adopting CRM to deliver better customer experiences, acquire and retain customers, and gain new customer-centric insights that are changing their companies for the better.



Main Points:

- Customer satisfaction has replaced customer experience as the top sales metric.
- To meet customer-centric goals, CRM systems need to evolve with greater precision and predictive analytics, as well as a focus on customer needs and behavior.
- As AI becomes more prominent in the sales space, sales reps will transition to more customer-care-focused tasks.
- CRM solutions act as a single source of truth for organizations looking to unify operations across departments.
- Organizations seek to automate rudimentary, day-to-day functions to allow staff to focus on more pressing tasks.
- As customers increasingly demand hyper-personalized experiences, CRMs are adapting to deliver mass personalization at scale.

20.1 Future of CRM

According to Fortune Business Insights, the global CRM market is expected to reach \$145.79 billion by 2029, growing at a CAGR of 12.5%. Companies of all sizes are struggling to stay in step with their customers as their preferences related to how they learn about products and when they buy change constantly.

We asked several experts in the field of CRM to share some predictions and trends in customer relationship management. Here's what they had to say.

20.2 Customer Intelligence Is King

Customers are fundamentally changing, and it goes beyond simple demographics. There's a change in how all customer segments across Business-to-Business (B2B) and Business-to-Consumer (B2C) select who and why they buy from one company or another, as well as when they buy. To harness that information, you have to collect it — that's where CRM comes in.

The better the marketing data, insights and customer-centric knowledge driving decisions, the more effective every marketing tactic and strategy will be. When you build marketing strategies on a solid foundation of customer intelligence and insights, customer experiences improve.

Positive customer experiences build trust, fuel repurchases, create loyalty and lead to higher lifetime customer values. This chain reaction of customer-centric growth gets started when marketing and sales teams know what customers are expecting, why they're expecting it and how best to deliver products or services that exceed customer expectations.

Tiffani Bova, Global Customer Growth and Innovation Evangelist at Salesforce, sees a paradigm shift occurring in customer relationships:

"Last year, customer experience was on its way to becoming the number one sales metric. Just 12 months later, the top spot has been claimed by customer satisfaction. [In the future], Closing a deal may mean far less to a rep [than it does now] — enabling the client to use the product could be much more significant."

The dynamics of customer relationships are changing fast, with experiences winning out over transactions and satisfaction usurping experience. CRM systems need to change if they are going to meet customer-centric goals. They need to have greater precision, focus on customer needs, quantify customer behavior and predict that behavior. Additionally, today's CRM systems should suggest or recommend potential tactics and strategies to marketing and sales teams that deliver results.

CRM startups that focus on how to provide new insights into improving customer experiences are flourishing. According to **Mitch Lieberman, cofounder of ConversationalX**:

"[The future of CRM] is about which companies will be able to pivot to meet the changing needs and trends — driven by customer expectations. Customers expect organizations to know a lot about them and expect to have conversations. Companies like Tact.ai and Nimble on the sales side are solid examples. There are some interesting companies on the service side as well, those focusing on efficiency, accuracy and friction-free experiences."

CRM has evolved over the years from more than a contact and lead management solution and now strives toward providing a holistic customer view. Courtesy of its ability to collect vast amounts of data. Using customer intelligence, sales, marketing and customer service teams can tap into buyers' demographic, behavioral, transactional, web browsing data and psychographic attributes.

That's not all. The insights gathered can further empower businesses to follow a more customer-centric approach. For example, your marketing department can use customer data at hand to identify pain points and prioritize their needs accordingly. They can evaluate customer interactions to deliver tailored campaigns and assess top-ranking marketing emails to ensure a higher conversion rate.

Customer intelligence sources like social listening and surveys will empower you to build a well-rounded picture of your customers' wants and needs. With this information, businesses can develop new products, improve existing ones and deliver enhanced customer services.

By offering greater contextual insight, customer intelligence provides predictive accuracy of when and where to sell in order to deliver measurable results. For chief marketing officers (CMOs) and their teams, quantifying their contribution to company growth is one of the greatest challenges. Business intelligence (BI), machine learning and artificial intelligence (AI) all provide CMOs and their teams an opportunity to measure how their strategies drive sales and profits, as well as how they contribute to overall growth.

20.3 Artificial Intelligence, Business Intelligence and Beyond

Speaking of BI, it is one of the major CRM trends helping businesses meet their global strategic needs. Analytics, business BI, big data, machine learning and AI form the foundations of today's fastest-growing, data-driven CRM applications.

Including BI capabilities in CRM has umpteen benefits. It paves the way for data-focused decision-making, better categorization and improved customer engagement. While CRM tools help you collect data, BI enables you to make sense of it to drive growth.

Custom dashboards and reporting are already transforming the CRM landscape. They allow invested parties to view real-time organizational data in an easy-to-understand way. BI tools enable you to build effective dashboards that provide insights into revenue forecasts, performance metrics and average deal rates. On the other hand, you can measure campaign effectiveness, gain visibility into the sales pipeline and monitor goals via reports.

Data-driven companies are the future. By 2025, almost all employees will likely leverage data to support their work. And that's why BI will be a common fixture in CRM in the coming years.

Rich Bohn, self-proclaimed oldest living independent CRM analyst and President of Sell More Now LLC, is excited about AI. "AI is real and happening now," he says, "and I am still waiting for someone to show me great use of blockchain in CRM. It will happen." These concepts were once the purview of science fiction but are the next big things in the world of CRM.

Artificial intelligence in customer relationship management will be one of the primary catalysts of intelligent CRM's growth over the next four years, supported by analytics, business intelligence and machine learning. Buyers will focus on adding emerging technologies that enable more effective customer experiences.

AI is to CRM what spinach is to Popeye. It supercharges the CRM, enabling you to uncover critical opportunities and make informed decisions.

More and more CRM solutions will incorporate AI to drive business operations. It's already evident in big-league vendors like Salesforce and Zoho. They offer built-in analytical tools like Einstein and Zia that help predict outcomes, proactively resolve issues and recommend next-best actions based on prior customer interactions.

Customers and business leaders equally realize the importance of AI. While customers deem AI the key to improving their experiences, businesses bank on it to sift through tons of unstructured data to provide critical insights. Here's what Zendesk's latest CX trends report found:

20.4 Future of AI in CRM

Seven out of 10 consumers agree that AI is good for society.

- 66% of customers give AI a thumbs up for making their lives easier.
- 26% of companies have allocated a quarter or more of their customer service tech budget to AI, and 43% plan to spend up to a quarter more in the next year.
- 26% of companies surveyed currently offer AI and chatbot-guided self-service, while 25% plan to add this capability soon.

Almost every solution employs AI-driven tools, and CRM is no exception. Marketing, sales and customer service processes extensively use this technology to optimize daily functions. Businesses can leverage machine learning for intelligent lead scoring, smart segmentation, sales forecasting, sentiment analysis, logo detection and much more.

AI use cases in CRM are exponential. Lieberman thinks AI used for natural language processing (NLP) will soon be ubiquitous:

"At the stack level, there will be an increasing use of AI for very specific purposes. Natural Language Processing (NLP) towards friction reduction. This will be used at the very front end of the marketing process and the customer service process. There will be attempts and a few failures at using AI deep within the sales process, but we will get there eventually."

But wait, shouldn't we be worried that AI will take jobs from sales reps? Is the CRM of the future an entirely robotic one? Bova doesn't think so:

"When it comes to Sales AI's role, it is to ease the burden of manual and tedious tasks. This gives reps more time to focus on giving customers what they want: consultative, trusted advisors — a uniquely human skill set."

So don't worry about the robot uprising just yet. These experts all agree that AI, NLP, BI and blockchain will all be used to enhance human sales reps and employees in new and exciting ways.

20.5 APIs and Integrations

An article from Trans Funnel, *How APIs Can Help To Grow a Business*, provides an assessment of how companies can improve products using APIs. In CRM, APIs are the glue that makes greater customer intelligence possible. They help integrate systems and create valuable systems of record that reflect customer preferences while driving successful sales growth strategies.

APIs are one of the key technologies that enable cloud-based CRM applications to flex in response to sales and marketing teams' needs. They're also fueling a level of analytics-driven insights previously unseen. In addition, APIs are enabling entirely new business models, with the continued growth of Amazon Web Services dramatically showing how APIs contribute to the development of entirely new business models.

APIs are already beginning to become more customer-centric in design, allowing for greater flexibility and versatility in designing entirely new GUIs, workflows, process steps and screen designs. Over time, APIs will redefine the nature of cloud platforms. Nearly every CRM provider today has APIs, some more mature and scalable than others. Cloud platform providers that dominate the CRM landscape have enterprise-grade APIs that signal the future of this aspect of the CRM technology roadmap industry-wide.

Louis Columbus had the following prediction:

"APIs [will] become increasingly customer-centric in the coming three-to-five years. These APIs will have a strong focus on orchestrating a wide variety of databases, data-rich applications and systems of record. Cloud platforms are enabling APIs to become more customer-centric by providing scalable, reliable integration frameworks and technologies."

APIs are also enabling the future of CRM technology by enabling greater orchestration and collaboration across departments, divisions, sales teams and channel-selling organizations.

Organizations usually have customer information scattered across multiple sources. This siloed data makes it difficult for businesses to see the complete picture. Teams have to bounce repeatedly from one system to another to collate customer information, which hinders productivity.

To eliminate data silos and boost collaboration, integrated CRM systems are already a hot commodity in the market. And they'll continue to provide more extensive integrations with third-party systems. By integrating your CRM with other tools, your sales and marketing teams can access a single source of truth and use it to personalize sales pitches and customer journeys.

Aside from critical integrations to ERPs, marketing automation platforms and eCommerce websites, a crucial juncture in CRM evolution is voice technology and conversational UI.

Like machine learning, voice technology makes CRM more advanced and easy to use. For example, voice-to-text capabilities boost data entry and speech recognition systems allow staff to jot down notes during a meeting. Moreover, chatbot integrations help find relevant data, deliver automated customer interactions and generate reports.

APIs streamline your day-to-day operations. Precisely why custom integrations are center stage in the future of CRM. As more organizations start treating CRM as an essential component for efficiency and growth, the software must connect to every tool in your arsenal, right from your campaign marketing solutions to billing modules.

20.6 Keeping Customers Happy Brings Them Back

One of the key trends in CRM software is customer satisfaction, but that goes beyond just purely good service. Every business striving to keep existing customers and attract new ones faces the challenge of staying on their radar – a.k.a., staying relevant – as customers' preferences and perceptions of what matters most changes. It's the same with CRM applications and the sales and marketing teams using them. The old, cryptic command line interfaces and green screens of old

systems are no longer relevant to the millions of sales and marketing teams relying on CRM to attract and win customers.

Our experts foresee that this focus on user-friendliness for CRM users will translate to more personalized customer service. Bova pointed out that “59 percent of customers say tailored engagement based on past interactions is very important to winning their business.”

Lieberman agrees, and also brings up some concerns:

“[CRM will provide] the ability to finally scale the human touch and reduction of treating customers as objects. Customers will be demanding more. [But] there are two double edged swords: 1: operational efficiency is in conflict with exceptional customer experiences, and 2: Customers will expect you to know everything about them, but there are now privacy concerns about ‘you know me, just not too well.’”

Here’s what Salesforce’s State of the Connected Customer report uncovered:

- 79% of consumers say they’d more likely trust a company with their information if it clearly explained its use.
- 64% mention that most companies aren’t transparent about how they use personal information.
- 74% of customers say companies collect more personal information than they need.
- 46% would share their style preferences to get tailored rewards.
- 61% of consumers are comfortable with companies using relevant personal information transparently and beneficially.

Striking this balance between personalized customer interaction and respecting user privacy is a delicate one.

However, keeping customers happy is paramount. It’ll reduce churn, help you build a loyal base and increase customers’ lifetime value. But how do you quantify their contentment or discontentment?

Here’s where metrics like customer satisfaction (CSAT), customer effort score (CES) and net promoter score (NPS) come into the picture. They help you gauge customer satisfaction levels and identify recurring pain points.

As companies switch gears to focus on a more customer-oriented approach, customer feedback has emerged as the go-to tool for analyzing client needs. Keeping this in mind, CRM vendors are including feedback management modules like surveys and customer-centric benchmarks within the system.

The future of customer relationship management technology is being defined today by new, agile application interfaces that you can customize for each sales and marketing team member’s needs. Cloud platforms and their support for common user interfaces and usability standards are streamlining the customization of screens in CRM apps, making it possible to add or change fields within minutes. It no longer takes weeks or months to modify a CRM system’s screens or workflows; it can be done in minutes by a cloud platform and application administrators.

This is one of the main catalysts that continue to drive the adoption of cloud-based CRM applications. The flexibility of customizing CRM applications to match how sales and marketing teams work, rather than the reverse, is revolutionizing CRM and fueling its continued growth.

20.7 CRM as a Single Source of Truth

Organizations are increasingly fusing sales, marketing and customer services operations to facilitate sustainable growth. In the future, all teams must align closely to deliver exceptional customer service. Unified CRMs go a long way in ensuring all cogs of the wheel are striving towards a common goal.

Every situation, from creating awareness through marketing campaigns to converting leads into customers, helps accumulate insights into buyer behavior, purchase patterns and past interactions. Customer support, billing teams and even back office operations can eventually use this data. A unified CRM helps bring all details into a centralized view, empowering every unit to meet customer requirements.

While sales- or marketing-driven CRMs provide a deeper understanding of customer needs, in the current scenario, even non-customer-facing operations like supply chain, billing and finance require data points to meet growing customer expectations.

Customer insights and value influence a company's policy framework across all departments. Without a direct link between back office, front office and middle office operations, there's a disconnect on how to put an efficient system in place that caters to customer expectations throughout their journey.

While the general view in the past may have been that supply chain or cost-related decisions have no bearing on delivering exceptional experiences, that's not the case anymore. Due to a demand-driven economy that dictates objectives, it's imperative to tap into customer insights while building organizational processes.

With a unified CRM, you can integrate disparate information, paving the way for optimized data collection and data-driven decision-making. It creates a seamless flow of information throughout front and middle office processes. For instance, a unified CRM can link marketing functions like lead generation to the sales pipeline and then to service operators, thus allowing you to manage a customer's entire lifecycle.

Business leaders are adopting a connected enterprise approach post-pandemic, an aspect supported via a unified CRM. Here's what a KPMG report found:

- 60% of DT leaders fast-tracked initiatives around connecting front, middle and back offices.
- 39% of DT leaders sped up data integration for a single source of truth across front, middle and back offices.

A unified CRM acts as a single source of truth that analyzes customer behavior and collects insights in real time. It helps make sense of your customer's long-term and short-term needs. Just like the heart pumps blood to other body parts, a CRM supplies vital data points to different business areas.

The future of CRM will witness an increase in the use of CRM as a single source of truth because it will connect everything under the sun, from employees, departments and teams to stakeholders. In the coming years, CRM will become a technology not just used by customer-facing teams but by the entire organization.

More, Deeper Automations

According to Asana's Anatomy of Work Global Index, workers lose roughly 23 hours of the 40-hour work to menial, repetitive tasks. When teams spend a considerable portion of their time on "work about work" functions, it bleeds into their productivity, leaving them with less time on pertinent tasks like pitching proposals or creating marketing campaigns.

Work hours lost due to rudimentary tasks

As organizations and CRM vendors picked up on the importance of automation as a solid solution for boosting productivity, tools like sales force automation and marketing automation have been reeking in all the glory. Most CRMs today offer automation modules to streamline day-to-day tasks. Businesses already use it for smart segmentation, cart recovery, email workflows, customer journey maps, content creation and much more.

Picking up on its importance, industry giants like HubSpot, Salesforce and Zendesk have placed automation modules right in the middle of their products and marketing strategies.

While CRM automation has already made considerable strides, the future will see more robust automation as executives start to invest heavily in it. It is corroborated by Forrester's the State of CRM report. Here are some of the findings:

Customer Relationship Management

AI-powered automation is the leading CRM system use case planned by executives for the next two years.

- By 2023, 79% of organizations will use AI-powered automation to enable customer/prospect automation.
- 78% of companies will use AI-powered automation to relieve employees of day-to-day processes.
- 69% of executives noted that they are concentrating on improving automation to focus employees on work that matters.

Shifting from more than just a contact repository, CRMs have transformed themselves into a requisite tech stack for all companies. Adding automation to the mix is another feather in its cap. In the future, automation's use case in CRM is bound to increase tenfold as companies integrate it into more and more of their operations. As CRMs come up with new and exciting ways to automate tasks, CRM and automation are bound to be synonymous.

Personalization Is Key

One size doesn't fit all. That's true for both clothes and customers. Their needs and expectations have evolved over the years. According to a report by Twilio Segment, 49% of consumers say they will likely become repeat buyers after a personalized shopping experience, and 62% of consumers say a brand will lose their loyalty if they deliver an un-personalized experience.

Personalization shopping experience stat

Precisely why mass personalization is at the front and center of the future of CRM. "Why?" you may think. Because of its ability to extensively mine data to uncover actionable insights, analyze behavioral patterns and deliver quality, relevant experiences.

CRMs accrue tons of data from prior communications, support tickets, sales notes and content downloads. You can use the available information to create customer profiles and journey maps and get a 360-degree view of customers and leads.

Personalization has become imperative for sales, marketing as well as customer service operations. In this digital era, the modern buyer wants hyper-personalized experiences and businesses to anticipate their requirements on a micro and macro level.

CRMs are working towards delivering these needs, and in the future, they'll provide personalization at scale. With the amount of customer information collected, businesses will be able to personalize emails and messages right down to a single customer.

Looking Ahead

More integrated, contextually-aware and intelligent CRM applications and platforms will enable marketing and sales teams to define strategies with greater precision while measuring results achieved by sales teams better than ever before. CRM future developments also predicate how quickly APIs are redefining cloud platforms. Using APIs to integrate with enterprise applications is just the beginning.

CRM will continue to outpace overall enterprise software growth, as the plethora of technologies and strategies they support directly contribute to revenue growth. Not to mention, it is also measurable by new customer acquisition and gross margin growth. Due to all of these factors, the future of CRM is among the brightest in all of enterprise and cloud-based software.

Summary

□ Sales force automation refers to automating all the actions related to sales of an organization or business. This is a coordination of applications that chiefly center on scheduling and contact management.

- Sales force automation actions are usually incorporated with other systems that supply the status of orders, inventory and products and other related information and can be a part of a bigger program of customer relationship management.
- Sales force automation helps by making all business actions pertaining to sales, automatic.
- Nowadays there is a variety of software and solutions available for sales force automation that can help small, mid-size, and large enterprises to meet and surpass their sales targets and initiatives.
- All the information provided by such solutions can help businesses to analyze their sales and pinpoint future trends and courses.
- You can get sales force automation solutions that are customized according to your specific business. These solutions are completely configurable to meet your individual business and sales automation needs.
- Highlights of sales force automation:
 - (a) Effectively processes and quotes orders
 - (b) Manages opportunity and pipeline for products and services to be sold
 - (c) Improves lead distribution and tracking
 - (d) Sales methodology support including guided sales activities and achievements
 - (e) Productivity tools to reduce the amount of time spent on administrative tasks, and increase that spent on deals most likely to close
 - (f) Forecast Management capabilities
 - (g) Provides remote sales staff with instant access to corporate information

Keywords

Alerts: Messaging facility allows sales representative to receive from as well as send alerts to central server.

Appointment Scheduling: This facilitates creating, viewing and rescheduling appointments by a sales representative on his PDA.

Client Application: The client application is hosted in the Sales Representative's PDA device and has the ability to view appointments, create orders, search for customer details and item details and synchronise with the Mobile Server using GPRS.

Delivery Instructions: The Sales Representative can enter a Delivery Instruction if required and save the order.

Mobile Server: It is the key sub-system of the entire sales force automation system.

Sales Force Automation (SFA) Software: It is a type of program that automates business tasks such as inventory control, sales processing, and tracking of customer interactions, as well as analyzing sales forecasts and performance.

Sales Force Automation: It refers to automating all the actions related to sales of an organization or business.

Synchronization: This module facilitates in synchronising data on the device with the server using cradle or wireless synchronisation.

Self Assessment

1. What we cannot expect as Future of CRM
 - A. AI, BI and Beyond
 - B. CRM as a Single source of Truth

- C. API and Integration
 - D. None of the above
2. Customer satisfaction has replaced customer experience as the top sales metric.
- A. To meet customer-centric goals, CRM systems need to evolve with greater precision and predictive analytics, as well as a focus on customer needs and behavior.
 - B. As AI becomes more prominent in the sales space, sales reps will transition to more customer-care-focused tasks.
 - C. CRM solutions act as a single source of truth for organizations looking to unify operations across departments.
 - D. All the above
3. As customers increasingly demand....., CRMs are adapting to deliver mass personalization at scale
- A. hyper-personalized experiences
 - B. personalized experiences
 - C. conflicts
 - D. none of the above
4. The better the marketing data would lead to :
- A. insights and customer-centric knowledge driving decisions,
 - B. the more effective every marketing tactic
 - C. best strategy
 - D. all the above
5. Positive customer experiences build
- A. trust
 - B. fuel repurchases
 - C. create loyalty and lead to higher lifetime customer values
 - D. all the above
6. CRM systems need to change if they are going to meet customer-centric goals. They need to have :
- A. greater precision
 - B. focus on customer needs,
 - C. quantify customer behavior and predict that behavior
 - D. all the above
7. In lead management Solution, Using customer intelligence, sales, marketing and customer service teams can tap into :
- A. buyers' demographic
 - B. behavioral, transactional,
 - C. web browsing data and psychographic attributes
 - D. all the above

8. machine learning and artificial intelligence (AI) all provide CMOs and their teams an opportunity to measure how their strategies drive sales and profits, as well as how they contribute to overall growth.
- A. Business intelligence (BI)
 - B. Intelligence
 - C. Relationship
 - D. Trust
9.help you collect data, BI enables you to make sense of it to drive growth.
- A. CRM Tools
 - B. Analytical Tool
 - C. Experimental
 - D. None of the above
10. tools enable you to build effective dashboards that provide insights into revenue forecasts, performance metrics and average deal rates.
- A. Business Intelligence
 - B. Artificial Intelligence
 - C. AI and BI
 - D. None of the above
11.will focus on adding emerging technologies that enable more effective customer experiences.
- A. Buyers
 - B. Stakeholders
 - C. Businessmen
 - D. Community
12. Customers deemthe key to improving their experiences, businesses bank on it to sift through tons of unstructured data to provide critical insights
- A. AI
 - B. CRM
 - C. BI
 - D. All the above
13. Marketing, sales and customer service processes extensively use -----technology to optimize daily functions. Businesses can leverage machine learning for intelligent lead scoring, smart segmentation, sales forecasting, sentiment analysis, logo detection and much more.
- A. AI
 - B. BI
 - C. CRM
 - D. All the above
14. Marketing, sales and customer service processes extensively use this technology to optimize daily functions. Businesses can leverage machine learning for :

- A. intelligent lead scoring,
- B. smart segmentation, sales forecasting,
- C. sentiment analysis, logo detection
- D. all the above

15.towards friction reduction. This will be used at the very front end of the marketing process and the customer service process.

- A. NLP
- B. CRM
- C. AI
- D. BI

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. D | 2. D | 3. A | 4. D | 5. D |
| 6. D | 7. D | 8. A | 9. D | 10. A |
| 11. A | 12. A | 13. C | 14. D | 15. A |

Review Questions

1. What do you understand by sales force automation?
2. Describe the important features of sales force automation system.
3. Discuss the advantages and disadvantages of sales force automation.
4. How is SFA important for a business?
5. What are the emerging technological advancements in SFA?
6. Discuss the general concept of SFA.
7. How far is the scope of SFA reached?
8. Is SFA used in manufacturing companies?
9. What is SFA included in CRM strategy?
10. What is meant by synchronization?



Further Readings

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