



MAMK

University of Applied Sciences

Customer Intelligence and Relationships Management (CRM)



**L81A310 Customer Relationship
Management (CRM) Course**
8th – 12th February, 2016

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“Technology Entrepreneurship
and Innovations in IT”

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Content

Goal for today's topic:

- Customer Relationship Management (CRM) specifics
- To get clear understanding of the specifics of Customer Relationship Management and importance
- To overview specific characteristics: **CRM Strategy, CRM Processes and their specifics**
- To overview existing examples and application of the strategies, processes and methods for measuring the performance of a successful CRM

What is Strategic CRM development?

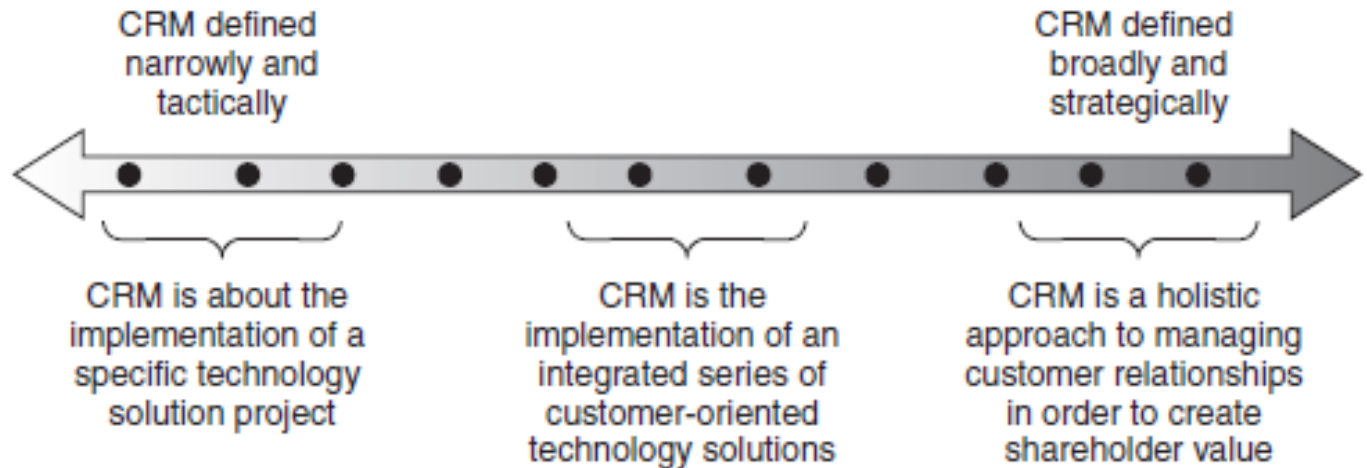


Customer Relationship Management Course - **Content**

1. What is CRM Strategy?
2. Where is the place of CRM strategy in a company hierarchical strategic framework?
3. What are the strategic processes in the implementation of Customer Relationships Management?
4. Overview on the existing examples and application of the strategies and strategic processes in CRM.
5. Methods for measuring the performance of a successful CRM implementation.



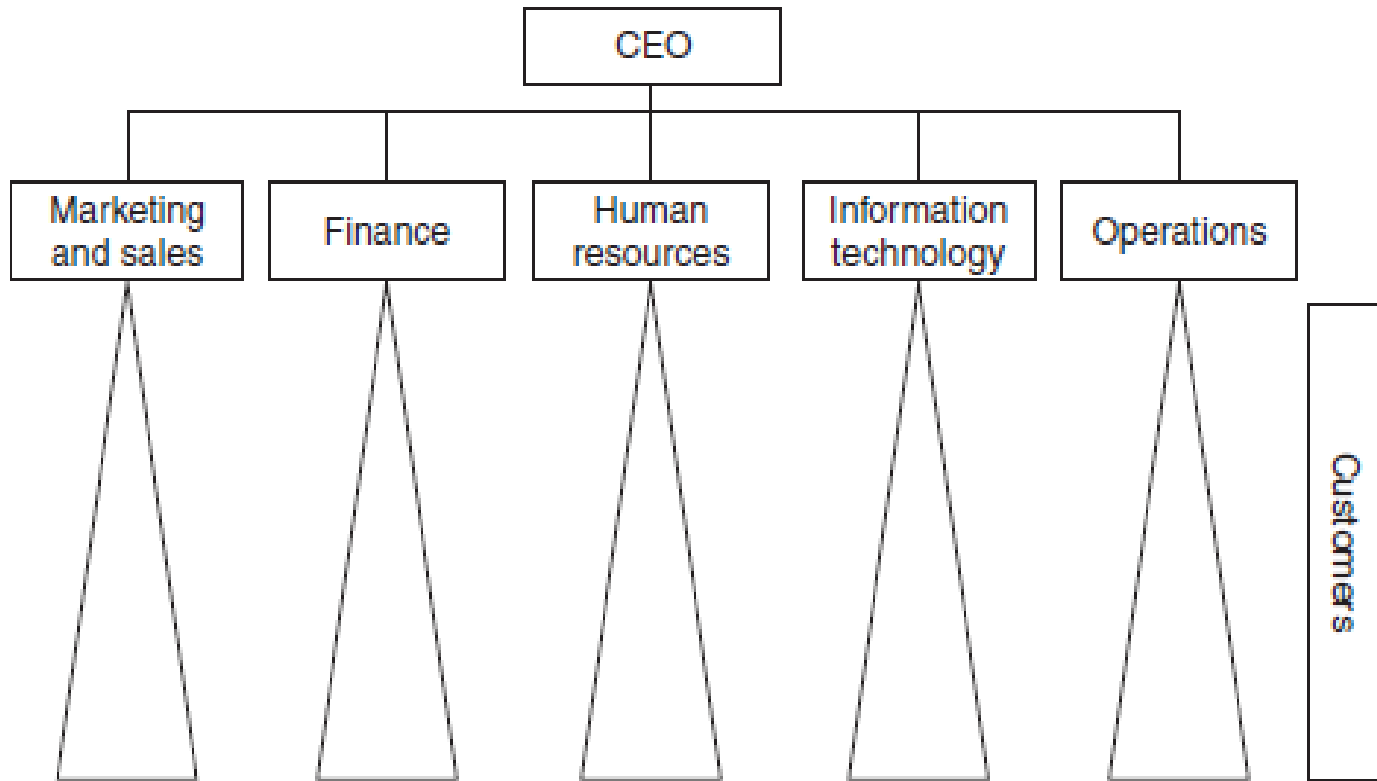
CRM Level of Incorporation – The CRM Continuum



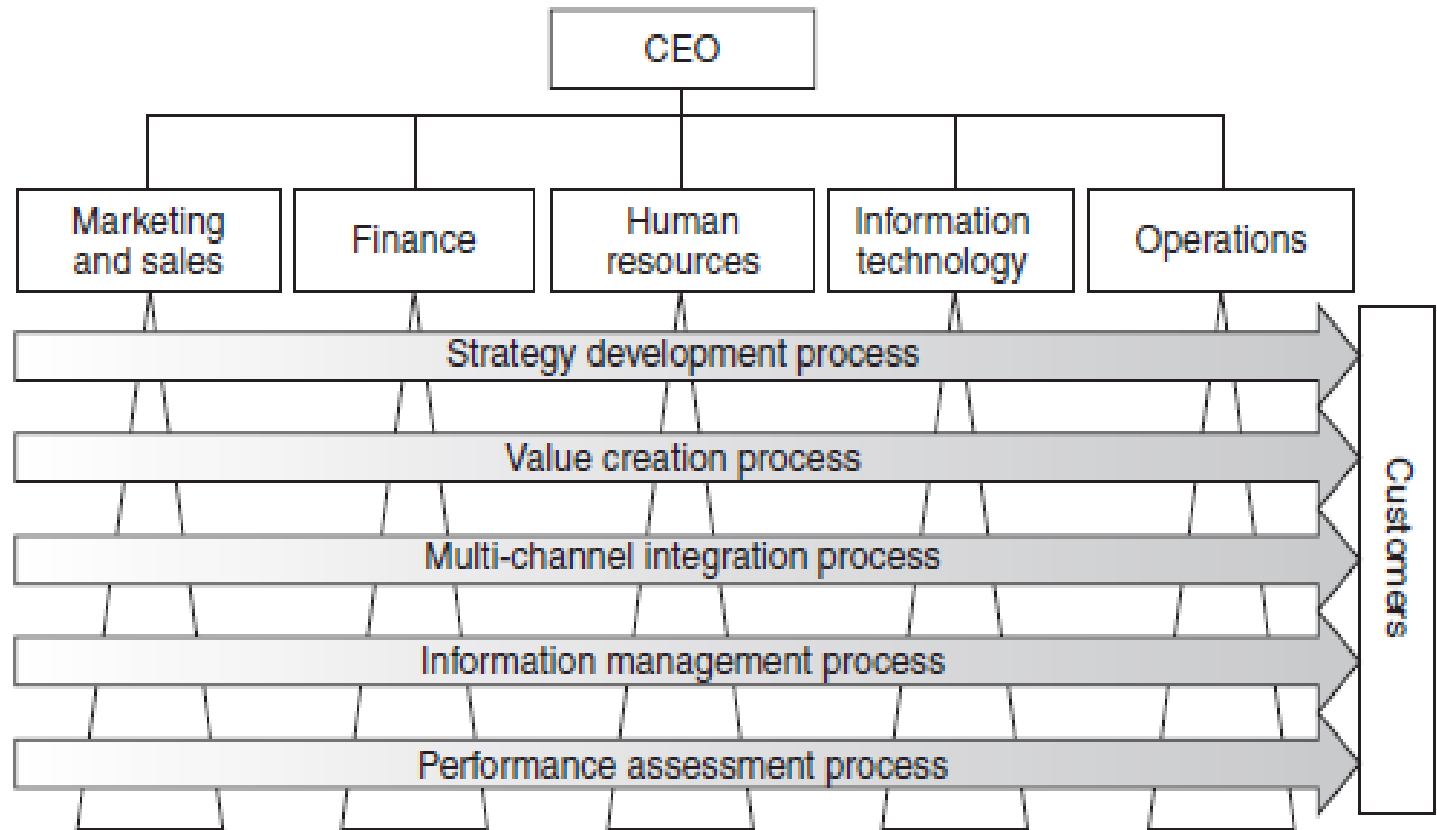
Source: based on Payne and Frow¹⁶



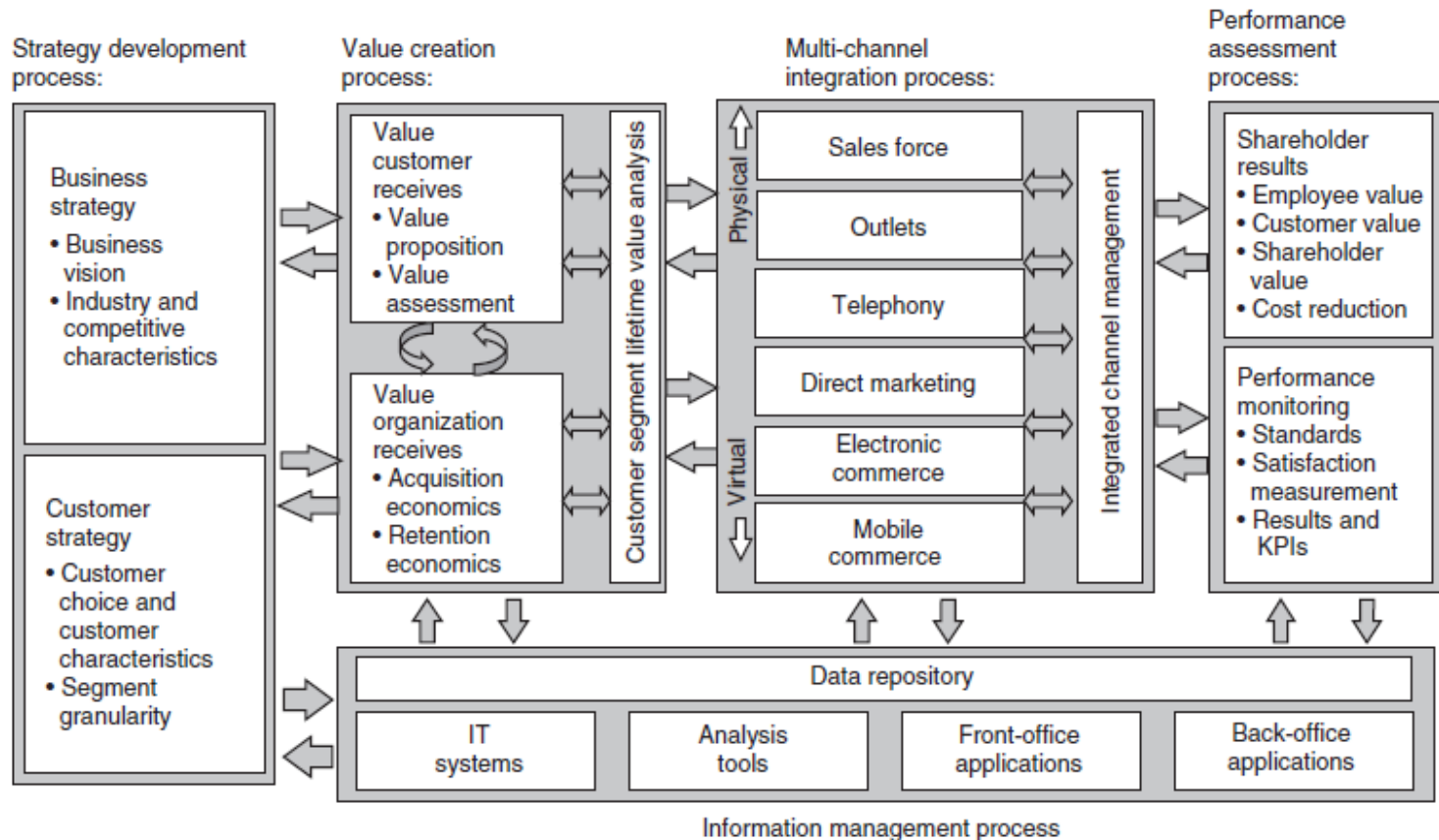
CRM as a cross-functionality activity



CRM as a cross-functionality activity

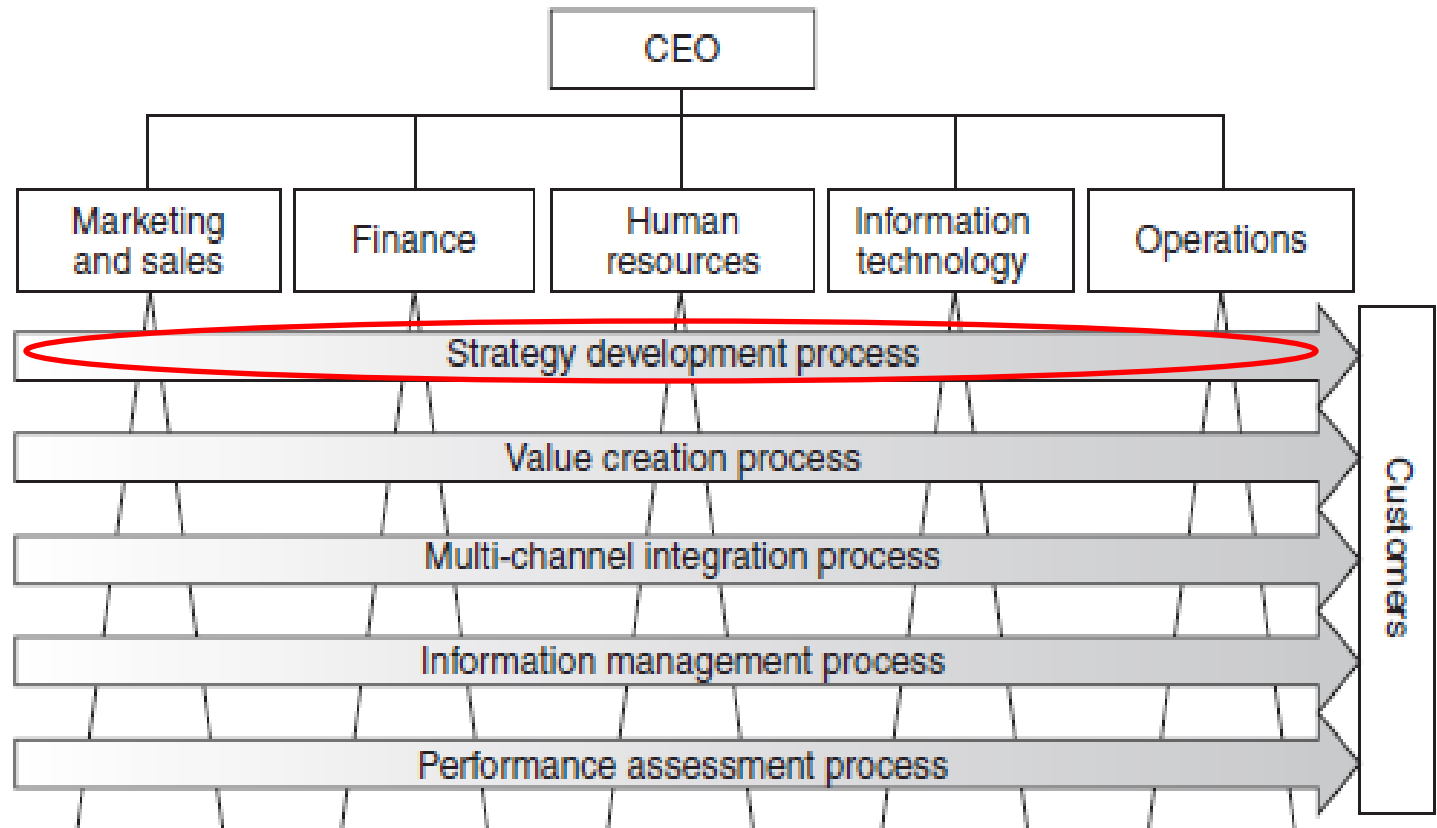


Strategic Framework of CRM

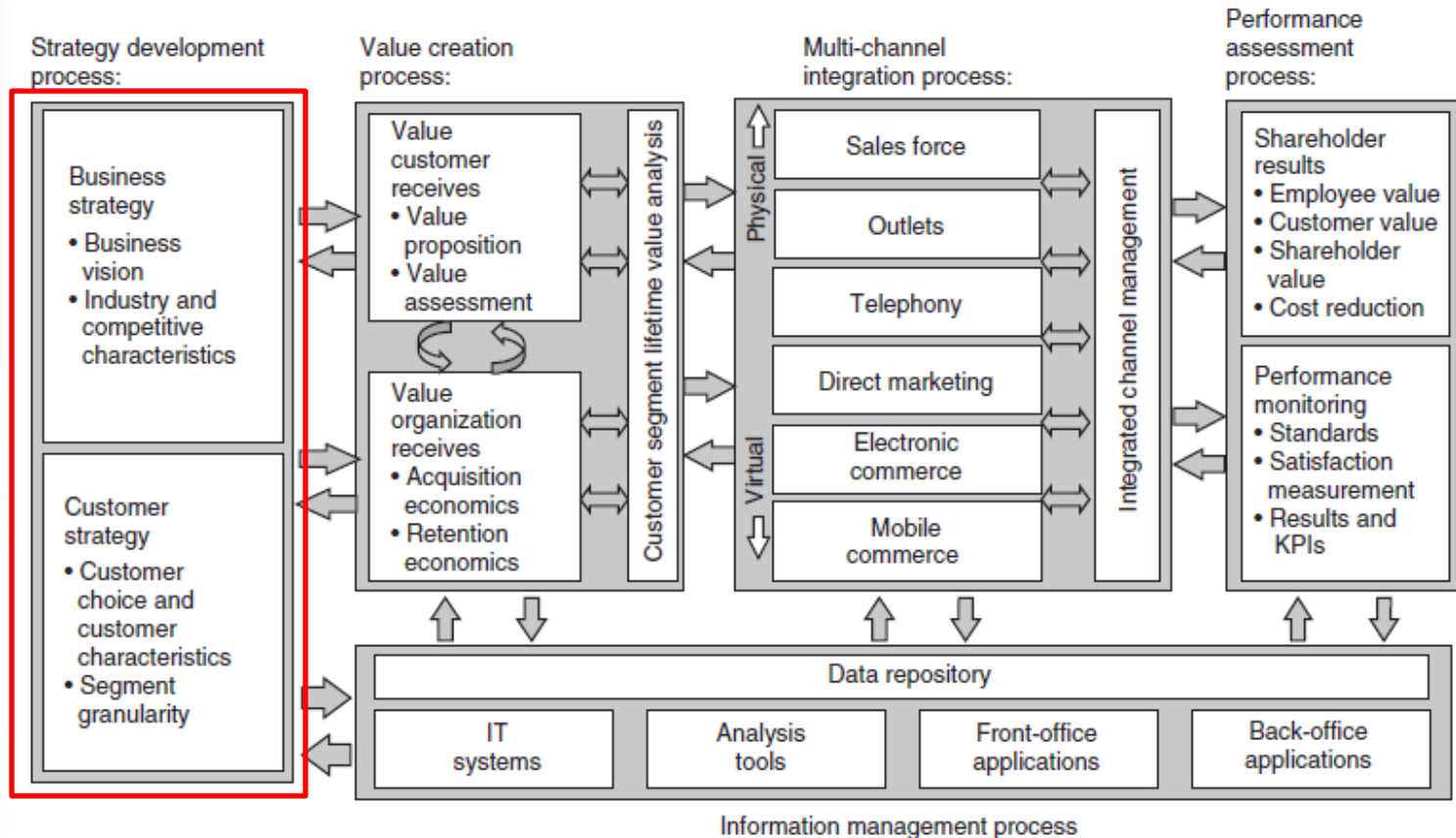


Source: based on Payne and Frow²⁶

CRM as a cross-functionality activity



Strategic Framework of CRM



Source: based on Payne and Frow²⁶

CRM Strategic Processes

Process 1: The Strategy Development Process

- Where are we and what do we want to achieve?
- Who are the customers that we want and how should we segment them?

Strategy development process:

Business strategy

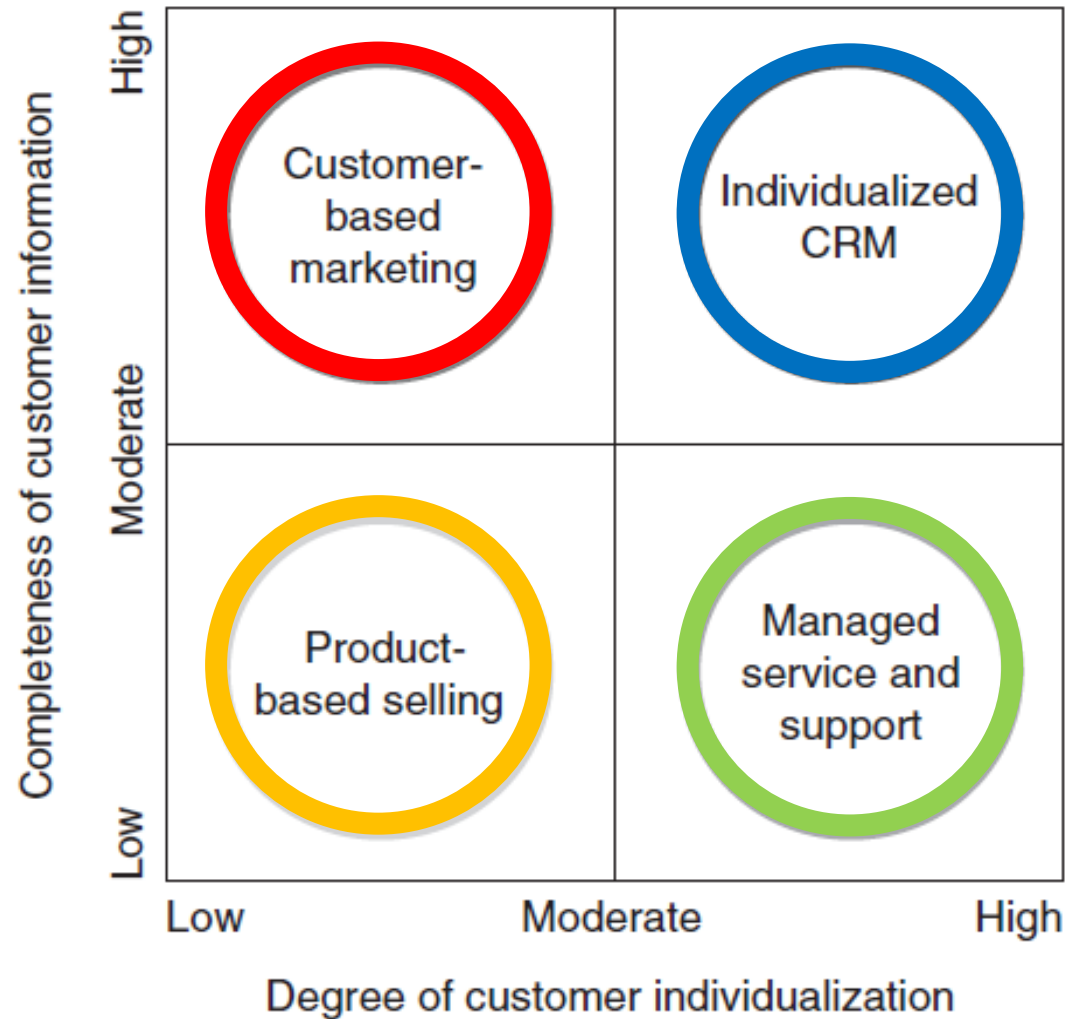
- Business vision
- Industry and competitive characteristics

Customer strategy

- Customer choice and customer characteristics
- Segment granularity



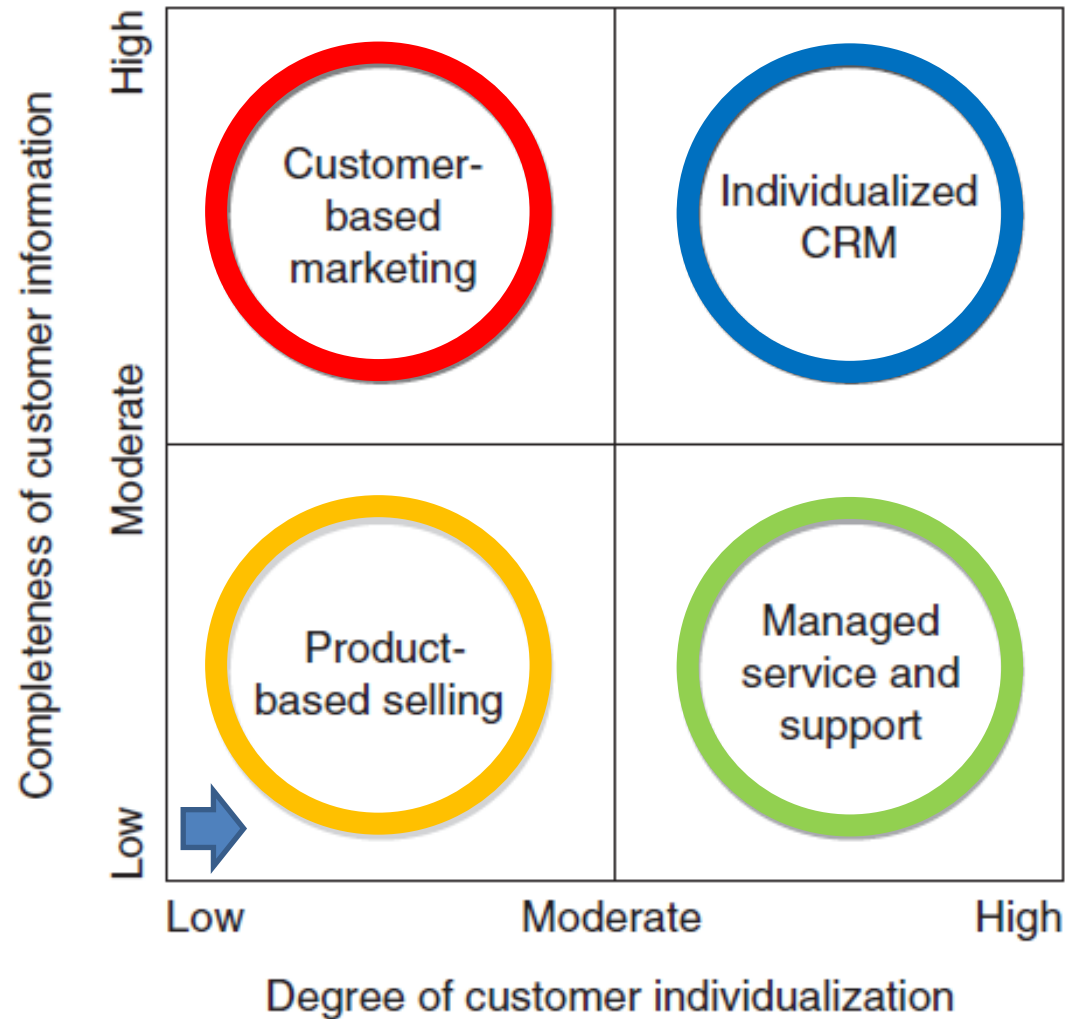
The CRM Strategy Matrix



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Adrian Payne, "Handbook of CRM: Achieving Excellence in Customer Management"

The CRM Strategy Matrix



Degree of customer individualization

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CRM Strategy

“Product-based selling”

- With product-based selling, the emphasis is on product and channels, not on the customer.



Examples:

- Retailers, ticket shops
- Supermarkets, **without** loyalty program
- All classical businesses selling on consumer mass-markets, without specific customer-based strategy



- *A retailer that has **not** yet adopted a loyalty card programme is an example of a business having a product-based selling strategy.*
- *A lot of information for products statistics, but no specific information for customers*

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Example of companies with CRM Strategy “Product-based Selling”



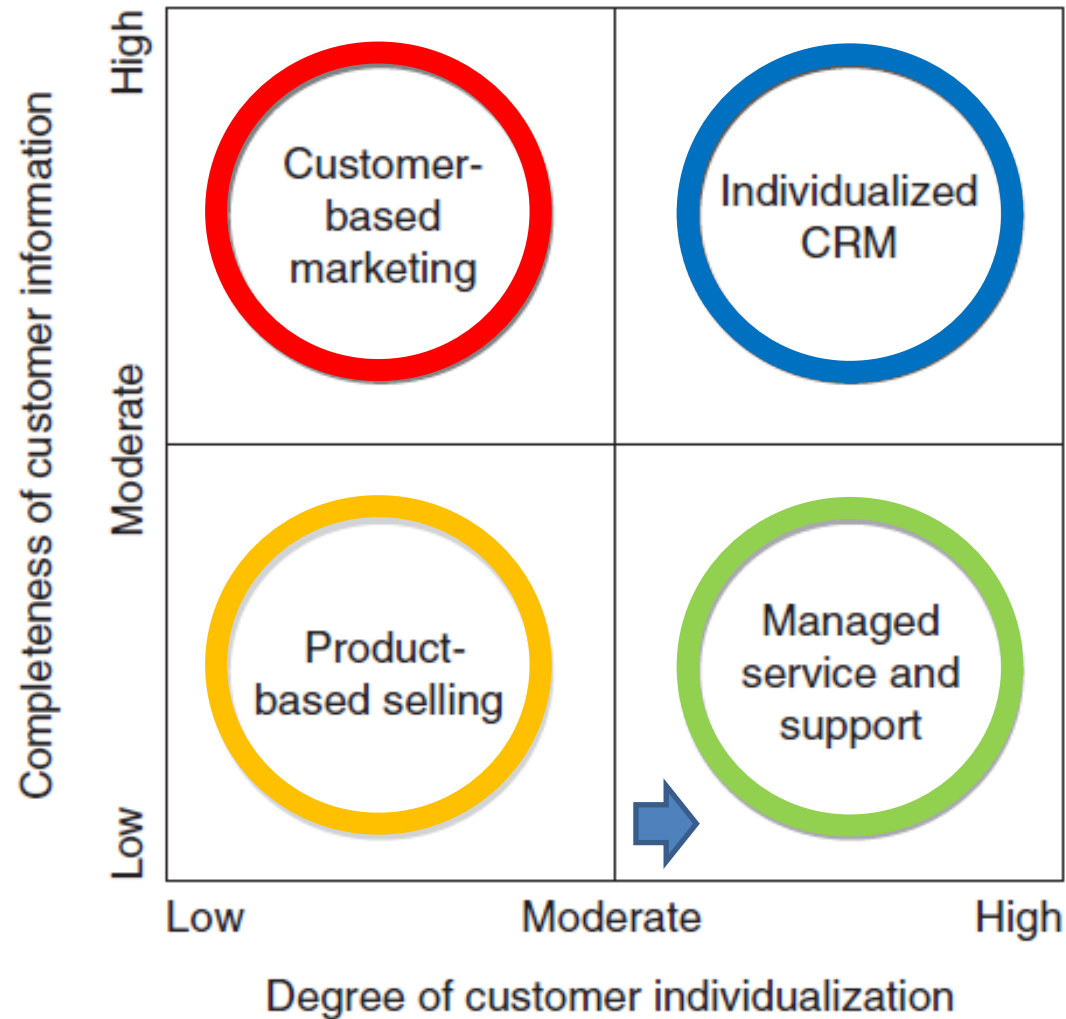
Example of companies with CRM Strategy “Product-based Selling”



Example of companies with CRM Strategy “**Product-based Selling**”



The CRM Strategy Matrix



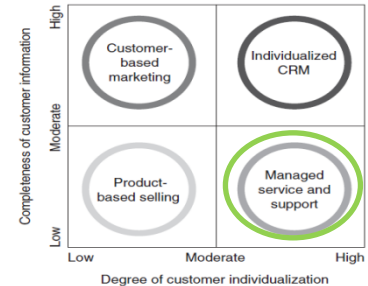
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CRM Strategy

“Managed service and support”

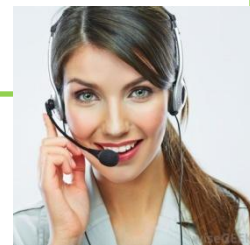
- This approach is about applying individualized customer service to selling with low completeness to customer information (i.e. mailings offers, no personalised customer portfolio)



Involves using more sophisticated applications on relatively unsophisticated customer data. Examples:

- telemarketing (selling by phone, f2f, webconference)
- contact call centres / help desks

• This form of CRM does not need comprehensive information on customers, but the communication is person to person or individualized.



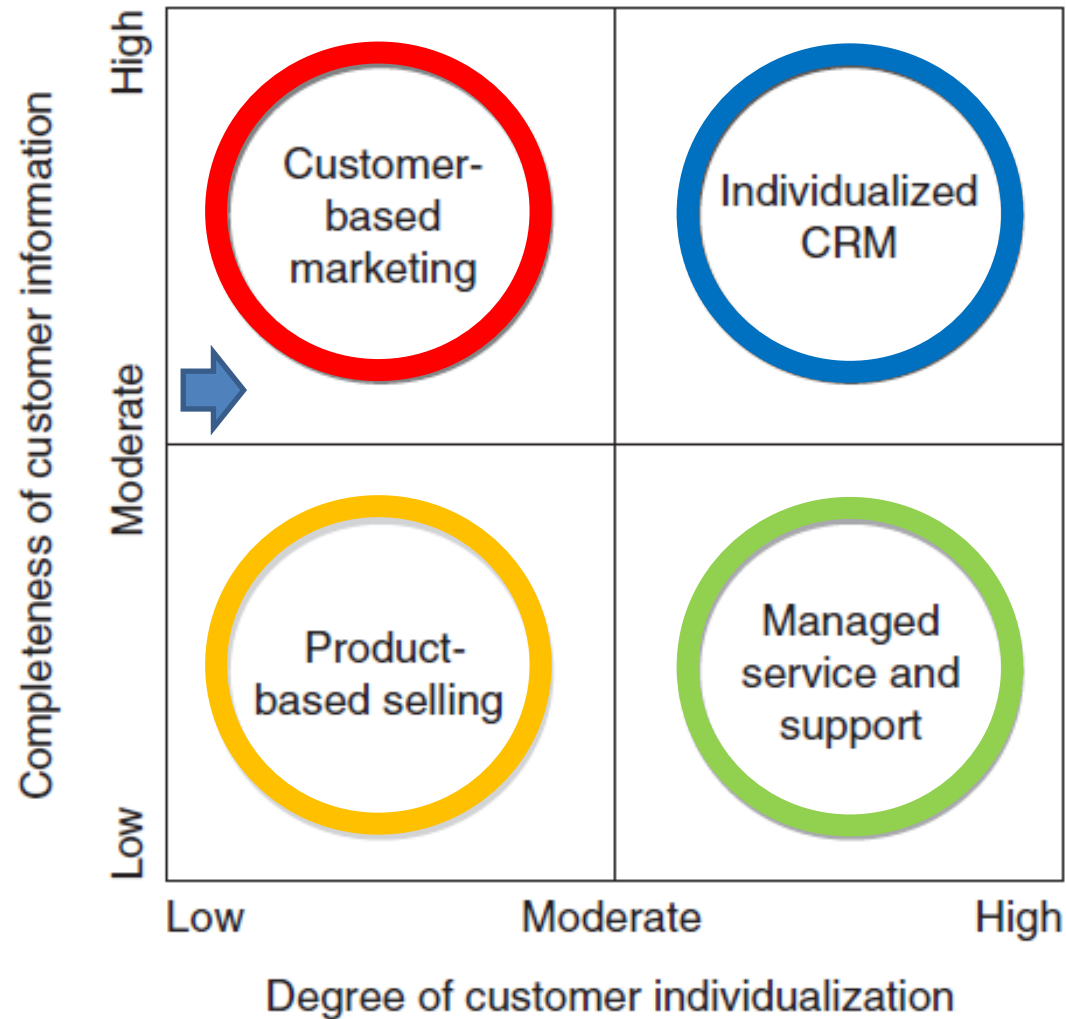
Example of companies with CRM Strategy **“Managed Service and Support”**



Example of companies with CRM Strategy “Managed Service and Support”



The CRM Strategy Matrix



Degree of customer individualization

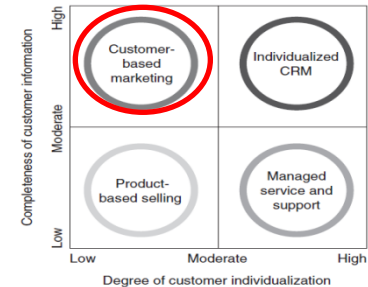
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CRM Strategy

“Customer-based marketing”

• Organizations undertaking customer-based marketing shift their emphasis from individual product sales to a focus on the customers needs and good service.



Companies moving to this strategy may undertake a range of analyses including:

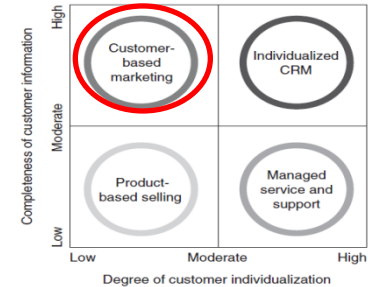
- customer profitability
- competitor responses
- loyalty and churn management
- credit scoring
- customer loyalty
- fraud detection and manage



CRM Strategy

“Customer-based marketing”

• Businesses that adopt this approach will not be offering the highly individualized customer service and support found on the right-hand side of the matrix.



Example of such strategies:

• Supermarkets **with** loyalty cards programme

Using the information about customer behaviour collected at the checkout via loyalty cards and also video recordings of customers' movements within stores, they can draw conclusions about store layout, position of products on the shelves, presentation and packaging and so on.

• *They can then alter layout and placement and also mail out tailored offers to individual customers.*

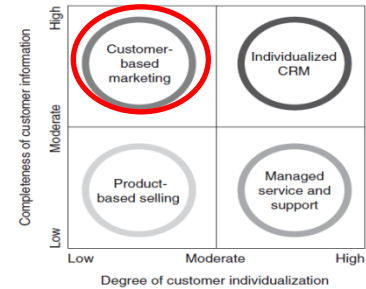
Service is not individualized, however.



CRM Strategy

“Customer-based marketing”

- Businesses that adopt this approach will not be offering the highly individualized customer service and support found on the right-hand side of the matrix, but they will use the detailed customer data to improve customer service at general.



The information they have enables them to:

- alter the mix of products on a shelf on a store-by-store basis to take account of varying socio-demographics
- identify and develop additional ‘own-label’ products that exactly match the needs and aspirations of customers with high net lifetime value
- develop and promote new products more effectively.

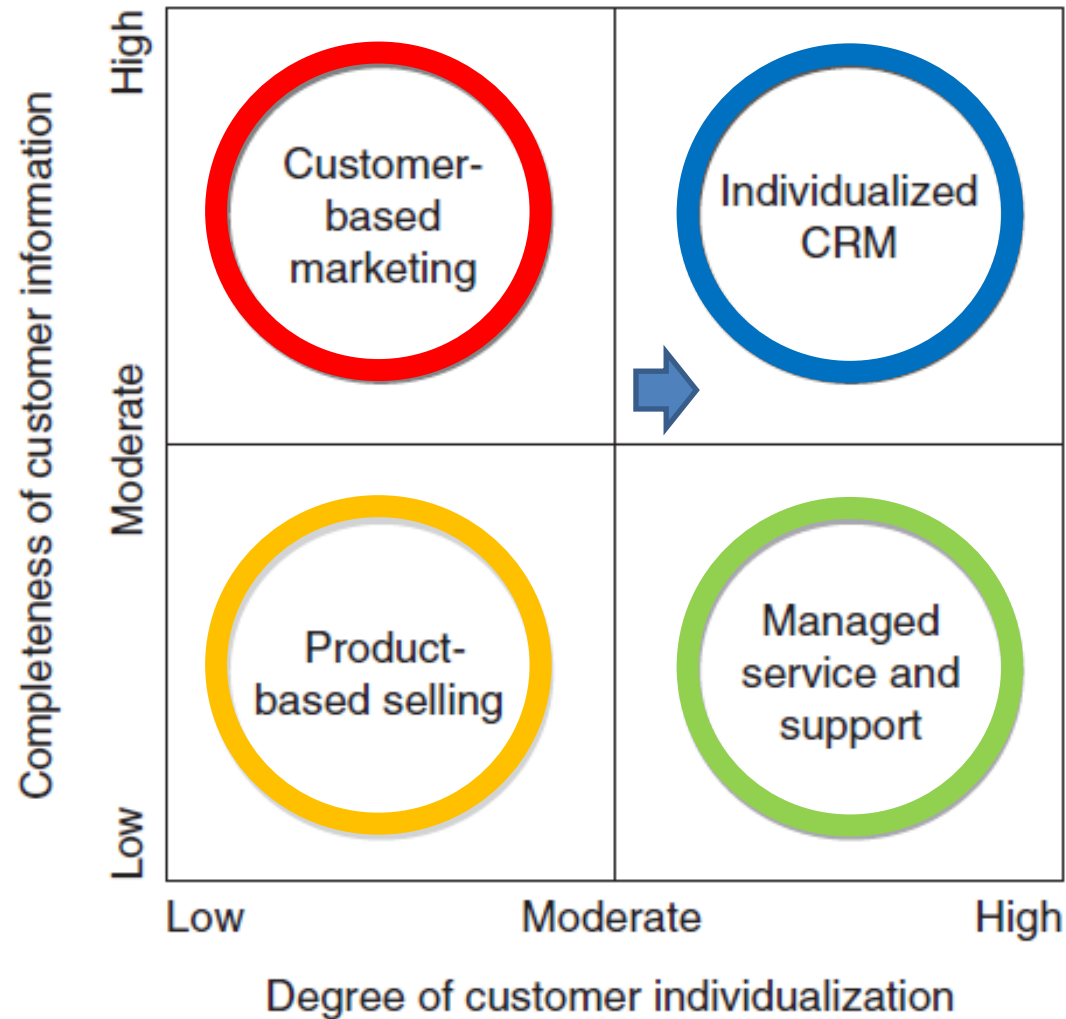
Example of companies with CRM Strategy “Customer-based Marketing”



Example of companies with CRM Strategy “Customer-based Marketing”



The CRM Strategy Matrix



Degree of customer individualization

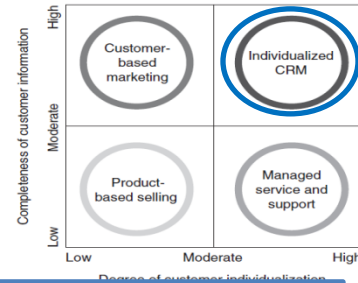
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CRM Strategy

“Individualised CRM”

- This approach requires sophisticated data platforms and sophisticated applications running on them. Customers needs anticipation with suitable on-time offers.



Examples of such applications are:

- advanced one-to-one marketing (both business-to-business and business-to-consumer)
- advanced computer telephony integration (CTI) (enables business to use the computer interactively during telephone contact with a customer creating individualized service to the customer)
- multichannel integration
- advanced web services and Internet

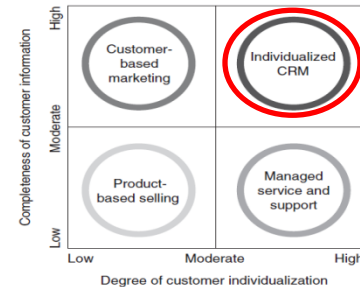
Example: Automobile Insurance Company, Next Selling



CRM Strategy

“Individualised CRM”

- This form of CRM is individualised and is using the high level of customer information. This allows company to make specific and on-time offers suitable for its clients.



The customers may not be personally (face-to-face) known to the business but whenever they contact it (and whomever they contact) they feel that the business knows all about them.

Relationships between customer and supplier are continually strengthened through on-going interactions in time. In addition, customers are likely to build an emotional bond with the organization and may be unwilling to invest that time again with competitors.



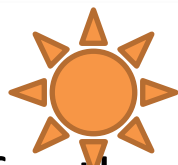
Example of companies with CRM Strategy “Individualised CRM”



Example of companies with CRM Strategy “Individualised CRM”



Questions (team work)

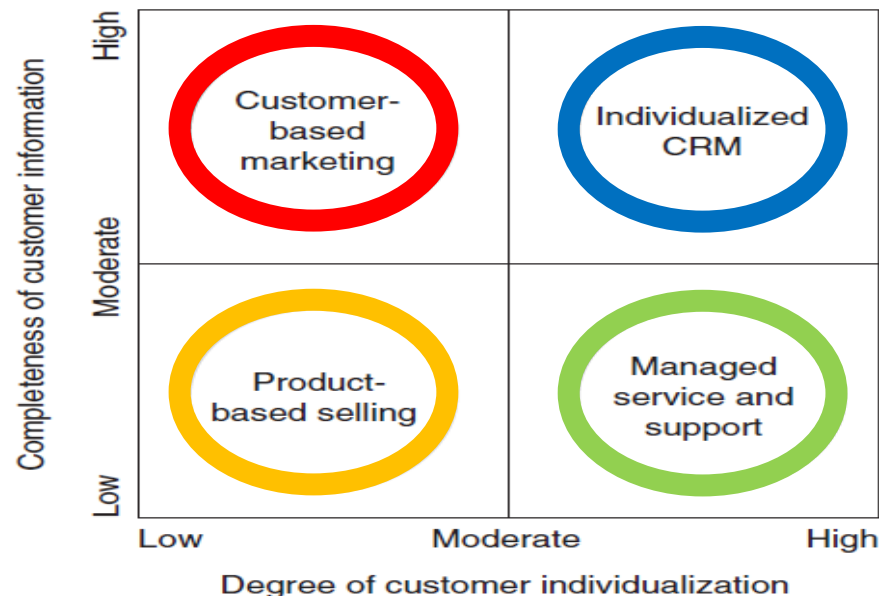


What kind of CRM Strategies will be most useful for the following types of companies?

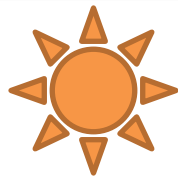
Team 1,4 – Online Bookstore reseller store, Real Estate Agency and Hairdresser's beauty shop

Team 2,5 – Supermarket in a big city, Bank and Online Software reseller store

Team 3,6 – Mobile Operator Service Provider, Souvenir shop and Local shop for sweets and cookies



Questions (team work)

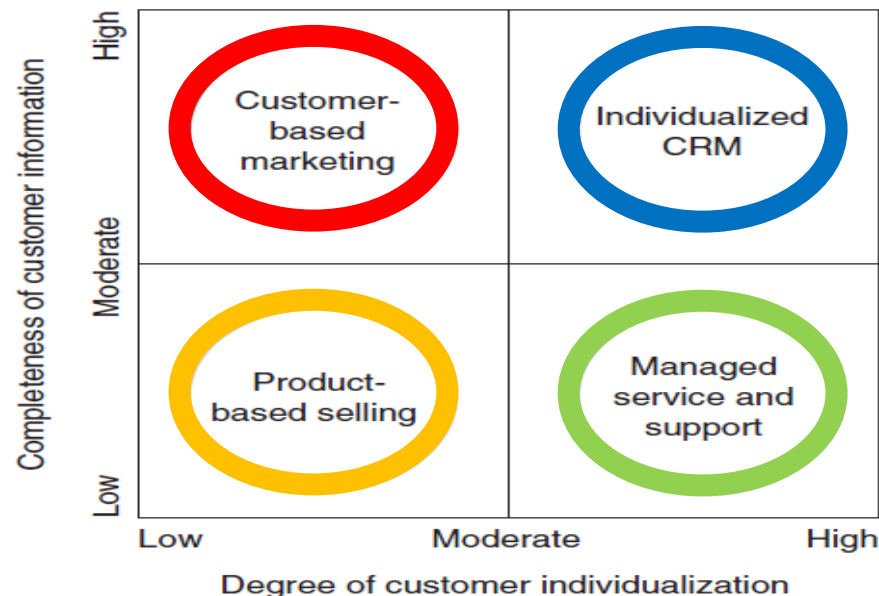


Could there be two possibilities for some of the businesses?

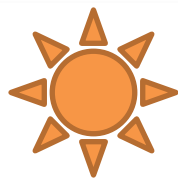
Team 1,4 – Online Bookstore reseller store, Real Estate Agency and Hairdresser's beauty shop

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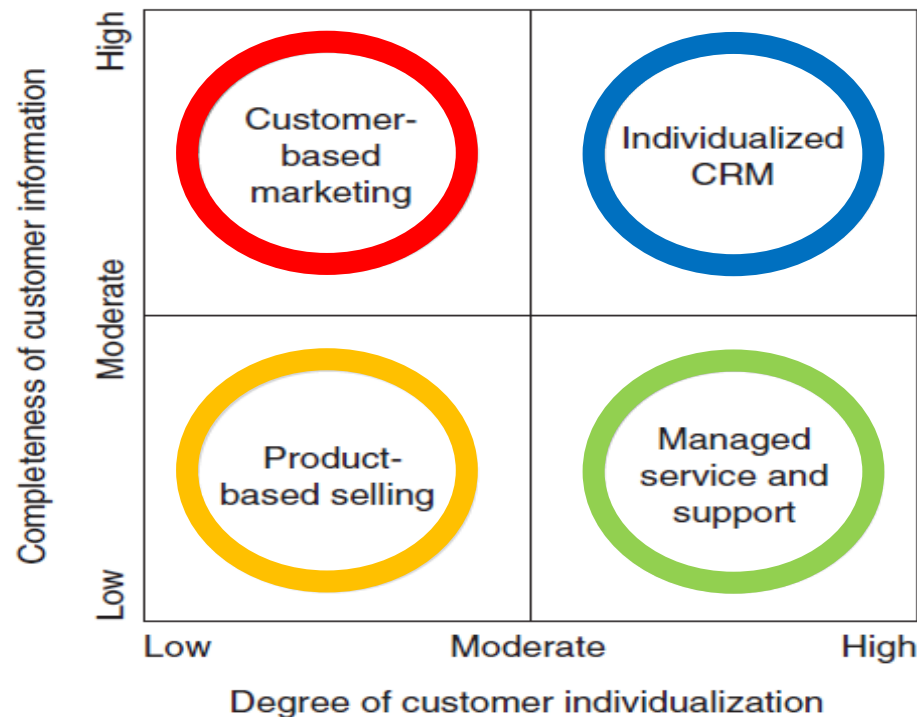


Questions (team work)



What about:

- Dentist clinics
- Big shop for toys for children
- Automobile Saloon
- Dancing or Taekwon-do Training School
- University



CRM Personalisation

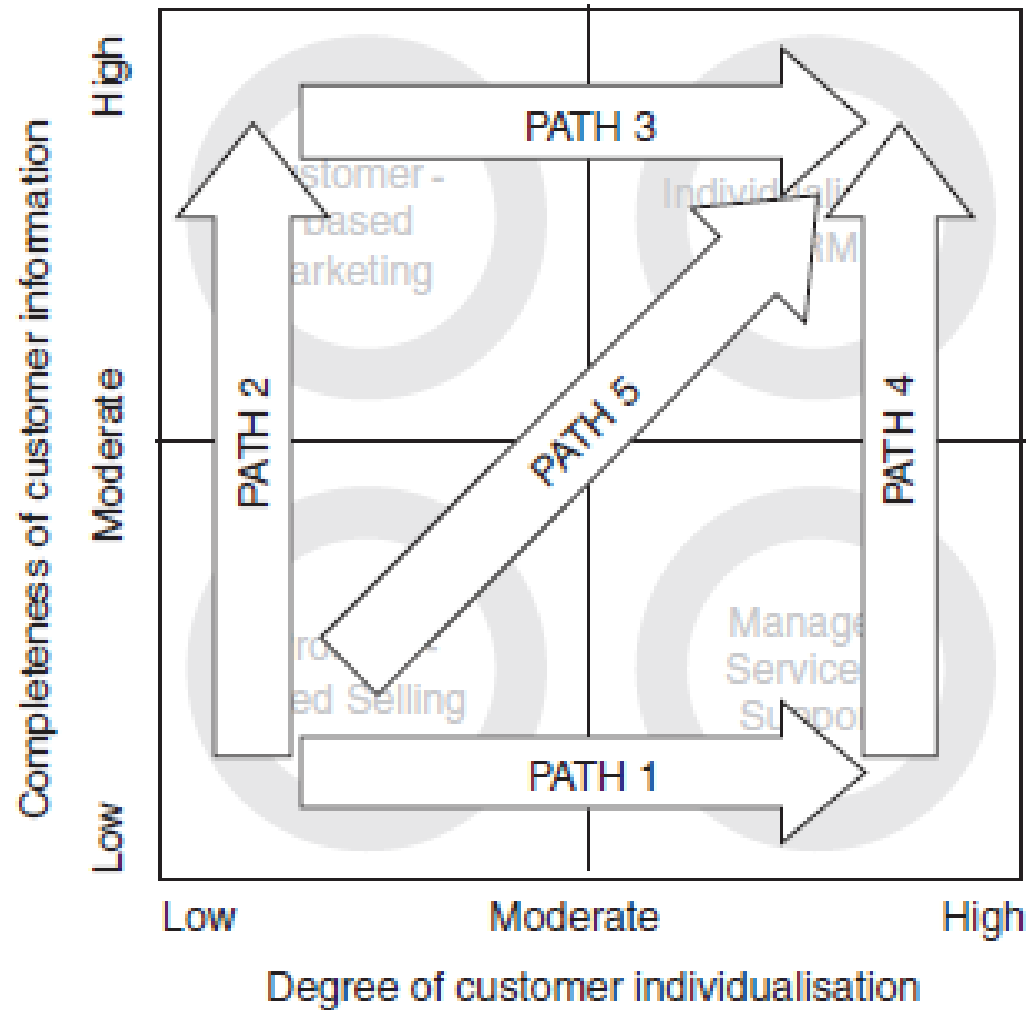
Harvard Business Review Research Video
The Explainer Series

<https://hbr.org/video/4724079906001/what-matters-more-than-customer-satisfaction>

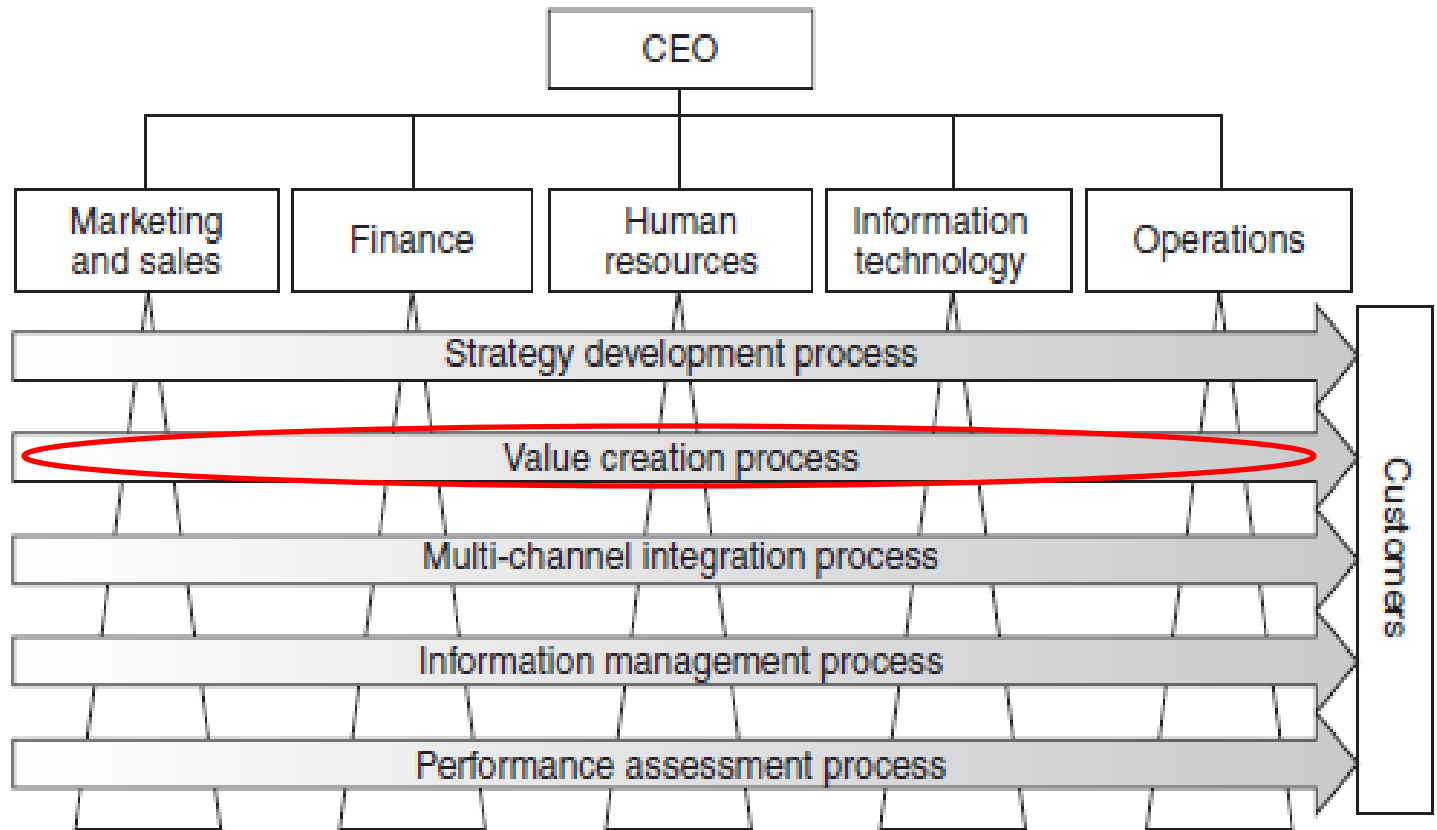
Individualized CRM often leads to stronger (even emotional) connection of the customer with the company.



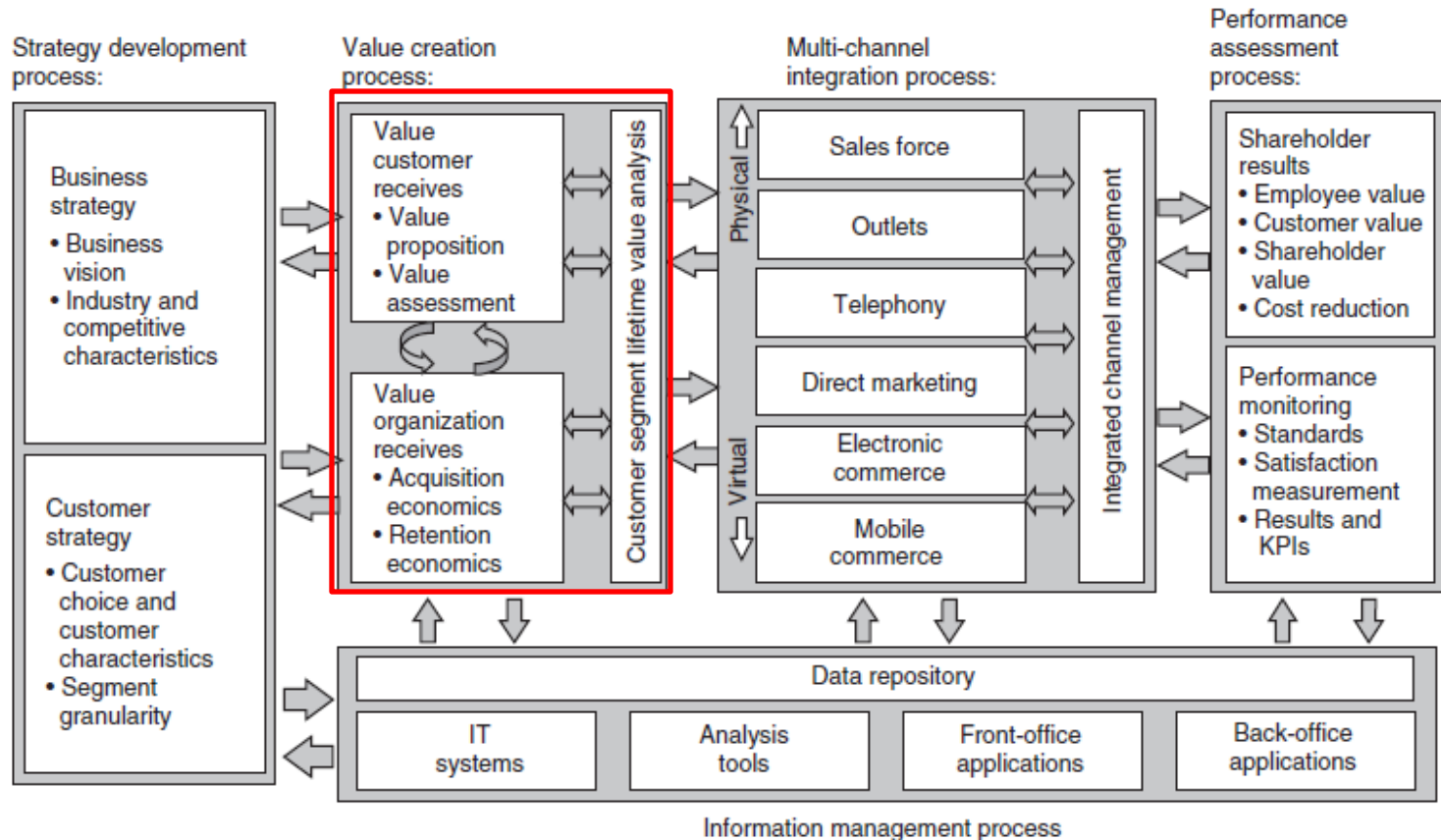
Migration paths for CRM



CRM as a cross-functionality activity



Strategic Framework of CRM



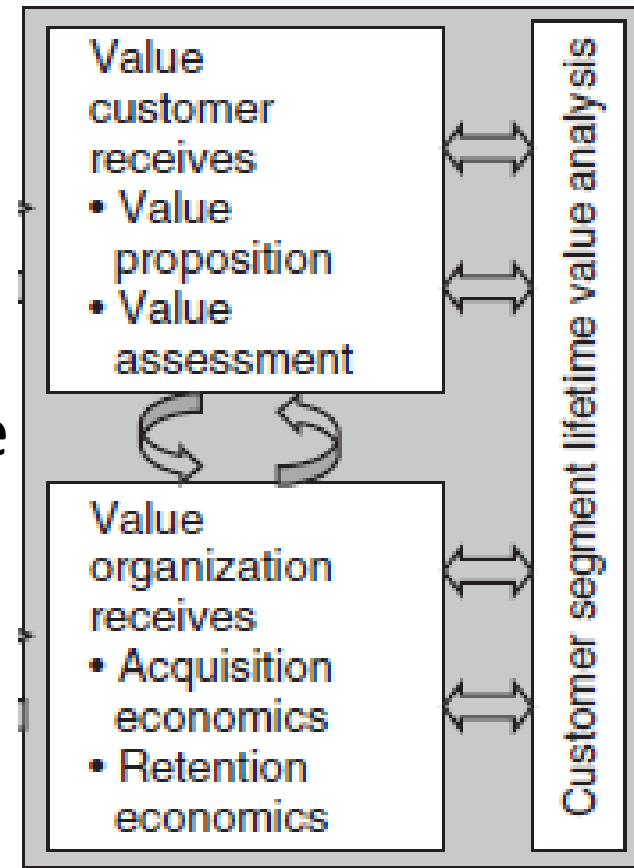
Source: based on Payne and Frow²⁶

CRM Strategic Processes

Process 2: The Value Creation Process

- How should we deliver value to our customers?
- How should we maximize the lifetime value of the customers we want?

Value creation process:



The value creation process

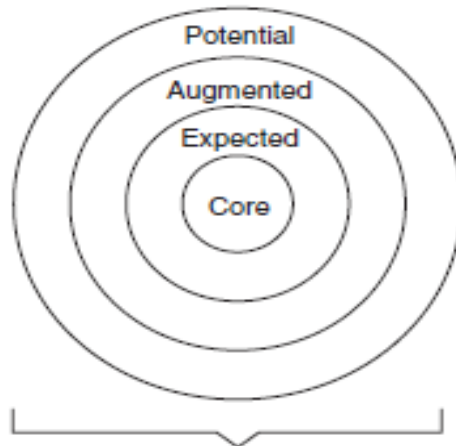
The **value creation process solves** questions on:

- How the company **adds value** from the **Customer Relationship Management** to all departments of the company, to its **product, employees, customers, shareholders, etc.**
- How the **information** in this process is used to **improve customer satisfaction, employees satisfaction, bring value and improve processes** in the company, its **image, brand** and **perception** by the **customers.**

The value creation process **takes into account** the **departments of the company** and company's **customers.** This strategic process **brings value** to **employees, customers** and the **product development.**



The value creation process



Total product is the sum of all four levels

Product level	Customer's view	Marketer's view	Personal computer example
Core product	Customer's generic need which must be met	Basic benefits which make product of interest	Data storage, processing, speed of processing, retrieval
Expected product	Customer's minimal set of expectations	Marketer's product decisions on tangible and intangible components	Brand name, warranty, service support, the computer itself
Augmented product	Seller's offering over and above what customer expects or is accustomed to	Marketer's product decisions on tangible and intangible components	Diagnostic software, trade-in allowance, base price plus options, dealer network, user clubs, personal selling
Potential product	Everything that potentially can be done with the product that is of utility to the customer	Marketer's actions to attract and hold customers regarding changed conditions or new applications	Use as a system controller, facsimile machine, music composer, and other areas of application

Source: Adapted from Collins⁴

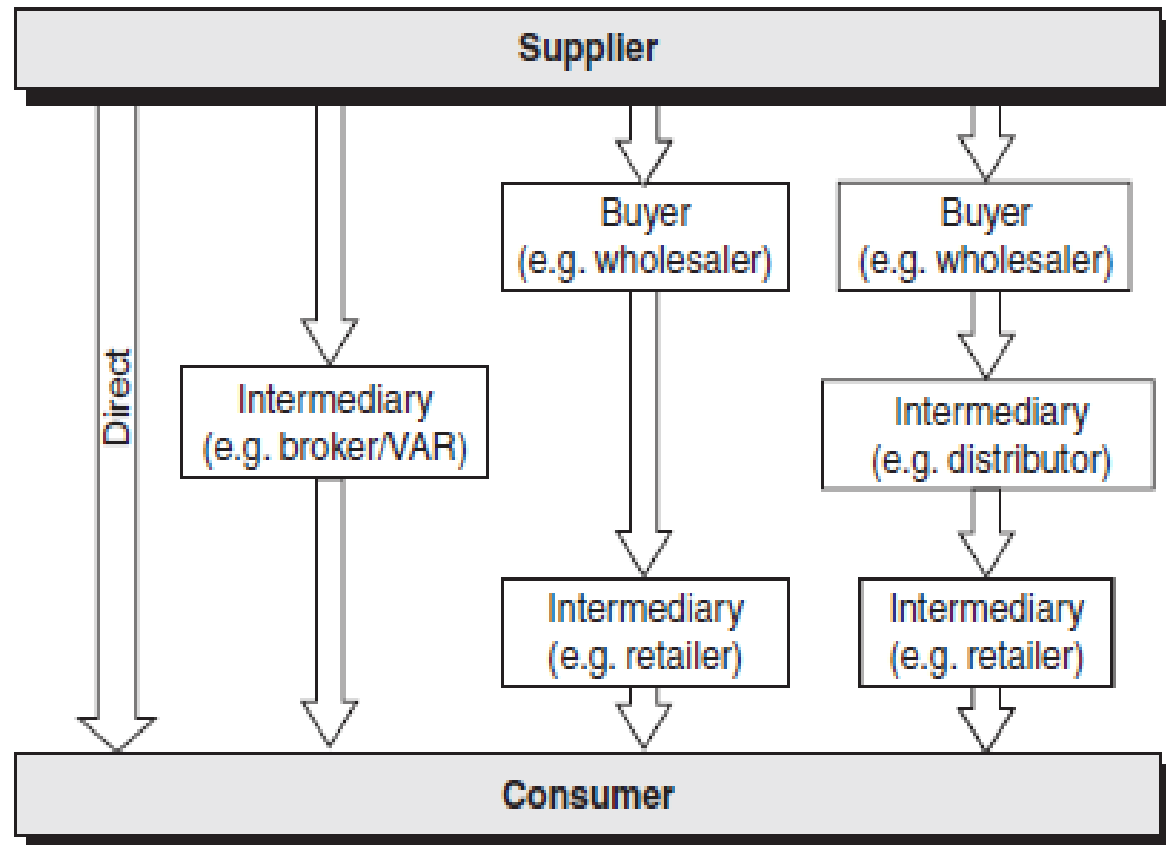
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The value creation process



Questions (team work)

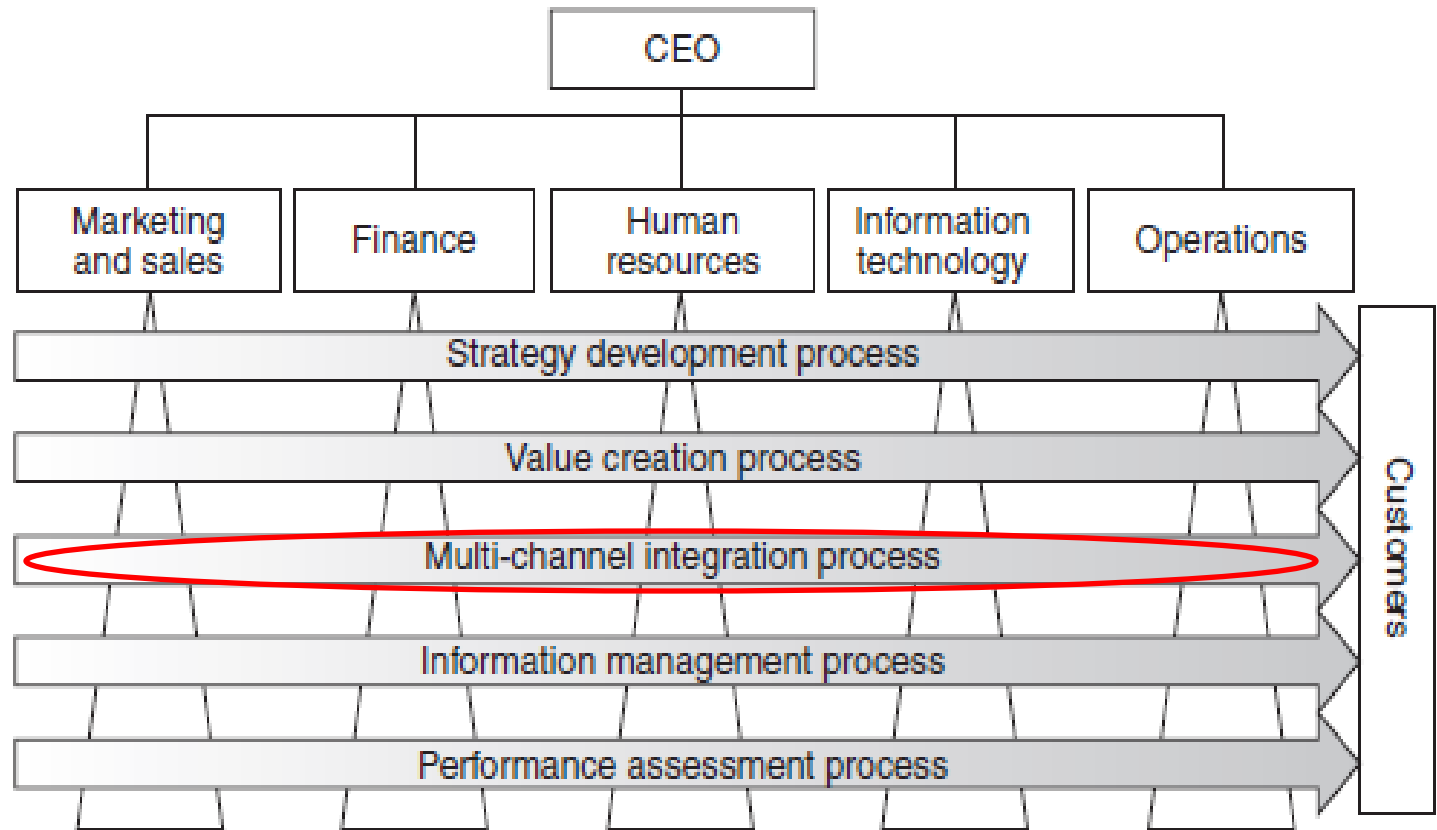


How can you use CRM to add value to:

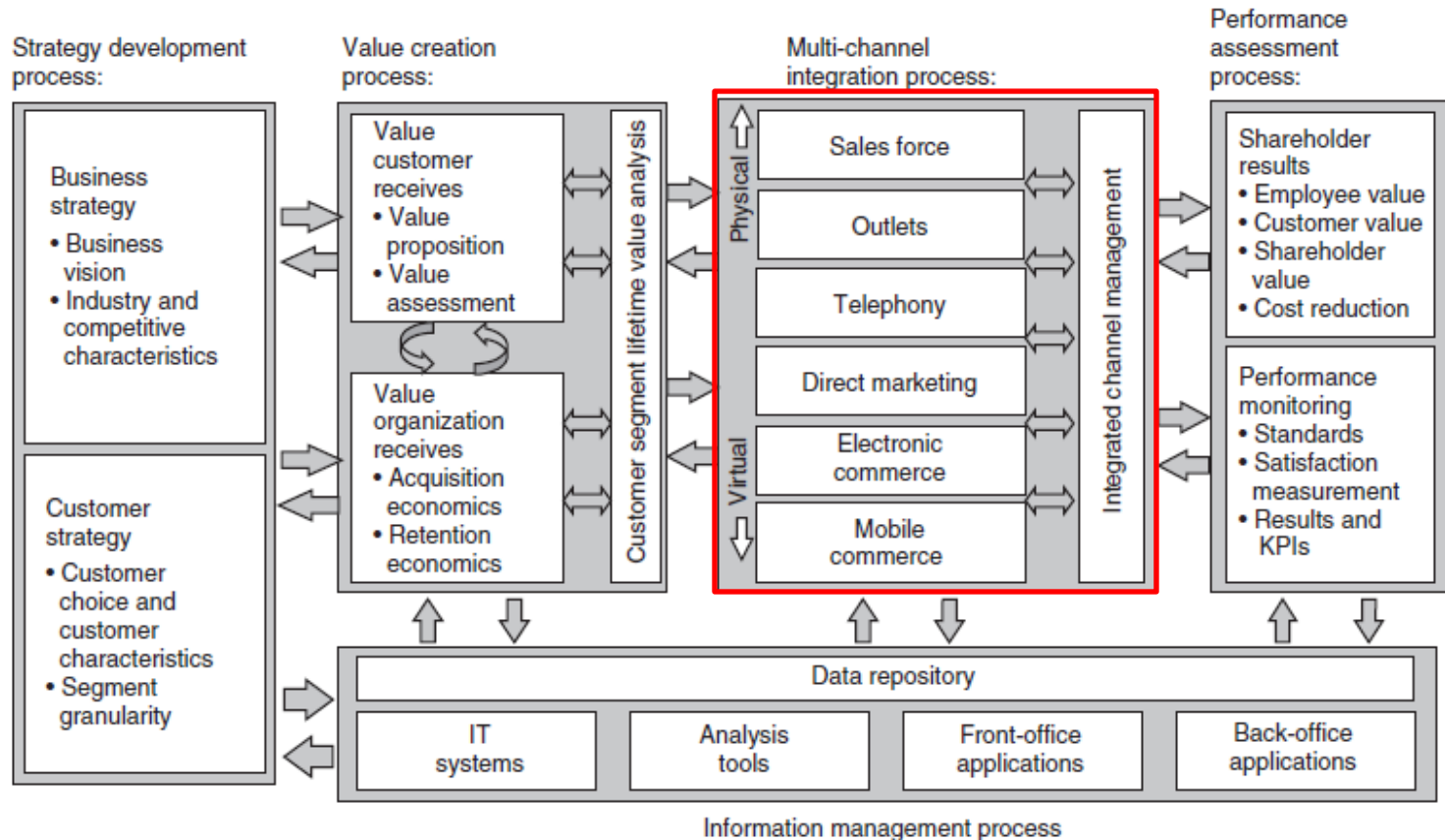
- Your customers
- Your product/service
- Your customer service
- Your internal business processes
- Your promotion and marketing activities (incl. variety of channels)
- Your brand



CRM as a cross-functionality activity



Strategic Framework of CRM



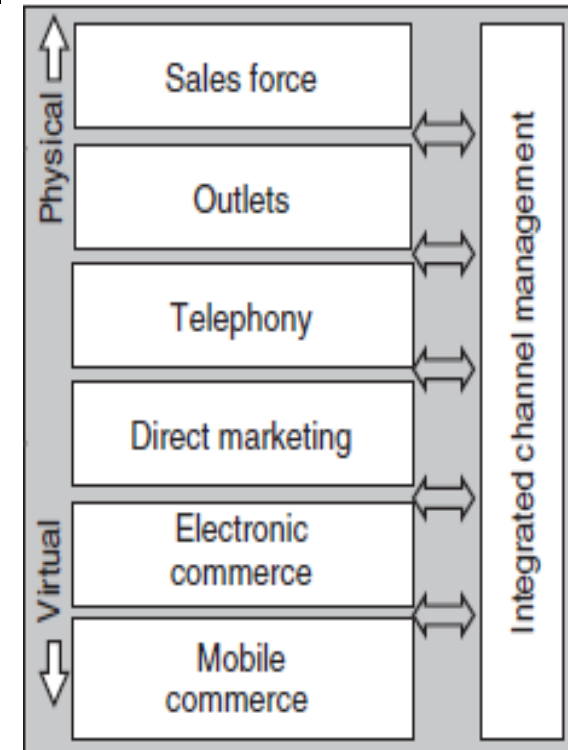
Source: based on Payne and Frow²⁶

CRM Strategic Processes

Process 3: The Multi-channel Integration Process

- What are the best ways for us to get to customers and for customers to get to us?
- What does an outstanding customer experience, deliverable at an affordable cost, look like?

Multi-channel integration process:



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Aurian Payne, Handbook of CRM: Achieving Excellence in Customer Management

Multichannel Integration Process

Multichannel Integration Process takes into **account all channels**, which the company **uses to connect with customer** and **integrates** them into the **CRM Informational Systems**, which the company applies.

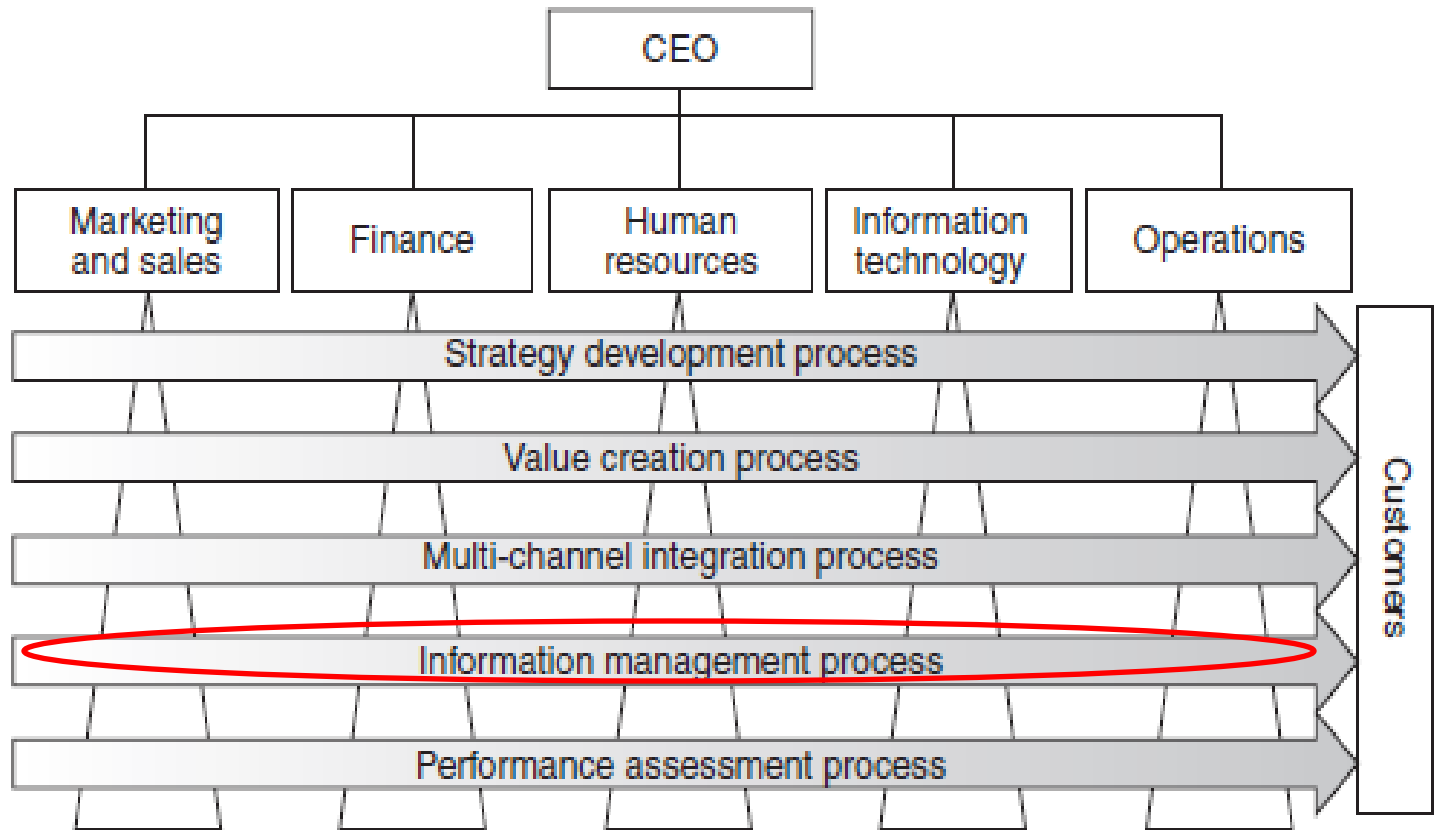
Such channels may be: **web sites, blog, facebook, twitter, e-mail, etc.**



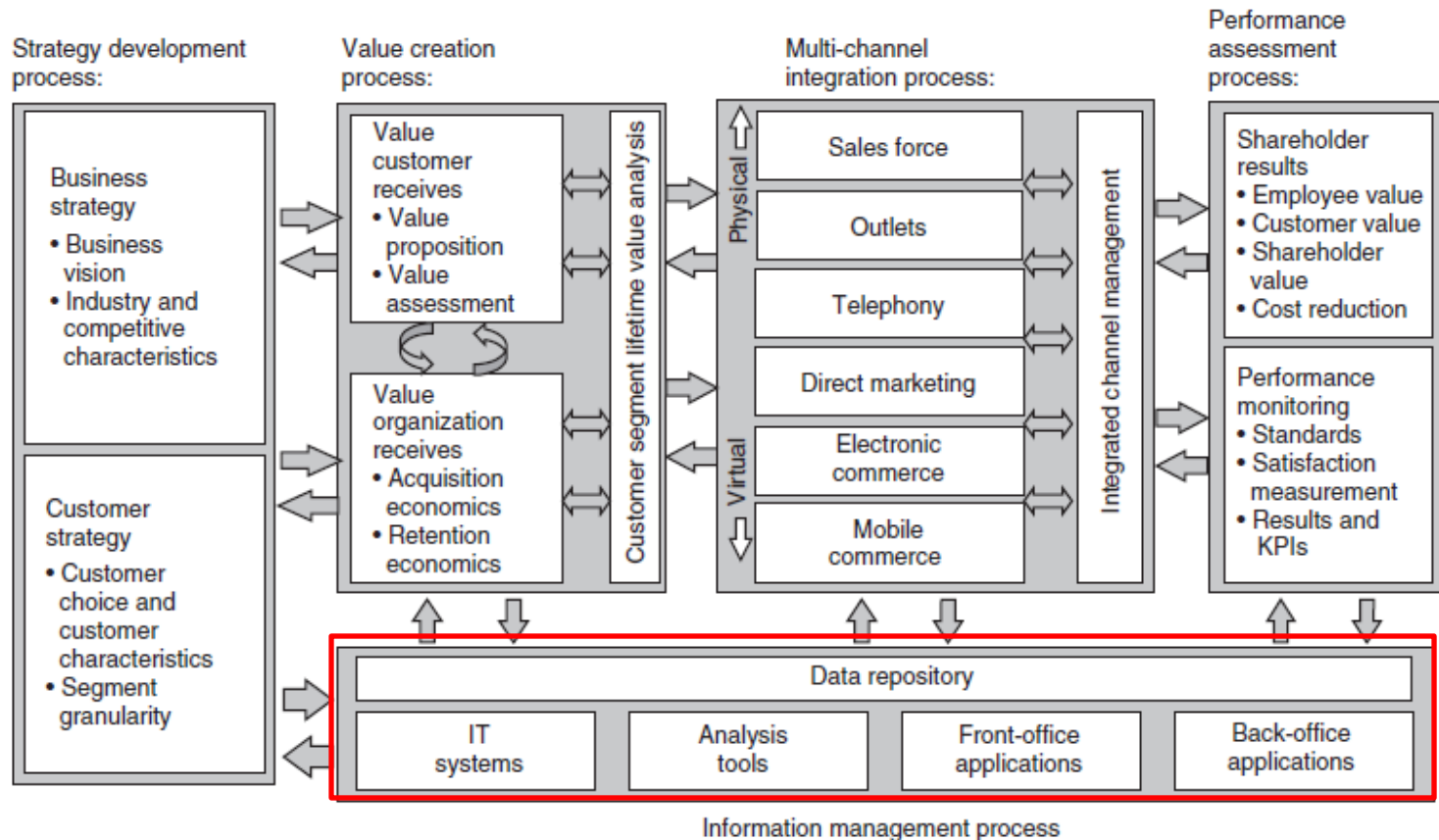
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CRM as a cross-functionality activity



Strategic Framework of CRM

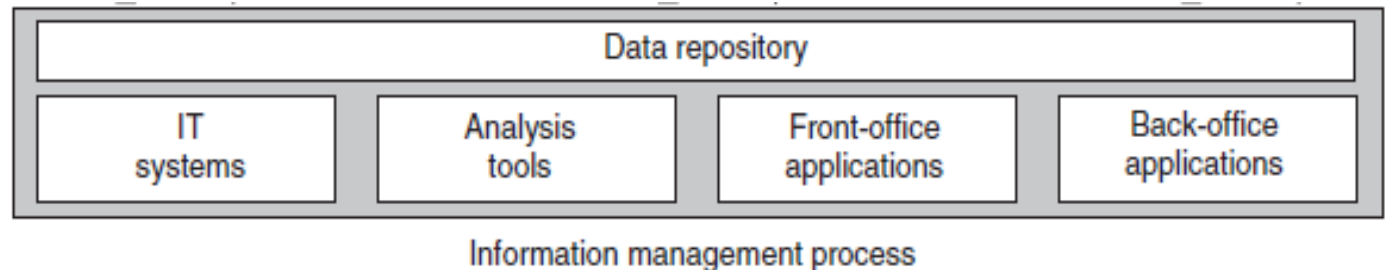


Source: based on Payne and Frow²⁶

CRM Strategic Processes

Process 4: The Information Management Process

- How should we organize information on customers?
- How can we understand the mind of customers and use this to improve our CRM activities?
- What analyses should we do?

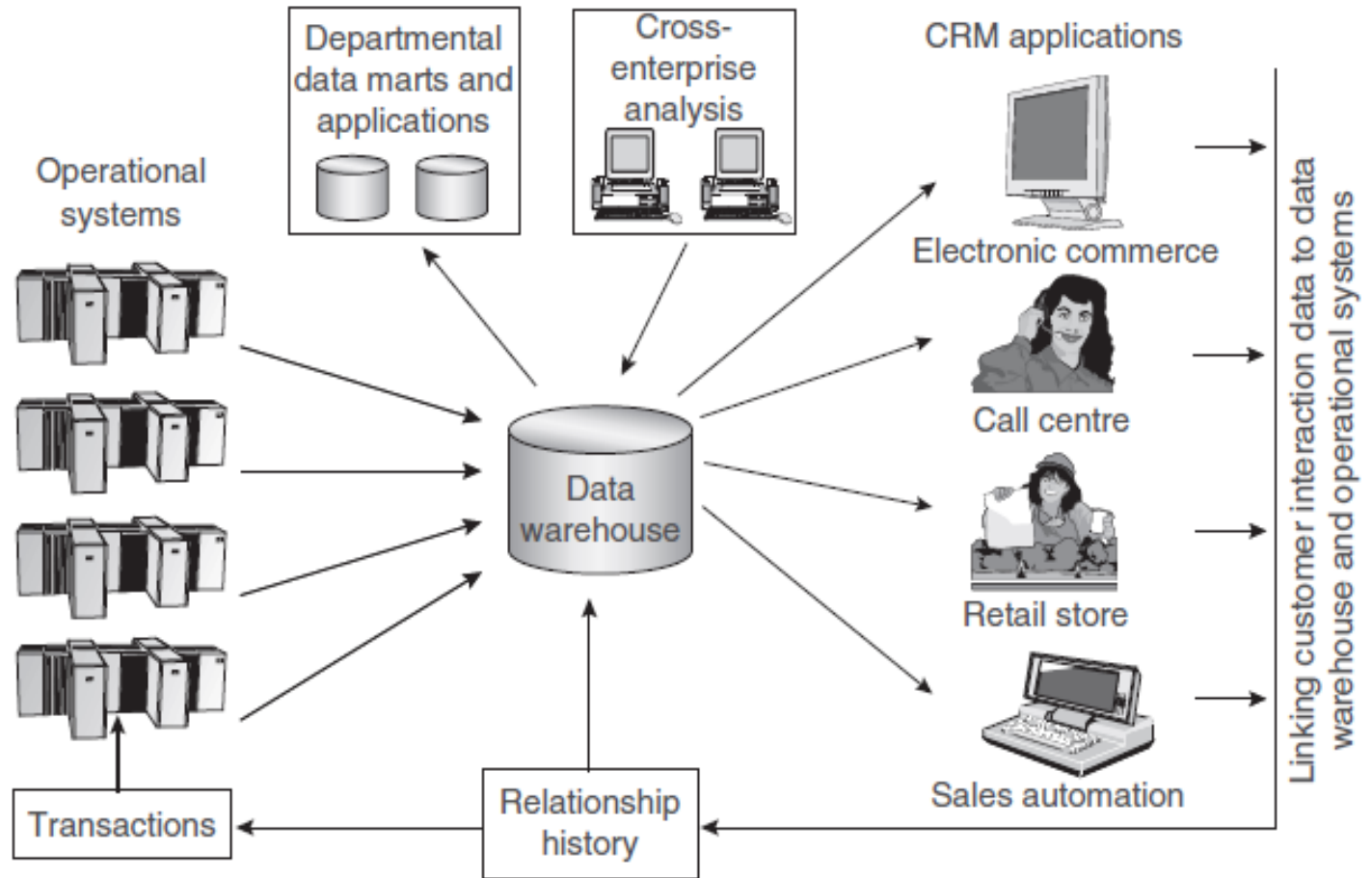


Information Management Process

In **Information Management** Process a strategic definition on the **IT Systems, Analysis** and **other tools** is implemented. The **analysis** for the **needs** of the **IT Systems** is connected with the **outcomes of the previous processes**. Usage of **Cloud** or **on Premise** based software systems is also taken into account at this step.



Integrated CRM Solutions



Front-office and back-office applications

Front-office applications

The most common front-office applications are:

- sales force automation
- call-centre and help-desk management
- product configuration
- marketing automation and campaign management



Front-office and back-office applications

Back-office applications

- Back-office applications streamline internal business processes and include general ledger and financial systems, inventory management and human resources.



CRM Software Applications

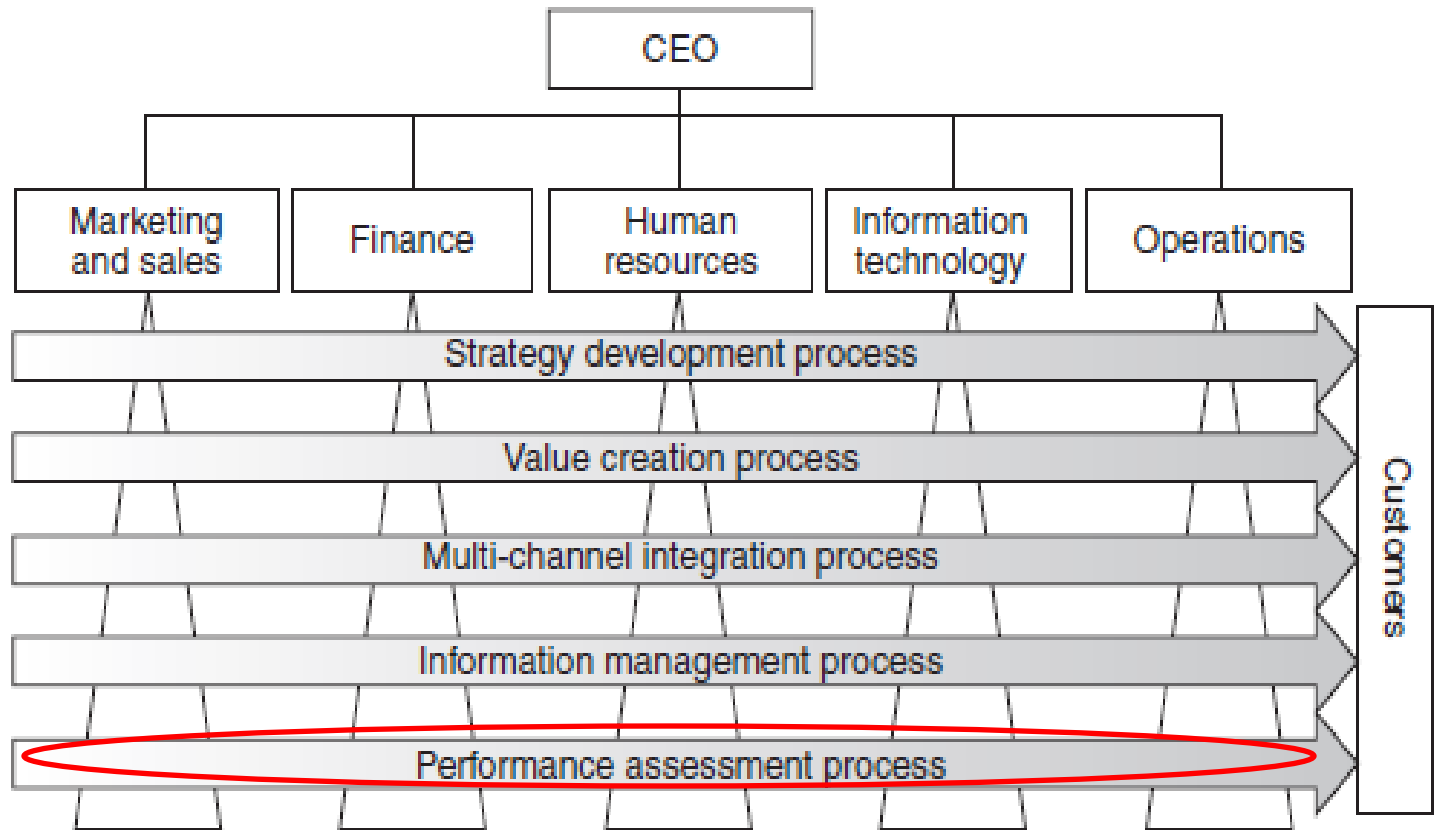
There are many CRM Software Programs (for all sizes of companies, also “In the Cloud” or installed “On Premise”)

- **Microsoft Dynamics CRM Software**
- **Salesforce.com CRM Software**
- HubSpot CRM Software
- Marketo (Customer Intelligence)
- Zoho CRM
- Zendesk (Simple E-mail Ticketing)

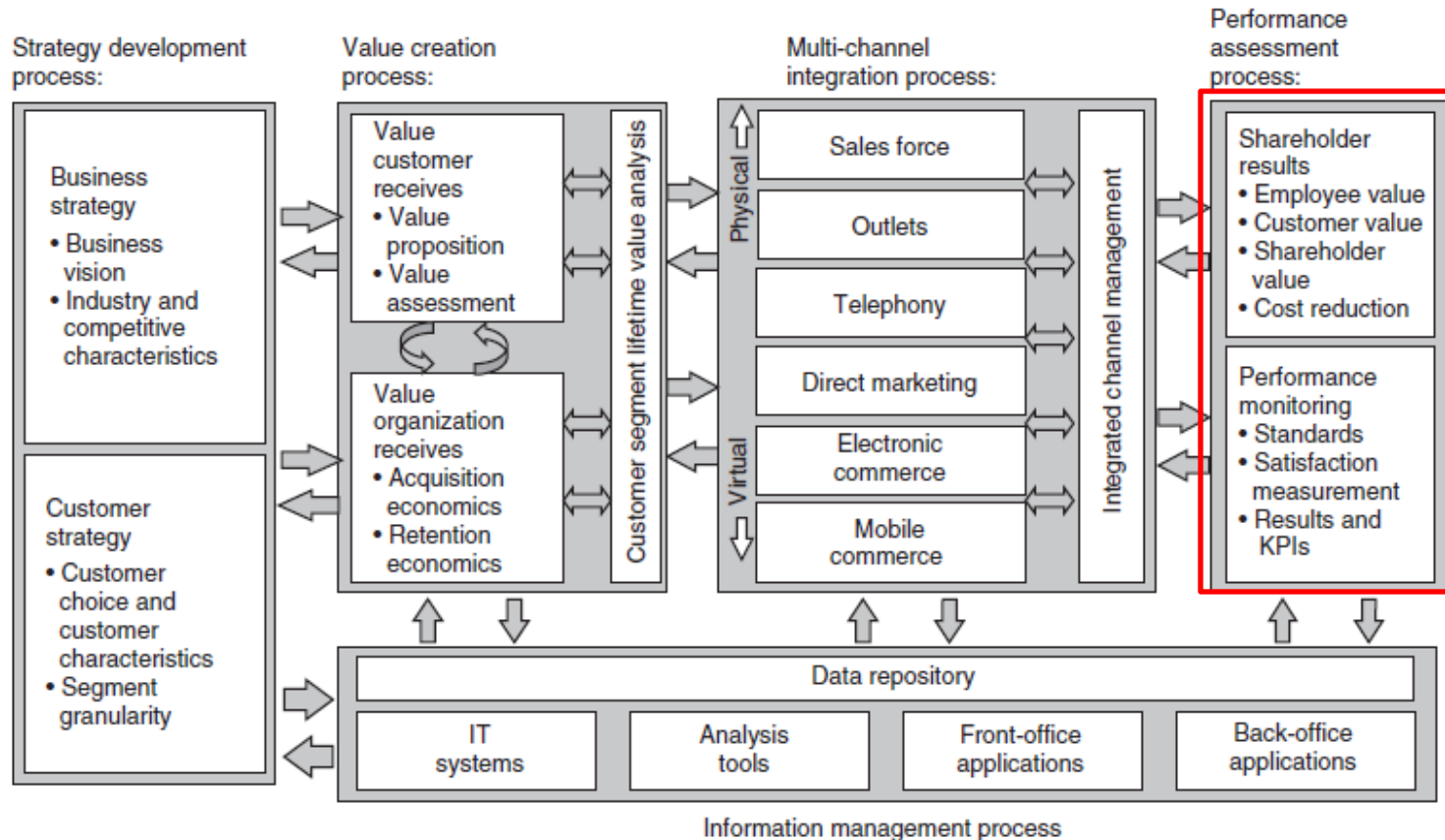
More on: <http://www.softwareadvice.com/crm/>



CRM as a cross-functionality activity



Strategic Framework of CRM



Source: based on Payne and Frow²⁶

CRM Strategic Processes

Process 5: The Performance Assessment Process

- How can we create increased profits and shareholder value?
- How should we set standards, develop metrics, measure our results and improve our performance?
- How can we measure our Customer Relationship Management performance?

Performance assessment process:

Shareholder results

- Employee value
- Customer value
- Shareholder value
- Cost reduction

Performance monitoring

- Standards
- Satisfaction measurement
- Results and KPIs

Performance Assessment Process

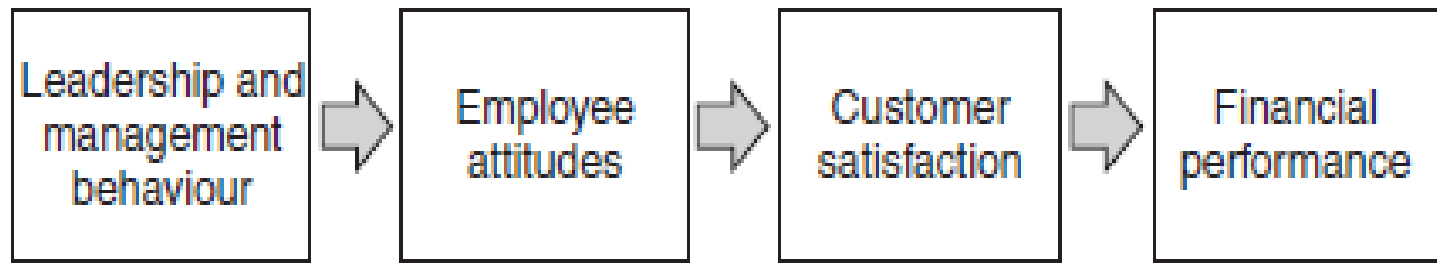
Performance Assessment Process is crucial for the strategic control, analysis and evaluation of the Customer Relationship Management effects on the organisation.

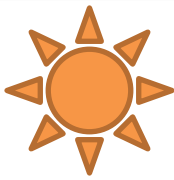


Performance Assessment Process

The **metrics** and **KPIs**, which are defined at this stage should **take into account employees values, customers value, shareholders value and cost reduction.**

The linkage model:





Questions (team work)

How can we measure the Customer Relationship Management Performance in our company? (incl. satisfaction rates)



CRM Software Applications

There are many CRM Software Programs (for all sizes of companies, also “In the Cloud” or installed “On Premise”)

- **Microsoft Dynamics CRM Software**
- **Salesforce.com CRM Software**
- HubSpot CRM Software
- Marketo (Customer Intelligence)
- Zoho CRM
- Zendesk (Simple E-mail Ticketing)

More on: <http://www.softwareadvice.com/crm/>

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