



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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CI Introductory Topics

5 steps in Customer
Purchasing
Behaviour

Types of Customers

Types of Business
markets

B2B & B2C Specifics

Buying Situations

Product Types

Purchase levels of
involvement

Product Life-Cycle

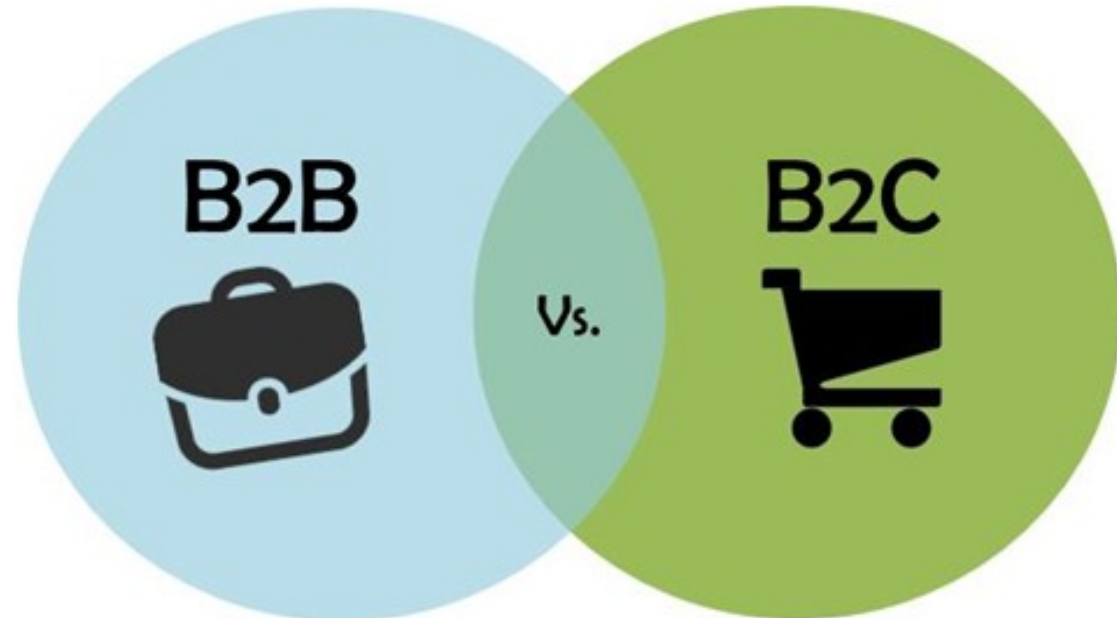
Crossing the Chasm

Consumer vs. Business Markets

*Why is it important to know the
difference and how to apply it in CRM?*



Types of Customers



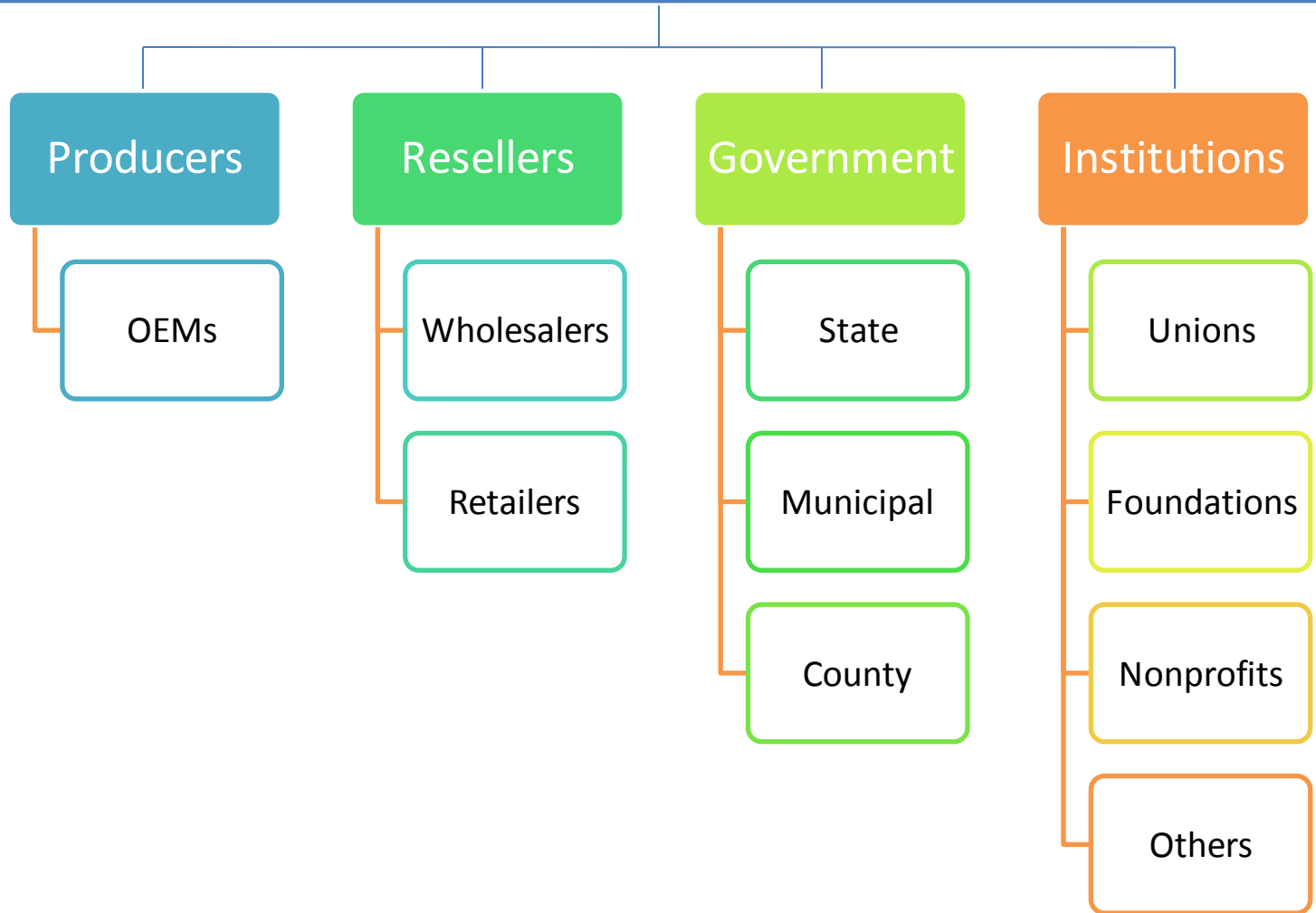
Basic types of customers:

- Consumer (individual) customers
- Business customers

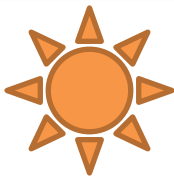
<http://blog.marketresearch.com/the-8-criteria-that-distinguish-b2b-markets-from-b2c-markets>



Business Markets Types



Questions (team work)



Divide the class into six teams, each identifying examples of five differences between Business customers and Consumer customers.

Each team will present their five differences between Business customers and Consumer customers.



Time: 10-15 minutes

Why the Four Business Markets Are Important for CRM

Producers and **resellers** typically make repeat purchases and are more time-sensitive in their needs for products.

Governments and **institutions** often buy products through a bid process (quality/price ratio).

It is **important** to be able to **identify** each of the four types of **business markets** so that marketing department can **adjust** their **promotional effort** to **effectively** reach each market and customer service can serve them in the best possible way according their needs.

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Consumer vs. Business Markets

Major differences in:

- Nature of their markets
- Market demand
- Buyer behaviour
- Buyer-seller relationship
- Environmental influences
(competition, political, legal, etc.)
- Marketing strategy



Discussion

*How is this connected with offering a good
CRM?*



Decision Taking and Buying Centers

The specifics of a buying center for B2C and B2B



B2B: Individual roles of Buying Centers



Roles:

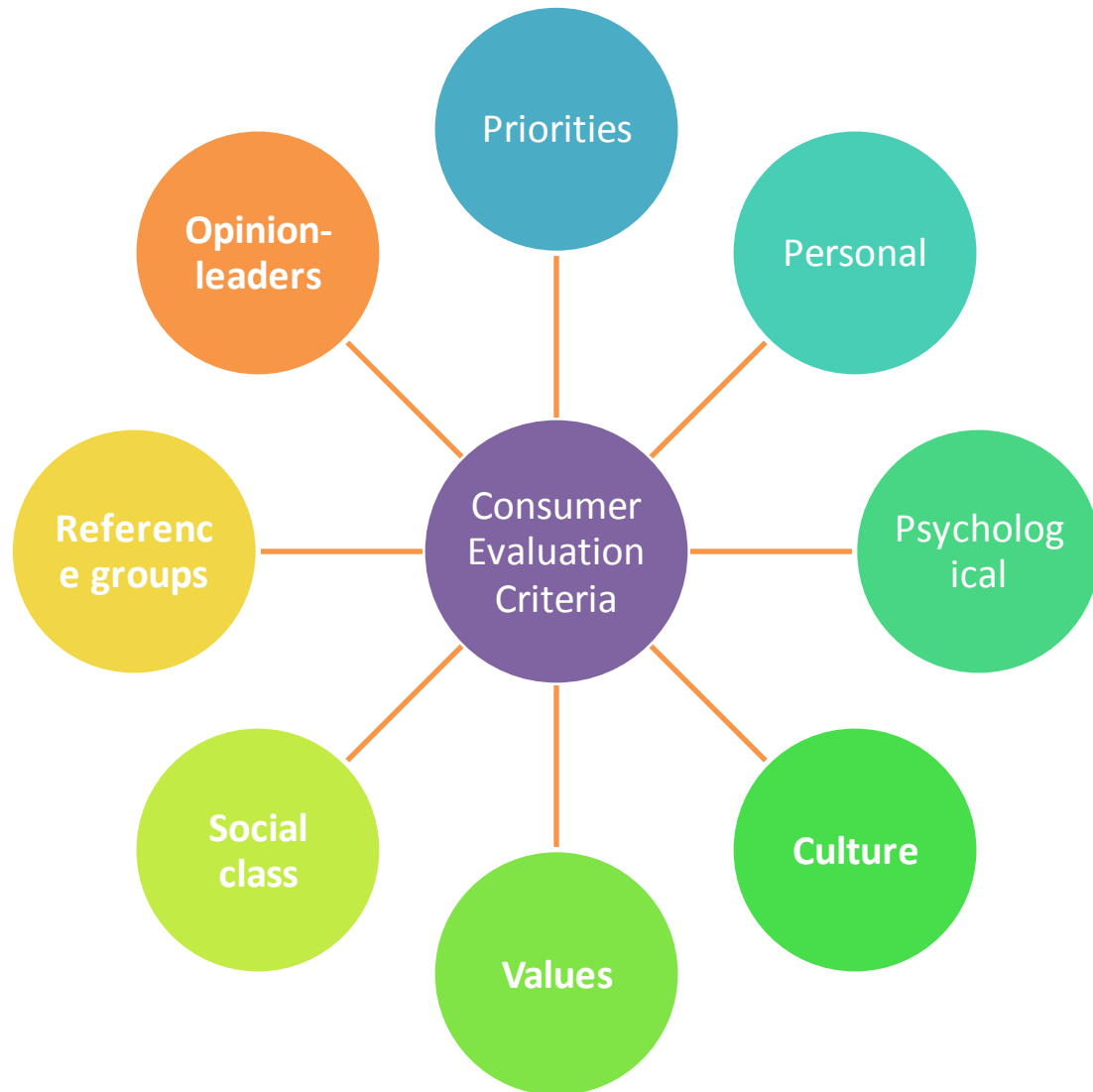
- Initiator
- Influencer or evaluator
- Gatekeepers
- Decider
- Buyer or Purchaser
- User



B2B: Evaluative criteria



B2C: Evaluation criteria



Consumer vs. Business Buyer Behaviour

Comparison 

	Business Markets	Consumer Markets
Buying centres		

Consumer vs. Business Buyer Behaviour

Comparison 

	Business Markets	Consumer Markets
Buying centres	<ul style="list-style-type: none">• Individual Roles of Buying Centers in decision making• Involvement of various functional departments in both buyer and seller companies	<ul style="list-style-type: none">• Personal decision making• Involvement of family members• Influence from internal and external factors (friends, colleagues, consultants, etc.)



Consumer vs. Business Buyer Behaviour

Comparison 

	Business Markets	Consumer Markets
Decision Milestones		
Technical expertise		



Consumer vs. Business Buyer Behaviour

Comparison 

	Business Markets	Consumer Markets
Decision Milestones	<ul style="list-style-type: none">•Purchase decisions are mainly made on rational/performance base	<ul style="list-style-type: none">•Purchase decisions are mostly made on physiological / social / psychological needs
Technical expertise	<ul style="list-style-type: none">•Technical expertise	<ul style="list-style-type: none">•Less technical expertise



Consumer vs. Business Buyer Behaviour

Comparison 

	Business Markets	Consumer Markets
Connection		
Durability of Relations		



Consumer vs. Business Buyer Behaviour

Comparison 

	Business Markets	Consumer Markets
Connections Relations	<ul style="list-style-type: none"> • Stable interpersonal relations between buyers and sellers 	<ul style="list-style-type: none"> • Non-personal relationship
Durability of Relations	<ul style="list-style-type: none"> • Stronger business relations between buyers and sellers, more durable in time, aiming future collaboration 	<ul style="list-style-type: none"> • Limited in time business relations between buyers and sellers



Questions (team work)

Situation: Your company is offering Laptops/Notebooks in the middle-priced segment at the market. You have Business and Consumer customers. You know well the Evaluative criteria of both.

For each type of the customers, please, identify, which characteristics of the **product** and **customer service** would be of greatest importance for your customers.

	Business Customers (University, PC for staff/stud.)	Consumer Customers (University stud.)
Most important Product characteristics		
Most important Customer Service characteristics		



Consumer vs. Business Markets

Characteristics	Business Markets	Consumer Markets
Demand		
Volume		
Number of Customers		
Location		
Distribution		
Nature of Purchase		
Purchase Influence		
Negotiations		
Reciprocity		
Promotion		
Customer service		



Consumer vs. Business Markets

Characteristics	Business Markets	Consumer Markets
Demand	Organisational	Individual
Volume		
Number of Customers		
Location		
Distribution		
Nature of Purchase		
Purchase Influence		
Negotiations		
Reciprocity		
Promotion		
Customer service		



Consumer vs. Business Markets

Characteristics	Business Markets	Consumer Markets
Demand	Organisational	Individual
Volume	Larger	Smaller
Number of Customers		
Location		
Distribution		
Nature of Purchase		
Purchase Influence		
Negotiations		
Reciprocity		
Promotion		
Customer service		



Consumer vs. Business Markets

Characteristics	Business Markets	Consumer Markets
Demand	Organisational	Individual
Volume	Larger	Smaller
Number of Customers	Fewer	Many
Location		
Distribution		
Nature of Purchase		
Purchase Influence		
Negotiations		
Reciprocity		
Promotion		
Customer service		



Consumer vs. Business Markets

Characteristics	Business Markets	Consumer Markets
Demand	Organisational	Individual
Volume	Larger	Smaller
Number of Customers	Fewer	Many
Location	Concentrated	Dispersed
Distribution		
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Negotiations		
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Promotion		
Customer service		



Consumer vs. Business Markets

Characteristics	Business Markets	Consumer Markets
Demand	Organisational	Individual
Volume	Larger	Smaller
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Distribution	More Direct	More Indirect
Nature of Purchase		
Purchase Influence		
Negotiations		
Reciprocity		
Promotion		
Customer service		



Consumer vs. Business Markets

Characteristics	Business Markets	Consumer Markets
Demand	Organisational	Individual
Volume	Larger	Smaller
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Location	Concentrated	Dispersed
Distribution	More Direct	More Indirect
Nature of Purchase	More Professional	More Personal
Purchase Influence		
Negotiations		
Reciprocity		
Promotion		
Customer service		



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Demand	Organisational	Individual
Volume	Larger	Smaller
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Distribution	More Direct	More Indirect
Nature of Purchase	More Professional	More Personal
Purchase Influence	Multiple	Single
Negotiations		
Reciprocity		
Promotion		
Customer service		



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Negotiations	More complex	Simpler
Reciprocity		
Promotion		
Customer service		



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Reciprocity	Yes	No
Promotion		
Customer service		



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Promotion	Personal Selling	Advertising
Customer service		



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Negotiations	More complex	Simpler
Reciprocity	Yes	No
Promotion	Personal Selling	Advertising
Customer service	High importance	High importance

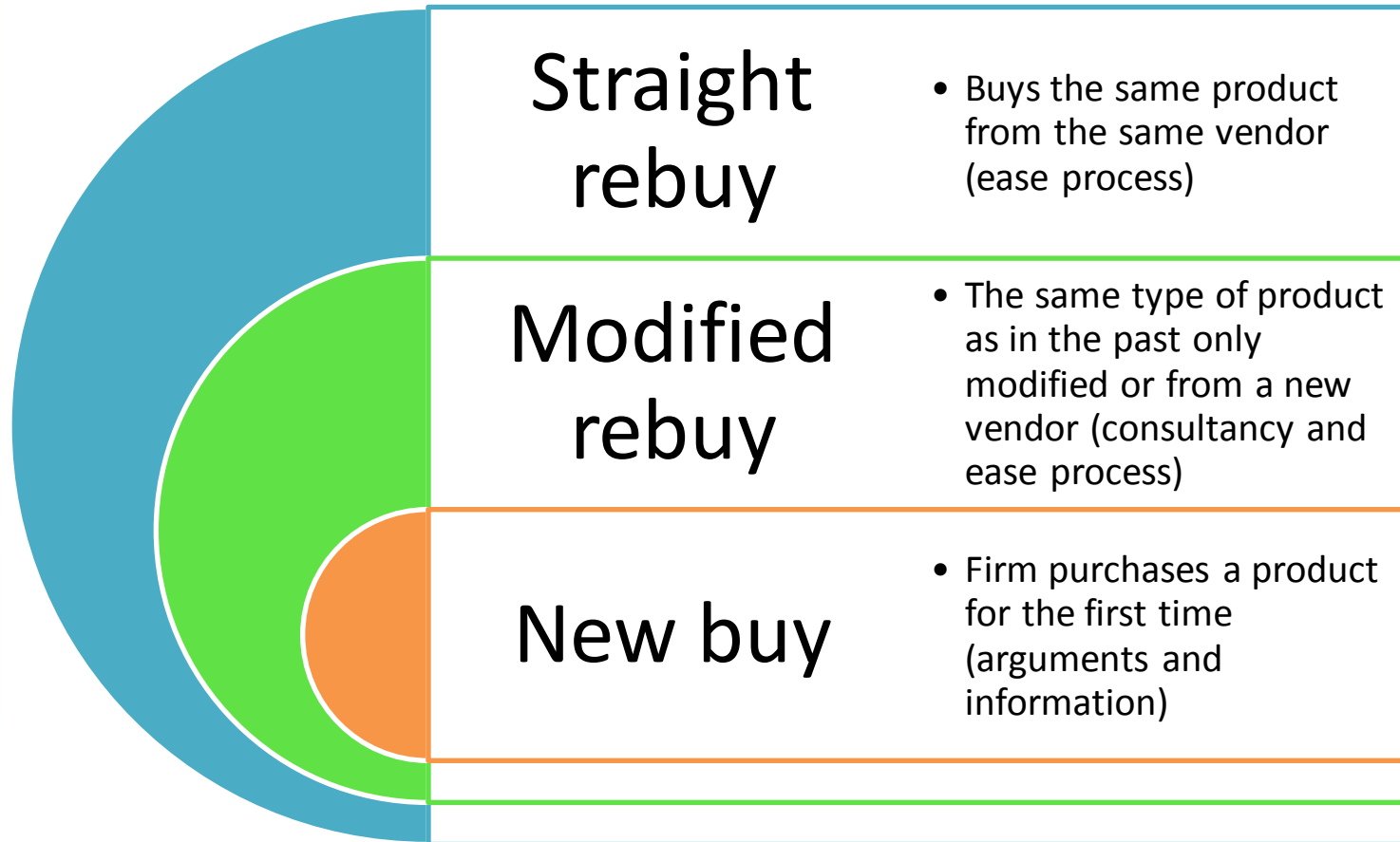


Buying situations

What are the specifics of Buying situations and how do they influence CRM?



Buying situations




New buy

A **new buy** is a situation requiring the purchase of a product for the very first time.

In this type of buying situation, **it is important for the business seller to provide a competitive argument to use their product line and a ton of information** to help the business owner make an educated decision.



Straight Rebuy




A **straight rebuy** is when the purchaser reorders the same products without looking for information or considering other suppliers.

The process should be made **as easy as possible** for the business customer.



Modified Rebuy



Modified rebuy is a situation where the purchaser makes some changes in the order, and it could require some additional analysis or research.

The company then should **provide consultancy** to the business customer and make the **process of purchase** as **easy and quick as possible**.

Business Ethics

What is the importance of Business Ethics for CRM? Is it different for Business and Consumer Markets?



Business Ethics



In every business buying decision, it's important to maintain ethical guidelines of conduct. Business consumers want to do business with sellers that are honest and provide the best products to their customers.

Types of Products

*How the types of products influence the good CRM and good customer service?
Is there a difference for CRM between business and consumer products?*



Product Types: Business Products

Business Products:

Are used to manufacture other products

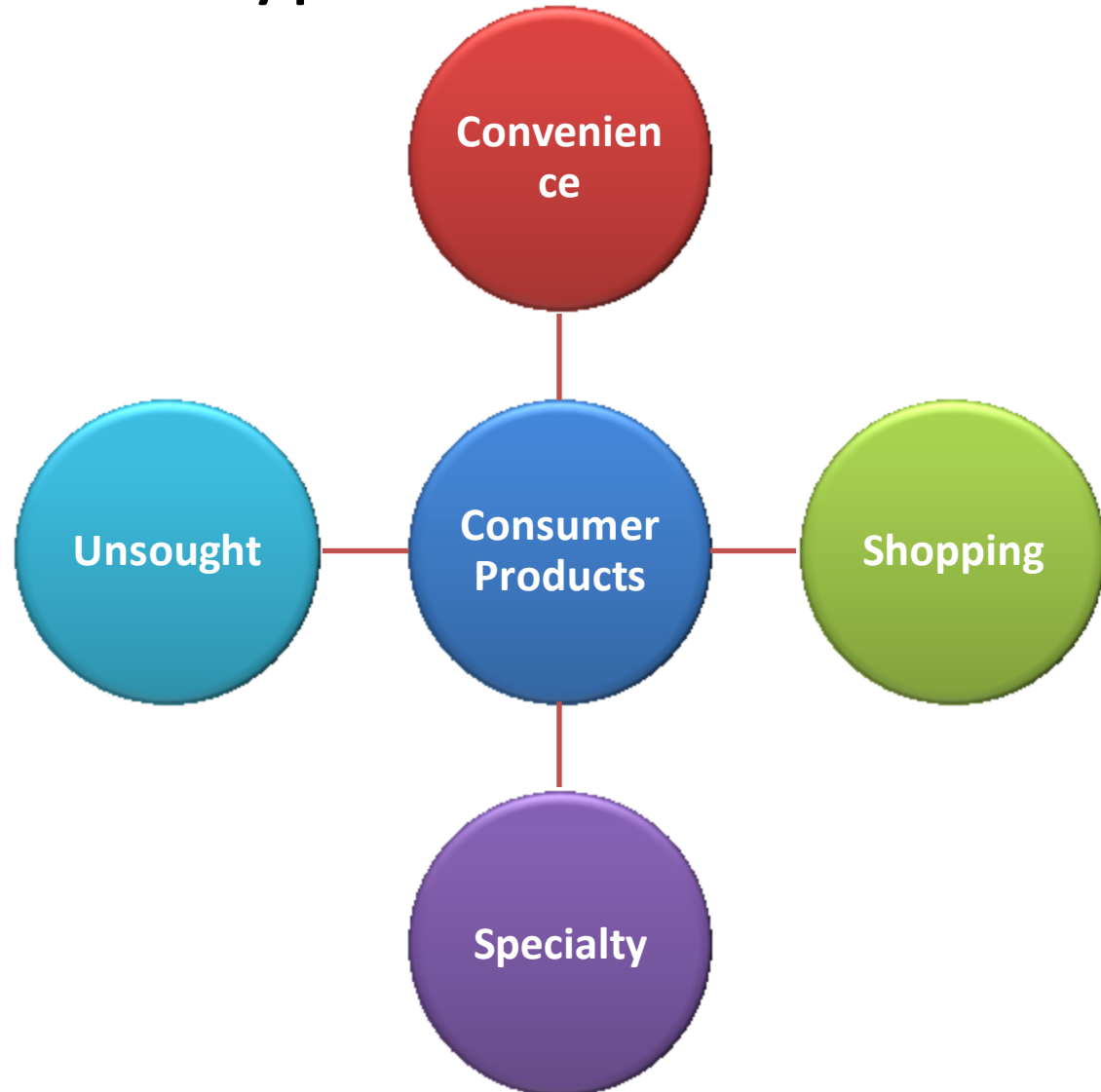
Become part of another product

Aid the normal operations of an organisation

Are acquired to be resold without change in form

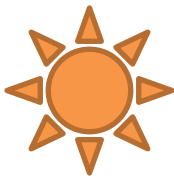


Product Types: Consumer Products



<http://www.slideshare.net/Aaashishsahu/business-marketing-bims1-2-module>





Examples of Consumer Products

Discussion

Let's define the types of consumer products in this slide



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Product types: Consumer Products



TYPE OF CONSUMER PRODUCT

BASIS OF COMPARISON

CONVENIENCE

SHOPPING

SPECIALTY

UNSOUGHT

Product

Price

Place (distribution)

Promotion

Brand loyalty of consumers

Purchase behavior of consumers

Questions (Team work)

1. Choose one of the products from the previous slide and put it in the right category.
2. Fill in this table for your chosen product.



Product types: Consumer Products

TYPE OF CONSUMER PRODUCT

BASIS OF COMPARISON

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Product

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Product types: Consumer Products

TYPE OF CONSUMER PRODUCT

BASIS OF COMPARISON

Product

Price

Place (distribution)

Promotion

Brand loyalty of consumers

Purchase behavior of consumers

CONVENIENCE

Toothpaste, cake mix, hand soap, ATM cash withdrawals

SHOPPING

Cameras, TVs, briefcases, airline tickets

SPECIALTY

Rolls-Royce cars, Rolex watches, heart surgery

UNSOUGHT

Insurance



Product types: Consumer Products

TYPE OF CONSUMER PRODUCT

BASIS OF COMPARISON

	CONVENIENCE	SHOPPING	SPECIALTY	UNSOUGHT
Product	Toothpaste, cake mix, hand soap, ATM cash withdrawals	Cameras, TVs, briefcases, airline tickets	Rolls-Royce cars, Rolex watches, heart surgery	Insurance
Price	Relatively inexpensive	Fairly expensive	Usually very expensive	Varies
Place (distribution)				
Promotion				
Brand loyalty of consumers				
Purchase behavior of consumers				



Product types: Consumer Products

TYPE OF CONSUMER PRODUCT

BASIS OF COMPARISON	CONVENIENCE	SHOPPING	SPECIALTY	UNSOUGHT
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Price	Relatively inexpensive	Fairly expensive	Usually very expensive	Varies
Place (distribution)	Widespread; many outlets	Large number of selective outlets	Very limited	Often limited
Promotion				
Brand loyalty of consumers				
Purchase behavior of consumers				



Product types: Consumer Products

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Promotion	Price, availability, and awareness stressed	Differentiation from competitors stressed	Uniqueness of brand and status stressed	Awareness is essential
Brand loyalty of consumers				
Purchase behavior of consumers				



Product types: Consumer Products

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Brand loyalty of consumers	Aware of brand but will accept substitutes	Prefer specific brands but will accept substitutes	Very brand loyal; will not accept substitutes	Will accept substitutes
Purchase behavior of consumers				



Product types: Consumer Products

TYPE OF CONSUMER PRODUCT

BASIS OF COMPARISON	CONVENIENCE	SHOPPING	SPECIALTY	UNSOUGHT
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Brand loyalty of consumers	Aware of brand but will accept substitutes	Prefer specific brands but will accept substitutes	Very brand loyal; will not accept substitutes	Will accept substitutes
Purchase behavior of consumers	Frequent purchases; little time and effort spent shopping	Infrequent purchases; needs much comparison shopping time	Infrequent purchases; needs extensive search and decision time	Very infrequent purchases; some comparison shopping



© Dr. Sia Valentinova Source: <http://lilypilla.blogspot.bg/2015/03/blog-5-new-products-and-services.html>

Purchase - Levels of Involvement

*How the Level of Involvement a Customer has with a Purchase influences the process of CRM, the level of information and time needed by the customer, the risk of post-purchase dissatisfaction?
How does the Level of involvement with a Purchase define the specifics of CRM?*



Purchase levels of involvement

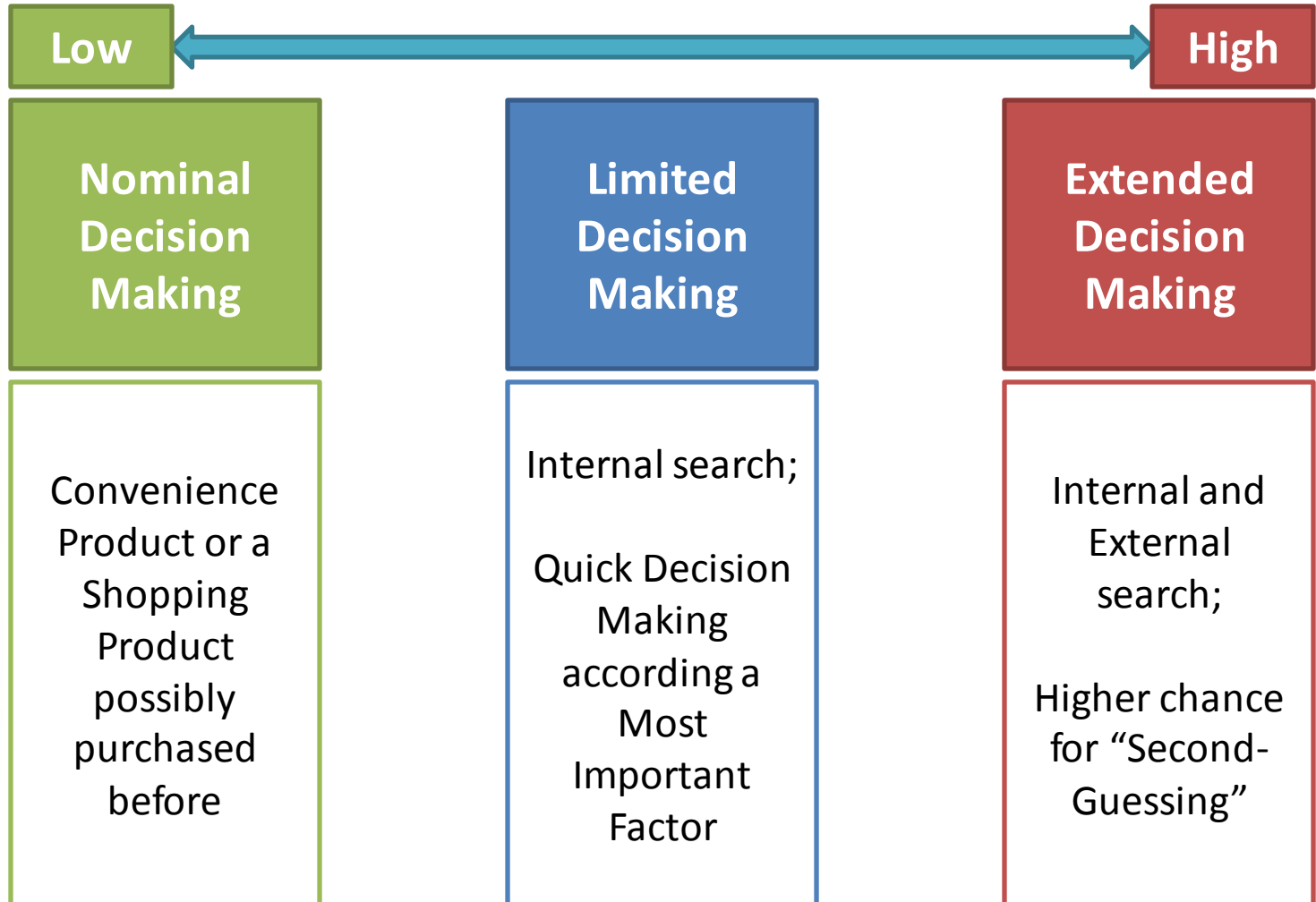
Low ----- **High**
Involvement **Involvement**

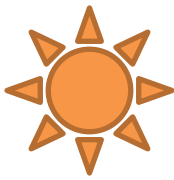
Low-prices
Routine goods

Expensive goods
High-risk goods
Great significance



Decision making types





Define Level of Involvement and Type of Decision Making **Discussion**

Let's define the Level of Involvement and Type of Decision Making for each of these products



Consumer Decisions and Strategy



Lower involvement purchases require more **basic promotion strategies**.

High involvement purchases need a more pervasive marketing strategy with **lots of information** provided through **several different channels**.

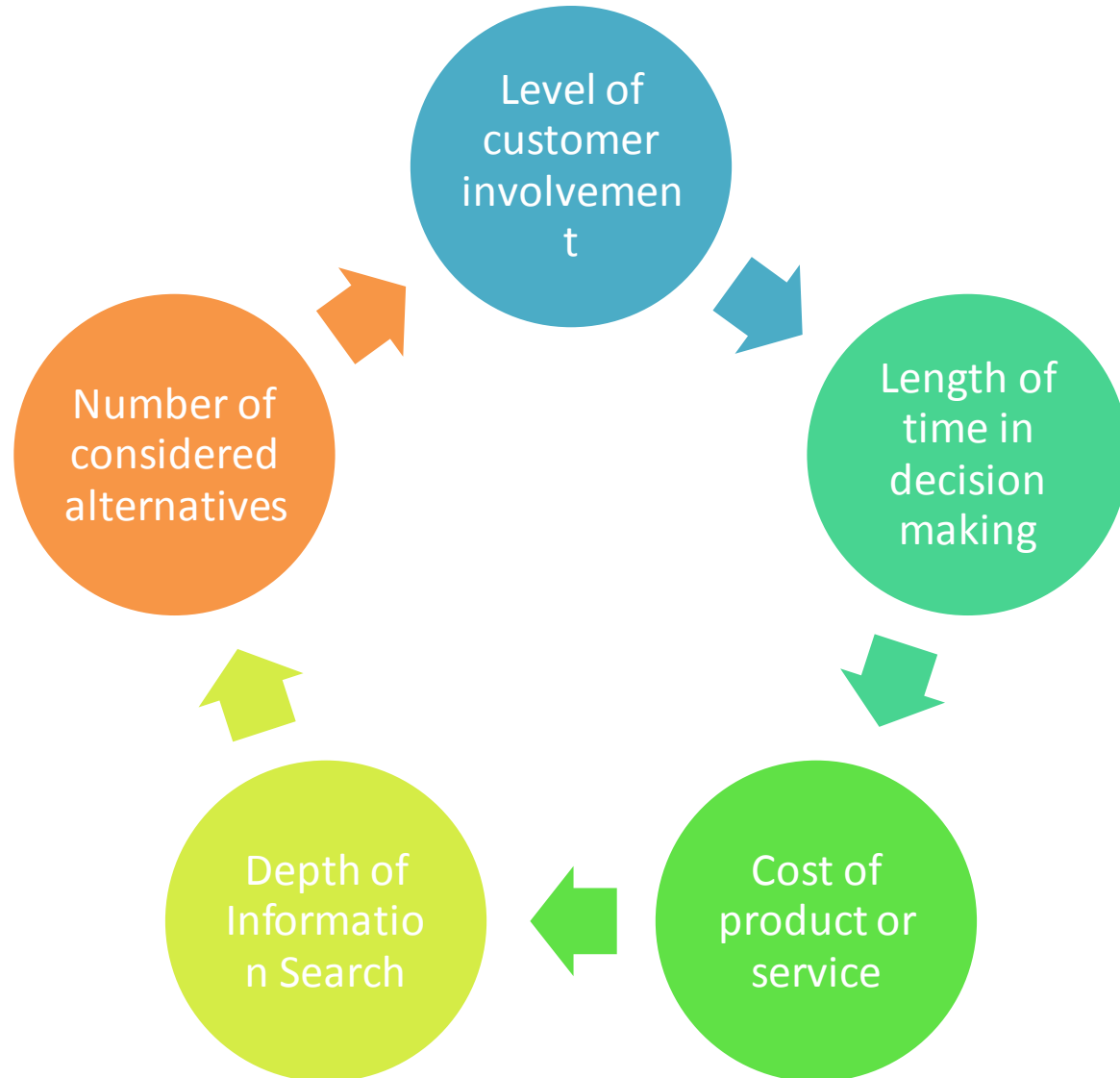


Factors defining the Level of Involvement in Decision Making

*Are the factors influencing Decision
Making for Business and Consumer
Clients the same?*



Factors defining the Level of Involvement in Decision Making



Q&A Time





Thank you!

Благодаря! (in Bulgarian)

