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University of Applied Sciences

Customer Intelligence and Relationships Management (CRM)



**L81A310 Customer Relationship
Management (CRM) Course**
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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

The Five Basic Steps of Customer Buying Process

Why is knowledge on the basic steps of the Customer Buying Process important for CRM?

How can we make an interconnection with the previously mentioned specifics?

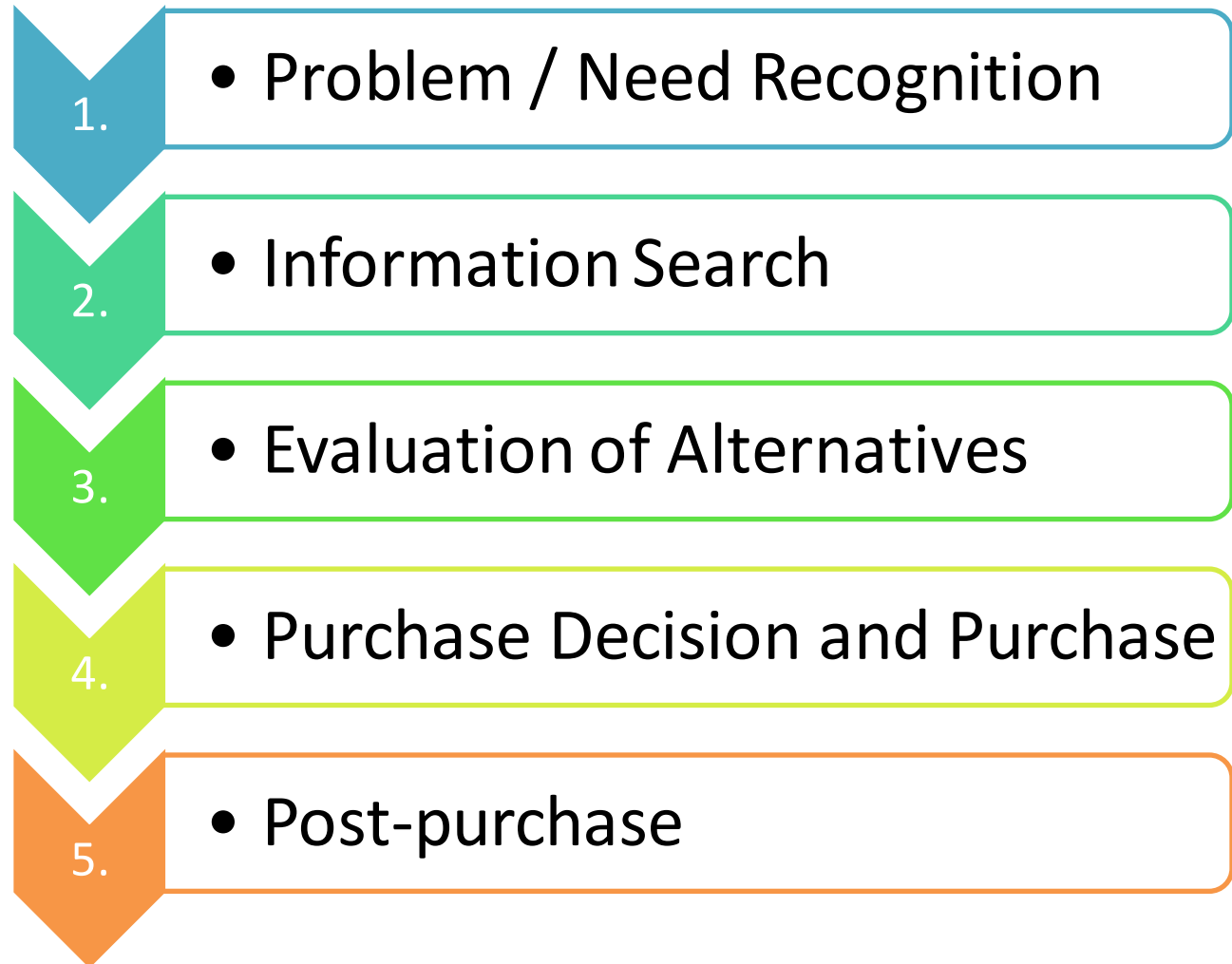
What are the specifics of the process in connection with the customers of products from the different Product Lifecycle stages?

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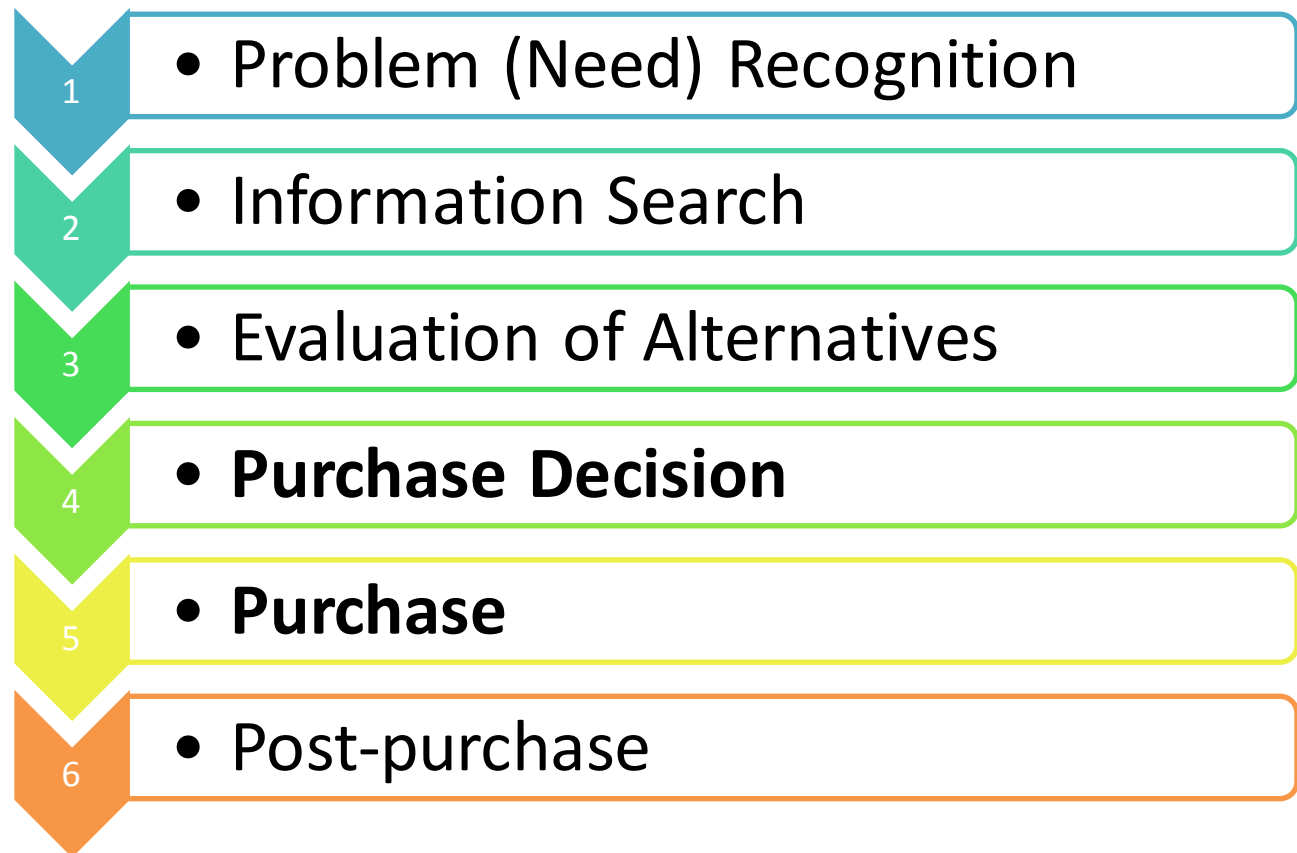
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Basic Steps in Customer Buying Process



The Basic Steps in Customer Buying Process are viewed as Five or as Six, but essentially there is no difference.



Customer Purchase Decision Process



Basic Steps in Customer Buying Process

1.

- Problem / Need Recognition

2.

- Information Search

3.

- Evaluation of Alternatives

4.

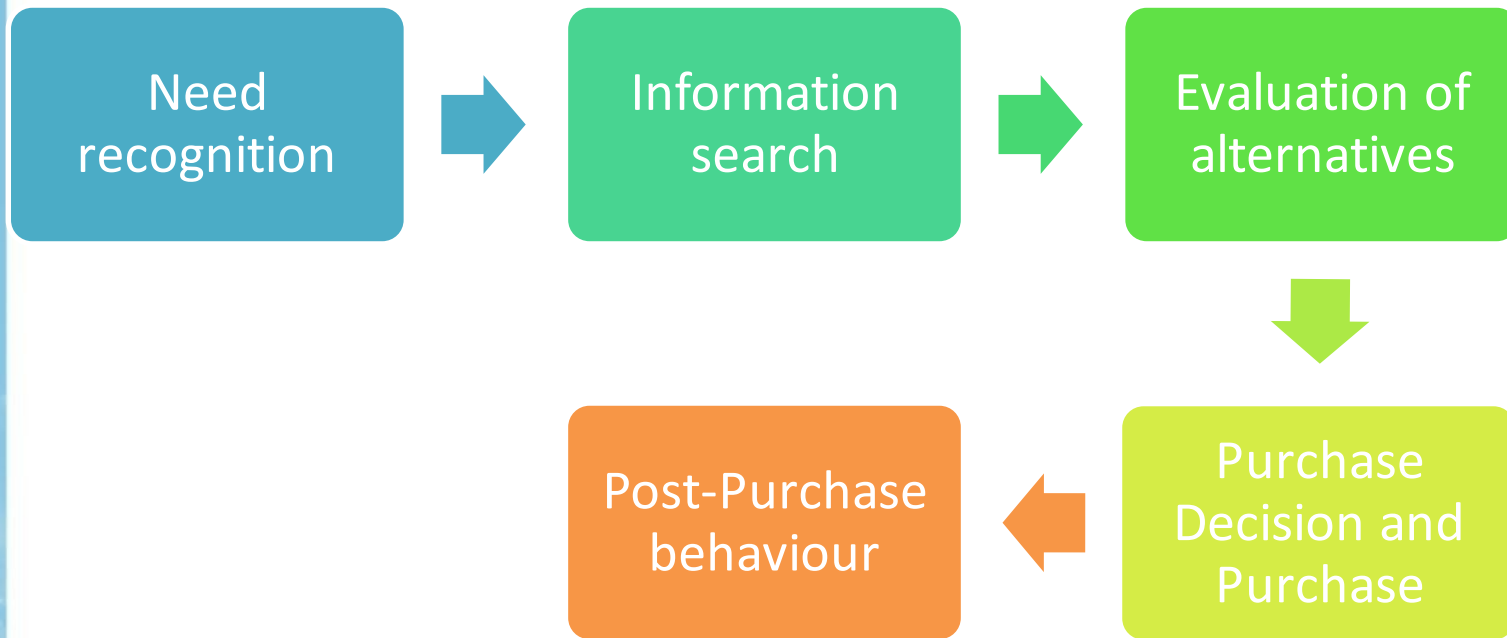
- **Purchase Decision and Purchase**

5.

- Post-purchase

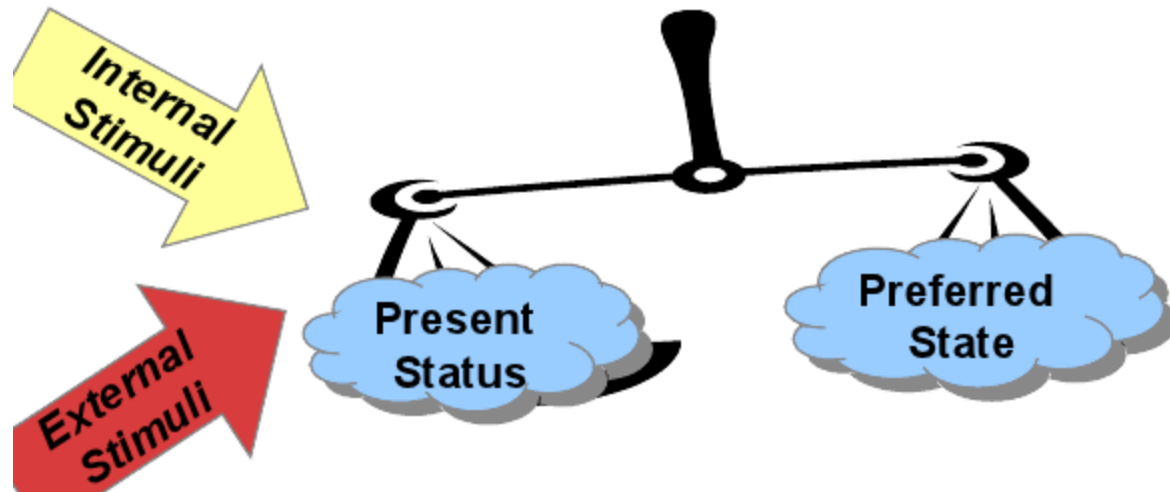


Consumer Decision-Making Process



**Consumers don't always move through the steps in this sequence.*

1. Need recognition



When a consumer is faced with a difference between actual and desired state – imbalance.

Internal stimulus - A need can occur immediately and can be a very basic impulse that you experience.

External Stimulus – When a customer is affected by outside influences.

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1. Need recognition



How to create a need recognition?

The key weapons for marketer to create an imbalance or need is by advertising and sales components.

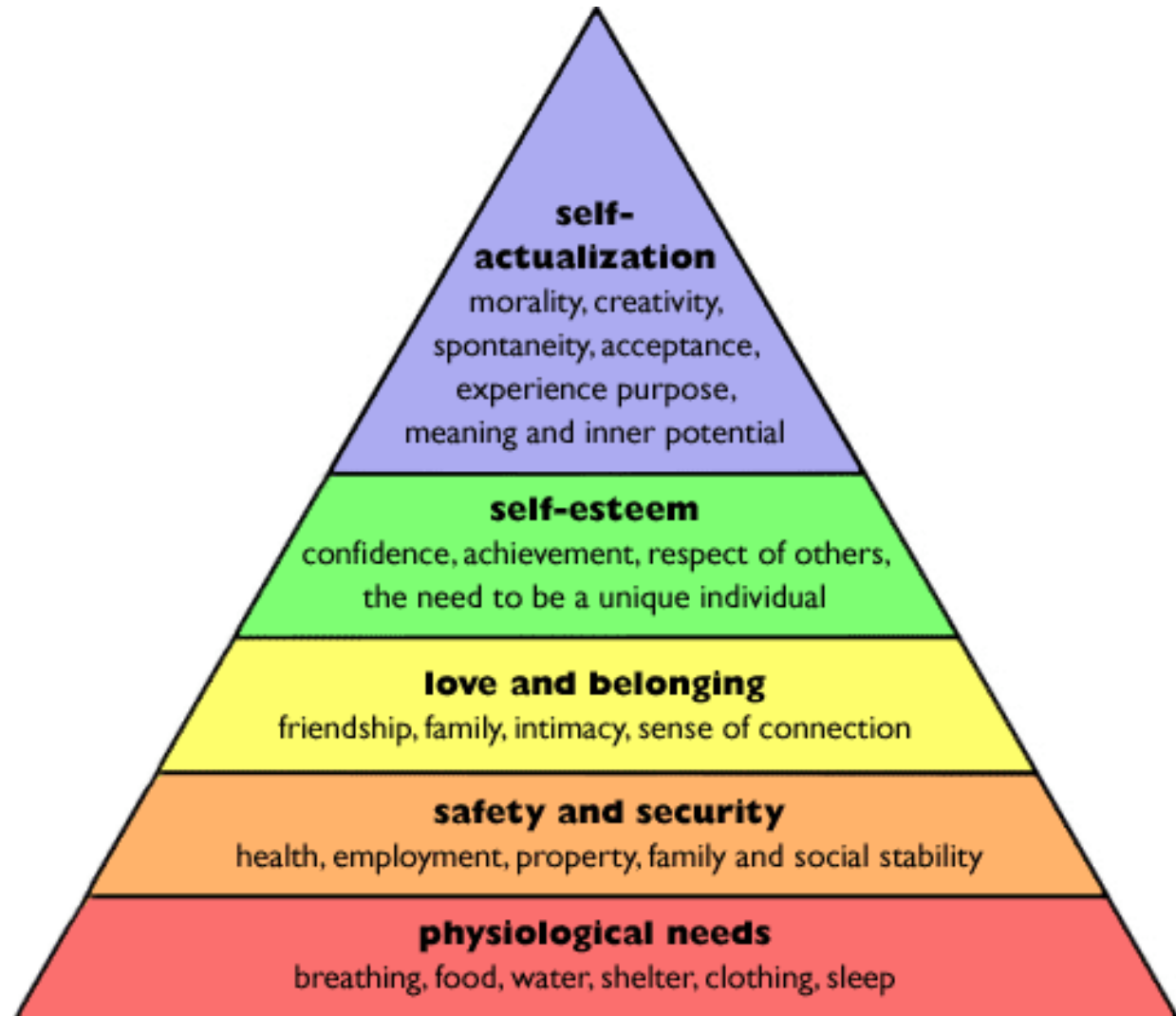
Need recognition and then a Want occur when:

- 1) A product customers have does not function properly (frustration).
- 2) Consumers run out of a product they need.
- 3) Consumers become aware of a better product / product meeting better their needs.

**What is the role of marketing team to handle best these situations?*



Maslow Pyramid



2. Information Search

Comparing the different, alternative selections that consumers can purchase to satisfy their need.

Internal Information Search

Search in the internal environment

Memory,
Past Experiences,
Internal Knowledge

Prior to External
Information Search

External Information Search

Search in the outside environment

Personal search
(friends, salesperson,
family, etc.)

Impersonal search
(Internet, blogs, forums,
articles, TV, Radio, etc.)



Questions about Information Search



- Which type of customers needed deeper technical expertise information?
- How does the type of Product influence the Information Search (time, amount of information, type of providing the information, channels, etc.)?
- How does the level of involvement with the purchase and decision making influence the information search process?
- How does the buying situation influence the information search process?



Questions (team work)

Divide class into six teams, each identifying **as many as possible** practical examples for sources of Internal and External Information Search:
Team 1, 3, 5 – for Business customers
Team 2, 4, 6 – for Consumer customers
Each team will present their list.

Technology products



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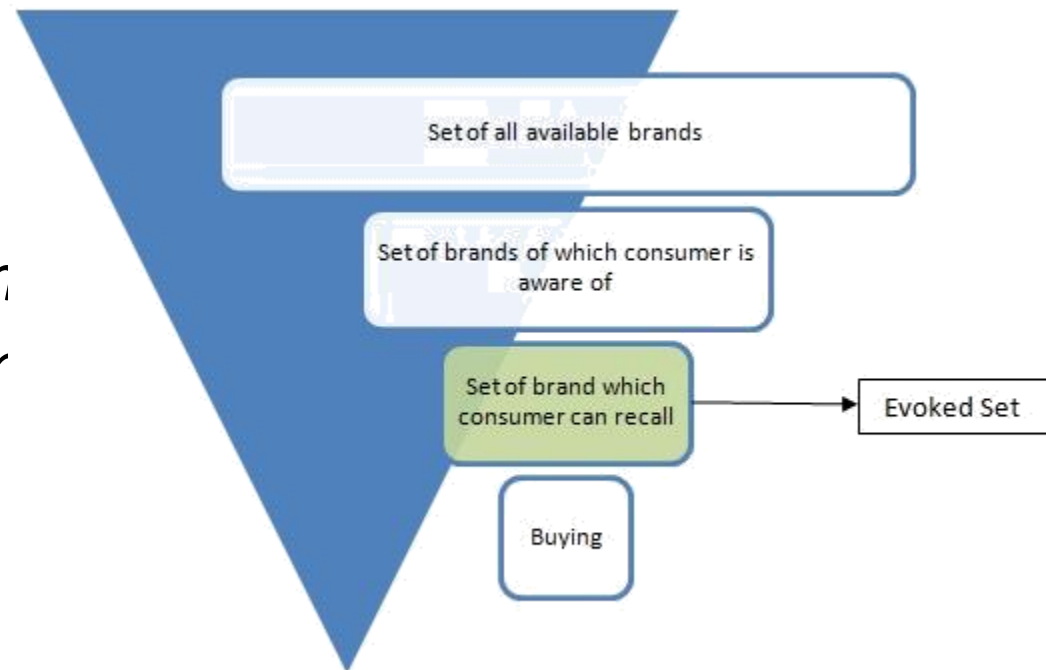
<http://seoexperts4all.com/finding-reputable-sources-information-content-curation-campaign/>



3. Evaluation of Alternatives

Evaluation of Alternatives is implemented according the Evaluative Criteria of the Customers.

Evoked set
Evoked set consists of the consumer's preferred alternatives.



This can be followed by final research and evaluation to further shrink their choices....



Questions about Evaluation of Alternatives

- What are the evaluation criteria for Business Customers?
- What are the evaluation criteria for Consumer Customers?
- Would usually Business companies prefer quality and support in front of quality, even with small degree of advantage?
- How would the level of involvement influence the time for evaluation of alternatives?
- How do the buying centers' participants influence the evaluation of alternatives?

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4. Purchase Decision and Purchase

... uniting all CI knowledge in this process...

Purchase Decision follows the Decision Making Process with the according Level of Involvement, Type of Decision Making, Evaluation criteria, Buying Centre's participants, Buying situations and Influencing Factors in the Decision Making Process.

*If decision is Yes, Customer proceeds with purchase and moves to next step:
Post-Purchase...*



Questions about Purchase Decision and Purchase

Discussion

- What are the most important points of good customer service for the different Buying situations?
- What are the specifics of the Buying Centers at B2B & B2C?
- What information is needed for the products/services purchases with the different level of involvement?



Questions about Purchase

Decision and Purchase

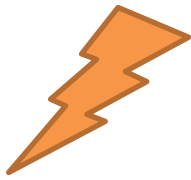
Discussion

How is the decision making process and Purchase decisions influenced by:

- Level of Involvement
- Type of Product
- Type of Customer
- Evaluation criteria
- Buying Centre's participants
- Buying situations
- Influencing Factors in the Decision Making Process?

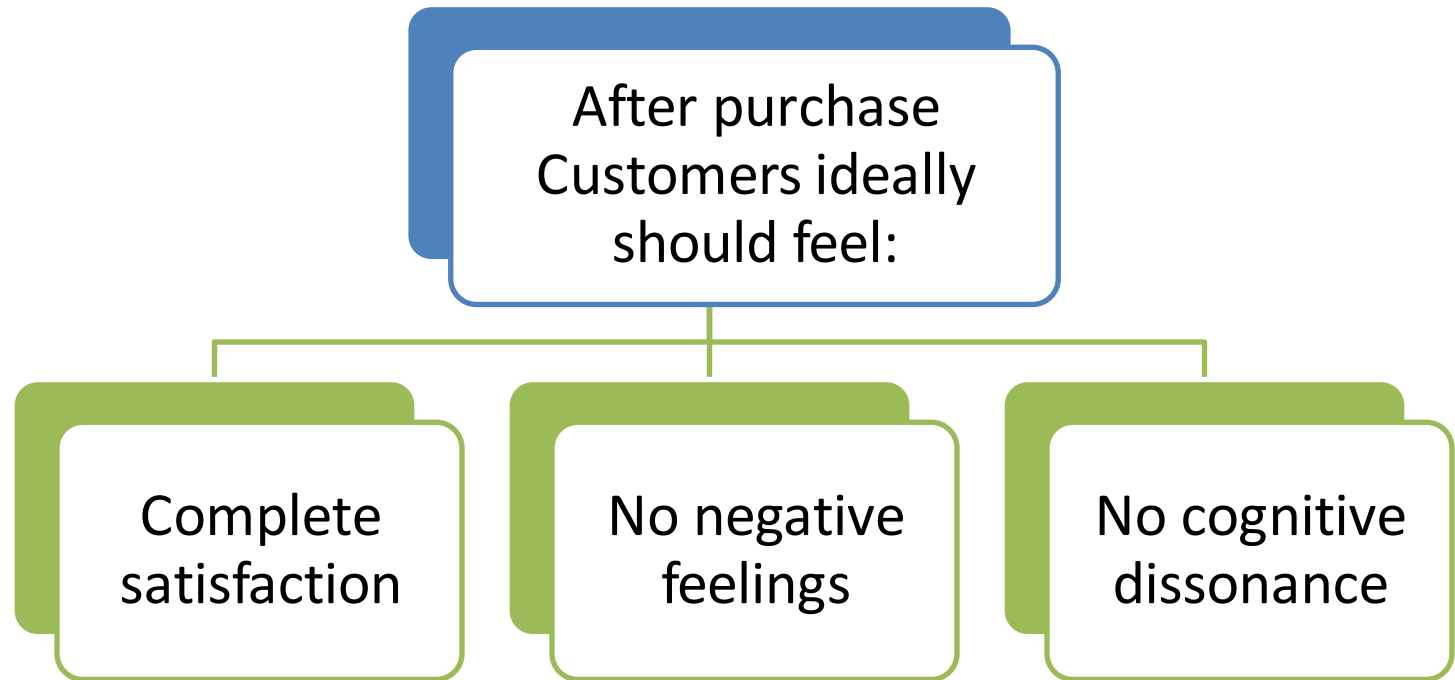
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5. Post-purchase behaviour

Post-purchase service is defining whether customers will feel: Brand Insistence, Brand Preference or Brand rejection.



Cognitive Dissonance

Definition:

The inner tension that a consumer experiences after recognising an inconsistency between behaviour and values or opinions.

How company can minimise cognitive dissonance?



Cognitive Dissonance Minimisation

Marketers can use the following to minimise cognitive dissonance:

1) Communication for their products positive benefits and features

- highlight any and all positive emotions associated with choosing that product, also remind option for returning or exchange of the product (if applicable)

2) Follow-up after purchase

- send a follow-up email **after** the purchase helps to reinforce the consumer's choice and create an even more positive brand association for future purchases

3) Small gifts for current clients

- small gifts for current clients may include advertising materials, promotion coupons, gifts and greetings for national and personal holidays, etc.



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 sources of Cognitive dissonance in your products.

Please, identify **at least three** practical examples (good practices) for minimising cognitive dissonance:

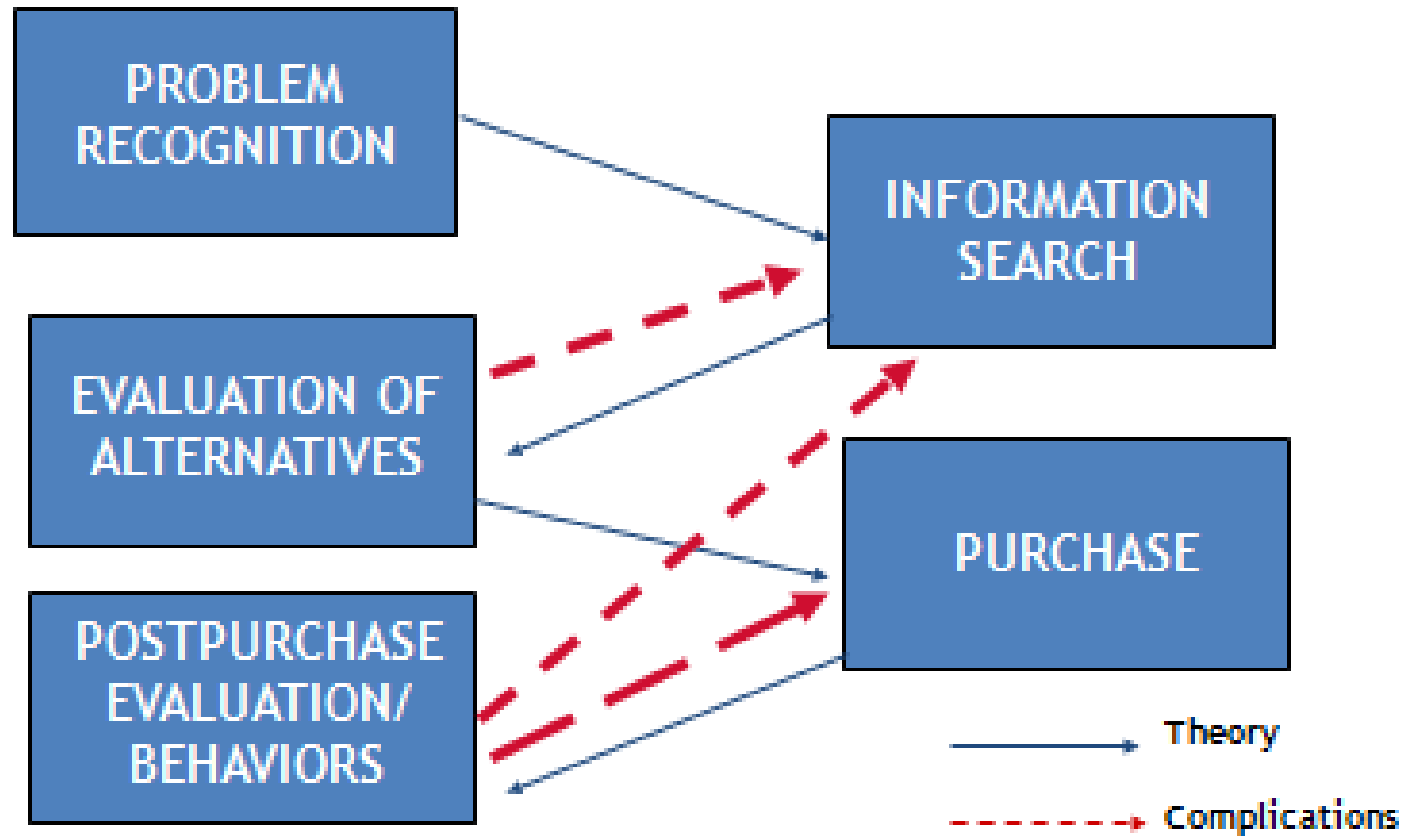
Team 1, 3, 5 – for Consumer customers

Team 2, 4, 6 – for Business customers

Approaches for minimising cognitive dissonance	Consumer /Business Customers
1) Communication	
2) Follow-up	
3) Gifts	
4) Others	



Decision Making Process in Practice



Purchasing Process



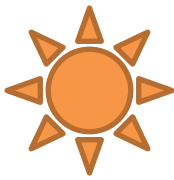
Purchasing process, stages, focus and media of customer interactions, need of integrated system for communication with customers

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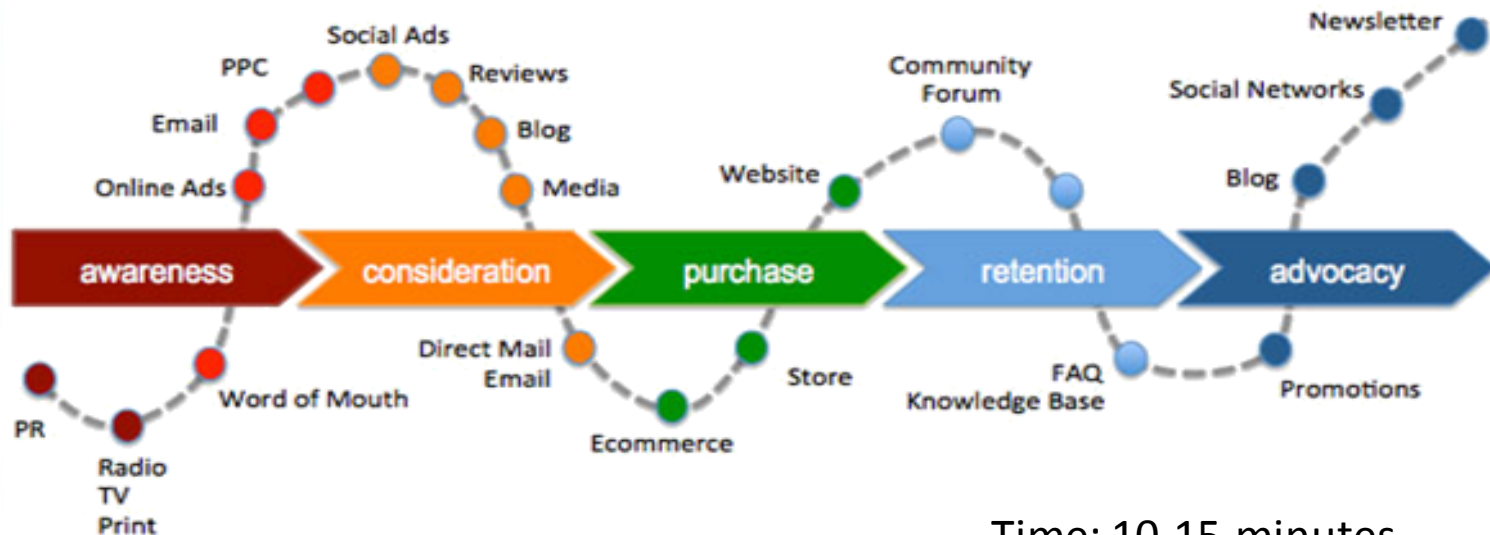
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Questions (team work)

Task: Identify (draw) as many as possible practical examples of channels used by Consumer customers in all stages of the Customer Buying Behaviour Process:
Team 1, 3, 5 – for Convenience Products
Team 2, 4, 6 – for Shopping Products



Market Segmentation and CRM

How a good market segmentation can help CRM?

In the next lecture we'll start learning the processes of work in CRM and see the influence of a good segmentation?



Market Segmentation and CRM

Target + Get + Keep + Grow (Customers)

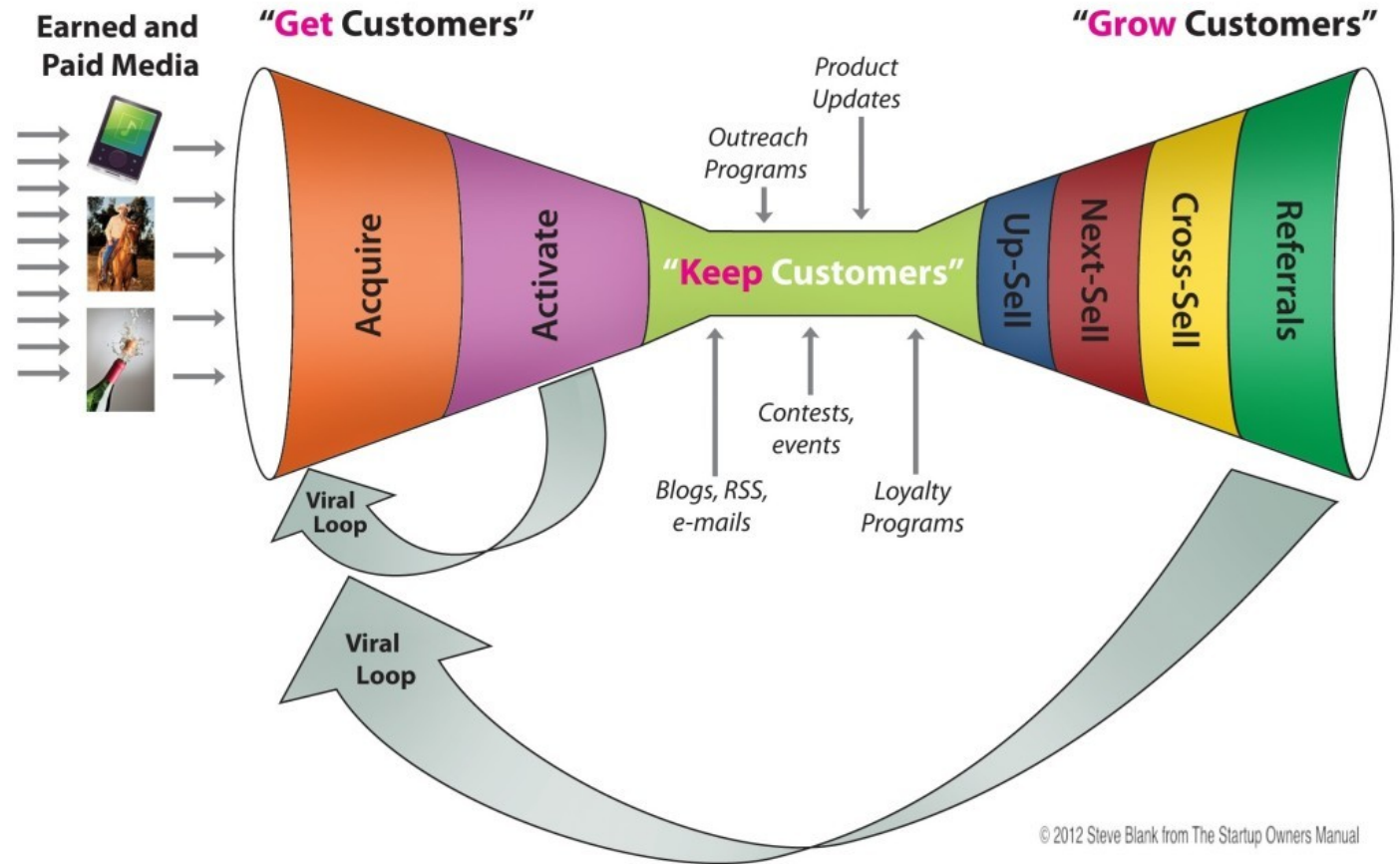
Marketing

Sales, Customer Service

Information flow



The Three Basic Goals of CRM



*Which CRM goal is Most important according to you?
(discussion)*

<http://www.successwithcrm.com/blog/bid/77499/Three-Pillars-of-Business-Success-with-CRM>

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Consumer Markets

Segmentation

There are five different ways to consider segmenting a market

Geography

Demographics

Psychographics (market based on personality, motives and lifestyles)

Benefits sought

Usage rate



Business Markets

Segmentation

Additional criteria for good Business market segmentation are:

Segmentation by industry type

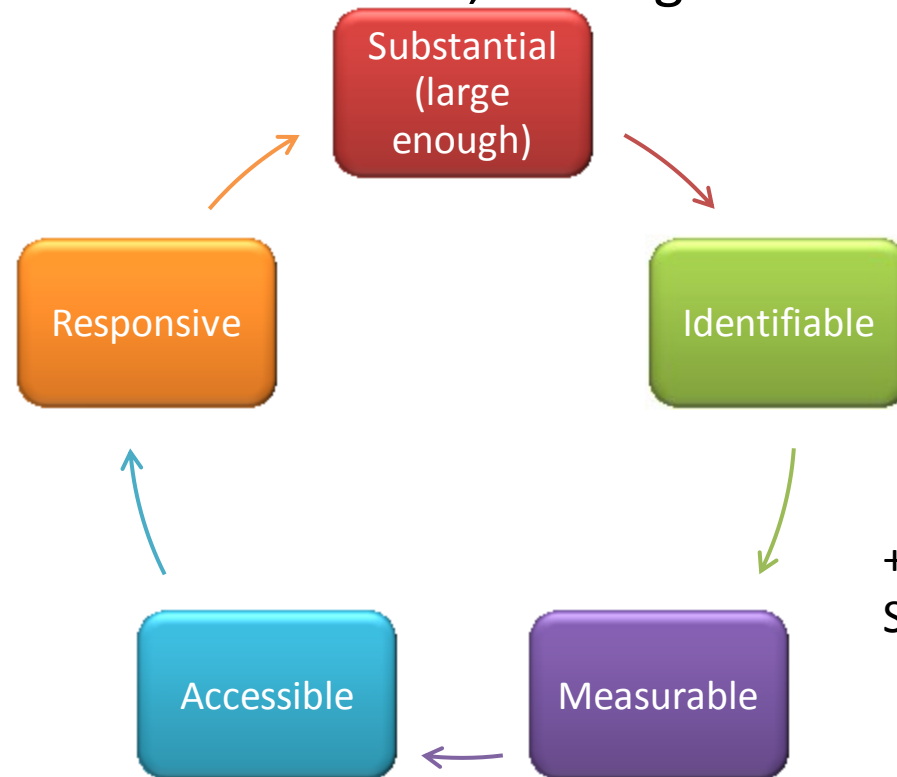
Segmentation by service

Segmentation by value sought



Criteria for Successful Segmentation

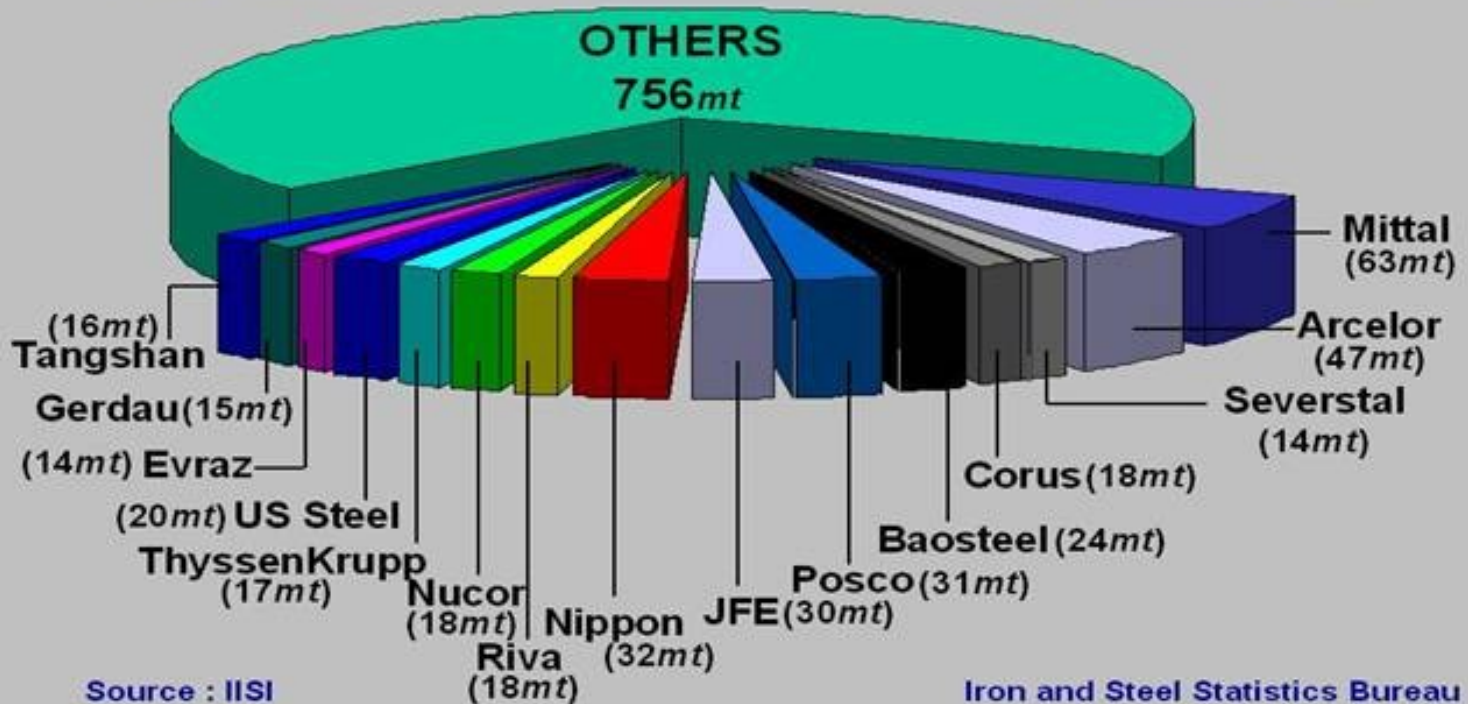
In order for a company to consider a segment of the market for business, the segment must be:



+ Multiple Factors Segmentation

Fragmentation (example)

GLOBAL STEEL
SLOWLY CONSOLIDATING - BUT STILL FRAGMENTED
Top 15 Steel Producers make one-third of World Steel



Q&A Time



