



CUSTOMER RELATIONSHIP MANAGEMENT

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Customer Relationship Management

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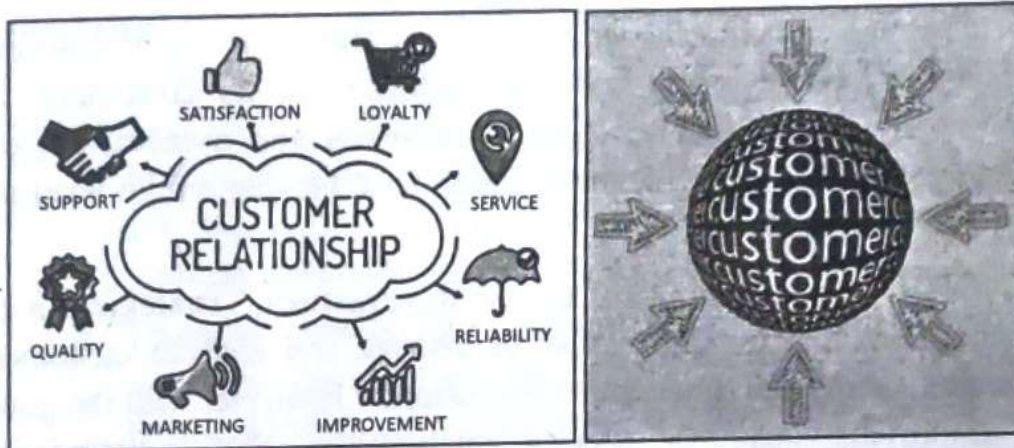
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Chapter 1

Introduction to Customer Relationship Management



1.1 Introduction

What is a Customer?

A customer is the most important visitor on our premises. He is not dependent on us, we are dependent on him. He is not an interruption on our work. He is the purpose of it. He is not an outsider on our business. He is a part of it. We are not doing a favour by serving him. He is doing us a favour by giving us an opportunity to do so. – *Mahatma Gandhi, 1890*

This visionary statement was made by the father of the nation at a time when the world was experiencing a sellers' market. Today the

world is experiencing a buyers' market where the customer is supreme. Customization is the key word today for which the marketers have to get connected with the customers.

In today's competitive business scenario, customers have numerous alternatives for a single product. This encourages them to switch from one brand to another based on factors, such as the quality and price of the product. Therefore, organisations have realized the fact that it is important to grab a customer's attention by establishing a unique brand identity and providing excellent customer service. The organisations that were initially focused on earning high profits are now shifting their priority towards managing cordial relationships with their customers. For this, organisations need to interact with customers regularly to understand their needs, tastes and preferences.

Customer relationship management (CRM) is a tool that helps an organisation to strengthen relationships with its customers. It enables an organisation to identify the needs and expectations of customers and fulfill them, which results in achieving a high level of customer satisfaction.

CRM is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving customer service relationships and assisting in customer retention and driving sales growth.

1.1(a) Concept of Customer Relationship Management

CRM is a business process in which client relationships, customer loyalty and brand value are built through marketing strategies and activities. CRM allows businesses to develop long-term relationships with established and new customers while helping streamline corporate performance. CRM incorporates commercial and client-specific strategies via employee training, marketing, planning, relationship building and advertising. CRM's core strength is the ability to glean insight from customer feedback to create enhanced, solid and focused marketing and brand awareness.

Most people think of CRM as a system to capture information about your customers. However, that is only a part of the picture. CRM involves using technology to gather the intelligence you need to provide improved support and services to your customers.

In other words, CRM is also about what you do with that information to better meet the needs of your existing customers and identify new customers, resulting in higher profits for you. 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 media.

CRM systems can also give customer-facing staff detailed information on customers' personal information, purchase history, buying preferences and concerns.

CRM also

1. Provides a way to directly evaluate customer value. For example, a business that is genuinely interested in its customers is rewarded with customer and brand loyalty. Because CRM is mutually advantageous, market share viability advances at a sound pace.
2. Provides cross-selling opportunities, where, based on customer approval, a business may pitch proven marketing or brand strategies to more than one client.



The CRM building blocks:

- (i) A database that collects information about your customers.
- (ii) A way to analyze the information in the database.

- (iii) A strategy for applying the analysis to better meet your clients' needs and identify potential customers.
- (iv) Collecting data to ensure your strategy is effective.

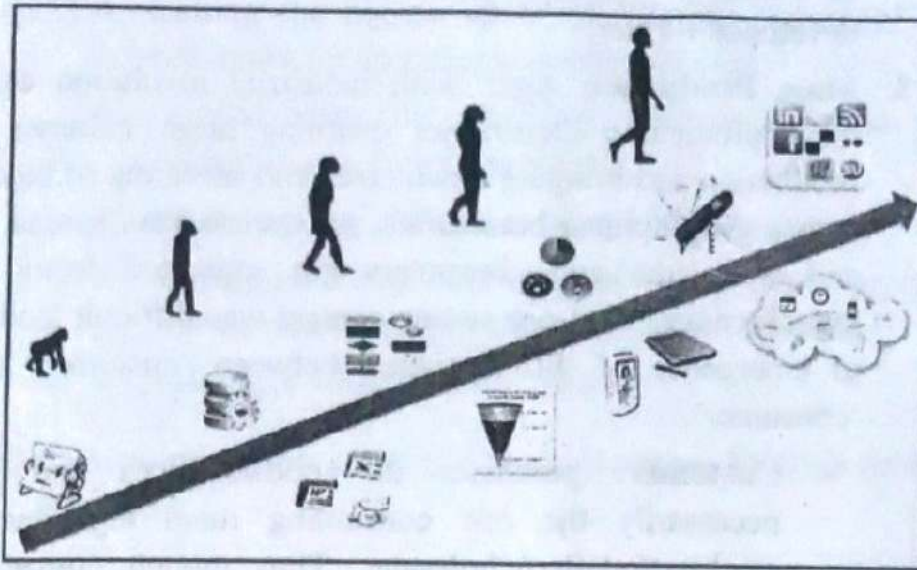
1.1(b) Definition of CRM



There are various definitions for CRM, few of them are listed below:

- (a) CRM is a strategic business initiative which is enterprise wide and these initiatives are aimed at treating each individual customer differently. (Paul Greenberg)
- (b) CRM is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer. (Atul Parvatiyar and Jagdish Sheth)
- (c) CRM is a philosophy and a business strategy, supported by a system and a technology, designed to improve human interactions in a business environment. (Paul Greenberg)
- (d) CRM is a customer focused business strategy designed to optimize revenue, profitability and customer loyalty. (Bruce Culbert)
- (e) CRM as an integrated approach to identifying, acquiring, and retaining a customer. (Ellatif)
- (f) CRM is an ongoing process of identifying and creating new value with individual customers, and then sharing the benefits from this value over a lifetime. (Brunjes and Roderick)

1.1(c) Evolution of CRM



As everything in this world has gradually evolved to become more responsive to the demands of the business so also has the concept of CRM. The beginning of CRM were from historical age right from the time trade started when the form of conducting business was different with different rules of the business appropriate to the then prevailing surroundings. It is interesting to see that the seedlings of CRM were sown in the very early stages though it took many years for it to manifest itself in today's form.

1. **Barter Age:** There was a stage when consumers started producing more of a specific product. They had one or more commodity in a surplus amount than their requirement. They exchanged this surplus commodity for the other amongst themselves. One commodity for the other. This is where barter exchange started. Parties of a barter exchange had to play the role of buyer as well as seller and their relationship with each other was customer relationship. Buyer and seller transacted for a mutual exchange of goods/ services.
2. **Customized Product Age:** This was a stage when skilled craftsmen created goods that were customized for buyers and were delivered personally so there was direct contact with them. During this contact the needs of the buyer/ customer were studied and accordingly the product was

modified if required. Thus the customer relationship developed further.

3. **Mass Production Age:** With industrial revolution came mass production capabilities enabling large volumes of production and bringing down costs and servicing of buyers across geographical boundaries. As the markets spread far and wide, the end consumers got separated from the manufacturer. Thus one to one contact was difficult leading to emergence of differentiation between 'customer' and 'consumer'.

- ❖ **Customer:** purchaser of goods/services and not necessarily the one consuming them e.g. dealer/stockiest/retailer/wholesaler. Thus though customers they were not necessarily consumers but customer relations applied to them too.

- ❖ **Consumer:** One who utilizes the goods/services to fulfill his need. Due to the distancing of the producer from the final consumer—the feedback of the customer started getting distorted by the time it reached the manufacturer. Since consumers from different market segments were distinctly different and varied, the corporations had to build capabilities/ systems and methods to systematically and accurately pick these feedbacks and respond to them as appropriately and as quickly as possible to fulfill the consumers' felt/expressed needs. This refers to the customer feedback mechanism which is so crucial in CRM.

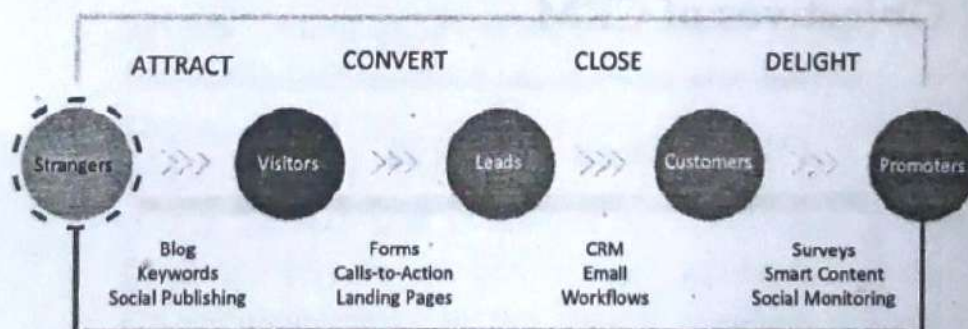
4. **Customization Age:** Similar concepts evolved in 'service' industry where the consumer defined service specification on the web. E.g. if a bicycle of a specific design was needed by a customer he could specify the design on the web and a bicycle catering to the specific requirements could be produced. This age addressed individualized needs in a mass production environment – closer to building a one to one relationship with consumers. This close relationship has its own distinct advantages:

- ❖ Getting the highest share of 'lifetime value' of the consumer for specific product/services.
- ❖ Understanding the changing patterns in consumer preferences in various segments.
- ❖ Understanding changes in competitive scenario.
- ❖ Identifying and closing of the gap between management perception and customer expectation.
- ❖ Building a strong referral base.

1.1(d) Customers as Strangers, Acquaintances, Friends and Partners

I. Customers as Strangers:

Strangers are those customers who have not yet had any transactions with a firm and may not even be aware of the firm. At the industry level, strangers may be conceptualized as customers who have not yet entered the market, at the firm level; they may include customers of competitors. Clearly the firm has no relationship with the customer at this point. Consequently, the firm's primary goal with these potential customers is to initiate communication with them in order to attract them and acquire their business.



II. Customers as Acquaintances:

Once customer awareness and trials are achieved, familiarity is established and the customer and the firm become acquaintances, creating the basis for an exchange relationship. A primary goal for the firm at this stage of the relationship is satisfying the customer. In the acquaintance stage, firms are generally concerned about providing a value proposition to customers comparable with that of

competitors. For a customer, an acquaintanceship is effective as long as the customer is relatively satisfied and what is being received in the exchange is perceived as fair value.

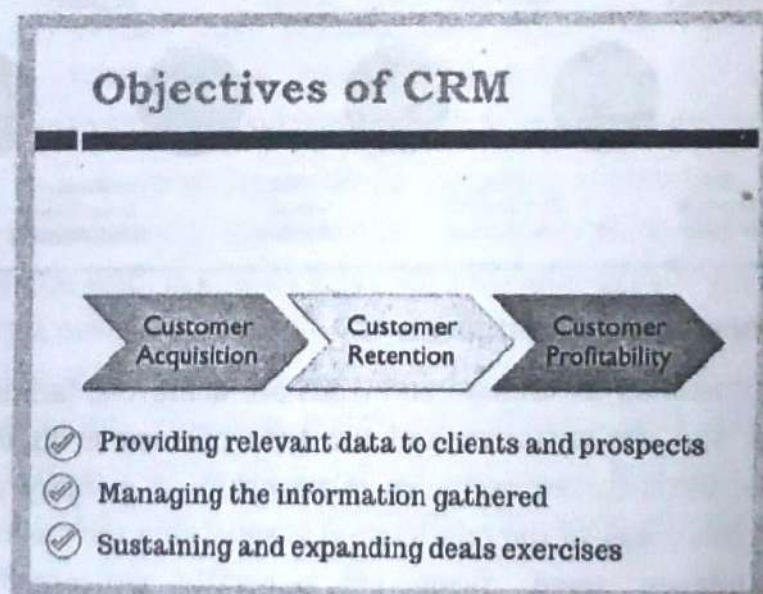
III. Customers as Friends:

As a customer continues to make purchases from a firm and to receive value in the exchange relationship, the firm begins to acquire specific knowledge of the customer's needs, allowing it to create an offering that directly addresses the customer's situation. The provision of a unique offering, and thus differential value, transforms the relationship from acquaintance to friendship. A primary goal for firms at the friendship stage of the relationship is customer retention.

IV. Customers as Partners:

As a customer continues to interact with a firm, the level of trust often deepens and the customer may receive more customized product offerings and interactions. The trust developed in the friendship stage is a necessary but not sufficient condition for a customer firm partnership to develop. That is the creation of trust leads to the creation of commitment and that is the condition necessary for customers to extend the time perspective of a relationship.

1.2 Objectives of CRM



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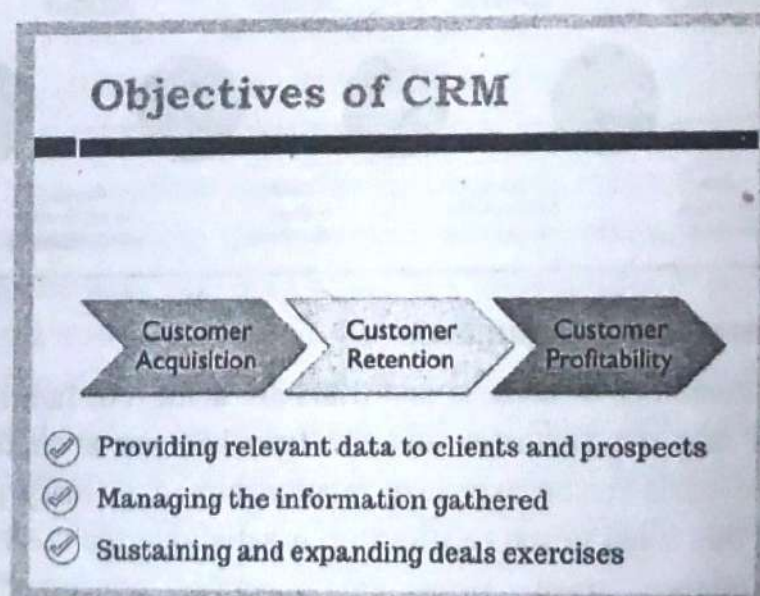
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1.2 Objectives of CRM



Implementing Customer Relationship involves high cost and efforts. This is because organisations need to spend large amount in purchasing an appropriate CRM system, hiring consultants and training employees. Therefore it is essential to have clear CRM objectives prior to its implementation. Some of the objectives of CRM are as follows:

- 1. Turning prospects into advocates:** The service marketers should identify and qualify prospects. Customer forms the basis on which all strategic activities should be built. The service company should convert prospects into customers. CRM uses the inputs of customer database of the company extensively. The company has to select prospective customers and identify the customer groups. Then, it should convert the customers gradually into advocates. Needless to say, satisfied customers recommend the use of services to their friends and relatives.
- 2. Minimizing defections:** One of the important objectives of CRM is minimizing customer defections. CRM defines customer defections and determines the exact rate of customer defection. The following examples illustrate how customer defections occur. Customers are attracted to competitors due to their lower prices. The cell phone and airlines industries experience customer defections very frequently due to lower prices. A regular internet user may change his or her regular cybercafe for faster browsing speed. When a hotel or a restaurant serves a customer poorly, he may shift to another one. Customers may move from one city to another or one locality to another and change their banks to the nearest available branch. The CRM strategy arrests potential defectors by finding out the major reasons for defections and rectify them.
- 3. Having a large proportion of loyal advocates:** A customer goes through stages in his relationship with a brand. He may finally reach the advocate stage where he actively canvasses for a brand. The service firm should try to convert its good customers into advocates, who in turn, would become the

ambassadors of the brand. This follows from the first objective and should result in a large number of loyal customers. Loyal customers have an increased level of commitment to a brand. The marketing cost for loyal customers is minimum. The referrals (advocates) give positive word of mouth recommendations to other potential customers. Such recommendations reduce the cost of serving them when they repurchase from the service provider.

4. **Having profitable relationship:** Customers vary in attitude and behaviour. In a competitive market place, customers are exposed to hundreds of selling messages. Customers have limited ability to process information. A number of constraints influences their decision making. Every sale is the result of a complex interaction with customers. So, building strong casual relationship with customers is very important. The CRM strategy maintains an ideal relationship without giving an impression to customers that their privacy is being invaded.
5. **Using cross selling opportunities without annoying customers:** Customers can be groomed for purchasing not one product of the company but for a series of products from the same organisation. Credit facility may be provided to customers to buy other service products of the same service provider.

1.2(a) Benefit of CRM to Customers and Organisations

CRM is a system that aims to improve the relationship with existing customers, find new prospective customers, and win back former customers. This system can be brought into effect with software that facilitates collecting, organizing, and managing customer information. CRMs are no longer just for large-scale organisations with huge databases of customers, but are advantageous to even small and medium sized organisations. Some benefits of CRM to customers and organisations are as follows:

- 1. Improve customer knowledge:** CRM makes possible a shared knowledge base that is easily assessable to all employees within the organisation. It enables a company to basically look into the stored data and provide accurate information to employees about customers. It helps the organisation to make informed and correct decisions. It also helps organisation to stay close to the customer, so that it can anticipate upcoming needs and cater to those needs. With an accurate customer database and customer service history businesses are able to achieve a better understanding of their customers. With CRM, the business will be able to deliver superior products and services because it has been able to study customer preferences.
- 2. Improve customer satisfaction:** One of the prime benefits of using a CRM is improving customer satisfaction. By using this strategy, all dealings involving servicing, marketing, and selling your products and services to your customers can be conducted in an organized and systematic way. It can also provide better service to customers through improved understanding of their issues. For instance, if you need to resolve an issue for a customer, your representatives will be able to retrieve all activity concerning that customer, including past purchases, preferences, and anything else that might help in finding a solution quickly. In this way, you can receive continuous feedback from your customers regarding your products and services.
- 3. Improve customer retention (and Revenue):** By using a CRM strategy for your business, you will be able to improve your customer retention rates which often translates into increased revenue for your organisation. According to Harvard Business Review, a 5% reduction in your customer defection rate can increase your profits anywhere from 25%-85%. As far as CRM benefits go, this is a golden one. By using the data collected, your team can proactively address at-risk accounts as well as reach out to satisfied customers at the right moment, to encourage repeat purchases.

- 4. Maximize business performance:** A CRM system can help maximize your business performance by increasing your up-sell and cross-sell opportunities. Up-selling is where you offer customers an upgrade or premium products that are related to their purchase. Cross-selling is where you offer complementary products that fall into the same category of their purchase. Both these sales strategies can be easily conducted with a CRM, as there is better understanding about their wants, needs and patterns of purchase. Having this information in a central database means that when an opportunity arises, the sales team can promote as required.
- 5. Better internal communication:** Following a CRM strategy helps in building up better communication within the company. Sharing customer data between different departments will enable you to work as a team and help optimize the customer experience — one of several major benefits of CRM. Each employee will also be able to answer customer questions on what is going on with their product or service. By functioning as a well-informed team, will help increase the company's efficiency overall and offer a better service to customers.
- 6. Optimize your marketing:** It allows having a more targeted and cost-efficient marketing programme. By understanding your customer needs and behaviour, you will be able to identify the correct time to promote your product. A CRM will also help you segment your customers and give insights which are more profitable customer groups. By using this information, you can set up relevant promotions for your groups and execute them at the right time. By optimizing your marketing resources in this manner, you give yourself the best possible chance of increasing your revenue.
- 7. Gain valuable insights:** How well is your organisation really doing? As a CRM stores all the information in one centralized place, this makes it a lot easier to analyze your performance as a whole. By pinpointing important

information such as revenue generated, leads, as well as results of your marketing campaigns, you'll be able to easily generate reports. Better reporting data means you will be able to make effective business decisions and improve revenue in the long run.

8. **Facilitation of market segmentation:** Relationship marketing is based on the principle that not all customers want the same product and that individuals may purchase the same product for different reasons. CRM analytics enables profiling of customers from a heterogeneous market to appropriate levels of aggregation to obtain smaller more homogeneous groups. Markets may be segmented on the basis of physical attributes or behavioural patterns. Marketing strategies can be adjusted accordingly.

In short the various benefits of CRM are:

CRM is about making each and every customer feel like they have a one-to-one relationship with you. Effective CRM gives you the opportunity to show your **customers** that:

- ✧ You know and recognize them.
- ✧ You understand them.
- ✧ You care about their needs, questions and concerns.
- ✧ You want to deliver services and products they need the most.
- ✧ You appreciate their business.

CRM will also benefit your **company** by allowing you to:

- ✧ Develop superior services and products that meet your customer's identified needs.
- ✧ Enhance marketing towards the most profitable customers to improve your bottom line.
- ✧ Improve efficiency by providing support and services to customers online (through frequently asked questions, for example).
- ✧ Anticipate future business needs based on data on historic sale and service trends.

- ✱ Increase your customer base as you develop new ways to engage in business online.

1.2(b) Customer Profitability Segments

A Customer Profitability Analysis (CPA) is an evaluation process that focuses on assigning costs and revenues to segments of the customer base, instead of assigning revenues and costs to the actual products, or the units or departments that compose the corporate structure of the producer.

According to Philip Kotler, "A profitable customer is a person, household or a company that overtime, yields a revenue stream that exceeds by an acceptable amount the company's cost stream of attracting, selling and servicing the customer." The general approach to CPA is based on segmenting the customer base to determine the revenues and costs attributable to each segment. This is often combined with an activity-based costing (ABC) approach. Once the profitable and non-profitable segments are identified, profitable segments are maximized while non-profitable segments are reduced or eliminated. Each of the key steps in this process is outlined below.

Step 1 – Customer segmentation: The basis for customer segmentation will differ across companies and across industries. Currently, there are two basic approaches to customer segmentation: (1) Demographic segmentation based on observable characteristics such as geographic area, customer age, sex and income level. (2) Psychographic segmentation based on customer needs and behaviour such as customer values, attitudes and interests.

Step 2 – Revenue attributable to each segment: Once segments have been identified, the annual revenue is calculated per segment, how this is done will depend on the products or services offered by the company. Adjustments to the price paid by the customer for a product or service, such as discounts, service fees or product enhancement fees, must be included to determine the true amount of revenue generated by each customer and the aggregated amount calculated for the customer segment.

Step 3 – Use ABC to determine the cost attributable to each segment: The annual cost is calculated per segment. This will

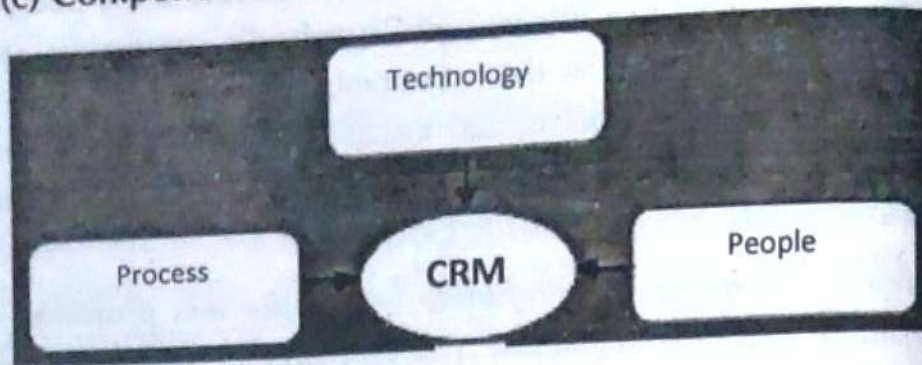
involve both directly attributable product or service costs and also customer costs, including allocation of overheads, marketing, sales and distribution costs. It is these customer costs which are often hidden, such as quality control and inspection costs, order picking, order fulfillment and customer ordering costs. ABC is an effective way to assign both types of costs to customers.

Step 4 – Analyze the profitable versus the less profitable or unprofitable customer segments: The profitable customer segments will be those whose annual revenues exceed annual costs. As the profitability of customer segments is likely to vary from year to year, a more accurate analysis could involve calculating profitability over the lifetime of each customer segment.

Step 5 – Develop strategies to maximize profits from profitable customers and reduce or eliminate less profitable or non-profitable customers: For profitable customer segments, this step involves detailed planning around the development of long term customer relationships for increased revenues, and hence profitability such as customer retention and loyalty programmes. To address the least profitable or non-profitable customer groups, two main actions are used – (1) Elimination – ceasing to supply these customers. This can be done by no longer marketing to these customers, changing the product or service so that it is no longer suitable, or raising prices. (2) Re-engineering – turning the least profitable or non-profitable customer groups into profitable ones by either increasing revenue or decreasing costs attributable to these groups, or both. Examples include charging additional fees for services or using differential prices, according to customer segment.

Step 6 – Review the impact of the new strategies on the performance of the customer segments: The implementation of any new strategy, for example, changes in pricing, cost reduction or customer service, should be reviewed after an appropriate period to determine the impact on customer profitability.

1.2(c) Components of CRM

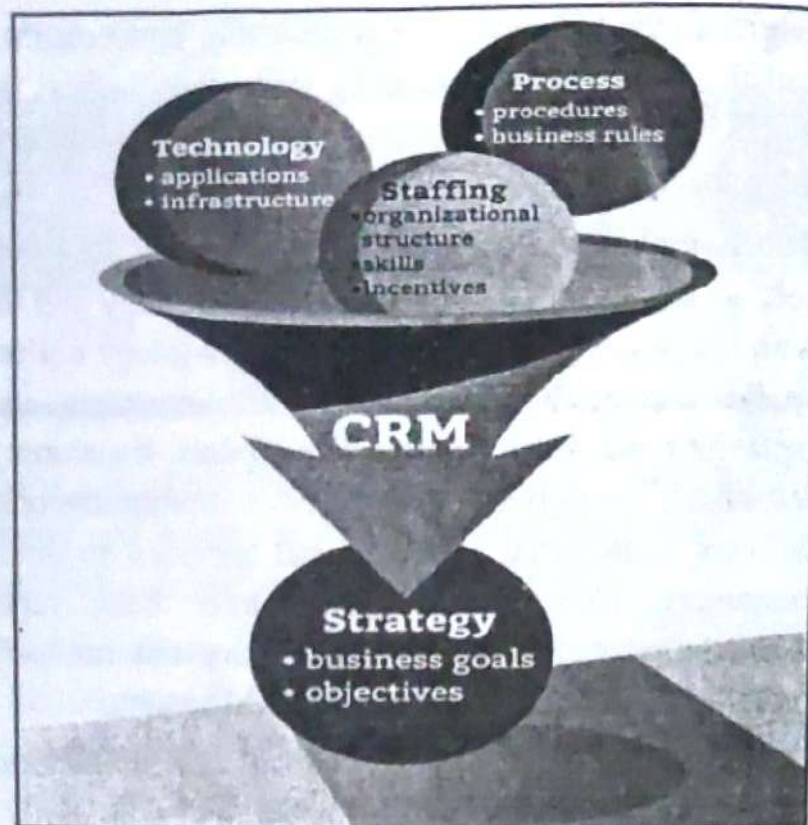


CRM is a combination of people, processes and technology, and an integrated and holistic approach between these three components is required for a successful CRM implementation.

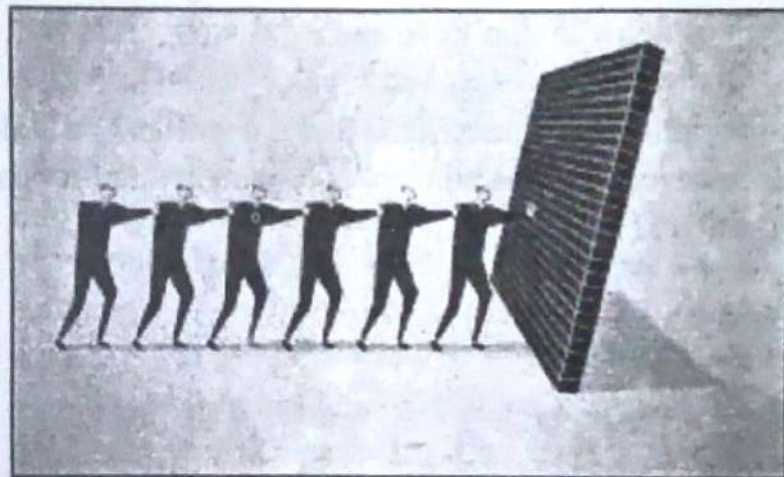
- (a) **Information:** CRM depends on electronic information that has been collected about customers to build and manage relationships. Information is the raw material of CRM. CRM emphasizes on collecting customer information and data, their purchase information and patterns such as preferences, likes, dislikes as well as involves providing the collected information to the necessary and concerned departments. Almost all the major departments including the sales department, marketing team and the management personnel are required to take steps to develop their awareness and understanding of the customer needs as well as complaints. This undoubtedly makes the business or the company to deliver quick and perfect solutions and assistance to the customers as well as cater to their needs which increases the dependability and trust of the customers and people on the organisation.
- (b) **Process:** Process is the driving force of any operation. The process component of CRM tries to focus on individual customers and uses business process re-engineering to shift the direction of organisations processes from product-centric to customer-centric. The main business processes that need to be addressed during CRM implementation are marketing, sales and services. Hence, a new approach to marketing should be taken, keeping customer's needs at the

centre of the business. The relationship between the client and the sales person should be more face-to-face, and the long-term quality of the customer service should be the main focus.

- (c) **Technology:** The technology component of CRM should be seen as key in implementing the CRM strategy and to assist with the re-design of the business. Technology collects and analyses data on customer's pattern interprets customer behaviour and develops predictive models. It ensures timely responses, effective customized communications and delivers customized products and services to individual customers. However, companies have been repeatedly warned that technology is a necessary but not sufficient factor in the ultimate success of a CRM system.
- (d) **People:** The people component of CRM includes the organisational readiness and collaboration with staff, which is essential for a successful CRM implementation. One of the greatest challenges in implementing CRM is aligning the people with the new strategies and processes. CRM entails new processes, the value of which the entire organisation must understand and appreciate, and staff must be involved with the strategy and be motivated to reach the objectives.



1.2(d) Barriers to CRM

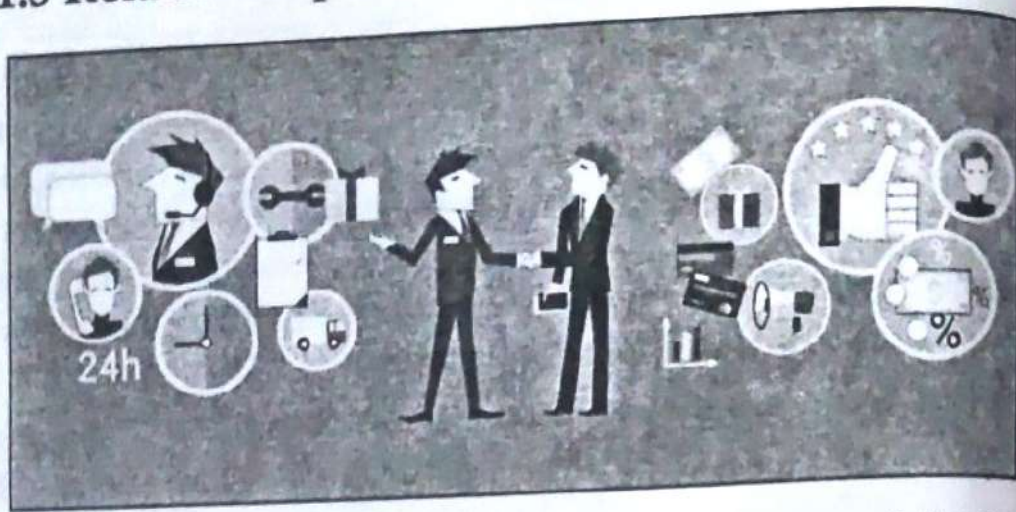


1. **Little or no CRM experience:** Often times, the person in charge of purchasing the new CRM software system has never used the system before. This can lead to looking for the wrong things in an automation vendor, ultimately leading to failure. The first thing a Customer Relationship Management software shopper needs to do is get educated.
2. **CRM implementation:** In a perfect world the CRM integration process would happen instantaneously. However,

this world is nowhere near perfect and neither are CRM implementation processes. Thus, going into it, you need to know that it can take some time and communicate with your CRM software provider about what realistic expectations should be. Another common Customer Relationship Management issue is data integration. You need to be sure that there is a process in place to easily transfer your existing data into the web based system. If not, find another marketing solution.

3. **Employee CRM adoption issues:** Executive and employee buy-in issues are huge obstacles for CRM success. If nobody uses the CRM software, you are just wasting your money. Not only do they need to be using it, but using it consistently. Change is hard for people, but taking good measure to train your teams and incentivize them to switch to the new CRM system will prove to provide limitless ROI. If the marketing or sales manager isn't using the software the other team members will feel they don't need to either. Get your leadership on board and you solve part of the problem.
4. **CRM software costs:** In order to consider CRM software a success organisations need to be able to justify the cost. For in-house hosted CRM you need to be able to justify the cost of buying the software and implementation and training. The cost of implementing and maintaining the system can be two to three times as much as the software itself. For online CRM software you need to be able to justify the cost implementation and the monthly software fees.
5. **Inaccurate Data:** It refers to one of the main barriers to CRM implementation. A successful implementation of CRM system requires accurate data to get precise results. Any inaccuracy in data may lead to incorrect conclusions.

1.3 Relationship Marketing and CRM



Relationship Marketing is being spoken of as one of the key business philosophies of the progressive organisations who are customer oriented or customer centric. Companies have realized that to be successful on the long term trajectory of successful business, they need to be closer to the market, get under the skin of the customer, anticipate his needs and engineer products and services to satisfy the customer and engage his loyalty. Engaging the customer, understanding the customer and building relationship has become the need of the day.

Today, every individual is bombarded with calls, emails, personal visits, mailers and all sorts of marketing communications from different companies trying to vie for attention. From the credit card company, bankers to the shopping mall as well as the local restaurant you frequent try to engage into a relationship that goes beyond a single transaction.

Relationship management forms part of the vision and business ethics that the company envisages to imbibe as its core value system. When an organisation chooses to build its business blocks around relationship management, the organisation is marrying its profit making goal with customer relationship to build a synergy by which all the divisions as well as the functions of the organisation look at their function and business through the relationship management lens. This helps build a strong customer orientation and culture of customer sensitivity across the organisation at all levels, branches and functions. In any organisation several of its departments are

involved with the external customers. Starting with marketing, sales, distribution to after sales service, quality as well as finance departments are involved with customers and their orientation towards the customer interaction is fashioned by the Relationship Management outlook of the organisation.

CRM on the other hand can best be described as an enabler of relationship management in any organisation. CRM involves process including software and hardware components that automates and helps manage customer engagement. While relationship management works at a strategy level, CRM helps implement the strategy. The success of CRM as a concept is widely seen due to the aggressive marketing of CRM solutions by the IT companies who have developed the CRM packages. This has helped the multinational organisations to implement standardized process of customer management on large scale across geographies and markets.

Besides software driven packages, there are several services and schemes that are available locally that are tailor made to suit particular industry. In a market place where every company is vying for space in the minds of the customer what helps the company gain that customer loyalty is the relationship management outlook that comes across via the CRM channel.

Relationship Marketing and CRM

Relationship Marketing is being spoken of as one key business philosophies of the progressive organisations who are customer oriented or customer centric. Companies have realized that to be successful on the long term trajectory of successful business, they need to be closer to the market, get under the skin of the customer, anticipate his needs and engineer products and services to satisfy the customer and engage his loyalty.

As competition is increasing, product innovation is definitely one of the key important elements that the organisations need to depend upon to steer themselves ahead in the market. Along with the technical leadership the companies necessarily need to know how to reach out to the customer.

Engaging the customer, understanding the customer and building relationship has become the need of the day. Every individual today is bombarded with calls, emails, personal visits, mailers and all sorts of marketing communications from different companies trying to vie for your attention. From the credit card company, bankers to the shopping mall as well as the local restaurant you frequent try to engage you into a relationship that goes beyond a single transaction.

One of the outcomes of the evolution of relationship marketing has been the birth of CRM solutions. Besides CRM we have also seen the birth of new departments and disciplines in organisations namely customer service department as well as key account management. It is very easy for students to equate RM with CRM and that both are one and the same.

Relationship Management forms a part of the vision and business ethics that the company envisages to imbibe as its core value system. When an organisation chooses to build its business blocks around relationship management, the organisation is marrying its profit making goal with customer relationship to build a synergy by which all the divisions as well as the functions of the organisation look at their function and business through the RM lens.

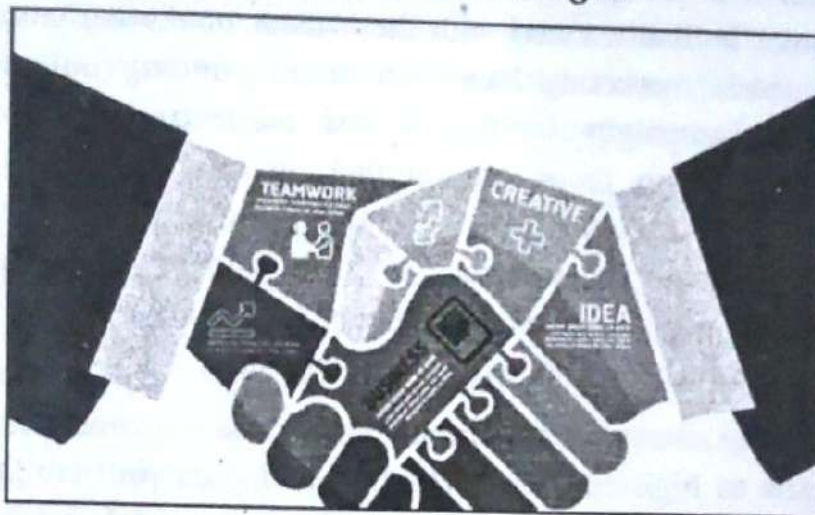
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1.3(a) Relationship Development Strategies



1.3(a)(i) Organisational Pervasive Approach

Relationship marketing approach is an ongoing process of continued interaction bond between customers and the organisation. It is not a tool or technique within an organisation, but an organisational pervasive approach. To establish long term relation results into customer loyalty and a step ahead generating customer advocacy.

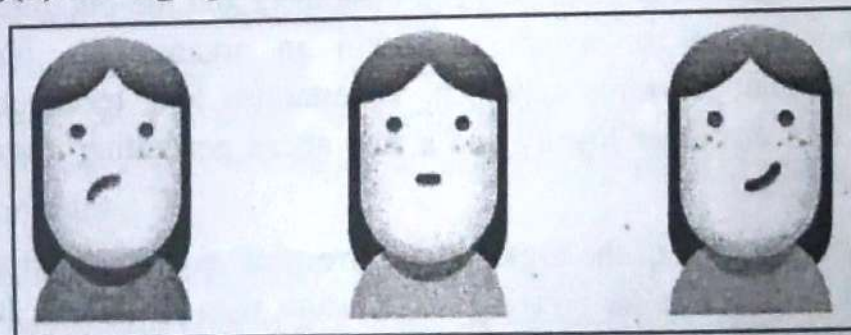
Each member of the organisation, irrespective of its hierarchical level, is responsible for creating relationships with customers. It is a holistic approach comprising interrelated series of marketing efforts instead of a single unconnected event, it is an Integrated Marketing Communication. The emphasis is not on acquiring new customers but on keeping existing customers happy and satisfied and resulting in an expanded customer base.

Customer touch points which were predominantly personal touch points are now changing to technologically driven interactions. The customer interacts with an organisation through a variety of channels and if individual interactions have no connect between the past interactions; the customer feels the loss of identity and insensitivity in such interactions. To avoid this scenario, relationship marketing focuses on the process of interaction of the customer with the organisation in totality, rather than discrete event based interactions.

With an increased media exposure, the customer is practically bombarded with promotional messages and campaigns. As a result, the customer is disillusioned with these mass marketing campaigns. This has made marketing based on brand building only through promotional campaigns inefficient and ineffective. Also, it has forced marketers to focus on building up relationships with the customer, which are consistent and mutually rewarding. This brings a new challenge to organisations to form innovative, creative and cost effective ways to make strategies based on relationships to retain the customers and keep them coming back.

Marketing messages are framed as per the customer life cycle, which leads to high customer retention and high profitability. The focus is on customer service and quality, using multiple inter-related series of interactions with the customers.

1.3(a)(ii) Managing Customer Emotions



In relationship marketing, the ultimate objective is to achieve customer satisfaction, but today organisations have gone beyond that. They try to not only satisfy customers but also make efforts to generate customer delight, going beyond satisfaction. Customer

satisfaction is when a customer gets a product or a service as per expectations and perceives high value delivered to him. But customer delight is achieved when the customer gets some unexpected attributes in the product or service which changes the value perception bringing delight and excitement.

Generally, customers feel satisfied if the product/service performance attributes are competitive. For example: if a mid-sized car gives a high mileage as compared to competing brands in the same category, it satisfies the customer. However, if the customer gets a fancy number plate, with a customized number and specially designed car seat, he is likely to be delighted. Hence delight attributes are not even known to customers. It is the organisation, which has to create new innovative delight features constantly, since these features lose their novelty over a period of time.

Therefore it is a challenging task for organisations to delight their customers constantly with continuous efforts. A step beyond is when organisations create customer ecstasy, a stage which results in extreme happiness of the customer and he starts owning the product and becomes highly loyal towards it. For example : home delivery of the car, doorstep services, free of cost insurance policies etc. Hence, this three step transition from satisfaction to delight to ecstasy is a sure shot road to success for any organisation. But this stage is possible only with effective relationship marketing.

1.3(a)(iii) Brand Building through Relationship Marketing



Relationship marketing is all about building customer loyalty by understanding and responding to their needs. And, it is about showing them that you value their business and trust.

Relationship marketing involves finding ways to make two-way communications between organisation and its customers easy and beneficial. It requires tracking customer activities and providing information, offers and incentives that are tailored to them. With more and more marketing tools and techniques at the disposal of business owners, relationship marketing is taking on a greater role as they look for ways to distinguish themselves and create memorable and meaningful customer experiences.

Loyalty programmes, referral incentives, even seasonal discounts to current customers all go a long way toward building a relationship. Offering rewards, helpful tips and specials enables constructive one-to-one relationships that help you create a great experience for clients and lay the foundation of long-term brand loyalty. Thus relationship marketing is a strong weapon for brand building and helps in creating positive corporate image in the market. For Example Dove has been highly celebrated for eschewing typical models in its real beauty campaign and instead featuring everyday women with a variety of body types, a move that has solidified it as a beloved brand, celebrating its customers of all shapes and sizes. Amazon has become famous for, offer suggestions for customers based on his or her prior purchases. These sorts of personal touches make consumers feel cared for individually, rather than just being one in a sea of other shoppers.

1.3(a)(iv) Service Level Agreements



Service Level Agreement (SLA) is a tool for formalizing a relationship with customers and is mainly used for enterprise customers and high value customers. SLA is a contract between a service provider and its internal or external customers that documents what services the provider will furnish and defines the service standards the provider is obligated to meet. SLAs are output-based in that their purpose is specifically to define what the customer will receive. SLAs do not define how the service itself is provided or delivered. Service providers need SLAs to help them manage customer expectations and define the circumstances under which they are not liable for outages or performance issues. Customers can also benefit from SLAs in that they describe the performance characteristics of the service, which can be compared with other vendors' SLAs, and also set forth the means for redressing service issues – via service credits, for example.

For a service provider, the SLA is typically one of two foundational agreements it has with customers. Many service providers establish a master services agreement to establish the general terms and conditions in which they will work with customers. The SLA is often incorporated by reference into the service provider's master services agreement. Between the two service contracts, the SLA adds greater specificity regarding the services provided and the metrics that will be used to measure their performance.

A properly drafted and well thought out SLA should have the following elements:

1. It will state the business objectives to be achieved in the provision of the services. It will describe in detail the service deliverables.
2. It will define the performance standards the customer expects in the provision of the services by the service provider.
3. It will provide an ongoing reporting mechanism for measuring the expected performance standards.

4. It will provide a remedial mechanism and compensation regime where performance standards are not achieved, whilst incentivizing the service provider to maintain a high level of performance.
5. It will provide a mechanism for review and change to the service levels over the course of the contract.
6. Ultimately it will give the customer the right to terminate the contract where performance standards fall consistently below an acceptable level.

1.3(a)(v) Relationship Challenges

CRM plays a crucial role in managing customer interactions. Companies around the world have leveraged CRM strategies to gain a competitive edge. It covers critical customer-facing departments like sales, marketing, customer services, and more. The implementation of a CRM is a business priority to serve customers better.

1. **Defining clear objectives:** An organisation must establish a clear set of objectives that need to be achieved through customer relationship management implementation. Ensure the goals are measurable. By doing so, you can assess the benefits and challenges of CRM while tracking the return on investment.
2. **Appointing a core CRM team:** One of the significant problems in implementing CRM is that many organisations assume it to be an IT project. You must rather employ a core CRM team that works with the company's stakeholders senior executives, customer support professionals, and end users to understand the requirements. Once the requirements and objectives are clear, you can allow the IT team to initiate the CRM implementation process.
3. **Defining the processes:** The process to implement a CRM should be defined clearly in order to ensure the success of your CRM project. One good practice is to create a central repository, accessible to all, which stores all the process definitions. This allows the document to be available for reference by anyone using the system. Key processes that

you need to define from the start can include change management process and feature re-evaluation process. Also, the security measures with adequate access and authorization rights should be in place to prevent unauthorized access to data and security attacks.

4. **Managing the application:** Once the CRM has been rolled out, it is important to re-align it with your company culture. Mapping your business operations with the CRM application lets your end users perform day-to-day operations using the CRM application by default while allowing you to keep a track of everything through a single platform.
5. **Finding a right CRM partner:** A right CRM development partner helps you ensure the success of your CRM project. Ideally, you must select a partner who can cater to all your CRM requirements such as consultation, development, customization, integration, and maintenance. The partner must also blend with your work culture while understanding the potential risks and challenges of the customer relationship management system and the methods to address them.

Summary

1.1 Introduction

What is a Customer?

A customer is the most important visitor on our premises. He is not dependent on us, we are dependent on him. He is not an interruption on our work. He is the purpose of it. He is not an outsider on our business. He is a part of it. We are not doing a favour by serving him. He is doing us a favour by giving us an opportunity to do so. – *Mahatma Gandhi, 1890*

1.1(a) Concept of Customer Relationship Management

CRM is a business process in which client relationships, customer loyalty and brand value are built through marketing

strategies and activities. CRM allows businesses to develop long-term relationships with established and new customers while helping streamline corporate performance. CRM incorporates commercial and client-specific strategies via employee training, marketing planning, relationship building and advertising. CRM's core strength is an ability to glean insight from customer feedback to create enhanced, solid and focused marketing and brand awareness.

The CRM building blocks:

- (i) A database that collects information about your customers.
- (ii) A way to analyze the information in the database.
- (iii) A strategy for applying the analysis to better meet your clients' needs and identify potential customers.
- (iv) Collecting data to ensure your strategy is effective.

1.1(b) Definition of CRM

There are various definitions for CRM, few of them are listed below:

- (a) CRM is a strategic business initiative which is enterprise wide and these initiatives are aimed at treating each individual customer differently. (Paul Greenberg)
- (b) CRM is an ongoing process of identifying and creating new value with individual customers, and then sharing the benefits from this value over a lifetime. (Brunjes and Roderick).

1.1(c) Evolution of CRM

1. Barter Age
2. Customized Product Age
3. Mass Production Age: Customer, Consumer
4. Customization Age

1.1(d) Customers as Strangers, Acquaintances, Friends and Partners

1. **Customers as Strangers:** Strangers are those customers who have not yet had any transactions with a firm and may

not even be aware of the firm. At the industry level, strangers may be conceptualized as customers who have not yet entered the market, at the firm level; they may include customers of competitors. Clearly the firm has no relationship with the customer at this point. Consequently, the firm's primary goal with these potential customers is to initiate communication with them in order to attract them and acquire their business.

2. **Customers as Acquaintances:** Once customer awareness and trial are achieved, familiarity is established and the customer and the firm become acquaintances, creating the basis for an exchange relationship. A primary goal for the firm at this stage of the relationship is satisfying the customer. In the acquaintance stage, firms are generally concerned about providing a value proposition to customers comparable with that of competitors. For a customer, an acquaintanceship is effective as long as the customer is relatively satisfied and what is being received in the exchange is perceived as fair value.
3. **Customers as Friends:** As a customer continues to make purchases from a firm and to receive value in the exchange relationship, the firm begins to acquire specific knowledge of the customer's needs, allowing it to create an offering that directly addresses the customer's situation. The provision of a unique offering, and thus differential value, transforms the relationship from acquaintance to friendship. A primary goal for firms at the friendship stage of the relationship is customer retention.
4. **Customers as Partners:** As a customer continues to interact with a firm, the level of trust often deepens and the customer may receive more customized product offerings and interactions. The trust developed in the friendship stage is a necessary but not sufficient condition for a customer-firm partnership to develop. That is the creation of trust leads to the creation of commitment and that is the

condition necessary for customers to extend the time perspective of a relationship.

1.2 Objectives of CRM

1. Turning prospects into advocates
2. Minimizing defections
3. Having a large proportion of loyal advocates
4. Having profitable relationship
5. Using cross selling opportunities without annoying customers

1.2(a) Benefit of CRM to Customers and Organisations

1. Improve customer knowledge
2. Improve customer satisfaction
3. Improve customer retention (and Revenue)
4. Maximize business performance
5. Better internal communication
6. Optimize your marketing
7. Gain valuable insights
8. Facilitation of market segmentation

1.2(b) Customer Profitability Segments

A Customer Profitability Analysis (CPA) is an evaluation process that focuses on assigning costs and revenues to segments of the customer base, instead of assigning revenues and costs to the actual products, or the units or departments that compose the corporate structure of the producer.

- (a) **Step 1** – Customer segmentation.
- (b) **Step 2** – Revenue attributable to each segment.
- (c) **Step 3** – Use ABC to determine the cost attributable to each segment.
- (d) **Step 4** – Analyze the profitable versus the less profitable or unprofitable customer segments.

- (e) **Step 5** – Develop strategies to maximize profits from profitable customers and reduce or eliminate less profitable or non-profitable customers.
- (f) **Step 6** – Review the impact of the new strategies on the performance of the customer segments.

1.2(c) Components of CRM

CRM is a combination of people, processes and technology, and an integrated and holistic approach between these three components is required for a successful CRM implementation.

- (a) Information
- (b) Process
- (c) Technology
- (d) People

1.2(d) Barriers to CRM

1. Little or no CRM experience
2. CRM implementation
3. Employee CRM adoption issues
4. CRM software costs
5. Inaccurate Data

1.3 Relationship Marketing and CRM

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1.3(a)(v) Relationship Challenges

1. Defining clear objectives
2. Appointing a core CRM team
3. Defining the processes
4. Managing the application
5. Finding a right CRM partner

Questions

1. What are the features and objectives of CRM?
2. Explain the evolution on CRM.
3. Bring out the benefits of CRM.
4. Highlight the various components of CRM.
5. What are the barriers to good CRM?
6. What are the key features of SLA in CRM?
7. Explain segmentation of customers as per profitability
8. What are the various relationship development strategies through CRM.

Objective Type Questions

1. Fill in the blanks

1. Primary goal for firms at the friendship stage of the relationship is _____.
2. CRM ensures increased customer retention through the implementation of _____.
3. _____ are valuable if they help the company keep track of which customers are profitable.
4. The _____ consists of customers who are costing the company money.
5. Firms like to keep its consistent _____ and lose the erratic _____.
6. _____ are the power supply of CRM.
7. _____ & _____ are closely related to each others.
8. CRM manages all customer "_____ " to maximize customer loyalty.
9. CRM focuses more on _____ components of relationships.
10. _____ and _____ of the product helps the organisation establish long lasting relationship with customers.

Ans.: 1. Customer retention, 2. Loyalty programmes, 3. Labels, 4. Lead tier, 5. big spends, small spenders, 6. People, 7. Relationship marketing & CRM, 8. Touch points, 9. operational, 10. Quality & superiority.

2. Match the following

- | | |
|----------------------------------|--|
| 1. CRM help an organisation | (a) Creation of commitment |
| 2. Creation of trust leads to | (b) Profitability |
| 3. Implementing CRM involves | (c) Strengthen relationship with its customers |
| 4. Customers differs in terms of | (d) When applying customer value calculations. |
| 5. Platinum tier describes | (e) Customer retention |
| 6. Firms should think | (f) Incorrect conclusions |
| 7. Technology enables | (g) High costs and efforts |
| 8. Inaccuracy data | (h) Strong weapon for brand building |

9. Relationship marketing (i) Heavy users of product
10. Relationship marketing (j) CRM to work

Ans.: 1. (c), 2. (a), 3. (g), 4. (b), 5. (i), 6. (d), 7. (j), 8. (f), 9. (e), 10. (h)

3. State the sentences as true or false:

1. CRM is total discipline.
2. PWC helps the organisation effectively identify potential customers.
3. In gold tier the profitability levels are higher compared to platinum tier.
4. Technology is one of the key components CRM structure.
5. Employee problems refers to one of the main barriers to CRM implementation.
6. Relationship marketing and CRM have less similarities than differences.
7. Effective service delivery process with personal contacts is a strong tool for relationship marketing.
8. When both customers and vendor are content we have a "win-win" situation.
9. SLA is a contract between two organisations.
10. Integration problems occur due to non-defined objectives.

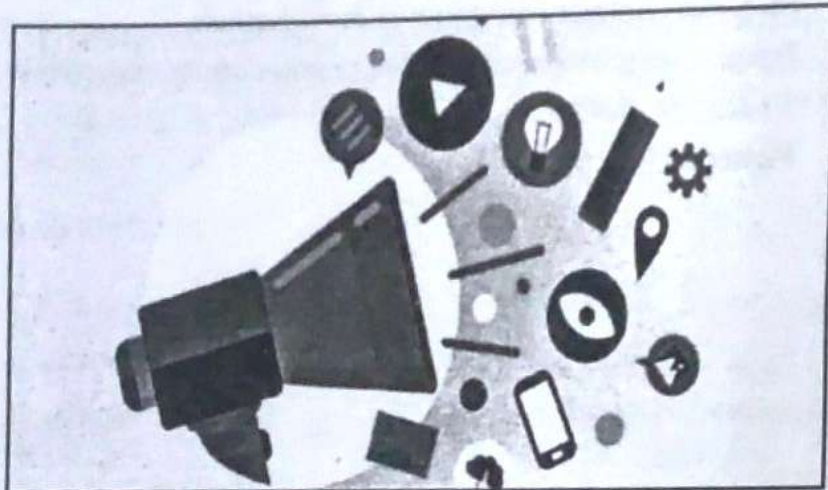
Ans.: **True:** 1, 4, 7, 8, 9.

False: 2, 3, 5, 6, 10.

Chapter 2

CRM Marketing Initiatives, Customer Service and Data Management

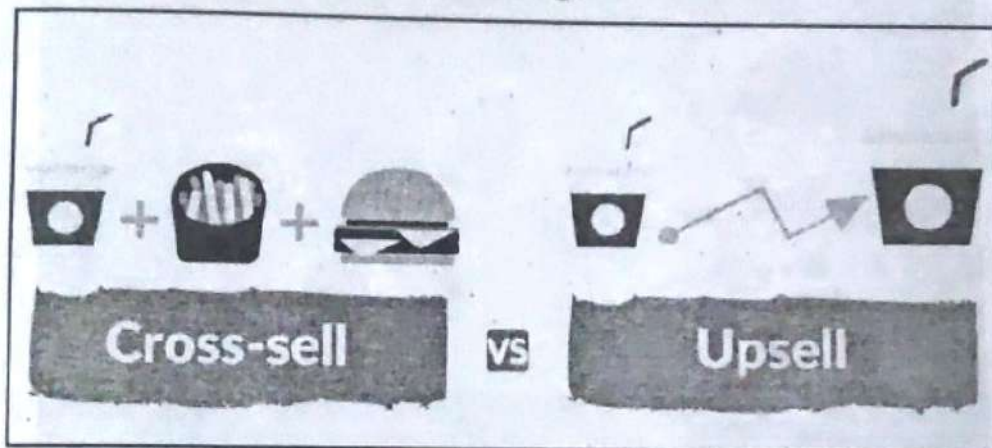
2.1 CRM Marketing Initiatives



Marketing is the process of introducing and promoting a product or service in the market. In other words, it is a process of developing and implementing strategies to facilitate an exchange of products or services between an organisation and its customers. Marketing helps an organisation to understand the needs and expectations of its customers and build long term relationships with them. It is therefore important for an organisation to maintain an effective marketing process.

Marketing automation is an integral component of CRM. It is a computerized system that helps marketers to achieve marketing objectives effectively. It automates an organisation's marketing process, such as customer segmentation, customer data integration, cross selling, up selling, retaining customers; predicting customer behaviour, campaign management etc. Apart from this, marketing automation provides useful customer information which helps an organisation to reach out to its target audience with the right message. This leads to improved marketing efficiency and superior customer responsiveness.

2.1(a) Cross Selling and Up Selling



Cross-selling and upselling are strategies to earn more revenue from existing customers. Cross-selling is encouraging the purchase of anything in conjunction with the primary product. For example, if the primary product you were buying was a burger, and your server asked if you wanted french fries as well, that would be cross-selling you a complementary product alongside your original purchase. Another example would be, explaining to a customer that they can also purchase a printer alongside their new computer would be cross-selling. Someone with a computer might need to use a printer down the line, so the purchase would be complementary, and not an add-on or upgrade, to the original item.

Upselling is encouraging the purchase of anything that would make the primary purchase more expensive with an upgrade or premium. Where cross-selling is offering a complementary product, upselling is offer another product that's an upgrade or premium of the

primary purchase the customer has made. So, to continue using the above examples, upselling would be suggesting paying extra for bacon on top of a cheeseburger, or suggesting the purchase of a keyboard with a new computer. Upselling is suggesting a product that will upgrade the primary purchase – and make it more expensive. Cross-selling and upselling are strategies to earn more revenue from existing customers.

2.1(b) Customer Retention



Customer retention refers to the activities and actions companies and organisations take to reduce the number of customer defections. The goal of customer retention programmes is to help companies retain as many customers as possible, often through customer loyalty and brand loyalty initiatives. Customer retention begins with the first contact a customer has with a company and continues throughout the entire lifetime of the relationship. Customer retention is the maintenance of continuous trading relationships with customers over the long term.

One of the key parts of customer retention is maintaining the relationship that is established. Once a prospect converts to a customer, there is a different kind of relationship. All pre-customer marketing efforts are based on growing brand awareness and positioning the organisation as a solution to a problem customer has. Once a customer has converted, the relationship shifts. The

organisation needs to position itself with a solution to that client, but now the effort that goes into maintaining that is more focused – organisation can now use what they know about that customer (what is sold, their role at the business, their budget, etc.) to help keep that relationship going.

2.1(c) Behaviour Prediction

By predicting customer behaviour, organisations would be in a better position to segment customers and ‘treat’ them on the basis of value they add to the company and the possibility of them becoming brand ambassadors. Such real time yet evolving information will help organisations to predict customer behaviour and put in place highly personalized offerings and customized solutions. In the case of customers and their needs, the biggest mistake a company can make is using guesswork to understand them. It would be much more prudent to put in place strategies that will allow them to understand thoroughly, customers and their current needs, making customers more amenable to sharing data that will help in predicting their behaviour. With the power to predict, companies would be able to save cost and effort by producing only those offerings that customers would instantly prefer.

Without predicting customer behaviour, organisations would come up with offerings and solutions that they ‘believe’ would be best for customers. However, all the resources, time, and money would be of no use since customers may not need or like the offerings the organisation produced based on its assumptions. With resources already limited, such wastage could quickly lead to severe losses and irreparable damage to the organisation. It would be better for organisations to refine their strategies and create their offerings by predicting customer behaviour, which would also help them to mould and shape customer behaviour in order to balance the needs of the organisation with those of the customers. The great thing about predicting customer behaviour now is that it is no longer a tough, time-consuming, onerous, and expensive task. Technological advances and a plethora of tools now ensure that engaging in this activity is a possibility for a larger number of organisations, irrespective of size.

2.1(d) Customer Profitability and Value Modeling

Customer Profitability and Value Modelling

- Customer Profitability - deals with the company's view of the possible profit to be made from its customers.
- Value Modelling - deals with the value of the customer's other features like ability to bring in more profitable customers or the potential to be a more profitable customer.
- Value modelling is only as accurate as the customer's data is rich.

Calculating overall customer profitability was nirvana for financial institutions in the late 20th century. But it wasn't easy. These businesses first had to understand the cost of their various products, then roll those products up to the account level and then associate a single customer with multiple accounts and perhaps with a household. The extensive processing and detailed data required to calculate customer profitability combined with the high cost of specialized profitability modelling products kept it out of reach for even mid-market banks until recently.

A customer can be unprofitable but could have referred three high value customers to your firm, thereby rendering himself very valuable. Despite not being currently profitable. Different companies in different industries will have different value metrics. Customer value is pregnant phase, variously referring to a customer lifetime value, potential value or competitive value. Many firms have formalized the practice of value modelling, allowing them to score a customer based on her relative worth to the company over time. The score is then used in a variety of ways to turn it into communications with that customer.

For instance, a brick and mortar retailer recognizes a shopper with a frequent buyer card who nevertheless visits the store only during advertised sales. The customer has been assigned a low value score. The retailer sends the customer a pre-approved credit card to increase his value and thus is corresponding revenue contribution. The credit card might result in raising the number of monthly shopping trips as well as boosting the customer's average purchase amount.

Irrespective of the level of customer value being modelled, customer value measurement is data intensive. The challenge of value modelling is that it is only as accurate as the customer data is rich – and the analysis statistically robust. Historically customer behaviour, product costs, support costs, customer profitability and channel usage should all figure into the overall value of a customer. Basing customer value on only a single metric puts companies at risk of making erroneous decisions about how to communicate with customers and what to say, which could ultimately decrease customer satisfaction and increase attrition.

2.1(e) Channel Optimization



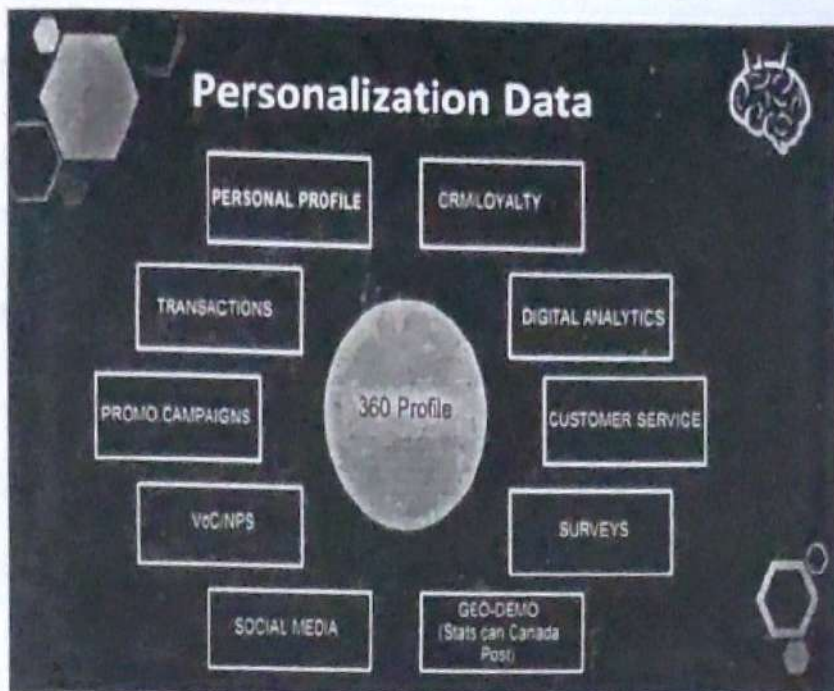
All organisations at one time or another have dealt with happy and unhappy customers, profitable and unprofitable customers as well as 'high maintenance' and 'low maintenance' customers. Only if an organisation had a magic wand and could optimize the channels that each of their customers uses in a way that each customer gets to use their preferred channels while the organisation gets to maximize the profitability of each customer by encouraging them to use the optimal channels based on the organisation's cost-to-serve the customer.

A key component towards channel optimization deals with achieving a balance between fulfilling each customer's desired channel preferences versus achieving the organisation's desire to secure the lowest cost-to-serve channel option for each customer. Organisations have to take the necessary steps to learn which channels their customers prefer to use to engage with the organisation (e.g., email, face-to-face meetings, telephone calls with contact centre personnel, direct mail, dialogue on public or private social media channels, in-store face-to-face discussions, mobile apps and your Website/eCommerce portal).

To secure this information, organisations need to perform analysis of their customer's channel preferences – as determined by their current purchase behaviour with the organisation. For instance, a new customer whose use of online banking services has steadily increased might prefer to be emailed a new offer along with her regular statement, whereas a retiree who enjoys a visit to the neighborhood branch might be delighted when the branch manager offers her a cup of coffee and a brochure on a new annuity product.

2.1(f) Personalization

A personalized approach to customers simply works better. CRM can help personalize the organisations' contacts with customers to boost sales, increase customer satisfaction and build customer loyalty.



Taking a personalized approach to your customers isn't that difficult with a modern CRM, but it does require a shift in mental attitude to a customer-centric view of your customers. By putting the customers at the centre of business, the organisation focuses on what the individual customer wants and not on what you have to sell. It means adjusting business to give customers what they want how they want it. That includes everything from the goods and services provided to the way the customer is contacted.

Customer-centric personalization means that as much as possible deal with customers individually, or at least in a way that appears individualized to the customer. Generalized sales pitches are replaced by communications targeted to the specific and constructed using the information contained in the CRM system. Further, the message is delivered using the customer's preferred channel, be it email, personal contact or other methods. This is one of the places where a good CRM system, with a 360 degree view of the customer pays off.

CRM lets you organize everything you know about your customer, including history of all contacts with your company and auxiliary information such as demographics. Not only do customers respond to personalization of messages, they have come to expect it. A message that isn't personalized goes to the bottom of the pile – or

to the trash can. For Ex : Netflix personalizes our viewing. We get a list of suggestions which are selected via algorithms – based on past viewing habits – to suit what we might like to watch next. The result as a user is that we feel understood and catered to by a company, which results in a better overall user experience. Thus, personalization has the potential to deliver five to eight times the ROI on marketing spend, and can lift sales by 10% or more.

2.1(g) Event Based Marketing



Event-based marketing has become a hot topic among marketers in recent years. It refers to prospect nurturing, sales and communication activities that change based on the customer or prospect's situational needs. Rather than approaching your marketing with a "one-size-fits-all" mentality, for instance, alter your approach based on the customer or prospect, and the impending changes in their businesses.

The best definition of event based marketing is a time sensitive marketing or sales communication reacting to customer specific event. It can apply to a segment of customers or to individual customers. For instance, mailing an application for an increase in collision damage insurance to all customers who recently had traffic accidents is an example of event based marketing to a largely undifferentiated segment of the existing customer base. The ideal goal of event based marketing is to be able to react to customer events in real time, soon after the actual event occurs. A simple example of a grocery store receipt featuring coupons on the back for merchandise which a customer is likely to be interested in.

Thus event based marketing is a strategic process designed to enhance the dialogue and relationship a company has with each of its customers. To work as promised and deliver positive results, event based marketing requires advanced technology and carefully crafted marketing plans. The extreme complexity of marketing to millions of individuals across multiple channels demands a customer communication framework to ensure effective, automated dialogue that is relevant, timely, and produces value.

Organisations are looking to use event based marketing to market to individuals for many good reasons, including the capabilities that event based marketing provides to meet each individual customer at the point of need, turn customer monologues into value-producing dialogues, and rapidly improve return on customer relationships. Event based marketing is growing in popularity because it offers marketers the powerful tools they need to manage customer relationships in the right direction. For instance, event based marketing can give marketers the power to, shape how the customer interaction takes place, and while the customer determines what, when, and where. To engage each customer based on his or her actual behaviour and interests rather than on a product push marketing campaign or sales promotion based on a targeted segment and to fulfill the promise of CRM by triggering helpful interactions with each customer at the time that customer has implicitly signaled a clear and specific need or interest.

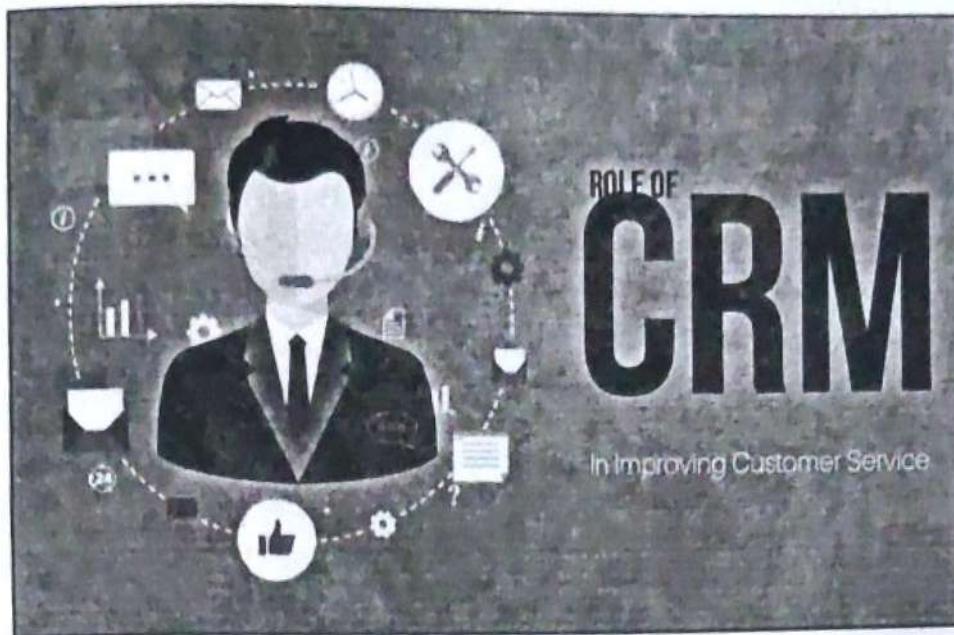
Some examples include:

- ✧ Product or service-centric customer activity; interactions or inquiries at a business touch point, such as visiting a web page, mouse-clicking on a specific item, doing a keyword search, or responding to a prompt on an ATM display
- ✧ Purchases of a product or service that may trigger complementary items, services, upgrades, or up-sell offers. May also include achievement of "gold" status as good customer, or be based on a transaction at a point of sale that can trigger cross-sell offers

- ✧ Name changes, changes of address, birthdays, anniversaries, births, children reaching college age, home purchases, and other personal events that signal life-stage or lifestyle changes or significant moments – as well as any date-driven triggers.
- ✧ Sudden changes in a customer's routine banking or interaction behaviour, large pay downs, new zero balance, overdrafts, new credit card applications, large deposits, large transactions – or any combination, pattern, or sequence of behavioural events
- ✧ Calls or communication of any kind from a customer with regard to products, services, complaints, or need for information.
- ✧ For travel businesses, sudden changes to flight schedules that affect customers, patterns in travel booking that signal opportunities to improve or upgrade arrangements
- ✧ For telecommunications, patterns of service disruptions (dropped calls), changes in phone activity or billing amounts, such as excessive roaming charges, that may signal a need to upgrade or modify service agreements, or availability of digital internet or other new services.

In general, any changes in a specified condition (an event) could be managed as a potential opportunity to contact a customer. Marketers set the rules and they should choose event opportunities that best fit the company's business strategy and objectives. Event based marketing is designed to focus on individual behaviors. It can be said that these customers initiate a communication based on something that they do, rather than being targets identified or segmented by marketers for a particular product or service. This is much more of a market pull than a marketing push.

2.2 CRM and Customer Service



When it comes to customer service and support, CRM systems are an effective tool to keep businesses organized and their customers happy. Nowadays, businesses can engage with their customers anywhere, anytime, and from any device — instead of just making them wait “on hold” over the phone.

CRM vendors have created customer service tools with a variety of features and functions to help businesses increase productivity and create more personal connections with their customers.

Most organisation’s CRM systems have case management functionality that allows its employees to track and manage customer contact information, correspondence, documents, conversations, and billing information. With CRM, employees can work together through chat or even video conferences. CRM software provides with a space to create and store templates for call scripts that can be viewed by the appropriate employees. With CRM customer service systems, employees can now chat live with customers through their website and mobile apps.

2.2(a) Call Centre and Customer Care

Managers of call centres face many challenges. They are responsible for operations that are capital intensive, with a high

demand for continual investment to keep up with rapid developments in technology. They are also responsible, in many cases, for large numbers of staff often working across several shifts.

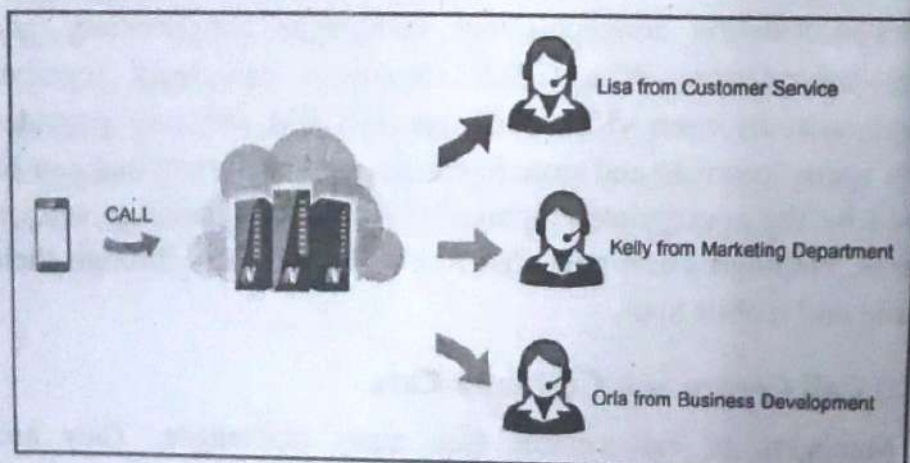
A call centre is a centralized office meant for the purpose of receiving and transmitting a large volume of information by telephone. Call centres are required for large companies to sell or promote their goods and services as well as for the after sales services and customer queries.

A call center is also one of the CRM tools available for companies. Due to the extended ranges of services and channels for customer and organisation beyond telephone, the interactions have increased the complexity for call centre management.

Call centres can be defined as a department in an organisation that interacts with customers or prospective customers through any one or multiple communication channels. Call centre is confronted with many challenges, including wide range and complex customer enquiries.

Call centre or front offices acts as an interface between the customer and a company where they can call and report problems or ask for information regarding products or services offered. While the back office function is to support the call centre staff by solving customer issues which they cannot handle.

2.2(a)(i) Call Routing



The definition of a call routing system – also known as an automatic call distributor or ACD – describes a tool that can route calls to individual agents or queues based on pre-established criteria such as the time of day that a caller dials a business. While call routing engines began as hardware solutions, they have evolved over time. Now, many routing engines are part of a computer telephony integration system (CTI). A CTI-based routing engine enables users to quickly adjust routing rules, and the best cloud-based routing engines enable routing rules to be adjusted without any IT assistance. There are many levels of sophistication to routing engines. The most powerful ACDs can integrate with a call tracking solution in order to automatically route calls based on specific advertising channels and even from specific Google keywords.

Benefits of Call Routing

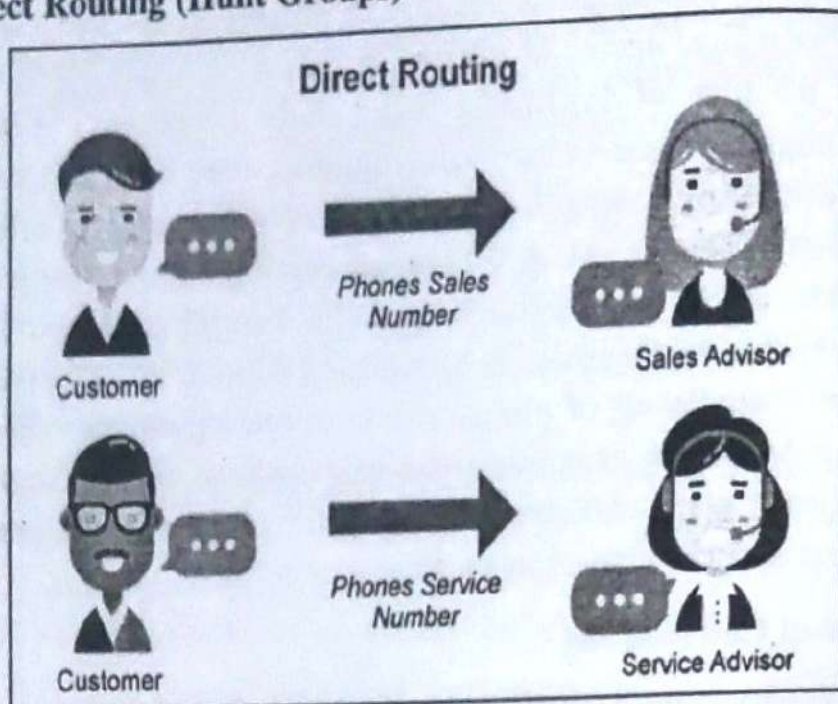
There are several benefits of call routing.

- (a) Routing can optimize human resources costs by utilizing each agent as efficiently as possible.
- (b) Routing can help ensure that calls are always routed to an available agent rather than being lost or sent to voicemail. This can eliminate revenue losses that come from lost calls.
- (c) Routing based on expertise can also help maximize conversion rates by ensuring that inbound callers have far better overall customer experiences.
- (d) Finally, call routing gives businesses the ability to ensure that customers speak to a live agent 24 hours a day 365 days a year. In some industries, selling or offering service around the clock can lead to massive revenue growth that would not have been possible without using a call routing system.

Types of Call Routing

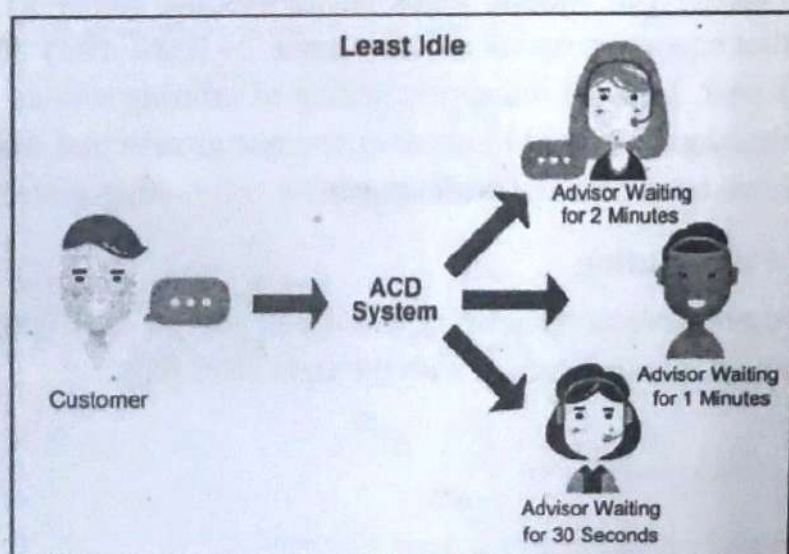
There are several specific types of call routing that companies use to connect inbound callers with the right sales reps.

1. Direct Routing (Hunt Groups)



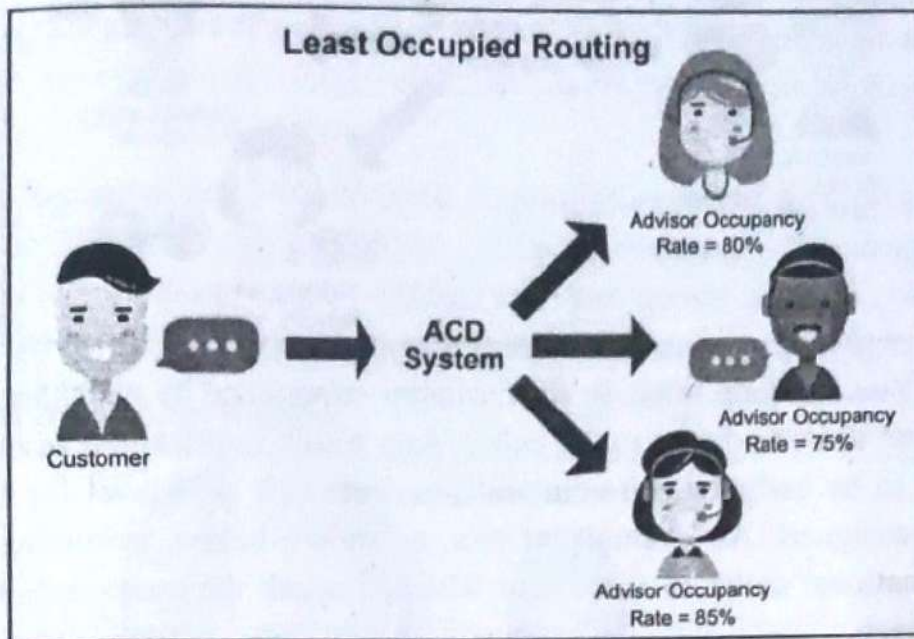
Typically, those organisations that are just establishing themselves have a more basic approach to customer service, they just want to connect customer calls with the right department within their business. Here direct routing is the standard model if you want sales you call the sales number, and if it's busy you wait. For service you call an entirely different number. The call is always connected to the first person on the list and if they are busy it goes on to the next person.

2. Least Idle



Using an automatic call distributor (ACD), configurations can change from more basic 'hunt groups' to slightly more sophisticated routing strategies, such as least idle routing. This is where calls are placed with the advisor who's been waiting for a call the longest.

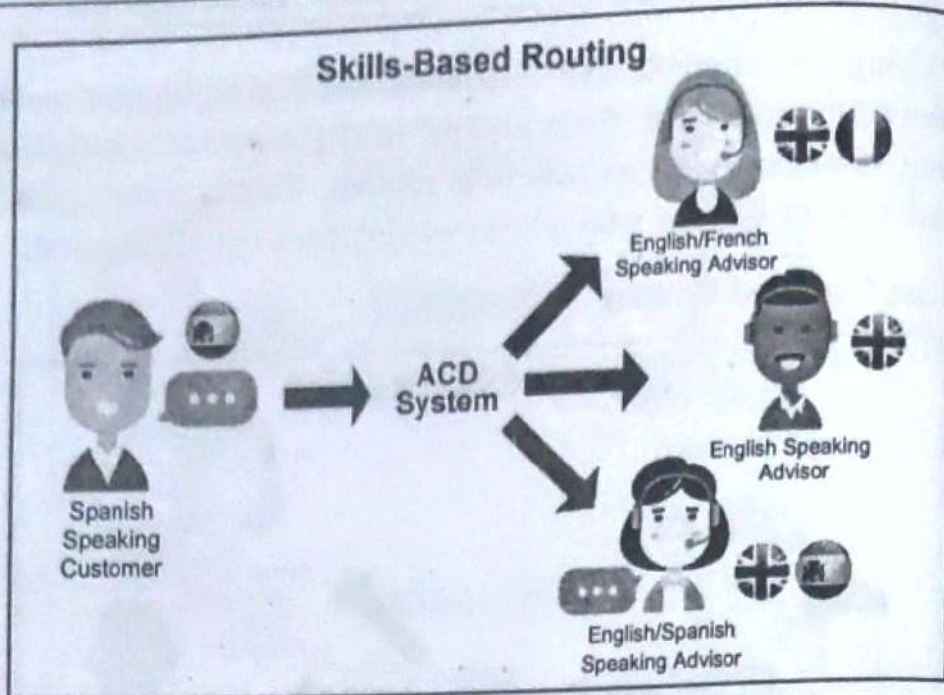
3. Least Occupied Routing



With least occupied routing the next call gets sent to whoever's been least utilized throughout the day. This gets around the back-of-the-queue game where advisors who do not want to take calls hit the ready state and then hit the idle state (thus making them no longer available). The term "occupancy rate", which is used in the graphic above, is the percentage of time that an advisor spends on the phone over the course of the day. The total occupancy rate of all advisors is also useful to calculate as it helps you to work out how many staff you need in a contact centre.

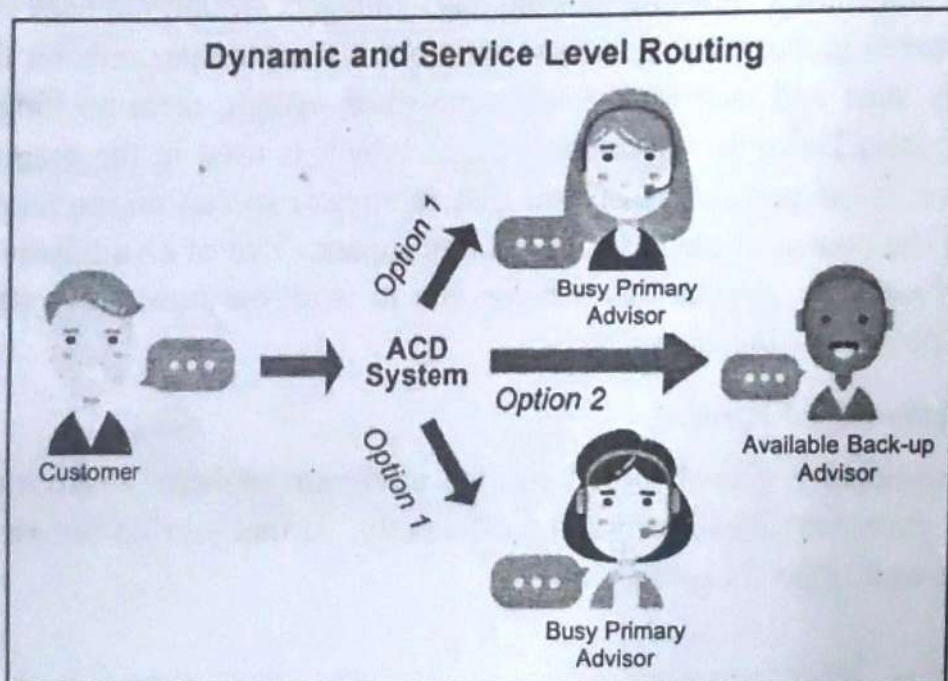
4. Skills-Based Routing

Selecting a skills-based routing environment helps make sure that your resources are utilized efficiently, so that you do not have long wait times for service calls.



You can help improve the customer experience by matching the highest skilled advisor to the caller. As a result, multiskilled advisors need to be assigned different skills as well as a skill level for each skill assigned. An example of this, as shown below, is routing an international caller to an advisor who can speak the customer's first language.

5. Dynamic and Service Level Routing



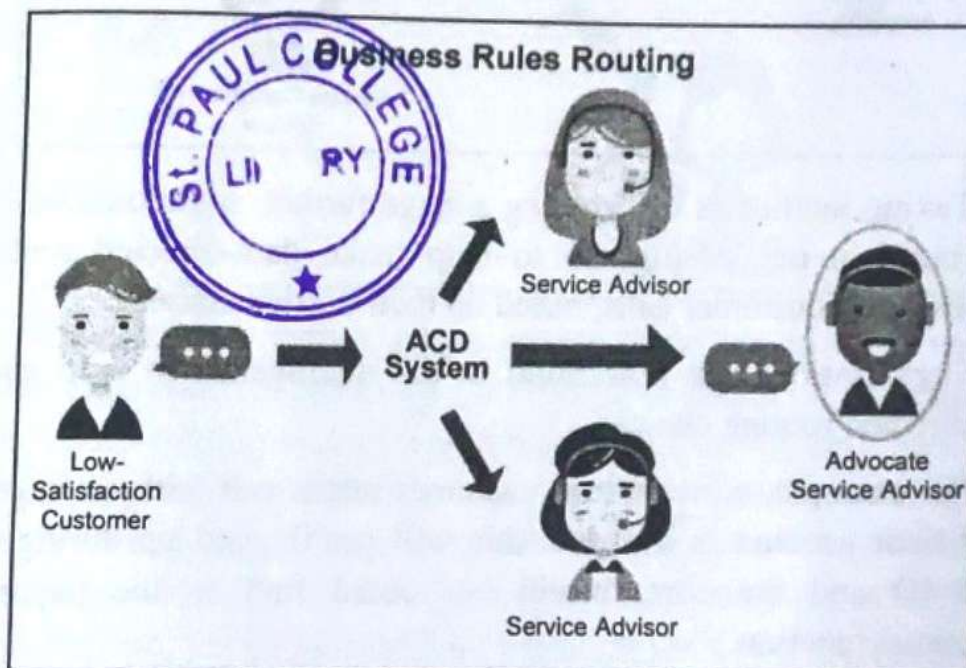
Selecting by skills alone won't necessarily guarantee a happy customer. Does the advisor really have all the skills needed? Is the advisor really empowered to answer the customer's query, or will they have to pass the call on to a supervisor for completion?

In addition to skills-based routing, we're also now looking at expected and predicted wait times to provide a better customer experience within service level thresholds. Here dynamic routing can help to make the right choices.

In conjunction with dynamic routing, if expected wait times for a specific skill are in danger of being breached, 'back-up' or 'reserve' advisors can be pulled into the queue to preserve the service level. This type of routing is known as service-level routing.

6. Business Rules Routing

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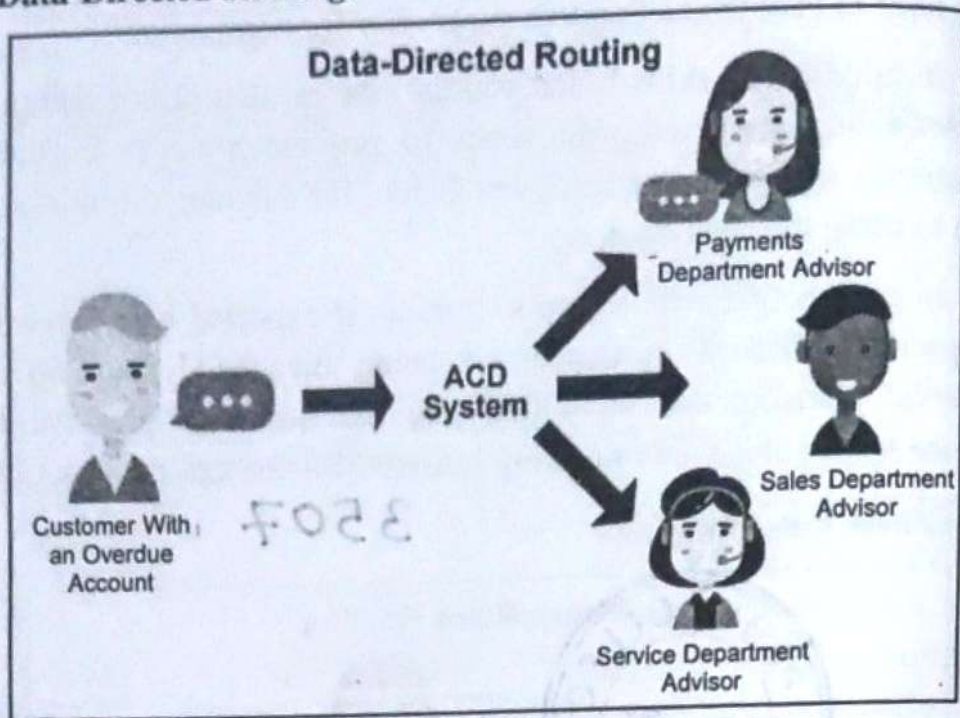
Once your ACD and routing engines are in place, organisations can start configuring their call routing strategy to support specific business objectives.

Examples here could include:

- ✳ Routing higher value customers through to specialist advocate advisors.
- ✳ Connecting customers with low customer satisfaction scores to specialist advocate advisors (as shown below).

- * Providing callers with an option to be connected to the advisor they spoke with last time they called.

7. Data-Directed Routing



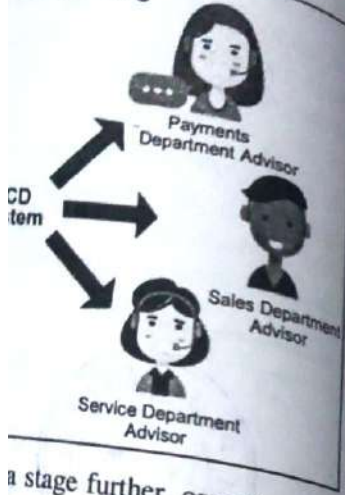
Taking intelligent call routing a stage further, organisations can now build in the intelligence to help make data-directed routing choices about customer calls, based on their current status.

Organisations can now build in the intelligence to help make data-directed routing choices.

For example, a credit card customer might call with an inquiry but if their account is overdue, this will get flagged up during the initial ID and the contact will be routed first to the payment collections function.

Integrating the initial IVR ID process with current customer data can provide a powerful solution for businesses. Identifying customers early in the call opens up lots of opportunities – community call centres and more personal relationship routing of calls to advisors or service specialists that have dealt with a customer before.

ected Routing

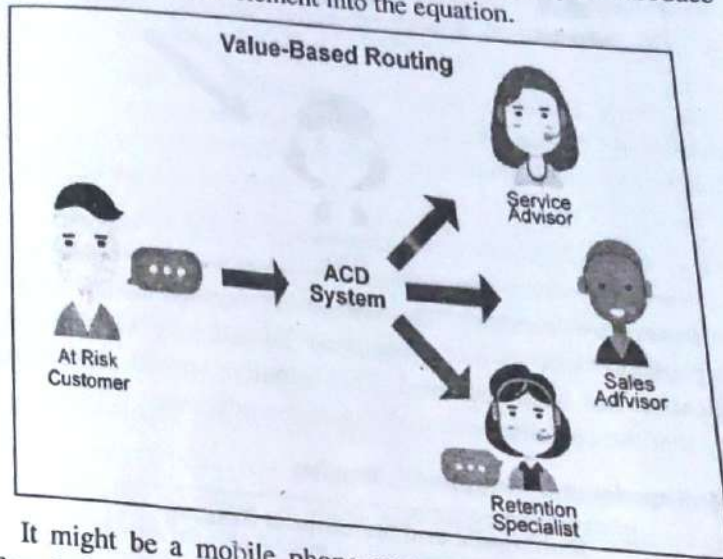


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mer might call with an inquiry will get flagged up during the routed first to the payment ess with current customer data for businesses. Identifying up lots of opportunities - sonal relationship routing of at have dealt with a customer

8. Value-Based Routing

This combination of the customer ID with more detailed CRM-style information opens up new opportunities for value-based routing. These routing decisions go beyond cost and quality to introduce a value or revenue-based element into the equation.

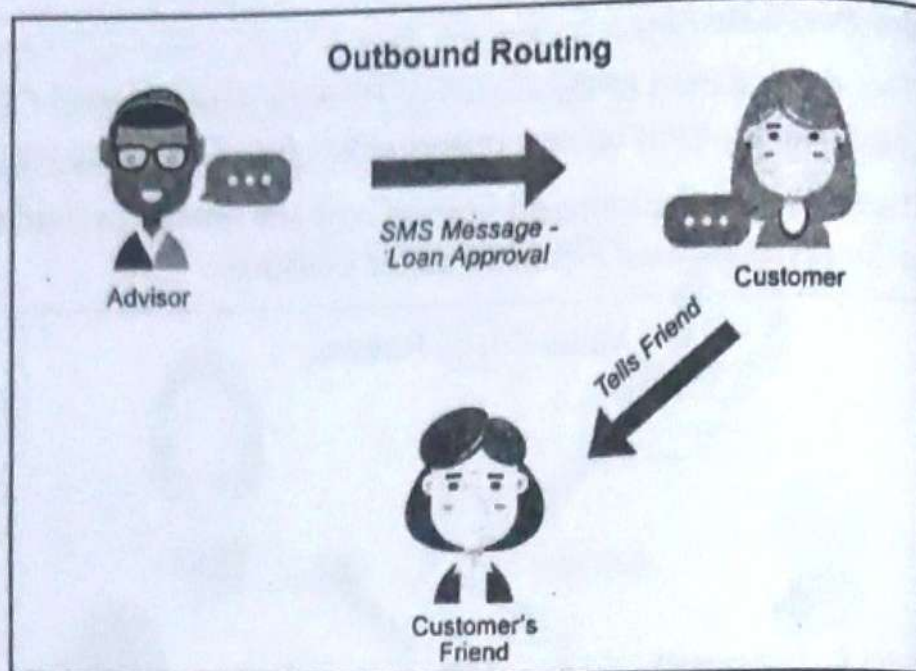


It might be a mobile phone customer calling in three months before their contract comes up for renewal to check on its details. A value-based routing system would recognize that this customer has a higher propensity to switch at this point and would route the call directly to a retention team to ensure that the caller stays with their existing provider. Or it could be a credit card company up-selling a customer into a consolidated loan based on their current outstanding balance.

9. Outbound Routing

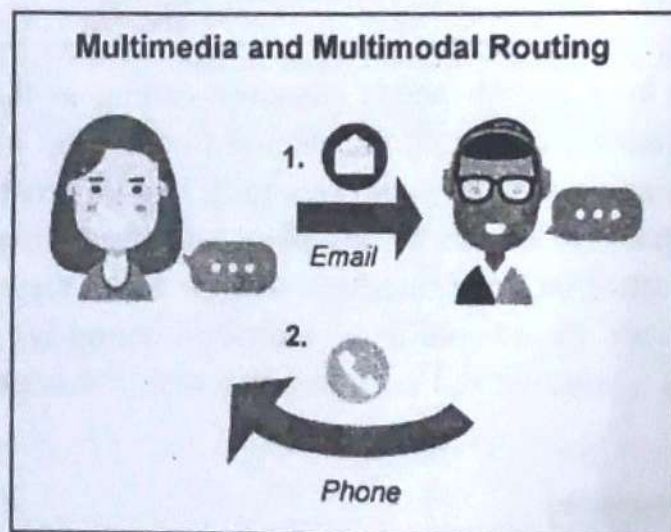
Another important development is that routing decisions don't always have to be on inbound interactions.

While we still acknowledge the importance of traditional metrics such as average handling time, many organisations are turning to newer measurements such as net promoter scores, which track how many customers recommend the service they receive.



Innovative services like outbound routing would enable a mortgage provider to text a customer immediately after their loan application has been approved. This initiative should make it more likely that the customer will make recommendations.

10. Multimedia and Multimodal Routing



As individual consumers we're all now interacting with our suppliers across multiple channels. We may get a great voice service, but that doesn't always work when we contact an organisation by email or by SMS.

The key routing challenge many businesses now face is not just how to support multimedia routing across multiple customer contact channels but also how to route those transactions consistently whether it is voice, email, IVR, speech, web or SMS. This becomes even more acute when multimedia extends to embrace multimodal routing, where a customer might be calling or emailing from a specific type of device or location.

At this level the emphasis has clearly switched from cost-effectiveness to a process that integrates a customer's ID with their CRM history to enable real-time decision making that can translate into significant revenue gains.

Technology is obviously a key enabler for this, but it is also essential that organisations get their people and processes in place to make this next generation of multimedia, multimodal customer interactions really work for both their customers and their own organisation.

2.2(a)(ii) Contact Centre Sales Support

If a customer has just purchased a diamond solitaire necklace and would like to know if there are matching earrings. Such an interaction could be just another customer inquiry or an opportunity to generate additional revenue. With the right information often displayed via a little window called a Screen Pop on the customer service rep's workstation a rep can gauge an incoming call to determine whether the customer on the other end of the phone line is a good candidate for another product or service. The call centre as point of sale is a relatively new practice that requires a combination of robust customer data and CSR fitness, because the CSR needs to transcend his traditional role of answering question landing smack in the middle of revenue generation.

This type of sales support not only saves the company by pre-empting an in person sales visit, but it can also provide more information to the customer than a direct sales call.

2.2(a)(iii) Web Based Self Service

An increasing number of businesses are recognizing the benefits of reliable and dedicated self-service portals for improving the company's overall brand image. Not only that, companies that want to stay ahead of the game need to adapt to the new ways of communication than just following the traditional rules that have defined customer service in the past. Self-service portals provide customers with instant access to information, allow personalization, and save valuable time and organisational resources. Consequently, 60% of businesses expect to implement self-service portals within the next 12-18 months.



Web self-service is a type of electronic support (e-support) that allows customers to access information and performs routine tasks over the Internet, without requiring any interaction with a representative of an enterprise. For customers, self-service offers 24 hour-a-day support and immediate access to information without having to wait for an email response or a returned telephone call. Ultimately, the success of Web self-service depends upon the quality and quantity of information available and the ease with which it can be accessed. Following are the various benefits of Web based self-service:

- 1. Web Self Service portals reduces customer service costs:**
If the customer can find an answer to their problem on their own, it reduces the amount of support needed because the volume of tickets will decrease.

2. **Web Self Service portals improve agent productivity:** With fewer calls and support tickets, agents and representatives fielding these inquiries can spend more time with each customer that doesn't use their self-service portal. With more time allotted to each customer, it's not just about increased productivity, but the ability to provide better care to each customer call or email.
3. **Web Self Service portals teach customers new skills:** Portals expand client's knowledge and skills, and give them the tools they require for solving other similar issues in the future. Portals provide detailed information beyond the basics when delivering answers to commonly-asked questions.
4. **Web Self Service portals boosts site traffic:** The customized knowledge base of the self-service portal acts as a useful tool for bringing in more website traffic, and marks a business as an information source and authority in its field or industry. As a result, current or potential clients place trust in the company, increasing the company's credibility and brand visibility.
5. **Web Self Service portals increase positive customer recommendations:** A successful self-service portal strengthens the brand reputation by creating positive client interactions. However, for this to happen, the company has to create a knowledge base that is consistent, simple to understand, and user-friendly, with the capability of utilizing a range of media while updating in real time. Considering 39% of millennials check a company's FAQ first when they have a question, showing a clear preference for finding answers on their own, a good knowledge base also needs an appealing and natural look with features such as live chat and email options.

2.2(a)(iv) Customer Satisfaction Measurement



Customer satisfaction is difficult to measure due to several reasons. Counting on customer satisfaction owing to their feedback is not the case because most people prefer keeping quiet when satisfied. Some people see no need of contacting the service provider while others seek to pass their complaints. Requirements for customer satisfaction are not only unique but difficult to quantify. Setting standards and improving employee relationships with customers is central strategy of measuring customer satisfaction and ensuring that success is determined. Following are the various ways to measure customer satisfaction that includes:

- (a) **Survey customers:** Surveying customers is the only probable way of getting customer feedback unless they contact you. Most people are busy and have no time to pass redress. Surveys can be provided through several ways such as emails and use of phone calls. To get credible feedback it is needed to allow customers to answer questions on weighted scale. Repeated surveys over time can be taken to measure changing comments from customers.
- (b) **Understand expectations:** Understanding what customers expect will provide ground to satisfy their expectations by giving them enjoyable service. Making an effort to discover what customers expect in terms of service and products is the way to satisfying their needs.

- (c) **Find out where you are failing:** On situations where the organisations are not fulfilling customer requirements, it is credible to find out where they are failing. Incidences where products are less than advertised should not arise. Find out if employees are making promises that cannot be met. Take strides and attend seminars that will equip with better managerial skills. Know the chain of communication so as to know where communication faults are and foster amendments.
- (d) **Pinpoint specifics:** Whether a customer is satisfied or not, you need to collect information to help to assess the situation. Collect information about what customers purchased, what they liked and they did not like, their actual purchase expectation and their suggestions for improvement.
- (e) **Assess the competition:** Have the initiative to know why customers consider other brands above yours. Through the survey, invite customers to come and compare and contrast your services and products and make judgment on what the organisation is not offering.
- (f) **Try to measure the emotional aspect:** Customer experiences after buying a given product are attributed to quality. Feedback from customers in relation to quality, reliability and extent satisfaction should be matched. Comments customers make are a measure of their satisfaction. Customers showing dissatisfaction prompts change of strategy.
- (g) **Loyalty measurement:** Customer loyalty is the likelihood of repurchasing products or services. Customer satisfaction is a major predictor for repurchasing and it is influenced by explicit performance of the product, value and quality. Loyalty is basically measured when a customer recommends to a friend, family member about given product. Overall satisfaction, repurchasing and likelihood of recommending to a friend are indicators of customer satisfaction.

- (h) **Intentions to repurchase:** Future hypothetical behaviour that indicates repurchasing the product is a measure of satisfaction. Satisfaction can influence other post purchasing trend through use of the word of mouth or social media platform.
- (i) **Monitoring:** Monitoring can be directed at phone, email and chat communications. Monitoring includes automated phone interactions designed by companies to help give real world glimpse.

2.2(a)(v) Call Scripting

Call Scripting refers to a prescribed set of talking points that are commonly used by telemarketers and inside sales reps when speaking to prospects. While telemarketers often use robust scripts, many inside sales reps simply keep a list of key talking points or responses to common sales objections.



As customer contact centres become more automated, the infrastructure improves. Customer databases become richer and customer behaviour and preferences can actually be predicted by comparing them to their behaviour of similar customers over time. Because of this increased customer intelligence, the capability to provide customer service representative with situational scripts is emerging as a must have for many contact centres. Such scripts eliminate agent guesswork by providing the representative with a logical series of talking points and guiding them through a dialogue with the customer based on such factors as the reasons for contact,

customers value, cross selling opportunities, current product promotion.

Some products actually provide natural language support, meaning the representative can enter a sentence or phrase and are supplied with the appropriate response. Other feature logging of transcripts allowing a company to retain a running text log of each customer chat. Vendors of CRM products designed to support scripting admit there is no such thing as a 'canned' response and their software can't possibly make up for a customer service representative with deep product knowledge and a good disposition. However, scripting helps a company's contact centre present a uniform image of the company by ensuring that the company responds in a consistent way to common problems so two different customers don't get two different answers.

2.2(a)(vi) Cyber Agents

Cyber agents attempt to pull together the best of both personalization and advanced technology. On one hand, the cyber agent is given a personality, complete with voice and facial expressions, often communicating with the Web visitors by their names. On the other hand, they can draw from a wealth of detailed information to answer basic FAQs as well as guide a customer to the appropriate screen for making a purchase or checking an order.

The function of a cyber-agent is to go from providing information to actually making decisions based on combination of the customer's request, heterogeneous and detailed information about the customer and complex rules based logic to guide the cyber agents in making recommendations. Cyber agents are now emerging as a viable means of providing basic customer support.

2.2(a)(vii) Workforce Management

Workforce management is an integrated set of processes that a company uses to optimize the productivity of its employees. WFM involves effectively forecasting labour requirements and creating and managing staff schedules to accomplish a particular task on a day-to-day and hour-to-hour basis. It enables organisations to gain insights into such business metrics as the exact number of employees needed

to complete a particular job at a given time of the day, week or month. It also helps track employees' daily performance.

For example, in a contact centre, Workforce management helps maximize the use of agent labour by forecasting the volume of transactions – calls, messages or emails – and scheduling the correct number of agents with the proper skills at the right time to handle the expected volume of transactions.

A comprehensive workforce management system encompasses a range of activities within the broader framework of human resource management (HRM), such as:

- ✧ Forecasting and budgeting;
- ✧ Staff scheduling;
- ✧ Time and attendance;
- ✧ Employee performance management;
- ✧ Compliance;
- ✧ Payroll and benefits administration; and
- ✧ Vacation and leave planning.

The potential benefits of using a WFM system include improved employee efficiency, better labour planning, lower operational cost, efficient time and attendance tracking, and better customer service.

2.3 CRM and Data Management



Customer relationships are the basis of successful business efforts. Customer Relationship Management centres on strategies, practices, and implementation of technologies that ensure that customers remain loyal to organisations and continue to support their growth. In this, CRM Database Management is central to ensuring long-lasting success in building and maintaining high quality CRM efforts.

CRM databases are used for the storage and management of information related to or arising from customer interactions, customer contact details, survey and research results, communications, purchases, receipts, requests, complaints and other sources.

A well-managed CRM database provides accurate information that ensures efficient and smooth communication with customers and delivery of customer service. The CRM database is also a source of information on potential leads and includes vital information collected from different channels of customer engagement and interactions such as telephone, through the web, e-mail, social media etc.

CRM Database Management is thus vital for the successful CRM efforts of businesses and will ensure the accuracy of business decision making.

2.3(a) Types of Data

Data comes in four basic flavors: reference data, transactional data, warehouse data and business view data.

- (a) **Reference Data:** It is data that is referenced and shared by a number of systems. Most of the reference data refers to concepts that either impact business processes - e.g. order status (CREATED | APPROVED | REJECTED | etc.) - or is used as an additional standardized semantic that further clarifies the interpretation of a data record - e.g. employee job position (JUNIOR | SENIOR | VP | etc.) Some of the reference data can be universal and/or standardized (e.g. Countries - ISO 3166-1). Other reference data may be "agreed on" within the enterprise (customer status), or

within a given business domain (product classifications). Reference data is frequently considered as a subset of master data. The full name for this data category is Master Reference Data.

Master Data is the key business information that supports the transactions. Master Data describes the customers, products, parts, employees, materials, suppliers, sites, etc. involved in the transactions. It is commonly referred to places (locations, geography, sites, etc.), parties (persons, customers, suppliers, employees, etc.) and things (products, items, material, vehicles, etc.). Master data already exists and is used in the operational systems. Master Data is usually authored and used in the normal course of operations by existing business processes. Unfortunately, these operational business processes are tailored for an "application-specific" use case of this master data and therefore fail in achieving the overall enterprise requirement that mandates commonly used master data across applications with high quality standards and common governance.

- (b) **Transactional Data:** Transactional data describe an internal or external event or transaction that takes place as an organisation conducts its business. Examples include sales orders, invoices, purchase orders, shipping documents, passport applications, credit card payments, and insurance claims. These data are typically grouped into transactional records, which include associated master and reference data.
- (c) **Warehouse Data:** Data Warehouses are built from the information captured in transactional system and reference or master files. After data warehouse records have been loaded, they should not be changed even if the source transaction changes. Rather than update the first warehouse record we create a new record that reflects whatever change occurs. The data warehouse tracks all transactions and changes over time so that companies can analyze history patterns and trends. Historical data contain significant facts,

as of a certain point in time that should not be altered except to correct an error. They are important to security and compliance. Operational systems can also contain history tables for reporting or analysis purposes. Examples include point-in-time reports, database snapshots, and version information.

- (d) **Business View Data:** Business view data is generated from the data warehouse. Business views are calculated that often compare trends over time. Business view focuses on a particular business area, such as answering business questions, reporting and analyzing tools which run efficiently against a consolidated business view than they do against the entire data warehouse. Business view data is never updated, the views are just created from the data warehouse periodically.

2.3(a)(i) Identifying Data Quality Issues

A data quality issue is a condition of data that is an obstacle to a data consumer's use of that data, regardless of who discovered the issue, where or when it was discovered, what its root cause(s) are determined to be, or what the options are for remediation. The most common sources of data quality problem are as follows:

- (a) **Manual data entry errors:** Humans are prone to making errors, and even a small data set that includes data entered manually by humans is likely to contain mistakes. Typos, data entered in the wrong field, missed entries and so on are virtually inevitable.
- (b) **Lack of complete information:** When compiling a data set, you frequently run into the problem of not having all information available for every entry. For example, a database of addresses may be missing the zip codes for some entries because the zip codes couldn't be determined via the method that was used to compile the dataset.
- (c) **Ambiguous data:** When building a database, you may find that some of your data is ambiguous, leading to uncertainty about whether, how and where to enter it. For example, if

you are creating a database of phone numbers, some of the numbers you seek to enter may be longer than the typical ten digits that you have in a phone number.

- (d) **Duplicate data:** Sometimes it may be seen that two or more data entries are mostly or completely identical. For example, maybe your database contains two entries for a John Smith living at 123 Main St. Based on this information, it's difficult to know whether these entries are simply duplicates (maybe John Smith's information was entered twice by mistake) or if there are two John Smiths (a father and son, perhaps) living at the same address. The need is to sort out seemingly duplicate entries like this to make the best use of your data.
- (e) **Data transformation errors:** Converting data from one format to another can lead to mistakes. As a simple example, the spreadsheet is to be converted into a comma-separated value, or CSV file. Because data fields inside CSV files are separated by commas, this may run into issues when performing this conversion in the event that some of the data entries in the spreadsheet contain commas inside them.

2.3(a)(ii) Planning and getting Information Quality:

Managing the quality of customer data assets like managing raw material requires good planning and elbow grease. The data quality requires efforts, methodology and an action plan, which has five steps to follow:

1. **Detail the characteristics of the future quality state (target):** There are two things to remember that data maintenance costs money and all customers are not the same. It makes sense to spend money and have higher quality goals for the most valuable customers than for the least valuable. The accuracy of the best customers maybe 95% or higher. The organisation may not be able to afford to keep the lowest value of customers any more accurate than about 60 or 70%, or even less. If the data quality gets too low and the organisation has no idea who their

customers are, then it simply means that the relationship marketing is not done properly.

2. **Detail the current quality state (baseline):** The trends in data quality are usually more important than absolute scores. You can measure the change in data quality only if you know the baseline quality for each segment. Quality can be measured using data quality assessment tools and analysis software. After you know the changes in quality levels, it can be compared to changes in campaign success.
3. **Identify the differences (What needs to change):** As the focus is on to find where the biggest improvement can be made, so you need to start by identifying the biggest gaps. The organisation cannot afford to treat all customers the same, nor all data has the same importance or value. Some data is readily available and some isn't. The absence of some data makes a record worthless. What is a customer record worth if it has no customer name or no way to contact the customer. Some data is important but not essential, and other data is just nice to know or is planned for future use but is not necessary for now.
4. **Design the data quality action plan:** Below the baseline the organisation should never allow the quality to sink. Design a regular quality maintenance plan that will be run on a scheduled basis as long as the customer file is in use. Specific projects have special quality requirements. Ad hoc maintenance is usually related to a specific project and focuses on just the customers targeted for the project. For any type of plan, the organisation should include a before and after snapshot of the database quality, identify which tools are to be used, assign responsibility and determine what results are expected and when.
5. **Execute the action plan:** Once the plan is designed, it needs to be put into practice and then to measure results and track progress. The organisation should take advantage of the using the appropriate combination of follow up tools to execute the plan.

Getting Information Quality

Information quality requires measuring the quality of the information stored in company databases, identifying quality issues and having processes in place to fix them.

1. **Building in quality:** The best way to achieve high quality customer information is to capture it correctly in the first place. Those responsible for data capture are managed by organisations that have no data quality performance measures. This can be changed over time. Organisations should start showing the value of the data, illuminate the cost of hygiene and the poorest quality sources and go after these.
2. **Managing quality for the life of the data:** There are many factors that impact the accuracy and completeness of the customer information. Some tools are proactively used to prevent and fix reoccurring problems.

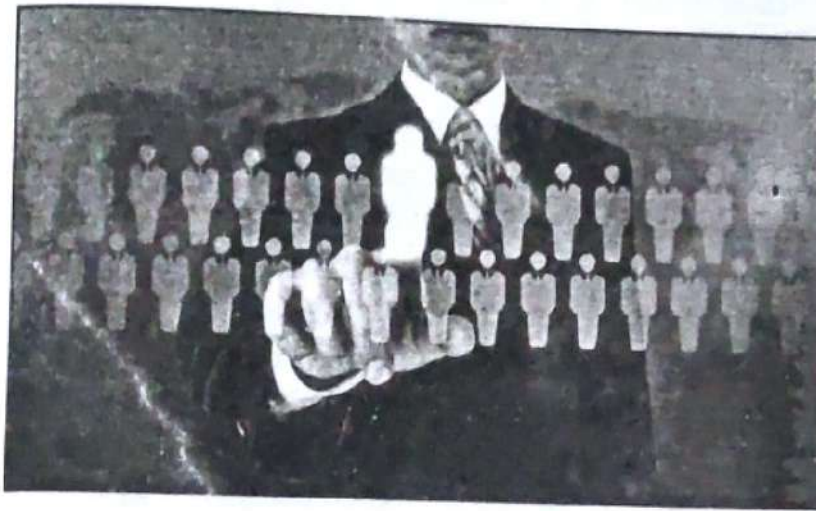
- ❖ **Proactive Maintenance:** There are several data hygiene activities that all companies should use as a matter of course, such as processing return mail. It costs just a little more to have the undelivered post returned and the organisation can save much more than that by not mailing to the same address again and again. Scheduled database audits that test for quality levels by segments and data tier are also very helpful. Some scheduled data quality efforts are costly.

- ❖ **Ad hoc Maintenance:** Ad hoc maintenance is used to meet the criteria of a specific project effort or when a data quality problem is discovered unexpectedly. If the problem appears to recur, these ad hoc cleaning projects should be made a part of the regularly scheduled maintenance.

2.3(a)(iii) Using Tools to Manage Data

A brand can only be successful if it is effective in maintaining its relationships with its customers and clients. A good brand is based on effective relationships with customer, this goes without

saying. Relationships are a big aspect of any company and they have immense benefits other just satisfied and happy customers. With the spread of social media, it has become very easy for customers to vent their feeling about the products and services that they use, not just to their friends and families but to a wider audience as well. This, in turn, can enhance or tarnish the reputation of a brand in a matter of seconds. That is why keeping an effective track of these conversations that customers are having of a brand is extremely important.



Customer relationship management process can also help brands to take their engagement and relationship to the next level by effectively building brand loyalties as well as improving the reputation of the company. When companies put in extra efforts to exceed the expectations of a customer, they can rest assured that this can help them to not only just grow their customer base but also create effective engagement and empowerment of the brand.

- (a) **Manage customer's expectations in an effective manner:** Customer needs and expectations are changing at a rapid pace. That is why understanding them requires good and effective management. Effective customer relationship management process strategy can provide companies with important insights about how customer expectations can be met in a realistic fashion. Companies must remember that they must raise the expectations of the customers only if they are capable of fulfilling them in an effective manner.

Raising the expectations of the customer and failing to meet them can have disastrous consequences for the brand, not just in the short term but in the long term as well.

- (b) **Learn to understand the needs of the customer:** Every brand offers something unique to the customers but convincing the consumer that this product is good is really important. However, more often than not, customers do not look for products that have innovative features but fulfill their needs in a better and simple manner. That is why brands must innovate and manufacture such products and services that are capable of meeting even the simplest needs of the customer. Every person has some requirements or the other be it lunch suggestions or help with fixing the Wi-Fi at their homes; brands must learn to innovate so that they can fulfill all the needs of the customers with the least amount of hurdles. This might seem to be a lot of work in the beginning, but these connections can earn immense dividends in the future. Like they say trust and loyalty have to be earned with customer relationship management tools. This is true for brands across all categories as well.
- (c) **Keep a record of customer information:** As mentioned above, customers are the main asset of any company. Companies must keep a track of important details of customers like names, birthday and anniversaries dates among other relevant information so that campaigns can be personalized, thereby creating better engagement and empowerment. By sending personalized notes or cards on important days of your customer lives can help in making the connection with them stronger and effective in the true sense. With so many advancements done in the field of customer engagement, many brands still look only the address books or spreadsheets to track information about customers and clients. With entrepreneurs, managing more than hundreds and thousands of relationships, it is surprising that brands and companies are looking at only Google spreadsheets. That is why investing in customer relationship management process strategy is important for

companies because they can help keep a track of reporters, investors, prospective hires etc.

- (d) **Respond to customer complaints and needs in a fast and effective fashion:** Getting honest customer feedback is the backbone for brands and companies that want to improve the overall experience of their customers. But capturing customer feedback is not easy because almost 91 per cent of customers feel that brands do not consider their feedback as important. That is why brands must always be ready with quick responses as it can leave a lasting impact on the minds of the customer. Further, with the advancement of social media, keeping a track of customer feedback is extremely important because Customer Relationship Management benefit in the digital world can be destroyed in seconds.
- (e) **Always think like a retail person:** Social media and digital marketing have created new dynamics in the field of marketing and in the process completely altered it. The first challenge that many companies face in this situation is making contact with the customers. In other words, companies must understand that it is important that they become an integral part of the journey of the customer. Companies need to focus on becoming an authority in their own respective field. If they cannot be a part of the customer's journey, then in most cases they are going to be left behind in the race. Earlier, many salespeople were following a normal approach where they would go out and look for potential customers and convince them to buy their products and services, while considering the current situation it is important that brands try to build a good Customer Relationship Management benefit with customers and go try to locate them rather than waiting for them to come them.

2.3(a)(iv) Types of Data Analysis

One of the great things about CRM is that it gives insight into what your customers really want. In addition to that, you can view when they want the product, how they want to be notified about the product, and easily track your relationship with them from inception to present time. There are different types of analysis that CRM can give your company insight to, making it easier to sell more, conduct effective marketing activities, and prepare for the future:

2.3(a)(iv)(1) Online Analytical Processing (OLAP)

OLAP (Online Analytical Processing) is a computing method that enables users to easily and selectively extract and query data in order to analyze it from different points of view. OLAP business intelligence queries often aid in trends analysis, financial reporting, sales forecasting, budgeting and other planning purposes.

OLAP generally focus on proving a set data attribute from a data base organized around certain dimension, such as time and location, thus a user can request the companies' regional sells revenue for all baby care products by region or by store. He can request the report detailing regional revenue for each month within certain quarter.

For instance, home office workers who buy PCs, power supplies, toner, printer cables, waste papers baskets, and coffee, with an OLAP tools, the analysis would have to guess which product a home office worker would purchase and then identify customers making such a purchase. OLAP analysis typically examine category grouping such as PCs, printer cable, and toner [computer related products] but might not have organized out of category purchase such as coffee and waste baskets.

2.3(a)(iv)(2) Clickstream Analysis

Clickstream analysis is the process of looking at clickstream data for market research or other purposes. A clickstream is a rendering of user activity on a website, namely, where a user clicks on a computer display screen and how that movement translates to other web activity.

There are two levels of clickstream analysis, traffic analytics and e-commerce analytics. Traffic analytics operates at the server level and tracks how many pages are served to the user, how long it takes each page to load, how often the user hits the browser's back or stop button and how much data is transmitted before the user moves on. E-commerce-based analysis uses clickstream data to determine the effectiveness of the site as a channel-to-market.

It's concerned with what pages the shopper lingers on, what the shopper puts in or takes out of a shopping cart, what items the shopper purchases, whether or not the shopper belongs to a loyalty programme and uses a coupon code and the shopper's preferred method of payment.

Because an extremely large volume of data can be gathered through clickstream analysis, many e-businesses rely on big data analytics and related tools such as Hadoop to help interpret the data and generate reports for specific areas of interest. Clickstream analysis is considered to be most effective when used in conjunction with other, more traditional, market evaluation resources.

2.3(a)(iv)(3) Personalisation and Collaborative Filtering

The practice of tailoring communications directly to a customer segment or, increasingly, to an individual customer. The premise of personalization is that, by collecting sufficient customer data, a company can market to an individual's unique needs, both now and in the future.

Personalized communications is the principal technique via which companies can convince customers they understand them and that their information – which the company often uses thanks to the customer's explicit permission – is mutually beneficial.

The goal is to deliver accurate product recommendations; content geared to individual preferences, and targeted promotions for individual web visitors-and in real time. When done right, personalized means not only maintaining customer loyalty, but also driving purchases, higher leverages detailed information about individual and can dictate some very tactical decisions.

The following analysis topics from a drugstore e-tailor suggest the level of individual detail and resulting tactics personalization can provide:

- (i) For people who have bought or expressed interest in vitamin supplements, which other products are they likely to buy?
- (ii) How likely is customer X to buy prescription drugs online?
- (iii) What other items are likely to be in a shopper's market basket if he buys, say, decongestant?
- (iv) Which products are most similar to branded eye drops the customer chose?

Personalization can take various forms. It can involve customizing actual web pages, including a Web site's look and feel, according to the features favoured by an individual visitor. Many web sites allow the visitor to customize the site according to her preferences, eliminating format variations and allowing her a private window into the company. Use the search function often? Move the search window to the top of the page. Like customization, so-called localization can focus site content to the visitor's particular geographic area.

2.3(a)(iv)(4) Data Reporting

Data Reporting is the process of collecting and submitting data to authorities entrusted with compiling statistics. Accurate data reporting gives rise to accurate analyses of the facts on the ground, inaccurate data reporting can lead to vastly uninformed decisions based on erroneous evidence. When data is not reported, the problem is known as underreporting, the opposite problem leads to false positives.

Data reporting can be an incredibly difficult endeavour. Census bureaus may hire even hundreds of thousands of workers to achieve the tasks of counting all of the residents of a country. Teachers use data from students' assessments to determine grades, cellphone manufacturers rely on sales data from retailers to point the way to which models to increase production of. The effective management of nearly any company relies on accurate data.

Summary

2.1 CRM Marketing Initiatives

Marketing automation is an integral component of CRM. It is a computerized system that helps marketers to achieve marketing objectives effectively. It automates an organisation's marketing process, such as customer segmentation, customer data integration, cross-selling, upselling, retaining customers; predicting customer behaviour, campaign management etc.

2.1(a) Cross Selling and Up Selling

Cross-selling and upselling are strategies to earn more revenue from existing customers. Cross-selling is encouraging the purchase of anything in conjunction with the primary product. For example, if the primary product you were buying was a burger, and your server asked if you wanted french fries as well, that would be cross-selling you a complementary product alongside your original purchase.

Upselling is encouraging the purchase of anything that would make the primary purchase more expensive with an upgrade or premium. Where cross-selling is offering a complementary product, upselling is to offer another product that's an upgrade or premium of the primary purchase the customer has made. So, to continue using the above examples, upselling would be suggesting paying extra for bacon on top of a cheeseburger, or suggesting the purchase of a keyboard with a new computer.

2.1(b) Customer Retention

Customer retention refers to the activities and actions companies and organisations take to reduce the number of customer defections. The goal of customer retention programmes is to help companies retain as many customers as possible, often through customer loyalty and brand loyalty initiatives. Customer retention begins with the first contact a customer has with a company and continues throughout the entire lifetime of the relationship. Customer retention is the maintenance of continuous trading relationships with customers over the long term.

2.1(c) Behaviour Prediction

By predicting customer behaviour, organisations would be in a better position to segment customers and 'treat' them on the basis of value they add to the company and the possibility of them becoming brand ambassadors. Such real time yet evolving information will help organisations to predict customer behaviour and put in place highly personalized offerings and customized solutions. In the case of customers and their needs, the biggest mistake a company can make is using guesswork to understand them. It would be much more prudent to put in place strategies that will allow them to understand thoroughly, customers and their current needs, making customers more amenable to sharing data that will help in predicting their behaviour. With the power to predict, companies would be able to save cost and effort by producing only those offerings that customers would instantly prefer.

2.1(d) Customer Profitability and Value Modelling

Customer Profitability and Value Modelling

- Customer Profitability - deals with the company's view of the possible profit to be made from its customers.
- Value Modelling - deals with the value of the customer's other features like ability to bring in more profitable customers or the potential to be a more profitable customer.
- Value modelling is only as accurate as the customer's data is rich.

2.1(e) Channel Optimization

A key component towards channel optimization deals with achieving a balance between fulfilling each customer's desired channel preferences versus achieving the organisation's desire to secure the lowest cost-to-serve channel option for each customer.

Organisations have to take the necessary steps to learn which channels their customers prefer to use to engage with the organisation (e.g., email, face-to-face meetings, telephone calls with contact centre personnel, direct mail, dialogue on public or private social media channels, in-store face-to-face discussions, mobile apps, and your Website/e Commerce portal).

2.1(f) Personalization

CRM lets you organize everything you know about your customer, including history of all contacts with your company and auxiliary information such as demographics. Not only do customers respond to personalization of messages, they have come to expect it. A message that isn't personalized goes to the bottom of the pile – or to the trash can. For Example Netflix personalizes our viewing. We get a list of suggestions which are selected via algorithms – based on past viewing habits – to suit what we might like to watch next. The result as a user is that we feel understood and catered to by a company, which results in a better overall user experience. Thus, personalization has the potential to deliver five to eight times the ROI on marketing spend, and can lift sales by 10% or more.

2.1(g) Event Based Marketing

Event based marketing is a strategic process designed to enhance the dialogue and relationship a company has with each of its customers. To work as promised and deliver positive results, event based marketing requires advanced technology and carefully crafted marketing plans. The extreme complexity of marketing to millions of individuals across multiple channels demands a customer communication framework to ensure effective, automated dialogue that is relevant, timely, and produces value.

2.2 CRM and Customer Service

CRM systems are an effective tool to keep businesses organized and their customers happy. Nowadays, businesses can engage with their customers anywhere, anytime, and from any device — instead of just making them wait “on hold” over the phone.

2.2(a) Call Centre and Customer Care

A call centre is a centralized office meant for the purpose of receiving and transmitting a large volume of information by telephone. Call centres are required for large companies to sell or promote their goods and services as well as for the after sales services and customer queries.

2.2(a)(i) Call Routing

The definition of a call routing system – also known as an automatic call distributor or ACD – describes a tool that can route calls to individual agents or queues based on pre-established criteria such as the time of day that a caller dials a business.

Benefits of Call Routing

There are several benefits of call routing.

- (a) Routing can optimize human resources costs by utilizing each agent as efficiently as possible.
- (b) Routing can help ensure that calls are always routed to an available agent rather than being lost or sent to voicemail. This can eliminate revenue losses that come from lost calls.
- (c) Routing based on expertise can also help maximize conversion rates by ensuring that inbound callers have far better overall customer experiences.
- (d) Finally, call routing gives businesses the ability to ensure that customers speak to a live agent 24 hours a day 365 days a year. In some industries, selling or offering service around the clock can lead to massive revenue growth that would not have been possible without using a call routing system.

Types of Call Routing

1. Direct Routing (Hunt Groups)
2. Least Idle
3. Least Occupied Routing
4. Skills-Based Routing
5. Dynamic and Service Level Routing

6. Business Rules Routing
7. Data-Directed Routing
8. Value-Based Routing
9. Outbound Routing
10. Multimedia and Multimodal Routing

2.2(a)(ii) Contact Centre Sales Support

If a customer has just purchased a diamond solitaire necklace and would like to know if there are matching earrings. Such an interaction could be just another customer inquiry or an opportunity to generate additional revenue. With the right information often displayed via a little window called a Screen Pop on the customer service rep's workstation a rep can gauge an incoming call to determine whether the customer on the other end of the phone line is a good candidate for another product or service. The call centre as point of sale is a relatively new practice that requires a combination of robust customer data and CSR fitness, because the CSR needs to transcend his traditional role of answering question landing smack in the middle of revenue generation.

2.2(a)(iii) Web Based Self Service

Web self-service is a type of electronic support (e-support) that allows customers to access information and performs routine tasks over the Internet, without requiring any interaction with a representative of an enterprise. For customers, self-service offers 24 hour-a-day support and immediate access to information without having to wait for an email response or a returned telephone call. Ultimately, the success of Web self-service depends upon the quality and quantity of information available and the ease with which it can be accessed. Following are the various benefits of Web based self-service:

1. Web Self-Service portals reduces customer service costs
2. Web Self-Service portals improve agent productivity
3. Web Self-Service portals teach customers new skills

4. Web Self-Service portals boosts site traffic*
5. Web Self-Service portals increase positive customer recommendations

2.2(a)(iv) Customer Satisfaction Measurement

1. Survey customers
2. Understand expectations
3. Find out where you are failing
4. Pinpoint specifics
5. Assess the competition
6. Try to measure the emotional aspect
7. Loyalty measurement
8. Intentions to repurchase
9. Monitoring

2.2(a)(v) Call Scripting

Call Scripting refers to a prescribed set of talking points that are commonly used by telemarketers and inside sales reps when speaking to prospects. While telemarketers often use robust scripts, many inside sales reps simply keep a list of key talking points or responses to common sales objections.

2.2(a)(vi) Cyber Agents

The function of a cyber agent is to go from providing information to actually making decisions based on combination of the customer's request, heterogeneous and detailed information about the customer and complex rules based logic to guide the cyber agents in making recommendations. Cyber agents are now emerging as a viable means of providing basic customer support.

2.2(a)(vii) Workforce Management

Workforce management is an integrated set of processes that a company uses to optimize the productivity of its employees. WFM involves effectively forecasting labour requirements and creating and managing staff schedules to accomplish a particular task on a day-to-day and hour-to-hour basis. It enables organisations to gain insights

into such business metrics as the exact number of employees needed to complete a particular job at a given time of the day, week or month. It also helps track employees' daily performance.

2.3 CRM and Data Management

A well-managed CRM database provides accurate information that ensures efficient and smooth communication with customers and delivery of customer service. The CRM Database is also a source of information on potential leads and includes vital information collected from different channels of customer engagement and interactions such as telephone, through the web, e-mail, social media etc.

2.3(a) Types of Data

1. Reference Data
2. Transactional Data
3. Warehouse Data
4. Business View Data.

2.3(a)(i) Identifying Data Quality Issues

- (a) Manual data entry errors
- (b) Lack of complete information
- (c) Ambiguous data
- (d) Duplicate data
- (e) Data transformation errors

2.3(a)(ii) Planning and getting Information Quality:

1. Detail the characteristics of the future quality state (target)
2. Detail the current quality state (baseline)
3. Identify the differences (What needs to change)
4. Design the data quality action plan
5. Execute the action plan

Getting Information Quality

Information quality requires measuring the quality of the information stored in company databases, identifying quality issues and having processes in place to fix them.

1. Building in quality
2. Managing quality for the life of the data
 - ❖ Proactive Maintenance
 - ❖ Ad hoc Maintenance

2.3(a)(iii) Using Tools to Manage Data

Customer relationship management process can also help brands to take their engagement and relationship to the next level by effectively building brands loyalties as well as improving the reputation of the company. When companies put in extra efforts to exceed the expectations of a customer, they can rest assured that this can help they not just grow their customer base but also create effective engagement and empowerment of the brand.

- (a) Manage customer's expectations in an effective manner
- (b) Learn to understand the needs of the customer
- (c) Keep a record of customer information
- (d) Respond to customer complaints and needs in a fast and effective fashion
- (e) Always think like a retail person

2.3(a)(iv) Types of Data Analysis:

2.3(a)(iv)(1) Online Analytical Processing (OLAP)

OLAP (Online Analytical Processing) is a computing method that enables users to easily and selectively extract and query data in order to analyze it from different points of view. OLAP business intelligence queries often aid in trends analysis, financial reporting, sales forecasting, budgeting and other planning purposes.

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2.3(a)(iv)(3) Personalization and Collaborative Filtering

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2.3(a)(iv)(4) Data Reporting

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Questions

1. What is cross-selling and upselling? Explain with examples.
2. What are the methods to improve customer retention? Illustrate.
3. What are techniques to handle customers?
4. What is the role of channel optimization, personalization and event based marketing in CRM?
5. How is CRM managed at call centres? Give reason.
6. What is data management and what are the types of data?
7. What are the types of data analysis tools?
8. What is collaborative filtering and what are the types?

Objective Type Questions

1. Fill in the blanks

1. Product affinity analysis is also known as "_____".
2. _____ offers right message to the right customer at right time.
3. Reference data reflects _____.
4. Business view data is generated from _____.
5. Customer trust results in _____.
6. Global information changes reflect changes in the _____.
7. Traffic analysis of e-commerce analysis are the two levels of _____ analysis.
8. Channel optimization looks at _____ with every transaction.
9. The quality of data collected need to be assessed _____.
10. It is important for the organisation to collect _____ on the various changes incorporated.

Ans.: 1. Market basket analysis, 2. Marketing automation, 3. reality, 4. data warehouse, 5. brand loyalty, 6. marketplace, 7. Click stream, 8. Value creation, 9. periodically, 10. feedback.

2. Match the following

- | | |
|--------------------------|---|
| 1. Cross selling | (a) Known as wallet share |
| 2. Customer value | (b) Event-driver marketing |
| 3. Competitive value | (c) Personalization and advanced technology |
| 4. Channel optimization | (d) Creates reality |
| 5. Event-based marketing | (e) Selling right product to right customer |
| 6. Cyber agents attempt | (f) Sampling and analyzing data |
| 7. Master data | (g) Multidimensional |
| 8. Data analysts | (h) Organisation's profitability |
| 9. OLAP data | (i) Segmentation, targeting and positioning |
| 10. USP of a product | (j) Helps to close a sale |

Ans.: 1. (e), 2. (i), 3. (a), 4. (h), 5. (b), 6. (c), 7. (d), 8. (f), 9. (g), 10. (j)

3. State the sentences as true or false

1. In cross-selling free samples are offered to rouse internet.
2. Customer retention understands CLV.
3. Customer value is referred to as customer's LTV.
4. Channel management means optimizing a company inbound channel with its outbound means.
5. Personalization focuses on rational aspect of purchase.
6. Event based marketing is opportunity driven.
7. Call centre helps in monitoring recording and analyzing the calls.
8. Reflection data is extremely volatile and time sensitive.
9. Data administrators are the individuals involved in making database changes.
10. Event based marketing has an unlimited shelf life.

Ans.: True: 2, 3, 4, 6, 7, 9.

False: 1, 5, 8, 10.

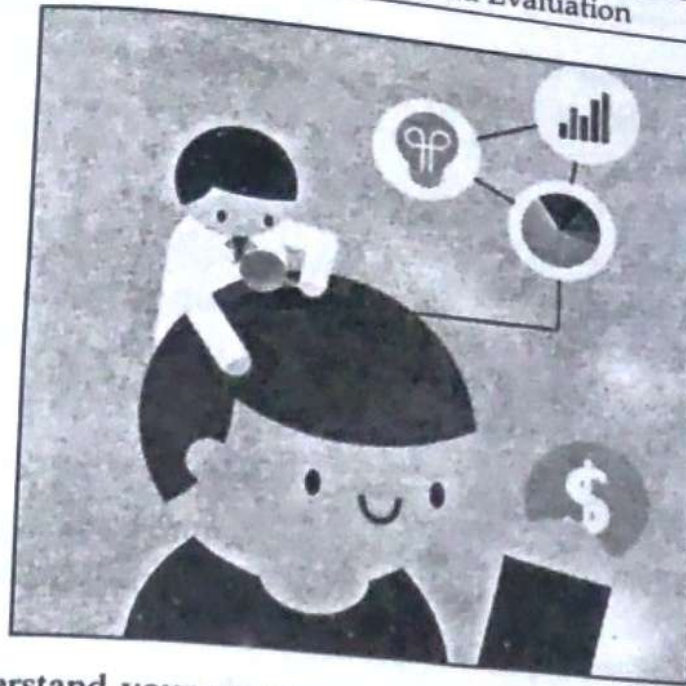
Chapter 3

CRM Strategy, Planning, Implementation and Evaluation

It is common for businesses to want to treat all of their customers equally. The problem is that the business world is not a democracy; for a company to be successful, it must be willing to prioritize customers based upon how profitable (or how likely to become profitable) they are. For example, returning customers are often much more valuable, spending on average nearly double what new customers spend. CRM should help your company achieve its goals. CRM is more important than ever to businesses because it can help you to gain new customers and retain existing ones. That's why companies continue to invest in CRM. As such, your first step in implementing a CRM strategy is to identify those goals. Once you know what you are trying to accomplish, your next step is to determine how you plan on reaching your objectives.

3.1 Understanding Customers

Understanding customers is the key to giving them good service. To give good customer care you must deliver what you promise. But great customer care involves getting to know your customers so well that you can anticipate their needs and exceed their expectations.



To understand your customers well, you need to be attentive to them whenever you are in contact with them. The potential rewards are great you can increase customer loyalty and bring in new business through positive word-of-mouth recommendation.

3.1(a) Customer Value

Customer value is the satisfaction the customer experiences by taking a given action relative to the cost of that action. The given action is traditionally a purchase, but could be a sign-up, a vote or a visit; while the cost refers to anything a customer must forfeit in order to receive the desired benefit, such as money, data, time, knowledge.



The components of customer value are deceptively simple. Product quality, service quality, price, and image shape a customer's perception of value. A firm's strategy and performance in these areas are integrated by customers into a perception of the value proposition. This is particularly important for first time customers. In this highly competitive business environment, the customer will compare the perceived value of competitive offerings. The ultimate "winner" in the battle for the customer is the firm that delivers that delivers the "best value" from the customer's perspective.

3.1(b) Customer Care

The word customer care is quite understandable word in itself. It clearly means, caring of the customers. We can define the word customer care as, "To provide proper product or service support to the consumers. So that they can take the advantage of your particular product or service in best possible manner".



You need to note that the customers are not only your prospective ones. In fact, you need to take care of the existing product users or a consumer too as it is the only action which fulfills the word "Customer Care". Actually, it is a post sale work that is to be done from the company end. In this process the customer care department of the company deals with the problems of the existing clients and the consumers.

3.1(c) Company Profit Chain

Satisfaction, Loyalty, Retention and Profits

Increased customer satisfaction will lead to greater customer retention, which is often used as a proxy for customer loyalty, which then is expected to lead to greater profitability.

Link between Customer satisfactions and Profits

- ✧ Direct link suggests, that as customers experience greater satisfaction with a firm's offering, profits rise
- ✧ Positive correlation between customer satisfaction and ROA
- ✧ Improving customer satisfaction comes at a cost and once the cost of enhancing satisfaction is factored in, offering "excessive satisfaction" doesn't pay
- ✧ Marginal gains in satisfaction decrease, while the marginal expenses to achieve the growth in satisfaction increase
- ✧ There is an optimum satisfaction level for any firm, beyond which increasing satisfaction does not pay
- ✧ Link between satisfaction and retention is asymmetric
- ✧ Dissatisfaction has a greater impact on retention than satisfaction
- ✧ Even if the level of satisfaction is high, retention is not guaranteed
- ✧ If customers are dissatisfied, other products become more enticing
- ✧ The link is nonlinear in that the impact of satisfaction on retention is greater at the extremes
- ✧ The flat part of the curve in the middle has also been called the "zone of indifference"
- ✧ Factors like the aggressiveness of competition, degree of switching cost, and the level of perceived risk influence the shape of the curve and the position of the elbows.

3.2(a) Objective of CRM Strategy

Following are the various objectives of CRM strategy

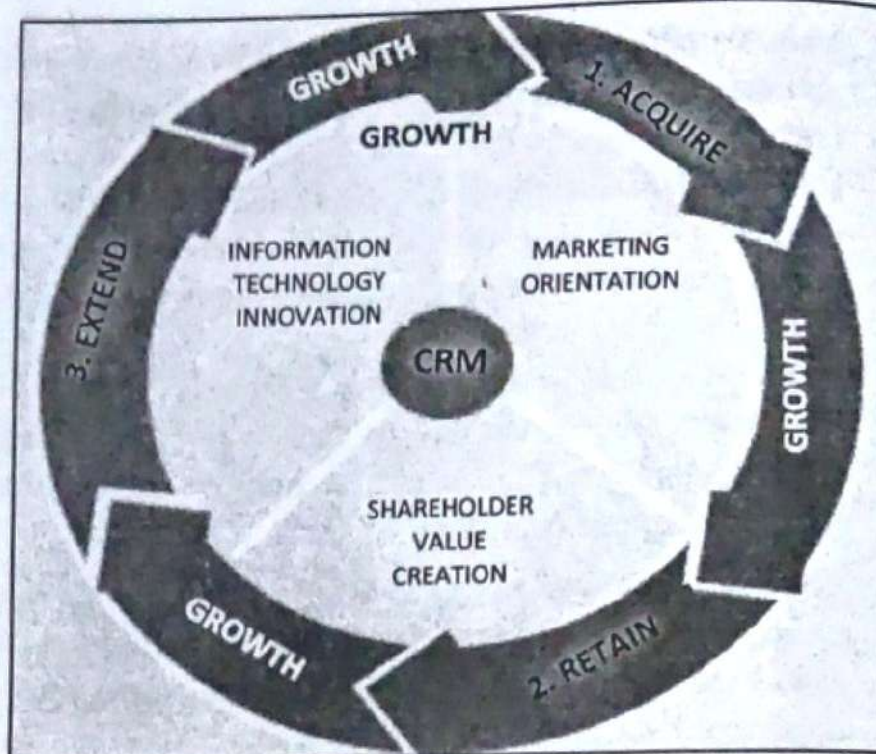
1. **Improved customer satisfaction:** Happy customers are loyal customers and they also offer good word of mouth advertising, which can be invaluable. Making customer satisfaction the primary goal of your CRM campaign is the surest way to improve your bottom line. This can be achieved by fostering increased 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.
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 platform will collect and organize a wealth of data pertaining to individual and group consumer profiles.
3. **Expand your customer base:** It is important to note that CRM is not just for managing the customers you already have. A CRM programme 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 hold and improve your future efforts in outreach. A larger customer base will allow for increased continuity in profits, even in a seasonal industry.
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.

5. **Enhance business sales:** CRM methods can be used to close more deals, increase sales, improve forecast accuracy, and suggestion selling. CRM helps to create new sales opportunities and thus helps in increasing business revenue.
6. **Improve workforce productivity:** A CRM system can create organized manners of working for sales and sales management staff of a business. The sales staff can view customer's contact information, follow up via email or social media, manage tasks, and track the salesperson's performance. The salespersons can address the customer inquiries speedily and resolve their problems.

3.2(b) The CRM Strategy Cycle

Developing a successful customer relationship management (CRM) strategy requires a keen understanding of consumers and their purchasing behaviours. These behaviors vary greatly at the different stages within the customer life cycle. It is important to identify these various life cycle stages and to understand the needs of the consumer at each phase.



The goal of every business is to convert people into paying customers. Conversion rates are not the only metric businesses should be looking at, though. This is because the customers your business converts may end up being low-quality customers that only buy your product or service one time.

This is why it is so important to focus on the bigger picture, which is the customer lifecycle. There are five different stages each customer goes through during the conversion process.

- 1. Acquisition:** At this stage, you are able to obtain prospective customer's contact information, such as email addresses, phone numbers or social media profiles. This signifies that the consumer is interested in your goods or services but not quite ready to take the leap and help you make a sale. This is one of the most critical points in the customer life cycle. You can now start to foster relationships with the customers through strategic engagement. Since you now have their contact information; you can focus on targeted and personalized marketing strategies. Email marketing, sales calls, social media marketing and content marketing all work well at this stage

of the life cycle. Don't solely focus on making a sale. Instead, focus on building trust and fostering relationships.

One of the primary areas of growth for an organisation is the acquisition of new customers. Customer acquisition involves identification of potential customers, understanding their strengths and weaknesses, risk assessment and formulation of an acquisition strategy. The explosion of customer segments, products, media vehicles, and distribution channels coupled with intense competition bent on growth has made the acquisition of new customers more complex, more costly, and less effective than ever.

Today's consumer is more demanding, more informed and more able and prepared to "vote with their wallet" if they don't get what they want. At the same time, business pressures and revenue accountability have led marketers to take a more results focused approach to consumer marketing.

2. **Retention:** Today's demanding customers and savvy competitors are causing many companies to rethink and restructure their new customer acquisition marketing efforts significantly. Don't make the mistake of thinking that the customer life cycle stops once the sale is made. The truth is that you are only halfway to your ultimate goal. It is now time to continue building on the customer relationships developed during the acquisition stage. Regular engagement with the consumer will help to keep your brand fresh in their mind and to encourage repeat purchases. Sales techniques like cross-selling, upselling and loyalty programmes are very effective at retaining customers.

(a) **Reach:** This first stage is the point when you first make contact with your potential customer. This contact could come from a Facebook ad, a coupon delivered in the mail, or even a referral from a friend. For this stage to occur, your business must be marketing in places where the right people will see your content and become aware of your company. It is

important to have the right metrics in place so you can see which of your marketing efforts paid off the most. However, most people will not convert to paying customers during this stage. During this stage, you are trying to capture your potential customer's attention and begin developing a relationship with that person.

- (b) **Acquisition:** Now that you have the attention of your potential customers, they will move into the acquisition stage. The goal of this stage is pretty clear; you are sending people to your website in hopes of converting them into a subscriber or customer. It's important to understand that most people will come to your website with a specific desire or need in mind. So you need to help them understand how your business can help them meet those needs. You should have a process in place that will guide them toward converting to the solution that will help them the most.
- (c) **Conversion:** This is the stage where your lead turns into a paying customer. The best way to convert your leads into paying customers is to focus on providing value and building the relationship rather than simply selling the product. Your customer should feel welcomed and valued; if this happens, the sale will happen on its own.
- (d) **Retention:** Now that you have gained a new customer, your goal should be to figure out how to keep that person as a recurring customer. This means finding ways to upsell or cross-sell to that person. During this stage, you need to continue to build and maintain your relationship with that customer. This means maintaining contact in some way and continuing to bring value to that person so they will think of you every time they need your product or service. Customer retention should be a top priority for businesses as studies have shown that reducing customer churn by merely 5 per cent can increase your

profits by 25-125 per cent. It is much more profitable for businesses to continue to sell to the customers they already have than it is to find and market to all new customers.

- (e) **Loyalty:** The ultimate goal of the customer lifecycle is to turn your client into a friend who regularly buys from you and recommends your product or service to anyone who will listen. Obviously, not all customers will reach this point but you should acquire more with each cycle. If you aren't reaching this point then you can look back to see where you are falling short in the lifecycle stages.

The customer lifecycle is a term that describes the different steps a customer goes through when they are considering, buying, using, and remaining loyal to a particular product or service. This lifecycle has been broken down into five distinct stages: reach, acquisition, conversion, retention, and loyalty.

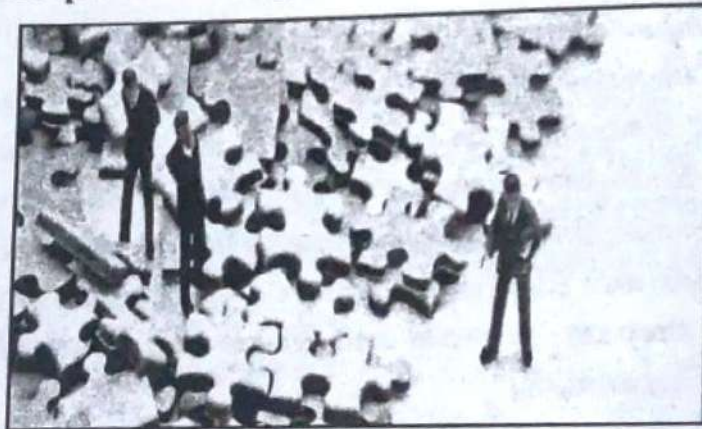
An important point to understand the customer lifecycle is that because it follows a cyclical pattern, it never truly ends. The ultimate goal is to build strong brand loyalty and to create customers that will become advocates for your company, referring your product or service to their friends and family. To achieve this, companies must make sure they stay relevant and are continuing to offer value to their customers.

3. **Extended/Win Back:** CRM orientation has focused heavily on the customer life cycle stage of retention as opposed to acquisition or win back. Some marketers argue that win back, or the process of firms revitalizing relationships with customers who have defected, should play a more important role in a company's CRM strategies. Research has shown that a firm has a 60 to 70 per cent chance of successfully repeat selling to an active customer, a 20 to 40 per cent chance of successfully repeat selling to lost customer and only a 15 to 20 per cent chance of successful closing the

sale on brand new customer. Win back strategies like most strategies should be based on marketing research, defection analysis. Defection analysis seeks to identify the reasons why customers leave. These may be outside the organisation's control or within the organisation's control. Defection analysis can also be extended to include customers who are migrating downwards. Data mining techniques can reveal customer purchase or lack of purchase patterns that precede defection. Research with these customers is needed to determine the causes of downward migration. A variety of promotional tactics that address reasons for detection are then developed and tested and the most cost effective alternative is selected for use in the win back strategy.

3.2(c) Complexities of CRM Strategy

CRM strategies and implementation can deliver great benefits – but only if companies do it right.



Customer centricity is the key to success in any business today. Building lasting customer relationships is a strategic advantage. While these facts seem simple, businesses around the world have struggled with them. The key element of this crisis is the need to get a 360 degree view of customers, leading to massive investments in CRM solutions. If it is done right, these investments can help businesses increase their sales effectiveness, drive customer satisfaction, streamline business processes, identify and resolve bottlenecks; all contributing directly to increased bottom line revenues.

Companies around the world have leveraged CRM strategies to gain competitive advantage. As more and more companies rush to implement CRM, precautions must be taken to do it right. It is approximated that 50-70% CRM implementations fail, depending on the industry vertical - it is essential to identify the key challenges, address risks and build a strategy that can make your CRM successful. CRM talks about strategy, but at the end of the day, someone has to lead the way and implement it. Listed below are some practical tips to consider when building effective CRM strategies and implementation plans.

CRM Implementation Challenges for Businesses

- 1. Lack of integration capabilities:** A CRM will work only as good as it is integrated with existing IT systems like e-commerce, marketing automation, ERP, etc. If there is lack of support from the support staff of vendors of existing systems that need to be integrated with CRM, the whole integration process can be a huge burden and may eat into hours of working time of your staff without any visible results. It is advisable to plan integration needs, if any, in advance to avoid CRM implementation overkill.
- 2. Lack of expertise of the CRM vendor:** If the CRM implementation vendor does not have enough experience with the CRM product or have never before undertaken any CRM projects, it may result in unforeseen hurdles which may be very difficult to overcome once the CRM implementation project is already underway. The CRM vendor may also be ill-prepared with possible implementation challenges, resulting in the loss of valuable time and resources. To avoid this, assess the capabilities of your vendor thoroughly and verify their credentials before signing a formal contract with them.
- 3. Lack of user adoption:** Probably the most ignored aspect of CRM implementation is the assumption that once the software is in place all the users will just dive into it and makes as good a use of it as possible. Even though user adoption is critical for CRM success many organisation

don't have a proper plan or strategy in advance. It is important to have comprehensive training programmes in order to provide an understanding to end-users of the system. Making your team members navigate complex screens or enter detailed time-consuming form won't work. More than the usability, team members should be educated about the need to make the CRM system a part of their daily schedule and how best to use it to enhance their effectiveness.

4. **Lack of business insight:** A CRM software can only get the data for you. It can't draw conclusions on your behalf or get your team members to act on them. Your sales or marketing team needs to use this information to effectively address customer issues, exploit opportunities and close more sales. For example, you can get better insights by integrating surveys in your CRM and get real-time insights from your contacts.
5. **The CRM product doesn't fit in:** If the CRM product cannot accept multiple deployment model options like On-Premise, On Cloud, Private Cloud, etc. or the product is not flexible enough for broader customizations that fit with the organisation's growing and changing needs it may not leave you with enough options, especially for a growing organisation. Also if the product is not up-to-date with the current CRM trends like Social CRM or Mobile CRM it may not be suitable for the future.

3.3(a) Planning and Implementation of CRM

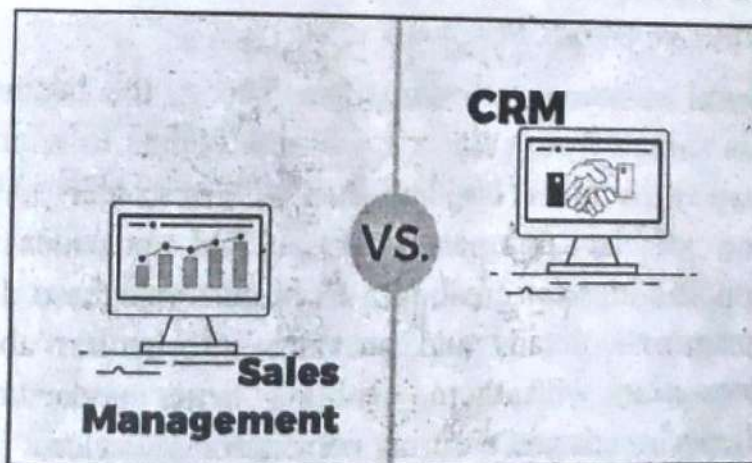
CRM is a multifaceted process which focuses on improving the internal and external business processes. It implements a set of information technologies. The focus of these technologies is to create two-way exchanges with customers, so that firms can have sufficient knowledge of their needs, wants and buying patterns. Thus, CRM helps companies understand and anticipate the needs of current and potential customers.

(a)(1) Business to Business CRM

Customer Relationship Management (CRM) has been developed in Business-to-Business (B2B) to improve effectiveness and quality of service in handling organisational responses to customer inputs, the tracking of their orders, complaints handling, building direct communications with existing and potential customers, and maintaining satisfaction and loyalty. CRM, as a customer-focused and technology-oriented strategy, is of growing importance for electronically-driven B2B and Business-to-Consumer (B2C) sectors.

**(a)(2) CRM and Sales**

CRM is closely related to sales process of an organisation. In the current competitive era, it has become important for any organisation to develop close relationships with customers.



For this, an organisation needs to measure and improve the effectiveness of its sales process. To survive in the competitive market, organisation has to understand the requirements of its customers and identify sales opportunities. Apart from this, it needs

to have trained sales people who can turn leads into loyal and satisfied customers.

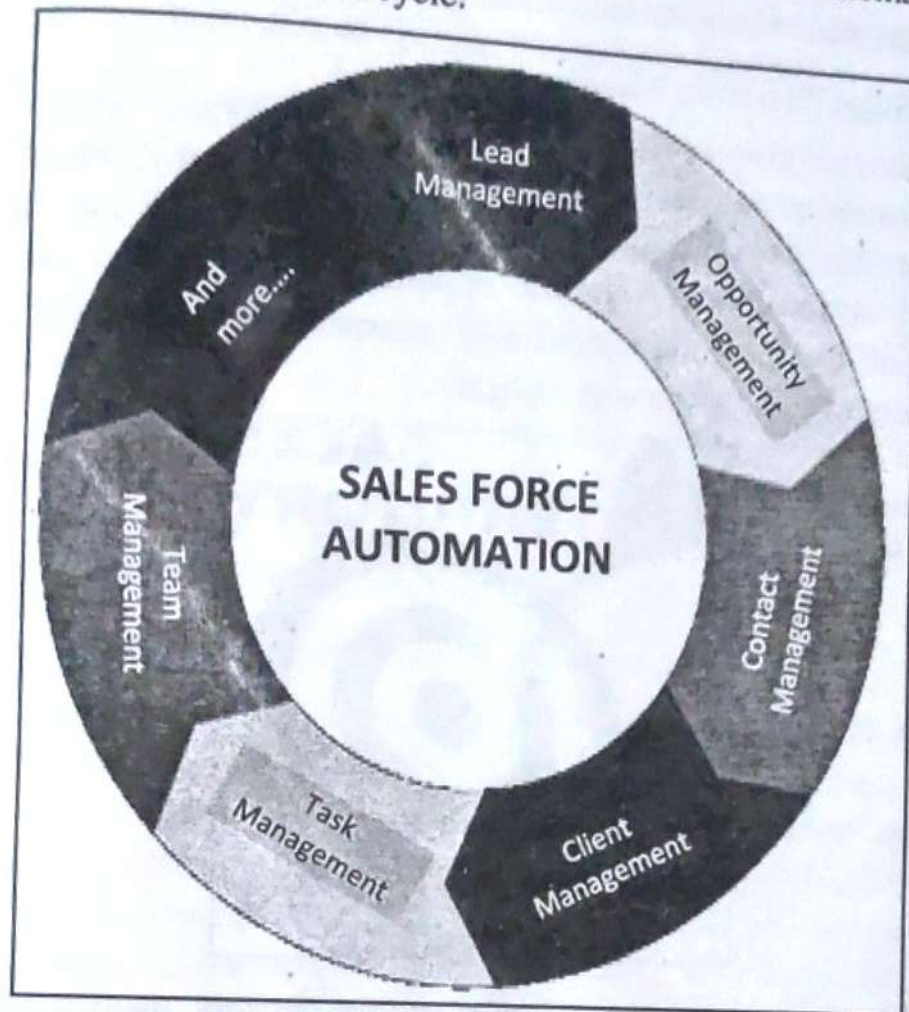
Role of CRM in sales: Following are the various roles played by CRM in sales

1. **More effective cross-selling and upselling:** CRM gathers a lot of customer data like their purchase history, behaviour patterns, preferences to identify their needs and create personalized offers that are likely to be highly relevant for the customers, increasing not only the sales and revenue, but also customer satisfaction with the service.
2. **Less routine tasks:** CRM is effective in handling mundane processes that make a small difference to profitability, but require a lot of time daily. Instead, sales agents can focus on closing the deals and reaching out to clients. Moreover, CRM isn't prone to "human factor", so it's more proof against different types of errors connected with it.
3. **Tracking and analysis:** CRM is capable of tracking the lead data, enabling you to evaluate the return on lead investments. It shows which lead sources are bringing the most revenue to concentrate on them. Further analytics functionality includes creating sales forecasts, monitoring the pipeline and spotting points where customers drop off, effective budget management etc.
4. **Build customer relationships:** Today, the business focus has shifted from gaining more new clients to winning their loyalty, or rather; building trust with customers has become one of its foremost tasks. CRM provides multiple opportunities for creating a loyal customer base. It collects customer's details and provides information about each interaction with them, enabling better understanding of clients' needs and ensuring personalized service.

(a)(3) Sales Force Automation

The main part of CRM is not only to deal with existing customer. It also tries to acquire new customers also. The process starts with identification of customers, maintaining all

correspondence details into the CRM system. This process includes generation of lead and qualifying those leads into prospects. Business people following up the customer continuously and convert them into a winning deal. Automation of selling process is effectively handled by sales force automation, which automates all the methodologies or sales cycle.



(a)(4) Sales Process/Activity Management

Sales force automation support the sales process management. This not only makes certain sales representative consider each step in the sales cycle, providing a unified sales process throughout the company, but also ensures that follow up activities are performed as assigned and scheduled. Sales process management tools by themselves are not that sophisticated. When they are deployed throughout the company, can serve as an effective training aid, minimize human error and ultimately result in greater productivity for individuals and entire teams. The ability to oversee activities within the sales process enables management staff to schedule and

assign discrete tasks, in effect, automating both an individual and organisational to do list. This streamlines team selling and ensures company wise consistency of the sales cycle. Team collaboration tools let remote team members chat in real time, using a web browser, further ensuring synchronisation of efforts and rendering sales meetings and training updates more timely and practical.

(a)(5) Sales Territory Management

Sales territory management is a system teams use to assign leads or accounts to specific salespeople based on geography, industry, or account size. This eliminates overlap between sales reps and clarifies who is responsible for specific opportunities. Territories are then managed by assigning segmented prospects to individual team members who are given specific goals.



If you are considering implementing territory management, a contact relationship management (CRM) app is a valuable tool to help streamline your efforts. Top performing field teams go beyond the basics and work to get real time data from the field constantly flowing:

- Step 1:** Segment your customers
- Step 2:** Commit to territory planning
- Step 3:** Schedule your visits and plan your route
- Step 4:** Delegate
- Step 5:** Implement and evaluate

(a)(6) Contact Management

Contact management is the subset of sales force automation that deals with organizing and managing data across and within a company's client and prospect organisation. Contact management software can contain various modules and maintaining local client databases, displaying updated organisation charts and allowing sales people to maintain notes on specific clients or prospects.

(a)(7) Lead Management

Enterprise lead management software enables an organisation to manage, track and forecast sales leads, also helps understand and improve conversion rates. It is also known as 'Opportunity Management' aims to provide foolproof sales strategies so that no sales tasks document or communication falls through the cracks. Thus, sales people can follow a defined approach to turning opportunities into deals. Many lead management products not only track customer account history but also monitor leads, generate next steps and refine selling efforts online.

(a)(8) Configuration Support

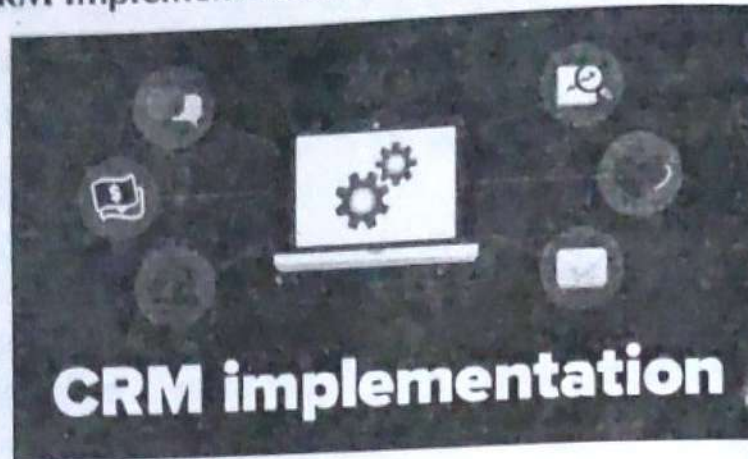
Sales persons can input client and prospect information into easy to use tool in sales force automation. CRM products have evolved to leverage this information by providing product specific configuration support to companies who must build product for their customers. Companies like computer technology, vendors, appliance manufacturers and telephone companies no longer undergo the painstaking process of factoring in complex customer attribute and requirements to build a solution from scratch.

(a)(9) Knowledge Management

A lot more than customer data is necessary for selling and more information available, the better. Accessible internal documents can provide the sales force with the information it needs to undertake a variety of components in the sales force with the information it needs to undertake a variety of components in the sales lifecycle such as, corporate policy handbook, sales presentation slides, company phone list, proposal templates, expense report forms, historical sales and

revenue reports, trade shows and promotional events schedules, news articles and press release etc.

3.3(b) CRM Implementation: Steps



A proper implementation of CRM programme leads to the smooth functioning of an organisation. While implementing a CRM programme, it is essential for an implementation project manager to understand the requirements of the programme and complexities involved in it. The implementation of a CRM programme, involves a number of steps which are as follows:

- (i) **Business Planning:** Business planning is the first and foremost step in the implementation of a CRM programme. At the planning stage an organisation needs to decide the overall objectives of a CRM programme, these objectives are established at the organisational as well as departmental level. At the organisational level, CRM objectives are established in alignment with the corporate strategy of the organisation. On the other hand, at the departmental level, the objectives are related to establishing boundaries of CRM implementation. In the business planning stage, a business plan is prepared that states an organisation's CRM goals. The business plan provides a guideline for developing, implementing and measuring a CRM programme.
- (ii) **Architecture and Design:** The architecture and design is the most crucial step in implementing a CRM programme. It involves understanding the impact of the existing technology on CRM and identifying the needs for designing a CRM

structure. After that, an architect drafts a CRM structure or design as per the relevant linkage of a CRM application. While drafting a CRM structure he/she integrates corporate systems, which helps in exchanging the required customer data. This type of integration is known as Enterprise Application Integration (EAI). EAI plays an important role in designing a CRM structure by enabling the users to share vital customer information. This helps an organisation to establish strong relationships with its customers. In addition, EAI helps in providing information related to sales and marketing initiatives to the customer support department of an organisation.

- (iii) **Technology selection:** After designing a CRM structure, it becomes easier for an organisation to align its CRM programme with its technical requirements. An organisation can achieve its CRM vision if it selects an appropriate CRM technology. Some of the most commonly used CRM technologies are Automatic Call Distribution (ACD), Computer telephony integration (CTI) and interactive Voice Response (IVR). However, the selection of a CRM technology depends on the current requirements of the organisation. For Example, Electronic Queue Management (EQM) system is ideal for airlines, banks, railways and insurance organisations, where customers are required to wait for long hours. In such case CRM reduces the waiting hours of customers.
- (iv) **Development:** The developmental stage involves customizing a CRM application as per the requirements of the organisation. It also involves the integration of business processes with the selected CRM application. Process integration is all about verifying whether the selected CRM application fulfills the requirements of different business processes. The development stage mainly involves technical work. However, it may also include tasks such as database, design, data cleaning and integration with other corporate systems.

- (v) **Delivery:** Most organisations often overlook the delivery stage or merge it with the development stage. In the delivery stage, the organisations IT department provides the final CRM application to end users. For example, an organisation has developed a Web based sales force automation tool. In such a case, it may inform sales people about tool through email that contains the link for the tool. However, if a CRM tool is client server based, then it needs to be installed at individual workstations. In the delivery stage, users are given guidelines to use the CRM tool through user guides, job aids and other web based documents.
- (vi) **Measurement:** The measurement step involves evaluating whether a CRM application performs as per the required functionality. It is difficult for an organisation to ensure the success of its CRM programme, unless it evaluates the entire CRM application. The evaluation of a CRM program enables an organisation to identify the drawbacks of the programme and rectify them by making required changes.

3.4(a) CRM Evaluation: Basic Measure

The customer company profit model consists of both psychological and behavioural dimensions. Variables such as satisfaction, trust and emotional affinity are psychological components whereas retention, profitability, defection, complaints, recommendations or referrals products use size and frequency orders as behavioural components. One of CRM's purposes is to improve customer perception of service quality and increase customer satisfaction and loyalty. Consequently these variables can serve as measures of the effectiveness of an organisation's CRM initiatives. Some marketers feel that retention rate is most important component of market share and that retention is driven by customer satisfaction. It is stated that customer satisfaction and service quality have a measurable impact on customer retention, market share and profitability.

- (a) **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 consumer's perspectives rather than the firm's perspective. Service quality is a measure of service delivery against customer's expectations.

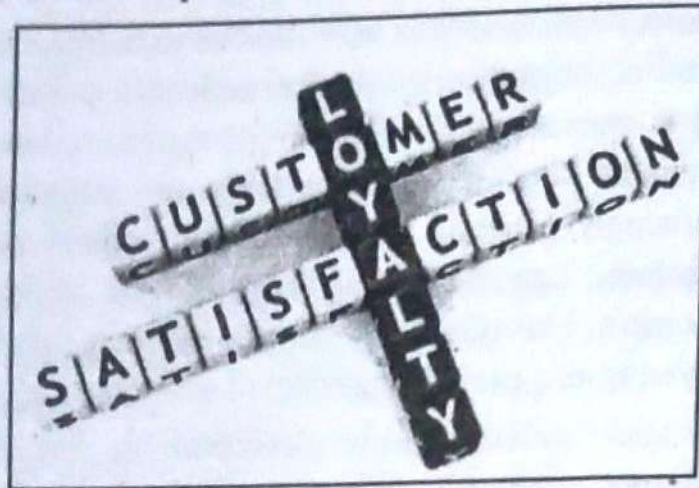
Customer satisfaction is very illusive to define and measure due to its subjective nature of experiences and its relativity. This is because if a sample from a pull of one thousand consumers on their perception of satisfaction may surprisingly generate one thousand divergent perceptions. Therefore, customer satisfaction can be defined as the customers intrinsic and extrinsic feeling of fulfillment derived from a provided product or services.

Customer satisfaction is described as the value the consumer enjoyed from consuming a product by specifically meeting his need and want. Customer advocate is a customer or group of customers who devote their time to preach to others about their favourite products and services with the aim of attracting prospects to patronize such products or services.

Customer Relationship Management (CRM) has been developed in Business-to-Business (B2B) to improve effectiveness and quality of service in handling organisational responses to customer inputs, the tracking of their orders, complaints handling, building direct communications with existing and potential customers, and maintaining satisfaction and loyalty. CRM, as a customer-focused and technology-oriented strategy, is of growing importance for electronically-driven B2B and Business-to-Consumer (B2C) sectors.

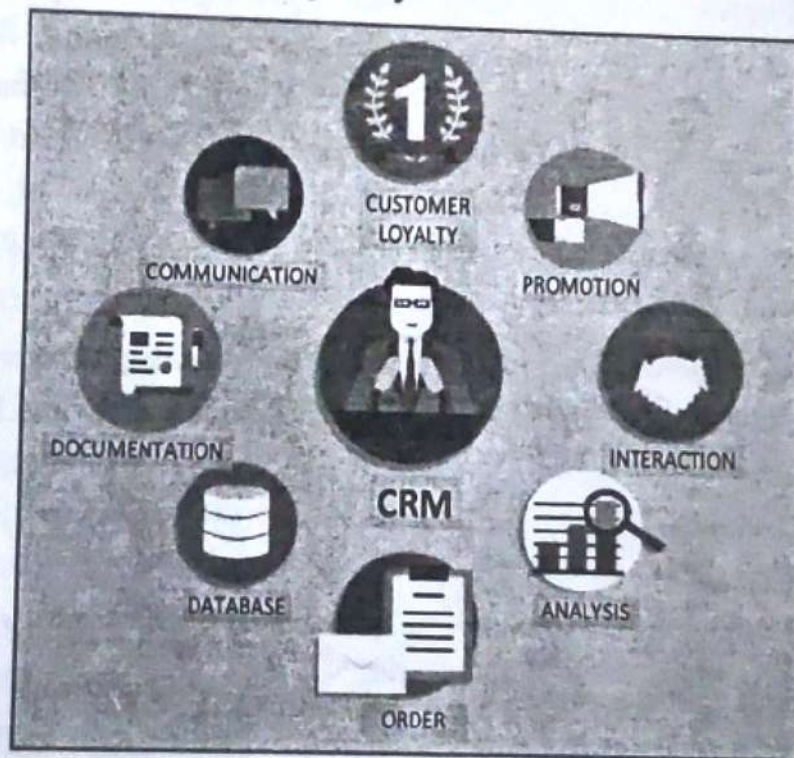
- (b) **Customer satisfaction and loyalty:** Customers are the link to business success. Business simply cannot afford to lose customers to competition. Customer satisfaction and customer loyalty should be incorporated into the long-term

goals of business. Business can do this by creating a plan for customer satisfaction feedback into the overall business plan. A plan to survey customers to measure customer satisfaction can be a simple and easy way to keep the loyalty of your customers. Asking customer satisfaction and loyalty questions can help business gather the insights needed to keep customers happy.



- ❖ **Customer satisfaction:** In general, satisfaction is a person's feelings of pleasure or disappointment resulting from comparing product's perceived performance (or outcome) in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied, if the performance matches the expectations, the customer is satisfied, if the performance exceeds expectations, and the customer is highly satisfied or delighted.
- ❖ **Customer Loyalty:** Customer loyalty is an emotional rather than a rational thing. It is typically based on customer interest in maintaining a relationship with one organisation. Often, customer interest is created and maintained through one or more positive experiences which lead to a relationship. Relationship is built on trust the most important thing to remember about trust is that without it, one has no relationship. This applies to all human situations, not just the customer service environment, for customers to

continue long business with one and one's organisation, trust has to be earned, and it does not happen overnight. Only through continued positive efforts on the part of everyone in an organisation can anyone demonstrate to customers that one can be worthy of their trust and thereby positively affect customer retention. Through actions and deeds, one must deliver quality products, services, and information that satisfies the needs of one's customers. Even when one wins trust, it is very fragile and inappropriate one, a missed appointment, failure to follow through on a promise, a lie, or misleading statements to a customer are just some of the ways one can destroy trust quickly.



3.4(b) Company 3E Measures



The Principle Of "3E's" – Efficiency, Effectiveness and Employee change

The terms as economy, efficiency and effectiveness are often in use, in sense of the so-called "3E's" principles. Ways to understand the different meanings of the terms "3E's" are many, meanings and concepts often overlap. A number of different translations with different meanings, which makes the orientations among these terms very difficult. For example, the effectiveness as expediency, efficiency, profitability, economic efficiency, total effectiveness, prosperity, performance

The principles of "3E's" are collectively defined as organisational performance and the model concept of the "3E's" is considered the basis for performance monitoring in public administration, when based on the objectives are provided inputs, i.e. resources that are in the form of personnel and material being transformed into outputs. Outputs are developing effects in which public administration is interested.

When considering all the aspects of Employee, Efficiency and Effectiveness, it is essential to proceed comprehensively. Even with a separate study of the employee or efficiency of the given activity, it is essential to assess the effectiveness at least in general, which has fundamental importance and *vice versa*, in assessing the effectiveness it is necessary to evaluate the employee and efficiency, because assessed activities, programmes, operations, etc. could indeed have the desired result, but resources to achieve these results have not been used economically and efficiently.

"Efficiency is doing things right, effectiveness is doing right things." The principle of "3E's" is a basic principle and the meaning of words can be loosely interpreted as follows:

- (a) **Employee:** The lowest possible expenditure of funds within the appropriate quality (performance in relation to price), the evaluation criterion for input based on the principle of doing things inexpensively.
- (b) **Efficiency:** Achieving the necessary outputs for little money, the relationship between inputs and outputs based on the principle of doing things the most suitable way.
- (c) **Effectiveness:** Expresses the degree of progress towards the set objectives, the evaluation criterion for output based on the principle of doing only those things that really should be done.

In CRM, it is necessary to extend the basic principle of "3E's" to "6E's", i.e. Equity, Environment and Ethics.

- (d) **Equity:** An effort to do things properly, especially in relation to the surroundings, to avoid discrimination and dishonesty.
- (e) **Environment:** A responsible attitude towards the working and living environment.
- (f) **Ethics:** An emphasis on the legal and moral conduct of the management and employees. Ethics plays a significant role in the management of all companies. Good ethical climate provides positive work enthusiasm, problem solving and peaceful working environment. Ethical codes basically deal in various areas with a question of decency, fidelity to law, good relations between employers, companies, but also with issues of safety and health, and solving conflicts.

Summary

3.1 Understanding Customers:

Understanding customers is the key to giving them good service. To give good customer care you must deliver what you promise. But

great customer care involves getting to know your customers so well that you can anticipate their needs and exceed their expectations.

3.1(a) Customer Value

Customer value is the satisfaction the customer experiences by taking a given action relative to the cost of that action. The given action is traditionally a purchase, but could be a sign-up, a vote or a visit; while the cost refers to anything a customer must forfeit in order to receive the desired benefit, such as money, data, time, knowledge.

3.1(b) Customer Care

The word customer care is quite understandable word in itself. It clearly means, caring of the customers. We can define the word customer care as, "To provide proper product or service support to the consumers. So that they can take the advantage of your particular product or service in best possible manner".

3.1(c) Company Profit Chain

Satisfaction, Loyalty, Retention and Profits

Increased customer satisfaction will lead to greater customer retention, which is often used as a proxy for customer loyalty, which then is expected to lead to greater profitability

3.2(a) Objective of CRM Strategy

1. Improved customer satisfaction
2. Improve the efficiency of your business
3. Expand your customer base
4. Enhance your sales and support teams
5. Enhance business sales
6. Improve workforce productivity

3.2(b) The CRM Strategy Cycle

Developing a successful customer relationship management (CRM) strategy requires a keen understanding of consumers and their purchasing behaviours. These behaviors vary greatly at the different stages within the customer life cycle. It is important to

identify these various life cycle stages and to understand the needs of the consumer at each phase

1. Acquisition
2. Retention: *Reach, Acquisition, Conversion, Retention, Loyalty*
3. Extended/Win Back

3.2(c) Complexities of CRM Strategy

CRM Implementation Challenges for Businesses

1. Lack of integration capabilities
2. Lack of expertise of the CRM vendor
3. Lack of user adoption
4. Lack of business insight
5. The CRM product doesn't fit in

3.3(a) Planning and Implementation of CRM

1. Business to Business CRM:
2. CRM and Sales: *More effective cross-selling and upselling, Less routine tasks, Tracking and analysis, Build customer relationships*
3. Sales Force Automation
4. Sales Process/Activity Management
5. Sales Territory Management: *Segment your customers, Commit to territory planning, Schedule your visits and plan your route, Delegate, Implement and evaluate*
6. Contact management
7. Lead management
8. Configuration support
9. Knowledge management

3.3(b) CRM Implementation: Steps

- (a) Business Planning
- (b) Architecture and Design
- (c) Technology selection

- (d) Development
- (e) Delivery
- (f) Measurement

3.4(a) CRM Evaluation: Basic Measure

- (a) Service quality
- (b) Customer satisfaction and loyalty

3.4(b) Company 3E Measures

The Principle Of "3E's" –Efficiency, Effectiveness and Employee change

- (a) **Employee:** The lowest possible expenditure of funds within the appropriate quality (performance in relation to price), the evaluation criterion for input based on the principle of doing things inexpensively.
- (b) **Efficiency:** Achieving the necessary outputs for little money, the relationship between inputs and outputs based on the principle of doing things the most suitable way.
- (c) **Effectiveness:** Expresses the degree of progress towards the set objectives, the evaluation criterion for output based on the principle of doing only those things that really should be done.

In CRM, it is necessary to extend the basic principle of "3E's" to "6E's", i.e. Equity, Environment and Ethics.

- (d) **Equity:** An effort to do things properly, especially in relation to the surroundings, to avoid discrimination and dishonesty.
- (e) **Environment:** A responsible attitude towards the working and living environment.
- (f) **Ethics:** An emphasis on the legal and moral conduct of the management and employees. Ethics plays a significant role in the management of all companies. Good ethical climate provides positive work enthusiasm, problem solving and peaceful working environment. Ethical codes basically deal in various areas with a question of decency, fidelity to law,

good relations between employers, companies, but also with issues of safety and health, and solving conflicts.

Questions

1. What is customer value and how to create customer value?
2. What is the company profit chain?
3. What is customer satisfaction and what are the importance of the same?
4. What is customer loyalty ladder? Illustrate with example.
5. What are the various customer retention strategies?
6. Write a note on CRM strategy cycle.
7. What is the significance of knowledge management in CRM?
8. Bring out the relevance of 3E in CRM.
9. How is CRM implemented in an organisation?

Objective Type Questions

1. Fill in the blanks.

1. Customers feedback is _____ and _____.
2. In an _____ situation neither the organisation nor the customers known the needs of each other.
3. Customer intimacy deals with _____.
4. An _____ relationship exists when a customer has tried out the product for the first time.
5. _____ is a termed as a wish or a desire which is yet to be fulfilled.
6. _____ recognizes the importance of initiating, maintaining and enchancing the relationship with one's customer.
7. Customer's _____ always encourages the customer in favour of a particular product.
8. Retention strategy is based on _____ and _____ bonds.
9. _____ affects the sales of an organisation to a large extent.
10. _____ can be used periodically to measure changes in service quality.

Ans.: 1. Reliable, authentic, 2. Unknown-unknown, 3. human psychology, 4. acquaintance, 5. Latent loyalty, 6. CRM, 7. self-experience, 8. programmatic, humanestic, 9. Pricing decision, 10. SERVQUAL

2. Match the following

- | | |
|--------------------------------|--|
| 1. CRM systems | (a) Intangible asset of the organisation |
| 2. Goodwill | (b) Satisfies customers. |
| 3. Value | (c) Divided loyalty/undivided loyalty |
| 4. Operational excellence | (d) Allow you to up-sell and cross-sell |
| 5. Customer care | (e) Post purchase |
| 6. Partner relationship | (f) Leads to brand loyalty |
| 7. Customers loyalty | (g) Create customer value |
| 8. Satisfaction | (h) Asymmetric and nonlinear |
| 9. Retention of a customer | (i) Benefits/cost |
| 10. Satisfaction and Retention | (j) Provides customized value |

Ans.: 1. (d), 2. (a), 3. (i), 4. (g), 5. (b), 6. (j), 7. (c), 8. (e), 9. (f), 10. (h)

3. State the sentences as true or false

1. Positioning a product/service helps to promote positive word-of-month publicity.
2. A customer derives value from economic, functional psychological sources.
3. Known-known shows the third-box of customer value framework.
4. The objective of handling complaints is to ensure its non-existence.
5. Customer satisfaction is objective in nature.
6. USP of the product determines the purchase cycle and frequency.
7. Individual loyalty is when the customer has an option of choosing between two branches.
8. Automobile manufactures focus on cross-selling and upselling elite market segments.
9. Humanistic bonds consist of rewards programmes.
10. The pricing strategy is same for B2B transactions.

Ans.: **True:** 1, 2, 4, 5.

False: 3, 7, 8, 9, 10.

CRM New Horizons

4.1(a) e-CRM: Concept, Different Levels of e-CRM, Privacy in e-CRM

- (i) **e-CRM:** 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.

Together with the creation of Sales Force Automation (SFA), where electronic methods are 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. We can define e-CRM as activities to manage customer relationships by using the Internet, web browsers or other electronic touch points. The challenge hereby is to offer communication and information on the right topic, in the right amount, and at the right time that fits the customer's specific needs.

Today's customers are a fast-moving, demanding crowd. They are looking for products and services that are proven yet innovative. They want information at their fingertips. With the right CRM solutions in place, we can help organisations to build and nurture lasting one-on-one

relationships with customers. Thus, it enhances the business efficiencies and profitability.

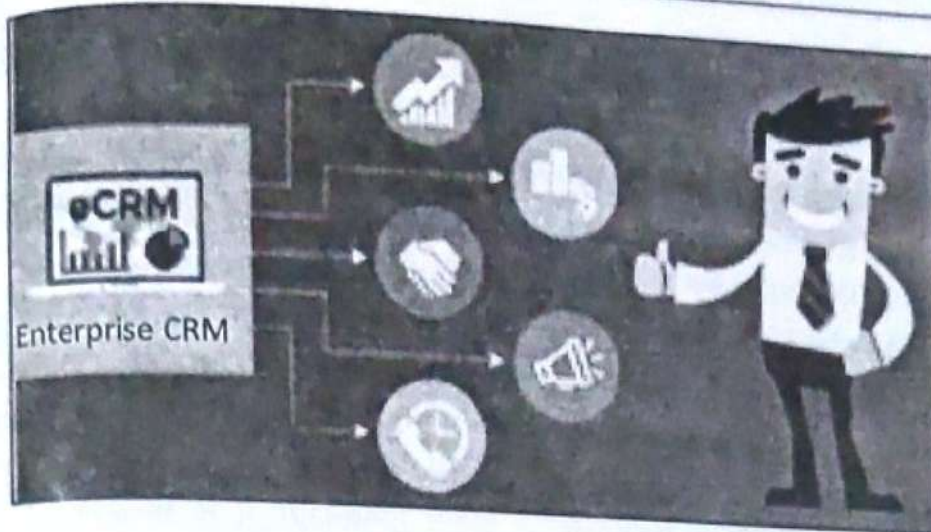
(ii) **Different levels of e-CRM:** In defining the scope of e-CRM, three different levels can be distinguished;

1. **Foundational services:** This includes the minimum necessary services such as website effectiveness and responsiveness as well as order fulfillment.
2. **Customer-centered services:** These services include order tracking, product configuration and customization as well as security/trust.
3. **Value-added services:** These are extra services such as online auctions and online training and education.

Self-services are becoming increasingly important in CRM activities. The rise of the Internet and e-CRM has boosted the options for self-service activities. A critical success factor is the integration of such activities into traditional channels. CRM activities are mainly of two different types. Reactive service is where the customer has a problem and contacts the company. Proactive service is where the manager has decided not to wait for the customer to contact the firm, but to be aggressive and contact the customer himself in order to establish a dialogue and solve problems.

(iii) **Privacy in e-CRM:** One of the main functions of e-CRM tools is to collect information about clients, thus a company must consider the desire for privacy and data security, as well as the legislative and cultural norms. Some clients prefer assurances that their data will not be shared with third parties without their prior consent and that safeguards are in place to prevent illegal access by third parties.

Legislation and consumer privacy issues definitely affect the way marketers conduct their data business. Most experts agree that there's a constant tug of war between relevance and privacy. Striking a balance between protecting customers' privacy and advancing the data sets that are key to marketers has never been more important.



4.2 Software App for Customer Service

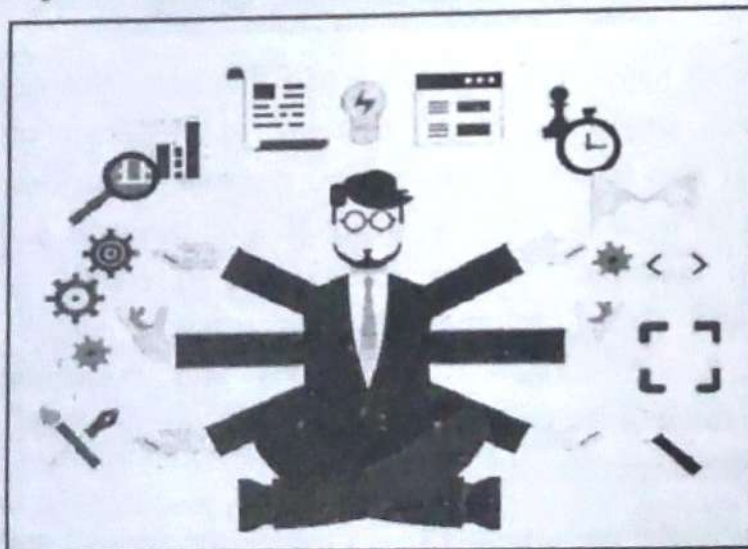


Customer support software is a tool that helps businesses in the management, organisation and tracking of customer queries and concerns. It also stores all information relevant to customer service, which can be used to come up with valuable business insights. The purpose of customer support software is to enable to manage, organize and track customer requests using a single platform. Likewise, it consolidates these issues and conversations and associates them with customer records, providing CRM and sales more insights to personalize campaigns.

- (a) **Activity management:** It enables the service staff to track workload, assign priorities to the service according to

urgency, set appointment alerts, set alarms on attended to the unsolved services etc.

- (b) **Agent management:** It enables businesses to manage globally dispersed, employed at outsourced, operating in different time zones service agents.
- (c) **Case assignment:** Ensure that each enquiry or issue gets routed to the right agent or technician for resolution. Consumer service agent might, for example be organized according to language skills. When an email enquiry is received in regional or other language it is assigned to the agent competent in that language.
- (d) **Contract management:** It is generally handled through the CRM application. Contract Management includes tracking warranty service and incident contract and installed device tracking. When a customer contacts the customer service centre, the system provides the call centre technician with a list of the contracts for the site or for the specific part about which the customer is calling.
- (e) **Customer self-service:** It enables for the customers to track the packages they sent or expecting to receive from courier service. The customers can transact online, track their shipment and pay for the service all by themselves.



- (f) **Email response management:** It provides automated and customized e-mail responding to large volume of customers.

It also provides multilingual spellchecker. An email response management system is a service or software product that provides handling for a volume of email messages, often for an enterprise. These systems typically categorize and manage individual emails using rules defined by the users, and backup or archive email for storage and potential retrieval.

- (g) **Escalation:** Escalation are typically done by email notices by automatically scheduling activities or by some combination of the two. Typically activities that deserve escalation are sales that haven't closed when predicted or customer support hasn't been resolved in time.
- (h) **Inbound communication management:** It is used by contact centres for equal distribution, queuing, routing of incoming communication via phones, emails, SMS, chat etc.
- (i) **Invoicing:** It is useful application for service technicians who are called to the site to provide out of warranty service. Having completed the job to the customer's satisfaction and captured the customer's signature electronically the invoice can be raised on the spot.
- (j) **Outbound communication management:** It enables service staff to acknowledge service requests, invoicing for out of warranty services, advising on pre-servicing tasks to the customer, track the service tasks and post service communication with the customers.
- (k) **Queuing and routing:** It allows issues to be routed to agents with particular expertise and positioning in that agent's queue according to same rule. Universal queuing aggregates all inbound contacts into a single queue regardless of reception channel voice, email, chat and social medias and applies common routing rule.



- (l) **Scheduling:** It enables to schedule the service technician's work on the basis of hours, days or months. It deals with the record of technicians details, skills, availability of working, charges taken etc. It also records customer details, accessing hours, location, distance, issue and service level agreement.

4.3 Social Networking and CRM

At the heart of any business are customers, and social networking represents an opportunity to build even more mutually rewarding and candid relationships with those customers. But for organisations to realize tangible business benefits, they need to better plan, manage, and measure their social networking efforts. This is precisely where CRM intersects with social networking. Customers using social networks want meaningful engagement with companies and businesses want a way to manage and measure their forays in social networking. When social networks and CRM work together well, businesses gain the ability to better listen to customer conversations and engage social customers on their own terms while managing and measuring their efforts to do so. Social networks, by bringing in otherwise untapped and unmanaged online conversations, also help organisations get closer to a true 360-degree view of the customers so they can further optimize their marketing, sales, and customer service efforts.

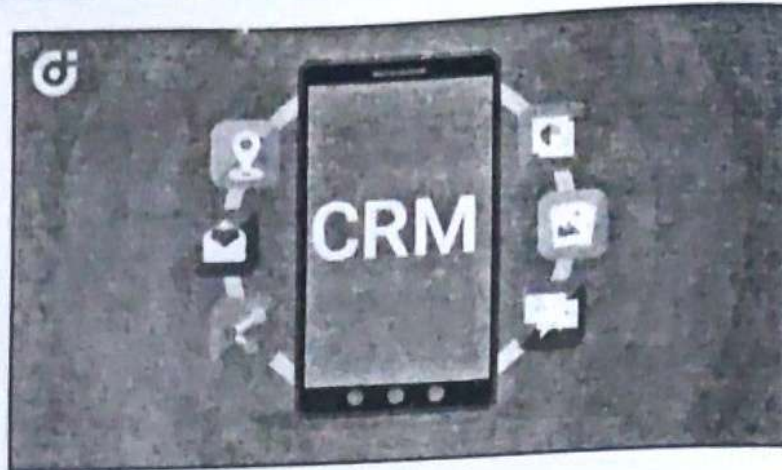


Social networking sites is indisputable. Yet many organisations still struggle to translate it into real business benefits. By acquiring tools that let them manage their social networking initiatives alongside traditional marketing, sales, and service activities, organisations can take advantage of social networking without losing focus on their core business.



4.4 Mobile CRM

Mobile CRM (Customer Relationship Management) delivers a full CRM experience on smartphones, tablets, and other internet-enabled devices. It enables sales, marketing and customer service teams to access and manage key information in real time, wherever they are.



- ✧ **Why mobile CRM is important:** The mass migration of internet users from desktop to mobile devices means people now expect real-time information to be available from anywhere. A mobile CRM allows users to access important business data no matter where they are. In a sense, it allows them run their business on the go.
- ✧ **Benefits of mobile CRM:** With mobile CRM software, mobile devices such as tablets and smartphones can deliver all the classic functionality of a system hosted on a laptop or desktop computer, but with the added benefits of on-the-go access via cloud computing. In effect, users should be able to run their business from their phone. Mobile CRM has many benefits for remote workers when they're away from their desk enabling them to:
 1. Plan using calendar integration
 2. Dial into meetings with click-to-call
 3. Access and update leads, contacts and opportunities
 4. Open and share files
 5. Access dashboards on the go
 6. Track, manage, and respond to customer service cases
 7. Access to up-to-date data at all times

Automatic updates mean that every salesperson has the benefit of complete CRM data, analytics and customer-facing material at their fingertips, on any device – meaning no one is left out of the loop and sales team members can move forward with their prospects with confidence. The best CRMs will also be equipped with

extensive security features built in, like multi-factor authentication and VPN requirements. Security updates and new features within the mobile CRM app automatically update without users having to manually re-download or upgrade.

4.5 CRM Trends: Challenges and Opportunities

The advent of social media and the proliferation of mobile devices has caused CRM providers to upgrade their offerings to include new features that cater to customers who use these technologies.

Social CRM refers to businesses engaging 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're airing grievances or promoting products.

To add value to customer interactions on social media, businesses use various tools that monitor social 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 sentiments such as a customer's likelihood of recommending their products and the customer's overall satisfaction in order to develop marketing and service strategies. Companies try to integrate social CRM data with other customer data obtained from sales or marketing departments in order to get a single view of the customer.

Following are the various *opportunities* towards CRM trends:

1. **Improved mobility:** Customer service is no longer limited to PCs or laptops. Nowadays customers access data, ask about queries and expect for solutions on the go. So the trends of CRM going mobile fuels up due to this increasing customer service and frontline employees resources. Not just customer service, due to the flexibility of smartphones, customers even get an impression about a product or service

in real time. This generates a perception that leads to a lot of sales as well as causes a drop in sales for a company.

- 2. Tilting more towards cloud-based CRM:** Cloud services are seeing a major rise and it is continuing to do so in regards to CRM as well. There is a huge resurrection of cloud-powered CRM models at the moment due to the concept of GDPR (General Data Protection Regulations) a sensitive global client base issue around data security. For all sizes of business, all these clouds fit in accurately in terms of its use cases and specifications. It leaves no doubt in mind that the cloud-based CRM leaves a lot of opportunity for everyone. And it is certainly going on as the current trend of CRM even though the dominance of cloud CRM hasn't even got to its highest peak yet.
- 3. Workflows getting more automated:** After the implementing of a CRM system, the workflows are getting more automated than ever. Nowadays with the CRM system workflows are getting more automated with various automation services. Including all repetitive tasks like following up on leads, sending emails, raising an invoice that follows an intelligent workflow. With more new automated services like this kicking into the CRM system each year, you can now sit back and let the system do all the necessary tasks for you. Moreover, in today's time all these workflow automation services allows you to run and automate any types of business process effortlessly.
- 4. Socialization of CRM:** Engaging with customers via various social media is one of the top CRM trends currently. This enables the customers and company to get insights about each other in a more meaningful way. This is definitely a new trend that will last for the rest of the future years for sure. As from here on CRM will only get more socially active as ever. Getting social with your customer not just allows the business runner to know them closely but it also provides valuable insights into their interest and buying patterns. In exchange for this socialized insights of

customers, you get to have invaluable leads sustaining capabilities in a cumbersome way.

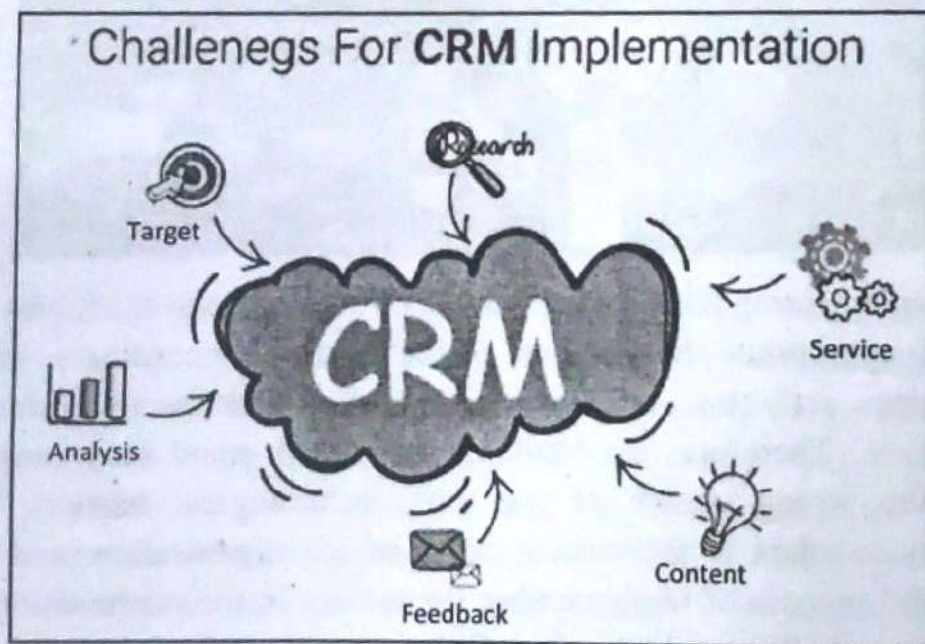
- 5. Solving issues via crowd sourcing:** In an attempt to improve the business, companies are getting more encouraged to take tips from the clients. This enables them to solve the problems they are facing. This movement has grabbed great speed due to the customers raising voices through social media. Asking the present clients for fresh ideas and solutions can most certainly help the employee in the company improve their services. This is done through reformation and interactive relationship that most growing number of customers expects meaning it has become a process of innovation and not just a system for lead generations and for marketing.

Challenges of CRM Trends



Implementing the CRM system is a tricky process. It enables the use of appropriate information technologies to coordinate sales, marketing activities, and services, and to enhance customer experience. Therefore, the challenges of CRM could vary ranging from the wrong choice of the tool, technological barriers, the inability to adapt to the current needs of the organisation, and the unskillful process of implementing the system in the organisation. It poses a challenge both for CRM users – individuals and organisations, seeking change in their approach and process implementation.

- 1. Defining clear objectives:** It is a paramount factor for CRM applications to be closely linked to both the business objectives and processes. Before proceeding, it is vital to take stock of strategies, including short-term and long-term goals while addressing the organisational needs. As it will offer a better idea to define the scope of features required in the CRM. Thus, aligning the CRM focus with your company strategy can help avoid CRM implementation challenges.
- 2. Choosing the right system:** At this stage, it is essential to note the system's functionality on whether CRM needs meet the company requirements for now and future. Also, it is crucial to assess its compatibility with the existing applications within the company. It is also important to gauge the scope of post-implementation service scenario.
- 3. User adoption:** The level of acceptance for the CRM tool and its use in the organisation defines its concrete implementation. However, any new system experiences resistance from users. Below are some of the points that will help outline the benefits of the CRM system.



- ❖ Communicate why CRM is so essential, sharing with them the specific benefits it offers, such as saving time or increase in sales.

- ❖ Develop and offer a rewards programme for the effective use of the system and apply penalties for its misuse.
 - ❖ Use the CRM reporting function to help employees see how their actions directly influence customer satisfaction and their overall performance.
4. **Integrating CRM with existing systems:** Implementation of a central CRM system also involves migrating or integrating the existing software and information systems. The lack of support from the vendor staff of the existing methods for CRM integration will result in a massive burden for the company. As a result, it may consume hours of productive work time for the staff without possible outcomes. Therefore, a planned approach to CRM project by considering future needs will help avoid the implementation overkill.
 5. **Training:** Even the best of CRM systems will not be helpful if users are not able to use it effectively. Thus, it is imperative that the users are well trained because the success of the CRM implementation process depends mostly on this aspect. Further, it is necessary to include the type of users for the training. It includes regular users, management and administration teams for the programme.
 6. **Find the right partner:** It is vital to evaluate business objectives, strategy, budgets, and customization needs before choosing a CRM solution. As a part of this, it is essential to ensure you have the right partner by your side. They will help avoid problems with CRM implementation. The partner must offer consultation with future insights. They must advise on how to address and eradicate potential risks and challenges for the possible CRM system.

4.6 Ethical Issues in CRM



Customer Relationship Management (CRM) can be beneficial to both supplier and customer. The supplier reduces costs by offering only products that are wanted, when they are wanted, and he passes the cost savings on to the customer who signed up for the company's CRM. To implement such a system, extensive information about the customer must be collected and stored. The two concerns with regard to this system are customer privacy and the accuracy of the information collected.



- ❖ **Collecting customer data:** Ethical issues originating with the collection of customer data for CRM are related to secure collection methods and to the verification of the information. Ethical companies ensure that sensitive information such as credit card numbers or medical histories are collected in a secure environment and transmitted back to the databases securely. During data collection, it is also critical to verify the identity of the customer and the accuracy of the information being submitted. High security for these functions is costly but ethically necessary.
- ❖ **Storing CRM Data:** Once customer data is safely in a company database, ethical companies adhere to four principles regarding storage. Data is only stored with the agreement of the customer. Customers must be able to view their data and either change their data or ask for it to be changed. Customers can withdraw from the programme, and such a withdrawal causes their data to be erased. The ethics behind these principles are that the data belongs to the customer and the customer must be able to control his data.
- ❖ **Using CRM Data:** Given that much of the customer data for CRM is sensitive, ethical companies ensure the data is kept private to the maximum extent possible. To achieve this, the company must store the data in a form or in a location not generally accessible. The data must only be consulted when necessary for the fulfillment of a CRM task, and only those employees who handle the data to complete the task are able to access the data. When sub-suppliers need to use the data, they must first commit to restrictions similar to what the CRM company has in place.
- ❖ **Disposing of CRM Data:** Since customers must be able to withdraw from the CRM programme and since their data is then erased, the company needs a procedure in place for safely destroying customer data when it is no longer needed. While deletion from the database is initially sufficient as long as the database remains secure, data on obsolete

equipment and equipment that changes status to non-secure is at risk. An ethical company has detailed policies and procedures for tracking and destroying data and keep accurate records of such activities.

Summary:

4.1(a) e-CRM: Concept, Different Levels of e-CRM, Privacy in e-CRM

- (i) **e-CRM:** 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. Today's customers are a fast-moving, demanding crowd. They are looking for products and services that are proven yet innovative. They want information at their fingertips. With the right CRM solutions in place, we can help organisations to build and nurture lasting one-on-one relationships with customers. Thus, it enhances the business efficiencies and profitability.
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- (a) Activity management
- (b) Agent management
- (c) Case assignment
- (d) Contract management
- (e) Customer self-service
- (f) Email response management
- (g) Escalation
- (h) Inbound communication management
- (i) Invoicing
- (j) Outbound communication management
- (k) Queuing and routing
- (l) Scheduling

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 5. Access dashboards on the go
 6. Track, manage, and respond to customer service cases
 7. Access to up-to-date data at all times

4.5 CRM Trends: Challenges & Opportunities

The advent of social media and the proliferation of mobile devices has caused CRM providers to upgrade their offerings to include new features that cater to customers who use these technologies.

Following are the various *opportunities* towards CRM trends:

1. Improved mobility
2. Tilting more towards cloud-based CRM
3. Workflows getting more automated
4. Socialization of CRM
5. Solving issues via crowd sourcing

Challenges of CRM Trends

1. Defining clear objectives
2. Choosing the right system
3. User adoption
4. Integrating CRM with existing systems
5. Training
6. Find the right partner

4.6 Ethical Issues in CRM

- (a) Collecting customer data
- (b) Storing CRM Data
- (c) Using CRM Data
- (d) Disposing of CRM Data

Questions

1. What are the various software applications of e-CRM?
2. What are the various levels of e-CRM?
3. Write a note on social network and CRM.
4. What is the relevance of social networking and CRM?
5. What are the advantages of Mobile CRM?
6. Write a note on Self-service and CRM.

7. What are the recent global trends in CRM?
8. What are the key CRM challenges?
9. Bring out the ethical issues in CRM.

Objective Type Questions

1. Fill in the blanks

1. Infrastructure, data, device and _____ are the key components of service automation.
2. _____ provides automated and customised email response to a large volume of customers.
3. Social CRM reaches out to the customer using _____.
4. _____ helps a global organisation to collect information related to current market trends.
5. Data mining software reduces campaign costs by decreasing the size of the _____ segment.
6. _____ laws protect the interest of the customers.
7. Customer evolve from strangers to _____.
8. CRM implementation failure is a cause of poor _____, requirement or goal analysis.
9. CRM system require _____ data to get precise results.
10. e-CRM enables organisations to integrate their internal resources with their _____ marketing strategies.

Ans.: 1. software, 2. ERMS, 3. technology, 4. GCRM, 5. target, 6. Privacy, 7. partners, 8. planning, 9. accurate, 10. external.

2. Match the following

- | | |
|-----------------------------------|--|
| 1. e-CRM ensures | (a) Allow easy connectivity |
| 2. Reactive service | (b) Overall profitability the organisation |
| 3. Mobile CRM | (c) Organisation defined processes |
| 4. Traditional CRM | (d) Permission marketing |
| 5. Right positioning of the brand | (e) Uniformity of information |
| 6. Rural customers | (f) Subtle tool for promoting products |
| 7. Seth Godin | (g) Attracts large number of customers |

- | | |
|---------------------------------|---|
| 8. Permission marketing | (h) Reacts to customers problems |
| 9. Campaign management software | (i) Emotionally attached |
| 10. Increasing profitability | (j) Ensure customer attention increases |

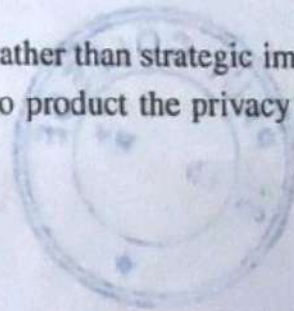
Ans.: 1. (e), 2. (h), 3. (a), 4. (c), 5. (j), 6. (i), 7. (d), 8. (f), 9. (g), 10. (b)

3. State the sentences as true or false:

1. e-CRM involves a number of strategies and tools to interact with customers.
2. The strengths and weaknesses are associated with the external environment of an organisation.
3. Trust, ethics, values and transparency are pillars of customer relationship.
4. Permission marketing is the opposite of interruption marketing.
5. Rural markets are developed in small towns and villages of a country.
6. e-CRM is designed on the basis of products and job functions.
7. Listening, responding and improving does not help in customer care.
8. Inbound communication management is done using email, SMS, chat etc.
9. CRM focuses on operational impact rather than strategic impact.
10. It is obligatory for the organisation to protect the privacy of the customers data.

Ans.: True: 3, 4, 5, 8, 10.

False: 1, 2, 6, 7, 9.



ABOUT THE BOOK

Customer relationship management (CRM) is not just the application of technology, but is a strategy to learn more about customers' needs and behaviors in order to develop stronger relationships with them. As such, it is more of a business philosophy than a technical solution to assist in dealing with customers effectively and efficiently.

Today, the focus is on selling more products to existing customers to improve profitability. Customer-focused strategies require CRM (customer relationship management) to help acquire customers through various touchpoints and translate operational data into actionable insights for proactively serving customers.

This book provides in depth and enriched insight about the varied aspects on Customer Relationship Management. This will help the students to have a clarity and understanding on the practical aspects of the subject.

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