SCHOOL OF SCIENCE AND HUMANITIES

Unit-1-SBAA3016 -RELATIONSHIP MANAGEMENT

Definitions - Concepts of relationship Management - Evolution - Transactional Vs Relationship Approach - Evaluation of Customer Relationship Management (CRM) - Customer Loyalty - CRM Success Factors and Levels of Services - Service - Level Agreements

Definitions - Concepts of relationship Management

Introduction:

Relationship management helps organizations and business to maintain a certain level of engagement with its audience and it can happen between two businesses or a business and its customers. This relationship that is maintained with the partners and customers is more than transactional and it helps in building the brand loyalty for the specific business. Mostly relationship building happens on the customer level but when there are partners and clients establishing relationship with them is significant as well. The task of managing relationships on a professional level is not an easy task. Studying the mentalities of people overall and their reactions to different products or advertisements or social media interactions may be different each time. This is why companies and businesses hire relationship managers to take care of relationship management. It is important that the company remains connected to their customers so it can understand the needs of their customers.

The same applies for their business partners too. Improvising and changing according to the demands of the customers and clients help businesses to hold on to them thereby continuing to uphold the sale of their products and services. Relationship management also ensures that while the company is capturing newer markets and making more customers it doesn't lose the older ones.

Customer relationship management takes care of building a bond of trust be- tween the organisation and the existing customers. Communicating with them usually involves sales reports and data using which the business maintains the interest of the customers in the company and the products or services that it deals in. Customer relationship management also comprises of post-sale support and at times marketing techniques. There are different ways an organi- sation can choose to communicate with their customers which include social media platforms, newsletters, post-sale surveys, advertisements, tutorials, campaigns, emails, messages etc. This helps in keeping their customers close

Definitions of CRM:

CRM is an information industry term for methodologies, software and usually Internet capabilities that help an enterprise manage customer relationships in an organized way.

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

CRM is an integrated approach to identifying, acquiring and retaining customers. By enabling organizations to manage and coordinate customer interactions across multiple channels, departments, lines of business and geographies, CRM helps organizations maximize the value of every customer interaction and drive superior corporate
performance.

CRM is a discipline as well as a set of discrete software and technologies which focuses on automating and improving the business process associated with managing customer relationships in the areas of sales, marketing, customer services and support. CRM software applications facilitate the coordination of multiple business functions (such as sales, marketing, customer services, and support) and also coordinate multiple channels of communication with the customer face to face, call centres and the Web – so that organizations can accommodate their customers' preferred channels of interaction.

Concepts of Relationship Management:

The purpose of CRM

The focus [of CRM] is on creating value for the customer and the company over the longer term. When customers value the customer service that they receive from suppliers, they are less likely to look to alternative suppliers for their needs. CRM enables organisations to gain competitive advantage' over competitors that supply similar products or services.

What does CRM involve?

CRM involves the following (3):

➢ Organisations must become customer focused

➢ Organisations must be prepared to adapt so that it take customer needs into account and delivers them

➢ Market research must be undertaken to assess customer needs and satisfaction.

Benefits of CRM:

Benefits of CRM include (8):

✓ Reduced costs, because the right things are being done (ie., effective and efficient operation)

✓ Increased customer satisfaction, because they are getting exactly what they want (ie. meeting and exceeding expectations)

✓ Ensuring that the focus of the organisation is external

✓ Growth in numbers of customers

✓ Maximisation of opportunities (eg. increased services, referrals, etc.)

✓ Increased access to a source of market and competitor information

✓ Highlighting poor operational processes

✓ Long term profitability and sustainability

History and Evolution of CRM

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

One of the reasons for this is because it was difficult to effectively track customers and their purchases. It is also important to realize that large companies were responsible for processing tremendous amounts of data. This data needed to be updated on a consistent basis. In the last few years, a number of changes have been made to customer relationship management that has allowed it to advance. These capabilities have allowed CRM to become the system that was once

envisioned by those who created it. However, the biggest problem with these newer systems is the price. A number of personalized Internet tools have been introduced to the market, and this has driven down the cost of competition. While this may be a bane for vendors who are selling expensive systems, it is a bonanza for small companies that would otherwise not be able to afford CRM programs. The foundation for CRM was laid during the 1980s.

Transactional Vs Relationship Approach

Transactional Approach: Transactional marketing is a business strategy that focuses on single, "point of sale" transactions. The emphasis is on maximizing the efficiency and volume of individual sales rather than developing a relationship with the buyer.

Relationship Approach: Customer relationship management (CRM) is a process in which a business or other organization administers its interactions with customers, typically using data analysis to study large amounts of information.
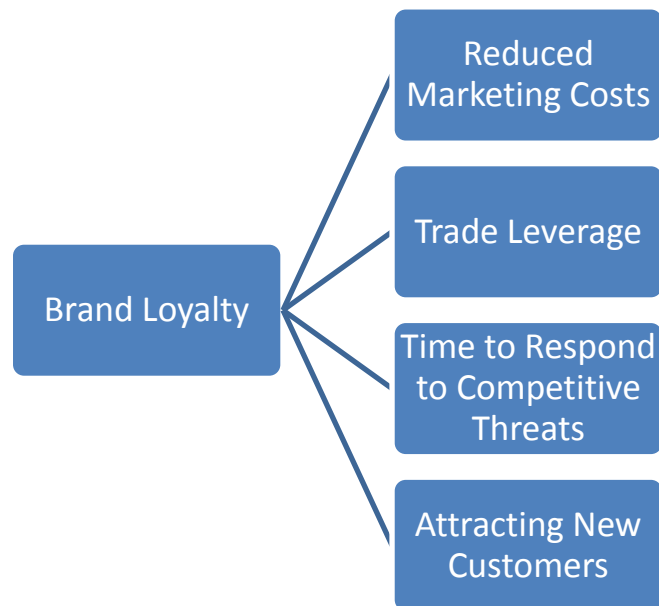
A comparison of transactional marketing and relationship marketing in tabular form is given below:

TRANSACTIONAL MARKETING VS	RELATIONSHIP MARKETING
Meaning	
The marketing strategy used to generate the highest possible sales in the shortest possible time	The marketing strategy used to establish long-term relationships with customers
Objective	
Generate sales	Develop a connection with the customer
Duration	
Short-term	Long-term
Interaction with customers	
Limited or no interaction with customers	High degree of interaction with customers
Relationship with customers	
Short and disruptive	Long-lasting
Aim	
Make a sale	Become the first choice company in the market
Promotional strategies	
Incentives; discounts	Exceptional customer service; loyalty programs

CUSTOMER LOYALTY

Loyalty is at the heart of equity and is one of important brand assets. Brand loyalty is a conscious or unconscious decision expressed through intention or behavior to repurchase a brand continually. When the consumer buys with respect to product features, price and convenience, with little concern to the brand there is likely little equity. But, if the consumers prefer the brand even at the face of competitors with superior features and offers, then brand is said to have high brand equity. Loyalty reflects the consumer's attitude towards the brand, especially when there is a change, either in price or product features. As the brand loyalty increases, the vulnerability of the customer base to competitive action gets reduced.

The Strategic Value of Brand Loyalty

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                              ┌──────────────────┐
                              │    Reduced       │
                              │ Marketing Costs  │
                              └──────────────────┘

                              ┌──────────────────┐
                              │  Trade Leverage  │
┌────────────────┐           └──────────────────┘
│                │
│ Brand Loyalty  │◄          ┌──────────────────┐
│                │           │ Time to Respond  │
└────────────────┘           │ to Competitive   │
                              │     Threats      │
                              └──────────────────┘

                              ┌──────────────────┐
                              │  Attracting New  │
                              │    Customers     │
                              └──────────────────┘
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As per Aaker's point of view the above factors produce a strategic value to the organization by brand loyalty of customers.

Reduced Marketing Cost

Loyal customers minimize the cost of running business because the amount spent on getting new customers is far more than retaining present customers. The higher the loyalty, the easier it is to

keep customers happy. Loyal customer becomes an advocate for the brand, without any incentive. Loyalty base of customers, act as a strong entry barrier for potential entrants by which an organization can minimize the risk.

Trade Leverage

A brand having strong loyalty base force retailers to maintain adequate stock and allot enough shelf space to accommodate the brand. At the extreme, customer's shop choice depends on where their preferred brand is available. So, at the retail brands enjoy special recognition and treatment.

Attracting New Customers

Existing loyal customers help marketers to get more business through prospective customers. They create awareness of the brand among friends and colleagues, who develop positive attitude towards the brand by actually seeing the brand in action. Brand image is projected by these customers especially when the product requires after sales service or, prospective customers require assurance of product performance.

Time to Respond to the Competitive Threats

Loyalty base also supports marketers against competitor's innovation by providing sufficient time for them to retaliate.

Strategies to Build and Maintain Loyalty

Retaining the customers, keeping them happy, enhancing their satisfaction level is the continuous endeavor of any organization as it cannot afford to miss any of the loyal customers. Ever changing Indian consumer, cut throat competition and emerging new technologies are the thrown challenges to develop loyalty programmes. Some of the strategies that suit the Indian context are discussed below.
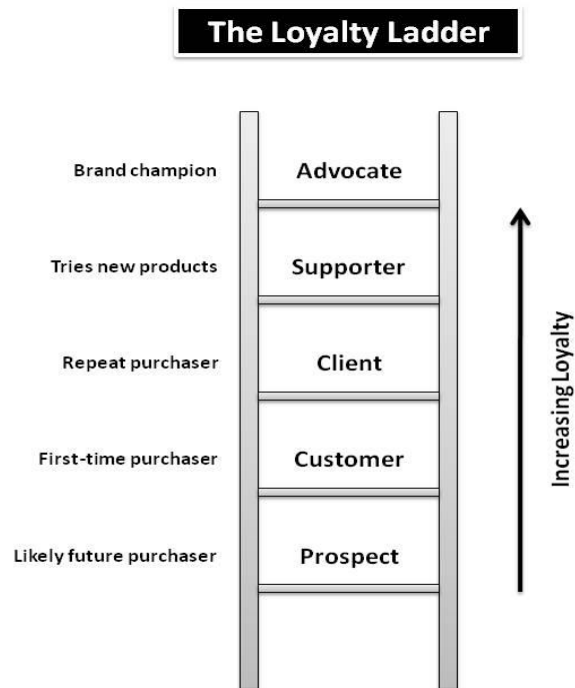
Six Ways to Maintain Customer Loyalty:

1. *Quality is Key*: Quality is everything-it's what keeps customers returning for your product or service, and not your competitions.

2. *Happy Staff, Happy Customers:* Your staff not only represents your organization, they're the individuals whom your customers actually build relationships with. They're the face of your company.

3. *Engage*: Customer engagement is very important for continually building customer loyalty, and also marketing your company. Asking your customers for feedback is great because you gain insight into what you're doing right, as well as improvement opportunities

4. *Own Failure*: While you should never strive to fail your customers, within every failure is the opportunity to redeem the relationship and affirm your customer's trust.

5. *Loyalty Programs*: Anything that adds value to your work and shows your appreciation for your customers will go a long way maintaining their loyalty. One way companies are doing this is through loyalty programs.

6. *Innovate Operations*: Customers want things simple, straightforward, and as fast as possible

Measurement of Brand Loyalty

The criteria and factors considered for loyalty measurements is different at each level of loyalty as the degree of loyalty and nature of relationship changes. In the bottom levels loyalty is not recognizable. Loyalty measurement at this level is in terms of sales turnover, product's profit margins, price attractiveness and price sensitivity. These are the major factors for purchase and repurchase behavior of customers at these levels. At the middle level, loyalty is measured through satisfaction level. Total spending on brand, liking – which is scaled in variety of ways like respect, friendship, trust etc, and the reasons attributed. Another important measurement for customers commitment is their involvement in spreading good word of mouth and number of people to whom they refer the brand. Measurement tools include structured questionnaire (both closed-end, open – end), likert scale, semantic differential scale, attitude rating scales, projective techniques and indepth interviews.

The Ladder of Loyalty

The ladder of loyalty shows the different stages through which a prospect becomes a customer, a client and finally a partner.

The Loyalty Ladder

Brand champion	Advocate	
Tries new products	Supporter	
Repeat purchaser	Client	Increasing Loyalty
First-time purchaser	Customer	
Likely future purchaser	Prospect	

Prospect

The prospect is an individual in a retail market or an organization in the business market, which fulfils the requirement of the marketer's definition of target. For example, a cellular service provider may segment the market and target executives in blue chip companies with a special offer.

Customer

The prospect becomes a customer when s/he gets attracted by the offering of the marketer and buys the product / service.

Client

A customer becomes a client when s/he purchases the product or service more than once. While a customer may make the initial purchase as a trial or test, the client is one who does a repeat purchase. It is likely that the trial was a satisfactory experience for the client.

Supporter

A client becomes a supporter when he satisfies with the offering and recommends it to his friend, relatives and acquaintances. This positive Word – Of – Mouth (WOM) has tremendous positive impact as it helps the company get new customer. WOM is a most influential source of information in converting prospects into customer.

Advocate

An advocate is a supporter who, in addition to referrals that gives increases sales, proactively works with the company to improve its product and services. While developing new products software companies regularly depend on the feedback from the lead users of their clients during the Beta test phase. So is a case in new product development situation in several industrial firms, who set up the prototype in their client's premises for usage and feedback, which helps in improvement. In these situation, the level of interaction between the customer and the company is at a much higher plane. There is sharing of vital information and the comfort level as well as the confidence between the parties is high.

Partner

An advocate becomes a partner when they become actively involved in the decisions of the company. Any relationship that attempts to develop customer value through partnering activities is likely to create greater bonding between customers and marketers. In many cases, there are joint investments resulting in a structural bonding. Examples include the kind of relationship that exist between Procter and Gamble and Wal Mart, the world's largest retailers. This relationship is characterized by genuine partnership. Wal-Mart shares the scanner data from its checkout counters in its over 4,500 stores through satellite. This information gives the movement of P & G's products, the status of stocks in its outlets and helps the joint teams comprising of P&G and Wal Mart executives to plan replenishments. It helps P&G plan its production, better management of its production runs and keep its inventories low as it no longer depends on sales forecasts but actual sales data. Overall, it reduces the selling costs to P&G. Wal Mart gains as it does not have to keep inventories, gets faster replenishments, incurs low cost and is able to pass on the saving to the customers, thus, reinforcing its image of 'Everyday Low Prices' among its customers.

CRM Success Factors:

While clear intention fuels the power of CRM, there are several other success factors to consider. We will focus on five of the most important here. Organizations that implements CRM with a strong return on investment share these characteristics.

1. Strong internal partnership around the CRM strategy. We said earlier that CRM is

a way of doing business that touches all areas of your organization. This means that you and your management peers need to firm strong internal partnerships around CRM. If you and your organization are early on the road to CRM implementation, now is the time to bring your CRM needs to the table, and to be open to listening to the CRM needs of the other areas. You may find that you have requirements that are, atleast potentially, in conflict. Resist the temptation to go to the war for what you need.

If your organization has gone off the partnership road with CRM, then now is the time to come back together and rebuild partnership with the area that is currently hampioning CRM. Let them know that you appreciate what they have done. Let them know what data you have to offer and help them understand how you plan to use the data you request from them.

2. Employees at all levels and all areas accurately collect information for the CRM

system. Employees are most likely to comply appropriately with your CRM systemwhen they understand what information is to be capture and why it is important, they are also more likely to trust and use CRM data when they know how and why it was collected.

3. CRM tools are customer – and employee – friendly. CRM tools should be

integrated into your systems as seamlessly as possible, making them a natural part

of the customer service interaction. A major manufacturer of speciality pet foods

redesigned the pop – up screens for its toll – free consumer phone line. In the original

design, the final pop-up screen prompted the representative to ask the caller's name

and address. Yet, representatives had found that it was easier and felt more natural toask, "What's your name?" and "Where are you calling from?" and "What's your pet's

name?" at the start of the call.

4. Report out only the data you use, and use a data you report. Just because your CRM tool can run a report doesn't mean it should. Refer back to your CRM strategy, and then run the data you will actually use. And share that data with your team.

5. Don't go high – tech when low – tech will do. At Harley – Davidson outside of Milwaukee, WI during the summer they often leave open the big metal doors to the manufacturing facility to let in any breeze and the cooler evening air. Unfortunately, open doors occasionally let in other things, including skunks. A team met to consider the problem and possible solutions. After discussing the pros and cons of screens, half-doors, or keeping the doors shut, they came upon ideal solution. When a skunk wanders in, just leave it alone and wait till it wanders back out. Skunks may be Harley fans, but they never stay long. Organizations that successfully implement their CRM look for the simplest solution when implementing their CRM strategy.
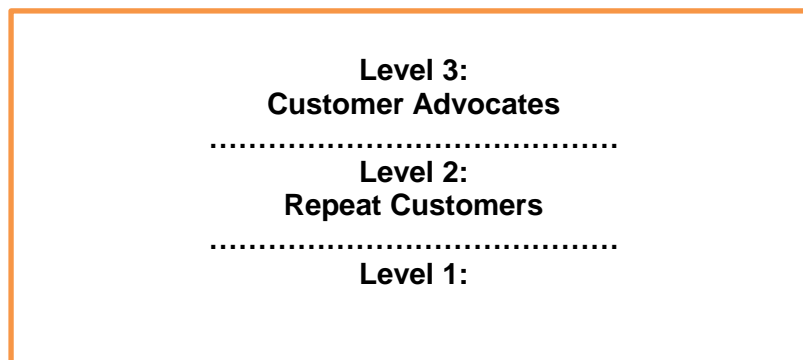
LEVEL OF SERVICE

Now you understand that the power of CRM lies in its ability to help you create, maintain, and expand customer relationship. You're excited and ready to begin delving into the process of creating your own CRM strategy, whether at the organization level or as it applies to your specific area or department. Before you do that, we'd like you to take a more in – depth look at who your current customers are and what their relationships with you look like. Our model, the Customer Service / Sales Profile, will help you to do three things.

First, it will show you what kind of customer relationships you're trying to create. Is your success based in initial, stand-alone transactions? Or does the nature of your product or service put customers in partnership with you over longer periods of time? How important is it for you to have satisfied customers acting as a word – of – mouth advocates for you in the market place

Second, the Customer Service / Sales Profile will help you identify strengths in your current CRM practices. Even in cases where there's no formal CRM strategy, if you're still in business, you must be doing some thing right, may be several or many things. Knowing what right practices have evolved naturally will help you create the greatest possible improvement with the least amount of expense.

Third, because this process creates a visual image of your customer relationship, you will find it helpful in communicating to others throughout the organization. Knowing your current profile and the desired profile will naturally help you focus your energy and attention.

The Three Levels of Service / Sales: There are three service / sales levels to the Customer Service / Sales Profile model.

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│                                           │
│              Level 3:                     │
│          Customer Advocates               │
│       …………………………………………                    │
│              Level 2:                     │
│          Repeat Customers                 │
│       …………………………………………                    │
│              Level 1:                     │
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The three level of service / sales levels

Level 1 is initial transactions. At this level you are focused on discrete, initial interactions or stand-alone sales. This is the foundation for every business or organization. Yet, we know that the more money, time, and energy you must invest in getting customers to come to you in the first place, the harder it is to be profitable just working at this level. As we noted in Chapter 1, it's not unusual for customers to actually cost you money the first time they do business with you. Just consider the acquisition costs for you customers. As you can see, in order for our Nature Retreat Center to be profitability at level 1, they need to:

➢ Identify customers at risk of leaving, never to return, and find out how they can woo them back.

➢ Look for ways to teach new customers more about what the Nature Retreat Center offers and how it works so that there are fewer avoidable service issues.

➢ Give staff tools and training on ways to turn the interaction into revenue – generating opportunities while at the same time making guests feel well served.

It will be important for the Nature Retreat Center to focus on this improvement. When initial transactions run smoothly, with the minimum of fuss or error, it provides a strong foundation for future business.

Level 2 represents repeat customers. At this level you're focus on getting customers to return for a second, third or fourth time. Customers may come back for the same purchase – like the loyal Carivou Coffee customer, cordially known by the staff as the "extra large, skil latte with Carivou cookie". Or the customer may turn to you for a variety of products and services – like a car insurance customers who comes back to a agent for home owner's, this ability, and life insurance. Repeat customers develop greater economy and emotional ties with you. And they bring with them and expectation that you will value those ties. The top level of model is customer advocates. Level 3 represent those customers who are not just satisfied and willing to do business with you again. These customers actively tell others about their positive experience they spread the good word. You might even consider them to be active participants on your marketing team. As you can see, each level builds upon the level before without quality initial transactions, customers won't want to do business with you again. And it's the customer who seems himself or herself in a positive relationship with you who can provide the strongest advocacy for you and your product and services.

Five level of Customer Relationship Management

The Five Levels of Customer Relationship Management (CRM)

CRM Level I - Training Wheels still on:

- You use Microsoft Outlook (or maybe Google g-mail) to send out mass emails, like an e-Newsletter.
- Phone Calling Lists with names and phone numbers are also kept in Microsoft Excel Spreadsheets.

CRM Level II - Entry Level Internship:

- Now we're getting some place. You implemented a Small Business Low-Cost CRM and use an outside e-Mail Service for mass emails.

CRM Level III - Average Sales Productivity:

- You invested in a top-rated CRM with lots of features that you don't use.
- Reps have minimal training, You may have a couple of plugin add-on services.

CRM Level IV - Top Performing Teams:

- The company spent a significant amount of time planning and implementing your CRM system.
- You trained your team as part of the roll-out and have a training program each quarter. You implemented a top-rated CRM.

CRM Level V - World-Class Sales Teams

- Your Top Executives are active CRM leaders for the company.
- You fully trained your team as part of the roll-out and have an on-going training program each month. You implemented a top-rated CRM that you are using to its full potential.

SERVICE- LEVEL AGREEMENTS

It is just a new-age term for the age- old telecom contract," writes Julie Bort in her article, " SLA Savvy, Five Secrets for Making Sure You Get the Most from Your Service-Level Agreements" (Network World, September 27, 1999). And she's right. However, today service level agreements cover much more than telecommunications. SLAs can also be found in IT (information technology), ASP (application service providers), and ISP (Internet service providers) agreements. And, whether you enter into a formal contract or use the concept in informal contract or use the concept in informal partnership discussion, understanding SLAs can

help you ensure that everyone in your team is on board and contributing to your customer relationship management strategy.

There are three basic types of SLAs:

Customer based SLA: A customer service-level agreement is between a service provider and its external customers.

Service based SLA: Commitment between a service provider and a client (mobile service provider).

Multilevel SLA: Split into the different levels, each addressing different set of customers for the same services, in the same SLA

Unit-2-SBAA3016 -RELATIONSHIP MANAGEMENT

Unit-2

Customer Life Cycle - Customer information Database - Customer Profile Analysis - Customer perception, Expectations analysis - Customer behavior in relationship perspectives; individual and group customer's - Customer life time value - Selection of Profitable customer segments.

Customer Life Cycle:

The customer lifecycle has five stages: reach, acquisition, conversion, retention, and loyalty
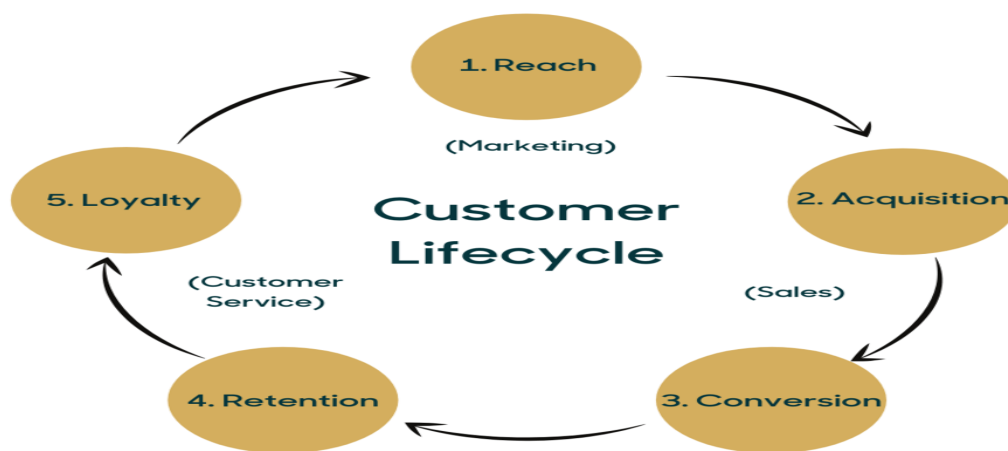
CUSTOMER INFORMATION DATABASE:

The true business of the every company is to make and keep customers‖. The single most important factor for the success of any business enterprise is the customer. Understanding the customer needs and wants is the important factor for selling of our product and services.

CUSTOMER INFORMATION.

The most often used information in a CRM database is the customer information. This can include personal information, such as contact addresses and phone numbers, as well as family size, location, and other demographic information. Many companies also use their CRM database to record purchase information, service calls, customer support needs, and even warranty information. Anything relative to customer interaction can be placed in a CRM database.

- ✓ Customer information database includes personal information, such as contact addresses, phone numbers etc.
- ✓ It also includes family size, location and other demographic information and geographical location.
- ✓ CRM database to record purchase information, service calls, customer support needs, and even warranty information.
- ✓ Customer related databases might be maintained in a number functional areas; eg. sales,marketing,logistics and accounts.
- ✓ Customer Information Database
- ✓ Databases might require quite different operational purposes Eg: Opportunities, campaigns, enquiries, deliveries and billing.
- ✓ Customer related data can have a current, past and future perspectives, focusing upon current opportunities, historic sales or potential opportunities etc.
- ✓

INFORMATION TO BE INCLUDED IN CUSTOMER DATABASE

- ➢ Contact names
- ➢ Job title and job definitions
- ➢ Demographic or psychographic information
- ➢ Name of the company
- ➢ Address
- ➢ Methods of contact
- ➢ Buying history
- ➢ Sources of lead
- ➢ Sources of sale
- ➢ Special needs of customers

BENEFITS OF A CUSTOMER DATABASE

By using a customer database to keep in touch with, and market to, your customers, you can:

1. Increase awareness of your brand
2. Enhance marketing opportunities
3. Build and strengthen relationships between you and your customers

4. Build trust in your products and services

5. Increase your profits

6.

DEVELOPING A CUSTOMER INFORMATION DATABASE

Define the database functions

- Strategic CRM: Data about markets, market offering, customers, channels, competitors, performance and potential.

- Operational CRM: Customer related data to help in the everyday running of the business.

- Analytical CRM: Data to support the marketing, sales and services decisions that aim to enhance the value created for and from the customers.

- Collaborative CRM: It includes two subsets of operational and analytical purpose.(OLTP,OLAP)onlineT-transaction, A-analytical processing.

Define the information requirements

- Customer information fields

- Contact data

- Contact history

- Transactional history

- Current pipeline

- Opportunities: It looks forward after sales.

- Products

- Communication preferences

Identify the information sources

- *Internal data*: market size ,market segmentation, customer profile, customer acquisition channel, competitor product and pricing, customer requirement

- *External data:*

a) Compiled list data:

b) Census data: obtained from govt records.

c) Modeled data generated by third parties includes variety of sources.

- Secondary and primary data:

a) Competition entries

b) Subscriptions: customer Subscribe of newsletter or magazine

c) Registrations: customers are invite to register their purchase

d) Loyalty programs

Maintain the Database

- All new transactions, campaigns and communications are inserted immediately.
- Regularly re duplicates the database.
- Get customers to update their own records.(online purchase)
- Audit the subset of files every year.
- Drip-feed

PROCESS OF ANALYSING CUSTOMER INFORMATION DATABASE

- Extract (information)
- Clean
- Merge &
- Analyze

CUSTOMER PROFILE ANALYSIS

- A good method of identifying and understanding customers is to develop customer profile.
- This approach is similar to that used in market segmentation.
- The marketers creates some basis for dividing the various customer groups.
- The marketer then develops a typical customer profile which helps to analyze and understand consumer behavior.

COMPONENTS OF CUSTOMER PROFILE

• *Customer profile analysis :* Customer profile that gives an indication of who might typically use their outlet. A customer profile is affected by the macro business environment. A customer

profile is also influenced by the micro-environment, the specific business arena in which the individual market operates.

The perspective of changing consumer profile can be very important to the marketer in order to adequately manage the marketing mix and formulate a marketing strategy. Changing customer profile includes into two categories.

Changing customer demography changing in consumer values and life style.

CUSTOMER PERCEPTION ANALYSIS

Customer perception analysis is a value-chain assessment methodology that gives a better understanding of one's interaction with customers. Perception is a process through which the information from outsider's environment is selected, received, organized and interpreted to make it meaningful.

PERCEPTION

According to kolasa,‖ perception is selection and organization of materials which stems from the outside environment at one time or the other to provide the meaningful entity we experience. According to Robbins, "perception may be defined as a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.

FACTORS INFLUENCING CUSTOMERS PERCEPTION ANALYSIS

1. Exposure- attention (ad)
2. Interpretations (It involves making sense out of stimulus)
3. Relevance –several other factors (substitute)
4. Surprising stimuli
5. Subliminal stimuli
6. Selective perception process
7. Selective Exposure
8. Selective Attention
9. Selective Comprehension
10. Selective Retention

STRATEGIES FOR INFLUENCING CUSTOMER PERCEPTION

1. Measure and manage customer satisfaction and service quality
2. Aim for customer quality and satisfaction in every service encounter-zero defects
3. Plan for effective recovery
4. Facilitate adaptability and flexibility
5. Encourage spontaneity
6. Help employees with problem customers
7. Reflect evidence of service
8. Enhance customer perception of quality and value through pricing.

EXPECTATIONS ANALYSIS

Customer expectations are any set of behaviors or actions that individuals anticipate when interacting with a company.

The types of Customer Expectations
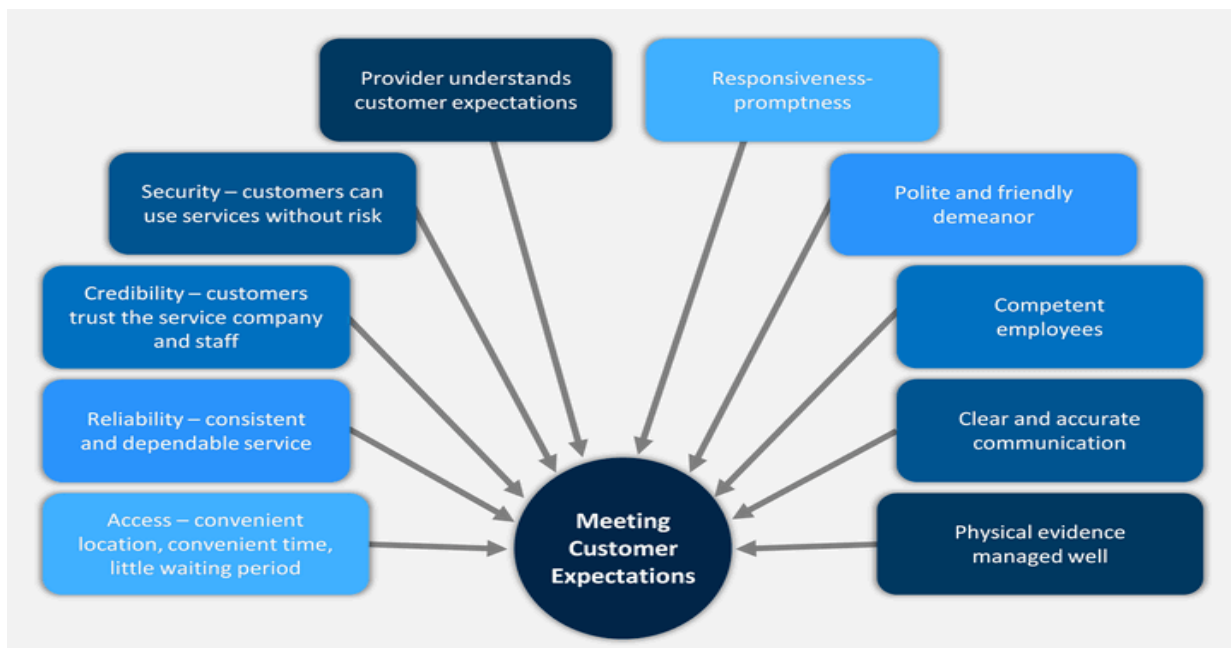
FACTORS INFLUENCING CUSTOMER EXPECTATIONS OF SERVICES

- Sources of desired service expectations (desired services Zone of tolerance adequate service)

1. Personal needs
2. Enduring service intensifiers - desired service expectations

- **Sources of Adequate service expectations**

1. Transitory service intensifiers (urgent need-small purchase, doctors etc)
2. Perceived service alternatives (booking of tickets)
3. Customer's self-perceived service roles (food service in hotel)
4. Situational factors (petrol bank, food served for marriage)
5. Predicted services (give quality service rather than predicted service)

- **Sources of both desired and predicted service expectations**

1. Explicit services promises (ad -we promises to customers)
2. Implicit service promises (two company charges diff. prices)
3. Word-of-mouth communication
4. Past experience (previous exposure to the focal firm's service)
    - Managing customer expectations
    - During pre-purchase phase

CUSTOMER BEHAVIOR

Customer or consumer behavior is the study of how individuals make decisions to spend their valuable resources (Time,money,effort) on consumption-related items. It includes what the buy it, why they buy it, where they buy it, how often they buy it, and how often they use it. According to belch and belch ‖consumer behavior is the process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires.

CUSTOMER BEHAVIOR IN RELATIONSHIP PERSPECTIVE

1. Understanding customer is the central part of the marketing process to know why a customer or buyer makes a purchase.

2. Without such an understanding, business will find it hard to respond to the customer's needs and wants.

3. Some business still produces the product without knowing the importance of the customer.

4. Organization clearly understands the benefits wanted by customers, reasons for purchase, repurchase etc.

5. Importance of customer behavior

6. Production policies

7. Price policies

8. Decision regarding channel of distribution

9. Decision regarding sales promotion

10. Exploiting market opportunities

11. Customers do not always act or react predictably.

12. Consumers preferences are changing and becoming highly diversified.

13. Rapid introduction of new products

14. Implementing the ―marketing concept

FACTORS INFLUENCING CONSUMER BEHAVIOR

1. *Psychological factors*
   - Motivation
   - Perception
   - Learning
   - Beliefs and attitude

2. *Personal Factors*
   - 1. Age and Life cycle stage
   - 2. Occupation
   - 3. Life style

- 4. Personality and self-concept

3. *Cultural factors*
    - Culture
    - Sub culture
    - Social class

4. *Social factors*
    - Refernce groups
    - Family
    - Roles and status

5. Economic Factors
    - Personal Income
    - Family Income
    - Savings

Psychological factors
- Motivation
- Perception
- Learning
- Attitudes and Beliefs

01

Social Factors
- Family
- Reference Groups
- Roles and Status

02

Cultural Factors
- Culture
- Subculture
- Social Class

03

Personal Factors
- Age
- Income
- Occupation
- Lifestyle

04

Economic Factors
- Personal Income
- Family Income
- Income Expectations
- Consumer Credit
- Liquid Assets
- Savings

05

INDIVIDUAL CUSTOMER

- The term consumer, end user, individual buyer and individual user refer to the same, a buyer who buys product and services for end use.

- Understanding their need, want, value expectation and service expectations are the way to win this market by product and services which a firm is offering.

Individual customer decision making process/Buying process
- Problem recognition
- Pre-purchase information research
  - Personal service
  - Commercial sources
  - Public sources
  - Experimental sources
  - Evaluation of alternatives:
    - Evaluative criteria
    - Beliefs
    - Attitudes
    - Intensions
    - Purchase decisions
    - Post-purchase behavior
- Post-purchase satisfaction
- Post-purchase action
- Post-purchase use and disposal

GROUP CUSTOMERS

- Group customer are referred as industrial market which consists of all the individuals or organizations who acquire goods and services that enter into the production of other products or services that are sold, rented or supplied to others.

- Organizations establish the need for purchased products and services, and identify, evaluate and choose among alternatives brands and suppliers.

Group customer decision making process/Buying process

- Problem recognition

- General need Description

- Product specification

- Supplier Search

- Proposal solicitation

- Supplier selection

• Purchase Routine selection

• Post purchase evaluation

CUSTOMER LIFE TIME VALUE

- Customer lifetime value (CLV), lifetime customer value (LCV), or lifetime value (LTV) is the net present value of the cash flows attributed to the relationship with a customer.
- The use of customer lifetime value as a marketing metric tends to place greater emphasis on customer service and long-term customer satisfaction, rather than on maximizing short-term sales.
- Building Profitable Customer-Centric Strategies: Maximizing Profit Potential
- Our high-impact processes for becoming more customer-centric and creating innovative strategies will be valuable only if we can effectively deliver on these profitably.

SELECTION OF PROFITABLE CUSTOMER PROFITABILITY

- We first understand the key factors that will drive profitability for customer insight initiatives.
- During the innovation stage, the objective was to creatively generate new sources for capturing intelligence from customers and creating insight that could enhance the way we communicate and sell to customers.
- As you learn more from customers about their needs and preferences, you have the opportunity to better target your marketing messages, offers and channels, which ultimately leads to reduced marketing expenses and increased conversion rates.

Customer life time value

The key factors that will drive the profitability of customer insight initiatives include these:

- Reaching high-value customers and prospects
- Capturing intelligence on a critical mass of customers to justify the fixed costs of setting up and managing the program

- Generating incremental profits from increased sales to new customers, higher customer retention, selling more to existing customers or winning back lost customers
- Reducing costs of delivering solutions and servicing customers
- Capturing intelligence cost-effectively
- Building the ability to influence customer profitability over time

Unit-3-SBAA3016 -RELATIONSHIP MANAGEMENT

UNIT 3 CRM STRUCTURES

Elements of CRM - CRM Process - Strategies for Customer acquisition - Retention and Prevention of defection - Models of CRM - CRM road map for business applications.

ELEMENTS OF CRM:

When your company communicates with your customers the process can involve many different people within both organizations using a variety of different methods. The main tool that is used is an order that is communicated by your customer to your sales department. However this is only one of many communications that should be managed. To ensure that your company can provide the best customer service experience possible the use of customer relationship management (CRM) software should be considered.

> ➤ *Customer Knowledge:*

The customer service function in your company represents the front office functions that interact with your customers. These are the business processes that allow your company to sell products and services to your customers, communicate with your customers with regards marketing and dealing with the after sales service requirements of your customers. Each interaction with the customer is recorded and stored within the CRM software where it can be retrieved by other employees if needed.

> ➤ *Relationship Strategy*
>
> ➤ *Communication*
>
> ➤ *Individual Value Proposition*
>
> ➤ *Sales Force Automation:*

The company's sales department is constantly looking for sales opportunities with existing and new customers. The sales force automation functionality of CRM software allows the sales teams to record each contact with customers, the details of the contact and if follow up is required. This can provide a sales force with greater efficiencies as there is little chance for duplication of effort. The ability for employees outside of the

sales team to have access to this data ensures that they have the most recent contact information with customers. This is important when customers contact employees outside of the sales team so that customers are given the best level of customer service.

➢ *Campaign Management:*

The sales team approach prospective customers in the hope of winning new business. The approach taken by the sales team is often focused in a campaign, where a group of specific customers are targeted based on a set of criteria. These customers will receive targeted marketing materials and often special pricing or terms are offered as an inducement. CRM software is used to record the campaign details, customer responses and analysis performed as part of the campaign.

CRM PROCESS

- The formation process of CRM refers to the decisions regarding initiation of relational activities for a firm with respect to a specific group of customers or to an individual customer with whom the company wishes to engage in a cooperative or collaborative relationship.

- It is important that a company be able to identify and differentiate individual customers. In the formation process, there are three important decision areas: defining the *purpose* (or objectives) of engaging in CRM; selecting *parties* (or customer partners) for appropriate CRM programs; and developing *programs* (or relational activity schemes) for relationship engagement with the customer.

CRM process
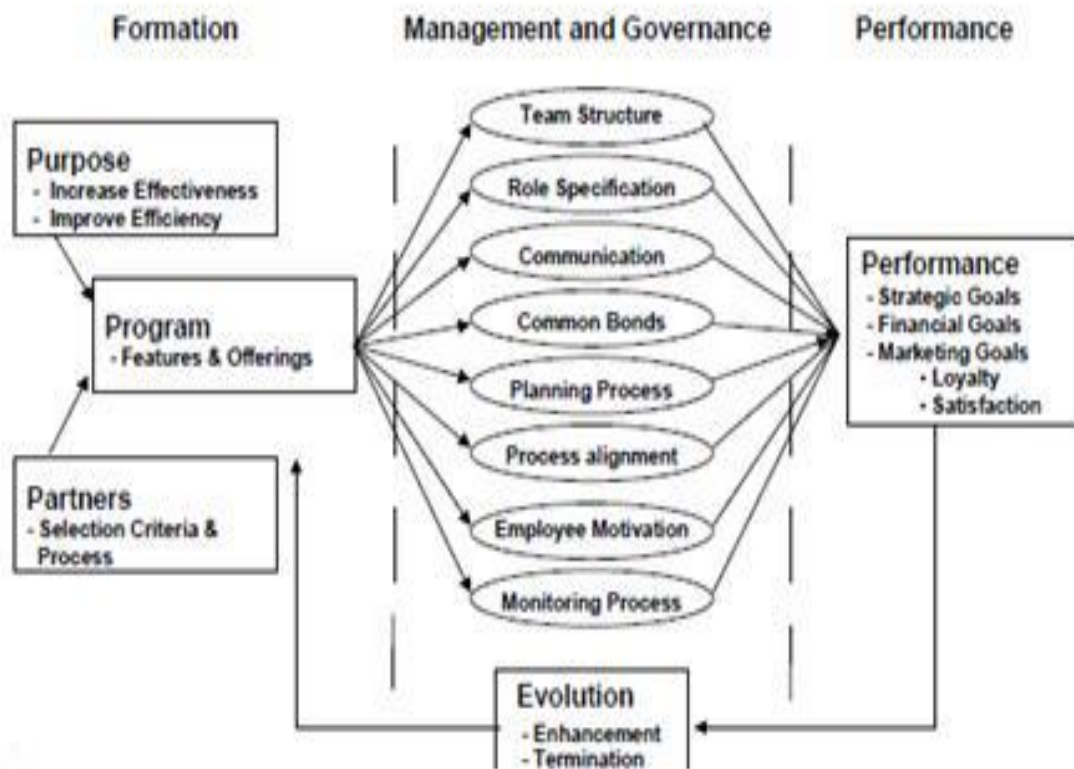
THREE STEPS OF CRM PROCESS
1. Acquisition : It comprises enquiry, interaction, exchange, co-ordination and adaptation.

2. Customer Interaction Management

3. Customer Retention

- Customer Acquisition

- Customer acquisition is a broad term that is used to identify the process and procedures used to locate, qualify, and ultimately secure the business of new customers.

- Customer retention effort is to identify and quality potential customers.

- Inputs for Acquisition

- The purpose of customer acquisition an organization is likely to focus its attention on the following:

  1. The suspects

2. The enquiries

3. The lapsed customers

4. The former customers

5. The competitors customers

6. The competitors lapsed customer's

7. The competitor's enquiries

8. The competitors former customers

9. The referrals

10. The existing customers

STRATEGIES FOR CUSTOMER ACQUISITION

1. Focused Approach:
   a) Knower
   b) Preferer
   c) Indifferent
   d) Rejecters

2. Providing a Win-Win Platform

3. Intimate Forum for Communication

4. Attempt to Minimize- "FUD" (Fear, Uncertainty, Doubts)

5. Projection Of Benefits And Not Products

6. Contextual Application

7. Focus On Decision Process

CUSTOMER RETENTION

Customer retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services its existing customers and the reputation it creates within and across the marketplace.

Customer Retention Programs Figure

Customer Retention Programs
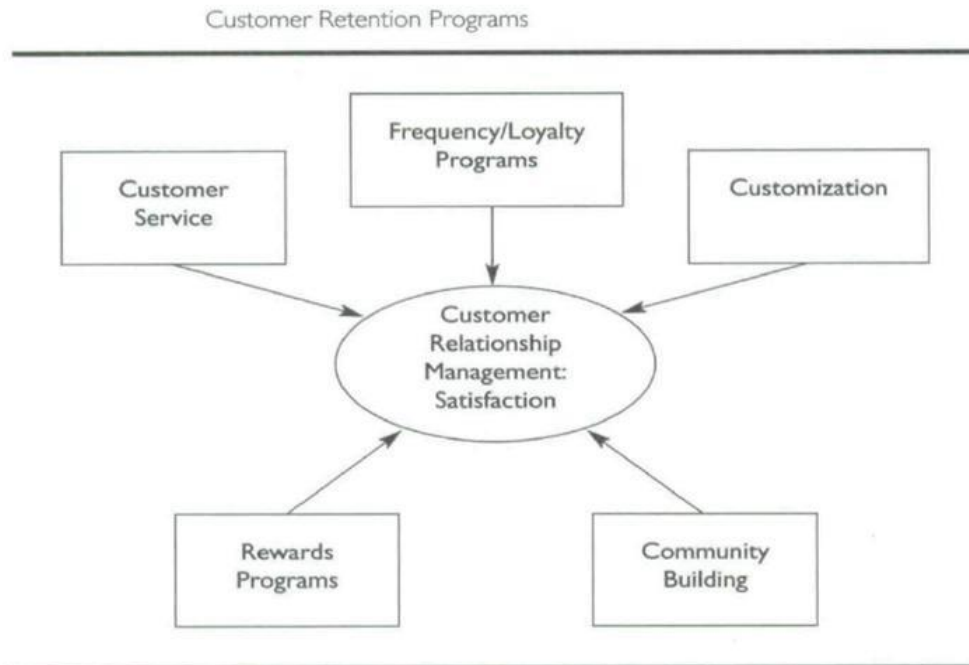
STRATEGIES FOR CUSTOMER RETENTIONS

1. People
2. Product
3. Process
4. Organisation
5. Setting Satisfactory Service Standards
6. Concentration on Competitors
7. Customer Analysis
8. Cost Analysis
9. Concentration on the Paying Ability of Customers
10. Knowledge on Purchase Behaviour Pattern

CUSTOMER DEFECTION

Customer defection is the rate at which customers defect or stop the usage of products of a company. Business with high defection rate would be losing their existing customers. In order to overcome this they use another term of customer retention, in simple words it's to retain or prevent the existing customers to defect the product.

TYPES OF DEFECTION

- Price Defectors
- Product Defectors
- □Service Defectors
- Market Defectors
- Technological Defectors
- Organisational Defectors

STRATEGIES FOR PREVENTION OF DEFECTION

Every customer that you keep represents at least three that you don't have to attract. Numerous research studies indicate that the cost of acquiring a new customer usually runs from two to four times the annual cost of keeping an existing customer. Obviously, an effective customer retention strategy translates into profits.

It has been estimated that most companies spend about 98 percent of their time reacting to problems and less than 2 percent preventing them. The first, most important, way to prevent customer defections is to identify and define each problem from the customer's vantage point.

This blog suggests several ways to retain customers once you understand the problems and their ramifications.

Superior service and database management provide your best defense against customer defections. Service provides the opportunity to solve customer problems and build partnerships; the database serves as a vehicle to personalize customer communication and enhance your relationships. The Key Points Are

1. Analyze Customer Defections and Monitor Declining Accounts
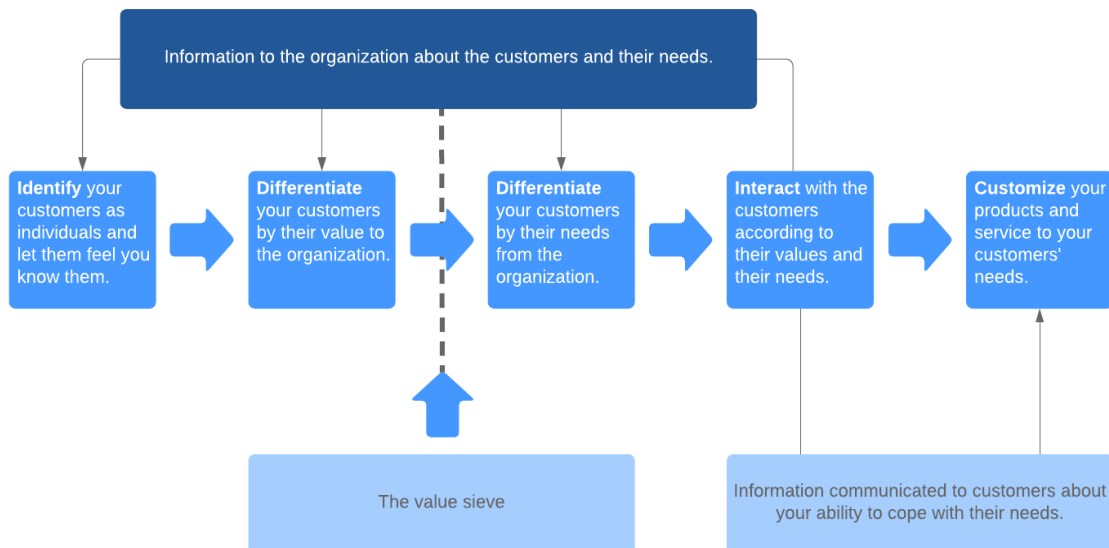2. Address Key Churn Drivers

3. Implement Effective Complaint-Handling and Service Recovery Procedures
4. Increase Switching Costs.

MODELS OF CRM

A CRM model is a workflow that guides all of your team's interactions with leads, prospects and customers.

IDIC MODEL-I:

I- IDENTIFY
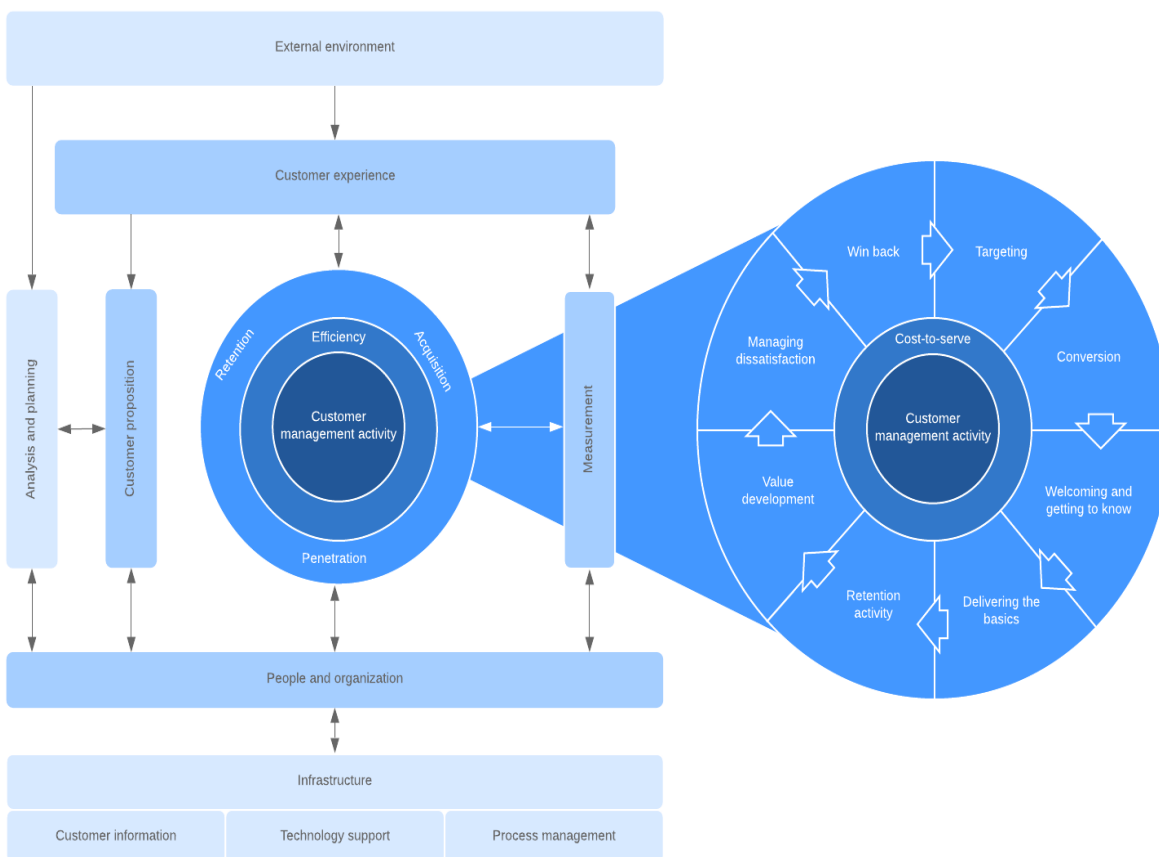D – DIFFENCIATE
I – INTERACT
C – CUSTOMIZE

IDIC model
The IDIC model was developed by the Peppers and Rogers Group as a generic blueprint for implementing CRM in a variety of situations. IDIC stands for the four stages of CRM implementation: identify, differentiate, interact, and customize.
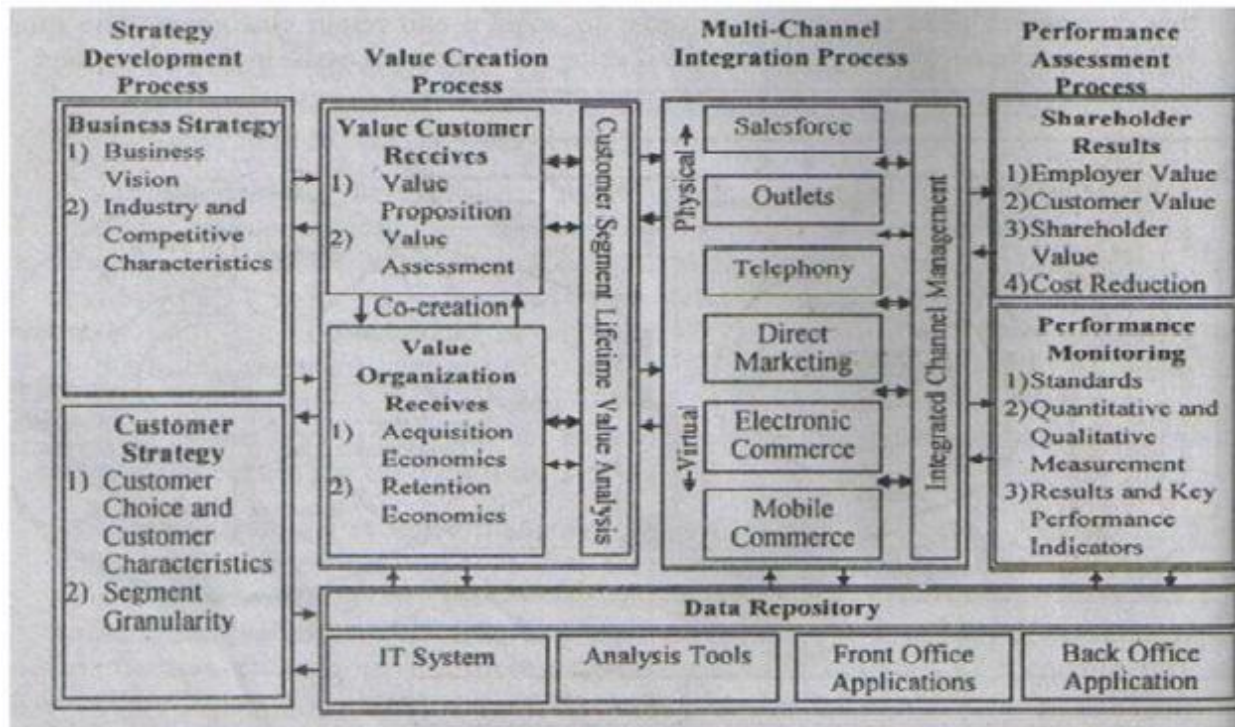
QCI MODEL

- QCI is a customer management model rather than a customer relationship model, the Quality Competitive Index model focuses on three main activities: acquisition, retention, and penetration.

- The QCI model starts with the customer's external environment at the top—their pain points, business goals, and other factors will affect whether they are ready to buy or interact with your sales team, which in turn impacts the customer experience.
- The customer experience then affects customer proposition (what you offer the customer) and customer management activities. As you can see from the magnified version of the inner circle, many activities are involved to acquire and retain customers.
- The QCI model also considers the people and technology involved with keeping this whole system going.
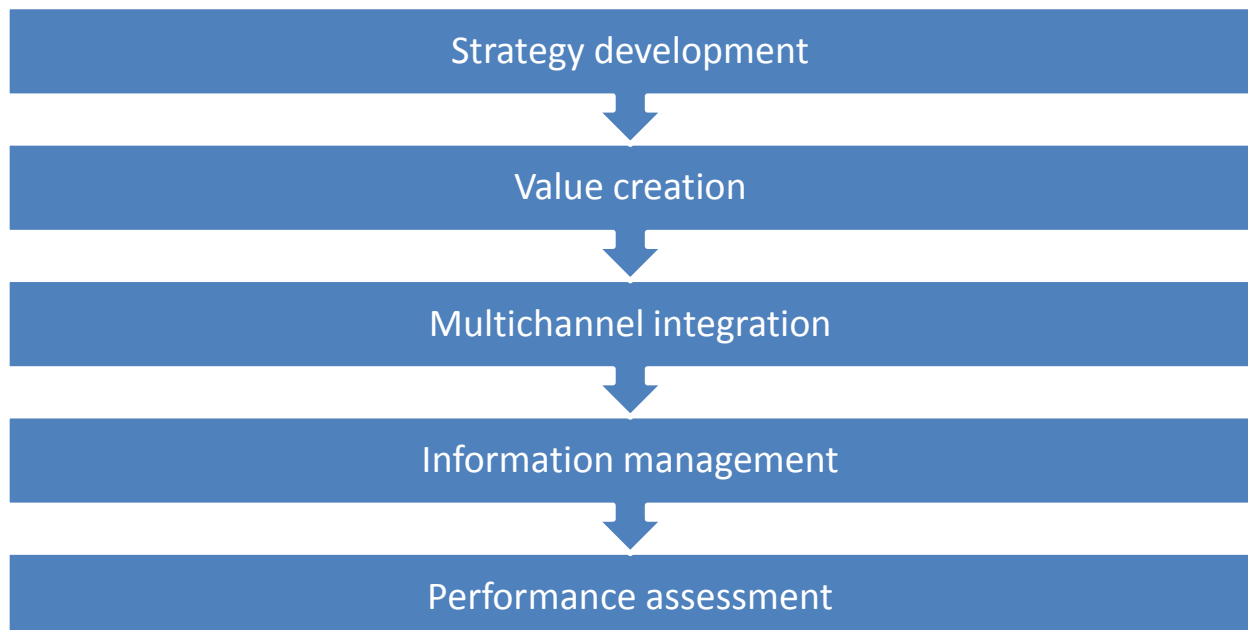- QCI has replaced the word "relationship" in CRM, this model still starts and ends with people.

# QCI model

PAYNE'S FIVE PROCESS MODEL

Payne's model outlines five processes

Strategy development

↓

Value creation

↓

Multichannel integration

↓

Information management

↓

Performance assessment

- The Five Process CRM model was developed by Adrian Payne and Pennie Frow.

- This model emphasizes a cross-functional approach for effective CRM processes.

- There are two main components to the model: cross-functional CRM processes and key elements of CRM implementation.

CRM VALUE CHAIN MODEL
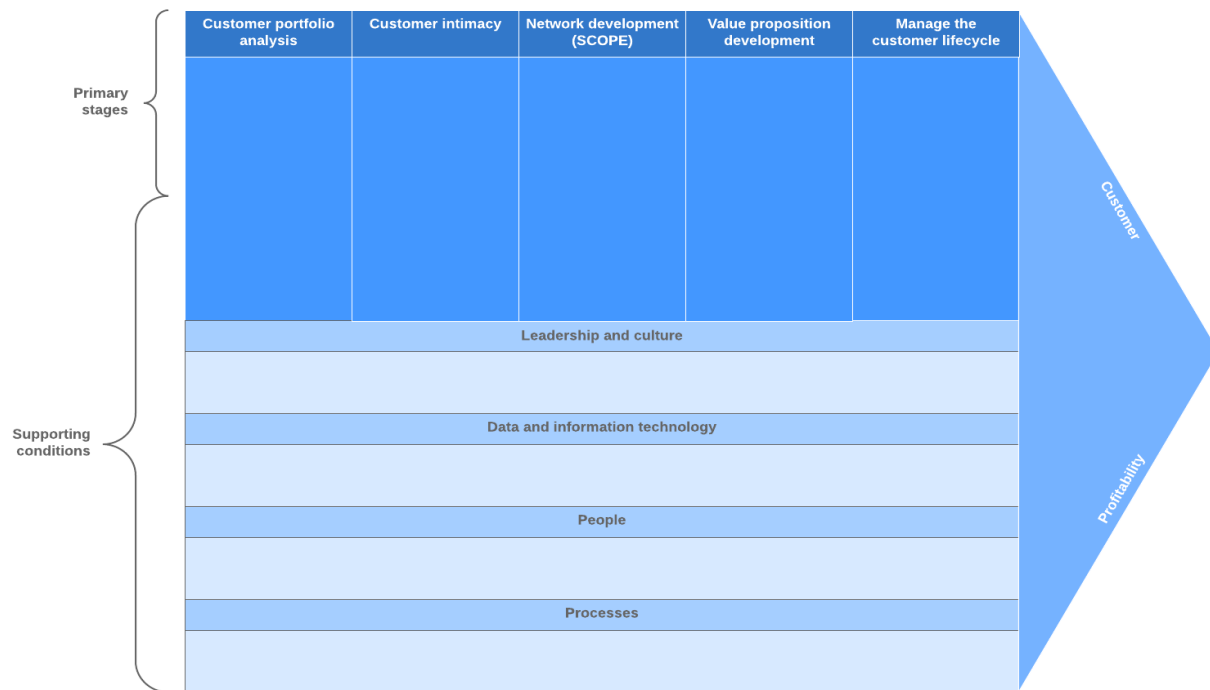
> A value chain is a high-level model developed by Michael Porter .

> Identifies the processes a business uses to develop an end product or service for the customer.

> The goal of the value chain model is

- to identify and prioritize the most valuable activities to the company and

- To improve processes to gain a competitive advantage.

➢ The CRM value chain model applies this principle to customer relationships.

➢ This CRM model observes all the stages and activities required to build a relationship with a customer.

➢ These activities are divided into two stages: primary and support.

Primary stage

- The primary stage of CRM has five main processes that enable the strategy.

- Customer portfolio analysis;

- Customer intimacy;

- Network development;

- Value proposition development and

- Relationship management

CRM ROAD MAP FOR BUSINESS APPLICATIONS

A CRM Roadmap is a strategic plan that identifies how an organization can meet and exceed its customers' needs. This includes, but is not limited to, assessing how the sales, marketing and service entities work together to

- Gain insight from their customers (e.g. purchase history, Desired products/services),

- Produce valuable offerings/products (e.g. personalized product) and

- Provide the ultimate customer experience (e.g. multiple touchpoints, 360 degree view of the customer).

Steps can ensure that your company meets its CRM goals

Developing a CRM Roadmap involves aligning an organization's business strategy with its prioritized CRM capabilities. For example, if a company's business strategy is to develop products faster to gain unique market positioning, the capabilities that the company needs to master should be aligned with that strategy, and might include:

- Leveraging customer information from the service process (e.g. integrating customer feedback during service calls with the marketing department),
- Effectively managing product mix (measuring success by campaign), and
- Effectively managing sales channel strategy (eliminating conflict between distribution channels).

Unit-4-SBAA3016 -RELATIONSHIP MANAGEMENT

Strategic CRM planning process - Implementation issues - CRM Tools- Analytical CRM - Operational CRM - Call center management - Role of CRM Managers.

STRATEGIC CRM PLANNING PROCESS

- Defining the business objectives.
- Understanding CRM Three dimensions (people, process, IT)
- Using a structured approach to manage CRM
- Identifying both corporate and customer needs
- Using customer needs to re-engineer business processes
- Selecting technology based on business needs and functionality
- Ensuring systems development is business led
- Ensuring actionable measures of customer performance
- Actively managing culture and change, win buy in
- Using a phased implementation strategy

CRM IMPLEMENTATION

- Develop the CRM Strategy
- Build CRM Project foundations
- Need specifications and partner selection
- Project implementation
- Performance evaluation

1. Develop the CRM Strategy

- Situational analysis
- Customer or segments
- Market offering
- Channels of distribution
- Commencing the CRM education

- Developing CRM vision
- Setting priorities
- Goals and objectives
- Identifying the people, process, and technology requirement
- Develop a business case

2. Build CRM Project foundations

- Identify stakeholders

- Establishing the governance structure

- Identify the change management needs

- Identify the project management needs

- Identifying the criteria success factors

- Developing a risk management plan

3. Need specifications and partner selection
- Process mapping and refinement

- Data reviewing and gap analysis

- Hosted or On-premise CRM

- Calling for proposals

- Invite potential partners

- Revised technology need identification

- Asset the proposals and select one or more partners

4. Project Implementation
- Refining project plan

- Identifying the technology customization needs

- Prototype design,test,modify,and roll out.

5. Performance Evaluation
- Project outcomes

- Business outcomes

- Implementation issues

- Poor planning

- Poor Integration
- Towards a solution

CRM TOOLS

A CRM tool is techniques to

- Store customer and prospect contact information, identify sales opportunities,
- Record service issues, and
- Manage marketing campaigns,

All in one central location and make information about every customer interaction available to anyone at your company who might need it.

- Strategic Crm
- Technology and Implementation
- Moblie Business for the Enterprise
- Sales and Marketing
- Business Inteligence
- Customer Contact Center

ANALYTICAL CRM

1. Analytical CRM may be defined as a decision support system that is targeted to helping senior executives ,marketing, sales and customer support personnel to better understand and capitalize upon their customer needs, the company's interaction with the customer and the customer buying cycle.
2. Analytical CRM consist of applications that enable business to analyze relevant data in order to achieve a more meaningful and profitable interaction with the customer.
3. It uses customer data for analysis, modeling and evaluation to create a mutual relationship between company and its customers.
4. It helps to better understanding of customer behavior.

5. The analytical CRM solution enables the effective management of a customer relationship. Analysis of customer data can a company begin to understand behaviors, identify buying patterns and trends and discover causal relationship.

Key features of Analytical CRM

- It integrates and inheriting all this data into a central repository knowledge base with an overall organization view.
- It combines and interacts the value of customers with strategic business management of organization and value of stakeholders.
- It determines, develops and analyze inclusive set of rules and analytical methods to scale and optimize relationship with customers by analyzing and resolving of all questions.

NEED OF ANALYTICAL CRM

- Customer Acquisition
- Customer Attrition(Slow Destruction)
- Time Until Attrition
- Revenue Dollar Model
- Customer Upgrade

PURPOSE OF ANALYTICAL CRM

- Design and execution of targeted marketing campaigns to optimize marketing
- effectiveness.
- Design and execution of specific customer campaigns, including customer
- acquition,cross selling, up- selling, retention.
- Analysis of customer behavior to aid product and service decision making.
- Management decisions
- Prediction of the probability of customer defection
- Analytical CRM generally makes heavy use of data mining.
- Importance of analytical CRM

- Make more profitable customer by providing high value services.

- Retaining profitable customer through sophisticated analysis.

- Addressing individual customer needs and efficiently improving the relationship with

- new and existing customer.

- Improves customer satisfaction and loyalty.

- Find and explore useful knowledge in large customer database.

- It helps in classifying customers, predicting customer behavior.

OPERATIONAL CRM

- OPERATIONAL CRM involves the areas where direct customer contact occurs. These Interactions are referred to as customer touch points.

- Company maximize the process of gathering and understanding customer information from all touch points.(eg: call centers, point of sales, web etc.)

- Touch point classification:
  - Face to Face touch points: sales/service/channel/events/stores/promotions
  - Database-Driven Touch-points: telephone/e-mail/mail/SMS/Fax/loyalty cards/ATM's.
  - Mass Media: Advertising /public relations/Website.

APPLICATION OF OPERATIONAL CRM

1. MARKETING AUTOMATION:

It is automatically focused on automating marketing processes. In marketing campaign management involves marketers to use customer specific information to determine, evaluate and develop communication that are targeted to customers in individual as well as multi level or multi channel environment. Campaigns developed to communicate customers individually are easy and involves unique and direct communication.

2. SALES FORCE AUTOMATION:

The main part of CRM is not only deal with existing customer. It also try 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 handle by salesforce automation, which automates all the methodologies or sales cycle.

3. SERVICE AUTOMATION

It deals with managing organizations service. The actual interaction with the customers such as contact, direct sales, direct mail, call center , web sites and blogs etc. are examples of operational CRM. Each interactions with the customer can be collected to the client database generally known as customers history. This helps to assess a clear view of customer needs such as products owned, prior support calls etc. Basis of the information, if e customer required the customer can easily be contacted at the right time at the right place.

CALL CENTER

A call center is one of the best asserts a customer driven organization can have becoz maintaining a high level of customer support is critical to obtaining and retaining customers. Contact centers also track customer call history along with problem resolution.

- *WEB BASED SELF SERVICE* – This service allow customers to use the web to find answers to their questions or solutions to their problems. Example, FedEx courier service, Gas Booking System, E-Ticketing.

- *CALL SCRIPTING* – This system helps to assess organizational databases that track similar issues or questions and automatically generate a details to the CSR (Customer Service Representatives) who can then relay them to the customer. Example, Frequently Asked Questions.

CALL CENTER MANAGEMENT

A call center is a place that encourages customers to make calls in order to facilitate their easy usage of the product/service offered by the organization. All calls from customers regarding their queries, problems, suggestions are entertained. It consists of a group of personnel that are specifically trained in handling inbound and outbound customer calls thus catering to customer service needs.

A center is a place where a number of people handle the incoming as well as outgoing telephone conversations of a varied nature with their customers. Call centers are undergoing major development. Companies are becoming customer oriented instead of product oriented and are investing in CRM. CRM (Customer Relationship Management) being the customer centred strategy of the decade and finding its roots in customer satisfaction and customer focus, has started to play a very prominent role in the call center sector. How has it achieved this? Call centers are finding that implementing this strategy brings them vast benefits. For example the high potential that call center CRM software has in collecting vital customer data and storing it. This data is entirely essential to the call center and is utilized in its day to day activities. It helps them possess a clearer view of the customer being handled and enables them to give the right answers to customer queries, problems etc. Knowing the customer, his preferences, his purchase history etc all contribute significantly to the better handling of the customer.

A few features available in this system.

- Automatic call distribution
- Interactive voice response (IVR) – Cellular Service,#1,#2,#3,#9.
- Predictive Dialing.

CLASSIFICATION OF CALL CENTERS

1. Inbound / Outbound
2. International / Domestic
3. In-house / Out-Sourced

THE BEST CALL CENTER CRM

Customer relationship management (CRM) software for call centers offers telephonic features for tracking and making business calls in addition to tools for contact and lead management.

- ✓ **Fresh sales:** Best overall for businesses that want the essential calling features for sales enablement combined with an easy-to-use, customizable CRM.
- ✓ **Nextiva:** Great choice for companies that want robust call center automation tools.
- ✓ **Zoho CRM:** Ideal option for small businesses looking for a low-cost, operational CRM with call center options.
- ✓ **Agile CRM:** Best for teams that use multiple channels and applications to communicate with customers.
- ✓ **Bitrix24:** Suitable for businesses that want call center features combined with project management tools.
- ✓ **Voicent:** Excellent choice for companies looking for advanced call center features.

ROLE OF CRM MANAGERS

Role of CRM manager in planning and implementation

- Developing CRM Programs
- Direction
- Listening
- Conflict resolution
- Positive image
- Follow through
- Administrative duties
- Coaching sessions
- Customer interaction
- Communication
- Reporting to senior management

Responsibilities:

1. Measurable increase in customer satisfaction measures

- Maintain or increase recurring revenue from their customers
- Develop/maintain referenceable customers
- Decrease in Executive level escalations from assigned customers.

2. Acts as Customer Advocate within the organization

- Develops in-depth knowledge of the customer's goals and strategy as it relates to the product/service being used, assists the customer in reaching those goals, and communicates those goals internally to help drive product/service decisions.
- A single contact/escalation point for cross product/cross functional issues
- Holds customer accountable for maintaining contracted levels of training/staffing/etc.

Unit-5 -SBAA3016 -RELATIONSHIP MANAGEMENT

e- CRM Solutions - Data Warehousing - Data mining for CRM - an introduction to CRM software packages.

E-CRM INTRODUCTION

E- CRM is the electronic based version of CRM. The user of an E- CRM solution uses the sources of the internet to increase the relationship with the customer.

E-CRM provides a company to conduct interactive, personalized and relevant communication across the globe with their customers by utilizing both the traditional and electronic channels.

It adheres to permission based practices, respecting individual's preferences regarding how and whether they wish to communicate with you; and

It focuses on the understanding how the economics of the customers relationships affects the business.

- Web based CRM can easily handle the relationships between
    - ✓ Central sales management,
    - ✓ Regional sales office,
    - ✓ Customer care,
    - ✓ Sales,
    - ✓ Sales distribution,
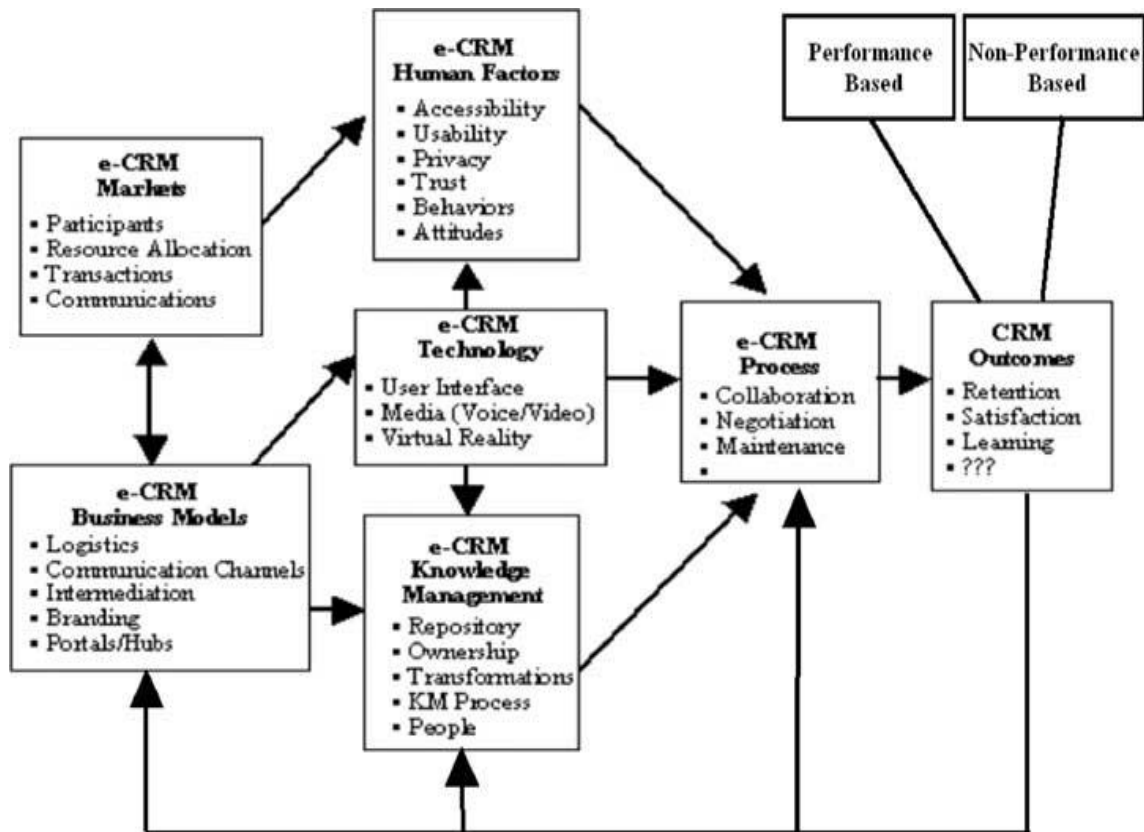   - ✓ Regional sales team etc.

E-CRM
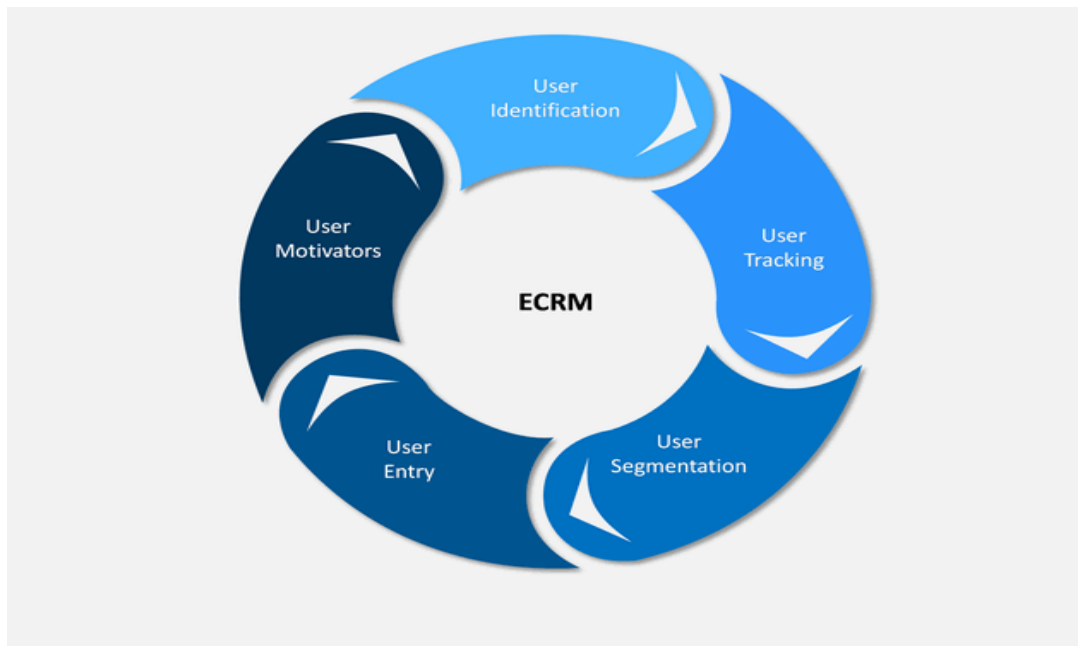
- ➢ E-CRM (Electronic Customer Relationship Management) expands the traditional CRM techniques by integrating new electronic channels, such as
- ▪ Web,
- ▪ wireless, and
- ▪ voice technologies and combines it with e-business applications into the overall enterprise CRM strategy.
- ➢ His goal is to drive consistency within all channels related to sales, customer service and marketing initiatives to achieve a flawless customer experience and maximize customer satisfaction, customer loyalty and revenue.
- ➢ Therefore, it is just an expanded, integrated version of CRM.

GOALS OF E-CRM
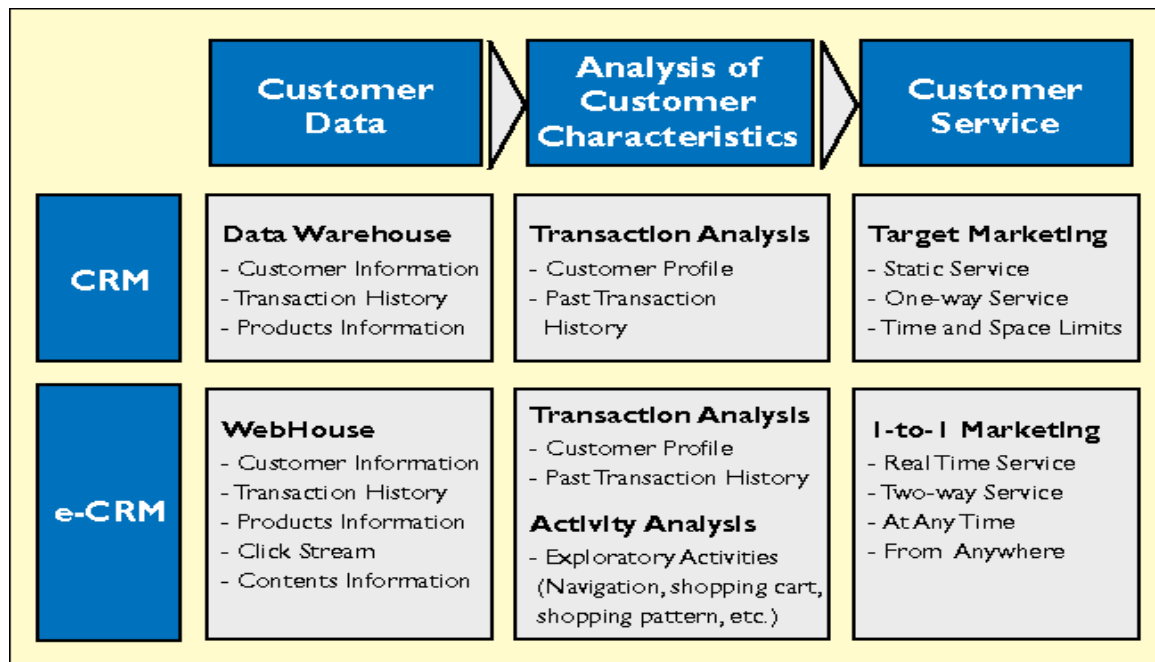
- • Reduce :
    - o Costs of marketing.
- • Improve :

- o Accuracy and relevance of recommendations.
- o Customer satisfaction.

- **Increase** :
  - o Conversion rate, i.e., Turn surfers into buyers.
  - o Customer retention.
  - o Order size.
  - o Customer response.
  - o Competitiveness through differentiation.
  - o Profitability

MODEL OF E- CRM

DIFFERENCE BETWEEN CRM AND E-CRM

|	Customer Data	Analysis of Customer Characteristics	Customer Service
CRM	**Data Warehouse** - Customer Information - Transaction History - Products Information	**Transaction Analysis** - Customer Profile - Past Transaction History	**Target Marketing** - Static Service - One-way Service - Time and Space Limits
e-CRM	**WebHouse** - Customer Information - Transaction History - Products Information - Click Stream - Contents Information	**Transaction Analysis** - Customer Profile - Past Transaction History **Activity Analysis** - Exploratory Activities (Navigation, shopping cart, shopping pattern, etc.)	**1-to-1 Marketing** - Real Time Service - Two-way Service - At Any Time - From Anywhere

DATA WAREHOUSING

- Data Warehouse is the extension of database

- Data warehouse is the main repository of customer's data

- Data in the data warehouse are processed (i.e., EFL) therefore is more integrated and consistent.

- While the information in the database tends to be real-time, the information in the data warehouse can be updated regularly.

- While database focuses on automating the process of collecting and customers information, data warehouse looks more at assisting managers in performing more advanced analysis and thus making better decisions.

What is Data warehousing?

A series of analytical tools works with data stored in databases to find patterns and insights for helping managers and employees make better decisions to improve organizational performance.

- A data warehouse is a database, which is kept separate from the organization's operational database.

- There is no frequent updating done in a data warehouse.

- It possesses consolidated historical data, which helps the organization to analyse its business.

- A data warehouse helps executives to organize, understand, and use their data to take strategic decisions.

- Data warehouse systems help in the integration of diversity of application systems.

- A data warehouse system helps in consolidated historical data analysis.
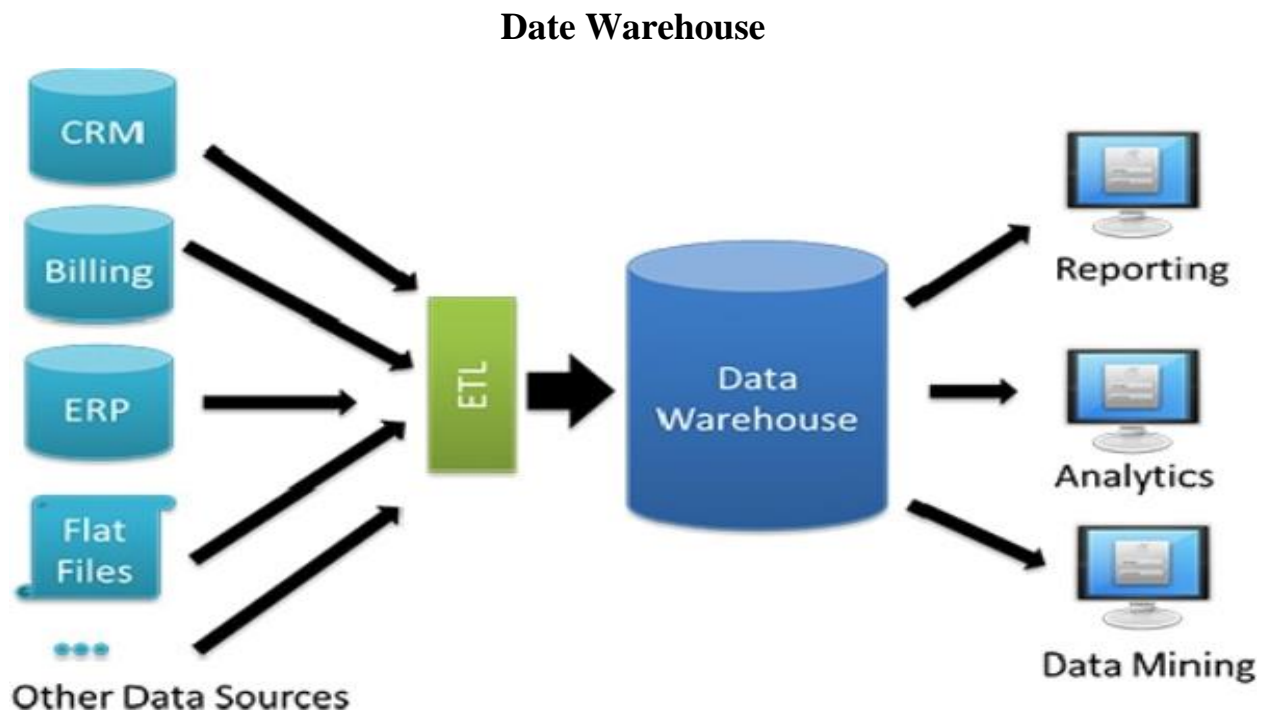
Date Warehouse

FEATURES OF DATAWAREHOUSE

The key features of a data warehouse are discussed below:

➢ Subject Oriented - A data warehouse is subject oriented because it provides information around a subject rather than the organization's on going operations. These subjects can be product, customers, suppliers, sales, revenue, etc.

> Integrated – A data warehouse is constructed by integrating data from heterogeneous sources such as relational databases, flat files, etc. This integration enhances the effective analysis of data.

> Time Variant - The data collected in a data warehouse is identified with a particular time period. The data in a data warehouse provides information from the historical point of view.

> Non-volatile - Non-volatile means the previous data is not erased when new data is added to it. A data warehouse is kept separate from the operational database and therefore frequent changes in operational database is not reflected in the data warehouse.

APPLICATIONS OF DATAWAREHOUSE

▪ Data warehouse helps business executives to organize, analyse, and use their data for decision making.

▪ Data warehouses are widely used in the following fields:
  - ✓ Financial services
  - ✓ Banking services
  - ✓ Consumer goods
  - ✓ Retail sectors
  - ✓ Controlled manufacturing

CONCEPT OF DATA WAREHOUSE

A data warehouse is constructed by integrating data from multiple heterogeneous sources that support analytical reporting, structured and/or ad hoc queries, and decision making.

Data warehousing involves

- *Data cleaning,*
- *Data integration, and*
- *Data consolidations*.

USING DATA WAREHOUSE INFORMATION

There are decision support technologies that help utilize the data available in a data warehouse. These technologies help executives to use the warehouse quickly and effectively. They can gather data, analyse it, and take decisions based on the information present in the warehouse. The information gathered in a warehouse can be used in any of the following domains:

Tuning Production Strategies - The product strategies can be well tuned by repositioning the products and managing the product portfolios by comparing the sales quarterly or yearly.

Customer Analysis - Customer analysis is done by analysing the customer's buying preferences, buying time, budget cycles, etc.

Operations Analysis - Data warehousing also helps in customer relationship management, and making environmental corrections. The information also allows us to analyse business operations.

DATA MARTS

DATA MARTS
- Companies often build enterprise-wide data warehouses, where a central data warehouse serves the entire organization, or they create smaller, decentralized warehouses called *data marts*.
- A *data mart* is a subset of a data warehouse in which a summarized or highly focused portion of the customers data is placed in a separate database for a specific population of users.
- For example, a company might develop marketing and sales data marts to deal with customer info.
- A *data mart* typically focuses on a single subject area or line of business, so it usually can be constructed more rapidly and at lower cost than an enterprise-wide data warehouse.
- However, complexity, costs, and management problems will rise if an organization creates too many *data marts*.
- Sourcing, Acquisition, Cleanup and Transformation Tools.

The functionality includes:

- - Removing unwanted data from operational databases
  - Converting to common data names and definitions
  - Calculating summaries and derived data
  - Establishing defaults for missing data
  - Accommodating source data definition changes

- The data sourcing, cleanup, extract, transformation and migration tools have to deal with some significant issues, as follows:
 - Database heterogeneity.
  - Data heterogeneity

METADATA

- Metadata is data about data that describes the data warehouse.
- It is used for building, maintaining, managing, and using the data warehouse.
- Metadata can be classified into the following:
  - Technical metadata
  - Business metadata
  - Data warehouse operational information such as data history (snapshots, versions), ownership, extract audit trail, usage data

- The non-trivial extraction of novel, implicit, and actionable knowledge from large datasets.
  - Extremely large datasets
  - Discovery of the non-obvious
  - Useful knowledge that can improve processes
  - Cannot be done manually
- Technology to enable data exploration, data analysis, and data visualization of very large
- Databases at a high level of abstraction, without a specific hypothesis in mind.
- Sophisticated data search capability that uses statistical algorithms to discover patterns and correlations in data.
- Data Mining is a step of Knowledge Discovery in Databases (KDD) Process

- o Data Warehousing
- o Data Selection
- o Data Preprocessing
- o Data Transformation
- o Data Mining
- o Interpretation/Evaluation

- Data Mining is sometimes referred to as KDD and DM and KDD tend to be used as synonyms

- Data Mining Evaluation

- Data Mining is Not.

- Data warehousing

- SQL / Ad Hoc Queries / Reporting

- Software Agents

- Online Analytical Processing (OLAP)

- Data Visualization

- Data Mining Applications

DATA MINING FOR CRM

- ➢ Data mining is becoming a fundamental component of the global business infrastructure that assists the firm in the decision making process and helps them capture the multifaceted aspects of the new economy.

- ➢ The process of extracting knowledge from data and information stored in databases, data warehouses, and other repositories. This process is called data mining.

- ➢ Data mining (knowledge discovery from data)
  - ✓ Extraction of interesting (<u>non-trivial,</u> <u>implicit,</u> <u>previously unknown</u> and <u>potentially useful)</u> patterns or knowledge from huge amount of data
  - ✓ Data mining: a misnomer?

- ➢ Alternative names
  - ✓ Knowledge discovery (mining) in databases (KDD), knowledge extraction, data/pattern analysis, data archeology, data dredging, information harvesting, business intelligence, etc.

The interaction of three entities of Data Mining
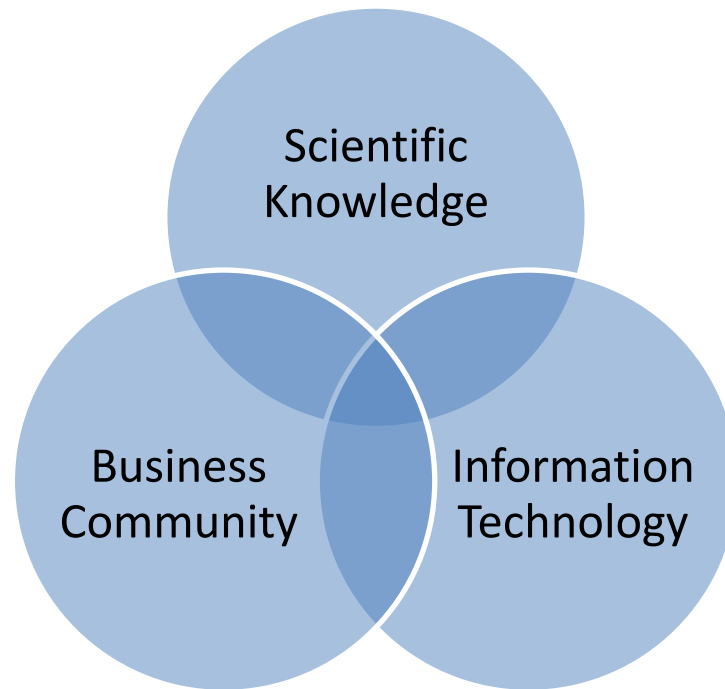
SCIENTIFIC KNOWLEDGE

A body of scientific knowledge accumulated through decades of forming well established disciplines such statistics, machine learning and artificial intelligence.

INFORMATION TECHNOLOGY

A technology evolving from high volume transaction systems, data warehouses and internet.

BUSINESS COMMUNITY

A business community forced by an intensive competitive environment to innovate and integrate new ideas, concepts and tools to improve operations and DM quality

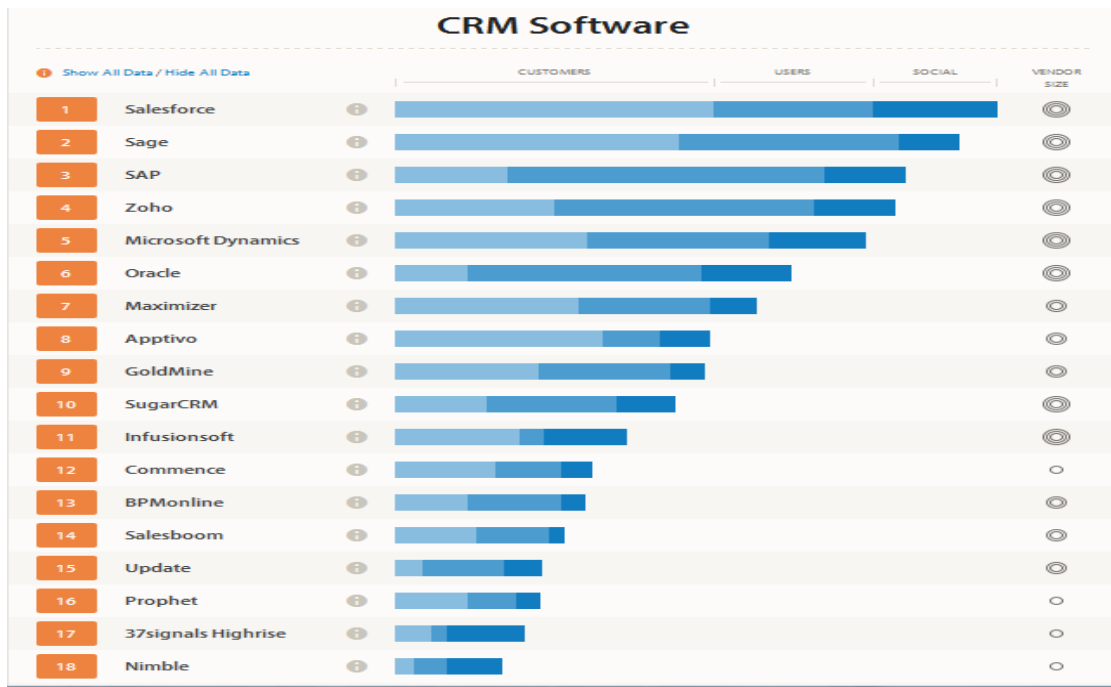## AN INTRODUCTION TO CRM PACKAGES

Organizations expect a lot from today's Enterprise Applications Systems - and rightly so. The market trends have been driving this and the environment which is influencing the scenario of single ERP vendor, less customization, more frequent upgrades, integrated modules, web

services, vendor consolidation and outsourced support and hosting etc. Our solutions revolve around the Organizations requirements to:

- Standardize processes and Domain-specific Customizations
- Integrated Operations and Application Management, Integrated Helpdesk and infrastructure services
- De risk through discrete application outsourcing
- Reporting and analysis of business performance
- An introduction to CRM packages
- Our Enterprise Resource Planning Solutions, extend to all realms of business
- Forecasting and Budgeting
- Post Mergers and Acquisition IT integration
- Financial Reporting and Analysis
- Governance and Compliance
- Risk Management
- Accounts Receivable and Dispute Management Process
- We take cognizance of the following areas of concern while proposing an ERP implementation solution to our customers

Name of the CRM Software Packages

CRM Software

		CUSTOMERS	USERS	SOCIAL	VENDOR SIZE
1	Salesforce				
2	Sage				
3	SAP				
4	Zoho				
5	Microsoft Dynamics				
6	Oracle				
7	Maximizer				
8	Apptivo				
9	GoldMine				
10	SugarCRM				
11	Infusionsoft				
12	Commence				
13	BPMonline				
14	Salesboom				
15	Update				
16	Prophet				
17	37signals Highrise				
18	Nimble				

ORACLE

- Oracle is the leader in the CRM field. The company currently offers 50 CRM applications that are able to provide for all the customer service requirements of small, medium and large industries.

- Oracle provides CRM applications that aid the organization through improved business processes. What does Oracle have to offer? The answer is accurate information. In addition to that the functionality it offers is just as important.

- It manages to provide excellent support for all departments within the organization like customer support and added services .

SAP

SAP was established in 1972 and is now a leader in the provision of business solutions for all types of industries. It is a CRM software vendor that caters to businesses worldwide and currently serves more than 32,000 customers. SAP has a presence in more than 50 countries. It is

the world's largest business software company. It is the world's third-largest independent software provider overall and employs more than 35,000 people. They are able to provide excellent customer service and support. It boasts of having the Knowledge, Experience, and Technology that is needed to optimize Business efficiency. It manages to provide a range of solutions that cater to every aspect of the business.

The benefits from SAP are:

- Better efficiency

- Cost reduction

- Better performance

- Adaptability to business environment

- Overall Growth

- SAP

- SAP offers several solutions for Customer Relationship Management and is able to deliver customer-centric solutions that revolve around each customer. It helps the organization to support the various departments like marketing, sales, and service and provides them with good analytics as well as excellent interaction capabilities.

SAP CRM supports the customer-related processes and deals with all customer-related activities across all departments. It sources and gathers together all customer data in the organization in order to facilitate better decisions. It enables company's address their business needs adequately, manages to achi`eve the business objectives and reaps the required return on investment.

E-COMMERCE

- Fingent provides Full lifecycle IT services for ecommerce and e-business to address supply side and buy side needs of retailers and consumer product manufacturers. Our eCommerce CoE has capabilities in providing SOA based integrated back end e-Business solutions, Web 2.0 technologies and creating a multichannel buying experience through a robust Multichannel framework.

- E-Commerce Functional components: Order Management, Catalog Transaction Reporting, Business Intelligence

- B2C: Personalization, Live Chat, Community, email Marketing Social Networking

- B2B: Collaboration, Product Information Management, Customer Web Store, Promotions Management

- Design & Blue Print, Application Development & Integration, Application Management,

- User Interface & Web site Response time optimization Infrastructure: 24x7 support, Managed hosting services, PCI compliance.

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