Lecture 10

e-CRM

CUSTOMER RELATIONSHIP MANAGEMENT

What is CRM

Customer Relationship Management – relates to the approach of building and sustaining long term business with customers.

An effective CRM strategy helps organisations increase revenues by

- Providing products/ services customers want

- Offer better customer service

- Cross selling of products more effectively

- Helping Sales staff close deals faster

- Retaining existing customers and discovering new ones

Customer lifecycle

Customer extension
- 'Sense and Respond'
- Cross-selling and up-selling
- Optimise service quality
- Use the right channels

Customer selection
- Who do we target?
- What is their value?
- What is their lifecycle?
- Where do we reach them?

Customer retention
- Understand individual needs
- Relevant offers for continued usage of online services
- Maximise service quality
- Use the right channels

Customer acquisition
- Target the right segments
- Minimise acquisition costs
- Optimise service quality
- Use the right channels

Extend — Select — Customers — Acquire — Retain

Figure 8.1 The four classic marketing activities of customer relationship management

Customer Selection – Define type of customer the organisation will market to. Segmenting customers by value.

Customer Acquisition – Forming relationships with new customers and targeting high value customers

Customer Retention – Activities to keep existing customers

Customer extension – Increase range of products a customer purchases from the company

What is eCRM?

Electronic Customer Relationship Management (eCRM) – this involves using digital communications technologies to maximise sales to existing customers and encourage continued usage of online services.

Difficult to distinguish where CRM ends and eCRM starts

Digital Marketing Activities within scope of eCRM are:

- Website & online social media for customer development – generating leads through to conversion to online/offline sales

- Managing customer profile information and email list quality

- Managing customer contact options through mobile/ email /social media

- Data Mining to improve targeting

- Online personalization or mass customization to recommend 'next-best product

- Providing online customer services facilities.

Personalisation This involves delivering customized content for the individual through web pages, email or push technology

From eCRM to social CRM

Social CRM- this is the process of managing customer to customer conversations to engage existing customers, prospects and stakeholders with a brand and enhance customer relationship management

Customer Centric Marketing

This is based on customer behaviour within the target audience and seeks to fulfil the needs and wants of each individual customer

Sense and Respond Communication
Delivering timely& relevant communications to customers as part of a contact strategy based on assessment of their position in the customer lifecycle and monitoring interactions with a company website emails and staff .

eCRM – Benefits

eCRM V's Social CRM

- Targeting more cost-effectively

- Achieve mass customization of the marketing messages

- Increase depth, breadth and nature of relationships.

- A learning relationship can be achieved using different tools through the customer lifecycle

- Lower Cost

eCRM characteristics	Social CRM characteristics
Company-defined process and control of dialogue	Customer-defined process and control of dialogue
Business focus on products and services that meet customer needs	Business focus on environments and experiences that engage and empower the customer
Process-centric, i.e. separate event/transaction-based interactions	Conversation-centric, i.e. on-going engagement
Company-defined business hours	Customer-defined business hours (24*7)
Personalisation driven by central, marketing database and transactional event	Personalisation extends to social profiles, behaviours and events
Sales/transaction focus	Interaction/conversation focus
Marketing focused on highly targeted, specific, personalised ('push') communications	Marketing focused on facilitating ongoing conversations with and between customers and the company/brand; redirecting to 'pull' communications to meet customer needs
Business-constrained, inside-out design process	Genuinely customer-centric, outside-in design process
Contact management focus	Community management focus
Well defined and stable	Dynamic and evolving
Simple transactional outcomes	Complex relationship outcomes
Primarily 'push' communications	Primarily 'pull' communications
Technology focused on operational/delivery dimensions of sales, marketing and service	Technology focused on operational/delivery and social dimensions of sales, marketing and service
Technology automates brand-to-consumer (B2C) interactions	Technology enables customer-to-customer (C2C) interactions, content sharing, peer communities and conversations
Data rich	Content rich
Private, closed-loop interaction	Mix of public and private interaction
Resides in a customer-focused business ecosystem	Resides in a customer ecosystem

Chaffey et al, 2019

Customer Engagement

| Permission Marketing

| Customer Profiling

Customer Engagement – this refers to repeated interactions and that strengthen the emotion, psychological or physical investment a customer has in a brand

Permission Marketing

Customers agree to be involved in an organisations marketing activities, as a result of an incentive.

Interruption Marketing
Marketing communication that disrupts customers activities.

Opt- In
A customer proactively agrees to receive further information

Opt- Out
A customer declines the offer to receive further information

Qualified Lead – this is contact information for a customer and an indication of his/ her propensity to purchase different products
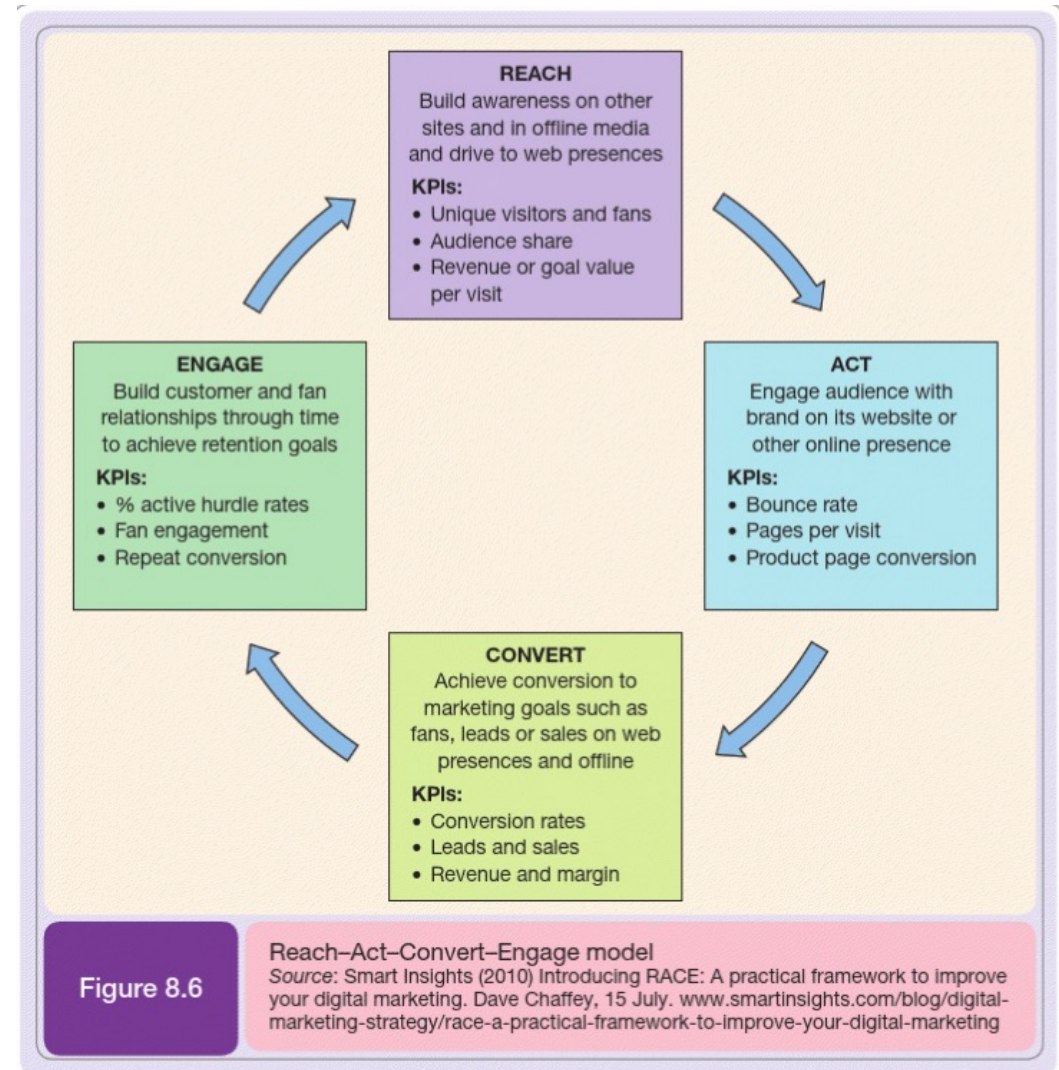
Customer Profile
Information that can be used to segment a customer
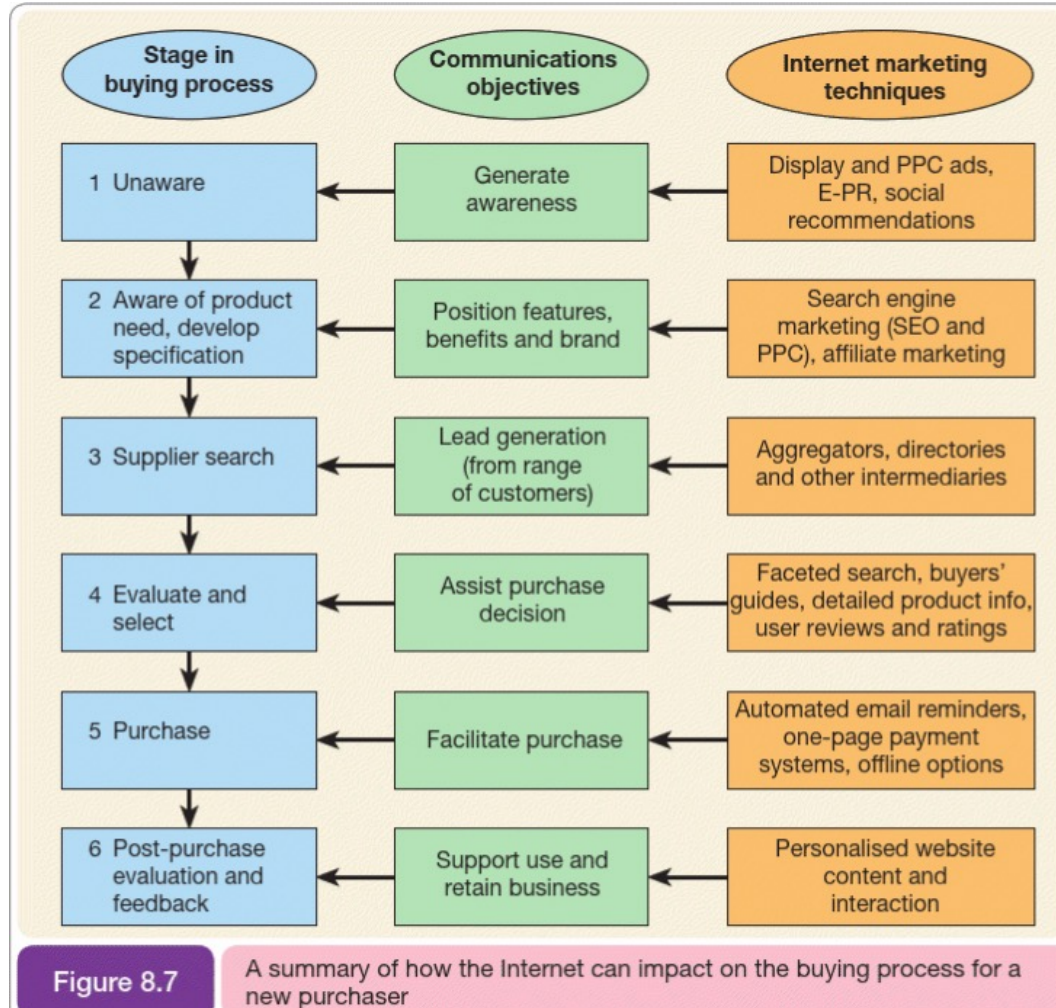
Conversion Marketing

Conversion Marketing – this involves using marketing communications to maximize conversion of potential customers to actual customers and existing customers to repeat customers

Performance drivers – Critical success factors that govern whether objectives are achieved.

Figure 8.6
Reach–Act–Convert–Engage model
Source: Smart Insights (2010) Introducing RACE: A practical framework to improve your digital marketing. Dave Chaffey, 15 July. www.smartinsights.com/blog/digital-marketing-strategy/race-a-practical-framework-to-improve-your-digital-marketing

The online buying process

Figure 8.7 — A summary of how the Internet can impact on the buying process for a new purchaser

Lewis and Lewis (1997) identified 5 different type of web users who show different searching behaviors
- Directed Information – seekers – proficient in using search engines & directories
- Undirected information seekers – surfers who like to browser and change sites by following hyperlinks. Novice users
- Directed Buyers – Buyers online to make a purchase. Brokers and intermediaries are important here
- Bargain Hunters – Buyer looking for offers
- Entertainment Seekers – Users who want to interact with the web for enjoyment through contests or quizzes