

17/4/16

CRM - SIS

- The customer is more important now but seen less of
- Constant battle for more customers because of increased competition
- More choice is less - people prefer limited options
- Falling market friction - very easy to switch providers at the moment
- Fighting market friction - paid advertisement and search results ranking - lack of supplier for some generic product/service
- Falling switching costs - utilities, mortgages
- Brand loyalty has changed - more away from sponsorship/position to buyer club and personalisation
- Advertising used for reinforcing customer buys not changing them
- Declining customer loyalty and changes in customer lifecycles
- Lifestyle has completely changed bc of technology
- Problems of scale - losing touch with customer, commoditisation, de-differentiation and depersonalisation
- With more customers, losing touch - cross selling, retention, winback, upselling, challenge migration, serial switchers
- Claims:
 - On average comp lose half their customers every 5 years
 - Costs roughly 4-6 times as much to get new customer than retain existing one
 - Getting a customer back generally less expensive than retaining existing finding new one
 - 4% of customers complain, over 96% will tell people about their dissatisfaction
- Tradeoff between richness and reach
- Loss of customer surplus because of segmented market - banking, watches

Customer focused marketing

- CRM a barrel strategy comprised of process, organisation and technical change whereby a company seeks to better manage their enterprise around customer behaviours
- It entails acquiring and deploying knowledge about one's customers and using this info across the value touch points resulting in increased revenue and greater efficiency
- CRM - a discipline and practice now widely held as a business fundamental. A new focus on customers is essentially undisputed as a key strategic imperative in the marketplace.

Business to Business CRM

- Volume small or large
- Purchase value small or large
- Loyalty is to supplier
- 4 - Switching is not common
- Buying process may be prolonged
- Relationships may last for a long time
- Deep knowledge of customer
- 8 - Few if any, unprofitable customers
- long term contracts
- large expenditure on bids
- Detailed contract negotiations
- Automated / evaluated receipt settlement
- Electronic data interchange

B2B Key Components

- Market and segment
- Organization profile
- Revenue and margin
- Business model / strategy
- Customer profitability
- Sales accounting
- Contract and pricing
- New product development
- Support and service
- Working with margins

Business to Consumer CRM

- High volume
- Small value purchases
- Loyalty often to brand not to supplier
- Switching common
- Faster buying
- Little or no relationship
- Some unprofitable customers
- Not worth spending large amount on individual customer BUT with technology, can acquire and manage more personal info, segment the customer base, gain an understanding of consumer surplus, identifying cross sell opportunities

Business and Tech drivers

- Shift to technology for speed
- No longer have traditional system, everything speed up and automated where possible

29/04/16 CRM

- Old problems - lack of data integration, multiplicity of systems, lack of coordination, lack of clear lines of authority, conflicting priorities
- CRM System - customer information system, marketing info system and sales force management system

New Frontier

- New technologies for tracking a customer - ethical and less ethical technologies → spyware, etc, spam etc
- knowing your customer is important so you can segment your market - like the prism segmentation which is highly detailed
- When you know your segment you can use Google adsense to target individual customers by segment
- Sellers want to know everything about you - who you are, what you buy, where you buy, how you, how much you spend etc → amazon suggested products
- Tesco clubcard example
- Personalisation increases segmentation again
- Customer focused marketing - personalisation, common identification, real time response, prioritisation, analysis
- Next up - the customer targeted website

CRM Models

- Typically organisation is siloed without CRM
- Solution is a funnel model which everything feeds into a single database
- Mass customisation - satisfying the 'me' culture - buying online, pizza etc.
- Can customise anything - car, golf, shoe, holiday etc
- Information → design relevant interactions → personalise for each customer → reach every customer → facilitate workflow breakdown

Benefits and lessons

- Sales pitch: savings - reduced selling time, lower cost channels, targeted marketing, decreased retention costs, self selling (customer does the work)
- Sales pitch: more revenue - higher customer response rates, cross selling, targeted offers, more customers, better market intelligence, better forecasting

- Always trying to update or add capabilities
- Email cheaper way to advertise and has higher purchase response rate
- Gartner predict CRM will be a 36 b market by 2017
- CRM Outgrowing ERP at the moment, ERP integrating into CRM?
- However - high CRM failure rate over the past year, around 50% - hard to change culture within an organisation, think instead of future not product
- CRM about customer focused marketing and sales - key developments - personalisation, mass customisation, customer profiling and targeted marketing
- CRM creepy or common sense

Future of CRM

- More customer engagement, improved customer experience, more customer intelligence
- Event driven triggered for social listening - will creep their FB and tweet to see what people are talking about
- Artificial intelligence bots will create our marketing in the future
- Social media monitoring growth, mobile technology
- Talking about customers interest, fine tune content marketing, safe online visitors by their interest, leverage CRM mobile with Siri technology

Potential Problems

- | | |
|---------------------------------------|-----------------------------------|
| - Choosing a solution you can't scale | - Missing key info |
| - Not having the user in mind | - Theoretical or unrealistic data |
| - Too many fields | - Lack of insight |
| - Old data | - Inability to find new prospect |
| - Inconsistency | - Privacy consent |

Tesco

- Clubcard, continuously adds data to their system
- Total nearly 1m every 7 years spent in UK shops - success pinned down to clubcard - tracked shopping habits up to 13m British families for more than a decade
- Clubcard is their best competitive advantage
- Can judge your family, social class, and what it can tell you about you and who

24/04/16

SIS - CRM

5

- Made 30m a year selling beer data to more than 200 consumer good companies such as carlsberg
- Originally used carlsberg data to decide where to open a shop → market segmentation
- Loyalty cards effective at getting hold of carlsberg data and encouraging shoppers both into stores
- Showed people weren't shopping at one supermarket for everything
- "What Scott me about this is that you know more about my culture after 3 months than I know after 30 years"
- Can group people by products
- Clubcard data informed a series of strategic decisions such as the move into smaller store format and launch of internet shopping site
- Saw lack of wine range at checkout