Customer Relationship Management

1

Customer Relationship Management *(CRM)*

An enterprise wide effort to acquire and retain customers

➢ Includes a *one-to-one relationship* between a customer and a seller.

➢ One simple idea **"*Treat different customers differently*"**

➢ Helps *keep profitable customers* and maximizes lifetime revenue from them.
  ➢ Identify/acquire/retain most profitable prospects
  ➢ Acquisition is far more expensive that retention.

➢ *Integrating information* from sales, marketing, customer service and any other service points
  ➢ Also known as *touch points* – where the customer interacts with the organisation

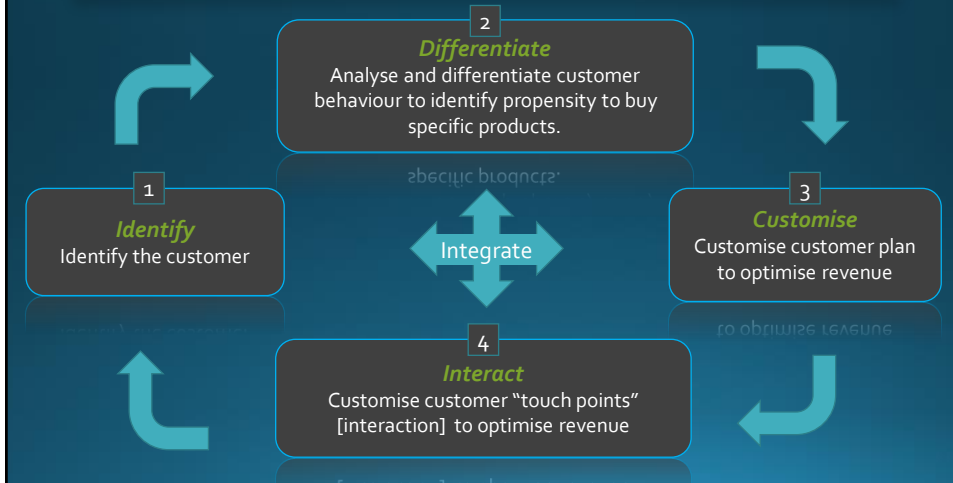Therefore must provide analytical tools for *determining value, loyalty, profitability of customers*

Assist in *acquiring new customers*, providing better service and support to customers, customize offerings to customer preferences, provide ongoing value to retain profitable customers

2

The CRM Cycle

CRM is a continuous process of optimising interactions with the customer and seeking new opportunities to increase sales

2
Differentiate
Analyse and differentiate customer behaviour to identify propensity to buy specific products.

1
Identify
Identify the customer

Integrate

3
Customise
Customise customer plan to optimise revenue

4
Interact
Customise customer "touch points" [interaction] to optimise revenue

3

Customer Relationship Management (CRM)
Technical requirements
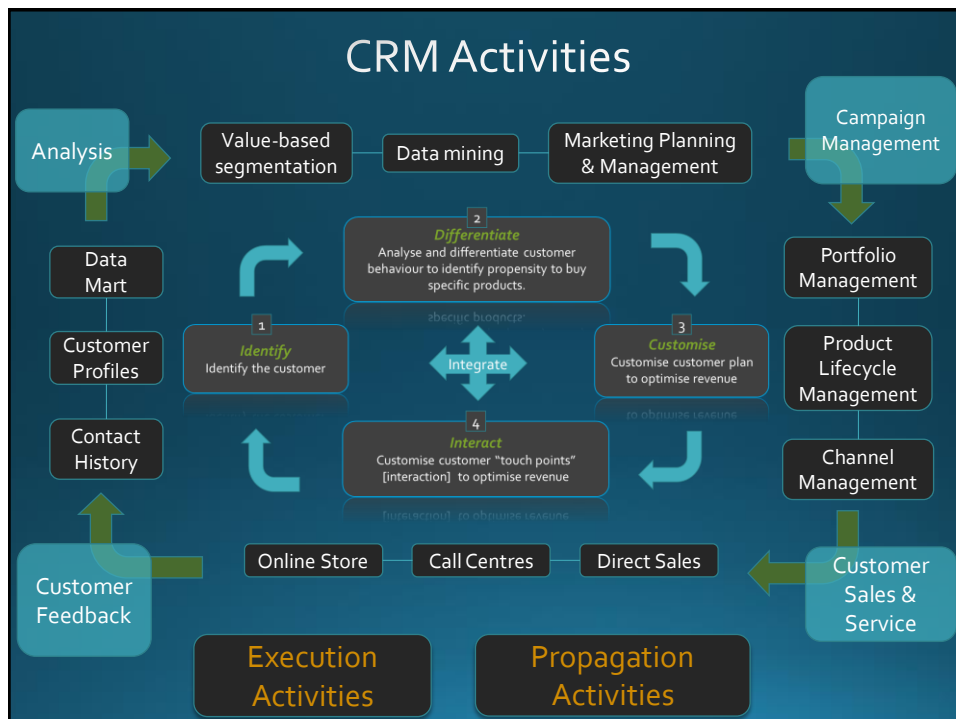
➢ A *cross-functional enterprise system* that integrates and *automates many of the processes* in sales, marketing & customer service that interact with customers (Customer *touchpoints*)
  ➢ These processes may be in *functional/departmental* systems; e.g. call centres, web-sites
  ➢ Therefore, CRM is *similar to ERP in impact* on organisation – and face similar issues related to organisational readiness

➢ Provides *analytic capabilities* to optimise the customer relationship *across all touchpoints*

➢ Ideally *should be tied in with ERP* or other enterprise systems within an organisation

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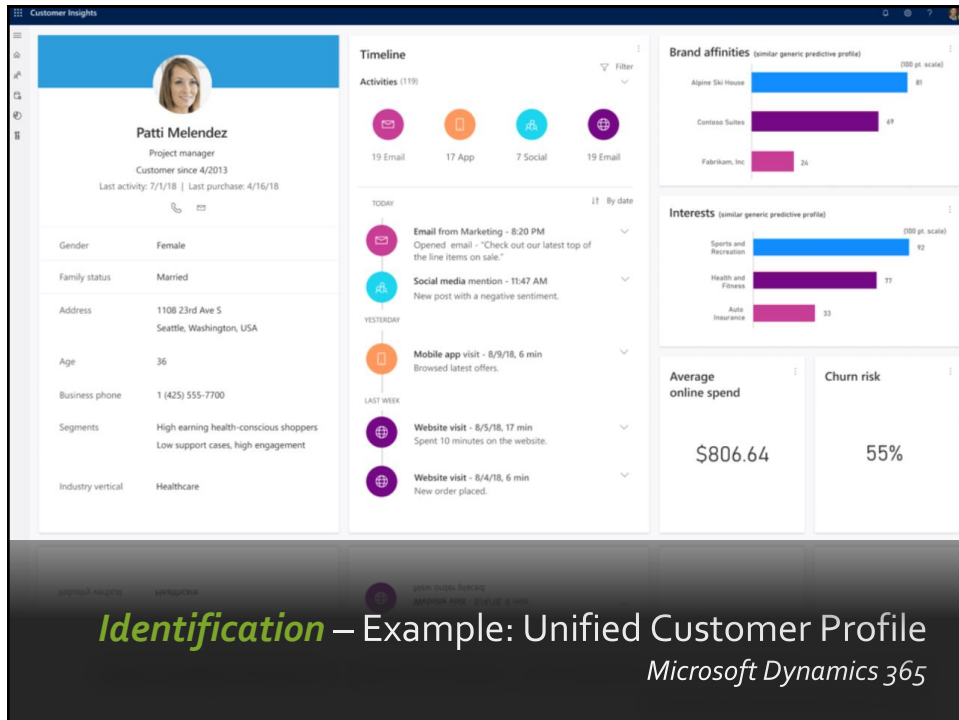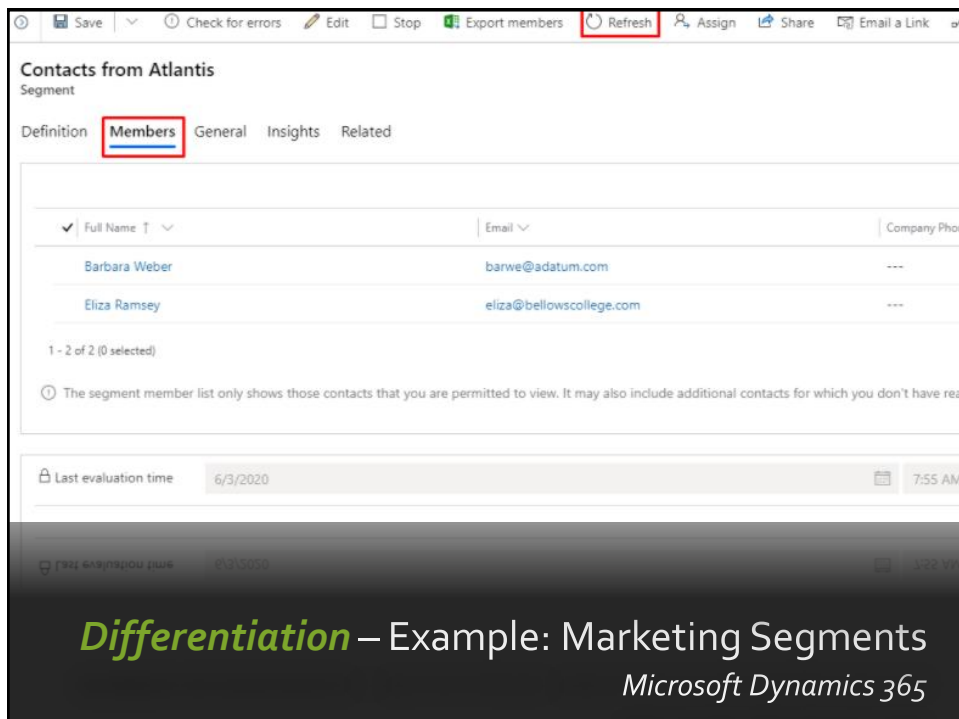
CRM Activities

5

CRM Activities

6

Identification – Example: Unified Customer Profile
Microsoft Dynamics 365

7

Differentiation – Example: Marketing Segments
Microsoft Dynamics 365

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Customisation – Example: "Customer Journeys"
Microsoft Dynamics 365

9

Interaction – Example: "Case Management"
Microsoft Dynamics 365

10

CRM Challenges

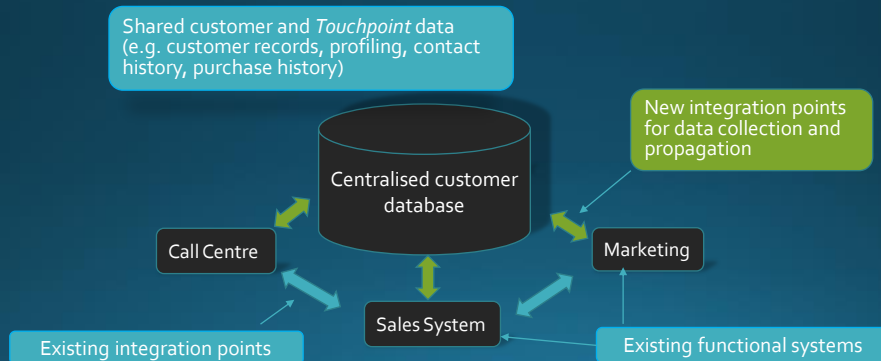|		
🛢️	Data model integration and synchronisation	CRM *gathers* customer *touchpoint data* into a single system for analysis CRM should ensure *consistency* of the data *across the systems*
⇄	On-going data synchronisation and propagation	CRM must ensure that data *remains synchronised* through *on-going customer change* (e.g. Change of address); is implemented via a data mart Outputs from *analysis/planning* must be *propagated* back into individual functional/departmental systems (e.g. marketing, sales)
🖥️	Note: If a 'global' ERP has already been implemented, CRM can be more easily implemented over (with) the ERP	Data *integration* stage and data synchronisation should *already be in place* in the ERP

11

CRM Systems

12

CRM – High Level Architecture
Integration

Integration layer supports integration between centralised customer database and the existing functional systems

Shared customer and *Touchpoint* data (e.g. customer records, profiling, contact history, purchase history)

New integration points for data collection and propagation

Centralised customer database

Call Centre

Marketing

Sales System

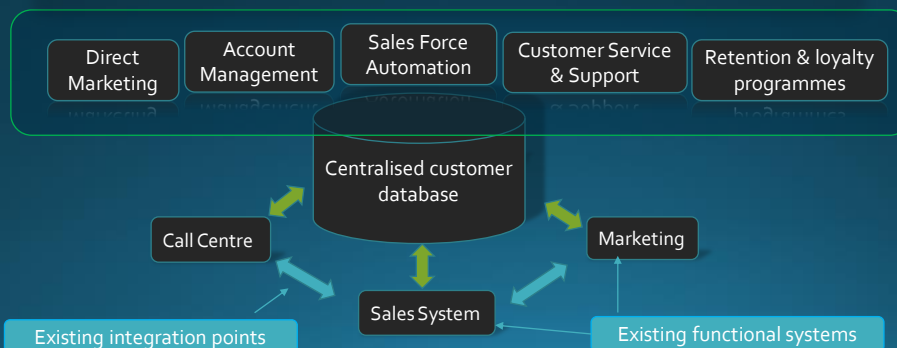Existing integration points

Existing functional systems
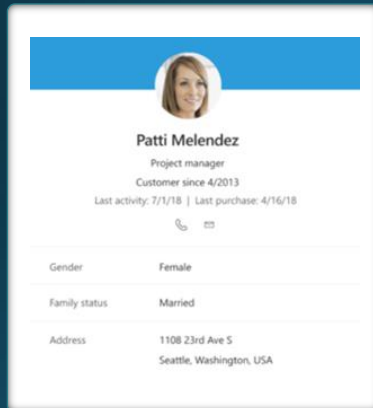
13

CRM – High Level Architecture
Consolidation

New functionality, *via ERP like Modules*, is built using the centralised database
- ✓ *Can replace functionality* existing in some or all of the functional systems (e.g. A new customer support system which provides more information about the customer)
- ✓ *Can include entirely new functionality* (e.g. Retention and loyalty programme)

Direct Marketing

Account Management

Sales Force Automation

Customer Service & Support

Retention & loyalty programmes

Centralised customer database

Call Centre

Marketing

Sales System

Existing integration points

Existing functional systems

14

Examples of CRM Functional Modules

Patti Melendez
Project manager
Customer since 4/2013
Last activity: 7/1/18 | Last purchase: 4/16/18

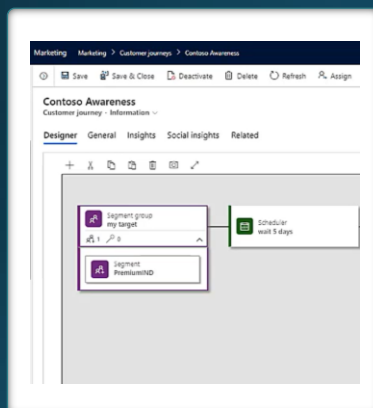|	
Gender	Female
Family status	Married
Address	1108 23rd Ave S
	Seattle, Washington, USA

Account Management

✓ Helps sales, marketing & *service professionals*

✓ Capture & *track data about past/planned contacts* with customers/prospects

E.g. Dynamics Unified Profile and Case Management

15

Examples of CRM Functional Modules

Sales Force Automation (SFA)

✓ Provides sales reps with software tools & data they need to *support & manage sales activities*

✓ *Cross-selling* is trying to sell a customer of one product with a related product

✓ *Up-selling* is trying to sell customer a better product than they are currently seeking

E.g. Dynamics "Customer Journeys"
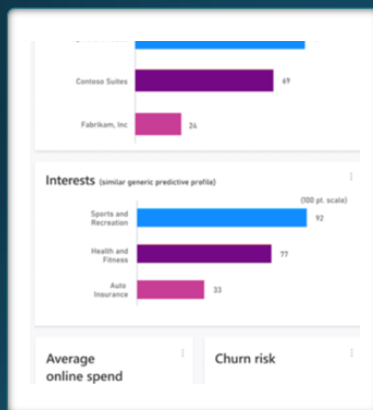
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Examples of CRM Functional Modules
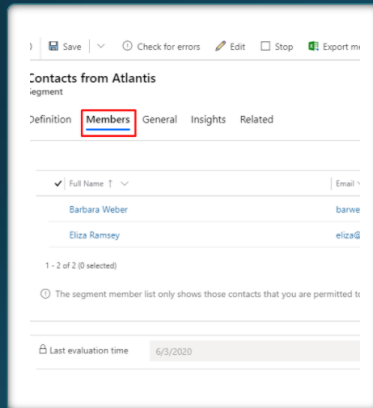
Direct Marketing
- ✓ Help marketing professionals accomplish direct marketing campaigns by tasks such as qualifying leads for targeted marketing & *scheduling & tracking direct marketing* mailings

E.g. Dynamics Segments and Customer Service
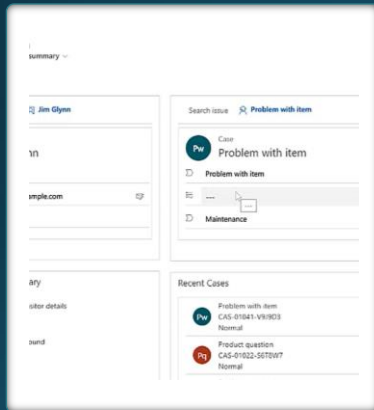
17

Examples of CRM Functional Modules

Retention and Loyalty Programs
- ✓ Try to help a company *identify, reward*, & market to their most loyal and profitable customers

- ✓ *Data mining tools* & analytical software

- ✓ Centralised Customer Database

E.g. Dynamics Unified Profile

18

Examples of CRM Functional Modules

Customer Service and Support

✓ Provides sales reps with software tools & *database access to customer database shared* by sales & marketing professions

✓ Helps create, assign and manage *requests for service*

✓ *Call center software* routes calls to customer support agents based upon their skills and type of call

✓ *Help desk software* provides relevant service data & suggestions for resolving problems for customer service reps helping customers with problems

19

The Business Benefits, Value and Potential Disadvantages

20

CRM Benefits

Single view of customer data	Better knowledge of customers
Better understanding of customer needs	Knowledge retention improved

21

Business Value of CRM

Increased **customer satisfaction**	**Reduced** direct marketing **costs**	More **effective marketing**
Lower costs for customer acquisition and retention	**Increased sales revenue** - by identifying profitable customers and segments for focused marketing and cross-selling	Reduced **churn rate** (number of customers who stop using or purchasing products or services)

22

Drawbacks / Risks of implementing a CRM

➢ Difficult and expensive *implementation* (similar to those of ERP) due to
  - ➢ Integration challenges
  - ➢ Business change required

➢ *Scalability* an issue due to the potential scale of data available

➢ No *guarantee on effectiveness*
  - ➢ Can be hard to prove that CRM works because CRM cannot be separated from everyday operations to assess impact

23

Other Advantages

Discover New Customers

CRM systems help the organisation in identifying potential customers. By keeping a track of the profiles of their existing clientele, the business can easily come up with a strategy to determine the kind of people they should target such that it returns them maximum opportunity.

For example, if several students in a university sign up for a particular mobile service provider, the business can come up with a strategy to target rest of the community in the university.

Simplify Marketing And Sales Processes

CRM helps in developing better communication channels. Interactive Voice Response System, web sites, etc. have made life easy both for the organisation and also for its sales representatives.

It allows the business to give its customers the option of choosing how they want to communicate with the business.

24

Case study Microsoft Ireland and Londis

➢ Enhancing and maintaining service levels to ADM Londis retailers necessitated wider corporate engagement in resolving customer queries, as well as to give managers the ability to view the number and status of departmental queries

➢ As part of a €3 million supply chain initiative to deliver improved service levels to retailers, the company decided to implement a CRM system in 2010

25

Case study

➢ Prior to the CRM implementation, the group had defined service level targets, but had been unable to accurately measure how successful it had been in terms of meeting those targets.

➢ The CRM system provided up to the minute views on how effectively queries were being resolved.

26

Case study

➢ After implementation service levels improved from 95% to 99% satisfaction rating

➢ The next phase of the CRM project will be to deliver a self service solution via the web to the retailers. This enhancement will allow retailers to log their own calls at any time of the day or night, to facilitate the needs of retailers who are under immense time pressure.

➢ The retailers will also be able to check the status of their query, which helps to build and maintain a close trusting relationship.

27