

Customer Relationship Management

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Costumer Relationship Management Concept

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Introduction & Definition For CRM

The better a business can manage the relationships it has with its customers the more successful it will become, Customer relationship management (CRM) is not just the application of technology, but is a strategy to learn more about customers' needs and behaviors in order

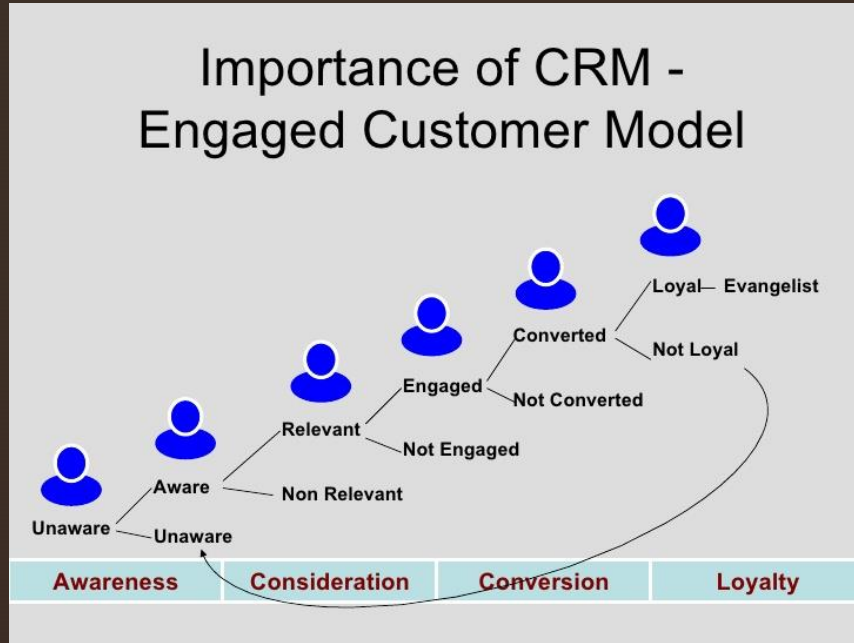
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to develop stronger relationships with them. As such it is more of a business philosophy than a technical solution to assist in dealing with customers effectively and efficiently. Nevertheless, successful CRM relies on the use of technology.

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CRM or Customer Relationship Management is a strategy for managing an organization's relationships and interactions with customers and potential customers. A CRM system helps companies stay connected to customers, streamline processes, and improve profitability.

Why CRM is a big issue today ?



Customer relationship management helps in profiling prospects, understanding their needs, and in building relationships with them by providing the most suitable products and enhanced customer service. It integrates back and front office systems to create a database of customer contacts, purchases, and technical support, among other things.

This database helps the company in presenting a unified face to its customers, and improve the quality of the relationship, while enabling customers to manage some information on their own.

in the commercial world the importance of retaining existing customers and expanding business is paramount. The costs associated with finding new customers mean that every existing customer could be important. The more opportunities that a customer has to conduct business with your company the better, and one way of achieving this is by opening up channels such as direct sales, online sales, franchises, use of agents, etc. However, the more channels you have, the greater the need to manage your interaction with your customer base.

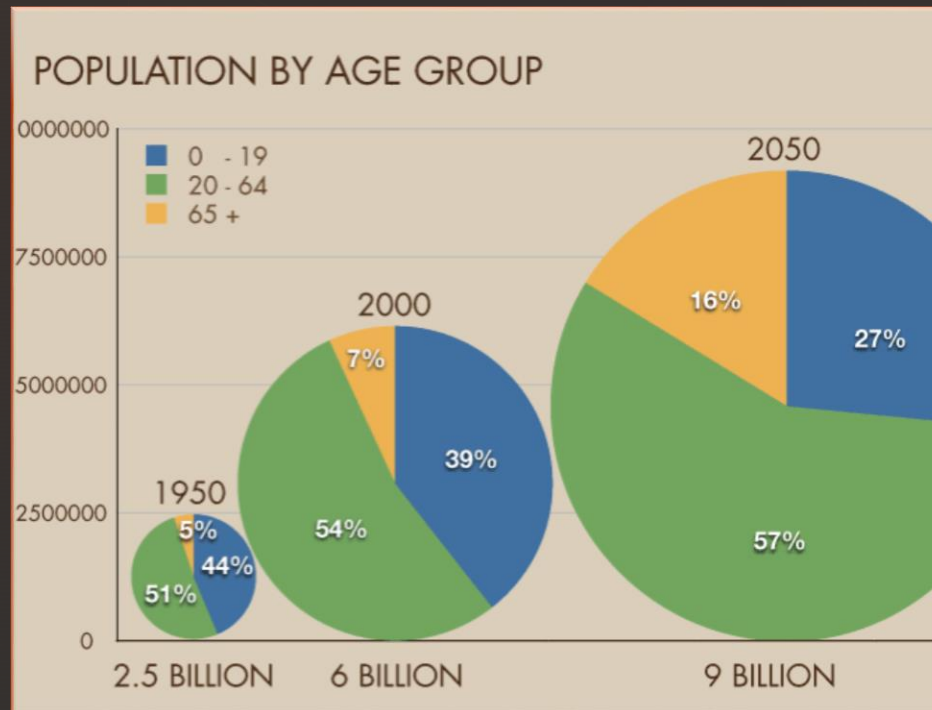
Customer relationship management (CRM) helps businesses to gain an insight into the behavior of their customers and modify their business operations to ensure that customers are served in the best possible way. In essence, CRM helps a business to recognize the value of its customers and to capitalize on improved customer relations. The better you understand your customers, the more responsive you can be to their needs.



■ Growing consumer diversity

- We all know the old golden rule: treat others the way you want to be treated. But simply treating customers with the same courtesy and dignity is no longer enough in this shrinking world. In order to truly succeed, you need to grow beyond the “one size fits all” mentality and learn to understand and respond appropriately to the preferences of customers from varying ethnic, social, and economic backgrounds. In this truly global economy, skills like cultural awareness, flexibility, and effective communication are critical for customer service representatives to properly deal with the expectations of people from different cultures.
- Three important demographic trends have started To transform the marketplace

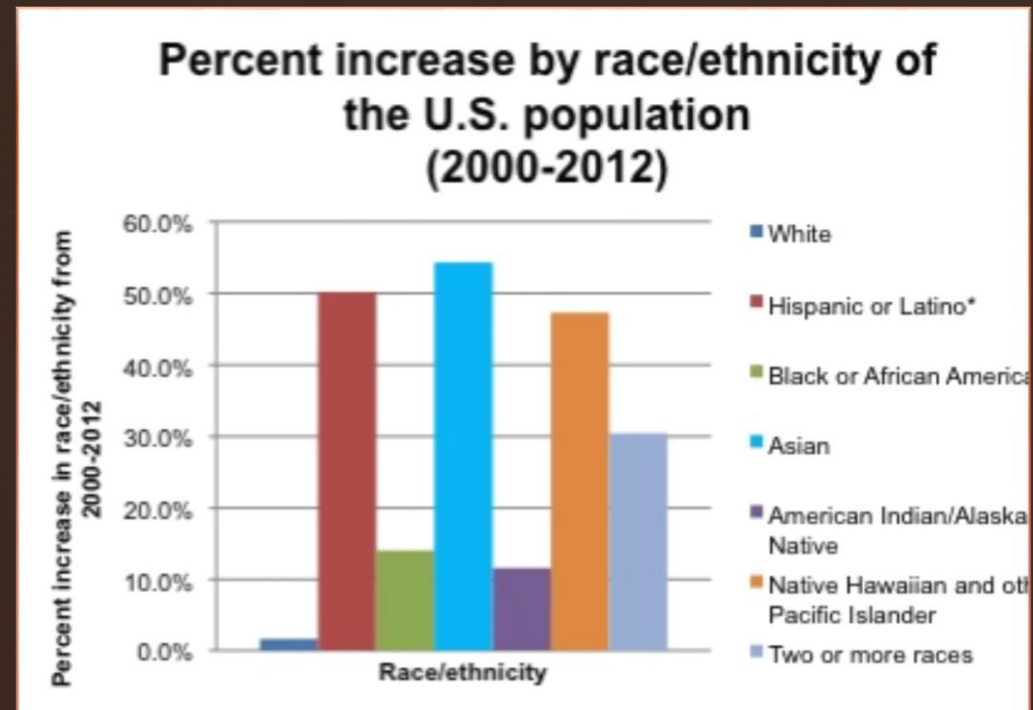
✓ Aging of the population in developed country



- This suggests that middle-age values and perspectives will increasingly dominate the national psyche . In particular, older consumers tend to respond more favorably to relationship marketing approaches than younger consumers

Increasing Diversity In Ethnicity

- As a result of the changing ethnic make-up of any country society , several changes are underway .
- Markets are becoming more segmented .
- Vendors will have to cater to ethnically diverse needs in housing , clothing , and food.
- Marketing communications will have to reflect this diversity in the way companies serve their customers .



Increasing Individualization

As a results in highly individualistic lifestyles and behaviors , even within family units .We will increasingly have to look at the individual behavior as family members spend more time apart . This will increase the need for personalized attention to each household member .

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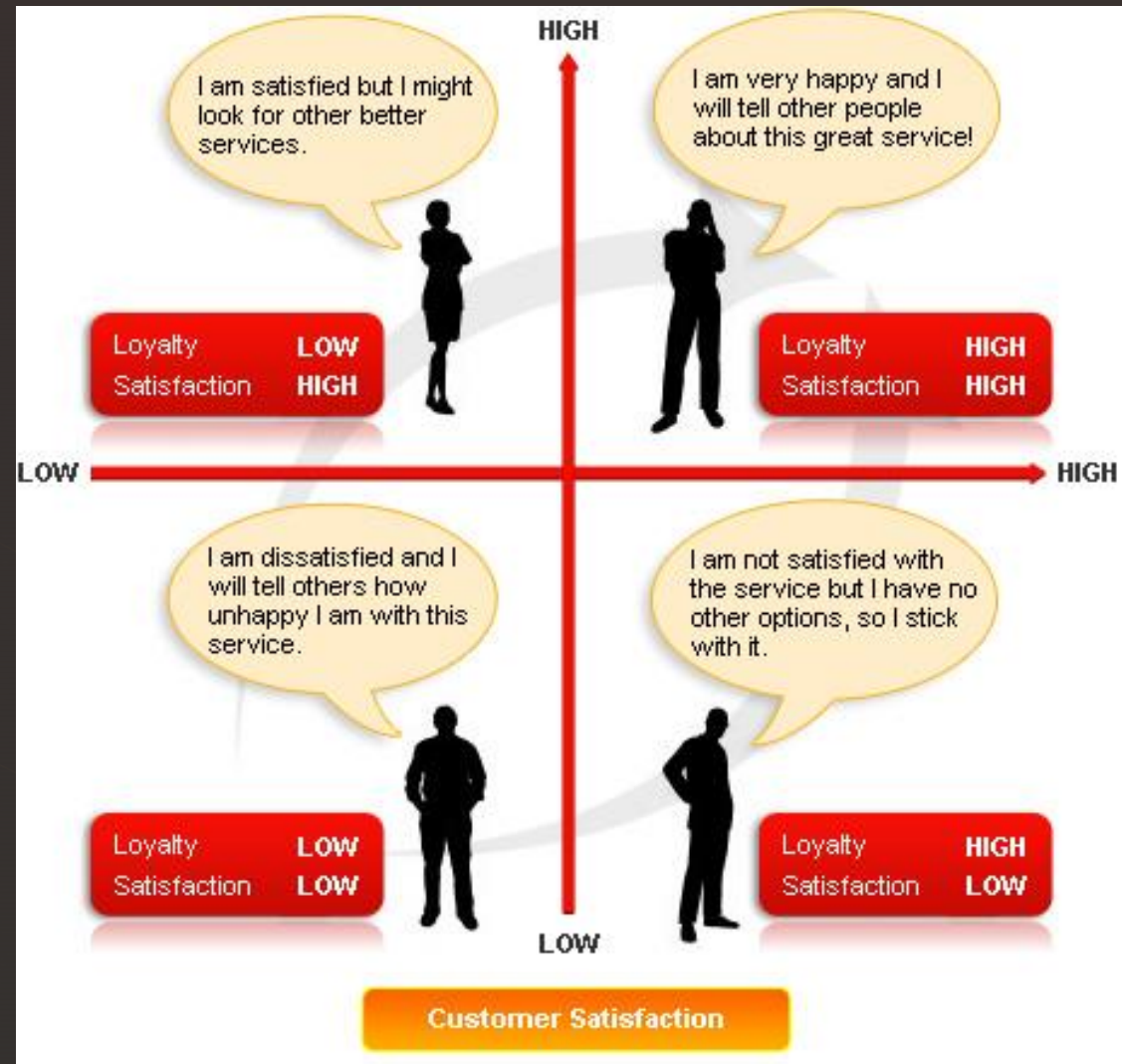
Another consequence is a higher degree of perceived loneliness in society . The marketplace will feel the impact of these developments – more outsourcing of activities due to time constraints

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more consumption on demand (24/7) , and more consumption on the basis of symbolism and social group values . Costumers who are single will seek out products and services that offer them social and emotional value.

Decrease In Loyalty

- The days of customers staying loyal to companies for long periods are numbered. The amount of trust consumers put in brands is decreasing all the time, and a typical consumer will now switch brands without hesitation if they get a better offer.
- **The brand paradox** : aside from a few odd exceptions, top brands are no longer able to retain their status as market leaders for such long periods. A once loyal customer base can easily disappear within twelve months – just look at how many of Nokia's loyal customers jumped ship to Apple or Samsung without a second thought.



Why customer loyalty has decreased ?

There are a number of shifts that go some way to explaining the decline in customer loyalty:

1. Failing to keep up with consumer expectations:

Declining customer loyalty has been an issue even for companies that invest heavily in improving their service. Customers don't care that the service they are receiving is better than it was a year ago – they use other 'best-in-class' companies as a benchmark. If Amazon deals with a faulty product delivery immediately and without question, the customer will quickly expect the same level of service from their local supermarket.

2. Failing loyalty programmers: Many companies saw the loyalty card as a shortcut to creating customer loyalty. In fact, latest studies agree that loyalty cards actually slash profit margins on existing customers, losing money rather than creating loyalty.

3. Everything is now transparent: Smartphones and tablets have made the world more transparent than ever. More than half of consumers use their mobile devices to compare prices while shopping, making it easy to find a better deal elsewhere.



4. Failing to focus on the customer experience as a whole: When companies are divided into various departments, each department is inevitably responsible for a different aspect of the customer relationship. Often there is a lack of contact between sales and after sales teams, while the finance team work three floors down. Research has shown that inconsistencies and lack of understanding across these various touch points can actually cause disloyalty, rather than customer dissatisfaction with one particular interaction.

5. Lack of unique relevance to consumers. If a customer is disloyal, they are really saying that a product or service was not relevant enough for them to remain a customer. That particular product or service did not stand out from the competition because too little thought has been put into what role the brand should play in the customer's life. The customer simply made a rational decision, rather than having any emotional attachment.

Change With Respect To The Marketplace

1. Competition for customers is becoming more intense .
As trade barriers are removed and geographic boundaries are redefined both by established and emergent trading blocs , location advantage is being eroded for most companies . as access to Markets is becoming less localized , demands on logistics management and distribution partnering are becoming more significant .

2. Markets are becoming more fragmented .
In a developed market where supply exceeds demand , customers have differentiated needs . To address customers particular needs , the markets has to be initially broken down into multiple segments , which would later facilitate individualized marketing .

3. Differentiation is becoming more difficult .

The quality of objective product attributes has risen substantially in the recent past and is no longer a source of competitive advantage for many companies . Brand loyalty founded on product differentials is just a relative , not absolute , matter . As product's quality differentials are diminishing , companies have to seek competitive advantage in closer , service-focused relationships . Case in point is an example from the U.S grocery industry .



Consequence

- Having a good product is not sufficient any longer to compete in a world of , generally speaking , very high product standard . As products and services improve and become very similar in objective performance , companies have to question the traditional way of marketing as a result , companies start to shift away from a transaction model , and focus more on enduring commercial relationships . The benefit of this is that it allows firms to learn about new and latent customer preference by observing their purchase and behavioral histories , given the developments in mass-customization, firms can now add genuine value to customers by offering customized product and service propositions .
- As these changes drive the marketplace to become relationships-based , the only way to maintain market share is to realign the companies' business strategy and become customer centric . Thus, customer relationship management has become strategically important in positioning a company in today's market .

you are **FREE**
TO CHOOSE,
BUT YOU ARE NOT
FREE *from the*
CONSEQUENCE
OF
YOUR CHOICE

Choices have consequences.

Change With Respect To Data Storage Technology

Both the supply and demand of data storage technology has changed dramatically and getting cheaper on a cost-per-bit basis . Also the units of storage are getting larger .

Now , with many peoples on the web worldwide, every business needs to keep track of the peoples who shop on its website . Web log files have grown .many other factors are also driving the demand of storage , including pack-aged applications (CRM,sales-force automation, and data-marts), growth in data-ware-housing applications, storages services providers , and storage-intensive consumer applications .

Today , many companies are faced with the need to double their storage capacity every six to twelve months .

Consequence

Firms have never been in a potentially better situation to inform themselves about customer behavior and attitudes . If firms do it correctly , they can develop unprecedented insight and information on a customer's buying behavior . At the same time , having too much data can be challenging as well . Misapplied and wrong-footed analyses are often the consequences of being overwhelmed with too much data .



Change With Respect To Marketing Function

The nature of marketing communications is undergoing significant shifts . Brand managers , service providers , and product manufacturers used mass communication vehicles (print , TV, radio) as their prime carrier . The message often focused on product and price with little regard to heterogeneity in customers needs and wants . Communication based on mass advertising is now only a model of the past . Customers needs and wants have simply become too diverse for marketers to satisfy them with a single , all-purpose approach .

After many years of growth , coupon distribution for packaged goods is clearly on its way down . This means of creating short-term and deal-focused consumer response is neither appropriate for today's customers nor for manufacturers . It creates a lot of switching and supply-chain spikes , both very undesirable for packaged goods manufacturers.

Consequence

Given the availability of new data collection and communication tools ,such as loyalty programs , there is less need to employ techniques that indiscriminately focus on price only . Driven by technological advancements , the concept of commercial communication has been completely restructured .