
4

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Customer Relationships

The Customer Relationships Building Block describes the types of relationships a company establishes with specific Customer Segments

Customer relationships **may be driven** by the following motivations:

 Customer **acquisition**

 Customer **retention**

 **Boosting** sales (upselling)

In the early days, for example, mobile network operator Customer Relationships were driven by aggressive acquisition strategies involving free mobile phones. When the market became saturated, operators switched to focusing on customer retention and increasing average revenue per customer.

Key questions

- What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
- Which ones have we established?
- How costly are they?
- How are they integrated with the rest of our business model?

We can distinguish between several categories of Customer Relationships, which may co-exist in a company's relationship with a particular Customer Segment.

Customer Relationships (1/3)

| Element | Description |
|--------------------------------------|--|
| Personal assistance | This relationship is based on human interaction. The customer can communicate with a real ASSISTANCE representative to get help during the sales process or after the purchase is complete. This may happen on-site at the point of sale, through call centers, by e-mail, or through other means. |
| Dedicated personal assistance | This relationship involves dedicating a customer representative specifically to an individual client. It represents the deepest and most intimate type of relationship and normally develops over a long period of time. In private banking services, for example, dedicated bankers serve high net worth individuals. |
| Self-service | In this type of relationship, a company maintains no direct relationship with customers. It provides all the necessary means for customers to help themselves. |

Customer Relationships (2/3)

| Element | Description |
|---------------------------|---|
| Automated services | This type of relationship mixes a more sophisticated form of customer self-service with automated processes. For example, personal online profiles give customers access to customized services. Automated services can recognize individual customers and their characteristics, and offer information related to orders or transactions. At their best, automated services can simulate a personal relationship. |
| Communities | Increasingly, companies are utilizing user communities to become more involved with customers/prospects and to facilitate connections between community members. Many companies maintain online communities that allow users to exchange knowledge and solve each other's problems. Communities can also help companies better understand their customers. Pharmaceutical giant GlaxoSmithKline launched a private online community when it introduced ALLI, a new prescription-free weight-loss product. |

Customer Relationships (3/3)

| Element | Description |
|--------------------|---|
| Co-creation | More companies are going beyond the traditional customer-vendor relationship to co-create value with customers. Amazon.com invites customers to write reviews and thus create value for other book lovers. Some companies engage customers to assist with the design of new and innovative products. Others, such as YouTube.com, solicit customers to create content for public consumption. |