



# Customer Relationship Management

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SAS Institute Europe

# Agenda



- **Customer Relationship Management**
- **The SAS Solution for CRM**
- **The SAS CRM Methodology**
- **Real-Life Examples**
- **The Route to Successful CRM**

# Agenda



## ⇒ Customer Relationship Management

- The SAS Solution for CRM
- The SAS CRM Methodology
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- The Route to Successful CRM

# What is the goal of CRM ?



- Build long term and profitable relationships with chosen customers
- Get closer to those customers at every point of contact with them

# Where does CRM come from ?



- **First generation of Database Marketing (70-80s)**
  - Direct marketing activities
  - Predict response rate / reduce cost, generate target flat files

⇒ **Tactical**

- **Second generation of Database Marketing (90s)**
  - All marketing activities
  - Reduce acquisition cost and improve retention
  - Technology : Relational database, analytical tools, data warehousing

⇒ **Strategic**

# Where does CRM come from ?



- **Customer relationship Management (y2000)**
    - Touch the entire organization
    - Ensure customer profitability
    - Additional technology : Scalable hardware, Data Mining
    - Data used : All customer interactions (all operational data)
- ⇒ **Competitive advantage**

# Business situation



- **Market**

- reaching saturation
- increasing competition
- deregulation, diversification, worldwide market
- new communication / distribution channels
- decreasing product life cycles

- **Customer**

- decreasing natural loyalty
- better informed
- increased expectations/needs

- **Resources**

- increasing costs
- decreasing resources available

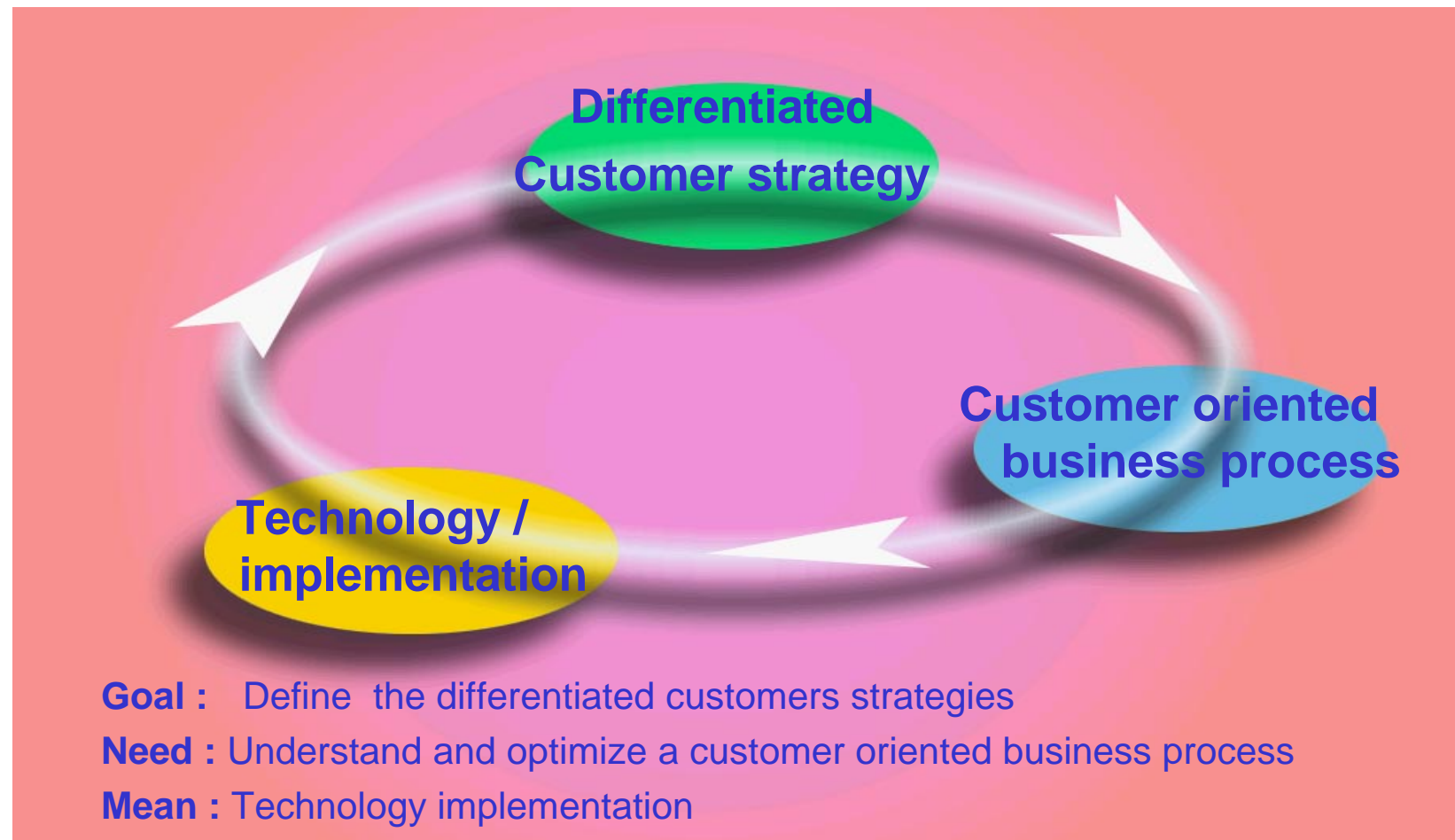
# What is CRM ?



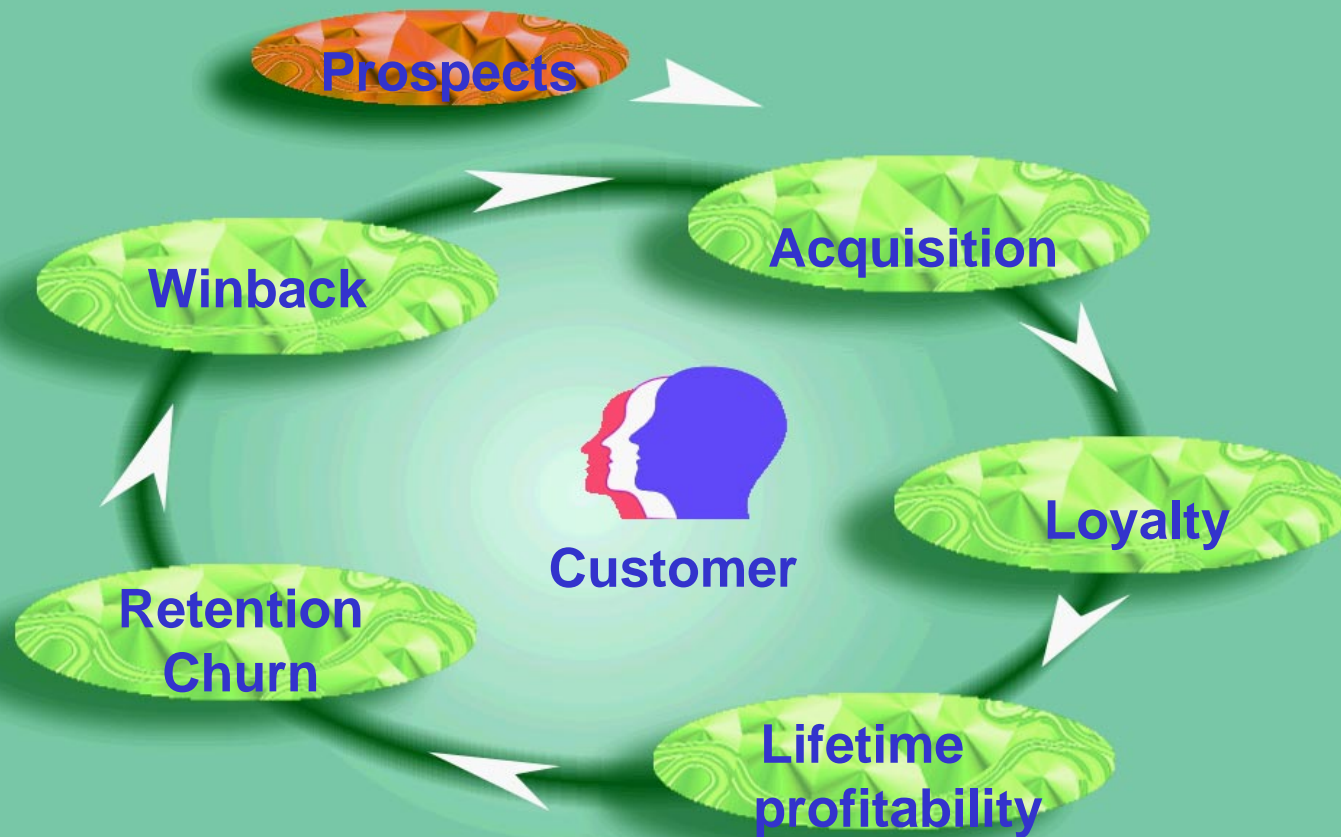
- **Customer Relationship Management is**  
an automated and continuous process of better understanding and anticipating customer needs, behavior and profitability to :
    - define your customer strategy
    - optimize resources
    - provide a superior service at every point of contact with the customer
- ⇒ **A re-engineering of the business to focus all its resources on chosen customers.**



# The need : Customer Oriented Strategy

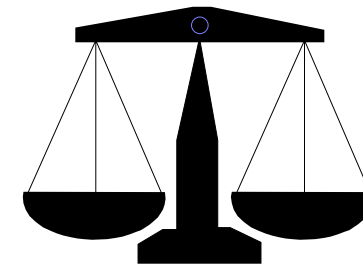
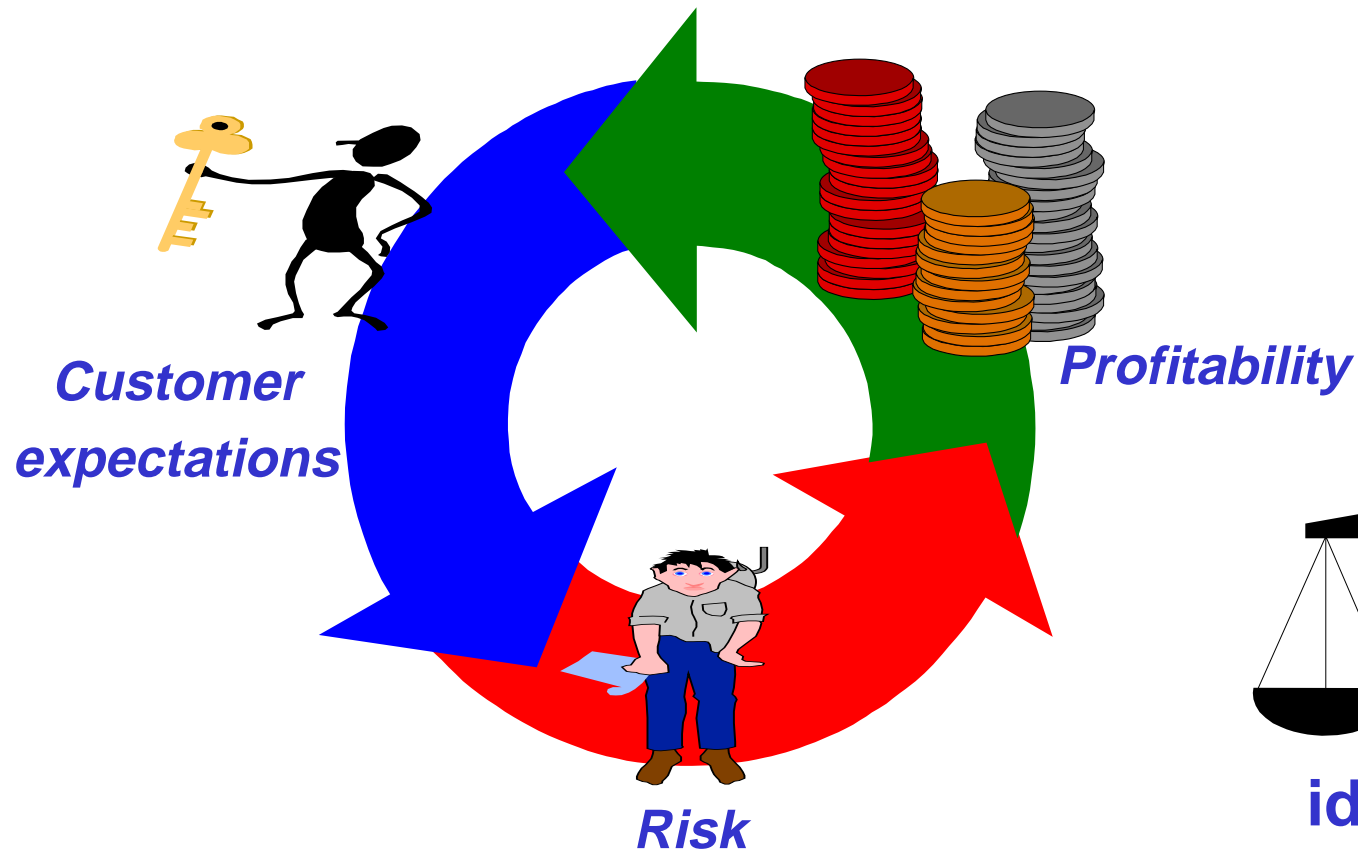


# Differentiated Customer Strategy



**Aim :**  
***Select the right strategy for chosen customers***

# Differentiated Customer Strategy



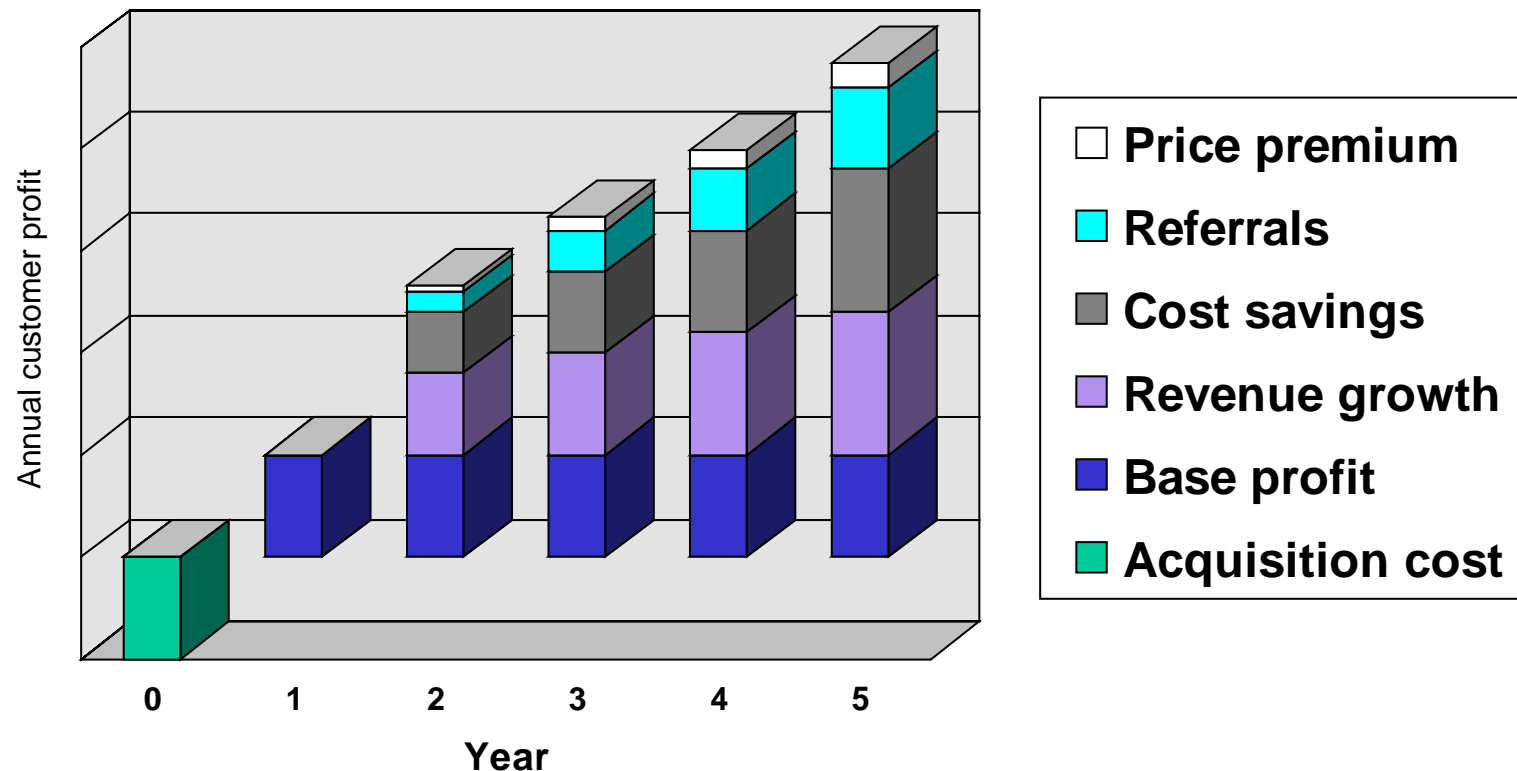
identify  
optimum  
balance

# Why is understanding customer profitability important?



Studies by First Manhattan Group have indicated that :  
while 20% of a bank's customers contribute 150% of the profits,  
40-50% of customers eliminate 50% of the profits

# Why is customer retention and loyalty important ?



# Customer Oriented Business Process



***Aim : Manage and optimize this process !***

# Customer Oriented Business Process



*Manage and optimize this process !*

- Ensure consistency between different points of contact
- Increase communication between departments
- Facilitate flows of information
- Deliver complete view of the customer

# Agenda



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# The SAS solution for CRM



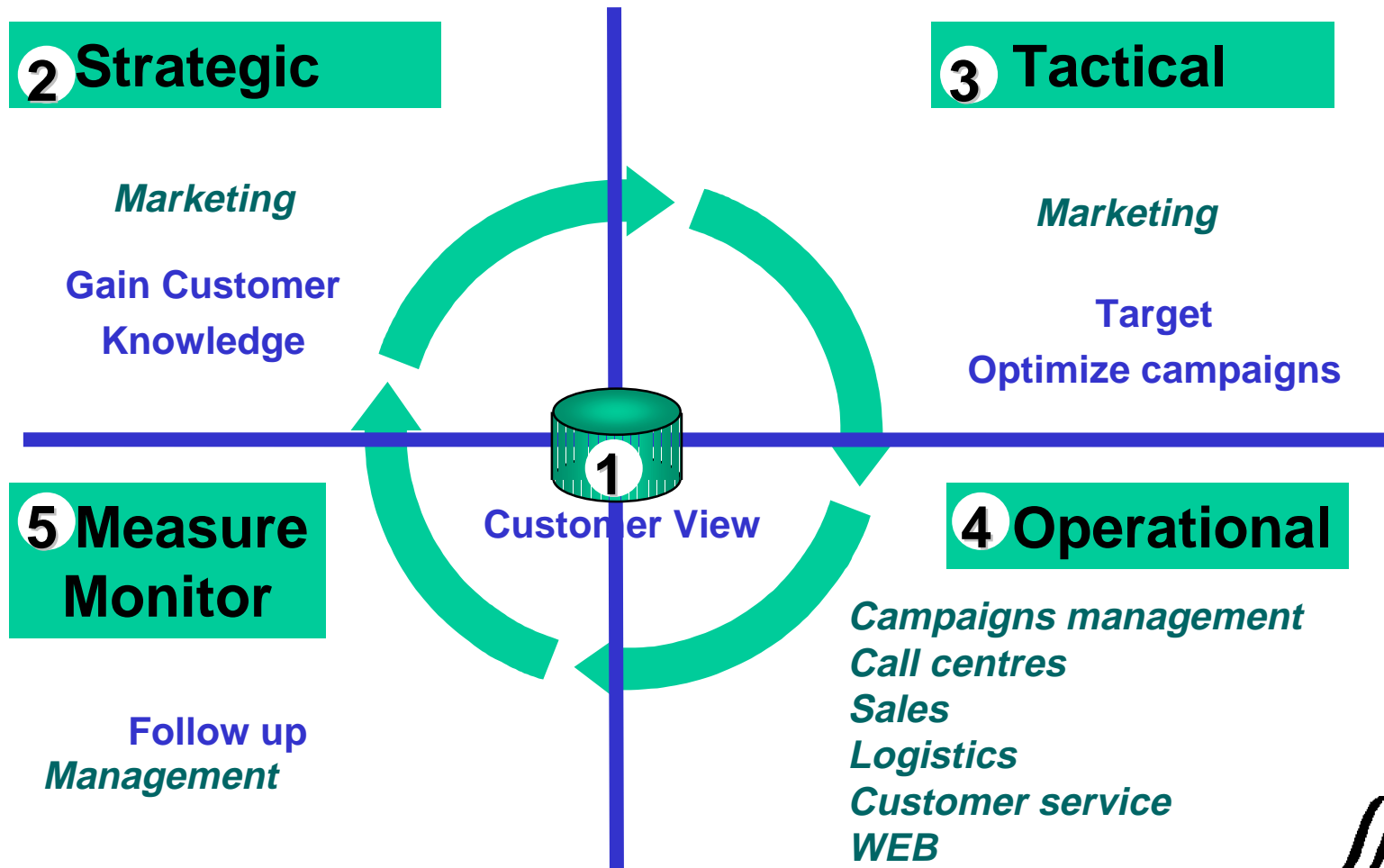
**The SAS CRM Solution delivers a  
process for identifying,  
targeting, and responding to the  
needs of your most profitable  
customers.**



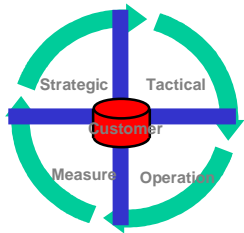
# Customer Oriented Business Process



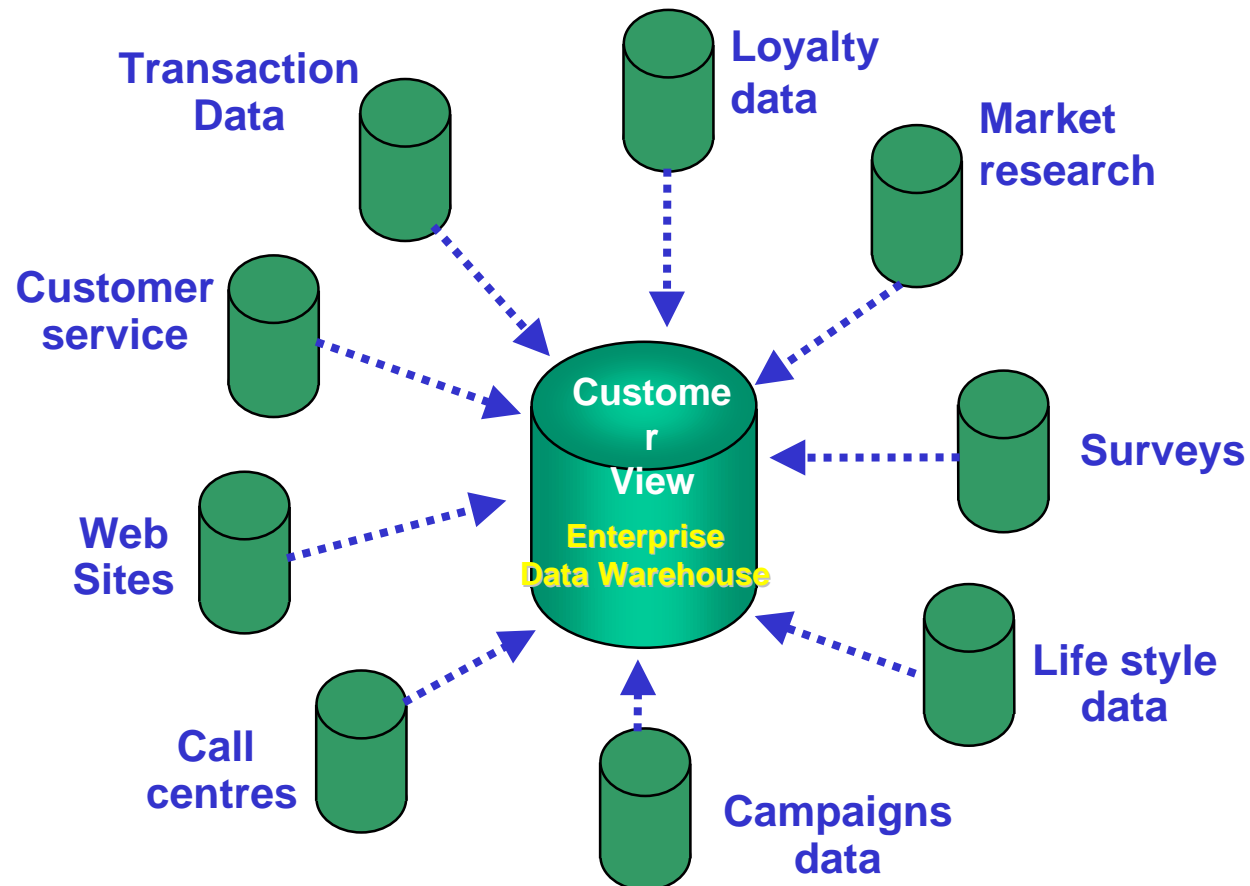
*Manage and optimize this process !*



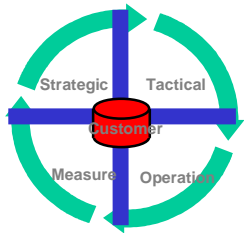
# Enterprise wide Customer view



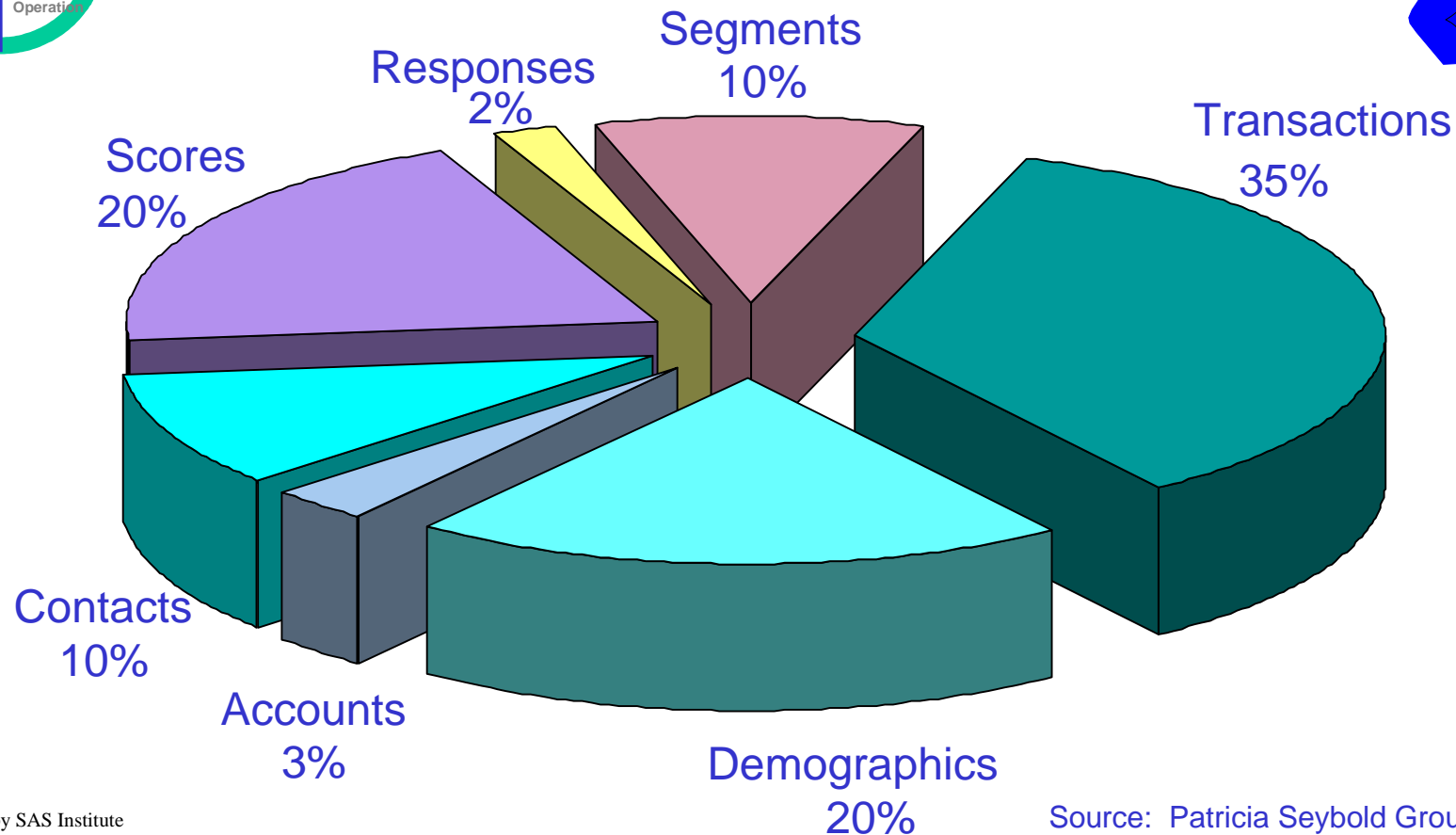
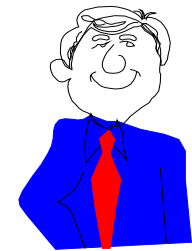
**Integrate data from many sources**



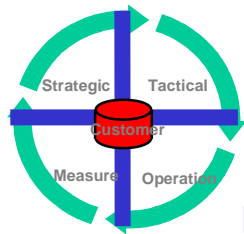
# Enterprise wide Customer view



## Data Warehouse Composition



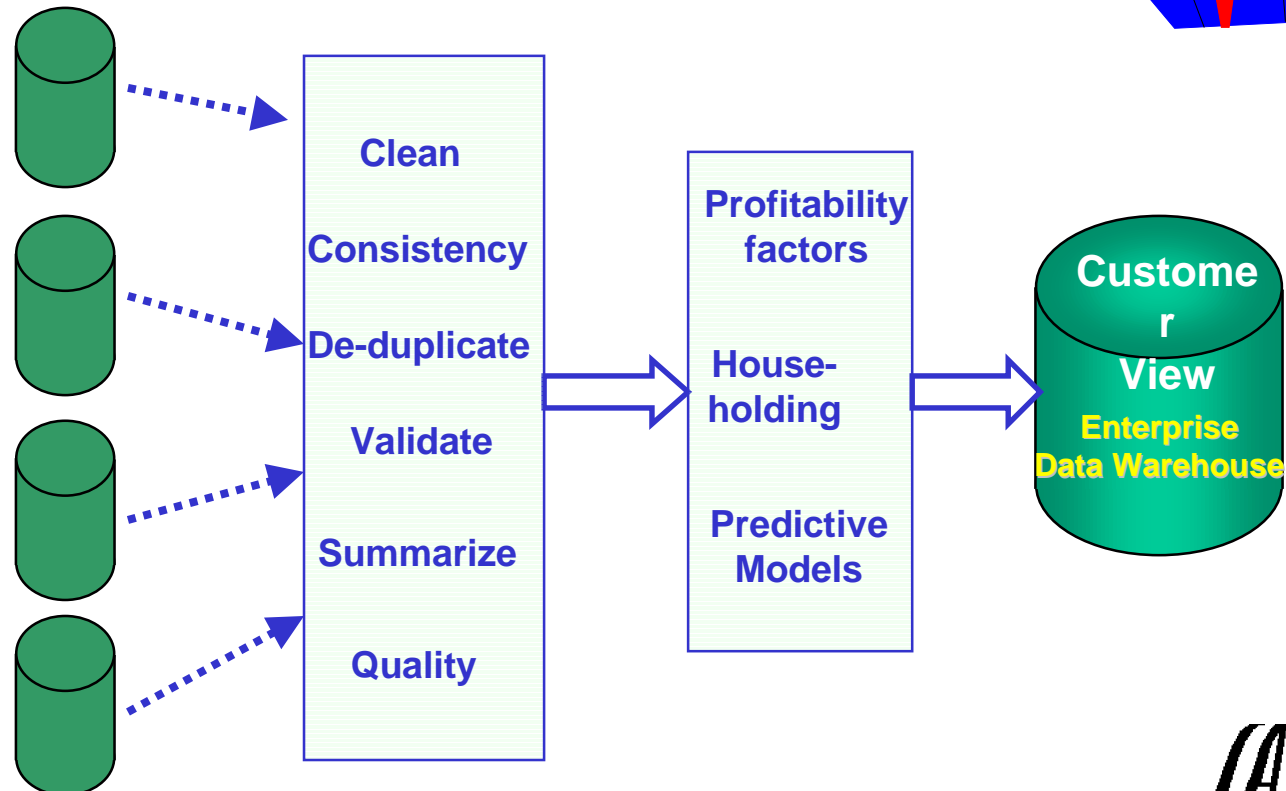
# Enterprise wide Customer view



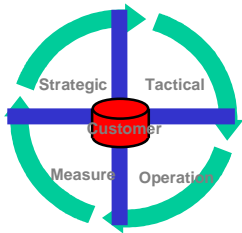
**Ensure consistency**  
**Add valuable information**



Loyalty data  
Transaction Data  
Customer service  
Web Sites  
Call centres  
Campaigns data  
Life style data  
Market research  
Surveys



# Enterprise wide Customer view



**Get the complete picture of the customer**



- **Enabling technologies**

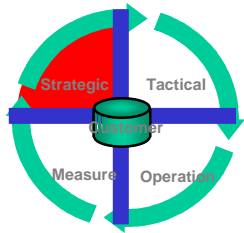
- ⇒ **Data Warehousing**

- Access to all types of data
    - Integrate data
    - Data cleaning
    - Data enhancement
    - Data calculation
    - Document data flows
    - Metadata management
    - ...



SAS/Warehouse  
Administrator

# Strategic



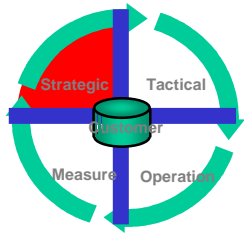
## Gain customer knowledge



- What are my key customer groups ?
- On which group should I concentrate my actions and investments ?
- What is the profile of customer that have left ?
- Which product customer needs ?
- How can I optimize point of sales ?
- What the value of our products / services to our customers compared to competition ?



# Strategic



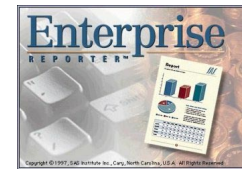
## Gain customer knowledge



### • Enabling technologies

#### ⇒ Reporting

- Standard reporting
- WEB



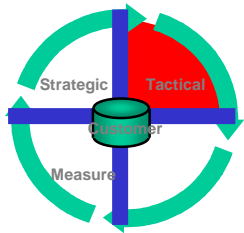
#### ⇒ Data Mining

- Customer segmentation
- Customer profiling
- Profitability analysis
- Market research
- Competition analysis

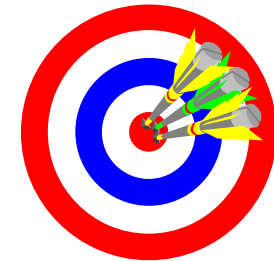




# Tactical

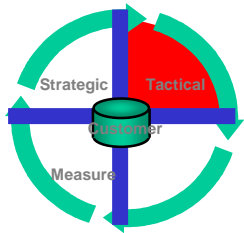


## Predict customer behaviour

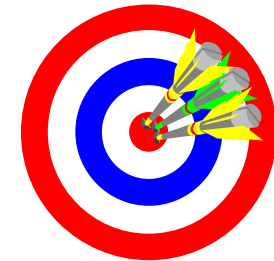


- Which customers are likely to leave ?
- Which customers are good candidates for cross or up selling activities ?
- What is the customer potential ?
- How can I optimize campaigns ?
- Which customer are more likely to respond ?
- Which communication channel ?
- What's the expected response rate ?

# Tactical



## Predict customer behaviour



- Enabling technologies

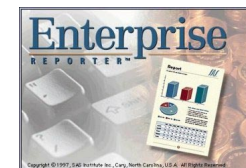
- ⇒ Data Mining

- Behavioral modeling
    - Potential analysis
    - Cross selling analysis
    - Retention / Churn analysis

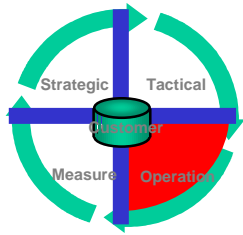


- ⇒ Queries

- Target selections



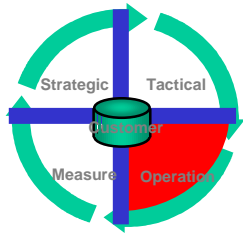
# Operational



## Optimize operations / channel to market efficiency

- Campaigns management
- Call centres
- Sales
- Logistics
- Customer service
- WEB
- ...

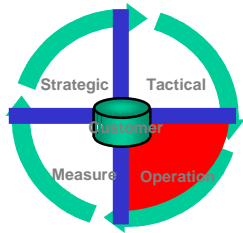
# Operational



## Optimize operations / channel to market efficiency

- **Operations / Channel to market**
  - How to increase business units efficiency ?
  - How to make the customer feel recognized ?
  - What is the optimal number of people ?
  - How to increase E-commerce performance ?
  - Which additional strategic information do they need to be more efficient ?

# Operational

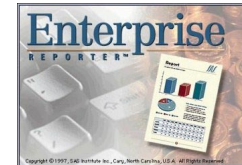


## Optimize operations / channel to market efficiency

- **Enabling technologies**

- ⇒ **Queries/Reporting**

- Performance indicators
    - Exception reporting



- ⇒ **WEB**

- Deliver customer information to business units

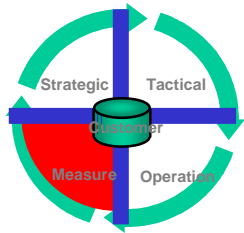


- ⇒ **Data Mining**

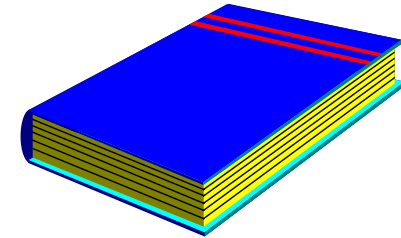
- Sales analysis
    - Web analysis
    - Call behavior analysis
    - Campaign analysis
    - Traffic analysis and prediction



# Measure / Monitor

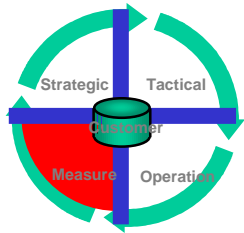


## Monitor performance

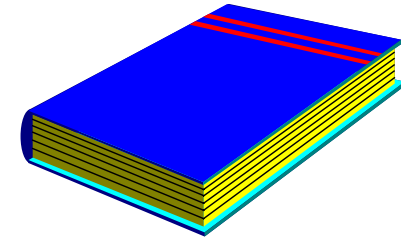


- How satisfied are our customers our product/service?
- What is the rate of customer defection?
- What is the campaign's impact ?
- Is target reached ?

# Measure / Monitor



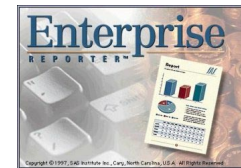
## Monitor performance



- Enabling technologies

- ⇒ Reporting

- Performance monitoring
    - Key performance indicators
    - Exception reporting
    - Customer satisfaction measures
    - Service process monitoring



# The SAS solution for CRM



## Enables companies to :

- build a customer centric view
- define comprehensive and consistent customer profiles to better understand customer needs, behavior and profitability
- assess customer lifetime value
- predict selected customers' behavior
- act on and share the relevant information through your organization



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# SAS CRM Methodology



- **What is it ?**

- ⇒ A structured process that defines how the SAS solution for CRM can support definition, planning and execution of CRM programs.
- ⇒ Provide a best practice guide for Customer Relationship

- **Target audience:**

- ⇒ CRM Project Managers
- ⇒ CRM Solution Architects

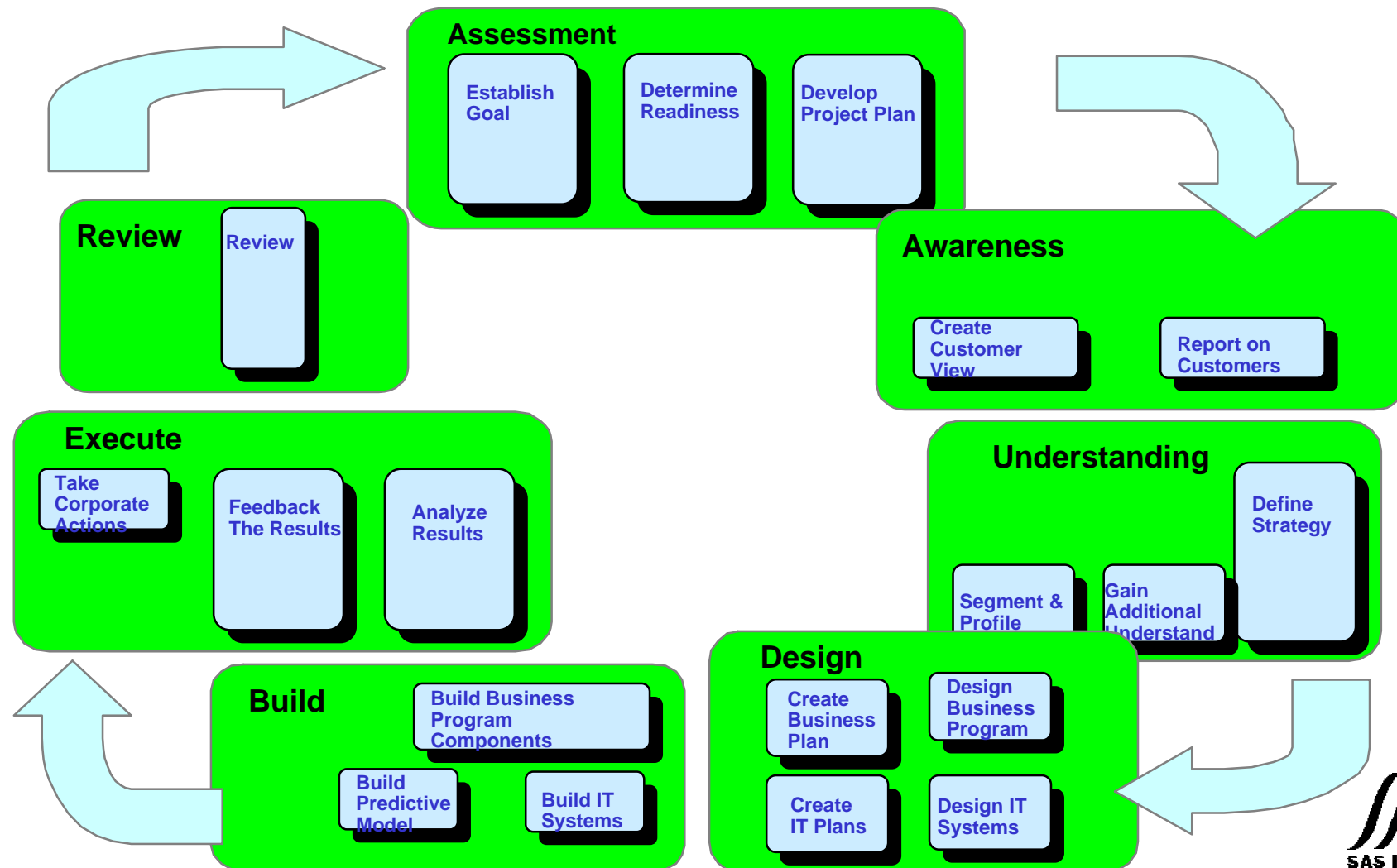
# SAS CRM methodology topics



- **Methodology contains :**
  - ⇒ CRM overview
  - ⇒ Technology and architecture
  - ⇒ Project role descriptions
  - ⇒ For each step
    - ⇒ *Activities*
    - ⇒ *Roles involved*
    - ⇒ *Techniques*
    - ⇒ *Inputs & Outputs*
  - ⇒ Reference
  - ⇒ Templates and questionnaires

# SAS CRM methodology

## Process flow



# SAS CRM methodology

## Phase deliverables



Phase	Deliverables
Assessment	<ul style="list-style-type: none"><li>• Project proposal</li></ul>
Awareness	<ul style="list-style-type: none"><li>• Customer view data warehouse</li><li>• Customer reports</li></ul>
Understanding	<ul style="list-style-type: none"><li>• Customer segments</li><li>• Strategy definition</li></ul>
Design	<ul style="list-style-type: none"><li>• Business plan</li><li>• IT plan</li><li>• Program and IT designs</li></ul>
Build	<ul style="list-style-type: none"><li>• Predictive models</li><li>• IT systems</li><li>• Program components</li><li>• Test implementation</li></ul>
Execution	<ul style="list-style-type: none"><li>• Program execution and follow-up</li></ul>
Review	<ul style="list-style-type: none"><li>• Return on investment analysis</li><li>• Strategy review</li></ul>

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# Stakis



Stakis, with over 2 million guests and members of 22 casinos, 55 hotels and more than 70 leisure clubs, has chosen the SAS System to develop a data warehouse used as the basis for its customer relationship management activities.

Mr Mike Ashton, Stakis marketing director explains :

"We have strengthened brand awareness and loyalty while reaping fairly significant increases in productivity and profitability within 12 months - through targeting of direct mail and other promotional activities, areas which were already highly effective".

# Statoil



Statoil use the SAS System for campaign management to help sales and product managers design a campaign so that it reaches the right people with the right message.

Mr Per Ostergaard Jacobsen, the database marketing manager says :

"Managers now have the information they need to make decision on new campaigns. This is all about **effectively use of marketing money**. Previously, for example, if a mailshot was sent to 100,000 people, we were satisfied with **a response of 2% (2,000 customers)**. Now, we **reduce the number of mailshots sent out to 20,000**, but we **achieve a response rate of 20 % (4,000 customers)**."



# Generale de Bank



Yves Ronsse, Director of Marketing Support Systems:

"Access to information is not enough; you have to be able to use it and transform it into actions which have an impact on profits. A successful data warehouse questions the existing structures and relationships and introduces a new dynamic into an organisation.

Every day, the SAS Data Warehouse enables our Marketing specialists to augment the quality of their decisions."

# Savacentre



“From the Managing Director down through the organisation we are expecting many levels of user for the system.

It will help us to develop customer loyalty, optimise our product sales and, we hope to increase our market penetration”

# European SAS CRM successes include :



- 3 Suisses, Belgium
- Generale de Banque, Belgium
- Halifax, UK
- Savacentre, UK
- Royal Bank of Scotland, UK
- Reader's Digest, UK
- Telia, Sweden
- C\_link, France
- Postbank, Netherlands
- Neckermann Versandhaus, Germany
- UBS / Swiss Life, Switzerland
- Mediapost, France
- Mondadori, Italy
- ABB & CERA, Belgium
- Deutsche Sparkassenverlag, Germany
- Banca Popolare di Lodi, Italy
- G.B., Belgium
- L.C.M., Belgium
- Fiat, Italy
- Commercial Italia, Italy
- Credit Italiano, Italy
- Good Year, Belgium
- Belgacom, Belgium
- Luftansa, Germany
- Sofinco, France
- Valio, Finland
- KLM, Holland
- CACI, UK
- Colruyt, Belgium
- ...

# US SAS CRM successes include :



- First union
- MNBA
- Williams Sonoma
- Mellon Bank
- First card
- Sara Lee
- US West
- CitiBank
- Revlon
- Federal Express
- Munich Reinsurance Company of Canada
- Calgon
- Philip Morris
- ...

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# Benefits of the SAS solution for CRM



- Decision support integration
- Scalability
- Flexibility
- Distributed processing
- Data integration
- Operational system feedback
- Experience
- Services / implementation

# Success factors for CRM projects



- **Decision support solution**
  - Build the customer information database
  - Enhance customer knowledge
- **Integrated software**
  - Increase communication between departments
  - Increase communication between software
- **Identify the priority**
  - Start focused
  - Rapid return on investment
- **Project team**
  - Business experts
  - IT experts
  - Data miners
  - Architects
- **Company strategic decision**
  - CEO implication
  - increase communication
  - potential re-engineering

# Conclusion



- Managing relationships with customers is a key issue for most business areas
- CRM is a strategic enterprise goal, not an individual initiative
- SAS Institute and its partners are providing solutions to make these customer relationships more effective and profitable
- CRM is an area where close cooperation of the IT and business units is key





**Thank you for  
your attention !**

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## Questions ?

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# Software Solutions for Successful Decision Making

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