

Chapter 6

Relationship marketing using digital platforms

Learning objectives

- Assess the relevance and alternative approaches for using digital platforms for customer relationship management and Marketing Automation
- Evaluate the potential of the digital technology and applying the concept of 'Big Data' to support one-to-one marketing
- Assess how to integrate social and mobile interactions to develop social CRM capabilities.

Questions for marketers

- How can Marketing Automation be used to increase the value of customers through the customer life cycle?
- How do I implement permission marketing with mobile, social and messaging applications?
- How can I apply personalisation and mass customisation cost effectively in my marketing?



Figure 6.1 Zappos core values put the customer at the heart of the business

Source: <http://about.zappos.com/our-unique-culture/zappos-core-values>

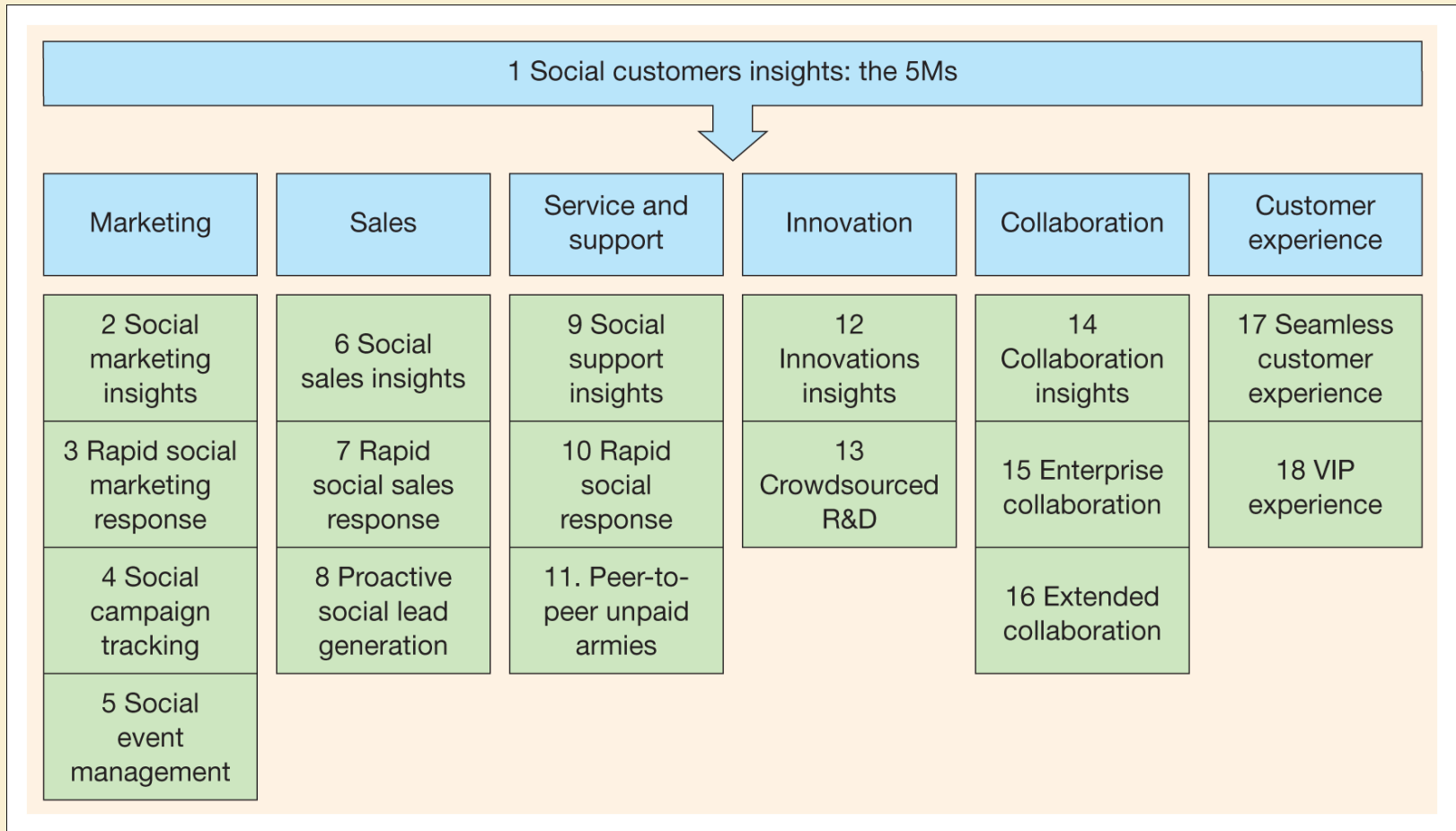


Figure 6.2 The scope of Social CRM across business functions

Source: Altimeter (2010)

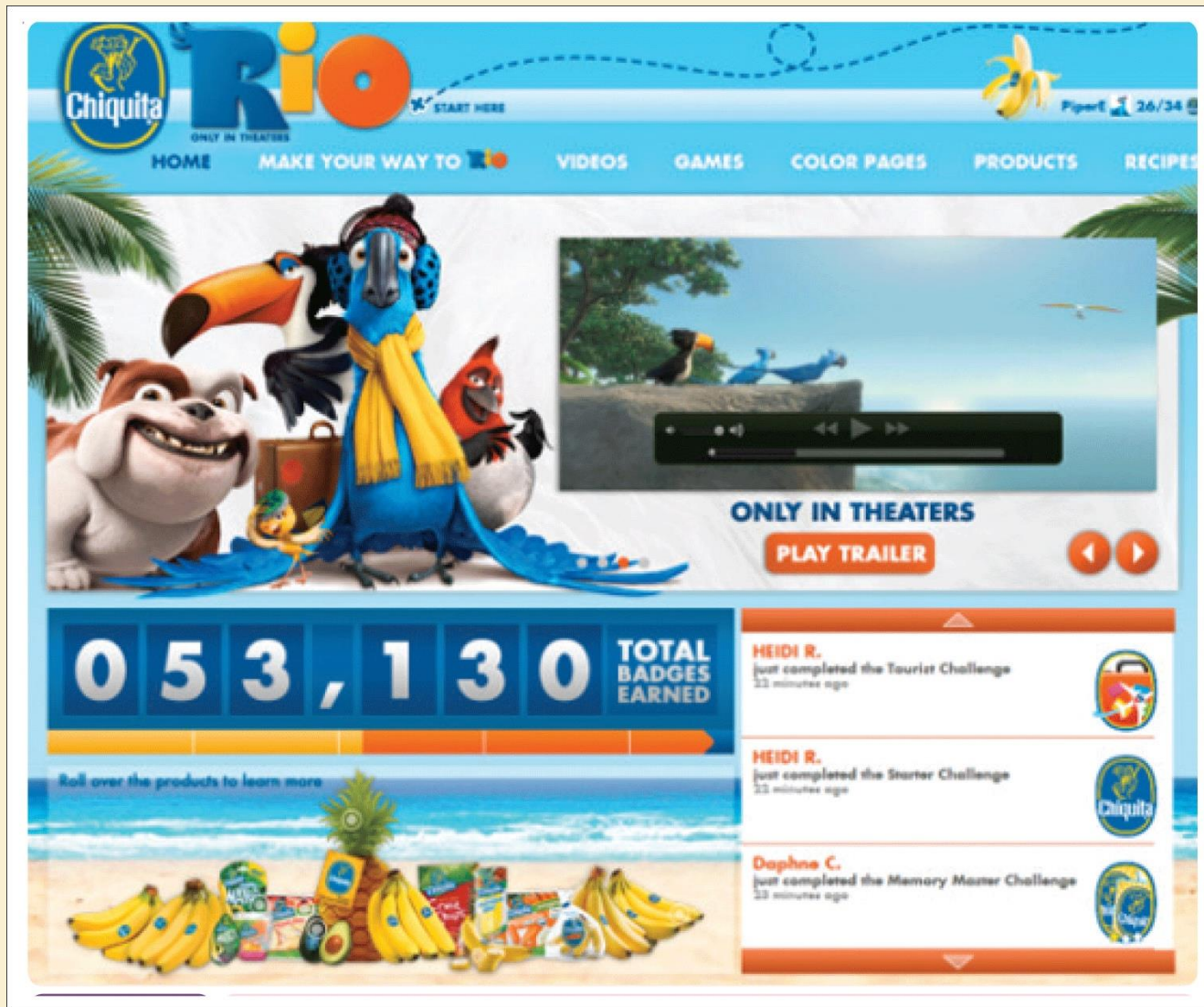


Figure 6.3 Chiquita Rio film campaign applies gamification

Source: www.bunchball.com/chiquita

Differences between relational and transactional marketing

Transactional paradigm	Relational paradigm
Market segment	Individual customer
Transaction duration	Lifetime
Margin	Lifetime value
Market share	Most valued customers and customer share
Mass market broadcast	Dialogue and tailored communications
Passive consumers	Empowered clients

CRM applications

- Sales force automation
- Customer service management
- Managing the sales process
- Campaign management
- Analysis.

CRM data

- Personal and profile data
 - Contact details
 - Preferences
- Transaction data
 - Sales history
- Communications data
 - Campaign history
 - Research/Feedback/Support queries
 - Contact reports (B2B).

E-CRM benefits

- Customer development
- Managing e-mail list quality
- Implementing e-mail marketing
- Data mining
- Personalisation and customisation
- Customer service quality and multi-channel experience.

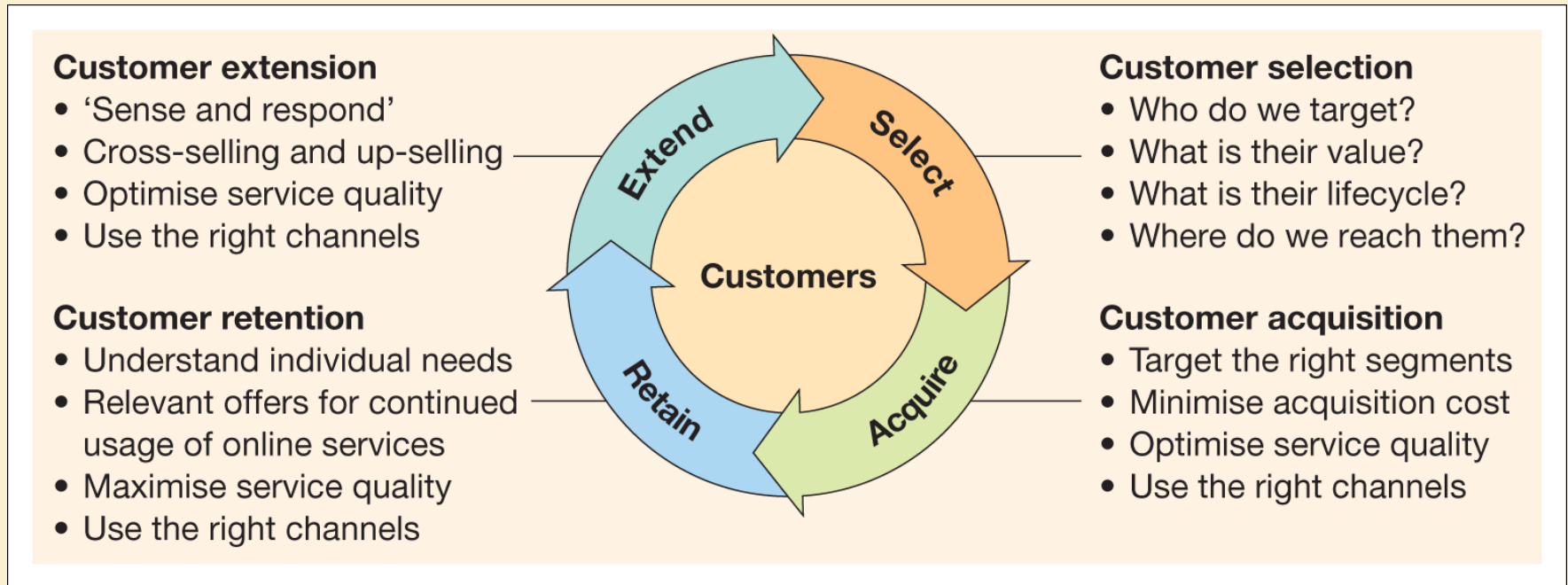


Figure 6.4 The four classic marketing activities of customer relationship management

5Is

- Identification – can the customer be recognised for different channel contacts?
- Individualisation – can communications and products be tailored?
- Interaction – are communications two-way?
- Integration – is there a 360 degree view of the customer?
- Integrity – is the relationship built on trust?

Permission marketing

- Key concepts
 - Not interruption marketing
 - Not SPAM
 - Requires opt-in (online to e-mail)
 - Opt-out
 - Learning about the customer
 - Initial and continued relationship is based on incentives.

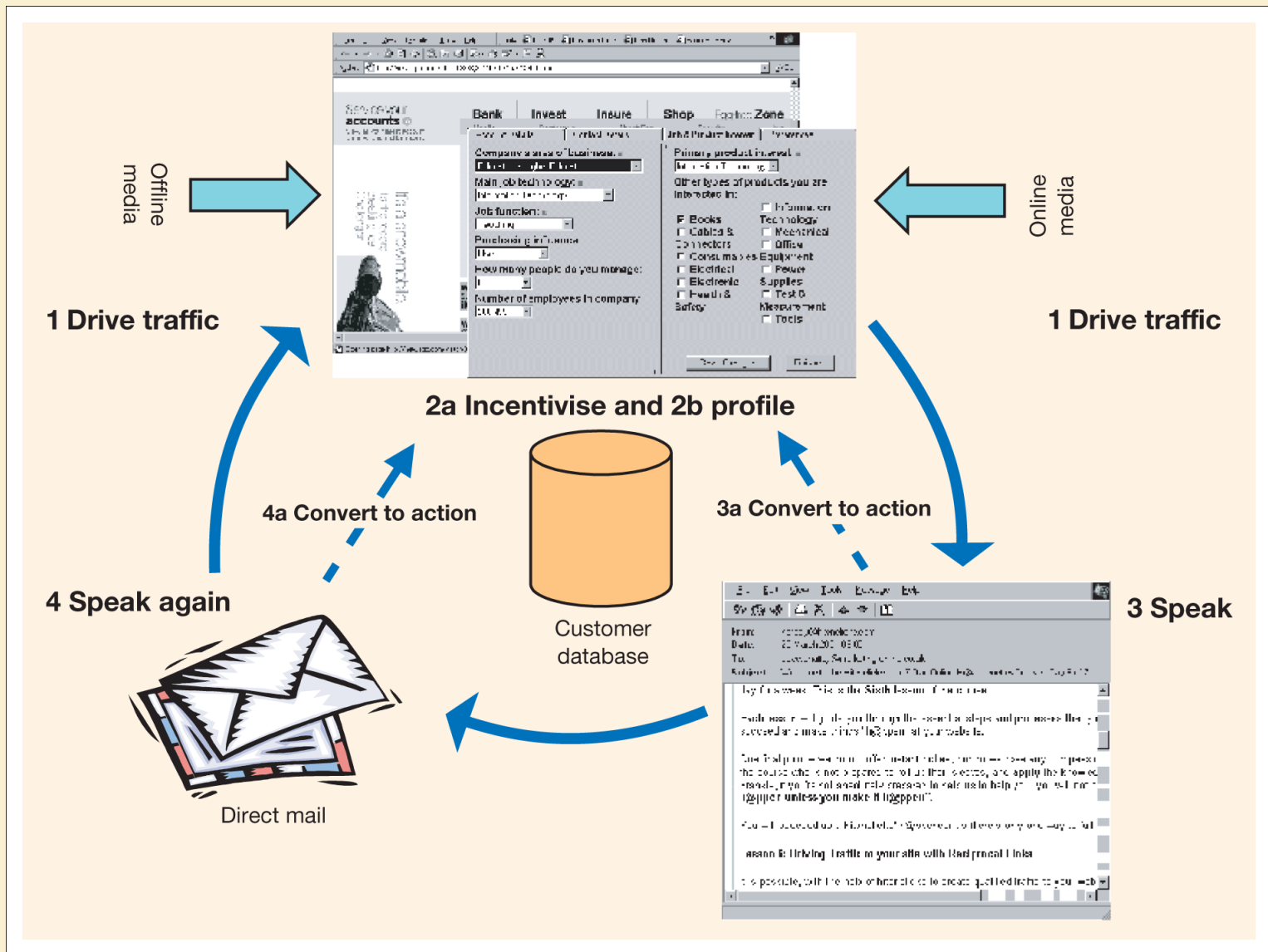


Figure 6.5 A summary of an effective process of permission-based online relationship building

Online touch points	<ul style="list-style-type: none"> • Online incentive such as prize-draw (B2C) or white paper download (B2B) • Viral marketing • E-newsletter opt-in on site • Registration to view content or submit content to a community forum • Renting list, co-branded e-mail or advertising in third-party e-newsletter to encourage opt-in • Co-registration with third party sites 	<ul style="list-style-type: none"> • Capture e-mail when customer first registers or purchases online • E-newsletter and other methods given on left
	<ul style="list-style-type: none"> • Direct mail offer perhaps driving visitors to web • Trade shows or conference • Paper response to traditional direct mail communication • Phone response to direct mail or ad 	<ul style="list-style-type: none"> • Paper order form, customer registration/product warranty form • Sales reps – face-to-face • Contact centre – by phone • Point of sale for retailers
New customers		Existing customers

Figure 6.7 Matrix of customer touch points for collecting and updating customer email contact and other profile information

The screenshot displays the Facebook interface for the Princess Cruises page. The top navigation bar includes the Facebook logo, a search bar, and links for Home, Profile, Find friends, and Account. The page header shows 'Princess Cruises' with a 'Like' button and tabs for Wall, Info, Contest, Photos, Princess Blog, and Bridge Cams. The main content area features a large blue banner for 'The Travel Bucket List Contest' with the text 'Enter to win a Princess Cruises dream vacation.' and a list of destinations: Alaska, Asia, Holy Land, South America, Australia & New Zealand, Europe, Panama Canal, and Tahiti. The banner also includes the Princess Cruises logo and the tagline 'escape completely'. On the left side, there is a sidebar with the contest details, including the location (Santa Clarita, CA), the founding year (1965), and a welcome message. At the bottom of the sidebar, it states '146,961 people like this'. On the right side, there is a section for 'Facebook Pages' with a description of how Facebook Pages help users discover new artists, businesses, and brands, and a link to 'More adverts'.

facebook 1 Search Home Profile Find friends Account

Princess Cruises Like

Wall Info Contest Photos Princess Blog Bridge Cams >>

The Travel Bucket List Contest

Someone's dream will come true. It could be yours.

Enter now. Click the Contest tab

Like "Like" us to find out more

The Travel Bucket List Contest

Enter to win a Princess Cruises dream vacation.

Alaska Asia Holy Land
South America Australia & New Zealand
Europe Panama Canal Tahiti

PRINCESS CRUISES
escape completely

Information

Location:
Santa Clarita, CA

Founded:
1965

About:
Welcome to the official Facebook fan page for Princess Cruises!

146,961 people like this

Create an advert

Facebook Pages

Facebook Pages help you discover new artists, businesses and brands, as well as connect with those you already love.

More adverts

Figure 6.8 Princess Cruises campaign Facebook Page

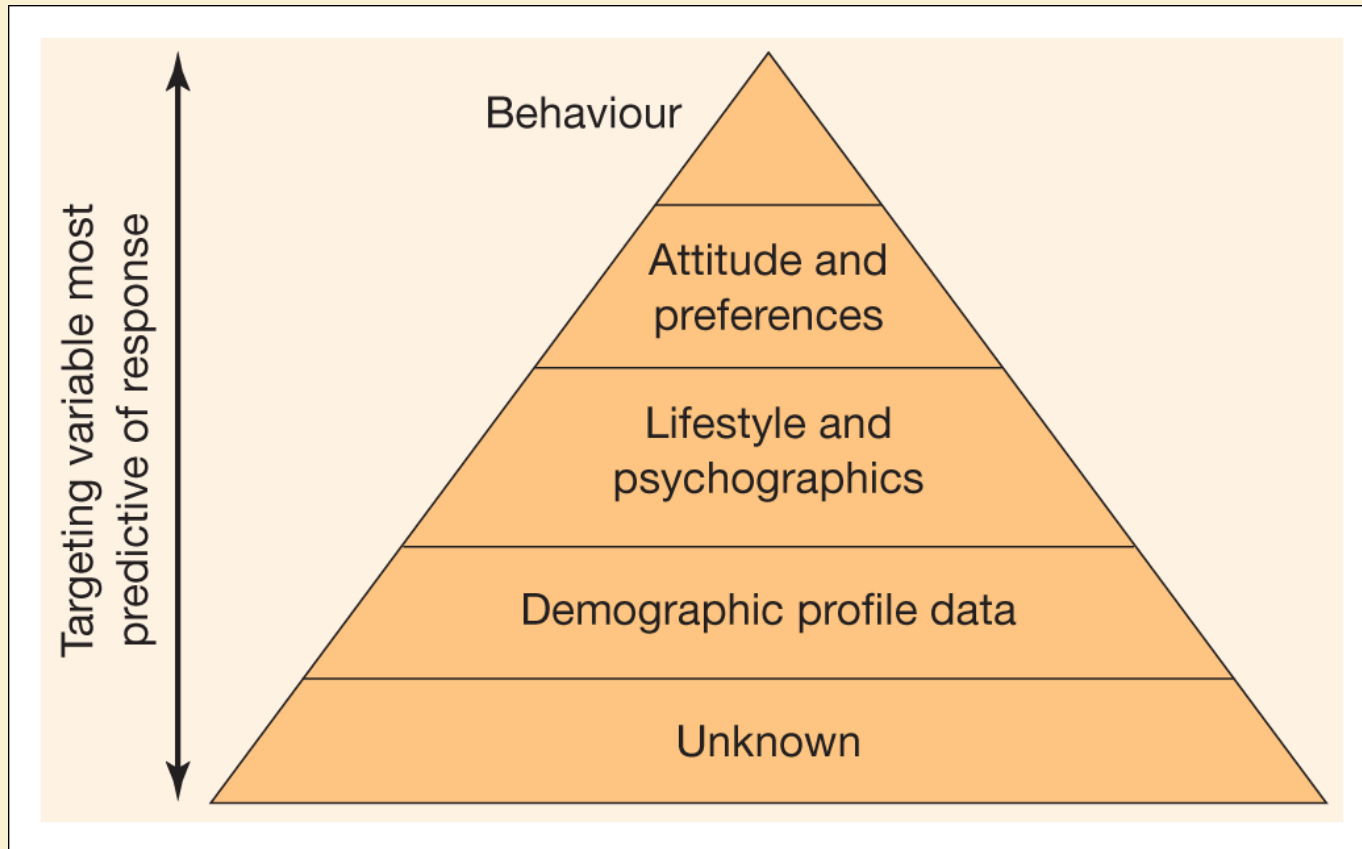


Figure 6.9 The extent to which different types of segmentation variables tend to be predictive of response

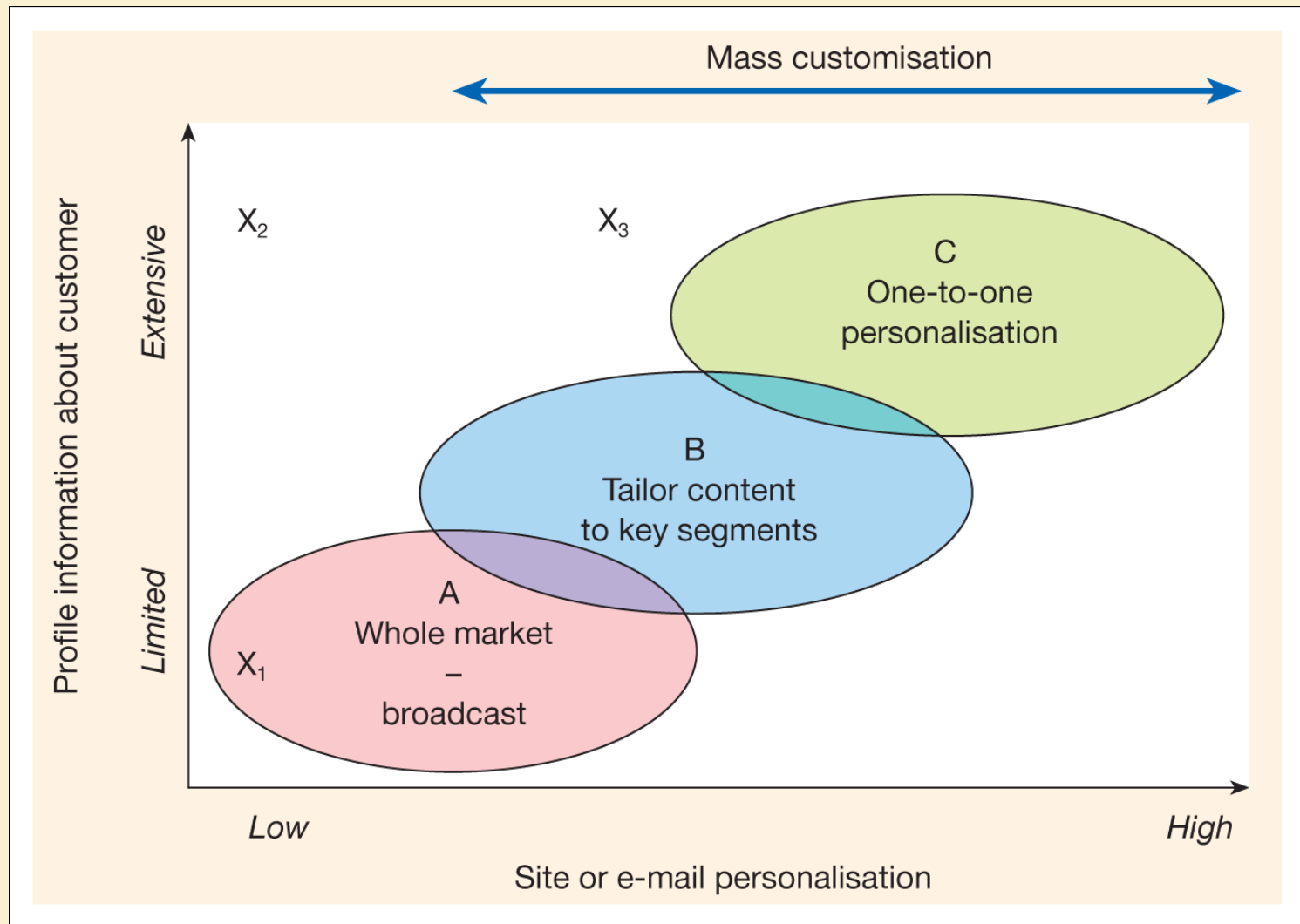


Figure 6.10 Options for mass customisation and personalisation using the Internet

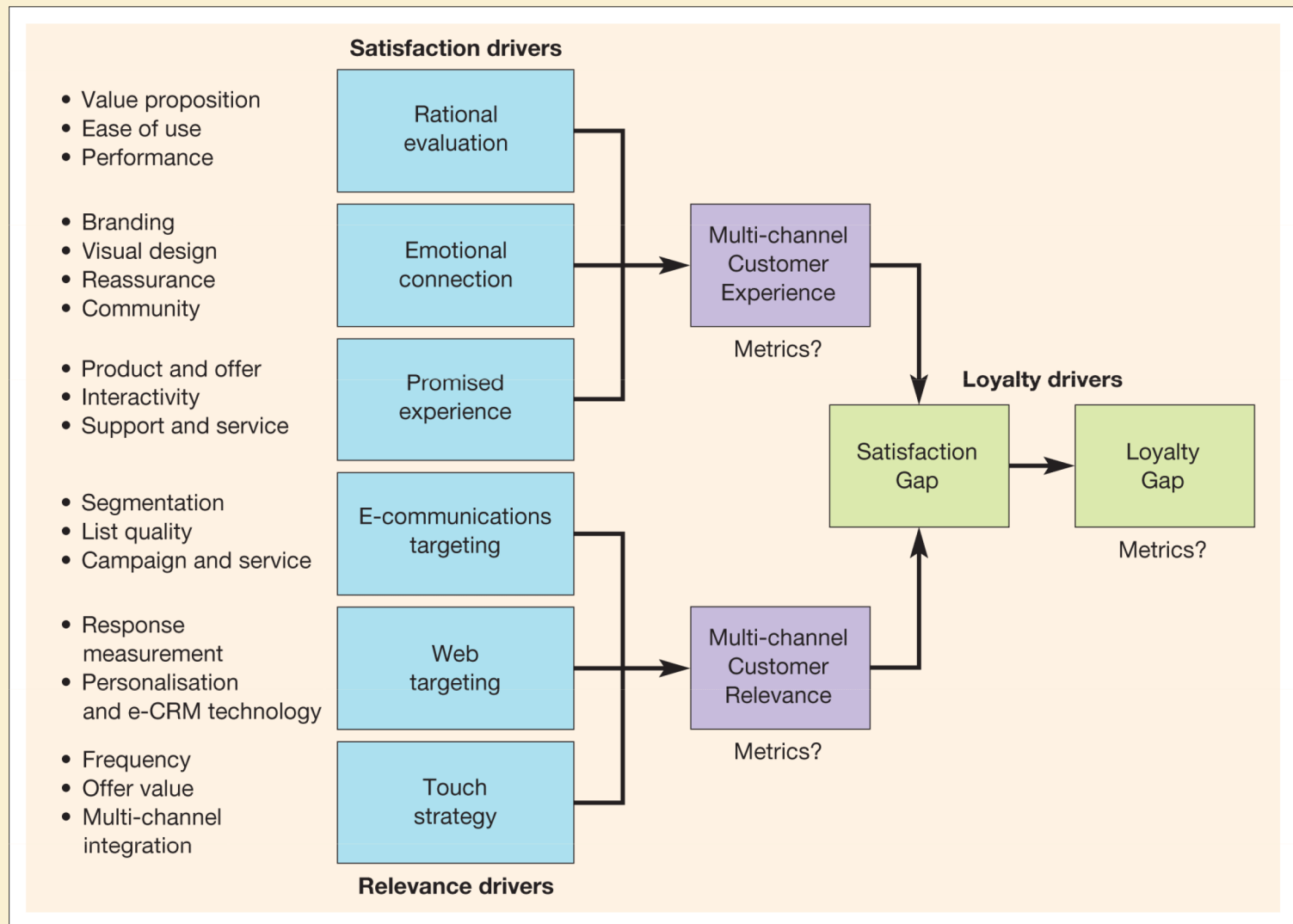


Figure 6.11 Factors affecting customer satisfaction and loyalty

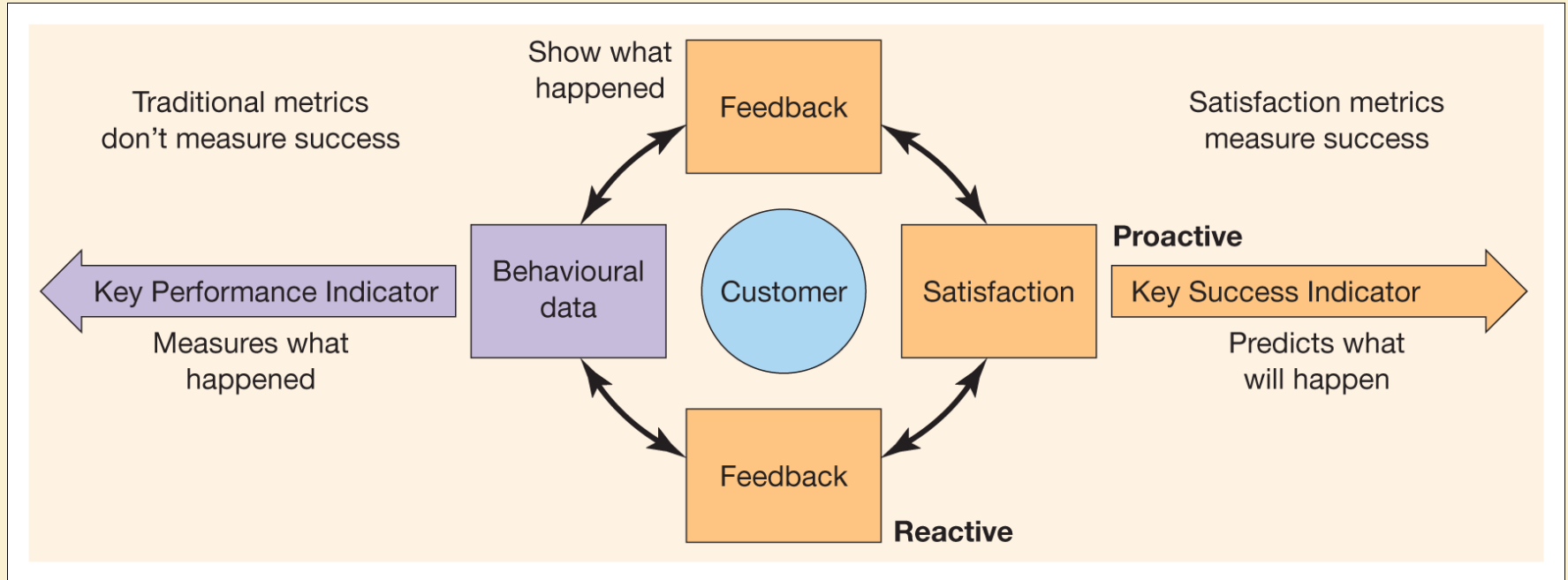


Figure 6.12 Alternative methods for reviewing customer feedback

Source: Foresee Results (2011), Annual Ebusiness Report, published 19 July 2011, edited by Larry Freed.

Feefo - Independent User Feedback on 'Charles Tyrwhitt' - Windows Internet Explorer

http://www.feefo.com/feefo/viewvendor.jsp?logon=www.ctshirts.co.uk

File Edit View Favorites Tools Help

Feefo - Independent User F...

Page Tools

feefo Independent User Feedback

All Feefo feedback is gathered anonymously from genuine customers. [Read more](#) about how our ratings system works.

Feedback has been gathered on behalf of Charles Tyrwhitt by Feefo [Click here to return to their site](#)

What you thought of... All > Choose another

The rating shows just the feedback scores in the category or product area selected.

CHARLES TYRWHITT
JERMYN STREET LONDON

Feedback for this supplier has been compiled from **23516** User Responses

Charles Tyrwhitt

Categories: Clothes - Men's Feefo member since 18/02/2007 [back to Charles Tyrwhitt](#)

Our aim is to surprise, delight and excite you, our customer. If we can fulfil this aim then we will succeed and I hope that you will find our site makes shopping for shirts a more exciting experience.

Service 98%

Show Ratings For: Past Week

excellent 422 read all
 good 94 read all
 poor 7 read all
 bad 1 read all
[view all ratings](#)

Comments Sort By [Date] [Product] [Score] << Page 1 Of 53 >>

Date	Product	Score	Customer Comment	Supplier Response
20-Mar-2008 01:22 PM	Justin Lilac Prince of Wales Poplin Check Shirt Customer also bought: ... Dalton Red & Blue Tattersall Check Shirt China Blue Poplin Shirt	Service + +	Great quality shirts	No Comment
20-Mar-2008 01:14 PM	Coffee Chunky Button Neck Knit Customer also bought: ... Berry & Duckegg Check Oxford Button-down Shirt Navy Five Pocket Trousers	Service + +	Service was excellent. Two of the products not for me but fine otherwise. Would use CT again.	No Comment
20-Mar-2008 01:09 PM	Nick Sky Prince of Wales Heritage Classic Shirt Customer also bought: ... Pink Poplin Shirt Samuel White Herringbone Classic Shirt etc.	Service +	Having been a loyal customer of CT for several years now I would have said they are the best value for money quality clothing retailer on-line. However, that view changed significantly recently when I realised they have stopped providing return postage paid for goods that don't fit. That changed the... Read More	No Comment

Internet 100%

Figure 6.13 Independent feedback for Charles Tyrwhitt (www.ctshirts.co.uk), a shirts retailer

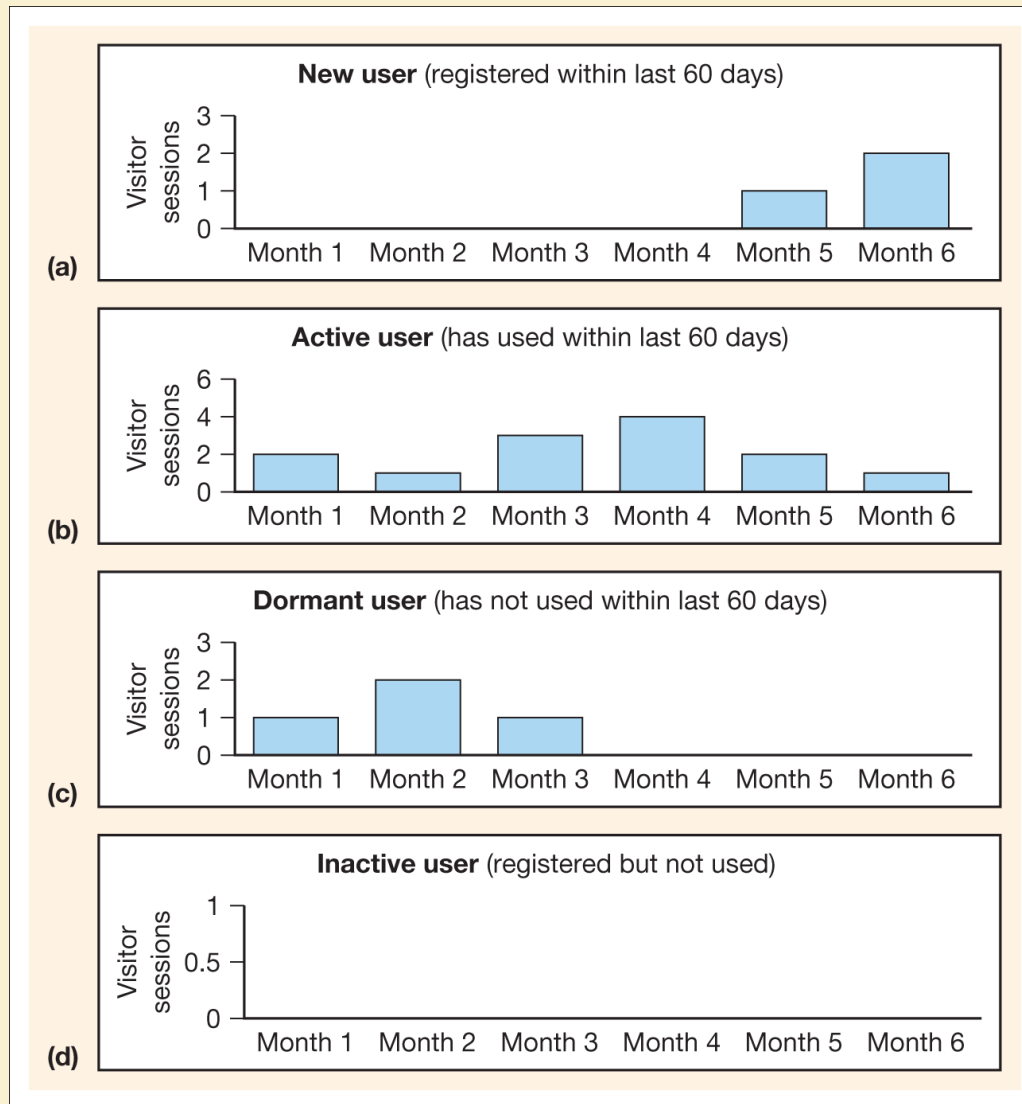


Figure 6.14 Activity segmentation of a site requiring registration

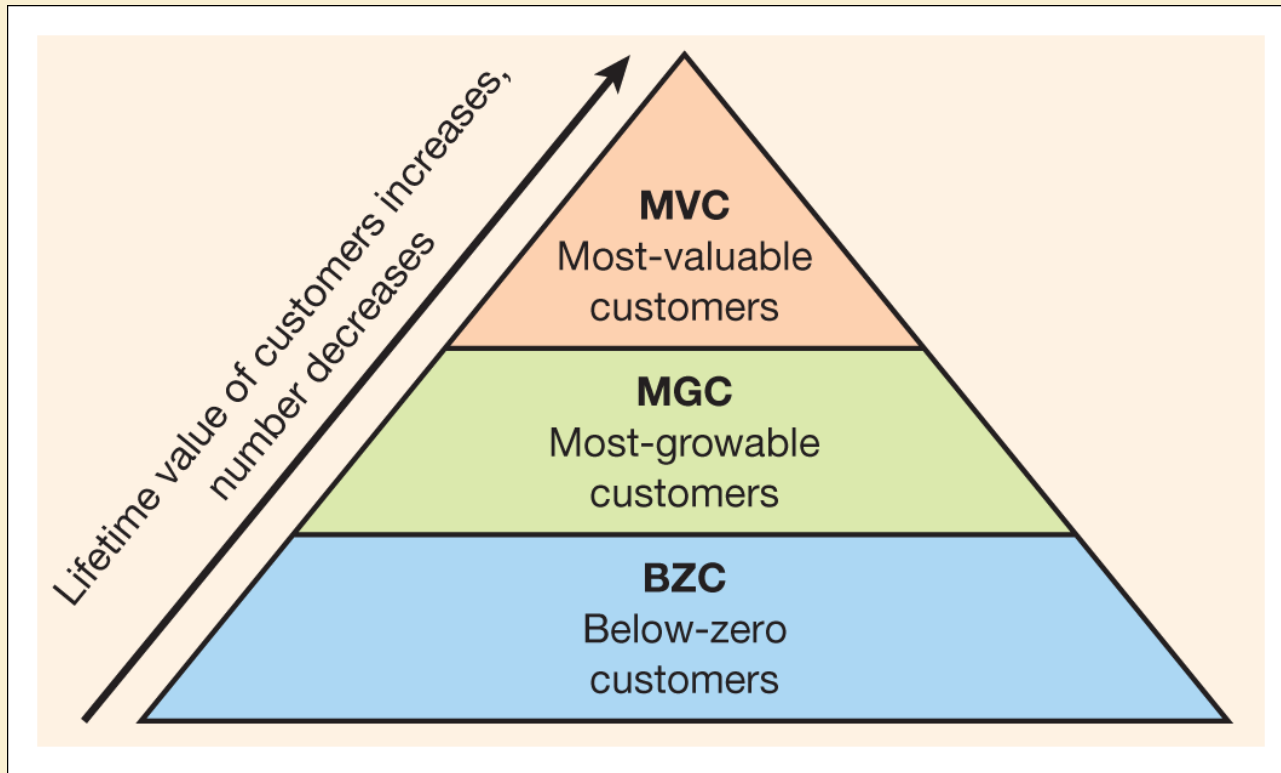


Figure 6.15 Categorising customers according to value

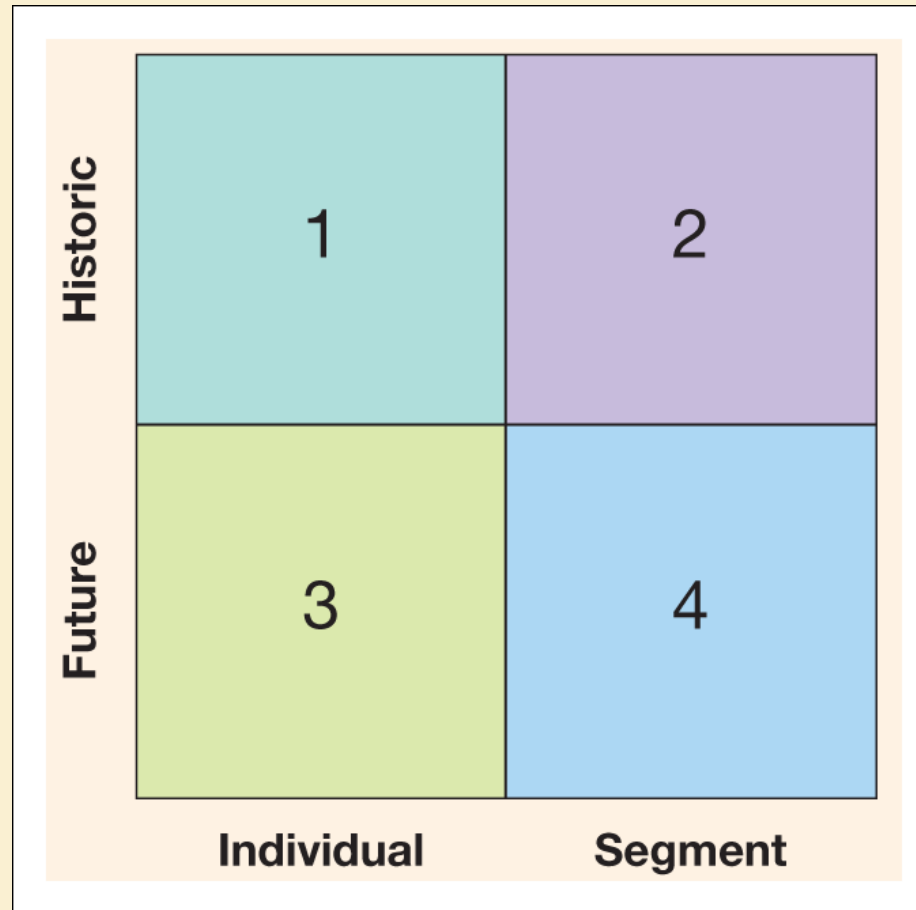


Figure 6.16 Different representations of lifetime value calculation

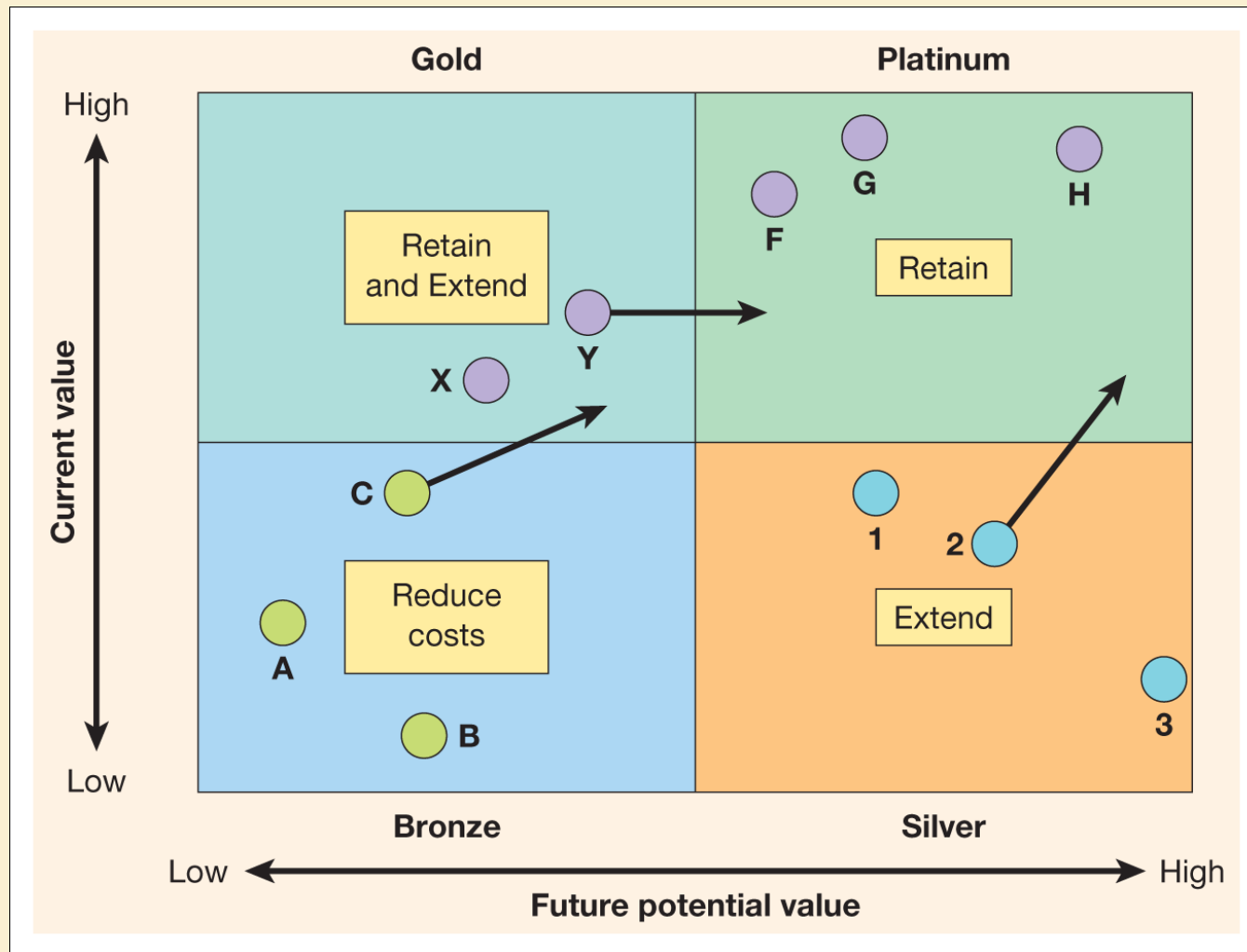


Figure 6.17 An example of an LTV-based segmentation plan

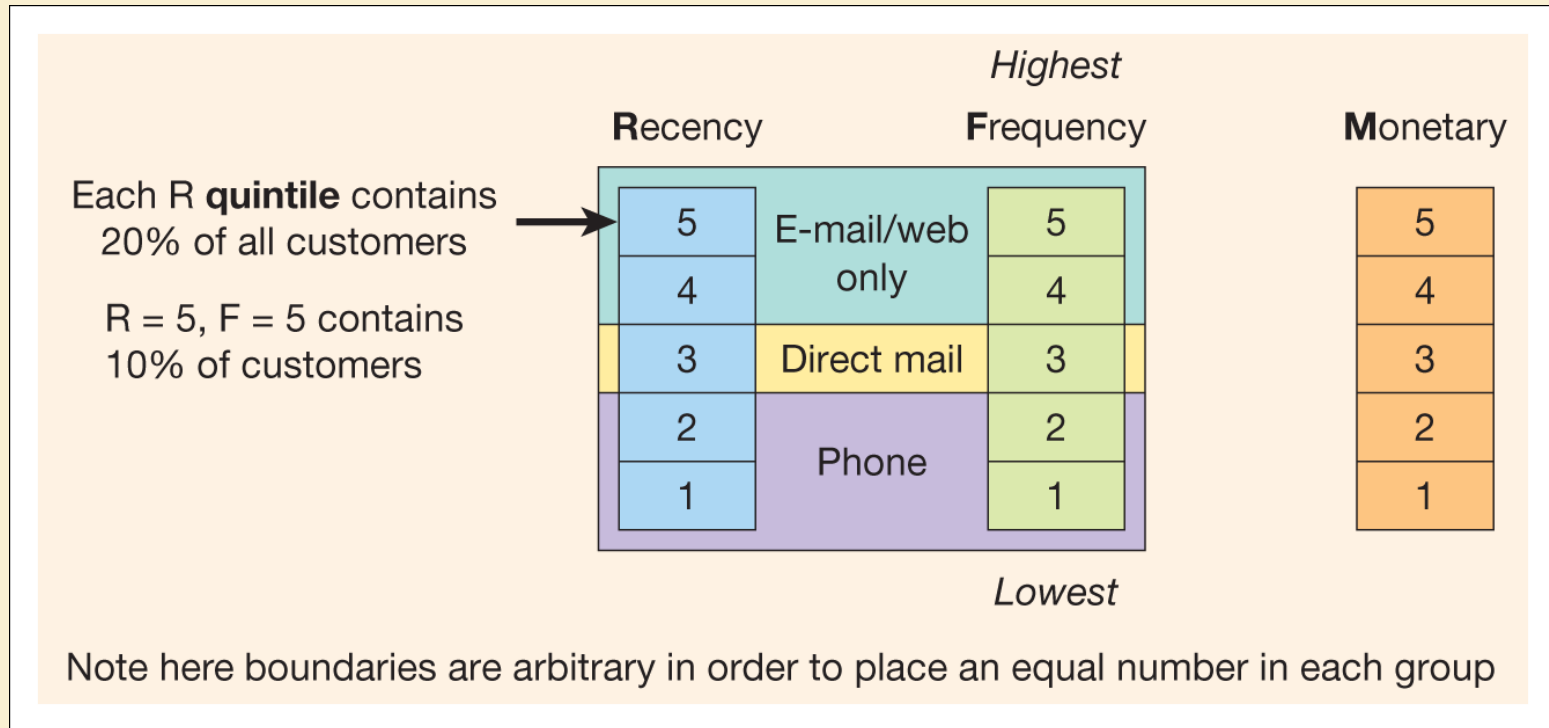


Figure 6.18 RFM analysis

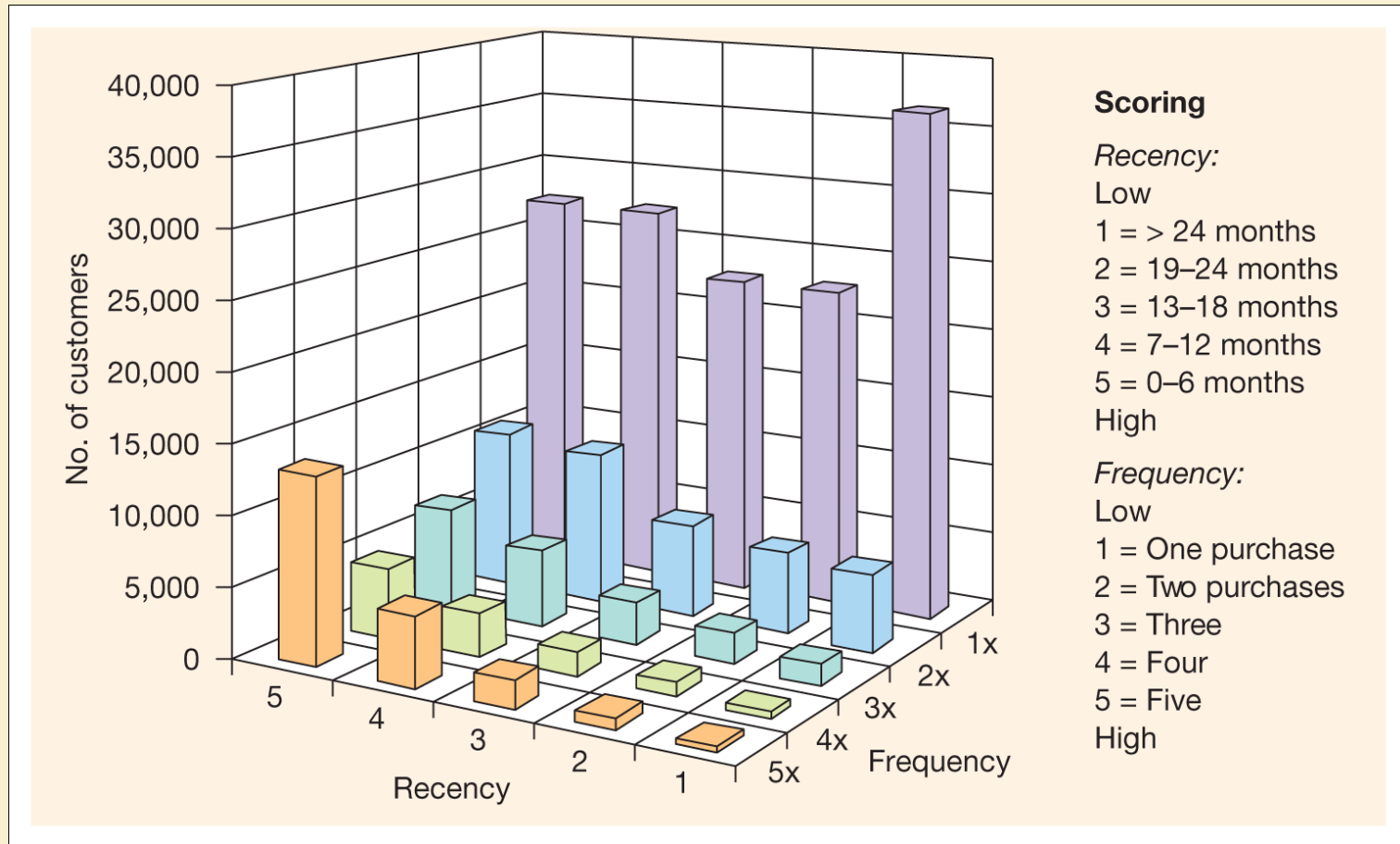


Figure 6.19 Example of RF analysis

Source: Patron (2004). Reprinted permission of Macmillan Publishers Ltd: *Interactive Marketing*, Mark Patron, Case Study: Applying RFM Segmentation to the SilverMinds Catalogue, vol. 5, issue 3, 9 January, © 2004, published by Palgrave Macmillan. (The new name of this journal is *Journal of Direct Data and Digital Marketing Practice*.)

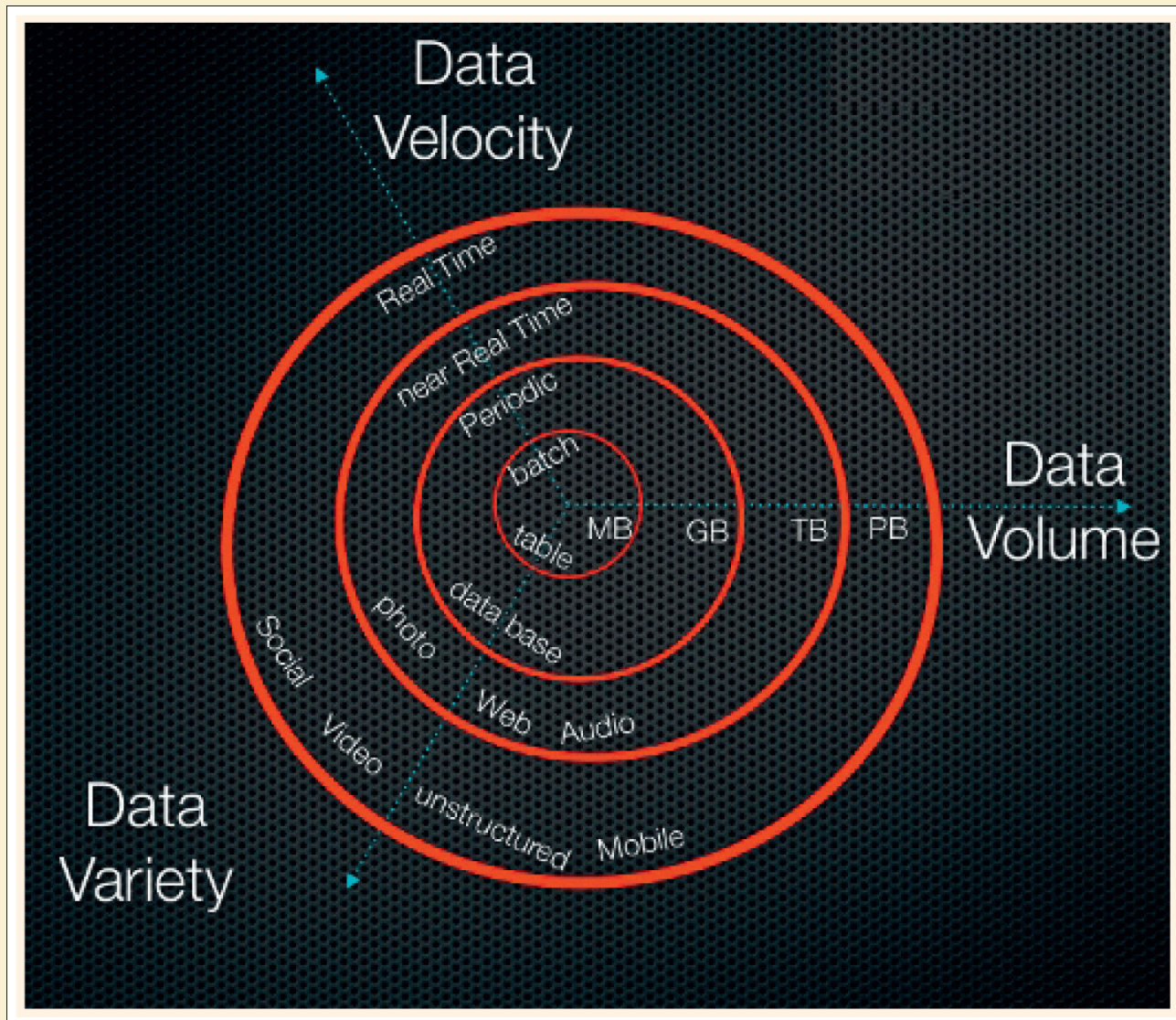


Figure 6.20 A summary of the three main dimensions of Big Data

Source: Soubra (2012)