

# The Marketing Practice

## Training ● Consultancy

# Successful Customer Relationship Management (CRM)

Sue Ball

The Marketing Practice  
Training • Consultancy

# What is CRM?

- Clever Repackaging Mechanism
- Cost Reduction Mechanism
- Client Rip-off Menu
- Cause Related Marketing
- Customer Relationship Management

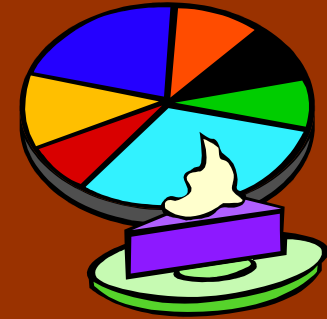


# The business challenge

- *Getting* the right customers
- *Keeping* the right customers
- *Growing* the profitability of customers

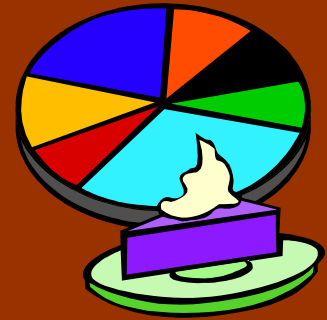


# Back to basics



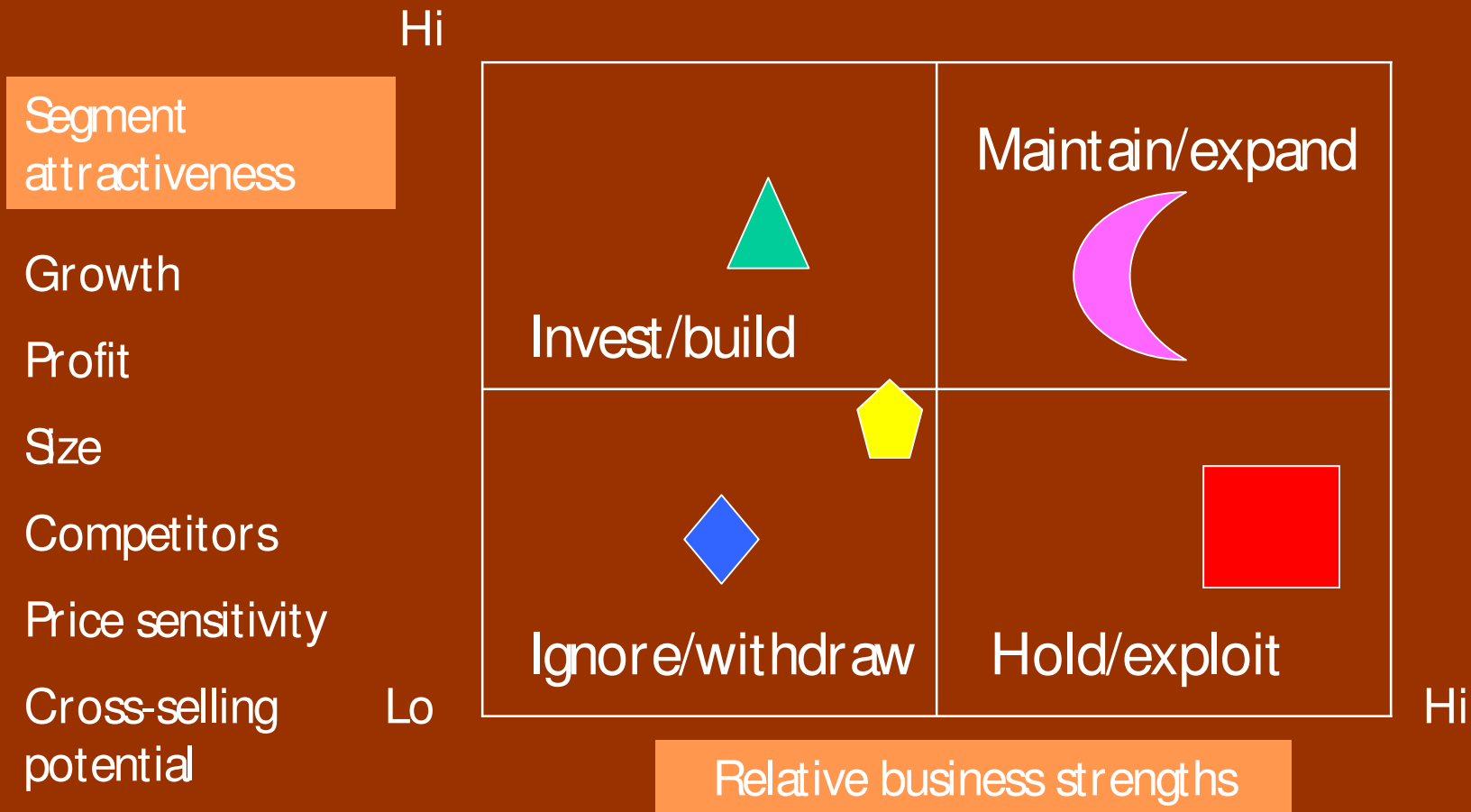
- A market is made up of many different customers...
- Some of whom have different needs, desires and preferences
- The challenge is to break the market down into different groups of customers (segments)...
- Who respond in a similar way to the same proposition

# Back to basics



- Segmentation will typically result in more segments than you can deal with, so you will need to make some choices
- You do this by reviewing your company's assets, capabilities and relationships...
- Against the relative attractiveness of each segment
- To decide which segments to focus on

# Analysing segments



Product, price, service, reputation, track record, customer base etc

# Analysing customers...

- The same principles can be applied to assessing customer attractiveness...

# Analysing customers

Customer attractiveness

Spend

Size

Profit potential

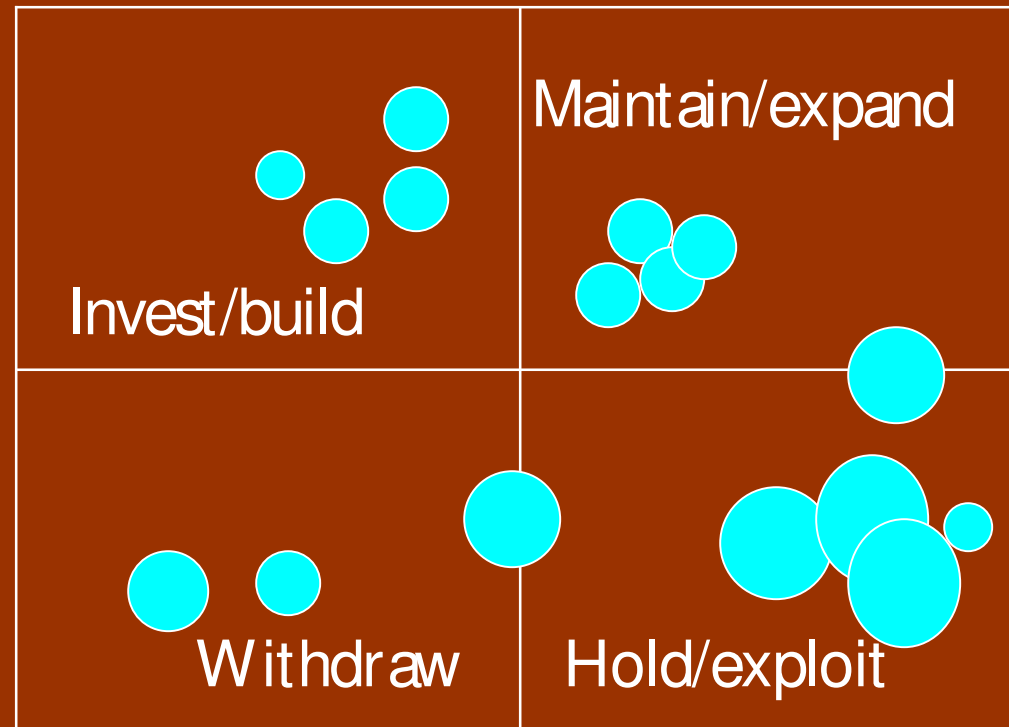
Loyalty

Range of services

T&C

Hi

Lo



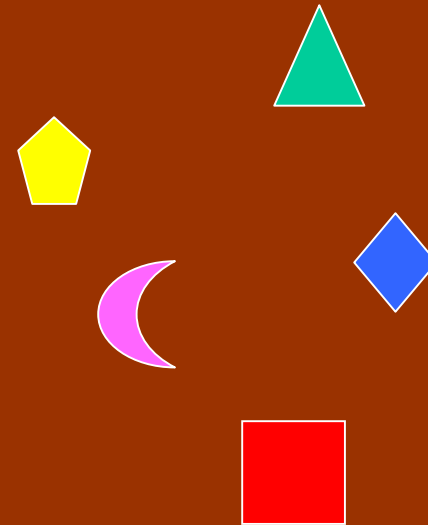
Relative business strengths

Hi

Product, price, service, reputation, track record, customer base etc

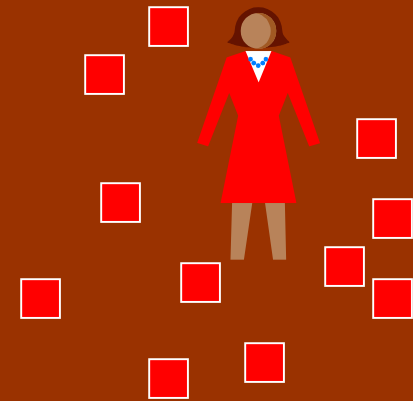
# Traditional marketing

- Standardised approach
  - products/services
  - pricing
  - distribution
  - communication
  - service
- Short-term, anonymous transactions



# The future of marketing

- Customized approach
  - products/services
  - pricing
  - distribution
  - communication
  - service
- Long-term, individual relationships



# Customer relationship management (CRM)

“The art of creating, developing and enhancing individual relationships with carefully targeted customers and customer groups in order to maximise customer lifetime value (LTV)”

*Adrian Payne, Cranfield School of Management*



# CRM means

- Understanding which customers to manage
- Planning how to get and keep them (including how much to spend)
- Developing those with greatest potential
- Deciding what to do with lower value ones
- Customizing your offering and approach accordingly (Amazon, Viking...)



# Example: Hyundai Car UK

- Two-thirds of customers leaving in 1990s for “no special reason”
- Major Retention Programme to generate data
  - After Sales Questionnaire
  - Design Track
  - Customer Magazine

# Example: Hyundai Car UK

- Magazine generated 37,000 customer contacts in first year
- 47-66% of customers responded to Design Track
- Retention rose from 38% in 1999 to 56% in 2000

# Why adopt CRM?

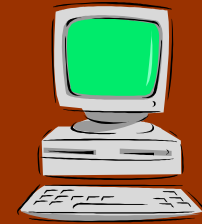
- Profitability
- Customer power
- Channels more complex
- Products more commoditized
- “Permission-based” data



# What does CRM involve?

- Data
- People
- Processes
- Systems

# CRM: Data



- Customer information collected at all channels (touchpoints)
- All information deposited in one central CRM database
- CRM database made available to all customer-facing departments/staff in real time

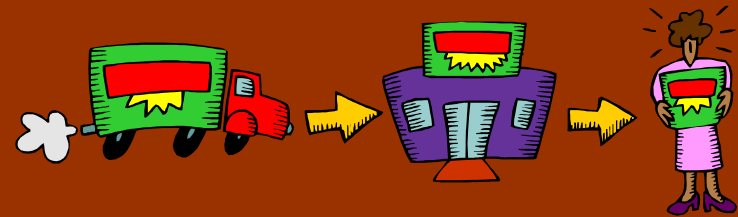
# CRM: People



- Communicating the CRM strategy throughout the organisation
- Recruiting and developing people with a passion for customers
- Incentivizing and rewarding them to behave appropriately
- Managing partners and suppliers well

# CRM: Processes

- Identifying and integrating all process affecting management of customers
  - NPD
  - Segmentation
  - Contact planning
  - Order processing
  - Deliveries
  - Returns, credits, payments
  - Complaints



# CRM: Systems

- Managing customer activity
  - Targeting, enquiries, welcoming, getting to know, developing, problem solving, win-back
- Measuring the impact of CRM
- Understanding the Customer's Journey/  
Experience

