

Customer Relationship Management

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Ms in Marketing & digital communication

INFORMATION

TEXTBOOK:

- F. Buttle, *Customer Relationship Management*, 2 or 3° edition
- White Paper (download from website)

Class Hour

Monday 9.00-11 (Room “Tincani”, II floor, Traspontina building)

Tuesday 12-14 pm (Room “Cardinali”, III floor, Traspontina building)

Office hour: please check on website, iasevoli personal page)

Email

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Exam

Written (open and closed questions) + oral (mandatory)

SYLLABUS

- ❖ Introduction to CRM
- ❖ Advantages and disadvantages of customer relationship
- ❖ Implementing CRM
- ❖ Develop and maintain databases
- ❖ The management of the customer portfolio
- ❖ Manage the customer lifecycle: acquisition, development and retention
- ❖ CRM and customer experience
- ❖ How to create value for the customer
- ❖ IT for CRM
- ❖ Exercises and case studies

Part I: Understanding customer relationships

Part I consists of some chapters focused on the following (depends on edition of book):

Chapter 1 Introduction to CRM

Chapter 2: Understanding relationships

Chapter 3: Managing the customer lifecycle – customer acquisition

Chapter 4: Managing the customer lifecycle – customer retention and development

Textbook editions: similar concepts in different sequence

SECOND EDITION

CHAPTER 1

CHAPTER 2

CHAPTER 5

CHAPTER 4+WHITE PAPER

CHAPTER 7

CHAPTER 9

THIRD EDITION

CHAPTER 1

CHAPTER 2

CHAPTER 11

CHAPTER 5+WHITE PAPER

CHAPTER 7

CHAPTER 4

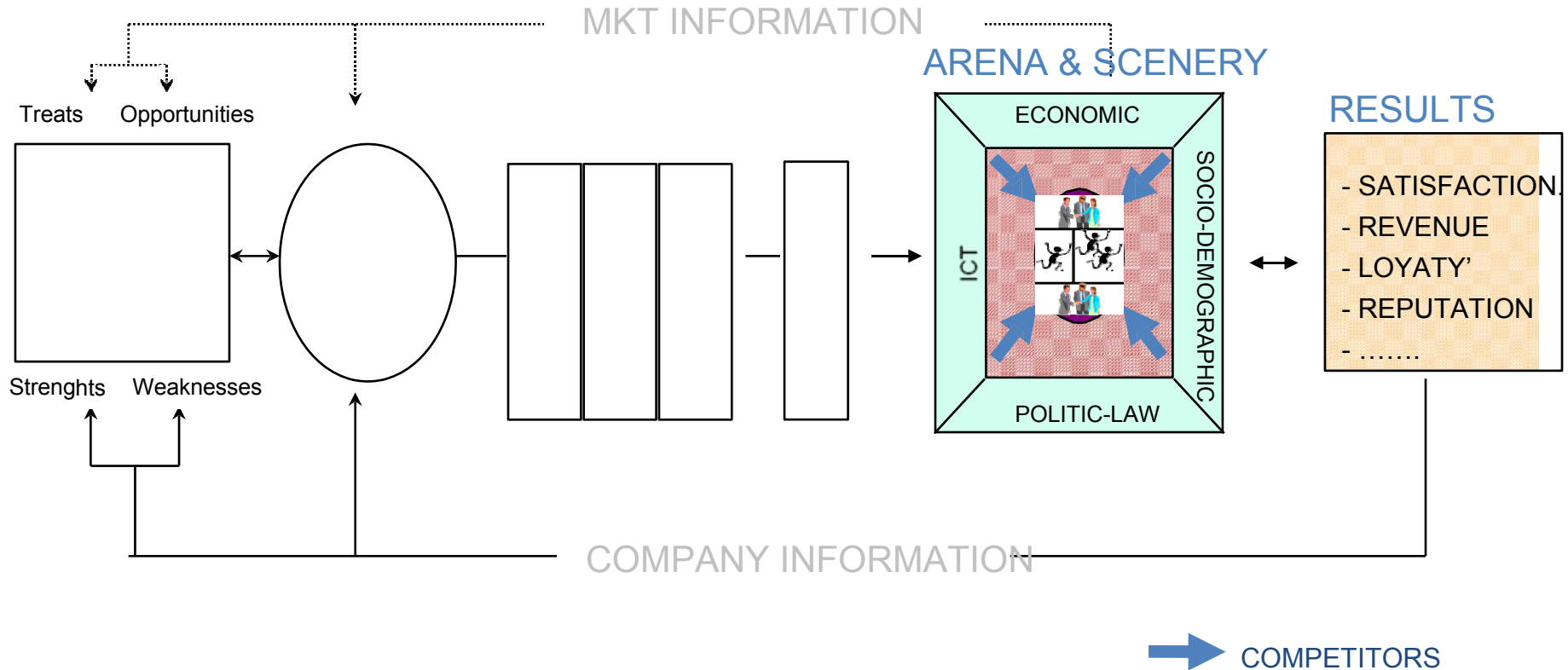


CUSTOMER RELATIONSHIP MANAGEMENT

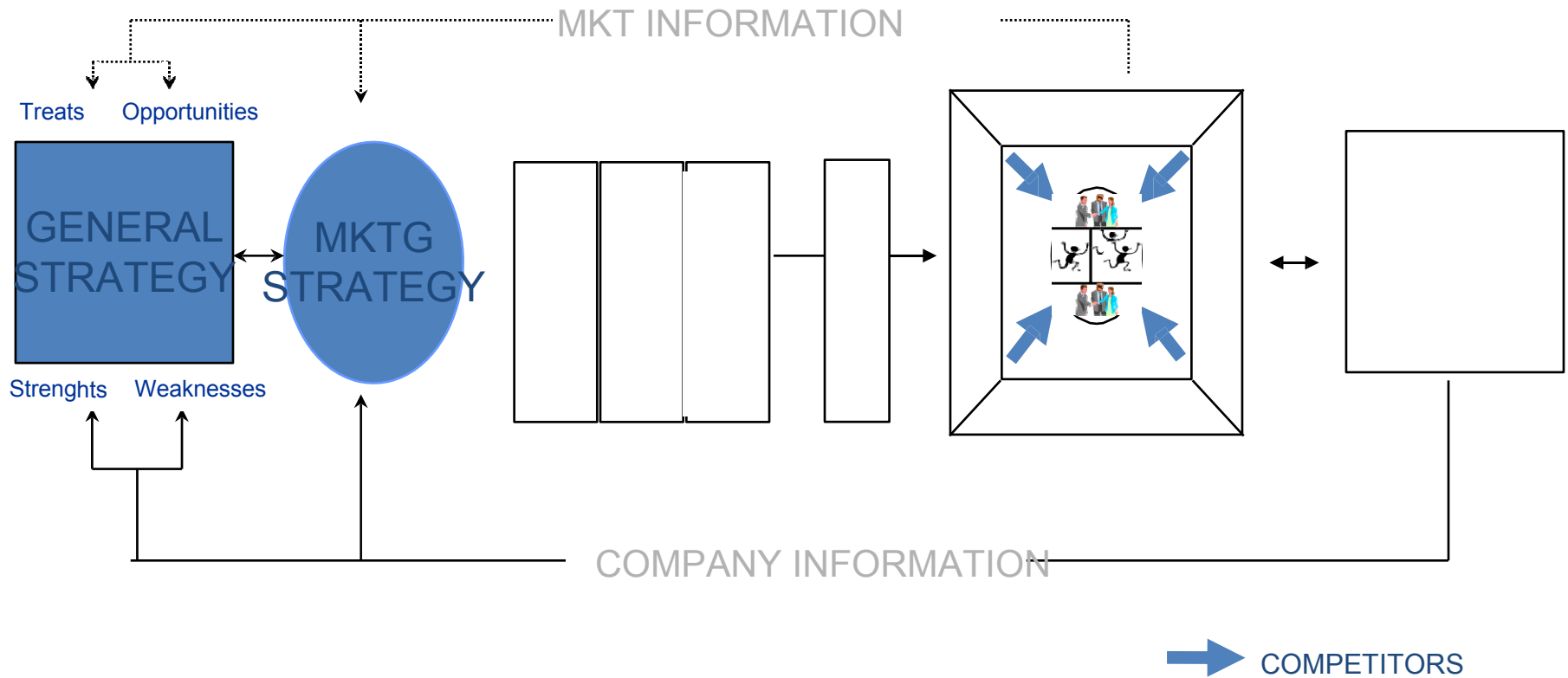
CONCEPTS AND TECHNOLOGIES

Chapter 1 Introduction to CRM

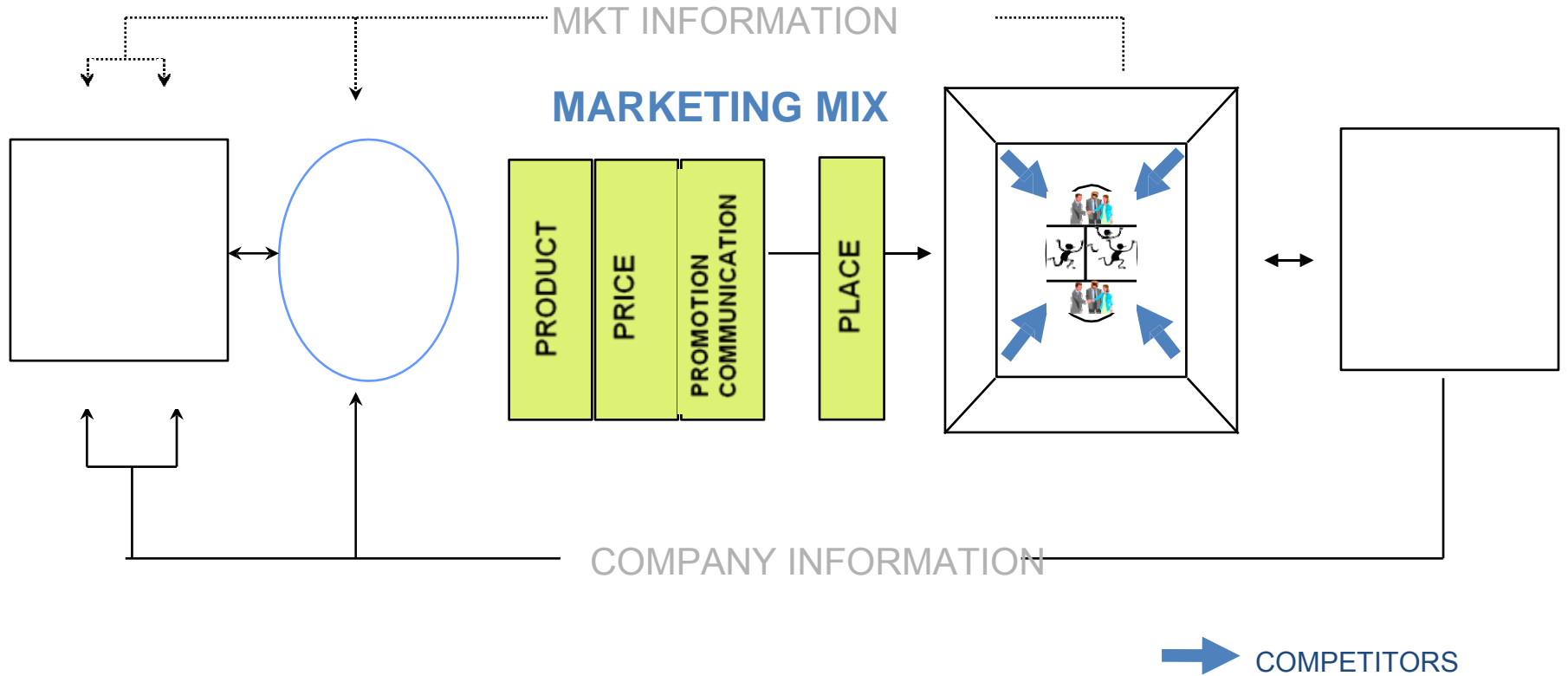
MARKETING ANALYTIC



MARKETING STRATEGIC

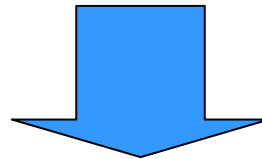


MARKETING OPERATIVE



BACKGROUND

- Growth of the power of customer information and the ability to affect corporate reputation
- Development of integrated or bundle offerings
- Diffusion of ICT
- Capability to manage customer needs speedily and in many different channel (omnichannel approach)



the customer is a scarce resource

CUSTOMERS

Prospect

Current

Ex

ANALYSIS AND TARGETING

To get customers

To increase loyalty

To get customer back

AIMS

Selected definitions of CRM 1

- ❖ CRM is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way.
- ❖ CRM is the process of managing all aspects of interaction a company has with its customers, including prospecting, sales, and service. CRM applications attempt to provide insight into and improve the company/customer relationship by combining all these views of customer interaction into one picture.

Selected definitions of CRM 2

- ❖ CRM is an integrated approach to identifying, acquiring and retaining customers. By enabling organizations to manage and coordinate customer interactions across multiple channels, departments, lines of business, and geographies, CRM helps organizations maximize the value of every customer interaction and drive superior corporate performance.

Selected definitions of CRM 3

- ❖ CRM is an integrated information system that is used to plan, schedule and control the pre-sales and post-sales activities in an organization. CRM embraces all aspects of dealing with prospects and customers, including the call centre, sales force, marketing, technical support and field service. The primary goal of CRM is to improve long-term growth and profitability through a better understanding of customer behaviour. CRM aims to provide more effective feedback and improved integration to better gauge the return on investment (ROI) in these areas.

Selected definitions of CRM 4

- ❖ CRM is a business strategy that maximizes profitability, revenue and customer satisfaction by organizing around customer segments, fostering behaviour that satisfies customers, and implementing customer-centric processes.

Three types of CRM

Type of CRM	Dominant characteristic
Strategic	Strategic CRM is a core customer-centric business strategy that aims at winning and keeping profitable customers.
Operational	Operational CRM focuses on the automation of customer-facing processes such as selling, marketing and customer service.
Analytical	Analytical CRM is the process through which organizations transform customer-related data into actionable insight for either strategic or tactical purposes.

Strategic CRM

Customer-centricity and other business logics (1)

1. **Product-oriented** businesses believe that customers choose products with the best quality, performance, design or features.
2. **Production-oriented** businesses believe that customers choose low-price products.
3. **Sales-oriented** businesses make the assumption that if they invest enough in advertising, selling, public relations (PR) and sales promotion, customers will be persuaded to buy.

Customer-centricity and other business logics 2

4. A **customer or market-oriented** company shares a set of beliefs about putting the customer first. It collects, disseminates and uses customer and competitive information to develop better value propositions for customers. A customer-centric firm is a learning firm that constantly adapts to customer requirements and competitive conditions.

Operational CRM: some applications

Marketing automation
Campaign management
Event-based (trigger) marketing
Marketing optimization
Sales force automation
Account management
Lead management
Opportunity management
Pipeline management
Contact management
Quotation and proposal generation
Product configuration
Service automation
Case (incident or issue) management
Customer communications management
Queuing and routing
Service level management

Sources of customer-related data for analytical CRM

Analytical CRM is concerned with capturing, storing, extracting, integrating, processing, interpreting, distributing, using and reporting customer-related data to enhance both customer and company value.

❖ Internal sources

- Sales data (purchase history), financial data (payment history, credit score), marketing data (campaign response, loyalty scheme data) and service data.

❖ External sources

- Geo-demographic and lifestyle data from business intelligence organizations, for example.
- 'Big data' including posts to social media sites and sensor data. Includes both structured and unstructured data.

Beneficiaries of analytical CRM

❖ Customer

- Analytical CRM can deliver timely, customized solutions to the customer's problems, thereby enhancing customer satisfaction.

❖ Company

- Analytical CRM offers the prospect of more powerful cross-selling and up-selling programmes, and more effective customer retention and customer acquisition programmes.

What about social CRM?

- ❖ Social CRM is a term widely used by technology firms with solutions to sell.
- ❖ In time social CRM will become part of a larger discussion of 'big data'.
- ❖ Social CRM technologies essentially enable users to exploit social network data for customer management purposes.
- ❖ Social media data can be used to enhance analytical CRM.
- ❖ Where consumers use social media (e.g. Facebook) to make purchases, social media become part of operational CRM.

Misunderstandings about CRM

1. CRM is database marketing

Whereas most large and medium-sized companies do indeed build and exploit customer databases, CRM is much wider in scope than database marketing. A lot of what we have described above as analytical CRM has the appearance of database marketing. However, database marketing is less evident in strategic, operational and collaborative CRM.

2. CRM is a marketing process

Customer data can not only be used to integrate various internal departments, but can also be shared across the extended enterprise with outside suppliers and partners.

3. CRM is an IT issue

IT is an enabler, a facilitator. Improvements come about in the way customers are managed through a combination of improved processes, the right competencies and attitudes (people), the right strategies and the right enabling

Misunderstandings about CRM

4. CRM is about loyalty schemes

Whereas some CRM implementations are linked to loyalty schemes not all are.

Loyalty schemes may play two roles in CRM implementations. First, they generate data that can be used to guide customer acquisition, retention and development. Secondly, loyalty schemes may serve as an exit barrier.

5. CRM can be implemented by any company

Strategic CRM can, indeed, be implemented in any company. Every organization can be driven by a desire to be more customer-centric. Analytical CRM is a different matter, as it is based on customer-related data. Only then can different offers be communicated to each customer group to optimize company and customer value over the long term. If these data are missing then analytical CRM cannot be implemented.

Core definition of CRM

- ❖ CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer-related data and enabled by information technology.

CRM constituencies

1. Companies implementing CRM
2. Customers and partners of those companies
3. Vendors of CRM systems
4. CRM cloud solutions providers
5. Social media players
6. Vendors of CRM hardware and infrastructure
7. Management consultants

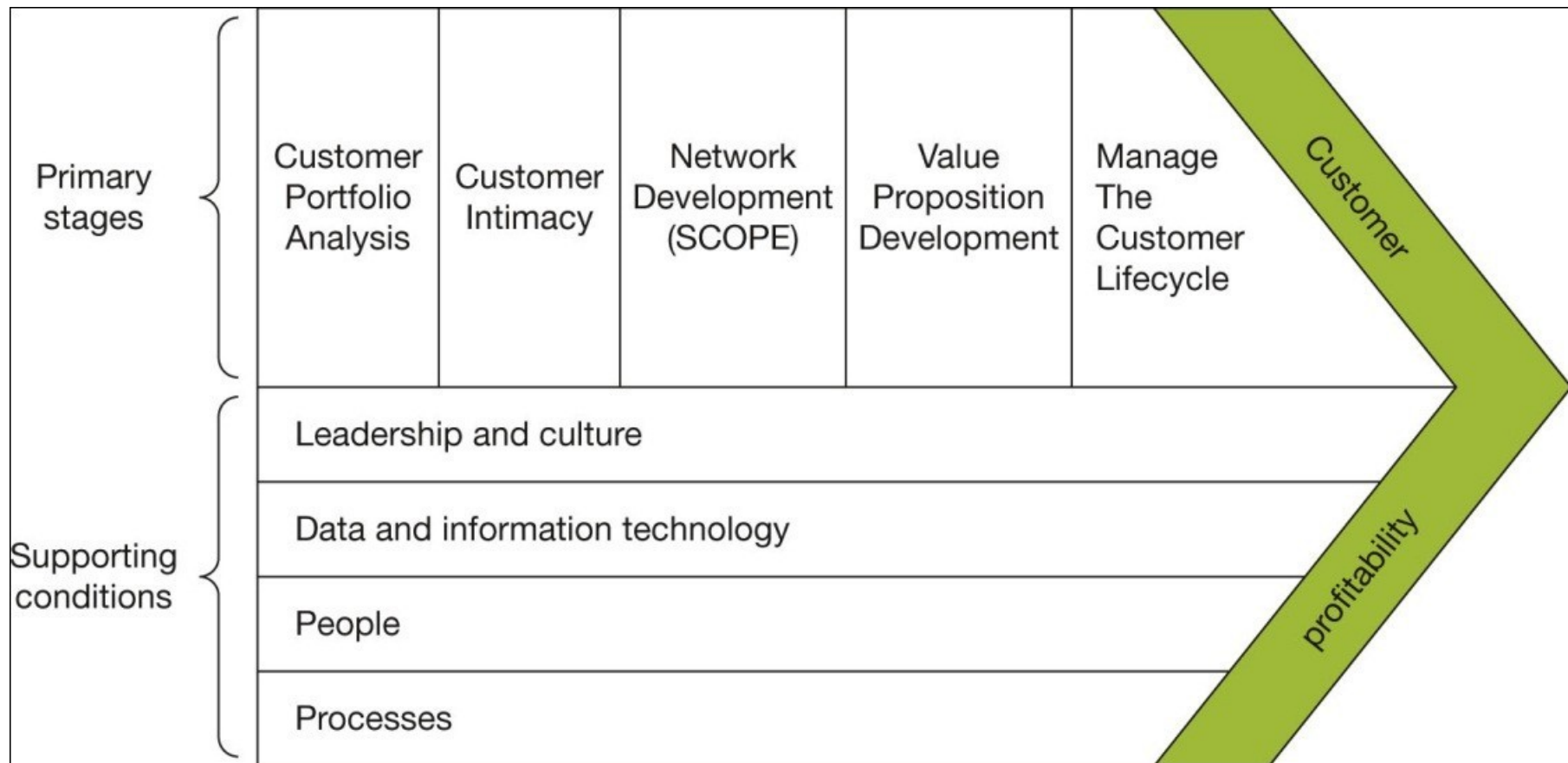
CRM challenges vary across context

1. Banks
2. Auto manufacturers
3. Technology solution vendors
4. Consumer goods manufacturers
5. Not-for-profits

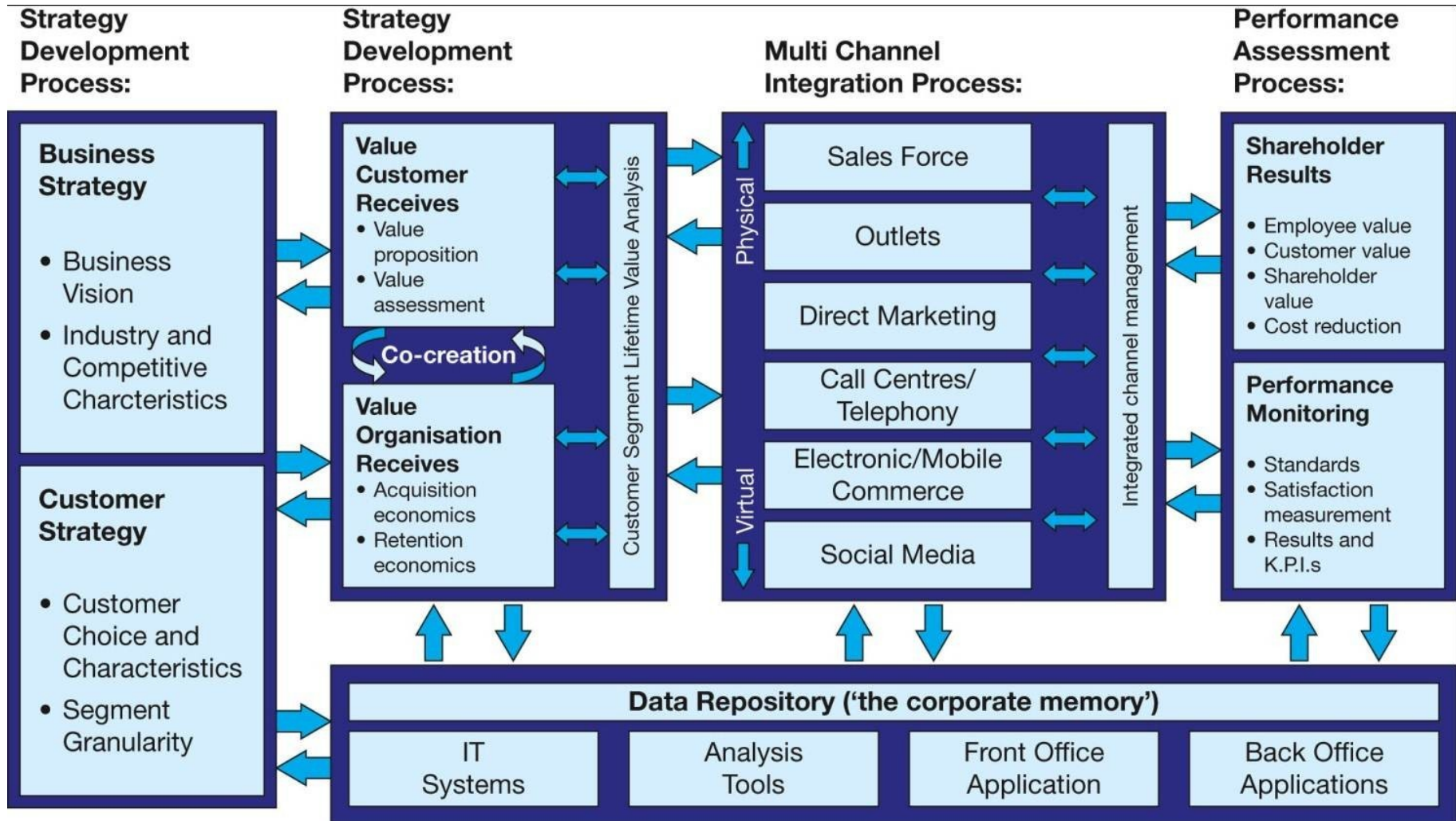
The IDIC model of CRM

- ❖ **Identify** who your customers are and build a deep understanding of them.
- ❖ **Differentiate** your customers to identify which customers have most value now and which offer most for the future.
- ❖ **Interact** with customers to ensure that you understand customer expectations and their relationships with other suppliers or brands.
- ❖ **Customize** the offer and communications to ensure that the expectations of customers are met.

The CRM value chain



Payne's 5-process model of CRM



Gartner's competency model of CRM

