Section A: The basics of CRM Section A consists of 4 chapters focused on the following. Chapter 1: Introduction to CRM Chapter 2: Understanding relationships Chapter 3: The customer life cycle: customer acquisition Chapter 4: The customer life cycle: customer retention and deelopment Selected definitions of CRM 1 v CRM is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way. v 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 v 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 v 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 center, 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 v 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. Customer centricity and other business logics 1 1. Product-orientedbusinessesbelievethat customers choose products with the best quality, performance, design or features. 2. Production-orientedbusinessesbelievethat customers choose low-price products. 3. Sales-orientedbusinessesmaketheassumption 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. Acustomerormarket-orientedcompanysharesa 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 v Internal sources ● Sales data (purchase history), financial data (payment history, credit score), marketing

data (campaign response, loyalty scheme data) and service data. v External sources ● Geo–demographic and life–style data from business intelligence organisations, for example. ● 'Big data' including posts to social media sites and sensor data. Includes both structured and unstructured data. Beneficiaries of analytical CRM v Customer ● Analytical CRM can deliver timely, customized, solutions to the customer's problems, thereby enhancing customer satisfaction. v Company ● Analytical CRM offers the prospect of more powerful cross– selling and up–selling programs, and more effective customer retention and customer acquisition programs. What about social CRM? v Social CRM is a term widely used by technology firms with solutions to sell. v In time Social CRM will become part of a larger discussion of "big data". v Social CRM technologies essentially enable users to exploit social network data for customer management purposes. v Social media data can be used to enhance analytical CRM v Where consumers use social media (e.g. Facebook) to make purchases, social media become part of operational CRM. Misunderstandings about CRM 1. CRMisdatabasemarketing 2. CRMisamarketingprocess 3. CRMisanITissue 4. CRMisaboutloyaltyschemes 5. CRMcanbeimplementedbyanycompany Core definition of CRM v 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. CompaniesimplementingCRM 2. Customersandpartnersofthosecompanies 3. VendorsofCRMsystems 4. CRMcloudsolutionsproviders 5. Socialmediaplayers 6. VendorsofCRMhardwareandinfrastructure 7. Managementconsultants CRM challenges vary across context 1. Banks 2. Automanufacturers 3. Technologysolutionvendors 4. Consumergoodsmanufacturers 5. Not–for–profits The IDIC model of CRM v Identify who your customers are and build a deep understanding of them v Differentiate your customers to identify which customers have most value now and which offer most for the future. v Interact with customers to ensure that you understand customer expectations and their relationships with other suppliers or brands v Customize the offer and communications to ensure that the expectations of customers are met. The CRM Value Chain Figure 1.1 Payne's 5–process model of CRM Figure 1.2 Gartner's competency model of CRM Figure 1.3