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CUSTOMER RELATIONSHIP MANAGEMENT

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UNIT I: Understanding customers: Customer information Database- Customer profile Analysis- Customer Perception- Expectations Analysis-Customer Behaviour in Relationship Perspectives; individual and group customers-Customer Life time value- Selection of Profitable Customer Segments**.**

UNIT II: Elements of CRM- CRM Process- Strategies for Customer acquisition- Retention and Prevention of defection- Models of CRM-CRM road map for business applications

UNIT III: CRM Planning and Implementation: Strategic CRM Planning Process-Implementation issues-CRM Tools- Analytical CRM-Operational CRM - Call Centre Management – Role of CRM Managers - CRM Implementation Roadmap – Developing a Relationship Orientation- Customer Centric Marketing Processes – Customer Retention Plans

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CUSTOMER RELATIONSHIP MANAGEMENT

UNIT I

Understanding customers: Customer information Database- Customer profile Analysis- Customer Perception- Expectations Analysis-Customer Behaviour in Relationship Perspectives; individual and group customers- Customer Life time value- Selection of Profitable Customer Segments.

CUSTOMER RELATIONSHIP MANAGEMENT

CRM stands for Customer Relationship Management, and it refers to a strategy and set of practices used by businesses to manage their interactions with current and potential customers. The goal of CRM is to improve customer satisfaction and loyalty, streamline communication with customers, and ultimately drive sales growth.

At its core, CRM involves collecting and analyzing customer data to better understand their preferences, behaviors, and needs. This data can come from a variety of sources, including sales and marketing activities, customer service interactions, social media, and website analytics. By using this data to gain insights into customer behavior and preferences, businesses can tailor their communication and marketing efforts to better meet customer needs and increase the likelihood of repeat business.

CRM systems are typically software platforms that enable businesses to collect, organize, and analyze customer data in a centralized location. These systems can help automate various aspects of customer interactions, such as lead generation, sales forecasting, and customer service. They can also provide real-time insights into customer behavior, allowing businesses to make informed decisions about how to improve their products and services.

Customer Relationship Management (CRM) is thus a business strategy used by companies that want to leverage technology to better manage their relationships with prospects and customers. Companies will use a variety of applications as part of their CRM strategy.

Ultimately, the goal of customer relationship management is to attract new buyers and keep existing ones happy. It's a system of building and maintaining trust with the people who keep the business running and growing.

Overall, CRM is an important tool for businesses looking to improve customer satisfaction and loyalty, and ultimately drive sales growth.

CRM

CRM stands for "customer relationship management." It's an acronym seen before words like "software," "platform," or "solution."

Customers want a great customer experience—that means having personalized, fluid conversations without needing to repeat themselves. This is where CRM comes in.

Customer Information Database

A customer database is a collection of information that includes lead contact details like a person's first and last names, phone numbers, email addresses, etc.

It can also include the following data:

- Demographic characteristics: age, gender, marital status, household composition
- Profession-related characteristics: job position, mutual contacts
- Buying behaviour: shopping preferences, past purchases, the average sum of bill or invoice, previous cancellations

- Firm graphics (for B2B clients): industry, number of employees, ownership, etc.

A customer information database is a centralized repository of information about customers that a company collects and manages. This database contains a range of information about customers, such as their contact information, purchase history, preferences, and demographic data.

Having a customer information database is essential for companies that want to provide a personalized experience to their customers, as it enables them to segment customers into different groups based on their behavior, preferences, and needs. This, in turn, allows companies to create targeted marketing campaigns, offer customized products and services, and provide a better overall customer experience.

When designing a customer information database, it is important to ensure that the data is accurate, up-to-date, and secure. Companies need to establish data governance policies and procedures to ensure that the data is maintained properly and comply with data protection regulations.

There are various database management software and tools available in the market that can be used to create and manage a customer information database, such as Oracle, Microsoft SQL Server, and MySQL.

Customer Information

The most often used information in a CRM database is the customer information. This can include personal information, such as contact addresses and phone numbers, as well as family size, location, and other demographic information. Many companies also use their CRM database to record purchase information, service calls, customer support needs, and even warranty information.

Anything relative to customer interaction can be placed in a CRM database.

- Customer information database includes personal information, such as contact addresses, phone numbers etc.
- It also includes family size, location and other demographic information and geographical location.
- CRM database records purchase information, service calls, customer support needs, and even warranty information.
- Customer related databases might be maintained in a number functional areas; eg. sales, marketing, logistics and accounts.

Customer Information Database.

- Databases might be required for quite different operational purposes.
- Eg: Opportunities, campaigns, enquiries, deliveries and billing.
- Customer related data can have current, past and future perspectives, focusing upon current opportunities, historic sales or potential opportunities etc.

Types of customer data

1. Basic data

Basic personal customer data forms the organization's fundamental understanding of each relationship. Many—if not most—standard data fields in a CRM could be considered basic data. A contact's name, email address, phone number, job title, and linked organizations are examples of basic customer data.

Demographic data, such as gender and income, or firm graphic data, such as annual revenue or industry, are also basic customer data.

When aggregated and analyzed across multiple contacts and/or organization records, basic data builds the basis for audience segmentation.

Then, by using tags or reports in CRM, company can begin to visualize how many customers share common attributes.

2. Interaction data

Sometimes referred to as, “engagement” data, “interaction” data includes the many touch points that customers have with your brand. Interaction data is particularly useful for informing decisions that pertain to the buyer journey. Page views, e book downloads, social shares, email inquiries, and demo requests are common examples.

Interaction data is often aggregated for high-level reporting purposes (with the ability to “drill down” for further insights).

For example, marketing consultants spend considerable time studying interaction data in web analytics platforms to understand campaign effectiveness and return on advertising spend (ROAS).

In addition, some marketing platforms provide user-level reporting to track where each customer came from.

3. Behavioral data

“Behavioral” data offers insight into the customer’s experience with your actual product or service.(Note: The difference between interaction and behavioral data can seem fairly nuanced depending on your business and industry.)

Technology companies are frequently cited as premier users of behavioral data, such as free trial sign ups, user account logins, feature utilization, user license additions, deactivations, and downgrades.

That being said, almost every organization maintains some type of behavioural data (even if they do not realize it). If you’re a service-based company, you probably send detailed invoices that inform customers about why they're being charged. Why not leverage this data to hone in on your most popular solutions? If you're a manufacturer, you regularly receive purchase orders that are tracked in your ERP.

In addition to helping you accurately fulfil your customer's request, each purchase order represents an excellent opportunity to understand customer preference and identify future trends.

4. Attitudinal data

"Attitudinal" data helps you understand what customers think about your company and the solutions that you provide. Unlike the other three types of data, attitudinal data delivers a first-hand account of what customers actually think. Online reviews, support ticket comments, and satisfaction surveys are sources of attitudinal data.

Here's the big problem with attitudinal data: Some customers are louder than others when it comes to expressing their opinions about your company. Does one scathing review from a dissatisfied person truly reflect the sentiment of your entire customer base?

Probably not.

That's why consistent and proactive collection of attitudinal data from a statistically significant group of customers is the key.

CUSTOMER PROFILE ANALYSIS

A customer profile analysis describes an ideal customer for a business using data gathered in a CRM system. Of course, customer profile analysis can be done without a CRM, but it would be extremely tedious and time-consuming. And by the time you discover your ICP, another company will have already developed the products or services they need.

When it comes to getting ahead in today's market, timing is everything. Creating an ICP with a CRM system allows you to evolve your ideal profiles over time easily, discover new markets, and learn how to serve your existing customers better.

Another benefit of developing a customer profile analysis with the CRM software is segmenting your ideal customer profiles, so that your B2B targeted marketing is even more specific.

Customer profile analysis is the process of using data from your CRM and other resources to make better business decisions. In many instances, a customer profile analysis is a required part of a business plan for those seeking investors and funding.

Analyzing your customers and developing several ideal buyer personas helps to understand the customers more meaningfully. Deep customer insights allow marketers and sales reps to recognize the characteristics that indicate a company is a good fit for your brand.

Interpreting customer data

There are a few main ways that sales and marketing teams prefer to analyze customer data. A popular way is to generate charts and spreadsheets, since charts and spreadsheets provide a simplified look at large amounts of customer data.

The Explore tool in Google Sheets is another handy way to analyze business data. The power of machine learning allows you to ask questions and gain insights – fast.

Finally, pivot tables summarize data so that you can derive meaningful information between various points by narrowing down the data to particular parameters.

1. Create ICPs that are sales-specific
2. Segment leads based on customer profiles

3. Leverage targeted emails for each ICP
4. Build pipelines for each ICP
5. Keep your ICPs updated
6. Generate and apply customer insights from data analytics
7. Learn how to predict the future

1. Create ICPs that are sales-specific

It's no surprise that ICPs are particularly useful for sales teams. They help sales reps understand who they are talking to and what they need to commit.

Make sure that you capture the right data so that your sales teams can make the most out of your ICPs. Because sales are focused on sales conversations, sales-specific ICPs assist them with adapting their pitch to fit the needs of each customer.

Be sure that they have data about the typical purchases made by an ICP, specifically. Also, check that all customer profiles are easily accessible for reps. having these ICPs handy can make the difference between making or losing a sale.

2. Segment leads based on customer profiles

Highly segmented leads are not only meaningful for the marketing team. Sales reps can benefit from segmentation as well.

When leads are segmented based on hyper-specific demographics, behaviors, and buying history, sales reps better understand your B2B customers. This deeper understanding gives them a head start as they go into sales conversations and helps them stay ahead of competitors.

In general, qualified leads are already somewhat segmented based on how they enter your pipeline. But further segmenting leads by profiles gives your sales team a clearer picture of the company they are talking to and how to address their needs.

Use your CRM system to segment leads based on specific ICP data points. For example, you may segment leads based on the organization's size, which industry they fall under, their initial and preferred modes of contact, and much more.

3. Leverage targeted emails for each ICP

Targeted email templates are a great way to improve sales and marketing efficiency, especially when each ICP has its unique template.

After all, each company you work with is different, and how your salespeople interact with them will be different. Use your ICPs to create targeted emails that speak to each profile's needs and pain points.

When they speak with one of your representatives, they are ready to hear what you have to say. That way, sales can get to the heart of the issue on their very first call.

4. Build pipelines for each ICP

Building ICP-specific pipelines is as necessary as sending highly segmented and personalized emails to your B2B customers.

At first, it seems like an extra headache, especially if your business is already putting in the effort to build targeted marketing. You might think: “Why do they need a personalized pipeline? And how much times will that take away from other sales activities?”

The fact is that B2B customers need personalized experiences to understand how your product and services are truly beneficial.

Vendors blast B2B customers with offers via every outlet imaginable. It can be challenging for companies to sift through the information when there is so much noise.

But a customized pipeline speaks to their unique experiences and grabs their attention in a way that general messaging and blanket sales statements can't.

And it's a great way to collect more data and understand your customers better. Better data means better marketing and better sales pitches.

5. Keep your ICPs updated

Outdated information is rarely helpful. And it can lead to poor decision-making. That's why you need to stay in touch with the needs and motivations of your customer, as well as keep your customer data and ICPs up to date.

Choose an update schedule and stick to it. Evolve your process as needed, but keep the timing on pace with sales and changes in the market.

6. Generate and apply customer insights from data analytics

One of the best places to generate customer insights is your website analytics.

Who is visiting your site? How are they getting there? Do they click on your CTAs? Are they reading through your blog articles?

Every action can offer valuable insights for sales and marketing teams.

There are many tools out there for businesses to track key metrics and user behaviors. Google Analytics and Hotjar are good places to start if you are new to collecting on-site data.

Then, take what was learned from the data and apply them to every inch of the customer experience.

7. Learn how to predict the future

Create better sales forecasts and make a plan for what's to come. You can use past behavioral data to discover which features customers love and which features they love less. You should also look at which of your web pages are the most popular, especially those that fit your ICPs.

By building better sales forecasts, you can plan growth activities and marketing campaigns that align with your target companies. And you can use customer insights to predict the customer journey better, too. Use your CRM system built for B2Bs to understand your ICP's buying behaviours better and build a better map of their journeys.

Customer profile analysis is a process of gathering and analyzing information about a particular group of customers to better understand their characteristics, preferences, behaviors, and needs. It involves the use of various data sources and analytical techniques to create a detailed portrait of the customer segment in question.

The process of customer profile analysis typically involves the following steps:

Identify the customer segment: First, you need to define the group of customers that you want to analyze. This may involve looking at demographic data, purchase history, or other relevant factors to identify a specific group of customers.

Gather data: Next, you need to gather data about the customer segment you have identified. This data may come from a variety of sources, including customer surveys, social media, web analytics, and customer support interactions.

Analyze the data: Once you have collected the data, you need to analyze it to identify patterns and insights. This may involve using statistical analysis, data visualization tools, or other analytical techniques.

Create customer profiles: Based on the analysis, you can create customer profiles that summarize the key characteristics and behaviors of the customer segment. These profiles may include information such as age, gender, income, preferences, and purchase behavior.

Use the profiles to inform marketing strategies: Finally, you can use the customer profiles to inform marketing strategies and improve customer engagement. For example, you may use the profiles to create personalized marketing messages or to identify new products or services that are likely to appeal to the customer segment in question.

Overall, customer profile analysis can be a powerful tool for businesses looking to better understand their customers and improve their marketing strategies. By gathering and analyzing data about customer segments, businesses can create more targeted and effective marketing campaigns and improve customer satisfaction and loyalty.

CUSTOMER PERCEPTION

Customer behaviour and perception of brands is not in all actuality driven by logic — from negative brand associations, to positive or even sentimental brand attachments. According to Harvard professor Gerald Zaltman, 95% of purchase decisions are subconscious. Remember that commercial jingle hearing on TV? It probably left a lasting impression on your young mind, and in turn given you a brand perception that is hard to let go of.

The intangible concept of customer perception is often at odds with the tangible effect on business outcomes, as customer perceptions of a company's products or services can have a serious impact on the long term viability of a business's offerings. Just ask any insights professional at Disney, a company that takes the motto "make people happy" very seriously by listening to the voice of the customer to improve its offerings.

According to the Harvard Business Review, emotional connection to a brand is the key to long term business outcomes. Customers that have developed a bond with a business are in fact more valuable than highly satisfied customers; these customers, described as "fully connected" are actually 50% more valuable than the average customer. Therefore, if brands can win people over by forming emotional connections with them, brands can be highly influential in swaying customer perception.

Importance of Customer Perception

Perception does more than the impact each individual purchase; it shapes the long-term relationships between customers and brands. This is often reflected in customer retention rates and the ability for brands to continue receiving relevant feedback and intelligence from their loyalists. Because of the importance of customer perception, every touch point between a company and its customers should strive to affect customer perception in a positive way.

Brands must also understand which elements have the broadest and most profound impact on customer perception. These elements can be both tangible and abstract, but each has the potential to be shaped by insights, CX, and UX professionals.

Some tangible factors that influence customers' perceptions include:

Price: Pricing a brand's offerings should always be part of a comprehensive business strategy. However, it must be understood that context impacts customer perceived value (CPV) — lower prices are not always better, as any modern art dealer can ascertain.

Quality: Quality can apply to multiple attributes in a product — attributes whose importance can differ from customer to customer. Marketers should understand what feature most distinguishes their products or services, and which are most desirable in target markets.

Branding: Logos, artwork, and even packaging all deliver a message about a company and its brand. Marketers should ensure these elements meet and exceed customers' expectations, helping brands stand above others.

Service: Service quality will make or break customer perception, where even companies with superior products can lose business if customer support operations are not in place. Customers are more likely to write online reviews after highly positive or highly negative service experiences, which can improve or exacerbate brand awareness.

Advertising: How marketers deliver messages about a company, as well as the outlets they choose, can drive customers in both positive and negative directions.

Reputation: Brand reputations are built over time and can be quite durable. They are formed from customer experiences with products and services, but also secondary interactions from third-parties (i.e. media coverage). While marketers attempt to measure their reputations online, sudden events can impact reputation without warning.

Influencers: Influencers are people that customers trust, and are among the biggest factors impacting customer perception aside from the customer's own personal experience. Customers that have firsthand experience with a product, service, or brand are most likely to sway other potential customers during the organizing stage.

CUSTOMER EXPECTATIONS

Customer expectations refers to the expected perceived value, behavior, service or benefits that the customers seek when purchasing a good or availing a service. They are the result of the 'learning' process and can be formed very quickly because even first impressions matter a lot. Once established, these expectations can hold significant influence in decision-making processes and can be very hard to change.

Customer expectations are similar to customer requirements but they exceed them. Requirements might be at a basic level. An example can be an air conditioner should be able to give cold and warm air but expectation can be that the AC should have a remote control as well as temperature control. An AC with basic requirement fulfilment might be doing the job well but would not sell in the market as it does not meet the customer expectations. Also, the customer expectations matter a lot in service industry as it surpassed the core offerings and encompasses the service quality, interactions, actions, staff behavior and quick resolution time.

Importance of Customer Expectations

Most successful companies seek to meet or rather exceed their customers' expectations in every aspect right from product quality to service. Managing and fulfilling customer expectations are of paramount importance for the success of any brand/company. Customers often want more, better and faster. Expectations from high-performing products are always rising.

Hence managing customer expectations is critical. Without understanding the market trends and customer behavior, we cannot understand the customer expectations as they may be very different from expected customer requirements.

Customer Expectations:

There are certain types of customer expectations. The 3 major types are:

1. Core Expectations

There are aligned with the customer requirements and expectations from the core product or service offerings.

For Example, they should be able to talk and message using the phone and should also be able to connect to the internet.

2. Unstated Expectations

These are the expectations of the customer which are not stated clearly or expressed by the customer but having them will raise the customer experience and loyalty. A voice controlled AC remote and air filter in an Air conditioner can be an example. Though it is not normally expected but if these are there then customer would try to explore these and eventually buy the product.

3. Service Expectations

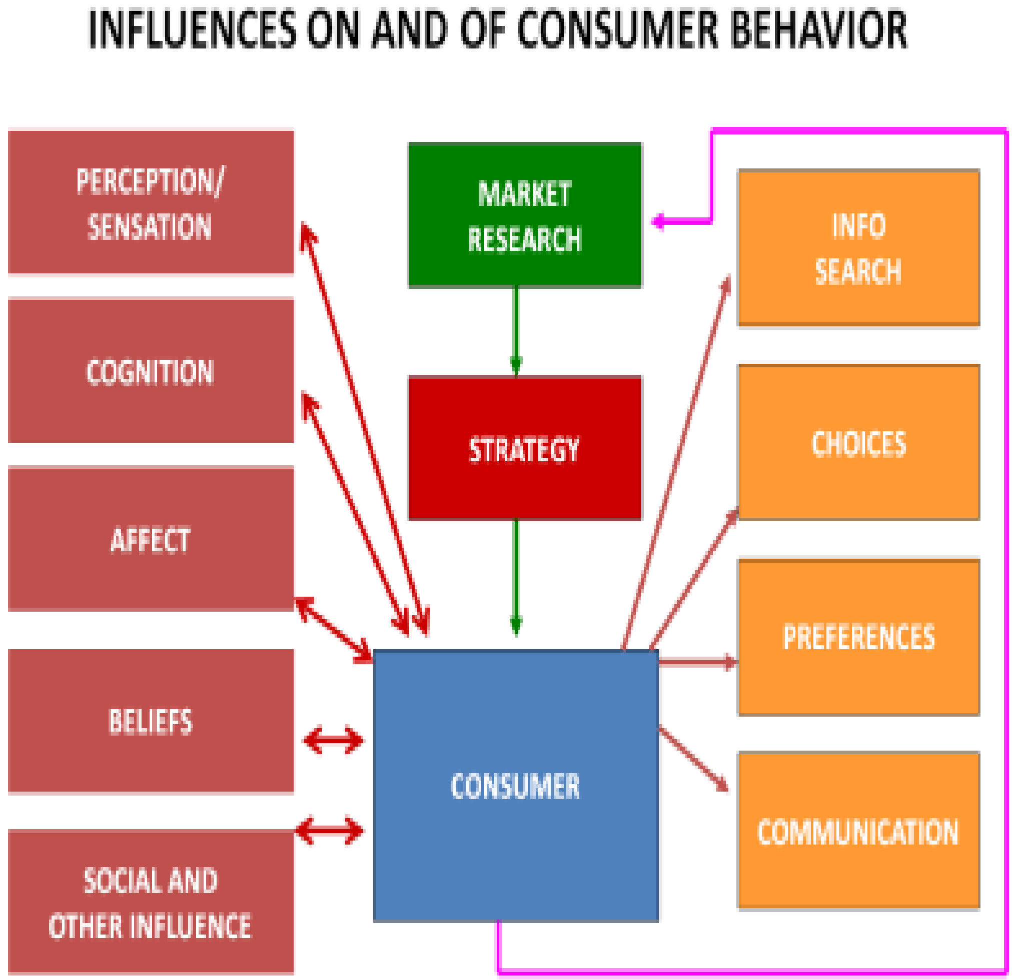
While buying a product or a service, customer expects a certain level of experience and interaction with the brand. If the product is good but buying experience is not good then a company may end up losing the customer. Also after buying a product, a customer expects a certain level of After Sales support.

PERSPECTIVES ON CONSUMER BEHAVIOR

Consumer behaviour involves the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, making purchase decisions (e.g. whether or not to purchase a product and, if so, which brand and where), interpret information, make plans, and implement these plans (e.g.by engaging in comparison shopping or actually purchasing a product).

Sources of influence on the consumer:

The consumer faces numerous sources of influence.



Often, we take cultural influences for granted, but they are significant.

Physical factors also influence our behaviour. We are more likely to buy a soft drink when we are thirsty.

A person's self-image will also tend to influence what he or she will buy—an upwardly mobile manager may buy a flashy car to project an image of success.

Social factors also influence what the consumers buy—often, consumers seek to imitate others whom they admire, and may buy the same brands.

The social environment can include both the mainstream culture (e.g., Americans are more likely to have corn flakes or eggs for breakfast than to have rice, which is preferred in many Asian countries) and a subculture (e.g., rap music often appeals to a segment within the population that seeks to distinguish itself from the mainstream population).

Thus, sneaker manufacturers are eager to have their products worn by admired athletes.

Finally, consumer behavior is influenced by learning.

Consumer Choice and Decision Making:

One model of consumer decision making involves several steps.

The first one is problem recognition—you realize that something is not as it should be. Perhaps, for example, your car is getting more difficult to start and is not accelerating well.

The second step is information search—what are some alternative ways of solving the problem? You might buy a new car, buy a used car, take your car in for repair, ride the bus, ride a taxi, or ride a bicycle to work.

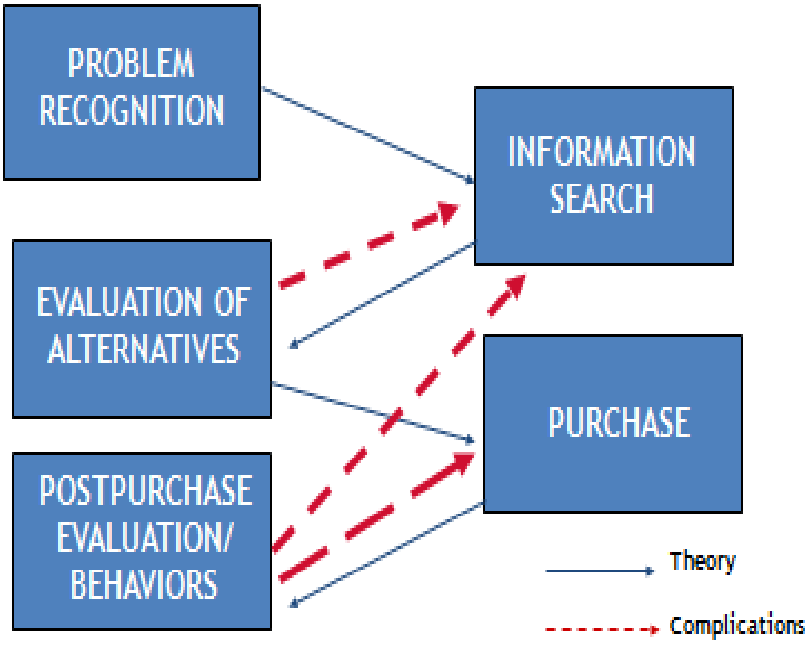
The third step involves evaluation of alternatives. A bicycle is inexpensive, but may be ill-suited for long distances and for rainy days.

Finally, we have the purchase stage, and sometimes a post- purchase stage (e.g., you return a product to the store because you did not find it satisfactory). In reality, people may go back and forth between the stages. For example, a person may resume alternative identification during while evaluating already known alternatives.

Consumer involvement will tend to vary dramatically depending on the type of product. In general, consumer involvement will be higher for products that are very expensive (e.g., a home, a car) or are highly significant in the consumer's life in some other way (e.g., a word processing program or acne medication).

It is important to consider the consumer's motivation for buying products. To achieve this goal, we can use the Means-End chain, wherein we consider a logical progression of consequences of product use that eventually lead to desired end benefit. Thus, for example, a consumer may see that a car has a large engine, leading to fast acceleration, leading to a feeling of performance, leading to a feeling of power, which ultimately improves the consumer's self-esteem.

In advertising, it is important to portray the desired end-states. Focusing on the large motor will do less good than portraying a successful person driving the car.



Information search and decision making:

Consumers engage in both internal and external information search. Internal search involves the consumer identifying alternatives from his or her memory. For certain low involvement products, it is very important that marketing programs achieve “top of mind” awareness. For example, few people will search the Yellow Pages for fast food restaurants; thus, the consumer must be able to retrieve one’s restaurant from memory before it will be considered. For high involvement products, consumers are more likely to use an external search.

A compensatory decision involves the consumer “trading off” good and bad attributes of a product. For example, a car may have a low price and good gas mileage but slow acceleration. Occasionally, a decision will involve a non-compensatory strategy. For example, a parent may reject all soft drinks that contain artificial sweeteners. Here, other good features such as taste and low calories cannot overcome this one “non-negotiable” attribute.

Two interesting issues in decisions are:

- Variety seeking (where consumers seek to try new brands not because these brands are expected to be “better” in any way, but rather because the consumer wants a “change of pace,” and

- “Impulse” purchases—unplanned buys. This represents a somewhat “fuzzy” group. For example, a shopper may plan to buy vegetables but only decide in the store to actually buy broccoli and corn. Alternatively, a person may buy an item which is currently on sale, or one that he or she remembers that is needed only once inside the store.

A number of factors involve consumer choices. In some cases, consumers will be more motivated. For example, one may be more careful choosing a gift for an in-law than when buying the same thing for one self.

Some consumers are also more motivated to comparison shop for the best prices, while others are more convenience oriented.

Personality impacts decisions. Some like variety more than others, and some are more receptive to stimulation and excitement in trying new stores.

Perception influences decisions. Some people, for example, can taste the difference between generic and name brand foods while many cannot.

Selective perception occurs when a person is paying attention only to information of interest. For example, when looking for a new car, the consumer may pay more attention to car ads than when this is not in the horizon.

Some consumers are put off by perceived risk. Thus, many marketers offer a money back guarantee. Consumers will tend to change their behaviour through learning—e.g., they will avoid restaurants they have found to be crowded and will settle on brands that best meet their tastes.

Consumers differ in the values they hold (e.g., some people are more committed to recycling than others who will not want to go through the hassle).

Family Decision Making:

Individual members of families often serve different roles in decisions that ultimately draw on shared family resources. Some individuals are information gatherers/holders, who seek out information about products of relevance. These individuals often have a great deal of power because they may selectively pass on information that favors their chosen alternatives. Influencers do not ultimately have the power decide between alternatives, but they may make their wishes known by asking for specific products or causing embarrassing situations if their demands are not met.

The decision maker(s) have the power to determine issues such as:

- Whether to buy
- Which product to buy
- Which brand to buy
- Where to buy it and
- When to buy.

However, that the role of the decision maker is separate from that of the purchaser.

Means-End Chain.

Consumers often buy products not because of their attributes but rather because of the ultimate benefits that these attributes provide, in turn leading to the satisfaction of ultimate values

The important thing in a means-end chain is to start with an attribute, a concrete characteristic of the product, and then logically progress to a series of consequences (which tend to become progressively more abstract) that end with a value being satisfied. Thus, each chain must start with an attribute and end with a value. An important implication of means-end chains is that it is usually most effective in advertising to focus on higher level items.

Attitudes.

Consumer attitudes are a composite of a consumer's (1) beliefs about, (2) feelings about, and (3) behavioural intentions toward some "object"—within the context of marketing, usually a brand, product category, or retail store.

These components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the object.

Beliefs:

The first component is beliefs. A consumer may hold both positive beliefs toward an object (e.g., coffee tastes good) as well as negative beliefs (e.g., coffee is easily spilled and stains papers). In addition, some beliefs may be neutral (coffee is black), and some may differ depending on the person or the situation

Feelings:

Consumers also hold certain feelings toward brands or other objects. Sometimes these feelings are based on the beliefs (e.g., a person feels nauseated when thinking about a hamburger because of the tremendous amount of fat it contains), but there may also be feelings which are relatively independent of beliefs.

Behavioral intention:

The behavioural intention is what the consumer plans to do with respect to the object (e.g., buy or not buy the brand). Changing attitudes is generally very difficult.

Here are some possible methods:

- Changing affect. One approach is to try to change affect, which may or may not involve getting consumers to change their beliefs. One strategy uses the approach of classical conditioning try to “pair” the product with a liked stimulus.
- Changing beliefs. Although attempting to change beliefs is the obvious way to attempt attitude change, particularly when consumers hold unfavourable or inaccurate ones, this is often difficult to achieve because consumers tend to resist.

Perception

Our perception is an approximation of reality. Our brain attempts to make sense out of the stimuli to which we are exposed.

Importance of Consumer Behaviour

To successfully market to different market segments and for a successful marketing campaign management the marketing manager needs appropriate marketing strategies which he can design only when he understand the factors which account for those differences in consumer behaviours and tastes.

In today’s world of rapidly changing technology, consumer tastes are also characterized by fast changes. To survive in the market, a firm has to be constantly innovating and understand the latest consumer trends and tastes. Consumer behaviour provides invaluable clues and guidelines to marketers on new technological frontiers which they should explore.

Consumer behaviour is a process, and purchase forms one part of this process. There are various endogenous psychological and exogenous environmental factors which influence this process. All these factors and the type of influence which they exert on an individual’s consumption behaviour can be understood and analyzed.

Customer behaviour in relationship perspectives

In the context of business and marketing, customer behavior in relationship perspectives refers to the ways in which customers interact with a company or brand over time. This can include the customer's level of satisfaction, loyalty, trust, and commitment to the brand.

Customers who have positive experiences with a brand are more likely to become loyal customers and recommend the brand to others. This loyalty can be built through various means, including personalized marketing, excellent customer service, and consistent quality products or services.

On the other hand, negative experiences can lead to customer churn, where customers stop doing business with a brand altogether. This can happen if customers feel like they are not being heard or valued, or if they encounter issues with the products or services.

Therefore, it is important for businesses to understand and manage customer behavior in relationship perspectives. This can involve gathering feedback from customers, using customer relationship management (CRM) tools to track interactions, and implementing strategies to improve the customer experience. By building strong relationships with customers, businesses can increase customer loyalty and ultimately drive long-term success.

INDIVIDUAL AND GROUP CUSTOMER

Individual Customer

The term consumer, end user, individual buyer and individual user refer to the same, a buyer who buys product and services for end use.

Understanding their need, want, value expectation and service expectations are the way to win this market by product and services which a firm is offering.

Individual customer decision making process/Buying process

- Problem recognition
- Pre-purchase information research
    i. Personal service
    ii. Commercial sources
    iii. Public sources
    iv. Experimental sources

Evaluation of alternatives:

1. Evaluative criteria

2. Beliefs

3. Attitudes

4. Intensions

Purchase decisions

Post-purchase behavior

1. Post-purchase satisfaction

2. Post-purchase action

3. Post-purchase use and disposal

Group Customers

Group customer are referred as industrial market which consists of all the individuals or organizations who acquire goods and services that enter into the production of other products or services that are sold, rented or supplied to others.

Organizations establish the need for purchased products and services, and identify, evaluate and choose among alternatives brands and suppliers.

Group customer decision making process/Buying process

- Problem recognition
- General need Description
- Product specification
- Supplier Search
- Proposal solicitation
- Supplier selection
- Purchase Routine selection
- Post purchase evaluation

CUSTOMER LIFETIME VALUE (CLV)

Customer lifetime value is the total amount of money a customer is expected to spend with your business, or on your products, during the lifetime of an average business relationship. This is an important figure to know because it helps you make decisions about how much money to invest in acquiring new customers and retaining existing ones.

Customer lifetime value helps you understand and gauge current customer loyalty. If customers continue to purchase from you time and time again, that's usually a good sign that you're doing the right things in your business. Furthermore, the larger a customer lifetime value, the less you need to spend on your customer acquisition costs.

An example

CLV of a regular coffee drinker might be even higher than that, depending on how many cups of coffee they drink a day and where they buy it. Conversely, someone who buys a home twice in their life might be worth only, say, $15,000 to a real estate agent, because while the value of the purchase is huge, the percentage paid to an agent is only a fraction of the total.

In the big picture, customer lifetime value is a gauge of the profit associated with a particular customer relationship, which should guide how much you are willing to invest to maintain that relationship. That is, if you estimate one customer's CLV to be $500, you wouldn't spend more than that to try and keep the relationship. It just wouldn't be profitable for you.

If you understand your CLV well, that can help shape your business strategy to keep loyal customers, rather than investing the resources in acquiring new ones. Of course, new and current customers play an important role in business building in general.

How to calculate customer lifetime value (CLV)

Fortunately, calculating customer lifetime value is relatively straightforward.

The simplest way to calculate CLV is:

CLV = average value of a purchase x number of times the customer will buy each year x average length of the customer relationship (in years)

So a marathon runner who regularly buys shoes from your shoe store might be worth:

$100 (per pair of shoes) x 4 (pairs per year) x 8 (years) = $3,200

And the mom of a toddler might be worth:

$20 (per pair) x 5 (pairs per year) x 3 (years) = $300

So who should you be paying more attention to?

Using CLV, the marathon runner should be your focus!

Understanding how to calculate customer lifetime value is essential for everyone in leadership, and especially for a CEO. Knowing how much you can expect from an existing customer can give you a clear and updated picture of the health of your business.

If you find your customer lifetime value is declining over two consecutive quarters, for example, you might invest more into retention and customer service.

While not the only factor that affects customer lifetime value, customer satisfaction does play a key role. If there's a difference in quality of service between when a customer first buys and their third purchase, CLV will likely decline., CLV should be one of the most important metrics you track.

CUSTOMER SEGMENTATION: MEASURING CUSTOMER PROFITABILITY

It's no secret that some customers are more profitable than others. But to be profitable over the long-haul, managers must have a clear understanding of how profitability correlates with customer segmentation.

Even if you have a highly-targeted customer demographic in your business, there are still variations between individual customers. Recognising these differences will allow you to tailor your approach to the needs of varying customer segments and allow you to effectively serve a wider group of people.

How do you measure customer profitability?

Many companies use the 80-20 rule, which can be applied to customer's gross margins. This rule suggests that 20% of the customers are responsible for 80% of the profits. However, the 80-20 rule can be detrimental because internal cost is not one size fits all.

It's natural for companies to use more costs on certain customer segments than others. Fluctuating costs must be taken into consideration; otherwise you could end up spending too much to serve one customer segment over others.

Customer profitability is not that simple; it requires you to track and determine exactly what resources within your company are consumed to serve a particular segment. At a minimum, companies should allocate sales, marketing, and customer service costs to lift customer profitability to a new level of understanding.

These costs will vary significantly between customer segments. Simple changes in the sales commission, invoicing terms, credit and collection costs, pricing, marketing specific cost, back-office cost dedicated to the customer segment, can significantly impact a segment's profitability.

Today, most modern ERP systems offer accounting features (sub-accounts/dimensions) to track and allocate costs to specific segments. Allocating costs to customer segmentation is just one approach to gaining a better understanding of how your resources are spent across customer segments and how it reflects on customer profitability.

Another approach to understanding the value your customers provide is, “customer lifetime value” (CLV). CLV takes a different approach – customers are valued as assets. CLV recognises that the costs of attracting a customer represent an investment with a future income. Calculating CLV requires an understanding of customer retention rates, purchasing patterns, and costs for each segment, and then discounting the values to the present.

Segmentation can be tricky and complex. However, segmenting your customers can provide tremendous returns when compared to ‘one-size-fits-all’ approaches.

Selection of Profitable Customer Segments

Selecting profitable customer segments is a critical task for any business looking to maximize their revenue and profits.

Steps to identify and target profitable customer segments:

Conduct market research: Use market research to understand your target market and identify potential customer segments based on demographics, psychographics, and behavioral patterns.

Analyze customer data: Collect and analyze customer data to identify patterns and trends in customer behavior, such as purchasing habits and spending patterns.

Segment customers: Once you have gathered enough data, segment customers into groups based on common characteristics such as age, gender, location, income level, and purchasing behavior.

Evaluate segment profitability: Use metrics such as customer lifetime value, acquisition cost, and retention rate to evaluate the profitability of each customer segment.

Develop targeted marketing strategies: Once you have identified the most profitable customer segments, develop targeted marketing strategies to reach and engage these customers. This could include personalized promotions, loyalty programs, or targeted advertising campaigns.

Monitor and adjust: Continuously monitor and adjust your marketing strategies based on customer feedback and changes in market conditions to ensure that you are effectively targeting and engaging your most profitable customer segments.

By following these steps, one can identify and target the most profitable customer segments for the business, and maximize revenue and profits over the long term.

UNIT II

Elements of CRM- CRM Process- Strategies for Customer acquisition- Retention and Prevention of defection- Models of CRM-CRM road map for business applications

UNIT II

ELEMENTS OF CRM

Sales Force Automation is the most essential components of customer relationship management. This is one such component that is undertaken by the maximum business organizations. It includes forecasting, recording sales processing as well as keeping a track of the potential interactions.

It helps to know the revenue generation opportunities better and that makes it very significant. The component also includes analyzing the sales forecasts and the performances by the workforce. To achieve an overall improvement in the development and growth of the industry, numerous components work hand in hand to form sales force automation as a consequent unit. Some of the major elements of the same are Human Resource Management, Lead Management, Account Management, Opportunity Management, Forecasting, Pipeline Analysis, Contact Management, Activity Management, Email Management and Reporting.

- **Human Resource Management**

Human Resource Management involves the effective and correct use of human resource and skills at the specific moment and situation. This requires to be make sure that the skills and intellectual levels of the professionals match the tasks undertaken by them according to their job profiles. It is an essential component not only for the large scale corporations but the medium industries as well. It involves adopting an effective people strategy and studying the skills or the workforce and the growth being generated thereby designing and implementing the strategies needed accordingly with the aim of achieving development.

- **Lead Management**

Lead Management as the name suggests, refers to keeping the track of the sales leads as well as their distribution. The business that are benefitted by this component of CRM the most are the sales industries, marketing firms and customer executive centres. It involves an efficient management of the campaigns, designing customized forms, finalizing the mailing lists and several other elements. An extensive study of the purchase patterns of the customers as well as potential sales leads helps to capture the maximum number of sales leads to improve the sales.

- **Customer Service**

Customer Relationship Management emphasizes on collecting customer information and data, their purchase information and patterns as well as involves providing the collected information to the necessary and concerned departments. This makes customer service an essential component of CRM.

Almost all the major departments including the sales department, marketing team and the management personnel are required to take steps to develop their awareness and understanding of the customer needs as well as complaints. This undoubtedly makes the business or the company to deliver quick and perfect solutions and assistance to the customers as well as cater to their needs which increases the dependability and trust of the customers and people on the organization.

- **Marketing**

Marketing is one of the most significant component of Customer Relationship Management and it refers to the promotional activities that are adopted by a company in order to promote their products. The marketing could be targeted to a particular group of people as well as to the general crowd. Marketing involves crafting and implementing strategies in order to sell the product. Customer Relationship Management assists in the marketing process by enhancing and improving the effectiveness of the strategies used for marketing and promotion.

This is done by making an observation and study of the potential customers. It is a component that brings along various sub-elements or aspects. Some of the major elements of marketing are List Management, Campaign Management, Activity Management, Document Management, Call Management, Mass Emails and Reporting. The use of the aforesaid elements varies from business to business according to its nature and requirements as well as the target crowd.

- **Workflow Automation**

A number of processes run simultaneously when it comes to the management and this requires an efficient cost cutting as well as the streamlining of all the processes. The phenomenon of doing so is known as

Workflow Automation. It not only reduces the excess expenditure but also prevents the repetition of a particular task by different people by reducing the work and work force that is getting wasted for avoidable jobs. Routing out the paperwork and form filling are some of the elements of the process and it aims at preventing the loss of time and excess effort.

- **Business Reporting**

CRM comes with a management of sales, customer care reports and marketing. The customer care reports assist the executives of a company to gain an insight into their daily work management and operations. This enables one to know the precise position of the company at any particular instance. CRM provides the reports on the business and that makes it play a major role here. It is ensured that the reports are accurate as well as precise. Another significant feature is the forecasting and the ability to export the business reports on other systems. In order to make comparisons, one can save historical data as well.

- **Analytics**

Analytics is the process of studying and representing the data in order to observe the trends in the market. Creating graphical representations of the data in the form of histograms, charts, figures and diagrams utilizing the current data as well as the one generated in the past is essential to achieve a detailed understanding and study of the trends. Analytics is an extremely significant element of Customer Relationship Management as it allows to make in-depth study of information that is required to calculate the progress in the business.

Different components of Customer Relationship Management are associated with different elements mainly, the customer acquisition, improved customer value and customer retention. Various marketing applications are carved out to acquire more customers whereas data warehousing and analytical tools help the business to hold customers with a better communication and relationship. In order to enhance the customer value among the existing and future customers, there is a number of data warehousing and analytical tools.

Overall, each of the discussed components of Customer Relationship Management is very essential to improve the work structure as well as the market response to the business and their products.

CRM PROCESS

B2B sellers increasingly rely on digital technologies to connect with prospects and customers. Built to help companies forecast opportunities and manage the customer relationship lifecycle, a CRM system can also help marketers react to insights more quickly to ensure every customer interaction is relevant and meaningful.

Get to know the five steps in the CRM planning process to successfully execute customer relationship management strategy—and ultimately drive more sales.

Step 1: Generate brand awareness

The first step to acquiring new customers is awareness, which refers to how familiar prospects and customers are with your brand.

Audience response to brand awareness tactics provides clues into what resonates with them. You can collect these clues within a CRM and use them to deliver a personalized customer experience, starting from the very first point of contact.

Step 2: Acquire leads

Introducing your company to potential customers is only the beginning. To start turning awareness into engagement, encourage users to take the next step.

When customers interact with your brand, each interaction becomes a source of data that can be stored in a CRM and used to improve touch points later. When you build an understanding of customers, you'll be better equipped to meet their expectations and provide superior experiences.

Step 3: Leverage CRM data to convert leads into customers

Once you've successfully engaged potential buyers, it's time to start turning those leads into customers. If leads seem interested but haven't made a purchase, you can leverage engagement data stored in your CRM to provide personalized offers that will help build trust and nurture them toward purchase. You can also apply lead scoring to focus your efforts on the right leads and identify winning opportunities.

Step 4: Build strong customer relationships

The CRM planning process doesn’t stop after leads convert to customers. In-depth customer knowledge that supports loyal relationships goes beyond the point of sale to promote ongoing success.

By the same measure, your customer relationship management process continues to increase retention by providing personalized experiences that meet and exceed customer expectations.

Step 5: Sell more to your current customers

Past purchase data held in a CRM can help companies identify opportunities to up sell and cross-sell to current customers, either products they’ve bought before or new products that may be interesting to them, based on previous purchase behaviour.

By revealing insights like these, a CRM solution can help you provide enticing offers to existing customers, generating a measurable impact on business performance.

A data-driven customer relationship management strategy can help you focus on the most valuable prospects, make every customer interaction matter, and grow your business.

CRM, or customer relationship management, is a process that involves managing interactions and relationships with customers throughout their lifecycle.

The CRM process typically includes the following steps:

Lead generation: This involves identifying potential customers who have shown interest in your products or services.

Lead qualification: Once leads have been generated, they are evaluated to determine their level of interest and likelihood to become customers.

Sales process: This involves managing the sales process from initial contact through to the close of the sale.

Customer on boarding: Once a sale has been made, new customers need to be on boarded, which typically involves providing them with information and support to get started.

Customer support: Providing ongoing support to customers is important or building long-term relationships and ensuring their satisfaction with your products or services.

Cross-selling and up selling: As customers become more familiar with your products or services, you can introduce them to additional offerings that may be of interest to them.

Customer feedback: Collecting and acting on customer feedback is essential for improving the customer experience and identifying areas for growth and improvement.

Overall, the CRM process is focused on building strong, long-term relationships with customers by providing them with high-quality products and services, responsive support, and ongoing communication and engagement.

CUSTOMER ACQUISITION STRATEGY

A customer acquisition strategy is a well-defined plan to help prospects find your brand, helping them through their buying process until they become customers. It details your goals, a description of your ideal prospect, specific approaches you'll employ, how you'll measure success, the timing of various tactics, and who will be responsible for which elements. The idea is to educate and engage your ideal potential customers so they become leads that convert to prospects who buy your product or service.

Steps needed to plan and execute your customer acquisition strategy wondering how to create a customer acquisition strategy? Here are the steps you'll want to take to plan and execute yours:

1. Create your team

Involve all the appropriate members of your staff in the creation of your acquisition strategy. Ones to consider include those responsible for sales, marketing, product, customer service, and leadership. This ensures a more complete plan by incorporating more viewpoints and avoiding overlooking important details.

2. Define your target audience

It's important to understand who your target audience is before expending time and effort on marketing. Yes, you want to get the word out about your company and offerings, but you need to be sure that you know who you're talking to for maximum impact. Otherwise, your efforts will be wasted.

3. Define your goals

Before selecting which tactics to include in your acquisition strategy, you need to define what you want to accomplish. Without goals, you won't know which approaches to use. It's like heading off on a road trip without a map or destination.

Your goals should include information like how many new customers you want to gain over what time period, for example. Start by setting yearly goals, then break them down to quarterly and monthly. Your revenue targets will help you establish these targets. If you have a defined sales process with metrics relating to how customers move through your sales funnel, goal-setting will be that much easier. Leverage this information to define goals for each stage in the customer acquisition process.

4. Select your methods and channels

There are a variety of different customer acquisition methods. They include paid or free as well as inbound or outbound options. Paid versus free is clear but inbound and outbound require a bit more explanation. Inbound marketing is where you attract your audience by helping them find you. Outbound marketing involves going where your customer is, such as cold calling off a purchased list or having a booth at a trade show. The best methods for your business will be based on your ideal customer, resources, and the other approaches you employ in your overall strategy.

Content marketing is an excellent place to start. It drives traffic to your website, captures leads, nurtures them until they're ready, and helps them make a buying decision. It's an effective method for all types of businesses and is at the core of many customer acquisition strategies. This is particularly true because today's buyers are 50-70% through their decision-making process before they engage with a salesperson. Plus, this approach is cost-effective so you don't have to break the bank to implement it.

5. Create engaging content

Start by creating a library of unique, valuable, educational content that helps your ideal prospects answer their questions and solve their challenges throughout the buying process. You'll need to decide which content options are best suited for each stage of your funnel. Some options include blog articles, e-books, case studies, white papers, videos, and webinars. Which ones you select will be based on which types your audience tends to prefer consuming.

6. Create conversion points

Next, you need to provide interested parties with the opportunity to convert to leads and enter your sales funnel. This happens through an appropriate call-to-action on various pages of your website, depending on where the prospect is in their buying process. You'll want to create ones for each stage of your funnel to boost your overall conversion rates and gather more leads.

7. Drive qualified traffic to your site

Also called "demand generation," you want to help qualified prospects find your site so you can add these leads to your sales funnel. Potential tactics to leverage here include SEO, social media, email marketing, trade shows, direct mail, PPC, and search advertising. Which options you select will vary based on what works best for your audience and budgetary considerations.

8. Nurture your leads

Using marketing automation technology will simplify and streamline your customer acquisition efforts while helping you stay on track. An email newsletter, or any other method of staying in touch with your leads until they're ready to buy, will increase your customer acquisition results.

9. Leverage a CRM

A customer relationship management (CRM) platform integrates with marketing automation to simplify the process further while garnering valuable insights, lead data, and important metrics. It arms your sales team with a history of each lead's interactions with content, your website, and your brand, better preparing them to more effectively speak with prospects during each encounter. A CRM also makes it easier for you to determine where leads are getting stalled, helping you determine where to add more content to advance prospects through the process. It will also tell you which calls-to-actions are working best and which need to be adjusted. If you're interested in learning more about CRM and Marketing Automation you can request a free Act! demo here.

10. Measure your results and refine your strategy

There are many ways to measure your customer acquisition success. These include conversion rate, rate of new customer acquisition, and calculating your customer acquisition cost (CAC). Once you review these metrics, you'll be better equipped to determine which strategies are working and which ones aren't necessarily the best fit for your business. Be sure to routinely measure results so you stay current with ever-changing market conditions and buyer preferences. This will help you see consistent growth while receiving the best possible results for the time, money and resources invested.

CUSTOMER RETENTION

Customer retention is the capacity a company has to keep customers engaged with its product or service. It also acts as a business strategy in customer relationship management that seeks to increase customer loyalty and reduce customer churn. Customer retention techniques include creating a loyalty or VIP program, personalizing the customer experience, re-engaging at-risk customers and placing a high value on customer service.

There's a difference between randomly putting together a strategy and thoughtfully mapping out the best areas of focus.

With that in mind, here are some effective customer retention strategies for focus:

1. Build a Robust Customer Journey

Your customers are on a journey to achieve a particular goal.

The problem is, you won't be an effective guide unless you first map out the customer journey. Doing so lets you determine why they're coming to you in the first place, and how you're uniquely positioned to help them reach their goal. Only then can you gauge whether they're actually achieving their goal, which is important because you want to be seen as the best solution for their particular type of problem.

The customer journey includes the various touch points customers have with your company. It starts when they first interact — seeing an ad or reading a blog post, for example — and continues through the process of nurturing them down the funnel and into the post-purchase phase.

At first glance, it might not be obvious how that contributes to customer retention. But think of it this way: Mapping the customer journey allows you to get a visual understanding of how customers interact with your brand. You can use that information to optimize each touch point, which enhances the overall experience so customers will see your company in a positive light.

Furthermore, the journey doesn't stop once they make the first payment. You can strengthen customer loyalty by using customer journey mapping to understand their evolving needs and how you can meet those.

2. Let Data Do the Legwork

Do you know who's going to win the next Super Bowl? I'm guessing not. Even if you're a student of the sport and can make an educated guess, it's still that a guess.

The good news is that you don't have to worry about the same thing with your business. Your retention strategy need not (and shouldn't) amount to a guess. Rather, it should be grounded in hard data that drives informed decisions.

You have a wealth of customer information at your fingertips. An effective strategy will take advantage of that rather than letting the data become stagnant. Use the insights you have to build a solid foundation for your strategy.

3. Set Expectations

Lack of communication can cause a lot of problems. In order to avoid confusing or upsetting your customers, you need to clearly lay out the framework for your relationship.

A service level agreement (SLA) is a way to formalize these “ground rules” so both you and your customers know what the expectations are. You’ll avoid a lot of potential issues by communicating this upfront. Plus, having a written agreement will ease customers’ worries, since they’ll have an exact idea of what your company will provide and how you’ll handle given situations.

To illustrate, if a SaaS provider wanted to instill confidence in their customers, they would include details such as guaranteed server uptime. If a system went down, customers wouldn’t have to panic because either the provider would get the problem fixed in time to uphold their end of the agreement, or the customers would receive some sort of compensation.

With SLAs in place, you present a customer-centric appearance that shows you have customers’ best interests in mind. An SLA will hold you — and your customers — accountable.

4. Listen to Your Customers

Listening starts with asking the right questions. Use surveys, polls and other feedback mechanisms to extract how customers feel about their relationship with your company.

Back to letting data do your heavy lifting, it’s risky to base anything on assumptions. Maybe you knew a customer’s pain point when she first bought your product or service. But that doesn’t mean her current challenges are the same.

You could wing it, but you'll likely end up heading the wrong direction eventually, and that burns through precious time and resources. Your best bet is to let your customers' feedback guide you.

But don't stop there. Once you have that feedback in hand, use it. Whether that's updating a help desk process to make the experience smoother or tweaking the regularity of your loyalty program newsletter, it will only serve to strengthen the relationship with your customers.

5. Make It Personal

Too often, it's easy for a company to treat their customers as no more than checkmarks on a list or a credit card number. The reality is, though, thsssat you're dealing with people. And those people are demanding exceptional experiences.

By placing an emphasis on personalization, you show customers that you understand their individual people — not a random entry plugged into the machine of your business. That makes them feel special and cared about.

However, personalization cuts both ways. As much as you need to consider the human element of your customer communications, customers want to know they're not interacting with an impersonal entity.

Sending targeted offers and personalized messages are two excellent places to start. We'll cover the "how to" details in the CRM section.

6. Stay in Touch

If you want loyal customers, you need to spend time building a relationship with them. It doesn't need to be complicated — in fact, you shouldn't be so intent on reaching out that you become an annoyance. However, showing you care about each customer will foster the warm sort of relationship that will keep customers around.

7. Catch Customers Before They Say Goodbye

It doesn't take much to send customers packing. Any number of things can cause customer churn, from rude staff to slow responses. In fact, eight in 10 people will leave if they have a poor customer experience.

Not to worry; you don't have to stand by helplessly. The key is to pay attention to the signals. If you notice a trend such as lower engagement, which suggests customers might have mentally checked out and are headed for the door, take action. Send a survey to get a reading on where they're at or cue up a short email campaign.

8. Give Customers the White Glove Treatment

We've all been on the receiving end of bad customer service experiences, so it should come as no surprise that providing top-notch service is one of the best ways to retain customers. In fact, subpar customer service is enough to drive seven out of every 10 people away from a company.

Turn the coin over, however, and you'll find a correlation between great customer service and happy customers. Nearly 80 percent of Americans consider friendly service and knowledgeable help among the top factors of a positive experience, according to a recent PwC survey.

Unfortunately, that same survey also revealed that companies have a difficult time meeting customer expectations. A gap exists between the satisfaction level and the level of importance people place on customer service.

PREVENTING CUSTOMER DEFECTION:

The three overall steps

- Align the leadership team (I call this "one-company leadership")
- Give permission
- Prove it with action

Align the leadership team

Just did a podcast episode on the first 90 days of being in a CCO role, and the No. 1 piece of advice was "align the leadership team." Look, it's 2016. Silos don't work. If you're a CCO or CX professional and you run into a colleague, the worst thing you can hear these days is "No, I have my own customer metrics." Customers do not care about how companies are doing metrics or prioritizing work (or how experienced your team is). They care about the experience they're getting in the market. It's hard to deliver that experience consistently if your leadership team is all over the place with silo-by-silo metrics and surveys. Kill that behavior. Align the leadership team and you'll prevent customer defection.

Give permission

This is how you start that leadership alignment. You go cross-silo and give permission for people to work together, collaborate, and share supposedly "proprietary" data from their functional area. You model the behaviors that you want to see from others. Customer experience is one area of a company that almost *has* to be owned by multiple people. That terrifies some existing executives who are used to "Tom owns P&L for this, and Jerry owns it for that." Customer experience needs to be cross-silo, and you need to give permission for that to happen. That's a step away from customer defection.

Prove it with action

Business, especially quarterly business, is about results. I get that. I've been doing it 30 years. You need to give CX work some *time* to develop — because CX work is inherently about relationships. But ultimately, everything needs to be proved with action. That goes both ways, though. Some leaders miss this. If your CX team hits all the targets they need to hit and customer defection is way down, reward the team. Promote from within. It works, and it reduces turnover. "Customer defection" can also mean "employee defection," because employees are essentially internal customers.

CRM MODELS

Definition of a CRM Model

CRM stands for customer relationship management — this includes the type of service you provide, the interactions you have, and the resources you share to match customer needs. A CRM model is a framework for how your company will manage these customer relationships, from acquisition to retention. The better you understand potential and current customers, solve their pain points, and build trust/rapport, the more likely they'll stick around.

It's important to note that a CRM model and a CRM tool are two different things. Yes, this can be confusing, but a CRM tool is software that's designed to store and manage your customer data. Consider it a type of intelligent database that's built around relationships. A CRM tool can be used to support your CRM model.

A CRM model outlines the steps you'll be taking to win a customer's trust and nurture it over time. And implementing this type of model has multiple benefits — not just for sales, but across departments:

Build quality customer relationships and increase their loyalty to your company. Understand customer wants/needs and personalize the customer experience. Create a competitive advantage as you serve customers better than your competitors.

Three Common CRM models

Many CRM models have been created over the years, but they all pretty much have the same message: Learn everything you can about individual customers in the prospecting stage of the sales funnel and use this information to provide an amazing experience throughout the life of the customer.

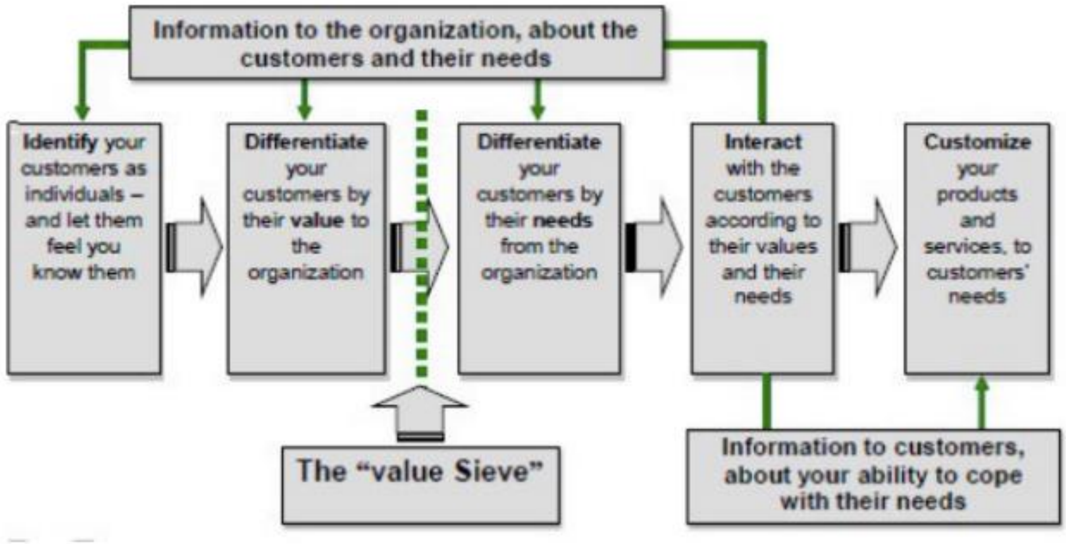
Let's now break down three common customer relationships management (CRM) models and discuss how their capabilities can help you strengthen relationships with customers. Even though these CRM models are similar, that doesn't mean they're not valuable in their own way. Some you might find more pertinent to your business:

1. IDIC CRM model
2. Buttle's CRM Value Chain model
3. Payne & Frow's Five-Step Process model

Summary about how each model works.

1. IDIC CRM Model

The IDIC CRM model is an excellent framework for discovering and using your customers' needs and values as the foundation for how you interact with every customer.



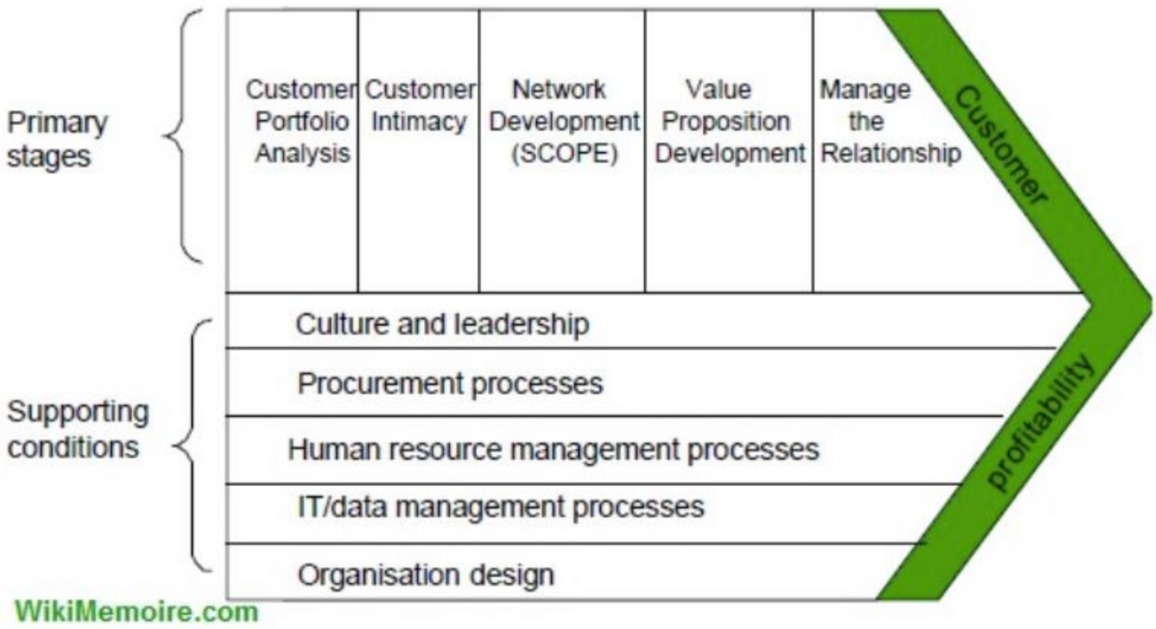
Developed by Peppers and Rogers in 2004, the IDIC model is made up of four actions to strengthen personal relationships, from prospects to customers.

- **Identify individual customers.** Develop an understanding of what their business struggles with and what they value. Divide into segments.
- **Differentiate customers.** Use the information about your customer segments to sort customers by their value to your business (now and in the future) and by their specific needs.
- **Interact with customers.** Armed with in-depth knowledge about your customer, demonstrate that you understand their needs on an individual level.
- **Customize for customers.** Take what you know about your customers and customize your offerings to meet their needs and values.

With the IDIC model, you gain important insights on what's essential to your customer's happiness and what personalizations you can offer to help achieve that.

2. Buttle's CRM Value Chain Model

While every customer is important, not every customer is created equal. According to the 80/20 rule in sales, 20% of your customers provide 80% of your profits. With Buttle's CRM value chain model, offer extra attention and service to your most valuable customers.



Designed to be used as a platform when developing CRM strategies, the CRM Value Chain is a five-step process focused on "strategically significant customers."

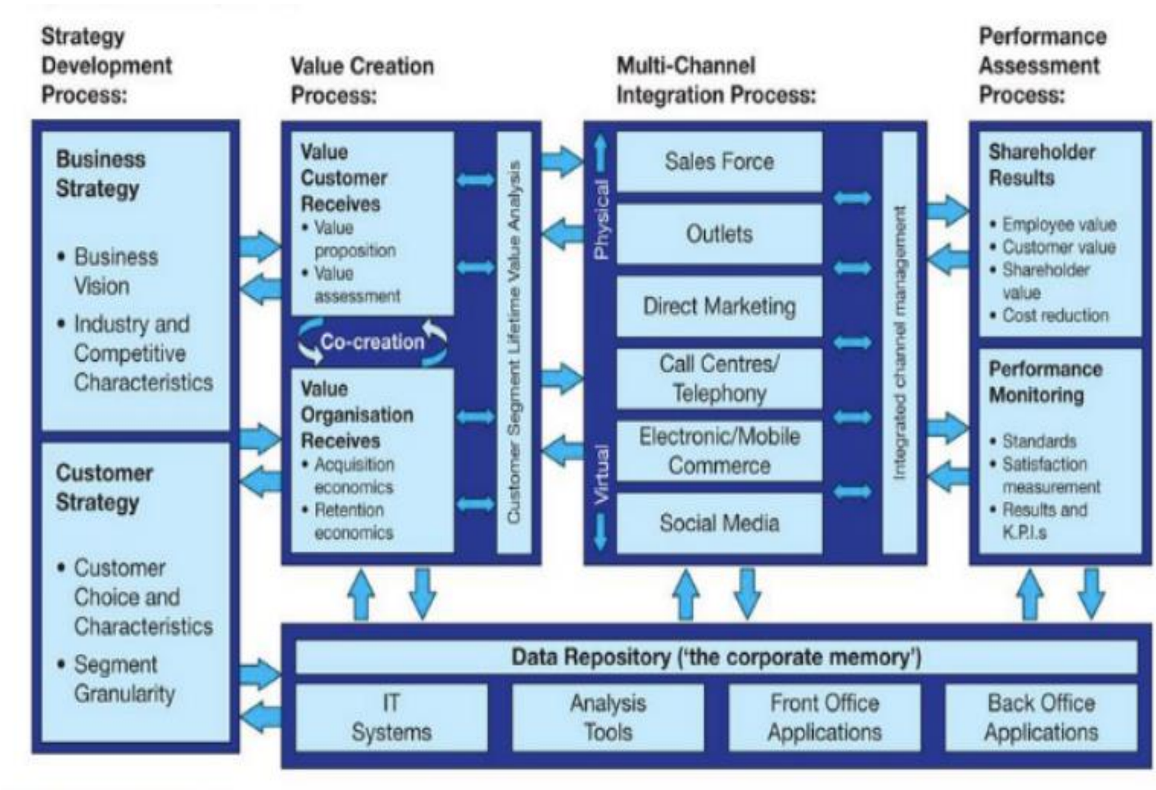
These types of customers are treated differently from other customers as they generate more revenue and make for better referrals. With this model, you can develop quality, long-term relationships with your most valuable customers.

- **Customer portfolio analysis.** Also known as CPA, this step helps you identify your most valuable customers.
- **Customer intimacy.** Now that you have a list of "strategically significant customers," find out what they need to determine how you can best serve them. Customer data can give these insights.
- **Network development.** Satisfying top customers is a team effort. Work closely with marketing, support, and vendors outside of your company.
- **Value proposition development.** Combine your network with your product/service and offer significant value for your top customers. Plan to provide things like product add-on discounts, exclusive resources via email, and one-on-one consulting sessions.
- **Managing the relationship.** With these foundations in place, nurture customer relationships over the long term.

The CRM Value Chain doesn't mean you should ignore your other customers. However, it does mean that you should make extra efforts to serve truly invested customers. Consider these customers to be the bread and butter of your business. These efforts ensure that your most valuable customers stick with your company, which ultimately impacts your company's bottom line.

3. Payne & Frow's Five-step Process Model

Eighty-seven percent of customers think brands need to put more effort into providing a consistent experience. Payne & Frow's Five-Step Process Model ensures that the customer experience is consistent across all departments (not just sales) thanks to the third process (multi-channel integration process).



The five processes of the model are categorized as follows:

- **Strategy development.** Divided into two strategies, this process first looks at business strategy, determining the vision of your product/service and how it competes in the industry. Customer strategy means that you outline the characteristics of your current and potential customers.

- **Value creation.** This process looks at the value customers bring to your business, as well as the value you bring to your customers. Create a value proposition based on this information.
- **Multichannel integration.** In this process, every department works together. When every department (such as marketing, sales, and support) are all on the same page and understand the value that your company is bringing to the table, your customers receive a cohesive experience.
- **Performance assessment.** Analyze how well your value proposition is performing. Is revenue up? Are your customers happy? Are your reps engaged with customers? With different departments?
- **Information management**. Also called “Data Repository,” this process supports the other processes and includes IT systems, analysis tools, front-office applications, and back-office applications.

Although each of these models is similar, they work better for different business setups. For example, maybe your business revenue is supported by only a handful of customers. The CRM Value Chain Model might be the best relationship framework for your company. Or, if your product/service solves a complex need in your industry, use the IDIC model. No matter what model you choose (do your research), you’ll need a tool to ensure that relationship management is successful. This is where CRM software comes in.

CRM ROADMAP

A CRM roadmap is a plan for CRM implementation that aligns an organization's business strategy with the functionality of its CRM. To define a CRM roadmap, an organization must understand its processes, how each department works to meet the needs of customers, and the positive outcomes it hopes to see in their processes through the introduction of CRM.

Importance of CRM Roadmap

Whether you are investing in desktop software, a web app, a mobile app, or SaaS, CRM solutions are a financial investment. Without a CRM roadmap, you will blindly implement a CRM system and hope that it meets the needs of your business. On the other hand, if you choose a CRM solution that does not fit your business's short and long-term objectives or reflect its priorities, you will have wasted valuable time and financial resources.

It is unwise to invest in technology without understanding if it has the features and functions that are important to your business. For example, you wouldn't purchase a car without ensuring that it had at least some of your desired features.

Like cars, thousands of different CRM solutions are available on the market. So how do you ensure that you choose a CRM solution suited for your present and future needs? That is by developing a CRM roadmap. Without a CRM roadmap, the implementation project is bound to fail.

A CRM roadmap is the foundation upon which an implementation can be successfully carried out, ensuring that functionality, future enhancements are planned strategically and logically. With a strategic CRM roadmap, your business can maximize its ROI for CRM.

A Basic CRM Roadmap

The basic steps an organization should follow to guarantee successful CRM implementation are:

- Identify issues
- List required features and functions
- Create budget
- Find an implementation partner
- Setup and data migration
- Testing and training
- Evaluate

Identify Issues

CRM solutions are powerful tools used to manage relationships with prospects, customers, and other contacts. If you are thinking about CRM implementation, it is likely because your sales team or other departments have run into issues. So the first step is to identify what issues your business is experiencing.

Listen to feedback from your teams to accurately identify pain points that can be addressed with CRM. It is vital to accurately identify the issues your teams face so that your business can purchase and implement a CRM solution that will improve daily operations.

List Required Features and Functions

There are thousands of different CRM solutions available. To find the best CRM solution for your business, you need to know which features and functions are most important to address your identified issues. It is helpful to list which features and functions are the most important and which ones are the least important if there are CRM options that only have some of the features you are looking for.

Create Budget

Now that you have an idea of what issues your business needs to address and which features are best suited to accomplishing this, you need to create a budget. Creating a budget will help the business to prioritize CRM solutions and choose the best option for the requirements. A budget will also help the business communicate its needs and requirements to an implementation partner.

Find an Implementation Partner

An implementation partner will make the technical aspects of CRM implementation easy. Setting up the proper tools, building the architecture, and migrating data are all tasks that are likely too technical for the business to handle on its own. Simplify the CRM implementation process and find a partner that can help through the entire process.

Setup and Data Migration

Setting up the proper tools and migrating the existing customer data into your new CRM is the most technically challenging portion of CRM implementation. Therefore, it is highly recommended that you work with an implementation partner to accomplish these technical tasks. Improperly implemented CRM will not support your business processes, and it will be a waste of time and money.

Testing and Training

Once your new CRM has been implemented, it is time for you to test it and train your employees on using it. Once again, your CRM implementation partner should help your business test your CRM and train your employees. In addition, it is important to give your implementation partner feedback during this phase of the CRM implementation process to make the necessary adjustments. Finally, after everything has been thoroughly tested and your employees trained, you are ready to go live with your new CRM.

Evaluate

After your CRM is deployed, it is important to continuously evaluate your CRM to ensure it is living up to expectations. How have the results lived up to your expectations? Adjustments might need to be made over time which is why regular evaluations are important to the long-term success of your CRM solution.

Preventing defects in Customer Relationship Management (CRM) is crucial for any business to maintain good customer relations, increase customer loyalty, and enhance the overall customer experience. Here are some ways to prevent defects in CRM:

Proper training: Ensure that your employees are properly trained in using the CRM software, as well as the policies and procedures of the company. This will help them avoid making mistakes and using the CRM system in a way that can cause defects.

Regular maintenance: Regularly maintain your CRM software to keep it up-to-date, secure, and functioning properly. This can help prevent errors, crashes, and data loss.

Data accuracy: Ensure that the data entered into your CRM system is accurate and up-to-date. This will prevent errors in communication and allow you to make informed decisions based on accurate data.

Testing: Conduct regular testing of your CRM system to identify any defects or bugs. This can help you catch and fix any issues before they become major problems.

Integration: Integrate your CRM system with other business software to streamline processes and prevent errors from manual data entry or transferring data between systems.

User feedback: Encourage your employees to provide feedback on the CRM system, and take their suggestions into consideration when making improvements. This will help identify potential defects and prevent them from occurring in the future.

UNIT III

CRM Planning and Implementation: Strategic CRM Planning Process-Implementation issues-CRM Tools- Analytical CRM-Operational CRM - Call Centre Management – Role of CRM Managers - CRM Implementation Roadmap – Developing a Relationship Orientation- Customer Centric Marketing Processes – Customer Retention Plans

CRM PROCESS STRATEGIES

A Customer Relationship Management strategy is a plan to grow sales and improve customer service through a combination of processes, actions, and technology. It typically involves the sales, marketing, and customer support functions of a business.

The 5 steps in the CRM process

Step 1: Generate brand awareness

The first step to acquiring new customers is awareness, which refers to how familiar prospects and customers are with your brand.

Audience response to brand awareness tactics provides clues into what resonates with them. You can collect these clues within a CRM and use them to deliver a personalized customer experience, starting from the very first point of contact.

Step 2: Acquire leads

Introducing your company to potential customers is only the beginning. To start turning awareness into engagement, encourage users to take the next step.

When customers interact with your brand, each interaction becomes a source of data that can be stored in a CRM and used to improve touch points later. When you build an understanding of customers, you'll be better equipped to meet their expectations and provide superior experiences.

Step 3: Leverage CRM data to convert leads into customers

Once you’ve successfully engaged potential buyers, it’s time to start turning those leads into customers. If leads seem interested but haven’t made a purchase, you can leverage engagement data stored in your CRM to provide personalized offers that will help build trust and nurture them toward purchase. You can also apply lead scoring to focus your efforts on the right leads and identify winning opportunities.

Step 4: Build strong customer relationships

The CRM planning process doesn’t stop after leads convert to customers. In-depth customer knowledge that supports loyal relationships goes beyond the point of sale to promote ongoing success.

By the same measure, your customer relationship management process continues to increase retention by providing personalized experiences that meet and exceed customer expectations.

Step 5: Sell more to your current customers

Past purchase data held in a CRM can help companies identify opportunities to up sell and cross-sell to current customers, either products they’ve bought before or new products that may be interesting to them, based on previous purchase behaviour.

By revealing insights like these, a CRM solution can help you provide enticing offers to existing customers, generating a measurable impact on business performance.

A data-driven customer relationship management strategy can help you focus on the most valuable prospects, make every customer interaction matter, and grow your business.

The strategic Customer Relationship Management (CRM) planning process involves a systematic approach to creating a customer-focused business strategy that aligns with the organization's goals and objectives. The process involves the following steps:

Define the CRM Strategy: The first step is to define the CRM strategy, which involves determining the organization's overall vision, mission, and goals. The CRM strategy should align with the organization's overall strategy and goals and should be focused on meeting customer needs.

Analyze the Customer Base: The next step is to analyze the customer base, which involves identifying the different types of customers, their needs, and their buying behavior. This analysis can be done by collecting data from different sources such as customer surveys, social media, and customer feedback.

Develop Customer Segments: Based on the customer analysis, the organization should develop customer segments. Customer segmentation is the process of dividing customers into different groups based on common characteristics such as demographics, needs, and behavior.

Select CRM Technology: After identifying the customer segments, the next step is to select the right CRM technology. The technology should be able to support the organization's CRM strategy and enable it to deliver personalized and relevant experiences to customers.

Develop a Customer-centric Culture: The success of the CRM strategy depends on the organization's culture. Therefore, the organization should develop a customer-centric culture that puts the customer at the center of everything it does. This involves training employees to provide excellent customer service and rewarding them for delivering exceptional customer experiences.

Implement CRM Programs: The final step is to implement CRM programs that align with the organization's CRM strategy. The programs should be focused on meeting the needs of the different customer segments and delivering personalized experiences to customers. The organization should continuously monitor and evaluate the CRM programs to ensure that they are delivering the desired results.

IMPLEMENTATION ISSUES

CRM implementation, on-boarding an appropriate CRM solution unquestionably is an excellent way to show how much you value your customers and put customer service on topmost priority. CRM plays a pivotal role to collaborate between customer service, marketing and sales in a company. In fact, salespeople are the ones at the receiving end when it comes to reaping the core benefits of CRM software. Nevertheless, businesses have been enduring with a number of challenges especially when implementing a new CRM system for SMEs and start ups. This article is intended to throw light on some of the top challenges faced during CRM implementation to help you get past the curve.

1) Absence of framework:

Without outlining the goals that have to be determined, the customer relationship management initiative will be inconsequential as the results it would give won't be desirable to the business. The first challenge is to get away with the ambiguity before implementing or even choosing the customer relationship management vendor. So foremost is to conceive a business case for the customer relationship management initiative by determining specific and measurable goals. It can include areas like streamlining sales and marketing and automation to increase productivity. Also, rolling a phased customer relationship management implementation will work in the benefit of the company as smaller implementations are manageable and also results in quick return on investment (RoI).

2) Integration going wrong:

When going for a customer relationship management implementation if the different verticals of a business are not integrated, end result won't be as expected. Most implementations require customization for a smooth customer relationship management. Proficient vendors make for a smooth integration between different functions and also work on providing fixes to your company specific problems in their next software upgrade.

3) Absence of status:

Customer Relationship Management is not a technology solution; it is in fact a business process change that is supported by technology. If business managers still consider it as a part of IT, there are bound to be problems.

4) Outdated or incorrect data:

Customer Relationship Management process works effectively by analyzing data. All old and incorrect data have to be cleared post implementation to ensure that the purpose of customer relationship management implementation is not defeated.

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5) Change:

Anything new will face some resistance from employees, as they are pulled out of their comfort zone. Benefits of customer relationship management implementation has to be communicated efficiently to employees as failure to do so will result in passive resistance and Anything new will face some resistance from employees, as they are pulled out of their comfort zone. Benefits of customer relationship management implementation has to be communicated efficiently to employees as failure to do so will result in passive resistance and less adoption rates by them. The top management should assign accountability of the new system to the various project heads. Negligence in the part of the management will result in failure of the entire implementation.

CRM TOOLS

CRM stands for Customer Relationship Management, and CRM tools are software solutions designed to help businesses manage and analyze their interactions with customers and prospects. These tools help companies to build stronger relationships with customers by providing insights into customer behavior, preferences, and needs.

There are a variety of CRM tools available, with different features and capabilities. Some of the most common features of CRM tools include:

Contact Management: A CRM tool allows businesses to store contact information for their customers and prospects in one central location. This makes it easier to keep track of customer interactions and provides a comprehensive view of customer history.

Sales Management: CRM tools can help manage the sales pipeline, track deals and opportunities, and automate sales tasks. This allows businesses to streamline their sales process and close deals more efficiently.

Marketing Automation: Many CRM tools offer marketing automation features, allowing businesses to create and automate marketing campaigns, track results, and analyze customer engagement.

Customer Support: CRM tools can help manage customer support requests and provide a central location for customer feedback. This helps businesses to quickly respond to customer needs and improve their overall customer experience.

Analytics and Reporting: CRM tools provide businesses with detailed analytics and reporting on customer behavior, sales performance, and marketing effectiveness. This data helps businesses to make more informed decisions and optimize their strategies.

Some popular CRM tools include Salesforce, HubSpot, Zoho, Microsoft Dynamics 365, and SugarCRM. Each of these tools has its own strengths and weaknesses, and the right choice for a business will depend on its specific needs and budget.

In summary, CRM tools are essential for businesses that want to build stronger relationships with customers and improve their overall customer experience. By providing insights into customer behavior and preferences, CRM tools can help businesses optimize their sales, marketing, and customer support strategies and drive growth.

1. Hub Spot
2. Sales flare
3. Engage Bay
4. Dynamics
5. Sales force
6. Zoho
7. BIG Contacts
8. Pipe drive
9. Fresh works
10. Active Campaign

1. Hub Spot

Hub Spot is a CRM platform —meaning, it tracks customer relationships as well as facilitates marketing, sales, and service processes. Hub Spot is ideal for any scaling business (whether you're small, mid-sized, or enterprise) and any team (such as marketing, sales, customer service, operations, or C-suite).

The platform combines Marketing Hub, Sales Hub, Service Hub, and CMS — along with hundreds of available integrations — to help you align all internal teams, gather meaningful insights, report on (and share) success and growth opportunities, create remarkable customer experiences, increase adoption, and delight your target audience throughout every moment of the buyer's journey.

Hub Spot serves as a single source of truth when it comes to managing your customer relationships — and with an exceptionally easy user experience (UX), you can spend more time on your customers and less time on software management and manual activities. And speaking of your customers, they are a major part of what differentiates Hub Spot from other CRMs on the market — Hub Spot centres *everything* you do around your customers and the customer experience. As a result, you're able to grow better and help your customers grow better, too.

2. Sales flare

Sales flare is a B2B sales CRM platform, as it's built specifically to track and organize your B2B operations. Sales flare is built from the ground up to track everything automatically. Their CRM automatically creates contacts and enriches them with additional details including email signatures, complete customer timelines, and nudges you to follow up.

The Sales flare CRM has a built-in email sequence tool that allows you to send personal emails at scale, which can make your outreach way more efficient. And if you're a heavy LinkedIn user, you'll appreciate their LinkedIn sidebar too, which allows you to create contacts from LinkedIn and find their email, all in a few clicks.

3.Engage Bay

Engage Bay helps small businesses manage customer relationships and sales processes effectively. It provides a wide range of features such as contact management, sales automation, lead capture, and marketing automation.

Engage Bay is also used by companies to manage their sales and marketing efforts. The software provides users with tools to create and track leads, as well as follow up on sales opportunities. Engage Bay also helps companies measure their marketing campaigns to see what’s working and what isn’t, so they can adjust their strategies accordingly.

Overall, Engage Bay is an excellent CRM for businesses of all sizes. It is easy to use and comes at quite an affordable price too.

4. Microsoft Dynamics

Microsoft Dynamics is a CRM and enterprise resource planning (ERP) software meant for improving sales and marketing productivity. The CRM gathers social insights, provides cloud-based campaign management, and offers business intelligence.

Choose to have your CRM delivered by cloud, hosted, or on-premises. Microsoft Dynamics offers apps so you can manage your relationships with customers via mobile device as well as integrate and sync data from social media with your CRM.

5. Sales force

Sales force's CRM, Customer360, brings customer data plus sales, service, marketing, commerce, IT, and analytics together in a single location for quick access, shareable insights, and easy collaboration. The CRM is capable of lead and contact management, sales opportunity management, workflow rules, automation, and customizable reports and dashboards. It's also accessible via mobile app.

Sales force offers a number of apps — such as Einstein AI — that make it easier to achieve your unique goals. There are also Employee Experience features within the tool to simplify work collaboration and increase motivation.

6. Zoho

Zoho is a CRM that's fully cloud-based, integrated, and offers a variety of features including lead management and scoring, workflow automation, analytics, and marketing and process management. Zoho's AI sales assistant, Zia, interprets CRM data, tracks website visitors, and predicts sales. These sales predictions also surface leads who are most likely to convert and deals that are most likely to close.

Zoho's gamification feature keeps your reps motivated and focused on quota while the Google Ads integration aligns your sales and marketing teams by bringing your business's ad spend and sales revenue to light. Lastly, use

Zoho to provide omnichannel support for customers and leads over the phone, email, live chat, social media, or in-person.

7. BIG Contacts

BIG Contacts simplifies customer relationship management with its easy-to-use design and intuitive interface. The CRM tool is a reliable way for businesses to stay on top of all customer data and interactions. It provides a 360° view of contact data, including previous touches, social media profiles, notes, files, and upcoming activities. The tool enhances team collaboration, provides actionable business insights, and helps increase organizational productivity.

BIG Contacts offers sales pipeline management, web form connection, lead nurturing, and task tracking. There are also custom reports and dashboards that allow you to gain better visibility into your business operations. BIG Contacts can also be a powerful tool for task management with detailed calendar views, automated recurring tasks, and custom reminders.

8. Pipe drive

Pipe drive is a sales CRM and pipeline management tool ideal for small teams. The software comes stacked with features for tracking performance, managing deals, predicting revenue, and automating repetitive tasks. Pipe drive automatically visualizes your pipeline so you're able to identify where your efforts should be focused.

Pipe drive includes sales forecasting and integrations so you can pair your current tools — such as Mailchimp or Zapier — with your CRM. There's also a security feature that clarifies how your business data is being used.

9. Fresh works

Fresh works is a sales CRM and customer engagement platform that uses AI to help your sales and marketing teams provide personalized customer experiences. Fresh works is split into the Sales Cloud and Marketing Cloud.

The Sales Cloud assists with lead attraction, lead qualification, and deal engagement. It also uses AI to forecast sales and predict which actions reps should take with prospects.

Marketing Cloud helps you conduct automated conversations with customers via an AI-powered chat bot. It also uncovers details about audience behavior and engagement so you can determine where to focus your efforts and how to create highly-targeted campaigns and experiences.

10. Active Campaign

Active Campaign is a customer experience automation platform and CRM with a number of tasks and job functions you can automate including email, segmentation, and personalization (across social media, email, live chat, SMS, and more). There are over 300 integrations — such as Shopify, Facebook, and Word Press, that you can use to tailor the CRM to your specific needs.

Active Campaign makes it easy to share customer lifecycle data cross-team and use it to make informed decisions about your interactions with customers (e.g. what content you should send to them, when to reach out, and what channel to reach out over). Active Campaign also helps you better understand your customers on an individual basis and effectively segment them by tracking buyer preferences, engagement, behaviour, and unique traits.

This, along with other features like customizable campaigns and messages, allow you to personalize all communication with prospects and customers.

ANALYTICAL CRM

The analytical CRM meaning is that it works behind the scenes to improve your business. It does not directly handle customer interactions or 'front-line' operations. Instead, the Analytical CRM definition is that it quietly takes the information your business is generating about customers, stores it securely, and analyzes it so you can learn how to improve operations, both internally and externally.

All this cross-channel information is fed into the CRM as complex, massive piles of data that no human could decipher in any reasonable amount of time. This information is then processed to deliver intelligible insights. That lets you move from insight to tangible action so that you can streamline your business processes—like your sales pipeline, for example.

An analytical CRM system thus offers a structured, 'systematic' aid to business decision-making. Most significantly for businesses concerned with making more money and scaling up, it aggregates customer information to build customer knowledge through data analysis, and scouts new sales opportunities.

Analytical customer relationship management makes your data work for your business. This data can come from many different channels, like social media, live chat, phone calls, your company website, face-to-face convos, purchase records, and so on.

All this data is collated in one place by analytical CRM, providing visibility on your customer base and their preferences. This helps you segment customers, predict trends, and plan your marketing and targeted sales strategies for the future.

Benefits of analytical CRM systems

The features of analytical CRM systems each provide crucial benefits to your business growth potential. In the end, CRM analysis is all about expanding your network, closing more deals and fostering long-lasting customer relationships.

Customer analysis

Customer analytics can generate reports on customer behavior. This type of reporting helps you know and understand your customer base inside and out by generating profiles.

Analytical CRM finds patterns, then drills down and identifies the specific customer segments that offer the best business opportunities. It segments markets and directs your sales and marketing accordingly, and can also inform your future product and service offerings.

Sales analysis

Sales analytics look at your organization's overall sales processes, letting you understand the sales cycle, refine the sales pipeline, and rework strategy according to visible patterns. This information will also allow you to plan and predict your future sales volumes and profitability.

Furthermore, sales reports can shed light on where to re-shuffle organizational priorities and assign sales reps.

Market analysis

Marketing analytics allows you to plan, manage, and scale up your marketing campaigns. You'll get information on where to place resources for new marketing campaigns, which products/services to market, and insights about how and where to market any new products.

You'll also get information on new marketing opportunities that you may not have thought about.

Service analysis

Service reports aggregate information from polls, customer sentiment analysis, and other channels to find out how your customer satisfaction is looking. This lets you work on your customer service offering as well as direct resources to the right places. You can also break down service costs and work on the balance between service costs and revenues earned.

Channel analysis

Channel analysis shows you how you're doing across different channels like email, social media, live chat, voice, etc. and where customers and leads are interacting with you the most. Having detailed information on cross-channel behavior will allow you to figure out customer preferences and refine how you communicate with your public.

OPERATIONAL CRM

The objectives of operational CRM

Operational CRM is mainly concerned with the processes that businesses can leverage to ensure customer satisfaction and retention. It also serves as a solution for high customer support costs.

Here are the objectives of operational CRM:

Automation of processes helps implement best practices and cut down costs while driving revenue.

Enhancement of processes empowers businesses to offer a superior customer experience without spending a fortune. This leads to a higher return on investment for businesses.

Functions of an operational CRM

There are four main CRM applications and operational functions that this term is concerned with: marketing, sales, customer service, and analytics.

Marketing

Marketing's goal is to identify new customers and make initial contact, which will give the sales team a leg up when trying to secure that customer.

Through operational CRM, businesses can prospect and handle leads management more efficiently, building a more tailored sales leads list with a higher chance of success. Companies can also cut marketing costs by being more efficient with advertising and reaching more of their target market while spending less. A screenshot of Insightly's marketing dashboard. Insightly's marketing dashboard allows users to visualize all marketing activities.

Sales

Sales involve your salespeople contacting potential customers to get them to purchase your product or service. Use operational CRM to improve how your team identifies prospects, how they move them through the sales funnel, and how they close.

Businesses can use automation to cut down on manual data entry to increase the number of customers contacted, and therefore the total sales.

Customer service

Customer service is the part of your business that responds to customer inquiries, fields complaints, and generally ensures the customer has a good experience with your product or service.

Businesses can improve their processes and cut down on wasted time, for instance, with a customer who contacts the wrong department and must be re-routed.

Analytics

The analytics function involves diving deep into customer data to identify trends and better understand customer behaviors. Using this information, businesses can change their processes or alter their products to better cater to customers or expand their customer base.

Businesses can improve analytics through operational CRM by automating data collection and report generation.

OPERATIONAL CRM

Operational CRM is mainly focused on automation, improvement, and enhancement of business processes based on customer-facing or customer support.

Therefore, the primary importance of a CRM system lies in how the selling, marketing, and service-oriented operations are automated and for which operational CRM systems are embedded with the following major automation applications:

Marketing automation

As the name implies, marketing automation is focused on automating marketing processes. In marketing, campaign management involves marketers using customer-specific information to determine, evaluate, and develop communications targeted to customers in individual and multilevel or multi-channel environments.

Campaigns designed to communicate with customers individually are easy and involves unique and direct communications. However, for a multichannel environment, marketing strategies and campaign management are pretty tricky and challenging.

For example, some retailers have multichannel transactions like shops or stores, wholesale stores, websites, home shopping, and even television shopping. Here integration and implementation of communication strategy are complicated, and evaluation of performance and quality of campaigns needs to be automated. Moreover, it should be technologically sound across each of the channels. For handling this, a CRM marketing strategy called event-based marketing is inherited.

Using event-based marketing communication and offers are presented to customers as and when they are required. For example, a credit card customer calls the call centre for inquiring about the current interest rates.

This indicates that the customer is specific about the interest rates and is trying to compare the interest rates and may switch to a different competitor to find special deals which suit him. Without wasting time, the automated CRM system pops up an event of offer which is best suited for that customer and helps to retain him back.

Sales-force Automation

A CRM system is used to deal with the existing customers and is also helpful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details in the CRM system.

This process can be distributed into many stages, including generating the lead and then qualifying those leads as prospects.

The Sales and Field representatives then try getting business out of these customers by sophistically following up with them and converting them into a winning deal. Automation of selling process is efficiently handled by Sales-force automation which automates all the methodologies or sales cycle and above-described process sophisticatedly.

Service Automation

Service automation deals with managing an organization's service. The actual interactions with customers, such as contact, direct sales, direct mail, call centers, data aggregation systems, websites, and blogs, etc., are examples of operational CRM. Each interaction with a customer can be collected to the client database, generally known as 'customer's history, and the information can later be used wherever necessary.

Anyone in the organization can have access to this information about a customer, which gives a clear view of customers' needs and essential information on the customer such as products owned, initial support calls, etc. It naturally eliminates the need to obtain this information individually from the customer. Instead, based on the information, if required, the customer can easily be contacted at the right time at the right place.

Operational V/s Analytical CRM

- These two CRMs have very different features and Modus Operandi.
- The main difference between Operational and Analytical CRMs is their respective uses and objectives—the reason behind a product cut.
- A typical operation CRM makes processes smoother and more efficient. With this type of CRM, you achieve more but with fewer steps.
- Generally speaking, this CRM streamlines customer interactions with sales and marketing. However, this CRM is also about service automation- the art and science of efficiency.
- The fundamental objective of this CRM is ultimately to drive leads and then sales.
- However, Operational CRM is a more intuitive and robust platform to draw a comparison with Analytical CRM.

- Analytical CRM provides the data to the decision-makers. It is the cornerstone of all business processes. Without this crucial information, your sales and marketing people won't know much about their customers.
- Analytical CRM splices the data of the organization and arrives at meaningful information. It works in the background and is all the time supplying helpful information to decision-makers.
- Therefore, while operational CRM works in the forefront, analytical CRM runs in the background. Thus, analytical CRM is essential for data finding and extraction.

CALL CENTER MANAGEMENT

Call center management is the process of running the daily operations of a call center that supervisors develop, implement, and monitor to streamline inbound and outbound communication between agents and existing customers, prospective customers, and each other.

Call center management isn't just about customer satisfaction. It's also about ensuring agents have the information and tools they need to do their jobs effectively.

Business operations and communications that fall under the umbrella of call center management include:

- Customer service and technical support
- Agent training and employee engagement

- Workforce management and agent scheduling
- Outbound calling and lead list management
- Real-time and historical call center data analysis
- Call path/call flow design
- Business process/customer service automation

CRM manager

A Client Relationship Manager is a professional that specializes in creating various systems that enhance the relationship between the organization and its customers. The CRM manager's main duty is to constantly look for ways to better understand the customers' needs and desires, with the purpose of helping the company deliver goods and services that fulfil them. They also keep track of any customer issue or problem and design ways to keep them repeating in the future.

The position of CRM manager requires a wide variety of skills, especially those related to sales and marketing. The ultimate purpose of the role is to increase revenue by retaining customers.

CRM manager's roles

- Creating and executing customer relationship management campaigns that aim to increase customer loyalty

- Creating a set of universal customer relationship procedures and implementing them at every level of the company
- Analyzing customer journeys and looking to increase sales based on the received information
- Supervising the organization's direct communication with customers and promptly solving any issues
- Dividing the customer database by certain relevant customer characteristics and personalizing the approach accordingly
- Using existing customer information to identify new potential customers and target audiences
- Implementing new and more cost-efficient communication channels with customers
- Constantly testing all customer interaction procedures and making sure the most efficient approaches are always prioritized.
- Coordinating multiple departments regarding their customer interactions and finding ways to increase the level and effectiveness of their cooperation
- Constantly studying the organization's direct competitors and analyzing how they handle customer relationships Communicating directly with customers and acknowledging their issues.

ROADMAP FOR THE IMPLEMENTATION OF CRM

CRM is a tool that every customer-facing department can use. It is a powerful tool to support the alignment of your teams. It centralizes information on your contacts and makes sure that everyone has access to the information that she needs in order to work, across time, location and departments. This is why this kind of tools is important for a business.

List of the steps in the implementation of a roadmap of CRM

1. Identify the Issues

A Customer Relationship Management is a tool to help you manage your relationship with your contacts, prospects, customers. It includes data on the contacts, their companies, the interactions you had with them and much more, depending on the CRM.

Implementing a CRM is thus something you do when you encounter some issues in this area. Like any other digitalization project, it answers to frictions that your customer is facing or an issue that your team encounters.

The first step of the CRM implementation roadmap is to identify the pain points. For that, listen to your teams. They will give you the knowledge of what they are living on a daily basis. This knowledge is important in order to build a solution that your teams will actually use. You don't want, for example, that your sales team don't use your CRM.

Another angle is to map the customer's journey with your team to identify the points where the customers have a bad experience. Figure out the solutions that need to be put in place to overcome this.

Further your knowledge of the CRM market, the features available. This will help you to review the requirements for the solution. Keep in mind that even if you have an idea on how to do it, it is better to ask/wait for the advice of experts. This should end with a functional list of requirements.

2. Estimate and Validate a Budget

Once your project scope is delimited, estimate what it will cost. Take into account: the cost of the tools, the resources in terms of material, of hours spent by your teams, the costs related to the supplier, the implementation partner, the training, the maintenance. It should also include the benefits that your business will have from this project.

Having the buy-in from the decision makers is the key for that. Try to include them in the process of gathering information so that they are included and aware of what you are looking to solve.

3. List Your Requirements

It is not about a tool, but about a solution. List the requirements that you want to see in the solutions proposals.

It should also include information in terms of budget, timing, requirements in terms of vendor, as well as a description of the company and the goals of the project.

4. Find Your Implementation Partner

Contact partners in your region or that are specialized in specific requirements that you have. For example, if you need integration between SAP and HubSpot, you will contact a partner that is specialized.

Take back your criteria of choice and analyze the proposals according to that. Meet with the different suppliers to talk about their proposal. This will help you make the right choice.

5. Set Up of the Tool(S), Data Migration

The set up will be done by your implementation partner. You'll have some discussions for the partner to understand deeper your situation. This will enable the agency to build the right architecture for your business. Don't underestimate the importance of this; it is the key to end up with a CRM that will support your processes.

Data migration is a big part of this set up. Surely, you already have data about your customers. This data needs to be integrated in your new tool in order for you to continue working with them. The quality of those data is the key in order to have a tool that works the best. Make sure that you have a plan and the correct set up to maintain this quality.

6. Trainings, Tests, Approval

Testing the tools and processes at every step is important to configure the solution exactly the way you need it. Test the environment, give feedback to the partner and test it again. Ask your teams to do the same: it is important that the ones that will use the solution have everything they need in it and have the opportunity to give their feedback.

In order to do that, the first step is to train the teams. Indeed, they need to know how to use the tool in order to test that everything is working like they want it.

Furthermore, it has the benefit of giving you a first experience with it. It is thus part of your training. This makes it important in terms of change management. Once everything is validated, the deployment can begin. This is on the partner side.

7. Training & Go-Live

Train your teams on the final solution. They should be able to execute themselves what they need. This period will be busy with experimentations, getting to know the tool and having your hands in it. Change management is key to assure the success of those kind of projects.

Once the training and deployment are done, you can begin to use the solution in your everyday activities.

8. Evaluate

Every project should be evaluated. Take the time to come back on the project, how it has happened and what are the results that you achieved.

9. Regular Review

Check regularly if there isn't something to change, if everything is working correctly with your teams. It might be that some processes change or that your teams discover that they need a new feature to work better. Listen to them and contact your partner if needed to implement it in the solution.

CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

CRM or Customer Relationship Management System is a combination of business strategies, processes, and software that facilitate long-term relationships with customers. It taps on every touch point of the customer journey and gathers crucial insights. CRM is about acquiring customers, knowing their needs, and fulfilling those needs.

A CRM tool consolidates customer information into a single database. It assists in segmenting and prioritizing the customers. It automates various processes and eliminates excess manual work. Besides that, it tracks customers' historical data, which could be helpful in forecasting product demand, identifying sales targets, and predicting business profits.

Benefits of Having a Customer Relationship Management System

Optimize customer experience:

CRM tools use data analytics to track the customers' behaviour and place the organization in a better position to understand the customers' needs. Besides that, it helps the support team to respond to customers' queries quickly. The system enables customer reps to register client requests, assign a responsible person, and track the query's status. Even the customer rep who is interacting for the first time with the customer finds it easy to deal with the problem, as it can fetch all the previous data about the customer issue from the system.

Make sales and marketing team proactive:

CRM software aligns the sales and marketing team. It gives them up-to-date information about customers' every transaction and, based on this information, the team then targets the customers. The marketing team uses CRM data to qualify the leads before passing them to the sales team. It saves time and creates more result-oriented sales efforts. By minimizing the communication gap, the sales and marketing team becomes proactive in converting leads into potential buyers. CRM software also generates automated sales reports highlighting key trends and forecasting sales performance. In short, from managing the sales and marketing funnel to lead qualification and deal closure, CRM software amplifies the sales process.

Higher productivity:

CRM tool automates various processes such as customer segmentation, marketing automation, lead distribution, report generation, workflow automation, task allocation, sending automatic notifications, and logging phone calls or email interactions. Users can also explore more automation features with advanced CRM software. Automation in CRM augments the staff’s efficiency and increases their productivity.

Maintain a centralized database:

Organizations can excel in business when the customer data is uniform and easily accessible by any department. CRM system acts as a centralized data storage system that manages all the information about the customers from a single place. It saves employees time in searching customers’ data in files and documents and manages them in a more organized fashion. The CRM system also safeguards the customers’ data with robust security features.

DEVELOPING A RELATIONSHIP ORIENTATION

Developing a relationship orientation is an important aspect of building and maintaining healthy relationships. Here are some steps you can take to develop a relationship orientation:

Self-awareness: Take the time to reflect on your own beliefs and values about relationships. Consider what you want from a relationship, what your expectations are, and what your strengths and weaknesses are.

Communication: Communication is key in any relationship. Work on improving your communication skills, such as active listening, expressing your feelings clearly and respectfully, and being open to feedback.

Empathy: Practice putting yourself in someone else's shoes and understanding their perspective. This can help you build stronger connections with others and develop deeper relationships.

Trust: Building trust is a key component of any healthy relationship. Work on being reliable and consistent in your actions and words.

Respect: Show respect for yourself and others. This includes being kind, courteous, and respectful of other people's boundaries.

Flexibility: Recognize that relationships require compromise and flexibility. Be willing to adapt and make changes as needed to maintain a healthy relationship.

Commitment: Make a commitment to investing time and effort into your relationships. This includes being willing to work through conflicts and challenges and being willing to put in the effort to maintain a strong connection.

CUSTOMER-CENTRIC MARKETING

Customer-centric marketing offers customers value at every interaction, based on their needs and interests. Going back to the analogy of the customer journey being a constellation of stars, think of each star as a distinct opportunity to connect with customers and drive inspiration, consideration, purchase, and loyalty. That begins by taking stock of the holistic customer experience your company delivers.

On what channels are customers engaging with your brand?

What content and experiences are you offering at those touch points? How could you optimize that touch point and connect it to others? Then, with information and insights, continuously improve the experience.

Benefits of Customer-Centric Marketing

Customer-centric marketing is an all-around win. Customers value positive interactions with brands; those positive experiences help brands earn and maintain trust. The same Sales force survey found that 73% of customers say one extraordinary experience raises their expectations of other companies.

Additionally, a customer-centric approach to marketing and advertising is an important long-term business strategy. Striving to improve the customer experience at every single advertising touch point is a strategy that can withstand changes in shopping behaviours, preferred channels, or major industry disruptions. Companies that prioritized and effectively managed the customer experience were three times likelier than their peers to have significantly exceeded their top business goals in 2021.

Customer centric marketing process

Customer centric marketing is a business approach that focuses on providing products or services that meet the needs and preferences of customers. It involves understanding the customer's journey and tailoring marketing efforts to ensure a positive experience at every touch point.

Customer-centric marketing process involves the following steps:

Market Research:

The first step is to conduct market research to understand the target audience, their needs, preferences, and expectations. This can be done through surveys, focus groups, interviews, and other research methods. The data collected should inform the marketing strategy and help identify the most effective ways to engage with customers.

Customer Segmentation:

Once you have gathered data on the target audience, the next step is to segment customers based on their behaviour, demographics, and other characteristics. This will help you tailor your marketing efforts to specific groups of customers, and provide more personalized experiences.

Creating Customer Personas:

Based on the customer segmentation businesses can create customer personas that represent the different types of customers they are targeting.

Personas help businesses understand their customers' pain points, motivations, and behaviours, and tailor their marketing messages accordingly.

Developing a Marketing Strategy:

Using the information gathered from market research and customer segmentation, businesses can develop a marketing strategy that aligns with their customers' needs and preferences. This strategy should include clear goals, messaging, and tactics that will resonate with the target audience.

Implementing Marketing Tactics:

Once the marketing strategy is in place, businesses can begin implementing marketing tactics such as advertising, content marketing, social media marketing, email marketing, and other channels to engage with customers. The key is to ensure that every interaction with the customer is personalized, relevant, and valuable.

Analyzing and Optimizing:

After implementing marketing tactics, businesses should analyze the results and make adjustments to improve the customer experience. This can involve analyzing customer feedback, tracking customer behavior, and testing different marketing messages and tactics to optimize the results.

Overall, a customer-centric marketing process is a continuous cycle of researching, segmenting, creating personas, developing a strategy, implementing tactics, and analyzing results. By focusing on the customer's needs and preferences, businesses can create more meaningful and effective marketing campaigns that drive customer loyalty and growth.

CUSTOMER RETENTION PLANS

1. Cultivate customer relationship management
2. Employ customer relationship marketing
3. Communicate how you’re helping customers
4. Set proper expectations
5. Create a feedback loop
6. Establish a loyalty program
7. Continuously enhance customer experiences

1. Cultivate customer relationship management

To improve customer retention, start by creating a customer relationship management (CRM) mentality within your organization. This means every part of the company embraces principles emphasizing positive customer experiences and puts into practice customer retention processes to support that goal.

It starts with the CEO, who acts as the primary champion to infuse a CRM mindset across the company. To instil meaning into this approach, the company must set concrete, measurable goals such as improving turnaround time for customer inquiries by 50%.

A CRM mentality is a must in today’s competitive market, because customer expectations are higher than ever. Develop a CRM strategy as the first step to building your company’s CRM strength. Figure out the kinds of customer experiences you can deliver that align with your business model.

For instance, if you’re an e-commerce company, those higher customer expectations may translate into a demand for free shipping. Find a way to provide it while maintaining profitability, such as requiring a minimum order size.

2. Employ customer relationship marketing

Part of growing customer retention is to create a dialogue with customers. You can do this through integrated marketing channels in an approach designed to increase retention rates called customer relationship marketing.

This involves creating strong client connections in order to increase customer loyalty and brand affinity. It avoids the transactional nature prevalent in traditional and many e-commerce marketing activities, which prioritizes growing company revenue over improving the customer experience.

Think about how your marketing strategy can execute customer outreach in a way that's inviting, not intrusive. You can accomplish this by employing inbound marketing solutions, which draw customers to you rather than you trying to reach them through advertising.

Also, maintain relationships with your customers by regularly performing outreach to remind busy consumers of your company and its offerings. Again, this must be done in a thoughtful manner that aligns with your brand positioning.

A retailer pushing an aggressive e-commerce email marketing campaign may drive customers to unsubscribe.

3. Communicate how you're helping customers

When you're doing good work on behalf of customers, you need to communicate it. Otherwise, most of your customers will never know about it.

A simple example of this is when a retail store offers products on sale. When customers buy the sale items, the receipt summarizes their total savings. This summary amplifies how the store is helping its customers save money.

When you're starting a business, what you can do to meet customer expectations is understandably limited. As your business grows, and you improve how you meet customer needs, whether that be expanded store hours or new products and services, keep performing outreach to announce these efforts.

It builds brand loyalty when clients see you making regular improvements that benefit them.

4. Set proper expectations

A key part of improving customer retention is to ensure customers understand what they can expect from your business, such as your refund policy.

Customers are understanding as long as you set expectations for what you can accommodate, but they're very unforgiving if you fail to meet those expectations -- or worse, don't set them in the first place.

For example, if you offer free shipping on e-commerce purchases over $50, make that clear on your website before a customer places a product in their shopping cart.

Otherwise, they may choose low-cost items, then become frustrated that shipping costs are higher than the amount of their selected products, prompting them to leave without making a purchase.

5. Create a feedback loop

You can't retain customers if you don't know what they think about your company. That's why it's important to establish a feedback loop with clients to continuously collect their input.

This is particularly impactful in today's digital world, where customers have many avenues, several of them public, to communicate feedback to an organization. Social media is one, but others include business directory sites such as Yelp and popular multipurpose apps such as Google Maps.

A company must respond to negative feedback to retain customers. Since a client can post a frustrating experience for all to see online, a lack of response from the company means potential customers might be turned off from doing business with you.

Along with collecting and addressing customer feedback, proactively reach out to customers for their input. You should do this on a regular basis, but especially when planning product enhancements or other changes to your offerings

6. Establish a loyalty program

A loyalty program is a great retention tool. It rewards your customers for conducting business with you and encourages them to continue choosing your business over competitors.

For example, when airlines offer frequent flier miles, customers who choose that airline for as much of their travel as possible receive various perks and discounts.

A loyalty program can be as simple as a punch card, where customers make a designated number of purchases to get a free item. It can be as complex as setting up a system where customers sign up online and earn points through tracked purchases.

If you’re an online shop, an e-commerce platform such as Shopify can help you set up a loyalty program through its integrations with third-party apps.

7. Continuously enhance customer experiences

The most important method of retaining customers is to keep improving all aspects of your company. This includes your products, your customer service and support, and your operational processes.

Whether you're just starting out or are an established business with products at the mature stage of the product life cycle, there are always opportunities to improve in all areas of an organization. Identify these areas by focusing on how to create greater convenience for your customers.

Amazon, for example, began offering two-day shipping at a time. That may seem like enough of a win on its own, but Amazon didn't stop there. It recently enhanced the customer experience further by tightening that shipping window to one day.

The move created extra costs for Amazon, but not only does it improve customer retention, it also helps Amazon increase its inventory turnover ratio, raising sales.

Initially, your customer objectives may seem challenging. But if you make small, incremental steps towards your goals, you'll deliver client experiences that are superior to competitors, strengthening customer loyalty and retention.

Customer retention plans are strategies put in place to keep existing customers loyal and engaged with a business or brand. These plans are crucial because they help businesses to retain customers and increase customer lifetime value.

Here are some effective customer retention strategies that can be included in a retention plan:

Personalization: Customizing the customer experience is a powerful way to build trust and loyalty. This can be done by offering personalized recommendations, tailored product suggestions, and personalized communication.

Loyalty programs: Implementing a loyalty program can encourage customers to make repeat purchases and feel valued. These programs can include exclusive discounts, early access to new products, and other incentives.

Excellent customer service: Providing top-notch customer service is essential for retaining customers. Responding quickly to inquiries and complaints, offering solutions to issues, and being respectful and courteous can make all the difference.

Communication: Regular communication with customers can help to keep them engaged and informed. This can include sending newsletters, promotional emails, and updates on new products or services.

Feedback: Seeking feedback from customers is a great way to show that their opinions matter and to identify areas for improvement. This can be done through surveys, reviews, or social media polls.

Social media: Engaging with customers on social media platforms can help to build relationships and keep them loyal. Responding to comments, sharing user-generated content, and offering exclusive promotions can all help to keep customers engaged.

Overall, a customer retention plan should be tailored to the specific needs and preferences of the target audience. By implementing these strategies, businesses can improve customer satisfaction, increase loyalty, and boost revenue.

UNIT IV

Service Quality: Concept of Quality- Meaning and Definition of Service Quality – Factors influencing Customer exception and perceptions- Types of Service Quality- Service Quality dimensions- Service Quality gaps- Measuring Service Quality- Service Quality measurement Scales.

SERVICE QUALITY

Quality refers to the degree of excellence or superiority of a product, service, or experience. It is often defined as the degree to which a product or service meets or exceeds customer expectations. Quality can be subjective and dependent on individual perceptions and preferences, but there are certain objective measures of quality that can be used to evaluate a product or service.

Some common measures of quality include:

Reliability: The consistency of a product or service to perform as expected over time.

Durability: The ability of a product or service to withstand wear and tear, and maintain its functionality and appearance over time.

Functionality: The extent to which a product or service meets its intended purpose and provides value to the user.

Efficiency: The ability of a product or service to achieve its intended purpose with minimal waste of time, resources, or effort.

Safety: The extent to which a product or service protects the user from harm or injury.

Aesthetics: The visual or sensory appeal of a product or service.

In summary, quality refers to the overall excellence of a product or service, as measured by a combination of objective and subjective factors.

Service quality is generally viewed as the output of the service delivery system, especially in the case of pure service systems. Moreover, service quality is linked to consumer satisfaction.

Although there is no consensus in the research community about the direction of causality relating quality and satisfaction, the common assumption is that service quality leads to satisfied customers.

For example – customers leaving a restaurant or hotel are asked if they were satisfied with the service they received. If they answer “no,” one tends to assume that service was poor.

Direct service providers, such as waitresses, also note that at times the best service efforts are criticized because the customer’s perceptions of the service are clouded by being in a bad mood or having a disagreement with someone just before arriving at the restaurant.

These service providers recognize that in practice the influence of service quality on customer satisfaction is affected by other factors, one of which is the customer’s physical and psychological conditions.

Over the last fifteen years, research on service quality has grown extensively and substantively. The topic has attracted interest among managers and researchers because of the substantial effects customer perceptions of service quality have on the satisfaction and loyalty of customers, as well as on brand equity.

Service quality research has also achieved a truly global scope and significance and attracted contributions from scholars from many disciplines.

Service quality refers to the overall degree of excellence or satisfaction of a service, as perceived by its customers. It is the measurement of how well a service meets or exceeds customer expectations, based on factors such as responsiveness, reliability, assurance, empathy, tangibles, and other attributes that influence the customer's overall experience with the service. High service quality implies that the service is reliable, efficient, and meets the customer's needs and expectations, while poor service quality suggests the opposite. Ultimately, service quality is critical to building customer loyalty and maintaining a competitive edge in the marketplace.

Service quality has been defined keeping in view at least four perspectives:

(i) Excellence – Although the mark of an uncompromising student and high achievement, the attributes of excellence may change dramatically and rapidly. Excellence is often externally defined.

(ii) Value – It incorporates multiple attributes, but quality and value are different constructs—one the perception of meeting or exceeding expectations and the other stressing benefit to the recipient.

(iii) Conformance to Specifications – It facilitates precise measurement, but users of a service may not know or care about internal specifications.

(iv)Meeting and/or Exceeding Expectations – This definition is all-encompassing and applies across service industries, but expectations change and may be shaped by experiences with other service providers.

Most marketing and researchers have concentrated on the last perspective. The Gaps Model of Service Quality reflects that perspective and offers service organizations a framework to identify services in the form of the gaps that exceed (or fail to meet) customers' expectations.

FACTORS INFLUENCING CUSTOMER EXPECTATIONS & PERCEPTIONS

Customer expectations are influenced by a multitude of factors but there are a few key elements which are recognised as important influences on customer expectations.

Previous Customer Experience

One of the most significant factors influencing customer expectations is their prior experience with your organisation. If they are highly satisfied existing customers then this sets a high level of expectation which must be maintained. But if their previous experience has been suboptimal then they may lack confidence in your business and their expectations may be quite low.

Customer Communications

Every piece of outbound communication from your business may have influenced your customer expectations. Blog posts, tweets, web pages, emails, print advertising, radio and TV advertising all contribute to the expectations that your customers will have. It is essential that your communications are all honest, consistent, clear and unambiguous.

Reviews and Word of Mouth

The internet is a magnificent research tool so you can expect your customer's to have carried out research before making their purchase. They will have read reviews of your product or service and they will have potentially read reviews of your business. They may also have read what people are saying in forums and on social media. What they derive from these sources will influence their expectations so you need to be aware of what's being said.

Previous Experience with Other Companies

People's experiences with other companies and organisations greatly influence their expectations. Regardless of whether other companies are in the same niche as yours, these days customers expect the same high levels of great customer service from all businesses and organisations.

FACTORS INFLUENCE CUSTOMER PERCEPTION

Customer Perception and expectations is one of the most essential components of a successful customer service department.

To do this, you need to understand what factors affect customer perceptions. Everything and anything from your products to brand voice and color will impact how customers feel about your business.

To make things simpler, we're going to focus on the following three types of influence:

1. Personal experience
2. Social cues
3. Marketing

There are several factors that can influence customer expectations and perceptions, including:

Previous experiences: Customers' past experiences with a company or a product can significantly influence their expectations and perceptions. If a customer had a positive experience in the past, they are likely to have high expectations and a positive perception of the company or product in the future.

Word-of-mouth: Customers' expectations and perceptions can be influenced by what they hear from friends, family, or colleagues. Positive word-of-mouth can create high expectations and positive perceptions, while negative word-of-mouth can create low expectations and negative perceptions.

Marketing and advertising: The way a company presents itself and its products through marketing and advertising can influence customer expectations and perceptions. Customers may have high expectations based on promises made in advertisements or marketing materials.

Brand reputation: A company's brand reputation can also influence customer expectations and perceptions. If a company has a strong brand reputation for quality and reliability, customers are likely to have high expectations and positive perceptions.

Personal needs and values: Customers' personal needs and values can also influence their expectations and perceptions. For example, a customer who values environmental sustainability may have higher expectations for products that are environmentally friendly.

Cultural and social factors: Cultural and social factors can also play a role in customer expectations and perceptions. For example, customers from different cultures may have different expectations for customer service or product quality.

Price: The price of a product can also influence customer expectations and perceptions. Customers may have higher expectations for products that are more expensive, expecting higher quality or better service.

It is important for businesses to understand these factors and work to meet or exceed customer expectations to create positive perceptions and build brand loyalty.

TYPES OF SERVICE QUALITY

Every industry has different service quality standards. After all, you don't expect the same type of service from a hotel and a retail store. And service quality also varies by brand promise, as a five-star resort has very different expectations than a roadside motel.

Despite these variations, there is a popular and standard way to measure service quality: SERVQUAL. Coined by Valerie Zeithaml, A. Parasuraman, and Leonard Berry in the book Delivering Quality Service, SERVQUAL is a widely-used metric based on a set of five dimensions that customers have consistently ranked as the most important for service quality in any industry.

The five service quality dimensions are tangibility, reliability, responsiveness, assurance, and empathy.

1. Tangibility

Tangibility is the appearance of physical facilities, equipment, personnel, and communication materials.

Customers tend to expect clean and professional facilities and shops, employees who look groomed and neat, and well-written and designed materials such as menus, websites, and signs. Attention to appearance can indicate that your company takes customer comfort seriously.

While appearance is not the most critical aspect of service, it does make a difference in how customers perceive your business, especially if your brand promises a premium or luxury experience.

2. Reliability

Reliability is the ability to perform the promised service dependably and accurately.

Doing what you say you're going to do when you say you're going to do it is essential to pleasing your customers. They want to rely on your business to deliver a working product or effective service, to get help when they need it, and for all of this to happen in a timely fashion.

Customers want to count on the businesses they buy from - that's at the heart of this dimension.

3. Responsiveness

Responsiveness is the willingness to help customers and provide prompt service.

Responding quickly to customer questions and concerns is vital, especially in today's fast-paced world. Responsiveness even applies when customers are slow in responding to you. Answer swiftly to, at the very least, let customers know that you're working on their request.

Responsiveness lets your customers know that you're listening to them and working actively to solve their problems.

4. Assurance

Assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence.

Customers expect businesses to be the experts in the service they deliver. Communicating that expertise to customers helps reassure them that they can trust you, whether you accomplish this by displaying credentials and industry certifications or customer testimonials.

Assurance is significant when customers have many options but aren't sure who to trust when purchasing. Suppose you run an ecommerce store, for example. In that case, customers are bombarded regularly with ads from potentially untrustworthy online shops all day, so you need to determine how to set yourself apart and gain consumer trust.

5. Empathy

Empathy is the caring, individualized attention the firm provides its customers.

Customers want to feel like they're more than a transaction; they want to build a relationship with your business. Even if you have the best product or services on the market, you can still fall short of their expectations.

Showing empathy to customers means ensuring your company showcases your care. Training employees on how to provide excellent and empathetic service—where smiles and engaging conversation occur regularly—can help you exceed expectations.

Dimension	Definition	Example

SERVICE QUALITY DIMENSIONS

Tangibles	Includes the physical appearance of the physical service facilities, the equipment, the personnel who do the servicing, the communication materials and all tangible elements of service provider facilities or surroundings	Cleanliness of the environment; personnel uniform; vehicles; flight
Service reliability	Differs from the product reliability in that it relates to the ability of the service provider to perform the promised service dependably and accurately	Achieving delivery times stated on the website
Responsiveness	The willingness of the service provider to be helpful, be prompt in providing services, and to respond to customers' requests, problems or complaints	The speed of helping customer online or by telephone
Assurance	The knowledge and courtesy of employees and their ability to inspire trust and confidence – creating trust and confidence will gain the customers' loyalty	The excellent reputation and high levels of trust based on previous experiences with the company

Empathy	Caring, individual attention paid to customers by the service firm to meet each customer's demands properly.	Employees' high emphasis on customer requests to achieve higher satisfaction

SERVICE QUALITY GAP

The GAP Model of Service quality helps to identify the gaps between the perceived service and the expected service. Five Gaps occur in the Service Delivery Process. They are:

- The gap between Customer Expectation and Management Perception
- The gap between Service Quality Specification and Management Perception
- The gap between Service Quality Specification and Service Delivery
- The gap between Service Delivery and External Communication
- The gap between the Expected Service and Experienced Service.

GAP 1: Gap between Management Perception and Customer Expectation

This gap arises when the management or service provider does not correctly analyze what the customer wants or needs. It also arises due to insufficient communication between contact employees and managers. There is a lack of market segmentation. This Gap occurs due to insufficient market research. For Instance- A café owner may think that the consumer wants a better ambience in the café, but the consumer is more concerned about the coffee and food they serve.

GAP2: Gap between Service Quality Specification and Management Perception

This gap arises when the management or service provider might correctly comprehend what the customer requires, but may not set a performance standard. It can be due to poor service design, Inappropriate Physical evidence, and Unsystematic new service Development process.

An example would be restaurant Managers who may tell the waiters to provide the order of the consumer quick, but do not specify “How Quick”.

GAP 3: Gap between Service Quality Specification and Service Delivery

This gap may arise in situations existing to the service personnel. It may occur due to improper training, incapability or unwillingness to meet the set service standards. It can be due to inappropriate evaluation and compensation systems. Ineffective Recruitment is the main cause of this gap.

The failure to match the supply and demand can create this gap. There is also a lack of empowerment, Perceived Control, and framework. An example would be a restaurant having very specific standards of the food communicated but the restaurant staff may not be given proper instruction as to how to follow these standards.

GAP 4: Gap between External Communication and Service Delivery

Consumer Expectations are highly influenced by the statements made by the company representatives and advertisements. This gap arises when these assumed expectations are not fulfilled at the time of Delivery of Service.

An example would be a restaurant that has printed on its menu that it serves 100% Vegetarian Food but in reality, it serves Non-Vegetarian Food as well. In this situation, consumer expectations are not met.

GAP 5: Gap between Experienced Service and Expected Service

This gap arises when the consumer misunderstands the service quality. For Instance, A Restaurant Manager may keep visiting their consumer to ensure quality check and consumer satisfaction, but the consumer may interpret this as an indication that something is fishy or there is something wrong in the service provided by the restaurant staff.

MEASURING SERVICE QUALITY

Measuring service quality allows you to spot areas for improvement, assess and compare the performance of team members, set clear targets to aim for, and improve your customer satisfaction **.**

Here are nine practical techniques and metrics for measuring your service quality.

1. SERVQUAL
2. Post-service ratings
3. Follow-up surveys
4. In-app surveys
5. Mystery shopping
6. Documentation analysis
7. Customer effort score (CES)
8. First contact resolution ratio
9. Metrics analysis

There are various service quality measurement scales used in the literature. Here are some commonly used ones:

SERVQUAL: This is a widely used service quality measurement scale that assesses service quality based on five dimensions: tangibles, reliability, responsiveness, assurance, and empathy.

SERVPERF: This scale measures service quality based on only four dimensions: reliability, responsiveness, assurance, and empathy.

RATER: This is a newer service quality measurement scale that assesses service quality based on five dimensions: reliability, assurance, tangibles, empathy, and responsiveness.

E-S-QUAL: This scale is specifically designed to measure the service quality of e-commerce websites and includes dimensions such as efficiency, privacy, responsiveness, and website design.

ECSI: The ECSI (European Customer Satisfaction Index) is a measure of customer satisfaction that includes dimensions such as expectations, perceived quality, perceived value, and customer complaints.

HEDPERF: This scale is designed to measure the service quality of higher education institutions and includes dimensions such as teaching quality, administrative quality, campus quality, and support services quality.

These are just a few examples of the many service quality measurement scales available in the literature. It's important to choose a scale that is appropriate for your specific context and research question.

1. SERVQUAL

SERVQUAL is a widely used service quality measurement scale that was developed by Parasuraman, Zeithaml, and Berry in the late 1980s. The scale assesses service quality based on five dimensions: tangibles, reliability, responsiveness, assurance, and empathy.

Tangibles: This dimension refers to the physical appearance of the service environment, including the appearance of facilities, equipment, and personnel. i.e., the appearance of e.g. the building, website, equipment and employees.

Reliability: This dimension refers to the ability of the service provider to deliver the service as promised, accurately and consistently. i.e., The ability to deliver the promised service in a consistent and accurate manner.

Responsiveness: This dimension refers to the willingness of the service provider to help customers and provide prompt service. i.e., How willing the employees are to offer a speedy service.

Assurance: This dimension refers to the knowledge, competence, and courtesy of the service provider, as well as their ability to instill trust and confidence in customers. i.e., The knowledge level and politeness of the employees and to what extent they create trust and confidence.

Empathy: This dimension refers to the extent to which the service provider demonstrates care and concern for customers' individual needs and preferences. i.e., to what extent the employees care and give individual attention.

SERVQUAL is typically administered using a survey questionnaire that includes 22 items, with four or five items for each dimension. Respondents are asked to rate their level of agreement or disagreement with each item on a 7-point Likert scale, with higher scores indicating higher levels of service quality.

SERVQUAL has been widely used in both academic and practical settings to assess service quality in various industries, including healthcare, hospitality, banking, and retail. However, there have been some criticisms of the scale, including its complexity and potential for cultural bias.

This is the most common method for measuring the subjective elements of service quality. Through a survey, you ask your customers to rate the delivered service compared to their expectations.

SERVPERF model

SERVPERF (Service Performance) is a widely used approach to measure the performance of services. It is a service quality model that emphasizes the assessment of the performance of services from the perspective of customers. The SERVPERF model was introduced by Parasuraman et al. in 1988 as an improvement over the earlier SERVQUAL model.

The SERVPERF model is based on the premise that customers evaluate the quality of services based on their perceptions of the service performance. It comprises five dimensions that are considered critical to customers in evaluating the performance of a service:

Tangibles: This dimension refers to the physical appearance of the service facility, equipment, personnel, and communication materials. It includes aspects such as the cleanliness of the facility, the appearance of personnel, and the quality of communication materials.

Reliability: This dimension refers to the ability of the service provider to deliver the service as promised, consistently and accurately. It includes aspects such as the dependability of the service provider, the timeliness of service delivery, and the consistency of service quality.

Responsiveness: This dimension refers to the willingness of the service provider to help customers and provide prompt service. It includes aspects such as the willingness of the service provider to listen to customer needs, the speed of service delivery, and the level of attentiveness of the service provider.

Assurance: This dimension refers to the knowledge and competence of the service provider, as well as the ability of the service provider to inspire trust and confidence in customers. It includes aspects such as the level of training and expertise of the service provider, the clarity of communication, and the level of professionalism.

Empathy: This dimension refers to the ability of the service provider to understand and anticipate the needs of the customer and to provide personalized service. It includes aspects such as the level of attentiveness to customer needs, the willingness of the service provider to go the extra mile, and the level of customization of the service.

The SERVPERF model is often used to measure service quality by asking customers to rate the performance of a service provider on each of the five dimensions. The ratings are then aggregated to generate an overall service performance score. The model has been widely used in various industries, including healthcare, hospitality, and banking.

In conclusion, the SERVPERF model is a valuable tool for measuring service performance from the perspective of customers. It provides a comprehensive framework for evaluating the performance of services and can help service providers to identify areas for improvement. By focusing on the five dimensions of tangibles, reliability, responsiveness, assurance, and empathy, service providers can enhance the quality of their services and improve customer satisfaction.

Rater

Rater is a service quality measurement scale that is used to assess the quality of a service based on the evaluation of customers or service users. In this scale, the customers are asked to rate the quality of the service they have received on a numerical scale. The scale can range from 1 to 10, where 1 represents the lowest quality and 10 represents the highest quality.

The rater scale is commonly used by service-oriented businesses, such as hotels, restaurants, and airlines, to evaluate the quality of their services. The scale is usually administered through customer satisfaction surveys, which can be conducted either online, over the phone, or in person.

The rater scale is a reliable and valid measure of service quality, as it is based on the direct feedback of the customers who have experienced the service. The scale provides valuable information to service providers about the aspects of their service that need improvement, as well as the areas where they are performing well.

One of the advantages of the rater scale is that it is easy to use and understand, both for the service provider and the customer. The scale provides a simple and straightforward way to measure service quality and track changes over time. It also allows service providers to compare their performance with that of their competitors and identify best practices.

However, the rater scale also has some limitations. One limitation is that it only provides a snapshot of service quality at a particular point in time, and may not capture the overall customer experience. Another limitation is that the scale may be subject to bias or inaccuracies, as customers may have different expectations and perceptions of service quality.

In conclusion, the rater scale is a useful tool for measuring service quality in a variety of service-oriented businesses. While it has some limitations, it remains a reliable and valid measure of service quality that can provide valuable insights for service providers looking to improve their performance and meet the needs of their customers.

E-S-QUAL as service quality measurement scale

E-S-QUAL (Electronic Service Quality) is a popular measurement scale used to assess the quality of electronic services, such as websites and online platforms. It was developed by Parasuraman, Zeithaml, and Malhotra in 2005, as an adaptation of the SERVQUAL scale, which measures service quality in traditional service contexts.

E-S-QUAL consists of 22 items that assess five dimensions of electronic service quality: website design, reliability, responsiveness, privacy, and security. These dimensions are believed to be critical in influencing customers' perceptions of the quality of electronic services.

The 22 items in the E-S-QUAL scale are rated on a 7-point Likert scale, ranging from "strongly disagree" to "strongly agree." A high score on the scale indicates that customers perceive the electronic service to be of high quality, while a low score indicates poor quality.

Overall, E-S-QUAL is a widely used and reliable measurement scale for assessing the quality of electronic services. It provides businesses with valuable insights into the areas they need to improve in order to enhance customer satisfaction and loyalty.

ECSI as service quality measurement scale

The ECSI (European Customer Satisfaction Index) is a service quality measurement scale that is commonly used in Europe to measure customer satisfaction. The ECSI is based on the American Customer Satisfaction Index (ACSI) and has been adapted to the European market.

The ECSI measures customer satisfaction by looking at three key areas:

Customer expectations: This measures how customers perceive the service they receive in relation to their expectations.

Perceived quality: This measures how customers perceive the actual quality of the service they receive.

Perceived value: This measures how customers perceive the value they receive in relation to the price they pay for the service.

The ECSI uses a 0-100 scale to measure customer satisfaction, with higher scores indicating higher levels of customer satisfaction. The ECSI is based on a survey of customers and is designed to provide feedback to service providers on how they can improve their services.

Overall, the ECSI is a useful tool for measuring customer satisfaction and identifying areas for improvement in service quality. However, like any measurement tool, it has its limitations and should be used in conjunction with other methods to gain a comprehensive understanding of customer satisfaction

HEDPERF

HEDPERF, also known as the Higher Education Performance, is a measurement scale used to evaluate service quality in the higher education sector. It is based on the SERVPERF model, which was developed by Zeithaml, Parasuraman, and Berry in 1990.

HEDPERF is composed of seven dimensions: reliability, responsiveness, assurance, empathy, tangibles, convenience, and security. These dimensions are used to assess the overall service quality experience of students in higher education.

Reliability refers to the ability of the institution to provide dependable and accurate services. Responsiveness is the willingness of the institution to provide prompt and timely service to students. Assurance measures the confidence and trust that students have in the institution. Empathy refers to the level of care and attention that the institution shows to its students. Tangibles refer to the physical and tangible aspects of the institution, such as its facilities, equipment, and materials. Convenience measures the level of ease and accessibility of the institution's services. Finally, security refers to the level of safety and protection that the institution provides to its students.

HEDPERF is a useful tool for higher education institutions to measure and improve the quality of their services. By measuring these dimensions, institutions can identify areas where they need to improve and take action to enhance the student experience.

Post-service ratings

This is the practice of asking customers to rate the service right after it’s been delivered. This is a favourite approach, because the memory of the service is still fresh and undiluted.

With the live chat solution, for example, you can set the chat window to display a service rating box once it closes. The customers make their rating, perhaps share some explanatory feedback, and close the chat.

It’s also done in phone support, although here the experience is a bit trickier. It requires the service rep to ask whether you’re satisfied with their service performance, or you’re asked to stay on the line to complete an automatic survey. The former distorts the results as one tends to be polite/agreeable; the latter is simply annoying.

Follow-up surveys

With this method, you ask your customers to rate your service quality through an email survey – for example via Google Forms. It has advantages and disadvantages compared to the post-service rating.

One advantage is that it gives your customer the time and space for more detailed responses. You could send a SERVQUAL type of survey, with multiple questions instead of one. That’d be terribly annoying in a post-service rating.

It also provides a more holistic overview of your service. Instead of a case-by-case assessment, the follow-up survey measures your customers’ overall opinion of your service.

It’s also a useful technique if you didn’t have the post service rating in place yet and want a quick overview of the state of your service quality. You could send out a survey to your entire customer base, for example.

But there are downsides as well.

Such as the fact that the average person’s inbox already looks more like a jungle than a French garden. Nobody’s waiting for more emails – especially those that don’t promise any benefit for the recipient.

With a follow-up survey, the service experience will also be less fresh in mind. Your customers might have forgotten about the experience entirely, or they could confuse it with another experience.

And finally, since such a follow-up survey constitutes more effort, you will mostly receive responses from your most positive and negative customers – filtering out everyone in between.

In-app surveys

With an in-app survey, the questions are asked while the visitor is on the website or in the app, instead of after the service or via email. It can be one simple question – e.g. "How would you rate our service?" – or it could be a couple of questions.

Convenience is the main advantage. The downside is that it's not so targeted. People are likely to respond based on their entire experience, rather than specifically on the basis of your service quality.

Survey Monkey offers some great tools for implementing something like this on your website. Also check out Hotjar's guide on website feedback.

Mystery shopping

This is a popular technique used by retail stores, hotels, and restaurants, but works for any type of service, also digital. It consists of hiring an "undercover customer" to test your service quality – or putting on a fake moustache and doing it yourself, of course.

The undercover agent then assesses the service based on a number of criteria, for example those provided by SERVQUAL. This offers more insights than simply observing how your employees work. This will probably be outstanding — as long as their boss is around.

Documentation analysis

With this qualitative approach you read through/listen to your written/recorded service records. Those doing this quality assurance then check whether the support agents took the right actions or not. They can then process this into constructive feedback, or follow up with the customer for damage control if necessary.

You'll definitely want to go through the transcripts of low-rated service deliveries, but it can also be interesting to read through the documentation of service agents that always rank high. What are they doing better than the rest? It can be small things that separate a good from a great service delivery, such as the proper use of emoji in chat support.

The effort involved with doing this type of analysis largely depends on the customer channel. Live chat and email support offer instant documentation, and especially with the former it's easy to pick out the outliers.

Customer effort score (CES)

This metric was proposed in an influential Harvard Business Review article. In it, the authors argue that instead of delighting our customers, we should make it as easy as possible for them to have their problems solved. That's what they found to have the biggest positive impact on the customer experience, and what they propose measuring.

The lower the CES score, the better. CEB found that 96% of the customers with a high effort score were less loyal in the future, compared to only 9% of those with low effort scores.

First contact resolution ratio

First contact resolution takes place when a customer reaches out to support with a question or issue, and they receive a resolution in that first session. So no follow-up emails, call-backs, etc.

It's a metric worth highlighting due to its direct positive effect on customer satisfaction. In a Touch point research by CX Act , they found that "...customers who receive a first contact resolution are nearly twice as likely to buy again from a brand and four times more likely to spread positive word of mouth about it."

To calculate this metric, divide the number of issues that were resolved through a single response by the number that required more responses.

Here, also, the customer channel has a big influence. Email is a notoriously bad channel for first contact resolution, because it lacks the opportunity to have a quick back-and-forth that is often necessary to clarify the customer's issue. For this, you need live channels like phone and website chat.

It's mostly for this reason that at User like we've implemented an option to escalate from a customer chat to a call . Website chat is the best channel to start a conversation due to its low-barrier nature. But when the topic becomes complex or you notice that you have a warm lead, you can easily send an invitation for a call. If the customer accepts, the call opens directly in their browser.

Leading metrics analysis

The first contact resolution ratio is an example of a metrics analysis approach to measuring service quality.

SERVQUAL, CES and the different types of above mentioned surveys focus on the *outcome* or the goal, i.e. the subjective experience of the customer. But there is also great value in focusing on the inputs, i.e. the elements that make for a quality service delivery.

In tracking terms, these input indicators are called leading metrics, while the outcome indicators are lagging metrics. Measuring the outcome of your service delivery is necessary to know where you stand, but input metrics can tell you where to go.

The below metrics are great as a basis for setting the targets of your service team. Customer satisfaction is elusive and dependent on many factors outside of one's control.

The following input metrics focus your team on the areas they can control.

First response time.

This metric tracks how quickly a customer receives a response on their inquiry. This doesn't mean their issues are solved, but it's the first sign of life – notifying them that they've been heard.

Response time.

This is the total average of time between responses. Let's say your email ticket was resolved with four responses, with respective response times of 10, 20, 5, and 7 minutes. Your response time is 10.5 minutes.

Replies per ticket.

This shows how many replies your service team needs on average to close a ticket. It's a measure of efficiency and customer effort.

Backlog inflow/outflow.

This is the number of cases submitted compared to the number of cases closed. A growing number indicates that you'll have to expand your service team.

Customer success ratio.

Good service doesn't mean your customers always find what they want. But keeping track of the number who found what they .were looking for versus those that didn't can show whether your customers have the right idea about your offerings.

"Handovers" per issue.

This tracks how many different service reps are involved per issue. Especially in phone support, where repeating the issue is necessary, customers hate handovers. Harvard Business Review identified it as one of the four most common service complaints.

Things gone wrong.

The number of complaints/failures per customer inquiry. It helps you identify products, departments or service agents that need some "fixing."

Instant service/queueing ratio.

Nobody likes to wait. Instant service is the best service. This metric keeps track of the ratio of customers that were served instantly versus those that had to wait. The higher the ratio, the better your service.

Average queueing waiting time.

The average time that queued customers have to wait to be served.

Queueing hang-ups.

How many customers quit the queueing process. These count as lost service opportunities.

Problem resolution time.

The average time before an issue is resolved.

Minutes spent per call.

This can give you insight on who are your most efficient operators.

UNIT V

Trends in CRM - Customer Relationship Management (CRM) Solutions – Data warehousing – Data Mining for CRM – CRM software packages – The technological Revolution : Relationship management – Changing Corporate Culture

Customer Relationship Management (CRM) Software

Customer Relationship Management

CRM stands for “Customer Relationship Management” and is a software system that helps business owners easily track all communications and nurture relationships with their leads and clients. A CRM replaces the multitude of spreadsheets, databases and apps that many businesses patch together to track client data. The result: organization, efficiency, better time management, and impressed clients.

Client management platforms like CRMs connect all the data from your sales leads and customers, all in one place. A CRM consolidates all communications (form fills, calls, emails, text messages, and meetings), documents, quotes, purchases, and tasks associated with each lead and client. Your entire team can access those details at the right time–to close a sale or deliver outstanding service.

CRM, or customer relationship management, solutions are software applications designed to help businesses manage their interactions with customers and potential customers. CRM solutions can help businesses to improve customer satisfaction, increase sales and revenue, and streamline business processes.

Some common features of CRM solutions include:

Contact management: The ability to store and organize customer contact information and track communication history.

Sales management: Tools for managing sales processes, including lead and opportunity management, pipeline tracking, and forecasting.

Marketing automation: The ability to automate marketing processes such as email campaigns, social media advertising, and lead generation.

Customer service and support: Features for managing customer service inquiries and support tickets, tracking customer feedback and sentiment, and measuring customer satisfaction.

Reporting and analytics: Tools for generating reports and analyzing customer data to gain insights into customer behavior and preferences.

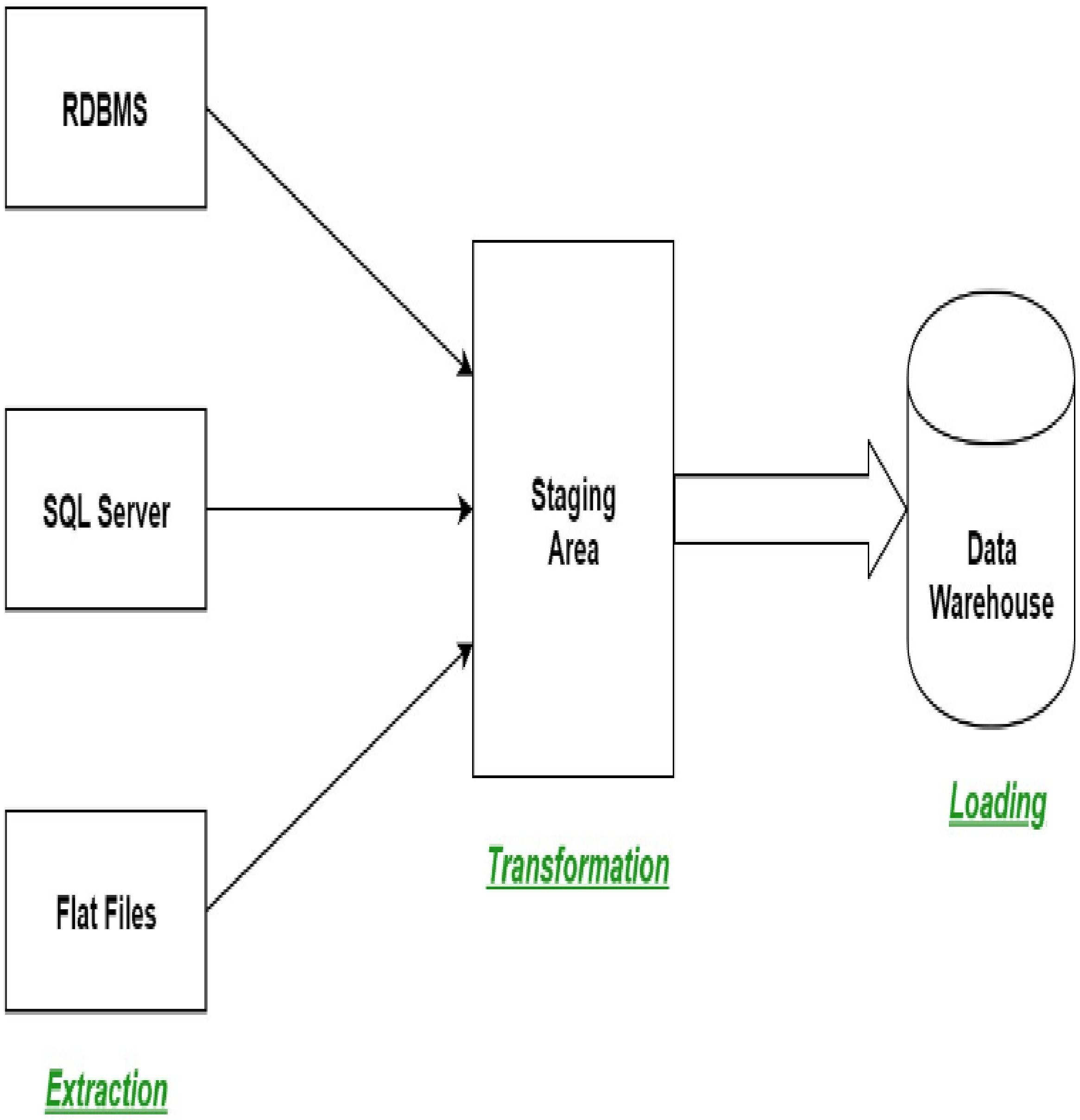
There are many CRM solutions available on the market, ranging from simple, low-cost options to more complex and feature-rich platforms. Some popular CRM solutions include Salesforce, HubSpot, Zoho, and Microsoft Dynamics. The choice of CRM solution will depend on the specific needs and budget of the business.

DATA WAREHOUSE:

A data warehouse is where data can be collected for mining purposes, usually with large storage capacity. Various organizations' systems are in the data warehouse, where it can be fetched as per usage.

Data warehouse process

Data warehouse process



Data warehouses collaborate data from several sources and ensure data accuracy, quality, and consistency. System execution is boosted by differentiating the process of analytics from traditional databases. In a data warehouse, data is sorted into a formatted pattern by type and as needed. The data is examined by query tools using several patterns.

Data warehouses store historical data and handle requests faster, helping in online analytical processing, whereas a database is used to store current transactions in a business process that is called online transaction processing.

FEATURES OF DATA WAREHOUSES:

Subject Oriented:

It provides you with important data about a specific subject like suppliers, products, promotion, customers, etc. Data warehousing usually handles the analysis and modeling of data that assist any organization to make data-driven decisions.

Integrated:

Different heterogeneous sources are put together to build a data warehouse, such as level documents or social databases.

Time-Variant:

The data collected in a data warehouse is identified with a specific period.

Nonvolatile:

This means the earlier data is not deleted when new data is added to the data warehouse. The operational database and data warehouse are kept separate and thus continuous changes in the operational database are not shown in the data warehouse.

APPLICATIONS OF DATA WAREHOUSES:

Data warehouses help analysts or senior executives analyze, organize, and use data for decision making.

It is used in the following fields:

- Consumer goods
- Banking services
- Financial services
- Manufacturing
- Retail sectors

Data warehouses are central repositories that store large amounts of data collected from multiple sources within an organization. This data can be used for analysis, reporting, and decision-making purposes. Here are some common applications of data warehouses:

Business Intelligence: Data warehouses are used for business intelligence purposes, such as trend analysis, forecasting, and customer segmentation. By analyzing historical data, organizations can identify patterns and trends, which can help them make informed decisions.

Decision Support: Data warehouses are also used for decision support systems, which provide executives with the information they need to make strategic decisions. By providing timely and accurate data, data warehouses help executives to make informed decisions.

Data Mining: Data warehouses are used for data mining, which involves analyzing large datasets to identify patterns and relationships. Data mining can be used to identify customer behavior patterns, market trends, and other insights that can be used to improve business performance.

Customer Relationship Management: Data warehouses are used for customer relationship management (CRM) purposes. By storing customer data in a data warehouse, organizations can gain a better understanding of customer needs and preferences, which can help them improve their products and services.

Supply Chain Management: Data warehouses are used for supply chain management purposes. By storing data related to inventory levels, sales trends, and production schedules, organizations can better manage their supply chains, which can lead to improved efficiency and reduced costs.

Overall, data warehouses provide organizations with a centralized location for storing and analyzing large amounts of data, which can be used for a variety of purposes to improve business performance.

ADVANTAGES OF DATA WAREHOUSING:

Data warehousing has numerous advantages, including:

Centralized Data Storage: Data warehousing provides a centralized location for storing data from multiple sources. This makes it easy to access and analyze large amounts of data in one place.

Improved Data Quality: A data warehouse provides a platform for data cleaning, integration, and transformation, which helps to improve the overall quality of the data.

Data Consistency: A data warehouse ensures that all data is consistent across the organization. This means that everyone has access to the same data, which helps to prevent discrepancies and inconsistencies.

Better Business Decisions: With all the data in one place and in a consistent format, business users can analyze the data more easily and make better-informed decisions.

Faster Query Response: Data warehouses are designed for fast query performance, which means that users can get answers to their questions quickly.

Scalability: Data warehouses can scale to handle large amounts of data and support an increasing number of users as an organization grows.

Historical Analysis: A data warehouse allows for historical analysis, which means that users can analyze data over time to identify trends and patterns.

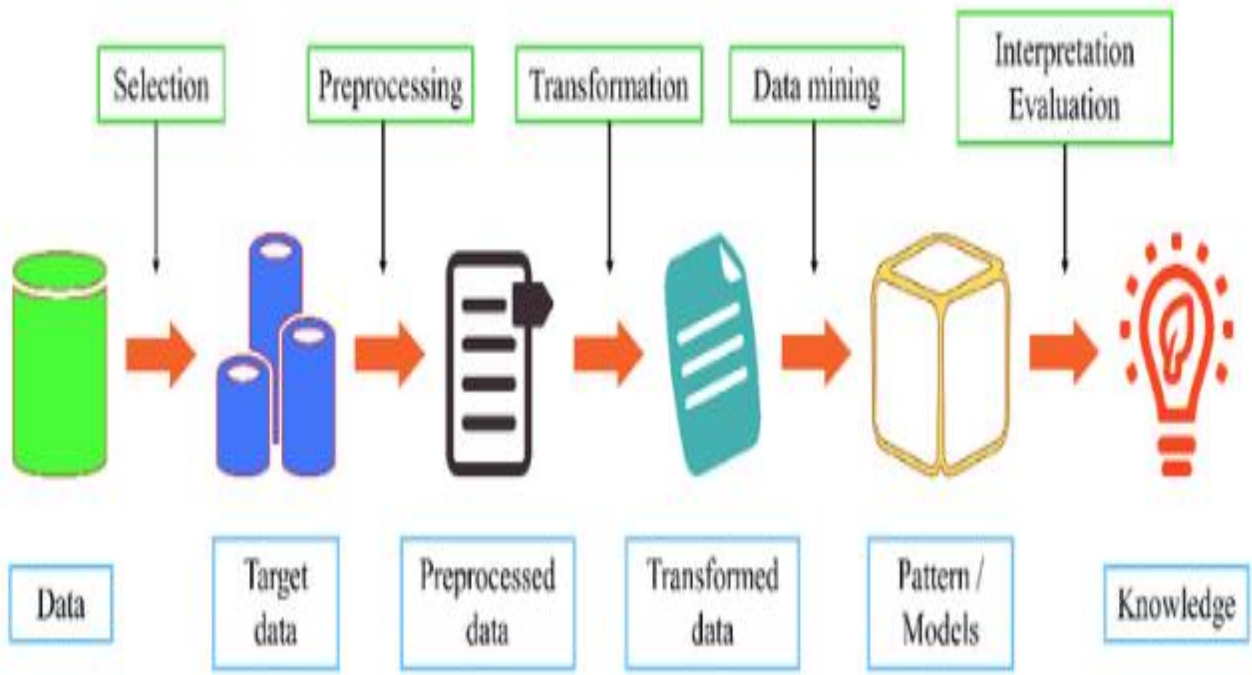
Cost Savings: By providing a centralized location for data storage and analysis, data warehousing can help organizations save costs on hardware, software, and personnel.

Overall, data warehousing provides numerous benefits to organizations, including improved data quality, faster query response times, better decision-making, and cost savings.

DATA MINING:

In this process, data is extracted and analyzed to fetch useful information. In data mining hidden patterns are researched from the dataset to predict future behavior. Data mining is used to indicate and discover relationships through the data.

Data mining uses statistics, artificial intelligence, machine learning systems, and some databases to find hidden patterns in the data. It supports business-related queries that are time-consuming to resolve.



FEATURES OF DATA MINING:

- It is good with large databases and datasets
- It predicts future results
- It creates actionable insights
- It utilizes the automated discovery of patterns

ADVANTAGES OF DATA MINING:

Fraud Detection:

It is used to find which insurance claims, phone calls, debit or credit purchases are fraud.

Trend Analysis:

Existing marketplace trends are analyzed,which provides a strategic benefit as it helps in reduction of costs, as in manufacturing per demand.

Market Analysis:

It can predict the market and therefore help to make business decisions. For example: it can identify a target market for a retailer, or certain types of products desired by types of customers.

Data mining is the process of extracting useful and relevant information from large datasets. In the context of customer relationship management (CRM), data mining can be used to analyze customer behavior, preferences, and other important data points to improve marketing, sales, and customer service strategies. Some of the advantages of using data mining in CRM include:

Improved customer segmentation: Data mining can help identify groups of customers with similar characteristics and behavior patterns. This allows businesses to tailor their marketing and sales strategies to specific customer segments, resulting in higher conversion rates and customer retention.

Better customer targeting: By analyzing customer data, businesses can identify which customers are most likely to respond to a particular offer or campaign. This allows them to target these customers more effectively and increase the chances of a successful sale.

Enhanced customer experience: By analyzing customer feedback and behavior, businesses can identify areas where customers are experiencing problems or dissatisfaction. This allows them to take corrective action and improve the customer experience, resulting in higher customer satisfaction and loyalty.

Improved product development: By analyzing customer feedback and purchase behavior, businesses can identify patterns and trends in product preferences. This can inform product development strategies and help businesses create products that better meet customer needs.

Increased sales and revenue: By using data mining to identify the most profitable customer segments and targeting them more effectively, businesses can increase sales and revenue.

Overall, data mining can provide valuable insights into customer behavior and preferences that can be used to improve CRM strategies and drive business growth.

DATA MINING TECHNIQUES:

Classification:

Data mining techniques refer to a set of methodologies used to extract useful insights and knowledge from large and complex datasets. Here are some of the most commonly used data mining techniques:

Classification: This technique involves categorizing data into predefined classes or groups based on specific features or attributes.

Clustering: Clustering is the process of dividing data into groups or clusters based on the similarity of the data points within each group

Association Rule Mining: This technique is used to identify relationships between different variables or items in a dataset, such as discovering which products are often purchased together.

Regression Analysis: This technique is used to identify the relationship between one or more independent variables and a dependent variable to make predictions.

Time Series Analysis: This technique is used to analyze and predict trends over time, such as stock prices or weather patterns.

Anomaly Detection: This technique is used to identify unusual patterns or data points in a dataset that deviate significantly from the expected values.

Text Mining: This technique involves analyzing unstructured text data, such as social media posts, customer reviews, and news articles, to extract meaningful insights.

Web Mining: This technique involves extracting and analyzing data from web pages, such as user behavior on a website or search engine queries.

CRM SOFTWARE PACKAGES

CRM (Customer Relationship Management) software packages are designed to help businesses manage their interactions with customers and potential customers. They typically include features such as contact management, sales automation, marketing automation, and customer service and support.

Here are some popular CRM software packages:

Salesforce: One of the most widely used CRM software packages, Salesforce offers a range of features including sales automation, customer service, and marketing automation.

HubSpot: This CRM software package includes features for lead management, marketing automation, and customer service, as well as a range of integrations with other business tools.

Zoho CRM: Zoho CRM offers a range of features for sales, marketing, and customer support, including lead management, email marketing, and social media integration.

Microsoft Dynamics 365: This CRM software package is designed for businesses of all sizes and includes features for sales, marketing, and customer service, as well as integrations with other Microsoft products.

Pipedrive: Pipedrive is a sales-focused CRM software package that includes features for lead management, sales forecasting, and sales pipeline management.

Freshworks CRM: Freshworks CRM includes features for sales, marketing, and customer service, as well as advanced reporting and analytics capabilities.

Insightly: Insightly is a CRM software package designed for small businesses and includes features for lead management, project management, and customer service.

These are just a few examples of the many CRM software packages available. When choosing a CRM software package, it's important to consider the specific needs of your business and the features that are most important to you.

Technology and Customer Relationship Management

Technology, and especially the technology enabled by the Internet, has had enormous repercussions for CRM (customer relationship management). In many cases, technology has helped streamline many CRM processes as well as cut the costs of CRM initiatives.

Talking to Customers: Customer Service

It is amazing how much technology has changed the ways we communicate with each other. In the same way, it has changed the way that organizations and companies can communicate with us.

E-mail

Perhaps one of the first customer service developments to come from the Internet is customer service over e-mail. It is standard for Web sites to have contact addresses as well as telephone numbers, adding an additional channel for customer contacts. E-mails can also be automated to keep customers informed of progress of a transaction, whether it is shipping goods bought online or the progress of an insurance claim. Each action within an organization can trigger an automatic e-mail, serving to ensure customers feel informed at every step.

Mobile

Similarly to automated e-mails, the mobile phone is also being used to keep customers informed of the progress of transactions. Short message service (SMS) messages can be automated in the same way that e-mails are, again ensuring customer peace of mind.

Call centers

Technology such as VoIP (voice over Internet protocol) means that voice calls can be routed cheaply over the Internet. Thousands of people keep in touch around the globe with services such as Skype (http://www.skype.com), and this has impacted call centers as well.

Using similar technology, phone calls can be routed to call centers in any location around the globe. Many companies in developed nations have located their customer call centers in developing nations, where staff and other overhead costs are far lower. The Internet means that these calls can be routed for a lower cost than in-country calls, with minimal loss of call quality. That means that a UK customer calling Lastminute.com to book a flight, for example, could in fact be speaking to someone in India.

The staff in these call centers undergo extensive training on the culture of the people they will be speaking to, as well as on the ethos of the company they represent. Even though a customer is speaking to someone on another continent, it is imperative for the business that the experience matches its brand as closely as possible.

Instant Messengers and Chat Rooms

Instant messenger (IM) allows fast, instant text-based chat. Services such as Windows Live Messenger, Gtalk, and Jabber keep people around the world (and in the same room) connected. IM can also be an effective customer service channel.

The technological Revolution: Relationship management

The technological revolution has had a profound impact on relationship management. With the rise of social media and other digital technologies, people are now more connected than ever before, and this has transformed the way individuals and businesses build and maintain relationships.

One major way technology has impacted relationship management is through the increased use of customer relationship management (CRM) software. CRM software allows businesses to track and analyze customer interactions and behavior, allowing them to personalize their marketing efforts and improve customer satisfaction.

Additionally, social media platforms like Facebook, Twitter, and Instagram have become essential tools for building and maintaining relationships with customers. Companies can use these platforms to engage with customers, respond to feedback and complaints, and promote their products and services.

At the same time, technology has also created new challenges for relationship management. With so many different communication channels available, it can be difficult for businesses to keep track of all their interactions with customers. Additionally, the rise of automation and chatbots has made it more difficult to provide a personalized touch to customer interactions.

Overall, the technological revolution has brought both opportunities and challenges to relationship management. By embracing new technologies and strategies, businesses can build stronger relationships with customers and improve their bottom line.

CRM is a Tool for Computer Cultural Change

Business models and entire industries are being disrupted by new technologies as digital transformation forces organizations to reassess how they adapt and provide their customers with value into the future.

One key theme that has emerged during this time of disruption is a big obstacle to making the transition from product-focused to customer-focused is often changing business culture. Changing employee behavior is more difficult than redesigning products and services or implementing new technology. However, the failure to consider the impact of organizational change will undermine any other investment.

Using CRM Technology to Drive Cultural Change

The often unrealized potential benefit of CRM technology is that it can be a very effective way of driving organizational change.

Customer-facing employees using a CRM will spend many hours per day on the system in order to be more effective in their daily job duties. A flexible CRM system supports and reinforces the behaviors you need in order to succeed in achieving your desired future state.

Recognizing and Valuing Customers

Customers are people who want to be recognized, respected and valued as individuals and as customers.

One of the major obstacles facing employees trying to be more customer-centric is access to accurate information. Modern CRM provides the opportunity to consolidate information from multiple sources and provide a single view of the customer; providing a way of “hearing,” understanding and relating to each individual customer.

Data about customers can be gathered from all of your information systems, including digital channels like online orders, the website, social media and more, and then combined with information from human channels when a person speaks to a customer on the phone.

Customer-centric culture starts with understanding who a business’ customers are, and CRM that helps employees see the full view of their customers underpins this.

Building Trust

Customer loyalty and trust go hand-in-hand, and the behaviors for building trust are fairly universal.

Keeping Promises

One of the quickest ways to destroy trust is to break a promise, even if it’s trivial commitments like, “someone will get back to you in 24 hours.” CRM technology can help employees learn to keep promises by reminding users of commitments and deadlines, and escalating urgent activities and tasks to ensure promises are kept.

Being Responsive

Trust is built by organizations being consistently responsive to customers, especially when there are questions or issues. CRM tools provide the opportunity to give your customer-facing staff the tools and information required to answer enquiries and address issues quickly.

Being Proactive

Having a single view of the customer, with all relevant information in one place, will allow your customer-facing staff (and automation systems) the ability to anticipate the needs of customers and proactively address them, rather than waiting for the customer to initiate contact.

Knowledgeable People

As anyone who has ever called customer service knows, it's a joy (and a mild surprise) to speak with someone who is knowledgeable and helpful. But knowledge about what you are selling is only part of the picture. The picture isn't complete without being similarly knowledgeable about the customer, their needs and wants and previous history with the organization.

Mobile Workforce

Mobile technology has changed the way we work, and provided the opportunity to free employees from their desks to spend more time where their customers are.

Automation

The process of automating otherwise frustrating and time-consuming administrative efforts provides another opportunity for a quick win. Automation only works when the data being collected and the supporting "what do I do with this data" processes are in alignment. When this occurs, the benefits of automation positively reinforce new business processes.

Listing to Customers

When a CRM system pulls customer data together across the customer's whole journey, it invariably crosses departmental boundaries and makes it easier for marketing, sales, and post-sales teams to collaborate. This transparency will help highlight where things are working and where there is room for improvement.

The process of configuring the CRM forces teams to consider where the departmental boundaries should be and what the optimal approach for process handoff should be. The new processes become embodied and reinforced by the CRM system, quickly defining the new normal. This works especially well when the early phases of the CRM project focus on those high-profile challenges facing two teams who need to work more closely together.

Changing Corporate Culture

Changing corporate culture can be a challenging and complex process, but it is often necessary for organizations to adapt and thrive in a rapidly changing business environment. Here are some steps that can help to facilitate a successful transformation of corporate culture:

Define the desired culture: Before embarking on a culture change initiative, it is important to clearly define the desired culture. This can involve identifying the values, beliefs, and behaviors that are important to the organization and aligning them with the company's mission and goals.

Assess the current culture: Understanding the current culture is critical to identifying the gaps between the current state and the desired state. This can be done through surveys, focus groups, and other forms of data gathering.

Create a plan: Based on the desired culture and the current state, create a plan for how to bridge the gap. This may involve developing new policies and procedures, revising communication strategies, or implementing new training programs.

Communicate the change: Effective communication is essential to the success of a culture change initiative. Leaders should clearly articulate the reasons for the change and the benefits that it will bring, and they should engage employees in the process.

Lead by example: Leaders play a critical role in shaping corporate culture, so it is important for them to model the desired behaviors and values. This can involve providing training and coaching for leaders to develop the necessary skills and mindset.

Recognize and reward desired behaviors: Positive reinforcement can be a powerful tool for shaping behavior. Recognize and reward employees who demonstrate the desired values and behaviors, and make sure that performance metrics align with the new culture.

Monitor progress and adjust: Culture change is an ongoing process, and it is important to monitor progress and adjust the plan as needed. Regular check-ins and assessments can help to identify areas where the culture change is succeeding and areas where more work is needed.

Overall, changing corporate culture requires a long-term commitment and a willingness to adapt to changing circumstances. By following these steps, organizations can create a culture that is aligned with their mission and goals, and that supports the success of their employees and stakeholders.

CRM - current scenario

CRM stands for Customer Relationship Management, which refers to the practices, strategies, and technologies that businesses use to manage and analyze customer interactions and data throughout the customer lifecycle. In recent years, the CRM market has experienced significant growth and transformation, driven by advances in technology and changing customer expectations.

Here are some key trends and developments in the current CRM landscape:

Focus on Customer Experience: One of the biggest trends in CRM today is the increased focus on customer experience (CX). Many companies are realizing that CX is a key differentiator in today's competitive market, and they are investing heavily in technologies and strategies that enable them to deliver personalized and seamless experiences across all touchpoints.

Emergence of AI and Machine Learning: Another major trend in CRM is the increasing use of AI and machine learning. These technologies can help companies analyze vast amounts of customer data and automate many aspects of customer engagement, such as chatbots, automated email campaigns, and personalized recommendations.

Cloud-based Solutions: Cloud-based CRM solutions are becoming increasingly popular as they offer greater flexibility and scalability than traditional on-premises solutions. Cloud-based CRM systems are also easier to integrate with other business applications, making it easier for companies to create a unified view of customer data.

Mobile-first Strategy: With the rise of mobile devices, many companies are adopting a mobile-first approach to CRM. This means that they are developing mobile-friendly applications and interfaces that allow customers to engage with them on the go.

Social Media Integration: Social media is now a critical channel for customer engagement, and many companies are integrating social media data into their CRM systems. By analyzing social media conversations and sentiment, companies can gain valuable insights into customer needs and preferences.

GDPR Compliance: The General Data Protection Regulation (GDPR) has had a significant impact on the CRM industry, as companies are now required to obtain explicit consent from customers to use their personal data. CRM vendors have responded by offering GDPR-compliant solutions that help companies manage customer data in a compliant manner.

Overall, the CRM landscape is evolving rapidly, with new technologies and trends emerging all the time. Companies that invest in a robust and flexible CRM strategy are likely to gain a competitive advantage by delivering exceptional customer experiences and building long-term customer relationships.

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