



# Customer Relationship Management (CRM)

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# What is CRM?



CRM is a strategy that attempts to understand, forecast, and manage the demands of an organization's existing and prospective consumers.



It is a systematic process that integrates all aspects of the business that deal with customers, such as marketing, sales, customer service, and field support. This is achieved by incorporating together people, processes, and technology.



CRM goes beyond customer acquisition to focus on customer retention.



Customer relationship management (CRM) is replacing relationship marketing (RM), which is commonly thought to be a misleadingly restricting word.

# CRM Definition

CRM focuses on building, fostering, and improving individualized customer relationships with targeted customers and customer groups to increase their overall lifetime value.



# The Objective of CRM

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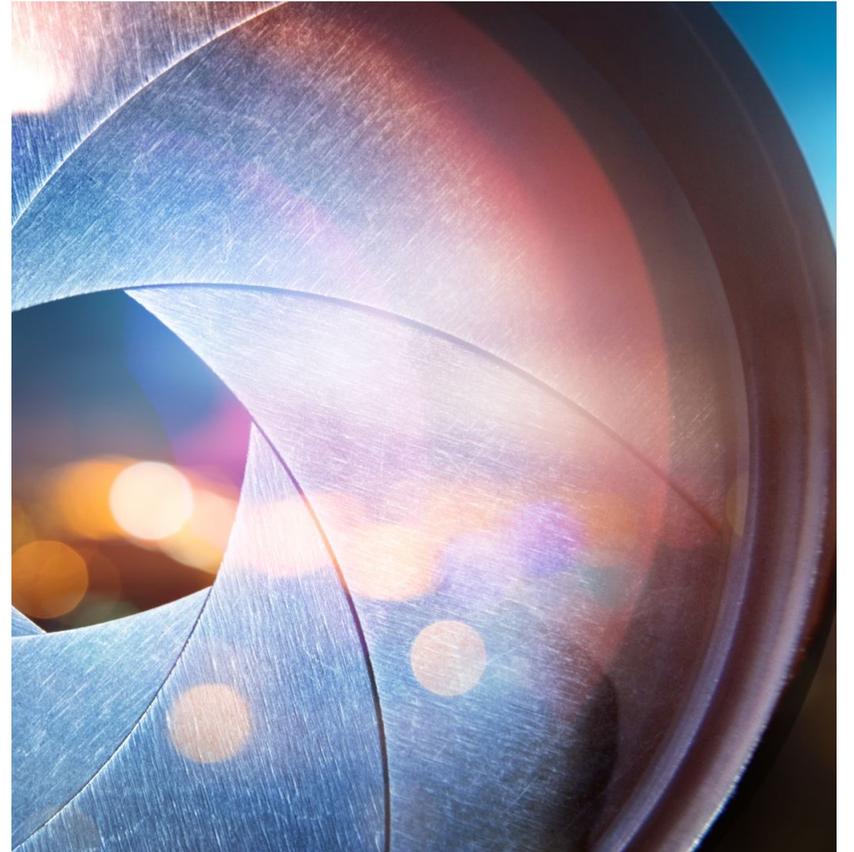
The main goal of CRM is to provide long-term value for both the customer and the company.

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Customers are less inclined to seek out other providers for their needs when they value the customer service they receive from suppliers.

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CRM gives companies a competitive edge over rivals that offer comparable goods or services.



# Why is CRM significant?

Businesses today compete with other firms that provide a variety of products and supply them through networks, alliances, and partnerships of various types. Corporate effectiveness depends on both retaining consumers and cultivating alliances with other value-adding partners.



Recognizing that long-term relationships with customers are one of an organization's most valuable assets is driving the use of CRM

# How did CRM come about?

- Significant developments since the 1980s have changed consumer power, which has had a significant impact on how companies operate.
- The supply of most goods was higher than the demand for them.
- Sellers had little flexibility in setting prices
- There was no safety net for suppliers of goods and services outside of their relationship with their customers.



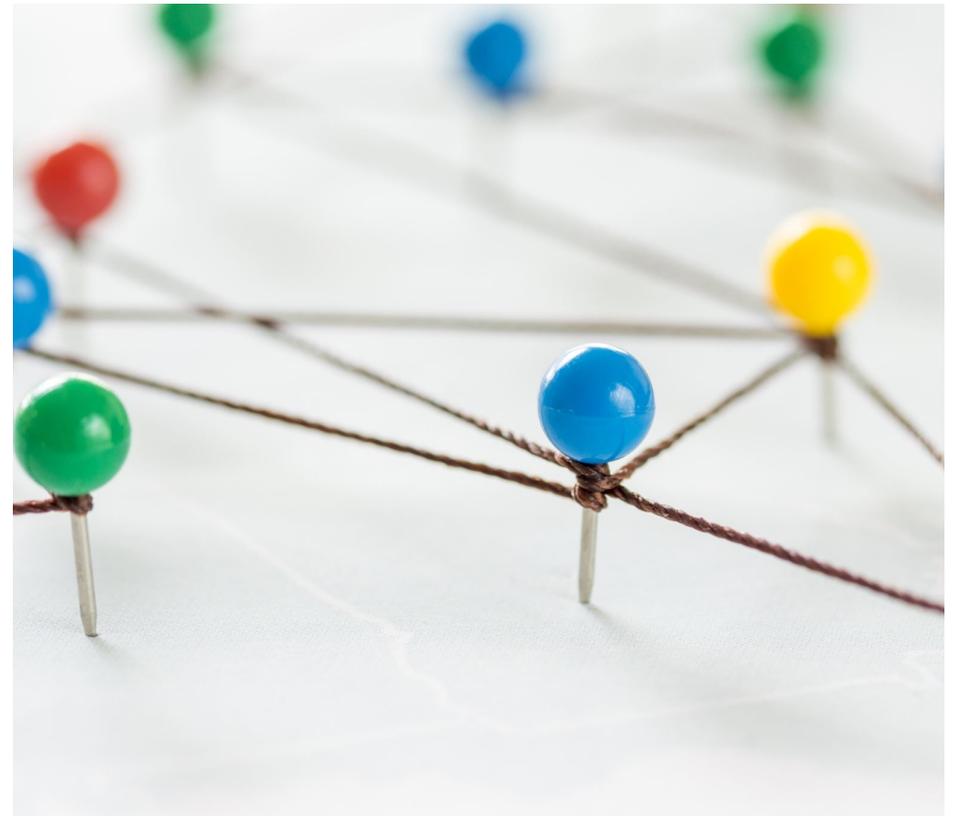
# What does customer relationship management entail?

- The shift to a customer-centric approach is essential for businesses.
- To consider and accommodate customer needs, companies must be adaptive.
- Market research must be done to assess customer needs and satisfaction.
- Customer relationship management focuses on key strategic markets since not all clients are equally important.
- As a result, partnerships with clients who are likely to provide value for services should be established.
- A loss of time, personnel, and financial resources might arise from cultivating relationships with customers that provide little value

# Markers of strategically significant customers

Customers who are strategically significant must meet at least one of three requirements.

1. Customers with high lifetime values. These are long-term customers who will utilize the service regularly, such as Contractors who buy building materials at a hardware)
2. Customers set the standard for the sector for other customers.
3. Customers who spur the supplier to innovate



# CRM and Information Technology

- A key component of CRM is technology.
- Organizations may help increase consumer value and their own profitability by utilizing technological strategies such as data mining, one-to-one marketing, and database utilization.
- Using technology, customers' names, contact information, and buying patterns can be stored.
- Customers can be targeted using the customer database's information to provide services tailored to their unique needs.
- Customers are more loyal to the company due to this personalized communication, which adds value.



# How Companies use Technology in CRM



Companies can notify customers about new, alternative services or goods once they have access to their contact information, service, or purchase preferences through databases, etc.

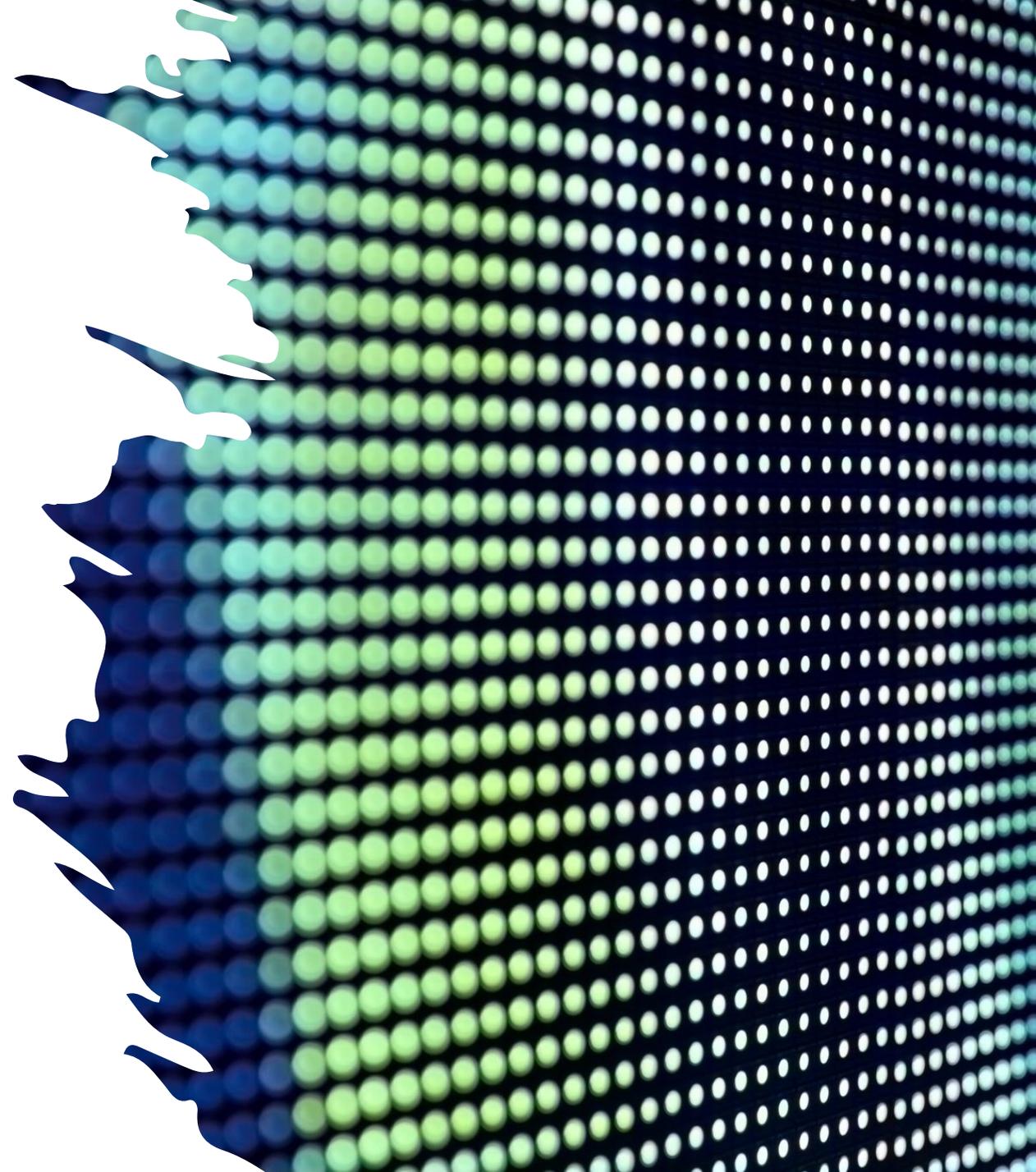
Customers are contacted through:

- Phone calls
- Emails
- Short Message Service (SMS)
- Multimedia Messaging Service (MMS)
- WhatsApp

# How Companies use Technology in CRM

To enhance CRM, companies collect and use several types of technology data. A few examples are:

- Website Cookies
- Loyalty cards
- Face-to-face



# Website Cookies



- When you use the internet, your computer is recognized by cookies. These are text files comprising bits of information, such as your login and password.
- Some cookies, known as HTTP cookies, are used to identify unique users and enhance their online browsing.
- Cookies authenticate users, track their activities, and preserve unique user data like site preferences and the items in their online shopping carts. For instance, to offer a customized service to its customers, Amazon.com uses cookies.
- When using Amazon to make purchases, users must first create an account. Registered customers are greeted with a welcome message that utilizes their name (for example, "Hello Mary"), their prior purchases are highlighted, and a list of suggested products that the consumer might like to purchase is also highlighted.

# Loyalty Cards

- The main function of a retailer loyalty card is to collect information about customers.
- This information results in cost insights and better customer understanding. For instance, the company will be better able to increase customer retention rates at various spending levels, understand how customers respond to offers, evaluate new customer conversion rates, and identify areas where circular spending is ineffective.
- This information allows for proper marketing intervention and follow-up analysis.

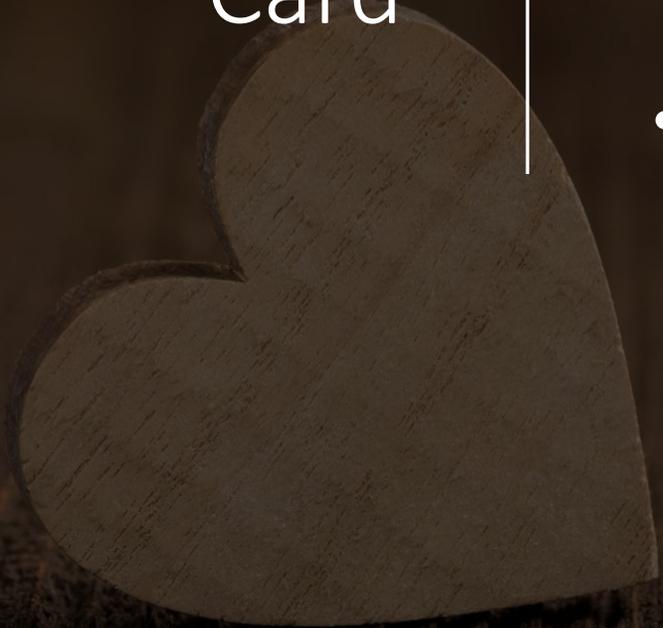


# Tesco Loyalty Card

- Customers of the supermarket chain Tesco have access to its loyalty card, “Tesco Clubcard.”
- Tesco can keep track of all the purchases their customers make when they use their loyalty cards to pay for items, as the transaction information is saved in a database.
- The business periodically mails its customers discount coupons for the goods they have previously purchased to entice them to return.



## Tesco Loyalty Card

A wooden heart shape is positioned in the lower-left quadrant of the slide, resting on a dark wooden surface. The heart is light-colored with a visible wood grain. A thin white vertical line is positioned to the right of the heart, extending upwards towards the top of the slide.

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# Face-to-Face CRM

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- CRM is also viable in face-to-face contacts, where IT supports business operations and places companies in a better position to assist customers.
- A company uses CRM if it makes sure, for instance, that customers are recognized whether contacted over the phone, online, or in person.
- Employees frequently remember returning customers' names and preferred services/products and utilize this knowledge to provide them with a personalized experience. For instance, at a restaurant, you will likely recall the customer's name and preferred dish.
- However, face-to-face CRM may be less effective when businesses have many customers since it would be more challenging to recall specifics about each of them.



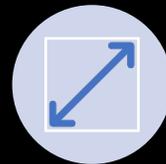
# Benefits of CRM



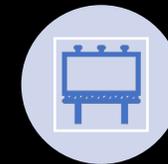
Decreased expenses due to an effective and efficient operation



Improvement in consumer satisfaction. Therefore, the company can meet and exceed expectations.



An increase in customers making it possible to take advantage of all available opportunities resulting in increased services and referrals.



Higher availability of a source of market and competitor information.



Sustainability and long-term profitability.





# Implementing CRM

- Before implementing or developing CRM, a strategic assessment of the organization's current state should be done.
- The following issues need to be addressed by organizations:
  - What is the core business, and how will it evolve over time?
  - Which CRM model is ideal for our company's needs today and in the future?
  - What IT infrastructure do we already have, and what will be required to fulfill the organization's future demands?
  - Which partners and suppliers must we select?



# References

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# Useful Resources

- Customer Think. (2023). Customer-centric business. <https://customerthink.com/>
- Hargrave, M. (2022, October 2). What is CRM? customer relationship management defined. Investopedia. [https://www.investopedia.com/terms/c/customer\\_relation\\_management.asp](https://www.investopedia.com/terms/c/customer_relation_management.asp)





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- International Journal of Contemporary Hospitality Management
- International Journal of Service Industry Management
- Journal of Consumer Marketing
- Journal of Customer Service
- Journal of Professional Services Marketing
- Service Industries Journal



Questions and Answers



**THANK  
YOU**