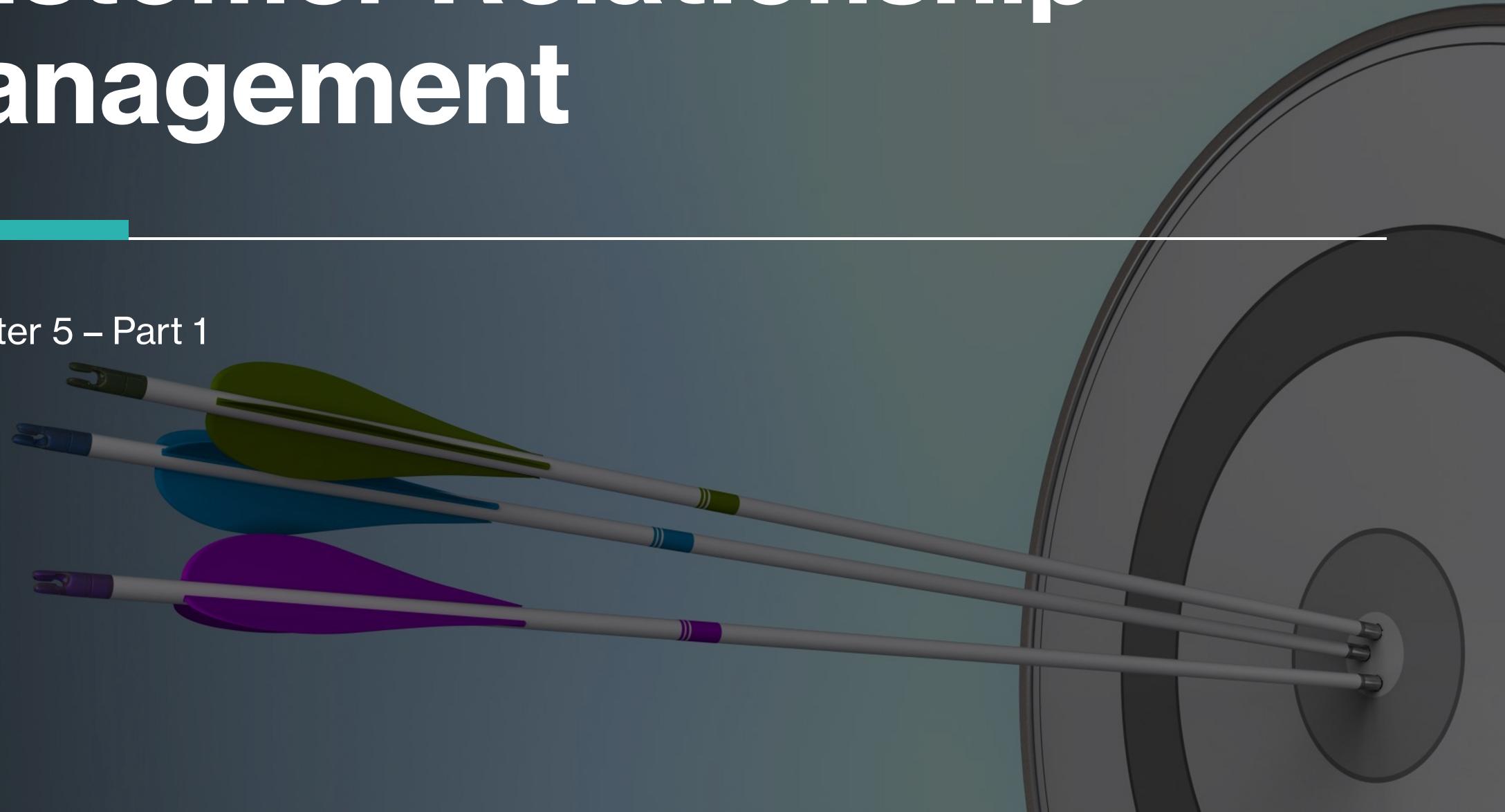


Customer Relationship Management

- Chapter 5 – Part 1



Customer Knowledge Strategy

Dr. Wendy Freckleton





Customer Knowledge Strategy



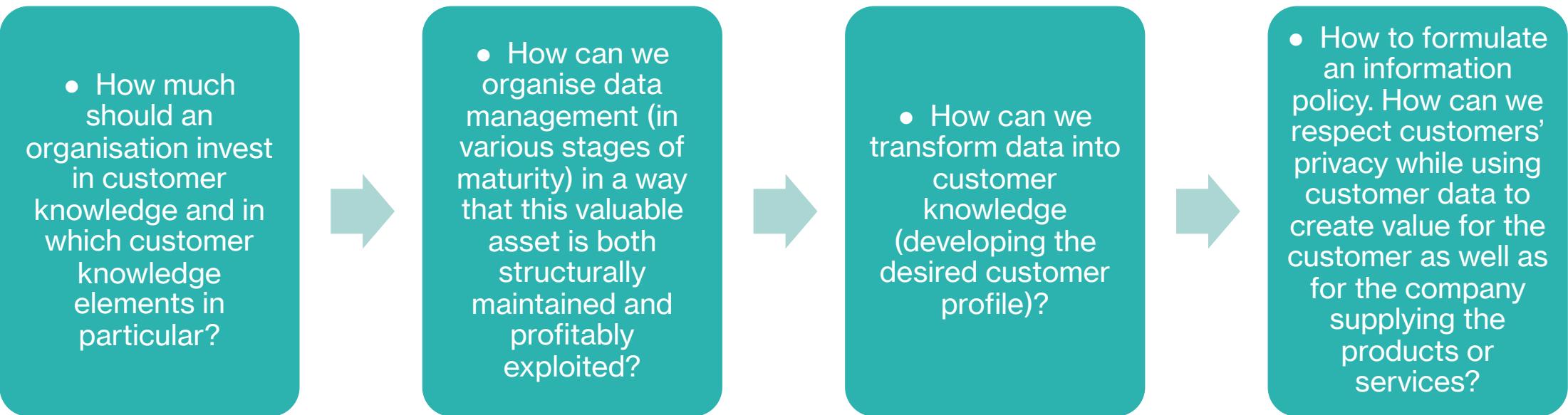
Within the field of information management, distinctions have always been made between data, information, and knowledge. Data are details: the date a prospect became a customer, the value of the last purchase, the term within which payment was made, and the customer's address. Data become information as soon as a user assigns meaning to them. The data say something about the identity and profile of the customer; as a result, it becomes possible to create an image of the customer. Information becomes knowledge as soon as action is taken on the basis of this information; because the customer's profile is known, we know when we should offer them which products or services.

Don't Fall in a Trap

It is important to avoid falling into the trap of focusing too singularly on the collection, maintenance and analysis of the data. This includes resisting the temptation to invest large amounts of time and money in developing a 'crystal ball' which subsequently fails to yield results. It is important is to keep sight of the ultimate goal: knowledge. This involves using the information to develop a relationship with customers, which in turn requires creative utilisation of information sources.



In this chapter we will address the following questions:



The value of customer knowledge

- Spending money on data quality
- The waste resulting from poor quality
- The earnings stemming from data quality

Spending money on data quality

- Relevant customer data need to be gathered and their quality needs to be managed.
- Information on the identity and profile of former, current and prospective customers has to be collected and registered.
- Data must be compiled from different sources: internal and external.
- We must keep track of which topics were discussed, when, and with whom, during front-office communication with customers.
- Investment is needed in software designed to compile and manage these data.
- We have to ensure that data do not become obsolete.
- The inevitable mistakes that creep in when data are collected from many sources must be identified and corrected.
- Hardware and networks must be adapted to meet the demands of these database applications while ensuring the safety and speed of the other operational applications.
- Call-centre agents, for example, must still be able to input an order quickly and verify delivery.



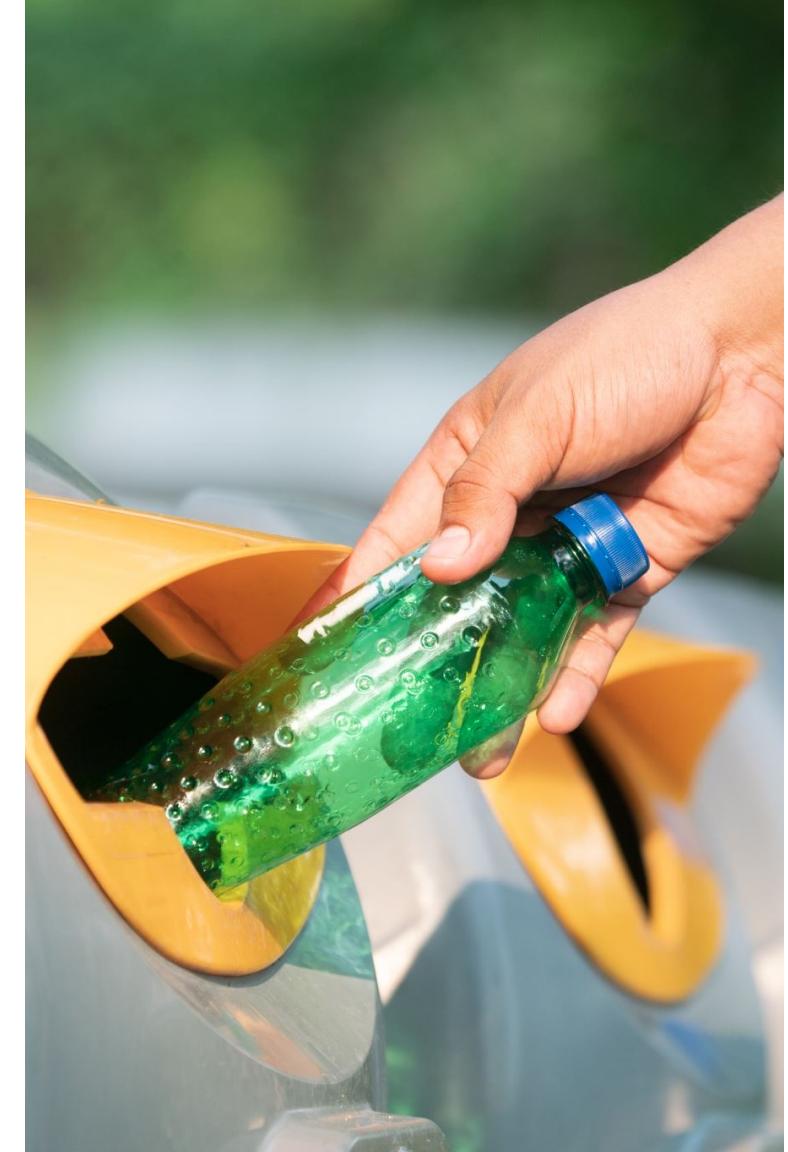
The waste resulting from poor quality data

- To convince those members of management charged with making decisions on investments in data of the importance of data quality, it can be interesting to present them with the expenses that result from the lack of quality in data.
- These costs are easier to demonstrate with a higher degree of certainty than the future profits which may be earned from 'good quality data' and can thus be used as an argument when convincing managers of the importance of quality.

The waste resulting from poor quality data

- Returned mail items.
- Mail duplication.
- E-mail that is returned or sent twice.
- Incoming telephone calls which cannot be processed sufficiently.
- Salespersons, account managers, and service engineers who visit the customer at the wrong time, or at the wrong location due to inaccurate data.
- Invoicing errors.

The consequences of errors can extend even further than the direct waste mentioned above. In the long run, the effectiveness of communication and the level of service are affected.





The earnings stemming from data quality

Influence on the effectiveness of acquisition activities.

- High-quality data increases the effectiveness of acquisition.

Influence on the customer value

- Data quality will have repercussions not only on customer acquisition but also on customer retention and relationship development.

References

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Useful Resources

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Journal References

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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



An aerial photograph of a long bridge spanning a wide body of water. The bridge has a dark grey asphalt surface with white dashed lines indicating lanes. Several vehicles, including cars and trucks, are visible on the bridge. The water surrounding the bridge is a vibrant turquoise color with small, white-capped waves. The sky is clear and blue.

Thank you!