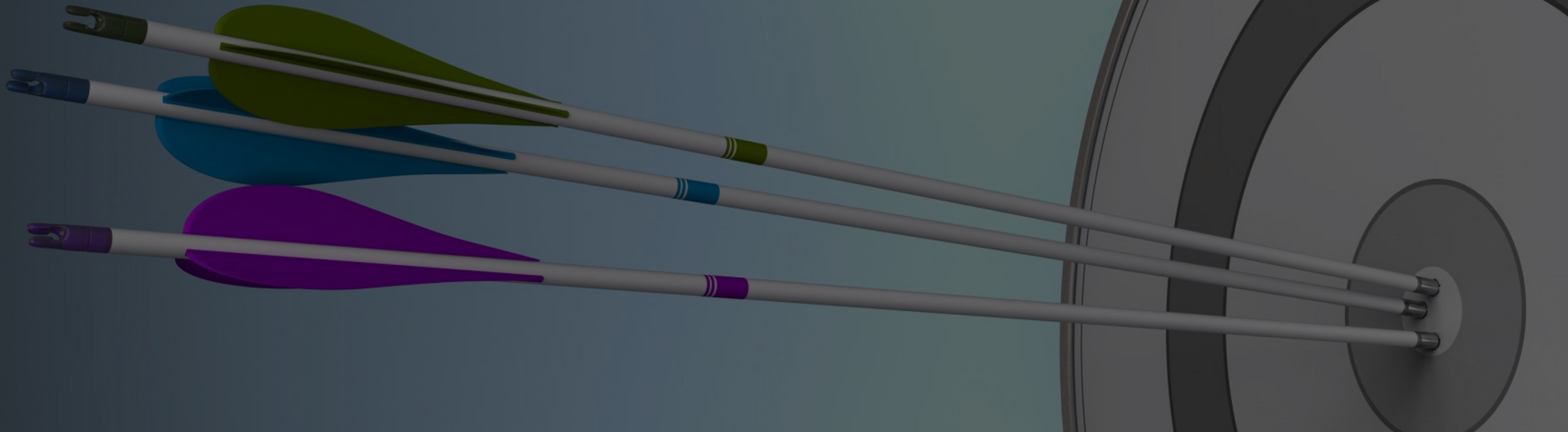# Customer Relationship Management

- Chapter 5 – Part 3
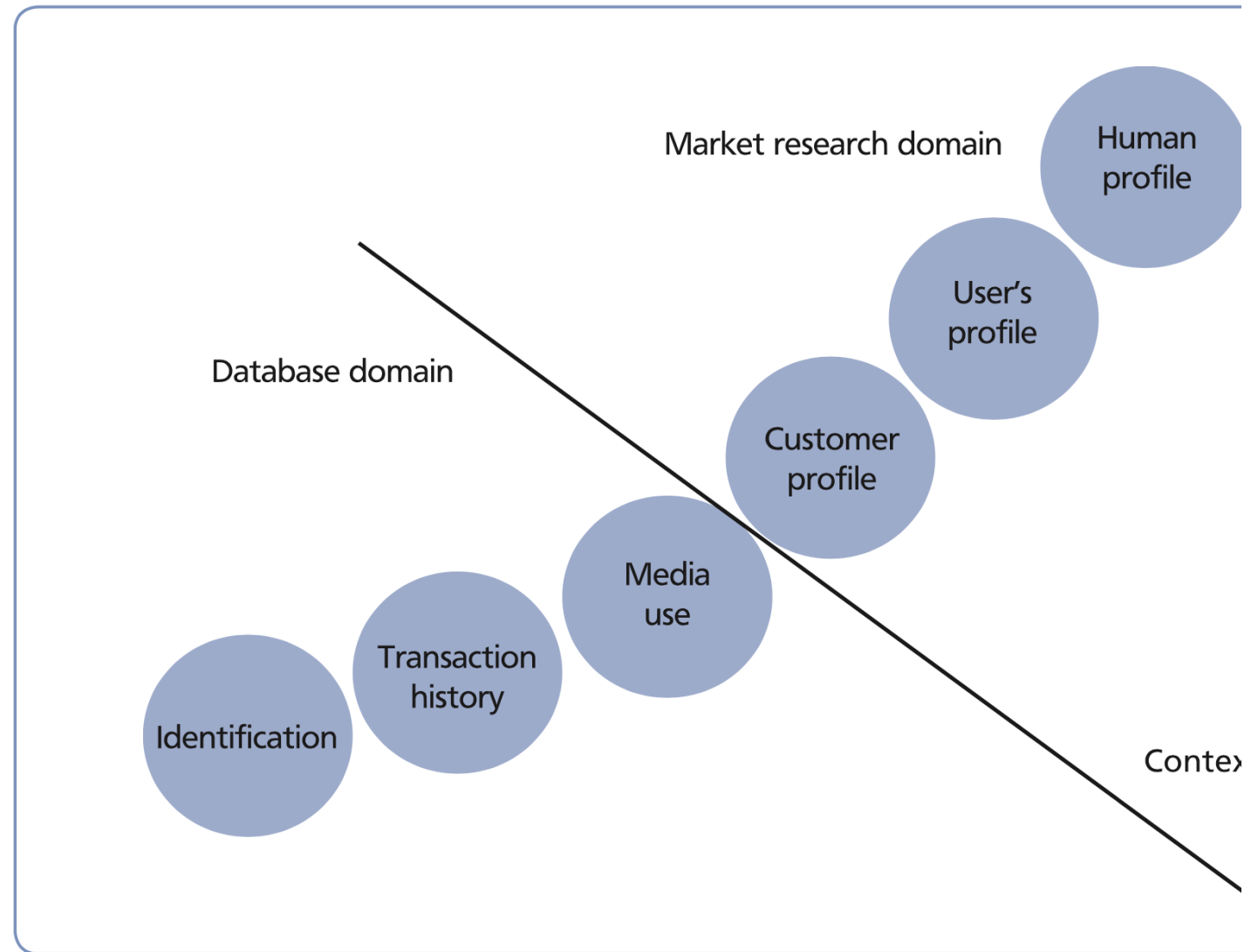
Customer Knowledge Strategy

Dr. Wendy Freckleton

From data to customer knowledge

- Questions we must ask to design a policy that is geared towards the development and utilisation of data as an important organisational asset:
  - What data would we ultimately want from the customer?
  - What profile would we like to see from the customer?
  - How do we want to profile the customer and use this information in marketing?.
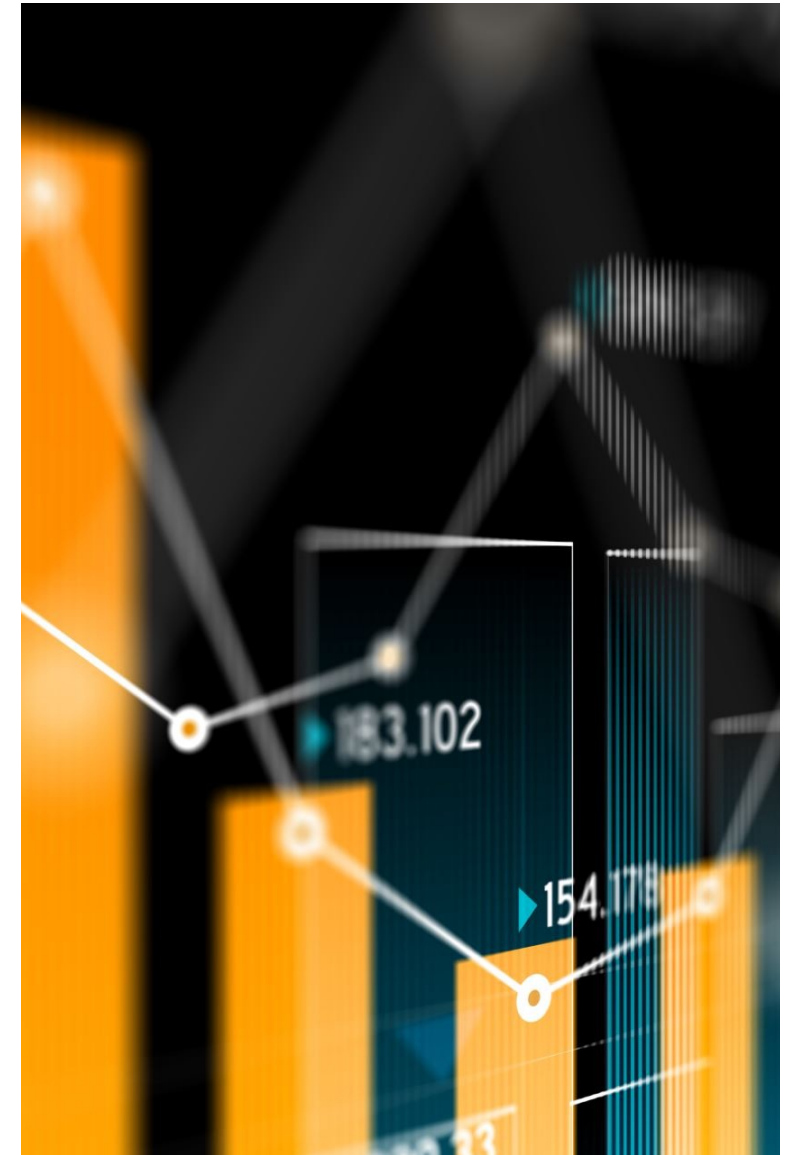
From data to customer knowledge

- Organisations which would like to develop intensive relationships with customers will not only have to form an image of the customer as a buyer, but also as a user and a person or an organisation in their own context.

- If we only focus on collecting data about the buyer, we are implicitly implementing product leadership or operational excellence. We must realise that collecting data about the customer as user and person and/or organisation entails higher costs.

- Data which are less objectively measurable are also involved to a certain degree; a person's personality and values are abstract and imperceptible. Although they have stable characteristics, measuring and keeping track of these types of data represents quite a challenge.

Market research domain

Human profile

User's profile

Database domain

Customer profile

Media use

Transaction history

Identification

Contex

Which data?

- Data is usually collected on the following topics:

- ***Identification of the customer or prospect.*** The most basic data include the name, address, city, telephone number and e-mail address.

- ***Segment.*** Being able to categorise a customer in a certain sub-group is crucial to be able to provide them with a differentiated offering.

- ***Communication channel preferences.*** It important to determine the nature of the customer's communication channel preference.

- ***Transaction history and customer value.*** Historical buying behaviour is one of the best predictors of future purchase behaviour.

- ***Communication history.*** Recording communication which has taken place is important to be able to conduct an ongoing dialogue in which repetition can be avoided.

Which data?

- ***Complaint history.*** Have there been any complaints in the past? How did the company deal with them and how did the consumer respond?

- ***Events.*** Being able to obtain data on these events can open up new possibilities: an offer may be made to the prospect at precisely the right time.

- ***Satisfaction.*** How satisfied is the consumer in general, with specific contacts? How likely is it that the consumer will recommend the organisation or the brand?

Privacy

- Customer data represent a valuable asset for organisations interested in implementing a customer intimacy strategy.

- This value is dependent on obtaining the customer's permission; to what extent will they allow the supplier to get to know them better? Once the information is used in an undesirable manner, the value of the asset becomes an issue

- This privacy issue is an important consideration in database management. As increasing amounts of customer data are being recorded in suppliers' databases, there are growing fears that customers will resist this activity on privacy grounds.

- Customers worried about the abuse of personal data and the various organisation to which the data might be sold or rented.

- Owing to the rapid expansion of the internet, it is extremely easy to distribute data rapidly; physical or geographical distances have little or no impact anymore.

- Customers can also see the suppliers' 'hunger for information' as an unwelcome invasion of their personal environment by a relative stranger with questionable objectives and interests.

Personal Data Protection Act

- When determining appropriate behaviour when collecting, registering, processing, distributing, and using customer data, one needs to give careful consideration to the Personal Data Protection Act.

- In most Western developed countries there are national acts that constitute a legal background for all data activities involving personal data. It is often a basis for further acts that regulate the use of data in channels, such as the telephone (including SMS), internet and direct mail or e-mail. The national acts and laws are often a validation of the European guidelines and standards.

Information policy

- The value of data as a resource, morality and the possibilities offered by IT are all taken into consideration.

- In today's information society, the possibilities for collecting, recording, processing, distributing and utilising data continue to increase.

- It is becoming important for companies to formulate a vision on these topics in which consumers, the competition, legislation, the value of data as a resource, morality and the possibilities offered by IT are all taken into consideration.

- The challenge for database managers consists in devising a way to gather regular, reliable information on the quality of the customer–supplier relationship at a relatively low cost and in an accessible manner.

References

Beltman, R., & Peleen, E. (2013). *Customer relationship management*. Pearson Deutschland GmbH / STARK Verlag GmbH. https://www.pearson.de/customer-relationship-management-pdf-ebook-9780273774976

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

Journal References

- Harvard Business Review

- 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

Thank you!