PART A: RELATIONSHIP MARKETING AND CRM RETENTION STRATEGIES

INTRODUCTION

Customer relationship management is well established as an approach to acquiring customers and then retaining them to develop a higher lifetime value for each customer. Managing CRM online and integrating it with offline CRM activities introduce new challenges. We need to think about how we can use online tools to have a more dynamic dialogue with the customer, answering their questions, understanding their needs, profiling them and then delivering appropriate services and communications (Smith and Chaffey, 2017).

CRM is a tool that has shown prospect even beyond customers' retention to customers' attraction. As a common saying that 'good products sells itself', there is need for every industry or organisation to incorporate intelligence in its dealing with their customers. The act of incorporating CRM enables any business to gain adequate understanding of its customers. CRM is not a technological tool but rather can be seen as a strategic formulation of intelligence through bulk of information gathered by a company about their customers. CRM majorly should be implemented for highly prioritized customers whose transactions can be used to measure the level of profit for a company (Ajaegbu C *et al*, 2014).

Online customer relationship management (CRM) deals with serving and nurturing customers into lifetime customers and hence can increase the profitability of the organisation. At the heart of this is a good marketing automation system which combines a database – the marketer's memory bank – with rules to schedule more relevant and timely contextual messages delivered by email, social updates, mobile notifications or personalised website messages.

In this Unit, participants will be shown how to develop integrated contact strategies to deliver relevant messages throughout the customer lifecycle. Social CRM is today a key aspect of CRM, but discussion will focus on content marketing to build relationships with prospects and on delivering customer service and developing advocacy with customers on social media.

RELATIONSHIP AND CUSTOMER LIFECYCLE MARKETING

This section will examine how relationship marketing and customer lifecycle are essential to modern CRM.

What is *relationship marketing*? Marketing is all about relationship – relationship with customers, lapsed customers and potential customers. There are also relationship with suppliers, partners and even internal audiences. So although relationship marketing involves more than just customers, we're focusing on customers: CRM – customer relationship management. Relationship marketing shifts marketing away from short-term transactional marketing towards developing longer-lasting relationships with people who, ideally, develop into lifetime customers. This obviously generates more profitable repeat business as well as increased 'share of wallet'.

Relationship marketing recognises that the focus of marketing is to change from making a single transaction and moving on to the next customer, to building a relationship with existing customers (Christopher *et al.*, 1991). Bateson (1995, p. 457) in his definition of relationship marketing states that relationship marketing is the union of customer service, quality and marketing. It emphasizes the importance of customer retention, product benefits, establishing long-term relationships with customers, customer service; increases commitment to the customer; increases levels of customer contact, and a concern for quality that transcends departmental boundaries and is the responsibility of everyone throughout the organisation.

The reason behind encouraging brand loyalty lies in the fact that it costs four-to-six times more to attract a new customer than to retain the existing one. As and when the customer's relationship with the company strengthens, profits tend to rise. And, not just a little but at time companies can boost profits by almost 100 percent by retaining just 5 per cent more of their customers.

Initiating brand loyalty is the most successful way to achieve maximum profit growth. Therefore, organisations should try improving their customer retention so that they can do business with the customers in the long run and achieve competitive advantage (Lan, 2015).

PARADIGM SHIFT- FROM TRANSACTIONAL MARKETING TO RELATIONSHIP MARKETING

In the past two decades, many researchers have showed a shift between transactional marketing and relationship marketing. As the old model is now viewed as insufficient to cope with in today's business surroundings, marketing is entering a new era (Christophe *et al*., 2002). Business must take the leap from business mentality to a relationship mentality; from acquisition of customers to customer retention and loyalty. Loyal customers are the company's best customers. So, the challenge that this changed environment poses to the firms is to identify how to build long term relationship with profitable customers. Companies should be able to identify, attract, defend and strengthen brand loyalty.

Transactional Marketing	Relationship Marketing
Orientation to single sales	Orientation to customer retention
Discontinuous customer contact	Continuous customer contact
Focus on product features	Focus on customer value
Short time scale	Long time scale
Little emphasis on customer service	High emphasis on customer service
Limited commitment to meeting customer expectations	High commitment to meeting customer expectations

(*Adapted from:* http://kfknowledgebank.kaplan.co.uk/)

Marketing has moved from customer acquisition to customer retention to customer selection. The importance of relationship marketing in retention of few profitable customers has become even more important than ever. Today, selling has moved away from short term, quick scale scenario and selling today is more about "partnering" and relationship building, you don't sell to people you partner with them.

Relationship Marketing vs. Transactional Marketing

Transactional marketing is a business strategy that focuses on "single point of sale" transactions. The emphasis is on maximizing the efficiency and volume of individual sales rather than developing a relationship with buyer. On the other hand, relationship marketing is a business strategy that seeks to establish long term relationship with its customers rather than focusing on single transaction, not only does it focus on individual customers but on all the stakeholders in order to manage a relationship that adds value to each person.

Varey and Lewis (2000) in their book “Internal Marketing Directions for Management” describe in detail how transactional marketing differs from relationship marketing.

- **Focus:** The transactional marketing focus on recruitment of customers for single sale; Relationship marketing focus on customer retention.
- **Orientation**: Transactional marketing is oriented on product features; Relationship Marketing orientation is on product benefits and system solutions.
- **Time Horizon**: Transactional marketing has short time horizon: Relationship Marketing has long term horizon.
- **Customer Focus**: Transactional Marketing has little customer focus: Relationship Marketing has high customer focus.
- **Information:** Transactional Marketing information is content of communication; Relationship Marketing information is product of communication.
- **Contact:** In Transactional Marketing there is low contact with customers; In Relationship marketing there is high contact with customers.

Egan (2005) in his book “Relationship Marketing 3rd Edition” says that relationship marketing has a dual focus both on customer retention and acquisition strategies. It has become underpinning conviction of relationship marketing that it encourages retention marketing first and acquisition marketing later on. The academics are of the view that customer retention offers significant advantage than customer acquisition, particularly in saturated markets.

Benefits of Relationship Marketing over Transactional Marketing

Relationship Marketing is rooted in the idea that it is cheaper to retain an existing customer than to recruit a new one. There are many benefits of relationship marketing. First and foremost, it focuses on providing value to its customers and places a great emphasis on customer retention. Secondly, relationship marketing approach is an integrated approach to marketing, service and quality and therefore it helps in gaining competitive advantage.

The long term customer may do the word of mouth promotions and referrals and many studies have revealed that cost to retain existing customer is just fraction of the cost to acquire new customers. Mudie and Pirrie (2012) in their third edition of their book "Services Marketing Management" assert that relational customer also tend to increase their purchases overtime either because they are consolidating their purchasing onto preferred supplier due to grown business/ family and it has also been found that there is less need to offer price promotions to this group as these customers are likely to be less price sensitive than others.

Trend towards Relationship Marketing

Nowadays, more and more organisations are adapting relationship marketing approach. The big examples in this case are Club Card by Tesco and Nectar Card by Sainsbury and other partner organisation. The points scored are not only tempting to customers for repeat buying but the data collected also gives the organisations an insight into the buying habits of their customers.

It helps in making a more customized marketing strategy directed at individual customers and time to time customers are sent information on promotions and new products. Some organisations go even further and send gifts and cards on birthdays or other such special occasion of customers.

With time organisations have realised that the cost of attracting new customers is very high and retaining customer results not only in increased profits but word of mouth marketing and positive referrals also help in generating more business leads. Relationship marketing has become the approach for 21^{st} century and soon enough longevity of relationship with customers will be key in determining success of businesses in today's highly competitive environment.

More Changes in 21st Century Marketing

Yes, relationship marketing has become the normal, with companies asking their customers to sign up with their credit cards, and their clubs that you can sign up for and get more discounts, first sale notices, free shipping, and many more perks.

Along with signing up for company cards and clubs, marketing has also become rather more intrusive. This means that companies all know when we search for certain items and products or when we go to their web site or a competitor's website. Tracking cookies that are stored on our computers and these companies can keep track of all of our searches.

DEFINING CRM AND RETENTION

It is a well-known adage that it is cheaper to keep a customer than to acquire one, and so for many businesses, retention is key to profitability and growth. Whether your business has a membership, renewal-based or single sale model you will still most often be looking for your customers to stay loyal to your brand and keep purchasing from you as often as possible. This is where CRM and retention strategies come in. CRM is about developing a relationship with your customers so that they want to stay (Kingsnorth, 2016). Retention is about changing the mindset of customers who want to leave. CRM is therefore a proactive strategy whereas retention is a reactive strategy. Neither retention nor CRM are new or unique to digital but they are often overlooked when digital strategies are being developed, as digital is often seen as your acquisition channels and your website experience. This is not the case and there is great deal of depth to digital CRM and retention.

Core Principles of CRM

The goal of an effective CRM strategy is to ensure that customers feel that they are getting value for money and have a positive relationship with the company's brand. As a result they would have to think very hard before going elsewhere. This does not only result in increased retention rates but can also allow the organisation to raise your prices without affecting existing retention rates as customers recognize the value of staying with your brand.

According to Kingsnorth, (2016), the core principles of CRM that relate to creating successful relationships with customers can be broken down as follows:

- *Frequency:* this is a difficult principle to get right. How often do you contact your customers? Each customer may have a different opinion of this. Ultimately this comes down to what you have to say to them: if there is no value in what you are saying then you should not communicate with them. Never contact a customer just to meet a schedule you have built if you have nothing tangible to say. For example, monthly newsletters will be fine if you have news to provide. Daily cross-selling e-mails are highly unlikely to be popular for most companies.

- *Timeliness:* are you talking to the customer at the right time? How do you know when this right time is? Understand the customer and their behaviours will help you to deliver messages they want when they want them and will also mean increases in sales. Understanding your analytics and consumer mindset through data is vital to getting this right.
- *Accuracy:* is your data accurate? This means that you have to keep your data cleansed, ensure it is being correctly used in your communications and also check that data from time to time through appends. A fantastic CRM strategy can be ruined if the communications are being sent to the wrong individuals, or if, for example, Bob Martin being referred to in the salutation as Mr M Bob.
- *Relevancy:* does your message truly resonate with the customer? If your customer is interested in snorkeling, for example, does your CRM programme talk to them about snorkeling products or do they simply receive the same e-mails as everyone else, which also include mobile phones and dance music?
- *Personalisation:* if your customer has shown an interest in certain areas or displays certain behaviours then are you responding to that? Does the customer only open e-mails in the evening? Do they only ever click on the first item? Do they only like to hear from a specific sales person?
- *Value:* are you offering true value? What is the customer getting from your communications that they cannot get elsewhere? Are you delivering your company's unique selling proposition (USP) or brand values through your communications?

(Source: Newbury, E., 2012. https://www.digitaldoughnut.com/articles/2016/april/the-importance-of-customer-relationship-management)

The Importance of Customer Relationship Management within a Business

In a world where competition is becoming ever fiercer, businesses need to implement customer relationship management, or CRM, strategies in order to stay ahead of their rivals.

CRM is about understanding who your customers and potential customers are, and nurturing the relationships you have with them. It is also about understanding the needs and behaviours of these people, whilst reacting to them, and adapting as these change. According to Newbury (2016), there are numerous compelling reasons to employ CRM strategies which are as follows:

- **Targeted customer relationship management**

CRM is about understanding who your customers are in every business. When you know what makes them tick, you can better target your sales and digital marketing services, or even the products or strategies that you sell to match their needs. By offering a targeted approach, you will not be wasting time in failing to meet the needs of your customers. You can also develop a personalised approach to your marketing, and focus on those that give you the best return. In using CRM to target specific groups of customers, or even potential customers, you can improve your offering. This can, ultimately, help to boost sales and growth, whilst driving customer loyalty.

- **Communication channels**

It is a fact that as technology has evolved, the number of communication channels has also grown exponentially. This means that businesses now have multiple different ways in which to communicate with their customers, including both offline and online methods. Having more communication channels is a good thing for a business, but it also makes the ability to interact with customers, and serve their needs, something of a challenge. The need for effective customer relationship management becomes even more pertinent as the number of communication channels increases.

- **Improved experiences**

CRM is about building relationships with your customers, so that, ultimately, they enjoy positive experiences when interacting with your brand. As a business grows, it may be hard to keep track of customer interactions, and there is the possibility that a poor interaction may slip through the net. Customer experience management is about making sure that you are aware of the experiences customers are having with your brand, and reacting accordingly. By implementing appropriate systems, such as digital marketing services you can ensure that positive and negative experiences are handled effectively. Nurturing experiences as part of your CRM strategy can help to improve customer loyalty, and enhance the good reputation of your brand name and image.

- **Focusing your business**

How do you know if you are offering your customers exactly what they want? Do you actually know who your customers are? Even if you have the answers to these questions, this may change over time. Having CRM systems in place means that you can answer these questions. It provides you with the information you need to understand what your customers' want or need, and who they are. You can use this intelligence to steer your brand in a particular direction. Keeping up to date with customer demands is essential to ensure you stay ahead of your competitors. It also offers you the best chance for business growth, and for making improvements.

- **New customers**

CRM is not just about nurturing the relationships with those people who already purchase from your brand. It is also about gaining new customers, and converting potential customers into new and returning customers. If you want your business to flourish, you cannot simply rely upon your existing customer base to achieve this. You need to implement marketing strategies to win new customers over, especially if you operate in a competitive market. CRM tools let you identify potential customers who may be interested in your brand, and focus your marketing efforts on engaging with these prospects. These could be people who have made an enquiry in the past, or who fit the demographic profile of your target audience.

- **Cost effective**

Putting systems in place to implement CRM strategies may sound like a time consuming and costly affair, but it can offer a very strong return on investment. By building relationships with your customers, you get to understand their needs and desires, so you can become more targeted in your approach. You can work out which of your customers are profitable for your business, and which are not. CRM ensures that you don't waste time and money implementing the wrong strategy for the wrong customers. By being targeted and focused, you maximise your sales and growth potential.

- **<u>Reputation management</u>**

By giving customers what they need, solving their problems and responding to ensure that they have a great customer experience, you increase satisfaction. This enhances loyalty and boosts your reputation. Building relationships with customers and potential customers is certainly not something any business can afford to ignore if it wants to achieve success

LOYALTY LADDER

CRM understands that their goal is not only to attract buyer but to convert the buyers into loyalists and then loyalists into enthusiasts/evangelists. The loyalty ladder is the heart of CRM. According to Godson (2009) (cited in Lan, 2015) the relationship between customers and supplier will get closer overtime. But at the same time, it is not an easy task to move customers up the loyalty ladder. This is possible only if firms know what the exact desires of their customers are. The loyalty ladder is a good way to understand customers 'values at different levels of relationship thus it becomes easy for them to improve customer relationship in reaching the top of the ladder.

Turning a prospect into an advocate

Christopher *et al.* (1991), propose that the objective of relationship marketing is to turn new customers into regularly purchasing clients, and then to progressively move them through to being strong supporters of the company and its product, and finally to being active and vocal advocates for the company (See **Figure 3.1**). According to Christopher *et al.* (1991) the traditional marketing mix elements of product, price, promotion and place are the principal elements used to turn prospects into customers, while the focus of relationship marketing is to move customers into clients, supporters and ultimately advocates for a company's products and services. According to Christopher et al. (1991, pp. 21-22), by placing too much focus on marketing activities directed at new customers, companies often experience the 'leaking bucket' effect, where customers are being lost because of insufficient marketing activity generally, and customer service specifically directed to them. They believe that too many firms over-emphasise the identification of prospects and focus on trying to convert them into customers. Hence, under-emphasis is placed on generating repeat business. The loyalty ladder is a tool for marketing communicators. The idea is that consumers can be moved along a continuum of loyalty using a number of integrated marketing communications techniques (it is also referred to as a branding ladder).

The loyalty ladder is a tool for marketing communicators. The idea is that consumers can be moved along a continuum of loyalty using a number of integrated marketing communications techniques. Essentially, consumers become loyal to a brand which has meaning to them in relation to a product; service, solution o Relationships between companies and their key stakeholders are not static. They are time sensitive, driven by current circumstances. In today's marketplace to expect a customer to be totally committed to one supplier of a product or service is unreasonable and unrealistic. The challenge for any organisation is to reduce the number of times one of their key stakeholders tries the products or services offered by the competition.

The relationships between marketers and customers take time to build. It cannot be done overnight. And it is usually based on a sequence of events that must all be in place for a solid relationship to exist. These sequences and series of stages are often represented as ***relationship ladder*** or ***ladder of loyalty***. (**Figure 3.1**)

The ladder of customer loyalty (see **Figure 3.1**) talks about the different types of customers the company encounters. The loyalty ladder is a tool for marketing communicators. As with continuums of behaviour such as UACCA - Unawareness, Awareness, Comprehension, Conviction, Action, or AIDA - Awareness, Interest, Desire, Action, the loyalty ladder begins from a point where the consumer has Not Yet Purchased, then he or she buys the product for the first time, if the trial has been a success he or she returns to buy again and again and finally the consumer buys no other brand. r experience. (It is also referred to as a branding ladder).

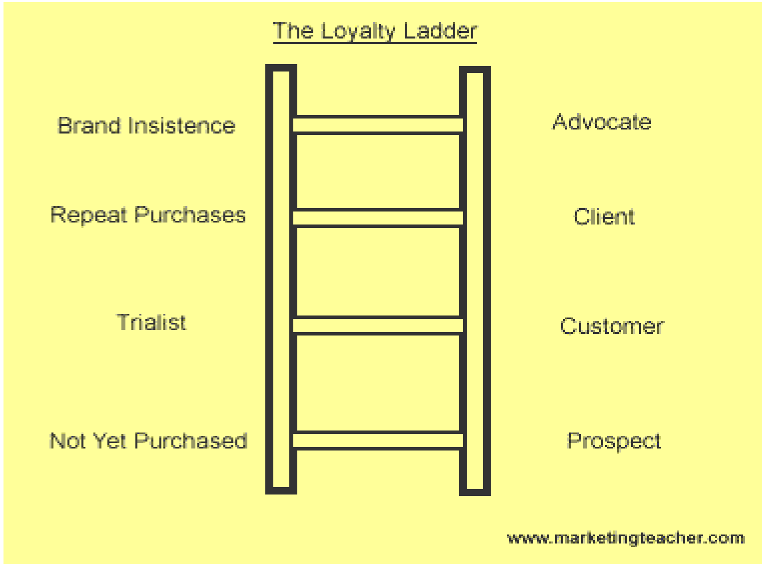


Figure 3.1: The Relationship Marketing Ladder of Customer loyalty

Source: (Source: Christopher *et al., 1*991, p. 22. Available at: www.marketingteacher.com)

As with continuums of behaviour such as **UACCA** – *Unawareness, Awareness, Comprehension, Conviction*, *Action*, or **AIDA** – *Awareness*, *Interest*, *Desire*, *Action*, the loyalty ladder begins from a point where the consumer has **Not Yet Purchased**, then he or she buys the product for the first time **(Trialist)**, if the trial has been a success he or she returns to buy again and again **(Repeat Purchaser)** and finally the consumer buys no other brand **(Brand Insistent)**.

At the 'Not Yet Purchased Stage' the consumer is merely a 'Prospect'. As he or she trials they become a Customer. The Repeat Purchaser is a Client since he or she is becoming loyal. Finally, the consumer becomes an Advocate (i.e. activist or campaigner) since he or she is Brand Insistent. At this point, the brand is difficult to dislodge since it has so much meaning to the consumer. Great brands such as Nike, BMW, Rolls-Royce, and Apple are in this highly desirable position.

The idea is to move your prospect along the loyalty ladder to the point where there are partners. Marketing activities support relationships with external customers. So, there will be directly indications and measurement of the results between the marketer and the customer as he or she moves along the loyalty ladder. Both the loyalty ladder and the Pareto principle are useful because they aid customer retention and loyalty (Sanchez, 1997).

Example – Tesco PLC.

In the United Kingdom Tesco plc is by far the most successful company in regard to relationship marketing. There are number of reasons for this which would include loyalty programmes, consistently adding value at every customer touch point, and making it difficult for customers to actually end the relationship. Let's have a look at an example of each. The Tesco loyalty scheme or loyalty program is called the Tesco Clubcard. The card is scanned every time that there is a transaction. So data is 'grabbed' and recorded from each customer. Here we have a highly developed customer database. Customers are sent coupons which are strongly connected to their buying habits, based upon Tesco's knowledge of other customers. As you leave after payment, you are given money-off coupons for petrol so that you can fill your car when you leave for home. This consistently adds value to your experience as a customer. Since a British consumer now heads for a Tesco village to do his/her weekly shopping, it is difficult to swap to another store or to go back to shopping in smaller shops. The relationship is difficult to break.

(*Source : http://www.marketingteacher.com/the-loyalty-ladder/*)

Christopher *et al*. (1991) outline the stages of ladder of loyalty are as follows: -

SUSPECT

There has been little or no one to one marketing activity at this point in the relationship – indeed a relationship does not exist. Suspects will be aware of the company and its products or services, but they will not have a clear message about the brand, its promise and its values. The company needs to build the brand value and its promise in the mind of the suspect customer. The company may be undertaking some awareness and brand building activities to make the market aware of it and its products.

PROSPECT

The relationship has just opened and is in its very early stages. The prospect is an individual in a retail market or an organisation in the business market, which fulfils the requirements of the marketer's definition of target. The prospect will be on the verge of making that first purchase. They have certainly accepted the invitation of the brand- its promise and its values – and it is important the company delivers on that consumer expectation if it is to convert the prospect to a customer.

BUYER

The relationship is now progressing. The prospect becomes buyer when he or she gets attracted by the offering of the marketer and buys the product/ service. At this point in the relationship, the now buyers have started to identify some preferences in their purchasing patterns in relation to the company. This means the organisation must customize its offerings as per the buyer's buying patterns.

At this stage, the relationship is still fragile, and it will not take much to damage it beyond repair – remember, occasional buyers are just testing, trying out and they may be doing the same with your competition. So treat them gently. Therefore, the organisation must ensure its channels to the customer deliver a product or service that meets the expectations promised by the brand and its value.

CUSTOMER

The relationship is now well established and on relatively firm footings. The customer has clearly demonstrated they prefer company's products or services to those of company's competitors. True customers have gone beyond the first one or two (or few) purchases. They are now beginning to constantly consider the organisation and its products or services in their regular purchase patterns. Many customers expect to receive special offers from their product or services providers and they expect to see added value, as they believe they are now valuable to the organisation. So, relationship marketing activity should focus on delivering product and service that meets the brand promise, exceptional value for money and added value, going beyond what the customer is buying.

FREQUENT CUSTOMER

The customer is now buying from the organization on a frequent basis, almost to the exclusion of the competition. Frequent customers have almost cemented their relationship with the organisation. Organisation is top of their preference list and they will go out of their way to buy company's products and services. These customers now have the potential to become company's most valuable – according to Pareto 20 percent of company's customer will provide 80 percent income.

LOYAL CUSTOMER

The relationship is part of both the customer's and the organisation's landscape. It is important to both parties, and there is balance in the value they both attach to the relationship. Loyal customers are not only buying frequently from organisation but also have a level of emotional attachment to the organisation and its products and services, which will be hard for the competitors to break with tactical offers. The customer will even forgive the organization if it fails to meet expectation provided the organisation then corrects its failure and apologizes to the customer.

Loyal customers often don't need constant and elaborate reminders and stimulation to buy because they are probably going to do it anyway.

ADVOCATE

A loyal customer becomes advocate when he is satisfied with the organization's offering. Customer now not only has established relationship for self, but is recommending and influencing other potential customers (his friends, relatives and acquaintances) to try similar relationship with the organisation. This positive word-of-mouth has tremendous positive impact as it helps the company get new customers. They should be recognized and rewarded for their recommendations.

The organisation must ensure it meets the expectations of the original and the new customer when handling the customer recommended by advocate. The advocate will feel betrayed by the organisation if their expectations are not met and this will damage the relationship with the advocate. Advocate, in addition to referrals that gives increases sales, proactively works with the company to improve its products or services.

PARTNER

An advocate becomes a partner when he actively involves in the decisions of the company. Any relationship that attempts to develop customer value through partnering activities is likely to create greater bonding between customers and marketers.

In the ladder of loyalty, the marketer's emphasis during the first three steps in the ladder viz. suspect, prospect and customer is *customer attraction* while emphasis during the subsequent steps are on *developing and enhancing the relationships*.

The ladder of loyalty is a useful device to help marketers highlight the differences between various types of people and help to produce appropriate communications for each. Such communications will be better received because they recognize the status of each person and deliver relevant messages. Salespersons can use the ladder to help them allocate their time, devise appropriate contact strategies for individual prospects according to their potential and decide what and how much to tell people about their product.

Peppers and Rogers on building one-to-one relationships

Peppers and Rogers (1999), authors of the now classic one-to-one marketing book have applied their work on building one-to-one relationships with the customers to the web. They suggest (at www.1to1.com) the IDIC approach as a framework for using the web effectively to form and build relationships. IDIC stands for:

1. *Customer identification.* This stresses the need to identify each customer on their first web site visit and subsequent visits. Common methods for identification are the use of cookies o asking a customer to log on to a site.
2. *Customer differentiation.* This refers to building a profile to help segment customers into groups which share characteristics and can be evaluated according to their value to the company. Peppers and Rogers suggest Most Valuable Customers, Most Growable Customers and Below Zero Customers.

3. *Customer interaction.* These are interactions provided on-site such as customer service questions or creating a tailored product.
4. *Customized communications.* This refers to personalization or mass customization of content or emails according to the segmentation achieved at the acquisition stage.

CASE STUDY Retention – Vodafone rethinks loyalty policy

Cell phone operator Vodafone UK is refocusing its business on customer retention, a move that, on paper at least, confirms a shift in thinking for a major European company.

The dramatic changes at Vodafone will focus on encouraging its distribution channel to provide long-term customers, rather than users enticed merely by introductory offers and associated 'freebies'. This means the distribution channel will get reduced bonuses and subsidies for winning 'Pay as you Talk' and prepaid customers, and that 'All in One' mobile phone packages will be scrapped altogether. The reduction in bonuses will effectively bump up the high street starting price of a Pay as you Talk package to around E` 70, although Vodafone says that the distributors will ultimately set prices.

Peter Bamford, chief executive of the UK, Middle East and Africa region, explains: 'These changes in Vodafone UK's commercial policies reflect the move of the UK market into a phase of greater maturity and our recognition of the need to reduce the current levels of expenditure on customer acquisition. We aim to reward our distribution channel for quality customers, rather than the quantity of customers, thereby ensuring the increasing focus on customer retention and development across the business.'

The moves come as a result of Vodafone chiefs studying the effects of active and non-active (not using the phone for more than three months) customers and concluding that a greater number of non-active customers come from the non subscription band. Consequently Vodafone intends to prise more funds from each customer and push customers towards contracts. Chris Gent, Vodafone Group chief executive, described the change in priority as being towards 'margin improvement and cash flow rather than growth and market share'.

Based on: Customer Relationship Management (2001), Southampton: Wilson Publications.

(*Source: Christopher et al., 2002*)

CRM and Digital Marketing Strategy

Digital Marketing Insights

90% of the data in the world today has been created by website interactions, purchase, survey and online engagement is captured and tracked to provide a tailored marketing experience (Winters, 2016). There is no one size fits all approach where digital marketing is concerned. In a world where new technology and software solutions are launched every day, their longstanding counterparts are often long forgotten. A customer relationship management (CRM) system is not just something which manages sales leads or holds your database of contacts. When you allow your marketing department to delve into your CRM system, it can become an integral part of your overall marketing strategy. Winters (2016) outline the main reasons that CRM should be part of an organisation's digital marketing strategy:

1. Increases awareness

CRM allows the organisation to track where the customers are at any part of their journey to what they purchased and when –the company is able to view where they are at any given point in the sales funnel. It is possible to view whether the customers have signed up for a webinar or event, enabling your organization to send them a personalized reminder to attend. If they did attend, this can be viewed in the organisation's CRM and follow up to get their thoughts. Regardless of the company's strategy, a CRM helps to maintain digital contact with their customers.

2. Automated alerts

Marketing still requires an element of the personal touch, and automated alerts set up in your CRM system can help to remind the organisation that it is important to make those human interactions. Whether you need a follow-up call to discuss how a client is finding a product or an alert to chase a lead; your organisation's CRM is able to automate these reminders. Automation ensures that your CRM is full of actionable data.

3. Adds consistency

The key to any successful marketing campaign is consistency – and the CRM system can ensure that the right messaging is carried out throughout the campaign. There's nothing worse than contacting a customer who has already discussed X with your colleague; it makes you look foolish to the client and shows a lack of interaction in the office too.

CRM allows the organisation to understand which type of message works for which client. For example, someone who regularly attends the organisation's webinars or engages with it newsletter probably doesn't need reminding to do so. Targeted content adds more value and increases the likelihood that a lead will engage with your organisation.

4. Better customer insights

Unlike other automated insight tools, a CRM still requires an element of human interaction to allow your organisation to delve deeper into a customer's psyche. The company may be able to view set information about its customers, but it still requires your organisation to get out there and talk to them to discover more.

Gaining a deeper understanding of your customer will further tailor your messaging to them. You know they opened your email and attended your event – but what did they think of it? Without this knowledge, your company could be blindly sending them a message which inevitably turns them off. You need context to back up your behavioural data.

5. Improves engagement

A well-maintained CRM will allow your organisation to see increased engagement from your customers. Once you begin listening to them, understanding their needs and putting them into action, then you are using the data in your CRM to drive your marketing strategy forward.

Providing your audience with the content and messaging that they engage with the most, is likely to result in increased loyalty, interaction and spend with the business.

Finally, it's important that you keep the data in your CRM clean. Dirty data will do little for your insights and results.

http://digitalmarketingmagazine.co.uk/digital-marketing-features/why-your-crm-is-an-integral-part-of-your-digital-strategy

Digital Marketing Insights

http://customerthink.com/worlds-3-most-customer-centric-companies-how-do-they-do-it/
World's 3 MOST Customer-Centric Companies: How do they do it!!
Vivek Jaiswal - September 4, 2017 Jaiswal (2017) has identified three most customer centric companies and provided some lessons on how they manage to be customer-centric despite their size and diversity. If value addition to the customer is the priority for every business and every business wants to keep the customer at the heart of its business, why are some companies hugely successful at being customer centric while the others fail to do so?

Amazon.com

With the vision statement as “We seek to become Earth’s most customer centric company”, Amazon truly lives up to its mission by incorporating customer centricity in each activity and decision that it takes.

Founded in 1994, Amazon is among the first companies to leverage the power of the Internet. While it started as an online bookstore, Amazon then went on to become a $430 billion worth company. Despite being such a large organisation, how does Amazon manage to consistently rank amongst the most customer centric organisations in the world? Here are the secrets:

Keep your ear to the ground:

Every manager at Amazon, including the CEO, spends two days every two years at the customer service desk. This ensures that he is listening to the customers and understanding their needs. As a consequence, every single employee has the customer’s perspective in mind all the time. Evidently, this practice helps the entire organisation become more customer centric.

Have a customer centric leader at the helm:

Founder and Chief Executive of Amazon.com, Jeff Bezos is known to be a customer obsessed leader. His empty chair story is a very famous story among all those who have read about the company. During the earlier board meetings, Bezos would leave a chair empty in the room, asking the executives to assume that it belonged to the most critical and crucial member of the company – the customer. He’d then encourage his employees to take all their decisions bearing the customer in mind.

Innovate with the focus on the customer:

Amazon has never left any stone unturned in the process of helping the customer derive maximum gains. From The Kindle to drone delivery, all of Amazon’s innovations are aimed at adding value to the customer. During the development of the Kindle, when one of the Finance executives asked Bezos how much they had to spend on development of the Kindle, Bezos answered by saying “How much do we have?”

Despite being the amazing company, Amazon has had its fair share of controversies. In 2009, Amazon was in a soup when it deleted copies of "1984" and "Animal Farm" from the Kindles of its users. Though it had its reasons (they were unauthorised copies), this move left the users furious. Bezos posted a heartfelt apology on Amazon's forums.

Southwest Airlines

Founded in 1967 by Herb Kelleher, Southwest Airlines has bucked the trend of the loss making airlines. Its mission statement reads "Dedication to highest quality of customer service delivered with a sense of warmth, friendliness, individual pride and company spirit." It wanted to make every flight an unforgettable experience for its customers and what a wonderful job it does each time! In the process, it has also achieved a fiercely loyal customer base. Everything about the brand, from the napkins that say "I'd be happy to hold your drink" to the stock market ticker that is "LUV", talks about the fun-loving and customer-loving brand that it is. Here are a few secrets of Southwest:

Understand that "Happy employees = Happier customers":

The airlines believe in keeping its employees first and keeping them happy. The website reads a message from its founder: "Our people are our single greatest strength and most enduring long-term competitive advantage." It empowers its front line employees and backs them to make quick decisions that are critical for a good customer experience. Probably, that's Why it is not surprising then that the employees stay with the airline even though they are paid less compared to other airlines.

Anticipate customer needs:

In his book 'High tech, High touch customer service', Micah Solomon recalls an experience when the gate agent of Southwest Airlines booked the tickets to the next flight to his destination when the one was supposed to fly was grounded due to bad weather conditions. All this was even before Micah requested for it. What a wonderful example of anticipating a customer's need and being proactive in helping the customer. What was supposed to be an inconvenience turned out to be a moment of pleasant surprise for the customer.

Apologise genuinely: It's not wrong to apologise when things go wrong on your end. Sometimes just an apology goes a long way than any monetary solution. And this is the mantra that Southwest Airlines lives by. And finally, here's amazing clip of the flight announcement of Southwest Airlines. You'll love it!
<u>Toronto Dominion Bank</u> Founded in 1852, Toronto Dominion Bank has been delivering WOW! (in its own words) service to its customers for more than 150 years now. FYI, you can take your dog into the branch while you do your banking transactions. The company started as Portland Savings Bank in 1852 and through a series of M&As became People's Heritage Bank in 1983. This was later rechristened BankNorth after some other acquisitions. Meanwhile, Commerce Bank was a very customer-focussed bank and it is here that the origin of the company's customer centric culture lies. Later, TD Financial Services of Canada acquired both BankNorth and Commerce Bank and became what is now called TD Bank – America's most convenient bank.
Be convenient: True to its tag line, "America's most convenient bank", TD Bank operates 7 days a week and often up to 8 PM to serve its customers. TD Bank believes that the convenience that they offer to the customers has become a huge differentiator and a competitive advantage for it. It is confident that if it opens a new one in any locality, it would have more than 25% of the local marketshare within the next 5 years. Another example of its worth: The bank in Wall Street had 1 billion USD in deposits in five years!!
Listen from across all channels: Keeping up with the increasing number of channels of customer engagement, TD Bank has persistently listened to its customers through all the channels and has been responsive to every customer feedback. As Theresa McLaughlin, Global CMO of TD Bank's Canadian banking said in an interview with Marketing Magazine, "Doing it repeatedly is what differentiates us from the rest."

Say Thank you:

Earlier, TD Bank would thank its customers through ‘Customer Appreciation Days’ on which it gave every customer a free coffee and cake at the local bank. In 2014, this went up a notch higher when the bank turned its ATMs into “Automated Thanking Machines” and then, magic happened! In an era where we hardly find time to write a thank you card to our friends and relatives, TD Bank took the effort to give personalised gifts to its customers.

Aren’t these some fantastic ways of expressing gratitude towards your customers? Are there any other such customer-centric organisations that have inspired you? Do let us know!

INTRODUCTION TO E-CRM

This section introduces CRM and marketing automation. Both are not just about technology and databases – it's not just a process or a way of doing things; it requires, in fact, the whole organisation to develop a real customer-focused culture. In case a business does not interact with its audience sufficiently, the following breakdowns in communication may arise:

- Customer expectations are often higher than those of the offline world.
- Customers' raised expectations are regularly crushed by previously successful offline companies.
- Customers receive irrelevant, untimely emails they mark as spam.
- Customers email are left unanswered for days.
- Fan's comments are ignored.
- Immediate responses are expected, but often are not delivered.
- Satisfying customers is simply not enough to keep them.
- Customers and prospects visit fewer sites but spend longer with them.

'Customer relationships are the only thing that cannot be replicated by a competitor' (Hochman, 2008). A key e-CRM concept is *sense* and *respond marketing* – the Sense, Respond, Adjust approach of delivering relevant, contextual marketing communications through monitoring customer behavior. e-CRM enables digital marketers to create a multi-channel marketing process of:

- Monitoring customer actions or behaviours.
- Reacting with appropriate messages, either online – for example, through an e-mail follow up, or offline – for example, a phone or direct mail follow-up to encourage response.
- Monitoring response to these messages and continuing with additional reminder communications and monitoring.

It is imperative for companies to define rules and test automated follow-up communications which match the context. For example, an online shopper who has purchased a product can be sent a series of welcome emails in the context of their purchase to encourage future purchases.

The Gartner Group (Thompson *et al.*, 2011) identified five key trends in CRM application:

1. *Operational* CRM is the automation of processes such as campaign management or case management.
2. *Analytical CRM*, which includes predictive analytics and segmentation applications.
3. *Social CRM*, using insight from social media and interacting through social media.
4. *Software-as-a-service* (SaaS), used to deliver any of these functions.
5. *In sales application*, where it is now widely viewed as a mainstream model.

In terms of enquiry traffic, social CRM is the hottest area of interest in customer service and marketing departments, followed by related areas like digital marketing and e-commerce. Gartner points out that social CRM is used both within and outside an organisation.

e-CRM

e-CRM consists of the broad range of technologies used to support a company's CRM strategy (Kennedy, 2006). Bradway and Purchia (2000) define e-CRM as the intersection between two important industry initiatives: the booming Internet market and the shifting focus to customer-centric strategies.

Typically, electronic and interactive media such as the Internet and email play the most important role in operationalising CRM as they support effective customised information between the organisation and customers.

Digital Marketing Insights

Toyota Mahanakorn Co., Ltd. Background
The Toyota Mahanakorn is one of the largest Toyota dealers in Bangkok. Among the competition between Toyota dealers, Toyota Mahanakorn achieves many award, for example, TEDAS award (Toyota Excellent Dealer After Sale Service award) which represent the reputation of Toyota Mahanakorn among Toyota customer (Toyota Mahanakorn website, 2010). Since 1979 Toyota Mahanakorn (TM) has improved its sales and services and provided excellent sales and after sales services lately. Its 13 shops are supported by 850 employees (Toyota Mahanakorn website, 2010). Its slogan is to treat its customers like the members of the family, thus the company is continuing provide the best a stellar service, based on honesty. Because of product similarity, Toyota Mahanakorn turns to manage the highest customer relationship instead of sale competition in order to retain reputation among Toyota customer (this mean that Toyota Mahanakorn focused on providing the best customer relationship rather than try create more sales in order to gain new customers or retain the existing customers.) e-CRM allow the company to contact with its customers through its website, email and mobile phone device. Recently, since it aware of the benefit of networking, e-CRM become more important for this organization. (*Source: Mettagarunagul and Puengprakiet, 2011*).

Benefits and challenges of e-CRM

The ability to create intimacy with customers is limited and building trust can be difficult. Data integration and IT architecture challenges also exist for organisation adopting e-CRM technologies.

- Customer interactions and relationships.
- Managing an online channel.

- Challenges of data integration and IT Architecture.
- Marketing and IT alignment.

There is plenty of e-CRM software which enhances our ability to understand customers and enquirers, their needs, names, interests and a lot more. This is a dynamic dialogue that is instantaneous, relevant, value-adding and information-gleaning, that:

- Recognises and remembers each customer by name and need
- Answers questions often automatically and, ideally, personally
- Asks questions, collects information and builds a better profile, particularly of those ideal lifetime customers.

The real advantage of online marketing lies in its potential to build relationships and create long-term value. Companies that have risen to the challenge of CRM have a '360 degree view of their customers'. This, in turn, generates real loyalty from lifetime customers who readily share valuable data with you.

The online world presents new challenges when nurturing customer relationships. This e-CRM chapter has sections on the key elements, including two introductory-level sections on CRM itself plus relationship marketing and database marketing as well as personalisation, profiling, managing incoming emails and implementing e-CRM.

Remember that CRM or e-CRM, in particular, is not about technology, it's not just a process or way of doing things; it requires, in fact, a complete customer culture. The challenge is yours.

E-CRM also provides the following benefits:

- **Revenue growth**: decreasing costs by focusing on retaining customers and using interactive service tools to sell additional products
- **Productivity**: consistent sales and service procedures to create efficient work processes
- **Customer satisfaction**: automatic customer tracking and detection will ensure enquiries are met and issues are managed
- **Automation**: E-CRM helps automate campaigns including;
  - Telemarketing
  - Telesales

- Direct mail
- Lead tracking and response
- Opportunity management

(Source: http://www.businessmanagementideas.com/crm/e-crm/e-crm-meaning-evolution-and-benefits/3688).

Given these benefits of e-CRM, many companies have attempted to implement CRM technologies to help give a 'single view of the customer'. The challenge of CRM is that it is not just an immense technological challenge, but it is also a change management challenge, demanding changes in process and the roles of staff. In fact, Gartner Research (Radcliffe *et al.*, 2001) suggests eight building blocks for CRM success:

1. CRM vision
2. CRM strategy
3. Valued customer experience
4. Organizational collaboration
5. CRM processes
6. CRM information
7. CRM metrics; and finally
8. CRM technology

Digital Marketing Insights

Boots 'Change One Thing' campaign
This example shows how CRM can be built into a marketing campaign. In this campaign, the web site, database of customer preferences and email marketing were at the core of an integrated campaign based around the self-improvement proposition. Offline communications delivered by TV and print ads plus editorial coverage were used to inspire an audience to take on a personal challenge such as losing weight or giving up smoking at the start of the year. These communications were used to drive visitors to the web where they could then select their challenge and interact with others with the same challenge.

Emails were sent to remind participants and help them sustain the challenge. Automated, personalized emails were sent throughout the lifecycle of the relationship; for example, to: 1. Engage existing customers already signed up to e-newsletters 2. Encourage customers to select a personal challenge 3. Drive customers to the site to encourage them to commit to a challenge and update their progress 4. Encourage social-interaction – share experience, encourage others 5. Subscribe to text reminder services to remind them when they hit a weak spot; e.g. tie of the day. However, this campaign highlights a risk with short-term campaigns. A microsite was set up to maintain this dialogue, but if you went there mid-year, you found the micro-site had been taken down and visitors were asked to wait until next Christmas! This shows the importance of obtaining resources to continue the dialogue and continue the momentum of a campaign. It is often best to integrate such campaigns into the main web site to deliver continuity and to help build awareness of the full online brand experience and other product offerings.
(Source: Smith and Chaffey, 2017).

Stages of the CRM cycle

There are many different approaches to the CRM stages or cycle such as the Ladder of Loyalty or the customer development cycle of selection, acquisition, retention and extension. Smith and Chaffey (2017) discuss another approach to the CRM cycle as follows:

1. *Attract!* Obviously, this is where traditional offline communication as well as online communication about your offering is being designed to bring customers to your site. From TV advertising to banner ads and hotspots, getting them to your site will only be possible if (a) they know what you are offering and are interested, and (b) they know where you are and how to get you.
2. *Capture data.* The internet is a splendid mechanism for capturing data – the prospect has the keyboard and screen in front of them and you can incentivize the giving of data.

3. *Get closer.* Get to know them better. It is not surprising that there is reluctance on the part of many individuals to give away personal data while online. So, it is often better to gather more information about a person slowly and over time, as the trust builds between you and them.
4. *Embrace them.* Make your customer feel loved! Approach them with offers, prizes, rewards, incentives and information as well as experiences that show them you are thinking about them.
5. *Golden handcuffs.* Once you get them to show some loyalty, build a system whereby things are too good for them to leave! Tailor information or services to suit them specifically. Or offer services that integrate with the customer's own systems or lifestyle. These switching costs make leaving less likely.

ROLE OF LOYALTY PROGRAMMES IN CRM PROCESS

Loyalty programmes remain a strong method of forcing loyalty in the CRM process. Advocacy and brand loyalty may sway a consumer towards choosing to visit one website over another from the search engine results. A loyalty programme can ensure that the consumer does not search at all but goes directly to the website. This type of programme is focused more on making the customer think that the items are of value whereas they may actually cost the company very little. This means that the cost of running the programme can be kept low and the customers will still show increased shopping behaviours. It can, however, result in criticism for not offering enough value to the customer. An example of this is buying a product in bulk and then adding it to your product for free or for a small increase in price. This could be a voucher or a service such as insurance.

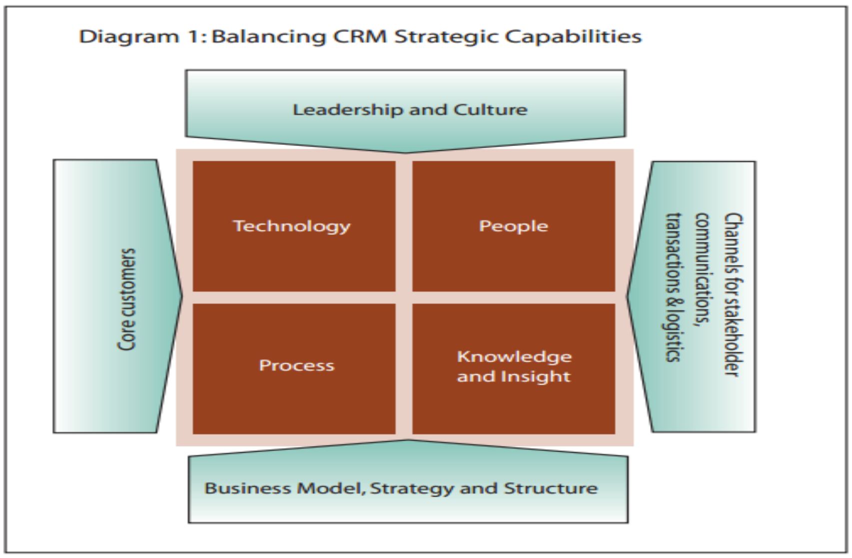
Examples of CRM and loyalty schemes
(Source: https://www.marketingweek.com/2015/11/09/how-crm-is-becoming-the-new-advertising/)
CMOs are looking to spend more on customer retention than acquisition, which means customer relationship management requires increased investment, with one-to-one communications increasingly replacing above-the-line campaigns. It has long been said that digital channels offer a more measurable form of marketing than traditional above-the-line campaigns. Customer relationship management (CRM) is central to that ambition, so does that mean it is it set to become 'the new advertising', with one-to-one customer communications displacing media spend as the dominant element of the marketing mix? According to Chris Bates, head of customer marketing at John Lewis, CRM has been growing as a discipline for many years, and is now being used by many brands as the primary vehicle to launch new products or sub-brands. For example, he says that when John Lewis opened its store in Stratford in 2011, it predominantly used above-the-line activity to announce the launch. However, for its store opening in Birmingham this year the campaign was spearheaded by first engaging 'my John Lewis' loyalty scheme members in the catchment area. Direct 'teaser'

communications culminated in an invitation to a preview shopping night two days before the official opening. “The turnout was phenomenal,” he says.
Bates also claims that the recent extension of the my John Lewis programme into the retailer’s existing app – thereby removing the need to carry around a plastic card – was born out of understanding customer attitudes, needs and behaviours. Marks & Spencer has likewise taken what it describes as “a fresh look at loyalty” – announcing a new members club called ‘Sparks’ in September. This goes beyond generic discounts, according to M&S, and by encouraging members to share their interests it delivers personalised benefits and ‘interactive’ experiences. ***Retention cheaper than acquisition*** Such loyalty schemes, of course, require hefty investment in the back-end technologies that make a single customer view possible. For Anastasia Roumelioti (2015), head of marketing at heritage fashion brand Hawes & Curtis, John Lewis is the prime example of such a brand “*There are 17 million people walking through our doors every week and we want to build a deeper relationship with them*,” he adds. “*That’s why we employed a head of customer analytics early this year. It’s about looking at how we capture data, the quality of what we capture and the speed of what we do.”*A focus on CRM could therefore be the future of online marketing, reducing wasted budget, improving lifetime customer value and serving the right message to the right user at the right time.

BUILDING THE CRM PLAN

At the outset especially, best-practice companies develop their CRM plans in terms of strategic capabilities rather than strategies per se as shown in Diagram 1 below. This helps to ensure that the company can adjust to a wide variety of marketplace and industry changes without affecting the main thrust of the plan.

Diagram 1: Balancing CRM Strategic Capabilities



(Source: Gordon, 2002).

Increasingly, best-practice companies base their CRM capability plans not just on technology but also on developing and focusing organizational capabilities in other areas such as CRM processes, people and knowledge/insight. Best-practice companies do not first adopt a CRM technology solution and then build their CRM initiatives around it. Rather, they develop a more balanced approach to conceiving and implementing CRM strategic capabilities as described in Diagram 1. There are four main CRM strategic capabilities:

- **Technology:** the technology that supports CRM.
- **People**: the skills, abilities and attitudes of the people who manage CRM.
- **Process:** the processes companies use to access and interact with their customers in the pursuit of new value and mutual satisfaction.

- **Knowledge and insight**: the approaches the company uses to add value to customer data so that they acquire the knowledge and insight needed to deepen the relationships that matter.

The scale and scope of these capabilities are affected by factors such as the core customers on which the firm has chosen to concentrate, the leadership and culture of the organisation, the channels the company uses for stakeholder communications, transactions and logistics and the firm's business model, strategy and structure.

Strategies and tactics

Many companies have CRM strategies that seek to develop additional sales from certain existing customers. Best-practice companies do this, too, and also have strategies that focus on the enablers of the end-customer relationship. For example:

- **Processes**
  - Customer collaboration to jointly plan and create new value, differentiated by class of customer.
  - Collaboration with distribution channel intermediaries and suppliers to achieve the value each end-customer wants.
  - Embedding business rules into CRM databases so that customers' behaviors trigger appropriate actions
- **Technology**
  - Integration of the customer's various touch points with the company
  - Development of a single, real-time view of each customer
  - Creating an ability to sell when the customer is ready to buy, and knowing what to offer and how to appeal to each customer
- **People**
  - Recognizing that employees have different needs just as customers do, and trying to provide each with the value they want from the company
  - Creating a self-serve capability to enable employees to take more control of their careers and career development, including what and when they learn

Measurements

Many companies measure the return on investment (ROI) of their CRM programs. Indeed, firms often embarked on a CRM journey because the performance of specific programs could be measured with more assurance than their traditional means of promotion. Best-practice companies know the ROI for each of their programs and use this knowledge expeditiously. Best-practice companies make use of measurements to allow them to manage customer behaviors. Thus, customer profitability, which today is often measured at the gross margin level, is increasingly allocating costs below the gross margin line to individual customers. For instance, costs per customer such as those below are increasingly being considered to arrive at a more detailed assessment of customer profitability:

- Account management costs
- New product concepts developed in collaboration
- Costs or time saved in new product development
- Savings in new account acquisition from customer referrals
- Costs associated with inventory levels (finished goods works, in process, raw materials, etc.)
- Reduced costs of marketing such as co-marketing
- Reduced infrastructure costs such as from shared investments
- Costs of managing customer communications, customer support, complaints, feedback and restitution (payments for returns or errors)
- Amortisation of infrastructure costs such as call centers and Web-sites

Measurements such as these also help a company decide how much to invest to keep existing customers and how much to spend to attract new customers. This is effectively changing the paradigm in media spending from considering costs in dollars per thousand people to dollars per priority customer.

In addition to the measurement of behaviours, best-practice companies measure attitudes. For example, customer satisfaction and favourability (purchase intent) are measured. For business-to-business purchase decisions, customer satisfaction measurement occurs across the enterprise and scores are weighted to arrive at an overall level that allows satisfaction levels to be compared over time. Best-practice companies also understand their performance compared to other suppliers for that account. They track their share of each customer's spending. By using data such as these, companies are beginning to target specific competitors to transfer customer share one customer at a time and thereby to gain market share. More generally, best-practice companies develop selected competitive measures to help ensure that the performance of their C RM initiative is leading to superior customer relationships.

Managing and delivering CRM

For most companies, today's CRM strategies reflect a material shift in historical marketing and strategy. And, because organisational structure follows business strategy, CRM impacts organisational design. Two areas have a particular impact on the structure of companies:

- the amount and nature of customer data and the processes by which value is added to the data.
- how companies compete, especially for those firms that use CRM to compete on scope.

Most companies obviously see solid financial data as important for management, leadership and control. They have a financial department and a Chief Financial Officer (CFO) with custodial responsibility for these financial data, including security and management, and the processes by which value is added. Increasingly, companies are coming to believe that customer data are as important as financial data. Some best-practice firms are establishing custodial responsibility for customer data and value-added processes in the same way that they secure and manage financial data. This responsibility includes managing the customer data warehouse and the approaches that add value to customer data. It can also include mechanisms for providing services from a centralised department to the lines of business in decentralised companies.

Implications for senior managers

Managers now developing a stakeholder-centric focus for their organizations may find that they now have additional roles and responsibilities. These can include:

1. Providing a compelling vision to keep the organisation focused on CRM strategically, tactically and in real time, continuously and mutually with key stakeholders.

2. Bringing all customer data together in a single location, aligning processes among stakeholders in the service of the end customer, and smoothly integrating the CRM activities of other executives, lines of business and functional areas.

3. Selecting among the often competing requests for projects, funds and people, in accordance with the CRM vision, such as the issue of who is promoting the project, what technology can accomplish or whether new or existing customers merit the most attention from CRM.

4. Helping management and staff at all levels to understand CRM concepts and the firm's vision for CRM, as well as communicating customer, market and profitability data to describe the firm's progress as it proceeds on its CRM journey.

5. Setting expectations to help individuals and groups align their performance with the goals for CRM. Many companies have a large variable component in their compensation structure, for example, which can reward behaviours that run counter to CRM principles. People need to know the link between CRM and their own success or the initiative might be seen as just another program. Among the many aspects of change management organisations typically employ are the recognition of individual and group achievements, and case study successes.

6. Ensuring that a sufficient flow of people, time, money and knowledge goes to the CRM areas that need these resources.

7. Ensuring that that financial and operational controls are in place to monitor and improve customer performance and that any trust that might have been extended to any stakeholder under the CRM vision is not abused.

Few firms today are realising the potential from their often-considerable investments in CRM. In part, this is because it is uncommon for management and staff to embrace CRM as a vision for how the business could be. Seen only as a means to generate more short-term sales, CRM can be little more than a means to efficiently interact with chosen customers with appropriate value propositions. This is not a bad start but there is much more to be accomplished from looking at the best-practices of those companies that have a broader view of CRM and have set out to answer some important questions, such as:

- What is the firm's vision for its relationships with all stakeholders, in addition to key customers?
- What new capabilities does the organisation need to achieve the CRM vision?
- How will tomorrow's CRM company be structured?
- What roles must management take to implement the vision?
- What measurements must be used to assess CRM performance?
- How should all stakeholders be aligned to create the value end-customers want?

Considering best practices from a number of firms suggest that opportunities remain for all organisations to achieve better results and deeper relationships with CRM.