

PART B- CRM AND DATABASE MARKETING AND CUSTOMER LIFECYCLE COMMUNICATION

INTRODUCTION

In Part B of Unit 3, the concepts of Permission Marketing and Database marketing will be addressed. The role of complaint management for effective CRM and digital marketing communications for retention strategies of the customers will also be outlined. Permission marketing is a common tool in Internet marketing and direct mail/email campaigns. Software like Facebook Connect allows different applications and websites to share information with the user's permission. The database and database marketing which are at the heart of CRM will be discussed in this section.

By the end of this section, students will understand what a database is, the complications that can arise, the types of data fields and the importance of linking it all to a clear marketing programme. It has been said that the driving force underlying modern CRM systems is the customer database.

ROLE OF PERMISSION MARKETING IN CRM

So, as to build relationships, marketers have to gain permission first, then trust and, ultimately, loyalty. Stick to basic marketing tenets of identifying, anticipating and satisfying customer needs relentlessly: this helps to build relationships. Companies now adopt a 'permission-based marketing' approach as developed in the now classic permission marketing by Seth Godin (1999) – explicit opt-in to communications is now required by data protection and privacy law in most countries. According to Seth Godin (who coined the term), "permission marketing is the privilege (not the right) of delivering anticipated, personal, and relevant messages to people who actually want them."

Company web pages and social media platforms provide places for customers to discover and opt-in for high personalised messages. Whereas other forms of personalised marketing are seller-initiated and controlled (and therefore often pushed with much greater frequency than preferred by the customer), permission marketing emphasizes the customer's control over the relationship, including when to ask for more and when to order it to stop.

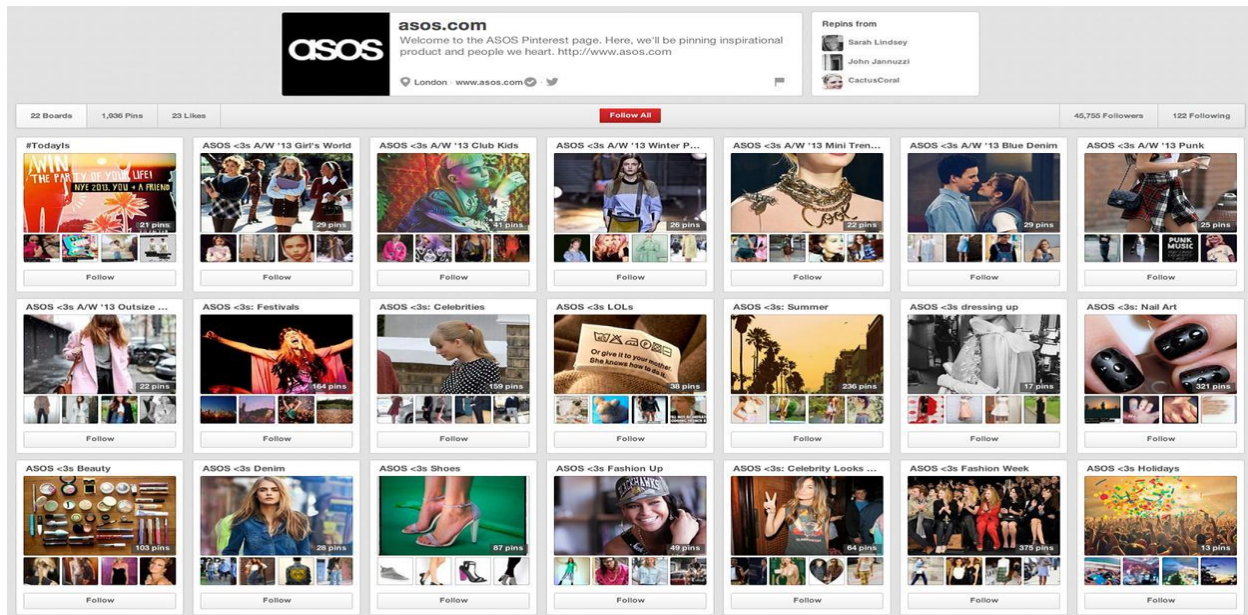
The argument in Godin's book centres on the fact that as consumers were exposed to more than 3000 marketing communications messages on a daily basis or more. Just think about it, every time you go to the store you see thousands of brands; each time you open your e-mail there is unsolicited communication from all sorts of organisations; each time you look at the website there will be banners and other marketing messages. Therefore to break through the background noise, the permission marketer builds a relationship with his consumer via a dialogue. An excellent example of this is ASOS. ASOS is a global fashion and beauty retailer; it was originally based upon the concept of **As Seen On Screen**, whereby you would see a movie and seek out similar products. However the brand has come a long way since then. ASOS uses permission marketing to engage customers on their website and uses social media. Products can be viewed in different colours and sizes, and there is information about the product itself and how to look after it; then consumers can tweet about it, pin it, Facebook like it or e-mail a friend. This is all part of the permission conversation.

About ASOS

ASOS is a global fashion destination for 20-somethings. We sell cutting-edge fashion and offer a wide variety of fashion-related content, making ASOS.com the hub of a thriving fashion community.

We sell over 80,000 branded and own-brand products through localised mobile and web experiences, delivering from our fulfilment centres in the UK, US, Europe and China to almost every country in the world.

For more information please see www.asosplc.com



(Source: <http://www.asos.com/about/>)

There are several steps towards permission marketing:

1. *Gaining permission.* The first step is to get the customer's permission to give them information. Winning this permission, in the customer's time-compressed world, is a valuable asset, so a range of offers and information will be more powerful.
2. *Collaboration.* Marketing is a collaborative activity – where marketers help customers to buy and customers help marketers to sell.
3. *Dialogue-trialogue.* A dialogue emerges whether via web site emails, discussion rooms or real conversations in focus groups, or even real meetings between customers and sales reps as well as among customers themselves.

Permission marketers develop the relationship and get permission to talk on a regular basis which can then extend throughout the lifecycle. Remember you have to respect this relationship – this special permission you have. It is a moral and legal requirement to offer the customer the option to 'opt out'. The number of existing customers that opt out or unsubscribe from further contact is known as the 'churn rate'. Obviously, good marketers watch the churn rate closely, and try to understand why it varies and how to reduce it.

Godin (1999) goes on to describe the essential concepts of permission marketing as ‘Dating the customer’:

1. Offer the prospect an incentive to volunteer [Achieve opt-in]
2. Using the attention offered by the prospect, offer a curriculum over time, teaching the consumer about your product or service [Enable the customer to learn more]
3. Reinforce the incentive to guarantee that the prospect maintains the permission [Offer opt-out, but minimize the likelihood for this]
4. Offer additional incentives to get more permission from the consumer [Learn more about the customer through time]
5. Overtime, leverage the permission to change consumer behavior towards profits [Deepen the relation through converting from prospect to customer and trialist to loyalist].

Permission marketing is a common tool in Internet marketing and direct mail/email campaigns. Software like Facebook Connect allows different applications and websites to share information with the user’s permission, so that the user doesn’t have to continually register the same information with every application. (Add a new app on Facebook, and notice how a window pops up to notify you that the app requests your permission to access your information.) (See also Facebook Marketing).

Any subscription to an SMS, newsletter, blog, RSS feed, or even certain loyalty cards can be an opportunity for permission marketing. For example, customers who purchase a Starbucks card may register the card online, which allows them to check the balance of their card, or even get a replacement (with the balance!) if their card is lost. When registering, Starbucks asks for the customer for their birthday, in order to send them a coupon for a free drink. When the customer’s birthday rolls around, they get the coupon; what they don’t get is continued unsolicited mail sent to their address.

(Source: <http://www.marketing-schools.org/types-of-marketing/permission-marketing.html>)

Permission marketing interacts with customers according to their permission intensity—that is, the degree to which a customer allows/solicits information from the marketer. Permission intensity varies between customers, between marketers communicating with the same customer, and within the same customer-marketer relationship at different times. Permission intensity tends to be highest when a customer is actively shopping for a specific product or service that the company provides.

As with other types of two-way marketing communication, permission marketing is most effective when the customer is comfortable with providing information about themselves in both quantity and quality. Some customers make reasoned decisions to trade total privacy for better service and more shopping opportunities. As a population, those most comfortable with this decision are those who have grown up with Internet and mobile marketing, who themselves are active in social media and surfing the Web.

Permission marketing does not typically create immediate sales, but rather grabs a customer's attention and preserves a business relationship. In permission marketing, a company makes a promise to a customer—it will do “x”—in exchange for the customer’s attention; then it fulfills that promise—and nothing else. The key is to do exactly what was promised, instead of presuming the permission to sell more. If the deal is for one newsletter a month, then sending a second is a breach of permission—and customer trust.

To keep a consumer’s attention, businesses must offer an incentive. This incentive might include a sweepstakes, useful information, some kind of entertainment, or perhaps a useful application or service. As communication continues, the marketer aims to increase the level of permission from the customer—permission to get more data about the customer’s interests, permission to offer a new category, permission to offer a free sample. Finally, the marketer can leverage this permission by making product offers—which at this point are being directed at an engaged audience, willingly paying attention to your messages.

MANAGING COMPLAINTS – ENHANCING RELATIONSHIPS

Complaint Management is an act of employing automated technicality in the management of customers’ complaint that could arise as a result of the usage of products and services (Shrank, 2011). Complaint management is an aspect of CRM that should be given due attention. This is because, attention to this aspect of CRM will not only retain customers but will also employ strategies towards building better products and services (Ajaegbu *et al.*, 2014). It is important to understand that customers who take the time to complain and give feedback to companies about their products, services or experiences are providing them with an extremely valuable service. Complaints help detect flaws and improve the quality of products and services. Just as importantly,

they offer an excellent opportunity for businesses to show customers how valued they are, to impress them with an outstanding solution process, and to strengthen their loyalty.

Smart companies are serious about successful complaint management, and realise the benefits of consistently providing superior customer service as it costs five times more to acquire new customers than to retain existing ones. In today's ever-changing business environment, customer service requests are more complex and, at the same time, the demands for instant gratification are higher. Geographically distributed offices, a myriad of compliance rules, pressure to reduce costs and the ease of customer defection all contribute to the critical need to maintain great customer interactions. Moreover, a systematic approach towards customer complaint management also generates ideas for product enhancements and new products, ensuring ongoing success.

It is much better for a customer to complain than not complain to the company, while complaining to other customers via social media. Managing complaints is an important part of contact management or contact strategy. Complaint management is one of the 5Ss as organizations need systems and processes to listen, rank and respond to complaints. 'They should be solicited rather than unsolicited, easy to make, quickly responded to, with both the problem of the consumer and the cause fixed', says Professor Merlin Stone (2011). He continues:

"Improved complaint management produces a good return on investment. This is via improvements in consumer retention, market share and positive word of mouth – turning negative into positive experiences and improved branding, consumer loyalty, improved design of the service experience and improved product design." (Stone, 2011)

Company Complaint Handling process:

Norwich Union is the number one insurance provider in the UK. They claim '*Excellent customer service and product innovation are at the core of our general insurance business.*' (www.norwichunion.com). This company motto leads us to believe that they are a dedicated organisation caring for its customers. It has an extensive portfolio of insurance products and also has dedicated customer care lines devoted to each one of them.

Their complaint handling procedure is '*As soon as we hear from you, we will take ownership of your complaint and do everything we can to resolve your concerns. We'll let you know within five working days how we're getting on. While we're handling your complaint, we'll always keep you informed of progress*' (www.norwichunion.com).

The promises the company makes, the profitability it achieves and the huge data that it has on its customers gives an impression that it is a totally relationship-focused company especially since it has a dedicated Customer Relationship department. The company complaint handling process map is created to address the customer complaint in a way that shows the contact with customer is minimum after a complaint has been received. Thus, it does not do justice with the company's policy of keeping customer informed. The only contact happens when the customer is really upset and escalates the complaint. There are various levels of complaint handling which makes the process painfully slow and reduces the responsiveness.

(Source: Brown, A., 2013. Available at: <https://www.ivoryresearch.com/writers/andrea-brown-ivory->

3.15 NURTURING NEW RELATIONSHIP WITH CUSTOMERS VIA SOCIAL MEDIA (E.G FACEBOOK)

CRM + Social = Power. Social media is the latest and greatest tool for customer relationship management. Companies like Facebook and Twitter and Pinterest and LinkedIn, and even Reddit, have changed -- forever -- the ways that people communicate with one another and the ways they share all kinds of information, including advertising.

The bottom line: businesses can use Facebook and other social media efforts in the context of customer relationship management so that they can nurture relationships over the long haul. CRM + Social = Power.

Belosic (2012) outlines a few ways that businesses can leverage CRM with Social Media.

1. Make your marketing relevant (and you'll increase your conversion rate).

One of the reasons you want to learn about your clients and customers is so that you can better target your products and services. This helps you put them into the “correct” channels so they receive more accurate messages and less spam. Ultimately this makes customers and prospective customers more receptive to your outreach.

Let's say you have a user who fills out a form to sign up for your company newsletter. Perhaps in the form there is a field asking the user if she has small children at home, or is expecting a baby. If she answers yes to either, you have the opportunity to send her coupons for diapers a few months down the road, or send her housecleaning services or information about college savings plans.

2. Whenever possible, target your ads.

I'm just going to come right out and say it: I love Facebook ads. I think the way Facebook serves me ads that are totally relevant to my interests is super cool. Now that I've liked the events I participated in, Facebook “knows” that I am ripe for information about this type of event. So, I expect that I might soon be seeing some ads for triathlons, or maybe bike races and marathons, that are a little bit farther away.

In all likelihood these are events that I might not know about, but I'm still interested in. What's more, it's unlikely that Facebook will be bombarding me with ads that are not relevant to me.

3. Make your social efforts another collection point.

Your business' website is no longer the only place to collect data about your customers. In the past, the verbiage went something like: "If you want to download our whitepaper, fill out this form" or "If you want to know about my newsletter, sign up here." But thanks to Facebook and other social channels, you can make it more fun. You can use apps (more on this later) to create games or contests for users to enter in exchange for a little bit of information.

In the past it was very expensive to create contests and custom apps but thanks to third party apps, these options are within reach of virtually any small business. You can also use Facebook questions to gather data beyond your existing fanbase. When your "Likes" answer a question, their friends (even the ones who don't Like you) have the opportunity to answer the question -- this is a good way to expand your data sample size.

4. Use apps!

Many companies now offer self-service apps that make it possible for businesses of any size to create powerful business data collection and CRM opportunities. Customers are savvy enough to know that if you have something they want -- a game or a contest entry or a coupon -- they have to give you something in return. Of course the last thing you want to do is sneak data out of your users, so just be transparent -- a cardinal rule of social media anyway!

5. Make your fans want to give you information.

One of the features I most appreciate about Netflix is its rating system. I am willing to play along and give Netflix info about me and my likes and dislikes because ultimately it benefits me. Every time I give a movie that I've watched a high (or low) rating, Netflix uses that information to make suggestions about other movies that I might like.

Yes, Netflix might have a massive amount of data about me, but it's worth it because I don't have to waste my time watching "Total Recall" (the remake). Just remember that the more data you ask for, the better the reward should be.

6. Extend your social reach.

Up to this point we have focused on Facebook, but there are lots of CRM opportunities on other social channels, too. We use a variety of social channels to drive traffic to our other collection points. For instance, you can tweet a link, post to LinkedIn, add a link to a YouTube description, add links to email and even instagram photos.

It's also important to make it easy share your CRM data collection points. If your fans are eagerly filling out your forms, chances are their friends might want to as well. Make it easy for them to share, comment and invite others to participate.

7. Organize and leverage all that data.

Now that you have earned your users' trust, use the helpful data but don't abuse it! To quote Uncle Ben from Spiderman, "With great power comes great responsibility."

Using a CRM tool like Highrise by 37Signals, or even an EXCEL or Google doc spreadsheet will allow you to map the data and visualize it. You can even pretend you are building an infographic (of course you can also actually build one -- infographics are great for SEO) so you can get a better picture of who your customers are.

From there, segment your customers. Maybe you have one group that wants your newsletter and one that is interested in new products. Organising this data will help you figure out what kinds of products and services to consider offering.

8. Social media can be used for CRM even if you collect minimal information.

Another one of my favorite Facebook features is Insights. You can learn so much about your users even if all you ask them to do is Like your Page. You can find all sorts of demographic information -- age groups, gender, cities, languages spoken, etc. I'm constantly amazed by the, well, insights to be gained just by monitoring this Facebook app.

Facebook can support customer service interactions between brands and customers. Smith and Chaffey (2017) outline the options that are available:

- *Public comments on a brand or company pages.* This ‘social media customer service’ option has been used since Facebook first launched these pages as it was a more convenient way to gain a response, often when customer service requests had failed from other channels.
- *Asking customer service through private messages on the brand or company pages.* Seeing the popularity of customer service through its platform, from 2015 Facebook provided a prominent ‘Message Now’ option for consumers which encouraged brands to make quick responses by reporting on the average response time.
- *Interactions through chat bots.* In 2016 Facebook launched an application programming interface (API) that enabled businesses to communicate directly with customers through Facebook Messenger in a similar way to how customer service messages related to a sale would traditionally have been delivered through email or SMS.
- *Recommendations based on ‘Likes’ by friends.*

Keeping the Customer Relationships Alive

Think about your relationships. What makes them work? All relationships can get stale unless you work hard on them. This means that your web site needs to be updated and kept fresh and tailored – your offerings need to be more attractive than the competition’s.

Smith and Chaffey (2017) outline ways to keep the relationship alive by the DRAMA principle

- *Dialogue.* An organisation should offer customers ways to talk to them – every message sent should allow for a response. Every unsolicited communication from them should receive a swift and relevant response. The organisation must show that it listens and can talk and tell too.
- *Relevancy.* e-CRM as mass communication can be personal and made relevant to the recipient; indeed, the customer’s expectation of relevance will be so high that it is dangerous to send bulk messages that are not tailored to that one person’s/company’s needs.
- *Accuracy.* E-CRM opens the door for poor information management as does any other form of direct communication – but this time the problem might well have originated with the customer themselves; e.g. they misspell a name, enter digits incorrectly, etc. when data are

captured. Data must be checked, must be updated and must be kept 'clean'. Equally, any information you give to customers must be double-checked to ensure total accuracy.

- *Magic*. This is what makes the difference – the extra dimension that makes people want to be your customer. There is much talk of 'Customer Delight' – go one better and aim for Customer Amazement! The Internet allows for special effects, deliveries of technically advanced packages of personalised information presented in very appealing ways – animation, sound, interaction, prizes, incentives, collection schemes; these are sometimes expected by customers nowadays, so what will you do that is different? Will it be your creative execution? The links with famous personalities whom you sponsor or hire? The very personal touch of a one-to-one adviser, whether delivered by a virtual avatar adviser or a human online chat?

As with any relationship, an occasional gift is a pleasant surprise. Given the lifetime value and potential share of wallet, some marketers realise that it is worth treating their customers with surprises. Note that some countries restrict gift giving. Magic is what should be the goal – and never guess what it might be; carry out research to find out what your customers want it to be.

- *Access*. 'I feel like we're drifting apart!' Don't let your relationship wither due to lack of contact. Getting someone to visit your site is one challenge; the next challenge is to get them to come back. So ask yourself, 'What are we doing to get visitors to come back to the site? Do we give them a reason to come back?'

CRM AND DIGITAL MARKETING COMMUNICATION

Digital marketing is the strategy and processes that connect advertisers with their audiences across digital channels. An advertisement itself is a piece of creative shared via digital inventory - the space a publisher makes available for advertisements on its platform.

Digital refers to a number of different channels, all used to uniquely engage audiences and tackle various goals of the conversion funnel. The channels include display, search, mobile, social, and video. It is considered "Inbound Marketing" in that it reaches out to audiences while also letting them reach back out.

Thanks to digital's vast amounts of targeting technology and capturing of personal data, marketers are able to reach both large audiences and more granular segments without compromising scale. This includes being able to target by specific attribute including demographic, behavioral, psychographic, and more. Not only can marketers target groups of people, they can also target specific devices and even individual users regardless of what device they may be using.

In addition, digital marketers are especially determined to measure success of campaigns. A number of user engagements can be tracked such as impressions, clicks, website hits, leads, and actual purchases. In as much, digital makes it easier than traditional media to track Return on Investment (ROI), helping marketers to see the efficacy of their campaigns and make better decisions for optimisation and the future.

Using Digital Media Channels to Speak with your Audiences on other Sites (Smith and Chaffey, 2017)

Online marketers have a fantastic range of communications tools that they can use to speak to their audience when they are not on their site, and to encourage them to visit the site. The key digital media channels are:

1. *Search engine marketing* (SEM). Placing messages on a search engine, encouraging click through to a web site when the user types a specific keyword phrase. The two main disciplines are search engine optimization (SEO) to boost a company's position in the natural search listings and paid search marketing which uses sponsored ads, typically on a pay per click (PPC) basis.

Search marketing is great for targeting audiences at the moment of intent. It can help create a level playing field where small companies can be listed alongside well-known brands to increase awareness of them and drive response. That's if the small companies can get SEO right or afford to compete in paid search marketing.

(Source: <https://visual.ly/community/infographic/social-media/where-inbound-marketing-and-content-strategy-meet>)

2. *Online PR.* Maximizing favourable mentions of your company, brands, products or web sites on a range of third-party web sites such as media sites, social networks and blogs, which are likely to be visited by your target audience.

Online PR, also described as influencer outreach or content distribution which is part of content marketing, can offer a low-cost route to increase awareness of your brand. It can also help attract visitors and increase backlinks to a site.
3. *Online partnerships.* Creating and managing long-term arrangements to promote your online services on third-party web site or email communications. Different forms of partnership include link building, affiliate marketing, online sponsorship and co-banking.

Smart online marketers realise the value of partnerships in extending their reach into their audiences via other sites.

4. *Interactive advertising.* Use of online display ads, such as banners, skyscrapers and rich media ads, to achieve brand awareness and encourage click through to a target site.
5. *Opt-in email.* Renting opt-in email lists, placing ads in third-party e-newspaper, making deals with third parties for co-registration or co-branding of emails, or building your own in-house email list and sending e-newsletters or email campaigns.

The main aim of email marketing for acquisition is to generate awareness of brands or offerings or direct response to achieve registration or leads.

6. *Social media marketing.* Social media marketing can and should integrate with all of these other communications approaches. Social media helps amplify a message through comments and sharing of social networks, viral marketing or word-of-mouth marketing.

As we have said, your site also needs to speak with, not speak at, your audience. The database behind the web site is a warehouse full of valuable information about customers and their patterns of purchasing, responses to promotions and much more. Data mining the data warehouse can reveal intriguing insights into buyer behaviour.

Combine the database with collaborative filtering and the e-marketer has a very powerful weapon – the dynamic dialogue about relevant products.

Speak to customers, monitor their purchases, suggest other relevant products and all in a helpful, non-intrusive manner. If your local delicatessen remembers your name and asks if you'd like to try some particular pâté because they remember you bought a particular type of cheese last time, then you welcome this dialogue. The same applies here, except that this can be automated. This helps to create a dynamic dialogue with the customer.

EasyJet Speaks – Using the Web as a PR Tool

EasyJet is active in using the web as a PR tool. Here are some examples:

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EasyJet is active in using the web as a PR tool. Here are some examples:

- EasyJet jets were emblazoned with oversize 'www.easyJet.com' logos
- EasyJet ran a competition to guess the losses of rival airline Go and received 65,000 entries and also enhanced press coverage.
- Owner Stelios Haji-loannou has a personal views page, 'Message from Stelios'.
- Standard press-release pages are regularly updated.

Digital Marketing Communications.

Digital marketing communications are essentially the digital marketing equivalent of the traditional marketing communications mix. Traditionally the off-line world would employ a marketing communications mix which included public relations, advertising, sponsorship, personal selling, direct marketing, and sales promotion (amongst other tools such as exhibitions, trade shows and so on).

Digital marketing communications will employ some or all of these tools which are adapted to the online marketing challenge. There will of course be new and innovative online tools which are also employed within the digital marketing communications mix. The online equivalents are known as digital media channels, and are employed in many online and off-line campaigns.

Digital marketing communications tools will include display ads, pay per click advertising, search engine optimisation, and affiliate marketing amongst others.

The Digital Marketing Mix, or Main Types of Media Channels.

Social media marketing

Social media marketing is all marketing which goes on within social networks such as Facebook, Twitter, LinkedIn, MySpace, and many more. For example Facebook has quite a complex social media advertising program, which allows the advertiser to focus on over 1 billion people, based on their location, age and other attributes.

Opt-in e-mail marketing

Opt-in e-mail marketing is exactly what it says on the tin. Visitors or clients are encouraged to opt in, or in other words sign up for an e-mail newsletter. It is that simple! The idea is that participants opt-in with permission, rather than simply being added to a database without their knowledge. This is also known as permission marketing.

Display advertising

Display advertising is often the first type of advertising that springs to mind when thinking about the Internet; display advertising is simply the adverts that you see when you visit any website. Examples could include banner adverts which run across the top of Page, or far more rich and complex adverts such as video adverts; many of the banner adverts and display adverts that you see are part of large programs such as Google AdWords, or similar.

Online PR or Digital PR

Online public relations, or Digital Public Relations (DPR), tend to be digital marketing communications which encourage a positive perception or profile of your business or organisation. However the business will be aiming to generate positive blogs, re-tweets, Facebook shares, and similar online PR. Be aware that PR whether online or off-line does have a cost, and public relations is not free. In order to generate favourable content written on your behalf, there is a large investment in terms of effort and cash. Your online public relations might be a mention on a news channel, either in text or video, you might also receive positive commentary on podcasts, although these are becoming less popular. Viral campaigns whereby an interesting or entertaining fact or video is circulated by e-mail or social networks is probably a better example of a contemporary public relations approach.

Search engine marketing

Search Engine Marketing, or Search Engine Optimisation SEO, employ marketing tools which attempt to gain the best position possible for your business in search engines such as Google or Bing. Once you have attracted a new visitor, the positioning of text or Calls-To-Action (CTA) will keep a visitor on your site for longer, and will start to move them along your marketing tunnel.

Other online relationships

There are a number of other online relationships which come under the heading of digital marketing, or digital media channels. These will include an array of other approaches. Here are some popular examples:

- **Price comparison sites** where the cost of holidays, insurance and other consumables are compared. Obviously some comparison sites are more open and honest in terms of the results that they deliver, whilst others are less so.
- **Affiliate marketing sites** are also quite interesting to study and do tend to generate some niche income from many small sites. Amazon has a very successful affiliate program whereby small site owners can place code upon their site to advertise books which Amazon sources and delivers. So you might have a website which focuses upon market gardening, and you might advertise books which explain how to grow tomatoes.
- **Link building** is also often considered a way of developing online relationships; however be very cautious with this. Google especially considers strong or informed links to your website as a benefit when deciding upon your position within search results. Obviously many Webmasters have caught on to this and tried different linking strategies to falsely claw their way to the top of the search engine results. All links need to be natural.

(Source: <http://www.marketingteacher.com/digital-marketing-communications/>)

DATABASE MARKETING AND MARKETING AUTOMATION

The database and database marketing are at the heart of CRM. By the end of this section, students will understand what a database is, the complications that can arise, the types of data fields and the importance of linking it all to a clear marketing programme.

It has been said that the driving force underlying modern CRM systems is the customer database. This is the repository of information on customers and prospects from all sources and channels – whether web sites, interactive TV, sales reps or customer-service staff.

According to Smith and Chaffey (2017), database marketing helps to achieve the dynamic dialogue of lifecycle and permission marketing, which:

- 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.
- Delivers communications which are instantaneous, relevant and value adding.

What Is Stored in the Database?

A database is more than a list of names. A database is distinguished by the amount and quality of relevant marketing data held on each customer or prospect. It should identify best ('ideal') customers and worst customers. The worst customers have 'negative value'; these are customers who claim early on insurance, are bad debtors, or just intensive users of free services. There are two types of information kept on a database which a simple mailing list does not provide: historical data and predictive data. Smith and Zook (2011) describe historical data as 'transactional' or 'back' data which includes names, addresses, recency and frequency of purchases, responses to offers and value of purchases. They say predictive data identify which groups or subgroups are more likely to respond to a specific offer. This is done through statistical scoring: customer attributes are given scores that help to indicate their future behaviour.

Software Tools for Database Marketing- Marketing Cloud Services

Every organisation has a lot of useful data on its customers. Unfortunately, many organisations have several databases, each set up at different times with no ability to cross-reference the data within them. Typically, there is the old 'legacy' database or customer contact management system for traditional direct mail and a completely separate database for web site visitors containing registration information in a profile and purchase information for an e-commerce site. There is usually a separate system for managing email marketing or marketing automation which contains customer profile details and information on how they responded to each campaign. These services have now been extended to 'Marketing Cloud Services' that offer many of the marketing functions that are available today, often from separate tools, each with their own database.

CRM PROFILING

1. CRM Profiling; How It Works and Why You Need It (<http://www.qiem.com/crm-profiling.php>)

One of the biggest challenges businesses encounter is getting to know their customers. In an increasingly competitive global economy where tastes shift by the minute, knowledge is power. Knowing what your customers want and what motivates them to do business with you gives you the ability to design products and services they are more likely to buy. The more you know about your customers, the more you can predict their future behaviour. This is why customer profiling is such an important part of any successful business.

Customer profiling is what businesses do to know more about their market. It's the process of analyzing customer behaviour and determining the value or cost of doing business with that customer. If a business can profile its customers in a systematic, organised way, it can maximise the value of that business relationship. Instead of an organized approach, profiling is usually done on an ad hoc basis, leaving a huge revenue gap between you and your existing customers. This revenue gap is the amount of business your company could have generated if it knew a little bit more about its customers and extracted the most value out of that relationship.

CRM, or customer relationship management, can truly optimize your customer profiling efforts and overall business strategy. With CRM, you can truly take advantage of living in the 21st century. CRM combines the power of technology and sophistication of marketing to give you all the tools needed to profile your market. By integrating CRM, you will not only learn more about your customers, but also centralize and organise that information, and find ways to leverage key relationships.

CRM can be customised and tailor-made to suit any business. It gives you the tools to enhance your sales and rebrand your company and CRM software will better enable you to:

1. **Collect customer information in an organised, systematic way.** This isn't limited to your customers' demographic information. You can truly collect information

about *why* or *how* customers do business with you in the first place. This will enable you to develop the business intelligence your company needs to retain its market share.

2. **Analyse customer information.** You now know more about your customers and what motivates them to do business with you. CRM gives you all the bells and whistles to analyze all that information in precise detail, which will enable you to...

3. **Predict future behaviour.** Ultimately, customer profiling is all about maximizing your current relationships. With CRM, you have the resources to identify patterns and habits among your customers, which will allow you to predict their future behaviour and develop products and services they would be interested in buying.

4. **Market your product/service more effectively.** Knowing more about your customers means you know how to grab their attention. After all, customer profiling is all about getting customers to pay attention to your business. With CRM, this has never been more effective.

If your customer profiling strategy isn't informed by CRM, your business is vulnerable to the ever-widening revenue gap, which is driving many companies out of business. Avoid more sleepless nights by choosing CRM. Give your business the competitive edge it needs to succeed in a global market. That competitive edge, more so today than ever, is knowledge. CRM enables you to know more. And it's never too soon to know more about your customers.

Which Information Is Needed for Profiling?

Who is your customer? This is a classic marketing question. Do you really know who they are? What are your customers' key characteristics? What characteristics separate your ideal customers from your average customers? What is the profile of your ideal customer? Is it different from your worst, negative value customer? Surprisingly, many companies cannot answer these questions. If you don't know your customer profiles, how can you (a) satisfy them better, and (b) find other customers like them?

A customer profile can take everything you know about the customer and everything you know about people who are like that customer. It can then be layered with all the psychological and sociological theory that suggests how that person will react to a specific offer or promotion. This helps you to tailor offers that work better for both customers and your business.

Profiling helps you to:

- See your customers more clearly
- Identify customer segments
- Separate your best from your worst customers
- Tailor tempting offerings so that they are more relevant to specific customer profiles
- Build lifetime relationships using insight from Progressive Profiling
- Enjoy lifetime value and grow share of wallet.

PERSONALISATION

Specialised SaaS (Software as a Service) personalization combined with an up-to-date and well-cleaned database allow marketers to personalise communications such as emails, voice mails, snail mails, SMS text messages and, most interestingly, web sites – personalised web sites.

Some recent examples of personalized web sites include Asda, Google, Groupon, the UK's National Autistic Society, and, of course, Nike. The pioneers of all this, Amazon, now claims that some 35 per cent of its sales come from suggested products.

Amazon Gets more Personal via Facebook Connect

By connecting to your Facebook Profile and Social Graph, Amazon can recommend products that match your interests and those of your friends beyond the clickstream, in addition to the purchase data it has from on-site Amazon behavior.

Using the Facebook Open Graph, Amazon now offers recommended products based on the 'Likes' of Facebook Friends, along with upcoming birthdays. They can also base recommendations on the personal preferences expressed on Facebook (Hubspot, 2011).

Why Personalisation?

According to Smith and Chaffey (2017), the most important sound in the world is... your name! We all appreciate it when people remember our names. It's personal. It's a compliment – an expression of respect. They argue that Web sites, blogs and Facebook ages today have to think about “Giving Attention’ and just ‘Getting Attention’ from customers.

By the end of this section, you'll know how personalization helps to build relationships and the issues that arise. Some call it affectionately, ‘the personal touch’, when a restaurant remembers your favorite wine or preferred table. The database enhances the marketer's memory of customer names, needs, interests and preferences.

Personalisation enhances the relationship. Personalised, relevant web recommendations help boost response since they create a sense of ownership. Such personalisation isn't only relevant for e-commerce sites but can be used to recommend relevant content as part of lead nurturing for B2B and high value B2C sites.

Approaches to Personalisation

There are three distinct approaches to personalisation: customisation, individualisation and group characterisation. **Preference-based customisation** is the easiest to see in action: it allows the visitor to select and set up their specific preferences. Individualisation goes beyond this fixed setting and uses patterns of your own behavior to deliver specific content to you that follows your patterns of contact. In **group characterisation**, you receive a recommendation based on the preferences of people ‘like’ you, using approaches based on collaborative filtering and case-based reasoning.

Mass customisation is where different products, services or content are produced for different segments – sometimes hundreds of different segments. **Personalisation** is different. It is truly one-to-one. Particularly when not only the web site and communications are personalized, but the product is personalized.

HSBC Users Personalisation to Delivered Tailored Propositions

When HSBC Bank International Limited refined its web site, it wanted to use personalisation, with the goals of delivering specific offers and servicing different customer segments and encouraging customers to move into more valuable segments. This world enables it to capitalise on sales opportunities that would otherwise be missed. This was a challenge; since '60% of total weekly visitors to offshore.hsbc.com log on to the internet banking service, HSBC wanted to market to them effectively while they were engaged in this task, disrupting their banking experience without infuriating them'. Business rules were created to serve promotions dependent on the type of content accessed and the level of balance in the customer's account.

HSBC was successful in meeting its goals and the results show the benefit of personalised, targeted banners. On average, it was reported that the new banners had an 87.5 per cent higher CTR than non-personalised banners (6.88 per cent versus 3.67 per cent). The number of savings accounts opened via Internet banking increased by 30 per cent (based on six months pre- and post-launch). And the number of non-premier customers upgrading to premier accounts increased by 86 per cent.

There are pros and cons for the different levels of personalization. It requires resources. It requires a well-kept database. It creates a feeling of ownership. It does have some specific challenges (Murphy's Law), but can, if well executed, enhance customer relationships.

Managing the Database

The database is the core of the CRM system. The database administrator/manager (DBA) has many responsibilities here:

1. *Database design* – ensuring the design is effective in allowing customer data to be accessed rapidly and queries performed.
2. *Data quality* – ensuring data is accurate, relevant and timely.
3. *Data security* – ensuring data cannot be compromised by attacks from inside or outside the organisation.
4. *Data back-up and recovery* – ensuring that data can be restored if there are system failures or attacks.

5. *User coordination* – this involves specifying who has access to the information retrieval and who has access to information input. Too many uncontrolled inputs mean files get changed and deleted by too many different people. The database spins out of control.
6. *Performance monitoring* – checking the system is coping with the demand placed on it by

THE FUTURE OF CRM: CUSTOMER ENGAGEMENT AND ALL THINGS DIGITAL

Most leading research firms agree that digital will first impact businesses in the places they interact with customers – across sales, service, and marketing, whether online or in the store. Revenue will accrue from new and existing customers who want to buy goods and services when, where, and how they want them.

Varghese (2017) identified how different technologies can change modern customer relationship management (CRM) and engagement in an enterprise:

1. Artificial intelligence

This technology has the potential to crunch and automate tasks for sales/service/marketing reps – for example, scanning through and analysing all open accounts receivables and spitting them out in a nice, readable format so sales reps can negotiate better payment terms. In short, mundane tasks can be automated so reps can take intelligent actions on tasks that add the most value to sales.

2. The Internet of Things

As a company with a large installed base of expensive machines out in the field, IoT sensors constantly send data (e.g., parameters above or below threshold), which can help the company proactively service their machines, thus lowering maintenance costs after a failure and keeping customers happy through increased uptime and meeting/exceeding their service level agreements (SLAs).

3. Drones

On the service side, site inspections and remote reporting through audio, video, or other data relayed back to the company's CRM applications can auto-trigger tickets when potential issues

arise. This could be a big boost, especially for companies with remote equipment, such as offshore oil wells run by oil and gas companies.

4. Cloud

This seems to be the mother of all digital technologies, because the “-as-a-service” architecture has accelerated every other technology in some way or the other, enabling integration better and faster, or the ability to access key data anytime, anywhere.

5. Mobility

Mobility doesn’t only mean mobile devices; it also refers to an effortless way to access your data and information wherever you are through a mobile device or interconnected devices.

6. Blockchain

Although it is relatively new technology, one way blockchain could impact most companies is connecting customer data with sales, service, and marketing. Integrating the customer’s entire history of transactions, every touch-point between the customer and the company in marketing, sales, or service, could enable a true 360-degree customer view, which has been a perpetual challenge in the old world of CRM, before the digital explosion.

7. Social media

Social channels are enabling many Fortune 500 companies to gather customer sentiment about new products and quickly scale up or down production, increase or decrease sales and marketing activities, or pull the product from the marketplace. These are all easily trackable, recordable, and reportable in digitally enabled CRM applications.

These are just the beginning of this conversation; other digital technologies, like 3D printing, Big Data, and augmented reality/virtual reality, can also boost customer engagement when their data is tracked, recorded, and reported through CRM applications. Regardless of the technology generating the data, the digital wave has changed the role of managing customer relationships from a reactive to a proactive one.

The impact of digital on modern-day CRM and customer engagement can be summed up in three words: automation, acceleration, and innovation. A digitally enabled enterprise engages with both current and prospective customers through digital CRM applications, not just where they are but also where they are going. It also moves an enterprise from non-value-adding tasks by automating them and helping it focus on actionable insights, which is key to increasing both top and bottom lines.

Digital CRM is enabling companies to monetise customer engagements, thereby increasing wallet share. All in all, digital has changed the rules of the game for both the customer and the enterprise with a new model of value-added engagement where both can win.

(Source : Varghese, 2017. Available at:

<http://www.digitalistmag.com/customer-experience/2017/08/24/future-of-crm-customer-engagement-all-things-digital-05310291>).

FUTURE TRENDS OF CRM

CRM has developed over the decades and will continue to evolve with the new technological advances that enhance the opportunity that businesses have to interact with customers. Businesses should be ready to adapt to their CRM initiatives to meet new customer behaviour in a dynamic market. There are several CRM trends on the horizon that businesses can anticipate.

- **Mobility:** with the popularization of technology such as smartphones and tablets, customers are online all times of the day. CRM strategies will have to be in line with new customers' needs and expectations that follow from customers having constant access to data and tools to express their opinions.
- **Integrating of CRM into the business process:** from marketing and sales to customer service, CRM will need to be integrated into all areas of the business process so that everybody is listening, engaging and in tune with the customer base.
- **Customer relationship experience:** customers are bombarded with brands and choice. If businesses want to attract and retain customers, they need to do more than just deliver

information. They need to make a lasting emotional impression. New CRM tools will provide businesses with the information they need to understand customers and what kind of experiences appeal to them.

(*Source:* <https://www.techopedia.com/2/28333/enterprise/crm/top-6-trends-in-customer-relationship-management-crm>).