

Customer Relationship Management  
BBA/MBA-5 year integrated course  
Semester - VI  
Osmania University

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# Course Description:

- This course examines customer relationship management (CRM) and its application in marketing, sales, and service.
- Effective CRM strategies help companies align business process
- with customer centric strategies using people, technology, and knowledge. Companies strive to
- It highlights to use CRM to optimize the identification, acquisition, growth and retention of desired customers to
- It explains how to gain competitive advantage and maximize profit. Anyone interested in working with customers
- Emphasis is given on theoretical, conceptual and practical application of CRM

# Learning Outcome

After completion of the Customer Relationship Management course The students would be able to identify the benefits of value creation for the customers. ... Would be able to create a loyalty model for retention of the customers through increased interactions with customers

# Unit – I

- CRM- Definition, Emergence of CRM Practice, Factors responsible for CRM growth
- CRM process, framework of CRM, Benefits of CRM, Types of CRM, Scope of CRM
- Customer Profitability, Features Trends in CRM crm and Cost-Benefit Analysis,
- CRM and Relationship Marketing

- CRM or Customer Relationship Management is a strategy for managing an organisation's relationships and interactions with customers and potential customers. A CRM system helps companies stay connected to customers, streamline processes, and improve profitability.
- CRM as Technology: This is a technology product, often in the cloud, that teams use to record, report and analyse interactions between the company and users. This is also called a CRM system or solution

# The benefits and advantages of CRM include

- 1. Enhanced contact management
- 2. Cross-team collaboration
- 3. Heightened productivity
- 4. Empowered sales management
- 5. Accurate sales forecasting
- 6. Reliable reporting
- 7. Improved sales metrics
- 8. Increased customer satisfaction and retention
- 9. Boosted marketing ROI
- 10. Enriched products and services

# Types of CRM

- Operational. This type of CRM is for lead generation and conversion. It integrates and automates sales, marketing and service support,
- Sales force automation –it involves using of software to automate the sales activities including orders, deliveries, tracking, forecasting and control of sales force etc.
- Marketing Automation – it involves use of software for improving the marketing of products by means of promotion through various channels mainly online forms focuses on facilitating the marketing process

- Analytical. CRM : Its main function is to analyse customer data collected through multiple sources in order to help top management, marketing, sales and support departments get better insights on how to improve customer service
- Collaborative. As the term implies, this type enables a business organization to share customers' information with external stakeholders such as vendors, suppliers and distributors so that they would be on the same page
- Service automation – using of software to automate the services including the service deliver and customer feedback, like uber services are automated allows business to retain customers by providing best quality service



# A framework for customer relationship management

## CUSTOMER RELATIONSHIP MANAGEMENT MODEL

*Many companies use CRM as a key source of competitive advantage  
E.g.: UPS*



# Customer profitability (CP)

- It is the profit the firm makes from serving a customer or customer group over a specified period of time, specifically the difference between the revenues earned from and the costs associated with the customer relationship in a specified period. According to Philip Kotler, "a profitable customer is a person, household or a company that overtime, yields a revenue stream that exceeds by an acceptable amount the company's cost stream of attracting, selling and servicing the customer."

# Relationship marketing

- It was first defined as a form of marketing developed from direct response marketing campaigns which emphasizes customer retention and satisfaction rather than a focus on sales transactions.
- Relationship marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond advertising and sales promotional messages.

# Conti..

With the growth of the internet and mobile platforms, relationship marketing has continued to evolve as technology opens more collaborative and social communication channels. This includes tools for managing relationships with customers that goes beyond demographic and customer service data. Relationship marketing extends to include inbound marketing efforts, (a combination of search optimization and strategic content), PR, social media and application development

# II Unit

- Customer Value, Customer Expectation, Customer Satisfaction, Customer Centricity
- Customer Acquisition, Customer Retention, Customer Loyalty, Customer Lifetime Value.
- Customer Experience Management Customer Profitability, Enterprise Marketing
- Management, Customer Satisfaction Measurements, Web based Customer Support.

# Customer Value

Customer Value is the incremental benefit which a customer derives from consuming a product after paying in return. The term value signifies the benefits that a customer gets from a product. It is the difference between the benefits (sum of tangible and intangible benefits) and the cost.

# Conti..

- Customer value is dependent on the three factors – Quality, Service and Price. Hence, these three together form the ‘Customer Value Triad’. The value of a product increases with its quality and service, as the benefits increase. On the other hand, the value decreases with increase in price because of the increase in costs increase in this case.

# Customer value determinants are

- 1. Quality
- 2. Price
- 3. Service
- 4. Marketing/Branding
- 5. Social Influence
- 6. Past Experience with the product



# Customer Expectations

Customer expectations refers to the perceived value or benefits that the customers seek when purchasing a good or availing a service. They are the result of the 'learning' process and can be formed very quickly because even first impressions matter a lot. Once established, these expectations can hold significant influence in decision-making processes and can be very hard to change.

# Types of customer expectations

- 1. Explicit Expectations
- Explicit expectations are mental targets for product performance, such as well-identified performance standards
- 2. Implicit Expectations
- Implicit expectations reflect established norms of performance. Implicit expectations are established by business in general, other companies, industries, and even cultures.
- 3. Dynamic Performance Expectations

- Dynamic performance customer expectations are about how the product or service is expected to evolve over time. Dynamic expectations may be about the changes in support, product, or service needed to meet future business or use environments.
- 4. Technological Expectations
- Technological customer expectations focus on the evolving state of the product category. For example, mobile phones are continually evolving, leading to higher expectations of new features
- 5. Interpersonal Expectations
- Interpersonal customer expectations reflect the relationship between the customer and the product or service provider.

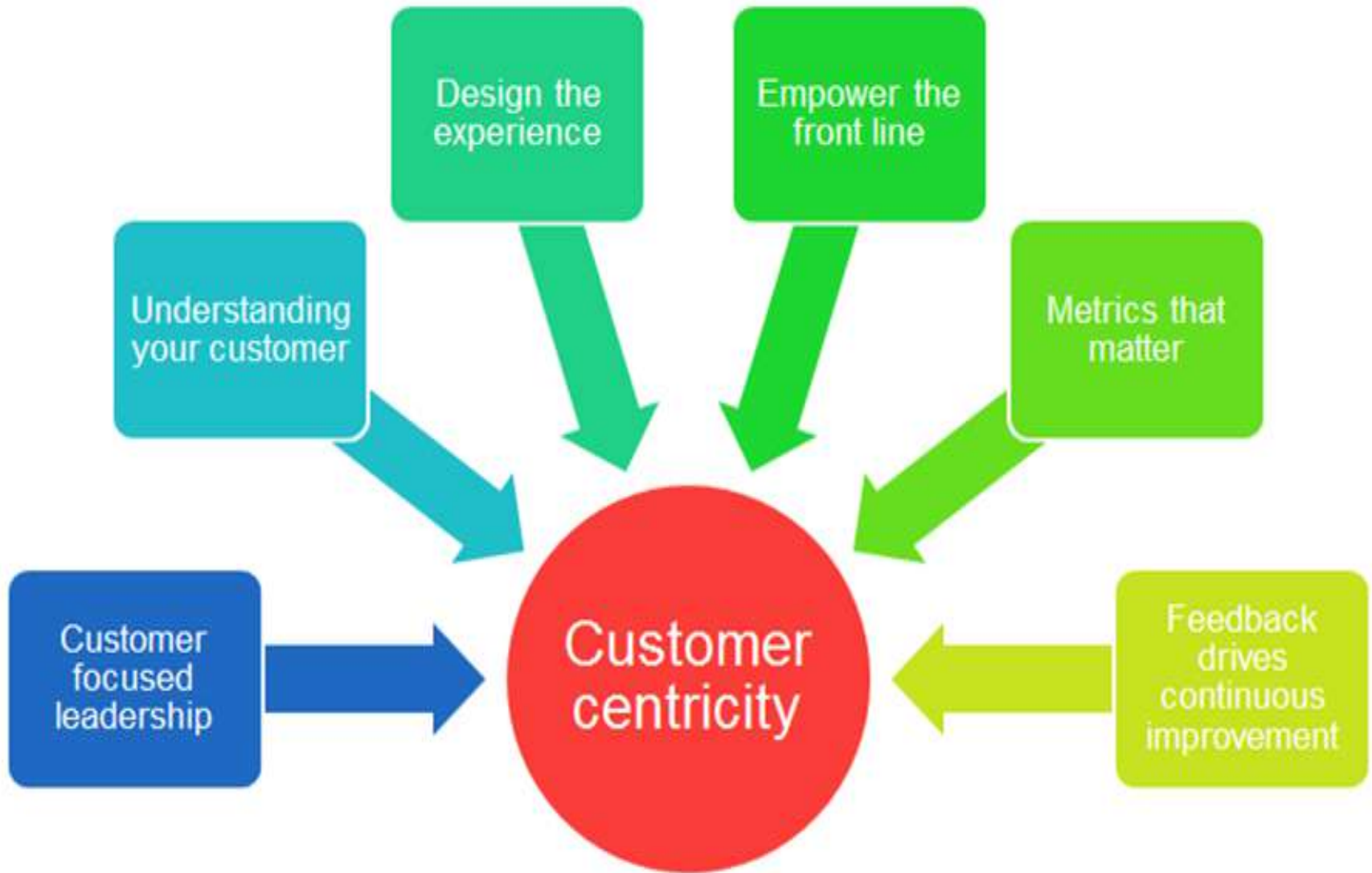
# Zeithmal model of customer satisfaction



The customer satisfaction model by Zeithaml and Bitner

# Customer centric strategy

Creating a positive consumer experience at the point of sale and post-sale. A customer-centric approach can add value to a company by enabling it to differentiate itself from competitors who do not offer the same experience. Customer centric is a way of doing business with your customer in a way that provides a positive customer experience before and after the sale in order to drive repeat business, customer loyalty and profits.



# Customer acquisition

- The process of persuading a consumer to purchase a company's goods or services. The cost associated with the important customer acquisition process is an important measure for a business to evaluate in combination with how much value having each customer typically brings to the business. Customer acquisition is the process of bringing new customers to your brand. This typically is done through marketing, and one of the goals is to maintain a consistent influx of new customers

# COCA, or cost of customer acquisition

- Above the line ads : Mass media usage
- Below the line ads : Medium other than mass media, may direct mail, direct call or etc
- Through the line ads : Using both these methods justifiably



# Customer retention

Customer retention refers to the activities and actions companies and organizations take to reduce the number of customer defections. stages for implementing customer retention

- Set customer expectations
- Become the customers' trusted advisor
- Use relationships to build trust.
- Take a proactive approach to customer service
- Use social media to build relationships.
- Go the extra mile – Going above and beyond will build strong relationships.

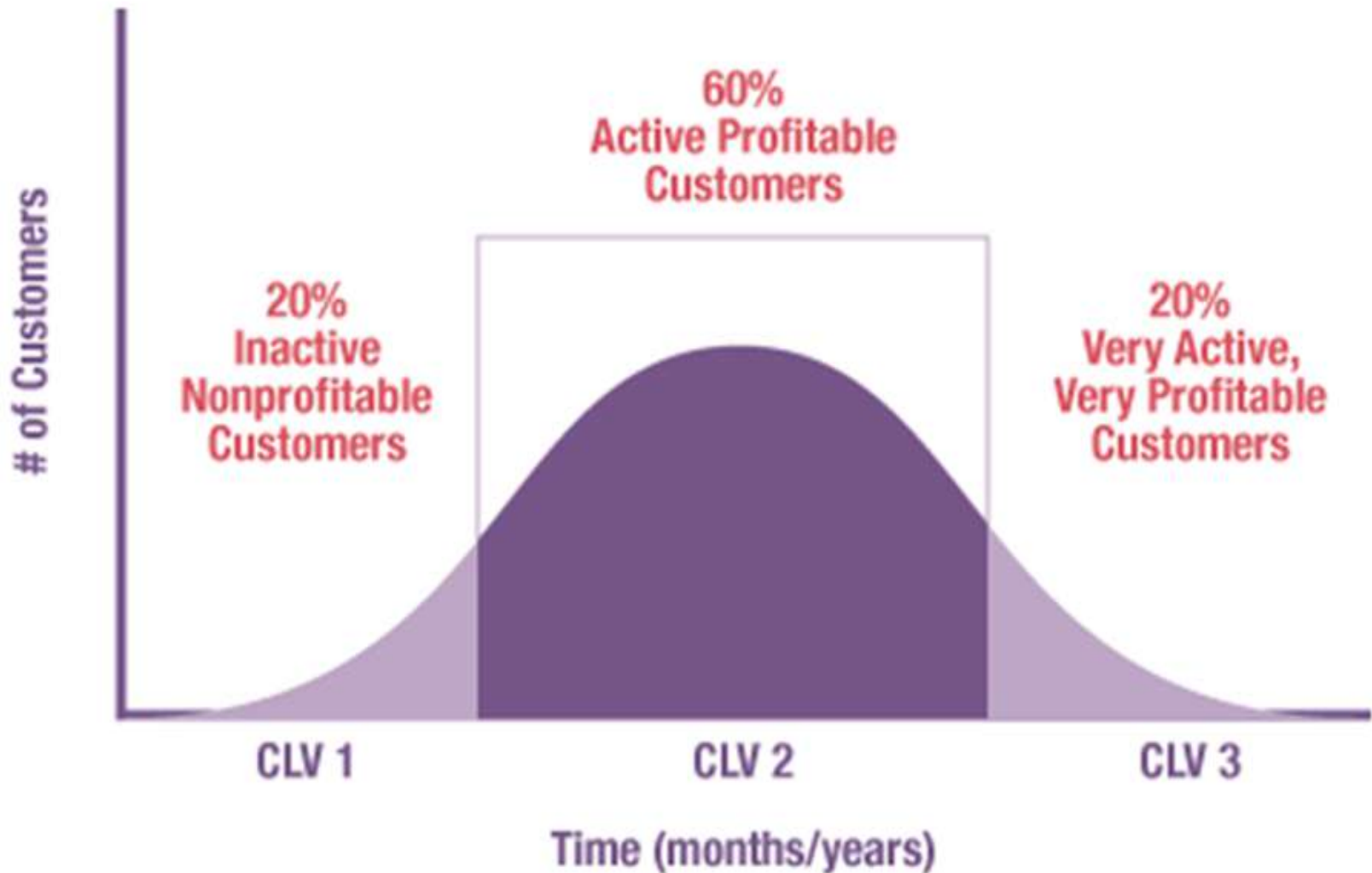
# Customer loyalty

- It is the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience.
- The goal of establishing customer loyalty is to transform a company's one-time customers into regular customers.
- Customer loyalty is both an attitudinal and behavioural tendency to favour one brand over all others

# Customer lifetime value (CLV)

- It is a metric that represents the total net profit a company makes from any given customer. CLV is a projection to estimate a customer's monetary worth to a business after factoring in the value of the relationship with a customer over time
- The strategic objective of CRM is CLV, all the measures will be taken to enhance the life time value of a customer

# Customer Lifetime Value



# Customer experience management

Customer experience management (CEM) or (CXM) as “the practice of designing and reacting to customer interactions to meet or exceed customer expectations and, thus, increase customer satisfaction, loyalty and advocacy.” It is a strategy that requires process change and many technologies to accomplish.

# Customer experience management

Successful customer experience management requires a 360-degree view of customers, with integrated, up-to-date data on customer accounts.

Here are four critical steps:

- 1 Understand your customers
- 2 Create a customer journey map
- 3 Develop an emotional connection to your brand
- 4 Capture customer feedback to track customer satisfaction



# Customer profitability

Customer profitability focuses on the profitability of a specific customer. How much revenue do they bring in? How much time, resources, etc. do they require from your company. By calculating the profitability of each customer, you have some great business insights on productivity, resource allocation, etc.

# Enterprise marketing management (EMM)

- It is defined a category of software used by marketing operations to manage their end-to-end internal processes.
- EMM can also be called Marketing Operations Management (MOM) or Marketing Resource Management (MRM)
- EMM consists of other marketing software categories such as Web Analytics, Campaign Management, Digital Asset etc
- The goal of deploying and using EMM is to improve both the efficiency and effectiveness of marketing by increasing operational efficiency



# web content management system - WCM

- It is a software content management system (CMS) specifically for web content. It provides website authoring, collaboration, and administration tools that help users with little knowledge of web programming languages or mark-up languages create and manage website content. Most systems use a content repository or a database to store page content, metadata and other information assets the system needs.

# Web based customer support

- It is a range of customer services to assist customers in making cost effective and correct use of a product.
- It includes assistance in planning, installation, training, troubleshooting, maintenance, upgrading, and disposal of a product.
- Customer support is considered as one of the main data channels for customer satisfaction research and a way to increase customer retention

# Unit-III

- Steps in Planning-Building Customer Centricity
- Setting CRM Objectives, Defining Data Requirements, Planning Desired Outputs
- Relevant issues while planning the Outputs
- Elements of CRM plan, CRM Strategy: The Strategy Development Process, Customer Strategy Grid.

# Process of customer centricity

- centric process management is:
- Define the centricity process
- Establish the metrics for customers by customers
- Measure the overall performance
- Analyse the sustainability
- Improve on goals and audit the performance
- Implement any improvements if any

# Setting CRM objectives SMART –Strategy

- Specific (simple, sensible, significant).
- Measurable (meaningful, motivating).
- Achievable (agreed, attainable).
- Relevant (reasonable, realistic and resourced, results-based).
- Time bound (time-based, time limited, time/cost limited, timely, time-sensitive).

# Data requirement for CRM

- • Customer contact management
- • Account management
- • Reports
- • Case management
- • Knowledge base chat
- • Workflow statements
- • Email marketing integration

# Desired output in CRM

- CRM software will help the organisation to maintain and improve relationship with the customers
- CRM must help in acquiring potential new customers
- It improves the internal communication within your organisation by linking the various functional areas
- Increase of sales and revenues
- Core competency through customer centricity
- Customer retention
- Customer referrals
- Empowerment of internal customers

# Issues in planning CRM Output (CRM Challenges)

- Achieving User Adoption
- Managing the application
- Defined processes and their enforcement
- Finding the Right Partner
- Changing old habits
- Data importing
- Integrations
- Special requirements

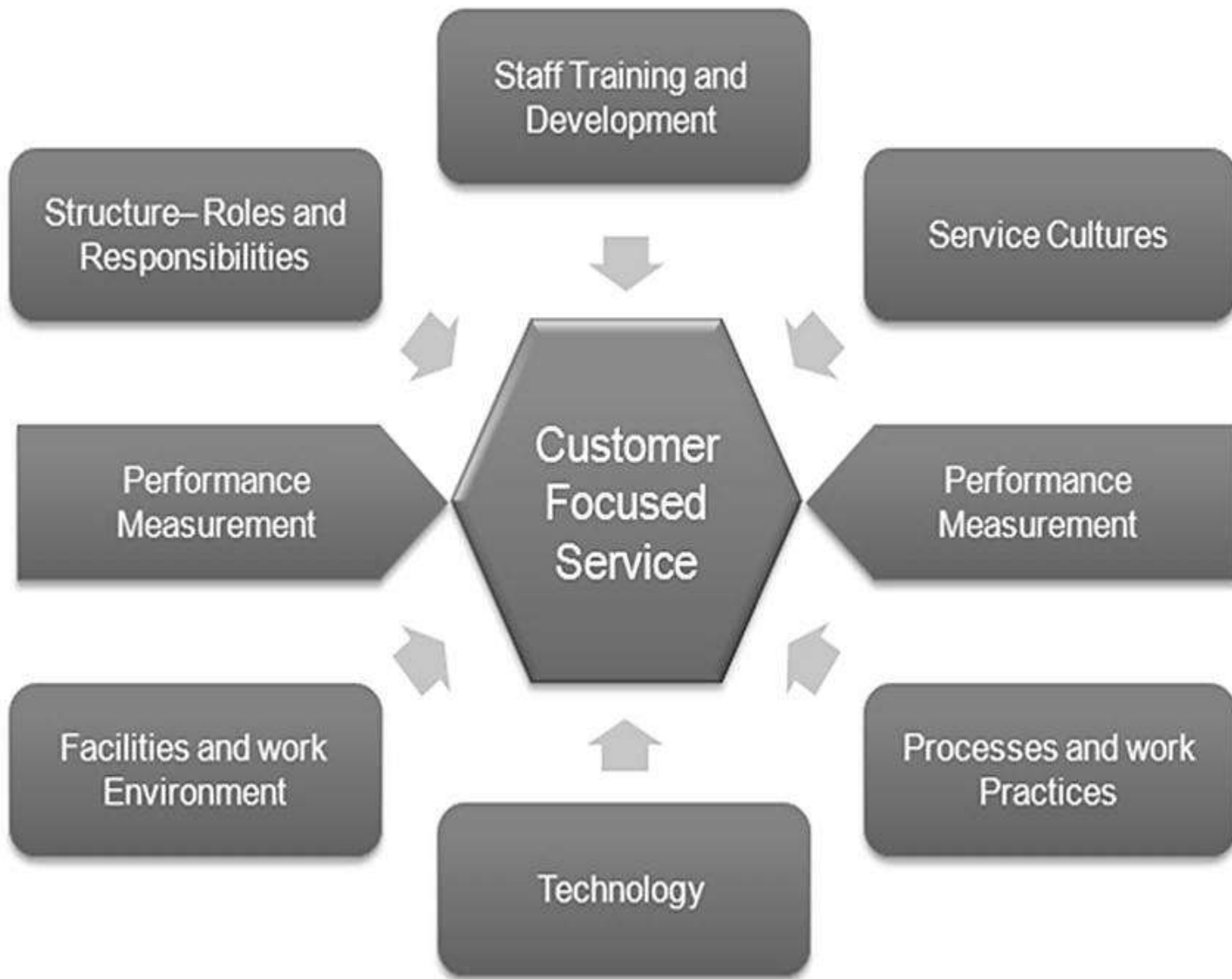


# Components of CRM and strategy

- 1. Sales Force Automation
- 2. Human Resource Management
- 3. Lead Management
- 4. Customer Service
- 5. Marketing
- 6. Workflow Automation
- 7. Business Reporting
- 8. Analytics

# Customer strategy Grid

- This is basically a model and a frame which explains about the various components to be considered for developing and creating effective customer strategy it consist of 7 elements which are as follows



# Grid components

- 1. Staff training and development
- 2. Service culture
- 3. Performance measurement
- 4. Process and execution
- 5. Technological software
- 6. Structure and roles of employees
- 7. Facilities and work environment

# Unit – IV

# CRM Marketing Initiatives



## CRM Marketing Initiatives

- Cross-selling and Up-Selling
- Customer Retention
- Behavior Prediction
- Customer Profitability and Value Modeling
- Channel Optimization
- Personalization
- Event-Based Marketing

# Sales force Automation- SFA

- Abbreviated SFA, sales force automation is a technique of using software to automate the business tasks of sales, including order processing, contact management, information sharing, inventory monitoring and control, order tracking, customer management, sales forecast analysis and employee performance evaluation.

- The sales force automation helps them by automating the tasks; it gives them more and more time for focusing on the most important thing and can sell better. The salespeople collect lots of data which helps them to be more effective in their sales call if they use it intelligently.



# Key features of SFA

## Sales Force Automation



**Real-Time  
Opportunity  
Management**

**Powerful Forecasting  
Capabilities**

**Quotes & Orders  
Functionality**

**Full Cycle  
Lead Management**

**Sales  
Activity  
Management**

**Sales Performance  
Management with  
Reports & Dashboards**

**Sales Force  
Automation  
Key Features**

**Instant Access to  
Sales Intelligence &  
Productivity Tools**

**Drag & Drop  
Document Management**

Sage CRM Solutions

# Campaign management

- It is defined as the planning, execution, tracking, and analysis of a marketing initiative; sometimes centered around a new product launch or an event. Campaigns normally involve multiple pushes to potential buyers through email, social media, surveys, print materials, giveaways, etc. Your customers' requirements are the focus of your campaign process. Campaign management plays a central role in (CRM). The campaign process consists of three central phases: planning, management and analysis.

# Characteristics of good campaign

Six features which are important

- Structured communication
- Credibility
- Aligned climate
- Target opinion leaders
- Commonplace interesting
- Positive messages

# Call Centre

A call centre is a centralised office used for receiving or transmitting a large volume of enquiries by telephone. An inbound call centre is operated by a company to administer incoming product or service support or information enquiries from consumer. It works as a vocal communication channel that customers use to report requests or complaints to a business.

- The three major classifications of call centres are inbound, outbound, and automated. Businesses use these three types of call centres for various product or service needs that require an increased amount of customer service

# COMPONENTS OF CALL CENTRE:

Components which should be integrated into the call centre operations:

- ⦿ Location, building and facilities
- ⦿ Customers
- ⦿ Technology
- ⦿ Process
- ⦿ People
- ⦿ Finance and business management

A change in any one of the above components will have a direct or indirect impact on every other part.

# CRM in consumer markets

One of the common uses of customer relationship management (CRM) in consumer markets is to rank customers on profitability or lifetime value measures. ... Given the commoditized nature of many markets today, does customer relationship management—and its associated focus on quality, value, and satisfaction

# CRM in Service sector

CRM has benefits for multiple business sectors. Both can use the CRM data to keep track of clients and potential clients, learning when and how to deliver messages to each. However, CRM support for customer service has a primary role because customer service blends marketing, sales, support, and retention efforts. In order to deliver customer satisfaction the most significant element needed is service, hence CRM plays very important role in service sector



# CRM in Mass market

The implementation of CRM in a Mass marketing concept is always a challenge because the CRM tries to provide customisation and individualization where as the Mass marketing depends on the approach of One product for all. **CRM**-in mass market is a term referring to the strategies and tactics, as well as to the technologies supporting the execution of said strategies and tactics, marketers use this for managing the relationship with their customers throughout the customer lifecycle.

# CRM in Manufacturing sector

CRM in the manufacturing sector can give useful insights about operations, inventory management, order processing, warehousing and distribution chains. Having an intelligent supply chain can deliver phenomenal results as it empowers firms to manage production schedules. Companies are leveraging CRM for Manufacturing Industry to streamline their business processes and deliver unparalleled customer service.

# Reasons for CRM in manufacturing sector

- Accurate Demand Forecasting. ...
- Improved Product Quality. ...
- Intelligent Supply Chain. ...
- Enrichment of Customer Relationships. ...
- More Business Won.
- Expansion of business by word of mouth
- Creating brand value and image

# Unit- V

# CRM CHALLENGES AND ISSUES

- 1: Convincing Your People to Change
- 2: Getting Approval from Management
- 3: Handling Data Security
- 4: Leaving Favoured Programs and Software Behind
- 5: Dealing with the Time and Cost of CRM
- 6: Trusting the Technology
- 7: Choosing the Wrong CRM
- 8: Lacking Scope Clarity
- 9: Managing Integrations

# Various technologies used in CRM

- VoIP. Voice over internet protocol
- Web Services and Services Oriented Architecture. Speech Applications. ...
- Outsourced Application Delivery. ...
- Social Networking. ...
- Wireless Connectivity and Applications. ...
- Presence Technologies (RFID, POS)
- Open Source CRM.
- Information Technology (IT) and CRM have three key elements, namely Customer Touch Points, Applications, and Data Stores

# CRM Implementation Roadmap

A CRM Roadmap is a strategic plan that identifies how an organization can meet and exceed its customers' needs. This includes, but is not limited to, assessing how the sales, marketing and service entities work together to gain insight from their customers (e.g. purchase history, desired products/services), produce valuable offerings/products (e.g. personalized product) and provide the ultimate customer experience

# Implementation Road Map

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1. gain insight from their customers (e.g. purchase history, desired products/services),
2. produce valuable offerings/products (e.g. personalized product) and
3. provide the ultimate customer experience (e.g. multiple touchpoints, 360 degree view of the customer).



# Measuring CRM performance, CRM Metrics

- The Top 5 CRM Metrics
- CAC (Customer Acquisition Cost) This metric tells you your price per lead and helps you estimate the total spend for your lead generation efforts.
- Customer Lifetime Value (CLV) ...
- Length of Sales Cycle. ...
- Percentage of Marketing-Originated Customers. .
- Time to Recoup Customer Acquisition Cost.

# • Sales Metrics

- Number of prospects
- Number of new customers
- Number of retained customers
- Number of sales calls made
- Amount of new revenue
- Sales cycle duration
- Number of proposals given
- Marketing

# Marketing Metrics

- Number of campaigns
- Number of campaign responses
- Revenue generated by campaign
- Number of customer referrals
- Number of web page views
- Time per website visit
- Customer lifetime value
- Cross-selling and upselling

# Service Metrics

- Number of issues solved
- Number of cases closed/day
- Average time to resolution
- Complaint time to resolution
- Number of customer call backs
- Percentage compliance with SLAs( service level agreements)
- Calls lost before being answered
- Average call handling time

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