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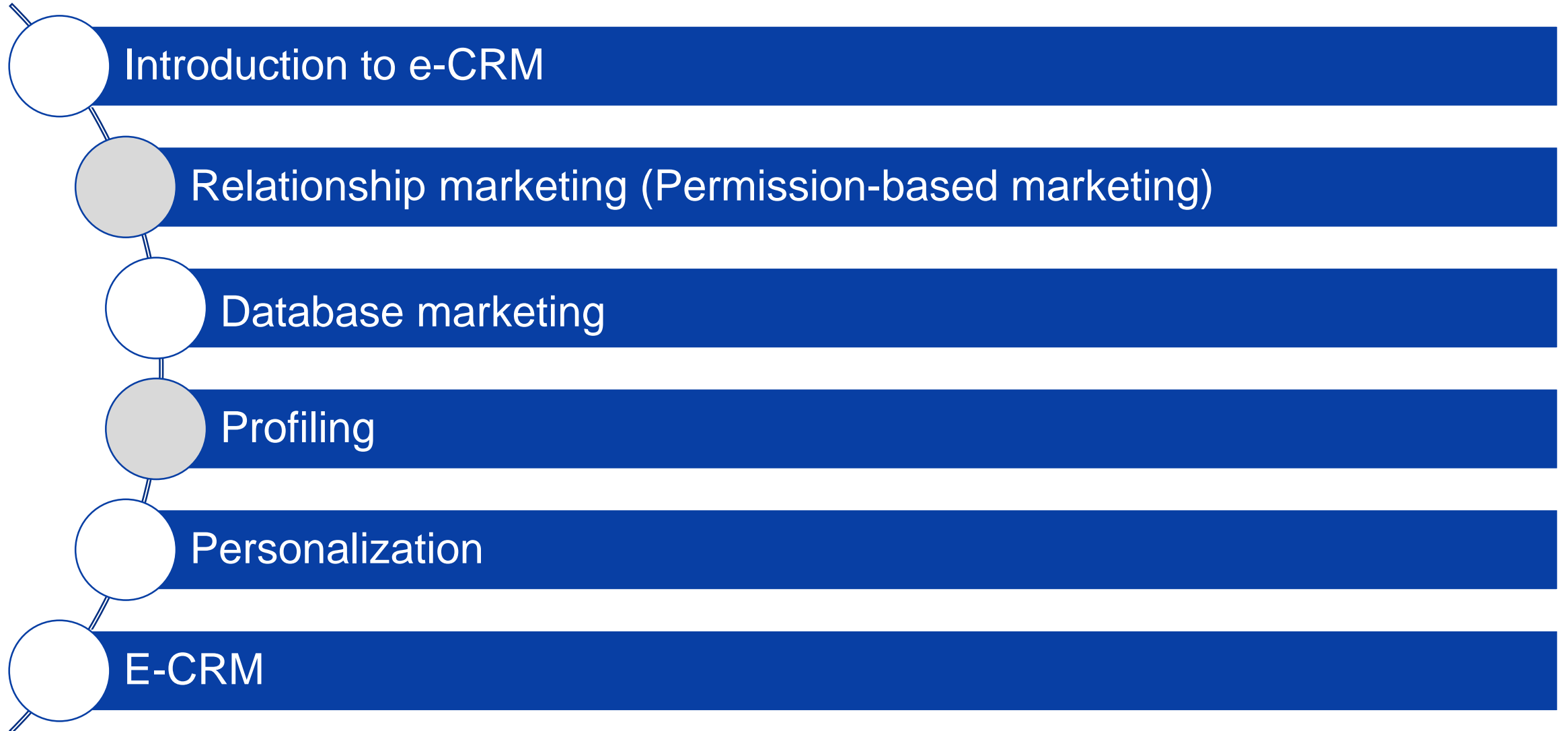
An Accredited Institution of the University of Westminster (UK)

E-Customer Relationship Building (E-CRM)

Lecture 10

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What we plan to cover today:



Introduction: Quick review

- Customer Lifetime Value
- Share of Customer (share of wallet)
 - Customer Equity



- **Sales people and their habits:**
- 48% never follow up with prospects
- 28% make a 2nd contact then stop
- 12% make more than 3 contacts



Why follow Up?

- 2% of sales are made on the 1st call
- 3% of sales are made on the 2nd call
- 5% of sales are made on the 3rd call
- 10% of sales are made on the 4th call
- **80% are sales are made on the fifth to twelfth call**

Source: National Sales Executive Association

Why customers stop buying:

- 1% die
- 3% move away
- 5% form other relationships
- 9% leave for competitive reasons
- 14% due to product dissatisfaction
- 68% due to attitude or feeling of indifference towards them by one or more persons representing your company

The value of **thank you, holiday and recognition cards:**

- Shows appreciation and respect
- Affirmation of a respectable business relationship
- Creates “top of mind” awareness



Source: National Sales Executive Association

Old-new CRM

OLD CRM Systems were about...

An email thread

Or phone calls



- **Web Presence**
- **Online/Mobile Search**
- **Social Media**
- **Online Reviews**
- **Email**
- **SMS/Text**
- **Video**
- **Mobile Apps**
- **Data Access and Reporting**
- **Automation**

Introduction: often mistakes...

- Customer data is lost...
- Customer emails are left unanswered for days...
- Fans' comments are ignored...
- Immediate responses are expected, but more often than not, are not delivered...
- Satisfying customers is simply not enough to keep them...
- Customers and prospects visit fewer sites but spend longer with them...
- Vast number of faulty websites...

- Monitoring customer actions or behaviors (clicks on specific emails or website offers) and then....
- Reacting with appropriate message, either online (through an email follow-up) or offline (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 ten times more profitable to serve an existing customer than recruit a new one

Introduction: what to do...

- Marketer's memory bank...
- After-sale market...
- Sense and respond marketing...

Welcome Email



Sequence of automated emails forming a welcome strategy following initial sales

Boots: “Change one thing” E-CRM campaign

New Year resolutions: 90 per cent of people make New Year resolutions, 50 per cent fail to keep

Target: 25 to 44-year-old women

The web site structure: six core programs: 'stop smoking', 'de-stress', 'eat well', 'get fit', 'look great' and 'lose weight'.

Result:

- 30,000 people signed up to the email program
- More than 5,000 asked to receive SMS texts
- The 'lose weight' component - more than 2,500 individual thoughts were posted on the “Share One Thing” web site

Result: 'Health Club' program run in Boots' stores.



Boots: “Change one thing” E-CRM campaign

Core: the microsite, database of customer preferences and email marketing

Various ad formats: TV, Print ad, banners, super-banners and expandables across a number of web sites, including iVillage and Handbag.com.

Automated, personalized emails were sent throughout the lifecycle of the relationship to...

- Engage existing customers already signed up to e-newsletters
- Encourage customers to select a personal challenge
- Drive customers to the site to encourage them to commit to a challenge and update their progress
- Encourage social interaction – share experience, encourage others
- Subscribe to text reminder services to remind them when they hit a weak spot

The support and advice of the staff in its high-street stores.



Customer relationship management (CRM) is an approach to manage a company's interaction with current and potential customers.

- Have you got the software to exploit the valuable data you can collect from customers?
- Have you got the process in place to ensure excellent service that keeps customer coming back for more?
- E-CRM-----????

On average, purchase intent sees a double-digit increase after someone has been to a site more than once (Flores and Eltvedt, 2005)

SUSPECTS to PROSPECTS to CUSTOMERS to CLIENTS to ADVOCATES

IDIC framework

1. **Customer I**dentification (cookies, log-ons)
2. **Customer D**ifferentiation (segment, characteristics (**Most valuable customer, Most growable customer, Below zero customers**))
3. **Customer I**nteraction (customer service questions, tailored products)
4. **Customized C**ommunications (personalization of emails or content based on different customer segments)

Relationship marketing – Permission marketing

Permission marketing – Seth Godin (1999)



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1. Gaining permission
2. Collaboration (forum, testimonials)
3. Dialogue – triologue (discussion rooms, web-site emails, real-time live chats, callbacks, virtual assistant)

Permission marketing – email contact strategy

Message type	Interval/trigger condition	Outcomes required	Medium for message/Sequence
1. Welcome message	Guest site membership sign-up/Immediate	<ol style="list-style-type: none">1. Encourage trial of site services2. Increase awareness of range of commercial and informational offerings	Email, post transaction page
2. Engagement message	1 month: inactive (i.e.<3 visits)	<ol style="list-style-type: none">1. Encourage use forum (good enabler of membership)2. Highlight top content	Email, home page, side panels deep in site
3. Initial cross-sell message	1 month: active	<ol style="list-style-type: none">1. Encourage membership2. Ask for feedback	Email
4. Conversion	2 days after browsing the content	<ol style="list-style-type: none">1. Use for range of services for guest members or full members	Phone or email



In fact, complaining customers can become friends for life if their problems are dealt with swiftly and professionally.

Customer can and do help each other to solve problems via communities and forums.

Google – Android Developer Complaint Forum



Connect with Facebook

List of friend's birthdays and gift suggestions

Popular products among your friends....

Historical data (transactional or back data including names, addresses, recency, frequency of purchases, responses to offers and value of purchases)

Predictive data (statistical scoring of customer attributes (house type, business type, past behavior etc) to indicate their future behavior)

Email Campaign – Interaction with e-commerce website

Recency	Frequency	Monetary value
Over 12 months	More than once every 6 months	Less than 10 \$
Within last 12 months	Every 6 months	10\$-50\$
Within last 6 months	Every 3 months	50\$-100\$
Within last 3 months	Every 2 months	100\$-200\$
Within last 1 month	Monthly	200\$-

- You could lose 5 % of the whole list every 3 months
- Your list loses 2/3rds of its value in 12 months
- Fresh emails (0 to 3 month old) are each worth three times as much as older emails (12 months old) **(the Marketing Bureau (www.tmb.uk.com))**

Engagement INDEX = Deliverability * Views (opens) * CTR (click through rate) * 100

Email Engagement Index (0-3 months)

Email Engagement Index (9-12 months)

London Fire Brigade data analytics predict fires through profiling...

- **Census data and population demographics**
- **Type of land use**
- **Data on deprivation**
- **Historical incidents and past prevention activity**

Better predictions (Smith and Zook, 2011)



Grandfather clock story



Internet gaming company Victor Chandler uses SAS to do a behavioral analysis to predict lifetime values of new customers.

Internet gaming – Victor Chandler



New customer betting on casinos (instead of poker tables)

Bonus seekers – young male, tight betting, declining betting frequency, infrequent betting
Middle-aged female (their stay is 3 weeks and not worth of relationship building efforts).

Ritz-Carlton Hotels

The most important sound in the world is ... your own name!

Alibaba – recommended shopping list

Youtube – recent and interested topic list

Google – search results based on previous ones

Groupon – offers vary according to your location



HSBC uses personalization

HSBC New web

RESULTS

87.5 percent higher click-through rate (6.88 versus 3.67 %)

Saving accounts opened – increase by 30 %

Non-Premier customers upgrading to Premier – increase by 86 %



Tesco automates relationship building through web, email and direct mail

1. Intended to achieve objective of converting a web site visitor to action;
2. Intended to move the customer from being a first-time purchaser to a regular user;
 1. Intended to reactivate lapsed purchasers.



Trigger event 1. Customer first registers on site (but doesn't buy)

2 days after the registration (auto response - AR) – email sent offering phone assistance and 5 \$ discount off first purchase to encourage trial

Trigger event 2. Customer first purchases online

AR1: Immediate order confirmation

AR2: 5 days after the purchase, email sent with link to online customer satisfaction survey asking about quality of service from driver and picker

AR3: 2 weeks after the first purchase, direct mail offering tips on how to use service and 5 discount on next purchases

AR4: Generic Monthly e-newsletter with online exclusive offers

HOW TARGET FIGURED OUT A TEEN GIRL WAS PREGNANT BEFORE HER FATHER DID



Rain triggered emails – AMF bowling

Sudden changes of weather...

To opt-in bowlers.....

For possible rainy days.... Discounts and vouchers...

Predicted weather conditions – tourism companies



Email marketing systems

- Creating the content
- Managing the list
- Broadcasting the message
- Tracking/Reporting the results



 SendPulse

- Salesforce.com
- Mhelpdesk.com
- Microsoft Dynamics
- Zoho.com
- Repbox
- Sales Now
- Hubspot
- Sugar CRM
- Big Contacts
- Nimble
- Batchbook
- Insightly
- Green Rope
- SuiteCRM
- InStream
- Agile CRM

THANK YOU