

Course: Corporate Communication and Public Relations

Lecture 11: Appropriate description of customer relationship management

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Objectives

By the end of this lesson, learners will be able to:

1. Define well a customer and customer relationship management.
2. Explain clearly the strategies of customer relationship management.

1. Introduction

Customer Relationship Management (CRM) is a process in which a business or other organization administers its interactions with customers, typically using data analysis to study large amounts of information.

CRM systems compile data from a range of different communication channels, including a company's website, telephone, email, live chat, marketing materials, and more recently, social media. They allow businesses to learn more about their target audiences and how to best cater to their needs, thus retaining customers and driving sales growth.

CRM may be used with past, present, or potential customers. The concepts, procedures, and rules that a corporation follows when communicating with its consumers are referred to as CRM.

This complete connection covers direct contact with customers, such as sales and service-related operations, forecasting, and the analysis of consumer patterns and behaviors, from the perspective of the company.

2. Definition

- ✓ Customer Relationship Management (CRM) is a business strategy that aims to understand, anticipate and manage the needs of an organization's current and potential customers.
- ✓ It is a comprehensive approach which provides seamless integration of every area of business that touches the customer-namely marketing, sales, customer services and field support though the integration of people process and technology.
- ✓ CRM is a shift from traditional marketing as it focuses on the retention of customers in addition to the acquisition of new customers.
- ✓ According to Payne (2012), CRM is a holistic strategic approach to managing customer.

3. Important terms

1. Customer

In a business context, a customer is an individual, organization, or entity that purchases products or services from a business or supplier. They are an integral part of any commercial transaction and play a central role in the functioning of businesses. Cambridge Dictionary defines a customer as a person who buys goods or a service.

2. Customer relations

Customer relations, often referred to as customer relationship management (CRM), is the practice of managing and nurturing interactions between a business and its customers. It involves building and maintaining positive, productive, and long-term relationships with customers to enhance their overall experience and loyalty. Customer relations encompass various activities and strategies designed to meet customer needs, resolve issues, and create a favorable impression of the business.

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3. Customer satisfaction

Customer satisfaction is a measure of how satisfied or content customers are with a product, service, or overall experience provided by a business. It is an important metric for evaluating the success and quality of customer interactions and can have a significant impact on customer loyalty, retention, and advocacy.

4. Customer delight

Customer delight goes beyond customer satisfaction and refers to exceeding customer expectations by providing exceptional experiences that leave customers feeling delighted, surprised, and extremely satisfied. It involves creating memorable interactions and going the extra mile to exceed customer needs and desires.

5. Customer loyalty

Customer loyalty refers to the tendency of customers to consistently choose and support a particular brand or company over time. Loyal customers are more likely to make repeat purchases, recommend the brand to others, and have a higher lifetime value. Building customer loyalty is crucial for the long-term success and growth of a business.

4. Purpose of CRM

- ✓ The focus of CRM is on creating value for the customer and the company over the longer term.
- ✓ When customers value the customer service that they receive from suppliers, they are less likely to look to alternative suppliers for their needs.
- ✓ CRM enables organizations to gain competitive advantage over competitors that supply similar products or services.

5. Why is CRM important?

- ✓ In nowadays businesses, the importance of CRM system is unquestionable as it boosts sales workflows, automate marketing campaigns, streamline reporting and gain insights into customer behavior
- ✓ Today's businesses compete with multi-product offerings created and delivered by networks, alliances and partnerships of many kinds. Both retaining customers and building relationships with customers and building relationships with other value-adding allies is critical to corporate performance.
- ✓ The adoption of CRM is being fueled by a recognition that long-term relationships with customers are of the most important assets of an organisation.

6. Challenges

CRM helps to manage interactions with customers and prospects, however sometimes there are some challenges, including but not limited to:

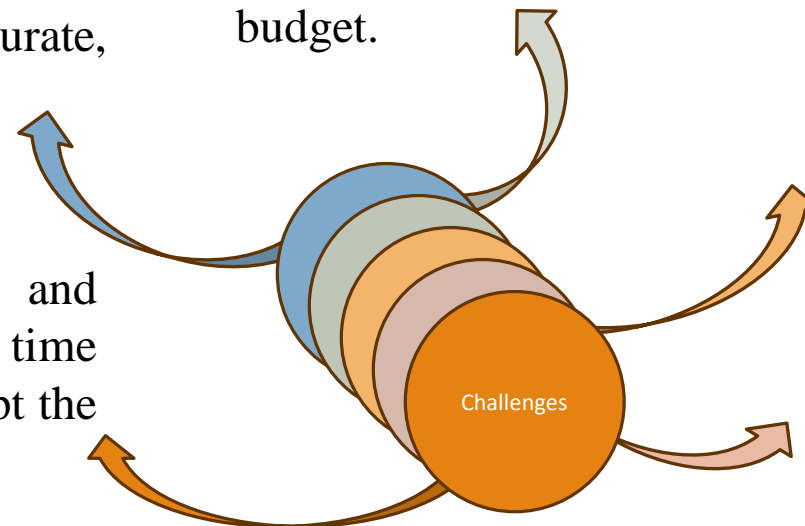
1. Data quality: CRM software relies on the quality of the data inputted, which may be inaccurate, incomplete, or outdated.

2. Time: Choosing and implementing a CRM takes time and resources, and may disrupt the normal workflow.

3. Cost: CRM software and implementation can be very expensive and require a large budget.

4. Communication: CRM software needs to be communicated and aligned with the goals and expectations of the stakeholders, users, and customers.

5. Technology: CRM software needs to be compatible, scalable, and secure with the existing technology and infrastructure of the business



7. Types of CRM

Customer Relationship Management (CRM) is a strategy and technology used by businesses to manage and nurture customer relationships. There are various types of CRM systems and approaches that cater to different aspects of customer relationship management.

The following are some common types of CRM:

1) Operational CRM

Operational CRM focuses on automating and streamlining customer-facing processes and interactions. It includes modules for managing sales, marketing, and customer service activities. This type of CRM helps businesses improve efficiency, track customer interactions, manage leads, and enhance customer support.

2) Analytical CRM

Analytical CRM focuses on analyzing customer data and generating insights to make data-driven decisions. It involves the use of data mining, predictive analytics, and segmentation techniques to understand customer behavior, preferences, and trends. Analytical CRM helps businesses identify opportunities, target specific customer segments, and optimize marketing and sales strategies.

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3) Collaborative CRM

Collaborative CRM emphasizes collaboration and communication between different teams within an organization to better serve customers. It involves sharing customer information, interactions, and knowledge across departments like sales, marketing, and customer service. Collaborative CRM helps improve internal coordination, enhance customer satisfaction, and provide a unified customer experience.

4) Strategic CRM

Strategic CRM focuses on long-term planning and building strong, mutually beneficial relationships with customers. It involves aligning business strategies with customer needs and goals, creating loyalty programs, and implementing customer retention initiatives. Strategic CRM aims to increase customer lifetime value and drive customer loyalty.

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5) Social CRM

Social CRM integrates social media platforms and tools into the CRM strategy. It focuses on monitoring and engaging with customers on social media, gathering social insights, and leveraging social networks for customer relationship management. Social CRM helps businesses understand customer sentiments, manage online reputation, and engage with customers in real-time.

6) Mobile CRM

Mobile CRM enables CRM activities to be conducted on mobile devices such as smartphones and tablets. It allows salespeople, field representatives, and customer service agents to access customer data, update records, and interact with customers while on the go. Mobile CRM enhances productivity, responsiveness, and customer engagement.

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7) E-commerce CRM

E-commerce CRM is tailored for businesses operating in the online retail space. It combines CRM capabilities with e-commerce functionalities, such as managing customer orders, tracking online purchases, and personalizing the online shopping experience. E-commerce CRM helps businesses understand customer behavior, optimize conversions, and provide a seamless online customer journey.

The types of CRM above are not mutually exclusive, and many CRM systems integrate multiple functionalities to address various aspects of customer relationship management. The specific type of CRM that suits a business depends on its objectives, industry, and customer relationship management needs.

8. Strategies for CRM

Customer Relationship Management (CRM) is a crucial aspect of any business, as it focuses on building and maintaining strong relationships with customers to foster loyalty, drive sales, and enhance customer satisfaction.

An individual, a company or an organisation in business needs some strategies to enhance effective customer relationship management. Some of them include the following:

- 1 Segmentation and personalization
- 2 Use CRM software
- 3 Customer feedback and surveys
- 4 Proactive communication
- 5 Multi-channel engagement
- 6 Employee training
- 7 Data analytics
- 8 Loyalty programs
- 9 Problem resolution
- 10 Community building
- 11 Social media engagement
- 12 Customer journey mapping

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1. Segmentation and personalization

- ✓ Put your customer base into different categories based on factors like demographics, purchase history, and behavior.
- ✓ Personalize your interactions and communication to cater to the specific needs and preferences of each segment.

2. Use CRM software

- ✓ Implement CRM software to manage and track customer interactions, sales, and data efficiently.
- ✓ Automate routine tasks to free up time for more meaningful customer interactions.

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3. Customer feedback and surveys

- ✓ Actively seek feedback from customers through surveys, reviews, and direct communication.
- ✓ Use this feedback to make improvements and show customers you value their input.

4. Proactive communication

- ✓ Reach out to customers before they reach out to you, especially when issues or opportunities arise.
- ✓ Notify them about new products, offers, or relevant information.

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5. Multi-channel engagement

- ✓ Engage with customers through various channels such as email, social media, chat, and phone to meet them where they are.
- ✓ Ensure consistency in messaging and customer experience across all channels.

6. Employee training

- ✓ Train your employees to be customer-centric and provide excellent service.
- ✓ Make sure they have the knowledge and tools to access customer information quickly.

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7. Data analytics

- ✓ Utilize data analytics to gain insights into customer behavior, preferences, and trends.
- ✓ Use this information to make data-driven decisions and create targeted marketing campaigns.

8. Loyalty programs

- ✓ Implement loyalty programs to reward repeat customers and encourage loyalty.
- ✓ These programs can include discounts, exclusive access, or personalized offers.

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9. Problem resolution

- ✓ Develop a robust customer support system that focuses on quick and effective problem resolution.
- ✓ Ensure that customers feel heard and valued when they encounter issues.

10. Community building

- ✓ Build a community around your brand or product where customers can interact with each other.
- ✓ This can foster a sense of belonging and strengthen brand loyalty.

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11. Social media engagement

- ✓ Be active on social media to engage with customers, respond to inquiries, and resolve issues publicly.
- ✓ Use social media as a platform for showcasing your brand's personality.

12. Customer journey mapping


- ✓ Create customer journey maps to understand the entire customer experience.
 - ✓ Identify pain points and areas for improvement in the customer journey.
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13. Regular follow-ups

- ✓ Keep in touch with customers even after a sale is made.
- ✓ Follow up with them to ensure satisfaction and gather feedback.

14. Data security and privacy

- ✓ Ensure that customer data is handled securely and with respect to privacy regulations.
 - ✓ Gain customer trust by demonstrating your commitment to their data security.
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It is very important to take into consideration that CRM is not achieved in one day, rather it is an ongoing process. It's not just a software or a set of tactics but a philosophy of putting the customer at the center of your business strategy and consistently working to understand and meet their needs. Kim & Kim (2009) affirm that the effect of CRM process on financial performance is through its effect on customer equity, value, and satisfaction.

9. Benefits of CRM system and strategies

Implementing a Customer Relationship Management (CRM) system and strategy can offer a wide range of benefits to businesses of all sizes.

The following are some of the vital advantages of CRM:

1. Improved customer relationships

CRM helps you build and maintain stronger relationships with your customers by providing a centralized repository of customer data, history, and preferences. This enables more personalized and effective interactions.

2. Enhanced customer service

CRM systems streamline customer support by enabling quick access to customer information and service history, leading to faster issue resolution and improved customer satisfaction.

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3. Increased sales and revenue

CRM tools facilitate sales and marketing efforts by identifying leads, tracking opportunities, and automating sales processes. This can lead to increased sales, cross-selling, and upselling.

4. Lead management

CRM allows for better management of leads and prospects, helping sales teams prioritize their efforts and improve conversion rates.

5. Data organization and accessibility

A CRM system centralizes customer data, making it easily accessible to relevant teams. This results in better data organization, which can lead to better decision-making.

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6. Automation and efficiency

CRM automates routine tasks, reducing manual data entry and administrative work, freeing up employees to focus on more strategic tasks.

7. Targeted marketing

CRM systems provide insights into customer behavior and preferences, enabling businesses to create and deliver highly targeted marketing campaigns.

8. Analytics and reporting

CRM software often comes with robust analytics and reporting capabilities, allowing businesses to track performance, measure KPIs, and make data-driven decisions.

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9. Improved communication

CRM systems facilitate internal and external communication. Team members can collaborate more effectively, and customers can reach out through various channels, ensuring efficient communication.

10. Customer retention

By understanding customer needs and providing excellent service, CRM helps increase customer loyalty and reduce churn rates.

11. Scalability

As your business grows, a well-implemented CRM system can scale with you, accommodating an increasing number of customers, leads, and interactions.

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13. Cross-department collaboration

CRM encourages collaboration between sales, marketing, customer support, and other departments, leading to a more cohesive approach to customer management.

14. Forecasting and predictive analysis

CRM systems can help businesses forecast sales, identify trends, and make predictions based on historical data and customer behavior.

15. Cost reduction

Through automation and improved efficiency, CRM can lead to cost savings in areas like marketing, customer support, and data management.

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16. Compliance and data security

CRM systems can assist with data security and regulatory compliance by providing tools for managing and securing customer data.

17. Competitive advantage

Having a well-implemented CRM system can give your business a competitive edge, as it allows you to deliver superior customer experiences.

In summary, CRM systems and strategies offer a multitude of benefits that can have a positive impact on customer satisfaction, revenue, and overall business performance. When effectively implemented and used, CRM can be a valuable asset for any organization.

10. Technology in CRM

Using technology to support Customer Relationship Management (CRM) is essential for businesses looking to build and maintain strong customer relationships.

CRM technology helps businesses collect, organize, and analyze customer data to better understand their needs and preferences, ultimately enabling more personalized and effective interactions.

Let us look at some of the ways technology can support CRM in a business.

1. Customer data management

Implement a robust CRM software or database system to store and manage customer data. This software should be capable of securely storing information such as contact details, purchase history, preferences, and communication history.

2. Data analysis and insights

Utilize data analytics tools to analyze customer data and gain insights into customer behavior and trends. This allows you to make data-driven decisions and tailor your offerings accordingly.

3. Automation and efficiency

Automation Tools: Implement automation tools for routine tasks like sending emails, reminders, and follow-ups. This saves time and ensures that no important customer interactions are missed.

4. Multichannel communication

Customer Engagement Platforms: Use CRM software that integrates with various communication channels, such as email, social media, chat, and phone. This enables a unified view of customer interactions across all channels.

5. Personalization

Machine Learning and AI: Utilize artificial intelligence and machine learning algorithms to analyze customer data and deliver personalized experiences. This can include product recommendations, personalized emails, and targeted marketing campaigns

6. Customer Support

Ticketing Systems: Implement a CRM system with ticketing features for efficient customer support. This allows you to track and resolve customer issues more effectively.

7. Mobile CRM

Mobile Apps: Develop mobile CRM applications for your sales and support teams. This enables them to access and update customer data while on the go, improving responsiveness.

8. Customer feedback

Surveys and Feedback Tools: Use technology to collect customer feedback through surveys and online forms. Analyze this feedback to make improvements and address customer concerns.

9. Integration with Other Systems

APIs and Integrations: Ensure your CRM system can integrate with other tools and systems, such as marketing automation platforms, e-commerce systems, and ERP systems. This enables a seamless flow of data between different departments

10. Security and Privacy

Data Security Measures: Implement robust security measures to protect customer data. Compliance with data protection regulations, such as GDPR, is essential to build trust with customers.

11. Scalability

Cloud-based CRM: Consider using cloud-based CRM solutions that can scale with your business's needs, ensuring you can accommodate a growing customer base.

12. Training and User Adoption

Invest in training programs to ensure your team is proficient in using CRM technology effectively. User adoption is crucial for the success of your CRM strategy.

13. Feedback loop

Continuous Improvement: Continuously gather feedback from your team and customers to refine your CRM strategy and adapt to changing needs.

By using technology to support CRM, businesses can strengthen their customer relationships, improve customer satisfaction, increase sales, and build brand loyalty. It's essential to select the right CRM technology and customize it to fit your business's specific needs and objectives.

References

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Thank you!