

# **Course: Corporate Communication and Public Relations**

## **Lecture 12: Proper identification of customer relationship management process**

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# Objectives

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

1. Define well the customer relationship management process.
2. Explain clearly the stages of customer relationship management process.
3. Discuss effectively the orientation of customers.
4. Illustrate well customer profiles.

# 1. Introduction

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Customer Relationship Management (CRM) process may vary depending on the specific goals and priorities of a business. It involves understanding and defining the key stages and activities involved in managing interactions with customers.

This typically includes processes related to acquiring, engaging, retaining, and providing ongoing support to customers. Identification involves recognizing the specific steps, strategies, and tools employed to build and maintain positive relationships with customers throughout their lifecycle with a business.

Identification of customer relations management (CRM) in business entails recognizing and understanding the systematic approach and practices employed to manage interactions and relationships with customers.

## 2. Definition

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A customer relationship management system (CRM system) process is a strategy for keeping every customer interaction personalized and meaningful that consists of five main steps. CRM system provides the data and functionalities your team needs to execute this strategy and ultimately turn leads into customers.

The objectives of a CRM process may vary depending on the specific goals and priorities of a business. However, there are several common objectives that organizations aim to achieve through CRM implementation.

CRM is a relationship orientation, customer retention and superior customer value created through process management (Ryals & Knox, 2001).

### 3. Stages of CRM process

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To understand the steps of the CRM process, you have to understand the customer lifecycle. It's one of the first concepts you learn as a sales rep to understand how a person becomes a loyal customer.

The CRM cycle involves marketing, customer service, and sales activities. It starts with outreach and customer acquisition and ideally leads to customer loyalty.

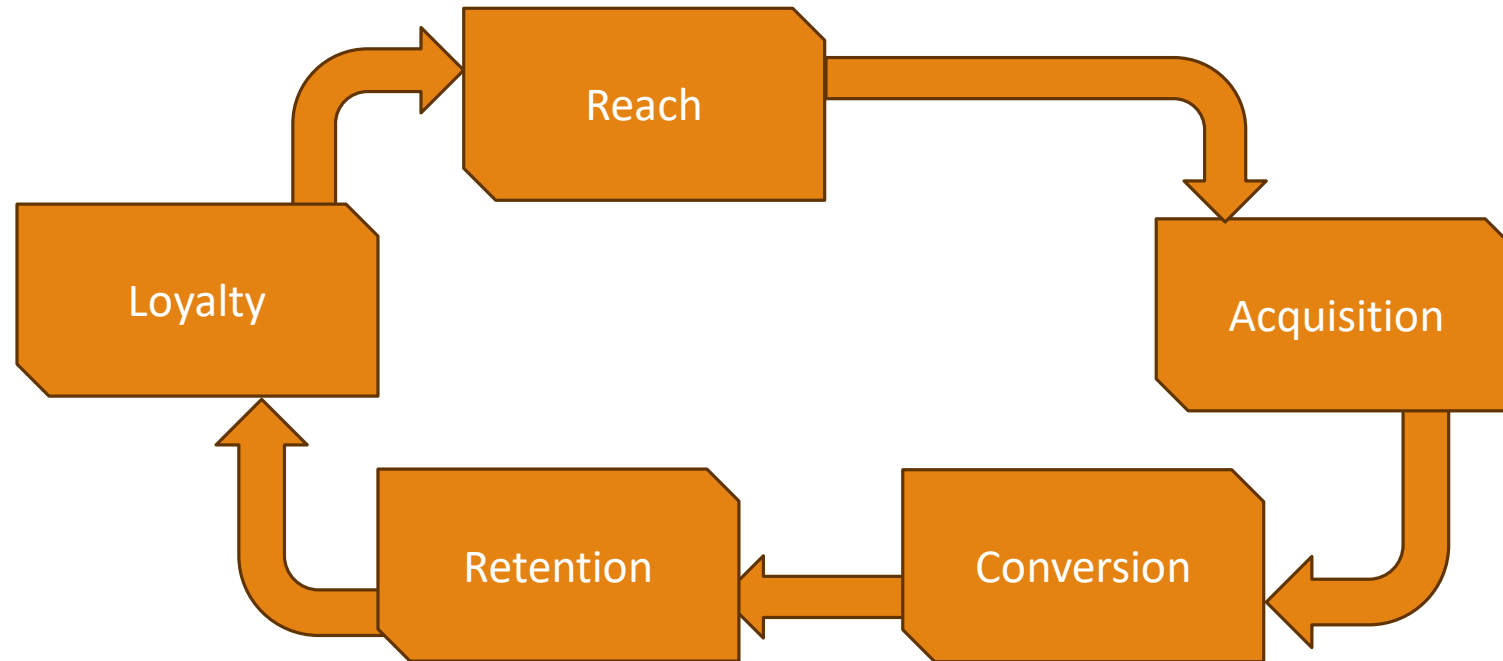
There are five key stages in the CRM cycle:

- ✓ Reaching a potential customer
- ✓ Customer acquisition
- ✓ Conversion
- ✓ Customer retention
- ✓ Customer loyalty

## 4. Customer lifecycle

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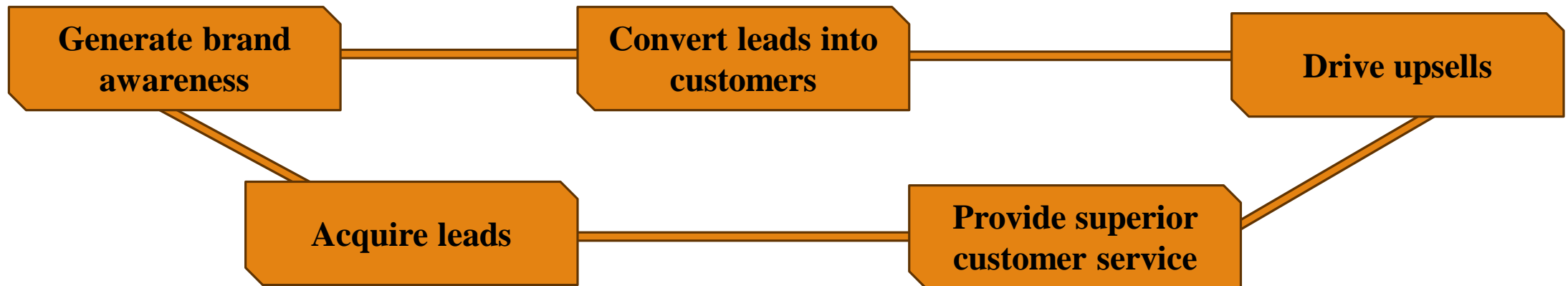
The CRM process is that concept in action. It's the tangible steps an organization must take to help drive consumers through the cycle of learning about your brand and ultimately becoming repeat customers.



## 5. Five steps in CRM process

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In a business setting, the following steps can play an important role in the CRM process to enhance collaborative effort between marketing, sales, and support departments.



## **a. Generate brand awareness**

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In acquiring new customers it is useful to introduce them to the company's business. The marketing team typically takes on this task through a number of measures:

1. Learning about the target audience.
2. Segmenting the target audience.
3. Creating marketing campaigns.

When it comes to completing these steps, a CRM solution is a wealth of information. The tool can show patterns in past leads and customers to give marketing teams a clear picture of their target audience.

Beyond understanding similarities in demographics, marketers can also analyze sales notes in their CRM technology to understand what led to conversions in the past. By understanding what resonated with leads, marketers are better equipped to create effective campaigns.

## **b. Acquire leads**

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Introducing your brand to a potential customer is just the beginning of the CRM process. From there, you have to encourage them to learn more about your business and engage with it.

Depending on how your company is structured, this lead acquisition step could be a marketing or sales team responsibility or both. Your marketing team, for example, might encourage website visitors to share their email with a newsletter signup CTA or a social media giveaway.

Sales, on the other hand, could use their CRM system to set up live chat on your site. With this feature, your team can proactively reach out to potential customers who land on your website.

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If your CRM technology comes equipped with a lead enrichment tool, like Reach, lead acquisition is unbelievably simple.

All the tool needs is a lead's email address to instantly reveal detailed information about the person.

With customer data, you can personalize your outreach with the lead to start the relationship off on the right note.

Not to mention, you can save tons of time by not needing to research leads yourself.

## **c. Convert leads into customers**

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You've successfully engaged with your leads, and they're interested. Now it's time to turn those leads into customers.

To do so, sales reps must first be skilled at identifying how interested leads are and, specifically, whether they're interested enough to make a purchase. A CRM system is very helpful here.

The historical data from past successful sales can be used to identify lead-qualification criteria. These criteria can be added as "attributes" to your CRM's lead-scoring tool to help reps identify opportunities with the highest probability of a sale.

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If leads do seem likely to make a purchase, reps must then be able to nurture them further and build their trust enough to convert. One way to do this is for reps to send leads case studies, white papers, and other resources that may sway their decision.

Reps should also use their CRM platform to set reminders and tasks to follow up with interested leads.

Use your CRM's dashboard to help you remember to follow up to ensure that no opportunities are missed.

## **d. Provide superior customer service**

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You've successfully converted your lead into a customer. Great! But the CRM process doesn't end when a customer converts. In order to grow as a company, you need to retain customers. How do you keep that customer coming back? Excellent service from support.

In a business, customer service is the biggest factor that determines a consumer's loyalty to a brand.

Conversely, poor customer service can cost you customers and negatively impact your reputation. Support teams must be able to deliver superior support whenever, wherever, and however their customers expect it.

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Forty-nine percent of customers say being able to resolve their issue quickly is the most important aspect of a good customer service experience. With CRM tools, support agents can easily access the historical customer information they need to resolve a ticket quickly.

Fifty-seven percent of customers expect to have a choice of channels when reaching out to customer support. CRM features allow support agents to not only provide omnichannel support but also manage those conversations in a single, unified view.

With the right CRM, your agents have the customer information and resources they need to resolve a customer's issues quickly and effortlessly. This allows for a stress-free and efficient experience for both the customer and the support agent.

## **e. Drive upsells**

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When we think of a returning customer, we imagine a shopper continually coming back to the same business to buy the products they know and love. But there is another key way existing customers provide value — by upgrading to more expensive products.

How do you convince customers to switch products? Personalized recommendations via email are a great place to start. You can use your CRM to organize customers into smart lists based on similar purchase histories.

You can then create custom email templates that send relevant product releases to entire lists of customers at once. This way, you can be sure the promotional deals or releases you send are reaching the people most likely to buy them.

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If your business is service-based, you may find upsell opportunities through check-in calls. Set reminders in your CRM to regularly reach out to repeat customers to ask how they're doing and whether there is any way you could improve your service.

With a CRM process, the customer lifecycle no longer feels abstract. The right CRM enables you to create a deliberate, personalized experience that naturally drives leads through your sales pipeline.

## **6. Why Should You Implement a CRM Process?**

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By now, you would have understood that a data-driven customer relationship management strategy is all that you need to focus on the most valuable prospects, make every customer interaction matter, and grow your business. But do you think that you must implement a CRM process? Let's find it out.

### **i) Boost Sales**

By implementing the CRM process, businesses can increase their sales productivity. With the help of pipelines and task management tools, you can streamline your sales process and boost your revenue. When you automate most of your repetitive tasks using tools, you give your sales reps plenty of time to work on their skills and improve their closure rate.

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## **ii) Streamline Business Tasks**

When you have your CRM strategy in place, you get the new wheel for your business. Everything may seem under control until scaling operations become a problem. No matter how many clients and employees you have, you will always be able to manage your tasks and stay on top of them.

## **iii) Improve Customer Satisfaction**

A CRM strategy can help achieve more customer satisfaction. When you are able to satisfy your customers, they will buy more from you and stay with you. This will help you enjoy the benefits of positive word of mouth as happy customers will spread the word about your both online and offline. This will further help you acquire more customers at a much lower cost.

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## **iv) Improve Products & Services**

Implementing a CRM process can help enhance your products and services. A dedicated CRM will keep an eye on how you have been performing on social media and what your customers are saying about your services. These insights can help you find ways to improve your products and services.

You can never go wrong in catering to your customer's needs. This requires you to offer personalized customer interactions that make your customers interested in what you sell. A well-defined CRM process can help you with this experience throughout the customer's buying process.

# 7. Insight Into e-CRM

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E-CRM, or Electronic Customer Relationship Management, is a specific approach to managing customer relationships that leverages digital technologies and channels. It focuses on using electronic means, such as websites, email, social media, and mobile applications, to interact with customers, gather customer data, and provide personalized experiences. It considers the following:

1. Steps in building an ECRM Solution
2. Business objectives
3. E-CRM continuum in terms of process and technology
4. Business processes and changes needed to support its goals
5. Plan and timetable to implement processes. Erect the necessary data warehouse to attain a consolidated view of the customers
6. Implementation and integration E-CRM applications

## 8. Three dimensions of e-CRM

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CRM (Enterprise Customer Relationship Management) typically encompasses three key dimensions namely:

- i. Acquisition
- ii. Getting expansion
- iii. Retention

## 9. Analytical CRM

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Analytical CRM supports organizational back-office operations and analysis. It deals with all the operations and processes that do not directly deal with customers.

Hence, there is a key difference between operational CRM and Analytical CRM. Unlike from operational CRM, where automation of marketing, sales-force and services are done by direct interaction with customers and determining customer's needs, analytical CRM is designed to analyze deeply the customer's information and data and unwrap or disclose the essential convention and intension of behavior of customers on which capitalization can be done by the organization.

Primary goal of analytical CRM is to develop, support and enhance the work and decision making capability of an organization by determining strong patterns and predictions in customer data and information which are gathered from different operational CRM systems.

## **a) Key features of analytical CRM**

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Seizing all the relevant and essential information of customers from various channels and sources and collaboratively integrating and inheriting all this data into a central repository knowledge base with an overall organization view.

Determining, developing and analyzing inclusive set of rules and analytical methods to scale and optimize relationship with customers by analyzing and resolving all the questions which are suitable for business.

Implementing or deploying the results to enhance the efficiency of CRM system and processes, improve relationship and interaction with customers and the actual business planning with customers.

Combine and integrate the values of customers with strategic business management of organization and value of stakeholders.

## **b) Advantages**

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Analytical CRM is a solid and consistent platform which provides analytical applications to help predict, scale and optimize customer relations.

Advantages of implementing and using an analytical CRM are described below.

- ✓ Leads in making more profitable customer base by providing high value services.
- ✓ Helps in retaining profitable customers through sophisticated analysis and making new customers that are clones of best of the customers.
- ✓ Helps in addressing individual customer's needs and efficiently improving the relationships with new and existing customers.
- ✓ Improves customer satisfaction and loyalty

## **c) Analysis**

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The power of CRM provides a lot of managerial opportunities to the organization. It implements the customer information in an intelligent way and creates views on customer values, spending, affinity and segmentation. Analysis is done in every aspect of business as described below:

### **1. Customer analytics**

This is the base analytic used to analyze customer knowledge base. It provides a better view of customer behavior and by modeling, assessing customer values and assessing customer's portfolio or profiles and creates an exact understanding of all the customers.

### **2. Marketing analytics**

This helps discovering new market opportunities and seeks their potential values. It also helps in managing marketing strategies and scale and plan marketing performance at district, regional and national levels. Marketing analytics also focus on campaign management and planning, product analysis and branding.

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## **3. Sales analytics**

Sales analytic provides essential environment to plan, simulate and predict sales volumes and profits by constantly analyzing organizational sales behavior. It helps in pipelining all the selling opportunities in an efficient way by indulging and improving the sales cycle.

## **4. Service analytics**

Analytical CRM has major role in enhancing the services which answering all the questions regarding customer satisfaction, quality and cost of products, complaint management etc. It even helps in improving and optimizing the services by sophisticatedly analyzing the service revenue and cost.

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## **5. Channel analytics**

This type of analysis helps to determine the customer behavior on channel preferences, like web channel, personal interaction, telephone channel etc. This information is efficiently integrated in customers' knowledge base so that they can be contacted accordingly.

The essential results produced by Analytical CRM system could diversely help the organization to tackle customers' based on values. It also helps in determining which customer is best to invest in, which can be treated at an average level and which should not be invested in.

## **d) Misunderstandings about CRM**

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Many companies have misconceptions about CRM in regard to assessing customer satisfaction in order to enhance business.

There are several misunderstandings in Customer Relationship Management to be checked otherwise these may cost the organization revenue and profits.

Customer relationship management (CRM) is a vital skill for any business that wants to attract, retain, and satisfy its clients. However, there are many misconceptions about what CRM entails, how it works, and what benefits it can bring.

## **e) Identifying CRM with a software system**

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CRM is a business strategy which consists of people and business processes in addition to technological implementations. A successful implementation of CRM is not possible without each one of them. So CRM is not an IT issue only to be simply equated to software.

It would be improper to have a successful business purely ‘technology-centric’ ignoring the importance of people and processes. Software is only an enabling or a facilitating device. The process is implemented and enabled by the software only when it is properly designed and developed by people.

Then only it can deliver customer and company value. Therefore the right implementation sequence has to be followed and it must include proper competencies and people’s attitudes, the right business strategies and then the right IT implementation.

## **f) CRM is a complicated system, difficult to understand**

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The meaning of CRM is simple; to fetch customers, retain them and maximize profitability. Because of the fast developing technology there is pressure on IT professionals to cope up with the recent developments.

So the ‘how’ part of implementing CRM may be felt difficult. But the ‘why’ part of the CRM concept is also not difficult to understand. If we go back to the times when there was no IT implementation, still customer relationships were being managed then by keeping in mind a customer database.

Now, in the present times technology is more advanced and the quality of customer management have been entirely changed. But the core of CRM and the target remain the same - to maximize business profits. Keeping this perspective in mind proper techniques must be employed to access its utility.

## **g) CRM is expensive and unaffordable by small enterprises**

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It is a myth that IT maintenance cost is unaffordable by small and medium class entrepreneurs. Nowadays Application Service Providers with simple and limited functions have been introduced to provide CRM at affordable prices.

Its operation is easy without involving expensive IT professionals. Therefore to target good results emphasis should be on people and procedure strategies and utilize software at the end part only.

## **h) Wrong assessment for the Return On Investment in CRM**

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In CRM implementation, Return on Investment (ROI) means the evaluation of returns with the costs incurred. CRM is sometimes regarded as giving a poor ROI. It is the wrong way to think so.

In fact, the probability of poor ROI increases if CRM is not deployed. The main causes of poor ROI are ignoring people and procedure strategies, absence of quantified benchmarking to measure the results, lack of vision in strategic acquirement of opportunities etc.

## **i) Who is responsible for CRM implementation?**

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The marketing officer, a person in charge of sales, customer service, or IT officials? It is not advisable to lay the responsibility on all of them individually because none of them will feel his/her responsibility.

The responsible person should be the CEO/manager who is the leader of the enterprise and he/she is the one who formulates and manages the business strategies. Why the other person should be pressurized? In order to have a better success index, the CEO and the immediate deputy should be well educated and trained for a better implementation of CRM.

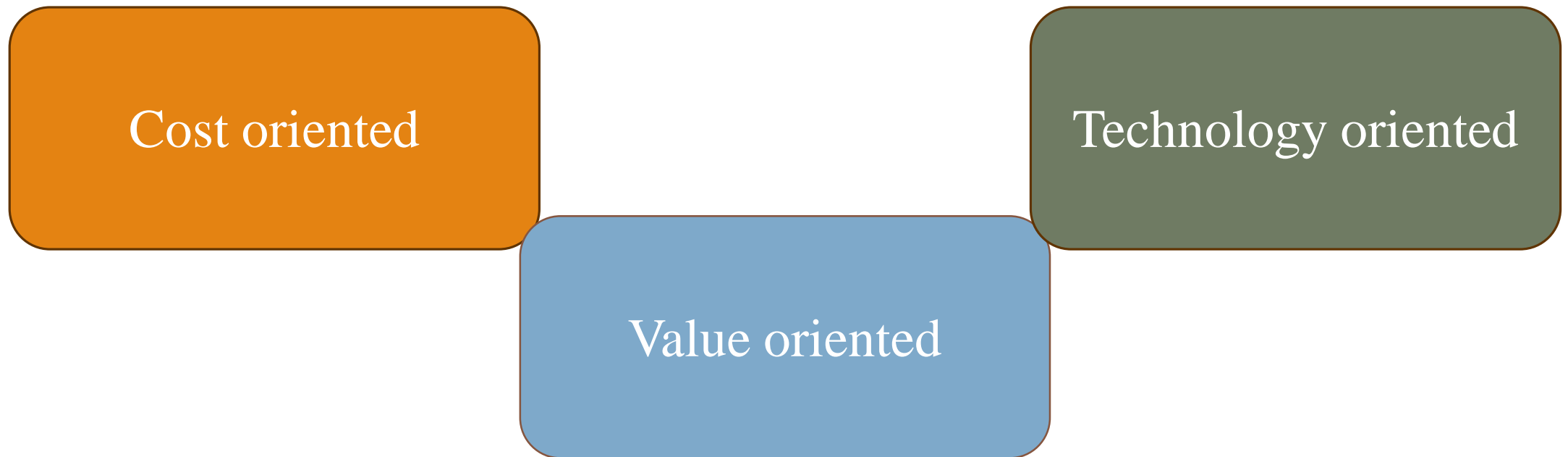
A better understanding of different dimensions of CRM therefore is a must to potentially enhance the benefits of CRM implementation.

## 8. Orientation of customers

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Orientation of customer means how the customer's preferences are possessed or in which areas of business the customers are conscious.

A customer can be:



## **a) Cost oriented customers**

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A cost-oriented customer focuses on least costs products and is ready to compromise on efficacy, performance and quality.

These types of customers are always prone to loss as when they have sudden problems with the products they always blame the supplier without judging that they themselves are responsible for this loss.

Some of the related type customers have a tendency to fix problems locally without taking supplier's direct help as it is anyway cheaper.

## **b) Value oriented customers**

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Value oriented customers will always stick to efficient and high performing products as they know that during a long run this would be a profitable deal.

They are interested in investing higher initial capital cost and then enjoy the cost free benefits in future.

## **c) Technology oriented customers**

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These customers opt for best technology rather than less cost or good quality and performance.

These customers are technology conscious because they feel that usage of best and newest technological products would help them to remain sustained in the changing technological environment.

For suppliers who are based on making or launching trended technological products have a good chance in capturing these customers and finding business out of them.

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It is necessary for a supplier to study the orientation of customers before dealing with them as it will help them to identify the specific customer needs and transact accordingly.

By identifying the orientation of customers the suppliers could easily make their strategies to grab customers by fulfilling their aspirations and turn them to satisfy customers.

## 9. Customer modeling

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Customer modeling is the process of predicting and forecasting behavioral aspects of customers' future perspectives.

The process includes identification of marketing and campaigning targets and optimizing predictive analysis.

The following are the broadly discussed aspects of customer modeling:

## **a. Response modeling**

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Modeling enhances the organization's knowledge on each individual customer and identify if the customers under specific segment are good and effective for marketing campaigns and promotion. This process includes validation and testing of collected customer response data and information. After analyzing and computing this data, scores or ranks are assigned to customers that represent their willingness to respond to a specific program or promotion.

The approach is to divide the customers into modules or sub groups and then assign probability of response to each sub group. Marketing professional and decision making personals then decide the exact number of customers to be included in that particular promotion or program.

## **b. Predicting customer behavior**

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All the organizations are interested in determining the future value of all their existing customers.

Modeling techniques are used to predict life time value of customers and profit impacting customer behavior like probability of product purchase, frequency of product purchase, spending capabilities, loyalty, usage of support and services.

These predictive models support various kinds of processes like marketing campaigns, forecasting of financial and developmental aspects, customer budget management and asset management.

## **c. Return on investment (ROI) optimization**

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Modeling emphasizes on optimizing following marketing activities like pricing, channeling and response medium determination.

Organization usually gets highest return on investment from their marketing promotions by modeling the price elasticity of customers so that a valid offer can be given to each customer.

By this the profit margin of product increases with low cost to the organization.

## **d. Measuring market impact**

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In today's scenario, organizations have to come up with efficient and attractive marketing programs to communicate with customers and convey their message because customers are exposed to the open market where marketing competition is inevitable.

Due to on market biased behavior, the predictions and analysis could defect from actual implementation.

Modeling being multidimensional in nature helps to measure and sustain this impact of marketing on customers' behavior in a controlled and efficient manner.

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Modeling and profiling are mostly same but the basic difference between them is the factor of time involved in modeling processes; as the modeling is not a static process. Modeling is quite more sophisticatedly implemented and thus making it powerful technique to predict customer behavior.

Modeling process is action oriented and is not at all static throughout the customer life cycle.

Profiling on the other hand is static and no action is taken apart from just recording the actual information and doing analysis on that information.

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Modeling on other hand involves action to be taken over times. Modeling also increases the return on investment and enhances business perspectives by fetching out good profit.

Being more powerful and effective technique, marketing professionals prefer customer modeling in place of customer profiling because they have to deal with actual customer data.

# 10. Customer profiling

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Customer profiling is a marketing strategy that uses data to create a picture of the perfect customer who will interact with your product or service. Done correctly, a useful customer profile will act as a guide for your marketing and advertising to reach your ideal customers.

Customer profiling is not like customer segmentation. In fact, customer segmentation is grouping your customers based on common characteristics, such as marital status, age, location, and other factors. This information is used to guide targeted campaigns. Sometimes, segmentation offers a focus that is too narrow to actually reach the audience you want. It just doesn't address the whole customer. Whereas, customer profiling is centered on the customers' habits and experiences. It looks at pain points and touchpoints.

In other words, customer profiling is about your customers' personalities. Its purpose is to understand your customers so you can offer a better experience, product, or service to the people who actually use your product.

# 11. Customer profiling strategies

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There are various ways to do customer profiling. Psychographic, consumer typology, and consumer characteristics are three useful strategies.

There are other approaches that use affinities, heavy emphasis on demographics, and other characteristics.

## **a. Psychographic strategy**

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This customer profiling strategy focuses on lifestyles; the how, when, and why people make purchases. This information is useful in understanding buying behavior and customer journey.

The psychographic strategy may include these factors:

- ✓ Interests
- ✓ Lifestyle
- ✓ Goals
- ✓ Pain points
- ✓ Habits
- ✓ Values

## **b) Consumer typology method**

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In this method, customers are analyzed by motivation, mindset, and how they engage.

Consumer typology distinguishes between:

- ✓ Loyal consumers
- ✓ Discount consumers
- ✓ Impulse consumers
- ✓ Need-based consumers

## c) Consumer characteristics strategy

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This strategy looks at traits that influence customers buying decisions. Are they driven by convenience (easy and fast)? Or reviews (what their connections say)? Or is it all about their experience (do they crave a personalized experience)?

In other words, it identifies the following characteristics

- ✓ Convenience-driven
- ✓ Connectivity-driven
- ✓ Personalization-driven

## **12. Creating customer profiles**

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Now that you know what customer profiling is and how it will benefit your business, let's talk about creating a customer profile. Rely on data about existing customers to take the guesswork out of profiling.

## **a) Determine the problem your product or service solves**

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Market research will help you figure this out.

- Who are your customers?
- How are they using your product?
- And why are they using it?

This understanding of the problem that you're solving with your product is a critical first step.

## **b) Gather information**

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Start by reviewing your customer journey map. You don't need to identify every touchpoint on the way to a goal for this purpose. Just keep the customer journey in mind to help you understand the needs, challenges, and goals of your customers.

Now it's time to put together demographic information, which may include age, race, gender, marital status, education level, employment, income, and location. You're looking to determine what market your product serves.

## **c) Collect feedback**

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While you could rely on data alone to create your customer profile, it helps to know who your customers really are. We understand that it can be time-consuming, but we recommend conducting some customer interviews. Face-to-face interaction between your team and your customers can reveal valuable information that data just can't show.

Face-to-face interviews is a good approach to learn more from customers. Video or telephone interviews aren't as engaging as meeting in person, but they are still a way of meeting your customers. If they're willing to take the time to talk with you, they are probably loyal customers and worth the time.

## **d) Study customer habits**

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Find out more about what motivates your customers to make a purchase. Determining motivation will help you plan sales, make informed product feature decisions, and consider what new products you may develop in the future.

Discover customer habits by:

- Using a loyalty program to collect data in exchange for discounts or coupons
- Rewards-based surveys about purchasing patterns
- Examine updated inventory numbers to see what customers are buying frequently
- Create sales directed at specific types of customers, such as convenience-driven customers, to see what merchandise sells most to this specific group

## **e) Consider the competition**

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As tempting as it is to ignore them, your competition is out there. Look at their reputation and products in comparison to your own. Ensure that your brand is distinctive and stands out from the crowd.

## **f) Keep your customer profile up to date**

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This is not a “one and done” marketing strategy. As your company grows and product lines expand, you’ll need to update your customer profiles with new information, such as how your customers use your new product or service, the frequency with which they use your product, and whether the end-user is the customer or someone else.

# Reference

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Ryals, L.J., & Knox, S. (2001). Cross-functional issues in the implementation of relationship marketing through customer relationship management. *European Management Journal*, 19, 534-542.

*Thank you!*