

## **II BBA---CUSTOMER RELATIONSHIP MANAGEMENT**

### **Unit 1:**

CRM-Introduction-Definition-Need for CRM-Complementary layers of CRM-Customer Satisfaction-Customer loyalty-Product Marketing-Direct Marketing.

### **Meaning of CRM:**

CRM is a technology for managing company relationships and interactions with customers .A CRM system helps companies stay connected to customers, streamline processes, and improve profitability.

### **Definition:**

According to Gartner, "CRM is a business strategy designed to optimise profitability, revenue, and customer satisfaction.

### **Needs / Objectives of CRM:**

#### **1. Enable the company to identify, contact attract and acquire new customers:**

Identify and target market with high revenues  
Select contact media, plans promotions and incentives

#### **2. Obtain a better understanding of the customers their wants and needs:**

CRM applications used in with data warehousing, E-Commerce applications and call centres'.

#### **3. Managers and optimizes company's sales cycle:**

The productivity of the sale process is increased by accurating the contracting process and improving revenue. Online order entry, credit card processing, tax calculations, billing, order status and payment processing.

#### **4. Identifies cross selling and up selling opportunities:**

CRM can help in identifying opportunities for selling and up selling higher value added services to the customers based on their past purchasing behaviour.

### **Complementary Layers of CRM:**

CRM is a term that is often referred to in marketing. This is because CRM can be considered from a number of perspectives.

1. CRM from the information technology perspective.
2. CRM from the customer lifecycle perspective.
3. CRM from the business strategy perspective.

1. **CRM From the information technology perspective:**

From the technology perspective companies often buy in to software that will help to achieve their business goals. It based customer mgt system to support sales people. CRM have 3 key elements:

A) **Customer touch points:**

Customer touch points are vital since your business has a marketing orientation and focuses up on the customer and his or her current and future needs. This is the interface between your organisation and its customers.

B) **Applications:**

Applications serve marketing (e.g) data mining software and permission marketing.

C) **Data stores:** contain data on every aspect of the customer and the customer life cycle.

Data stores for patterns or relationships between groups or individuals or segments.

2. **CRM from the customer life cycle perspective:**

The customer life cycle has obvious similarities with product life cycle. Customer life cycle focuses up on the creation of and delivery of lifetime value to the customer.

3. **CRM from the business strategy perspective:**

The business strategy perspective has most in common with many of the contained website and indeed with in the field of marketing itself. 3key phases and 3contextual factors.

**1.Customer acquisition:**

This is the process of attracting our customer for the first their first purchase.

**2.Customer retention:**

Our customer returns to us and buys for a second time.

**3.Customer extension:**

Our customers are regularly returning to purchase from us.

**4. Marketing orientation:**

Marketing orientation means that the wholes organisation is focused up on the needs of customers.

**5. Value creation:**

Centres on the generation of shareholder value based up on the satisfaction of customer needs and the delivery of a sustainable competitive advantage.

**6. Innovative information technology:**

IT must be up to date. It should be efficient, speedy and focus up on the needs of customers.

**CUSTOMER SATISFACTION:**

It is a measure of how products and services supplied by a company meet or the customer expectations. Customer satisfaction=Delivery-Expectations.

**Factors influencing customer satisfaction:**

**Product (Basic design):**

Designers are with customer needs, the designing, manufacturing and quality control.

**Sales Activity:**

The company sends out in its advertising and promotion programmes.

**After-sales:**

Guarantees, parts and service, feedback, complaints, handling, and overall responsiveness to a customer with a problem.

**Culture:**

Intrinsic values and beliefs of the firm as well as the tangible and intangible symbols and systems it uses to in still these values in to employee behaviour at all levels.

**IMPORTANCE OF CUSTOMER SATISFACTION:**

**Customer oriented management:**

During the course of a customer satisfaction analysis, customer share goals, needs, offer to the expectations and perceptions of the customer. Because of reliable feed back received from the customers side, it is possible for the company to guide its actions toward establishing and assuring a long term relationship with the customer.

**Comparison with the competition:**

A Customer will only maintain a relationship with a company if the products and services be being offered lead to satisfaction and are better than alternative offers.

**Comparison over time:**

It is important for a company to not only use satisfaction or dissatisfaction but to also use them for analysing and deriving possible strategies for action. Comparisons can be derived with regard to product and service quality over a given time period.

### **Loyalty:**

The term brand loyalty is used to describe the behaviour of repeat purchases, as well as those that offer good ratings, reviews, or testimonials. Customers may express high satisfaction levels with a company in a survey, but satisfaction does not equal loyalty.

### **Reduced cost:**

A highly satisfied customer costs less to serve than a new customer. A highly satisfied customer is willing to pay more for the product or service. Customer tells their family and friends about the product or service.

### **Customer satisfaction process:**

They suggest five categories of approach.

1. **Customer satisfaction indices:** customer satisfaction indices are among the most popular methods of tracking or measuring customer satisfaction.
2. **Feedback:** Feedback in this context includes comments, complaints and questions, it may be among the most effective means of establishing the customer's regard as a satisfactory level of performance.
3. **Market Research:** In addition to research among customers and non-customers in to potential 'satisfiers, dissatisfiers, and customer expectations.
4. **Frontline personnel:** Direct contact with staff can provide a good means of listening to the customers.
5. **Strategic activities:** Actively involving the customer in the company decision making may be means of pre-empting potential "dissatisfiers" and establishing potential "satisfiers".

### **BENEFITS OF CUSTOMER SATISFACTION:**

- ❖ Increase customer loyalty
- ❖ Reduces price elasticity
- ❖ Insulates market share from competitors
- ❖ Lowers transaction cost
- ❖ Reduces failure rates and cost of attracting new customers.

- ❖ Improves the firms reputation in the market place.

Customer satisfaction	Customer Retention	Customer profitability
-----------------------	--------------------	------------------------

### **CUSTOMER LOYALTY:**

Customer loyalty indicates the extent to which customers are developed to a company's products or service and how strong is their tendency to select one brand over the competition.

#### **ADVANTAGES:**

1. Building relationships with customers.
2. Gathering customer information.
3. Depending market position
4. Planning against competitive activity.

#### **Classification of customers with reference to loyalty:**

There are six classifications of customers in respect of loyalty:

1. Current loyal customers will continue to use the product or service.
2. Current customers may switch to another brand
3. Occasional customers increase consumption of the brand if the incentives were right.
4. Occasional customers decrease consumption of the brand if competitor offered the right incentive.
5. Non-users could become customers.
6. Non-users could never become customers.

#### **TYPES OF CUSTOMER LOYALTY:**

1. Supplier loyalty
2. Supra-loyalty
3. De-loyalty

##### **1. Supplier loyalty:**

Many customers are not only loyal to a particular brand, but also loyal to particular supplier, of customer known as hostage. Somebody has no choice but to be a customer of a particular brand or supplier.

## **2. Supra loyalty:**

Supra loyalty is a term that can be applied to those are extremely. loyal to an organisation, product or service.

## **3. De-loyalty:**

A Customer makes a deliberate decision to move to another organisation because he or she has been let down by an organisation.

## **PRODUCT MARKETING:**

“The essential element of marketing is customer want satisfaction. The customers want satisfaction is the economic and social reason for an organisation’s existence.”

## **THE MARKETING PLAN:**

### **1. Market Research:**

A Situation analysis is broken down in to several different areas. Swot analysis, customer analysis competitor appraisal, and resource analysis.

#### **a) Customer analysis:**

The demography the population in a group or areas of an assortment of places.

#### **b) Competitor appraisal:**

Direct competition: when one business approaches the customers of another business and attempts to win them over. Substitute products: Another type of competition which can come from one company producing a substitute product of another company’s product line.

#### **c) Resource analysis:**

Staff, finance ,assets swot analysis.

### **2. Objectives and strategies:**

#### **a) Specific objectives:**

Increasing market share. Expanding product image. Targeting the geographical representation. Expansion of marketing opportunities.

**b) Strategies and analyzing of target market:**

Selecting and analyzing a target market. Creating and maintaining a marketing mix. Creation of advertising and promotional ideas.

**c) cost /Benefit analysis:**

This is a detailed study of the business operating section of the organisations profit and loss statement.

**MARKETING MIX:**

Is a combination of marketing tools that a company users to satisfy their target customers and achieving organisational goals.

**1. Product:**

Product is the actually offering by the company to its targeted customers. Product may be tangible goods or intangible services.

**2. Price:**

Price includes the pricing strategy of the company for its products. Pricing strategy not only related to the profit margins but also helps in finding target customers.

**3. Place:**

Availability of the product at the right place, right time, and right quantity is crucial in placement decisions.

**4. promotion:**

Promotions includes all communications and selling activities to persuade future prospects to buy the product.

**SEVEN PHASES TO NEW PRODUCT DEVELOPMENT PROCESS:**

**Idea generation:**

The idea for making a new product shall first of all be conceived by the marketer.

**Product screening and evaluation:**

The idea conceived shall then be reviewed to check whether it will materialise. Availability of men, machinery, materials, and money must be ensured.

**Concept testing:**

The marketer may be interested in knowing the reactions of the buyers to the idea of the product.

**Business analysis:**

In this phase, the businessman will carry out such further analysis that will help him to know the cost of making the product ,cost of distribution and the profits to accure.

**Product development:**

At this stage, the businessman will do all that necessary to start production.

**Test marketing:**

By test marketing the complete marketing plan for the product consisting of pricing, sales promotion, advertisement, and channels of distribution needs evaluation.

**PRODUCT LIFE CYCLE:**

The time during which the product lives in the market. That is called product life cycle.

- **Introduction:** when a product is introduced in to the market. If the product has no or few competitors ,a skimming price strategy is employed.
- **Growth:** competitors are attracted in to the market with very similar offerings. products become more profitable and companies form alliances, joint ventures and take each other over.
- **Maturity:** Those products that survive the earlier stages tend to spend longest in this phase. Sales grow at a decreasing rate and then stabilise.
- **Decline:** At this point there is a downturn in the market. for example more innovative products are introduced or consumer tastes have changed.

**DIRECT MARKETING:**

Direct marketing is an interactive marketing system that uses one or more advertising media to affect a measurable response and /or transactions at any location.

## **ADVANTAGES OF DIRECT MARKETING:**

1. Delivers near perfect solutions to customers problems
2. Gives individual attention to customers.
3. Helps achieve excellence in product/service.
4. Facilitates relation building with the customers.
5. IS better measurable compared to mass marketing.
6. Is more cost effective.
7. Saves channel costs ,for the most part.

## **DIFFERENT METHODS OF DIRECT MARKETING:**

### **1. Direct mail marketing:**

Direct mail marketing is similar to mail order marketing/catalogue marketing. In direct mail marketing, not only letters/brochures are mailed to the prospects, but product samples ,gifts and complaints are also mailed, depending on the context.

### **2. Direct response marketing:**

Direct response marketing is another expression of direct marketing. Direct response marketing uses different media like telephone ,radio ,tv ,and internet.

### **3. Tele-marketing:**

Tele marketing is yet another form of direct-marketing tool. Direct to the customer using telecom/IT facilities. Tele marketing is less expensive as compared to most other forms of selling.

### **4. Face to Face selling:**

The original and oldest form of direct selling is the field sales call. In addition many customers companies use a direct selling force. Insurance agents, stock brokers and distributors working for direct sales organisations. Such as Amway, Tupperware.

### **5. Email marketing:**

Email marketing is also a direct marketing tool. A major concern is spam actually predates legitimate email marketing.

## **6. Voice mail marketing:**

Another type of direct marketing which has emerged is personal voice mail boxes and business voice mail systems.

## **7. Online marketing:**

Online marketing is the practice of leveraging web-based channels to spread a message about company's brand, products, or services to its potential customers. The methods and techniques used for online marketing .Examples:”photography on google, yahoo, and being search engines to market.

## **BOOKS FOR REFERENCE:**

1. DR. Freda Gnanaselvam A.v. Aruna kumar
2. DR. P. Sheela Rani .