

PRESENTATION

ON

CLASS: T.Y.BMS

SUBJECT: CRM

CHAPTER- 1

INTRODUCTION AND BENEFITS OF CRM

PRESENTED BY:

PROF. RAMESH P.GUPTA



FOUR TYPES OF BRAND-CONSUMER RELATIONSHIPS:

1. Customer as strangers:

- Untapped customers
- Next best purchase alternatives
- Greatest challenge to convert strangers to customers.
- Social profile (data) is available but how you use this data to make a relationship.

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2. Customer as acquaintances:

- Strangers are converted into acquainted.
- At this stage brands try to convert into customer and after that repeat customer/purchase.
- Acquainted customer feels satisfied(standard product).
- In this stage any lucrative offer from competitors can turn our customer. Company develop customized products.

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3. Customer as friends:

- At this stage firm begins to acquire specific knowledge of customer's needs.
- The customers get preferential treatment like birthday discounts, etc.
- Differentiated marketing strategies are been adopted (less difference in competitors strategies).

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4. Customer as partners:

- At this stage level of trust get stronger.
- The customer is fully engaged in brand.
- Now your customer becomes brand ambassador for your product. (word of mouth)
- Further this friendly customer may be convert into a stakeholder (partner)

SEGMENTATION OF CUSTOMERS AS PER PROFITABILITY

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Quadrant 1 (Best Customers)

- For long term profitability, managers must have an understanding of the profitability of each of their customers and the products offered to them.
- Segmentation can be done according to the value of the relationship.
- Most profitable customers (basis for its operation).
- Satisfied customers are usually a profitable customers.

Quadrant 2 (Profit Potential Customers)

- Despite profitable product, many such customers are unprofitable.
- To improve profitability, they need to be identified.
- Companies need to look for warning signs that likely signal unprofitability. Eg- late payments, excess service calls, etc.
- Either increase revenue or lower associate cost.

Quadrant 3 (Slow leak customers)

- If firm is dealing in more than one product it is better to analyze which is profitable and which is not.
- Unprofitable products in the product line but firm continues with it due to some reasons.
- Demands unprofitable product, but their total product purchase is profitable.

Quadrant 4 (Worst Customers)

- Identify worst customers.
- Unprofitable based on cost per transaction analyses.
- High rate of product returns, high rate of customer service calls or inquiries.
- Lowest priced deals and not loyal.

BENEFITS OF CRM TO CUSTOMERS:

1. The benefits of better service:

- CRM collects information that identifies customer's buying habits, including preferences and frequency.
- CRM gives a closer look regarding customer wants.
- Customer service representatives have detailed information of customers.
- Customer feedback is implemented in products or services.

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2. Improved Relationship:

- CRM enables to maintain relationships.
- CRM is about knowing and understanding customer's buying habits and preferences.

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3. Social Relationship:

- CRM helps to build social CRM.
- Social CRM the integration of social media with CRM strategies.
- To get closer to customers.

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4. Involvement in Process:

- CRM is a management approach or model that puts the customer at the core of organization processes and practices.
- It enhances the relationship with targeted customers .
- The essence of CRM is to treat customers individually and offer them customized products or services.
- Customer is involved in the process by giving feedback.

CRM BENEFITS TO THE ORGANIZATIONS:

1. Identification of Potential Customers:

- Due to LPG competition has been increased.
- With the help of CRM software potential aspirants can be converted into customers.

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2. Increase Profitability:

- Effective customer segmentation is only possible through a multi-dimensional customer view.
- Research shows that companies can increase profitability by 100 percent, if they can just retain 5 percent more of their profitable customer per year.

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3. Decrease Operating Cost:

- CRM helps to reduce cost by reducing non-revenue generating activities.

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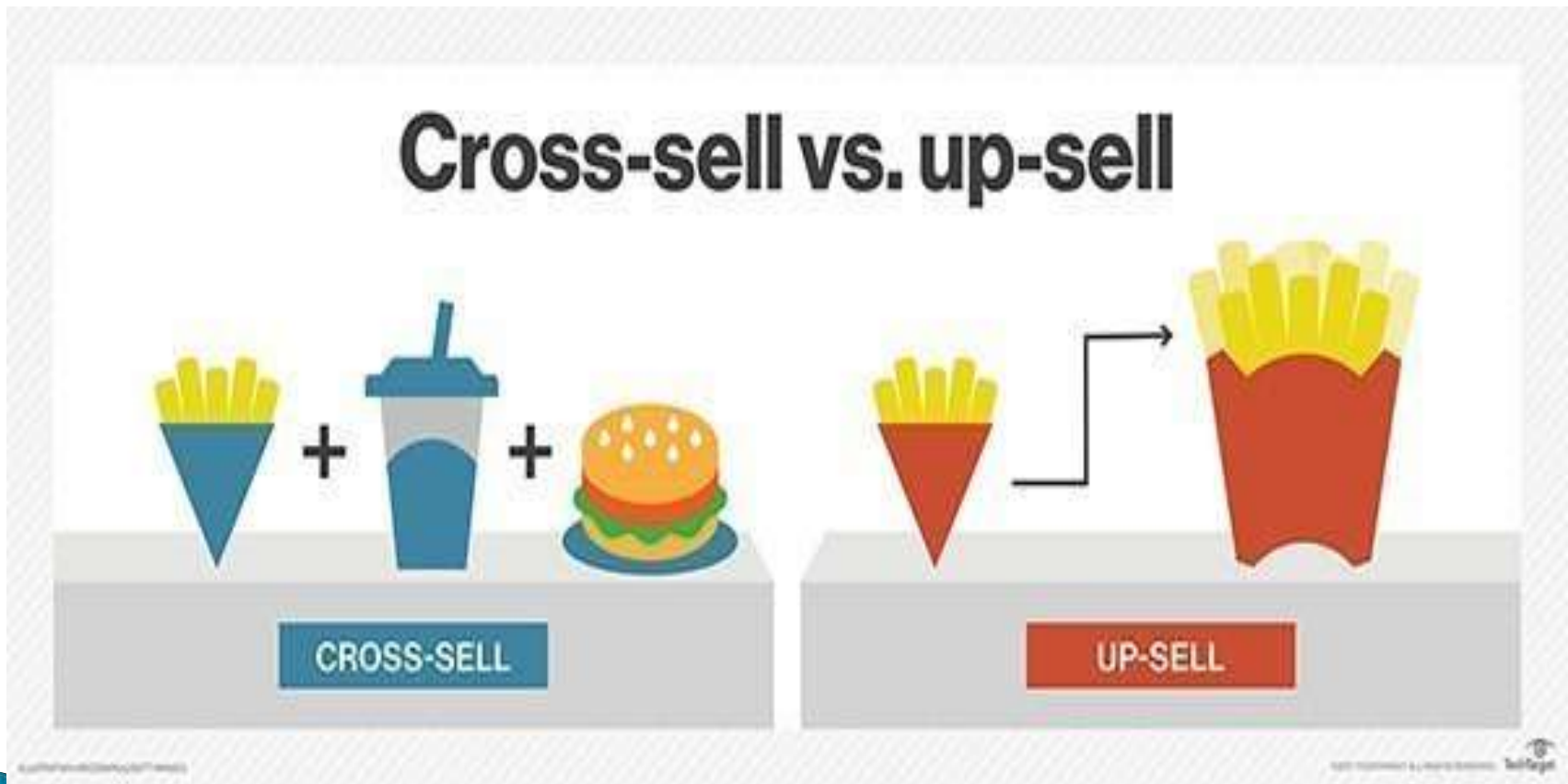
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4. Increased Customer Loyalty:

- Customers update information online.
- Internet self-service reduce call center cost.
- Due to ready information firms can improve customer experience.

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- Cross-selling is possible due to loyalty.



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5. Improved Customer Satisfaction:

- Interaction can be done through any medium.
- Due to CRM customer service can be improved which will lead to customer satisfaction.

Dis-advantages of CRM in an organization:

- CRM is mainly focused on the retention of existing customers rather than on the acquisition of new ones, which may also affect the market share in the long run.
- There are various legal aspects (Eg- Privacy) and ethical issues that needs to be considered during its implementation.
- It may lead organization to discriminate against a group of customers. More profitable customers may enjoy better treatments and conditions than occasional customers.

OBJECTIVES OF CRM:

- Customized Product and Services
- Offering better customer service
- Retaining existing customer and discovering new ones
- The lower level of operating cost
- Aiding the Marketing Department

BARRIERS TO CRM:

- Wrong Implementation
- Lack of Commitment
- Quality of data
- Resistance to change
- Unclear objectives
- Work stress

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CUSTOMER BUYING ROLE:

1. The initiator:

- The person who suggests buying a product or services.

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2. The influencer:

- The person whose point of view or advice will influence the buying decision.
- It may be the person outside the group. Eg- Singer, athlete, actor, etc. but on which group members rely on.

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3. The decision maker:

- The person who will choose which product to buy.
- In general, it's the consumer but in some cases, it may be another person.
- Eg- The leader of a cricket supporters group will define, for the whole group, what to wear at the time of game.

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4. The buyer:

- The person who will buy the product.
- Generally, this will be the final consumer.

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SEVEN C's OF CRM:

1. CONVENIENCE :

- Place (Marketing Mix)
- Easy access
- The physical location and online (Virtual location)
- Layout of the store (free-flow)

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2. CUSTOMER VALUE & BENEFITS:

- Means the bundle of service and satisfactions wanted by customers. (Product elements)
- People do not buy 'products' as such, but rather solutions to problems or good feelings.
- The lowest price does not always result in the highest sales, as many shoppers may value aspects such as style, design, fashion, etc
- When buying online, customers are far less likely to request help than they are in the store.

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3. COST TO THE CUSTOMER :

- It is related to 'price' which may be what companies decide to charge for their products, but CTC represents the real cost that customer will pay.
- Consumers have a perception that prices should be lower online than in-store.

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4.COMMUNICATION AND CUSTOMER RELATIONSHIPS :

- Communication is equivalent to the final 'P' in the 4 P's .i.e. **'Promotion'**.
- Communication is a two way process.
- Retailers spend more on advertising than manufacturers.
- Retailers are closer to customer than are manufacturers and have more access to customer feedback.

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5. COMPUTING & CATEGORY MANAGEMENT ISSUES :

- The success of retailers has been founded on supplying the products that customers want, in the right sizes and quantities, at the right time and in the right place.
- Proliferation of products.
- Supply chains have become more efficient with computer network link.
- Stock level has been reduced using techniques such as Quick Response and Efficient Customer Response.

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6. CUSTOMER FRANCHISE :

- A customer franchise refers to the cumulative image of a product, held by the consumer, resulting from long exposure to the product or marketing of the product.
- CRM plays an important role in collecting information related to the product or services from a large group of customers thus helping the firm to know its customer franchise.

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7. CUSTOMER CARE AND SERVICE :

- Retailers may often offer similar products and prices to those of their competitors.
- CRM talks about maintaining a strong relationship with the customer which brings the firm closer to the customers.
- Increase call centers, handling customer complaints, reducing customer waiting time.

TYPES OF CRM :

1. OPERATIONAL CRM :

- CRM streamlines the business process that includes Sales automation, Marketing automation (best way to offer products) and Service automation.
- Main purpose of this type of CRM is to generate leads, convert them into contacts, capture all required details and provide service throughout customer lifecycle.

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2. ANALYTICAL CRM :

- It can be deployed to understand the processing of claims in the Insurance sector.
- Increased competition in Insurance Industry (more numbers of players).

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- In insurance industry it can be used for following purpose-
 - a) Acquiring new customers
 - b) Identifying cross-selling/up-selling opportunities.
 - c) Establishing the premium rates.

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3. SALES INTELLIGENCE CRM :

- Sales intelligence is the term given to the range of tech solutions that provide data to salespeople and marketers in the B2B space. It helps sales and marketing teams discover, analyze, present, and make use of data relating to their potential customers.

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4. CAMPAIGN MANAGEMENT :

- A combination of analytical and operational CRMs, used to run sales or marketing campaigns using the contact information gathered in the system.
- CRM with a specific goal of running email marketing campaigns.

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5. COLLABORATIVE CRM :

- Collaborative CRM, enables an organization to share customers' information among various business units like sales team, marketing team, technical and support team.
- For example, feedback from a support team could be useful for marketing team to approach targeted customers with specific products or services.
- It helps to unite all groups to aim only one goal – use all information to improve the quality of customer service to gain loyalty and acquire new customers to increase sales.

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6. GEOGRAPHIC CRM :

- **Geographic CRM (GCRM) combines geographic information system and traditional CRM.** Geographic data can be analysed to provide a snapshot of potential customers in a region or to plan routes for customer visits.

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7. STRATEGIC CRM :

- Strategic CRM focuses on customers. In this example, collecting information about customers and the interactions between them and your business may lead to improve their relationship with them.
- It not only gives you insights right away but instead adjusts or customizes the way you interact with customers in the long run. This solution is useful if you're in a business where the focus is on long-term relationships, rather than quick sales and short campaigns.

The image features a large, irregular splash of teal watercolor paint centered on a white background. The splash has a soft, textured appearance with varying shades of blue and green. In the center of this splash, the words "Thank You" are written in a dark, elegant cursive script. At the bottom left corner of the image, there is a decorative graphic element consisting of overlapping geometric shapes in shades of teal and black, creating a modern, angular design.

Thank You