

PRESENTATION

ON

CLASS: T.Y.BMS

SUBJECT: CRM

CHAPTER- 2

RELATIONSHIP MARKETING AND CRM

PRESENTED BY:

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OBJECTIVES OF RELATIONSHIP MARKETING :

- The main aim of Relationship Marketing is creating, keeping and maximizing the profitability of good customers.
- It helps in identifying the most valuable and profitable customers.
- Higher revenues can be generated from the existing set of best customers, at a limited incremental cost.
- Identifying the least profitable customer groups helps in developing cost-saving strategies.

RELATIONSHIP CHALLENGES :

- Key aspects of such a marketing approach are not only to get customers and create transactions but maintaining and enhancing on-going relations-exists.
- In relationship marketing, the firm cannot predetermine a set of marketing variables.
- Use all resources and make marketing activities impact full.
- Measuring ROI is difficult.

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- Huge funds are required to maintain a continuous relationship with customers. The amount spend are very large and difficult for the company to arrange.
- To maintain relationship marketing company must use electronic modes of communication for Hassel free service but for the small organization, it becomes very difficult.
- Eg- A small firm finds it difficult to maintain its website.

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- Choosing the right kind of technology to maintain frequent contacts is also a challenge.
- The selection of a proper CRM Manager is also a challenge.

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SERVICE LEVEL AGREEMENTS :

- A **SLA** is the part of contract that defines exactly what services a service provider will provide and the required level or standard for those services.
- The SLA is usually part of an outsourcing or managed services agreement.

SERVICE LEVEL AGREEMENTS :



SERVICE LEVEL AGREEMENTS :

SLA checklist

- Statement of objectives
- Scope of services to be covered
- Service provider responsibilities
- Customer responsibilities
- Performance metrics (response time, resolution time, etc.)
- Penalties for contract breach/exclusions

ELEMENTS OF SERVICE LEVEL AGREEMENTS (SLA)

1. Overall Objectives:

- The SLA should set out the overall objectives for the services to be provided. For example, if the purpose of having an external provider is to improve performance, save costs or provide access to skills and/or technologies which cannot be provided internally, then the SLA should say so.
- This will help the customer craft the service levels in order to meet these objectives and should leave the service provider in no doubt as to what is required and why.

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2. Description of the Services :

- The SLA should include a detailed description of the services. Each individual service should be defined i.e. there should be a description of what the service is, where it is to be provided, to whom it is to be provided and when it is required.
- For example, if one of the services is the delivery of a specific report, the relevant provision of the SLA should describe the report, state what it should include, state its format (perhaps referring to a specific template), how it is to be delivered (e.g. by email), to whom, when and at what frequency (e.g. to the finance team daily by 10 am each weekday morning).

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3. Performance Standards :

- ▶ Then, taking each individual service in turn, the customer should state the expected standards of performance. Often a customer will want performance standards at the highest level in practice this might prove to be impossible, unnecessary or very expensive to achieve.
- ▶ On the other hand, the service provider may well argue that service levels should be set deliberately low in order to guarantee that the service can be provided at a competitive price.

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3. Performance Standards :

- ▶ The service provider and the customer will also need to set these performance standards in the context of anticipated workloads and the service levels may need to vary in the light of any changes to these workloads during the course of the contract. All this can be built into the SLA so that the cost implications of a change in workload can be factored in.

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4. Compensation / Service Credits:

- ▶ For the SLA failure to achieve the service level, the financial consequences for the service provider need to be faced.
- ▶ Where the service provider fails to achieve the agreed performance standards, the service provider will pay or credit the customer an agreed amount which should act as an incentive for improved performance.
- ▶ Service credits can be given where there are three or more failures to meet a service level in any specified period.

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5. Critical Failure:

- ▶ If service provided was bad , then the customer could find itself in the position of having to pay for unsatisfactory overall performance.
- ▶ The solution is to include a right for the customer to terminate the agreement if service delivery becomes unacceptably bad.
- ▶ So the SLA should include a level of critical service level failure, below which the service provider has this termination right.

There are six steps to the SLA process map :

1. Decide the objective of the CRM strategy.
2. Meet with the other party to define requirements and expectations.
3. Defined performance measures.
4. Define rewards and penalties.
5. Monitor performance.
6. Review the SLA .

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Thank You