

PRESENTATION

ON

CLASS: T.Y.BMS

SUBJECT: CRM

CHAPTER- 3

CRM MARKETING INITIATIVES

PRESENTED BY:

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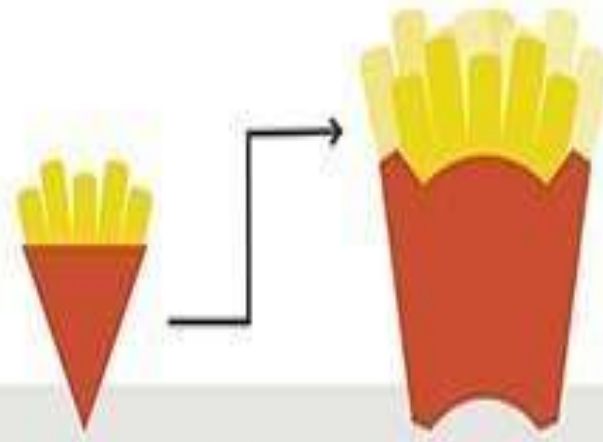


CROSS SELLING :

Cross-sell vs. up-sell



CROSS-SELL



UP-SELL

IMPORTANCE DUE TO SEVERAL REASONS :

- There is a belief that it costs five times less to serve an existing customer than to acquire a new one.
- Response rates from cross-selling efforts are 2 to 5 times greater than cold sales.
- Cross-selling leads to a broader scope for the customer relationship, increasing not only the share of wallet but also the firm's "share of mind" with the customer.

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- By broadening the scope of the relationship, cross-selling improves the retention of existing customers.
- As the customer buys more products and services from the firm and broadens the scope of the relationship, the firm learns more about the customer's needs and preferences, improving its ability to target marketing efforts and to cross-sell..

BENEFITS OF CROSS SELLING :

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- Costs are lower, as the contact is initiated by the customer.

PITFALLS OF CROSS SELLING :

- Excessive cross-selling may irritate customers and cause switching.
- It is termed as “over –touching” the customer.
- If a customer is turned off by an inappropriate cross-sell attempt, that customer would likely have a negative feeling against another sales pitch.
- At the extreme, the customer becomes annoyed, and the cross-selling strategy produces the opposite of its ultimate goals.

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- Several times cross-selling is done at the cost of profitability, mostly in case of financial services where many services are offered under one roof to the customer but it may not add up to the profit margin of the firm.

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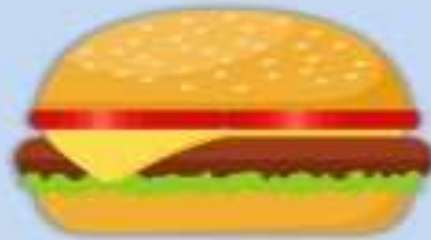
EXAMPLES OF CROSS-SELLING :

What is Cross-Selling? What is Upselling?

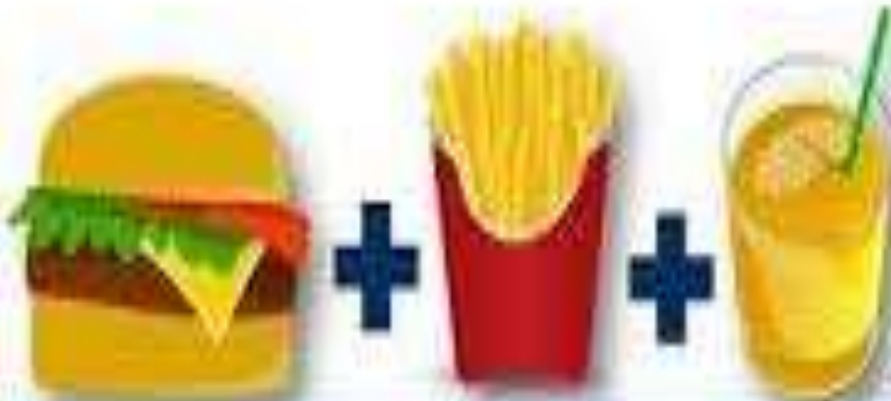
CROSS-SELLING



UP SELLING



EXAMPLES OF CROSS-SELLING :



Cross Selling



Upselling

UP SELLING :

- Up-selling involves the increase of order volume either by the sales of more units of the same purchased item, or the upgrading into a more expensive version of the purchased item.
- Up-selling is somewhat less need-based in its orientation and typically involves the salesperson building value in the product being offered.

Benefits of customer retention are as follows:

1. Reduce cost of acquisition :-

- The acquisition of new customer costs 5 to 10 times more than maintaining an existing customer.
- Therefore customer retention has a positive effect on costs.

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2. Increase in client base :-

- Customer retention helps also to decrease the migration rate of customers.
- This serves the purpose to maintain the existing clientele and together with instruments for acquiring new customers to increase the clientele.

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3. Repurchasing :-

- Customer retention and repurchasing are interrelated.
- Those customers which will retain with organization are expected to repurchase.

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4. Increase in turnover :-

- Retained customers bring about positive results for the organization.
- With repurchase decision, turnover increases.

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5. Profitable Relation :-

- The value of a customer increases with time.
- The costs for customer liaison and support decline, whereas the turnover increases.
- The longer the relationship exists, the more profitable the relationship becomes.

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6. Mouth publicity :-

- Customers who are satisfied with the service of a company are likely to advertise positive word-of-mouth recommendation.
- This is one of the most efficient but also economic activities to win new customers.

REASONS FOR THE CUSTOMER SWITCHING :

1. Price :-

- When customers are completely dissatisfied with pricing mix they switch to competitors.
- Either a customer will feel price of product is over-valued or he may find competitors pricing is appropriate.

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2. Service failure :-

- A major factor that affects customer's perception of a service provider is the number and extent of the problems they encounter and how these problems are handled.
- A problem customer has with a service can be called as "service failure".
- When customers encounter a service failure, they can either not complain or complain and give the service provider an opportunity to rectify the problem.

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3. Deteriorating/Inferior Quality :-

- Quality of product or service offered is most important aspect which is to be considered while making repurchase.
- If a customer is not satisfied with quality of product offered he will forcefully switch to computer.

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4. Lack of communication with customers :-

- Few organizations have loose the importance of close communication loop with the customers.
- Service providers should give response to the feedbacks given on regular basis.
- Also the provider's response to the complaints is not satisfactory thus resulting in switching.

CUSTOMER RETENTION STRATEGY :

1. Customer Complaint Management Strategy :-

- It is an important part of defensive marketing strategy which aims at customer retention by pleasing them.
- The offensive marketing strategy that focus on generating new customers.
- Each complaint follows a set procedure which results in the formulation of an “Action plan” based upon -

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- How the complaint occurred ?
- Why the complaint occurred ?
- The action required to solve the problem.
- The action required to ensure that a problem of this type does not occur again.

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- Overall complaint management works on three pillars:
- Focusing on customers, complaints and process improvement.
- **Customer** is most important pillar of organization.
- An organization should respond to the complaint immediately, complete its communication with customer properly with them and improve relationship.

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- Focusing on **complaint** highlight the nature of complaint being received from customer.
- On the basis of complaints received from customers, process is been **improved** in areas of response time, etc.

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PRINCIPLES OF COMPLAINT HANDLING STRATEGY :

1. Fairness :-

- A complainant must be treated fairly.
- Fairness rests on three qualities- impartiality, confidentiality and transparency.

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2. Impartiality :-

- Impartial investigation is vital to the credibility and success of a complaint handling system.
- Complaint handling staff should not be defensive.

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- Nor should a complainant be obliged to prove they are right or the agency is wrong.
- A complaint should be treated on its merits, with an open mind and without prejudice arising from any previous contact between the complainant and the agency.

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3. Confidentiality :-

- Clients have a right to expect that their privacy will be respected and their complaint will be investigated in private.
- Personal details that need to be disclosed for one purpose might need protection in other situations.

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- **Eg- It will often necessary to identify a complainant to the staff member whose actions have been complained about, but the same details may not need to be disclosed in a management report on complaint incidents and trends.**

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4. Transparency :-

- A complainant is entitled to know how a complaint will be handled and the outcome of the investigation.
- There should be complete transparency in the system.
- Complaint process should be of time bound.

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5. Accessibility :-

- A complaint handling system should be accessible to clients.
- It depends on – public awareness of the system and effective access options.

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6. Awareness :-

- Tell clients how to gain access .
- Information – Website, Pamphlets and poster, etc.
- When dealing with dissatisfied clients, agency staff also have a responsibility to direct them to the complaint process.

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7. Access :-

- Clients should be given a range of contact options, email, etc.
- Other options that can be considered and face-to-face contact with a staff member.
- The contact options available to clients should be clearly identified and simple to use.

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8. Responsiveness :-

- A complainant handling system must be responsive to the needs of all complainants.
- This requires proper training of staff, constant review and improvement of the system.
- Special measures might be needed for clients who have particular needs.

LEVELS OF RETENTION STRATEGY :

1. Financial bonds :-

- At this level the customer is related with the financial incentive.
- Here the customer is waiting for low price to make huge purchases.
- At least customers those who are with firm for long time expect such financial incentives.

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2. Social bonds :-

- Strategies at this level ties to both financial and social bonds/incentives.
- Firm understand the need and wants of customers.
- Services are customized and marketers find their way to stay in touch with their customers.

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- Technology helps an organisation to develop social bonds.
- Customers will stay back with company and shift to competitors because of social bonds.

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3. Customization bonds :-

- This bond deals with mass customization.
- Mass customization deals with use of flexible process.
- Customer intimacy (closeness) involves gathering each and every information about customer to anticipate his needs and to supply them the product accordingly.

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4. Structural bonds :-

- Strategies employed at this level are most difficult.
- These are complicated as compare to other bonds.
- In this bonds are created by providing highly customized and frequently designed services with a strong delivery system for client.

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- By following into this system an organization can save time and keep better record of their customers.
- This is advantageous for an organization, but dangerous for customer as customer tie up with one organization can miss their better prospects and opportunities.

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EVENT BASED MARKETING :

- The main goal of event based marketing is to be able to react to customer events in short time after event occurs.
- Dynamic event based marketing means reacting to a customer event in the optional frame which would differ from one event to another.
- It requires solid process automation and workflow to be effective. Typically, sales or service actions are initiated by a company in response to some action by the customer.

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- The customer's action triggers the company response.
- If a business customer emails in a request for information, this might initiate a sales process that commences with a courtesy call to thank the customer for the request.
- Companies can trawl their transactional histories, and sales and service records, to identify exploitable connections between events and outcomes.

A teal watercolor splash background with the text "Thank You" in a cursive font. The splash is centered and has a soft, irregular edge. The text is written in a dark teal color and is the central focus of the image. At the bottom left, there is a decorative graphic element consisting of a dark teal triangle and a light blue triangle meeting at a diagonal line.

Thank You