

Customer Relationship Management

Customer Relationship Management (CRM) is to create a competitive advantage by being the best at understanding, communicating, delivering, and developing existing customer relationships, in addition to creating and keeping new customers. It has emerged as one of the largest management buzzword. Popularized by the business press and marketed by the aggressive CRM vendors as a panacea for all the ills facing firms and managers, it means different things to different people. CRM, for some, means one to one marketing while for others a call centre. Some call database marketing as CRM. There are many others who refer to technology solutions as CRM. If so, what is CRM?

Merchants and traders have been practicing customer relationship for centuries. Their business were built on trust. They could customize the products and all aspects of delivery and payment to suit the requirements of their customers. They paid personal attention to their customers, knew details regarding their customer's tastes and preferences, and had a personal rapport with most of them. In many cases, the interaction transcended the commercial transaction and involved social interactions.

Focus on CRM

Even today, this kind of a relationship exists between customers and retailers, craftsmen, artisans – essentially in markets that are traditional, small and classified as pre-industries markets. These relationship oriented practices have changed due to industrial revolution. Businesses adopted mass production, mass communication and mass distribution to achieve economies of scale.

Manufactures started focusing on manufacturing and efficient operations to cut costs. Intermediaries like distributors, wholesalers and retailers took on the responsibilities of warehousing, transportation, distribution and sale to final customers. This resulted in greater efficiencies and lower costs to manufacturers but brought in many layers between them and the customers.

The resulting gap reduced direct contacts and had a negative impact on their relationships. The post-industrial era saw the re-emergence of relationship practices due to (a) Rapid advances in technology, (b) Intensive competition in most markets, (c) Growing importance of the service sector, and (d) Adoption of total quality management programs

“There is only one boss; the customer. And he can fire everybody in the company, from the chairman down, simply by spending his money somewhere else.” – Sam Walton



The true strength of any relationship is measured in bad times not good.

What happened to people when a relationship fails ?

They get: Sad / Unhappy, Cry, Stressed, Frustrated, Lost /Lonely, Frightened, No Hope, No Security, Depressed, Raged, and Suicidal.

What is Customer Relationship?

1. The good will that exist and extended between the business and the customer
2. The development of an ongoing connection between a company and its customers. The relationship involves marketing communications, sales support, technical assistance and customer service.

The relationship is measured by the degree of customer satisfaction through the buying cycle and following receipt of goods or services.

Customer relationship management is twofold.

In todays context CRM can be broadly generalized as:-

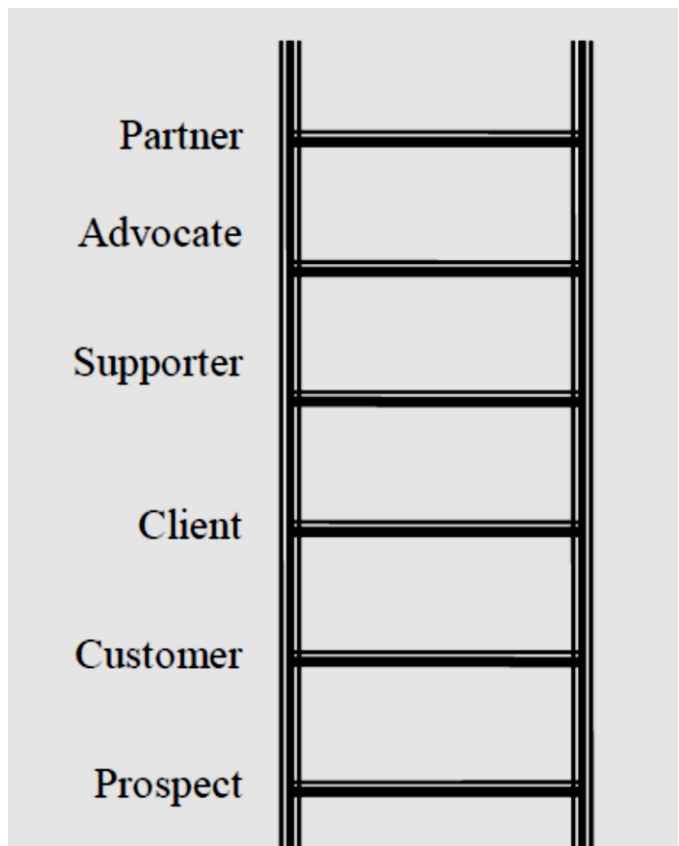
A strategy to manage relationships with customers to achieve customer loyalty.

And also as an IT solution in enabling companies to better manage customer data bases.

What is Customer Relationship Management?

Customer Relationship Management is about managing your relationship with existing customers with a focus on creating loyalty towards your business. After you've made the investment in finding new customers, it's important to consider how you can manage your customer relationships to build your business and your customer base, and keep your customers returning.

What we hope to achieve by CRM – **The Ladder of Loyalty.**



What are some of the benefits of building relationships with customers?

- You'll be able to build goodwill and the value of your business.
- You're more likely to keep your customers returning to your business.
- Improved word of mouth will help attract new customers.
- The after-sales service you provide becomes an investment in the customer relationship.
- Being customer-focused can drive innovation and improve profitability.
- Focusing on customers can help you with your business planning activities for long term success.

Benefit Cycle



Your CRM Strategy should have the following

- Identify factors important to clients
- Promote a customer-oriented philosophy
- Adopt customer-based measures
- Develop end-to-end processes to serve customers
- Provide successful customer support
- Handle customer complaints
- Track all aspects of sales

8 ways to Manage Customer Relationships.

1. Understand your customers.

Understanding your customers is crucial in knowing how and why they buy from you. Customer profiling and market research can help you in better understanding your customers.

Read our tips on understanding your customers for ideas on how to build relationships with customers to better meet their needs and wants.

2. Communicate with your customers

Managing the customer relationship involves building trust with your customers so they're less likely to buy from your competitors. Communicating with your customers is a good way to build up trust and improve customer satisfaction.

Regular communication with your customers across all your channels is important in keeping them up to date with your business and helps maintain the relationship. It's also important to communicate with your customers in a way that suits them. If they have subscribed to your social media channels, calling them may not be an appropriate or welcome form of communication.

3. Focus on service

- Providing a high level of customer service is important in building customer relationships and to keep customers coming back.
- As part of implementing good customer service practices in your business, you may decide to develop policies and procedures to help encourage a customer focused culture amongst your employees. (i.e. SLA Service Level Agreements) This includes procedures for greeting and serving customers to resolving customer complaints.
- Remember to train your employees in good customer service practices when they start with your business - and throughout their employment - to ensure a consistent experience for your customers.



4. Seek continuous feed back

- Seeking regular feedback from customers may help improve your customers' satisfaction with your product or service, leading to repeat purchase behaviour and an increase in sales.
- There are a number of ways to gain feedback and it's important to remember that customer complaints can give you valuable insights to help you improve.
- As part of good customer service, remember to thank your customers for their business and for any feedback they provide.

5. Keep your loyal customers

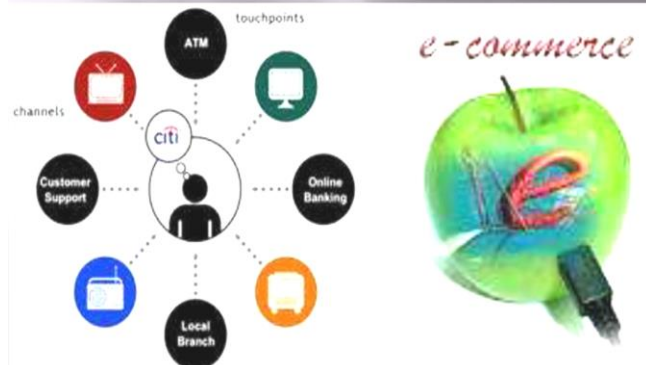
- Once you have invested time and money in finding new customers, focus on keeping these customers and making them loyal to your business. Customers that meet your preferred type or customer profile are the customers that are worth focusing on. It's your loyal customers that become particularly important when business is slow, as they can help keep you in business! They may also refer your business to their family and friends, helping you build your customer base.

"Nothing kills a professional relationship more quickly than forgetting the other person's name. In customer service, when you work with dozens of people every day, it's particularly important to be good with names."

1. Understand your customers. ...
2. Communicate with your customers. ...
3. Focus on service. ...
4. Seek continuous feedback. ...
5. Keep your loyal customers. ...
6. Handle customer complaints well. ...
7. Measure your customer service levels.
8. Keep a record of interactions

E-Commerce

- Capabilities such as shopping, marketplace transaction and payment processing, and e-commerce security.



CRM is the development and maintenance of mutually beneficial long term relationships with strategically significant customers



6. Handle customer complaints well

- A customer complaint presents an opportunity for you to turn a poor customer experience into a positive one. By handling customer complaints well, you're more likely to encourage these customers to return to your business and prevent negative word of mouth. You might also turn them into long term loyal customers. Ensure your employees are adequately trained in customer service, particularly handling customer complaints and dispute resolution. Having this process documented in internal policies and procedures can ensure that customer complaints are dealt with correctly and consistently.
- Remember, customer complaints can be a valuable source of feedback for your business, so you may wish to keep a record of complaints to help you find areas needing improvement.

7. Measure your customer service levels

- Whilst you may feel that your business is delivering good customer service and providing a consistently high quality experience, your customers may not agree.

Measuring your customer satisfaction levels is important for ensuring that you're meeting your customers' needs. There are several ways to measure your customer service so that you get a good idea of where your business is at in the eyes of your customers. Measuring your customer satisfaction can also provide you with ideas and suggestions for where your business can improve

There are several ways that you can measure your customer service levels. Try using several methods, such as:

- Asking customers after a sale or service experience what their thoughts or opinions are on your business.
- Place customer surveys in store or provide a questionnaire or feedback form online.
- Hire secret/mystery shoppers to try your service and gain feedback.
- Reading online review websites or forums.
- Observing interactions between employees and customers to ensure your employees are providing good service.
- Measuring customer service is an ongoing process and important as part of your regular interactions with customers.

8. Keep a record of interactions

Keeping a record of your customer interactions as part of the sales process can help you build and maintain your relationships with customers. Keeping track of who, what and when a customer was contacted doesn't need to be a complex system - it can be as simple as a Word document or a spreadsheet.

Service agents should not grapple with the customer's name which is an integral part of relationship management.

The dead lock situation makes you feel helpless and frustrated and making you want to give up on the customer. Don't let this happen.

Make sure your service agents understand and realize the value of keeping a good relationship without letting it come to an ugly, situation where the relationship is broken completely.



How to maintain a positive mood with difficult customers

When you're in a negative mood, it can be really tough to pull yourself out of it. Often, we wait for something to happen to us to change our mood, but if you proactively use an attitude anchor to help you, you can often stop it in its tracks. Use this worksheet to remind you of the things that help you feel good, or that will put a smile back on your face after a difficult interaction.

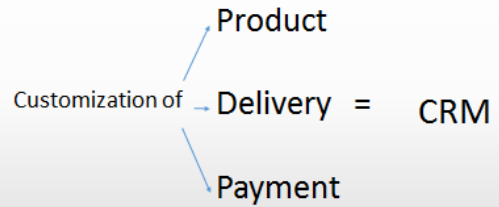
There are two attitude anchors: maintenance anchors, which help you **maintain** a positive attitude, and **repair** anchors, which help you fix your bad moods.

Maintenance anchors: it may be something like exercising or drinking tea.

Repair anchors: Little things that help elevate your moods, like partying at a club or walk on the beach, going shopping.

Manage your customer relationships well

Put it simply



Or simply



1. Why should you be more focused on your customers and building good relationships with them?

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2. What are the goals and objectives of CRM?

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3. How do we approach CRM in today's world of business?

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4. In managing customer relationships what are the key areas to keep in mind?

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5. How will you manage a difficult customer and maintain a good relationship?

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