



## Customer Relationship Management

Changing consumer attitudes are driving Customer Relationship Management. Fuelled by Internet induced expectations and an even increasing mood of self reliance among customers, companies have to compete in an environment where communication, buying processes, data management, delivery and service are all-important in the battle for long-term, profitable relationships.

Customers now require:

- Control over the buying process (information, comparison, selection, easy to find, use and respond to)
- The best possible price (including delivery, and without compromise to brand or product quality)
- The quickest, slickest delivery system (preferably free)
- All payment options (secure)
- Communications designed to suit the particular need (computerised; complex; caring)

The above apply whatever the form of trading:

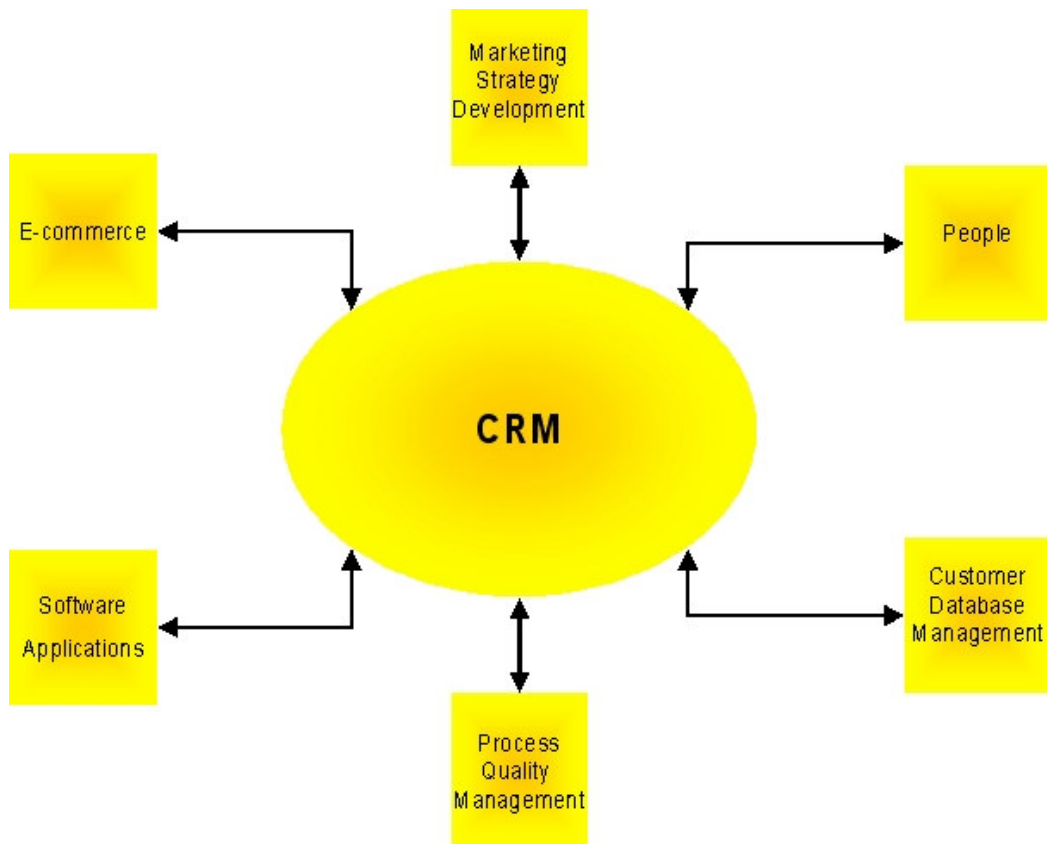
- Direct
- Traditional
- Retail
- E-commerce
- Wholesale
- Combination

These attitudes combined with the development of new technology and the growing convergence of a number of 'new - new' and 'emerging - new' communications and distribution technologies such as:

- 'Fixed link' telephony and telemarketing
- Internet
- Mobile telephony, SMS etc.
- Digital TV
- Cable
- Satellite

is leading to an increasing focus on Customer Relationship Management by all types of organisations, as they realise that technological change allows them to re-organise the way that they manage customer relationships and make them more profitable.

Organisations are searching for something far more holistic, consistent and yet dynamic.



To achieve that and a sustainable competitive advantage in Customer Relationship Management means working with the management team, staff and suppliers of the company, where reasonable and cost effective using technology (e.g. intranet, extranet) to help to deliver the actions necessary to maximise performance.

One must:

- Define profitable market sectors and customers
- Understand customers needs and expectations
- Identify profitable product and service propositions
- Create effective, efficient, adaptable, cost effective infrastructures

Customer Relationship Management is: the customer focussed management of the whole relationship with each customer, in order to measure, create and increase income and reduce costs for each customer and customer segment and thus to generate greater positive lifetime value across the portfolio.

Customer Relationship Management requires the organisation to know the answers to questions such as:



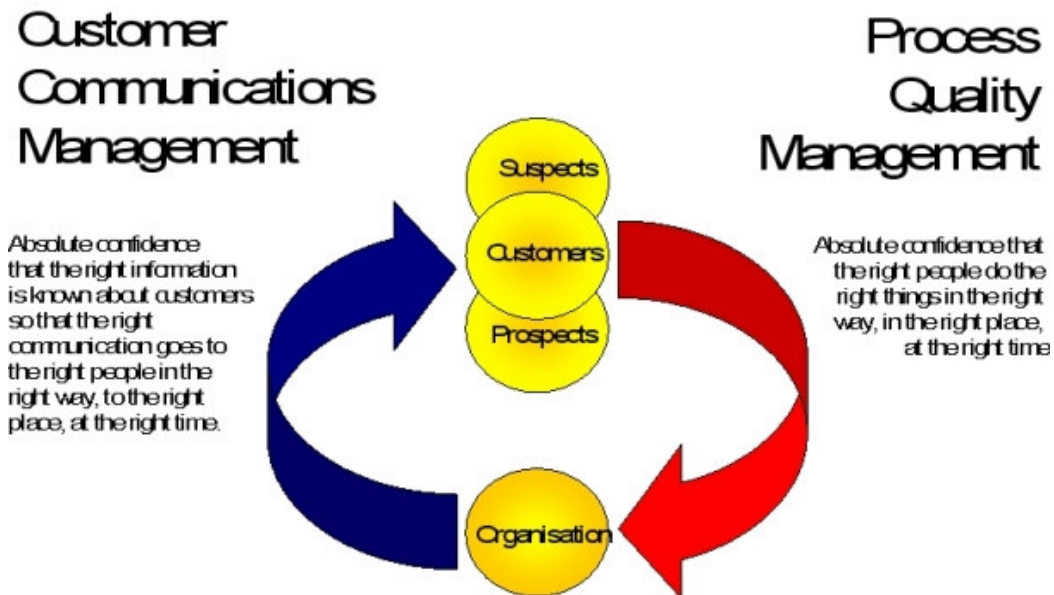
- Which of my customers are profitable or unprofitable? Do I know their lifetime value?
- Which of my products and services are they buying and not buying?
- Have I measured customers' purchase behaviour patterns, their loyalty/retention/repeat purchase and multiple product purchases?
- What channel preferences do customers have?
- Who are my most profitable customers and what is their ranking/grouping by risk, by product service grouping, by profit, and by revenue?
- What strategies can I use to improve a customer's profitability profile?

It also requires the organisation to deliver customer value. Customers must feel that the organisation:

- 'Understands what I want'
- 'Communicates with me'
- 'Provides me with added value'
- 'Gives me reasons not to switch'
- 'Treats me as an individual'

To achieve these answers Customer Relationship Management requires focus on both sides of the equation:

- Customer Communications Management
- Process Quality Management



and on three key delivery mechanisms, those of:

- Proposition
- Processes
- People

To be fully effective at Customer Relationship Management an organisation has to position the business unit or enterprise (proposition, processes and people) so that the customer is as the centre of their business. True Customer Relationship Management means that the business has streamlined customer management through the integration of all customer 'touch points', such as marketing, customer service and payment in such a way that true customer satisfaction and loyalty appear to occur effortlessly.

Customer Relationship Management is not a 'fad' it is a business philosophy that helps to increase revenue, reduce costs and to build and retain a loyal customer base.

