chapter 14

Building Customer Relationships

PART 4
Focusing on the Customer: Marketing Growth Strategies
What is Customer Relationship Management?

• Customer Relationship Management (CRM)
  ➢ A company-wide business strategy designed to optimize profitability and customer satisfaction by focusing on highly defined and precise customer groups.

• Focus of CRM:
  ➢ Customers rather than products
  ➢ Changes in processes, systems, and culture
  ➢ All channels and media involved in the marketing effort, from the Internet to field sales.
Exhibit 14.1 Sources of the Next Sale

Trend: Focus on Customer Retention (over acquisition)
Sales Using Existing Customers – [FILM](3 min)
What Creates Customer Loyalty?

Tactic → Response → Goal

Great Level of Customer Service → Customer Satisfaction → Customer Loyalty

Great customer service – a story

- Think of a time … as a customer you got GREAT service - Discuss . . .
- Did that experience create loyalty on your part?
- What did that “loyalty” look like? (buy again, referrals . . .)
- Did that loyalty create “expectations”?
- Can they live up to these expectations?

Caution:
If we duplicate their high level of service – can we do it consistently?
Extraordinary Service

Ways to Provide Extraordinary Service

- Use Their Names
  Greet by name
- Keep in Touch
  Frequent contacts
- Find Ways to Help
  Added Value
- Provide Custom Service
  Create the “personal” experience
- Address Problems Promptly
  Attention to Customers
“One at a Time . . .”
Example: “We Miss You . . .”

Nothing wrong with an apology …

Do you think this is effective?

Celebrate Anniversaries …
Terrible Service: Customer Loyalty

1. What was the WORSE experience you ever had as a customer? Vent a bit!
2. Thinking back, was there ANYTHING the company could have done to make up for it?
3. Now, sometime later, is there any thing the company could do to make up for it?
Exhibit 14.5 Dealing with Product or Service Dissatisfaction

Dissatisfaction Occurs

- Publicly Obtain Legal Action Against Business
- Privately Complain to Business
- Stop Buying Product or Service
- Take No Action
- Publicly Complain to Governmental Agency
- Privately Seek Redress from Business
- Warn Friends About Product or Service
Using Technology to Support Customer Relationship Management

Telephone Contacts

Online Shopping

Customer Relations

Customer Support

CRM Software

Let's look at Open Source CRM
Let look at Microsoft's CRM
Exhibit 14.6 **Simplified Model of Consumer Behavior**

**Psychological Influences**
- Needs
- Perceptions
- Motivations
- Attitudes

**Sociological Influences**
- Culture
- Social Class
- Reference Groups
- Opinion Leaders

**Decision-Making Process**
- Problem Recognition
  ➔ Information Search and Evaluation
  ➔ Purchase Decision
  ➔ Post-Purchase Evaluation

Every time we interact with our customer, we impact behavior. It’s about Attitude and Optimism: **FILM**
Three Minute Paper

Three Minute paper:
Up to this point you have learned many things about business functions and interviewed various businesses.

Please write a paragraph regarding what has been most meaningful to you.