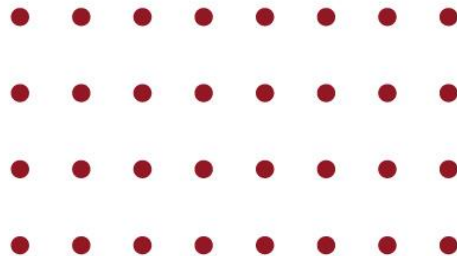


Consumer Experience  
in the Digital  
Environment

# Using CRM for Consumer Loyalty

## Unit 12







# Contents

- CRM: concept, objectives and capabilities
- Process cycle for CRM: 4 phases
- Customer mindset
- Big data and marketing decision-making
- Four Vs characteristics of Big Data
- Categories and sources of Big Data



# CRM Concept

CRM is a comprehensive business model for increasing revenues and profits by focusing on customers.

No hardware.  
No software.  
No headaches.

Just focus on the things that matter,  
like growing your business, knowing your customers,  
and managing your deals.



- ✓ No department owns CRM.
- ✓ Must have the support of senior management.
- ✓ Cuts across the entire organization but most used by marketing, sales, and customer service.
- ✓ Drives the firm to be customer-centric.

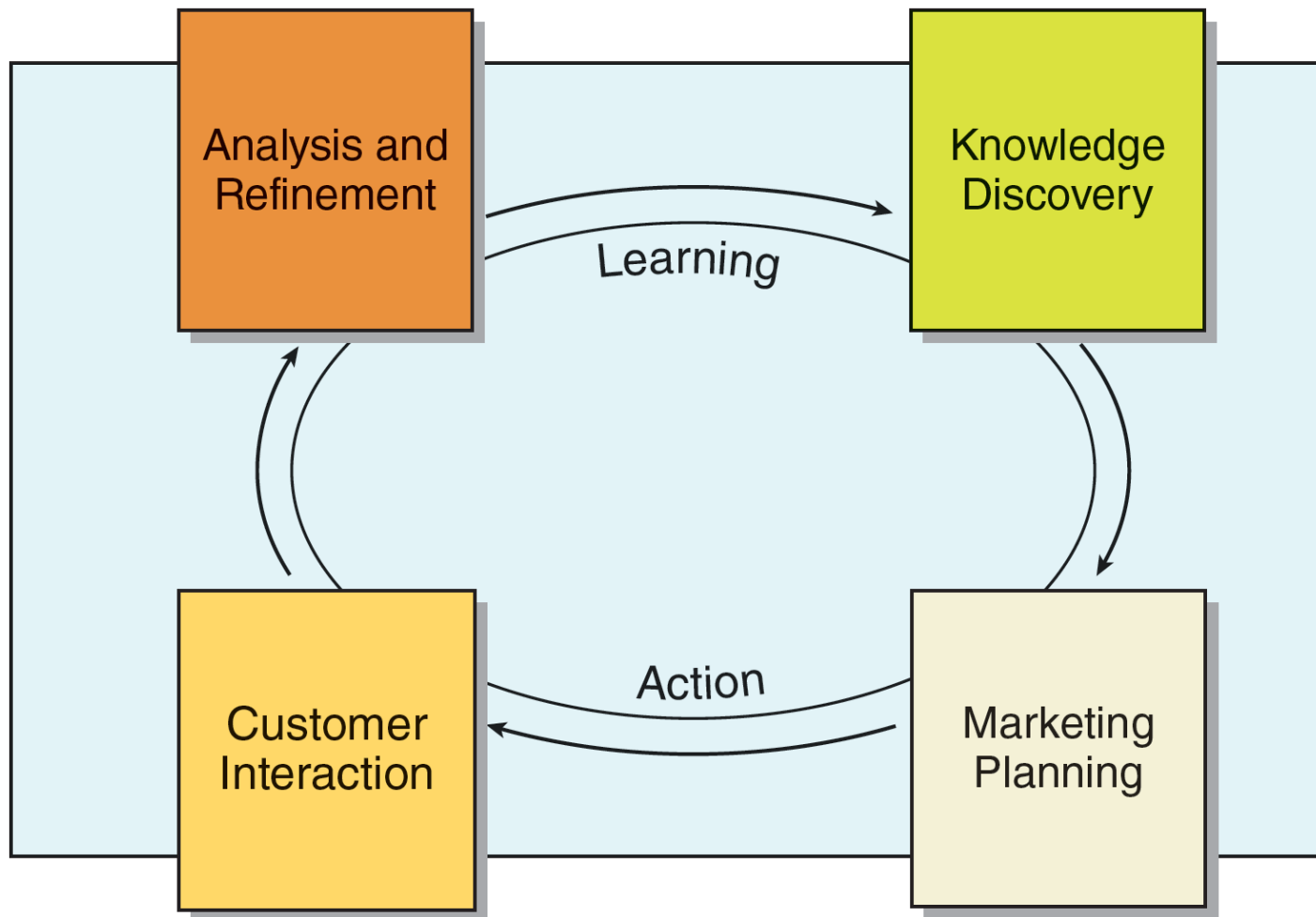
## CRM has three major objectives:

- 1) **Customer acquisition**—acquisition of the *Right* customers based on known or learned characteristics that will drive growth and increase margins.
- 2) **Customer retention**—retention of satisfied and loyal profitable customers and channels, and thus growing the business profitably over the long run.
- 3) **Customer profitability**—increased individual customer margins, while offering the right products at the right time.

# Objectives of CRM

CUSTOMER ACQUISITION	CUSTOMER RETENTION	CUSTOMER PROFITABILITY
Acquisition of the <b>right</b> customers based on known or learned characteristics that will drive growth and increase margins.	Retention of satisfied and loyal profitable customers and channels lead to long- term growth and profits.	Increased customer margins while offering the <b>right</b> products at the <b>right</b> time.

## Process Cycle for CRM



## Phase 1: Knowledge Discovery

- **Customer touchpoints:** point-of-sale systems, call-center files, Internet access, direct selling contacts, other customer contact.
- **A data warehouse** contains all information about touchpoints.
- **Data mining** uses massive amounts of data collected through CRM to develop segments and micro-segments.
- **Database marketing** is the creation of lists to reach segments.

## CRM Phases 2-4

**Marketing planning** phase uses the key use of the output from the knowledge discovery phase. Develops the marketing mix strategy.

**Customer interaction** phase is the implementation of the customer strategies and programs. Includes personal selling and other customer-directed interactions aimed at touchpoints.

**Analysis and refinement** is where organizational learning takes place.

# Customer Touchpoints: Interactivity

**Interactive touchpoints** are two-way and have direct interface between customers and the salesforce, telemarketer, customer service rep, or interactive website.

**Non-interactive touchpoints** are static such as direct mail or website data entry form.



# Customer Touchpoints: Considerations

- 1) Where are all potential touchpoints?
- 2) What are specific objectives for information collected at each touchpoint?
- 3) How will information be collected and integrated into customer database?
- 4) What kind of policies will govern how the information will be accessed and used?

# Regulation of Customer Information

- ✓ Sensitive customer information like social security numbers has led to heavy regulation.
- ✓ Firms must tell customers how that information and be used and allow them to opt out.
- ✓ Firms need to be aware of the potential for abuse.
- ✓ Customers must feel they can **trust** firms to protect sensitive information.
- ✓ Marketers can use the firm's security strategy to build loyalty to the brand.

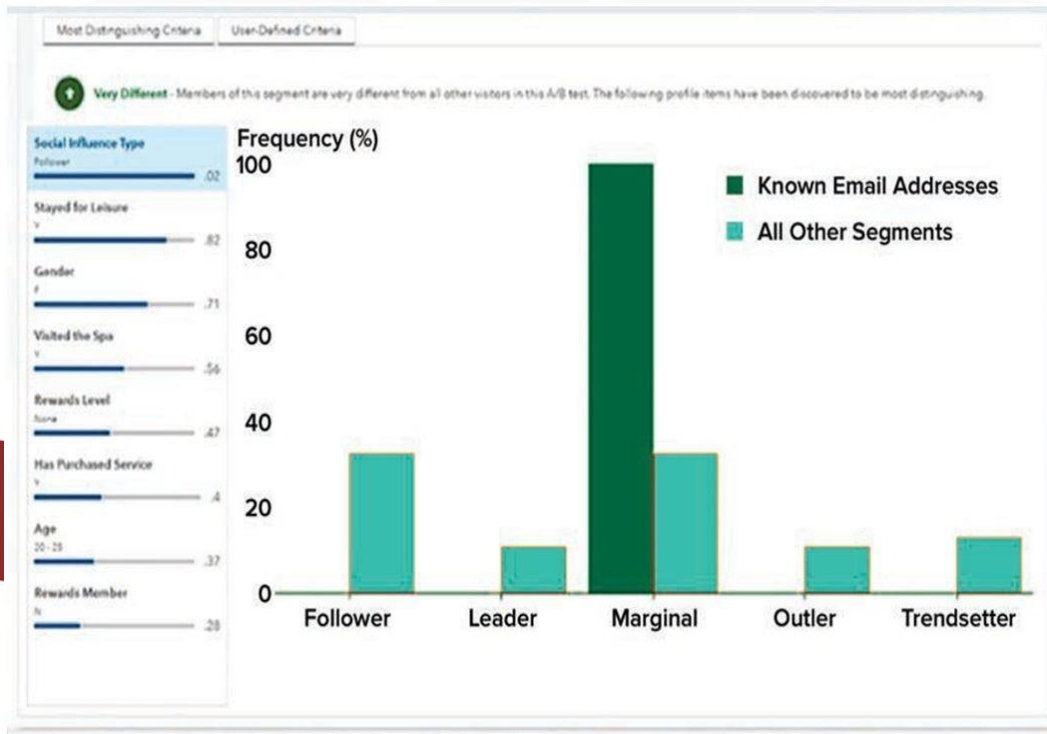


## Firms With a Customer Orientation

- Place the customer at the core of all aspects of the firm.
- Instill a firm-wide focus on understanding customer requirements.
- Make sure that all employees understand the customer marketplace.
- Align system capabilities internally so that the firm offers innovative, competitively differentiated, satisfying products and services.

# Big Data and Marketing Decision-making

**Big Data:** the every-increasing quantity and complexity of data being continuously produced by technological sources such as laptops, Smartphones, and other smart devices.



1. Knowledge about customer psychology
2. Optimized pricing decisions
3. Better allocation of budget

**SAS customer intelligence 360 customer insights**



# Four Vs Characteristics of Big Data

1. **VOLUME:** the amount of data produced in bytes
2. **VELOCITY:** the frequency and speed of analysis
3. **VARIETY:** different types of data
4. **VERACITY:** reliability and validity



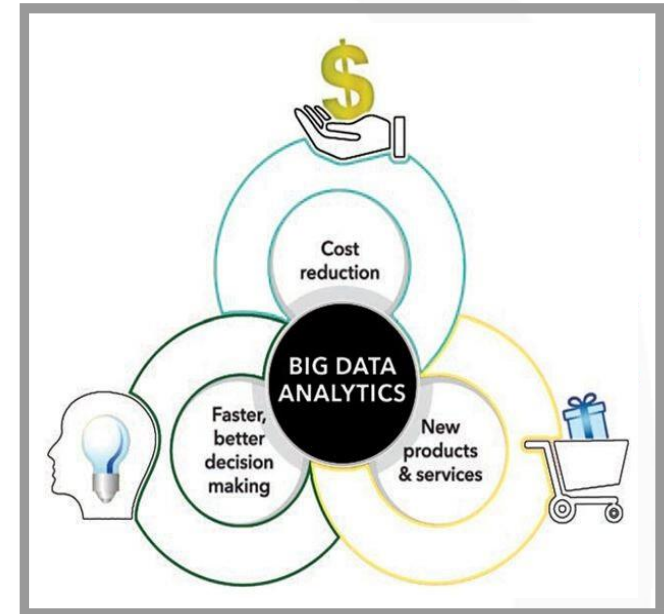
Some tools used in Big Data solutions:



THE  
POWER  
TO KNOW®

# The Value of Big Data

- ✓ Big Data helps marketers better understand customer behavior.
- ✓ Value is considered the fifth V by some managers.
- ✓ Allows marketing managers to identify:
  - Experiences of customers in the purchasing process
  - Customer's touchpoints
  - How customers interact and experience different products and services



# Categories of Big Data

## Structured

- Generates logical organization.
- Easy to categorize.
- Numeric or text limited to certain input values (male/female).

## Unstructured

- No specific organizational structure.
- Rich source of customer insights.
- Social media posts, and customer service rep, and sales force interactions.

# Categories of Big Data

	STRUCTURED DATA	UNSTRUCTURED DATA
<b>STORAGE</b>	Generally stored in relational databases or other information system structures that contain a well-defined row and column structure.	Generally stored in files with a limited degree of organization imposed within the files ( <i>data entries may be logged and organized chronologically</i> ).
<b>CHARACTERISTICS</b>	Generally easier and less costly to store and analyze because of its readily available structural characteristics ( <i>each record may be restricted to a single data type such as numeric, date, time, alphabetic</i> ).	Generally harder and more costly to analyze because of its lack of readily available structural characteristics.
<b>EXAMPLES</b>	<ul style="list-style-type: none"> <li>• Data input into specific fields within a web form (<i>Age, Gender, Birthday</i>)</li> <li>• Data created through specific transactions (<i>purchasing a clothing item online</i>).</li> </ul>	<ul style="list-style-type: none"> <li>• Text and images within e-mail messages.</li> <li>• Text, images, audio, and video within social media posts.</li> <li>• Text, images, audio, and video within blog posts.</li> </ul>



# Categories of Big Data

Automated technologies are used to extract structured data from unstructured.

Not all data neatly fits into these two categories.

**Semi-structured data** has some elements that machines can understand but other elements machines cannot understand.

- Example: XML files have tags (structured data) but need more analysis to create other data in the files.

# Big Data Sources

Wide range of sources.

Valuable sources capture data on current and potential customers that allow the marketer to act.

- Business systems
- Social media platforms
- Internet-connected devices
- Mobile apps
- Commercial entities
- Government entities





# Questions?



# Thank You