Customer relationship management

I. What is customer relationship management?
   - Two views of CRM

II. Using web-based customer service
   - A model of web-based CRM
   - Examples

III. Web-based CRM and organizational change
   - Cultural
   - Process-oriented
   - Technological
   - Structural
I. What is customer relationship management?

“CRM is definitely back on many firms’ agendas…Not only are more firms recognizing that CRM is a business strategy rather than just another IT project, but many are realizing that there is also a “C” in CRM, or “customer” in customer relationship management.

It emphasizes the ability of companies to look from the outside in (…from the customer's perspective), rather than looking from the inside out (…the company's perspective). Balancing both perspectives is critical in this next generation of CRM.”

I. What is customer relationship management?

Holiday shoppers spent an estimated $21.7 billion online during November and December, up 26% from the same period a year earlier, according to a report from the National Retail Federation.

The Retail Sales Outlook report also found that the increase in overall holiday sales for 2006 ... was about 4.4% -- just under the federation’s 5% growth estimate. In 2005, holiday sales overall rose 6.1%.

www.computerworld.com/action/article.do?command=viewArticleBasic&articleId=280095&source=rss_news50
I. What is customer relationship management?

New research ... reveals over half of British consumers (52%) have had at least one experience of poor customer service from a household name company within the last year. Of these, four out of five (81%) have had an experience of poor service within the last six months.

Yet most consumers would pay more for improved service, with well over half (55%) saying they would part with extra cash for a product if it guaranteed a better level of customer service.

Brodeur, A. (2004). “If good customer service costs, then we’re ready to pay,” say British consumers

www.insightexec.com/cgi-bin/item.cgi?id=130980
I. What is customer relationship management?

Research by Transversal shows that online CRM is poor:
64% of leading consumer websites could answer less than 2 out of 10 most often asked consumer questions
16% of websites could answer 5 or more successfully
44% failed to respond to customer questions by email
Those that did took an average of 33 hours to reply.
Telecom sites were the worst, answering 1 out of 10
Travel websites answered fewer than 2

I. What is customer relationship management?

"Please listen carefully as some of our menu options have changed. For customer service, go fly a kite. For technical support, whistle in the wind until the cows come home. For repair service, wait for you-know-what to freeze over..."

www.cep401.com/photos/funny/customer-service.jpg
I. What is customer relationship management?

It costs six times more to get a new customer than to keep an old one, and if ... customer support falls down, then companies are greatly reducing their chances of repeat business.


A customer service survey released today ... found that U.S. consumers will withstand a maximum of ... two negative customer service experiences before taking their business elsewhere.

AmDocs. (2004). Two Strikes and You’re Out...for Poor Customer Service

I. What is customer relationship management?

Businesses have a lot of room to improve customer service support provided via e-mail - JupiterResearch

Response times to customer e-mail inquiries worsened compared with December 2004”

- 25% responded to an email question within 6 hours down from 28% in December 2004
- 20% responded within 6 to 24 hours
- 39% took 3 or more days to reply or never responded

O’Connor. (2006). Study: E-mail customer support deteriorates: Some companies never respond to e-mail requests

www.computerworld.com/softwaretopics/software/groupware/story/0,10801,109771,00.html
I. What is customer relationship management?

JupiterResearch projects that consumer e-mail questions will increase in coming years.

The overall volume expected to jump 23% from 2005 to 2006, and an average of 18% between 2006 and 2010.

Music-related companies lead with use of automated acknowledgement with 56% issuing acknowledgements.

Retail and travel sectors with 47% and 45%, respectively.

Finance companies ranked last, with 30% using an automated reply.
I. What is customer relationship management?

www.unitedmedia.com/comics/dilbert/
I. What is customer relationship management?

Customer service is a component of CRM, which is a long-term enterprise wide strategy intended to increase profitability through a customer focus.

The goals of CRM are to:

- Effectively and consistently manage prospects and customers, regardless of where the interaction takes place.
- Develop and maintain sustained interactions with customers over time.
- Identify profitable customers, understand their complex needs and align the business to meet those needs.
I. What is customer relationship management?

Successful CRM: all “points of contact” with customers are handled with consistent quality

This requires integrating business processes

Outside sales, call centers, telemarketing, direct marketing operations and web apps

The call center or web portal is connected to the IT infrastructure and new and legacy external channels

Customer database for data mining, personalization, profiling

“Customer facing” technology is combined with “back office” processes, for appropriate information retrieval
I. What is customer relationship management?

Customer “touch points”

Generating demand

Communicating about product

Conducting transaction

Fulfilling orders

Post-sale customer service

1. What is customer relationship management?

CRM technologies improve sales by:

- Providing common access to account and contact management information
- Making real-time sales information and analysis available (by channels and stages of the sale)
- Allowing review and monitoring of the sales status
- Forecasting and analysis of sales and customer data
- Providing mobile access for sales agents: sales summaries and performance monitoring
- Tracking sales: identifying top performers

www.datatune.com/images/polygon-color.jpg
I. What is customer relationship management?

CRM methods and technologies improve marketing by:

- Automating the marketing process
- Tracking campaigns through their lifecycles (planning to executing to analysis)
- Integrating marketing with other customer-oriented processes (sales and service) and with ERP solutions for better information about customers
- Providing multiple channels for customer interaction
- Developing a centralized database of product, price and competitive information
I. What is customer relationship management?

CRM technologies improve customer service/support by:

Automating and tracking customer care

Providing incident, defect, and order tracking

Maintaining a problem and solution database and handling repair scheduling and dispatching

Storing and retrieving service requests, agreements, contracts, and dispositions

Allowing multiple contact channels for customers

www.livetime.com/webservicedesk/images/channels.jpg
I. What is customer relationship management?

It is important for ebusinesses to consider CRM

Companies without effective e-service spend 10-15% more on customer support than their competitors

Companies with poor e-service lose customers, since web users get frustrated quickly and leave

It is also a means of boosting site traffic

Increases branding and promotional opportunities

Increases ad revenues for sites that run paid advertising
I. What is customer relationship management?

What’s the problem?

Some ebusinesses don't recognize how powerful a business tool good e-service can be

They’re slow to respond to customer needs

They don’t have a practical process for capturing the information customers want and quickly getting it to their site

Initial costs of developing e-crm applications are high

Some leave out some of the key functions necessary to build customer relationships
I. What is customer relationship management?

Online customers want fast service

In addition, visitors include everyone from clueless newcomers to long-time customers

This puts pressure on site designers to create sites that are easy to use and to navigate

It puts pressure on content developers (marketing and customer support staff as well as the web team) to anticipate the possible needs of all type of visitors

The range of information that may be requested is wide and deep
I. What is customer relationship management?

Customer satisfaction is related to perceptions of the firm’s involvement and responsiveness.

Also to business appearance, reliability, assurance and trust.

I. What is customer relationship management?

Two views of CRM: the firm

It is at the end of the value chain (Porter 1985)

- Activities needed to keep a product/service working for the buyer after it is sold and delivered

A linear process with three phases separated by time

- Pre-transaction: organizational buy-in and preparation
- Transaction: minimize time between ordering and receiving the product
- Post-transaction: customer care

A set of activities a firm engages in to win and keep customers over and above assembly and sale activities
I. What is customer relationship management?

Two views of customer service: the customer

This is a life cycle model with four stages

   Assessment: do I need the product/service?
   Acquisition: how and where can I buy it?
   Ownership: where the product/service is used
   Retirement: should I get another one?

If the customer engages in another transaction, the cycle begins anew

   She can be at different stages of the cycle if she has purchased different products at different times
I. What is customer relationship management?

Firm and customer views of CRM
I. What is customer relationship management?

Customer relationship management

I. What is customer relationship management?
   • Two views of CRM

II. Using web-based customer service
   • A model of web-based CRM
   • Examples

III. Web-based CRM and organizational change
   • Cultural
   • Process-oriented
   • Technological
   • Structural
II. Using web-based customer service

Online the balance of power shifts toward the customer... If...a customer [is] unhappy, they can tell thousands of people....if [they are] happy, they can also tell thousands of people.

With that kind of megaphone in the hands of every ... customer, you had better be customer-centric (Bezos, 1999)
II. Using web-based customer service

Questions:

What are some common strategies used by ebusiness firms to provide customer service and support?

How do customer support processes contribute to the “stickiness” of ecommerce web sites?

How do organizations change to accommodate the demands and requirements of web-based customer support?

www.redweb.co.uk/imgGallery/regular/299.JPG
II. Using web-based customer service

A model of web based customer service

<table>
<thead>
<tr>
<th>Solitary</th>
<th>Interactive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asynchronous</strong></td>
<td></td>
</tr>
<tr>
<td>Visiting alone</td>
<td>Others are present</td>
</tr>
<tr>
<td>Responses arrive later</td>
<td>Responses arrive later</td>
</tr>
<tr>
<td>Low social presence</td>
<td>High social presence</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Synchronous</strong></td>
<td></td>
</tr>
<tr>
<td>Visiting alone</td>
<td>Others are present</td>
</tr>
<tr>
<td>Responses arrive</td>
<td>Responses arrive</td>
</tr>
<tr>
<td>immediately</td>
<td>immediately</td>
</tr>
<tr>
<td>Low social presence</td>
<td>High social presence</td>
</tr>
</tbody>
</table>
II. Using web-based customer service

A model of web based customer service

<table>
<thead>
<tr>
<th>Solitary</th>
<th>Interactive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asynchronous</strong></td>
<td><strong>Synchronous</strong></td>
</tr>
<tr>
<td>Autoresponders “Pushed” content</td>
<td>Knowledge base, FAQ, Help pages, Streaming video, VRML, QT files, Tracking and order verification, Comparison pricing</td>
</tr>
<tr>
<td>Email support</td>
<td>Chat</td>
</tr>
<tr>
<td>Opt-in mailing</td>
<td>Instant messaging, Live webcasts</td>
</tr>
<tr>
<td>Conferencing: lists, blogs, newsgroups, webboards</td>
<td>“Call-me” service</td>
</tr>
</tbody>
</table>
II. Using web-based customer service

Solitary asynchronous options

Autoresponders deliver files to customers

Getresponse.com
www.getresponse.com/

They can come as an off the shelf application

Promasoft
www.autoreplying.com/

A collection of reviews of autoresponders

Affiliate MegaGuide.com
affiliatemegaguide.com/autoresponder-review.shtml
II. Using web-based customer service

Solitary synchronous options: static

Complex knowledge bases allow searching for technical information from multiple access points

Microsoft Product Support Services
support.microsoft.com

Help pages can be customized: international clothing size, currency and metric conversion charts, global shipping rates, available in several languages

ThinkGeek.com
www.thinkgeek.com/help/sizing-info.shtml

Amazon.com
www.amazon.com/gp/help/customer/display.html/104-5833102-5045500?ie=UTF8&nodeId=508510
II. Using web-based customer service

Solitary synchronous options: dynamic

Customers access files: purchase histories, address books, special occasion reminders and account settings

Amazon.com
www.amazon.com

Managing portfolios and conducting real-time research

E*Trade
www.etrade.com

Real-time tracking of orders and shipments

FedEx
www.fedex.com

United Parcel Service
www.ups.com
II. Using web-based customer service

Interactive asynchronous options

The most popular option is email used by customers to communicate with the firm and other customers

One site has an email link to the Cork Dork

VinoNet.com
www.vinonet.com/corkdork.htm

Firms distinguish themselves by the speed of their response - one promises immediate responses to customer email

WebSupportLive.com
www.websupportlive.com/mail_manage.htm
II. Using web-based customer service

Interactive asynchronous options

A customer portal can be used by customers and the firm to discuss specific products and services

Compass Learning
support.compasslearning.com/ListServ/csnewsletter.asp

A blog allows conversation among customers

Soundengine.com
www.soundengine.com/html/blogger.html

Vivid Racing
www.vividforums.com/
II. Using web-based customer service

Interactive dynamic options

Firms set up real-time chat for customers with company representatives or other customers

- CDE Software
  www.cdesoftware.com/index.html

- First Internet Bank
  https://firstib.custhelp.com/cgi-bin/firstib.cfg/php/enduser/live.php

Some have live webcasts: support for registered users

- Texas Instruments
  focus.ti.com/docs/training/catalog/events/event.jhtml?sku=WEB404002

  www.cello.org/chatguys.jpg
II. Using web-based customer service

A “call me” button links a customer to a customer service representative over the telephone while the customer remains on the site

TelCan
www.telcan.net/Call-Me-Buttons/index.asp?VLG=2240628

Some firms are experimenting with live customer support

LivePerson
www.liveperson.com(sb/index.asp

PHPLive
www.phplivesupport.com/screenshots.php

Livechatnow.com
www.livechatnow.com/

www.rostrvm.com/images/web_call_me.jpg
Customer relationship management

I. What is customer relationship management?
   • Two views of CRM

II. Using web-based customer service
   • A model of web-based CRM
   • Examples

III. Web-based CRM and organizational change
   • Cultural
   • Process-oriented
   • Technological
   • Structural
III. Web-based CRM and organizational change

A commitment to CRM is a commitment to organizational change

Customer-initiated transactions begin an information flow impacting sales, marketing, inventory, suppliers, support, accounting, QA, and logistics, and the web team

Tightly controlled “islands of information” and “information silos” impede the flow

Valuable information is lost unless the site is integrated into back end systems

There must be easy and rapid information exchange occurring in real time among organizational units
III. Web-based CRM and organizational change

A culture is needed which embraces the following assumptions:

What business units do is done for customers, whether or not the people in the unit have direct interaction with them.

From the initial visit to the full range of interactions a customer has with the firm, her experiences should be fast, efficient, informative, and transparent.

People interacting with customers should listen and respond quickly and effectively.
III. Web-based CRM and organizational change

Replace the stereotype of the customer with a more complex, segmented and multi-faceted picture

If employees believe that all customers are the same, information will be discarded and useless

Continually solicit customer feedback

Learn about their experience

Negative comments point to what is problematic, and what can be improved

Employees should be responsible for following each instance of from initiation to resolution
III. Web-based CRM and organizational change

Customer information is essential to business success and should be shared widely throughout the organization.

Customer service representatives should have easy access to this information whenever they interact with a customer.

Product development people should also have access as they work on versions of the firm’s products and or services.

Efficiencies and innovations in dealing with issues of customer information and service should be rewarded.
III. Web-based CRM and organizational change

How to mess up web based customer service

Misunderstand visitor requirements

Encourage the manager to think of the site as a brochure or print ad

Don’t think about dynamic, interactive needs of users

Forget that the net experience fosters expectations of interaction and response (ignore interactive communities)

Overlook need to provide dynamic content and mechanisms to meet the demands and expectations of your typical visitor
III. Web-based CRM and organizational change

Cost and staffing constraints

Do not provide sufficient resources to implement good e-service

Don’t bother committing one or more full-time staff members to

Track frequently asked questions

Develop appropriate content to answer them

Modify or adding new pages as required

Interact with customers in real or near real time
III. Web-based CRM and organizational change

Ways to do it right

Make sure the website “listens” for explicit and implicit messages

Explicit messages are clear requests for specific information

Implicit messages are patterns of queries or usage that imply difficulty in finding type of content (or that something is missing)

Effective e-service requires mechanisms and practices ensuring that both types of online customer requirements are tracked and acted upon
III. Web-based CRM and organizational change

Give customers what they want

Find out what types of content users are asking for and provide it quickly

Provide it in the formats they want and prefer

Delays in delivering customer-driven content can be deadly

Use customer request information to enhance site content for future visitors

Make responsive content and response mechanisms easy to find and easy to use

Provide lots of contact information throughout the site
III. Web-based CRM and organizational change

The “80/20” rule: 80% of traffic is aimed at 20% of content

A relatively small amount of content takes care of a lot of business if it’s the right content

Get the most important information up first, and add to it over time as dictated by customer feedback

Get “pushy”

Don't rely on customers coming to your site to get them the information they need

Offer a variety of e-mail notification options

Permission marketing allows you to push content

Turn their mailbox into an extension of your site
III. Web-based CRM and organizational change

Respond as quickly as you can to customer responses

Delay in response can be costly

It is difficult to win back a customer who has been disappointed

Track as much of their activities as you can within your privacy policies

Consistent tracking of such requests allows those in charge of site content to determine where to direct their efforts

This allows more efficient use of human and technical resources
III. Web-based CRM and organizational change

Try to automate as many e-service and website functions as possible

Use effective automation tools

These can scale up to meet rising demands

Good e-service applications automate site maintenance tasks and eliminate time-consuming knowledge collection and engineering functions

If these functions are neglected over time, they result in out-of-date content and dissatisfied customers
III. Web-based CRM and organizational change

Benefits of good e-service

- Reduced costs of customer service incidents
- Faster service and increased satisfaction
- Stronger customer relationships
- Increased traffic
- Increased ad revenues
- 24X7 response
- Improved R&D

www.eurekacrm.com/images/TheEffectiveCRMcycle2.jpg
III. Web-based CRM and organizational change

Changes in business processes and workflow

The web reduces costs by making some business processes faster, more efficient, and less expensive: HR, accounting

Others become more expensive: branding, marketing, customer loyalty and service

By examining processes and activities involved in the web, firms can streamline and adjust to better support ebusiness

Understanding how customers do business with them and how employees do business with customers
III. Web-based CRM and organizational change

Adequate metrics are needed to measure successful web-based customer service

Reliable processes are needed to capturing data for these metrics

Metrics exist for offline customer service (ex: call centers) not yet for the web

Existing metrics may be easily adapted for ecommerce, but this effort just underway

We need for benchmarks of web-based customer satisfaction to compare to those gathered for call centers
III. Web-based CRM and organizational change

Technical changes

There must be an infrastructure to support a large and complex web site

Support for combinations of solitary, interactive, asynchronous, and synchronous CRM

Requires a high level of system integration linking the web front end to the firm’s back end systems

Web-generated customer information has to flow to appropriate business units in real time

It can be used to create and maintain product knowledge bases and dynamic customer profiles
III. Web-based CRM and organizational change

Structural changes

Job responsibilities will change with new positions added and old ones dropped

To manage web-based ecommerce, there should be three teams:

- Technical
- Content
- Sales and marketing
III. Web-based CRM and organizational change

A technical team which has the primary responsibility of designing and maintaining the web site

A webmaster works with programmers and database designers

The goal is to continually improve the site in response to customer input, competitive analyses of rivals, and changes in technology
III. Web-based CRM and organizational change

A content team responsible for publishing the site

A team needs at least a technical writer and a graphic design specialist

In a larger firm, these positions can be managerial

The technical person oversees a distributed publishing process

The graphics person works with the outside design firm
III. Web-based CRM and organizational change

A marketing and sales team which has responsibility for the ecommerce activities on the site

A manager is responsible for high level activities

  Marketing and advertising strategy

  Working with the other business units that need information from the web site

  Determining customer service options

Team members might include a customer profile and knowledge base manager, a customer service manager, and a web site information analyst
III. Web-based CRM and organizational change

Ethical and social considerations of customer information systems

Privacy

The ability of people to keep personal information about themselves private and confidential

How the widespread holding of personal information about people impacts on interpersonal relations of trust, autonomy, and dignity;

III. Web-based CRM and organizational change

IP ownership and control
  Who owns personal information about an individual
  Who has the right to use it, or control its use
  When is it legitimate to extract value from it?

Accessibility
  Access of members of society to the social store of information
  Can this lead to the systematic exclusion of people from the marketplace?