



E - C R M

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The application of technology to support **customer relationship management (CRM)** is a key element of digital business. Building long-term relationships with customers is essential for any sustainable business.

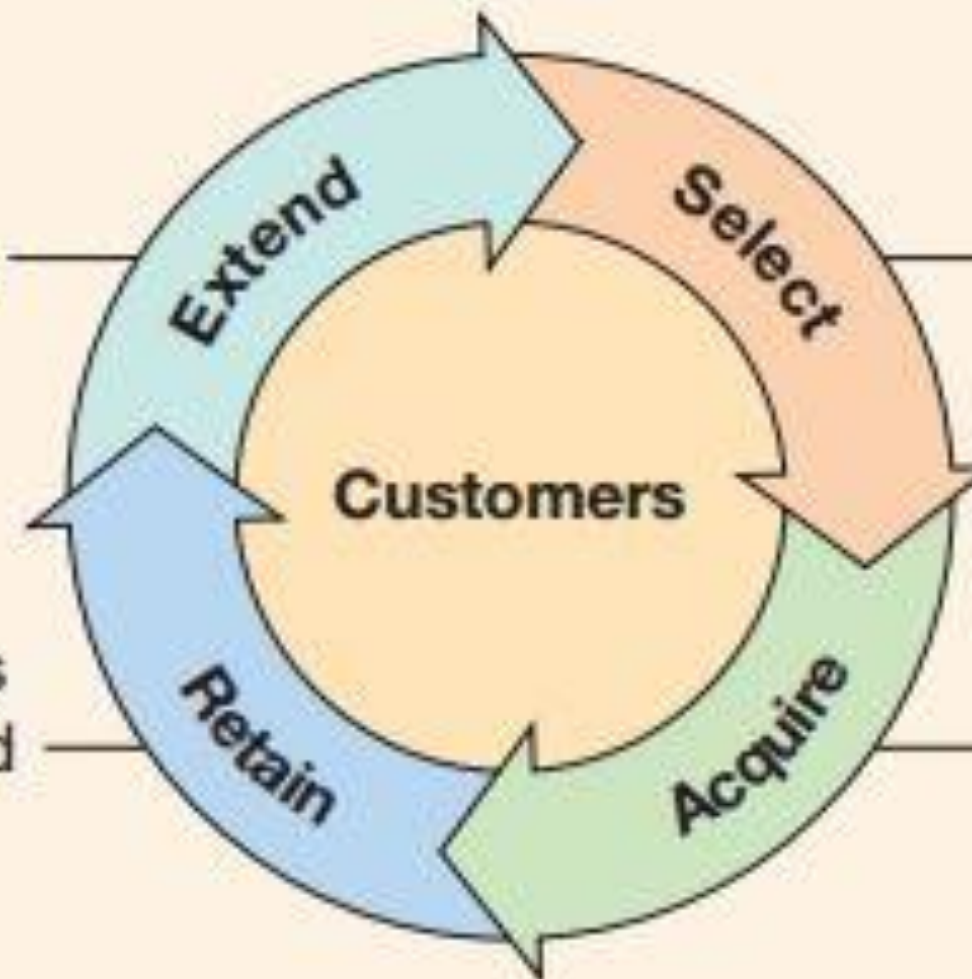
Customer selection means defining the types of customers that a company will market to. It means identifying different groups of customers for which to develop offerings and to target during acquisition, retention and extension

Customer extension

- 'Sense and Respond'
- Cross-selling and up-selling
- Optimise service quality
- Use the right channels

Customer retention

- Understand individual needs
- Relevant offers for continued usage of online services
- Maximise service quality
- Use the right channels



Customer selection

- Who do we target?
- What is their value?
- What is their life cycle?
- Where do we reach them?

Customer acquisition

- Target the right segments
- Minimise acquisition costs
- Optimise service quality
- Use the right channels

Figure 9.1

The four classic marketing activities of customer relationship management

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2 Customer acquisition refers to marketing activities intended to form relationships with new customers while minimising acquisition costs and targeting high-value customers. Service quality and selecting the right channels for different customers are important.

3 Customer retention refers to the marketing activities taken by an organisation to keep its existing customers. Identifying relevant offerings based on their individual needs and detailed position in the customer life cycle (e.g. number or value of purchases) is key.

4 Customer extension refers to increasing the depth or range of products that a customer purchases from a company. This is often referred to as 'customer development'.

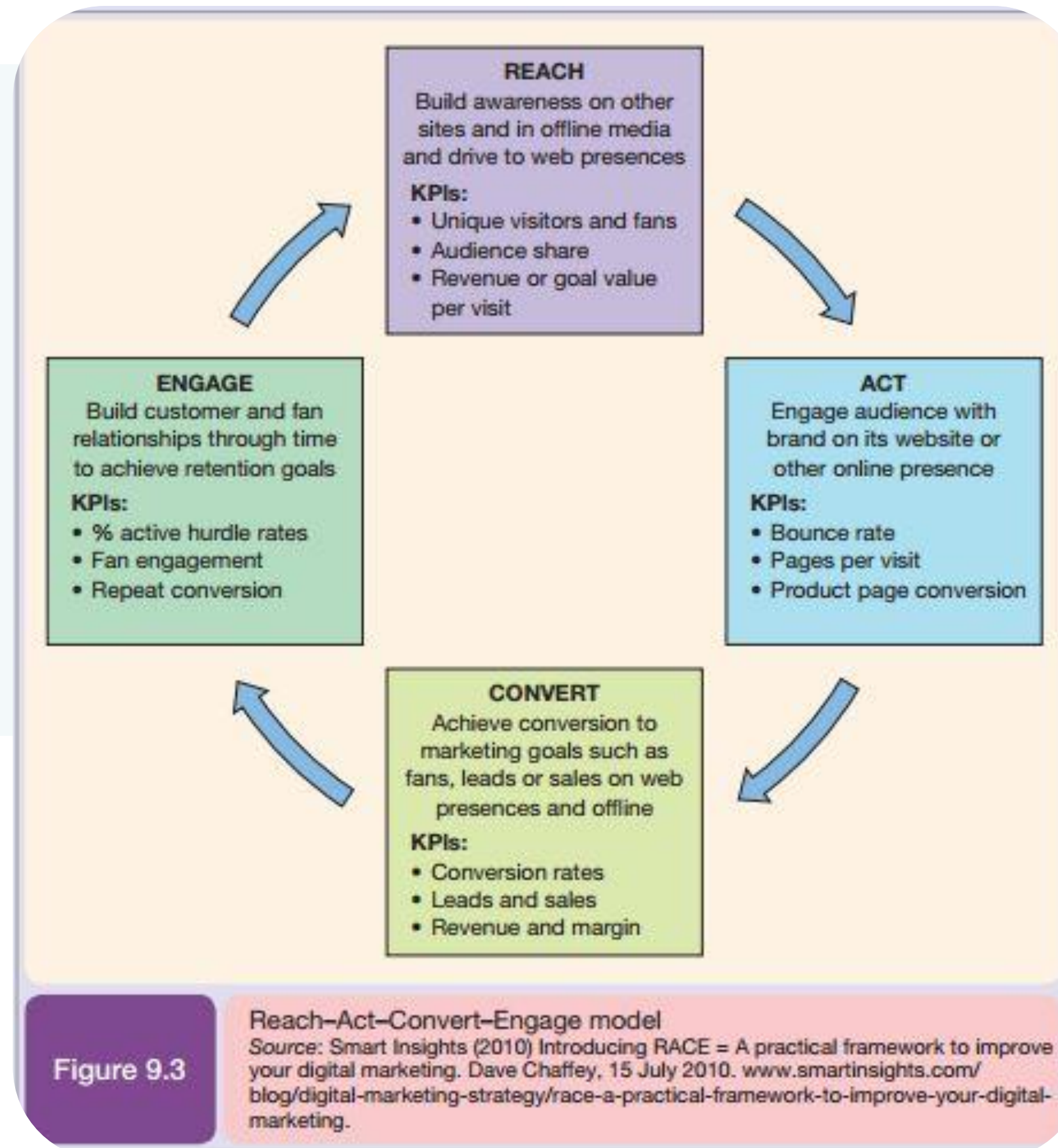
Using the Internet for relationship marketing involves integrating the customer database with websites to make the relationship targeted and personalised. Through doing this marketing can be improved as follows:


1. Targeting more cost-effectively. Traditional targeting, for direct mail for instance, is often based on mailing lists compiled according to criteria that mean that not everyone contacted is in the target market

Achieve mass customisation of the marketing messages (and possibly the product). This tailoring process is described in a subsequent section. Technology makes it possible to send tailored emails at much lower costs than is possible with direct mail and also to provide tailored web pages to smaller groups of customers (micro segments).

Increase depth, breadth and nature of relationship. The nature of the Internet medium enables more information to be supplied to customers as required.

RACE consists of four steps designed to help engage prospects, customers and fans with brands throughout the customer life cycle:



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THANK YOU!

ANY QUESTIONS?