## OBJECTIVE OF THIS ARTICLE

At the end of this article, readers should be able to discuss analytical CRM in terms of:

• Business strategy

• Customer strategy

• Lifetime Value Analysis

• Data Repository

• It Systems

• Front Office and Back Office Applications

CRM is a management approach that seeks to create develop and enhance a relationship with carefully targeted customers CRM should be viewed as a strategic set of activities that commences with a detailed review of an organisation's strategy and concludes with an improvement in shareholder value. The notion that competitive advantage stems from the creation of value for the customer and for the company is the key to the success of CRM. This demands that responsibility for value delivery is shared across functions and her archives.
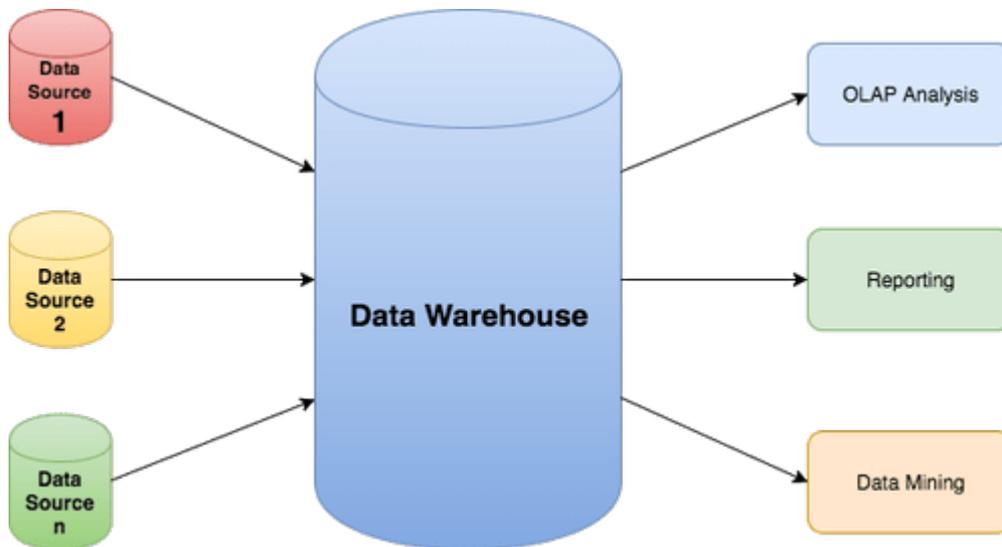
Because CRM is a cross-functional activity. it can be difficult to withal a systematic approach. most companies today recognize that their future depends on the strength of their business relationships, and most crucially, their relationships with customers. before turning immediately to technology solutions, managers need to first consider CRM in the context of overall business strategy. CRM must actively reflect and reinforce the wider goals of the business if it is to be successful.

The strategy development process, therefore, demands a dual focus on the Organisation's business strategy and its customer strategy

BUSINESS STRATEGY

A comprehensive review of the business strategy to provide a realistic platform on which to construct the CRM strategy, as well as general recommendations for general improvement. The organisation needs to fully understand its own competencies within a competitive context in order to be able to transfer them to the customer as customer value.

CUSTOMER STRATEGY

The other half of the strategy equation is deciding which customers the business wants most to attract and to keep, and which customers it would prefer to be without. While the prior review of business strategy will be instrumental in reaching a judgment on broad customer focus, consideration of customer strategy will help to refine customer selection. This will frequently require a reappraisal of the way in which customers are approached and segmented and the way in which resources are allocated.

The value creation process is concerned with transforming the outputs of the strategy development process into programmes that both extract and deliver value. The value creation process consists of three key elements:

1. Determining what value the company can provide to its customers.
2. Determining the value of the organisation receives from its customers.
3. Successfully managing this value exchange, maximizing the lifetime value of desirable customer segments.

The value the customer receives from the supplier organisation is the total package of benefits derived from the 'core' product and the added value that enhance the basic features such as service and support. The aim is to create a value proposition which is superior to and more profitable than those of competitors. To determine if the value proposition is likely to result in superior customer experience.

It is necessary to quantify the relative importance that customers place upon the various attributes of a product.

Analytical tools such as trade-off analysis can be applied to discover the importance given to each attribute by the customer.

The pursuit of customers must be based on a sound understanding of how acquisition cost very at both the segment and channel levels. In many instances, customer acquisition can be improved through insights drawn from the value proposition and the value assessment.

Research findings have also clearly linked retention to profitability while the financial implications of emphasizing customer retention to an extent greater than customer acquisition are significant, remarkably few companies have reacted to benefit from this knowledge.

Customer segment lifetime value analysis

To decide the relative amount of emphasis that should be placed on customer acquisition and customer retention, it is necessary to understand acquisition and retention economics at the segment, or better yet, a micro-segment or individual level. The key metric used to evaluate customer profit potential is customer lifetime value.

Data reposition

The data repository provides a powerful corporate memory of customers, an integrated enterprise-wide data store capable of relevant data analyses. It consists of databases and a data warehouse, and where appropriate a collection of related data marts that ensure the maximum value is extracted from customer information.

IT SYSTEMS

It systems refer to the computer hardware and the related software and middleware used within the organisation. It systems must be able to deliver the information needed on customers both now and in the future and to accomplish other administrative duties. The Organisation's capacity to scale existing systems without disrupting business operations is critical.

Front Office and Back Office Applications

Front office applications are the technologies used to support all those activities that involve direct interface with customers, including sales force automation and call centre management including sales force automation and call centre management.

These applications are used to increase revenues by improving customer retention and raising sales closure rates. Back-office applications support internal administration activities and supplier relationships, involving human resources, procurement, warehouse management, logistic, software and some financial processes. The overriding concern about

back and front office systems is that they are sufficiently connected and coordinated to optimize customer relations and workflow.

SUMMARY

At the end of this lesson, we have discovered that:

- CRM is a management approach that seeks to create and develop and enhance relationships with carefully targeted customers.
- Without a systematic approach, CRM will be very difficult.
- An organisation must focus on their business and customer strategy in order to attain CRM objective.
- Customer strategy has to do with deciding on which calibre of customers the organisation wish to attract and the best ways of attracting them.
- The pursuit of customers must be based on a sound understanding of how acquisition cost vary at both the segment and the channel levels.
- Research has also shown that the more you are able to retain your customer, the more profitable your organisation will be
- Data repository are corporate memory of customers database.

Action Point.

You need to confirm your subscription by clicking on the link sent to you. You can check the spam folder for it. Add us to your mailing list

to receive directly from us.

PS: Click on the link below to sign up for my Online E-Course CRM Training. Make sure you confirm your subscription by clicking on the link sent to you. Thanks.

Share on:
WhatsApp
Share on FacebookShare on TwitterShare on LinkedinShare on PinterestShare on Reddit
Sharing is caring.