

Chapter 29

Customer Relationship Management as a Customer–Centric Business Strategy

Süphan Nasır
Istanbul University, Turkey

ABSTRACT

CRM is fundamentally essential for the future of the company. CRM technologies enable the company to understand customer behavior better, predict their future behavior, deliver customized customer experience, and establish long-term customer relationships. However, considering that CRM is only limited with technology would be a big mistake for the company. Companies cannot deliver outstanding customer value, service, and experiences only through investing in CRM technologies. Strategic integration of CRM philosophy into company culture and operating processes are required to deliver superior customer service and experience. In the absence of CRM strategy, companies fail to harvest the benefits of CRM. The main purpose of this chapter is to discuss the characteristics as well as the strategic objective of CRM strategy. This chapter explains the customer life cycle management and proposes a holistic framework for customer life cycle management. This chapter ends with discussing the strategies to turn customers into assets and create devoted customers.

INTRODUCTION

In today's market conditions, customers demand better service and expect more from companies. Companies require to understand the needs, preferences, and buying behavior of customers; in order to plan and execute interactions that create best possible experience for their customers. Responding needs of customers fast is important, but customers do not only expect fast respond, they also evaluate the performance of the company by looking at how well companies handle their needs. Bluewolf infographic reveals the fact that 85% of the company's business could be lost due to the poor customer service. 59% of customers indicate that they may switch to another brand in order to get better service and 40% of customers say that they will leave the company after the second mistake; however 73% of customers are

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willing to spend more with the company if the company delivers good customer service (Bluewolf, n.d.). Hence, greater focus on delivering satisfying customer services and customer experience is essential for maintaining customer loyalty.

As SAS Institute Inc. and Peppers & Rogers Group (2009) indicate that the landscape of marketing is being reshaped. In this new landscape power shifts to customers and companies lose their control. Customers become belligerent and they are increasingly intolerant of poor experiences. In the case of dissatisfaction they share their dissatisfaction with other people on the social networks. When a company fails to adopt the customer's perspective, it may damage to its business. However, companies that provide customer intimacy and outstanding customer experiences, have the opportunity to stand apart from the crowd and achieve competitive advantage. Since the unique product differentiation can be quickly copied by competitors and it is easy to compare prices through shopping bot to find best price, customer experience becomes the new differentiator. Customer experience report findings indicate that majority of U.S. consumers consider good customer service (52%) as an extremely important compared to good prices (38%) in engendering loyalty to the company and four out of five respondents do not consider to purchase again from a company that delivers a bad experience. Therefore, it is not the product or price that creates the differentiation, intimate customer relationships between the customer and company creates the differentiation and competitive advantage (SAS Institute and Peppers & Rogers Group, 2009). Companies that want to be successful should invest in building stronger customer relationships and adopt the customer's point-of-view to their processes. Building the intimate customer relationships is more important than transaction. Companies recognize that superior customer experiences have become critical for ensuring competitive advantage.

According to the Temkin's State of Customer Experience report, customer experience leader companies that have customer experience ambitions above the industry average have more loyal customers than the customer experience laggard companies that have customer experience ambitions below the industry average. Customers, who have more positive customer experience with the company, are willing to purchase more from the company and likely to recommend the company. Although companies are still in early stages of their customer experience journey, statistics indicate that the number of the companies that have reached the satisfactory customer experience level has been gradually increasing from 16% in 2011 to 37% in 2013 (Temkin Group, 2013). Companies that want to deliver excellent customer experience need to realign their technologies and organizational culture around the customer. Companies that fail to organize around the customer endanger their companies' market share as well as financial survival.

CRM is fundamentally essential for the future of the company. Advancements in information technology allow companies to organize around the customer and build better relationships with customers. CRM technology solutions enable the company to track customer behavior, better understand customer behavior, predict their future behavior, identify the profitability of customers, quickly respond customer requests, deliver customized customer offerings and experience, and establish and sustain long-term customer relationships. Many companies have been increasingly allocating their resources to develop CRM strategies and making significant investments in CRM technologies and processes. Today, the adoption of CRM and sophisticated technologies has become more widespread in B2C markets as well as in B2B markets. However, considering the CRM only limited with the technology would be a fatal mistake for the company. Most of the companies invest in CRM technologies without developing a CRM strategy. Companies cannot deliver outstanding customer value, service and experiences only through investing in CRM technologies. Strategic integration of CRM philosophy into company's culture and operating processes and customer centric alignment of the organization are required to deliver superior

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