

Chapter 10

Management of Customer Relationships: Strategies and Initiatives

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ABSTRACT

It is imperative for companies to develop and manage customer relationships effectively. The objective of the study is to analyze the effective management of customer relationships by companies. The methodology adopted is a conceptual analysis of the various strategies and initiatives adopted by companies for managing customer relationships. Companies customize and personalize their offerings with the help of permission marketing and engagement marketing. They empower their customers, manage customer word of mouth, and deal with customer complaints effectively. Academicians may analyze the existing strategies and initiatives and suggest effective strategies and initiatives for management of customer relationships. Practicing managers may evaluate the existing strategies and initiatives and implement effective strategies and initiatives in future. All these will enable companies to develop strong bondages with their customers, to manage customer relationships effectively, and to achieve business excellence in the long run.

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BACKGROUND

It is imperative for companies and businesses to understand customer requirements and preferences (Oey, Puspitasari, Fransiska, & Polla, 2023). Companies collect information about customers to understand their requirements and preferences and to build long-term relationships (Mandal, 2022). Customer relationship management (CRM) is the process of carefully managing detailed information about individual customers and all customer touch points to maximize customer loyalty (Kumar & Reinartz, 2018). It is important for companies to develop and manage customer relationships because company profitability increases as the life of the customers with the company increases (Erlangga, 2023). Companies will not be able to develop and manage customer relationships unless they collect and maintain relevant information about customers. Consequently, companies also require maintaining records of their customers and require increasing the aggregate value of customers. Companies aim to optimize the value of their customer base with the help of customer value management (Kotler, 2017). Customer value management focuses on the analysis of individual data on prospects and customers to develop marketing strategies for acquiring and retaining customers and to drive customer behavior (Verhoef & Lemon, 2013).

Customer relationship management allows companies to streamline their processes. It helps companies to understand customer requirements better. Companies are able to provide excellent real-time customer service through the effective use of individual account information (Anabila & Awunyo-Vitor, 2013). Companies are also able to infer various characteristics about their valued customers. Based on the understanding, companies can customize their market offerings, services, programs, messages, and media. Companies adopt a number of strategies to enhance customer relationship management. These strategies include customization, customer empowerment, managing customer word of mouth, and dealing with customer complaints.

The discussions indicate the importance of customer relationship management. Companies require developing, building, and maintaining relationships with customers. Companies will not succeed unless they formulate strategies for effective customer relationship. Companies and businesses require focusing on the evolving trends in the field of customer relationship management to succeed in the long run. Although it is important for companies to develop and maintain effective customer relationships, few studies have focused on the topic. The study aims at addressing this research gap.

The objective of the study is to analyze the various and evolving aspects of customer relationship management and the various strategies and initiatives adopted by companies for effective customer relationship management.

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