RELATIONSHIP MARKETING AND CUSTOMER CARE
LEARNING OUTCOMES

At the end of the class room discussion we will be able to:

- Explain what is relationship marketing
- Identify the importance of relationship marketing to an organization
- Appreciate the value of customer care and its role in developing effective marketing practices.
- Identify the steps to implement a customer care policy of an organization.
- Identify customer relationship management as an evolving approach of quality customer care
Relationship Marketing

Suppliers

Customers

Employees

Relationships
**Relationship Marketing**

- Sell one to many ➔ sell many to one

- Getting customers ➔ keeping customers

- A *sale is not the end* of the process but distinctively the *start of an organizational relationship* with customer.

- $ attracting a customer = 4 × $ of retaining a customer
As can be seen above to turn a non user in to a heavy user it needs lot of effort and resources. Loss of a heavy user require three more new customers to replace.
RELATIONSHIP MARKETING

...is a strategy with an objective to establish and maintain a profitable long term relationship with a customer.
**Benefits**

- **Loyal Customers**
  - Does not switch to a competitor
  - Bring in new customers
  - Willing to buy your new products – do not hesitate
  - Ready to adjust for prices- less price sensitive
  - Tell you the exact problem – they wish for your improvement
DEVELOPING RELATIONSHIPS

- Identify key customers
- Make the selected customers feel special than the others
  - Assign a skilled relationship manager
  - Give benefits
- Develop long range relationship plans
WHAT IS CUSTOMER CARE?

- Sometimes the word is interchangeably used with ‘customer service’.
- But customer service initially had a narrow focus.
- It is developed from a focus on order cycle related activities into a much more general and all embracing approach which covers the activities at the pre-, during and post-transaction stages.
WHAT IS CUSTOMER CARE? CONTD.

- Customer care involves focusing on how customers are treated during all interactions with an organisation.

- Customer care emphasises the importance of attitude and covers every aspect of customer/supplier relationships. Customer care aims to close the gap between customer expectations and their experience.

  Brown (1989)
QUALITY AND CUSTOMER CARE

- Defining quality should start from the customer.
- Customer care and TQM are related.
- TQM ensure the value delivery process meets customer expectations.
- Quality management can be defined as combining the satisfaction of customer needs with the achievement of company objectives.
QUALITY AND CUSTOMER CARE

- The 3 principles that guide customer relationships under TQM are:
  - Recognition of the strategic importance of customers and suppliers.
  - Development of win–win relationships.
  - Establishing relationships based on trust.

- The 3 principles are translated into action by:
  - Constantly collecting information on customer expectations.
  - Disseminating this information within organisations.
  - Using the information to design and produce and deliver customer solutions.
CUSTOMER SATISFACTION

Customer satisfaction is a function of:

- Variables related to the product/service
- Variables related to sales and promotion
- Variables related to after sales services.
- Variables related to organisational culture.
CUSTOMER DISSATISFACTION

- Unrealistic expectations
- Poor information on customers and the market
- Poor communication
- Poor staff motivation
- Poor control
- Inconsistencies within organisations
SETTING UP A CUSTOMER CARE PROGRAMME

- Identify key dimensions of service quality
- Set standards for service delivery
- Set up systems for service delivery
- Analyse employee training needs
- Develop training programmes
- Set up systems to measure and monitor success.
- Set up performance related pay and recognition systems.
CUSTOMER RELATIONSHIP MANAGEMENT - CRM

- Customer Relationship Management is the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and organizations.

- The relationship delivers value to customers, and profits to companies.
**Three key phases**

- **Customer Acquisition**
  - Process of attracting customer for their first purchase.

- **Customer Retention**
  - Customer returns to us and buys for a second time.
  - This is most likely to be the purchase of a similar product or service, or the next level of product or service.

- **Customer Extension**
  - Customers are regularly returning to purchase from us.
  - We introduce products and services to our loyal customers that may not wholly relate to their original purchase.
THREE CONTEXTUAL FACTORS

- **Marketing Orientation**
  - Marketing orientation will focus upon the needs of consumers for all the levels of a product

- **Value Creation**
  - Centers on the generation of shareholder value based upon the satisfaction of customer needs and the delivery of a sustainable competitive advantage

- **Innovative IT**
  - Up-to-date Information Technology
  - CRM software collects data on consumers and their transactions
CUSTOMER LOYALTY SCHEMES

- While good overall service is the best way of generating customer loyalty, sometimes new relationships can be strengthened, or old ones refreshed, using customer loyalty schemes.

- You can decide to offer rewards on the basis of:
  - repeat custom
  - cumulative spend
  - orders for large quantities or with a high value
  - prompt payment
  - length of relationship
EXAMPLES

- Free outgoing IDD every 5th minute – Mobitel
- Offering a voucher redeemable against purchases
- Loyalty cards - No Limit – ARAPAIMA, Stone and String
Frequent flyer programmes

- Airline customer relationship management.
- Credits to be collected at times of flying, staying at hotels, shopping at particular places etc.
- No time limit to the validity of the points.
- Programme member can use for free miles, to upgrade the class even at peak holiday periods.