

MARKETING AND RESEARCH

Lecture Title: Customer Relationship Management (CRM) and Marketing Planning.



Lecturer: Ms. Aysel Schembri
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Lecture take aways

- **Customer Relationship Management (CRM)**
- **How to build long-term relationships with customers**
- **Customer loyalty**
- **Marketing planning processes that focus on delivering value to customers.**



What is Customer Relationship Management (CRM)?



Different definitions of CRM

- **CRM**- is an information industry term for methodologies, software and usually Internet capabilities that help an enterprise manage customer relationships in an organized way.
- **CRM**- is the process of managing all aspects of interaction a company has with its customers, including prospecting, sales and service. CRM applications attempt to provide insight into and improve the company/customer relationship by combining all these views of customer interaction into one picture.
- **CRM**- is an integrated approach to identifying, acquiring and retaining customers. By enabling organizations to manage and coordinate customer interactions across multiple channels, departments, lines of business and geographies, CRM helps organizations maximize the value of every customer



Types of CRM

Type of CRM	Dominant characteristic
Strategic	Strategic CRM is a core customer-centric business strategy that aims at winning and keeping profitable customers.
Operational	Operational CRM focuses on the automation of customer-facing processes such as selling, marketing and customer service.
Analytical	Analytical CRM focuses on the intelligent mining of customer-related data for strategic or tactical purposes.
Collaborative	Collaborative CRM applies technology across organizational boundaries with a view to optimizing company, partner and customer value.

Defining CRM

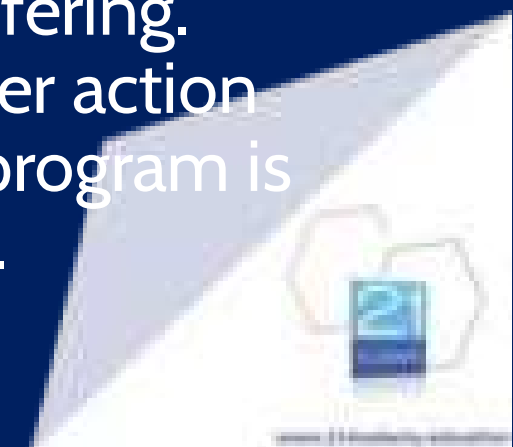
CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit.

It is grounded on high quality customer related data and enabled by information technology. (Buttle, 2009)



Steps in developing the exchange process

1. Researching customer/ stakeholder needs
2. Identifying, selecting and targeting particular groups of customers/ stakeholders who share similar discriminatory characteristics, including needs and wants.
3. Developing an offering that satisfies the identified needs at an acceptable price which is available through particular sets of distribution channels.
4. Making the target audience aware of the existence of the offering. Where competition or other impediments to positive consumer action exist, such as lack of motivation or conviction, a promotional program is developed and used to communicate with the targeted group.



Communication channels





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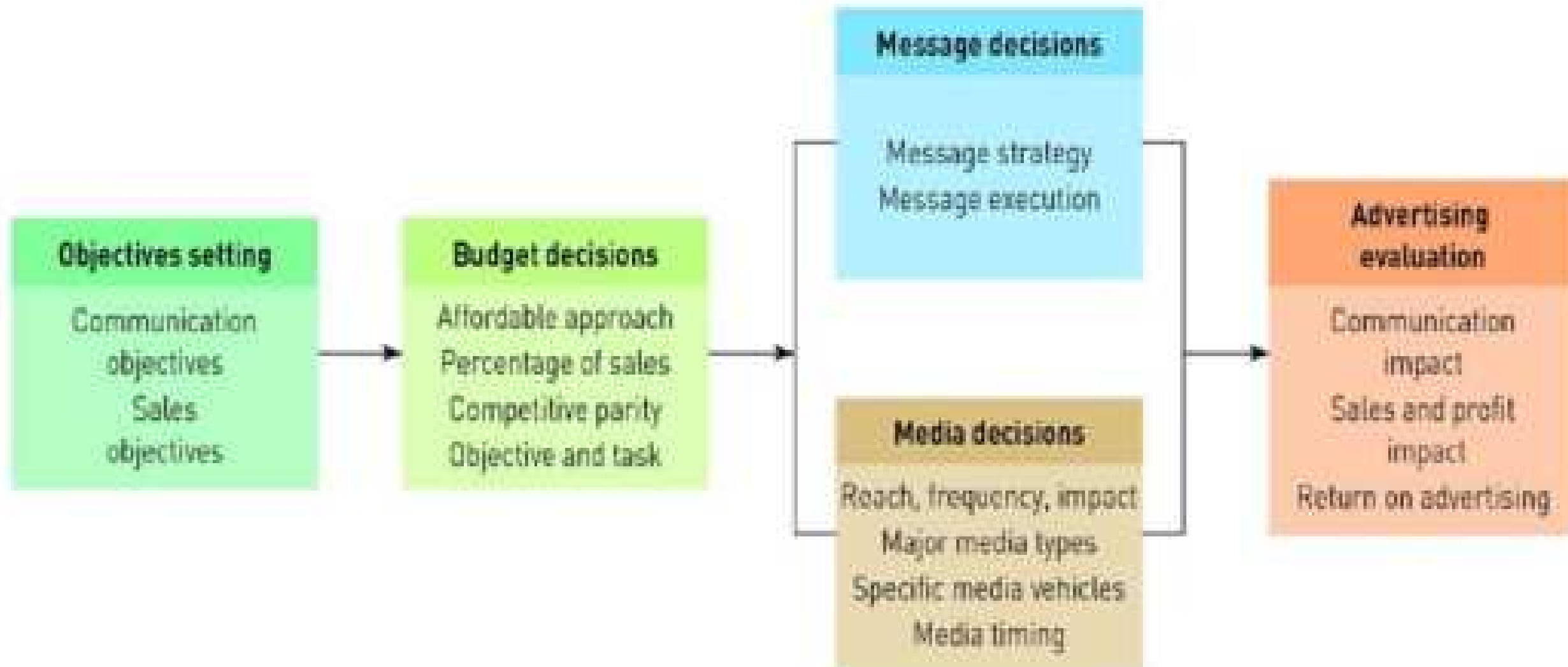
Advertising

Advertising is non-personal paid for communications often targeted through mass media with the purpose of achieving set objectives such as:

- Build Awareness
- Induce a dialogue
- Position or reposition brands by changing perception / attitude.
- Development of competitive advantage
- Create an entry barrier



Main Advertising decisions



The most creative adverts examples

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Procter & Gamble: Thank You, Mom (2012)

Apple: Get a Mac (2006)



Coke: Share a Coke (2011)



Anheuser-Busch: Whassup (1999)



Nike







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Primary purpose of Advertising

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To inform

To persuade

To remind



Developing Advertising Strategy

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Creating
advertising
messages

Selecting
advertising
media



Group Task 1 - Advertising

- Identify 2 case studies in which the Advertising strategy was successful and another one which was a failure - 30 minutes
- Provide an overview of the business -10 minutes
- Describe the advert – 20 minutes
- Why it was a success / Why it was a failure? – 10 minutes



What is public relations?

Public relations refers to building good relations with company publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories and events.



Public Relations

Public relations is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics.

- Attempts to shape attitudes and opinions
- Used to communicate with all stakeholders
- Useful in profile strategy
- Used in crisis management



Major public relations tools

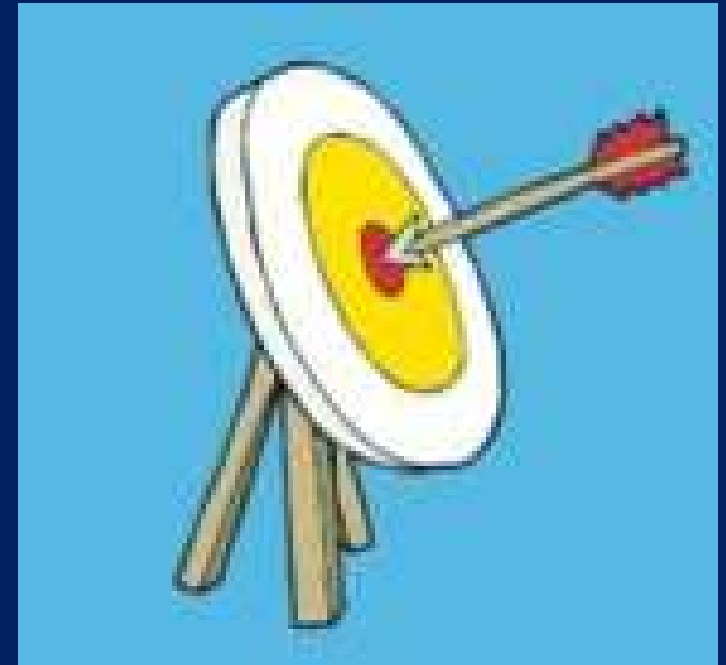
- News
- Speeches
- Special events
- Written materials
- Audiovisuals
- Corporate-identity materials
- Public service activities
- Sponsorship
- Buzz marketing
- Website



Direct Marketing

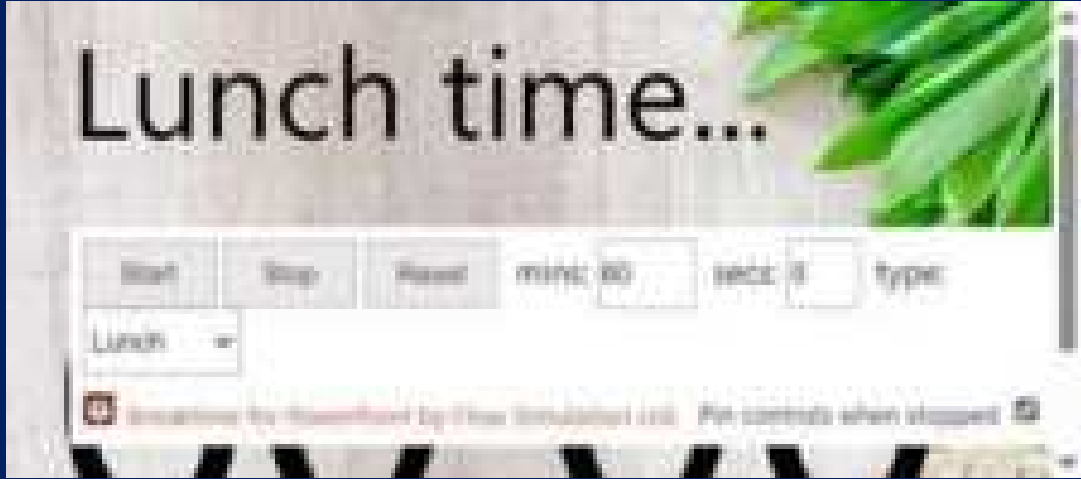
Direct response marketing allows companies to reach out directly to specific customer groups in a personalised way. Doing so also eliminates any third party from the equation, saving precious time and costs that go into the campaign.

The most popular communication channels include catalog, fliers, phone call and text, postal and electronic mail, and social media.



Benefits Of Direct Marketing





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Personal Selling

A face-to-face technique where a sales representative approaches a potential customer or the lead personally to sell a product or service. This technique is more common in the B2B arena, but it doesn't mean B2C companies don't incorporate personal selling in their overall selling strategies.



Sales Promotion

Sales promotion consists of those promotional activities other than advertising, personal selling, and publicity. As such, any promotional activities that do not fall under the other three activities of the promotion mix are considered to be sales promotion. Businesspeople may use the term “promotion” when they actually mean “sales promotion.”

The common ones used are coupons, sweepstakes, games, contests, price-offs, demonstrations, premiums, samples, money refund offers, and gifts.



The heart of marketing...

...customer
relationships



Today's customers have...

High service expectations

Low tolerance of poor service

Ways of spreading bad news

No problem complaining

Understanding Customers



Building long-term relationship

Long-term relationship with customers can result to:

- shared knowledge of the product's requirements
- adherence to quality standards
- common vision throughout the development and production process
- development of new products and services targeted to specific customer niches.



Loyal Customers

- WOM recommendations
- Pay more
- Buy more
- Not buying from competitors
- High lifetime value



Ladder of Loyalty



- **Partner:** Someone who has the relationship of partner with you.
- **Advocate:** Someone who actively recommends you to others, who does your marketing for you.
- **Supporter:** Someone who likes your organisation, but only supports you passively.
- **Client:** Someone who has done business with you on a repeat basis but may be negative, or at best neutral, towards your organisation.
- **Purchaser:** Someone who has done business just once with your organisation.
- **Prospect:** Someone whom you believe may be persuaded to do business with you.



Marketing Planning Process

Company analysis

- Goals
- Focus
- Culture
- Strengths
- Weaknesses
- Market share

SWOT Analysis

- Internal –Strengths and Weaknesses
- External –Opportunities and Threats

Customer Analysis

- Number
- Type
- Value Drivers
- Decision process
- Concentration of customer base for particular products

Collaborators

- Subsidiaries
- Joint Ventures
- Distributors

Climate –PEST Analysis

- Political
- Economical
- Social and cultural
- Technological



Marketing Planning Process

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MARKET SEGMENTATION

- Segment analysis
- For each segment, relevant information is listed
- Description
- Percent of sales
- Benefits sought
- Product use
- Support requirements
- How to reach them
- Price sensitivity
- Stickiness to brand

MARKETING STRATEGY RATIONALE

Listing and discussing alternative approaches and final recommended strategy

MARKETING STRATEGY- 4Ps

- Product
- Price
- Place
- Promotion

PROJECTIONS – SHORT TERM AND LONG TERM

- Sales forecasts
- Break even analysis
- Revenue forecast



Marketing Planning Framework

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I. EXECUTIVE SUMMARY

II. ENVIRONMENTAL ANALYSIS

- The Marketing Environment

III. SWOT ANALYSIS

IV. MARKETING OBJECTIVES

V. MARKETING STRATEGIES

VI. MARKETING IMPLEMENTATION:

- Marketing organisation
- Activities, Responsibility, and Timetables for Completion

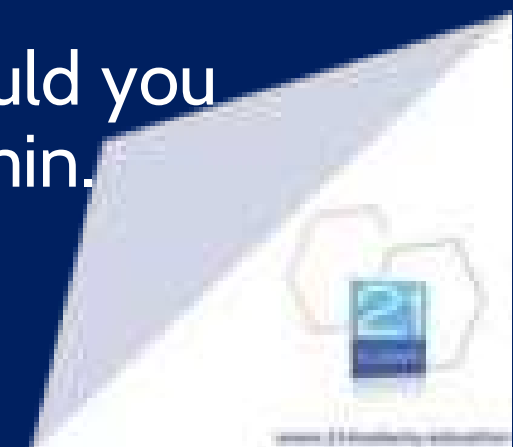
VII. EVALUATION AND CONTROL:

- Performance Standards and Financial Controls
- Monitoring Procedures



Group task 2 - Customer

- What is your opinion of companies like Google, Facebook that gather information about your browsing patterns? - 10 min.
- What advantages and drawbacks does this pose for consumers? – 10 min.
- If you were a business owner, what kind of information would you gather on your customers and how would you use it? – 15 min.



Key Questions

**WHERE do
I compete?**
(Whole
market?)

**WHEN do
I compete?**
(First into market?
Wait for demand?)

**HOW do
I compete?**
(New product?
New image?)



Consumer Behavior: How People Make Buying Decisions

What Influences Consumer Behaviour?



Cultural Factors

Social Factors

Personal Factors



Low-Involvement versus High-Involvement Buying Decisions

HIGH

Usually purchase is infrequent, significant perceived risk

Customer actively seeks information

Customized decision process

V
S

LOW

Usually purchase is familiar and / or inexpensive

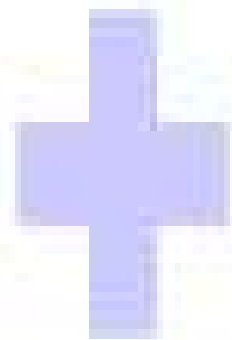
Highly selective attention to information

Quick taken decision

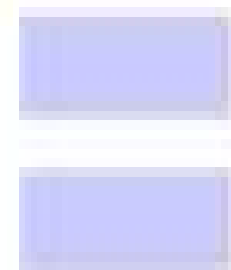
Routine behaviour



Perceived
Benefits



Perceived
Cost



Value

Delivering Value to Customers



Customer Marketing

Customers want...



Good
Product



Excellent
Service



Value



What else?



Customer Marketing

Customers want...



Good
Product



Excellent
Service



Value



Wow experience



Value...



How Is Value Created?

Value changes during the use of a product or during the customer journey. Value is perceived during the purchase intent, the shopping, the actual purchase or buying, the installation or start-up, the use and even the re-sale.

We sometimes call this the Waterfall of Needs. Needs change during the customer journey.



— What Does It Do?

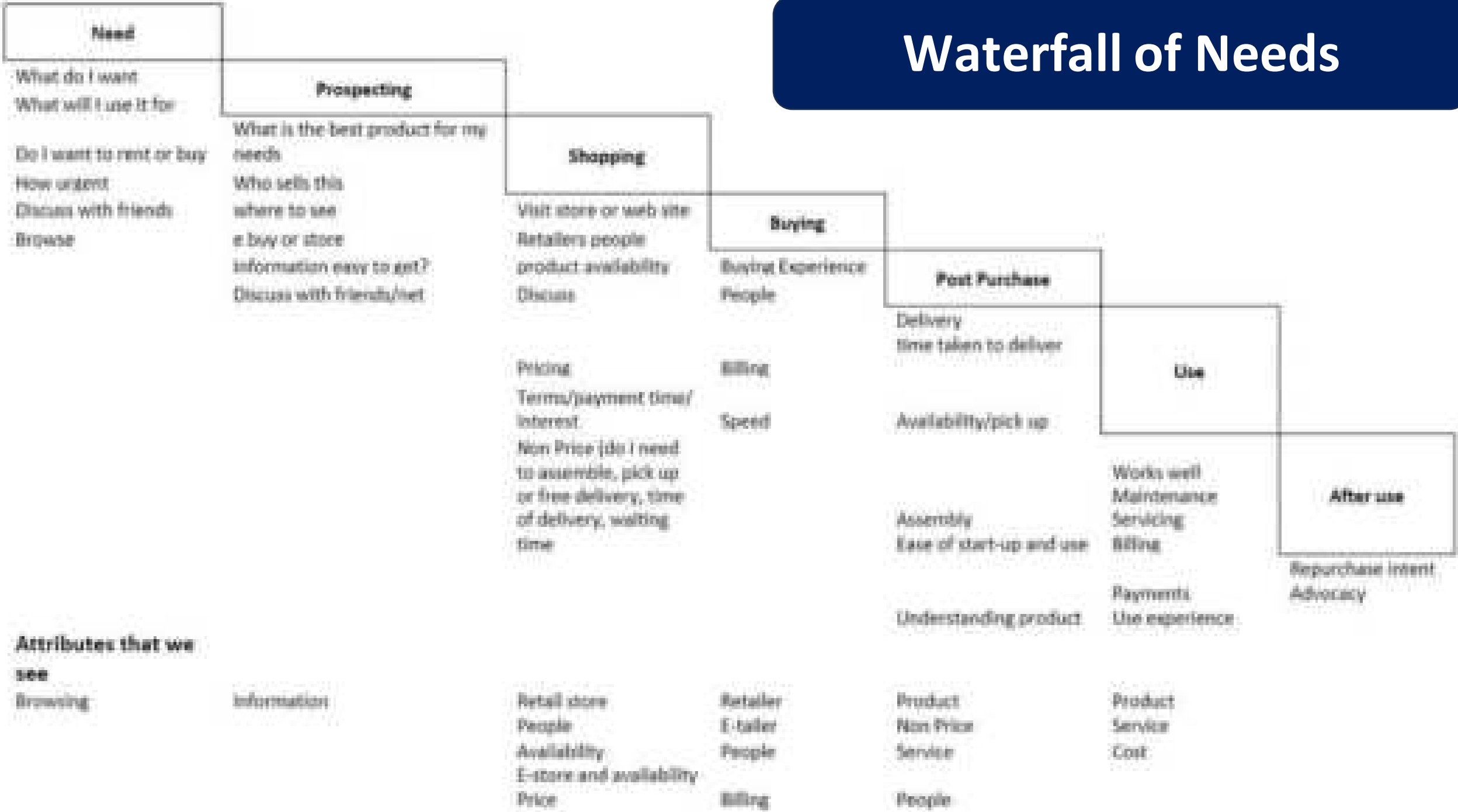
Creating customer value increases customer satisfaction and the customer experience.

The reverse is also true. A good customer experience will create value for a customer.

Creating customer value (better benefits versus price) increases loyalty, market share, price, reduces errors and increases efficiency. Higher market share and better efficiency lead to higher profits.



Waterfall of Needs



Group Task 3 - CRM

- Think of a product /create a product
- Create a framework for customer relationship management process
- How would you make your customers become loyal to you brand?
- What decision would you take when it comes to purchase?
- How would you create WOW experience?



Any Questions?



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