CS418 - CRM
Bilkent University
Ankara – March 2013

Derya SEL BOZKURT
Enterprise Marketing Management
Software Services Group
IBM Turkey
# Introduction

## About Me
- Consultant, Enterprise Marketing Management, Software Services IBM Turkey
- E-mail: deryas@tr.ibm.com
- Mobile: +90 530 317 15 17

## My Session for You
- CRM Definition
- Components, Stages and Benefits of CRM
- Scenarios / case studies
- Social Media & CRM

## Session’s Objective
At the completion of this module you should be able to:
- Learn more about Customer Relationship Management
- CRM Implementation Projects
What is CRM?

CRM, Customer Relationship Management, is a business strategy designed to optimise **profitability**, **revenue**, and **customer satisfaction**

Source: Gartner Group
What is CRM?

- CRM is a business strategy that aims to understand, anticipate and manage the needs of an organisation’s current and potential customers.

- It is a comprehensive approach which provides seamless integration of every area of business that touches the customer-namely marketing, sales, customer services and field support through the integration of people, process and technology.

- CRM is a shift from traditional marketing as it focuses on the retention of customers in addition to the acquisition of new customers.

- The expression Customer Relationship Management (CRM) is becoming standard terminology, replacing what is widely perceived to be a misleadingly narrow term, relationship marketing (RM).
Definition of CRM

CRM is concerned with the creation, development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life-time value.

Source: Gartner Group
The purpose of CRM

- The focus of CRM is on **creating value** for the customer and the company over the longer term.

- When customers value **the customer service** that they receive from suppliers, they are less likely to look to alternative suppliers for their needs.

- CRM enables organisations **to gain ‘competitive advantage’** over competitors that supply similar products or services.
Evolution of CRM

- CRM is the modern improvised version of “corner stores” and “door-to-door sales” which is chiefly based on the personal interactions, intimacy & knowledge about the customers over the period of times.

- Today’s Customers:
  - More Price Sensitive
  - More Choices
  - More Sophisticated
  - More Convenience
  - Higher Standards
  - Different ways of Interacting

Source: The Evolution of CRM & The Challenges of Personalized E-Support By Mandeep Khera, Chief Marketing & Sales officer, Maaya Corporation
Why did CRM develop?

- The 1980’s onwards saw rapid shifts in business that changed customer power
- Supply exceeded demands for most products
- Sellers had little pricing power
- The only protection available to suppliers of goods and services was in their relationships with customers
Why is CRM important?

- Today’s businesses compete with multi-product offerings created and delivered by networks, alliances and partnerships of many kinds. Both retaining customers and building relationships with other value-adding allies is critical to corporate performance.

- The adoption of C.R.M. is being fuelled by a recognition that long-term relationships with customers are one of the most important assets of an organisation.
What does CRM involve?

- Organisations must become customer focused.
- Organisations must be prepared to adapt so that it takes customer needs into account and delivers them.
- Market research must be undertaken to assess customer needs and satisfaction.
“Strategically significant customers”

- Customer relationship management focuses on strategically significant markets. Not all customers are equally important.
- Therefore, relationships should be built with customers that are likely to provide value for services.
- Building relationships with customers that will provide little value could result in a loss of time, staff and financial resources.
Markers of strategically significant customers

- Strategically significant customers need to satisfy at least one of three conditions (3):

1. Customers with high life-time values (i.e. customers that will repeatedly use the service in the long-term e.g. Nurses in a hospital library)

2. Customers who serve as benchmarks for other customers e.g. In a hospital library consultants who teach on academic courses

3. Customers who inspire change in the supplier
Information Technology and CRM

- Technology plays a pivotal role in CRM
- Technological approaches involving the use of databases, data mining and one-to-one marketing can assist organisations to increase customer value and their own profitability
- This type of technology can be used to keep a record of customers names and contact details in addition to their history of buying products or using services
- This information can be used to target customers in a personalised way and offer them services to meet their specific needs
- This personalised communication provides value for the customer and increases customers loyalty to the provider
Information Technology and CRM: Examples

- Phone calls, emails, mobile phone text messages, or WAP services
- Cookies
- Loyalty cards
- CRM software- “Front office” solutions
Face-to-face CRM

- CRM can also be carried out in face-to-face interactions without the use of technology.
- Staff members often remember the names and favourite services/products of regular customers and use this information to create a personalised service for them.
- For example, in a hospital library you will know the name of nurses that come in often and probably remember the area that they work in.
- However, face-to-face CRM could prove less useful when organisations have a large number of customers as it would be more difficult to remember details about each of them.
Benefits of CRM

- reduced costs, because the right things are being done (i.e., effective and efficient operation)
- increased customer satisfaction, because they are getting exactly what they want (i.e. meeting and exceeding expectations)
- ensuring that the focus of the organisation is external
- growth in numbers of customers
- maximisation of opportunities (e.g. increased services, referrals, etc.)
- increased access to a source of market and competitor information
- highlighting poor operational processes
- long term profitability and sustainability
Implementing CRM

- When introducing or developing CRM, a strategic review of the organisation’s current position should be undertaken.
- Organisations need to address four issues (2):
  1. What is our core business and how will it evolve in the future?
  2. What form of CRM is appropriate for our business now and in the future?
  3. What IT infrastructure do we have and what do we need to support the future organisation needs?
  4. What vendors and partners do we need to choose?
IBM’s Global CRM Service Portfolio Overview

MULTI-CHANNEL TRANSFORMATION

- Digital Channel Transformation (DCT)
- Contact Center Optimization (CCO)
- Field/Store/Branch Transformation (FSB)

Source: Service Offering Framework as per Daniel Hirschbuehler, Global CRM Leader, Nov 13, 2008
CRM Capability Components

- **Customer Dialog**
  - Real-time Intelligent Personalised Messages
  - Value Exchange
  - Voice of the Customer
  - Targeted Segmented Treatment
  - Event Based Rules
  - Single Sign-on

- **Integrated Channels**
  - Channel of Choice
  - Multi-Channel Interaction Coordination
  - Distributed Delivery
  - Single View of the Customer
  - Partner Relationship Management

- **Customer Strategy**
  - Interaction Strategy
  - Segment Strategy
  - Segment Value Propositions
  - Customer Experience Management
  - Loyalty & Retention Management

- **Product Management**
  - Product & Catalogue Management
  - Product Price Management
  - Content Management
  - Digital Rights Management
  - Promotion Management

- **Marketing**
  - Brand Management Strategy
  - Marketing Strategy
  - Marketing Planning & Budgeting
  - Campaign Management & Optimisation
  - Marketing Event Management
  - Channel Marketing Management

- **Sales**
  - Sales Planning & Budgeting
  - Account Management
  - Lead Management
  - Quote & Order Management
  - Offer Management

- **Service**
  - Service & Query Management
  - Account Management
  - Lead Management
  - Knowledge Management
  - Contact Management

- **Insight & Reporting**
  - Sales Analytics & Operational Reporting
  - Marketing Analytics & Operational Reporting
  - Service Analytics & Operational Reporting
  - Customer Insight
  - Web & Social Networks Analytics

- **Data Governance**
  - Data Governance Strategy
  - Data Management
  - Data Governance Strategy
  - Multi-dimensional Segmentation and Modelling
  - Customer Analytics

- **Operating Model**
  - Organisation & Culture Change
  - Structure & Roles
  - Compensations
  - Talent Optimisation
  - Capacity Management
  - Change Management
  - Process

- **Data Management**
  - Structure & Roles

- **Operating Model**
  - Performance Analytics
  - Channel Analytics
  - Propensity Modelling
Capabilities definitions

Service
Company's ability to establish and maintain highest customer satisfaction levels while driving revenues out of service interactions

Customer Strategy
Company's ability to drive an "outside in" approach to designing customer interactions that delivers against the specific levers that drive optimal customer behaviour

Customer Dialog
Company's ability to communicate and transact with customers intelligently and responsively during each interaction in a customer-by-customer basis. This is achieved by capturing discrete behavioural triggers, secondary events and patterns

Data Governance
Company's ability to define, architect and govern the sources and the usage of the data kept for the customers and the organisation to achieve proper data quality levels that then can be used in Marketing, Sales, Service and Insight & Analytics

Insight & Reporting
Company's ability to capture customers' and the enterprises' information that creates market intelligence, Sales and Service Excellence. This includes interaction data, transaction data, demographics, and contextual information

Operating Model
Company's ability to run its daily operations by deploying and managing its people and processes efficiently to meet its vision and objectives

Product Management
Company's ability to innovate, plan, launch and retire products, offers, and promotions to maintain market leadership while increasing revenues

Integrated Channels
Company's ability to deliver a consistent experience that is coordinated cross channels in a single journey. Allow intelligent, cross-channel execution of customer interactions. Different channels are used to enable a consistent interaction based on customer needs, preferences and profitability

Sales
Company's ability to grow business more profitably, and increase revenue, customer satisfaction, retention, and loyalty

Marketing
Company's ability to acquire, retain and grow profitable customer relationships while maximising marketing effectiveness and efficiency

Company's ability to acquire, retain and grow profitable customer relationships while maximising marketing effectiveness and efficiency

Data Governance
Company's ability to define, architect and govern the sources and the usage of the data kept for the customers and the organisation to achieve proper data quality levels that then can be used in Marketing, Sales, Service and Insight & Analytics

Insight & Reporting
Company's ability to capture customers' and the enterprises' information that creates market intelligence, Sales and Service Excellence. This includes interaction data, transaction data, demographics, and contextual information

Operating Model
Company's ability to run its daily operations by deploying and managing its people and processes efficiently to meet its vision and objectives

Product Management
Company's ability to innovate, plan, launch and retire products, offers, and promotions to maintain market leadership while increasing revenues

Integrated Channels
Company's ability to deliver a consistent experience that is coordinated cross channels in a single journey. Allow intelligent, cross-channel execution of customer interactions. Different channels are used to enable a consistent interaction based on customer needs, preferences and profitability

Sales
Company's ability to grow business more profitably, and increase revenue, customer satisfaction, retention, and loyalty

Marketing
Company's ability to acquire, retain and grow profitable customer relationships while maximising marketing effectiveness and efficiency

Company's ability to drive an "outside in" approach to designing customer interactions that delivers against the specific levers that drive optimal customer behaviour

Customer Strategy
Company's ability to drive an "outside in" approach to designing customer interactions that delivers against the specific levers that drive optimal customer behaviour

Customer Dialog
Company's ability to communicate and transact with customers intelligently and responsively during each interaction in a customer-by-customer basis. This is achieved by capturing discrete behavioural triggers, secondary events and patterns

Data Governance
Company's ability to define, architect and govern the sources and the usage of the data kept for the customers and the organisation to achieve proper data quality levels that then can be used in Marketing, Sales, Service and Insight & Analytics

Insight & Reporting
Company's ability to capture customers' and the enterprises' information that creates market intelligence, Sales and Service Excellence. This includes interaction data, transaction data, demographics, and contextual information

Operating Model
Company's ability to run its daily operations by deploying and managing its people and processes efficiently to meet its vision and objectives

Product Management
Company's ability to innovate, plan, launch and retire products, offers, and promotions to maintain market leadership while increasing revenues

Integrated Channels
Company's ability to deliver a consistent experience that is coordinated cross channels in a single journey. Allow intelligent, cross-channel execution of customer interactions. Different channels are used to enable a consistent interaction based on customer needs, preferences and profitability

Sales
Company's ability to grow business more profitably, and increase revenue, customer satisfaction, retention, and loyalty

Marketing
Company's ability to acquire, retain and grow profitable customer relationships while maximising marketing effectiveness and efficiency
Capabilities enable a journey

Talk, listen to and understand our customers

Maintain service excellence, customer convenient, and Company efficient

different channels, the way they want it while living the same individualised experience

We plan and think around them and the way they want their Experience to be

Innovate and enhance products at the right price for Company and the customer

Launch targeted interactions in an individualised and efficient manner

We ensure that we continue capturing our customers data accurately, we keep analysing them and understand them better

Recommend just the right product to the right customer at the right moment via the right channel
Successful innovation comes through integrating customer, business and technology perspectives

IBM integrates customer experience design with business and technology expertise to help you deliver innovative client propositions

**Customer Experience**
- Persona & customer profiling
- Customer requirements
- Market research and customer testing
- Branding & design
- Usability
- Prototyping
- Accessibility

**Business Innovation & Design**
- New Business Models
- Operating Model Design
- Governance
- Business Case
- Roadmap

**Technology Leadership**
- Reference architectures
- Service orientation
- Data and integration architecture
- Security models
- Rich interactive applications
- Mobile technologies

IBM’s pragmatic approach recognises that innovation must deliver sustainable value for both you and your clients
The Journey

Our approach ensures that we build on all our progress to date and accelerate to deployment while continuing to give us flexibility moving forward.

Investigation
Initial outline digital channel vision created and technology investigation and feasibility completed.

Now

Milestone 1:
Concept Investigation Completed

Next Step

Milestone 2:
Conceptual Design Approval

Future

Milestone 3:
First “Go Live”

Build, Run & Continuous Improvement

Solution Design
Detailed solution design, detailed programme planning and organisational change / management design

“Build & Run” Plan
Identifying the capabilities required moving forward

Future

Now

+4 weeks

+8 Weeks

+15 Weeks

+n Months

© Copyright IBM Corporation 2013
## Case Study: A major bank in Turkey

<table>
<thead>
<tr>
<th>Who:</th>
<th>The largest bank in assets and equity size in Turkey with 14 million customer base</th>
</tr>
</thead>
<tbody>
<tr>
<td>The imperative:</td>
<td>Transform the Bank towards a customer centric organizational structure across the enterprise with multiple channels including branches, call centers, and the internet channel</td>
</tr>
</tbody>
</table>
| What they did: | • Identified and prioritized initiatives based on customer research and sensitivity analysis  
• Created scenarios and business use cases for key interactions  
• Piloted and deployed new CE scenarios (lead management, inbound/outbound campaign management) to branches |
| Transformation focus: | Primary focus on people and process change to drive service-based value in the relationship. Target experience designed from “outside-in” |

**Results:**
• Overall average conversion rate +18%  
• Soft responses from the leads are captured  
• Higher value per conversion
Sample Case from Banking Industry
Needs Based Selling Demonstration

Each customer need has a number of relevant services, products and propositions that could be attached. Using profiling information and analytical modelling it is possible to select what is most appropriate for every individual customer.

In pilot releases, customer need will most likely be determined through business intuition and simple selection criteria – in later phases complex analytical models may determine the need.
## Needs Based Selling Demonstration - Event Library

### Event Attributes

<table>
<thead>
<tr>
<th>Event Attributes</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Event Name</strong></td>
<td>Significant Deposit</td>
</tr>
<tr>
<td><strong>Event Purpose</strong></td>
<td>Retain funds by cross selling investment product</td>
</tr>
</tbody>
</table>
| **Customer Need**      | - Information  
                          - Credit / Borrowing  
                          - Mortgage  
                          - Compliance  
                          - Investments  
                          - Savings & Transactions  
                          - Protection  
                          - Other |
| **Frequency & Volume** | Frequency : Weekly  
                          Estimated Volume : X per day |
| **Deployment Information** | Date of Deployment : 01/01/04  
                          Date of Last Amendment : 01/01/04 |
| **Related Contextual Data** | Size of deposit, % greater than average |

### Business Definition

Event occurs when:

An active customer receives a net balance increase in a single day which is 40% larger than the average net balance increase over the past 3 months. Net balance increase value must exceed $3000

### Detection Rules

Event is detected when:

- Customer status = “Active”
- AND SUM(Daily deposit value) > 3000
- AND SUM(Daily deposit value) > 1.4*Avg_3_months(Daily deposit value)

### Post Implementation Performance

| Response Rates     | Average Response : XX%:  
                          Average Conversion : YY% |
|--------------------|--------------------------|
| Financial Performance | Average 1st Yr Revenue : ZZ  
                          ROI : ZZ |
| Comments           | None                     |
Needs Based Selling Demonstration 2: Chordiant Sample

**BACKGROUND**
Customer situation that justifies offering the proposition now

**PROPOSITION**
I see that... Bey/Hanim,
Vaktiniz varsı size ak hesap ürünümüz hakkında kısa bir bilgi vermek istiyorum. El hesap, vadesiz hesap bakiyenizin yeterli olmadığı zamanlarda kullanabiliçeqiniz ve kısa süreli nakit ihtiyaçlarını karşılaman bir ürünümüzdür. El hesap ile hesabınızda para olmasına bile para çekebilir ve otomatik ödemelerinizi gerçekleştirebilirsiniz.
Faizi günlük olarak hesaplanıyor, kullanımı ömdedi takımda herhangi bir faiz ya da masraf tarifinize yansıtılmıyor. Kullandığınız takımda ise, el hesabınızın geni ödemesi için sube gelmeniz gerekmiyor, günlük kullanldığını miktar, hesabiniza para yatırıldığı an otomatik olarak alınıyor. Bu bilgiler doğrultusunda, el hesap basvurusu yapmak ister misiniz?

... Vakit ayırdığınız için teşekkür ederim.
The growing velocity in the volume, variety, and granularity of customer data is driving unprecedented opportunities for those able to respond

Customer analytics makes way for newer, finer grain customer strategies that raise both efficiency and effectiveness, essentially enabling organizations to do more with less

– De-averaging customers
– Reprioritizing resources for best impact

Customer analytics simplifies without denying the underlying complexity
The management dilemma

Today, the codified information base of the world is believed to double every 11 hours

Today, 80% of new data growth is unstructured content, generated largely by email, with increasing contribution by documents, images, and video and audio

Executives are being called upon to make more and faster decisions. Today, 70% of executives believe that poor decision making has degraded their companies’ performance
An Analytics-Driven Organization
Gains Insight & Optimizes Results

Plan an Information Agenda
...to align with your business strategy

Master Your Clients Information
...to ensure it is accurate, relevant and governed

Grow Your Clients Data Analytics
...to anticipate and shape business outcomes

IT and Software

Business Solutions

Infrastructure
Business Productivity
Growth

30

© Copyright IBM Corporation 2013
Analytics Drive Smarter Business Outcomes
Enabling customers to predict future events & proactively act upon that insight to drive smarter business outcomes

Capture
Data Collection delivers an accurate view of customer attitudes and opinions

Predict
Predictive capabilities bring repeatability to ongoing decision making, and drive confidence in your results and decisions

Act
Unique deployment technologies and methodologies maximize the impact of analytics in your operation

Data Collection
- Text Mining
- Data Mining
- Statistics

Platform
- Pre-built Content
- Attract
- Up-sell
- Retain

Deployment Technologies
Our clients are using customer analytics to answer to tough questions....

<table>
<thead>
<tr>
<th>Social Network Insights</th>
<th>Customer Acquisition</th>
<th>Customer Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cell phone provider:</strong> How do social networks effect churn and what are the best intervention strategies with opinion leaders?</td>
<td><strong>Retail Bank:</strong> How do we increase product ownership and deposit levels by differentiating our branch strategy and localizing our branches?</td>
<td><strong>Large US Automotive Company:</strong> How do we prevent customer attrition arising from discontinued models, divested brands and dealership closings?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Brand Management</th>
<th>Salesforce optimization</th>
<th>Marketing Optimization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer Products Company:</strong> How do we revive a failing brand by better understanding consumer appetite and sentiment toward the product?</td>
<td><strong>Large pharmaceutical company:</strong> How do we focus sales reps time and promotional budgets on the physicians most likely to prescribe our branded medications?</td>
<td><strong>Large Electronics Retailer:</strong> How do we reduce $1 billion advertising budget by 40% without adversely effecting revenue?</td>
</tr>
</tbody>
</table>
Questions and Answers