# Customer Relationship Management

**Concepts and Tools** 

Francis Buttle

Technische Universität Darmstadt
Fachbereich 1
Betriebswirtschaftliche Bibliothek
Inventar-Nr.: .54.989
Abstell-Nr.: A 28 3/126
***********************
<b>5.</b>
50 400



## Contents

Fore	Foreword		
Preface			
Ack	Acknowledgements		
Abo	About the authors		
1	Making sense of customer relationship management	1	
	Chapter objectives	3	
	Introduction	3	
	Strategic CRM	4	
	Operational CRM	5	
	Analytical CRM	9	
	Misunderstandings about CRM	11	
	What is a relationship?	13	
	Why companies want relationships with customers	16	
	Customer satisfaction, loyalty and business performance	20	
	But, do customers want relationships with companies?	26	
	CRM constituencies	27	
	Why do companies implement CRM?	28	
	Contexts of CRM	32	
	Defining CRM	34	
	Summary	34	
	References	35	
2	The customer relationship management value chain	37	
	Chapter objectives	39	
	Introduction	39	
	The goal of CRM	39	
	The primary stages of the CRM value chain	40	
	The supporting conditions of the CRM value chain	42	
	Summary	55	
	References	55	
3	Information technology for customer relationship management	t 57	
	Chapter objectives	59	
	Origins of CRM technology	59	
	The CRM marketplace	63	

#### vi Contents

	CRM architecture	. 68
	CRM applications	84
	Technology for the CRM value chain	94
	Summary	96
	References	96
4	Customer portfolio analysis	97
-	Chapter objectives	99
	What is a portfolio?	99
	What is a customer?	100
		101
	Market segmentation	109
	Data mining for market segmentation	
	Customer portfolio analysis tools	113
	Sales forecasting	118
1	Customer portfolio toolkit	121
	Activity-based costing	124
	Lifetime value	127
	Strategically significant customers	131
	Customer portfolio strategies	132
	Summary	134
	References	135
5	Customer intimacy	137
	Chapter objectives	139
	Introduction	139
	Building a customer database	140
	Data integration	158
	Data warehousing	160
	Data marts	161
	Data mining	161
	Privacy issues	164
	Summary	167
	References	167
6	Creating and managing networks	169
	Chapter objectives	171
	Introduction	171
	What is a network?	173
	Principles of network management	173
	Not all relationships are alike	177
		177
	Activity links, resource ties and actor bonds From dyad to network	179
		181
	Network position	
	Network management and CRM	182
	The SCOPE of CRM	183
	Supplier relationships	184
	Trends in customer–supplier relationships	190
	Not all customers want relationships with suppliers	198

#### Contents vii

	Owner/investor relationships Partner relationships	198 201
	Summary References	<ul><li>221</li><li>221</li></ul>
7	Creating value for customers	225
	Chapter objectives	227
	Introduction	227
	Understanding value	227
	Sources of customer value	232
	Customization	233
	Value from products	237
	Value from service	241
	Value from processes	249
	Value from people	252
	Value from physical evidence	253
	Value from customer communication	254
	Value from channels	257
	Customer experience	259
	Summary	264
	References	264
8	Managing the customer lifecycle: customer acquisition	267
	Chapter objectives	269
	Introduction	269
	What is a new customer?	271
	Customer value estimates	274
	Prospecting	275
	Key performance indicators of customer acquisition	
	programmes	288
	Using customer data to guide customer acquisition	289
	Making the right offer	290
	Summary	291
	References	292
9	Managing the customer lifecycle: customer retention and	
	development	295
	Chapter objectives	297
	Introduction	297
	What is customer retention?	298
	Economics of customer retention	301
	Which customers to retain?	302
	Strategies for customer retention	303
	Context makes a difference	318
	Key performance indicators of customer retention programmes	
	The role of research	320
	Strategies for customer development	321
	Strategies for sacking customers	323
	Summary .	325
	References /	325

### viii Contents

10	Organizing for customer relationship management	329
	Chapter objectives	331
	Introduction	331
	Strategic goals of CRM	332
	Conventional customer management structures	332
	Network and virtual organizations	337
*	Person-to-person contacts	339
	Key account management	340
	Team selling	345
	Summary	346
	References	346
Ind	Index	