



# Relationship Marketing

Amelia Kassel & Chris Olson

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MarketingBase  
707.829.9421  
amelia@marketingbase.com

Chris Olson & Associates  
410.827.5642  
chris@chrisolson.com

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## relationship marketing a.k.a. customer relationship management

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MarketingBase

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## Relationship Marketing aka Customer Relations Management – CRM

- Customer-centric approach
- Used to foster long-term and strategic relationships with clientele

[http://en.wikipedia.org/wiki/Relationship\\_marketing](http://en.wikipedia.org/wiki/Relationship_marketing)

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## Overview

- Definitions
- Principles
- Strategies
- Skill sets
- Examples

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## CRM

**“The essence of of customer relationship management (CRM) is understanding customer needs and leveraging that knowledge to improve a company’s long-term profitability”**

CRM: Profiting from Understanding Customer Needs, Anne Stringfellow, et. al, *Business Horizons*, Sept/Oct, 2004

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## Why CRM?

- May cost up to five times as much to attract a new customer than to retain an existing one
- The average business never hears from 96% of its unhappy customers
- For every complaint received, the average company in fact has 26 customers with problems, 6 of which are serious in nature

*North American Conference on Customer Management, 2005*

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## Customer Loyalty

- In 2003, Gartner predicted that CRM would be a major area of focus in the next five years
- Why?
  - A five-percent increase in customer retention results in a 25 to 95% increase in profits

*Loyalty Rules! How Leaders Build Lasting Relationships, Frederick F. Reichheld, Harvard University Press, 2003*

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## Customer Relationship Management aka...

- Customer reengineering programs
- Customer care initiatives

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## Other Definitions CRM entails...

- All aspects of interaction
- An information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organised way

[www.creotec.com/index.php](http://www.creotec.com/index.php)

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## Other Definitions

- A software
- A process

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## A Process

The overall process of  
marketing, sales, and service  
within any organization

[www.adobe.com/products/vdp/glossary.htm](http://www.adobe.com/products/vdp/glossary.htm)

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## An Ongoing Process...

- Of understanding customers
  - What they need
  - What they like and don't like
- Using that information to
  - Develop better customer service
  - Marketing initiatives

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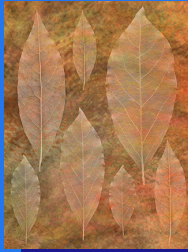


## Ongoing Process

Needs change

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## Goals

- To serve, and satisfy multiple user groups while promoting awareness and the value of information services, products, and centers
- To build customer loyalty
- To identify and leverage existing opportunities
- To show value and ROI

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## A Paradigm Shift

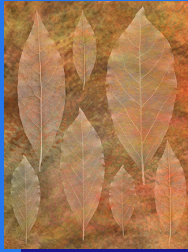
- Traditional marketing has been about getting customers
- Relationship marketing addresses
  - Getting customers
  - Keeping customers

Libraries Need Relationship Marketing, Larry X. Besant and Deborah Sharp, *Information Outlook*, March, 2000

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## Information Requirements

- Customer History
- Customer Needs

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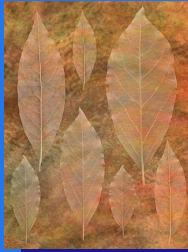


## Skill Sets

- Ability to communicate
- Ability to build relationships
- Make time
- Take risks
- High intellectual skills

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## Skill Sets – Cont

- Caring about others
- Leadership
- Team player

Principles of Marketing and Relationship Management, Aline Soules, *Libraries and the Academy*, Vol. 1 No. 3 (2001)

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## Knowledge Center Example #1 Chemical Company

- “We continually acquire customer input and feedback and benchmark with our peer companies on products and services offered.”
- Collect feedback
  - Information Incidence Reports
  - Database of searches

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## Knowledge Center Example #1 Chemical Company... Traditional Methods

- Seminars, training
- Presentations
- Face-to-face meetings with managers to determine customers' information needs

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## Knowledge Center Example #1 Chemical Company... Traditional Methods – Cont

- Outreach using
  - Brochures
  - Monthly email newsletter
  - Giveaways, etc.

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## Knowledge Center Example #1 Chemical Company... Newer methods

- Structured relationship management
- Assign staff relationship managers to:
  - Build relationships with key stakeholders
  - Use these relationships to push messages and manage meaning
  - Seek input and guidance from these relationships

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## Knowledge Center Example #1 Chemical Company... Newer Methods

- Advisory Panel
- Knowledge Bases or Networks
- Outcome-focused messaging

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## Knowledge Center Example #1 Chemical Company... Newer Techniques

- Blogging
- Training and orientation tailored to:
  - Individuals, one-on-one
  - Company-wide groups

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## Knowledge Center Example #1 Chemical Company... Newer Techniques

- Training formats are 2 minutes to 3 hours
- FAQs on the Intranet
- One page sheets
- Pamphlets

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## Knowledge Center Example #2 Web Metrics for CRM

- Identify heavy users
- Learn which pages are used most
- Saves time
- Not intrusive

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## Knowledge Center Example #3 Collection Development

- Vendors provide electronic journal article metrics
  - Track requests
  - Identify which journals are most heavily used
- Shapes collection development decisions based on customer need

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## Additional Sources

*The CRM Handbook: A Business Guide to Customer Relationship Management*

Chapter 9: Managing your CRM

Project by Jill Dyche

[www.businessintelligence.com/ex/asp/id.9/page.1/xe/biextractdetail.htm](http://www.businessintelligence.com/ex/asp/id.9/page.1/xe/biextractdetail.htm)

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## Additional Sources

CRM: Profiting from Understanding Customer Needs, Ann Stringfellow, et al., *Business Horizons*, Sep/Oct 2004

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## Additional Sources Academic Approach

**A Customer Relationship  
Management Roadmap: What is  
Known, Potential Pitfalls, and  
Where to Go, Bill Boulding, et. al,  
*Journal of Marketing*, Fall 2005**

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## CRM: the next frontier

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## why?

- embedded information service providers
- adoption of business tools
- information age has arrived and so have the competitors

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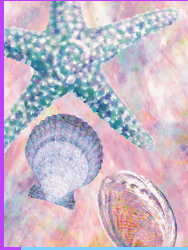


## the next 20 minutes...

increase awareness of what CRM can involve and the impact it can have on everyday info management/service activities

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## common misconceptions...

- data and data warehousing - stats
- call centers & sales force mgmt - direct customer contact
- software fixes - the big promise

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## CRM is more than...

- managing and meeting customer expectations
- monitoring customer behaviors
- touching base with customers
- increasing messages and promotion

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## “the goal of CRM is to...

recognize and treat each customer as an individual. It humanizes the customer's purchase or service request. And it helps address their unspoken needs.”

*The CRM Handbook* by Jill Dyche  
Addison-Wesley, 2002.

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## what are the implications?

- individual
- humanize
- unspoken need

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## Is CRM part of your business intelligence?

- CRM integrates information with business action
- customer relationship management strategy acts on business data and to change fundamental business processes to become more customer-centric.

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## Improving your customer's experience

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## what does CRM involve?

### operational

- workflow management
- humanizing the experience

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## what does CRM involve?

### analytical

- business process reengineering
- customer-facing activities
- improve traditional or broken processes, and create the optimal customer experience.

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## the impact of CRM on: marketing planning

- move customers up to increasingly more valuable products/services and to have them buy more.
- ensure that the business is the customer's first choice

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## the impact of CRM on: customer service

- improve the customer experience and their level of satisfaction
- offer multiple choices customer have in how they can deal with the information business

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## the impact of CRM on: sales force

- automation improves productivity
- sales process management ensures follow-up
- auto tools assist with sales activities before, during and after the order

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## the impact of CRM on: sales force

- contact management
- lead management/prospects
- service and sales gets linked
- anticipate needs

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## for CRM to succeed, the marketing process must...

- be well defined
- institutionalize the practice of customer differentiation
- act on the information it analyzes
- support other info business processes such as customer support and the sales process

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## for CRM to succeed, customer service must...

- use technologies carefully and be appropriate for the target audience
- provide service representatives with everything they need to know about the customer
- establish processes for the staff
- agree on success factors and metrics

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## for CRM to succeed, the sales force must...

- have the right personalities and skill sets
- represent the info service brand
- give the customer a personal touchpoint - human face- for ordering information products and services and for following up
- know the customer's business

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## Independence Blue Cross CORE

Denise Healy  
Denise.Healy@ibx.com

*Note: The following slides will not be included in any file posted to the LMD web site.*

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## what did we just cover?

- CRM definition
- major points
- resources to explore

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**Questions?  
Comments!**

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Amelia Kassel  
President  
MarketingBase

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amelia@marketingbase.com  
www.marketingbase.com

707.829.9421  
800.544.5924



Chris Olson  
Principal  
Chris Olson & Associates

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chris@chrisolson.com  
www.ChrisOlson.com

410.827.5642  
Booth #1918

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