

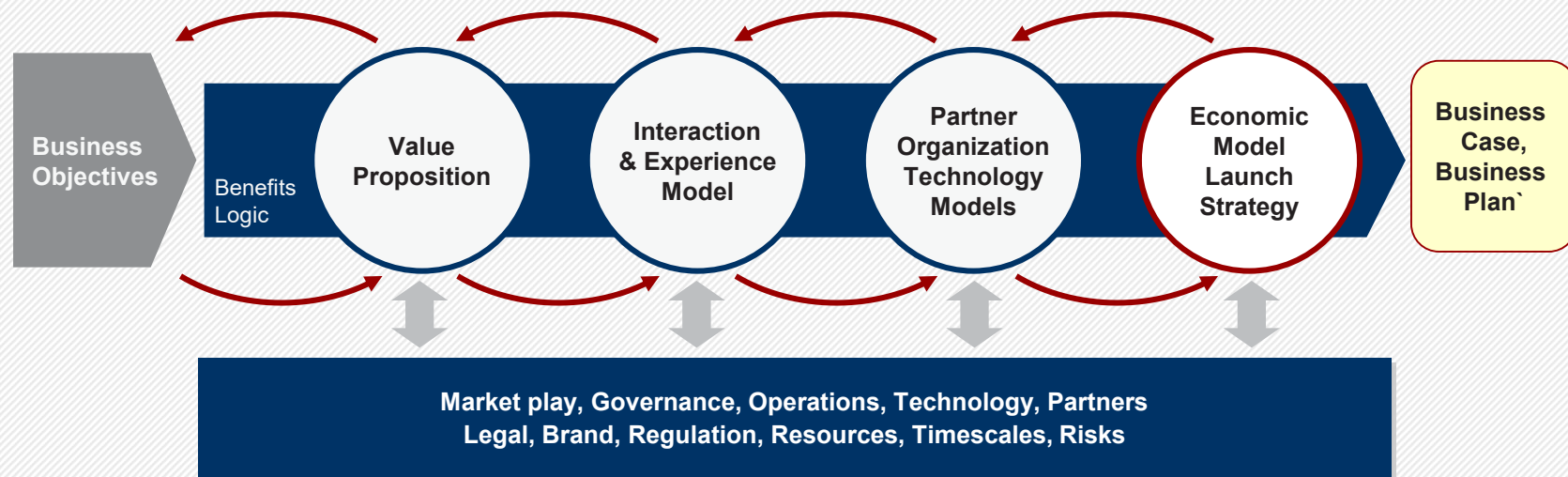
CRM

And The

**CUSTOMER
EXPERIENCE**



CRM and the Customer Experience



Contents

- **CRM and CXP Overview**
- **Customer Relationship Management Design**
- **Customer Experience Design**
- **Strategy Implementation**

This is the final phase of the Customer Analysis Approach and where all the pieces must come together

Presentation Overview

This presentation discusses Customer Relationship Management (CRM) strategy and developing the Customer Experience (CXP). This is the final phase of the Customer Analysis Approach and where all the previous analyses and recommendations must come together cohesively—e.g. the value proposition, economic model, technology considerations, etc.

This presentation is structured into 3 sections:

- **CRM Design**
- **CXP Design**
- **Strategy Implementation**

First, let's review our 5-phase approach to Customer Analysis—CRM and designing the customer experience is the final stage

Customer Analysis Approach



Customer Relationship Management (CRM) is a strategy to optimize the long term value of the portfolio of customers

CRM Overview



CRM is a strategy which seeks to optimize the long term value of the portfolio of customers

through...

- Understanding customers' economic value, as well as their needs and preferences
- Investing in customer relationships based on their economic value
- Creating and evolving propositions and offers that meet customers' needs
- Managing the customer life cycle through acquisition, retention and growth
- Delivering a high quality and consistent customer experience across all touch points

CRM seeks to address questions around the customer, relationship (with the customer), and management (of customer info)

Key Questions



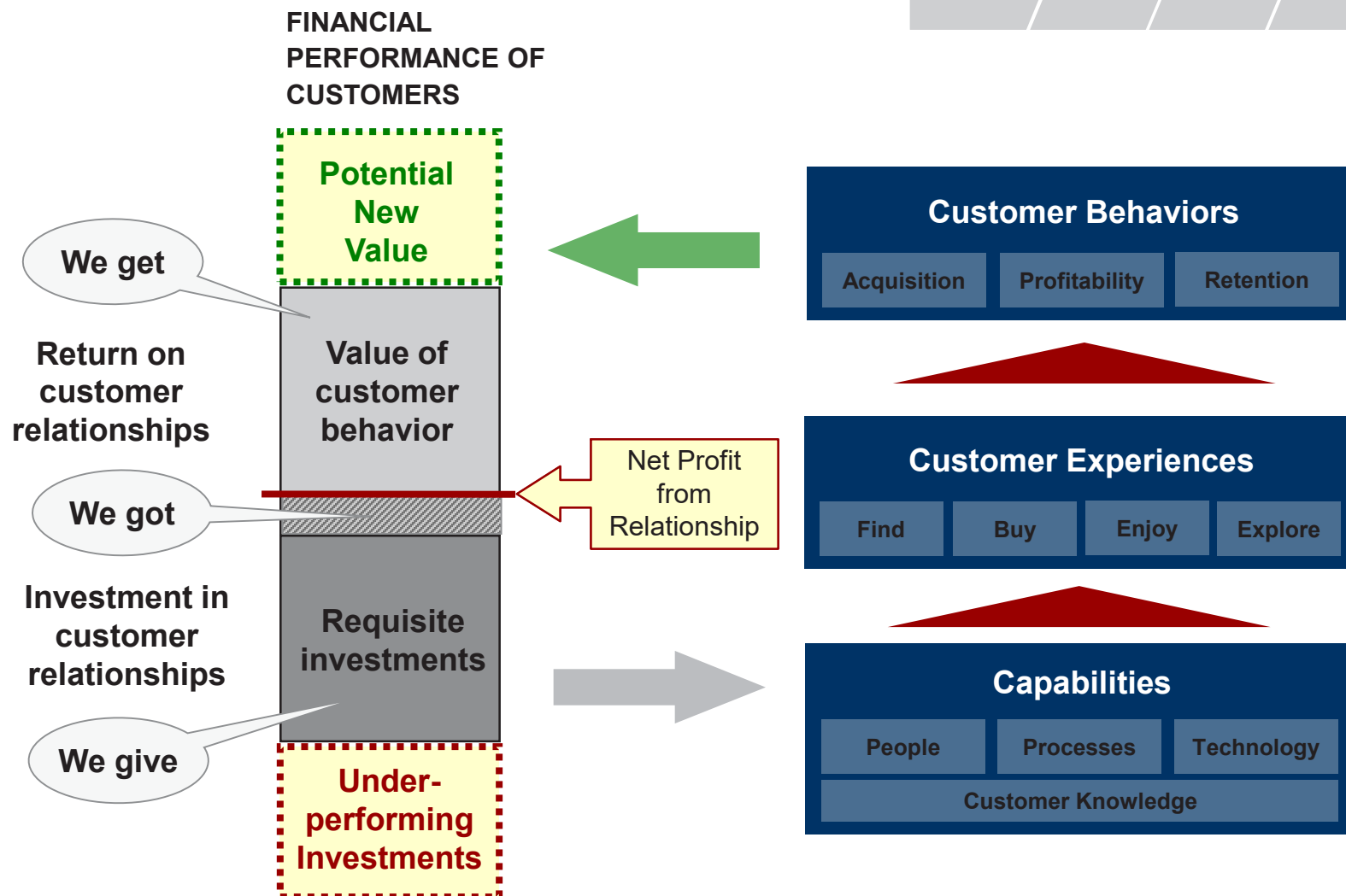
- **Customer:**
 - Who is the customer?
 - Which customers do we want?
 - Which customers want us?
- **Relationship:**
 - What is our relationship with customers?
 - What does it mean to automate a relationship?
- **Management:**
 - What should be managed?
 - How?
- **What balance should we strike between the needs of the customer and the needs of the organization?**
- **How can we improve efficiency?**

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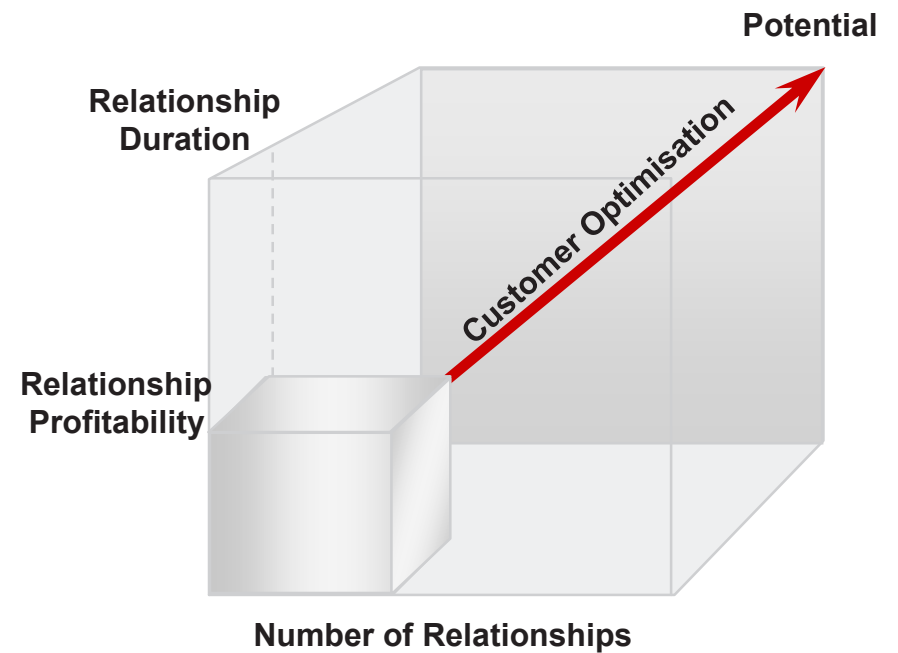
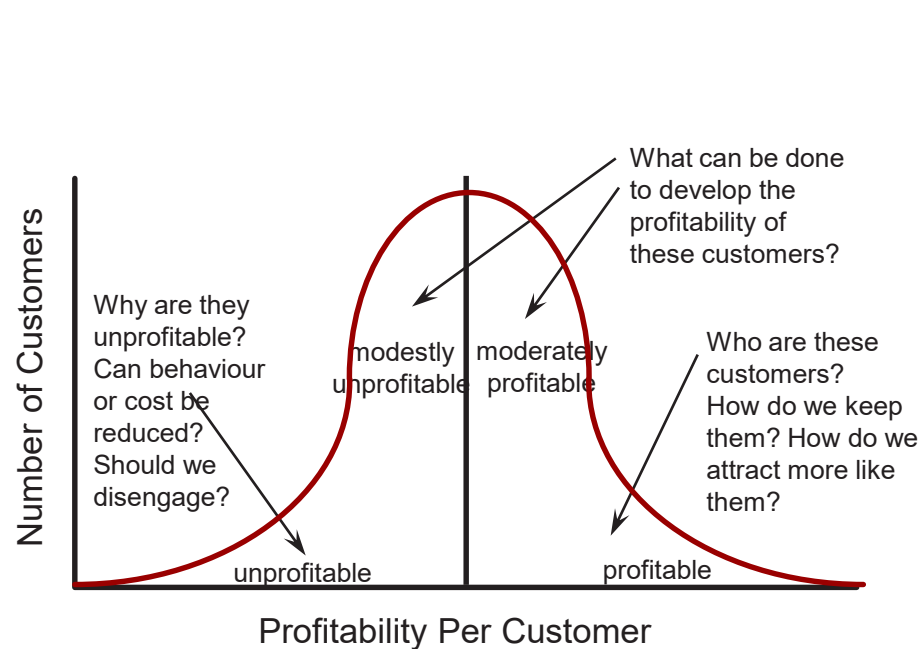
An optimum set of investments will ultimately translate into new customer behaviors that generate additional value

Customer Value



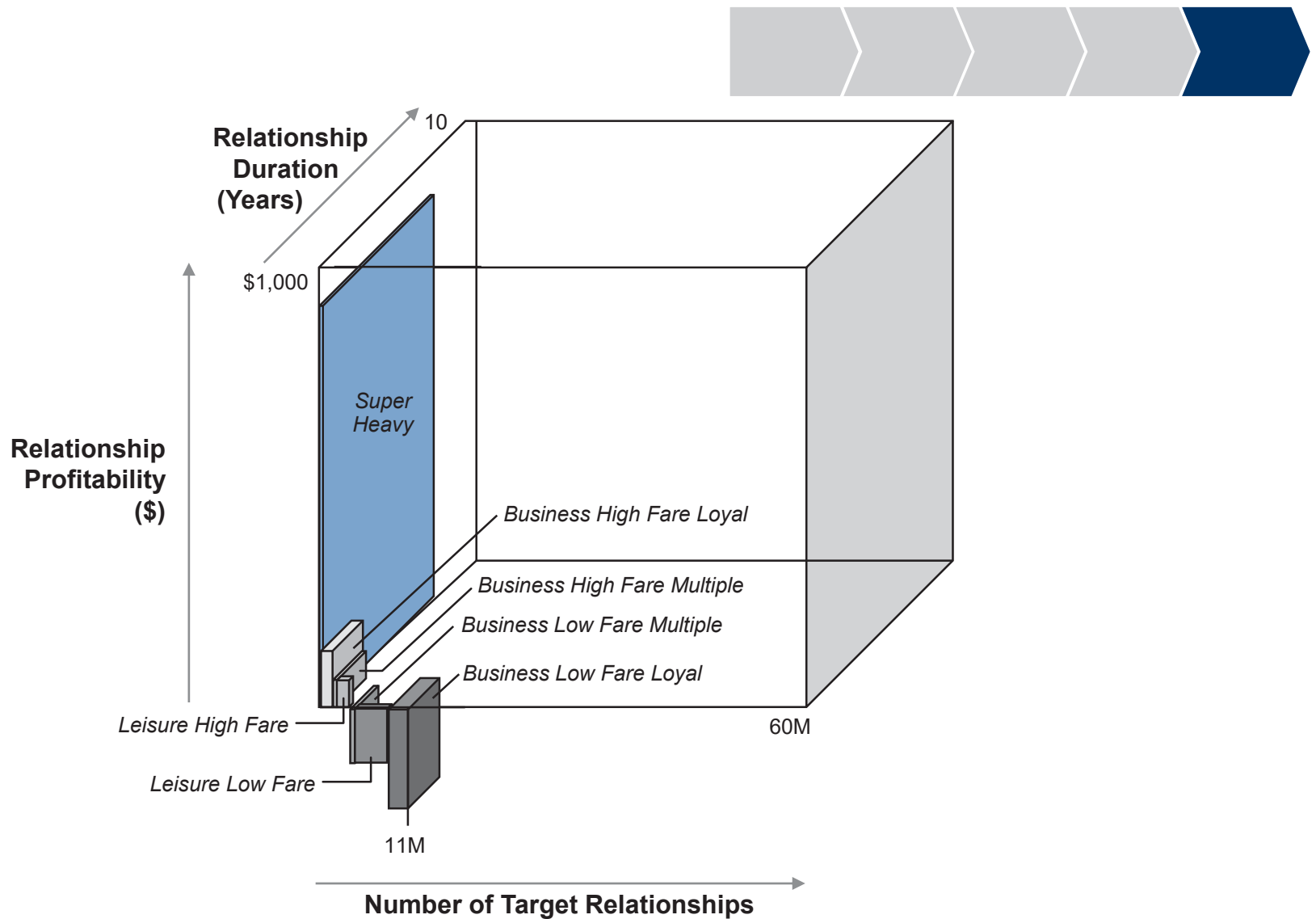
Customer value can vary enormously

Customers Are Not Created Equal



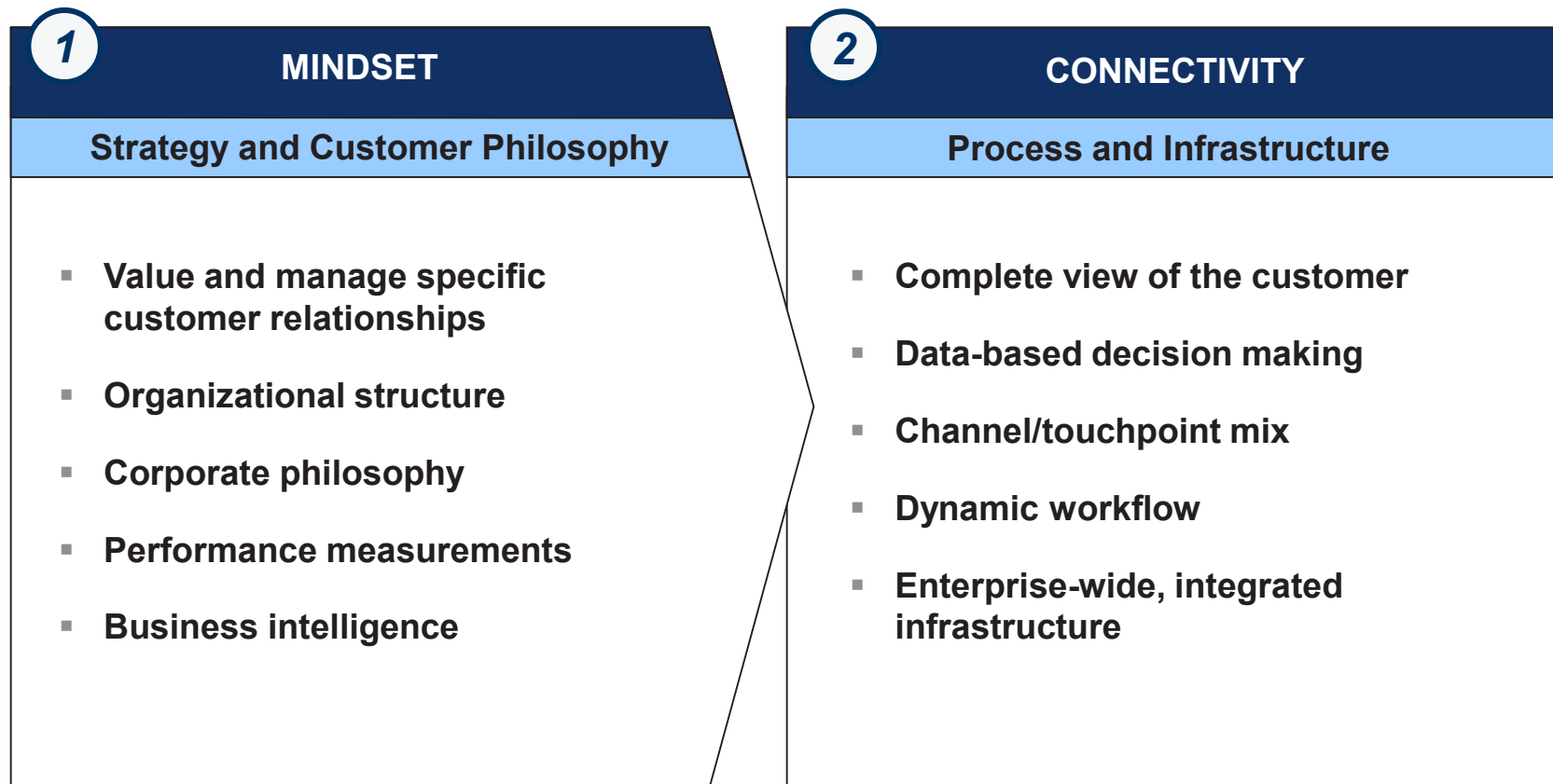
The full potential value of a business is driven by the number, profitability, and duration of customer relationships.

An example from the airline industry



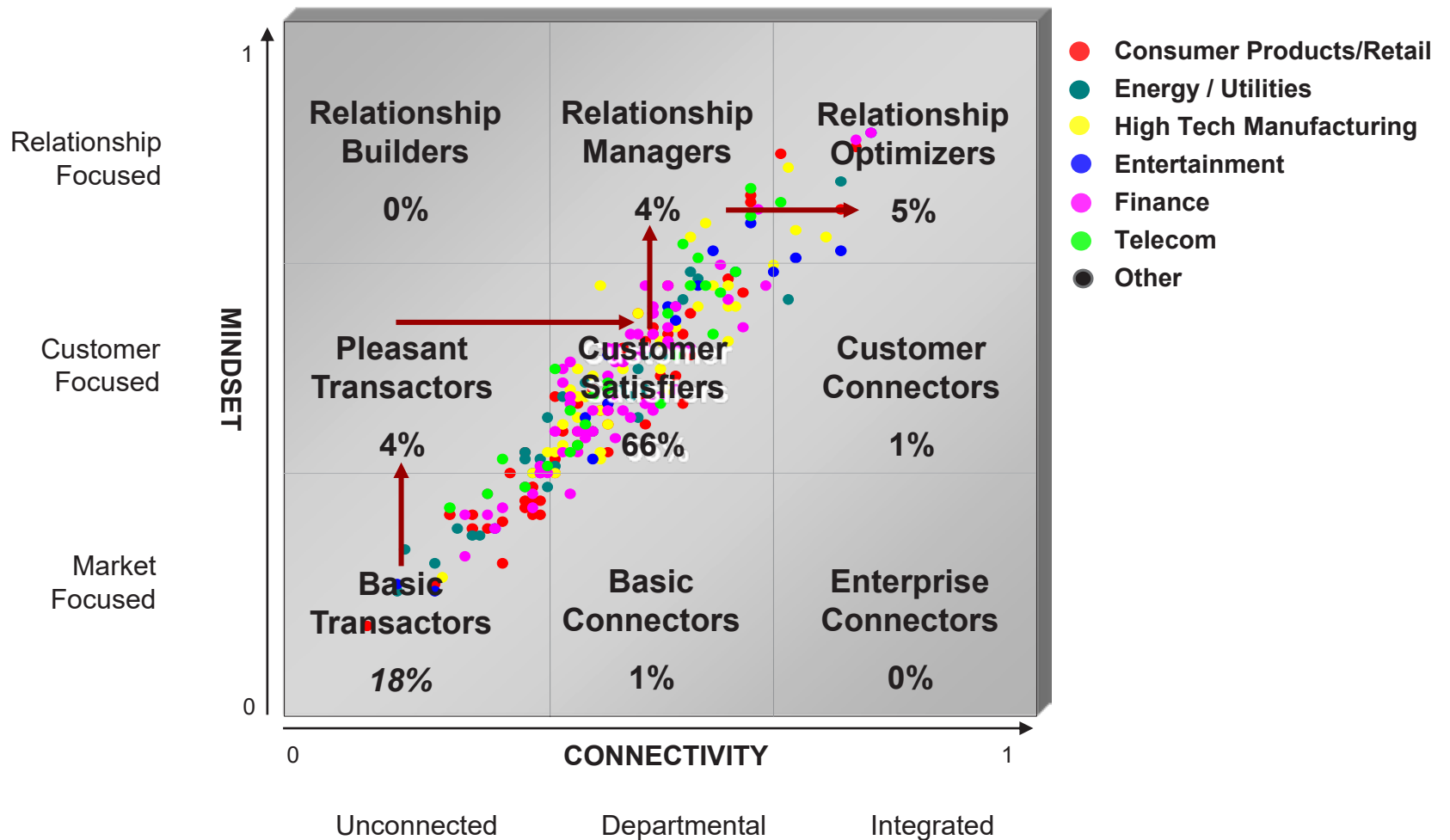
There are two big factors in the CRM equation to consider

Mindset & Connectivity



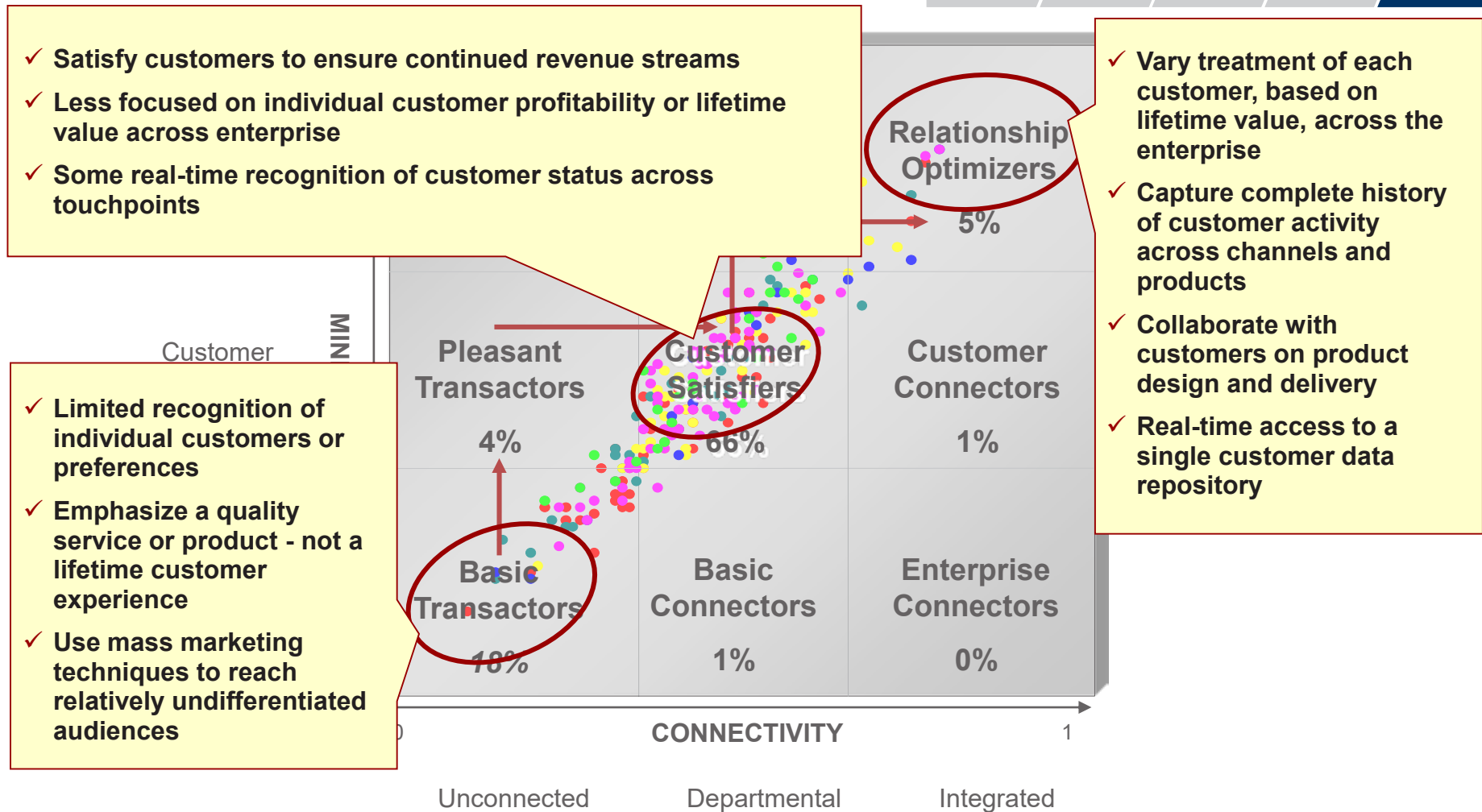
Organizations need a clear understanding of their current and future positioning—we illustrate this with a CRM Index

CRM Index Example



Different customer positioning requires different considerations

CRM Index Example – Positioning & Implications



Follow these 10 principles for effective Customer Relationship Management

10 Principles of Effective CRM



1

Value Segmentation

2

Institutional Memory

3

Collaboration

4

Touch Point Alignment

5

Customer Scorecard

6

One and Done

7

Real-time Information Management

8

Closed-loop Processes

9

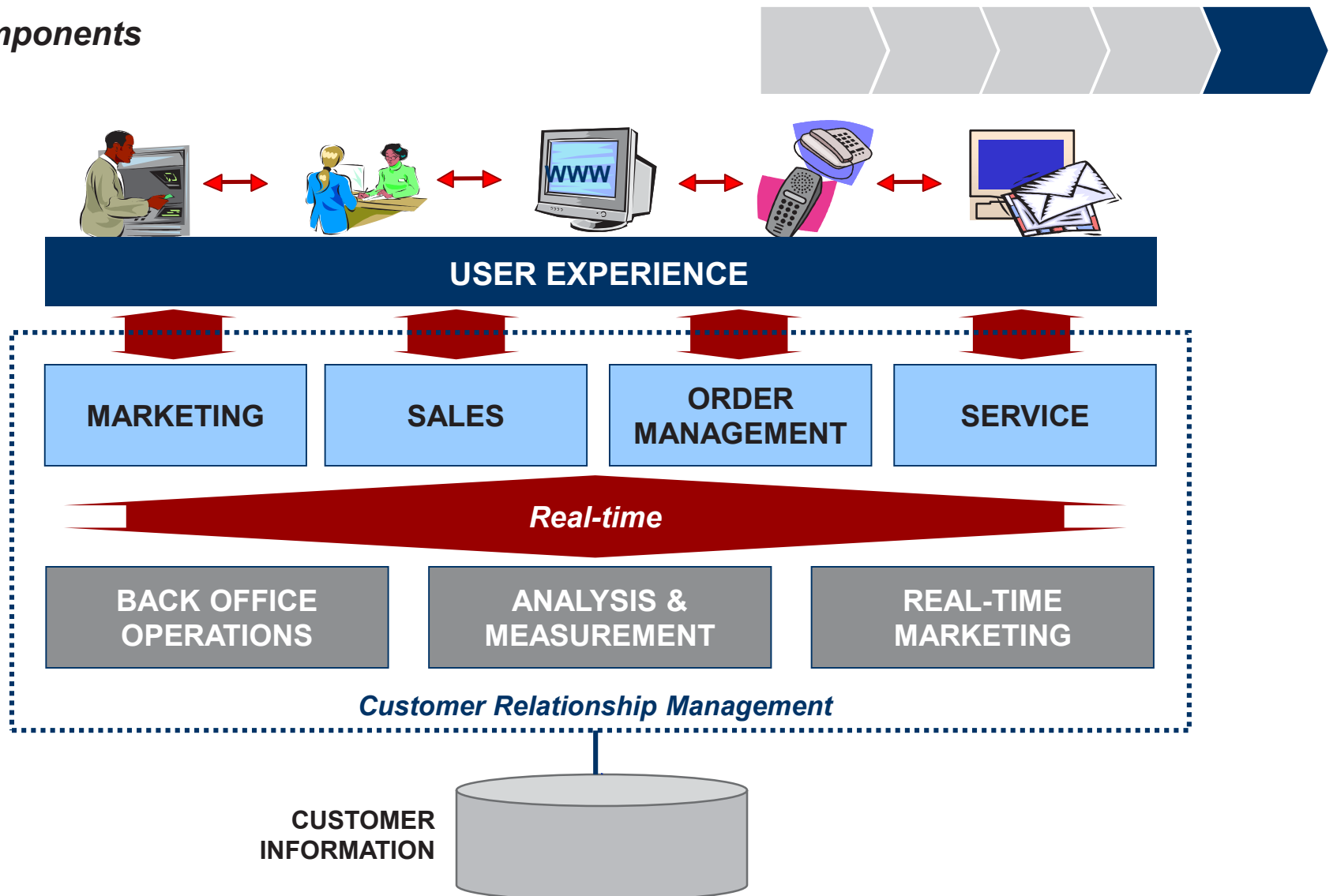
Listening and Learning Posts

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Customer Experience Management

CRM is driven by various touchpoints and layers of technology involvement

CRM Components



Contents

- **CRM and CXP Overview**

- **Customer Relationship Management Design**

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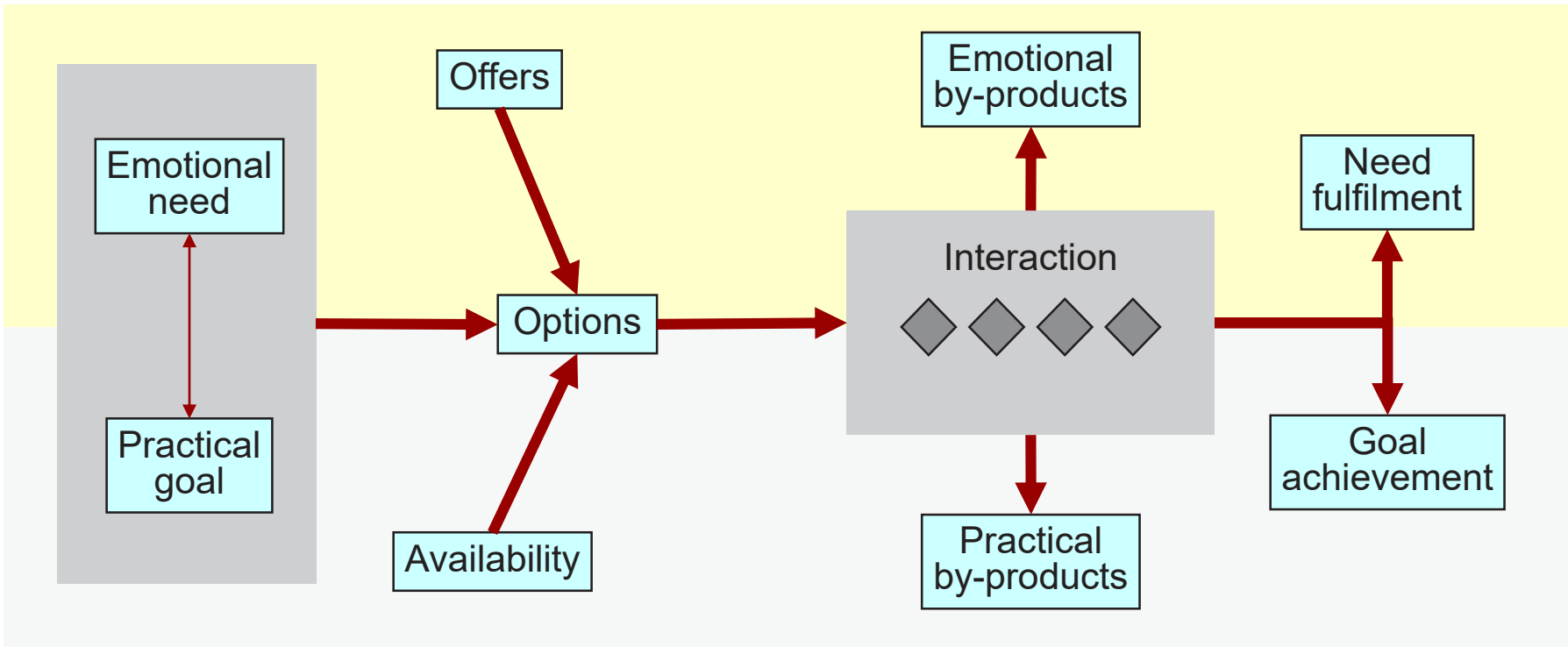
- **Strategy Implementation**

What is a customer experience (CXP)?

Content of an Interaction

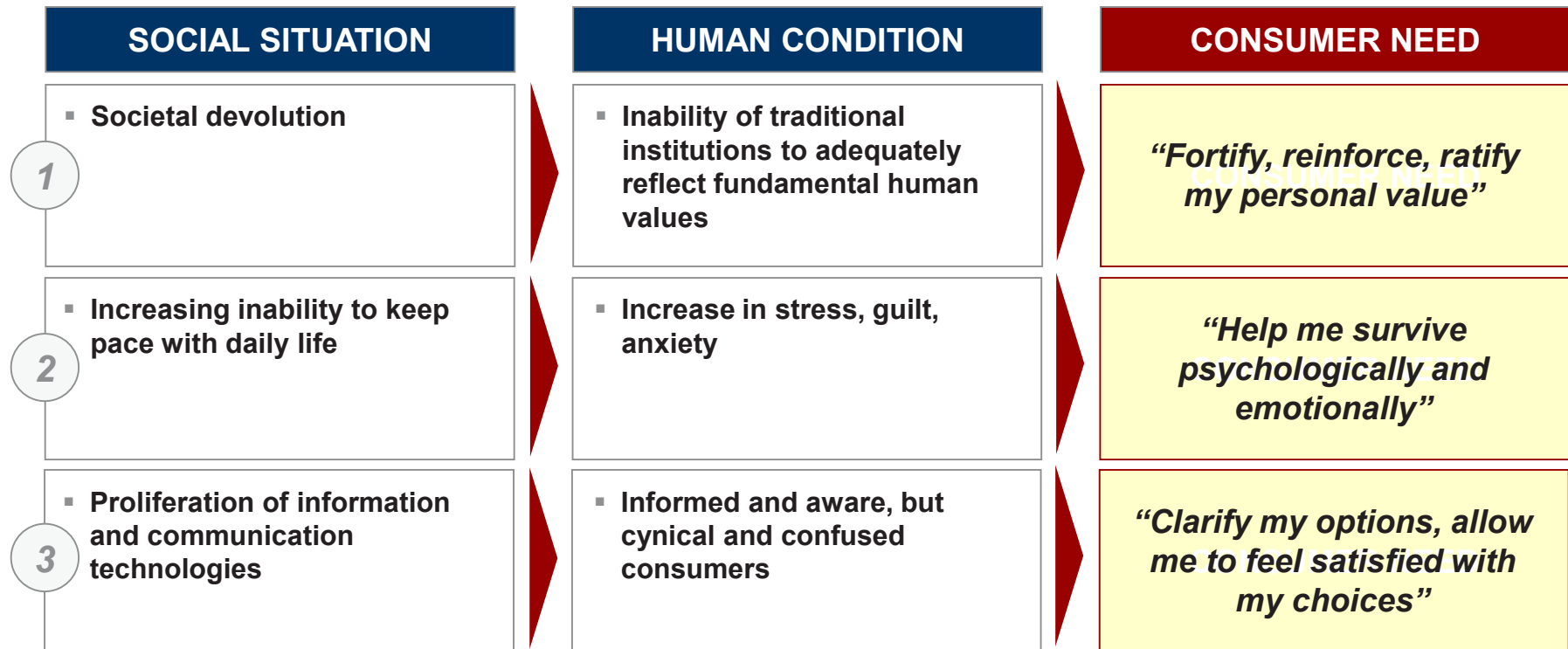


Whatever the customer feels, remembers, says, and does about their interaction with your organization at every point in the relationship



Here are 3 megatrends that affect the customer experience

Consumer Relevancy



People are increasingly frustrated with the experience of their lives, and want reinforcement of personal and not just commercial values in their dealings with businesses.

The dynamics of an interaction play a major role in delivering a good experience

Behavioral Science Principles



▪ **Sequence effects**

- Improvement over time
- People remember key events

▪ **Duration effects**

- People who are mentally engaged don't notice time
- Increased # segments increases perceived duration

▪ **Rationalisation effects**

- People invent explanations
- People blame deviation from rituals
- People blame individuals not systems
- People don't blame if they have control



PRINCIPLES & TAKEAWAYS

- **Finish strong**
- **Get bad experiences out of the way early**
- **Segment the pleasure, combine the pain**
- **Build commitment through choice and control**
- **Give people rituals and stick to them**

The design of good customer experiences should use lessons learnt from behavioral science.

Customer Experience Success Criteria



- ☑ **Needs alignment:** does the experience fulfil my emotional needs?
- ☑ **Brand values:** does the brand deliver its values?
- ☑ **Expectation:** does the experience meet my expectations?
- ☑ **Ease of use:** is it easy to do what I want?
- ☑ **Goal alignment:** does the interaction deliver my goals?
- ☑ **Applicability of offer:** is the offer right for me?
- ☑ **Trust:** if I invest (in all respects) will these guys deliver what they promise?
- ☑ **Quality of experience:** do I feel good about the experience?

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Here are several factors to keep in mind when implementing the CRM and customer experience strategy

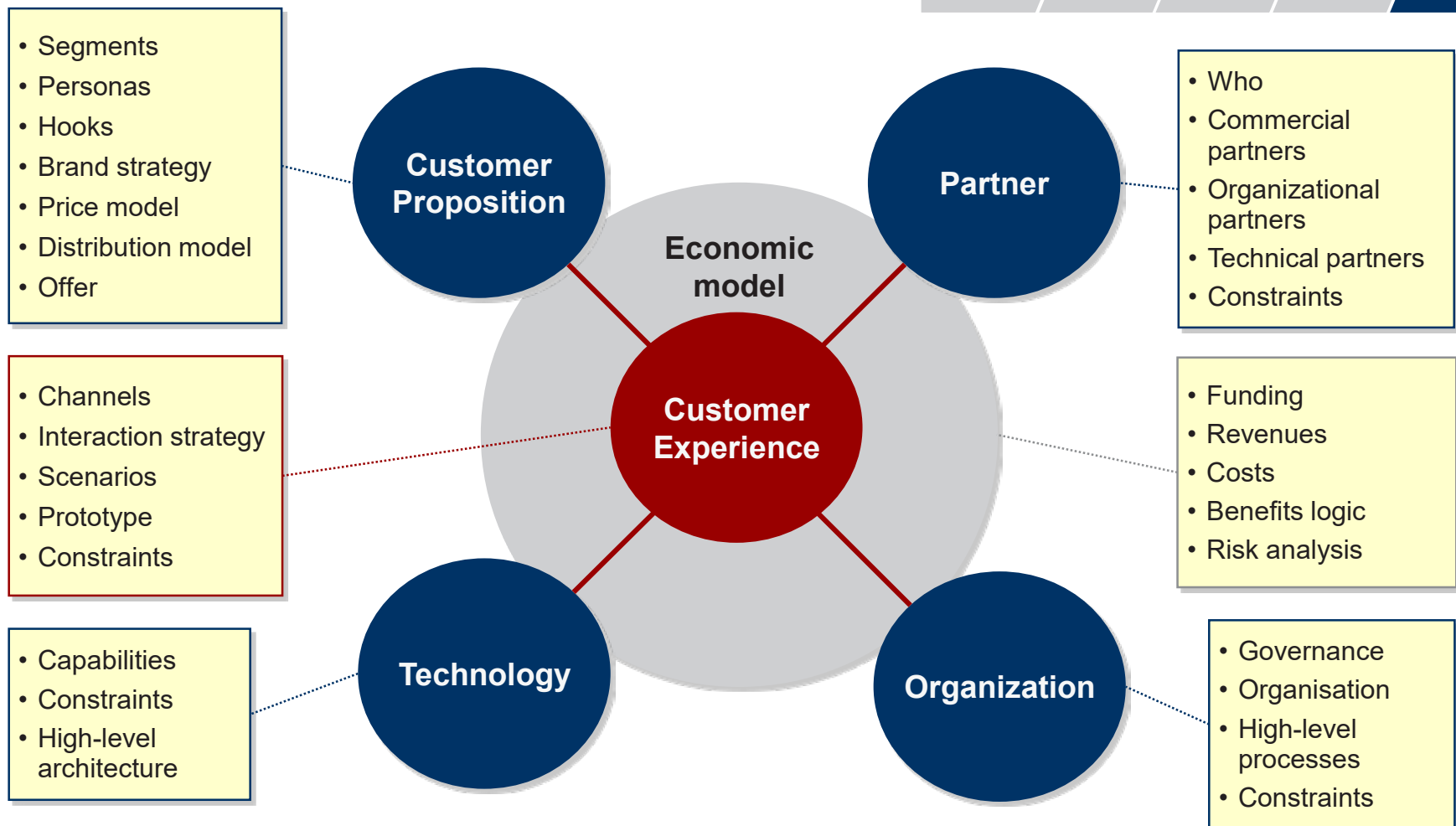
Key Concepts



- ✓ **Managing the degree of alignment with de facto or planned CRM strategy**
- ✓ **Managing constraints as well as strategy**
- ✓ **Testing hypotheses in detail**
- ✓ **Accurate costing and planning**
- ✓ **Developing coherent and consistent models**
- ✓ **Managing the assumptions in the financial model**
- ✓ **Speed**

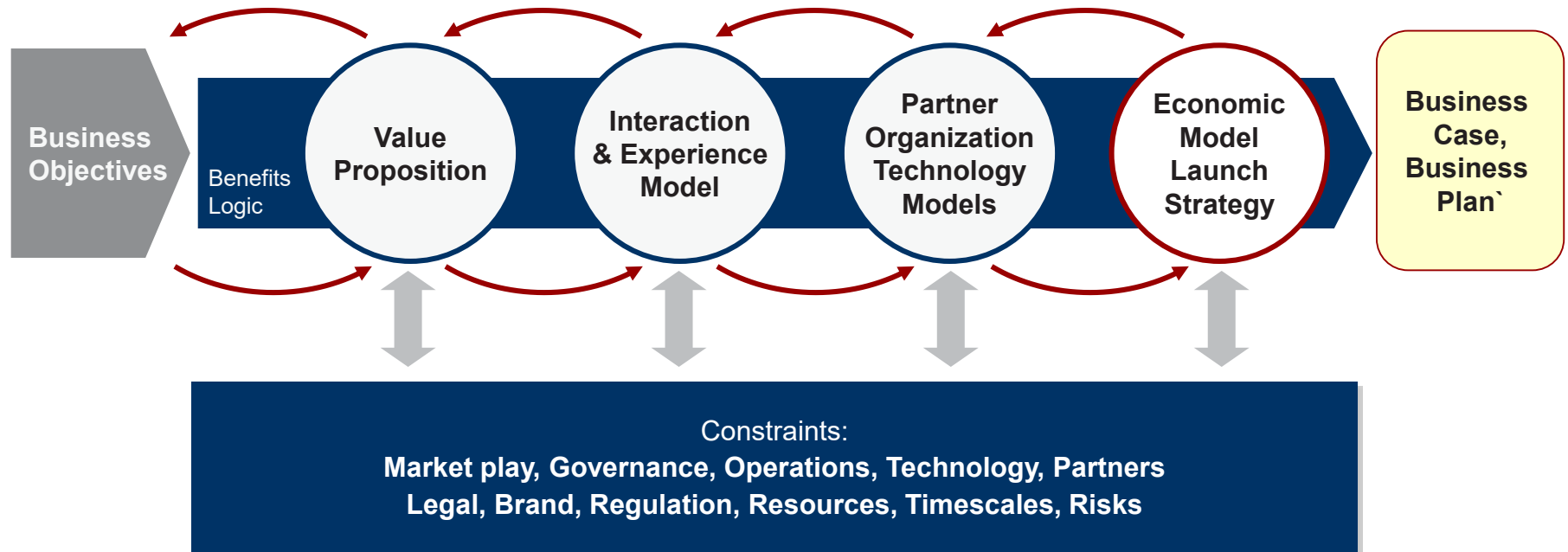
Alignment is key—the experience model and the economic model are the glue that bind the elements together

CRM Strategy Elements



Developing an implementable strategy requires the development of these models in parallel

Model Parallel Development





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