الجمهوريــة الجزائريــة الديمقراطيــة الشعبيــة
People's Democratic Republic of Algeria
و البـحـث الـعـلـمــي وزارة الـتـعـلـيــم الـعـالي
Ministry of Higher Education and Scientific Research

University of MUSTAPHA Stambouli
Mascara

جامعة مصطفى اسطمبولي
معسكر

كلية العلوم الاقتصادية والتجارية وعلوم التسيير

قسم: العلوم التجارية

ملزمة دروس موجهة لطلبة السنة الاولى – ماستر تسويق

Course handout for first-year students – Master's in Marketing

في مقياس :

Customer Relationship management
إدارة علاقات العملاء

By : Pr. Elbachir Sabrina

السنة الجامعية: 2026/2025

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INTRODUCTION

The focus of this unit is on Customer Relationship Management, which is of particular interest to researchers as well as to practitioners in industry. From a pragmatic, technological tool to a process oriented approach, CRM has been transformed from a focus on people, processes, and technology to maximize customer value (Payne & Frow, 2017). Today's world of data means that CRM is not just about transactions, but it is about relationships, the customer experience, and the sustainability of business. Marketing students must learn CRM frameworks and tools to build analytical and strategic skills that employers are increasingly asking for.

In addition, CRM has become a vital competitive advantage in a world where the expectations of customers are driven by digital transformation, personalization, and transparency. Similarly, studies have found that firms that improve CRM practices, achieve higher levels of customer satisfaction, loyalty, and lifetime value, making them superior financial performers (Verhoef et al., 2021). So, this unit is necessary both for enhancing learning and to prepare the student for the challenges of customer-centric management in a variety of industries, from traditional retail and services to platform-based digital ecosystems.

This handout is a guide for beginning Marketing Master's students as they begin to learn more about tactics that serve customers. It provides a concise description of the concepts, models and practices central to modern approaches to customer relationship management and database driven marketing. Overarching seeks to provide students with an understanding of what it means to be a customer and how to think about, analyze, and respond to customer relationships in a burgeoning data orientated environment.

The handout is aligned with the seven pedagogical axes recommended by the Ministry, ensuring coherence with national academic standards while remaining relevant to the professional expectations of marketing practice. It covers Relationship Marketing (RM), CRM (definitions, types, models, benefits, applications), Database Marketing, Customer Databases, Customer Satisfaction, Loyalty, and Customer-Centric Organization. Each chapter is structured with introductions, theoretical frameworks, definitions, models, examples, and objectives.

- Learning Outcomes
  There are goals for each chapter that describe what students should know and be able to do. For example, students will be taught to differentiate and define Relationship Marketing from Transactional Marketing, to describe the functions of CRM, to apply models such as Payne's Five Processes, or QCI. This outcome based approach ensures

that both the acquisition of knowledge and the use of analytical and professional skills are supported.

- Content Structure
  The text moves from theory to practice logically. It starts with historical and theoretical knowledge of Relationship Marketing, progresses to CRM definitions, typologies, and applications, and then to Database Marketing and Customer Information Systems. Later chapters examine Satisfaction, Loyalty and Customer-Centric Organizational Design. This happens after the shift from conceptual understanding to applied strategy, allowing for combined, consolidated learning.
- Pedagogical Methods
  This material is filled with discussion on theoretical frameworks, definitions from academia, models, and cases (e.g. Total, Lufthansa, Amazon). This mix facilitates active learning that connects theory to practice. Figures, tables, and comparison frameworks support understanding and critical thinking.
- Assessment and Feedback
  The document is structured in a way that lends itself to formative and summative evaluation. Definitions, models and examples can be used as a means for quizzes and short written exercises and the integrated models such as IDIC, CRM Value Chain, Payne's Model can be used as a tool for more detailed case analysis or projects. Chapter goals are easy to use as benchmarks for assessment criteria and reflection for teachers.
- Digital and Data Competencies
  One of the strengths of the handout is the emphasis on data in marketing. Students are introduced to CRM analytics, customer information systems, segmentation based on data, and database marketing processes. These topics foster digital literacy and provide students with the skills to work with customer data safely and effectively.
- Ethics, Sustainability, and Social Responsibility
  Ethical considerations are interwoven throughout the discussion, particularly regarding customer data collection, privacy, transparency, and fairness. By examining practices such as loyalty programs and database marketing, students are encouraged to critically assess not only effectiveness but also ethical implications. This aligns with the broader responsibility of marketers to sustain trust and long-term relationships.
- Professional Orientation and Research Disposition
  The handout balances academic theory with applied professional orientation. By including multiple definitions, theoretical perspectives (such as Service-Dominant Logic, Social

Exchange Theory, and the Commitment-Trust Theory), and practical tools (such as SFA, analytical CRM, or customer satisfaction metrics), it develops both research skills and managerial competencies. Annotated references expose students to seminal and recent scholarships, encouraging research-informed practice.

Chapter 1 : ***An Introduction to Relationship Marketing***

Introduction

Relationship marketing (RM) has been a topic of much debate amongst scholars and marketers for almost 20 years. Relational methods gained a greater popularity in the second half of the twentieth century, and the discourse on relationship marketing began to command the marketing agenda. At the time RM was likely the dominant trend in marketing and arguably the most controversial, if controversial, topic in business management. In the 1990s, RM gained a prominent place at European, North American, Australian and international academic conferences.

RM quickly climbed the ladder to success. With the end of the twentieth century drawing near, the ideology had become popular among many. The success of RM, according to a prominent marketing author, was hugely successful, and academics seemed to join enthusiastically and uncritically (Brown, 1998). If this was true of marketing professors, marketing practitioners were equally, if not more, excited. Practitioner interest was the primary catalyst for the emergence of RM (O'Malley and Tynan, 2000), evidenced by numerous case studies presented at conferences, published in periodicals, and included in texts that endorse and validate the relational approach.

The objective of this chapter is to develop a better understanding of the concept of relationship marketing. Students should be able to define the concept, identify its principles and distinguish it from transactional marketing, and analyze how marketing has evolved from a product-centered approach to a customer-centered philosophy.

By the end of this chapter, students will be able to:

- Define and explain the concept of relationship marketing and its theoretical foundations.
- Compare relationship marketing with transactional marketing.
- Identify the main drivers behind the development of RM in business practice.
- Analyze the the principal drivers that sustain long-term customer relationships.

1. Definition of Relationship Marketing

1.1. The emergence of relationship marketing

Relationship Marketing is sometimes thought to be the first major change in marketing in several years. Throughout the twentieth century, many significant advances occurred, often linked to differences in the research focus. Christopher et al. (1991, p. 8-9), state that the 1950s represented the period of consumer marketing, in which brand marketing concepts and corporate manufacturers dominated the marketing landscape. Industrial marketing research was a term drew up in the 1960s. It was in the 1970s that the non-profit industry began to become visible, and in the 1980s the service sector started to take shape. All of these research specializations (See Figure 1) ushered in new concepts and increased the impact marketing had on businesses.

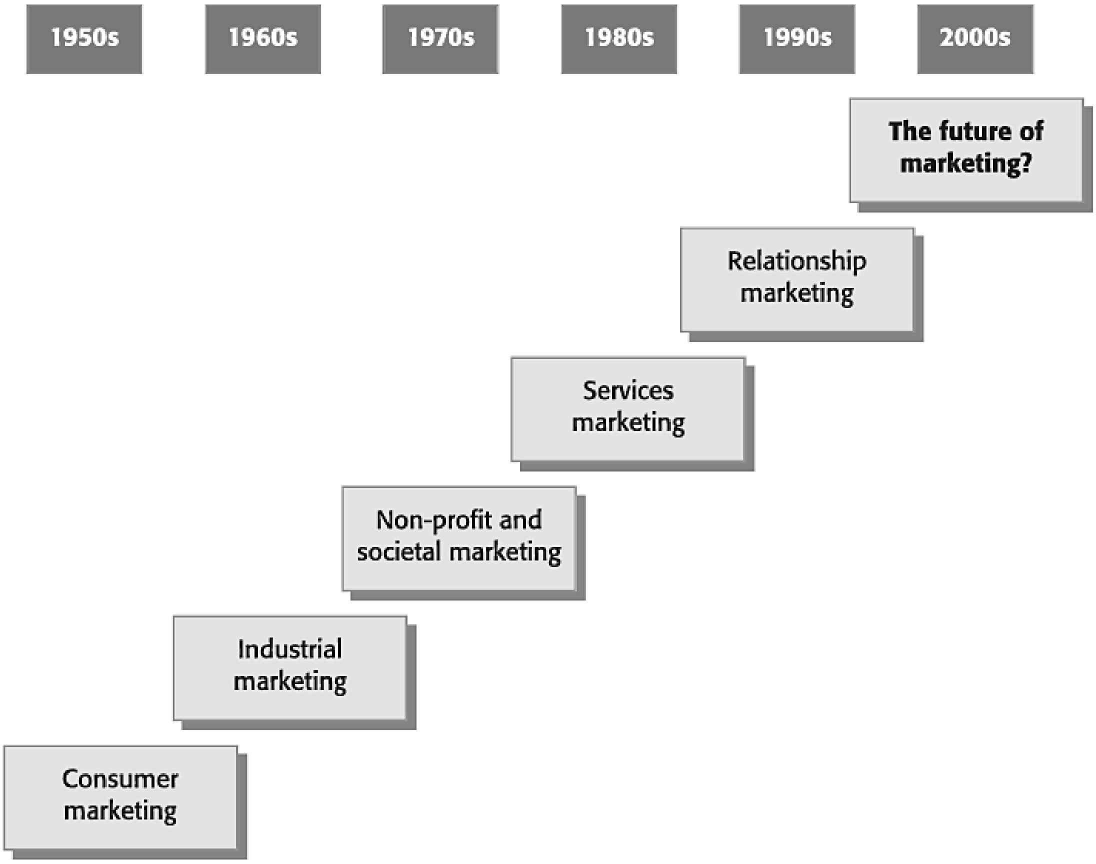

Figure 1. Development in Marketing (Christopher et al., 1991)

All these prior developments were to have an influence on 'relational research' in the 1990s and beyond. In addition, RM mirrored (and to a certain extent borrowed from) events taking place in other areas of business research, including trends in organizational structures (Gummesson, 1999), distribution management and total quality concepts and, more recently, knowledge management. By the 1980s and 1990s, scholars and practitioners began to recognize the strategic value of building and maintaining long-term customer relationships.

One of the earliest and most influential voices in this paradigm shift was Berry (1983), who defined relationship marketing as "attracting, maintaining, and -in multi-service organizations- enhancing customer relationships." This marked a fundamental transition in marketing thought, from viewing marketing as a series of discrete exchanges to seeing it as an ongoing process of interaction and co-creation of value.

The emergence of services marketing also played a critical role. As economies in developed countries shifted toward service-based industries, the intangible, heterogeneous, and perishable nature of services required deeper customer engagement. Grönroos (1994) emphasized the importance of interaction and communication in service relationships, arguing that "marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit."

1.2. Precursor to relationship marketing

a. Industrial Marketing

Empirical research indicated that numerous inter-firm transactions occur within long-lasting business relationships characterized by mutual trust and adaptation, contrasting with the previously dominant perspective that such transactions were primarily contractual in nature (Brennan and Turnbull, 2001). Baker (1999, p. 211) observe that industrial marketers recognized that without the ability to provide a superior product at the same price or a comparable product at a reduced price, the only viable strategy for sustaining business was to cultivate relationships and enhance value through significant, albeit often intangible, service components. Research indicates that industrial marketing encompasses not only the management of exchanges between companies but also intricate human interactions. This theory of network-interaction marketing encompasses all activities performed by the firm to establish, sustain, and enhance customer relationships (Christopher et al., 1991). The IMP literature posits that the continuous nature of exchange episodes contributes to the formalization of relationships between purchasing and selling firms (Naudé and Holland, 1996). This industrial or 'business-to-business' research into interaction, relationships, and networks predates RM research by at least one to two decades (Mattsson, 1997). The text emphasized the significance of comprehending the intricate relationships that exist within and between industries (Naudé and Holland, 1996) and provided a foundation for relationship marketers to advance their concepts.

b. Service Marketing

If industrial (or business-to-business) marketing was the less favored aspect, then 'services marketing' was the one that stood out. This subordinate perception of services compared to consumer goods persisted despite the rapidly increasing significance of services. Indeed, the evolution in most Western nations indicated a transition towards predominantly service-oriented economies rather than production-oriented ones. In the early 1990s, the UK became the inaugural nation to export a greater volume of services than tangible commodities, subsequently prompting numerous other economies, once categorized as 'industrialized nations,' to follow suit. By the midpoint of that decade, more than 75 percent of the labor force in the UK and the USA were engaged in service industries, and this trend has persisted into the new century despite the economic recession caused by the credit crunch. This swiftly evolving scenario highlighted the significance of services and underscored the necessity for additional research. The intangible characteristics of service sectors have consistently presented challenges to conventional marketers, as their models (e.g., the BCG matrix, the product life cycle) have proven to be ineffective. The inherent characteristics of services, namely intangibility, inseparability, variability, perishability, and the impossibility of ownership (Palmer, 1998), along with the significance of personnel and processes, presented challenges that conventional marketing concepts struggled to address. Primarily, research was most necessary in industries where the potential benefits of relationship-building were evident and where service differentiation was minimal.

1.3. Theoretical Framework for Relationship Marketing

The theoretical foundation of RM is interdisciplinary, drawing from marketing, sociology, psychology, and economics. Three central theories that inform RM are Service-Dominant Logic (Vargo & Lusch, 2004), Social Exchange Theory (Thibaut & Kelley, 1959), and the Commitment-Trust Theory (Morgan & Hunt, 1994). Each of these contributes distinct yet complementary insights that inform both the practice and academic understanding of RM.

A. Service-Dominant Logic Service-Dominant (S-D)

Vargo and Lusch (2004) have proposed that logic fundamentally undermines the traditional, product-centered approach to value production. When value is not embedded in objects, S-D Logic argues that it is created at the interaction of providers and consumers. In this view value is in relationship, and service, broadly defined as applying skills for the benefit of another person, is the primary vehicle for exchange. In RM, the results are profound: customers are no longer passive users of value but active contributors to its creation. S-D Logic believes long-term relationships bring better cooperation, better expectations and thus greater value co-creation. For instance, close business relationships, in B2B contexts, allow suppliers and buyers to jointly innovate and tailor solutions, producing competitive advantage for both parties. This perspective shifts the marketer’s role away from providing uniform services and to facilitating resource integration and relationship learning (Vargo & Lusch, 2008). So RM becomes an instrument for perpetuating co-creative action over time.

b. Social Exchange Theory

SET, based on Thibaut and Kelley (1959), is a psychological and sociological framework for understanding the dynamics of interpersonal relations, such as those between firms and customers. SET states that relationships are formed and maintained based on the perceived balance of costs and benefits. Individuals and organizations are seen as rational actors who assess the value of a relationship based on what they value, including economic benefits, emotional satisfaction, and social approval. In RM, SET describes the reasons why customers continue to stick with brands or firms over time. Customers are more likely to continue the relationship if they feel the relationship provides them with benefits beyond their costs (customized service, reliability, and emotional support). This exchange is about trust, reciprocity, and mutual dependence. Relationship satisfaction can be enhanced by consistently delivering value, ensuring expectations, and investing in the relationship through personalized communication and service recovery (Cropanzano & Mitchell, 2005). SET also emphasizes the importance of equity in relationships. When a party sees an imbalance, such as if the firm reaps disproportionate benefits and offers little in return, relations can become strained, leading to dissatisfaction and possibly dissolution. Thus, SET-based RM strategies must continuously assess and adjust the perceived fairness and mutual benefit of customer relationships.

c. Commitment-Trust Theory

The Commitment-Trust Theory, developed by Morgan and Hunt (1994), is perhaps the most cited theoretical framework explicitly tailored to RM. It posits those two key mediating variables (trust and commitment) are essential for the success of relational exchanges. Trust is defined as the confidence one party has in the reliability and integrity of the other, while commitment refers to the enduring desire to maintain a valued relationship. Morgan and Hunt (1994) argue that trust and commitment lead to cooperative behaviors, reduce the need for monitoring, and mitigate relational risk. These elements discourage opportunistic behavior and promote loyalty, shared values, and long-term orientation. Importantly, the theory also identifies antecedents (e.g., shared values, communication, relationship benefits) and consequences (e.g., acquiescence, propensity to leave, cooperation) of trust and commitment, providing a comprehensive model for RM practitioners. In practical terms, firms can build trust by maintaining consistent communication, demonstrating competence, and showing concern for customer well-being. Commitment, in turn, is fostered by relational investments, such as loyalty programs, personalized services, and proactive problem resolution. Together, these elements create a psychological bond that goes beyond transactional utility, fostering emotional attachment and enduring loyalty (Garbarino & Johnson, 1999).

Relationship Marketing has many theoretical foundations, each of which has a different contribution to understanding and managing customer relationships. Service-Dominant Logic reframes value creation as a collaborative, interactive process. Social Exchange Theory explains the motivational and assessment processes that sustain relationships. The Commitment-Trust Theory identifies the primary mechanisms by which long-term relationships are developed and maintained. These models provided RM with a solid academic foundation that allowed it to move from a customer-service practice to a full strategic approach.

2. Toward a Definition of Relationship Marketing

Even though there is a lot of interest in RM in both academia and business, it may still be seen more as an "umbrella philosophy" with different relational variations than as a fully developed idea with clear goals. Many books and articles have been written about this idea, and other words have also been used a lot, either instead of RM or to talk about related ideas. There are many types of these, such as interactive marketing, one-to-one marketing, micromarketing, direct marketing, and customer relationship management. One thing that these methods have in common is that they are more transactional than relational (Egan, 2008).

Berry was one of the pioneers in establishing the term 'relationship marketing' as a contemporary marketing concept, defining it as the process of acquiring, sustaining, and enhancing consumer connections (Berry, 1983). While acknowledging that customer acquisition is, and will continue to be, a responsibility of marketers, this perspective underscores that a relational approach to marketing suggests that maintenance and development may be of equal or even greater significance to the company in the long term than customer acquisition. Given that customer retention is significantly more critical than acquiring new customers, organizations implementing RM principles formulate ways to cultivate enduring connections with their most valuable clients. The RM notion posits that differentiating among client types indicates that not all customers or potential consumers should receive identical treatment. RM, conversely, recognized the necessity to communicate in various manners based on the customer's rank and worth. This perspective on marketing suggests that suppliers are not only responsible for generating or profiting from the value produced by the firm. RM can be perceived as " a continuous process of recognizing and generating new value with individual consumers, then sharing the value benefits for the duration of the relationship" (Gordon, 1988). This is because elevated customer value enhances customer happiness, hence fostering customer loyalty, which then generates enhanced profit through heightened volume resulting from favorable word-of-mouth and repeat purchases.

For Gronroos (1994), RM is to identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met; and this is done by mutual exchange and fulfilment of promises (Grönroos, 1994).

The Commitment-Trust Theory, established by Morgan and Hunt in 1994, is a highly important perspective on relationship marketing. Relationship marketing is defined as "all marketing operations focused on building, developing, and sustaining successful relational exchanges, with trust and commitment as the two fundamental foundations". Their perspective regards these psychological structures not as mere by-products but as the essential underpinning of robust interactions. Trust encompasses assurance in the dependability and honesty of the counterpart, whilst commitment signifies the intention to sustain the partnership throughout time. The focus is that sustained marketing success relies not only on transactional efficiency but also on emotional engagement and reciprocal trust. This approach has demonstrated significant efficacy in business-to-business (B2B) environments and service sectors, where sustained engagement and customer loyalty are essential.

Kotler and Keller (2006) expand this logic of relationship by defining RM as "the process of establishing, maintaining, and increasing robust relationships with consumers and other stakeholders from a larger strategic perspective". Although they emphasize the importance of sustained involvement, their perspective integrates relationship marketing more fully into company strategy. It evolves into a broad business function that aims to improve organizational performance through the management of all stakeholder relationships, not just with consumers. This approach emphasizes the importance of customer relationship management, loyalty programs, and personalized communication to provide lasting value. They are particularly appropriate for large firms that need quantifiable, scalable and technology-driven approaches to building long-term relationships between multiple stakeholder groups.

Gummesson (2002), on the other hand, is more systemic and interactional. He defines relationship marketing as "marketing perceived as relationships, networks, and interactions" and places it within a more broad conceptual framework of network theory and service-dominant logic.

Gummesson does not focus on the firm-customer relationship or view interactions as isolated, but instead, marketing is viewed as a multifaceted interaction between customers, suppliers, partners, and institutions, which takes place over time. He argues that value is created through interactions, and that marketing is as much about controlling the dynamics within this network as it is about promoting something or service. This approach is particularly relevant in contexts of interconnectedness and complexity, such as B2B ecosystems, public-private partnerships, or service-oriented sectors such as healthcare and technology.

We can conclude that RM is a strategy approach that emphasizes the establishment, development and maintenance of long-term, mutually beneficial relationships with customers and stakeholders through trust, commitment, value creation, and ongoing network interaction. This definition also includes essential elements from the relational, psychological, and network perspective, reflecting the complex nature of modern marketing relationships. It acknowledges the value exchange and includes a wide range of stakeholders, not just clients, reflecting the complexity of today's corporate landscape. It is both B2B and B2C and therefore offers flexibility and significance across industries. It primarily demonstrates the shift in marketing strategy from discrete transactions to more complex, relationship-based strategies that emphasize loyalty, co-creation, and sustained engagement.

2.1. Relationship Marketing (RM) Vs Traditional Marketing (TM)

Relationship marketing contrasts with the conventional transactional marketing technique, which focuses on maximizing the volume of individual sales. In the transaction model, the customer's return cost may be insufficient. Customers may initially trust this company; however, without a robust relationship marketing approach, they may not return in the future. As firms integrate relationship and transactional marketing, customer relationship marketing is increasingly assuming a significant role for numerous companies.

The table below summarizes the differences between RM and TM (table 1).

Table 1. Comparison between RM and TM (adapted from Payne et al., 1995)

Transactional marketing	Relationship marketing
Orientation to single sales (transactions)	Orientation to customer retention
Discontinuous customer contact	Continuous customer contact
Focus on product features	Focus on customer value
Short time scale	Long time scale
Little emphasis on customer service	High emphasis on customer service
Limited commitment to meeting customer expectations	High commitment to meeting customer expectations
Quality as the concern of production staff	Quality as the concern of all staff
Marketing as the concern of marketing staff	Marketing as the concern of all staff

As Pels (1999) argued, the debate on the role of Relationship Marketing (RM) in the 1990s centered in the fact that it was conceptually different from the dominant paradigm of Transactional Marketing (TM). TM, the normative guiding principle of marketing theory and practice, had long been a focus on discrete, one-off exchanges that focused on the 4Ps—product, price, place, and promotion. But, as the competition, service-oriented, and customer-centered nature of this approach grew more apparent, scholars began to look for alternatives. In this respect, RM emerged as a compelling paradigm that placed a high priority on long-term engagement, mutual value creation and sustained interactions between firms and their stakeholders.

The debate over RM's theoretical status can be grouped into four main perspectives:

- RM as a conceptual extension: In this view, RM is not seen as a replacement but as an enhancement of traditional marketing. By incorporating a relationship dimension into the established transactional framework, scholars aimed to address its inadequacies, particularly its inability to account for customer retention, loyalty, and the dynamic nature of ongoing exchanges (Berry, 1983; Grönroos, 1994). RM, therefore, serves to broaden the scope of traditional marketing without displacing its core tenets.

- RM as the dominant paradigm: This interpretation suggests a paradigmatic shift in marketing thought, wherein RM replaces TM as the foundational logic of marketing. Drawing on the work of Kuhn (1962), this perspective posits that marketing has undergone a scientific revolution: a shift from a focus on isolated, short-term transactions to one centered on enduring relationships (Gummesson, 1997).

- RM as a distinct perspective: Here, RM and TM are conceived as separate but parallel paradigms, each suitable for different contexts and market conditions. TM may be more appropriate in low-involvement, commoditized exchanges, while RM is better suited to high-involvement, service-based, or B2B contexts where long-term relational value is paramount.

- RM as an integral component of marketing: Finally, some scholars advocate for a more integrative approach, wherein RM and TM are viewed not as dichotomous but as complementary. From this perspective, RM is understood as a natural evolution within the broader marketing discipline, enhancing its capacity to address both transactional efficiency and relational depth (Sheth & Parvatiyar, 2000). This synthesis suggests that effective marketing strategies may incorporate both transactional and relational elements, depending on strategic objectives and stakeholder needs.

Together, these perspectives highlight the centrality of the RM vs. TM debate in the development of marketing theory. They also reflect the discipline's ongoing efforts to adapt to changing market conditions, increasingly complex consumer habits, and the growing importance of long-term value creation in maintaining competitive advantage.

3. The characteristics of relationship marketing

a. Demand marketing focused on customer share

Relationship marketing seeks to adapt as best as possible to the specific demands of each consumer. Turning towards the individual, micro-segmentation takes over from traditional macro-segmentation and seeks to offer personalized and individualized offers. The niche strategy is the most commonly adopted approach, and each client can constitute a market segment on their own. The proposals offered primarily aim to emphasize the unique and distinctive nature of the established relationship and to increase the transfer costs (real or psychological) borne by the consumer in the event of switching from one provider to another.

Example: Total, through its promise, "you will no longer come to us by chance," claimed a true differentiation through personalized services in a sector where the distributed product - gasoline at the pump - made differentiation almost impossible. Thanks to these gift points and its membership offer to the "Total Club" with a promise of free assistance for 15 days after each fill-up at its station, Total prompted its customers to think: "if I fill up elsewhere, I won't benefit from Total's free assistance in case of a breakdown." This campaign helped retain a significant number of customers, especially among women. Particularly sensitive to the argument of assistance. The battle is no longer for market share but for customer share. While the traditional company focuses on a limited range of products and seeks to meet a certain type of needs for as many homogeneous consumers as possible. The relational company focuses more on its loyal customers, among whom it seeks to meet numerous needs. To do this, the company relies on ongoing dialogue with its customers and uses part of this dialogue to provide them with a product, service, or tailored solution.

b. Database marketing

The real usefulness of technology can only be fully expressed today if the collection, storage, and management of customer-related information are mastered. In this perspective, the company must also be able to anticipate the future expectations and behaviors of its customers, and even though studies remain an effective means of anticipating behaviors and expectations, they are not always very reliable. Consumers generally tend, even though polling techniques have evolved, to distort reality and exaggerate the answers given out of context, to questions from institutes or specialized companies. Customer behavior should rather be deduced – in a specific context – from the actual behavior of each individual, based on the information held by the company.

Example: Airlines (Lufthansa; Singapore Airlines; British Airways...etc) were the first to offer loyalty cards to their passengers. This type of card allows tracking and analyzing expenses by client, by category, or by destination: the collected data reflects the actual behaviors of a traveler, thus those of each client; this data is highly reliable and its analysis is rich in insights when the company wishes to offer specific services, develop new routes, or implement new onboard services.

The well-understood exploitation of relational databases presents another interest for the company: allowing it to encourage its customers to expand the scope of the relationship in terms of number, products purchased, and purchase frequency. Once each segment is identified – based on the gross margin generated per client or based on their portfolio of purchased products, for example – the company can then define a relational strategy tailored to each of them in order to maximize profitability or to move each of them towards a segment with a higher profitability rate.

This type of approach can take three main forms:

- Disinvest purely and simply in the less profitable segments;
- Implement the necessary measures for each segment where the company is losing money;
- Increase the probability of already profitable segments.

When customers prove to be unprofitable but, in the long term, represent a potential opportunity for the company, a strategy to make this segment more attractive can be employed. Either by reducing the management costs for each client to increase the gross margin of the segment as a whole; either by offering new products and services, it is likely to increase the share of customers for each individual identified within the segment.
Deciding to cut unprofitable clients is never an easy task, and few companies do it, because the choice to let part of their clientele – even unprofitable – go to the competition is always a painful decision.

c. Collaborative marketing and long-term commitment

The relationship between the company and its customers should ideally be conceived as a two-way relationship of mutual learning. If the company seeks to better meet the needs of its customers, then in return, the customers must learn to better understand the company's offerings. Once established, this mutual understanding facilitates relationship management and becomes a true differentiating factor for the company because neither party has an interest in leaving the other. Proximity and mutual commitment ultimately create formidable barriers to customer mobility, as over time, as the relationship develops, it becomes very difficult for the customer to find a provider that meets their needs as precisely.

4. The fundamental principles of relationship marketing

Björn Ivens and Ulrike Mayrhofer (2003) summarize the principles of marketing into 8 key factors.

1. **Long-term orientation** : From the first interactions and throughout the relationship, the company must express to the client its motivation to maintain the exchange. Such an

orientation helps establish a solid foundation of trust and demonstrates the company's sincere commitment.

2. **Reciprocity**: In a long-term relationship, it is not necessary for partners to maximize their benefits in each transaction ; the essential thing is that the total relational balance is balanced. The company must clearly communicate to its client that it does not seek to make profits at their expense. On the contrary, it must demonstrate that it.
3. **Reliability**: During each exchange, the contract (formal or informal) established between the two parties defines the roles of the seller and the client. Unlike a single transaction where the seller's task is relatively simple, in a long-term relationship, the tasks performed by the seller become more complex and are not always explicitly defined. A company concerned with demonstrating its relational orientation will try to understand the expectations of its clientele regarding the tasks to be accomplished. It will strive to fulfill these roles consistently to demonstrate its reliability.
4. **Information exchange**: Coherent information is an indispensable condition for any decision-making. The exchange of information that may be useful to the partner (within the framework of a transaction or outside of it) represents an undeniable advantage for both parties and constitutes proof of trust.
5. **Flexibility**: Economic transactions are generally based on more or less formal agreements between the parties involved, with the aim of anticipating future situations. However, for various reasons, reality may not correspond to the forecasts defined at the time of the agreement. The willingness of a supplier to adapt an agreement to new conditions of an exchange, for example by modifying quantities or delivery times, expresses its intention to maintain the relationship with the client while respecting the interests of each.
6. **Solidarity**: In difficult situations, a strong relational orientation can encourage the supplier to offer help to the client (within its possibilities but without immediate concrete compensation). This help can be more or less material.
7. **Conflict resolution**: In case of conflict, litigation before the courts proves particularly harmful to a business relationship. From a relational perspective, the parties involved seek to find a compromise based on flexible practices, favoring the reconciliation of each party's interests, to allow the continuation of the concerned relationship.
8. **Moderate use of power**: In relationships with its clients, the company may find itself in very varied positions of power. It could therefore use pressure means to achieve its objectives. However, these means can make the exchange climate difficult. To maintain

the client's trust, a company holding a position of strength will renounce the use of pressure means to impose its interests.

To sum up

In summary, Relationship Marketing moves beyond transactional exchanges by emphasizing the long-term creation of value for both firms and customers. It highlights the importance of trust, commitment, and mutual benefit in sustaining profitable interactions. By contrasting RM with transactional marketing, this chapter has shown that focusing on loyalty and engagement contributes to more stable revenues and competitive advantage. Students should now appreciate RM as the conceptual foundation upon which CRM and other contemporary marketing practices are built.

Chapter 2 : *Introduction to Customer Relationship Management (CRM)*

Introduction

Customer relationships are essential to stability in an increasingly competitive market. Customers expect more than just quality products and services; they want personalized interaction and quick responses tailored to their needs. Customer Relationship Management is a business strategy that seeks to improve the value of relationships by understanding, anticipating, and meeting the needs of current and future clients. Its primary goal is to increase customer loyalty, reduce costs, and improve organizational efficiency and profitability. In this sense, CRM is not limited to large firms; it is a process essential for any business because the client is the most important component.

While early definitions of CRM emphasized relationship marketing and process integration (Payne, 1999; Parvatiyar & Sheth, 2001), more recent research highlights the role of data analytics, omnichannel interactions, and customer experience management (Lemon & Verhoef, 2016; Kumar & Reinartz, 2016). Consequently, CRM has evolved into a strategic framework that enables firms to manage customer relationships in a more dynamic and data-driven environment.

In addition, the rapid development of digital technologies has significantly transformed CRM practices. Organizations increasingly rely on big data analytics, artificial intelligence, and marketing automation tools to manage customer interactions in real time and deliver personalized experiences. This evolution has led to the emergence of digital CRM, which extends traditional approaches by integrating data-driven decision-making and omnichannel customer engagement (Wedel & Kannan, 2016; Grewal et al., 2020).

Strategy, people, technology, and processes are the four pillars of CRM. Companies can compete by combining these elements effectively (Salomoun et al., 2015). CRM has become a major trend since the early 1990s, although it remains a debated concept in the literature. The term is sometimes misunderstood as Customer Relationship Marketing, while it is more accurately referred to as Customer Relationship Management. CRM was originally associated with information technology but became popular in the 1990s, particularly with the emergence of specialized software solutions such as Siebel Systems and its competitors. While many still view CRM as a technological system that automates marketing, sales, and service processes, others emphasize its managerial dimension, a systematic approach to creating and maintaining profitable customer relationships, where technology acts as a supporting tool rather than the core element.

By the end of this chapter, students will be able to:

- Explain the various definitions and approaches to CRM.
- Distinguish between the different types of CRM (operational, analytical, collaborative).
- Describe and apply the main CRM models (IDIC, CRM Value Chain, Payne’s Model, QCI).
- Evaluate the benefits and limitations of CRM for organizations.

1. What is Customer Relationship Management?

Customer Relationship Management (CRM) aims to identify, acquire, develop, and retain customers. A common term used in CRM is management of business and government relations with customers and stakeholders. The technologies that help this business goal include the acquisition, storage, and analysis of customer, vendor, partner, and internal processes data. The functions that support this corporate goal include sales, marketing, customer service, training, professional development, performance management, human resource development, and compensation.

Customer Relationship Management is an all-encompassing strategy for establishing, sustaining, and enhancing customer relationships. Importance of the terminology employed in the definitions (Ray and Sabadie, 2016):

(a) Comprehensive: CRM encompasses more than merely sales or marketing. Customer relationship management (CRM) is not just the duty of the customer service department or the IT team; rather, it should be an integral aspect of business operations that encompasses all departments.

(b) Approach: An approach is generally a method of addressing or managing a particular issue. CRM is a methodology for conceptualizing and managing customer relationships. The term 'strategy' is applicable as CRM encompasses a definitive plan. The CRM strategy often serves as a standard for other organizational strategies, as it establishes the direction for the firm. This can also be examined from a departmental or regional perspective. Like larger organizations, which implement methods for shareholder management and marketing, every strategy must facilitate the management of customer connections. Consequently, CRM is strategic. To achieve this, one may compile a list of essential tactics to summarize your area of duty. Subsequently, document the organizational strategy about customers. Contrast the CRM strategies with alternative strategies. They ought to assist one another. External customers are individuals or entities outside the business that purchase goods and services offered by the organization. Internal customers refer to a distinct group within an organization whose tasks rely on the output of your group. Consequently, they constitute your clientele. You are obligated to supply what they require to do their duties effectively.

(c) Client relations: In the contemporary world, we conduct business with people or groups whom we may never encounter, resulting in a diminished personal acquaintance. CRM focuses on fostering a sense of ease inside this technologically advanced workplace. (Sheth and Parvatiyar, 2000).

Several definitions of CRM have been proposed in the literature, reflecting different perspectives:

- CRM is a term widely used in the information systems and marketing literature to describe methodologies and technologies that help organizations effectively manage customer relationships (Stone & Woodcock, 2001).
- CRM is the management of all aspects of a firm's relationship with customers, including prospecting, sales, and service. CRM systems aim to integrate these dimensions into a unified view to improve customer relationships (Payne & Frow, 2005).
- CRM is a coordinated approach to identifying, acquiring, and retaining customers while managing interactions across multiple channels and organizational units (Bull, 2009).
- It can also be defined as a system used to plan, organize, and manage pre-sales and post-sales activities while improving the understanding of customer behavior and organizational performance (Salomoun et al., 2015).
- CRM is a business strategy that optimizes profitability, revenue, and customer satisfaction through customer segmentation and customer-centered processes (Kotler & Keller, 2021).

These definitions reflect different perspectives on CRM, ranging from technological and operational views to broader strategic approaches. They illustrate that CRM is a multidimensional concept that integrates strategic, technological, and organizational dimensions. This evolution from traditional marketing to customer-centric approaches is illustrated in the following figure.

Among these definitions, the one proposed by Payne & Frow (2005) is particularly influential, as it conceptualizes CRM as a strategic approach aimed at creating shareholder value through the development of appropriate relationships with key customers and customer segments.

While these definitions provide a solid conceptual foundation, they primarily reflect traditional perspectives on CRM. In contemporary environments, CRM has increasingly evolved toward digital and data-driven approaches, emphasizing real-time interaction management, customer journey optimization, and the integration of multiple digital touchpoints.

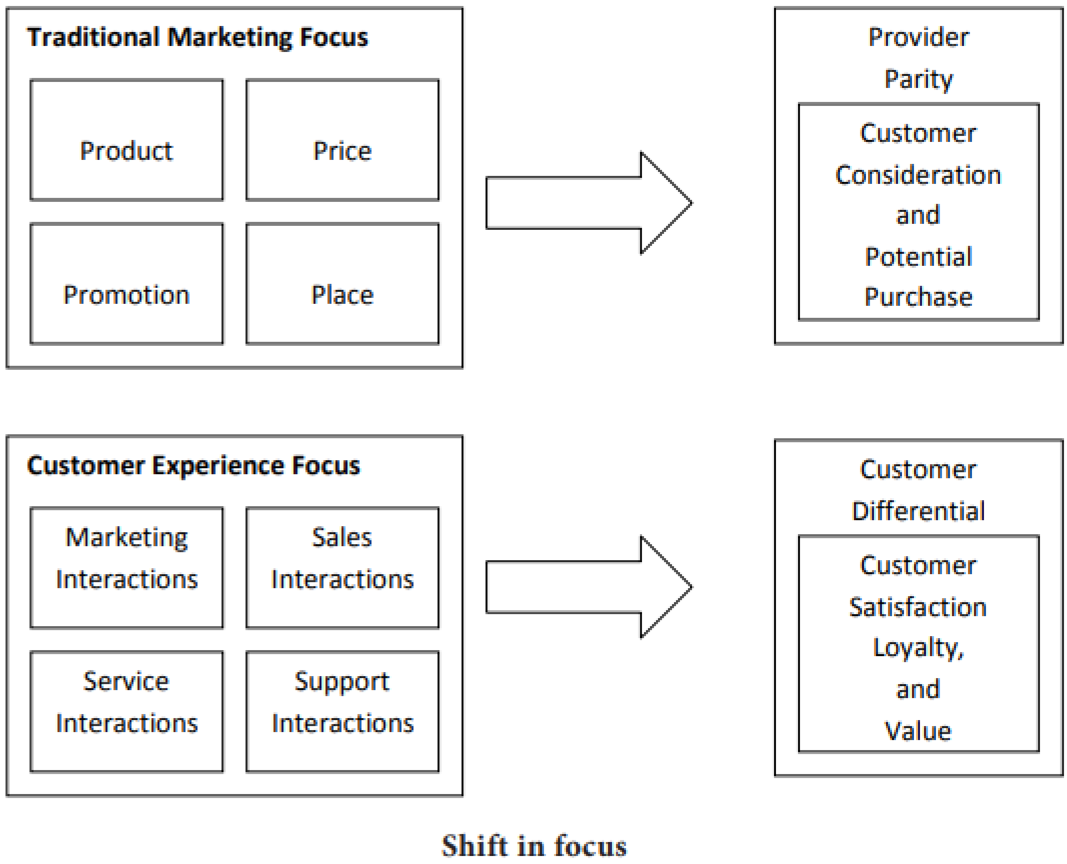

Figure 2. Traditional marketing to a customer experience-oriented approach (Ray and Sabadie, 2016)

The figure illustrates a shift in focus from traditional marketing to a customer experience-oriented approach, which aligns with modern CRM principles. Here's a breakdown of its interpretation:

1. Traditional Marketing Focus (Left Side, Top Box)

Based on the 4Ps of marketing: Product, Price, Promotion, and Place (Kotler's classic marketing mix). This approach primarily emphasizes selling products/services rather than building long-term customer relationships.

Outcome:

Leads to provider parity, meaning many brands may offer similar products, making it hard to differentiate themselves.

Customers consider and potentially purchase, but loyalty is not necessarily built.

2. Customer Experience Focus (Left Side, Bottom Box)

Instead of just focusing on the 4Ps, CRM emphasizes interactions across various touchpoints:

- Marketing Interactions (advertising, brand engagement)
- Sales Interactions (personalized offers, customer engagement)
- Service Interactions (customer support, problem resolution)
- Support Interactions (post-purchase support, loyalty programs)

  Outcome:

- Leads to customer differentiation, meaning brands stand out by delivering superior customer experiences.
- Results in customer satisfaction, loyalty, and value, which align with CRM's goal of long-term relationship management.

A widely accepted definition comes from Payne and Frow (2005), who describes CRM as a "strategic" approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments.

The diversity of these definitions reflects the existence of multiple perspectives on CRM, which leads to the identification of different types of CRM.

2. Types of CRM

2.1. Strategic Customer Relationship Management (Strategic CRM) (Payne and Frow, 2005) :

CRM promotes a customer-focused workplace. This culture seeks to win and keep customers by outperforming competition. Leadership practices, formal procedures, and internal myths and narratives reflect culture. Customer-centric cultures allocate resources to maximize customer value, reward systems encourage employee behaviors that improve customer happiness and retention, and collect, disseminate, and use customer information throughout the organization. The business champions should deliver excellent value or service to clients. Many businesses claim client-centricity, customer leadership, customer focus, or customer orientation, but few practice it. Most companies claim to address customer needs profitably.

Alternative corporate paradigms challenge customer-centricity. Other business orientations are product, production, and selling, according to Philip Kotler. According to eight product-oriented firms, consumers choose products based on quality, performance, design, or features. These companies are often inventive and entrepreneurial. Many startups focus on products. Customer input is often lacking from marketing, sales, and service decisions in these organizations. Very little customer research is done. Management assumes client tastes. Due to market demands, products are sometimes overspecified or overengineered, making them too expensive for many customers. Marketers have found that 'innovators', price-insensitive customers, respond well to product superiority claims. (Kotler and Dubois , 2017)

Production-oriented companies say consumers desire cheap goods. These firms aim to reduce operational costs and provide cost-effective market channels. In emerging economies or subsistence portions of advanced economies, this may work, but most consumers have different demands. If BMW drivers knew it just bought brake systems from the cheapest provider, they wouldn't buy it.

Sales-driven companies assume that investing in advertising, selling, PR, and sales promotion will convince customers to buy. Sales often follow manufacturing. To sell inventories, the company develops cheap products and markets them heavily.

An organization that prioritizes customers follows a set of principles. It collects, distributes, and analyzes consumer and competition data to create better client value offerings. Customer-centric firms respond to client needs and competitive realities. Corporate performance is strongly correlated with customer-centricity (Payne, 2005).

2.2. Operational CRM (Xu and Walton, 2005) :

Operational CRM simplifies customer-facing and customer-supporting corporate operations. Automation and integration of marketing, selling, and service is possible with CRM software.

a. Market automation: MA uses technology to automate marketing. Marketers may leverage consumer data to create, execute, and evaluate customized communications and offers with campaign management modules. Individual-level client targeting campaigning allows customized messages. Campaign management is tough in multichannel settings. Fashion retailers may use several transactional channels, including single stores, department store concessions, e-tail websites, catalogues, and even television networks. consumers may be exclusive to one channel but are typically multichannel prospects if not already consumers of multiple channels. Technology-aided coordination across communication channels is crucial for integrating offer tactics and evaluating performance. Trigger-based marketing refers to messaging and offers presented to customers at specific times.

Customer interactions and targeted marketing offers are triggered by specific behavioral or contextual events. In this context, firms increasingly rely on data-driven CRM systems to identify relevant triggers and personalize interactions in real time (Wedel & Kannan, 2016; Grewal et al., 2020).

A client retention offer may be triggered by this event. Example contextual events: birth of a child or public holidays. Both suggest possible buyer behavior changes, prompting a marketing response. Event-based marketing is also used in business-to-business marketing. An event may include a customer-side staff change, contract expiration, or an RFI.

b. Sales-force automation : Sales-force automation (SFA) was the initial operational CRM method. Currently, SFA systems are widely used in business-to-business settings and are considered a competitive requirement for achieving competitive parity (Speier and Venkatesh, 2002).

SFA uses technology to manage a company's selling activity. The selling process has several stages, including lead generation, qualification, needs identification, specification development, proposal preparation, presentation, addressing objections, and completing the sale. SFA software can be customized to match the selling process of any business or company. Sales automation is generally tied to improving and standardizing the selling process. This requires implementing a sales process. Sales techniques provide a uniform view of the sales cycle and a similar vocabulary for discussing sales difficulties among team members and management. Sales-force automation software automates lead assignment and opportunity tracking, advancing them along the sales pipeline towards closing. Opportunity management enables customers to track and manage sales opportunities from lead to closing, including after-sales assistance. Opportunity management software typically includes lead and sales forecasting features. Lead management solutions let users qualify and assign leads to the right salesperson. Sales forecasting typically uses transactional histories and salesperson estimates to predict future sales. (Speier and Venkatesh, 2002).

Contact management enables users to handle consumer communications. Computerized customer records include contact histories. Many contact management programs offer capabilities like automatic customer dialing, calendar access, and email functionality for salespeople. Automated quotation and proposal generation enables salespeople to generate pricing and proposals for customers. The salesperson enters product codes, volumes, customer names, and delivery requirements, and the software creates a pricing quote.

c. Automation of services

Service automation enables organizations to manage service delivery across multiple channels, including call centers, online platforms, and field operations. CRM systems facilitate the coordination of inbound and outbound communications, improving efficiency, service quality, and customer satisfaction.

Service automation varies considerably based on the product being maintained. Consumer items are typically serviced through retail stores, online platforms, or call centers as the initial point of contact. These communication methods are frequently augmented with online scripting tools to assist in diagnosing an issue on initial contact. Several technologies are prevalent in-service automation. Call routing software can guide incoming calls to the most suitable handler. Technologies like interactive voice response (IVR) facilitate client interaction with corporate computers. Customers may interact with an IVR system following the menu instructions either via telephone keypad (key 1 for option A, key 2 for option B) or through vocal input. If settlement of the first contact problem is unfeasible, the service procedure may necessitate the authorization of a return of products and a repair cycle involving a third-party service provider. This procedure is used to maintain mobile phones and cameras.

Service automation for substantial capital equipment is markedly distinct. This often entails the implementation of diagnostic and corrective measures at the equipment's site. Instances of this service category encompass industrial air conditioning and refrigeration. In such instances, service automation may entail equipping the service professional with diagnostics, repair manuals, inventory management, and task information via a laptop. This information is subsequently synchronized at regular intervals to update the central CRM system. Numerous firms employ a blend of direct and indirect channels, particularly for sales and support operations. Operational CRM facilitates the function of indirect channels via partner relationship management (PRM). This system enables partners to interact with the supplier via a portal to manage leads, sales orders, product information, and incentives.

2.3. Analytical Customer Relationship Management (Analytical CRM) (Foss and Stone, 2001)

Analytical CRM is concerned with the collection, storage, extraction, integration, processing, interpretation, dissemination, use, and reporting of customer-related data to increase the value to both customers and the firm. Analytical CRM is based on customer information. Information about customers can be found in organizational repositories such as sales data (buy history), financial data (payment history, credit score), marketing data (campaign response, loyalty program data) and service data. Data from outside, such as geodemographic and lifestyle data from business intelligence firms, can be merged with internal data.

Analytical CRM has become a crucial component of numerous CRM implementations. Operational CRM fails to achieve optimal efficacy in the absence of analytical insights into clients. An awareness of client value or purchasing tendencies informs numerous operational CRM decisions, such as:

- Which consumers should we target with this offer?
- What is the relative priority of clients in the queue, and what standard of service should be provided?
- What areas should I prioritize in my sales strategy?

Analytical CRM might prompt organizations to determine that sales strategies should vary among customer segments. Customers with higher potential value may receive face-to-face sales presentations, whereas those of lower value may be approached by telesales. Moreover, the content and appearance of customer messages can be customized, potentially for a specific segment, utilizing consumer analytics. This increases the likelihood that a specific offer will be accepted by the customer.

From the client's perspective, analytical CRM can provide prompt, tailored solutions to their issues, ultimately improving customer satisfaction. From the company's perspective, analytical CRM presents the potential for enhanced cross-selling and up-selling initiatives, as well as more efficient client retention and acquisition strategies.

2.4. Collaborative Customer Relationship Management (Collaborative) (Buttle, 2009 ; Payne, 2005)

Collaborative CRM refers to the strategic and tactical integration of typically distinct organizations at each level of the supply chain to help the efficient identification, acquisition, retention, and development of consumers. 16 Consumer goods and merchants manufacturers can sync their workforces, processes, and technologies to better serve consumers. They use co-marketing, category management, collaborative forecasting, joint product development, and joint market research. Collaborative CRM uses CRM technologies to help cross-organizational communication and exchanges. The term is often associated with modern technologies such as electronic data exchange (EDI), portals, e-business, voice over internet protocol (VoIP), conferencing, chat rooms, web forums, and e-mail, though traditional technologies such as surface mail, air mail, telephone, and fax also help communication. These technologies enable data and voice communication between enterprises and their business associates or clients. Collaborative CRM allows for the alignment of multiple firms to improve customer service. It facilitates the exchange of useful information throughout the supply chain. Some CRM vendors have developed partner relationship management products that can be used to manage complex partner or channel ecosystems and to reduce the costs of managing partners or channels. PRM programs are often used to oversee partner promotions. A consumer goods producer may have a dozen or more different cooperative advertising programs running concurrently. PRM allows organizations to control fund distribution, plan and regulate promotions, and measure results. Collaboration in CRM is sometimes used to describe the use of these technologies for internal communications, such as between sales, marketing, and service departments.

3. Importance and Significance of Customer Relationship Management

Customer Relationship Management plays a central role in improving organizational performance by strengthening the relationship between firms and their customers. In increasingly competitive markets, the ability to build and maintain strong customer relationships has become a key determinant of long-term success.

One of the primary contributions of CRM lies in its capacity to enhance customer satisfaction. By enabling firms to better understand customer needs and expectations, CRM systems facilitate more personalized and responsive interactions. As a result, customers are more likely to feel valued, which positively influences their overall experience.

In addition, CRM significantly contributes to customer retention. Retaining existing customers is often more cost-effective than acquiring new ones, and CRM systems provide the tools necessary to monitor customer behavior, identify potential risks of churn, and implement targeted retention strategies. This allows organizations to maintain stable and long-lasting relationships with their customers.

CRM also improves communication between the firm and its customers. Through integrated communication channels, organizations can ensure more consistent, timely, and relevant interactions. This not only enhances the quality of service but also reinforces trust and transparency in the relationship.

Furthermore, CRM strengthens the interaction between employees and customers, particularly in sales and service contexts. By providing employees with access to comprehensive customer data, CRM systems enable them to better understand customer preferences and deliver more appropriate solutions. This contributes to more effective and meaningful interactions.

Ultimately, CRM supports business continuity and growth by fostering customer loyalty. Satisfied and loyal customers are more likely to engage in repeat purchases and to recommend the company to others, thereby contributing to both revenue generation and brand reputation.

4. Benefits of Customer Relationship Management

Customer Relationship Management provides several strategic and operational benefits that contribute to organizational performance and long-term competitiveness. These benefits are not isolated but interrelated, as they collectively enhance customer value and support business growth.

1. Identification of new customers

CRM systems enable organizations to identify potential customers by analyzing existing customer profiles and behavioral data. By leveraging this information, firms can target individuals who are more likely to generate value. The identification of new customers represents an important source of growth. However, this growth remains sustainable only if customer acquisition is accompanied by effective retention strategies. CRM data also facilitates the coordination of marketing activities. For instance, organizations can filter customer information to avoid targeting individuals who have already purchased specific products. This improves marketing efficiency and reduces redundancy in communication. Furthermore, CRM systems support the implementation of loyalty programs, which contribute to strengthening long-term relationships with customers.

2. Acceleration of sales processes

CRM systems contribute to faster deal closure by enabling more efficient and timely responses to customer inquiries. When customers receive prompt and accurate information, they are more likely to convert their interest into actual purchases. Organizations that effectively implement CRM systems often experience a reduction in response time and an improvement in overall sales performance.

3. Facilitation of cross-selling and up-selling

CRM systems facilitate cross-selling and up-selling strategies by providing access to detailed customer data. Cross-selling involves offering complementary products based on previous purchases, while up-selling consists of proposing higher-value alternatives within the same product category.

By analyzing customer behavior and preferences, CRM systems enable organizations to tailor their offers more effectively. Over time, this improves the ability of employees to anticipate customer needs and propose relevant products, thereby increasing customer satisfaction and revenue.

4. Improvement of sales and marketing processes

CRM systems contribute to the modernization and optimization of sales and marketing activities. The integration of communication technologies, such as websites and interactive voice response systems, enhances both internal efficiency and customer interaction.

Organizations using CRM can offer multiple communication channels, ensuring more effective information delivery and faster responses to customer requests. This multichannel approach strengthens customer engagement and improves the overall quality of interactions.

5. Enhancement of customer loyalty

CRM systems enable organizations to assess and manage customer loyalty more effectively. Loyal customers often act as advocates for the company by recommending its products or services to others. As a result, firms can leverage customer testimonials as a powerful marketing tool.

However, identifying loyal customers and ensuring that they feel valued remains a challenge. CRM systems support this process by providing insights into customer behavior and engagement, allowing firms to develop targeted retention strategies.

6. Enhancement of marketing effectiveness

CRM enables organizations to better understand customer needs and behaviors, allowing them to determine the most appropriate timing and channels for marketing activities. By identifying the most profitable customer segments, firms can allocate resources more efficiently and focus on high-value opportunities. Optimized marketing strategies contribute to improved performance and competitive advantage. As organizations continue to seek a balance between customer acquisition and retention, CRM systems remain essential tools for achieving sustainable growth.

5. CRM Applications

The origin of CRM is Sales Force Automation (SFA). Contemporary CRM applications integrate functional components including sales, marketing, and customer support, alongside innovative technologies and communication channels.

Sales Applications - The thrust of sales applications is automating the fundamental activities of sales professionals. Common applications include:

- Calendar and scheduling
- Contact and account management
- Compensation
- Opportunity and pipeline management
- Sales forecasting
- Proposal generation and management
- Pricing
- Territory assignment and management
- Expense Reporting

Marketing Applications - Marketing applications represent the latest evolution of software within the CRM domain. These applications augment sales applications and offer certain functionalities exclusive to marketing.

- Common applications include:
- Web-based/traditional marketing campaign planning, execution and analysis
- Collateral generation and marketing materials management
- Prospect list generation and management
- Budgeting and forecasting
- A marketing encyclopedia (a repository of product, pricing and competitive information)
- Lead tracking, distribution and management

Marketing apps generally seek to enable marketing professionals by offering a comprehensive framework for the design, execution, and assessment of marketing campaigns and related activities. A good marketing strategy usually produces qualified sales leads that must be allocated to sales professionals for action. Marketing and sale automation are so complementary.

6. Models of CRM

Building on this conceptual foundation, CRM can be further understood through a set of operational and strategic models that enable firms to translate theoretical principles into practical applications. However, traditional CRM models have been increasingly challenged by the growing importance of digitalization and customer experience, which require more flexible and data-driven approaches (Lemon & Verhoef, 2016; Wedel & Kannan, 2016). This highlights the need to reconsider traditional CRM frameworks in light of contemporary digital environments.

Several comprehensive CRM models have been developed to support organizations in implementing CRM strategies. These models provide structured approaches to managing customer relationships and aligning organizational processes with customer value creation. The following section presents four widely recognized CRM models.

5.1. The QCi (Quality Competitive Index) model

The QCi model depicted in Figure 3is a product of a consulting business. The authors of the concept prefer to characterize it as a customer management model, excluding the term 'relationship'. ‘Customer management’ means giving importance to impulse buyers. They do not want a long-term association with the company but are nevertheless important for revenue generation (Woodcock, Edwards, Tonne, & Armstrong, 2009). The QCI model helps to review the current practices and create a quantitative approach to improve customer management process. The model illustrates a sequence of operations that organizations must undertake to acquire and keep clients. The model depicts individuals executing procedures and utilizing technology to facilitate such tasks.

The fundamental component of this model is its client management operations, encompassing acquisition, penetration, and retention. The supporting factors consist of individuals and organizations, which are influenced by customer experience and the external environment (Grazdane, 2013). The customer management process commences with an examination of customer behavior and strategic planning to enhance the company's value. The organization can thereafter strategize the creation of client management initiatives for engagement. The analysis and planning are founded on the REAP framework for customer management operations, which encompasses Retention, Efficiency, Acquisition, and Penetration (Starkey & Woodcock, 2002).

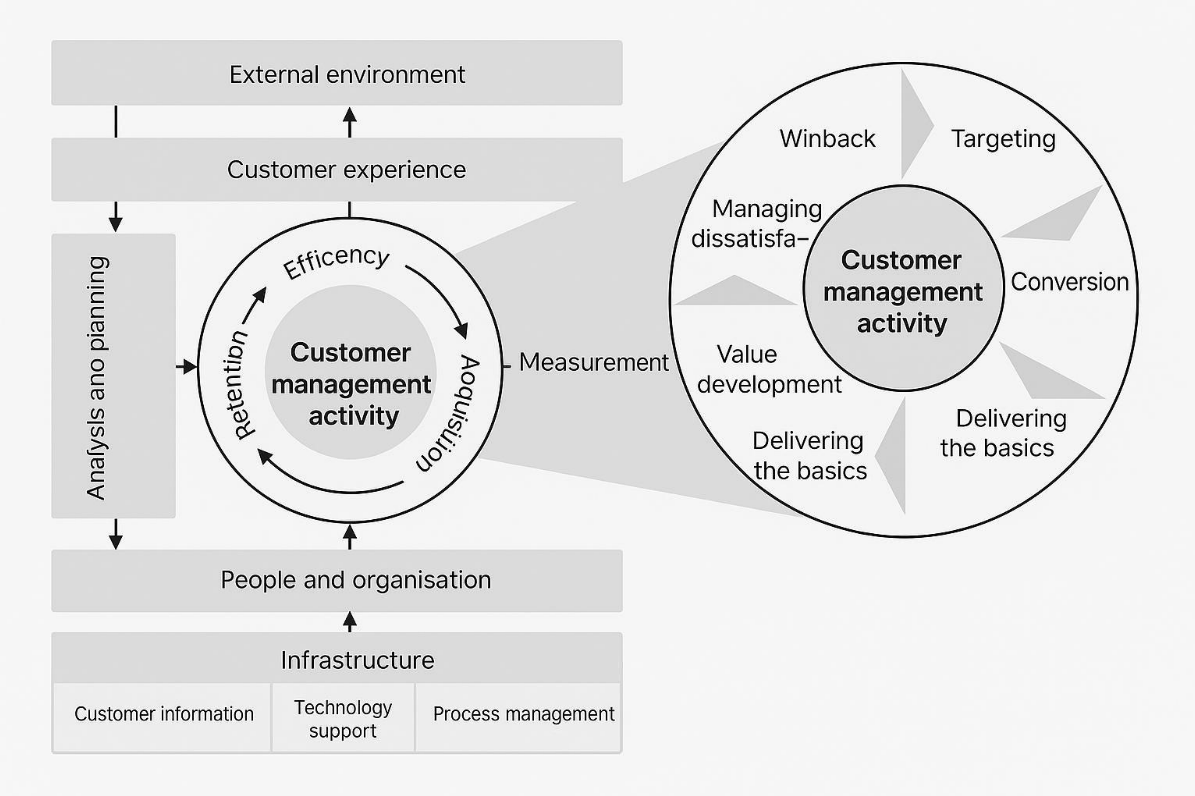

Figure 3. The QCI Model (Buttle, 2009)

5.2. The IDIC Model

The IDIC model was created by the consultancy firm Peppers and Rogers and has been included in several of their publications. The IDIC model posits that organizations must undertake four actions to cultivate closer one-to-one relationships with customers:(Peppers and Rogers, 1996; 2004)

- Identify: Ascertain the identity of your customers and cultivate a profound understanding of them.
- Differentiate: Distinguish between customers to ascertain which possess the greatest current value and which present the most potential for the future.
- Interact: Engage with customers to guarantee an understanding of their expectations and their affiliations with other suppliers or brands.
- Customize: Tailor the offerings and communications to ensure alignment with customer expectations.

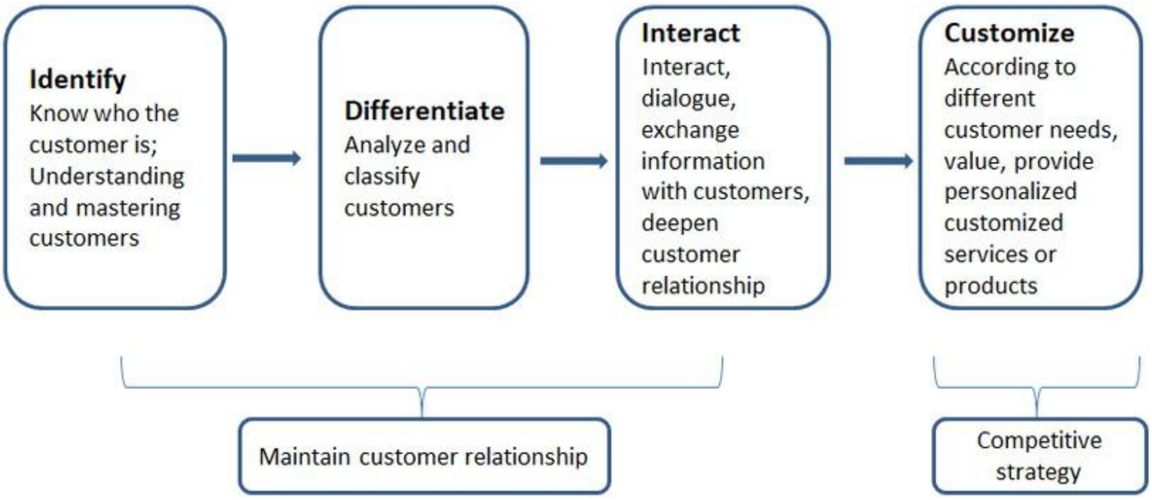

Figure 4. The IDIC Model (Rogers and Peppers, 1996)

Identifying, distinguishing, and communicating with customers can lead to new strategies and product adaptations (Peppers & Rogers, 1995). Customer feedback helped McKinsey understand the need for adjustments. Customers expected more request customizations. This will help them make strategic decisions using McKinsey reports. McKinsey reports included a customization leverage percentage. The IDIC approach helps firms engage customers and exceed their expectations.

5.3. The CRM value chain

The value chain model of Customer Relationship Management (CRM) offers firms insights for the development and implementation of CRM initiatives. It was created by Francis Buttle in 2004 (Buttle, 2004). The primary objective of this model is to amalgamate an organization's internal and external operations to generate value for the customer while ensuring profitability. Moreover, the approach is relevant for both business-to-business (B2B) and business-to-consumer (B2C) enterprises of various scales (Gummesson 2015).

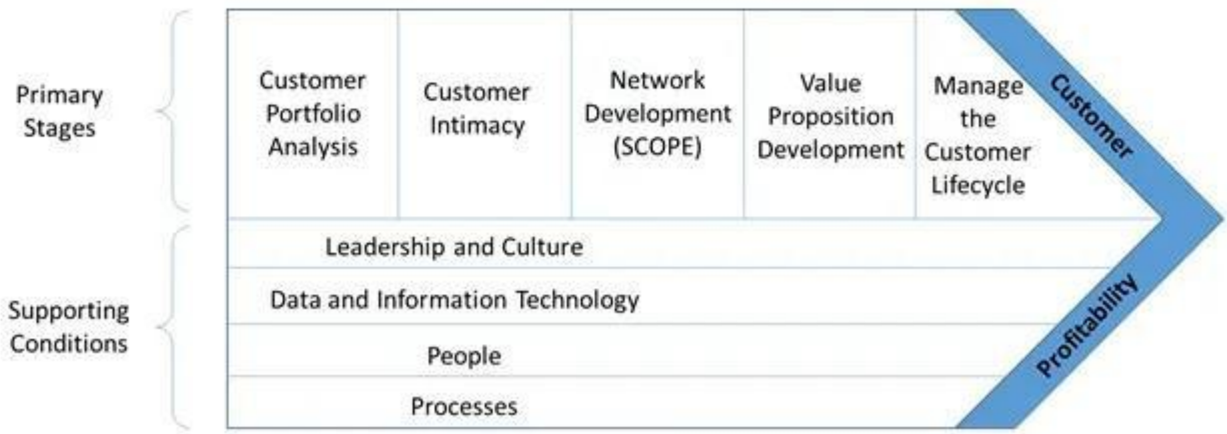

Figure 5. The CRM value chain (Buttle, 2004)

This model posits that the initial step towards effective CRM is the evaluation of client portfolios to :

- understand their long-term association chances
- assess a customer's level of connection with the organization
- work to develop a network
- create a value proposition and
- manage the cycle of customer management (Chen & Myagmarsuren 2011).

In addition, the model also emphasizes creating long-term associations through a culture that recognizes customers and their needs, document data and working through IT processes to keep track of customers' needs and maintaining positive relations with people (Ernst et al. 2011).

5.4. Payne's five-step model

The fourth comprehensive model was created by Adrian Payne. This model (Figure 1.3) distinctly identifies five fundamental processes in CRM : the strategy planning process, the value generation process, the multichannel integration process, the performance assessment process, and the information management process. The first two denote strategic CRM; the multichannel integration procedure signifies operational CRM; the information management process constitutes analytical CRM.

The model discusses the relevance of various processes, namely (Payne & Frow, 2006):

- strategy development process
- value creation process
- multichannel integration process
- performance assessment process, and
- information management or analytical process in CRM.

Each of the above represents a cross-sectional, process-oriented approach, and all are interlinked. They have their own role and function for increased success with CRM implementation. Payne and Frow extensively reviewed literature, along with field-based interactions, to develop a comprehensive process that would aid in developing a sound CRM strategy. Through their research, Payne and Frow stressed the importance of having CRM at strategic level.

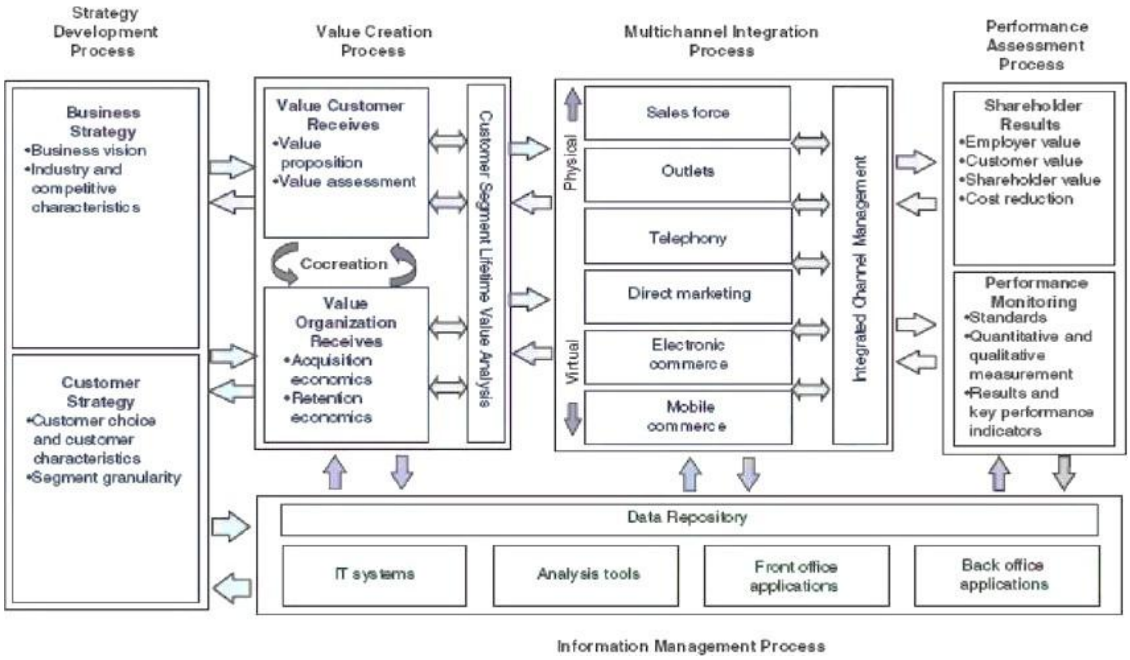

Figure 6. Payne's five-step model (Payne and Frow, 2006)

a. Value creation process

Payne's Five Processes model creates value by discovering consumer and company value. The business must value proposition and value assess customers to determine their worth. According to the concept, this process must be transformative based on strategy development findings to extract value and create relevant proposals. Effective value creation has three components, according to Payne's Five Processes model. First, the company must identify customer-value-creating processes. Second, find customers who benefit the company. Third, maximize value in desirable client categories for a successful value exchange (Abdul-Muhmin, 2012).

b. Multichannel integration process

Payne and Frow value multichannel integration because it uses value creation and company strategy inputs. It entails applying these processes' findings to value-added activities. This method recommends businesses engage customers, understand their perspectives, and keep them longer (Labus & Stone, 2010). It helps firms make decisions that combine all channels and improve customer experience. This process's comments should also be used while assessing strategy and value proposition. This improves CRM deployment for company success (Debnath, Datta, & Mukhopadhyay, 2016).

c. Performance assessment process
d. Performance evaluation is essential to determining whether the business value proposition is successful and whether customer interest is driving performance improvement. Payne and Frow recommend examining shareholder value, customer engagement, profit margins and dividend return (Pinnington & Jones, 2015). Payne's Five Processes model suggests that corporate performance assessment should include customer satisfaction and KPI analysis. This will help assess CRM process implementation.
e. Information management or analytical process

The model analyses information management. It supports other processes. Payne's Five Process approach involves collecting, organizing, and analyzing customer data to understand consumer behavior. It helps firms improve their value propositions and marketing responses. Businesses should establish a data repository and analysis tools to support such efforts (Pinnington & Jones, 2015). These applications can keep CRM comprehensive for quantitative and qualitative market competitiveness measurement (Xu & Walton, 2005).

6. The Digital Transformation of Customer Relationship Management

The rapid evolution of information and communication technologies has profoundly transformed customer relationship management (CRM) practices. Initially conceived as a set of organizational processes designed to manage interactions with customers, CRM is now part of a highly digitalized environment. This transformation is part of the broader digital transformation of businesses, characterized by the integration of technologies such as cloud computing, mobile applications, big data, and artificial intelligence.

In this context, recent literature emphasizes that CRM should no longer be viewed solely as a tool or a set of processes, but as a strategic system supported by digital technologies. According to Shalihati, Sumarwan, Hartoyo, and Yuliati (2025), CRM is now an essential driver of digital transformation, enabling organizations to improve customer engagement, organizational efficiency, and service personalization.

The digitization of CRM is primarily reflected in the emergence of so-called "digital" solutions, such as cloud CRM, mobile CRM, and social CRM. These technologies enable organizations to overcome the limitations of traditional systems by offering greater flexibility, increased accessibility, and better utilization of customer data. In this regard, Dela Cruz and Ramos (2023) demonstrate that digitization plays a crucial mediating role in the effectiveness of CRM systems, particularly by facilitating the integration and utilization of customer data.

Furthermore, the development of cloud computing has played a decisive role in this transformation. Cloud-based CRM systems allow companies to centralize customer data and access it in real time, regardless of users' geographic location. This evolution reduces infrastructure costs and improves the scalability of CRM systems (Marston et al., 2011). Furthermore, the integration of mobile technologies has expanded the use of CRM beyond traditional organizational environments, particularly by facilitating access to customer information for sales teams in the field (Rapp, Agnihotri, & Forbes, 2008).

Furthermore, the digitization of CRM has led to a shift toward data-driven systems. The integration of big data and advanced analytics tools enables companies to better anticipate customer needs, personalize offers, and optimize marketing decisions. As Agayev (2025) points out, automation and data analysis via digital CRM systems contribute significantly to improving organizational performance.

Another fundamental aspect of digital CRM is the integration of digital channels, particularly social media. Social CRM enables companies to interact with customers in real time, collect unstructured data (comments, reviews, posts), and strengthen customer relationships through two-way communication. This approach fosters greater responsiveness and closer ties with customers, thereby helping to improve their satisfaction and engagement (Choudhury & Harrigan, 2014).

However, despite its many advantages, the digitization of CRM also presents challenges. Among the main obstacles identified in the literature are implementation costs, technological complexity, and issues related to data security and privacy. Furthermore, resistance to organizational change is a critical factor that can limit the effectiveness of digital CRM projects (Shkurat & Uzbek, 2024).

Ultimately, the digitization of CRM is not a distinct conceptual model, but rather a major technological advancement that enables traditional CRM models to be implemented in a digital environment. It transforms customer relationship management practices by making them more interactive, personalized, and data-driven. As a result, digital CRM has become a central component of the strategy for companies seeking to enhance their competitiveness and customer focus.

Application Example : Digital CRM in a Retail Company

To illustrate the digital transformation of CRM in practical terms, let's consider the example of a ready-to-wear retail company. In a traditional setting, customer relationship management relies primarily on in-store interactions and fragmented databases.

With the implementation of a cloud-based digital CRM, the company can centralize all customer data (purchase history, preferences, online interactions). Marketing teams can then segment customers and send personalized campaigns via email or social media. Furthermore, sales associates equipped with mobile CRM apps can access customer information in real time, allowing them to tailor their sales pitch to the customer's profile.

Additionally, social media integration enables the company to monitor customer reviews, identify trends, and respond quickly to negative feedback. This omnichannel approach significantly improves the customer experience and helps build loyalty. As confirmed by several empirical studies, the adoption of digital CRM solutions has a positive impact on sales performances and customer satisfaction (Dela Cruz & Ramos, 2023).

To sum up

This chapter demonstrated that CRM is a philosophy and a technology, combining people, processes, and systems to improve customer relations. The chapter focused on the role of CRM in customer acquisition, retention, and development by examining definitions, types (operational, analytical, collaborative), and models (IDIC, CRM Value Chain, Payne's Five Processes, QCI Framework). The key takeaway is that CRM is a bridge between theory and practice – it transforms customer insights into strategies that drive satisfaction, loyalty, and profitability.

Chapter 3 : *Marketing Database*

Introduction

Database marketing is one of the first foundations of modern Customer Relationship Management (CRM). It relies on the systematic collection, storage, and analysis of customer information in order to improve acquisition, retention, and development strategies.

Database marketing, as defined by Hughes (1996), is "the management of a computerized relational database, in real time, of comprehensive, up-to-date, relevant data on customers, inquiries, prospects and suspects... to identify our most responsive customers for the purpose of developing a high quality, long-standing relationship of repeat business" . This groundbreaking definition highlights the technological and relational nature of database marketing.

Blattberg, Kim and Neslin (2008) provide a more concise definition of database marketing as "the use of customer databases to increase marketing productivity through more effective acquisition, retention, and development of customers." This definition emphasizes the importance of customer data in targeting and efficiency, as well as building long-term customer equity (Blattberg, Getz & Thomas, 2001).

Database marketing is becoming increasingly relevant in today's results-driven world. As Winer (2001) notes, "Marketing effectiveness and return on investment are increasingly in demand for firms." By identifying which customers are engaging with marketing and which are not, firms can better allocate resources and tailor offers accordingly. This is similar to John Wanamaker, the famous retailer who said, "I know half of my advertising is wasted; I just don't know which half." Database marketing reduces this uncertainty by focusing on analysis and targeting customers.

Also, customer databases go beyond transactional data to include demographic, psychographic, and behavioral data (Kotler & Keller, 2012). This holistic perspective allows firms to tailor their customer acquisition, retention and development strategies, ultimately creating customer-centric business models (Peppers & Rogers, 1993; Galbraith, 2005). As Stauffer (2001) reminds us, focusing on customers often requires rethinking organizational design, re-balancing strategy, processes and people around the customer.

In this chapter, we will discuss the database marketing process (Blattberg, Kim & Neslin, 2008), the nature and function of customer information databases, and how organizations can use them for acquisition, retention, development, and marketing mix optimization. We will also discuss the relationship between database marketing and CRM, demonstrating how data-driven approaches can create sustainable competitive advantage.

By the end of this chapter, students will be able to:

- Define database marketing and its objectives.
- Explain the process of implementing a database marketing strategy.
- Identify segmentation and targeting methods based on customer data.
- Analyze the role of database marketing in customer acquisition, retention, and development.

1. Marketing Database Definition

Database marketing, defined by the National Center for Database Marketing, as Hughes (1996), "... manages a computerized relational database in real-time of comprehensive, up-to-date, relevant data on our customers, inquiries, prospects and suspects to identify our most responsive customers in order to develop a high quality, long-standing relationship of repeat business by developing predictive models that enable us to send desired messages at the right time in the right form to the right people – all with the result of pleasing our customers, increasing our response rate per marketing dollar, lower our cost per order, building our business, and increasing profits"

This somewhat eloquent description effectively sums up the basics of database marketing: the analysis of customer data to enhance consumer value. We propose a more concise definition: "Database marketing is the use of customer databases to improve marketing productivity through more effective acquisition, retention, and development of customers" (Blattberg, Kim, & Neslin, 2008; Winer, 2001).

This definition carefully selects each word. Database marketing is primarily based on the use of client databases. The term "customer" includes existing and prospective clients (Stone & Woodcock, 2014). Companies have data on their current customers' purchasing behavior, demographic and psychographic characteristics, and information on previous marketing campaigns directed at their customers and the responses they have received (Kotler & Keller, 2012). Firms can obtain demographic and psychographic information about potential customers, as well as purchase history data, but not as much as for their existing clients.

Second, database marketing is related to marketing efficiency. In today's results-driven firms, senior management often asks "Do our marketing efforts yield a return?" Database marketing is a measure and improvement of its efficacy. This is achieved through precise targeting (Bhat & Darzi, 2016). "I know half of my advertising is ineffective; I simply do not know which half," says retail innovator John Wannamaker. In a more general sense, database marketing, rather than advertising, determines what portion of the firm's marketing efforts is unsuccessful. This is accomplished by identifying which customers engage with marketing and which do not. The respondent clients are then targeted.

Third, database marketing is about client management. Customers must be obtained, held, and cultivated. Getting consumers is about convincing someone who is not currently with the organization to engage in business with it. Retention is the process of keeping existing customers coming back to the organization. Development refers to the growth in the number of existing customers for the organization.

A fundamental notion in database marketing that encompasses these three aspects is "customer equity" (Blattberg et al. 2001). Currently, it is essential to acknowledge that database marketing pertains to all three components of customer equity.

2. The Database Marketing Process

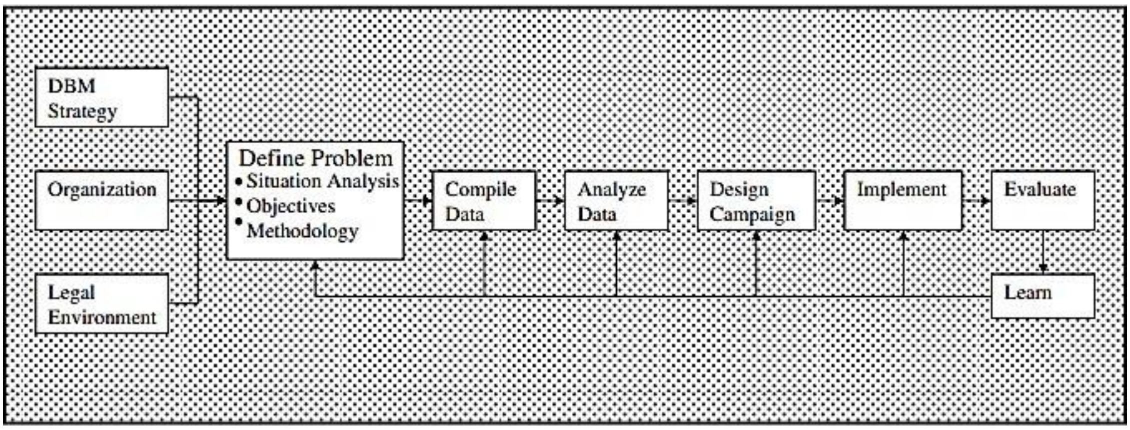

Figure 7. The database marketing process (Blattberg, Kim and Neslin, 2008).

Marketing through databases is executed as shown in Fig. 7. The process begins in the context of the company’s detailed database marketing plan, organization, and legal considerations, particularly privacy (Cespedes & Smith, 1993; Reinartz, Krafft, & Hoyer, 2004). These factors determine the nature of the problems the firm faces and how they are resolved.

The firm then needs to identify the problem it will be addressing through database marketing. This involves a situation analysis, a statement of goals, and a framework of the approach to the problem (Blattberg, Kim, & Neslin, 2008). A firm that prioritizes customer relationships in its DBM strategy will lose clients very quickly. The goal is to reduce the annual turnover rate from 20% to 15% (Verhoef, 2003).

Most of the work can be done internally, since the company has organizational expertise in information technology, marketing analytics, and campaign execution. The company can then collect and evaluate the data. The analysis yields a campaign plan that is implemented and assessed (Bose, 2009).

This mechanism is characterized by two important feedback loops. The first is learning that takes place slowly over time. When evaluating a program, it provides guidance on what kinds of problems can be addressed by using database marketing, the most relevant data for understanding and anticipating customer behavior, the methods of data analysis, and how to convert the analysis into program design and execution (Wedel & Kannan, 2016). The knowledge and expertise gained can be a competitive advantage for the organization in database marketing (Payne & Frow, 2005).

The second feedback loop is that each database marketing effort generates data to be used for further analysis in order to address future issues. Respondents to catalog mailings are used to revise the “recency”, “frequency” and “monetary” measures for each consumer (Hughes, 1994). These are entered into the database and used to develop future targeted tactics (Fader & Hardie, 2009).

The graphic below represents a summary of the activities of database marketing, essentially describing the marketing challenges that database marketing faces. This includes client acquisition, retention, development, coordination of these processes, and management of the marketing mix (Bhat & Darzi, 2016). For example, we will devote entire chapters to cross-selling, up-selling, and multichannel customer management, among other topics. These are all very complex issues, and considerable effort has been put into database marketing to make management more efficient (Kumar & Reinartz, 2016).In summary, those activities have a direct link to CRM, explained as below (Blattberg, Kim and Neslin, 2008) :

a. Acquiring Customers

This is the first step in the customer lifecycle. It focuses on attracting new customers to the business through various marketing and sales tactics.

Key Activities:

- Identifying target markets.
- Running promotional campaigns.
- Offering introductory discounts or incentives.
- Leveraging digital marketing, SEO, and advertising.

Goal: Increase customer base by converting prospects into first-time buyers.

b. Retaining and Developing Customers

Once customers are acquired, the focus shifts to maintaining relationships and increasing the lifetime value of each customer.

Key Strategies:

- **Cross- and up-selling**: Encourage customers to buy related or higher-value products.
- **Customer tier programs**: Classify customers into segments (e.g., bronze, silver, gold) and tailor rewards/services.
- **Frequency reward programs**: Provide incentives for repeat purchases (e.g., loyalty cards).
- **Churn management programs**: Identify and address reasons customers leave to increase retention.

Goal: Maximize customer loyalty, increase satisfaction, and grow revenue per customer.

c. Coordinating Acquisition, Retention, and Development

Integration is crucial to ensure that customer strategies are consistent and mutually reinforcing across all departments and channels.

Key Tactics:

- **Multichannel customer management**: Ensure a seamless experience whether customers engage via mobile, in-store, online, or by phone.
- **Acquisition and retention planning**: Align marketing and operational efforts for both gaining and keeping customers.

Goal: Achieve a balanced and coordinated customer strategy that supports both short-term acquisition and long-term growth.

d. Managing the Marketing Mix

This involves deploying the 4 Ps of marketing (Product, Price, Place, Promotion) in a way that aligns with the customer strategy.

Key Elements:

- **Designing communications**: Create clear, compelling messages targeted at different customer segments.

- **Multiple campaign management**: Run and coordinate various marketing initiatives across channels.
- **Price targeting**: Set prices strategically based on customer value and competition.
- **Personalization**: Customize products and messages to individual customer preferences and behaviors.
- **Sales force management**: Train and direct the sales team to support CRM goals effectively.

Goal: Deliver the right marketing mix to attract and retain profitable customers while building brand loyalty.

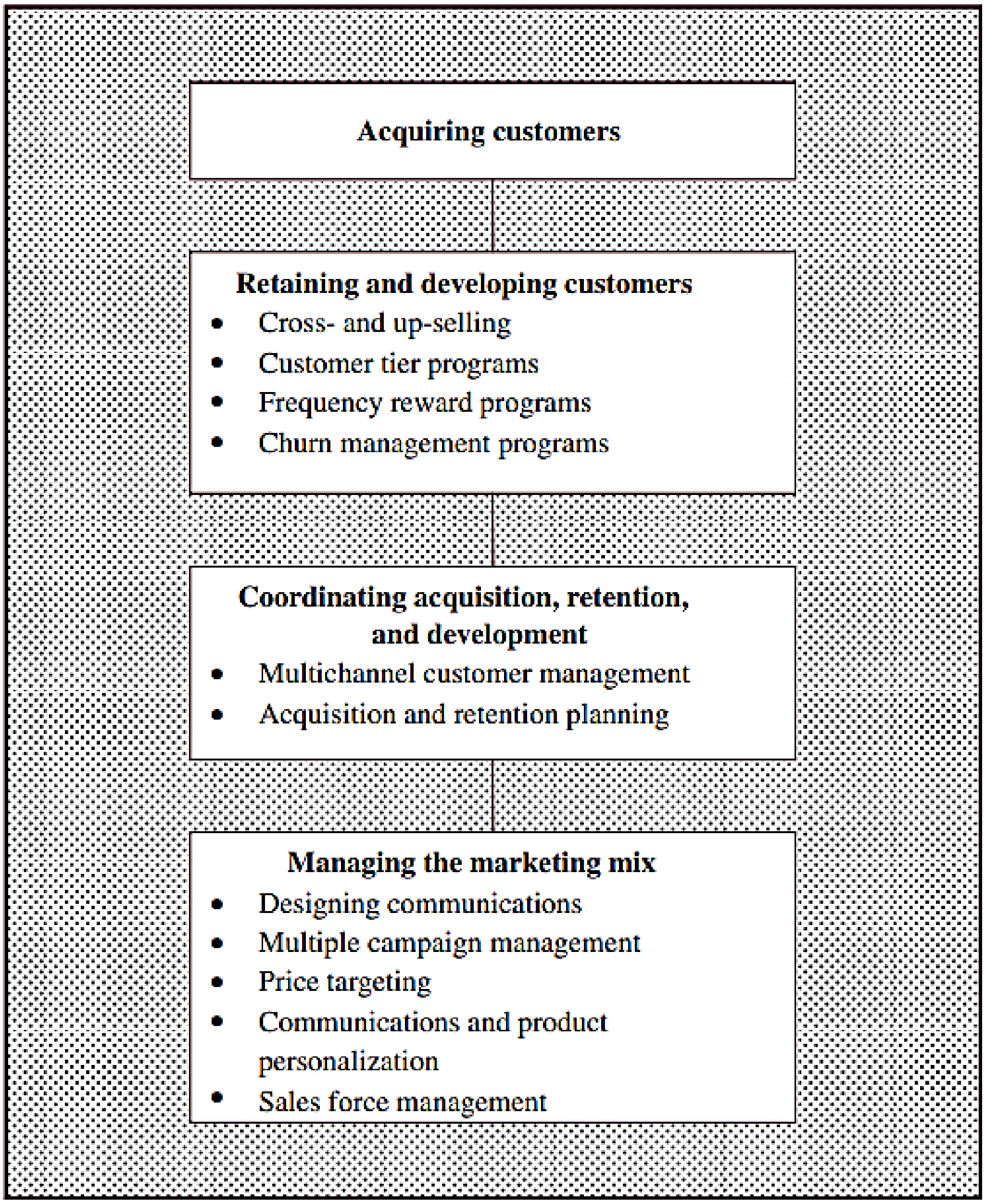

Figure 8. Database marketing activities (Blattberg, Kim and Neslin, 2008).

3. Customer Information Database

A customer database is a structured compilation of detailed information regarding individual customers or prospects that is up-to-date, accessible, and actionable for marketing objectives such as lead generation, lead qualifying, product or service sales, or customer relationship management (Stone & Woodcock, 2014). Database marketing, the precursor of CRM, involves the construction, maintenance, and utilization of a customer database alongside other databases (product, suppliers, resellers) to facilitate communication, transactions, and relationship development (Blattberg, Kim, & Neslin, 2008).

Companies get client data via transactions, registration details, telephone inquiries, cookie data, and interactions at many touchpoints (Wedel & Kannan, 2016). A customer database comprises details regarding a customer's historical purchases, demographics (age, income, family composition, birthdays), psychographics (activities, hobbies, and opinions), mediagraphics (preferred media), and more pertinent information (Kotler & Keller, 2016).

The customer database serves as the primary repository for all information related to the connection between a business and its customers. Due to the inefficiency of database design for analytical applications, CRM employs a data warehouse for the storage of client information (Ngai, Xiu, & Chau, 2009). Marketing statisticians can extract valuable insights regarding individuals, trends, and segments from extensive data using data mining (Chen, Chiang, & Storey, 2012).
The database retains comprehensive information regarding the customer, including:
Individual-Related Information

- Name
- Addresses
- Age
- Income
- Spouse
- Children
- Home ownership
- Pets
- Hobbies
- Sports interests

Company-related information:

- Name
- Addresses
- Number of employees
- Revenue
- Standard industry codes (SICs, that define business types)
- Individual buying behaviour
- Site buying behaviour.

The database keeps track of all contacts by/with the customer, including:

Customer-initiated contacts

- Purchase transactions
- Calls
- Comments
- Returns
- Service calls
- Complaints

Company-initiated contacts

- Promotional offers
- Letters
- Calls
- Personal visits

The following information can be extracted from the data contained in the database:

- *Recent acquisition* : When did the customer last engage in a transaction with the company - an indicator of retention.
- *Frequency*: The quantity of transactions conducted by the customer with the company during a designated period.
- *Monetary Value:* The total expenditure incurred by the customer on purchases from the company within a designated time period.
- *Demographic and lifestyle augmentation*: Data regarding the client beyond purchase transactions, encompassing the customer's age, income, number and ages of children,

interests, and hobbies. CRM utilizes this information to enhance comprehension of what a customer values in their relationship with the firm, which core products or services or perks hold the most significance, and the rationale behind the importance of these benefits to the individual.

- *Modeling variables*: The significance of stored variables in forecasting client profitability. (Kumar & Reinartz, 2016).

4. Use of Customer Database

The behavioral data contained in the customer database is utilized for the subsequent promotional objectives: (Reinartz, Thomas, & Kumar, 2005)

- Customer acquisition (identifying prospects): Companies can generate sales leads by promoting their products or services through advertisements that have a response mechanism, such as a business reply card or a toll-free telephone number. The database is constructed from these responses. The database can be organized to pinpoint the most promising prospects, who can subsequently be reached via email, telephone, or in-person visits to facilitate their conversion into clients.
- Customer retention (enhancing customer loyalty): The data is utilized to identify people at risk of attrition (known as churn prediction) and target them with specific promotional initiatives. Companies can generate client interest and enthusiasm by presenting tailored offers, distributing suitable gifts, providing discount coupons, and delivering engaging promotional materials.
- Increasing share of wallet by discerning which clients are eligible for a specific offer: Data is utilized by organizations to enhance up-selling and cross-selling of their products and services to targeted clients for increased profitability. Companies establish parameters delineating the optimal target client for a specific offering. The database is examined for individuals who most closely align with the ideal kind. Targeting accuracy can be enhanced over time by the analysis of response rates. An automated series of actions can be established to occur post-sale, such as a 'thank you note' succeeded by a subsequent offer after a designated interval.
- Reactivating clients through appealing, timely offers: Companies may implement automated mailing systems that dispatch birthday or anniversary cards, festival buying reminders, or off-season incentives.
- Preventing errors in customer interactions: Various employees within the organization may engage with the same consumer independently, resulting in inconsistent or contradictory

information being conveyed. Staff may not identify a premium client or an associate of a premium customer, treating them as regular customers, which increases the risk of attrition. Such errors can be averted if individuals engaging with the consumer consult the updated customer profile (Payne & Frow, 2005; Bhat & Darzi, 2016).

4.1. The Customer-Centric Organization

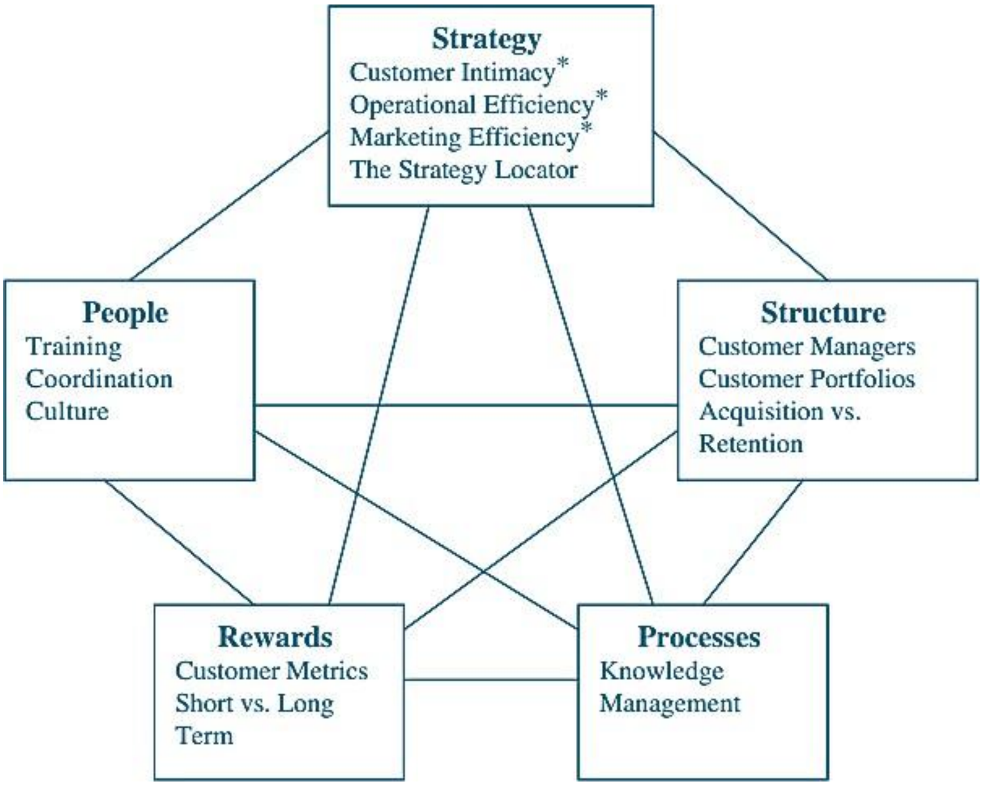

Figure 9. Star model of the customer-centric organization (Galbraith, 2005)

Database marketing requires knowledge of data administration and modeling to be effective. But, these tools are not used alone in an organization. This chapter is about organizational design for successful implementation of database marketing. One of the ideas that has emerged here is that of the "customer-centric" organization. This indicates that the company is organized "around" the customer – from the customer perspective rather than the product perspective. As industry expert David Siegel writes in Stauffer (2001), "If you really prioritize customers... then you must restructure your entire organization around them." Stauffer then states, "It's not about arranging the company to suit customers." It allows customers to shape your organization. Galbraith (2005) states that customer-centricity is necessary: "The need for customer-centricity is enduring, and it is incumbent upon each firm to determine the degree of implementation required for success." The Star model identifies five key components of effective organizational design: strategy, structure, processes, rewards and personnel (Galbraith 2005). Strategy refers to the organization’s goals and the means by which it plans to achieve those goals. Structure is the organizational structure that includes the departments and positions needed, and how they interact with each other. Processes refer to the process through which information circulates within the organization. Rewards are the rewards and incentives that motivate people to perform efficiently within the firm. People refer to policies that ensure that employees have the necessary skills and mindset to perform the organizational design.

Figure 9 illustrates Galbraith’s Star Model of the Customer-Centric Organization that states that to achieve customer-centricity, five organizational components must be integrated: strategy, structure, processes, rewards, and people (Galbraith, 2005).

The strategy defines the way in which the firm wants to bring value to customers, whether through customer intimacy, efficiency, or marketing effectiveness. Structure also ensures that responsibility is organized around customer portfolios, account managers, and the balance between acquisition and retention. Processes coordinate the flow of customer knowledge across departments, allowing better integration of marketing, sales, and service functions (Payne & Frow, 2005). Rewards align employee incentives with customer-related performance measures while maintaining a balance between short-term sales goals and long-term loyalty and profitability goals (Shah et al., 2006). Lastly, people include training, culture, and coordination that promote a customer-first mindset throughout the organization (Day, 2003).

It emphasizes that customer-centricity cannot be achieved by focusing on one thing in isolation. Rather, all five dimensions must be coherent and mutually supportive. Misalignment, such as customer-centric management and rewarding employees only on quarterly sales, undermines effectiveness. By coordinating strategy, structure, processes, rewards, and people, organizations can use database marketing and CRM to create sustainable competitive advantage (Shah et al., 2006; Kumar et al., 2010).

5. Utilizing Your Customer Database for Clients

➢ Dispatch prompt notifications regarding required services: medical/dental appointments, oil changes/tune-ups, and the impending depletion of your letterheads/memo pads. Please place your order using the response form included.

Send birthday cards to clients' children, provided that this information is available in your database.

Invite clients and potential clients to a product demonstration or instructional seminar. (Complimentary for clients, nominal charge for potential clients.)

➢ Employing meticulous segmentation, disseminate:

• Notifications regarding pricing alterations

• Details regarding modifications to the product

• Distribution of product samples to clients.

• Newsletter, particularly within the framework of a Frequent Buyer program.

For Business-to-Business transactions

- Case studies demonstrate the successful application of your product. IT firms incorporate case studies of solutions devised for their clients in their sales literature.
- Disseminate news releases regarding new product launches to customer and prospect sectors. Provide details for obtaining product brochures.
- Reproductions of your advertising campaign accompanied by a note. If you overlooked our advertisements during their broadcast on ... xyz ... and ... abc ..., we believe you would be interested in viewing them.
- Competitions (exclusive to customers). Incorporate into the sales incentive competition for sales personnel.
- Provide them with a copy of the yearly report.

To sum up

Database Marketing was introduced as the backbone of CRM, allowing firms to collect, organize, and analyze customer data to improve targeting and engagement. The chapter explained how segments, predictive modeling, and campaign evaluation can lead to tangible gains in acquisition, retention, and development. Students should remember that database marketing is not only a technical skill, but also a strategic ability, where data quality, analysis, and ethical use determine marketing effectiveness.

Chapter 4 : ***Understanding and Evaluating the Customer***

Introduction

Organizations have to go beyond transactional exchanges and toward a deeper, more complex knowledge of their consumers in a data-driven, ever competitive market. The conventional wisdom of concentrating just on acquisition and sales volume is inadequate. Long-term success instead depends on being able to methodically assess consumer value, contentment, loyalty, and behavior all through the customer lifetime. This strategic change emphasizes the need of integrated frameworks and metrics assessing not just what consumers do but also how they feel, why they act as they do, and what value they represent to the company over time.

Customer Lifetime Value (CLV), a forward-looking statistic that measures the net present value of all future earnings produced from a customer relationship, is the core of customer evaluation (Gupta et al., 2006). Unlike conventional financial measures, CLV offers a customer-centric prism through which companies may assess the profitability of individuals or groups, give marketing top priority, and best allocate resources. Guiding strategic decisions on client acquisition, retention, and development is especially where CLV is most valuable. It motivates companies to separate low-value from high-value consumers and customize interactions based on that difference (Kumar & Reinartz, 2016). Furthermore, fundamental in nature, CLV is the basis of customer-centric business models including loyalty programs, subscription-based services, and tailored marketing.

Still, knowledge of consumer value is simply one factor in consideration. Through measures of client happiness and loyalty, companies also must assess the caliber of their relationships. Though usually seen as qualitative, these variables are empirically shown to affect general profitability, retention rates, and buying behavior. For client loyalty and the likelihood of referral, for example, the Net Promoter Score (NPS) has become a somewhat popular benchmark (Reichheld, 2003). Likewise, post-interaction feedback loops, consumer effort ratings, and satisfaction polls offer practical understanding of consumer expectations and impressions. Many studies find that pleased consumers are less price-sensitive, create repeat business, and remain loyal (Anderson, Fornell, & Lehmann, 1994). Higher CLV resulting from these loyalty impacts makes satisfaction and loyalty vital indicators of long-term corporate viability.

Complementing CLV and loyalty measurements is the study of behavioral and attitudinal data, therefore providing a detailed knowledge of consumer actions and motives. Objective, quantifiable information derived from behavioral data—including purchase frequency, internet visits, click-through rates, service usage patterns, and response to marketing campaigns—allows prediction models to be used (Ngai et al., 2009). Attitudinal data, on the other hand, catches the subjective component of consumer experience: tastes, brand impressions, values, and motives. Though more difficult to measure, attitudinal insights usually provide a more complete picture of the client and help to understand the "why" behind the "what."

Combining behavioral and attitudinal data helps companies to better segment their consumers, project future demands, and instantly customize contacts. Customers who routinely browse a product category but never buy, for instance, may show curiosity but lack trust—an insight only shown by behavioral and attitudinal data together. Moreover, sophisticated analytics - including artificial intelligence and machine learning- increasingly let companies model consumer paths, spot at-risk consumers, and forecast churn or upsell potential with until unheard-of accuracy (Venkatesan & Kumar, 2004; Baesens et al., 2015).

Customer lifetime value, satisfaction and loyalty measures, and behavioral/attitudinal data taken together create a trio of consumer intelligence. These elements help companies to go from reactive to proactive relationship management when properly included into consumer databases and analytics systems. In the experience-driven economy of today, they not only improve marketing precision but also help to maintain a constant competitive edge.

By the end of this chapter students will be able to:

- Explain the concept of Customer Lifetime Value (CLV) and its strategic importance for resource allocation.
- Calculate a simple CLV estimate (basic NPV approach) from provided example data and interpret the result.
- Explain the concepts of Satisfaction and Loyalty, especially within a CRM configuration.

1. Customer Lifetime Value: Fundamentals

Marketing must identify essential indicators to enhance its relevance to the upper management. The prevalent marketing metrics are revenue and market share; nevertheless, these indicators are considered "obsolete." They aggregate "30,000 feet" metrics and fail to deliver the depth of knowledge contemporary executives require to effectively run their enterprises. The topic of this section examines a novel metric: client lifetime value (LTV) or mostly known as Customer Lifetime value (CLV) (Gupta, Lehmann, & Stuart, 2004).

1.1. Definition of Lifetime Value of a Customer

Customer Lifetime Value has been examined under several terminologies, including Lifetime Value (LTV), Customer Equity (CE), Net Present Value (NPV), Customer Profitability (CP), or merely Customer Value (CV). The distinctions among the definitions are minimal (Hwang, Jung & Shu, 2004), and the most significant ones have been elucidated in the preceding section of this study (see to 2.3. Different methods to evaluate customers: comparing CLV, CE and CP). Customer lifetime value, as the phrase suggests, assesses the long-term worth of customers to the organization (Wu, Liu & Li, 2005). client Lifetime Value (CLV) was initially articulated by Kotler (1974) as the present value of the anticipated future earnings stream over a specified time frame of engaging with the client. CLV is now defined as the present value of future cash flows linked to a client (Pfeifer, Haskins & Conroy, 2005).

It is formally defined as the aggregate of discounted cash flows produced by an individual or a group of individuals throughout their relationship with the company (Berger & Nasr, 1998). In other terms, it represents the net present value of the benefits linked to each customer post-acquisition, after deducting the incremental costs incurred for each customer (e.g., marketing, sales, production, and service) over their entire lifetime with the company (Blattberg, Kim & Neslin, 2008). The CLV paradigm assesses how alterations in consumer behavior, such as heightened purchasing and retention, may impact future profitability for the organization, hence connecting marketing and finance (Zhang et al., 2010). Table 3 presents various definitions of Customer Lifetime Value (CLV).

Gupta and Lehmann (2008) inquire, “What is the necessity of Customer Lifetime Value (CLV) alongside profits, cash flow, and other conventional financial metrics?” The authors elucidated that in several enterprises, Customer Lifetime Value (CLV), as a metric for marketing efficacy (Rust et al., 2004b), offers superior insights compared to conventional financial indicators for the following reasons: The elements and determinants of CLV2 offer significant insights into the prospective viability of a business, which may not be apparent from conventional financial indicators. Customer Lifetime Value (CLV) enables the evaluation of the profitability of individual customers. Traditional financial tools, such as discounted cash flow or price-to-earnings ratio, are inadequate for evaluating the value of high-growth companies that presently exhibit negative cash flow and/or negative earnings. CLV enables us to assess these organizations when conventional financial tools are inadequate. Customer Lifetime Value (CLV) offers a systematic methodology for predicting future cash flows, which may surpass the efficacy of a basic extrapolation method, such as the average compound annual growth derived from the preceding five years, frequently employed in finance.

Table 2. Definitions of CLV across time (By the author).

Definition	Reference
The net present value of all future contributions to overhead and profit.	Roberts and Berger (1989)
The net present value of a future stream of contributions to overheads and profit expected from the customer.	Jackson (1994)
The net present value of all future contributions to profit and overhead expected from the customer.	Courtheoux (1995)
The total discounted net profit that a customer generates during her life on the house list.	Bitran and Mondschein (1996)
Expected profits from customers, exclusive of costs related to customer management.	Blattberg and Deighton (1996)
The net present value of the stream of contributions to profit that result from customer transactions and contacts with the company.	Pearson (1996)
The net profit or loss to the firm from a customer over the entire life of transactions of that customer with the firm.	Berger and Nasr (1998)
The present value of all future profits generated from a customer.	Gupta and Lehmann (2003)

Mathematically, it can be represented as:

$$\mathrm{CLV} = \sum_{t=0}^{T} \frac{(R_t - C_t)}{(1+d)^t}$$

Where:

- Rt: Revenue from the customer at time t
- Ct : Cost to service the customer at time t
- d: Discount rate

- T: Time horizon (length of customer relationship)

2. Importance of CLV

We can distinguish this in two points, the strategic benefits and the operational ones.

- **Strategic Decision-Making**

- Marketing Spend: Align acquisition and retention costs with expected returns.
- Customer Segmentation : Prioritize high-value customers for tailored experiences.
- Product Development: Inform which products drive the highest lifetime value.
- Financial Forecasting: Predict future revenue more accurately.

- **Operational Benefits**

- Sales Prioritization: Sales teams focus on leads with higher potential value.
- Customer Service Customization: Invest more in servicing valuable customers.
- Churn Management: Allocate resources to retain high CLV customers.

3. Types of CLV Models

Customer Lifetime Value (CLV) models are primarily classified into predictive and historical methodologies, each encompassing several adaptations.

A. Historical CLV

Historic CLV is a widely used method that estimates CLV based on prior customer transaction data. It evaluates historical purchasing behavior, average transaction value, and buy frequency to forecast future income potential (Reinartz & Kumar, 2022). This strategy is rather simple to implement and does not necessitate intricate data analysis. However, it assumes that past conduct is a trustworthy prediction of future behavior, which may not always hold true.

B. Predictive CLV

Predictive analytics can explain the reasons behind past occurrences to forecast future probability within a comprehensive framework, rather than only asserting, "if this happened in the past, it will certainly happen in the future." Predictive modeling has been extensively adopted across several

industries to categorize customers, assess retention likelihood, forecast and alleviate fraud and risk, determine optimal resource allocations, and more. Predictive analytics provides Enterprise Holdings with essential insights to inform marketing strategies:
- Identify the historical characteristics that optimized returns on client engagements in the past.
- Utilize such expertise to comprehend the reasons behind customer responses to specific communications and promotions.
- Identify the clients that should be prioritized for future engagement initiatives.

2. Customer Satisfaction and Loyalty

2.1. Satisfaction Definition

In the age of social networks, a single customer can damage a company's reputation, and a satisfied customer is not necessarily a loyal one. We need to understand what drives customer satisfaction.

Satisfaction is a feeling of joy, pleasure or even happened that the customer doesn't feel at all. It's the correlation between expectation and the result obtained, point it's more intense if the company has provided a little bonus, i.e. special attention for the customer, a personalized gift, or time devoted to better advice. Customer satisfaction is the result of a service experience, which is based primarily on the following concepts:

- The comparison: how was this service offered to me here, compared with this other company with which I also have a relationship
- Expectations: What are the differences between my expectations and the result
- Perception: how did I experience the experience: what conclusions did I draw.

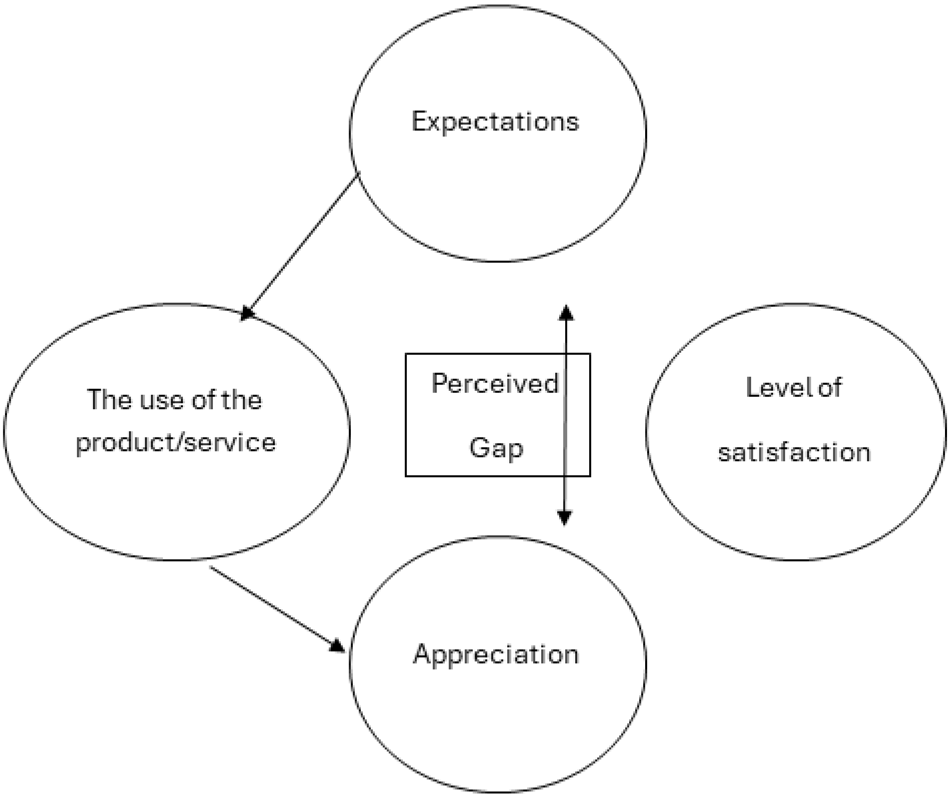

Figure 10. Definition of satisfaction (By the author, inspired by Oliver, 2014, as cited in *Marketing Letters*, 2023)

2.2. Satisfaction parameters

According to Darpy (2015), four parameters enable us to obtain the optimum measurement of satisfaction in all its facets. These various indications enable us to take corrective action if necessary.

- *Perceived Value (or Perceived Quality)*: It measures the difference in the customer's perception between his expectations and the good acquired or the service rendered point is his judgment or the interest of the product or service, on its quality, on its relevance. This measure can be understood in terms of the following questions: Does the product service meet needs? Is the product service useful? Does the product service meet expectations? This measure is subjective because it is based on perceptions, relative because it varies according to individuals, and revolutionary because it can fluctuate over time.

- *Emotional Satisfaction (or Affective Dimension):* It measures the emotion generated by the act of purchasing beyond the product's usefulness or performance. This parameter is measured on 2 levels: the positive or negative feeling generated by owning the product, the relationship with the company during the purchasing process and its maintenance over the longer term. Customers are rarely rational, sometimes preferring a lesser quality product from a prestigious brand. They buy an image of themselves, a sense of self-worth or a sense of belonging. It is the fact of owning a product from this brand that makes the customer happy, for example the feeling of being part of the happy few or of a community.

- *Recommendation Intention (or Net Promoter Score - NPS):* Beyond the rational and emotional parameters, we need to go further and measure the propensity of customers to recommend the brand or product slash service. The NPS Net Promoter score reflects the probability of a product, brand or service being recommended by its customers or users. It is an elementary indicator to be used, and the results are very simple to analyze. For example: on a scale of zero to 10: how likely it is that you would recommend brand X to a friend or colleague? Depending on the score given by the interviewer, the latter is placed in one of three categories two-point promoters with a score of 9 or 10 passive with a score of 7 or 8, the detractor with a score of 0 to 6

  in addition, you can add an open-ended question that will appear when the data point is rated. For example, a promoter might be asked what did you particularly like about your purchase and to a detractor what did we fail to satisfy you with
- *Loyalty Intention (or Repurchase Intention):* It measures the customer's tendency to remain loyal, in fact we sometimes find that dissatisfied customers renew their purchase, while satisfied customers switch to a competitor. There are many reasons for this: ignite for something new, a promotion, peer pressure. Here again, a single question is asked do you intend to make a future purchase from our brand? We can refine the questioning by asking the customer whether this is an occasional or repeat purchase.

  Customer satisfaction can be measured in many ways, not least through the telephone, annual barometers and quality service, specific to this medium, are the subject of separate fact sheets, but it's nevertheless seeming necessary to present a complete overview of existing measures today.

2.3. What do we want to measure?

Satisfaction can be measured at 3 levels, depending on the information required

- *called measurement* the aim here is to obtain the elements needed for a strategic vision, by taking a step back. In this category, we find benchmark actions, carried out at different level within the company, as well as the famous annual barometer, to obtain a global view of customer satisfaction with a comparison to the competition: the questioning covers the whole range of services offered by the company. This concerned service as well as prices, advertising campaigns, product ranges, the technical network, the Internet site… here we gained the thematic amplitude of what we lose in depth of response. Called measurement analysis can help to determine strategic choices, but will not provide very accurate concrete action plan, as it does not allow us to pinpoint the root causes of satisfaction or dissatisfaction. The various elements gathered through cold measurement will generally be analyzed by the management committee.

- *Tepid measurement*: this involves the analysis of feedback gathered at different stages of the customer journey. To do this you need to question customers who have interacted with the brand and who have just experienced a key moment in the customer journey. Here, me on the methodology focuses more on satisfaction than on the recommendation, which will also be the case with warm measurements most of the time these measurements are carried out by e-mail.
- *On the spot measurement:* this mainly involves asking customers or prospects about their perception of the quality of their relationship with a brand representative. Generally, they receive an e-mail or text message saying: ‘you've just been in touch with us can you tell us how you feel about this exchange?’ In this way, you can analyze the human dimension that your company succeeds or fails in implementing. The double listening carried out by the quality department or field manager is also part of this type of measurement. Satisfaction measurement also enables action plans to be put in place for the customer journey, and it's a fantastic opportunity to capture dissatisfied customers with the absolute necessity of taking charge of life. It is therefore important to obtain their prior authorization to contact them again if they are dissatisfied.

3. Loyalty: Definition

Customer loyalty is a multidimensional construct that has been widely discussed in marketing literature, with no single universally accepted definition. At its core, loyalty refers to a customer's commitment and tendency to repurchase a product or service from the same brand or provider over time (Oliver, 1999).

Scholars generally distinguish between two main perspectives :

- Behavioral loyalty, which reflects repeated purchasing behavior from the same brand or outlet. This approach focuses on observable actions such as purchase frequency, share of wallet, or repurchase intention (Ehrenberg, Uncles, & Goodhardt, 2004).
- Attitudinal loyalty, which goes beyond behavior and emphasizes the psychological commitment, preference, and emotional attachment a consumer develops toward a brand (Dick & Basu, 1994; Chaudhuri & Holbrook, 2001).

Combining these perspectives, Oliver (1999) defines loyalty as *"a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior."*

Several forms of loyalty can be observed in practice :

- Submissive or situational loyalty: loyalty not derived from brand preference, but from market constraints such as monopolies, switching barriers, or geographical proximity (Gremler & Brown, 1996).
- Exclusive loyalty: the customer consistently purchases from a single brand or retailer for a given product category, often reinforced by strong trust or absence of alternatives (Uncles, Dowling, & Hammond, 2003).
- Shared (or divided) loyalty: the customer alternates between two or more brands or outlets in the same purchasing category, reflecting polygamous loyalty common in competitive markets (Dick & Basu, 1994).

In the digital era, new dynamics have further shaped loyalty. For example, the geographical limitations of traditional retail are reduced by e-commerce, which enables customers to display either stronger exclusive loyalty (e.g., one preferred online retailer) or more fragmented loyalty (alternating across platforms such as Amazon, eBay, or niche e-tailers) (Kumar & Shah, 2004).

Overall, loyalty is best understood as the intersection of repeated behavior and psychological attachment, influenced by contextual factors such as market structure, switching costs, and technological innovations**.**

3.1. Loyalty's Benefits

1. *Reduced Marketing Cost*

   Loyal customers minimize the cost of running business because the amount spent on getting new customers is far more than retaining present customers. The higher the loyalty, the easier it is to keep customers happy. Loyal customers become an advocate for the brand, without any incentive. Loyalty base of customers, acts as a strong entry barrier for potential entrants by which an organization can minimize the risk.
2. *Trade Leverage*

   A brand having strong loyalty base force retailers to maintain adequate stock and a lot of shelf space to accommodate the brand. At the extreme, customer 's shop choice depends on where their preferred brand is available. So, retail brands enjoy special recognition and treatment.
3. *Attracting New Customers*

   Existing loyal customers help marketers to get more business through prospective customers. They create awareness of the brand among friends and colleagues, who develop positive attitude towards the brand by seeing the brand in action. Brand image is projected by these customers especially when the product requires after sales service or, prospective customers require assurance of product performance.

4. Time to Respond to the Competitive Threat

Loyalty base also supports marketers against competitor's innovation by providing sufficient time for them to retaliate.

5. Strategies to Build and Maintain Loyalty

Retaining the customers, keeping them happy, enhancing their satisfaction level is the continuous endeavor of any organization as it cannot afford to miss any of the loyal customers. Ever changing Indian consumer, cutthroat competition and emerging new technologies are the thrown challenges to develop loyalty progra

3.2. Six Ways to Maintain Customer Loyalty

Maintaining customer loyalty is one of the most critical challenges for organizations in highly competitive markets. Research consistently shows that loyal customers not only generate repeat business but also contribute to positive word-of-mouth and higher profitability (Kumar & Shah, 2021). While there are many factors influencing loyalty, six practices stand out as particularly effective in strengthening long-term customer relationships.

1. loyalty is about quality. Customers will not stick with a brand if its products or services fail to meet their expectations. Consistent quality builds trust and thus repeat purchasing behavior.

2. employee satisfaction is an important factor in customer experience. The employees are the human face of the company, and their interactions with clients have a huge impact on whether or not customers feel valued and understood. Motivated and well-trained staff therefore directly contribute to customer loyalty.

3. the customer is important. Feedback, questions, and customer participation in improvement processes not only improves satisfaction, but also provides a sense of connection between customer and brand. Engagement turns the relationship from a transactional one to a long-term conversation.

4. failures must be reported to the organization. While mistakes are inevitable, recognizing them and correcting them can help restore trust and even encourage customer loyalty. In such cases, transparency is a sign of reliability and care.

5. loyalty programs are an effective way to keep customers. Ultimately, programs that are successful are more valuable than discounts because they reward repeat customers and show loyalty to customers. When thoughtfully implemented, these types of activities can increase emotional and behavioral loyalty.

Finally, continuous operational innovation is a must. Modern customers expect efficiency, speed and simplicity. Organizations reduce friction in the customer journey by reducing processes and improving service delivery and enhancing perceptions of reliability and responsiveness.

Together, these six practices show that loyalty is not achieved by a single initiative but by a coordinated approach that includes quality, engagement, accountability, incentives, and innovation.

2. The Ladder of Loyalty

The ladder of loyalty shows the different stages through which a prospect becomes a customer, a client and finally a partner.

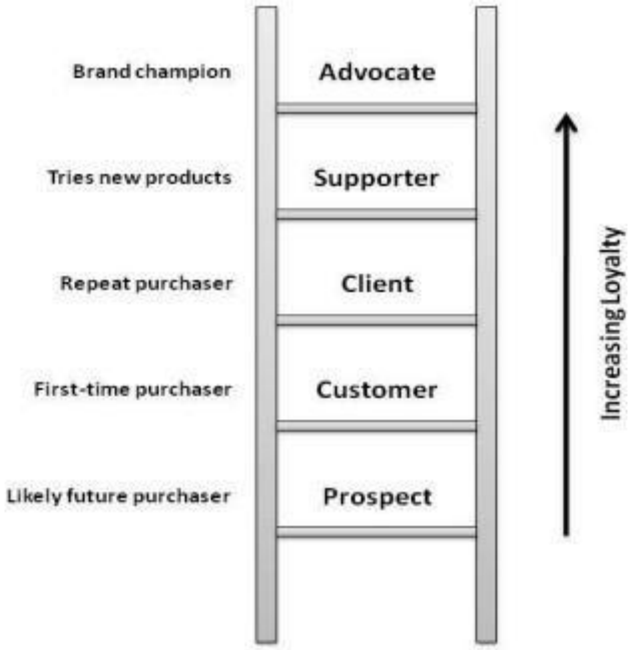

Figure 11. The Ladder of Loyalty (Christopher & Ballantyne, 2002)

Prospect:

The prospect is an individual in a retail market or an organization in the business market, which fulfils the requirement of the marketer 's definition of target. For example, a cellular service provider may segment the market and target executives in blue chip companies with a special offer.

Customer:

The prospect becomes a customer when s/he gets attracted by the offering of the marketer and buys the product / service.

Client:

A customer becomes a client when s/he purchases the product or service more than once. While a customer may make the initial purchase as a trial or test, the client is one who does a repeat purchase. It is likely that the trial was a satisfactory experience for the client.

Supporter:

A client becomes a supporter when he is satisfied with the offering and recommends it to his friend, relatives and acquaintances. This positive Word – Of – Mouth (WOM) has tremendous positive impact as it helps the company get new customer. WOM is a most influential source of information in converting prospects into customer.

Advocate:

An advocate is a supporter who, in addition to referrals that give increases sales, proactively works with the company to improve its product and services. While developing new products software companies regularly depend on the feedback from the lead users of their clients during the Beta test phase. So is a case in new product development situation in several industrial firms who set up the prototype in their client ‘s premises for usage and feedback, which helps in improvement. In these situations, the level of interaction between the customer and the company is at a much higher plane. There is the sharing of vital information and comfort level as well as the confidence between the parties is high.

Partner:

An advocate becomes a partner when they become actively involved in the decisions of the company. Any relationship that attempts to develop customer value through partnering activities is likely to create greater bonding between customers and marketers. In many cases, there are joint investments resulting in structural bonding

To sum up

This chapter emphasized that the customer database is the central repository for all relevant information about prospects and clients, integrating demographic, behavioral, and transactional data. By linking individual records to organizational processes, firms gain a 360-degree view of their customers. Key insights include the importance of recency, frequency, and monetary (RFM) metrics, as well as the role of data warehouses and analytics in deriving value. The chapter reinforced that customer databases must balance utility with responsibility, ensuring accuracy, accessibility, and respect for privacy.

Chapter 5 : ***Customer Interaction Channels: A Comprehensive Overview***

Introduction

Interactions between businesses and consumers via different channels have attracted the increasing attention of researchers and practitioners. The internet and digital technologies have brought novel possibilities for corporates, allowing them to interact with customers through online channels such as websites, social media, and mobile applications in addition to traditional offline channels (Gao and Huang, 2021).

Customers may alternate between different stages of the purchasing process, and their decision-making process is not always linear. Getting information, weighing options, and making a purchase are the three main steps in the decision-making process where consumers focus the majority of their time and effort. Omnichannel merchants offer a variety of easily accessible channels and touch points, such as physical stores, smartphone apps, and social media, to enhance the chance for customer connection.

Customers use many online and physical channels to complete transactions in a single order by weighing their individual demands, channel features, benefits obtained, and expenses paid. Due to consumers' varying channel preferences at every stage, other intricate cross-channel shopping habits have also developed. Two popular cross-channel shopping behaviors are showrooming (searching and trying things offline and then making a purchase offline) and webrooming (researching information online and making a purchase offline). Mobile showrooming is a growing trend as a result of the proliferation of mobile devices and the accessibility to the Internet (Zhao, Zhao and Liu, 2022).

Customer interaction channels play a crucial role in modern business strategies, influencing customer experience, satisfaction, and brand loyalty (Lemon & Verhoef, 2016). These channels refer to the various platforms and methods through which businesses engage with customers, offering support, gathering feedback, and fostering relationships. The effectiveness of these channels depends on factors such as accessibility, personalization, and the ability to offer seamless experiences across multiple touchpoints (Verhoef et al., 2015).

This chapter provides an in-depth analysis of customer interaction channels, categorizing them into digital, traditional, and hybrid methods, while citing relevant academic literature.

By the end of this chapter students will be able to:

- Classify interaction channels (digital, traditional, hybrid) and explain the strengths/limitations of each.

- Describe omnichannel vs. multichannel approaches and argue why channel integration matters for experience consistency.
- Analyze cross-channel customer behaviors and their implications for channel choice.
- Propose a brief channel mix recommendation for a given customer journey scenario.

1. Customer Interaction Channels

Customer relationship management (CRM) increasingly requires the integration of multiple channels of interaction to create personalized, sustained customer interactions. These channels, ranging from in-person service and telephone support to digital channels such as social media, mobile apps, and AI-powered chatbots, allow businesses to collect valuable customer information, provide targeted communication, and improve responsiveness to services. The integration of these channels into omnichannel CRM systems not only ensures consistency across touchpoints but also allows companies to respond in real time to individual customer preferences. Verhoef et al. (2015) suggest that omnichannel strategies provide an important enhancement to the customer experience by bridging technological gaps and enabling seamless transitions between online and offline interactions. This ability to maintain continuity and context across channels is critical to building customer trust, improving satisfaction, and ultimately driving loyalty in competitive markets.

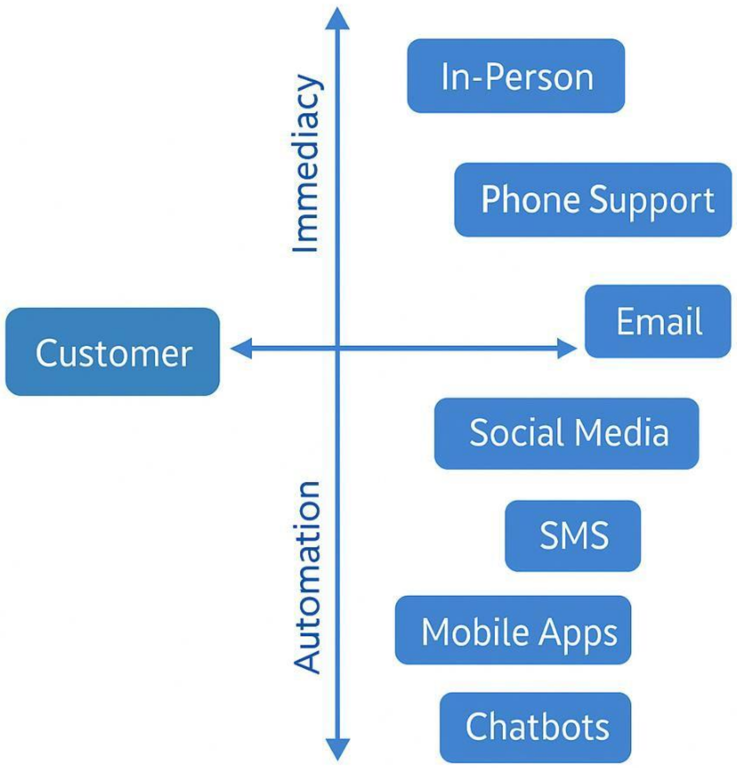

Figure 12. Overview of Interaction Channels (By the author)

Figure 1 provides a schematic representation of the various interaction channels. It illustrates the pathway through which a message or information flows—from initial contact to resolution—across different mediums. In this diagram, key attributes such as immediacy, personalization, accessibility, and scalability are highlighted. For instance, the figure shows that while a telephone call may offer high immediacy and a personal touch, email provides a more asynchronous but detailed mode of communication. The visual flowchart is meant to serve as a quick reference guide, helping readers to see at a glance how different channels connect and complement each other within a comprehensive communication strategy.

2. Digital Channels

Digital marketing is a useful tool for companies to develop new approaches to attracting customers who are becoming more digital in adversity. Guillermo (2020) argues that digital marketing should be defined as a system of marketing strategies through digital media, both offline and online. This approach allows customers to communicate without direct sales, which is a mandatory and effective form of marketing. Amson (2021) argues that video marketing and social media content are trends in digital content marketing, where users consume audiovisual content prior to making a purchase decision and are likely to continue to attract customers quickly, directly, and emotionally. The new demands are accompanied by a closer relationship with customers regarding the content they consume.

2.1 Social Media

Facebook, Instagram, Twitter, LinkedIn and TikTok have made customer interaction more interactive through two-way communication and real-time interaction (Kaplan & Haenlein, 2010). Businesses use these platforms for brand awareness, customer service and crisis management. Engaging content, such as videos, infographics, and user-generated content, can increase engagement and loyalty among consumers (Ashley & Tuten, 2015). Social media is also an important channel for social listening, where companies can explore trends, customer concerns, and brand perception through comments, hashtags, and sentiment analysis tools (Gensler et al., 2013). Social media marketing is a new and transformative marketing strategy that allows for unlimited engagement and communication between brands and consumers, as Serajpour et al. (2021). Social media marketing is the term used to describe all actions taken to promote a brand through social media, which is at its zenith right now. Ibrahim, Aljarah and Ababneh (2020) view social media marketing as a future-oriented marketing strategy because it has an enormous impact on consumers; it is used by strategic marketers because it has an enormous visibility.

2.2 Websites and Live Chat

The company's website is the primary point of contact for customers, providing information, self-service options, and transaction options (Chaffey & Smith, 2017). FAQs, customer forums, and product reviews serve to enhance the customer experience. Live chat also increases engagement by providing instant support, reducing response time, and increasing conversion rates (Wirtz et al., 2018). The inclusion of AI-powered chat features has dramatically improved response times, allowing support to be available 24 hours a day, allowing human agents to respond to more complex queries (Huang & Rust, 2021).

2.3 Email Communication

Email remains a valuable communication tool, providing personalized interaction, marketing messages, and transactional updates (Malthouse et al., 2013). Businesses can segment audience and send targeted messages based on customer behavior and preferences. Email sequences such as welcome emails, cart abandonment reminders and follow-up emails are essential to maintaining customer loyalty and thereby increasing retention rates. The main purpose of personalized email marketing is to engage customers and achieve purchase success, as research suggests that tailored email marketing teaches customers the value of engagement and purchase certainty.

2.4 Mobile Applications

Mobile applications allow businesses to communicate with their customers in an personalized way, loyalty programs, and seamless transactions (Grewal et al., 2020). There is a variety of push notifications, cellular messages, and exclusive promotions that bring engagement to the app. Mobile apps can help businesses measure customer behavior and provide personalized recommendations in the field of use to maximize the user's experience. This trend of AI in mobile applications has led to predictive analytics: companies can anticipate customers needs, provide real-time solutions (Rust & Huang, 2022).

2.5 Chatbots and AI Assistants

This AI revolutionized the customer service industry through chatbots that respond quickly to automated messages and use repetitive queries efficiently (Van Doorn et al., 2017). AI-driven chatbots improve efficiency, cost effectiveness, and customer satisfaction with 24/7 service. These bots can track orders, troubleshoot questions and frequently asked questions while expanding on complex issues to human agents. But machine learning helps chatbots develop faster and learn more accuracy and effectiveness. Also, AI-powered assistants like Siri, Alexa, and Google Assistant can help voice- activated customer interactions that are easier and more convenient for use and convenience (Luo et al., 2019).

2.6 Content Marketing

Paradova (2020) describes content marketing as an evolving strategy, constantly changing along with technology and the development of the internet. The company distributes informative, educational, and entertainment content, with content marketing at the core of all current online marketing strategies where quality content is simply part of the entire process of content marketing. Content marketing is a meticulously created strategy. Al-Gasawneh and Al-Adamat (2020) note that content marketing often uses large amounts of information in advertisements to encourage consumers to understand more about the product. While it is important to understand that the outcome is typically long, potentially months or years, the outcome is important.

3. Traditional Channels

3.1 Phone Support and Call Centers

A major customer service channel is telephone service, especially for the resolution of complex issues that are needed to be solved with human beings (Dean, 2004). Call centers hire trained agents who handle queries, complaints and technical support. IVR systems help call routing from the appropriate departments and cut waiting times. Although telephone support is effective, agent training, response time, and emotional intelligence are essential to customer success, because customers often prefer empathy and knowledgeable response over scripted responses (McColl-Kennedy et al., 2015).

3.2 Physical Stores and Branches

The brick-and-mortar stores offer direct interaction, allowing for customers to experience products, ask for assistance, and build relationships with brands (Grewal et al., 2018). The interaction with face-to-face personalized interaction has enormous influence on buying decision and customer satisfaction. In-store services such as product demonstrations, consultations, loyalty programs are integrated into store experiences. Retailers are now harnessing digital technologies such as AR and smart kiosks to improve shopping experience in the store (Pantano et al., 2017).

3.3 Events and Trade Shows

Corporate events, trade shows and conferences serve engagement purposes, serving as engaging venues for businesses to showcase products, network with consumers, and make sales (Gopalakrishna et al., 2019). These interactions strengthen customers relations and brand awareness. Companies use these events to start new products, offer discounts and run demonstrations. The new hybrid practices of physical and virtual participation has expanded audience reach and engagement (Rangaswamy et al., 2020).

4. Hybrid Channels

4.1 SMS and Push Notifications

SMS and push notifications offer businesses an effective and direct way to connect with customers, share reminders, and promote special offers (Andrews et al., 2016). SMS marketing is a good, centralized communication tool for time-sensitive messages. Personalized push notifications on mobile apps keep users and engage with the app providing location-based deals and behavioral-triggered messages. But, excessive notifications can cause customers irritation and opt-outs, and require strategic frequency control (Watson et al., 2015).

4.2 Omnichannel Support Systems

Omnichannel communication integrates digital, traditional and physical channels to create a seamless customer experience (Verhoef et al., 2015). In order to stay in touch across platforms, businesses use CRM software to track interactions across platforms. Customers are more trust and loyal to a product or service that can be made simple, with the unified web, mobile, social media, offline customer experience. In the recent advances in data analytics and AI, predictive personalization is possible, which allows customers to engage in contextually appropriate engagement at any touchpoint (Hoyer et al., 2020).

Omnichannel provides a cross-channel engagement for consumers that can be expanded beyond multichannel. In contrast to multichannel, omnichannel is a degree of integration, data sharing or analytics that seek to bridge the technological gaps between multiple channels of communication. Popular benefits include lower costs of repeating information that would be needed for customers and improved intelligence to improve agent performance. Omnichannel provides the opportunity to share information throughout contact to ensure that information accompanys a client when they transition from digital channels such as online chat to phone assistance. omnichannel systems for customers are widespread. The rise of multichannel consumer involvement has been driven by preferences for the preferred communication channels, and the deployment of multiple media methods..

4.2.1 What is the working system of omnichannel marketing?

As we discuss, omnichannel marketing in an organization: a prospect's purchase occurs on social media with your products or services and then interacts with you through your online store. They engage with your advertisement, and they come to your website with persuasive content. They engage in curiosity, visit multiple websites and complete contact us and buy goods or take out your items from your cart, but they stop engaging before submission. Customers receive a letter to remind them of what items are in their cart or information about the products or services that help with their needs a few days later. You can even give them a discount. For people interested in your offer, they return to your website to complete the transaction or to suggest they want to be approached by sales. For retail purchases, clients may choose to get their goods in your own city. The website also advises the customer to download your mobile application to receive real-time updates regarding the status of your order. Two weeks later, you send out similar or additional products or services through social media, push notifications through the digital application, or text messages. The offer should also be sent to your email address. After a few weeks, the consumer receives a letter from their supplier to provide feedback or any review about their purchase experience. In this context, omnichannel marketing is practiced adequately to navigate channels and create a cohesive brand experience for the consumer.

4.3 Influencers and Brand Ambassadors

Use of influencers and brand ambassadors allows businesses to connect with target audiences indirectly via trusted personalities (Lou & Yuan, 2019). Influencer marketing is important for brands gaining an edge and increasing credibility. Companies can engage with the influencers who share their brand values. Employees and loyal customers help strengthen word-of-mouth marketing and strengthen brand reputation. Micro-influencers are increasingly becoming more popular to engage than celebrities in endorsements compared with celebrities (Schouten et al., 2020).

Table 3. Comparative Analysis of Interaction Channels (By the Author)

Channel	Description	Response Time	Personalization	Advantages	Limitations
Email	Asynchronous communication ideal for detailed messages and records.	Slow to moderate	Medium	Allows for thoughtful, detailed responses; serves as a written record	May result in delayed responses; lacks immediacy
Telephone	Real-time voice communication offering immediate feedback and human connection.	Immediate	High	Direct, personal contact; immediate clarification	Can be disruptive; scheduling issues; not easily documented
Online Chat/Chatbots	Digital interfaces (human or AI) offering conversational engagement on websites or apps.	Immediate	Variable (often medium)	Quick response; accessible on multiple devices; integrates with CRM	Might be perceived as impersonal if automated; technical issues
Social Media Messaging	Communication through platforms like Facebook Messenger or Twitter DMs, blending	Immediate to moderate	Medium	Broad reach; taps into existing social media habits; fosters engagement	Can blur the professional/personal line; requires ongoing monitoring

	casual tone with outreach potential.				
In-Person Interaction	Direct, face-to-face communication typically conducted in meetings or service centers.	Immediate	Very High	Builds strong personal relationships; nuanced communication	Limited scalability; less convenient for distributed audiences
SMS/Text Messaging	Direct messaging through mobile devices, suitable for quick updates and alerts.	Immediate	Low to Medium	High open rates; quick delivery; simple to use	Limited message length; less suitable for complex interactions

To sum up

These forms of interaction are central for businesses hoping to create engagement, customer experience and loyalty. The combination of digital, traditional, hybrid services, with varying customer needs, ensures complete communication and is appropriate to the needs of different customers. Future research should explore the implications of emerging technologies, like AI, virtual reality, and metaverse-based interaction for engagement strategies with customers.

This presented customer satisfaction as a key measure of marketing success as a mechanism for loyalty, retention, and profitability. It had diverse definitions and models, from expectancy-disconfirmation theory to modern measures such as CSAT and NPS. The chapter also emphasised that the meaning of satisfaction is not only about getting what we are looking for, but also that satisfaction is about making something worth living. What students need to learn is that all competitive advantage must be maintained through systematic measurement and proactive satisfaction management.

Chapter 6 : *Operational Tools for CRM*

Introduction

One important aspect of the present digitalization of commodity markets is the usage of CRM systems. Furthermore, a primary goal is the integration of automation technologies into business operations and marketing initiatives. Enhancing these foundations is essential to the business's operational effectiveness and will help it achieve commercial success. In accordance with the primary development strategies, this technique can help improve the enterprise's strategic management strategy and will be most suitable and significant for its dissemination.

The creation of automation projects is a component of the policy of employing Internet marketing and brand management in the contemporary sense. This mostly pertains to establishing an advertising campaign that allows for the selection of the target audience and the delivery of a targeted advertising message. Utilizing CRM systems has the benefit of having customer databases. Additionally, combining important elements and encouraging productive engagement are made feasible by the utilization of the business's operational experience. The way the company's brand is perceived will improve as a result. Furthermore, their employment necessitates a thorough analysis given the current global business development environment and the proliferation of different marketing techniques.

CRM system implementation will have several important benefits since it enables us to evaluate the information at hand and use the most pertinent and appropriate automation-based techniques. Additionally, a company frequently uses a CRM system to manage its employees and operational tasks. Long-term, using it as a control mechanism can enhance the enterprise's general functioning and have a good effect on its overall status. Furthermore, compared to automating a particular activity, the contemporary practice of putting in place a CRM system has a number of advantages. A CRM system integrates all of an organization's operating procedures. It is important to remember that using one process in conjunction with another can improve outcomes and avoid errors in the automation of each process.

According to Xu (2002), a CRM has four fundamental chracterestics ; these are Sales Force Automation, Customer Service and Support, Field Service Automation, and Marketing Automation. Each group includes different CRM functionality and are further desribed in this chapter.

By the end of this chapter students will be able to:

- Identify and describe the main operational CRM modules (Sales Force Automation, Marketing Automation, Customer Service & Support, Field Service Automation).
- Explain the role of system and information quality in CRM success and list key quality criteria.
- Design a simple marketing automation workflow (trigger → message → follow-up) suitable for a CRM platform.
- Assess integration requirements between CRM and complementary systems (e.g., ERP, helpdesk, marketing platforms).
- Describe basic change-management and training measures necessary for successful CRM adoption.

1. System and Information Quality

The success of CRM depends on your customers (Roh et al., 2005). Information quality is a major source of consumer value (Licker & Molla, 2001) and a critical component of IS success (DeLone & McLean, 1992; Y. Lee & Kozar, 2006). When done correctly, it provides timely (Chuang & Lin, 2013), relevant (Wixom & Todd, 2005), complete (Palmer, 2014; Vladimir, 1996), and accurate (Popovič, Hackney, Coelho, & Jaklič, 2012) information. DeLone and McLean (2003) employ these four measures. Customers (users) will not be satisfied if the product (information) is not delivered on time (timeliness) and does not meet the requirements (relevance) (Clikeman, 1999). A significantly greater degree of data quality is needed now that big data is available (Prahalad & Krishman, 2008). Since analysis teams spend 90% of their time manipulating, cleaning, and integrating data, poor data quality increases product-related costs (Banker, Kauffman, & Morey, 1990; Russom, 2006; Swanson, 1997) and takes a lot longer to analyze (Vidgen, Shaw, & Grant, 2017). Quality information is used for nearly everything in a CRM system. Customizing features and producing even more valuable information for end users, like online screens or reports (DeLone & McLean, 1992), for example, will undoubtedly enhance management success and decision-making (Lal & Bharadwaj, 2015). In addition to lowering costs, decreasing attrition, understanding relationships, anticipating trends, predicting demand, and optimizing campaigns (Roh et al., 2005), accurate information will enable businesses to make the right decisions at the right time and ultimately affect the performance of their organizations (Choo, 1998; Daft & Lengel, 2012; Porter & Millar, 1985; Raghunathan, 1999; Stvilia, Gasser, Twidale, & Smith, 2007).

One important consideration when using an information system is system quality (DeLone & McLean, 1992). These days, data is recorded in a variety of formats, and CRM systems need to be able to handle and examine all of these formats in order to extract valuable information from them (Lal & Bharadwaj, 2015). An information system's quality affects both user happiness and how well it is used (Lal & Bharadwaj, 2015). System quality includes both software and data components and is a metric used to determine whether or not software is technically sound (Gorla et al., 2010). Benefits to the organization, including lower costs, higher profits, and enhanced process efficiency, will result from a high-quality information system (Kim, 2004) (Bakos, 1987). Conversely, if an IS fails to deliver quality, it will, for instance, raise the product's price (Gorla et al., 2010). Software quality typically translates into system quality. Software that is of poorer quality is more likely to have errors and security flaws (Torn, 1990).

Effective learning depends on high-quality and easily accessible technology (Webster & Hackley, 1997). Among other things, Bhimani (1996) advocated for security, fast error recovery, and rapid access (Bailey & Pearson, 1983; Belardo, Karwan, & Wallace, 1982; DeLone & McLean, 2003; Molla & Licker, 2001; Tiwana, 1998). According to a number of studies, usability is the most important consideration when assessing the quality of a system (Nelson et al., 2005). Individual and organizational productivity will both benefit from improved system quality (DeLone & McLean, 2003).

2. CRM Software Systems

2.1 Definition and Purpose of CRM Software

CRM, as stated above, is the strategic, operational and analytical systems that organizations are using to ensure customer interactions across the customer lifecycle are executed by organizations. It aims to improve satisfaction, loyalty, retention and business performance (Galbreath & Rogers, 1999; Siriprasoetsin et al., 2011).

Operational CRM automates front-office processes like sales force automation, marketing automation, and service automation. Analytical CRM analyzes customer data using data mining and pattern recognition to help inform decisions. Collective CRM integrates the communication paths across departments, such as marketing, service, sales, to provide consistent experiences (Chuang & Lin, 2013; Greenberg, 2010; Siriprasoetsin et al., 2011).

CRM systems include data storage, performance tracking, direct communication, targeted marketing, and turning raw customer information into actionable insights that guide strategy (Softrelix, n.d.)

The CRM systems' core objectives are broadly similar, but each of these services has different scale, specialization, and feature depth. The first four of the most widely used CRM platforms are Salesforce, HubSpot, Zoho CRM and Microsoft Dynamics 365 to highlight their unique role in customer relationships management.

2.1.1 Salesforce

Salesforce is the most prominent cloud-based CRM platform in the world, being best known for its expansive ecosystem and the ability to use artificial intelligence (via Einstein AI) into the big picture. It also offers customized modules for sales, marketing, service, commerce, and analytics (Barker et al., 2022). Salesforce's scalability and adaptability mean it is the ideal choice for large businesses and mid-sized companies seeking a high-end enterprise-level CRM that is automation and predictive.

Example: American Express used Salesforce to unify customer service data, reducing average handling time by 20% and increasing customer satisfaction scores.

2.1.2 HubSpot

HubSpot CRM provides a free, base CRM with options for marketing automation, content management and customer service. Its popularity among entrepreneurs and small businesses has been seen especially for the simplicity of use, low implementation cost and intuitive interface (Guerola-Navarro et al., 2021). HubSpot is based on inbound marketing, which allows businesses to align content, SEO, email, and automation across CRM.

Example: ClassPass used HubSpot to manage customer acquisition campaigns, reporting a 40% increase in lead conversion through segmented email workflows.

2.1.3 Zoho CRM

Zoho CRM is a low-cost, cloud-based marketing, sales and support software, and has multiple features and features throughout marketing, sales, and support. It appeals to small and medium-sized enterprises with cost-sensitive small to mid-sized businesses who need a comprehensive CRM package that is easy to customize (Choudhury & Harrigan, 2014). Zoho also has robust mobile support and AI via its “Zia” engine.

Example: IT company TSoft reported a 300% improvement in lead conversion rates after automating their lead nurturing and follow-up processes with Zoho CRM.

2.1.4 Microsoft Dynamics 365

Microsoft Dynamics 365 CRM fully complements Microsoft ecosystem as Outlook, Teams, Excel, SharePoint and is especially suited for existing Microsoft infrastructure. It provides advanced AI, business intelligence, and industry-specific modules – Erturk & He, 2018. Dynamics is commonly chosen by manufacturers, hospitals and finance enterprises, because of its enterprise-level data compliance and extensibility.

Example: Sandvik Mining and Rock Solutions used Microsoft Dynamics 365 to centralize sales data across 150 countries, reducing forecasting errors and increasing sales productivity by 25%.

Table 4. Comparison between CRM Software systems (By the author)

Platform	Ideal For	Notable Features	AI Integration
Salesforce	Large enterprises	Advanced customization, wide app ecosystem	Einstein AI
HubSpot	Startups & SMEs	Inbound marketing, user-friendly, free tier	Predictive lead scoring
Zoho CRM	Cost-conscious SMEs	End-to-end business suite, high flexibility	Zia AI
Microsoft Dynamics	Mid-to-large enterprises	Native Microsoft integration, Power BI, compliance	Azure AI + Copilot

2.2 Core Features of CRM Systems

A typical CRM system includes:

- Contact Management: A unified repository of customer and prospect data—including identity, interaction history, and preferences accessible across the organization (Chuang & Lin, 2013; Siriprasoetsin et al., 2011)
- Lead Tracking: Tools to capture, qualify, and manage prospective customers through defined stages, from initial interest through conversion (Greenberg, 2010)
- Pipeline Management: Visual dashboards and workflows to model sales cycles, forecast revenue, and monitor prospects' progress (Greenberg, 2010)
- Customer Segmentation: Filtering capabilities based on demographics, purchasing behavior, value, and lifecycle stage, enabling personalized communication strategies
- Reporting and Analytics: Dashboards and predictive analytics providing KPIs, churn risk, and customer lifetime value to support strategic decisions (Chuang & Lin, 2013)

2.3 How CRM Systems Centralize Customer Information

CRM systems combine information from all interconnected contact points—email, phone, web, social media and field service—to form a central customer profile (Chuang & Lin, 2013; Siriprasoetsin et al., 2011). This centralization allows:

- Segmented and interaction history can be used for personalized communication.

- Consistent service, as all teams share information about current customers.
- Stratified collaboration across operational units with marketing, sales and service all aligned with unifying customer data (Greenberg, 2009; Payne & Frow, 2005).

2.4 Real-World Examples and Case Studies

While aggregate performance effects are commonly discussed in academic literature, several case studies highlight the impact that CRM has on implementation.

2.4.1 Improved Retention and Business Performance

GuerolaNavarro et al. (1921) reviewed empirical studies that demonstrates the positive effect of CRM on customer retention, firm innovation, and overall business performance (finance measures and operational efficiency). CRM allows for personalization and proactive service, which increases customer relationships and lowers churn rates.

2.4.2 SMEs Using Cloud-Based CRM (Dynamics 365)

Erturk and He (2018) examined a cloud-based CRM implementation, Microsoft Dynamics 365 in which both sales, marketing, and service processes were integrated and data was distributed across departments. SMEs could now migrate from siloed on-premise applications to unified CRM environment using the on-demand model.

2.4.3 Knowledge Creation via Analytical and Collaborative CRM

The analysis of analytical CRM provides a way to acquire and use client data into organizational knowledge and collaborative CRM facilitates sharing and exiting customer insights across teams. Operational CRM, can be a means for ongoing communication with customers, increasing knowledge in a virtual environment through ongoing interaction.

2.4.4 Quality Dimensions Impacting Satisfaction

An overview of CRM adoption in online settings presents critical success factors: accuracy, timeliness, system quality, usability, reliability and service quality (user support, training) . The high quality CRM implementations significantly improve users' and long-term adoption Partner Marketing Center (PMC).

3. Automation Tools

Automation tools are increasingly essential in customer relationship management (CRM), marketing, and support services. They streamline operations, reduce manual tasks, and enhance the overall customer experience by delivering timely, relevant, and personalized interactions.

a. Email Automation

Email automation refers to the use of software to send emails triggered by specific user actions or timelines. Common implementations include:

- **Drip campaigns**: Predefined sequences of emails sent over time to nurture leads or onboard new customers.
- **Follow-up messages**: Automated reminders or responses after events such as purchases, sign-ups, or inactivity.
- **Personalized newsletters**: Tailored content based on user behavior, interests, or demographics.

According to Chaffey & Ellis-Chadwick (2019), automated email marketing significantly improves open and conversion rates by ensuring timely and contextually relevant messages.

b. Chatbots

Chatbots are AI-driven systems that are capable of playing a conversation with users. They are often used for:

- Answering FAQs.
- Meeting scheduling.
- Helping and guiding clients.

Modern chatbots, powered by Natural Language Processing (NLP) can then interpret user intent and provide more precise and responsive interactions. Flstad & Skjuve (2000) found that inefficient chatbots make users feel appreciated and they can be easily available and available on their own, without deriving human aid.

c. Workflow Automation

Workflow automation is the creation of triggers in an event based on predefined conditions or user behavior. As for example.

- If a customer abandons the shopping cart and not shopping, a discount offer will be sent.
- An email requesting a product recommendation was initiated after purchasing a recent purchase.
- a chatbot redirects complex queries to a human agent.

These processes ensure consistency and timeliness in customer communication, reducing latency and manual control.

3.1. Benefits of Automation Tools

Some of the advantages of automation technologies include:

- Optimized efficiency: Continuous tasks are managed by systematic, saving time and decreasing error.
- Stability: Systems can handle large volumes of interactions without increasing staffing proportionally.
- As automation ensures consistent customer service and experiences across touch-points, services can be consistent.

As Kumar et al. (2021 emphasised, automation is a vital component in delivering omnichannel, data driven andscalable customer engagement strategies.

Automated Email Campaign Logic

Here’s how the logic might be structured:

1. **User Visits Website**
2. **Decision**: Did the user subscribe?
    - Yes → Send Welcome Email
    - No → Do nothing or track passively
3. **Decision**: Did the user open the email?
    - Yes → Send Product Info
    - No → Send Reminder after 2 days
4. **Decision**: Did user click link?

- Yes → Send Promo Code
- No → Send Educational Email

5. **Decision**: Did user use promo code?
   - Yes → Thank You + Upsell
   - No → Send Final Reminder
6. **Decision**: Still inactive after X days?
   - Yes → Tag as Unengaged

4. CRM Integration Across Functions

CRM integration allows for information exchange, sync, and business process automation by connecting the company's CRM system with other software or platforms. The equivalence of manual data entry and error reduction provided by CRM integration reduces the risk of errors by easily transmitting customer information, orders, sales quotes, leads and prospects, invoices, and other pertinent information across platforms.

For example, cross-functional collaboration increases the completeness and accuracy of data, allowing multiple teams to examine information and provide their own ideas. The CRM continues to function as a reliable source of truth for the entire company and maintains its credibility through regular communication and data sharing. (Sthle, Ahola and Martinsuo, 2019).

4.1. CRM Integration Across Key Business Functions

The development of CMR systems has become a tool for organizations to integrate multiple business functions, allowing the organization to implement a common, data driven, approach to the customer journey. CRM systems are able to be integrated with marketing, sales and customer support functions bringing operational efficiency into operation, help knowledge sharing, and enhance customer satisfaction.

CRM systems now are integral in strategic and operational operations – a marketing view. Marketing automation tools enable content to be personalized based on user behavior – making it possible to nurture leads through the funnel. As Choudhury and Harrigan (2014) point out, such automation fosters deeper engagement by tailoring communications to each stage of the journey. For example, the new segmentation capabilities allow marketers to differentiate customers according to behavioral, geographic, and demographic attributes to improve targeting accuracy and increase conversion rates (Nguyen & Simkin, 2013). CRM systems also assist campaign management in real-time monitoring of performance indicators such as open rates, click-through rates, and return on investment. This tracking helps to motivate accountability and enables an evidence-based decision-making (Zahay et al., 2012).

CRM platforms distribute customer information, simplify communications, and make forecasting more accurate. Opportunity management tools track deal phases, anticipated closing dates, and potential value, helping sales teams prioritize high-probability leads and improve resource allocation. Buttle and Maklan (19 2019) note that it increases revenue productivity and pipeline management. In addition, forecasting functions based upon historical data and current deal flows can help strategy planning by predict future revenues, Chen & Popovich, 2003. In addition, CRM systems combine email, phone calls, and meeting notes to form a single repository. Payne & Frow (2005) indicate that this continuity of communication is critical to relationship-based selling because it provides sales workers with a detailed picture of client interactions across time.

Plus, CRM integration enhances the customer support function. Post-sale engagement is vital to satisfaction and preventing churn, and CRM processes provide support teams with information timely, contextual, to ensure effective service delivery. Integration of ticketing systems in CRMs and timely resolution of problems with customers enables improved customer service and a better value for resources, published by Kumar & Reinartz, 2018. Live chat integrations also help to respond more quickly and by automatically collecting the customer's questions along with their order or service history to assist in personalized assistance (Rahimi & Gunlu, 2016). Finally, CRM systems can link feedback metrics like CSAT and Net Promoter Score directly to customer records. Faed et al. (2014) cite the evidence for such integration as firms identifying at risk clients to design targeted follow-up and enhancing the retention strategies of customers.

CRM integration is strategic because it produces a 360-degree view of the customer. The cohesive view allows all departments—marketing, sales, and support—to work together with a shared common information, which will align organizational focus, assist personalization, and increase cross-functional collaboration. In Payne and Frow (2006) argued that the creation of a holistic customer view is an essential component of customers-centric business models and key to maintaining long-term, profitable relationships.

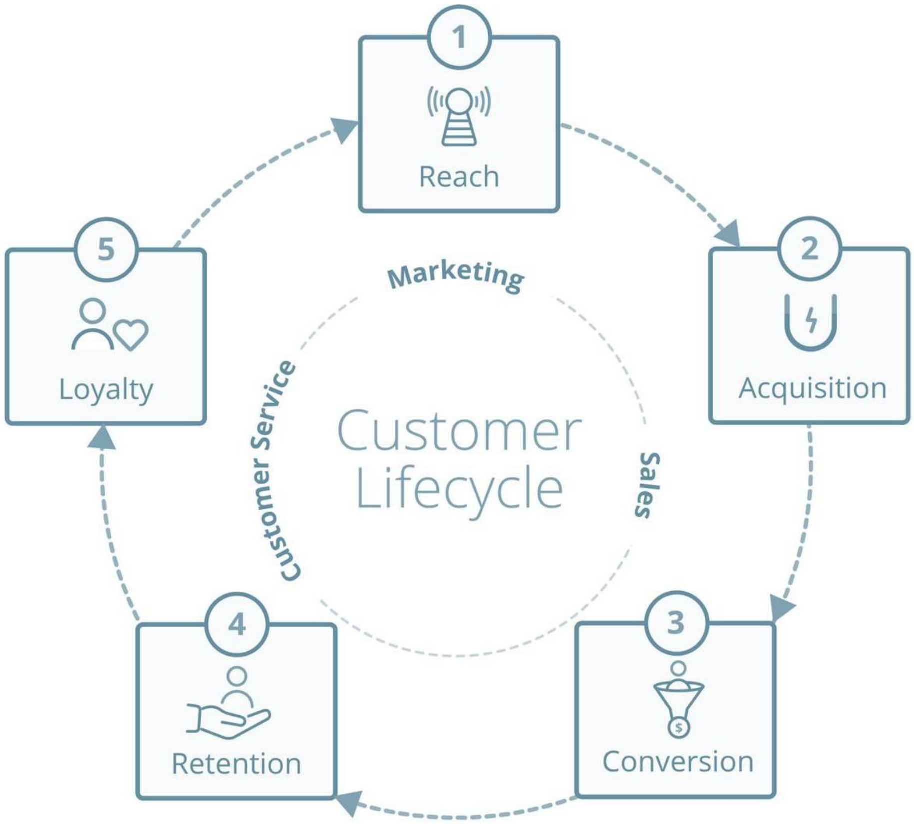

Figure 13. Customer Lifecycle Stages and the CRM Process (source : https://www.codelessplatforms.com/blog/what-is-crm-integration/)

The diagram illustrates the Customer Lifecycle, a model that maps out the journey of a customer from the initial point of contact to long-term loyalty. It highlights five key stages: Reach, Acquisition, Conversion, Retention, and Loyalty.

While the diagram itself does not show specific technologies, it has a direct connection to CRM system integration across business functions. Here's how:

4.2. How Each Stage Maps to CRM Integration

CRM systems are integral to supporting organizations in different stages of the customer lifecycle. For example, CRM brings marketing, sales, and service activities together, creating efficiency as well as customer experience. The stages of reach, acquisition, conversion, retention and loyalty provide a helpful lens through which to understand the way in which CRM can be applied (Payne & Frow, 2017).

The reach stage is the awareness stage that focuses on the potential customers who first encounter the brand. At this time, CRM platforms complement digital marketing tools such as email campaigns, social media networks, and advertising strategies to measure engagement, collect information on prospects, and create client profiles. This collaboration helps firms better monitor the effectiveness of outreach programs and identify leads.

The acquisition phase is designed to capture and qualify these leads. Here, CRM systems support lead scoring, segmentation, and nurturing, enabling marketing teams to deliver targeted content and sales teams can receive highly qualified prospects. A dynamic data supply allows a smooth transition from marketing to sales, enabling continuity and minimize information gaps.

The transition from prospect to client is the conversion stage. CRM systems help with the tracking of opportunities, pipeline management, and communication history. They can inform sales representatives as to how to make informed decisions, follow up as quickly as possible and guide prospects through the sales funnel in a structured manner.

After the sale has been concluded the retention stage is a focus to maintaining customer satisfaction and avoid churn. CRM integration with helpdesk systems, live chat, customer feedback tools allows service teams to have a full knowledge of past interactions with clients. This comprehensive picture provides better resolution of issues and the immediate support, increasing the likelihood of continuity to the customer.

Finally, loyalty is indicative of the relationship between the firm and its clients. Until recently, CRM systems helped organizations develop and manage loyalty programs, generate personalized re-engagement campaigns, and analyze customer satisfaction indicators such as Net Promoter Score, NPS and CSAT. Yet these tools can be used to encourage repeat purchases, and also increase advocacy, in that loyal customers are more likely to share referrals and positive word-of-mouth (Verhoef et al., 2021).

In sum, these stages illustrate how CRM systems can be integrated. In addressing marketing, sales and service processes on the customer journey, organizations can help to improve relationships, improve efficiency, and increase future profits for the customer.

4.3. Why It Matters: The 360-Degree Customer View

By integrating all these touchpoints into one centralized CRM system, organizations gain a 360-degree view of the customer. This alignment across functions:

- Enhances customer experience

- Eliminates silos
- Improves data-driven decision-making
- Supports long-term relationship building

As Payne and Frow (2005) emphasize, effective CRM requires the integration of customer-facing functions to deliver consistent and personalized experiences across the customer lifecycle.

To sum up

This chapter showed loyalty as a multidimensional construct that consists of behavior repetition and anathema. By examining a variety of forms of loyalty (submissive, exclusive and shared) as well as structures like the Loyalty Ladder, this discussion outlined how loyalty arises and why it matters. That loyalty is not automatically rooted in its own value, but requires consistent value delivery, trust, and engagement. This loyalty and performance metric is a strategic goal for marketers as well as a performance measure that is directly tied to a customer's lifetime value.

Chapter 7. *CRM Performance Evaluation Criteria*

Introduction

We have already learned that the use of a CRM system is not simply a technological advancement, but strategic imperative. But the value of a CRM does not matter solely as it is implemented, or how sophisticated it is, but rather as it can be measured in business results. In order for businesses to improve customer loyalty, to improve operations and profitability, it is crucial to examine whether their CRM efforts actually attain these objectives.

This chapter examines assessment of CRM performance offering a framework for measuring success and maintaining it s adherence to organizational goals. First, we discuss performance evaluation criteria, which form the conceptual basis to assess the effectiveness of CRM systems. This includes the selection and interpretation of Key Performance Indicators (KPIs) and other quantitative and qualitative metrics, such as customer engagement, sales growth, service quality, and internal efficiency.

As a result, we discuss how to calculate and interpret the ROI of CRM initiatives. ROI analysis, for example, is not only a measurement of the financial impact of the investment, but also has the power to convince decision-makers that this investment was justified and will guide future investments. Finally, we address the importance of continuous improvement strategies as CRM is not a static tool, but a growing business capability which must adapt to changing market conditions, customer expectations, and new technologies.

By integrating performance measurements with strategic learning, organizations can turn CRM into a dynamic enabler of long-term customer value and competitive advantage. Through the findings presented here, managers, analysts and practitioners seek to gain information and tools that enable them to maximize the effectiveness of their CRM strategy and provide a continued source of refinement and innovation.

By the end of this chapter students will be able to:

- Define and distinguish strategic KPIs and operational metrics for CRM (examples: retention rate, CLV, NPS, average time to resolution).
- Calculate simple CRM ROI components from illustrative inputs and interpret the result for decision making.
- Design a concise CRM dashboard (3–5 widgets) that aligns with strategic objectives.

- Use KPI trends to recommend at least two continuous-improvement actions for a CRM program.
- Explain the role of periodic strategic review (KPI analysis + qualitative feedback) in sustaining CRM value.

1. KPIs and metrics for CRM success

1.1. Introduction to KPIs and Metrics in CRM

1.1.1. Key Performance Indicators (KPI)

Key Performance Indicators (KPIs) are "quantifiable measures that assess the extent to which an organization achieves its strategic goals, serving as a critical bridge between vision and measured outcomes" (Parmenter, 2015). In CRM, KPIs provide a high-level performance indicator that reflects consumer retention, satisfaction, revenue growth and operational efficiency (Buttle & Maklan, 2019.) While KPIs are generally considered strategically and outcome-oriented, metrics tend to be more efficient and granular in monitoring the specific activities and processes that ultimately contribute to larger goals. Combined, KPIs and metrics provide a comprehensive assessment framework: KPIs serve to provide an overall view of CRM effectiveness, while metrics provide the detailed diagnostic information needed for continuous improvement. A close alignment of both goals and organizational targets ensures that CRM initiatives are evaluated and assessed for measurable business impact in real-world contexts (Payne & Frow, 2013).

Aside from this conceptual distinction, it must be important to identify and label the specific KPIs and metrics most useful for measurement of CRM performance. But, if the organisation's strategic priorities are, industry context and customer relationship objectives, it is only appropriate to pick the right indicators according to Buttle et Maklan (2019) . In practice, CRM KPIs are organized into three major categories: customer-related indicators that measure the quality and longevity of relationships with clients; sales and revenue indicators that measure the financial impact of CRM initiatives; and operational efficiency indicators that measure the productivity and responsiveness of internal processes. Each category has a specific analytical focus, but together they are an integrated framework to understand how well CRM systems are able to offer value to business and customers (Payne & Frow, 2013).

a. *Customer-related KPIs*

Customer-related KPIs evaluate the strength, depth, and long-term potential of an organisation's customer relationships, which represents the very foundation of CRM strategy (Payne & Frow, 2013).

- **Customer Retention Rate (CRR)**: CRR represents the percentage of customers who remain active over a given period. High retention is often associated with strong satisfaction, trust, and relationship quality (Reinartz & Kumar, 2003). The CRR can be calculated as:

$$CRR = \frac{(E - N)}{S} \times 100$$

where E = number of customers at the end of the period, N = new customers acquired during the period, and S = customers at the start of the period. A higher CRR often correlates with reduced marketing costs, as retaining customers is generally more cost-effective than acquiring new ones (Kotler & Keller, 2016).

- **Customer Lifetime Value (CLV)**: CLV measures the total net profit expected from a customer throughout their relationship with the company. It is a forward-looking metric that helps prioritise investment in high-value segments (Gupta & Lehmann, 2006). A simple formula is:

$$CLV = (Average\ Purchase\ Value \times Purchase\ Frequency) \times Customer\ Lifespan$$

By linking CLV with retention strategies, firms can identify which customers merit personalised engagement or loyalty incentives.

- **Customer Acquisition Cost (CAC)**: CAC measures the total cost of acquiring a new customer, including marketing, sales, and administrative expenses. The formula is:

$$CAC = \frac{Total\ Acquisition\ Costs}{Number\ of\ New\ Customers}$$

A healthy CRM strategy often targets a CLV:CAC ratio of at least 3:1, indicating that the value of a customer substantially outweighs the acquisition cost (Kotler & Keller, 2016).

- **Net Promoter Score (NPS)**: Developed by Reichheld (2003), NPS assesses customer loyalty by asking how likely customers are to recommend the company to others on a 0–10 scale. Scores of 9–10 are “promoters,” 7–8 are “passives,” and 0–6 are “detractors.” NPS is calculated as:

$$NPS = \%Promoters - \%Detractors$$

A high NPS often predicts strong word-of-mouth growth but should be validated with behavioral data.

- **Customer Satisfaction Score (CSAT)**: CSAT measures immediate post-interaction satisfaction, usually via survey ratings (e.g., "How satisfied were you with your recent interaction?"). While useful for detecting short-term service issues, CSAT should be paired with retention metrics for a complete view (Johnston & Clark, 2008).

b. Sales and Revenue KPIs

KPIs for sales and revenue are aimed at quantifying the financial implications of CRM initiatives on business performance (Buttle & Maklan, 2019).

- Sales growth: This KPI measures how revenue increases over time through the use of CRM-enabled strategies, such as upselling, cross-selling, or lead nurturing. A continued positive trend suggests that CRM processes are effective at driving revenue generation (Kotler & Keller 2016).
- Lead Conversion Rate: This is the percentage of paid clients and marketing effectiveness to a product or service that is qualified for paying customers. CRM systems also expand this measure by improving scores for lead scoring, nurturing, and sales tracking (Parmenter, 2015).
- Average Deal Size: metric of total revenue divided by the number of closed deals, this measure helps to assess whether CRM is providing more profitable sales or higher-value transactions. Increased deal size may indicate better targeting or better relationship-based sales.

The average length of contact from the initial contact through the close of the deal is called sales cycle length. The shorter cycle is often associated with greater process efficiency and better lead qualification, while longer cycle may relate to bottlenecks in decision-making or improper lead nurturing (Eckerson 2010).

c. Operational Efficiency KPIs

Operational efficiency KPIs measure the effectiveness of internal teams' use of CRM to manage customer interactions, troubleshooting, and streamline processes.

- First contact resolution (FCR): The percentage of customers complaints resolved at the first interaction. High FCR rates typically increase satisfaction, reduce operations cost, and indicate trained staff and effective CRM integration (Johnston & Clark, 2008).
- Time to respond to customer requests or complaints When response times are short, customers tend to think of service quality as desirable; long delays are often characterized by unproductive processes (Buttle & Maklan, 2019).
- Case Escalation Rate: the percentage of support cases that need higher level intervention. High-scalp rate might indicate lack of training or poor documentation, or process weaknesses; CRM analysis can pinpoint the root cause and guide targeted improvement.
- System Adoption Rate: sums the percentage of the staff using the CRM system as intended. Increased adoption rates lead to richer data and better actionable data, but low adoption undermines the system's strategic potential (Eckerson, 2010).

1.1.2. Metrics (Payne, 2012, p 300-303)

The need to identify the right metrics provides a problem to companies seeking to measure and improve CRM performance. To ensure that the CRM-related activities are best utilized by the organization, the first aspect of the problem is to identify and maintain the most suitable metrics for how to run them. At this stage we have to distinguish between metrics and KPIs. Metrics refers to all CRM-related activities that are measurable. Key performance indicators are key determinants important to the success of the business and must be closely monitored by the Board and senior management.

Four primary types of CRM metrics are specific: customer metrics, operational metrics such as employee and process metrics, strategic metrics, and output and comparative metrics. These measure of effective CRM - evidence of the robustas or malfunction of the CRM processes - are able to highlight the core components of good CRM. Additional specialized metrics may require to fulfill specific organizational goals. These CRM metrics should be reviewed annually and should be applied to measure and evaluate CRM effectiveness in detail.

a. Customer metrics : It refers to the quantitative measures used to assess and analyze customer behavior and satisfaction. These metrics are essential for evaluating the effectiveness of marketing strategies and improving customer engagement.
Customer metrics assess the value provided by the organization to the customer as well as the

value contributed by the customer to the organization. Their focus is on metrics related to customer attitudes and behaviors.

Customer metrics serve to quantify:

1. customer acquisition and customer retention rates

2. customer satisfaction measures

3. customer lifetime value

4. customer experience within channel and across multi-channels

5. customer complaints and seriousness of them

6. segment and micro-segment profitability

7. ‘share of wallet’

8. product density (number of products and services used by a customer)

9. customer recommendation and advocacy measures

10. increase in customer value through cross-sell and upsell.

b. People and process metrics :

People and process metrics emphasize the effectiveness of resource management within the organization to enhance CRM at an operational level. People metrics focus on the standards employed to assess employee skills and motivation in relation to customer experience delivery. Process metrics indicate the organization's efficiency in delivering CRM, encompassing cost savings achieved through process improvements.

People metrics are utilized to assess employee performance in relation to customer service standards.

People metrics are used to measure:

1. employee performance against customer service standards

2. employee satisfaction

3. employee attitudes and motivation

4. employee productivity

5. staff absenteeism

6. employee retention and employee tenure

7. recruitment costs.

Process metrics are used to measure:

1. customer service levels

2. order fulfilment

3. supplier performance targets

4. variation within key customer processes

5. new product/service development targets

6. time to market

7. process improvement targets.

c. Strategic metrics :

Strategic metrics assess the organization's effectiveness in fulfilling its business objectives within the adopted strategic framework for CRM. The extent to which business strategies achieve shareholder value targets and enhance the organization's market position is measured. Strategic metrics are employed to assess:

1. shareholder value added/market value added

2. profitability and cash flow

3. returns on net assets, sales, CRM investments, etc.

4. growth rates

5. expense ratios

6. market positioning

7. innovation

8. brand equity

9. specific targets for other stakeholders.

d. Output and comparative metrics :

It assess the efficacy of the organization's CRM strategy, particularly in comparison to rival performance and established best practices. These comparative metrics are often more significant than absolute metrics. Exclusive dependence on internal measures can be perilous, as they offer a narrow and insular perspective of the circumstances. A market share of 20 percent may be beneficial if the largest competitor holds 10 percent ; nevertheless, it may pose a risk if the two largest competitors each possess 30 percent market shares. High levels of service quality and customer satisfaction are advantageous primarily when they exceed those of competitors. Output and comparison metrics are utilized.

1. relative profitability

2. relative market share

3. relative customer satisfaction

4. relative customer retention

5. relative employee retention and satisfaction

6. relative product or service quality

7. cost reduction

8. improvements in employee value (in terms of employee retention and satisfaction)

9. increased competitive differentiation.

1.3. ROI on CRM Initiatives

The analysis of ROI of CRM initiatives is important to ensure that the system delivers value justifying costs. This perspective provides a quantitative lens for managers to assess the financial effectiveness of CRM-related spending and translate abstract benefits, like better customer satisfaction or faster service, into tangible business outcomes (Payne & Frow, 2013).

At its simplest, ROI is calculated as:

$$ROI = \frac{Net\ Benefits}{Total\ Costs} \times 100$$

where *Net Benefits* represent the total financial gains (e.g., increased revenue, reduced service costs, improved retention) minus the investment costs, and *Total Costs* include software licensing, implementation, training, maintenance, and change management expenses (Buttle & Maklan, 2019).

a. Financial Returns from CRM

The direct financial advantages of CRM systems are increased sales, cross-selling and upselling, and churn reduced. For example, by increasing retention, even a small change in the percentage of revenue may be positively advantageous for profitability, research has found that increasing 5% on retention can increase profits by 25%-995% (Reichheld & Sasser, 1990). More importantly, CRM-driven automation and workflow optimization can reduce operational costs, reducing staff time to be more productive (Eckerson, 2010).

b. Intangible and Strategic Returns

Only some of the CRM benefits appear directly in financial statements. Increased data quality, better customer insight and more brands loyalty contribute to a longer-term competitive advantage even if the money is harder to measure (Gupta & Lehmann, 2006). For example, CRM systems capture detailed interaction histories providing more personalized communication with customers that, by creating emotional bonds with customers as a critical contributor to lifetime value, can help achieve personalized communications. While such benefits are often excluded from formulas of ROI, they are essential to the persistence of growth over time (Payne & Frow 2013).

c. Measuring ROI in Practice

Effective ROI measurement begins with data from pre-CRM performance measurements, the performance levels for sales, retention, response time, and other KPIs. This baseline is sufficient to test before-after comparisons that determine the importance of CRM. Combining financial metrics such as more revenue per customer and operational metrics such as decreased average response time can create a more balanced ROI picture (Parmenter, 2015). In some cases, organisations also calculate payback period, which measures time during which cumulative benefits are equal to initial investment, making it easier for decision makers to determine if the payment period is a viable benchmark.

d. Challenges in CRM ROI Measurement

When measuring ROI through CRM, the hurdles are not always easy. As discussed in Bullttle & Maklan, the role of attribute is common: sales or service improvement can be increased by more than one collaborative effort and it is difficult to understand how CRM affects the individual product (Buttle & Maklan, 2019). In addition, short-term ROI calculations may underestimate long-term benefits such as more brand equity and improved customer knowledge. A number of firms that address these challenges use Total Economic Impact (TEI) or Balanced Scorecard approaches, combining financial ROI with non-financial performance measures to overcome these problems (Kaplan & Norton, 1996).

Overall ROI assessment is both financially and strategically involved. Although the numerical calculation is an indicator of investment efficiency, it is only a means for it to be understood within the wider objectives of customer relationships management. A CRM initiative with moderate short-run ROI but significantly improved customer understanding, loyalty, and operational agility is likely far more valuable than its initial estimates suggest.

1.4. Continuous Improvement Strategies

It should not be taken as a static function but rather as a dynamic capability which must respond to changing market dynamics, technological change, and customer expectations (Payne & Frow, 2013). Without careful re-examination and improvement, even the best CRM systems can slowly lose power (Buttle & Maklan, 2019.) . Continual improvement is essential to maximizing long-term profitability and gaining a competitive advantage.

a. Performance Monitoring and Feedback Loops

The principle behind continuous improvement is that CRM performance must be managed through systematic monitoring of KPIs and operational metrics. Feedback loops – processes for collecting, analyzing, and responding to performance data, enables early detection of problems and rapid response (Eckerson, 2010). A loss in NPS will allow companies to address customer concerns early when the churn increases, for example.

b. User Training and Change Management

The success of a CRM is driven by the fact that users engage with the product. The training that continues through improves knowledge of CRM tools, data accuracy, and customer-centred behavior. The effectiveness of effective change management, which provides clear communication, leadership support, and incentives, maintains high adoption and inhibits disengagement, is clearly communicated, and encourages a sustainable decline.

c. Process Optimization and Automation

CRM systems provide insights into workflow inefficiencies and enable process optimization and automation. A automation of repetitive tasks such as follow-up emails or lead routing frees teams to concentrate on strategic tasks while optimizing workflows helps get faster resolution and improve overall performance (Davenport, 2013).

d. Technology Upgrades and Integration

With the evolution of the CRM industry, organizations can benefit from periodic technology upgrades and more connected integration with new technologies such as marketing automation, ERP, and AI tools. These enhancements can benefit insights, personalization and overall system utility, but it is critical to select them with strategic alignment (Buttle & Maklan, 2019).

e. Customer-Centric Innovation

An essential part of continuous improvement is listening to customers. Techniques like customer journey mapping, service design thinking, and co-creation workshops help companies uncover unmet needs and innovate CRM processes in ways that directly improve the customer experience (Payne & Frow, 2005).

f. Periodic Strategic Review

Finally, annual strategic review of the CRM program is needed. This review should also include KPI trends, ROI assessment and qualitative data from stakeholders in order that CRM is still aligned properly with strategic objectives and market realities (Kaplan & Norton, 1996).

In fact, continuous improvement transforms CRM into a new strategic asset. By combining data, employee engagement, technology innovation and customer data, organizations can ensure that their CRM gets consistently meaningful value.

To sum up

The final chapter emphasized the importance of strategic planning and structures, processes, rewards and people for designing a customer-centric organization. The chapter shows the flexibility of firms reorganizing around customers rather than the product, using Galbraith's Star Model. A focus is to conclude that customer-centricity is both a mindset and a design principle; it assures coherence over all of the business functions and that enables sustainable trust-based relationships. This approach is the culmination of this vision, one that links values of CRM, satisfaction, and loyalty into an overall organizational system for students.

Conclusion

The material in this handout has introduced students to the structure and practices of Relationship Marketing and Customer Relationship Management, introducing more advanced studies of database marketing, customer information systems, satisfaction, loyalty, and the integration of customer-centric organizational design. This six chapters provide a complete framework for understanding the motivations of modern organizations to build and sustain value over the long-run.

Relationship Marketing has transitioned from customer-centric organization to customer-centric organization because marketing has changed and to incorporate processes, processes and cultures that are focused on customers as central stakeholders. The concept of CRM models, database marketing processes, customer equity and loyalty ladders have shown that analysis is necessary, as well as relational sensitivity, to succeed in effective marketing. Identifying satisfaction, managing data properly, and designing customer-focused buildings is a tool for students to see marketing as a functional activity and strategic orientation.

This unit provides students with the language, models and tools needed to address the realities of twenty-first century marketing at the workplace level. Digitally and data driven, marketers need to incorporate technology, customer insight into what it is necessary to do to target campaigns, create personalized interactions, and nurture relationships for the long run. Meanwhile, ethical considerations, such as privacy, fairness and transparency, remind us that client relationships have been founded on trust and that they must be maintained by responsible practices.

Finally, the lessons of customer-centricity are a holistic approach, not a single technique. It requires the organizations to be aligned with the principles, practices, and culture of mutual value creation. This unit gives first year Master’s students in Marketing not just theoretical foundations, but analytical and managerial skills to apply their ideas to actual practice. Future professionals and researchers are encouraged to continue to support the belief that successful marketing is in making sure that the customer is at the center of the decision-making process.

References by Chapter (Academic & Web Sources)

Bibliographic Introduction

The index of references is organized into chapters in this handout. Two purposes of this bibliography are:

- Support for Learning Each chapter concludes with a set of academic and professional references. These readings provide deeper insights into the concepts covered in the course and allow students to explore alternative perspectives, seminal works, and recent research developments. Consulting these references will help students strengthen their understanding of Customer Relationship Management (CRM), Relationship Marketing, Database Marketing, Customer Satisfaction, and related fields.
- Development of Academic Skills The bibliography also serves as a tool to foster academic rigor. By learning how to identify, analyze, and correctly cite academic sources, students will develop essential research and referencing skills expected at the Master's level.

How to Use the References

- Academic Sources
  These include journal articles, books, and scholarly publications. They should be used when writing essays, preparing presentations, or conducting further research. Students are encouraged to prioritize these sources to build a strong theoretical foundation.

- Web Sources
  Certain chapters also contain references to websites, reports, and professional resources (e.g., Smart Insights, Experian, McKinsey). These are included to illustrate the application of theories in real-world business contexts. While valuable for practical insights, they should be critically evaluated and complemented with academic sources when used in assignments.

- Chapter Organization
  The references are grouped by chapter to make it easier for students to identify relevant materials for each topic. This alignment also encourages targeted reading: before or after studying a chapter, students can consult its references to deepen their understanding or broaden their perspective.

Advice for Students

- Always check the publication year to distinguish between classic, foundational contributions and more recent perspectives.
- When preparing written work, combine theoretical references (books, peer-reviewed articles) with practical insights (professional reports, case studies).
- Follow proper citation styles (e.g., APA, Harvard) when reusing ideas or quoting directly from these sources.

This bibliography will enhance students' learning on the material of the course and the critical thinking and writing skills needed to participate in the Master's Program in Marketing.

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