

Customer Relations Management

Customer Relations Management will help you build your business by teaching you ways to keep your loyal customers and attract new ones.

By Justine P. Castellon

Customer Relations Management, or CRM, is considered the foundation of any customer-focused retail strategy because it involves the management of the business's relationships with the end users. Jos Ortega, chairman and chief executive officer of Brandlab, a management and marketing consultancy firm, says CRM encompasses the people, processes, and technology associated with successful marketing, sales, and customer service solutions. "The customer is at the heart of the whole discipline. The challenge is how to identify the customer's needs and issues; then address them through media-neutral communication channels within their natural sphere of experiences," says Ortega.

CRM works on a simple and straightforward principle: Figure out who your best customers are and their characteristics, get customers like your best customers, and then understand the value drivers that make your best customers better. Understanding this principle will lead you to discover that customers should be treated differently depending on their value. Ortega says the key is to identify the behaviors of your current and prospective customers. "Then map out specific strategies on which behaviors you want to reinforce and which ones you want to influence another way. "

The Travel Club is one of the growing number of companies that use CRM to strengthen its hold on its market. "The whole business is all about the customer," says Marisol Marcelo, marketing and sales director. "We closely work around their needs and wants."

The Travel Club is a leading travel retail store that caters to the needs of travelers, young professionals, businessmen, and executives. The company provides local and international travelers with a complete selection of premium-branded luggage, attaché cases, bags, travel accessories and gizmos. Its stores have luggage repair centers, and also offer travel apparel, travel guides, and other value-added services.

Because CRM is at the business's core, the Travel Club considers it critical to find the right customer relationship strategy, one that incorporates personalized service. "It is more than just managing the relationship with the customer, but extending it to finding out what makes them satisfied and come back for more," says Marcelo. Identifying, learning about, and serving the customers are characteristics of a personalized approach to CRM. "As much as we work harder in the acquisition of new customers, we double the effort on how to maintain the ones we already have," she says.

These days, technology and the gathering of strong consumer insights are giving marketers greater access to their market than ever before. The Travel Club has been using CRM to find out who their regular buyers are, and what products they buy regardless of whether these are on sale or not. Marcelo says this strategy is helping them understand their customers' buying habits and preferences as well as know who are spreading the good word about the company. The Travel Club has also been able use this knowledge to build and strengthen its relationship with core customers and to work closely with them to come up with new services that add depth to their relationship.

"The approach here is simple. We go after customers who appreciate the benefits we offer and who show their appreciation by being willing to pay for those benefits," Marcelo says. The company had engaged in a number of activities to further its CRM program, among which are conducting cross promotions with airlines, resorts, spas, hotels, call centers, bank and credit card companies, the print media, and the local government offices; and giving away shopping vouchers that customers can use during the holiday season.

Marcelo concedes that the company's CRM program is still a work in progress, but it has played a vital role in establishing and growing the business. From its first store in SM Megamall in 1992, Travel Club has now grown to 22 stores nationwide. "Our CRM was neither crafted overnight, nor was it implemented hastily. The company is taking advantage of technological advances to develop their CRM program. "We started using the electronic mail, mobile text messaging, newsletters in reaching out to our potential markets," she says." Over the years, the Travel Club has developed a database of client information culled from survey forms accomplished by walk-in customers and from in-store and marketing promotions. The company is trying to develop a program that tackles an area many find difficult to address - resolution of customer complaints and negative feedback. Their approach would be to take the stance of a business entity that fully recognizes the customers' right to express their feelings about the product they bought from the Travel Club.

Marcelo says the company also sees to it that their CRM program is properly communicated to the sales staff and associates whose task is to implement it. This comes by way of company orientations and seminars on branded customer service, store operations policies, and product or brand information. Their investment in CRM has enabled the Travel Club to expand their reach and increase their revenues from each store. "Of course, this is just the beginning," Marcelo says. "We need to improve and develop more customer-centric focus strategies and strengthen each roles and responsibilities in all levels of the organization."

Ortega says despite CRM's obvious benefits, few businesses today are convinced of its potential.

Seen only as a tool to generate more short-term sales, companies view CRM as a little more than an avenue for a company to interact with chosen customers through appropriate value propositions. "Happy are those enlightened ones who have discovered the limitless opportunities that CRM presents for their business. Others should take some lessons from these companies," he says.

For instance, the Travel Club's practice of tracking down customers who buy from them so it can offer them a value added service later on is already a step toward ensuring repeat business. The company's strategy of focusing more on keeping their loyal customers while constantly trying to acquire new ones is very clear, as its CRM works around this key result area, says Ortega.

"In today's fast paced, competitive world, CRM will be the key to success in the business," says Ortega. That's why finding the right CRM solution is critical particularly for small businesses, where finding, keeping and adding customers have a direct link to their bottom line.

Ortega says a company would do well to take a closer look at these four critical factors for CRM:

- Technology: Your data-mining tool and storage that supports CRM.
- People: On whose skills, abilities and attitude depend the success of your CRM program.
- Process: The methods to use in accessing and interacting with your customers.
- Knowledge and insight: Approaches to adopt to add value to your customer data.

Combine these factors with knowledge of your core clientele, your business model, strategy and structure, and your channels of communications, transactions and logistics, and in no time you will be successful, he says. "Essential to the success of your CRM starts with understanding the behavior of the customer at every touchpoint and throughout his life stages," says Ortega. CRM involves the total management of customer service - from the time a customer enters your store, his response as you hand the product, to how you react when he calls on you for support.

CRM teaches a company to see each customer as an individual, and that each interaction with him is unique. Learning from each new exchange would guide the business on future interactions and help it determine how much investment is needed to serve the customer's needs, preferences, and value. "This will hopefully strengthen the firm's dominance and profitability," says Ortega.

CRM also leads one to understand campaign metrics such as which channels are most effective, which campaigns generate the most leads, and which programs give one better access to customers. “The beauty of CRM is that it is accountable. You can identify which ideas worked and which ones failed. That constant stream of learnings will also help you improve your succeeding campaigns,” explains Ortega.

Managing one’s relationship with the customers is a complex task whose implementation can be quite a challenge. In fact, many entrepreneurs have spent an arm and a leg to develop their CRM capability, but they have yet to reap the program’s benefits. “CRM is a long-term program. Think lifetime value of your customers rather than just their value today,” says Ortega.