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The process of creating and managing customer relationships

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Introduction: The Strategic Core of CRM

Customer Relationship Management (CRM) is not just data collection, but a primary gear that drives businesses toward sustainable growth. There are key points as follows:

- Elevating customer status: focusing on the transition from "strangers" to "buyers," then to "regular customers," and elevating them to "brand advocates."
- Personalized Marketing: adjusting the concept to create individual relationships.
- The IDIC Model by Peppers and Rogers (1995) helps organizations understand the mechanisms of creating Customer Lifetime Value and generating growing long-term profits.

Meaning of the IDIC Framework

It is a conceptual framework that helps organizations transition their operations from mass marketing to personalized marketing through 4 main steps as follows:

- **Identify**
- **Differentiate**
- **Interact**
- **Customize**



Identify

The starting point of building a relationship is recognizing customers at every touchpoint to create a "holistic customer profile" by collecting demographic data, behavior, and the communication channels customers prefer.

Example: International airlines use membership systems to identify passengers from online booking and check-in to lounge services.



Differentiate

Analyzing customers in 2 main dimensions: the Customer Value dimension to know who the most profitable customers are, and the Customer Needs dimension to know what each customer group wants from the business.



Customer Value

Use Customer Lifetime Value (CLV) analysis

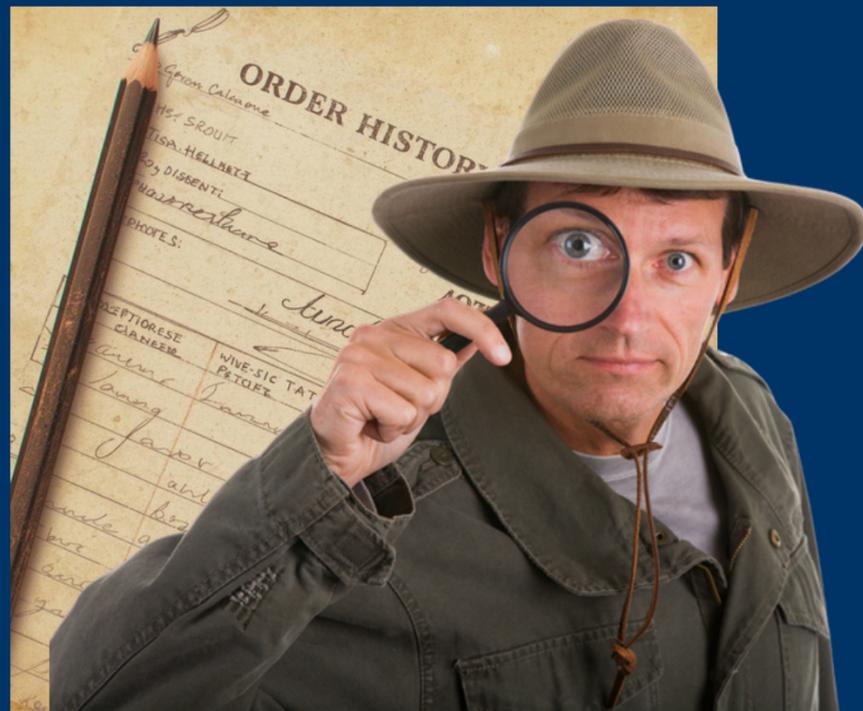
This step is an analysis to segment customers according to the "value" they provide to the business, enabling the organization to manage resources with maximum efficiency.



Customer Needs

Customer Needs Differentiation

Analyzing past behaviors and attitudinal data helps businesses segment customers according to what they seek, such as convenience, the lowest price, or social status, and use that data to customize offers.



Example: Cosmetic brands use data analysis to segment customers into groups, where the company prioritizes sending news and special offers to the group with high accumulated purchase volumes.

Interact

It is where the business interacts with customers or designs programs to talk with them to discover their needs and preferences, then uses the obtained data to improve and create added value for products or services, with communication strategies to build interaction as follows:

- **Holistic communication channel management**
- **Creating two-way conversations**



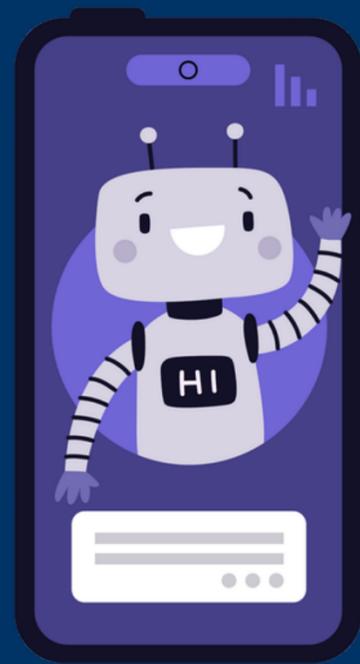
Omni-channel Interaction

It is a strategy that seamlessly integrates all customer contact channels, both online and offline, into one by centralizing customer data. This allows the business to deliver consistent experiences, better understand customers, and provide continuous service, regardless of which channel the customer initially uses to contact them.



Two-way Dialogue and Feedback Loop

It is a transition from one-way communication to interactive communication. Businesses must change their status from being a messenger to a listener in order to collect "information told by customers" instead of relying solely on purchase behavior data.



Example: Car service centers use an automated notification system via an application when a maintenance interval is due, where staff will call or send messages to inquire about car abnormalities in advance to prepare spare parts and technicians before the customer arrives.

Customize

This involves taking the insights gained from the first three steps and transforming them into satisfaction by modifying products, supplementary services, or even presentation styles to make customers feel special. It can be categorized into the following levels:

- **Mass customization**
- **Creating personalized offers**

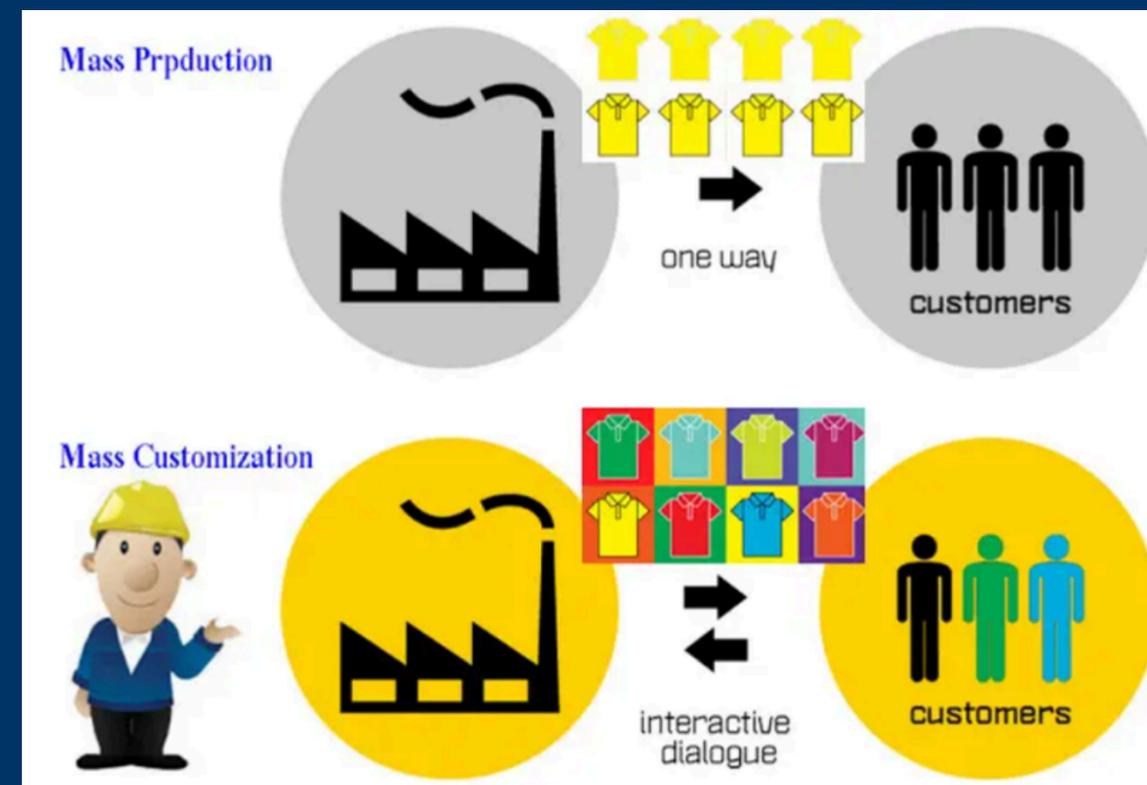


Mass Customization

This refers to producing goods in large quantities while allowing for specific grouping. Consumers can still access products easily at a low price due to mass production, but their tastes and individual needs are better satisfied than before.

Example:

- Automotive Industry: Customers can choose the color and materials of the car.
- Furniture Industry: Adjust sizes, materials, and designs to fit each individual house.
- Food Industry: Beverages or food with recipes adjusted according to customer tastes.
- Clothing Industry: Producing shirts with different sizes and patterns while still using the same primary production line.



Personalized Offering

This is the presentation of products, services, or content specifically customized for each individual customer by analyzing preferences, behaviors, and usage history to provide offers that best 'understand' the customer.

Example: A global e-commerce platform uses a Recommendation Engine that customizes each customer's homepage differently, displaying products the customer is expected to be interested in based on their search and past purchase history.



Advantages of the process according to the IDIC model

1. Efficient resource allocation: Businesses can focus their efforts on serving high-priority customers.
2. Increased sales and revenue: When services are delivered according to customer needs, customer satisfaction will increase.
3. Leveraging existing data: The IDIC model focuses on data-driven decision-making; businesses can fully utilize CRM data.



Conclusion: IDIC Model

The IDIC Model is a framework for improving the overall customer relationship management process. Its goal is to help businesses strengthen customer relationships through identification, differentiation, interaction, and performance improvement, which leads to stronger relationships with customers, increased customer loyalty, and long-term success.

Customer Touchpoints

Every point where interaction occurs between the customer and the brand, whether before, during, or after the purchase. The touchpoints are detailed as follows:

- **Classification of Touchpoints**
- **Characteristics of a good touchpoint**
- **Measuring touchpoint management**
- **Importance of Touchpoints**

Classification of Touchpoints

Dimensions of touchpoints, considered through the dimensions of the environment that customers access, are divided into 2 main forms:

- **Physical Touchpoints:**

such as storefronts, sales staff, product displays, or even product packaging.

- **Digital Touchpoints:**

such as websites, applications, social media, email, or online advertisements.

Characteristics of a good touchpoint

Creating a good touchpoint is not just about having every channel available, but it must truly be able to create a good experience for customers. This starts with designing quality touchpoints, which should have the following characteristics:

- **Simple and uncomplicated**
- **Appropriate for the context**
- **Connected to needs**
- **Valuable and meaningful**
- **Attractive and impressive**

Measuring Touchpoint Management

Measurement is essential to know which touchpoints should receive more investment or improvement. The primary metrics for evaluation include:

- **Metric 1: Conversion Rate**

One of the metrics used to monitor the efficiency of touchpoints in determining how well they can convert prospects into customers.

- **Metric 2: Customer Satisfaction Score (CSAT)**

Used specifically to measure the level of customer satisfaction at that particular touchpoint.

Measuring Touchpoint Management

- **Metric 3: Net Promoter Score (NPS)**

measures the likelihood that customers will recommend the brand to others.

- **Metric 4: Time on Site or Bounce Rate**

a performance metric for digital touchpoints, such as landing pages or articles.

*Time on Site is a metric that shows the average duration visitors spend visiting a website.

*Bounce Rate is the percentage of website visitors who enter a single web page and then leave immediately.

Importance of Touchpoints

Touchpoints are extremely important to a business because they are every point where customers interact with the brand, from pre-purchase to post-purchase. The importance of touchpoints has several aspects as follows:

- **Create impressions and a good image**
- **Create loyalty**
- **Increase sales opportunities**
- **Retain the customer base**
- **Reduce complexity**
- **Provide insights**

Conclusion: Touch point

Touchpoint is the channel through which customers can contact a brand. It is one of the key areas that brands should always prioritize, as having good touchpoints will help customers receive the experience they deserve and make them fall in love with the brand, making it much easier for the brand to achieve success. Additionally, studying data from touchpoints also helps brands better understand how to create impressions for customers, which can be used to develop the brand to become number one in their hearts.

Service Recovery

It is the ability of a business to systematically solve problems and heal the feelings of dissatisfied customers, which cannot occur without planning and developing personnel to have appropriate problem-solving skills. Creating an effective service recovery plan is therefore a key strategy in retaining 'regular customers' in the long term.

Types of Service Recovery

Successfully managing service failures requires integrating 3 strategic areas together, consisting of:

- 1. Customer Recovery**
- 2. Process Recovery**
- 3. Employee Recovery**

1. Customer Recovery

This process focuses on external relationships to restore customer trust through empathetic communication strategies, swift decision-making, and offering appropriate compensation or remedies to regain positive perception.



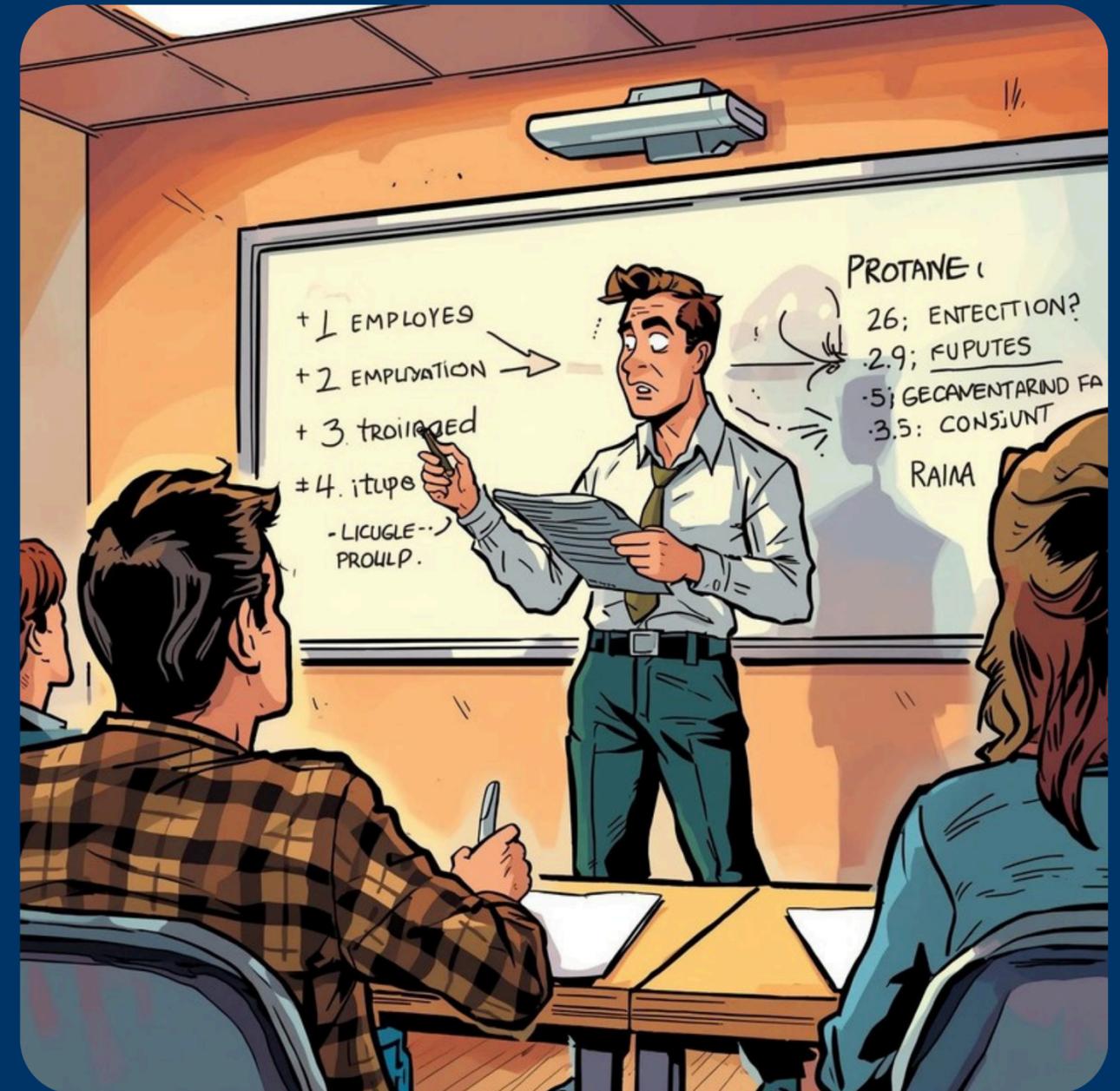
2. Process Recovery

Focuses on improving internal work systems to prevent recurring errors in the future by systematically analyzing and identifying the root causes of problems to develop and improve processes for greater agility and efficiency.



3. Employee Recovery

It is a strategy that focuses on supporting and preparing personnel to professionally handle service crises through training to strengthen confidence and capability, enabling employees to transform challenging situations into impressive service delivery.



Service Recovery Strategies

Service recovery is not just about solving immediate problems or soothing angry customers, but it is a "positive strategy" that demonstrates truly valuing the customer. Businesses should use this opportunity to turn a crisis into a chance to create an impression, which consists of:

- **Create services with failure prevention systems: This is to ensure that service delivery is perfect.**
- **Monitor complaints: Make it easy for them to send complaints to you so that problems can be solved before losing the customer.**

Service Recovery Strategies

- **Take immediate action: Solve problems for customers quickly to reduce customer dissatisfaction.**
- **Straightforward communication of the cause of the problem: Explain the root cause to the customer to reduce resentment.**
- **Building relationships and friendliness: Make customers feel that their problems are important and are receiving full care.**
- **Build strong relationships with customers: A strong relationship will make customers ready to forgive when mistakes occur.**

Service Recovery Strategies

- **Post-service recovery evaluation: Monitor customer feelings after the situation has returned to normal.**

Example 1: XYZ Electronics Company

XYZ Electronics encountered a problem where a customer received a defective laptop.

- The customer service team apologized immediately.
- Urgently delivered a new laptop.

Additionally, a 20% discount was provided.

The customer was pleased with the quick action and felt that the company prioritized them.

Consequently becoming a regular customer in the end.

Example 2: ABC Airline

ABC Airline encountered a significant flight delay due to technical issues.

- Free lounge access.
- Meal vouchers.
- Flight rebooking options.

Additionally, an apology statement was issued.

Passengers appreciated the gesture and recognized the airline's commitment.

Creating customer satisfaction.

Conclusion: Service Recovery

Service failure does not mean the end of a relationship if a business knows how to turn the situation around with excellent service recovery, which has key elements as follows:

- **Sincerity and speed:** Sincerely apologize, admit the mistake, and take immediate action to solve the problem.
- **Worthwhile compensation:** Provide an appropriate solution along with additional benefits.
- **Follow-up:** Inquire about satisfaction after the resolution to confirm that the problem has been handled.
- **In-depth analysis:** Use measurement tools to find the root cause and provide the care that customers deserve.



THANK YOU



Q & A