



# UNIT-11

## CUSTOMER RELATIONS

### Learning Outcomes

**By the end of this unit the learner will be able to:**

- ✓ Explain the role of customer service in organizational effectiveness
- ✓ Identify elements of good customer practice
- ✓ Outline the strategies for developing effective customer services
- ✓ Identify the means by which quality service is measured e.g. CRM
- ✓ Discuss strategies for developing effective customer relations

## Unit 11

### Customer Relations

Customer Relation is also known as customer service. According to Turban et al. (2002), "Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation." It involves a seller - buyer relationship before, during and after a purchase.

The best epitome of customer relations is the customer support, which consists of a range of customer services to assist customers in making cost effective and correct use of a product. It includes assistance in planning, installation, training, troubleshooting, maintenance, upgrading, and disposal of a product. With regards to technology products such as mobile phones, televisions, computers, software products or other electronic or mechanical goods, it is called as technical support.

The rules and protocol on customer service have been edited by many scholars. Susan Friedmann, one of the leading authors, enumerates the following "Ten Commandments of Great Customer Service":

1. Know who is boss. You are in business to service customer needs and you can only do that if you know what your customer's want. When you truly listen to your customers, they let you know what they want and how you can provide good service. Never forget that the customer pays our salary and makes your job possible.
2. Be a good listener. Take the time to identify customer needs by asking questions and concentrating on what the customer is saying. Listen to their words, tone of voice, body language, and (most importantly) how they feel.
3. Identify and anticipate needs. Customers don't buy products or services. They buy good feelings and solutions to problems. Most customer needs are more emotional rather than logical. The more you know your customers, the better you become at anticipating their needs. Communicate regularly so that you are aware of problems or upcoming needs.
4. Make customers feel important and appreciated. Treat them as individuals. Always use their name and find ways to compliment them, but be sincere. People value sincerity. It creates good feeling and trust. Think about ways to generate good feelings about doing business with you. Customers are very sensitive and know whether or not you really care about them. Thank them every time you get a chance. On the show floor be sure that your body language conveys sincerity. Your words and actions should go well together.
5. Help customers understand your systems. Your organization may have the world's best systems for getting things done, but if customers don't understand them, they can get confused,

impatient, and angry. Take time to explain how your systems work and how they simplify transactions. Be careful that your systems don't reduce the human element of your organization.

6. Appreciate the power of "Yes". Always look for ways to help your customers. When they have a request (as long as it is reasonable) tell them that you can do it. Figure out how afterwards. Look for ways to make doing business with you easy. Always do what you say you are going to do.
7. Know how to apologize. When something goes wrong, apologize. It's easy and customers like it. The customer may not always be right, but the customer must always win. Deal with problems immediately and let customers know what you have done. Make it simple for customers to complain. Value their complaints. As much as we dislike it, it gives us an opportunity to improve. Even if customers are having a bad day, go out of your way to make them feel comfortable.
8. Give more than expected. Since the future of all companies lies in keeping customers happy, think of ways of elevating yourself above the competition. Consider the following:

- What can you give customers that they cannot get elsewhere?
- What can you do to follow-up and thank people even when they don't buy?
- What can you give a customer that is totally unexpected? Get regular feedback. Encourage and welcome suggestions about how you could improve. There are several ways in which you can find out what customers think and feel about your services.
- Listen carefully to what they say.
- Check back regularly to see how things are going.
- Provide a method that invites constructive criticism, comments and suggestions.

Treat employees well. Employees are your internal customers and need a regular dose of appreciation. Thank them and find ways to let them know how important they are. Treat your employees with respect and chances are they will have a higher regard for customers. Appreciation stems from the top. Treating customers and employees well is equally important.

## Customer Relationship Management

Customer Relationship Management (CRM) is a widely implemented model for managing a company's relations with customers, clients, and sales prospects. This database helps you not only to keep track of your customers but also how best you can market your business to them.

It involves using technology to organize, automate, and synchronize business processes—principally sales activities, but also those in marketing, customer service, and technical support. Its ultimate goals are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients to return, and reduce the costs of marketing and client service.

Customer relationship management describes a company-wide business strategy including customer-interface departments as well as other departments. Measuring and valuing customer relationships is critical to implementing this strategy.

A standard CRM database includes the following information:



Businesses can derive the following advantages for using a customer relationship management as explained by Casey Gollan:

**Provide Better Customer Service-** CRM systems give businesses many strategic advantages such as the ability to personalize relationships with customers regardless of which employee is serving them.

Using CRM, a repository can be maintained on customer profiles, thereby treating each client as an individual and not as a group. This way, every employee can be better informed about each customer's specific needs and transaction profile.

CRM also helps the organization to easily adjust the level of service to reflect the customer's importance or status.

Better customer service through improved responsiveness and understanding helps in building customer loyalty and decreases customer agitation. It also helps the company in getting continuous feedbacks from the customers on the product they have bought.

A good electronics company would always like to follow-up with its customers on the items they have bought, so as to rectify the problem (if any) even before it gets logged as a complaint.

**Increase Customer Revenues-** Using CRM data, marketing campaigns can be coordinated more effectively by ensuring that promotions do not target customers who have already purchased that particular products.

It also ensures higher customer retention by introducing loyalty programs. A business would never like to sell a product to a customer who has just bought it recently.

**Discover New Customers-** CRM systems help the organization in identifying potential customers. By keeping a track of the profiles of their existing clientele, the business can easily come up with a strategy to determine the kind of people they should target such that it returns them maximum clientage.

For example, if several students in a university sign up for a particular mobile service provider, the business can come up with a strategy to target the rest of the community in the university.

**"Cross Sell" and "Up Sell" Products More Effectively-** CRM systems facilitate cross-selling (offering customers complimentary products based on their previous purchases) and up-selling (offering customers premium products in the same category).

It helps them to gain a better understanding of customers and anticipate their purchases (e.g. someone who purchases grass seed in the spring will need fertilizer later in the season).

**Help Sales Staff Close Deals Faster-** CRM helps the businesses in closing deals faster, through quicker and more efficient responses to customer leads and customer information. The turnaround time has decreased drastically for organizations that have been able to implement CRM systems effectively.

**Make Call Centers More Efficient-** When each employee has access to customer details and order histories, targeting clients becomes easier.

CRM helps the organization's workforce in knowing how to deal with each individual customer depending upon the customer's archives available through CRM. The information can be accessed instantly from anywhere within the company.

**Simplify Marketing and Sales Processes-** CRM helps in developing better communication channels. Interactive Voice Response System, web sites, etc., have made life easier both for the organization and also for its sales representatives.

It allows the business to give its customers the option of choosing how they want to communicate with the business.

## A Win-Win Strategy

The core of Customer Relationship Management (CRM) is developing a long-term relationship with your customers. It is about a lot more than just having your contacts organized. In a win-win strategy, the customer and the seller meet halfway to satisfy the needs of both parties. But before negotiating, reflect on the following points to win your customers at a fair compromise:

**Goals:** What do you want to get out of the negotiation? What do you think the other person wants?

**Trades:** What do you want from the other person, and what does the other person want from you? What do you and the other person have that you can trade (exchange)? What are you both comfortable giving away?

**Alternatives:** If you don't reach an agreement with the other person, what alternatives do you have? Are these good or bad? How much does it matter if you do not reach an agreement? Does failure to reach an agreement cut you out of future opportunities? And what alternatives might the other person have?

**Relationships:** What is the history of the relationship? Could or should this history impact the negotiation? Will there be any hidden issues that may influence the negotiation? How will you handle these?

**Expected Outcomes:** What outcome will the people be expecting from this negotiation? What has the outcome been in the past and what precedents have been set?

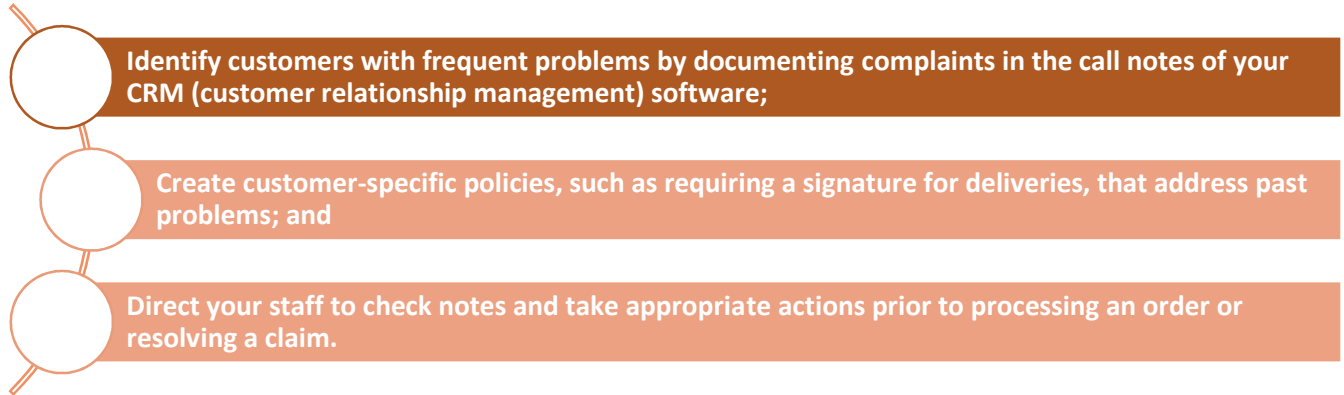
**The Consequences:** What are the consequences for you of winning or losing this negotiation? What are the consequences for the other person?

**Power:** Who has what power in the relationship? Who controls resources? Who stands to lose the most if agreement isn't reached? What power does the other person have to deliver what you hope for?

**Possible Solutions:** Based on all of the considerations, what possible compromises might there be?

## Get Rid of Bad Customers

According to a customer service manager interviewed by Julie Rains, genuine service failures should be diagnosed and addressed immediately, customers reimbursed, and sources of internal errors corrected. So, the best way to get rid of bad customers is by transforming them into good ones through the following solutions:



Some years ago, businessmen were only focused on how to sell off their products or services faster than their competitors. They overlooked the importance of building customer relations and thought it wasn't necessary so long as their products and services are sold and profits are made.

This is wrong. You need to have a reliable customer base that you can depend on for years and years to come. Keep in mind that competition grows every second and the minute your competition starts giving customer relations some importance, you will definitely lose out on your customers and your profits. Building customer relations is extremely advantageous for your company since it's a win-win situation.

In a trusting relationship, both the customer and the client are happy; which means the customers buy more, the client sells more and the company eventually grows and expands.

Therefore, it is high time that you turn from a transaction-based company to a relation-based company. Remember, a happy customer is a reliable customer and a reliable customer means profits. Here are a few ways where you can start to employ this strategy:

### 1. Build Trust

This is the first way of building long-term relationships with your customers. The way to build trust is to make sure you show them that you deliver what you promise. Trust is something that glues your business relationships and with time they become deeper and more and more reliable.

### 2. Create Bonds

The bonds that you create with other organizations and customers help to keep your relationships steady. Bonds signify that you have mutual goals and understandings and that you will work together to achieve them. Eventually, as relationships grow, bonds become stronger.

### 3. Empathize with Others

In simple terms it means step into the other person's shoes before making your statement or decision. Empathy is an emotional link that builds trust between parties who are dealing with one another.

### 4. Encourage Reciprocity

Remember the old saying "in order to get something you must give something"? Well, in order to get a lot more than something, you must give away a little something. If you keep this notion in mind when dealing with clients, you are sure to build strong long-lasting relationships.

## Traits of a Happy Customer

Various discussions done today on marketing and management are based on current events happening in different business domains. As a result, having modern technology, new ideas, and strategies goes a long way in attracting new customers and maintaining old clientele.

However you must keep in mind that competition is always around the corner. Your best bet is to ensure that you keep your customers happy and satisfied. This strategy is based on four principles of the current market trends and they are proven to be extremely helpful for businesses of all kinds and sizes.

### 1. Own the Market.

For a business to be successful and to grow with time, it must create its own niche within the market and be the leader of that specific niche. When you're the leader, people look at you differently and this means that no matter what your competitor does, you're still leading. Take an example of Microsoft. Even today, you will note that people prefer Microsoft products more than other products because it is the leader.

### 2. Position your Company

The trend in technology and lifestyle can make your products literally disappear if you have no position in the market. This means that the more you position your company higher in the market, the more reliable your products and services become.

Therefore spend more time positioning your company in the market if you wish for a successful long or term business growth.

### 3. Customize with and to Customers

Remember that customer needs and requirements changes-over time. You should be in position to adapt to those needs and requirements.

This is where mass customization comes into play; giving the customers what they want, how they want it, when they want it, and where they want it. But in order for mass customization to effectively work with your business, you must first and foremost have great relations with your customers.

#### 4. Try to See the Intangibles

Look at the big picture. Look at the significant aspects of your business. It is true that most businesses neglect and ignore what's more significant and thus become only a product or service-oriented firm.

There is a lot more than just selling your products, and that is to focus on the intangibles. And that **means Quality, Customer Focus & Reliability**.

#### Traits of a Bad Customer

This definitely sounds bad because this is supposed to be a chapter on building trust and relationships but look at it from another point. Bad customers only hold you back from giving your best to your other faithful customers.

They are not frequent buyers and when they buy, they buy in smaller quantities which means that if you sat down and calculated your potentials, they would definitely prove to be more expensive for your company.

Every company has good and bad customers and your aim as a successful businessman is to retain the good ones and cut out on the bad ones. Here's a way to do just that:

##### Convert Bad Customers into Good Ones<sup>1</sup>

Ideally, this should be your first move. In some cases, it wouldn't hurt to give it a try. Sometimes, in order to do just that, you could remind your bad customers about an offer that's about to end. Alternatively you may want to give them a call to politely tell them to take their business elsewhere if they don't buy products worth some amount within a specific period of time.

- **"Fire" your Bad Customers<sup>1</sup>**

Sometimes saving bad customers isn't worth your time and effort. Therefore, it is best to just fire them but if you think that it will impact your existing customers, then you're wrong.

Great relations with customers are enough for you to live through the "firing" process of your bad customers. Be polite and refuse to do business with them. It may hurt them for some time but this will be a long-term goal in the making.

#### Further Reading:

- ✓ *Customers That Count: How to Build Living Relationships with Your Most Valuable Customers (Financial Times Series Published in 2001) by Tony. Cram*
- ✓ *Living Service: How to Deliver the Service of the Future Today (Financial Times Series Published in 2008) by Marc Silvester, MoHi Ahmed.*