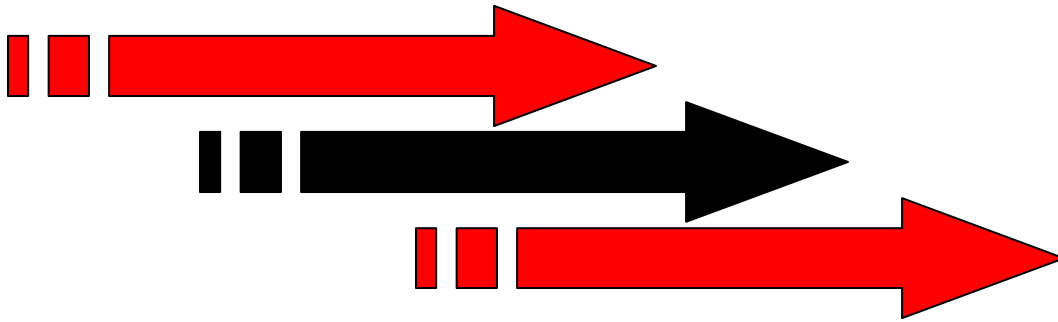


**Meaningful Marketing
More than CRM
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Are you planning on Going Out of Business?



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Are You Planning on Going Out of Business?

The title asks a rhetorical question, of course; not even an anarchist goes into business with the conscious goal of failure. But these are trying times for businesses, because long-cherished notions about how to succeed appear to be unraveling. If you continue to steer your ship using obsolete maps and charts, a watery grave will likely be the result. This guide will update you about the most current findings regarding a critical business problem, namely, customer service.

In the 1980s and 1990s, businesses realized that customer service was the key to success. Every effort was made to satisfy, and even exceed, customer expectations. The aim was to "delight" customers and build a long-term relationship with them, thereby ensuring financial success through repeat purchases and word-of-mouth references. This reasoning appears rock-solid even today, but alas, the empirical evidence tells a different story.

Latest research reveals that customer satisfaction is no longer enough to ensure retention. Even satisfied customers switch, provided the price and other factors are right. For example, Professor Peterson of the University of Texas found that over 85% of a particular organization's customers claimed to be satisfied, but were willing to leave for the competition. This is a new, disturbing aspect of consumer behavior. Has consumer psychology changed? Have consumers become more promiscuous?

Well, yes and no. Consumers, as always, still look for the best deal they can get. Thanks to the Web, they can look for good deals in a much more focused way than they could earlier. Even a person with rudimentary Internet search skills can turn up good bargains on the Net. So, consumer psychology has not changed: consumers will still go for the best deal they can find. Thanks to the new Net-based communication technologies, finding good deals has become much easier today than in the past; so there is a tendency to "stray." Does this mean that customer loyalty has become extinct?

Not at all. You need to persuade your customer over the long term that the best deal lies in buying from you, and the tools employed in applying this persuasive pressure are new. Customers today have to be actively, skillfully managed. A well-planned customer relationship management (CRM) strategy has to be developed to interest leads and, in turn, convert them into solid prospects, customers, repeat buyers, and word-of-mouth advocates.

In this fluid environment in which consumers are able to ferret out the best deal with laser-like precision, do sellers have anything going for them? The answer is

an unequivocal “yes!” A concept borrowed from the social sciences, called *social capital*, is now being effectively used by some businesses as the key to long-term sustainability. Social capital is the value inherent in relationships, networks, and communities. An increase in social capital, through the provision of services that satisfy common needs, benefits everybody. Businesses must realize that they do not function in isolation but are embedded in a greater community; the surest way to cultivating customer attachment and achieving customer retention is to increase social capital.

An enterprise can increase social capital by drawing together prospective customers, existing customers, and suppliers to form a cohesive community centered around the enterprise. There are myriad tools to accomplish this, the starting point being a strong online presence with helpful content, tutorials, special offers, mailing lists, e-mail newsletters, and discussion forums. Membership of a trade or professional association is a simple way to increase social capital. Maskell et al. found in 1998 that Nordic countries such as Norway succeed on the global stage despite high labor costs because of cooperative trust-based relationships among entrepreneurs. The lesson is that competition and cooperation are not mutually exclusive. To drive home this point, Ingram and Roberts found in 2004 that friendships between rival hotel managers in Sydney contributed significantly to increasing one another’s revenue. Also, in order to run a factory on just-in-time principles, a very close collaboration between the factory and suppliers is needed. Here the factory is the customer from the point of view of the supplier.

Specialized customer databases can be created, so that an individualized experience can be offered. For example, Amazon uses the purchasing history of their customers to e-mail a customer the information that a new book by an author — whose book the customer had purchased last year — has just emerged on the market. Customers could be segmented, and high-value customers could be targeted. A *Harvard Business Review* study has shown that a mere 5% increase in customer retention increases profits by 25 to 85%. Ongoing two-way communication with your customers is the glue that will cement your little community, and is the key step to increasing social capital, cultivating customer loyalty, and thereby ensuring business sustainability.

Customer relationships need to be managed, and you need to partner with a CRM vendor willing to invest the time necessary to understand your business. Most vendors will push you to purchase expensive software without considering whether you really need it. Choose a vendor such as WebAntiphon (www.webantiphon.com) that has rich experience in developing CRM strategies for diverse clients tailored to the clients’ goals, needs, and budget and will help you assemble a toolkit appropriate to the chosen strategy using the latest methodologies. You should see higher sales and profits, lower technology costs over the lifetime of ownership, and more distribution and marketing channels as a

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direct result of a carefully drawn up CRM strategy plan.

The reader can begin applying the ideas discussed here without involving any vendor. Begin cultivating customer loyalty by helping your partners better retain their customers. This can be accomplished by implementing systems and processes to allow them to share intelligence aimed at delivering better services and adding value to customer interactions with your company. The idea is similar to that in just-in-time example mentioned earlier: The data collected, when viewed from multiple perspectives, will reveal areas for improvement, and keep all strategic partners more closely connected to the customers — who are here redefined to include the complete distribution channel rather than just end users.

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