CRM
HAS A FUTURE
in small and medium-sized enterprises

How you can successfully shape customer relationships and business processes

With support from KONICA MINOLTA

Contents

THINK AHEAD

WORK SMART

JOB WIZARDS
WORKBOOK

Customer relationship management – an increasingly important competitive factor

What you should consider and start doing now

A business or company without customers? Unthinkable. Among all the technical innovations and changes of recent decades, customers are and will remain the focal point of attention. However, marketing and relationships between businesses and customers have changed significantly in that time.

Let's take a look at the development of the Swiss family company Ricola. Founded as a speciality sweets business in 1930, the owner and baker Emil Richterich experimented tirelessly with sugar and different herbs. In the end, he invented a special 13-herb mix that became increasingly popular with local customers. In the 1960s, Ricola wanted to become one of the first Swiss companies to export sweets. However, a German business partner complained at the time that the packaging looked like a seed bag for the garden. Nevertheless, an initial 50,000 bags were ordered out of pity and, surprisingly, one million bags were then sold in the first year alone. Today, Ricola exports herb sweets to more than 50 countries. The company

has subsidiaries in Europe, Asia and the USA. However, if you visit the website, you will initially not find any herb sweets at all. Instead, you see majestic mountains and green meadows of herbs and receive information about quality-tested cultivation areas, harvesting methods and production processes.

This example illustrates important developments in customer relationship management:

● In the 1950s and 1960s, most entrepreneurs were still asking themselves: where can we find as many customers as possible for our product? The focus was thus on the product.
● Today, the focus is on the customers, and managers ask themselves: how can we acquire as many new customers as possible and retain existing customers?
● Thanks to social media, various communication and information channels and a growing number of (customer) data and analysis tools, the viewpoint on each individual customer has become far more complex and differentiated.

● In this context, future-oriented companies pay particular attention to good, personalised customer relationship management in order to continually excite and impress their customers.

Good, sustainable customer relationships are now a core factor in competitive advantage – above all because many products or services can be compared with just a few clicks and often converge.

This workbook should provide you with suggestions for future-oriented customer relationship management. We hope you enjoy reading it and pick up good ideas for your business and relationship with your customers.

The Job Wizards

THINK AHEAD

*Good to know –
know what influences business and customer relationships*

*Good to do –
categorise and critically question your
own business and customer relationships*

WORK SMART

How to read this workbook.

The concept of Job Wizards Workbooks
The Job Wizards workbooks are published four times a year. They offer entrepreneurs and decision makers up-to-date facts, content and inspiration on important subjects in the world of work.

In workbook number three, we have put together the most important information on customer relationships and CRM – customer relationship management – for you. Not every entrepreneur or manager can or wants to afford a CRM adviser or tool. Perhaps you just want some initial information, anyway.

This workbook communicates central topics relating to business and customer relationships and provides important suggestions and stimulus regarding how small companies in particular can successfully organise the related strategies and processes.

- In the knowledge section
  „Think ahead – good to know"
  the workbook explains what influences customer relationships today and how companies can shape and manage relationships.

- In the practical section
  „Work smart – good to do"
  worksheets help you implement the freshly acquired knowledge in your daily work.

**JOB WIZARDS
WORK**BOOK

HOW WELL DO YOU KNOW YOUR CUSTOMERS?

Customers today want to be intensively wooed and enthused, as infographic 1 on customer relationship management shows. They are online almost around the clock, looking for information and simple and convenient solutions for their needs or problems. But that is not all: they also expect personal and appreciative communication, preferably in real time. This has changed relationships between companies and customers: customers are much better informed today than ten years ago and have become far more demanding.

The market has also changed. Products, offers of all kinds, and also services have become much more transparent for customers. Major search engines, as well as search algorithms for products or prices and comparison portals, provide dynamic and continuous new information.

In this way, the search engines, algorithms and comparison portals influence business, the market and, of course, purchasing behaviour *(also see Chapter 2)*.

Small and medium-sized companies have a treasure trove of customer experiences, industry knowledge and expertise. But they are also challenged by the increasing market transparency and the new purchase and customer paths that need to be attended to in everyday business. Big data and customer relationship management *(CRM)* systems for customer retention and care are already in use in many companies. According to 2018 data from the statistics portal Statista, more than two-thirds of all entrepreneurs with more than 250 employees use relevant software. But only around one-third of smaller companies with fewer than 50 employees use special customer relationship management applications.

Shaping successful customer relationships – a core challenge

THINK AHEAD

CUSTOMER RELATIONSHIP MANAGEMENT

Customers

- Are (almost) always online
- Are looking for information and simple solutions
- Expect
  - convenient processes
  - personal communication
  - service/reaction in real time

SMEs

- Have their own customer experiences
  - traditional/analogue know-how
- Are confronted with big data
  - undreamt of quantities of (customer) data
- (Partially) use CRM systems for customer retention
  - customer relationship management
- Are considering automation in customer relationship management

Market

- has become more transparent for customers
  - price search engines, comparison portals
- Is changing dynamically and continuously
- Makes the following possible:
  - new business models
  - new business combinations
  - sector changes and conversions

Customer relationship management

Customer relationship management is full of new challenges

THINK AHEAD

Marketing experts and leading consultancies in the area of customer relationship management emphasise that customer-oriented companies work considerably more profitably than competitors who are not customer-oriented. But what exactly does customer orientation mean? What does it mean to put customers at the centre of all corporate activities?

Of course, almost all decision makers believe they know their customers well or very well. But according to a study, only around one-third of customers back up that management opinion. One possible explanation for the gulf in perception is provided by the customer communication habits.

For example, 75% of decision makers answer yes to the question of whether their company offers uniform customer experiences across all communication channels, while only 30% of customers say the same. Many companies apparently focus on a small number of channels, while customers, in contrast, are active in many different channels.

It is also a fact that customers have less and less loyalty to companies, products and brands. 'That is an unsettling trend for 43% of consumer goods manufacturers and retailers in Europe ... That is why many manufacturers and retailers want to increase focus on customer orientation in the next two years', says the Global Consumer Executive Top of Mind Survey 2017.

Nowadays, successful customer orientation and centricity involves much more than estimating or measuring customer satisfaction at the end of a purchase process.

Increasingly important: customer orientation and customer focus

THINK AHEAD

Levels of customer proximity and their influence on the stability of relationships *(model and questions based on Rudolph & Rudolph 2000)*

CUSTOMER

Happily and voluntarily **connect**ed

Personal level	A
Subject level	B
Organisational level	C
Power level	D

(Involuntarily) **commit**ted to each other

PROVIDER
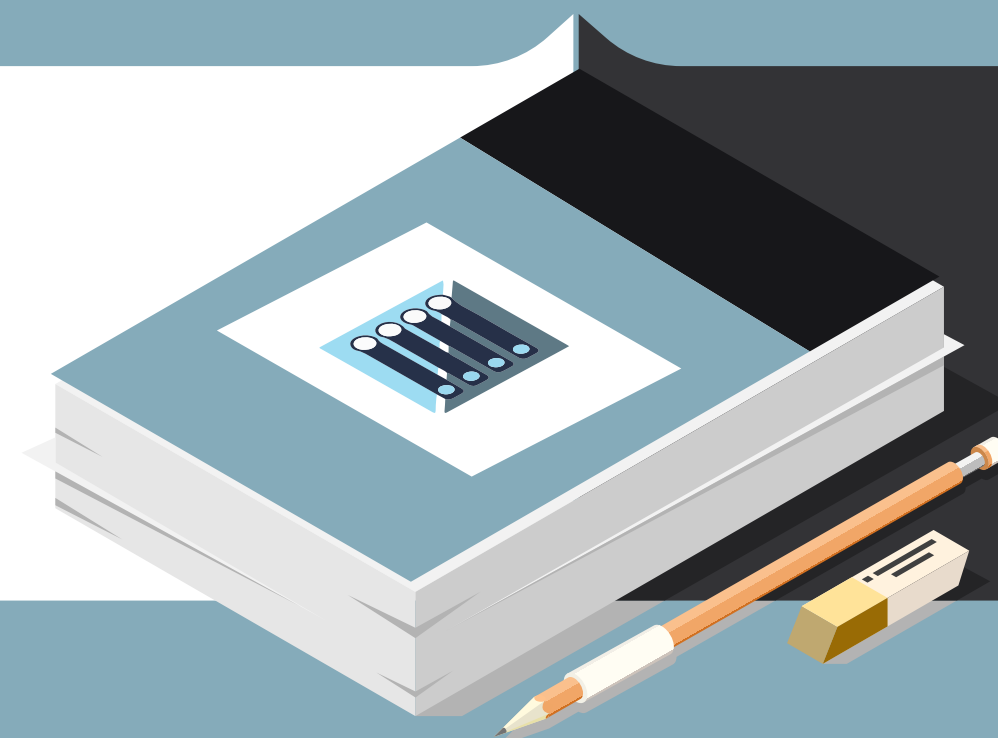
Customer proximity: what are your strengths?

WORK
SMART

This worksheet helps you to consider and categorise customer relationships. There are four levels for this, as shown in infographic 2. The subject level *(B)* and organisational level *(C)* influence what economic value a customer relationship has. The personal level *(A)* and the power level *(D)* have more of an effect of the stability of the relationship. The more personally and factually based a relationship is *(A and B)*, the more likely the partners are to be happily and voluntarily connected. If a relationship is characterised by a major imbalance in power, they are rather committed to each other, but perhaps not really happily and voluntarily.

1. First, read the questions below carefully. Find your answers to them.

2. In the second step, evaluate how happy you are with those answers.
On which levels do you have particularly customer-oriented results **(++)**?
Or where do customers receive comparatively little or no attention **(--)**?

	- -	-	- +	+	++
PERSONAL LEVEL	●	●	●	●	●
SUBJECT LEVEL	●	●	●	●	●
STRUCTURAL LEVEL	●	●	●	●	●
POWER LEVEL	●	●	●	●	●
	OUR WEAKNESSES				OUR STRENGTHS

3. Now check if you consider all four levels equally
in upcoming decisions or strategic changes.

Customer proximity: what are your strengths?

WORK SMART

Customer proximity: what are your strengths?

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QUESTIONS ON THE PERSONAL/EMOTIONAL LEVEL

Can our customers trust the company / the promised quality of the products?

Are we satisfied with what we/I provide for our customers?

Do we manage to provide positive and friendly customer communication? / Are care and service right?

How important is the relationship with our customers to me personally as a decision maker?

What do I think characterises the special quality of the relationship with our customers?

QUESTIONS ON THE SUBJECT LEVEL

What success/sales potential do we anticipate with regard to ...

... turnover?

... solvency?

... price awareness?

What references do I expect with regard to ...

... image?

... word of mouth?

... recognition value?

What other 'benefits' are useful for me?

e.g. specific information

networks / information access

innovations

Customer proximity: what are your strengths?

WORK SMART
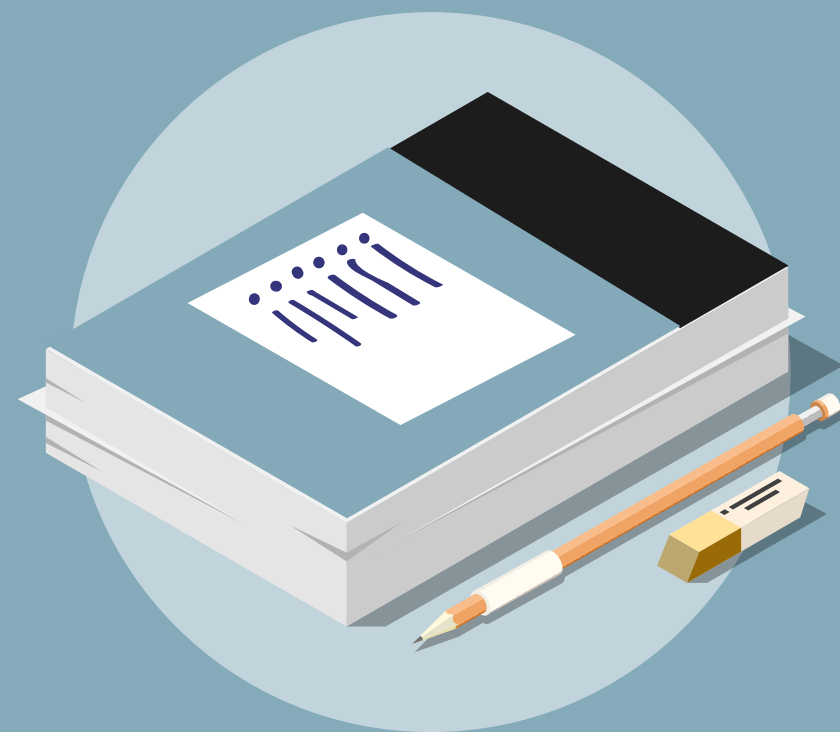
QUESTIONS ON THE STRUCTURAL (ORGANISATIONAL) LEVEL

How much customer data and/or information is there in our company?

How up to date and well maintained is the data/information?

What communication systems connect us to our customers?

What logistical paths connect customers to our company?

Are our customers involved in the improvement/development of products or services?

Is there possible customer involvement/cooperation in certain areas?

QUESTIONS ON THE POWER LEVEL

Are there power imbalances within our customer/business relationship with regard to …?

… market shares

… market position of the customer

… turnover shares

… special features of the products

… individuality of the products

… quality of the products

What contractual obligations exist with regard to …?

… contract length

… price/cost benefits

… delivery times

GAIN NEW CUSTOMERS, RETAIN GOOD CUSTOMERS

According to an industry adage widespread among marketing experts, 'It is five times easier to keep an existing customer than to acquire a new one'. A core argument for ascribing high company-internal value to the importance of customers, as well as maintaining customer relationships.

Through analyses of customer and purchasing behaviour, for example, we now know that customers experience several 'critical moments of truth' *(see infographic 3)* on their purchase journey: the 'First Moment of Truth *(FMOT)'* occurs when a customer enters a shop, looks for something, and encounters a product 'for real' for the first time. The 'Second Moment of Truth *(SMOT)'* is when they unpack and use the product at home.

If customers experience both moments as pleasant and positive, they are very likely to buy the product again or recommend it. However, thanks to major search engines like Google, another critical moment has been added to the customer and purchase journey, which has pushed its way in before the other two: the 'Zero Moment of Truth *(ZMOT)',* or 'Moment Zero', when a customer carries out research online and looks for information before an intended purchase, before then going to a business or a particular shop.

The customer journey is now assessed differently: it is no longer viewed linearly as in the AIDA model, one of the first marketing models.

According to that model, the Attention of potential customers should be followed by Interest, and marketing should then awaken customer Desire and initiate Action. Marketing models that describe the customer journey as a customer decision process in an increasingly narrow 'sales funnel' no longer exemplify the complex process of the customer journey either. 'In this era of radical change, a new marketing approach is required', says Prof. Philip Kotler, founder of modern marketing teaching in the 1970s. In his recent book 'Marketing 4.0', he advocates the need for marketing to adjust to the changed customer journey in view of networking and digitisation. He says the task now is to accompany consumers on their journey from perception of a brand to recommending it.

Customer care out of obligation? Or out of conviction?

THINK AHEAD

What factors and processes primarily influence a purchase or purchase decision these days *(see infographic 3)?* Marketing and advertising should make customers aware of a company, brand or product. The ZMOT leads to customers actively searching for information about a product themselves from the start. It is therefore important that even at this stage you understand, convince, excite and acquire customers. They then either buy or are supplied, and a service is provided. Customer care then continues with well thought-out customer services and after-sales, which also provide personal recommendations and good reviews online.

This corresponds to the Loyalty Loop from McKinsey *(see infographic 3),* which itself is part of a bigger loop involving various critical sales moments. A model to 'capture' even increasingly restless customers and to retain them with appreciative customer relationship care.

What factors influence a purchase?

THINK AHEAD

IMPORTANT INFLUENCE FACTORS AND SALES MOMENTS

3 ZERO MOMENT OF TRUTH

2 CONSIDERATIONS AND PREFERENCES

FIRST MOMENT OF TRUTH **4**

LOYALITY LOOP

SHARED OPINIONS

1 TRIGGERS

5 PURCHASE DECISION

6 SECOND MOMENT OF TRUTH

What happens before someone buys something?

Influence factors and sales moments on the customer journey in Marketing 4.0

THINK AHEAD
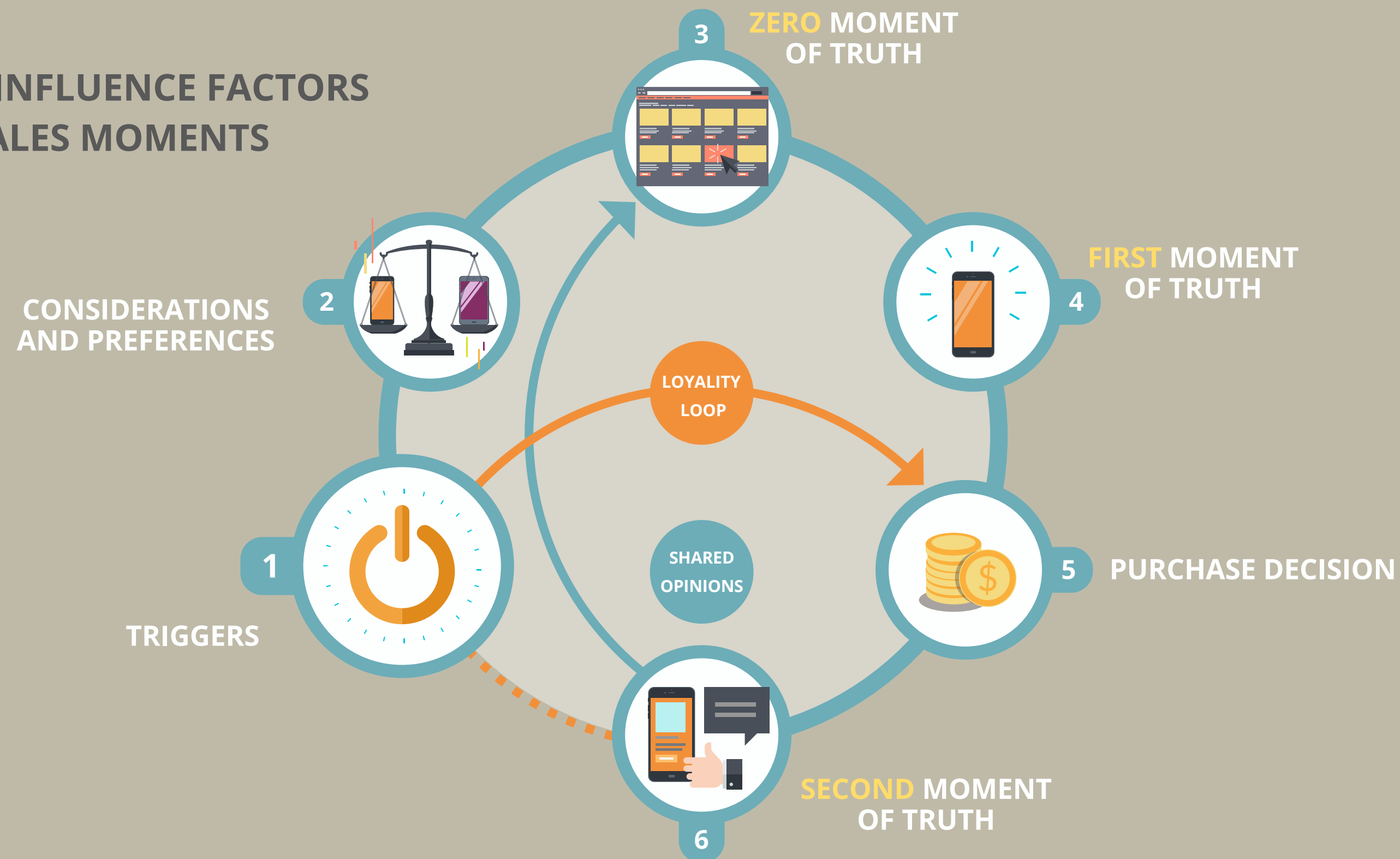
1 Triggers: The customer journey is emotional. It is triggered by needs or wants and is influenced by brand ambassadors, friends and/or recommendations.

2 Considerations and Preferences: The mindset of the customer, which forms and accompanies the process of exploration and research at home (online), on the go (mobile) or in the shop.

3 Zero Moment of Truth (ZMOT): The 'Zero Moment' when a customer is surfing the Internet and finds information before they make a decision and/or act. How much does it cost? What do I get for it? What are the reviews like? How well does the online shop work? Is there a shop near me?

Shared Reviews: Positive and negative reviews influence the ZMOT or can trigger additional purchase decisions.

4 First Moment of Truth (FMOT): The first moment of truth after the online research, when a customer consciously perceives a product (online or on a shelf in the real world).

5 Purchase Decision: The moment of purchase and all the customer experiences related to it. How does the customer feel about the purchase? The company? The brand?

6 Second Moment of Truth (SMOT): Unpack, operate, use: the second moment of truth, when the customer unpacks and uses the product at home, experiences it and possibly shares their experiences.

Loyality Loop from McKinsey: Good experiences with the purchase and trust in the product, brand or company are triggers for additional purchase decisions.

In dialogue with customers: to whom do I speak in what way?

Different characters in sales processes

WORK SMART

Infographic 3 shows that various factors influence the interest and purchase process of customers. In everyday sales, this raises the interesting question: which people actually have a big or the biggest influence on a particular product being purchased?

With a tried-and-tested model *(on the basis of Webster and Wind, 1972)*, the roles and tasks taken on by the different people in a sales process can be better understood. The model was originally designed for business customers, because there is rarely a single person within a company who is responsible for all the important processes relating to an order or purchase. It helps you to address specific people or groups of buyers in a targeted way and to provide them with exactly the information they are looking for or expecting.

The communicative user

- Often takes a personal interest
- Looks for providers or products that can solve one or more of their problems
- Does not always have the power to purchase or make decisions

- **Job Wizards tip:**
  Users are the ideal counterpart for professional discussions and information exchange. At the same time, they are good sources of information to find out more about the customer point of view.

The buyer

- Takes on the official market exploration
- Is responsible for the purchase risk

- **Job Wizards tip:**
  Above all, buyers need data and facts, structured and presented as clearly as possible. They are open to good, helpful arguments in order to be able to better assess the current market.

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The critical influencer

- Can support or block sales processes
- Has no official function in the purchasing process
- Likes to pull the strings in the background

- **Job Wizards tip:**
  Influencers like to influence others, but don't like to be influenced themselves. The best approach is to provide them with information in a reputable, factual way.

The decision maker

- First question is: what's in it for me?
- Is used to making decisions
- Is interested in return on investment

- **Job Wizards tip:**
  Decision makers are key figures in sales or contracts and the most important negotiation partners for orders. In discussions, a clear, convincing answer to the question 'what's in it for me?' is needed.

The controller

- Thinks strategically and sustainably
- Makes use of monitoring tasks
- Has the power to veto

- **Job Wizards tip:**
  Never underestimate controllers. It is best to find out in advance if there could be reasons for the contract to be rejected. It helps to understand the central criteria of the controllers and to avoid possible reasons for a veto when preparing the offer.

In dialogue with customers: to whom do I speak in what way?

Different characters in sales processes

WORK SMART

AFTER-SALES MANAGEMENT

Targeted courting of customers to confirm their purchase decision and encourage them to make repeat and additional purchases. Targets: 1. Increase customer satisfaction, 2. Ensure long-term customer retention.

CHURN RATE

'Churn' is a neologism made from change and turn. This ratio or formula indicates how many customers in comparison to the entire customer portfolio have left over a specified time period.

CRM

Abbreviation for customer relationship management, meaning the strategic orientation of a company regarding all processes relating to customers. The customer and customer service, rather than the product for sale, are at the heart of all corporate processes.

CRM SOFTWARE SYSTEMS

Marketing tools based on a structured customer database that represent solutions for diverse, previously defined requirements.

The little CRM and customer relationships glossary

Many new terms and criteria relating to customer relationship management have cropped up. Here are the most important ones to know in order to take part in the conversation.

CROSS-SELLING

The idea of encouraging customers to make further purchases in addition to the first.

CUSTOMER LIFETIME VALUE (CLV)

An operational average value that describes the value a customer has to a company over their entire lifetime. CLV management means strategic orientation of all customer-relevant processes and measures to this customer value.

CUSTOMER TOUCHPOINTS

All touchpoints between a company or brand and customer, before, during and after a purchase.

LEAD NURTURING

All corporate measures to address interested customers with relevant information at the right time. Ideally, the information is perfectly suited to the corresponding phase of the purchase decision or customer journey for the interested party.

MOMENTS OF TRUTH (MOTs)

Important moments in the information and purchase decision process of the customer. The First Moment of Truth (FMOT) is the first moment when a customer perceives a product in the real world / on a shelf. The Zero Moment of Truth (ZMOT) is the moment before the FMOT, when a customer is surfing the Internet and finds information before they make a decision and/or act.

OMNI-CHANNEL MANAGEMENT

Sale of products or services via all channels, e.g. in brick-and-mortar shops, stores, branches, subsidiaries, etc.; online with one or several web addresses and on various social media platforms; on mobile platforms optimised for smartphones, tablets, etc.; in a customer-oriented, trained call centre or via printed information in the form of catalogues, brochures, promotional flyers, etc.

UPSELLING

The idea of offering a customer a higher-value product or service rather than a more economical version. Customers may perceive excessive upselling as overly pushy.

The little CRM and customer relationships glossary

Many new terms and criteria relating to customer relationship management have cropped up. Here are the most important ones to know in order to take part in the conversation.

CHAPTER

3

ACTIVELY MANAGE CUSTOMER RELATIONSHIPS
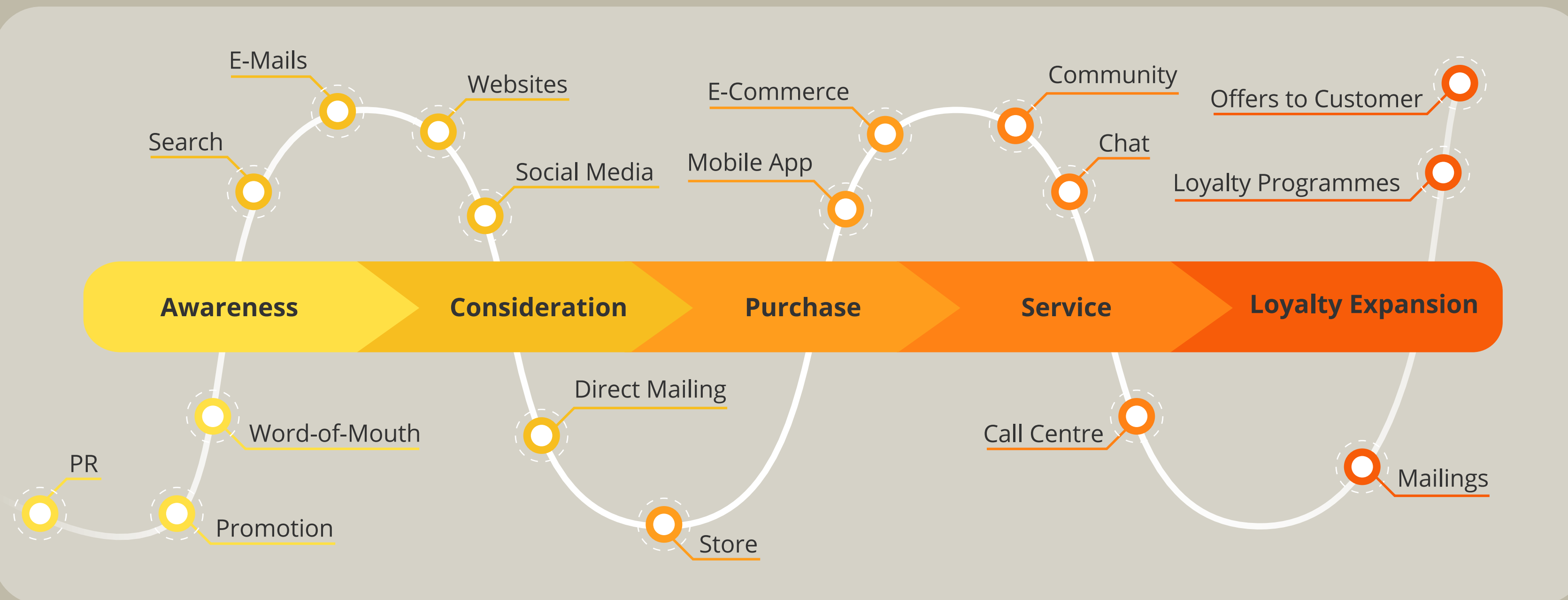
JOB WIZARDS WORKBOOK

There is broad consensus among all experts in customer relationship management: in future, the biggest challenge will be designing a successful combination of digital and analogue offers and solutions for customers. A new factor is the concept of the 'customer experience', meaning the overall positive emotional experience that bonds a customer to a provider, brand or company. The key is to offer the customer many emotive touchpoints with the product, brand or company, without making them feel they are being spied on.

The corporate example of Ricola shows where the journey is heading – in their case from herb sweets into the world of mountains and meadows and back to herb sweets. Customers should have and retain positive, pleasant experiences in continually refreshed 'loops', keeping them positively connected to 'their' product throughout their life, despite many other attractive offers. In this context, there is particularly strong focus on omni-channel management: optimised selling of products or services via all channels *(see also topic 3 c and the glossary).*

Find suitable applications: in all channels

THINK AHEAD

DIGITAL TOUCHPOINTS

E-Mails
Websites
E-Commerce
Community
Offers to Customer
Search
Social Media
Chat
Mobile App
Loyalty Programmes

Awareness **Consideration** **Purchase** **Service** **Loyalty Expansion**

Word-of-Mouth
Direct Mailing
Call Centre
PR
Promotion
Store
Mailings

ANALOGUE TOUCHPOINTS

Find suitable applications: in all channels

THINK AHEAD

Future-oriented customer relationship management is a successful combination of digital and analogue touchpoints and solutions.

In the framework of these diverse customer experiences, customer data is also given a central role. Data and its quality are not only fundamentally important when it comes to targeted customer relationship management and the installation of CRM software to optimise customer care in a company. Data quality is equally decisive when automation of marketing processes in a company using specific tools and algorithms is up for discussion. There are four criteria, all beginning with the letter 'V', that are helpful for the evaluation of the quality of data and, above all, the buzzword big data:

VOLUME
This refers to the fact that digitisation and the Internet of Things are already sending data volume skyrocketing and will continue to increase it in future.

VELOCITY
It is important to ensure that the speed at which new data is created, connected and analysed becomes ever faster.

VARIETY
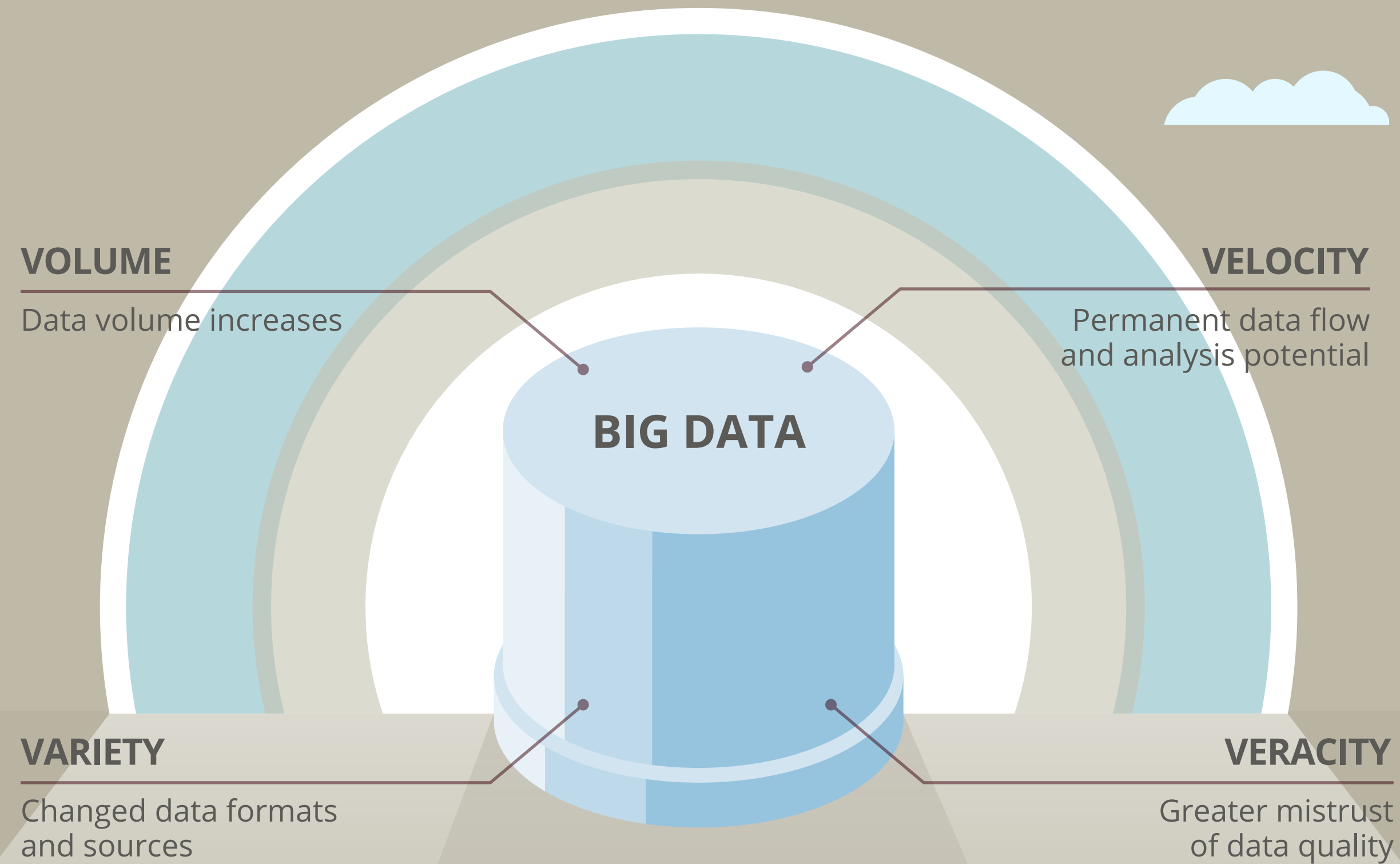In this context, it should be possible to link together the various items of customer data from internal and external sources and channels.

VERACITY
The validity and veracity of data is an important new critical discussion point, especially if important business and customer relationship decisions are to be made automatically on the basis of that data.

State of the art: the thing about data

THINK AHEAD

VOLUME

Data volume increases

VELOCITY

Permanent data flow
and analysis potential

BIG DATA

VARIETY

Changed data formats
and sources

VERACITY

Greater mistrust
of data quality

State of the art: the thing about data

**THINK
AHEAD**

The four big challenges in data
management *(on the basis of Krämer,
Tachilzik and Bongaerts, 2016)*

Three trends in customer relation-ship management

THINK AHEAD

There are currently three major trends that stand out in the area of CRM systems and customer relationship management in general.

TREND NO. 1

Marketing and sales are joining forces

In other words: all corporate measures are being bundled with the aim of optimally recording, addressing and fulfilling customer wishes and needs. In this context, it is important that all employees and pieces of information are 'in line' – the conditions that apply should not differ between field agents and head office or particular channels.

TREND NO. 2

Customer communication and customer care take place in all channels

The key phrase here is omni-channel management. That means collaborative planning, management and monitoring of the various communication and sales channels relating to customer touchpoints. The aim: good, positive customer experiences and thus continuous improvement and optimisation of corporate success via the different sales channels.

TREND NO. 3

Algorithms and artificial intelligence can increase efficiency

Big data and machine learning make differentiated analysis of customer data possible. In times of lessening customer loyalty, there is great interest in reliable prediction models and recommendations on customer and purchase behaviour. Analysis of customer behaviour makes predictions of 'churn' likelihood possible, for example. If those customers are provided with an attractive (reacquisition) offer at the right moment, it may be possible to retain them. Thanks to artificial intelligence, systems learn independently to make increasingly precise predictions by continuously comparing data with actual processes and purchase paths.

Customer relationship management in SMEs

Do I need to follow every trend?

WORK SMART

Surveys of companies with fewer than 50 employees have shown that around two-thirds still operate day-to-day without any CRM. One question that crops up is: do we actually need to follow every trend?

Check here where your company already offers good starting points for future-oriented customer relationship management. Put crosses in all boxes that you can honestly agree with. Add customer-oriented measures and ideas that you want to implement soon to the checklist.

CORPORATE & CULTURE

- Our customers are important to us.

- Customer orientation is one of the values of our company. We have formulated this in a mission statement.

- We consider customer desires and needs when thinking about new products or services.

Check how fundamentally customer-oriented your company is.

- I myself set an example of customer orientation.

- Our management sets an example of customer orientation.

In the next three months, I would like to implement the following measures to help our customer orientation progress:

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FUTURE & SKILLS

Check how customer-oriented your products and services are.

- Our products/services are optimally tailored to our customers and their situations.

- Our service caters perfectly to our customers and their situations.

- Analogue or digital: we communicate well with our customers.

- In our company, we fundamentally value good communication and high-quality consultation.

- We maintain information exchange with our customers.

- We organise workshops/training on how to work in a customer-oriented way for our employees.

In the next three months, I would like to implement the following measures to help our customer orientation progress:

TEAM & TRANSFORMATION

Check how customer-oriented your corporate structures are.

- Customer interests are considered in our workflow / company processes as a matter of course.

- We have an up-to-date and well-maintained database with the customer data that is important for our workflow.

- We offer our customers contact options that work well (email, telephone, chat) so they can ask questions or communicate wishes.

- We have well-trained employees for customer complaints.

- We regularly encourage our employees to think in a customer-oriented way.

- We regularly encourage our employees to act in a customer-oriented way in everyday work.

- We are considering automation and the use of AI in the context of our existing CRM system.

In the next three months, I would like to implement the following measures to help our customer orientation progress:

Customer relationship management in SMEs

Do I need to follow every trend?

WORK SMART

Excellent customer relationships are increasingly becoming an important competitive advantage. You should therefore systematically expand your current customer orientation. Consider what importance and value a customer has for your company over the course of their entire customer life.

Of course, the size of steps you take and the tempo you set are entirely your entrepreneurial decision to make. It is certainly a major undertaking to newly synchronise workflows in marketing and sales, to check the customer communication in all channels or, indeed, to install it for the first time. Depending on the circumstances, it may be necessary to take advice from experts in order to put together a realistic plan that suits the business.

The use of CRM algorithms and AI in customer relationship management is currently gaining traction. With the rapid increase in data and analysis tools, automated and AI-supported CRM systems are sure to offer lots of new and surprising opportunities.

Such CRM systems can be sustainably successful when they are integrated into high-quality databases and include know-how typical for the company and industry, because in future, too, it is primarily the business and industry understanding of those responsible that will be significant, rather than the quantity of data or abstract analysis.

A future with CRM and automation?

Business and industry understanding are decisive.

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