



### Aims

- To understand what is meant by a strategic plan
- To be aware of all the different stages that are carried out during the formation of a strategic plan

### Why companies fail with CRM efforts?

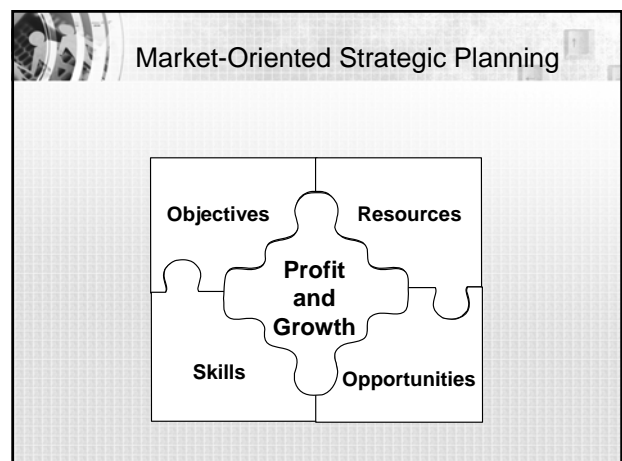
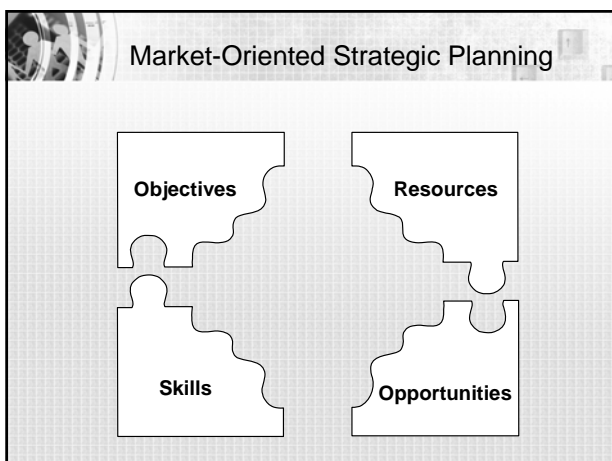
- Poor job at predicting customer behaviour
  - Estimating probability that a customer will choose a certain product (product-choice probability)
  - Estimating the probability that a customer will make a purchase at a particular time (purchase-timing probability)
- Sampling errors

Kumar, V., R. Venkatesan, and W. Reinartz (2006), "Knowing what to sell, when, and to whom," Harvard Business Review, 84 (3), 131-7.

### What is a Strategic Plan?

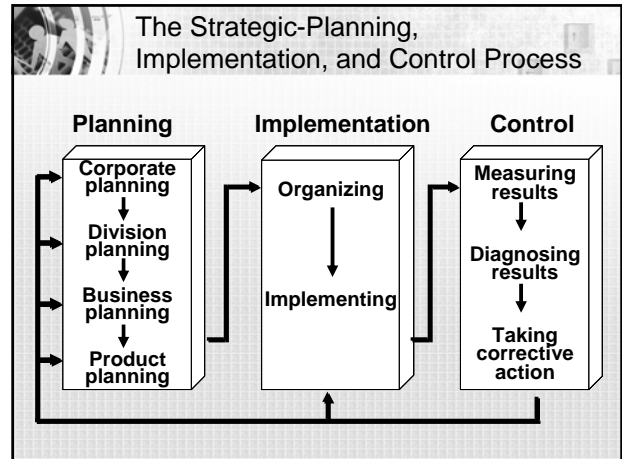
- Management process
- A framework for assessment of a company and its activities
- A method for identifying issues
- A basis on which new strategy can be developed
- Straight forward method

Doyle, P. (2002), Marketing Management And Strategy: Prentice Hall.



### Strategic Planning: Three Key Areas and Four Organization Levels

- Strategic marketing plan
- Tactical marketing plan
- Operational Marketing plan



### Overview of the Process

- Where are we now?
  - What are the major trends and possible changes in the marketing environment?
  - Who are our competitors? How can we make ourselves different from competition?
  - Who are our target customers & what are their needs?
  - What competitive advantages and core competences do we have?
- Where do we want to be?
  - Strategic direction (generic strategy)
  - Product/s to offer
  - Market/s to target
  - Competitive stance to take
  - Positioning strategy

### Overview of the process


- How shall we get there?
  - Design the Marketing Mix to support the chosen strategy and achieve strategic objectives.
  - Decide on tactics for positioning products in the chosen markets.
  - Define targets & time frame.
  - Identify who will be responsible for different tactics.
- How will we know when we have arrived?
  - Methods of control and evaluation.
  - Not only at the end of the time frame but on a regular basis.
  - Ease of measurement depends on the types of activities implemented.
  - Measurement reveals effectiveness of evaluation & helps decide if contingencies must be put in action.

### What First?

- Consider the company background
  - Date company started
  - Local, national or international?
  - Company ethos
  - Products and services offered
  - Annual turnover
  - No. Employees


### Next....

- The External Audit
  - Macroenvironment
    - PEST
  - Task Audit
    - Markets
    - Competition
    - Customers
    - Consumers
    - Suppliers
    - Distributors



### And.....

- The Internal Audit
  - Current mission ( )
  - Current objectives
  - Current strategy
  - Current target audience
  - Customer expectations
  - Customer service levels




### Then...

- Sum up your audits
  - SWOT
    - Internal Strengths
    - Internal Weaknesses
    - External Opportunities
    - External Threats
  - Other Key Issues




### Now the Exciting Bit...

- Make your recommendations for improvements
  - New mission statement if necessary
  - New target audience?
  - New marketing objectives
  - New marketing strategies
    - TOWS matrix
    - Marketing Mix (7P's)



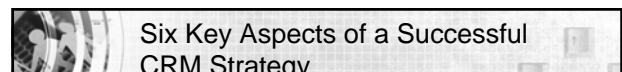
### And....

- Focus on Relationship Marketing
  - New customer service policies?
  - Improved product and service quality?
  - Improved complaints system?
  - Direct marketing plans?



### Finally....

- Decide how you are going to review your new plans
  - Whose responsibility?
  - Methodologies
  - Regularity



### Six Key Aspects of a Successful CRM Strategy

- STRATEGIC ISSUES
  - Service business orientation
  - Process management perspective
  - Partnership/network formation
- TACTICAL ISSUES
  - Direct customer contacts
  - Customer databases
  - Customer-oriented service system

### Retail Banks Have Realized the Following Benefits from CRM Benefits

- Increase in average products sold per customer over one year from 4.6 to 6.2
- 3-5 percent decrease in administrative costs
- 200 percent return on technology investment through cost reduction over one year
- 96 percent reduction in average time for a CCC agent to refer a customer to a branch loan office
- 83 percent decrease in average customer info retrieval time
- 15 percent increase in product revenue in one year

### A Customer Focus Can Aid Retention

- Annual Defection Rates
  - Newspaper subscriptions 66 percent
  - Residential tree and lawn care 32 percent
  - U.S. long distance telephone 30 percent
  - Clothing catalogues 25 percent
  - Internet service providers 22 percent

Griffin, J. and M. W. Lowenstein (2001), Customer winback: Jossey-Bass San Francisco.

### Which Companies Benefit Most from CRM?

- Companies serving large numbers of customers through complex and frequent interactions:
  - Communications companies
  - Retail banks
  - Insurance companies
  - Healthcare organizations
  - Utilities

### Which Companies Benefit the Least from CRM Today?

- Companies that engage in minimal interactions with each customer
  - Auto dealers
  - Government agencies
- Companies with simple transactions
  - Movie theaters
  - Retail stores