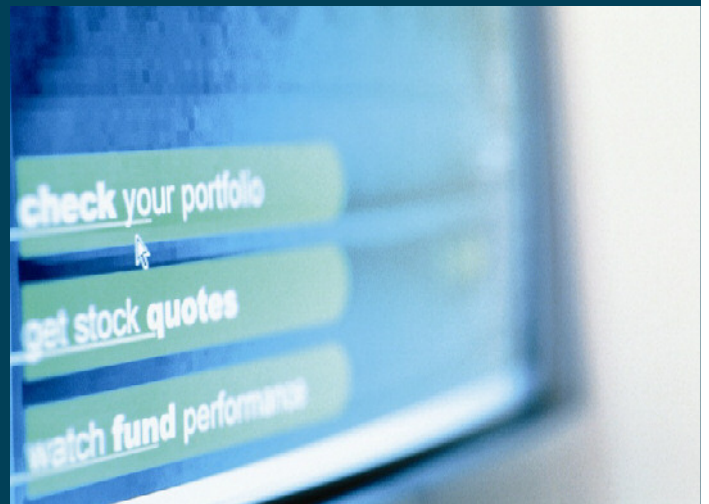


# CRM excellence

Achieving excellence in  
customer relationship  
management



**CRM excellence**

**Roland Berger supports you in achieving CRM excellence with tailored approaches depending on your business and route-to-market strategy:**

**Customer segmentation: Understanding customer value, loyalty and needs**

**Direct marketing/CRM: Setting up targeted one-to-one dialog strategies**

**Channel-based CRM: Managing customers through channel partners**

**Loyalty programs: Developing effective customer loyalty programs**

**The CRM hype is over, the strategic necessity remains**

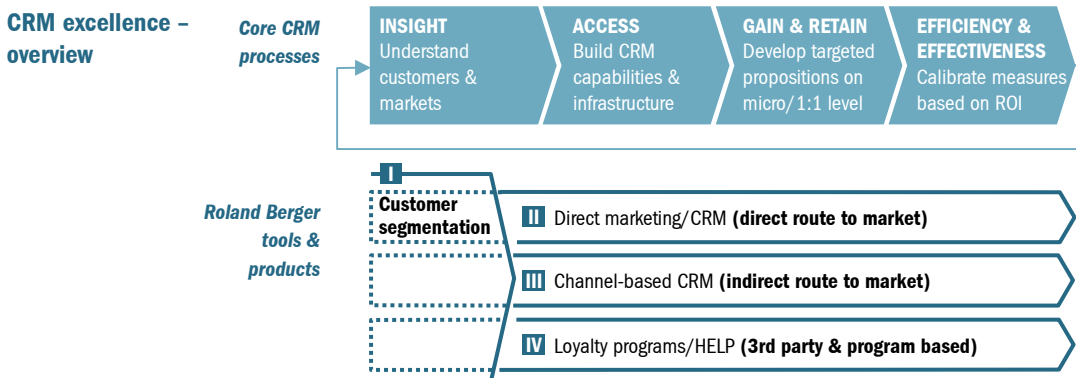
Customer relationships may well be the most important asset of virtually every sales and marketing-driven business. However, building customer loyalty with targeted offerings is a tough job, as mounting global competition makes products and services increasingly similar. At the same time, however, customer needs and tastes are becoming more and more varied.

Customer relationship management, or CRM, emerged as a hot topic at the end of the 1990s. Since then, many companies have invested millions into CRM processes and IT platforms. While CRM has become a standard tool in industries such as financial services, airlines, hotels and rental cars, many companies have not yet realized appropriate returns on their CRM investments.

Lack of focus and insufficient integration into existing processes and strategies have proven to be particularly severe pitfalls.

While the CRM hype has come to an end, the strategic necessity to gain insight into customer behavior and access to individual customers – to boost market share and improve marketing efficiency – has certainly not faded.

Our comprehensive CRM excellence approach helps our clients better understand their customers. Using value and needs-based customer segmentation, we work out the right strategy to access, gain and retain customers in the most efficient and effective way possible. The pillars of CRM excellence are tailor-made approaches for first segmenting and then managing customers either directly, through channel partners or with loyalty programs.



**Customer segmentation: Understanding customer value, loyalty and needs**

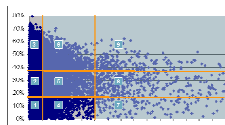
A thorough understanding of customers and markets is the key prerequisite for all CRM activities. If you analyze your qualitative and quantitative data comprehensively, you are very likely to develop successful CRM activities. The analyses focus on three key objectives:

- > **Identify** high value/high potential customers in order to channel limited resources
- > **Assess** current customer loyalty to identify customers at risk
- > **Understand** customer purchasing behavior to offer targeted propositions

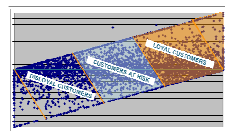
All these analyses result in a customer segmentation that indicates target customer groups as well as their needs and purchasing patterns. This is the foundation of all CRM activities, whether direct or indirect. To recommend and implement the appropriate CRM approach, we use a set of pragmatic tools. They have proven successful in many projects and are customized to suit each of our client's specific needs.

**CRM analytics (project example)**

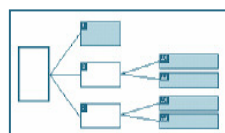
**1 Identify high value customers**



**2 Assess static and dynamic customer loyalty**



**3 Cluster customers based on needs and purchasing patterns**



**Selecting the right CRM approach for our client**

**Direct marketing/CRM: Setting up targeted one-on-onedialog strategies**

Once our client's target customers have been identified, direct marketing is the traditional, straightforward way to approach them. Whenever a company has direct access to its customers, direct marketing is the most effective form of CRM activities. Unlike classic marketing, direct marketing allows companies to address each customer individually. It creates the highest level of intimacy with customers and best fulfills customer needs.

It is vital for a company to make sure that its direct marketing strategy is comprehensive and long term. Direct CRM activities strongly define a company's perceived image, value proposition, emotional connotations and credibility.

We offer support in setting up a successful 1:1 dialog with customers. Based on thorough customer understanding, we assist our clients in designing their direct marketing strategy and creating successful CRM activities that can easily be implemented. In order to ensure that these CRM activities are effective, we measure the success of all activities with a customized ROMI approach.

**Channel-based CRM: Managing customers by channel partners**

Traditionally, CRM activities have focused on establishing direct contact to end customers. In order to do so, companies either had to sell directly or they had to bypass the channels with their CRM activities. For companies operating in an indirect sales environment, our innovative channel-based CRM approach now offers a state-of-the-art alternative to the time and cost-intensive direct customer contact.

Our approach focuses on a neutral third party platform that serves as an intermediary between our clients and their channel partners. These kinds of CRM infrastructures enable our clients to analyze the database of participating resellers without the channel partner having to disclose confidential customer details. Our clients may now identify high value customers, assess their loyalty and offer targeted propositions on a 1:1 or micro-segment level through the channel partners. We have applied this approach with leading multinational corporations.

**"HELP": Developing effective customer loyalty programs**

**"HELP" stands for "Holistic Evaluation of Loyalty Programs".** HELP is a set of tools that create a unique quantitative understanding of the economic impact of a loyalty program. The tools assist our clients in efficiently allocating the significant investments necessary to create, increase and maintain customer loyalty. The economic impact is calculated in a complex scenario model comprising 137 parameters which include all major drivers: the specific situation of the company and the market, the architecture of the program and customer and competitor behavior.

Parameters are individually determined, benchmarked and checked against heuristic values from more than 100 loyalty programs in the HELP research database.

**With respect to our clients' objectives, HELP can avoid pitfalls and help** prepare a value-driven, rational and robust decision on whether and how a loyalty program can meet these objectives. Once a loyalty program has been identified, HELP designs the detailed architecture of the individual best practice solution. The implementation is embedded in and adapted to our clients' overall CRM activities.

**Assessing the impact of loyalty programs**

