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Paper Submission

**Customer Lifecycle Stage (CLCS)
& E -Customer Relationship Management (E CRM) in B2B segment**

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Current Business Scenario

Current business scene is characterized by fierce and harsh conditions with Competition are on fire fuelled by rapid advancements in technology, digitalization, globalization and liberalization thrusts all over the globe. These growth drivers are ushering in unprecedented dictates on businesses which demand speedy, innovative and creative responses to survive, let alone win in the fiercely changing conditions. Customers enjoy freedom of choice and thus are truly empowered and business providers are finding themselves coming under severe pressures for margins without compromising on quality of offerings & services, The customers are seeking higher & higher value in their transactions and only those able to deliver against such expectations over their competition will survive, let alone win. In business to business (B2B) relationships, value and continuous satisfactory experiences have become important to both sides in the interest of maintaining continued workings with least disruptions.

In this scenario in B2B, where a provider is offerings for use by other businesses, he would like to build up a steady stream of loyal customers on whom his business can depend upon for survival & growth. Similarly on the other side a user of business offerings would like to have not only a reliable

and credible supplier but satisfactory experiences so that least disruption occurs to his workings and enhances value of his operations.

About the Paper

The paper attempts to deal with stages involved in Customer Life Cycle & value creations associated with those stages for a business and retention techniques those possibly that can be adopted for successful outcomes in B2B situations, which constitutes a major portion of share in Marketing.. The paper first tries to explain what is meant by Customer Life Cycle Stage for a business, Customer Life Time Value and Customer Relationship Management as is commonly followed in businesses in today's fierce competitive conditions.

Customer Life Cycle Stage (CLCS)

Businesses have to necessarily thrive on gaining customer's & their goodwill through their retention for value enhancement to themselves. But businesses also recognize that customers do not get made easily overnight but customers have to be gained by winning their confidence through several successive steps which can be summarized as under

1. At first a potential utmost remains only a suspect. There are likely to be many number of likely potentials who can be possibly targeted and pursued (Stage 1-Suspect)
2. The suspects then have to be converted by the businesses into a possible prospect by their ability to arouse interest through several approaches/techniques, which should lead to suspects soliciting enquiries for business. Once such suspects start having a dialogue then they become prospects. Many suspects do not mature into prospects for various reasons and thus only a few upgrade themselves to the next stage of qualifying as prospects (Stage 2- Prospect)
3. The prospect then has to be pursued & negotiated convincingly to commence the business transaction commencing with order placement, culminating finally with its servicing at which stage he can utmost be termed as Client. This stage again may see a lot of drop outs because of several reasons.(Stage 3- Client)

4. If transaction goes well to the satisfaction on all counts and all parties involved, first transaction can probably then establish foundations for securing repeat businesses between the two sides. Once such repeat business starts taking place, the client will qualify to be upgraded as a regular customer. It has to be appreciated that even only a few will mature into this stage of repeating the business (Stage 4- Customer)
5. Several satisfactory repeat transactions supplemented with satisfactory experiences will gain a highly satisfied customer who then enlists a business as a regular vendor for his business on whom he has developed sufficient credibility and reliability and will become eligible for being termed a loyal customer (Stage 5 – Loyal)
6. Several such more credible transactions and experiences reinforces a loyal customer's belief that he can confidently look at the vendor on as a regular source for all the future requirements as well and has gained good credibility ratings at which point he through word of mouth starts appreciating the services and even undertakes favorable referrals and he thus becomes an advocate (Stage 6- Advocate)

Thus a business may start with many suspects but will find that only a few truly become their advocates as at every stage the numbers will get pruned as the ladder is climbed.

Customer & Value generated to the Businesses(CVG)

In B2B, a customer normally looks for the value proposition offered which is involved to further his own business interests. Simultaneously the offerer also would like to retain such customers who contribute value to his business and will make all efforts to retain them and add further value as the association continues..

Carl Sewell, in 'Customers for Life' (with Paul Brown) estimated that a customer entering his dealership for the first time represents a potential life time value of over \$ 300,000 taking into his account his possible purchases over lifetime and likely to be even more if he becomes responsible for referring other customers to his dealership.

Value Generation along Life Cycle Stage

The value generated by a suspect (stage 1) to a business thus carries the least value and the moment the suspect becomes a prospect (Stage 2), he becomes more meaningful and hence holds a marginally enhanced value.

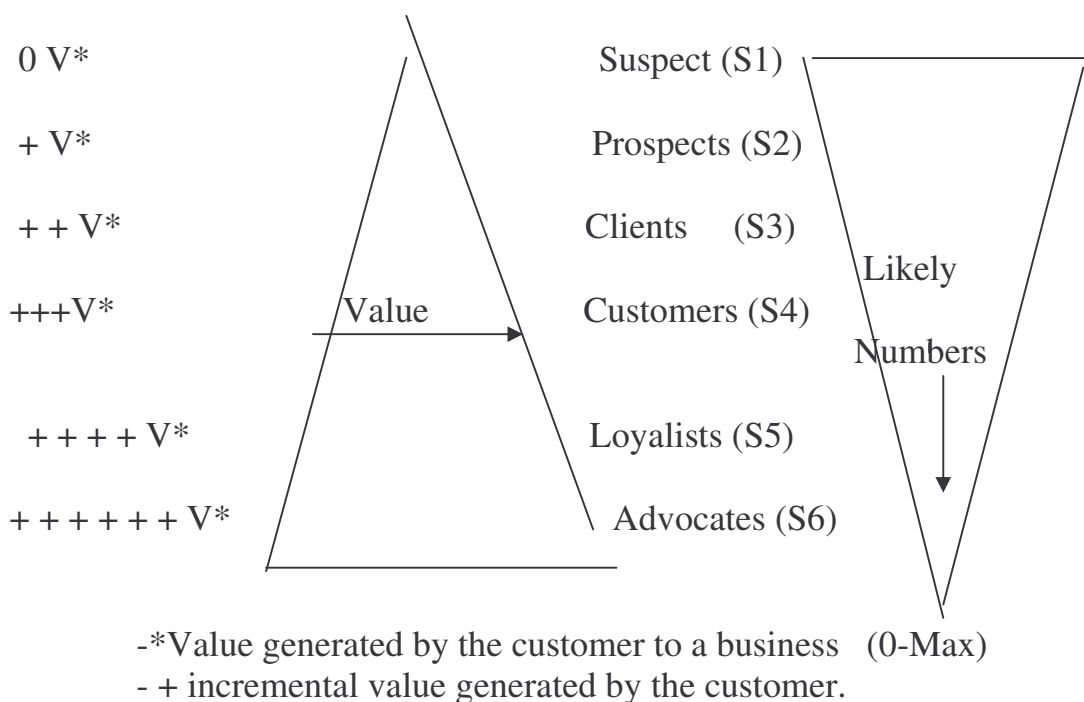
When a prospect turns into a client (stage 3) with commencement of a transaction, automatically the value to the business gets further enhanced.

Once a transaction results into repeat transactions, at which stage the client turns himself into a regular customer and represents even higher value (Stage 4).

A customer who starts counting on the vendor for his varied needs and future planning, thus exhibiting loyalists behavior can be termed as Loyal (Stage 5) and contributes substantially increased value

Thus a loyalists becoming advocate for a business brings maximum value.

If thus the CLSC (Stage 1-6) & Value generated by a customer to a business at s at various life cycle stages is shown diagrammatically, the same will be as under.



Customer life time value (CLTV)

In simple parlance, CLTV stands for value that is likely to be generated by a customer over his life time with the business provider. i.e. Longer the customer stays with a provider; he is likely to generate more value on a cumulative basis for the provider through not only repeat businesses but along with his expansions, diversifications & growth complemented by likely favorable referrals leading to new opportunities.

The above being a fact in favor of various business providers, naturally the efforts will be to retain the customers for the longest while and reduce the customer churns. It is being increasingly realized by businesses that it is much more profitable to retain the existing customers rather than trying to get a new one in place of a churn since it is estimated that getting a new one costs 10-12 times more in today's fiercely competitive scenario.

The above realization made businesses to look at ways as to how association with customers can be prolonged to the maximum extent as feasible, which led to development Managing their Relationships with the Customers (CRM) so that customers have repeated positive experiences & reassurances to stay with the providers

CRM

The concept of relationship marketing got first coined in mid 1980's. It was considered as a useful tool for attracting, maintaining & enhancing customer relationships with an organization and soon companies in search of enhancing their competitiveness found that it is more profitable to retain existing good customers.

Recognizing the importance of CRM as a effective organizational marketing tool American Marketing Association as recently as in 2004 changed its official definition of Marketing as

“Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefits the organization and its stakeholders”

Thus the major objectives of a good CRM program/system would aim at

1. Creating New Customers through converting potentials (Suspects) into Prospects
2. Converting the prospects interests into successful transactions and thus turning them into clients and later taking them up the ladder through delivery of exceptional transactional & other organizational touch point experiences.
3. Retain the customers as long as feasible and move them up the value chain so that they generate more value to the company.
4. Create a system which can take care of the customers transactional & other interface experiences irrespective of employees churn.

Stated simply, CRM (Customer Retention or Relationship Management) reflects all efforts made by businesses to gain customers, manage their relationship with them in order to encourage their gain & retention. Thus it can take the form of any systems, processes or techniques developed by business providers with an aim to ensure that the existing customers stay with them highly satisfied in all their transactions and experiences sensing value in their association with the providers. Thus the customers feel motivated to stay with the providers and as explained earlier, businesses are finding it to be more profitable to retain the existing customers rather than having to look for new ones.

Relationships –Business & Human

Building long lasting business 2 business relationships is the aim of CRM initiatives. Here it can derive positive hints from stages of human relationships as they occur as under. (A1-A5)

A1.Awareness – When persons get acquainted for the first time their awareness is aroused accompanied with a desire to obtain mutual information of interests.

Thus Information becomes the hallmark at this stage

A2. Acceptance –When it is realized that a lot of mutual interests match, Then mutual acceptance level gets enhanced

Thus at this stage matching of mutual interests takes the centre stage

A3. Attraction - Prolonged association and sharing with sense of Mutual accommodations leads to favorable bonding & lays the Foundation for attraction

Thus at this stage, satisfactory servicing of the mutual interests becomes Paramount

A4. Affection - When relationship is able to sustain itself for continued long duration, it is characterized by commitment/trust exhibiting itself into typical committed behavior including readiness to advocate for each other's cause

Thus at this stage, the important aspect is assurance through fulfillment of all expected behaviors

A5. Attrition- At any stage, the attrition can come about because of unsatisfactory behaviors on either side often or for prolonged period.

Thus to avoid attrition at any stage, it becomes important that Unsatisfactory behaviors do not occur

In my opinion, the above postulate will apply to business 2 business relationships as well and can be translated into P levels (explained later)in developing an effective ECRM initiative

E CRM

With advent of internet, many companies saw an opportunity to use this medium for managing their relationships with the customers on a live and interactive basis with benefit of a 24 Hr access. This media thus provided an opportunity to not only personalize efforts with specific customers but at same time enabled mass communications

An effective E CRM site should optimally offer the following essentials

1. Context – Layout & Design –Easy to access & use
2. Content – Proper Text & Relevant Details
3. Community – Use Focus
4. Customization – Tailor to Specific Usage as may be needed
5. Communication- Interactive & Two Way with live access
6. Connection – All relevant links & Security as required

E CRM Levels

E CRM is often seen at 3 levels;

1. Foundation Services– This includes the minimum necessary Services such as hosting an effective Web site including its interactive Responsiveness and adequacy in Meeting a potential's possible needs at That stage
2. Customer Centered Services; Services applicable to each Specific customer like order placement To order tracking till execution, product Configuration and customization in a With full security /trust by customer
3. Value added services; Providing many value added services Like grievance settlement, on line Trainings/education etc

4 P's of Marketing Mix

The concept of 4 P's constituting the Marketing Mix is well accepted by all practicing marketing functions; the same being namely- Product (Offering); Price (Cost/Value); Place (Availability) & Promotion (Communicating for favorable acceptance of the offering).Practitioner's recognize that through intelligent manipulation & clever usage mix of the above P's , marketing actions can attain success.

Based on the above, the author would like to advocate the concept of P's & their levels & role as below in E CRM

4 P's of E-CRM System

To align with the above well established & accepted concept, Author has suggested a similar concept of 4 P's of E –CRM so that Companies can utilize the concept to its fullest extent for an effective E CRM program.

The author would like the P's of E CRM to classified in 4 levels

1. **Pre** - A stage represented by a potential (Suspects & Prospects) who are the likely targets and not yet clients/customers.

2. **Present**- A stage reflecting current Clients/Customers with whom transactions are current.(Client to advocates).

3. **Post** – A stage represented for the transacting clients/customers by the period after the conclusion of transactions (Post Transactions).

&

4. **Pinion**- Stands for the requirement of the organization as a whole to work seamlessly amongst its different functional areas to bring synergy to serve the customer's ultimate goals and provide totally satisfactory experiences every time when a customer interfaces with the organization.

P's – a brief explanation

As already explained, the author has used the same connotation as P's in E CRM to align with already well established & accepted importance of P's in marketing mix.

The expectations of customers (including potentials) keep on changing depending on where they are positioned in the CLCS ladder with the provider.

A good E CRM program has to meet the customer's changing expectations and if requirements vary depending on the status of the customer on the life cycle ladder, the program also has to be tailored to meet the varying expectations.

4 P levels advocated by Author

1.Pre

During the stage prior to commencement of transactions, the targets (suspects & prospects) will naturally be interested in getting full & proper information about the provider on his capabilities and reliability for offering support & value to their operations. In relationship stage will thus be equivalent to A1 (Awareness Arousal in Suspects + Acceptance enhancement in Prospects)

Present

But once the prospect gets convinced and turns into a client with commencement of a transaction, the expectations will then acquire a shift towards the specific transaction orientation covering order placement/ confirmation to all aspects covering up to the stage of order conclusion.

If the transaction experience is satisfactory, the client then gets encouraged to enlist the provider for further business opportunities and thus may repeat the transactions

Many such satisfactory repeats turn the company receiving the services into regular customers, who if convinced turn into Loyalists & Advocates (Stage A2- A4 –Acceptance –Affection in relationship stage)

Post

The stage after conclusion of a transaction can be called as ‘Post’ Since this stage also involves satisfactorily dealing with various post transaction issues & needs of a customer such as grievance settlement, timely documentations fulfillment etc and contributes heavily to formation of customer’s perception of an organization. Negatives on this count can also lead to potentiality of Attrition (A5 Stage)

Pinion

A Customer’s perception of an organization is not just restricted to his experiences with marketing & sales departments only but his perception of an organization serving his needs is influenced by functioning of other departments such as manufacturing, finance & logistics etc to name just only a few with whom he may be required to interface involving the transactions. Even a rude front desk representative can mar an organization’s image to say the least. Thus organizations have to realize that a successful CRM is an organizational responsibility and not just that of Marketing & Sales. This would call for all other supporting functions to mesh well and work synergistically & seamlessly to give that ultimate perception of experience of a customer being served. When the overall experience is far from satisfying, potentials of Attrition (Stage A5) can arise.

(The term 'Pinion' has been coined by the author as it stands for a small cowwheel engaged with a larger one to drive a complex machinery, irrespective of their sizes have to mesh well and work smoothly together for effective overall functioning (Dictionary Meaning))

Hence the term 'Pinion' has been given to represent all other supporting functions & their ability to work seamlessly towards the customer's goals as finally the perception of the customer is based on totality of his experience with a provider covering all his transactional & interface points.

What are the likely expectations at different CLCS ?

The listings which follows as possible expectations under different stages of CLCS of a customer from various business providers is just of indicative nature only and not by any means exhaustive. The actual will vary depending on the nature of business and the process route involved.

1.Pre Level in ECRM(Suspects & Prospects)

Suspects

At this stage they are just possible targets, who can look up to business providers for meeting their requirements. Hence as suspects, they will be looking for lot of information on the provider's capabilities & reliability. Hence the information has to possibly deal with

1. Product Range & other offerings
2. Specifications & Related details
3. Past Credentials & Testimonials
4. Accreditations & Certifications
5. Details on Manufacturing Process
6. Contact Info, Locations, Markets Served
7. Application Assistance in case of goods needing such support
8. Training assistance in case such supports are needed
9. Information of interest on the industry & company
10. Broad status on availability
11. On organization; Management, governance; structure & other relevant details

Prospects

This represents a stage in life cycle where the potential has shown definite interest in obtaining the services of the provider and close to commencing dialogue for furthering the process.

Thus the prospect has crossed the stage of just initial information seeking and now has moved to next stage where he is looking as how his business can derive value by doing business with the target provider.

The negotiation process has most probably commenced and hence the provider has to create a specific prospect centric access where in all possible support & assistance that can be rendered which will contribute to enhance the value of prospects end purpose should be made available including other terms & conditions and commercial points

This can cover

1. Specific customizations that can be offered
2. Specific supports & training and applications assistance that can be rendered
3. Guidelines for enhancing utilization of provider's offerings towards enhancing prospects workings
4. Few common details of trouble shooting possibilities and guidance for dealing with them

Present Level in ECRM (Client >Advocates)

The prospect, at this stage, has successfully matured into a transacting customer and hence a customer centric portal has to be set up allowing him to raise all possible queries on his transaction , its status and progress and all other details like commercial terms , delivery slots as agreed etc.This stage can possibly cover details like

1. Contract Details with full terms & conditions
2. Order Tracking ability
3. Manufacturing Process & Progress
4. Likely Fulfillment Details
5. Specifications & their compliance
6. Certifications & Inspections in progress as required with their findings

Post (After a Transaction is Concluded with Customers)

After a specific transaction is complete a lot of other formalities still exist to ensure a successful closure to that specific transaction commonly termed post transaction requirements. They may typically cover aspects like

1. Invoicing
2. Dispatch Particulars like carrier details
3. Mandatory Documentations depending on the nature of agreement & sale i.e. whether domestic or international
4. Specification & other certifications as may be required as per the contract
5. This stage should provide for specifically dealing with the customer's possible grievances that may come up and their settlements for a quick resolution to provide satisfactory experience, since all involved often do accept that it is possible that a few slips can occur but the system has to deal with its rectification as quickly without prolonging its adverse impacts to the extent possible.
6. Any post transaction supports & assistance that a customer may be seeking like guidelines for usage, applications & self trainings manuals, trouble shooting possibilities and dealing with them etc

Pinion-(The working of Entire Organization towards customer's goals)

As explained earlier an E CRM initiative launched aimed at enhancing a customer's overall experience with an organization has to embrace all possible interface points or touch points that a customer can likely to come into contact and the organizational functioning across the various departments has to mesh seamlessly to meet the customer's end purpose and the site has to be designed to deliver such an experience

E CRM Build up Process

For building up an effective E CRM site, the process has to be carefully undertaken. In author's opinion, following steps have to be gone through meticulously

1. First of all a business has to understand its purpose, analyze the same and the detailed business process route required to achieve the purpose.
2. Identification of all possible customer segments and understanding Their needs & requirements
3. Resulting from the above, mapping all the customers stated and Unstated expectations from the organization as a whole but also along All the possible touch points along the various stages of P within the Business route within its own set up
4. Detailing all the systems and constituent sub systems set up to deal With satisfying customer needs & expectations
5. Integration of all the systems/sub systems to achieve the overall Purpose smoothly & seamlessly
6. Keeping a close watch on the business environment & changes Occurring and modifying the overall system of E CRM as required From time to time

The system has to be designed and implemented based on the factors above

Conclusion

To be an effective tool E CRM system, site has to recognize the existence of distinct 4 stages in a customer's life cycle which can be classified as

1. Pre (1st) - Here the site has to concentrate on providing quality information to show case the business provider's capabilities & dependability.

Provision of Quality & all valid information to raise the awareness of suspects and acceptance in prospects will be the key (equivalent to A1 & A2 in relationship stage)

2. Present (2nd)- The site has to be very customer & transaction specific and build a real time lively Inter active facility to give out timely

responses on customer's all possible queries & needs connected with the transaction

3. Post(3rd)- The site has to provide for taking the customers through all possible post transaction grievances/clarifications that may be required

The system at stages 2 & 3 above has to ensure coverage of all possible customer specific queries relating to current and post transactions queries & able to respond to them satisfactorily covering to not to keep them retained & discourage attrition (equivalent to stage A2 & A3 & A5 in relationship stage)

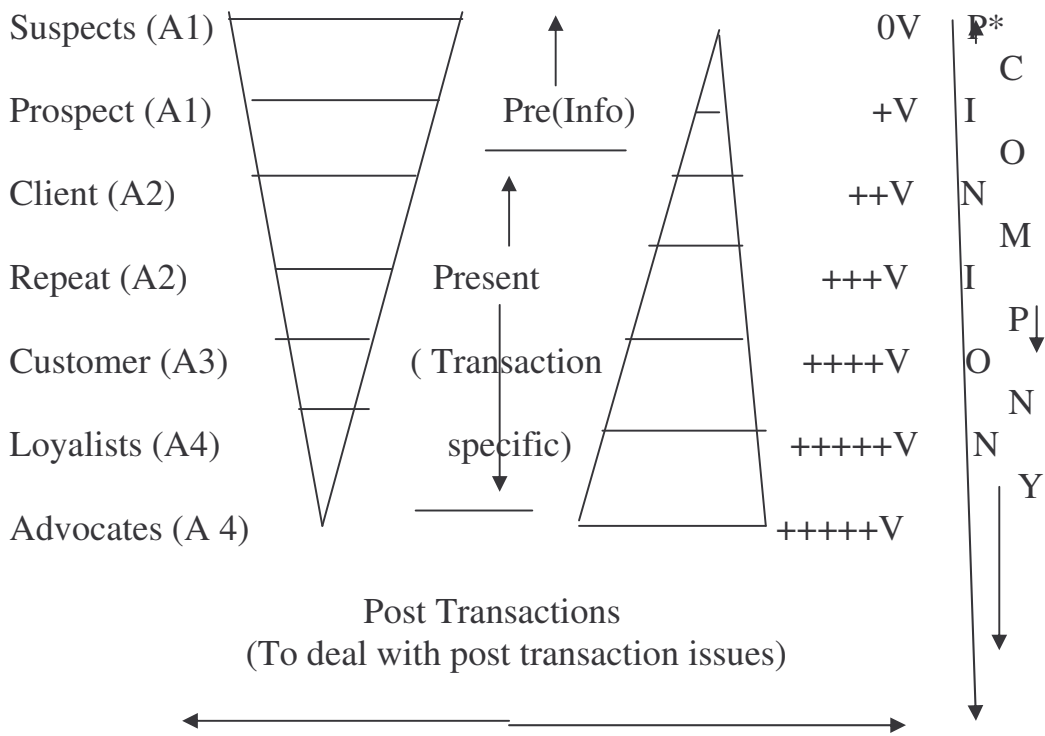
4. Pinion (4th)- Under this , an organization has to ensure that it acquires the hall mark of a customer centric enterprise* through its practices, systems & approaches

* Ideally a customer centric organization ensures alignment of all its functions, processes, procedures and systems to serve its customer's expectations

The system has to be integrated well and made compatible with all sub systems of various functions to present a unified front & experience to the customer in similar fashion as above at 2& 3

A Diagrammatic representation -P's, CLCS & E CRM

If diagrammatically reflected, above narration can be represented as under



Pinion*; Entire company wide inter face experiences of the customer
 Attrition (A5) can occur at any stage due to bad experiences

Final Note

The above is based on practical observations of the author while working for an international organization which was exposed to intense global competition but could survive even the very bad phases due an effective ECRM initiative, which allowed real time interactive access to its customers thus becoming the preferred choice amongst its many customers

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