

Unit-2→ Building Customer Relationship

Q.1: What do you mean by Customer Acquisition? What are the inputs of acquisition?

Answer: Customer Acquisition is the process of acquiring new customers for business or converting existing prospects into new customers.

For the purpose of acquisition, an organization is likely to focus its attention on the following as its major sources for providing input for acquisition-

- i. The Suspects: The suspects are those customers who have the potential to become prospective customers.
- ii. The Enquiries: These are the information seekers about a product or brand. It is by listening and answering the questions of the enquiries properly that marketers can build good relations with the potential customers and convert them into actual customers.
- iii. The Lapsed Customers: Once a customer has purchased something to fulfill a specific need and has subsequently stopped buying from an organization, he becomes a lapsed customer. Such a customer should be encouraged to become a customer again.
- iv. Former Customers: Customers may stop purchasing the product of a particular company for several reasons like delay in product delivery, improper handling of complaints, unacceptable change in price or policy etc. Companies must try to re-activate such unsatisfied customers through win-back strategies. It is often easier to acquire ex-customers than to find new ones.
- v. Existing Customers: Existing customers may be targeted for acquisition if the organization goes for expansion or diversification.
- vi. The Referrals/ Advocates: People rely heavily on referrals rather than the organization's own promotion efforts. Referrals may be from within the organization like the sales force or the existing customers. They may also be an outsider like suppliers, bankers, consultants etc.
- vii. The Competitors' Customers: An organization can acquire the competitors' customers if the customers perceive that they would be rewarded with more value for money. A company must periodically redo its studies of customer values and competitors' standing as the economy, technology and product-features change.

Q.2: What are the requisites for effective acquisition?

Answer: Following are some of the requisites essential for an organization to be effective in its acquisition process-

1. Focused Approach: Organizations operate in a market condition consisting of people who can be categorized from the organization's product or service viewpoint as-
 - i. Knowers- This set of people just know that the product or service exists, without any specific preference for it.

- ii. **Preferers-** This set of people prefer to have the product or service but have not yet acted upon their preference.
- iii. **Indifferent-** This set of people are indifferent regarding the organization's offering.
- iv. **Rejectors-** This set of people mentally reject the organization's offering and are far away from the acquisition process.

The organization should have a detailed database containing the above classification of the market and related details, which would help to make the approach of acquisition effective.

2. **Initiate Forum for Communication:** Communication plays a vital role in the acquisition process. Open and interactive communication enables prospective customers to come closer to the organization.
3. **Attempt to minimize FUD:** Organizations must effectively plan to minimize Fear, Uncertainty and Doubts (FUD) that might occur in the minds of the customers during the course of acquisition.
4. **Projection of Benefits and Products:** If benefits promised by an organization correspond to the expectations of customers, then they can be easily acquired.
5. **Focus on decision-process:** For the purpose of acquisition, the organization must focus attention on the purchase-decision process and the influence on the process. Decision process includes need identification, searching for information, evaluation, decisions, implementation and post- purchase action.

Q.3: What is Customer Interaction Management (CIM)?

Answer: Customer Interaction Management is an integral part of Customer Relationship Management. Through an effective CIM system, a firm optimizes its communication with customers through email, telephone, online chat etc. CIM is an intensive interaction between the customers and the organization which is supported by technology enabled mechanisms that lead to relationship building.

Q.4: What are the routes of Customer Interaction Management (CIM)?

Answer: CIM can assume the following routes-

- 1) **Online Routes-** Organizations are enabled by the following online interaction tools:
 - Interactive websites
 - Emails
 - Web communities
 - Chat rooms

Organizations should build a proper virtual relationship with customers who are online, by providing them information in total at the right time in a right manner. This would help a long way in the CIM process.

- 2) **Offline Routes-** Organizations mainly use the following offline routes:
 - Telephones
 - Fax

- Face-to-face interaction
- Interactive television network
- Mails etc.

Customers today are geographically spread over different markets. In certain markets, the internet penetration is low. In such a situation offline routes serve the purpose of CIM. By using proper communication channels like telephones, fax, television, mails and so on, customers in far flung areas can also be contacted.

- 3) **Outsourcing**- In an outsourced arrangement, a company delegates most of the CIM activities to an outside agency. Such outsourcing may include either online or offline routes or a combination of both.

Q.4: What are the factors affecting CIM?

Answer: The factors which affect CIM are explained below:

- Nature of Business**- CIM depends on the nature of business. An F.M.C.G. company needs to attract customers through routes like customer care or call center while service sector business like commercial banks or insurance companies generally rely on outsourcing as the route for CIM.
- Size of organization**- A small sized organization can go for CIM through face-to-face interaction, telephones or faxes. Large sized organizations use interaction routes like interactive website, interactive television network, emails etc.
- Number of Customers**- If the number of customers is large, online routes can be used to maintain interaction with them effectively. If a company has smaller number of customers, it can conveniently contact them with offline interaction tools.
- Geographically spread of customers**- When customers are located in different places, frequent face-to-face interaction with them is not possible. In that situation, technology enabled CIM solutions can be used.
- Type of products**- Products which require demonstration, need direct interaction with customers. Service products like personal loans and insurance policies need direct interaction. For products like books, furniture, lifestyle goods etc. online routes can be resorted to.

Q.5: What is Customer Retention? Explain the steps involved in the Customer Retention Process.

Answer: Customer retention is the process of keeping customers in the customer inventory of an organization for a fairly long period of time by meeting their needs and matching their expectations. In short, it is the approach of converting a casual customer into a loyal one.

The basic steps in customer retention process of an organization are-

Step 1: Exploring- This step focuses attention on exploring the type of customers to be attracted for retention.

Step 2: Evaluation- It is a detailed analysis of the profile of those customers explored for the purpose of retention. This can be done by studying their consumption behavior, purchase patterns, demographic profile etc.

Step 3: Establishing Strategies- At this stage, appropriate strategies are evolved to attract customers. Such strategies must be customer specific.

Step 4: Examining Feedback- At the final stage, the result of the strategies to be implemented are to be examined on regular basis. Examination may be done by collecting feedback about customer's feelings about their association with the company concerned.