

Chapter 4

Customer Life Cycle Management

Learning Objective

- ✓ To understand the concept of customer life cycle value
- ✓ To understand relationship between customer service and CRM success
- ✓ To understand the action plan for enhancing the customer life cycle value

Introduction to Customer Life Cycle Management

- Customer Lifecycle management explores the relationship of various components of the organisation with the entire lifecycle of the customer.
- A customer centric organisation is keen to maximise the value creation of the organisation as well as for the customer over the duration of the customer.

Customer Lifecycle Value (CLV)

- CLV is the measure of the worth of a customer to the firm.
- CLV can be basis for formulating and implementing customer specific strategies for maximising their lifetime profits and increasing their lifetime duration

Basic tenets of the Customer Lifecycle

- Give every customer facing employee a 360 degree view of the customer
- Use customer data to optimise the business processes
- Maintain accuracy of customer data to maximise value

Basic tenets of the Customer Lifecycle

- Increase revenue generated during post sales interactions when appropriate
- Leverage customer data to improve customer satisfaction

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Customer Life Cycle Care – Key Components

- Proactive communication
- Marketing
- Business Analytics
- Sales Effectiveness
- Customer Service

Shortcomings of Traditional CRM

- Limited to only strip mining the customers
- Focussed only on improving sales
- ERP aspects ignore the subjectivity of the customer relationship
- Fail to fully integrate customer facing business processes across all departments

Role of Customer Service Organisation in Customer Lifecycle initiatives

- CSOs have the most experience providing staff with a 360 degree view of the customer
- CSOs have the cleanest customer data
- CSOs have proven their ability to get non-sales staff to drive sales

Customer Lifecycle Care Action Plan

- Build consensus around customer Life Cycle care
- Ensure a lead role for the CSO
- Enlist a trusted advisor

Customer centric companies adopt CLC approach and ensure that every touch point fulfils its value potential for the customer regardless of the process / function

Summary

- CLV is a measure of the worth of a customer to the firm
- Calculation of CLV for all the customers helps the firms to rank order the customers on the basis of their contribution to the firm's profits
- CLV helps the firm to treat each customer differently based on their contribution rather than treating all the customers same

Summary

- CLV ensures that every touch point fulfils its value potential regardless of whether the touch happens in marketing, sales or customer service

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