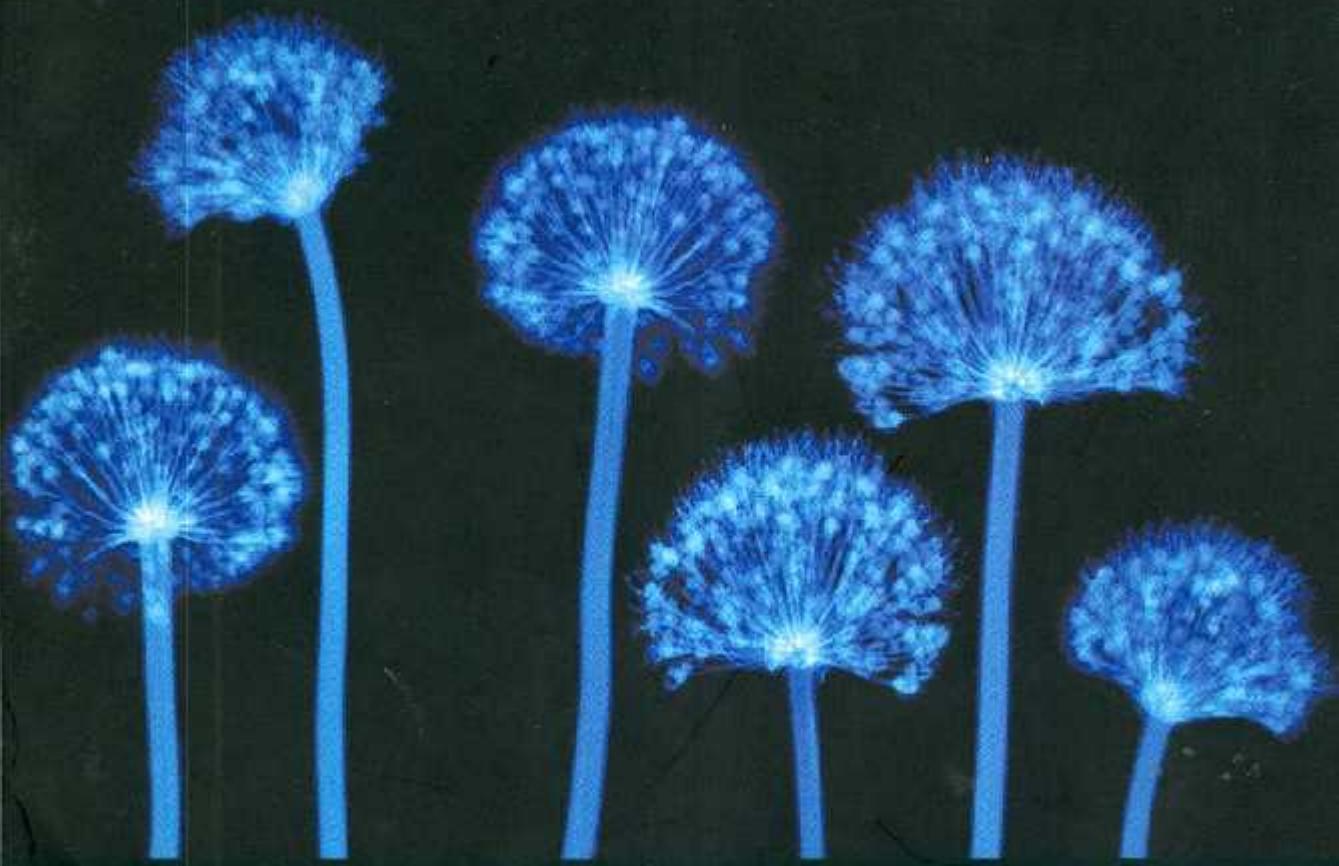


Second Edition

# CUSTOMER RELATIONSHIP MANAGEMENT

Ed Peelen  
Rob Beltman





Second edition

# Customer Relationship Management

Ed Peelen and Rob Beltman

Accession no. M 0151087

Date received 23 AUG 2017

Call no.  
658.812  
P 374 C  
2013

PEARSON

Harlow • England • London • New York • Boston • San Francisco • Toronto • Sydney  
Auckland • Singapore • Hong Kong • Tokyo • Seoul • Taipei • New Delhi  
Cape Town • São Paulo • Mexico City • Madrid • Amsterdam • Munich • Paris • Milan

Pearson Education Limited  
Edinburgh Gate  
Harlow CM20 2JE  
United Kingdom  
Tel: +44 (0)1279 623623  
Web: [www.pearson.com/uk](http://www.pearson.com/uk)

First UK edition published 2005 (print)  
Second edition published 2013 (print and electronic)

© Pearson Education Benelux and Ed Peelen 2005  
Translated by ABK Translations (print)  
© Pearson Education Limited 2005 (print)  
© Pearson Education Limited 2013 (print and electronic)

The right of Ed Peelen to be identified as author of this work has been asserted by him in accordance with the Copyright, Designs and Patents Act 1988.

This edition is translated by Rob Beltman.

The translation of Ed Peelen, *Customer Relationship Management*, 2nd edition is published by arrangement with Pearson Education Benelux BV, Amsterdam.

The print publication is protected by copyright. Prior to any prohibited reproduction, storage in a retrieval system, distribution or transmission in any form or by any means, electronic, mechanical, recording or otherwise, permission should be obtained from the publisher or, where applicable, a licence permitting restricted copying in the United Kingdom should be obtained from the Copyright Licensing Agency Ltd, Saffron House, 6-10 Kirby Street, London EC1N 8TS.

The ePublication is protected by copyright and must not be copied, reproduced, transferred, distributed, leased, licensed or publicly performed or used in any way except as specifically permitted in writing by the publishers, as allowed under the terms and conditions under which it was purchased, or as strictly permitted by applicable copyright law. Any unauthorised distribution or use of this text may be a direct infringement of the author's and the publishers' rights and those responsible may be liable in law accordingly.

All trademarks used herein are the property of their respective owners. The use of any trademark in this text does not vest in the author or publisher any trademark ownership rights in such trademarks, nor does the use of such trademarks imply any affiliation with or endorsement of this book by such owners.

Pearson Education is not responsible for the content of third-party internet sites.

ISBN: 978-0-273-77495-2 (print)  
978-0-273-77497-6 (PDF)  
978-0-273-78107-3 (eBook)

**British Library Cataloguing-in-Publication Data:**  
A catalogue record for the print edition is available from the British Library.

**Library of Congress Cataloguing-in-Publication Data:**  
A catalog record for the print edition is available from the Library of Congress.

ARP Impression 98

Print edition typeset in 9.5/12.5 pt. IC Charter by 75  
Print edition printed and bound in Great Britain by Ashford Colour Press Ltd.

NOTE THAT ANY PAGE CROSS REFERENCES REFER TO THE PRINT EDITION

## Brief contents

Preface	xiii
Acknowledgements	xv
About the authors	xvi
Publisher's acknowledgements	xvii
<b>Part I</b>	
<b>Introduction</b>	<b>1</b>
1 Customer-supplier relationships	3
2 Customer relationship management	32
<b>Part II</b>	
<b>Strategy and organisation</b>	<b>47</b>
3 CRM as an integral business strategy	49
4 The relationship-oriented organisation	67
<b>Part III</b>	
<b>Intelligence</b>	<b>91</b>
5 Customer knowledge strategy	93
6 Customer data management	117
7 Data analyses and data mining	135
8 Segmentation and selection	147
9 Retention and cross-sell analyses	161
10 Management reporting: measuring, learning and optimising	178
<b>Part IV</b>	
<b>Marketing (Managing the exchanges in the relationship)</b>	<b>201</b>
11 The customer proposition	203
12 The relationship policy	229
<b>Part V</b>	
<b>Channels</b>	<b>251</b>
13 Multichannel management	253
14 Personal selling	277

**Brief contents**

15 The online environment	296
16 Contact centre management	326
<b>Part VI</b>	
<b>CRM systems and their implementation</b>	<b>349</b>
17 CRM systems	351
18 Implementation of CRM systems	375
19 The future	396
Index	405

# Contents

Preface	xiii
Acknowledgements	xv
About the authors	xvi
Publisher's acknowledgements	xvii

## Part I Introduction

<b>1 Customer-supplier relationships</b>	<b>3</b>
1.1 History	4
1.2 Description of customer-supplier relationships	5
1.3 The dynamic in relationships	15
1.4 Networks	19
1.5 Conclusion	26
Case study: Collateral trust obligations	26
Questions	28
References	29
<b>2 Customer relationship management</b>	<b>32</b>
2.1 The definition of CRM	33
2.2 CRM building blocks	36
2.3 Entrance, applications and success of CRM	40
2.4 Contents of this book	41
2.5 Conclusion	43
Case study: CRM at C. Furr Parks	43
Questions	45
References	46

## Part II Strategy and organisation

<b>3 CRM as an integral business strategy</b>	<b>49</b>
3.1 The nature of the CRM strategy	50
3.2 The context of the CRM strategy	56
3.3 The results of a successful CRM strategy	59
3.4 Conclusion	63
Case study: Starbucks in the US	63
Questions	65
References	65

<b>4 The relationship-oriented organisation</b>	67
4.1 The challenge and leadership	68
4.2 Mission	59
4.3 Culture	71
4.4 Structure	73
4.5 People	76
4.6 Communication and information	78
4.7 Systems	79
4.8 Where do we stand?	83
4.9 Conclusion	85
Case study: A personal experience: customer focus in healthcare insurance	86
Questions	88
References	88

### Part III Intelligence

<b>5 Customer knowledge strategy</b>	93
5.1 The value of customer knowledge	94
5.2 The utilisation of data as an asset	98
5.3 From data to customer knowledge	101
5.4 Privacy	107
5.5 Personal Data Protection Act	108
5.6 Information policy	111
5.7 Conclusion	112
Case study: Customer knowledge at Center Parcs: a life-long holiday!	113
Questions	115
References	115
<b>6 Customer data management</b>	117
6.1 Customer identification	118
6.2 Expanding the size of the customer database	122
6.3 Customer profiling	124
6.4 Customer data integration	130
6.5 Conclusion	131
Case study: Optimisation of addresses for European football	132
Questions	133
References	134
<b>7 Data analyses and data mining</b>	135
7.1 Experiences with data analysis	136
7.2 The analysis process	137
7.3 Data mining	141
7.4 Conclusion	141

Case study: SNS Bank wins CRM Innovator Award	144
Questions	145
References	146
<b>8 Segmentation and selection</b>	<b>147</b>
8.1 Segmentation study as input for the formulation of marketing strategy	148
8.2 Segmentation research used in compiling the list	152
8.3 Conclusion	157
Case study: Alpe d'Huez	158
Questions	159
References	159
<b>9 Retention and cross-sell analyses</b>	<b>161</b>
9.1 Retention	162
9.2 Cross-selling	167
9.3 Conclusion	174
Case study: Cross-selling within a fully automated convenience store	174
Questions	176
References	177
<b>10 Management reporting: measuring, learning and optimising</b>	<b>178</b>
10.1 Evaluating the effect of marketing activities on the customer value	179
10.2 Relating marketing investments to life time value	185
10.3 Experiments	190
10.4 The learning organisation	193
10.5 Conclusion	195
Case study: Carglass wins CRM Award	197
Questions	199
References	199

## Part IV Marketing (Managing the exchanges in the relationship)

<b>11 The customer proposition</b>	<b>203</b>
11.1 Customisation	204
11.2 Co-creation	208
11.3 The long tail: the complete assortment	213
11.4 Individualisation of the product offering	216
11.5 Individualised pricing policy	219
11.6 Conclusion	225
Case study: Nike+	225
Questions	227
References	228

<b>12 The relationship policy</b>	<b>229</b>
12.1 Customer asset management: improvement in the size and quality of the customer database	230
12.2 Acquisition policy	232
12.3 Relationship policy by segment	233
12.4 Relationship policy and life events	235
12.5 Relationship policy by relationship phase	240
12.6 Translating the relationship policy into contact moments	243
12.7 Conclusion	246
Case study: The relationship between a logistics service provider and its new client	246
Questions	249
References	249
<b>Part V Channels</b>	
<b>13 Multichannel management</b>	<b>253</b>
13.1 The multichannel challenge	254
13.2 The key questions underlying a multichannel strategy	257
13.3 Should the multichannel strategy be adapted?	257
13.4 What is the right channel combination?	262
13.5 Translating the channel combination into an integrated multichannel strategy	266
13.6 The business case for a multichannel strategy	268
13.7 Building a multichannel organisation	269
13.8 Performance measurement in the multichannel environment	271
13.9 Stimulating customers to use the channel mix	272
13.10 Conclusion	273
Case study: KPN business portal	273
Questions	275
References	275
<b>14 Personal selling</b>	<b>277</b>
14.1 The role and function of personal sales	278
14.2 Customer selection and customer value	281
14.3 The sales process	282
14.4 Managing the sales process	285
14.5 Information technology and sales	289
14.6 Conclusion	290
Case study: Secrets of success for going mobile: Agrifirm wins the CRM Award	291
Questions	294
References	295
<b>15 The online environment</b>	<b>296</b>
15.1 The evolution of the web	297
15.2 Marketing on the social web	301
15.3 Mobile marketing	309

15.4 Marketing on the commercial web	310
15.5 Measuring results	319
15.6 Conclusion	321
Case studies: Albert Heijn: where off- and online meet each other; Harry Potter: a magic brand	321
Questions	323
References	323
<b>16 Contact centre management</b>	<b>326</b>
16.1 Contact centres described	327
16.2 Determining the service level	329
16.3 Capacity planning	333
16.4 Managing contact satisfaction	336
16.5 Key performance indicators	341
16.6 Managing the development of contact centres	341
16.7 Conclusion	344
Case study: Zappos	345
Questions	345
References	347

## Part VI CRM systems and their implementation

<b>17 CRM systems</b>	<b>351</b>
17.1 An overview of CRM systems	352
17.2 The contact centre	355
17.3 The Internet (web 2.0)	358
17.4 Data warehouses and datamarts	362
17.5 Campaign management systems	365
17.6 Content management system	368
17.7 Selecting CRM software package(s)	369
17.8 Conclusion	371
Case study: Canada Post delivers on its CRM strategy	371
Questions	373
References	374
<b>18 Implementation of CRM systems</b>	<b>375</b>
18.1 Reasons for disappointing results	376
18.2 An initial exploration with CRM and how companies handle this	376
18.3 The CRM road map	378
18.4 CRM project management	383
18.5 A different approach to CRM project management	386
18.6 International or cross-division projects (Gentle, 2002)	388
18.7 Conclusion	391
Case study: Shell and CRM: one database for 20 million customers	392
Questions	394
References	395

## Contents

<b>19 The future</b>	396
19.1 Factors which influence the future of CRM	396
19.2 The journey continues	399
19.3 Conclusion	403
Questions	403
References	404
<b>Index</b>	405

### Lecturer Resources

For password-protected online resources tailored to support the use of this textbook in teaching, please visit [www.pearsoned.co.uk/peelen](http://www.pearsoned.co.uk/peelen)

ON THE  
WEBSITE