# About the Instructor

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❑ I have a bachelor degree on pharmaceutical Sciences, Tanta university 2007
❑ I get my MBA from Geneva Business School 2018
❑ I`m a certified digital marketing proffessional (CDMP) 2021
❑ I have over 15 years experience in sales and marketing with different chains like Innova, Nahdi, Zahrat Al-Rawdah and Kunooz Al-Sahha.

"In Today's era of volatility, there is no other way but to re-invent. The only sustainable advantage you can have over others is agility, that's it. Because nothing else is sustainable, everything else you create, somebody else will replicate."

—Jeff Bezos
Founder, Amazon

# 01 | **Introduction**

Customer value on Marketing Formula

# Marketing mix (It`s all to serve Customer)

# What is CRM in Marketing?

❑ Customer relationship management (CRM) is the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle.

❑ The goal is to improve customer service relationships and assist in customer retention and drive sales growth.

# Why CRM Benefit business?
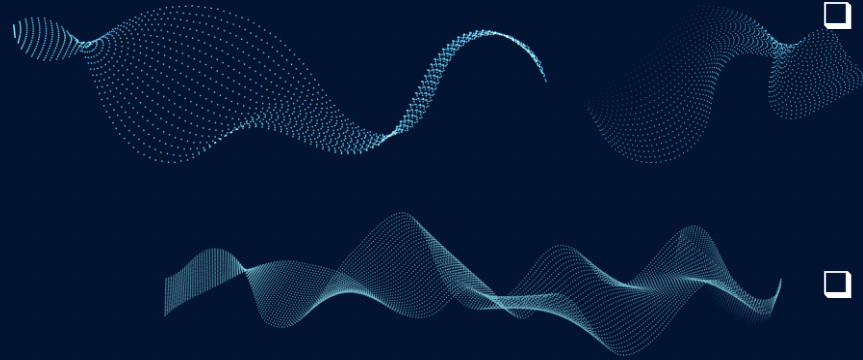
❑ Having customer information such as past purchases and interaction history easily accessible can help customer support representatives provide better and faster customer service.

❑ Collection of and access to customer data can help businesses identify trends and insights about their customers through reporting and visualization features.

❑ Automation of menial, but necessary, sales funnel and customer support tasks.

# It`s all About Customer

So, managing the relationship between any organization and its customers is crucial

# Customer Service Vs Customer Experience

## Customer service

Customer service refers to the assistance an organization provides to its customers before or after they purchase or use products or services.

Customer service includes actions such as providing product suggestions, troubleshooting problems and complaints, or responding to general questions.

## Customer Experience

customer experience (CX), which is a broader term that refers to the sum of all points of contact between a customer and a company, including sales, marketing, training, customer service and others.

# Multichannel or Omnichannel

**Multichannel** is the marketing practice of using more than one media channel to communicate with customers and prospects.

However, these channels are not necessarily integrated with each other.

This puts the product or service at the center of the marketing strategy, and the channels work to deliver that message individually. Since each channel functions separately, customers need to go to that specific channel to find the information they want.

In short, each channel in a multichannel strategy works individually and exists as a separate sales opportunity.

# Multichannel or Omnichannel

**omnichannel** also involves multiple channels for customer engagement. In the case of the latter, however, all those marketing channels are integrated with each other in order to create a unified experience for the customer across the board.

In other words, with omnichannel, the customer can seamlessly move between channels on their journey with your brand. Whatever marketing material they see when they visit your website, Facebook page, brick-and-mortar store, or any other channel, will be unified around a single message or concept.

# Multichannel vs. omnichannel examples

Apple`s Multichannel Vs Amazon Omichannel

# Apple's multichannel strategy

Apple is a great example of using this strategy to focus on the product. While the 'click and mortar' giant operates both physical and online stores, even multiple stores, their retail store concept is seen as unique among retail companies.

Instead of focusing on in-store sales, iStores are, first and foremost, built to complement the company's ecommerce business, which accounts for most of Apple's total sales.

In this way, the tech giant's physical stores work as separate customer touchpoints that serve the big-picture Apple experience. As such, customers can visit iStores like galleries, without feeling obliged to buy Apple products on the spot.
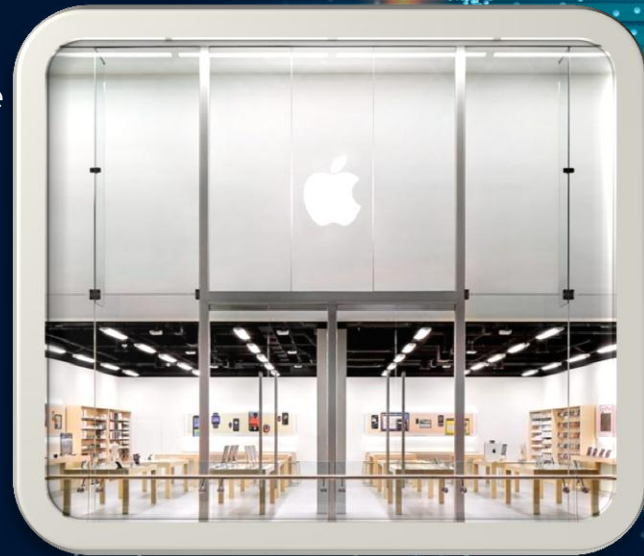
# Amazon's omnichannel success

Amazon is everywhere, it's essential, and it's all about the customer. By putting the customer first, Amazon has shifted the entire ecommerce industry, forcing other marketers to follow their lead.

Today, many ecommerce businesses, including Amazon sellers, follow the user experience principles that have been introduced and mastered by the company.

The ecommerce giant knows every customer who has ever purchased a product from them and uses their data to provide a user experience that is both personalized and relevant at every single touchpoint.

# 02

# CRM
# Evolution

CRM is a human behavior

# Ancients and CRM 1/2

There is a misconception that "customer relationship management" or CRM is something new that originated towards the end of the twentieth century.

The term may be new, but the practice is as old as trade and even older than money.

The first recorded example of trade dates back 20,000 years, during this time obsidian knives were traded in what is now Papua New Guinea, between islands that had valuable obsidian deposits and those that did not.
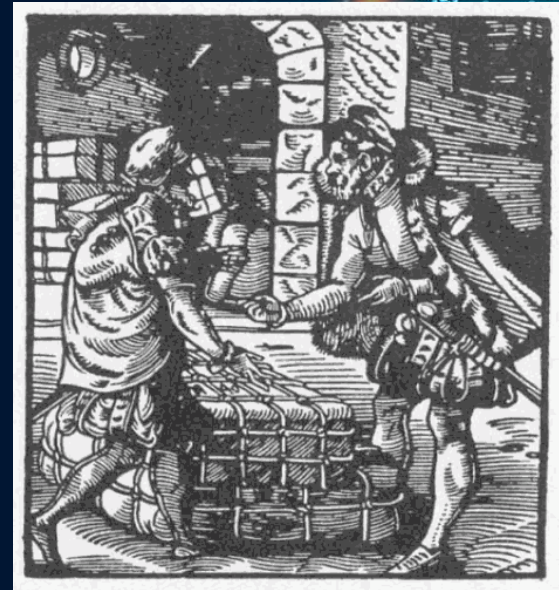
# Ancients and CRM 2/2

The ancient Egyptians traded with neighboring foreign countries to obtain rare exotic goods not found in Egypt.

Trade with Nubia began in the pre-captivity era, to bring in gold and incense. They also did business with Palestine, as evidenced by the pattern of Palestinian oil jugs found in the tombs of the pharaohs of the First Dynasty.

An Egyptian colony continued in southern Canaan until shortly before the First Dynasty. King Narmer exported Egyptian pottery produced in Canaan to Egypt.



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# Where there is Trade, there must be Accounting

Maintaining a recording of who owned what, and who owed what to whom required some form of notation and permanent record, and some form of accounting that has been practiced for thousands of years.

Naturally names and locations were part of the accounting records and were the earliest form of a customer database. There would have been some early form of segmentation applied too, probably based on personal wealth and ability to pay.

So, when we discuss when the concept of CRM was introduced, we need to be less myopic; CRM started a long, long time ago, that's how successful businesses, governments, and countries arose.

# Moving to the Twentieth Century

Fast forward through the various forms of record-keeping, accounting methods, and devices and jump to the first commercial computers. Automation was eagerly adopted by anyone with record keep concerns and lots of money to spend, starting in the late 1950s and early 1960s.

The focus was on maintaining accounting records, either on accounting machines or computers, in banks, stock exchanges and government departments.

As the price of computers decreased dramatically, by the 70s, even small business could afford to join the computing revolution.

# CRM as we know today

The beginnings of CRM as we know it started in the 1980s. Robert and Kate Kestenbaum were pioneers of database marketing which was a form of direct marketing that analyzed the customer database statistically to identify which customers would be most likely to react to a marketing campaign.

By 1986, Pat Sullivan and Mike Muhney released a customer evaluation system called ACT  based on the principle of digital Rolodex, which offered a contact management service for the first time.

Act! is a customer relationship management (CRM) software and marketing automation software platform designed for, and used by, small and mid-sized businesses. It has a user base of over 800 thousand registered users.

# Birth of Acronyms (ERP, SFA)

In early 1990s, database marketing transferred into Sales force Automation **SFA**

**SFA** for short, is a function that automates various sales processes, made possible by software tools. SFA can be part of a CRM system or a function of separate tools that are specifically designed to automate select sales tasks.

By 1997, CRM industry moved away from customer solutions to enterprise resources management **ERP.**

**ERP** is a platform companies use to manage and integrate the essential parts of their businesses. Many ERP software applications are critical to companies because they help them implement resource planning by integrating all the processes needed to run their companies with a single system.

# CRM goes Online

In 1999, Siebel launched the 1st mobile CRM (Siebel sales Handheld)

Mid 1999also saw the advent of **cloud-based CRM,** which experienced better adoption as it was affordable alternative compared to expensive on-premise CRM.

In 1999, salesforce.com introduced software-as-a-service (**SaaS**) CRM and **Eloqua** which started it`s first marketing automation software acquired by **Oracle** shortly after.

# The Internet Bubble

In 2003 **Microsoft Dynamics** became a leading player in the on-premise CRM industry by merging CRM with its legacy systems Microsoft Office, Outlook.

In the same year, the Marketing Automation field welcomed new blood **Infusionsoft** and **Mailchimp** during the same time **Helpdesk** evolved into support centers.

In 2006 **Amazon** introduced EC2/S3 and rented out computer power to companies. This helped businesses save money by not investing resources on expensive powerful services.

# Hashtag Age of Social CRM

The late 2000`s witnessed the meteoric rise of SM and the CRM shifted from transactional to **interactive**

Around the same time. Comcast released **Comcast Cares**- an application that focused on Customer interactions

In 2009, **Nimble** a CRM focused on providing SM automation, also came into existence.

To take Customer care service system industry forward, Desk.com (Known as **assistly back then**) a SaaS customer service app launched in 2011.

# The Today and Tomorrow of the CRM

- Cloud Based

- CRM, Sales and Marketing mix

- Omnichannel

- All in one CRM model

- New technology utilization (Mobile Apps) in CRM

# CRM Digital Transformation

## 03

Keep up with the times

# Digital Transformation, Why?

Over the years, the area of customer relationship management (CRM) has undergone significant change from being a way to log sales prospects and contacts into an enabler of business transformation.

The adoption of digital technologies such as **social**, **mobility**, **analytics**, and **cloud**, shaped CRM into a driver of customer engagement, intuitive sales pipelines, higher revenue, and more.

With these spinoffs, CRM has emerged as one of the pivotal platforms that demonstrate tangible value from digital transformation.

# Digital transformation effect on CRM

Digital transformation deeply affects four key areas:

❑ Customers

❑ Competition

❑ Data

❑ Value proposition

# 1- Know more about your Customer

Previously, the customer was considered a mass market that could be targeted by one-way broadcast marketing to support economies of scale.

Today, this market has become a dynamic network driven by two-way communication to enhance economies of value.

Over the years, there has been a shift from product centricity to customer-centricity, which is now evolving into value-driven centricity whereby consumers and organizations thrive together. Customer journeys are no longer based on traditional marketing channels but omni-channel ones.

# 2- Competitor analysis

Until a few years ago, competition was limited to predefined industry boundaries with clear differences between partners and competitors who had unique product features.

Today, competition has become layered with no defined boundaries and little distinction between partners and competitors. The common goal is to provide value to the customer.

Hence, organizations may compete with a brand in a particular segment or territory and yet cooperate with them in another segment or territory.

# 3- Data gathering 1/2

Organizational data used to be structured in nature, very expensive to generate and store, and managed in silos. It was hardly considered as an organizational asset.

The emergence of new technologies is now allowing organizations to cost effectively generate, store, share, and use structured as well as unstructured data.

Today, data is the foremost asset of organizations, and the availability and utilization of quality data is the key success lever.

# 3- Data gathering 2/2

While there is lesser data being generated from defined touchpoints, more data is generated through informal conversations and interactions outside of an organization's physical boundaries on social platforms, sensors and mobile devices.

This data is being used to make predictions, uncover hidden patterns and understand consumer behavior so companies can differentiate themselves in the market.

# 4- Value Proposition

Value proposition was mostly defined by the industry and not prone to major changes.

Today, it is characterized by dynamic customer expectations and the need to tap into opportunities that deliver greater value to consumers.

Earlier, stable value propositions allowed organizations to rest on their market reputations. Today, organizations that do not differentiate their brand will find themselves losing customer mindshare to agile disruptors.

# CRM Transformation Sustainability

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Technology is Dynamic

# Relevant transformation

To ensure that CRM continues to be a relevant transformation driver in a rapidly evolving technological landscape, organizations must address the following challenges at the product level:

- ❑ Linear to Non-Linear
- ❑ Silos to Agility
- ❑ Comprehensive Automation
- ❑ Pay per use Model
- ❑ Deep personalization
- ❑ Humanization of Intelligent machines
- ❑ Understanding the voice of things

# 1- Linear to non-linear

Previously, CRM tended to follow a linear path. Marketing teams tapped into new opportunities and generated leads for the sales teams who then closed deals, which were later serviced by customer service teams.

This was the marketing funnel based on the assumption that buyer journeys start at the beginning of funnel, and they proceed through all the steps before becoming a loyal and long-term asset for the organization.

In a digital marketplace, buyer journeys can begin at any stage through any channel and device. They can abandon the interaction at any level, and reenter and complete the purchase at any moment due to unpredictable factors. These journeys differ not only between people, but even between products for the same customer.

AWARENESS

INTEREST

CONSIDERATION

INTENT

PURCHASE
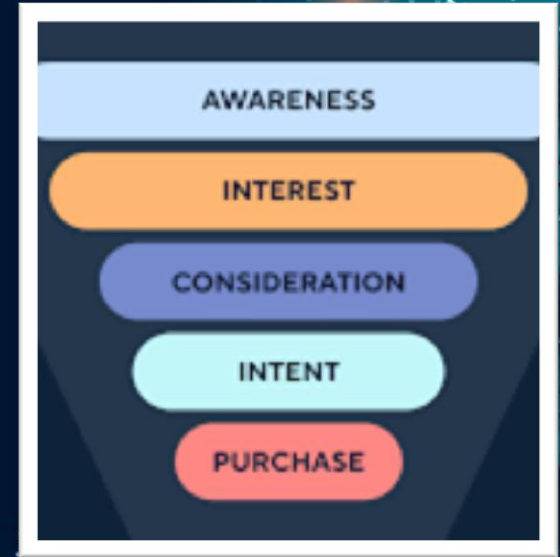
# 2- Silos to Agility

One of the characteristics of digital transformation is how it replaces hierarchical decision making with agile processes.

Agility disassembles vertical structures while promoting horizontal integration and cross-functional collaboration across departments.

The era after the first industrial revolution saw rapid growth within organizations. To ensure policies were followed and resources managed effectively, departmental silos were created. However, this led to differing priorities, process inefficiency and limited information flow across the organization, all of which affected productivity.

As organizational silos break, CRM systems must prepare to handle the transformation of data into cross company neural customer data.

# 3- Comprehensive Automation

CRM systems track organizational experiences over a  period of time that are recorded as organizational learning. However, the integrity of this learning depends on capturing the right data, completely.

The onset of digital transformation has led to large amounts of online and offline data being generated through interactions between individuals and between customers and brands.

This data can also stem from multiple channels (emails, notes and mobiles) at high velocity. Thus, there is a pressing need to identify, evaluate, filter, enrich, and record data as organizational knowledge.

Organizations must find effective ways to automate the capture of big data across consumer activity and interactions in order to equip their CRM systems with the right information so they can make the right decisions at the right time across any channel.

# 4- Pay per use Model

Traditionally, business models are based on the premise of product ownership: Organizations sell products for cash or credit that are bought and owned by customers.

Digital transformation is upending this model into a pay-peruse ones thanks to new technologies that make it possible.

Traditional CRM systems were developed on the old model of transferring ownership of products and services through marketing and selling activities. These legacy systems cannot support pay-per-use or subscription-based models that are based on metering the use of product or service and charging the customer only for what has really been used.

Enabling this requires added functionalities like Realtime monitoring to track real-time use, flexible billing and proactive servicing and support. Thus, CRM systems must Imperatives for innovation.

# 5- Deep Personalization

In CRM, personalization helps customize buying journeys, product choice and service delivery, particularly in non-linear and multi-threaded purchasing processes.

However, current CRM systems maintain specific sets of consumer profiles and try to force every individual into these personalization buckets.

Archaic information is used to attract customers. Customer journeys and scope of personalization are often reactive, leading to low satisfaction and conversion.

Digital disruption has led to flurry of new products and services entering the market. To gain mindshare, organizations must grab customer attention with relevant and timely information and simplified buying processes that close the deal.

# 6- Humanization of intelligent Machines

The adoption of cyber physical systems to serve customers and even employees is spurring rapid improvements in how humans interact with machines.

Machine learning, natural language processing (NLP) and optical character recognition (OCR) use logic to analyze behavioral patterns and leverage this learning though automated interfaces, machines and bots.

Innovation in product recommendation features should identify customer need, next possible purchase and preferred communication channels while recommending the next best sales action. Rather than be a niche functionality, this should become the norm for CRM systems.

# 7- Understanding the voice of things

IoT-enabled sensors in connected products are enabling continuous communication between an organization and its products.

It has become vital to monitor product usage and performance data to understand what value is being delivered to customers.

Sensors and monitoring technologies can provide continuous feedback loops that will pave the way for improving product cap

# Conclusion

- Digital transformation envisioned a shift from product-centricity to customer centricity.

- Naturally, CRM became one of the key drivers of digital transformation across all touch points. With customer centricity being the focal point of any transformation strategy, CRM will continue to align with digital transformation at a strategic level. However, at the technology and product level, CRM needs rapid developments for it to remain a key business driver.

- Digital transformation is helping companies adopt new technologies like mobile, big data, AI/ML/NLP/OCR, cloud, IoT, blockchain, AR/VR, and 3D/4D printing techniques. Unless CRM players reimagine their core framework, integration with such technologies will remain limited to the periphery.

- CRM must become more integrated, structurally agile, deeply automated, personalized, and proactive if it is to be a driver of transformation, and not merely driven by transformation.

# CRM Department (Practical)

**05**

Routine daily tasks in CRM Department

# 01

## Call center

- Accepting all customer`s enquiries through calls
- Out bound campaigns
- Complaint management

# 02

## Digital Assets

- Social Media (Community management)
- WhatsApp
- Email Marketing
- Live chat
- Google reviews (Geoking)

# 03

## System & Reports

- Ticketing systems
- Supported soft ware
- Reports

# Call center requirements

**Team**

Well-trained team to manage customer enquiries

**Assets**

Devices
Headsets
And other supportive assets

**Technology**

Softwares
Reports

# Call center daily Tasks

- ❑ Answer customer enquiries (location, loyalty, availability)

- ❑ Outbound marketing campaigns (Market research, customer satisfaction, retargeting customers)

- ❑ Complaint Management

- ❑ Suggestions, appreciations

- ❑ Tele sales

# Digital Channels for CRM

- ❑ Email

- ❑ WhatsApp

- ❑ Community Management

- ❑ Live chat

- ❑ Google

- ❑ App reviews

- ❑ E commerce reviews

# Software & Reports

- ❑ Operating Soft ware (Genesys, Oracle, Sap..etc)

- ❑ Ticketing System

- ❑ Retargeting

- ❑ Reports

# THANKS!

Do you have any questions?
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**Ramy Elgendy**

# Learning Goals:

- Define **customer relationship management (CRM),** and explain its importance to a small business.
- Discuss the significance of providing extraordinary customer service.
- Understand how technology can be used to improve customer relationships and the techniques used to create a customer database.

# Learning Goals (cont.):

- Explain how consumers are decision makers and why this is important in understanding customer relationships.
- Identify certain psychological influences on consumer behavior.
- Recognize certain sociological influences on consumer behavior.

# What is Customer Relationship Management?

- Customer Relationship Management (CRM)
  - ➤ A company-wide business strategy designed to optimize profitability and customer satisfaction by focusing on highly defined and precise customer groups.

# What is Customer Relationship Management? (cont.)

- Focus of CRM:
  - ➤ Customers rather than products
  - ➤ Changes in processes, systems, and culture
  - ➤ All channels and media involved in the marketing effort, from the Internet to field sales.

# Benefits of CRM to the Small Firm

- Economic benefits of maintaining relationships with current customers:

  - Acquisition costs for new customers are high.

  - Long-time customers spend more money than new ones.

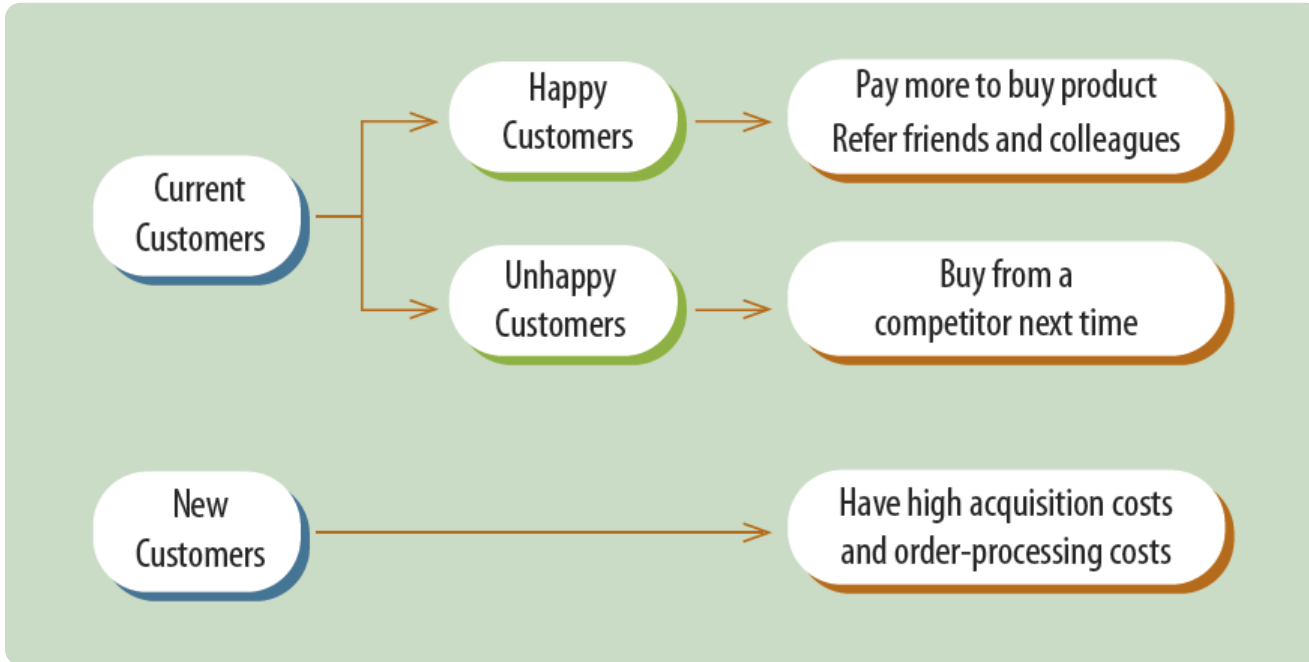  - Happy customers refer their friends and colleagues.

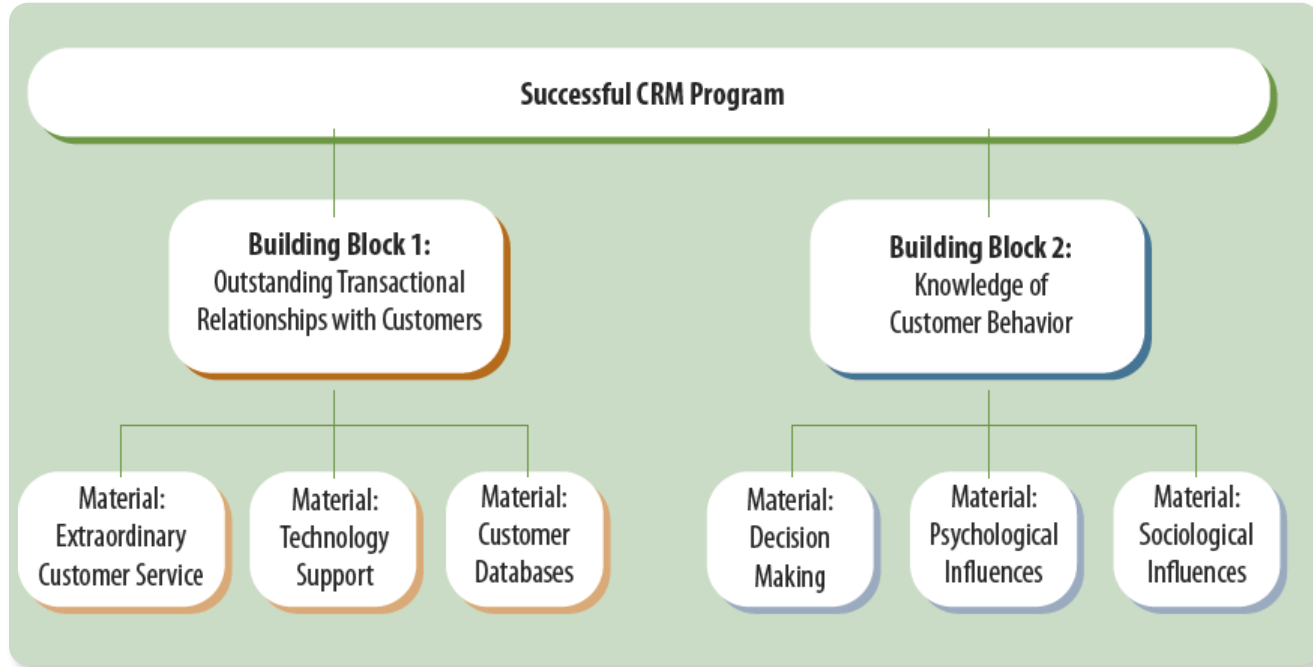# Benefits of CRM to the Small Firm (cont.)

- Economic benefits of maintaining relationships with current customers (cont.):

  ➢ Order-processing costs are lower for established customers.

  ➢ Current customers are willing to pay more for products.

# Essential Materials of a Successful CRM Program



**Successful CRM Program**

**Building Block 1:**
Outstanding Transactional Relationships with Customers

**Building Block 2:**
Knowledge of Customer Behavior

Material: Extraordinary Customer Service

Material: Technology Support

Material: Customer Databases

Material: Decision Making

Material: Psychological Influences

Material: Sociological Influences

# Outstanding Customer Relationships through Extraordinary Service

- Transactional Relationship
  - ➤ An association between a business and a customer that relates to a purchase or a business deal
- Beliefs about Exceptional Customer Service
  - ➤ Small firms possess greater potential for providing superior customer service than do large firms.

# Outstanding Customer Relationships through Extraordinary Service (cont.)

- Beliefs about Exceptional Customer Service (cont.)

  ➢ Superior service creates customer satisfaction.

  ➢ Customer satisfaction results in a positive transactional relationship.

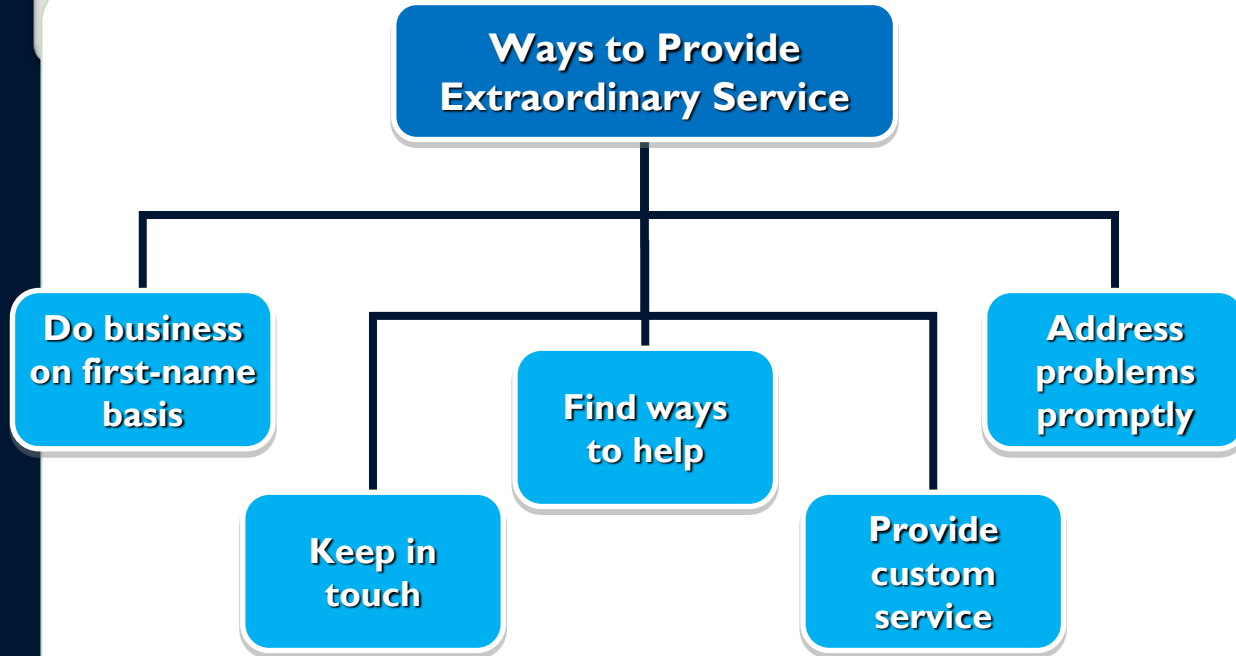  ➢ Positive relationships lead to increased firm profits.

# Managing Customer Satisfaction

- Key Elements of Customer Satisfaction:

  - ➢ Providing the most basic benefits of the product or service.

  - ➢ Offering general support services, such as customer assistance.

  - ➢ Setting up a system to counteract customers' bad experiences.

  - ➢ Delivering extraordinary services that excel in meeting customers' preferences and make the product and/or service seem customized.

# Extraordinary Service: Personal

**Ways to Provide Extraordinary Service**

- **Do business on first-name basis**
- **Keep in touch**
- **Find ways to help**
- **Provide custom service**
- **Address problems promptly**

# Managing Customer Satisfaction

- Customer Experience Management (CEM)

  ➢ An approach that recognizes that with every
    interaction, customers learn something about
    a firm that will affect their desire to do
    business there in the future.

  ➢ Having a positive experience
    with a business becomes part
    of the firm's value equation.

# Evaluating a Firm's Customer Service Health

- Customer Service Strategies

  - ❖ Provide an exceptional experience throughout every transaction

  - ❖ Provide sales materials that are clear and easy to understand

  - ❖ Respond promptly to customers' requests and concerns

- Customer Service Strategies (cont.)

    - ❖ Listen to customers and respond accordingly

    - ❖ Stand behind products/services

    - ❖ Treat customers as family members and best friends

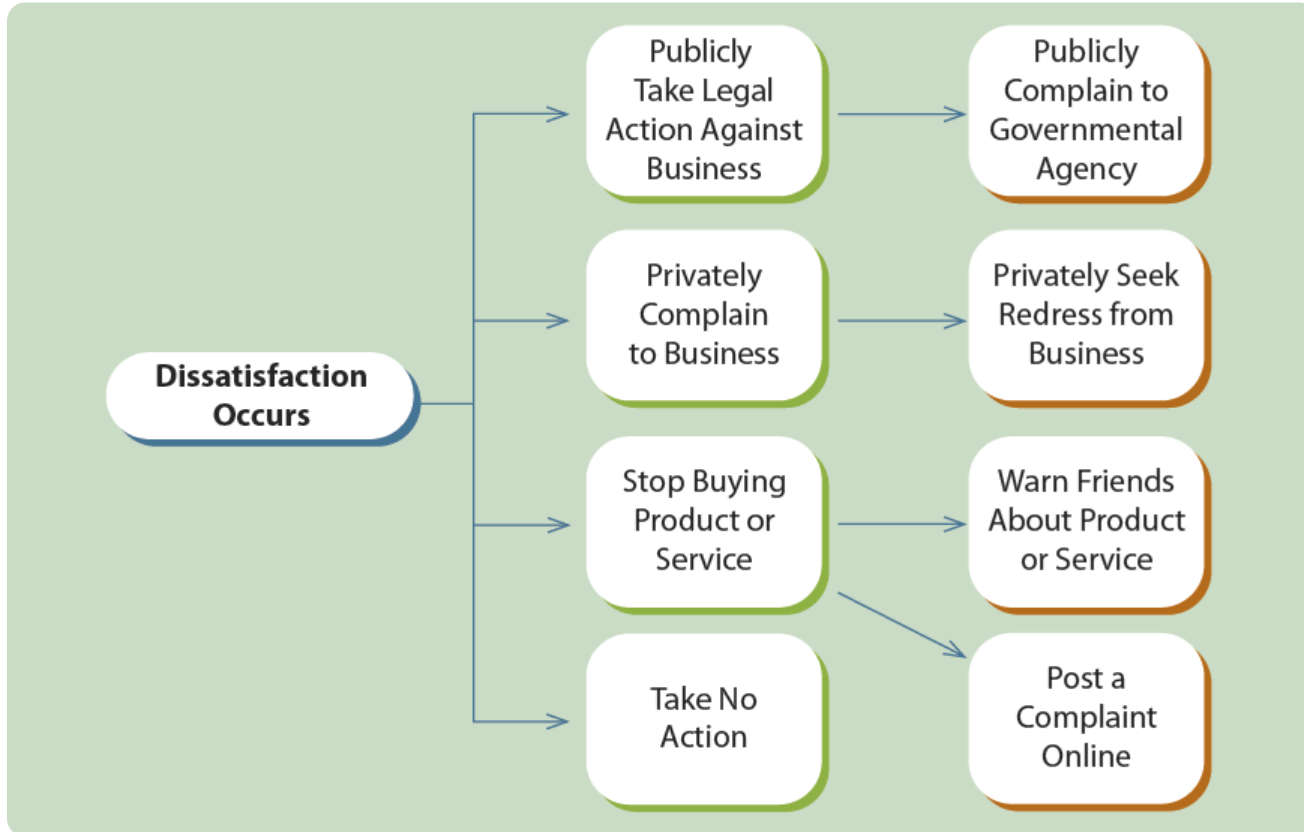    - ❖ Stay in the hearts and minds of customers
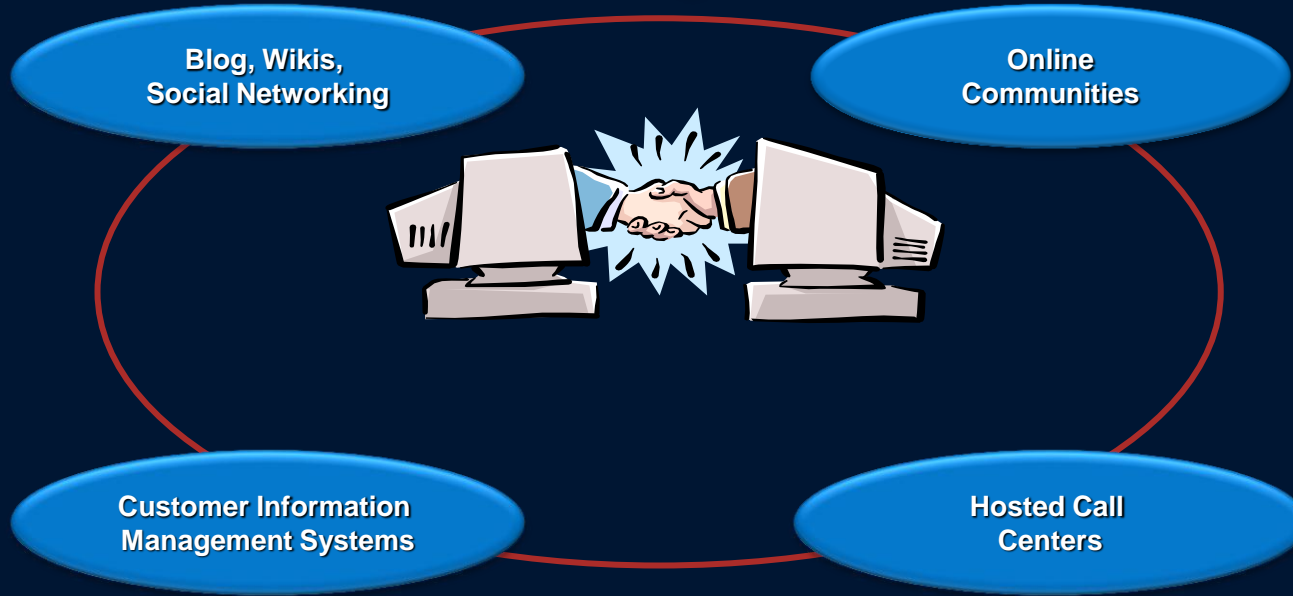
# Customer Service Strategies

| Which of the following can be used to support your marketing objectives? | For each strategy, comment below on: 1. how well your company is doing. 2. improvements to pursue further. |
|---|---|
| **Provide an exceptional experience throughout every transaction** by ensuring that customers are acknowledged, appreciated, and find it easy to do business with you. Note that this requires you to (1) make a list of the typical chain of contacts between you and your customers—from when they first see your advertisement until you send them a customer survey after the sale—and (2) evaluate your company's performance on each contact point. | |
| **Provide sales materials that are clear and easy to understand,** including website, marketing materials, retail displays, and sales conversations. | |
| **Respond promptly to customers' requests and concerns** by acting with urgency and responsibility in customer inquiries, transactions, and complaints. Have a service recovery plan in place. | |
| **Listen to customers and respond accordingly** by soliciting feedback, encouraging interaction, staying engaged throughout transactions, and taking the appropriate action necessary to please the customer. | |
| **Stand behind products/services** by providing guarantees and warranties and ensuring customers that you deliver on your promises. Also, create products and deliver services that exceed expectations. | |
| **Treat customers as family members and best friends** by valuing them the same way you honor those you care most about. | |
| **Stay in the hearts and minds of customers** by not taking customers for granted and finding ways to let them know you have their best interests in mind. | |
| **Other initiatives?** List them here. | |

**Consumer Options for Dealing with Product or Service Dissatisfaction**

# Using Technology to Support Customer Relationship Management



Blog, Wikis, Social Networking

Online Communities

Customer Information Management Systems

Hosted Call Centers

# Highly Recommended CRM Software Packages for Small Businesses

| CRM Package | Summary Description |
|---|---|
| Zoho CRM | Web-based, simple to set up and use, free for up to three users (small monthly charge for additional users), no long-term contracts, expandable to accommodate business growth, integrates seamlessly with Google applications and other Zoho programs. |
| Microsoft Dynamics | Very well supported, popular because of its overall functionality, hosted ("in the cloud") and on-premise options, interfaces with Microsoft Outlook and Web browser, monthly fee based on number of users. |
| NetSuite CRM+ | Best for larger small businesses, excellent built-in e-commerce applications, more expensive than other options, additional charges for various add-ons. |
| Salesforce.com | A very popular package, considered a top innovator by CRM experts, many features and functions, expandable to accommodate business growth, some find it to be complicated to use. |
| SugarCRM | Good first CRM package, easy to set up and configure, tutorials available for assistance, basic package is free, charge for Professional Edition that offers access to many additional tools. |

# Creating a CRM Database

## Categories for Building a Customer Database

- Personal information
- Demographics
- Internet information
- Transaction data

- Lifestyle and psychographic data
- Profile of past responses
- Complaints

# Using a CRM Database

**Creating An Effective CRM Program**

1. Capture relevant customer data on interactions across important touch points

2. Analyze those data to better understand customers

3. Use those insights to improve relationships with customers

# Using a CRM Database (cont'd)

- Customer Segmentation Strategy

  ➢ A process of identifying customers that fit into smaller, more homogeneous groups.

- 80/20 Principle

  ➢ A principle that maintains that 80 percent of a firm's sales will come from 20 percent of its customers.

- Recency-Frequency Monetary Analysis

  ➢ An analysis that reveals customers most likely to buy from a firm in the future because they have made purchases recently, frequently, and in amounts exceeding an established minimum.

- Customer Lifetime Value (CLV)

  ➢ The total profit expected from all future sales to a long-term customer.

# Stage 1: Need Recognition

- Need Recognition

  ➢ Occurs when a consumer realizes that her or his current state of affairs differs significantly from some ideal state.

  ➢ A consumer must recognize a need before purchase behavior can begin.

  ➢ Many factors can influence recognition of a need.

  ➢ Marketing strategy can be used to influence need recognition.

# Stage 2: Information Search and Evaluation

- Evaluative Criteria

  ➢ The features or characteristics of a product or service that customers use to compare brands

- Evoked Set

  ➢ A group of brands that a consumer is both aware of and willing to consider as a solution to a purchase need.

  ➢ Gaining inclusion into an evoked set requires creating market awareness of a product or service.

# Stage 3: Purchase Decision

- Factors Affecting the Purchase Decision:
  - ➢ Brands in the evoked set
    - ❖ Brand advertising
  - ➢ Purchase setting: store or non-store outlet
    - ❖ Store, catalogs, TV shopping channels, the Internet
  - ➢ Intention to purchase:
    planned or spontaneous
    - ❖ Store layout, sales personnel, and point-of-purchase displays.
    - ❖ Ease of use of Web site

# Stage 4: Post-Purchase Evaluation

- Post-Purchase Dissonance

  - Is the anxiety that occurs when a customer has second thoughts immediately following a purchase.

  - Can lead to customer complaints, brand switching, or discontinuing use of the product.
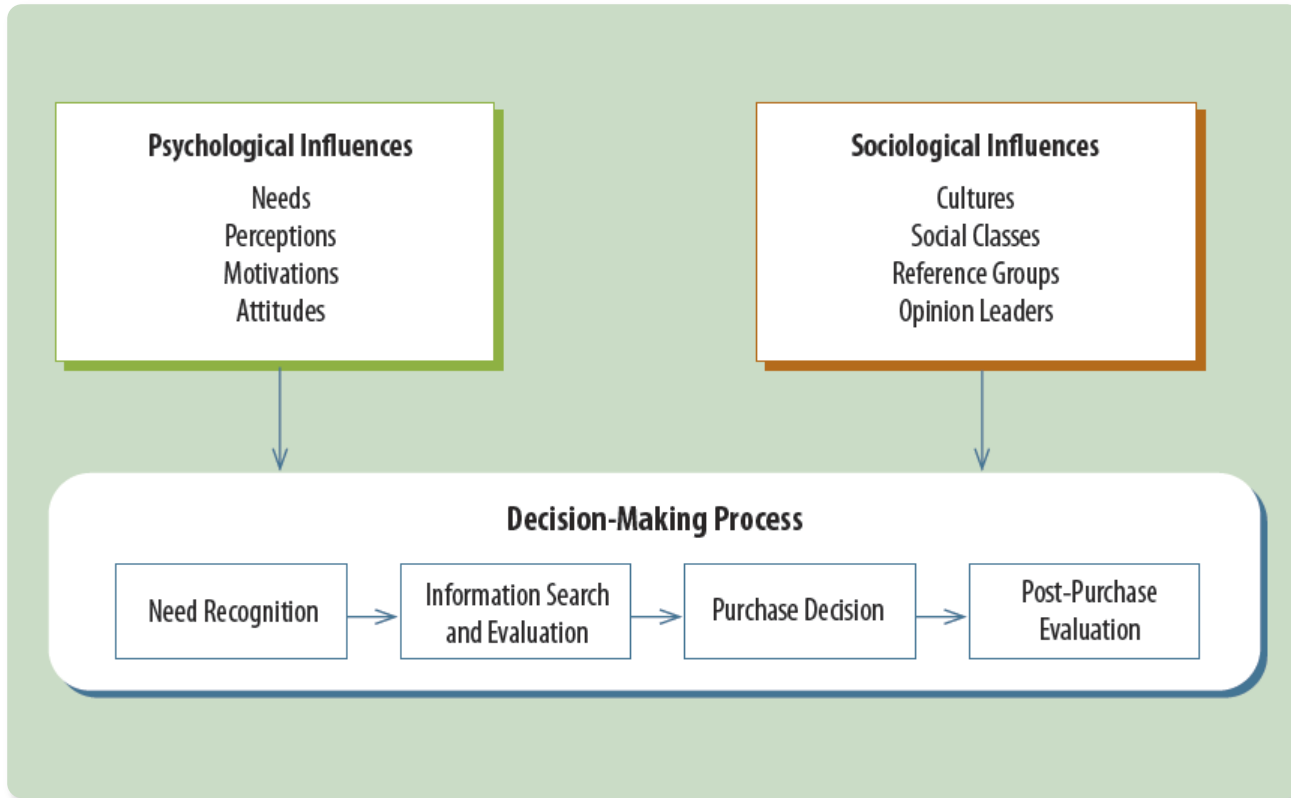
# Stage 4: Post-Purchase Evaluation

- Post-Purchase Dissonance (cont.)
  - Can reduced by:
    - ❖ Reassurance by salespersons.
    - ❖ Guarantees and trial periods.
    - ❖ Customer follow-ups.
    - ❖ Confirming information from other users.

# Simplified Model of Consumer Behavior (Customers as Decision Makers)

**Psychological Influences**

Needs
Perceptions
Motivations
Attitudes

**Sociological Influences**

Cultures
Social Classes
Reference Groups
Opinion Leaders

**Decision-Making Process**

| Need Recognition | → | Information Search and Evaluation | → | Purchase Decision | → | Post-Purchase Evaluation |

# Understanding Psychological Influences on Customers

- Needs

  ➢ Are the starting point for all behavior

    ❖ Need categories: physiological, social, psychological, and spiritual.

  ➢ Are seldom completely or permanently satisfied (e.g., daily newspaper).

  ➢ Function together (e.g., the desire for status clothing).

    ❖ Consumers may purchase the same product to satisfy different needs (e.g., Internet access).

# Understanding Psychological Influences on Customers (cont'd)

- Perceptions

  - Are individual processes that give meaning to the stimuli confronting consumers

    - Whatever is perceived depends on the characteristics of the stimulus and the perceiver.

- Perceptual Categorization

  - Is the process of grouping similar things so as to manage huge quantities of incoming stimuli.

  - Can create a barrier (i.e., brand loyalty) to competing brands.

- Motivations
  - Are goal-directed forces that organize and give direction to the tension caused by unsatisfied needs.
    - Behavior variables can be analyzed to determine the motivations a consumer will internalize as an impetus to purchase a good or service.
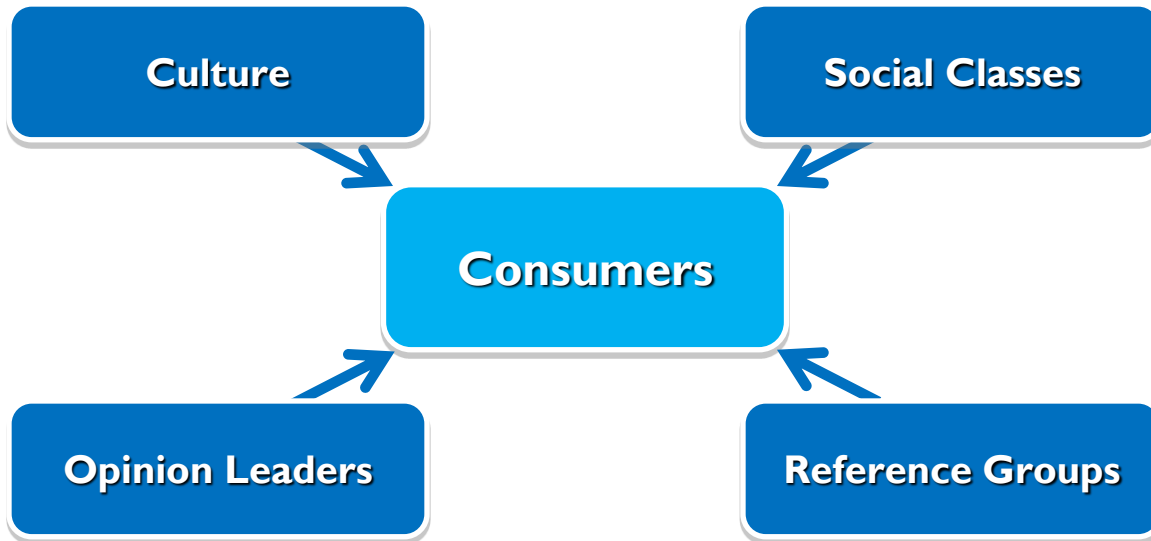
# Understanding Psychological Influences on Customers (cont'd)

- Attitude
  - ➢ Is an enduring opinion based on knowledge, feeling, and behavioral tendency.
  - ➢ Can discourage or foster behavioral tendencies to purchase a product.

# Key Terms

80/20 principle

attitude

culture

customer database

customer experience management (CEM)

customer lifetime value (CLV)

customer relationship management (CRM)

customer segmentation strategy

evaluative criteria

evoked set

motivations

needs

opinion leader

perception

perceptual categorization post-purchase dissonance

recency-frequency-monetary analysis

reference groups

social classes

touch point

transactional relationship