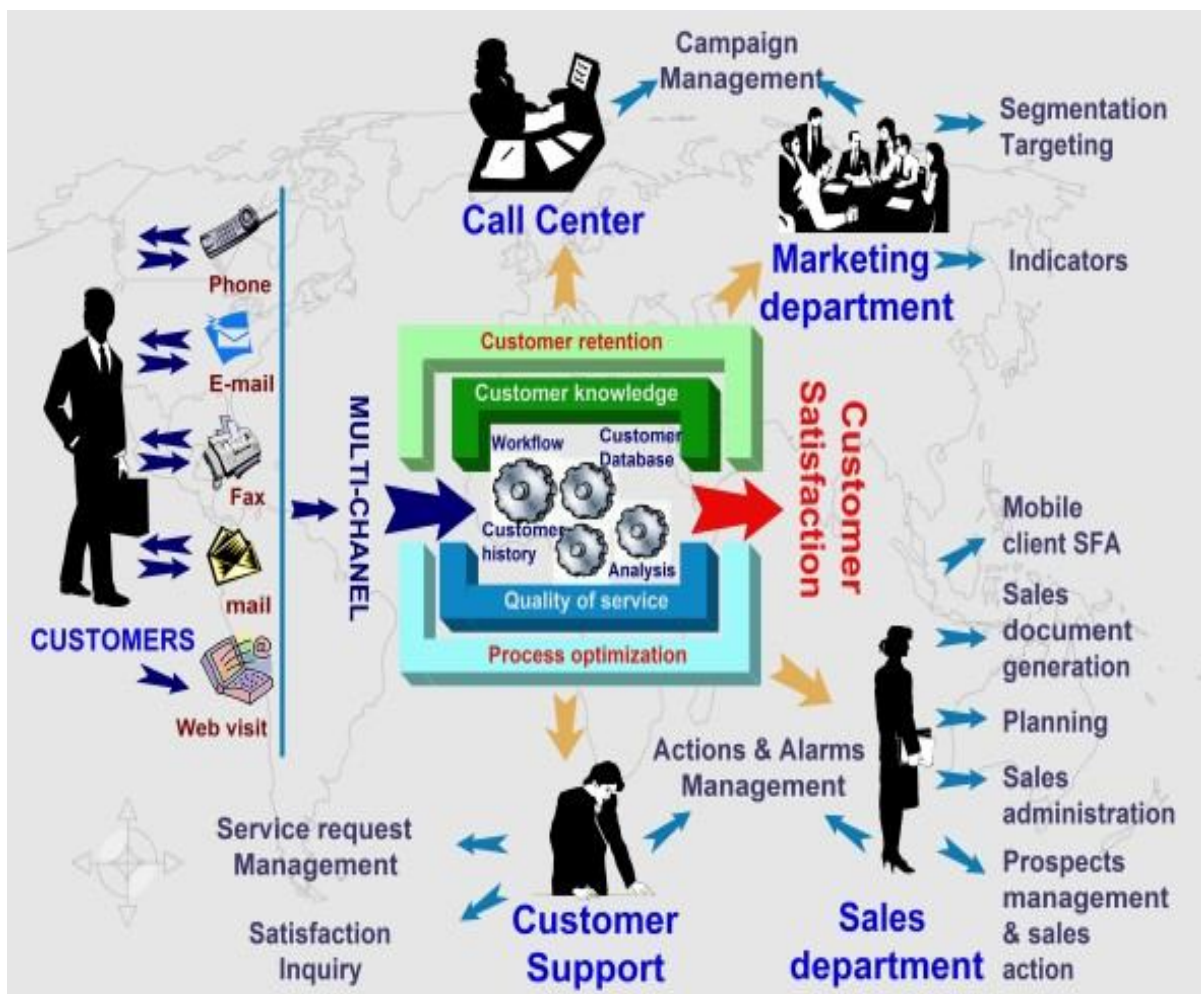


# *CRM*

## *Customer Relationship Management*



*Carmine D'Arconte, February 2012*

## Course Overview

*Crm is the acronym for Customer Relationship Management but, aside from this, what is it exactly? Technology, software, a strategy? Above all, how can it be used by companies, what is the present situation and what are the perspectives?*

*To answer the question allow me to tell you something about an experience I had while attending an important event in Rome.*

*A couple of years ago, one of the most important companies in Italy operating in the telecommunication field, organized a magnificent national meeting collecting around 1,000 employees, approximately 700 hundred of them coming from all over Italy.*

*For the event they contracted a chairman who came along with a personal orchestra of 5 people, playing during the pauses to give more emphasis to his speech, a beautiful, elegant, famous and very well paid Italian female announcer, an internationally famous ballet company with around 15 people who really performed a wonderful show and finally, last but not least, also the trainer of one of the most important Italian football teams.*

*Well, what can we say, also considering the cost of hiring the conference hall and bringing the employees to Rome by plane, train or bus, we may say that really they did not spare any expense; on the other hand the moment was rather important as, on this occasion, the newly appointed CEO was to make his first official intervention in order to announce his strategy to enhance the rather shaky business of the Company.*

*The CEO arrived and, in front of 1000 people worried about their future and still full of expectations, made his announcement which basically we could sum up as follows: “The situation is very hard and we will all have to roll up our sleeves”. Immediately after the “industrial plan” announcement, the sales Director, as in a terrific musical “crescendo”, indicated the goals of the Company for the following year and then added: “Remember that we are here to make money, if the customers are satisfied, well, all the better, otherwise..... He did not finish the sentence but it was more than obvious that he meant “it’s not so important” or, worse, “who cares?”*

*Experts may ask: “Maybe the Company sells commodities at a low price with a low frequency of purchase and the competition is not so high”?*

*“No – the answer should be - the Company is actually selling services in a competitive market to customers who have to renew their contracts periodically and therefore the quality of the relationship and the level of satisfaction is fundamental”.*

*“Is the Company granting a very high level of service or do they offer very good prices in comparison with competitors?” – might be another logical question.*

*“Neither of the two - the answer should be - actually they are offering an average - even poor - service at a price slightly higher than the competitors”*

*In a last optimistic effort someone might then ask: “Maybe this Company is an exception in comparison with the general standard?”.*

*Here again the answer would be negative, as companies similar in behaviour to the one mentioned above, seems to be the rule while a really customer-oriented company appears definitely as an exception; most likely my perception is biased by my personal experience but, in all honesty, that is what I have been seeing all the time, working for more than thirty five years.*

*To tell the truth, the situation is even worse, as it seems that we have a serious dichotomy between theory and practice, words and facts as the result of a widespread tendency to declare, with attractive and sophisticated promotional slogans, an outright willingness to put the customer's needs at the centre of every entrepreneurial strategy while, in reality, facts and actions show exactly the contrary.*

*Already in 1983, Theodore Levitt, the author of the worldwide famous article "marketing myopia", first began to speak about the need for a new approach in marketing based on the quality of relationship with customers rather than on mere transactions as it had been until then; more or less at the same time, B. Schneider<sup>1</sup> echoed him by focusing on the most important hindrance for this new approach writing: "What is surprising is that researchers and businessmen have concentrated far more on how to attract customers to product and services than on retaining customers".*

*Around 30 years have passed since then but the managerial approach does not seem to have changed a lot and the impression is that most managers still fail to understand that in today's highly competitive market, it is nearly impossible to continue with the well known Henry Ford's approach to the market, summarized in the proverbial sentence "Give them whatever colour they want providing it is black".*

*Times have changed and we will go nowhere if we insist on old methods, once successfully, but today not only out of date but also definitely harmful for companies. On the contrary it should be crystal clear that investing in relationships and ensuring the customer's satisfaction is the "conditio sine qua non" for the survival and development of every profit-making Company.*

*This is the most important issue about Crm which is closely connected with the other constantly recurring mistake, which is to imagine Crm as a standard technology that may be applied, as it is, to any company without regard to the specific nature of its business and processes, being persuaded that, in this way, it will be possible to obtain real miracles including, if possible, some compensation for the management's gaps or inefficiency.*

*Obviously it will not be like this, as it is easy to see in many cases where Crm has been an evident failure, so that nowadays many managers are asking themselves whether it makes sense to carry on investing huge quantities of money to have definitely poor results.*

*This course, based on a essay on Crm I recently republished with McGraw-Hill, revised and improved, aims first of all to underline the most recurrent mistakes that companies must avoid once they decide to implement a Crm in-house and then illustrate how Crm should be implemented and used in order to have good results. Simple mathematical and statistical models are used to demonstrate the impact of Crm on revenues and profit. Crm technologies are also analysed in order to produce better information about customers such as satisfaction and profitability levels in connection with advanced accountancy and Erp systems so to make an adequate segmentation of customers possible. Business intelligence is also taken into account though in a concise way.*

---

<sup>1</sup> [www.12manage.com/methods\\_levitt\\_relationship\\_marketing\\_it](http://www.12manage.com/methods_levitt_relationship_marketing_it)

## *Course programme*

*The evolution of the socio-economic context and the need for a new approach to the market*

*Crm, Customer Relationship Management*

*The main mistakes regarding Crm*

*Crm, strategy, organization, processes and technology*

*Crm components: operative and analytical Crm*

*How Crm can support the strategic development of Companies*

*Companies' development between sales and retention*

*Mathematical and statistical models for sales and retention effects*

*Crm for customers knowledge*

- *state of relationship*
- *profitability*
- *relationship and profitability matrix*

*Customers segmentation and specific strategies to be adopted*

*Analytical Crm and Business intelligence*

*How far to go when investing in Crm*

*Crm: in-house or outsourcing?*

*Crm: present situation*

*People and organizations' imprinting*

*Future prospects*

## *Bibliography*

D'Arconte Carmine. Customer Relationship Management, chapter 10 in Marketing . Peter, Donnelly, Pratesi. McGraw- Hill 2013

[www.12manage.com/methods\\_levitt\\_relationship\\_marketing\\_it](http://www.12manage.com/methods_levitt_relationship_marketing_it)

L. Bottinelli, (2004), La nascita e lo sviluppo del marketing relazionale- Quaderno di ricerca n. 5

M. Constabile, (1991),. Il capitale relazionale, McGraw Hill

P. Greenberg, (2002), Crm., Edizioni Apogeo.

W. R. Sebastiani. (2001). Dizionario di Marketing- Il Sole 24 ore

R. A.Kerin – D.w. Hartely –E.n. Berkowitz – W. Rudelius - Marketing - Mc Graw Hill 2007

Kotler P., (1997), *Marketing Management*, Prentice Hall International Inc., New York.

H.Newton, (1998) Newton's Telecom Dictionary Miller Freeman

F. Pennarola e V. Perrone, (2006), Il Customer relationship Management, Management Innovazione e Tecnologie Informatiche, Università Bocconi

W. Scott, R. Sebastiani, (2001), Dizionario di Marketing, Il Sole 24 ore.

S. M.Iacus –Statistica - McGraw.Hill – 2006

R. E.Wayland e P. M.Cole, (1997) ,Customer Connections, Harward Business School Press, Boston, p.104

Grönroos C., (1990), Management e Marketing dei servizi, ISEDI, Torino,

V. A. Zeithaml. M. Jo Bitner . Il marketing dei servizi. (2002) McGraw-Hill

G. Iasevoli , C.A. Pratesi, (1997) , Sviluppare la fedeltà ascoltando il cliente, Sperling & Kupfer

A. Morgante - Tecnologia dei cicli produttivi – Monduzzi Editore, 1992

P. Delicato, P.E.mazzoletti, (2003) Marketing Management per il Decision Maker, Luiss University Press

Crm Fall summit. Orlando. Florida, 2001

Ricerca sul Crm condotta dalla società Carlo Eminero & co, nel 2004

Ferrante M., Zan S.,(1994), *Il fenomeno organizzativo*, La Nuova Italia Scientifica, Roma.

## *Carmine D'Arconte. Short profile*



Carmine D'Arconte – [cdarconte@uniroma3.it](mailto:cdarconte@uniroma3.it)  
[www.carminedarconte.it](http://www.carminedarconte.it)

*Professor of marketing and corporate communication at Rome Tre University, he has more than thirty years experience with leading companies in the Telecommunication field; he has vast experience in sales, marketing and Customer Relationship Management and has developed specific skills in quantitative methods for management, psychological aspects in sales and interpersonal relationships. He works as a management consultant and teaching trainer with a significant experience in preparing marketing plans. A member of the Italian Marketing Association, he has been a tutor at Rome Tre University, for many years and was the winner of the National Marketing Prize in 2012. He has recently published two essays, on CRM, Customer Relationship Management, and on pricing (Marketing, Peter, Donnelley, Pratesi. Mc Graw Hill. 2013) and other important contributions on management.*