

# RELATIONSHIP SELLING AND CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

# Objectives

1. Contrast transaction-based selling with relationship-based selling.
2. Identify and explain the four basic elements of relationship selling, as well as the importance of internal marketing.
3. Identify the three levels of the relationship marketing continuum.
4. Explain how to enhance customer satisfaction.

# Objectives

5. Describe how to build buyer-seller relationships.
6. Explain customer relationship management (CRM) and the role of technology in building customer relationships.
7. Describe the buyer-seller relationship in B2B marketing and identify the four types of business partnerships.

# Introduction

- **Transaction-based selling** - Buyer and seller exchanges characterized by limited communications and little or no ongoing relationship between the parties
- **Relationship selling** - Development, growth, and maintenance of long-term, cost-effective relationships with individual customers, suppliers, employees, and other partners for mutual benefit

# The Shift from Transaction-Based Selling to Relationship Selling

- Shift away from production-oriented selling
  - Emphasis on individual sales and transactions
  - Limited communication
  - No ongoing relationship

# The Shift from Transaction-Based Selling to Relationship Selling

- Shift toward relationship marketing
  - Views customers as equal partners in transactions
  - Encourages long-term relationships, repeat purchases, and multiple brand purchases
  - Leads to increased sales and low marketing costs

# Relationship Selling

- Focuses on long term rather than short term
- Emphasizes retaining clients over making a sale
- Ranks customer service as a high priority
- Encourages frequent customer contact
- Fosters customer commitment with client
- Bases customer interactions on cooperation and trust

# Elements of Relationship Selling

- Domco build long-term relationships- four ways
  - Gather information about their customers
  - Analyze the data and use it to modify the sales process
  - Monitor interactions with customers
  - Use customers' preferences and knowledge



# First Level: Don't Focus on Price

- Most superficial level, least likely to lead to long-term relationships
- Sales Rep rely on pricing to motivate customers
- Competitors can easily duplicate pricing benefits
- Differentiate us from our competitors.

## Second Level: Social Interactions

- Customer service and communication are key factors
- Example: Domco holding a seminar / workshop on our software products

# Third Level: Interdependent Partnership

- Relationship transformed into structural changes that ensure partnership and interdependence between buyer and seller
- Example: Domco software chose a cloud-based approach
  - Its tech-help agents can now answer customer queries via chat, telephone, the Web, or social media

# Understanding Customer Needs

- To build long-term relationships we must understand what customers need, want, and expect
- Must measure customer satisfaction
- Sales Reps need to keep in touch with the needs of current and potential customers

# Obtaining Customer Feedback and Ensuring Satisfaction

- Sources of information include toll free numbers or online feedback
- Complaints help us overcome problems and demonstrate commitment to service
- Conduct surveys to measure satisfaction

# Building Buyer-Seller Relationships

- Consumers form relationships to:
  - Reduce choices
  - Simplify info gathering and the entire buying process
  - Reduce the risk of dissatisfaction

# Building Buyer-Seller Relationships

- Perceived positive value received in a long-term buyer-seller relationships is a key benefit for customers
- Customers may switch loyalties if they perceive better benefits from a competitor

# How Sales Reps Keep Customers

- Retaining clients is more profitable than losing them
- **Customer churn** - Customer turnover
  - Is expensive
- We generate more profit with each additional year of a relationship



# Database Selling

- Use of software to analyze data about customers
- Helps firms to:
  - Identify their most profitable customers
  - Calculate the lifetime value of each customer's business
  - Build relationships and encourage genuine brand loyalty
  - Improve customer retention and referral rates

# Database Selling

- Reduce marketing and promotion costs
- Boost sales volume per customer or targeted customer group
- Expand loyalty programs

# Customers as Advocates

- **Grassroots marketing** - Connecting directly with existing and potential customers through nonmainstream channels
- **Viral marketing** - Satisfied customers spread the word about products to other consumers
- **Buzz marketing** - Gathers volunteers to try products and then relies on them to talk about their experiences

# Retrieving Lost Customers

- Customers leave for a variety of reasons
  - Boredom
  - Move to a new location
  - No longer have a need for the product
  - Prefer competing products
- **Customer win-back** - Process of rejuvenating lost relationships with customers

# Retrieving Lost Customers

- Rules for service providers
  - To anticipate where problems will arise and figure out how to prevent them
  - To accept that mistakes will occur in even the best systems and have a high-quality recovery effort in place that employees are empowered to enact