

The Customer Relationship Management Process

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Overview

The customer relationship management process provides the structure for how relationships with customers will be developed and maintained. The goal is to segment customers based on their value over time and increase customer loyalty by providing customized products and services. In this chapter, the importance of customer relationship management as a supply chain management process is explained and detailed descriptions of the strategic and operational sub-processes that comprise customer relationship management are given. The interfaces that are necessary with the other seven supply chain management processes are identified and guidelines for successful implementation are provided.

Introduction

Typically, large sums of money are spent to attract new customers; yet management is often complacent when it comes to nurturing existing customers to build and strengthen relationships with them.¹ However, for most companies, existing customers represent the best opportunities for profitable growth. There are direct and strong relationships between profit growth; customer loyalty; customer satisfaction; and, the value of goods delivered to customers.² "Relationship marketing concerns attracting, developing, and retaining customer relationships".³ In a business-to-business environment, customer relationship management is the supply chain management process that provides the structure for how relationships with customers are developed and maintained. Management identifies key customers and customer groups to be targeted as part of the firm's business mission. The decision regarding who represents key customers requires evaluation of the profitability and potential profitability of individual customers. Often it is assumed that the marketing function is responsible for creating, maintaining and strengthening relationships with business-to-business customers because it does

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¹ Berry, Leonard L. and A. Parasuraman, "Marketing to Existing Customers" in *Marketing Services: Competing Through Quality*, New York, NY: The Free Press, 1991, p.132.

² Heskett, James L., W. Earl Sasser, Jr. and Leonard A. Schlesinger, *The Service Profit Chain*, New York, NY: The Free Press, 1997, p.11.

³ Berry, Leonard L. and A. Parasuraman, "Marketing to Existing Customers" in *Marketing Services: Competing Through Quality*, New York, NY: The Free Press, 1991, p.133.