

CRXM: 360° Customer Centricity

Francisco Quevedo

Rutgers University, USA

Abstract

CRM, CXM, Customer Service and Sales should not be considered as separate, fragmented processes. CRM is relational and data-driven, CXM is experiential, aimed at sensations and emotions, Sales is transactional, largely logical and proactive, and Customer Service reactive, apologetic and incidental. An integrated process would strive to build relationships not based on sales but on pleasurable experiences, while minimizing complaints and maximizing new client referrals. It is no longer enough to attract and satisfy customers; you have to delight them. Although loyal consumers are most typically satisfied, satisfaction alone does not universally translate into loyalty, much less to advocacy. CRXM, as proposed here, is an integrated approach that attracts customers to please them, not just to sell them something. Indeed, Customer Service should sell, just like car dealers do; and Sales personnel should be held accountable not only for sales but for customer loyalty, that is, beyond satisfaction, for minimized complaints and customer attrition, and for maximizing new client referrals. Otherwise, their efforts will end when the customer buys, once, not twice, much less forever. CRXM would integrate CRM, CXM, Sales and Customer Service under a single umbrella by making all Agents and Account Executives pursue similar goals like maximizing sales revenue and customer loyalty, while minimizing complaints and promoting client referrals. An integrated indicator that combines the CLTV, referred businesses minus customer or account costs could also be incorporated into staff evaluations.

Introduction

Customer Relationship Management (known as CRM) most times boils down to a technological platform whereby businesses manage their accounts, customers and potential customers to enhance their relationships, to sell more and increase profits on a win-win basis.¹ A CRM “system,” as top-rated firms call it, helps companies stay connected with their customer base and

improves profitability. This sounds pretty straightforward; however, we see it more as a softer, systems-supported process, in accordance with the AMA's definition of Marketing, even as a philosophy on how to deal with the client; nonetheless the former concept stands as a commonly accepted beacon. Customer Experience Management or CXM (sometimes called CEM), on the other hand, focuses on the customer's response to interactions with the company before, during, or after a purchase or consumption, across multiple channels, and across time.² Clearly then, CRM points to relationships, CXM points to experiences; but are these purposes really mutually exclusive? Customer Service is incidental, reactive, while the Sales effort is transactional and proactive. Our question is why do marketers and scholars view and execute these processes separately instead of considering them all links within one single chain of events.

As customer centricity keeps moving alongside analytics and technology, and as AI drives CRM toward new horizons, our intention here is to ascertain whether the process has fallen prey to the dominant logic of customer decision making and focused only on the harder elements of customer relationships, neglecting the more subtle personal, emotional, sensory, and intuitive considerations³, to suggest in the end an integrated, humanized approach to optimize customer engagement that envelops the client around Sales, Customer Service, CXM and CRM, which we will call CRXM.

Background

The American Marketing Association defines Marketing as an activity, a set of institutions and processes that create, communicate, deliver and exchange offerings that generate value for customers, clients, partners, and society at large.⁴ Once upon a time, it had been defined as satisfying customer needs, however, it is now clear that it is no longer enough to satisfy your customers, you have to delight them.⁵ Although loyal consumers are most typically satisfied, satisfaction alone does not universally translate into loyalty. Loyalty and satisfaction are linked inextricably but this relationship is asymmetric.⁶ The importance of intuition, and the emotional content in consumer decision-making, sidelined as "irrational" by many, can no longer be excluded from the practice of Marketing.^{7,8} Indeed, research supports the idea that people follow their gut feeling to make their decisions, even against their better judgment, suggesting, again, with a bit of irony, that intuition is not rational.^{9,10}

Unconscious mental processes are major influences in peoples' deliberations.¹¹ 95% of consumer decisions take place in the subconscious level;¹² most actions and decisions may have nothing to do with conscience, but with neurochemical dynamics;¹³ and anyone can tell that moods and

memories affect judgment;¹⁴ so, instead of arguing logically, should we not attempt to influence the customer's mood to affect his behavior? Rationality is grossly overrated in Marketing, persuasion does not necessarily imply argumentation, nor logic.¹⁵

Is CRM as we know it addressing these subtle considerations?

CRM is data driven but some question whether the process has measured and proven its payback.¹⁶ When you analyze the focus of CRM efforts, which could be broadly defined as improving the ability to target profitable customers, integrating offerings across channels, individualizing marketing messages and customizing products and services, increasing the sales force's efficiency and effectiveness, optimizing service efficiency and effectiveness, and developing better pricing policies, it seems evident that on the marketer's side, CRM is driven mostly by utilitarian motives.¹⁷ Furthermore, 20th Century Marketing practices were guided by a goods-dominant logic, focused on customer engagement, operant resource development, and cocreation.¹⁸ However, consumer preferences are not strictly rational, on the contrary, they are highly intuitive, more tied to trust and affection than logic.¹⁹ An example of CRM is capturing the birthdate of the customers of a restaurant and congratulating them when the time comes.

CXM is sensory and emotionally driven, it represents a paradigm shift from securing productive relationships to providing engaging and compelling customer experiences.²⁰ It is based more on human interactions than on processes (see graph) and aims to please in every contact point; its undeniable customer focus makes it the single most important differentiator between best and worst practices today.²¹ It promotes bonding. Some call it "revolutionary." In practice, however, Customer Experience Management is not well understood, nor properly applied, it is fragmented across a variety of contexts and processes.²² An example of CXM is preparing something special for that restaurant's customers on their birthday, and to sing them "happy birthday."

Sales is profit driven; its purpose is simple: To sell. It is proactive. Pre and post-sale activities have been pretty much absorbed by CRM as necessary steps to sell and retain the customer; there is research, prospecting, lead generation, proposals, conversions, and retention. An example of Sales in the thread of the restaurant is inviting the customers to share their birthdays with friends and family at their favorite place.

Customer Service is complaint driven, most often. It is reactive. Especially in department stores, its objective is not to minimize complaints but to resolve them expeditiously. In the absence of a quality assurance process, their causes remain. In other business, it may also act as one-on-one

support to handle inquiries, special requests and other issues. An example of Customer Service, in keeping with our restaurant thread, would be replacing a mistaken order and making sure that the customer is not charged for it.

Integrating Customer Service with CRM, CXM, and Sales.

Auto dealers are a good example of sales-driven, relationship-focused service that ends up being all about the experience. They remind you when your visit is due, a classical form of CRM, they will sell you parts and repairs, a typical Sales stance, many will treat you to coffee and free Wi-Fi in their waiting area, as CXM commands, and will handle all your inquiries in a typical Customer Service approach. They can also arrange alternate transportation which adds to the customer experience.

Another example comes from personal experience. As the CEO of an insurance brokerage firm with Fortune 100 corporate clients like DuPont®, we experienced generalized riots many years ago; one of our top client's three distribution centers was looted, 38 trucks were burned, and the offices ransacked. Driving around an imposed curfew, bullets still echoing in the distance, we were there at daybreak, holding our client's hand, literally, while he cried seeing all the destruction, assessing the damage and making sure that he would be eventually properly compensated for his losses. Later on, he would say "when I was there, looking at all that evil, all the hate, from all my partners and suppliers, only this man was standing next to me. I will never forget that..." Definitely, people will forget what you say, people may even forget what you've done, but people will never forget how you made them feel.²³

Worst practices. In terms of CRM, supermarkets, a trillion-dollar industry, are often out of tune with their most loyal customers; just consider, if we do our grocery shopping at the same store every week, year after year, their systems know our purchasing habits and our preferences in detail. Couldn't we, their customers, get our shopping list days before to allow us to adjust it, adding or deleting items, and decide if we want to pick up our merchandise at the store or have it delivered to our home, and when, thus saving us precious time? This could let customers learn about special promotions and take advantage of those savings. It would be a win-win shopping tool. If your supermarket does not offer it, all that data is going to waste.

In terms of CXM, airlines, a \$280 billion industry, would do us a great favor if they stopped calling us "passengers," cramping into ever smaller spaces on frequently late flights where any food or drink will cost you a pretty penny. A customer, you aim to please; a passenger, you take somewhere. Worse yet, an \$89 round-trip flight from New York to Miami, becomes a

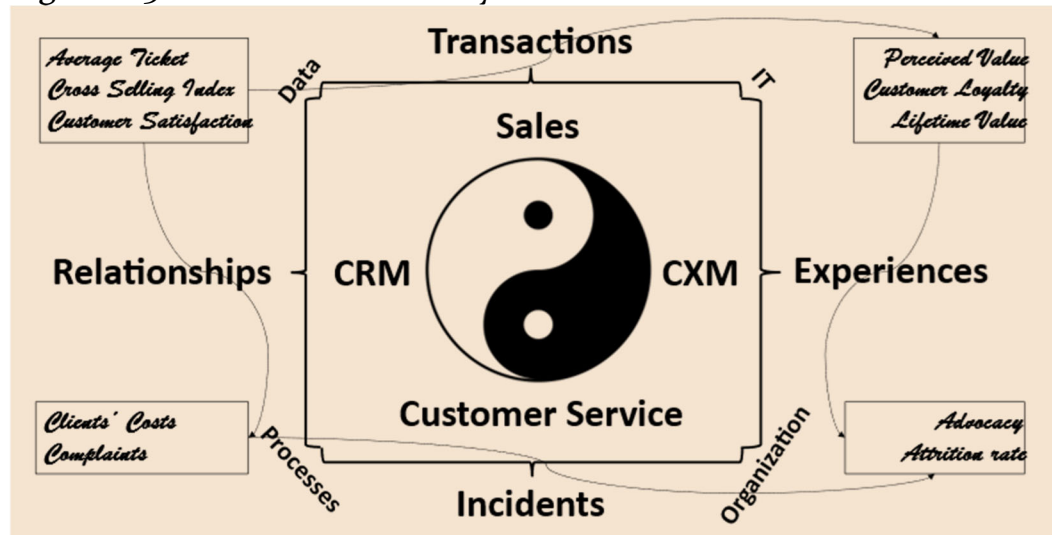
broken promise when you pay an additional \$65 to carry a bag, and \$26 more to select a seat. That takes the fare to \$180 one way with no food or drink. And as mentioned, data shows that an average of 30,000 flights are delayed each day globally, including 7,000 to 9,000 late flights daily in the U.S. alone.²⁴ How can you please a customer that way?

In terms of Customer Service, department stores are a vivid example of a reactive process, those counters seem to be there only to process refunds; and we cannot say much about their Sales efforts. It is no wonder they have been declining and closing for years.²⁵

360° Customer Centricity

A Google and Google Scholar search for the term “CRXM” comes back only with chemical results, it has not been coined in business, so we are hereby claiming it. The process, as we conceive it, should integrate CRM, CXM, Sales and Customer Service under one single umbrella by making all Agents or Account Executives pursue similar goals, like maximizing sales revenue and customer loyalty, while minimizing complaints and promoting client referrals. An integrated indicator that combines, for instance, the CLTV, referred businesses minus customer or account costs could also be incorporated into staff evaluations. Metrics should point to delight and advocacy, not just sales. So, adding measures of Perceived Value Added is vital to the success of the process.

Figure 1. 360° Customer Centricity



The graph above represents a visual rendition of CRXM. In essence, it is a philosophy, first; it integrates the organization, the customer, data and processes much like the Market Orientation would propose.²⁶ Accordingly,

Sales personnel should be held accountable not only for sales but for customer loyalty; that is, they should reach far and beyond customer satisfaction to delight them, striving to minimize complaints and customer attrition, and maximizing new client referrals. Sales must create and nurture long term, productive relationships with customers who have bonded with the company, its brands, and its representatives. The sales effort does not and must not end when the customer buys the product or service once, it just shifts into high gear and goes on forever. Ideally, Customer Service should be part of the Sales Organization, and CRM and CXM, part of its processes.

Conclusions and recommendations

The widespread use of the Internet has changed how customers expect relationship building to work. Today a business' ability to grow and be profitable depends on being able to capture their customers' data beyond the transactional, that is from multiple sources and contact points, be it big data from the cloud, a hit or a webpage click stream, e-mail, phone calls, faxes, a kiosk or a store, a call center, or from the sales force and sales channel. When data is used appropriately, it empowers the firm to respond individually, and seemingly personally to every interaction, in what is now often called "mass customization."²⁷ The problem arises when Sales, Customer Service, CRM and CXM are viewed as separate processes. Each one will use its chunk of the data for its own purposes. Examples abound of wasted data, and supermarkets are not the only culprits. Sales will concentrate on selling, Customer Service on solving issues and complaints expeditiously without trying to minimize them, CRM will focus on relational data and CXM on experiential metrics. But, who looks at the whole picture in the Sales Department?

Then, let's ask, what is and should be the goal of Sales? The transaction, for sure, the experience, not quite or not always, the relationship, perhaps, sometimes, or resolving any incident, not a chance! Sales should not lead to sales but to pleasurable customer experiences which in turn translate into long, productive relationships. And that must be supported by a more proactive customer service, while other processes in the firm strive to minimize incidents and complaints, like Six-Sigma, which focuses on minimizing errors, or ISO 9000, which aligns processes with customer expectations.^{28,29}

CRM in turn must be humanized, made more personal, although that does not mean that it must abandon technology or data analytics. Accordingly, CRXM, the integrated process, must trigger positive emotional, sensory and intuitive reactions, it must generate trust and bonding, while catering to the sense of timing, the sense of right and wrong, of order, beauty

and other more subtle considerations, doing what is not only expected, but surprisingly and pleasantly unexpected.

Adding or enhancing indicators would do a lot to integrate CRXM as a new process. An integrated coefficient that adds CLTV plus referred businesses minus customer or account costs would measure what it is all about, but this is just an example, firms must find ways to measure delight. That is not difficult, focus groups will do the trick when properly facilitated. The question is “what do customers want, and then, what would pleasantly surprise them?” If this succeeds, more delighted customers will maintain long, productive relationships with us and recommend our company’s products or services to many others. Turn that into metrics!

Author

*Francisco J. Quevedo is an Assistant Professor of Professional Practice with the Marketing Department at Rutgers Business School. He is a University of Massachusetts 1978 graduate and got his doctorate, MBA, and CAGSB at Pace University, New York, NY. He was an Adjunct at Pace and NYU before joining Rutgers in 2020. He has worked corporate and consulted for Fortune 100 firms, NGOs, and government agencies in a dozen countries for over 40 years and taught college for 12. His research focuses on brand choice and non-profit marketing, having been published eleven times in the last 5 years, with one more paper under edition and an abstract coming out in 2024. He received the Dean’s Meritorious Award for Teaching Innovation in 2023. He has been coordinating nonprofit consulting projects at Rutgers that allow students to engage and benefit NGOs from New Jersey, New York and abroad.
email: fquevedo@business.rutgers.edu*

Endnotes

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