

The Holistic Vision of Customer Relationship Management

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Abstract: Speaking about *new economy* means to approach to a more and more real and concrete concept which takes in itself different approaches comparing to the traditional ones, creating either new opportunities or new risks for the companies. Kotler verifies that, in this new scenery, the main problem of economies is the growth of the importance of productive sectors, in which the consumers, and no more the products, constitute the real insufficient resource. The most sagacious companies have aimed to the implementation of *branding* politics which can help the managers to define with precision the promises to turn to the consumer and, in the meanwhile, to make available instruments which add new value, nourishing the satisfaction. The **holistic marketing** is a marketing development, made possible by new technologies which have transferred the contractual power of industry in the consumers' hands, who, today, are able to decide not only which products to buy, but also at what price, through which canals and with which level of personalization of allocating service. The phenomenon is known also as *reverse marketing*, or *social marketing* (Kotler, 2007) in which the consumers dictates the game's rules, influencing several areas such as the product planning, the distribution canals or even the *advertising* politics. The companies, therefore, must support the imperative *listen-and answer* extending his own visual on the clients' value and aiming to satisfy the needs as more efficiently and effectively as possible, minimizing time and energies that the target has to dedicate to the research, to the order and receipt of goods and services. The new marketing, besides, is no more limited to a sole department, but permeates the mentality of the whole company, integrating the research activities, creation and erogation of the value for the consumer. These changes have a noticeable impact on the companies organization, in which the marketing activities are interconnected to common objectives with other company levels for the creation of value, the maintaining of the acquired consumers and the maximization of profitability.

Key words: customer relationship management; holistic

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1. The Holistic CRM: The Role of Empathy in the Construction of the Brand

A fundamental step in the development of a holistic CRM project is the definition of different targets to which you will direct the company's attention. Once established the target audience, it is necessary to place it within the cycle of life that each user runs towards a brand, therefore, to understand fully the degree of engagement towards the brand. This is the measurement of the relationship of empathy and closeness of the client company in the social context, which can be implemented through careful observation of his behaviour through the marketing tools of the company (especially those online as a website, social-media, blogs, forums). In the

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construction of the project it is necessary to keep in mind the degrees of customer involvement, with the goal to make it closer to the brand and understand their reaction when it comes into contact with the reality of brand concept. In this case, the processes of listening, observation and evaluation are essential in order to understand the true objectives and try to achieve them. Jorge Molinera (2011) has divided the strength of the relationship between customer and brand in five degrees of intensity, corresponding to the same focus groups in the evolution of the relationship (shadows , interest, novices, regulars, fans but even more useful is the brand screening), a perspective that gives results in terms of brand audits basis of three dimensions , such as:

- indicators of visibility, weighting the components of brand awareness (top of mind, brand recall and brand recognition);
- indicators of potential, based on behaviour , to synthesize customer portfolio and the current and future capacity to generate loyalty. The measure of evolutionary opportunities is based on five levels of proximity of the customer against the brand, namely: *resisters*, which have not intention to establish any link with the brand; *potentials*, plan to do so in the future; *occasionals*, have already had experience of the brand and probably repeat ,*not exclusive committed* , determined to maintain a stable relationship with the brand, although it is part of a larger *set consideration*, *exclusive committed*, loyal to the brand , which is the only consideration;
- indicators of that *commitment*, however, summarizes the involvement emotional attachment to the brand. It is a stretch of experience that leads to an attachment effective. Brands like Apple, McDonald's, Coca-Cola owe much of their success to their innovative capacity of their aesthetic-sensory, able to create a friendly and familiar with the followers. Of course, the sensory-emotional commitment is not the only lever set by the brands, they in fact, up till now, pay attention also to cultural topicality, trying to engage contemporary social issues, defining a framework of values within which the individual can be placed. The brands give rise to the need for broader and wider meanings with which to identify oneself, for example, major social and ethical values (cosmopolitanism, ecology, responsibility etc).

It is evident that with this system, brands exceed the close stitches to positioning to define, in a broader perspective, possible worlds, and custom fields. Today, the voltage at the fine-tuning with the customer is the foundation of any successful strategy. In contemporary marketing interpreting the needs of individuals, their values and their way of life, in a dynamic perspective, becomes imperative to make the competitiveness in markets that are increasingly complex and unpredictable. The contemporary brand must also deal with the slipperiness of consumer behaviour, with the provisional nature of attitudes and with the instability of the tastes of the people; that is why holistic approach to marketing and branding sees the emergence of value- sites where consumption regain a more human and emotional, reaffirming the role of the consumer as a social actor (Ferraresi, 2003).

At this juncture, by the side of the company, it is important to study in which way to support brands, in correlation to the type and temporal perspective of the relationship with customers. The first step is for a company, therefore, the verification of the possibility that you have to establish a relationship, the nature of the same as well as the elements on which to base it. On the basis of this reflection, a search conducted by Veloutsou (1997) has allowed to define the existence of two basic dimensions for the existence of such a relationship, the emotional exchange for which each client establishes an attachment to the brand, and provide each other with which we share information and feedback.

The critical success factor, in conclusion, is the need for reciprocity that detects the need that actionable benefits exist for both the customer and the seller.



Figure 1 Relation Brand-Consumer (Kapferer, 2004)

2. The Holistic Value of the Brand for Consumers and Business

In the consumer's perspective, brand value is derived from the utility functions it plays in the process of purchasing and consumption, due to three main types (Kapferer & Thoenig, 1991; Busacca, 2000), namely: an *informative function* thanks to which one can identify suitable alternative offers to meet the needs and direction of the subsequent activities of comparison and choice, a *communicative function* that allows the consumer to communicate their personality, values, membership or distance with respect to certain groups reference, a *relational function* that in the end reassures consumers about the level of performance, functional and symbolic, obtained from the product and the validity of the choice made, reducing either the costs of research and information processing or the perceived risk. The utility functions just specified have an effect on the perception of value for the customer since the comparison between benefits and costs.

In the perspective of the company, however, the total value of the brand can be traced back to the value of relationships with the demand that the brand is able to generate (Bertoli & Busacca, 2002).

The development of component identification (brand awareness), the evaluative component (brand advocacy) and the fiduciary component (commitment) allows you to create and consolidate over time the relationship between the brand and customers (Manaresi, 1999) until the customer loyalty (Costabile, 2001), as well as activate new relationships due to the effect reputation. The role of the brand in strengthening existing relationships and creating new relationships often has a positive effect also on the knowledge of the company thanks to learning processes derived from it (Fournier, 1998). In line with the resource-based view, and in particular of the customer-based view, the brand, as a relational resource that originates from the trust generated among customers, is able to create value for the enterprise. To quantify the evolution of the value of the brand, the prospect of Studio is based on the adoption of a "differential logic (analysis of changes in relationships in different time intervals) and perspective (focusing on the results that the relationship will be able to generate)". The basic hypothesis is that in economic terms, the value of the brand is attributable to the value of customer relationships, which in turn defined by the "sum of the value of the stability and reproducibility of the value of such

relationships” (Vicari, Bertoli & Busacca, 2000):

$$WRC = Wra + Wrn$$

Where:

WRC = value of customer relationships activated by the brand

Wra = value of current relationships

Wrn = value of new relationships

The value of the stability of relations (Wra), in turn, depends on:

- the *coefficient of loyalty*, expressed as the percentage of customers who, willingly, continues to maintain relations with the company in the range period considered;
- *longevity perspective of current relationships*, or their waiting duration in the above mentioned ratio of allegiance;
- *the expected margin from current relationships*, net of costs associated with management and development of these relations;
- *the discount rate* (The Martyr & The Martyr, 2000).

The value of the reproducibility of the relations (Wrm) is instead influenced by:

- *the coefficient of attracting new customers*, which expresses the ability of the company to expand the network of market relations;
- *the duration of the new reports*, according to the coefficient of attraction expected;
- *the margin generated by new customers*, net of acquisition costs;
- *the discount rate*.

In particular, the potential value of the company includes both options of the present value of growth, related to brand equity and intangible initial re-sources, and increases in the latter. Therefore, brand equity is attributable either to the differentiation potential of the brand, or to its potential or to the diffusivity of learning (Vicari, Bertoli & Busacca, 2000).

In summary, the causation between the value of the brand for the consumer and the value of the brand for the company, in the three components of the present value, potential value and value of resources can be summarized as in Figure 2.

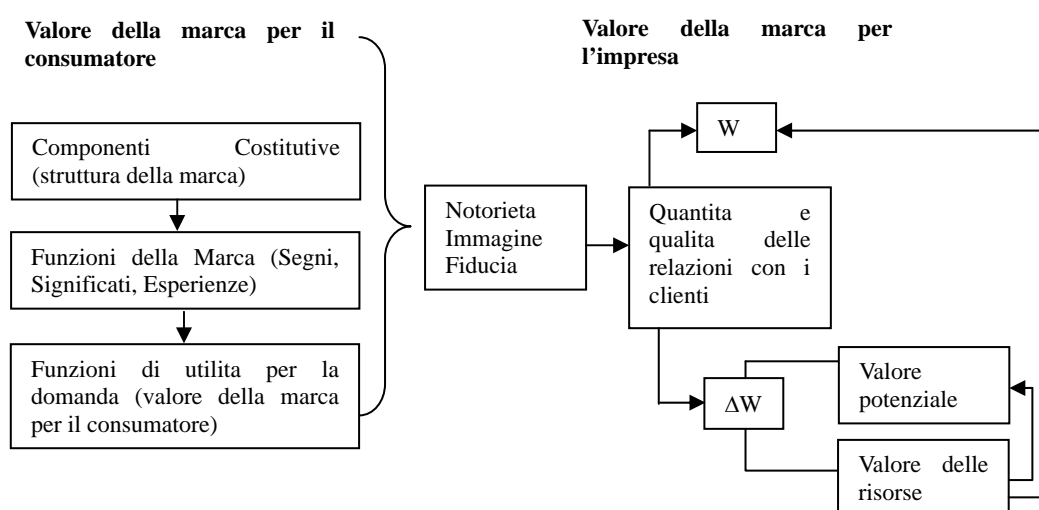


Figure 2 Brand Value for the Consumer and for the Company (Costabile, 2003)

Analyzing the impact of the brand on the present value of the company, it should be noted that the development of the brand and of market relations allows the company to achieve the benefits that have a positive impact on its economic value, summarized in the following indicators (Aaker, 2000, pp. 102-120):

- preference and repurchase of the brand;
- competitive advantage;
- lower customers' sensitivity to the price;
- opportunity to enjoy a premium price and higher margins;
- less vulnerability to competitive marketing actions;
- increased efficiency and effectiveness of marketing programs;
- greater bargaining power and greater cooperation channels distribution;
- ability to implement extensions of the brand.

On the other hand, analyzing the impact of the brand on the potential value of the company, it is clear that the ability of the brand to create value for the consumer and the enterprise can be divided into three levels:

- *differentiation potential*: the ability of the brand to create and strengthen the cognitive system of the consumer with respect to the distinctive competitors, thus alleviating the competitive interdependence;
- *potential for cross-diffusivity*: ability to use the image of the brand to expand the company's strategic horizon, entering into new segments, markets and business areas;
- *acceleration potential of organizational learning*: extension and deepening of the existing knowledge of marketing, as well as creation of new knowledge through the relationships developed with customers (Busacca, 2000).

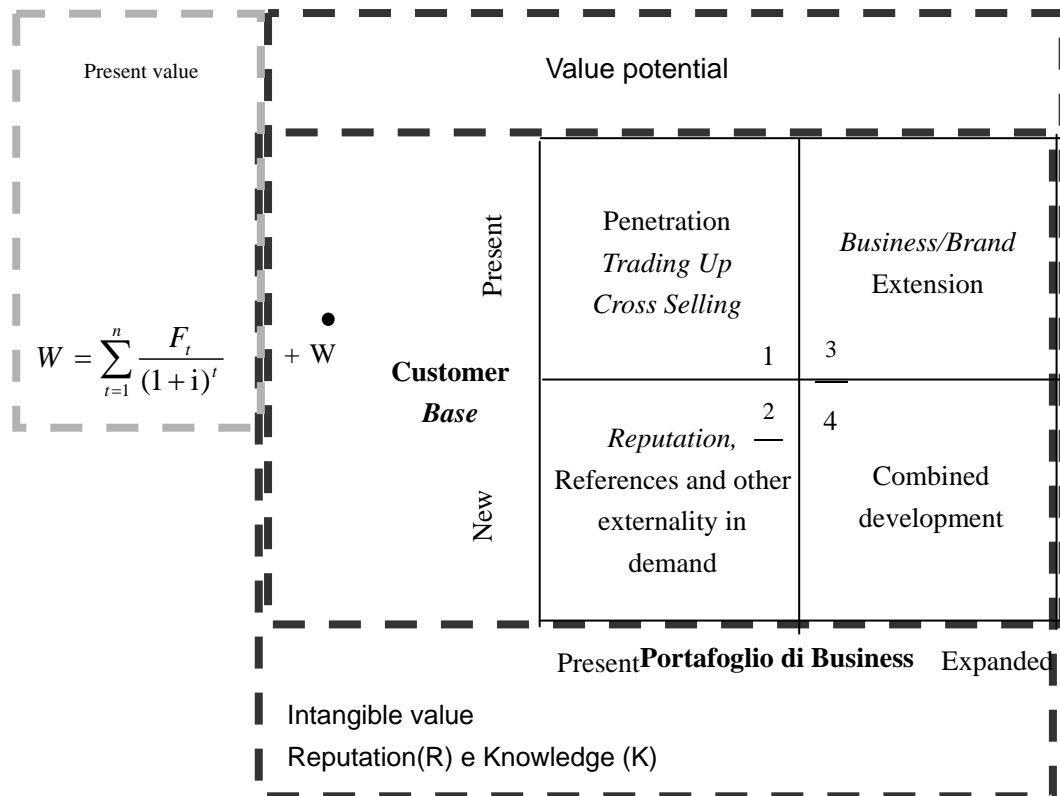


Figure 3 Impact of Brand Equity Value of the Company (Costabile, Raimondi, 2001)

The evolutionary potential of brand equity (Figure 3), viewed in three dimensions, is expressed in the possibility of increasing either probabilistic returns, or returns on intangible assets such as reputation and knowledge. This is possible thanks to the development options pursued with the customer base (current and new customers), within the today business or with an expanded portfolio of business:

- Option 1: includes the increase in penetration (up-selling), i.e., the increase in purchases by the customer, the possibility of cross-selling, or buying other products in the company portfolio by the customer, the possibility of trading-up, or purchasing products of the highest range the customer and with a higher margin for the enterprise;
- Option 2: refers to the ability to attract new customers in the same business, thanks to the effect of positive word of mouth triggered by the most loyal and cooperative and the effect of learning gained in the interaction with these customers, which often reveals itself in the introduction of product innovations;
- Option 3: is the possibility to extend the business with the same customer base, and then the purchase of new products that the company would be able to offer from the most loyal customers;
- Option 4: refers to the ability to expand the customer base, and thus acquire potential customers, as part of new business.

3. The Holistic CRM in Case Study: Vodafone

Competing in a market that is increasingly oriented to customer satisfaction and trying to build long-term profitable long-term relationships are as previously mentioned, the main objectives of customer relationship management, which is defined as a solution approach to identify and optimize the offer to different segments of customers and to make a gradual transition from mass marketing to one-to-one marketing, which modulates the value proposition based on the knowledge of the needs, behaviours and value of the individual.

Until about forty years ago, the purpose of traditional marketing — tip goes the spotlight on the logic of production, sales and research in the rear of potential customers interested in the offer.

With the acquisition of more intelligent and aware consumer's behaviours, the concept related to the customers' value has expanded therefore management objectives have suffered a tack on achieving efficient performance in the shortest possible time and with less waste of energy and resources. On the other hand, the digital revolution has provided the opportunity for companies to harness the virtually unlimited geographic scope of powerful new sources of information to promote a mutually beneficial flow communication, for the company and for current and potential customers which made transactions faster, and offer personalized services to each customer and the purchasing processes, recruitment and communication — internal and external — more rational.

Summarizing this just traced profile, reference is made to customer holistic relationship management who led the operation of several companies to develop new business visions and strategic review and conceptual framework for interfacing with the market.

The holistic concept of managing customer relationships has two salient features, namely: an integrated impact among the various levels of the firm, and overall flexibility, for what concerns the expansive reach of the planned objectives.

In order to exploit the opportunities arising from the consolidation of brand equity, which increased expression of the organic value of a business, an enterprise that is oriented to holistic CRM should assist the gap that exists between:

- the cognitive sphere of the target;

- business skills;
- the resources contributed by each employee;

Then, beginning from the attention and understanding from the target to the messages developed by the company, it will be useful to identify which new benefits are sought from the public itself, drawing on the expertise concerning the characteristics of the domain of the business vocation, selecting and managing from its network of cooperation partners as appropriate.

The time when each process and each element were considered as separate entities no longer corresponds to the current view that the holistic management of the brand lays the foundation as everything counts. It is, accordingly, an orientation characterized by the alignment of all the activities of marketing to its global scope and to its complexity.

In order to acquire the knowledge of the customer, modern technology has also become systems available that allow you to identify and analyze customer data through key components, which means that the technologies applied to the CRM have passed the stage of start up and have entered a stage of maturity that allows you to design them, carry them out and put them in place with high modularity for different levels of complexity.

The holistic CRM, therefore, creates the opportunity to generate value with a target consumer through a collaborative and integrated footprint, which, — through the coordinated work between multiple teams and multiple departments —, acts with the purpose of knowing the behaviour of the public, define the profile of the consumer and personalize the offer. Developing a measurable relationship over time based on customer satisfaction and the consolidation of a plus differential perception of their brand from the competition is the center of any CRM project management oriented holism.

These basic objectives have become part of the reality of many companies which turn their attention to coordinate their processes according to the logic SMART; the same objectives were to assess the optimal combination optimistic impact on the level of sales processes, professional roles involved in the management of relationships and performance improvement, since they are valid for both projects developed completely in-house, and for projects whose interface with the client consists of service platforms accessible via the web as an information utility (Peppers & Rogers, 2001).

In this situation it is interesting to activate a search result that allows to apply the theoretical evidences to the practical aspect, therefore considering the different elements which refer to the three levels of engagement-tactical, strategic and philosophical-recognized by the academic world (Palmer, 1996; Luck, 2007) as the founding of a policy of integrated CRM, the choice fell on the brand Vodafone Italy.

The goal that we propose in the analysis of chosen case study, subject of discussion in the next chapter, is to expose its capacity demonstrated in the development and integration of the activities of Customer Relationship Management: agreed the requirements and satisfaction of customers and other stakeholders in general (employees, suppliers, institutions, civil society); Vodafone Italy, in fact, marked the know-how and corporate culture to users not considered in a simplistic way, but to the people.

The management claims that a managerial paradigm devoted to ethical and transparent conduct of the strategy and daily activities is translated into products and services for quality and value, of which the customer can grasp the nuances and differential advantages over competitors, especially in the structure of touch point through which the company contacts its customers, and activities aimed at *customer satisfaction* and *customer retention*.

In principle, therefore, the guiding principles that have made the brand Vodafone interest for the analysis of CRM holistically about the policies in this work are:

- *passion for the customer*: thanks to the wealth of liability which the company bears, it manages to get high results in terms of customer loyalty and increase the customer base, all of which have helped to bring Vodafone, in ten years, to reduce the gap (in terms of market share) that separated from TIM, and counting a base of over 32 million customers (from 32,815,678 to customers in March 2010 at 33.31478 million customers in March 2011);
- *passion for team work*: because providing opportunities for training and development of staff promotes a motivating atmosphere for the management of activities;
- *passion for results*: thanks to the vision oriented managerial operations and efficiency;
- *passion for the world around us*: in virtue of the fact that you can, as well, ensure high standards of service, attention to the environment, society and moral values (cause related marketing), the company is committed to contributing to the overall welfare of the society.

These horizons define and enshrine the interest and the eye of Vodafone Italy civil society outside the company. The predominant spirit in their approach to the market is rooted in the belief that their contribution may have a primary role in creating a sustainable society in the long run, thanks to the creative energy of their customer care initiatives of great impact holistically. This new front corroborates the stated (and realized) commitment to people, their safety and protection, their privacy and their opportunities, whether they are either customers, employees and suppliers, or to the environment with energy efficiency initiatives and recovery of waste for a responsible use of technology both fixed and mobile.

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