

# Customer relationship management technique of lenovo



**ASSIGN  
BUSTER**

## **Abstract**

The report will focus on the B2B relationship of Lenovo with its business customers and its stakeholders. It will also focus on the techniques followed by the Lenovo to maintain and increase the level of relationship. Report will be critically evaluating the process and will be giving recommendation to the company.

## **Introduction**

Businesses involves exchanges between the two entities, either there are sellers or the buyers. Relationship is the sole factor which bounds the two entities to continue with mechanism of the exchanges (trade). There has been a tremendous change in the B2B relationship, earlier it was only limited to the supply chain management but now it has been extended to the product development and 4Ps (Paryatiyar, A & Sheth, 2000). In the present environment of unsustainability and competition, a firm focuses more on the relationship building. With the globalization in trade mergers and acquisition have started to take place, which has forced companies to build relationship with existing companies to excel in the competition and to provide value added services to its customer (Narayandas, 2003). The report will critically evaluate the techniques and methods employed by the Lenovo to satisfy its customers and stakeholders.

## **Background of Lenovo**

Lenovo is a multinational company with its headquarters in the China. It is a world third largest computer maker. It reports 3% of the worldwide sales and has a sales share of 27% in the China. The company changed its name from

legend computers to Lenovo just to make the Lenovo a “ brand” itself, which can assure the future development and penetration in the foreign market. The Lenovo has reached to a level, where it is today just because of the “ Branding” (Mark Ritson, 2005). Lenovo focused on the strategy of brand building, which they believed and knew will help in building the loyal customers (Dr. W. A. Pfortsch, 2008).

## **Customer relationship management technique of Lenovo**

### **Branding of the Lenovo**

Lenovo has communicated with its business customers and its associates through the personality of the brand. They have created their personality more than that of the computer maker, which has urged consumers to be associated with the brand. The Lenovo has maintained its relationship by introducing Lenovo as a brand synonymous to professional services, integrity and easiness for the consumers to understand. Lenovo has differentiated themselves into various sub brands to maintain their relationships with all the different associates of the business. They have differentiated their customers into the industrial customers and the end customers, for which they have differentiated their brands into Tianjiao and Fengxing, serving each segment to maintain loyalty (Dr. W. A. Pfortsch, 2008). Lenovo has used branding as a tool for creating relationship with its customer because they believe that a customer gives more value to the attributes related with the product name in the market than the price value associated with the product in the market.

Lenovo follows different technique for maintain its relationship with its b2c and b2b clients. They believe that for the b2c clients more emphasis should

be given on the tangible factors associated with the brand name. Whereas for the b2b clients (which include organization and the distributor) more emphasis should be on the intangible parameters associated with the brand name (Glynn et al. 2007).

Lenovo believes that they have been successful throughout these years in building emotional relationship with their superior customers through the concept of branding. They have created sense of emotional attachment within consumers by providing trait such as honesty and unique innovativeness in their product (Dr. W. A. Pfortsch, 2008).

Lenovo has increased the level of trust with in its consumers throughout the world by associating themselves with the prestigious events like Olympic, which itself is a brand and which connects million of people emotionally with it (Business wire, 2005).

### **Transactional model of relationship building with its premium and small scale business associates**

Lenovo has differentiated its level of relationship commitment in two ways. They deal differently with its premium business associates and small business associates. For dealing with the business associates they apply premium relationship, in which they provide additional discounts, sales benefits in term of the zone preferences and training for their staff for the marketing of their product. In addition to this they also provide free demo discounts (giving free products to the premium customer on the volume of the ordered they book). For the small business associates they just provide

them facility of discount on rebate payments, which helps them in maintain relationship (Lenovo, 2006).

### **Lenovo unified channel programme of relationship building**

Lenovo has introduced this programme to know in dept about its b2b relationship that what their associates expects from them and where they lack. For this they have built a team, in which each member of a team will be looking after a particular business associate. Each member will be handling entire portfolio of the single business customer, which they believe will be beneficial for them as there would be a single person dealing, which could handle entire problems and demand of the customer. This would increase the level of relationship. Moreover they believe it will not be chaotic as it uses to be in the past, which reduced their business association by 30% (Stuart Wilson, 2009).

### **Relationship building through e-business**

Lenovo has maintained its relationship with its small and big size business customers through there personalized b2b site. They have given a protected password to each of their business customer, where they can purchase their orders directly, can get there payments online and can put their concerns. This increases efficiency and at the same time has resulted in the formation of trust, as customers believe that Lenovo has a concern for them (Ajit Sivadasan, 2009).

## **BondingDyson brand model**

### **Advantage**

### **Performance**

### **Relevance**

### **Presence**

(Source: Dyson et al, 1996)

Dyson model suits best to the Lenovo as it started its process of relationship building with its B2B customers from the branding and later with the introduction of customer relationship programmes. Other models from researchers like Keller do not fit the Lenovo as Keller model only relates to the context of branding, which cannot be applied in the universal market, as B2B relationship differ in differ geographical areas. While Dyson model can be implemented for the product for the universal market.

Dyson model explains the levels of relationship a customer builds with a firm through an initial step of branding and later with the values of the company. The various steps in the model have a different width as the loyalty and the relationship with a brand keeps on increasing from a step to step.

Presence: Lenovo made it presence to its b2b customers and end customers by making itself known as successful brand, synonymous to the durability and accessibility. By making acquisition with IBM and with continues up gradation of the existing product with a new brand name. They also made their presence appear in the customers mind by its aggressive marketing

campaign like “ legend computer express”, which portrait the relationship building process with a brand and the benefits associating with company.

Relevance & promise: Lenovo offer durability, performance, right price and vale added service, which makes it product relevant for the business customers and end customers to buy. It makes it 100% relevant by the promise they make during campaigns by efficient operations (control on supply chain management, which makes them deliver products with duration of 2 days). This builds trust and commitment in customer and starts the process of long term relationship building.

## **Advantage:**

### **Critical evaluation**

Lenovo to a larger extent has been successful in building and maintaining its relationship with its business customers. It has brought combination of all the traits from branding to e- business, unified direction of command to differentiation of business customers. It is noted that on the basis of the brand acquisition of IBM, Lenovo was able to build relationship with the south Asian and European countries business customers, as it was easy for Lenovo to merge intangible benefits of IBM in terms of the loyalty and long term relationship, Lenovo relationship with its Taiwan upstream supplier is a proof of that. This has helped them in turning inventory ratio to a profitable level (Business wire, 2005). Lenovo is successful in having a good relationship even with its government bodies; through they are not a major part of their business cycle. Lenovo’s unified programme is a distinct approach; it had a twin impact as they were able to build strong relationship with the six

thousand local retailers and the distributors, which help them to be a leader in the Chinese market of computer makers. In addition to this Lenovo is successful in having control over the supply chain (Philip Kotler, 2006).

Lenovo launches each product under its own sub brand, this can affect the magnitude of relationship and loyalty among its own supplier and business customer. Relationship management techniques implemented by Lenovo is different for its mid and high size business associates, this can create a sense of partiality and uneven concern.

## **Recommendation**

Lenovo should not highly depend upon the software for dealing with its supplier and its customer associates, as it will not lead to an emotional relationship; which can only be build through a personnel interaction.

Training should be imparted to the team members of the unified channel, so that they should be aware of the latest upcoming in the market.

They should make their e-business more secure which will further enhance the value of relationship, as customers will be satisfied and will feel that firm is concerned for them.

Lenovo should not increase its price though following the path of branding as business consumers are price sensitive and they can switch their relationship from one firm to an another firm.

Lenovo should give equal weight age to tangible and intangible factors, while maintain relationship with its customer. Tangible in terms of the price and



intangible in terms of the services and comforts, which will ultimately lead to a long term relationship.

## **Conclusion**