

Customer relationship management assignment

[Business](#), [Marketing](#)



1. Introduction of the assignment Customer relationship management (CRM) is the process of acquiring, retaining & growing profitable customers and a comprehensive approach for expanding customer relationship. There are different between Marketing and CRM. Marketing is a process in selling of product meanwhile CRM is a multifaceted process, which is intended to allow business organization to better anticipate and match customer needs and desire. As long as people are doing the buying, people will be involved in selling.

Customer relationship management tools have been shown to help companies attain these objectives:[3] •Streamlined sales and marketing processes •Higher sales productivity •Added cross-selling and up-selling opportunities •Improved customer service, loyalty, and retention •Increased call center efficiency •Higher close rates •Better customer profiling and targeting •Reduced expenses •Increased market share •Higher overall profitability With a good CRM, businesses can expect to increase sales, reduce costs and improve cash flow.

The CRM provides business continuity and makes information a truly valuable business asset by centralizing all of your client information, sales opportunities, documents and communications history. CRM is an integrated information system that is used to plan, schedule and control the presales and post-sales activities in an organization. CRM embraces all aspects of dealing with prospects and customers, including the call centre, sales force, marketing, technical support and field service. The primary goal of CRM is to improve long-term growth and profitability through a better understanding of customer behaviour.

CRM aims to provide more effective feedback and improved integration to better gauge the return on investment (ROI) in these areas. Many companies today have become so large that it is difficult for them to stay “customer-minded.” It is easy for the company to get into the habit of looking purely at profits instead of the service that they are offering to their customers. Many of these companies are compartmentalized, and they are split into various departments. Customer relationship management has become a necessity for large corporations, as well as small businesses.

The company that doesn't understand the power of CRM is unlikely to succeed in today's competitive market. In today's challenging economic climate, companies must not only “continuously improve” – but they must also “continuously reinvent” themselves. The minute a company stops growing, the competition starts catching up! “CRM applications are so hot because they enable companies to create strategies that focus the entire enterprise on serving customers,” AMR's Peggy Menconi says. “Companies are realizing that they can increase earnings faster if they know their customers better.

If they have a better picture of their customers, they can tailor goods and services to them. They can cross-sell and up-sell to them. After all, it is a lot cheaper to sell more of your products to an existing customer than it is to find a new customer.”

2. Company Background Malaysia Airlines (MAS) is the government-owned flag carrier airline of Malaysia. Malaysia Airlines operates flights from its home base, Kuala Lumpur International Airport, and

its secondary hub in Kota Kinabalu. It has its headquarters on the grounds of Sultan Abdul Aziz Shah International Airport in Subang, Selangor.

Malaysia Airlines started its operation on 1987 after the airline changed its name from Malaysian Airline System. It is founded in 1947 by Malayan Airways. Then, it transformed to Malaysian Airways due to Malaysia gaining its independence. After that, it changes its name once more to Malaysia-Singapore Airlines and thereafter ceased its operation. It was then divided into Malaysia Airlines and Singapore Airlines. From a small air service that began with a 5-seater twin engine Airspeed Consul in 1947, the Company connects 40, 000 passengers daily to some 80 destinations worldwide.

Malaysia Airlines has grown into an award-winning airline with a fleet of more than 100 aircraft, servicing more than 110 destinations across 6 continents around the globe. Geographically, the company operates through Orient and North America, Europe and Middle East, Australia and New Zealand, Asia, Africa and South America. The Company operates in two business segments: Airline operation, which is engaged in the operation of aircraft for passenger, and Cargo services, which is engaged in the operation of aircraft for cargo and mail services.

MAS also engaged in the business of air transportation and the provision of related services including aircraft ground handling, aircraft leasing, aviation engineering, air catering, and tour operator operations. It has also restructured itself by spinning-off operational units as fully-owned subsidiaries, to maintain its core business as a passenger airline. Malaysia

Airlines has over 20 subsidiaries, with 13 of them fully owned by Malaysia Airlines. Malaysia Airlines has two airline subsidiaries: Firefly and MASwings.

Firefly operates scheduled flights from its home base Penang International Airport which focus on tertiary cities, while MASwings focuses on inter-Borneo flights. Malaysia Airlines has a freighter fleet operated by MASKargo, which manages freighter flights and aircraft cargo-hold capacity for all Malaysia Airlines' passenger flights. MAS Charter is another subsidiary of Malaysia Airlines, operating charter flights using Malaysia Airlines' aircraft. After recovering from past losses, Malaysia Airlines is keen on merger and acquisition (M&A) activities: particularly airlines in the Asia Pacific region.

Malaysia Airlines was ranked second with score 88 in Aviation Week's Top Performing Companies which accurately measures financial viability of an airline. Malaysia Malaysian Airline System Berhad is engaged in the business of air transportation and the provision of related services. The Company operates in two business segments: Malaysia Airlines has built up a strong brand name in the aviation industry for service and safety, coupled with numerous awards from international bodies such as Skytrax.

Malaysia Airlines is accredited by International Air Transport Association with IOSA (IATA Operational Safety Audit) for its operational safety practices. Additionally, the airline started Project Omega and Project Alpha to improve the company's network and revenue management. Emphasis has been placed on six areas: pricing, revenue management, network scheduling, opening storefronts, low season strategy and distribution management. Despite all these achievements, the airline is still frequently the target of

critics who often deride the carrier is lagging behind their competitors in the region.

This notion is not helped by the fact Malaysia Airlines has not made substantial investments in customer related matters compared to say Thai Airways or Singapore Airlines. In the next section I will deliberate the barriers implementing and strategizing of CRM in MAS.

3. Barriers in implementing and Strategizing CRM initiative in MAS

The CRM initiatives often fail due to numerous external and internal factors. There are various barriers in implementing and strategizing CRM initiatives taken by MAS. The barriers are as follow:

- Wrong customer profitability
- Wrong campaign to wrong people
- No sufficient budget
- Lack of training/knowledge/staff not well train
- Wrong definition
- Company politic
- Poor planning
- Bad advice

3. 1 Wrong customer profitability

At its core, CRM is about data—customer, product, inventory and transaction. This is a huge amount of information that must be in the right place, in the right format, at the right time. Although a CRM initiative may have multiple vendors and timelines that take months or years to implement, the vast majority of enterprises pay no attention to the data that will support investments and systems. MAS must have a data-quality strategy.

A detailed understanding of their data- where to source it and what third-party data is required. Only when a foundation of good data has been built will enterprises find that subsequent investments will generate acceptable payback. Profitability group of customer can be built as below matrix diagram

Matrix diagram

All Profit	CD	Not Profit (N/P)	AB	Not Loyal (N/L)	Loyal A
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- N/P + N/L In A category, customer not affect to business. They can approach as per campaign 4. 1 (prospecting), see page 12 B - Loyal + N/P In this category, customer can approach by doing campaign as no 4. (cross sell), see page 13 C - Profit + N/L For these category MAS can introduce campaign as no 4. 3 (loyalty) or 3. 2 (Win back or save) to make them loyal. See page no 13 D - Loyal + Profit Campaign no 4. 4 can implement to this category customers. See page no 14 Much research has been carried out into customer profitability and the conclusions are consistent (see chart below). The longer a customer is with you the better the profitability and the chart clearly shows that after the second year you start to make money from cross-sales, repeat orders, referrals etc. Source: <http://www.malaysiaairlines.com/misc/ac3.2> Wrong campaign to wrong people CRM is implemented for the enterprise, not the customer. CRM is about people and, in particular, the customers. That applies if the customer is a consumer, an enterprise, or a partner. Therefore, CRM has to make the lives of those customers better. For example, sales representatives need to know about current service issues and relevant marketing promotions before attempting to cross-sell to a specific customer. Marketing managers should be able to leverage customer information from sales and service to better target campaigns and offers.

And support agents require quick and complete access to a customer's sales and service history. They have to involve employees and customers throughout the CRM process to ensure that their interests are represented in the project. 3. 3 No sufficient budget Even if you are a small one-person company and have a very small budget for CRM, there's no excuse for

overlooking CRM entirely. Establishing good customer service is exactly what will turn your small company into a larger company. Happy customers simply mean more referrals, more business, and a larger profit.

An example, Malaysia Airlines was loss in 2005, and with only a few months' liquidity on hand it launched a comprehensive and ambitious ' Business Turnaround Plan', with the focus on financial survival in 2006, profit generation in 2007, and profitable growth in 2008 and beyond as described in table 1. 1. As part of the plan, the airline issued a competitive tender for a new Passenger Services System (PSS) which would enable Malaysia Airlines to offer passengers a more convenient, efficient and ' hassle free' travelling experience in a cost effective manner. Table 1. 1 Source: [http://malaysiaairlines.com/misc/ac 3. 4](http://malaysiaairlines.com/misc/ac3.4) Lack of training/knowledge/staff not well train CRM is an opportunity to put powerful tools into the hands of employees; it should not weaken the customer experience by short changing employees with poor training on those tools. The employee should reinforce CRM and vice versa. CRM's potential should be fulfilled at the point of sale or service. MAS had educated their staff on the CRM initiative and train them on CRM tools and technology to enable them to communicate with customers more effectively and, as a result, happier and more-profitable customers.

Malaysia Airlines' cabin crew is acknowledged as the world's best and was awarded the World's Best Cabin Staff, 2007 by Skytrax. 3. 5 Wrong definition CRM strategy and vision need to define what customers experience at each touchpoint, and how will they be handled at each touchpoint. The vision

needs to be clear to everyone. A major pitfall occurs when your business constituents have differing expectations of CRM's benefits. Sharing a common vision is key. Malaysia Airlines' vision is to become "An Airline of Excellence".

Describes how the airline reinforced the Total Quality philosophy in its service culture and improved customers' perception of its quality as a strategy to achieve this aim. 3. 6 Company politic By politics, the tendency of one organization to worry more about its individual CRM needs and less about enterprisewide CRM requirements. In a political enterprise, every organization believes they "own" the customer and, therefore, will not share data or support other channels. CRM is suboptimal, and can only yield departmental efficiencies and benefits.

CRM is about enterprises forming enterprise-level relationships with customers, and allowing individual organizations to maintain control of individual interactions. Successful CRM starts from the top. In this manner, the Government of Malaysia appointed Dato' Sri Idris Jala as the new CEO on 1 December 2005 till August 2009, to execute changes in operations and corporate culture. He was choose due to excellent contribution in Shell Malaysia before. 3. 7 Poor planning No one builds a house or a bridge, or anything that is the least-bit complex, without a plan.

Yet most enterprises still undertake CRM with no idea of what they are hoping to build in the long term. It's recommended that enterprises create a three-year plan for CRM initiatives, then tactically invest toward that vision. MAS has appointed one of IT software System (SITA) for future strategy such

as programme to lower costs, keep fares competitive, increase revenue, and keep delivering five-star products and services". As the speed of business has increased and competition grown, good CRM software will MAS and his clients survive the current economic crisis.

Now it's a business necessity. Marketing Strategy - A comparison Table 1 shows the marketing strategy applied by both carriers. Both have positioned themselves as LCC. AirAsia (2008) focuses on low fares with no frills and Firefly maintains a Community Airline tagline. <http://fyi-penang.blogspot.com/2009/04/firefly-marketing-analysis-discussion.html> A SWOT(Strengths, weakness, Opportunities, Threats) Analysis is used to evaluate a company's strengths, weaknesses, opportunities and threats.

This report examines MAS key business structure and operations, history and products, and it provide summary analysis of key revenue lines and strategy. Use this report to understand the internal and external factors that affect MAS's performance in achieving its business goals. 3. 8 Bad advice To avoid the pain of revision, some companies don't take the opportunity to re-engineer and optimize their processes. They look to CRM as a patch rather than an opportunity from the ground up to increase customer satisfaction, revenue, service and overall productivity.

MAS suffered high losses over the years due to poor management and fuel price increases. Under Dato' Sri Jala Idris leadership, Malaysia Airlines unveiled its Business Turnaround Plan (BTP) in February, 2006, which highlighted low yield, an inefficient network and low productivity (overstaffing), the airline posted a record profit of 851 million Ringgit in

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2007, ending a series of losses since 2005. In the next section I will deliberate the four type of CRM which can be implemented in MAS in order to manage current and new customers. 4. Four type of CRM

The four types of CRM programs enable the company to win back customers who have defected or are planning to, create loyalty among existing customers, to up sell or cross sell services to these customers and to prospect for new customers. The four of CRM are as below:

- Prospecting
- Win back or save
- Loyalty
- Cross sell / up sell

4. 1 Prospecting By doing the prospecting means you will get profit and your competitor will going to lose the customer. The effort to win new or first time customer, following campaign MAS can introduced such as

- Contest Sticker
- New counter
- Pop up in internet
- Extra flight during festive

4. 2Win back or save The process of convincing a customer to stay with the organization at the point they are discontinuing service or convincing them to rejoin once they have left. To win back the customer, MAS can extended their customer by doing the following campaign for examples: Win back

- Add new destination and joining with tourism agent
- Introduce variety of food
- Discount during festive
- Introduce e-ticketing at Auto Teller Machine Free shutter within 50 km
- Save
- Implement variety payment facilities such as credit card & bank card.
- To extend the validity of ticket
- Upgrade class
- Send messages or email about new product
- ccc

4. 3Loyalty Loyalty is built on relationships developed through customer's experience when she interacts with your company. Loyalty is the like hood that current customers will buy from you again, rather than from a competitor, whenever she needs new or additional products that you sell.

In order to maintain customer, MAS can manage following sample:

- Complimentary in flight - refreshment with light snack • Door gift
 - Rewarding point • VIP service • Cargo guarantee
4. Cross sell / Up sell Cross sell is about suggesting extra items to the customer. To up sell is the practice of suggesting cost products and services, generally of a better quality, to a customer interested in a purchase. Efficient cross-sell and up-sell strategies are developed as per the requirements of the marketplace, employees' skills and the type of customer interactions.

MAS able to enhance their strategy to attract customer such as for Cross sell

- Selling new package - flight+hotel+shopping • Introduce accessories such as meal, t-shirt & etc • Money changer at airport with reasonable charge
 - Add more important or attractive destination • Cargo guarantee
 - Introduce new comfortable aircraft • From local to overseas trip • New e-ticketing counter such as at petrol station • Upgrade blue to platinum card - offer long distance journey • Room waiting user friendly
5. Criteria used by customers in evaluating the channels in CRM

Customer Relationship Management (CRM) is one of the hot buzzwords of this business age. The objectives of a CRM strategy must consider a company's specific situation and its customers' needs and expectations. Information gained through CRM initiatives can support the development of marketing strategy by developing the organization's knowledge in areas such as identifying customer segments, improving customer retention, improving product offerings (by better understanding customer needs), and by identifying the organization's most profitable customers.

Beginning in 2007, the rapid growth in social media and social networking forced CRM product companies to integrate “ social” features into their traditional CRM systems. For that reason organization using various channel as a platform to tackle customer. Communication technology is value added and very important in global business that enable organization to extend CRM. Organization used this technology as a channel to interact, derive information very quickly and attract customer to buy their product. In this ay, companies will be able to measure the value of customer intention The channels use must include the following characteristics: •User friendly •Availability – 24 hours service •Complete information •Enable interaction with customer •Trustworthy •Affordable/immediate The channels used by MAS as following features •Electrictronic multimedia such as televisyen, radio, internet, sms •Printing media such news paper, booklet •Roadshow 6. Conclusion In conclusion, successful CRM begins with vision and ends with technology which includes travel agents, airline partners and passengers.

Effective CRM also must cut across different departments and product offerings. Implementing an effective CRM solution is not complex. Adequate planning, effective communication, stakeholder involvement and mistake avoidance will ensure that your initiative gets off the ground easily, and places you squarely in the exalted ranks of successful CRM implementers. There is little doubt that the concept of CRM is a vital element in success, but to ensure that success it must be a business-lead issue, not IT-driven and must permeate the strategic and marketing thinking of an organisation.

Key steps for success: •Follow a plan that clearly relates the CRM to strategy and the marketing functional plan; •buy-in is essential; •it needs to be business lead •complete business planning before systems are considered •input is required from business, IT and customers; and •to ensure that the programme is managed properly (see diagram). Before starting a CRM initiative it must be clear what the benefits will be, how they will be realised and what the implications are for an organisation. If