

Should We Introduce a CRM Program?

Assume that you work for a major department store. You have been asked to evaluate their idea for a new CRM program that they are considering introducing (see information below).

What advice do you give them?

The Proposed CRM Program

Let's assume that work in marketing at an up-market (higher quality) department store. The store's management team have a plan for introducing a personalized CRM program, which essentially tries to build personal relationships between key sales staff and high-value customers.

Using an exclusive loyalty card scheme (only offered to customers spending more than \$1,000 in one purchase), the first step in this program is to identify high-value customers (defined as those spending \$10,000 plus per annum and visiting the store at least five times a year).

The next step would be to directly contact these customers (first by mail and then by phone) to invite these special customers to a personalized shopping experience. These customers would then come to the store at an agreed time (just like an appointment) and be taken to an exclusive area of the store. There they would meet with a special salesperson who has been assigned as their ongoing 'personal shopping advisor'.

This salesperson would have pre-arranged a selection of suitable merchandise (based on their purchase history as captured by the loyalty program) for the customer to review. It is envisaged that over time that the customers and their personal shopping advisers build relationships and become like 'friends'. To help assist this, coffee and other refreshments will be provided free in this special sales area.

Student Discussion Questions

1. Do you think that this CRM program will appeal to their target market?
2. Do you think it will be successful in increasing purchases and enhancing customer loyalty?
3. Do you think that it will be a profitable program (after taking into account the expense of special staff and areas)?
4. Therefore, would you recommend: to implement it, to revise it, or to stop it?
5. Why do you think more retailers don't run this type of CRM program?