# A BEGINNER'S GUIDE TO CUSTOMER RELATIONSHIP MANAGEMENT
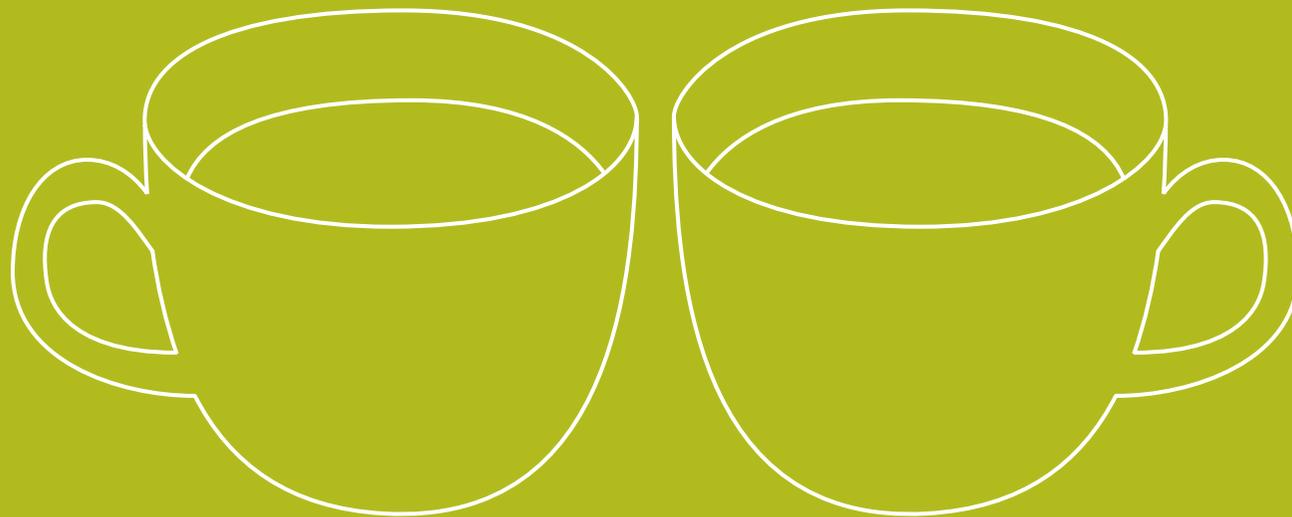
# INTRODUCTION

**This is one of a series of Beginners' Guidance Notes produced for cultural services officers working in the London Boroughs.**

**It is part of a programme - run by Visit London with London Cultural Improvement Programme, and funded by Capital Ambition - to develop the marketing skills of non-marketers working in London's local authority cultural services.**

For all the guides in this series, case studies and other local tourism resources click here, or click on the coloured boxes opposite.

A BEGINNER'S GUIDE TO
**SOCIAL MEDIA**

A BEGINNER'S GUIDE TO
**MARKETING EVALUATION**

A BEGINNER'S GUIDE TO
**PROACTIVE MEDIA WORK**

A BEGINNER'S GUIDE TO
**WEBSITES**

# CONTENTS

# 1 UNDERSTANDING CRM

## What is CRM?

**Customer Relationship Management (CRM) is the process of:**

• Researching customers and finding out who they are, where they come from, their needs and behaviours

• Finding out how they prefer to communicate and be communicated with, making it easy for them to communicate, and developing ways to communicate with them that will 'hook' them and keep them interested





• Using customer satisfaction surveys to keep up with their likes, dislikes, opinions and lifestyles

• Using offers and incentives that make your customers feel special and build up loyalty

• Helping to build up a demographic picture of customers.

### CRM and protecting customer data

For successful CRM you must understand data protection.

The Data Protection Act 1998 is there to protect misuse of customer data. The Act states that personal information must be used fairly and lawfully, and that customers must know what their data is being used for.

By law, all communications to customers must include an 'opt in or out' tick box that allows customers to chose whether or not they want to submit their data to be used for further communications. Even if you are putting together a simple excel spreadsheet of customer contacts for future e-communications, it's important to keep this data secure until you are ready to launch a communication that then allows the contact to opt 'in' or 'out' of the list.

Find out more about data protection at www.ico.gov.uk

## CRM and marketing

CRM is two-way. It should work for both you and your customers: *you* can tailor what you offer and your marketing to customers' wants and needs, and *customers* will receive targeted messages about offers that are right for them.



Local authorities are starting to recognise that successful CRM can help them reach customers and audiences that were traditionally excluded, e.g. attracting customers to local authority gyms and leisure services through loyalty and membership schemes, or attracting new library users who may not be aware of what is available at their local library - and finding out more about these new customers so that library services can continue to meet their needs.

To be able to tailor your marketing and offer, you will need to 'profile' your customers in order to understand more about them - through customer surveys, focus groups etc.





You'll need resources to develop, maintain and measure successful customer relationships. These could be in-house or external, for example:

• In-house contact databases that mean you can communicate with customers using basic email systems

• External online systems that coordinate data capture, storage, and online e-communications that interact with your website

• E-marketing companies that allow you to log in to their e-marketing systems (fully data protected) where you can customise e-news templates, input customer data, build permission-based email lists, run surveys, integrate social media into your e-communications, and track your results.

### QUICK REFERENCE

• For lots of information on finding out more about customers, including fact sheets about doing your own surveys www.audienceslondon.org

• Blog by Jim Richardson, who is MD of a specialist design consultancy working in the arts and cultural sectors www.museummarketing.co.uk

• Business Link's practical guide to Customer Relationship Management www.businesslink.gov.uk

# 2 THE ESSENTIALS OF GOOD CRM

## Collecting and storing customer data

There are many different ways to collect customer data. You could:

- Ask people to sign up to an e-newsletter from a website

- Ask people to enter a competition (on a website) or to sign up to receive special offers - you can add extra questions about their interests etc

- Ask people to complete a feedback form or simply leave their contact details when they use your service, attend an event, join a club or a society, or try out a new product or experience

- 'Forward to a friend' options in e-communications

- Loyalty cards, such as library cards or leisure centre membership cards that give you basic information about customers from which you can build customer profiles

How do you currently hold your customer data? Do you operate your own data lists, do you tap into a department-wide database, or do you have the resources to outsource the management of your customer data?

Does your data system allow you to streamline customer data, analyse customer behaviour, identify patterns, measure results, and coordinate e-communications?



Ask yourself what you need from a data capture system, e.g. simply sorting customer data by postcode, or asking it to sort all customers who are interested in the arts, or a more complex way to classify and sort customers across a range of profiles?

The most effective databases are those that are centralised, that can be shared between different people or departments, and that are updated at a central source, ensuring that everyone uses up-to-date information.  Some data management systems capture new customer detail automatically as it's fed through from a sign-up form.

Data goes out of date quickly, so if you're maintaining your own database, make sure you have enough resource to keep it updated.

## Building customer profiles

As you capture and collect your customer data, you can sort customers according to your chosen 'fields' - for example where they live, age group, their occupation, interests, lifestyle, and communication preferences.

This information should inform all your online and offline communications. It should determine the method of communication, how often customers receive communications, the things you tell them about, and the tone of voice you use. This is the first step towards building customer loyalty and trust.

## Getting noticed

People are bombarded with communications every day and many go unnoticed.

E-news is a really effective, measureable way to develop your relationship with your customers. But to make sure your customers at least open your e-news and then take the next steps, you need to think about:

• Being consistent with your branding and content so customers will recognise who the e-news is from

• Writing catchy e-news subject lines

• The content - the tone of voice (who are you talking to?), the words and images you use (inspirational imagery and conversational content will catch their attention), keeping it short and simple

• Incorporating film into the e-news - you can embed short films in the e-news or link to short films that talk about a new venue, an upcoming exhibition, an event etc

• What you want customers to do - e.g. click through for more detail, enter a competition, give feedback, sign-up to Twitter or become a Facebook Fan. Make sure 'call-to-action' content combines with easy navigation.

• How to make sure your e-news is different from all the rest – are you able to offer anything for free, quirky local facts, any special offers, an incentive that 'pulls' them in, e.g. 2 for 1 tickets, free entrance, free giveaways etc

• Giving customers the chance to feedback

• How your e-communications link to your social media channels – and how to encourage recipients to share, comment, pass on etc

E-news software gives you plenty of information to let you know how well your mailshots are working – with statistics for measuring 'opens' and click throughs etc. This means that, before a mailshot, you can run tests with small samples of your database – for example using 2 different subject lines to see which works best.

## Keeping your customers interested and loyal

There are simple things you can do such as:

• Responding to their feedback quickly and effectively

• Solving negative feedback quickly

• Sending timed communications for that 'feel good' factor, e.g. at Valentine's Day and in the run up to Mother's Day

• Encourage customer feedback in all your CRM activities

• Offering targeted deals to customers that build on current membership benefits to make them feel valued and special.

According to the Pareto Principle, 80% of business comes from only 20% of customers - so make sure that you keep that vital 20% satisfied in order to retain them.

# 3 PUTTING IT INTO PRACTICE

## Best practice examples

**www.thebodyshop.co.uk**

**The Body Shop e-News announcing the launch of their 'lemon' products**



### Why does it work?

• Great subject line: 'Shhh…sneak preview. Online only' - makes customers feel special

• Eye-catching main header: 'exclusive online preview' - pulls customers in

• Big and bold introductory content header: 'NEW - FRESHLY PICKED FOR SPRING'

• Delicious imagery of freshly picked lemons and bold contrasting yellows and greens - arouses the senses

• Clever content: 'twist of lemon', 'luscious lemon seed oil', 'handpicked lemons grown on the Italian Riviera' - stimulates the imagination

• A further 'hook' at the end of the e-news: a 'Did you Know?' slot

• Easy links through to social media channels 'youtube' and 'twitter' at the end of the e-news.

**www.brightonfestivalfringe.org.uk**

**Brighton Festival Fringe E-News in the lead up to the Festival**

### Why does it work?

• Simple 'scroll down' layout for quick scanning of headers

• Interactive headers with good call to action, i.e. 'win a fantastic weekend in Brighton with the Fringe!', 'get the Fringe on your iPhone!', 'see Fringe preview videos on our website'



• Special offers and competition - keeping customers loyal, i.e. win a weekend, preview videos

• Eye-catching call-to-action buttons for 'Book Now'

• Easy links through to 'twitter' and 'facebook' at the top of the e-news

• Minimum amount of content under each subject heading - then 'find out more' links.

# 4 TOP TEN TIPS

1. Familiarise yourself with Data Protection so that you understand your responsibilities and potential liabilities under data protection law.

2. Define the goals of your CRM activities and stay focused.

3. Think about how you will capture and store customer data and what it will be used for.



4. Focus on building up customer loyalty. Remember the 80/20 rule.

5. Build up a library of e-news, good and bad, that you can refer to for reminders of what works and what doesn't.

6. Spend time on testing and improving the subject lines of e-news.

7. Include user-friendly content in e-news using inspirational imagery, persuasive film, and tempting incentives.

8. Keep your contact regular and ongoing, and think about when your e-news goes out - statistically, Tuesday and Wednesday give best responses.

9. Test your e-news first by sending to yourself and colleagues. You will be able to spot any typos or broken links before it finally gets sent out to your customers.

10. Keep an eye on e-news stats, i.e. opt-ins and opt-outs, bounce backs, un-subscribes. Monitor activity, measure results and take action as a result.

# 5 GLOSSARY

**Analytics**
Web-based technology that helps to analyse the performance of CRM activity and online marketing

**Auto-responder**
A pre-designed email message that is sent out in response to say welcome to new registrations, unsubscribe confirmations, etc.

**Benchmarking**
Comparing services and products with competitors

**Bounce rate**
The percentage of email addresses that didn't receive a message because it was returned by a recipient mail server

**Confirmed opt-in**
A new subscriber asks to be subscribed to a mailing list and a confirmation email is sent to verify it is them

**Contacts**
Any individual in your database



**CRM**
A strategy that puts the customer at the heart of a business and uses systems to retain and strengthen customer loyalty

**Database**
An organised system for storing, managing and retrieving information, from a simple list to more complex spreadsheets

**Data capture**
The collection, formatting and storing of information into a computer system

**Data field**
A place where you can store data such as a column in a database or a field in a data entry form or a web form

**Data Protection Act**
A Government Act that requires anyone who handles personal information to comply with a number of important principles. It also gives individuals rights over their personal information

**E-mail marketing**
Marketing using online emails and e-news to promote products or services

**HTML template**
A style used largely for sending attractive emails

**Leads**
The contacts you receive from different sources who are your potential customers

**Open Rate**
Percentage of recipients that receive an email and actually open it

**Opt-ins**
A term used when someone is given the option to receive 'bulk' email that is sent to many people at the same time

**Segmentation**
Dividing customers into groups with common attributes, e.g. demographic, lifestyle, buying behaviour

**Spam**
The abuse of e-communications that are sent to unsolicited email addresses

**Subject line**
The 50 characters that customers see and read when an e-news arrives in their inbox