CUSTOMER'S PROFILE IN THE PROCESS OF CUSTOMER RELATIONS MANAGMENT

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ABSTRACT

Creating customer's profiles consists in dividing a given group of customers into smaller categories on the basis of their common shopping habits and characteristics**.** Demographic and behavioural data are used to create an alternate picture of the client. The following text describes a customer's profile in the system of customer relations management. The described customer's profile reflects demographic, personal data, customer's preferences, likings and also the customer's value to the company. Personalization of the customer is beneficial to both parties.To the customer it means easier and faster access to the information, more efficient service and an individualised offers. To the company it means becoming a customer friendly organisation that services its customers in a personalised manner. Also knowing its customer's preferences the company can create specific marketing and loyalty programs.

KEYWORDS

Customer's profile, personalization, customer relations management.

1. INTRODUCTION

Customer relations management is a fairly new phenomenon which does not have a full and clear definition. Therefore extended databases about customers, markets, advanced ICT tools supporting marketing as well as promotional actions and loyalty programs fall into customer relations. In the following article customer relations management will discuss supporting systems and ICT tools and the ability to introduce them successfully.

Customers are interested in the company they co-operate with. They expect action, competence, partnership, honesty in business and keeping the terms of contracts. Keeping customers is the most important task in customer relations management.

Knowledge of customers and their needs means, among other things, the ability to predict their decisions. There are social and psychological factors influencing customers' decisions. Social factors consist of customers' social class, their values, reference group being a lifestyle model, opinion leaders, their family's phase of the cycle, etc.[1]. Psychological factors: personality, motivations, opinions, attitudes, risk factor and creativeness.

Rising competition, meeting customers' needs, understanding the customer and their needs and behaviour, analysis of the status and localisation makes personalisation (that is taking into consideration all individual needs and qualities characteristic of the customer) a very important process. Most often it consists of identification of the customer model comprising a wide knowledge about the customer. The model is also called a profile that represents customer's preferences, interests and his/her personal characteristics, etc.[2].

Customers are perceived differently by various sources. K.Burnett [1] divides customers into four categories: loyal customers, competitive customers, customers-to-be and customers loyal to the competition. A customer may be either an individual or an enterprise or a user of a system. In the following paper an individual customer is presented with their preferences, aims and personality traits.

The article discusses customer's relation management, personalization process and it offers an individual customer profile that is useful in customer's relation management not only in the traditional marketplace but also in the electronic one.

2. CUSTOMER RELATIONS MANAGEMENT ENTER TEXT HERE

Customer relations management aims at the maximisation of the value of the consumer which consists of the increase of the long-term value generated by the customer as well as the reduction of the service and communication costs. To meet buyers needs one needs to know their preferences. The most important factor in customer-company relations is client satisfaction. Meeting customer's needs consists of getting to know their needs and understanding them. Using this knowledge the company, by improving communication and by offering the customer products and services the competition does not offer will build good ties with the customers.

Getting to know customer's needs is a continuous process of collecting data from various sources. Thanks to the data a new complex picture from the knowledge about the customer is created. And a customer's profile is established on the basis of that knowledge. It is necessary to keep the integrity of the profile by regular updating and synchronising the data. In order to understand the customer's needs one needs to analyse them first. On a mass scale it is usually done with the help of business intelligence tools[1], with the segmentation of behaviour patterns whereas with the personalised approach the analysis of a profile is used with the most valuable customers. It is important to 'listen" to the customer through contacts, questionnaires etc. It is also crucial to notice and analyse verbalised preferences of the customer. All matched data about the customer form a basis for initialisation of the personalisation processes and at the same time they are the basis for actions aiming at strengthening the bond with the company. The improvement of the customer relations management quality takes place together with the increase of the number of relevant data in the profile, especially those stated by the customer and those resulting from the transaction history. Customers, who establish fast and thorough informational support, that is those surrounded by personalised information and services offered in accordance with their needs are far more involved. Marketing campaigns and communication with the clients should be conducted cohesively adjusting to customer's preferences and relying on the knowledge of the client profile presented.

Not only do customers expect new products but also new solutions. Product offerings ought to use both the knowledge about the customer and be individualised. Service applications and e-commerce when accompanied by electronic customer relations management applications may provide a potential value to the customer. If the company leads both proactive contacts and supervision (based on the knowledge of the customer) then it seems to be more likely that the customer will consequently become its regular client. Thanks to the ability of organisations to react in actual time to the electronic customer relations management the customer receives the absolute maximum possible service speed. The cohesion of personalised communication in all electronic channels (WWW, WAP, e-mail) additionally increases the customer's comfort. The customer needs to have the feeling of safety and control of the relationship. The profiling system needs to allow for immediate modification of the customer service methodology.

3. PERSONALIZATION

Traditional marketing is mainly based on statistical segmentation of customers who are grouped according to their age, education, earnings, life styles etc. Then a selected target group is anonymously picked and so are the actions addressed at a given group. Advertisements, promotional offers and e-mails contain identical content because specific individual preferences of the client are unknown. Traditional marketing turns out to be insufficient for the enterprise to realise its goals. Globalisation of markets and increased competition make the companies notice the value of an individual client. Good care of the customer results in getting to know their preferences and needs, it also leads to increasing their level of satisfaction with the offered goods and services and in developing a strong emotional bond with the enterprise. Thus the competition for the customer's loyalty starts. In the present state of the economy enterprises know well that the product itself is insufficient to gain and maintain regular customers. Companies need to use new, more and more attractive marketing tools. In the context of rising competition a single consumer becomes valuable for the company. The success of the company is dependent upon the individual preferences of the customer and the establishment of mutual

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[1] Business intelligence zwykle stanowi rezultat dogłębnych analiz szczegółowych danych firmy. Obejmuje technologie baz danych i aplikacji, a także techniki analityczne. Czasem używane jest jako synonim "wspomagania decyzji", chociaż business intelligence jest znacznie bardziej ogólne z technicznego punktu widzenia. Może obejmować między innymi zarządzanie wiedzą, ERP i zbieranie danych.

communication. The customer has become the most precious commodity. By starting to take good care of the customer the process of personalisation begins.

Personalisation is client oriented. It takes into consideration customer's actions and preferences, specified purchasing inclinations or identification of individual requirements. It should be the basis of any customer relations management system. The fundamental attributes connected with personalisation are as follows: improved client's loyalty, better trust and client's satisfaction, identification of the customer and user, enhanced relevance, efficiency and precision of the information, efficiency and informational productivity of the processes, source of targeted promotions and individualised marketing.

Precise analysis of customers' traits establishes their individual profiles. This process is called mass individualisation. Satisfying customers by providing them with relevant information, products and services is the most important characteristic of personalisation. Personalisation considers the client's decisions and accepts their preferences. As a result the customer is not another mass marketing addressee but an individual recipient of organised actions. Personalisation is a customer-oriented method that makes them feel special. It is one of the ways of fighting for the customer.

The personalisation process is being used on a larger scale on the Internet [[8],[9],[10]]. Firms need to go after clients and that is why the Internet is perceived in business as a market. Customer relations management takes place there electronically.

In the electronic market, the customer, having been identified, is presented with a personalised piece of information (e.g. website). It encourages anonymous users for example to identify themselves quickly in the purchasing process. From the supplier's point of view it is important that the customer be encouraged to identify himself or herself so that they can be possibly supplied with greater added value as a result of the personalization. It is also equally important to present valuable information to anonymous users. However, they may not, receive personalised information e.g. suitably profiled promotions. The gains for the customer are as follows: ability to place orders for untypical products (individual ones), use of promotions, efficient and friendly service, quick access to wanted merchandise.

4. CUSTOMER'S PROFILE

Creating customer profiles consists of separating customer groups into segments of people having the same shopping preferences and customs in common. Profiles are 'customer cards'. Individual data are collected for each client. The data is comprised of the customer's service register, history of transactions, all sorts of questionnaires filled in by the customer, demographic data, data from partners and on-line behaviour. They contain personal characteristics of the customer. They can be provided by clients themselves or can be collected automatically by inference based on observation. The data can be divided into the following categories: demographics, interests, customer's preferences and customer's goals and plans.

It is essential to include the knowledge about the customer's interests and needs. Traditionally these interests are presented in the form of key words set or as a word vector and scalar.

There are also some suggestions to use more complex structures describing the knowledge of customer's preferences [2]. In this category there are: a set of stereotypes (that is the description of a prototype user for some class of users sharing the same interests) and matrix webs indicating the objects of interest with the main object of interest, and related ones, being distinguished.

There are a few approaches for determining a profile [3]. One of these methods is based on registering an openly expressed object of interest by the customer in a form or as an answer to some stereotypical questions. Another approach analyses questions directed to the system (or to an employee servicing the given customer) considering the frequency of the term in a question.

Object p belonging to set P is called a profile, where P stands for all possible profiles of a customer. Profile p consists of client's demographic information [2], information about preferences, personality and value of the customer to the company.

$$P = <Id, Os, Pr, V> \tag{5.1}$$

where   Id – demographic information,
        Os – customer's personality,
        Pr - customer's preferences,
        V - and value of the customer to the company.

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[2] Informacje demograficzne w innych źródłach rozbijane są na informacje demograficzne i psychograficzne [7]. Tu natomiast potraktowano je łącznie.

Each customer's profile (5.1) is an individual customer's profile and it refers to specific information data (client's demographic information, information about personality, preferences and loyalty to the company) Each attribute of the profile is a set of values (countable and uncountable)

$$Id = [\ id_1\ ,\ id_2\ ,\ ...\ ,\ id_n] \qquad (5.2)$$

where id_i stands for all demographic datum including data such as: name, age, education, sex, occupation, address,martial status, social status, income, lifestyle, hobbies, and if the customer has a family then the number of family members.

$$Os\ =\ [\ os_1\ ,\ os_2\ ,\ ...\ ,\ os_m] \qquad (5.3)$$

Customer's personality O_s is presented as a vector consisting of the following attributes: customs, convictions, beliefs, feelings, intelligence, skills, temperament, habits, motives, ethical values, cultural determiners and cultural changes.

P_r - customer's preferences that is needs and desires.

Customer's value to the company V measures loyalty towards the company, in a scale from 1-5. Value V helps differentiate clients, from the most loyal ones to the least loyal. On the basis of customer's model (5.1) one can say that profile P forms an individualised set of information based on individual demographic information, personality, preferences and the value of the customer to the company. The profile is dynamic in the context of changing data. Grouping data in special databases enables quick access to the data and makes it possible to offer the customer products addressed especially at him.The customer's profile makes it possible to classify the customer into a relevant group. 'A ladder of familiarity' was used here [11]. Customers are grouped according to their familiarity with the firm. There are certain stages of such familiarity: potential customer (type A), buyer (type B), customer (type C), ally, (type D) and advocate (type D). The employee, now better organised and informed, who serves a customer knows what type of a customer he or she is dealing with and may serve the customer more professionally. It is easy to offer the most suitable product or service. This division enables the creation of tailoring products and services for a specific customer.

5.   CONCLUSIONS

Establishing customer profiles creates a basis for the start of the "dialogue with the customer" so called by traders. The deeper level of personalisation is based on understanding individual character features of the customer. It is a new wave in the policy of customer relations management. There are significant benefits resulting from this process. Firstly, there is an increase in customer's satisfaction and loyalty. Secondly, there is significant success in up-selling and cross-selling**.** Personalisation reduces operational costs of the Call Centre. There is also a rise of campaign effects and promotions as well as the reduction of CSR turnovers (Customer Service Representatives). Personalisation concept lies, to a great degree, in summing various customers' data with a view of creating a historical picture (image) of a client.

There will be an intelligent agent introduced to a system in the further work on profiling customers. It is a small, smart program able to automate a given activity, often taking decisions during an operation, and reacting in a given situation. Introduction of such an agent to the system of customer relations management will automate work and will improve contacts with customers .On the basis of collected data from the customer (direct or indirect feedback) the agent creates customer's profiles and updates them continually.

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