

E Commerce

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The three phases of CRM have been explained below:

1. Acquiring New Customers

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(8) You acquire new customers by promoting product/service leadership that pushes performance boundaries with respect to convenience and innovation. The value proposition to the customer is the offer of a superior product backed by excellent service.

2. Enhancing the Profitability of Existing Customers

(8) You enhance the relationship by encouraging excellence in cross-selling and up-selling. This deepens the relationship. The value proposition to the customer is an offer of greater convenience at lower cost.

3. Retaining profitable customers for life

(9) Retention focuses on service adaptability - delivering not what the market wants, but what the customer wants. The value proposition to the customer is an offer of a proactive relationship that works in his or her best interest. Today, leading companies focus on retention much more than on attracting new customers, this because the cost of attracting a new customer is higher than the cost of retaining an existing customer.

Student can mention only (5) →

5 × 4 = 20

(5) Electronic commerce is an emerging model of new selling and merchandising tools in which buyers are able to participate in all phases of a purchase decision, while stepping through those processes electronically rather than in a physical store

The Benefits of EC

- 1) The new markets could be accessed through the online and extending the service offerings to customers globally.

4 × 5
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- Only 5
- 2) Internet shrinks the globe and broadens current geographical parameters to operate globally
 - 3) Marketing and promotional campaigns can be done globally at the reduced cost.
 - 4) Retaining the customer and the customer services could be improved drastically.
 - 5) Strengthen relationships with customers and suppliers ?
 - 6) Streamline business processes and administrative functions
 - 7) No added sales staff
 - 8) A catalogue which is quickly and easily updateable. This means that when prices or stocks are changed, you don't have to have hundreds or thousands of obsolete catalogues lying around. You don't have to wait for the printer to deliver the catalogue before the new prices can come into effect.
 - 9) The facility to advertise daily, weekly or monthly 'specials' and sales, or any special discounts - and they can be changed within minutes, when and if necessary.

You can also add a marketing message which highlights your strengths, such as the range and quality of your products or services - or anything else you want to tell your customers.

24 Five-stage Model of Customer Loyalty:

- ✓ **Awareness:** Customers who recognize the name of the company or one of its products are in the awareness stage of customer loyalty.
- ✓ **Exploration:** In this stage potential customers learn more about the company or its products.
- ✓ **Familiarity:** Customers who have completed several transactions and are aware of the company's policies regarding returns, credits, and pricing flexibility are in this stage.

- 5 ✓ **Commitment:** After experiencing a considerable number of highly satisfactory encounters with a company, some customers develop a fierce loyalty or strong preference for the products or brands of that company.
- 5 ✓ **Separation:** Over time, the conditions that made the relationship valuable might change. The customer might be severely disappointed by changes in the level of service (either as provided by the company or as perceived by the customer) or product quality.
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23 Elements of Branding

- 3 • **Product differentiation:** The first condition that must be met to create a product or service brand.
- 19 3 • **Relevance:** The degree to which the product offers utility to a potential customer.
- 3 • **Perceived value:** A key element in creating a brand that has value.

2- Emotional Branding vs. Rational Branding

16 Companies have traditionally used emotional appeals in their advertising and promotion efforts to establish and maintain brands. One branding expert, Ted Leonhardt, has described "brand" as "an emotional shortcut between a company and its customer." These emotional appeals work well on television, radio, billboards, and in print media, because the ad targets are in a passive mode of information acceptance. However, emotional appeals are difficult to convey on the Web because it is an active medium controlled to a great extent by the customer. Many Web users are actively engaged in such activities as finding information, buying airline tickets, making hotel reservations, and obtaining weather forecasts. These users are busy people who will rapidly click away from emotional appeals.

Student can explain and discuss from his experience