



Customer Regain Management in E-Business

-Processes and Measures-

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Relationship and Relationship Management

- Business relations and relationship management are discussed in literature for some time, resulting in a set of definition approaches and characteristics.
- Relationship Management is far more than purchasing and implementing a customer database, collecting as many information as possible and using information for marketing purposes

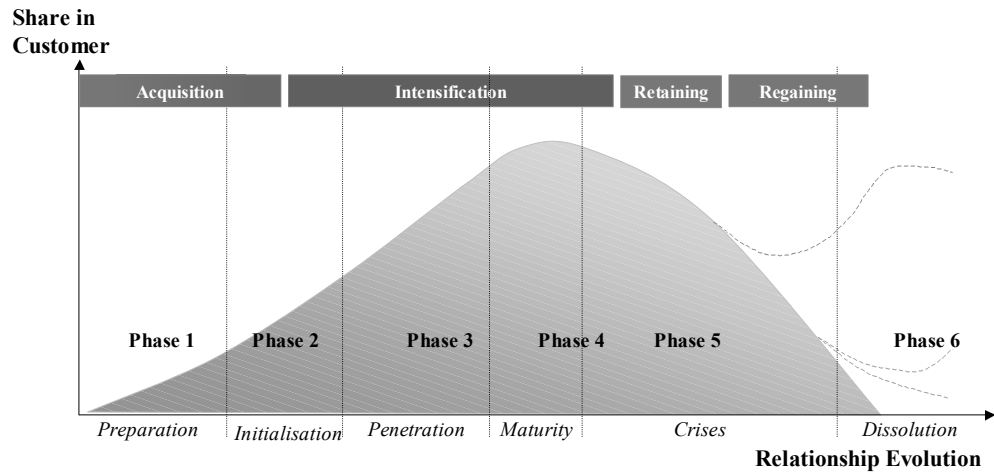
Business relationships are characterised on a long-term perspective and comprise interactions on:

- Business transaction level
- Organizational level
- Level of power
- Human-emotional level

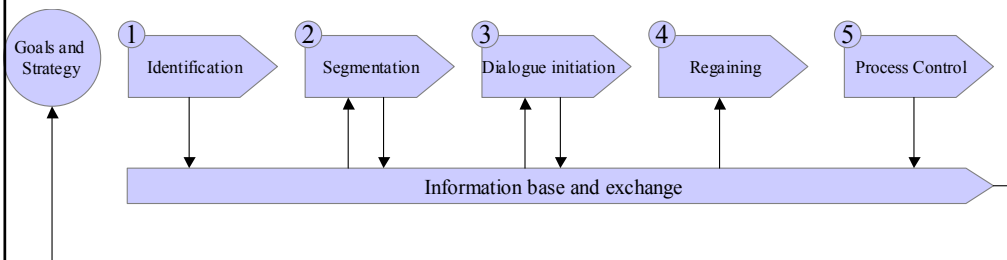
⇒ **More than only a series of transactions**

- Relationship Management is a business strategy aiming to optimize the lifetime value of business relations.
- All processes, systems and the business strategy have to be oriented on relationships
- On an operational level it comprises a set of single measures for analysing, selecting, designing, creating, terminating and controlling business relations.

Core of RM is the building and maintaining of individualized relationships to profitable customers and business partners through defined processes and an adequate application of information and communication technologies.



Goal of customer regain management is to reinitiate valuable customer relationships.



- An **incentive strategy** tempts to regain business relations by offering customers some form of incentives like for example tickets for events, gifts and discounts.
- A **compensation strategy** aims to compensate some (real or perceived) disservices, which was the motive for termination. For example the company could offer some form of vouchers.
- A **dialogue strategy** tries to regain trust through a dialog (e.g. personal call).
- A **convincing strategy** aims to persuade customers by means of use argumentations and explanation of some product advantage.

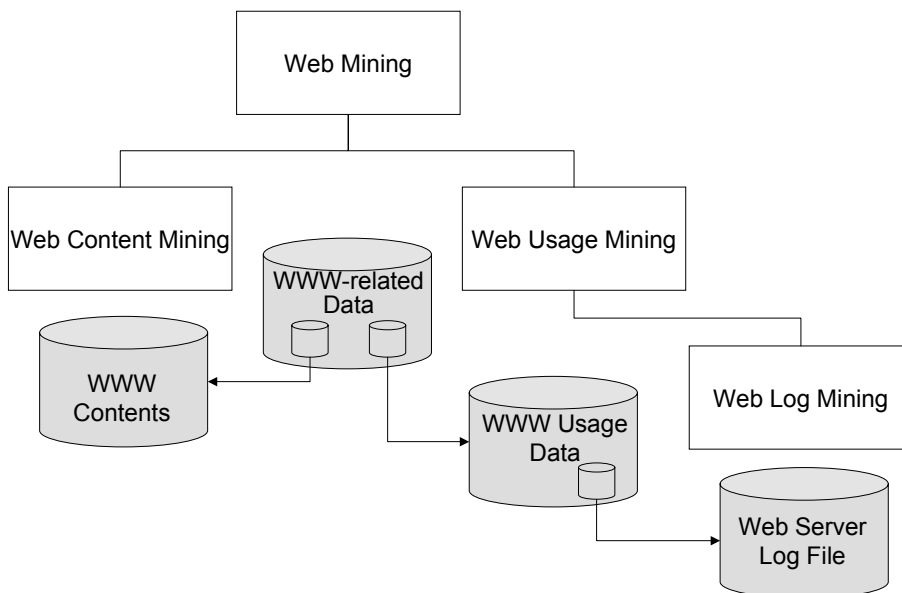
Profitability-oriented customer segmentation
(Customer lifetime value)

	High	Average	Low
High	Individualised regain process Segment 1	Standard regain process	No regain action
Average	Standard regain process	Segment 2	No regain action
Low	No regain action	No regain action	Segment 3 No regain action

Success-oriented customer segmentation
(Probability of successful regaining)

Assumptions and Scenario:

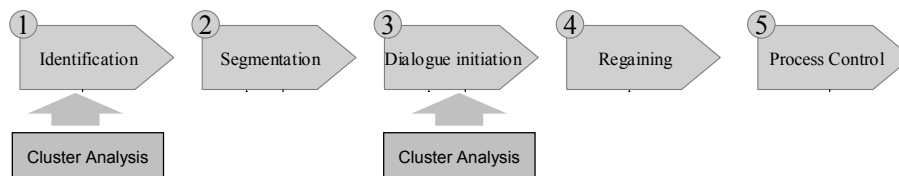
- Online Shop
- Mass market
- **Automated** support for customer regain management



Attribute	Description
Remotehost	remote hostname (or IP number if DNS hostname is not available)
RFC931	remote logname of the user (RFC931)
Authuser	username as which the user has authenticated himself
Date	date and local time of the request
Request	request line exactly as it came from the client
Status	HTTP status code
Bytes	content-length of the document transferred in bytes
Time-Taken	time taken for transaction to complete in seconds
Cookie	identification of cookie (Cookie ID)
Referrer	address of the resource from which the request was obtained
User Agent	information about the user agent (e.g. browser)

- Data quality is impaired due to
 - caching: navigation is only partially recorded in log file
 - proxy servers: page requests are made with different IP addresses
- Measures for improving data quality
 - Cookies
 - Explicit user registration
 - Session identifiers
- Data enrichment
 - Sessions: coherent attendance of a web site of a specific user
 - Transactions
 - content only transaction
 - auxiliary content transaction

- Data originates from
 - purchases
 - customer registration
 - ...
- Examples of relevant data for regain management
 - total revenue of a customer
 - number of purchases
 - date of last purchase
 - ...



- Results of cluster analysis can be used for segment-specific measures according to our approach
- Objectives
 - Automated or semi-automated implementation of measures
 - Low-cost and timely measures
 - Avoidance of media conversion

- challenging task if customers do not explicitly terminate relationship
- use of cluster analysis on data of already lost customers
- results are classification criteria for terminated customer relationships
- Classification function can be used on customer data to identify
 - already terminated relationships
 - relationships that will be terminated in the near future
- Relevant data:
 - products purchased
 - content pages visited
 - number of sessions
 - time spend in the online shop

- Objective: high regaining rate due to personalized approach
- Cluster analysis can provide information about groups of lost customers with specific characteristics
- Measures
 - e-mail
 - segment-specific products can be offered
 - products can be priced according to the profitability of the customer group
 - relevant changes in the online shop can be communicated
 - electronic newsletters with information about special campaigns and new products concerning the areas of interest of each customer group
 - virtual communities
 - communities of interest for each segment
 - access may be restricted to premium customers
 - special after-sales services for community members
- Relevant data
 - navigation behaviour
 - purchase history

- Customer Regain Management is important but still only little research
- Process model and measures for customer regain management
 - ⇒ Goals and strategies
 - ⇒ Identification, segmentation, dialogue initiation, regaining, process control
- Web usage mining can support customer regain management (example: online shop)
- Cluster analysis for identification and dialogue initiation

Further research

- Evaluating other statistical methods
- Prototype

Thank you!

