Unit 54: Principles of Customer Relationships

Unit reference number: K/503/8194
QCF level: 2
Credit value: 3
Guided learning hours: 18
Unit type: Knowledge

Unit summary

The marketing for an organisation plays a role in keeping customers and attracting new ones. It helps build a relationship with the customer by focusing on their needs and wants, motivate the customer to buy from the organisation and therefore keep the customer satisfied.

In this unit, you will learn how to understand customers and their needs by focusing on the role of segmentation in identifying customers’ likely wants and needs, looking at the factors that motivate customers to buy and the importance of seeking customer feedback on performance, products and/or service.

You will also learn how an organisation responds to customer relationships through understanding an organisations marketing objectives and activities, the importance of developing customer service plans and customer relationship plans the link between customer satisfaction and sales growth and the importance of using customer feedback to enhance performance, products and/or services.

Finally, you will learn about the principles of customer relationship management including the importance of keeping promises to customers, balancing customers’ needs with those of the organisation and keeping customers informed of progress, problems, issues and the actions that will be undertaken to help them.
Learning outcomes and assessment criteria

To pass this unit, the learner needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria outline the requirements the learner is expected to meet to achieve the unit.

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1.2 Explain the role of segmentation in identifying customers’ likely wants and needs  
1.3 Describe the factors that motivate customers to buy  
1.4 Explain the importance of seeking customer feedback on performance, products and/or services |
| 2 Understand an organisation’s responses to customer relationships | 2.1 Describe an organisation’s marketing objectives and activities  
2.2 Explain the importance of developing customer service plans and customer relationship plans  
2.3 Describe an organisation’s system for relationship management  
2.4 Describe an organisation’s customer care programme  
2.5 Describe the system for communicating with customers  
2.6 Explain the importance of a consistent level of service  
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2.8 Explain the importance of using customer feedback to enhance performance, products and/or services |
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<td>3.1 Explain the concept and principles of relationship management</td>
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Unit amplification

AC1.1: Describe the importance of understanding customers’ wants and needs

- *Importance of understanding customers’ wants and needs:* drives marketing decisions; increases organisations market share; increases sales; organisation becomes innovative with products and marketing

AC1.2: Explain the role of segmentation in identifying customers’ likely wants and needs

- *Segmentation:* group customers according to needs or wants
- *Role of segmentation:* focus your marketing; build relationships with customers; get ahead of the competition; increase profit

AC1.3: Describe the factors that motivate customers to buy

- *Factors that motivate customers to buy:*
  - Stages of purchase behaviour: problem and need recognition; information search; evaluation of options; purchase decision;
  - Practical factors: price; features; reliability
  - Emotional factors: status; peer pressure
  - Maslow’s hierarchy of needs

AC1.4: Explain the importance of seeking customer feedback on performance, products and/or services

- *Importance of seeking customer feedback on performance, products and/or service:* help identify problems and issues to resolve to meet customer needs; show customers that their opinions are valued; compare organisational performance in relation to competitors; identify customers who are at risk of leaving; help plan and design future marketing activities

AC2.1: Describe an organisation’s marketing objectives and activities

*The knowledge to meet this AC depends on the particular organisational requirements and context. Learners need to apply the knowledge specific to their organisation to meet this AC*

- *Objectives:* elements of the marketing mix for, e.g. new product development, sales, distribution decisions
- *Marketing activities:* advertising; online marketing; sponsorship; direct mail; public relations
AC2.2: Explain the importance of developing customer service plans and customer relationship plans

- **Role and importance of customer relationship plans:** manage customer relationships; meet customer needs and encourage loyalty; allow an organisation to target resources at more profitable customers

- **Role and importance of customer service plans:** make clear to customers what they can expect; provide useful information to customers such as contact details; ensure staff know what is expected of them

AC2.3: Describe an organisation’s system for relationship management

*The knowledge to meet this AC depends on the particular organisational requirements and context. Learners need to apply the knowledge specific to their organisation to meet this AC*

AC2.4: Describe an organisation’s customer care programme

*The knowledge to meet this AC depends on the particular organisational requirements and context. Learners need to apply the knowledge specific to their organisation to meet this AC*

AC2.5: Describe the system for communicating with customers

*The knowledge to meet this AC depends on the particular organisational requirements and context. Learners need to apply the knowledge specific to their organisation to meet this AC*

AC2.6: Explain the importance of a consistent level of service

- **Importance of a consistent level of service:** builds consistency; promotes standards; helps with training; happy customers

AC2.7: Explain the link between customer satisfaction and sales growth

- **Link between customer satisfaction and sales growth:** repeat business from existing customers; existing customers purchase more; new customers attracted by recommendations and reputation

AC2.8: Explain the importance of using customer feedback to enhance performance, products and/or services

- **Importance of using customer feedback to enhance performance, products and/or service:** helps identify problems and issues that need to be resolved; ensures customers can see that the organisation is listening to them; encourages loyalty and reduce risk of customers leaving
AC3.1: Explain the concept and principles of relationship management

- **Concept and principles of relationship management:** maintaining and building customer relationships to maximise long-term value of the customer; understanding and meeting changing customer needs and wants

AC3.2: Explain the importance of keeping promises made to customers

- **Importance of keeping promises made to customers:** builds confidence and encourages continued custom; builds reputation

AC3.3: Explain the importance of balancing customers’ needs with those of the organisation

- **Importance of meeting customers’ needs:** retain and win business
- **Importance of meeting organisation’s needs:** make best use of limited resources; operate efficiently; maximise returns

AC3.4: Explain the importance of keeping customers informed of progress, problems, issues and the actions undertaken in support of them

- **Importance of keeping customers informed of progress, problems, issues and actions:** manage customer expectations; minimise customer frustration; demonstrate a proactive approach to customer relations

AC3.5: Explain how to identify added value that could be offered to customers

- **Identifying added value that could be offered to customers:** use of customer feedback and behaviour analysis to identify what customers value; developing products and adding services to enhance value and encourage further custom
Information for tutors

Suggested resources

Books

Assessment
This unit is internally assessed. To pass this unit the evidence that the learner presents for assessment must demonstrate that they have met the required standard specified in the learning outcomes and assessment criteria.

To ensure that the assessment tasks and activities enable learners to produce valid, sufficient, authentic and appropriate evidence that meets the assessment criteria, centres should apply the *Unit assessment guidance* given below. This guidance should be read in conjunction with Section 8 Assessment.

Wherever possible, centres should adopt a holistic approach to assessing the units in the qualification. This gives the assessment process greater rigour and minimises repetition, time and the burden of assessment on all parties involved in the process.

Unit assessment requirements
There are no sector-related assessment requirements for this unit.
Unit assessment guidance

This guidance supports assessors in making decisions about how best to assess each unit and the evidence needed to meet the assessment requirements. Centres can adapt the guidance for learners and the particular assessment context, as appropriate.

Evidence for this unit could be provided using a written report. It could also include an oral or poster presentation. Learner work should preferably include evidence of how one or more real organisations manage customer relationships to demonstrate application of theory in context. For learning outcome 2, the assessment criteria should ideally be restricted to one organisation.

AC1.1, 1.2 and 1.4 could be linked to relate to a specific organisation or to several organisations. For assessment criterion 1.3, examples should be given of at least two emotional and two practical factors for a named product or service.

Learning outcome 2 is about how a named organisation develops and maintains customer relationships. How learners approach this will vary according to their choice of organisation so it must be one which will allow the learner to meet the assessment criteria.

Assessment criterion 2.1 sets the scene. Learners should provide a brief description of the organisation’s marketing objectives and activities. In assessment criterion 2.2 they must describe the use of customer relationship plans and customer service plans, preferably linking them with how they help the organisation to meet its marketing objectives. This could be through any or all of the marketing mix elements, according to the choice of organisation. AC2.6, 2.7 and 2.8 would fit well here as the ‘why’ of good customer service, before moving on to the ‘how’ which is dealt with in AC2.3, 2.4 and 2.5.

Learning outcome 3 covers the importance of customer relationship management in the marketing of products or services. Assessment should preferably use examples drawn from one or more organisations to discuss the principles of CRM. This gives the learner an opportunity to discuss the main purpose of CRM (AC3.1), how it fits in with long term goals, the need for the business to be profitable and the ongoing nature of customer relationships (AC3.2, 3.3 and 3.4). For assessment criterion 3.5, the learner must give at least one example of how added value opportunities might present themselves through the management of customer expectations.

Evidence of Recognition of Prior Learning (RPL) can also be used within the unit to confirm competence. Wherever possible, the learning outcomes in this unit should be assessed holistically across the qualification.