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Customer scoring is one of the means of developing a customer model. It aims at scoring the customers based on certain parameters on a regular basis instead of developing a specific model for each requirement.

Developing this kind of scoring method will enable the organisation to assign multiple product/service scores plus lifetime value, making it useful across multiple requirement areas such as campaign management, and marketing departmental plans among others.

One of the widely accepted methods of scoring is the RFM method. It captures the Recency Frequency and Monetary behaviour of customers.

[Customers that have bought recently](#), frequently and have spent the most money will be ranked as the most economically viable customer with regards to [products/service offerings](#).



Note: RFM is closely related to another scoring method called lifetime value.

Introducing Customer Lifetime Value

Customer Lifetime Value (CLV) is the expected net profit a customer will contribute to your business as long as the customer remains a customer.

This also shows how profitable the organisation will be in the future.

Role of Technology

When an organisation needs to deploy a model that will be reliable and dependable in meeting customers' needs, in achieving this, there is the need for the organization to bring about a model that will automate and manage the whole process.

[In deploying technology](#), organisations need to deploy the kind of technology that would manage the customer database.

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We also need to introduce analytical tools such as data mining; this digs in into the customer's database in order to bring out reliable information that can be used in order to increase customer experience.

We also need statistical tools such as predictive modellers which can suggest to organisations products and service that they can introduce to their customers.

These are always done based on the need of customers and information at the disposal of the organization about their customers.

A customer-centric organisation needs to check the effectiveness of its customer model regularly. This will help the organisation to make necessary changes when necessary.

There is a need for this because customers are very dynamic in nature. It

changes very fast, the organisation must have a challenger model that will continue to test the effectiveness and relevance of the model being adopted by the organization on a regular basis.

It should be noted that understanding the customer and the type of relationship customers wish to have is the key to a good CRM initiative.

Here, we are saying that if you understand the customers and the type of relationship that they keep, you will know the best type of products and services to introduce to them.

At times you might have a customer that does not take your organisation as the main organisation. If you don't dig in enough, you may not know their worth.

It has been said before that, some organisations don't know the number of subscribers that they have. Some don't know who is actually responsible for the settlement of the bills or how many of their product, a customer has.

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If they don't know all this, how would they come up with products and services that would meet their needs?

There is a need for market research and knowledge management coupled with a concise effort to dig up more information about customers, which will allow the organisation to have more knowledge about customers.

If all these are done on a regular basis, it will enable the organisation to adapt to market changes and to anticipate and cater to specific needs and wants of individual customers, thereby consolidating customer loyalty.

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Action Point

PS: I know you might agree with some of the points raised in this article or disagree with some of the issues raised.

Please share your thoughts on the topic discussed. We would appreciate it if you could drop your comment. Thanks in anticipation.

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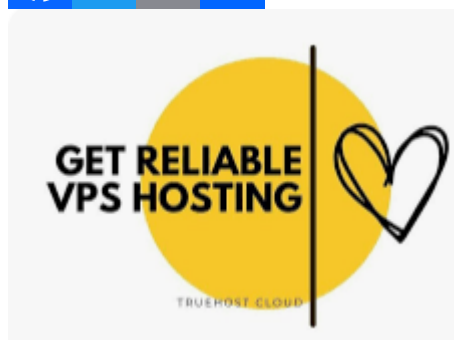
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