

**Wojciech Idzikowski, Wojciech B. Cieśliński**

University School of Physical Education in Wrocław

e-mails: {wojciech.idzikowski; wojciech.cieslinski}@awf.wroc.pl

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**THE DESIGNING OF CUSTOMER MANAGEMENT STRATEGIES USING ICT TOOLS IN PURE JATOMI<sup>1</sup>**

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**Summary:** The article presents the model of designing a customer management strategy using business ICT tools within a global sports association named Pure Jatomi. First, the basic categories essential for reaching a target of the project are explained (this section presents the results of literature analysis). Next, the general model of designing a customer management strategy (shown as a process map as well, developed on the basis of results of empirical investigation) is shown. Finally, ICT tools which enable acceleration of CLV growth (CLV = Customer Lifetime Value) are presented.

**Keywords:** customer value management, sports association, electronic communication.

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## 1. Introduction

The article presents the model of designing a customer management strategy (augmented with the selected business ICT tools) using as an example an international sports association named Pure Jatomi. To that end, we used the results of empirical investigation in the doctoral thesis [Idzikowski 2014] in which we succeeded, with the help of direct structured interviews (13, involving key employees of seven companies) and over 300 surveys, in designing the standard models of improving the diffusion processes of business awareness (which enable CLV to grow). We point out the analogy between the results of the investigation and the attempt to solve the problem: how is it possible to execute using ICT tools in the customer management strategy at Pure Jatomi? Using an example of a selected association enables to create standard conditions for the research work (through specification of subjects of the research and anticipating developmental needs of the subject). The article contains the results of exploratory and descriptive research (inductive reasoning – modelling) based upon observation of the Pure Jatomi organization. This entity is an international sports company which enables their customers to implement physical exercise and

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strength training. The article begins with a theoretical part in which the main aspects of literary analysis are presented as a basis for further consideration. They make it possible to present a model of designing a customer management strategy which is appropriate for Pure Jatomi's needs. The article ends with, among others, the description of selected ICT tools, including A/B testing – analysis of Web pages contents; social media – acquisition of knowledge involving the media value of a team through analysis of entries in social networking services; pre-sell – conducting electronic pre-sell campaigns; crowd-sourcing – broadening the lines of an association by outsourcing some functions of a club, which enables customers of the club to join the direct impact zone.

## 2. Customer Lifetime Value (CLV)

Customer management (or customer value management, to be precise) is a concept based on the observation of changes in business environment presented by V. Kumar (Table 1).

**Table 1.** The change in business environment in the 21<sup>st</sup> century

	Traditional business	Business in the 21 <sup>st</sup> century
Philosophy	To sell products	To serve customers
Course of action	Market	Relations
Management area	Product portfolio	Customers portfolio
Strategic objectives	To increase customer satisfaction	To increase customer profitability
Sales approach	How many customers can we sell this product to?	How many products can we sell to this customer?
Strategic results	Maximization of sales	Maximization of CLV

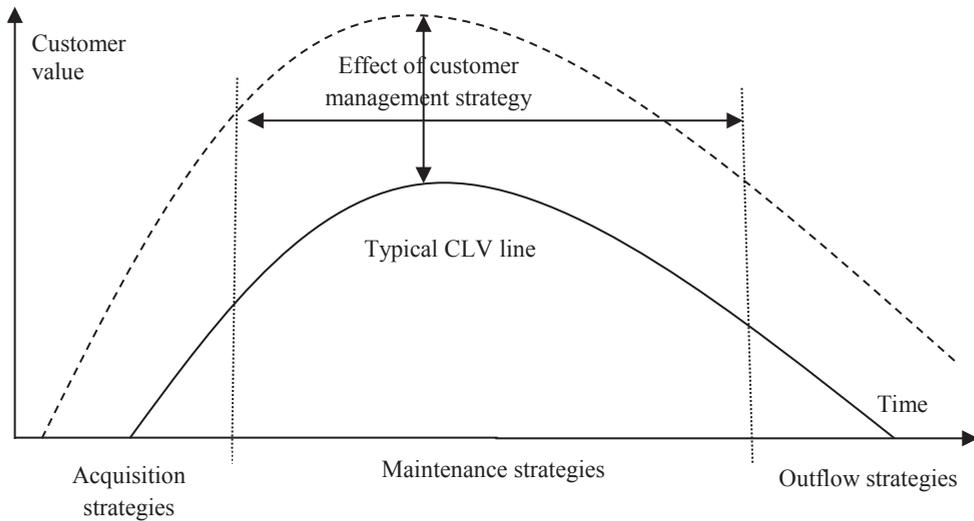
Source: [Kumar 2010, p. 20].

On this basis, it can be assumed that it is necessary to adopt a change of perspective of perceiving an organization. The improvement of business process orientation [Cieśliński 2011] requires shifting one's focus on management tasks from within the organization (respectively: its functions, processes and events that take place in it) to outside the organization – precisely to its customers [Stosik et al. 2011, pp. 218–222]. They can be attributed a quality of readiness to bring profits for the organization, measured by CLV rate formulated by [Dobiegała-Korona, Doligalski (eds.) 2010, p. 29]:

$$CLV = NCF_1 + \frac{NCF_2}{1+i} + \frac{NCF_2}{(1+i)^2} + \frac{NCF_3}{(1+i)^3} + \dots + \frac{NCF_n}{(1+i)^{n-1}}$$

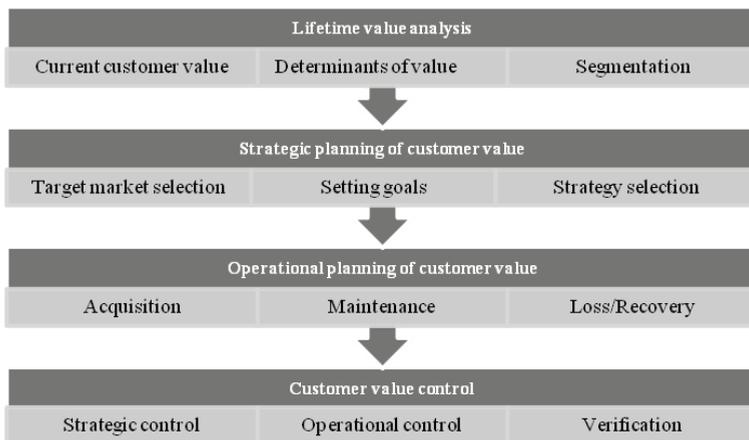
where:  $NCF$  = Net Cash Flow,  
 $i$  = discount rate.

CLV is a sum of discounted cash flows (determined by forecasting) for a single customer, customer segments or the whole market. In accordance with the established perspective by V. Kumar, a modern organization’s objective is not to increase the sales, but to maximize CLV. The prepared strategy was designed to consist of three elements: acquisition, maintenance, and outflow. Since the marketing structure of Pure Jatomi’s products (consistent with customers’ demands) greatly reduces the



**Figure 1.** Typical course of customer life cycle

Source: own study on the basis of [Kumar 2010, p. 22].



**Figure 2.** Customer portfolio management

Source: [Żyminkowski 2009, p. 397].

possibility of executing the strategy of the outflow of the least profitable customers, it was ignored in the following stage of the research description.

The starting point for attempting at strategy modelling is a concept of customer portfolio management, presented in Figure 1.

The strategy consists of the following stages: lifetime value analysis, strategic and operational planning of customer value, and control. Therefore, the design methodology, shown herein, of a model customer management strategy will be symmetrical to it. Its realization will go through two stages: audit and its elaboration.

### **3. General design model of a customer management strategy as exemplified by Pure Jatomi. Part one: Audit**

Designing a customer management strategy begins with carrying out an audit in the following categories of the strategy of customer acquisition and maintenance. On that basis a business model is elaborated which is fundamental for the stage of elaboration of a customer management strategy to commence, also in the categories of the strategy of customer acquisition and maintenance (Figure 3). In the following sections of the article we presented, in a general way, an exemplary process of designing a customer management strategy at Pure Jatomi.

#### **Audit – analysis of Pure Jatomi customer acquisition strategy**

On the basis of observations of the content provided by a customer we can distinguish, above all: subjectivity of the message (certified by Ewa Chodakowska), shortening emotional distance (using an advertising slogan “Very Personal Trainer”), presentation of a unique sales offer (36 clubs in Poland – convenient location, huge international organization), making use of the law of persuasion – limit (affordable time-limited offers), offering training packages which allow a customer to solve a specific problem – body shaping (extending a customer’s life cycle). On that basis it can be concluded that Pure Jatomi brand means, above all: a huge international sports association which certifies its quality with the size of its business activity. Owing to Pure Jatomi products, each and every customer may achieve intended results of their motor and sport activity.

The main channels of knowledge [Perechuda 2013, p. 51] and product distribution are: particular departments (well-marked locations allowing for carrying out a process of individual and personal customer service), a website (product and catalogue, containing the most important information about particular departments), advertising campaigns (billboards, radio advertisement, special offers, and others).

#### **Audit – analysis of Pure Jatomi customer maintenance strategy**

Keeping the customer (extending his life cycle) is performed by: product sale formula (with the subscription character determined for minimum three months with the

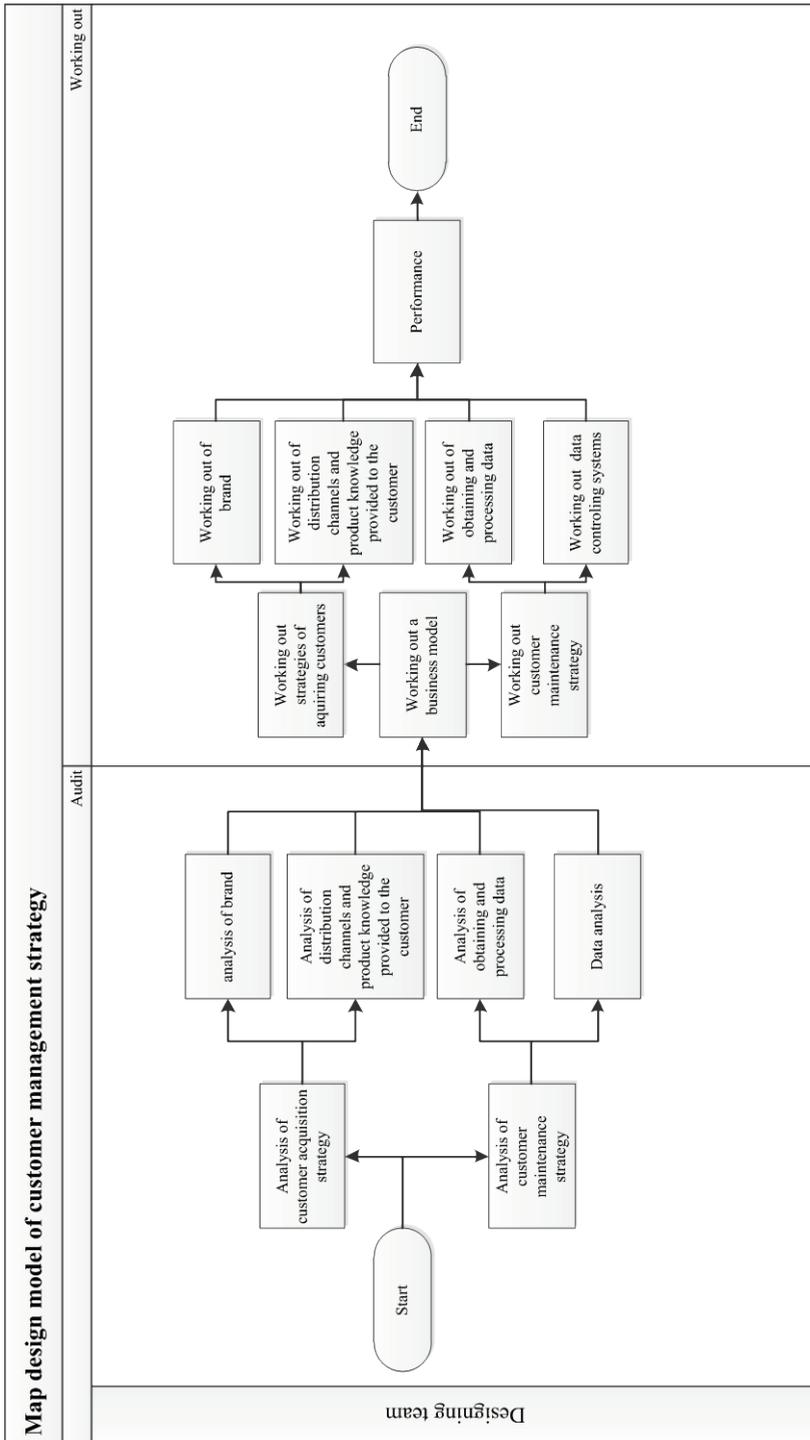


Figure 3. Map design model of customer management strategy

Source: own elaboration.

preliminary membership payment), application of My Jatomi (with the possibility of usage only for the members, allowing the access to the factual knowledge in the scope of the sports training with the aspects of creating the profiles – social media), active functioning of the personal coaches (service of customer based on the professional sport consulting and the measurement of the sport results – analytical scales), CRM system (measurement and customers' database control).

The map of the process of designing the strategy of club customer management is presented below. It is indicated that this type of record enables formalizing the flow of data, information, knowledge, documents and work [Cieśliński 2011], what increases the probability of the proper representation of the actual organization needs in the scope of functioning the ICT systems supporting the electronic communication with the club customers and the analysis of their needs and expectations, and as a consequence gaining knowledge about the club media value and in this context the value the customer is for the club.

#### **4. Chosen ICT tools for designing and monitoring the Customer Management Strategy in Pure Jatomi – the second part: Analysis**

The proposal of working out the model of customer management strategy will be presented at this stage, the strategy based on using business ICT tools. The structure of operations is similar as in the case of audit performance, it is why the stages of the model will be worked out: the strategy of acquiring the client and strategies of keeping the client.

##### **Working out – a business model**

Working out the business model may consist of the following elements [Osterwalder, Pigneur 2010, pp. 22, 23]: the segments of clients, proposal of quality, channels, relations with clients, streams of income, key resources, key activities, key partners, cost structure. The detailed descriptions of every element are included in Table 2.

**Table 2.** The components of the worked out business model on the example of Pure Jatomi

The component of the worked out business model	Description
1	2
Segments of clients	The people interested in achieving the sport goals, the amateurs and professionals
Proposal of quality	Make and status, accessibility, effectiveness, adjustment to individual needs
Channels	Direct, carried out in the personal and electronic way
Relations with clients	The attempts at giving the relation the most personal character are taken up, distant from the corporate organization character

1	2
Streams of income	A subscription use of services
Key resources	Physical- sport clubs, human – qualified staff of personal trainers, intellectual – processes of customer service, make, financial resources – guaranteeing business stability, what is significant while paying the subscription fees in advance
Key activities	Solving clients' problems related with achieving the sports goals
Key partners	No data
Structure of costs	Mainly the fixed costs related to maintaining the activity structure

Source: own analysis, based on: [Osterwalder, Pigneur 2010, pp. 22, 23].

The presented elements are the general example of how working out of the business model may be carried out. They should be supplemented and worked out with more details, they only indicate the direction of actions.

### Working out – customer acquisition strategy

Analysis of mark might be enriched with the permanent implementing of electronic market experiments, what with the application of ICT tools could take the shape of use: A/B tests, social media, pre-sell, crowd-sourcing. The knowledge and product distribution might be implemented with the use of: up-selling and cross-selling, landing page, educational marketing campaign. The descriptions of the usage of the particular tools are presented in Table 3.

**Table 3.** Components of worked out customer acquisition strategy on the example of Pure Jatomi

The component of customer acquisition strategy	Description
1	2
Working out of brand	
Tests A/B	There is a possibility of carrying out the tests of Internet contents (via the application Google Analytics) where the appropriate part of users visit its modified version. The measurements described by clicking of proper potential customers are performed and in this way the sales effectiveness of promoted content is measured.
Social media	Thanks to building the relations with clients with the use of social media, it is possible to acquire the valuable market information, regarding customer's shopping needs and decisions.
Pre-sell	To win the clients it is possible to conduct the electronic pre-sell campaign. Thanks to it the measurement of the level of interest in the new offer is possible (e.g. verifying the potential of new make of the sports products).
Crowd-sourcing	Thanks to the electronic tools the outsourcing of some organization functions– to community it is possible. This task may be carried out to create new sports products.

Tabela 3, cont.

1	2
Working out of the knowledge and product distribution	
Up-selling and cross-selling	The use of the entities owning the same segment of consumers for delivering knowledge and products. It allows to extend the clients life cycle and to increase the value of client's expenses for the products.
Landing page	The page with the offer of one product, the separate positioning is done to this page.
Educational marketing campaigns	Making knowledge available on portals (the example of the sports organization taking these kinds of actions is potreningu.pl, which makes the instruction films for particular exercises available on the portal).

Source: own analysis.

Possessing the adequate information systems to gather and control data is necessary to keep the client. It is necessary to carry out the construction of these systems in accordance with the requirements of Pure Jatomi organization and the structure of products. The only things which are worth pointing out at this stage of presenting the possibilities of the use of ICT tools are the methods thanks to which the communication with the customer is possible: push-up (mobile applications), sms, webinar, chat and others. In the structure designed suitably (also with educational character [Głowicki, Łasiński 2010, p. 84]) information made accessible automatically may extend the customer life cycle (increase the growth of CLV) by building his commitment.

Finally, it may also be indicated that the target model of designing and monitoring the management system of the customer value and the media value of the club is the usage of the widely understood systems from the BI area [Nycz 2009, pp. 308–310]. The following tools are included to the main BI tools: systems of analysis of market, financial and sale data, and ERP, BSC, CRM. The simple BI process goes from obtaining the data, transforming them into information and useful knowledge which is the base for making decisions and analyzing the results of their activity [Nycz 2009].

## 5. Summary

Management of the customer value and the media club value must be supported by the ICT systems. The authors have assumed that the systems of electronic communication ICT including the use of the newest systems BI support the activities of so globally acting organization as Pure Jatomi. In the article one of the models of designing the strategy of customer management is presented, enriched with the chosen possibilities of applying the business tools ICT. The theoretical foundations to construct the model were presented, and described in general way. The following stages were presented: audit and analysis, which are components of the design of the customer management strategy. To increase the message clarity the model was referred to the particular case of organization – Pure Jatomi, where the considerations

related to its final shape were started. On this stage of consideration, it is worth indicating that the exploration of the subject matter: customer management strategy (enriched with ICT tools), is incomplete. Especially in the sports sector which is developing dynamically now. Additional descriptions and studies of the cases enriching the scientific achievement in this scope are required. The research related to the undertaken subject matter is at the early stage of development and should be continued.

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## PROJEKTOWANIE STRATEGII ZARZĄDZANIA KLIENTAMI Z WYKORZYSTANIEM NARZĘDZI ICT W PURE JATOMI

**Streszczenie:** Artykuł prezentuje model projektowania strategii zarządzania klientami oparty na wykorzystaniu biznesowych narzędzi ICT w globalnej organizacji sportowej, jaką jest Pure Jatomi. Najpierw objaśniono teoretycznie podstawowe kategorie niezbędne do osiągnięcia celu pracy (prezentacja wyników analizy literatury), następnie przedstawiono ogólny model projektowania strategii zarządzania klientami (prezentowany także w postaci mapy procesu – opracowany na podstawie wyników badań empirycznych), a na końcu przedstawiono narzędzia ICT umożliwiające akcelerację wzrostu CLV (*Customer Lifetime Value* – wartość klienta w cyklu życia).

**Słowa kluczowe:** zarządzanie wartością klienta, organizacja sportowa, komunikacja elektroniczna.