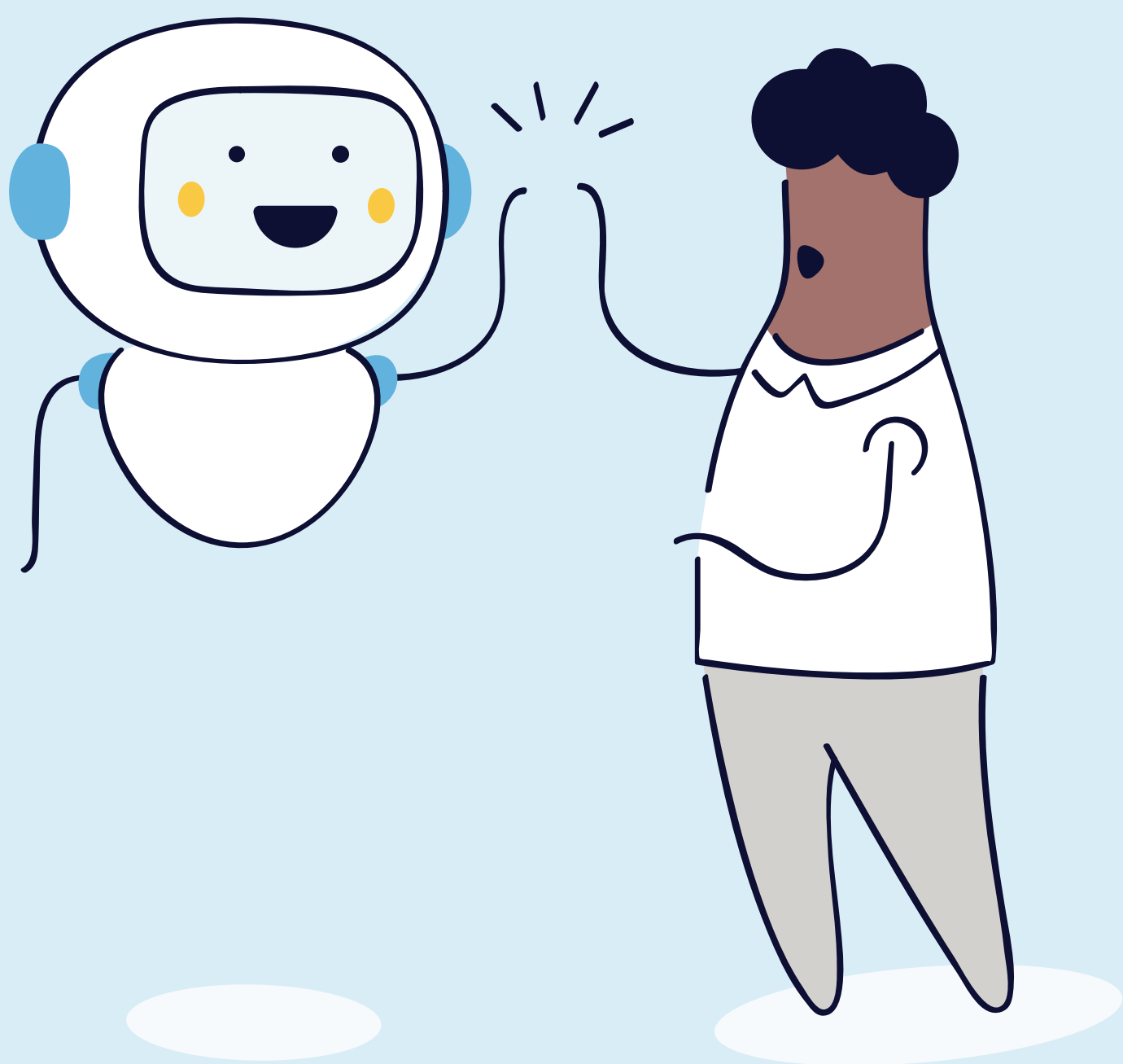


# A Modern-Age Approach to Customer Relationships

Building Brand Loyalty in the Age of AI



# Table of Contents

A case study in bad customer relationship management	4
Customer relationship: a definition and examples	5
Positive and negative customer relationships	6
Types of customer relationships	7
Customer relationships in the information age	8
Customer relationships vs. customer service	10
The role of AI in customer relationships	11
Using AI to enhance customer relationships with Nutshell PowerAI	12

## Overview

Lack of empathy, rigidity, failure to take in feedback, and absconding responsibility are just a few of the ways businesses harm themselves by neglecting the importance of the relationship with their customers.

In the modern information–or Internet–age, the consumers’ voices are given a high priority in shaping the image of your brand. Thus, it becomes increasingly important to cultivate loyalty within your consumer base by building solid customer relationships.

In this whitepaper, we define what a customer relationship is, the role customer service plays, the impact of customer relationships—both good and bad, and the role of AI as a modern tool in shaping your approach to customer relationship management.

# Bad customer relationship management: a quick case study

A former customer of Walken Technologies, a software company, voices his frustration in finding prompt assistance:

“ I needed some help, so I opened the app and tried to contact customer service, but they ended up giving me the runaround. I would open a ticket, and they would only get back to me days later, asking me to explain my issue. If I did, they would open another ticket and keep me waiting again. Nobody on the support team seemed to know what to do, and they kept passing my issue around. It was almost like they just wanted me to give up and not talk to them. ”

Unfortunately, cases such as these are quite common for many companies. You may have come across complaints such as these for your own business. While occasional bad reviews related to customer service are common, it helps your company, in the long run, to make sure you're not neglecting your clientele when they bring up issues with your product.

## Did you know?

Back in 2018, e-commerce giant Amazon found itself in hot water over miscommunication and terrible customer service. A customer using the site was charged \$7,455 in delivery fees for three cartons of tissue paper. After she had paid, the delivery itself took over two months. When she sent a complaint to Amazon, the company waived responsibility, telling her that the high shipping fees were the fault of the sellers and that they could do nothing about it. Only after the story was brought to the public did the company issue a statement of apology and a refund.



# What are customer relationships?

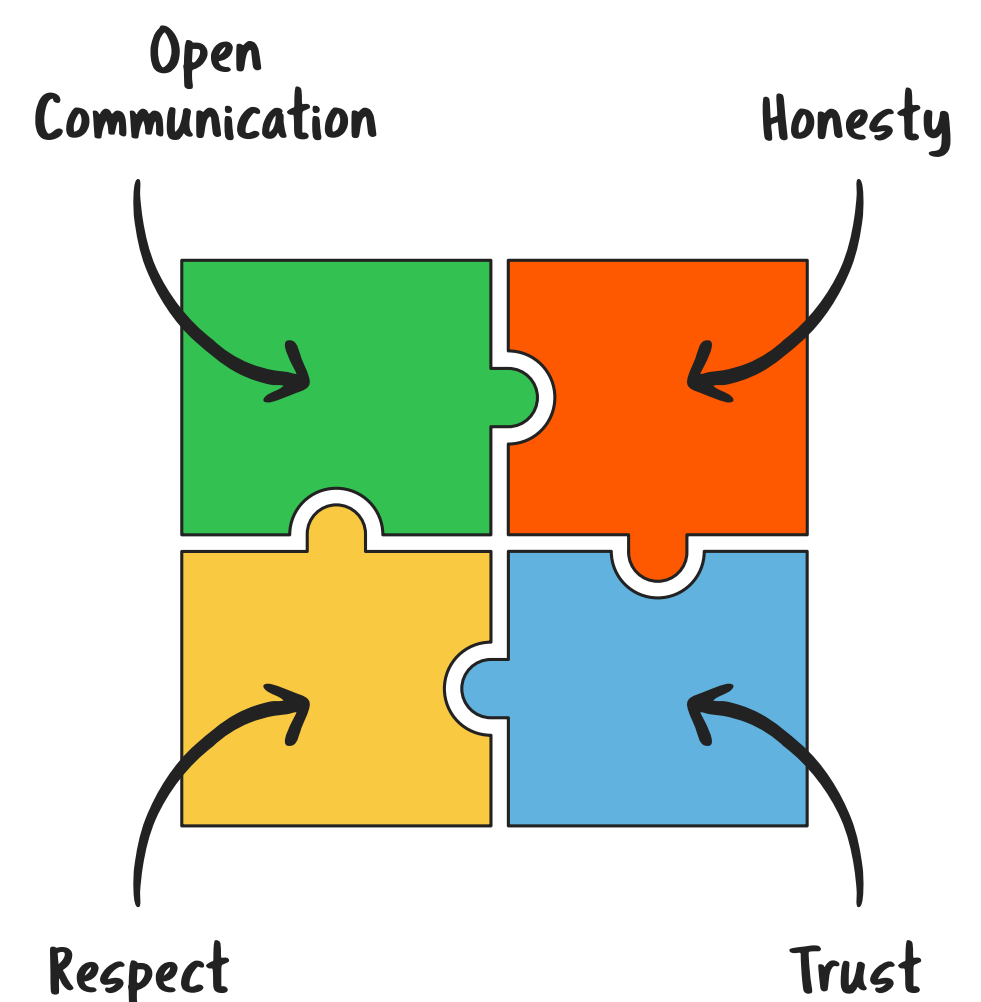
Customer relationship refers to the association between a business and its customers built from their interactions and communication.

The relationship is formed from the very first interaction the customer has with the business, and the quality of the relationship over time is a good indicator of the likelihood of customer retention, advocacy, and loyalty.

A business builds the customer relationship proactively through behavior that includes:

- ✓ Practicing consistent and proactive communication
- ✓ Working to understand the customer's values and empathizing with them
- ✓ Using all channels to communicate with customers
- ✓ Taking advantage of modern technology to improve customer response speed and regulate interactions
- ✓ Asking for regular customer feedback
- ✓ Implementing useful customer feedback
- ✓ Prioritizing personalized relationships with customers
- ✓ Rewarding loyalty
- ✓ Focusing on customer satisfaction

As with personal relationships, the customer relationship is built on the four pillars of honesty, trust, respect, and open communication. Fostering an environment that supports these pillars makes for excellent customer relations.



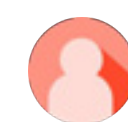
# Positive and negative customer relationships

With the definition of customer relationship and the four pillars in mind, let's examine what a positive customer relationship entails versus a negative one, and the impact of both.

## Positive relationships

A positive customer relationship is built over the long term. Trust and open communication establish an environment in which the customer feels heard and seen by the business. Feedback is responded to promptly and implemented when necessary. Consequently, customer retention, customer advocacy, and referrals tend to follow.

For Walken Auto Parts, a parts manufacturer based in New York, positive customer relationship is a high priority. Because they respond well to feedback and proactively make sure each and every customer is attended to, the result is that word-of-mouth marketing is one of the company's highest-performing lead generation methods.



**Walken Auto Parts**

Mid-Market (51-1000 emp.)



**"Does what I need and a lot more with great service and support"**

I love how it's customizable and very easy to use. The customer support is amazing and they are beyond helpful whenever...

## Negative relationships

Negative customer relationships stem from an overall lack of trust from the customer, which is amplified by a cadence of stonewalling, shifting blame, or delaying responses to customer inquiries.

Here's a quote about the general customer treatment shared about Walken Technologies and their frustration. This is likely the beginning of the end of this relationship.

*"Customer service is awful, you get transferred many times to get to the right place. And I often have to have to bring up the same issues again and again to get them resolved. I do not recommend working with this company."*

In the modern age, such negative reviews can leave a lasting impact on the business's brand reputation and ability to acquire new leads and customers. Walken Technologies has a long way to go to improve its reputation, but it's not all hopeless, as we'll find out.

# The types of customer relationships, at a glance

No two customer relationships are exactly the same. But we can roughly group them into four types, with some relationships falling under multiple types. Note that your business model can influence the customer relationship you most frequently cultivate.

They range from once-off transactional relationships to strategic long-term relationships, which could often be compared to marriage.

Type of Relationship	Description	Examples
Transactional	The customer makes no investment in the business apart from the transaction or purchase that they make, which is often one-off or infrequent.	<ul style="list-style-type: none"><li>• The customer visits a gas station to fill up their car's fuel one time.</li><li>• The customer buys a second-hand book from an independent vendor online.</li></ul>
Functional	A limited, ongoing relationship between a business and a customer, in which the customer buys from the business out of convenience but not loyalty. The customer would switch to another business if a better option were presented.	<ul style="list-style-type: none"><li>• A customer shops at the closest grocery store and may shop at another store if its prices are lower or it offers better parking.</li><li>• A customer buys products through a popular e-commerce store, for want of better options.</li></ul>
Affiliative	A relationship built on trust—the buyer trusts the seller more than other vendors, usually when expertise is needed.	<ul style="list-style-type: none"><li>• A customer relies on one mechanic who has fixed their car previously and with whom they have a strong relationship.</li><li>• A customer purchases from a software company after building a friendly relationship with a salesperson based on how much the salesperson has helped them in the past.</li></ul>
Strategic	Generally found in B2B; the customer-business relationship is enmeshed - the customer's success fuels the business's success and vice versa. They are invested in their mutual growth.	<ul style="list-style-type: none"><li>• An auto manufacturer has a working relationship with a car parts manufacturer.</li><li>• A consulting company has a working relationship with a software company that hosts their CRM.</li></ul>



# The importance of customer relationships

Building and maintaining great customer relationships is integral to the success of your business in many ways.

**Increase sales:** The more trust you build with your current customers, the more likely you are to get repeat customers through upselling and cross-selling.

**Customer loyalty:** The better the customer experience, the more likely you are to hold onto customers.

**Invaluable marketing:** With loyal customer advocates on your side, you're more likely to gain leads and customers through word-of-mouth marketing and referrals.

**Reduced customer attrition:** Customers who are satisfied with the service you provide and the relationship you've nurtured with them are more likely to retain their customer status.

We'll look at these ways that customer relationships enhance your business more in-depth in a bit. But first, let's look at some of the numbers.

## Customer relationships in the information age

Now more than ever, customers have the power of choice. With open lines of communication between each other via social media and specialized review sites, the winning edge between you and your competitors is often the quality and number of reviews and testimonials by your customers.

Let's look at the circular journey that customers and prospective customers often take and the role your customer service and customer relationship play in it.

- 1.** Customers, more often than not, start their customer journey by researching your brand online - more specifically, they go through third-party sources. In fact, a Zendesk report finds that as many as 90% of customers<sup>[1]</sup> are influenced by positive reviews when buying a product.
- 2.** Even when they look through your channels, they're still looking for an outside opinion. A study from Statista found that 62% of respondents rely on vendor-supplied customer reviews when making purchasing decisions<sup>[2]</sup>. This source is the second most relied-upon source behind customer stories and case studies(64%).

3. This is where cultivating good customer relations becomes important. The word of your existing customers is paramount to your business success. 94% of customers<sup>[3]</sup> will recommend a business whose service they rate as “very good.” And 72% will share it with six or more people<sup>[4]</sup>.

---

4. A great customer relationship can even save you from losing customers to mistakes, exemplifying the impact of customer relationships on brand loyalty. 78% of customers will forgive a company for a mistake if they’ve received excellent customer service<sup>[5]</sup>. On the other hand, even with an excellent product, bad customer service can lose customers. In fact, 60% of customers<sup>[6]</sup> will walk away after a bad customer service experience.\*

---

5. Unfortunately for most businesses, customers are more likely to share negative reviews than positive ones<sup>[7]</sup>. Maintaining excellent customer service and proactive relationship management will do wonders for your business, as well as incentivizing happy customers to share their reviews online.

---

6. As your current customers share their reviews, incoming prospective customers read and rely on them, and the cycle continues.

You have little say over what exactly customers say about your business, but you do have power over how you respond to their feedback and inquiries. Cultivating a positive customer relationship then becomes of the utmost importance for customer retention and acquisition in the information age.

\*Fortunately for Walken Technologies, 67% of customers can be prevented from leaving if the problem is solved in the first interaction, proving that time is of the essence in restoring your reputation with customers<sup>[8]</sup>.

# Customer relationships and customer service: What's the difference?

Customer relationships and customer service go hand in hand, but they are not interchangeable terms. Customer service is an integral part of building customer relationships, but it's not the complete picture.

Let's look at the key differences between these two concepts and what they look like in real life.

Customer Service	Customer Relationships
<b>Reactive</b> - done in response to an action from the customer	<b>Proactive</b> - actions done preemptively to promote a positive association between customer and business
<b>What it looks like:</b> Helping customers in real-time as they inquire about your product; troubleshooting and optimizing your product or messaging based on immediate feedback.	<b>What it looks like:</b> The overarching concept of building trust through honesty, respect, and open communication. Includes customer service.
<b>Examples</b> <ul style="list-style-type: none"><li>• Answering questions about your products or services</li><li>• Helping customers find solutions to their predicaments</li><li>• Helping customers with refunds, returns, or exchanges</li></ul>	<b>Examples</b> <ul style="list-style-type: none"><li>• Approaching customers proactively for feedback on your products and services</li><li>• Brainstorming with your team on the best practices to improve the customer experience to build loyalty and trust</li><li>• Communicating availability to customers for communication purposes</li></ul>

# The role of AI in building customer relationships

With the leaps and bounds made by artificial intelligence in the past couple of years, it's natural that as many people advocate for its use, just as many are more hesitant.

As with any new technology, AI can enhance your business if you use it well. At Nutshell, we believe that AI should be used to make managing your customer relationships easier.

For example, the use of AI tools can improve your customer service and relations by:

## Saving your team time with **timeline and lead summarizations:**

Imagine having to catch up on the past years of communication you've had with a customer before responding to their email or getting on a 10-minute call. It would take hours of research, and you'll likely miss important details. With AI technology, those hours of research can be done in minutes, meaning you will always be ready for a timely response that accurately serves your customer's needs.

## Summarizing meeting transcriptions:

After a video conference with an important prospect or customer, AI can help your entire team get up to speed on the meeting's contents through transcription summarization. This ensures that whoever interacts with the clients thereafter will have the information they need to give your customers a personalized experience.

## Enhancing your email writing:

Say you'd like to reach out to a segment of your customer base for a cross-sell or upsell opportunity. A great AI tool can ensure your grammar and spelling pass muster, and can even help you find the right tone for building genuine rapport.

## Simplifying your note-taking with **voice-to-text transcriptions:**

Conversational AI can help you quickly capture thoughts and notes about customers to share with your team. You could even use it to send a quick email to customers when they reach out to you, without having to touch your keyboard.





# A modern-age approach to enhancing customer relations, as demonstrated by Nutshell PowerAI

Let's revisit Walken Technologies and the unfortunate reviews they've gotten for their poor customer relationship management.

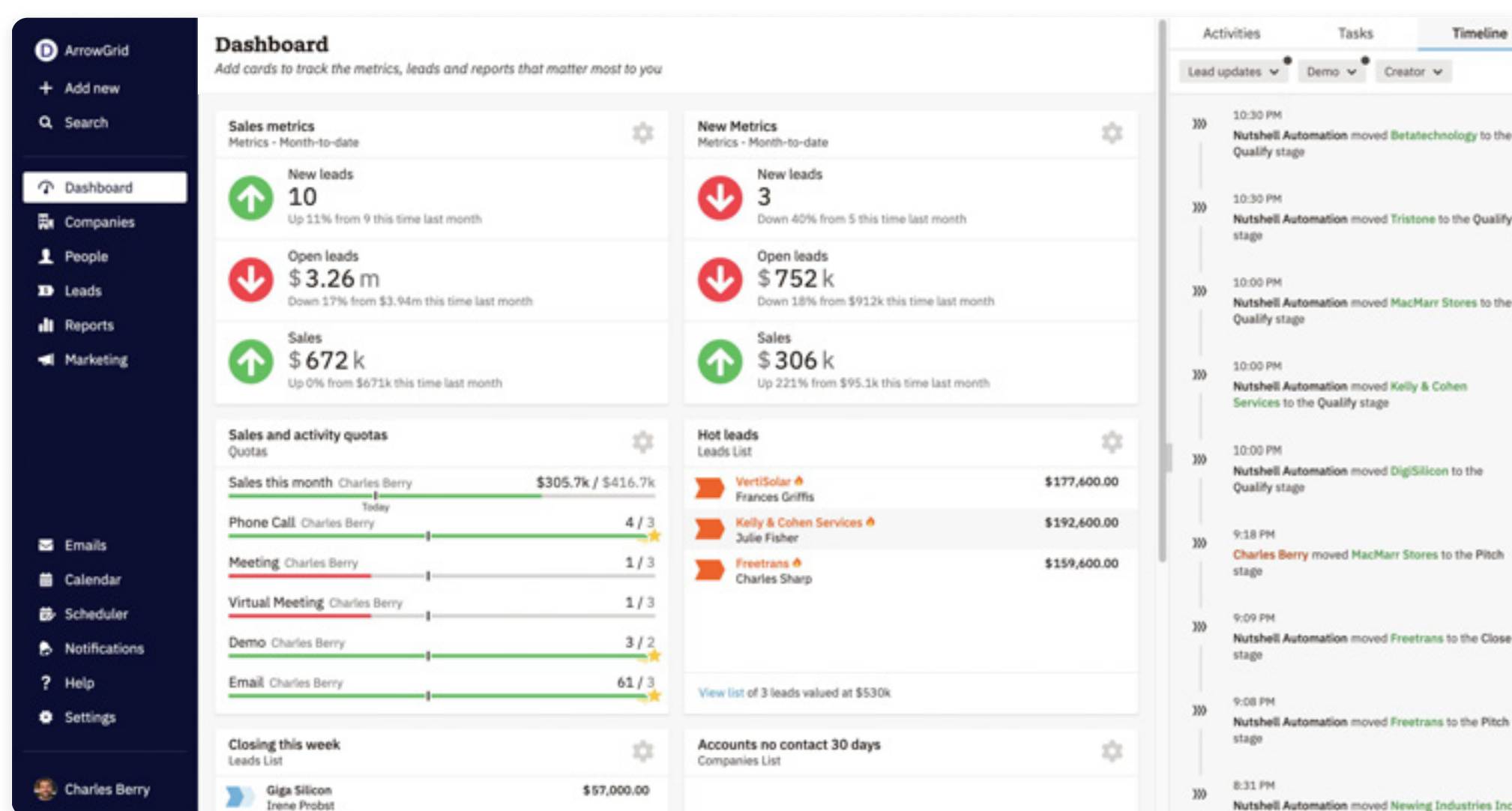
The customer support team understands the importance of building quality relationships with customers. However, they don't have a system in place to communicate effectively and resolve issues, so they often lose customers even when they have easily solvable problems.

They would love to lay the foundations of long-lasting customer relationships proactively, but they're running into challenges that may look familiar to many other businesses:

Not having enough time to get through the **history of customer interactions** as they answer inquiries leads to a delay in response time and comes across as out-of-touch with customers.

**Missing out on cross-selling or upselling opportunities** because they don't have a system to keep track of what they've sold or what the client has expressed interest in in the past.

Struggling to get the entire team on board with customer updates since they don't have the time or a system in place to consolidate new data gathered from interactions such as video calls.

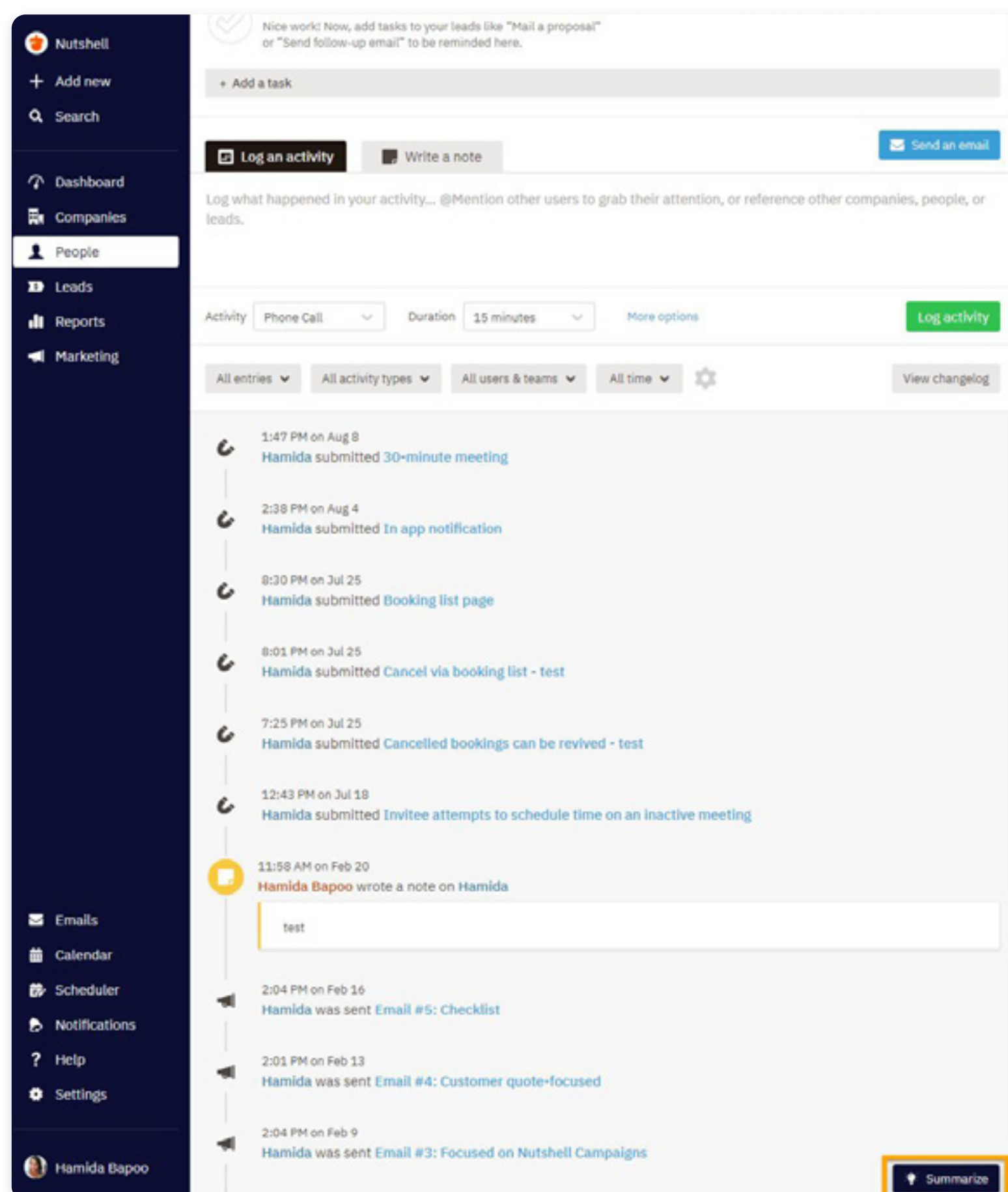


# Nutshell PowerAI: Using modern technology to enrich your customer's experience

Walken Technologies finds itself in a bind even when the team uses its regular customer relationship management (CRM) platform. But with **Nutshell PowerAI**, our AI-powered CRM plan, their problems are easily solved.

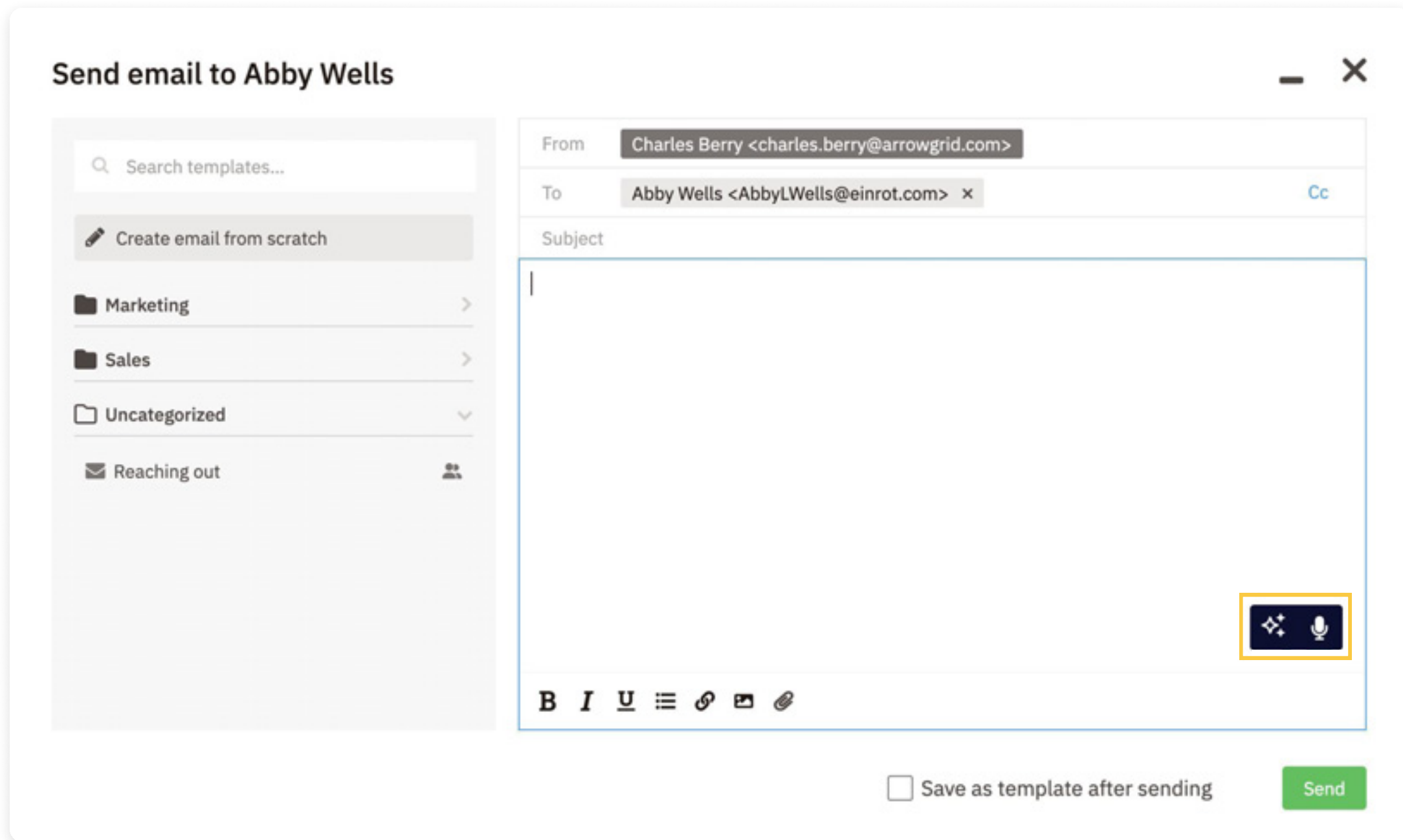
At Nutshell, we don't believe in using AI just to hop on the buzz like other CRMs may do. However, we do believe that artificial intelligence has its place in helping companies streamline their processes and simplify customer interactions. Here's how Nutshell's AI features can improve Walken Technologies' customer relationships.

When a customer inquires, the team can respond promptly, knowing they have quick access to the journey they've taken with that customer. That's because they can rely on the power of Nutshell's AI timeline summarization. Whoever has been assigned to resolve a customer issue can use the timeline summarization to get relevant information about the customer's history with the company, allowing them to solve issues promptly and personalize their response. This makes the customer feel heard and understood – a key tenet to building a great customer relationship.





Walken team members can also take quick notes, share insights about customers with their team, and even compose emails using conversational AI and Nutshell's convenient **voice-to-text** tool.



With Nutshell's AI Zoom transcription summaries enabled, customer-facing team members no longer have to worry about taking notes on important client calls and wondering if they've missed anything. This means that other team members can stay up to date on customer updates without having to spend hours listening to previous calls.

The screenshot shows the "Zoom" integration settings in Nutshell. The sidebar on the left includes "Nutshell Zoom T...", "Add new", "Search", "Dashboard", "Companies", "People", "Leads", "Reports", and "Marketing". The main area shows the Zoom account settings, including a search bar, "Company settings", and a "Zoom: Connected" status. Below this is a section for "34 unlogged meetings" with a sub-header "Last meeting synced Friday, August 25, 2023 5:39 PM". A table lists the meetings with columns for Date, Duration, Participants, Recording, and Transcript. Each row has "Log as activity" and "Remove" buttons.

Date	Duration	Participants	Recording	Transcript	
August 25th at 5:39 PM	1 minute	Rudulf Pescadera	Recording	None	Log as activity Remove
August 25th at 5:35 PM	1 minute	Rudulf Pescadera	Recording	None	Log as activity Remove
August 25th at 1:21 PM	6 minutes	Rudulf Pescadera, Mytest AppSec22	Recording	None	Log as activity Remove
August 25th at 1:12 PM	1 minute	Rudulf Pescadera	Recording	None	Log as activity Remove
August 23rd at 5:15 PM	3 minutes	Test Recording	Recording	Processed	Log as activity Remove
August 23rd at 12:48 AM	1 minute	k	None	None	Log as activity Remove
August 22nd at 6:18 PM	5 minutes	Zoom Tester	None	None	Log as activity Remove
August 22nd at 5:57 PM	7 minutes	Zoom Tester	None	None	Log as activity Remove

Using artificial intelligence to respond promptly to customer feedback gives Walken Technologies the much-needed time to craft a proactive relationship-building campaign. For example, they can use the information gathered from the timeline summarization to target customer groups for loyalty programs or upsell opportunities.

Remember that negative review from the start of this document? That was one year ago. After getting their team on the **Nutshell PowerAI** CRM plan, Walken Technologies now enjoys reviews such as this one:

“ Walken Technologies blows me away with how fast their customer response time is! I’d made an inquiry about a product feature, and they got back to me in less than an hour, and the service rep guided me through the problem I was trying to solve with patience and understanding.

Plus, they always keep up to date with what’s coming, and we have the opportunity to communicate with them if needed.

I was completely impressed with their professionalism, and their customer service is second to none. I highly recommend this business!

”

Through embracing artificial intelligence to build human relationships, Walken Technologies has built a reputation for its stellar customer service.

Learn more about how Nutshell helps real companies stay organized, capture more opportunities, and drive revenue growth with automation and the power of AI. Visit our [Reviews, Case Studies & Testimonials](#) page.

## In conclusion

Using various examples and case studies, we've learned how important customer relationships are to a business, ways to cultivate good relationships with your customers, and the consequences of failing to do so in the modern age.

We've also explored how to leverage artificial intelligence to build good customer relationships with responsive customer service and proactive relationship management in the modern age.

Nutshell CRM empowers companies to go the extra mile in customer service with PowerAI, our AI-enabled CRM that lets your team save hours of their workweek and allows them to adopt a people-centered, human approach to building customer relationships.

By embracing AI's possibilities, you can greatly enhance the customer experience and create fans and advocates among your customer base.

Visit Nutshell to [learn more about PowerAI](#).



## Supercharge your CRM with the Power of AI

Nutshell's Power AI plan gives your team the ability to generate AI-powered timeline and Zoom call summaries — plus do everything else you can with our Nutshell Pro plan.

[EXPLORE POWER AI](#)

# References

- [1] [https://d16cvnquvjlw7pr.cloudfront.net/resources/whitepapers/Zendesk\\_WP\\_Customer\\_Service\\_and\\_Business\\_Results.pdf](https://d16cvnquvjlw7pr.cloudfront.net/resources/whitepapers/Zendesk_WP_Customer_Service_and_Business_Results.pdf)
- [2] <https://www.statista.com/statistics/1191509/b2b-tech-vendor-provided-resources-reliance/>
- [3] <https://success.qualtrics.com/rs/542-FMF-412/images/ROI%20of%20customer%20experience%202020.pdf>
- [4] <https://www.superoffice.com/blog/customer-experience-statistics/>
- [5] [https://c1.sfdcstatic.com/content/dam/web/en\\_us/www/documents/research/salesforce-state-of-the-connected-customer-4th-ed.pdf](https://c1.sfdcstatic.com/content/dam/web/en_us/www/documents/research/salesforce-state-of-the-connected-customer-4th-ed.pdf)
- [6] <https://cloudblogs.microsoft.com/dynamics365/bdm/2016/07/22/4-frustrating-customer-service-experiences-and-how-to-fix-them/>
- [7] <https://www.marketingcharts.com/digital-28628#:~:text=Companies%20beware%3A%20respondents%20reported%20being,share%20bad%20than%20good%20experiences.&text=Overall%2C%2095%25%20of%20respondents%20who,who%20shared%20a%20good%20experience.>
- [8] <https://learn.g2crowd.com/customer-reviews-statistics>