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Customer relationship management (CRM) is not just the application of technology, but is a strategy to learn more about customers' needs and behaviors' in order to develop stronger relationships with them. As such it is more of a business philosophy than a technical solution to assist in dealing with customers effectively and efficiently. Nevertheless, successful CRM relies on the use of technology. In the first place, there is the importance of CRM strategy that actually defines what we sell and who we sell it to, how to create value for customer, how to transfer information to the customers, and how to sell what is being sold. If the CRM strategy is well defined, so that it can describe in a simple, pragmatic and understandable way, how the company achieves competitive advantage on the market, there is a great chance that the implementation of CRM system in business and technological terms is not just helping the company to achieve competitive advantage, but also secure that advantage in the long term.



CRM CYCLE

In the 1980s, the introduction of more powerful databases and concepts such as data mining, data warehousing, and data models formed the foundation to capture customer data. It was in the 1990s that CRM became a known player in the business application space and was mainly characterized by sales force automation (SFA) applications. As processing power increased and the applications became more powerful, the emergence of several key players dominated the CRM market, mainly focused on large enterprises, delivering premises-based deployments like Oracle, extending to CRM from their financial module base and SAP, best known for its Enterprise Resource Planning (ERP) strengths, also wanted a portion of the CRM pie.

The best way to think about CRM is to imagine an integrated system with customer-centric business processes, applications and their underlying infrastructure, and digital customer information to be used by businesses to acquire new customers, retain existing customers, and to get both categories to spend more money with a company. CRM is more than an application; it is a customer-centric philosophy with an integrated system of people, processes, and tools. From a marketing perspective, “CRM focuses on using information about customers to create marketing strategies that develop and sustain desirable long-term customer relationships. From a systems perspective, “CRM uses information technology to create a cross functional enterprise system that integrates and automates many of the customer-serving processes in sales, marketing and customer services that interact with a company’s customers”. CRM perspective involve:

- When we go online to order groceries for home delivery, the supermarket recognizes us, provides personalized specials of the week, and reminds us of our prior shopping lists.
- When we purchase an airline ticket via a contact center and then decide to choose the seat assignments online, the information is there, instantaneously.
- When a sales person visits an existing customer, he/she has information on past spending, preferred brands, and current needs.
- When a product manager is analyzing the product line, he/she is able to view the company’s most profitable products and most profitable customers.

CRM is more than a business application; it is an approach, a system that leverages people, processes, and IT tools. It links the back office customer databases with customer facing interactions to the external (outside the enterprise) world. It is a system that is leveraged by the key enterprise functions of marketing, sales, and customer contact centers. It is not limited to use by these organizational functions, but more directly leveraged by them. CRM uses software and supporting business processes to automate selling, marketing, and service functions. A CRM business application suite may have 50 or more components, such as campaign management, marketing analytics, opportunity and lead management, pricing applications, event-based marketing, contact management solutions, and chat and collaboration tools, just to name a few. In its simplest definition, analytical CRM is the analysis of customer data, which is performed for a multitude of reasons with purposeful outcomes, but mainly used by marketing for trend analysis, segmentation and customer lifetime value analysis, and targeted campaigns.

CRM AND ITS IMPACT ON CUSTOMER RELATIONSHIP

Business must continually nurture the relationships with customers and attract new ones, build trust and extend the duration of existing customer relationships, and expand the relationship to achieve a greater share of wallet, such that customers spend more across a greater set of products. CRM as a process for customer management has been more predominantly used in customer-retention strategies to extend and expand the relationship, rather than customer-acquisition strategies. This is where the validation of CRM as an approach to effective customer management is put to the test; it is not simply the software application, but rather a philosophy of the organization, the desire to determine if each point of interaction with a customer is conducted as a positive experience that will contribute to extending and expanding the relationship. This type of analysis is best conducted by considering customer touch points.

To bring it back to the basics, there are three main ways to generate customer:

- Get customers to spend money with your company, such that you acquire them as a new customer.
- Get customers to continue to make profitable exchanges with your company over a longer period of time, thus extending the duration of the relationship.
- Get customers to buy more products from your company, thus expanding the share of wallet.

CRM AND ITS IMPACT ON MARKETING

At the heart of the marketing concept is the customer and if CRM is going to positively impact marketing, then we need to show its positive impact on customer satisfaction. In a study, conducted on a cross-section of large U.S. firms, the use of CRM applications was positively associated with improved customer knowledge and improved customer satisfaction. Firms could enhance gains in knowledge by sharing their customer-related information with their supply chain partners. Another noteworthy finding from a preceding study supports having a focused CRM initiative in that “specific IT applications, such as CRM, that are directly involved in business processes affecting the customer experience may be much more effective in improving customer satisfaction than are aggregate IT investments. Therefore, companies that focus IT investments on customer-focused processes will see an increase in the customer satisfaction. Another study that has helped to capture and publicize the positive impact of the broader category of CRM related technologies on company performance was based on a sample of 172 U.S. companies. This study found that companies that have interactive customer contact, and capture and deploy customer information throughout the enterprise, tend to experience better customer satisfaction and customer-retention outcomes. CRM has also been useful in identifying prospects for use in direct mail campaigns. Direct mail represents 19% of all advertising spent, which is the largest media category, and is an important vehicle in direct marketing. CRM can identify prospects and track the implementation of a direct mail campaign.

CRM AND ITS IMPACT ON SALE

There are many applications that a sales organization may use, and to try capture them all here would never provide an up-to-date, comprehensive view; however, regardless of a particular vendor's solution, it is the component of CRM that has increased sales force productivity and has laid the foundation for account segmentation based upon opportunity size (current or potential revenues and profit). In a recent study, users indicated the following key benefits:

- ✓ Keeping up-to-date customer contact information
- ✓ Providing sales related information to its remote staff
- ✓ Reducing search time for customer information
- ✓ Helping to identify future sales opportunities
- ✓ Improving work productivity

These benefits are typical of those stated when CRM is implemented effectively by a sales organization. Sales people today require real-time information with mobile access to it and the capability to be empowered by information to close a sale. The link from CRM to a workflow tool makes it even more powerful. Not only can sales leads be managed and tracked, but connecting to the business processes and supporting systems that track the sale from prospect stages to a closed deal, with the appropriate documentation and required approvals for compliance, are necessary in today's business world.

CRM AND ITS IMPACT ON CUSTOMER CONTACT CENTERS

Companies, having implemented CRM, found that it has indeed helped to improve and track customers, but it requires an integrated customer database for all contacts. A key step in the integration is a data model that brings together disparate customer information. Approximately 70% of the expense in a contact center is the labor: the people answering the phones and conducting chat sessions. If CRM can be leveraged to provide accurate data and a current view of the customer, then time will be saved and its associated dollars. Additionally, linking back to identifying the value of a customer and the associated profitability, contacts may be routed to the most appropriate and cost-effective servicing resource. If a customer is identified as giving low profit and low potential, they may be transferred to a more automated, cost-effective channel, rather than a more costly "agent call."

APPROACHES TO ADOPTING CRM

We choose to use the term adopting, rather than implementing, to emphasize the need to have users actually incorporate CRM into their daily tasks rather than the idea of an IT staff implementing a system. The important guideline is that each business must determine for itself the expected outcomes, in a realistic, quantifiable fashion, and then put the plans in place to achieve them, while monitoring and tweaking so that the expected benefits are truly achieved. Integrated view of customer data: many companies implementing CRM only paid attention to the front-end processes. Attention needs to be paid to the back-end corporate data and customer systems to be pulled into a single view of customer information that is transparent across the enterprise.

CONCLUSION

Whether CRM will still bear its name in the decades to come is not known. What is known is that an approach that focuses on the customer and aligning people, processes and tools to achieve increased revenue by acquiring, extending, and expanding customer relationships will exist. CRM has received mixed reviews based on failures to successfully plan and implement the solution in alignment with business expectations. For those companies that learn from the failures of others and successfully adopt a CRM solution, there are many studies that substantiate and quantify the potential benefits to a company's bottom line.

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