CRM – The answer for marketers?

The last few years have seen billions spent on customer relationship management (CRM) solutions and yet many organisations feel they have failed to deliver. While it makes intuitive sense that improving customer relationships will improve the bottom line, there is often a lack of evidence to support this notion and some companies actually believe that CRM could damage relationships with long standing customers.

With their budgets under threat, many marketers may therefore be sceptical about the value of CRM. Yet approached properly and with the right measures for success applied, CRM really can improve performance. Integrating customer facing operations, CRM improves an organisation's ability to target potentially profitable customers, craft propositions to meet their needs, and build strong and long lasting relationships.

A strategic and an operational solution

Strategically, CRM helps to shape how an organisation relates to its customers, while operationally it enables customer data to be gathered quickly and easily from a range of sources. It can provide the information necessary to create individualised marketing messages, manage effective e-marketing, integrate multiple channels and ultimately help customise products and services to meet individual customer needs.

Driving profitability and customer satisfaction

One of the most important assets any organisation has is its customer base. Understanding what drives the greatest lifetime value from customers and how to manage relationships to improve their retention should inform decision making, not only in marketing but also in sales and service operations.

Going far beyond database marketing, CRM integrates vendor and customer agendas so that marketers can maximise profitability, while also producing greater satisfaction and returns for the customer.

Attracting and retaining valuable customers

Combining information from across all customer facing operations, CRM enables marketers to mine their information, identifying the characteristics most often associated with profitability. It can be easy to ignore long term profitability in customers, especially if they are expensive to acquire, but the data in CRM can reveal which customers offer the greatest lifetime value compared to the cost of acquisition.

Integrating channels

As the range of channels to market increases, it may become difficult for marketers to ensure that they are making a consistent offer across all of them. This lack of consistency can lead to disjointed and fragmented customer interactions and ultimately to a reduction in customer loyalty if people believe they are not being fairly treated.

CRM can provide a consistent experience and easier access to products and services. Creating greater brand awareness across all channels also leads to greater up selling and cross selling opportunities, driving profitability and increasing acquisition and retention rates.

Taking a customer centric approach

Greater knowledge about every element of a customer's relationship, what they have bought and when, the value they put on different products and services and their positive and negative experiences, all help marketers to craft more individualised messages.

Enabling marketing departments to focus on customers rather than products, CRM, with this ability to understand individual customer behaviour, supports a much more customer centric approach. And more highly customised information is more highly valued by customers than mass market communications, driving a more positive attitude.

Treating each customer as an individual

With the increasing move towards greater customisation in products and services, CRM keeps companies much better informed about specific customer desires. This enables them to offer special treatment and recognition, resulting in improved relationships that will drive future business.

CRM also helps identify the true cost of servicing individual customers, reducing the need to simply average costs across all customers. This information increases marketers' ability to understand customers' needs and wants. Products and services can therefore be packaged and priced differently based on a deeper understanding of different customers.

It's only for big business, right?

CRM can add value to organisations of any size, in any industry. In even the smallest business, it can be hard to make sense of every bit of data, make sure everyone knows about every interaction with every customer, and ensure that every action is followed up, accurately and on time. By helping businesses to cope with ever increasing customer demands, CRM reduces complexities in both processes and communications.

Ensuring that marketing efforts are synchronised with those of sales and service, CRM can also link to back office systems, helping to break down silos, share data seamlessly and create a closed loop through sales and service back to marketing.



Measuring CRM success

One reason for negative assessments of CRM implementations may be that the wrong things are being measured in an attempt to identify its impact. If success is only measured through incremental revenue or margin, the true value of CRM may go unnoticed.

To properly quantify its impact it's necessary to identify specific areas for improvement. These might include lowering the cost of sales or improving campaign targeting, for example. In addition, improved information flows may lead to faster and more effective issue resolution by customer services. Success can also be seen in increased efficiency and effectiveness across all customer facing operations, which could be measured in terms of customer satisfaction.

A successful CRM implementation is one that achieves all these things and enables marketers to interact with customers armed with useful information. In a world of fierce competition, it's no longer possible to rely on best guesses or gut feelings. Understanding what lies behind customer satisfaction and how to build advocacy and loyalty in customers is vital.

A radical change for modern marketers

CRM has the capability to radically alter marketing. Its influence is clear throughout the whole marketing lifecycle and beyond, creating a continuous feedback loop between an organisation and its customers.

Helping businesses to keep pace with the ever changing needs and desires of customers, CRM converts data into business intelligence that can be used to boost sales, improve efficiency and increase profitability.

But it's not all about manipulating data and rather than driving the creativity out of marketing, CRM creates more scope for it. Arming marketers with what they need to build much more targeted campaigns, CRM enables them to really speak to the concerns of current and future customers.

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