

SOFTWARE IS JUST THE START

How many companies combine CRM technology and a good customer strategy? Cliff Mills reports on this and other findings from our latest user survey.

Those companies who provide good service and understand the requirements of their customers are the ones that generally survive and prosper over the long term. In the past, successful companies looked after their customers instinctively – it just made common sense. Nowadays it’s called customer relationship management or CRM for short and you can buy a software package to do it for you!

Of course, a CRM application only provides the mechanistic means for automating the processes a company uses to track and keep information on its current and prospective customers. Just installing a software package on its own is not sufficient to develop and provide a comprehensive customer service environment.

Success depends not on the software implementation, but on building a philosophy and clear strategy for customer service and management. A company needs to provide the context, support, training and correct business environment for employees to take full advantage of the information systems provided.

Developing good customer service and management is not a one-off job, it is a continuing journey as the demands of the customer and the way they can interact with an organisation are constantly changing.

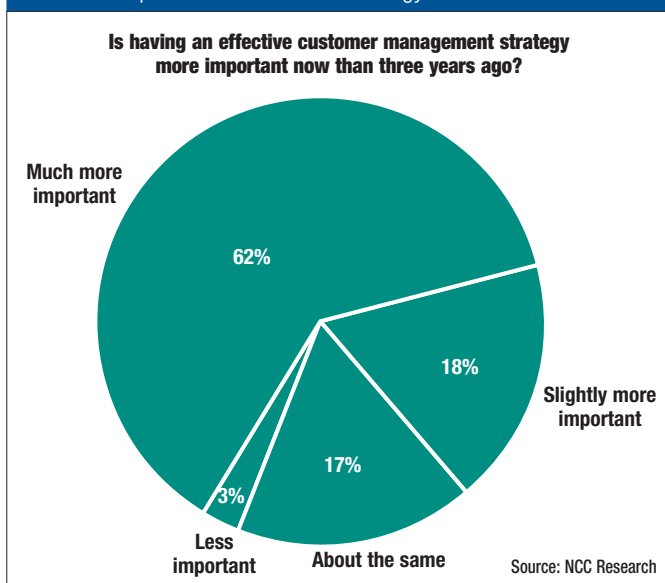
From the outside, a customer perceives a company as a single entity, even though they may deal with a number of different employees in different roles and departments.

In addition, a customer can potentially have contact with an organisation through an ever-expanding number of different channels. Having a single consistent view of all the customer’s interactions across the organisation therefore presents an ongoing challenge – and one that is seen as increasingly important.

As our latest survey shows, 62% of companies think that having an effective customer management strategy is now much more important than three years ago (see Figure 1). A further 18% say it is slightly more important and 17% think it is about the same.

Just under half the respondents (48%) say their organisation has an existing overall customer management strategy that is independent of any technology solutions implemented.

FIGURE 1: Importance of customer strategy



However, 27% are in the process of developing one – which may indicate that companies are trying to become more customer aware in the current economic climate. Only 20% say they have no clear customer strategy.

Many organisations have implemented an integrated CRM system to assist in delivering their customer management strategy. We asked our respondents to rate their drivers for deploying CRM applications, using a scale of 1 to 5 where 1 stands for ‘not important’ and 5 for ‘very important’.

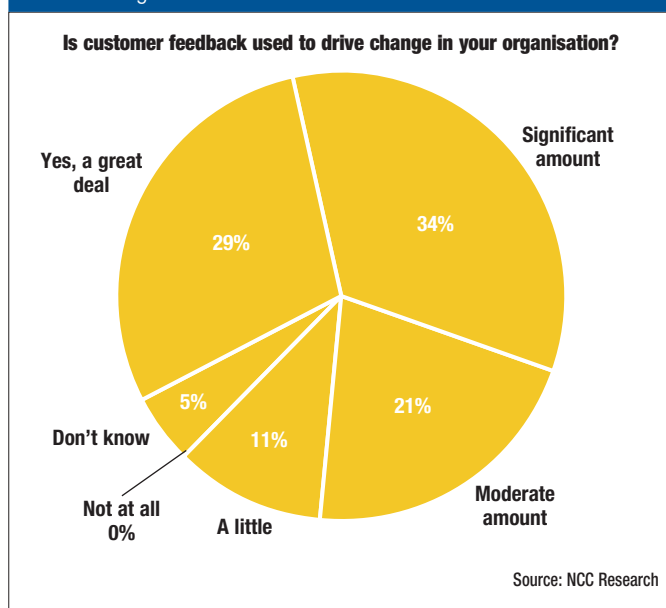
Improving customer satisfaction (4.3) is the most important reason given, as companies seek to enhance their service levels and meet customer demands. In doing this, they hope to maximise the customer lifetime value (4.2) and retain their existing customer base (4.1). Organisations have realised that by ensuring their customers are happy, they will keep them for much longer and therefore derive increased value from them.

Providing better customer information to functional areas of the business, such as sales and marketing, is also a key objective (3.9). Meanwhile, understanding the customer’s requirements better and targeting offers more effectively provides more opportunities for cross-sell and upsell (3.8) and improves lead quality and conversion rates (3.7).

Given that improving customer satisfaction levels is the number one objective for CRM systems, it is not surprising that the majority of organisations (65%) actively measure this on a regular basis. Yet a substantial minority (30%) do so only occasionally.

The most popular method for collecting customer opinion is via a periodic satisfaction survey sent to clients (63%) or by using customer feedback forms (53%). Other popular ways are to make a random ‘satisfaction call’ to the client after the product or service has been delivered (39%) or to use a third party to undertake research (29%).

FIGURE 2: Significance of customer feedback



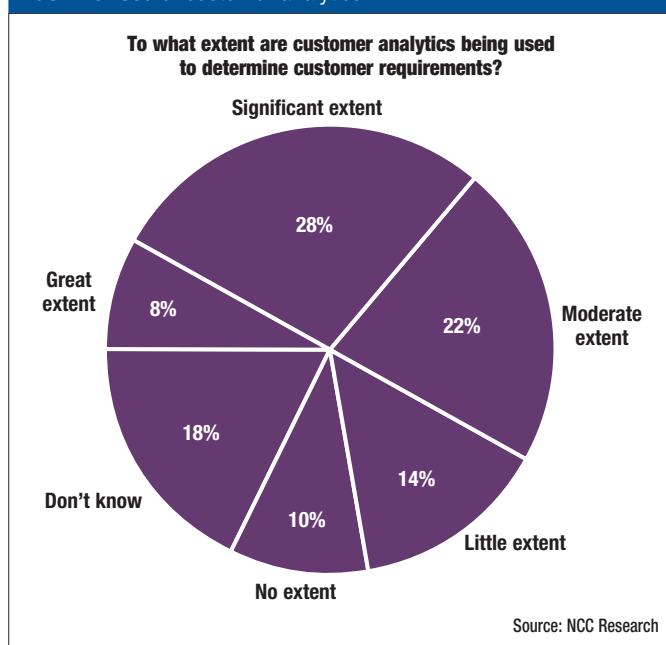
Information is also collected through the company website (18%), anecdotally from the salesforce (18%) and by sending an email to a customer after a completed transaction (13%). The essential point is that customer feedback is used to drive change in the organisation.

The results show that 29% of companies use this ‘extensively’ to improve customer service and 34% use it a ‘significant amount’ (see Figure 2). This leaves 21% who only make a ‘moderate amount’ of use of feedback and 11% who take ‘little’ notice of their customers’ views.

Customer analytics – including insights into need, wants, lifestyles, behavioural trends, transactional histories and purchasing patterns – can improve the relevance and perceived value of offers to clients.

Providing good intelligence at the front end can greatly assist in the formulation of more targeted products and services, thereby greatly assisting upsell and cross-sell opportunities.

FIGURE 3: Use of customer analytics

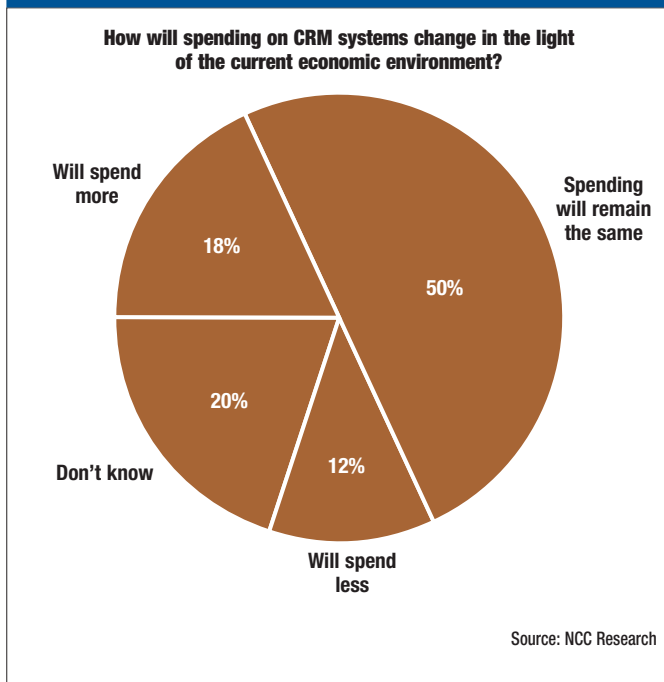


But only 8% of respondents think they are using customer analytics to a ‘great extent’, with a further 28% using them to a ‘significant extent’ (see Figure 3). Another 22% only use them a ‘moderate’ amount, with 14% making ‘very little’ use and 10% making no use at all.

The amount that an organisation has modified its CRM system to meet its exact requirements varies greatly, with 10% having to make ‘very significant’ changes and 35% a ‘significant’ amount. A quarter (25%) needed only ‘moderate changes’, 10% ‘little change’ and a further 10% none at all.

Once the software has been installed, there will always be a need to alter it to reflect changing business requirements. Only 10% of companies found this ‘very easy’ to do, with a further 25% seeing it as ‘easy’. Conversely, 5% found it ‘very difficult’, 25% ‘difficult’ and 15% ‘moderately difficult’.

FIGURE 4: Impact of recession



The budget for CRM activities appears to be holding up well in the current economic climate with 18% of organisations expecting to spend more than they did last year and 50% keeping expenditure the same (see Figure 4). Only 12% of companies expect to see a reduction in spending.

Half the organisations interviewed (50%) are currently making changes or additions to their CRM implementation, with a further 30% planning to do so in the future.

Being able to easily share information across the company's core computer systems allows the value of information to be enhanced. So exchanging information between the CRM system and, say, the finance or ERP application can bring many benefits. However, only a quarter of respondents (25%) say that integration with other systems can be achieved easily, while 40% can integrate their applications but not very easily.

Integration is not possible for 5% of companies even though they would like to, whereas 10% say they have no requirement to integrate with other systems.

Employees nowadays are becoming increasingly mobile and with the sophistication of mobile devices they expect to be able to access very nearly the same information when they are out of the office as when they are at their desk.

However, only 25% of companies say they can access CRM information when out of the office with a further 20% planning to provide this capability. This leaves 45% of companies offering no mobile access to their employees.

The internet provides many and varied means of communicating with an organisation's target audience, both for delivering information and collecting customers' views. Half the respondents (50%) say they make use of business network sites for interacting with clients and 38% provide an online feedback capability for customers to express their opinions.

Online communities have been created by 21% of organisations and social network sites are used by 21% for marketing purposes. Perhaps surprisingly, only 18% say they are using SMS messaging and just 15% make use of blogs to communicate with their customers.

An alternative option to maintaining your own CRM system is to use a hosted solution (often referred to as Software as a Service), which is available from a number of suppliers.

SURVEY STATISTICS

We spoke to a broad cross-section of organisations for this year's survey into CRM applications and trends. The public sector accounts for 20% of the sample, as both local government and national agencies have made significant IT investments in this area.

Of the remainder, 20% are drawn from business services, 13% from IT & telecoms industry, 10% from banking & finance, 10% from retail and 10% from manufacturing.

The companies vary in size, with 6% having in excess of £5 billion turnover, 10% in the £1 billion to £5 billion bracket and 15% in the £250 million to £1 billion range.

In the mid-market, 13% have between £100 million and £250 million turnover and 21% from £50 million to £100 million. At the smaller end 12% have a turnover of between £10 million and £50 million and 18% £5 million to £10 million.

The benefits of this approach are that you avoid upfront investment in hardware and software, as well as ongoing support and maintenance charges, in return for paying a fixed price per user per month. To date, 10% of the companies surveyed have adopted this approach with another 26% saying they would consider this option. However, 41% of companies would not consider a hosted solution and 21% remain undecided.

Customers now have a number of different ways to access and interact with a supplier – via the telephone, the internet, face-to-face or several other methods.

With this variety of options, it is becoming increasingly difficult for any organisation to keep track of all customer interactions, but it is essential to do this so they fully understand the customer’s requirements and present a seamless and consistent interface.

Clearly this is a challenge as only 8% of companies feel they have been ‘very successful’ in achieving this, although 23% see themselves as ‘successful’ and another 23% as ‘moderately successful’ (see Figure 5). On the other hand, 28% are experiencing ‘little success’ and 8% ‘no success’ at all.

With the introduction of CRM systems and the use of a range of different technologies to interact with customers, it is interesting to see whether respondents feel new technology has improved the level of customer service now provided.

The biggest proportion (45%) ‘strongly agree’ that technology has improved the quality of customer service, with a further 20% ‘somewhat agreeing’ and 15% ‘neutral’ (see Figure 6). Just 3% ‘somewhat disagree’ and 7% ‘strongly disagree’.

CRM solutions have had a mixed press over the years and have not always been as successful as companies would have wished.

From the research, no respondent thought their system had been ‘very successful’ and delivered all the expected benefits while 50% think their implementation has been ‘successful’ and that the business is seeing some real benefits. This leaves 45% who see it as only ‘partially successful’ and providing only limited benefits to the business.

In summary, having a clear understanding of your customers and their requirements is now more important than ever and those companies who have always had this ethos will be more likely to survive and even prosper in the current economic climate. While CRM software can greatly help in developing this approach, it is still only a tool and cannot be a substitute for developing a clear customer-centred business strategy.

FIGURE 5: Channel integration

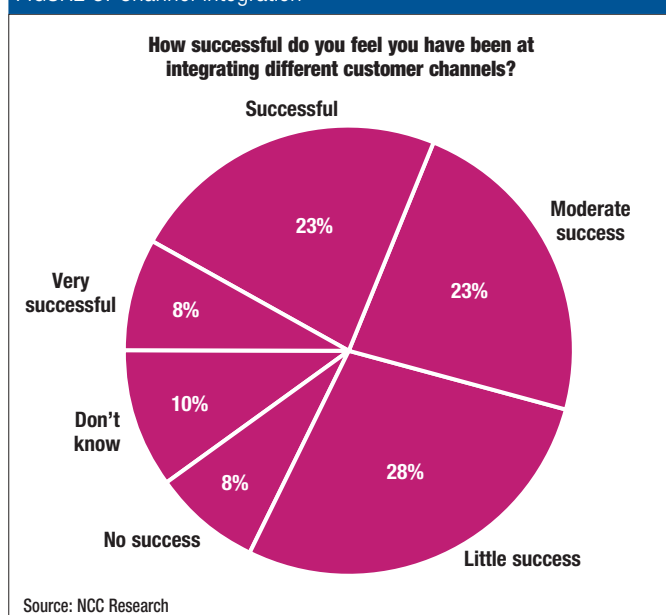
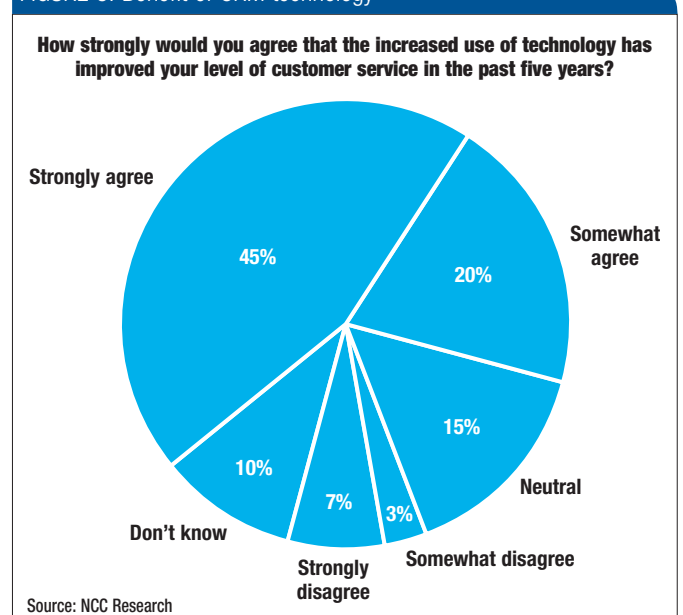


FIGURE 6: Benefit of CRM technology



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