

# **What Is CRM, and Why Does Your Business Need it?**



## INTRODUCTION

### The Changing Market

The marketing industry is evolving – new trends are popping up every year, and the dynamic between companies and customers is shifting. Business practices that worked a decade ago are almost obsolete today, especially with the rise of new technologies in the marketing scene. Digital marketing has proven to be at the forefront of the change in this dynamic. Around 30% of marketers from the U.S. and the U.K. predict that robots will be doing just as much digital marketing as they do in the next 30 years (O'Brien, 2019).

In the same thought, the current dynamic between businesses and customers is quickly changing. Companies are adapting to a more customer-centric marketing strategy, with experience ranking higher than price when it comes to differentiating brands (Harris, 2019).

### The Value of a Customer-Based Strategy

Brand loyalty can no longer be gathered with just putting out products as customers are looking for a satisfying, end-to-end experience with brands. Having a great product is one factor in keeping a customer happy, but effectively streamlining the buyer's journey – from awareness until the post-sale stage – makes your brand more memorable to customers.

Creating a robust customer relationship management system within your operations process can help you boost sales and brand loyalty among your customers. It's important to note that quality is more important than quantity – it's not about having the most sales, but more about how many of your customers come back to your brand.



## WHAT IS CRM?

Customer relationship management, better known as CRM, is a process that allows you to manage your interactions with your customers and clients. Its central belief is to always put the customer and their needs first. Its goal is to deliver a better customer experience – this includes all the times your company has faced a customer. Whether it's through a sales pitch or a customer service call, each point of interaction matters for CRM – it's all about seeing things through your customer's eyes. CRM also helps you gather and analyze genuine data about your customers to use for your future marketing executions. How CRM operates is that it unites all your different departments (which includes marketing, sales, and service) together to work towards one goal: giving your customer a holistic and informed end-to-end experience with your company.

CRM can be divided into three categories, mainly:

- CRM as a technology
- CRM as a strategy
- CRM as a process

Keeping CRM's core belief in mind, you'll see how that belief plays into the different roles that CRM has in each part of your marketing framework. Applying the "customer always comes first" mindset in how you go about your marketing can yield you good results from your customer feedback.

### CRM as a technology

Since the rise of CRM, tools have come forward to present themselves as solutions to companies who need it. Its main two functions are to consolidate, organize, and manage customer information and to manage your workflows and automation. The second function is a new feature added by most software once CRM was an established enough concept (Rouse, 2019).



There are four different types of CRM tools:

- On-premises CRM
- Cloud-based CRM
- Open source CRM
- Artificial intelligence (A.I.) CRM

Many different types of CRM technology are available around the world, but these are the ones that are popular among various businesses.

#### On-premise CRM

On-premise CRM is self-explanatory – it's a software that integrates itself into the company's servers so the company can use the tool anytime. It keeps all database and information in the server for available use anytime by the company. While it may cost a bit in the beginning, it's a good investment in the long run as it doesn't require a yearly or monthly subscription.

A reason why on-premise CRM may be useful to your company is mainly because of security. This is especially true for companies that handle very sensitive data, such as banks or insurance companies. Data theft can happen anytime so having on-premise CRM can protect your company from any breach.

On-premise CRM requires companies to build it up on their own. This allows the company to control the data and its systems – including its upgrades, customizations, and downtimes. (LeadSquared, 2019) This means that when the system is down, the company is responsible for creating a back-up plan for it. When disaster strikes, companies must be prepared to handle their data safely without losing or misarranging anything.

Another one of its downsides is that companies often must pay extra to a third party to set up their CRM system. It's a good investment for the future, especially if you don't see yourself availing of a third-party CRM service in the long run. Another disadvantage is accessibility – since it's so protected, it can only be accessed either through the IP address or location of the company. It makes accessing data during emergencies a little taxing, but if it's something your risk management team can deal with, then this is the right tool for you.



## Cloud-based CRM

Probably the most known CRM product, cloud-based CRM is also known as on-demand CRM or SaaS, software as a service (Jones, 2019). It operates on a subscription basis.

This type of CRM system stores all your data and information in the cloud. This makes for trouble-free installation, meaning that you can have it set up in no time, considering that you're using the internet for it. As said earlier, it can be accessed anytime and anywhere you want, making collaboration among different departments easier. It's very intuitive as it is a self-service type of CRM and gives you a holistic view of your customer data.

Another benefit of having a cloud-based CRM is that customer support is readily available. Since a third-party is providing the software for you, scaling the program and fixing any issues will be easier since you have actual experts at your side to help immediately. Especially in terms of your CRM software crashing, since all your data is kept in the cloud, it'll be safe and sound.

## Open-source CRM

Open-source CRM is a free platform that companies can use for their business. It's a source code that's free-for-all and that companies can alter according to what fits their needs the most (Young, 2019). It's like cloud-based CRM except that it's entirely free-for-all – meaning that you need to tighten security measures since almost anyone can access the code.

While it's free or very low cost – perfect for small or start-up businesses – it often has limited customer support, and fewer features than regular CRM software (Haines, 2019). The good part about it is that it is very customizable, sometimes, even more so than regular CRM software programs.

It's a simple platform that can be customized to however your team wants it. No commitment is required for an open-source CRM, meaning that you can just quit using it anytime you want without any extra fees.

More open-source CRM platforms are available online, and these are perfect for you especially if you're looking for an easy way to save money for your business. This works especially if you don't need all the full features of a CRM platform – getting a full software system may not be productive for you as you may end up not using all these features.

An abstract background on the left side of the page, featuring vertical stripes in shades of blue, purple, and green. Overlaid on these stripes is a complex network of thin, dark lines, resembling a neural network or a data flow diagram. The lines are more prominent in the purple and blue areas and become sparser in the green areas.

## Artificial Intelligence (A.I.) CRM

It's no longer a science fiction concept – artificial intelligence, otherwise known as A.I., is slowly creeping its way into the world of business. Artificial intelligence in customer relationship management means that your company is using automated programs to manage all your customer's data, including anything that could be outside their demographics.

While A.I. fills in most of the jobs that regular employees do, it's better to think that it is there to provide easier and faster solutions for both your team and your customers. In fact, A.I. can improve your current systems all on its own. Since it is a continuously learning technology, it can study all your processes down to your customer data and adapt – at the end of the day, though, it's still you and your team that commands the A.I. on what to do.

When using artificial intelligence with your CRM platform, you have not only access to a customer's basic information, but also their social media pages, job history, and other characteristics that have led them to your company. (Andre, 2019) It's a lot of data but very useful, something that you can use when creating your content and your workflows.



## CRM as a strategy

Apart from being a software, CRM is a tool that you can include your marketing strategy and improve your customer experience. As said earlier, the goal of CRM is to unite all departments and function as one unit working towards providing better end-to-end customer experience. Most traditional marketers underestimate the value of excellent customer service, but in this ever-changing industry, a holistic purchasing experience, no matter what product or service they're availing, is the most important thing for both customers and businesses.

### Customer retention

A big chunk of a customer-based strategy is devoted to customer retention. While it's good to have new customers, it's also essential to figure out how you will make them stay. How will you make them loyal to your brand that they become unofficial ambassadors and promote you to their friends and families?

Having the right product is not enough – that's just a short-term strategy that will bring you in new customers but make you lose current customers if they see a better product than yours, making your turnover rate higher. 68% of customers usually leave a company because they don't think that the company cares about them while 14% leave when they aren't satisfied with your service (Kulbyte, 2019).

Why is it so important to enhance customer experience? Well, for starters, they'll give you better sales conversion rates. An existing user will buy from you again since you've already gained their trust. Showing them that you care enough to make their experience with you better makes them trust you as a brand.

### Email personalization

For customers to feel cared for, small things like seeing their names in your emails or website make a whole difference. Studies show that personalized emails have a 26% chance of being opened compared to generically named ones and that revenue increases 5.7 times due to personalized emails (Campaignmonitor.com, 2019).

There are many ways to do email personalization. This feature is commonly seen in e-commerce shops, sometimes as a reminder email or a confirmation email. Having a good CRM system can help you gather the data you need, like names and user activity, so you can create personalized content for your customers according to the stage that they're at in the buyer's journey.



## Automation

What better way to use these emails in a workflow? Using a CRM system or software can help you track your customers and where they are in their buyer's journey – are they still unsure? Did they sign up but not avail of anything? This is where your emails come in – if they're old buyers but have been inactive, send an email and remind them of the recent promos or services you have.

A CRM system can help you track what your customers' interests are. Not to be confused with marketing automation, which focuses more on helping you manage customers in the buyer's journey, having a CRM tool can make these workflows more personalized and sales-focused (Dingeldein, 2019). They're different in a sense that one is more intuitive than the other. Combining these two systems makes you a marketing force to reckon with – you can interact with your customers better and tap into their interests.

## Customer engagement

CRM is a tool for you to better your customer engagement. Defined as “the ongoing interactions between company and customer, offered by the company, chosen by the customer” by Paul Greenberg, customer engagement and CRM are hard to separate (Chaudhuri, 2019).

CRM allows you to streamline customer messages, making managing customer inquiries or feedback across all channels. With the introduction of social media and email marketing, it's tough to keep track of them all. CRM bridges the gap and allows you to have just one centralized repository for information, easy for your agents to access so that they can properly reply to your customers consistently across all touchpoints.

The most important benefit that CRM has for customer engagement is to lead nurturing and conversion. With its lead scoring system, you can determine what their lifetime value is. Will they profit you in the future even if they're not a profitable user now? Based on their activity, social signals, and demographics, you can determine the value they carry for your company. After that, you can create strategies for engagement using lead scoring.



## CRM as a process

Improving your marketing strategy means that you must fully understand that CRM is more than just a tool. It's a belief that puts the customers first, so everything you do is for your customers – whether it's small changes to your branding or big changes in your website – your aim is to continuously provide a better customer experience for your users.

CRM can be applied anywhere, including any marketing tools you use for your executions. Here are a few examples of how CRM can be used in different settings.

### Contact Center

It's been frustrating for many call center agents to not have the data they need whenever they have a call with the customer. Since a large volume of calls is always coming in, agents need a tool to enable them to handle multi-tasking during calls (Wilson, 2019). With an established CRM system, this can help your agents form a stronger bond with your clients.

Having a centralized data repository can help your agents access relevant data so that they're more prepared for the call. If they're a previous customer, the agent can pull up their data from previous calls and have a gist of what the customer wants. This makes the call more personalized and shorter, giving customers better satisfaction over your service.

Other than that, having CRM integrated into your call center software allows you to handle customer escalations better. This software enables you to know which calls need higher priority, helping you avoid long queues and angry customer. With this technology, agents can coordinate within each other so that they can direct the customer to the person who is most qualified to handle their concern, thereby increasing customer satisfaction over the speed and quality of your service.



## Social CRM

With how digital marketing is rapidly growing, it makes sense that CRM would be deeply integrated into social media. Social customer relationship management is managing customer interactions through social media networks – it may seem redundant as social is already part of CRM – but the tools of social media differ from CRM (Yonatan, 2019).

Social media is more personal, as it's almost like an open forum for users to talk about your brand. They get to interact with other customers who have availed of your company's products or services and talk about their experiences. This is where CRM comes in – you can use social media listening tools that can help you monitor the topics or conversations happening about your brand.

Understanding what your customers are saying about you gives you an advantage over the type of content you release to your customers. Getting feedback from your customers, especially from social media, gives you more organic data to work with. The best way to do this is to integrate your social CRM data from other customer data gathered so you have a more unique and holistic view of the customer.

## Mobile CRM

Unlike social CRM, mobile customer relationship management is allowing your employees to access customer data through mobile devices (Rouse, 2019). This is most beneficial especially to sales, who are almost always out of the office. Sales personnel spend a lot of time talking to customers so making customer data available anytime makes it easier for them to interact with their customers, especially if they're dealing with old clients.

Enabling your employees with mobile CRM makes it easier to gather customer data – they can do it anywhere and anytime they want. This means that employees in the field can add, edit, or manage data whenever they interact with a customer. It makes the customer experience more holistic for your customers and demonstrates just how competent your team is to manage your customers.

## Business to business (B2B) CRM

If you're a company that deals with businesses instead of consumers, you must adopt a business to business (also known as B2B) customer relationship management system. Handling businesses is different from handling consumers – they don't react to the same content as consumers do. Their behavior is different, yet they still go through a similar process like the buyer's journey.



## CONCLUSION: THE IMPORTANCE OF CRM

After seeing all the different types and uses of customer relationship management, it's easy to see why it's crucial to your business. Putting the customer first puts things in perspective on how you execute your marketing plan. Having a good, customer-based marketing framework means you need to get enough relevant information on your customers – from their names to their interests and behavior – so you can deliver the best customer experience (FinancesOnline, 2019).

### Enhanced efficiency

Using a CRM software can help you streamline your automation and track workflows faster. Besides organizing data and creating reports, a CRM tool is made to integrate with different platforms so that you can maximize your team's efficiency.

With all your data in one place, your employees can access it anytime and anywhere they want. Since data is now your most valuable asset, making it available to your employees, especially while they're facing customers, makes it easier for them to provide better quality service.

### Improved collaboration

The most important part of integrating CRM into your marketing framework is that all your teams and departments work together towards one goal. This means that your sales, marketing, IT, and other teams are all operating under one single platform. Strategizing among different groups is made easier because everyone can see what data they're working with and have a holistic view of the type of customer they are serving.

### Better accountability

Now that CRM is part of your marketing strategy, it's important to note that employees have more accountability than before. With data being organized in a way that everyone can access and understand clearly, each employee is more aware of the role that they fulfill in the company. Should there be any concerns about the process or their performance, it'll be easier to spot because of the CRM tool.