

Customer Relationship Management

An Overview

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Agenda

- CRM defined
- A brief history
- Examples of CRM
- Today's issues in CRM
- CRM in the future
- Questions

CRM Defined

What is CRM?

“CRM is a business approach that integrates people, processes and technology to maximize the relations of an organization with all types of customers.”

“At the core, CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction.”

“...CRM, technology-enabled marketing that merges the capabilities of the information technology department with the marketing department.”

CRM Defined

Why are customers important?

- Retaining customers is less expensive than finding new customers
- Loyal customers are repeat customers
- Customers drive sales not companies

CRM Defined

Why is CRM important?

- Minimizes cost of dealing with your customers
- Helps in using other applications like DSS
- Improved productivity, increased revenue, increased market share

A Brief History

1960's – Direct Approach

1970's to 1980's – Transition due to Mass
Marketing

1990's to Today – Indirect Approach

“Inside Out” vs. “Outside In”

“Inside Out” focuses on understanding the financial performance of the company by looking at how the customers played a part in it

“Outside In” (customer centric) focuses on what the customer wants and how the company can fulfill their needs while maximizing revenue

The Good, The Bad and The Ugly

“More than 95% said they will continue using their Siebel solutions”

“One Fortune 500 company is in its fourth attempt at implementing CRM”

“CRM is one of the bottom four management tools in terms of satisfaction, and a fifth of CRM users had abandoned the tool altogether.”

Examples of CRM

Safeway supermarket vs. Tesco Supermarkets

- Two companies that both implemented CRM
- In one it was a success while in the other it failed

Examples of CRM

Safeway supermarket

- Introduced ABC loyalty card program in 1995
- Reason: “me too” initiative
- Underlying problems not realized until after implementation
- Stores underperforming their sales potential
- Needed to attract new customers
- Did not suit existing strategy
- Did not align its technology with this strategy

In 2000, Safeway dropped the initiative altogether, failing to recover the 50 million a year it spent running the program

Examples of CRM

- Tesco, UK supermarket leader
- Launched loyalty card in 1995
- Restructured its processes around customer needs
- Organizational Changes
- Renovated stores, build modern superstores and closed down unprofitable stores
- Improved product quality and range of product
- Profits now top 1 billion a year

Examples of CRM

Fingerhut

- Catalogue retailer, using database marketing
- First-time customers fill out a questionnaire
- Tailors catalogues to customers' wants
- Annual sweepstakes, free gifts, credit

Examples of CRM

University of Waterloo

- Implemented Peoplesoft tools
- CECS online system allows for paperless application and interview scheduling
- Central student database (Winq) allows for comprehensive student file access
- Quest system allows students to view and schedule enrollment information
- Faculty HR information

Today's Issues in CRM

- Small companies can not afford CRM licenses
- Companies do not research their customers
- Customer segmentation
- CRM Strategies: value-based, needs-based
- Unrealistic expectations
- Relying too much on technology
- Integration and Implementation problems

CRM in the Future

- More adaptive software packages to meet the specific needs of companies
- Greater understanding of CRM implementation leading to more successful transition
- Increase use of CRM systems (29% growth rate)
- Increasing pressure to lower cost of implementing CRM systems