information
management

By Simon Boardman
APR 30, 2013 9:44am ET

FEATURE

Creating a Lifelong Customer: the Journey from CRM to CXM

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We should do away with the term customer relationship management. It's not that businesses shouldn't be managing those relationships, because they should. It's that they should be doing much more to manage those relationships than they are.

With all the new social and e-commerce tools in place, the customer is now in control of the relationship and sets the rules for how he wants to deal with a company. Businesses must still focus on outbound marketing, call center automation, customer loyalty programs and other traditional CRM functions, but the winners in today's markets will be those companies that optimize the entire customer experience. In other words, we don't need CRM; we need CXM – customer experience management.

We need CXM to navigate the sea change in customer relations that's taken place. Whereas previously a company used CRM to initiate activity within a predefined demographic set of customers, increased engagement initiated by customers puts the onus on the business to create a responsive environment within which the customer can engage.

For example, a consumer may begin an engagement online, through email, a search engine or a social media site, using any number of devices from a PC or laptop to a tablet or smartphone. By doing this, the prospective customer traverses multiple technologies, such as packaged and custom-built e-commerce applications, business intelligence, data, content and knowledge management and search capabilities. The burden is now on the business to correctly use information gleaned from all of these applications to respond with relevant offers, optimal pricing, and rapid, high-quality customer service. And while the prospect may be using multiple channels

of communication, to provide a seamless, consistent and personalized customer experience, all of the touchpoints need to be integrated and consistent from one channel to the next. Developing a customer experience management strategy is a way to retain customers, win prospects and achieve competitive differentiation.

Inside out CRM

Traditionally, CRM functions were inward facing and viewed by companies as a way to improve internal efficiencies — as opposed to improving interactions with the customer. Traditional CRM systems provided a broad view into transactions, delivered data to improve sales and service efficiencies and relied on internal staff for data collection. Businesses strove for better customer relations, but they did this by focusing on internal operations like improving call center efficiencies, analyzing sales activity and boosting the effectiveness of marketing campaigns

Today, the entire concept of managing the customer relationship needs to be viewed from the outside in – from the customer's point of view. The shift to online channels has created a need to connect the dots among the huge amounts of "unstructured" data that must be captured, analyzed and utilized to improve the customer's experience. In short, businesses must make it as easy as possible for their customers to engage with them, regardless of how the engagement is initiated or the form that it takes.

Moving toward CXM

CXM is a discipline that redefines the customer experience. Customer relationships are now characterized by a new level of intimacy. Today's consumer has grown up in a world defined by e-commerce and is accustomed to having the means to discover, research and purchase goods and services at their fingertips. A business has no choice but to put its product in front of customers, because they are not going to come looking for it. Customer interactions span multiple locations, times and devices, and can't be managed within the bounds of sales force automation or call centers. An insurance claim, for example, might begin through a call center but rapidly move online to provide documentation and then to a smartphone for status updates.

To facilitate these multichannel engagements, businesses must collect consistent data. But this is an enormous challenge. According to information from federal databases, D&B and Gartner Research, in the next hour: 240 businesses will change their addresses; 150 businesses will change their telephone numbers; 112 C-level positions will change; and four businesses will change their names. Data on individual consumers is no less dynamic: During the same hour, nearly 6,000 people will change jobs and another 2,500 will change their address. These types of data change at a rate of 2 percent per month, or 27 percent compounded annually. Over a three-year period the rate of change will be 104 percent – meaning a company's entire customer database will turn over.

For years the IT industry has promoted the importance of having a 360-degree view of the customer, but even this was only a limited perspective centered on call center interactions.

Until recently, we've failed to capture rich sources of information about buying habits, preferences, interests and knowledge. Rather than simply grabbing data snapshots of the customer, businesses need to generate a granular view of buying habits and trends, if they are going to market themselves effectively. This is the foundation for CXM.

B-to-C Interactions in the B-to-B World

Emerging CRM and BI technologies enable companies to extract, examine and consolidate both structured and unstructured (e.g., captured from social media) information for a much fuller picture of their customer. This lays the basis for delivering personalized offers and a consistent cross-channel experience across all customer touchpoints. Companies have the potential to pinpoint customer interests in real time and deliver appropriate information. Understanding customers' habits and preferences as individuals, as opposed to marketing to a mass demographic, will vastly improve the relevance of offers and interactions, and set a whole new standard for consumer marketing.

But the idea of enhancing the customer relationship experience is not limited to B-to-C interactions; it can and should be applied to B-to-B relationships as well. Today, B-to-B product catalogs of can be elegantly displayed online in conjunction with an integrated CRM application for sales and support. Social feedback tools, now commonplace for B-to-C interactions, can be just as effectively utilized for in the B-to-B space. And all consumers, whether B-to-C or B-to-B, judge their experiences based on 24/7 accessibility and ease of use.

Focusing on Service, not Costs

To provide such an experience, companies must get their back and front offices to effectively talk to one another. The main objective of any back office (ERP, finance, HR) system is to minimize costs by seeking a "best practice" model. In contrast, the front office (applications that are customer-facing) should be about customer satisfaction, competitive differentiation and developing a "unique practice" model to better serve customers through their channels of choice. Enabling those front-end connections depends on more flexible back-office technology, including workflow and business process management systems. Any company that wants to grow its customer base would do well to pursue such a model.

The social media paradigm calls for businesses to look at all their initiatives from the point of view of the end-to-end customer experience. IT consumerization has changed the landscape, and now it's up to businesses to adapt by deploying CXM and responding to their customers as individuals, not segments.

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