

## 1. Just what is the market calling CRM

These days any software or process that deals with product and customer tracking and relations is called a CRM system, from sales tracking, complaint handling and recording, merchandising, distribution and logistics systems to automatic follow up and data content management.

Initial market elation about the possibilities of CRM systems and contribution to bottom line profits turned sour when unfulfilled promises and high expectations were not realized for large investment outlays. But what did we mean when we said CRM, and has our definition changed over time.

## 2. Traditional CRM

Traditional CRM systems were driven by data mining possibilities, spurred by new data collection technologies and the proliferation of consumer service and value requirements.

Theoretically, by collecting more information from existing customers, competitive advantage was increased through superior customer knowledge and mapping. The software often promised too much, stating it could track from warehouse to consumer and beyond. In effect, it could track internal product movement and basic response to customers, but it did not offer the “crystal ball” of future customer movements the industry hoped for and expected.

The traditional CRM software was often cumbersome and, more importantly, it seldom integrated well with other business systems, and rarely took business objectives into account. Initially, it was biased towards logistics where data could be easily collected in line with increased attention to just in time and other warehouse based cost savings. There are still many logistically based systems in the market today which .....

## 3. CST (Customer Sales & Tracking)

**In the second phase**, CRM was focused on traditional customer management ideas. These ideas centred around the belief that customer satisfaction is influenced by speed to market and delivery efficiencies. This movement was initially led by companies such as SAP, Oracle and PeopleSoft. As systems developed and the requirements of distributors, warehouse managers and consumers became more about sales performance, retail outlet satisfaction, performance of merchandisers, tracking calls and understanding market complaints, customers took a back seat.

CRM solutions attached a CST function that became more powerful than the original operationally based traditional CRM systems, and provided sales and customer tracking performance measurement.

#### 4. CRM Defined for Clarity Purposes

Given the evolution of CRM systems, just what is the definitive CRM system today? Most people don't really have a clear definition of customer relations management.

**It is defined as:**

**The customer relations part of CRM focuses outside the organisation.** It focuses on who your customers are, what they value, lifecycle mapping, what their expectations of you and your products are, and how well these expectations are met.

**The “management” part of CRM is inward looking.** It focuses on what customers would we like, how do we offer value, how do we create and manage and exceed their expectations in a profitable way, and how can we keep our existing customers loyal throughout product and purchase lifecycles.

Just as customer relations looks at the whole customer experience, management of customer relations must include the whole of the organisation, from finance to sales, to strategic direction, R&D, customer service, IT. More than that, it must engage every member of the organisation, regardless of their place in the company.

To separate CRM from the rest of the organization, or to not achieve complete organizational integration, will ultimately lead to the failure of your CRM system.

## **5. The new CRM – Customer Driven CRM**

Today, CST is both internally and externally driven. From SFI's experience in the FMCG market, tracking sales performance and merchandising continues to be an important factor because the sales force is the face of the organisation and a key part of distribution and marketing strategy. (eg reps and sales consultants) .

We have evolved from the traditional CRM methods and solutions. We have developed in parallel with the sophisticated needs of our clients in concert with the CRM lifecycle. Businesses understand their operational systems and the need for them, and are now looking towards totally customer and bottom line focused systems.

The area of continuous innovation and improvement is now centred on the customer driven CRM system, especially those that can utilize traditional CRM functions integrated with CST systems and other important business functions.

CRM is evolving into a total organisation approach to measuring, valuing, and utilizing the most important asset in the business – customers. They are using this approach to develop better bottom line results and gain, maintain and retain market share.

### **Customer-driven CRM have the following elements:**

1. Systems are customer satisfaction driven, not complaints driven
2. They develop loyalty, advocacy etc through efficient contact management
3. Track consumer viewpoint just as readily as you track products on the shelf
4. Evolution, but still has core traditional CRM elements and are compatible with traditional CRM systems
5. Companies see CRM as contributing to the organisations bottom line as opposed to supporting the bottom line through budgeting and forecasting.
6. Whole of organisation approach

## Quotes

### **Sweet Turnaround: Measuring Marketing Performance**

28 June 2005

**Australian Graduate School of Management.**

<http://www2.agsm.edu.au/agsm/web.nsf/Content/News-MediaReleases-SweetTurnaround>

Since his arrival at Thorntons in 2000, Peter Burdon has been driving sales in their shops and franchises by revitalising the marketing mix. He has also opened up new channels to the customer through other retailers and their on-line business, Thorntons Direct, recognising the consumer trend that has shifted shopping from high streets to the edge of town and the Internet.

The over-expansion of the late 90s by Thorntons created the need for a turnaround in profits but it meant that marketing funds were limited. Peter said "We developed a cost effective strategy to revitalise the marketing mix guided by our brand values – developing a more innovative but tighter product range, training our store colleagues to be passionate advocates of our products, enhancing and remerchandising the store environment and changing the advertising and promotional style."

This change in the marketing mix, combined with cost reduction measures, has enhanced both sales and profits. Since 2000, Thorntons share price has almost doubled.

