

SPECIAL REPORT: Has CEM Replaced CRM?

We are Living in the Era of Customer Experience (CX).

Differentiating is done through delivering on brand promises. Understanding, connecting and delighting customers is essential, and managing the relationships between your company and those who buy and use your products and services must be the prime directive. To succeed in delivering a Customer Experience Management (CEM) initiative, an organisation needs all of the data and information it can get on the customers; but that's just the beginning of the journey.

Is CRM Still Relevant?

Over the years, a lot has been invested in Customer Relationship Management (CRM) systems, and in too many cases, the expected returns haven't materialised. Because of this, many have speculated that "CRM is dead."

There's no denying that poor CRM implementations have often led to segmented siloes of data as pointed out by Michael Hemsey from Kobie Marketing¹. The error might also have simply been that expectations were too high or unrealistic for what the technology could do at the time, or that the vendor promises were ill-placed. According to Gartner², no single CRM application can deliver all of the functionalities required, and only smaller organisations have been able to meet their goals with one CRM system.

Another problem has also been low adoption and usage. Getting people engaged to use the new technology and to capture quality data has been a challenge. The smallest hurdle becomes an excuse to reject the CRM initiative or to use a work-around. If the data quality is poor or outdated then, of course, little value will come out of it.

The reality is that CRM alone, as a technology platform, does not make the organisation customer-centric nor does it change the focus of the organisation from inward bound to outward bound. CRM alone doesn't increase loyalty or advocacy.

A customer's experience is the opinion and associated emotions customers have from their interaction with an organisation across all touch points. Therefore, Customer Experience Management (CEM) means managing those touch points to influence those opinions and emotions, with the aim to earn the customer's loyalty and advocacy to increase revenue.

CRM Needs CEM

Today, Customer Relationship Management is more relevant than ever. However, CRM needs CEM, because it needs to analyse customer data and turn it into valuable insight about customer preferences, stage of lifecycle, trends and expectations. So while it is likely that the shortcomings of CRM gave birth to the CEM movement, CEM is more concerned about customer interaction at the touch points and the customer's perception of the value of your product or service.

CRM and CEM complement one another. One of the best analogies of this was from Bob Thompson of *CustomerThink*, where he illustrated that CEM was the "right side of the brain" and CRM was the left³.

What CEM Brings to the Table: Meeting Customer Expectations

The explosion of the internet, advances in telecommunication and the widespread use of smart devices have all empowered consumers beyond anyone's imagination. Touch points now include social networks, chats and apps as well as traditional phones, mail and face to face. Customers' expectations are constantly on the rise and influenced across industries, which means that no matter what industry you are in, your customers' expectations could be influenced by the experience they are getting with providers from different industries. In highly competitive markets, it has become an accepted fact that CX is pivotal to building brand equity and improving profitability. Some key customer expectations are:

1. **Personalisation of products or services:** This can represent quite a challenge in some sectors such as insurance, where traditional legacy underwriting systems might not facilitate the ability to create a new product rapidly, and time-to-market may be the deciding factor between winning and losing the business. However, a number of providers are allowing people to customise products and services online, such as mobile, internet and cable TV packages, as well as car, home and health insurance – thereby giving people the ability to pick relevant pieces from an "a la carte" menu.
2. **Loyalty discounts:** While cross-selling is commonly practiced, customers expect discounts when they purchase several products from the same provider. This can be a real challenge if these products are from different service lines managed by different systems. The customer expects to see "one vendor" and expects that vendor to be fully aware of their relationship and purchasing history.
3. **Multi-channel access:** Customers like to "channel-hop", i.e., have the ability to start a process on one device and complete it on another without having to start the process all over ("suspend and resume"). This is a trend facilitated by smart devices and overall broadband access through Wi-Fi. A customer should be able to research and start a quote online while sitting in the train or bus, save it, then place the order from the home PC and pick up the item from the store the next day.
4. **Personalised correspondence:** It is no longer acceptable to send "generic" emails, letters or SMS, especially when sending special offers. These communications are critical opportunities to strengthen the relationship and trigger feedback or engagement, and are no longer simply a way of getting additional revenue. Furthermore, near-field technology has created unique opportunities, especially for retailers. An example of this is the ability to send an SMS to alert someone that an item they were looking at on the store website is now on sale, just as they walk past the store.
5. **Be easy to do business with:** In response to demand for mass customisation by consumers, many businesses have broken down their products, services and bundles into a granular self-serve menu. Navigating through the abundance of options and choices can be overwhelming to customers. The selection and buying process can easily become more complex and lengthy. Furthermore, with the responsibility of self-assessing the best fit, consumers can procrastinate in making a decision, because they are aware that the wrong selection can often have dire consequences, e.g., under-insurance. This is one area where technology from vendors such as Cincom can address that issue and turn it into a competitive advantage.

The Role of Social Media in the Customer's Experience

The traditional contact centre agent's desktop has been a trouble spot for organisations with legacy systems and no 360-degree view of the customer. Having access to all of the relevant information to resolve a customer's issue in a single interaction is a challenge. Over time, many organisations have added some form of feedback management such as VoC, Moment of Truth surveys and recording of conversations in order to measure staff performance and capture a Net Promoter Score – all deepening the role of the contact centre. And with customers voicing their opinions or placing support calls through social media outlets such as Facebook and Twitter, the reach of the contact centre is expanding in breadth as well.

Today, with a broader and deeper engagement purpose and the eruption of social media for CRM, the contact centre is evolving into a Customer Engagement Hub, or as Gartner describes it, the Customer Engagement Center (CEC)⁴. According to Gartner's May 2013 Magic Quadrant for CEC⁵, there is no single vendor who has a complete CEC solution. However, evidence from recent acquisitions indicates that vendors are gearing themselves up to add these capabilities to their CRM technologies.

So now, with its role extended in breadth and depth, CRM systems are capturing extensive amounts of data. Data captured by sales, marketing and service departments during the life cycle of the customers, combined with data captured at touch points during surveys and social media monitoring make up the "big data" that businesses are gathering today. The dynamic analysis of all that data is what will provide valuable information and insight that will guide CEM strategies and tactics.



The Benefits of Integrating CRM with CEM

CRM technology has evolved considerably over the past few years and has become more of a technology platform and framework that can be configured and personalised to meet different lines of business to support sales and marketing, as well as field services and e-commerce processes. Many CRM vendors now offer built-in or optional extensions, for example, social CRM such as Yammer, Lync and Netbreeze (for sentiment analytics) in Microsoft Dynamics® CRM.

There are extensive partner communities that provide integrated applications such as Cincom Acquire®, a product configuration and quoting engine; or in the case of marketing campaign management, there's ClickDimensions. This evolution is also demonstrated by the number of strategic acquisitions by vendors such as Oracle, salesforce.com, SAP and Microsoft® to further broaden and deepen their offerings and support the market's demands for CEM-driven technologies.

The Crucial Role CRM Can Play in Your CEM Strategy Is in Its Ability to Contribute to the Whole Value Chain

By integrating it into your ERP or financial system as well as your e-commerce site and partner portals and by complementing your CRM platform with relevant add-on extensions (e.g., social CRM and campaign management), it is now possible to centrally manage all of the stakeholders, processes and data involved in delivering the product or service to the customer. Add to that some analytics, and you now have a potent environment for empowering your teams to meet and exceed customers' expectations and live up to the brand promise.

It is important to recognise not only the "direct" stakeholders but also the "indirect" ones. We tend to assume that only the "customer facing" staff has the most impact, however, all touch points matter. From the supplier, the delivery company and the accounts receivable team to the reseller's shop, or from the underwriter to the broker, directly or indirectly, all will play a role in delivering your product or service, and all will, in various degrees and at various points in time, influence the customer's experience.

Integrating CRM to other systems such as ERP, e-commerce, etc. and complementary extensions such as SocialCRM make it possible to manage the whole value chain.

Getting People to Use it: Innovations

So you've made CRM part of your CEM initiative. You have integrated it so that you can manage the entire value chain, and add-on extensions have increased the breadth and depth. But there is one last hurdle: getting people to use it.

Introducing additional capabilities is bound to require some changes in processes and behaviours, and will therefore require some change management of some sort. While training will be essential, it should be noted that engaging the team as early as possible in the project is critical to earning their buy-in and ownership. The more involved they are in the requirements-gathering, selection and design/configuration of the CRM solution, the more likely they will be to develop some emotional attachment and ownership and will want the project to be as much as a success as you do.

CEM strategies are not easy to define and implement, so achieving a consistent best-in-class customer experience is not effortless. Nonetheless, companies such as Southwest Airlines and Starbucks have one thing in common: they have a knack for innovative ideas and sufficient agility to implement those innovations ahead of their competitors. They also consistently remain true to their brand promise.

It is what you do, how you do it and especially *why* you do it that makes you unique. Innovations have the ability to influence customers' expectations and raise the bar for the competition.

Gamification

To ensure that people will back your initiatives enthusiastically, there has to be something in it for them. This can be the obvious benefit of using CRM, but to really create advocates, you could make a game out of it.

Gamification comes in different forms; from simple points, levels and leader boards to more sophisticated scenarios. It has been used in loyalty programs and more recently in mobile apps (e.g., Foursquare) to increase customer engagement and interactions⁶.

Gamification can play a role with internal and channel sales in creating engagement and changing behaviours, and it has also been proven effective with onboarding⁷. However, it can be tricky to do correctly, especially when tackled by non-game designers. Before you begin, it's critical to know what makes the targeted audience tick, as well as what specific behaviours are expected⁸.

The purpose of technology is not just to empower people to make faster and better decisions, but also to free them up from mundane data capture and processes so that they have more time to focus on the customers and on innovations.

In a nutshell, gamification is the use of game mechanics to drive engagement and a change of behaviours from a target audience.

Avoiding CRM Pitfalls

There is no doubt that CRM has evolved. A recent Gartner forecast indicates that the CRM market will reach \$36.5B worldwide by 2017⁹, ahead of other software categories such as ERP or BI. This further reinforces the role of CRM in delivering CEM strategies.

The best way to avoid past pitfalls with CRM implementation is to view it as part of an overall CEM strategy with some clear delivery objectives from customer perspectives. For example, having a single version of the truth or central information repository is helpful, so that when a customer contacts your call centre or sales staff, no matter who they talk to, they get the same level of quality service. Any interaction at any touch point should require minimal effort on the part of the customer. Being “easy to do business with” should be the ultimate goal.

This also means that your CRM system will need to be integrated to back-end systems such as document management, knowledge base and ERP or financial systems (e.g., to be able to view invoices/statements and have straight-through processing from quote to order and bills of material). The CRM system also needs to be integrated with your e-commerce environment, including any dealer portals. A flexible, user-friendly rules engine can drive BPM software to automate some processes as well as provide a “knowledge” selling and service platform, which again ensures consistency in quality as well as rapid results from the customers’ perspective.

Beware of the Wolves Disguised as Lambs

There is a problem with this new shift towards Customer Experience Management. While a growing number of vendors are embracing CEM, others are using it as little more than a rebranding exercise for their CRM system. In a recent article on MyCustomer.com¹⁰, Colin Shaw of Beyond Philosophy warns that rebranding CRM as CEM would end in disaster. “Many firms consider Customer Experience Management the successor of Customer Relationship Management,” he wrote. “One of the most dangerous pitfalls of this assumption is that senior leadership simply rebrands pre-existing operational functions as CEM.”

Are We There Yet?

As the Cheshire Cat tells Alice¹¹, “If you don’t know where you’re going, any road will get you there.” In other words, “many customer-experience initiatives don’t meet their full potential – or worse, fail completely – because companies don’t have a complete picture of what the customer experience actually entails or the dynamics that go into creating it.”

At least that’s what Kerry Bodine who leads Forrester’s research on customer experience says about it.¹² According to Bodine, companies need to understand the “customer experience ecosystem” – the complex set of relationships among a company’s employees, partners and customers that determines the quality of all customer interactions.

The Potential to Provide Unparalleled Customer Experience

Today, it’s not enough to maintain your customer’s contact information in your CRM system. Customer information spans multiple applications – CRM, marketing, accounting, email, social and more. CEM has the potential to connect various systems to know more, not just about your customers, but all of your constituents. Companies that see this potential are aligning their efforts with business process improvement and seeking to engage employees in providing unparalleled customer experience.



- ¹ *What the Convergence of CRM, CEM and Loyalty Means for Millennial Consumers*, Michael Hemsey, loyalty360, 1 April 2013 at: <http://loyalty360.org/loyalty-management/april-2013-online-issue/what-the-convergence-of-crm-cem-and-loyalty-means-for-millennial-consumers>
- ² *Use Gartner's CRM Application Functionality Starfish to Evaluate Your CRM Requirements*, Ed Thompson, Gartner, 20 June 2013
- ³ *The Next Generation of Customer Management? Customer Experience Management*, Bob Thompson, 26 June 2006, CustomerThink.com, at: http://www.customerthink.com/article/cem_next_generation_crm
- ⁴ *Social Media for CRM Will Force a Shift from Contact Centers to Customer Engagement Centers*, Michael Maoz, Gartner, 1 April 2013
- ⁵ *Magic Quadrant for the CRM Customer Engagement Center*, Michael Maoz, Gartner, 13 May 2013
- ⁶ *Hype Cycle for P&C Insurance, 2012*, Kimberley Harris-Ferrante, Gartner 27 July 2012
- ⁷ *Gamification: the Secret to Accelerate Onboarding*, John Kenney, Sales Benchmark Index, 29 June 2013 at: [http://www.salesbenchmarkindex.com//bid/99523/gamification-the-secret-to-accelerate-onboarding?source=Blog_Email_\[Gamification%3A%20The%20Se](http://www.salesbenchmarkindex.com//bid/99523/gamification-the-secret-to-accelerate-onboarding?source=Blog_Email_[Gamification%3A%20The%20Se)
- ⁸ *Why Does Gamification Fail?* 6 May 2013 at: <http://marczewski.me.uk/2013/05/06/why-does-gamification-fail/>
- ⁹ *Gartner Predicts CRM Will Be a \$36B Market by 2017* by Louis Columbus, Forbes 18 June 2013 at: <http://www.forbes.com/sites/louiscolombus/2013/06/18/gartner-predicts-crm-will-be-a-36b-market-by-2017/>
- ¹⁰ *Is Customer Experience Management the New CRM?* Neil Davey, Editor, MyCustomer.com, 23 April 23 2012 at: <http://www.mycustomer.com/topic/customer-experience/meet-new-boss-management-new-crm/141272>
- ¹¹ *Cheshire Cat*, from *Alice's Adventures in Wonderland* by Lewis Carroll, http://en.wikipedia.org/wiki/Cheshire_cat
- ¹² *Get a Grip on Your Customer Experience Ecosystem*, Kerry Bodine, 5 July 2011, at: http://blogs.forrester.com/kerry_bodine/11-07-05-get_a_grip_on_your_customer_experience_ecosystem

Cincom, the Quadrant Logo and Cincom Acquire are registered trademarks of Cincom Systems, Inc. Microsoft and Microsoft Dynamics are registered trademarks of Microsoft Corporation. All other trademarks belong to their respective companies.

© 2015 Cincom Systems, Inc.
FORM DSAU1302037 6/15
Printed in U.S.A.
All Rights Reserved

World Headquarters • Cincinnati, OH USA
US 1-800-2CINCOM (1-800-224-6266) • International 1-513-612-2769
Fax 1-513-612-2000 • E-mail info@cincom.com • www.cincom.com

