



## Customer Relationship Management

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## Customer Relationship Management

Using the Internet and e-business to provide products and services and information to customers require that you really know and understand your customers' needs. When customers contact your traditional business by visiting the store or office or contacting someone personally by phone, you have the opportunity to hear their questions and offer solutions based on personal communication. If they have a misunderstanding about your product or a sales objection you can deal with it immediately. When people visit your online business at your website, you will not even know they are there. You do not have the opportunity to ask or answer questions. It is therefore vitally important that you anticipate their questions and concerns and provide the needed information in a way that makes it easy for them to fully understand your offering. Customer Relationship Management (CRM) is a way to get the maximum value from your e-business investment.

### What is CRM?

CRM is the broad category of concepts, tools, and processes that allows an organization to understand and serve everyone with whom it comes into contact. CRM is about gathering information that is used to serve customers—basic information, such as name, address, meeting and purchase history, and service and support contacts. In a supplier relationship it might be procurement history, terms and conditions, or contact information. This information is then used to better serve the clients.

### Who is the "C" in CRM?

For the purposes of discussing CRM, we need to think of the "customer" in the broadest sense. Our definition needs to include suppliers, partners, investors, employees, and others we deal with in our definition. Each of these groups has specific and unique requirements when dealing with your organization. Customers need to be able to find out about your products and services and be able to make purchases. You need to track each customer's activity in order to make offers of complimentary products and new products that you may provide. Keeping in mind that eighty percent of your business will come from twenty percent of your

customers—the 80/20 principle—it will be important for you to know who is among the twenty percent when they visit your site.

Investors will have needs that relate to the operation of the business and the performance of their investment. Making some of that information available on the web site will accomplish two things: (1) investors will be better informed, and they will be able to find out the information they require without making specific inquiries that take time to provide; (2) investors will get the same information at the same time.

Suppliers and partners want to be connected with your organization. Creating special places where these strategic partners can participate is valuable. Providing them with information, such as product promotions, press releases, and advertising campaigns will build strong relationships.

### **The “E” Customer**

Online customers are different from those who are able to contact you and deal with you directly. They have a unique set of expectations. Generally, they expect immediate service, either by finding what they need on your site themselves; or, they may expect that the goods or services be delivered without delay.

It is also common for prospective customers to have new or different levels of understanding about your business. An example of this was found by a book printing company that moved to the web to deliver a new “print to need” service. Their existing customers are those organizations and individuals that have books and manuscripts ready to print and simply required final printing service. What they found was that individuals with books in progress or even those with the idea that they might want to write a book were now visiting their site. These potential customers need information about the self-publishing process before they are ready to buy services. It is important to provide information services to satisfy their requirements, so they will use the book printing services when they’re ready.

### **Building Community—the Real Power of the Internet**

Those organizations that understand the opportunity to build community on the Internet will be successful. A great example of this is an Alberta-based producer of

specialty flower bulbs. This company began building its web presence by learning where its customers “hung out” on the web. They discovered their customers visited other flower-related sites and gardening portals, associated chat groups, and online forums. Therefore, the company spent time establishing links and alliances with these other sites to attract customers to its site. The company recognized early on that they did not seek a technology solution, but rather a solution that provided a place for flower lovers to find new and unique products. As a result, they have attracted customers from all over North America and are making inroads into Asia. They also have seen another significant benefit—their average order size has increased by almost seven times. When people find their site and decide to place an order, orders are large.

The concept of community is also illustrated by the success of e-businesses like [E-Bay](#), where specialty products are auctioned as well as more common products. People interested in antiques and collectibles have “gathered” at E-Bay to buy and sell.

Portals, those sites that act as anchors, start sites, or comprehensive market-oriented locations have also discovered the power of community. A site like Agriplace.com is one where those who are interested in agriculture can find just about everything related to this industry. News, references, product information and the ability to buy and sell related products are all available on the site.

## CRM and the Customer Life Cycle

### What is the Customer Life Cycle?

It takes ten times more effort and costs ten times more money to attract a new customer than to keep an existing customer. This “statistic” alone should be enough for companies to invest in CRM. Finding customers is the first step and the faster you get through the sorting process of qualifying prospects into customers, the faster will be the returns. A web environment adds to this process in a very positive way. You can provide the means for people visiting your site to select whether they are indeed right to be customers. Good design and clear information will aid in this goal.

## Finding the Customer

The process starts with finding customers. The Internet allows you to attract customers in two ways: (1) getting them to find you through search engines, links, and alliances with other sites; and (2), by proactively finding them and sending material electronically. The number one way people find online businesses is through search engines. There are a number of general-purpose engines where you can be registered, such as Altavista, Google, Yahoo!, and MSN. Because each of the major engines works differently in the way they index information, it is advised that companies engage a person or company that has experience in this activity. A knowledgeable service provider will provide you with prominent placement in the searches. To get more information about search engines, you can visit [www.searchengines.com](http://www.searchengines.com) or [www.searchenginewatch.com](http://www.searchenginewatch.com). It is also important to find the specialty search engines that focus on your specific industry. Whether you are in the oil and gas, tourism, or agriculture industries, there are search engines that specialize in information focused on these markets.

It is also valuable to have your site linked from other complimentary e-businesses. Find web sites that your prospective customers visit, and then request a link to your site.

## Building Value for the Customer

Now that you have found your customer, it is important to find ways to add value to the relationship. Keep in mind that value is in the mind of the customer. Find out what they perceive to be valuable by surveying them either online, by phone, or by regular mail. Even though you are using online techniques, do not forget the many other ways to connect with customers. One very successful software company allows prospective customers to register at their web site, download an industry related document, and then phones the prospect within two hours to make sure they received the information successfully. This technique provides a further opportunity to get to know the customer and build the relationship. Afterwards, the company follows up with a letter.

Another way to add value is to produce newsletters that can be delivered online or by mail. Newsletters can be related to product or service announcements and

contain general industry information. E-newsletters are simple and inexpensive to produce and deliver. A good rule of thumb is to keep the newsletter small and to discuss only two or three concepts.

As you build the relationship with your online customer you will be able to solicit and build more profile information. Information about product preferences allows you to offer complimentary products or give specials on items of interest to a specific set of customers. One of the original and still likely the best examples of matching customer preferences is [Amazon.com](http://Amazon.com). Once they know what book you are searching for or have ordered in the past, they suggest other related books that might be of interest. This is real value when you are searching for more information about a particular topic. Offering learning opportunities will further solidify the relationship. Using online forums, chat groups, and e-classes about the industry or your own products and services, adds to the connection with your organization.

### Establishing Long-Term Relationships

As you gain more experience with online services you might use more sophisticated ways to build customer loyalty and strong relationships. Building customized or personalized sites for your customers to use will provide both added services and give customers a reason to return regularly to your e-business. You can see examples of personalized sites at many of the portals listed in the reference material.

### E-Loyalty

It is easy to get customers to visit your website for the first time. It is much more difficult to get them to return. You must create value for the return visitor. Ensuring you have good content can do this. Content can be unique articles about the industry or simply links to other sources of information. Content can also be tools that a visitor may find useful. Many real estate sites have mortgage calculators or home buying checklists that aid customers in using the service. Acknowledging the purchasing history of a customer and thanking them for the business when they return to the site can earn loyalty. One way to have customers return is to provide incentives for the second or subsequent purchases.

## Building CRM into Your E-Business

A recent study of Canadian online customers revealed that only 20% were satisfied with the experience. That means 80% were dissatisfied. This dissatisfaction came as a result of a variety of problems—from complicated web sites, poor information, web sites that simply did not work, to late deliveries, and in some cases no delivery at all. Customer satisfaction does not have to be complicated. In fact, all it really takes is good planning and keeping things as simple as possible. It is important to remember that an e-business is no different than a traditional business, when it comes to understanding the customer and delivering to expectations.

## Customer Experience at the Web Site

The first thing to get right is the creation of a web site that is easy for your visitors to use. It needs to be clear, concise, and include content that is appropriate for your visitor's needs. Understanding your customers' technology characteristics, including the type of hardware, software and connections they are likely to have, helps in the design of the site. If your customers are likely to have low-speed, dial-up connections, they will not be able to handle the more advanced features of some web creation systems.

A site that is easy to navigate will be more valuable to your visitors. Adding a site map and using clearly marked buttons can improve navigation. Put yourself in the place of your customer visiting your site. You know what your site does and the "jargon" that might be on the site, but does your customer? Most web site failures are a result of making assumptions about what the customers want, rather than really knowing.

## Customer Service

The Internet allows you to deliver customer service on a 24/7 basis. That's not service on the 7th and the 24th of the month—it is service 7 days per week, 24 hours per day. This is a great opportunity because most of the service is "self-service" and does not require you to have staff on duty all of the time. Online service can be as simple as FAQ's (Frequently Asked Questions), or as complex as interactive text, voice, or video service delivered in real time. Here are a few ideas on how to deliver service and in what areas.



### **FAQs**

You can anticipate the questions that customers might have and put the questions and responses in an area known as a FAQ. Simple implementations will allow visitors to scroll through the list with more advanced sites, adding keyword search capability and at the high end, you can set up a system where clients e-mail questions, when they do not find the answer they are looking for. Afterwards the answer is automatically added to the FAQ list.

### **Real-Time Service Chat**

By using products like Live Person from [liveperson.com](http://liveperson.com) or Webex Oncall from [webex.com](http://webex.com), you can deliver personal services either as a text-based chat or audio. Many companies have found that a single support representative can work with several customers simultaneously when using a text-based service. The benefits of voice/audio are obvious but add significantly to the cost.

### **E-Learning as a Service**

An even more sophisticated way to deliver product and service support is by using one of the many video-based, e-learning services. These are offered in two ways: first as an archived or library product; and second, as real time. A real-time service that represents one of the new breeds of offerings is Essential Talk from the Essential Talk Network. This service operates like a radio talk show with broadcast quality sound and interactivity using either posted chat or phone-in. One way to use this service is to record a session on a particular topic and then make it available from a library as users require the information. These sessions could be comprehensive “how to’s” with voice, slides, documents, and diagrams made available to the user.

### **Help Desks and Call Centres**

A help desk or call centre is a place where all customer contact is directed. Staff of the call centre has access to the necessary information to provide service to customers. There are a number of organizations that provide this service for a variety of companies thereby keeping the costs down for each organization.

### **Delivery Status**

If you deliver a product through one of the logistics companies such as Purolator, FedEx or Canada Post, you can use their information service to help keep customers

informed of the delivery status. Each of these organizations will provide a link for you to pass on to the customers, so they can check status. For instance, if you sell books or office supplies you can have them shipped to the customer by one of these companies. By letting the customer know the waybill by e-mail or at a secure place on the site, the customer can track the order from the time it leaves your premises. There are two benefits to this service. Customers have up-to-date information available any time of the day or night, and they do not have to call into your organization to get it; this way you do not have to add staff for this purpose.

### Value of Customer Knowledge

Customer knowledge is one of the most valuable assets your organization has. Gathering demographic and geographic information about your customers allows you to segment them for special attention. You may want to inform customers of a particular product that is of interest to single males aged 25-35. Having a database containing this information will allow you to send an e-flyer to tell them about the product.

When you remember that twenty percent of your customers gives you eighty percent of your revenue, it is important to know who that twenty percent is.

### Delivering to Customers

There is no better way to ensure customer satisfaction than to deliver to their expectations. Make sure you have the logistics right—packaging, shipping, delivery to the customer's door, and handling returns. Work with organizations like [Canada Post](#) or Purolator to gain an understanding of the logistical operations required by your e-business. They also have tools that bolt right onto your website and add significant value to your customers.

### Privacy and Security

If you gather information about customers at your online business, you will need to create a privacy statement. You are also required to give customers the opportunity to "opt in" or "opt out" of providing information. The Personal Information Protection and Electronic Documents Act ([PIPEDA](#))—formerly BILL C6—is a new act

applying to every organization where personal information is collected, used or disclosed in the course of commercial activity.

There are a number of services on the web that help to build a comprehensive privacy statement. By simply entering your contact data and how you will use the information you will collect, the service creates a statement to include in your site. These services include [Truste.org](http://Truste.org) and [Microsoft.com](http://Microsoft.com).

## CRM Checklist

The following checklist will help guide you through the process of creating and publishing a “customer-centric” e-business. Follow the process and you will be able to build both an online and offline business, focused on providing a high quality customer experience.

### Do you know who will visit your site?

- Have you thought about who will visit your site—existing customers, prospects, suppliers, investors, competitors, employees, industry insiders?
- Have you anticipated what each group of visitors expects when getting to the site?
- Have you built the site with visitors in mind?

### Can real customers find you?

- What [search engines](#) are you registered with—general purpose and industry specific?
- Which sites have links to your site?
- Is your domain name easy to use and remember?
- What online and offline advertising do you use?
- Do you participate in chat groups and forums where your customers are?
- Are you registered with industry portals or marketplace sites?
- Does all print material include your web and e-mail addresses?

## Can they find what they want when they get there?

- Do you qualify visitors quickly and easily? For example, if you cannot ship to a particular country because of trade restrictions, is it obvious from the beginning?
- Does your home page load quickly?
- Do your visitors need special software? Are they likely to have it?
- Do they have to go to a page to find out what it contains? Do you use “mouseover,” button descriptions, and such to help visitors choose the next page to visit?
- Do you have a search function to help find the needed pages or information?
- Do all pages load quickly and are graphics and images manageable?
- Is the language simple or does the visitor need to be an expert already? Got lots of jargon?
- Do you have a site map?
- Do you have a privacy policy and statement?

## Will customers return to your site?

- Can you identify visitors and acknowledge them by name?
- What value do you add to the visitor’s experience? Can you list specific reasons to return? Do you offer industry information and product comparisons?
- Can visitors register on the site? Is there an incentive to register? Is there value in registering?
- Do visitors get to participate in your community—with your experts, service people, other customers, industry leaders?
- Have you anticipated questions that an online visitor may have? Are the answers available on the site?
- Do you make it easy for visitors to contact you by e-mail, phone or fax? Do you have a procedure for responding quickly?

## Can customers place an order easily?

- Can a visitor go directly to place an order from the home page? Do they need to navigate through other pages before getting to order placement area?
- Are prices and product descriptions clear?
- Is there a FAQ section? Can visitors submit questions online? Can they converse with a service representative online?
- Can a visitor add products to a shopping cart? Can they remove items easily? Is the total value of item in the shopping cart clear?
- Are you able to make product suggestions based on selection of other items or purchase history?
- Is the inventory checked to determine availability when order is placed?
- If products are made to order, can a visitor request a quotation easily?
- Do you have a procedure for acknowledging each order or quote request?
- Are all of the costs clearly calculated? Are shipping, taxes, packaging, miscellaneous handling costs included?
- Do customers have a choice of payment options? Can credit cards, cheques, purchase orders be used?
- Is the site secure? Can an order be placed without confidential information being displayed?

## Can the order get delivered without hassle?

- Do you have clear, predefined shipping processes? Got a reliable shipper?
- Do you acknowledge that the order has been shipped?
- Do you handle backorders and “out of stock” situations to the satisfaction of the customers?
- How do you handle returns? Got a process that protects both the customer and you?
- Do you provide multiple carrier and speed options and pricing alternatives?
- Do you guarantee a delivery window? Will customers need to contact you to track delivery progress?
- Can customers track delivery status?

## Do you provide after-sale service and support?

- How do you collect names and email addresses? Do you build customer profiles online? Do you have a privacy and security statement? Can customers opt in and opt out of your communications program?
- Do you have a customer communication plan with e-newsletters and other ways to keep them involved?
- What does your FAQ section look like? Is it comprehensive, can it be updated easily with new customer queries?
- Can customers contact your service department 24 hours per day, seven days per week?
- Do you offer e-mail, phone, and fax inquiries?
- Do you have a procedure for responding in a timely manner?
- Do you track customer purchases and enquiries for later follow-up? Can customers see their account and activity history?
- Can customers find your brick-and-mortar stores? Do your stores support the activity of your web site – handle returns, honor pricing, support the products?

## What do you know about your customers?

- Do you know which customers give you the most business?
- Can you identify your best customers when they arrive at your site?
- Are you alerted when your customers have a problem? Can you tell when customers stop being good customers?
- What level of detail do you know about your customers?
- Do you ask for customer profile information?

## Resources

### CRM Portals and Specialty Sites

- IT Tool Box CRM - [www.crmassist.com](http://www.crmassist.com)
- CRM Daily.Com – [www.crmdaily.com](http://www.crmdaily.com)
- Search CRM.Com – <http://searchcrm.techtarget.com>
- Real Market – [www.realmarket.com](http://www.realmarket.com)

## Newsletters and Other Resources

- [Web Digest For Marketers](#) – A comprehensive service that reviews websites and categorizes the best by area of interest to any business.
- [CRM Guru](#) – An extensive resources for information regarding CRM as well as regular newsletters on the topic.
- [The e-Loyalty Resource](#) – Lots of resource on the topic of customer loyalty

## Contact Us

The Alberta E-Future Centre, a service initiative of The Business Link, is your first stop for e-business information in Alberta. We offer free, impartial, and easy-to-understand e-business advice and information for small and medium-sized businesses. Our goal is to help entrepreneurs make more informed decisions as they adapt to technological change. If you have any questions, we are only a visit, click or a call away!

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