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DIGITAL BUSINESS HARDWARE AND SOFTWARE: CRM

CUSTOMER EXPERIENCE

Capturing the skills of a market trader

Customer relationship management is changing fast as it gets ever more personal. And the rewards are huge for those who get it right. **Jenny Luesby** reports

Computer systems do not have an outstanding reputation for personal service. Be it a termination notice on a bill long paid, or a purchase form that cannot function without a US zip code, consumers have long understood that the system does not see them.

But as customer relationship management (CRM) moves to being one of the IT sector's fastest growth areas, mass personal service is coming – by one route or another, say the experts.

And the pay-off will be mighty. Get it right and customers will be happier at a fraction of the cost. Get it right and sales success at 2 per cent of pitches can rise to 85 per cent. Get it right and $2m of lost sales can be converted into sales made.

It is an alluring line-up of results. But set against flawed CRM projects that have brought down entire companies, seen the abandonment of $100m systems (AT&T Wireless), and chalked up a trail of software bought but never deployed, it remains a holy grail that many never reach.

The key, it seems, is keeping the customer centre-stage. And the most important thing is the organisation of in-house sales records.

Today, only the laggards among sales teams are still losing track of incomplete sales, doubling up on – and even undermining – pitches of colleagues, and approaching calls handicapped by a lack of history.

The leading CRM packages – from SAP, Siebel, Kana and Pivotal – now co-ordinate a company's customer data on easy-to-use screens designed to get any salesperson up to instant data speed.

Better still, CRM has spawned its own low-cost answer to upgrades in the form of software hosted on the web by an external service-provider. Companies such as RightNow, Salesforce.com and more recently Siebel, with its On-Demand service, supply sales team software from as little as $65 a month per salesperson.

Last year, sales of such software more than doubled. Nearly half of all companies are now signed-up for on-demand CRM, says AMR Research. Yet the customer, it seems, remains far from happy.

Part of this is down to mechanics: phone queues, website glitches and impenetrable self-service structures. Sparing consumers all this makes sound commercial sense.

When software company Talisma provides real-time phone queue estimates on a website, consumers often decide to go via a chatboard instead. It is quicker for them, and a fifth of the price to the company.

The same can be true of automated answering services, estimated by Forrester to cut call costs from $2 to more like 2 cents. Initially loathed by consumers, some users purportedly now prefer a robot, if it delivers the right information, as a brilliant short-cut.

The success of such cost-cutting, however, lies in attracting consumers to better solutions rather than inflicting poorer but more economical ones on them. Consumers' tolerance levels of technical barriers is low indeed: on websites themselves, one recent Harris poll survey found that 40 per cent of online customers will abandon a transaction or turn to a competitor as soon as they hit a problem.

This means a website that can handle idiosyncrasies will make more sales. Thus, when eInsurance adopted site-diagnostic software from Tealeaf, it quickly discovered it had been averaging six abandoned sales a week thanks to a form that could not cope with spaces when consumers typed in vehicle identification numbers.

Cumulatively, over the year, that amounted to $2m of lost potential sales, says Tealeaf chief executive Rebecca Ward. "The software paid for itself within three months."

However, even with an organised customer history and unfettered access channels, CRM remains far from a replacement for the bank manager who comes to dinner. Customer data remains thin, as does the understanding of context, the precise client need, and even the potential pitfalls in a sale.

It is at this point that the CRM industry is united in focus, but divided on means.

For some, the mission is to pull off a data collection and collation exercise of quantum proportions. Billed as a 360 degree customer view, this will capture what Margaret does in the store, her e-mails to the help-desk, her calls to the callcentre, and her behaviour on the website. At which point, we shall be able to see Margaret.

It's a meta-data challenge that even the largest CRM software providers are still grappling with, says Ray Wang, a Forrester analyst. Yet expectations are that this full view will be up and away within three or four years, allowing software users to predict what it will take to get Margaret to buy still more.

As Marchai Bruchey, a senior vice president at Kana, says: "The next wave of CRM will be focused on the delivery of proactive service. Technology has done a great job of enabling businesses to react to customer needs; what comes next is being able to anticipate those needs."

The predictive algorithms to enable this require entirely different foundation software, explains Mr Wang. But the end-point will be that when Margaret has visited the website three times and looked at the same product, the system will assess whether a one-off just-for-Margaret discount would clinch the sale – and, if so, offer it.

Likewise, the same data set will equip companies to determine the best deployment of their resources in servicing Margaret, as against Alec. When they both hit customer services, valuable, high-purchasing Margaret might be funnelled to a home-based expert adviser, while Alec is routed to auto-answering.

It all gets inhumanly human: the machine develops the eyes and ears of the market trader who must first decide who is worth the most effort and then how low to drop the price both to clinch the deal and maximise return.

Indeed, for some in the industry, it is a pendulum that has swung too far. Systemising and automating processes is an amazing capacity, says Andy Bailey, chief marketing officer of software company Attunity, but it is a clumsy tool as a replacement for human judgments that steer businesses.

And no amount of examination of a consumer's past can fill in the blank that is current context.

It was this that saw one US investment bank, with mainstream CRM software already purchased, abandon deployment and turn to an Attunity product instead. It now has organised sales data across every past conversation and interaction, which sits beside news feeds on – and even company announcements from – the corporate clients it works with.

Back to the market trader: it is the difference between noticing how Margaret and Alec dress, walk, talk and respond.

There are also those who argue that for all the benefits in spotting trends, collecting data on the behaviour of everyone who enters the market, all the time, is a massive enterprise, compared with asking people what they want.

Not that customers always know what they want: they might not know what is possible, available, or would match their needs. But software can create structures that will fast-forward agent and customer alike from need to product.

In this vein, Chordiant supplies systems that take the client's leads to their logical conclusion.

If a customer asks about a mortgage product, the screen jumps to that product. If they want a mortgage, the offers are broader. If they want to borrow, mortgages will be one of the options, and finally, the system allows for the many callers who structure inquiries around life events – I'm moving home – setting off on a path into a set of products related to that event.

It then flags up to the agent star-rated products matched to the questions coming in. And the system also searches specific customer records, for important customer characteristics. If payment records highlight a potential credit risk, the agent is alerted. If past calls suggest a customer is likely to cancel, this is flashed too.

Structuring offers around a directed classification of the caller's needs typically raises sales success to 50 to 70 per cent of pitches, says David Barrow of Chordiant, "and up to 85 per cent on a Sunday, when people have time to talk".

This does not leave much upside for the meta-data bonus. Moreover, there are those who are leap-frogging data collection altogether. In Germany, where companies are not allowed to gather customer data, CRM is delivering personalisation.

Fujitsu is working on a project to place tiny screens adjacent to shelved products with radio frequency identification tags. As customers lift, say, a bottle of shampoo, the screens offer information about relevant, targeted offers, or general product information.

Likewise, the Japanese company is rolling out a mobile phone service that buyers sign up for, which tells them, once in-store, "what's in here for you today that's special".

For a public weary of marketing that it knows only as junk, and inured to advertising, CRM's new promise is the deals and products people really *want* to know about.

Businesses may get there by watching us, they may get there by listening to us, or they may just put us in charge of what we receive. Whichever path prevails, the world beyond CRM is one where customer relations will be personal.

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