

TOP 10 TRENDS IN CRM FOR 2001

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As Dot.coms continue to fall, the importance of CRM continues to rise

We examine the 10 key trends that will impact the enterprise and its pursuit of CRM. Those serious about winning the customer will have to address these trends. These can be split into three categories - market, executive and implementation trends.

CRM Market Trends

- **Increasing Customer Expectations.** Increasing customer expectations are driving the adoption of new channels, leading to poorly implemented multichannel strategies. This is lowering both customer satisfaction and customer loyalty, and making CRM even more vital.
- **Increasing Customer Relationship Complexity.** The relationship-complexity function between an enterprise and its customers states that: $R(f) = (\text{No. of Segments}) \times (\text{No. of Products}) \times (\text{No. of Channels}) \times (\text{No. of Corporations})$. All the elements of the equation are increasing due to new technology, greater mobility and faster development of new products.
- **A Growing Shift From Mass Production to Mass Customization.** Customers are demanding an exact fit to their requirements. Mass customization provides an answer to this demand for both products and services.

CRM Executive Trends

- **Intensified CEO Attention on CRM.** The larger CRM consultancies and vendors are presenting evidence that successful CRM initiatives are leading to improved profits and better stock prices.
- **Improved CRM Budget Allocation.** Driven by the attention of CEOs, a strategic shift in emphasis is taking place in many enterprises, toward customer intimacy and away from product excellence or operational efficiency.
- **Formalization of Governance for Customer Relationships.** Many enterprises describe themselves as customer-centric, but few involve a customer advocate on the leadership team. Governance for customer relationships is starting to be formalized in more-advanced enterprises.

CRM Implementation Trends

- **Shift in CRM Application Architecture and Spending.** Applications developed in-house are being supplanted by packages, client/server architectures are moving to Web-based architectures, and best-of-breed point solutions are being replaced by CRM suites that handle most functions.
- **Explosion of Customer Data.** In the past, the bulk of spending for CRM applications has been on sales and customer service. Beyond these areas, marketing and analytics are now the fastest-growing areas, due to an explosion of customer data from transactional, personalization, clickstream, voice and video communications, and the resulting analysis.
- **Vendor Churn, Leading to a Power Shift.** About 500 enterprises claim to sell CRM software, but only 200 actually do so. Of these, we believe only 50 will survive until

2004.

- Increasing Numbers of Project Failures. Project failure can be defined as poor or low adoption rates, and a lack of measurable benefits and improvements. A recent study identified that in 32 percent of sales technology projects, little or no use was made of the technology 12 months after deployment. Enterprises should try to identify risk factors and take steps to minimize the risk of failure in these projects.

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