

➤ a higher state of eCommerce



➤ The New Rules of CRM in eCommerce

FOUR STEPS TO BECOMING CUSTOMER-CENTRIC IN A MULTI-CHANNEL, ONLINE WORLD

WHY ONLINE RETAILERS NEED CRM NOW MORE THAN EVER

The need for Customer Relationship Management (CRM) tools has exploded since the dot-com boom, but CRM projects still have the reputation of being expensive, complex, and resource intensive. Today, CRM solutions are not only affordable, but also quickly deployed—without expensive implementation consultants. This presents a new opportunity for small or mid-sized online retailers, extending their operations to include valuable CRM capabilities.

As the online marketplace landscape continues to expand—from Amazon and eBay, to Yahoo! Shopping and many other new forums—it creates special challenges for multi-channel, online sellers and intensifies the need for CRM capabilities.

The following reasons explain why:

1. Online sales are growing faster than online shoppers. This points to the need for balancing acquisition of new customers with harvesting the potential from existing ones.
2. Beyond acquiring new customers, growing and monetizing existing and new relationships is critical to customer lifetime value.
3. Competition continues to increase. The past five years have been tough, and so will be the next five years.
4. Many merchants understand the importance of the customer experience but tend to overestimate the quality of what they actually deliver and how it's perceived by the customer.
5. Companies with effective CRM generally achieve higher revenue and profit growth.
6. Consumers will buy from retailers who give them what they want. Given this, it is important to know the following:

- + *Consumers want more content and information to aid their decisions*
- + *Consumers want to control the buying process, from research to purchase*
- + *Consumers want consistent and engaging service*



WHAT ARE THE CHALLENGES?

Online retailers face even greater challenges than their brick-and-mortar or call center-based counterparts. An online business has traditionally been optimized around 1) reaching new buyers, 2) increasing the number of transactions, and 3) maximizing self-service. Creating customer relationships, therefore, goes against the streamlined marketing and purchasing processes that have been finely tuned in eCommerce today.

Creating a company focused on customer relationships begins with understanding the challenges of driving and maintaining those relationships. Challenges can come in a variety of areas, such as the following:

- + Business processes that are not designed to deliver great customer experiences
- + IT systems and information that are not designed for customer interaction
- + Company strategy and management that is not focused on customer satisfaction
- + Employees who are not trained, motivated, or compensated for proper customer management
- + Customer interaction channels that are not coordinated with each other
- + Budgets that lack the funds for CRM initiatives
- + IT systems that are outdated and inflexible

❖ Four Steps to Turning Online Transactions into Relationships

Once online retailers commit to turning online transactions into ongoing relationships, the next step is to build a customer-centric organization. The four steps below provide a solid foundation for such an initiative. Companies may choose to focus on different steps based on their current state, but a balanced approach involving all four steps yields the best results. These four steps include the following:

1. **Customer Focus:** Customer needs are paramount in everything
2. **Branding:** Know how you are different
3. **Competence:** The ability to execute
4. **Technology:** A platform for success

STEP 1 : CUSTOMER FOCUS

Customers are the most valuable and important asset of an online retailer. Every business depends upon customers, but not all business owners consider the full value of customers. To maximize return on investment, all aspects of this “asset” must be observed through the entire customer lifecycle to identify opportunities and incremental value.

Strategy

- + Identify and focus on the most valuable customers
- + Understand specific customer loyalty drivers
- + Benchmark the customer experience against competitors
- + Understand what customers take for granted and what they value
- + Communicate customer expectations (what is expected from them)

CRM (Customer Relationship Management)

Proactive customer relationship management is critical in order to build loyalty and brand integrity. Because of this, CRM is an imperative investment. However, privacy concerns must be balanced against knowing as much as possible about the customer. As a result, CRM can be an increasingly technical and expensive operation.

Effective customer management has personality and speed. The personal touch is always best, while automated services are satisfactory or even exemplary if they are fast and easy to understand. Examples of automated CRM services include eMail notifications that confirm purchase, order reception, or shipping information. All serve to hold the customer’s hand throughout the fulfillment process.

An important point to remember is although consumers are becoming multi-channel experts as a group, many individuals are still apprehensive about shopping online. Reassurance and explanations are critical. The more those elements exist in the shopping (pre-order) experience, the less hand-holding is needed after the sale.

Existing Customers

Many companies’ online efforts focus only on gaining new customers. While that may get the ball rolling, it often cannot produce ongoing success, especially since acquiring new customers costs more than turning existing ones into repeat buyers. Long-term success hinges on promoting online

offers to all existing customers across online channels, as well as pulling auction customers to the website, website customers to auction listings, and existing brick-and-mortar or call center customers to the online channels. Sellers need to communicate often with existing customers via service-related eMail, special offers, and other methods to keep the relationship on the customer's radar.

STEP 2 : BRANDING

Customers look for companies that they can identify with, that make them feel good, that they recognize, and that they would be proud to recommend to their friends. A company's brand can help to create this identity—but only when the brand is consistent, clear, and reinforced.

When developing the company brand, four dimensions should be considered. In order of importance, these dimensions include the following:

- + Brand Impact: This is the brand's image with customers and is twice as important as all the others.
- + Brand Authority: This is the credibility and trust customers have in the brand
- + Site and Listings Value: This is the relevancy of the content to the customer
- + Site Affinity: This is the customer's enjoyment in and desirability of the company's site, as well as listings

Brand Reinforcement

A brand must be consistently reinforced to customers. Companies cannot do this effectively in the isolation of just one channel. Customers expect to have multiple touch points with a brand. These touch points could include the website, online marketplace listings, proactive eMail offers, informational newsletters, and activity in social networks.

Distinction

Companies can use their strongest qualities to differentiate themselves. Identifying these strengths, however, is not easy. Discovering a strength involves understanding why people visit a company's site or auction listings, in addition to understanding the core values that are reinforced for customers.

Using this information not only creates a corresponding target audience, but also shifts the competitive focus away from juggernauts like Amazon, Walmart, and Target, whose

economies of scale and buying power give them a powerful advantage when selling commodities. Rather than competing solely on thin-margin commodity products, a company should offer something unique in its product, service, or experience.

Stay Fresh

People like fresh, new things and ideas. Refreshing the product line, website, offers, promotions, or auction listings stimulates desire. This can be accomplished manually or with software automation; but, most importantly, this should be done often and should incorporate the latest customer preferences and customer transaction data.

STEP 3 : COMPETENCE

Execution is driven from the top down and requires executive commitment, as well as involvement, to create an organization with consistent customer focus and branding. All employees must be aligned with the company strategy to maximize the capacity and benefits of creating customer relationships.

Balancing Priorities

Naturally, much of the focus in online selling is on the front end – the website, presentation of inventory, and shopping experience. Even less glamorous operations get their share of attention, since much of the cost of eCommerce is tied up in handling, packing, and shipping. But what about ongoing relationships with customers? Obviously, customers shouldn't be abandoned after the sale. Continuing these relationships is a priority to be championed by the highest executives. Companies must also invest in building competence within their organization to understand and act upon their commitment to customer relationships.

Customer Metrics

- + Set specific key performance indicators (KPIs) for customer experiences and relationships
- + Measure and communicate to the rest of the organization regularly
- + Review metrics regularly among the executive and management team
- + Track customer attitudes and reactions to the company
- + Reward employees for exemplary customer service

Alignment of Employees

- + Provide training for all employees
- + Ensure that executives set good examples to follow
- + Hire the right people, and set the right expectations
- + Train the attitude of customer service
- + Motivate and reward for commitment and loyalty

Redesign Processes

- + Map customer processes from end-to-end
- + Incorporate qualitative input from customers
- + Plan positive surprises into the customer's experience
- + Create a cross-functional team to support the complete customer experience

STEP 4: TECHNOLOGY

The best intentions and sincerest commitments will not yield results without the proper information and technology platform to manage customer information, interaction, and value. Companies must give their entire organization visibility to customers and customer issues. This requires an information technology solution that provides the following:

- + A single, complete view of the customer
- + The ability to plan and design the solution with both IT and business input
- + IT tools to identify and escalate customer issues
- + Visibility and tools for front-line employees

Plan to Stay Ahead of the Technology Curve

Budgeting for technology improvements is also an issue, particularly as IT budgets continue to be squeezed. But technology keeps evolving while customers grow more demanding. According to a study published by Forrester Research, the most successful retailers will continue to be the best managers of data and technical systems.

How can eCommerce companies keep up with technological developments when money is tight? The following ideas may help:

- + Be creative and look for new solutions that will complement and enhance existing infrastructure and processes
- + Use consultants and solution vendors for both staying in touch with the latest solutions available and

implementing specific solutions

- + Build a foundation that allows the company to grow
- + Design and build infrastructure in a modular fashion with the flexibility to take advantage of new solutions
- + Use software-as-a-service (SaaS) CRM solutions, such as salesforce.com, to reduce upfront investments and maximize ongoing support

CRM for eCommerce Success

CRM is not a new concept, but for most small and mid-sized businesses (the bulk of online retailers), it has been cost-prohibitive as well as overly complicated. Worse, the old rules in CRM need to be revised to account for, among other factors, an array of new online marketplaces that make it difficult to present a unified face and consistent customer experience across selling channels.

In the simple words of business management guru Peter Drucker, "The purpose of business is to create and keep a customer." This is easy to say but not so easy to execute. By following the preceding four steps—best-practices distilled from Infopia's years of experience—online retailers can understand how to better serve the customer, and therefore, how to better succeed in this quickly evolving world of eCommerce.

For more information about Infopia's CRM solutions, including the AppExchange solution for Salesforce, visit www.infopia.com or call 888.337.6352.



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