

## THE HORROR, THE HORROR

*A recent customer horror story has brought home a lesson in recessionary CRM, says Rob Brickle.*

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**Rob Brickle: CRM technology on its own would not have changed anything**

Why should sales and marketing professionals worry about managing service standards, existing relationships or acquisition in a recession?

That might sound like a stupid question...but I like to challenge the obvious occasionally as I find not many other people do it!

Our focus at Bsquared tends to be in the business-to-business space, ranging from SMEs to large multinational corporates. In some ways, the challenges these organisations face can be related directly to people's personal experiences in the business-to-consumer environment.

Often the difference is only in scale – but to those organisations, the impact or consequences of those challenges can be catastrophic in terms of cost, reputation, general financial impact such as profitability or share price, and ability to compete in an ever more competitive environment.

In the current economic meltdown, people talk about how important it is to retain your existing customers instead of seeking new ones. Belt-tightening and improving your customer service standards have become the focus of people's attention.

But this focus tends to be very short-term, and not necessarily looking to the future or development of the relationship.

Let me cite two examples of service standards and developing relationships that we can all relate to and which I heard recently. I am almost certain you will have experienced similar situations yourselves.

The first is a story about someone changing their bank. The bank went through the process of shifting all this customer's direct debits and standing orders. All of this went OK, except one to their mobile phone provider.

The individual called the phone company to ask what had happened, only to get an absolute denial that they'd had any change of instruction. So the customer got their new bank to provide documentary evidence that they had indeed been so instructed.

When the individual told the phone provider about the evidence, they were told "Oh, we don't talk to banks" by someone in the call centre. (I know, unbelievable!) You can imagine what followed, months of calls back and forward, attempts to update the instruction and then the inevitable default letter cutting off the phone service.

After complaining, naturally this person was reinstated – but because the problem hadn't been resolved, they ended up going through the same process, same complaints, same excuses, and eventually fell out big-style and changed their phone supplier.

So what has this got to do with CRM technology? Only to highlight that the technology on its own would not have changed anything. The problem with this mobile provider is its processes and culture. So maybe while people talk about customer retention being a priority, they rarely do anything which directly supports that – or do they?

Let's look at story number two. Today we live in a world where products and services have become largely commoditised, so companies need to differentiate. The way they see themselves doing this is through customer service and managing the relationship with their customers.

In a time of recession, investing in the management of that relationship is critical both for the present (retention) and potentially the future (acquisition). Those customers you invest in should both remain loyal to you and help promote your business (unlike the person in our first story who will now only speak badly of their previous mobile operator and the way it behaved).

So customer loyalty has become a major differentiator in the way organisations behave and compete.

Take the high-street retailer Starbucks. It has no idea who its customers are. Customers are represented by cash transactions that take place in a particular store. And competition comes from every other retailer that can provide passing trade with the same products.

The way Starbucks has reacted to this has been to introduce a loyalty scheme which rewards you as an individual and provides you with incentives to keep loyal to its products. In other words, it has invested in the relationship both to retain its customers and also to promote itself competitively.

So where am I heading with this? Simple really...

Yes, it is important to do something which helps you retain your customers, especially in an economic downturn.

Does CRM technology help you achieve this? Yes, in that it can help you manage the wealth of data you may need to personalise and improve the service you offer to individuals.

Should you invest in service excellence? Of course – but the technology will not do this for you. It is imperative to ensure that the processes used, the experience received and the culture of your organisation are all customer-focused and consistent in the way they are delivered.

Should you invest in customer acquisition? There is no question that the answer is yes, assuming you have pegged the retention question first – otherwise you are just back-filling. The answer sort of comes in two parts, though.

We know that organisations who successfully manage the relationship with their existing customers get expanded business – both through new service lines or products that they are able to introduce, and referrals.

We also know that organisations who invest in the customer relationship will inevitably steal business from their competitors and acquire new business as a result – we are seeing it happen on an almost daily basis and are happy to be part of that transition.

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