Multi-channel Value Quantification
A Research Initiative
Multi-channel Value Quantification
A IBM Business Consulting Services Research Initiative

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Introduction and Summary

A major home-shopping television network can automatically move any of its 300,000 customers who've made previous purchases within the past year to the front of its phone queue. These customers can then be identified for a higher level of service based on their buying history. A major credit-card company's network can quickly route each contact to a representative who has been specially trained in dealing with the particular type of account held by the caller. And when customers order a book or CD from a leading e-commerce site, they're immediately given a list of other titles of interest based on items they've purchased previously from the site – or based on what other, similar customers have purchased.

Such complete, confident and subtle handling of customers has become critical for companies world-wide as they deal with unprecedented levels of competition in their marketplaces. The global economic downturn has placed a higher premium on consummating every potential customer transaction – with both consumers and other businesses which have come to expect a level of personalisation and overall perfection from the companies they deal with regularly. Thousands of enterprises of all sizes, across every industry and geographic border, are attempting to move toward a sophisticated, seamless and sanguine interaction with customers that is now being achieved only by a handful of companies that have been pushing the envelope of CRM.

The promise of CRM for transforming any given company's current business and future prospects is great indeed. However, fully effective CRM for the most part remains a dream unfulfilled. IBM Business Consulting Services' global CRM survey, Multi-channel Value Quantification, underscores this frustration. During interviews with corporate decision-makers from 225 Global 2000 companies with at least $100 million in annual revenue (49 percent with more than $1 billion in sales), most companies admitted that they're still striving to achieve the basic steps underlying successful CRM, such as integration of operations and the presentation of a consistent face to the consumer. Their responses indicate that they manifest all sorts of mismatches between the CRM-related services they provide and the ones that their customers most value. Companies demonstrated misunderstandings of what factors are most important to consumers in experiencing corporate service scenarios.

The same research also points tantalisingly to potential solutions that companies can deploy to optimise their CRM systems and maximise their return on the significant resources they have been investing in customer-interaction strategies. The research shows these steps to success must include greater integration across communications channels to ensure companies present a consistent, unbroken “single view” of service to customers across an ever-growing range of touchpoints, from call centres, to the Web, to in-person contact. Full realisation of CRM’s potential also requires the unification of related functions between companies’ front and back offices. Organisations must do a better job of recognising what consumers like and don’t like about interacting with them, and then mould their approaches around that feedback. This “value-based” approach to CRM must take place in a context of cost-effectiveness that doesn’t lose sight of the primary aim of CRM: extracting more value from each customer in ways that produce significant – and measurable – increases in return on investment.
How CRM Got Here

The increased focus by global companies on customer relationship management comes at an interesting time in modern business history. The Nineties were a period of intense fascination with – and stratospheric levels of spending on – information technology by corporations across the globe. By mid-decade, companies were in the midst of an intense rush to purchase and install expensive Enterprise Resource Planning systems, which replaced various disparate IT systems with new applications. At approximately the same time, the potential of the Internet began to dawn on mainstream companies who invested untold billions of dollars to gear up for the online “revolution.” The fear of an impending IT freeze-up that was presented by Y2K concerns became yet another impetus behind huge waves of corporate investment in technology infrastructure.

As the presumptive successor to these recent genres of IT spending, CRM shares characteristics with each. Like ERP, many executives and managers see CRM as a potential organisational saviour, an omnibus platform that can carry the company nearly single-handedly to the next level of performance. Certainly many executives even see it as the way to fulfil what ERP was not designed to achieve in that, if done effectively, CRM has the potential to fuse the greater efficiency of manufacturing, accounting and other back-office operations that ERP provides with the crucial external interface. Like the Internet, CRM is also regarded as providing the sort of interactivity and intimacy with customers that modern competition requires. In fact, one of the major tasks of CRM efforts is to confront and leverage the rapid evolution in customer behaviour and expectations that e-business has brought about. Though talk of the “Internet revolution” has become passé, the process has taught customers that choice is proliferating; that 24/7 capabilities are a given; that competition is literally only a mouse click away; and that loyalty will go only to those who can provide exactly what they want, where and how they want it. Even under these best circumstances, there’s no guarantee that a company will secure the customer for the long haul. Faster service, personalised interaction, cheap information gathering and accurate, real-time data are now merely requirements to stay in the game.

Figure 2.1
Corporate Objectives for CRM Activities

Question: How important are each of the following customer relationship management activities to your company?
The fact that many customer relationships grow more delicate in tougher economic times was underscored by a University of Michigan survey of American customer satisfaction during the third quarter of 2001, which showed its fourth consecutive quarterly decline – and the broadest one in a decade – after a relatively steady march upward since early 1997. Consumers’ regard for even the most well known brands fell across the board.

In essence, CRM spending is a form of consolidation around all of these realities by shoring up the customer base and leveraging existing relationships. Early on many companies have done an admirable job recognising the strategic potential of CRM. However, there are still as many customers who have off-putting experiences these days as those who have genuinely smile-producing interactions that help cement them to companies for the long term.

Negative experiences can be as simple as phoning a company’s call centre and being asked to enter one’s account number into the telephone to speed service – then being asked, once connected to the operator, to repeat verbally that same information. A customer calling a health insurer about a billing complaint is put on hold several times, for many minutes, while successive layers of lower management decide whether to pass the buck to higher-ups who are already busy evaluating other problem situations. Or it can be a general frustration of researching a product on-line and finding the lowest price, then going to the store to purchase that item, only to find the sale price is not available at that location.

With numbing regularity, both business and individual customers are running into multiple examples of what might be called CRM “disintegration.” IBM Business Consulting Services’ research underscores the fact that consumers often react vehemently to such a slap in the face. A company has an average of 1.8 times to resolve its customer’s issues satisfactorily before that customer takes his business elsewhere – making it the quickest way to lose him to the competition. Consumers in the survey demonstrated only slightly more patience with company missteps that don’t have to do with the actual time spent in the CRM process. It takes an average of two instances of billing or invoice errors, for example, before customers will quit on a company all together.

**Figure 2.2**
Poor Customer Experience and Loss of Business

Question: How many times do the following events have to happen before you decide to stop being a customer of that company?

<table>
<thead>
<tr>
<th>Event</th>
<th>Number of Times</th>
</tr>
</thead>
<tbody>
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<td>Had to call multiple times to resolve</td>
<td>2.3</td>
</tr>
<tr>
<td>Have errors with your order</td>
<td>2.2</td>
</tr>
<tr>
<td>Have errors in your bill or invoice</td>
<td>2.0</td>
</tr>
<tr>
<td>Does not resolve your issues to your</td>
<td>1.8</td>
</tr>
<tr>
<td>satisfaction</td>
<td></td>
</tr>
</tbody>
</table>

Number of Times Until Loss of Business
The news from consumers is not lost on the companies that are spending money on CRM. Even after a concerted effort, many executives believe their companies have, at best, sub-optimally adopted CRM. IBM Business Consulting Services’ Multi-Channel Value Quantification survey, for example, shows that 48 percent of executives world-wide admit their companies either have only basic CRM processes and systems in place or are just now in the process of developing protocols. Others express frustration in even stronger terms, with various surveys documenting a self-assessed CRM-implementation “failure” rate of 55 percent to 75 percent.

The good news is that executives realise their CRM efforts are a work in progress and have expressed a commitment to continue tackling the tough issues. IBM Business Consulting Services’ survey revealed 15 percent of companies identify themselves as being ahead of the competition in handling customer relationships, while 36 percent say they are now working on providing the best customer relations and integrating the overall process for the company.

IBM Business Consulting Services’ survey on CRM is among the most important studies that could be performed today. Two critical groups were targeted in parallel – global corporations and consumers – in order to determine if there is a disconnect or perception gap between what consumers expect and appreciate from their interaction with a given company, and what companies believe consumers desire from that interaction.

The corporate CRM survey was based on interviews with decision-makers from 225 Global 2000 companies in a variety of industries, with at least $100 million in annual revenue, 49 percent with more than $1 billion in sales.
IBM Business Consulting Services defines CRM as a business strategy consisting of process, organisational and technical change whereby a company seeks to better manage its own enterprise around customer behaviours. It entails acquiring and deploying knowledge about one’s customers and using this information across the various touch points, resulting in increased revenue and operational efficiencies.

Survey respondents were almost evenly divided among four industries:

- 29 percent manufacturing, industrial and consumer-products
- 25 percent financial-services
- 24 percent information, communication, entertainment, hospitality and leisure
- 22 percent energy and utility

About 27 percent of respondents were IT directors; another 20 percent were chief technical officers. The largest category, about one-third of respondents, influenced decisions on CRM and made recommendations; another 26 percent were members of decision-making teams, while 9 percent were final decision-makers on CRM, and 12 percent set the CRM strategy.

IBM Business Consulting Services also surveyed 225 international consumers experienced in interacting with large companies. The largest age group among consumer respondents were 18 to 35, at 31 percent; 25 percent were older than 55; 24 percent were 36 to 45; and 18 percent were 46 to 55.

Surveys were conducted between August and September 2001.
A Call to Action

Major conclusions of IBM Business Consulting Services' new research on CRM:

- A lack of integration of customer channels, not a shortfall of different channels per se, may be the fatal weakness for CRM efforts.
- Similarly, many companies revealed a sore lack of back-to-front-office harmonisation.
- Having a variety of communications channels is very important to consumers, and communications overall is more important than other CRM functions. Yet companies didn’t predict the importance of channel preference to consumers.
- It’s no surprise that the telephone remains by far the most preferred CRM medium for customers world-wide. In-person contact is a strong second across borders and industries. While digital channels are available and being used, consumers don’t yet have the confidence to make high-dollar purchases using them.
- Companies run the biggest risk of failing customers’ expectations by not protecting personal information. However, the quickest way to lose business is to not resolve customers’ issues quickly and effectively.
- Some important sector differences were evident, including the fact that the manufacturing and consumer-products organisations display the least confidence among businesses in how well they handle customer relationships.
- Achieving CRM objectives has proved difficult in the past due to ineffective processes, untrained staff and alignment of budget with technology integration efforts.
- Wireless channels are more important to customers outside the U.S., particularly in Europe and Asia where use of mobile technologies is far more than prevalent.
Research Details and Analysis

The Importance of Integration

The survey findings indicate that companies realise only sustained CRM projects will pay off if corporations execute data integration across all sales and communications channels as well as between front- and back-office operations. If a company is extending multiple hands to the customer, each hand has to know what the others are doing – in real time.

For most of its relatively short history, companies have executed CRM largely by cobbling on an additional capability here, another over there – whether it’s adding a call centre, upgrading a Web site or liberalising a product-return policy – without fully synchronising all of these channels and functions on a common platform or in a single system. Many CRM efforts are thus suffering from having evolved as a collection of independently developed systems, often under stand-alone business units.

Asked to identify the CRM efforts that were most in need of improvement, more corporate respondents cited integration issues than any other concern:

- 71 percent said they need to do more with respect to back-to-front-office integration, while only 24 percent of respondents regarded such integration as achieved.
- 64 percent said they need to do more with regard to cross-channel integration, while only 20 percent regarded it as achieved.
- By way of comparison, nearly 25 percent of respondents rated sales-force automation as achieved at their companies, 28 percent rated content management as achieved, and 42 percent so rated data warehousing.

Figure 4.1

CRM Project Maturity

Question: Please tell me if your company has achieved or needs to do more with respect to the following items:
• Revealingly, 38 percent regarded contact-centre/CTI integration as achieved, indicating that responding companies put a greater priority on the cohesiveness of just one form of communications touch-point – albeit a very important one – than they did on making sure all channels were on the same page.

Corporate respondents also indicated some confusion in priorities about integration of their CRM processes and systems. About 26 percent overall rated integrating process and technology efforts company-wide as the most difficult activity in which to achieve excellence, the second-largest group to the 22 percent of respondents overall who said that identifying what customers expect from your company is the most challenging objective. About 14 percent of respondents said that developing a marketing strategy that is consistent with what customers value and expect was most difficult.

When it came to ranking the same set of objectives in terms of their importance to the company's overall business practices, corporate respondents gave short shrift to the importance of integration. Approximately 24 percent chose identifying what customers expect from your company, a relatively low-level objective, as most important. But only 13 percent said that integrating process and technology efforts company-wide was the most important objective, ranking it lowest among the six choices. Perhaps, then, how executives deal with integration becomes something of a self-fulfilling prophecy: if they don’t attribute the ultimate importance to performing it, it seems more difficult to accomplish.

Similarly, budget priorities seem to reflect a disconnect between executives' understanding of the importance of company-wide CRM integration and their determination to do something to bridge the divide. When it comes to customer-facing budget activities, for example, respondents revealed:

• They have spent the highest portion of their CRM-related budgets – 24 percent – on contact-centre/CTI integration.
• Sales-force automation and self-sales processes were allocated the second-highest amounts, 13 percent each.
• Cross-channel integration, while considered a priority from an earlier question, received only 12 percent of overall CRM expenditures.
Looking to future expenditures on CRM activities, back-to-front-office coordination fares highest, at 24 percent, as a budget priority among company respondents, reflecting a recognition of the priority of integration. Respondents rated back-to-front-office integration the highest ahead of other CRM-related work such as customer analysis, at 23 percent; data warehousing, 20 percent; and content management, 17 percent.

The importance of integration is bound to dawn on more and more executives as they learn more from customers about how they’re affected by the characteristics of their corporate interactions. During the evolution of CRM, integration wasn’t a priority, but with the introduction of many new channels for customer communication, companies are being told in no uncertain terms that they must become integrated. In the IBM Business Consulting Services research, for example, customer responses clearly show they’re happiest when companies showcase polished and well integrated CRM practices. Asked how much each of five factors influenced their decision to make a purchase or complete a transaction with a given vendor:

- 22 percent of consumers mentioned competency of the company overall, the service reps, and their trust in a company’s ability to fulfil their requests – the highest-rated factor.
- 20 percent mentioned consistent quality of the customer service and overall experience.

### Figure 4.2
Vendor Characteristics and Consumer Propensity to Purchase

*Question: How much do each of the following five factors influence your decision to make a purchase or complete a transaction with a company?*

- Competency of the company overall, the service reps, and customer trust in your ability to fulfill their requests: 22.25
- Consistent quality of the customer service and overall experience: 20.04
- Flexibility to fulfill orders as requested and make adjustments that go beyond the call of duty: 19.00
- Offering many communication choices: 19.13
- Offering convenient locations, easy to access the company a choice of companies/vendors: 19.58
Variety is the Spice of CRM

In measuring CRM success, consumers indicated that communications-based functions were a top priority. Nearly 30 percent considered having multiple contact methods the most important factor in any exchange, while the actual ability to make a purchase was considered important by only 12 percent. In fact, consumers reported that they are 60 percent less likely to do business with a company that doesn’t offer their preferred channel. But companies underestimate the desire for channel freedom, ranking it third on a list of features they think customers prefer.

- 27 percent of consumer respondents cited the methods available to contact the company like telephone, mail, e-mail, etc. as the most important concern.
- 21 percent cited the ability to get needed information.
- 16 percent cited resolving questions or problems.
- 12 percent each cited the ability to consider all the different products or services the company offers, and receiving the product or service ordered in a timely manner, along with the ability to make a purchase from that company.
- Foreign consumers were 50 percent more likely to say that having multiple communications choices would favourably influence their decision to complete a transaction.

Figure 4.3
Objectives of Company Contact

Question: When dealing with a company, how important are the following items?

- The ability to make a purchase from that company: 11.79
- Receiving the product or service ordered in a timely manner: 12.53
- The ability to consider all the different products or services the company offers: 12.43
- Getting resolution to your questions or problems: 15.57
- The ability to get the information you need: 20.59
- The methods available to you to contact the company like telephone, mail, e-mail, etc.: 27.09

Companies have paid disproportionate attention to enabling multiple electronic means for customers to contact them, from the Web to wireless phones to PDAs. Consumers indicated, in perhaps surprising numbers, that they are adopting more and more usual use of e-mail and other new channels even though they prefer the phone and in-person. They are also making use of electronic channels primarily for contact but not for purchase. Among consumers surveyed, 88 percent included the telephone as the way they usually contact a given company, while 24 percent included the in-person option as part of their typical menu of alternatives. Perhaps indicating the closer weave of many non-American societies, nearly 33 percent of global consumers indicated that in-person is a typical way for them to contact a company, while only 16 percent of U.S. consumers said so.
Multi-channel Value Quantification

- 22 percent of consumers also said that they typically used e-mail to communicate with a company, and 15 percent cited the Internet, including Web sites.
- Approximately 12 percent of international consumers and about 4 percent of American respondents indicated that they make usual use of mobile phones to contact companies, while fewer than one percent of global consumers, and a negligible number of Americans, said that they employ a PDA for CRM contact.

The Personal Touch

An ever growing number of customers are using some of the newest available CRM channels, such as e-mail to research products and services or make initial contact with a company. But when making a purchase, their preference to is to speak with a live voice or to make eye contact with a clerk in a store or office. Consumers, for example, made it clear that they vastly prefer the telephone when it comes to making contact with companies:

- 73 percent of consumers selected the phone as their preferred method of contact.
- Only about 12 percent preferred in-person contact with companies.

Despite having indicated that they usually use electronic means as a way of communicating with companies, only eight percent of American consumers and fewer than five percent of non-U.S consumers indicated that they prefer using the Internet.
When actually completing a transaction, such as a purchase with a given company, consumers’ practices and preferences shifted yet again:

- Approximately 71 percent said they typically use the phone to make a purchase or complete a business transaction with a given company, but only 51 percent said that they actually preferred the phone for that kind of activity.
- Slightly more than 36 percent of customer respondents said that they handle purchases and other transactions in person with a given company, and about 37 percent said in-person is the way they preferred to handle interactions.
- About 13 percent indicated that they typically use e-mail to conduct transactions, but only seven percent said they preferred to do so.

Unfortunately, responses from companies interviewed for the survey suggest that executives are still significantly misgauging the importance to consumers of the number one CRM channel, the telephone. While 73 percent of consumers world-wide selected the phone as their preferred contact method, only 45 percent of companies believed that consumers most preferred the phone. Many companies seem to be caught between their customers overwhelming preference for the phone and the reality that this channel continues to be the most expensive CRM activity to support. Companies also seem to be putting emphasis in the wrong places when it comes to some of the other communications channels that they make available to consumers. Though relatively few consumers indicated a preference for making purchases via e-mail, fax, mobile phone, the Internet or PDAs, corporate respondents indicated broad capabilities for consumers to do so:

- Over 70 percent indicated that consumers could make purchases and conduct other transactions via e-mail and fax.
- 55 percent said that consumers could make purchases and conduct other transactions with a mobile phone. (And perhaps surprisingly, while the financial-services industry leads in offering the capability to customers to contact companies and even conduct transactions via mobile phone, consumers indicated no greater preference actually to use their wireless phones in dealings with financial-services companies than any other type of company.)
- 16 percent said that consumers could make purchases and conduct other transactions with a PDA.
- 15 percent said that consumers could use the Internet to make purchases and conduct other transactions.

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<th>Typical contact method</th>
<th>Preferred contact method</th>
<th>Typical purchase method</th>
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</table>

Figure 4.5
Consumer Channel Usage and Preference
Keeping Customers Happy

Companies run the biggest risk of failing customers by not protecting personal information. In fact, 84 percent of consumers cited this concern as likely to decrease their loyalty. Privacy protection raises a flag because consumer willingness to divulge personal details is the lifeblood of CRM. In other concerns, 69 percent of consumers said they view incorrect billing as a deterrent to loyalty, 57 percent cited inconsistent pricing, and 55 percent pointed to a slow sales process.

Figure 4.6
CRM and Customer Loyalty

Question: If you are already a customer and the following experiences occur, how much does it decrease the likelihood of your remaining loyal to that company? By what percent?

- Not protecting your personal information: 83.6%
- Having inflexible return options: 71.2%
- Having incorrect billing: 69.1%
- Getting inaccurate orders: 66.9%
- Not having consistent professional customer service: 66.8%
- Offering a product or service that does not match your needs: 61.9%
- Not being able to resolve an issue during first call or contact: 58.0%
- Having inconsistent pricing: 56.9%
- Failure to understand your buying history: 55.3%
- Having a slow sales process: 54.6%
- Not being able to reach the right resource: 54.4%
If privacy can sever customer trust, consumers felt the fastest way to lose their business outright was not resolving issues to their satisfaction; having to call multiple times to get a question answered placed only fourth among consumer concerns. Yet 41 percent of companies believed that getting issues resolved on the first call was the most important consideration for consumer loyalty, higher than any other factor ranked.

Matching the conventional wisdom about companies’ top priorities for CRM, 37 percent of corporate respondents felt increasing customer loyalty is their company’s primary customer objective for building CRM management systems and processes, while 30 percent identified offering improved service and quality as the number one objective.

Figure 4.7
Impact of a Positive CRM Experience

Question: If your customers received each of the following, by what percent do you think it would increase their loyalty to your company?

Figure 4.8
Internal Objectives for CRM Initiatives

Question: In your opinion, what is the primary objective of building customer relationship management systems and processes for your company?
What’s more, in response to a second question, 27 percent of company respondents indicated that retaining existing customers is the most important CRM-related activity in their own minds, ranking it number one.
Asked what CRM excellence would most help them accomplish against their competition, the largest percentage of corporate respondents, at 39 percent, selected retaining existing customers.

A total of 24 percent of respondents also selected acquiring new customers as the CRM activity most important to their company, indicating that they also understand this crucial role for CRM. Approximately 17 percent identified cross-selling other products to the same customer and winning back previous customers as the most important, while 13 percent identified up-selling more expensive products to the same customer.

Not surprising is that over 35 percent of global consumer respondents felt they had less than positive experiences with their recent company interactions. With competition at an all-time high and loyalty almost a thing of the past, companies have not yet grasped the importance of CRM. In order to truly capitalise on the benefits of CRM, organisations must achieve excellence which involves integration across channels and between front to back office operations.

The good news is that as corporations try to move to full actualisation of their customer-centred philosophies and CRM systems, customers are eager and willing to accept their efforts. The research showed that customers appreciate the efforts enterprises have made and are willing to demonstrate loyalty to those that deliver superior service. However, because customer demands are growing almost exponentially, companies that can quickly achieve the hallmarks of CRM excellence across the board will realise the greatest opportunities for gaining customers for life.
Industry Differences

The distribution and consumer-products sectors displayed the least confidence among companies in how well they handle customer relationships. Only 42 percent of respondents in those industries felt they were currently providing the best relations. Energy and utility companies perceive themselves as much further along, 59 percent claiming their customer relationships were working optimally; financial services came in next at 54 percent; and 52 percent of telecommunications, media and entertainment companies asserting CRM confidence.

Meanwhile, financial-services respondents felt most strongly that their companies needed to do more about back-to-front-office integration, at 84 percent, while 70 percent of manufacturers felt the same, followed by 67 percent of energy-utility respondents and 65 percent of companies in telecommunications and entertainment businesses. However, manufacturers felt the most urgency to achieve cross-channel integration, at 67 percent, followed by the information sector, 65 percent; financial services, 62 percent; and energy, 58 percent.

The various sectors also differed in their views of how tough the integration process is: media companies called it the hardest objective, while financial services companies appear to have the most success, with only 18 percent saying this was the most difficult CRM objective.

These results indicate that, while all industries feel a sense of urgency about fuller integration of CRM systems, they are dealing with different challenges. For example, the fact that financial companies indicated the greatest need to integrate back and front offices likely reflects the tremendous consolidation activity that sector has been undergoing in recent years, each instance of which requires a melding of IT infrastructures.
IBM Business Consulting Services Interpretation

The Multi-Channel Value Quantification survey findings underscore the need for executives to make tough decisions about CRM implementation and to reboot their thinking about strategy, tactics, deployment of resources and measurement of results. As they seek to optimise the millions of dollars and thousands of management hours they've devoted to CRM, IBM Business Consulting Services recommends that executives take several key actions.

Focus on Integration as the Top Priority
Customers are confirming what company executives have understood instinctively all along: they don't want to be bounced around between a variety of independent channels that act agnostically from other touch-points. They do not want customer-facing activities to operate as if the back office doesn't recognise the customer. All sorts of pressures – on customers' time and money – dictate that effective CRM must start with a single, omniscient, and consistent view of the customer. Cross-channel integration requires that information coming through each channel register in near real-time in every channel, ranging from brick-and-mortar stores to mail-order, from e-mail to phone. Back-to-front office integration demands that customer data coming from each new sales channel register in real time which entails consolidating these disparate systems into a seamless whole.

Provide a Human Touch
IBM Business Consulting Services' research clearly shows that, while global consumers certainly appreciate being able to contact companies via multiple means, they'd still rather rely on the most personal forms of interaction, such as the telephone or going to a store or office. The closer they get to parting with their money and actually making a purchase or performing some other transaction, the less comfortable they feel with the remoteness of some communications channels. The dilemma for company decision-makers, of course, is that the more personal their company's discourse with a consumer, the more expensive it is. This challenge suggests companies may want to make greater investments in attempting to personalise the customer experience through channels, such as online touchpoints, to enrich those experiences for consumers and bring them closer to their expectations for personal contact. Companies can also squeeze more value out of CRM if they're able to identify high value-customers through analytics technologies in order to prioritise consumers and make sure their best and most loyal customers get the human treatment they desire.

Recognise the Internet is Just Another Channel
The so-called Internet revolution never really occurred – e-business quickly became business as usual. Fortunately, the desire to participate in the expected take-over by e-business motivated many companies to get more serious about CRM and to capitalise on the capabilities of Web-based interaction with their customers. But too many companies have become self-satisfied with a slick Web presence and have yet to realise that to today's consumers the Internet is just another way for them to contact – or to become frustrated by – the companies they do business with. Companies must not only treat the Internet as one of many communications channels but make sure that it is highly integrated with the rest.
Don’t Give Up on ANY Channel
The irrefutable trend in customer communications is that eventually, consumers will fill any reliable CRM pipeline with activity even though they’ll continue to favour some over others. They also appreciate the mere availability of as many touch-points as possible although some customers may never use certain channels. This suggests, for example, that executives should continue to invest in wireless-based CRM even though consumers, especially American ones, haven’t demonstrated the expected interest so far in conducting business on their cell phones and PDAs. Perhaps there are ways in which companies can use the wireless channel to differentiate certain valuable applications of CRM that simply aren’t available in any other way, such as using it to transmit real-time data – including airline flight and restaurant-reservation-status information – to people on the go. At the same time, even though a minuscule percentage of global customers use the fax machine to conduct CRM, nearly all companies make that channel available – and they should keep that machine plugged in.

Never Give Up on a Customer
In IBM Business Consulting Services’ research, about 17 percent of corporate respondents believed that CRM could be important for winning back customers once they’ve stopped buying. Other research suggests that regaining once-lost customers can be one of the most potent ways for companies to expand their marketplace – and that it isn’t as difficult to do as executives might imagine. Many customers actually are quite forgiving and are willing to heed attributes that had attracted them to a company in the first place, as long as they’re invited back into the fold. The challenge is for companies to find ways to create a unified CRM experience that will attract customers back once they’ve departed.

About IBM Business Consulting Services
IBM Business Consulting Services (ibm.com/services) is one of the world’s leading providers of management consulting and technology services to many of the largest and most successful organizations, across a wide range of industries. With offices in 160 countries, IBM Business Consulting Services helps clients solve their business issues, exploiting world-class technology for improved business performance.