## Lessons from the History of CUSTOMER RELATIONSHIP MANAGEMENT



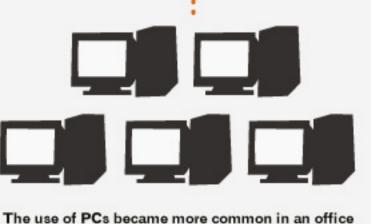
### 1980 DATABASE MARKETING

Pre-CRM Systems Store Data and Not Much Else



under the guise of "database marketing".

CRM began to become possible



environment, and in addition, in the late 1980s client/server architecture was introduced in the workplace.



contact management systems allowed customer details to all be stored in one place and easily accessed, but not much else could be done with them. Contact management systems and functionality were extremely basic.

### **TELEMAGIC** Telemagic and ACT! were considered to be major players in the

industry.

# relationship management

Castomer

The expression "customer relationship management" was first used.

Inaccessible (and Therefore, Useless) Stored Data

qq5

CALL CENTERS

Sales Force Automation (SFA) was



developed that dealt with pre-sales activities such as keeping prospect and customer data together. Such systems were also able to be used for telemarketing, lead generation and preparing sales quotes and orders.

At the same time customer service and

support (CSS) functionality were developed that handled activities post-sales. CSS databases allowed for the progression of customer contact

centers and help desks.

All customer data was stored in the CSS database and was not linked up with any other organizational system. This made it challenging for organizations to do anything useful with the data that was available to them, since other departments such as marketing were not able to correlate this data with their own information sourced through other activities.

Regardless of their shortcomings, customer service support systems became the framework under which automated call centers were able to function.

system.

1996-1998 THE RISE OF ERP

Enterprise Resource Planning (ERP)

software companies started including

was to include all different types of systems into one overall software package that would keep track of all of the organizations functions through one

front office tasks and activities. The goal

CRM Covers Only the Front End

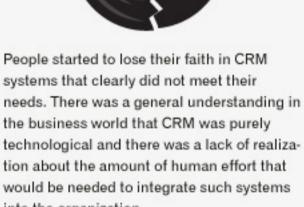
This included taking care of all front end activities.

However, ERP did not cover customer relationship management functions effectively and separate customer

relationship management systems were expected to do that.



customer communication - which at the time were telephone, Internet and email.



tion about the amount of human effort that would be needed to integrate such systems into the organization.



took a long time to implement. By the

time the business needs were met by



of them. They were beginning to be able to support Internet,

**LATE 1990s** 

CRM WITHOUT STRATEGY

The sense is that organizations wanted CRM systems to do too much. This led to extremely complex requirements that

All-Encompassing CRM Systems That Failed

as well as partner channels. According to Gartner, customer relationship management projects failed in



systems was low and data entry was spotty.

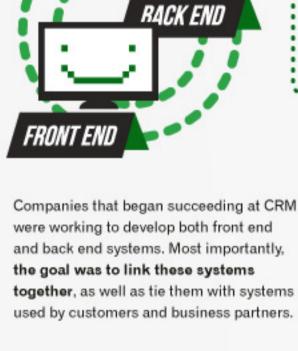
droves. They argue that the end users of such systems did not understand the

purpose of entering the customer data into the system and so user adoption of the



**EARLY 2000**s CRM STRATEGY BEGINS **Linking Together Front Ends** 

Organizations developed systems without putting in place an actual customer relationship strategy. Without an executive commitment to customer relationship management through a strategy as well as a system, the initiatives failed.



and Back Ends

It was not until 2002 that a really strategic

approach began to be implemented into organizations with regard to CRM. Instead of looking at just cutting down on expenses, companies

sought out approaches that would help them to

grow their revenues by working with customers

to better understand their needs.

EARLY SOCIAL MEDIA & CRM

CRM Starts to Mold to Social Media







for success.

2010

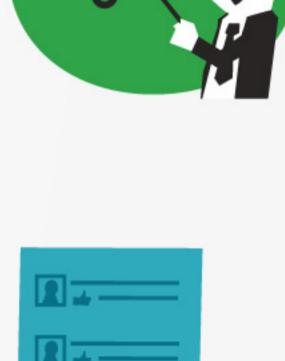
2008

**CRM Begins to Integrate** All Departments The focus began to be completely on strategy and self service CRM was increased so that customers were better able to help themselves with their issues.

SOCIAL CRM

Organizations became aware that customers may not bring their feedback directly to the firm

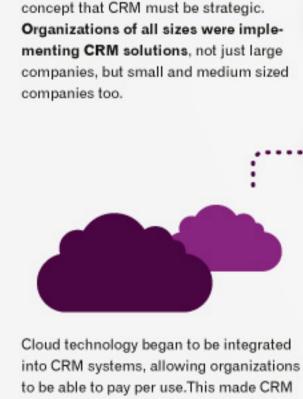
but might instead post it online. This led to customer relationship management vendors starting to develop and sell systems that would address the issues created by social networking, as well as reviewing how to leverage this



Organizations began to see the power of

customers. In turn, customers began to see how they could use the web to be able to express their thoughts about companies online through review web-

social media marketing to attract



become more affordable for different kinds

of organizations.

CRM becomes flexible and agile. Organizations have completely embraced the

2010

2012

department. It was realized that management, staff and technology were all required to be operating together to achieve CRM effectively. 2011-2012

SOCIAL GROWTH

\$18.4B

2016

Social CRM Used Heavily in B2C Businesses (But Not B2B)

Social CRM became much more integrated

into customer management systems and

approaches.

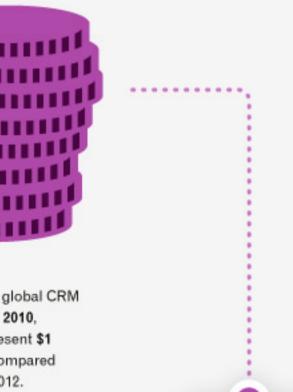
\$12.9B

2012

It had become clear that everyone in the organization needed to be involved in customer relationship management activities, not just one silo



Social CRM was estimated to comprise 8% of all global CRM spending during 2012, which had doubled since 2010, according to Gartner. This was estimated to represent \$1 billion of spend on social CRM which can be compared against an overall spend of \$12.9 billion during 2012.



Most of this was found to be used in business to consumer companies, with just ten percent being used in business to

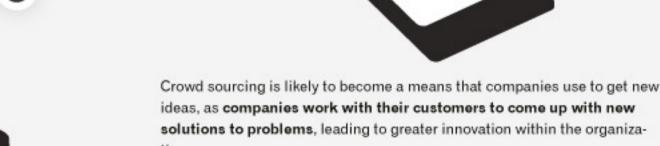
business organizations. It is believed that

rates in organizations.

### social CRM will have very large adoption Gartner has predicted that spending on enterprise CRM software will grow on a worldwide **2013 & BEYOND** basis from \$12.9B in 2012 to \$18.4B in 2016. Trends that have been predicted for the future include an increased use of cloud-based CRM to MOBILE CRM reduce the costs of CRM. Cloud CRM, Mobile CRM,

The predicted goal is to reduce the on-site resources and equipment necessary to

and Beyond - Oh, My!



This means that customers will drive innovation in a way that they never have been able to before, opening up CRM to new areas of the business that



shaped-the-crm-software-industry-over-the-last-30-years/

deliver CRM.

One of the most important developments will be mobile CRM as customers look to be able to access businesses from anywhere.



SOURCES Business Week "The Evolution of Relationship Management", http://www.businessweek.com/adsections/crm/evolution.html Ciecierski, A. (2010) "18 Key Events that Shaped the CRM Software Industry Over the Last 30 Years" CRM Software Blog, http://www.crmsoftwareblog.com/2010/11/18-key-events-that-

Morgan, J. (2010) "The Evolution of CRM to Social CRM", J Morgan Marketing, http://www.jmorganmarketing.com/evolution-crm-social-crm/ Sumastre, M.G. (2012) "Top 6 Trends in Customer Relationship Management (CRM)", Techopedia, http://www.techopedia.com/2/28333/enterprise/crm/top-6trends-in-customer-relationship-management-crm

# it did not touch so heavily ever before.

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