

Lessons from the History of CUSTOMER RELATIONSHIP MANAGEMENT



1980

DATABASE MARKETING

Pre-CRM Systems Store Data and Not Much Else



CRM began to become possible under the guise of "database marketing".



The first contact management software was developed. Simple 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.

1995

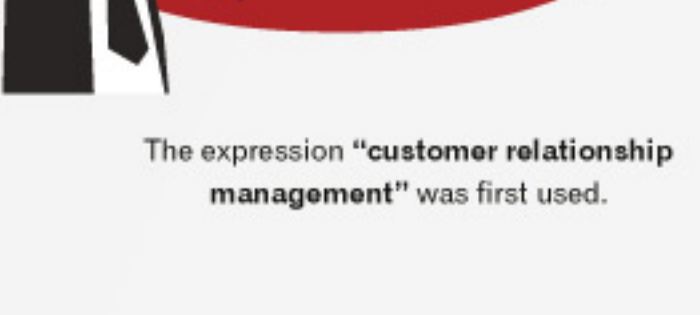
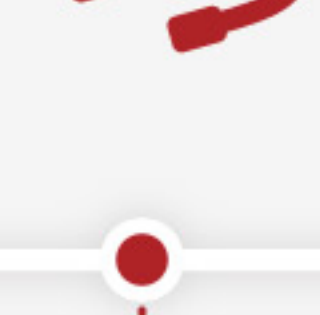
CALL CENTERS

Inaccessible (and Therefore, Useless) Stored Data



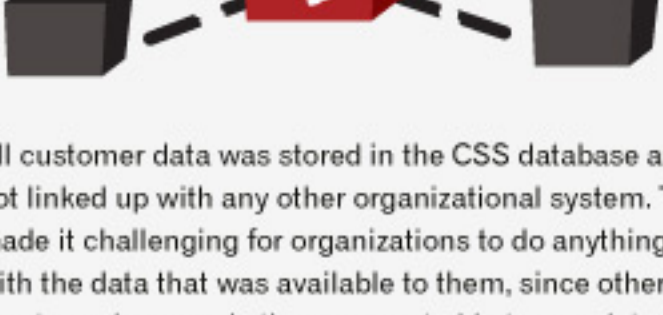
Sales Force Automation (SFA) was developed that dealt with pre-sales activities such as keeping prospect and customer data together. Such systems were also able to be used for telemarketing, lead generation and preparing sales quotes and orders.

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.



"Customer relationship management"

The expression "customer relationship management" was first used.



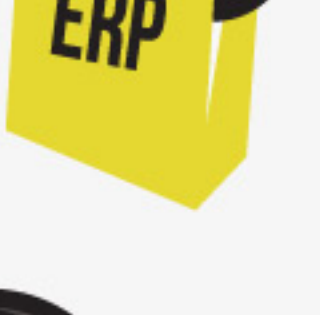
All customer data was stored in the CSS database and was not linked up with any other organizational system. This made it challenging for organizations to do anything useful with the data that was available to them, since other departments such as marketing were not able to correlate this data with their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

1996-1998

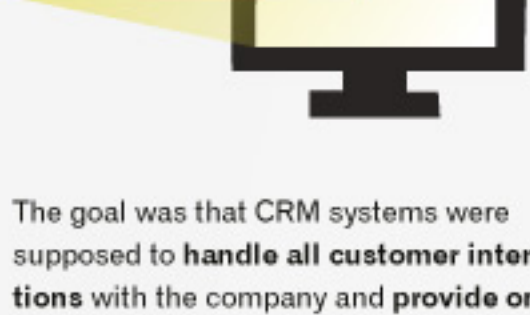
THE RISE OF ERP

CRM Covers Only the Front End

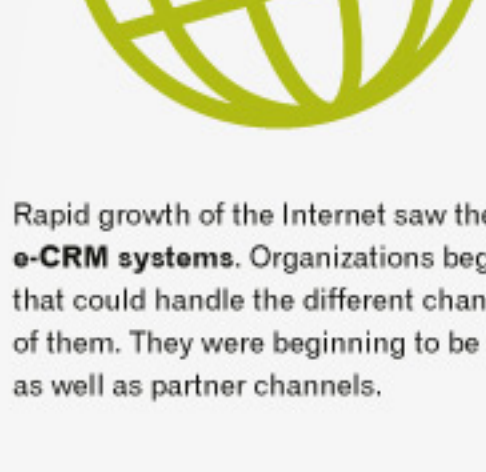
Enterprise Resource Planning (ERP) software companies started including front office tasks and activities. The goal was to include all different types of systems into one overall software package that would keep track of all of the organizations functions through one system.



However, ERP did not cover customer relationship management functions effectively and separate customer relationship management systems were expected to do that. This included taking care of all front end activities.



The goal was that CRM systems were supposed to handle all customer interactions with the company and provide one view of these. This included sales but also pre-sales, post-sales and all types of customer communication - which at the time were telephone, Internet and email.



Rapid growth of the Internet saw the development of e-CRM systems. Organizations began to develop systems that could handle the different channels that were required of them. They were beginning to be able to support Internet, as well as partner channels.

According to Gartner, customer relationship management projects failed in 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 systems was low and data entry was spotty.



During these years CRM projects were developed around one department rather than trying to integrate departments together. For example, a system might be built around sales without considering the implications for marketing.



Companies that began succeeding at CRM were working to develop both front end and back end systems. Most importantly, the goal was to link these systems together, as well as tie them with systems used by customers and business partners.



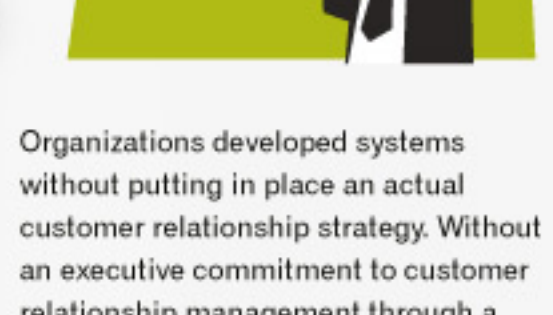
LATE 1990s

CRM WITHOUT STRATEGY

All-Encompassing CRM Systems That Failed



The sense is that organizations wanted CRM systems to do too much. This led to extremely complex requirements that took a long time to implement. By the time the business needs were met by the system, the business had moved forward and had new requirements.



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.

EARLY 2000s

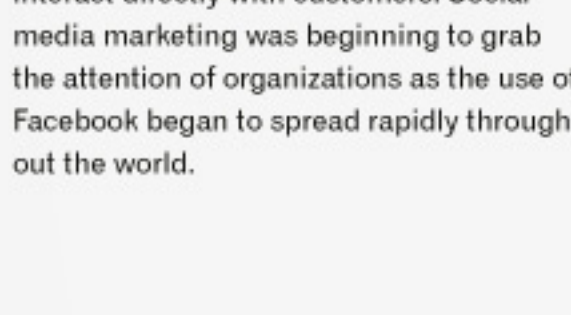
CRM STRATEGY BEGINS

Linking Together Front Ends 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.



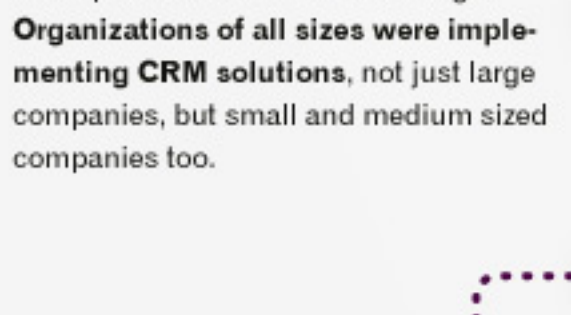
By 2008, Twitter was used by Comcast to interact directly with customers. Social media marketing was beginning to grab the attention of organizations as the use of Facebook began to spread rapidly throughout the world.



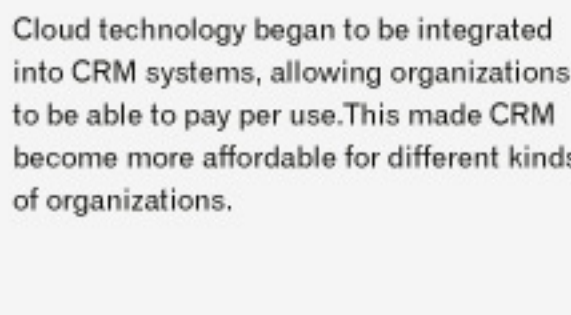
Organizations began to see the power of social media marketing to attract customers. In turn, customers began to see how they could use the web to be able to express their thoughts about companies online through review websites.



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 for success.



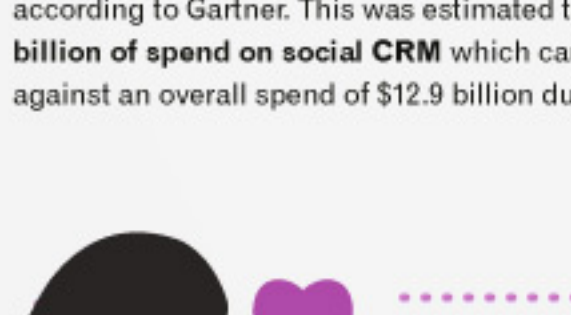
CRM becomes flexible and agile. Organizations have completely embraced the concept that CRM must be strategic. Organizations of all sizes were implementing CRM solutions, not just large companies, but small and medium sized companies too.



Cloud technology began to be integrated into CRM systems, allowing organizations to be able to pay per use. This made CRM become more affordable for different kinds of organizations.



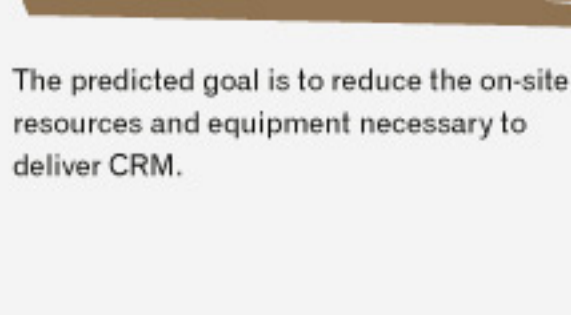
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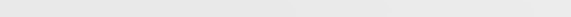
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