

Is CRM nothing more than marketing extended?

Marketing is no longer seen as the ad business. It is now bordering upon many business functions to such an extent as to question what is marketing? No better example of can be found than with marketing and CRM. So would venture that CRM is indeed an extension of marketing or perhaps the other way round CRM is marketing, the 5th P in the marketing strategy, only it has become big enough now to stand on its own. If it is the 5th P for people, shouldn't it work as closely as possible within the marketing remit?

What is CRM and is it nothing more than marketing?

Too many companies apply disparate factions when it comes to the marketing and customer relationship management (CRM) functions, not always deliberately – many through the natural demands of their targets resulting in poor communications or consideration of each departments needs or demands.

With marketing budgets now under intense scrutiny and a collective agreement that most CRM strategies have failed, it is time to take stock of the business function that meets the customer and ask 'Have we married these functions properly together? Are they pursuing similar strategies and does the customer experience boasted by the advertising campaigns actually come into fruition during each and every customer touch point?'

Let's start by asking whether CRM is a disparate function or the 5th P in marketing strategy. If you believe as many now do, that the latter is true - CRM is in fact another level in the marketing strategy - then you have to bring these two functions very closely together in your planning, target setting and overall business strategy.

Fail to do so and you cannot begin to see the maximum benefit each function may bring to your corporate strategy. This paper considers the problem at its foundation level, the approach to marketing planning and proposition development and its relationship to CRM approach and resource. Its purpose is to help develop a single CRM and marketing strategy layer to business planning.

The need for consistency in approach

To get the best from a 'marriage' it is a case of working closely together – we've all heard this from our own families, yet when we apply the analogy to business we find that CRM and marketing rarely talk to each other, quite often have targets so different that they find working together quite impossible and a culture clash that is based upon one not understanding the other.

For example, the marketing strategy may be to grow the business or maintain marketplace presence or market share. When CRM strategy is then examined we find that it is based upon, not only customer experience or satisfaction at a touch point level but also cost, efficiency or purely sales driven. These are all tactical business targets. When you then apply both targets together they simply cannot be 'married', as the CRM function is not being driven as an element of the marketing mix.

For example, an organisation's new business development may be driven from within the CRM strategy. This may have growth targets or customer demographic change requirements. Why not move the CRM strategy from one of a defensive nature (meeting customer interactions reactively) to one of offensive, a healthy go-to-market approach that aims to expand customer sales through call blending or proactive telephone campaigns, with agent targets geared not to touch point times and efficiency but to new customer acquisition, cross selling or up sell creation.

It is important that when developing a corporate business plan these two functions have a like target and approach – new customers equals offensive CRM, customer retention has to be managed with defensive CRM and so on, otherwise the one simply cancels the other out.

The matter of managing internal demand

A classic case of mismanaged CRM and marketing was cited at a recent customer workshop, where £6 million of TV advertising was scheduled, compelling propositions developed into memorable advertising lines and peak time schedules booked. Only the marketing strategy wasn't declared to the CRM team, so no-one geared up the call centre agents in the proposition, man-time and resource not accounted for and new extra line capacity or outsourced services applied at the launch date.

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The result, one extremely upset CRM team who are blamed for the failure of a great ad campaign. Either way, £6 million of advertising spend resulted in little return – no matter whom you blame.

Like all marriages, getting the strategy right from the start, so that we all 'pull together' is a fantastic beginning. However, it is the day-to-day implementation of this bond that makes it a success. Good communications, setting complimentary targets which are proactive, joint planning and a sharing of an overriding target which is linked to the business plan and is other than simple revenue measurement, means that one self regulates and informs on the other to make the overall strategy work - in a positive, integrated fashion.

Far too often business managers set up the opposite approach, where one department effectively informs upon the other. This is based upon different business divisions maintaining their own success and equally driven to out perform each other, which in turn leads to poor resource utilization, duplication of effort and division.

If CRM is nothing more than an extension of marketing functions, targets should compliment not contradict or frustrate.

Appreciating a 'like' strategy

Most by now will recognize the dis-function in marketing and CRM. The problem for many is how to best resolve the issue, bridging the gap in communications, blending the strategies and targets together, so that positive cash flow is yielded and targets are affected. It has to be a marriage of business process and technology.



Fig. 1. Developing the foundation of complimentary CRM and marketing strategies

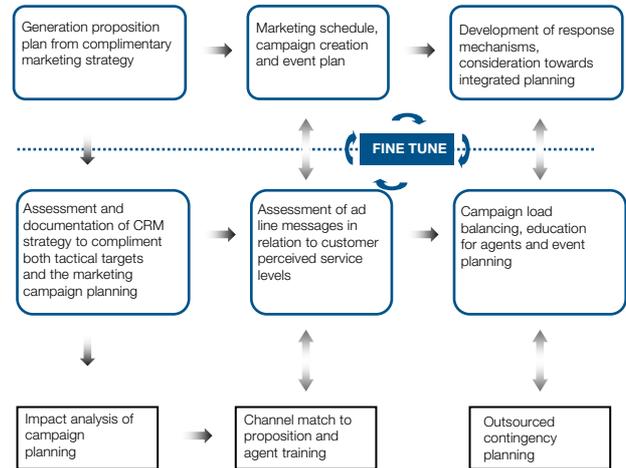


Fig. 2. Developing an impact analysis on a complimentary CRM and marketing strategy

Having complimentary targets and approaches to strategy immediately permits tactical exercises to occur, which improves go-to-market timescales, reduces redundancy, improves the cost of sale and overall delivers a higher level of customer satisfaction as agents understand the proposition. Self service options have been identified and constructed to manage the customer base better and cross-selling or up-selling options created to improve customer profitability and campaign performance. In short - high yields per investment over shorter timescales.

The problem now is how to manage the integrated workflow that the complimentary strategy and business planning has created. Proposition development in marketing must be seen to drive tactical training or skills acquisition in the call centre or even drive CRM centre strategy to consider rapid outsourcing options. The process should be mapped, nothing falling through the cracks, automatically driving planning to targets.

Many tools now exist that offer excellent point solutions within a specific function or problem area. Few act across an integrated business function layer, effectively identifying key impacts on change in strategy or tactical proposition development. This can only be achieved through the integration of all the disparate line of business applications, databases and workflow systems to form an integrated marketing and CRM function layer.

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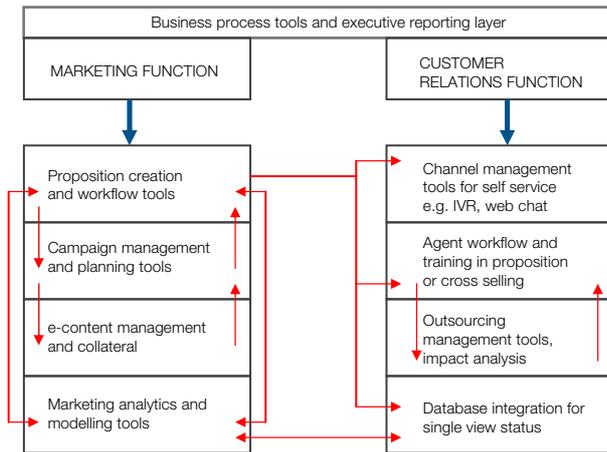


Fig. 3. Integrating the business tools to achieve an integrated CRM and marketing strategy layer

Once in place, no longer will CRM and marketing act in a dysfunctional manner. They will act as one homogenous process driving profitability higher with a single complimentary goal.

Further Reading

1. Selling smarter with sales cycle marketing Where marketing helps reduce the sales cycle process by providing company specific advance education and compelling argument to assist in the selling process.
2. Seeing the wood for the trees, introducing intelligent lead generation programmes. An introduction into research led lead generation programmes for more business issue specific marketing and proposition development.

Notes about the Author

Anderson Baillie provides integrated marketing solutions and business growth consultancy. One of the UK's leading business-to-business marketing agency.

Anderson Baillie has developed its own methodology of strategy development through to communications planning and deployment for companies operating throughout Europe.

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