

IMPORTANCE OF CRM SOFTWARE

18 Reasons Why An Organization Needs CRM

BY TECHONESTOP

Believe me:

If you are a business owner, this article - **Importance of CRM Software** will definitely help you to grow your business.

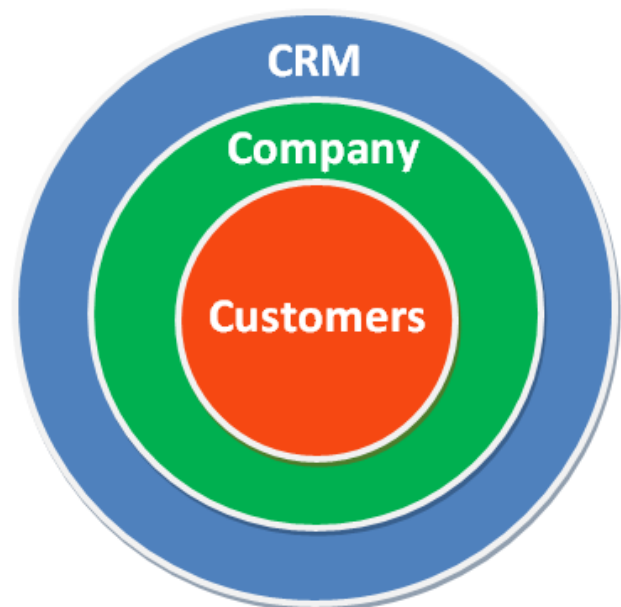
How?

Look at our 3C model...

Customer, Company and CRM (Customer Relationship Management)

You know,

Customers are always at the center of any business model.



But,

What is CRM? Why does a company need CRM?

Moreover,

Importance of CRM software in a business?

We will discuss benefits of CRM but read this analogy first.

Say,

You own a business that has just 10 customers. You remember their contact details, addresses, even their birthdays.

For better customer engagement, you ask your customers to share feedback about products and services. You discuss about new products or service improvement areas in your business.

You send customized gifts to your customers on special occasions.

You try to resolve customers' queries as soon as possible.

Because...

Customer loyalty and satisfaction matter a lot to increase sale and brand value.

You can use a simple spreadsheet to maintain these 10 customers as well.

Now your business has grown up. You have got 100 customers to take care. Your satisfied and loyal customers refer their friends and families to buy products from you.

Nice job!

Give a pat on your back!

On the other hand,

It has become difficult to maintain same personal touch with all customers without any systematic approach.

You do not have enough time to resolve customers' queries same way you did before.

No time to ask for customer feedback or discuss about new products.

Often you forget to send gifts to your customers on special days.

A simple spreadsheet is not enough anymore.

And most important,

Do you know how this can affect your business?



That matters a lot, isn't it?

Your client satisfaction goes down. Once your most loyal customers go to your competitors to buy products.

So,

What is the best way to retain old customers and capture new prospects?

Acquiring a new customer is five times costlier than retaining an existing customer. - [Forrester Research](#)

What you can do to make your customers feel that you care each individual?

70% of buying experiences are based on how the customer feels they are being treated. - [McKinsey](#)

How to send only that type of birthday gifts to your customers that they like?

A 5% increase in customer loyalty would increase the average profit per customer by 25% – 100%. – [TheLoyaltyEffect](#)

(To know more, read **15** mind blowing [customer loyalty statistics](#) here)

Answer is Customer Relationship Management (CRM).

What is CRM?

CRM is a technology that helps an organization to retain existing customers, capture new customers and improve [customer loyalty](#). It helps business owners to overcome various operational business challenges like high client attrition rate, sales decline, non-systematic business processes and dissatisfaction of stakeholders.



Here we have listed down **top 18 benefits of Customer Relationship Management.**

Importance of CRM Software:

1 Business Process Automation:

Think about this:

Will it be helpful if you can capture customer feedback automatically? Or if someone can tell you what will be the next best thing to do based on customer complain or suggestion?

Do you want to send customized gifts to your customers on special days without fail?

Using CRM software, you can automate all these business requirements.

CRM helps an organization to streamline business processes. It standardizes and automates sales, marketing and service processes to reduce human error. It increases productivity, speeds up business processes and improves customer satisfaction.

2 Better Lead to Customer Conversion Ratio:

Do you know?

79% of leads never convert into sales and most common reason behind this poor performance is lack of lead nurturing.

But the best part is that...

CRM can solve this problem.

CRM tracks all customer interactions like when customer was last contacted, what was the outcome. Even CRM tells you what can turn the lead into customer.

If you use CRM, you will never loss any lead or miss any selling opportunity.

3 Personalized Product Configuration:

You know,

One size does not fit all...

Customers are more likely to buy personalized products or services than a generic one.

CRM helps organization to configure products for each individual. It allows to customize products according to zone or country or industry or age group etc.

Using CRM, business can define various rules like product compatibility & eligibility, validation, up & cross selling.

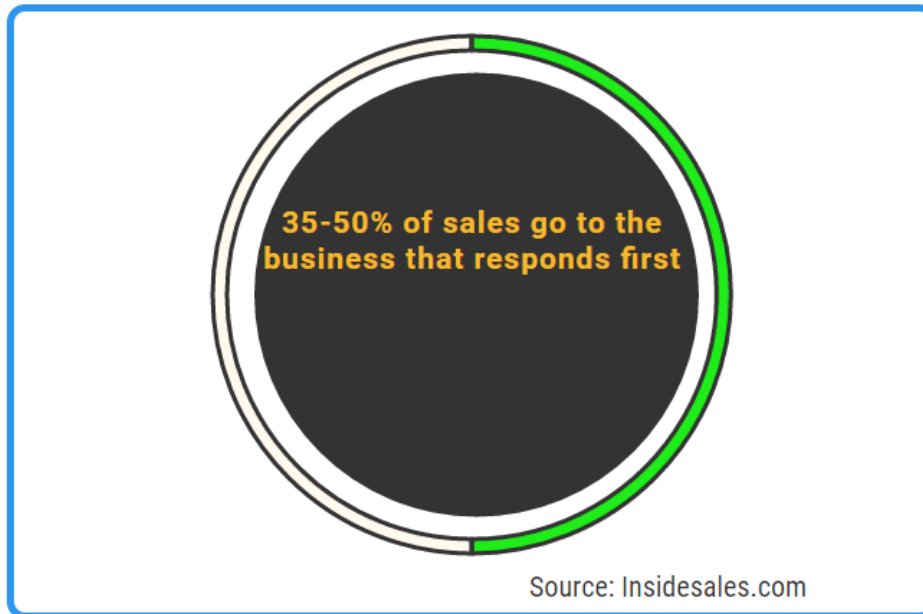
4 Shorter Sales Cycle:

First,

What is Sales Cycle?

Sales Cycle is the time that a company takes to close a deal. It starts when a salesperson first contacts with a lead and ends when the lead becomes customer.

CRM with sales process automation helps salespersons to track and communicate with all leads. It helps to complete the sales process quickly and efficiently.



5 Customer Segmentation:

Customer segmentation plays an important role, especially in marketing.

Few years back, Harvard Business claimed that in the US, 85% of 30,000 new products failed because of poor customer segmentation.

CRM captures and analyzes customer data, coming from various sources. It divides customers into groups that share similar characteristics such as buying pattern, geography, age, gender or any custom rules.

Customer segmentation helps organization to develop new product, set product price, run campaign and decide service methods.

6 Campaign Management:

Do you give enough importance to campaign management and analysis?

Remember,

This is your very first step to reach potential customers with your products.

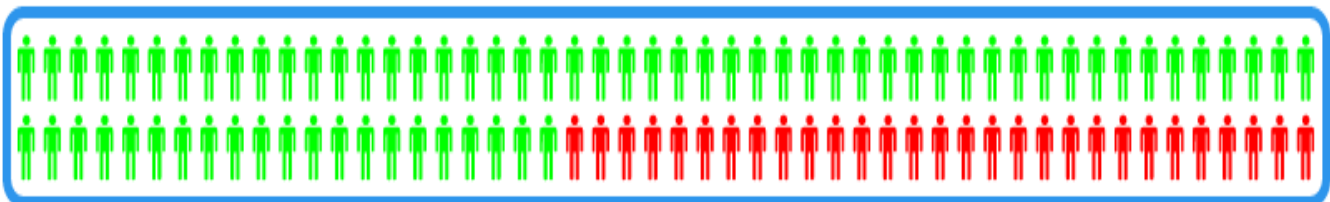
So, it must be flawless.

CRM leverages the efficiency of marketing campaign by automating the process. A well defined marketing strategy with CRM helps business to get more qualified leads than traditional campaign.

CRM reduces the campaign cost, analyzes campaign data and forecasts future marketing strategy.

7 Social Media Marketing:

Nowadays, it is difficult for any business to grow without social media presence.



71% of customers who experience quick and effective response via social media are likely to recommend the brand to others. - **NM Incite**

Good exposure in social media helps business to reach out more potential customers. It helps to reduce service cost and improve customer engagement.

CRM with social media integration helps business to run and track social media campaign, measure its effectiveness, increase sales, resolve customer queries.

To know more, read this - [Social Media Marketing](#)

8 Customer Service Improvement:

You already know the importance of good customer service. It helps an organization to keep existing customers, bring more business from them and capture new leads.

You can automate service processes using CRM. It helps to deal with customers' complaints or suggestions more effectively and quickly. By streamlining the business process, you can minimize human error.

Not only that, it gives you better traceability of employees' actions on customers' queries.

9 Increase Customer Loyalty:

Unbelievable but it's true...

Acquiring a new customer is 6-7 times costlier than retaining an existing customer.



Satisfied and loyal customers are more likely to buy products from you than a new customer. Moreover, they spread positive words about your brand.

Do you know how word of mouth affects your business?

74% of consumers think that word of mouth is key influencer in their purchase decision. – [PRNewser](#)

Satisfied customers help to generate more leads and increase sales.

CRM helps an organization to increase customer satisfaction and loyalty.

To know more, read this: [Customer Retention and Loyalty – 15 Statistics in Infographic](#)

10 Customized Escalation Matrix:

By now,

You have got the idea that customers' queries should be resolved ASAP.

But how?

Very first step is to set proper escalation matrix.

It helps to response customers' queries on time, increase sales, run campaign within budget.

CRM is the best place where you can define your own escalation matrix and integrate with customer details.

11 Task Management:

Another importance of CRM software,

CRM is not only for customer management but also employee management.

It is very important to assign and complete tasks within time and budget.

You can automate task management process in CRM.

It can create and assign tasks among employees based on their skill set, availability, geography etc.

Business can set their own rules in CRM to manage tasks efficiently.

Not only that, CRM maintains employee hierarchy and control data visibility also.

For example,

Team leader can assign and track progress of all his team members' tasks. Manager can see all tasks assigned to team leaders and their subordinates.

Many CRM applications offer task synchronization with other platforms as well like [Outlook](#), [Google Calendar](#).

12 **Customer Communication:**

Would you like to send a welcome kit to customers once they join with your business?

Or an email when their queries are resolved?

Or gift on birthdays?

Or a letter when a new product is launched?

You can specify your own rules in CRM to automate customer communications. This reduces human errors as well as increases customer satisfaction.

13 Utilization of communication channels

Think about it:

If a prospect prefers email communication and you send letter, can you ever convert him into customer?

NO! It's never possible!

Even it will create a wrong impression of your brand.

Communication channel matters a lot in every dept - sales, marketing or service.

You must capture preferred communication channels of your customers.

Also automate the process in CRM so that you reach your customers with their preferred channels only.

This will definitely increase lead to customer conversion ratio, sales and profit as well as customer loyalty.

14 Team Collaboration:

Effective team collaboration brings more leads and increases sales.

For example,

Data from service unit can help marketing department to run more effective campaign or sales department to up-sell or cross sell products.

CRM unites various departments (like Sales, Marketing, Service, Management) of an organization.

The purpose of collaboration is to enhance the quality of service and customer satisfaction.

To know more, read: [Collaborative CRM and Collaborative strategy](#)

15 Better Data Protection:

Most important of all,

Data protection must be the highest priority in any business.

In CRM, users can see customer data according to their roles and responsibilities. It helps business to safe guard customer information from being stolen or misused.

16 Better Traceability Matrix:

Do you know -

Was your last marketing campaign effective enough?

Which channels gave you maximum sale in last campaign?

How your company performed during last 5 years?

How many customers did you loss last quarter?

And a million dollar question...

Are your customers satisfied to do business with you?

A CRM application can answer all these questions. It can analyze data, generate reports and measure campaign effectiveness. Even it can tell when a customer tends to leave your business.

It also helps upper management to take better decision based on historical data analysis.

17 Cost Effectiveness:

If you think CRM is costly software and only for big companies, then you are wrong!

CRM implementation may be a costly process for SME but over the time it becomes the most cost effective way to run business.

Business process automation in CRM saves time, manual activities and other resources.

There are many cloud based free CRM software for SME as well.

To know more, read [Best Cloud Based Free CRM Software For Small And Medium Business](#).

18 Mobile Compatibility:

Last but not the least,

Mobile CRM enables business not to lose a single selling opportunity, even when you are not in office. It helps employees to access customer data using smart phones or tablets any where any time.

Stay connected, do business!

Few Final words about Importance of CRM Software:

Irrespective of size, CRM enables a company to understand its customer and business well. It provides better insights about customers to improve sales and generate revenue.

Remember,

It is very important to choose the right CRM software for your business. But how to do that?

We will discuss this in our next article.

WHAT TO DO NEXT

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❖ Click here to check [infographic on Importance of CRM](#)

❖ Click here to watch YouTube video on [benefits of CRM](#) (Old video, we will replace it with new version)

❖ Give a pat on your back – now you know how CRM can help you to grow your business