Customer relationship management

**Customer relationship management** (**CRM**) is an approach to manage a company's interaction with current and potential [customers](https://en.wikipedia.org/wiki/Customers). It uses [data analysis](https://en.wikipedia.org/wiki/Data_analysis) about customers' history with a company to improve business relationships with customers, specifically focusing on [customer retention](https://en.wikipedia.org/wiki/Customer_retention) and ultimately driving sales growth.

One important aspect of the CRM approach is the systems of CRM that compile [data](https://en.wikipedia.org/wiki/Data) from a range of different communication channels, including a company's website, telephone, email, live chat, marketing materials, and more recently, social media.[[2]](https://en.wikipedia.org/wiki/Customer_relationship_management#cite_note-2) Through the CRM approach and the systems used to facilitate it, businesses learn more about their target audiences and how to best cater to their needs.

## **Software history**

The concept of customer relationship management started in the early 1970s, when customer satisfaction was evaluated using annual surveys or by front-line asking. At that time, businesses had to rely on [standalone mainframe systems](https://en.wikipedia.org/wiki/Mainframe_computer) to automate sales, but the extent of technology allowed them to categorize customers in [spreadsheets](https://en.wikipedia.org/wiki/Spreadsheet) and lists. In 1982, Kate and Robert Kestnbaum introduced the concept of [Database marketing](https://en.wikipedia.org/wiki/Database_marketing), namely applying statistical methods to analyze and gather customer data. By 1986, [Pat Sullivan](https://en.wikipedia.org/wiki/Pat_Sullivan_(programmer)) and [Mike Muhney](https://en.wikipedia.org/wiki/Mike_Muhney) released a customer evaluation system called [ACT!](https://en.wikipedia.org/wiki/Act!_CRM) based on the principle of digital rolodex, which offered a contact management service for the first time.

The trend was followed by numerous developers trying to maximize leads' potential, including [Tom Siebel](https://en.wikipedia.org/wiki/Thomas_Siebel), who designed the first CRM product [Siebel Systems](https://en.wikipedia.org/wiki/Siebel_Systems) in 1993. Nevertheless, customer relationship management popularized in 1997, due to the work of Siebel, [Gartner](https://en.wikipedia.org/wiki/Gartner), and [IBM](https://en.wikipedia.org/wiki/IBM). Between 1997 and 2000, leading CRM products were enriched with [enterprise resource planning](https://en.wikipedia.org/wiki/Enterprise_resource_planning) functions, and shipping and marketing capabilities. Siebel introduced the first mobile CRM app called Siebel Sales Handheld in 1999. The idea of a cloud-hosted and moveable customer bases was soon adopted by other leading providers at the time, including [PeopleSoft](https://en.wikipedia.org/wiki/PeopleSoft), [Oracle](https://en.wikipedia.org/wiki/Oracle_Corporation), and SAP.

The first open-source CRM system was developed by [SugarCRM](https://en.wikipedia.org/wiki/SugarCRM" \o "SugarCRM) in 2004. During this period, CRM was rapidly migrating to cloud, as a result of which it became accessible to sole entrepreneurs and small teams, and underwent a huge wave of price reduction. Around 2009, developers began considering the options to profit from social media's momentum, and designed tools to help companies become accessible on all users' favorite networks. Many startups at the time benefited from this trend to provide exclusively [social CRM](https://en.wikipedia.org/wiki/Social_CRM) solutions, including [Base](https://en.wikipedia.org/wiki/Base_CRM) and [Nutshell](https://en.wikipedia.org/wiki/Nutshell_CRM). The same year, Gartner organized and held the first Customer Relationship Management Summit, and summarized the features systems should offer to be classified as CRM solutions. In 2013 and 2014, most of the popular CRM products were linked to business intelligence systems and communication software to improve corporate communication and end-users' experience. The leading trend is to replace standardized CRM solutions with industry-specific ones, or to make them customizable enough to meet the needs of every business.

In November 2016, *Forrester* released a report where it "identified the nine most significant CRM suites from eight prominent vendors," among them companies such as [Infor](https://en.wikipedia.org/wiki/Infor" \o "Infor), [Microsoft](https://en.wikipedia.org/wiki/Microsoft), and NetSuite.

## **Types of CRM**

## Strategic

Strategic CRM is focused upon the development of a customer-centric business culture.

### Operational**[[edit](https://en.wikipedia.org/w/index.php?title=Customer_relationship_management&action=edit&section=4" \o "Edit section: Operational)]**

The primary goal of customer relationship management systems is to integrate and automate sales, marketing, and customer support. Therefore, these systems typically have a dashboard that gives an overall view of the three functions on a [single customer view](https://en.wikipedia.org/wiki/Single_customer_view), a single page for each customer that a company may have. The dashboard may provide client information, past sales, previous marketing efforts, and more, summarizing all of the relationships between the customer and the firm. Operational CRM is made up of 3 main components: sales force automation, marketing automation, and service automation.

* [Sales force automation](https://en.wikipedia.org/wiki/Sales_force_management_system) works with all stages in the sales cycle, from initially entering contact information to converting a prospective client into an actual client. It implements [sales promotion](https://en.wikipedia.org/wiki/Sales_promotion) analysis, automates the tracking of a client's account history for repeated sales or future sales and coordinates sales, marketing, call centers, and retail outlets. It prevents duplicate efforts between a salesperson and a customer and also automatically tracks all contacts and follow-ups between both parties.
* [Marketing automation](https://en.wikipedia.org/wiki/Marketing_automation) focuses on easing the overall marketing process to make it more effective and efficient. CRM tools with marketing automation capabilities can automate repeated tasks, for example, sending out automated marketing emails at certain times to customers, or posting marketing information on social media. The goal with marketing automation is to turn a sales lead into a full customer. CRM systems today also work on [customer engagement](https://en.wikipedia.org/wiki/Customer_engagement) through social media.
* Service automation is the part of the CRM system that focuses on direct customer service technology. Through service automation, customers are supported through multiple channels such as phone, email, knowledge bases, ticketing portals, FAQs, and more.

### Analytical

The role of analytical CRM systems is to analyze customer data collected through multiple sources, and present it so that business managers can make more informed decisions. Analytical CRM systems use techniques such as data mining, correlation, and pattern recognition to analyze the customer data. These analytics help improve customer service by finding small problems which can be solved, perhaps, by marketing to different parts of a consumer audience differently. For example, through the analysis of a customer base's buying behavior, a company might see that this customer base has not been buying a lot of products recently. After scanning through this data, the company might think to market to this subset of consumers differently, in order to best communicate how this company's products might benefit this group specifically.

### Collaborative

The third primary aim of CRM systems is to incorporate external stakeholders such as suppliers, vendors, and distributors, and share customer information across organizations. For example, feedback can be collected from technical support calls, which could help provide direction for marketing products and services to that particular customer in the future.

### Customer data platform

A [Customer Data Platform](https://en.wikipedia.org/wiki/Customer_data_platform) (CDP) is a computer system used by marketing departments that assembles data about individual people from various sources into one database, with which other software systems can interact. As of February 2017 there were about twenty companies selling such systems and revenue for them was around US$300 million.