**Why Is Customer Relationship Management So Important?**

At its core, customer relationship management (CRM) is all of the activities, strategies and technologies that companies use to manage their interactions with their current and potential customers. A saying frequently heard and said in many businesses is "customer is king."

CRM helps businesses build a relationship with their customers that, in turn, creates loyalty and customer retention. Since customer loyalty and revenue are both qualities that affect a company's revenue, CRM is a management strategy that results in increased profits for a business. At its core, a CRM tool creates a simple user interface for a collection of data that helps businesses recognize and communicate with customers in a scalable way.

Leslie Ye, editor at Hubspot’s Sales Blog, [describes](https://blog.hubspot.com/sales/why-you-need-crm) a CRM in the following way: “Beyond contact info, CRMs log reps’ touchpoints with their prospects, including emails, phone calls, voicemails, and in-person meetings. Some CRMs offer the ability to track deal stages and reasons for closed-lost and closed-won deals.”

According to [Gartner](http://www.gartner.com/newsroom/id/3329317), CRM software totaled $26.3 billion in 2015 and predicts that that figure will continue to rise through 2018.

At its core, customer relationship management is simple. However, it can be implemented in a huge array of methods: websites, social media, telephone calls, chat, mail, email and various marketing materials can all be integrated into a CRM solution. Due to CRM's diversity, it doesn't only benefit larger businesses -- using and maintaining a CRM tool is the basis for a scalable sales and marketing system. Any company will benefit from maintaining a record of which conversations, purchases and marketing material can be associated with leads and customers.

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At UE.co, we advise companies to make CRM a part of their strategy before the number of clients makes a CRM platform absolutely necessary. Small businesses and even freelancers can benefit from CRM processes as well. After all, who doesn't want to increase their customer retention and, as a result, their profits? Some of the major ways in which CRM accomplishes this goal are listed below.

**• Learning.**CRM helps businesses learn about their customers, including who they are and why they purchase your products, as well as trends in customers' purchasing histories. This allows businesses to better anticipate their customers' needs and, as a result, fulfill them. Effectively using customer relationship management can also provide a strategic advantage. Well organized customer data helps companies select the correct recipients for promotions and new products.

**• Organization.**CRM allows businesses to become more efficient by organizing and automating certain aspects of the business. From sales processes to marketing campaigns and business analytics as well as customer data, CRM automates and streamlines these processes for businesses. This allows the businesses to organize these processes into simpler, easier to understand data.

**• Optimization.**Finally, CRM software allows businesses to optimize their customer interactions. By simplifying and streamlining many of the more complex customer interaction processes, CRM increases customer satisfaction.

**Types Of Customer Relationship Management**

There are many different types of CRM. However, most CRM software primarily focuses on one major category below.

**• Operational.**Operational CRM usually has to do with one of the three types of operations: marketing, sales and service. Operational CRM is an important tool for lead generation because it frequently deals with past customer data such as previous marketing campaigns, purchases and service satisfaction. CRM software also aims to automate these processes to create a better experience for both the businesses and their customers. Because of its concentration on efficiency, operational CRM is a great fit for companies with a shorter sales cycle and high repeat sales like e-commerce or business to consumer retail verticals.

**• Analytical.**The main function of analytical CRM is to analyze customer data so that management can better understand market trends and customers' wants and needs. The goal of analytical CRM is to improve customer satisfaction. Analytical CRM frequently uses data mining and pattern recognition to accomplish this task -- it works well for companies in higher priced markets with a lot of competition.

**• Collaborative.**Collaborative CRM is when companies share customers' information with outside companies and businesses. By pooling their data, certain businesses are able to create an even greater experience for their customers by obtaining data which they otherwise would not have had access. It's an excellent fit for markets where innovation and new product development is paramount to success because the additional data creates very detailed pictures of what consumers are currently responding to.

https://www.forbes.com/sites/forbesagencycouncil/2017/10/24/why-is-customer-relationship-management-so-important/#3a18f2557dac