Is CRM **dead**
with Web 2.0?

Consumers spoilt for choice

Let's face it, today's consumers, are seriously spoilt for choice. Each day, more mobile devices with the latest technologies and fascinating features are being launched, car models with increased fuel efficiencies, hybrid fuel technologies and enhanced performance are introduced, myriad of flavours in a bar of soap or in a tea bag, made to order holiday packages to suit all lifestyles, more savings promised by mobile operators every day, all sorts of vitamins and fortified ingredients added to the milk... Purchasing decisions by consumers are becoming a highly complex, information-loaded process. As a result, the issue of brand loyalty is becoming extremely challenging. Engaging consumers and making them interested and feeling that they are being cared for by the brand is becoming a more pertinent issue than ever before.

Decide their own media time

At the same time, it is getting difficult too for brand marketers to reach consumers these days, as consumers now have the liberty to choose their time and convenience to consume the type of media they most prefer. It is no longer the case where the media dictates their lifestyle and what time they should turn on the TV, radio, read the papers or are forced to take the 10-minute commercial break. They may choose to click through that rich banner, or choose to go online to listen to their CNN news break, or choose to surf and search information at their convenience. Anything that is disruptive will only be switched off or clicked away by the new age consumers, who are a moving target as they demand faster, more accurate, more intimate, more engaging and more sticky information and engagement programmes by their favourite brands, or else, they move on...

Have to keep in touch

Just like keeping in touch with friends, consumers need to be frequently engaged and connected to feel recognised, appreciated and kept informed. With friendship comes loyalty, and with loyalty comes increased customer retention and hence better bottom-line profit for the brand. Loyalty cannot be forced, purchased or sustained without a proper plan to forge a connection or long term relationship.

With today's choice of communication channels, brands can choose to engage customers via email, sms, social networking sites, direct mailers, blogs, phone calls, website, twitter, online community or tailored customer events.

Customer Database - The Engine behind CRM

As money and resources are scarce, it is thus wise to target the segment of customers which bring the highest return to the brands. And to know who the high value customers are, we would need to have a thorough, systematic and updated record of our customers. The data asset that is required include demographic details, purchasing patterns, potential value, brand basket value, intentions for the next purchase, etc. Without the set-up of a proper database, the brand is not able to identify its "best customers", and this is the segment of customers that yield the highest return or profit for the brand and therefore form the most important segment for the brand to target, retain and grow. The data assets that are developed is further mined for data insights, forecast trends and used in predictive modelling. This allows marketers to apply differential marketing techniques to effect and shape certain consumers' behaviour such as to reduce attrition, grow customer value via up-sell, cross-sell or referral sales, or induce member-get-member or even nurture customers to be the brand's strongest and more loyal brand ambassadors.

So, is CRM dead with Web 2.0?

So, with the advent of Web 2.0 which focuses on building online communities and user generated content, many marketers are asking if CRM is still important and relevant and the answer is YES! Of course! Web 2.0 is a powerful, fantastic and sticky online mode of creating strong and bonding online engagement and interaction amongst like-minded consumers and allowing them to create part of the brand's content and DNA, but the principle of CRM remains fundamental to ensure the right segment of customers are identified, their purchasing behaviour and power is understood and a proper direct and personal communication plan is created to effect the most lasting relationships for the brand.

There has never been a more complete platform and ability to harness, learn, evaluate and observe consumers' chatter and feedback on brands until now. Before Web 2.0, brand marketers had to conduct focus groups, commission research agencies and devise survey forms to obtain customer feedback. Now additionally, marketers can eavesdrop and adapt through blogs, social marketing sites, wikis, video, RSS, widgets and podcasting into the total marketing and customer relationship management process. The mission is to engage and involve the consumers in order to create a truly collaborative consumer experience that makes the consumer feel as though they are an essential element in the entire HYPERLINK "http://www.crm2day.com/highlights/50455.php" \t "_top"business and brand relationship.

In summary, social networking technologies and Web 2.0 are a great platform for CRM principles to be harnessed, and now get consumers to become even more centric to the whole brand and marketing process. Engaging and interacting with consumers today is a multi-channel process and the most suitable channels are deployed that best suit the need and requirement of the consumers. Brands continue to talk to consumers as individuals but also engage them in the entire brand engagement process through leveraging user groups, social networks, message boards, blogs and video sharing. The database is still the backbone of the CRM process to shape consumer behaviour and to engage and target them more effectively.

So, no, CRM is not dead with Web 2.0! In fact, it is more relevant and powerful now with the adaption of Web 2.0 applications.

Rosie Hong
Managing Partner of On-Target Marketing Solutions, a leading CRM agency in Malaysia
rosie@myontarget.com