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Customer Relationship Management (CRM) Playbook for Consumer Packaged Goods (CPG) Companies

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Anthony De Marzio, Melanie Donofrio, Edward O'Neill

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1. Executive Summary

Companies, and specifically brands, that are able to establish direct and meaningful relationships with their target consumers can maximize their opportunity to gain a competitive advantage against companies who are not able to establish these types of relationships. Some industries rely heavily on product branding, create products that are frequently utilized in the daily lives of consumers, and compete in categories with fixed growth. These companies are particularly susceptible to being impacted, both positively and negatively, by building relationships with their consumers. Categories with fixed growth, or narrow categories, present challenges for marketers in terms of redefining the concept of market share and competing for a piece of a much smaller pie. Doug Anderson, Nielsen Senior Vice President (SVP), research & development said "Growth will only come from increasing share against competition". ("Nielsen: Marketing 'Gravy Train' to Derail by 2020")

One such industry is Consumer Packaged Goods (CPG). CPG companies often spend a significant amount of time and resources collecting information about their consumers, but they have a need to develop meaningful ways to utilize the information to both provide value to these consumers, and provide the company with a positive business impact. Depending on the product's life cycle stage, companies can potentially use consumer data to drive awareness, trial, conversion, loyalty, and/or advocacy of the brand or company.

Over time, consumers have also shown a proactive desire to establish relationships with the brands that they are interested in, or already use, by exhibiting behaviors that include visiting

company and brand web sites, joining user groups and forums, completing registration forms with personal contact information, and opting in to receive future communications from the brand or company. Web 2.0 is also influencing how companies build relationships with consumers. Consumers also engage with brands by: interacting with brands on social network sites such as Facebook fan pages and providing ratings and /or reviews about products on sites like Amazon.com.

The consumer incentives for providing his/her information and agreeing to receive communications from these companies and brands can include: information relevant to the consumer based on past historical information, and free or discounted products or services based on follow up actions taken by the consumers. These follow up actions could be: redeeming a coupon, submitting a rebate, and/or earning points by purchasing products that can be redeemed for something of value at a later time.

Customer Relationship Management (CRM), also known as Consumer Relationship Management (CRM), in the CPG industry, is an area that can be investigated to bridge the gap between companies and consumers, who both have a stake in the relationship. "CRM is a business strategy aimed at understanding, anticipating and responding to the needs of a company's current and potential consumers in order to grow the relationship value". ("CRM Defined and Understood")

This project will investigate the ways in which CRM can achieve business benefits using people, processes, and technology in a changing landscape using communication vehicles or touch points, such as e-mail, direct mail and text messages, to consumers across the offline, online, and mobile spaces. This project will focus on how CRM has been, and will continue to

be, impacted by Web 2.0. The deliverable of this project will be a customizable CRM playbook for CPG companies to utilize. This toolkit will contain best practices, processes, and software that can be applied in a combination of ways to meet various CPG companies' and brands' needs. The best practices section of the playbook will include how to define appropriate CRM-specific objectives, goals, strategies, tactics, and measures for CPG companies and brands. Strategies and tactics include extending relationships with consumers in the social media and mobile spaces. The playbook will define the governance of consumer data based on business rules defined by the company and the standard processes. E-mail deployment software is an example of how technology will be highlighted in the toolkit.

Success will be measured in various ways. As a strategic goal, companies should strive to maximize the utilization of data as a company asset and drive toward a higher degree of consumer segmentation and personalized communications. At a tactical level, companies can measure CRM program success though key performance indicators (KPIs) such as open rates, click through rates, and click-to-open rates of outbound e-mail communications. These are some of many vehicles used to build relationships with consumers.

2. Background

2.1 What is CRM?

According to www.businessdictionary.com, Customer Relationship Management (CRM) is defined as an "information-technology enabled strategy aimed at identifying, targeting, acquiring, and retaining the best mix of customers" ("customer relationship management (CRM)"). While IT is certainly an enabler of CRM functions, CRM can more broadly be viewed as a strategic philosophy that combines people, process, and technology to drive continued business growth by acquiring new customers, retaining existing customers, strengthening the loyalty of the customer base, and converting product users to brand advocates. CRM functions must be agile and able to react quickly to changing customer and market trends.

According to www.crm-software-guide.com, the following processes are the basis for an effective CRM strategy:

- Gathering and continuously monitoring a knowledge database about customer needs, motivations, and behaviors over the life cycle of their relationship with the company;

- Measuring corporate sales, marketing, and service costs and mapping them to how they affect customer revenue, profit, and value;

- Applying information gathered and knowledge attained towards continuous process improvement;

- Carefully adapting sales and marketing activities to match the overall CRM strategy;

- Incorporating the use of software as appropriate to facilitate the gathering and analysis of data in order to determine CRM effectiveness;

- Constantly analyzing data and making appropriate modifications to corporate strategies to map directly to customer needs.

("What is CRM? Defining CRM and Customer Relationship Management")

2.2 Types of CRM

CRM can be sub-divided into categories according to the tools and applications available and the purposes served. Below are some of the different types of CRM.

- *Operational CRM* which is a tactical tool set that helps organizations, typically the sales force, manage individual customer data such that all previous communication history and transactions with a particular customer can be stored and easily retrieved;
- *Analytical CRM* which is the process of organizing, analyzing, and mining large amounts of customer data for information and trends that can be utilized to a company's advantage;
- *Collaborative CRM* which enables the sharing of data, files, and information across multiple departments within an organization through the use of data management tools;
- *Social CRM* which helps to manage an organization's presence to propagate a company's message or advertisement across platforms;
- *Marketing Automation CRM* which is used to help manage communication to customers through marketing campaigns.

(Wilhite, "Types of CRM")

Examples of the applications that are utilized by the different categories include online analytical processing (OLAP) systems such as enterprise data warehouses for Analytical CRM, Microsoft SharePoint, and Documentum's eRoom for Collaborative CRM, and applications that mine data from Facebook and Twitter for Social CRM.

2.3 History of CRM

CRM is a relatively new idea that has been formalized and grown significantly over the last 30 years. The theory behind CRM concepts long preceded the practice and implementation of actual CRM programs and systems due to technical limitations and the early challenges associated with collection, processing, and analysis of large amounts of data.

The roots of CRM derive from a concept called "database marketing" that was utilized in the 1980s. Database marketing was a process by which companies would collect customer information and store it for internal analysis. During the 1980s, support for these types of processes was very difficult. With little technology used to support the collection and storage processes, data was typically gathered manually via focus groups and/or surveys by companies and required a labor intensive process to record and store the data electronically. The quality and timeliness of the data was lacking which made it difficult for companies to utilize the information in meaningful enough ways to attain significant business benefits. (Exforsys Inc., "The History of CRM")

The term "Customer Relationship Management" or "CRM" was coined in the 1990s, when advances in technology changed the landscape of how companies and customers and/or consumers could interact. For consumers, the Information Age brought about a renewed sense of empowerment. The Internet enabled the ease of price comparison and gave birth to online

shopping while increased global competition also contributed to more savvy and demanding consumers. Companies also needed to adapt to the changing consumer demand in order stay competitive in the marketplace. Companies could not rely on conventional thinking in which customers or consumers were replaceable and that companies did not need to work hard at retaining consumers if the company had a foundation of good products. Executives began to focus on customer retention and repeat purchases as key indicators of ongoing business success. Concepts and promotions such as credit-card points, airline-miles programs, shopping-club-loyalty cards and coupons, and complimentary gifts were initiated as part of the focus on customer loyalty. Like consumers, companies also were able to begin taking advantage of technology during the 1990s to increase the capabilities of CRM. The growth of the client-server architecture and the Internet allowed companies to streamline some of the processes related to data collection, processing, and analysis that had been particularly challenging in the previous decade. In addition, the communication mechanisms enabled by web sites and e-mail opened up the possibility for two-way communication between companies and consumers as opposed to the collect and analyze model of "database marketing" used during the 1980s. (Exforsys Inc., "The History of CRM")

CRM continued to evolve in the 2000s, when momentum grew behind CRM software applications. Software companies such as PeopleSoft, Oracle, SAP, Siebel, Responsys, and Telemation began to release packaged CRM applications that were often industry agnostic and could be configured and customized by the purchasing company to fit the scale and requirements of its specific business. ("The history of CRM -- evolving beyond the customer database")

2.4 Technical Aspects of CRM

Technology plays a major role in CRM and there are software packages that support CRM. Successful CRM solutions are often:

- Highly scalable;

- Capable of multiple communication methods;

- Organized via workflow enabled business processes;

- Used to populate a backend database that feeds a data warehouse for reporting / data mining.

  (Exforsys Inc., "Technical Aspects of CRM")

CRM solutions must also consider the implications of dealing with customer information. Addresses, social security numbers, and credit card numbers are common data elements that could exist in a CRM database, and these values have confidential storage requirements which raise both privacy and legal concerns. Solutions must have secure and flexible access controls to make sure that authorized internal resources can access the correct information while unauthorized internal and external parties are unable to access the data. (Exforsys Inc., "Technical Aspects of CRM")

2.5 CRM Software

In recent history, CRM software revenue has grown at a significant rate of 10-20% a year. According to Gartner group, worldwide CRM software revenue increased from $6.57 billion in 2006 to $8.13 billion in 2007 to $9.15 billion in 2008 (a 23.7% increase in 2007 and 12.5% increase in 2008). One segment that has been driving the CRM software industry forward

is the Software as a Service (SaaS) category. As interest grows in the cloud computing and

social networking areas, the SaaS segment is expected to generate $10.7 billion in revenue in

2011. It has also been growing at a significant rate since 2009: $7.9 billion in 2009, $9.2 billion

in 2010, and a projected $10.7 billion in 2011. Today the leading CRM software companies by

market share are SAP, Oracle, Salesforce.com, Microsoft, and Amdocs. ("Growth Driven by

Technology Focused on Customer Retention, Analytics and On-Demand Solutions", "SaaS

Revenue to Top $9 Billion in 2010")

2.5.1 Software as a Service (SaaS) and Cloud Computing

Software as a Service (SaaS) is defined by www.whatis.com as "a software distribution model in which applications are hosted by a vendor or service provider and made available to customers over a network, typically the Internet". In the SaaS software delivery model, vendors manage the underlying support requirements (e.g. servers, databases and infrastructure) along with their software solutions while customers, or subscribers, access the solution via the Internet. The transparency and virtual nature of those underlying support requirements to customers is part of a concept known as utility computing, which has been marketed as "Cloud Computing" to represent the abstractness of their virtual infrastructure. Some of the inherent customer benefits of SaaS include:

- Reduced Administration Costs;

- Automatic Updates and Support Management;

- Version Control and Compatibility;

- Easier Collaboration;

- Global Access.

("Software as a Service (SaaS)")

Advances in telecommunications that have allowed for more global access to broadband Internet connectivity and the maturation of software development practices such as Web Services and Service Oriented Architecture (SOA) have helped SaaS applications to become a major part of the software industry in recent years. In addition to CRM, SaaS has become an effective

delivery mechanism for companies who offer software solutions in areas related to: Financials, Human Resources, Enterprise Resource Planning (ERP), Document Management, and Social Networks among others. ("Software as a Service (SaaS)", "Software as a Service")

2.5.2 CRM Timeline

A detailed review of the financial performance of Salesforce.com, a major CRM software vendor over the last decade, further exemplifies the rapid growth in the CRM industry and applications of SaaS and Cloud Computing. As shown in Figure 1 below, Salesforce.com became the first enterprise cloud computing company to reach $1 billion in annual revenues in 2009, just 10 years after the company was founded. Their growth from Internet startup to $1 billion in revenue in just 10 years positions Salesforce.com among a group of high profile technology companies that have also achieved similar revenue growth including Apple, Google, and Facebook. All three companies are market leaders in their respective industry segments: Apple for computing, software, and music/mobile devices, Google for search engines, web applications, and Internet advertising services, and Facebook for social media. With CRM still a growing part of the technology industry, it is possible that a CRM based company like Salesforce.com could become the next high revenue technology company. (Schonfeld)
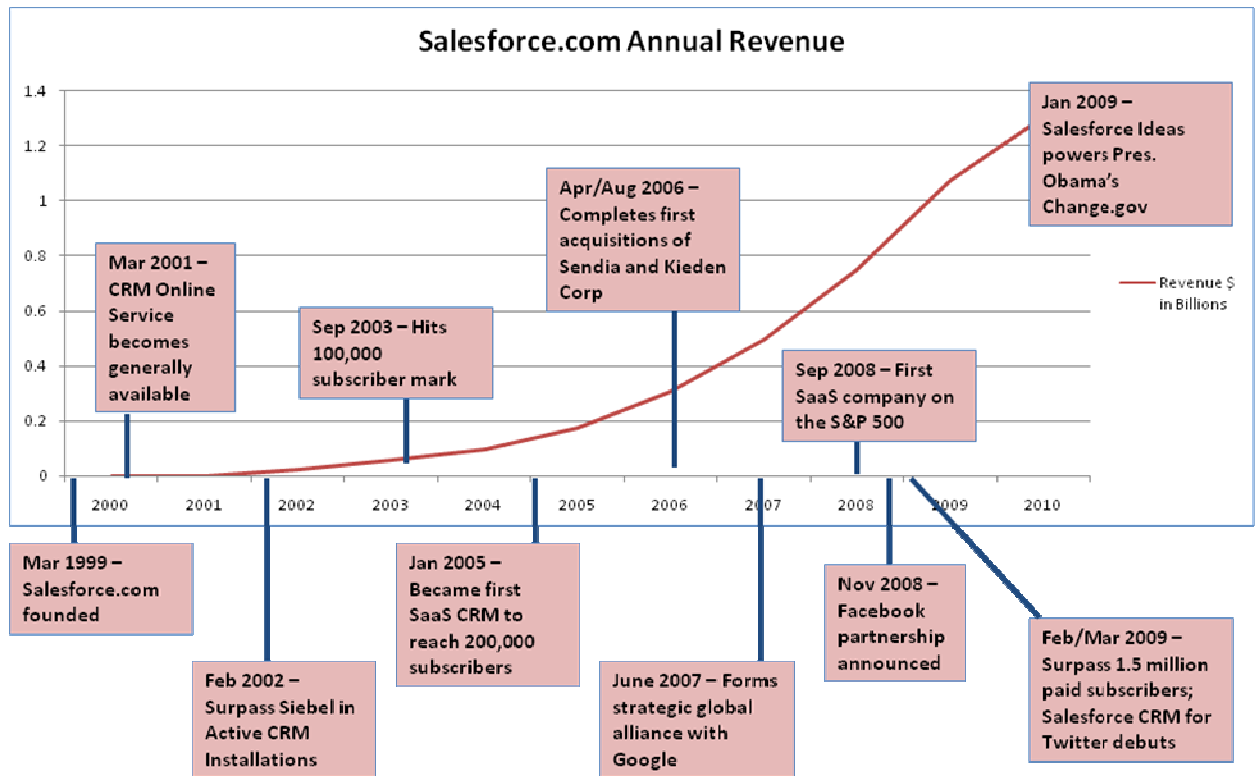
Figure 1: Salesforce.com Annual Revenue and Key Milestones (Weinberger 22-23, MSN Money)

A closer look at the timeline shows significant growth acceleration between 2004 and 2010. Specifically, nearly 93% of the total revenue growth and 87% of the total subscriber growth occurred during that time period. Also happening during that time was the introduction and expansion of Web 2.0, as discussed later. It is reasonable to deduce that there is a strong correlation between the growth of Salesforce.com and the rise of Web 2.0 in the last 6 years. As shown in the Figure 1 above, Salesforce.com forged strategic partnerships with Google in 2007, with Facebook in 2008, and with Twitter in 2009. All of those companies are major Web 2.0 players and those partnerships enabled the expansion and creation of Salesforce.com services. *Salesforce for Google AdWords* and *Service Cloud* are examples of the new services that were

introduced. *Salesforce for Google AdWords* allows companies to track the success of Google advertising and *Service Cloud* integrates elements of Facebook and Twitter allowing customer service representatives to engage customers over multiple different communication channels.

3. Emergence of Web 2.0

According to www.csa.com, Web 2.0 is a term introduced in 2004 to characterize design patterns in a constellation of new generation web applications that were thought to provide an infrastructure for more dynamic user participation, social interaction, and collaboration. While Web 2.0 is a popular topic, many questions arise about its meaning.   In one of the initial papers written on the topic in 2005, Tim O'Reilly, publisher and founder of O'Reilly Media, defined it as simply using the "internet as a platform where software applications are built upon the Web as opposed to the desktop." (O'Reilly) Regardless of how Web 2.0 is defined, one thing is certain; it has greatly enriched the end-user experience while visiting web sites as compared to Web 1.0. Figure 2 is a screenshot of a video presentation of defining Web 2.0.
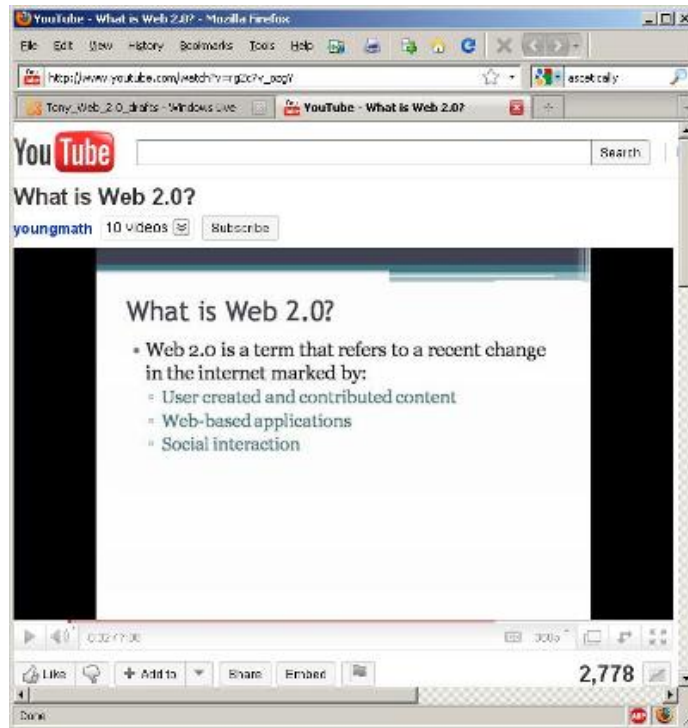
Figure 2: What is Web 2.0?   (Youngmath)

When web sites appeared in the early 1990s, they were a very unidirectional experience. Popular sites such as usatoday.com and espn.com were known for their published content, mainly in the form of articles for viewer consumption.   At that time, the only true end-user interactions with web sites were reading articles and clicking on links. One particular feature that end-users found lacking was an area to comment or provide feedback. Users then found themselves wanting to publish news and content despite not having their own full scale web site; bulletin boards were usually the only option.

The concept of the Web as a participation platform captures many of the characteristics of Web 2.0. There are three concepts that comprise Web 2.0 functionality. Figure 3 depicts a visual representation of differences of Web 1.0 and 2.0. These components are: 1.) Rich Internet

Application, 2.) Service-oriented Architecture, and 3.) the Social Web. (Graham) These three components depend upon the value of user-generated content with an aesthetically pleasing multimedia experience. This is a substantial part of the attraction of services offered by sites like Facebook, YouTube, Wikipedia, Digg, and Twitter.
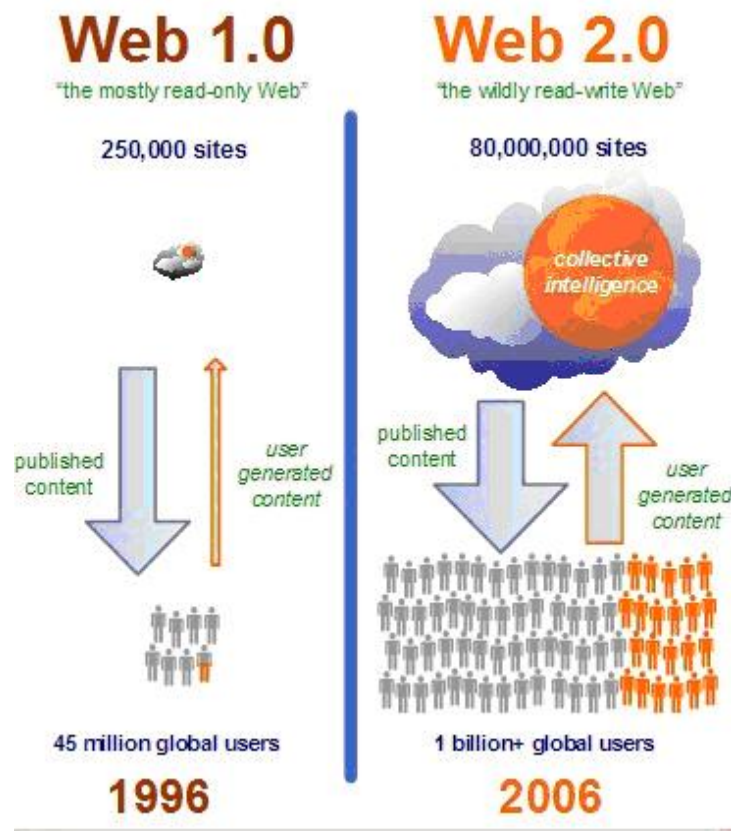
Figure 3: Web 2.0 Tools for Lifelong & Life Wide Learning. (Barrett)

On the server side, Web 2.0 uses many of the same technologies as Web 1.0. However, Web 1.0 lacked programming languages that could support social interaction which end users desired. Programming languages are used by developers to dynamically output data through information from application and database servers. What has begun to change in Web 2.0 is the

way this data is formatted. In the early days of the Internet, there was little need for different web sites to communicate with each other and share data. In the new "participatory web", sharing data between sites has become an essential capability, allowing integration as well as linking multiple sites together. When Web 2.0 design patterns are implemented, it leads to data that is both easier to locate and more thoroughly categorized.

4. Applications of CRM with Web 2.0

Social media Web 2.0 sites, such as Twitter and Facebook, allow companies to market products and services to prospective customers in non-traditional ways. Before Web 2.0, marketing campaigns were unidirectional using magazine advertisements or television commercials to target consumers. Increasingly, people are using their mobile devices (e.g. cell phones) to find information about products and services. (Bernoff, Schadler) Thus, customers expect immediate and personal responses to address questions and support inquiries.

The mobile business-to-consumer (B2C) relationship management industry is rapidly growing due to newer technologies which allow for a large variety of interactive services. These technologies include wireless devices combined with voice and data transmission capabilities which allow for quick, convenient, and global communication. Mobile Customer Relationship Management (Mobile CRM) is managing the business-to-consumer relationship using smaller electronic devices such as the tablets, netbooks, and iPhones. This mobile medium is well-suited to enhance traditional CRM because of its large reach and interactivity between businesses and customers using popular devices. (Valsecchi)

One benefit of the Mobile CRM and Web 2.0 relationship is the detection of customer preferences that allow better marketing and support. Metrics monitored include clicks and responses from companies like Google. People can sign-up or opt-in for specific product news, updates, coupons, and support information. (Liljander)   Then requested information can be published through social media web sites, outbound e-mails, and traditional mail. In the below Figure 4, Tylenol gave out free headache prevention tips through mobile banner ads:

Figure 4: Tylenol, Splenda, and Honey Bunches of Oats test mobile (Butcher)

Mobile CRM and Web 2.0 have a large impact due to customer-driven content. There is a noticeable shift in power from vendors to customers as a result of social CRM (Iyer). Consumers use social media web sites with their vast user bases, called followers on Twitter and friends on Facebook, for sharing post-buying experiences on products and services without censorship. Companies have tried to address negative internet blogs, tweets, and reviews about products. For example, Comcast allowed Twitter to change their support culture. Comcast uses Twitter to scan for complaints and then engage with customers to help with resolutions.   This idea arose internally by Bill Gerth, an employee, who realized that ample public complaints were being sent over Twitter (Iyer).

5. Business Opportunities / Business Needs

5.1 What CRM should address in the CPG Industry

CRM can help CPG companies and brands have a "Digital Dialogue" with their consumers. (Cacciato) Traditional broadcast media has been limited in duration and frequency. CRM in conjunction with technologies like the Internet, social media, and mobile applications (apps), can enable this Digital Dialogue that is always on between companies and consumers. The dialogue should be across various channels and occur throughout the lifetime of the brands between these companies and their consumers. Emotion, utility, and speed are also essential. Consumers also expect to have an increasingly proactive role in how they engage with brands, and consumers' attention is an increasingly scarce commodity. With the amount of fragmentation and white noise in the consumer marketplace today, companies need to be in constant communication with their key consumers, and the brand messages should be communicated according to consumer interests and needs. One size does not fit all when it comes to these communications. The "emphasis is not on how to sell the product but rather on creating value for the customer and, in the process, creating value for the firm". (Boulding, Staelin, Ehret and Johnston) Finding these win-win solutions is also known as "dual creation of value" .

"Due in part to work in the area of brand equity, which recognized that equity, resides in the minds of consumers" companies' attention has shifted from brands and products to customers and consumers. (Boulding, Staelin, Ehret and Johnston) To fully engage consumers in relevant ways, companies need to continue to shift their focus from offers to value, from channels of

communication to context, from messaging to experience, and from product-driven targeting to user-driven needs. (Cacciato)

Brands that have traditionally only talked to consumers now have an opportunity to listen and converse. Companies can go to where consumers are, for example social networking sites like Facebook, to engage with them. Engagement includes both listening and responding to what is being said about the company and its brands. The company can respond in meaningful ways, and also identify the influencers that are the most vocal, active, and valuable consumers to engage with more often using social media monitoring tools. Such listening platforms are Radian6 and Twazzup. "Founded in 2006, Radian6 was created with the idea that companies need to be listening to the social web in order to effectively participate. Intelligence about online conversations is critical: companies need to know what's being said about their brand, industry, and competitors online." ("Social media is changing business") "Twazzup operates a leading real-time news platform. [They] make it possible to filter the news out of live internet content. Twazzup was founded in January 2009 and is backed by Synaptix, France." ("About Twazzup") Historically, loyalty in the CPG industry has been driven mainly through offers such as coupons or rebates, but today, companies can drive advocacy through experience. Open dialogue can inspire trust and uncover the best and worst experiences consumers are having with companies and brands, so that the experiences can be optimized by companies and brands in the future. A company "better serves its customers through information, communications and resources that are relevant. Relationships, after all, are not built on hard sells but on give and take". (Creamer) All available consumer data, segmented by demographics, lifestyle, motivation, and value should be used to best inform multi-channel, integrated marketing communications where possible.

Various communication vehicles, including outbound e-mail, brand web sites, Facebook fan pages, mobile sites, direct mail, and call centers can be targeted and personalized for consumers.

Companies and brands should also try to have a centralized view of their consumers across all functions within the organization and throughout various channels of communication. Based on how a consumer is segmented, the relationship between the company and the different consumer segments may vary. Consumers can be segmented by engagement with the brand. Levels of engagement could include consumers who have: been recently acquired, tried a new product or service that the company offers for the first time, purchased multiple times and are now loyal, and have become advocates.

Having a measurement plan in place allows cross-functional teams, including Marketing and Sales, to make data-driven decisions and optimize the process of getting consumers from acquisition to advocacy. All key interactions between consumers and brands should be tracked so that Marketing and Sales efforts can be optimized in the future.

"In August 2009, Razorfish surveyed 1,000 U.S. consumers (50.5% female, 49.5% male) in four major age groups to understand how their adoption of Internet technology and services impacted the way that they engaged with brands. The respondents were evenly split geographically among the 10 major U.S. metros and broader geographic representations." (Schmitt 13) "Thirty-three percent of consumers who 'friend' a brand on Facebook or MySpace report doing so because they are a current customer, as do 24% on Twitter. These consumers, already customers, clearly are fans—there's little reason to "friend" a brand you're indifferent about, after all. For example, Comcast, Zappos, and Virgin have all earned high marks by using Twitter as a customer relationship management (CRM) tool, solving customer problems in real

time and building loyalty through special offers." (Schmitt 27) Nearly thirty-seven percent of consumers cited exclusive deals or offers as the primary reason, and about nineteen percent reported that interesting or entertaining content was the main reason.

For CPG companies, CRM is a comprehensive approach to managing personalized interactions with target consumers. CRM initiatives provide a value exchange between consumers and brands. Brands that educate consumers tend to gain trust and credibility with those consumers. In exchange for good customer service, consumers tend to engage more with brands. Brands that provide solid advice to consumers typically get increased usage by those users. Consumers who are given easy access to brands normally give valuable feedback. When consumers are offered savings or value, incremental sales can result for the brands. Consumers who appreciate brands may translate that appreciation into advocacy and refer those brands to family members and friends. Consumers who are heavily involved with brands are more inclined to help with testing and market research. The value exchange between consumer and brand is illustrated below.

Consumer	Brand/Company
EDUCATION	TRUST & CREDIBILITY
SUPPORT	ENGAGEMENT
ADVICE	USAGE
ACCESS	FEEDBACK
SAVINGS	INCREMENTAL SALES
APPRECIATION	ADVOCACY & REFERRAL
INVOLVEMENT	TESTING
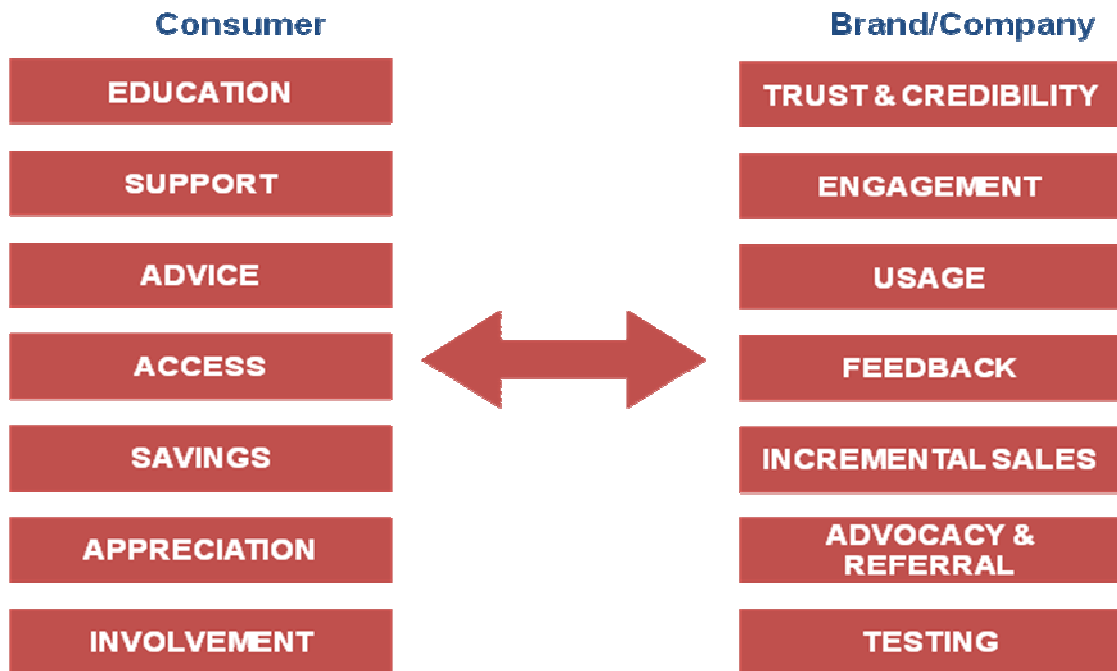
Figure 5: Value Exchange (RAPP)

Some examples of CRM strategies that a CPG company may use are:

- To build database of engaged consumers to a size which justifies investing in communications with these consumers and can be meaningfully leveraged to build meaningful relationships between the company and these consumers.

- To better utilize online and offline media to systematically drive data capture.

- To use consumer insights to systematically establish connections and overcome barriers to drive desired consumer behaviors.

- To empower consumers to help make brand decisions by giving them a forum and tools to use to communicate with the brand and other consumers and potential consumers.

- To expand scope of CRM program to include evolving forms of communication used by the company's target consumers; examples include mobile devices and social networks.

- To continuously measure all aspects of the CRM program and optimize as needed.

These strategies are used to drive acquisition, engagement, and loyalty, from initial purchase to subsequent purchases, and advocacy for the brand. See Figure 6 below.
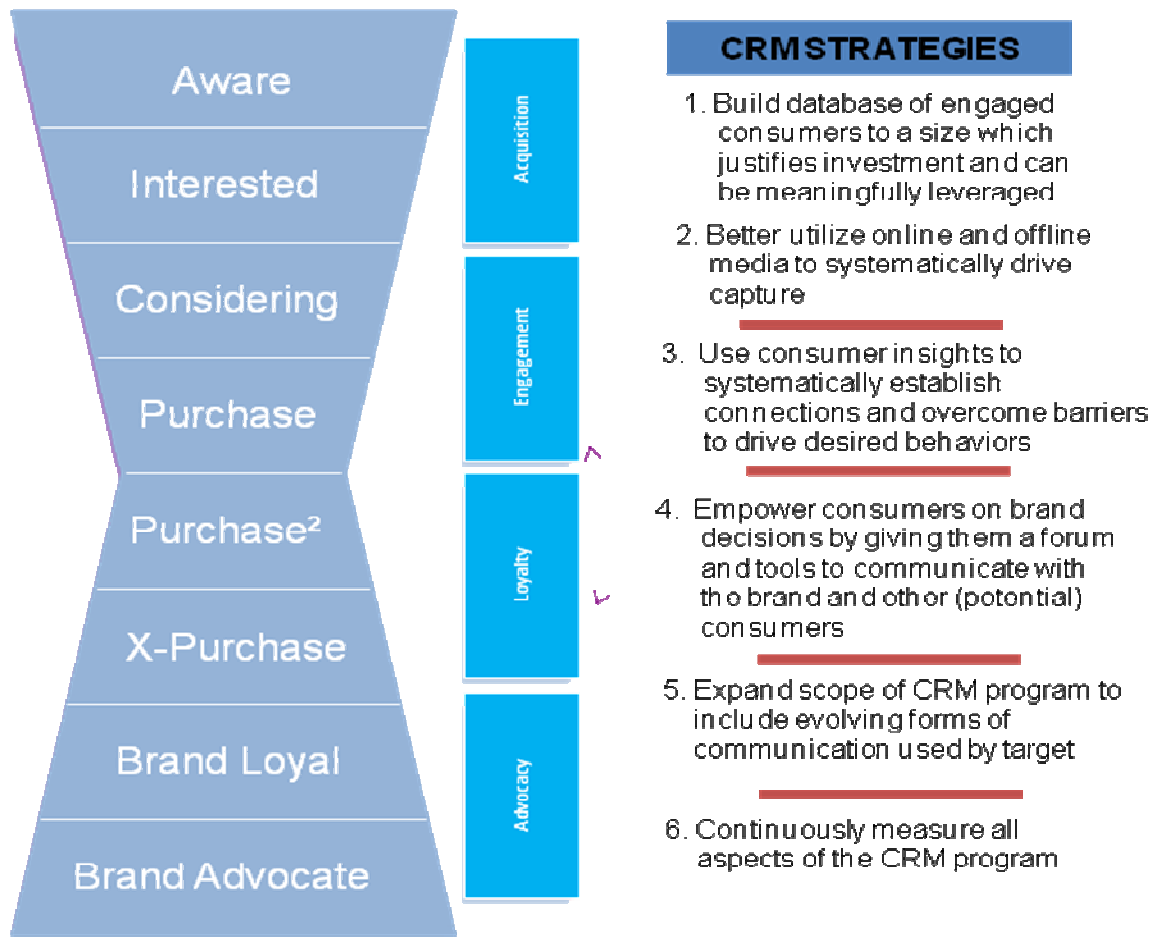
Figure 6: CRM Strategies (Rosetta)

6. CRM Playbook

The previous sections of this paper have been heavily research-based and focused on the history of CRM and Web 2.0. The information in this section, referred to as the CRM Playbook, contains the detailed recommendations from the team including the steps that should be followed by a CPG company to launch an integrated CRM program.

6.1 Step 1: Define a CRM Strategy

The foundation of any successful CRM Program is a clearly documented strategy. The strategy should align with the overall goals of the company's business plan and should outline the goals and objectives that the company plans to achieve, how CRM will be utilized to realize those goals and objectives, and formalize how success will be measured.   The CRM strategy should be supported organizationally by a cross-functional team, managed by a set of sustainable processes, and enabled by technology. A few example strategies are listed below:

- A company with a large adult oral care business plans to enter the pediatrics' market and strategizes to: *utilize e-mail marketing to distribute coupons to parents with more than 1 child ages 5-10 during the launch to gain at least 10% market share within 6 months of the launch date.*

- A personal care company with an existing set of men's body wash and deodorant brands has recently acquired a company who specializes in designer fragrances and aspires to: *leverage the company website to initiate a consumer insights forum to categorize consumer behaviors and identify potential cross marketing promotions using sample size bonus packs.*

Without a CRM strategy, companies can still form a CRM team, create a process or processes to manage CRM initiatives, and implement a CRM technology set; however, initiatives that are not grounded with an underlying organizational strategy will likely lack the focus required to bring true benefits to the business. These tactics could generate high level, generic deliverables that may be too broad to be effective. Ordinary consumers might already associate the term "CRM" with some of these generic solutions such as: developing a company web site,

creating a distribution list for e-mail marketing, or collecting consumer feedback via a web survey. Companies in this situation need to ask themselves the question: "so what now?". If the company can't answer that question, then their efforts are likely headed towards failure.

6.2 Step 2: Build a CRM Staff

After a CRM strategy is defined, the organization must create a team that has the experience and skills to implement the strategy in order to realize the business benefits. CRM programs should be staffed with a cross-functional team of individuals who represent all the different departments that are impacted by or are required to support CRM related activities. Below is a list of CRM resources that should be considered for a CRM team and the contributions that each resource or group would be responsible for managing.

- **Executive Sponsor** – Responsible for the overall creation of the program, setting the strategic direction, and monitoring the program to make sure that it remains closely aligned with the business goals and objectives;

- **Senior Leadership / Management** – Responsible for the selection of the CRM program staff, oversight of the larger projects and day-to-day priority setting, and driving the implementation efforts to meet goals set by upper management;

- **Marketing Professionals** – Responsible for brand management, market research, and defining the ways in which CRM can be utilized at a tactical level to achieve desired business results;

- **Sales Professionals** – Responsible for tactical elements that involve customers (e.g. retailers) and/or industry professionals;

- **Information Technology Professionals** – Responsible for the selection, implementation, and maintenance of the technical tool set used to enable the strategies and tactics set forth by the team;

- **Supply Chain Professionals** – Responsible to support the sourcing and distribution impacts on inventory that might be required as part of the CRM initiatives (e.g. increased demand based on promotions, special manufacturing for coupon inserts, and changes in packaging/labeling);

- **Legal Counsel** – Responsible to advise the CRM program on matters related to privacy, solicitation, and claims/advertisements related to marketing, data collection, and sales initiatives;

- **Finance –** Responsible for tracking return on investment (ROI) and total cost of ownership (TCO) related to the overall CRM program and the projects and other activities that support the program.

In some cases, companies will not have enough internal expertise to fully and successfully staff a CRM program. This could be especially true for companies who are in the early stages of developing a program and have not historically recruited resources with the skills required to support it. In these situations, external resources can be brought in to supplement and support the internal team. Depending on the needs and funding available to the program, external resources can be a permanent solution where long term positions are filled with external resources or can be used as a temporary solution where extra positions exist on a team in the short term until the internal resources gain enough experience to fully support the initiative. In either case, the external consulting can be business or technology focused. Some examples of

technology consultants might include temporary developers, testers, data modelers, or graphical

designers for custom developed software, or professionals who offer specialized skill sets with

out of the box software packages such as SAP. Business consultants might be utilized to assist

senior management with developing a CRM strategy, performing market research, or optimizing

the supply chain to support specialized product requirements.

6.3 Step 3: Create CRM Processes

CRM itself is a process with suppliers, inputs, processes/sub-processes, outputs, and

customers (SIPOC), and the processes can be optimized over time. Suppliers provide inputs to

the process/sub-process. Inputs are resources required to execute the process/sub-process. The

process/sub-process is a set of steps that convert inputs to outputs and provide value to

customers. Outputs are the result of the process/sub-process. Customers, in this context, are the

recipients of the output. See Figure 7 below.
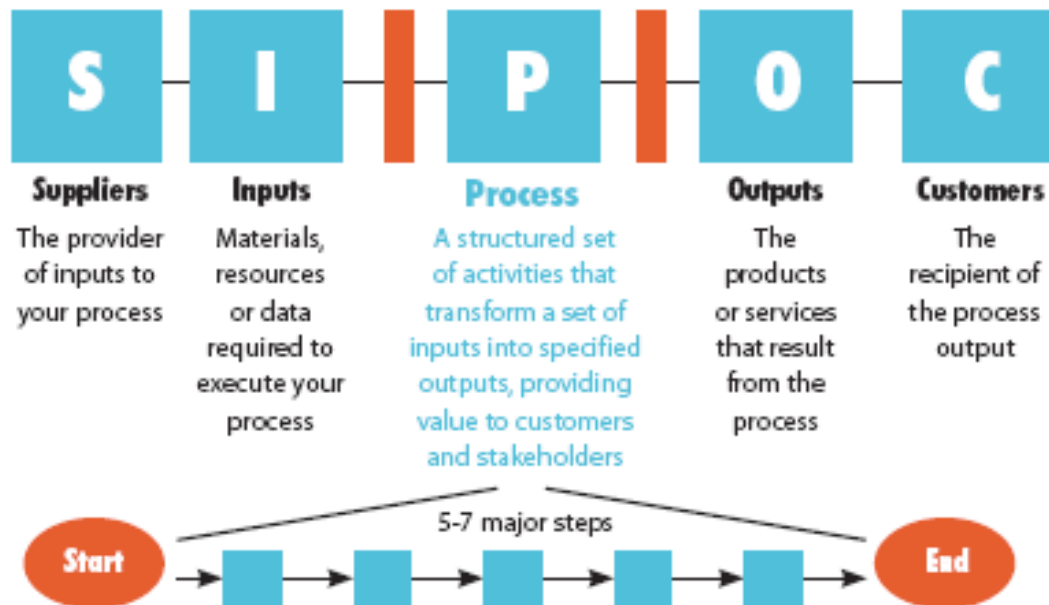
Figure 7: SIPOC – understanding processes (Chartered Quality Institute)

Suppliers might include resources from the cross-functional team members listed in the CRM staff section as well as customers (e.g. retailers and CPG industry professionals) and end consumers.

Inputs may include goals that are mutually beneficial to both the company and consumers such as having quality products available in the market that meet consumers' needs.

Some sub-processes are:

- Acquire consumers;
- Segment consumers based on information collected and consumer behavior to increase relevancy of communications;

- Retain consumers;

- Increase loyalty of consumers and increase sales of products and services;

- Provide quality customer service.

Some outputs include:

- Regular and relevant communications from the company to consumers that include incentives to buy and useful information;

- Feedback from consumers.

Each sub-process has customers of the outputs that could include:

- Resources from the cross-functional team members listed in the CRM staff section above;

- Customer service representatives;

- Retail customers;

- End consumers.

An end-to-end example is illustrated in Figure 8 below.
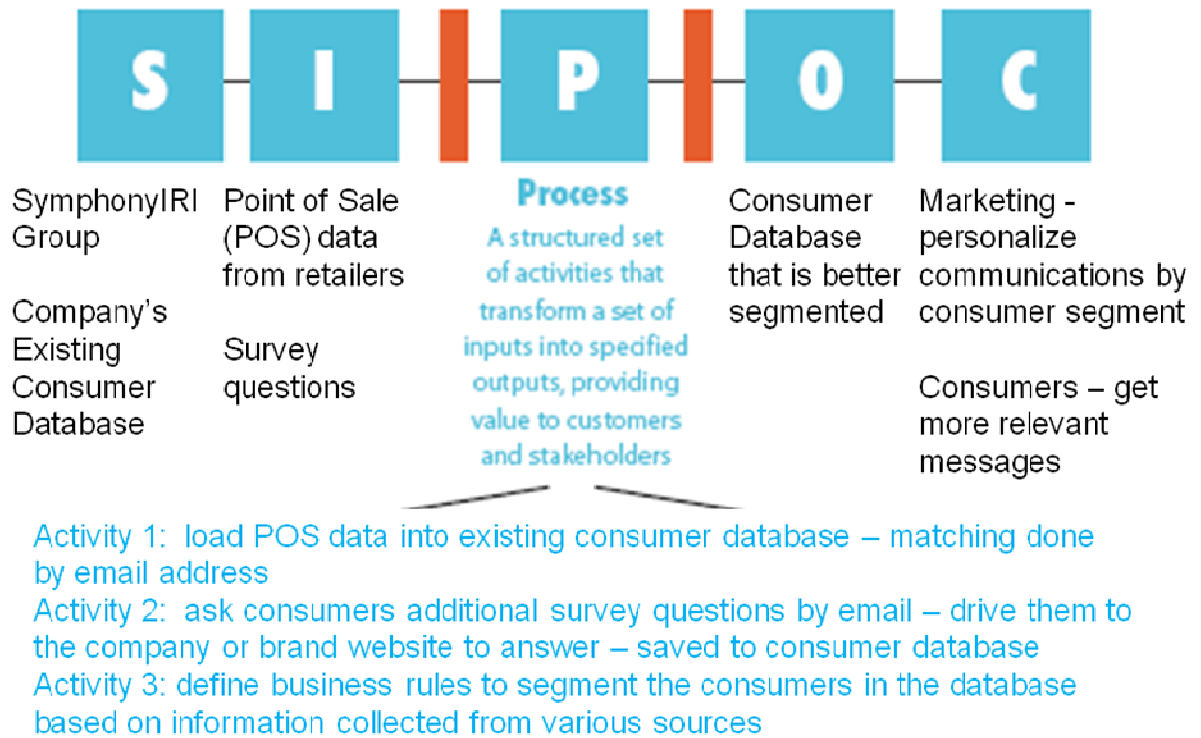
Figure 8: SIPOC – example (Chartered Quality Institute)

SymphonyIRI Group and the company's existing consumer database are suppliers in this example. The inputs are point of sale (POS) data from retailers that is provided by SymphonyIRI Group to the CPG company as well as survey questions. The activities include:

- Match POS records to company's existing consumer records by email address and load the POS data into existing consumer database;

- Send consumers an outbound email asking them to go to the company website to answer additional survey questions and have the answers saved to their profile in the company's consumer database;

- Define business rules to segment the consumers in the database based on the information collected from various sources.

The output is a better segmented consumer database, and the customers of the process are marketing, who can then personalize communications by consumer segment as a result, and consumers, who can get more relevant messages.

6.4 Step 4: Select CRM Technologies

After the CRM strategy, staff, and processes are defined, companies will need to focus on selecting their technology tool set. Before any particular technology platform is selected, a fundamental decision must be made to develop the required CRM applications internally or to purchase a set of packaged CRM tools and applications that are available. This decision is often referred to as "Build vs. Buy" at the most basic level. Both approaches have advantages and disadvantages.

In the "buy" scenario, purchasing packaged software tools allows companies to use industry standard solutions and "out-of-the-box" functionality. Relying on a vendor to provide technology solutions can deliver benefits such as reduced implementation time for the initial system, vendor-provided software support, regular availability of new functionality and easy scalability, and reduced infrastructure cost for SaaS applications. The typical disadvantages of packaged software solutions include higher cost of implementation due to software licensing and consulting costs, restricted ability to implement company-specific requirements that are not part of the packaged solution, and application specific skill sets for IT implementation and support resources. Many software vendors offer a "configurable" version of their software packages that

can be tailored to the specific needs of each purchasing company by adjusting settings within the application. This type of architecture allows companies to adapt the functionality of packaged solutions to their specific needs without requiring custom coding or paying extra fees for non-standard functionality.

The "build" scenario is in direct contrast with the advantages and disadvantages of the "buy" scenario. When developing software internally, companies can realize cost savings during implementation projects, they are free to develop any and all company specific requirements in any manner they see fit, and they can often utilize resources already on staff or at least have a larger pool of resources to choose from since specialized vendor-specific software skill sets are not always required. Likewise, the disadvantages of internally developed software include longer duration of implementation, limited functionality available, and difficulty to quickly develop functionality for new requirements, and increased infrastructure and internal software support costs.

Companies in the CPG industry typically focus their resources and efforts on initiatives that foster innovation, drive growth, and reduce operational costs. The core competencies within these organizations usually reside within the Marketing, Research & Development, and Supply Chain departments rather than IT. Thus, many CPG companies ultimately will opt to "buy" their major software solutions once they come to the conclusion that they are not IT companies and that they do not want to be in the software development business. In addition, the emergence of Web 2.0 and the rapid pace at which new mobile technology applications are being introduced make it impractical for non-technology based companies to keep up with cutting edge practices. Using external sourcing allows the organization to remain agile and be able to quickly react to

changing market trends or business requirements. Software upgrades, patches, and new functionality can be added simply by engaging the software vendor rather than launching lengthy internal projects. This would especially hold true for larger organizations with substantial IT funding available because it allows companies to overcome the most significant disadvantage of this approach, which is increased costs. The most likely exception to this rule would be situations where companies believe they can gain a competitive advantage by developing a proprietary solution that is not generally available to all companies in their industry. Under those situations, even companies that do not specialize in IT solutions as their core business might choose to maintain custom-developed solutions and sacrifice the flexibility that comes along with packaged software.

Two IT areas where companies, even those who use packaged software, will often retain a significant amount of custom development are integration and reporting. Unless there is a full enterprise application in place for an entire organization, there is often a need to interface data between systems both within the organization itself and, in some cases, with other external organizations. "Publish and Subscribe" integration methods using middleware solutions and Extensible Markup Language (XML) have evolved as one of the more advanced techniques for data integration. Similarly, business analytics and reporting is often an area where packaged or "canned" reports do not satisfy the needs of most organizations. Many companies maintain a staff that is dedicated to building the underlying data model that will support the On-Line Analytical Processing (OLAP) requirements of the company.

6.5 Step 5: Utilize CRM Tactics

While the CRM strategies defined by a company set the direction for the organization and act as a high-level guide to achieve the desired business benefits, the CRM tactics are the specific actions that should be taken at a detailed level to enable the strategies. The recommended framework for CRM tactics in the CPG industry are discussed below.

6.5.1 Know Your Consumers

Consumers are ultimately the people at the end of the supply chain who purchase and utilize products. Some products and brands are widely applicable to people of all demographics (e.g. food, hygiene, and healthcare products) while many others are mostly used by particular groups of consumers (e.g. children's and gender-specific products). In either case, it is essential for a company to know the key consumers of its products. This information will become the basis for how to deploy additional tactics for a target audience.

6.5.2 Identify Key Customers and Consumers

In a direct-to-consumer (DTC) business model, a CPG company will sell its products directly to the end consumer. A company could have its own physical stores or take orders directly from end consumers by phone, television (e.g. infomercials), mail order, e-commerce sites, or mobile commerce (m-commerce) sites. The direct-to-consumer business (DTC) model is often used by small companies with a limited product set, companies who are looking to introduce a product into the market as a trial, and large companies who are looking to increase

revenue margins by eliminating retailers from the supply chain. In these cases, the consumers and customers are the same entities.

In the majority of cases, however, a CPG company will sell its products to a retailer who will then manage the interactions with the end consumers. In this scenario, the retailers are referred to as customers from the company's perspective since they are the entities that actually purchase directly from the company. In the CPG industry, many products are sold through a set of retail categories including: mass merchandisers, food stores, drug stores, club stores, and dollar stores. In the U.S., these categories are comprised of stores such as Wal-Mart, Target, Walgreens, CVS, Sam's Club, and Family Dollar.

It is critical for a company to identify their largest and most important customers. This information, coupled with the consumer data discussed in the previous section, will allow for CRM programs to initiate projects that will reach the largest possible audience and have the greatest chance to make positive impacts for all parties involved.

6.5.3 Think Globally

Companies that have a global presence, or aspire to work globally in the future, must consider the impacts of globalization. For global companies, there are several challenges related to the supply chain such as multi-lingual packaging and labeling, localized legal and regulatory requirements, and differences in quality standards. Similarly, CRM must consider the nuances that exist across countries when working globally. Local language, laws, customs, and culture should all be factored into marketing and advertising campaigns as well as built into CRM solutions. Web sites, mobile applications, and communication forums may need to be customized to cater to consumers across the world.

6.5.4 Have a Ubiquitous Presence

Over time, the number of communication methods available for consumers to interact with companies has grown significantly. Formal written communication and telephone conversations have been supplemented with web sites, e-mail, chat/instant messaging, and Facebook pages. As new communications channels are enabled through technology, consumers subsequently change the way they interact with companies to obtain information, receive support, and report issues about products. Convenience and speed are paramount to the new generation of consumers. Many consumers even prefer self-service approaches to finding information rather than contacting a company directly. In cases when they do reach out to a company, more and more consumers will turn to newly available channels such as chatting with a customer service representative or posting on the company's Facebook fan page. The growth of smartphones and web enabled devices like tablet computers have helped advance this trend since many consumers now have constant access to the Internet and are not as reliant on telephone communications.

Companies that operate a CRM program in today's world need to be cognizant of the environment that exists and the tools that consumers now have at their disposal. More than ever, companies need to make their information and solutions ubiquitous such that they can reach as many consumers as possible. Companies need to support the primary communication methods used by their key consumers as a baseline, and they also need to be agile enough to adapt to the changes that come with new technologies. Companies should take advantage of the mobile Internet by creating applications or sites for smartphones and other mobile devices as part of

their CRM program. Companies should also leverage the massive amount of consumers who are on Facebook and Twitter by creating a presence in the social media space.

Moving forward, companies should attempt to work with their key customers to leverage their mobile presence in a way that they can reach consumers when they are at the shelf deciding what products to purchase. Imagine a program where consumers can utilize mobile applications to receive product discounts and information while in a retail store based on their location as they approach the aisle or section of the store where those featured products are located.

6.5.5 Provide Content Rich Information

The growth of broadband has allowed the Internet to grow from a series of linked text based pages to one that is filled with images, audio, video, and data files. A CRM program should take advantage of all existing multi-media capabilities. CRM applications that are focused on customer service and product information can benefit the most from rich content. Product demos, consumer and professional testimonials, and commercials are some of the ways that audio and video can be utilized on the web. Other formats such as Adobe's PDF files can be used to provide product specifications and labeling to consumers.

Rich content applications do not have to be limited to one-way communications, especially in customer support situations. As the number of consumers with smartphones and mobile devices continues to grow, so does the amount of consumers that have constant access to photo and video recording capabilities since most devices have built in digital cameras. Consider situations where a consumer reaches out to customer support via telephone or e-mail and the issue is difficult to describe in writing or discussion. Consumers are now empowered to snap a photo and send it in to the support representative or launch a video conference or chat

through tools like Skype to interact visually with customer support. Sometimes a picture *is* worth a thousand words as the saying goes and examples like this may help companies reduce issue resolution time, free up resources to reduce wait times, and increase overall consumer satisfaction with the support provided. The use of rich content in a bi-directional communication can be a win-win for companies and consumers alike.

6.5.6 Maximize the Benefits of Technology

CRM initiatives and the technologies that support them have simple, yet challenging goals: reach as many consumers as possible and compel them to engage with and purchase from the company. The tactics associated with initially reaching consumers are discussed throughout the CRM Playbook in sections *Know Your Consumers*, *Identify Key Customers*, *Have a Ubiquitous Presence*, and *Utilize Data to Make Informed Decisions*.

Tactics associated with engaging consumers after first contact should be focused on simplifying the path to purchase and providing relevant information. Any contact with consumers should make it as easy as possible for those consumers to engage and respond. Consumers who are engaged via e-mail, digital advertisements, web surveys, or other methods will disengage from the interaction if they encounter challenges or issues. Thus, careful attention should be paid to these interactions in order to maximize the benefits.

Companies with an Internet presence should utilize Search Engine Optimization (SEO) so that consumers can easily locate their web sites when searching the web. Furthermore, companies with a direct-to-consumer business or utilize the web for consumer sales should investigate the use of paid search engine tools such as *Ads by Google.* These tools can place context sensitive links to online retailers related to the topics that are actively being browsed on

the web. This functionality makes it easier for consumers to access a company's web site by providing single click access capability.

Similar techniques should be utilized for projects that intend to contact consumers directly. E-mail communications should include a relevant subject line that compels consumers to open the e-mail and also include clear calls to action with links to click through within the body that allows consumers a direct path to the desired pages. Conveying a relevant message is also important to the success of consumer engagement. Messages that are accompanied by a coupon, rebate, or some other specific call to action with an incentive tied to it are more likely to entice consumers to interact with the message than a regular advertisement alone.

6.5.7 Utilize Data to Make Informed Decisions

Decisions that companies make about CRM should be supported by data. In some cases, past CRM efforts may be the source of some of the collected data that will be used to influence future CRM initiatives.

Structured data such as consumer information related to names, addresses, genders, and ages can be collected directly by companies through CRM technologies or it can be procured externally from third parties that collect and provide data to the industry. Structured data should be modeled and loaded into an Enterprise Data Warehouse so that the company can create standardized reports and dashboards that align with the KPIs of the CRM projects or allow the company to quickly perform interactive business analytics through ad-hoc reporting.

Unstructured data is a data set that companies only recently have been able to access in large volumes due to functionality that has been delivered by emerging technologies. This data

set is comprised of user generated content that is collected from the Internet from sites such as Google, YouTube, Facebook, and Twitter through a process called "listening". Due to its nature, this type of *data* really isn't *data* at all. It is not a normalized, entity related, set of tables and fields. This type of *data* is actually *information* since it usually manifests itself in such a way that it offers meaningful insight into the topic that it covers. These insights might include a consumer sentiment index about a brand or product or highlight a market need that consumers want. It can be extremely difficult to collect and work with unstructured data, so it is recommended that this type of service be procured externally from companies such as Radian6 and Lithium that specialize in these types of services.

6.5.8 Behave Ethically

Companies that utilize CRM face constant challenges related to data responsibility. The collection of personally identifiable consumer data, some of which is considered private information, is a major part of what drives CRM projects. Companies that collect consumer data and do not control it in a responsible way can undermine the success of CRM initiatives and can make the company susceptible to negative legal action, damage to company and brand image, and lost sales.

Companies should develop a set of internal controls related to the data collection process that ensures that all data is securely collected and stored and is also treated as confidential, only utilized for the purposes stated during the collection process, and not vulnerable to theft or unauthorized access. At a minimum, these controls should include:

- A documented Privacy Policy that clearly describes how the company will use and manage the data that is collected;

- An opt-out process through which consumers can choose to have their information removed or excluded from future communications;

- A method by which consumers can rectify data that is incorrect.

6.6 Step 6: Measure CRM Success

All CRM projects should have specific criteria that defines success. These should be defined as part of the CRM strategy and measured both in terms of the overall business benefit as well as the success of the technology solutions.

The business benefits should be aligned with KPIs for the company and linked to the specific CRM project goals. These will vary based on the goals for each project but the important thing is that there is a process in place to measure and review of the results of each project. This process will enable past successes to be repeated on future projects and past failures to be avoided.

Industry benchmarks can be used to measure the success of the technical aspects of a CRM project. Different metrics will apply to different types of projects. Considering outbound e-mail communication projects as an example; metrics such as open rates, click through rates, and click-to-open rates can be used to measure success.

- Open rate is the number of e-mails opened divided by the number of e-mails sent successfully;

- Click through rate, also called click-to-deliver, is the number of times a consumer clicked on a link in the e-mail divided by the number of e-mails sent successfully;

- Click-to-open rate is the number of clicks divided by the number of e-mails opened.

Consider the following scenario as an example: 100 e-mails were sent successfully, 20 were opened, and 5 of the 20 opened e-mails had at least one of the links clicked. In this case, the open rate would be 20 divided by 100 or 20%, the click through rate would be 5 divided by 100 or 5%, and the click-to-open rate would be 5 divided by 20 or 25%.

For outbound e-mail communication in the CPG industry specifically, some benchmark values for success are: Open Rate equal to 12.26%, Click-to-Delivered Rate equal to 2.78%, and Click-to-Open Rate equal to 22.60% (Benchmark Rates based on 2009 consumer sector averages from Responsys, a software vendor).

7. Research Findings and Case Studies

7.1 CRM within and beyond the CPG industry

There is extensive research and many examples that provide key insights into what makes a CRM program successful.

7.1.1 Companies that have tested CRM

In the research study related to "Designing Loyalty-Building Programs for Packaged Goods Brands", researchers measured Slice brand loyalty "after subjects experienced one of five loyalty treatments. Four treatments offered incentives representing the combinations" of tangibility and cue compatibility. Incentives that are tangible can be physically touched. Sensory cues can be visual, auditory or olfactory and play an important role in theories of perception. In this case, favorable associations tied to Slice, like "refreshing" and "flavorful" were cue compatible. In addition to the four programs with incentives, there was a fifth control condition with no incentives offered to the participants. The effects of the four loyalty programs

with incentives were assessed by comparing their outcomes to the control condition outcomes.

Based on the research, "a soft drink consumer's loyalty to a brand such as Slice would entail the

repeated retrieval and consideration of Slice-related thoughts and feelings, such as 'Slice is

refreshing,' 'Slice is flavorful,' and so on. 'Refreshing' was the favorable association most often

mentioned for Slice (listed by 58% of respondents), followed by 'flavorful' (42%) and 'fruity'

(33%).". (Roehm, Bolman Pullins and Roehm, Jr.)

Since core Slice associations include the concept "refreshing," a newsletter with a

refreshment theme would be considered a cue compatible incentive, whereas one with little

relationship to refreshment or other favorable associations would be cue incompatible. The

refreshment-themed newsletter is also an intangible incentive from Slice. "Benefits from such

incentives are fairly abstract, such as acquiring information and a sense of belonging." Physical

incentives, such as foam drink insulators may deliver more tangible rewards. Since "a very

tangible incentive introduces interference and thus weakens the accessibility of such favorable

brand associations", the researchers anticipated that it would lead to lowered post-program

loyalty. Relatively intangible incentives lead more toward increased post-program loyalty.

(Roehm, Bolman Pullins and Roehm, Jr.)

Table 1 "provides a framework of expected outcomes for various combinations of cue

compatibility and tangibility." The subjects that were recruited received an e-mail that either

advertised a loyalty program with one of the following four potential incentives: refreshing web

site, fitness web site, drink insulator or gym towel, or no loyalty program at all. Based on follow

up surveys completed by the subjects, the researchers "concluded that the individual incentive

offers were sufficiently enticing to prompt frequent Slice selections and that the various

incentives were similar in attractiveness". For the control subjects, those with more knowledge

of Slice were more likely to choose Slice than their low-knowledge counterparts. (Roehm,

Bolman Pullins and Roehm, Jr.)

	Intangible	Tangible
Cue-Compatible		
Examples for Slice	Web site about refreshment	Drink insulators
Predicted net effect	Increased post-program accessibility of favorable brand associations and increased post-program loyalty	• If tangibility is more potent than cue compatibility, interference leading to lowered post-program accessibility of favorable brand associations and lowered post-program loyalty • If tangibility is less potent than cue compatibility, rehearsal leading to increased post-program accessibility of favorable brand associations and increased post-program loyalty
Cue-Incompatible		
Examples for Slice	Web site about fitness	Gym towel
Predicted net effect	No change in post-program accessibility of favorable brand associations or post-program loyalty	Interference leading to lowered post-program accessibility of favorable brand associations and lowered post-program loyalty

Notes: The predictions of Table 1 do not take into account interactions with other factors, such as competitive loyalty offerings, which might add yet more sources of interference.

Table 1: Cue Compatibility and Tangibility Combinations (Roehm, Bolman Pullins and Roehm, Jr.)

This study shows that loyalty program participation with cue-compatible, intangible

incentives can be beneficial for consumers and brands. Slice's "refreshing" web site led to

favorable Slice associations and increased post-program loyalty. Tangible incentives, like the

gym towel and drink insulator tended to weaken post-program loyalty regardless of cue

compatibility. The gym towel was cue incompatible while the drink insulator was cue

compatible, but in both cases post-program loyalty wasn't as strong as with intangible incentives.

The researchers "argue that a tangible incentive's vividness elicits elaboration for the incentive itself and that this can occur at the expense of other, more persuasive brand associations. Incentive associations can thus become quite accessible and interfere with access to preexisting brand associations.". (Roehm, Bolman Pullins and Roehm, Jr.) The study also suggested that cue-incompatible, intangible incentives have little impact on post-program loyalty.

In summary "a key factor in whether participation in a loyalty program enhanced access to brand associations, failed to do so, or introduced interference was the nature of the program's incentive". Post-program loyalty, or accessibility, improved most when incentives were cue compatible and intangible. When incentives were tangible, regardless of compatibility with brand associations, interference between the brand itself and the tangible incentive seemed to occur. And no impacts, positive or negative, were observed for cue-incompatible and intangible incentives. For CPG marketers designing loyalty programs, the findings imply that it would be wise for them "to seek incentives that will facilitate increased accessibility and avoid incentives that may introduce interference". (Roehm, Bolman Pullins and Roehm, Jr.)

7.1.2 Companies successfully using CRM

Marlen Research Corporation is a food processing equipment company with key customers "such as Hormel, Kraft, Frito Lay, and Hershey". In Spring 2010, Marlen decided to implement a new CRM system, "Salesforce.com to manage its contacts and selected AppExchange partner ServiceMax for field service management." Marlen wanted a system that would better serve its customers. "The ServiceMax 'dispatch console' has helped the organization better manage and schedule its technicians" to meet the needs of Marlen's customers, and "not only does it send out a service technician, but the salesperson assigned to

that territory also is notified." The payoffs so far have included: increased communication between sales and service, realized cost savings of "about $5,000 per customer per year" and eliminated "downtime events" for customers "which have been known to cost companies tens, and potentially hundreds, of thousands of dollars in lost revenue." (McKay)

According to the Cone Business in Social Media Study in 2008, "the three most influential factors a person uses to decide whether or not to do business with a company are: personal experience (98%), company's reputation or brand (92%), recommendations from friends and family (88%)". (Peterson) "Social CRM is equal to a 1-to-1 sales relationship that occurs through social media and is profitable, sustainable and built on trust." (Peterson) BarnRaisers is an online marketing solutions company that builds brands using social media, community, and the proven principles of relationship marketing. BarnRaisers is founded by Rob Petersen. Some recent Social CRM (SCRM) case studies include: Best Buy's Twelp Force, CloroxClassrooms.com, and BabyCenter.com.

"Best Buy employee communities grew to 2,200 employees within 3 months and responded to over 13,000 customers on social networks answering public questions, concerns, and opinions. The Twitter feed @twelpforce now counts over 29,000 followers and the number of questions averages 100-125 per day and is considered a key value-add by customers and the company". (Peterson)

Online community, CloroxClassrooms.com, launched "with blog and Twitter effort on Labor Day weekend at the beginning of the school year. The twitter page was among the Top 10 trending topics over Labor Day weekend and the blog was recognized by the Marketing to Mom

Coalition and mommy bloggers for excellence in terms of delivering trusted, sharable information." (Peterson)

"BabyCenter.com is an "8 year old online/social media community" that is owned by Johnson & Johnson (J&J) and is connected and engaged" with "8,000,000 new and expectant moms in the U.S. (78% of total) and another 16.5 million in 21 countries." Baby Center is "a major profit center for J&J and, in fact, a major social brand." (Peterson)

8. The Future of Customer Relationship Management

The future of Customer Relationship Management (CRM) is largely linked to social media and the Internet (Shih). According to author Clare Shih, marketers and salespeople need to be where customers are and need to communicate through the channels customers prefer. That means participating on sites such as Facebook with the 300 million people who use this medium worldwide, as well as the 45 million individuals who use Twitter.

Customer-centric CRM is a social relationship as well as a business relationship. Bush states that social CRM refers to managing customer relationships by using new social media tools and listening to what customers and potential customers say about a company online. Social CRM is based on acknowledging and understanding the significant impact that social networking has in shaping consumers' beliefs and behaviors. (Bush) The factors that make Social CRM successful are: knowing where customers are, what media they use, and what interests drive their behavior. Social CRM is directly linked to the use of various mobile devices and the new generation of smaller computers such as netbooks. ("All Things CRM")

Companies that have adopted mobile CRM capabilities are extending its uses beyond contact management towards tracking activity. Many CRM specialists utilize podcasts and mobile versions of their web sites for detailing product information and support. Customers can review podcasts when researching products and obtain useful insight from mobile web sites before making purchase decisions. This sort of customer service has the capacity to heighten a consumer's buying experience and engage them more in the process. ("All Things CRM")

Cloud computing is also influencing the increased mobility of CRM. Mobile devices are making it possible for CRM to become even more efficient than it has been in the past. By using mobile devices like the Apple iPhone, users are able to integrate and synchronize e-mail, calendars, web-browser favorites, and address books which help increase their productivity and make information much more accessible and visible to users and companies. The availability of mobile devices allows consumers to retrieve company and product data regardless of location and time. Subsequently, companies can reach their target consumers where they are with technologies like location-based services at shelf.

"Creating a customer-centric ecosystem requires positioning the customer at the center of multiple business ecosystems." (Enrico) To achieve this, companies require centralized customer profile systems that are capable of retrieving information from multiple data points, updating the information in real-time and leveraging customer interaction and Web 2.0 applications. The next generation of e-commerce needs to be what Enrico calls "a unique customer experience that enables customers and companies to develop new products and use existing ones in close collaboration. The barrier free flow of information allows the community

to identify the respective needs immediately and deliver the right solutions in an agile fashion". (Enrico)

Social networks and media, commercial platforms for marketing and sales, and a variety of portable devices are essential to effective CRM. (Katros)   Companies must differentiate between front office CRM and back office CRM with the former referring to the applications facing customers and the latter comprised of analytics and supply chain data or processes. Using CRM via multi-channel experiences as well as organizing and managing customers around customer segments are likely to be characteristics of CRM in the foreseeable future. As Shih notes, this is an exciting time for CRM and companies are being challenged to rethink CRM from the ground up. (Shih)

9. Appendix 1

9.1 Team Members

Anthony J. De Marzio, III is an Information Technology professional with a Bachelor of Science in Business Administration from La Salle University. He has 12 years of experience including 6 years managing medium to large programs. Anthony has worked for Merck & Co., Inc. since 2002. His current position is an Integration Delivery Lead, and he supervises a staff of 30 resources. In 2008 and 2009, he managed the software integration effort for Merck's Siebel CRM and Analytics European implementation. More recently, Anthony served as the Delivery Lead for EAI and ETL integration work on the global harmonization of Schering-Plough and Merck Human Resource data.

Melanie Donofrio is an Information Technology Lead with a Bachelor of Science Degree in Computer Science and 11 years of experience in Consumer Packaged Goods and Pharmaceuticals. She is currently on the Business Relationship Management (BRM) team supporting Marketing at Johnson & Johnson Consumer Companies, Inc. Melanie has extensive experience with project management, mainly for Digital Marketing projects in the recent past. She has primarily worked with web sites, mobile sites and applications, and social media, but has also spent time supporting SAP, Documentum, and other software packages. In addition to Marketing, Melanie has partnered with Sales, Finance, Supply Chain, Enterprise Procurement (EP), Quality, Research and Development (R&D), and other functional areas.

Ed O'Neill is an Information Technology and Supply Chain professional with a Bachelor of Science Degree in Computer Science and 10 years of experience in the Consumer Products, Personal Care, Over-the-Counter (OTC), Pharmaceuticals, and Nutritionals industries. Currently a Business Intelligence Manager for Manufacturing Solutions at Pfizer, Ed has also held professional and management positions at Johnson & Johnson and Church & Dwight. Ed has specialized in packaged Enterprise Resource Planning (ERP) software solutions and integration, primarily working with the SAP software suite including ECC (Enterprise Core Component), BW (Business Warehouse), APO (Advanced Planning and Optimization), and SNC (Supplier Network Collaboration). He has supported Supply Chain functions such as Demand/Supply/Production Planning, Manufacturing, Procurement and Contract Operations, Materials Management and Distribution, Quality Management, and Plant Maintenance.

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