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## Customer Experience Trumps CRM Today in Loyalty Matters

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After more than a decade of fits and starts plus billions in investment worldwide, CRM - or customer relationship management - finally has a challenger: the Customer Experience. CEM is the new moniker; it stands for "Customer Experience Management" and it's gaining ground fast as an expanded way to view customer satisfaction and loyalty. Regardless of the new terminology, the fact remains that customers continued to see technology companies struggle to provide the level of service they expected in 2005.

CRM was originally all about connecting the front office with back office operations. The thought was that if you could tie sales and marketing together with activities like customer support and finance, the revenue opportunities expanded exponentially when you could up-sell and cross-sell to customers you already had. Although many CRM investments produced added sales and helped focus on the customer for the first time, most projects were disappointing in their results and all were costly to implement. Also, just because you had a CRM system in place, it didn't mean that your customers were magically more satisfied or more loyal to you for doing so.

Customer satisfaction and loyalty were always key components of CRM and will be a centerpiece for CEM as it takes hold. After all, if customers aren't satisfied or loyal, what does this say about the customer's overall experience? And CEM seeks to measure customer expectations all the way from early customer encounters in the buying process through support requests and additional purchases of products and services.

If customer satisfaction and loyalty then represent significant pieces of the customer experience, how happy are customers today? Do they plan to stick around for the long haul? Just how good is the customer experience these days?

According to the results of our CEM practice, customer satisfaction has been slipping over the last few years. In fact, for 2004, only 82% of customers said they were satisfied with their suppliers - and this was down from 2003. Customers also said that they were most dissatisfied in 2004 with "service" from suppliers - things like responsiveness, being accessible and resolving problems or questions a customer might have. Service, interestingly enough, was also the key problem area the year before in 2003.

As the CEM movement continues to gain momentum, customer satisfaction will most certainly be affected. In fact, through the first six months of 2005, we began to see the early signs of improvement in satisfaction ratings after declining for the last few years. Is CEM or CEM-oriented thinking beginning to have some impact on satisfaction and loyalty? It's probably too soon to tell. However, these early results are hopeful. Service again is the primary problem according to customers, but with improved satisfaction, maybe service will improve too. And with that, the whole customer experience just may be looking up in 2006!