



# Why CRM is the key to getting customers to renew and spend more money with you

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It's been well established that retaining existing customers costs less and is far more profitable than acquiring new customers. In fact, it's been more than a decade since Bain & Co. revealed that increasing your customer retention rate by 5% increases profits by 25% to 95%.<sup>1</sup> The irony is, that while this is a generally acknowledged fact (one study shows 82% of companies agree) most businesses in the manufacturing industry are still more focused on customer acquisition than retention.<sup>2</sup>

Increasing customer retention involves a company-wide shift to a customer-centric business model, where business decisions are made with customers' wants and needs top of mind. This requires changes in company culture, operations, and technology. Culturally, a company needs to have an "outside-in" perspective where the focus is on solving problems for customers, versus an "inside-out" view, where the focus is on products. Operationally, all customer-facing departments need to be connected. That means sales, marketing, product development, and tech support need to be on the same page at all times. This requires the right technology, one piece of which is a customer relationship management solution (CRM).

## The power of CRM

Most companies in the manufacturing industry already have a CRM solution. However, many aren't using it to its full potential or have an outdated solution that can't support today's business needs. Here are some statistics from an Aberdeen Group report that illustrate why companies need to reevaluate how they're using CRM:

- Companies with better-integrated CRM have 19% higher renewal rates than companies with less integrated CRM (68% vs. 57%)<sup>3</sup>
- Total team attainment of sales quota for companies with better integrated CRM is 57% versus 46%<sup>4</sup>
- 52% of sales reps achieve their sales quota at companies with better-integrated CRM, versus 40%<sup>5</sup>

These statistics show that a 360° view of the customer can help companies achieve significantly better results around retention and sales quotas. But note the qualifier “better-integrated.” Your CRM investment is losing money if it doesn't connect sales with marketing and your front office with your back office, including your ERP system. An integrated CRM solution gives employees visibility into inventory, customer history, marketing promotions, and more, to enable effective customer service, trouble-shooting, and up- and cross-selling. Furthermore, today's CRM solution needs to be mobile-enabled. When your sales teams can access real-time data in the field, they can be effective anywhere, any time, and on any device.

## Use a CRM solution to increase customer retention

A CRM solution isn't a replacement for a solid customer retention strategy. However, it is the tool you need to implement your strategy. Here's what you can do with today's CRM solutions:

- Identify patterns and issues for customers who do leave—so you can make changes to avoid more customer churn.
- Integrate with your marketing automation software and ERP system to understand when customers are ready to buy again.
- Personalize the customer experience, so that customers get information and offers that are relevant to them.
- Make the customer experience consistent, so that no matter who customers talk to, they get the same great experience.
- Anticipate customer needs to strengthen the customer relationship.
- Understand who your best customers are and who are likely to be in the future, so that you can focus your efforts where you'll see the greatest return.

It's time to take another look at your CRM solution and help it break free from the walls of your sales department. Maybe you can better use what you have, or maybe it's time for an upgrade. Whatever the case, taking action to implement CRM to its full potential can help you build longer, more profitable customer relationships.

Infor CRM is the platform of choice for companies strategically focused on customer engagements. Robust functionality, deep integration, and high flexibility in how you use and deploy your solution result in a solution that works the way you need it to. For more information on how Infor CRM helps drive customer engagement, visit [crm.infor.com](https://crm.infor.com).

[1] The Economics of E-Loyalty, Harvard Business Review, July 10, 2000.

[2] 15 fascinating insights from Econsultancy's 2014 reports, Econsultancy, Dec. 9, 2014.

[3] CRM 2013: Manufacturing Success Through Mobilized, Integrated and Flexible Deployments, Aberdeen Group, 2013.

[4] Ibid.

[5] Ibid.

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