Benefits of Customer Relationship Management (CRM)

Effective customer relationship management systems can realize the following benefits to an organization.

* Help organizations to determine their most profitable customers and establish a long-term relationship with them. This can increase the firm’s sales revenue.
* Results in reduced churn rate (the number of customers who stop buying or using products of a company) by enabling the firms to customize and personalize the products according to user needs, preferences. buying habits, etc.
* Enables provision of better customer service and support across all the touch points, whichever the customer uses.

### Types of CRM

### Operational CRM

It provides support to front-office business processes that involve direct interaction with customers through any communication channel, such as phone, fax, e-mail, etc. The details of every interaction with customers, including their requirements, preferences, topics of discussion etc., are stored in the customers’ contact history and can be retrieved by the organization’s staff whenever required.

Thus, it presents a unified view of customers across the organization and across all communication channels. Examples of operational CRM applications are sales force automation (SFA), customer service and support (CSS), enterprise marketing automation (EMA),etc.

### Analytical CRM

It enables to analyze customer data generated by operational CRM applications, understand the customers’ behavior, and derive their true value to the organization. This helps to approach the customers with pertinent information and proposals that satisfy their needs. The analytical customer relationship management applications use analytical marketing tools like data miningto extract meaningful information like the buying patterns of the customers, target market, profitable and unprofitable customers, etc., that help to improve performance of the business.

### Collaborative CRM

It allows easier collaboration with customers, suppliers, and business partners and, thus, enhances sales and customer services across all the marketing channels. The major goal of collaborative customer relationship management applications is to improve the quality of services provided to the customers, thereby increasing the customers loyalty. Examples of collaborative CRM applications are partner relationship management (PRM), customer self-service and feedback, etc.

### 1. Operational CRM

As the name suggests, an operational CRM assists businesses in managing their day-to-day marketing, sales, and customer service operations. These platforms are the most common type of CRM and are popular among businesses in a wide range of industries.

**Marketing automation** tools allow you to automate aspects of your marketing, so you can more effectively target customers at various stages of the sales funnel. For instance, an operational CRM takes care of predictable tasks like initiating an email campaign whenever a new prospect enters the system.

**Sales force automation,**or sales force management, is a major component of many CRM systems. This feature can help you manage your pipelines, nurture leads, [acquire new customers](https://www.propellercrm.com/blog/customer-acquisition-cost), and onboard new clients with ease.

This might involve automatically tracking a contact and updating their status from prospect to qualified lead once they’ve completed certain actions or met specific criteria.

For example, Propeller’s CRM allows you to automate multi-step email campaigns designed to turn contacts into paying customers. You simply decide which activities or interactions trigger the campaign and the CRM takes care of the rest automatically.

**Service automation** is designed to provide a higher level of customer service.

A CRM with service automation can provide helpful information via email, text message, or a phone helpline depending on customer preferences. This not only creates a more consistent customer experience, but it also frees up your team members to focus on more pressing tasks.

### 2. Analytical CRM

Analytical CRMs make it easier to manage the processes of customer acquisition and retention, as well as keep track of customer details. This is an ideal solution for companies that want to collect and analyze a large amount of data.

The three main functions of an analytical CRM system are:

* **Customer Acquisition:** Turning prospects into customers and upselling where possible.
* **Customer Retention:**Keeping current customers happy and coming back for more.
* **Managing Data:** Tracking customer interactions and other information that can improve your bottom line.

The more data your business gathers on consumer behaviors, patterns, and pain points, the better you can tailor your marketing and sales strategies to new and existing customers.

Examining customer data can also help you identify places where your sales funnel needs de-clogging or highlight a common problem facing current customers. An analytics CRM provides the information you need to reframe your marketing and develop better ways to communicate with your targets.

### 3. Collaborative CRM

This third type of CRM system is designed to improve the customer experience. Collaborative CRM features **streamline communication** for all parties - both between the customer and your company and between various departments and stakeholders.

These CRMs enable companies to **track and share customer data** with everyone from vendors and suppliers to tech support and marketing managers.

Making this information available internally not only strengthens the relationships that hold your business together, but also keeps customers happy. It allows you to provide a **seamless multi-channel customer experience** across all points of contact.

In continuously growing competitive market, it is very much important for a business to share right information to the right person at the right time, otherwise business will lose its opportunities to sale products or services. Customer Relationship Management software is the only solution that can help business to communicate with prospects or customers properly. For any CRM application, primary goal is to enable an organization to understand customers’ need and behaviour and provide better quality of service. It helps to retain existing customers and capture new opportunities by building a strong relationship between an organization and customers. CRM can analyze data and generate reports whenever required. There are mainly three types of CRM applications – Operational, Analytical and Collaborative to perform all these activities.

## Types of CRM:

### 1. [Operational CRM](https://techonestop.com/what-is-operational-crm)

[Operational CRM](https://techonestop.com/what-is-operational-crm) streamlines the business process that includes Sales automation, Marketing automation and Service automation. Main purpose of this type of CRM is to generate leads, convert them into contacts, capture all required details and provide service throughout customer lifecycle.

#### **Sales Automation:**

Sales automation helps an organization to automate sales process. Main purpose of sales automation is to set standard within organization to acquire new customers and deal with existing customers. It organizes information in such a way that the business can meet customers’ needs and increase sales more efficiently and effectively. It includes various CRM sales modules like lead management, contact management, Quote-to-Order management, sales forecasting.

#### **Marketing Automation:**

Main purpose of marketing automation is to find out the best way to offer products and approach potential customers. Major module in marketing automation is campaign management. It enables business to decide effective channel/s (like emails, phone calls, face to face meeting, ads on social media) to reach up to potentials customers.

#### **Service Automation:**

Service automation enables business to retain customers by providing best quality of service and building strong relationship. It includes issue management to fix customers’ problems, customer call management to handle incoming/outgoing calls, service label management to monitor quality of service based on key performance indicators.

### 2. [Analytical CRM](https://techonestop.com/what-is-analytical-crm)

[Analytical CRM](https://techonestop.com/what-is-analytical-crm) helps top management, marketing, sales and support personnel to determine the better way to serve customers. Data analysis is the main function of this type of CRM application. It analyzes customer data, coming from various touch points, to get better insights about current status of an organization. It helps top management to take better decision, marketing executives to understand the campaign effectiveness, sales executives to increase sales and support personnel to improve quality of support and build strong customer relationship.

**Features of Analytical CRM:**

* Gather customer’s information, coming from different channels and analyze data in a structured way
* Help organization to set business methodology in Sales, Marketing and Support to improve customer relationship and loyalty
* Improve the CRM system effectiveness and analyze key performance indicators, set by business

### 3. [Collaborative CRM](https://techonestop.com/what-is-collaborative-crm-strategy)

[Collaborative CRM](https://techonestop.com/what-is-collaborative-crm-strategy), sometimes called as Strategic CRM, enables an organization to share customers’ information among various business units like sales team, marketing team, technical and support team. For example, feedback from a support team could be useful for marketing team to approach targeted customers with specific products or services. In real world, each business unit works as an independent group and rarely shares customers’ data with other teams that often causes business losses. Collaborative CRM helps to unite all groups to aim only one goal – use all information to improve the quality of customer service to gain loyalty and acquire new customers to increase sales.

Different types of CRM applications have different features and advantages. So before implementing CRM system, it is very much important for a business to decide future goal and strategy. If you want to choose the best CRM for your business, read our article on ‘[How to choose the best CRM software for your business](https://techonestop.com/how-to-choose-the-best-crm-software-for-your-business)‘.