

E-COMMERCE AND CRM INTEGRATIONS

The two contributions to this Best Practices Guide offer some very interesting perspectives on e-commerce and CRM integrations.

Kustomer questions the whole customer service ticketing system process, calling for the rethinking of this standard practice that's been in place for decades, well before e-commerce even existed. It makes some intriguing observations regarding how switching from a ticket ID system to a customer identity model can increase the lifetime value of customers.

Cobalt does the unthinkable and actually makes specific recommendations for anyone trying to decide whether to integrate e-commerce and CRM systems or to have e-commerce and CRM unified in a single platform. I say "unthinkable" because I have found that it's rare for an solution expert to actually go through two sets of scenarios with a logical analysis and come to the conclusion that the best choice depends on a company's specific situation.

I hope you enjoy this month's Best Practices installment as much as I did. Well done, Kustomer and Cobalt!

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Transform Your Ecommerce Service from Transactional to Customer Centric

CUSTOMER SERVICE IS BROKEN TODAY.

Customer Service is broken today. Ecommerce growth is higher than ever, growing three times as fast as the larger retail industry.¹ But companies are still trying to catch up to consumer expectations for customer service, which is also at an all time high. And customer satisfaction is decreasing. According to the Harvard Business Review, 84% of customers say their expectations had not been exceeded in their last customer interaction².

For companies, that presents a problem. You're offering service experiences designed years ago, and today's customer expects more. It doesn't matter if they are buying an item, exchanging an item, or returning a purchase: consumers want to solve problems using their channel of choice, with minimum effort. The journey should be seamless and omnichannel, and yet companies still ask you what you want and who you are, instead of understanding immediately what you need. What's missing is an intelligent, 360 degree view that empowers agents, companies, and CRM systems for ecommerce to know everything about their customers. This insight allows them to take proactive actions that enable higher lifetime value and more satisfied customers.

Most ticketing systems do not support this lifetime value view. Instead, when a customer makes a request, they enter an assembly line of tickets. The customer is assigned a ticket ID that has no relationship to their past interactions with the company. But 82% of customers start their journey online before they ever sent you email.³ In most ticketing systems, all of that information is nowhere to be found. And repeat interactions are no different. The next time the customer contacts you, they get a different number, and are handled by different agent with no way to match prior tickets.

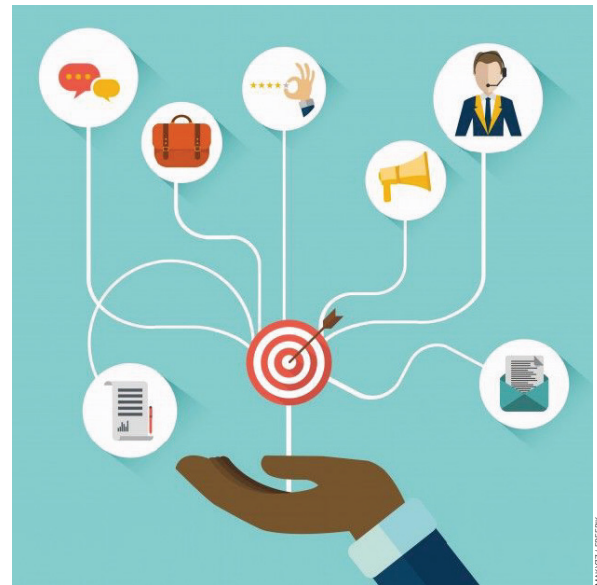
Having a single journey view (what's going on in the current transaction) is good, but what about the customer's entire lifetime and all the activity from past interactions? These ticketing solutions are focused on the single journey because they are built to the standard of counting tickets. They don't provide better, more individualized service by viewing the customer with a perspective of their history and of potential future interactions.

YOUR CUSTOMERS USE MANY CHANNELS FOR THEIR DIFFERENT NEEDS.

Customers contact your business through many different channels, experience different journeys, and have different needs when contacting customer service. They expect providers to deliver delightful experiences combining design, service, and results. And most of these service providers let you down.

Imagine a subscription customer who receives a shipment of clothing every month in exchange for a standard fee, or whose spend amount in a given month depends on how many items they keep. The lifetime value of this customer is much higher than someone who orders one pair of socks or a single shirt. If there is a problem with a delayed or damaged shipment, the customer is at a higher risk of ending their subscription, and expects proactively customer service.

As the Harvard Business Review notes, "customers resent having to contact the company repeatedly (or be transferred) to get an issue resolved, having to repeat information, and having to switch from



one service channel to another (for instance, needing to call after trying unsuccessfully to solve a problem through the website)."⁴

Returns are another common problem. In 2015, consumers returned over 8% of total retail sales: that's a loss of \$261 billion dollars for retailers⁵. If returning the wrong size is a hassle, why would that customer want to order again? The return process represents an opportunity to recapture or expand lost revenue. When the customer picks another item instead of just asking for their money back, you gain brand loyalty, revenue, and future customer expansion.

At many companies the experience that they hope to deliver is getting worse. A quick example: 56% of customers report that they have to re-explain an issue to customer service⁶. If your business is a marketplace, it's important to know if certain sellers (or certain buyers) are creating more service issues than

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others. For example, if you run a food marketplace and find that orders from a certain pizza shop always are late on a Tuesday night, you might reach out to that seller directly to suggest they improve their staffing. You improve your customer experience and the business of your partner at the same time.

YOU CAN REALLY SEE YOUR CUSTOMER FOR THE FIRST TIME.

What if there was a different way to engage with customers that provided a fuller view of that customer? You might be able to group the conversation history from the customer and make inferences or decisions based on prior messages, combined with all the data from every system that relates to and has insight into your customer's profile. For example, if you focused on lifetime value instead of transactional CSAT one-item measurement, you might choose to offer special service to customers to improve relationships with your most valuable (and profitable) customers. Transactional tickets cannot segment between different customer profiles without external information.

With the right data, you could look at different views of the customer and make specific decisions about their future behavior. For example, if you knew that a customer had ordered three times from you in the last 90 days and the average order size was greater than your overall average order size during that time, you'd treat that customer with additional care.

If you had the full view of every customer, you could make better decisions, predicting and driving the customer into actions for the agent, system or tool. You would move from a limited view of a single ticket, which relies on customer "service fatigue" questions (on your prior order, your contract, or your history) to a full history of the entire customer lifetime.

THE REAL POWER IS IN WHAT THE CUSTOMER DOESN'T TELL YOU.

Conversations with customers today are complicated. For example, they contact you on Facebook and call to follow up, or chat and then move to an email. Almost two-thirds of customers are frustrated when they cross channels. The problem with customer satisfaction and CSAT surveys is that only some customers respond - you end up with a polarized, self-selected group that gives only very positive and very negative feedback after a single transaction.

What if there was a better way to look at what customers are saying and measure their happiness by the actual words they use? Since everyone who contacts you has sentiment, you'll have better predictive information on who is likely to be upset or pleased when there is an additional call or message.

What if anyone who looked at the customer's record saw the full context of their current message? For account-based businesses, you could look at the state of the account. If you run a consumer service you might want to review the last login. If you run a marketplace you might want to link the business to the end consumer and find out which sellers are your best performers and which are your weakest.

What if you could increase customer lifetime value without increasing the number of agents or costs? When a customer returns an item, you'll see all of the orders they have ever made with your company. When a customer needs to change an appointment, you'll see if they have ever made a similar request before. Accommodating a simple request at the right time might extend the lifetime of a customer for years and turn them into a brand advocate.

What if you could easily design intelligent workflows to make these processes automatic and suggest them to your team? Imagine how good it would feel to give your agents

the ability to learn more about each customer and to use an intelligent, 360 degree view of that customer to truly deliver the higher value service your customers expect.

What if you had a real-time KPI for how your customers are feeling? When you track the change in sentiment over time, you have an instant customer happiness score for every customer based on their complete customer journey with you. Using this information combined with the full picture of them as a customer with a history, you have powerful tools to increase the aptitude of every team member who connects with any customer.

IT'S ABOUT A BETTER CUSTOMER EXPERIENCE. FOR A LIFETIME.

Customer service is broken, and it can be fixed. When you put all of these steps together, you are able to improve poor customer service results and focus on centralizing the information for your business around the Customer Identity, vs around the ticket ID. Becoming more successful by switching your focus from a singular, transactional CSAT approach, to one that delivers excellent lifetime value (LTV) for your customers. ■

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¹ <https://www.digitalcommerce360.com/2017/02/08/online-will-grow-three-times-faster-retail-industry/>

² <https://hbr.org/2010/07/stop-trying-to-delight-your-customers>

³ https://images.forbes.com/forbesinsights/StudyPDFs/Synchrony-A_Split_Screen-Report.pdf

⁴ <https://hbr.org/2010/07/stop-trying-to-delight-your-customers>

⁵ https://nrf.com/sites/default/files/Images/Media%20Center/NRF%20Retail%20Return%20Fraud%20Final_0.pdf

⁶ <https://hbr.org/2010/07/stop-trying-to-delight-your-customers>

⁷ <http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-Global-Consumer-Pulse-Research-Study-Infographic.pdf>

⁸ Image designed by makyzz / Freepik



E-Commerce & CRM — Integrate or Unify?

There are two primary ways to bring your e-commerce and CRM systems together – you can use two separate applications and integrate them or you can use one system that performs both functions in a unified system. In this whitepaper, we discuss the pros and cons of both and give recommendations on when each option makes sense.

Before we get into the details we first need to discuss why you need to do one or the other. If your company is truly using a CRM system for its intended purpose – to track ALL interactions with your customers, use that data to richly interact with your customers, report on and analyze that data, and then change your business activities based on your findings – then you must have the critical e-commerce data in your CRM system.

Given that backdrop for why e-commerce data must be in your CRM system, let's dive into the first option for making that happen – **Integration**.

Pros:

- Ability to use best-of-breed systems
- Ability to change systems individually

Cons:

- More complex infrastructure means more points of failure
- Potential for higher costs as you are paying for two systems

On the pros side, using your CRM system as the central hub for your customer data and integrating best-of-breed systems for specific functions needed by your business that a CRM system does not normally perform is a very powerful concept, and the benefits you can gain from this are very compelling. However, when it comes to integrating e-commerce systems, the benefits aren't quite so clearly delineated.

Typically, the benefits of integrating best-of-breed solutions comes from the fact that the specific function performed by that other system uses and or generates data that does not need to be stored in the CRM system. For example, if your company uses a learning management system to provide paid courses to your customers, the integration would be just the purchase information and perhaps data around taking or passing the courses. The actual course material as well as the infrastructure to present these courses to the end user is information that should not be kept in your CRM system as it is irrelevant to the purpose of CRM as discussed earlier.

The reason why this is not as cut and dry when it comes to e-commerce solutions is that much of the e-commerce data is critical to have when interacting with your customers and therefore should be stored within CRM—this is not just for things like what products they bought and at what time; it goes much deeper. For example, if you want to provide excellent customer service you may need your customer service representatives to be able to instantly refund a credit card transaction. If this data is not stored within CRM, then this process could take much longer than the customer wants to wait. If your integration does not get to that level then you may not be getting all the benefits of using the best-of-breed systems.

Now let's look at the other option – a **Unified System**. A unified system combines all of the capabilities of both e-commerce and CRM systems into one application.

Pros:

- There is no integration point of failure
- Single platform allows for streamlined maintenance, training and increased visibility to critical customer information.

Cons:

- A single system means you are reliant on a single vendor for new product features
- A single system means you must scale the application infrastructure uniformly

On the pros side, the fact that there is no integration point of failure is a substantial factor if real time data is critical for your business. Take, for example, a situation where you are selling products that have member or non-member pricing. If your CRM system, which contains the member and non-member designations, cannot connect with your e-commerce system you may be selling a product at an unwanted discount or for too high of a price. If you sell it for too low you are undercutting the value of your membership. If you sell it for too high you will most likely incur unwanted customer service time and effort when the customer calls in to get their member discount.

RECOMMENDATIONS:

Integration is best for companies with complex e-commerce needs including sophisticated inventory and vendor management requirements with the resources to manage a more complex technology infrastructure.

A **Unified System** is best for companies selling intangible products, like professional or online services, or small and medium sized businesses that want to maintain fewer systems or have users that perform many different functions. ■

Download the entire Cobalt E-Commerce & CRM Whitepaper at <https://www.cobalt.net/whitepapers/ecommerce-crm-integration> to get more details about how to effectively use e-commerce and CRM systems for your industry along with product recommendations.