

14.1: Introduction

Customer relationship management (CRM) has existed since people first started selling things. The first shopkeeper who stopped to chat with his customers, who knew them by name, and perhaps gave them a small ‘freebie’ for continually using his services, was practicing a form of customer relationship marketing by making customers feel special. He was also probably seeing the favourable impact on his bottom line. It helped that customers were being served directly by the business owner.

Today, with businesses becoming more digitally remote, and with person-to-person contact becoming more scarce, CRM is more important than ever. We need to build and maintain relationships with our customers. A faceless company is not personable or engaging so it has to work harder to fill the gap between attracting and retaining customers (and their good will). The relationship a customer builds with a company is often the reason they return. Building those relationships today is more difficult than ever, in a society where data is protected, customers are smart and exercise their right to choose, and a competitor can be just a click away.

CRM is a customer-focused approach to business based on fostering long-term, meaningful relationships. CRM is not about immediate profit. It’s about the lifetime value of a customer, the purchases they will make in future, the positive word of mouth they will generate on your behalf, and the loyalty they will show your brand. Effective CRM enables businesses to collaborate with customers to inform overall business strategies, drive business processes, support brand development, and maximise ROI.

There are two approaches to CRM. Either one can apply it as an approach to communication strategy using personalised and segmented contact, or as a core business strategy such as loyalty programmes. Which you choose depends on the size and goals of your business.

There is a truism that a happy customer tells one person, but an unhappy customer tells ten. With your customers’ voices being heard on blogs, forums, review sites and social media, they can talk loudly and impact your business easily.

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