



Customer Service, CRM, Customer Experience -- What's the Difference?

By John Goodman

August 30, 2014

www.forbes.com

Customer service, strategic customer service, CRM, and customer experience: these terms are often used interchangeably. In fact, they imply very different concepts and roles within your company. As you move down the list of terms, an executive creates greater opportunities to take the lead in customer engagement while enhancing their status and career. These are the major differences which set these terms apart.

Customer Service consists of contact handling and executing basic customer transactions. For better or worse, this is your basic call center, often viewed by executives as the complaint department and a necessary nuisance. Even this function is quite profitable in that it retains the revenue of customers that otherwise would take their business elsewhere. On average, the revenue retained from handling a complaint is two to five times the loaded cost of handling the contact alone.



Strategic Customer Service not only addresses basic service contacts and transactions but also includes three other activities within the contact center context:

- Gathering Voice of the Customer (VOC) information, quantify the revenue cost of inaction and inputting the VOC into other departments
- Creating customer engagement via microbursts of emotional connection (usually in 20-40 seconds)
- Preventing future contacts and delivering additional value via education

Strategic customer service allows you to become an internal consultant to the rest of the company.

Customer Relationship Management (CRM) is often viewed as a software system. Its impact goes far beyond software to include:

- Tracking and managing customer purchases and contact at major touch points including the phone, email, chat and social media
- Customer history and segmentation information is provided to the Customer Service Representative (CSR) to identify the most appropriate sales offer and manage the sales process
- Surveying customers (usually by email) after the contact. The results are included in the database for reference by the next CSR.

While customer history guides sales activities, almost all CRM activities are still reactive.

Customer Experience expands the traditional CRM activity to be anticipatory and proactive across the end-to-end customer lifetime. It uses technology to:

- Understand the customers' experience across all silos, e.g. from sale to product delivery and onboarding, to use and billing via linkage to internal operational databases
- Identify opportunities for the company to be proactive. For instance, SoCal Edison used smart meter data to identify 30,000 customers whose bills were going to be higher and dispatched emails warning them and offering conservation tips. The response was very positive and less costly than waiting for customers to call.
- Expand the Voice of the Customer to include events that the customer often does not communicate. For instance, failed website searches and unused product features hurt satisfaction but are almost never identified.
- Create online communities to provide support, fun, content, and engagement and to gather ideas from the customer base
- Become preventive by identifying potential customer unpleasant surprises and needs and warning the customer on the website and via onboarding videos and literature

The CE function requires a much more sophisticated analytical capability and linkage of the CRM system to major databases across the company using a common identifier. While both of these are challenging, the ability to enhance loyalty and word of mouth while reducing unnecessary cost will more than pay for the increased capability.



Customer Care Measurement & Consulting helps Fortune 500 companies from every industry get a better ROI for their investments in the customer experience.

Learn more about CCMC by visiting www.customercaremc.com

Full article:

<http://www.forbes.com/sites/salesforce/2014/08/30/customer-service-crm-customer-experience/>