

Module 23: Customer Relationship Management

- How CRM works
- What you can do with the CRM data gathered
- How to choose the right CRM software
- How to use CRM to your advantage

By the end of this chapter, you will know:

- How CRM works
- What you can do with the CRM data gathered
- How to choose the right CRM software
- How to use CRM to your advantage

23.1: Introduction



Heard of Customer Relationship Management (CRM)?

Do not worry if you have not, because it is a fairly new concept in the business world. Although it has been around in some form or another since the 1990s, modern versions implementing en-masse data collection have only been around with small and medium business access for a little over a decade.

CRM exists to improve customer service. It achieves this by helping you gather information about your customers, aka data, which you then analyse in line with your sales. Using this data, you track how well your business activities are going and place more emphasis on those that work, which allows you to increase your profits in the process.

23.2: How Does CRM Work Exactly?



In short, CRM involves regularly gathering data based on your customers' purchasing activities and analysing it in line with your sales.

When you know which type of customer is likely to purchase a treatment, as well as when they are going to purchase it, you can use that information to your advantage.

The best example of this is store loyalty cards. While it may at first seem as though they exist to help you access great rewards—or even just to spend more—there is a fair bit of data analysis going on there.

Shops like Boots, for example, collect data on what you are purchasing, who you are, and what time of year it is before analysing it to enhance their campaigns.

23.3: What Can Businesses do with their CRM Data?



After gathering this information, businesses have the chance to use it to boost sales.

For example:

If you notice that manicures are particularly popular amongst women under the age of 30 around Xmas time, you can target your ads accordingly.

CRM is not just useful for boosting sales and knowing which services to promote.

You can also use it to hone in on customer complaints. For example, if while tracking complaint patterns, you notice they occur around a particular stylist's shift or following a certain treatment, you can address the problem accordingly. Using CRM data, it is possible to drive those complaints down and boost your business's reputation and profitability.

Essentially, you will eventually use CRM to make sure your customers feel happier (with customer service), while boosting your sales (with promotions). In order to ensure this happens, you need to set up some sort of loyalty scheme. In other words, you are going to have to use the CRM cards other businesses are reliant on.

23.4: How Can You Use CRM to Your Advantage?



In order to use CRM to your advantage you need to take your focus away from the profits and hone in on the customers.

While this may seem a little counter-intuitive, it is worth considering the following: if your customers are not happy, your profits are not going to grow. When your customers are happy and want to return to you, your profits are going to continue growing.

This means you do not just want to use CRM with a view of identifying particular groups of customers that purchase certain forms of treatment; you also need to look at identifying those sole customers who return to your salon faithfully.

Using this information, you can highlight them as golden clients. Giving them the extra special treatment they deserve not only ensures they stay loyal to you; it will lead to them bragging about you to their friends. Voila, you have word-of-mouth advertising on the go.

23.5: Choosing the Correct CRM Software



If you are going to succeed with CRM, you will need to choose the correct CRM software.

CRM software allows you to store and analyse data, which you can return to at regular intervals. Remember, the data you choose to store now is something you can turn to in the future when you need to see your business's profitability progress.

Do not over-complicate things

When choosing your software, always remember to keep it simple. If you are a small business, you do not need software that could serve the needs of Apple. Instead, focus on a starter's package that will allow you to get to grips with the CRM process. One of the worst things you can do is choose your software according to the shiny features that come with the packaging or advertising. Marketing teams are excellent at making you believe that you should choose features over objectives when it is actually the other way around. If you see a load of bells and whistles you do not really need, do not be afraid to go for the smaller option that is basic. It will save money and time in the future.

Use software that will track the things you need to track. Before you find software, you will need to state what this data is. Do you want to track sales? Or maybe complaints? You can even track both if you so wish. Whatever it is you want to track, establish it now and choose your software package accordingly.

Plan for future expansion when buying software

While it is a good idea to choose a software package that is small and uncomplicated, you should also be keeping your future ambitions in mind. Do you envisage your business turning from a small venture to a medium one? Would you like to open more than one salon over the next few years? If you are going to invest in CRM software and keep the data collection consistent, you need to bear these factors in mind.

Finally, you might even want to consider the technological marvel that is a SaaS system. These systems are managed by third parties, and they store your data online rather than just relying on an in-house computer system. If you'd rather not get to grips with CRM yourself and would therefore like someone else to manage the whole business for you, this could be a good option. However, while there are some reliable automated third-party solutions available, some also require a little extra assistance from a human. Whether you want to add this to your outgoing costs is up to you, but it could be worth it if you find a way to create perfectly targeted advertising.

In this module, you explored the wonderful world of CRM.

You got to know what CRM stands for, as well as why you should be using it in your business. The

different approaches you can take with CRM data analysis were looked at, as well as the types of software you can use.

By the end of the module you knew a little about the benefits of CRM, which will help you decide whether to implement it in your business.

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