

03: Building a customer database

A customer relationship management (CRM) system will help you understand what and how your customers buy from you, whether you provide products or services – or, more likely and importantly these days, both. A CRM system is an essential management tool for the success of your business.

Benefits of a CRM system:

- > increased sales to both new and existing customers – you will be able to identify customer requirements more effectively and at the right time, and also identify opportunities for ‘cross-selling’ of other products
- > your marketing communications will be more effective by using this more personal approach
- > customer led development : you will be able to develop new and improved products or services in line with identified customer requirements
- > this will lead to enhanced customer satisfaction and retention
- > and to increased value from your existing customers.

An element of a CRM system will be an effective marketing database which will enable you to analyse data, identify the customers who spend most with you, and detect the characteristics they share. You are then in a position to focus your marketing on the ‘right’ person or organisation.

You will also be able to communicate more specifically with certain groups of customers, eg by rewarding regular or high-spending customers with special offers; special contact with those who have not done business with you for say a year or so.

CRM can also help measure the effectiveness of your marketing, then you need not expend effort or money on those who never respond to your promotional campaigns.

Once you have your marketing database in place, it must be developed and well maintained. You should add details of **prospective** customers as well, eg any enquiries should be highlighted for a future contact.





It is vital that the information is always accurate so that you do not waste time and money on wrong addresses, returned mail, etc. And it is also important to ensure compliance with your legal obligations, particularly those relating to the Data Protection Act 1998.

More detailed and useful information regarding CRM systems can be found on the Business Link website : www.businesslink.gov.uk

