

Navigate The Future Of CRM In 2017

Vision: The CRM Playbook

by Kate Leggett

January 30, 2017

Why Read This Report

In the age of the customer, good customer experiences are the only sources of competitive differentiation. Organizations use customer relationship management (CRM) as a foundational building block in their customer experience strategy. CRM has the potential to transform customer relationships, but companies have only started to tap into the true power of these solutions. This report summarizes the top trends that application development and delivery (AD&D) professionals need to take into account when planning for CRM success in 2017.

Key Takeaways

CRM In 2017 Demands A Focus Beyond Operational Efficiencies

Gone are the days when CRM strategies only revolved around the delivery of operational efficiencies. In 2017, companies must use CRM to better engage with customers throughout their end-to-end journeys because only customer obsession will drive higher levels of company revenue.

CRM Must Be Easy And Effective

CRM must fuel frictionless customer experiences as well as empower customer-facing personnel and make them more efficient. Companies leverage analytics to power prescriptive advice and increasingly deploy industry-specific solutions.

Companies Use CRM To Foster Positive Emotions

Companies use insights from connected devices and customer journey information and invest in customer success to deliver experiences that foster positive emotion.

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Notes & Resources

We reviewed Forrester's most recent research on customers' changing behaviors and CRM solution trends and best practices. We also analyzed our most recent interviews with and inquiries from CRM solutions buyers and users, vendors, industry analysts, and the media.

Related Research Documents

[Assess CRM Capabilities To Pinpoint Opportunities](#)

[Modernize Your CRM In Six Steps](#)

[The Forrester Wave™: CRM Suites For Enterprise Organizations, Q4 2016](#)

[Transform Customer Processes And Systems To Improve Experiences](#)

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CRM Is At The Heart Of The Age Of The Customer

In the age of the customer, executives don't decide how customer-centric their companies are — customers do. And while good customer experiences can help control costs, executives are more interested in the potential for sustainable top-line growth. In 2015, Customer Experience Index (CX Index™) leader AT&T grew revenue from its U-verse service by 29%, compared with CX Index laggard Comcast, which grew revenue by 5%.¹ And CX Index leader Southwest Airlines grew revenue more than three times faster than CX Index laggard United Airlines from 2010 to 2015.² Online-only CX leader Amazon also left Walmart's overall revenue growth in the dust.³ Forrester defines CRM as:

The business processes and supporting technologies that support the key activities of targeting, acquiring, retaining, understanding, and collaborating with customers.

CRM is the foundational building block of a company's customer experience strategy to win, serve, and retain customers. So AD&D pros should note that CRM:

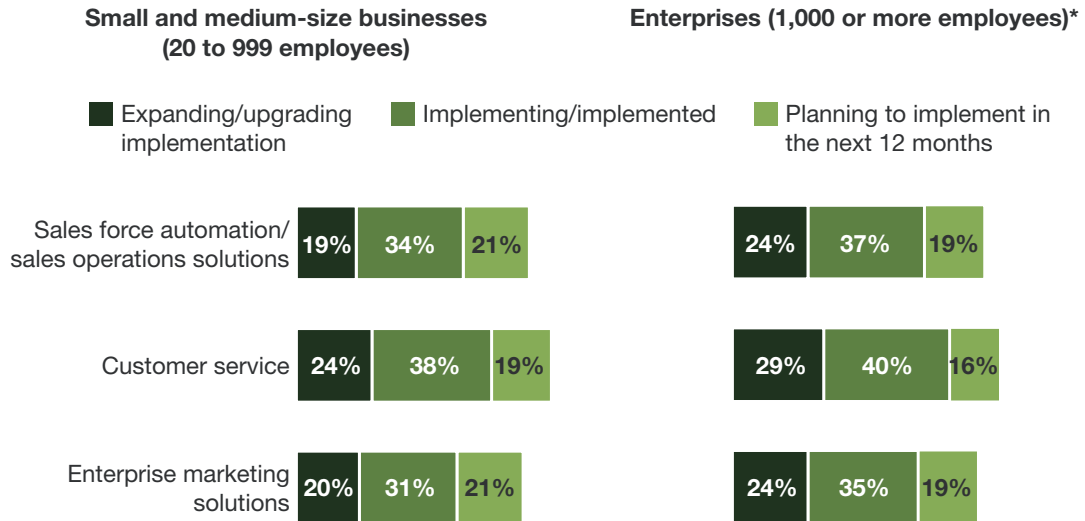
- › **Enables new business strategies.** It allows empowered consumers and connected employees to do business in ways that we could not conceive of just a few years ago. As a result, interest in CRM technologies continues to be strong (see Figure 1).
- › **Integrates many technologies.** Today CRM covers a huge swath of technology (see Figure 2).⁴ AD&D pros supporting customer-facing operations must take the evolution of the market into account when refining CRM strategies for 2017.
- › **Benefits from new trends.** To help in your decisions, pay attention to 10 trends that will shape the future of CRM (see Figure 3).

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FIGURE 1 CRM Adoption In 2016

“What are your firm’s plans to adopt the following types of software?”



Base: 1,265 global software technology decision-makers (20 to 999 employees)

*Base: 1,476 global software technology decision-makers (1,000-plus employees)

Note: Answers are shown for previous, current, or future implementations.

Source: Forrester’s Global Business Technographics® Software Survey, 2016

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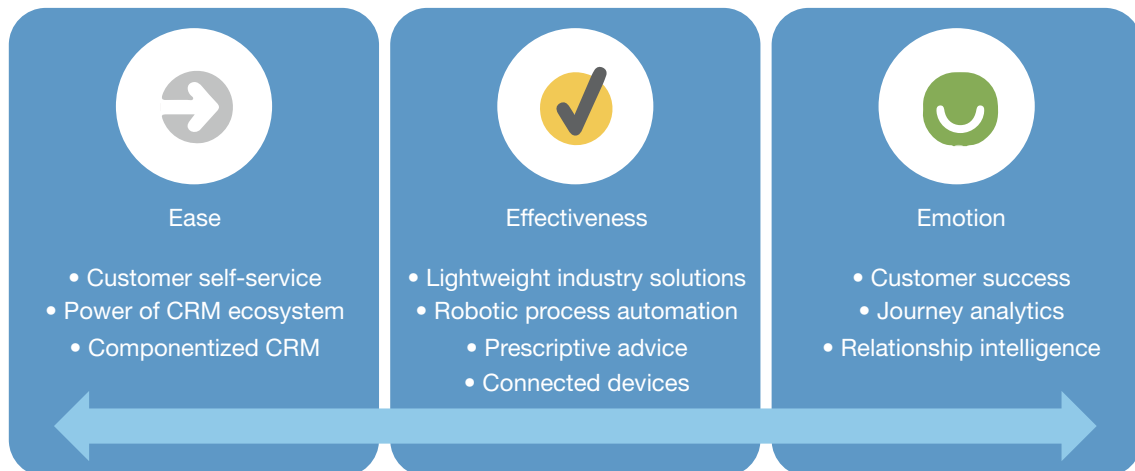
FIGURE 2 The Extended CRM Technology Ecosystem



Source: "TechRadar™: The Extended CRM Technology Ecosystem, Q4 2015" Forrester report

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FIGURE 3 Top CRM Trends For 2017

CRM Supports Easy Experiences

Customers want to easily connect with, interact with, make purchases from, or get service from a company. More than half of US online adults will abandon their online purchase if they cannot find a quick answer to their questions, and 72% said that valuing their time is the most important thing that a company can do to provide them with good service.⁵ Companies must offer customers ways to easily engage with them to foster an ongoing omnichannel dialogue and relationship that strengthen loyalty and retention. And they will reap the rewards: Omnichannel customers are more active, spend more, and are less expensive to support than single-channel customers.⁶

- › **Trend No. 1: Companies enable customer self-service.** Customers increasingly interact with companies via self-service. For example, (B2B) buyers want to self-educate, not talk to, sales representatives by a factor of three to one. Nearly 75% indicated that buying products or services for work from a website is more convenient than buying from a sales representative.⁷ And regarding customer service in 2016, customers used self-service more than agent-assisted channels, which are increasingly used for escalations when self-service fails.

In 2017: Companies are increasingly supporting self-service customer journeys. They will look to automate product configuration, personalized product recommendations, price negotiations, and order taking. For post-purchase support, they will offer online issue submission, tracking, and scheduling for service technicians. They will also solidify self-service content by continuing to invest in knowledge management and community content. And they will explore the value of offering automated conversational interactions via chatbots and virtual agents.

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- › **Trend No. 2: The extended CRM ecosystem makes engagement easier.** Companies use CRM to garner operational efficiencies, but CRM information workers on the frontlines can't serve modern customers.⁸ They struggle with duplicate work or manual call wrap-up procedures, which decrease their productivity and limit their effectiveness. As a result, during the past five years, an ecosystem of point solutions such as configure, price, quote; customer life-cycle management; and content management has emerged to extend core CRM and enable better customer support.

In 2017: Companies are modernizing their role-based CRM experiences: They will guide users through streamlined processes — such as contract negotiation — that cross organizational lines. They will incorporate efficiency and effectiveness tools into CRM processes such as automated data capture solutions, automated dialers, automated schedulers, and market intelligence. They will also experiment with voice interfaces to their CRM. CRM vendors eye this ecosystem of small vendor solutions with overlapping capabilities for acquisition with the aim of offering these capabilities within core CRM.

- › **Trend No. 3: Componentized CRM enables à la carte purchases.** Gone are the days when companies purchased CRM as a monolithic application to address the needs of sales, marketing, and customer service organizations. Today companies buy CRM to solve a singular business problem, to modernize existing applications, or to serve as the foundational component of a business transformation initiative.

In 2017: CRM purchases will continue to fragment to better support end-to-end business processes instead of a singular platform for customer engagement.⁹ CRM vendors are enabling buyers to leverage best-of-breed solutions by offering more open APIs and more packaged bidirectional integrations. CRM vendors have also begun to offer extensible platforms or microservices architectures on which developers can easily build or extend customer applications.

CRM Supports Effective Experiences

Companies must support differentiated, effective experiences for broad customer segments. But they need to go further, supporting the right customer experience for the right customer at the right time in his or her customer journey.

- › **Trend No. 4: Companies leverage lightweight vertical solutions for agility.** Historically, enterprise CRM solutions have fallen into two categories: horizontal solutions that apply to a large swath of industries or deeply verticalized solutions that support end-to-end industry-specific process flows, data models, and regulations.

In 2017: Enterprise and midsize CRM vendors will increasingly offer lightweight vertical solutions. They include templates, common process flows, data model extensions, and UI labels but do not script the end-to-end process.¹⁰ Companies will leverage these vertical editions for the CRM vendor's domain knowledge. It will allow them to focus on capabilities that differentiate them in the

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marketplace instead of core industry capabilities that should be table stakes. For example, The Bank of New York Mellon used vertical templates to deliver better customer experiences and drive financial growth.¹¹

- › **Trend No. 5: Robotic process automation standardizes engagement.** Process automation is nothing new; customer-facing organizations have formalized employee actions to streamline processes, ensure compliance, and control costs for years.¹² Companies are now realizing value from robotic process automation (RPA).¹³ RPA software robots mimic the way that people interact with applications through a user interface.¹⁴ RPA can automate end-to-end processes (e.g., account onboarding, insurance claims awards) with humans only managing exceptions.¹⁵

In 2017: Expect the RPA scenario footprint to grow because it serves as a bridge to greater business process transformation. Companies are exploring the nascent world of cognitive RPA for nonroutine tasks requiring judgment. They include natural language processing, and they build learning into RPA trigger points where the bot can reprogram itself using feedback. For example, a global bank uses cognitive RPA to monitor employee digital communications for indicators of noncompliant activities; wealth managers can use cognitive RPA to create fund performance reports allowing them to focus on giving advice.

- › **Trend No. 6: Intelligence powers prescriptive advice.** Decisioning — determining a customer's or system's next action — is pervasive in customer-facing organizations. Rules pinpoint the right prospects, route leads to appropriate resources, and recommend issue resolution. Many companies use a combination of rules and analytics to personalize offers to customers but fall short in leveraging the true power of analytics for customer intelligence. Teams delivering these insights are also stuck in the back office, delivering insights reactively and missing key engagement opportunities.¹⁶

In 2017: Organizations will continue to use analytics to prescribe the right action for customer-facing employees in the context of CRM applications. Sales teams will use prescriptive advice to identify high-quality leads, the most useful relationships within firms, the right contacts, and the most relevant sales collateral for buyers' role. Sales will also use it for product bundling and discounting to maximize revenue per contract. And customer service teams will use it to recommend agents' next action or better route customers.

- › **Trend No. 7: Companies invest in an ecosystem of connected devices.** General industry consensus is that there will be close to 30 connected device types by 2020.¹⁷ Companies monitor high-value connected products to preemptively address signs of anomaly, deliver better customer experiences, and surface hidden sales opportunities. For example, Milwaukee County Transit system tracks its buses and thus updates its schedules in real time. And Tesla Motors pushes software patches to connected cars, with connected iRobots self-registering and ordering new parts when they fail.

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In 2017: More companies that have not been involved in machine-to-machine communications, embedded systems, and connected assets will enter the fray. Derived insights deliver more effective experiences and personal engagement in context, better planning, and anticipation of customers' needs. Connected devices also unlock new revenue streams and help transform companies from being products-based to services-based — such as Caterpillar. The internet of things allowed Caterpillar to monetize its heavy-equipment remote monitoring service in a new business offering.

CRM Helps Foster An Emotional Bond With Your Customers

Negative experiences skew a customer's impression of a company. For example, the pain that we feel from getting hit with a \$20 fee is two to five times worse than the pleasure we derive from a \$20 reward.¹⁸ Companies must form an emotional bond with their customers by looking out for their best interests, identifying points of friction in a customer journey, and empowering customer-facing personnel. As Colleen Barrett, president emeritus of Southwest Airlines, said, a key to the company's outstanding service is a focus on guidelines instead of rules: trusting its employees to exercise judgment and do the right things for its customers.¹⁹

- › **Trend No. 8: Customer success processes increase customer retention.** Companies have started actively managing their customers after the initial sale to ensure proper onboarding and ongoing customer satisfaction. They use CRM data in conjunction with finance and product usage data to gauge a customer's health and intervene when surfacing signs of distress. Actively managing customer relationships affects a company's revenue by reducing churn and increasing customer lifetime value and advocacy.

In 2017: Companies are becoming increasingly cognizant of the economic value of managing customer relationships. Forward-thinking companies invest in customer success by articulating a customer success strategy and high-level measures of success as well as forming customer success teams that have clear retention metrics and revenue goals for accounts under management. They also do so by defining and standardizing customer engagement processes for all tiers of customers and adopting customer success solutions to help manage disparate data that helps monitor a customer's health.

- › **Trend No. 9: Journey analytics better support customer goals.** Customers expect consistent experiences across touchpoints and the ability to start an interaction in one channel and complete it in another without having to repeat themselves.²⁰ Companies have been trying for years to break down communication silos between organizations and streamline inefficient processes including onboarding, order administration, loan processing, incident management, and complex service requests.

In 2017: Companies will actively analyze customer feedback across departmental silos to find and fix cross-channel issues. They will use journey maps to analyze customers' behaviors across touchpoints, enabling them to contextually engage with customers or present the next best offer.

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The outcomes of this analysis help pinpoint the most common customer paths, estimate the frequency of certain operational bottlenecks, and determine which combinations of interactions will lead to desired business results, like increased repurchase rates.

› **Trend No. 10: CRM empowers information workers to concentrate on relationships.**

Companies use text analytics to extract themes of data from digital interactions and customer surveys that would be impossible to parse manually. They monitor the quality of phone calls using speech analytics, typically after the call, with the aspiration to do so in real time. They also use these solutions to extract emotional insights by mining keywords, volume, pitch, speed, and other language patterns to detect changes in sentiment and intensity during the course of a conversation.

In 2017: Companies will also use intelligence in the context of CRM more pervasively to offer better customer experiences. They will leverage behavioral analytics to match a caller's psychographic profile to the best-skilled frontline member excelling at serving that customer's personality type. Semantic-based cognitive technologies will give agents and inside salespeople real-time feedback when they experience extended silences or talk over the customer and will enable real-time coaching to help show genuine care and empathy.²¹

Recommendations

Use Forrester's Insights To Accelerate Growth Plans

In 2017, the need for companies to effectively engage with their customers has never been more important. As an AD&D pro supporting customer-facing operations, take advantage of Forrester's data, methods, and tools to make sure that your organization is well positioned to cope with digital disruption and compete in the age of the customer. Use the Forrester CRM playbook to:²²

- › **Define the right CRM strategy.** How? Use our self-diagnostic tool, and assess your CRM capabilities against 175 best practices to pinpoint the best opportunities for quick wins.²³
- › **Understand the CRM solution landscape.** How? Take advantage of the Forrester Wave™ evaluations that provide deep comparative analyses of vendor solutions for CRM, business intelligence, data quality management, and process guidance.²⁴
- › **Delineate a CRM plan and road map.** How? First follow the eight-step Forrester CRM strategic plan.²⁵ Then follow Forrester's road-map process. Together, these will help clarify objectives and set a plan for achieving them.²⁶
- › **Risk-proof your project.** How? Read the Forrester reports on best practices for deployment, and use our self-assessment tool to pinpoint the pitfalls that can prevent your organization from getting value out of CRM.²⁷

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- › **Build a rock-solid business case.** How? Use Forrester's Total Economic Impact™ (TEI) methodology to justify the cost of your initiative.²⁸
- › **Use the right metrics to keep your project on track.** How? Use Forrester's CRM metrics framework, and follow our four-step approach: 1) Define and quantify business goals; 2) formulate CRM strategies and tactics; 3) establish appropriate CRM measures; and 4) link CRM goals, strategies, and metrics.²⁹

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Supplemental Material

Survey Methodology

Forrester's Global Business Technographics® Software Survey, 2016, was fielded in August and September 2016. This online survey included 3,582 respondents in Australia, Brazil, Canada, China, France, Germany, India, New Zealand, the UK, and the US from companies with two or more employees.

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Forrester's Business Technographics ensures that the final survey population contains only those with significant involvement in the planning, funding, and purchasing of business and technology products and services. Research Now fielded this survey on behalf of Forrester. Survey respondent incentives include points redeemable for gift certificates.

Please note that the brand questions included in this survey should not be used to measure market share. The purpose of Forrester's Business Technographics brand questions is to show usage of a brand by a specific target audience at one point in time.

Endnotes

- ¹ AT&T clearly showed superior revenue growth. There was a stark contrast between the revenue growth rates of our leaders and our laggards in the CX Index. AT&T had a revenue compound annual growth rate of more than 29%. During that same period, Comcast's revenue grew less than 5%. See the "[Customer Experience Drives Revenue Growth, 2016](#)."
- ² See the Forrester report "[Customer Experience Drives Revenue Growth, 2016](#)."
- ³ See the Forrester report "[Customer Experience Drives Revenue Growth, 2016](#)."
- ⁴ The extended CRM ecosystem includes a huge swath of customer-facing technologies. See the Forrester report "[TechRadar™: The Extended CRM Technology Ecosystem, Q4 2015](#)."
- ⁵ Fifty-three percent of US online adults are very likely to abandon their online purchase if they cannot find a quick answer to their question. In addition, 72% say that valuing their time is the most important thing a company can do to provide them with good online customer service. Source: Forrester's Consumer Technographics North American Retail And Travel Customer Life Cycle Survey, Q1 2016 (US).
- ⁶ Forrester's research shows that the primary reason that B2B sellers actively channel-shift their customers into such environments is reduced cost-to-serve. However, channel-shifting customers online also enables B2B companies to develop better customer engagement strategies and create a deeper level of customer intimacy that drives more purchases. See the Forrester report "[The Case For Omnichannel B2B](#)."
- ⁷ B2B buyers are increasingly moving online. See the Forrester report "[Death Of A \(B2B\) Salesman](#)."
- ⁸ Sales-force automation (SFA) should continue to be the cornerstone of your sales technology strategy, but even the best-of-breed products fall short. SFA systems allow you to scale your sales organization but require reps to complete more work — and do little to drive meaningful engagement with customers. See the Forrester report "[Brief: Find The Right Sales Efficiency-Effectiveness Balance](#)."
- ⁹ Business leaders are more apt to purchase not only best-of-breed solutions but also sets of ecosystem applications that extend the power of core CRM systems to better support them in their end-to-end jobs. See the Forrester report "[Stop Buying End-To-End CRM](#)."
- ¹⁰ See the Forrester report "[Vendor Landscape: The Growing Demand For Vertical CRM Solutions](#)."
- ¹¹ The Bank of New York Mellon leveraged industry accelerators from LiquidHub to transform CRM use from compliance support processes to better client engagement.
- ¹² Customer service managers struggle to balance customer experience and cost: Siloed communication channels, impersonal service, and an inability to enforce company processes or meet regulatory compliance negatively affect satisfaction and increase costs. By extending business process management best practices and technology to the

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front office, customer service organizations can improve the consistency of service delivered, elevate agent efficiency, personalize service, and meet compliance goals — at a cost that makes sense to the business. See the Forrester report “[Use The AGE Gauge To Evaluate New Customer Service Technologies.](#)”

¹³ See the Forrester report “[Digitization Leaders Share Robotic Process Automation Best Practices.](#)”

¹⁴ An example of a routine business process would be the retrieval of information from one system and entering the same information into another system or activating another system function.

¹⁵ RPA use cases can span front and back offices. See the Forrester report “[Digitization Leaders Share Robotic Process Automation Best Practices.](#)”

¹⁶ Big data signals a step change in the availability of customer data and is providing organizations with their biggest opportunity yet to understand their customers. The sheer scale and diversity of customer data will provide rich new sources of insight, allow firms to engage in novel ways, and enable digital disruption of entire industries. However, organizations struggle to deliver proactive insights at the moment of need. See the Forrester report “[Turn Data Into Insights With Customer Analytics.](#)”

¹⁷ Source: Stacey Higginbotham, “Prediction: there won’t be 50B connected IoT devices by 2020,” Structure Connect, March 18, 2016 (<http://www.structureconnect.com/prediction-there-wont-be-50b-connected-iot-devices-by-2020/>).

¹⁸ Companies too often shy away from focusing on the emotional dimension of CX because emotions seem abstract, intangible, and irrational. What they don’t realize is that emotions are actually quite predictable: They just follow a different set of rules than rational thought. When CX pros better understand how emotions work, they’re better able to guide their firms toward making positive CX the norm. See the Forrester report “[Understanding The Impact Of Emotion On Customer Experience.](#)”

¹⁹ In areas where rules are unavoidable, such as safety and regulatory compliance, Southwest Airlines trains employees on what to do when compliance and their judgment conflict. See the Forrester report “[Workforce Enablement Defined: Elevate Productivity And Engagement.](#)”

²⁰ Sixty-nine percent agree with the statement, “I would like to be able to move between customer service channels and not have to repeat my situation every time.” Source: Forrester’s North American Technographics Customer Experience Survey, 2013.

²¹ Source: Cogito (<http://www.cogitocorp.com/>).

²² Forrester’s CRM playbook outlines four steps for AD&D professionals to follow to transform customer-facing business processes and deliver differentiated customer experiences: 1) Discover the value of CRM; 2) plan the right strategy; 3) act to execute the strategy with precision; and 4) optimize your results. See the Forrester report “[Transform Customer Processes And Systems To Improve Experiences.](#)”

²³ Use Forrester’s best practices framework for CRM to understand how your organization stacks up against more than 175 best practices and identify where you can achieve quick wins. See the Forrester report “[Assess CRM Capabilities To Pinpoint Opportunities.](#)”

²⁴ Traversing the CRM technology landscape is challenging — particularly due to the rise of big data, the increasing adoption of software-as-a-service solutions, the interconnectivity of devices, and the need to provide mobile capabilities for employees and customers. Recent mergers and acquisitions in the CRM solution vendor marketplace add to the complexity. See the Forrester report “[Choose The Right CRM Solutions For Your Organization.](#)”

²⁵ Sound planning for CRM requires AD&D professionals to do three things. They must put delivering a differentiated customer experience at the heart of the plan; use quicker planning cycles and agile processes; and make increased collaboration between the business and tech management mandatory. See the Forrester report “[Define Your CRM Plan.](#)”

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- ²⁶ When AD&D professionals create CRM road maps, they need to evaluate alternative CRM tactics, identify and leverage synergies between initiatives, properly slot each new initiative into a schedule, and dedicate available resources to the highest-value opportunities. See the Forrester report “[Map The Way To Your CRM Business Outcomes.](#)”
- ²⁷ Use benchmark data from Forrester surveys to help you define and manage the risks of a CRM project, and discover how your organization compares with others. See the Forrester report “[Benchmark Against Best Practices To Optimize CRM Performance.](#)”
- ²⁸ CRM initiatives must not only be technically sound but also answer the question, “What will we get for our money?” See the Forrester report “[Quantify The Business Value Of CRM.](#)”
- ²⁹ A critical best practice for getting more value out of CRM initiatives is defining the right metrics to track success and prompt corrective action. See the Forrester report “[Define The Right Metrics For Tracking CRM Success.](#)”

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