

## 63% of CRM Initiatives Fail

Jonathan Prezant | July 17, 2013



CRM initiatives currently have a 63% fail rate, according to a new study by Merkle Group Inc. The CRM firm surveyed 352 senior-level, U.S.-based executives in \$1+ billion organizations regarding their company's CRM initiatives and their attitudes about those initiatives. The findings also show that high-growth organizations—those with both revenue and profit growth—are 50% more likely than low-growth organizations to view CRM as a key driver of their company's success.

“For senior leadership in high-growth organizations versus low-growth organizations, we saw that senior leadership in high-growth organizations really understood the value of CRM as strategic and critical to their organization,” says Steve LaValle, EVP of Merkle. “Low-growth organizations were much more inclined to view [CRM's] as a tactical tool.”

LaValle says high-growth companies also had the best centralized analytics. Further, according to the report, high-growth firms are 3.2 times more likely than low-growth businesses to have top CRM talent, and 2.4 times more likely than their low-growth counterparts to have excellent CRM capabilities.

“I think it's a matter of not really yet understanding how it is that customer insight—when properly embedded into interactions with their customer—can produce better outcome for the customer and for the company,” LaValle says. “Either they don't understand or they don't think their organization could do it.”

So, what should marketers do to increase CRM success rates? LaValle says that marketers can help by bridging the knowledge gap for the senior executives in their organization on the financial benefits and importance of CRM programs.

“Marketers are very good at outbound campaigns across media,” LaValle says. “The reality is that customer engagement with organizations expands beyond marketing. Marketers need to be the ambassadors into the other customer-facing areas and to help those groups understand how customer insight can make them better.”

The study lists ill-defined decision hierarchy, weak transparency, and few consequences for not using the CRM system as danger signs of a potential failed implementation that organizations need to look out for. In fact, according to the study, CRM initiative fail primarily due to lack of clear ownership of customer insight (53 percent), lack of management bandwidth (43 percent), lack of executive sponsorship (38 percent), and CRM not being an IT priority (38 percent). To help overcome these challenges, marketers should reinforce the successes from their company's CRM initiatives and stress their value to the senior-most leaders within the organization.

“Marketers have to make the case,” LaValle says. “They have to make it real and they have to make the opportunity [clear that by] aligning themselves to the same engagement strategy, [they] will produce greater loyalty among customers and greater revenue over time.”