



CUSTOMER RELATIONSHIP MANAGEMENT

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ABSTRACT

“A Customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption on our work. He is the purpose of it. He is not an outsider on our business. He is a part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so.”

- Mahatma Gandhi

Every business organization emphasizes on spurring a long term relationship with customers to nurture its stability in today's blooming market. Customer's expectations are now not only limited to get best products and services, they also need a face-to-face business in which they want to receive exactly what they demand and in a quick time.

INTRODUCTION

Customer Relationship Management (CRM) is an upright concept or strategy to solidify relations with customers and at the same time reducing cost and enhancing productivity and profitability in business.

The modern philosophy of marketing emphasizes the relationship marketing approach as an effective means for achieving marketing goals in a highly competitive environment. As Philip Kotler says “ Marketing is managing profitable customer relationships.

Customer relationship management is a widely implemented strategy for managing a company's interactions with customers, clients and sales prospects. It involves using technology to organize, automate, and synchronize business processes. CRM is defined as “ a management process of acquiring customers by understanding their needs, retaining customers by fulfilling their needs morethan their expectations and attracting new customers through customer specific strategic marketing approaches”.The overall goals are to find, attract, and win new customers, nurture and retain the existing customers, entice former customers back into the fold, and reduce the costs of marketing and customer service. Customer relationship management describes a company-wide business strategy including customer-interface departments as well as other departments.

An ideal CRM system is a centralized collection all data sources under an organization and provides an atomistic real time vision of customer information. A CRM system is vast and significant, but it be can implemented for small business, as well as large enterprises also as the main goal is to assist the customers efficiently.

Customer Relationship management is the strongest and the most efficient approach in maintaining and creating relationships with customers. Customer relationship management is not only pure business but also ideate strong personal bonding within people. Development of this type of bonding drives the business to new levels of success.

Once this personal and emotional linkage is built, it is very easy for any organization to identify the actual needs of customer and help them to serve them in a better way. It is a belief that more the sophisticated strategies involved in implementing the customer relationship management, the more strong and fruitful is the business.

Usually an organization consists of various departments which predominantly have access to customer's information either directly or indirectly. A CRM system piles up this information centrally, examines it and then makes it addressable within all the departments. Let's take an example of an international call center which uses a CRM tool called 'jsr' and is integrated with a phone and a computer system or laptop. Now this system automatically perceives which customer is calling. Before the executive attends the phone the CRM system brings forth the customer details on the computer or laptop screen and also indicates what the opportunity of deals is with that particular customer, what the customer had already purchased or ordered in past and what is the probability of buying in future. Not only this, it can also highlight what all products best suit this customer. For finance department it may show the information regarding the current balance and for accounting department it may pop out the information regarding the recent purchases by the customer. All these pieces of data are stored in the CRM database and are available as and when it is needed. According to this example, CRM system provides a well defined platform for all business units to interact with their clients and fulfill all their needs and demands very effectively and to build long-term relationship. CRM is all about the theory used by companies to administer and manage their customers, partners, vendors and other stakeholders efficiently.

A CRM system gives the following benefits to the organization:

- Quality and efficiency
- Decrease in overall costs
- Decision support
- Enterprise agility
- Customer Attention

Broadly, CRM helps the organization in many ways:

1. A CRM system consists of a historical view and analysis of all the acquired or to be acquired customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business.
2. CRM contains each and every bit of details of a customer, hence it is very easy for track a customer accordingly and can be used to determine which customer can be profitable and which not.

3. In CRM system, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.
4. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an 'Opportunity of Business'. The Sales and Field representatives then try getting business out of these customers by sophisticatedly following up with them and converting them into a winning deal. All this is very easily and efficiently done by an integrated CRM system.
5. The strongest aspect of Customer Relationship Management is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and lesser resources to deal with. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.
6. All the details in CRM system is kept centralized which is available anytime on fingertips. This reduces the process time and increases productivity.
7. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit.
8. If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business.

This CRM solution brings customers, process and strategies and data together so that organizations could serve and retain customers more efficiently.

CRM leverages and amplifies customer base of an organization through efficacious and efficient marketing. In fact CRM has brought up new dimensions in the field of marketing by significantly improving marketing functioning and execution. Intuitive CRM associated marketing strategies like direct marketing, web marketing, e-mail marketing etc. have been matured during the recent past. These marketing strategies are more promising as compared to the traditional ways on marketing as they help delivering higher-up performance and walloping business. They also help meliorating response rates in marketing campaigns, cut cost on promotions due to low asset values and provide higher scrutiny on organizational investments.

The various aspects of CRM oriented marketing are:

1. **Online Marketing-** With the growing popularity of web, customers are tending towards online marketing or online shopping. This helps both customers and suppliers to transact in a real time environment irrespective of their locations. Some of the major advantages of online Marketing are listed below:

- It is relatively very inexpensive as it reduces the cost for physically reaching to the target customers for interaction.
- Suppliers can reach to more number of customers in lesser amount of time.
- The online marketing campaigns can be easily tracked, traced, calculated and tested.
- The selection process of any product or brand is simplified due to proven online research and analysis techniques.
- Online marketing campaigns are more promotional as compared to manual campaigns.

2. **Email Marketing-** Email marketing has turned out to be more efficacious and inexpensive as compared to mail or phone based marketing strategies. Email marketing is direct marketing which is data driven and leads to more accurate customer response and effective fulfillment of customer needs. More attractive features include newsletters, sending of eCoupons, eCards, provision of saving events into calendars etc.

3. **Analyzing customers buying behavior online-** A CRM system provides a platform to analyze the customers buying behavior online. This interactive strategy provides great accuracy with high speed which includes profiling services furnishing elaborated bits of information regarding customers purchasing habits or behavior. Individualized analysis of this behavior also helps to identify to which product or brand the customers are more tended. For example an online selling website www.xyz.com can analyze the customers buying behavior by installing an in-house service with the help of a full-fledged CRM that checks what all products are being purchased by a particular customer and under which specific group they fall. This is achieved by personalized analyzing the buying history of customers in the past which predicts the future business with those customers also. This accomplishes to build a long-term relationship with customers by properly canvassing customer needs and resulting in customer satisfaction. Analyzing this particular buying behavior of customers online also helps to fix or change of marketing techniques or strategies to mould the system according to the future perspectives.

4. **Forecasting future marketing strategies-** Down the line marketing strategies keeps on changing according to the emotional behavioral change of customers. CRM market forecasting techniques help to understand this change through regression and statistical analysis of customer behavior online. These are some complex but more accurate analysis techniques provided by CRM system which are proved to be one of best marketing strategies. This innovative approach is carried out with greater risks but is believed to outturn astonishing rewards.

5. **Building business impact models-** It is important for an organization to have check on marketing performance regularly so that the techniques never deteriorate and always match to yield greater results. These CRM oriented models help in delivering accurate measurement of marketing performance throughout the organization and to do better every time.

TYPES OF CRM'S:

1) Sales force automation

Sales force automation (SFA) involves using software to streamline all phases of the sales process, minimizing the time that sales representatives need to spend on each phase. This allows a business to use fewer sales representatives to manage their clients. At the heart of SFA is a contact management system for tracking and recording every stage in the sales process for each prospective client, from initial contact to final disposition. Many SFA applications also include insights into opportunities, territories, sales forecasts and workflow automation, quote generation, and product knowledge. Modules for Web 2.0 e-commerce and pricing are new, emerging interests in SFA.

2) Marketing

CRM systems for marketing help the enterprise identify and target potential clients and generate leads for the sales team. A key marketing capability is tracking and measuring multichannel campaigns, including email, search, social media, telephone and direct mail. Metrics monitored include clicks, responses, leads, deals, and revenue. Alternatively, Prospect Relationship Management (PRM) solutions offer to track customer behaviour and nurture them from first contact to sale, often cutting out the active sales process altogether.

In a web-focused marketing CRM solution, organizations create and track specific web activities that help develop the client relationship. These activities may include such activities as free downloads, online video content, and online web presentations

3) Customer service and support

Recognizing that service is an important factor in attracting and retaining customers, organizations are increasingly turning to technology to help them improve their clients' experience while aiming to increase efficiency and minimize costs. Even so, a 2009 study revealed that only 39% of corporate executives believe their employees have the right tools and authority to solve client problems.

4) Appointment

Creating and scheduling appointments with customers is a central activity of most customer oriented businesses. Sales, customer support, and service personnel regularly spend a portion of their time getting in touch with customers and prospects through a variety of means to agree on a time and place for meeting for a sales conversation or to deliver customer service. Appointment CRM is a relatively new CRM platform category in which an automated system is used to offer a suite of suitable appointment times to a customer via e-mail or through a web site. An automated process is used to schedule and confirm the appointment, and place it on the appropriate person's calendar. Appointment CRM systems can be an origination point for a sales lead and are generally integrated with sales and marketing CRM systems to capture and store the interaction.

CRM is made up of three key features, which are Operational CRM, Collaborative CRM and Analytical CRM.

1) Collaborative CRM : it is to directly communicate with customers without inclusion of any sales or service representatives.

2) Analytical CRM : it is to investigate customer data for a vast range of reasons and functions.

3) Operational CRM : it deals with providing complete front office support to sales, marketing and similar services.

The communication with the customers is recorded and added to the customer's contact history database and can be easily retrieved for future reference. The biggest benefit about maintaining this contact history is that the customers can easily contact with the service personnel without having to repeat any of the earlier communication or information.

Direct interaction is carried out with collaborative CRM that includes feedback from the customers and reporting of issues if any. This interaction can be carried out through a variety of channels like email, phone, SMS, etc. The main objective behind going in for collaborative CRM can be reducing the company costs and improving the services provided.

Analytical CRM finds multiple uses such as taking management decisions, predicting future trends, analyzing customer behavior, planning and executing marketing campaigns and much more.

Operational CRM is mainly concerned with automating customer processes and providing appropriate support to these services.

Collaborative CRM deals with synchronization and integration of customer interaction and channels of communications like phone, email, fax, web etc. with the intent of referencing the customers a consistent and systematic way. The idea is not only enhancing the interactions but also to increase and improve customer retention and liberty.

Collaborative CRM entangles various departments of organization like sales, marketing, finance and service and shares the customer information among them to highlight better understanding of customers. For example, the information of preferred products could be shared with marketing department so that analysis can be performed in this aspect to provide preferred products to customers. The information regarding varied cost or price of a particular product in market defined by customers can be delivered to finance department so that strategies could be created to match the product cost with similar products in market and after analysis bring an affordable and efficient product in market. The information regarding a specific service which is not installed in the company's environment and intimated by the customers can be transferred to service.

Collaborative CRM can be broadly identified by two aspects:

1. **Interaction Management-** This management process deals with designing the communication or interaction channel process within an organization which is specific to customer interaction and finally enhancing the extent of communication between both the

parties. The communication channel depends on the customers' preference on how they require the interaction to be dealt with. Some customers prefer to be contacted via phone and email because of more comfort ability or non availability of manual interaction due to no time or unavailability of resources. Some of them prefer to have live online meeting or web meeting to reduce the travel time and lack of time or maybe they prefer more clarified real time environment by sitting at desk and transact. Some of the customers insist for agent conducted services which is often face-to-face interaction as they believe that this way is more efficient and conclusive. Depending on these channels of interaction it is very important for organization to fulfill these needs of customers and gather information from them and implementing it into the CRM before interacting to enhance the interaction power.

2. **Channel Management-** After analyzing and implementing the interaction medium it's important to enhance the power of channels through which the customers are interacted. By using latest technological aspects for improving channel interaction could help to contact customers in an efficient way and gather information from them to help organization to understand the customers. Hence it is important for an organization to clearly arrange the channel responsibilities and duties.

Advantages of Collaborative CRM:

- Enables valued customer interaction across the channels.
- Entangles web or online collaboration to cut down service cost of customers.
- Integrates customer interaction with call centers to enable multi-channel interaction with customers and helps them make understand the overall process vales.
- Describes a view of integrated customer's details during interaction to server them in a better way.

Collaborative CRM helps the organizations to understand and to reduce the five common perception gaps. They are:

- 1) The gap between what the company thinks the customer wants and what the customers actually want.
- 2) The gap between what the company thinks the customer has bought and what the customers perceive they have received.
- 3) The gap between the service quality the company believes is being provided and what the customer perceives as being provided.
- 4) The gap between the customer's expectation of service quality and the service quality the company actually delivers.
- 5) The gap between the marketing promises and the company's actual delivery.

In the era of the "social customer" refers to the use of social media (Twitter, Facebook, LinkedIn, etc.) by customers in ways that allow other potential customers to glimpse real world experience of current customers with the seller's products and services. This shift increases the power of customers to make purchase decisions that are informed by other

parties sometimes outside of the control of the seller or seller's network. In response, CRM philosophy and strategy has shifted to encompass social networks and user communities, podcasting, and personalization in addition to internally generated marketing, advertising and webpage design. With the spread of self-initiated customer reviews, the user experience of a product or service requires increased attention to design and simplicity, as customer expectations have risen. CRM as a philosophy and strategy is growing to encompass these broader components of the customer relationship, so that businesses may anticipate and innovate to better serve customers, referred to as "Social CRM".

CONCLUSION

According to Tom Peters "Customer satisfaction is no longer good enough to survive in today's competitive market. What is needed is customer delight". Delighting the customers is a basic requirement for building customer relationship. Successful companies not only want to create customers, they want to 'own' them for life, capture their customer lifetime value, and build overall customer equity. The aim of CRM is to produce high customer equity. Customer equity is the total combined customer lifetime values of all the customers of the company. Now a days "One-to-one marketing" has become the order of the day for some marketers. For this collaborative CRM helps the companies in many ways.

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