CUSTOMER RELATIONSHIP MANAGEMENT AS A POTENTIAL TOOL FOR SUSTAINED COMPETITIVE ADVANTAGE: A STUDY ON INDIAN IT INDUSTRY

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ABSTRACT

Information Technology industry is one of the most successful and profitable industry in India with a GDP of 7.5%. As it continues to grow, industry is faced with the challenges of maintaining its customer relationships along with meeting demands and requirements of its customers. A long-term relationship with the customer insures their repeat business. It costs more to gain new customer than it does to retain current ones. The goal of an IT company is to provide customers with their technology as well as customer service needs. Therefore it is extremely important for the firms to retain the customers and grow the business generated from the customers. This may require the firm to take proactive and well-defined steps aimed at evaluating CRM practices of the firm. It is very difficult to evaluate the success of CRM practices employed by a firm. Although the customer retention rate of the firm may be an effective indicator, it may not be an accurate measure as the retained customers may not be profitable customers. Thus, other parameters need to be used along with the customer retention rate to judge the success of CRM practices. Hence the present study evaluates the CRM practices of IT firms based on four levels of relationship marketing and corresponding retention strategies.

***Keywords**: Customer Relationship Management, Customization Bond, Financial Bond, Information Technology, Social Bond, Structural Bond.*

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INTRODUCTION

As a result of globalization of businesses and the evolving recognition of the importance of customer retention, market economies and customer relationship economics there has been a change in mainstream marketing. Over the past few years it is becoming evident that, companies fundamentally have changed the way in which marketing is done i.e. a fundamental shift from managing a market to managing a specific customer. Establishing relationship with a customer is to attract the customer and to build the relationship with the customer so that the economic goals of the relationship are maintained.

Customer Relationship Management (CRM) is the establishment, development, maintenance and optimization of long term mutually valuable relationships between consumers and the organizations. Successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization’s strategy, people, technology and business processes.

A perfect CRM strategy is the creation of mutual value for all the parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating and delivering and developing existing customer relationships in addition to creating and keeping new customers. So the concept of product life cycle is giving way to the concept of customer life cycle focusing on the development of products and services that anticipate the future need of the existing customers and creating additional services that extend existing customer relationships beyond transactions. The customer life cycle paradigm looks at lengthening the life span of the customer with the organization rather than the endurance of a particular product or brand. A good customer relationship management program addresses to the changing need of the customers by developing products and services that continuously seek to satisfy the lifestyle and need patterns of individual customers. Organizations tend to acquire a structure around customer segments and not on the basis of product lines to deliver customer satisfaction.

In 1990s, CRM started attracting attention of academicians as well as practitioners from marketing and Information Technology (IT). The academic interest in CRM paralleled the explosive growth and adoption of relationship orientation and implementation of CRM solutions across different businesses. Worldwide, service firms have been the pioneers in adopting the practices of CRM. In India too, the service firms took some of the early initiatives in CRM. The CRM as a strategic management tool has been successfully implemented in various service firms like IT, hospitality, telecom and financial services.

SCENARIO OF INFORMATION TECHNOLOGY INDUSTRY IN INDIA AND KARNATAKA

Information Technology has grown in importance worldwide in the last decade, as technology applications have multiplied exponentially across all sectors. As a result, expenditure on IT in 52 major countries has grown, accounting for 2.6% of the GDP in 2008, up from 2.2% five years ago. Although the forecasted growth of IT spending is muted since the advent of the global recession and is pegged at 3.3% a year between now and the end of 2013, this rate of growth is more than three times the expected rate of growth of GDP in these countries. Software services and products are expected to grow by 4.8% per annum till 2013, while IT services are estimated to grow at 3.4%.The total number of companies in the IT sector are expected to rise from 1.2 million in 2008 to 1.3 million in 2013, making this sector one of the fastest growing in the world.

IT INDUSTRY IN INDIA

The industry scenario in India saw a rapid increase in the various sectors. But the striking factor was observed in the Information Technology (IT) Industry sector. In fact no other Indian industry has performed so well against the global market. This is mainly due to the success of India's software industry and contribution of people of Indian origin in IT revolution in the United States. The fact that IT sector in the country has increased at a very high rate of 35% per year for the last 10 years reinforces the view that India is world class in IT. The IT sector has helped the Indian Industry to develop in leaps and bounds. According to sources, annual revenue projections for Indian IT Industry in 2008 are US $ 87 billion and market openings are emerging across four broad sectors, IT services, software products, IT enabled services and e-businesses thus creating a number of opportunities for Indian companies. All of these segments have opportunities in foreign as well as in domestic markets. The key findings of the NASSCOM - McKinsey report on India's IT industry are -

- IT services will contribute over 7.5 percent of the overall GDP.
- IT Exports will account for 35 percent of the total exports with potential for 2.2 million jobs in IT by 2008.
- IT industry will attract Foreign Direct Investment (FDI) of U.S. $ 4-5 billion.
- Market capitalization of IT shares will be around U.S. $ 225 billion.

Indian IT Industry is a knowledge industry that will help to take the Indian economy to a new horizon and further change the 'Scenario of Indian IT Industry' fueling India's economic growth.

Composition of IT market in India

The Indian IT industry comprises of a diverse group of companies associated with Information Technology. These companies range in size from billion dollar companies to small startups with sales less than a million rupees a year. According to NASSCOM estimates, the size of the Indian IT industry was $19.6 billion in 2003-04, up 17% from $15.8 billion in the previous year.

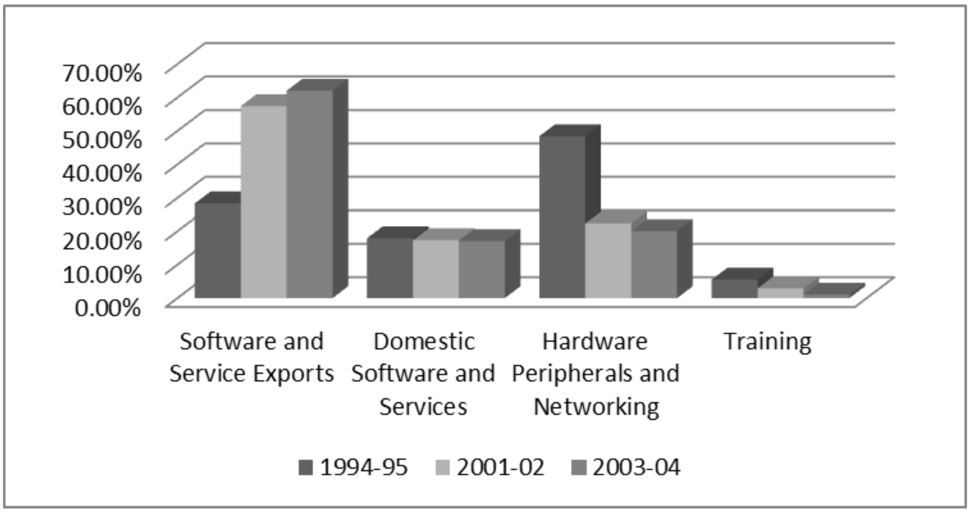
The Indian IT market is divided into four main segments:

- Software and Service Exports;
- Domestic Software and Services;
- Hardware Peripherals and Networking; and
- Training.

Software and service exports accounts for the largest chunk of the Indian IT industry, with a share of 62%. Hardware and peripherals, domestic software services and training, accounts for 20%, 17%, and 1% of the market respectively. Following figure gives the view of Indian IT market segmentation.

Composition of Indian IT Market (1994-2004)

(Source: NASSCOM report)



IT INDUSTRY IN KARNATAKA

The Karnataka Economy is one of the leading economies among all the states in the country in terms of economic development. Karnataka economy is largely service oriented and income from the sector contributes half the state's GDP with the agricultural and the industrial sector contributing to nearly 25% each. Among the service oriented sectors, Karnataka leads the Indian biotechnology industry. IT/ITeS is another thriving industry in the state concentrated in and around Bangalore - the silicon valley of India. The **Information Technology in Karnataka** state has become one of the main pillars of economy. Majority of IT activity in Karnataka is concentrated in Bangalore. Lately, other parts of Karnataka have also seen a growth in IT related activity.

The software exports in Karnataka grew by 36 percent, which is 37 percent of national software exports. The share of software exports in India is 2.6 percent of GDP at factor cost in current price in 2003-04. Whereas the share of software exports of Karnataka is 15 percent of its gross state development product. In 2004-05 the share of software exports of India to GDP increased to 3.3 percent and the state software exports to GSDP increased to 20.87 percent. This shows the increased contribution of IT to the growth of Karnataka.

Majority of IT firms in Karnataka are located their facilities in Bangalore. Bangalore attracts three foreign equity companies every fortnight. Software Engineering Institute Capability Maturity Model (SEI CMM) Level 5 statistics are also very encouraging, it shows that, worldwide there are 40 software export companies, out of which 29 companies are located in India and Bangalore itself has 18 companies.

REVIEW OF LITERATURE

CRM has been a part of marketing literature since more than a decade. Interestingly, there is still much debate over what exactly constitutes CRM (Nevin, 1995; Parvatiyar and Sheth, 2001; Sin et al., 2005). According to Parvatiyar and Sheth (2001), some of the themes represent a narrow functional marketing perspective while others offer a perspective that is broad and paradigmatic in approach and orientation. One example of a narrow perspective is to view CRM as database marketing (Peppers and Rogers, 1993) emphasizing promotional aspects of marketing by leveraging customer databases. Other examples of a narrow approach include electronic marketing (Blattberg and Deighton, 1991) and after-marketing (Vavra, 1992). Electronic marketing encompasses all marketing efforts supported by information technology while aftermarketing efforts focus on customer bonding after the sale is made.

On a broader level, CRM may mean customer retention or partnering (Peppers and Rogers, 1993; Vavra, 1992). In order to develop a comprehensive list of CRM practices, it is essential to identify the key constructs of CRM. CRM is a business strategy designed to optimize profitability, revenue and customer satisfaction by organizing the enterprise around customer segments, fostering customer-centric behaviors and implementing customer centric processes (Gartner, 2004).

Jain (2005) proposed that profiling of the customer, ensuring satisfied employees and delivering superior value would help the cause of CRM. Studies of successful Relationship Marketing initiatives have been undertaken to highlight the importance of the customer relationship cycle and its components (Rigby and Ledingham, 2004). Harding et al., (2004) pointed out the importance of redesigning of business processes and training of users before CRM implementation.

Chan (2005) highlighted the importance of integration of activities and the danger of having a disconnected view of customers owing to functional disparities. A number of articles highlighting the best practices on CRM have been published. One such article explains the need for balancing the strategic capabilities of CRM— people, process, technology, and knowledge and insight (Gordon, 2002).

Customer Relationship Management is the process of carefully managing detailed information about individual customers and all customer 'touch points' to maximize the customer loyalty (Kotler et al., 2009). A customer touch point is any occasion on which a customer encounters the brand and product – from actual experience to personal or mass communication to casual observation. Shani and Chalasani define customer relationship management as "an integrated effort to identify, maintain and build up a network with individual customers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time". Jackson applies the individual account concept in industrial markets to suggest CRM to mean, "Marketing oriented toward strong, lasting relationships with individual accounts". In other business context, Kotler and Armstrong (2001) define CRM as "the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction".

On average, businesses spend six times more to acquire customers than they do to keep them (Gruen, 1997). It is clear that, the corporation needs to orient itself towards total customer relationships versus focusing on single transactions with a customer. Therefore, many firms are now paying more attention to their relationships with existing customers to retain them and increase their share of customer's purchases. Customer Relationship Management can be called as a strategic management system. CRM requires organizations to lay more emphasis on retaining existing customer rather than on creating new ones (Clark and Payne, 2000). A long term relationship with the customer insures their repeat business. It costs more to gain new customer that it does to retain current ones. CRM is the process of carefully managing detailed information about individual customers and all customer 'touch points' to maximize the customer loyalty (Kotler and Armstrong, 2001). CRM is used to define the process of creating and maintaining relationships with business customers.

Customer relationship management is to identify, establish, maintain, enhance and when necessary also to terminate relationships with customers and stakeholder at a profit so that, the objective of both parties are met and that this is done by mutual exchange and fulfillment of promises (Michel, 1999). An extensive review of literature reveals ten different but interrelated forms of relationship marketing as mentioned below:

1. The partnering involved in relational exchanges between manufacturers and their external goods' suppliers (Frazier et al., 1988).
2. Relational exchange involving service providers, as between advertising or marketing research agencies and their respective client (Frazier et al., 1988).
3. Strategic alliances between firms and their competitors, as in technology alliances (Nueno and Oosterveld, 1988; Ohmae, 1989).
4. Alliance between a firm and nonprofit organizations, as in public-purpose partnership (Steckel and Simons, 1992).
5. Partnerships for joint research and development, as between firms and local, state, or national governments (Berry, 1983).
6. Long term exchanges between firms and ultimate customers as particularly recommended in the service marketing area (Berry, 1983).
7. Relational exchanges of working partnership, as in channels of Distribution (Anderson and Narus, 1990).
8. Exchange involving functional departments within the firm (Ruekert and Walker, 1987).
9. Exchanges between a firm and its employees, as in internal marketing (Berry and Persuraman, 1991).
10. Within-firm relational exchanges involving such business units as subsidiaries, divisions or strategic –business units (Porter, 1987).

NEED FOR THE STUDY

The industry scenario in India saw a rapid increase in the various sectors. But the striking factor was observed in the Information Technology (IT) Industry sector. The robust growth of India can be attributed to the meteoritic success of Indian IT industry. In fact no other

Indian industry has performed so well against the global market. The industry has been known for its innovative customer service and product custom configuration. Revenues for the industry have grown 10 times over the past decade in India.

Information Technology industry is one of the most successful and profitable industry in India with a GDP of 7.5%. As it continues to grow, industry is faced with the challenges of maintaining its customer relationships along with meeting demands and requirements of its customers. A long-term relationship with the customer insures their repeat business. It costs more to gain new customer than it does to retain current ones. The goal of an IT company is to provide customers with their technology as well as customer service needs. Therefore it is extremely important for the firms to retain the customers and grow the business generated from the customers. This may require the firm to take proactive and well-defined steps aimed at building trust and customer loyalty. The objective of the actions is to increase the faith of various decision makers in the customer organization towards the firm in order to obtain more projects and strengthen the relationship.

OBJECTIVES OF THE STUDY

In carrying out the study, the following objectives have been identified with regard to CRM practices in IT industry:

I. To analyze the customer relationship management practices of IT firms in Bangalore cluster;

II. To compare CRM practices adopted in selected types of IT firms;

HYPOTHESES FOR THE STUDY

In the background of the objectives of the study, the following hypotheses have been identified:

H_1: There is no financial bondage between IT firms and customers;

H_2 : There is no social bondage between IT firms and customers;

H_3 : There is no customization bondage between IT firms and customers;

H_4 : There is no structural bondage between IT firms and customers;

FOCUS OF THE STUDY

The study mainly focuses on understanding the Customer Relationship Management practices in IT Industry. It is very difficult to evaluate the success of CRM practices employed by a firm. Although the customer retention rate of the firm may be an effective indicator, it may not be an accurate measure as the retained customers may not be profitable customers. Thus, other parameters need to be used along with the customer retention rate to judge the success of CRM practices. Hence the present study evaluates the CRM practices of IT firms based on four levels of relationship marketing and corresponding retention strategies – *financial bonds, social bonds, customization bonds and structural bonds*. At each successive level, the potential for sustained competitive advantage is increased as each successive level of strategy results in ties that bind the customer a little closure to the firm.

RESEARCH METHODOLOGY

The present study is empirical in nature. The CRM practices in IT industry are evaluated from the view point of effectiveness and relationship strength. The study was carried out by relying upon the primary and secondary sources of information. The secondary sources of information are extensively used to highlight the conceptual background of CRM and empirical findings on various dimensions of CRM.

The locale of the study area is Bangalore city, because majority of IT activity in India is concentrated in Bangalore. The responses were collected from the middle level and top level employees like Senior Account Managers, Relationship Managers, Project Leaders and Business Development Managers of the companies who have direct interaction with customers. The data was collected from 48 IT companies, 12 companies from each of four segments of IT industry i.e 12*4=48. Judgment sampling method is adopted using the personal knowledge of the researcher to identify the items of the population i.e. purposively selected. Along with this, convenience sampling method is adopted keeping in view the convenience and accessibility factors.

The data was collected from various sources to evaluate the objectives of the study. The study mainly relied upon both primary and secondary sources of data. The primary data was collected by questionnaire method using structured questionnaires, with Likert's five-point scale. The secondary data include both quantitative and qualitative data and they are used for description as well as for exploration. Secondary data was collected through the secondary sources like Journals, Text books, Periodicals, Newspapers, Websites and Seminar proceedings specifically related to Customer Relationship Management and Indian IT Industry. The statistical tool used in the study is ANOVA. This test is used when there are more than two groups. Using ANOVA, one will be able to make inferences about whether samples drawn from populations have the same mean.

The collating of the data and the determination of statistical values was done through Statistical Package for Social Sciences (SPSS).

FINDINGS OF THE STUDY

The research is focused on gaining a better understanding of CRM implementation in IT industry. The findings of the study are presented under following headings:

- Specific findings of the study
- Findings in relation to the objectives of the study

Specific Findings of the Study

The following are the specific findings of the study.

i.Financial Bondage between IT firms and their customers

Financial bond is based on financial rewards for repeat customers or customers who buy in large volumes. A variation on this form of retention is cross-selling and bundling. Customers of one service will receive offers on usage of a wide range of other services. Financial bond usually provide some short-term gains. In the background of the study following hypothesis is formulated and tested in accordance with the responses provided by the respondents.

Null Hypothesis	**There is no financial bondage between IT firms and customers**
Alternative Hypothesis	**There is a financial bondage between IT firms and customers**

One Way ANOVA Table: Financial Bondage between IT firms and Customers

Groups	**N**	**Mean**	**Std. Deviation**	**Std. Error**	**95% Confidence**		**Min**	**Max**
					Lower Bound	**Upper Bound**		
Software and Service Exports	12	3.92	0.289	0.083	3.73	4.10	3.67	4.33
Domestic Software and Services	12	3.33	0.246	0.071	3.18	3.49	3.00	3.67
Training	12	3.42	0.151	0.044	3.32	3.51	3.33	3.67
Hardware Peripheral & Networking	12	3.75	0.151	0.044	3.65	3.85	3.67	4.00
Total	**48**	**3.60**	**0.319**	**0.046**	**3.51**	**3.69**	**3.00**	**4.33**

ANOVA					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	2.729	3	0.910	19.213	0.000
Within Groups	2.083	44	0.047		
Total	**4.813**	**47**			

The data analysis shows that, the significance of F value is 0.000 which is less than 0.05. Therefore, null hypothesis is rejected and alternative hypothesis is accepted. This is to suggest that, IT firms maintain a financial bondage with the customers to retain them. This perception seems to be more in software and service export firms with a mean of 3.92 when compared with hardware peripheral & networking firm with a mean of 3.75, training firms with a mean of 3.42 and domestic software and service firms who have the least mean of 3.33. It can be inferred that, customers are tied to IT firms with financial bonds i.e. through financial incentives. But the financial bondage between partners is not high in IT industry.

ii. Social Bondage between IT firms and their customers

The social bond is built through social and interpersonal as well as financial bonds. There is more customization of service to retained customers. Organizations understand the needs and expectations of the customers and stay in touch with customers beyond the service interaction. Social bonds are relatively more difficult to break and hence enduring. In the background of the study following hypothesis is formulated and tested in accordance with the responses provided by the respondents.

Null Hypothesis	**There is no social bondage between IT firms and customers**
Alternative Hypothesis	**There is a social bondage between IT firms and customers**

One Way ANOVA Table: Social Bondage between IT firms and Customers

Groups	N	Mean	Std. Deviation	Std. Error	95% Confidence		Min	Max
					Lower Bound	Upper Bound		
Software and Service Exports	12	4.58	0.238	0.069	4.42	4.73	4.20	4.80
Domestic Software and Services	12	4.73	0.087	0.025	4.67	4.78	4.60	4.80
Training	12	4.33	0.260	0.075	4.16	4.49	4.00	4.70
Hardware Peripheral & Networking	12	4.38	0.114	0.033	4.30	4.45	4.20	4.50
Total	**48**	**4.50**	**0.245**	**0.035**	**4.43**	**4.57**	**4.00**	**4.80**

ANOVA					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	1.230	3	0.410	11.346	0.000
Within Groups	1.590	44	0.036		
Total	**2.820**	**47**			

The data analysis shows that, the significance of F value is 0.000 which is less than 0.05. Therefore, null hypothesis is rejected and alternative hypothesis is accepted. This is to suggest that, IT firms maintain a social bondage with the customers to retain them. This perception seems to be more in domestic software and service firms with a mean of 4.73 when compared with software and service export firms with a mean of 4.58, hardware peripheral & networking firms with a mean of 4.38 and training firms who have the least mean of 4.33. It can be inferred that an attempt is made by IT firms to build long-term relationships with customers through social and interpersonal bonds. The social bondage between the relationship partners is high in all IT segments.

iii. Customization Bondage between IT firms and their customers

In customization bond an attempt is made to encourage customer loyalty through intimate knowledge of individual customers and through the development of customized solutions that are tailored to the specific needs of the individual customers. Mass customization refers to the use of flexible process and organizational structures to produce varied and often individually customized products and services at the price of standardization and mass-produced alternatives. In the background of the study following hypothesis is formulated and tested in accordance with the responses provided by the respondents.

Null Hypothesis	**There is no customization bondage between IT firms and customers**
Alternative Hypothesis	**There is a customization bondage between IT firms and customers**

One Way ANOVA Table: Customization Bondage between IT firms and Customers

Groups	**N**	**Mean**	**Std. Deviation**	**Std. Error**	**95% Confidence**		**Min**	**Max**
					Lower Bound	**Upper Bound**		
Software and Service Exports	12	4.72	0.297	0.086	4.53	4.91	4.25	5.00
Domestic Software and Services	12	4.34	0.193	0.056	4.22	4.47	4.13	4.63
Training	12	4.36	0.381	0.110	4.13	4.62	3.75	4.63
Hardware Peripheral & Networking	12	4.44	0.065	0.019	4.40	4.48	4.38	4.50
Total	**48**	**4.47**	**0.295**	**0.043**	**4.38**	**4.55**	**3.75**	**5.00**

ANOVA					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	1.055	3	0.352	5.116	0.004
Within Groups	3.023	44	0.069		
Total	**4.078**	**47**			

The data analysis shows that, the significance of F value is 0.004 which is less than 0.05. Therefore, null hypothesis is rejected and alternative hypothesis is accepted. This is to suggest that, IT firms maintain customization bondage with the customers to retain them. This perception seems to be more in software and service export firms with a mean of 4.72 when compared with hardware peripheral & networking firms with a mean of 4.44, training firms with a mean of 4.38 and domestic software and service firms who have the least mean of 4.34. It can be inferred that IT firms develop customization bonds to understand the customer's business needs and identify opportunities on the customer's behalf to prevent competition or create superior competitive advantage. The customization bondage between relationship partners is high in all IT segments.

iv. Structural Bondage between IT firms and their customers

This level is very difficult to imitate and involves structural as well as financial, social and customization bonds between the customer and the firm. Providing services to the customer that are frequently designed into the service delivery system for that client creates structural bonds. Because it is difficult to copy, this strategy offers significant long-term competitive advantage to the company that seeks to build and maintain customer relationships. Structural bonds involve a very tight integration between the customer and the company. In the background of the study following hypothesis is formulated and tested in accordance with the responses provided by the respondents.

Null Hypothesis	**There is no structural bondage between IT firms and customers**
Alternative Hypothesis	**There is a structural bondage between IT firms and customers**

One Way ANOVA Table: Structural Bondage between IT firms and Customers

Groups	**N**	**Mean**	**Std. Deviation**	**Std. Error**	**95% Confidence**		**Min**	**Max**
					Lower Bound	**Upper Bound**		
Software and Service Exports	12	4.63	0.292	0.084	4.44	4.81	4.25	5.00
Domestic Software and Services	12	4.44	0.339	0.098	4.22	4.65	4.25	5.00
Training	12	4.38	0.131	0.038	4.29	4.46	4.25	4.50
Hardware Peripheral & Networking	12	4.25	0.000	0.000	4.25	4.25	4.25	4.25
Total	**48**	**4.42**	**0.264**	**0.038**	**4.35**	**4.50**	**4.25**	**5.00**

ANOVA					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	0.879	3	0.293	5.392	0.003
Within Groups	2.391	44	0.054		
Total	**3.270**	**47**			

The data analysis shows that, the significance of F value is 0.003 which is less than 0.05. Therefore, null hypothesis is rejected and alternative hypothesis is accepted. This is to suggest that, IT firms maintain structural bondage with the customers to retain them. This perception seems to be more in software and service export firms with a mean of 4.63 when compared with domestic software and service firms with a mean of 4.44, training firms with a mean of 4.38 and hardware peripheral & networking firms who have the least mean of 4.25. It can be inferred that, IT firms try to tie customer at the structural level to work as partners in the relationship.

Findings in Relation to the Objectives of the Study

In the backdrop of the objectives set forth, following are the findings.

Objective-1: To analyze the CRM practices of selected IT firms

After collecting and analyzing the empirical data, the study found that the IT firms have built strong, personal and long-term relationships with their customers. It was also found that, maintaining these relationships was crucial for the survival of the company since the suppliers of technologically complex products often have only a small number of customers (which each consequently accounts for a large part of the business). The combination of a small number of customers, severe competition and domination by few major players forced the IT firms to be highly customer-focused and to build strong and lasting customer relationships. To be able to do this the company put lot of emphasis on developing four types of bondages with their customers namely, financial, social, customization and structural bonds.

Objective-2: To compare CRM practices adopted by selected types of IT firms

After collecting and analyzing the empirical data, the study found that, there is a significant difference between CRM practices of all the four types of IT firms, viz. software and service exports, domestic software and services, training and hardware peripheral & networking firms. CRM orientation of software firms is higher than the CRM orientation of training and hardware peripheral & networking firms. Among the software firms the CRM practices of software and services export firms are more formal and structured compared to domestic software and services firms.

CONCLUSION

The domain of customer relationship management extends into many areas of marketing and strategic decisions. Its recent prominence is facilitated by the governance of several other paradigms of marketing and by corporate initiatives that are developed around the theme of cooperation and collaboration of organizational units and its stakeholders, including customers. CRM refers to a conceptually broad phenomenon of business activity, if the phenomenon of cooperation and collaboration with customers become dominant paradigm of marketing practice and research. Study shows that, IT firms develop financial, social, customization and structural bonds with customers towards strengthening the relationship. IT firms concentrate on customer acquisition, maintenance and retention. From the study it is also clear that, CRM practices of software service firms are more structured and organized. Whereas the CRM practices of training and hardware firms are not formal.

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