

CUSTOMER RELATIONSHIP MANAGEMENTRajni Arora*

ABSTRACT

In the present era, marketing strategy changed from product oriented to customer oriented concept. Customer expectations are always increasing and business services must increase along with their expectations. CRM is the method through which businesses can connect with their customers and therefore serve them better and increasing their revenues. It enables companies to provide excellent real time customer service through efficient use of individual account information. Because of wider benefits of CRM, significant pre-planning is essential for its successfulness. Customer Relationship Management used as business tool to identify, select, acquire and develop its profitable customers. It makes focus on strong relationship with customers for retains in global market. CRM is a term that can be applied to software and an entire business strategy. CRM is important because a major driver of company profitability is the aggregate value of company's customer base. In this paper, an attempt has been made to give light on concept of CRM, its nature and benefits in different fields.

Key Words: *Customer Relationship Management, Business Strategy.*

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INTRODUCTION:

Traditionally, business focuses on selling goods by product development without giving to customer importance. But as the world become global and liberal, there is cut throat competition in market so this concept does not work, so today business have to collect firstly data about customer's needs and then produce the product to satisfy their needs which initiates business to find new ways for acquisition of potential customer and retention of old customer by several technique. One of the important techniques is customer relationship management. It is a process under which information system is used for gaining information about customer's needs and behavior, their purchasing motives so that long term relationship with customer will be developed. It is a practical ability which combines technology with marketing to communicate and interact with customers.

According to Jeffrey peel,"CRM is about understanding the nature of exchange between customer and supplier and managing it appropriately. This exchange contain monetary as well as communication consideration between customer and supplier".

According to Payne and Frow, "CRM represent a business strategy for creating value for both the firm and its customers through appropriate use of technology, data and customers knowledge". Thus CRM combined it resources with organization capabilities which imitates customer intimacy and cost reduction.

LITERATURE REVIEW:

Literature review plays an important role in any study. It gives us the experiences of various researchers which increase the clarity of concepts. Satoshi Ueno presented in her research that CRM originated in United States in late 1990 and has been widely used by a significant no of companies. Could Well in 1998 defines CRM is a combination of business process and technology that seeks to understand company's customer like who they are, what they do and what they are like. Peppers in 2000 have presented a frame work which is based on incorporating e-business activities, channel management, relationship management and back office/front office integration within customer centric strategy. Ryals/Knox 2001 has identified three main issues that can enable the development of CRM in service sector-organization views of culture and communication, management metrics and cross functional integration especially between market and IT. Buttle in 2004defines that CRM programmes can focus on customer intimacy that is

relationship orientations, cost reduction, data analytics or mix of all. Tim R Coltman in his research article examines the impact of customer relationship management on firm's performance using hierarchical construct model.

WHY CUSTOMER RELATIONSHIP MANAGEMENT

- ✓ To meet changing expectation of customer due to social demographic, economic and educational standards.
- ✓ To analysis effectiveness of marketing activities by providing centralize data base.
- ✓ To maximize value of customer information for retention of profitable customer.
- ✓ To make market campaign effective for overcome competitive edge.
- ✓ To develop one to one marketing approach.
- ✓ To effectively manage complete customer life cycle.
- ✓ To discover new customer by simplifying and sales and activity
- ✓ To increase business revenues by making profitable relationship with customers.
- ✓ To avail market opportunities in time.

HOW CRM WORKS:

CRM is a business decision made by organization to achieve their goals. So it is strategic in nature and an important process in building long term relationship with customer. Its working starts with collecting information about customer and storing this data then access the store data by various techniques. Important steps came when CRM analyze data into valuable information to predict customer behavior. On its basis, marketing campaign is executed effectively. Then finally meaning the results and review work flow process. Its working helps in enhancing customer's experience. Thus we conclude that CRM is reciprocal process which benefits not only to customer but also company. The below diagram shows the working of CRM.



Fig 1

WHAT IS CUSTOMER RELATIONSHIP MANAGEMENT?

CRM consists of three words Customer, Relationship and Management.

CUSTOMER:

Customers are those engines without which business cannot run. Today customer become aware about rational purchase of goods by marking proper comparison .So better treatment of customer's become very important. All sales activities concentrate around customer's satisfaction.

RELATIONSHIP:

The attachment which organizations have to make with their customer is called relationship. Efforts are done by business to make this attachment deep so that business revenue can be increased.

MANAGEMENT:

Management involves all those activities which requires to plan organize motivate and control relations with customers.

Thus CRM is a management based concept designed for strengthening long term relationships with customers to improve business revenues and reduce costs. It carefully manages all customers touch point to maximize customer loyalty. Under it, an attempt is to be made to relate

all management activities like (planning, organizing, directing and communication) for firm's interaction with customers in sale and marketing. Earlier CRM strategy fails due to high cost in many business .But now business realized that its benefit overcome its failure like sales force productivity, increased customer retention .Business have to take pragmatic approach for CRM to improve customer loyalty and profitability.

HOW INFORMATION TECHNOLOGY HELPS IN CRM:

Information technology plays an important role in CRM because it initiates the organizations to maximize their profitability and increase productivity by targeting the profitable customer. It creates sound informational system which helps in following ways.

- ✓ IT provides complete product information.
- ✓ IT provides simple procedure for settlement of payment by using E-Banking services
- ✓ IT assists in managing the data required to understand customer behavior to implement effective CRM strategies.
- ✓ IT helps in acquisition of new customer, their retention and maintains life time value for an organization.
- ✓ IT integrates different communication channel into one.

DIFFERENT VARIATIONS OF CRM:

There are three variations of CRM.

- ✓ OPERATIONAL CRM
- ✓ ANALYTICAL CRM
- ✓ COLLABORATIVE CRM

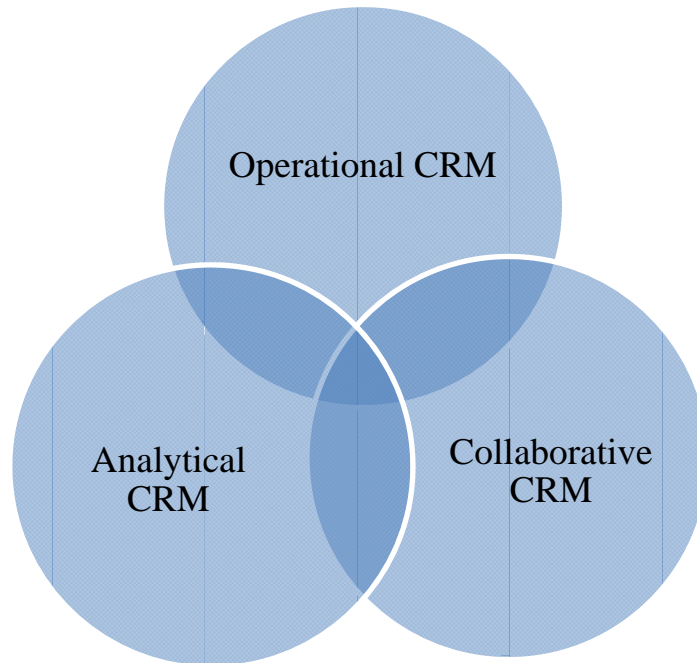


FIG 2

OPERATIONAL CRM:

It is automation of business front office activities keeping in view customer touch point. It provides personalized customer service which gives online interaction with sales support staff. It provides quick access to right customer information at right time for the following purpose.

- ✓ Campaign Management
- ✓ Sales Management
- ✓ Complaint Management

It helps in optimize the performance of customer service by sales force. Important tools used by Operational CRM are Contact Management tools which provide consistent interface with customer across all channels and provide customer master data like hobbies, preference and interest etc. It is widely used in call centers.

ANALYTICAL CRM:

Under it data collected in operational management is analyzed in a systematic and efficient way to acquire relevant information which helps in improving market efficiency and customer satisfaction. It analyzed customer behavior by segmenting into different groups for the purpose of their acquisition and retention in business by using statistical and mathematical approaches. It

provides a comprehensive view of customer behavior, campaign performance analysis, customer profitability, cross selling and up selling .Examples are data warehousing, online analytical processing (OLAP), and data mining systems.

COLLABORATIVE CRM:

Under it, various departments like sales, marketing share their collected information about customer to improve customer loyalty and service efficiently. It enables valuable interactions with customer's prospects, internal management and enterprise in a synchronized manner by using collaborative infrastructure. It facilitates effective communication by using modern information system such as E-mail, internet, web sites, sms etc.Thus it combined different communication channels for effective E-learning .It reduces web service costs by enabling web collaboration. Collaborative CRM shares information keeping in view the customer is king of all sales activity so provides better customer service.

In addition to above, several CRM software packages are available. So CRM provides a comprehensive customer centric approach which helps in improving sales activities and adopt efficient strategy in business.

BENEFITS OF CRM IN DIFFERENT FIELDS

BANKING: Technological pressure and global market leads to the development of CRM in financial sector.CRM provides a variety of communication channels to interact with banking customer in an systematic manner.CRM is implemented in banks as a customer contact management too which enables the bank to find out information about.

- ✓ Who are their best customers?
- ✓ How to retain them?
- ✓ How to attract new customers and improve profitability.

CRM creates synchronize structure in banks in which it firstly collect the data according to need, classify the data by transactional values , trained the bank employee for analyzing data into valuable information then initiates market campaign for the bank to evaluating their marketing efforts. Through this process CRM give various benefits to bank like quick and easy customer information, increase productivity, increase customer retention rate

INSURANCE:

CRM plays an important role in insurance sector. It combined technology and human resource to understand need and behavior of existing and potential customers. It provides and integrates view of all customer related activity which helps in identify beneficial customer and informed them about their services. It improves customer services by performing the following activity.

- ✓ Quick documentation at the time of issue of policies.
- ✓ Easy procedure for medical uncertainty.
- ✓ Solve customer problems immediately.
- ✓ It provides information to customer about update policy and flexibility.
- ✓ Analysis the risk involved for creating provisions for damages.

HOSPITALS: CRM creates long term bonding with patients by using customer concentric approach. It provides various benefits.

- ✓ Increase patient satisfaction by providing well designed simple procedure for performing activities like admission, discharge, transfers and referrals.
- ✓ It automates care related activity to improve patient's outcomes and increasing their working efficiency.
- ✓ Establishing effective outreach campaign to contact with different communities and give information of their new services.
- ✓ It provides computerized data base for each and every patients for maintain long term relationship with them.

EDUCATION: CRM in education helps to improve efficiency and rational allocation of existing resources. It helps in education by the following ways.

- ✓ It helps in alumni and donor management by providing a complete view of past and current interaction with institution.
- ✓ It increases student's satisfaction by providing simple procedure for admission, migration.
- ✓ It automatically distribute communication to parents and community to increase awareness of key events and achievements
- ✓ It provides strong student database for maintain long term relationship with them.
- ✓ It helps in recruiting the qualified staff and maintaining their retention by proper management.

TELECOM: CRM enables the telecommunication company to reduce cost by sales force automation, increase the productivity of front and back office staff. It provides regular interaction with customer to solve their problems using internet. It provides database and automated billing system which meet all types of customer expectations. It makes the marketing campaign effective. It increase customer satisfaction by delivering superior quality product and maintain long term relationship with them

HOTEL INDUSTRY: CRM plays an important role in hotel industry .It recognized customers touch points to maximize customer loyalty. A customer's touch point is any occasion on which a customer prefers the brand, service from actual experience. For a hotel touch point includes reservations, check-in and check-out, frequent stay programs, room service, restaurants and bars. In addition to this, CRM also provides various benefits in, Agriculture, hospitality and travelling sector.

FACTORS RESPONSIBLE FOR FAILURE OF CRM

- ✓ Involvement of high cost and valuable time.
- ✓ Lack of accurate data and non availability of efficient data quality.
- ✓ Implementing CRM without creating a customer strategy.
- ✓ Sometimes we contact with wrong people and lose potential customers.
- ✓ Resistance to change.

CONCLUSION:

The paper concludes that Customer Relationship Management covers all aspects of interaction with its customer, whether it is sales or service related .CRM is both a business strategy and a set of software tools providing various benefits to each industry like increasing revenue, reducing cost, identifying new opportunities.CRM also helps in developing long term relationship with targeted customers to maximize share holder values by considering customer as a business assets. They focus on maximum personalized customer satisfaction. It also becomes necessary with the development of new technology .So CRM should be designed with proper care and attention so that its benefit overcomes its pitfalls.

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