

AN GENERAL PERSPECTIVE ON CRM & ITS BENEFITS

GOUNI.SAI SRAVANTHI

ASSISTANT PROFESSOR

DEPARTMENT OF BUSINESS MANAGEMENT

VIKRAMA SIMHAPURI UNIVERSITY

NELLORE

DR.D.V.RAMANA

PROFESSOR

DEPARTMENT OF BUSINESS MANAGEMENT

S.V.UNIVERSITY

TIRUPATI

ABSTRACT

Customer relationship management (CRM) is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving business relationships with customers, assisting in customer retention and driving sales growth. CRM systems are designed to compile information on customers across different channels -- or points of contact between the customer and the company -- which could include the company's website, telephone, live chat, direct mail, marketing materials and social media. CRM is a strategic approach that integrates people, business and technology to understand the needs of customers to be more satisfied. CRM systems can also give customer-facing staff detailed information on customers' personal information, purchase history, buying preferences and concerns. Customer relationship management (CRM) is a combination of people, processes and technology that seeks to understand a company's customers. It is an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM has evolved from advances in information technology and organizational changes in customer-centric processes. Companies that successfully implement CRM will reap the rewards in customer loyalty and long run profitability. However, successful implementation is elusive to many companies, mostly because they do not understand that CRM requires company-wide, cross-functional, customer-focused business process re-engineering. Although a large portion of CRM is technology, viewing CRM as a technology-only solution is likely to fail. Managing a successful CRM implementation requires an integrated and balanced approach to technology, process, and people.

Keywords: Customer relations, Business process re-engineering, Relationship marketing, Integration

INTRODUCTION

Customers are the critical factors in each business. Customers are the vital key for each business and company to help them to grow. So, implementing CRM applications is one of the important tools that will help managers and companies to increase the satisfaction and loyalty of customers more than before. In all companies, the loyal and the fixed customers are expecting more level of service qualifications, suitable transaction, and customized products. So it means that the companies should be informed of each customer to increase the loyalty and effectiveness. For this reason, CRM systems can help to change the way that each company is treated with customers and employees, to promote its revenue and obtain higher final profit. Nowadays, organizations are implementing Customer Relationship Management (CRM)

What is 'Customer Relationship Management – CRM ?

Customer relationship management (CRM) refers to the principles, practices and guidelines that an organization follows when interacting with its customers. From the organization's point of view, this entire relationship encompasses direct interactions with customers, such as sales and service-related processes, and forecasting and analysis of customer trends and behaviors. Ultimately, CRM serves to enhance the customer's overall experience.

With the growth of the Internet and related technologies, customers are concerned over the privacy and safety of their personal information. Therefore, businesses need to ensure the storage and analysis of their customer data has the highest levels of protection against cyber criminals, identity theft and other breaches of security.

A CRM system is a business tool that allows you to manage all your customers, partners and prospects information all in one place. CRM system that can help every part of your business get a 360 degree view of your customer.

For example, it helps:

- sales teams close deals faster
- marketing manage campaigns and track lead generation

- service call centres reduce the time to resolve customer complaints

IS CRM ANY DIFFERENT FROM OTHERS?

Most of the academics discussing “CRM Systems Implementation” were inspired with several researches that prove low percentage of successful CRM implementation cases. Bygstad, for example, draws on Tafti, (2002) research that revealed 70% failure rate of CRM projects, as did Bull 2003 citing Giga,(2001) research. On the other hand statistics show growing expenditures on corporate CRM and big growth rate of CRM software sales (Bull 2003, Rigby, 2004). It should be noted however that CRM implementation has certain specifics and differences compared to other IS implementation

Diversity of Users: The diversity of users in CRM systems implementation is also emphasized by Fjermestad and Romano (2003), who claim that compared to homogeneous users of other traditional information systems, users of CRM may include all levels of management, permanent and temporary field customer service representatives and customers themselves. Hence the CRM should be designed to cross much more organizational boundaries and contain broader functionalities that would be used by both known and unknown users. (Fjermestad and Romano, 2003).

Customer Profitability: This "business before technology" (Rigby, 2004) approach is also explicit in Bull's (2003) discussion of "CRM Implementation Strategic Issues", where the author clearly distinguishes between “transaction customers” and “relationship customers” and calls the CRM to be an important tool for identification of “right” customer groups, based on their profitability. Bull's (2004) paper also uses a case study to demonstrate how miscommunication among management, IT and marketing staff, lack of engagement and empowerment of certain employees, led to 5 failure in addressing issues related to targeting the customer as the most important problem the new CRM was intended to solve.

Customer Lifetime Value: Business composite of CRM implementation proved to be useful also in papers, where the authors came up with a model of classifying customers based on their value and loyalty. For example Gurau, Ranchhold and Hackney, (2003) argue that technology can be used to define detailed customer profile based on their value and loyalty. However, proper advantage needs to be taken of the data insight that may require significant changes in

organizational processes. The LCV formula can also be used to show where additional profits can be obtained from customers.:

Other kinds of data analyses besides LCV are appropriate for CRM purposes. Marketers are interested in what products are often purchased together, often referred to as market basket analysis. Complementary products can then be displayed on the same physical page in a hard-copy catalogue or virtual page on a Web site.

Customer Selection

Given the construction and analysis of the customer information contained in the database, the next step is to consider which customers to target with the firm's marketing programs. The results from the analysis can be of various types. If segmentation-type analyses are performed on purchasing or related behavior, the customers in the most desired segments (e.g., highest purchasing rates, greatest brand loyalty) would normally be selected first for retention programs.

Other segments can also be chosen depending upon additional factors. For example, for promotions or other purchase-inducing tactical decisions, if the customers in the heaviest purchasing segment already buy at a rate that implies further purchasing is unlikely, a second tier with more potential would also be attractive.

Targeting the Customers

Mass marketing approaches such as television, radio, or print advertising are useful for generating awareness and achieving other communications objectives, but they are poorly-suited for CRM due to their impersonal nature. More conventional approaches for targeting selected customers include a portfolio of direct marketing methods such as telemarketing, direct mail, and, when the nature of the product is suitable, direct sales. Writers such as Peppers and Rogers¹² have urged companies to begin to dialogue with their customers through these targeted approaches rather than talking "at" customers with mass media.

In particular, the new mantra, "1-to-1" marketing, has come to mean using the Internet to facilitate individual relationship building with customers. An extremely popular form of Internet-based direct marketing is the use of personalized e-mails. When this form of direct marketing first appeared, customers considered it no different than "junk" mail that they receive at home and treated it as such with quick hits on the delete button on the keyboard. However, sparked by Godin's call for "permission"-based programs whereby customers must first "opt-in" or agree to receive messages from a company, direct e-mail has become a very popular and effective method

for targeting customers for CRM purposes. 14 Companies such as Kana and Digital Impact can send very sophisticated e-mails including video, audio, and web pages. Targeted e-mails have become so popular that Jupiter Media Metrix projects that over 50 billion of them will be sent in 2001.

Relationship Programs

While customer contact through direct e-mail offerings is a useful component of CRM, it is more of a technique for implementing CRM than a program itself. Relationships are not built and sustained with direct e-mails themselves but rather through the types of programs that are available for which e-mail may be a delivery mechanism.

Customer Service

Because customers have more choices today and the targeted customers are most valuable to the company, customer service must receive a high priority within the company. In a general sense, any contact or "touch points" that a customer has with a firm is a customer service encounter and has the potential either to gain repeat business and help CRM or to have the opposite effect. Programs designed to enhance customer service are normally of two types. Reactive service is where the customer has a problem (product failure, question about a bill, product return) and contacts the company to solve it. Most companies today have established infrastructures to deal with reactive service situations through 800 telephone numbers, faxback systems, e-mail addresses, and a variety of other solutions. Proactive service is a different matter; this is a situation where the manager has decided not to wait for customers to contact the firm but to rather be aggressive in establishing a dialogue with customers prior to complaining or other behavior sparking a reactive solution. This is more a matter of good account management where the sales force or other people dealing with specific customers are trained to reach out and anticipate customers' needs.

A variety of systems leveraging the Web assist both kinds of service. Charles Schwab has established MySchwab, which allows customers to create personal Web pages linking them to all Schwab services including stock quotes, trading, and retirement planning analyses. In this way, the company empowers customers to deliver their own service. Other Web-based services such as LivePerson, HumanClick, and netCustomer are bolt-on products that, when added to a company's Web site, provide customers with the ability to interact with service representatives in real time. Companies such as Kmart are investing large amounts of money into kiosks that

provide information on product availability, order status, and a variety of other service-related topics.

Loyalty/Frequency Programs

Loyalty programs (also called frequency programs) provide rewards to customers for repeat purchasing. A recent McKinsey study found that about half of the ten largest retailers in the U.S. in each of the top seven sectors (category killers, department stores, drugstores, gasoline, grocery, mass merchandisers, specialty apparel) have such programs with similar findings in the U.K. The study also identified the three leading problems with these programs: they are expensive, mistakes can be difficult to correct as customers see the company as taking away benefits, and, perhaps most importantly, there are large questions about whether they work to increase loyalty or average spending behavior. A problem that can be added to this list is that due to the ubiquity of these programs, it is increasingly difficult to gain competitive advantage. However, as the managers for the airlines will attest, loyalty programs can be very successful by increasing customer switching costs and building barriers to entry. In addition, in some industries, such programs have become a competitive necessity.

A number of Web-based companies providing incentives for repeat visits to Web sites include MyPoints and Netcentives. Although these have not been wildly successful, it is clear that the price orientation of many Web shoppers creates the need for programs that can generate loyal behavior.

Customization

The notion of mass customization goes beyond 1-to-1 marketing as it implies the creation of products and services for individual customers, not simply communicating with them. Dell Computer popularized the concept with its build-to-order Web site. Other companies such as Levi Strauss, Nike, and Mattel have developed processes and systems for creating customized products according to customers' tastes. Slywotzky refers to this process as a "choiceboard" where customers take a list of product attributes and determine which they want.²¹ The idea is that it has turned customers into product makers rather than simply product takers. Shapiro and Varian argue that such customization is cheap and easy to do with information goods. Such customization is termed "versioning." It is, of course, easier to do this for services and intangible information goods than for products, but the examples above show that even manufacturers can take advantage of the increased information available from customers to tailor products that at

least give the appearance of being customized even if they are simply variations on a common base.

CRM BENEFITS:

There are some problems regarding the benefits of CRM ,David , as Managers did not know what kind of advantages the CRM system will brings to a company. So management should have at least the basic understanding or knowledge about CRM's benefit. The following lists of CRM benefits are selected and minimized from a wide range of survey from latest CRM studies. With CRM systems customers are served better on day to day process and with more reliable information their demand of self service from companies will decrease. Therefore if there is less need to contact with the company for different problems, customer satisfaction level increases . Through Implementing CRM Companies can remove confusion that exists in the productivity, efficiency and control and every level through appropriate use of CRM (Rushforth, 2007). In recent findings, the list of benefits will be considered as a critical connection among CRM initiatives and growth of customer equity. These central benefits of CRM will be connected hypothetically to the three kind of equity that are relationship, value and brand, and in the end to customer equity. Eight core benefits were recognized to provide value drivers.

1. Enhanced ability to target profitable customers
2. Integrated assistance across channels
3. Enhanced sales force efficiency and effectiveness
4. Improved pricing
5. Customized products and services
6. Improved customer service efficiency and effectiveness
7. Individualized marketing messages CRM system helps companies to keep and record the customer information, like their goals, needs and events.

A. **Improve Customer Services** : Customer Service is a communication among a customer and the company, frequently by usual channels like phone or email. Regularly the customer will have a concern or request that wants resolving. CRM services provide a business with the ability to produce, allocate and manage requests made by customers. For example, Call Center software, which helps to connect a customer to the manager or person who can best assist them with their existing problem, is one of the CRM abilities that can be implement in the firms and

organizations. Recognizing and using of this type of service can help to the companies to improve their clients' knowledge to improve customer services and also can increase efficiency and minimize costs

B. Increased Personalized Service (one to one service) : One-to-one service is about individuals and personalization. Communicating with, selling, and servicing individuals by providing a particular and significant personal experience can be considered as personalize services. One-to-one service is an ability and skill of understanding a customer's needs and requirements by asking questions and listening to their answers, in addition to observing their actions.

According to Dwayne Ball . " The rationale makes common sense: personalization should produce a more satisfactory transaction, and over time, a more satisfactory relationship. Personalized service should simply be better service than routine service that does not take the individual's needs into account."

C. Responsive to Customer's Needs : CRM is not only application of technology, although it is a strategy to study more about customers' needs and requirements to implement powerful relationships with them. Customer responsiveness is providing customers what they deal to obtain, nothing more, and nothing less. CRM is a strong tool to help the companies to focus more proactive on their customer responsiveness. CRM contains gathering information about customers to discover better ways to satisfy their needs.

D. Customer Segmentation : Segmentation is in center the process by which objects or items are categorized or classified into groups that split similar characteristics. Although these characteristics, can be one or more attributes. It can be defined as a subdividing the popularity based on already known good discriminator. In CRM , segmentation is used to categorize customers according to some similarity , such as industry. There are many techniques for classifying and segmentation, but in this research we just want to focus on the benefits of segmentation for customers. Three ordinary group of segmentation variables in consumer markets are demographics, psychographics and behavioral characteristics, like loyalty status or benefits required.

E. Improve Customization of Marketing : Customization of marketing means that, the company or organization adapt and change its services or products based on presenting a unique

product or services for each customer. With the purpose of ensuring that customer needs and requirements are met Customization is used by the organization. Firms can invest in information gaining about customers and then customize their products as best as they can to contest customer interests.

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