



## C.R.M STRATEGIC IMPLIMENTATION- “KEEPING LOYAL CUSTOMERS LOYAL”

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### ABSTRACT

CRM entails all aspects of interaction a company has with its customer, whether it is sales or service related. It even uses technology to streamline processes that impact customer loyalty, service delivery and quality management. Today, businesses are facing an aggressive competition and they have to make Efforts to survive in a competitive and uncertain market place. People have realized that managing Customer relationships is a very important factor for their success. Customer relationship management (CRM) is a strategy that can help them to build long-lasting relationships with their customers and increase their profits through the right management system and the application of customer-focused strategies. “Customer is the most important person for a business. He is not an interruption to our work but the purpose of it. He is not an outsider; he is a part of it. We are not doing him a favor; he is doing us a favor by giving us an opportunity to serve him.” (By Mahatma Gandhi) It has grown mainstream and is being implemented in a wide range of companies and organizations such as manufacturing, financial services, transportation and distribution, medical services and products, consumer package goods and others. This explosive growth of CRM reflects the intersection of genuine market need and enabling technology. And, in this growth period, the impetus for CRM is shifting from an emphasis on efficiency, i.e., doing more things faster with less cost, to effectiveness, i.e., doing things better for increased revenue with a high "return on relationships (ROR)". According to Chaudhuri and Shainesh. A CRM programmer requires a clear understanding and commitment to the company's customers, vigilant adherence to detailed goals, commitment from both executives and line workers, and a constant awareness of the customer's view point. Customer relationship management is about more than simply managing customers and monitoring their behavior or attitude. CRM has the potential to change a customer's relations with a company and increase revenues in the bargain. Furthermore it helps to know the customers well enough to decide whom to choose and whom to lose.

**KEYWORDS:** C.R.M, CRM help to retain customers, implementation and issues in C.R.M.

### INTRODUCTION

Objective of CRM (customer relationship management) is to recognize and treat each and every customer as an individual. Any business to know that how to differentiate customer treatment according to an individual preferences. For differentiate customer treatment, the companies use personalized service and customized products which make some customers feel special and others simply appreciate good behavior. It humanizes their purchase or service request or complaint. Personalization and customization doesn't mean maintaining only customer loyalty, but also driving purchases higher. Getting closer to customers and effectively responding to their needs is a great way to boost their loyalty and encourage deeper business relationship. The task of getting and retaining customers requires even greater skill and effort. The business needs to ensure that the service works as the customer actually wants it to, and the customers want to do business in 'their' way, not to be forced to do it in the enterprise's way. Most companies consider the customer-focused and believe that in being so they are servicing the customer. But eventually, being customer focused means to have a consistent, dependable and convenient interaction with customers in every encounter. CRM technologies focus on

managing all interactions that an organization has with its customers, in order to leverage the data in a variety of business applications where a profitable relationship already exists, CRM can especially boost superior service at a lower cost. In addition to this it helps to serve customer's unspoken needs.

Today's competitive world, organization have to make it more important to customers and instead of mass production and efficient customer service and attention to his satisfaction, customer relationship management will help organizations to identify key customers and the importance of preserving them for future exchange, and thereby reduce costs, attract new customers and also increase the income from loyal customers. Organizations have recognized that their customers are important asset, so the beneficial trading relationships with customers as a look that is the need of management. CRM system helps organization to provide better services to customers. This system provides more opportunities to sell and it is more effective, response time and increases quality of customer service, understanding of the marketing unit and improves customer behavior patterns, dealing with a unique opportunity to provide their customer and ultimately allow the company to choose how to interact. In fact, customer

relationship management is one of the main competitive advantages that companies can be exploited in order to prevent transferring customer to other companies.

## REVIEW OF LITERATURE

### **Blattberg, Getz, and Thomas 2001; Rust, Zeithaml, and Lemon 2000**

CRM systems facilitate the day today interactions with customers. This way of employing the system has been called then operational use of CRM systems. Second, customer data in CRM systems can enable firms to leverage on data about their current customers (Kamakura, Wedel, de Rosa, and Mazzon 2003). The use of customer databases and analytical tools creates opportunities for cross selling new products and services to existing customers while also developing Customer Relationship Management in Services Focus: Educational Institutions acquisition and customer retention strategies, and for the optimization of customer equity (Such use of CRM systems is called the strategic use of CRM systems.) The principles of the CRM approach are appealing and nowadays companies increasingly organize themselves around their customers. In a survey about management tools.

### **Rigby, Reichheld, and Schefter 2002**

About 72% of the responding executives expected to have CRM programs in place within a year. The CRM approach was found to be the fastest-growing management technique in eight years. There is now a sizeable industry of suppliers of CRM systems. According to a recent IDC estimate, the worldwide sales of customer relations management (CRM) applications (software) currently grows with 8.9% per year with a projected revenue level for the year 2008 of \$ 11.4 billion.

The emergence of faster, cheaper and more efficient systems of communication, transport and information technology has made the business enterprises realize that the competition is just a mouse click away. These changed, new environment of business unveiled the importance of keeping the existing customers loyal so that they would not switch over to the competition, without much thinking. This led to the increased awareness of companies about the importance of serving the customer needs with a higher level of quality and in a way which is convenient and beneficial to both the companies and the customers. (Anton, 2005), Berry (1983) said Customers to a business are those people or enterprises which are benefited by the use of a service or product offered by that particular business, certainly for something in return, generally a price. When a customer pays a price, he expects some specific thing with a specific quality and features. Most notable among these are the beliefs that existing customers are more profitable because the acquiring and attracting of new customers is expensive, and that it is less costly to up- sell or cross-sell products or services to current customers

### **Berry, 1995; Peppard, 2000; Sheth and Paravatiyar, 1995**

One of the most important studies conducted in this field is by Reichheld and Sasser (1990), which showed the large impact on profitability of small increases in customer retention rates, which made the marketing community more conscious of the need to manage customer relationships in the long term as well as prior to the first sale. In addition, more studies have shown that the cost of retaining current customers is lower than the cost of acquiring new ones (Blattberg and Deighton 1996, Filiatrault and Lapierre 1997) and that economic benefits of high loyalty are important, and in many industries it is this which determines the differences between companies (Reichheld 1996).

## RESEARCH OBJECTIVES

The current research was aimed at determining the approach being adopted by businesses for relationship marketing. The research focused on the following major issues –

1. Do managers in service firms believe that their processes are customer centric?
2. Do they select technology based on an understanding of customer needs?
3. Have they empowered their employees to deliver superior service?
4. Do they have a customer knowledge strategy? How well do they manage their Customer relationships?

It adopted the framework recommended by Peppers, Rogers and Dorf (1999) for the survey to understand the status of relationship marketing across service businesses in India. The primary objective would be:

- A. To study “the process of Customer Relationship Management”.
- B. To study the implementation and issues while applying of CRM .
- C. To study the need of CR.M and finally to conclude the findings and suggest any recommendations regarding how the present customers can be used as useful prospect for the future growth.

## RESEARCH METHODOLOGY

According to Kothari (2003), the primary purpose of exploratory research is to shed light on the nature of situation and identify any specific objective or data needs to be addressed through additional research. Exploratory research is the most useful when a decision maker wishes to better understand situation, identify relevant courses of action or gain additional insights before an approach can be developed. In general, exploratory is appropriate to any a problem about which little is known.

Exploratory studies are distinguished by flexibility concerning the methods employed. Literature searches, experience surveys and study of selected studies are some commonly used approaches (Kothari, 2004).An effective way of doing exploratory research is to seek out and talk to individual with expertise related to the situation being investigated.

**CONCLUSIVE RESEARCH**

The insights gained from exploratory research might be verified by conclusive research, as the objective of conclusive research is to test specific hypothesis and examine specific relationship (Malhotra, 1999). Conclusive research is especially useful when the decision-maker already has in mind on or more alternatives and is specifically looking for information pertinent to evaluating them. Therefore, when conductive a conclusive research, the decision maker can choose the best course action in a situation.

**PRINCIPLES AND CONCEPT OF CRM**

Customer relationship management (CRM) has attracted the expanded attention of practitioners and scholars. More and more companies are adopting customer-centric strategies, programs, tools, and technology for efficient and effective customer relationship management. They are realizing the need for in-depth and integrated customer knowledge in order to build close cooperative and partnering relationships with their customers. The emergence of new channels and technologies is significantly altering how companies interface with their customers, a development bringing about a greater degree

of integration between marketing, sales, and customer service functions in organizations. For practitioners, CRM represents an enterprise approach to developing full-knowledge about customer behavior.



Customer-oriented management is a set of processes and strategies associated with the customer which is supported with special software to increase customer loyalty and ultimately company's profitability. Requirements can be pointed to attract the right customer's institutionalization of the best process, enhancing employees motivation and customer retention and acquisition. In fact, this system to collect strategic needs and business and customer behavior leads to stronger relationships with them. Finally, a strong relationship with customers is the most important success of any business. CRM consists of three main part: Customer, Relationship and Management Customer is the final consumer that is having a supportive role in the relationship value. Relationship is to create loyal and profitable customer relationships by learning more and management is a leading business process innovation and customer orientation and putting the customer at the center of the process and experience. Today, in the organization has been given strategic importance to the customer

relationship management and in difficult conditions, competition, communication with organized customers is the best way to increases sales and customer satisfaction while reducing costs. Given these issues, customer management in organizations is considered a business strategy.

**NEED OF CUSTOMER RELATIONSHIP MANAGEMENT – CRM**

The generally accepted purpose of Customer Relationship Management (CRM) is to enable organizations to better serve its customers through the introduction of reliable processes and procedures for interacting with those customers. In today's competitive business environment, a successful CRM strategy cannot be implemented by only installing and integrating a software package designed to support CRM processes. A holistic approach to CRM is vital for an effective and efficient CRM policy. This approach includes training of employees, a modification of

business processes based on customers' needs and an adoption of relevant IT-systems (including soft and maybe hardware) and/or usage of IT-Services that enable the organization or company to follow its CRM strategy. CRM-Services can even redundant the acquisition of additional hardware or CRM software licenses.

The term CRM is used to describe either the software or the whole business strategy oriented on customer needs. The second one is the description which is correct. The main misconception of CRM is that it is only software, instead of whole business strategy. Major areas of CRM focus on service automated processes, personal information gathering and processing, and self-service. It attempts to integrate and automate the various customer serving processes within a company. There are three parts of application architecture of CRM:

1. Operational - automation to the basic business processes (marketing, sales, service)
2. Analytical - support to analyze customer behavior, implements Business intelligence like technology
3. Co operational - ensures the contact with customers (phone, email, fax, web...)

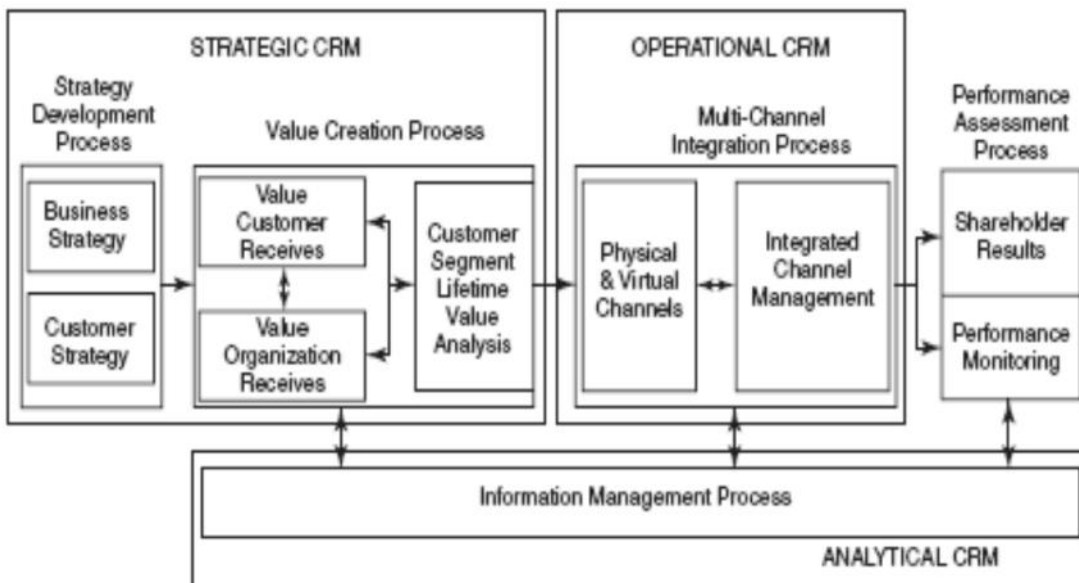
**THE EMERGENCE OF CRM PRACTICE**

Artisans often developed customized products for each customer. Such direct interaction led to relational bonding between the producer and the consumer. It was only after the advent of mass production in the industrial era and the advent of middlemen that interaction between producers and consumers became less frequent leading to transaction oriented marketing. In other words, the production and consumption functions became separated leading to the marketing functions being performed by middlemen, and middlemen, in general, are oriented towards economic aspects of buying since the largest cost is often the cost of the goods sold. In recent years however, several factors have contributed to the rapid development and evolution of CRM. These include

the growing disintermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end-customers. For example, in many industries such as the airline, banking, insurance, computer software, or household appliances industries and even consumables, the de-intermediation process is fast changing the nature of marketing and consequently making relationship marketing more popular. Databases and direct marketing tools give these industries the means to individualize their marketing efforts. As a result, producers do not need the functions formerly performed by middlemen. Even consumers are willing to undertake some of the responsibilities of direct ordering, personal merchandising, and product use related services with little help from the producers. The recent success of on-line banking,

Charles Schwab and Merryll Lynch’s on-line investment programs, direct selling of books, automobiles, insurance, etc., on the Internet all attest to the growing consumer interest in maintaining a direct relationship with marketers. The de-intermediation process and consequent prevalence of CRM is also due to the growth of the service economy. Since services are typically produced and delivered at the same institution, it minimizes the role of middlemen. Between the service provider and the service user an emotional bond also develops creating the need for maintaining and enhancing the relationship. It is therefore not difficult to see that CRM is important for scholars and practitioners of services marketing.

Many large internationally oriented companies are today trying to become global by integrating their worldwide operations. To achieve this they are seeking cooperative and collaborative solutions for global operations from their vendors instead of merely engaging in transactional activities with them. Such customers' needs make it imperative for marketers interested in the business of companies that are global to adopt CRM programs.



## THE REASONS FOR THE SUCCESS OF CRM SYSTEM

To create a customer-centered culture it is necessary to extend the capabilities of knowledge and as well as the necessary tools to meet customer needs with appropriate products and services. One of the reasons the can lead to a successful CRM, the following cases can be mentioned:

- a. Implementation of CRM as a strategy in organization effective communication with customers should be implemented as a strategy at all levels of an organization and be familiar with their place in the system would integrate all business process and activity around the customer.

- b. Maturity of software in the organization is one of the major problems in the imp maturation of software in the companies; users who want to work must have experience in working with the simple software.
- c. Determine the duties of each person and group in the organization: people should know what their role is and function in the system and CRM optimization group. Process and for success in it, all individuals should be familiar with group works and tasks.



## CRM IMPLEMENTATION

For successful implementation of this system should be aware of pre-deployment requirements and procedures. The successful deployment of CRM software is the following way: Two major symptoms can indicate whether a specific business needs CRM or not. One of these symptoms are the existing of various ways that customers can call the organization. When customers interact with a set through different ways, CRM offers a coherent and accurate data collection on all customers and storing it in databases structured and equipped to enhance productivity in CRM strategies. Another symptom that can show a specific business to use Software for CRM needs, is variety of products and services that a company offers to customers. Diversity actually means that with a careful study of the behavior and demands can be discovered that investment is more profitable products and services, so increases customer satisfaction. Also a determining factor is the number of customer and their geographical distribution. Whatever the number and the distribution of customers are more, Applicant of customer relationship management increases. The system ranges can be extended to cover all classes or particular group of them is included. CRM has steps for achieving their objects from different perspective has been proposed.

## CHALLENGES OF IMPLEMENTING CRM

Before an organization can implement CRM, the organization should be aware of potential problems and possible to be deal with them when necessary. At the organization level, business should establish a joint operation between different sectors that are associated with the customer to be more effective. The main challenges that an organization may encounter in implementing CRM can be divided into three main cases:

1. Initial start-up costs: It is one of the CRM challenges that the organization may have invested a large amount of customer management tools. There may be some specific applications of these tools, they hardly can be shared in difficult sectors.
2. Integrated practical tools: organizations need tools to integrate applications based on customer life cycles and interactions with the customer is created. The organization need to manage the customer interaction to different languages and currencies cannot bring to customer CRM through traditional technologies and this would be very difficult for them.
3. Cooperation various sectors: CRM is an integrated approach and requires the cooperation of the business which had previously operated as autonomous. Data that are gathered in one section should be shared in all other parts. Some of the sectors to share their data with others may be Unsatisfied or reluctant.

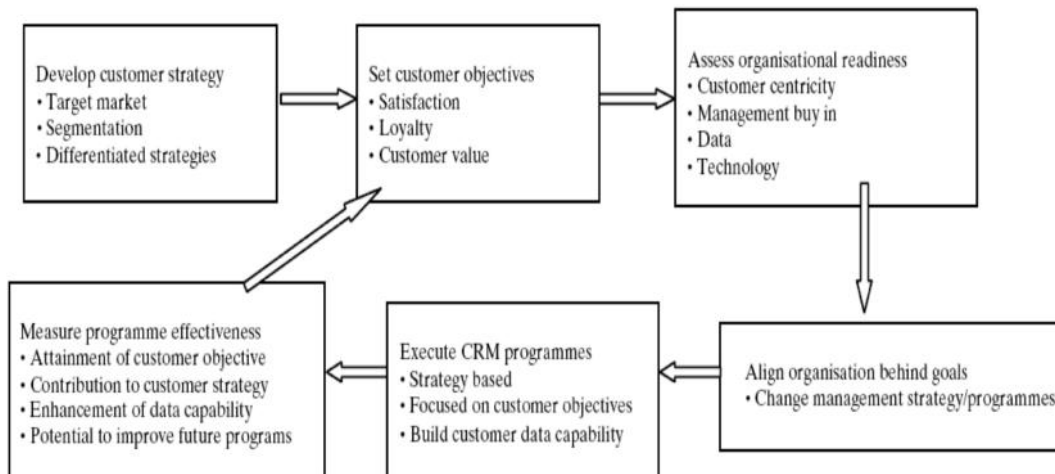
**CRM IMPLEMENTATION ISSUES**

One of the most interesting aspects of CRM development is the multitude of customer interfaces that a company has to manage in today’s world. Until recently, a company’s direct interface with customers, if any, was primarily through sales people or service agents. In today’s business environment, most companies interface with their customers through a variety of channels including sales people, service personnel, call centers, Internet websites, marketing departments, fulfillment houses, market and business development agents, and so forth. For large customers, it also includes cross-functional teams that may include personnel from various functional departments. Although each of these units could operate independently, they still need to share information about individual customers and their interactions with the company on a real-time basis. For example, a customer who just placed an order on the Internet and subsequently calls the call center for order verification expects the call center staff to know the details of his or her order history. Similarly, a customer approached by a sales person unaware of the fact that the customer had recently complained about dissatisfactory customer service is not likely to be treated kindly by the customer. On the other hand, if the salesperson was aware of the problem encountered by the customer, the complaint, and the action already initiated to resolve the complaint, the salesperson would be in a relatively good position to handle the situation well. Therefore, effective CRM implementation requires a front-line information system that shares relevant customer information across all interface units. Relational databases, data warehousing, and data mining tools are thus very valuable for CRM systems and solutions. The challenge is to develop an integrated CRM platform that collects relevant data input at each customer interface and simultaneously provides knowledge output about the strategy and tactics suitable to win customer business and loyalty. For example, if call center personnel cannot identify and differentiate a high value customer and do not

know what to upsell or cross-sell to this customer, it could mean a tremendous opportunity lost. Although most CRM software solutions based on relational databases are helping share customer information, they still do not provide knowledge output to the front-line personnel. As shown in figure 4, the CRM solutions platform needs to be based on interactive technology and processes. It should assist the company in developing and enhancing customer interactions and one-to-one marketing through the application of suitable intelligent agents that help develop the front-line relationship with customers. Such a system would identify appropriate data inputs at each customer interaction site and use analytical platforms to generate appropriate knowledge output for front-line staff during customer interactions. In addition, implementation tools to support interactive solutions for customer profitability analysis, customer segmentation, demand generation, account planning, opportunity management, contact management, integrated marketing communications, customer care strategies, customer problem solving, virtual team management of large global accounts, and measuring CRM performance would be the next level of solutions sought by most enterprises.

**THE CRM GOVERNANCE PROCESS**

Once a CRM program is developed and rolled out, the program as well as the individual relationships must be managed and governed. For mass market customers, the degree to which there is symmetry or asymmetry in the primary responsibility for whether the customer or the program sponsoring company will be managing the relationship varies with the size of the market. However, for programs directed at distributors and business customers the management of the relationship would require the involvement of both parties. The degree to which these governance responsibilities are shared or managed independently will depend on the perception of the norms of the governance processes among the relational partners given the nature of their CRM program.





### RISK FACTOR FOR CRM PROJECTS

When CRM fails to fulfill the goals of organizations it is said CRM has failed some common mistakes that lead to this, are

1. Weakness in the organizations knowledge management.
2. Inadequate understanding of the organization and its external environment.
3. The immature nature of the information technology and information system.
4. Lack of customer-oriented culture, embrace change promotes sharing of information.
5. Weakness in the strategy.
6. In sufficient support senior managers from customer relationship management
7. Changes in owners and senior managers of organization.
8. Lack of sufficient budget allocation to project management, customer relationship.
9. Ambiguity in the implementation of customer relationship management.
10. Weak implementation methodology and project management.

### CRM PERFORMANCE METRICS

Periodic assessment of results in CRM is needed to evaluate if the programs are meeting expectations and if they are sustainable in the long run. Performance evaluation also helps in taking corrective action in terms of relationship governance or in modifying relationship marketing objectives and program features. Without proper performance metrics to evaluate CRM efforts, it would be hard to make objective decisions regarding continuation, modification, or termination of CRM programs. Developing performance metrics is always a challenging activity as most firms are inclined to use existing marketing measures to evaluate CRM. However, many existing marketing measures, such as market share and total volume of sales may not be appropriate in the context of CRM. Even when more CRM oriented measures are selected, they cannot be applied uniformly across all CRM programs, particularly when the purpose of each program is different. For example, if the purpose of a particular CRM effort is to enhance distribution efficiencies by reducing overall distribution cost, measuring the program's impact on revenue growth and the customer's share of the business may not be

appropriate. In this case, the program must be evaluated based on its impact on reducing distribution costs and on other metrics that are aligned with those objectives. By harmonizing the objectives and performance measures one would expect to see more goal directed managerial action by those involved in managing the relationship. For measuring CRM performance, a *balanced scorecard* that combines a variety of measures based on the defined purpose of each relationship with customers is treated as an intangible asset of the firm, its economic value-add can be assessed using discounted future cash flow estimates. In some ways, the value of relationships is similar to the concept of the brand equity of the firm and hence many scholars have alluded to the term relationship equity. Although a well-accepted model for measuring relationship equity is not available in the literature as yet, companies are trying to estimate its value, particularly in measuring the intangible assets of the firm. Another global measure used by firms to monitor CRM performance is the measurement of relationship satisfaction. Similar to the measurement of customer satisfaction, which is now widely applied in many companies, relationship satisfaction measurement would help in finding out to what extent relational partners are satisfied with their current cooperative and collaborative relationships. Unlike customer satisfaction measures that are applied to measure satisfaction on one side of the dyad, relationship satisfaction measures could be applied on both sides of the dyad. Since both the customer and the marketing firm have to perform in order to produce the results in a cooperative relationship, each party's relationship satisfaction should be measured by measuring relationship satisfaction, one could estimate the propensity of either party to continue or terminate the relationship.

### CONCLUSION

1. Essential to the success of customer relationship management determining an organization of profitable customer and customer segmentation is based on the organization's values, Then based on each customer in which category, will determine specific needs and appropriate ways of interacting with customer
2. Before implementing of CRM technology, the organization must identify and prioritize their needs of analysis and based on the need, to take action or choose to develop information technology system.

3. To achieve the goals of CRM and gain competitive advantage should be designed a program of business for sourcing maintaining and customer information assets and enforcement.
4. Establishing a relationship marketing Control To create a database Analysis of data Selection of customer Targeting customers.

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