NEW TREND TOWARDS CUSTOMER RELATIONSHIP MANAGEMENT IN PRESENT SCENARIO

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ABSTRACT

CRM is not a product or service; it is an overall business strategy that enables companies to effectively manage relationships with their customers. It provides an integrated view to every company and to every employee in the organization, that they have to treat their customers with respect. Customers have a lot more choices and they do not have to be loyal to any company in general, so companies are now trying to figure out ways to manage customer relationship effectively.
CRM has become a major corporate strategy for many organizations. It is concerned with the creation, development and enhancement of individual customer relationship with carefully targeted customer groups resulting in maximizing the total customer life time value.

Keywords: CRM, business strategy, customers, organization.

INTRODUCTION

Today's Customer Relationship Management (CRM) solutions encompass not only sales, service, and marketing automation but also customer loyalty. CRM is an essential part of modern business management. It concerns the relationship between the organization and its customers. Customers are the lifeblood of any organization be it a global corporation with thousands of employees and a multi-billion turnover, or a sole trader with a handful of regular customers.

Customer Relationship Management (CRM) is about creating a competitive advantage by being the best at understanding, communicating, delivering service and developing existing customer relationships in addition to creating and keeping new customers. Another important facet of CRM is "customer selectivity". The company therefore must be selective in tailors its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs.

Definitions of CRM

The term relationship marketing was first coined by Berry in the context of services marketing. Relationship marketing is 'attracting, maintaining and enhancing customer

relationships'. Servicing and selling existing customers is viewed to be as important to long-term marketing success as acquiring new customers (Berry 1983).

This concept is extended by Gronroos to include channels and some operational aspects. "Relationship marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met". This is achieved by a mutual exchange and fulfilment of promises (Gronroos, 1994). He indicates that beyond commercial interest, partners recognize the mutual benefit to be derived from such relationships. Christopher et al. (1991) define the function of relationship marketing as "getting and keeping customers". They highlight the importance of customer service and quality if the firm is to gain and maintain a long-term relationship with the customer.

Strategies for CRM

Berry (1983) recommended the following five strategies for practicing relationship marketing

  i.   Developing a core service around which to build a customer relationship.
 ii.   Customizing the relationship to the individual customer
iii.   Augmenting the core service with extra benefits.
 iv.   Pricing services to encourage customer loyalty.
  v.   Marketing to employees so that they will perform well for customers.

Developments in information technology, data warehousing and data mining have made it possible for firms to maintain a 1to1 relationship with their customers. Firms can now manage every single contact with the customer from account management personnel, call centres, interactive voice response systems, on-line dial-up applications, and websites to build lasting relationships.

Successful implementation of CRM requires a strategic approach, which encompasses developing customer centric processes, selecting and implementing technology solutions, employee empowerment, customer information and knowledge generation capabilities to differentiate them, and the ability to learn from best practices.

Emergence of CRM

A number of factors have contributed to the emergence of customer relationship management including technology, total quality management, growth in the service industry, and heightened customer expectations. Technology is at the heart of CRM development and is essential on multiple levels of the process. Some believe that technology can be credited with the wide acceptance of relationship marketing (Hennig-Thurau & Hansen 2000).

 The customer database and software technology enable firms to track consumer purchase behaviour, product preference, and personal contact information (Formant 2000). Technological advancements in database programs have allowed marketers to improve direct marketing tactics through individualization (Parvatiyar & Sheth 1995). Once customer patterns are recorded in the database, the software can cater direct marketing efforts, such as

emails or mailers with coupons and special offers, to each individual customer. This customer value can only be delivered by highly sophisticated databases that combine information from several external and internal sources regarding demographics, psychographics, survey results and purchase patterns (Formant 2000). Technology is also imperative in creating customer-friendly and easily accessible websites where customers can enter information, provide feedback, and explore product offerings.

Why CRM is important?

According to surveys, the cost of finding new customers is estimated to be three to five times that of retaining existing customers. Keeping customers isn't easy, though. The Internet has lowered the cost of switching and made markets more price-sensitive. Customer service and freely available rating system are to pit the competitor against each other. Increasingly ask for custom solutions to their problems, using comparative shopping.

The benefits of CRM

Rapid growth of business is through retention of the profitable customer segment. Through CRM only those customers are acquired whose characteristics are known which results in increased profits and hence drives growth. CRM enables the banks (organisations) to offer the right product at right time, due to which individual customer margins can be increased. CRM decreases the cost of customer management. Ease in introduction of new products as they are customer need specific and it is found that the loyal customers readily buy 50 % of the new products rather than the new customers.

CRM Building Blocks

Below are listed the following building blocks for successful CRM projects:

i.   **Vision:** The board must take leadership in creating a CRM vision for the enterprise. The CRM vision should be used as the guide to the creation of a CRM strategy.
ii. **Strategy:** The CRM strategy is all about how to build and develop a valuable asset: the customer base. It must set objectives and metrics for attaining that goal. It directs the objectives of other operational strategies and the CRM implementation strategy.
iii. **Customer experience:** The customer experience must be designed in line with the CRM vision and must be constantly refined, based on actively sought customer feedback.
iv. **Organizational collaboration:** Changes to organizational structures, processes, metrics, incentives, skills, and even the enterprise culture must be made to deliver the required external customer experience. Ongoing change management will be a key.
v.   **Process:** Successful customer process reengineering should create processes that not only meet customers' expectations and support the customer value proposal, but also provide competitive differentiation and contribute to a designed customer experience.
vi. **Information:** Successful CRM demands the creation of a customer-information blood supply that flows around the organization, as well as tight integration between operational and analytical systems.

vii. **Technology:** CRM technologies form a fundamental part of any enterprise's application portfolio and architecture.

viii. **Metrics:** Enterprises must set measurable CRM objectives and monitor all levels of CRM indicators to turn customers into assets. Without performance management ,a CRM implementation will fail.

Key Elements of CRM

CRM can be broken down into a number of different components which many software vendors have developed packages for. For the most part, there are three areas which are core to successful customer relationship management:

i. **Customer Service**
   The customer service function in your company represents the front office functions that interact with your customers. These are the business processes that allow your company to sell products and services to your customers, communicate with your customers with regards marketing and dealing with the after sales service requirements of your customers. Each interaction with the customer is recorded and stored within the CRM software where it can be retrieved by other employees if needed.

ii. **Sales Force Automation**
   Your company's sales department is constantly looking for sales opportunities with existing and new customers. The sales force automation functionality of CRM software allows the sales teams to record each contact with customers, the details of the contact and if follow up is required. This can provide a sales force with greater efficiencies as there is little chance for duplication of effort. The ability for employees outside of the sales team to have access to this data ensures that they have the most recent contact information with customers. This is important when customers contact employees outside of the sales team so that customers are given the best level of customer service.

iii. **Campaign Management**
   The sales team approach prospective customers in the hope of winning new business. The approach taken by the sales team is often focused in a campaign, where a group of specific customers are targeted based on a set of criteria. These customers will receive targeted marketing materials and often special pricing or terms are offered as an inducement. CRM software is used to record the campaign details, customer responses and analysis performed as part of the campaign.

Models of CRM

Philosophically, CRM is seen from three perspectives.

i. **Stakeholder model**: Relationship management and marketing are powerful tools for developing long-term relationships with clients, suppliers and distributors.

ii. **Supply chain model**: Relationship between channel participants is the key strategy for pursuit of efficient supply chain.

iii. **Marketing concept model**: Every customer relationship is important for profitability. Relationship with existing customers is the lifeblood of a business organization and is paramount for the future direction of the business. Organization must deliver what the market needs and wants. Deliver more efficiently, effectively and add more value than competitors. Both internal and external marketing efforts are necessary to do this successfully.

Trends in CRM

i. **Mobile CRM will become a must-have**: we'll see CRM go mobile in a big way. So far, most mobile CRM apps have focused on providing a basic phone-ready version of the desktop version, usually without the full set of features. Over the next 12 months, however, expect to see CRM mobile apps adding features that interact with map and note-taking apps.

ii. **Cloud-based CRM:** Cloud computing services continue to rise, and CRM has not been left behind in this area. According to Peter Coffee, Salesforce.com vice president and head of Platform Research, cloud-based software is a cost-efficient means of gathering customer data. Unlike before, on-site resources no longer need to scout for leads to input into a system for future sales calls; sources of customer data are already available. Cloud-based CRM will gain momentum as cloud-based applications continue to progress**.**

iii. **Social CRM:** Social media marketing remains on an uptrend and companies are paying attention. Consumers are empowered by social networking sites to influence product or brand image and perception. Negative feedback no longer simply routes a call to customer service; businesses can expect feedback to reach potential markets before they do. Software vendors are now responding to social CRM needs.

iv. **Centralized Data:** it asserts that CRM will continue to aim to understand customers through extensive data collection and analysis. CRM data won't end with generating leads for the sales team but will be a continuing process that also includes maintaining relationships with a growing customer base.

v. **Mobility and integration:** Customers are no longer bound to PCs and are constantly access data on the go. It's increasingly important that your CRM be able to seamlessly integrate with your ecommerce platform, your marketing automation software, your analytics software, your accounting system

vi. **Flexibility:** CRM users has flexibility key because it allows them to customize the software to meet their needs. Ease of integration and multichannel publishing are key corporate considerations. As a result, a flexible and accessible CRM platform is becoming increasingly important for users.

vii. **Crowd sourcing:** With customers gaining voice through social media, enterprises are increasingly able take advantage of crowd sourcing for business improvements. Tapping current customers for fresh ideas, solutions and expectations can help employees across an organization provide the innovation and interactive relationship that a growing number of customers now expect. This means that CRM will no longer be just for lead generation and marketing, it will also provide a source for new innovation.

Conclusion

CRM is basic reason is the upsurge of improved technology and the speed with which consumers have adapted to new products and technologies. Technology has always been the prime mover of development of human kind. Specially, the surge of Information Technology has changed the concept of Marketing in terms of Ecommerce, E-Business, and Internet which have brought in many changes in the strategic development. Marketing, competition and even the consumers needs too. Customer Relationship Management the scope will include meeting the various customers of the in today's world.

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