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A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT

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Abstract:

In today's spirited world organizations are struggling hard to carry out their business successfully with profit its because of tough competition and changes that occurs in the business environment. Customer plays a major role in the market. Success or failure of an organization is depends on the customer so they are in a position to satisfy them. Customer are the important factor for success of the concern so they should have a proper knowledge about their customers. It can be made possible with the use CRM, if the organization able to maintain good relation then it can automatically generate new customer as well as retain the existing customer. By maintaining a relation with customer they can easily identify their valuable customer and as a result they can serve better. CRM act as a important marketing tool for an organization to face the competition and to succeed their business with customers.

KEY WORDS:

CRM, CUSTOMER.

INTRODUCTION:

CRM is a widely-implemented strategy for managing a company's interactions with customers, clients and sales prospects. It involves using technology to organize, automate, and synchronize business processes—principally sales activities, but also those for marketing, customer service, and technical support. The overall goals are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients back into the fold, and reduce the costs of marketing and client service. Customer relationship management describes a company-wide business strategy including customer-interface departments as well as other departments.

REVIEW OF LITERATURE

According to Shani and Chalarani – Customer Relationship Management marketing can be defined as “an integrated effort to identify, maintain and build up a network with the individual customers and to continuously strengthen the network for the mutual benefit of both parties, through interactive, individualized and value added contracts over a long period of time.

In the words of Lekha “ CRM aims at delivering better products and value to the customers through better understanding of his needs. In a recent review of CRM, Boulding et al. (2005) argue that the field of CRM has now begun to converge on a common definition: “Specifically, CRM relates to strategy, managing the dual-creation or value, the intelligent use of data and technology, the acquisition of customer knowledge and the diffusion of this knowledge to the appropriate stakeholders, the development of appropriate (long-term) relationships with specific customers and/or customer,groups, and the integration of processes across the many areas of the firm and across the network of firms that collaborate to generate customer value” (p. 6). Recently there has been an increasing acknowledgement of the important of cross-functional processes in CRM – a perspective on CRM strongly endorsed by Boulding et al. (2005). This inter-functional coordination and customer orientation is highlighted in an increasing body of work on

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market orientation (e.g. Kohli and Jaworski, 1990). However, much of the literature on CRM has under-emphasised its cross-functional nature and we posit this is a neglected and critical component of CRM that should form part of any CRM strategy and implementation model.

CUSTOMER SERVICE AND SUPPORT

Recognizing that service is an important factor in attracting and retaining customers, organizations are increasingly turning to technology to help them improve their clients' experience while aiming to increase efficiency and minimize costs. "Acquiring new customers is important for business success, but maintaining customer relationships is just as crucial." This statement highlights the importance of customer relationship to be nimble and competitive organizations.

Therefore, Customer Relationship Management (CRM) is the business strategy that aims to understand, anticipate manage and personalize needs of potential customers that can be integrated with current organizational target.

As a marketing component, CRM is a relationship process which a company can cultivate with its customer groups/segments in such a way that it would benefit both the customer and the company. It can also be considered as a liaison process between a product and a consumer which is as old as marketing itself. Customer relationship management (CRM) converts information about customers into a rich asset for performance improvement. The more complete an understanding a company has of its customer base, the more opportunity there is to use analytics to implement customer-facing initiatives in targeted ways that achieve measurable impact. CRM is fundamentally a strategic approach to managing customer value and experiences. However, technology is often an enabler of the benefits that accrue from a well-crafted customer strategy, superior analytics, and innovative programs.

RELATIONSHIP MARKETING

Relationship Marketing was first defined as a form of marketing developed from direct response marketing campaigns which emphasizes customer retention and satisfaction, rather than a dominant focus on sales transactions.

Relationship Marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages.

Relationship Marketing has continued to evolve and move forward as technology opens more collaborative and social communication channels. This includes tools for managing relationships with customers that goes beyond simple demographic and customer service data. Relationship Marketing extends to include Inbound Marketing efforts, (a combination of search optimization and Strategic Content), PR, Social Media and Application Development. As competition increases, and organisations realise that what customers value, is not always just lower prices, but also aspects such as delivery, image and brand associations, the link with customers becomes increasingly important.

BUILDING CUSTOMER RELATIONSHIPS

Relationship marketing essentially represents a paradigm shift within marketing – away from an acquisitions/transaction focus toward a retention/relationship focus.

Relationship marketing is a philosophy of doing business, a strategic orientation, that focuses on keeping and improving relationships with current customers rather than on acquiring new customers.

Many consumers and business customers prefer to have an ongoing relationship with one organisation than to switch continually among providers in their search for value. The firms frequently focus on attracting customers but then pay little attention to what they should do to keep them.

Reasons for development of relationship marketing

- Difficulty of attracting new customers;
- Cost of lost customers;
- lifetime value of customers;
- Link with organisational mission and objectives;
- Connection with strategic aims and objectives;
- Stakeholders' needs and expectations;
- Growth of services sector;

Growing sophistication of direct marketing and e- business in business-to-business (B2B) and business-to-consumer (B2C) markets;
Role of information and communications technologies.

Factors Influencing the Development of Relationship Marketing

The developments that have led to the emergence of RM are complex in nature, largely interrelated and difficult to consider in isolation. However, a number of factors may be identified namely:

- The maturing of service marketing;
- Research within industrial markets;
- A recognition of the benefits of RM for firms;
- A recognition of the benefits of RM for customers;
- Advances in information technology.

The Evolution of Customer Relationships

Firms relationships with their customers like other social relationships tend to evolve over time.

- Customer as Strangers
- Customer as Acquaintances
- Customer as Friends
- Customer as Partners

The Goal of Relationship Marketing

As the relationship value of a customer increases, the provider is more likely to pursue a closer relationship.

The primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization.

Acquiring

Satisfying

Retaining

Enhancing

The goal of relationship marketing is to move customers up the ladder from the point at which they are strangers that need to be attracted through to the point at which they are highly valued, long-term customers whose relationship with the firm has been enhanced.

BENEFITS TO CUSTOMER

Customers will remain loyal to a firm when they receive greater value relative to what they expect from competing firms.

Value represents a trade off for the consumer between the give and the get components. Consumers are likely to stay in a relationship when the gets (quality,satisfaction, specificbenefits) exceeds the gives (monetary and non monetary costs).

When firms can consistently deliver value from the customer's point of view , clearly the customer benefits and has an incentive to stay in the relationship.

Benefit for Firms

The benefits to organizations of maintaining and developing a loyal customer base are numerous.

- Economic Benefits
- Customer Behaviour Benefits

Human Resources Management Benefits

Economic Benefits

One of the most commonly cited economic benefits of customer retention is increased purchases over time. Another economic benefit is lower costs. Cheaper to keep existing customers than to attract customers

Customer Behaviour Benefits

The contribution that loyal customers make to a service business can go well beyond their direct financial impact on the firm. The most easily recognized customer behavior benefit that a firm receives is a word of mouth communication. When a product is complex and difficult to evaluate and when risk is involved in the decision to buy it – as is the case with many services – consumers often look to others for advice on which providers.

Human Resources Management Benefits

Loyal customers may also provide a firm with human resource management benefits. Loyal customers may because of their experience with and knowledge of provider, be able to contribute to the coproduction of the service by assisting in service delivery; often the more experienced customers can make the service employees' job easier.

CONCLUSION

In today's money-making world, practice of dealing with existing customers and prosperous business by getting more customers into loop is predominant and is mere a predicament. Installing a CRM system can definitely improve the situation and help in challenging the new ways of marketing and business in an efficient manner. Hence in the era of business every organization should be recommended to have a full-fledged CRM system to cope up with all the business needs.

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