



CUSTOMER RELATIONSHIP MANAGEMENT NEEDS SPECIFIC ATTENTION

Rajesh Kumar

B.Com, M.Com

Research Scholar , L. N. Mithila University, Darbhanga.

ABSTRACT :

Customer Life Cycle begins with acquisition is nurtured through retention and further enhanced through Innovation. At the heart of any retention strategy is a genuine commitment to consumers is Customer Relationship Management CRM. CRM refers to all activities associating with both transactional and relational exchanges involved in business activities. It is cohesive efforts to establish, maintain and grow relationship and continuously strengthen the same through interactive, individualized and value-added contacts, leading to mutual exchange and fulfillment of promises over a period of time.

KEY WORDS: Competitive Advantage, Customer Centric, Customer Relationship Management, Product Centric .

INTRODUCTION

Cut throat competition has made customer as a king. In today's competitive world customers have more information, more choice, more access and as a result, high expectations. In such a situation, the companies that

thrive will be the ones that create the most compelling and consistent relationship with their customers. The depth of this relationship will be the foundation for sustained success and competitive advantage.

The Principles of CRM:

- ◆ Value segmentation
- ◆ Institutional awareness
- ◆ Participation by workers
- ◆ Channel alignment with needs and values
- ◆ Identification and satisfaction in a single go
- ◆ Employee, the brand carries
- ◆ Listening and learning posts
- ◆ Customer experience management

The objective of CRM is to attract, maintain and enhance customer relationship with the existing and potential customers.

IMPORTANCE OF CRM

The customer is in reality the king, the one who makes the difference between a company's success and failure. The difference between the success and failure lies in the "attitude" towards its customers. Most organizations have an extremely faulty customer centered system. They are not open to customer suggestions and more often than not, they do not provide the customer with a proper avenue to vent his ideas. This often leads to unhappy customer and eventually, their loss.



CRM facilities growth in that it aids the reduction of costs and the increased availability of information to the organization -that can be used according to customer information requirements. The customer centered strategy that provides information on potential customers boosts the marketing function by providing the marketing department with a clear idea of what the customer needs are and enables them to work accordingly. Thus, the benefits of CRM are enormous. The specific advantages derived through CRM are quoted below:

- Better customer service;
- Gaining competitive edge;
- Constant supply of vital customer data;
- Enhancing supply of vital customer data;
- Easy handling of routine tasks;
- Teamwork within the organizations;
- Improves the communication process;
- Makes awareness of customer needs and deal with them in the right manner;
- Ensures discipline in the organization;
- Continuous monitoring of performance.

In view of the above, organisations are now trying to create a wonderful experience for their customers and are focusing more on the experience that their customers have, than on what is being sold to him. This stems from a deep desire on the customers part to have a good relationship with the company. Organizations are now capitalizing on this need and are realizing the importance of CRM applications. CRM's application includes a wide range of sectors ranging from business, education, healthcare and areas as offbeat as relationship marketing and knowledge management. The presence of CRM shall be felt in the following significant sectors:

- Healthcare;
- Financial Services;
- Manufacturing;
- Real Estate;
- Retail;
- Travel & Tourism;
- Banking;
- Automobile;
- Insurance etc¹⁰.

Customer relationship management, currently a much talked about issue, is not a fad but is very vital for companies in the present highly competitive scenario. However, across the organization, the attitude towards customer service should be inculcated and this should be driven from the top downwards.

Companies have to increasingly pursue a customer centric competitive rather than a product-centric one: Two trends have brought CRM to the forefront. First, with increased global competition and easy access to the latest technology, products have become harder to differentiate; hence companies are increasingly pursuing a customer-centric competitive strategy rather than a product centric one. Second, now it is possible to put customer information from all over the enterprise into a single system rather than a number of different systems and access it from anywhere in the world through the internet.

E-Customers demand constant access, immediate response and a personalized touch: Customers in the e-business age expect constant access to a company, through e-mails, call centres, faxes and websites. They demand immediate response and a personalized touch meeting their needs, placing new demands on the enterprise, which CRM alone can satisfy.

Focus is shifting from supply chain to demand chain effectiveness: With the product quality at all time highs, manufactures find it increasingly difficult to gain competitive advantage based solely on product attributes. Therefore the focus now is on channel operations and customer relationships, where there is great potential for adding value and differentiating the offerings. Increasing, companies are applying sophisticated information technology to identify, acquire and retain the most profitable customers by continuously improving the highest levels of customer experience and creating and sustaining the highest levels of customer satisfaction. Thus, in the era of e-business, the key source of competitive advantage is shifting. Thinking firms are revising their strategy to focus on demand chain effectiveness, that is, continuously improving their ability to identify, acquire and retain profitable customers.

Better understanding and intelligent management of customer relationships is essential for survival: The effect of increased commoditization of products processes is that customers now have more and more choices. Hence giving them better, more personalized product offerings and services is the only real way to make a difference. Winning the battle for share of mind and share of wallet in this new economy depends on understanding and intelligently managing relationships with customers. It is no longer the privileged domain of particularly successful companies; it has become the make-or-break challenge for every company.

Parvatiyar and Sheth (2002) have considered CRM as a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer.

Information Technologies for CRM

CRM differs from the previous method of database marketing. In that, the database marketing technique tried to sell more products to the customer for less cost. The database marketing approach is highly company-centric. However, customers were not kept loyal by the discount schemes and the one-time promotions that were used in the database-marketing programs. Customer loyalty is, indeed, very difficult to obtain or buy. The CRM approach is customer-centric. This approach focuses on the long-term relationship with the customers by providing the customer benefits and values from the customer's point of view rather than based on what the company wants to sell.

The basic questions that CRM tries to answer are:

1. What is the benefit of the customer?
2. How can we add to the customer's value?

Four basic tasks are required to achieve the basic goals of CRM.

1. **Customer Identification:** To serve or provide value to the customer, the company must know or identify the customer through marketing channels, transactions, and interactions over time.
2. **Customer Differentiation:** Each customer has their own lifetime value from the company's point of view and each customer imposes unique demands and requirements for the company.
3. **Customer Interaction:** Customer demands change over time. From a CRM perspective, the customer's long-term profitability and relationship to the company is important. Therefore, the company needs to learn about the customer continually. Keeping track of customer behaviour and needs is an important task of a CRM program.
4. **Customization/ Personalization:** Treating each customer uniquely is the motto of the entire CRM process. Through the personalization process, the company can increase customer feedback. The automation of personalization is being made feasible by information technologies.

Customer management, for understanding the impact of order fulfillment, returns and call-centre activity on actual sales performance. This will allow companies to review year-to-data sales and revenue and problems reported by customers to identify correlations and better understand how customer service issues are impacting profits.

Additionally, analytics could also be used to measure:

- Sales Performance Management;
- Marketing Performance Management;
- Manufacturing Performance Management;
- Procurement Performance Management;
- E-Business Performance Management;
- Customer Relationship and
- Activity Cost Management.

Technology Drivers

A formal CRM technology solution is not required to implement a customer-relationship analytics program. What is required is some level of integration between customer-facing applications-such as call-centre or Web systems- and back-end systems. Front office system providing data pertaining to customer transactions and inquiries can be matched up with back-end financial systems that have records of customer credit and invoices. In addition, many companies already have components of CRM systems, such as sales automation systems that record customer-contact information. Data can come from a variety of sources-call centres, point of sale transactions, Web click stream data, back-end databases, and even faxes and phone records. Data from these channels is integrated into a customer-oriented data mart or data warehouse, a knowledge base that continuously captures customer data. While some integrated CRM solutions do provide this capability, companies still need the tools that will take this composite data and paint a picture about their customers.

A customer-relationship analytics system is a set of tools that are run against this data to perform business intelligence functions- reporting, analysis and data mining. Such tools can help marketers visualize, through online graphics, patterns and relationship in customer behaviour and trends. A number of variables can be measured through this data analysis engine, including net profitability, return pattern, and other-fill rates. For example, a company may find that a particular customer segment to which it has been aggressively marketing also has a high return rate for products-thereby diminishing the profitability of this effort. It may also find that its best customers are being treated the worst because it is not able to find out who its best customers are and may not be able to judge the level of attention their business merits.

To have a successful impact on your CRM program, an analytics system needs to be speedily speedy accessible, and user-friendly. While customer-relationship analytic systems may employ sophisticated tools running against data stored on high-end systems, it is important that the end-results are user-friendly and accessible. If end-users have difficulty using a system, or cannot pull up the data they need within a few seconds and navigate down through the information toward a solution, they will abandon the application and its benefits will not be realized. In fact, this historically has been the main reason for the failure of sales force automation systems over the years- sales representatives, usually too focused on the business at hand, refused to find the time to learn to use what they perceived as a difficult or cumbersome system.

The solution might be to have highly-skilled analysts who use complex statistical tools for their analyses. The sales force will receive results of the analyses in a business-focused presentation that addresses the implications for each action.

Many companies are removed from their end-users because they sell through third-party distributors and retailers. For these companies, customer-relationship analysis can look at various data feeds and provide a valuable picture of customer trends.

CRM Issues**Customer Privacy**

Customer privacy is an important issue in CRM. CRM deals with large amounts of customer data through various touch points and communication channels. The personalization process in CRM requires

identification of each individual customer and collections of demographic and behavioural data. Yet, it is the very information that most customers consider personal and private.

The individual firm is thus caught in an ethical dilemma. It wants to collect as much information as possible about each customer to further its sales, yet in doing so it treads into and beyond the bounds of personal privacy.

Privacy issues are not simple. There are overwhelming customer concerns, legal regulations and public policies around the world. It still is unclear and undetermined to what extent customer privacy should be protected and should not be used, but four basic rules might be considered.

1. The customer should be notified that their personal information is collected and will be used for specific purpose.
2. The customer should be able to decline to be tracked.
3. The customer should be allowed to access their information and correct it.
4. Customer data should be protected from unauthorized usage.

Some companies provide customer consent forms to ask the customer to agree to information collection and usage. Providing personalized service to customers is a way to satisfy customers who provided their personal information. All these efforts are designed to build trust between the company and its customers.

A good way to think about lifetime value is to consider the return on investment on the customer asset. The investment includes the cost to acquire and retain the customer. Once obtained, a repeat purchaser whose cost to maintain is relatively small becomes an asset that adds to the firm's profitability.

CONCLUSION

The cost to develop and maintain the individual customer relationship involves assumptions about the direct and indirect marketing and management costs. Each customer is unique, has a different lifetime value, and has personal preferences that need to be taken into account. Despite these limitations, computing and understanding lifetime customer value is central before implementing a CRM program. CRM helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business. It contains each and every bit of details of a be used to determine which customer can be profitable and which not. CRM focus and concentrate on each and every customer separately. Details in the CRM system is kept centralized which is available anytime and reduce process time and increase productivity.

REFERENCES:

1. Nevin, R J (1995), *Relationship Marketing and Distribution Channels: Exploring Fundamental Issues*, *Journal of Academy of Marketing Science*, Vol. 23, No. 4, October-December, pp. 327-334
2. Priay, Ashutosh and Shah, Mrinalini (2004), *Customer Relationship Management: A TQM Perspective*, *Prabandhan*, Vol.1, No.1, p.54
3. Gargi, Sonika and Wadhwa, Shipa (2010), *Innovative CRM Strategies*, *Mangalmay Journal of Management and Technology*, Vol.4, No.2, July-December, p.31
4. Rao, V Narasimha and Prasad, A V V Siva (2011), *Op. Cit*, pp. 20-21
5. *Ibid*, p .21
6. Parvatiyar, A and Sheth, J N (2002), *Customer Relationship Management: Emerging Practices, Process and Discipline*, *Journal of Economics and Social Research*, Vol.3, No.2,