

A STUDY ON EMERGING NEED OF CUSTOMER RELATIONSHIP MANAGEMENT FOR BUSINESS IN INDIA

* *Miss Pote Aruna Gangaram, Assistant Professor, S.B.E.S College of Arts and Commerce,
Aurangabad.*

INTRODUCTION

CRM is a process of analyzing customer data; and after analyzing customer data organization use to behave differently to their different customer segment, that means more profitable customers get more prompt & quality services than those customers who are only buying at the time of sales, buying infrequently, returning merchandise frequently, or have complaining nature against the company. Now question is what types of customer data that companies use to gather, these information's are mainly based on CLV data for a particular customer Or consumer behavior data like what are the motivators that influences customers, what are the factors that force consumer to buy more. Some common factors that influences customer for choosing a certain brand are product characteristics like looks, style, durability, reliability, functionality etc., buyer characteristics like purchasing power, risk taking ability, cultural issues of a particular community, influence groups like family members, friends are also playing an important role. Except this other factors like motivational, learning & psychological factors (Consumers are either comes under the bracket of innovators or Laggards) are also very much important in this context. At last we can say the effects of the promotional campaigns (that are run by the company) for the specific target audience also paying an important role for converting prospects to its customers.

MOTTO BEHIND THE CRM INITIATIVES

It is usually seen that when the market is in booming situation or in the growth phase each and every company concentrate on the acquisition of the customers or building more & more market share through different measures like advertising, personnel selling, Trade & consumer selling etc. but in the decline or maturity phase or players are operating in a smaller market where competition is high, there is a great deal of bargaining power for customers & suppliers or huge amount of substitute products are also available; in such scenario the real need for the CRM appears in front of organisation; CRM is a defensive marketing strategy, where Customer satisfaction, loyalty, retention of the existing customers are playing main role. For doing all these things organizations are taking one-to-one marketing or Relationship marketing strategy; In Relationship Marketing companies are making more emphasis on the customization or personalization of the products according to the need of the individual customers. One particular model is used to accomplish the objectives of the Relationship marketing, This Model called "IDIC" Model; according to this model first step is identify the target customers, Differentiate them from the other segment, Interact with them to understand their specific need & last step is customize the product according to the individual need.

Ultimately CRM is nothing but a brand building tool that has some differentiation quality or CRM has some "CET" value that means it convey the meaning of the brand, evoke the emotion of the consumers & tie the consumers with the brand. CRM is a brand building tool that has a

ability of promoting a commodity in to a brand status; if that product only has a functional benefit , then it never achieve power brand status ; it simply stays at product brand status; for achieving the power brand status or creating brand equity a product should pose non functional attributes like emotional quotients. CRM is one of the initiation that helps to create a emotional bonding with the products & its customers, customers poses special efforts to purchase a product, customer , brads are sharing very good relationship like friends & brand should pose the same personality that its customer has. It gives emphasis on the good experience in the mind of the target audience. At last it is said that CRM is strong weapon that creates great intention to buy a brand, increase Brand Recall & Recognition in the mind of the customers.

FEW THINGS NEED TO BE CHECKED BEFORE IMPLEMENTING CRM

CRM is not only a Technology; it is a mentality, it is a business strategy where Technology is nothing but a implementation part of that business strategy, before implementing CRM, organisation should look after the strategy of the company that they are applied; Company should understand 'Where they are', 'where they want to go', 'what types of system they want', 'what types of data they need for the operation', "How can they analyze the data" at last organisation should do SWOT analysis for their firm, on the basis of that they can understand their current situation & what need to do for up gradation. On these lines only company need to consultant with their functional heads (Marketing, finance, HR, Production, operation) & they sit with the IT consultant for feasibility analysis part, where system engineers are trying to understand the customize need of their clients. They develop CRM according to that need, other criteria's for the companies they need o build a relationship model in respective companies & the head of the company should understand that CRM is the need for the future, if they to search ROI for the CRM in initial years, then that will be a disaster, Head of the organisation need to communicate with their subordinates clearly, because any change in the organisation must face some resistance from grass root level. Head of the organisation need to communicate the tangible benefits like CRM can save time & effort for the sales man, bring more productivity& help in decision making. Such Methods can bring a friendly environment for the CRM where it can flourish.

CRM: PEERING AT THE FUTURE...

CRM strategies and plans change as the bigger business picture changes. As the eco system goes, so goes CRM Strategy. True CRM Strategies begin with the voice of the customer. Now its time to change the old strategies and bring in the new ones. The best strategies empower the customer to manage their own relationships with the company. Although it is still an immature business strategy ,Customer relationship management continues to evolve .The essence of CRM is about customers –their processes, their preferences, and what they want from you. Once that's understood ,the technologies and tactics begin to fit into an overall picture. Customers will remain a business's most important asset. Strategies designed to attract and retain customers will yield long-term competitive advantages. CRM is no longer a just a good idea, it is becoming a matter of survival, as customers increasingly demand greater control of and convenience in their transactions. The historic customer is the paying client-that individual or entity that gave you

money for goods and/or services .But that was before we reached the multichannel communications-driven world that we live in the one that gave this particular grouping global reach. Most companies now realize that to effectively reach those clients, they need an extensive network of collaborators that actively participate in some way in the business processes you use to improve the overall experience for that hopefully profitable client.

The soft side of CRM Must not be underestimated. Before companies start a CRM Project, they should bring current organizational structures up to speed, align incentives, and establish a training program for employees who deal directly with customers. Such steps are particularly important for multichannel retailers in companies with many divisions, as well as for companies that offer multiport services. A successful CRM Program is dedicated to the top 20 percent customers, who drive 80 percent of the business.

HOT TRENDS IN CRM

Analytical CRM

Analytical CRM is fast gaining ground as a hot trend in the CRM industry. Firms are now encouraging their analytical teams to work closer with their customers. They are endeavoring to see what sort of analysis actually matters to the customer through finding out what contributes to their highest satisfaction. The interest in this new functionality is easily one of the fastest growing trends in the industry. It is fast making CRM news as it offers ample room for growth in profitability.

CRM Goes Mobile

Another hot trend in the CRM industry is the "mobile" interest. CRM has currently gone mobile and is easily assessable almost anywhere. This new trend is fast gaining ground as the need for easy access is fundamental to any executive.

Integrated Approach for CRM

Companies no longer regard marketing, service and sales as separate entities. Instead they are more concerned with treating them with a holistic approach. CRM research shows that this integrated approach to CRM is fast gaining ground and CRM vendors need to ensure that their solutions pay ample heed to this fact. Vendors need to take this into account and ensure that their products deliver an integrated CRM solution. SAP for example clearly indicates just how successful this trend has become. Its license sales increased to an astounding high of \$601 million.

CRM and the Internet

CRM's newest forerun is into Internet Technology. This latest trend is fast gaining ground, for example Client Dynamics CRM software manages to integrate CRM with an Internet Search engine. What happens here is that the customers profile details are entered into the system and the search engine goes through corresponding articles and products that pertain to these profiles and gives it back to the organization who uses this information in its customer dealings.

Vertical CRM

Vertical CRM solutions are one of the newest trends in the CRM industry. What happens here is that vendors focus on the fact that the needs of different organizations differ, therefore they try to accommodate these differences through customization, in order to fulfill the individual needs.

For instance CRM software that specifically caters to the needs of the legal, financial, management and accounting sectors.

Outsourcing CRM

Outsourcing CRM is yet another new trend gaining ground. Sales force leads the pack in this area. Despite initial hesitation in this area, firms now realize that it is a good bet. The lure in this area is the lower costs involved, contributing to overall profitability.

Midmarket Trends

The newest trend in the midmarket is a desire to run licensed CRM applications, for example Sales force, Microsoft, Goldmine etc. The other trends taking shape is that market leaders prefer to opt for partnerships rather than acquisitions. Most mid market players are going in for partnerships including Sales Net, NetSuite etc. CRM research also shows that aside from these CRM trends midmarket hotties prefer now to opt for more flexible and customizable CRM.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

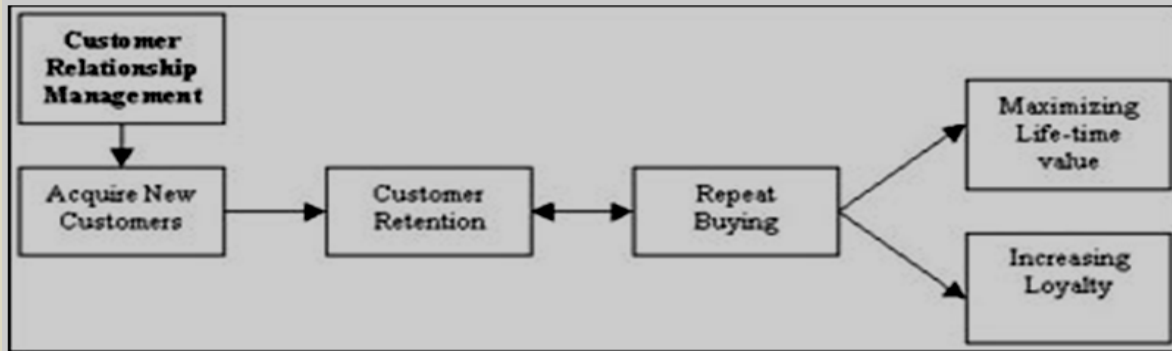
The diverse and uncertain environment has forced organizations to restructure themselves in order to enhance their chances to survival and growth. The restructuring efforts have included, among others, the emergence of the "new paradigm" which is commonly referred as Customer Relationship Management (CRM). Customer Relationship Management business strategy places the customer at the center of the organizations' universe. Relationships in today's world are more important than anything else which an organization wishes to maintain with their associations. It has become extremely important for all organizations to maintain rich and fruitful relationships, and it has become even more and more important to sustain them to be rewarding forever. Customer relationship management (CRM) is a term which is not only used by business organizations today to maintain such good relationships with their present and old clients and associates but the terminology is now being used by almost any type of organization to create a beneficial environment for them and all in today's era of competition. CRM has played an ever increasing and important role in the growth of all such organizations those have developed a sense of understanding towards customer service and satisfaction and implementing CRM.

CRM is a business approach that integrates people, processes, and technology to maximize the relations of an organization with all types of customers. CRM helps in understanding the customer better, which enable organizations to effectively customize their products and service offerings according to the customer needs in order to retain customers and increase customer's loyalty and satisfaction. Many organizations are embracing customer relationship management strategies to reap benefits such as enhanced revenues and high profits.

The basic proposition of a CRM strategy is based on the age-old idea that knowledge, understanding, and serving the customer is the best method developing a sustainable competitive advantage. But building a sustainable and successful relationship with a large customer base is not the easiest thing to do and carries a direct impact on many core operational processes. At the heart of a perfect CRM strategy is the creation of mutual value for all the parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, and delivering values to the existing customers in addition to

creating and keeping new customers. It addresses to the changing needs of the customers by developing products and services that continuously seek to satisfy the lifestyle and need patterns of individual customers. Organizations tend to acquire a structure around customer segments and not on the basis of product lines to deliver customer satisfaction.

(Figure 1: Basic CRM Strategy)



CRM is a corporate level strategy, focusing on creating and maintaining relationships with customers. An effective CRM system is able to identify factors important to clients, promote a customer oriented philosophy, adopt customer based measures, develop end-to-end processes to serve customers, provide successful customer support, handle customer complaints, track all aspects of sales, create a "holistic" view of customers' sales and service information. The long-term success of an organization depends mainly on how well it attracts and retains a large customer base. Managing relationships with customers is very important for organizations since improved relationships increase business value. CRM helps in leveraging information regarding customer behavior to achieve high levels of customer satisfaction, retention, and loyalty all resulting in improved profitability.

CRM life cycle begins with the integration of front office systems and the centralization of the customer-related data. The benefits of this phase include improved front office efficiency and productivity. In this phase, the customer data has to be collected in detail and maintained properly. Customer profile regarding demographics, socio-economic and lifestyle characteristics of customers has to be collected. Based on collected data, analysis of customer begins to understand behavior, identify the pattern of buying and trends, and discover causal relationship. The out of this is strategic business decision. Business processes and organizational structures are refined based on the improved customer understanding gained through analysis.

BENEFITS OF CRM

The benefits of customer relationship management are abounding. It allows organizations not only to retain customers, but enables more effective marketing, creates intelligent opportunities for cross selling and opens up the possibility of rapid introduction of new brands and products. To be able to deliver these benefits, organizations must be able to customize their product offering, optimize price, integrate products and services and deliver the service as promised and demanded by the customer base. Keeping the customer happy is obviously one way of ensuring that they stay with organization. However, by maintaining an overall relationship with customer,

companies are able to unlock potential of their customer base and maximize contribution to their business. Based on successful CRM implementations, the following benefits seem reasonable:

- **Increased sales volume:** Increased sales result from spending more time with customers and gathering more and more information about their preferences about the products and services.
- **Increased margin:** Increased margin resulting from knowing customers better, and providing a value product on discounting prices.
- **Improved customer satisfaction ratings:** Customer will be more satisfied if he finds the company to be more responsive and better in touch with their specific needs.
- **Decreased marketing administrative costs:** Since the company has specified its target segment customers, it knows their needs better so it is not wasting unnecessary time and money which result into decreased marketing costs.

CONCLUSION

Customer relationship management does not enable a quick win. It is a long-term approach that has to be adopted at a strategic level. Whilst the value of customer relationship management has been identified by organizations, they are yet to look at the bigger picture and understand all of associated benefits that would enable their business strategies to be successful. Those responsible for delivery are perhaps the most informed about these strategic benefits yet the transformation is long-drawn-out process. The competencies required to deliver these customer benefits are: to deliver on its service promise, integrate products and service channels effectively, customize products & service and their respective prices, create opportunities for cross selling and delivery mechanisms for the onward promotion of these products and services and reduce the gestation period to market by allowing quick and effective introduction of new products and services.

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