Preeminent Analysis Of Customer Relationship Management (CRM)

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Abstract—CRM, or Customer Relationship Management, is a company-wide business strategy designed to reduce costs and increase profitability by solidifying customer satisfaction, loyalty, and advocacy. True CRM brings together information from all data sources within an organization (and where appropriate, from outside the organization) to give one, holistic view of each customer in real time. This allows customer facing employees in such areas as sales, customer support, and marketing to make quick yet informed decisions on everything from cross-selling and up selling opportunities to target marketing strategies to competitive positioning tactics.

Keywords-CRM, Marketing, Service, Sales, Knowledge Management

I. INTRODUCTION

Customer relationship management (CRM) is all about managing the relationships between the business organization and its customers, clients and sales prospects. It involves using technology to organize, automate, and synchronize business processes. It's an overall strategy to help the organization learn more about its customers and their behavior so you can develop stronger, long lasting relationships that will benefit both the organization and its customers. Otherwise it's really next to impossible to run a smooth business without giving a strong focus on CRM after all customers are the main key. CRM software is an essential piece of equipment for any company or organization that wants to achieve the maximum return on their marketing, fully capitalize on their sales leads and prospects, and cultivate ongoing, lifetime relationships with their current and established customers. By integrating all data about sales leads, current customers, associated companies, and employees throughout the various departments, CRM software enables enterprises to seamlessly handle marketing, sales, and customer service as a single package. Simply put, it's a way for salespeople to make a plan and then work that plan!

Two fundamental elements of continued growth that many firms overlook are the lifetime value of existing customers, and the importance of retaining them. For most businesses and other organizations, the costs associated with the acquiring of a new customer or client is very high. In fact, for many companies, getting new customers is the single largest expense they incur. Convincing a skeptical public that your firm can meet their needs, and does it better than competing firms, is a tall order. Doing so requires spending large sums on advertising, branding, marketing, and a sales force. Most salespeople quit after the first contact, not because they don't want to follow-up, it's just that they can't remember! So, knowing that it, over average, takes 8-12 contacts to close the sale, how much a company is wasting by having their salespeople do one call on a prospect when they know it will take more. In contrast, your existing customers have already demonstrated a willingness to spend money on your product or service, and they are far more likely to do so in the future than someone who's never done business with you in the past.

CRM stands for many ways:

1) Creative Relations Management (CRM)
2) Customer Retention Management (CRM)
3) Customer Return Management (CRM)
4) Cost Reduction Management (CRM)
5) Cost Return Management (CRM)
6) Customer Relationships Management (CRM)
7) Caring Relationships Management (CRM)
8) Continuous Relationships Management (CRM)

Satisfied customers who return again and again to use a company's product or service are the foundation of a long-term future for any business. The key to retaining their loyalty is successfully managing your company's relationship with them, and CRM software is essential to this goal. By making each customer feel valued, and demonstrating respect for their decision to utilize your products or services, a bond of loyalty is forged which draws the customer back again and again. Automated customer relationship management software makes it much easier and simpler to manage contacts, inquiries, customer service requests, new orders, etc., from current customers. Besides customer retention, gains in efficiency from utilizing CRM software can also lower the overall costs of handling these various functions.

CRM software is not only employed for retention and handling of existing customers, but comes into play from the very first contact with the prospect, sales lead, or new order. By automating the process of funneling these contacts through the sales pipeline, the software streamlines the handling of these accounts and ensures that far fewer get lost in the shuffle of day to day business. Callbacks and new mailings can be scheduled and coordinated automatically, with much less risk of human error. Data from phone inquiries can be captured and stored automatically. Customer order histories and
price points are stored for use in planning future marketing campaigns and for determining proper levels of customer support.

CRM software is not an option, but a necessary and integral part of any modern business that sees to maximize revenue and continue growing as a business. The right CRM tools can be the crucial tool that can enable a business to foster a more professional image.

I’ve observed that many organizations turn to CRM software to help them manage their customer relationships. CRM technology is offered on-premise, on-demand or through Software as a Service. CRM depends on the vendor. Recently, mobile CRM and the open source CRM software model have also become very popular.

James Edward Richard prepared a thesis on ‘Impact of CRM technology on B2B customer relationship’. According to that thesis – “Measures of CRM technology adoption were collected from the supplier firms, while measures of relationship strength and relationship performance were collected separately from the customer perspective. The benefits for practitioners include methods to improved relationship and business performance from CRM technology implementation. The key benefit for academia is the development of a conceptual model linking CRM technology to RM, and providing insights into the synergies available from technology”.

After studying the thesis I can say that CRM technology adoption improves relationship strength and consequently relationship performance. As expected, the level of IT management orientation (ITMO) within a firm positively influences CRM technology adoption. This suggests that companies which embrace IT as part of their business strategy more successfully adopt and benefit more from CRM technology.

Arezu Ghovami and Alireza Olyaei also done a thesis about ‘Impact of CRM on Customer Retention’. This Research tells us,” in current time CUSTOMERS are very important factors in companies’ management with the power to change their short term and long term policies and strategies. Therefore enough knowledge of environment, expectations of customers and their desires are very important to find the best solution for facing unexpected behaviors of customers in the direction of companies’ profit. It’s an art to absorb customers by using different techniques such as CRM to manipulate companies’ policies a head of them".
Now we are well known about the impact of CRM on various areas. We know that CRM is not just managing the customers; it’s a system or a modern technology which connects users with the organization or the business. It’s true that proper development, implementation, use and support of customer relationship management systems can provide a significant advantage to its users but there are some obstacles that obstruct the user to use the system at its best. Tools and workflows are a little bit complex for large businesses. Previously these tools were limited to simple CRM solution which focused only on monitoring and recording interactions and communications; slowly then it expanded to embrace deal tracking, territories, opportunities, and the sales pipeline itself.

II. SIX MARKETS FRAMEWORK

The broadened view of relationship marketing addresses a total of six key market domains, not just the traditional customer market. The Six markets are:

1. Customer Markets – Existing and prospective customers as well as intermediaries.
2. Referral Markets – Existing Customers who recommend to other prospects, and referral sources or multipliers such as doctors who refer patients to a hospital.
4. Recruitment Markets – For attracting the right employees to the organization.
5. Supplier Markets – Suppliers of raw materials, components, services etc.
6. Internal Markets – The organization including internal departments and staff.

III. SIX E’ OF ECRM

The “e” in eCRM not only stands for “electronic” but also can be perceived to have many other connotations. Though the core of eCRM remains to be cross channel integration and organization; the six “e: in eCRM can be used to frame alternative decisions of eCRM based upon the channels which eCRM utilizes, the issues which it impacts and other factors; the six ‘e’s of eCRM are briefly explained as follows:

1. Electronic channels: New electronic channels such as the web and personalized e-messaging have become the medium for fast, interactive and economic communication, challenging companies to keep pace with this increased velocity. eCRM thrives on these electronic channels.

2. Enterprise: Through eCRM a company gains the means to touch and shape a customers experience through sales, services and corner offices- whose occupants need to understand and assess customer behavior.

3. Empowerment: eCRM strategies must be structured to accommodate consumers who now have the power to decide when and how to communicate with the company through which channel, at what frequency. An eCRM solution must be structured to deliver timely pertinent, valuable information that a consumer accepts in exchange for his or her attention.

4. Economics: An eCRM strategy ideally should concentrate on customer economics, which delivers smart asset-allocation decisions, directing efforts at individuals likely to provide the greatest return on customer communication initiatives.

5. Evaluation: Understanding customer economics relies on a company’s ability to attribute customer behavior to market programs, evaluate customer interactions along various customer touch point channels, and compare anticipated ROI against actual returns through customer analytic reporting.

So why is CRM worth so much, as an industry?

Power has shifted to customers, and:

- Enterprise resource planning (ERP) systems which have transformed the back office are insufficient in themselves to ensure competitive advantage.
- Customers have an abundance of vendors to choose from thanks to the ever-increasing pace of innovation.
- Internet-surfing customers have far easier time collecting information about competing suppliers, and can switch to a competitor in a click of the mouse.
- CRM technology offers the promise of improved customer service and satisfaction for large scale organisations.

What are the underlying principles?

Customer relationship management is a technology term that grew out of mass telecommunication services. CRM started with Computer Telephone Integration (CTI). CTI arrived with the large telephone call centres. Individual phone operators needed a way of giving each caller a sense of identity and CTI programs gave the operator a computer screen of information on each caller. This allowed call centres to move quickly and keep the customer involved.
How are CRM and ERP linked?

Although first developed before e-business overwhelmed the corporate world, ERP systems are now seen as the backbone for business in the internet age. Not only can they make companies more efficient by automating and linking the accountancy, manufacturing, marketing, sales and other functions, but they can also be extended into customer relationship management (CRM) systems.

ERP applications bring together back-office, operational systems such as administration and accounting. CRM is in the front-line. It demands integration of a broader range of technologies such as telephony and the Internet – in addition to links to ERP systems. CRM systems must also be easy to use and require minimal training. By linking ERP and CRM, companies can use huge flows of customer information to target sales efforts more effectively.

Social CRM Requires a Commitment to Becoming a Social Business

The same goes for Social CRM — but the need for the right philosophy is even more important. Social CRM is really an additional layer on top of the CRM foundation. It requires that commitment to CRM — but it also requires a commitment to becoming a social business, one that embraces the revolution in communications and the shift in the control of the conversation from the business to the customer.

The degree to which businesses can be qualified as “social businesses” is debatable, and like anything social, it varies according the work style of the people involved. But here’s the reality: You can’t possibly be good at social CRM without being a social business to a corresponding degree. Maintain a pre-social era business style internally while attempting to deal with customers in a fully social way will leave you with enormous gaps in understanding that will expose themselves to your customers.

Example: Customer Service Request

For example, a customer service request you receive via social media needs to be dealt with as rapidly as any other service request. That means there has to be a process for handing off these requests from the people charged with monitoring social media (usually marketing, sometimes service) and the people in the organization who can directly help the customer. In the pre-social era, those people may not have been thought of as “customer-facing employees.” Guess what? Everyone who has an impact on your customers is now likely at some point to interact with employees if you’re a social business.

That means a few things. First, you have to quickly move social media-generated customer issues internally to the right people. The social business knows how to do this. Second, you need to trust your employees, and while internal social collaboration helps you build that trust, you need to trust them externally, because as businesses expand the numbers of the conversations they have with customers, these employees will invariably become involved in those conversations. If you can’t trust them, you need to make changes.

Example: Product Co-creation

Another example is product co-creation. Customers have lots of good ideas about the things you sell, and the social media revolution has given them the ability to broadcast these ideas. If your business is not fully social, the problem will not be that you don’t hear these ideas — someone, probably in marketing, is likely to see them. But if you haven’t shifted into social business thinking — in which the ideas of people outside the organization are seen as useful, relevant and inexpensive supplements to the expertise you have internally — then that free assistance is likely to die while on its way to the part of your organization it can help the most.

Why should we implement CRM?

Implementing CRM is hard. It starts with new customer centric business strategies, which require redesigned departmental roles and responsibilities, which require re-engineered processes, which require expensive CRM technology. Why should you implement CRM? The answer, unfortunately is that you have to, or at least your customers may force you to. CRM solutions promise:

- Competitive advantage. Those that implement CRM will attract more customers.
- Simplified internal organisation. The knock-on effect of becoming customer-centric is the elimination of unnecessary internal work and information flows.
- Bigger bottom line. More customers and more efficiency.

What are the mistakes that companies have made with CRM?

Not all change is technical. CRM is more than redesigning roles, re-engineering processes and installing software.

Don’t:

- forget the importance of human contact in servicing your customers;
- place value efficiency over customer satisfaction;
- forget that low-margin customers are often high potential customers, and low-margin transactions often come from high-margin customers.

Most of today’s methodology for implementing CRM has to do with managing the external and technical aspects of change, but, to repeat, not all change is technical. People within the organisation must accept and welcome the introduction of CRM. Therefore it is important for management to:

- think through the changes that implementing CRM will force on your staff;
• hold regular meetings and allow concerns to be aired and considered;
• provide information and clarity about what is happening;
• support management in their implementation of change.

IV. SUCCESSFUL IMPLEMENTATION OF CRM

When choosing the right CRM package to suit their marketing strategy, customers are failing to step back and examine their business in sufficient detail, or to analyse the precise benefits of CRM before putting it into practice.

Companies must undertake a forensic examination of their activities and core advantages before buying a CRM system. A company may enjoy a product leadership, a price advantage or a reputation for service excellence and customer intimacy. If it does, this should determine what type of customer relationship management system is introduced, and how much money is to be spent on it. Organisations must set out a specific strategy objective to capture customer information throughout their organisation. This information should then be used to analyse, plan, measure and respond to changing customer requirements and business dynamics.

A company must be realistic about their attitude to customers. How do they want to be perceived by their customers, and how feasible is this? Building relationships makes most sense for customers whose lifetime value to the company is the highest. Thus, building relationships should focus on customers who are currently the most profitable, likely to be the most profitable in the future, or likely to remain with the company for the foreseeable future and have acceptable levels of profitability.

Finally, a company should examine where it is placed in its life cycle. Is it in a growth phase, survival mode, diversifying out of past activities or delivering a new paradigm? When the core strategy has been aligned with the CRM process it is vital to ensure that the vocabulary and tone of communication with customers are set just right.

The ability to manage all relationships seamlessly has become the Holy Grail for CRM software authors. Not surprisingly, the complexity of these relationships, and the inability of CRM to cope with such demands, have disappointed many with the results so far achieved. The future of CRM lies in the adoption of a system that stretches far beyond the company – to encompass external suppliers, associate stakeholders such as academic institutions, and the ability to put customers in controlled touch with any of these parties.

Which CRM software product is best?

Currently, no CRM package offers all of the solutions. For companies planning to adopt CRM, there are 400 systems to choose from including products from Siebel, Vantive, Clarify, SalesLogix, Baan and many more. For an independent review of twelve leading software vendors, go to the CRM guru website: www.crmguru.com/content/answers/solutions2.html.

Richard Bohn is heralded as an independent expert in this field. His site contains useful reviews and information on software selection and should be visited. www.sellmorenow.com

Investment in CRM systems is rising, according to a report from London-based research company Business Intelligence. It predicts that between dollars 5bn and dollars 7.5bn will be spent during 2003 on hardware, software and services for CRM. Financial Times June 7, 2000, Wednesday section: FT-IT Review, pg. 24.

ROI and CRM?

Payback is difficult to calculate for CRM, since CRM implementations don't really end, unless you happen to be in a static market. As markets change, the front line interface with the customer also has to change. Hence the continual need for CRM systems to be constantly updated. The evidence that CRM systems are profitable can be concluded from the fact that companies keep investing in CRM.

"Many CRM systems wrongly measure ROI as simply the incremental revenue or margin return from implementing a technology CRM solution. This has limited applicability, as it doesn't give sufficient operating insight to make ongoing decisions that improve the customer relationship. It approaches the problem from the point of view of the business, and leaves out the point of view of the customer, except as a source of revenue."

Mei Lin Fung ‘Measuring the value of CRM’ The Customer Relationship Management Primer, crmguru.com www.hewson.co.uk/roirequest.htm

V. INCREASE SALES, PROFITABILITY AND CUSTOMER LOYALTY

You may find some of these tips to be familiar. Maybe you practice some of them now. Or maybe they have slipped from your memory and your daily routine. Others may even be new to you. Whatever your circumstance, they're just as valid now as they ever were - and perhaps more relevant today than ever before. Put them to regular use and watch your sales, your profits and your customer loyalty increase to new heights.

1. Employ a consultative approach to selling. Learn about your customer's business and find out how you can help them achieve their strategic goals. Propose solutions that will alleviate their "pain", and allow them to realize reduced costs, higher productivity or increased revenues.

2. Offer what you know - not just what you sell. Customers expect more today than ever before. Share your expertise with them. The value you add to your relationship with your customers will come back to you in the form of increased sales and customer loyalty.

3. Find out "what's in it" for your prospect. How would a successful outcome affect them personally? What do they hope to achieve by doing business with you? Sure, your proposal needs to make good business sense - to be a good business
decision for your prospect. But dig deeper. Find out how they'll personally benefit from doing business with you and make their "dreams come true."

4. Work with your prospects to prioritize their stated goals. Whatever change to their situation your solution offers, it must align with your prospect's priorities. Help them identify, rank and place a value on relieving their "pain points."

5. Remember that you're selling benefits, solutions and results - not features. Your customer doesn't care how many bells and whistles your product boasts. They just want to know what it will do for them. Show them how your product or service will streamline operations, foster higher employee retention, increase sales, reduce costs or help them achieve their highest-level strategic priorities.

6. Become a trusted advisor. Demonstrate to your customers that you will serve their best interests by staying informed about their business and their industry, by offering only those products or services that will truly benefit them and by providing relevant, meaningful information to them before and after the sale.

7. Be disciplined. Move yourself to take action - plan your day in writing - use a database of your contacts. Make yourself do the things you know you should do.

8. Systematize your process. Script what you'll say, when you'll say it, and how you'll say it. Practice until it flows naturally. Become the script.

9. Follow up. Implement and support your solution. Don't become a "one hit wonder." Stay in touch with your customer. Continue to add value to your relationship. Be in it for the long haul.

10. Adjust your mindset to be customer-focused rather than outcome-focused. This mindset will yield benefits to you during the entire sales process - from the early stages of prospecting to closing the sale - and beyond. It will ease performance pressure and allow you to become a strategic partner with your customers. Can you say "customer loyalty?"

11. Use success stories to illustrate the results your prospect can expect by doing business with you. Customers don't want to be "guinea pigs." They don't usually want to be the "first kid on their block" to try something untested. They just want to know that your product or service will give them the results they want and need.

12. Quality beats quantity when it comes to prospecting. Working backwards, determine the number of prospects you need to talk with to reach your sales goals. Determine what characteristics are common among your best customers. Then contact the number of prospects required to meet your sales goals who also share those characteristics. By doing so you'll be selling to a very targeted market.

13. Be ready to resolve customer complaints with a cool head. Actively listen. Find a mutually agreeable solution.

14. Selling is a high level of customer service. Customer service, when delivered properly, equals additional sales, higher profits and more loyal customers.

15. Welcome your customers to your business as if you were welcoming friends to your home. Customers are all we have. Treat each of them as if they were your only customer. Don't be too quick to jump from customer to customer based on which one appears to hold the most promise at any given moment. You're in it for the long haul. Be sure to bring your customers along for the ride as you travel the road to sales success.

Really knowing your customers, and treating each of them as if they were your only customer; focusing on their highest priority needs and helping them solve their problems; being a trusted advisor to them: these are the "stuff" of great customer service and of successful, professional selling. Practice these tips. Your efforts will result in increased sales, profits and customer loyalty.

Conclusion:

As a conclusion I can say that for a successful relationship it is up to the company to perform customers' profitability analysis. It is proved in many cases that if a company is not doing well with presented products or services, there are an opportunity to find a better solution for that customer before losing it to competitors. One of the important facts I have noticed that a fundamental principle of CRM is that all customers are not the same. CRM is based on the idea of treating different customers differently. In fact it’s not possible to attract and retain all customers with the same policy and treatment. Organizations should discover the differences and adjust their policies accordingly.

REFERENCES


