

Customer Relationship Management: Overview & Emerging Principles

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Abstract- Customer relationship management is the Process of acquiring customers by understanding their Requirements, retaining customers by fulfilling their requirements more than expectation and attracting new customer specific strategic marketing approaches. The customer relationship management (CRM) recognizes the long-run value of potential customers. It increased revenues, profits, and shareholder value is the result of marketing activities directed towards developing, maintaining, and enhancing successful company–customer relationships. This paper provides an extensive review of the literature regarding on CRM principles. This review aims to increase the understanding of the different perspectives and the various types and levels of CRM principles. And also this paper aims to explore the life cycle of customer relationship management, and various benefits of customer relationship management. CRM principles provide a strategic and tactical focus for identifying and realizing sources of value for the customer and the firm and can guide organizational process.

Index Terms- Customer Relationship Management, Discovery, value potential, quick service, targeted customers, responsiveness, retention, refinement, reliability and empathy.

I. INTRODUCTION

In present business scenario, customer is the king; he is the personality with high significance to develop your business. It does not mean you are not, but customer is the profit making personality in the business directly & indirectly. CRM helps to seamlessly integrate the product and service to customer needs in a better, faster and cheaper manner. CRM is not a tool for electronic data. It has to be used as a ‘business strategy’ to select and manage the most valuable customer relationships that give the best results. Customer ‘relationships’ involve responsiveness, retention, refinement reliability and empathy and CRM is developing and maintaining relationship between customer and the company

Mahatma Gandhi’s observations on “customer” continue to be relevant in the next millennium and will hold the key for the success of any organization. Let us recapitulate the saying of Gandhi:

- A customer is the most important visitor on our premises.
- He is not dependent on us. We are dependent on him.
- He is not an interruption on our work. He is part of it.
- He is not an outsider on our business. He is part of it.

We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity do so.

II. DEFINITION

According to Cap Gemini Ernst & young. A leading management consulting firm, CRM is defined as “a company’s ability to continuously maximize the value of its customer franchise by effectively allocating scarce resources to specific customers segments in those areas viewed as having a significant impact on the profit-impacting behaviors of customers.”

According to Buttle, F (2008) Customer Relationship Management (CRM) is the ‘core business strategy’ that combines internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer related data and support by information technology.

According to (Wimshurst & Mackay, 2002), Customer relationship management can further be defined as a complete set of activities covering all functions of the organization, relating with and supporting a consumer. Such activities build customer satisfaction by way of providing to their needs, and want over a long period of time

III. CRM CAN BE DEFINED IN FOUR STEPS

- Customer identification through referrals.
- Customer relationship development.
- Customer satisfaction.
- Customer retention and developing loyalty

IV. CRM OBJECTIVES

The following are the specific objectives of CRM

- Enable the company to quickly identify, contract, attract and acquire new customers.
- Obtain a better understanding of the customers – their wants and needs
- Define the appropriate product and service offering and match it to the customer’s unique needs.
- Manage and optimize a company sales cycle.
- Identify cross-selling and up-selling opportunities.
- Increase retention of existing consumers through improved after sales, service and support.

Why CRM

The purpose of CRM is to improve marketing productivity and enhance mutual values by increasing the marketing efficiency, CRM also helps in

- Reducing the burden of excessive customer costs.
- Enhancing marketing effectiveness by carefully selecting customer for various programs.
- Streamlining order processing and inventory management.
- Personalizing the market offerings, based on the preference of the customer groups.
- Building customer loyalty and commitment

There are 8 critical questions associated with CRM and the 3 Ds

Discovery – customer

- Who are our customers?
- What is their value potential

Dialogue relationship

- What kind of relationship we want?
- How do we foster the exchange process?

Discipline / management

- Who are we (i.e. the company)?
- How to organize so that we can move closer to the value of our customers
- How to measure and manage performance?
- How increase the capacity to change?

Why organization loose their Customers

- Price Related Reasons
- Product Related Reasons
- Services Related Reasons

-Presales

-During sales

-After sales

- Benefit Related Reasons
- Competitor Related Reasons
- Personal Reasons
- Moved away from the market area
- Role changes in life cycle
- Anger, disgust distress developed with in the process of the product delivery
- Sentimental reasons
- Influence of the members

V. PRINCIPLES OF CUSTOMER RELATIONSHIP MANAGEMENT

➤ Total experience management

Mapping all of the touch points between you and your customers and attempting to deliver a consistent quality experience as perceived by the human touch differentiator should be relatively superior compared to other companies offering similar products and services.

➤ Business segmentation

Based on the customer needs, preferences, tastes and their economic strengths, segment your business as per convenience of customer to provide better services.

➤ Quick service

Customers do not have much time to stay with you. So solve the customer needs very first time.

➤ Real time information management

Employees have real time access to the right information in order to made customer based decisions and resolve issues immediately.

➤ Treat your customers differently

The treatment offered by companies has to vary from customer to customer. Generally Customers are having different mindsets in the environment. So they required differential treatment from the company. So Segment the customers sensibly – effective customer relationship management strategy ultimately seeks to optimize value.

➤ Continuous updating:

When you know very well about your customer, you can make sound business decisions to develop your organization as well as relationship between you and your customer

➤ Interact personally with your customers:

Relationships result from interaction. Knowing your customers is just the first step. Use that knowledge to develop your relationships with your customers whenever you interact with them.

VI. BENEFITS OF CRM

- The benefits of customer relationship management are it allows organizations not only to retain customers, but enables more effective marketing, create opportunity for cross selling and open up the possibility of rapid introduction of new brands and products.
- The benefits like cost savings, revenue enhancement, and strategic impact
- Increased sale revenues
- Increased margins
- Improved customer satisfaction ratings
- Decreased general sales and marketing administration costs
- Identifying and targeting the most profitable customers and having a deeper knowledge.
- Ability to manage marketing campaigns with clear objectives.
- Increased market share due to customer relationships
- Decreased marketing and promotion expenses
- Improved channel efficiency
- Reduce service expenses with online self –service
- Increased repeat business revenues from customized, personalized customer online experience –maximize lifetime profit per customer

- Increased return on service / support investments
- Increased customers satisfaction and responsiveness
- Faster response to customer enquires
- Increased efficiency through automation
- Receiving customer feedback that leads to new and improved products or services.

VII. CONCLUSION

Customer relationship management is the key component for the success of every industry. It creates the way to maintain harmonious relationship with the customer to run our business in the successful way. The principles employed CRM is aimed at mutual benefit to the customer and industry. From the study it is evident that CRM must be implemented in all business sectors and the CRM process has to be systematic. From the study the businessmen have to maintain the relationship with customers to make more money and to build more customers.

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