

## **SEMESTER – III (Skill based Subject I)**

### **CUSTOMER RELATIONSHIP MANAGEMENT (BSBA 36)**

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**DEPARTMENT OF BUSINESS ADMINISTRATION**

**Subject Name:** Customer Relationship Management (BSBA 36)

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**UNIT-I**

**CRM – Introduction**

Customer relationship management (CRM) has the business purpose of intelligently finding, marketing, selling to and servicing customers. CRM is a broadly used term that covers concepts used by companies, and public institutions to manage their relationships with customers and stakeholders.

**DEFINITION**

CRM According to Shani and Chalasani(1992), defines Customer Relationship Management as“an integrated effort to identify, maintain and build up a network with individual consumers and to continuously strengthen the network for mutual benefit of both sides, through interactive, individualized and value added contacts over a long period of time”

**NEED OF CRM**

The experience from many companies is that a very clear CRM requirement with regards to reports, e.g. output and input requirements, is of vital importance before starting any implementation. With a proper demand specification a lot of time and costs can be saved based on right expectations versus systems capability. A well operative CRM system can be an extremely powerful tool for management and customer strategies.

CRM is not just a technology, but rather a comprehensive approach to an organization’s philosophy in dealing with its customers. This includes policies and processes, front of house customer service, employee training, marketing, systems and information management.

Hence, it is important that any CRM implementation considerations stretch beyond technology, towards the broader organizational requirements. The objectives of a CRM strategy must consider a company’s specific situation and its customers’ needs and expectations.



## COMPLEMENTARY LAYERS OF CRM:

- Human Resource Management (People Management)
- Customer Service
- Salesforce Automation
- Lead Management
- Marketing
- Workflow Automation
- Analytics
- Reporting

### **Human Resource Management:**

It is the effective management and usage of human resource and skills in different situations across the Organization. This is an important component for any organization as employees are their most crucial asset. It helps in adopting an effective people strategy and analyzing their skills to develop and implement strategies for growth and development.

### **Customer Service:**

This section collects customer information and data, their purchase patterns as well as shares relevant data with concerned departments. This helps them to take steps to develop their awareness and understanding of the customer needs as well as complaints.

### **Sales Force Automation**

Sales force automation is an essential component which includes sales forecasting, recording sales processing, and tracking potential interactions. It brings out the revenue generation opportunities and helps to analyze the sales forecasts and the performances by the workforce.

### **Lead Management**

This is to keep a track of the sales leads and their distribution. This is widely used in sales industries, marketing firms and customer executive centers. This process encompasses everything from efficient management of campaigns to designing customized forms to finalizing the mailing lists and other things. It also studies the customer purchase patterns to determine potential sales leads.

### **Marketing**

CRM assists in the marketing process by enhancing the effectiveness of the strategies used for marketing and promotion. There are various sub-elements like List Management, Campaign Management, Activity Management, Document Management, Call Management, Mass Emails, etc.

### **Workflow Automation**

CRM helps to automate and streamline different processes and improve overall efficiency. It not only reduces the excess expenditure but also prevents the repetition of tasks. Reducing paperwork and redundancy is one of the major purposes of a CRM system.

### **Analytics**

Analytics is analyzing and presenting collected data so that important learning can be derived and decisions made. Creating graphical representations of the data in the form of histograms, charts, figures and diagrams from the current data as well as past trends is very important. Analytics provides the necessary information for business growth and prosperity.

## **Reporting**

A CRM system is responsible for providing different reports on the business. It should have the flexibility to create different types of reports which are accurate and precise. It helps in forecasting and the ability to export the business reports on other systems is a major requirement for any CRM system.

## **Customer Satisfaction**

Customer satisfaction is the measure of how the needs and responses are collaborated and delivered to excel customer expectation. It can only be attained if the customer has an overall good relationship with the supplier. In today's competitive business marketplace, customer satisfaction is an important performance exponent and basic differentiator of business strategies. Hence, the more is customer satisfaction; more is the business and the bonding with customer

## **Customer Satisfaction Process**

At the heart of any successful strategy to '*manage*' customer satisfaction is the ability to "*listen to the customer*".

They suggest five categories of approach.

1. Customer satisfaction indices
2. Feedback
3. Market research
4. Front-line personnel
5. Strategic activities.

### **1. Customer Satisfaction Indices:**

Customer satisfaction indices are among the most popular methods of tracking or measuring customer satisfaction. Indeed, business of all sorts now divert consider energies into tracking customer satisfaction in this way.

### **2. Feedback:**

Feedback in this context includes comments, complaints and questions ,It may be among the most effective means of establishing what the customer regards as a satisfactory level of performance and whether 'dissatisfies' exist within the operation as it is based on actual performance rather than contrived situations.

### **3. Market Research:**

In addition to research among customers and non-customers into potential 'satisfiers', 'dissatisfies' and 'customer expectations', market research can be used as customer entrance (to establish drivers which brought the customer to the company) and customer exit (to establish those factors which cause the customer to go

elsewhere). Again more valuable information may be achieved in the latter rather than the former as it is based on actual behavior rather than the perception.

#### **4. Frontline Personnel:**

Direct contact with staff can provide a good means of listening to the customer. As it is frequently suggested that many customers, rather than making a formal complaint to the company, will simply break the relationship. Frontline staff provides an opportunity for less formal sounding on complaints which might otherwise not be heard. The crucial factor here is how this information is fed back into the decision-making process.

#### **5. Strategic activities:**

Actively involving in the customer in the company decision making may be means of pre-empting potential “dissatisfies” and establishing potential “satisfiers”.

Benefits of Customer satisfaction

Many companies adopt strategies to improve customer satisfaction with the perceived objectives of strengthening bonds and achieving customer loyalty. Great claims are made regarding higher satisfaction levels. It is suggested that customer satisfaction:

➤ Increases customer loyalty

- Highlight
  - Add Note
  - Share Quote
- 

➤ Reduces price elasticity

➤ Insulates market share from competitors

➤ Lowers transaction cost

➤ Reduces failure rates and cost of attracting new customers

Improves the firm’s reputation in the market place Simple return on Relationship model Except in a few rare cases, customer satisfaction is the key of securing customer loyalty and to generating superior long-term financial performance.

#### **Definition of Loyalty:**

Loyalty may be defined as “The biased behavioral response, expressed over time by some decision making unit with respect to one out of a set of processes resulting in brand commitment”. Loyalty must be seen as “biased repeat purchase behavior” or repeat patronage accompanied by a favorable attitude. Loyalty can originate from factors extrinsic to the relationship such as the market structure in which the relationship exists, but also in intrinsic factors such as relationship strength and handling of critical episodes during the relationship.

### **Advantages for setting up Loyalty:**

1. Building lasting relationships with customers by rewarding them for their patronage.
2. Gathering high profits through extended product usage and cross-selling
3. Gathering customer information
4. Decommodifying brands i.e., differentiating from crowds.
5. Defending market position
6. Planning against competitive activity.

### **Product Marketing:**

Marketing is any business activity that is designed to plan, place, promote, distribute want satisfying products, services and ideas to target markets so that an organization can achieve its objectives.

1. Identify Customers
2. Attract their attentions
3. Satisfy wants

### **Product Marketing Definitions:**

The essential element of marketing customer want satisfaction. The customer's want satisfaction is the economic and social reason for an organisation's existence."

### **The Marketing Plan: - Definition**

"... a document prepared for the purpose of providing guidelines for a business units marketing programmes and allocations over a prescribed planning period."

### **Marketing Planning - Definition**

Marketing planning is vital for all successful companies because the business environment is highly complex, dynamic, and competitive. Marketing and market planning is relevant to large and small organisations in both public and private sectors.

### **The Marketing Plan:**

1. Market Research: - Situation Analysis

A situation analysis is broken down into several different areas. These are: SWOT Analysis, Customer Analysis (to establish a target market), Competitor Appraisal, and Resource Analysis.

The business must make a Situational Analysis based on the influences of the Macro environment, as well as the proximate environment

Market Segmentation (target market) involves dividing up groups of people into buyers of certain products/services

#### **A. Customer Analysis:**

A target market can be established by looking at the following factors:

Where it is accessible (both the product and message)

The demography (the population in a group or area(s)) of an assortment of places

What size should the market be - In numbers (Sizeable?)- And in boundaries (Measurable)

What are the identifiable factors of this market (how it differs to other targetmarkets)

Psycho graphically - Lifestyle based/image of the target market

Geographically - Which regions/areas

Benefit - Focus on the benefit the product provides, for this target market, not on the customer characteristics

Size - Frequency of use/level of demand in the target market, being either heavy, medium, or light  
Using the above factors in formulating a group which satisfy all of the above points, you have now established a target market

## **B.Competitor Appraisal:**

Once a target market has been established you must then analyse the competition (if any). There are two or three types of competition a company can have:

### 1.Direct Competition

When one business approaches the customers of another business and attempts to win them over. This only happens when two or more companies are producing the same product

### 2.Substitute Products

- Another type of competition which can come from one company producing a substitute product of another company's product line

### 3.SWOT Analysis:

This needless to say means an analysis of the:

Strengths - which areas a business excels compared to its competitors

Weaknesses which areas other businesses has to improve on in relation to its competitors

Opportunities - All things which benefit the business

Threats - All things which can threaten a business's survival, or a product's survival  
Aspects which influence a SWOT analysis are:- Market share - Sales - Profits- Competition - Advertising

- Size of customer base-

Pricing - Innovative potential.- Product characteristics (company reputation, price, design, colour uniqueness, quality, warranty, packaging, sales support, and positioning in market)

## **Direct Marketing:**

### **Definition:**

Direct Marketing is an interactive Marketing system that uses one or more advertising media to affect a measurable response and / or transaction at any location. Today, many direct marketers see direct marketing as a broader role, that of building along-

term relationship with the customer (Direct Relationship Marketing). Direct Marketers occasionally send birthday cards, information materials or small premiums to select numbers in their customer database. Airlines, hotels and other business build strong customer relationship through frequency award programmes and club programmes.

### **Advantages of Direct Marketing:**

The following are the advantages of Direct Marketing-

1)Delivers near-perfect solutions to customer's problems

2)Gives individual attention to customers

3)Facilitates finalizing of offers through interaction with the manufacturers, wholesalers or retailers as the case may be.

4)Offers customized products as per the preference of the customers.

5)Helps achieve excellence in products/services



- 6) Eliminates the hassles of going through marketing channels / stores.
- 7) Facilitates sharper segmentation and targeting, ultimately each individual becomes a specific target market.
- 8) Facilitates relation building with the customers
- 9) Is better measurable, compared to mass marketing
- 10) Is more cost effective
- 11) Saves channel costs for the most part
- 12) Saves advertising cost almost totally
- 13) Is a versatile form of marketing, helps being selective in treating customers and pay special attention to large accounts.
- 14) Benefits the customers too by enabling them to shop by sitting at homes save their precious time
- 15) With every development in IT, Direct marketing's efficiency keeps increasing, cost keeps decreasing.

### **Differences between Conventional/Traditional marketing and Direct Marketing (DM):**

| Sl. No | Conventional Marketing   | Direct Marketing   |
|--------|--|--|
| 1      | Conventional marketing is mass marketing                             | DM is de-massified marketing, it deals with customers one-to-one                                       |
| 2      | Conventional marketing deals with customers indirectly               | DM deals with them directly  |
| 3      | Conventional marketing is a one-way activity                         | DM is interactive marketing, with two-way communication between the firm and each one of the customers |
| 4      | Conventional marketing relies heavily on marketing channels/stores   | DM is Channel-less   |
| 5      | Conventional marketing relies heavily on advertising/ mass promotion | DM does not involve them form.   |

### **Forms of Direct Marketing**

Direct Marketing has several forms as it incorporates a variety of media. Direct –Mail Marketing is one form of Direct Marketing. Customized Mailing through databases and “Mail Merge” of word processing is the medium used here. Telemarketing is another form of Direct Marketing. Here, the phone is the medium used. Today, Direct Marketing uses the new age tools such as Computers, Mobile phones and the Internet for reaching prospects customers individually. Their availability at a low-cost and high-reach has substantially enlarged the Direct Marketing Opportunities.

#### **1. Direct Mail Marketing:**

Direct Mail Marketing is similar to Mail Order Marketing / Catalogue Marketing. Usually, when a trading house markets various products by mail order, it is referred to as Mail Order Marketing and when a manufacturer practices the same method it is known as Direct Mail Marketing. Certain softwares allow creation of personalized letters, mess

ages and offerings. In direct mail marketing, not only letters / brochures are mailed to the prospects, but product samples, gifts and complaints are also mailed, depending on the context. Example: Mother Care India does Direct Mail Marketing. It targets the mothers who buy items meant for kids.

## **2. Direct Response Marketing:**

Direct Response Marketing is another expression of direct marketing. Direct Response Marketing uses different media (including letters / mailers), like telephone, radio, TV and Internet. Some direct response marketing campaigns, rely totally on television "infomercials" (Commercials which give information about products, benefits and usage aspects and obtain responses).

## **3. Database Marketing**

Data base Marketing is yet another expression in direct marketing. Although all forms of direct marketing are data base-driven, some experts treat database marketing as a distinct form of direct marketing.

## **4. Tele-Marketing:**

Telemarketing is yet another form of direct-marketing tool. Hence, the marketer goes direct to the customer using telecom / IT facilities. Telemarketing is less expensive as compared to most other forms of selling. Moreover, it can be used in respect of different types of products. It suits industrial products, services and consumer durables. Telemarketing is usually done through special campaigns. Contact is established with hundreds of prospects in a campaign that normally runs through a few days. Several telecallers are hired for the tele-call operations. The Call Centre is the real operation theatre in telemarketing.

## **5. Tele-shopping / Home Shopping:**

Tele-shopping, alternately known as home shopping is yet another of direct marketing. One of the major characteristics of Teleshopping is that it is a low cost retailing system. Here, the marketer hawks the products on air and the consumer watches it on his TV screen at home, phone up the marketer and buys his requirement. With tele-shopping, in addition to the convenience, discounts, gift offers are also given to the customers. Example: Doordarshan, for example allowed its channel for tele-shopping by Dee's network on a profit sharing basis. DD gained a share from every item sold by the network.

## **6. Face to Face Selling:**

The original and oldest form of direct selling is the field sales call. Today most industrial companies rely heavily on a professional sales force to locate prospects, develop them into customers, and grow the business or to hire the manufacturer's representative agent to carry out the direct selling task. In addition, many consumer companies use a direct selling force. Insurance agents, stock brokers and distributors working for direct sales organizations such as Avon, Amway, Mary Kay and Tupperware.

## **7. Email marketing:**

Email marketing is also a direct marketing tool. A major concern is spam, which actually predates legitimate email marketing. As a result of the proliferation of mass spamming, ISPs and email service providers have developed increasingly effective email filtering programs. These filters can interfere with delivery of e-mail marketing campaigns, even if the person has subscribed to receive them as legitimate email marketing can possess the same hallmarks as spam.

### 8. Door to Door Leaflet marketing:

Leaflet distribution services are used extensively by the fast food industries, and many other business focusing on a local catchments business to consumer business model. Similar to direct marketing, this method is targeted purely by area, and costs a fraction of the amount of a mailshot due to not having to purchase stamps, envelopes or having to buy address lists and the names of home occupants.

### 9. Voice Mail Marketing:

Another type of direct marketing which has emerged is personal voice mail boxes and business voice mail systems. Voice mail marketing is a cost effective means to reach people with warmth of human voice. More recently, business has utilized guided voicemail (an application where pre-recorded voice mails are guided by live callers) to accomplish personalized business-to-business marketing formerly reserved for telemarketing. As there are abundance of "voice spam", jurisdictions have passed many laws for regulating consumer voice mail marketing

### 10. Multi level Marketing:

Multi level marketing is a modified version of direct selling. Some times, it is referred to as *network marketing*, *member to member marketing* and *affiliate marketing*.

Only firms which do not mind experimenting in reaching customers practice it. The process begins with sales person cum distributors introduced to the company by a sponsor. Each distributor picks up a product worth a certain sum and sells directly. After they have sold first consignment, they are allowed to pick up next. The distributor can recruit a second round of distributor. The distributor earns commission at two levels and the process goes soon. Amway, Avon, Oriflame are the largest MLM outfits in the world. The Indian firm Modi care also sell its range of household and personal care products.

### 11. Online Marketing:

As many people find way onto Internet, the cyberspace population is becoming more mainstream and diverse. As a whole, Internet population is younger more affluent and better educated, they are more likely to use Internet for entertainment and socializing.

## Unit-2

### Key Stages of CRM:

Customer Relationship Management is seen as a means of identifying, establishing, maintaining, enhancing and where necessary terminating relationships. The definition anticipates that once the company starts thinking about individual customers, it should recognize that different customers are at different stages of relational development. Importantly, it also implies that each customer types should be handled in a different way. This may include different targeted messages and different 'value options' from the exchange. The key stages of CRM are explained through the tabular form:

| Sl.No | Stage              | State    | Culture   |
|-------|--------------------|----------|---|
| 1.    | Satisfaction Based | Reactive | a) Meet customer needs<br>b) Responds to Complaints |

|    |                   |                |   |
|----|-------------------|----------------|---|
|    |                   |                | c) Minimal evaluation of customer service levels.   |
| 2. | Performance based | Proactive      | a) Evaluate customer Perception<br>b) Identify customer retention factors   |
| 3. | Commitment based  | Very Proactive | a) Evaluate multiple customer needs<br>b) Continuous inbound or outbound flow and feedback<br>c) Continuous improvement |

CRM are mainly of two different types. *Reactive service* is where the customer has a problem and contacts the company. *Proactive service* is where the manager decides not to wait for the customer to contact the firm, but contacts the customer himself in order to establish a dialogue and solve problems.

Dwyer suggests a five-stage model where each phase represents the following:

1. Awareness: Awareness is where one party recognizes that the other party is a '*feasible exchange partner*'.
2. Exploration: Exploration refers to the 'research and trial stage' in the exchange. This stage includes sub phases such as attraction, communication and bargaining, development and exercise of power and expectation development.
3. Expansion: Expansion refers to the period where there is a continual increase in benefits obtained by exchange partners and they become increasingly interdependent.
4. Commitment: Commitment relates to the implicit or explicit pledge of relational continuity between the parties.
5. Dissolution: Dissolution refers to possibility of withdrawal in any relationship

### **Forces driving Customer Relationship Management:**

The following are the important drivers (Psychological aspects) that appear to have an important bearing on the decision to develop CRM approach:

1. Risk, Salience and Emotion
2. Trust and commitment
3. Perceived need for closeness
4. Customer satisfaction

#### **I. Risk, Salience and Emotion:**

Risk, Salience and emotions are psychological aspects involved in some way in every exchange/purchase. The levels of risk, degree of salience and the emotion generated will affect the choice of product or service and supplier involved, as well as the 'level' of relational involvement the customer will seek.

Risk may be defined as "the perceived probability of loss interpreted by the decision maker" and presumes an element of consumer vulnerability in the exchange.

Salience may be regarded as the level of importance or prominence associated with exchange. Emotion is the complex series of human responses (sometimes negatively described as 'agitation of the mind' or cognitive dissonance) generated as a result of the exchange.

Risk, Salience and Emotion are separately definable concepts but are not mutually exclusive.

There is a close association between the risk perceived in, the salience associated with and the emotion generated by any given exchange situation. The high risk is often associated with high salience products or service and the high emotional outcome, although they are highly subjective and may differ from individual to individual.

It should be noted that a particular exchange relationship will generate a perception of high level of risk, salience and emotion with one customer yet, the same transaction in repeated will only generate a low level with another.

## II. Trust and Commitment:

The requirement for trust and commitment appears to be an important indicator of when relationship management strategies may be potentially vulnerable. Equally the existence of trust and commitment among parties is seen by some central to the success of relationship marketing strategies and the main means by which the affective strength of a buyer-seller relationship can be judged.

### Trust:

Trust is seen as an important driver to both relationships and relationship enhancement in that it would appear to reduce risk perception more effectively than anything else.

Trust is an essential ingredient in healthy personality, a foundation for interpersonal relationships a prerequisite for co-operation and a basis for stability in social institutions and markets.

Generating co-operative behaviour trust may-

- Reduce harmful conflict
- Decrease transactional costs(e.g. negating the need for constant checks)
- Promote adaptive organization form(e.g. Network relationships)
- Facilitate rapid formation of ad hoc network groups
- Promote effective response to crisis

Many different words are used to describe *trusting situations*. They are

1. **Probity:** Probity focuses on honesty and integrity that may mean in business terms as *professional understanding* and *reputation*.
2. **Equity:** Factors such as fair-mindedness, benevolence, caring values and sincerity are in evidence here.
3. **Reliability:** Reliability relates to a firm having required expertise to perform its business effectively and reliably.
4. **Satisfaction:** Satisfaction represents overall evaluation, feeling or attitude about other party in a relationship.

### Commitment:

Commitment implies that both parties will be loyal, reliable and show stability in the relationship with one another. It is therefore, a desire to maintain a relationship, often indicated by an ongoing investment into activities, which are expected to maintain that relationship.

Whatever the industry, it is important to build trust and commitment if the establishment of a lasting relationship is the goal. There may be number of precursors to trust and commitment, including –

- Relationship termination costs
- Relationship benefits
- Shared values
- Communication
- Opportunistic behaviour

### III. Perceived Need for Closeness:

Closeness can be physical, mental or emotional and can strengthen the feeling of security in a relationship. Close relationships are acknowledged to be more solid and likely to be longer lasting which are precisely the characteristics rational marketers are looking for.

Not all the customer want close relationships and some may only be interested in developing them with some parties and not with others. Sometimes, establishing high degree of close customer/employee relationship may also involve high risk and challenge.

### IV. Customer Satisfaction:

Oliver defines Customer satisfaction as follows “Satisfaction is the customer fulfillment response. It is a judgment that a product or service feature, or the product or service itself provides a pleasurable level of consumption related fulfillment.”

Satisfaction can be viewed as contentment. Satisfaction may also be associated with some sense of happiness. For those services that really surprise in the positive way, satisfaction may mean delight. And in some situations, where the removal of negative aspect leads to satisfaction, the consumer may associate a sense of relief with satisfaction.

Retention in competitive markets is generally believed to be a product of customer satisfaction. Satisfaction is a psychological process of evaluating perceived performance outcome based on predetermined expectations.

#### Satisfaction drivers

Cumby and Barnes suggest that driver exist on five levels and ,that these generally involve progressively more personal contact with the service supplier:

1. Core product or service
2. Support service and systems
3. Technical performance
4. Elements of customer interaction
5. Affective dimension of services

It is quite possible for the supplier to get things right on the first four levels and to dissatisfy the customer because of something that happens on the fifth level. This emphasize the importance of ‘critical episode’ in the exchange process

### **Benefits of CRM:**

CRM is the process of acquiring, retaining and growing profitable customers. CRM helps business use technology and human resources to gain insight into the behaviour of customers and the value of those customers that create loyalty. CRM has several advantages.

- 1) Provides better customer service
- 2) Increase customer Revenue

- 3) Discover new customers
- 4) Prevents over spending on low value clients or under spending on high value ones
- 5) Cross Sell/ Up sell products more effectively
- 6) Help sales staff to close deal faster
- 7) Make call centre more efficient
- 8) Simplify marketing and sales processes
- 9) Reduce Advertising costs
- 10) Allows organization to compete for customer based service, not prices.

## Growth of CRM market in India:

In Peter F Drucker's words, the purpose of business is to create and keep a customer. Every businessman understands the truth of these words. Today, when businesses are scrambling to get customers, the importance of Customer Relationship Management (CRM) must not be ignored. That's why analysts, vendors, and solution providers are positive about the growth of CRM in the country.

Analysts have come out with skyrocketing figures about the growth of CRM in India. In Gartner's view, the Indian CRM market size is about 15 percent of the overall APAC market, second largest in the region, after Australia. Between 2008 and 2013, CRM in India is expected to grow at a CAGR of 12 percent. Gartner has significantly revised the growth rate of the Indian CRM market, specifically for the year 2009 in which it is expected to reach \$80.3 million. According to analysts, CRM has gained prominence over ERP. Sushant Dwivedy, Director-Microsoft Business Solutions, says, "Initially, they were packaged together as one solution. However, today, we are seeing a demand for CRM as a separate solution, one which is not dependent on ERP anymore."

## Principles of CRM:

CRM is much desired and enjoyable trip to arrive at a desired destination for the businesses. Though there is no magic formula for effective CRM, but there are certain guiding principles for CRM to function effectively. The following are the principles of CRM.

### 1. Start with a Strategic Customer Focus:

The Companies identify who they are and what the vision is and try to consider from strategic customer perspective. They try to consider and define the following three distinct criteria:

- If they generate *revenue* for the organization
- If they make the *decision* to acquire a particular product/service and
- If they are the "*beneficiaries*" of that product /service.

The criteria of buying is compared to the micro and macro environments and evaluated to choose a fine tune strategy.

### 2. Match Strategic Customers to Organizational competence:

Sustainable competitive advantage is achieved when organizational competencies are matched to customer profile. The organizations have the choice of three broad strategies:

- Product leadership
- Operational Excellence

➤ Customer Intimacy

In today's consumption led economy, customer expertise is one of the best bets for permanent organizational advantage.

3. Adopt a set of CRM Strategy Drivers:

The customer strategic drivers have to be set depending on the business objectives. The following combination of drivers is set.

- a) Strategic Customer Acquisition("get")
- b) Customer Loyalty development ("keep")
- c) Business Extension with existing customers ("Grow")
- d) Value creation through customer experience management
- e) Diversification of new products and services to new customers
- f) Provision of tailored and customized or total solutions
- g) Revenue or Profit, Market share or customer share.
- h) Mass Marketing, One to One Marketing or Direct Marketing etc

The direction, focus and positioning of the strategies will affect

- Organizational policies and practices
- Business processes and implementation
- People and performance measurements
- Customer preferences and so on.

4. "Tangibilize" Vision and Strategies:

Vision is a broad statement of purpose and direction. Strategies are made up of specific, short to mid term goals. Very often, vision becomes blurred or distorted as they are passed down because misunderstanding and disagreements can occur regarding goals, roles and procedures. To prevent the vision from being a "NATO" (No Action Talk Only), it must be consciously, explicitly and systematically communicated to key shareholders, business partners, channels, customer and team members laterally and down the line. The organization may make mission in any functional areas (Marketing, Finance, Human Resources, Information Technology) of the management .The vision is translated into actionable tasks, people are able to relate to their roles and responsibilities identify their duties and contribute for organization's CRM vision effectively

5. Re-organize Metrics:

The following CRM metrics are set-

- Employee participation in CRM and usage
- Strategic Customer Acquisition
- Customer consolidation, retention and defection rates
- Brand impact
- Customer satisfaction ratings and loyalty ratings
- Customer knowledge
- Customer Entanglement
- Learning Relationships

These metrics are linked to business metrics such as revenue cost efficiency, Cross sell/Up sell rate, Market Share, Mind Share Customer share and profitability. They help to assemble the resources required and prepare an achievable CRM Roadmap.



Thus, the following CRM strategies and solutions have to be borne in mind for overall CRM success

- 1) CRM is not software purchase, it is a strategy
- 2) CRM must fit the way you work-Today and Tomorrow
- 3) Business benefits and return on investment in CRM should be properly defined and measured
- 4) Total cost of Ownership should determine carefully.
- 5) Right Partner should be selected for successful CRM solutions.

### **Unit-3**

#### **Types of Customer Relationship Programmes:**

There are four types of Customer Relationship Programmes that enables the company to

- a) Win back customers who have defected or
- b) Are planning to create loyalty among existing customers.

They are

##### **1. Win Back or Save:**

This is the process of convincing a customer to stay with the organization while they are discontinuing service or convincing them to rejoin once they have left. Of the four categories of campaigns, win back campaigns is four times more likely to succeed, if contact is made within the first week following a defection that if it is made in the fourth week.

Selectivity is another aspect of a successful win back campaign. Leading organizations often filter prospects for contacting to exclude customers who have frequently switched , who have bad credit ratings or whose usage is low.

To preserve the revenue stream and prevent the customer from becoming a “traditional” win back candidate, a few organizations are now including partial disconnects and reduced usage customers in their win-back campaign.

##### **2. Prospecting:**

Prospecting is the effort to win new, first time customers. Apart from the offer itself, the three most critical elements of prospecting campaign are segmenting, selectivity and sources. It is essential to develop an effective-need based segmentation model that allows the organization to effectively target the offer. Without this focused approach, the organization fails to achieve an adequate acceptance on the offer or spends too much on promotions, advertising and concessionary pricing.

Selectivity is important to prospecting as it is to win back. Need-based segmentation defines what the customer wants from the organization and profit-based segmentation defines how valuable the customer is and helps the organization decide how much it is willing to spend to get the customer. Pre-scoring a consumer credit rating is one of the techniques that organization can use to determine the latter.

##### **3. Loyalty:**

Loyalty is the third category in which it is most difficult to gain accurate measures. The organizations trying to prevent customers from leaving, uses three essential elements: *Value based* and *Need based* segmentation and *predictive churn models*. Value-based segmentation allows the organization to determine how much it is willing to invest.

Once the customer is determined to belong to the value based segmentation screening, the organization can use need-base segmentation to offer customized loyalty program. Affinity programs such as airline miles and hotel points are some of the most popular methods. However, the organization focus more on needs of individual customers, they find that they are able to achieve the same loyalty with less investment.

#### 4. Cross Sell / Up-sell :

The Cross –sell/ Up sell is also known as increasing the wallet share or the amount the customer spends. The purpose is to identify complementary offerings that a customer would like. For instance, a basic long-distance customer could be a candidate to buy internet access. Up selling is similar but, instead of offering a complementary product, the organization offers an enhanced one. For example, If the customer has used his credit card a few times in apparel shop. CRM tool will enable the credit card company to send his customized mailers on apparel offers including special incentive schemes.

Cross- Sell and Up-sell campaigns are important because the customers targeted already have relationship with the organization. In financial terms, when a customer accepts a cross –sell or up-sell offer, that organization begins to reap more profits.

#### Tools Required to Support Your CRM Program:

- Technology
  - Using technology to maximize the benefits derived from customer relationships
  - Hardware and software
  - Technologies in use today
  - The technologies of tomorrow
- People
  - Executing a CRM plan
  - Assuring a positive customer experience
  - How employees can maximize the customer's positive experience
  - How to support employees operating in a CRM work environment
- Structure
  - The foundations of CRM
    - Orderliness
    - Processes
    - Metrics
  - Ensuring that the business functions smoothly for both employees and customers
  - Understanding the business
    - Customers
    - Products
    - Process segmentation
  - How to communicate within the organization to ensure that people function as a cohesive team
  - Metrics for monitoring and assessing the business and customer relationships

## **Groundwork for effective use of CRM:**

### **I. Customer Relationship Survey Design:**

The amount of work it takes to design and develop an effective survey is often an inhibiting factor that prevents many organizations from more aggressively finding out what exactly their customers are thinking.

### **II. Graphical design tools:**

Sophisticated surveys are used by dragging and dropping elements in place. Questions include multiple choice, numerical scale and unstructured text.

### **III. Branching logic:**

Surveys designed and executed can incorporate branching logic to dynamically present customers with different questions in real-time, based on their answers to previous questions.

### **Customer satisfaction Survey Design:**

A customized CRM Customer Satisfaction Survey is designed for the organization or taking an existing survey and altering it to be administered via the Internet, telephone, fax or newspaper. All customer satisfaction survey instruments reviewed to assure validity, reliability and bias reduction. Relevant survey instruments should be composed that will yield sound and valid conclusions while achieving the maximum survey response rate possible.

Customer Satisfaction Surveys should cover nearly every facet of customer satisfaction including:

1. Overall satisfaction
2. Product –level satisfaction
3. Importance Vs Satisfaction
4. Timeliness of delivery
5. Customer service process satisfaction
6. Returns and Exchange process satisfaction
7. Interest in new potential products and services.

For online CRM customer satisfaction surveys, send a personalized email invitation to each customer with simple directions explaining how to access and complete the survey

The organization should offer a number of unique services designed to help the clients achieve maximum survey response rate possible including personalizes email reminders to incomplete respondents.

### **Customer Loyalty Survey:**

A Customer loyalty survey is ultimately a reflection of the company's desire for customer feedback, as well as an expression of the organization to potential respondents. As such, whether one is starting from scratch or modifying an existing survey instrument, there are some key areas of consideration that should be taken into account. First, start with the overview of the content areas of the typical loyalty survey:

- Overall perception of quality ,cost and value
- Measurement of how customers perceive our corporate image

- Detailed questions about the areas where customers interact with you on day-to-day basis.

### **Gaining Higher Customer Survey Co-operation:**

The following are the steps for higher customer survey participations-

1. Communicating the purpose by explaining what the survey means to maintain business relationship
2. Asking personal permission to participate in the survey
3. Reminding the customers tactfully
4. Sharing the findings-In some cases, consider an immediate gift of small value, and/or the chance to win a larger prize by entry to a draw. Online services are increasingly being used in the distribution of such incentives such as coupons.

## II. Designing and Operating a CRM Programme:

Customer Database:

Customer Database is the foundation of any CRM programme.

Today's businesses are better placed for creating versatile customer database:

Today in most businesses, customer data flows in routinely. Customers feed in a good amount of data about them into the records of the company at the first contact itself that all transaction details automatically form part of the records. For example, a mobile phone customer provides to the phone company, right at the start certain basic information about him. Once the transaction commence, more and more details about him become available to the company. In fact, the company details of his incoming and outgoing calls are available to it. It also knows which value added services, promotional schemes and cross selling deals were of interest to the customer. Similarly, a customer of a credit card company provides the company a good amount of basic data about him \ and once the transaction start, the company knows how much the customer spend through the whole year, it will become an excellent database that is rich in content and capable of being used to great advantage, not only by the companies concerned but also by others in the marketplace setting out to acquire customers.

Customer database has to be comprehensive, up-to date and functional:

The three most vital requisites of a good customer database are-

- Comprehensiveness
- Up-to-datedness
- Functionality

### **Comprehensiveness:**

The customer database has to be comprehensive. In fact, it has to be so in two senses. It must cover all the customers and it must have all essential information about them. In practice, many data base do not meet these requirements in some others, essential details about the customers such as income, size of the family, and the products (durables) he already owns are not available. The reason is easy to discern. Though a lot of information on customers and data flows are routine in the today's business, many firms fail to capture them.

**Up-to-datedness:**

Once the company puts a customer database together, it needs to keep updating it. After all the customer is a very dynamic entity and when the marketing environment is also highly competitive and fast changing. Updating customer data naturally that is up-to date and relevant, minimizing the wastage arising out of obsolescence and data irrelevance is a necessity for the firm.

**Functionality:**

The customer database should be functional as well. Though most companies appreciate that customer database is crucial to CRM, many of them do not appreciate that database must be functional. For instance, grouped by age, life style, employment, attitude and loyalty the database must be capable of being sliced and diced at will. Once then it can be described as functional.

**Data gathered needs to be integrated:****Integrating data gathered from multiple points:**

Today, firms gather customer data via multiple points spread over diverse delivery channels .Let us take illustration of a bank. The customer may carry out his debit and credit transactions with the bank at different branches/ATMs of the bank, located in different cities. Data is card of the bank; it would allow the bank to know at a click of a button, the complete history of the customer and his worth to the bank.

**Integrating data scattered over multiple departments:**

Normally in most business, customer points spread over diverse delivery channels. Let us take a bank for illustration. The customer may carry out his debit and while others may not have access to it .Often the data lie scattered over desperate sources each team/applications/purchase maintain its own database. A system that enables every executive easy access to the customer transaction/purchase behaviour is often absent.

**Providing a single, cohesive, view of the customer:**

CRM counters the above scenario and enable all the customer interacting executives to have a single, cohesive view of the customer. The tools aggregate the business and maintain the customer information in such a manner that ensures easy access for all. The tools also tie together the multiple channels of communication with the customers such as live chat through phone or e-mail. Hence, CRM is often described as the tool that leverages technology for delivering superior value to customers.

**Data gathering becomes increasingly sophisticated and hi-tech:**

CRM involves an integrated and automated approach to customer data gathering and technology is the pivotal in this process. In fact, the term “customer database” is now getting out dated it is now referred to by the term “Customer focused technology”. Hi-tech data warehousing is a part of this technology.

**Marketing people must be involved in the running of the database:**

One basic requirement in running the CRM set up is quality-manpower. People well versed with the relevant technology must be working on the database. But the job of developing and maintaining it cannot be left entirely to the software/data entry people to ensure that marketing could readily and meaningfully use the output from the system.

The Following steps help to put the organization on the right path to CRM success:

**1. Remember that culture is supreme:**

A CRM encompasses a mindset, a way of doing business and a way of interacting with others in the firm. The success of CRM implementation rests on the shoulders of a workforce that is willing to share information about clients and contacts. However, this “collaborative” mentality flies in the face of the culture within some professional services firms. For better or worse, many professional services practitioners are skeptical of sharing “contacts” information for the fear of losing opportunities to generate work that can produce themselves. However, if a CRM implementation is introduced to the workforce as an opportunity to create new opportunities for all, success rates will improve significantly.

**2. Set Realistic Goals:**

One of the greatest mistakes a management team can make is to force –feed technology across the organization. This is particularly true with the CRM implementation. As the firm management prepares for a CRM rollout, planning and patients are critical. Working with the implementation team from the software developer, management should agree upon a plan of phasing software use across the firm. Some organizations orchestrate a CRM rollout by location, others by practice group or department. A phased approach gives both the firm and the implementation team an opportunity to make adjustments, manage expectations, achieve milestones and promote successes.

**3. Obtain and Maintain Senior Management support:**

Successful CRM implementation start and end at the top. As a rule, successful CRM implementations are characterized as those in which management leads by example. Management should not sugarcoat the process or minimize the effort involved. Similarly, when milestones are achieved, the same managers should be the first to strongly promote the benefits being realized by the firm.

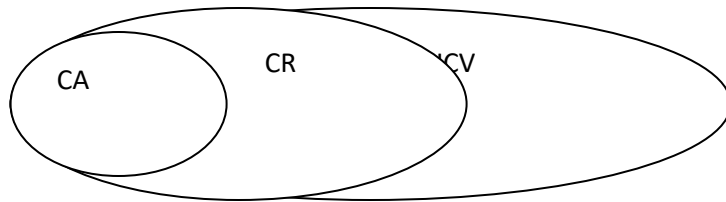
**4. Analyze working Processes:**

The process of fitting a CRM solution into a professional service organization provides a wonderful opportunity to evaluate processes and procedures across the firm. Working with the implementation team from the software provider firm, management should review, analyze and evaluate the firm’s procedure as well as all the data sources that are used in finding a CRM solution. This is the perfect time to discuss and develop new procedures that will increase the firm’s success.

**Components of CRM:**

CRM is the combination of policies, processes and strategies implemented by an organization to unify customer interactions and provide a means to track customer information. CRM brings together lots of pieces of information about customers, sales, marketing effectiveness and market trends. CRM software is used to support these processes, information about customers and customer interactions which can be entered , stored and accessed by employees in different company departments..

**The Generic constituents are:**



**Components of CRM,**

CA- Customer Acquisition encompasses:

- Counter staff automation
- Marketing

CR- Customer Retention through:

- Data warehousing and analytical tools
- Customer service
- Call service
- Contact center

ICV- Improved Customer value through:

- Marketing automation and campaign management for cross-selling and up-selling
- Data Warehousing and analytical tools

CRM includes many aspects which relates directly to one another through :

Front Office Operations: Direct contact with customers. For example. Face to Face meeting, Phone calls, emails, Online services etc.

Back Office Operations: Operations that ultimately affect the activities of the front office (e.g. Billing, maintenance, planning, marketing, advertising, finance, manufacturing etc.)

**Core CRM Activities:**

Survey Management Software:

Survey software automates an enterprise's electronic surveys, polls, questionnaires and enables to understand customer preference. Once the customer is categorized, the company can start promotions and pricing accordingly.

### **Sales Force Automation (SFA):**

Occurrences of customer contacts are logged in the database. SFA Software can automatically route customers who contact the sales representative. Companies can contact the sales representative, forecast the customer's need based on the customer history and transactions. This initial lead software is called "Lead Management Software". This software enables to track the transaction from the initial lead to post sale follow up.

### **Sales Campaign Management:**

This software lets a company organize a marketing campaign and compile its results automatically.

### **Marketing Encyclopedia:**

This software serves as a database for promotion of the products. The material can be routed to sales representatives. This can also be shown to the customers on request.

### **Call Centre Automation:**

When customers call a company to get assistance with the continued products, representatives can query a knowledge management database containing information about the product. Some knowledge management software accepts query natural language. If the company must develop a new solution in response to customer query, the information can be added to the knowledge base, which becomes "smarter".

### **Business Relationships:**

Interaction with other companies and partners such as suppliers/vendors, retail outlets/distributors and industry networks (lobbying groups, trade associations). This external network supports front and back office activities.

CRM is not just a technology but rather a comprehensive, customer-centric approach to an organization's philosophy of dealings with its customers.

### **Types of CRM:**

There are several different approaches to CRM with different aspects. In general, Customer Service, Campaign Management and Sales Force Automation (SFA) form the core of the system (with SFA being more popular).

#### **1. Operational CRM:**

Operational CRM provides support to "Front Office" business processes. For example, Sales, Marketing and Service Staff. Interaction with customers is generally stored in customer contact histories and staff can retrieve customer information as necessary. The contact history provides



staff members with immediate access to important information on the customer (Product owned prior support calls etc) eliminating the need to individually obtain this information directly from the customer. Reaching the customer at right time at right place is preferable.

Operational CRM processes customer data for a variety of purposes:

- Managing Campaigns
- Enterprise Marketing Automation
- Sales Force Automation
- Sales Management System
- Activity and Time Management
- Quotation and Order Processing
- Delivery and Order Fulfillment
- Tele-marketing and Tele-sales
- Customer Service and Support
- Remote Access

## **2. Analytical CRM:**

Analytical CRM analysis customer data for variety of purposes:

- a) Designing and Executing targeted marketing campaigns
- b) Designing and executing campaigns. For example- Customer Acquisition, Cross selling, up selling and add on selling.
- c) Analyzing customer behaviour in order to make decisions relating to products and services ( eg. Pricing, Product development)
- d) Managing Information System (eg. Financial Forecasting and Customer Profitability Analysis)
- e) Customer Segmentation (eg. Age, Sex, Income level)
- f) Trend Analysis for Customer Satisfaction.

Analytical CRM generally makes heavy use of data mining and other techniques to produce useful results for decision making.

## **3. Sales Intelligence CRM:**

Sales Intelligence CRM is similar to Analytical CRM, but it is intended as a more direct sales tool. Features include alerts sent to sales staff regarding

- a) Cross selling/ Up selling / Switch selling opportunities
- b) Customer drift
- c) Sales Performance
- d) Customer trends
- e) Customer margins
- f) Customer Alignment

## **4. Campaign Management CRM:**

Campaign Management combines elements of operational and Analytical CRM. Campaign Management function includes:

- Target groups formed from the client base according to selected criteria

- Sending Campaign related material (eg. On special offers) to selected recipients using various channels (eg. E-mail, Telephone, SMS, Post)
- Tracking, Storing and analyzing campaign statistics
- Tracking responses and analyzing trends.

## **5. Collaborative CRM:**

Collaborative CRM covers aspects of a company dealing with customers that are handled by various departments within the company such as sales, technical support and Marketing. Staff Members from different departments can share information collected when interacting with customers. For example, feedback received by Customer support agents can provide other staff members with information on the services and features requested by customers. Collaborative CRM's ultimate goal is to use information collected by all departments to improve the quality of services provided by the company.

Collaborative CRM processes customer data for variety of purposes:

- Enterprise Portals
- Customer Access
- Supplier Access
- Personalisation

## Unit- 4

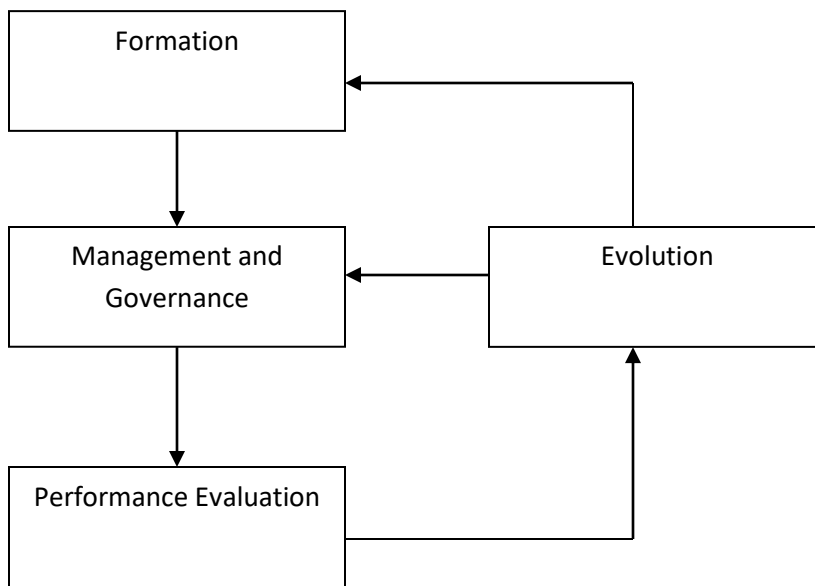
### **CRM Process Framework:**

A four stage relationship marketing process was developed by Atul Parvathiyar and Jagdish. N. Sheth . The model suggests that relationship marketing process comprises of

Four sub processes:

- 1) Formation Process
- 2) Management and Governance process
- 3) Performance Evaluation process
- 4) Relationship Evolution or enhancement process.

The generic model is shown in the figure.



## Relationship Marketing Framework

### I. Formation Process of Relationship Marketing:

The formation process of relationship marketing involves the decisions that must be made regarding the initiation of relationship marketing activities for a firm with respect to a specific group of customers or an individual customer with whom the customer wishes to engage in a cooperative and collaborative relationship. In the formation process, three important decision areas relate to defining the purpose (*objectives*) of engaging in relationship marketing, selecting parties (*customer partners*) for relationship marketing and developing programs (*relation activity schemes*) for relationship marketing engagement.

### II. Management and Governance Process:

Once a relationship marketing program is developed, the program as well as the individual relationship within it must be managed and governed. For mass market customers, the degree to which there is symmetry in the primary responsibility in deciding whether the customer or the program sponsoring company will be managing the relationship values with the size of the market. However, the programs directed at distributors and business customers, the management of the relationship require the involvement of both the parties. The degree to which these governance responsibilities are shared or managed independently depends on the perception of norms of governance processes among rational partners given the nature of their marketing program and the purpose of engaging in the relationship. Not all relationships are managed alike. However, several researchers have suggested different governance norms for different hybrid relationships.

Irrespective of whether relationships are managed independently or jointly, they must undertake management and governance responsibilities independently or jointly, they must address several issues. These include decisions regarding role specification, communication, common bonds, planning process, process alignment, employee motivation and monitoring procedures.

### III. Performance Evaluation Process:

Companies need to undertake periodic assessment of the results of relationship marketing in order to evaluate whether or not programs are meeting expectations or whether or not they are sustainable in the long run. Performance evaluation is also useful because it allows firms to take corrective areas of relationship governance regarding continuation, modification or termination of relationship marketing programs.

#### **IV. Evolution Process of Relationship Marketing:**

Individual relationships and relationship marketing programs are likely to undergo change as they mature. Some evolution paths may be planned, where as others will evolve naturally. In any case, the partners involved have to make several decisions about the evolution of their relationship marketing programs .These include the decisions regarding the continuation, termination, enhancement and modification of the relationship engagement. Several factors could affect any of these decisions. Among these factors, relationship performance and relationship satisfaction are likely to have the greatest impact in the evolution of relationship marketing programs. When performance is satisfactory, partners would be motivated to continue or enhance their relationship marketing program. When performance does not meet expectations, partners may consider terminating or modifying their relationship. When companies can chart out their relationship, they can engage in relatively systematic relationship marketing programs.

### **UNIT-5**

#### **Use of Technology in CRM**

##### **Technology for relationship marketing:**

Technologies can be regarded as our efficient and reliable friend. But technology, if inappropriately applied, it can effectively push a customer away. However, technology has come to stay. Companies are investing heavily in technologies associated with computing and communication-within their enterprises, between themselves and their customers, distribution channel, intermediaries and suppliers. Data warehouses are proliferating. Companies of all size strive for computerizing all their activities and thus making the process more uniform.

In this digital era, there are 11 C's of relationship marketing that can come together simultaneously to create the value for the customers. These 11 Cs are,

1. Customers
2. Categories of goods and services
3. Capabilities
4. Cost profitability and value of contact to cash process
5. Control
6. Collaboration and Integration
7. Customization
8. Communication
9. Customer measurements.
10. Customer care; and charge of relationship
11. Change of relationship.

**These are explained below:**

### **1. Customer:**

Technology provides the computing and communication capabilities that help the relationship marketer decide on which customers to focus and facilitates the interactions needed, both with the enterprise and with its customers and suppliers, to deliver customer value. Without technology, marketers would still be thinking in terms of serving the mass market or market segments. With technology, the specific customers with whom the company wishes to do business can be identified and further evaluated for their worthiness to pave way for a long term relationship. If the data warehouse is built appropriately, the marketer should be able to 'slice and dice' the data a number of ways, so that even people who are not trained in technology can use it easily.

### **2. Categories of goods and services:**

While taking decisions regarding scope of service, it is useful to understand the full range of value a customer perceives that he/she delivers directly from the company's products. The tangible and intangible components are associated with physical goods. The intangible components may lend themselves to more real times. Customization and Personalization, the tangibles can be assembled with the tangibles by some one other than the manufacturer. Thus, some of the decisions the manufacturer must make may pertain to benefits that will be provided and by some company in the chain of relationships.

### **3. Capabilities:**

Technology has vital roles to play in the advancement of a company's capabilities. The implementation of technology itself comprises the heart of the relationship marketing. Computing, data warehousing, website or interactive voice response etc.

### **4. Cost, Profitability and Value:**

Technology can help the company manage the costs of securing, serving and retaining customers by allowing marketers to understand, in real time, the revenues and cost associated with each other. This can obviously help the relationship marketer to control and focus the relationship.

Technology can also intercede and help manage the costs and value of the relationship, drawing upon previously developed "business rules". Business rules incorporate decisions that a management makes to guide the administration of its business and interaction with customers.

### **5. Control of the contact to cash processes:**

Whatever the role of technology, it must have a control function to ensure that value is indeed being created for customers and for the company, and that bills are sent and payment received on time. Most companies have invested heavily in information systems that have served well for company-driven marketing, from the firm to the market. Now, with the boundaries of the enterprise blurring, with customer framing the value that each want and initiating the purchase decision, dimensions of control are becoming very tactical and strategic.

### **6. Collaboration and Integration**

When the customer is invited into the process that creates value for her, she is more likely to increase the level at which she is bonded to the company. The process which creates the value she seeks could be in any or in all process. Thus, the customer could work with a vendor to collaborate in areas such as product and service. Conceptualization, design, development , production to order, value bundling, distribution and service/support.

Technology can help customers collaborate with their suppliers to create mutual value. Electronic Data Interchange, in particular, has had significant impact on order –taking, shipping and invoicing processes, causing improved turnaround of orders, cash flow and structural bonding.

### **7. Customization**

Customization should not be confused with personalization. Customization allows the company or the customer or both to develop a product, service or communication that reflects the value the customer wants. Personalization is the process that enables communication, product and service to bear the name of the customer, adding value to the customer as they position themselves with others. When personalization is combined with customization, people start reaching for their wallets.

### **8. Communication, Interaction and Positioning:**

Mass marketing required mass –promotional vehicles such as TV, radio, news papers and outdoor media. In a Fragmented market, the promotion channels are much narrower and more highly targeted; including specialized magazines, advising on everything from park benches to ski chair lifts, etc that is broad casting first became “narrow casting” and has now become “Point casting”. When point casting is interactive and real time, it may be termed conversing just as a conversation between people. Conversing occurs at the initiation of either the customer or the company and can involve technology such as call centre, the internet or interactive voice response and others. Other forms of interactive communication has emerged, including interactive telephones-based communication, using the call centre, for so –called Telemarketing or Telesales, and communication over the internet that offers an opportunity to engage supplier ,called ‘web casting’Technology can help the company to converse with individuals at a cost that reflects the value of the communication, and can discriminate among the purpose of different communication assigning the appropriate media to fulfill the each task.

### **9. Customer Measurements:**

Technology can assist the company to understand current and emerging customer issues while there is still time to address the problems without damaging the relationship. For example, measurements can be maintained on time liners of delivery, waiting time before customer calls are answered, and time to address customer complaints. All this can be done in the background, using technology to manage the information and provide management reports. Technology can also be used to track measurement such as customer profitability, share of customer expenditure and the customer’s state of mind , with research data logged into database. Once compensation is linked to customer measurements, such as these, this area will assume unprecedented importance and attention.

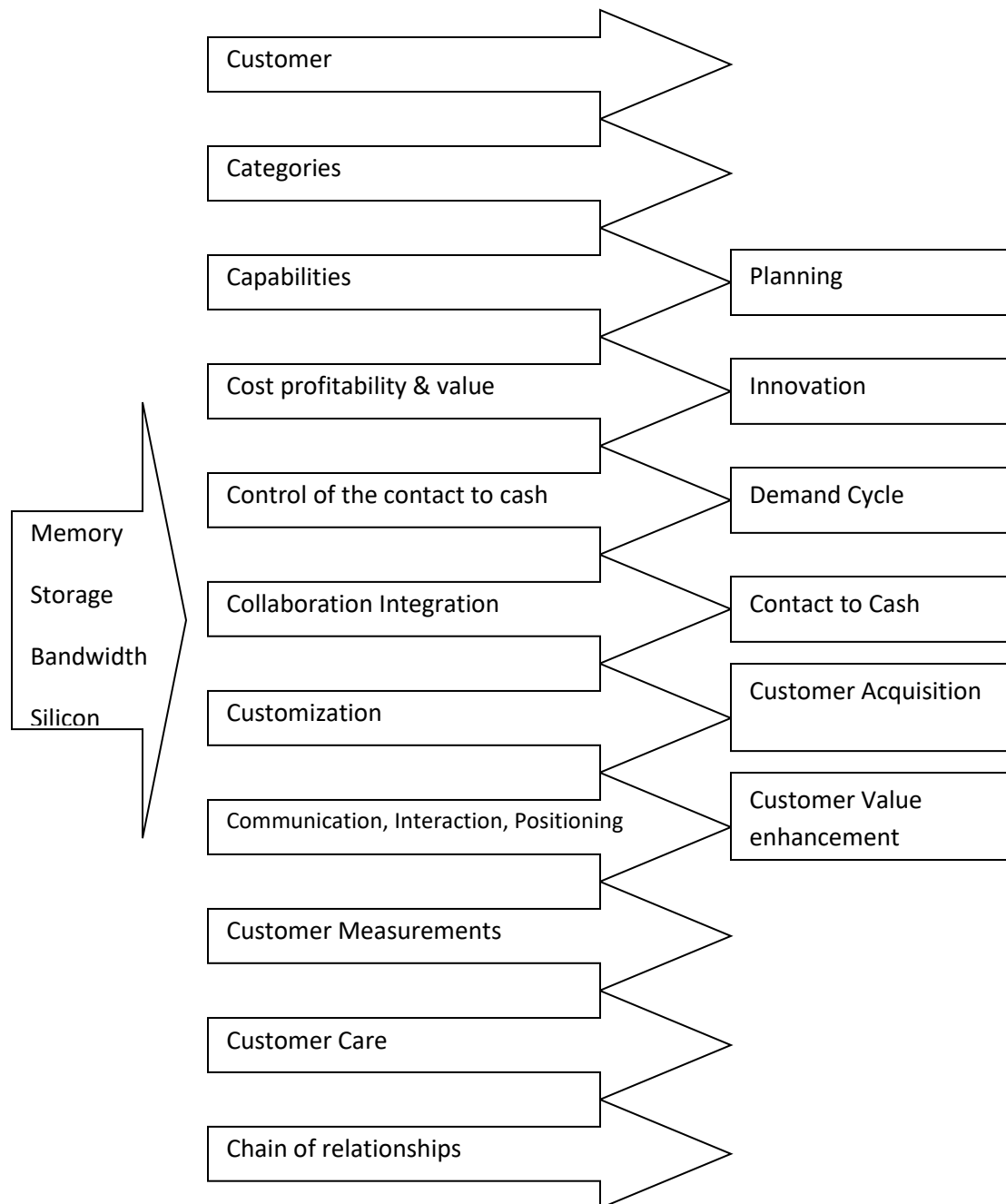
### **10. Customer Care:**

Technology has a major role to play in providing customers with the attention they seek. The internet can be particularly cost effective in shifting cost structure from human operation.

### **11. Change of Relationship:**

A chain of relationship comprises the series of linkage between the end –customers and all the stake holders which contribute to the value they receive. These stake holders include suppliers,

distribution channel intermediaries, employees, customers and others, such as investors and the board of directors. They are all to be forged into strong chains that will all ever increasing value to the end-customers relationship. The relationships the company forms with end-customers will be only remain as the weakest link in the chain. All efforts are needed to maintain and deepen the relationship with the end-customer. Technology has a important role in the structural bonding among all the components of the chain of relationship. For years, companies have used independent and often proprietary solution-those that they develop themselves to achieve this bonding. They put this software and/or hardware on their customer's premises to give them power to initiate paperless ordering.



Technology 11c's Relationship Marketing Mega-processes



CRM Technology tools:

## **I. Integration of CRM with ERP:**

An ERP (Enterprise Resource Planning) system allows to integrate engineering, customer service, planning materials, manufacturing, finance and human resources across a single facility or across multiple locations.

### **Need to integrate CRM with ERP solutions:**

There are number of reasons why business should integrate CRM and ERP solutions. Companies with high volumes of sales transactions see almost immediate benefits in order-to-cash process. Specifically, the cost savings come from reducing errors in order entry, implementing approval workflows for discounts, and reducing the manual labour required to enter orders in both CRM and ERP. Even organizations with relatively low order volumes can experience significant cost reductions through improved order accuracy.

There are several marketing benefits associated with integrating CRM and ERP, such as greater insights into customer base. ERP systems store customer's financial relationship with the company. CRM solutions store their buying patterns and marketing demographics. Unifying these two stores of customer data can help organizations ensure that their sales, marketing and service expenditure are targeting their most valuable customers and prospects.

To make integration successful, it is important to work with business-solution expert who will provide the company with the insight needed to select an integration architecture and development plan, based upon functional needs and technical suitability.

## **II. Using the Internet in CRM:**

The Internet is already being used to great advantage in CRM. It is indeed an ideal medium for effective customer contact and customer care/service in several businesses. Many companies in these businesses thrive by opting for the Net in handling customer relations and providing service to the customers.

Forming "Virtual Customer Communities":

Today, customers everywhere are forming self-servicing, tight -knit virtual communities. Internet chat rooms a part of this process. The chat rooms are easy to start, join and participate. And they accommodate people with different personalities. These virtual communities exercise a powerful influence on the market in respect of several products. The power becomes all the more significant in view of the speed with which they can be mobilized. Words spread fast on the Internet. Marketers can form their own virtual communities as a part of their CRM programmes.

### **Impact of the Internet:**

Communicating well online is becoming more important than communicating well over the telephone. That may sounds like a contrived exaggeration but consider the transitory nature of the phone call and the permanence of an e-mail.

Whether a company grants a refund to a customer based on a misunderstanding over the phone has to do with company policy and the relative status of the particular customer, than with the actual content of the call.

On the other hand, email stands as testimony to the words that were exchanged. An email can be saved by both sides, without worrying about the legality of recording a telephone call. "Some calls may be recorded for training and quality purposes" is very different from "All Calls can and will be recorded, tabulated, indexed and stored in case of disputes". Email however can much more become part of customer's 'permanent record' along with invoices and packing lists.

### **III. Full-Fledged e-CRM:**

While practically all the firms use Internet in CRM to some extent, and some also promote appropriate virtual customer communities, some of them go further step and carry out their CRM entirely electronically, as their business lend for such an approach. Electronic CRM (e-CRM) simply means 'total online management of customer relationship'. e-CRM does electronically all the things a normal CRM does offline.

Let us take Up selling and Cross selling as an example .Suppose a customer buys a couple of books on a particular subject from a certain web book shop. The e-CRM system of the shop/site will take care of up selling and cross selling requirement. The next time a new book on the subject or any related subject is out, the customer will automatically and immediately get an intimation of it.

E-CRM enables web base customer interaction, automation of e-mail, call logs, website analytics, partner relationship management and campaign management.

**Survey Management Software:** Survey Management software automates an enterprise to create electronic surveys, polls, questionnaires and enables understand customer preferences and customer service.

**Contact Management Software:** This enables an enterprise to create, track and manage partnerships, contracts and agreements etc. It also enables to provide call centre service and help desk service.

**Lead Management Enterprise:** Lead management Software enables an organization to manage, track and forecast sales leads. It also helps to understand and improve conversion rates.

### **Factors behind the big growth in e-CRM:**

Mainly, it is the proliferation of e-businesses /click and mortar businesses that has led to the big growth of e-CRM. Besides their proliferation, their coming under competitive environment too has been a reason. In these businesses, e-CRM fills this void. To an extent, the non e-businesses too have contributed to e-CRM's growth, as a good part of their customers could be approached through the Internet. Expansion in Internet penetration and proliferation of portals has been supporting the growth.

### **Data warehousing :**

A data warehouse is a repository of an organization's electronically stored data. *Data Warehouse are designed to facilitate reporting and analysis.* This classic definition of the data warehouse focuses on data storage. However, the means to retrieve and analyze data, to extract, transform and load data, and to manage dictionary data are also considered essential components of a data warehousing system. An expanded definition of *data warehousing includes business intelligence*

*tools, tools to extract, transform, and load data into repository, and tools to manage and retrieve metadata.*

### **Benefits of Data warehousing :**

Some of the benefits that a data warehouse provides are as follows:

1. A data warehouse provides a common data model for data, regardless of the data's source. This makes it easier to report, analyze information than it would be if multiple data models from disparate sources were used to retrieve information such as sales invoices, order receipts, general ledger charges etc.
2. Prior to loading of data into data warehouse inconsistencies are identified and resolved. This greatly simplifies reporting and analysis.
3. Information in the data warehouse is under the control of data warehouse users so that, even if the source system data is purged over time, the information in the warehouse can be stored safely for extended periods of time.
4. Because they are separate from operational systems, data warehouses provide fast retrieval of data without slowing down operational systems.
5. Data warehouses facilitate decision support system applications such as trend reports (e.g. Items with the most sales in a particular area within the last two years), exception reports, and reports that show actual performance versus goals.
6. Data warehouses can work in conjunction with and hence enhance the value of operational business applications, notably customer relationship management systems.

### **Call Center Process:**

The Call center is the real operation theatre in telemarketing. In a CRM call center, customers communicate in many ways that include phone, e-mail, web chat, personal sales representative, Voice over Internet Protocol (VoIP) and a host of others. Several telecallers are hired for tele call operations.

CRM call centers help companies realign their entire organization around customers. And thus, it is a strategic business initiative sales, marketing and services as well as other groups are connected and coordinated through the CRM applications. Before a call is made to the customer, all recent activity with that customer should be reviewed. Then a sales strategy needs to be planned , based upon observed opportunities. The use of CRM software in the Call centre allows the assignment of a value to each customer if the culture supports that philosophy.

### **How the Call Center works?**

It usually has a manager in overall charge, a few supervisors and the required number of tele-callers. Normally, the tele-callers are grouped in teams of six or seven callers, each supervisor handling one such team. The tele-callers sit in front of a computer terminal and speak into their headsets as telephone operators do in any telephone exchange. Simultaneously they access information on the terminal, and add fresh data on it as the tele-calling progresses.

The tele caller opens the call by greeting the prospect appropriately. Then she politely seeks the customer's permission to have a brief conversation. She strikes the right chord with the prospect

and explains the offering. She generates adequate interest in the product and tries to clinch an order. If this step does not materialize, follow up calls are made to secure the order.

The tele-callers are usually provided with a script with which they practice a game. Once they become comfortable, they resort to improvisation as required and try to make tele-marketing more effective. The scripts for the calls are worked out jointly by the telemarketer and professional consultants hired by the telemarketer. They are also pre tested with a few prospects. The supervisor is always available close at hand , she keeps track of productivity and the call quality of her team.

**Advantages of CRM Call Center:**

CRM helps the company identify most valuable customers and understanding their life time values. Using CRM, the call centers design the organization systems and service to best meet the needs of customers and maximize their value. CRM is intended for long term relationship building. Besides capturing the different forms of customer interaction, CRM allows to capture and store all available customers in the central history database. This allows agents the ability to pull up a customer’s entire history while the two interact. Communication and service are more effective and efficient. Most CRM products also track trends in purchasing and customer feedback.

**Requirement Analysis:**

**CRM Business Transformation Process:**

In most companies, the business focus, organization structures and related business metrics are the biggest inhibitors of CRM initiatives. All areas of the organization will have to change, in order to truly support and foster CRM initiatives.

The CRM Business Transformation Map below shows the various aspects of that change. There are five inter-related areas. These include:

- ❖ Business Focus
- ❖ Organization structure
- ❖ Business Metrics
- ❖ Marketing Focus
- ❖ Technology

|   |                   |                      |                    |                     |                     |
|---|-------------------|----------------------|--------------------|---------------------|---------------------|
| Business Focus:                               |                   |                      |                    |                     |                     |
| Product                                       | Sales             | Channel              | Marketing          | Service             | Customer            |
| Organization structure:<br>Product Management | Place Management  | Promotion Management | Channel Management | Contact management  | Customer Management |
| Business Metrics:<br>Product performance      | Place performance | Program Performance  | Customer Revenues  | Customer Patterns & | Customer Lifetime   |

|                                       |                  |                     |                                    |                                 |                                  |
|---------------------------------------|------------------|---------------------|------------------------------------|---------------------------------|----------------------------------|
|                                       |                  |                     |                                    | Profitability                   | value & Loyalty                  |
| Marketing Focus:<br>Mass Advertising  | Sales Promotion  | Marketing Campaigns | Integrated Marketing Communication | Segmentation Specific Marketing | Customer Relationship Management |
| Technology:<br>Transaction Processing | Data Maintenance | Data Access         | Data Warehouse                     | Data Marts                      | Customer Touch point Systems     |

Five Core Areas of Business Transformation

The Chart depicts typical stages of transformation within established organizations. The stages of transformation proceed from left to right i.e from product to customer. it is important to note that movement from one stage to another does not equate to abandoning the previous stage. Rather, it is a matter of an organization shifting its emphasis over time.

Transforming the *Business Focus* of an organization essentially means getting the organization to buy in the customer-focused paradigm. The business focus may shift from “How can we increase the sales of our products” to “what our customer needs?” There may be stages of sales, channel, marketing and service focus during the transformation process. The Business Focus transformation is obviously critical to the success of any CRM initiative.

Changing the *organizational structure* of a company goes hand in hand with the changes in business focus. Most organizations today retain a product focus with product managers driving business decisions. The transformation to a customer focused organization should lead to literally organizing around your customers., assigning customer segment manager’s responsibility for acquisition, retention and growth of different segments of customers. This is a major hurdle for most organizations, as it often means augmenting their existing product or channel structure with customer management staff and additional headcount.

Transforming the *Business Metrics* should be a by-product of the changes noted above .In this case, the shift is from a single focus on product performance. and /or promotion performance, or decentralized views of these metrics, to a focus on customer lifetime value and loyalty. Rather than simply measuring response rates and product profitability, they’re asking the critical questions “Do we have profitable relationship with our customers? How can we make these relationships more profitable?” Once again there is a gradual shift, they don’t abandon the product, place, program and revenue measures immediately, but they do begin to shift some of the focus to the ultimate question of customer relationships.

Changing the *Market Focus* of the organization from mass to interactive dialogue is essential. This transformation seems to receive the most attention, in many marketing circles today. It is important to note that while companies are increasingly investing in one-to one dialogue, mass marketing communication still plays an important role in generating broad-scale awareness and interest.

Finally, there is a *Technology Transformation*. As with marketing focus, this area has received a great deal of attention in data base marketing areas. It seems that everyone has a CRM to sell. CRM technology must support and enable meaningful customer dialogued at all points of

contact. Technology is actually the easiest of the areas to change. Companies can “buy their way” over to the right hand side of the transformation map. Because of this, technology often gets ahead of the other areas of transformation. Technology plays a critical support role, but should not be the driver of CRM initiatives.

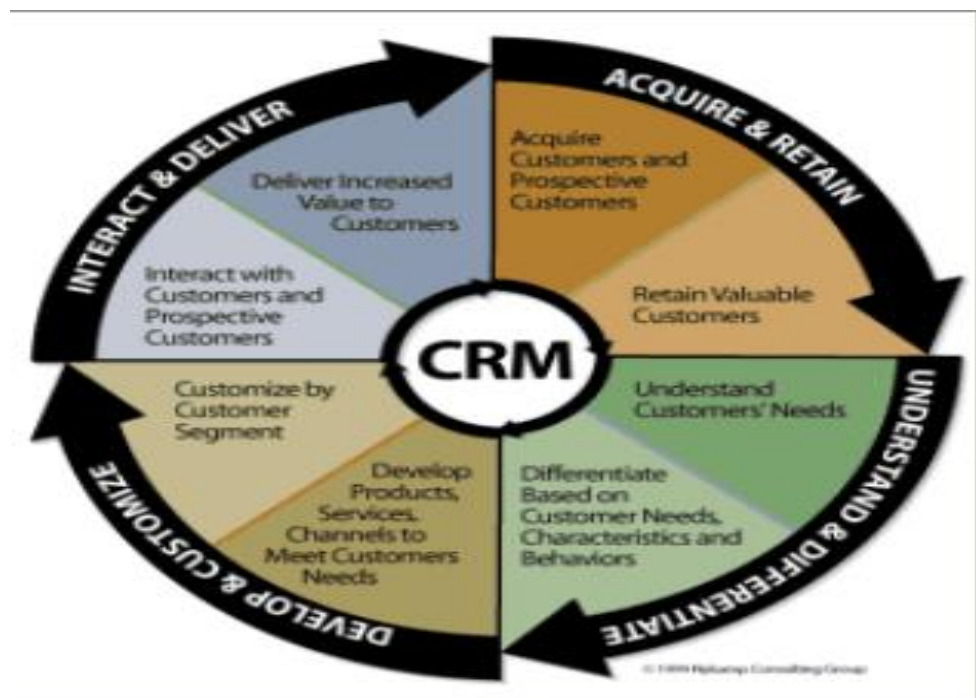
### **Planning for Transformation:**

Because transforming the organization must be a proactive effort, an enterprise-wide planning initiative will be critical. In fact, effective and successful execution of CRM requires that the first step be the development of a very detailed and comprehensive CRM action plan.

The key to building the CRM action plan lies in first understanding where the organization stands relative to each of five aspects of change. The next step is planning process should be a Gap Analysis. This analysis is essentially a comparison of current stage against optimal, relative to the five aspects of business, to identify and specifically describe the gaps. In addition to the more obvious gaps, this analysis should identify exactly where the CRM organizational holes are relative to:

- Marketing, sales and service practices
- Collection, capture, processing and deployment of customer information
- Distribution and operations effectiveness at customer touch points

Another key factor in identifying gaps is to understand how the organization functions relative to the CRM Business Cycle. In the CRM business Cycle, the stages are interdependent and continuous. As one moves from one stage to the other, one gains sufficient insight and understanding that enhances subsequent efforts.



As shown in the diagram, for any organization, business starts with acquisition of customers. However, any successful CRM initiative is highly dependent on a solid understanding of the customers.

### **Understand and Differentiate:**

Organizations cannot have relationship with the customers unless they understand them-what they value, what types of service are important to them, how and when they like to interact, and what and when they want to buy. True understanding is based on a combination of detailed analysis and interaction. To create and foster a relationship, organizations have to act on what they learn about customers. Customers need to see that a company is differentiating service and communication based both on what they have learned independently and what the customers have told them.

### **Develop and Customize:**

In the product oriented world of yesteryears, companies develop products and services and expected customers to buy them. But in today's customers focused world, product and channel development have to follow the customer's lead. Organisations are increasingly developing products, services and even new channels, based on customer needs and service expectation.

### **Interact and Deliver:**

Interaction is also a critical component of a successful CRM initiative. It is important to remember that interaction doesn't just occur through marketing and sales channels and media; customers interact in variety of ways with different divisions of the organization, including distribution and shipping, customer service and online.

To foster relationships, organizations need to ensure that

- All areas of the organization have easy access to relevant, actionable customer information
- All areas are trained how to use customer information to tailor interactions, based on both customer needs and potential customer value.

With access to information and appropriate training, organizations will be prepared to steadily enhance the value they deliver to customers. Delivering value is a cornerstone of any relationship. Value is not price of the product or the discount offered. In fact, customer perception of the value are based on a number of factors ,including the quality of products and services, convenience, speed, ease of use, responsiveness and service excellence.

### **Acquire and Retain:**

More the organizations learn about customers, easier it becomes for them to identify areas that fetch great value for the organization. Those are the customers and customer segments a company will want to clone in its prospecting and acquisition efforts. And, because they will continue to learn about what is valuable to each segment, they will be much likely to score a "win" with the right channel, right media, right product, right offer, right timing and most relevant message.

Successful customer retention is based simply on the organization's ability to constantly deliver on three principles:

- Maintain interaction, never stop listening
- Continue to deliver on the customer definition of value.

- Remember that customers change as they move through differing life stages. Be alert for the changes and be prepared to modify the services and value proposition as they change.

### **Prioritizing the changes:**

Since there might be many gaps, an organization has to be prepared to make several changes to make, prioritization is critical. The organization should evaluate each of the strategies identified to plug gaps based on-

- Cost: To implement including initial one-time costs, as well as anticipated on-going expenses.
- Overall benefits: Some changes may have larger impact on the organization's ability to increase customer value and loyalty.
- Feasibility: Based on organization's readiness, data and system support resource skill-sets and a number of other factors.
- Time required: including the time necessary for training and addressing 'cultural' change management issues related to a specific strategy.

### **Measuring Success:**

Implementing CRM is time consuming and demands a significant commitment across the cross-section of the organization. It is crucial that the action plan-

- Establish means of measuring your progress on CRM initiatives
- Establish enterprise wide measures of success and metrics that can be applied to all of your CRM initiatives.
- Apply these metrics on an ongoing basis to ensure continued funding of your CRM initiatives.

A common challenge in many organizations is that various groups, departments and divisions have varying means of measuring and reporting on the success of their CRM and customer related initiatives. Some may look at response rates and others may look at capture rates. Some may look at increasing in average order, others may look at number of contacts required to close a sale. Needless to say, the result is a lack of consistent results on CRM initiatives, and confusion between departments and in senior management about the measures of success of these initiatives. Ideally, each of the potential initiatives should be tied to projected improvements in customer dynamics-acquisition, retention, penetration and/or reactivation. The next step is to determine how improvements in these dynamics impact revenues, costs and/or competitive differentiation. Finally, it is important to establish universal metrics around these customer dynamics.

Each of these four dynamics can be measured by the following: percentages, number of customers, number of products per customer etc.

Since customer relationships represent ongoing investments, it is important to also project the future behavior and projected value of your customers while measuring the success of your CRM initiatives. This is the concept of Lifetime Value (LTV).

### **CRM implementation:**

The following are the guidelines to follow before CRM is implemented at the company.

#### **1. Develop corporate wide CRM engagement from key shareholders:**

Many CRM projects fail because critical stakeholders are not involved in setting CRM strategy, assessing requirements and selecting options.



## **2. Envision the company's CRM strategy:**

CRM is more than just a software. It is also about selecting appropriate methodologies and business practices to help your business enable better relationships with customers. Set some high level customer relationship goals in areas such as increasing customer retention, speeding problem resolution, closing a higher percentage of sales etc.

## **3. Determine and Prioritize CRM drivers and requirements:**

Priorities such include solving problems in the areas such s functional areas that are causing the most pain, cost and missed opportunity for the business, areas where employees are most or least resistant to changing business, weaknesses compared with competitors, complexity of each area that require addressing and identifying other systems with which it needs to integrate.

## **4. Develop a CRM roadmap:**

Develop a master plan consisting of several smaller steps and projects that will take you towards achieving the corporate CRM vision. For each step spell out key outcomes and metrics, roles and responsibilities, budgets and timeli:nes. Start with low-risk/high reward projects to build momentum and success. Make sure all key stake holders in each project are included up front in solution evaluation and implementation process toe ensure faster, higher user adoption at the end.

## **5. Think Integration:**

Determine how, where and when CRM tools need to integrate with one another and with other applications. This includes evaluating the business processes flow, and identifying process-related customer interactions and transaction that need to be integrated.

## **6. Do Your Homework and create a short list:**

Check out prospective vendors financial and customer references. Talk to peers who have more experience in the CRM area, search websites and pursue publications.

## **7. Apply the 80-20 rule in the selection process:**

Compare how vendors stack up in terms of solution strengths and weaknesses. Have vendors spell out terms and conditions, through document pricing, training, methodology, milestones and metrics for successful deployment.

## **8. Keep everyone in the loop:**

Once you have made a selection, err on the side of over communicating. Get internal evangelists involved early, and encourages inputs along the way as you roll it out. Offer flexible training options to help accommodate different schedules and learning preferences. This will also speed adoption and produce benefits more quickly.

## **9. Learn, Adjust and Evolve:**

Develop a mechanism to monitor use, get feedback and adopt the solution as necessary to make sure its evolving with business and customer needs. Depending on the type of CRM package deployed, you can use surveys, ongoing education, user groups and other venues to stay on top of knowing how these needs are changing, as well as what types of adaptations the solution will be needed over time.

## CRM Software Selection:

Installing a good CRM software package is the cornerstone of any customer relationship management program. Without good CRM software, gathering and storing the multitude of details gained about a customer from each interaction would be very difficult.

Small business CRM software has gone ahead in leaps bounds in recent years, with several top quality packages now available to choose from. Prior to beginning the search for good CRM software technology however, there are a few basic features you should seek in a potential CRM package:

- **Basic Functions:** The CRM software should manage data relating to both individuals and companies and it should also provide time management features. As most businesses use Microsoft Office, including Outlook, the CRM package should offer seamless integration with MS Office and/or fax software, as the ability to compose letters, faxes and email without leaving the CRM software is vital.
- **Recognised CRM Software Supplier:** Do your research. Make sure your proposed CRM software supplier is recognised in the industry and has a solid backing with reputable customer testimonials and reliable 24/7 technical support.
- **360 Degree Customer View:** It is important to know which people work for the same company; who said, emailed or wrote what to whom, and when. These details need to be a single click away. Does the CRM package you are considering provide this 360-degree view?
- **Seamless Connectivity:** These days it is becoming more and more common for a growing business and its mobile workforce to utilise networked access to a central database, to mobile phones, and to PDAs. You need to ensure your CRM software package supports all the connectivity required by your company.
- **Managing Campaigns:** In order to optimize your business marketing dollars, tracking of marketing campaigns and measuring their performance is critical. You will need a CRM package which provides this function.
- **Managing Leads:** If you want sales opportunities to become closed sales, tracking leads is of prime importance. Make sure you select CRM software which provides lead tracking.
- **Data Transfer:** Unless you are starting a business from scratch, you will probably need to import information from previous software. Make sure you will be able to import directly, instead of spending hours processing the data through an intermediate stage or even worse, manually. You will also need the ability to export data in order to exchange information with businesses who might use another CRM software package.
- **External Support:** To get the most from any CRM package, you will find tips from fellow users, industry-specific templates, plug-ins to be vital. Make sure the package you are

considering is well-known and supported. CRM gurus Dr Martha Rogers and Don Peppers say that practicing good CRM means you need to develop a one-to-one learning relationship with each customer, over four stages:

- Identification
- Differentiation
- Interaction
- Interaction

It's about treating different customers differently. It requires a shift in thinking, perseverance, discipline, and very good CRM software.

It will take you many interactions with a customer to improve identification of their details. You will need many customers before you can place them in different segments and cater to their needs by segment. It may take even longer before you know enough to customize individual offerings.

So get researching, for the very best computer CRM software technology suitable to your business. Without it, you are certain to be pushing up hill in your quest to run a successful customer relationship management program.

Reasons for failure of CRM Programmes:

Too often management views CRM as an easy solution to their business problems. It is often initiatives begin and unfold the management realizes the gaps in the expectations. Some of the causes of failure are:

### **1. Mistaking CRM as the substitute for good marketing management:**

Many marketing managers view a CRM programme as the substitute for marketing management assuming that the programme would lessen the hard work involved in marketing. They place excessive expectation on the CRM software and think the software will by itself look after their customer management tasks. No CRM programme can substitute the hard grind that marketing is all about. CRM requires superior marketing managers and staff, who are not only sensitive to the customers, but also willing to put in the needed work in the execution of the CRM programme.

### **2. Failure to appreciate the dynamic nature of marketing:**

Customer's needs and the value they perceive in various offerings are subject to change overtime. Technology and environment too keep changing, affecting the firm's customer management strategy. When CRM programme does not take cognizance of this dynamism of marketing, it fails.

### **3. Preoccupation with gathering of data and neglect of its application:**

Application of the insights on customers to marketing action is the core of CRM.. The usefulness of this expenditure depends entirely on the extent to the information is applied to marketing actions.

#### **4. Inadequate appreciation of the potential of the customer database:**

The firms lack adequate appreciation of the potential customer base. Their CRM programmes remain as just, PR programmes. They stop with just quarterly customer mailings or monthly customer letters. Measurements of customer satisfaction and protocols for applying the results there of for calculating the efficacy of marketing are usually non-existent.

#### **5. Failure to use brand intelligibly in the CRM programme:**

Using brand intelligibly is the key to successful mass marketing. It is seen whenever the brand and its values are not utilized throughout the CRM process, the results are not favourable. The way customers interact with brands has been changing in recent years. Multiple channels have contributed to this. This means that in the present times, the brand must work in all the channels/media and all the levels/touch points at which the communication take place. CRM must first know how the customers consume its brand and how they relate to it. Using this knowledge, the brand's value proposition and the various benefits it offers should be tailored to the individual customer and communicated to him in a specific way.

#### **6. Reluctance to measure customer satisfaction precisely:**

Many managers are reluctant to precisely measure the level of customer satisfaction. They also fail to set clear parameters/ metrics for this measurement. Obviously, these managers have no way of finding out whether CRM implementation has brought in benefits or not.

#### **7. Failure to follow up the feedback from the customers:**

Analysis shows that in many cases, firms painstakingly gather feedback from customers, but afterward forget about it completely. After coercing the customers to fill in any number of feedback forms, suggestion forms and survey questionnaires, they make no attempt to action the feedback or to initiate a further dialogue with them. This is worse than not gathering feedback at all.

#### **8. Reluctance to share the data on customers with all staff:**

Many firms have a protectionist approach to information. Their thinking is that information should be made available only on a 'need to know' basis within the organization and must be tied closely to rank. This is anti-ethical to CRM. CRM programmes believe in making all relevant information available to all those in the organization, who interact with the customer in one way or the other.

#### **9. Ignoring the need for efficient, trained, well-motivated employees:**

Happy customers are the outcome of happy and well motivated employees. And such employees bred only in great workplaces. Companies can succeed in CRM only by having efficient, well-motivated and happy employees. The challenge is often with the speed of response. The firm must resolve customer's problem adequately and quickly. Employees with the right motivation 'customer –first' attitude creates a satisfied customer.

#### **10. Some CRM programmes incur very high costs:**

Running a CRM Programme, especially the creation and maintenance of an effective customer database involves significant costs. There are software costs, hardware costs, systems cost, people related costs, training and motivation costs and so on. The business must be capable of

generating such revenues and profits that costs of CRM programme do not pose a problem at all. There must also be proper control of the costs of CRM-both investment costs and operation costs. The CRM programme succeeds only when the net is positive.

**11. Failure to appreciate that the scope for CRM varies over businesses:**

All businesses and all customers do not lend the same scope or applying CRM. Failure to appreciate this basic fact will lead the CRM programme to failure. For example, in FMCG businesses where the end customers run into millions, and are distance from the company by several tiers of middlemen and geography, a one –to-one relationship is difficult to maintain. They may be better off with traditional mass marketing/communication strategies.

**12. Failure to fit in the needed flexibility:**

In some cases, CRM programmes fail as they are designed without the needed flexibility. A rigid structure will be incapable of supporting one-to-one marketing. It will not be able to respond to individual customer’s needs in specific ways.

**13. Poor planning affects business goals:**

Poor planning affects the company’s views of interaction with customers and increases the chances of addressing the wrong issues. Planning must be based on creating new initiatives that will make doing business better for the customer. It includes taking small steps to reach the larger goal.

**14. Resistance to Change:**

Remaking a company to be genuinely customer-centric is new and uncharted territory and as with anything new, there is always resistance to change. Change often forces people to regress to what they know and protect what they have always been comfortable with.

**15. Commitment from senior management:**

A solid and total commitment from the most senior management is a must for the CRM project work. The project must have a dedicated senior executive with the strength to sell the program throughout the organization as is champion, assuring the company’s commitment.

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