

# CRM-Its need and importance in emerging business world

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## ABSTRACT

The CRM idea gained ascendancy only in recent times. CRM highlights that in the new customer dictated environment; marketing man can win the marketing game by building enduring relations with the customers. Customer defection has become more prevalent in present era. Through appropriate system and processes CRM enables the marketers to provide the right value to the customers and capture back from the market the due value for his company. CRM is a versatile tool. It take care of a multitude of tasks relating to customer management and bring a variety of benefits to the firm. The companies adopting better CRM policies are enjoying more advantages than the other companies. For the effectiveness of CRM programme, all the components must be designed and executed properly.

**Key Words:** Customer Relationship Management; Relationship Marketing; CRM Process; CRM Definition; CRM Strategy; CRM Programs

sufficient detail so that management, salespeople, people providing service, and perhaps the customer directly could access information, match customer needs with product plans and offerings, remind customers of service requirements, know what other products a customer had purchased, and so forth.

CRM technology allows firms to collect and manage large amounts of customer data and then carry out strategies based on that information. Data collected through focused CRM initiatives help firms solve specific problems throughout their customer relationship cycle—the chain of activities from the initial targeting of customers to efforts to win them back for more. CRM data also provide companies with important new insights into customers' needs and behaviors, allowing them to tailor products to targeted customer segments. Information gathered through CRM programs often generates solutions to problems outside a company's marketing functions, such as supply chain management and new product development.

## I. INTRODUCTION OF CRM

Customer Relationship Management (CRM) is a process companies use to understand their customer groups and respond quickly—and at times, instantly—to shifting customer desires. It is not merely the response of times, but necessity of the time as well. Today, business firm are required to operate in an out and out customer dictated environment. Maintain constant interaction with customers, gaining all relevant knowledge about them, basing all marketing actions on such knowledge and building enduring relations with them have become a survival requirement for firms in the new environment.

CRM is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way. For example, an enterprise might build a database about its customers that described relationships in

## II. REVIEW OF LITERATURE

Nevin (1995) points out, CRM have been used to reflect a variety of themes and perspectives. Some of these themes offer a narrow functional marketing perspective while others offer a perspective that is broad and somewhat paradigmatic in approach and orientation. A narrow perspective of customer relationship management is database marketing emphasizing the promotional aspects of marketing linked to database efforts

(Bickert, 1992). Another narrow, yet relevant, viewpoint is to consider CRM only as seeking customer retention by using a variety of after marketing tactics that lead to customer bonding or staying in touch with the customer after a sale is made

(Vavra, 1992). A more popular approach with the recent application of information technology is to focus on individual or one-to-one relationships with customers that integrate database

knowledge with a long term customer retention and growth strategy (Peppers & Rogers, 1993).

Berry (1995), in somewhat broader terms, also has a strategic viewpoint concerned with CRM. He has stressed that attracting new customers should be viewed only as an intermediate step in the marketing process and that developing closer relationship with these customers and turning them into loyal ones should be equally important aspects of marketing. Thus, he proposed that relationship marketing be seen as “attracting, maintaining, and – in multi-service organizations – enhancing customer relationships” (p. 25).

Morgan and Hunt (1994) draw upon the distinction made between transactional exchanges and relational exchanges by Dwyer, Schurr, and Oh (1987) to suggest that relationship marketing “refers to all marketing activities directed toward establishing, developing, and maintaining successful relationships.”

The core theme of all CRM and relationship marketing perspectives is its focus on a cooperative and collaborative relationship between the firm and its customers, and/or other marketing actors.

Dwyer, Schurr, and Oh (1987) have characterized such cooperative relationships as being interdependent and long-term orientated rather than being concerned with short-term discrete transactions. The long-term orientation is often emphasized because it is believed that marketing actors will not engage in opportunistic behavior if they have a long-term orientation and that such relationships will be anchored in mutual gains and cooperation

### Objectives of the study

- 1) To study the concept of Customer relationship management
- 2) To Identify the role of customer relationship management in modern business world
- 3) To study the effect of bad CRM
- 4) To know the basic rules for effective CRM

### Role of CRM

Due to the competition in the market, the customer relationship management plays the very important role in any business. The most of the business success and failure depends upon the customer. **Customer relationship management strategy** of any organization helps in increasing profit, Brand Value or Image, Market Share or expansion, Growth and stable and maintaining cost of organizations. The many companies like Nokia, Wal-Mart, Pepsi, Coca-Cola and Sony etc are having strong Customer relationship management.

These companies provide low cost and durable products to customers as they know that if the customers are happy then company sales will be increase day by day.

Customer relationship management role is the becoming very important tool for Fast moving consumer goods (FMCG). Fast moving consumer good means providing excellent quality products with very low cost. In fact Fast moving consumer goods are very small like soft drink company coca-cola they sell the soft drinks in large amount then the profit will be automatically large.

In the present scenario, customers are the key part of the market of any business. If the relationship with the customer is good then it helps to increase the business at retail stores. For maintaining good relations with the customers, companies providing additional or effective services to customers like free home delivery of minimum quantity of products within five miles. This type of marketing attracts the old customers and new customer automatically adds at the retail stores.



### Why does the organization need CRM?

The ultimate purpose of CRM, like any organizational initiative, is to increase profit. In the case of CRM this is achieved mainly by providing a better service to your customers than your competitors. CRM not only improves the service to customers though; a good CRM capability will also reduce costs, wastage, and complaints (although you may see some increase initially, simply because you hear about things that without CRM would have stayed hidden). Effective CRM also reduces staff stress, because attrition - a major

cause of stress - reduces as services and relationships improve. CRM enables instant market research as well: opening the lines of communications with your customers gives you direct constant market reaction to your products, services and performance, far better than any market survey. Good CRM also helps you grow your business: customers stay with you longer; customer churn rates reduce; referrals to new customers increase from increasing numbers of satisfied customers; demand reduces on fire-fighting and trouble-shooting staff, and overall the organization's service flows and teams work more efficiently and more happily.

There are many reasons for the growing importance of Customer Relationship Management

- CRM converts ordinary buyers into profitable customers, builds enduring relations with them and retains them as customers for life. It lays greater emphasis on retaining the existing customers. It rests on the reality that it is less costly, more smarter, and more profitable, to retain an existing customer than to add a new one.
- CRM not only tracks customer behavior, but also acts as an early warning radar on all development on the consumer front. It helps to avoid all such situations that arises out of sudden change in consumer behavior. It will also indicate what adaptations are required in the business process of the firm for preventing the customer from going out.
- With the help of CRM programme the firm can identify easily the high volume, frequently/occasional, staunch/ shifting customers and apply the right marketing strategies to them. It can also appropriately grade the value of its products and services for the targeted customers.
- Through CRM all customer interacting staff get a 360 degree view of the customer. This in turn, enables the firm to service the customer in an integrated fashion. It also helps the firm to suitably restructure itself for getting a single view, if its current structure does not provide for it.
- CRM, with its customer database strength and analytical capability helps in cross selling/ upselling work by providing different product and augmented products to the customers of different tastes and choices.
- CRM supports customization and personalization, which transform a standard product or service into a specialized solution for an individual customer. It enables the firm

to do its marketing on a one-to-one basis even where it is serving the mass market.

- It helps in enabling profitable marketing in a competitive and customer oriented environment. Customers is treated as assets and a firm can get better return on customers by managing customers by considering them as long term investment.

In the modern world, the way you maintain a relationship with your customers is essentially the most important aspect of business. Even if you are not the top firm in your business line, you can attract consumers with effective and efficient CRM, which will allow them to explore your quality services and bad CRM can similarly drive away business pretty quickly.

#### **Reasons why Bad CRM Can Kill a Business**

- **Customers don't want to wait**  
That you are already offering do not wish to stay in line for them. In a world that looks to save on both time and energy along with instant gratification, making the consumer wait due to lack of support infrastructure can drive them away.

- **Competition that manages customer queries better**

The moment your CRM fails, there is always someone else who is willing to pick them up. There is nothing more annoying for consumers than to wait and feel ignored while paying for your services. More than costs, poor CRM drives consumers away quicker.

- **Most consumers do not return a second time**

There is no point investing a majority of your budget on advertising and not having a customer management system that will respond in time. Since most new consumers do not come back again and statistics say that as many as 60 percent do not bother returning a second time, poor CRM can drive away new business.

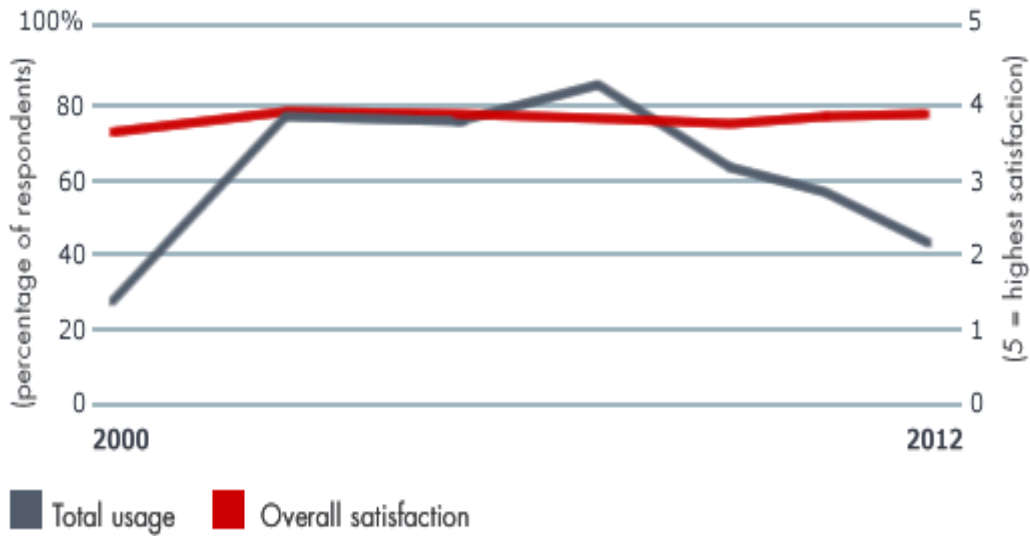
- **Good CRM reduces cost and wastage**  
An efficient and good Customer Relationship Management (CRM) can cut down on costs and reduce wastage both in terms of infrastructure and energy efficiency. There is no point deploying and wasting both man power and sources that yield no result whatsoever and waste precious finances.

- **Bad CRM undermines service quality**  
There is no point in providing great services when most of the new consumers do not even reach them

thanks to bad consumer relations. Since none of them are obligated to pick your services, most

people will likely go the other way.

**Usage and effectiveness among survey respondents**



**How Customer Relationship Management works:**

**CRM requires managers to:**

- Start by defining strategic "pain points" in the customer relationship cycle. These are problems that have a large impact on customer satisfaction and loyalty, where solutions would lead to superior financial rewards and competitive advantage.
- Evaluate whether—and what kind of—CRM data can fix those pain points. Calculate the value that such information would bring the company.
- Select the appropriate technology platform, and calculate the cost of implementing it and training employees to use it. Assess whether the benefits of the CRM information outweigh the expense involved.
- Design incentive programs to ensure that personnel are encouraged to participate in the CRM program. Many companies have discovered that realigning the organization away from product groups and toward a customer-centered structure improves the success of CRM.

**Companies use Customer Relationship Management to:**

- Gather market research on customers, in real time if necessary
- Generate more reliable sales forecasts

- Coordinate information quickly between sales staff and customer support reps, increasing their effectiveness
- Enable sales reps to see the financial impact of different product configurations before they set prices
- Accurately gauge the return on individual promotional programs and the effect of integrated marketing activities, and redirect spending accordingly
- Feed data on customer preferences and problems to product designers
- Increase sales by systematically identifying and managing sales leads
- Improve customer retention
- Design effective customer service programs

**Successful organizations use three steps to build customer relationships:**

- determine mutually satisfying goals between organization and customers
- establish and maintain customer rapport
- produce positive feelings in the organization and the customers

**CRM impacts on the organization**

- shifting the focus from product to customer
- streamlining the offer to what the customer requires, not what the organization can make
- highlighting competencies required for an effective CRM process

### Generating a customer focused CRM solution

#### A new way of thinking:

- change in paradigm
- change in the messages sent and received
- change in the overall culture

#### A new way of doing things:

- processes that are capable and effective
- structures and systems that support a business centered on its customers
- connectivity (end-to-end processes) both internally and externally (eg., with suppliers)

#### Customers' expectations

If an organization cannot at least meet its customers' expectations it will struggle. Ideally a business organization should **exceed** its customers' expectations, thereby maximizing the satisfaction of its customers, and also the credibility of its goods and services in the eyes of its customers. Customers normally become delighted when a supplier under-promises and over-delivers. To over-promise and under-deliver is a recipe for customers to become very dissatisfied.

#### Achieving good CRM

Achieving effective Customer Relationship Management requires many organizations to adopt a new perspective. Consider the following:

- Traditional **customer service** is something you **'do to'** the customer.
- Modern **Customer Relationship Management** is **'done with'** the customer.

The second statement emphasizes the big differences between conventional traditional customer service, and the modern progressive CRM approach.

Your relationships with customers should be ongoing, cooperative, and built for the long term.

The cost of keeping existing customers is a tiny fraction of the cost of acquiring new customers.

#### Rules for better CRM

**Rule No 1** - You cannot assume that you know what a customer's expectations are ... You must ask.

**Rule No 2** - Customer expectations will constantly change so they must be determined on an on-going basis.

The expectations of different customers for the same product or service will vary according to:

- social and demographic factors
- economic situation
- educational standards
- competitor products
- experience

Therefore, given all these variable factors, it is no surprise that one size certainly does not fit all. Ask your customers what is important to them. Find out why your customers do business with you. There are a wide variety of relationship drivers. For example:

- quality
- price
- product
- location
- customer service

When you ask you might discover some factors that you'd perhaps never even considered, for example:

- health and safety support
- systems compatibility
- contract structure
- distribution flexibility
- technical support
- troubleshooting and problem-solving, to name just a few

### III. CONCLUSION

In today's commercial world, practice of dealing with existing customers and thriving business by getting more customers into loop is predominant and is mere a dilemma. Installing a CRM system can definitely improve the situation and help in challenging the new ways of marketing and business in an efficient manner. Hence in the era of business every organization should be recommended to have a full-fledged CRM system to cope up with all the business needs.

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