

# The Customer Relationship Management In Terms Of Business Practice in India

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**Abstract – Today's businesses compete with multi-product offerings created and delivered by networks, alliances and partnerships of many kinds. Both retaining customers and building relationships with other value-adding allies is critical to corporate performance. The adoption of C.R.M. is being fuelled by recognition that long-term relationships with customers are one of the most important assets of an organization. The focus of CRM is on creating value for the customer and the company over the longer term. When customers value the customer service that they receive from suppliers, they are less likely to look to alternative suppliers for their needs .CRM enables organizations to gain 'competitive advantage' over competitors that supply similar products or services.**

**Keywords:- C.R.M, Relationships, Organizations, Customers.**

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## INTRODUCTION

Today's businesses compete with multi-product offerings created and delivered by networks, alliances and partnerships of many kinds. Both retaining customers and building relationships with other value-adding allies is critical to corporate performance. The adoption of C.R.M. is being fuelled by recognition that long-term relationships with customers are one of the most important assets of an organization. The focus of CRM is on creating value for the customer and the company over the longer term. When customers value the customer service that they receive from suppliers, they are less likely to look to alternative suppliers for their needs .CRM enables organizations to gain „competitive advantage“ over competitors that supply similar products or services.

CRM is a business strategy that aims to understand, anticipate and manage the needs of an organization's current and potential customers. It is a comprehensive approach which provides seamless integration of every area of business that touches the customer- namely marketing, sales, customer services and field support through the integration of people, process and technology. CRM is a shift from traditional marketing as it focuses on the retention of customers in addition to the acquisition of new customers. The expression Customer Relationship Management (CRM) is becoming standard terminology, replacing what is widely perceived to be a misleadingly

narrow term, relationship marketing (RM). It is a model which puts the customer at the center of the information flow which helps to maximize profitable relationships. It uses information technology to share the customer related information across departments and analyses the information to increase the value addition to the customers. CRM organizes, synchronizes and automates the business process of marketing, sales and customer service. Here all the customers are not treated as equals; rather preference is given to the valuable customers such that he feels more valuable. It helps in reducing marketing and sales expenses; and improves efficiency of sales, marketing and customer service.

CRM is a business philosophy based on upon individual customers and customized products and services supported by open lines of communication and feedback from the participating firms that mutually benefit both buying and selling organizations. The buying and selling firms enter into a “learning relationship”, with the customer being willing to collaborate with the seller and grow as a loyal customer. In return,, the seller works to maximize the value of the relationship for the customer's benefit. In short, CRM provides selling organizations with the platform to obtain a competitive advantage by embracing customer needs and building value-driven long-term relationships.

Ø The focus of CRM is on creating value for the customer and the company over the longer term.

Ø When customers value the customer service that they receive from suppliers; they are less likely to look to alternative suppliers for their needs.

Ø CRM enables organizations to gain „competitive advantage“ over competitors that supply similar products or services.

CRM software consolidates customer information and documents into a single CRM database so business users can more easily access and manage it. The other main functions of this software include recording various customer interactions (over email, phone calls, social media or other channels, depending on system capabilities), automating various workflow processes such as tasks, calendars and alerts, and giving managers the ability to track performance and productivity based on information logged within the system.

## II. CRM IN INDIA

Netscribes' latest market research report titled CRM Market in India 2014 highlights the growing importance for CRM in today's business scenario. Given the increased competition among firms these days, the adoption of a CRM strategy is starting to become more and more crucial. Irrespective of their size, businesses today are more inclined to adopt a CRM strategy to manage and create relationships with customers in an effective manner. The need for a CRM solution has now emerged as a crucial factor for success for almost all organizations. India is a developing market and most Indian firms are recognizing the importance of implementing a CRM solution that addresses the market effectively. In terms of processes & functions, CRM can be broadly categorized into four segments - Operational CRM, Analytical CRM, Sales Intelligence CRM and Collaborative CRM. CRM modules cater to three essential areas of customer relationship leading to customer retention and acquisition. Apart from the fact that it is easy to implement, integrate & use, CRM offers remote access, multi-channel interaction, analytical operation, and campaign management tools in a customized interface as required by the client.

The key factors driving the growth of the CRM market include better relationships with customers that often lead to an increase in sales, global competence and improving cost efficiencies. Given the fact that these drivers are accelerating the growth of the CRM market, there are also certain bottlenecks that might prove to be a hindrance in preventing firms from adopting a CRM solution. The expected growth rate and revenue over the coming 5 years from this market is quite high. Also, the investment in this sector is significantly high as compared to other IT services, thereby clearly indicating that the revenues that

will be generated from this market are expected to be huge. The market is dominated by private players with most of them being foreign companies. But, with the market growing more and more, players with new solutions are coming up. With new trends of mobile and social CRM gaining importance and the concept of KYC gaining in significance, the CRM market is expected to boom over the coming decade.

The India Customer Relationship Management (CRM) software market is on a clear growth path. In Peter F Drucker's words, the purpose of business is to create and keep a customer – and every executive understands the truth of these words. Today, when businesses are scrambling to get customers, the importance of Customer Relationship Management cannot be ignored. That's why analysts, vendors, and solution providers remain bullish about the growth of CRM software solutions in India. Despite the inspiring market growth of CRM software in India, there is little formal local research and very limited coverage provided by the traditional analyst firms such as Gartner, Forrester or Aberdeen. However, analysts have consistently referenced double digit growth figures since 2000 and continue to forecast CRM growth in India at increasing rates.

In Gartner's view, the Indian CRM market size is about 15% of the overall Asia Pacific (APAC) market, the second largest in the region, after Australia. Between 2009 and 2014, CRM in India is projected to grow at a compound annual growth rate (CAGR) of 16% to 19%. Yanna Dharmasthira, Research Director at Gartner said in 2009, "In the next five years, India is projected to have the second highest CAGR after China as far as CRM is concerned." Gartner has revised the growth rate of the India CRM market, specifically for the year 2010 in which it is expected to reach \$100 million.

## III. THE TOP 10 CRM SYSTEMS IN INDIA

1. Oracle, including its Oracle Siebel, PeopleSoft and Oracle on Demand products
2. SAP CRM
3. Microsoft Dynamics CRM
4. Salesforce.com
5. Sage, including ACT!, Sage CRM and Sales Logix
6. Pivotal from CDC Software
7. Talisma
8. Amdocs from Clarify

9. Sugar CRM

10. Impel CRM

#### **IV. COMMON FEATURES OF CRM SOFTWARE INCLUDE**

##### **1. Marketing automation:**

CRM tools with marketing automation capabilities can automate repetitive tasks to enhance marketing efforts to customers at different points in the lifecycle. For example, as sales prospects come into the system, the system might automatically send them marketing materials, typically via email or social media, with the goal of turning a sales lead into a full-fledged customer.

##### **2. Sales force automation:**

It is also known as sales force management, sales force automation is meant to prevent duplicate efforts between a salesperson and a customer. A CRM system can help achieve this by automatically tracking all contact and follow-ups between both sides.

##### **3. Contact center automation:**

It is designed to reduce tedious aspects of a contact center agent's job, contact center automation might include pre-recorded audio that assists in customer problem-solving and information dissemination. Various software tools that integrate with the agent's desktop tools can handle customer requests in order to cut down the time of calls and simplify customer service processes.

##### **4. Geolocation technology, or location-based services:**

Some CRM systems include technology that can create geographic marketing campaigns based on customers' physical locations, sometimes integrating with popular location-based GPS apps. Geolocation technology can also be used as a networking or contact management tool in order to find sales prospects based on location.

#### **V. DETERMINANTS OF CRM**

##### **1. Trust:**

The willingness to rely on the ability, integrity, and motivation of one company to serve the needs of the other company as agreed upon implicitly and explicitly.

##### **2. Value:**

The ability of a selling organisation to satisfy the needs of the customer at a comparatively lower cost or higher

benefit than that offered by competitors and measured in monetary, temporal, functional and psychological terms.

In addition to trust and value, salespeople must;

- Understand customer needs and problems;
- Meet their commitments;
- Provide superior after sales support;
- Make sure that the customer is always told the truth (must be honest); and
- Have a passionate interest in establishing and retaining a long-term relationship (e.g., have long-term perspective).

#### **VI. 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 as 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 timelines. Start with low-risk/high reward projects to build momentum and success. Make sure all key stakeholders in each project are included up front in solution evaluation and implementation process to 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.

The following diagram shows the various processes involved in the implementation of CRM;



## VII. TYPES OF CRM

### 1. Analytical CRM

Analytical CRM is designed to analyze deeply the customer's information and data and unwrap or disclose the essential convention and intension of behaviour of customers on which capitalization can be done by the organization

### 2. Collaborative CRM

Collaborative CRM deals with synchronization and integration of customer interaction and channels of communications like phone, email, fax, web etc. with the intent of referencing the customers a consistent and systematic way.

### 3. Operational CRM

Operational CRM is mainly focused on automation, improvement and enhancement of business processes which are based on customer-facing or customer supporting.

### 4. Geographical CRM

Geographic CRM (GCRM) combines geographic information system and traditional CRM. Geographic data can be analyzed to provide a snapshot of potential customers in a region or to plan routes for customer visits.

### 5. Sales intelligence CRM

Top-performing sales organizations are meeting the challenges of identifying the most likely buyers of their products and services through the deployment of sales intelligence solutions that introduce a wide variety of data streams to their front-line staff. By empowering their sellers



with better information about their prospect companies, markets and individuals, these firms are able to maximize their chances of hitting quota, and at the same time create efficiencies within the sales operations environment.

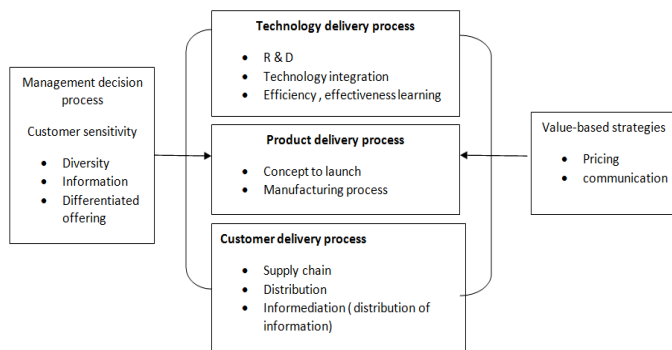
### Functions of Customer Relationship Management

It is divided into;

- A. **Direct functions:** are the basic requirements of a company that are necessary to survive in the competitive marketplace. They are Profit, Volume and Safeguard
- B. **Indirect functions:** are the actions necessary to convince the customer to participate in various marketing activities like Innovation, Market Scout and access.

### Functions of Customer Relationship Management

Value creation process



### ADVANTAGES OF CRM

1. It helps to convert buyers into profitable customers
2. It acts as a radar on all development on the consumer front
3. It enables sharper customer selection or targeting by dissecting the difference in value needs of customers
4. Supports cross selling and up selling to existing customers
5. Helps customization, personalization and one to one marketing on mass scale
6. Manages customer interaction and customer service

7. Helps focus on profit and avoid misalignment between revenue and profit
8. Gathers in depth customer information tracks, customer behavior and applies the knowledge to all marketing efforts
9. Serve as sustainable competitive advantage.

### VIII. 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 to keep changing, affecting the firm's customer management strategy. When CRM programmes do 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 which 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.

customer satisfaction and protocols for applying the results thereof for calculating the efficacy of marketing are usually non-existent.

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

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 favorable. 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.

#### **5. 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 breed 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 donot 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.

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.

#### IX. CONCLUSION

Customer Relationship Management (CRM) can be very useful if it works. It allows companies to gather customer data swiftly, identify the most valuable customers over time, and increase customer loyalty by providing customized products and services. It also reduces the cost of serving these customers and makes it easier to acquire similar customers. But a CRM can not only fail to deliver its intended benefits, it can also damage long-standing customer relationships. The biggest problem is the assumption that CRM is a software tool that will manage customer relationship of the company. CRM is the bundling of customer strategy and processes supported by relevant software for the purpose of improving customer loyalty and in the long term, the profitability of the company. It is important to get the concept and implementation of CRM right, as it is one initiative that most companies will be tempted to pursue sooner rather than later.

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