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STRATEGIC CUSTOMER RELATIONSHIP MANAGEMENT THROUGH E-CRM

AN INTERNATIONALLY INDEXED PEER REVIEWED & REFEREED JOURNAL

Strategic Customer Relationship Management through E-CRM

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Abstract – Customer Relationship Management (CRM) encompasses activities and processes intended to help an organization understand, communicate with, and service the needs of, customers and prospects. The main driver for CRM is the underlying philosophy that successful customer engagement, and therefore successful business, is based on the ability to build 'meaningful relationships' with customers

Keywords: Customer Relationship Management, Marketing, Business

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INTRODUCTION

Marketing scholars are studying the nature and scope of CRM and are developing conceptualizations regarding the value and process of cooperative and collaborative relationships between buyers and sellers. Many scholars with interests in several sub-disciplines of marketing, such as channels, services marketing, business-to-business marketing, advertising, and so forth, are actively engaged in studying and exploring the conceptual foundations of managing relationships with customers. They are interested in strategies and processes for customer classification and selectivity; one-toone relationships with individual customers; key account management and customer business development processes; frequency marketing, loyalty programs, cross-selling and up-selling opportunities; and various forms of partnering with customers including co-branding, joint-marketing, co-development, and other forms of strategic alliances [7].

REVIEW OF LITERATURE:

Companies that enter to compete in a new market weaken the existing and solid ones, due to new ways of doing and conceiving businesses. One of the factors that have driven all these changes is the constant change and evolution of technology. Because of this reality, the CRM concept has evolved in such a way that nowadays it must be viewed as a strategy to maintain a long-term relationship with the customers [1]. A good customer relationship is the key to business success. Relationship building and management, or what has been labeled as relationship marketing, is a leading approach to marketing [2]. The use of customer relationship management (CRM) systems is becoming increasingly important to improve customer life time value [3]. Understanding the needs of customers and offering value-added services are

recognized as factors that determine the success or failure of companies [4]. So more and more businesses begin to attach great importance to electronic customer relationship management (eCRM), which focuses on customers instead of products or services, that is, considering customer's needs in all aspects of a business, ensuring customers' satisfaction. By providing information on customer data, profiles and history they support important areas of a company's core processes, especially in marketing, sales and service [5]. eCRM is all about optimizing profitability and enabled businesses to keep customers under control, as it makes the customer feel they are really a part of the business progress [6].

Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume.

THE EMERGENCE OF CRM PRACTICE:

In recent years however, several factors have contributed to the rapid development and evolution of CRM. These include the growing disintermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end-customers. For example, in many industries such as the airline, banking, insurance, computer

software, or household appliances industries and even consumables, the de-intermediation process is fast changing the nature of marketing and consequently making relationship marketing more popular. Databases and direct marketing tools give these industries the means to individualize their marketing efforts. As a result, producers do not need the functions formerly performed by middlemen. Even consumers are willing to undertake some of the responsibilities of direct ordering, personal merchandising, and product use related services with little help from the producers. The recent success of on-line banking, Charles Schwab and Merryll Lynch's on-line investment programs, direct selling of books, automobiles, insurance, etc., on the Internet all attest to the growing consumer interest in maintaining a direct relationship with marketers [8].

SPLENDID CRM:

Splendid is one of a relatively new breed of enterprise class products distributed under Open Source license. The basic principle of Open Source is that the software is provided to the user without having to pay a license fee to use it, and with access to the source code it was written in. Meaning anybody who is familiar with the code language can rewrite the software in any way they like. The main restriction being that people cannot sell on the modified product as their own, and they are encouraged to share any changes they make back with the main product developers, for possible future inclusion in the standard product. CRM systems generally require a lot of customization to really become integrated with a company's other systems and processes, and often the cost of this customization has to come on top of the license fee for the product.

A system like Splendid provides a great framework for creating highly customized solutions for clients. It gives you all of the basic functionality anybody would want in a CRM system, allowing a good software developer to be spoke it to an individual customer's need at a fraction of the time and cost of building a product completely from scratch. And because you have access to the source code of the product – you are not tied into a single supplier for any future developments, which give you greater choice and drives down costs through open competition.

THE SIGHTS ECRM [9] :

E-CRM describes the broad range of technologies used to support a company's CRM strategy. It can be seen to arise from the consolidation of traditional CRM with the e-business applications marketplace. Bradway and Purchia (2000) see eCRM as the intersection between two important industry initiatives, the booming Internet market and the shifting focus to customer-centric strategies.

eCRM is sometimes referred to as web-enabled or web-based CRM and emerging from this view eCRM has been defined by Forrester Research as 'a web centric approach to synchronizing customer relationships across communication channels, business functions and audiences'. Lee-Kelley et al. highlight the relative lack of literature in this domain and suggest as a working definition that eCRM refers to 'the marketing activities, tools and techniques delivered via the Internet which includes email, world wide web, chat rooms, e-forums, etc., with a specific aim to locate, build and improve long term customer relationships to enhance their individual potential'. Typically electronic and interactive media such as the Internet and email are seen as playing the most significant role in operationalizing CRM as they support effective customized information between the organization and customers. However, eCRM can also include other e-technologies and new e-channels including mobile telephony, customer call and contact centers and voice response sys- tems. The use of these technologies and channels means that companies are managing customer interactions with either no human contact at all, or involving reduced levels of human intermediation on the supplier side.

CONCLUSION:

Customers are the life blood of all businesses, so all businesses need to take customer relationship management seriously, even if they don't know it. However that does not mean that all businesses need a CRM system.

The domain of customer relationship management extends into many areas of marketing and strategic decisions. Its recent prominence is facilitated by the convergence of several other paradigms of marketing and by corporate initiatives that have developed around the theme of cooperation and the collaboration of organizational units and their stakeholders, including customers.

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