CUSTOMER RELATIONSHIP MANAGEMENT
Code:18KP2CO07

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SYLLABUS

UNIT – I : INTRODUCTION AND SIGNIFICANCE

CRM Emerging Concepts; Need for CRM; CRM Applications; CRM Decisions; The Myth of Customer Satisfaction; CRM Model; Understanding Principles of Customer Relationship; Relationship Building Strategies; Building CRM by Customer Retention; Stages of Retention; Sequences in Retention Process; Understanding Strategies to Prevent Defection and Recover Customers.

UNIT – II : CRM PROCESS

introduction and Objectives – An Insight into CRM and e-CRM / online CRM; the CRM cycle – Assessment Phase; Planning Phase; The Executive Phase; Modules in CRM, 4 C's of CRM Process; CRM Process for Marketing Organization; CRM Affiliation in Retailing Sector, Key e-CRM features.

BOOK FOR REFERENCE:

Mohammed. H. Peeru – Customer Relationship Management, Sagadevan Vikas Publishing House, Delhi.

Paul Greenberge (2005) – CRM- Essential Customer Strategies for the 21st Century, Tata McGraw Hill.

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INTRODUCTION OF CRM

Managing relationships with customers and making them satisfied has become a necessity in the wake of globalization, where the customer satisfaction is the only key to success and survival of any business. Now a days it is realized that customers need to be given more care seriously than before.

Meaning Of CRM

CRM is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving business relationships with customers, assisting in customer retention and driving sales growth.

Customer Relationship

- Customer will enter in relationship with business only if they find value in company's offering. This value begins in the mind with perception about the product and the company. Relationship can add value to customer through following:

- The company needs to get closer to the customer and start interaction with them. Through the interaction the company is going to understand needs and requirements of the customer. This understanding of expectation may be through personalized marketing, if the product is customized.

- By close interaction with the customer, company is going working to create a relationship of trust and commitment. This will help both company and customer make the right decision.

- As a company progresses it start to look at more standardization and reduce customization. But through relationship marketing and human interaction this standardization can be made more acceptable.

Introduction Of Relationship Marketing

Relationships are essential for business transactions. Relationships require at least two parties to be contact with each other. The basic relationship of marketing is between a supplier and a customer. Relationship marketing is a new concept, with a greater emphasis on the creation of 'customer value'.

Customer value is the summation of all the positive effects that a supplier has upon the customer's or business or in the case of end users, their personal satisfaction.

Meaning of Relationship Marketing

Relationship marketing refers to those marketing activities that are aimed at developing and managing long-term relationships with the customers. The details about the customer, his buying patterns, contacts, etc. are maintained in a sales database and an account executive is assigned to fulfill the needs of the customers and maintain the relationships successfully.

Meaning of Relationship Marketing

- Relationship marketing is the method of gradually turning website visitors into subscribers and leads them from position to position along a planned program to convert them into lifetime customers.

- Think of relationship building as the foundation of your business. It establishes you as a professional, trustworthy, and consistent source.

Definition of Relationship Marketing

➤ Berry defined relationship marketing as "attracting, maintaining and enhancing customer relationship".

➤ According to Shani and Chlalasani, "relationship marketing is an integrated effort to identify, maintain and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time".

➤ According to Morgan and Hunt " relationship marketing activities directed towards establishing, developing and maintaining successful relational exchanges".

Definition of Relationship Marketing

Definitions Provided by American Marketing Association. The term relationship marketing was first coined in America in the early 1980s. "Relationship Marketing is marketing with the conscious aim to develop and manage long term and/or trusting relationship with customers, distributors, suppliers, or other parties in the marketing environment".

Emergence of relationship marketing

The primary reason attributed to the rapid development and evolution of relationship marketing is the reduction in distributors, caused by the advent of computer and telecommunication technologies that allow producers to interact directly with end customers. This has resulted in less dependence on the middlemen.

Emergence of relationship marketing

➢ The second reason being that services are typically produced and delivered at the same institution, this minimizes the role of the middlemen.

➢ The another force driving the adoption of relationship marketing has been the total quality movement. When companies starts to embraced the TQM to improve quality and reduce costs, it becomes necessary for them to involve their suppliers and customers in implementing the program at all levels of the value chain.

Emergence of relationship marketing

➤ With the advent of digital technology and complex products, a systems selling approach became common. Customers liked the idea of systems integration and sellers were able to sell augmented products and services to customers. These measures created intimacy and cooperation in buyer-seller relationships.

➤ In the current era of hyper-competition, marketers are forced to be concerned with customer retention and loyalty. It is noticed from several studies that retaining customers is less expensive than acquiring new ones.

➤ Also, customer expectations have changed rapidly almost daily. It was by new technology, growing availability of advanced product features and services, and customer's expectations are changing rapidly.

Emergence of relationship marketing

Relationship between customers and suppliers is the base for all marketing activities. The emerge of Relationship marketing take place in the year 1980s. The direct interaction led to relational bonding between the producer and the consumer. Earlier, after the industrial era's mass production, the society created a need for middlemen and there were less frequent interactions between producers and consumers and this led to transaction oriented marketing.

The production and consumption functions became separated and this led to marketing functions being performed by the middlemen.

Relationship Marketing – Characteristics

Traditionally marketing was all about making sales and earning profits. Companies were more interested in increasing their sales by attracting new customers; enough efforts were not made to satisfy and maintain the existing ones.

On the other hand, relationship marketing realizes the importance of not just the customers, but also the other stakeholders like shareholders, suppliers, employees, etc. and aims to maintain fruitful relationships with them based on mutual cooperation.

- (i) The focus of relationship marketing is on the customers and stakeholders rather than on the company's products.

- (ii) It requires a move from functional teams to cross- functional teams.

- (iii) There is more emphasis on customer retention and growth than on acquisition of new customers.

- (iv) It addresses all the stakeholders like suppliers, distributers, employees, shareholder, etc. rather than just the customers.

Relationship Marketing – Characteristics

RM is about healthy relationships, which are characterized by concern, trust, commitment and service.

1. Concern:

Strong relation can be maintained by knowing and understanding the needs of customers. Howsoever the size of business either it is small retailer or big manufacturer all enterprise need loyal customers and it can be achieved by showing concern towards customers. Relationship marketers should be concerned about the welfare of their customers.

2. Trust and Commitment:

Relationship marketing focuses on developing strong relationship between buyers and sellers through trust and commitment. Trust can only be achieved if the strategy is not only transactional but relational.

3. Service:

One must always remember this sequence "service quality leads to customer satisfaction which leads to relationship strength, which leads to relationship longevity, which leads to customer relationship profitability."

Principles of Relationship Marketing

Building a relationship online is more difficult when compared to offline relationship building. The techniques used are almost the same. But, turning a potential customer into lifetime customer offline is easier due to the nature of the process.

In online marketing, you can't meet your clients in person like in offline marketing. But you can deliver what you want if you think of your potential clients in each step you make when building your business. Relationship marketing is a process, not just a one-time commitment.

Principles of Relationship Marketing

1. Know your potential customers
2. Show your expertise
3. Start a dialog to establish trust
4. Follow up
5. Offer excellent customer service
6. Educate your subscribers
7. Sell or recommend only quality products

Principles of Relationship Marketing

Know your potential customers

Before you start building your business, you need to determine your targeted market and know your potential customers. Learn how to know your customers to develop effective tactics for delivering your message to them.

Show your expertise

The majority of businesspeople never entirely and clearly display their knowledge to potential customers. Show to your targeted market you are the leader in your industry, and they will follow you.

Start a dialog to establish trust

Trust is a vital step in building a long-term relationship. This dialog should start as soon as your visitors submit information along with their email addresses. Your goal is to create long term relationships marketing with your subscribers. To do that, you must invest time to gather available sources and high-quality information and put it at your prospects' disposal to help them succeed. Remember, maintaining customer enthusiasm and creating customer loyalty is your key to success.

Principles of Relationship Marketing

Follow up

Dialog leads to follow-up. Hook your subscribers with your follow up messages series. Set up a series of follow up messages to send quality information to every new subscriber. The main purpose of follow up is to remain visible to your subscribers, so when the need arises, and your prospect wants to make a purchase, your product will be the first one the subscriber thinks of.

Offer excellent customer service

Some people will start an online business and only focus on what services or products they can sell to make good money. They are not worried about establishing good relationships with their customers and potential clients.

Educate your subscribers

Educate your subscribers to help them build interest and loyalty for your business. Lifetime clients want you to be their trusted advisor. The more you educate your customers by offering them a variety of options, the higher your chance to earn their lifetime business. Education strengthens relationship marketing with clients.

Principles of Relationship Marketing

Sell or recommend only quality products

Sell quality products that have value, plus offer a guarantee and stand behind it. One of the quickest ways to destroy a business relationship is by selling poor quality products and not standing behind what you promise. Promote only products from legitimate companies with a solid Internet presence. Remember, the companies you suggest will have an impact on your business reputation.

Relationship Marketing – Major Strategies

There are five relationship marketing strategies. **These are:**

(i) Core Service Strategy

(ii) Relationship Customization

(iii) Service Augmentation

(iv) Relationship Pricing

(v) Internal Marketing.

(i) Core Service Strategy:

> Core service marketing strategy is one around which a customer relationship can be established. The ideal core service is one that attracts new customers through its need meeting character, cements the business through its quality, multiple parts and provides a base for the selling of additional services over time.

Relationship Marketing – Major Strategies

(ii) Relationship Customization

The nature of service affords many service firms the opportunity to customize the relationship. By learning about the specific characteristics and requirements of individual customers and then comparing these data for use as needed, service firms can more precisely tailor service to the situation at hand. In doing so, they provide their customers with an incentive to remain as customers rather than starting over with other suppliers.

(iii) Service Augmentation

Another relationship marketing strategy is service augmentation. Service augmentation involves building extras into the service to differentiate it from competitive offerings.

Relationship Marketing – Major Strategies

(iv) Relationship Pricing

An old marketing idea — a better price for better customers — forms the basis of relationship pricing, another strategy option available to service companies pursuing customer loyalty. Relationship pricing means pricing services to encourage relationships. In effect, customers are given a price incentive to consolidate much of their business with one supplier.

(v) Internal Marketing

A pivotal relationship marketing strategy for many service firms is internal marketing. These are several forms of internal marketing. What all forms have in common is the customer inside the organization.

In this case the employee is the customer and the job is the product. The people who buy the goods and services in the role of consumer are the same people who buy jobs. What is known in marketing about selling and reselling them goods and services can also be used in selling and reselling them jobs.

Strategies for Building Relationship

An organization's strategies towards developing and maintaining sustainable relationship differ from one organization to another depending on certain factors. These include nature of business, its size, its market share, nature of product, volume of sales, life style of the customers concerned, competitors strength etc. some of the strategies are;

People

Process

Product

Organization

Strategies for Building Relationship

People:

People within the organization have the basic role in developing and maintaining relationship with customers. Everyone in the organization must realize the fact that their work is towards satisfying customer. From the bottom to top people in the organization must integrate their activities towards one of the main objective of the organization-customer satisfaction.

Process:

Process involves a logical sequence of activities right from the need identification of potential customers to need fulfillment. The process has to be derived from the customer's view point, which paves way for total customer satisfaction.

Product:

The product offered must constantly provide value addition. The expectations of the customers may always be on the increase due to various reasons. A customer satisfied with a given product may soon dissatisfied customer in view of the changes that take place in his expectations.

Organization:

In order to build customer relationship, an organization should be aware of the technology advancements and provide quality services in tune with the customer's expectations. It should concentrate on total customer satisfaction and respond to the requirements of the customers faster than its competitors

Strategies for Building Relationship

Setting satisfactory service standard:

A customer not only expects quality products but also quality services. Organization is expected to render services in all three phases viz. presales, during sales and after sales.

Concentrate on competitors:

An organization must focus constant attention on the competitor's performance, their strategy and style of operations and compare same with its own performance. Because customers always make this comparison and decide their future purchase pattern.

Customer analysis:

Customers referred here include the present and prospective customers. These customers must be periodically analyzed from several perspectives such as who constitute the customer inventory, level of customer retention, what makes them to buy, what the level of satisfaction is and so on. For this analysis firms depends on external agencies, so that an unbiased report can be obtained.

Cost analysis:

An organization must focus attention on the cost of the product or services. Always, there must be sincere attempts towards cost reduction without compromising the quality.

Strategies for Building Relationship

Concentration on the paying ability of customers:

Pricing decisions are to be governed not merely by cost related factors. Before fixing price, the ability of the potential customers must also be viewed. To some extend prices are to be adjusted in tune with the fluctuations in the paying ability of potential customers.

Focus on reducing dissatisfaction:

All dissatisfied customers of any business will not come forward to show their displeasure. They may simply make a brand switch over. This will badly reflect on the prospective customer's attitude. To avoid this, the causes for dissatisfaction are to be identified and have to be attended well.

Attention on changing requirements of customers:

The requirements of the customers are bound to change in tune with the changes in their lives. Demographic and psychographic profiles and the related aspects.

Distinction Between Traditional Marketing and Relationship Marketing

1.World view:

Managing a company's product portfolio, setting and modifying marketing mix parameters to achieve optimal 4 P's.

Managing a company's customer portfolio, building long-term business relationships.

2. Assessment Period:

Traditional marketing refers to Short duration.

Relationship marketing refers to long duration.

3. Key Concepts:

Segmentation, 4 P's, branding etc..

Interaction, relationships and networks.

4. Marketing Focus:

Focused on product and services

Focused on product, services and customer.

5. Marketing Goal:

Customer acquisition

Customer acquisition, customer retention and customer recovery.

Distinction Between Traditional Marketing and Relationship Marketing

6. Marketing Interaction:

One-way communication.

Interactive communication

7. Promotion Strategy:

Non-personal advertising, brand and image management.

Personal interaction, developing identity as a reliable supplier.

8. Economic Profit & Control Parameters:

Profit, profit margin contribution, sales and cost

Additionally, customer profit contribution, customer value.

9. Orientation Contact:

Towards single sales. Intermittent customer contact.

Towards customer retention. Continuous customer contact.

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Distinction Between Traditional Marketing and Relationship Marketing

10. Focus:

On product features

On customer value

11. Quality:

It is the concern of production staff.

Quality is the concern of all.

12. Commitment:

Limited commitment in meeting customer expectations.

Higher commitment in meeting customer expectations

Customer Retention

In the context of competitive environment, the focus of all organizations is more on customer retention than simply on customer acquisition.

Customer retention is the process of keeping customers in the customer inventory for unending period by meeting the needs and exceeding the expectations of those customers. This approach converting a casual customer into a committed loyal customer.

Why is Customer Retention Preferred

The answer is in the inherent benefits an organization can get by retaining customers. Some of the major benefits are prescribed below;

Customers come within the fold of an organization in the following ways,

➢ Customer by chance

➢ Customer by occasion

➢ Customer by choice

➢ Customer by repetition

➢ Customer by loyalty.

Customer retention would enable the organization to minimize expenses in terms of acquisition of new customers.

Stages of Retention in the Customer Life Cycle

The position of retention in the overall life cycle of customer is exhibited in the following diagram. The life cycle of a customer generally covers the following stages:

➢ Acquisition – focus is on acquiring relationships

➢ Retention - focus is on nurturing the relationship

➢ Attrition – focus on disappearing loss of customers.

➢ Defection – focus on why they are leaving or spent less.

➢ Reacquisition – focus on gaining new customers.

CRM Cycle

Customer Relationship Management accomplishes the complete set of activities ranging from customer acquisition and retention to service. This cycle of customer-related activities is termed as **CRM cycle.**

The CRM cycle basically consists of four stages – Marketing, Sales, Product, and Support.

CRM Cycle (cond.)

Marketing Stage – In this stage of CRM cycle, the basic focus is to **identify customers** by running various marketing campaigns (such as emails, blogs, advertisements, and more), create the database for Account (pertaining to Organization) and Contacts (pertaining to individuals), and finally generate leads by analyzing the gathered customer data.

Sales Stage –In the Sales stage, basic focus remains on **leads.** They are the individuals who have expressed some kind of interest in your product offering. 'Leads' are further categorized into Open, Contacted, Qualified and Un-qualified. **Krawler CRM** offers a functionality to convert 'leads' into 'opportunity' for carrying out further sales activities.

CRM Cycle (cond.)

Product Stage – In this stage of CRM cycle, the basic focus is on **delivery of product**. Krawler CRM offers Product Management functionality that captures details about the product price, vendor, and description, among others.

Support Stage – During Support Stage, the primary focus remains on **resolving customer issues** and **providing customer support**. In CRM terminology, this function is known as **Case Management**.

To conclude, CRM cycle provides insight into various stages of Customer Relationship Management from customer acquisition to retention and service. **CRM cycle** lays down the **roadmap** for how the business can connect with their customers efficiently and serve them more effectively.

Requirements For Implementing CRM

The organization is looking to implement relationship marketing need to develop the following:

- ◻ Design and maintain process which is customer focused rather than product focused

- ◻ Create a clean and clear communication about its objectives across the organization

- ◻ Identify key process which adds value to customers

- ◻ Form collaborative relationships across departments and with other organizations

- ◻ Restructure and refining organization structure

Benefits of CRM

The benefits of CRM are;

- Better opportunity management for better sales
- Decreased cost of sales
- Expand the base of loyal customers
- Deliver high customer service standard
- Give a holistic-view of the activities in the organization
- A higher hit rate by a systematic and scientific sales process
- Better quality of business decisions due to better reporting capability
- Making the whole system process driven rather than personality driven
- Increased sales force productivity

Limitation of CRM

In spite of all the benefits of CRM and though the process is clearly illustrated, there are a few points that still make it a difficult process.

First and foremost is that the process can use technology as an enabler but the human element in it cannot be fully eliminated

It is a process that is largely IT enabled but it is not to be misconceived as an IT application.

Another major limitation of the whole process is that deciding the parameters for measurement are not very clear.

Thus CRM is a process which is very important in building relations with customers but quite complex to understand and measure and implement because of its multifaceted requirements e.g people, infrastructure, organizational alignment, performance measure and control and new strategic patterns.

An insight into CRM and eCRM

Introduction

As the internet is becoming more and more important in business life, many companies consider it as an opportunity to reduce customer-service costs. And develop customer relationships and most important, further personalize marketing messages and enable mass customization. Electronic methods are used to gather data and analyze customer information, the trend of the upcoming internet can be seen as the foundation of what we know as e-CRM.

The term e-CRM can define as activities to manage customer relationships by using the internet, web browsers or other electronic touch points.

Meaning of e-CRM

The eCRM i.e CRM online implies an additional means of communication and level of interaction with the customer where there is a real difference in the technology and its architecture, which allows for ease of self-service to the customer.

In simple terms, eCRM provides to companies a means to conduct interactive, personalized and relevant communication with customers across both electronic and traditional channels.

How does a company go about builing an eCRM solution?

It must, Define its business objectives, assess its current "sophistication" along the eCRM continuum in terms of process and technology and define business processes and changes needed to support its goals.

To develop an effective eCRM solution, an organisation need to consider a host of professional service offerings and products to improve internal development.

Outside professional services experienced in both business and marketing providing technical infrastructure for eCRM can help re-engineer an organisation for the eCRM challenges ahead.

Different levels of e-CRM

In defining the scope of e-crm, three different levels can be distinguished. They are;

1.Foundation Services:

They include the minimum necessary services such as web site effectivenss and responsiveness as well as order fulfillment.

2. Customer-centered Services:

These include order tracking, product configuration and customization as well as security/trust.

3. Value-added services:

These are additional services such as online auctions and online training and education.

Types of e-CRM

The rise of the internet and e-CRM has boosted the options for self-service activities. CRM activities are mainly of two different types.

1. Reactive service:

It is where the customer has a problem and contacts the company.

2. Proactive service:

It 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.

Types of CRM

Operational CRM:

It is also known as front office CRM as it deals with all those areas where the customer comes in direct contact with the organization ie. the front liners. Since the customer is in touch with the organization through these front liners, these contact points are called customer touch points. The customer touch points are of the following types:

Face to face touch points -
Sales/Service/Channel/Events/Stores/Promotions

Database driven touch points –

Telephones/Email/MailSMS/Fax/Loyalty Cards/ATM's.

Mass Media touch points –

Advertising/PR/Website

Operational CRM enables a company to collect all the possible information about all the transactions of customers, monetary or nonmonetary, from all touch points i.e. point of sale, call centers, web. etc. It is an effort to understand the customer better to give a consistent client service and thus improve the prospects of customer loyalty and retention. Operational CRM enables and streamlines communication to and from the customer.

Types of CRM

Collaborative CRM:

This enables a two-way communication between a company and its customers. These interactions are made possible through a variety of channels and the benefit is that the quality of customer interactions improve and gradually work towards building long term and 'profitable' relationship with the valuable customers. Effective interactions with customers and intermediaries not only build strong relations but also integrate the activities of various functions such as marketing ,sales service support etc making possible a lifetime value from all stakeholders.

Analytical CRM:

The data collected at the front office is interpreted and analyzed to understand the customer activities and correlating it with the data already possessed through data warehousing and data mining. This cross functional data collected is used in formulating strategies for cross sell and up sell after studying the consumer behavior, patterns of purchase and decision making, levels of service expected etc.

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. The stages are;

Understand and differentiate

Develop and customize

Interact and deliver

Acquire and Retain

CRM Business Cycle(contd.)

Understand and Differentiate:

Organizations cannot have a relationship with customers unless they understand them- what they value, what types of services 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. Customer need to see that a company is differentiating service and communication based on both on what they have learned.

Develop and Customize:

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

CRM Business Cycle(contd.)

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, customer interact in a variety of ways with different divisions of the organization. With access to information and appropriate training, organization will be prepared to steadily enhance the value they deliver to customers. Delivering value is a cornerstone of any relationship. Value is not the price of the product or discount offered. In fact, customer perceptions of value are based on a number of factors including the quality of product, convenience, speed, ease of use and so on.

Acquire and Retain

More the organization learn about customers, easier it becomes for them to identify areas that fetch great value for the organization. Successful customer retention is based simply on the organization's ability to constantly deliver on three principles. They are;

➢ Maintain interaction, never stop listening.

➢ Continue to deliver on the customer's definition of value.

➢ Remember customers needs changes through different life stages. So be prepared to modify the service .

CRM Implementation

Here are some key guidelines to follow before you implement CRM at your company.

➢ Develop corporate wide CRM engagement from key stakeholders. Many CRM projects fail because critical stakeholders are not involved in setting CRM strategy, assessing requirements and selecting options.

➢ 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 customer relationship. Set some high customer relationship goals in areas such as increasing customer retention, speeding problem resolution, a higher percentage of sales et.

➢ Determine and prioritize CRM drivers and requirements. Priorities should include solving problems in areas such as functional areas that are causing the most pain.

➢ Develop a CRM roadmap. Develop a master plan consisting of several smaller steps and projects that will take you toward achieving the corporate CRM vision.

CRM Implementation(contd.)

- 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 transactions that need to be integrated.

- Do your homework and create a short list. Check out prospective vendor's financials and customer references. Talk to peers who have more experiences in the CRM area, search web sites and pursue publications.

- Select the personnel and give proper training for them for better understanding. This will also speed adoption and produce benefits more quickly.

- Learn, adjust and evolve. Develop a mechanism to monitor use, get feedback and adapt the solution as necessary to make sure it's evolving with business and customer needs. Depending on the CRM package you have to deployed, you can use surveys, ongoing education etc. needed for the adoptions.

CRM Process

CRM process is defined as any group of action that is instrumental in the achievement of the output of an operation system, in accordance with a specified measure of effectiveness.

The final objective of the CRM process is to originate a powerful new tool for customer retention. The focus of any process is to achieve something we have always wanted, but didn't have the proper resourced.

Four C's (elements) of CRM Process

The appropriate approach for the CRM process involve;

- Correlate
- Combine
- Cognize
- Connect

Correlate:

A series of transaction and interaction that make up a dialogue between customer/ channel/ end user and an organization. This is the data that is collected from all contact points and communications, with outside points of contact.

Combine:

The mapping and management of interaction points between a customer/channel/end user and an organization.

Four C's (elements) of CRM Process

Cognize:

The insight gained through capture and analysis of detailed information is to create continuous learning (about customer, products, channels, market and competitor) from the data warehouse and knowledge base that is created, interrogated and analyzed.

Connect:

The application of insight to create relevant interaction or communication with consumers, channels, suppliers, and partners that build value relationships.

The above four activities will help to achieve the extended CRM process

Benefits of CRM Process

Ability to retain loyal and profitable customers and channels for rapid growth of the business.

Acquiring the right customers, based on known characteristics, which drives growth and increased profit margins.

Increasing individual customer margins, while offering the right products at the right time.

Modules in CRM

The CRM applications are a convergence of functional components, advanced technologies and channels. Functional components include sales applications, marketing automation and customer service and support applications. Channels include the web, call centres, phones and mobile devices.

Modules in CRM (contd.)

Sales applications:

The cornerstone of CRM is SFA(sales force automation). The thrust of SFA is automating the fundamental activities of sales professionals, both internally and in the field. Common applications include;

- ➢ Calendar and scheduling.
- ➢ Contact and account management.
- ➢ Compensation
- ➢ Opportunity and pipeline management.
- ➢ Sales forecasting.
- ➢ Proposal generation and management.
- ➢ Pricing.
- ➢ Territory assignment and management.
- ➢ Expense reporting.

Modules in CRM (contd.)

Marketing applications:

They form the newest breed of applications in the CRM space. These applications complement SFA applications and provide certain capabilities unique to marketing. Common applications include the following;

➢ Web-based/traditional marketing campaign planning, execution and analysis.

➢ Collateral generation and marketing materials management.

➢ Budgeting and forecasting.

➢ Lead tracking, distribution and management.

Customer service and support applications:

These applications have gained a major importance for effective customer retention and in many cases profitability depends on providing superior service. These applications are typically deployed through a call centre environment or over the web for self-service and allow organizations to support the unique requirements of their customers with greater speed, accuracy and efficiency.

Modules in CRM (contd.)

Common applications include;

➢ Customer care

➢ Incident, defect and other tracting

➢ Field service

➢ Problem and solution database

➢ Repair scheduling and dispatching

➢ Service agreements and contacts

➢ Service request management.

CSS applications are helping organizations make a transition from cost centres to profit centres. Moreover, when these applications get fully integrated.

Strengths and Weakness of CRM

INTRODUCTION

Every process, every product has its plus points and drawbacks. The plus points or the strengths help the organization gain an advantage over competitors and gives the organization a distinct advantage in its efficient working.

The drawbacks or the limitations called the weaknesses are areas where there is scope for improvement, areas where the operations need to be performed better to gain some benefits for the organization. CRM also has its plus points and its weaknesses. These are studied in details below to get an idea about the benefits that accrue as well what needs to be done for better results.

Strengths and Weakness of CRM

STRENGTHS:

In the early days a craftsman or a manufacturer or a service provider directly delivered the products to the customers and hence could identify their customers' needs and solutions appropriately as they were in direct contact . As the markets spread far and wide intermediaries in the form of distributors, dealers and retailers came into existence. As per the thumb rule of communication greater the agencies in the communication channel, greater is the distortion. This extended channel created communication barriers between managers and customers.

The important contributions of the CRM approaches are as follows:

- The most noteworthy contribution has been its ability to link the customer to the product /service offerer with the help of advances in IT. This provides a direct link to the customer and having an insight into their requirements helps in creating exactly what is needed.

Strengths and Weakness of CRM

- By tracking the buying patterns of various customers and then aggregating and analyzing all the data helps in better inventory management, customer satisfaction and improved operations. The latest CRM tools collect and make available a detailed study of consumer buying which is of immense help to businesses.

- Data warehousing and data mining make it possible to have access to this voluminous centralized data at various points even across the national borders .Since the customers can be tracked all over the world there is considerable clarity about the customer, giving a greater confidence to the businesses .

- The personalization involved creates enhanced relations due to the emotional bond between the customer and the product /service offerer as well as close working relations amongst all the members of the marketing infrastructure and the organization.

    Thus, CRM has rightfully closed the gap that existed between the solution providers and the beneficiaries.

Strengths and Weakness of CRM

WEAKNESSES:

Broadly, there are two types of weaknesses,

i) At the conceptual level and

ii) In implementation.

i) **At the conceptual level:**

- Many businesses try to implement CRM as a technical application even before they are ready for it .It is rightly described as running before walking.eg. Modifying the organization structure suitably, managerial development, internal customer care, fixing accountability etc are some of the prerequisites for successful implementation of CRM.

- The CRM tools collect data on the past buying behavior and blissfully assume that the consumer will follow the same track .This is a dangerous assumption as in reality the consumer behavior is the most unpredictable chemistry due to their changing wants , changing lifestyles and preferences, availability of added product features etc Every customer in his context is unique and his responses cannot be predicted by a computerized database.

Strengths and Weakness of CRM

ii) In implementation:

- If the employees who are an integral part of the CRM strategy are not convinced of the importance of tracking customers and their buying pattern they do not develop the right attitude. Many times the discussion on awareness and importance of CRM does not percolate to the lower levels that play an important role in its implementation.

- The cost of the hardware and software for CRM is a pivotal point in the CRM strategy. The amount to be invested and long term implications of investment recovery are as it is quite confusing which are further complicated by the onslaught of newer versions of the same software. The cost benefit analysis is a very crucial part of the exercise.

- Computer packages for CRM collects voluminous data and then picking out the appropriate data from a whole lot of unwanted data becomes a Herculean task.

- The practicing managers are quite skeptical about the relevance and practical utility of CRM as they had experienced disillusionment with ERP,BPR,TQM etc.CRM investments after rising between 1999-2000, CRM sales dropped by 5% in 2001, 25% in 2002 and 17% in 2003 according to the technology market research firm Gartner9 .

- To implement these concepts one needs staff support .People who are already stretched for time are reluctant to give more time to attend to customer requirements.

- CRM processes may become too mechanical after some time as the initial enthusiasm wanes and the consistency of efforts is lost.