**Introduction to Customer Relationship Management**

CRM is about acquiring, developing and retaining satisfied loyal customer, achieving profitable growth, and creating economic value in a company’s brand.

CRM today is a discipline as well as a set of discrete software and technologies, which focuses on automating and improving the business processes associated with managing customer relationships in the areas of sales, marketing, customer service and support.

At present, more and more companies are adopting various CRM practices, as CRM promises numerous benefits-including shorter sales cycles, integrated customer feedback, improved communication, improved response, improved customer knowledge, improved efficacy, better customer tracking, enhanced customer satisfaction and increased loyalty.

The emergence of CRM as a business strategy has radically transformed the way organizations operates. There has been a shift in business focus from traditional to relationship marketing where the customer is at the centre of all business activity and organizations are now desperately trying to restructure their processes around the needs of their strategically significant customers.

However, reduction alone is no longer enough or is necessarily an effective strategy. In facing the competitive threats, such as new entrants, pricing pressures, technology along with the related costs and also including the time lags in procuring, maintaining and strengthening one’s market, more and more organizations are realizing that the traditional marketing model is no longer effective.

CRM has enabled business not only to respond to the threats in their marketplace but also positioned them strategically to take advantage of the opportunities available.

**What is CRM?**

CRM is a process of collecting information about the customers and aligning and remodelling the organisations strategy to meet the customer’s demand, the focus of CRM is on people rather than products and services. Business and processes are built with the customer in mind and the emphasis is on what can be done to make people who want to do business with you over and over again.

CRM is a tool for servicing the customer. Firms of late are making use of technology to serve the customers by using and application of latest development in information technology.

CRM is an approach that integrates people, processes and technology to maximise the relations of an organisation with its customers. Firms make use of the development in communication and technology to collect information regarding product and its marketing to meet expectations of people. Firms keep on developing customer’s data base to update their need and designing marketing strategy to satisfy such needs.

**Concept of CRM**

The concept CRM is the methodology which enables the organization to understand the customers’ needs and behaviour better. It introduces reliable processes and procedures for interacting with customers and develops stronger relationships with them.

The process helps organization in assimilating information about customers, sales, marketing effectiveness, responsiveness and market trends. Then this information is used to give insight into behaviour of customers and value of retaining those customers.

The whole process is designed to reduce cost and increase profitability by holding on to the customer loyalty.

A simple installation and integration of the software package does not ensure success. It has to be absorbed into the system. Employees have to be convinced about its positive attributes and then they have to be trained.

The existing business processes have to be modified. The company has to decide what kind of information is to be collected about the customers, what is to be done with the information and priorities this accumulated information.

The company must drill into this database of its customers and ascertain their buying patterns, product preferences, the potential for add-on sales etc.

A good strategy will be to integrate every area of touch point with customers like marketing, sales, customer service, and field support. This is achieved with the integration of the people, process, and technology in the business.

**According to one industry view, CRM consists of:**

(i) Helping an enterprise to enable its marketing departments to identify and target their best customers, manage marketing campaigns and generate quality leads for the sales team.

(ii) Assisting the organization to improve telesales, account and sales management by optimizing information shared by multiple employees and streamlining existing processes (for example- taking orders using mobile devices).

(iii) Allowing the formation of individualized relationships with customers, with the aim of improving customer satisfaction and maximizing profits; identifying the most profitable customers and providing them the highest level of service.

(iv) Providing employees with the information and processes necessary to know their customers understand and identify customer needs and effectively build relationships between the company, its customer base and distribution partners.

**Types of CRM**

There are several variations in CRM. Among the most common is Sales force, Automation, Customer Service, Marketing Automation, Analytics Automation etc.

**Each of these mentioned above will be discussed below:**

**1. Sales Force Automation (SFA):**

In sales force automations software is used by the company to improve the efficiency of the sales process. This results in sales representatives having to spend less time on different parts of the sales process, which allow them to spend more of their available time pursuing clients.

It allows the company to track or record each stage of the sales process and pay attention to each client served by the company. Additionally, SFA software applications may also provide information on territories, opportunities, work flow automation, sales forecasts and knowledge of products.

**2. Customer Service:**

In customer services technology may be used by companies to improve the quality of service they can offer customers, while at the same time increasing the efficiency and minimizing the cost of that service. Comprehensive call center solutions are commonly applied here, such as computer telephone integration (CTI) and intelligent call routing (ICR).

**3. Marketing Automation:**

In marketing system the automation assist the company in locating and reaching its best customers, as well as in finding leads the sales team can pursue. A valuable feature in marketing is the ability to not only track but also measure diverse campaigns, including domains such as social media, direct mail, email and searching. Data monitored by marketing include deals, responses, revenue and leads.

**4. Analytics Automation:**

System involving analytics are typically integrated with applications related to service, sales and marketing. The purpose of sales analysis is to allow companies to develop a more comprehensive understanding of why clients do what they do and hold the preferences they do.

Web analytics for example, have increased in complexity from their initial functions as means to track mouse clicks to their current implementations as methods of predicting likely purchases and identifying difficulties of customers facing in making purchases.

**5. Small Business:**

Small business solutions that assist both individuals and organizations in monitoring and documenting interactions such as jobs, emails, faxes, documents and scheduling. Tools for small businesses generally focus on account management. Small businesses are increasing turning toward online solutions, particularly for workers who travel and telecommunicate, to solve their business needs.

**6. Integrated and Collaborative Practices:**

Integrated and Collaborative practices refers to interaction and collaboration between department inside companies and enterprises, the goal here is to increase levels of cooperation among different departments such as marketing, sales and service. Collaborative systems involve the use of technology to bridge distances between departments.

**7. Non Profit Organisations:**

Non Profit Organisations are used to track constituents, as well as the actions they take related to the org itself. Such systems typically include capabilities for tracking features such as fund raising membership levels, volunteering demographics and communications with target individuals.

**Objectives & Context of CRM**

CRM, the technology, along with human resources of the company, enables the company to analyze the behaviour of customers and their value.

**The main areas of focus are as the name suggests customer, relationship and the management of relationship and the main objectives to implement CRM in the business strategy are:**

(i) To simplify marketing and sales process.

(ii) To make call centre’s more efficient.

(iii) To provide better customer service.

(iv) To discover new customers and increase customer revenue.

(v) To cross sell products more effectively.

**Context of CRM**

**The context of CRM can be summarized as follows:**

**(i)Increased Sales Revenue:**

Increased sales result from spending more time with customers, which results from spending less time chasing needed information, (i.e., productivity improvement).

**(ii)Increased Win Rates:**

Win rates improve since companies can withdraw from unlikely or bad deals earlier on in the sales process.

**(iii) Increased Margins:**

Increased margins resulting from knowing customer better, providing a value-sell and discount prices.

**(iv) Improved** **Customer Satisfaction Rating:**

This increase occurs since customers find the company to be more responsive and better in touch with their specific needs.

**(v)Decreased General Sales and Marketing Administrative Costs:**

This decrease occurs since the company has specified its target segment customers, it knows their need better, and thus it is not wasting money and time, for example, on mailing information to all customers in all existing and potential target segments.

**Purposes of Adopting CRM Processes:**

(i) Develop better communication channels.

(ii) Collect customer related data.

(iii) Create detailed profiles of individual customers.

(iv) Increase customer satisfaction.

(v) Access to customer account history, order information and customer information at all touch points.

(vi) Identify new selling opportunities.

(vii) Increased market share and profit margin.

(viii) Increased revenues.

(ix) More effective reach and marketing.

(x) Improved customer service and support.

(xi) Improved response time to customer requests for information.

(xii) Enhanced customer loyalty.

(xiii) Improved ability to meet customer requirements.

(xiv) Improved quality communication and networking.

(xv) Reduced costs of buying and using product and services.

(xvi) Better stand against global competition.

**Features of CRM:**

**(1) Customer Based:**

Customer Relationship Management is a customer oriented feature with service response based on customer input, one-to-one solutions to customer’s requirements, direct online communications with customer and customer service centers that help to solve customers’ questions.

**(2) Automation of Sales:**

Every sale transaction can be recorded, by tracking sales records that is name of a customer, purchase details etc. Firms have to install automation system to record such transactions. This function can implement sales promotion analysis tracking of a client’s account history for repeated sales or future sales and also coordinate sales. Helpline and call centres may be installed to keep record of customers.

**(3) Use of Technology:**

Firms make use of technology to keep detail information of customer needs. Use of ICT, Computer to store information, e-mail Systems, Mobile phone data and even paper note cards etc. storing all the data from all departments (ex- Sales, Customer service, marketing and HR) in a central location gives, management and employees immediate access to the most recent data when they need it.

It applies data warehouse technology in order to aggregate transaction information, to merge the information with CRM solutions and to provide key performance indicators (KPI). Such information is used to revise product and its marketing to match to need of customer and ensure effective CRM.

**(4) Opportunity Management:**

This feature helps the company to manage unpredictable growth and demand and implement a good forecasting model to integrate sales history with sales projections.

**Functions of CRM**

CRM performs various functions for the marketing department of the organization.

**These functions are as follows:**

a. Managing Leads – It refers to generating and retaining potential customers.

b. Qualifying and Converting Leads – It refers to the assessment of generated leads to know potential and profitable customers.

c. Managing Opportunities – It refers to utilize every possible opportunity to get long-term benefit from customers.

d. Keeping a Track on Activities – It refers to capture information, such as customers’ buying pattern, quantity purchased, and time spent by customers in the store.

e. Managing Reporting and Forecasting – It refers to process input data, such as average time spent by the customers in the store and their preferences for the product.

CRM also performs several functions in one-to-one marketing.

**These functions are mentioned in the following points:**

a. Identify Customers – It refers to differentiate between profitable and non-profitable customers.

b. Differentiate the Needs of Customers – It refers to finding variation in the requirements of customers. The organization makes different groups of customers as per the needs of customers.

c. Customize Products and Services – It refers to the products and services produced as per the requirements of individual customers.

d. Build Stronger Relationship – It refers to establish a relationship between an organization and customers by facilitating a personalized way of communication.

**Importance of Customer Relationship Management:**

1. A CRM system consists of a historical view and analysis of all the acquired or to be acquired customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business.

2. CRM contains each and every bit of details of a customer, hence it is very easy to track a customer accordingly and can be used to determine which customer can be profitable and which not.

3. In CRM system, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.

4. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an ‘Opportunity of Business’.

The Sales and Field representatives then try getting business out of these customers by sophistically following up with them and converting them into a winning deal. All this is very easily and efficiently done by an integrated CRM system.

5. The strongest aspect of Customer Relationship Management is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and lesser resources to deal with. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.

6. All the details in CRM system is kept centralized which is available anytime on fingertips. This reduces the process time and increases productivity.

7. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit.

8. If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business.

**Need for Customer Relationship Management:**

Customer relationship management is a corporate level strategy focusing on creating and maintaining relationships with customers. CRM is a term not only used by the business organizations but also in any type of organizations to create a beneficial environment among the customers. This is a business approach that combines people, processes and technology to maximize the relation of an organization with all types of customers.

It helps in understanding the customer better and according to the needs of the customer; the organization can effectively customize their products and services in order to retain the customers and also to increase customer’s loyalty and satisfaction.

The ultimate purpose of CRM is to increase profit, which can be achieved mainly by providing a better service to customers than competitors. CRM enables companies to gather and access information about customer orders, complaints, preferences, and participation in sales and marketing campaigns. This information can then be used to better react to customer needs, automate some operations, and capture customer feedback to improve products and services.

**The need of CRM arises because of the following reasons:**

a. To enable the company to identify, contact, attract and acquire new customers.

b. To obtain a better understanding to the customers- their wants and needs.

c. To define the appropriate product and service offering and match it to the unique needs of the customer.

d. To manage and optimize company’s sales cycle.

e. To increase retention of existing customers through improved sales, service and support.

f. To identify cross selling and up selling opportunities.

**12. Management of Relationship:**

It is a strategy employed by an organization in which a continuous relationship or contact is maintained between the organization and its customers, Management of relationship can be between Business (BRM) and its Customers (CRM).

Relationship Management aims to create partnership between the organization and its customers rather than considering the relationship merely transactional. Customers who feel that a business responds to their needs are likely to continue using the products and services that a business offers and thereby maintain a long term relationship. Maintaining regular communication with consumers allows the business to identify potential sources of problems.

Such problems may relate to quality, quantity, packing, pricing of product and it’s a service and its marketing, regular and timely information can help a company to minimise and manage the problem and ensure customer satisfaction by attention to solve their problem. This relationship management can be understood clearly with the customer relationship management (CRM).

CRM is a system for managing a company’s interaction with current and future customers. It involves using technology to organize, automate and synchronize sales, marketing customer service and technical support. It is a strategy that is recognized broadly and implemented widely to both manage and increase the quality of a company’s interactions with a variety of customers.

This optimization primarily involves activities related to sales but may also involve activities related to technical support, marketing and customer service. CRM goal is to track, record store in databases and then data mine the information, make use of such information to adopt and marketing as per the wish of customer’s.

This will help in a way increases customer relations. CRM is a business strategy implemented at the company level involving all departments related to clients. Firms regularly collect feedback from customers to receive their views and complaints on the product and modify the product and its marketing to meet the expectation of customers.

A firm has numerous benefits of CRM like higher productivity in sales and marketing. Reduction in expenses, more accurate targeting and profiling, higher overall levels of profit and increase in market share.

**Benefits of CRM**

A complete view of all customer information, knowledge of what customers and the general market want and integration with existing product and services to verify how much does it match with customer’s needs. To consolidate all business information and gather feedback from customers, understand their needs and improve product or services and enable a firm to design and deliver the products as dreamed by the existing and prospective customers.

CRM system will gather data from a huge variety of source social media, online chat, customer calls etc. This allows the company to get a complete picture of what the customer want and how they feel about the products services. This gives the firm the opportunity to improve the offerings based on what the customers are saying.

**Benefits of CRM are as follows:**

**(1) Provide Better Customer Service:**

CRM system gives advantages such as the ability to personalize relationship with customers. CRM maintains Customer Profiles, there by treating each client as an individual and not as a group. This way every employee can be better informed about each customer’s specific needs and transaction profiles.

Better Customer Service improves the responsiveness and understanding which helps in building Customer loyalty. It also helps the company in getting continuous feedback from the Customers on the Product they have brought.

**For Example:**

LG Company always make a follow- up with its Customers on the items the, Customers have bought, so as to rectify the problem (if any) even before it gets logged as a complaint.

**(2) Increase Customers Revenues:**

Regular updation of customer information will help a firm to keep on revising its product and marketing strategy. Adaptation of product and its marketing to match the changing needs of a customer make the organisation customer friendly resulting in increase the sales and revenue.

**(3) Discover New Customers:**

CRM systems help the organization in identifying potential Customers by keeping a track of the profiles of their existing client, the business can easily come up with a strategy to determine the kind of people they should target so that it returns them maximum revenue.

**(4) “Cross Sell” and “Up Sell”:**

CRM system facilitates Cross-selling (offering customers complimentary products based on their previous purchases) and Up-Selling (offering customers premium products in the same category) It helps them to gain a better understanding of customers and anticipate their purchases.

For Example- (Cross sell – A Bluetooth head set along with the smart phone and up sell – Surf Detergent has introduced Surf Excel a better quality product.

**(5) Help Sales Staff Close Deals Faster:**

CRM helps the business in closing deals faster through quicker and more efficient responses to customer needs and customer information. The organizations have to implement CRM Systems effectively.

**(6) Customer Loyalty:**

Firms can gain loyalty of the customer by regularly understanding their needs and meeting their needs. Customer develops regular association with the firm due to the products and marketing style of a firm that is of customers liking.

**(7) CRM Benefits Everyone:**

**It offers a win situation for everyone that is:**

a. Customer is benefited as he gets product of his choice.

b. Retailer is benefited as he has less difficulty in selling the product.

c. Manufacturer is benefited due to regular sales.

**Disadvantages of CRM**

**(1) Investment:**

A firms has to invest capital in developing the CRM system and technology to gather information about the customer regularly. Small firms with the limited capital may find difficult to install the CRM system in their organisation.

**(2) Technology:**

Collection of information regarding the customer’s needs and its regular updating requires use of modern information technology. A firm must not only have adequate capital but needs necessary knowledge to install and implement the technology.

**(3) Liaison between Production Marketing and CRM Team:**

CRM is undertaken to understand to needs of customer and accordingly device product and its marketing. It needs cooperation between manufacturer, retailer and their infraction with the final customer to know customers’ needs and accordingly market the product.

Lack of coordination between them will make the task of CRM unsuccessful. That is information collected must be communicated to manufacturer. Manufacturer must redesign product based on such communication. If the communication is not proper or manufacture does not respond to communication CRM will be in effective.

**(4) Regular Exercise:**

CRM is a regular activity it is not a one time affair. Firms have to regularly monitor to under and customer’s needs. The CRM system has to work 24×7 to regularly get feedback from the customers. In such case use of technology like, Website, Toll free communication, email may be effective.

**(5) Wrong CRM Tool:**

A mistaken tool choice may make CRM more complicated. So the companies need to consider in advance what kind of tools would be appropriate in order to follow its relationship with its customers.