



FUNDAMENTAL OF CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

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What is CRM?



- CRM “is a business strategy that aims to understand, anticipate and manage the needs of an organisation’s current and potential customers” (1).
- 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” (1)
- CRM is a shift from traditional marketing as it focuses on the retention of customers in addition to the acquisition of new customers (2)
- “The expression Customer Relationship Management (CRM) is becoming standard terminology, replacing what is widely perceived to be a misleadingly narrow term, relationship marketing (RM)” (3).

Definition of CRM



“CRM is concerned with the creation, development and enhancement of individualised customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life-time value” (2).

The purpose of CRM



- “The focus [of CRM] is on creating value for the customer and the company over the longer term” (3).
- When customers value the customer service that they receive from suppliers, they are less likely to look to alternative suppliers for their needs (3).
- CRM enables organisations to gain ‘competitive advantage’ over competitors that supply similar products or services (1)

Why is CRM important?

- “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” (3).
- “The adoption of C.R.M. is being fuelled by a recognition that long-term relationships with customers are one of the most important assets of an organisation” (2)



Information Technology and CRM



- Technology plays a pivotal role in CRM (2).
- Technological approaches involving the use of databases, data mining and one-to-one marketing can assist organisations to increase customer value and their own profitability (2)
- This type of technology can be used to keep a record of customers names and contact details in addition to their history of buying products or using services (2)
- This information can be used to target customers in a personalised way and offer them services to meet their specific needs (2)
- This personalised communication provides value for the customer and increases customers loyalty to the provider (2)

Benefits of CRM



Benefits of CRM include (8):

- reduced costs, because the right things are being done (ie., effective and efficient operation)
- increased customer satisfaction, because they are getting exactly what they want (ie. meeting and exceeding expectations)
- ensuring that the focus of the organisation is external
- growth in numbers of customers
- maximisation of opportunities (eg. increased services, referrals, etc.)
- increased access to a source of market and competitor information
- highlighting poor operational processes
- long term profitability and sustainability

Implementing CRM



- When introducing or developing CRM, a strategic review of the organisation's current position should be undertaken (2)
- Organisations need to address four issues (2):
 3. What is our core business and how will it evolve in the future?
 4. What form of CRM is appropriate for our business now and in the future?
 5. What IT infrastructure do we have and what do we need to support the future organisation needs?
 6. What vendors and partners do we need to choose?