

CUSTOMER RELATIONSHIP MANAGEMENT

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Abstract: Customer Relationship Management is an upright concept or strategy to solidify relations with customers and at the same time reducing cost and enhancing productivity and profitability in business. An ideal CRM system is a centralized collection all data sources under an organization and provides an atomistic real time vision of customer information. A CRM system is vast and significant, but it can be implemented for small business, as well as large enterprises also as the main goal is to assist the customers efficiently. Usually an organization consists of various departments which predominantly have access to customer's information either directly or indirectly. Most of the organizations have dedicated world class tools for maintaining CRM systems into their workplace. 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 CRM system which is also called as 'Opportunity of Business' Customer Relationship Management strategies have given a new outlook to all the suppliers and customers to keep the business going under an estimable relationship by fulfilling mutual needs of buying and selling.

Relationship with customers can change from time to time because it is evolved under distinguished situations. Following are the stages from where the relationship with customers can evolve –

- **Exploration** - Exploration is the process when customer investigates or tests the supplier's capabilities and performance or cross verifies the products or brands usefulness. If the test results fail to satisfy customer's demands, the relationship can drastically come to an end.
- **Awareness** - Awareness is the process when the customer understands the motivational values of supplier or the product he sells.
- **Expansion** - Expansion is the process when the supplier wins customers faith and customer falls under huge interdependence of the supplier. This is the time when there are more chances of business with that particular customer and expand business.
- **Commitment** - Commitment is a powerful stage when suppliers learn to adapting business rules and goal to excel.
- **Dissolution** - Dissolution is a stage when customer requirement suddenly changes and he looks for better perspectives. This sudden change is the end of relationship.

Achieving Customer Satisfaction is the primary objective of any Business Organization. The customers that Visakhapatnam Steel Plant has to deal with have varied requirements to meet their own commitments.

Need for the study:

Customer Relationship Management leads to satisfied customers and eventually higher business every time.

Customer Relationship Management goes a long way in retaining existing customers.

Customer relationship management ensures customers return back home with a smile.

Customer relationship management improves the relationship between the organization and customers. Such activities strengthen the bond between the sales representatives and customers.

Steps to Customer Relationship Management:

- **It is essential for the sales representatives to understand the needs, interest as well as budget of the customers.** Don't suggest anything which would burn a hole in their pockets.
- **Never tell lies to the customers.** Convey them only what your product offers. Don't cook fake stories or ever try to fool them.
- **It is a sin to make customers waiting.** Sales professionals should reach meetings on or before time. Make sure you are there at the venue before the customer reaches.
- **A sales professional should think from the customer's perspective.** Don't only think about your own targets and incentives. Suggest only what is right for the customer. Don't sell an expensive mobile to a customer who earns rupees five thousand per month. He would never come back to you and your organization would lose one of its esteemed customers.
- **Don't oversell.** Being pushy does not work in sales. If a customer needs something; he would definitely purchase the same. Never irritate the customer or make his life hell. Don't call him more than twice in a single day.
- **An individual needs time to develop trust in you and your product.** Give him time to think and decide.
- **Never be rude to customers.** Handle the customers with patience and care. One should never ever get hyper with the customers.
- **Attend sales meeting with a cool mind.** Greet the customers with a smile and try to solve their queries at the earliest.
- **Keep in touch with the customers even after the deal.** Devise customer loyalty programs for them to return to your organization. Give them bonus points or gifts on every second purchase.

▪ **The sales manager must provide necessary training to the sales team to teach them how to interact with the customers.** Remember customers are the assets of every business and it is important to keep them happy and satisfied for successful functioning of organization.

OBJECTIVES OF THE STUDY:

The objectives of the study are as follows:

1. To study the comparative position of Customer Satisfaction index levels.
2. To study the implementation of the CRM activities.
3. To provide strategic direction for improvement in critical areas and identify leverage able opportunities.
4. To assess the needs, requirements and expectations of customers.
5. To determine the relative impact of each of these expectations on overall customer satisfaction & loyalty.
6. To offer suggestions to improve the satisfaction levels of the customers.

SCOPE OF THE STUDY:

The scope of the study is too wide. All the customer relationship management activities couldn't be studied with the help of the single unit.. The sample of study covers only few customers of the company. The study is mainly focusing on the Customer Relation Management. The study tries to develop long term relationship with the customers to develop them as a life time customer. The main aim of the CRM employee is to provide best customer service and improve customer satisfaction and retain customer base. The study also contributes about the profits that will be obtained by this Customer Relationship Management.

LIMITATIONS OF THE STUDY:

1. The answers given by the respondents have to be believed and have to be taken for granted as truly reflecting their perception.
2. The information given by the customers may be biased.
3. The findings may not reflect the opinion of every customers.

CRM Models (Customer Relationship Management Model):

Managing customers profitably is the core objective of a company.

For this question, many researchers and managers try to dig out the solution.

There are a number of CRM models have developed to learn how to manage customers.

CRM models are helpful to understand the concept of CRM and regulate the modern concept of CRM.

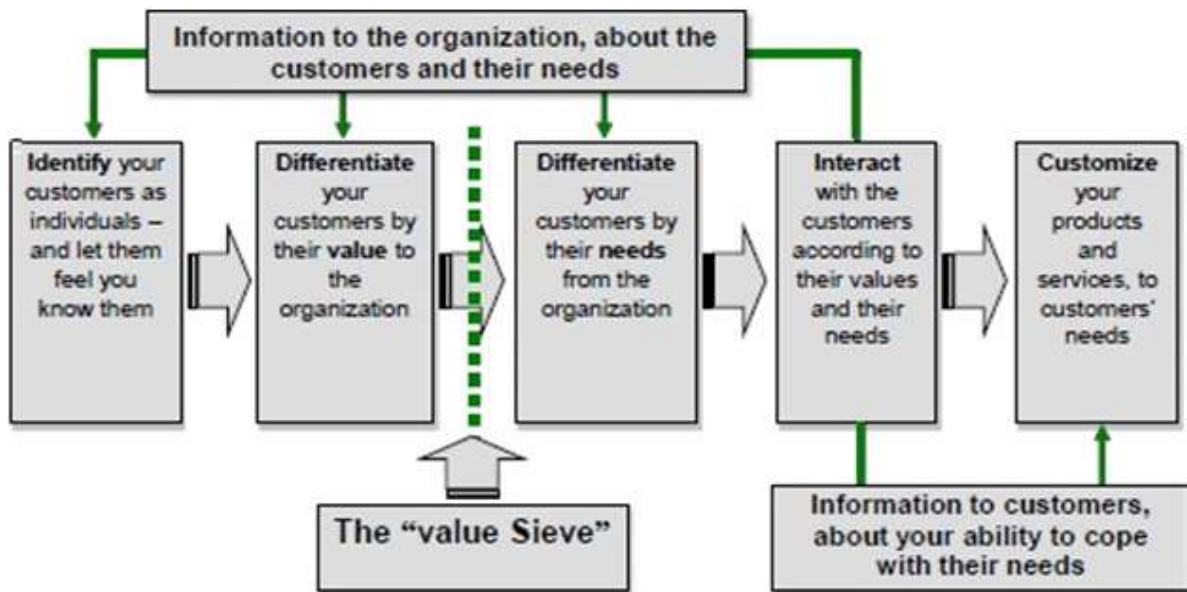
CRM Models:

- **IDIC Model**
- **QCI Model**
- **CRM Value Chain Model**

IDIC Model:

The IDIC model was developed by Peppers and Rogers. This model suggests that companies should take four actions in order to the building, keeping and retaining the long-term one-to-one relationships with customers.

- **Identify**
- **Differentiate (value, need)**
- **Interaction**
- **Customize**



Identify

First, a company must identify who is an actual customer and should know about deep knowledge of their customers.

It is not only necessary to know about your customers but you have to know about more and more your customers so that you can easily understand them and serve them profitably.

Differentiate

Differentiate your customer on two bases: value and need

Value: Differentiate your customer to identify which customer is generating most value now and which offer most for the future. Give more value to those customers who are generating more value for you.

Need: Differentiate your customers according to their needs. Different customers have different need and serving the in profitable ways need more knowledge about their needs.

Interaction

The company must emphasis on interaction with the customer to ensure that you understand customer’s expectations and their relationship with a brand.

The company must consider Interaction with customers according to their needs and value that they are providing you.

Interaction directly with customers makes believe that company has a concern with them and company wants to serve them individually.

These efforts make customers loyal and help the company to build long-term relationships.

Recommended Read: Types of CRM (Customer Relationship Management)

Customize

When you differentiate your customers according to their values and needs, after that, you have to customize your product according to their needs and values.

Customize the offer and communications to ensure that the expectations of customers are met. Interact to customize is information to customers about your ability to cope with their need.

Failure in the third step means something wrong with second or third steps.

So return or go back to previous steps study them again and search out more and more and rearrange these steps.

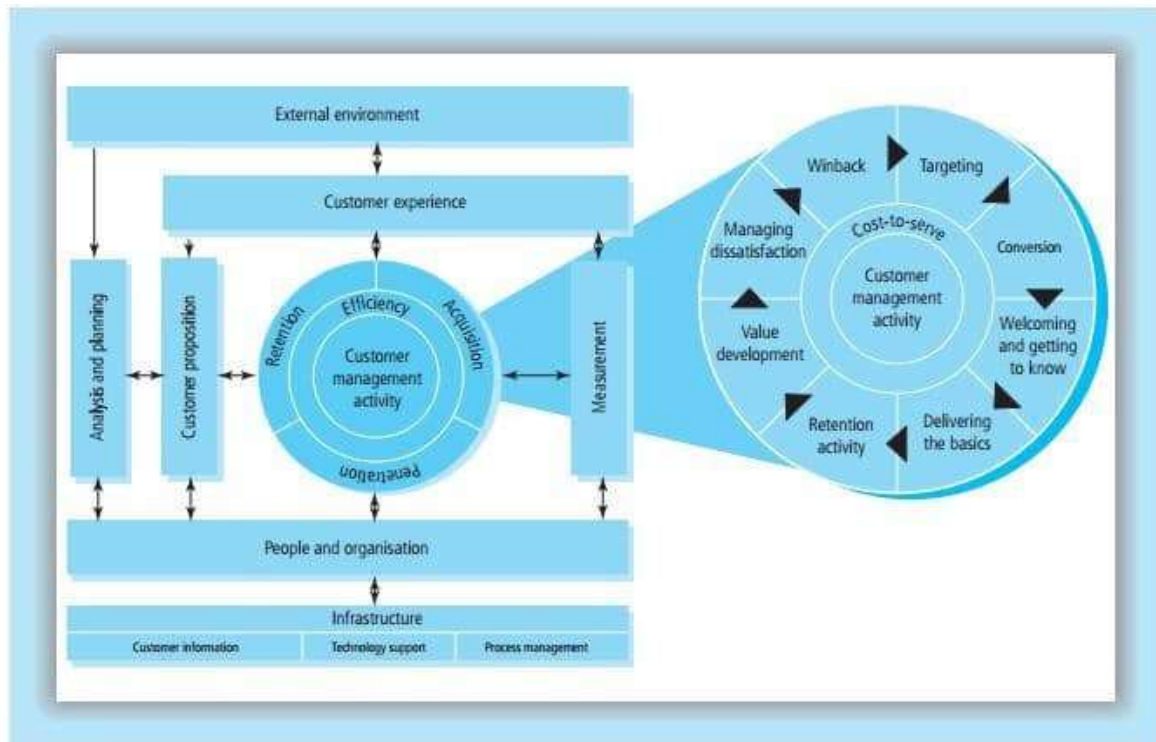
QCI MODEL

The QCI model is also a product of a consultancy firm.

The model’s authors prefer to describe their model as a customer management model, omitting the word ‘relationship’.

At the heart of the model, they depict a series of activities that companies need to perform in order to acquire and retain customers.

The model features people performing processes and using technology to assist in those activities.



This model includes the series of activities related to employees, people, and organization, and technology as well.

According to this model, relationships process with the external environment. Because when a customer wants to start selling process or wants to interact with the organization, external environment directly affects the customer experience. External environment also affects the planning process of the organizations.

Now as you can see in the figure that customer experience affects three activities future: customer proposition, customer management activity, and measurement.

Customer proposition means something that a company offers to the customer against the price.

Customer management activity is a process of capturing customers, start with targeting, conversation, selling and end with retaining or winning back the customers.

Customer management activity affects customer’s experience that how a company acquires, retains a customer and also penetrates.

Finally, measurement process also affects the customer experience.

People and organization have relation with the planning process, customer proposition, customer management activity and measurement.

Because CRM starts with people and ends with people.

Infrastructure deals with the organization in a sense of technology, customer information, and process management.

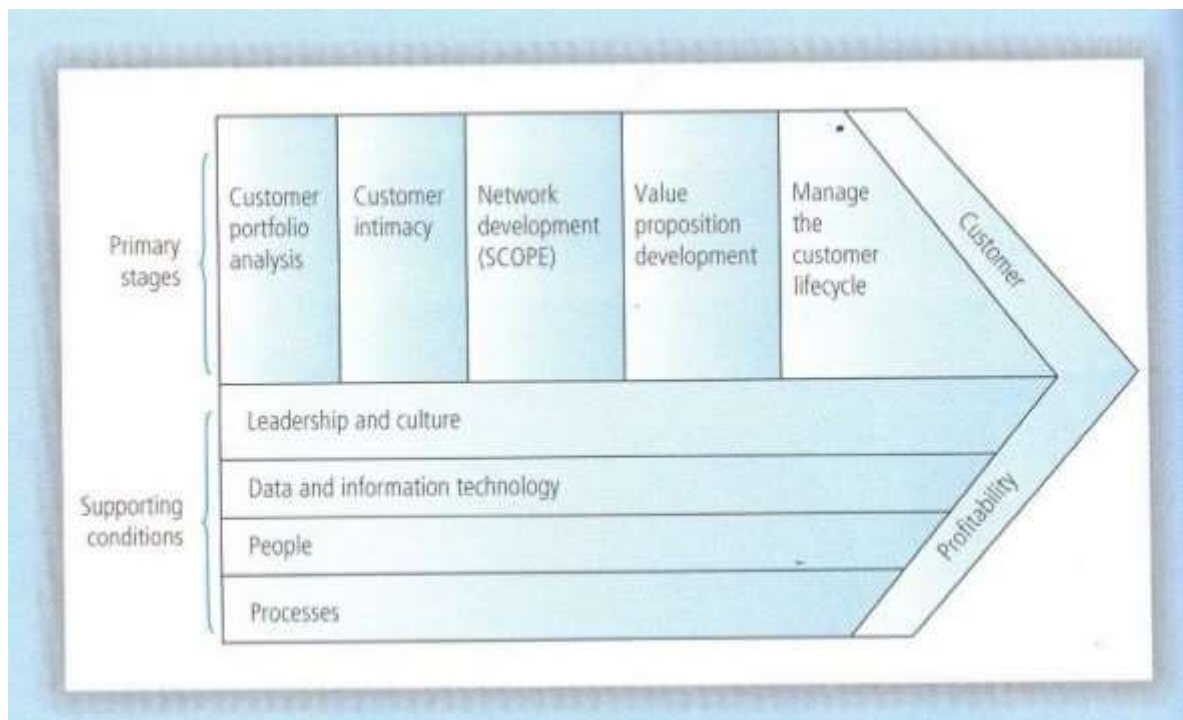
One big thing is that each activity, people, organization, process, and technology have a dual effect and intercorrelated with each other.

CRM Value Chain Model:

CRM, the meaning of those three letters, is emotionally contested. For some, CRM is simply a bridge between marketing and IT: CRM is, therefore, an IT-enabled sales and service function.

For others, it's little more than precisely targeted 1- to-1 communications.

Simply we can say, CRM Is a tool to manage customer relationships with the help of people, information technology, customer's data, company's process and customers themselves.



The CRM value chain is an established model which businesses can easily follow when they developing and implementing their CRM strategies.

It has been five years in development and has been piloted in a number of business-to-business and business-to-consumer settings, with both large companies and SMEs: IT, software, telecoms, financial services, retail, media, manufacturing, and construction.

The model is based on strong theoretical principles and the practical requirements of business.

The ultimate purpose of the CRM value chain process is to ensure that the company builds long-term mutually-valued relationships with its strategically significant customers.

Not all customers are strategically significant. Indeed some customers are simply too expensive to acquire and service.

They buy little and infrequently; they pay late or default; they make extraordinary demands on customer service and sales resources; they demand expensive, short-run, customized output; and then they defect to competitors.

These are called strategically-insignificant customers.

Five primary steps to profitable relationships

The five steps in the CRM value chain are customer portfolio analysis, customer intimacy, network development, value proposition development and managing the relationship.

Customer Portfolio Analysis

CPA, the first step in the CRM value chain acknowledges that not all customers have equal value to the company.

CPA asks the question: ‘who are our SSCs (strategically significant customers)?’

SSC’s is defined thoroughly above so let’s move toward CPA. CPA tells us what are our customers giving value to us?

A customer portfolio comprises the mixture of groups that make up the customer base of a business.

For example, Coca-Cola’s customer portfolio consists of restaurants, grocery stores, amusement parks and sports arenas.

It means before starting the CRM process, an organization should know about their customers thoroughly.

Customer Intimacy

Selecting customers to serve with your product is one thing and knowing your customer is another thing. Most companies collect customer data.

Some industries are overwhelmed with information – scanner data, loyalty card data, complaints files, market research, and geo-demographic data.

Now the question is how you will use this data in order to serve best ways to your customers.

Long-term relationships require more knowledge about you customers.

Knowing about what, who, why, when and how of customer behavior is most important for a company to manage long-term relationships with loyal and strategically insignificant customers.

Develop the Network

A company’s network position i.e. its connectedness to other parties who co-operate in delivering value to the chosen customer is a source of great competitive advantage.

In order to serve customer’s relationships, it is important for a company to create value for a customer on every stage of the selling process.

It means the company must create a complete network for customers to serve profitably.

A good network may contain suppliers, manufacturers, employees, investors, technology, distributors, and retailers.

CRM is not a quick fix; it requires owners and investors who will commit to the long-term investment in the people, processes, and technology to implement CRM strategies.

Value Proposition Development

By the fourth step of the CRM value chain, you will know who you want to serve and will have built, or be in the process of building, the network.

Now the network has to work together to create and deliver the chosen value(s) to the selected customers.

Network develop by the company now will create a value proposition.

Every member in a developed network works together as a whole to creating value for customers.

Managing the Relationship:

This is the final step of primary stages.

All previous steps help the company to create the relationship and start the relationship. Now, this depends on company how a company manages these relationships so that parties, company, and customer, get value for the long term.
Five supporting conditions of CRM value chain model

These are five supporting conditions to fulfil the CRM value chain model.

- **Culture and leadership**
- **Procurement processes**
- **Human resource management processes**
- **IT/Data management processes**
- **Organization design**

These are some basic conditions that a company even must consider while managing the CRM.

Company's culture defines that whether you will manage long term relationship or not because sometimes your culture doesn't allow you to do such activities. Company procurement process and HR process also suggest that how you will do such activity.

Conclusion: Customer Relationship Management enables a company align its strategy with the needs of customer in order to best meet those needs and thus ensure long term customer loyalty.

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