A Critical Study of Customer Relationship Management (CRM)

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Abstract :

No company can succeed without customers. If you don't have customers, you don't have a business. You have a hobby. —Don Peppers and Martha Rogers

CRM is the *strategic process* of *selecting* customers that a firm can most profitably serve and shaping *interactions* between a company and these *customers.* The ultimate goal is to optimize the *current and future value of customers* for the company

Customer Relationship Management (CRM) is a technology or software solution that helps track data and information about customers to enable better customer service. Others think of CRM, or one-to-one, as an elaborate marketing or customer service discipline. We even recently heard CRM described as "personalized e-mail."

"Managing customer experience and relationships" is what companies do to optimize the value of each customer, and "managing customer experiences" is what companies do because they understand the customer's perspective and what it is—and should be—like to be our customer.

This is about much more than setting up a business Web site or redirecting some of the mass-media budget into the call-center database or cloud analytics or social networking. It's
about increasing the value of the company through specific customer strategies . Companies determined to build successful and profitable customer relationships understand that the process of becoming an enterprise focused on building its value by building customer value doesn't begin with installing technology, but instead begins with: A strategy or an ongoing process that helps transform the enterprise from a focus on traditional selling or manufacturing to a customer focus while increasing revenues and profits in the current period and the long term.

■The leadership and commitment necessary to cascade throughout the organization the thinking and decision-making capability that puts customer value and relationships first as the direct path to increasing shareholder value.
The reality is that becoming a customer-strategy enterprise is about using information to gain a competitive advantage and deliver growth and profit. In Increasing the Value of the Customer Base

Keep Get Grow, **Acquire** profitable **customers. Retain** profitable **customers longer.**

Win back profitable **customers. Eliminate** unprofitable **customers.** Upsell **additional products in a solution.** Cross-sell **other products to customers.** Referral **and word-of-mouth benefits.** Reduce **service and operational costs.**

7 most generalized form, CRM can be thought of as a set of business practices designed, simply, to put an enterprise into closer and closer touch with its customers, in order to learn more about each one and to deliver greater and greater value to each one, with the overall goal of making each one more valuable to the firm to increase the value of the enterprise. It is an enterprise wide approach to understanding and influencing customer behavior through meaningful analysis and communications to improve customer acquisition, customer retention, and customer profitability. Customer centricity is distinguishable from product centricity and from technology. what makes customer centricity into a truly different model for doing business and competing in the marketplace, is this: It is an enterprise-wide business strategy for achieving customer-specific objectives by taking customer-specific actions.

It is an Enterprises determined to build a successful, profitable customer relationships understand that the process of becoming an enterprise focused on building its value by building customer value doesn't begin with installing technology but rather begins with: A strategy or an ongoing process that helps transform the enterprise from a focus on traditional selling or a manufacturing to a customer focus while increasing revenues and profits in the current period and the long term.

▪ Leadership and commitment is very necessary to cascade throughout the organization the thinking and decision-making capability that put customer value and relationships first as the direct path to increasing shareholder value.

Principles of Managing Customer Experience and Relationships enterprise is very wide because it can't merely be assigned to marketing if it is to have any hope of success. Its objectives are customer-specific because the goal is to increase the value of each customer. Therefore, the firm will take customer-specific actions for each customer, often made possible by new technologies. In essence, building the value of the customer base requires a business to *treat different customers differently.* Today, there is a customer-focus revolution under way among businesses. It represents an inevitable— literally, irresistible—movement. All businesses will be embracing customer strategies sooner or later, with varying degrees of enthusiasm and success, for two primary reasons:

Goal of CRM

1. All customers, in all walks of life, in all industries, all over the world, want to be individually and personally served.
   1. It is simply a more efficient way of doing business. We find examples of customer-specific behavior, and business initiatives driven by customer-specific insights, all around us today

2. An airline offers a passenger in the airport waiting for his flight to arrive an upgrade offer to business class through a phone app he has used to check his flight status, as an apology for a 45-minute departure delay.

■A woman receives an e-mail before her eight-month obstetrics appointment that gives information about what to expect at the appointment and her baby's stage of growth. A month later, the same woman receives a notification of her baby's immunization appointment that is triggered when she leaves the hospital with her newborn.

■A retail clothes company sends a message to a customer it knows is standing outside one of their stores to come in and use a 15 percent discount, sometimes with a sweetener such as free shipping. Or the items appear as a reminder next to the newspaper articles the shopper reads next morning.

■ A business sees that a customer has left their Web site, abandoning a cart with selected products before checkout, and sends an e-mail with more detailed information about those specific products to the customer the next day.

■An outdoor gear company sees that their tents are being discussed on a social channel and sends a free tent as a trial sample to a consistent product supporter.

■A group of three friends open the Web page of the same kitchenware company that they all have ordered from in the past. Each friend views a different offer featured on the company home page on her device.
An enterprise-wide business strategy for customer centricity achieves customer-specific objectives by taking customer-specific actions.

Thanks to the Sales Force Marketing Cloud Web site for inspiring many of these examples;
A customer service representative sees a complaint a customer has made on a social channel and is able to view at the same time his purchasing history and order status. The service rep uses that information to reply to the complaint via the same social channel.

■ Instead of mailing out the same offer to everyone, a company waits for specific trigger behavior from a customer and increases response rates 25-fold.

■ An insurance company not only handles a claim for property damage but also connects the insured party with a contractor in her area who can bypass the purchasing department and do the repairs directly.

■ A supervisor orders more computer components by going to a Web page that displays his firm's contract terms, his own spending to date, and his departmental authorizations.

■ Sitting in the call center, a service rep sees a "smart dialogue" suggestion pop onto a monitor during a call with a customer, suggesting a question, the company wants to ask that customer (not the same question being asked of all customers who call this week).

Taking customer-specific action, treating different customers differently, improving each customer's experience with the company or product, building the value of the customer base, creating and managing relationships with individual customers that go on through time to get better and deeper—that's what this book is about. In the chapters that follow, we will look at lots of examples. The overall business goal of this strategy is to make the enterprise as profitable as possible over time by taking steps to increase the value of the customer base. The enterprise makes itself, its products, and/or its services so satisfying, convenient, or valuable to the customer that she becomes more willing to devote her time and money to this enterprise than to any competitor. Building the value of customers increases the value of the demand chain, the stream of business that flows from the customer down through the retailer all the way to the manufacturer. A customer-strategy enterprise interacts directly with an individual customer. The customer tells the enterprise about how he would like to be served. Based on this interaction, the enterprise, in turn, modifies its behavior with respect to this particular customer. In essence, the concept implies a specific, one-customer-to-one-enterprise relationship, as is the case when the customer's input drives the enterprise's output for that particular customer.

During the previous marketing age 45 years ago, the Industries were in its prime. Manufacturers churned out products on massive assembly lines and stored them in huge warehouses, where they patiently waited for retailers to order and shelve boxes and bottles so that customers could buy them. Market leaders enjoyed great market shares from their carefully crafted mass-production, mass-distribution, and mass-advertising campaigns.

What the Industrial Age taught us is that if an enterprise wanted to make money, it needed to be efficient at large-scale manufacturing and distribution. The enterprise needed to manufacture millions of standard products or services and distribute them in the same way to all of their customers. Mass producers relied on numerous intermediaries to finance, distribute, stock, and sell the goods to ever-expanding geographical markets. However, in the process, producers grew increasingly removed from any direct contact with end users. Producers tried to make up for what they didn't know about end users by using a barrage of marketing research methods, primarily customer panels, focus groups, and large-scale customer surveys. The aim was not to learn about individual customers but about large customer segments, such as "women ages 30 to 55."

The exception occurred in business-to-business marketing, where each salesperson knew each customer and prospect as an individual. Well-trained salespeople were cognizant of each customer's buying habits, preferences, and peculiarities. Even here, however, much of this information was never codified. When a salesperson retired or quit, the company lost a great deal of specific customer information. Only more recently, with sales automation software and loyalty-building programs, have business-to-business enterprises begun capturing detailed information about each customer on the company's mainframe computer.

CRM Process

As for the consumer market, interest in knowing consumers as individuals lagged behind the business-to-business marketplace. The exception occurred with direct mailers and catalog marketers who collected and analyzed data on individual customers. Direct marketers purchased mailing lists and kept records of their transactions with individual customers. The individual customer's stream of transactions provided clues as to other items that might interest that customer. For example, in the case of consumer appliances, the company could at least know when a customer might be ready to replace an older appliance with a new one if the price was right. Getting Better at Consumer Marketing With the passage of time, direct marketers became

increasingly sophisticated. They supplemented mail contact with the adroit use of the telephone and telemarketing. The growing use of credit cards and customers' willingness to give their credit card numbers to merchants greatly stimulated direct marketing. The emergence of modern tools further facilitated the exchange of information and the placing of orders.

Soon the Internet and e-mail provided the ultimate facilitation of direct marketing. Customers could view products visually and verbally order them easily, receive confirmation, and know when the goods would arrive. Now that experience is enhanced by the way customers speak to one another. Even companies that don't really understand social networking realize they have to get on board. If 33 million people are in a room, you have to visit that room.

But whether a company was ready for *customer relationship management* depended on more than conducting numerous transactions with individual customers. Companies needed to build comprehensive *customer databases.* Companies had been maintaining product databases, sales force databases, and dealer databases. Now they needed to build, maintain, mine, and manage a customer database that could be used by company personnel in sales, marketing, credit, accounting, and other company functions.

As customer database marketing grew, several different names came to describe it, including individualized marketing, customer intimacy, technology-enabled marketing, dialogue marketing, interactive marketing, permission marketing, and oneto- one marketing. Modern technology makes it possible for enterprises to learn more about individual customers, remember those needs, and shape the company's offerings, services, messages, and interactions to each valued customer. The new technologies

make mass customization (otherwise an oxymoron) possible. At the same time, technology is only a partial factor in helping companies do genuine one-to-one marketing. The following quotes about customer relationship marketing (CRM) make this point vividly:

CRM is not a software package. It's not a database. It's not a call center or a Web site. It's not a loyalty program, a customer service program, a customer acquisition program, or a win-back program. CRM is an entire philosophy. —Steve Silver

A CRM program is typically 45 percent dependent on the right executive leadership, 40 percent on project management implementation, and 15 percent on technology. —Edmund Thompson, Gartner Group

Whereas in the Industrial Age, companies focused on winning market share and new customers, more of today's companies are focusing on share of customer, namely, increasing their business with each existing customer. These companies are focusing on customer retention, customer loyalty, and customer satisfaction as the important marketing tasks, and customer experience management and increasing customer value as key management objectives.

CRM and its kindred customer-focused efforts are more than just an outgrowth of direct marketing and the advent of new technology. This approach requires new skills, systems, processes, and employee mind-sets. As the Interactive Age progresses, mass marketing must give way to new principles for targeting, attracting, winning, serving, and satisfying markets. As advertising costs have risen and mass media has lost some

effectiveness, mass marketing is now more costly and more wasteful. Companies are better prepared to identify meaningful segments and niches and address the individual customers within the targeted groups. They are becoming aware, however, that many customers are uncomfortable about their loss of privacy and the increase in solicitations by mail, phone, and e-mail.

Ultimately, companies will have to move from an "invasive" approach to prospects and customers to a "permissions" approach. On the flip side, customers—now in contact with millions of other customers—have never been more informed or empowered.

The full potential of CRM is only beginning to be realized. Of course, every company must offer great products and services. But now, rather than pursue all types of customers at great expense only to lose many of them, the objective is to focus only on those particular customers with current and long-term potential in order to preserve and increase their value to the company. - Philip Kotler.

Elements of CRM

If you have CRM, it might be confusing which elements to track optimize for maximum benefit. For new CRM users, you must be eager to integrate all the CRM elements in your company.

The sole aim of engaging CRM software is to increase profitability, total revenue, and customer satisfaction. CRM integrates various systems and components that help a company perform different marketing, sales, manufacturing, and services functions. All these functions are directly or indirectly associated with customers. Hence, the CRM system becomes essential.

What are 4 Elements of Customer Relationship Management?

1. Communication

One of the critical elements of customer relationship management is to enhance the company's communication channels to better communicate with customers.

- Customer relationships are essentially the blood of any organization. And,
- Communication is the heart of CRM.

Without customers, there can be no business. Without communication, there can be no good customer.
CRM systems are all about getting the right customers at the right time while increasing the customer base and ensuring customer loyalty.

Communicating the right product and managing the lead is essential to increase customer interactions and customer value. CRM systems help entrepreneurs acquire customer data, requirements, buying patterns, etc. Further, it communicates your business product and how it can help them solve their problems. Customer satisfaction, customer loyalty, prompt services, customer retention, are core objectives of installing a CRM system.

2. Marketing

Marketing is an inseparable part of customer relationship management. A business makes a product and markets it to potential customers to solve their problems in return for profits.

Customer Relationship Marketing has helped companies improve their overall marketing process and execution. From the modern themes of web marketing, email marketing, or direct marketing to the traditional marketing tactics, CRM marketing promises overwhelming results.

Further, all the promotional activities are undertaken to advertise and promote a product can be optimized using an intuitive CRM.

These marketing campaigns are targeted to influence a particular group or the public in general. CRM intensifies the promotional strategies by accurately studying the customer's wants and requirements.

3. Automation

CRM Automation is all about forecasting, consumer tracking, processing, follow-ups, and recording transactions. It is essential for all businesses.

Companies of all sizes mostly use various CRM automations to their benefit. Additional functions such as order management, interconnectivity, technical support, and sales methodology make automation attractive.

Further, CRM can help automate workflow automation by streamlining various processes while saving cost and time.

It enables the employees to protect themselves from the boredom of repetitive work by automating them and making time for necessary ones. It helps align people and processes to work harmoniously towards a common objective.

4. Reporting and Analysis

Reports and analyses provide a base for further development and growth for any business strategy. Without customers, a company can't function, and without a CRM system, a business can never prosper.

CRM helps provide businesses with accurate business reports that help entrepreneurs know the business's exact position at a given time. Further, CRM makes it easy to centralize the customer data and access it anywhere.

CRM also plays a vital role in studying the reports and customer data to analyze and mark emerging market trends. Comparing the historical data with the current reports in the form of diagrams and charts helps owners make informed decisions for the growth of the business.

One Key Element of Customer Relationship Management is Communication

In a study conducted in 2001 by Gartner, it was found that around 50% of CRM systems failed to meet their objectives. The reason for failure was the overemphasis given on technology rather than strategy.

Another study conducted by Forrester in 2009 stated 47% failure, stating a similar reason: the software controlling the strategy. Since then, CRM has evolved with various new technologies, techniques, processes, and Saas tools.

Supposedly the CRM system you are currently operating fails to achieve the desired goals and objectives. In that case, it is time to revisit your CRM strategies and make changes to align them with your business strategies. Maybe your CRM system is not correctly aligned with your desired objectives.

In a recent survey with Forrester Research, the 3 most critical aspects that enchant implementing a new and improved version of CRM were discovered.

The 3 aspects are:
- *Standardized and decentralized customer data and relations*
- *Enhancing technology to make better connections*
- *Using various communication channels to personalize customer communication.*

Effective communication is the crux of getting quality leads and customers. Without customers, businesses will struggle to maintain their marketing and sales. CRM is beneficial because it optimizes overall communication and provides a quick 360-degree customer view to better understand them.

Why is Communication so Important in CRM?

Modern communication has evolved in diverse channels such as Emails, social media, surveys, calendars, etc. People have started accepting various approaches to communication. Millennials today prefer to communicate via emails or social media. At the same time, the seniors still like a very personalized approach, such as phone calls in CRM.

Due to this, people have started incorporating CRM systems with the core business. Today, CRM is no longer an isolated platform; it has efficiently integrated varied communication channels.

- **Communication in maintaining customer relations**

Communication is crucial for business, similar to any other relations, whether personal or professional. Without knowing the customers, you can't make connections with them. CRM provides a wide range of customer data to know precisely what the prospect needs, which helps create new customer relations and maintain them.

- **Relationship death without communication**

Traditionally, when people buy products from the company, the customer gets his needs fulfilled, and the business receives its remuneration. Here, the relationship between customer and vendor came to an end.
No other thread linked them, which would enhance customer retention and loyalty. But today, with a CRM system in place, you can easily interact with all your customers and keep your communication going.

- **Communication as CRM strategy**

Traditionally CRM was viewed in isolation and was assumed to be beneficial for sales, customer management, human resources, and marketing only. With modern technology and processes, communication has started playing a vital role.

Today, communication has become a critical CRM strategy to retain customers. Some examples of CRM communication are email integrations, recording and transcribing the customer conversation, video communications, etc.

- **Communication between clients and companies**

Communication is the key to turning the potential prospect into your customer. After turning the lead into a client, ensuring customer satisfaction through constant communication and feedback is the next step.

After going through this process several times, you will identify many customer complaints, do upsells, and improve business operations. This effective CRM Strategy leads to increasing customer lifetime value and loyalty. An ideal customer also needs continuous communication to stay updated with your products. Communication between clients and the company is an ongoing continuous time-bound process. Though results in better understanding and CRM Success.

How to leverage CRM in challenging times?

The pandemic has changed the world. Now the Russian-Ukraine Conflict is affecting industries and end-users. People have started online businesses, and digitalization has taken over. With pandemic, the CRM systems have evolved to provide brilliant and digitalized solutions to integrate social media, customer data centers, customer chatting, and email campaigns.

The transformation of customer relationship management has played an evolutionary role in the entire customer buying process. The pandemic has changed the perspective of organizations and customers about the way they interact.

- **Multiple communication channels**

Customer relationship management has made it possible to integrate various communication channels in one centralized place. CRM solutions help collect customer data via different media such as SMS, emails, live chats, social media platforms, and more. This wide range of customer information allows businesses to grow.

CRM systems also enhance performance by integrating various sales, management, and marketing tools. This Omnichannel CRM system helps work in a data-centric environment, ensuring you always remain connected to your customers.

- **Ensure 2-way communication**

Communication should always be two ways to ensure prompt results. When a customer asks a question or raises a query, make sure you answer the question most satisfyingly. This will ensure customer satisfaction and retention.

Similarly, suppose there is a new product in the market. In that case, the exact specifications are to be communicated to your loyal customers. Ensure to check all your communication channels for inquiries or queries.

- **Interactive tracking**

Intelligent assistance and AI have powered CRM solutions to track customers and identify new information. Further, it acts as an agent and stores all the additional customer information, boosting the central customer data. CRM uses an intelligent system for greater automation that requires little human intervention.

- **Important reminders**

The intelligent CRM system helps you automate reminders for special occasions. Remember important dates like customer birthdays, anniversaries, etc., and send them a personalized message. This can increase customer loyalty and customer engagement. Further, you can set automated messages for sales, offers, and other exciting deals.

- **Experiment with different channels**

You have to find out which communication channel suits your business the most among the various CRM communication channels. It can be emails, phone calls, or social media. Engage your marketing team to test multiple communication channels and compare the results. Choose a communication channel or combination of channels to promote your business, bringing in more leads.

Critical feedbacks

Feedbacks are critical for organization growth and to increase customers' lifetime value. Integrating various internal and external communication of the organization helps you be updated with any information or query arising regarding your product.
Good reviews of your product and services act as testimony that attracts new customers. While a negative review allows you to make changes and impress customers with your prompt assistance.

Increase in Upsells Downsells and Referrals

Optimizing various communication channels opens up new doors of sales opportunities for your business. You can easily ask your loyal customers to check out your other products. This increases the chances of opportunities to upsell your higher service.
Further, businesses can down-sell their other products and services to customers looking for something different. The favorable aspect of either upsell or down-sell increases the chances of retaining the customers in the business.
Also, businesses can easily recommend and promote their other products to customers who are frequent referrals. Various unique and customized offers can be given to referrals to increase their engagement.

Conclusion

A customer relationship management system can assist you in scaling your business, centralizing customer data, ensuring data protection, amplifying business communication, and closing more deals. The perception that everything will work out once a CRM solution is installed is a myth.

This is also the reason for many CRM systems' failure. You have to continuously make amendments and align the CRM with your business objectives to ensure positive outcomes. With the latest technology and changing AI scenario, staying updated and integrating your CRM accordingly is essential.

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