Customer Relationship Management

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Abstract

It is usually seen that when the market is in booming situation or in the growth phase each and every company concentrate on the acquisition of the customers or building more & more market share through different measures like advertising, personnel selling, Trade & consumer selling etc. but in the decline or maturity phase or players are operating in a smaller market where competition is high, there is a great deal of bargaining power for customers & suppliers or huge amount of substitute products are also available; in such scenario the real need for the CRM appears in front of organisation; CRM is a defensive marketing strategy, where Customer satisfaction, loyalty, retention of the existing customers are playing main role.

Key Words: Customer relationship management,

Introduction

CRM is a process of analyzing customer data; and after analyzing customer data organisation use to behave differently to their different customer segment, that means more profitable customers get more prompt & quality services than those customers who are only buying at the time of sales, buying infrequently, returning merchandise frequently, or have complaining nature against the company. Now question is what types of customer data that companies use to gather, these information's are mainly based on CLV data for a particular customer or consumer behavior data like what are the motivators that influences customers, what are the factors that force consumer to buy more. Some common factors that influences customer for choosing a certain brand are product characteristics like looks, style, durability, reliability, functionality etc,

buyer characteristics like purchasing power, risk taking ability, cultural issues of a particular community, influence groups like family members, friends are also playing an important role. Except this other factors like motivational, learning & psychological factors (Consumers are either comes under the bracket of innovators or Laggards) are also very much important in this context. At last we can say the effects of the promotional campaigns (that are run by the company) for the specific target audience also paying an important role for converting prospects to its customers.

Motto behind the CRM initiatives:

For doing IDIC (Identify, Differentiate, Interact & communication with the target audience) these things organisations are taking one-to-one marketing or Relationship marketing strategy; In Relationship

Marketing companies are making more emphasis on the customization or personalization of the products according to the need of the individual customers. One particular model is used to accomplish the objectives of the Relationship marketing, This Model called "IDIC" Model; according to this model first step is identify the target customers, Differentiate them from the other segment, Interact with them to understand their specific need & last step is customize the product according to the individual need.

Ultimately CRM is nothing but a brand building tool that has some differentiation quality or CRM has some "CET" value that means it convey the meaning of the brand, evoke the emotion of the consumers & tie the consumers with the brand. CRM is a brand building tool that has a ability of promoting a commodity in to a brand status; if that product only has a functional benefit, then it never achieve power brand status; it simply stays at product brand status; for achieving the power brand status or creating brand equity a product should pose non functional attributes like emotional quotients. CRM is one of the initiations that helps to create a emotional bonding with the products & its customers, customers poses special efforts to purchase a product, customer, brads are sharing very good relationship like friends & brand should pose the same personality that its customer has. It gives emphasis on the good experience in the mind of the target audience. At last it is said that CRM is strong weapon that creates great intention to buy a brand, increase Brand Recall & Recognition in the mind of the customers.

In next step we are going to discuss about customer satisfaction & customer loyalty segment. This flow chart looks like:

Quality product, service + Intangible element--> Customer satisfaction--> Loyalty Improve   CLV   <--
In this context we have to discuss about the concept called "Extended Product Model" ;
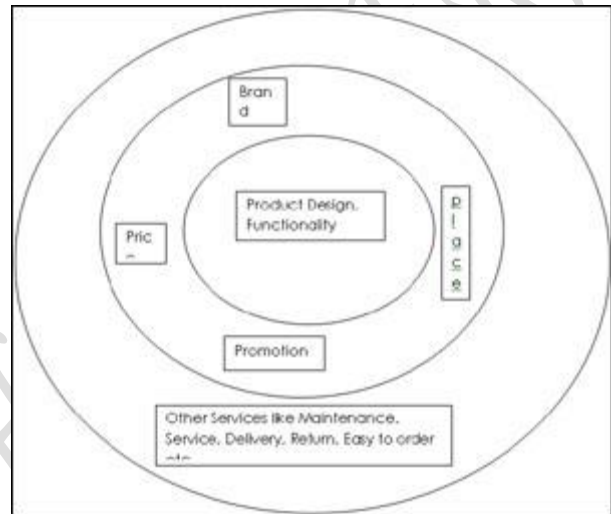
In this concept it is said that a block buster product is not only about product functionality or design; it is a combination of different services (product related) &right level of price, place, and promotion. In CRM when we are talking about relationship marketing this "Extended product Model" has to customize on the basis of individual need. when individual need of a person has been taken care of, then customer expectation meet with the experience & in this stage customers are satisfied, this satisfaction bring loyalty & sense of belongingness. Now question comes why companies are concern about loyalty factor? As because we are discussed earlier also in a mature or declining market where growth is so much limited, companies are reaping

benefits from the existing customers only, loyalty has a great effect on the profitability of the company, while customers are loyal to their company means they are less price sensitive, spread high word-of- mouth in the market, their purchase increases rapidly & they purchase more expensive products, retention cost of such customers also very less. There are 4 types of loyalty has been seen in the industry, first type is "True Friends" , such customers are valuable for the companies & they attach with the company for the long period of the time, where "butter fly" customers are not attach with any company for longer period but they are profitable for the company, while "strangers" & "Barnacles" both types of customers are not profitable, but "Strangers" are not attach for longer period with a company but "Barnacles" do. For this "Barnacles" organisation try to find the size of the wallet of such customers & Share of the wallet for their company; if they find "Barnacles" has small wallet size but share of the wallet is high then company can estimate that there is a possibility that this customer may turn in to a "true Friend" if in future his wallet size would increase. Otherwise companies try to reduce "Barnacles & Strangers" & increase True friends as much as possible.

Few Things Need To Be Checked Before Implementing CRM

CRM is not only a Technology; it is a mentality, it is a business strategy where Technology is nothing but a implementation

part of that business strategy, before implementing CRM, organisation should look after the strategy of the company that they are applied; Company should understand 'Where they are', "where they want to go", "what types of system they want", 'what types of data they need for the operation', "How can they analyze the data" at last organisation should do SWOT analysis for their firm, on the basis of that they can understand their current situation & what need to do for up gradation. On these lines only company need to consultant with their functional heads (Marketing, finance, HR, Production, operation) & they sit with the IT consultant for feasibility analysis part, where system engineers are trying to understand the customize need of their clients. They develop CRM according to that need, other criteria's for the companies they need o build a relationship model in respective companies & the head of the company should understand that CRM is the need for the future, if they to search ROI for the CRM in initial years, then that will be a disaster, Head of the organisation need to communicate with their subordinates clearly, because any change in the organisation must face some resistance from grass root level. Head of the organisation need to communicate the tangible benefits like CRM can save time & effort for the sales man, bring more productivity& help in decision making. Such Methods can bring a friendly environment for the CRM where it can flourish.

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