

# Strategically Establishing Customer Relationship Management In Organizations

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**Abstract:** Customer relationship management characterizes a firm-level capability that is armored by specific technological, organizational and human capability. That is highly appreciated in the market for existing and increase their clientele hence in this paper we look at some factors that are necessary for an effective CRM considering customers as insiders to the business and not outsiders. Often the disappointing results of CRM arrangements are related to difficulties that managers encounter in embedding CRM in their strategy and organizational structure. CRM aims to build a long-term relationship with the customers with a high degree of customer contact, commitment, and services that are essential features of CRM. Despite various experimental studies, many companies that have implemented CRM systems report low levels of improvement. This study analyzes what influence businesses can expect CRM implementation to have on performance and how they can leverage its impact to achieve a sustainable competitive advantage in today's business world.

**Keywords:** Customer Relationship Management, Capabilities, Performance, Customer Satisfaction.

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## I. Introduction

With today's business practice latest developments with increasing interest in Customer Relationship Management, marketers are moving the attention to retention of customers and the maximization of the customer lifetime value instead of the focus on the acquisition of new customers. CRM has multiple facets and repercussions for the organizations that are always eager to go that extra mile to be able to retain their customer base, prevent competition and retaining their loyal customers. The concept of CRM changed the focus of the organizations. In fact, the letters CRM have been used to identify Continuous Relationship Marketing, Customer Relationship Marketing, and Customer Relationship Management. Each term represents the same process. CRM is defined as a process that maximizes customer value through continuous marketing activity originated on intimate customer knowledge established through the collection, management, and control of customer information and history. CRM is about achieving relationships to maximize customer's satisfaction and loyalty over time.

CRM initiatives that smartly emphasize customer intimacy, cost reduction and analytic intelligence outsmart those that take a less balanced approach. With the literature reviews, this paper attempts to explain why CRM programs can be successful and what capabilities are required to support the success

### Objectives:

- to understand the customer's expectations;
- to comprehend how to manage customers;
- how to generate a customer-focused CRM solution; and
- to understand and initiate customer requirements

## II. Methodology

This article is a theoretical study based on the secondary data obtained from various sources of available literature coupled with facts obtained through several site visits and personal observation.

## III. Review Of Literature

One school of thought grasps that a universal representation is necessary when we examine complex phenomena such as IT (Swanson and Ramiller 1997). The authors favor a more disaggregate line of empirical analysis as stated by Ray and Muhanna (2005), who states that the impact of IT should be gauged where the first-order effects are expected to be comprehended. Others oppose that such holistic representations are theoretically equivocal, potentially confounding the relationship between performance and the various

dimensions of IT (Barua et al. 1995; Sambamurthy 2001). Hasan et al. (2012) in their study defined CRM as a customer-centric managerial strategy that aspires to establish long-term relationship with profitable customers by employing comprehensive customer knowledge. This definition highlighted the need and significance of identifying clients to recognize their ever-changing needs through appropriate management approaches. The key areas in this definition were a customer-centric strategy, long-term relationship, and customer knowledge. Ryals in his research demonstrated that the implementation of CRM activities delivers greater profits. The lifetime values of customers in two longitudinal case studies revealed that customer management strategies change concerning the value of the client. Thus CRM works and a reasonably straightforward analysis of the value of the customer can make a real difference. Here the concept of CRM brings the better performance of the firm through appropriate measurement and management of customer relationships. The overall revenue and cost data specific to individual customers or customer segments results in the firms to adjust their CRM strategies. The contribution of this article is to show that the correlation between the customer revenues and values are sufficiently high suggesting that the value of customer majorly determines the amount of revenue it generates which again can't be generalized as it might be company specific or more specifically to industry related with financial services. Successful implementation of CRM requires changes in organizational structures, employees' motivation and sophisticated project management geared toward dealing with the changes initiated (Day & Van den Bulte, 2002).

CRM rests on a broad range of business practices, each of which can be gawked as a lower-level competency in the situation. Payne and Frow (2005) highlight the following practices supporting CRM:

- Intelligent use of technology, data and analytic methods to acquire customer knowledge;
- Transmission of this knowledge to managers and employees involved in making decisions about customers;
- Use of this knowledge by managers and staff to select and target customers for marketing purposes; and
- Creating networks across departments to support collaboration and generate new customer value.

Through the various site visits and personal observation below are few CRM strategies that are adopted in some organizations for an effective CRM process:

- **Customer Management:** It is evident from various site visits that certain agencies/companies do not adopt the philosophy of customer care, leading to unsatisfied clients and bad word-of-mouth. A uniform policy of pricing, discount and incentive should be devised, so that there is no disparity in the deal received by the customers at different outlets.
- **Complaint Response Time:** Customers greatly value reduced complaint response time, and organizations continue to work on improving the redressal time.
- **Consistent and systematic communication with their clients:** The Company tries to keep in constant touch with its customers through phone calls to understand the services provided by them regarding their performance, satisfaction level and collect suggestions and feedback. It creates a feeling of belongingness in the customer's mind, and also an impression that the company cares.

The marketing mix of 4P's (Price, product, place, and promotion) and STP (Segmentation, Targeting and Positioning) is a simplification, and this transactional approach is not passable for CRM. CRM should keep these 4 P's, but add 4 R's namely Relations, Retention, Referrals and Recovery and Technology. However, CRM is much more than that. Customer Relationship Management involves

- Commitments to customers
- Training and empowerment
- Service standard
- Complaint management

The 4P's of CRM Success are Planning, People, Process and Platform to some while it is Product, Process, Policy, and People to others. The ideals of CRM can be traced to the fundamental concept of customer focus as it has become the critical goal for the organization. Customers are the most vital asset of any organization hence customer is the business. Quality is defined by the standards and expectations of the customer and is vital to keep customers, sustain profitability and gain market share for all types of businesses.

### **CUSTOMER FOCUSED CRM**

The most aggressive investors in CRM have been the service-based industries primarily financial services like banks, insurance companies, brokers, IT services, hospitality, consumer durables, direct marketing, retail and the telecom sector.

### **Meeting customer needs and requirements**

A strenuous effort is required by the company to make the product acceptable as the customer cannot be asked to change himself/herself for a product. Many products fail because they are not acceptable to them.

### **Affordable products**

Many successful brands are cumulative because its prices are affordable to the customer offering better value for money.

### **Readily available to consumers**

Distribution is the key factor for the success of new or old products.

### **Consumer Awareness**

Many companies carry continuous research to keep the brand alive through various activities. New activities like event management, direct to customer advertising/ promoting, etc. extensively used abroad.

### **Relevance to Consumer**

The concept of the unique selling point is now replaced by unique customer perception (UCP). Relevance to the consumer has become necessary. Relevance should also bring returns to end-user. Unless he gets a better return on Investment (ROI), he will not become a loyal customer.

### **Consumer Returns**

Consumers always calculate a value for money and also evaluate even after the purchase is over to justify the decision. It has been estimated that about 18 percent of the customer will continue to buy on impulse if it is new. However, decision-making process gets delayed if the investment is high.

### **Promotion Response**

The advertisement should generate sales as the money spent should create adequate returns and response as promotion plays an important role.

### **Relationship through product and service**

Customer Relationship Management (CRM) has taken marketing to greater heights. Customer as a spokesman is becoming the key objective. Relationship marketing is a combination of product, quality, and services and to achieve effective relationship marketing, all the three factors play a role.

A customer's interpretation of their experience will be largely subjective by what they can buy, what procedures they have to follow, what rules may govern them, and what people may be reachable if and when they want personal contact. Customer experience is delivered first-and-foremost by the product itself. Maintaining relationships with clients and offering them absolute customer satisfaction is the first agenda of industries these days. Customer Relationship Management (CRM) appears to provide the much desirable strategy and solution to keep customers happy, smiling and connected with the organization across their lifetime.

## **STRATEGIC AND TACTICAL CRM**

Our observations revealed that CRM implementations differ in business strategy and organization structure. Strategic embeddedness of CRM means that the business strategy determines what type of CRM program is implemented and how and what the intended outcomes are. CRM can be strategically embedded in:

- (1) operational excellence, and;
- (2) customer intimacy.

If operational excellence is practiced, firms aim to have lean and mean processes. The resulting delivered values to customers are low prices and convenience. Firms are applying customer intimacy focus on knowing the customer and close building relationships with these customers. CRM is often solely related to the customer intimacy value discipline. Our observations reveal however that firms that strategically embed CRM either strive after customer intimacy or operational excellence. Their CRM-approach is different though. If CRM is embedded in a customer intimacy strategy, CRM is relationship-oriented. Firms are embedding CRM in an operational excellence strategy focus on cost-reductions and raising the quality of the client interaction process through process improvements. Tactical CRM-implementations are not embedded in business strategy and concentrate on the efficient selling of products and services. Statements in practice, such as "that CRM is not more than the application of a new statistical software package," refer to this type of CRM approach.

## **IV. Conclusion**

With the supportive literature studied, all demarcated CRM as customer-centric and good CRM practices create an impact on customer satisfaction and loyalty. CRM in any organization will result in optimizing profitability, income and meeting the needs of customers. CRM provides customer satisfaction and if the consumer is satisfied it drives positive word of mouth and loyalty which helps in leveraging the business as well as generating more revenues and profits. The implementation of CRM shows that CRM implementation

cannot merely be “bought off the shelf” instead it needs to be actively supported by the company as the implementation of CRM is a dynamic process that not only involves processes but also people.

The customer is the business and customers are the most valuable assets of any organization and customer focus has become the serious goal for the organization. The cost of attracting a new customer is twice as much as retaining a satisfied current customer. Customer relationships are a significant aspect of retaining existing customers and winning new ones hence customer relationships is an investment. A consumer is the end-user of the product or service, and a customer is a retailer, distributor and both need the equal attention of the company. The customers encounter with the company employees can make or break a relationship and ultimately affect profitability as CRM goes beyond mere satisfaction to commitment. Numerous studies and literature have primarily addressed the influence of single CRM activities, regarding either technological, organizational or strategic aspect of CRM on performance. However, CRM requires a cross-functional integration of processes, people, operations, and marketing capabilities that are expedited by information, technology, and applications. Thus, CRM implementation can only be evaluated using a more holistic approach. Successful implementation requires changes in organizational structures and employee motivation to make use of CRM with a sophisticated project management team geared toward dealing with the changes initiated.

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