Customer Relationship Management - Complications and Implementations in an Organization

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Abstract

To increase revenues and profits Customer Relationship Management (CRM) is an integral part of marketing in an organization. It majorly contributes to develop, maintain and enhance effective customer relationships as it is the fact that loyal customers are more responsive to marketing actions and in cross- selling. CRM is extremely important for business to customers as well as for business to business in sales and marketing context. However, successful implementation of Customer relationship management (CRM) is a complex and challenging task it requires intensive research and proper strategies to implement. To find the complications and resolutions, this paper presents various strategies to implement CRM successfully in an organization through extensive literature reviews, theories and modules from the field of CRM. The study discusses how to identify a variety of zones to address in order to achieve the long -run profitable customer relationship.

Keywords: Customer Relationship Management (CRM); implementations; complications.

1. Introduction

Customer Relationship Management CRM is one of the important strategies of any organization to improve its business revenues and income. CRM is a combination of techniques, strategies and policies, which longing to achieve customer loyalty and long run profit. Organizations, who successfully implemented CRM, obtain profits and build strong relation with customers. There are various definitions for CRM, but usually CRM letters stand for Customer Relationship Marketing, Continues Relationship Marketing and Customer Relationship Management.

As its names suggest its functioning process is same. CRM is based on customer-centric strategies; the main goal of it's to study customers' need and their behaviors to implement strategies which will be beneficial in long run for customers and for stakeholders. Many scholars with interests in several sub-disciplines of marketing, such as channels, services marketing, business-to-business marketing, advertising, and so forth, are actively engaged in studying and exploring the conceptual foundations of managing relationships with customers.

They are interested in strategies and processes for customer classification and selectivity; one-tone relationships with individual customers; key account management and customer business development processes; frequency marketing, loyalty programs, cross-selling and up-selling opportunities; and various forms of partnering with customers including co-branding, joint-marketing, co-development and other forms of strategic alliances (Parvatiyar & Sheth2002 ; Atul Parvatiyar & Jagdish N. Sheth2002.

1. *The Importance of CRM& Literature Reviews*

 In all over the world, the importance of CRM is increasing because of the challenging business situations faced by various companies. CRM is a means of addressing increasing competitions, changing economic conditions and promotional dependence through the use of intimate customer knowledge; knowledge gained through relationship development and past marketing programs. (Roger Baran, Christopher Zerres, Michael Zerres). Rodgers and Howlett (2000) have defined Customer relationship management (CRM) as "a business strategy which places the customer at the heart of an organization's processes, activities and culture. Kotler and Fox (1995) state that "the best organization in the world will be ineffective if the focus on 'customers' is lost. Every contact counts!" CRM is both a business strategy and a set of discrete software tools and technologies, with the goal of reducing costs, increasing revenue, identifying new opportunities and channels for expansion, and improving customer value, satisfaction, profitability, and retention.(Gary B. Grant and Greg Anderson2002).Customer relationships have been increasingly studied in the academic marketing literature (Berry 1995; Dwyer, Schurr, and Oh 1987; Morgan and Hunt 1994; Sheth and Parvatiyar 1995). An intense interest in customer relationships is also apparent in marketing practice and is most evident in firms' significant investments in customer relationship management (CRM) systems (Kerstetter 2001; Reinartz and Kumar 2002; Winer 2001). Customer retention rates and customer share are important metrics in CRM (Hoekstra, Leeflang, and Wittink 1999; Reichheld 1996). *Customer share* is defined as the ratio of a customer's purchases of a particular category of products or services from supplier X to the customer's total purchases of that category of products. Peter C. Verhoef 2003. This has been even progressed to the point that in recent years, the trends towards establishing market-oriented or customer-oriented strategies have been increased among those companies willing to focus on satisfying the needs and preferences of their target markets/customers to enhance their competitive positions. Azadeh Bagheri, Mohammad Beheshti 2010.

2. *Complication, Strategies& Modules*

The market nowadays is extremely competitive for all the businesses around the globe and in this context, it is tremendously vital for Businesses to understand the importance of Customer Relationship Management, in a way that it delivers true competitive profits for customers as well as the business. Following diagram shows simple major steps towards Managing Customer Relationships in any business.
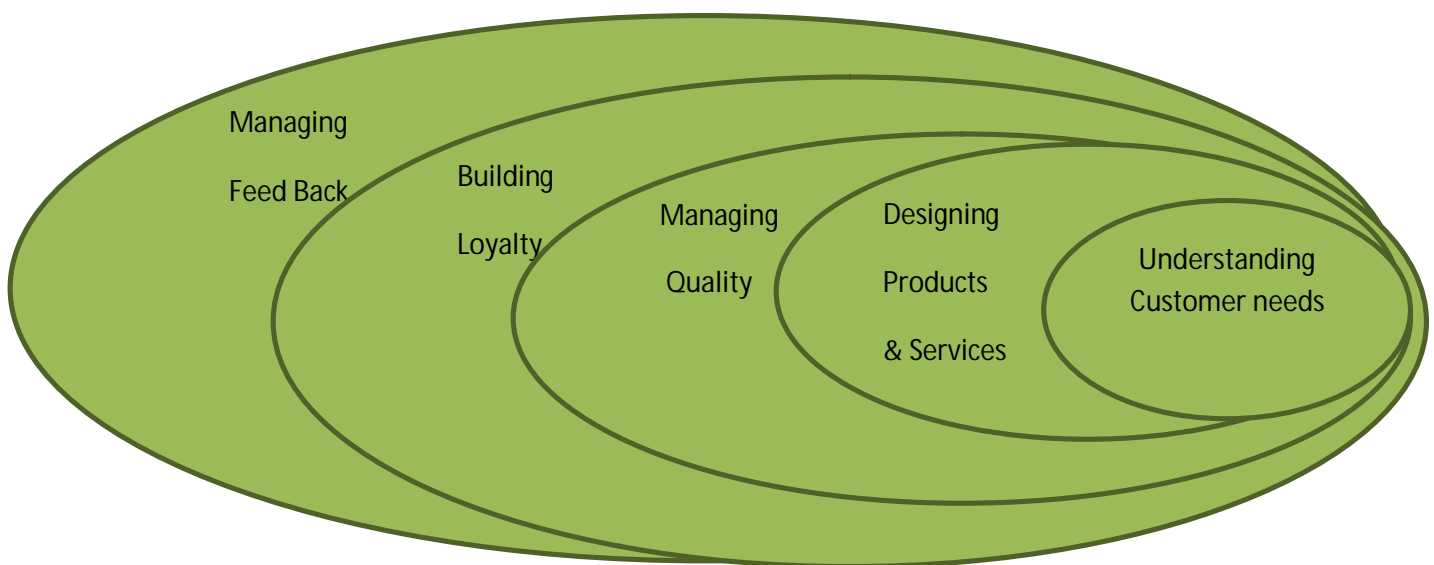
2.1 Understand Customers' Needs:

For achieving a goal of long term relationship with customers, organizations have to pay attention on the most essential part, which is "to understand customers' need".

For understanding the needs of the customer the most basic step is to know the customers first, as customers are the core soul of any organization. If organizations know their customers it will be convenient for the organization to understand the needs of customers**.**

2.1.1 Know Your Customers (KYC)

- Outline the main customers for forming the strategies to identify the needs and expectations of your customers.
- Collect this knowledge and applied in proper database structure to utilize all over the organization.
- Arrange teams to maintain authentic records of your customers

2.2 Designing Products and Services:

The second most important step of any organization is to dispose and design products and services which satisfy customers' needs and grasp more customers to the product or to the service. When planning on producing a new product and/or service, the key factor is the product and service design. Successful designs come down to these basic principles :translate customers' wants and needs, refine existing products and services, develop new products and services, formulate quality goals, formulate cost targets, construct and test prototypes, document specifications, and translate products and service specification into process specifications.(Jespin 2009) However, complications occur in this part to implement accurate designing of products and services, company should do proper internal and external survey to cope up with this issue. It needs financial input towards the product launch while focusing on the customers' necessity as result customers capture the products. Businesses face barriers in the design, development and delivery of Design products and services PDS, in implementing the changes required in corporate culture and organization, to support a more systemic innovation and service-oriented business. In this regard, it has been observed that some companies in mature industries see it as an opportunity to survive, whilst others see it as a way of gaining entry to a new sector. Ezio Manzini and Carlo Vezzoli 2000.

2.3 Managing Quality

Managing quality of products and services is integral part after launching services. Maintain the product quality will base on prolong relationship between customers and sellers.
Company faces sometimes challenges as:

- Not manage budget ,wrong time management investment
- Fail to evaluate products and services regularly,
- Poor observing and monitoring of products &services in long run.

2.4 Building loyalty

Attracting new customers and retaining them is the key to prosper the business. For a company to provide good services to customers must have suitable employee for each job. Loyalty in customer service survives on give and take formula, give good services and get loyalty. Customers come by attraction and uniqueness and become loyal because of efficient (fast and perfect) and careful services provided. Customers remember start and end of communication more than the remaining, so welcome the customers with a nice gesture and bid farewell as a kind friend. Be proactive and serve the wishes of customers before they say. Use language according to company profile as the gravestone makers should not be saying we are happy to provide you quality gravestones. Never forget the customers and the field in which they mostly require services. This can be done by having the suitable requirement for the company in which customers details are updated after each and every service provided. It is also good if the customer wants to know about some old visit. The company knows the requirements of the customer so can anticipate well and it is a good way to be remembered.

2.5 Managing Customer Feedback:

Managing customer feedback is as important as to sell any product, without knowing the feedback from customer, the durability of relation could not be sustained. The basic need to collect the feedback is to analyze customer satisfaction ratio. However many organizations collect feedbacks from various sources like surveys, on phone call, face to face or through a website but not all the organizations can act on the gathered data. According to 2001 Gartner group study noted that 95% of the businesses collect some form of feedback from the customer and it was also found that only 10% of the businesses actually act on the gathered data, because most of the companies lack the process and strategies on CRM. *E. Kolsy and M. Moaz, 2003*

- **Customer Feedback Management (CFM)**
- **Acting upon the customer feedback collected**

2.5.1 What is Customer Feedback Management?

Customer feedback Management is a process in which the feedback is placed into processes, as the Gartner study suggest only 10% of the businesses actually act upon the gathered feedback, these companies do not just stop after collecting the data rather they analyze and put the data into use towards customer loyalty and profits for the organization
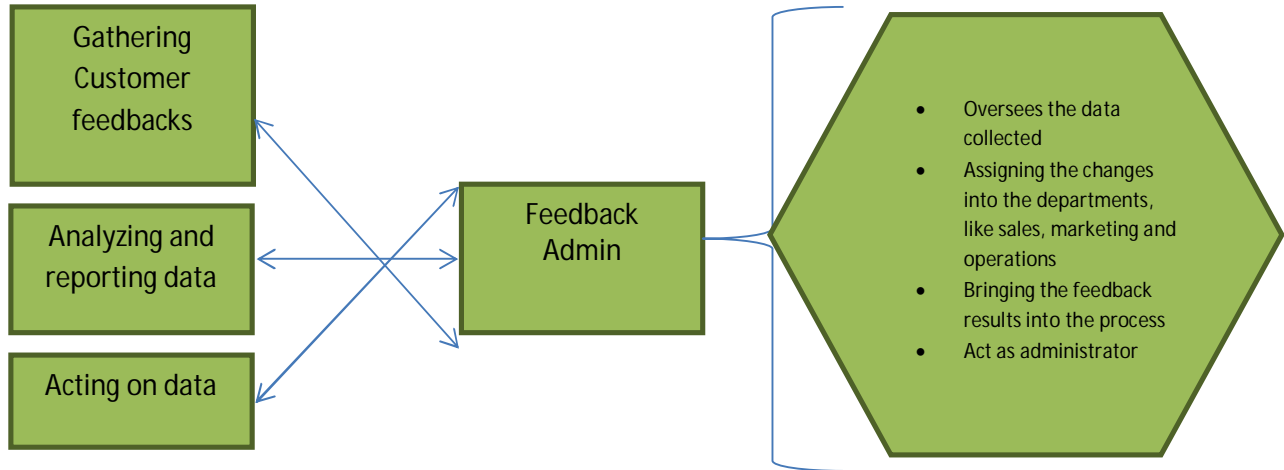
Companies that deploy CFM processes often achieve much higher level of customer loyalty, higher average revenue and over all higher profits. Fred Reichheld, in his article (Havard Business Review 2003) explains how feedback management process is based on "Net Promoter" Strategies can be used to increase customer loyalty to improve revenue and profits for the organizations. Most important point is that the customer's feedback should be administrated and delivered to the concerned department like Sales, Pre- sales, After Sales, Marketing and Operations if required. *Frederick F. Reichheld, 2003*

2.5.2 Acting on the feedback collected:

As the market is getting more competitive organizations are trying their best to prioritize their existing customers without spending more on the Marketing. "Feedback management technologies will be the top investment in 2009 to improve the customer experience ... in both a down economy where retention is key and a buoyant economy where growth is desired, customer experience remains a critical factor." Gartner: "Predicts 2009: CRM Customer Service and Support", Jim Davies, November 2008

3. Suggestions

Following points are required by any Organization to have an active CRM

1. Commitment from the Senior Management and proper involvement
2. Investment of resources, times and budgets on CRM
3. A separate team for the same and outsourcing research firms if required
4. Regular internal communications to the employees to stay on the same page and get results
5. Feedback Management tool meeting the need of an organization
6. Commitment to see it through

4. Conclusion

The essence of establishing the durable relationship between customer and organization is to implement proper research oriented strategies and procedures which definitely benefit to expand business. By combining the strategies of understanding customers' need, designing products accordingly, managing quality, building loyalty and managing feedback can effectively build their sustainable relationship with customers. The strategies related to CRM increase highly interactive relationship with customers. Thus, if organizations utilize these strategies of responding directly to customers, focus on their needs and by providing quality, they can easily nurture long run customer relationship than ever before.

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