
CRM: The Value Proposition from Business Perspective

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Customer Relationship Management (CRM) has emerged as latest buzz word in the field of marketing and management in general. Relationship is as old as mankind. Relationship has been of academic interest and importance for various disciplines like sociology, psychology, anthropology. However, management started taking active interest in researching, understanding and implementing customer relationship since 1990's. A narrow perspective of customer relationship management is database marketing emphasising the promotional aspects of marketing linked to database efforts. A more popular approach with recent application of information technology is to focus on individual or one to one relationship with customers that integrate data base knowledge with a long term customer retention and growth strategy¹. Relationship in view of marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relationship². Thus it can be stated that "customer relationship management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer"³.

Customer Relationship Management (CRM) as a concept for managing relationship with customers is not new, rather it has been one of the main tasks since beginning of trade. Definitely, in the last decade CRM has evolved as a key element of organisational competitive strategy. With ever expanding competition, globalization, e-commerce have created the desperate requirement for searching new ways to manage customer relationship effectively. An organisation generally expresses the customer relationship requirements in various ways:- to thoroughly understand needs of our customers, to

attract old and new customers through personalized communication, retain customers for ever, provide best competitive advantage, to increase satisfaction, to improve customer service in order to deliver unique experience. The expression may vary from company to company but one thing is sure that CRM is essentially required by all organisations. CRM is value addition; it goes beyond the product or service. The importance of CRM has increased for survival due to challenges arising from emergence of service economy, intense competition, saturated markets, global orientation of business and misalignment between revenue and profits.

There are many methods for maintaining customer relationship. These are innovations, loyalty programmes, complaint management, retention drives and even advertisements. There is no denial CRM is 'old-new' concept. It is evident from history that a successful businessman has always endeavoured to build strong and mutually beneficial relationship with customers. 'Hamara Bajaj' campaign of Bajaj Auto connected every Indian citizen irrespective of his financial status and geographical location. Even today 'Buland Bharat ke buland tasvir' works as wonders. One has a strong, positive "Hamara" feeling, a product to be possessed and feel Indian. There are hundreds

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of such campaigns developed to build and manage customer relationships. For years, Bajaj Auto has been able to maintain its relationship with customers without using the term CRM. Similarly, Asian Paints 'make your own colour' concept was not floated with CRM in mind. It happened so that this brought them closer to the ultimate buyer and the company decided to offer 'home solution' as a service where the buyer can call a helpline and ask for an advise or consultancy on painting jobs⁴. This strategy proved to be an instant success and still very successful in maintaining contact point with all variety of customers. Today the same strategy of reaching out to the customers and maintaining contact is known as CRM.

In recent years, to serve the customer better than the competitors, all most every Indian bank in general has undertaken major technological upgradation drive by investing crores of rupees in computerizing branches, ATMs, internet banking, connectivity. Creation of luxury and ambience is also a part of this strategy of making the customer feel like coming back again and again. The entire upgradation has been undertaken keeping in mind building and maintaining individual customer relationships through value-added service. All the banks are aware of the intensity of competition because of low product differentiation and easy replicability of service range. Intensity of competition has created the need for developing individualized customer care strategies to ensure customer retention and satisfaction. Phone banking, internet banking, doorstep service, multicity cheque book, evening extended banking, ATM are no more merely list of value added services. The research⁵ conducted by a Chennai based consultant and academician reveals that customers have started using all these services. For example, 23 percent respondents prefer to transact with bank through phone, 21 percent through ATM. The scenario in the banking industry has undergone a sea change. An educated customer expects the bank to provide internet accessibility to check bank balance, 8 to 8 banking, even ATM facilities; otherwise he changes the service provider.

CRM for Surviving in the Information Age

In these times of great change it is important to understand that what has changed and what has remained unchanged. Changing market dynamics are

forcing marketers to look for alternative ways of influencing customer decisions. In today's business environment, you don't want to miss any opportunities to serve the customer. Customer relationship management is the crucial differentiator and the secret weapon to gain competitive advantage in today's scenario. Around the world, market leaders have been increasingly moving towards relationship marketing programmes. An average business spends six times more to acquire customers than they do to keep them⁶. Therefore, firms are now paying more attention to their relationships with existing customers to retain them.

In today's competitive business environment customer relationship marketing is emerging as an area of focus. Airlines have frequent flyer programmes to reward loyal customer, all most all auto brands offer exchange bonus, credit cards offer redeemable bonus points for increased card usage, telecom service operators provide variety of facilities and contests to their customers, hotels have different packages for their regular guests, tours & travel agencies offer a variety of complimentary packages to maintain relationship, nursing homes call mothers to remind vaccination date of kids, saree shops and fashion wear showrooms inform their regular customers for arrival of fresh stock or sale, departmental stores offer membership to heavy and regular user to provide some percentage off on total bill, in general the list is endless.

It is worth mentioning that Titan initiated retail revolution by setting up the chain of high profile outlets to create bonding with the customer. From mid 90s onwards, Titan rewards customers for their loyalty to Titan through buy back offer, sending mailers, gifts and discounts. Showroom employees are trained for the operations and finer details of customer relationship like listening, interacting and suggesting. It's a fact that even these smaller CRM practices have changed customers experience with titan watches.

Cement as an industry in the past has been blessed with supply-demand equilibrium. Today the scenario has changed drastically; all the players have adopted some or the other distinctive ways of CRM to establish credibility in a changing environment. J.K. Cement confers prestigious 'Architect of the Year Award' every year to cement their bond with

environment architects and other members of construction industry. ACC Ltd. organizes a well structured training programme for masons. The tag of 'ACC trained & certified mason' helps them to provide better service, more business as well as strengthen bonds with the company.

Building Positive Work Environment

The importance of CRM in an organisation has now become an accepted and established fact in order to deal effectively with their existing and prospective customer base organisations brace CRM. Invariably, the process starts with in-depth knowledge of customers their habits, desires, needs, even behaviour. Each member of the organisation knows that unless and until they assimilate and apply information, they can not sustain or retain themselves in business. The organisation applies its knowledge, to develop and design strategies, to develop long lasting mutually beneficial relationship with customers. Delivering improved value to customers will bring increased loyalty, improved customer satisfaction, increased sales, higher profits, greater efficiency, and a sustainable competitive advantage. As a result, work environment suddenly springs to life get energized and motivated to play on. The employees enjoy each moment of their job, they are willing to work hard, and they are in control of outcomes, thus they gain satisfaction from their performance. For example to service and streamline customer relationship with the customer many urban development authorities have specified time for each task, procedure to file documents, variety of documents needed for each clearance, person incharge of various tasks and so on. Obviously, all these facilities have changed work environment.

As a part of CRM activities maximum companies have web sites with facilities like sharing of information, interaction, order booking. Just think of Railways internet booking, customer can book ticket at any time of the day and night and on any day of the week, as a result it has brought change in number of queries handled. Even some percentage drop in rush on ticket window. The company drew up a strategy that focused on usage of technology to achieve focused results. In general, CRM is not the goal but means to an end.

Enhancing Performance Orientation

Maximum durable products are bundled with offer of post purchase service to maintain relationship. Generally companies train employees to give prompt service or have a process to provide satisfactory service. Titan service is ISO 9000 certified, thereby ensuring all repair activities follow a strict, systematic process which is controlled and measured through ISO audit system. It is worth mentioning here the Titan philosophy 'we believe our relationship doesn't end with the sales of the watch, but begins. What we sell is not just a product or service. We sell benefits, our commitment'⁷. There is no denial that as a customer if you visit any of the authorized showrooms, you would find proper attention being given to the customer with clear indication and time line when the problem will be rectified. One can feel that the company is bothered about providing best of the services so that relationship is maintained from generation to generation.

The best example can be the changing attitude of BSNL towards complaint handling. In recent years, with increasing competition and BSNL losing market share and customers, they now believe in maintaining relationship with customers. Now a days when a customer lodges a complaint, he is given a complaint number and stipulated time to attend the fault. BSNL even makes a call to verify whether the complaint has been attended or not, problem is rectified or not.

CRM has positively enhanced performance orientation. The teaching industry has witnessed exceptional growth with effective implementation of CRM. All progressive teaching institution maintains student data to provide them value added inputs on syllabi, assignment, and placement. Even web interface is provided to the students to share information, consult faculty members or to be in touch with the institute. In all, CRM has changed employees' mind set for performance outcomes, employees work with self motivation to attain best results.

Powerful Sources of Communication

In a country like India, getting personal attention from companies is still taken as a pleasant novelty, and is welcomed.

Newer ways are being devised each day to attract customers. HLL has created gangofgirls.com, only community to develop relationship with young women. It has identified key topics important to this group; fashion, job hunts, having fun, emotional bonding, gossip etc. The site offers expert advice on image makeovers, lists out job opportunities and allows them to form gangs so they can connect with each other⁸. "Lee Lounge" has its online social community and WAP site for mobile phones to connect with customers. ICICI, HDFC, HSBC, Citibank all are using mobile phones effectively to retain sale and develop relationship. Surprisingly the Indian customer is responding to these efforts in a positive manner.

Mantra for success: create your own course

Though the success stories of CRM are too few because the initiatives taken in this field are limited, and it does not have much published work to its credit, CRM is geared towards creating a greater customer focus. An auto service workshop of best of the brand makes a call to customers to remind them that the service is due. An insurance agent reminds his client regarding premium payment dates or even the need and time for a new policy. The requirement in such cases is call the right customer, at the right time with the right message. With effective CRM, organisations can easily manage to maximize revenue and life span, while keeping operational costs low.

CRM can never be the goal; it has to be the core business strategy. To succeed it is important that a company align its CRM strategy towards its business strategy. For Orange, the cellular operations of Hutchison Max Telecom in Mumbai, the focus was on providing a service that would compete not on just quality but also on price with its rivals. Its CRM programme helped develop a tariff plan that set a benchmark for the entire industry¹⁰. Hutchison used customer data intelligently to both serve the existing customers better and optimize revenue.

Citibank has built the relationship with the customers through new modes like internet and call centre. Citibank started its CRM by sending letters of offers to the customers, moved to ready cash offers on phone and on emails, to most recently 'citi alerts' for payment detail alert, payment confirmation alert.

Citibank is the finest example of framing strategies from customer perspectives. The customer has to just request or even complain, Citibank immediately resolves a problem in a timely manner. This not only cuts down time but also has changed the process of output. The passionate relationship with customers can be extremely profitable and must be adopted by all organisations those who wish to last long in this highly competitive business world.

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