

Customer Relationship Management

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Abstract - The biggest management challenge in the new millennium of liberalization and globalization for a business is to serve and maintain good relationship with the king – *the customer*. In the past producers took their customers for granted, because at that time the customers were not demanding nor had alternative source of supply or suppliers. But today there is a radical transformation. The changing business environment is characterized by economic liberalization, increasing competition, high consumer choice, demanding customer, more emphasis on quality and value of purchase etc.

All these changes have made today's producer shift from traditional marketing to modern marketing. Modern marketing calls for more than developing a product, pricing it, promoting it and making it accessible to target customer. It demands building trust, a binding force and value added relationship with the customers.

Introduction to CRM

The CRM is a new technique in marketing where the marketer tries to develop long term relationship with the customers to develop them as life time customers. CRM aims to make the customer climb up the ladder of loyalty.

The company first tries to determine who are likely prospects i.e. the people who have a strong potential interest in the product and ability to pay for it. The company hopes to convert many of its qualified prospect into first time customers and then to convert those first time customers into repeat customers. Then the company tries to convert these repeat customers into clients – they are those people who buy only from the company in the relevant product categories. The next challenge for the company is to convert these client into advocates. Advocates are those clients who praise the company and encourage others to buy from it.

The ultimate challenge is to convert these advocates into partners where the customers and the clients work actively together to discover ways of getting mutual benefit.

Thus in CRM the key performance figure is not just current market share but share of life time value by converting customers into partners.

In CRM the company tries to identify that small percentage (20%) of key account holders who's contribution to the company revenues is high (80%). So from this point of view, CRM is also known as KEY ACCOUNT MANAGEMENT.

How to introduce CRM in the company

There are four key steps for putting one to one marketing program to work –

Step 1 : Identify your customers

To launch a one to one initiative the company must be able to locate and contact a fair number of customers or at least a substantial portion of its valuable customers. It is crucial to know the customer details as much as possible, not just their names or address, but their habits, preferences and so forth.

Step 2 : Differentiating your customers

Customers are different in two principal ways, they represent different levels of value and have different needs. Once the company identifies its customers differentiating them will help the company to focus its efforts to gain the most advantage with the most valuable customers.

Step 3 : Interacting with the customer

Interaction is also a crucial component of a successful CRM initiative. It is important to remember that interaction just not occur through marketing and sales channels, customer interact in many different ways with many different areas of the organization so to foster relationship all the areas of the organization must be accessible to the customer.

Step 4: Customize your enterprise's behavior

Ultimately to lock a customer into a relationship a company must adapt some aspect of its behavior to meet customer's individually expressed needs this might mean mass customizing a manufactured product or it might involve tailoring some aspect of the service surrounding the product.

Objectives of Customer Relationship Management

1. To study the current practices of CRM.
2. To find out the impact of CRM on the profitability of the organization.
3. To study the factors affecting the CRM practices.
4. To study the role of information technology in CRM.

Research Methodology

A research design is simply a plan for study in collecting and analyzing the data. It helps the researcher to conduct the study in an economical method and relevant to the problem. Research methodology is a systematic way to solve a research problem. The methodology should combine economy with efficiency.

Collection of the data

Primary data – primary data is that data which is collected for the first time. These data are basically observed and collected by the researcher for the first time. I have used primary data for my project work.

Secondary data – secondary data are those data which are primarily collected by the other person for his own purpose and now we use these for our purpose secondly.

Limitations of Customer Relationship Management

1. Time constraint is unavoidable limitation of my study.
2. Financial problem is also there in completing this project in a proper way.
3. As no work has been done earlier in this regard so scarcity of secondary data is also there.
4. Inadequate disclosure of information is also the problem.

Suggestions

- There should be more and more emphasis given by the company for satisfying the customer up to a apex limit and by providing the utility of every penny of his money.
- There should be more use of information technology.

- The company should be flexible to bend its rules and procedures in the clients favour.
- The company can communicate and develop stronger customer bonding by providing social and financial benefits.

Conclusion

From this study it can be concluded that the customer relationship management in Company is satisfactory. The company is using various CRM practices like customization of the product, maintaining interaction with the customers regularly and providing good quality product etc. Customer relationship management has a certain impact on the profitability of the company. Average sale per customer has increased 15% over the last two years. Customer response rate towards marketing activities is also improving. There are various factors affecting the customer relationship management like working environment of the company, support from top management and coordination among the departments of the company. Information technology is not used as much as it should be. The company is using traditional tools of CRM like quantitative research, personal interviews. The company should modern tools like data mining, contact center, e-CRM and web based survey tools.

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