

# Customer Relationship Management: Ideology to Rationality!

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**Abstract:** Customer Relationship Management (CRM), the utmost important tool in the artillery of any marketing organizations, having the potential of realizing accomplishments and growth for organizations in this dynamic environment of extensive competition. CRM enables business entities to know their customers in a more improved and enhanced way, enabling them to build sustainable relations with them. This paper discusses the theoretical aspect of the CRM through the literature review of the national and international papers with the view to assess the success and the failure of the CRM implementation in the business organizations at different levels. The recommendations furnished try to ensure the unbeaten adoption and implementation of CRM initiatives, taken by any organization to understand the customer and his requirements well.

## 1. INTRODUCTION

Companies are more focused on the long term relationship building with the customers, as it has been observed and believed that it is easier and profitable to nurture the existing relations rather than development of the new ones. Companies today are focusing more on management of customer associations, development of customer loyalty, equity by replenishing and breeding the existing relations. This particular thought process of the management, of diverse companies has resulted in the augmentation of the concept of **Customer Relationship Management**. The concept of Customer relationship management (CRM) unequivocally recognizes the value of potential and current customers in the long run, and seeks to amplify revenues, profits, and shareholder value by crafting activities towards the development, maintenance and enhancement of company customer relationship dyad. The success of a business is subordinate, to the way a customer of the organization is dealt, culture of the organization, team spirit, loyalty and knowledge management. As a consequence, organizations are deliberating to find the solutions whereby they can gratify the customer and develop extensive mutually profitable associations.

Consequently, CRM has emanated as a tool to meet the fundamental requirement of the organizations, as a strategy to develop long term relationship with the customers. CRM

systems are viewed by the organization as the information systems enabling them to realise the potential to meet the long term customer oriented objectives of the organization. Knowledge about the customers enables one to serve the customer in efficient way and generate loyalty amongst them. The main idea behind the implementation of the CRM solutions is the objective of nurturing the existing relations and associations which can be achieved with the positive and constructive approach through CRM. It can be understood as a business philosophy, a business strategy, a business process, or a technological tool. Further as far as the implementation of the CRM solutions are concerned, the major problem is the nonexistence of a model to guide the companies in the rightful implementation of CRM. CRM cannot be thought as a panacea to all the customer related nuisance but it must be studied for the customer centric benefits; it can reap for the organizations. To manage the transition from the product centric organization to the customer centric organization the implementation requires hard work, knowledge, resources and consistent products and services with the expectations of the consumer.

Through this paper we would like to understand the concept & philosophy of Customer Relationship Management, its momentous development and how it enables organizations to discover and harness value. How the CRM strategy is being used for developing competitive edge is also one of the objectives of this work. Also, it was aimed to understand how firms are using CRM practices for realizing their corporate goals and accomplishing organizational vision and mission.

## 2. LITERATURE REVIEW

Ramesh and Chauhan (2014), in their study on Indian Heavy Industry found that customer retention and CRM initiatives are positively correlated, customer has to be given highest weight-age when calculating the overall CRM score. Technology appears to get the least weight-age. Reddy and Suresh in a work "SBI customer's perception on CRM: a study, (2012) divulges the important benefits of CRM implementation to the banks is the cost reduction, customization of services and better understanding of the

customers. Moreover, it was also a revelation that more no. of ATM's needs to be installed, there should be increased number of operating hours, parking facility and courtesy in delivering timely services. Sharma and Hangar (2012) in their study on organized retail store in NCR region expound that for the success of CRM, organizations have to think across departmental boundaries and integrate all the departments and position it as a knowledge management tool for coordinating the organizations interaction, with the customer, to be able to serve value to them. A Survey of Success Factors for CRM by Arab, Selamat, Ibrahim, and Zamani (2010), divulges three basic factors: process, human and technology. Krasnikov, Jayachandran, & Kumar through their study impact of CRM on the profit and cost efficiency (2009), reveals that CRM implementation has a negative effect on the cost efficiency where as on the profits it has a positive impact. Piskar, Faganel in (2009) through a case study on successful CRM Implementation Project in a Service Company disclose that there are high failure in CRM implementation, and for the successful implementation, organizations require top management support, effective leadership and resource acquirement. A research done by Luis, Marius, Pérez, Grimá (2006), also confirms that CSFs for CRM are: human factor processes, and technology which constitutes a systemic, integrated and balanced approach.

### 3. CONCEPT OF CRM:

An exhaustive literature review reveals that CRM should not be understood simply as a technology applications for any organization but it is a cross functional, customer driven, technology integrated business strategy that improve the relationships, encompassing the entire organization. It is an approach which incorporates marketing, operations, customer service, human resources, research and finance, and yes information technology to maximize the effectiveness of customer interactions. The effective machinery for the successful implementation of CRM comprises of processes, technology and human aspects which are important and described at length.

#### 3.1. Processes

The basic objective of implementing the CRM strategies is to satisfy and create long term relationship with the customers. As one of the significant factors, is the process running in the organization which in a way attempt to involve the customer with the organization and its dealings. These processes may vary depending upon the functions of the organization and the nature of the functions. But, with the revelation from the literature review, we can say that the processes which involve the client interaction are: **marketing, sales, and services.**

##### 3.1.1. Marketing

In harmonization with the concept of relationship development, Barnes proposes four "different P's" of marketing, namely: product, processes, performance, and

people. According to Berkowitz, relationship management and understanding the prepurchase, purchase and post purchase buying behaviour of the consumer, all these comes under the purview of the marketing process. Studying all these aspects gives insights about the consumer and enables the organizations to develop products to delight the customer and his experience with the product and the organization as a whole. The concept of CRM entwines both the customer satisfaction and the performance of the organization enabling both the parties to develop a better and profitable venture.

##### 3.1.2. Sales:

CRM notion calls for huge customer data which can be generated through the personal contact with the consumer, the process of sale and purchase gives this platform to the company where the personnel can interact and gather data about the consumer and here, the association involving client and sales person becomes vital within the CRM framework. Management of the relationship with the client has always been an intrinsic aspect of the sales process, the CRM approach lays down the course on how this should be done since it focuses on those sensitive aspects, which were not taken care off earlier, in the past.

##### 3.1.3. Services:

In today's scenario where every organization is competitive, the facet which can reap incalculable benefit is how the organization is delivering the services to the clients. Customers take a note of how they are being treated and how spontaneously their problems are resolved. A study of Harvard Business School illustrates that the service quality delivered by a company is directly linked to the client's level of satisfaction with the services provided by employees of the organization. This enables one to understand the importance of the services provided and the quality and yes the significance of a satisfied customer. By studying the dimension of the services and the clients, we get to evaluate the impact of the service delivery on the relationships shared by the company and the clients.

Although marketing, sales and services are not only the processes which involve the client- company interaction, though these processes are more important and significant in any organization. CRM strategy, take into consideration all those process within the organization which results in the value creation for the customer and that for the organization. The main emphasis is on nurturing the existing relationships in the company so that the association should be profitable to the customer as well as to the organization. The processes of marketing sales and services have emerged and evolved with the time and have adapted themselves to the dynamic demands of the market. The objective of the CRM strategy is directed towards a common goal, i.e. to satisfy and create a long term relationship beneficial for the company and the customer.

### 3.2. Human factor

A company's image and reputation depends, upon the quality of service which it provides, which in turn depends greatly upon creating a positive experience of the customers with the company. There used to be, in the earlier times, very few companies, for whom, the opinion of the customer used to be important but with the changing times this has become the need of the hour. Companies are now working upon, crafting strategies and programmes which can enrich the experience of the customers and create an everlasting positive impact. The application of principles of psychology and behavioural sciences has enabled to understand the psyche of the customers and serve them to their delight. In order to understand the basis on which the relationships are created and are functional in the organizations, it has become imperative for the success of the organizations today, to understand the intricacies of the relations with the clients and in the process of understanding, one has to take into consideration all aspects associated with them. One must work on the value creation for the client as goods are purchased not just for the possession but for the value they provide in terms of satisfaction and utility. Companies should focus on how the value is defined by clients, providing satisfaction in alignment with the value standards of the customers and must develop strategy towards retention and loyalty of the customers.

In delivering the services to the customer the organizational aspect cannot be neglected which comprises of the courteous employees, fast and responsive processes, degree of commitment and participation of people who are occupying management positions, change management, feedback mechanism, follow-ups and effective leaderships.

### **3.2.1 Role of Senior Level Management:**

Since senior level management is taking a more stake holder centric viewpoint, consequently their responsibilities and roles have increased many folds. Which include:

- a) Imparting a vision, to keep the organization on the way, where they are focused on CRM tactically, strategically, mutually and continuously with the stake holders.
- b) Collating the data related to the customers in a single window, aligning processes and systems to enable the CRM tools to work smoothly with the objectives and goals of the organization.
- c) Enabling the employees to understand the concept of CRM and the firm's vision for CRM, also helping the staff to communicate with the customer to serve them well.
- d) In order to align the goals of the people with the objectives of the CRM, it must be made clear to people that how their own success is related to the success of CRM implementation. Among the various aspects of change management, assisting in achieving the above said objective, the organizations recognises individual's

and group's achievements, and case study successes to motivate them.

- e) Ensuring the smooth and adequate flow of people, money, time and information required as input, to the various components of CRM.
- f) Providing with the proper monitoring and control in order to ensure systematic and improved product delivery to the customer and ensuring the expectation of the consumer from the company by evading any kind of abusive practice which impede their loyalty and trust.

### **3.3. Technology**

Technology has unlocked and unleashed the wider areas of operations, and improved the way of doing business. Technology and advancements have paved the way of conducting business in new and innovative ways and offered solutions to various challenges, consequently delighting the customers and developing long term relationships with the clients. CRM approach relies on the data and information of the customer, which the companies already have but in scattered and unorganized form. By the application of various software, the information existing in the isolated systems is filtered, arranged and made understandable for the further usage and value creation for the company. The major challenges which the companies are encountering are to compile the information and make it workable and profitable. People view CRM as software and not a strategy, but, essentially it is strategy banking upon the people and information systems, assembling information about the clients. This is an approach which uses IT systems as support for the execution of the process within the organization. IT offers solutions that manage the flow of information between different types of systems through introduction of enterprise systems. To assimilate and organize information according to the requirements of the company, various tools facilitating the process are data warehousing, data mining, sales force automation. Data warehouse create a repositories of data generated by the system of the companies, making them easy to comprehend and accessible to others within the organization. Data are integrated and converted into consistent structures through data warehousing whereas, data mining sorts the information, makes the information meaningful allowing the sharing of the same with the concerned parties.

## **4. CRM IMPLEMENTATION AND SUCCESS STORIES:**

CRM application commences with the strategic decision to alter or improvise the business processes in the organization, requiring investing into an improved information system. Top management support and schematic introduction of the rules and set of laws are essential for the proper functioning of the CRM at the organizational level. Before starting the implementation process, one has to understand the customers, their expectations, opportunities and threats operating in the

markets, for the success of the implementation. By and large, there is no clear cut implementation of a successful CRM approach. Subjectively, we can say that CRM implementation is one in which outcomes of the approach synchronises with the objectives of the business. These objectives are organization specific and can be customer retention, acquisition and generation of loyalty. Customer relationship management includes the delivery of sustained or increasing levels of satisfaction, and the retention of customers by the maintenance and promotion of the relationship [Palmer et al., 2005]. Light [2003] states that trying to compete for new customers is more resource intensive than keeping existing ones. A survey found that majority of the CRM projects has resulted into the failure where as the percentage of the accomplishment of the same is very small. Taking into consideration, the importance of relationships with the clients, it is essential to measure the impact of the CRM implementation and things related to the implementation of the same must be given due importance. Few successful examples to quote are *State Bank of India*: The benefits which are accrued by the CRM implementation to the bank are cost reduction, closer relationships with the customer which has enabled them to understand their requirements in an improved way, loyalty generation and increase in the number of customers. Second one is *DELL*, which has reaped the benefits by shortened integration time value by up to 50 percent, Lowered total cost of ownership (TCO) by up to 25 percent, strengthened data security, fortification customer and channel relationships. Another one in the list is *YES Bank*; the payback to the yes bank is the cost effectiveness, customer loyalty, monetary benefits and increased cross selling opportunity. Similarly *Tata AIA* is working with powerful 360 views to integrate, refine and adopt CRM processes, which have enabled in quick adaptation to regulatory changes and increased customer retention.

## 5. LACUNA IN CRM IMPLEMENTATION AND SUGGESTIONS

From the literature review it was observed that major reasons for the failure can be concluded as Organizational change, Company policies, Little understanding of CRM, Poor CRM skills and the major problem is that people view it as an IT enabled tool to enhance the profitability rather than a strategy which uses the software for relationship enhancements. Apart from these issues, we can also say that the intricacies of CRM is being underrated, due to unawareness of the management of the company organizations are making heavy investments in the CRM software, which are being ineffective. With the systemic approach view, organizations synchronize and effectively maintain the develop contact points for the customers. In the systemic approach CRM is placed at the centre of all the functional aspect of organization, and help to develop customer oriented business processes. Certain consideration and practices needs to be taken into account, while executing the CRM strategy

It is crucial to understand the dynamic environment and focus on how to incorporate the changes within the organizational functions. This approach is new to the system, so the people do not have experience and adequate understanding of the operational aspect. Before initiating a CRM system project, Organizations need to recognize the theoretical and practical implications of the business perspective of CRM. During the implementation of the CRM, continuous scrutinization of the operation must be done and employees must be kept informed about the problems. Motivational aspect with regard to the employees need to be taken care off, this has to be stimulated, so that they remain optimistic throughout the process of implementation. One of the most significant aspects of the success of CRM is the project manager, who plans, monitors the outcomes of the practice and controls the actual performance. Trainings and consultations should be provided from time to time in order to rectify the mistakes and impart the knowledge about the CRM approach. Nevertheless, the inclination amongst the employees to positively accept the changes must be incorporated in their attitude through the development of organizational culture policies. If organizational culture backs changes, company has better chances to achieve success.

## 6. CONCLUSION

Realistically, the implementation of CRM programs has encountered failure over a wide range of industries. In totality, the understanding of CRM and its concepts like definition, scope, processes, people and technology is still inadequate. The insight of the fundamental theory of the CRM is very essential and important to strengthen and reinforce the understanding of CRM, before adoption is planned. Proper development of CRM processes and their integration with other business processes for successful implementation of the CRM strategy implementation is the need of the hour. The benefits of the CRM approach can be extended towards two dimensions, first is to develop long lasting relations with the clients and the second one is the generation of profitability to the organization. A well planned and coordination amongst the business processes ensures the success of the CRM strategy. The basic objective of this work is to analyse the reasons for the failure of the CRM strategy and to deliberate upon the measures which can certify the unbeaten execution of the CRM concept from theory to practical ground which will contribute in declining failure with its devastating losses and in increasing the accomplishments with its incredible benefits of the CRM programs/system.

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