

UNIT 1 – INTRODUCTION TO CRM

❖ MEANING OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

CRM is a process of collecting information about the customers and aligning and remodeling the organizations strategy to meet the customer's demand, the focus of CRM is on people rather than products and services. Business and processes are built with the customer in mind and the emphasis is on what can be done to make people who want to do business with you over and over again.

Customer Relationship Management or popularly identified as CRM can be defined as an art and science of collecting information on present and prospective needs of product of customers so as to market them using all such kind of efforts and technology in collection of data and information relating to customers.

CRM is an approach that integrates people, processes and technology to maximize the relations of an organization with its customers. Firms make use of the development in communication and technology to collect information regarding product and its marketing to meet expectations of people. Firms keep on developing customer's data base to update their need and designing marketing strategy to satisfy such needs.

For example- Throughout the past few years, Amazon has become the go-to online platform for online shopping. One of the main reasons for this is Amazon's CRM system. Amazon has one of the most complete CRM infrastructures in the world that harnesses customer data during purchases to instantly customize users' online experience.

When purchasing an item from Amazon, one needs to set up a personal account. Then, Amazon can track his/her purchases and browsing history to tailor marketing campaigns and email campaigns based on things he/she will probably like.

Moreover, one can configure his/her account to set up purchases in one-click. This is one of Amazon's most popular feature and customers appreciate it as it dramatically speeds up the checkout process when making a purchase.

❖ SIGNIFICANCE/ IMPORTANCE/ NEED OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

1. Better service to customers

CRM provides more avenues for customers to communicate and explain their needs to the organization through numerous contact points. Customers get increased satisfaction and a feeling of being special and important because of the increased personalization of services and customization of goods offered to them.

For example, ICICI Bank maintains a list of priority customers and provides them with additional facilities and special offers such as free tickets to concerts, movies, and so on. Some banks, such as Syrian Catholic Bank provide personalized services to their important customers.

2. Customization of market offerings

Companies can customize a product or service depending on the data available with the firm. The firm can facilitate customer-company interaction through the company contact centre and web site. Such interactions help develop customized products.

3. Reduction in the customer defection rate

CRM emphasizes on training and development of the employees to become more customer oriented. Due to CRM training and development, employees show care and concern towards the valuable customers; therefore, the customer defection rate may be reduced to a great extent.

4. Increase and improvement in long-term relationships

Some firms treat their customers as partners. Firms solicit the help of the customers to design new products or to improve their services. If the customer gets involved with the firm, they are more likely to remain with the firm.

5. Increase in customer equity

CRM increases customer equity. Firms focus the marketing efforts more on the most valuable customers (MVCs). The main aim of CRM is to produce high customer equity.

Customer equity is the sum of lifetime values of all customers. More focus on MVCs will enable a firm to increase the customer equity.

6. Competitive advantage

The firms that adopt CRM get competitive advantage in the market. They can face the competition with much ease. Competitive advantage helps in generating higher returns on investment.

7. Building and maintaining corporate image

The image of the firm also gets enhanced. Loyal customers become evangelists (is a person who believes in the product or service so fervently that he or she aggressively promotes it to others). The evangelists spread a good word about the company and its products. This enables a firm to get additional customers to its fold.

8. Higher return on investment

Due to CRM, a company gains a position to generate higher returns on investment. This is because of the repeat purchases on the part of the loyal customers. The company also makes money through cross selling. The higher return on investment increases the shareholders' value.