ACHIEVING COMPETITIVE ADVANTAGE THROUGH CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

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INTRODUCTION

CRM is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer. CRM can also be defined as 'the infrastructure that enables the delineation of and increase in customer value and the correct means to motivate customers to remain loyal.

THE NEED OF THE CRM

Developing close, co-operative relationship with customers is more important in the present era of intense competition and demanding customers, than it has ever been before. CRM has attracted the attention of scholars and marketing practitioners. Many scholars with interests in various sub-disciplines of marketing, such as channels, services marketing, B2B marketing, advertising are actively engaged in studying and exploring the conceptual foundations of managing relationship with customers. The purpose of CRM is to improve marketing productivity. Marketing productivity is achieved by increasing marketing efficiency. In CRM, Marketing efficiency is achieved because of co-operative & collaborative processes help in reducing transaction costs and overall development costs for the company.

The important process of CRM includes proactive customer business development and building partnership relationship with most important customers. This leads to superior mutual value creation.

CLASSIFICATION OF CRM
1. e CRM: Electronic CRM
2. PRM: Partner Relationship Management.
3. CCRM: Collaborative CRM.
4. SRM: Supplier Relationship Management.
5. MCRM: Mobile CRM.
6. Front –Office CRM (Operational CRM).


CRM FOCUS

Mass Marketing ——Product focus
Product focus ——Customer focus
Economies of time—Economies of time
One-way communication—Interaction
Response time——— Real time.

CRM ACTIVITIES

1. Learning from customers and prospects.
2. Creating value for customers and prospects.
3. Creating loyalty.
4. Acquiring new customers.
5. Creating profit.

BENEFITS OF CRM

1. Cost reduction.
2. Enhancing sales revenue
3. Increasing productivity
4. Enhancing customer value and satisfaction
5. Enhancing profit margin
6. Enhancing goodwill and customer loyalty.
7. Enhanced customer service
8. Competitive advantage
9. Simplification of sales & Marketing process
10. Enhancing customer delight.

THE ROLE OF TECHNOLOGY IN CRM:

Technology is playing a pivotal role in effective CRM. The following elements should be given greater emphasis.

‘Developing customer insight, Use of technology in CRM, customer contact
And achieving superior customer experience, e-CRM and adaptive Marketing’.

Customer Insight: The customer database facilitates? To collection of information from all points of interaction with the customer.

The Use of Technology in CRM: The application of technology is found to helping the customers in getting information about products/services. This also facilitates the customers to take faster decision.

The following tools are used widely in CRM.

EPOS (Electronic Point of sale), Sales force automation, calls centres.
EPOS’s main benefit is the amount of timely and accurate information they deliver. The information pertaining to sales rates, stock levels, stock turn, price and Margin, demographics, socio-economic lifestyle characteristics of consumers, promotion, advertising, position in stores etc.

This information drives customers choice of product mix, allocation of shelf space and promotional tactics. This is widely used in western markets.

SALES FORCE AUTOMATION:

There is a greater need to reduce the sales cycle. Sales force automation can substantially deliver better results in reducing the sales cycle. This also facilitates automating and optimising sales processes to increase sales productivity. They enable the company to track and manage all qualified leads, contacts and opportunities throughout the sales cycle including customer support. They improve the effectiveness of marketing communications programmes for generating quality leads as well as for greater accuracy in sales forecasting. The internet can be used by the company in imparting proper training to its sales force, which can facilitate sales force support queries, to improve the productivity of sales force.

CALL CENTRE:

Call centre helps in automating the operations of inbound and outbound calls generated between company and its customers. Most of the FMCG, consumer durables and service industries are able to solve the problems of the customers speedily to the customers delight.

CUSTOMER CONTACT:

Communication with customers can be improved substantially with the help of Internet. Consumers have been increasing engaging themselves in an active and explicit dialogue with manufacturer of products/services. The constant conversation with consumers gives an opportunity for personalization. Personalization is a special form of product differentiation. It transforms a standard product/service into a specialized solution for an individual.

Online choice assistance takes a set of products, tries to determine an individual’s tastes and needs and makes a recommendation. If this recommendation is accurate and trusted, it creates value and loyalty. Creation of value and loyalty are the prime objectives of CRM.
ACHIEVING SUPERIOR CUSTOMER EXPERIENCE:

CRM is about managing customer life cycle through all points of customer contacts ensuring that every interaction leads to value addition in relationship. Website applications help customers to check the status of their orders, payments sent and billing adjustments made.

E-CRM: According to Trazline, a UK-based customer management system vendor, CRM is a means to enable access via the web, which helps not only in wider accessibility but also enables new marketing opportunities - web marketing, automated response to e-mail requests, web- self service and integrated marketing channels. The e-CRM tools that can be effectively used in building and maintaining successful relationships with customers are 'online self-service, outgoing and incoming e-mail management, virtual representatives, and live chat voice over IP. The success stories of e-CRM are amazon.com, DOW chemicals, Bharat Petroleum Corporation Ltd (BPCL), Marriot Group of hotels. BPCL experienced success for the campaigns like Q&Q mantra (Quality &Quantity), pure for sure petrol pumps, petrocard and smart fleet card (Indian Management, 2003). Cadillac (Luxury brand) of General Motors recaptured old market share through 'Win Back Campaign (Pg no.33, Sales & Marketing-April 2005).

ADAPTIVE MARKETING:

Adaptive marketing as a concept has been developed by Scot Walters, According to him ' It is the science of engaging customers using continuous two way communications to develop deeper and more profitable relationships. The processes in adaptive marketing are carried out with little or no human involvement. The companies like tele communications, Internet Service Provider (ISP) are using Adaptive marketing because of high churn rate. National Bank of Australia has implemented and experienced the effectiveness of Adaptive marketing.

CONCLUSION:

Customer Relationship Management is a comprehensive sales and marketing approach to build long-term customer relationship for improving business performance.

Technology tools and systems such as customer database, EPOS, sales force automation, customer contact, call centre, e-CRM, adaptive marketing certainly help in establishing customer relationship and also to gain their loyalty in long-
term, which ultimately, is responsible for profitable relationship.

REFERENCES:


Web Sites:

1. www.crm_forum.com/academy
2. www.crmassist.com