



CUSTOMER RELATIONSHIP MANAGEMENT AND BUSINESS GROWTH

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ABSTRACT

Today the emergence of new retailing format advancement in the field of technology & increase in consumer awareness & needs in making retail competition more interesting & also forcing retailers to devote more attention towards working out long term retail market strategy it will provide on insight to retailers on how to deal with market environment, customers & competition. Knowing your customers better will enable you to serve them better and keep them loyal forever. This is the main theme of Customer Relationship Management Customer relationship management (CRM). However, the understanding of the meaning of Customer relationship management (CRM) is still incomplete and growing, Customer relationship management (CRM) can be understood as a business philosophy, a business strategy, a business process, or a technological tool. Customer relationship management (CRM) is a relationship orientation, customer retention and superior customer value created through process management. As a business strategy is a customer-focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized services to each customer. Customer Relationship Management (CRM) is the single strongest weapon, business has to ensure that customers become and remain loyal. It is a strategy by which business organisation identify, acquire and retain loyal customers to increase mutual values. Customer relationship management (CRM) is a model for managing a company's interactions with current and future customers. It involves using technology to organize, automate, and synchronize sales, Marketing, customer service and technical support.

In short customer is the core of the corporation in the 21st century. In the global competitive market, management must focus on the customer. Revenues, profits, and market shares will flow only from retained and new customers. Management at all levels shall monitor and meet changing needs quicker response to the customer demand. The very philosophy of business revolves around the customer. Indeed the customer is the king. Retention of the customer is of greater importance than any other activity of business. Therefore organizations are constrained to look beyond traditional marketing that depends on heavy doses of mass advertising and price oriented promotions to customers and channel members.

Keywords :Customer Relationship, Customer Loyalty, Management, Business Growth

Introduction

Customer relationship management (CRM) is about understanding the nature of the exchange between customer and supplier and managing it appropriately. The exchange contains monetary considerations between supplier and customer-but also communication.

Traditional marketing strategies focused on the four Ps (price, product, promotion, and place) to increase market share. The main concern was to increase the volume of transactions between seller and buyer. (Wyner, 1999) Volume of transactions is considered a good measure of the performance of marketing strategies and tactics.

Customer : The customer is the only source of the company's present profit and future growth. However, a good customer, who provides more profit with less resource, is a always scarce because customers are knowledgeable and the competition is fierce. Sometimes it is difficult to distinguish who is the real customer because the buying decision is frequently a collaborative activity among participants of the decision making process (Wyner, 1999). Information technologies can provide the abilities to distinguish and manage customers. Customer relationship management (CRM) can be thought of as a marketing approach that is based on customer information (wyner, 1999).

Relationship :The relationship between a company and its customers involves continuous bi-directional communication and interaction. The relationship can be short term or long term, continuous or discrete, and repeating or one time. Relationship can be attitudinal or behavioral. Even though customers have a positive attitude towards the

company and its products, their buying behavior is highly situational (wyner, 1999). For example, the buying pattern for airline tickets depends on whether a person buys the ticket for their family vacation or a business trip. Customer relationship management (CRM) involves managing this relationship so it is profitable and mutually beneficial. Customer lifetime value (CLV), discussed in Appendix C, is a tool for measuring this relationship.

Management :Customer relationship management (CRM) is not an activity only within a marketing department. Rather it involves continuous corporate change in culture and processes. The customer information collected is transformed into corporate knowledge that leads to actives that take advantage of the information and of market opportunities. CRM required a comprehensive change in the organization and its people.

OBJECTIVES OF THE RESEARCH PAPER

The present research study is carried out with the following objectives in view.

1. To study the conceptual background of Customer relationship management (CRM).
2. To study the Principles and Importance of Customer Relationship Management.

HYPOTHESIS OF THE RESEARCH PAPER

The said research study is carried out with the following main hypothesis.

1. In the today's business world most of the business organizations are operating customer Relationship Management Practices.
2. Due to adoption of Customer Relationship Management Practices Business concerns can develops themselves and increases their business.

RESEARCH METHODOLOGY

The present research study uses the most recent available published secondary data. To achieve the above stated objectives, the secondary data was used and Desk Research Method was basically adopted.

The secondary data that are mainly used are published in leading business magazines. The secondary data was also used from various reference books related to Customer Relationship Management, Marketing, Banking, Finance, Commerce, Management and Economics.

For the said research study the data pertaining to the above objectives was collected and reviewed the literature on the topic concerned. The literature was thus collected by visiting various libraries. The Secondary data is also collected from various websites.

CUSTOMER RELATIONSHIP MANAGEMENT : OBJECTIVES

1. Increasing Efficiency

One of the most important goals of CRM is the increase in organization efficiency and effectiveness. This is almost always adopted by every organization. It is necessitated by the fact that increase in efficiency is required to boost success. CRM achieves this through cost reduction and customer retention. Adequate CRM training achieves this goal.

2. Increase in customer Service

Establishing customer loyalty as one of your top CRM goals is absolutely fundamental to CRM successful implementation. For this task it is essential that the whole organization realize that they play a part in this goal. This objective cannot be achieved with the help of a few employees only. Customers need to feel that they have received excellent service. This ensures their continued patronage. This is by far one of the most essential goals of customer relationship management. Customer retention and brand loyalty is absolutely essential to ensure success. Undoubtedly it is far harder to gain a new customer than to actually keep one. Customer service is the pivotal point around which CRM revolves.

3. Lowering Operating costs

CRM goals also include the reduction of costs of operation. This goal should be clearly established and conveyed to all those involved in the CRM implementation process. CRM manages to reduce operating costs through a workforce management system. This helps to maximize skills and thus reduce cost. These reduced costs enable an organization to achieve greater efficiency. If cost reduction is management's objectives then the CRM implementation should be carried out in such a way that this is achieved. Throughout the process maximum reduction in costs should be adhered to in order to meet this particular CRM goal.

4. Aiding the Marketing department

Another goal of CRM is generally aiding the marketing department in all its efforts. This includes marketing campaigns, sales promotions etc. If this is fixated as one of the goals of CRM, then it should be communicated to those involved. This goal is fundamental as it boosts sales indirectly thereby increasing the profitability.

PRINCIPLES OF CUSTOMER RELATIONSHIP MANAGEMENT

The overall processes and applications of Customer relationship management (CRM) are based on the following basic principles.

1. **Treat Customer Individually** : Remember customers and treat them individually. Customer relationship management (CRM) is based on philosophy of personalization. Personalization means the content and services to customer should be designed based on customer preferences and behavior. (Hagen, 1999) Personalization creates convenience to the customer and increases the cost of changing vendors.
2. **Acquire and Retain Customer Loyalty through Personal Relationship** : Once personalization takes place, a company needs to sustain relationships with the customer. Continuous contacts with the customer - especially when designed to meet customer preferences – can create customer loyalty.
3. **Select Good Customer instead of Bad Customer based on Lifetime Value** : Find and keep the right customers who generate the most profits. Through differentiation, a company can allocate its limited resources to obtain better returns. The best customers deserve the most customer care, the worst customers should be dropped.

IMPORTANCE OF CUSTOMER RELATIONSHIP MANAGEMENT

1. Changing customer attitudes & buying behavior are focusing retailers to rethink the manners in business is done.
2. The retailers will be interested in earning the customer store loyalty which can be said to be a customer predominant patronage of retail outlet based on his/her favorable attitude.
3. Customer retention for the retail would imply that customer purchase merchandise at the outlet more than at any other outlet & also that he has a positive attitude over it.
4. Customer stay longer buy more & more often at he outlet.
5. High customer profitability because each customer buys more & steady flow of customer will ensure a define volume of business.
6. Reduce cost of sales when existing customers continue to be more responsive to the outlet attempt at satisfying their needs.

IMPLEMENTATION OF CUSTOMER LOYALTY PROGRAMME

Many retail business welcome this concept of loyalty card management they are unable to make the best use of it to create the desired loyalty. This could be partly because they are not able to deliver the value promise them through card & at time they fail to take proper care to capture customer buying behavior & plan their merchandise to make it more customer oriented.

Thus, ideally each retailer should opted for customize development model suitable to their businesses. One such attempt was made by pantaloon retail group with the help of seacom solutions, Pune.

Seacom Integrated & delivered specific POS software for Pantaloon (Dual Screen Module) the module help to-

1. Give detail billing information to the customer such as detail item of image, loyalty point gained etc.
2. Indicate to the customer in all scheme promotional events display vendor advertisement & also keeping her entertained at the checkout counter.

In the next phase, Pantaloon existing Green card system was reviewed then it was found that this system was not customer friendly, there was no provision to monitor customer loyalty across the chain or group of chain & did not offer global option to customer. Based on their feedback a new server based system was to be introduce so as to provide-

1. Stores can create their own schemes, events etc for loyalty card customers.
2. As & when requires immediate up gradation of loyalty customer status from one level to another.
3. A common loyalty card for customers across all PRIL stores formats. Arrangement for issues of temporary card to walk in customers & obtain their data.

CONCLUSION

Customer relationship management (CRM) has the potential for achieving success and growth for organizations in the nowadays environment of extensive competition and rapid technological development. Customer relationship management (CRM) enables organizations to know their customers better and to build sustainable relationship with them. However, Customer relationship management (CRM) is considered as buzzword and it is not understood well. The main components of

Customer relationship management (CRM) are people, technology and processes.

The present is an era of company loyalty to the customer in order to obtain customer loyalty to the company. Consumers are more knowledgeable than ever before and, because the customer is more knowledgeable, companies must be faster, more agile and more creative than a few years ago.

The Internet allows information to be obtained instantaneously. The Internet permits firms to establish a personalized customer experience through online help, purchase referrals, quicker turn-around on customer problems, and quicker feedback about customer suggestions, concerns, and questions.

Customer relationship management (CRM) is very hard to implement throughout a company. The IT department needs extensive infrastructure and resources to implement CRM databases successfully. Executives must be willing to support the Customer relationship management (CRM) implementation process forever because Customer relationship management (CRM) never ends.

The biggest management challenges in the new millennium of liberalization and logbalization for a business is to serve and maintain good relations with the king the customer. In the past, producers took their customers for granted because at that customers were not demanding nor had many alternative sources of supply or suppliers. Since he was a passive customer, the producer dictated terms and had little customer commitment. But today there is a radical transformation. the changing business environment is characterized by economic liberalization, increasing competition, high consumer choice, enlightened and demanding customer, more emphasis on quality and value of purchase. 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 customers. It demands building trust, a binding force and value added relationship with the customers to win their hearts.

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