

Course Name – B.A. (Vocational) Small and Medium Enterprise

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ORIGIN OF CRM

CRM originated in the early 1970s when the business units had a manifestation that it would be advisable to become 'customer emphatic' rather than 'product emphatic'.

Birth of CRM was because of this heedful perceptiveness.

The famous writer and management consultant Peter Drucker wrote; 'The true business of every company is to make and keep customers'. Traditionally every transaction was on paper and dependent on goodwill which created hindrance in clutching customers. People used to work hard in entertaining customers by presenting new products with astonishing services; they were ready to work overtime for grasping more and more customers for increasing business. This too resulted in customer satisfaction and loyalty up to some extent, but at the end of the day, there was no such bonding or relation between the two to carry on with future business smoothly.

Previously business was quite easy as it was merely a one-to-one dealing without any specific process. But with time, due to incoming complexities in communication, it found itself in troubled waters. Emerging of new strategies and technologies in the global marketplace and a mammoth degree of competition in business, the approach needed to be changed to proactive rather than reactive. Origination of CRM turned out to be a piece of cake for all suppliers and customers due to its advantages. **Customer relationship management came as a process that dealt with relationships with customers surpassing the whole business.**

Originally customer relationship management was based on three major principles; shielding the current customers, fostering new customers and enhancing asset value of all the customers. With the advent of CRM which was integrated with high-end software and technology, business perspectives were totally changed. A CRM system eventually emerged as consisting of company-full of information which is depicted sophisticatedly to increase business profit and meliorate customer satisfaction and loyalty, on the same hand reduces business cost and investment.

Customer Relationship Management is a strategy which is customized by an organization to manage and administrate its customers and vendors in an efficient manner for achieving excellence in business. It is primarily entangled with following features:

1. **Customers Needs-** An organization can never assume what actually a customer needs. Hence it is extremely important to interview a customer about all the likes and dislikes so that the actual needs can be ascertained and prioritized. Without modulating the actual needs it is arduous to serve the customer effectively and maintain a long-term deal.
2. **Customers Response-** Customer response is the reaction by the organization to the queries and activities of the customer. Dealing with these queries intelligently is very important as small misunderstandings could convey unlike perceptions. Success

totally depends on understanding and interpreting these queries and then working out to provide the best solution. During this situation, if the supplier wins to satisfy the customer by properly answering his queries, he succeeds in explicating a professional and emotional relationship with him.

3. **Customer Satisfaction-** Customer satisfaction is the measure of how the needs and responses are collaborated and delivered to excel customer expectation. In today's competitive business marketplace, customer satisfaction is an important performance exponent and basic differentiator of business strategies. Hence, the more is customer satisfaction; more is the business and the bonding with the customer.
4. **Customer Loyalty-** Customer loyalty is the tendency of the customer to remain in business with a particular supplier and buy the products regularly. This is usually seen when a customer is very much satisfied by the supplier and re-visits the organization for business deals, or when he is tended towards re-buying a particular product or brand overtimes by that supplier. To continue the customer loyalty the most important aspect an organization should focus on is customer satisfaction. Hence, customer loyalty is an influencing aspect of CRM and is always crucial for business success.
5. **Customer Retention-** Customer retention is a strategic process to keep or retain the existing customers and not letting them diverge or defect to other suppliers or organization for business. Usually, a loyal customer is tended towards sticking to a particular brand or product as far as his basic needs continue to be properly fulfilled. He does not opt for taking a risk in going for a new product. More is the possibility to retain customers the more is the probability of net growth of the business.
6. **Customer Complaints-** Always there exists a challenge for suppliers to deal with complaints raised by customers. Normally raising a complaint indicates the act of dissatisfaction of the customer. There can be several reasons for a customer to launch a complaint. A genuine reason can also exist due to which the customer is dissatisfied but sometimes complaints are launched due to some sort of misunderstanding in analyzing and interpreting the conditions of the deal provided by the supplier regarding any product or service. Handling these complaints to the ultimate satisfaction of the customer is substantial for any organization and hence it is essential for them to have a predefined set of process in CRM to deal with these complaints and efficiently resolve it in no time.
7. **Customer Service-** In an organization Customer Service is the process of delivering information and services regarding all the products and brands. Customer satisfaction depends on the quality of service provided to him by the supplier. The organization has not only to elaborate and clarify the details of the services to be provided to the customer but also to abide by the conditions as well. If the quality and trend of service go beyond the customer's expectation, the organization is supposed to have a good business with customers.

The Benefits of CRM Solutions

There are many benefits of CRM or Customer Relationship Management software. They include automation of the upstream and the downstream sales and marketing processes. Further, by implementing a CRM solution, businesses can integrate their routine and administrative tasks associated with cold calling, customer management, and pre-sales as well as after sales follow up by ensuring that the CRM software takes care of these aspects. In other words, businesses can benefit from the linking of sales and marketing activities, which would considerably reduce the amount of manual labour and manual processes needed otherwise. Moreover, businesses can invest in an ERP or Enterprise Resource Planning

system which when integrated with the CRM software can lead to synergies and efficiencies from the various disparate organizational processes that are now linked together. Apart from this, CRM solutions also add value by business intelligence and data mining of the customer database that is also known as data warehousing. All these are the usual benefits of implementing a CRM solution. There are some challenges with CRM implementations, as we shall discuss subsequently. It would suffice to state here that by implementing a CRM solution, the integration and automation would definitely lead to better efficiencies, increased productivity, and synergies between the various processes.

The Challenges of CRM Implementations

The challenges associated with a CRM solution include the need to invest a significant amount of money in the process. As the CRM solutions do not come cheap, businesses must make the required investments and be prepared to wait and let the benefits actualize instead of being impatient and demanding instant solutions. The point here is that CRM implementations are usually long drawn affairs, which means that the commitment from the businesses must be deep and meaningful. Further, there is the slip between the cup and the lip as far as CRM implementations are concerned. These relate to the lack of coordination between the businesses and the vendors that usually result in the requirements being not met because the vendors did not understand the requirements properly and the businesses were pressurizing the vendors for faster implementations and quicker results. Apart from these challenges, the users need to be trained properly and this is an aspect that does not receive the attention it deserves. This is because of the fact that unless the users are trained in using the CRM software, there are likely to be mismatches between the user expectations and the reality of the implementation.

CRM and its Significance

The significance of CRM is that it revolutionizes the customer relationship process by automating the customer life cycle and by integrating the entire customer management process. As has been discussed elsewhere, the use of IT and software to automate the customer relationship process as well as the improved customer management through a holistic approach instead of a piecemeal approach are what makes CRM especially significant.

With the business world and the consumer base using IT widely, the significance of a CRM system cannot be overstated. Further, CRM yields exponential returns to the businesses as it ramps up the customer base quantitatively and introduces qualitative efficiencies into the customer relationship process.

Advantages and Disadvantages of CRM

There are many benefits of implementing a CRM system, and these include better customer management, increased customer acquisition, efficient customer retention, and improved prospecting for new customers as well as reaching out to old customers for rejuvenating the relationship.

The important point to note about a CRM system is that it introduces synergies across the customer relationship cycle leading to greater efficiency and productivity of the employees handling customer relationships. Further, since the CRM system automates the disparate customer management functions (sales, marketing, customer service, and technical support)

along with integrating the entire customer relationship lifecycle, the returns from old, existing, and new customers are more.

One of the main benefits of a CRM system is that it smoothes the customer retention process and leads to more returning customers, which is always a sign of a healthy and productive company. Next, the CRM system helps in complementing and supplementing the physical customer relationship effort and by automating customer touch points; it ensures that there are few errors or mistakes committed during the customer relationship management process.

Finally, the enterprise-wide automation of all functions and processes that many organizations actualize help the CRM subsystem to provide decision makers with a bird's eye view of the customer relationship process, empower, and enable them with more visibility over the process by giving them data and meaningful information.

The main disadvantage with a CRM system is that it might result in redundancies being introduced into the customer management process because of duplication of effort and the double work associated with sales and marketing personnel unable to adjust to the automation.

The next disadvantage is that the CRM system might result in more complexity, which if not managed properly can lead to chaos and a lack of planning for key activities in the sales and marketing lifecycle.

Third, if the implementation and the subsequent user training have not been done properly, it might result in a workforce that is illiterate as far as the use of the CRM software is concerned. This might result in the workforce being unable to use the system effectively. Finally, the costs from the CRM implementation can sometimes exceed the benefits leading to losses for the firms.

Benefits of Cloud CRM for Small Businesses

CRM or Customer Relationship Management is a concept all businesses practice day in and day out. In fact, business is found on managing customers and hence CRM ought to be *the business strategy* instead of being a *part of business strategy*. If you are a small business owner, it is vital that you get repeat business since attracting new customers entails more costs than retaining existing customers.

To make this happen, your CRM system must be a cutting edge solution geared to deliver superior value. And maintaining a CRM system involves technology costs which include maintenance of IT infrastructure, software license fee and upgrade costs. What if these can be done away with partially or fully and instead, you need to pay per user or per seat fee to have a managed CRM solution.

This is precisely what "Cloud CRM" promises with its emphasis on remote hosting of data and shared use of applications. Before we launch into the benefits of cloud CRM for small businesses, let us examine what cloud CRM means. Simply put, **any solution that offers remote hosting of your customer data, project data and shared access of the workflow applications can be construed as using the software as service instead of as a product.**

And when the CRM software that your small business uses is hosted and managed remotely and your employees can access it for a fee which your company pays, you are effectively using cloud CRM. Further, if you can hire a company like Google or Amazon to lease their

server space for hosting your customer data or their computing capacity to power your CRM software, you are into the cloud CRM bandwagon.

So, how does this benefit you? For starters, you need not to invest in expensive IT infrastructures like servers, data centres, software for PCs and hardware for computing power. If you keep in mind the fact that software and hardware usually require maintenance and upgrades which are becoming more expensive with each passing year, your potential savings grow exponentially.

Next, when you do not need these investments, you can also do away with your IT staff which often is an overhead for small businesses. It is often the case that the IT budget is a significant expense item in the overall budget for small businesses. There are many small business owners who rue the skyrocketing costs of buying new CRM software and maintaining it. So, when you are given an opportunity to reduce your costs significantly, it is the obvious choice to go in for cloud CRM solutions.

Of course, using cloud CRM is not without its downsides. For instance, security of confidential customer and project data is something that worries small business owners. And given some recent incidents where customer data was hacked (as in the incident involving Sony), the anxieties are not entirely misplaced.

But, small businesses often spend a packet on the latest security software and patches and to ease your concerns, there are cloud CRM providers like Salesforce.com that have a high rating from users in matters related to security. And the other concern of outages is something that is addressed by many cloud CRM providers who provide backup links if the main link goes down. And many small businesses anyway have a line item expense for taking backups of data. So, why not save on that and invest in a secure and reliable cloud CRM solution?

Small businesses typically fall into two categories as far as the customer base is concerned. There are those who have dispersed customers where maintaining customer relationships is a challenge and those who have a small customer base from which the bulk of their revenues are generated. In both cases, CRM solutions are essential to small businesses and when there is the option of getting a cloud CRM solution without the attendant costs which a regular CRM solution has, the smart thing to do would be to prefer the cloud CRM.

It would be pertinent to note that small businesses often have limited resources at their disposal and hence are always looking to cut costs. In this respect, having a cloud CRM solution makes eminent sense. When you subscribe to a cloud CRM solution, you can run your business on a few computers and internet capabilities. Cloud CRM's benefits cannot be better captured than these aspects. In conclusion, while these are early days for cloud CRM solutions for small businesses, the trends indicate that the future might very well belong to it.