



## Customer relationship management: A key to business success

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### Abstract

In the present era of rapid innovation where every company can be seen struggling for survival or finding ways for retaining its present market share, the Customer relationship management has proved to be one of the most effective ways for overcoming such problems.

Customer relationship management (CRM) is an approach to manage a company's interaction with current and potential customers. It uses customers' history with a company to improve business relationships with customers, specifically focusing on retaining its customers and ultimately driving sales growth. The main objective of this research paper is to analyze the importance of CRM and how the different strategies can help the companies in retaining its customers and maintaining ever lasting relationship with them.

**Keywords:** strategies, CRM

### Introduction

#### Customer relationship management

“Customers are the king of the market.”

In today's competitive environment, every business looks for opportunities to position itself differently from the rest. One of the ways one can differentiate business is by providing superior customer service. Customer service is beyond selling skills. It includes how one maintain healthy relationship with its customers and showing concern for them. This definitely helps the companies to build long term relationship with its customers that help them in retaining customers and attracting potential customers. Not only this studies have proved that the companies that focuses on maintaining customer relationship also helps in building company's image and hence goodwill or brand image.

**Objective:** The main objective of this paper is to explore the importance of CRM in today's competitive environment and how the companies can plan its strategies to retain and expand its existing and potential customers.

#### Review of literature

In relation to the objective of the existing paper some relevant literature has been reviewed. Customer Relationship Management applications have significant relevance in the services sector in general and retailing in particular. CRM is emerging as a core marketing activity for business in fiercely competitive environment. Service organizations are shifting their focus from transactional exchange to relational exchange for developing mutually satisfying relationship with customers (Jain *et al.*, 2005). The need for mutual benefit through relational exchange has also been explained in many studies. Morgan and Hunt (1994) and Groomroos (1994) emphasized

relationship marketing as set of activities towards developing and enhancing customer relationship for mutual exchange and fulfillment of promises. Strengthening relationship is reported to have a significant impact on profitability and customer life time value.

The last several years saw the rise of Customer Relationship Management (CRM) as an important business approach. Indeed, this revolution in customer relationship management or CRM as it is called has been referred to as the new mantra of marketing. The implementation of CRM yields a number of benefits to the bank one of the important benefits is cost reduction. Secondly, the integrated view of the customer provides the bank an opportunity to understand its customers well and accordingly cater to their needs with individualized offering. The implementation of CRM has helped the bank to come closer to its customers and the emphasis has shifted from sales to customers. It may be noted that the bank should increase the no. of ATMs as the customers are increasing from day to day. The bank can also enhance its operating hours i.e., 8 am to 8 pm six a week. Steps should be taken to provide parking facilities at bank premises. Bank employees should show courtesy towards customers in providing timely services at bank. CRM is to be described and used as an enterprise-wide strategy in the bank. It should be involved all the areas of the bank to work in synchronization towards a common goal of stronger and long-term customer relationships, a study on SBI by M. Malla Reddy and A. Suresh.

A well-functioning telecommunication network is an essential component of the economic infrastructure, it is one of the prime support services needed for rapid growth of any developing country. The state-owned telecom player Bharat Sanchar Nigam Limited (BSNL) needs to wake up to the reality and realize the importance of satisfying and retaining the customers. The service providers design and deploy customer centric strategies not only to grab a huge amount of

the market share, but also to sustain themselves in the long-term. Banks have relationship managers, airlines have frequent flyer programs, credit cards offer redeemable bonus points for increased card usage, hotels have personalized services, and telecom service operators provide customized services to their users. Relationship marketing is emerging as the core marketing activity for businesses operating in fiercely competitive environments. On an average, every business spends nine times more to acquire customers than it does to keep an existing customer with itself. Firms are now paying more attention to their relationships with customers to retain them and to increase their share of customers' purchases. Although customized as well as off-the-shelf technological solutions are available in the marketplace, businesses need to do a lot more than just adopt these solutions to implement customer relationship management (CRM) practices with the aim of reducing the gap between the company and its customers. Today, the Indian telecom industry suffers from major problems of customer attrition in the name of "number portability" because of multiple service providers or close substitutes with zero or less switching costs. Hence, it is inevitable for the companies to develop a CRM strategy that enables them to improve their customer database and also improves the number of loyal customers. In the light of this context, the present research attempted to study CRM practices followed by the major public and private sector telecom service providers in India, that is, BSNL and Airtel, a study on telecom sector on CRM by Krishna Mohan Naidu and Ponduri S.B.

### Technology and CRM

The technology is changing at rapid rate and with emergence of online marketing; the companies are now connected with their customers through internet. The various aspects connected with CRM oriented marketing includes: Online Marketing, email marketing and others. With the growing popularity of web, customers are tending towards online marketing or online shopping. This helps both customers and suppliers to transact in a real time environment irrespective of their locations which offers numerous benefits to both suppliers and customers such as:

- It is relatively inexpensive as it reduces the cost for physically reaching to the target customers for interaction.
- Suppliers can reach to more number of customers in lesser amount of time.
- The online marketing campaigns can be easily tracked, traced, calculated and tested.
- The selection process of any product or brand is simplified due to proven online research and analysis techniques.
- Online marketing campaigns are more promotional as compared to manual campaigns.

These synergistic marketing strategies make a part of CRM system to develop high-end marketing business. Hence it is very important for an organization to incorporate them by carefully anticipating change, testing their performance and assembling the best possible combination of these strategies to meet the needs of the customers and maximize its marketing growth.

### CRM from the business strategy perspective

CRM from the business strategy perspective must focus on three qualitative aspects:

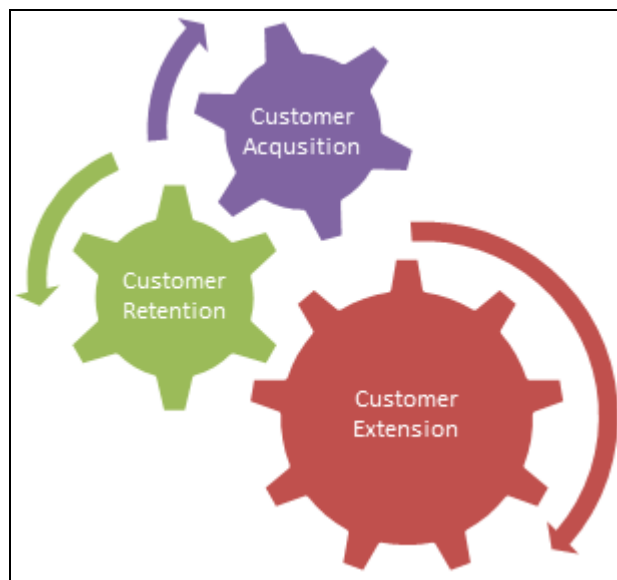


Fig 1

1. Customer Acquisition: Process of influencing prospects to buy company's product as their first purchase.
2. Customer Retention. It can be defined as the process of retaining existing customers.
3. Customer Extension. It can be defined as the process of expanding customer base.

### In order to ensure customer acquisition, retention and extension, the following points should be taken care of

1. Know your customers, cherish them and listen to them.
2. Networking, building strong relationship with your customers, showing concern for them.
3. Communicate often; let your customers know about all the offers, updates of special events.
4. Provide loyalty bonus: Most of the insurance companies provide loyalty bonus to its existing customers in order to retain them.

### Conclusion

The customer is the real king of market and they actually make the difference between a company's success & failure. CRM helps in building relationship with a chain of satisfied customers, gaining competitive advantage, enhancing customer satisfaction, easy handling of daily task, and makes knowledge of customer needs and at last it significantly contributes towards the growth and expansion of the business. Therefore organizations are now a day's significantly focusing on the strategies to build healthy customer relationship management.

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