

Customer Relationship Management (CRM)

(29)

Managing the full range of the customer relationship involves two related objectives -

- (i) To provide the organization and all of its customer-facing employees with a single, complete view of every customer at every touch point and across all channels.
- (ii) To provide the customer with a single, complete view of the company and its extended channels.

- CRM uses information technology to create a cross-functional enterprise system that integrates and automates many of the customer-serving processes in sales, marketing, and customer services that interact with a company's customers.

- CRM systems also create an IT framework of web enabled software and databases that integrates these processes with the rest of a company's business operations.

- CRM systems include a family of software modules that provides the tools that enable a business and its employees to provide fast, convenient, dependable and consistent service to its customers.

- Siebel systems, Oracle, PeopleSoft, SAP AG are some of the leading vendors of CRM software.

Major application Components of a CRM System

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A

cross selling is the action or practice of selling an additional product or service to an existing customer.

Up selling is the practice in which a business tries to persuade customers to purchase a higher-end product, an upgrade or an additional item in order to make a more



Sales
• cross-sell
• Up-sell

rewarding sale.

- CRM software helps sales, marketing and service professionals capture and track relevant data about every past and planned contact with prospects and customers as well as other business and life cycle events of customers.
- Information is captured from all customer touch points, such as telephone, fax e-mail, the company's web site, retail stores, kiosks and personal contact.
- CRM systems stores the data in a common customer database that integrates all customer account information and makes it available throughout the company via Internet, intranet or other network links for sales, marketing, service and other CRM applications.

sales -

- A CRM system provides sales reps with the software tools and company data sources they need to support and manage their sales activities and optimize cross selling and up selling.
- Example includes sales prospect and product information, product configuration, and sales quota generation capabilities.
- CRM also gives them real time access to a single common view of the customer, enabling them to check on all aspects of a customer's account status and history before scheduling their sales calls.
- For example, a CRM system would alert a bank sales rep to call customers who makes large deposits to sell them premier credit or investment services.

marketing and fulfillment -

- CRM systems helps marketing professionals accomplish direct marketing campaigns by automating such tasks as qualifying leads for targeted marketing and scheduling and tracking direct marketing mailings.
- Then the CRM software helps marketing professionals capture and manage prospect and customer response data in the CRM database and analyze the customer and business value of a company's direct marketing campaigns.

- CRM also assists in the fulfillment of prospect and customer responses and requests by quickly scheduling sales contacts and providing appropriate information on products and services to them, while capturing relevant information for the CRM database.

Customer Service and Support -

- A CRM system provides service reps with software tools and real time access to the common customer database shared by sales and marketing professionals.
- CRM helps customer service managers create, assign and manage requests for service by customers.
- Call center software routes calls to customer support agents based on their skills and authority to handle specific kinds of service requests.
- Web based self ~~the~~ service enables customers to easily access personalized support information at ~~the~~ the company website, while giving them an option to receive further assistance online or by phone from customer service personnel.

Retention and Loyalty Programs -

- consider the following -
- It costs six times more to sell to a new customer than to sell to an existing one.

A typical dissatisfied customer will tell eight to ten people about his or her experience.

- A company can boost its profits 85 percent by increasing its annual customer retention by only 5 percent.

- The odds of selling a product to a new customer are 15 percent, whereas the odds of selling a product to an existing customer are 50 percent.

- Seventy percent of complaining customers will do business with the company again if it quickly takes care of a service problem.

• CRM systems try to help a company identify, reward and market to their most loyal and profitable customers.

• CRM analytical software ~~including~~ includes data mining tools and other analytical marketing software, while CRM databases may consist of a customer data warehouse and CRM data marts.

• These tools are used to identify profitable and loyal customers and direct and evaluate a company's targeted marketing and relationship marketing programs toward them.

The Three Phases of CRM

Three phases of the relationship between a business and its customers are —

(i) Acquire —

• A business relies on CRM software tools and databases to help it acquire new customers by doing a superior job of contact management, sales prospecting, selling, direct marketing and fulfillment.

(ii) Enhance —

• Web-enabled CRM account management and customer service and support tools help keep customers happy by supplying superior service from a responsive networked team of sales and service specialists and business partners.

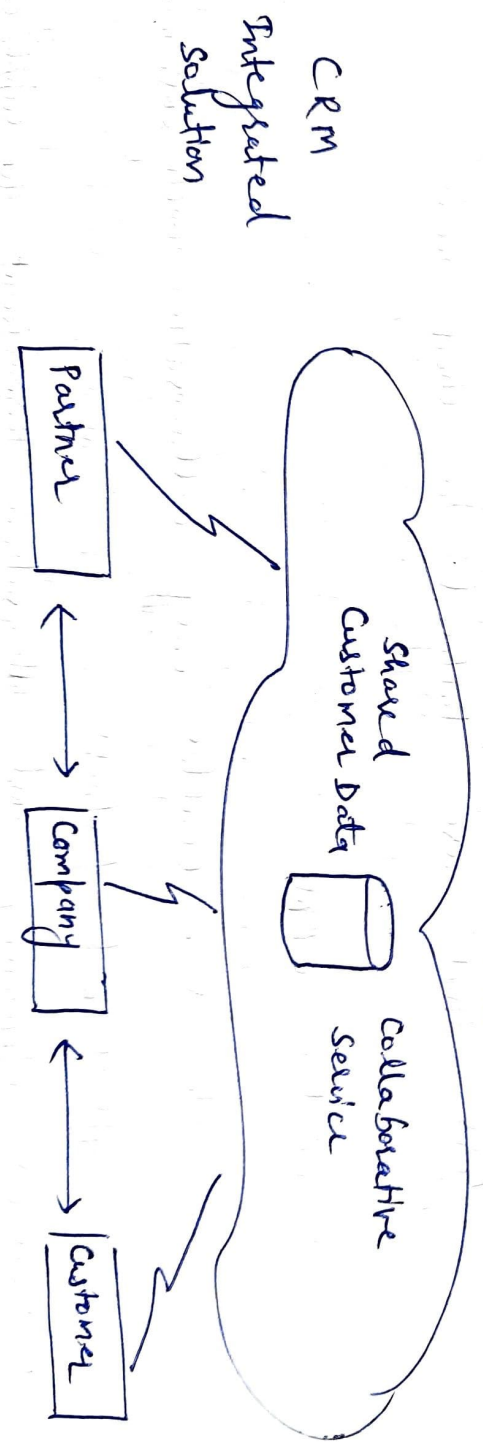
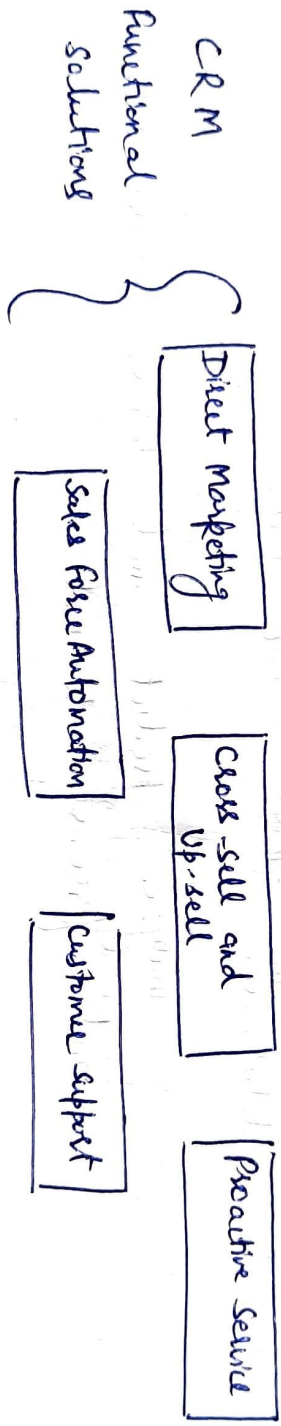
• And CRM sales force automation and direct marketing and fulfillment tools help companies cross-sell and up-sell to their customers, thus increasing their profitability to the business.

• The value perceived by customers is the convenience of one stop shopping at attractive prices.

Retain

- CRM analytical software and databases help a company proactively identify and reward its most loyal and profitable customers to retain and expand their business via ~~the~~ targeted marketing and relationship marketing programs.

• The value perceived by customers is of a rewarding personalized business relationship with their company.



How CRM supports the three phases of the relationship between business and its customers

Trends in CRM / Capabilities of CRM (Types)

(i) Operational CRM -

- Business value is . supports customer interaction with greater convenience through a variety of channels, including phone, fax, e-mail, chat and mobile devices.
- Synchronize customer interactions consistently across all channels
- makes your company easier to do business with

(ii) Analytical CRM -

- Business value is . Extract in-depth customer history, preferences and profitability information from your data warehouse and other databases.
- Allows you to analyze, predict and derive customer value and behavior and forecast demand
- Lets you approach your customers with relevant information and offers that are tailored to their needs.

(iii) Collaborative CRM -

- Business value is . Enables easy collaboration with customers suppress and partners
- Improves efficiency and integration throughout the supply chain
- Allows greater responsiveness to customer needs through joining of products and services outside of your enterprise.

Portal-based CRM -

Business value is .

- Provides all users with the tools and information that fit their individual roles and preferences
- Empowers all employees to respond to customer demands more quickly and become truly customer-focused
- Provides the capability to instantly access, link, and use all internal and external customer information.

Benefits and challenges of CRM

The potential business benefits of customer relationship management are many -

- CRM allows a business to identify and target their best customers
- Those who are the most profitable to the business - so they can be retained as lifelong customers for greater and more profitable revenue.
- It makes possible real time customization and personalization of products and services based on customer wants, needs, buying habits and life cycles.

- CRM can also keep track of when a customer contacts the company, regardless of the contact point.

- And CRM systems can enable a company to provide a consistent customer experience and superior service and support across all the contact points a customer chooses.

CRM Failures

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- Surveys by industrial research groups include a report that over 50 percent of CRM projects did not produce the results that were promised.
 - In another research report, CRM implementations had actually damaged long-standing customer relationships.
- Reason is lack of understanding and preparation.
- Business managers rely on a major new application of information technology (like CRM) to solve a business problem without first developing the business process changes and change management programs that are required.
 - For example in many cases, failed CRM projects were implemented without the participation of the business stakeholders involved.
 - Therefore employees and customers were not prepared for the new processes or challenges that were part of the new CRM implementation.