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RESEARCH ARTICLE

CRM FOR INDIA.

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Abstract

The present day customer is not the same who was few years back. The business deal with the present day customer is very sensitive deal. Gone are the days when the customer buy what ever was available to him. The present day customer is the person who is well versed with the available products and services not only with in his county but any were in the globe. He is been searching for the products with a mere click of mouse. So the customer -centric business has really gained momentum. CRM plays a vital role in making a business sustainable and to survive in the long run.

In the last decade, CRM has evolved from being a mere buzz word to a key element of firms competitive strategy while technology –based CRM solutions witnessed a roller costar ride especially after the cot-com bust in 200 and 2001 the conceptual and application aspects of CRM have witnessed a steady evolution. The sustainable interested among researches and academicians have resulted up a multifaceted of papers and articles, seminars and conferences have helped in dissemination the knowledge and experience.

The promise of early mover advantages perused many firms to invest heavily in technology, analytical tools data warehousing, and restructuring CRM attempts to tie together with in a firm people processes and technological that have until now been separate. This has not been easy. Managers ended up spending a lot if time grappling with change managerial issues, while implementing technologies- oriented CRM solutions.

CRM has moved beyond its over-hyped initial stage. There is a realistic assessment of the promised benefits of CFRM among corporate executives and en emerging long-term view of relationship building efforts. A long-term view is required to build a relationship oriented within the organization. Changing mindsets, practice and systems are painstakingly protracted processes requiring perseverance and top management support.

This paper tries to adopt and imply the strategic perspective and a managerial orientation to explore and understand various facets of CRM. It would also try to highlight the importance of CRM to the present business people.

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Introduction:-

Relationship marketing is emerging as the core marketing activity for businesses operating in fiercely competitive environments. On average, businesses spend six times more to acquire customers than they do to keep them (Gruen, 1997). Therefore, many firms are now paying more attention to their relationships with existing customers to retain them and increase their share of customer's purchases. Worldwide service organizations have been pioneers in developing customer retention strategies. Banks have relationship managers for select customers, airlines have frequent flyer programs to reward loyal customers, credit cards offer redeemable bonus points for increased card usage, telecom service operators provide customized services to their heavy users, and hotels have personalized services for their regular guests.

Literature Review:-

Until recently, most marketers focused on attracting customers from its target segments using the tools and techniques developed for mass marketing in the industrial era. In the information era, this is proving to be highly ineffective in most competitive markets. Slowing growth rates, intensifying competition and technological developments made businesses look for ways to reduce costs and improve their effectiveness. Business process reengineering, automation and downsizing reduced the manpower costs. Financial restructuring and efficient fund management reduced the financial costs. Production and operation costs have been reduced through Total Quality Management (TQM), Just in Time (JIT) inventory, Flexible Manufacturing Systems (FMS), and efficient supply chain management. Studies have shown that while manufacturing costs declined from 55% to 30% and management costs declined from 25% to 15%, the marketing costs have increased from 20% to 55% (Sheth, 1998). The practice of relationship marketing has the potential to improve marketing productivity through improved marketing efficiencies and effectiveness (Sheth and Parvatiyar, 1995).

Still relationship marketing appears to be an expensive alternative to firms practicing mass marketing due to the relatively high initial investments. Firms would adopt relationship marketing only if it has the potential to benefit them. The benefits come through lower costs of retention and increased profits due to lower defection rates (Reichheld and Sasser, 1990). When customers enter into a relationship with a firm, they are willingly foregoing other options and limiting their choice. Some of the personal motivations to do so result from greater efficiency in decision-making, reduction in information processing, achieving more cognitive consistency in decisions and reduction of perceived risks with future decisions (Sheth & Parvatiyar, 1995). In the context of service, relationship marketing has been defined as attracting, maintaining and in multi-service organizations enhancing customer relationships (Berry 1983). Here attracting customers is considered to be an intermediary step in the relationship building process with the ultimate objective of increasing loyalty of profitable customers. This is because of the applicability of the 80-20 rule. According to Market Line Associates, the top 20% of typical bank customers produce as much as 150% of overall profit, while the bottom 20% of customers drain about 50% from the bank's bottom line and the revenues from the rest just meeting their expenses.

Berry (1983) recommended the following five strategies for practicing relationship marketing

1. Developing a core service around which to build a customer relationship,
2. Customizing the relationship to the individual customer,
3. Augmenting the core service with extra benefits,
4. Pricing services to encourage customer loyalty,
5. Marketing to employees so that they will perform well for customers.

Developments in information technology, data warehousing and data mining have made it possible for firms to maintain a 1to1 relationship with their customers. Firms can now manage every single contact with the customer from account management personnel, call centers, interactive voice response systems, on-line dial-up applications, and websites to build lasting relationships. These interactions can be used to glean information and insights about customer needs and their buying behavior to design and develop services, which help create value for the customers as well as the firms. 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. Successful implementation of CRM requires a strategic approach, which encompasses developing customer centric processes, selecting and implementing technology solutions, employee

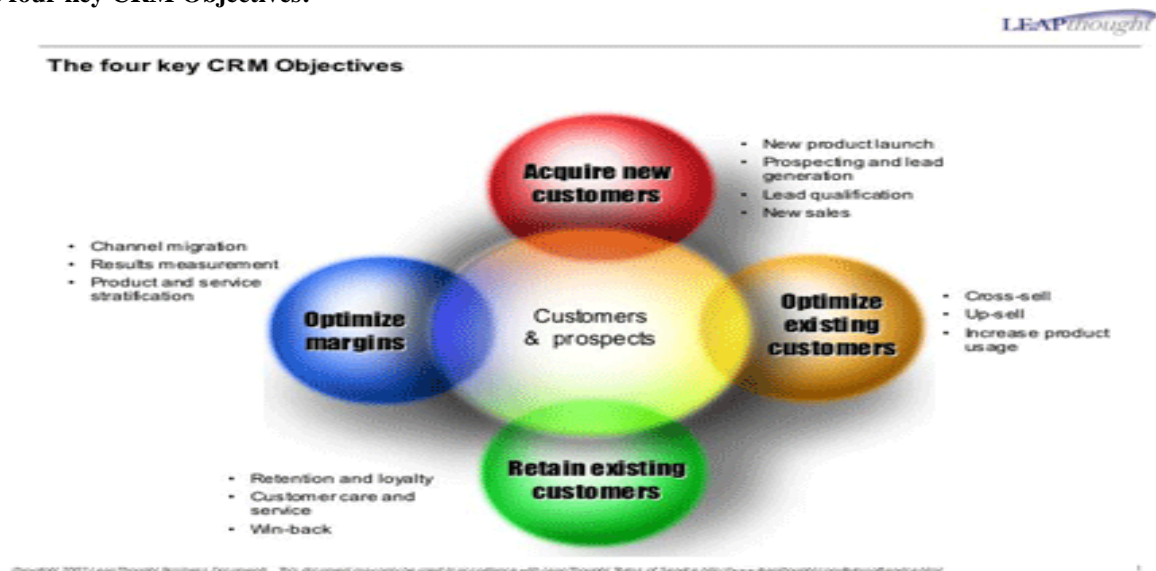
empowerment, customer information and knowledge generation capabilities to differentiate them, and the ability to learn from best practices.

CRM stands for Customer Relationship Management. It is a process or methodology used to learn more about customers' needs and behaviors in order to develop stronger relationships with them. There are many technological components to CRM, but thinking about CRM in primarily technological terms is a mistake. The more useful way to think about CRM is as a process that will help bring together lots of pieces of information about customers, sales, marketing effectiveness, responsiveness and market trends.

From the outside, customers interacting with a company perceive the business as a single entity, despite often interacting with a number of employees in different roles and departments. CRM is a combination of policies, processes, and strategies implemented by an organization to unify its customer interactions and provide a means to track customer information. It involves the use of technology in attracting new and profitable customers, while forming tighter bonds with existing ones.

There are several benefits attached with a properly managed and maintained CRM system, which has made it the buzzword in the business community. In any business, it helps the organization in lots of ways, both in terms of delivery more to the customers and also in terms of gaining more from them.

The four key CRM Objectives:-



This graphic shows the four main Customer Relationship Management objectives in a color orbit graph that circles “customers and prospects”. Detail is given on sub-strategies.

This slide could also be used to either discuss customer-facing strategies, or introduce CRM to practitioners unfamiliar with the concept. This slide may be effective in discussing revenue strategies with someone who is stuck in one or two particular modes of thinking about revenue generation. This slide has partners that show other aspects of CRM around this framework.

Key Elements of CRM:-

CRM or Customer Relationship Management is a corporate strategy composed of applications, technology and products that fulfill three essential requirements:

- To give your enterprise a 360° view of each customer for consistent and unified contact with that customer whenever anyone anywhere in the enterprise deals with that customer. This knowledge increases the opportunities for sales and the effectiveness of customer service.
- To enable your customers to have a consistent view of your enterprise, regardless of the way the customer contacts you. This improves customer satisfaction and customer retention.

- To enable front office staff to perform sales, service and marketing tasks more efficiently as a team, increasing expertise and reducing costs.

CRM describes a strategy used to manage and report customer/prospect/partner/contact interactions with enterprise contacts including inside and outside sales, marketing, billing, shipping and customer service and support.

Advantages of CRM:-

CRM is an enterprise-wide corporate strategy for presenting a single face, sometimes called a unified marketing message, to the customer. It responds to issues relating to sharing customer data and providing a seamless contact and fulfillment experience for the customer.

CRM front-end applications usually integrate with backend systems such as accounting and manufacturing for a true enterprise-wide cost reduction solution. The "e" in e-CRM defines Win touch e-CRM as "Web-based," providing Web access to the customer database on the iSeries server. Also, when customers and prospects contact an enterprise via the Internet, email, or chat, CRM solutions facilitate efficient handling of, effective responses to and convenient, searchable storage of these inquiries.

By using CRM, a business can:-

Provide Better Customer Service:-

CRM systems give businesses many strategic advantages such as the ability to personalize relationships with customers regardless of which employee is service them. Using CRM, a repository can be maintained on customer profiles, thereby treating each client as an individual and not as a group. This way, every employee can be better informed about each customer's specific needs and transaction profile.

CRM also helps the organization to easily adjust the level of service to reflect the customer's importance or status. Better customer service through improved responsiveness and understanding helps in building customer loyalty and decreases customer agitation. It also helps the company in getting continuous feedbacks from the customers on the product they have bought. A good electronic company would always like to follow-up with its customers on the items they have bought, so as to rectify the problem (if any) even before it gets logged as a complaint.

Increase Customer Revenues:-

Using CRM data, marketing campaigns can be co-coordinated more effectively by ensuring that promotions do not target customers who have already purchased that particular products. It also ensures higher customer retention by introducing loyalty programs. A business would never like to see a product to a customer who has just bought it recently.

Discover New Customers:-

CRM systems help the organization in identifying potential customers. By keeping a track of the profiles of their existing clientele, the business can easily come up with a strategy to determine the kind of people they should target such that it returns them maximum clientage. For example, if several students in a university sign up for a particular mobile service provider, the business can come up with a strategy to target rest of the community in the university.

"Cross Sell" and "Up Sell" Products More Effectively:-

CRM systems facilitate cross-selling (offering customers complimentary products based on their previous purchases) and up-selling (offering customers premium products in the same category). It helps them to gain a better understanding of customers and anticipate their purchases (e.g. someone who purchases grass seed in the spring will need fertilizer later in the season).

Help Sales Staff Close Deals Faster:-

CRM helps the businesses in closing deals faster, through quicker and more efficient responses to customer leads and customer information. The turnaround time has decreased drastically for organizations that have been able to implement CRM systems effectively.

Make Call Centers More Efficient:-

With each employee having access to customer details and order histories, targeting clients becomes easier. CRM helps the organization's workforce in knowing how to deal with each individual customer depending upon the

customer's archives available through CRM. The information can be accessed instantly from anywhere within the company.

Simplify Marketing And Sales Processes:-

CRM helps in developing better communication channels. Interactive Voice Response System, web sites, etc. have made life easy both for the organization and also for its sales representatives. It allows the business to give its customers the option of choosing how they want to communication with the business.

General CRM Functionality:-

- Provide a 360° view of your customer records to client-facing employees and representatives
- Consolidate multiple dispersed customer/business partner databases into one central, integrated, robust and secured repository
- Offer customers, prospects and business partners self-serve options via the Internet
- Program process work flow to automate handling of sales inquiries, customer complains, past due accounts , etc
- Access to a central repository of customer related documents, emails, letters, faxes and other communication
- Ability to attach notes to profiles and activities and a feature to search within the notes

Marketing:-

- Slice and dice the database to perform analysis or to create lists for targeted marketing campaigns
- Track the effectiveness of marketing campaigns
- Broadcast emails, newsletters and surveys
- Mail merge functions to create letters, mailers and labels

Sales:-

- Introduce new sales leads using customizable web-page forms and import templates
- Automatically assign leads to specific sales reps based on region, postal code range, territory, etc
- Opportunity Profiles for storing product/service, lead source, potential revenue, sales status, etc., which will enable reporting of the sales pipeline and effectiveness of the sales efforts and marketing campaigns.
- Shorten the sales process and minimize data entry by automating follow up reminders, based on sales stage, probably of close, opportunity size. Etc
- Provide quote and sales history information for better account management and to facilitate uncovering cross-sale opportunities
- Easy access to quote and order entry with minimal amount of key strokes.
- Quickly set up forecast and performance reports by sales rep, territory, product line, revenue potential, or any other criteria
- Live access for Mobile Sales force via PDAs, cell phones or an Internet kiosk.
- Disconnected mode for laptops where there is no Internet connection, with automated synchronization

Customer Service:-

- Incident profile to keep track of reported problems, severity, Customer Service Reps, resolution activities, etc.
- Automatic follow-up and to-do task assignments for problem tickets not yet resolved
- Report on open issues, problem areas, CSR performance and customer feedback.
- Give field service reps the ability to access and update CRM/ERP information remotely from any mobile device in real time.

Systems & IT Related :-

- Tools to expand the CRM database to meet the initial requirements as well any future implementations
- Drag & Drop tools to design the user interface for specific users or groups and for the different account type
- CRM database and application server run on the native IBM System i environment, where the main/ERP applications are housed
- Client Code is placed centrally on a web server, providing automatic client setup and versioning control
- Interface to collaboration, instant messaging and office products.
- Server API/Exit program to customize the server with impacting future software upgrades
- Set access restrictions to information and functions based on users or groups

CRM includes many aspects which relate directly to one another:-

- **Front office operations** — Direct interaction with customers, e.g. face to face meetings, phone calls, e-mail, online services etc.
- **Back office operations** — Operations that ultimately affect the activities of the front office (e.g., billing, maintenance, planning, marketing, advertising, finance, manufacturing, etc.)
- **Business relationships** — Interaction with other companies and partners, such as suppliers/vendors and retail outlets/distributors, industry networks (lobbying groups, trade associations). This external network supports front and back office activities.
- **Analysis** — Key CRM data can be analyzed in order to plan target-marketing campaigns, conceive business strategies, and judge the success of CRM activities (e.g., market share, number and types of customers, revenue, profitability).

The customer relationship management system is an enterprise system, which means that it spans multiple departments. Virtually all departments within a corporation have at least some indirect access to customers, or customer information; the goal of CRM is to collect that information in a central repository, analyze it, and make it available to all departments. For example, a company's call center may have a "screen pop," a small application that is connected to the phone system. This application, which is a type of CRM, automatically senses who is calling, and by the time the agent answers the phone, produces a screen on the computer that lists important information about the caller, such as what they have purchased in the past, what they are likely to buy in the future, and what products the company may have available that would go well with what the customer has already bought. This "screen pop" is made up of several bits of information from different databases; it may draw on information from the accounting department to show the agent what their current balance may be; it may draw on information from the sales department to show what has been purchased recently, and it may draw on information from the credit department to show the agent what terms can be offered.

Because a customer relationship management system is so complex, often involving multiple silos of information and multiple pieces of software, all tied together in a single interface, it's often hard to set up. Some larger companies use an integrator to put the CRM system together. Because of the complexity of CRM, smaller companies often see it as too expensive. However, even the smallest company can implement a CRM strategy. While a Fortune 500 company may spend hundreds of thousands of dollars annually on customer relationship management, a small one-man shop may even handle CRM with a box of index cards and a ball point pen. Midsize companies may use simple, off-the-shelf software such as contact managers and spreadsheets, and still have a very effective CRM system that can help them to serve customers in the best possible way, and to make the most advantageous use of information that has been collected

Customer Knowledge Strategy:-

Customer knowledge gets built when information is collected systematically over a period of time. This can be done through regular surveys and during customer interactions. But importantly this information has to be combined with the organization's experiences with customers to build rich customer profiles, buying behavior, preferences and usage patterns. Over 60% managers in the hospitality industry have indicated that they have a continuous strategy for collecting customer information. In most of the services, opportunities to come in direct contact with their customers are high in comparison to other businesses who have intermediaries and hence have a arms length relationship with their customers. Therefore, it is natural for service firms to collect customer information on a regular basis. But information collection is just the first step in generating customer knowledge. This information has to be combined with experiences to develop consumer insights, which help them serve their customers better. When it comes to combining customer information with experiences, service firms seem to be economizing. Most of them seem to be doing it for select customers. Hotels do it for their regular guests specially those who have enrolled for their membership schemes. Financial service providers selectively do it for their high net worth individuals who typically use multiple offerings of the service provider. Most service firms rely on periodic surveys to understand their customers' expectations and also understand and anticipate their behaviors. Over 40% of managers in the financial services have indicated that they work with customers as a team to ensure that their expectations are met or exceeded. It is very important to work with customers to understand their expectations as research has consistently indicated that one of the major reasons for poor service quality is the gap between managers perceptions about customers expectations and actual customer expectations (Parasuraman, Zeithaml and Berry 1985). The purpose of collecting customer information and developing knowledge is to be able to differentiate customers and meet their specific requirements. Peppers, Rogers and Dorf (1999) have recommended a four-stage process of Identification,

Differentiation, Interaction, and Customization for implementing one to one relationships with customers. Over 50% managers in financial services have indicated that they have critical business information about their relationships with individual customers. This falls to about 40% in the hospitality and IT services.

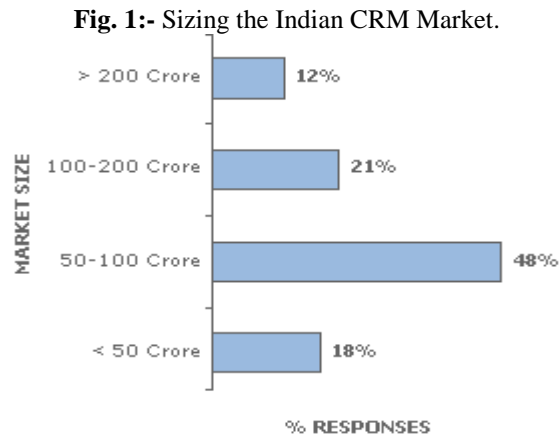
Customer knowledge can be used to initiate customization of the service for customers based on their needs. By tailoring the elements of services marketing mix, firms can customize their offerings to all or select customers. A majority of the marketing programs are targeted for smaller segments of the markets. But there is a growing trend towards individualizing these programs. With the emergence of ecommerce, this trend is going to further intensify. Some of the important findings of the depth interviews with managers of these services are –

- a. The relationship initiatives undertaken by firms have been directed towards customer retention. The initiatives were mostly membership /privilege schemes with gradations based on frequency and value of usage / purchase
- b. Most of them also indicated that these schemes were table stakes i.e. they cannot survive in the business without these schemes if everyone else offers them. But the race is always to differentiate based on convenience for customers.
- c. The source and reasons for these programs were found to be diverse - frontline initiatives adaptation of successful programs in parent organizations abroad especially for the multinational firms, or copying competitor's offerings. Pioneers in the industry like one of the multinational bank, which introduced the concept of relationship manager, adopted the practices of their parent organization.

"Contact Management" or "CRM":-

Contact management describes a tool such as software, PDA, Day Planner or an address book. CRM is an enterprise-wide mandate to put the customer first meaning to run a customer-centric organization.

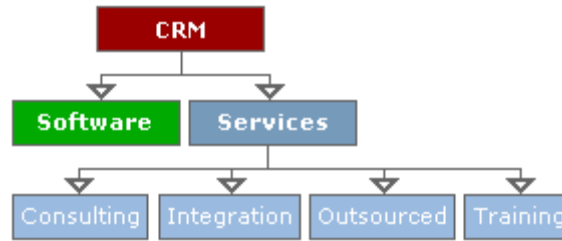
- CRM is an entity-wide implementation of a central data repository of customer information utilized by sales, marketing, customer service/support, accounting, etc.
- CRM is integrated with back end LOB (Line of Business) systems including ERP, vertical market and/or custom software applications that provide significant customer data (YTD sales, recent invoices, etc.) to the CRM screens.



Observations and Inferences:-

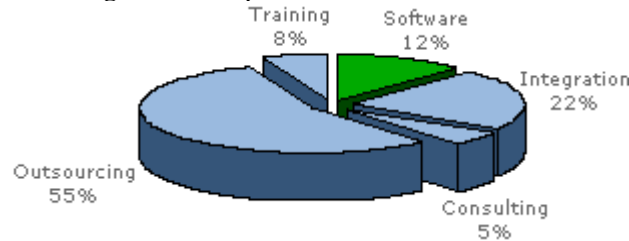
- A clear majority of our respondents size the Indian CRM Market at the Rs. 50-100 Crore range but with 33% of our respondents putting the market at a size greater than Rs. 100 Crore; there could be a higher benchmark for the market size applicable than the Rs. 100 Crore mark.
- Our findings are in agreement with the figure most published in the media stated by Denis Collart, the global head of PWC's CRM practice who, in an interview in November 2000, stated that the Indian Market for CRM Software and Services would grow to about Rs. 100 Crore by 2001.

Fig. 2:- CRM Market Segments.



The market segments for CRM can be broadly out as the Software, Services, and Hardware market. Our study has been restricted to the Software and Services markets.

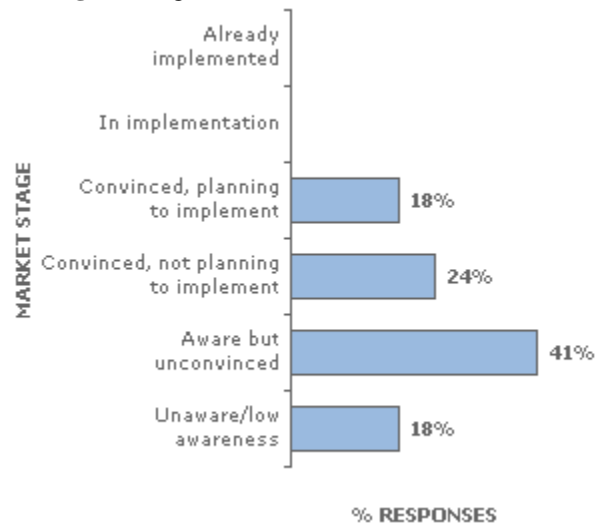
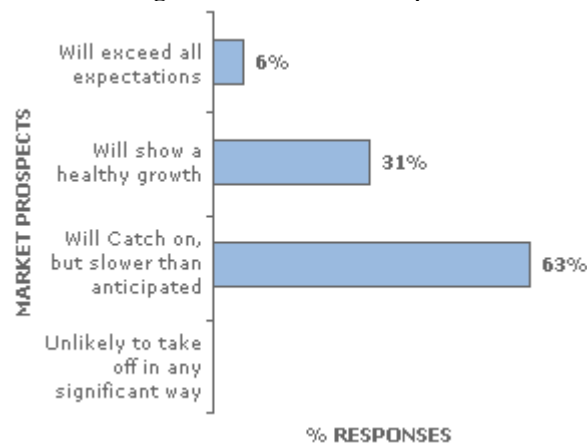
Fig. 3:- Breakup of the Global CRM Market.



This chart gives the breakup of the Global CRM Software and Services market. The projected revenues for each of the segments for the year 2001 from past research have been used to arrive at the relative percentages. This breakup is merely indicative, as the revenue projections have been taken from more than one source.

Observations and Inferences:-

- The breakup between revenues from various segments in the India n context is not expected to vary from global market to a significant degree. With this assumption, the size of the market for CRM implementations (including Software, Integration, Consulting and Training) in India lies in the 40-60 Crore range.
- Given the small market, a local vendor looking for business is going to find himself up against tough competition. Majority of the CRM solution providers in India do not have a product but act as consultants and integrators for software like Siebel, Oracle, SAP etc. providing consulting, software deployment and integration, and training.
- Outsourced CRM Services has the maximum potential for growth, but the number of players entering this market is growing at a significant rate. Telemarketing Firms, Direct Marketing Firms, Data Collection firms, Market Research firms, and even Advertising Agencies have begun to add the CRM tag to their services. With the Call Center market finding the international market tough going, they are increasingly turning to the domestic market to supplement revenues.
- Indian firms are aware of CRM, but are yet to take concrete steps towards implementation The market is expected to catch on, but slower than anticipated
- The overall sentiment is 'wait-and-watch'
- The next two charts indicates what our respondents feel is the stage of evolution of the Indian CRM market and what they feel are the market prospects.

Fig. 4:- Stage of evolution of the Indian Market**Fig. 5:-** CRM Market Prospects.**Observations and Inferences**

- While there has been a great deal of attention on CRM technology and practices in recent times, when it comes to putting it in practice, the market is in a very early stage of evolution. Most respondents felt that the Indian firms were either unaware, or unconvinced about the benefits and applicability of CRM.
- The overall sentiment when it comes to growth prospects is upbeat in the sense that people are convinced that it shall take off, albeit slower than anticipated. Signals for Solution and Service providers are that they are going to have to stick through this early stage till the market matures in terms of awareness and acceptance, and the number of implementations increase.

Media reports have put the annual growth rate for the CRM Software market in India at 25-30%, and Services market at about 50-60%. Our respondents however feel the going shall be slower than projected

This details tell us the need and requirement of CRM programmes implementation in India. It also give us an idea of what is the requirement and which area is key area for developing CRM. The paper can give an idea of how CRM is used by various business units and how they can be benefited by this programme.

Conclusion:-**CRM Market Size in India can be segregated as following:-**

- The Indian CRM market can be sized at Rs. 50-100 Corers (1 Crore=10 million).
- The CRM market can be segmented into the market for software and services
- The services segment includes outsourced CRM services, integration, training, and consultancy.

➤ The market for CRM services is considerably larger than the market for CRM software.

Country like India where the population is ranked as 2nd in the global level it has a vast scope for implementing CRM programmes in the nation. India is having a large scope of having CRM programmes in the nation. People at the present generation expect more from the company in regards to the relationship maintainence. Research has proved that 73% of the customer switch there brand because they were not consoled or pacified by there manufacturers for the inconvenience created to them or regarding the poor quality in products or regarding service deficiency given by their service provider. Therefore CRM in India is a concept which gain momentum

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