RELATIONSHIP MARKETING: AN ESSENTIAL FOR COMPETITIVE WORLD

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Abstract—Marketing of goods or services starts before the production and ends with not only selling the product but by providing after sale services. In today’s era of competition, a new dimension is added to marketing concept i.e. relationship marketing. Relationship marketing is budding as one of the most important corporate strategy. Relationship marketing and CRM has been used interchangeably. CRM has evolved from advances in information technology and organizational changes in customer-centric processes. “Consumer is king” is fundamental principle of successful business, by recognizing this fact companies are now focusing on building long-term relationship with their customers. Successful implementation of CRM results in customer loyalty, improved customer retention, reduction in cost of service etc. CRM is an approach which mutually benefits both the parties- customers and shareholders. However, CRM is still a new concept in the Indian market. There is much scope for its application in India. This paper focuses on some essential concepts related to CRM.

Keywords: - CRM, relationship, marketing, consumer, customer-loyalty.

INTRODUCTION

Relationship marketing is emerging as one of the most important corporate strategy. The concept of relationship marketing was introduced to service marketing in 1983 by Leonard L. Berry. It is a strategy that mainly focuses on “developing-maintaining-enhancing”. In other words, it is designed with the aim of developing relationship with existing and potential customers, maintaining these relationships by meeting the expectation of customers from time to time and enhancing the value to customers by providing high quality product at reasonable prices over the time. The benefits relationship marketing offers has helped it gain popularity in the recent years. Companies to gain competitive edge are using it as a competitive marketing weapon. Companies are now using it as a tool of value creation and in this process customers are also encouraged to give their views on critical decision issues like product designing, pricing, distribution etc. companies are looking forward to customers as their co-producer and co-designer.

CRM PERSPECTIVE AND DEFINITION

CRM is a combination of people, process and technology that seeks to understand a company’s customers. It is an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM has evolved from advances in information technology and organizational changes in customer-centric process. CRM is commonly used in the context of technology solutions and has been described as “information enabled relationship marketing”. Until recently CRM has been recognized as database management activity only. According to Kotler and Armstrong, “CRM involves managing detailed information about individual customers and carefully managing touch points in order to maximize customer loyalty. Later, CRM is viewed as the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. The main focus of CRM is building long term relationship with customer in such a way which mutually satisfy the goals of customer and company. Companies implementing CRM try to maximize profits over the lifetime value of customer by creating and maintaining relationship rather than focusing on maximizing profits from each individual transaction.

IMPORTANCE OF CRM

In today’s commercial world, practice of dealing with existing customers and retention of customer is predominant. Installing a CRM system can definitely improve the situation and help in challenging the new ways of marketing and business in an efficient manner. Hence in the era of business every organization should be recommended to have a full-fledged CRM system to cope up with all the business needs. It is a belief that more the sophisticated strategies involved in implementing the customer relationship management, the more strong and fruitful is the business. Here are some points discussed which shows the importance of CRM in business.

1. A CRM system consists of a databank related to existing or potential customers. This helps in reducing the cost of searching new customers and to for see customer needs effectively and increase business.
2. A CRM enable to reduce the process time and increases productivity by putting all the relevant client information in one central location that becomes easy to update and easy to see when other's updated. This CRM contains each and every bit of details of a customer, hence it is very easy for track a customer accordingly and can be used to decide which customer can be gainful and which not.

3. The most important aspect of CRM is its cost efficacy. A well designed and executed CRM system requires less need of paper work and lesser staff to manage the information.

4. The technologies used in implementing a CRM system are also very cheap and simple as compared to traditional way of business.

5. As it is a customer-centric practice it leads to better customer contentment. Thereby increasing the rate of turnover and profit.

6. If business is flourishing in achieving the customer satisfaction goal, it creates customer trustworthiness. Loyal customer will counsel business to others, thus expanding business for you. They are willing to try some new product of company and are also willing to pay more for the services because they have belief in you.

7. In CRM system, customers are grouped according to different aspects according to type of business they do or according to physical location allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.

8. CRM is a system in which each relationship made with customer adds to the value of company thereby it creates net worth of a business.

**ESSENTIAL CONDITIONS FOR IMPLEMENTATION OF CRM**

A suitable organizational culture is essential for implementation of CRM system. The customer-centric practice suggest that relationship marketing should be an organizational issue whereby all the functions, process and activities are carried out with the aim of building trust between customers and company. The pre-requisites of CRM programme are:

- Willingness on the part of the company and the customer to stay committed to the relationship, which is based on mutual benefits. Many organizational process changes have to be initiated in both the companies. Hence, top management’s support; co-operation and commitment are sine qua non for introducing and implementing CRM.

- A ‘Non-transactional’ orientation on the part of the company is required. Contrary to a transaction-one-off interaction. CRM is concerned with formulating and implementing strategies to build long-term relationships with customers.

- Willingness on the part of the company to invest in an infrastructure that can implement and operationalise CRM. The infrastructure could include we-based hardware/software that can effectively harness the advantages of CRM.

- CRM is an overall business strategy; hence people concerned should not only understand the CRM strategy and philosophy but also be committed to its success. They should review the process from time to time.

- There should be collaboration among the different function of the company. The entire organization should work as a team committed to build long-term relationship with its customers.

- Customer-centric approach should be adopted in the organization. Special training should be imparted to the employees for this purpose.

- Organization should be able to get relevant data about the existing and potential customers. Management should have the ability to convert this information in profitable business opportunity.

- CRM requires a major organizational change therefore a strong leadership is also needed. A strong leader can take initiative and can motivate the people in organization to participate in the process willingly and enthusiastically.

- Organization should launch loyalty programmes for effective CRM programme. There are various companies who carry out such programmes like BPCL, Jet Air Ways, Mc Donald etc.

**CRM AND HRM**

Human resource is most valuable asset of an organizational. An organization may have best machines, material etc. but without human resource all the other resources have no use. There was a time when human resources were treated as machines but now organizations treat them as an asset. Hence, apart from concentrating on customers need, it has become need of the hour to concentrate on employees aspirations too. In this context, it would be inappropriate to say that CRM has its use in creating relationship with customers only; most of the HR heads are using CRM technology for managing company’s human capital. This approach is called as Employee Resource Management. ERM can be described as a process that creates a strong emotional and professional bonding between organization and its employees.

**SCOPE OF CRM IN DIFFERENT SECTORS**

Companies that do not have repeat business from customers will not gain much from CRM. And also that have walk-in customers not providing multiple sales and service channels will not benefit much from CRM. Again if
maintaining long term relationship with customer is not a priority for the company, it will not be wise to invest in CRM. Then who benefits/ the more the channels to access customers and more the number of touch points with customers, greater is the need for CRM installation. Companies in
- Telecommunications
- Banking
- Finance
- Health care services
- Insurance
- Airlines and hotels

MISCONCEPTIONS REGARDING CRM

There are some misunderstandings in the mind of people regarding CRM. Following are some point discussed:

1. CRM is an IT issue: CRM is a strategy which involves people, process and technology. For successful implementation of a CRM programme equal participation of each one of them is necessary. It would be wrong to say CRM an IT issue. We can not even think of any programme or strategy to run in the organization without the involvement of people. It is the human resource who operationalises this process in the organization. So it would be improper to ignore the importance of people in the success of CRM programme. Successful implementation of CRM includes competent people with right attitude, right business strategies and then the right IT implementation.

2. CRM is complex in nature: the basic idea behind CRM is very simple that is to build relationship with the customers. They why CRM seems to be complex. It is fast developing technology that creates pressure on IT professionals to cope up with the recent developments. If we see in the past we can observe that relationship were being managed then by keeping in mind a customer database. Now in the present scenario with technology advancement and increasing customer’s expectations it seems to be complex. But the core of CRM remains same- increasing profitability by building relationship.

3. Expensive for small and medium sized business: it is seen in Indian market that rate of adoption of CRM is very less among small and medium sized business. It is a misconception that it is unaffordable by SMEs. Nowadays Application Service Providers with simple and limited functions have been introduced to provide CRM at affordable prices. Its operation is easy without involving expensive IT professionals.

4. Wrong evaluation of return in CRM: in CRM implementation, return on investment means the evaluation of returns with the costs incurred. Sometimes CRM is regarded as giving poor ROI. But it is wrong to think so. In fact the chance of poor ROI is more in cases when CRM is not adopted. In fact, CRM itself is not responsible for poor ROI but the main causes for this are ignorance of people, lack of motivation among the concerned people, poor implementation, lack of vision in finding good opportunities, inability to use data effectively etc. these causes must be looked at first before implementing CRM.

5. Fixing individual responsibility: CRM is a team work. It requires co-ordination among the different departments of an organization. It is not appropriate to fix responsibility of any one person or department. For the successful implementation of CRM all the personnel of marketing department, sales dept., customer service dept., IT dept., etc. should make a concentrated effort with the aim of building long term relationship with their customers.

CHALLENGES TO CRM

Customers are most valuable assets for an organization. Hence it is important for an organization to retain customers and make new customers. CRM is an efficient approach in maintaining and creating relationship with customers. However, implementation of CRM process has some impediments/obstacles.

- Costs associated with CRM: Relationship marketing is a form of direct marketing. Direct marketing is generally more expensive per customer than other forms. Moreover, it requires special training for the persons who are going to use information related to customers and will interact with customers in relationship building process. For these reasons small and medium sized business feel reluctant to adopt CRM strategy.

- Respecting the privacy: Personal customer information has become a valuable asset in the market place. CRM success depends on the ability of an organization to collect the relevant and reliable information related to customer and converting this information into a profitable business opportunity. But at the same time respecting the privacy of customers has become a major concern for an organization. The security issues associated with maintaining sensitive data are a major disadvantage of CRM. Companies need to tell customers how the data provided by them is used, when it might be shared and why. In this regard, companies might take consent of customers before using their information in any way.

- Irrelevant and unnecessary information: companies in their over-zealous fondness for technology maintained huge database. For example, finger hurt preserved some 1400 pieces of information about each of 30 million households in its massive database. At the end, most of the data had become irrelevant and employees failed to use the data effectively.
there was a major problem of updating the data from time to time.

- **Lack of awareness**: it is observed that rate of adoption of CRM is very less in small and medium sized business. They believe that they don’t need CRM solutions since they are self sufficient in managing their relationships on E-mails, spreadsheets, etc. Awareness about the advantages of CRM tool needs to be created among the sales and marketing team in firms since they are the end users of the CRM.

- **Non-disclosure on the part of customers**: personal customer information is often stored on servers. This creates security issue for the customers. Therefore some customers will refuse to share some of their information; this offsets the basic idea of CRM. It becomes difficult to take full advantage of the basic concepts behind CRM.

**CONCLUSION**

The main objective of CRM is building long-term relationship with customers by providing them high quality product at reasonable prices. CRM focuses on ‘Non-transactional’ approach and try to maximize profits over the lifetime value of customers. CRM tool is still a new concept in the Indian Market. It has some challenges to cope up with. However, we can see a bright and wide scope in future Indian market.

**REFERENCES**

2. Ibid, p.17.