

Customer Relationship Management – The winning Strategies

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Customer expectations keep changing. And keeping track of such changes has become more challenging than before. CRM best defined as a set of processes that continuously listen and extract knowledge about customers, enhancing companies understanding of their needs, expectations and behaviours, thus enabling the companies to dynamically respond to new opportunities and changes. Just toll free numbers don't suffice any more. To keep track of such changes companies establish relationship with customers to serve them better and also to get the wind of the changing scenario. Such relationships are becoming more complex and multi-farious as technology evolves, as competition heightens, as customers' expectation changes, etc.

CRM comprises the practices methods and control systems that enable improvement in both effort and cost associated with acquiring, maintaining and creating loyal, happy, paying customers. CRM is now at the forefront of the company agendas. It is a fundamental, critical component for planning and deployment of strategic applications such as supply chain management and electronic commerce. Many companies do not model and classify various customer market segments when developing a sell-side web site. As the thing moves on the question is how to make one company proactive to and adopt practices for others to follow. CRM means different things different companies ranging from database marketing to overall customer care programs. As the CRM system vendors also try all-out strategy's to succeed. In the crowded market the following may edge the company to sustain their market.

The common goal of CRM is to acquire and retain profitable and loyal customers. Several critical issues impede organizations from executing effective CRM strategies. CIP (Customer interaction process) are process designed to attract customers (marketing, advertising promotions and so on) interact with customers (inform, educate, offer decision support, negotiate and so on) and ensure customer satisfaction (fulfillment, support, maintenance and so on). Companies should create a continuous CIP reviews practices made-up of high-level management representatives from all lines of business or departments that have direct customer interactions.

Tiered CRM

We may live in a democracy, but not all prospects are the same. It's more than okay to treat different kinds of customers to different levels of customer care, and espouse a tiered approach to customer relationship management (CRM). For first-time or low-spending customers, companies should provide self-help customer service. The bulk of your online customer inquiries-industry estimates say that's about 80 percent of your phone and e-mail requests-can be handled via a frequently-asked-questions page or search engine on your Web site. Vendors in the fragmented CRM market are hawking self-service CRM, which aims to reduce support costs for customer inquiries by making even more information accessible online.

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These self-head systems can analyze customer behavior and pass prospects on to additional services as necessary. Native Minds, a CRM vendor in San Francisco whose customers include enterprise software vendor Oracle and Ford Motor Company, has a product called Neuro Server, a program that acts as virtual customer service representatives, which can answer specific questions in natural language. Based on customizable parameters the virtual assistant (you can name him or her) can pull up information on prospects such as their account balance, to determine if it's necessary to up-sell or escalate them to advanced services." Still, providing live reps to only some of your prospects (the big spenders) can be crucial to closing lucrative online transactions." If some-one's e-mailing saying you: I'd like to buy a Jaguar and I have cash', them by all means let's move that customer to alive agent'. In addition, emergencies such as a customer having an allergic reaction to one of your products are also a good reason to connect online customer inquiries to a person. This tiered approach to online customer care is a good idea while prices for more advanced customer care features remain high. But marketers beware: keep it simple, Rather that empowering your low-level prospect, unwieldy self- help customer-care systems could scare them away.

Speech recognition makes customer relationship management simple

CRM companies have finally come to understand an important fundamental: Salespeople love to talk. To capitalize on this realization CRM vendor People Soft recently partnered with Ann Arbor, Michigan-based JustTalk to voice-enable its CRM software" it make this really simple to salespeople who would like to talk on the phone.' PeopleSoft now let's salespeople enter their account information into a central database, in this case PeopleSoft's CRM enterprise software, via the telephone. Using easy, natural commands like," Schedule meeting with Mr. X for Tuesday at 10 a.m. for one hour," setting up meetings, canceling appointments, and adding reminders is quick and easy. New information is updated immediately. Just in case, a salesperson has problem with the phone system, like a static-riddled cell phone connection or intrusive background noise. JustTalk provides a concierge service that allows the user to deal with a live operator who acts as a personal data-entry agent that's a huge leap in terms of guarantee of services and functionality," Sales people will be able to check when an order is going to ship or why and order was delayed. In addition, they'll be able to check a client's financial data, such as its credit information.

Prospective customer relationship management

While most companies in the CRM space focus on providing software to automate the sales process, a new category is emerging that focuses on the earliest stages of CRM: identifying prospects and turning them into customers. It's a subset of the field called CRM or prospective customer relationship management. For many companies, prospects are often located in several disparate locations: Some are stored electronically in sales force automation tools, contact managers, or spreadsheets in the sales department or in database maintained by the marketing department. Others are stored on sloppy business reply cards. When companies don't have an all-inclusive prospect database, the results can be untapped sales, lost opportunities and not knowing which marketing campaigns were most effective and successful. Identifying and maintaining prospects is

crucial especially at the end of the year. Companies often lose momentum at the end of the fourth quarter, because activities have slowed down for marketing, and the sales force is focused on closing deals. But staying ahead of the curve means starting the year with a pipeline of qualified leads. This will help sales get results faster and can help marketing show greater return on investment. Companies need effective processes and methodologies to move initial inquiries, no matter where and how they originate, along a defined path to purchasing a solution that meets their needs. A combination of identifying sales leads, having the right information and timing, most effective ways of contacting them, and sustained relationship building is the easier to creating qualified prospects that all sales-people need. But companies also need dedicated resources to get their prospect generating engine up and running. Salespeople shouldn't be spending their time with the highest potential prospects. If companies don't have available resources that can understand the target audience, provide high-quality interactions, and build strong relationships to generate quality prospects, it will result in a weak pipeline.

CRM Shouldn't Hurt

Installing a new CRM system should be a welcome change, not a challenge to your salespeople.

CRM systems provide little increased client value or competitive advantage because; the solutions are based on theoretical business models and ignore the behavioral considerations, of the very people responsible for their frontline deployment-the sales force. High performing salespeople win, not based on what they sell, but how they sell. Top sellers fully capitalize on their natural selling gifts, like empathy, drive, and interpersonal skills, coupled with their acquired abilities, such as industry, client, and product knowledge. These assets transform into competitive advantage and client value, which combined and applied in a way that works for a particular individual. If enhanced client value and competitive advantage characterize a successful CRM deployment, we should be able to draw a line from them to how sales people use a CRM system to get a picture of the behavioral factors that make or break CRM implementation.

There's a problem, however, when technology enters the mix, CRM systems are inherently selling style, but superimpose artificial style on sellers, disarming them of their most significant source of competitive advantage.

In some implementations, if salespeople don't use the CRM system they're not able to produce a client proposal, get paid commissions, or perform other key sales functions. That's why selling pros comply with the mandated requirements of CRM, as set forth by upper management, then go off and do their own thing. They know that losing their selling identity to some CRM system will very quickly sub-optimize their sales performance. All the while senior management doesn't have a clue.

Crm to do wonders

On the Internet, we create a great web site with interesting offers and information. We wait for customers to come along, see the offers, and buy our products. We can't really use our CRM methods here. They

don't seem to work. What we learn from studying the Web is that the standard rules no longer apply. We cannot buy lists, append data, and create target groups because the lists we create are useless on the web. However, in relationship building, we not only can build relationships on the web, we can do a better job of it, and at a lower cost, than we have been doing.

- ✓ *Find prospects and customers and attract them to our web site*
- ✓ *Give them a wonderful experience. Give them some free rewards. Capture information from them that we need to build a relationship with them. Sell them something.*
- ✓ *Build a database of our visitors and customers. Use that database to support an ongoing relationship that is delightful to the customers and profitable for us.*

In CRM, we compile a database of prospects or customers. We append data to the file and do testing and modeling. We discover who likes what, who responds to what, and who buys what. We develop targeted lists. The results of our efforts are usually profitable for:

- ✓ *We save money by not marketing to those we have learned are less likely to respond*
- ✓ *We make money by making relevant offers to those who need or want, or can afford our products.*
- ✓ *We build relationships with our best customers, resulting in higher loyalty, retention, referral, spending rates, and profits.*

Attractive web –for winning visitors

There are dozens of ways of doing this. We should experiment with and utilize all of them at once. And some of them are print Website name on every piece of literature we circulate, Reward the customer on his every visit, Place banners on the other people's web sites, linking with Other web sites, Search engines listing, Giving people a wonderful experience on visit and Make your web page more of fun.

- ✓ Put your website name on every piece of literature that customers could possibly see: your products, the manuals and brochures, the ads, business cards, your stationery, your messages.
- ✓ Offer something of value if the customer or prospect visits the site. What that thing is, you will have to figure out. It must be something that is valuable to the customer, and very inexpensive for you. Information is the best reward. Give them access to your technical data, to your archives, to your new product specifications, to your future forecasts.
- ✓ Place banners on other people's web sites. Banners are one of the cheapest and most cost efficient ways to advertise web sites. You pay \$5 or more per thousand impressions. An impression is when a viewer clicks on a website that contains your banner. Banners are much more cost effective than the same money spent in a newspaper, magazine or TV ad. Why? Because a magazine reader is, by definition, not at her computer while she is reading. She may not even own a computer. When she clicks on a web site that contains your banner, she not only owns a computer, she is using it at the moment, she is on the internet, and can easily click on the banner to jump to your site. By using banner advertising, you let the readers self select themselves into likely prospects. I have heard people say that banners are dead. Don't you believe it? People claim that banners are dead because they get a 0.5%

response rate. On the web today, 0.5% is a good response rate. At \$5 per thousand impressions, do the math. There is no other medium that gives you not only a comparable cost per order, but also as much information within 24 hours on what every prospect and customer is doing on your web site or with your banner.

- ✓ Link your web site to other web sites. If you have business partners or customers, do a joint linking of web sites.
- ✓ Get your web site listed in all known search engines. You have to do this once a month. Put someone on it, and have her do it regularly. It's an important way to find new customers.
- ✓ Giving people a wonderful experience once people have come to your web site, how can you sell them products and build a relationship? Make it very easy for them. Forget the brochureware. Forget telling them how great you are. Put yourself in their shoes, and say, "What would I like to do or receive once I am on this site?" It is amazing how few sites have solved this problem. One of the worst is the Microsoft site. If you have a troubleshooting problem with Office 2000, good luck trying to get the answer from Microsoft. My current problem is that quite often I get a message saying, "this program has performed an illegal operation". Which law did I violate? UN, US or State? Whenever I see this message, I lose whatever I was working on. Why do I get this message? I tried to find out from the Microsoft site. The only answer to my query about illegal operations is the totally useless screen: What is the solution? It seems pretty simple to me. Put a search box on your home page. Let people enter anything they want into that box. Have the search find the answers to their questions. Add answers every day as you get more and more questions asked. How do you know what questions people might ask? Spend some time listening to your help desk. Write down all the questions. Then put them on your web site. That is the way to be helpful to your customers and save yourself a lot of money.
- ✓ Make your web page fun. Make it fresh and interesting. You can have contests, sweepstakes, and quizzes. The reader's Digest has a new joke every time you return to their site: Jokes are not appropriate for your site? Then think up some interesting facts about your industry or product and serve them up one at a time. Use your imagination. In normal advertising, such random facts or jokes aren't possible. Ad space costs too much. On the web, it is all almost free, once you have the website.

Link the web site to your database

Now that your customers are in, you can link them to your database. The database contains their purchase history, and demographics. The other information you need to know about them has been voluntarily provided by the customers when they logged on to the web site. They gave it to you in exchange for something you gave them, such as access to your internal company archives. With the link to the database, you can determine the "next best product" for each customer. Amazon.com does that beautifully. Two years ago, I bought a book from Amazon called "Dark Sun" by Richard Rhodes. Last week I got an email from Amazon telling me that Rhodes had just published another book called "Why they kill". I bought it immediately. All I had to do was

to click on the Amazon.com email, and they sent me the book. They already know my credit card number, so I didn't need to go through that nuisance. What is this? It is customer relationship marketing on the web.

Let them come behind the counter

The most exciting part of web customer relationships is letting customers back behind the barrier that says "Employees Only". I am sure that you, at one time or another have been invited back into forbidden "Authorized personnel only" areas of companies or government agencies. A friend who work there lets you come in, for moment, to the **pmo** (when the prime minister isn't there), or to eat at the pmo mess. It is a wonderful feeling. You can give your customers a similar feeling.

Right now, your customers call you on toll free lines. They talk to a customer service rep who is reading off of a screen. Customers ask questions. Your rep manipulates the keys of her computer and reads the resulting information. It costs you money for the phone call and for the time of the rep. With the web, all this changes. You give your best customers access to the very screen that the rep is reading from. They are able to get information from your archives directly by hitting the same keys that your rep hits. Your customers become "Authorized Personnel". Not only that, you are saving the cost of the toll free call and the time of the rep. You are saving more per phone call, while giving your customers better service!

Federal Express lets you inside their delivery system. Here is what happened to the material that I send to my boss. Look at how complete it is think of the money that such a system saves!

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Airbill Number : 812835058063

- Delivered To :
- Delivery Location : HINSDALE IL
- Delivery Date : 09/09
- Delivery Time : 08:36
- Signed For By : R. HALL
- Status Exception : Release signature on file
- Scan Activity :
 - Delivered HILLSIDE IL 09/09 08:36
 - Delivered with Exception HILLSIDE IL 09/09 08:36
 - Placed on Van HILLSIDE IL 09/09 05:42
 - Left FedEx Ramp COLUMBUS OH 09/08 19:35
 - Left FedEx Ramp DULLES VA 09/08 00:22
 - Arrived at FedEx Ramp DULLES VA 09/07 21:09
 - Left FedEx Origin Location ARLINGTON VA 09/07 18:29

What is the reaction to the customers to such a system? In many cases they love it. When Sears Canada put their big book on the web, many customers ordered products directly. However, something odd happened. Sears discovered that 97% of the people ordering products through the web had the paper catalog in front of them at the time. At the bottom of each catalog page is Sears toll free number. They didn't want to use it. They prefer to enter the item numbers themselves.

You can go one step further. You can give every serious customer their own web page. Give them a PIN num4er, which identifies them. The web page says, "Welcome back, rajendran" as it lets them come behind the counter and into your warehouse.

Using Cookies

While you are at it, I would use cookies. As you know, a cookie is a file that your software stores on customer's computers every time they log on to your site. When they come back, your software looks for the cookie so that you can recognize them instantly and say "Welcome back Ramesh" without even asking for a PIN number. That is what the old corner grocers used to say when you came to their stores. You can say it now in your web site to make customers feel at home. When my wife, Raji, Clicks on to Garden.com, they greet her at the door with a hearty, "Welcome back Raji!" What could be nicer than that?

Internet CRM Sales Support System

Web-based tools to help sales reps easily manage all marketing activities directed towards their customers. The system automatically segments reps' customer based on sales data, and then generates a marketing plan and schedule for each customer group. Reps can quickly modify the plan if required, as well as customize the content of communications, which are distributed through the mail, email and fax.

Internet Dialogue with Customized Digital Output

Visitors to your web site describe their needs and preferences. Their feedback automatically generates customized web pages and 4-colour digitally printed communications. This unique solution is easily adapted to many industries with outputs ranging from newsletters to brochures and new business packages to personal letters.

Survey Management Software

Web-enabled application helps marketing departments develop customer surveys based on key business objectives. Survey also ensures that data being collected across the organization is standardized for use in reporting and one-to-one communications programs. The software establishes corporate control of the questions that customers are being asked. It provides marketers with the ability to create effective, meaningful surveys that are automatically set up as web pages or data entry screens. Business intelligence and reporting tools built on top of relational database provides quick, valuable analysis of results.

Retention strategy

Everyone wants to retain their existing customers. Few companies, however, are implementing positive strategies aimed at retention. Most companies are organized for acquisition. Their advertising and sales programs are designed to find and promote their products and services to new customers. The companies are organized for acquisition. Their advertising and sales programs are designed to find and promote their products and services to new customers. The companies are organized on a product basis, not on a customer segment basis. While they all have customer service departments and most have a customer service tool free number, they lack an integrated marketing strategy that is directed at retention, and that defines retention as

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the measurement of success. We have often heard "It is five times more profitable to spend your marketing rupees to retain the customers that you have than to use the rupees to beat the bushes for new customers". Most people would agree with this statement, even though they have no way of proving it. Indeed, the majority of large firms today are experimenting with crm programs aimed, in large part, at retention. Most of these companies are not yet sure whether their experiments will be successful. Significant number of these programs will fail, and ultimately be scrapped.

Customer retention programs can be a powerful tool in the arsenal of customer relationship management. Customer retention is important to most companies because the cost of acquiring a new customer is far greater than the cost of maintaining a relationship with a current customer. Retention can be a relatively inexpensive means of making customers feel special, increase their purchases and recommend prospects.

Customer retention techniques

Discount Programs, the customers receive a price cut on repeat purchases. For example, many insurance companies will offer a discount on auto insurance if a customer also has homeowner's insurance. These firms assume that customers are more likely to remain loyal if they own a greater breadth of the firm's products.

Loyalty Programs, often takes the form of frequent flyer or frequent buyer programs and are usually based on a points systems. Points are given to customers for interactions they have with the company. Interactions may include making purchases, using a new channel (like a Web site or self-service kiosk), or referring prospective customers. Points can be redeemed for rewards or discounts.

Card-based Programs can be a specific type of points based or discount program. A popular type of card-based program may be used by your supermarket, where your "valued customer" card can be swiped at the point of sale and you are offered immediate discount on purchases.

The Costs and Difficulties of Customer Retention Programs

In addition to the cost of administering retention programs (which can be rather expensive producing cards and marketing materials, setting up points tracking systems, maintaining a customer service center or We-site), the programs may end up offering rewards or discounts to customers who would have purchased products or services without an incentive. More than 87% of customers said they would purchase from a company even if they weren't in a program (International Research Project on Loyalty Programs, Retain Advertising and Marketing Association).

Regardless of the cost vs. the benefits of a customer retention strategy, like any customer relationship management activity, retention programs are often hamstrung by a lack of enterprise-wide direction. It is difficult to pinpoint who advocates the customer.

Four areas to improve their focus on the customer:

- How the organization thinks – are the firm's success metrics centered on customers?
- How the organization works – are processes engineered around customers?
- How the organization is structured – does the form of the firm follow its function (to meet customer needs)?
- How culture manifests itself in the organization – does everyone in the firm think about, listen to, and respond to customers?

Overcoming these hurdles

How the organization thinks: Convert product-centric, channel-centric and other metrics to customer centric metrics over time. For instance, a firm may evolve from measuring sales volume alone, to measuring the customer value impact of new sales.

How the organization works: Begin to execute and measure pilot projects to test new processes, for example, developing a mini database for customer analysis and segmentation. Work with "customer owners" or advocates throughout the organization to establish business rules that create value for customers and the firm, for example, develop a "fatigue rule" and do not contact customers more than "n" times per quarter. Develop business cases and use customer data in decision-making.

For example, in addition to the economic analysis required before deciding to close an unprofitable store, determine which customers will be affected by the closing and how you will respond to them to retain them as loyal customers.

How the organization is structured: Does the form of the firm follow its function, that is, to meet customer needs? Save restructuring until the firm has changed processes and measures. This is an evolutionary process, not revolutionary, so simply adding customer advocates or customer segment managers to the organizational chart will not change the behavior of the firm or its value to customers.

How culture manifests itself in the organization: Does everyone in the firm think about, listen to, and respond to customers? Make sure the CEO is the number one advocate of customer retention and CRM. Develop grass roots support for customer retention and CRM through changes in process, measurement, incentives, structure and language.

Conclusion

Implementing better CRM can bring a bounty of benefits, but only if management and customer intelligence are used by the company to their maximum. The most apparent business benefit is the impact increased customer retention/ loyalty. One-time customers return for additional purchases, sales revenue increases and there is an ongoing revenue stream. Ultimately customer retention, customer loyalty, increased revenue, better customer service, improved customer experiences and increased sales productivity—all key competitive business advantages impacting all traditional customer service/ support, sales and marketing goals – can be improved with CRM.

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