Chapter 2

Benefits of CRM to Customers

Relationship marketing\(^{20}\) 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 9 iv. Pricing services to encourage customer loyalty, v. Marketing to employees so that they will perform well for customers. Developments in information

\(^{20}\) www.decisioncraft.com
technology, data warehousing and data mining have made it possible for firms to maintain a one to one 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 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.

According to Wellenius and Stern (2001)\textsuperscript{21} information is regarded today as a fundamental factor of production, alongside capital and labor. The information economy accounted for one-third to one-half of gross domestic product (GDP) and of employment in Organization for Economic Cooperation and Development (OECD) countries in the 1980s and is expected to reach 60 percent for the European Community in the year 2000.

Information also accounts for a substantial proportion of GDP in the newly industrialized economies and the modern sectors of developing countries.

Videsh Sanchar Nigam Limited (VSNL) 16th Annual Report (2002)\(^{22}\) India like many other countries has adopted a gradual approach to telecom sector reform through selective privatization and managed competition in different segments of the telecom sector. India introduced private competition in value-added services in 1992 followed by opening up of cellular and basic services for local area to competition. Competition was also introduced in National Long Distance (NLD) and International Long Distance (ILD) at the start of the current decade.

World Telecommunication Development Report (2002)\(^{23}\) explains that network expression in India was accompanied by an increase in productivity of telecom staff measured in terms of ratio of number of main lines in 69 operation to total number of staff. Indian Telecommunication Statistics (2002)\(^{24}\) in its study showed the long run trend in supply and demand of Direct Exchange Lines (DEL). Potential demand for telecom services is much more than its supply. In eventful decade of sectoral reforms, there has been significant growth in supply of DEL. Economic Survey, Government of India (2002-2003) has mentioned two very important goals of telecom sector as

\(^{22}\) VSNL 16TH annual report 2002  
\(^{23}\) World telecommunication development report 2002  
\(^{24}\) “Indian Telecommunication Statistics 2002”, Ministry of Communications, Government of India.
delivering low-cost telephony to the largest number of individuals and delivering low cost high speed computer networking to the largest number of firms. The number of phone lines per 100 persons of the population which is called tele-density, has improved rapidly from 43.6 in March 2001 to 4.9 in December 2002.

Adam Braff, Passmore and Simpson (2003)\textsuperscript{25} focus that telecom service providers even in United States face a sea of troubles. The outlook for US wireless carriers is challenging. They can no longer grow by acquiring new customers; in fact, their new customers are likely to be migrated from other carriers. Indeed, churning will account for as much as 80% of new customers in 2005. At the same time, the carrier’s Average Revenue per User (ARPU) is falling because customers have.

Dutt and Sundram (2004)\textsuperscript{26} studied that in order to boost communication for business, new modes of communication are now being introduced in various cities of the country. Cellular Mobile Phones, Radio Paging, E-mail, Voice-mail, Video, Text and Video-Conferencing now operational in many cities, are a boon to business and industry. Value-added hi-tech services, access to Internet and Introduction of Integrated Service Digital Network are being introduced in various places in the country.

\textsuperscript{25} Braff Adam, Passmore William,J, and Simpson Michael (2003), “Going the distance with telecom customers”, The Mckinsey Quarterly, No.4, Pg.83.
\textsuperscript{26} Dutt and Sundaram, Indian Economy, Edition, 2004
A study by Jeanette Carless on and Salvador Arias (2004)\textsuperscript{27} wireless substitution is producing significant traffic migration from wire line to wireless and helping to fuel fierce price competition, resulting in margin squeezes for both wire line voice tariffs in organization for Economic Cooperation and Development Countries have fallen by an average of three percent per year between 1999 and 2003.

T.V. Ramachandran (2005)\textsuperscript{28} analysed performance of Indian Telecom Industry which is based on volumes rather than margins. The Indian consumer is extremely price sensitive. Various socio-demographic factorshigh GDP growth, rising income levels, booming knowledge sector and growing urbanization have contributed towards tremendous growth of this sector. The instrument that will tie these things together and deliver the mobile revolution to the masses will be 3 Generation (3G) services. Rajan Bharti Mittal (2005)\textsuperscript{29} explains the paradigm shift in the way people communicate. There are over 1.5 billion mobile phone users in the world Rajan Bharti Mittal (2005)\textsuperscript{30} explains the paradigm shift in the way people communicate. There are over 1.5 billion mobile phone users in the world

\textsuperscript{28} T.V. Ramachandran (2005), Director-Genaral, Cellular operators association of india, Trends and Development, may-15, 2005.
\textsuperscript{29} Rajan Bharti Mittal(2005), Joint Managing Director,Bharti televenture limited, Trends and Development, feb-15,2005.
today, more than three times the number of PCOs. India today has the sixth largest telecom network in the world up from 14th in 1995, and second largest among the emerging economies. It is also the world’s 12th biggest market with a large pie of $ 6.4 billion. The telecom revolution is propelling the growth of India as an economic powerhouse while bridging the developed and the developing economics.

ASEAN India Synergy Sectors (2005)\textsuperscript{31} point out that high quality of telecommunication infrastructure is the pillar of growth for information technology (IT) and IT enabled services. Keeping this in view, the focus of 71 telecom policy is vision of world class telecommunication services at reasonable rates. Provision of telecom services in rural areas would be another thrust area to attain the goal of accelerated economic development and social change. Convergence of services is a major new emerging area.

Aisha Khan and Ruche Chaturvedi (2005)\textsuperscript{32} explain that as the competition in telecom area intensified, service providers took new initiatives to customers. Prominent among them were celebrity endorsements, loyalty rewards, discount coupons, business solutions and talk time schemes. The most important consumer segments in the cellular market were the youth segment and business class segment. The youth segment at the inaugural session of cellular summit, 2005, the Union Minister for Communications and

\textsuperscript{31} ASEAN India synergy sectors Report 2005.
Information Technology, Dayanidhi Maran had proudly stated that Indian telecom had reached the landmark of 100 million telecom subscribers of which 50% were mobile phone users. Whereas in African countries like Togo and Cape Verde have a coverage of 90% while India manages a merely mobile coverage of 20%. In overview in Indian infrastructure Report (2005)\textsuperscript{33} explains India”s rapidly expanding telecom sector is continuing to witness stiff competition. This has resulted in lower tariffs and better quality of services. Various telecom services-basic, mobile, internet, national long distance and international long distance have seen tremendous growth in year 2005 and this growth trend promises to continue electronics and home appliances businesses each of which are expected to be $ 2.5 bn in revenues by that year. So, driving forces for manufacturing of handsets by giants in India include-sheer size of India market, its frantic growth rates and above all the fact that its conforms in global standards.

According to Snyder (2006)\textsuperscript{34} Communications is a process that allows information to pass between a sender and one or more receivers and the transfer of meaningful information or ideas from one location to a second location. Communications is a human process; humans communicate by sending information between them, whereas, telecommunication is the transmission of data or information over a distance. Tele is a Greek word


meaning at a distance, far off. Thus, it classifies smoke signals, semaphore flags, lanterns and signal flares, telegraph systems, televisions, telephones, written letters, and hand signals as capabilities that support telecommunications. The problems with these communications forms include reliability, speed of transmission, and comprehension purposes.

According to Rohit Prasad & V.Sridhar (2007)\textsuperscript{35} this is one of the first such attempt to analyse the tradeoffs between low market power and economics of scale for sustained growth of mobile services in the country. Our analysis of the data on mobile services in India indicates the existence of economies of scale in this sector. We also calculate the upper bound on the optimal number of operators in each license service area so that policies that make appropriate tradeoffs between competition and efficiency can be formulated.

Narinder K Chhiber (2008)\textsuperscript{36} the mobile telecommunication technology is evolving rapidly in the world as more people demand mobile services with longer bandwidth and new innovative services like connectivity anywhere, anytime for feature like T.V., Multimedia, Interoperability and seamless connectivity with all types of protocols and standards, while the 3G 75 services are yet to fully come up. Serious discussion on 4G has started WLAN


hot spot have made inroads along with 3G to offer an alternative form of mobile access.

STUDIES RELATED TO CRM IN SERVICES SECTOR

As Navin (1995)\(^{37}\) points out, these terms have been used to reflect a variety of themes and perspectives. Some of these themes offer a narrow functional marketing perspective while others offer a perspective that is broad and somewhat paradigmatic in approach and orientation. A narrow perspective of customer relationship management is database marketing emphasizing the promotional aspects of marketing linked to database efforts.

(Bickert, 1992)\(^{38}\) Another narrow, yet relevant, viewpoint is to consider CRM only as customer retention in which a variety of after marketing tactics is used for customer bonding or staying in touch after the sale is made.

(Vavra 1992)\(^{39}\) A more popular approach with recent application of information technology is to focus on individual or one-to-one relationship with customers that integrate database knowledge with a long-term customer retention and growth strategy (Peppers and Rogers, 1993)\(^{51}\).

Thus, Shani and Chalasani (1992) define relationship marketing as “an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit


\(^{39}\) Vavra, Terry G. (1992), after marketing: How to Keep Customers for Life through Relationship Marketing, Homewood, IL: Business One-Irwin.
of both sides, through interactive, individualized and value-added contacts over a long period of time”. 82 Jackson (1985)52 applies the individual account concept in industrial markets to suggest CRM to mean, “Marketing oriented toward strong lasting relationships with individual accounts”.

McKenna (1991)40 professes a more strategic view by putting the customer first and shifting the role of marketing from manipulating the customer (telling and selling) to genuine customer involvement (communicating and sharing the knowledge).

Berry (1995)41 in somewhat broader terms also has a strategic viewpoint about CRM. He stresses that attracting new customers should be viewed only as an intermediate step in the marketing process. Developing closer relationship with these customers and turning them into loyal ones are equally important aspects of marketing. Thus, he proposed relationship marketing as “attracting, maintaining, and – in multi-service organizations – enhancing customer relationships”.

Berry’s notion of customer relationship management –resembles that of other scholars studying services marketing, Gronroos (1990), Gummesson (1987), and Levitt (1981)42. Although each of them is espousing the value of  


interactions in marketing and its consequent impact on customer relationships, Gronroos and Gummesson take a broader perspective and advocate that customer relationships ought to be the focus and dominant paradigm of marketing. For Gronroos (1990) states: “Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises”. The implication of Gronroos’ definition is that customer relationships is the „raison de être” of the firm and marketing should be devoted to building and enhancing such relationships.

Morgan and Hunt (1994)\textsuperscript{43}, draw upon the distinction made between transactional exchanges and relational exchanges by Dwyer, Schurr, and Oh (1987)\textsuperscript{44}, to suggest that relationship marketing “refers to all marketing activities directed toward establishing, developing, and maintaining successful relationships.” The core theme of all CRM and relationship marketing perspectives is its focus on cooperative and collaborative relationship between the firm and its customers, and/or other marketing actors.

Dwyer, Schurr, and Oh (1987)\footnote{F. Robert Dwyer, Paul H. Schurr and Sej Oh, “Developing Buyer Seller Relationships”, Journal of Marketing, Vol 51, (April, 1987), pp. 11-27.} have characterized such cooperative relationships as being interdependent and long-term oriented rather than being concerned with short-term discrete transactions. The long-term orientation is often emphasized because it is believed that marketing actors will not engage in opportunistic behavior if they have a long-term orientation and that such relationships will be anchored on mutual gains and cooperation (Ganesan, 1994)\footnote{Ganesan, S. (1994), “Determinants of long-term orientation in buyer-seller relationships” Journal of Marketing, Vol. 58, pp. 1-19.}. Another important facet of CRM is “Customer selectivity”. As several research studies have shown not all customers are equally profitable for an individual company (Storbacka, 2000)\footnote{Storbacka, Kaj (2000), “Customer Profitability: Analysis and Design Issues”, in Handbook of Relationship Marketing, Jagdish N. Sheth and Atul Parvatiyar, Eds., Thousand Oaks, CA: Sage Publications, pp. 565-586.}. The company therefore must be selective in tailors its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs. In some cases, it could even lead to “outsourcing of some customers” so that a company better utilize its resources on those customers it can serve better and create mutual value. However, the objective of a company is not to really prune its customer base but to identify appropriate programs and methods that would be profitable and create value for the firm and the customer.
As observed by Sheth and Parvatiyar (1995), developing customer relationships has historical antecedents going back into the pre-industrial era. Much of it was due to direct interaction between producers of agricultural products and their consumers. Similarly artisans often developed customized products for each customer. Such direct interaction led to relational bonding between the producer and the consumer. It was only after industrial era’s mass production society and the advent of middlemen that there were less frequent interactions between producers and consumers leading to transactions oriented marketing. The production and consumption functions got separated leading to marketing functions being performed by the middlemen. And middlemen are in general oriented towards economic aspects of buying since the largest cost is often the cost of goods sold.

Berry and Parsuraman (1991); Bitner (1995); Crosby and Stephens (1987); Crosby, et al. (1990); Gronroos (1995) the de-intermediation process and consequent prevalence of CRM is also due to the growth of the service economy. Since services are typically produced and delivered at the same institutions, it minimizes the role of the middlemen. A greater emotional bond between the service provider and the service users also develops the need for maintaining and enhancing the relationship. It is therefore not difficult to see that CRM is important for scholars and practitioners of services marketing.

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According to Frazier, Speakman and O’Neal (1988) another force driving the adoption of CRM has been the total quality movement. When 85 companies embraced Total Quality Management (TQM) philosophy to improve quality and reduce costs, it became necessary to involve suppliers and customers in implementing the program at all levels of the value chain. This needed close working relationships with customers, suppliers, and other members of the marketing infrastructure. Thus, several companies formed partnering relationships with suppliers and customers to practice TQM. Other programs such as Just-in-time (JIT) supply and Material Resource Planning (MRP) also made the use of interdependent relationships between suppliers and customers. According to (Shapiro and Posner, 1979) with the advent of the digital technology and complex products, systems selling approach became common. This approach emphasized the integration of parts, supplies, and the sale of services along with the individual capital equipment. Customers liked the idea of systems integration and sellers were able to sell augmented products and services to goods, as well as services. At the same time some companies started to insist upon new purchasing approaches such as national contracts and master purchasing agreements, forcing major vendors to develop key account management programs. Similarly, in the current era of hyper-competition, marketers are forced to be more concerned

with customer retention and loyalty (Dick and Basu, 1994; Reicheld, 1996)\textsuperscript{52}. As several studies have indicated, retaining customers is less expensive and perhaps a more sustainable competitive advantage than acquiring new ones. Marketers are realizing that it costs less to retain customers than to compete for new ones (Rosenberg and Czepiel, 1984)\textsuperscript{53}. On the supply side it pays more to develop closer relationships with a few suppliers than to develop more vendors (Hayes et al., 1998; Spekman, 1988)\textsuperscript{54}. In addition, several marketers are also concerned with keeping customers for life, rather than making a onetime sale (Cannie and Caplin, 1991)\textsuperscript{55}. There is greater opportunity for cross-selling and up-selling to a customer who is loyal and committed to the firm and its offerings. Also, customer expectations have rapidly changed over the last two decades. Fueled by new technology and growing availability of advanced product features and services, customer expectations are changing almost on a daily basis. Consumers are less willing to make compromises or trade-off in product and service quality. In the world of ever changing customer expectations, cooperative and collaborative relationship with customers seem to be the most prudent way to keep track of


\textsuperscript{55} Rosenberg, Larry and John Czepiel (1984), “A Marketing approach to Customer retention”, Journal of Consumer Marketing (Spring),
their changing expectations and appropriately influencing it (Sheth and Sisodia, 1995)\textsuperscript{56}.

According to Yip and Madsen (1996)\textsuperscript{57} today, many large internationally oriented companies are trying to become global by integrating their worldwide operations. To achieve this they are seeking cooperative and col abortive solutions for global operations from their vendors instead of merely engaging in transactional activities with them. Such customers need make it imperative for marketers interested in the business of companies who are global to adopt CRM programs, particularly global account management programs). Global Account Management (GAM) is conceptually similar to national account management programs except that they have to be global in scope and thus they are more complex. Managing customer relationships around the world call s for external and internal partnering activities, including partnering across a firm’s worldwide organization.

According to David L. Kurtz (2003)\textsuperscript{58} the purpose of relationship marketing is to build long-term connections between the company and its customers and to develop brand and firm loyalty. Relationship marketing works well for services where transactions tend to be continuous and switching costs for


customers are high. Firms operating in the customization and functional service quality sector do well with relationship marketing programs. The long-term goal of relationship marketing is to build brand loyalty. Personal interaction with service personnel is critical in the development of the long-term relationship, which involves marketing strategy formulation, incorporating ideas from economics, sociology, psychology, consumer behavior, organization behavior, business strategy, and information systems and decisions sciences.

Kalavani(2006)\textsuperscript{59} in her study analyzed that majority of the respondents have given favorable opinion towards the services but some problems exist that deserve the attention of the service providers. They need to bridge the gap between the services promised and services offered. The overall customers’ attitude towards cell phone services is that they are satisfied with the existing services but still they want more services to be provided. Seth et al (2008)\textsuperscript{60}, in their study titled “Managing the Customer Perceived Service Quality for Cellular Mobile Telephone: an Empirical Investigation” analyzed that there is relative importance of service quality attributes and showed that responsiveness is the most importance dimension followed by reliability, customer perceived network quality, assurance, convenience, empathy and tangibles. This would enable the service providers to focus their resources in

\textsuperscript{59} Kalavani (2006), “To study the gap between service promised and service offered by service provider”.

the areas of importance. The research resulted in the development of a reliable and valid instrument for assessing customer perceived service quality for cellular mobile services.

Kalpana and Chinnadurai (2006)\textsuperscript{61} in their study titled “Promotional Strategies of Cellular Services: A Customer Perspective” analyzed that the increasing competition and changing taste and preferences of the customer’s all over the world are forcing companies to change their targeting strategies. The study revealed the customer attitude and their satisfaction towards the cellular services in Coimbatore city.

Rick (2008)\textsuperscript{62} in his study found that companies with sound customer strategies can use that ultimate loyalty program as a differentiator in an increasingly muddled market. In an increasingly competitive market, customer loyalty efforts can play a major part in the attraction of new customers and the retention of current ones. As consumers' choices expand, the importance of a sound customer relationship strategy becomes more and more important for the success of the company.

Shikha Ojha (2009)\textsuperscript{63} conducted a study on “Consumer Awareness of VAS of Telecom Sector of India”. She analyzed the contribution of the mobile phone


services not only at the national or state level, but also its involvement in an individual's life. She found out that the less number of users are aware of all the VAS provided by the service providers and thus the companies should focus on the awareness campaign.

Shirshendu Ganguli (2008)\textsuperscript{64} conducted a study on “Drivers of Customer Satisfaction in Indian Cellular services Market” in which he discussed the impact of service quality and features on customer satisfaction from the cellular users viewpoint. J D Power(2009)\textsuperscript{65} conducted a study on “Customers increasingly want telecom services and products to be bundled” based on responses collected from 11,911 customers nationwide and examined the overall customer satisfaction on six factors – customer service, reliability, billing, image, cost of service, offers & promotions.

Girish Taneja & Neeraj Kaushik (2007)\textsuperscript{66} conducted a study on “Customers perception towards Mobile service providers: An analytical study” aims to deduce the factors that customers perceive to be the most important while utilizing the services of a mobile service provider. Anita Seth (2007)\textsuperscript{67} in his study on “Quality of service parameters in cellular mobile communication” developed a model of service quality and a set of dimensions

\textsuperscript{64} Ganguli, Shirshendu (2008),” changing face of relationship marketing; Evaluation of CRM to EMM “, Effective executive,april-pp.54.
\textsuperscript{65} J.D.Power and associate reports; Exceptional service satisfaction enhances dealer and manufacturer profitability through improved customer retention,”
for comparative evaluation which could provide useful directions to regulators and service providers.

Swadesh kumar Samanta (2007)\textsuperscript{68} did a study on the impact of price on mobile subscription and revenue access price or fixed monthly fee for mobile services. The price is the major factor that governs the percentage of people subscribing (penetration) to the services. Empirical analysis shows a strong correlation between access price and penetration for developing and developed countries. They demonstrate a tradeoff between price of access and per minute call and show how subscription and revenue to the operator can be increased.

Christopher Bull (2010)\textsuperscript{69} Customer Relationship Management systems continue to evolve, there is still much to learn. This paper offers some relatively rare insights on the use of CRM systems and the strategic impact on the processes of intermediation and disintermediation in order to improve customer service. The author conducted a case study from April 2007 to 2008 using an interpretative approach. The research highlights some design characteristics and philosophical insights regarding CRM system approaches and also offers some useful practical insights on the impact of CRM in changes to the deployment of some intermediaries. Bhisham Ramkela won (2010) expressed that one of the approaches which are creating the buzz in the

\textsuperscript{68} Swadeshkumar Samanta (2007), “Impact of price on mobile subscription and revenue”, Dept. of computing and electronic systems, University of essex, Colchester, UK.

banking sector is Customer Relationship Management. Banks are realising that the magical formulae for attaining success in such a competitive environment is to focus on maintaining relationship with customers leading to customer loyalty and retention. In fact customer relationship management involves organising activities around the sole customer which can ensure differentiation at each point of sales by creating a unique customer experience to customer. R.K.Uppal and Bishnupriya Mishra (2011) he analyzes the widening gap between desirability and availability regarding reliability, accuracy, confidentiality, flexibility, e-channels, high attention to customers, low service charges and overall satisfaction of customers in three bank groups i.e. public sector banks, Indian private sector banks and foreign banks. Also recommends some measures to bridge this gap between the D/A of service quality parameters in the banking sector in the emerging competition. Banks should reliable to win the confidence of potential customers and to retain the old ones. The various procedures of banks should be transparent and accurate e.g. working of bank employees with computers should also be displayed to customers sitting on front chair and money counting machines should be available for customers also. Phavaphan Sivarasks and Donyaprueth Kairit (2011) examines and measures the outcomes of electronic customer relationship management system implementation in the with banking industry from customers' perspectives. Though most eCRM implementations cannot be directly seen or recognised by customers, a literature review and interviews

70 Ibid.,
with experts in banking industry were used to develop a new construct called customer-based service attributes' to measure e-CRM outcomes from customers' perspectives. The e-CRM implementation has a statistically significant positive relationship with customer-based service attributes and with the quality and outcome of customer–bank relationships as well as an indirect effect on relationship quality and outcome through customer based service attributes. Deepak Salve and Anil Adsule (2011) Consumers are the focal point in the development of successful marketing strategy. Marketing strategies both influence and are influenced by consumers affect and cognition, behavior, and environment. Marketing strategy from customer point of view is a set of stimuli placed to influence them. Banking institutions today face several challenges like global competition for deposits, loans and underwriting fees, increasing customer demands, shrinking profit margins, the need to cope with new technologies. Banks need to be careful when they spend CRM budget on smart, fast and focused initiatives that will satisfy more customers, more of the time. Uma Sankar Mishra, Bibhuti B.Mishra and Swagat Praharaj (2011) Indian banking sector faces enormous challenges of attracting and retaining customers. The author revealed that the public banks are ahead of the private banks in attracting and retaining customers because of good personal relationship with the customers. Reasons for opening accounts with a bank by the customers are factors like convenient location, overall


59
reputation, etc. Babin Pokharel (2011) Many banks already practice private banking and priority banking but in order to incorporate CRM to the highest, it should be strong player in private market. One of the main aim and ultimate goal of CRM is to retain and acquire must profitable customers, which affect overall the profitability of bank. To attract more private banking customers, banks must offer more individualize and attractive products and services to these customers. And its advertisement and packing must be done well.

ORIGIN OF CRM: Relationships are the essence of life. It is difficult to think about any society or organization to survive without relationships. They are the invisible threads, which build a unique bond between individuals and organizations. On the one hand these bonds may be as strong as iron pillars lasting for lifetime, whereas on the other hand they are as delicate as feather which may be broken within no time. Managing relationships is a very difficult and complex phenomenon. Organizations are realizing the importance of the vital role played by relationships in achieving and maintaining the cutting edge at the market place. Long ago Peter F. Drucker had advocated that the purpose of any business is to create customers. It is the customer, which gives an opportunity to the organization to serve him or her. The success of any organization primarily depends upon the sustaining the customer advantage that is retaining the customers for lifetime. Growing complexities and uncertainties at the market place along with intensifying global competition are forcing the business organization to invest in building
customer relationships. New and sophisticated marketing tool kits are being
designed to attract, satisfy and retain customers for achieving sustainable
competitive advantage. CRM has recently emerged as a strategic solution to
modern business problems. It has its roots in the age old business philosophy
which recognizes that all business activities must revolve around customers.
The term CRM was first coined in the early eighties by academics at various
business schools. One of the first on the scene was Dr. Jagdish Sheth who was
at the Goizeta Business School at Emory University in Atlanta. CRM:
Customer relationship management as coined by the Gartner Group, it
compasses sales, marketing, customer service, and support applications.
While the CRM term is fairly recent, it grew from a combination of terms like
Help Desk, Customer Support, ERP, Data mining. It evolved because none of
the previous terms could cover the topic well enough and because some of the
terms (ERP) have grown to be met with a great deal of distaste in the mouths
of the business world. CRM DEFINED: Customer Relationship Management
(CRM) is the strategic application of people, processes, and technology in an
organization-wide focus on improving the profitability of customer
relationships - DM Martin and AM Peel, The Pace Setter Group, 2001 The
infrastructure that enables the delineation of and increase in customer value,
and the correct means to motivate valuable customers to remain loyal, to buy
back again. - Jill Dyche, The CRM Handbook, 2000 CRM (Customer
Relationship Management):
A strategy (technology-enabled) in response to, and in anticipation of actual customer behavior. From a technology perspective, CRM represents the systems and infrastructure required capturing, analyzing and sharing all facets of the customer’s relationship with the enterprise. From a customer care perspective, it represents a process to measure and allocate organizational resources to those activities that have the greatest return and impact on profitable customer relationships.

THE BENEFITS OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM):

A recent article by the Harvard Business Review\textsuperscript{72} reported that increasing customer retention rates by 5% increased profits by 25% to 95%! In fact, it determined that customer retention is the key to increasing profits. The article continued by stating that quality customer support is one of five primary determinants of loyalty. The number one reason why customers defect is the perception of poor service. Customer Relationship Management is, however, even broader in scope than improving customer service: CRM is also about increasing revenue. In years past, businesses were scrambling to implement costly Enterprise Resource Planning solutions (ERP), which were mainly about the bottom line, cutting costs by improving the flow of data and interaction between business and customer. But understanding how

\textsuperscript{72} International Journal of Business and Management Invention ISSN (Online): 2319 – 8028, ISSN (Print): 2319 – 801X www.ijbmi.org Volume 2 Issue 11 November. 20131 PP.52-58
technology can increase revenues through better customer interaction is far more difficult. The right CRM solution enables data to flow easily and quickly within an organization, and in most cases includes the entire organization. The net result is higher sales, happier customers and a much-improved bottom line. The reduction in costs due to improved personnel productivity, better sales follow up, improved marketing and service, and an overall impressive growth in general organizational efficiency sometimes produces almost immediate economic benefits. The figures that corporations report of increased profits due to successful CRM implementations range from 25% to 95%, attributable in many cases to less wasted time and double work, and better organized schedules and data flows from staff in every division of the company. CRM, Sales and Marketing, the phrase, "know your customer, help your business," certainly applies to marketing and CRM. Without a doubt, a key component of CRM database analysis and implementation is marketing. To be effective, one would hope to have marketing that reaches the right customer with the right message at the right time using the right medium. But, without having the data available regarding one's public and buying patterns, marketing often becomes a black hole for wasted money. So, an effective CRM application, one that enables an organization to easily gather critical sales and marketing information, not only pays for itself very quickly, it becomes a valuable resource for improving both the top (revenue) and the bottom (profit) lines. The top line is improved by increasing sales through better data management, and improving marketing
effectiveness by collecting, analyzing, and using valuable customer information. The bottom line is improved by reducing service times and costs, and by improving the general productivity of the staff as a direct result of the CRM solutions of task management and contact management and, in some cases, the interface to other software programs, such as accounting applications. Today's economy is demanding: as margins get squeezed, quality can deteriorate. Customers don't want to spend hours on hold. Prospects often want a quote or invoice on the spot. Without accurate record storage and quick access to information, sales reps get far behind on their call lists and once "hot prospects" turn ice cold. Speed of particle flow and speed of delivery is vital factors for survival, so access to data -- the same data, from a variety of positions -- is a must. Sales, shipping, service, accounting and even the executive branch must all have the same data, and often at the same time. CRM dictates that anyone who touches a customer shares the same information and that information should be easy to access by others. CRM and Service regarding service in general, the size of the organization has nothing to do with the need to give its customers improved service. Although larger corporations do seem to "get away" with poor service more easily than small to medium-sized businesses, most of whom are battling stiff competition as the world becomes more automated and the choices more plentiful, even some of the near monopolies will get the wake-up call from smaller, more aggressive, more service-oriented companies who may wind up taking away significant shares of their business. People love friendly, prompt,
and courteous service. It's what keeps customers coming back year after year. And CRM\textsuperscript{73} software does play a significant role in not only providing timely and effective service, but in doing so at a price that most organizations can easily afford. When a service call is handled the specific problem and its solution can be added to the database. Next time when the same incident occurs, the service rep can locate the item and quickly provide the solution.

To conclude, in this chapter, an attempt has been made by the research to examine the benefits of CRM to consumers. The profile of the Cell phones service providers has been discussed in the next chapter.

\textsuperscript{73} International Journal of Business and Management Invention ISSN (Online): 2319 – 8028, ISSN (Print): 2319 – 801X www.ijbmi.org Volume 2 Issue 11 November. 2013| PP.52-58