Scope for Further Study
IX. SCOPE FOR FURTHER STUDY

All the parameters in the study are related to Customer Relationship Management, the results are indicating that, there is tremendous scope of study in the petroleum sector in the Customer Relationship Management.

9.1 INTRODUCTION TO CUSTOMER RELATIONSHIP MANAGEMENT

The term "Customer Relationship Management (CRM)" is applied to processes implemented by a company to handle their contact with their customers.

There are many aspects of CRM which were mistakenly thought to be capable of being implemented in isolation from each other. From the outside of the organization, a customer experiences the business as one entity operating over extended periods of time. Thus piecemeal CRM implementation can come across to the customer as unsynchronized where employees and web sites and services are acting independently of one another, yet together represent a common entity.

Further, CRM is a combination of philosophies, polices and strategies connecting different players within an organization so as to coordinate their efforts in creating an overall valuable series of experiences, products and services for the customer.

There are different players within the organization, which are in identifiable groups:

a) Customer Facing Operations: The people and the technology support of processes that affect a customer's experience at the frontline interface between the customer and the organization. This can include face to face, phone, IM, chat, email, web and combinations of all media. Self-service kiosk and web self-service are doing the job of vocals and they belong here.

b) Internal Collaborative Functional Operations: The people and technology support of processes at the policy and back office which ultimately affect the activities of the Customer Facing Operations concerning the building and maintaining of customer relationships. This can include IT, billing, invoicing, maintenance, planning, marketing, advertising, finance, services planning and manufacturing.
c) **External Collaboration functions:** The people and technology support of processes supporting an organization and its cultivation of customer relationships that are affected by the organization's own relationship with suppliers/vendors and retail outlets/distributors. Some would also include industry cooperative networks, e.g. lobbying groups, trade associations. This is the external network foundation which supports the internal Operations and Customer facing Operations.

d) **Customer Advocates and Experience Designers:** Creative designers of customer experience that meet customer relationship goals of delivering value to the customer and profit to the organization (or desired outcomes and achievement of goals for non-profit and government organizations)

e) **Performance Managers and Marketing Analysts:** Designers of Key Performance Indicators and collectors of metrics and data so as to execute/implement marketing campaigns, call campaigns, Web strategy and keep the customer relationship activities on track. This would be the milestones and data that allow activities to be coordinated, that determine if the CRM strategy is working in delivering ultimate outcomes of CRM activities: market share, numbers and types of customers, revenue, profitability, intellectual property concerning customers’ preferences.

f) **Customer and Employee Surveyors and Analysts:** Customer Relationships are both fact driven and impression driven - the quality of an interaction is as important as the information and outcome achieved, in determining whether the relationship is growing or shrinking in value to the participants.

8.1 **Basic technology considerations under CRM**

(i) **The basic building blocks:** A database for customer life cycle (time series) information about each customer and prospect and their interactions with the organization, including order information, support information, requests, complaints, interviews and survey responses.

(ii) **Customer Intelligence:** Translating customer needs and profitability projection into game plans for different segments or groups of customers, captured by customer interactions (Human, automated or combinations of both) into software that tracks whether that game plan is followed or not, and whether the desired outcomes are obtained.
(iii) Business Modeling Customer Relationship Strategy, Goals and outcomes: Numbers and description of whether goals were met and models of customer segments and game plans worked as hypothesized.

(iv) Learning and Competency Management Systems: Customer Capacity and Competency Development: Training and improving processes and technology that enable the organization to get closer to achieving the desired results. Complex systems require practice in order to achieve desired outcomes, especially when humans and technology are interacting. Iteration is the key to refining, improving and innovating to stay ahead of the competition in Customer Relationship Management. (Successful tools, technology and practices will be copied by the competition as soon as they are proven successful.)

The building blocks can be implemented over time separately, but eventually need to be dynamically coordinated. The ongoing alignment of the basic building blocks distinguishes an elegant seamless CRM implementation which successfully builds mutually valuable relationships.

9.2 DIFFERENT TYPES OR VARIATIONS OF CRM

There are several different approaches to CRM, and at present there is no one software package that allows all of these approaches to be applied. When companies consider implementing a CRM strategy, they usually talk about either Campaign Management or Sales Force Automation. Although CRM is much more than either of those parts, software packages are usually based around one or the other idea (with SFA being the most popular).

A. Operational CRM

Operational CRM provides support to "front office" business processes, including sales, marketing and service. Each interaction with a customer is generally added to a customer's contact history, and staff can retrieve information on customers from the database when necessary.

One of the main benefits of this contact history is that customers can interact with different people or different contact channels in a company over time without having to describe the history of their interaction each time. Consequently, many call centers use some kind of CRM software to support their call center agents.
B. Analytical CRM

Analytical CRM analyzes customer data for a variety of purposes. Some of them are listed below:

1. Design and execution of targeted marketing campaigns to optimize marketing effectiveness

2. Design and execution of specific customer campaigns, including customer acquisition, cross-selling, up-selling, retention

3. Analysis of customer behavior to aid product and service decision making (e.g. pricing, new product development etc.)

4. Management decisions, e.g. financial forecasting and customer profitability analysis

5. Prediction of the probability of customer defection (churn analysis)

C. Sales Intelligence CRM

Sales Intelligence CRM is very similar to Analytical CRM, but it is intended as a more direct sales tool. Features include the delivery of "alerts" to sales people based on analysis of such factors as:

- Cross-sell/Up-sell/Switch-sell opportunities
- Customer Drift
- Sales performance
- Customer trends
- Customer margins

D. Collaborative CRM

The function of the Customer Interaction System or Collaborative Customer Relationship Management is to coordinate the multi-channel service and support given to the customer by providing the infrastructure for responsive and effective support to customer issues, questions, complaints, etc.
Collaborative CRM aims to get various departments within a business, such as sales, technical support and marketing, to share the useful information that they collect from interactions with customers. Feedback from a technical support center, for example, could be used to inform marketing staffers about specific services and features requested by customers. Collaborative CRM's ultimate goal is to use information collected from all departments to improve the quality of customer service.

Inspired by the CRM relational process which places customer in the center of company, the XRM (extended Relationship Management) considers actors around the company (partners, co-workers, suppliers...) and deals with all types of relations with the same stakes and similar means.

E. Geographic CRM

Geographic CRM (gCRM) is a customer relation management information system which collaborates geographic information system and traditional CRM. “gCRM” combines data collected from route of movement, types of residence, ambient trading areas and other customer and marketing information which are matched with relevant road conditions, building formations, and a floating population. Such data are conformed to a map and is regionally analyzed with On-Line Analytical Processing (OLAP) for visualization. This enables a company to examine potential customers and manage existing customers in the region.

9.3 CRM Strategy

Several commercial CRM analytical tools are available which vary in their approach to CRM. However, as mentioned above, CRM is not just a technology but rather a comprehensive customer-centric approach to an organization's philosophy in dealing with its customers. This includes policies and processes, front-of-house customer service, employee training, marketing, systems and information management. Hence, it is important that any CRM implementation considerations stretch beyond technology, towards the broader organizational requirements.

The objectives of a CRM strategy must consider a company's specific situation and its customers' needs and expectations. Information gained through CRM initiatives can support the development of marketing strategy by developing the organization's knowledge in areas such as identifying customer segments, improving
customer retention, improving product offerings (by better understanding customer needs), and by identifying the organization's most profitable customers.

CRM strategies can vary in size, complexity and scope. Some companies consider a CRM strategy to only focus on the management of a team of salespeople. However, other CRM strategies can cover customer interaction across the entire organization. Many commercial CRM software packages that are available provide features that serve sales, marketing, event management, project management and finance.

9.4 THE SALES AND MARKETING RELATIONSHIP

Marketing plays a very important part in sales. If the marketing department generates a potential customers list, it can be beneficial for sales. The marketing department's goal is to bring people to the sales team using promotional techniques such as advertising, sales promotion, publicity, and public relations. In most large corporations, the marketing department is structured in a similar fashion to the sales department and the managers of these teams must coordinate efforts in order to drive profits and business success. Driving more customers "through the door" gives the sales department a better chance by ratio of selling their product to the consumer. There may also be a downside to this phenomenon: Very often (for legal reasons, e.g. in non-store retailing) companies have to provide credit to customers. This may cause a conflict between the sales department on the one hand and the credit department on the other hand. See Burez & Van den Poel (2007) for potential solutions to this problem.

9.5 CUSTOMER SERVICE

Customer service (also known as Client Service) is the provision of service to customers before, during and after a purchase. According to Turban et al,(2002), "Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation."

Its importance varies by product, industry and customer. As an example, an expert customer might require less pre-purchase service (i.e., advice) than a novice. In many cases, customer service is more important if the purchase relates to a "service" as opposed to a "product".
Customer service may be provided by a person (e.g., sales and service representative), or by automated means called self-service. Examples of self service are Internet sites. Customer service is normally an integral part of a company's customer value proposition.

Some argue that the quality and level of customer service has decreased in recent years, which can be attributed to a lack of support or understanding at the executive and middle management levels of a corporation.

Recently, many organizations have implemented feedback loops that allow them to capture feedback at the point of experience. For example, National Express, one of the UK's leading coach companies invites passengers to send text messages whilst riding the bus. This has been shown to be useful as it allows companies to improve their customer service before the customer defects, thus making it far more likely that the customer will return next time.

9.6 CUSTOMER SATISFACTION DATA AND CRM

The relationship between customer satisfaction surveys and CRM is complex. Increased customer satisfaction is one of CRM's promises. Thus measuring customer satisfaction serves to measure CRM Return On Investment (ROI). It also provides service and product quality feedback to other functions, of course. Customer satisfaction results may also drive compensation systems, provide competitive intelligence, and serve as a leadership tool tied explicitly to a company mission statement.

A symbiotic relationship exists between CRM and Customer Satisfaction Measurement (CSM) programmes. The CRM programme generates samples for the customer satisfaction programme. Customer feedback data are then recorded in the CRM system, assuming, that respondent permission has been procured. A longitudinal analysis of the CSM data can serve as a performance evaluation of the CRM programme. After all, the organization that fully embraces CRM at both strategic and operational levels should experience increasing levels of customer satisfaction.

As James (2002) noted, the integration of customer satisfaction data with CRM is becoming increasingly salient. Many companies are discovering the whole is greater than the sum of the parts. An interaction effect occurs when these two types of data are combined, and it yields a much more valuable platform. The extent of this
interaction depends greatly on the depth and breadth of the CRM data; however, organizations in industries characterized by infrequent customer interactions (e.g., insurance companies) may not experience the rewards yielded by companies with more recurrent, direct customer contact like those in financial services. In the former case, significant customer profile data may be recorded initially, but subsequent interactions usually entail limited communications involving policy status. The exception occurs when the policy owners files a claim, which by definition is not a profitable interaction for the insurance company. Financial services companies, especially retail banking, enjoy frequent customer interactions. These may include high involvement experiences for the customer such as home equity loans, mortgages, or the acquisition of various deposit products such as CDs, money market funds, or savings instruments.

One of the key historical differences between customer satisfaction programmes and CRM, according to Gupta (2002), is that the former has focused on aggregate data, whereas CRM programmes are geared toward individual customer-level data. Certainly, customer satisfaction data have been disaggregated based on meaningful business variables such as product ownership, demographics, geography and especially organizational structure in the form of branch or store level performance scores. Nonetheless, a major difference between CRM and customer satisfaction data involves the level of aggregation used. When CRM systems subsume customer satisfaction programmes, however, the latter data are more likely to be considered at the individual respondent level in addition to various aggregated levels. The treatment of customer satisfaction data at the individual level has tremendous utility but also may lead to problems.

CRM and psychometric data are typically associated with model development that employs customer satisfaction data on the predictor side of the equation with a substantive outcome variable from the CRM data such as a retention or profitability. A lag must be accommodated in this framework because a casual relationship is posited and temporal sequencing is presumed. Experimenting with different lags and noting the effect on summary measures is advisable.

Companies with extremely large customer databases may never fully populate every customer's CSM data fields because sampling approaches are used to reduce costs and fielding times. If a subset of the overall database has recent customer satisfaction or attitudinal loyalty measures that can be linked to behavioral variables.
This involves the development of regression-based models that predict overall satisfaction (or other important attitudinal variables such as loyalty) based on behavioural variables in the CRM database. Assuming reasonable model efficacy, one may forecast satisfaction or loyalty levels based on, for example, problem incidence, technical support calls, or other transaction data captured on a continuous basis at the customer level.

This task involves forecasting based on models that link CRM predictor variables to psychometric outcomes like satisfaction and loyalty. Once a strong model is established based on a sample of customers' psychometric and behavioural CRM data, every customer in the database can be classified into, for example, one of several attitudinal loyalty segments. This approach initially seems somewhat counterintuitive. However, to the extent that loyalty segment affiliation is highly predictive of customer CRM variables, it could afford a very useful way to relate predictor and outcome CRM data through an intermediate psychometric data link. The importance of psychometric data in explaining relationships between predictor and outcome CRM variables is considerable. In the absence of psychometric data, CRM systems can only record and describe behaviours. The addition of customer satisfaction data to the CRM system, therefore, is important if a complete picture of customer behaviour is desired.

When behaviour CRM data are highly predictive of customer satisfaction as might be the case with variables involving problem resolution, disputed bills, and various in-person interactions, a continuous cycle of model development, implementation and customers' feedback can be implemented. The duration of each cycle is limited by three activities, viz., model development, programme implementation, and customer feedback data acquisition. This system assumes a continuous effort to improve customer satisfaction by manipulating variables that will affect the service or product quality perceived by customers and will be recorded in the CRM database. These represent customer interactions that are linked to customer satisfaction in the model development phase. Programme implementation is based on the behavioural drivers of customer satisfaction and should be aimed at improving the customers' experience with the transaction. Subsequent steps capture customer satisfaction data and develop new models to predict satisfaction based on the most recent behavioural data. Each iteration in this process may take weeks in the case of companies with internet-based services and customer feedback processes to several
months or longer for companies using traditional telephone data collection or personal interview methodologies and model development strategies.

The continuous process parallels the organization of a typical customer satisfaction tracking programme, except that behavioural data are used to model customer satisfaction and these same areas are implemented in the programme modification step. In the traditional customer satisfaction programme, self-reported data are used as surrogates for the behavioural data. In either case, psychometric data represent the dependent measures we are trying to optimize because they are, ostensibly, good predictors of customer behaviour, which equates to market share, revenue, profitability, and other critical business outcomes.

As noted earlier, CRM data can be considered in either a predictor or outcome variable context. Indeed, linking transaction-based predictor variables like technical support calls, invoicing problems and channel activity to dependent CRM data like product purchase, account growth or relationship termination is possible in the absence of psychometric data. But, as critics have pointed out, this relationship exists, remains a black box. Psychometric data can reveal why the CRM predictor variables affect CRM outcome variables.

One criticism of CRM programme involves the nature of “R” in “CRM”. The lack of equity in the relationship is cause for concern; it is decidedly unidirectional, favoring the company. Ostensibly, the customer’s main benefit is individualized, seamless interaction with an integrated company. Some feel this represents the basic standards of service: customers, they would argue, deserve this basic level of service. Although they are collecting vast amounts of customer-based transactions and profile data that can be used to the company’s advantage, only a modicum of real benefit is apparent to the customer.

Increasingly, companies appear to recognize the inequity in this situation. Certain luxury hotels, for example, track guest’s preferences and tailor services accordingly. Their CRM programmes include tangible customer benefits like upgraded rooms, complimentary wines (based on known preferences), seamless registration and a team of employees whose goal is to anticipate every guest’s needs. This type of programme, however, appears to be limited to niche players specializing in very upscale clientele or business-to-business environments, in which the value of a customer is substantial. Unfortunately, this may remain the case in the future;
companies are unlikely to make the CRM relationship more equitable without direct, immediate benefits, despite the potential increases in customer satisfaction. CRM ROI can be measured in terms of customer satisfaction and one key approach to increasing the latter involves focusing on the foundation of CRM: the relationship.

Clearly, linking customer satisfaction data to CRM systems has certain pitfalls. The data security and privacy issues described earlier must be made very clear throughout the organization. This is compounded in the case of global CRM/CSM systems. If customer satisfaction data are shared within the organization there may be abuses. Despite having waived confidentiality, respondents may not be particularly happy when a sales associate contacts them to follow up on their feedback. The bottom line is that despite confidentiality waivers, uniquely identifying customers based on their feedback can yield undesirable consequences. These proscriptions are especially important in the business-to-business environment, but they are also applicable to those working in business-to-business situations.

9.7 CRM AND PETRO-RETAILING: AN EMPIRICAL ANALYSIS

CRM proposed a fundamental change in how business should interact with customers. This paradigm shift occurred gradually but was most distinct during the late 1990s. From a historical perspective, the development of CRM clearly reflects an orientation that moved from products to customers. Business in the 1960s tended to focus on product oriented mass mailings. As information technologies matured in the 1980s and 1990s, database marketing emerged. An increasing emphasis on the customer and concomitant information technology advances led to CRM programming. The CRM emerged as a result of both strategic and technological innovations. Arguably, until the mid 1980s, disk based computer storage space was quite expensive and development of applications was restricted to second and third generation languages like FORTRAN, RPG and COBOL accessing data in complex, hierarchical databases. The emergence of relational database technology, fourth generation programming languages, cheaper data storage and retrieval options, and increasingly powerful computing power made possible the data-intense CRM applications available today.

When it comes to petro-retailing and CRM programmes, it was found that, huge database has to be created with respect to gasoline users in the western world. It was possible to build the database since most of the customers used their credit/debit
cards for filling gasoline. In Indian context, it would be very difficult to apply the CRM programming in petro-retailing sector. In other words, application of CRM programmes in petro-retailing in India finds very little scope. On the other hand, it would be advisable to conduct “Customer Campaigns” and “Customer Feedback Studies” on a periodical basis to collect what the customer really expect from the petro-retail shops. Based on the findings of such studies, customer relationships could be improved for improving the customer loyalty, satisfaction and retention. This is also because, in petrol, there is very less product differentiation and individual petrol bunk can not have its own pricing.