CHAPTER III

CR\M in India
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CRM IN INDIA

Relationship Management is emerging as the core marketing activity for business operating in fiercely competitive environments. On an average, business spend six times more to acquire customers than they do to keep them. Therefore many firms are now paying more attention to their relationship with existing customers to retain them and increase their share of customers purchase. Banks have relationship managers for selective 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.

Till recently, most marketers focused on attracting customers from its target segments using the tools and techniques developed for mass marketing in the industrial era. In the information era, this is proving to be highly ineffective in most competitive markets.

Relationship marketing appears to be an expensive alternative to firms practicing mass marketing due to the relationship high initial investments. Firms would adopt relationship marketing, only if it has the potential to benefit them. The benefits come through lower costs of retention and increased profits due to lower defection rates. When customers enter into relationship with a firm, they are willingly foregoing other options and
limiting their choice. Some of the personal motivation does result from greater efficiency in decision making.

CRM is to India what oil is to Gulf. It is therefore no surprise that the Indian Companies are jumping into the CRM to seize a chunk of the global market, both products and services. With its vast talent pool; India is fast becoming an important development base of major CRM companies. This trend is likely to be increased in future. Call centers are catering primarily to the American and European markets that are coming up in and around the country. With the easing of infrastructure constraints, India is likely to emerge as a significant player in this segment. Adoption of CRM by Indian Companies is at infancy stage. The CRM enabled companies include Modi Xerox, Tata Telecom, TVS Electronics, HP India, Tata Infotech, Carrier Refrigerators, Tata Teleservices, Satyam Infoway, Motorola India etc.

CRM should be treated more as a strategy than a tool if businesses are to reap its considerable advantages, organizations need to understand and predict the needs of current and future customers and CRM helps them do just that. There could be various ways of getting such information but the consolidation and use of that information is crucial to CRM strategy. “CRM is all about keeping Customers”. Indeed the current state of our technology is largely responsible for all the talk of CRM. Were it not for the Internet and the tremendous power it confers, or can confer, on the customer, there would be not talk of CRM as we think of it today.
ORIGIN OF CRM

CRM, a concept that has been around since the mid 1990s, has its roots in the technology of sales automation and call center operations. At that time, it was thought that merging the customer data from the field (sales) with the call center interactions would result in more informed interactions with the customer. The concept resonated with user organizations and soon mergers and acquisitions created a host of software vendors all claiming to have an integrated set of capabilities that became to be known as CRM.

On a parallel track, internet-based tools such as e-commerce, Internet banking, personalization and self-help were evolving. These products compared outside of the CRM sphere due to the newness of the technology, and they were referred to as e-business. CRM is building of customer strategy and process, supported by relevant software, for purpose of improving customer loyalty and finally corporate profitability.

CRM is very much essential in the competitive world, especially for those in service sector. Mere business transactions with customers were not enough for an organization's development; a good relationship with customers will only boost its growth. Customer satisfaction plays important role in the success of a service industry and a dissatisfied customer could affect the prospects of the service. Therefore right attitudes are important in service industry. It has every thing to do with customer satisfaction and nothing to do with technology except in so far as technology further that
FOCUS ON CUSTOMER RELATIONSHIP

The approaches in marketing functions are constantly changing in tune with the changing challenges that are faced at the market fronts. Today, marketers consider retaining of customers as a much more challenging job than acquiring customers in the context of growing competitive forces. Thus, the traditional transactional approach of marketing became insufficient to achieve the marketing goals. This scenario necessitated the emergence of a new approach namely Relationship Marketing.

The relationship marketing approach has gradually taken the shape of Customer Relationship Management. Relationship marketing has a narrow focus on the customers and only on the marketing functions of the organization concerned. On the other hand, Customer Relationship Management focuses more widely on customers and on the entire functions connected with value creation and delivery chain of the organization concerned.

Organizations have preferred the usage of the term Customer Relationship Management rather then relationship marketing. Authors in general operationally define the Customer Relationship Management as “a management process of acquiring customers by understanding their requirements, retain customers by fulfilling their requirement more than their expectations and attracting marketing approaches.
ends. The management has to start with the promise of giving customers what they expect and then has to figure out how technology helps to do that. Technology is a means not an end. CRM is a big picture approach that integrates the sales, order fulfillment and customer service and co-ordinates and unifies all points of interaction with the customer, through customer lifecycle.

It is a management approach or model that puts the customer at the core of a company's processes and technology practices. The common function of CRM is to stratify customers by current or potential profitability. Using that information, companies treat the more profitable customers better. CRM in its most straightforward definition mandates that a company harmonize between a product or brand view of its business and the all important customers view. Therefore, the company's should have a clear idea about who are its potential customers.

**INDIAN SCENARIO**

When a customer relation mechanism is inadequate and unresponsive, something is profoundly wrong. The success in the e-era can safely be described as the ability of the corporate to understand its customers and build the organizations around them. The Indian industry must look at their past experience and bring in the technology for better serving their customers. After a half century, after independence there is a perceptible shift in the perception of the customers. For a better part of this period goods were in short supply and it was a sellers market. With the recent advent of
the era of globalization there has been total transformation in the way the
customer is being perceived. In the past there were not many players in the
field and the customer was taken for a ride.

However, the Indian industry has been undergoing a rapid change in
the present times. Thanks to the Government policy of liberalization,
privatization and globalization. Of late, the industry is concentrating on
intangible asset namely the service factor. e-CRM is very relevant today in
this dynamic and ever changing business world. Today there is a need for
effective spare parts management for service industry. Most of the industries
use IT to best serve their customers. It is found the most important in CRM
is the effective and timely communication with the customers. The
organization should anticipate the ever changing needs and wants of the
customer. The industry must design the product and the services in order to
satisfy their customers.

CUSTOMER CENTRICITY

Today the customer is looking for service and support to be made
available any time and any where. The industry must create a single
customer view by correlating data from each access channel for continuous
access and up gradation. We need to analyse the existing data for customer’s
future behavior. The organizations need to be flat, dynamic and very
flexible. The business processes need to be interrelated with a process leader
in place. There is a need to establish continuous cross functional flow to
enable smooth operation between each process. There is a need to look at
some flaws in e-CRM and tightened these loose ends. Four out of five online purchasers experienced one failed purchase. 28% of all online purchases have failed. 25% of those frustrated in an online purchase, say they won't shop online again. 23% won't buy from that particular site any more. Federal express a courier company has created a website which would help its customers to track the movements of their courier any time anywhere without calling the Customer Relationship Management.

Industry has been going through rapid changes in providing better customer care. In order to provide efficient and timely service, one has to look for a techno based solution in the present e-Era. In this paper a brief review has been made of the present scenario both in the global context and also in Indian context. In this article an integrated e-CRM approach has been proposed to face the challenges posed by the end customer and also a few pre-requisites has been highlighted in implementing e-CRM solutions.

**KEY REQUIREMENTS OF CRM**

There are several key functional and technical requirements for CRM solutions. These are discussed below.

**Business Intelligence and Analytical Capabilities**

Although automating and improving customer-facing business processes is a major goal of CRM, it is also important that CRM solutions have robust business intelligence and analytical capabilities. CRM applications contain vast amounts of information that pertain to an organization's customers and prospects.
Support for Web-Based Functionality

The increasing use of the Web to support interactions and transactions inside and outside the organization makes it critical that Web functionality be a key element of a CRM solution. Web-based functionality is essential for applications such as Web self-service and unassisted sales. Although the Web is critical as a channel for e-Business, the Web is also important from an infrastructure perspective. Users of CRM applications, including customers and employees, require ubiquitous access to their applications. This access should be provided via standard Web browsers, which typically require very little training and effort to use. In addition, business logic and data are maintained centrally, thus facilitating the deployment, maintenance, and upgrading of applications. The cost savings associated with deploying Web or Internet-based applications can also be significant.

Centralized Repository for Customer Information

CRM solutions should work from a centralized repository so that current customer information is available in real-time to all customer-facing employees. A centralized repository of customer information also provides data consistency across business functions and functional applications.

Integrated Workflow

Workflow refers to the automatic routing (i.e., not requiring human intervention) of documents and work items to the users responsible for executing specific steps in a discrete business process. CRM solution should
have a strong workflow engine to ensure that cross-functional tasks can be accomplished as dynamically and seamlessly as possible.

**Integration with ERP Applications**

CRM applications cannot live in a vacuum. They need to integrate seamlessly with ERP applications such as finance, manufacturing, inventory, distribution, logistics, and human resources to be truly effective (i.e., provide a closed-loop customer-interaction cycle). Integration must include low-level data synchronization as well as business process integration so that the integrity of business rules can be maintained across systems and workflow tasks can pass between the systems.

**IMPLEMENTING CRM**

It is seen that customer relationship management is doable. It is not even a question of not knowing where to start. Organizations are getting bogged down in other initiatives both in marketing and technology. Financial consideration is an inhibitor and perhaps coming off the back of expenditure on Y2K, the cost of implementing customer relationship management, if not fully understood, is currently a bridge too far for the finance department. Technology is seen as an enabler for customer relationship management but currently acts as a barrier. Integration and speed of adoption are major inhibition of progress.

Whilst the value of customer relationship management has been identified by organizations, the full implications and benefits have yet to be.
Those responsible for delivery are perhaps the most aware of these strategic benefits and it cannot happen quickly enough for them.

The Key Success Factor – A Business-driven Project

- **Key Success Factors:** Intelligent analysis of the business opportunities
- **Business:** Focused cross functional teams clear vision and strong leadership
- **Key Success Factors:** Phased implementation of database and functions
- **Technical:** Flexible functionality and database acceptable performance.