## CHAPTER NUMBER TWO

### CUSTOMER RELATIONSHIP MANAGEMENT [CRM]: A CONCEPTUAL FRAMEWORK

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EXECUTIVE CHAPTER SUMMARY:
The chapter number two of the Thesis has been drafted keeping in mind that developing close and mutual relationship with customers is very crucial in the prevalent scenario of intense competition as customers have become increasingly demanding than they have been ever before. Success of any service firm rests upon businesses’ ability to attract and retain its target prospects. It has been found that retaining customer is a formidable challenge being faced by businesses, and especially very challenging task for marketers, and therefore they need to take utmost care in sensing, serving and satisfying customers’ which is a primary determinant for customer loyalty and maintaining relationships with them. This chapter has attempted to offer a brief outline on relationship marketing with an emphasis on building relationships which is a new marketing paradigm. An attempt was also made in this chapter to provide an overview of Customer Relationship Management [CRM] by outlining meaning, different names, components of CRM, the difference between relationship marketing and CRM, and search of value drivers & components of CRM as well as customer life cycle management and customer migration, customer care programmes for building everlasting relationship, managing complaints, and adjusting profits through CRM.
It has also covered conceptual aspects such as viz., the dimensions of successful continuous relationship, role of satisfaction in continuous relationship with customers, continuous relationship through customer loyalty, CRM through service quality, CRM in hotel sector, and reviewing of emerging and current trends, developments and future of CRM respectively.
CHAPTER-TWO

CUSTOMER RELATIONSHIP MANAGEMENT [CRM]:

ACONCEPTUAL FRAMEWORK

2.0: AN INTRODUCTION:

This chapter is prepared keeping in mind that developing close and mutual relationship with customers is very crucial in the prevalent scenario of intense competition as customers have become increasingly demanding than they have been ever before. Success of any service firm rest upon their ability to attract and retain their customers. It has been found that retaining customer is a very challenging task for marketers, and they need to take utmost care in satisfying customers which is a primary determinant for customer loyalty and maintaining relationship (www.pioneerjournal.in)

This chapter too offers brief outline of relationship marketing with an emphasis on building relationship which is a new marketing paradigm. An attempt has been made in chapter two to provide an overview of Customer Relationship Management [CRM] by outlining meaning, different names, components of CRM, the difference between relationship marketing and CRM, and search of value drivers & components of CRM as well as customer life cycle management and customer migration, customer care programmes for building everlasting relationship, managing complaints and adjusting profits through CRM. It has also covered conceptual aspects such as viz., the dimensions of successful continuous relationship, role of satisfaction in continuous relationship with customers, continuous relationship through customer loyalty, CRM through service quality, CRM in hotel sector, and reviewing of emerging and current trends, developments and future of CRM respectively.

Marketing is an important function of any organization as it contributes in attracting, retaining and increasing profitability of organization. Traditionally, marketers have been trained to acquire customers once, either new ones who have not bought the product before or those who were competitors’ customers. In current scenario managing demand implies managing customers, and therefore marketers have begun to focus on customers and their activities concerning marketing of services. They provide training to motivate their employees, so as to create better or true moments of interaction between employees and target customers which helps them in building long term customer relationships through creating, communicating & delivering superior customer value and satisfaction (Philip Kotler et al, 2007)

The twofold goal of marketing is to attract new customers by promising superior customer value, and expect to keep and grow current customers by delivering desired satisfaction effectively & efficiently than competitors (Ibid).
In today’s scenario, CRM has taken a lead role in an organization. It is a need of an hour. Its main focus worldwide is on customers. It identifies how to profitably act within organization at all times across all channels and functions. It aims to provide optimal value to customers through the way they are communicated, marketed goods and services by the way of traditional means of product, price, promotion and place of distribution. But, now customers have become increasingly demanding and their buying decisions go beyond price and product. Their buying decisions are guarded by the overall experience in buying of goods and or services which includes process, physical evidence and interactions with people in an organization. If an organization consistently delivers marketing, sales, service and support interaction to the customers, they may be rewarded with more opportunities to sell and increases quality of customer service, improved customer behaviour patterns, dealing with a unique opportunity to interact, and gain customer loyalty and value. In fact, CRM is one of the main competitive advantages that companies can implement in order to prevent transferring customer to other companies, and thus retain customers (Melinda Nykamp 2012). The CRM is also said to be one of the most efficient and strongest way in maintaining and creating relationships with target customers. It helps business to develop strong personal bonding with customers. The stage of strong personal bonding drives business to new levels of success. It has been observed that if business is successful in building strong personal and emotional linkage with their customers it becomes easy for business to understand their need and serve them in a better way. It is believed that more the sophisticated strategies involved in implementing the CRM, the more strong and fruitful is the business (www.managementstudyguide.com).

It has different meaning for different people it also depends on the environment of working in which it is used; there can be different ways in which it can be defined. And this has been used in (Baran et al., 2008; Dimitriadis and Steven, 2008; Piskar and Faganel, 2009). Therefore, CRM don’t have one definition which is incorrect (Abdullatif et al., 2010; Hamid, 2009; Nagi, 2005). CRM has been described by various researchers and academia using various related terms such as Customer Relationship Marketing; Continuous Relationship Marketing; Collaborative Customer Relationship Marketing; Supplier Relationship Marketing; Mobile Customer Relationship Marketing; Partner Relationship Marketing; Enterprise Customer Relationship Marketing, and Electronic Customer Relationship Management respectively (K. Ram Mohan Rao, 2005). CRM has been also defined as software package, system or technology as a data storage analysis as a cultural change within the organization itself, as a management practice that focuses on relationships as opposed to transaction as a practice that manages demand as a strategy that focuses on current customers (Baran et al., 2008). CRM is about managing customer knowledge to better understand and serve them. It is an umbrella concept that places the customer at the center of an organization.
Customer service is an important component of CRM however, it is also concerned with coordinating customer relations across all business functions points of interaction, and audiences (Bose and Sugamaran, 2003)\textsuperscript{10}.

Badu (2010)\textsuperscript{11} had unequivocally stated that CRM is a technique for those companies and sectors which believe in innovation for addressing business challenges and especially in improving their interaction with customers. The researcher had also offered an example that the Ghanaian hotel industry benefits from the implementation of CRM, as it contributes to meeting customer expectations. The researcher had also claimed that the hotel industry in Ghana showed a substantial increase in competition necessitating companies to maintain their relevance and attracting customers to consider models such as CRM to ensure service quality and customer satisfaction.

Customers today are not interested in the amount of profit they are generating for the company but interested in the quality of relation with the company (businesscasestudies.co.uk)\textsuperscript{3}. Yastrow (2007)\textsuperscript{12} had revealed that relationships have become powerful differentiators and also argued that companies should enhance personal relationships with their customers, and should also take interest in the products they are offering, additional elements of service that they can offer like greeting guests when they enter hotel, and to give sorry note in case of complaint about a poor service that they have paid for. But, before moving as per the customers’ whims, companies do measure whether customer is worth over a life time as customers’ have full freedom of choice they can easily switch to any service provider, companies have to determine the customer life-time value by the way of knowing actual customer retention rate, average value of an service provided to the customer, and the number of times service has been provided in a year cost of customer acquisition, other direct and indirect costs and profit per order respectively (EktaRastogi, 2011)\textsuperscript{13}.

2.1: CUSTOMER DEFINED:

A customer is a person who influences or decides on the acquisition of one or more products or services, or who uses one of these products or services (KincaidJ. W, 2002)\textsuperscript{14}. According to Juran (1990)\textsuperscript{15}, customer is ‘Most people believe that customer is the final consumer whereas the customer is both categories of the intra-organizational and the extra-organizational that is whoever the product and or service are produced to meet his or her need. All those who involved in the process of transfer of ownership of a product from the production centre to the consumption centre are customers, and not merely the one who enjoys the benefit of a product or service (H Peeru Mohamed aSagadevan, 2007)\textsuperscript{16}. According to Mahatma Gandhi (1942)\textsuperscript{4}, the customer is the most important person for a business; he is not an interruption to our work, but the purpose of it. The customer is not an outsider; he is part of it. We are not doing him a favour; he is doing us a favor by giving us an opportunity to serve (www.indusbusinessjournal.com)\textsuperscript{4}. 

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The recognition of customer is very important. According to Schlesinger & Heskitt, (1991)\textsuperscript{17}, knowing that who are the customers exactly they divide the customers into two distinct groups as follows.

2.1.1: External Customers:

The final consumer who consumes or uses products or services for his or her own production or usage. The external customers include distributors, producers’ representatives and final customers’ respectively.

2.1.1:2: Internal Customers:

Internal customers are staff of the organization themselves who uses products and services made by other people or organizational units for service execution (Mahdavinia Seyed Hessamaldin, 2007)\textsuperscript{18}.

**2.2: RELATIONSHIP: KEY CONCEPTUAL ASPECTS:**

According to the Encarta World English Dictionary (Darling and Russ, 2000)\textsuperscript{19}, a relationship is the connection between two or more people or groups and their involvement with each other, especially as regards how they behave and feel towards each other and communicate or cooperate. According to Morgan and Hunt, (1999)\textsuperscript{20}, marriage is said to be long lasting having deep personal relationship between two people which forsakes all others. It might be for the suppliers but may not be so for the buyer who is expected to make a commitment which incurs the opportunity cost for loyalty. Few social psychologists made distinction between personal and social relationship (Radley, 1996)\textsuperscript{21}, and is against towards generalizing from studies in one in comparison to what might happen in other.

Personal relationship and Social relationship are different. One can say and do thing in personal relationship, which would not be desirable in social ones. We enter into Social relationship when at work, are often necessary without being desired with the motives, and rewards being closely linked to the needs of the parties involved where as personal relationship may depend to a larger extent on the psychological make-up of the parties involved as do social relationship.

Thibaut and Kelly (1959)\textsuperscript{22} had employed efforts to understand that every relationship is rooted in a network of other relationships, both actual and possible. It is through one’s own past experiences and expectation, each party compares their outcomes within the relationship against a minimum level they perceive to be acceptable the comparison level and against the outcomes available from alternative relationships or other situations the alternatives’ comparison level. The perceived balance of rewards and of given relationship against both the comparison level and the alternative comparison level determines a person’s satisfaction with that relationship. As both rewards and costs are subjective and will depend on individual perceptions, different customers will perceive the balance between rewards and costs differently (Isabelle Szmigin, 1998)\textsuperscript{23}.
In today’s complex world, every organization works in a network of relationships. Relationship is the most basic part of any living set of entities and so is true also for the organization. It acts as a necessary aspect for growth and joy to both those who supply a product or service and those who receive it. It is a two way street where an organization must initiate in building relationship with customer even if customer is not willing to be in relationship, it is the task of organization to put customer on relationship bridge and be cautious in building relationship (Ajit Mathur, 2003).24

From an organizational point of view, relationships provide continuous flow of revenues and profits, which increases with the passage of time and sometimes it results into positive referrals, new business prospects and quite often a challenge to remain focused and efficient. Thus, relationship building with customers is very advantageous for the organizations as it helps in building strong, positive and mutually beneficial bonds for a long period of time (Ibid). Each organization has its limited resources and using these scarce resources to optimum level is highly desirable. An organization’s task is to use its resources for building long-term profitable relationships with selected customers who are few in number rather than using its resources for several short term, unstable relationships or haphazard customer acquisitions. All customers may not possess the same relationship potential, but it is essential for an organization to be vigilant in selecting the customers for maintaining longer relationships with them. It is essential for an organization to have relationship booster when curve of relationship is on drooping mode. One needs to be proactive in boosting relationship like providing rejuvenated consumer products with the new or extra label aimed at wooing them by providing new or additional benefits at no or little cost in form of a pleasant surprise for doing something which is not even directly connected with companies business but it helps the customers (Ibid).

2.2.1: Types of Relationships:
The nature of relationship is such that it keeps on changing and it varies from situation to situation. According to Mitchell Alan (1997),25 there are a variety of association and different business situations have different relevance for such as viz., father- kid (loan Marketer), Confidante (Financial-Service Adviser), Leader- follower (Fashion Group), Casual friend. (Beer, Crisps), Old flame (brand your mum used), Fellow enthusiast (Sports Car), Comrade-at-arms (Pressure Group), Soul mate (special Whisky), and Teacher-student (Mass marketer of Internet Software).

2.2.2: Stages of Relationships:
Formation of relationship is a long term process it does not take place suddenly. A typical man-woman relationship goes through stages such as dating, romance, marriage, honeymoon, and so on. Behavioural scientist commonly uses the six-stage model to describe the development of relationships (Devito, 1993).26 In a similar way formation of relationship be take place between shopkeeper and customer, Hotel and Guest, Bank and Account holders etc.
Various approaches have emerged but with relevance of context and which might not be very pertinent in enhancing a universal theory of relationship, most of the studies have been conducted in the area of relationship in general rather than relating it to marketing (KetanModi, 2006)\textsuperscript{27}.

**Figure Number: 2.1: Six-Stage Model of Relationship**

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Source: DeVito, Joseh A, 1993\textsuperscript{26}

The relationship has been divided into six stages such as contact, involvement, intimacy, deterioration, repair and dissolution outlined in brief as follows.

2.2.2:1: Contact:
In this stage, people meet for the first time, the first reaction is to assess other person and then decide whether to engage or not to engage, this decision is undertaken within very less period of time, which is also voluntary in nature. The problem arises when individuals do not change their initial impressions, even when there is evidence to the contrary. In such a case, engagement ends there and no relationship develops (www.ehow.com)\textsuperscript{5}.

2.2.2:2: Involvement:
In this stage, people engage more with one another, forming a light bond of friendship, individuals try to share information about them and engage in deeper conversations.
The involvement process may result into a test trying to identify whether the other person is ready to commit towards other level or do not want to commit towards the next level or may leave things as they are and may not be bother about developing the relationship further to the next stage (Ibid).

2.2.2:3: Intimacy:
In this stage, relationship is at its deepest and most committed level. Personal commitment takes place, and it is being felt connection with the other person, and the time and effort that the individual is prepared to put into this relationship. Individuals self-disclose and the commitment move publicly. This may result into various outputs such as getting married or individuals publicly declaring that they are good friends. Even after intimacy stage people may be worried about or may have anxiety like anxiety for security, anxiety for fulfillment, anxiety for excitement about securing the relationship or fulfillment (Ibid).

2.2.2:4: Deterioration:
In this stage, after some period of time conflict and arguments may arise over small thing, in which hurtful things are said. Sometimes insignificant issues may become causes for major arguments. In this stage communication lessens and there is very less revelation as individuals become offended (Ibid).

2.2.2:5: Repair:
In this stage, if one wants relationship to continue then there is an opportunity for repair. Individuals may seek help from a counselor and would work at restoring self-disclosure and communication if they are serious about saving the relationship. An individuals may make a commitment to change, but may not follow the same. An irregular relationship further complicates the matter and valid self-disclosure and communication is blocked. If interpersonal repair works the relationship may become stronger than it was before (Ibid).

2.2.2:6: Dissolution:
In this stage of dissolution, at some point of time the relationship dissolves and the individuals run the risk of anger and may dislike each other. The news of the breakdown also becomes public knowledge, which adds to the stress of the situation. The meaningful communication ends as the relationship deteriorates (Ibid).

2.2.3: Psychological Perspective of Relationships:
The four theories on relationship that have been offered by social psychologists have been explained in brief as follows:

2.2.3.1: Attraction theory:
AronsonElliot, (1980)28 had provided an understanding that each and every person is bound to have attraction towards other person on the basis of four major factors called as attractiveness that is physical appearance and personality, proximity that is closeness with that person, reinforcement, and similarity that is feeling alike.
2.2.3.2: Social-Penetration Theory:
In this theory, relationship has been described into two basics i.e. depth and breadth. Breadth considers to the amount of issues on which people discuss with each other and depth refers to the extent of personal participation person shows towards each other (Altman Steve and Dalmas Taylor, 1973)29.

2.2.3.3: Social-Exchange Theory:
According to Thibaut and H.H. Kelley (1959)22, social exchange theory is based on those relationships which yields the greatest profits. Generally, one looks for relation in which rewards are greater or it exceeds costs and such relations comes to end when cost is more than rewards.

2.2.3.4: Equity Theory:
This theory put forwards an explanation that an individual looks for association or affiliation by comparing ones reward to the costs compared to other individual. It also claims that relationship is developed and maintained in such a way that rewards are spread in share to cost. When the proportion or part of rewards is lesser then what has been required by equity, one would experience dissatisfaction and exit the relationship (Messick R.M., and K.S.Cook, 1983)30.

2.2.4: Relationship Variables:
An attempt has been made to offer a brief outline about relationship variables as follows:

2.2.4.1: Commitment:
It is one of the most important relationship variables which imply need of a customer to continue relationship for a long period of time. Hardwick and Ford (1986)31 had provided an understanding that commitment considers future value or benefit to the partners can be brought through logical affiliation or association. According to Mummalaneni, (1987)32, commitment implies as an important variable in discriminating between stayers, and leavers. Moorman (1992)33 had stated that commitment is an enduring desire to maintain relationship.

2.2.4.2: Trust:
It is said to be the belief that one relationship partner will have on other and will act in best interest of the other. According to Anderson & Weitz (1989)34, trust is the belief of one party that his or her need will be accomplished by the other party in the course of action which is likely to take place in future.

2.2.4.3: Cooperation:
Cooperation is said to be alike or balancing coordinated actions taken by firms in relationship which is dependent on each other to achieve result either jointly or achieve outcomes alone or alternatively over a period of time Sheth & Parvatiyar (2002)35.
2.2.4.4: Mutual Goals:
The extent to which customer and seller share goals which can only be accomplished through joint efforts and maintenance of relationship. It has been found that shared goals would result into performance thus; contentment in turn might influence the stage of assurance to the affiliation (Wilson et al., 1995).36

2.2.4.5: Performance Satisfaction:
It is the extent to which expectation of partners are met through business performance. It includes product-specific performance and nonproductive attribute (Sheth&Parvitiyar, 2002).35

2.2.4.6: Comparison Level of the Alternative:
According to Thibault and Kelley (1959)22 and Anderson and Narus (1984), (1990), it is the best result available from the best available relationship partner. The researcher gave an understanding that when quality of result compared with available alternatives; it would result into determination of how much each partner is dependent on the other.

2.2.4.7: Adaptation:
It is the process to create a firm bond or relationship between buyer and seller so as to create barriers of entry for competing suppliers. In early stage of relationship, it would emerge as a means to build up trust and in developed stage it would increase and try to solidify the relationship (Hallen et al, (1991); Hallen, Seyed-Mohamed, & Johanson, (1988)).

2.2.4.8: Non-Retrievable Investments:
It is the investment made by the partner in resources viz., capital improvements, training and equipment for maintaining or enhancing relationship, which cannot be recovered if relationship terminates (Williamson(1975), (1985).

2.2.4.9: Shared Technology:
It is the extent of contribution made by the one partner in technology for relationship and the same is valued by the other partner(Vlosky&Wilson,1994). It is also found that technology increases the commitment of the parties towards relationship (Han&Wilson et al,1993).

2.2.4.10: Structural Bonds:
It is the vector of forces that enhances or generates obstacle that ends up the relationship. A firm that was found to have high level of structural bonding was considered to have superior stage of commitment for long-lasting relationship than firms with inferior stage of structural bonding. (Han & Wilson, 1993).

2.2.4.11: Social Bonds:
According to Mummalaneni & Wilson, (1991) & Wilson&Mummalaneni (1986), those partners who have strong personal bonds are more committed to relationship than partners which have less strong social bonds.
2.3: RELATIONSHIP MARKETING (RM):

Earlier, focus was only on consumption. Activities of human being were restricted only to the availability of products for consumption that was in their reach. Slowly, concentration was moved to production. Initially production was performed for consumption and then focus shifted for exchange, with the passage of time activities of production was extended towards consumption and sales. In sales era, production was performed exclusively for sales and the attention was only on products. Whatever was produced became saleable because of limited supply. As the attention shifted to production, selling became a tough job because of increased supply.

The transactional approach to marketing was concerned with the main aim to attain increase-sales volumes through effectual management of the marketing mix with useful interactions between the customer and the product. The main objective was to make sales and the determinant of success in the number of transactions, revenue and profitability-usually with a relatively short-term focus. It is at this stage the focus was shifted from products to customers. This made organization to move towards marketing and related activities. An understanding and fulfillment of customers need have become imperative for successful survival in the market (Higgins and Smith, 2000). The Relationship Marketing [RM] approach has required companies to move from the traditional approach that focused on short-term transactions with a defined beginning and ending, to a long-term customer relationship focused approach (www.indianmba.com).

### Table Number: 2.1:

<table>
<thead>
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<th>Selected Criteria</th>
<th>Transaction Oriented Marketing</th>
<th>Relationship Oriented Marketing</th>
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<td>Time</td>
<td>Focus is for the Short term</td>
<td>Focus is for the Long Term</td>
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<tr>
<td>Price Sensitivity</td>
<td>More number of price sensitive customers</td>
<td>Less number of customers tend to be price sensitive</td>
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<tr>
<td>Role of Marketing Function</td>
<td>Suitableno marketing mix programme</td>
<td>Interactive marketing</td>
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<tr>
<td>Measuring of Customer Satisfaction</td>
<td>Market share is monitored</td>
<td>Customers are managed</td>
</tr>
<tr>
<td>Customer related Service</td>
<td>Customer related services is paid less importance</td>
<td>Customer related Service is paid Strong emphasis</td>
</tr>
<tr>
<td>Quality Dimension</td>
<td>Quality is the sole responsibility of production</td>
<td>Quality is concern for every one</td>
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An attempt has been made to offer a transitory idea about the Relationship Marketing and the studies undertaken on relationship marketing as follows:

2.3.1: Various Perspectives of Relationship Marketing:

The most important aspect of relationship marketing is development of an individualized, one to one relationship with customer that becomes increasingly pertinent and focused as the organization learns about the customers’ needs and wants over a period of time.
Some researchers have attempted to offer diverse perspectives on Relationship Marketing that has been outlined in brief as follows.

Berry Leonard L. (1983) recommended the various series of activities for performing relationship marketing as developing core services to build customer relationship that is customization of relationship, enlarging core services with extra benefits, enhancing customer loyalty, and fine tuning internal marketing to promote external marketing success.

Gronroos (1990) argued that relationship marketing is to establish, maintain enhance and commercialize customer relationship frequently but not necessarily always long-term relationships so that the objectives of the parties involved are met. This could be done by a mutual exchange and fulfillment of promises.

Morgan and Hunt (1999) had stated that relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges.

Gordon, I (1998) had affirmed that relationship marketing is an ongoing process of identifying and creating new values with individual customers and then sharing the benefits from this over a lifetime of association. It involves the understanding, focusing and management of ongoing collaboration between suppliers and selected customers for mutual value creation and sharing through interdependence and organizational alignment.

O’Malley and Tynan, (2000) mentioned that RM is known as an strategic approach to industrial and service markets and was regarded as unsuitable in other marketing contexts.

2.3.2: Key Elements in Relationship Marketing:

The three basic elements of relationship marketing are viz., quality, customer service and marketing orientations. The connections amongst these three would be helpful in achieving customer satisfaction and long-term relationship.

The basic elements of relationship marketing and the role it plays in building relationship have been explained in brief as follows.

2.3.2.1: Role of Customer Service:

In the past, customer service was looked from a very narrow perspective where the main aim was to give the right products to the customer at the right place and at the right time, and much attention was paid to the distributors’ and logistics instead of customers.

The new perspective of customer service has been placed on a much broader place with an impact on relationships with specific target groups across a broad range of activities performed by a company. It is concerned with building of financial, social and structural bonds (EktaRastogi, 2011).

2.3.2.2: Role of Quality:

The role of quality has undergone a drastic change. To improve the quality of products, services and marketing processes the Total Quality Management (TQM) Programme has been designed.
The basic idea of the total quality across all functions focuses on the scope of quality on relationship between the firm, and its customers, suppliers and other key elements on an ongoing basis (Ibid).

2.3.2.3: Role of Marketing Orientation:
The marketing framework mainly consists of marketing mix, market forces and the marketing process. Earlier marketing was seen as the task of understanding and satisfying the needs of selected target markets by arranging an organization’s resources to meet customers’ needs.

It was mainly concerned with the flexible inter-relationship between a company’s products and services, the needs and wants of customers’ and the activities of the company. But, RM emphasizes on building and maintaining a good workforce.

The quality of service depends to a great extent on people and developing long-term relationships with internal customers and with the external customers is important in building relationships (Ibid).

2.3.3: Cs of Relationship Marketing:
The puzzle of marketing is that it is considered as one oldest activities carried out by man, but every time it is regarded as the most current of the business discipline. Thus, marketing is considered as one of the most dynamic fields in the management arena. The philosophies of marketing have undergone substantial changes since 1980s. Earlier, the emphasis was on the management of key marketing elements of the marketing mix like product, price, promotion, and place and marketers did the same but paid little or no attention on after sales services or complaints (Dr. Suresh. K.Chadha, 2002)54

From the year 1980 onwards, the marketing landscape has changed. Development in technology have brought drastic change in availability of information to customers’ which has led to increase in their level of knowledge and varied range of products to choose from thus leading to increase in competition. The customer has become the central point and all decisions in the organization have begun to revolve around the benefit of the customers (Ibid).

Four Ps represented marketing from sellers’ point of view to influence buyer, but from customers’ point of view each and every marketing tool is required to be designed to deliver customer benefit. Robert Lauterborn had suggested Four Cs that is viz., Consumer, Cost, Convenience and Communication. In today’s environment, the focus must be on the consumer, not just promotion (Phillip Kotler, 2003)55.
Their arises a need for marketer to originate new ways of selling their products to maintain and increase its market share. Marketers started paying attention to relationship marketing inform the year 1980s. This has led to development and enhancement of relationships with the existing customer rather than acquiring new customers. The basic aim of relationship marketing is to build and maintain a base of loyal customers who were profitable to the organization (Dr. Suresh. K.Chadha, 2002).

The RM approach realized that the marketing mix is important but at the same time the focus to be shifted from customer acquisition to customer retention. Thus, the basics of RM are disciplined towards holistic approach in identifying the tastes and preferences on individual basis to develop and enhance relationships during the customers’ life (Ibid).

2.3.3: Relationship Marketing (RM) AND CRM:
An attempt has been made by the researcher to offer a brief idea about the connection between RM and CRM. It was observed that RM and CRM are very closely-related business concepts. Hence, few experienced marketing professionals have agreed that CRM is an evolution of relationship marketing that enhances key concepts of customer retention (www.ehow.com). RM is considered to be marketing concept, whereas CRM is considered to be the tools to carry out the concept. Relationship marketing is implemented as a strategy and includes various activities such as keeping a note of long-term sales, goals for retention, public relations, marketing and advertising campaigns whereas CRM comprises of the operational tasks that includes activities like gathering data about the customers, then organizing and analyzing it to create target customers profiles with the main aim of building and maintaining strong customer relationships.
CRM data also helps in creating special offers for rewarding customers attached for a long period of time for their loyalty and for further building the relationship (www.smallbusiness.chron.com). RM and CRM are grounded in the long-held belief that customer-retention and building customer loyalty over a period of time is the key to long-term business success. Both the concept put emphasis on converting one time customer into customer for a long period of time. Thus, CRM supports the RM strategy. But, it attempts to go one step further than RM by customizing marketing and business solutions to each individual customer relying on infinite data storage and repossession capabilities (www.ehow.com).

2.3.4: A Paradigm Shift from Marketing to Customer Relationship Management:
In the era of industrialization that is 1920s, the theory of marketing pointed particularly to mass marketing because of the nature of mass manufacturing and inception of mass marketing that used radio. The concept sustained till 1940s and 1950s. The marketing concept emerged with a shift in product centered approach to “Make and Sell” philosophy, “the Way of Doing Business Shifted to a Customer Centered”, and that is “Sense and Respond Philosophy (VahidPezeshki, 2009). Leonard Berry was the first scholar in services marketing who coined the phrase “Relationship Marketing” (Berry, 1983). The concept was proposed to narrow the gap between service provider and their customers. Hui, K. C. (2006) had outlined major contentions on relationship and provided a critique on the subject relationship marketing: is it a paradigm shift. The researcher had concluded that opportunities exist in theorizing a model to appraise and identify an optimal balance between relationship and economic value in an exchange process in the organizational Perspective.

The main purpose of pioneering such concept was to know how to acquire customers (Storbacka et al., 1994). It was found that a relationship was not generally long term relationships where profitability was the key goal of the relationship. The phrase became popular in the late 1980s, and early 1990s due to the shift of focus from customer acquisition to customer retention (Morgan, R.M. and Hunt, S.D, (1994); Sheth and Kellstadt, 2002).

By comparing Relationship Marketing (RM) with the traditional transaction oriented marketing, one can understand following.

The transactional approach to marketing is concerned with functional interactions between the customer and the product, with the main aim being to achieve high-sales volumes through effective management of the marketing mix (Higgins and Smith, 2000).

The primary objective is to drive sales, and the determinant of success is the number of transactions, revenue and profitability usually with a relatively short-term focus. In the Relationship Marketing approach, however, the exchange paradigm is seen as inadequate and fails to recognize the involvement of customers in the production, and the pre-consumption and post-consumption processes (Sheth and Paravatiyar, 1995b).
An alternate paradigm of marketing needs to be developed that is more process rather than outcome oriented, and emphasizes value creation rather than value distribution Sheth and Paravatiyar (1995a). Figure Number: 2.3: Marketing Changes Through the Last Decades


There are variety of motives for the Relationship Marketing (RM) to emerge which were crisis of energy and economic inflation in 1970, up-coming of service marketing and supplier partnering. There were other factors also which has influenced the emergence and rise of Relationship Marketing (RM) such as targeted and selective relationship with focus on segmentation of customer and customization, impact of Information technology (IT) and Internet (Ibid).

Various study and practices in the field of marketing identified importance of relationships but the impact was also observed from some Non-marketing areas such as Total Quality Management (TQM), Lean Production, Balanced Scorecard, Intellectual Capital and Organization Theory that has further enhanced RM. The Services Marketing and Industrial Marketing was considered to be the first where the concept of RM was initially found (Ford, 1980; Christopher et al., 1991; Gummesson, 1991; Lindgreen et al., 2004).

The concept of Relationship marketing was not easily accepted and it faced severe criticism, later on it was acknowledged to accept a shift in marketing.
The introduction of the relationship marketing concept focused business as seeing the customers as the centre of the universe and the organization around them, and RM reorients the positions of suppliers and customers through a business strategy of bringing them together in co-operative, trusting and mutually beneficial relationships with target customers (Gruen, 1997). It is considered as a strategy (Gummesson, 1993) which intends to enhance Customer Relationship and Profitability respectively (Grönroos, 1994; Storbacka et al., 1994).

2.3.5: Reasons for Losing Customers by Companies:

In this competitive environment, every organization is struggling for making their customer to stay forever, and not to get defection, for this the creation of a need to develop an ongoing relationship with customers, but the saddest part is that organizations are so much occupied with their lower level issues that they don’t remember to pay attention, give time, and money on key issues of maintaining a long lasting relationship with their customers, and when they realize it is too late for them and customer might have already switched over to their competitors.

An attempt has been made by the researcher to provide reasons for loosing customers’ as follows.

2.3.5.1: Losing Focus on Customer:

If organizations are not paying much attention on their customers and do nothing in terms of investing their money and time to appoint and prepare well-organized and specialized staff chances of failure in attending customer increases significantly.

The organizations therefore need to make their staff to repeatedly struggle in dealing and serving customers. Proper instruction need to be provided to staff in solving problem and making decision-strategies, and providing ways and tools to enhance communication and deal with all types of customer and situations which may develop.

2.3.5.2: Taking a One-Way for All Approaches:

In this modern business environment with huge disposable income the taste and preference of customer have undergone a drastic change. Today, each customer is different from other, companies using the same approach for all customer failing to recognize, understand and meet their expectations will make them to switch to competitors, where each customers’ need is treated differently as every group of current and probable customers has different choices and needs on ethnic, generational, cultural, and socio-economic aspects.

But, if an organization provide ways and clues to understand and recognize non-verbal cues that are different for different cultures, and different socio economic background, it would certainly help staff in addressing individual and group needs and expectations.
2.3.5.3: Failing to Allow Front-Line Staff to Solve Problem:
In many organizations, managers do not pass their authority to staff members for solving customer related problem immediately as they fear that delegation of authority to staff member may comprehend management that there is no need of manager to safeguard their position so they do not pass on their authority and lose their customers (ibid).

2.3.5.4: Using a Reactive Approach to Service:
Many organizations adopt reactive approach rather than proactive approach and they fail to think long-term. They would train staff for some problem which has already taken place rather than preparing them in advance by providing front-line employees with training to tackle various circumstances prior to they take place. Organizations thinking in a limited way cost more money by expending cash quickly without retaining customers (ibid).

2.3.5.5: Ignoring Employees:
Employees are the strong pillars of any organization. Employee turnover in any organization will disturb the entire organization in terms of providing goods and services. Sometimes customers like to receive service from same staff, if not present may switch to some other service provider. There are various studies which have revealed that staff does not depart from organizations, but they depart from managers. This happens as front-line employees are never treated with respect by supervisors and managers in an organization. Employees leave the organization as they are never allowed to develop personally and professionally, neither feedback nor incentives are provided for better work, as a result they leave organization (ibid).

2.3.5.6: Reasons Related to Price:
Customers try to compare price of product and services of different organizations, they also try to match their price of the product and compare quality, value, and guarantees given by the producer. If customers perceive a difference in the price and the quality of the product he or she would switch over to a competitor providing low priced goods and services (HpeeruMohamed and sagadevan, 2007)\(^\text{16}\).

2.3.5.7: Benefit Related Reasons:
Customers try to compare the benefits offered by the competitors. If the benefit of one organization is more appealing than other, customer may leave the organization with fewer benefits and will easily switch over to competitors (ibid).

2.3.5.8: Personal Reasons:
Some personal reasons of individual customer also leads to refusal of product such reasons are shift to other area where particular product is not available.
Customer’s role changes in life cycle which too leads to change in brand preference, due to anger, disgust, distress developed within the process of product delivery or some reasons related to sentiments, influence of other members of family in purchasing of product (ibid).

2.3.6: Ways of Keeping Customers for Lifetime:
Each organization has different ways of developing and maintaining relationships which is sustainable for a long period of time which depends on various factors such as viz., size of business, nature of business, its share of market, type and nature of product, sales volume, geographic concentration, socio-economic status and life style of the customers concerned, and competitors strength respectively (Peeru Mohamed and Sagadevan, 2007)16.

An attempt has been made to provide various ways to keep customers for lifetime as follows:

2.3.6.1: People Inside the organization:
The organization consists of various people working for developing and maintaining relationships with customers. The main aim of the people working in organization must be towards satisfying customers. A person from top management to lower level management is required to incorporate all their activities towards customer satisfaction. Everyone within the organization should outline the basis for building stronger customer relationships (Ibid).

2.3.6.2: Procedure within the organization:
This step involves arranging various activities from identifying need of probable customer to execution of need in a logical way for delivering customer satisfaction. This procedure must be derived from customers’ point of view to provide satisfactions to them. The performance should be analyzed objectively in accordance to the expectation of internal and external customers (Ibid).

2.3.6.3: Products offered in the organization:
The customers’ must continuously get value addition from the products offered by the organization. The customers’ may expect a lot from the organization due to some or the other reason. A satisfied customer may soon become dissatisfied customer in view of the changes that might take place in his or her expectations due to changes in taste preference and other factors in one’s life.

As customers’ wants more attractive looks in clothes, not just clothes, more comfort and the pleasure of walking feet and not just shoes, more knowledge enhancing books, and just a book more ideas emotions feelings and benefits, and not just a thing. Customers’ expectation goes much beyond physical attributes of a product (Ibid).

2.3.6.4: Respond faster than your competitors:
An organization should be conscious about the changes taking place in the technology and should attempt to provide quality services in line with the customers’ expectations which changes continuously.
Organization should respond to the customers’ requirement in a much faster way than its competitors to provide total customer satisfaction. The receptive and learning nature of the organization must build poise in the mind of the customer’s that will strategies in building the customer relationship (Ibid).

2.3.6.5: Providing Service in a Satisfactory Way:
Customer’s expectation goes beyond acquiring right product to getting quality service. Meeting customers’ need and want depends on the ability of organization. Outstanding customer service can be achieved by the organization when constantly and consistently customer's expectations are exceeded. There are various reasons for which companies are incessantly looking to maintain and get better their customer services. As getting new customer is a costly affair, one tries to maintain relationship with existing ones.

An organization should provide customer service in three phases such as viz., pre-sales, during sales and after sales respectively. The pre-sales services are a period when customer expects a lot from organization in terms of product quality and availability of product on time. During sales services is a period when organization must provide best experience to customer in terms of sales process and should also provide an opportunity for inspection of product and treat customer with courteous attentiveness, and prompt reply. After sales services is a period when organization must provide technical know-how of product. Speedy replacement, simplified complaint procedure, efficient maintenance, and repairs services. Such services which if provided immediately and instantly shall result into total customer satisfaction (Ibid).

2.3.6.6: Reviewing Paying Ability of Customers:
The pricing is one of the key factors for customers as well as for the organizations which should not simply be governed by cost related factors. At the time of fixing price of the products, the paying ability of the potential customers must also be considered. There is a requirement to regulate price with the fluctuations in the paying ability of potential customers. In this process, an organization may have to give up small portions of the profit at an initial stage, but considering long-term continuous relationship and future opportunity of earning such price adjustment is worth practicing. If customers are lost due to price factor their non-availability of prices then the organization would have to invest much more in trying to get them back but with no guarantee for the same kind of customer (Ibid).

2.3.6.7: Paying Attention to the Varying Need of Customers:
Life is a journey where requirements of the customers keep on changing with the changes in their lives in terms of their demographic and psychographic profiles and the various related aspects. In the initial stage of life, one would concentrate on maintenance needs of life and later on to the changing needs, which is pursued by life enhancing needs. The requirement of customers’ undergoes a drastic change with the change in stages of life.
The organization must continuously match customer requirements with the organization requirements in relation to various parameters such as goals, demand, options, values and behaviour and limitations at every point of time (Ibid).

2.3.6.8: Paying Attention to Competitors Strategy:
An organization must pay attention to the strategy of competitors’ their way of working and compare the same with its performance. As such the purchase pattern of the customers is dependent on the comparison they make between the organizations. If organization continues with analyzing competitor’s strategy, it would help in increasing its strengths and reducing its weaknesses. The organization’s performance must always be better than its competitors, and it must know that the customer can experience the difference (Ibid).

2.3.6.9: Paying Attention to Minimize Dissatisfaction:
An organization should be pro-active to all kinds of situation may be best or worst situation. As all dissatisfied customers will not initiate to complain for their displeasure. But, he or she would like to switch over to some other brands. To avoid dissatisfaction of the customers’ the root cause for dissatisfaction has to be identified and it need to be attended satisfactorily. If a complaint is well attended, then the dissatisfied customer becomes more loyal to the organization and thereby, continuous relationship with customer would exist (Ibid).

2.3.6.10: Know our Customer and know our Product:
They customers include both the potential customers who have potential of consuming the product in future, and the current customers who shall be consuming the products of an organization. It is important for an organization to know their target customers’ thoroughly in terms of who constitute the customer record, customer retention level what influences them to buy, what is their level of satisfaction, how loyal they are, what results them in disloyal, and so on. This analysis has to be done carefully so that corrective action may be instigated to retain current customer. If an organization wants to retain customer, an organization must also know its product or services cost. The strategy of maintaining quality with reduction of cost should be the motto of any organization which would avoid switching over of the customers’ to other brands (Ibid).

2.3.6.11: Keep a Track on Purchase Behaviour Pattern:
It is important for any organization to be aware about the behaviour pattern of its customers. The factors which may influence the purchase behavior of customers need to be analyzed. The result of purchase decision may be any one of the four viz. (1) Purchase, (2) Rejection, (3) Post-Ponement, and (4) Search for substitutes. It is important for organization to keep a track on number of customers arriving and keep a track on their purchase decision and the strategy that an organization should adopt towards making them buy the product on a continuous basis (Ibid).
2.3.6.12: **Offer Product or Service with Differentiation in Price and Quality Standards:**
An organization should have variety of offers with different price and brands to meet the need of various customers.
It is preferable to have three or four brands of varied quality and with different price so as to meet a particular need, where a customer may choose one option depending on his financial position. This would avoid the customers from switching over to other brands, and facilitate continuous buying from the available option (Ibid).

2.3.6.13: **Continuous Monitoring the Performance of Service or Product:**
The performance of product or services offering must be continuously monitored and if, required necessary actions are to be initiated. Monitoring of performance must be on an ongoing basis, and there must be a separate team of members well trained to appraise the performance and initiate corrective actions (Ibid).

2.3.6.14: **Incentivizing Service Providers:**
The service providers are an important part of any organization and thereby the efforts of the service providers are to be satisfactorily compensated on a continuous basis. Incentivizing service provider would act as an inspiring force to handle both satisfied and dissatisfied customers. It may be linked to the factors like how many customers retained, how many competitors, how many complaints handled effectively, how many new customers generated, how many customers reached and converted towards organization's own brands, and volume of sales. Incentivizing service provider would lead towards forming relationship with customers (Hpeoru Mohamed and ASagadevan, 2007)\footnote{16}.

2.3.6.15: **Enhancing Intangible Benefits for Satisfaction:**
Customer satisfaction can be achieved by associating intangible benefits with the tangible product. A customer is offered with almost the same kind of tangible benefits from the various service providers, it is the intangible benefits that differentiate the service provider and thus help in maintaining relationship retaining customer. An intangible benefit includes such as viz., showing courtesy to the customer when he visits; listening carefully to what customer has to say, being effective in providing service, the point of purchase atmosphere, providing services in an expertise way respectively (Ibid).

2.3.6.16: **Loyalty Based Pricing Scheme towards Relationship Building:**
This is one way to keep customer for a long period of time. In this method, customers would be charged on the basis of extent of loyalty customers’ possess towards product or service provider. A customer who repeatedly purchases would be charged fewer prices as compared to the other category of buyers. This method of pricing is mostly used by Hotels, Air Travels, Hospitals, etc. as it encourages customers to continuously buy product or service from the same organization (Ibid).
2.3.6.17: Organizations Efforts towards Customer Friendly Communication:
It is essential for an organization to have efficient customer friendly communication system which should be simple and open without any hassles. In case of any problem, customer must feel free to contact the organization at any point of time and try to get solution of their problem immediately.
For communication system to be effective, special training must be provided to the employees looking after the communication channel especially in being accessible, encouraging, optimistic, and friendly to customers. Each and every communication from complaint filed by the customer to solutions provided by the organization must be recorded. Good communication system is based on requirements of customer that would contribute towards relationship development (Ibid).

2.3.6.18: Complaint Monitoring Cell for Customers:
An organization should focus attention on establishing a separate customer complaint monitoring cell. The role of the cell is to receive, register, and classify the complaints, forward them to the respective departments to initiate action, and follow-up until the complaint is attended, to the satisfaction of the customer concerned. The periodical meetings of members of customer complaint cell and officials of various functional areas are to be arranged to discuss the volume and nature of complaints received. This would help to pro-act accordingly. Such attempts would enable better relationship with customers (Ibid).

2.3.7: The Dimensions of Successful Continuous Relationship:
An attempt has been made to provide various dimensions of successful continuous relationship and also to offer findings of few research studies that have been undertaken on it as follows:

2.3.7.1: Trust:
The potency of a relationship is often measured by the degree of trust that develops over time (Berry, 1995\textsuperscript{70}; Crosby, Evans & Cowles, 1990\textsuperscript{71}). Trust exists when one party has confidence in an exchange partner’s reliability and integrity (Morgan & Hunt, 1999\textsuperscript{20}).

2.3.7.2: Customer Satisfaction:
Customer satisfaction has been defined as the perception of individual on the performance of the product or services in relation to his or her expectations (Schiffman and Kanuk, 2004\textsuperscript{72}). It plays an important role in developing long-term continuous relationships. Rust and Oliver (1994\textsuperscript{73}) had provided an understanding that evaluating customer on service is highly dynamic, complex, and subjective in nature. Thus, responding to customer on time has become very essential to survive and prosper in the rapidly changing environment. The researchers stated that Customer satisfaction reflects the degree to which a customer believes that the use of service evokes positive feelings. Mittal et al. (1998)\textsuperscript{74} had stated that a high level of customer satisfaction may not increase customer retention, whereas a high level of customer dissatisfaction may have a large and deleterious impact on customer retention.
2.3.7.3: Complaint Handling:
Sarah Cook (2012)\textsuperscript{75} had stated that complaint management is a difficult task as complaint is an expression of dissatisfaction. It is not a matter of concern whether a complaint is from an existing customer or not, or whether the complaint is justified or not.
But, if any customer raises voice or is unhappy with service or product is a matter of concern and is considered to be complaint which should be regarded as a serious affair (Ibid). Berry and Parasuraman (1991)\textsuperscript{76} had stated that complaint handling if managed in a proper way may result into continuous relationships in service businesses. The researchers had also emphasized that complaint handling is helpful in developing and maintaining continuous relationships.

2.3.7.4: Commitment:
Commitment focuses on long lasting desire of parties to maintain a relationship. It becomes relevant to the services due to the need for customer participation in the delivery process. Like satisfactory complaint handling and trust, it is also positively related to customer commitment (Morgan, R. M. and Hunt, S. D, 1994)\textsuperscript{59}.

2.3.7.5: Customer orientation:
Calder (2001)\textsuperscript{77} had suggested that an organization should focus more on customers rather than product. It has become essential for staff to understand the need of customers as individuals, so that such information can be used to improve quality of service they offer. They had emphasized more on the training program to ensure that staff uses technology in ways appropriate to particular types of relationships.
King and Burgess (2008)\textsuperscript{78} had found that for successful implementation of CRM customer orientation is one of the crucial factor. The other explorers have also disclosed that firms in service sector are viz., hotels, that would need a proper understanding of customer orientation as it is very significant for hotels and its performance (Kim et al., 2006\textsuperscript{79}; McNaughton et al., 2002\textsuperscript{80}; Sin et al., 2005\textsuperscript{81}).

2.3.7.6: Continuous Communication:
For continuous long lasting relationships, it is highly essential to have continuous communication with the customers which is determined as a key factor of relationship maintenance in service sector such as insurance (Crosby, 1999)\textsuperscript{82}.

2.3.7.7: Personalization:
Personalization considerably influences the perceptions of customer and their overall service quality and patronage behaviour especially in exchange situations that entail interpersonal service encounters (Mittal & Lassar, 1996)\textsuperscript{83}. Laurel Scanlan Janelle McPhail (2000)\textsuperscript{84} had defined personalization as receptionists who recognizes personally the guest, goes beyond expectations of the guest, and make them guest feel really special; regular guests calling receptionists by their first names; joining a hotel membership club and receiving special privileges.
Continuous personal touch such as gifts on special occasion; cards; calendars; and diary etc. can maintain long way continuous relationships among parties. Overall, there appears to be a strong linkage between personalizing the service experience and the emotions of self-concept, self-worth, and self-esteem (Edwardson, 1998)\textsuperscript{85}.

\textbf{2.3.7.8: Social Bonding:}
Social bonding is explained as a social familiarization and customer knowledge that is generated over a series office-to-face service encounters that promotes mutual friendship and feelings of affection between the customer and the service provider and, ultimately, the organization (Laurel Scanlan Janelle McPhail, 2000)\textsuperscript{84}. Berry (1995)\textsuperscript{70} had provided an understanding that in case of social bonding, customer knowledge and social rapport are built over a series of encounters. It is by becoming accustomed of the customer’s needs, the service provider is able to respond accordingly to provide a higher level of satisfaction and form closer social bonds. Social bonding is an important dimension of customer loyalty, because it results in feelings of affection and mutual friendship (Shani & Chalasani, 1992)\textsuperscript{86}.

\textbf{2.3.7.9: Reliability:}
Reliability is defined as occurring when the service provider delivers the service promised by the organization punctually, competently, and correctly the first time (Laurel Scanlan Janelle McPhail, 2000)\textsuperscript{84}.
The intangibility of services makes it difficult to evaluate service prior to service experience, and thus, many expectations and initial decisions made by the customer are based on promises made by the organization (Bitner 1990\textsuperscript{87}; Weber & Licata, 1996\textsuperscript{88}; Zeithaml, Berry, & Parasuraman, 1993\textsuperscript{89}). The reliability of the organization is essential for building service relationships by keeping promises. The promises tests reliability of the service is tested in each face-to-face service encounter, and thus, the service must be delivered correctly the first time to avoid losing the business traveler (Bitner, 1995)\textsuperscript{90}.

\textbf{2.3.8: Continuous Relationship through Customer Loyalty:}
In today’s competitive and challenging business environment, it is essential for an organization to keep building customer loyalty as their prime agenda. Building customer loyalty is the basic platform for continuous relationship. Any organization can enjoy the privilege of having loyal customer as it would act as a competitive edge for other organization (H. Peeru Mohamed A Sagadevan, 2007)\textsuperscript{16}.
Loyalty in the marketing term has been defined as a willful, voluntary, and repeated choice of a specific brand of a product or type of service. For the one-time purchase, loyalty could be explained in terms of the extent of commitment to the brand selected; the positive attitude developed towards using the brand selected and positive image the customer projects about the brand he/she selected (Ibid).
Establishing strong relationships are considered a strong driver of customer loyalty (Castro et al., 2004)\(^1\), a key antecedent of customer retention (Dick and Basu, 1994)\(^2\).

Harridge-March (2008)\(^3\) had stated that efforts to strengthen customer relationships as an antecedent to customer loyalty.

Acquiring new customers is considered costlier than maintaining current ones, who are more profitable in long-term, retained customers’ tolerate price premiums and loyal customers engage themselves in more positive word of mouth. (Reichheld and Sasser, 1990\(^4\); Wicks and Roethlein, 2009)\(^5\).

Loyalty for specific brand is the committed willful option for a particular brand. Commitment has been referred as a willingness to continue a relationship (Moorman et al., 1993)\(^6\).

Gustafson (2005)\(^7\) had clarified that relationship commitment establishes a bond which strengthens customer loyalty to a company even in instances of poor satisfaction. Haywood (1988) had provided an understanding that hoteliers seek repeat business, and in reality most of their interactions with customers are handled as one-time events. In order to be successful in a highly competitive market, hotels need to move away from the mindset of merely attracting customers to retaining customers (Haywood, 1988)\(^8\). The process of brand loyalty starts with awareness of the fact that the brand is available. Marketers’ responsibility is to create awareness of brand. A loyal customer will willfully accept any offer of product or service made by the organization. He/she would be a strong supporter for the organization’s products and services. Such a loyalty is a result of the organization’s image, continuous relationship with organization, better performance of the organization and so on (H.Peeru Mohamed ASagadevan, 2007)\(^9\).

Bloemer and Kasper (1995)\(^9\) had clarified that customers who are truly loyal will show strong degrees of commitment to a brand, involvement with the selection of that brand, and deliberation on their post purchase evaluation of the product or service. The rationale for developing a loyal customer base extends to a multitude of benefits gained by the service provider of which repeat visitation is just one aspect. Other key benefits of customer loyalty include reduced marketing costs, positive word of mouth and business referrals, decreased price sensitivity of customers, and a lower propensity to switch brands (Bowen & Shoemaker, 1998\(^10\); Knox, 1998)\(^11\).

Loyalty in sense is a willful commitment to the brand in view of perceived satisfaction. The action of loyalty is a positive, repeated behavior of preferring one brand of a product from among the several types of brand available. Therefore, organization should keep building customer loyalty as a means of continuous relationship. Customer loyalty can be built through following process (H.Peeru Mohamed ASagadevan, 2007)\(^12\).
The process of brand loyalty starts with the awareness about brands which represents the combination of tangible and intangible attributes of a customer looking for satisfying his core and augmented needs. Developing a strong brand identity is an obvious need of an organization with the help of Brand name, Brand symbols, Brand design, and Brand marks. Brand familiarity gives the result that is the recognition of brand. Each brand has its own personality and each customer would tend to match his/her self-image with the brand personality. The brand image plays an important role to build loyal customer. The essence of a brand image is all about what a brand stands for and how it differs from competitor’s brand. Image of a brand creates goodwill for brand. After perceiving the brand in one’s own way prospective customer’s moves further in selection process of selecting a particular brand (Ibid).

The brand acceptance would lead to brand selection, which is based on satisfactory performance; the customer would keep on insisting on the same brand of that company that would finally make him/her a loyal customer. There are two types of factors, which influence on brand selection such as, Internal factors such as perception, motives, personality, and self-image, attitude, learning and External factors such as culture, group behavior family, Relationship, Economic status, Lifestyle, and communication.
Loyalty towards brand is the committed willful option for a specific brand. In the brand loyalty process, it is possible that at any stage customer satisfaction is accumulated than such customers become loyal customer. Customers may reject brand due to accumulation of dissatisfaction or may due to the competitors powerful brand image. Brand rejection is also possible when customer purchases from competitors brand (Ibid).

2.4: CRM: A CONCEPTUAL FRAMEWORK:

There are various ways in which one can explain about CRM which means different to different organizations. CRM can be addressed in a holistic view. For some it is a philosophy and for few it is a strategy.

An attempt has been made by the researcher to offer a bird eye-view on diverse perspectives of CRM as follows.

2.4:1: CRM as A Philosophy:

Brown (2000)\(^{102}\) had claimed that CRM is an approach that recognizes customers as the heart of the business and that the success of organizations depends on effectively managing relationships with them. Roberts-Phelps (2001)\(^{103}\) had explored that CRM is a way that considers customers more as an individual and then using their option positively towards an organization, while accepting various ongoing marketing and management methods such as marketing database management and customer loyalty. Chou et al (2002)\(^{104}\) had advocated that the goal of CRM is to improve the customer's experience of how they would interact with the company which would lead to more customer satisfaction, more loyalty which results into increase in profit. Kincaid (2002)\(^{104}\) had claimed that CRM is a discipline in totality which can be measured in comparison to manufacturing business as it uses a machine (CRM technology), power (people) to turn raw material (customer information) into products (processes and interactions that build customer loyalty). Plakoyiannaki&Tzokas (2002)\(^{105}\) had provided a road map for CRM as an IT enabled value process which identifies, develops, integrates and focuses the various capabilities of an organization to the influence of the customer in order to deliver long-term superior customer value, at a profit, to well recognize existing and potential customer segments. Chye& Gerry (2002)\(^{106}\) had argued that CRM is the process of forecasting customer behaviour and selecting actions to influence that behaviour to benefit the organization, typically influencing on IT and database related tools. Pendharkar (2003)\(^{107}\) had provided an understanding that CRM focuses on withholding customers and building a strong relationship with them, thus enhancing customer loyalty.
NancarrowRees, Stone (2003)\textsuperscript{108} had provided an understanding that CRM is being a process that involves identifying customer wants and expectations managing them, closely monitoring the customer experience, anticipating problems and taking appropriate actions to foster and nurture relationships. Eichorn (2004)\textsuperscript{109} had elucidated that CRM is a set of tools and processes marketed to large organizations as a way of making possible to create complete customer service organization-wide. Frow and Payne (2004)\textsuperscript{110} had agreed that CRM is built on the philosophy of relationship marketing that aspires to create, develop and enhance relationships cautiously with targeted customers to make the most of customer value corporate profitability and thus shareholders value. Wilson (2002)\textsuperscript{111} had conceptualized CRM as a concept that facilitates an organization to customize specific product and services to each individual customer according to their need. It can be used to create a personalized one to one experience that would provide an individual a sense of being cared thus providing with various marketing opportunities based on the previous behaviour preferences and history of the customer. Bradshaw et al., (2001)\textsuperscript{112} had found that CRM is the management approach that necessitate identifying, attracting, developing and maintaining successful customer relations over a period of time in order to enhance retention of profitable customers.

An attempt has been made by the researcher to offer a bird eye-view on diverse perspectives of CRM as a strategy as follows.

2.4:2: CRM AS A Strategy:

Goldenberg (2000)\textsuperscript{113} had stated that CRM is not simply a technology application for marketing, sales and services, but it also enables firms to take advantage of cross-functional, customer-driven, technology-integrated business process management strategy that maximizes relationships. Harding, Cheifetz, DeAngelo, & Ziegler (2004)\textsuperscript{114} had explained that CRM is a business strategy that aspire to make best use of customer value by using customer data and analysis to acquire, develop, and retain customers of high-value. Anton (2005)\textsuperscript{115} had attempted to explore CRM as a business strategy where the researcher has focused on selecting and managing the most valuable customer relationships. Tan, Yen, & Fang (2002)\textsuperscript{116} had found that CRM tends to be a business strategy where its main aim is to select and manage customers to optimize long term value requiring a customer focused business idea and a culture to sustain effective marketing sales and service process. Kincaid (2002)\textsuperscript{114} had provided a road map that CRM focuses on the strategic use of information, processes, technology and people to administer relationship with the customer’s in an organization across the whole customer life cycle.
Ragins & Greco (2003) had claimed that CRM is a business strategy with a mechanism to ensure that every interaction with customer whether sales or service is appropriate, relevant and consistent irrespective of the communication channel being used.

Crosby & Johnson (2002) had revealed that CRM is a strategy that aims to achieve growth by building and promoting high-value relationships by selecting customers and groups carefully both the organization and customers can enjoy long lasting relationships and lifelong benefits and the strategy is to consider all the elements that go into a relationship and how they fit together.

Stone M. & Foss (2002) had attempted to provide an understanding that CRM is the business strategy with a mode of maintaining and developing relationships with profitable customers and managing with the less profitable customers and the cost of doing business with them.

Rajola (2003) had stated that CRM is a customer-oriented business strategy with an involvement of many units of business, which may include IT, sales departments, marketing personnel and public relations staff as well as top and middle management.

Parvatiyar & Sheth (2001) had found that CRM is a comprehensive strategy and process of acquiring, retaining, and partnering by discriminating customers to create superior value for the organization and the customer.

Fayerman (2002) had provided an understanding that CRM is a customer-focused business strategy where its main aim is to increase customer satisfaction and customer loyalty by offering a more responsive and customized services to each customer.

2.4.3: COMPONENTS OF CRM:
Any company practicing CRM should possess four components viz., information, process, technology, and people for the successful functioning of CRM outlined in brief as follows:

2.4.3.1: Information:
Information is considered as an input for the organization, various types of information that are essential for CRM such as follows:

Data Recognition:
It would mainly include Name/address/phone and essential information collected by providing goods and services to customers so as to complete a business transaction.

Marketing Data:
Information is collected by the organization on the basis of asking questions or by tracking behaviour from the concerned customer.

List Data:
This type of information is collected by a third party either by purchasing it or getting it on lease such as names, addresses.
Overlay Data:
It is a data on Customer profile which is collected by a third party, which can be rented and append to the existing customer records (Kincaid J. W, 2006)\(^{123}\).

2.4.3.2: Process:
Implementation of CRM requires a customer-centered process which is considered to be the part of CRM. To illustrate, keep an account of all current and future progression that directly touches the customer; keep an account of touch points, or means of interaction with the customer such as phones, e-mail, front office etc.; finding out and eliminating a process which disconnects the customer with the organization, and considering customer’s view point in integrating and rationalizing the processes (Ibid).

The researchers have also conducted studies on process part of CRM that has been outlined in brief as follows.

Hammer (1996)\(^{124}\) had provided an understanding that business process refers to a compilation of various tasks and activities which is possible when they are put together to get desired level of business outcomes. Goldenberg (2002)\(^{125}\) had emphasized that business process consists of various group of activities that convert organizational inputs such as human resources into desired outputs. The process is the most important component of CRM any inappropriate mechanization of the CRM business process would lead to wrong process.

The researcher also gave an inference that most companies do have business processes as per the customer that is processes that directly interface with the customer during the purchase, payment, and usage of the company's products and services, many times.

Chen and Popovich(2003)\(^{126}\) had stated that implementing processes are difficult to manage in an environment with many sales and marketing people. The researchers had further laid emphasis on the consistency of processes which are very much essential to all areas of CRM. They have provided an understanding that theoretical bases of CRM are relationship marketing, customer profitability, lifetime value, retention and satisfaction which is created through process management. The CRM is a continuous effort that requires redesigning core business processes starting from the customers’ perspective and by taking a note of customer feedback.

2.4.3.3: Technology:
Technology is the mechanism that facilitates the working of CRM to work. These are example of technologies that CRM may find useful such as in case of viz., Software Products comprising of Process Automation Tools; Analysis Tools; Web Site Development; and Management Tools, and Applications and Databases Networking and Integration as well as Databases are either purchased solutions or internally developed central or distributed, and Features of Security, such as Encryption Tools and Firewalls (Kincaid Judith W., 2006)\(^{121}\).
Few of the studies on Technology Part of CRM too have been reviewed as follows:

Davenport and Short (1990)\textsuperscript{127} had affirmed that Information Technology (IT) has been recognized as a component that quickly charges the business process, so as to increase the efficiency and increase the performance of an organization.

Bose (2002)\textsuperscript{128} had claimed that CRM technology permits firms to strap up the power of database, data mining and interactive Internet technologies so as to collect and store large amount of customer data, to get idea from the data regarding customers, and distribute the resulting knowledge across the organization.

Chen & Popovich (2003)\textsuperscript{126} had provided an understanding that technology plays an important role in CRM Efforts i.e. by linking front office and back office so as to provide the efficient and effective management of interactions among different customer touch-points viz., Internet, direct mail and sales call respectively.

Greenberg (2004)\textsuperscript{129} had stated that search for better CRM technology is the natural thing as the result would be greater productivity and efficiency in customer facing operations like sales, marketing, customer service and support.

2.4.3.4: People:

People are the most important part of CRM. They are said to be power supply of CRM without which nothing can work. New approach is taught to the people through various change management tools and support mechanisms viz., Training and Education, New and various other tools, and Measurements the performance and rewarding (Kincaid Judith W., 2006)\textsuperscript{123}.

Goldenberg (2002)\textsuperscript{125} had stated that people is the most difficult component of CRM which is integrated with the customer process which changes as per the jobs of user. The researcher had clarified that if users are not very clear about the changes, who are not the part of formulating change, is not having necessary information about the change will react differently to change and a negative feedback on this may harm the CRM system's success.

Chen and Popovich (2003)\textsuperscript{126} had clarified that initiating CRM within an organization requires a vision, and each and every employee must understand the purpose and changes that CRM brings. Successful implementation of CRM within an organization means that some task would undergo a change in terms of educating and providing training to an employee. It has become essential to enhance employee skills and knowledge whereas education boosts up the motivation and commitment of employee and reduces employee resistance. The researchers also provided an understanding that job evaluations, compensation programs, and reward systems should be modified on a basis that facilitate and reward customer orientation.
The researchers summed up that both technology and business processes are both essential to successful CRM initiatives, but it is the individual employees who act as the building blocks of customer relationships (Ibid).

2.4.4: Essence and Importance of CRM:
An attempt has been made by the researcher to provide a brief idea about the essence of CRM and to highlight the importance of CRM.

The concept of CRM has gained wide acceptance and is recognized as a powerful tool for developing business, so as to gain competitive advantage over others in the same line of business. Managing relationship with a customer has come under the limelight in the era of globalization where customer has become more demanding than ever before (Sanjay S Kaptan, 2003)\textsuperscript{130}. Today, marketers are emphasizing more on satisfying customers which specifies that the customer must be satisfied and delighted with respect to purchase of a product or availing the services. The CRM is the process of building continuous long-term, trusting win-win relationships with customers, distributors, dealers, and suppliers respectively (Kotler, 2000)\textsuperscript{131}. It is to direct all marketing efforts towards establishing, developing and maintaining successful relationship exchange with the target customers.

There are certain factors which are responsible for the growth of CRM that has been outlined in brief as follows:

2.4.4.1: Lifecycle of Products Gets Shorter:
Brands normally have a shorter life span than the product category to which they belong. Introduction of new technology drives new product with it, therefore the emergence of new brands take place. Thus, there are many brands for the same product in the market which creates a need to satisfy the customer to the highest extent and thus mend continuous amicable relationship with customers (Rajesh Bhatt et al, 2003)\textsuperscript{132}.

2.4.4.2: Firm’s offering New Products Rapidly:
Due to the advent of new technology, firms are ready to offer new product very frequently, CRM creates a path for the manufacturer to create new products according to the needs and expectations of the customers (Ibid).

2.4.4.3: Customer Share Become More Demanding:
The overall demand of products and services has been increasing in today’s world. The customers are becoming more demanding while purchasing goods and services with a hope of getting many benefits from a particular product (Ibid).

2.4.4.4: Increase in the Number of Educated Customers:
The level of awareness among customers too has been increasing due to exposure of media and print ads.
The customers have become more conscious about the availability of different type of products and their brands. Thus, CRM is helpful to companies in having more customers by developing long term relationship with its present and future customers (Ibid).

2.4.4.5: Increase in Competition:
Increase in competition among several companies has provided same products and services have aroused the need of retaining old customers and creating new ones. If one company is good in maintaining successful relationship with their customers in comparison to other companies, there are chances that other company may lose the game. Thus, it has become essential for companies to develop long lasting relationships with its customers, with the help of CRM practices (Ibid).

2.4.4.6: Customers have become less loyal towards the Brand and the Company:
In today’s scenario, customers have become less loyal towards brand and the company, Newer and superior products and services are entering into the market each time. Thus, it has become necessary for the firms to improve or revise their products and services and to create trust through appropriate care of customers’ needs and regular communication which is possible by coming closer to customers, understanding their need through CRM practices (Ibid).

The researchers have made an attempt to highlight the importance of CRM in improving customer satisfaction, enhancing customer retention and escalating strong customer loyalty.

The cost of marketing products would become lower, if companies focus on maintaining long term relationships with the customer through CRM. It would also result into more satisfied customer and thus, help company in reducing the cost of advertising and promotions (Rajesh Bhatt et al, 2003)\(^1\). Reduced marketing expenses would result into reduced cost of production for the companies, and thus enables offering of the same product at a lower cost, that is beneficial to customers. The CRM is important for the customers as well as for the marketers as it helps customers to get the right product and the marketers to know their target audience which would not waste their time and maintains the growth factor for both.

At present, with the help of computers, database, e-mail, fax, it has become easier for companies to customize marketing efforts as per the target audience. This need has aroused due to customer taking more interest in what to buy and how to buy (Ibid).

It is through CRM customize marketing has become more effective. The customer satisfaction is a need of an hour which is possible if companies employ efforts to understanding the type of products and services customer needs. It is helpful to organization in reducing customer defections by retaining the customer by serving them in a better way. As such the cost of getting new customer is high than retaining an old customer. It has therefore become highly essential for companies to satisfy its customers’ in order to retain them through CRM (Ibid).
The loyalty of customers has been decreasing for majority of the brands, so with the help of CRM long lasting relationship can be developed with the customers that will also reduce the chance of losing them and making them more loyal (Ibid).

2.4.5: Importance of CRM in Hotel Industry:
In the era of globalization customer’s preferences, quality, technological interfaces keep on changing with reference to service provided in hotels. As per the changing scenario marketers need to be proactive rather than reactive. In order to match up to the guests’ experience, hoteliers need to understand services which are most preferred by the guest and which they value most.

Technology has become very advanced, and with the use of CRM and technology hotels can easily get to know about their customers’ needs and wants and can satisfy them in a special way by forming long term relationships with them. The CRM is important in hotel industry as it is helps in reduction in the cost of acquiring customers, generating large number of loyal customers, increase of customer base, lessening advertisement and other sales promotion expenses, assistance in customer selectivity approach, enhancing the number of profitable customers, effortless way of introducing new products, and easy way of expanding business possibilities, boost in customer partnering, etc. (S. Mythili, et al, 2011)\(^{133}\).

In case of hotel industry and for a business which have highly competitive market, it is considered that adoption of CRM would enhance the performance of hotel industry in business environment, and this cantake place only when there is proper understanding of different types of behavioral patterns of customer, so that it results into repeated purchase and retention of customer for a long period of time. Thus, it is clear that such determination can result into practice by proper implementation of CRM which would help in establishing fertile association between organizations and their customers (Papastathopoulou et al., 2007\(^{134}\); Verdugo et al., 2009\(^{135}\)).

The benefit or gain of profits that organization acquires by implementing CRM is different for different organizations; CRM act as information generator, as it gives detailed information about customers to the organization, which results into great help for organizations (Bose, 2002\(^{128}\); Kotler, 2002\(^{136}\); Nguyen et al., 2007\(^{137}\)). CRM will be completely appropriate to the hotel industry in particular when executed productively and efficiently, which can be comprehended only and only when required customer data base is generated by hotels.

The acquired data base of customer can be converted into useful information for customers (Kotler, 2002\(^{136}\); Lin and Su, 2003\(^{138}\); Nguyen et al., 2007\(^{137}\); Nasution and Mavondo, 2008\(^{139}\); Dev and Olsen, 2000\(^{140}\)).

Panos Louvieriset al (2003)\(^{141}\) had explored that establishing an enduring and profitable dialogue is required with a customer so as to accommodate the channel variety in the customer’s e-communications portfolio, including their buyer behavior dynamics in the global hotel industry.
The impact of Internet multi-channel access was also considered on the customer decision-making process; how differences in buyer behavior and loyalty level influence the relationship management process and the implications of effectively managing buyer behavior and the provision of multi-channel customer accessibility for competitive advantage (Ibid).

According to the researchers the key aspects, which forcibly advocate hotels to pay attention on CRM as a helpful strategy were increasing cost of customer acquisition, growing expectations of customer, travelers sensitivity towards price, more sophisticated customers, unsure market and fewer brand loyalty. The loyalty of guests and profitability can be increased by the development and expansion of effective data base of customer through CRM (Mylonakis, 2009142; Sigala, 2005143; Sigala and Connolly, 2004144; Wu and Li, 2011145).

CRM program in a hotel is required to drive staff to an improved service performance level, to reduce the cost of marketing and lower the complaint rates in maintaining relationship with guests, the most valuable source of new business contacts is through existing guests, to acquire knowledge about customers spending and so on, to know about the average employee turnover which if higher than the loyal guest turnover it would be difficult to realize the depth of relationship, to know about the profile of hotel customer and arrange services accordingly(Olaf Hermans.et al ,2009)146.

2.4.6: Objectives of CRM:
An attempt has also been made by the researcher to provide a brief outline of the various studies that have been undertaken concerning the objectives of CRM as follows.

The CRM can be very useful if companies collect customer data, recognize the most valuable customer over time and increase customer loyalty by providing customized products and services to them (Arunkumar&Meenakshi,2011)147. The key focus of CRM is on creating and maintaining a customers’ aimed to make them to climb up the ladder of loyalty as shown below.

Figure Number: 2.5: Ladder of loyalty

Source: HPeeru Mohamed A Sagadevan, 200716
The customer arrives at the status of loyalty by passing through various stages. The organization attempts to find out who are the most likely customer by chance that is an individual who has never used the brand previously or might have used competitors product, choice that she/he will make by chance will help him or her to arrive at a decision whether to continue or discontinue. At times, this type of buying behaviour takes place when a customer is under emergency (Ibid).

The second stage is the stage of customer by occasion where customer divides the loyalty for a preferred set of brands. In this stage, marketer should be very clear regarding the customer keeping brand under evaluation (Ibid).

In the third stage customers moves from customer by occasion to customer by choice under the circumstances of perceiving that brand which would satisfy him or her more in comparison to other brands (Ibid).

In the fourth stage, customer choice for a particular brand would be frequent which implies that customer reaches the stage of repetition.

In the fifth stage, customer on the basis of his or her satisfaction level and other related factors, their preference towards the same brand becomes a customer by insistence (H Peeru Mohamed et al, 2007)\(^\text{16}\). This is a stage where customer do not divides its loyalty and slowly and gradually moves towards the stage of customer by loyalty which needs to be maintained and enhanced by appropriate relationships with the loyal customers (Ibid).

According to Greenberg, P (2001)\(^\text{149}\), the objectives for any organization while implementing CRM is to increase revenue, to improve global forecast, to improve win probability, to reduce cost of sales, to increase sales representative productivity, and to promote sales representative retention respectively.

Gray and Byun (2001)\(^\text{149}\) had stated that more than 57 percent of chief executives in a survey from amongst the 191 respondents state that the major objectives of CRM are to satisfy customers and retain them. Morelli, clark and Thesler, (2001)\(^\text{150}\) had suggested four primary objectives of e-CRM are called as viz., Personalization, Tracking and Tracing E-Communications and e-knowledge.

Kim et al. (2003)\(^\text{151}\) had provided an understanding that CRM objectives can be divided into four categories such as viz., Customer Knowledge, Customer interaction, Customer Value, and Customer Satisfaction respectively.

### 2.4.7: Key Principles of CRM:

The CRM is to be considered as the way to manage every interaction and business with customers. Proper implementation of CRM in any business can be helpful to organization in acquiring customers, service them, and increase their value to the organization, and enables in retaining profitable, ones with higher level of service. There are five CRM principles called as viz.; differentiate customers, differentiating offerings, keep existing customers, maximizing life time value, and increase loyalty.
2.4.7.1: Differentiate Customers:

All customers are not equally profitable for the companies. It is crucial for companies to differentiate customers in terms of high value customers and low value customers and also differentiating customers in terms of age, tastes, preferences sensitivities, personalities, lifestyle, and their cultural background, physical characteristics and other psychological traits. After recognizing this it is essential for companies to reward their customers excessively (SamipBaruah, et al, 2011).

2.4.7.2: Differentiating Offerings:

It has become essential for the companies to provide different offerings to the different customers as there are low value customers and high value customers, and for low value customer companies may go for high value of offerings, as low value customers sometimes have possibility of becoming customer of high value in future, and customer considered to be of high value may require only high value of offerings and sometimes the high value of customer may require low value of services (Ibid).

2.4.7.3: Keeping Existing Customers:

An organization should make an attempt to rank customer from very pleased to very displeased customer who would help organization in enhancing the level of satisfaction for customer. As the improvement in level of satisfaction shall lead to more customer retention within the organization (Ibid).

2.4.7.4: Maximizing Life Time Value:

It is essential for an organization to make use of up-selling and cross selling to potential customer. It is only possible when one understands the life stage of customers and trigger points of life event; this will result into maximization of purchase potential by the marketers (Ibid).
2.4.7.5: CRM Increases Loyalty:
CRM has become a need of an hour for many companies as it helps in understanding wants and needs of customer’s. CRM permits companies to collect and access information about customers’ buying histories, their preferences, complaints, and other data so they can better anticipate what their customers will want. This guides companies in the process of making more loyal and profitable customers. The goal of any company is greater and faster customer loyalty which is possible through quick response to inquiry of customer, understanding customer thoroughly, enhancing marketing and selling opportunities, recognizing the most profitable customer and getting feedback from customer for products or services (Ibid).

2.4.8: Need for CRM:
Companies are now facing challenges with the increase in competition, price differentiation, highly demanding customer and mature markets which has brought about a new reality for the business that only way to sustain revenues and growth is by treating the existing customer well and providing best experience to them (T. Vetrivel, 2011)\(^\text{153}\).

CRM is needed in today’s competitive environment as one satisfied customer will bring 100 customers to the company in 10 years, new customer costs seven times more than the old customer, 80 per cent of company’s revenue comes from 20 per cent of its loyal customer, about 70 per cent of customers change to other brands as they do not like the service or the provider, the problems are shared by one customer on an average to 8 to 10 customers, the probability of selling to an on hand satisfied customer are 1:3; where to the new customer are 1:12 (Dr. R. Krishnaveni and Dr. Divyaprabha, 2003)\(^\text{154}\).

An attempt has been made by the researcher to provide a brief outline on need for CRM in various industries as follows (Ekta Rastogi, 2011)\(^\text{13}\).

2.4.8.1: Retail Industry:
The CRM is widely exercised in retail industry as customers do not take any chance to move to other organizations in such a situation if CRM is practiced in the retail organization it will compel the customers to visit the retail outlet again and again. It would also help conventional buying patterns by lowering inventory holding costs, spoilage, and distribution costs etc. It is upcoming tools that facilitate retail marketers for maintaining their presence in the ever changing environment of market (www.pbr.co.in)\(^\text{9}\).

2.4.8.2: Manufacturing Industry:
The application of CRM tools in manufacturing businesses has become vital as it has become essential to understand the need of potential customers’ and then to create products based on it for them (www.crmnext.com)\(^\text{10}\).
The use of CRM in manufacturing organization shall be fruitful in many areas viz., delivery, stock availability, specific skills on the part of customer service personnel, and consistency with quality standards respectively (Ibid).

2.4.8.3: Banking and Financial Services:
Banking and financial services are the businesses where it is highly essential to know the needs of the customers in order to providethem quick and prompt customer services. The other services which are helpful for interaction like for handling queries related to account phone systems, availability of staff members who are highly skilled in providing service, quicker turnaround on loans and speedysolution of problems (Ibid).

2.4.8.4: Transportation Industry:
The primary goal of transportation industry is to improve the service level for customers as customers spend a lot for this service and they expect high level of service from this industry (www.destinationcrm.com)11. Airline firms tend to stress upon amenities and personnel and various special discount fares for recreational travelers and regular business travelers. As travelers of airline firms come into contact with so many different categories of service providers’ viz., telephone personnel, ticket agents and ground crews at the airport and highly trained flight crews and interpersonally sensitive personnel which are essential to customer-oriented service(Ekta Rastogi,2011)13. So, it has become essential for companies to manage amicable relationship with the customers as the majority of new sales account from referrals through CRM (www.destinationcrm.com)11.

2.4.8.5: Hospitality Industry:
In hospitality Industry, customer service is the most crucial element. The multiplicity of the hospitality industry makes it difficult to generalize about quality of customer service, but good logistics and highly trained personnel are essential (Ekta Rastogi, 2011)13. The CRM provides the tools and capabilities needed to create maintain and retain customer by providing a clear picture of guests, their corporate accounts and travel agents from negotiations and reservations through their stays and beyond, as there is availability of profile of customer, sales, marketing, and loyalty program, CRM delivers a fast, flexible, and affordable result that drives consistent, measurable improvements in every business process, enabling closer relationships with customers and helping to achieve new levels of profitability in hospitality industry (www.hospitalityupgrade.com)12.

2.4.8.6: Public Utility Industry:
Public utilities industry has monopoly in serving the customer with the passage of time they have become more responsive towards their customers.
Great improvement has taken place in the area of billing practices. This industry has also invested heavily in training contact personnel, recognizing that they have a direct influence on a regulatory process.
The shift to customer driven service in these sectors has two major characteristics first, it promises to the idea that service for customer would make an organization easy to buy or deal with, and second, to fit the service as per the customer’s need at which customer is likely to pay price, it is also essential to have proper system and organization (EktaRastogi, 2011).13

2.4.9: Benefits of CRM:
The practice of CRM requires considerable time and expense however there are certain potential benefits of CRM as it allows company to identify, contact, attract and acquire new customers. CRM applications allows company to produce customer profiles by identifying target markets with high revenues and profitability potential, by generating leads, track marketing campaigns across a variety of media, by selecting appropriate contact media. Such an approach would help companies to focus its limited marketing resources on the most promising target markets with the highest potential value.

Understanding the needs and wants of customer in a better way. Data warehousing, e-Commerce applications, and CallCenters permit companies to collect and use information about customers buying histories, taste and preferences complaints and other data. This kind of information is used by the company to serve them better way and companies also use this information in the planning and execution of marketing campaigns. Keep up to the expectations of the customers unique needs. The CRM provides customization and personalization capabilities that makes customers perceive the organization in an entirely different way. It can include configuration, pricing, quotation, catalog and personal generation capabilities that strap up the power of Internet while ensuring the flexibility to respond quickly to changing technical and business conditions.

Optimizing a company’s sales cycle: This is accomplished when organization is practicing CRM in their organization through capabilities such as, online order entry, credit card processing, tax calculations, auctions, billing, order status and payment processing. The CRM tools would help in providing the ability to communicate important information from supply chain units to the customer interface on time. Spots out the cross selling and up-selling chances. CRM tries to spot the chances for cross selling and up selling of higher value added services to existing customers based on their past purchasing behavior boost upretention of existing customers through improved after sales, service and support applications CRM within an organization would result in storage of all necessary post-close service and support related interactions with customers, tracking of customers’ requests and feedback from a variety of communication channels. This information is useful in anticipating the demand for service and technical assistance aimed at maximization of customer satisfaction and retention (N Subrahmanyam, 2003).155
The researcher has attempted to outline in brief findings of few studies that amplifies benefits and applications of CRM such as viz,

Chen and Popovich (2003)\textsuperscript{126} had provided a road map that CRM applications have the ability to deliver the data of customer at a much smaller cost than other network technologies. The CRM system has the ability to accumulate, store, maintain, and distribute customer knowledge.

Peppard (2000)\textsuperscript{156} had claimed that successful way of managing customer information has a very important role in CRM as the information can be used for product tailoring, service innovation consolidate and for calculating customer lifetime value.

Teng, Ong, & Ching (2007)\textsuperscript{157} had provided an understanding that with the development of technology reaching customers achieving sales has become an easy task for the company who wants to get better understanding of their customer through CRM which would results into customers’ retention. It can also reduce the expenses to be made by companies to get information on customers. They had found that the objectives for CRM and the efforts made for the implementation of CRM was not the same in firms from the different sectors. It was concluded that CRM plays a significant role in the manufacturing sector and that an unfocussed CRM initiative is unlikely to secure any competitive advantage.

Greenberg (2004)\textsuperscript{129} had highlighted that CRM has the potential to improve the true economic worth of a business by enhancing the total lifetime value of customer adding successful CRM strategies encouraging customers to buy more products stay loyal for longer periods and an effective communication with a company.

Chou et al., (2002)\textsuperscript{104} had provided an understanding that has the ability of ensuring customer satisfaction by proper allocation scheduling and dispatching of the right people with the right parts at the right time. Chye & Gerry (2002)\textsuperscript{106} had emphasized that the objective of CRM initiative is to change the organization into becoming customer focused with a main emphasis on customer profitability as compared to line profitability. The CRM enables organizations to calculate or estimate the profitability of individual accounts. It helps companies to differentiate their customers correctly with respect to their profitability. The researchers had concluded that with such an exposure, organizations can build models such as predictive churn models to retain their best customers by identifying the symptoms of dissatisfaction and churning, keeping the customers and therefore keeping those customers who generate profit (Chye & Gerry, 2002)\textsuperscript{106}.

Swift (2001)\textsuperscript{158} had outlined various benefits an organization can gain by implementing CRM. The companies can gain benefit viz., cost of recruiting customer reduces, no need to acquire many customers, reduced cost of sales, higher customer profitability, increased customer retention and loyalty.
Coltman (2007)\textsuperscript{159} had disclosed that a greater capability of CRM can create positional advantage and subsequent improved performance. To be most successful, CRM programs should focus on hidden or implicit customer needs that underpin a proactive market orientation.

Peppers and Rogers (1999)\textsuperscript{160} had claimed CRM as the tool to maximize lifetime customer share, resulting in customer retention and customer profitability.

Parthenios and Amalia (2001)\textsuperscript{161} had provided an understanding that customer acquisition, profitability, and retention share remain core for any organization’s business. Customer service makes customers coming back again and again. To keep them in the store organizations need to offer a better customer experience and that is possible through application of CRM in an organization.

2.4.10: CRM: Search of Value Drivers:

An attempt has been made by the researcher to provide a brief idea about the how list of CRM preferred benefits was used as the critical link between CRM initiatives and the development of customer equity.

The Seven core benefits of CRM was identified to serve as a value drivers which was linked theoretically to the three types of Equity such as Value Equity, Brand Equity and Relationship Equity to Customer Equity in the model this list of preferred benefits which was used as the critical link between CRM initiatives and the development of customer equity are viz., Enhanced ability to target profitable customers; Integrated offerings across channels; Improved Sales Force Efficiency and Effectiveness; Individualized Marketing Messages; Customized Products and Services; Improved Customer Service Efficiency and Effectiveness; and Improved Pricing respectively (Richards KA, Jones E, 2008)\textsuperscript{162}.
Source: Richards KA, Jones E, 2008

2.4.10.1: Customer Equity:

It is concerned with identifying how much value particular firm possesses for a particular customer in providing goods or service. Quantifying Customer Equity provides an understanding regarding the margin generated that is margin which is generated above and beyond both the product costs and the costs to sell those products to a group of customers. Quantifying Customer Equity is useful as it focuses on customer relationships and financial accountability which are important concerns for marketers (Ibid).

Customer lifetime values (CLV) are determined for each customer for customer equity and is related to a return on marketing measure. CLV is defined as the net present value of an individual customer's value where as customer equity is defined as the discounted sum of each customer's CLV less any ongoing investments required for maintaining relationships with customers (Ibid).
There are three sub-components of customer equity that elucidate the formation of customer equity such as outlined in brief as follows value equity, brand equity, and relationship equity which have been considered as antecedents to customer equity (Ibid).

2.4.10.2: Value Equity:
It is based on the customer's evaluation of the brand based on its usefulness. Customers evaluate what is given up and what is received to decide upon the aspect of equity (Zeithaml, 1988)\textsuperscript{163}. The three important aspects which impact value equity are outlined in brief as follows.
First, Customer’s perception of quality, second, Customer’s perception of Price, and the Third, Customer’s perception of convenience. It is found that value equity is basic to establishing long-term relationships with customers. If customers do not perceive that they are getting more than they are paying for, there will be very less motivation for the customers to make repeat purchases (Richards KA, Jones E, 2008)\textsuperscript{162}.

2.4.10.3: Brand Equity:
It is based on the subjective assessment of the brand. It is concerned more with the image and meaning of the brand than the rational estimation of price, quality and convenience (Lemon, Rust, & Zeithaml, 2001\textsuperscript{164}; Rust et al., 2000\textsuperscript{165}). Brand equity is determined by awareness of a brand, attitude toward the corporate ethics and the brand. Each and every element enhances perception of the customer of the brand and enhances attraction and retention rates (Richards KA, Jones E, 2008)\textsuperscript{162}.

2.4.10.4: Relationship Equity:
According to Lemon et al (2001)\textsuperscript{164}; Rust et al., (2000)\textsuperscript{165} Relationship Equity involves the relationship fundamental that connects the customer to the brand and serves to strengthen the relationship above and beyond value and brand equity. It showcases the impact on the customer from the company's attempts to build relationships and operate retention programs. It can be measured through customer’s evaluation of diverse loyalty programs viz., frequent flyer programs, affinity programs, community-building programs, and knowledge-building efforts (Richards KA, Jones E, 2008)\textsuperscript{162}.

2.4.11: Customer Life Cycle in Relation to CRM:
As every human being passes through different stages of his or her life similarly customers too pass through the different stages of life cycle while buying using or disposing different products and services. Customer Life Cycle (CLC) term is explained as the succession of various stages a customer passes during while considering, buying, utilizing, and preserving loyalty to a known product or service (www.mu.ac.in)\textsuperscript{13}.
CLC mainly pays attention informing and delivering lifetime value to the customer that is providing products or services as per their requirements, through their life time. It is marketing oriented rather than product oriented, and symbolizes the marketing concept.
CRM revolves around the management of the Customer life cycle which is different for different organizations as their offerings are different (Ibid).

It mainly passes through various stages such as Customers Need Assessment and Acquisition turns in to customer Development through Personalization and Customization of products and services through the learning process. Then, it moves to Customer Equity Leverage through cross selling and up selling. Then, organization tries to retain existing customers. Thus one can state that customer life cycle is the total time that the customer is engaged with any company from the customer’s experience and viewpoint (Kinkaid, 2006)

**Figure Number: 2.8: CLC in Relation to CRM**

![Customer Life Cycle Diagram](image)

**Source:** D.K. Shanthakumar and M.J. Xavier, 2003

### 2.4.11.1: Customer Need Assessment & Acquisition:

Customer’s need evaluation is the basic step for customer acquisition. It is found that traditional mass media advertisement are used to get customers, but acquiring customer with the use of referrals is also effective. Customer so acquired would reach at the point of either satisfaction or dissatisfaction. As a result, satisfaction leads to retention and dissatisfaction result into attrition. Acquisition is a stage in which customers are acquired for an organization’s profitable business (D.K. Shanthakumar and M.J. Xavier, 2003).
There are certain basics for effective Acquisition viz., focused approach in terms of identifying the customers on the basis of knower’s, prefers, indifferent and rejecters; providing win-win platform both to the prospective customers and to the organization; open and interactive communication in nature; effort to minimize fear, uncertainty, doubts from the minds of customer; highlight the benefits and not the product to the customer; identifying the specific role played by the prospective customer; focus on purchase decision process of the consumer (H Peeru Mohamed A Sagadevan, 2007)\textsuperscript{16}.

\textbf{2.4.11.2: Customer Development:}

Customer Development through personalization and customization is the second stage of customer life cycle. Customers who are associated with the company should feel that they are the part of the company. It has become essential to know whether personalization and customization is required or not in all product categories to maintain continuous relationship (D.K. Shanthakumar and M.J. Xavier, 2003)\textsuperscript{166}.

\textbf{2.4.11.3: Customer Equity Leverage:}

Customers’ new needs and wants can be satisfied by customer equity Leverage through cross selling and up selling of products. The marketer aims to gain maximum revenue by developing continuous relationships with the customers (Ibid).

\textbf{2.4.11.4: Customer Retention:}

The focus of any organization in customer life cycle is customer retention through customer acquisition. Customer retention is the process of keeping customer in stock for a never ending period by meeting the needs and exceeding the expectations of those customers. It is an approach of converting a normal customer into loyal customer (H Peeru Mohamed A Sagadevan, 2007)\textsuperscript{16}. Customer retention helps any organization to minimize the expense of acquiring new customers. Cost of retaining customer is less than cost of acquiring customer (Ibid).

\textbf{2.5: CUSTOMER LIFE CYCLE MANAGEMENT AND CUSTOMER MIGRATION:}

In the field of service marketing, it has been found that an organization loses customers because of several reasons such as viz., 1 percent dies; 3 per cent move away; 5 per cent from other friendship; 9 per cent for competitive reasons; 14 per cent because of product dissatisfaction; 68 per cent quit because of attitude of indifference towards customers by some employees (Reichheld 1996)\textsuperscript{167}.

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Figure Number: 2.9: Customer Life Cycle Management and Customer Migration

Customer Migration

Assessment & Acquisition

Customer Need Assessment & Acquisition

Customer Migration

Customer Retention & Development

Referrals for New Customers

Customer Migration

Referrals for New Customers

Customer Migration

Leverage Through cross Selling & up-selling

Customer Equity

Customer Migration

Selling & up-selling

Customer Migration


Even if the CRM is practiced by any company the possibility of customer migration at different steps of their life cycle is possible for variety of motives (D.K. Shanthakumar and M.J. Xavier, 2003). The first stage of CLC is acquiring customer either through the conventional method of advertising or through recommendations. Then second stage slowly shifts to customer growth process by personalizing of message and providing tailor-made products and services through a shared learning method. Then, third stage it moves on to influence the customer equity through cross selling and up selling. Then it works for the preservation of on hand customers and for the benefit of the first time customers that is acquired through personal referrals (Neelam Jain, 2002). The six stages models are described for the development of relationships are Contact, Involvement, Intimacy, Deterioration, Repair and Dissolution (D.K. Shanthakumar and M.J. Xavier, 2003).

2.6: CUSTOMER CARE PROGRAMMES FOR BUILDING RELATIONSHIPS:

Any organization that aims to succeed in their endeavor of business should focus on developing continuous relationship with potential customers. There are various guiding principles which would be beneficial to convince specific requirements of customers. Satisfaction of customers, not only in product but also in every aspect and interaction of their purchase, price and consumption is required.
An attempt has been made to provide brief idea about customer care programmes for building everlasting relationship as follows.

It mainly includes viz., Treat customer as they would like to be treated, Try to converse with lost customers and get an opportunity to convert them as regular customers, by giving them guarantee that organizations interest is always on them, Respond quickly to even less important enquiry of customers at earliest, Realize genuinely about your attempt to build and maintain continuous relationship with customers, Customers should be ensured about value for their money, Build up high image of the organization so that customers feel good to be a part of valuable organization, Regularly and constantly, keep communicating with valuable customers, Loss made to the customer by the organization should be compensated as early as possible, Customers must realize that they are the valuable customer of organization, Provide an understanding to customers that they are the part of organization and not outsiders, Try to avoid fighting, frustrating and annoying customers on any point of dealing, Try to set hours of working and point of sales as per the demand of customers, Organization’s efficiency should be enhanced on the basis of customer’s reaction, Maintain high standard of hygiene’s, cleanliness in organization, to create a sense of pleasure among customers, To draw the attention of potential customers always try to participate in customer’s related programmes, Be polite while rejecting a customer’s request; make him/her feel under what circumstances you did so and establish that you have taken all possible care to accept his/her request, Try to suggest better time for purchasing in the interest of customers, Always try to showcase customer care, Provide opportunity to inspect products whenever customer demands, Availability of the product should be enhanced on the basis of time and place, Provide confidence to customers that organization will protect them and do not discriminate with other customers in any way, Try to boost the confidence of your customers, Exhibit greater initiative and enthusiasm in fulfilling customer needs than your nearest competitors, Realizing customers regarding that one’s product is distinctively better than what nearest competitor offers, Organization’s principles, policies, and rules should never interrupt in providing customer satisfaction, Pleasant surprises should be offered when required, Provide feeling to customer about your moral, social, cultural and ethical values, Provide varieties of choice for selection to your customers, Always think from customers’ point of view.

Few other customer care programmes for building everlasting relationships with customer are as follows.

Encourage customers to participate in organization’s customer related activities, Try to provide speedy and regular delivery of products through proper Channel of distribution, Provide product related knowledge programmes frequently, Regularly measure the extent of customer satisfaction, customer retention, customer complaints, customer suggestion, Customer care programmes adopted by organizations should be based on above guiding principles to certainly attract customers for building amicable relationship with the organizations (H.Peeru Mohamed A Sagadevan, 2007)\textsuperscript{16}. 

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2.7: MANAGING COMPLAINTS THROUGH CRM:

Managing complaint is a difficult task as complaint is an expression of dissatisfaction. It is not a matter of concern whether a complaint is from an existing customer or not, or whether the complaint is justified or not. But, if any customer raises voice or is unhappy with service or product is a matter of concern and is considered to be complaint, which should be considered as a serious affair (Sarah Cook, 2012). Mostly complaint is used in connection with customer service, and it calls for either customer is dissatisfied or wants some kind of adjustment (Ekta Rastogi, 2011).

The CRM is used in diverse areas to solve complaint such as Pricing, Communications and Instructions, lack of efficient trained personnel, Service charged for but not performed, Transporting Product to wrong location, Quality, Features, Failure of Product or service performance, Customer is unable to acquire product or service, Delays in placing order for product or service, Failure to respond and meet action promises of various types, Product arrived in damaged condition, Financial damage to customer due to poor performance by Vendor, Failure to provide advertising/promotional allowances, Customer was offended by perceived poor attitude of service-givers and thus received poor service, Incorrect Information received by customer from company (Ibid).

The CRM has an ability to rectify problems before their occurrence by developing a Complaint Management System which includes a body of policies, decision rules and procedures which handle a view of complaints and adjustments and other negative events. Effective complaint management as a part of CRM requires standards and ongoing performance measurement against those standards. These standards are viz., (1) Acknowledging and resolving of written or messaged complaints in a speedy manner, (2) Handling Complaint in a Qualitative Way (Ibid).

2.8: CUSTOMER RELATIONSHIP MANAGEMENT AND SERVICE QUALITY:

An attempt has been made by the researcher to showcase linkage between service quality and CRM:

Service quality is a focused evaluation that reflects the customer's perception of specific dimensions of service viz., reliability, responsiveness, assurance, empathy, tangibles and satisfaction. On the other hand, it is more inclusive as it is influenced by perceptions of service quality, product quality and price as well as situational factors and personal factors (www.business.blogspot). The service quality is dependent on customers’ needs and expectations, and whether the level of service meets these needs and expectations. Service quality has thus been distinguished as a gap between customers’ expectations and the performance they actually receive (Parasuraman et al., 1985). Asher (1996) had suggested that service transactions are subjectively judged and that service quality depends on the degree to which a customer’s perceived expectations have been met. According to this paradigm, customers decide when they are satisfied.
This satisfaction is dependent on many factors such as the quality of tangible facilities; the responsiveness and empathy of staff to customer needs and requests, the consistency of service quality, the accuracy of information provided, and the location of the service provider where service is provided. A smaller gap between expectations and perceptions leads to the service being perceived as a higher quality and to customer satisfaction being increased.

It has been realized that services marketing are the responsibility of everyone within the organization, and that organizational marketing needs to be embraced as a corporate philosophy. It has been argued that service quality is the great differentiator among service providers (Parasuraman et al., 1985; Kandampully et al., 2007), there has been no agreed definition of service quality.

Gronroos (2000) had divided the total quality of a product and service into technical quality and functional quality. Zineldin (2006) extended technical-functional quality models into framework of five quality dimensions (5Qs) that is total quality would have an impact on the satisfaction and loyalty of a customer and its outcome would be Positive CRM strategy. The five qualities have been defined as quality of object; quality of processes, quality of infrastructure, quality of interaction, quality of atmosphere has been outlined in brief as follows.

2.8:1: Total Quality:

Q1: Quality of object is the technical quality what customer receives. It measures the core product/service itself that customer receives while in transaction. Q2. Quality of processes is the functional quality (how the product/service provider provides the core product/service (the technical). So as to know, how service is being delivered and what problems are being faced in service delivery, and to take necessary steps to improve on it to satisfy customer. Q3. Quality of infrastructure measures the basic resources which are essential to provide the product/ services: the quality of the internal competence and skills, experience, know-how, technology, internal relationships, motivation, attitudes, internal resources and activities, and how these activities are managed, co-operated and co-ordinated. Q4. Quality of interaction measures the quality of information exchange, financial exchange and social exchange, etc. Q5. Quality of atmosphere examines the relationship and interaction processes between the customer-company are influenced by the quality of the atmosphere in a specific environment where they operate (Ibid).

The 5Qs Model is more comprehensive and incorporates essential and important attributes for CRM. By linking infrastructure, interaction and atmosphere indicators to the quality of object and processes, may lead to improve in CRM strategy which may improve the overall satisfaction and loyalty and ultimately to a better Customer Relationship Management (Zineldin’s, 2006).
2.8.2: Customer Satisfaction:

According to Czepiel et al. (1985) customer satisfaction is a multi-dimensional concept. It is an important variable in consumer behavior. Churchill and Surprenant (1982) saw it as a cognitive evaluative process, and Oliver (1981) summed it up as an emotional reaction following “Expectancy Disconfirmation”.

2.8.3: Customer Loyalty:

Customer loyalty has emerged as a major aspect in the marketing management agenda. Customer Loyalty in the marketing term has been defined as a willful voluntary and repeated choice of a specific brand of a product or type of service (H. Peeru Mohamed aSagadevan, 2007).  

Table Number: 2.2: Loyalty-Generating Strategies in the Hotel Sector

<table>
<thead>
<tr>
<th>Sr.No</th>
<th>Strategy Type</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Social</td>
<td>Interpersonal links with the hotel via regular communications.</td>
</tr>
<tr>
<td>02</td>
<td>Emotional</td>
<td>Providing a sense of recognition through staff using guest’s name.</td>
</tr>
<tr>
<td>03</td>
<td>Experiential</td>
<td>Providing extra services such as turndown services.</td>
</tr>
<tr>
<td>04</td>
<td>Functional</td>
<td>Providing extra facilities such as Internet access.</td>
</tr>
<tr>
<td>05</td>
<td>Temporal</td>
<td>Time savings through quick check-in services.</td>
</tr>
<tr>
<td>06</td>
<td>Financial</td>
<td>Monetary savings through discounts on services.</td>
</tr>
</tbody>
</table>

Source: Shoemaker and Lewis, 1999

2.8.4: Positive CRM Strategies:

An effective retention program is likely to increase customer satisfaction and thereby improve customer retention and profitability Zineldin, M. (2006).
A comprehensive retention strategy is composed of quality, strategy and tactical programs which must be designed in companies to improve customer retention (Ibid).

2.9: EMERGING TRENDS, DEVELOPMENTS AND FUTURE CRM:
An attempt has been made to provide a brief idea of emerging trends, developments and future of CRM.

The research study outlines the CRM to e-CRM, basic requirements for e-CRM, six ‘E’s of e-CRM implementation-CRM as a component of CRM, Impact of information technology on CRM, e-CRM as a sales tool, e-CRM as a marketing tool, e-CRM as a marketing strategy, tools and technologies of e-CRM, and Future of CRM as follows.

2.9:1: EMERGING TRENDS IN CRM:
Customer Managed Relationship (CMR) is just another version of CRM. It is just that where guest invites firms in their lives and ultimately manage relationship and presence with the companies (Paul Greenberg, 2010)\(^{179}\). Social CRM is now the new way to deal with customer who has the ability to create more targeted messaging and building relationships through social media (www.trends.clickhere.com)\(^{15}\). Social CRM is a philosophy and a business strategy supported by a technology platform, business rules, processes and social characteristics designed to connect with the customer in joint conversation so as to provide equally beneficial value in a expected and a clear business environment (Paul Greenberg, 2010)\(^{179}\).

Every business needs to be a multi-channel use of mobile phones by many gives greatest opportunity to marketer to target customers, Social media is one of the most important platforms to connect to customers. This is done by segmenting customers by social role, and using social activities to support search engine optimization, Use of customer data would help companies to understand customer value and customer behavior. Customers now have more choices than ever and are more prudent. This affords them the luxury of demanding more. The companies practicing CRM will be charged with offering a holistic experience across all company touch points and developing the infrastructure that allows for knowledge sharing and smart communication, Personalization and customization, Cross-channel marketing simply focuses on messaging integrating email and display with at least one of the other channel. (www.crm trends.com)\(^{16}\).

2.9:2: DEVELOPMENTS IN CRM:
In the past, producers took their customers for granted because at that time customers were neither demanding nor had many alternative sources of supply or suppliers. Since she/he was a passive customer the producer dictated terms and had little customer commitment.
However, today there is a radical transformation. The changing business environment is characterized by economic liberalization, increasing competition, high consumer choice, enlightened and demanding customers, with increased more emphasis on quality and value of purchase (B.M Ghodeswar,2003). An increasing number of companies have realized the importance of becoming more customer-centric. It is six to seven times more expensive and time consuming to gain a new customer than to keep an existing one. Not only the price is no longer critical, customers are changing their expectations and behavior (Jana, Martina, Sebastian, 2012).

Marketers now focus on two types of strategies viz., offensive and defensive. Offensive marketing is aimed at increasing the size of firm’s customer base whereas defensive marketing is aimed at existing customer such as customer retention and service recovery efforts. The marketing theory and current practice is that defensive marketing is more profitable, and companies should allocate resources to build more cooperative and long lasting relationship with customers (Baran, Galka&strunk, 2008).

2.9.3: A SHIFT TOWARDS e-CRM:
Customer Relationship Management (CRM) is an approach which leads to optimization of customer loyalty and their experience of lifetime. CRM can assist organizations to be successful, which is not limited to big multinational companies, which can even be adopted and implemented by large number of small companies so as to get competitive advantage and to make business strategy for the same. The very purpose of implementing CRM in an organization is to build and preserve long lasting association between existing and potential customers of the organization. They try to collect, store, retrieve and analyze information about their customers (Nermine El Essawy, 2012). In simple words, e-CRM is a means to conduct interactive personalized and relevant communication with customers across both electronic and traditional channels. It pays attention on finding the reason whether implementation of customer relationship management affects the business (H peeru Mohamed & A sagadevn 2007). e-CRM online implies an additional means of communication and level of interaction with the customer. It can be defined as a comprehensive understanding of customer activities, personalization, relevance, permission, timeliness, and metrics as a means to an end optimizing the value of companies most important customers (Ibid). Anumala (2007) had provided an understanding that e-CRM is a combination of software, hardware, and management commitments. It gives guidance to a development of service provided to customer, a growth in the relationship and retaining customers of high worth. It aims to improve customer service, develop a relationship and retain valuable customers. It has been a major concern for many organizations especially in the banking sector. Dyche (2001) had identified the aim of e-CRM systems as to improve customer service, develop a relationship and retain valuable customers. Furthermore, added advantage would be that it enhances delineation in customer’s value.
Scullin et al., (2002) believed that increased customer loyalty, information accumulated by e-CRM system helps organizations to identify the actual input cost of winning and retaining long lasting relationships with customers.

### 2.9:4 BASIC REQUIREMENTS FOR e-CRM

Information pertaining to one’s own customers and prospective customer is very important; e-CRM applications contain all such vast amount of information. This is a major requirement for marketing applications and possible only if e-CRM solutions have robust business intelligence and analytical capabilities. Such information needs to be leveraged and analyzed by decision makers to take more informed and timely business decisions.

Users of e-CRM applications require access to their applications, which is supported through standard web-browsers. Web is a critical channel for e-business, and is also important from an infrastructure perspective. Moreover, business logic and data are maintained centrally which facilitates the Deployment, Maintenance and Upgrading of applications. Integration of the functional components of CRM solution across multiple channels is required so that the customer interaction can be seen to be Seamless, Consistent and Efficient. The e-CRM to ERP integration ensures that organizations can perform business intelligence across system. Thus, the 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. CRM packages might provide customer analytics which is required to observe customer relationship but lack the means to turn findings into initiatives in order to have a positive impact on continuous relationships with customers. Some e-CRM offerings might patch together sales force automation and customer support producing only a fraction of an e-CRM solution (H. Peeru Mohamed A Sagadevan 2007).

### 2.9:5 SIX ‘E’s OF e-CRM

Implementation of e-CRM is the basic need for continuous relationship with customers. The basic of e-CRM is optimization and integration of cross channel. The six “e” in e-CRM can be used in many ways depending upon which the channels which e-CRM utilizes the issues which it impacts and other factors that have been explained in brief as follows:

#### 2.9.5.1: Electronic Messaging Channels:

A new electronic channel such as the Web and personalized e-Messaging is adopted for fast interactive and economic customer communications. The purpose of the Web experience in the CRM is to identify a customer derive the value of the customer and interact with him/her (KapilChaturvedi et al 2003).
2.9.5.2: Enterprise:
An e-CRM strategy depends more on the maintenance of a data warehouse that provides a, detailed view of individual customer behaviour and communication history. In this way each and every enterprise gets added advantage to handle and outline the experiences of customer’s through e-CRM (Ibid).

2.9.5.3: Empowerment:
Consumers now have the authority to make decisions regarding when and how to converse with the organizations and in which way. e-CRM approach should be planned in a way to provide accommodation to this kind of consumers, and e-CRM solution must be prepared to bring valuable information on time and patiently to its customers that she/he can accept it in exchange for his/her attention (Ibid).

2.9.5.4: Economics:
Customer economics drives smart asset allocation decisions, directing resources and efforts at individuals which would provide the greatest return on consumer communication initiatives. Understanding customer economics relies on a company’s ability to attribute consumer behaviour to marketing programs. Many companies perform best communication strategies to understand the economics of continuous customer relationship with customers (Ibid).

2.9.5.5: Evaluation:
It is essential for companies to evaluate customer interactions along with various customer touch point channels and compare anticipated ROI against actual returns through customer’s analytical reporting for true evaluations. The evaluation’s output permit organization to constantly enhance their ways to optimize relationships in an ongoing way between organization and its customers (Ibid).

2.9.5.6: External Information:
Company builds an e-CRM solution in order to optimize continuous relationships between companies and its customers. External valuable information can be used to understand customer needs in a better way. External information can be gained from sources such as third-party information networks and web page profiler applications under the condition that companies adhere to strict consumer opt-in-rules and privacy concerns. e-CRM must address customer optimization along three dimensions viz., Acquisition, Expansion, and Retention. This customer optimization dimensions help customers to cost effective channels and cross-selling for continuous relationship with the customers (Ibid).

2.10: IMPACT OF INFORMATION TECHNOLOGY ON CRM:
The usage of technology has become very exhilarating, which has grown faster and has distorted the way of getting information regarding goods and services by customers (BM Ghodeswar, 2003). Technology has a vast impact as more and more individuals would like to be treated as single individual than among the masses, Availability of products and services when required.
Speed of response and better understanding about each customer. CRM through technology has become a wide focus area which every organization would like to adopt it (Vijay Ahooja, 2003)\textsuperscript{187}. An attempt has been made by the researcher to provide brief idea about list of e-CRM dimensions for Hotel Web Sites viz., Information quality, Quality services, Ease of Navigation, Consumer Service Efficiency, Payment Options, Security and privacy Policy, Multimedia Features, Personalization Level, Rewards, Channel Integration, Reservation and Tracking, Use of Social Media, Lower Rates and Fulfillment of Service (Noor RaihanAb Hamid. Et; al, 2011)\textsuperscript{188}.

2.10.1: CRM TECHNOLOGIES:

CRM technology has been categorized into three distinct areas that has been outlined in brief as follows.

2.10.1.1: Operational CRM:

The CRM mechanizes customer supporting business processes and improves customer-facing. CRM software applications enable themarketing, selling and service functions to be automated and integrated (www.elsevierdirect.com)\textsuperscript{17}. It aims to support front-office where direct customer contact occurs (Kahlifa, 2004)\textsuperscript{189}. It allows the organization to perform its work in an effective and efficient way through the integration among various communication channels (Vervest and Dunn, 2000)\textsuperscript{190}, Myers, 1998\textsuperscript{191}). Adebanjo(2003)\textsuperscript{192} had provided an understanding that it is a tool for improving customer service and to facilitate communication between the client and the customer service officer which should increase the customer loyalty and lead to a better service.

<table>
<thead>
<tr>
<th>Table Number: 2.3: The Major Applications Within Operational CRM</th>
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<tbody>
<tr>
<td><strong>Marketing automation</strong></td>
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<tr>
<td>Market Segmentation</td>
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<tr>
<td>Campaign Management</td>
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<tr>
<td>Event-Based (Trigger) Marketing</td>
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Source: www.elsevierdirect.com\textsuperscript{17}

2.10.1.2: Analytical CRM:

Analytical CRM is concerned with capturing, storing, extracting, integrating, processing, interpreting, distributing, using and reporting customer-related data to enhance both customer and company value (www.elsevierdirect.com)\textsuperscript{17}. Kahlifa, (2004)\textsuperscript{189} had stated that it is also known as “Back-Office” or “Strategic” CRM which involves understanding the customer activities that take place in the front office.
Various researchers have provided an understanding that analytical CRM is builds on the operational CRM and aims at building data warehouses, improving relationships, and analyzing data by managing information concerning customer segments and behavior using statistical methods (Nykamp, 2001\textsuperscript{193}; Peppers and Rogers, 2001\textsuperscript{194}; Adebanjo, 2003\textsuperscript{192}).

2.10.1.3: Collaborative CRM:
Collaborative CRM stresses two-way communication instead of one-way communication. Reynolds (2002)\textsuperscript{195} had explained collaborative CRM as the crossing point such as e-Mail, Conferencing, Chat, Real-Time Applications which make easy interaction between a company and its customers, as well as within the business itself when dealing with customer information. Adebanjo (2003)\textsuperscript{192} had stated it is a communication center or a coordination network that aims at building online communities, developing business-to-business customer exchanges, and personalizing services.

2.11: e-CRM AS A COMPONENT AND TOOL OF CRM:

2.11.1: Introduction:
The CRM is used to identify, attract and retain most valuable customers that would help business to get required growth. Getting long-term performance by getting in-depth knowledge of customer is a need of an hour which insists companies to design product offerings to match or exceed customer expectation (BM Ghodeswar, 2003)\textsuperscript{180}. Bergeron & Bryan (2002)\textsuperscript{196} had stated that CRM is essentially a right business strategy for acquiring and maintaining the loyal customers for continuous relationship for long-term period. There are various channels that exist for interacting with current customers.

The researchers stated that when CRM is done on web it is called as electronic CRM. The thrust of e-CRM is not what the organization is doing on the web but how fully it ties up with its on-line channels back along with its traditional channels, and on customer touch points (KapilChaturvedi and Anil B. Bhatia, 2003)\textsuperscript{186}. The following figure describes about how the advent of electronic channels have made CRM as a technology-driven approach to be adopted by organizations.
Traditional approach includes tools such as Telephone, Mail, Fax etc., in CRM with customers in person for Personal Selling, and After Sales Services. Customer Care Management (CCM) program and Customer’s Complaint handling are the core concepts for customers’ satisfaction in the organization (BM Ghodeswar, 2003)\(^{180}\). On the other hand web-enabled, Integration approach to CRM is a new concept and includes new systems viz., Marketing Intelligence System and Customer Database, etc.

Automation of Customer Support Processes, Sales Force Automation, Marketing Automation Call Centres, System Integration, and Life Time Value of Customer for continuous Relationships with the valuable target customers. It implies that traditional approach includes limited functions for customer satisfaction (Ibid).
The CRM has become the final answer for both organizations and customers. All organizations therefore should have a clear idea regarding the loss of their customers. Traditional CRM concentrated on customer’s convenience and customer services. Technical support and marketing are its main tools. By adding anticipatory channels to traditional relationship management, organizations can realize new dimensions of CRM satisfaction (Bergeron, Bryan, 2002). Conventional ways of doing business have confirmed it to be annoying, expensive, and a time-taking affair.

This has led businesses to look for better explanations. Understanding of CRM e-Business has confirmed that it is the right strategy that is required. It caters to current problems faced by businesses and shows that it has the capacity to deal with future or upcoming difficulties as well. CRM e-Business is dynamic in nature and has the capability to adapt to the changes taking place in the environment (www.crminfoline.com).

### 2.11.2: E-CRM TOOLS:

In each and every stage, the company will attempt to enlarge a CEA (Connected Enterprise Architecture) inside the context of the company’s own CRM strategy.
As the e-CRM is associated with electronic and computers, it relies on computer technology for different tasks and activities carried out under its umbrella. Some of these computer technologies reside in powerful telephone system and some in the connections between the telephone and computer network. The technology based products and services in the CRM industry can be stratified into an array of different categories of space (Bergeron, Brayn, 2002). The following is a set of technological e-CRM capacities and application that jointly and preferably consist of a full e-CRM solution.

2.11.2.1: Analytic Software for Customer:
It should be incorporated with customer communications software to facilitate companies to convert results of customer into ROI (Return on Investment) producing initiatives (H. Peeru Mohamed ASagadevan, 2007).

2.11.2.2: Software for Data Mining:
The prognostic representations should be firmly integrated with campaign management software to stay in speed with multiple campaigns running daily or weekly (Ibid).

2.11.2.3: Software for Managing Campaign:
This software examines different kinds of offer with in comparison to control groups and detains endorsement history for every current customer and future customer and creates output for almost any customer who are either online or offline with each and every channel point where customer interacts (Ibid).

2.11.2.4: Simulating Business:
It is used in combination with software used for Campaign Management, which provides best possible offers, messages and channel delivery before to the implementation of campaign and comparison is also made between planned costs and ROI projections with real outcome (Ibid).

2.11.2.5: Real Time Decision Engine:
The coordination and synchronization is done for communications in all the copy customer touch points system. It encloses business intelligence to conclude and communicate the most suitable message offered and channel delivery in real time and support for two-side communication with the customer (Ibid).

2.11.3: E-CRM AS A MARKETING TOOL:
E-CRM is a business tool that each and every company would like to get. It is a business approach which is planned to get the maximum profit, revenue and satisfied customers’. It includes most of the customer interactions such as face to face; Internet and phone. It should help staff members and business partners by providing information related to customers, so as to create and innovate the entire value chain jointly and successfully to create customer delight (Parimal Vyas, 2001).
It is a combination of different communication channels viz., Wireless Application Protocol (WAP), Electronic mail (e-mail), Telephony and Mobile Devices. Web, Wireless and Voice Technologies make it feasible to merge tailored made touch points and customized service with the efficiencies of mass-market. It brings about a web-centric approach in which the web and e-mail are a serious means of customer communication that helps customer to make use of e-CRM system from any corner and any point of time. General application of e-CRM consists of viz., marketing inventory management; forecasting and budgeting; marketing information system; pricing policies; channel and logistics management; and evaluation of marketing campaign (Ibid).

**Table Number: 2.4: Technology, Business and Customer Perspectives of CRM**

<table>
<thead>
<tr>
<th>Technology perspective</th>
<th>Business perspective</th>
<th>Customer perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>CRM has been considered as the fundamental infrastructure and complicated application which is used to know ones customers and their information.</td>
<td>It is an approach which helps in recognizing knowing and forecasting the behavior of consumer so as to establish ongoing profitable association.</td>
</tr>
<tr>
<td><strong>Use of IT</strong></td>
<td>Highest use of IT acts as the fundamental infrastructure for incorporation of information. This usage is fruitful for the organization and the customers both.</td>
<td>Medium-level use of IT to investigate patterns of consumer, customer category and personal marketing to create win-win state for the organization and the customers both.</td>
</tr>
<tr>
<td><strong>Organizational implications</strong></td>
<td>Changes required by the management for reorganizing and re-engineering the organizational business procedures due to acceptance of integrated information systems and centralized databases.</td>
<td>Alteration in processes of business, structure of organizational and culture. Way of thinking should change to the Customer-centric approach as the importance is on building long lasting relationship with customer.</td>
</tr>
<tr>
<td><strong>Examples of IT used</strong></td>
<td>Data warehouse, data marts, analytical tools such as OLAP, slice and dice And neural network.</td>
<td>Data warehouse, data marts, analytical tools such as OLAP, slice and dice And neural networks.</td>
</tr>
</tbody>
</table>

**Source:** Thompson S.H. Teo a.et al, 2006\(^{198}\)
2.12: FUTURE OF CRM:  
The desire to improve customer satisfaction and retention of customers will constantly drive the need to improve CRM systems by the organizations. CRM is here to stay and will evolve more. We are swiftly moving from a predominately seller-driven economy to a predominately buyer-driven economy. Companies are reinvesting in hardware and software technologies to improve communications with their customers. CEOs like Michael Dell and Tom Siegel have realized that building a customer focus requires companies to look through the eyes of the customer and think more like a customer. You have got to sell the way customers want to buy. More and more companies will soon get their customers more involved in their strategic planning processes to lay out CRM plans as well as suggest new products and customer support improvements. During these sessions, customers will be increasingly encouraged to put forward their opinions on what the company’s priorities should be and the improvements that need to be made. CRM is becoming the buzzword of the day. (Greenberg Paul, 2005)\textsuperscript{199}. Technology will improve to put more functionality tools in CRM applications as there is more demand for knowledge management systems, sales coaching systems, and service intelligence systems (www.tutorial-reports.com)\textsuperscript{19}. With CRM technologies evolving, one of the important selling points has been the ability of CRM systems to provide a 360-degree view of the customer to have an integrated view of the customer has helped organizations to keep all departments (Sales, Service, Finance etc.) on the same page and thus in turn provide a consistent service to the customer. Essentially, what has been captured in the 360-degree view is the transactional behavior of the customer. Now the time has come to add another sub category that I would term as "Behavioral Metrics" which is fundamentally capturing the customer social behavioral pattern. A lot of information is available on the social network that can be utilized to improve customer view within the organization. The conventional 360 degrees approach is required such as Capture customer conversations, customer influence index, obtain periodic online feedback, monitoring customer needs, nurturing customer relationships, utilize alternate channels of communication with customer (www.customerthink.com)\textsuperscript{20}. Mobile devices become more common, a company's ability to improve customer care will largely be determined by its ability to implement advanced mobile customer relations management (CRM) applications. Maintaining relationship through mobiles would increase efficiency of CRM (www.teletech.com)\textsuperscript{21}. In fact, CRM is one of the main competitive advantages that companies can implement in order to prevent transferring customer to other companies, and thus retain customers (Taleghani et al, 2012)\textsuperscript{200}. Thus, CRM is having bright future ahead. In future CRM would become extremely embedded as a strategy for business for most of the companies. Use of technology will develop, while technical and organizational challenges will be overcome.
Drastic change would be there in years to come, but it is certain that CRM is a journey, not a destination, and customers have their hands on the road map and the steering wheel (www.businessweek.com).22

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