CHAPTER 2
CUSTOMER CENTRIC ENTERPRISE FOR EFFECTIVE CRM

2.1 Introduction:

To be customer centric a firm needs the support of a suitable organization structure. The human side of the change is the biggest challenge as the human chemistry is still unknown and hence unpredictable. Hence a specific and clear method to handle a change in the thinking pattern, approach to customers, willingness to serve the customers etc. is still a very difficult task. The following points are considered for successful implementation of CRM:

I. Creating enablers and accelerators of CRM – It is important to create enablers for implementation of CRM so that the process will be accelerated e.g. Suitable provisions in the organization structure such as a division, department, dedicated team, task force etc. for special customer focus.

II. Managing stakeholders – The stakeholders include all those who are directly or indirectly a part of the organization. E.g. employees, shareholders etc. Whenever there is a change, the human tendency is to resist it - out of inertia, fear of the uncertainty that comes with the change, economic factors etc. The change must be received with an open mind to make the change useful and beneficial to the organization. The whole hearted support of all the stakeholders thus becomes very crucial to successfully implement the change. All the stakeholders must be mentally prepared to accept the change and the associated anxiety, be ready to put in greater inputs and ready to face some added stress.

III. Integrating all aspects - The change program is expected to be a comprehensive systematic approach. It should incorporate the process, technologies, applications, data flows, locations and facilities. Various aspects of the organization that are complementary to each other and are necessary for the smooth functioning must be encompassed in the process of integration of the organization for ushering in the change.

IV. Ensuring organizational learning – In today’s competitive world, to be successful an organization must be a learning organization. The building blocks of the organization, the employees, must be in a continuous learning
mode. They need to update their knowledge and share it with the other employees so as to help them face the realities of the business and face the expected and unexpected changes competently. The organization identifies and implements responses to expected and unexpected changes. The element of uncertainty cannot be fully eliminated but can certainly be minimized.

V. **Change management** – Building the organizations capacity, for sustaining change is very crucial as change is the only constant thing in today’s fast world hence the organization must build the capacity i.e. the agility to respond to an infinite number of changes that will be on their way.

All these factors need to be properly managed to ensure that all employees are well versed with all aspects of change – organization structure, technology etc. to ensure that the customers do not get a degraded experience.

2.2 **Change drivers:**

The business world today is highly dynamic and ever-changing, making it mandatory for the organizations to be very adaptable and flexible. The change that needs to be ushered in has so many factors that are absolutely vital if the change is to be beneficial to the organization. The work force diversity, increased professionalism, cut throat competition, changing expectations of the customer class, advancing technology etc are not very easy to comprehend. An organization needs a large supply of competent leaders who could take charge of the organization and work with dedication and commitment to improve the abilities of the employees and in turn the organization. Some of these factors are the ones that are the driving factors for the smooth setting in of the change. These are illustrated in details along with the figure given below.
2.2.1 **Leadership** -

The leaders of the team motivate subordinates to work for CRM and be ready to take extra efforts and thus drive and mobilize people to deliver value to customers. The leadership must be dynamic, motivating, enthusiastic and stimulating for the wholehearted cooperation of the team members in accepting and implementing CRM.

2.2.2 **Commitment** –

The staff resistance and readiness to embrace new ways are identified, anticipated and worked on to ensure that they think, behave and perform to deliver best service to the customer. They must be educated about the importance and essentiality of CRM so as to win their 100% commitment.

2.2.3 **Culture** –

A culture that will involve everybody from top to bottom in executing customer care is necessary. Such culture cannot be introduced overnight but must be nurtured and shaped over time. It is said that customers can make or break an organization. Customer care is not to be reduced to a formula but becomes a mindset and is implemented with involvement and dedication. It becomes a part of the vision of the organization. The organizational climate and employee values, norms and behaviors continually adapt to new business situations and encourage excellent performance.
2.2.4 Communication –

To face the onslaught of change, an open and transparent communication system is vital. Sharing critical information in a timely manner and an honest, interactive communication channel is the lifeline of an organization. The communication plan developed explains what is happening, when, why and how it will affect them.

2.2.5 Capabilities-

Employees at all levels from top to bottom are expected to develop skills and share knowledge to perform quickly and by adopting new ways. To assimilate change and to give the best to the customers, the staff must be prompt and ever willing to serve the customers. For changing the mindset and connecting with customers, the staff is trained in complaint resolution, adapting their delivery to different needs of different customer segments and detecting customer issues early. These capabilities are developed with different training programs for different levels and proportionate empowerment.

2.2.6 Performance –

Performance process, incentives and management practices consistently recognize, reward and reinforce the achievement of CRM goals.

2.2.7 Structure –

An organization structure conducive to customer care is designed and created wherein the original jobs, work groups and departments and roles and responsibilities may all change.

2.3 Managing change in the organization:

Change management is a very challenging and inevitable part of an organization’s life in today’s world. An important part of change management is to first of all understand in depth the necessity of the change for the organization, its logical justification as to why the change is essential for the organization in terms of the tangible and intangible benefits for the organization in it. All the people involved in the process must have a clear picture of what changes are being made and why, what are the benefits to the organization in it and what benefits will come to the individual, the role that each one is expected to play etc. Before initializing the change process, the firm has to be clear about the various requisites for customer satisfaction so when the change process begins people do it with an understanding and urge. Thus
introducing a change in the organization is job that needs to be done step by step with well charted out plan.

2.3.1 Clarifying the purpose and area of change –

It first needs to be established as to what kind of change needs to be ushered in, the justification of the desired change, the consequences of action and inaction, the urgency of the change, its expected outcome, its impact on business value. The pace and style of change are assessed first and then further changes are implemented after more assessment and analysis.

2.3.2 Developing a strategy for transition –

The reason for change in organization, the content and direction are clearly defined in a well defined strategy for change. The external business factors that compel this change are made clear and also how this new change can enable the organization to face this change better and also benefit is made clear to all involved to ensure that they work with an understanding.

2.3.3 Gap Analysis execution -

The process of converting organizational transition strategy to an organizational transition plan is made possible by gap analysis. It involves the stakeholders and prepares them for the business change which is about to come. Gap analysis is the best way to bridge the gap between the present and future state of the organization. It also incorporates the changing expectations of the customers which is the pivotal factor in the business.
Figure No. 9 Gap analysis:

Source: www.12manage.com
2.3.4 **Preparing organization transition plan**-

This plan identifies where the organization needs to go from its current status. It is the organizational initiative to address the stakeholders’ transition needs, responding to possible sources of resistance, developing the stakeholders’ abilities to perform new processes, using new business applications, initiating rewards for performance etc. The plan also studies the organizational change strategy and institutes rewards clearly reflecting the management’s greater thrust on customer centric behavior. It would also ensure that team work is encouraged and all initiatives fostering an atmosphere of team spirit are strongly supported.

2.3.5 **Developing, testing and implementing initiatives** -

Some initiatives result in physical products while others produce intangible things like high performance teams, customer satisfaction, emotional or behavioral changes, committed leadership etc. All these initiatives are monitored to ensure that they take the organization to the desired position.

2.3.6 **Mobilizing stakeholders** -

The stakeholders have to stick their neck out for the success of these activities. The leaders and their competencies, managerial skills, 100% commitment and involvement are very much necessary for all the plans to be translated into reality.

2.3.7 **Performing architectural integration** - There must be an inbuilt flexibility in any plan so that during continuous assessment and monitoring of organizational conditions if required these changes must be incorporated in the plan.

2.3.8 **Measuring organizational change process outcomes** - The effectiveness of an organizational change process is judged by the achievement of stakeholder transition goal, intended business results etc.

**2.4 Getting other departments involved in CRM implementation:**

Success of a product or scheme or any desired plan cannot be the sole responsibility of a single department. Achieving customer satisfaction is a team effort where all the departments directly or indirectly connected to customers have to play a role. Some departments and their efforts for CRM are clearly visible to all whereas some have to play a role that may not be very visible but it still contributes substantially. In short, all the departments in the organization have to participate in successful CRM implementation.
2.4.1 *Involving all the employees of all departments in CRM:*

Employees of all the departments are given a clear idea of the expectations from them. The CRM process may start from one department but all the departments sooner or later will be a part of the process. Hence the employees are made to think about the following:

- The effect on each department /employee
- The new skills they are required to learn
- Measurement of success
- Those aspects of the organization that will be unchanged.
- The expected changes
- The benefits to the employees
- Their exact role in supporting CRM

2.4.2 *Benefits for Individual employees and departments due to CRM:*

The departments are after all groups of employees of the organization. Hence to get their cooperation they must be educated about the benefits that would accrue to them and their department. Once they are convinced of the utility of and benefits of CRM it is easier to win over their cooperation. Every employee is convinced about the importance and relevance of the CRM system established and also what are the gains they can expect from the program. Educating employees is important because when they have something to gain from it, when they are made aware of all the positive aspects of CRM they will be more than willing to give their best.

2.4.3 *Securing the interest of other departments:*

A group of leaders comprising one representing each department is made to study the impact of CRM on the respective department. These plans are then communicated to all so as to ensure their involvement. CRM tools ensure that all departments work in tandem and do not waver from their paths.

2.4.4 *Motivation from Competition:*

Competition is a potent motivator in many cases. When one department is motivated and starts working and benefiting out of CRM the other departments automatically get motivated. This is supplemented with proper communication, training, motivation and rewards for customer centric behavior.
2.4.5 Obtaining Feedback:

All the departmental members are given a clear idea of all the aspects of CRM. As per requirement proper training is imparted and after communicating CRM goals the departmental representative gets a feedback. Working on this feedback received, the attempt is to improve the past mistakes and help other departments understand the process and its benefits. Effective communication plays a key role in the whole exercise.

2.5 Why CRM?

The business world outside is very competitive, highly professional, almost ruthless when it comes to business operations. The customers are described as shameless bargain seekers. Facing these customers and fulfilling all their expectations to the point of delighting them or astonishing them is a Herculean task. The customer today is well informed, choosy and has infinite options to get whatever he wants. In short, it has clearly become the buyer’s market. Losing a customer is unaffordable to a business particularly so if he leaves on a negative note of dissatisfaction. Managing the customer requires the cooperation of all the stakeholders of the organization who contribute directly or indirectly in satisfying the customer. Learning about the changing expectations of the customer, the competitors and their offers, innovative ways to offer better value to the customers would all be impossible without good relations with the customers. The link with the customer is the oxygen for the survival and success of the organization. Once the organization acquires the trust and confidence of the customers, it is possible to learn from them about the various aspects of the product that appeal or do not appeal to the customers. The product can then be suitably modified to offer better value to the customer. The customer can then even participate in creating the product of his dreams. The organization can design strategies which would help them in improving their performance in the market by being more customer centric. The organization methodically deals with customers and manages all kinds of relations in business even on a large scale with the help of CRM.

2.5.1 Overall Development Enhanced with CRM:

CRM enables cost reduction, better working in a competitive environment, better management strategies, better sales, a customer centric approach and a careful
study of customer attitudes. Its involvement in marketing, sales and service also results in customer retention.

2.5.2 CRM crucial for strategy and results:

The first step in CRM is a strong and stable business philosophy which has customer satisfaction and learning at its focus. To translate this philosophy into reality, use is made of technological processes, human asset management, service attitude development and rewards. This creates and nurtures close relations— one to one relations based on trust and understanding with customers. Loyal customers who are around 20% generate 80% of the profits and strengthening relations with them proves useful. The ideas coming from the customers are worked upon, thus helping the business to develop good products, good marketing plans after studying the purchasing patterns, correlating it with the data available.

2.5.3 CRM fosters Customer Loyalty:

Since CRM constantly tracks customer buying it can work out plans to induce him to buy more by offering what he wants. Segmentation is a very important step in CRM because by virtue of segmentation it is possible to group customers into various segments based on common needs. Once this is done, the message communicated to a segment refers to the exact benefits of the product to the customers and their potential to satisfy specific needs of the segment. This yields very good returns particularly from the profitable and hence valuable customers. CRM is thus a highly developed marketing strategy that delivers personal messages to a target audience mostly the profitable customers using resources of the organizations. CRM gives a feedback about the effectiveness of marketing campaigns, projects a customer-friendly image for the business, offers personalized customer care and thus paves the way for an increasing number of potential customers.

2.6 Significance of Passionate CRM Employees:

Employees who work with a passion spend more time focusing on their job than anything else because the intense desire to succeed pushes them every day. Dedicated employees are the company’s biggest asset as teaching customer service attitude to employees is not easy. Zealously working passionate people can deliver this message more effectively while the reluctant CRM employees care little about pleasing the customer. They do the job out of compulsion and it hardly matters to them whether the customer is pleased or not. Such employees are a major risk to the
organization’s CRM agenda and care needs to be taken to avoid hiring such people. The people who come into contact with the customers are the ones who take CRM to the customer. So it is absolutely necessary that the employees understand fully well their responsibility in CRM implementation. Carelessness on the part of employees spoils the work done by the organization.

Loosing CRM professionals or employing the wrong ones decreases the productivity and having unsatisfied personnel contributes to the same thing.

The passionately working CRM employees are the lifeline of organizational success.

According to Michael LeBoeuf’s book, “How to Win Customers and Keep Them For Life” he refers to a survey to find the reasons for customer churn. The survey revealed that

- 1% die
- 3% move away
- 5% develop other friendships
- 9% leave for other competitive reasons
- 14% are dissatisfied with the product
- 68% quit as they perceived an attitude of indifference by the owner, manager or employee

A typical business hears from only 4 percent of its dissatisfied customers. The other 96 percent just quietly go away and 91 percent will never come back. That represents a serious financial loss for companies whose people don’t know how to treat customers, and a tremendous gain to those that do. A typical dissatisfied customer will tell eight to ten people about his problem. One in five will tell twenty. It takes twelve positive service incidents to make up for one negative incident.

The factor of indifferent attitude contributes to a major chunk of customer churn which is certainly avoidable. The persons delivering must be able to demonstrate that customer needs stand above all in priority. In short the customer must feel valued and wanted and must be treated accordingly by the employees.

employees are also the internal customers and so they must get the same treatment in the organization so that the feeling is passed on to the external customers.

2.7 How to make CRM Employee Retention possible?

Adaptability:

Immense work satisfaction is possible by giving CRM employees a certain amount of flexibility. For example, a little change in work hours for a genuine reason can alleviate problems provided they are doing their job well.

Wage Structure:

Paying salaries at par with competitors is important lest they are lured by the attractive wages of the competitors. It is desirable to establish a rewarding wage structure that is properly structured and easy to understand so that it becomes an incentive in the true sense.

Skill Requirements:

CRM includes various kinds of activities - some customer facing and some otherwise. Whenever a person is selected for doing a job one considers the skills that he possesses so that he could do justice to the job. Liking what one is doing is the key to the successful execution of the job. Right man for the right job is the crux of delivering satisfactory CRM services.

Training Requirements:

After identifying areas of training requirement the CRM training is undertaken and rewards at par to the training structure are finalized. CRM training is available through many methods and organizations have the option of bringing in experts in the field to coach employees.

Work Environment:

A proper work environment and a place where there is an outlet for grievances is desirable. Most CRM professionals operate on an incentive basis, hence an incentive program that will stimulate them to give their best is normally formulated.

Empowerment:

The staff must be empowered to take decisions on the day to day basis within their normal working rules. If they can take ownership of situations on a daily basis they are likely to be energized by the prospect. If this can be built across the entire workforce then the loyalty that will be built will be invaluable. This also leads to an added advantage of retention of CRM staff who would otherwise most likely defect to
the competitors. This also increases the profitability and conveys the right kind of image of the organization as these experienced staff are adept at dealing with customers in the most capable way. The customers also feel comfortable and secure when they know that the staff is empowered and hence in a position to handle any problem competently.

**Effective Communication:**

The focus of the organization i.e. the organizational goals are clearly communicated to the employees. When the employees are recognized for their contribution and are given the feeling that they are valued and wanted by the organization it will create a feeling of belonging and loyalty. This is an important way of tying the people to successful CRM implementation.

**2.8 CRM education and training for all departments –**

**How to implement it?**

It is desirable that companies view CRM education and training of their employees in other departments as an investment and not expenditure. This ensures smooth implementation and effective communication of CRM goals to the various departments solves lot of problems. Providing adequate departmental training gets the complete cooperation of employees. The methods of training for CRM are many but are preceded by proper CRM education which prepares them for the training to be received.

**Tailor-made CRM Education:**

Depending on the industry the leaders in the field provide tailor made programs to help the employees in their implementation skills and thus supporting the business processes required. The CRM knowledge required is imparted for effective management.

**Experienced trainers:**

Experience is rightly said to be the best teacher and one can learn from other’s experiences. Expert trainers who are capable of teaching a wide range of CRM courses are approached for teaching. The experts then modify the program as per specific requirements of the industry.
Methods of training:

- Classroom Teaching:
  This is the easy method to prepare groups of employees for specific requirements of the organization. Customized course material with regular questions and answers are used.

- Case study method:
  This is a very effective way of helping the employees get a peep into the business world. These are situations from real lives of an organization. Group discussions about the various options that can be implemented and their logical reasoning for it can be discussed at length. The pros and cons of the path chosen by the organization can be discussed for study.

- Role play method:
  This technique simulates the actual situation in facing the customer. It is an effective way to get a firsthand experience of the customer facing activities.

- Workshops:
  These are conducted to help the organization update its knowledge about the latest trends in the market, in the world of customers, competitors, technology deployed for better service to customers etc.

- On-the-job Training
  The employee is made to work with an experienced employee to learn first hand about how to handle tricky situations, learning the day to day activities in delivering value added services to the customer.

2.9 Use of Technology in CRM –

Technology is the fastest growing, most exciting and a revolutionization in the way customers get information about products and services. These include everything from simple overhead projectors, laptop computers to fax machines, emails, audio and video cassette to voice mail. The mostly widely used tools are explained below:

- Electronic point of sale:- (EPOS) –
  This system enables to deliver relevant information in time. e.g. Information about sales rate, stock levels, stock turn, price and margin along
with the demographics, socio-economic and lifestyle characteristics of consumers, impact of 4 P’s ,shelf position and other promotional facilities.  

❖ **Sales Force Automation :-**

   This system helps automate and optimize sales process to shorten sales cycle and increase sales productivity by tracking and managing all qualified leads, contacts and opportunities.

❖ **Customer Service Helpdesk :-**

   This is the automated version of customer support processes to improve quality of service to customers and at the same time reduce the cost of maintaining a customer service. The software helps in logging departmental information about customer problems, enquiries and suggestions, maintain information about status of customer enquiry and maintains information about all the relevant calls and related communication so as to update database.

❖ **Call Centres :-**

   These help in automating operations of inbound and outbound calls generated between company and its customers. E g. EPABX allows call routing, display of relevant customer data, Interactive Voice Response Systems (IVR’S) etc. can handle large volumes of data and are innovative ways of interacting with customers and maintaining IVR’S can conduct automated surveys, automate order processing, call transfer, after hours messages on hold etc.

❖ **Systems Integration :-**

   CRM solutions are front-office automation solutions, ERP is back office automation solution. ERP helps in automating business functions like production, finance, inventory, order fulfillment and human resource to give an integrated view of business, CRM automates the relationship with a customer covering contact, opportunity management, marketing and product knowledge, sales force management, pre and post sales service and complaint handling and provides an integrated view of the customer. The two systems, if integrated, can complement each other for information as well as business workflow, speedy resolution of queries, issues, tracking and correcting product

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problems reported by customers by feeding this information into R and D operations via ERP.

Choice boards are interactive on-line systems that allow individual customers to design their own products by choosing from a menu of attributes, components, prices and delivery options. In this the role of the customer shifts from passive recipient to active designer\textsuperscript{15}. Every business now has an opportunity to link its channel partners with its end customers and participating in the dialogue between them.

\textbf{Customer Contact :-}

Internet is helping companies in improving communication with consumers. Usenet, chat discussion, targeted email surveys can point out problem areas. The internet and extranet have also been successful in improvising the efficiency of business functions. Customers can learn about the business on their own or through the collective knowledge of other customers.\textsuperscript{16}

\textbf{Personalizing Customer Interaction :-}

These help consumers in making informed purchase decisions such as:

\textbf{Consumer communities:}

These are self selecting virtual communities formed on their own. These can have a powerful influence on the market and words spread so fast on the internet that people now refer to word of mouth as “virtual marketing.”\textsuperscript{17}

\textbf{Personalization :}

This is a special form of product differentiation in which a standard product or service is transformed into a specialized solution for an individual. In short, customers become the co-creators of the content of their experiences. This can help create value and loyalty.

In the world of cutthroat competition, consumerism and the buyer dictating terms, holding on to good customers has become very crucial. Use of computers and allied


technology helps create a rich database and helps provide good customer service but
this is not enough. CRM has to bring in personal touch to the dealings with
customers. CRM is hence not a mechanical task carried out with technological
gadgets but something much more human. In short, experiences provide sensory,
emotional, cognitive, behavioral and relational values that are more important than
functional values.  

**New age Marketing:**

Marketing in the 21st century is not just satisfying needs of customers. But to
create a “Wow”! experience with preplanned activities to identify, develop, maintain
and grow long-term fruitful relationships with all stockholders – customers, suppliers,
intermediaries and infomediaries. Marketing involves engaging, interacting,
collaborating with all stakeholders to create value for all.

**Web 2.0:**

With new tech-savvy customers, deprived of time, marketers have to come up
with new tools to engage and interact with customers. One such tool is Web 2.0 Web
2.0 is a set of tools which enable people to establish social and business connection,
share information and collaborate on projects. This includes blogs, webinar, wiki,
social networking sites and virtual world. The concept is the result of a brainstorming
session between Tim O’Reily and Media Live International 2004. A global survey
conducted by McKinsey on “How businesses are using Web 2.0” clearly indicates a
greater communication with customers. Blogs are used to get feedback and
suggestions on product/service improvement. Web 2.0 encourages discussions on
relevant topics, work for product development, service enhancement, production etc.

Social media like twitter have been widely used and a recent study on “How
marketers use social media to grow their business.” conducted by Michael A.
Stelzner states that 81% marketers admit increased business exposure, 61% said it

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19 Sathyanarayanan R S ,Marketing using Web 2.0 Technologies, Marketing Mastermind October 2009, pg 14
20 Sathyanarayanan R S ,Marketing using Web 2.0 Technologies, Marketing Mastermind October 2009, pg 14
increased traffic/subscribers, 48% felt it generated leads, 45% felt it reduced marketing expenses.

**E-Mail Marketing:**

The modern business is witnessing challenges like communicating effectively with prospects, meeting their individual requests and needs, tracking their transactions etc. E-mail marketing is the right solution to face these challenges. The size of E-mail marketing was estimated to be around $885 mn during 2007 and the figure was projected to increase to $1.1bn by 2010. Over 90% of internet users access e-mail, indicating that it will boost the use of e-mails for marketing purpose.

**Thumb Economy: SMS Marketing:**

During early 2007 there were 2.7 billion mobile users and 350 million text messages are exchanged in the world every month and 15% of these are commercial. 80% of the world’s population is connected to mobile phones and this is expected to go up to 90% by 2010. Global mobile ad spend in 2006 was $ 1.4 and by 2011, it is expected to reach $ 11.7 bn.

**2.10 Customer Knowledge Management:**

Significant part of CRM process is managing the knowledge of customers through customer knowledge management. CRM starts with an in depth knowledge of customers, their habits, drives, likes and dislikes. This knowledge needs to be leveraged to develop and design marketing strategies to develop and nurture long lasting mutually beneficial relations with customers. As the products, markets, customers change rapidly, the businesses need to grab, assimilate a whole lot of information about all the changing factors of the business and utilize it to offer better value to customers. The front office operations could be more effective if based on the acquired customer knowledge A KM system basically consists of abstracting vital data from various sources and utilizing it practically for effective business decisions. Leveraging data to organize and convert it into customer knowledge will make it useful in creating value for customers. The CRM value chain can be represented as follows:

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22 Mehta Ranjeet, Digital Direct Marketing, Marketing Mastermind, October 2009, pg 19
Wisdom to completely satisfy customers.

The CRM architecture should take care of converting a large volume of 80% unstructured data for the 20% valuable customers that will improve the utility of CRM measures. Peter Drucker describes information as data endowed with relevance and purpose. Thus, well managed customer information that is properly catalogued and structured, available and accessible to the right people at the right time becomes customer knowledge. Like any other asset, knowledge also has a finite shelf life. The customer knowledge captured from the existing sources is cultivated to gain a strategic advantage in future. The CRM system classifies, stores, retrieves the dynamic information when required. It is built on a database platform that enables enterprise wide scaling, protecting and maintaining the knowledge content and allowing fast and consistent knowledge access across the enterprise.

Customer knowledge management for effective CRM considers the following points for synergy as well as creating a competitive advantage for the organization.

1. Integrating internal and external customer knowledge sources.
2. Identifying IT components of knowledge creation, collaboration and application.
3. Identifying existing and required data mining and knowledge discovery techniques like artificial intelligence etc.
4. Identifying push and pull based mechanism for knowledge sharing and delivery.
5. Identifying right mix of searching, indexing and retrieval.
6. Tagging the existing knowledge bases based on attributes domain, form type, product/service, time, location.
7. Identifying platform and elements of the interface layer like clients, servers and gateways.
8. Identifying components of knowledge architecture.

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Managing customer Knowledge At the Point of Action (KAPA) are the field-process best practices for delivering a great customer experience across the customer life cycle generating an extremely effective positive WOM publicity.

i) Effectively and efficiently capturing all relevant knowledge types such as real time process knowledge, product and service knowledge, company knowledge, competitive knowledge, analytical insight about campaign
response rate and complaint call resolution rate, complaint defect trends etc.

ii) Maintaining accuracy, relevance and freshness of knowledge over time.

iii) Facilitating knowledge access for customers, frontline employees and partners.

iv) Leveraging a common knowledge foundation across departments and channels.

v) Utilizing self service where practical and appropriate.

vi) Continually measuring and improving KAPA effectiveness.

KAPA helps acquire more loyal customers, stronger brands and few problems making the customers the most passionate sales people through WOM.

2.11 CRM implementation:

There are two options available to a firm in implementing CRM - in one stroke or phased implementation. Depending on the specific conditions like availability of resources, preparedness of the firm for CRM etc., existing in the organization a firm chooses one of the above options.

In case of one stroke implementation some of the following points are to be borne in mind by the concerned managers:

- CRM is implemented across all the organization and needs the coming together of employees, leaders, customers, partners to work together and address the main issues. It is recommended that a customer information file is created to indicate various relations.

- New business processes to supplement CRM process are implemented and there has to be a seamless flow of information.

- The customers come first on the agenda, hence a common ground with customers is traced and anything that affects customers negatively needs to be traced.

- Cross functional cooperation, change management, CRM training, aligning CRM solutions with the overall business strategy are to be attended with utmost priority.

- Technology is integrated with the core business area.
• Self service and FAQ’s, customer profiles to the call centre staff, greatly facilitate the CRM implementation.

• Adequate information about the CRM solution is collected before finalizing the decision. CRM is multitiered and executed around a structured development business process.

• The process starts with a development roadmap to stick to the intended time schedule along with a clear statement of the goals of CRM.

2.11.1 Managerial issues:

When companies start implementing the customer care strategies, various issues faced by them are:

• Fixing accountability for customer relationships in the organization.

• Proper understanding and planning of CRM is necessary for the transformation of the business practices and focus.

• Suitable modification in the organizational structure to suit the relationship management process and bring in accountability.

• Acquiring visionary managers with a zest for operating in a competitive environment i.e. finding products and services for customers and not finding customers for the products and services.

• Deciding on the performance evaluation measures:

  Customer relationship management cannot be satisfactorily measured without clearly defined and appropriate measures of success. This is to ensure that the CRM strategy is aligned with the business focus. The whole thing is easier said than done and quite elusive. Due to this CRM’s ability to deliver a profitable performance is often regarded skeptically and under-supported by senior management. A study by a famous university research showed that 87 per cent of the Fortune 500 companies surveyed had the words “Customer Relationships” or “Customer Satisfaction” in their corporate mission statement, yet only 18% had implemented a method for measuring this elusive asset.

2.11.2 Phased implementation:

Some companies opt for a phased CRM implementation as facing change is not very easy. Concentrating on one department, making the change evident and then getting the cooperation from the rest of the organization is relatively easy. Besides, small investments at a time like 6 months, one year project and so on are made and
the returns are used for further expansion. This strategy is also justified instead of making a full scale investment.

The organization makes its goals clear and then also the point where it has to see itself after CRM implementation. The organization is expected to be ready for a long term commitment as the returns begin only after considerable efforts and money flows in. It is found that the average time for implementation may vary from 12-16 weeks to 10 months. Return is expected around 4-7 times the initial investment. Significant changes take longer to show but some changes in customer behavior are apparent immediately. After implementation of the strategy CRM focuses on customer interactions which are used to further the CRM interests. The important points for successful phased implementation are mentioned below:

- CRM implementation is started with small projects first.
- A balance between business processes and CRM tools is aimed at rather than opting for only one.
- Active participation of the management till the end is ensured.
- The organization as well as the participants give serious attention to CRM training.
- Though a single department may be involved in the CRM project, the entire business is kept in view.
- Qualitative and quantitative measures for CRM are finalized.

### 2.12 CRM - A Win Win Strategy for business and customers:

The CRM promises tailor made solutions and superior service at reduced costs to customers. From the business point of view, loyal customers created by CRM improve profitability and shareholder value. This helps release the capital invested thus far in the business. The traditional financial analysis (Discounted Cash Flow, Net present Value) considers only the short term cash flow i.e. short term returns while making CRM investment decisions. In reality, the CRM investment decisions must be made keeping in view the long term benefits of building a strategic asset in the form of loyal customers.

Today in the era of just in-time thinking and alliance management, a good integration between suppliers and buyers is necessary. This is because if the supplier does not stick to his commitment, the factories may have to come to a grinding halt.
A company these days expects greater involvement on the part of the supplier in product, sales, marketing, and manufacturing innovation. As days pass and the relations grow stronger, these suppliers willingly participate in the process and quality improvements. Good relationships are value additions and buyers demonstrate a strong preference for stable relationships rather than just transactions for high involvement brands. The relations assure the customers of greater intangible benefits such as psychological assurance of the right decision, and all the supporting service required by the buyer.

The businesses today are waking up to the reality that loyal customers are more important than maximizing market share: Loyal customers generate superior profits due to the following reasons:

- Acquiring new customers is costlier than retaining the existing customers.
- Existing customers may buy higher margin products and may buy more.
- Since these customers are already introduced to the company and its products, the cost to service them is much less.
- Satisfied customers rope in more customers through referrals.
- The existing customers are not very price sensitive as they have faith in the company and its products. They are ready to spend a little more if required due to their trust in the company.

Small increases in customer retention rates create more than proportionate increase in profitability.

Some firms “Carry” many unprofitable customers. i.e. who do not generate margins proportionate to the cost to serve them. The organization should not be frittering funds on these customers but instead be using the precious funds to retain the profitable ones. CRM enables valuable and unique learning from loyal customers. This learning is invaluable to the firm as it is able to translate it into customized products for the customers. Once the customer sees that the information provided is being acted upon, they have no reason to try out with a new competitor. This avoids a switching cost, i.e. the cost incurred due to changing suppliers for the customer and gives a substantial competitive advantage to the firm.
When there is a provision to incorporate the valuable and prompt inputs of customers very early in the product development process the creation of a new innovative product becomes less expensive and less cumbersome. The customers through their inputs actually guide the firms as to how to improve their business. This is a greater contribution to business than just cash flow. It also lays down the foundation of a symbiotic value creation for business and its customers.

CRM, however, has some basic business assumptions -

1. When customers experience repeatedly that their expectations are met or sometimes are even delivered a product that surpasses their expectations, trust is automatically created. Businesses need to work out ways to win over the customers for a longer period of time, e.g. appreciating customer expectations, leveraging the moments of truth for delivering a competitive performance, etc.

2. Customers give their input as long as they see benefit out of it. It is up to the firm to decide how to utilize this input and keep the channel of communication open by responding appropriately to customer feedback. The firm must also plan as to how to incorporate the customer feedback successfully in the business.

3. Businesses strive hard to maintain and increase customer commitment so as to acquire business through increased sales, referrals and references.

2.13 Role of brand value in CRM:

While reviewing the literature on CRM, it was observed that the concept of brand, the role it plays in CRM, the value proposition to be made through the brand and the other services offered were very aptly described in the book by Patrick Molineux. It would be impossible to complete the study without referring to his book and the concept as described in the book by him.27

The brand represents a firm’s commitment to the customer. In 1990, it was universally accepted that products could be copied but brands could not be copied. Consumers value their preferred brand. Brands play an influential role in purchasing decisions because they reduce two types of risks:

27 Molineux Patrick, "Defining the Value proposition", Exploiting CRM Connecting With Customers, Management Consultancies Association, 2007, pg64
I. Performance Risk :-

The risk that the offering will not perform as expected e.g a washing machine breaks down after using, a toothpaste promising sparkling teeth does not provide the sparkle etc. The brand assures the customer that the product will function satisfactorily as per the expectations.

II. Psychological Risk :-

The risk that the offering will communicate wrong things about the customer and be inconsistent with the customers emotional and social goals. e.g. Branded garments and cars referring to status, achievement orientation carry a large psychological risk.

The brand creates an image that makes the brand consistent with the customer’s emotional and social goals like security, status, consistency, reliability etc.

Both the above risks come into play even in B-2-B markets and as seen above brands help customers manage risk and simplify purchasing decisions. They are a valuable asset for a brand owner that helps align the firm’s operations with customer needs.

In 1990’s the future of brand marketing was in question as the markets became more transparent and the transparency led to improvement in quality. This greatly reduced the need for psychological reassurances. Even in B-2-B, most businesses have created better cross functional decision making processes that nurture long term supplier partnership. Traditionally, the ‘specifier’ (a person who understood the complex factors that had to be considered while recommending a purchase) took a lot of risk in recommending major purchases or partnerships. Today, most businesses have created better cross functional teams for recommending major purchases or partnerships. The ‘specifier’ is now a process leader of a high performing team that can assume more risk and focuses purchases on getting more value additions from suppliers. Today’s customer does not run after least cost products. He prefers value additions from supplier partnerships based mainly on trust, to some extent on strong brands and also on repeated positive experiences that form the basis of long lasting relations.

e.g. In outsourcing, the partners that outsource consider the values, ethics, culture and long term strategy to work together. The trustworthiness, honesty and commitment to customers’ satisfaction are important in outsourcing partnerships. As
customers needs evolve, it is vital that the supplier partnership must exhibit flexibility and willingness to invest in new capabilities.

Hence firms that want to become customer focused rather than product focused, must understand that the role of a brand must be a broad, relationship based customer value rather than functioning just as an intermediary between the firm and the organization. The brand must become a window into the company - inviting and transparent.

2.13.1 CRM – Unique Organization Value Proposition:

Knox and Maklan\(^28\) suggested a fresh value proposition instead of stretching the 4P’s beyond limit. This value proposition integrates a company’s internal operations with the relationship based needs of its customers. This customer centric agenda has two main features:

1. **It integrates the promise of value and delivery**-

   Traditionally, marketing created a promise through the brand and products had to merely deliver it. Thus whatever the brand promised was delivered by the product. Modifying design of the product as per customer feedback or allowing the customer to become a co creator of the product never came into the picture. This is because, CRM in the form of customization of products was not prevalent then. However CRM is assessed by customers every time they experience it. Thus value has to be delivered in accordance with the relations with customers not just the promise made by the brand. Managing these “Moments of truth” requires sophisticated business processes implemented by a motivated frontline staff. E.g living up to the value proposition made by a bank, hotel or hospital is complex. This is because unlike a physical product, service is delivered to thousands as customized experience of each customer at the moment they experience it. This requires a combination of brand and process management for delivering the value committed. Thus CRM can be implemented with the combination of brand and process management. Thus delivering value against a relationship based promise is more difficult than a product based promise.

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\(^28\) Knox and Maklan, Competing on Value, Financial Planning Institute, 1998. as quoted in Molineux Patrick, "Defining the Value proposition", Exploiting CRM Connecting With Customers, Management Consultancies Association, 2007, pg65
2. **Company and not product is the focus of value** –

The critical element of a successful CRM value proposition is delivery of promise. The risk here is not from the product that does not perform but from the firm that does not fulfill its promise and hence runs a great risk of losing its credibility. The organization becomes the guarantor of value rather than the product.

**Figure No. 11 Unique Organization value proposition:**

![Unique Organization (UOVP) Value Proposition](image)


To illustrate the integration of brand and business process, a metaphor of cable and wire respectively is used. The cable here is the UOVP – Unique Organization Value Proposition that replaces the traditional product brand. The UOVP can be in the form of customer centric value propositions such as guaranteed service levels, creativity, convenience etc. The wires represent the business processes that run deep within. The value proposition directs the business processes deep inside within the supply chain to the customer to deliver the promised value.

The UOVP directs a firm’s processes so that it produces real and differentiated customer value. This leads to the creation of a valuable asset that generates superior, stable cash flows.

The four elements that define customer value proposition are -
• **The organizations reputation:**

Reputation is built from a combination of image and identity. The activities of an organization’s employees are guided by the firm’s identity.

It also has an impact on how they serve customers e.g. promptness in service etc. The customer’s experience forms their image of the firm which in turn strengthens the identity of the firm.

• **Product brand and customer portfolio:**

Traditional businesses focus on product profitability. Different products have differing specialties’ e.g. exclusive design or low cost offer etc. Sometimes poor performing products are maintained to please good customers while some customers are unprofitable inspite of a large volume of business as the cost to serve them is very high. Managing a balance between such products and customers is the test of a manager. A CRM value proposition helps the managers to optimize the product and customer portfolios simultaneously. Product management focuses on discounted cash flows of the product portfolio, market entry strategies and market share optimization. Customer management focuses on identifying the high value customers to gain the tangible benefits like cash flow and intangible benefits like referrals, learning and strategies to capture a maximum share of the customer’s wallet.

• **Network of alliances:**

A firm needs to be well connected with the other firms to meet customer needs effectively. Some of these partnerships are visible while some are not. These partnerships are managed in such a way as to maintain the desired reputation and image. This is vital to a business for the fulfillment of the promises made to the customers. Examples of such partnerships are software vendors and system integrators working together. These partnerships have to be managed on behalf of customers as being part of customer centric. These networks are particularly important in the fiercely competitive future as the competition in future will be between the entire supply chains and not individual firms. This efficient network management will supplement the promises made by the brand by offering a greater value to the customer.
• **Performance at the” moments of truth”**.

Whenever the customer evaluates the extent to which the firm fulfills its promises, he takes into consideration the total customer experience i.e. the impact of all his experiences at all the moments of truth he encounters. The customer experience at these ‘moments of truth’ are managed with the support of product and service design, manufacturing, logistics, human resources development and customer service. The customer’s expectations guide the development of Internal processes which are very important in developing the above capabilities which in turn are important for the delivery of a memorable customer experience. The British retailer Marks and Spencer consistently exceeded the customer expectations of quality, innovation, availability and value for a long time. It was a really tough task to fulfill the raised expectations of customers. When the performance slightly slipped, though still better than competitors, the reputation got affected. Hence the product and service performance promise made by the firm shapes the customer’s expectations. All the above are blended to create a promise that is delivered through the UOVP.

The difference in traditional marketing and CRM is that the former talks of one compelling reason to buy -The USP--- The Unique Selling Proposition while the latter talks of a right blend of all the above ingredients. These elements that contribute to the total value proposition are not present to the same extent in all the value proposals made. It is the skill of the management to understand the right blend of the four elements to create a right mix keeping in view the target market. E.g.

**Sony** –This brand value proposition has large elements of reputation and product performance..

**Accenture or CSC** – In the case of value propositions by these brands partnerships play a major role. Partnership’s with critical software, hardware and networking firms feature predominantly in the brand promise.

The business process of delivering value to the customer is briefly described below. The firm gets its inputs and transforms them into products and services desired by the customers with the help of its intellectual and physical assets. These products or services are then sold to the customer for a profit which enables securing further inputs. The process involves planning and customer development to maintain the growth and balance of the firm. The various elements of this process are discussed in details below.
Supplier Partnership-
Traditionally the supplier strategy was focused on purchasing at lowest cost whatever was desired by manufacturing to meet the forecast made by marketing.

Supply chain management is the backbone of delivering the UOVP due to their meaningful contributions. The car manufacturers benefited out of many supplier led innovations that improved the perceived value of the car. e.g. new braking systems, in-car communications, on board guidance etc. As global suppliers improved quality, reduced cost and innovated quickly cars became universally good and hence the firm’s had to customize and expand their value proposition to include personal car management or financial services etc for value addition Thus supply chain management initially had only cost and quality as its objectives but now has to cater to the extended value proposition. Thus the business process had to be modified. The relation between value proposition and business process becomes clear.

Asset Management (Physical and intellectual)-
Traditional approach of asset management focuses on utilization of assets and spreading the average cost of a fixed asset. Individual business units or product brands plan investments wherein the customer experience is not given much importance. In the process, the firms core competencies and strategic assets are given little weightage and their contribution to the quality of customer experience is under rated..It is now realized that the customer asset must be managed to support the CRM value proposition not just the product brand.

Firms that have invested in CRM have clearly realized that investing in customer insight, in the form of collecting and processing vital data about customer, is very critical. Separate departments that are well funded and competent to cover all business units are being created. The quality of customer data, the firm’s ability to develop insight from that data and its ability to create good customer experiences is an important source of competitive advantage, differential marketing and gives superior returns on CRM.

Resource Transformation -
It is the process by which supplies and other inputs are transformed into products and services. The approach of “listen and serve” helps deliver customized services to individual customers but it requires a tremendous investment in new technology and business processes. Differentiated brand positioning must be integrated with process improvements to reap the benefits of CRM.
Customer Development –
Managing a single customer across the entire business is difficult for many businesses. Traditionally, businesses were built around products or business processes rather than organizing them around the special requirements of customers. In reality, for successful CRM implementation a single customer view, a shared understanding of managing a customer across different business units and an ability to deliver a consistent experience is crucial. Differentiated customer management also helps the firm to take strategic decisions about customer development i.e. how much of the firm’s resources must be invested in each customer segment.

Marketing Planning -
Traditionally, tools such as BCG matrix, Gap Analysis, Ansoff’s Matrix which mainly focus on product portfolio optimization are used.

On the other hand, UOVP considers customers as well as products and develops plans for core business processes and strategic marketing assets.

2.13.2 Brand Idea:
Increased competition has resulted in the customer emerging more powerful than ever. In this highly competitive environment, firms need to differentiate themselves with the help of various means the most effective being the customer experience they deliver. This differentiator can be easily copied hence the firm then has to resort to differentiation on the basis of price, product innovation even emotion. Everything that differentiates the firm in the eyes of the customer is the brand. The promise that the brand makes shapes the expectations of the customer and establishes a base level of expectation. A brand must stand for something that is unique not just blindly copying the best in the lot. Hence benchmarking with some other brand is not correct because what is correct for one may not be correct for the other. The successful brands have always projected a single strong idea which results in consistent behavior amongst the customers. The brands must clearly establish what the brand stands for. e.g.

Benchmarking must be done to deliver these promised ideas. Wolff Olins\textsuperscript{29} in his brand framework explains the various aspects that go in the making of a brand.

\textsuperscript{29} Molineux Patrick, “Driving the brand into the organization “, Exploiting CRM Connecting With Customers, Management Consultancies Association, 2007, pg 104
Figure No. 12  Wolff Olins brand framework:

<table>
<thead>
<tr>
<th>Brand</th>
<th>Idea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony</td>
<td>Miniature perfection</td>
</tr>
<tr>
<td>Nike</td>
<td>Victory</td>
</tr>
<tr>
<td>Coca cola</td>
<td>Life</td>
</tr>
<tr>
<td>Walt Disney</td>
<td>Magic</td>
</tr>
</tbody>
</table>

There are four basic components two of which are hard and two are soft components. Out of the two hard components market position and competence, components market position is external to the organization while competence is
internal. Out of the two soft components image and culture, Image is external while culture is internal to the organization. These are dealt with in details below.

- **Competence** - Competence is tangible, measurable and can be changed with the structure, staff training and interaction of the firm with other firms.

There are three aspects of competence which are hard skills and internal to the organization.

  a. **Capabilities** :- Changing capabilities is always easier than changing culture. The change in capabilities must be noticeable to customers, they must be consistent throughout the organization not patchy, e.g. empowering employees for decision making to serve the customers better.

  b. **Alliances** - Brand perception is affected by partners particularly those that are visible to people. But sometimes the visible partners suffer for no fault of theirs as the customer only sees the visible partner.

  c. **Structure** - The structure of the organization is many times not known to customers unless they specifically ask for it. e.g. when a customer wants to register a complaint then the channel becomes known after enquiry otherwise the channel is not clear. Hence a clear access channel and escalation process for complaints is essential in a customer driven world.

- **Market Position** :-

These cover the hard external aspects of the brand.

  a. **Products and services** - The products and services offered i.e. the extent to which the brand promise is fulfilled is the foundation of a brand.

  b. **Customer segments**- The second factor is the proper customer segmentation and a well thought out and articulated communication management for each segment.

  c. **Price strategy**- The price strategy is supposed to reflect the brand’s promise. Hence the price must be integrated with the customer service strategy. The value and service level that the customer expects due to the brand promise must be fulfilled.
• **Image** -

Bringing about a change in this soft, external aspect is easy to do practically but difficult to achieve the results. Making people believe the campaign for a product is not an easy job.

  a. **Communication** - The right communication at the right time and place is crucial. Communicating what was not intended is the death of the campaign. More communication is not necessarily better and may irritate the customer to the point of defection.

  b. **Customer interaction** - The effect of communication is customer interaction. Customer interaction represents two-way exchange. The fulfillment of customer expectations, the satisfaction of these interactions are very important for building a good image. The organizational strategy must assess the current and the future desired state of customer interaction.

  c. **Social action** - Social consciousness, a sense of social responsibility is an integral part of building a brand.

• **Culture** –

Image of a brand is essential for the external customers and culture is important for internal customers. Changing culture is the first step for changing image.

  a. **Work place culture** - The first component of culture is the workplace culture which influences the customer experience. The level of empowerment of the employees, their attitude, behavior, the level of interest in serving the customer is important in building connectivity with the customer.

  b. **Leadership** - To develop all the above factors the leadership must be conductive to all the above customer centric attitudes.

  c. **Knowledge sharing** – Knowledge sharing is encouraged by rewarding the tendencies of sharing the knowledge with the counterparts to enhance their knowledge and skills. It is also an inseparable part of the CRM culture.

Thus there are many facets of the brand that are intricately linked with CRM and its returns to the organization.
2.14 Customer Consolidation:

The single view of the customer is the foundation of CRM because this single view of customer can help the business understand the relationship with the customer in its entirety and thus realize the customer’s value.

Advantages of single customer view – The single customer view provides following advantages to the organization -

1. Service orientation towards the more valuable customers can be made differently without making it known to others. A relevant picture of an individual’s relationship with a firm is available to staff or systems at the point of connection with the customer. The staff is able to perform transactions across products and offer service with a better understanding of the customer due to knowledge of the customer’s previous interactions.

2. Customer marketing can be made more adaptable to the customer needs. The data regarding all customers is stored in one place due to which comparison between customers is possible and segmentation becomes easier. The offer made to the customer is more customized due to the detailed study of the customer before formulating the offering. Thus the success ratio and customer satisfaction are bound to increase.

3. Corporate strategy can be formulated more effectively by customer analysis. e.g. if it is noticed that 75% of the valuable customers prefer to operate through the internet then additional investment in technology is fully justified. Marketing campaigns can be designed after carrying out a proper risk analysis and profitability analysis. Comparison between customers and further analysis is facilitated by a single database.

Limitations- In spite of the above advantages, there are some inherent limitations. These are as follows:

- The huge volume of data may make a single corporate database impractical.
- For reasons like technical performance, brand, business unit and feasibility reasons, splitting customer data may be appropriate. The operational data may be owned and managed by different units while the data required for analysis is managed centrally. When both these
concepts are referred to together the phrase customer consolidation is used.

- A large enterprise operates through multiple data stores. The business must beware of poor customer service by disconnected views. E.g., If there are five databases from five different business units a company named Ford Motor Company may be identified as Ford, Ford Motor Company, Ford Motors, Ford Motor Co. It must be recognized that this is a single company and not five different companies so as to design a suitable product catering to the requirements of the single customer not the apparent five customers. Decisions about how many salesperson to be allocated etc. depend on the number of customers and in the case as seen above the increased number of customers is misleading resulting in wrong decisions taken.

- There is a misconception about the concept of customer consolidation. Some organizations view it as an exclusively IT function. Customer consolidation is facilitated by IT, but it is not an IT function alone. On the contrary, it is a strategy formulated by involvement of many other departments. For instance,
  - Marketing: This department can use customer consolidation in analyzing data and creating and executing new strategies.
  - Sales: Customer consolidation can provide a wide range of data to the salesperson. The salesperson’s inputs about the sales data needs must be considered while formulating the strategy.
  - Customer Service: With appropriate organizational intervention the customer service staff can use the data effectively to improve customer service.
  - Legal: With the help of legal department the growing data protection implications of data storage are considered.

The customer consolidation is internally looked at as a change program rather than as a technology project so as to develop the right mindset for implementing the strategy. The strategy is expected to clarify the following factors:

1) Identifying the processes for owning, maintaining, updating, accessing and using customer data: There has to be clarity about exactly what needs to be done. E.g., The
processes must be defined to determine from what source and how the data will be extracted, how often the data will be extracted, how often the data quality will be monitored etc.

2) Identifying the specific people to whom the responsibility of these processes will be assigned.

3) Deciding how and where the data consolidation will take place.

The data that is collected is of various types and is characterized into various categories. The strategy decides who will use data from which category and how it will be used. The data categories are as follows:

- **Demographic** – This includes data about the customer’s age, education, address, sex, contact numbers etc.
- **Transactional** – This includes information about the customer’s contact history as well as the subsequent interactions, analytical data such as purchase patterns, time of purchase etc.
- **Behavioral** – This consists of consumer behavior patterns over a period of time which includes information like his likes, dislikes, preferences, service expectations etc.
- **Relationship** - This comprises data about the relations between customers so as to identify the buying roles that vary with the product and industry.
- **Derived** - Appropriate data can be derived with the help of analytical tools that identify trends or profitability, growth potential, risk analysis etc.

Data of perfect quality is practically difficult to achieve but at least the frequency of data updating, tolerance levels etc are decided by the firm in advance. An important part is identifying processes where errors are being introduced e.g. clerical processes or software application problems.

Quality of data can be maintained by encouraging people to accept the responsibility of quality maintenance by introducing rewards, setting quality targets, quality standards, and adequate training to the staff.
2.15 Customer intelligence:

To be successful an organization must understand customer needs. Information which an organization needs to know about customers to be successful includes knowledge about customers, their buying behavior, their views, expectations and preferences etc. all of which is actually the foundation of CRM. Satisfaction is not easy to measure but it can be measured by absence of complaints, retention can be measured by maintaining the customer base and loyalty is not at all easily measured. Customer intelligence techniques are widely used to help understand customer behavior on websites, by analyzing website hits. On the basis of customer behavior it is possible to reshape websites to suit the customer preferences and designing personalized offers. Customer intelligence strategy decides what needs to be known about the customer and technology is used as an enabler. Hence customer intelligence strategy is more important than customer intelligence technology. Thus technology is an enabler and it cannot replace strategy or human judgment.

Customer Intelligence Technologies :-

There are broadly two categories of customer intelligence technologies:

i) **OLAP** - Online Application Processing which helps understand the underlying trends in customer behavior by slicing and dicing of the acquired data.

ii) **Data mining** - This concept compares the process of data mining to the extracting of minerals from the mines. The data warehouse created is like the mineral ore and depending on the requirements suitable data is extracted from it as and when required.

The data mining techniques are of three types:

- **Predictive analysis**: This type of analysis is used to predict a target variable. e.g. on the basis of customer response to a marketing campaign, one can try to predict the behavior of the customer such as probability of buying a product etc.

- **Descriptive analysis**: This kind of analysis looks for data patterns within the customer data. e.g. the details of the buying pattern of a particular segment of customers such as teenagers.

- **Simulation analysis**: This analysis studies different scenarios and sees the impact on a predefined end objective. E.g. How many customers would be gained if ten more outlets are opened in the town?

Acquiring the latest technology is not the solution to customer intelligence problems. The customer intelligence technology also requires the application of
human intelligence. Thus technology is an enabler for sound and balanced judgment, it cannot replace human judgment.

2.16 Campaign Management:

Campaign Management is the skill of capturing the attention of the right customer. In other words, it is a focused marketing campaign that delivers the right message, at the right time, to the right person through the most appropriate media. Focusing on the customers who are most likely to buy the product reduces the cost of the marketing campaign as efforts are not wasted on the people less likely to buy the product. All the information collected and obtained through careful analysis is useful if it increases the capacity of the firm to sell its products or services more effectively and efficiently. All this enhances the chances of satisfaction, long lasting relation and improves the precision of marketing efforts. It is easier to calculate the customer’s lifetime value on the basis of information available through campaign management techniques. E.g. The past transactions Information such as customers who have responded and those who have not responded, how long the response took, when and where the offer was redeemed, how much the communication cost and how the customers behavior and subsequent value was influenced by that communication.

Campaign management is not just targeting customers effectively. There are at least three strategies that firms can adopt for campaign management:

- **Customer Redirection** - All businesses have unwanted customers that overuse the facilities offered, and hence incur a high cost to serve. By identifying these customers, organization can be proactive. E.g. using a website rather than a call centre for such kinds of customers.

- **Load balancing** - Companies can load balance the message delivery media to manage costs by enhancing the value of marketing communications by encouraging dialogue. The interactive dialogue that takes place can reduce the need to spend on the other media.

- **Community based marketing** - Manufacturers add value by directing customers to internet communities of customers. Internet communities are a group of people who frequently discuss the product and the associated service issues. The firm can pass on information to this community who advocate the use by clarifying all the issues and the firm can thus pass the marketing message non intrusively. The risk is that if the problems voiced
by the people on this site are not attended to by the firm, the same community can address its grievances publicly which can prove very costly to the firm.

2.17 Customer complaint management:

Complaint management is an important part of CRM. No complaints is not necessarily an indication of an “all well” situation because there are many customers who have complaints but they do not take the efforts to register those complaints with the firm. They may just stop or reduce purchases from the firm. No complaints must not be mistaken by the firm to be indicative of 100% satisfaction. Firms take efforts to ensure that if the customers have complaints they bring them to the notice of the firm. The customers must not move around taking no efforts to complain and just carry a negative image of the firm. If the customers have complaints they must be encouraged to register them.

Customer complaints and suggestions are a valuable source of feedback to a firm. They identify the areas where there is scope for improvement and thus present an opportunity to foster loyalty among the customers. The data collected in the form of customer feedback must be utilized while making decisions otherwise the purpose of the whole activity is offset. The customers are trying to reach out to the firm when they come forward with complaints or suggestions. Most customers individuals or organizations do not take the trouble of reaching out to the firm and just take the convenient path of walking over to the competitor. This can be avoided by ensuring that the firm and its representatives are accessible and visible to the customers. Many times the customers are confused about whom to complain and how to complain, how to reach out, what will be the result etc. Many firms now a days display their toll free numbers, e mail id’s, customer care numbers that stand out and get noticed by the customer. This encourages the customer to come forward with complaints if they have any. The customer must find making a complaint easy. Efficient and easy handling of customer complaints is facilitated by technology where in each complaint is recorded, categorized and given a code number to be stored in the database. Depending on the severity of the issue the complaint is resolved on a priority basis. According to a National Consumer Survey conducted by the US White House,

30 Brown Stanley, Strategic Customer Care An Evolutionary Approach to Increasing Customer Value and Profitability, Staged customer management, John Wiley and Sons Canadaa, Ltd., pg 146
95% of the customers will buy from the firm again if their complaints are resolved quickly. Among those who are dissatisfied but do not complain, only 37% are likely to buy again. Hence customer complaint management is a very crucial part of CRM.

2.18 Concluding remarks:

The chapter begins with a description of the various ingredients for creating a customer centric firm. It goes in the details of the enablers and the accelerators of CRM, the provisions in the organization structure and the change drivers that facilitate the introduction of the concept to the organization. The chapter systematically explains the stages of preparing the organization and its employees for the new concept of CRM. It deals with motivating employees, involving and educating all the departments in CRM implementation. It discusses the various managerial issues in CRM implementation and the use of technology that can help the organization. The chapter describes in details the role of brand value in CRM as well as introduces the value proposition of UOVP - Unique Organization Value Proposition instead of stretching the 4P’s beyond limit. Finally it describes the customer intelligence technologies, campaign management and a very important part of CRM – the customer complaint management and its role in CRM.

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