Customer Relationship Management Systems: The Trends and Technologies

Isha Dave[*]

Assistant Professor, GLS University, Ahmedabad, Gujarat, India;
isha.dave@glsuniversity.ac.in

Abstract

In today's globalized competitive scenario, mass customization and customer service are important tools for customer attention, retention and loyalty. This paper aims to scrutinize the automation of customer relationship management through the information systems. In this Web 2.0 world, reaching out to a customer at a correct contact-point, with precise information enhances the role of marketing and thus leverages the firms profit and goodwill. With many virtual touchpoints and the unlimited product information available the bargaining power of the customer has increased immensely. Customer relationship software helps to bridge the gap between the company's strategy and the customer's choice. As the business models are shifting to a pull based model, these CRM software help in not only knowing but also understanding the customer and his switching patterns accordingly. As these information's forms large amounts of data, data mining is used to obtain the apt information. Data mining helps break these chunks to data into key action oriented points that directly relate to a company's customer. This in long run helps reduce cost of identifying the new customer and thus increases the profit. This paper illustrates how information technology is developing strong and cordial bonds with its targeted customers giving them a real-time experience thus increasing their loyalty towards the company.

Keywords: Benefits of CRM, Customer Relationship Systems, Success Stories, Trends in CRM

1. Introduction

"Customer Relationship Management" as a term has been trending more in the recent year. Although it's synonymous "Relation Marketing" as stated by Hobby (1999)[7] but the term now is used in a different context – Customer Relationship Management Systems[13]. CRM now are majorly used to concentrate on consolidation of customer data from different touchpoints, store and analyze the same. This stored data is then used by the sales team for lead generation to increase cross sales. This helps in customer satisfaction and ultimately customer retention.

With the advent of time, CRM has established other uses as well. They are now connected to social media and have huge data processing capacity. This helps them to coordinate, automate and solve customer issues in real time.

These above mentioned advantages can be confirmed by many successful companies who have installed, developed and are appreciating the benefits as generated by their CRM systems. These companies work painstakingly for the latest upgrades and utmost systematic uses of CRM.

This papers aims to first define CRM systems and understand its concept. Second, it then defines the types of CRM now present and the advantages in brief.

In the third section, the below mentioned companies have been scrutinize to understand how the CRM installation has left a trail of success that is extremely appreciated and applauded.

- Vodafone
- Yeti
- Dell
- Activision
- Canon
- Belkin

The paper ends discussing the further scope of study under the CRM system, mentioning the finding of these

6 success stories and thus concluding as to summarize the views of paper.

2. Customer Relationship Management System – Definition

Every organization is reaching out to new business models, product or services that will benefit them to differentiate themselves from the competitors. This however, is more difficult as the advance technology and the flattened world has led to transparency of business processes. This transparency reduces the effect of the differentiation models adopted by the companies. Thus resources being equivalent, the one mode through which companies can differentiate is the customer relationship management.

CRM is a management philosophy according to which organizational goals can be best achieved through identification and satisfaction of the customers' stated and unstated needs and wants. The major goal of CRM can be expressed simply as understanding and treating customers better for increased loyalty and profits. Kellen (2002) concludes that it is "a business strategy aimed at gaining long-term competitive advantage by optimally delivering customer value and extracting business value simultaneously".[9]

Customer relationship management assistances in profiling prospects, understanding their needs, and building relationships with them by providing the most appropriate products and improved customer service. It integrates back office functions (financial, logistic, human resource) and front office functions (systems to create a database of customer contacts, purchases, and technical support), among other things. As the consumer's base has increased, there is a huge amount of data consisting of consumers, their purchases and their choices therefore. Bull[16] has shown that while CRM is a business process that is based on the effective management of customer relationships, another very important view of CRM is its technological orientation.

Similarly, Chen and Popovich[14] state that CRM is an integrated approach of managing customer relationships through the combination of three important components:

- (1) People;
- (2) Process; and
- (3) Technology.

Thus, as explained by Joshi (2015) technological developments that have prospered in recent years have substantial influence on the CRM systems[8]. CRM systems have been established to make this massive task of storing and analyzing the information, an easy one. It is due to advent of technology, that storing and processing of such data for a longer time is now an easy and inexpensive job. As stated by Ngai (2009) CRM systems can be explained as a computerized system for identifying, targeting, acquiring, and retaining the best mix of customers[12].

3. Customer Relationship Management Systems: The Concept

Reichheld and Sasser (1990) established that observing that there is huge increase in profits as compared to a small increase in customer retention rates, the marketing teams now prioritize the customer relationships[16]. These arguments were confirmed from the study by Sheth and Parvatiyar[18] that sustained relationships with customers are expected to lower costs, increase customer satisfaction and retention, and enhance revenues

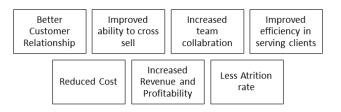Additionally strength of customer relationships allows firms to recover from occasional sub-optimal responses to customer needs by stated by Bolton[2]. Berry (1983) gave the phrase "Relationship Marketing" that emphasized on more balanced long term relationship rather than individual transactions[1]. The expansion of Web 2.0 technologies and globalization has developed the CRM (Customer Relationship Management) technologies to manage the customer base and develop stronger bonds with the company. As per the joint research of Rigby, Reichheld, and Schefter (2002) CRM technology is a suite of information technology-based solutions designed to support the customer relationship management process. These connections with the customers could be developed across different touchpoints. Thus as concluded by Gulati and Garino, (2000) CRM offers customization, simplicity, and convenience for completing transactions, regardless of the channel used for interaction[5].

3.1 Types of CRM

From the design point of view, the CRM can be divided into operational and analytical[22]. As per, He, Xu, Huang, & Deng[6]; Teo, Devadoss, & Pan[21] Operational CRM refers to the automation of business processes, whereas analytical

CRM refers to the analysis of customer characteristics and behaviors so as to support the organizations customer management strategies. As such, analytical CRM helps an organization to better discriminate and more effectively allocate resources to the most profitable group of customers. Analytical CRM includes data mining techniques to help evaluate the data and find the hidden patterns and trends. The operational CRM has many modules of which major once are –sales force automation module for sales and territory management, customer service module for service management and marketing module for campaign and channel management as mentioned by Kenneth C. Laudon[10]. The CRM systems including operational and analytical module, aim to go towards a collaborative CRM. Collaborative CRM is an approach to customer relationship management in which the various departments of a company, such as sales, technical support, and marketing, share any information they collect from interactions with customers[17]. Additionally as observed by Ragins and Greco[15] the mass customization opportunities help to develop emotional connections with stakeholders, thus moving towards a "pull technology" giving customers hands-on power toward companies. Tan et al. (2002) observed that the availability of a technological infrastructure for data mining and warehousing are other key characteristics of the Internet for effective CRM[20]. Thus, as discussed by Winer[24] the web environment obviously has the power to build better relationships with customers than the offline world. Although the internet offers a promising domain for CRM applications, success in e-CRM can be achieved only through a well-designed program that fits the nature of this environment as recognized by Fahey (2001)[4].

Thus the following can be observed as benefits of CRM

Better Customer Relationship	Improved ability to cross sell	Increased team collabration	Improved efficiency in serving clients
Reduced Cost	Increased Revenue and Profitability	Less Atrition rate	

4. CRM: Success Stories

CRM systems, once install can make a huge difference in the organization. It can change the orientation of the whole company, making it customer centric. Below given are a few examples of the companies, who have strengthened their bonds with their customers using these systems.

4.1 Vodafone

Vodafone, an international telecommunication brand wanted to have a panoramic view of the worldwide opportunities they had in their pipelines. This would lead to providing better services to the customers with the expanding horizon. This however was a difficult task with a pool of thousands salespeople in 24 different diversified markets. The issue that crept up was that by the time the different markets sales data was consolidated, the data was already outmoded. Thus to standardize the selling practices they decided to partner with salesforce and essential partner salesforce advisory. With the varied features of the CRM like collective feedback, integrating with third party applications for consistent pricing and marketing strategies etc. Vodafone saw the effectiveness of these systems on the now increasing business. They also started using Data.com that would automate the data cleaning process so the products are marketed to the customers only with up-to-date information. These strategies help decreased the customer lead time from 5-7 days to instant verification, thus boosting customer intelligence. Thus this CRM implementation has increased from 27% to 77% coverage in terms of global markets thus bringing higher revenue to the companies.

4.2 YETI

Yeti, a manufacturer for outdoor lifestyle products like ice-chest, vacuum-insulated stainless steel drinkware etc. wanted to give the customers the same attention as they did when they started. As the business grew, the increasing sales team found it very difficult to keep customer information consolidated, which otherwise was divided across excel sheets, post it etc. With Salesforce CRM integrated with Yeti's backend ERP, the company now has single point of customer information and order history which now syncs in real time. With features like order management, customized marketing and quick response to customer request, Yeti's CRM has been epitome of success. The company sales have increased from $50 million in 2013 to $450 million in 2015, showing the increasing profitability due to CRM implementation.

4.3 Dell

Dell Inc. already worked very effectively with the increasing competition. Yet they started facing some issues. Although the systems where lined up, but the implementation wasn't appropriate. The underutilization

of the system by the employees was an alarming issue. Along with CRM installation, the modifications were made to gain customer attention. This helped them prepare themselves better for the road ahead. Thus their approach to reinvent their relation with the customers was successful boosting the knowledge transfer. They used digital experience to standardize the otherwise customized process. CRM also helped to reduce the number of platform instances, implementing strategies for internal expertise and in guiding to maximize selling resource efficiency. They also extended the CRM rights on a mobile application making it more flexible and effective. All these changes have helped develop dell better as accompany today.

4.4 Activision

One of the most loved and played game – Activision gave a number of successful games like Pitfall, Guitar hero, Skylanders and the latest Modern Warfare 3. Being so successful in the gaming industry with the development in technology was a challenge. The CRM system sync was such that all the social media interactions, tweets were uploaded to service cloud. Here they were compared with the existing database to identify the issues and take follow ups. Activision saw immense change in the operations. The post about issues in the games became were noted and the company reverted on the same. Employees internally found issues on the social media and solved them. This developed a new trend of social customer system. Beforehand 50% of the customer service was self-serve, but post this CRM implementation, the company observed that 85% of all customer would solve their issues on their own while for the rest 15% generated live conversations on the social media and solving their issues. Most of them where solved on social media itself. The amalgamation of high-performing self-service and social customer service has helped Activision lower its total customer service-related operating expenses by 25% annually.

4.5 Canon

One of the world›s largest manufacturers of cameras, copiers, and printers, the company preserves its leadership by continuous innovation of new features and technologies. The company has a huge direct sale staff but the customer details weren't stored appropriately. Canon uses its CRM to connect to its diverse customers and focus on their business developments. Canon captures customer activities and managers can view the complete customer profile and their orders, thus are updated with real time information about the transactions. As these information's are now available at one software, sales team provides updates to supervisor from the field itself. This information gives the business in pipeline and the new opportunities. Also they use a shareware were all the employees connect with each other to be in context of the customer orders and queries.

4.6 Belkin

Being one of the best service providers, Belkin has to be on its toes to serve their customer. Belkin believed the more integrated the employees are the more integrated are the relations with the customer. Their CRM helped them streamline communication and improve visibilities. Belkin had aimed to shorten the order process. The employees upload the file only once into the system and it's available to the whole organization. The price quotes approval process smoothened and gained momentum due to the information sharing. The process that early took 48 to 72 hours now can be done in 24 hours only. Also they are using social media to strengthen their support channels. They pull out the customer data from various social media websites that help them know their customer better. This customized touchpoint is helping Belkin to expand rapidly.

5. Discussion and Review

The above mentioned companies establish that an accurate CRM system is most essential to business today. For a company like Vodafone who has its operations for more than 26 countries and have network partners for 50 additional countries, the sales data that shows the most precise numbers is a must. Yeti, as observed by Mitchell (2009)[11] found it highly difficult to keep a track record of the sales leads now easily pools in all the data across the different sales team into a same software which ensures compilation and accurate analyses of customer sales data. Not only for the existing customers but CRM is quite handful for the prospect of the company. For example Canon has been using the CRM system not only to store the customer data but also to estimate the business in pipeline and report the same to the business heads to take correct strategic decisions for the business. On the other

hand Dell – a company using CRM since a long time has reinvented the software to provide its major service of product differentiation in a standardized form across the different cultural consumers that it deals with. Belkin on the other hand had a very unique issue. The order process time was helped and reduced due to CRM's smooth functioning across the company. They shortened their TAT to increase the consumer satisfaction which would eventually speak well about the company. They also linked their CRM to social networking profiles of their consumers that helped them know their customers better. Activision – the gaming console company used their CRM for an altogether different objective. They wanted to automate the customer care services in a manner where the customer's themselves solved their issues in no time thus helping them enjoy their consoles at the best. Thus CRM has evolved from consolidating the customer data from various touchpoints to reduction in TAT, query processing, knowing the customer and helping the sales team with cross selling and reselling.

6. Conclusion

With the above success stories it can be assumed that a correct implementation of the CRMS can not only make a huge difference to the organization but also increase the longevity of the company. Most of the organizations now has synchronized their CRM's with social media to be at the place their customers are most present, grabbing their attention at the same time knowing them better to market according products. CRM implementation is difficult task for the companies as it is in close accordance with the type of business objectives the company follows and believes. But once correctly identified it helps the company with increased customer satisfaction and therefore increased profits from business.

7. Future Scope of Research

Further this research can be verified through surveys from the companies revealing the before and after picture for the CRM systems. Additionally the CRM systems can be compared and contrasted in different industries and market to see how their effectiveness changes with the changes in diverse markets and industries.

References

1. Berry, L. (1983). Relationship Marketing In Emerging Perspectives on Services Marketing. *American Marketing Association*, 25-28.
2. Bolton, R. (1998). A dynamic model of the duration of the customer's relationship with a continuous service provider: The role of satisfaction. *Marketing science, 17*(1), 45-65.
3. Darrell K. Rigby, F. F. (2002). Avoid the Four Perils of CRM . *Harvard Business Review*, 1-9.
4. Fahey, L. S. (2001). Linking e-business and operating processes: The role of knowledge management. *BM Systems Journal, 40*(4), 889-907.
5. Gulati, R. &. (2000). Get the right mix of bricks & clicks. *Harvard business review*(3), 104-117.
6. He, Z. X. (2004). Mining class outliers: concepts, algorithms and applications in CRM. *Expert Systems with applications, 27*(4), 681-697.
7. Hobby. (1999, 08 28). Looking after the one who matters. *Accountancy Age*, pp. 28-30.
8. Joshi, D. V. (2015). CRM in Telecommunication Industry: Issues and Challenges in Indian Context. *International Journal of Research in Management, 2*(5), 24. doi:2249-5908
9. Kellen, V. (2002, May 10). CRM Measurement Frameworks. 37.
10. laudon, K. C. (2014). *Management Information Systems:Managing the Digital Firm.* Pearson.
11. Mitchell, N. S. (2009). Making sense of large heaps: European Conference on Object-Oriented Programming. *Springer Berlin Heidelberg*, 77-97.
12. Ngai, E. W. (2009). Application of data mining techniques in customer relationship management: A literature review and classification. *Expert systems with applications*, 2592-2602.
13. Payne, L. R. (2010). Customer relationship management in financial services: towards information-enabled relationship marketing. *Journal of Strategic Marketing*, 3-27.
14. Popovich, I. J. (2003). Understanding customer relationship management (CRM): People, process and technology. *Business Process Management Journal, 9*(5), 672-688.
15. Ragins, E. J. (n.d.). Customer relationship management and e-business: more than a software solution. *Review of Business, 24*(1).
16. Reichheld, F. a. (1990). Zero Defeofions: Quoliiy Comes To Services. *Harvard Business Review*, 105-111.
17. *Salesforce.* (n.d.). Retrieved from www.Salesforce.com: https://www.salesforce.com/in/customers/
18. Sheth, J. N. (1995). he evolution of relationship marketing. *International business review*, 397-418.
19. Strategic issues in customer relationship management (CRM) implementation. (2003). *Business process management Journal, 9*(5), 592-603.
20. Tan, X. Y. (2002, March). Internet integrated customer rela-

tionship management: A key success factor for companies in the E-commerce arena. *Journal of Computer Information Systems, 42(3)*, 77-86.

21. Teo, T. S. (2006). Towards a holistic perspective of customer relationship management (CRM) implementation: A case study of the Housing and Development Board, Singapore. *Decision support systems*, 1613-1627.

22. Thearling, K. B. (2000). Building data mining applications for CRM.

23. *Vodafone CRM*. (n.d.). Retrieved from www.vodafone. in: https://www.vodafone.in/business/emerging-business/vodafone-cloudstore/vodafone-crm

24. Winer, R. S. (n.d.). A framework for customer relationship management. *California management review, 43*(4), 85-105.