ORIGINAL ARTICLE

"E-CRM: NEW DIMENSION INTHE PROCESS OF CUSTOMER MANAGEMENT"

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Abstract:

Electronic Customer Relationship Management (E-CRM) has become the latest paradigm in the world of Customer Relationship Management. E-CRM is becoming more and more necessary as businesses take to the web. This paper promotes the value of E-CRM, explores its benefits, outlines the focal points to address prior to implementation, outlines potential pitfalls during implementation and ways to avoid, takes a look at recent trends and presents a proven E-CRM success story. Electronic Customer Relationship Management (E-CRM) has attracted the attention of managers and academic researchers for the past several years. Issues of E-CRM have varied from marketing to information technology.

While there are many concerns and efforts for successful management of customer relationship in the online environment, this study posits that the major components of E-CRM include increasing customer satisfaction and customer loyalty, minimizing customer dissatisfaction, resolving customer complaints and increasing product/service quality. This paper has reviewed the issues on E-CRM published over the past years that have involved major topics such as customer satisfaction etc. The study also reviewed customer loyalty and complaints that are consequences of customer satisfaction and dissatisfaction. The study provides implication both to researchers and businesses that a hybrid approach of marketing and information system perspectives leads successful E-CRM.

"The purpose of business is to create and keep a customer."
PETER DRUCKER

"Customer retention obviously has profound implications for all businesses:
Finding a new customer costs from three to seven times more than keeping an existing one, and for many large companies, up to 95% of profits come from long-term customers."
PriceWaterhouse Coopers.

INTRODUCTION
Customer relationship management (CRM), also known as relationship marketing, has recently emerged as an integral marketing concept in the business world. In an attempt to reach and connect with customers in

an environment highly saturated with products, advertisements, and promotions, businesses are implementing a customer relationship management component in their marketing schemes. CRM practices enable marketers to build long lasting relationships with consumers at the individual level through the use and management of a number of different programs and key component.The traditional market places emphasize "customer satisfaction" as a way to earn consumer loyalty and attract new customers. Therefore this study examines the firm's approach to Customer Relationship Management in order to account for the new realities of market spaces. To be successful in a market space, a firm will have to be responsive to their virtual customers' wants, needs and desires, and manage the interactions with them properly in order to arrive at a win/win outcome.

GOALS OF CUSTOMER RELATIONSHIP MANAGEMENT

CRM has mainly three goals:

Ø   Achieve higher revenues per customer by knowing and serving your customers better.

Ø   Increase customer satisfaction and retention by integrating information from multiple channels stored in disparate systems.

Ø   Lower costs to acquire and service customers by using technology to automate, manage, and analyze processes and data.

CRM is larger than only the management of the relationship between the company and its customers. It encompasses the entire life -cycle from this relationship starting with the acquisition and selection of new customers, going through the sales process to end up with the customer support and filtering
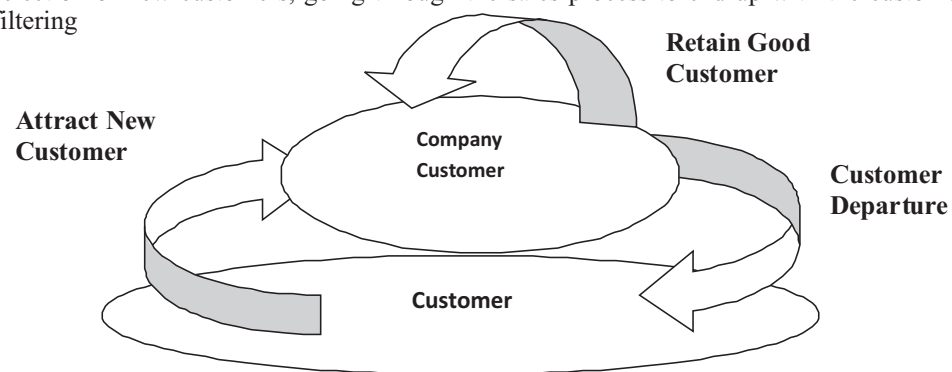

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DEFINITION OF CRM IS THAT

"Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value."

EMERGANCE OF CRM

The concept of one-to-one marketing is not new to. In fact, one-to-one relationships were prevalent during the early colonial period. It was common place to have direct contact with the person with whom one was doing business. As a result, specific bonds of trust were established between farmers, traders, merchants, shopkeepers and artisans and their customers. This changed over the course of the late 18th and 19th centuries. Several new technologies permanently altered the old economic landscape: railroads, steam ships, cable cars, the telegraph, and the telephone. Urban centers grew at phenomenal rates, a long-distance economy grew, and in some ways, the familiar, one-to-one nature of commerce diminished.. A number of factors have contributed to the emergence of customer relationship management including technology, total quality management, growth in the service industry, and heightened customer expectations. Technology is at the heart of CRM development and is essential on multiple levels of the process. Some believe that technology can be credited with the wide acceptance of relationship marketing. The customer database and software technology enable firms to track consumer purchase behavior, product preference, and personal contact information. Technological advancements in database programs have allowed marketers to improve direct marketing tactics through individualization. Once customer patterns are recorded in the database, the software can cater direct marketing efforts, such as emails or mailers with coupons and special offers, to each individual customer. This customer value can only be delivered by highly sophisticated databases that combine information from several external and internal sources regarding demographics, psychographics, survey results and purchase patterns. Technology is also imperative in creating customer-friendly and easily accessible websites where customers can enter information, provide feedback, and explore product offerings.
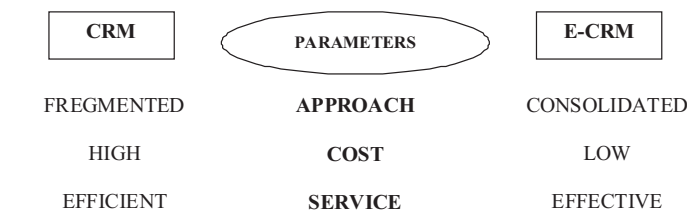
THE NEW CUSTOMER-CENTRIC ECONOMY

During the 20th century, the advent of new technologies, in particular the computer and the Internet again changed the way people relate to one another. The true wonder of e-commerce is that it took the power of the commercial relationship away from the producer, and placed it in the hands of the consumer. As we enter the 21st century, the consumer has virtually unlimited access to information. That information, backed by faster modes of transportation, is power. What is unique about the Internet and e-commerce is they give consumers the power to purchase from anywhere in the world. Instead of having to make several trips to bricks-and-mortar sites, a Web shopper can shop from home, comparing prices and verifying vendor information with just a few clicks of a mouse. No longer are contemporary consumers limited to the products and prices they have in front of them at a retail store. This power, combined with the speed and quantity of information, gave the customer new leverage in the commercial relationship. The Internet allows for a level of one-to-one communication that has not been seen since the early days of capitalism in America. In-depth, trusted, one-to-one relationships, where customization can flourish, are again possible. In today's economy, customers come first, and products must be tailored to fit their needs (customer centric, share of customer). Thus the evolution of marketing has come full circle: The marketer-driven approach of one to millions has given way to a consumer-driven one marked by the return of one-to-one relationships. This does not mean that mass advertising and other forms of push marketing are extinct. In the new economy, push marketers are challenged to listen to customers and develop relationships with them. By doing so, the information of push marketing can be highly targeted, thereby meeting or anticipating customers' needs. Push and pull then work together to create interactive, learning relationships between vendor and customer. The push-and-pull dynamic will not only help companies keep and grow existing customers, it will help acquire new ones. Though seemingly unorthodox, an excellent way to acquire new customers is to develop relationships with the ones you already have. In turn, loyal customers can become highly effective advertising and acquisition tools. Commonly referred to as "viral marketing," or "super-distribution marketing," loyal customers market a company's product to other potential customers. With the aid of new technologies, in particular email and wireless applications, existing and potential customers can quickly share opinions about products and services.

WHAT IS E-CRM?

E-CRM is a business strategy that utilizes the power of technology to tie together all aspects of a company's business with the goal of building long-term customer loyalty. E-CRM, in practical terms, is the management of customer interactions at all levels, channels, and media. E-CRM as "a process of acquiring, retaining and growing profitable customers. It requires a clear focus on the service attributes that represent value to the customer ant that create loyalty." E-CRM involves attracting and keeping "economically valuable" customers while repelling and eliminating "economically invaluable" ones.

DISTINGUISH BETWEEN CRM AND E-CRM

CRM	PARAMETERS	E-CRM
FREGMENTED	APPROACH	CONSOLIDATED
HIGH	COST	LOW
EFFICIENT	SERVICE	EFFECTIVE

The distinction is made between CRM and E-CRM, on the basis of three parameters of Approach, Cost, and Service. The first parameter here is the

APPROACH: The approach taken by the CRM to address the organizational needs related to customers, is fragmented, that means CRM tries to make full use of many different channels to reach the customers. Therefore CRM gives the fragmented view of each customer across different channels, for example, the interaction of customers through website is not reflected across the call center channel, and therefore the same customer is viewed differently when seen from different channel perspectives. On the Contrary, CRM's approach the E-CRM takes upon consolidated approach. This is done in a a way that, E-CRM enhances the integration of different channels, therefore giving rise to the organization wide customer database, which records all the transactions of a customer, no matter through which channel, the customer has interacted. The same database is working on the backend of an organization's website, therefore when a customer makes a web query or make a contact, the company agent can view his/her profile in a real time and respond to the customer accordingly. Consolidating all the customer related data in a single database is a high level integration for which the organizations strive. This concept makes the channel integration possible, i.e whether a customer interacts through Telephone Fax. E-mail or any other communication channel, it is seen as a same customer throughout the way. That is why we say that E-CRM takes on a consolidated approach.

Another parameter is the Cost; cost is the major factor for which organizations are really worried all the way, while competing in today's internet-worked economy. The overall cost of CRM is high, because different channels must be supported separately by an organization to communicate with the customers. Taken into consideration, the cost of using toll free telephone by customers, can give the glimpse of the overall cost incurred on organizations while maintaining such channels. But with the advent of internet, organizations can reduce the communications cost drastically, by using this medium of communication to interact with its customers. E-CRM is all about making the extensive use of web to maintain the relationships with the customers.

The third and final parameter chosen here for distinction between CRM and E-CRM is Service parameter. CRM while using different channels to communicate with the customers gives out an efficient service. Because an organization cannot see the consolidated view of a customer, therefore not so much value is created for both the customers and organization when a customer interacts with the company. Efficiency is doing the things right, that is in CRM, the concern is to ensure that customer while interacting with the company gets treated well, and his/her needs gets addressed in a right way. It is the tough job -in CRM to think of personalized service that must be given to the customers in order to make them loyal. E-CRM, on the other hand wants to make the effective use of the web channel.

As effectiveness is concerned with doing the right thing, the whole process of customer interaction are tried to be done as effectively as possible. This paves the way for a company to think of giving out personalized services, so that more value is created for both the customers and the organization. After distinguishing between CRM and E-CRM, and by taking into consideration the view of growing customer expectations of treating them differently, it is clear that E-CRM is the future of CRM, and no company, which wants to have a long lasting, relationship with its customers, can do without it.
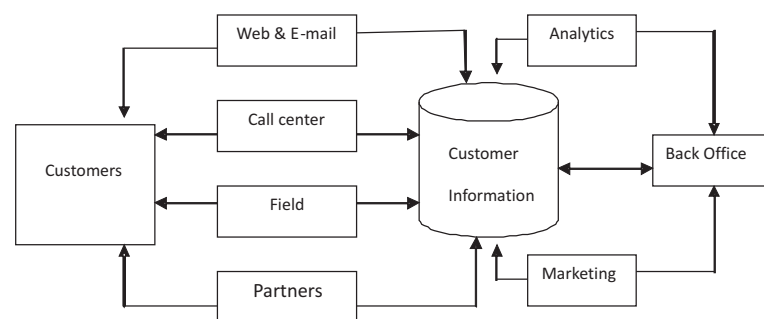
BUSINESS BENEFITS OF E-CRM

Implementation of an E-CRM system enables an organization to streamline processes and provide sales, marketing and service personnel with better, more complete customer information. The result is that E-CRM allows organizations to build more profitable customer relationships and decrease operating costs. Direct benefits of an E-CRM system include:

Ø   Service level improvements – Using an integrated database to deliver consistent and improved customer responses

Ø   Revenue growth – Decreasing costs by focusing on retaining customers and using interactive service tools to sell additional products

Ø   Productivity – Consistent sales and service procedures to create efficient work processes

Ø   Customer satisfaction – Automatic customer tracking and detection will ensure enquiries are met and issues are managed. This will improve the customer's overall experience in dealing with the organization.

Ø   Automation - E-CRM software helps automate campaigns including: Telemarketing ,Telesales ,Direct mail, Lead tracking and response, Opportunity management, Quotes and order configuration, Across every sector and industry, effective CRM is a strategic imperative for corporate growth and survival.

Ø   Sales organizations can shorten the sales cycle and increase key sales-performance metrics such as revenue per sales representative, average order size and revenue per customer. Marketing organizations can increase campaign response rates and marketing driven revenue while simultaneously decreasing lead generation and customer acquisition costs. Customer service organizations can increase service agent productivity and customer retention while decreasing service costs, response times and request-resolution times.
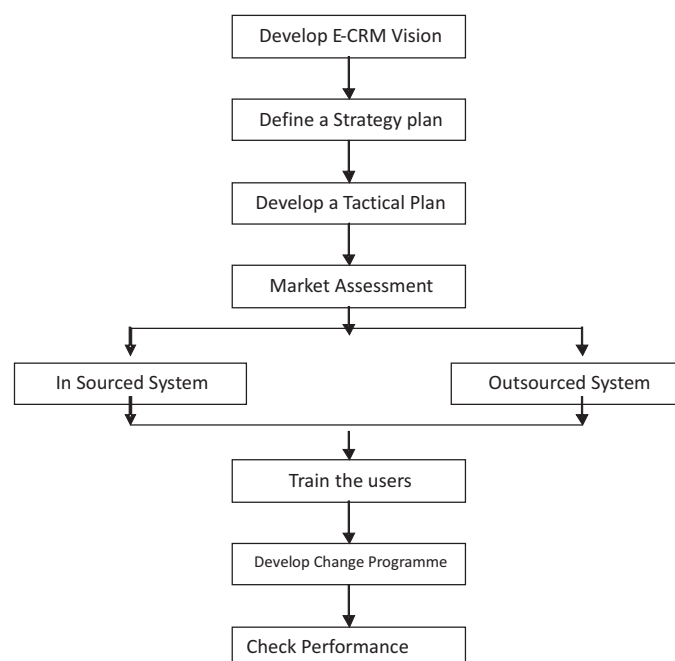
HOW DOES E-CRM WORK?

In today's world, customers interact with an organization via multiple communication channels—the World Wide Web, call centers, field salespeople, dealers and partner networks. Many organizations also have multiple lines of business that interact with the same customers. E-CRM systems enable customers to do business with the organization the way the customer wants - any time, via any channel, in any language or currency—and to make customers feel that they are dealing with a single, unified organization that recognizes them every step of the way.

The E-CRM system does this by creating a central repository for customer records and providing a portal on each employee's computer system allowing access to customer information by any member of the organization at any time. Through this system, E-CRM gives you the ability to know more about customers, products and performance results using real time information across business.

E-CRM IMPLEMENTATION METHODOLOGY

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┌─────────────────────────┐
│   Develop E-CRM Vision   │
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             ▼
┌─────────────────────────┐
│   Define a Strategy plan │
└─────────────────────────┘
             │
             ▼
┌─────────────────────────┐
│   Develop a Tactical Plan│
└─────────────────────────┘
             │
             ▼
┌─────────────────────────┐
│    Market Assessment     │
└─────────────────────────┘
      │              │
      ▼              ▼
┌──────────────┐  ┌──────────────────┐
│In Sourced    │  │Outsourced System │
│System        │  │                  │
└──────────────┘  └──────────────────┘
      │              │
      ▼              ▼
┌─────────────────────────┐
│      Train the users     │
└─────────────────────────┘
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┌─────────────────────────┐
│ Develop Change Programme │
└─────────────────────────┘
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┌─────────────────────────┐
│    Check Performance     │
└─────────────────────────┘
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THE METHODOLOGY AS SHOWN IN ABOVE DIAGRAM STARTS BY

"Development of E-CRM Vision-. The vision will show the actual perception of top management executives about their customer plans. This may be becoming the market leader according to market share in next five years or so. E-CRM vision gives organizations a kind of a target, for which an organization must mobilize all possible resources to achieve that.

The next step in the methodology is to "Define a clear and well defined strategy". Strategy is the most important factor in any customer initiative. If strategy goes well, all goes well, if not, nothing is well and everything is doomed to become failure. As vision gives target, strategy gives a plan of how to achieve that target. Therefore between the present situation of an organization and the target their lies a well defined strategy. Strategy is neglected in most of the customer initiatives, which is the main reason of failure for them. That is why we stress the point that strategy be given its required importance when planning for any customer initiative.

After strategy, there comes the "Assessment step for Acquiring a Technology". Every E-CRM strategy needs some sort of technology dose to get it implemented. But many organizations tend to give more importance to technology rather than strategy, which is a bad practice and incurs heavy losses on organizations. Technology acquirement step must come after strategy development. At this step, the needed technology is assessed and is decided whether its development be in sourced or outsourced. In source and outsource development gives our methodology two different tracks to follow. First of which starts with "in-source development and the other one with outsource development. We will analyze the in-sourced track first.

The In-sourced Track The first step in this track is shown by "Insourced Systems" in the methodology. If we decide to develop the required systems internally then the organization's department is responsible of doing this. Its department must be capable enough to develop the systems. All the internal assessment of its department of this sort is done in this step.The next step is to "Design and Analyze the Systems" to be developed. At this step, all the works related to the systems analysis and design is done in a systematic fashion. Some of these works are requirements elicitation, project management, systems analysis; datil modeling etc. the end product of this step is the design of systems ready for implementation. Another step is the "Implement Systems" step. As its name suggests, it is the actual implementation of the designed systems in the previous step. Here the actual coding is done to develop the systems, the end product of this step are the systems ready to install. But before installing or deploying systems, it is necessary to check and test them for errors. This is done in the "Test the Systems" step. All the systems are rigorously checked and tested for errors. If errors are found they are fixed. This step's end product is the ready to deploy systems. Systems are deployed at -Deploy Insourced Systems- step of the methodology. It

is the actual introduction of new systems to users and customers for which they were intended. This step finished the insourced track.

The Outsourced Track If we had decided to go for the technology hunt through' outsourcing, then the track taken would have been different. The outsourccd track starts from the -Outsourced Systems" step. In this step all placing for getting required technology is done such as budgeting, financing etc.The next step in this track is "Assess For Right Vendor" step. This is somehow related to the marketing side of the business. The vendors are searched and short listed that can provide us the required technology economically, efficiently and with greater ease. The demo systems of a chosen vendors are evaluated with the help of demo versions of their systems. It is done in -Demo Test of Vendor's Systems" step. Demo evaluation gives many insights about the systems, which are being acquired such as how interactive the system's User Interface (UT) is, how easy it is to work with the systems, how much training does the user need to get familiar with the system etc. The next step is related with getting the technology shown by "Acquire Systems" in the methodology. It is related with the signing of a contract between vendors and an organization. The final step in this track is the "Deployment of Outsourced Systems" in the real environment. It is .somewhat same as the last step of in sourced track. It must be noted that the insourced track is best suited for only the development of software and database systems. If the technology requires hardware systems, organization may probably go through the outsourced track to have them. After this step, both of the tracks get merged in just one track as before.

The next step in the methodology is "Train the Users". Users of the systems must get familiar with the actual working of the systems. It is done by introducing many training programs to different organizational departments. Through this step, systems get actual evaluation and users may report more bugs and discrepancies etc which may be solved at the later stage. After training, users work with the new systems. Some may like new systems and some may not. It is the responsibility of top and low level management together, that if the systems is giving benefits to organization, then to comply the users to use them without any hitch. This would involve the development of different change programs and incentive systems.

This is done in "Develop Change Programs" step. The main theme of this step is to comply users to abandon the old style of doing things and try to do things differently with new systems with a new mindset. This is also considered to be the crucial step to the success of any system.

The last step of the methodology is "Check The Performance". It is concerned with checking the real performance of whole customer initiative. The performance must match with the strategic goal of an organization. If they match, then the customer initiative is a success. If not, the required changes must be made to ensure its success.

FUTURE OF E-CRM

The E-CRM market is still young; with technology and applications still maturing and vendors consolidating and experiencing growing pains. However, corporations are focused on providing high-quality multiple-channel service to their customers that will force E-CRM vendors to continue provide more mature and feature rich solutions.

CONCLUSION

E-CRM has presented as an approach which could help solving many organizational problems. If an organization plan for customer initiatives by taking vision and strategy of the organization into consideration, then it will get all of the initiatives right because vision and strategy will act as a guiding force for any such program. Similarly at each stage, there is a need for a methodology which can guide an organization to come out as a winner from its customer initiatives at any particular stage.

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