

Strategy, Technology and Models of CRM

ANIL RAJPUT¹ and ROMSHA SHARMA²

¹Professor, CSA Govt. P G College, Sehore (INDIA)

²DK 1/ 124 Danish Kunj, Kolar Road, Bhopal (INDIA)
(dranilrajput@hotmail.com)

(Acceptance Date 12th January, 2012)

Abstract

In this paper, we describe strategy and technology and various model of CRM. In this paper we have study and improve the papers of Kincaid, J. W.¹, Ling, R. and Yen, D.C.² Ngai, E.W.T.³, Swift, R. S.⁵ and Parvatiyar, A. and Sheth, J.N.⁴.

1.1 Introduction

History of CRM market is divided is mainly in two parts:

1. Sales Force Automation (SFA) and
2. Customer Services (CS).

Sales Force Automation was initially designed to support salespersons in managing their touch points and to provide them with event calendars about their customers. SFA's meaning expanded to include opportunity management that is supporting sales methodologies and interconnection with other functions of the company such as production. The box below indicates the range to sales force automation capabilities currently available.

Custom Compared to SFA, Customer Service (CS) is an after sales activity to satisfy customers. The goal of Customer Service is to resolve internal and external customer

problems quickly and effectively. By providing fast and accurate answers to customers, a company can save cost and increase customer loyalty and revenue.

Today, CRM includes all customer-facing applications, including:

- Sales Force Automation (SFA),
- Customer Service (CS),
- Sales and Marketing Management (SMM), and
- Contact & Activity Management.

1.2 Cost Goals :

Major cost goals of CRM include

Increase revenue growth through customer satisfaction.

- Reduce costs of sales and distribution
- Minimize customer support costs

1.3 CRM Issues :

Customer privacy is an important issue in CRM. CRM deals with large amounts of customer data through various touch points and communication channels. The personalization process in CRM requires identification of each individual customer and collections of demographic and behavioral data. Yet, it is the. The individual firm is thus caught in an ethical dilemma. It wants to collect as much information as possible about each customer to further its sales, yet in doing so it treads at and beyond the bounds of personal privacy. Privacy issues are not simple. There are overwhelming customer concerns, legal regulations, and public policies around the world.

1.4 Lifetime Value of a Customer :

A fundamental concept of Customer Relationship Management is the lifetime value of a new customer. The basic idea is that customers should be judged on their profitability to the firm over the total time (dubbed “lifetime”) they make purchases. Profitability is usually based on net value, that is, the markups overcast less the cost of acquiring and keeping the customer. Fixed costs are not considered because it is assumed that these costs will be incurred with or without the particular customer. This appendix presents two methods of doing the calculations.

1.5 Strategies :

Three strategies can be followed to increase the value of the customer:

1. Increase size of average sales (tie ins,

package multiple items)

2. Increase the number of sales (find other customer needs you can provide and satisfy them).

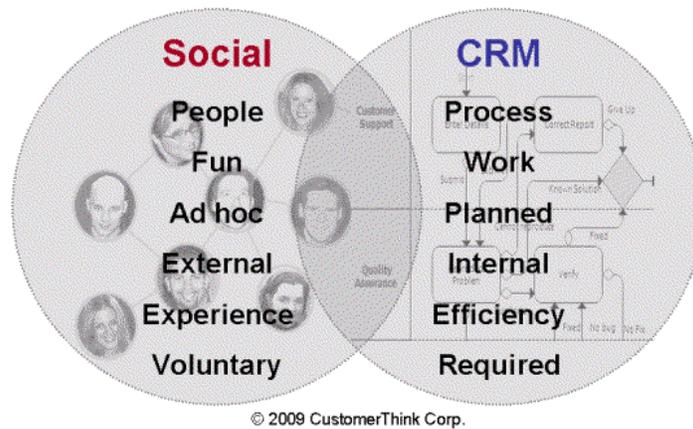
3. Increase profit margin (reduce overhead costs, reduce cost of goods, and raise price if market will stand it)

1.6 Additional factors to consider :

Appendices C2 and C3 include assumptions about:

- Expected number of customers
- Retention rate
- Average annual purchase per customer (including increasing number of sales and increasing amount per sale to retained customers)
- Markup of goods
- Cost to obtain new customers
- Cost to maintain a customer/year
- Cost to obtain customers through referrals
- Discount rate for a more complete model, the following considerations can be added:
 - Risk factor (that the customer will not pay).
 - Delay between order and payment (i.e., the account receivable days)
 - Repurchase cycles other than annual (e.g., several years between buying cars) all of these factors are discussed in mathematical terms in Appendix C.5

1.7 Social CRM a strategy: My personal view is that Social CRM is the integration of social media and CRM. Literally: Social + CRM. If you don't have both, you don't have Social CRM.



Social CRM is **not** a business strategy unless you’ve defined a business goal. If your definition of success is the installation or use of technology, then you’ve fallen into the same trap that resulted in many failed CRM projects.

business can effectively multiply resources and reach by 100 times, 1000 times, and more. Your customers and advocates become your competitive advantage.

1.8 Various Created CRM Models :

Social CRM is a strategy and applications approach to harness the power of online branded customer communities, broader social networks, and traditional CRM systems. By bringing customers into your processes, your

We have given various created models of CRM here which are helpful to advancement of CRM and their services.

CRM model 1:

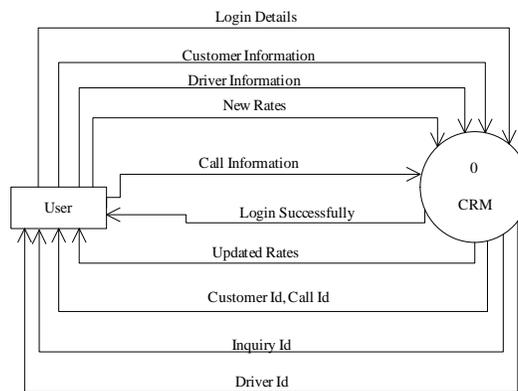


Fig. 1

This model comprises of the following phases they are as follows:

Login details, Customer information, Driver information, New rates and Call information.

CRM - A simple model :

The CRM model has four major components:

- The universe of customers (current, suspects and prospects)
- The number and frequency of interfaces.
- The internal information feeds
- The external information feeds

Each of these must be understood and form key inputs to the CRM.

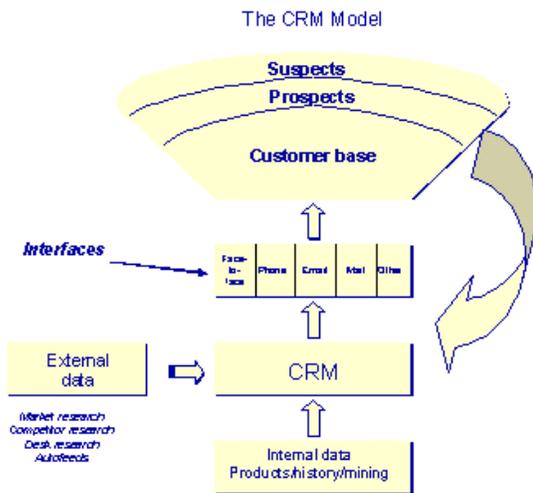


Fig. 4

Why has CRM too often failed?

Many CRM initiatives, however, fail to deliver the expected benefits. This is largely due to the same set of issues:

- Too often it has been an IT initiative
- The wrong or inappropriate system
- Business support was lacking

- The planning had insufficient detail or depth
- it was poorly implemented
- The Executive had little customer CRM understanding
- Poor quality customer data and information

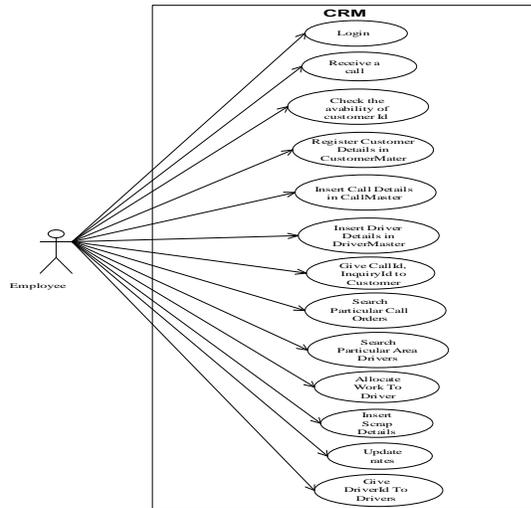


Fig. 5

Human Resource vendors as well as Customer Relationship Management Vendors are trying to offer solutions for Employee Relationship Management. Employee Relationship Management is a science as old as business itself.

1.9 Measuring Customer Satisfaction :

There are several ways to measure customer satisfaction – formally and informally that include such tools as: person-to-person, quarterly meetings, feedback cards, and customer satisfaction surveys. A solid understanding of the sentiments and feelings of an organization’s customer base can prevent customer loss or

erosion in customer satisfaction.

1.10 Conclusion

We observed that CRM is very beneficial for the customers as well as organizations. Our paper is given various models which are helpful to develop new technology of CRM.

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