

e-ENABLED CRM HYPE OR HOPE

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TWO powerful forces-technology and globalization are shaping today's economic landscape. Technology is the ultimate shaper not only of the material substructure of society but also of human thought patterns. The advances in technology has made it possible for marketers to transpose the relationship models of the services marketing and the network models of business-to-business marketing to consumer products marketing.

Customer Relationship Management (CRM) deals with long-term mutually beneficial relationships among consumers, companies and other stakeholders. The crux of CRM is to direct and integrate all marketing efforts towards establishing, developing and maintaining successful relational exchanges with the target consumers.

Smart marketing companies are improving their customer knowledge, customer connection technologies, and understanding of customer economics. They involve customers in co-designing of the product and market flexible offering. They use target media and integrate their marketing communications to deliver a consistent message through every customer contact.

The new buzzword in marketing management is Electronic Customer Relationship Management (eCRM). eCRM should cover all customer touch bases viz., Face to face, Internet or phone. It needs to integrate communication channels viz., WAP; e-mail; telephony; and mobile service. Web, wireless and voice technologies would make it possible to combine personalized touch and customised service with mass-market efficiencies.

The successful companies make an effective use of technologies such as video conferencing, sales automation software, Internet web pages, and Intranets and Extranets. The digital revolution has opened the door for new startup and niche companies with little capital to reach a worldwide market.

An attempt has been made in this paper to bring out conceptual aspects and ongoing marketing practices as well as its implications with regard to eCRM. The important assumption being made is that CRM is a wider term and it also includes RM. The paper initially reviews earlier research studies. It thereafter, outlines impact of technology on CRM. It has a focus on "eCRM as a marketing Tool". It offers illustrative brief case studies on current marketing practices of eCRM. It also justifies significance and impact of eCRM with the help of description entitled as "Better customization through eCRM".

Background

Technology has always been the prime mover of development of human kind. If technology has affected people so much, naturally it should have also had its impact on organizations. Developments and advances in technology have changed the way of conducting business.

Customer Relationship Management (CRM) has been described such as Relationship Marketing (RM); Customer Retention Marketing; Customer Loyalty Marketing; Long-Term Marketing; Key Account Selling etc. Although the terms are not exactly and absolutely interchangeable, but they have the same intent. It would be important to note that the researcher has used the term "Relationship marketing" as one of the key marketing dimension of CRM. It is being presumed that CRM practices are a wider term and include RM practices.

CRM: An Introduction

The dictionary meaning of the term relationship describes it as "A logical affiliation, association, or connection between two entities that benefit both of them. CRM advocates for long term mutually beneficial relationships between consumers, companies and other stakeholders."

Professor Mohan L. Agrawal (1997) has explored the nexus between naturalness of relationship marketing and the characteristics of three types of selected service industries viz., equipment-dominant services, people-dominant services, and the services where both customer and marketer play an equal role in producing the services in India.

Customer Relationship Management (CRM) has emerged in the decade of 1980s as an alternative to exchange as the foundation of the concept of marketing stressing the importance of managing relationships between buyer and seller in the long term. Gunaxi represents a traditional form of Relationship Marketing. It refers to a particular way of doing business that includes not only the establishment of personal and business relationship (the domain of Gunaxi) but also how the business is defined from a service perspective, and the management of the service delivery process.

- ⚡ **Berry, Leonard L** has defined RM as , "Attracting, maintaining and in multi-service organizations enhancing customers relationship".
- ⚡ **Gronroos, Christian** have defined RM as "It is to establish, maintain, enhance and commercialise customer relationships (often but not necessarily always long-term relationship) so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfillment of promises".
- ⚡ **According to Shani, David and Sujana Chalasani** RM is "An integrated effort to maintain, and build up a network with individual customers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualised, and value-added contacts over a long period of time".
- ⚡ **Morgan, Robert M. and Shelby D. Hunt** have described RM as "All marketing activities directed towards establishing, developing and maintaining successful relational exchanges".
- ⚡ **According to Dr. Philip Kotler** "RM is the process of building, long-term, trusting, win-win relationship with customers, distributors, dealers and suppliers".

In nutshell, the crux of CRM is to direct all marketing efforts towards establishing, developing and maintaining successful relational exchanges with the target customers.

The important factors responsible for evolution of the concept of CRM are viz., shorter product life cycles; rapid new product offerings; growth of demanding, active, well-informed and educated customers; competitive market pressures; decline in customers' brand loyalty, and company loyalty etc. The major benefits of CRM are viz., lower cost of marketing exchange; decreased search cost

for the customer; creation of trust and commitment in relationship as well as common growth for marketers and customers; customized marketing efforts; improved customers' satisfaction; improved employee and customer retention, and strong customer loyalty etc.

The concept of CRM has long-term values. Supplier too can get multiple benefits from the use and application of CRM. It has essentially received input from three areas of marketing viz., Traditional Marketing Management; Marketing Mix Theory including Sales Management; Service Marketing; and Network Approach to Industrial Marketing. The essence of CRM is sincerity, trust, hard work, and long-term horizon and desire to yield common goals in pursuing a relationship with customers. It addresses the dual concern of getting and keeping the customers. Excellent CRM is increasingly growing as a tool for survival and long-term profits in competitive market place and turbulent business environment.

It addresses the basic human need to feel important. There are two essential elements in CRM: promise and Trust. They determine how a relationship is established, maintained and enhanced. The basic constituents of CRM are reciprocity; economic or utilitarian exchange; social exchange; social influence; inter-personal emotions; and the social construction of reality. Reciprocity is an essential feature of self-regulation and the problem of co-ordinating mutual actions for parties in a CRM.

Impact of Information Technology on eCRM

The new buzzword in management is eCRM. Today, consumers have dramatically more freedom of choice than ever before. A new dimension to customized e-marketing in form of eCRM (Electronic Customer Relationship Management) is now emerging on the internet. Successful marketers need to go beyond conventional selling and customer contact methods to delight the customer through eCRM.

Today, one can make use of the internet to easily exchange information with customers, prospects, competitors, suppliers and complete strangers anywhere in the world. Companies will now have to collaborate over the web in order to meet their customer demand and to better understand preferences for both types of customers' viz., - end-users and business partners.

By 2002, 58 per cent of web visitors will be outside the USA. It means that websites will have to gear up for traffic across borders, giving a new dimension to customer service. The International Data Corporation (IDC) conducted a study on some popular e-commerce websites. The biggest concerns of most website operators were "customization" and personalization of sites". About 92 per cent of the online merchants were integrating customer service into their sites. About 75 per cent used personalization tools which increased the retention value of customers, and around 44 per cent were even trying to predict the life time value of the customer.

Home shopping through Online Services and Internet are already in vogue in developed countries. Even cable networks have been offering home-shopping services. Currently efforts are on, to develop remote shopping using virtual reality. It uses computer-generated three-dimensional images and a variety of instruments to create the illusion that its user is wandering through a store environment.

Information Technology (IT) is drastically changing the distribution systems. Electronic networking has become all-pervasive. The boundary of the organization is blurring, as it becomes more of a network, with electronic links forward into customers, backwards to suppliers and sideways to business partners. With the introduction of Tele-shopping, on-line shopping and virtual shopping mall, the retailing wars of the future are not likely to be fought in the market place but rather in the virtual market space.

Service industries like Banking, Distance Learning, Stocks and Securities Trading, and Currency Trading have been benefited a great deal by the use of IT. Banks use Automatic Teller Machines (ATMs) to deliver services. With smart-phones it has become possible for consumers to carryout banking operations sitting at home.

Consumer product companies typically tie-up with banks for money collection and with courier companies for distribution of goods. They use the Web for promotion and order booking. In sum, we notice the convergence of IT, telecom and system thinking in distribution. In case of industrial products, investments in IT have lead to greater co-ordination, collaboration, co-operation and communication (4Cs) between the company and its customer. This helps companies to develop intricate understanding of each other's business and customize products and services to better suit the specific needs of the user.

eCRM as a Marketing Tool

eCRM is a new business tool that all age companies are rushing to get. It is a business strategy designed to optimise profitability, revenue and customers' satisfaction.

It is an integration of varying communication channels like Wireless Application Protocol (WAP), Electronic mail (e-mail), telephony and mobile devices. Web, wireless and voice technologies would make it possible to combine personalized touch and customised service with mass-market efficiencies. The typical call center and direct marketing technology for markets dealing in selling goods at a mass level. It expands on this technology by using next generation technologies that are integrated, comprehensive and interactive. It bring about a web-centric approach where the web and e-mail are a critical means of customer interaction that makes customer to access and make use of eCRM system from anywhere and anytime. It is primarily important to Indian customers because of increasingly available domestic and global brands in the market place. eCRM should cover all customer touch bases viz., face to face; internet or phone. It should support employee and customer facing roles and allow all individuals viz., employees, and business partners, to innovate the entire value chain to come together and successfully create customer delight.

eCRM will help companies to increase their dialogue bandwidth and allow them to engage in continuous dialogue with the customer, establish a learning relationship and deliver customised solutions. For Indian companies especially, global ambition and competition lie at the heart of eCRM strategy. eCRM especially makes it possible for varying departments to provide one uniform face to the customer whenever they interact with them. Therefore their attitude, communication ability, knowledge-base coupled with technical skill become important.

- ⚡ According to Ginjan Sinha, Founder and President of the Silicon Valley based eGain communications corp., "The next wave where technology will create advantages and wealth disproportionate to initial investments is eCRM. It is the big thing that will drive value generation".
 - ⚡ Shri D V Jagdish, Director e-commerce SAP India believes that "eCRM is helping Indian companies to compete globally by opening a new channel, Internet sales, through which they can extend their reach. Through web-based contact centers, companies can provide customer service for 24 x 7 hours to any customer irrespective of the time zone. This helps to increase market share in the global market place".
 - ⚡ According to Shri Arun Maheshwari, CEO, Trivium India software: "Today, eCRM is emerging as one of the most important components of corporate strategy. Primarily, the way businesses are being done is changing rapidly. It is critical to win a customer in today's competitive environment but more critical is to retain and acquire those customers that are profitable to
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the company. It also supports companies to identify profitable customers and cross-sell or up-sell to them.

- ∞ Shri SPS Grover, Head CRM, Oracle Software India, Stresses on the global aspect. He further adds that “Earlier the customers were only in local geographies but now are around the world. Hence companies need to have additional dialogue bandwidth unlike when working in specific geographies”.
- ∞ Shri C. V. Rao, CEO of eCRM foundation, Delhi illustrates on eCRM in a following way: “Till yesterday, companies concentrated on processes to encash product differentiation through features, looks, and host of other features. Today, the customer has taken them for granted and looks beyond them. Therefore it is essential for companies to become more and more customer-centric. In this way Indian companies can also leverage their competitive strength and look for customers elsewhere on the globe as long as they can satisfy them”.

Better Customisation Through eCRM

The following examples illustrates the point as to the extent to which service companies can customize their services to build individual relationships with their target prospects through the use of IT.

- ∞ A company like **American Express**, which has the largest number of credit cards in circulation, is now able to claim that they can service customers in any part of the globe within eight hours through satellite communication. It is now possible for customers and suppliers to transact business at anytime from any part of the globe.
 - ∞ **Dell Computer of US** sells PCs not by configuration. A typical phone customer dials in with a configuration and a budget in mind, and uses an interactive exchange with the sales representative at the other end to identify an optimum; involving permutations on capacities and speeds of different components that will meet his/her budget.
 - ∞ **Check into a Ritz-Carlton hotel anywhere in the world** and you will be greeted not by the doorman, but also by a number of small, pleasant surprises. The hotel does not need to ask the name of your employer, your home address, whether you want a non-smoking room, or if your preference is for a non-allergic pillow. All of this information was obtained during your previous visit to Ritz-Carlton. To your delight, the desk clerk greets you by name on phone for a morning wake-up call and asks if you would, as usual, prefer breakfast in your room. When you awaken the next day, your favourite newspaper, The Wall Street Journal, is outside your door. You didn't even have to ask. Indeed, you sense that the hotel staff is somehow able to anticipate and respond to your every need, providing you with a feeling of satisfaction that come from being among people who care about you as an individual. “Why would I ever stay anywhere else?” you wonder.
 - ∞ **Vtplex** is one of the web startup to join eCRM club. According to Shri Dhruv Khaitan, chairman; “We will provide the growing IT industry in India with the tools to generate complete customer loyalty. We would offer the technologies and services to enable Indian companies to manage their customer relationships with respect to marketing, sales, order fulfillment and support”. Shri Jayanta Chatterjee, founder and chief knowledge officer, Vtplex adds “It will also cover applications not limited just the internet alone, but encompass financial services, telecommunications, consumer goods retailing, freight and logistics. We want to use the US experience to bring the eCRM multiplex to India i.e. complete set of all applications for eCRM, cashing on a global advantage. The estimated size of the global eCRM market is estimated to be \$ 11 billion by 2002. The eCRM package helps to integrate all the
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communication channels including phone, fax, E-mail, web and video for complete customer interaction. Vtplex operates on a Build- Operate- Transfer (BOLT) basis. It involves applying existing business rules in customer interactions in the electronic form. The entire software application is then set up over the internet, enabling all the branch offices of the company too, to integrate them with the main office, thereby bringing about speed in communication. Using our software, we work with our clients, and transform their customer data into market and customer intelligence, helping them, organize themselves better". Outsourcing the customer support applications helps in cost saving (in terms of having to develop software in-house) for the company.

Epilogue

According to Stan Rapp and Thomas L. Collins (1994) in book entitled "Beyond Maxi Marketing"; McGraw Hill Inc. "The 1980s would be remembered as a decade of transition. They further elaborate on this by quoting shift from "get a sale now at any cost" to managing long-term relationships and maximizing the life-time value of each customer. As the cost of accumulating and accessing the data drops, the ability to talk directly to target prospects and to build one-to-one relationship with them will continue to grow".

One must recognise the fact that an acceptance and implementation of eCRM is a managerial decision. It is about establishing a learning relationship and subsequently delivering customised solutions to address the needs of a customer that need to include not merely customer relationship management people but the organisation as a whole.

Customers defect and switch over very quickly if their demand and expectations are not being fulfilled. Dissatisfied customers have wide power to broadcast their grievances in a networked world. The important problem being faced by a netizen while shopping on the web is related with the process of sending e-mails to the web hosting company, waiting for their replies and follow-ups, before the problem is resolved. It is increasingly becoming commonplace with rapidly rising number of websites offering e-commerce transactions. Meanwhile, the core advantage of using internet that is speed is lost.

Indian companies face the dual issue of technology costs and developing intellectual capital in implementation of eCRM solutions. An application and implementation of eCRM can cost companies in two-fold way. First, cost of technology to buy and implement software and second, expenses related with change management within the organisation to align the business processes to bring customer in focus.

It has relatively become easier to implement eCRM today because companies are moving from Brick and Mortar to click and Mortar or a pure click. They should cover all customer touch bases viz., face to face; internet or phone.

The new eCRM technology-enabled tools facilitate companies to initiate and run customer-oriented business practices. It has made them to redesign the processes keeping focus centrally on the needs and wants of consumers. These tools now provide the customer with all possible support in sales, service and product-related aspects as well as problems resultant into customer delight due to the consistency and quality of experience with business, independent of the media of communication and the person or function with whom the customer interacts.

Today, because of an economic liberalisation an Indian customer is more discerning and demanding. It has also created necessity for an excellent eCRM processes along with exceedingly excellent process management in order to leverage competitiveness that would facilitate the task of retaining current customers. *Indian companies would therefore need to reach out to their target prospects*

irrespective of locational geographies to better listen them, to correctly understand their complaints, extend able support and also make an honest attempt to truly understand their needs and wants. eCRM would be certainly able to recreate an old-fashioned customer service experience in every sector of the economy.

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