

A STUDY OF CUSTOMER RELATIONSHIP MANAGEMENT AND THEIR PRACTICES IN SMALL BUSINESS

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Abstract: Customer relationship management (CRM) has once again gained prominence amongst academics and practitioners. However, there is a tremendous amount of confusion regarding its domain and meaning. In this paper, explore the conceptual foundations of CRM by examining the literature on relationship marketing and other disciplines that contribute to the knowledge of CRM which are strategy and practices. CRM practices are essential to that company who needs to become success in such business.

Key Words: Customer Relationship Management (CRM), Process, Strategy, Practices.

INTRODUCTION:

The biggest management challenge in the new millennium of liberalisation and globalization for a business is to serve and maintain good relations with the king-the customer. In the past, producers took their customers for granted because at that time customers were not demanding nor had many alternative sources of supply or suppliers. Since he was a passive customer, the producer dictated terms and had little customer commitment. But today there is a radical transformation. The changing business environment is characterised by economic liberalisation, increasing competition, high consumer choice, enlightened and demanding customer, more emphasis on quality and value of purchase.

All these changes have made today's producer shift from traditional marketing to modern marketing. Modern marketing calls for more than developing a product, pricing it, promoting it and making it accessible to target customers. It demands building trust, a binding force and value added relationship with the customers to win their hearts.

The need to better understand customer behavior and focus on those customers who can deliver long-term profits has changed how marketers view the world. Traditionally, marketers have been trained to acquire customers, either new ones who have not bought the product category before or those who are currently competitors' customers.

Customer relationship management has attracted the expanded attention of practitioners and scholars. More and more companies are adopting customer-centric strategies, programs, tools, and technology for efficient and effective customer relationship management. They are realizing the need for in-depth and integrated customer knowledge in order to build close cooperative and partnering relationships with their customers. The emergence of new channels and technologies is significantly altering how companies interface with their customers, a development bringing about a greater degree of integration between marketing, sales, and customer service functions in organizations. Customer relationship management has attracted the expanded attention of practitioners and scholars. More and more companies are adopting customer-centric strategies, programs, tools, and technology for efficient and effective customer relationship management. They are realizing the need for in-depth and integrated customer knowledge in order to build close cooperative and partnering relationships with their customers. The emergence of new channels and technologies is significantly altering how companies interface with their customers, a development bringing about a greater degree of integration between marketing, sales, and customer service functions in organizations.

RESEARCH OBJECTIVE:

Research objectives are following,

- 1) To find out the awareness of company about CRM.
- 2) To find out which are the CRM practices focussed & implemented by company.
- 3) To find out the problems occurred by company in implemented the CRM practices, & also it beneficial to company or not in future.
- 4) To find out effectiveness of CRM practices adopted by company.

RESEARCH HYPOTHESES:

For this study Research hypotheses are following,

- 1) Mostly company are operating customer relationship management practices.
- 2) CRM practices using in company for develop & increase business.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM):

The process of developing a cooperative and collaborative relationship between the buyers and sellers is called customer relationship management shortly called CRM.

CRM aims at focusing all the organizational activities towards creating and maintaining a customer. CRM is a new technique in marketing where the marketer tries to develop long term collaborative relationship with customers to develop them as life time customers. CRM aims to make the customer climb up the ladder of loyalty.

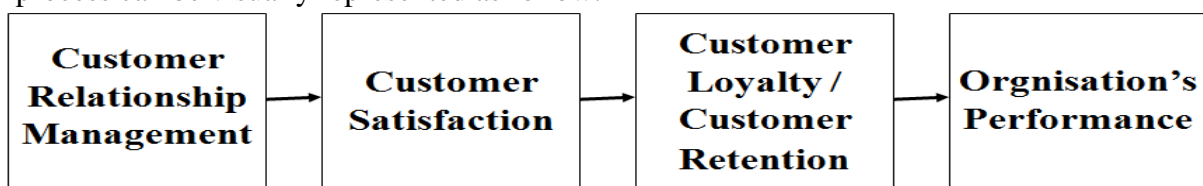
AIMS OF CRM:

- i) Focus on long term profits- CRM focuses on long term profits and it ignores the view of acquiring customers for single transaction to earn a little profit at present. Company should spend for the profitable customers and serve them better at the expense of present profits to earn long term profits in the future.
- ii) Retention of customers- It is proved that the retention of existing customers is cheaper than attracting new customers. Attracting new customers involve high cost such as advertising but retention cost such as serving the customer is considered to be less. But many firms fail to recognize this and refrain from retention strategies.
- iii) Customer welfare at profit- CRM says that the chosen profitable customers should be served at the expense of present profits which will bring better profits in the future through a loyal customer base who will not switch to competitors. Company should provide welfare/services to customers and build long lasting relationships with customers and loyalty should be built from basic level to a partnership level.
- iv) Developing the strategy- CRM should be incorporated in to business and marketing strategies to yield better results and entire organization should be dedicated to serve profitable customers at the expense of profits today to earn better profits tomorrow.

Point to note is that CRM is not a new concept to the business world but use of CRM has increased during past decade.

CRM PROCESS:

CRM process can be visually represented as follow:



CRM does not focus on profit from a single transaction rather it focuses on achieving better profits in long term by understanding chosen customers and creating value for them. Through CRM customers gets satisfied and will be bound to retain with the organization leading to better organization process and value creation process is a crucial element in creating loyalty.

FEATURES OF CRM:

1. Focus on customer rather than revenue from single transaction.
2. Creating customer value rather than just adding features to the product.
3. Long term focused
4. High customer service
5. High customer commitment through loyalty
6. High customer contacts to identify customer needs and serve them better

CRM PROGRAMS AND STRATEGIES:

A careful review of the literature and the observation of corporate practices suggest that there are several types of CRM programs. Broadly specified, they fall into the following three categories: continuity marketing, one-to-one marketing, and partnering programs. Each one of these can take different forms depending on whether they are meant for end-consumers, distributor customers, or business to business customers.

There are four strategies available to customer relations' managers:

1. To win back or save customers
2. To attract new and potential customers
3. To create loyalty among existing customers and
4. To up sell or offer cross services.

CRM PRACTICES:

CRM practices are those which includes the services which given by such organisation for the purpose of to improve customer relation through various services like, sales support, free gift, order management, surprise call, contact management etc.

This services which are we known as or say as practices, such practices can improve customer relationship management these beneficial to such organisation forever.

CONCLUSION:

The process of developing a cooperative and collaborative relationship between the buyers and sellers is called customer relationship management shortly called CRM.

CRM aims at focusing all the organizational activities towards creating and maintaining a customer. CRM is a new technique in marketing where the marketer tries to develop long term collaborative relationship with customers to develop them as life time customers. CRM aims to make the customer climb up the ladder of loyalty.

We have to say that all of the respondents are aware about CRM practices. Most of the company focussed on various CRM practices & which beneficial to such companies.

Overall from these all findings we can say that CRM practices are essential to that company who needs to become success in such business.

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