

MARKETING MANAGEMENT IN PRACTICE

B.COM. SEM 5

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CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Definitions of Customer Relationship Management (CRM)

According to Philip Kotler and Others

Customer Relationship Management is the process of carefully managing detailed information about individual customer and all customer 'touch points' to maximise customer loyalty.

According to Jerome A. Katz and Richard P.

Green "CRM is the process of tackling the customer's different contacts with firm, and using this data to help improve sales as well as the customer's experience"

CHARACTERISTICS OF CRM

- Activities / Task
- Objectives
- Customer Database
- Historical Relevance
- Versatile or Universal Activity
- Strategic Value and Relations with Modern Concepts
- Broad Marketing Philosophy
- CRM and Public Relations
- Use of IT in CRM

OBJECTIVES OF CRM

- To understand the customer thoroughly and increase customer satisfaction, and retain the existing customer for life time.
- To decrease customer management costs.
- To select the target customers with a greater precision
- To increase sales and profitably serving customers better
- To attract new customers
- To improve competitive edge and enjoy maximum competitive advantages
- To formulate and modify marketing strategies.

BENEFITS (ROLE OR SIGNIFICANCE) OF CRM

- Profits and Customer Retention
- A Radar-like Work
- Sharper Customer Selection
- A Complete View of Customers
- Increase in Sales
- Facility for Customisation and Personalisation
- CRM Manages Customer Interaction and Customer Service
- Focus on Profits
- A Source of Valuable Information and Knowledge
- CRM Serves as a Sustainable Competitive Advantage
- Customer Loyalty

DESIGNING AND OPERATING A CRM PROGRAMME

Designing and operating CRM programme contains two aspects, such as

- Developing Customer Database
- Components of CRM Programmes

DEVELOPING CUSTOMER DATABASE

Database Marketing is a process of building, maintaining, and using customer database and other databases to contact, transact, and build customer relationship.

According to Philip Kotler and Others Customer database is an organised collection of comprehensive information about individual customers or prospects that is current (or up to date), accessible, and actionable for marketing purposes.

Key Data for a CRM Database

- A customer database contains the customers past purchase (transactions) record, demographics (age, income, family details, birthday, anniversaries etc.), psychographics (interest, hobbies, opinions, etc.), media graphics (media preference or preferred media) and other information. A marketer needs three types of data from existing customers

(1) Contact data

- Data about person
- Data about Location
- Sources

(2) Performance data

- Purchase
- Other Transaction or Relations

(3) Follow – up data

COMPONENTS OF A CRM PROGRAMME

- ❖ **In views of V.S. Ramaswami and S. Namakumari**, a typical CRM programme consists of four components (often referred as stages, parts, element, or steps)
- ❖ **THE CONCEPTUAL COMPONENT**
 - Setting out Objectives in Clear Term
 - Putting Customer First
 - Responsibility for CRM to Rest with Marketing People
 - Preparing the Organisation for CRM
 - Choosing the Right Technology
 - Ensuring Compatibility, Scalability, Upgradability, and Flexibility in Technology
 - Ensuring Capability for Integration
 - Automation of Business Processes

❖ **THE OPERATIONAL COMPONENT**

- The operational component primarily involves the gathering of customer data, the core aspect of CRM

❖ **THE ANALYTICAL COMPONENT**

- How is the analytical component useful to the firm?
- ACRM Draw out Customer's Purchase Behaviour or Pattern of Buying
- ACRM helps in Finding the Profitable Customers and Serve Them Well
- ACRM Helps Develop Detailed Profiles of the Customers

❖ **THE COLLABORATIVE COMPONENT**