

**INFLUENCE OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM)
OVER SERVICE INDUSTRY**

Dr. Shweta Choudhary,

Assistant Professor,

Shri G.S. Institute of Technology and Science, Indore, Madhya Pradesh, India.

ABSTRACT

*Service sector is a life line for the social and economic growth of any country. Globally it is escalating at a very high rate. Following the global trend Indian service sector is also witnessing a major boom and is one of the major contributors of employment as well as national income in recent times. The transformational change through which service sector of the economy is going demands eradications of the established ways of doing business and exploring new ways of proliferations such as **CRM- Customer Relationship Management** . Every company has to face the competitive pose from other national and multinational companies. In today's world of choice it is very easy to switch from one brand to other thus resulting into reducing consumer loyalty. All the more attracting new consumers is a costly affair so companies strive to retain the old consumers. In order to retain old customers, it is highly required to tailor the product according to the individual needs and to maintain pace with the changing taste and needs of the target customers. This is the very need for the rise of CRM in service industry.*

The present research is a conceptual study which attempts to have an insight of the rising importance of CRM in service industry.

Key Words- CRM, Economic Growth, Multinational companies, Service Industry.

Introduction-

Over the past 20 years the world economy has witnessed drastic change in service industry. Service industry refers to the industry that comprises of service providers i.e group of companies generating revenues by providing intangible product & services. Service sector which can also be

called as lifeline of any economy is the fastest & largest growing sector of the global economy. Keeping alignment with the global trend Indian service segment too is the major contributor to the national income by employing more people than any other sector. The development of primary & secondary sectors can be correlated to the availability of quality services like banking, insurance, commerce, transportation etc. The Indian economy which was once agriculture based is now shifting to knowledge based industry. The gambit of service industry is diverse and includes transportation, commerce, entertainment, trade, financial services, communication, real estate, social services etc.

Customer relationship management (CRM) is broadly recognized & widely implemented strategy inclusive of practices, principles & guidelines that a company adopts to manage interaction with current as well as future customers. As per Sam Walton (founder of Walmart) “There is only one boss. The Customer! He can fire everybody in the company, from the chairman on down, simply by spending his money somewhere else.” Customer is the ultimate king who shall be captured & retained as if they are the only one. The tertiary sector another popular name of service sector is gradually concentrating on developing an inbound rapport with the customers.

As per Kotler and Keller (2009) superior companies are those who satisfy and delight their customers. Further they state within the relationship between service providers and consumers it is easier and more cost efficient to maintain the existing relationship compared to find new consumers. Service quality will be generated by operation performance and its success is determined by some factors, namely employees, system, technology, and customer involvement expected to provide contributions on created service quality.

Goals of CRM:

- **To build inbound & outbound connection with the customers:** Outbound & inbound customer services refer to the support that an organization provides to its customers by telephone. In case of Inbound customer service it is the customer who makes a call with a service request or problem while in case of outbound service which is more proactive

approach company's agent make call to customers to sell new product or policy etc. Examples of outbound services: making welcome call to new customers or making call to take feedback on services provided make customer feel special & reinforces the relationship. CRM help in strengthening customer relationship by upgrading quality of experience customers had.

- **To build customer loyalty:** According to Kotler and Keller (2009) loyal customers are indeed valuable for a company and generally competitors feel difficult to snatch them. Besides, they can be company marketers, meaning they can make recommendation and contribute huge profit to the company since they affect customer purchasing pattern and free recommendation given to others. Customer satisfaction is the major contributor to customer loyalty. Kotler and Keller (2009) express loyal customers are indeed valuable for a company and generally competitors feel difficult to snatch them. Besides, they can be company marketers, meaning they can make recommendation and contribute huge profit to the company since they affect customer purchasing pattern and free recommendation given to others. CRM which is a sustainable service approach to consumers that help in improving perception of customers on quality of service provided. On basis of various studies it can be concluded that good service quality makes implementation of CRM much easier. If any company lacks service quality then CRM cannot be successful.
- **To Increase customer portfolio:** In today's competitive world where consumers have ample of choices they become more selective regarding the deal they perform. When identical products are available with almost same price the customer will for the company that offers better service. In such a scenario CRM is gaining importance. The basic object of implementing CRM is to attract new customers, new customers means more business which ultimately means high profits.
- **To develop competitive advantage:** Service business is based on trust thus consumer's satisfaction & consumer's loyalty determine their success. As per Bergeron (2002) CRM

is a dynamic process in managing relationship between customers and companies so that customers are able to opt the ongoing relationship which is commercially advantageous for both and to anticipate the opposite. CRM extensively contributes to generation of differentiating, positioning and competitive strategy in each & every marketing association, whether it be maker or service provider.

- **To retain old & new customers:** Today`s age can also be named as `Age of Customers` where customer rules. Today there are many options available for the companies to interact with its customers & to collect related data. Advancement in technology has deep impact on consumer behaviour. Earlier to CRM systems the data related to customers were widespread. The efficient CRM system compile & manage data from various departments like HR, Sales, Marketing etc & thus help organization in improving business process. With the proliferation of self service channels customer relationship is managed electronically.

CRM as a Management tool:

CRM software is a vital management tool that helps management not only in improving its business process but also in reducing management cost. CRM software is a efficient tool that reduce efficiencies by going digital. CRM software streamlines data process & management thus reducing data entry from multiple entries to one. An efficient CRM helps management in following ways:

- With the help of CRM tool access & retrieval of information is much faster thus resulting in efficient & timely processing of business.
- Decision making in an effective manner is possible due to easy accessibility of right & timely information.
- Better service delivery is one of the contributions of CRM.
- Data management is now feasible with less strength due to CRM software.

- Business is going digital with the help of CRM tools thus reducing operational costs e.g. expense related to creation, storage, retrieval & management of documents is becoming history.

Some of the uses of CRM:

- Forecast reliable sales.
- Enable customer retention.
- Help in designing powerful customer service programs.
- Accelerate sales by efficient identification & management of sales leads.
- Help in product designing by feeding customer preference & problems.
- Increase effectiveness of information by timely coordinating it between company employees.
- Help management to visualize impact of different configurations in financial terms before setting prices.
- Enable management in reducing spending by assessing the financial impact of promotional programs & marketing tactics.

CRM Tools:

CRM software also known as contact management consolidates all the information related to customers into one repository so that they can be managed & organized in a better & efficient manner. These applications are tools to monitor business productivity & performances. The core functions of CRM applications include:

- **Customer Data Management:** CRM software provide its users a database to store relevant information, say for example contact details, contracts, quotations etc.
- **Interaction tracking:** CRM applications help users in tracking interactions done on phone, though mails or via social sites like face-book, tweeter etc.
- **Workflow Automation:** Here the workflow is automated i.e. once a task is finished next step in process is already set.

- **Reporting:** These tools help management by generating various reports in desired format e.g. sales forecasting.

Some of the examples of CRM tools:

- ✓ Salesforce
- ✓ Infusionsoft
- ✓ Hatchbuck
- ✓ Netsuite
- ✓ Service Cloud
- ✓ TrackerRMS
- ✓ Zendesk
- ✓ Freshdesk
- ✓ SalesOutlook
- ✓ Propertybase

Role of CRM in various companies within service industry:

- 1. CRM in Education Institutions:** The concept of CRM in education sector is comparatively new. Till date educational institutions have been treating its users as dispensable as at the end of the session they keep on changing. Now the scenario has undergone conceptual revolution. Same students are viewed as potential donors to the institute. The present students one day will become alumnus & after that will become parents. So if they are pleased with services they will provide new business to the organization. The concept of Student Lifecycle Marketing is gaining importance.
- 2. CRM in Banking Sector:** In today`s competitive world where customer faces ample of options, to make & retain customers is indeed a challenging job. To meet with the demand & expectations of customer banks needs to be well equipped. With the help of Operational & Analytical CRM banks can perform various activities including customer identification, acquisition, retention, satisfaction etc. In India not many banks have

implemented CRM; HDFC & ICICI are some of the leading banks who have successfully implemented CRM.

3. **CRM in Travel & Tourism sector:** Travel & tourism industry is witnessing emergence of m-CRM (Mobile Customer Relationship Management). With the help of M-CRM travel & tourism industry can provide help to its valuable customers in each & every step of travelling. M-CRM comprises of various m-commerce applications related to informing, promoting, payment & customer care services. With its help customer interaction point can be created on mobile.
4. **CRM & Insurance Industry:** K Bhramaramba and Sudha Suswaram in their article “CRM—A Novel Way to Beat the Odds in Insurance Industry” highlights the importance of CRM in insurance industry. As per author CRM process in insurance companies constitutes three main steps:
 - i) Identification of the most potential customers
 - ii) Customer profitability analysis
 - iii) Customer lifetime value analysis.

CRM strategy helps in measuring customer value, improving the customer service perceptions and reduces service costs. Insurance companies shall concentrate on pragmatic CRM solutions rather going for high technologies. CRM in insurance industry facilitate proper segmentation, understanding insurance orientation of clients, selling products as per need etc.

5. **CRM & Hospital Industry:** Hospital sector is a service industry that is social oriented. Here quality of service decides patient`s loyalty. According to Temporal and Trott (2001) CRM is collaboration with every consumer to create win-win situation by improving consumer`s life value everyday in order to make them loyal. CRM can be quote as a variable of partial mediation between customer loyalty & quality of service.

Drawbacks of CRM:

- ✓ **Overhead Expenses:** Expenses related to running the various software applications increases the operational expenses of an organization. Their acquisition, maintenance & up gradation requires considerable funds which increases the budget of a company.
- ✓ **Training:** Substantial training is required in implementing & running CRM applications thus divert the employees from their productivity.
- ✓ **Vulnerable:** The CRM applications are comparatively vulnerable & if somehow security is breached it may result in heavy loss to the company.
- ✓ **Data Loss:** In CRM implementation the control on date is relatively low. In case of an outage there is high risk of data or record loss.

Conclusion:

With the revolutionary changes in the economy every organization is facing competition domestically as well as on international level. Due to multidimensional business opportunities customers are bombarded with ample of choices. Agriculture & Industrial economies have shunted aside giving place to service economy. In today`s age of intense competition maintaining long term relationship is gaining footage. CRM help companies in achieving their goal `reach out & touch` customers. To grab untapped business opportunities the management of service lifecycle is must. Despite of in-depth studies & widespread applications 80% of CRM implementation turns into a failure. The main reason for the failure is underestimation of importance of genuine & quality relationship. Better service quality ensures success of CRM. Depending on implementation CRM can make business more efficient & customer friendly. Here it will be worthy to quote famous saying of the business world **“If you don’t listen to your customers, your competitor will”**

Literature Review-

- Alan Smith, (2006) "CRM and customer service: strategic asset or corporate overhead?", Handbook of Business Strategy, Vol. 7 Iss: 1, pp.87 – 93, suggests that in order to strategically understand CRM, we must learn from past project failures. These failures include: over stressing the functionality of CRM; not having a front-to-back CRM solution for customer service (this includes employee education on the benefits of CRM solutions and procedures on front line follow-up); and not having the corporate culture to support the implementation of CRM. Continually monitoring of customer satisfaction and behavior and measuring successes with benchmarking, without expectations of immediate profits, will help ensure that the processes continue to evolve in the best method.
- Călin Gurău, (2003) "Tailoring e-service quality through CRM", Managing Service Quality: An International Journal, Vol. 13 Iss: 6, pp.520 – 531, suggests that the specific advantages of the Internet as a transaction and communication channel present new opportunities for businesses to create a long-term relationship with their customers. The level of e-service quality is an essential component of this customer-centric strategy. The paper presents a predictive method to establish the optimum level of e-service quality, taking into consideration customers' satisfaction, customers' profitability, the competitive conditions of the market, and company's capabilities. However, the effective use of this method requires the implementation of e-CRM systems, structured around a customer-centric approach. Therefore, the re-design of the company structure and processes using a customer-focused philosophy is also assessed in a stage-by-stage analysis.
- Preety Awasthi , Purnima S. Sangle , (2013) "The importance of value and context for mobile CRM services in banking", Business Process Management Journal, Vol. 19 Iss: 6, pp.864 – 891, the paper empirically explores the underlying factors by the application of confirmatory factor analysis and structural equation modeling. The empirical findings reveal that from the perspective of benefits, perceptions value, perceived usefulness and context were the three critical components significantly

- influencing adoption intention. On the apprehension side, the effects of perceived security assurance, perceived trust, perceived cost and perceived risk on perceived value as well as perceived usefulness were significant.
- Steven A. Taylor, Gary L. Hunter, (2002) "The impact of loyalty with e-CRM software and e-services", *International Journal of Service Industry Management*, Vol. 13 Iss: 5, pp.452 – 474, is of the view that- E-service is a critical strategic marketing consideration today for many firms, based largely on the promise of more cost-effective models of self-service relative to large (and expensive) call centers for technical support and customer service. The rapidly emerging electronic customer relationship management (e-CRM) industry provides the primary tools for implementing e-service. Interestingly, the e-CRM industry faces the same challenges and strategic marketing considerations as their organizational customers, in that they must deliver exceptional service and support to the companies purchasing/using e-CRM software. A review of organizational mission/vision statements suggests that e-CRM companies are generally positioning themselves as exemplars of customer satisfaction provision and relationship management. However, recent industry analysis suggests that their organizational customers generally report low to ambivalent ratings on customer satisfaction measures (our study also supports these findings). This discrepancy could be partly attributed to very little empirical inquiry having appeared to date to assess the efficacy of existing relationship marketing theories within this fast-moving industry. The current study provides an exploratory investigation that looks at the well-established (in other marketing settings) relative influences of quality, customer satisfaction, and loyalty in the formation of future purchase intentions and word-of-mouth behaviors within the e-CRM industry. Concludes that e-CRM marketers must first identify means of increasing the overall level of customer satisfaction within their industry, and then begin to consider moving beyond customer satisfaction toward broader loyalty-based strategic

marketing objectives to support their relationship marketing practices. Practitioner and research implications of the reported study are discussed.

References-

- Aberdeen Group (2007). Customer Value Management: Keeping Profitable Customers on Board, April.
- Alan Smith, (2006) "CRM and customer service: strategic asset or corporate overhead?", Handbook of Business Strategy, Vol. 7 Iss: 1, pp.87 – 93
- Andrew Brown, "Customer Care Management", Billing & Sons Ltd, Worcester, p.10, 1991.
- Boulding, W., Staelin, R., Ehret, M., and Johnston, W. (2005) A Customer Relationship Management Roadmap: What is Known, Potential Pitfalls, and Where to Go, Journal of Marketing (69:4): 155-166.
- Buttle, F. 2004. Customer Relationship Management: Concepts and Tools. Oxford: Butterworth-Heinemann.
- Călin Gurău, (2003) "Tailoring e-service quality through CRM", Managing Service Quality: An International Journal, Vol. 13 Iss: 6, pp.520 – 531
- Christopher, M., Payne, A. & Ballantyne, D. 1993. Relationship Marketing: Bringing quality, customer service and marketing together. Oxford: Butterworth-Heinemann.
- Danaher, P.J., Conroy, D.M., and McColl-Kennedy, J.R. (2008) Who Wants a Relationship Anyway?: Conditions When Consumers Expect a Relationship With Their Service Provider, Journal of Service Research, (11:1): 43-52.
- Kenny, D.A., Kashy, D.A. and Bolger, N. (1998) Data Analysis in Social Psychology. In D. Gilbert, S.T. Fiske, and G. Lindzey (Eds.), Handbook of Social Psychology (4th ed, Vol 1, 233-265). New York: McGraw-Hill.
- Preeti Awasthi , Purnima S. Sangle , (2013) "The importance of value and context for mobile CRM services in banking", Business Process Management Journal, Vol. 19 Iss: 6, pp.864 – 891
- Saeed, K. A., V. Grover, and Y. Hwang, "The Relationship of e-Commerce Competence to Customer Value and Firm Performance: An Empirical Investigation," Journal of Management Information Systems, 22: 1, 2005, pp. 223-256
- Steven A. Taylor, Gary L. Hunter, (2002) "The impact of loyalty with e-CRM software and e-services", International Journal of Service Industry Management, Vol. 13 Iss: 5, pp.452 – 474