

CUSTOMER RELATIONSHIP MANAGEMENT - A NEW METHOD OF TARGETING THE 21ST CENTURY CONSUMERS

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ABSTRACT: *The development of the information technology and of the communication systems has created the best environment for the organizations to develop a better and a longer relationship with consumers. The stronger the competition becomes the harder it is for the organizations to target and retain the clients. The development of the customer relationship management has become an important tool for creating better value for the customers. With the help of CRM and of CRM related software, it has become much easier to target the consumer. This paper presents several definitions of CRM as well as some different approaches with regard to this aspect. We also present several aspects with regard to the evolution of the CRM software world wide.*

KEY WORDS: *customer relationship management, marketing, information, consumer*

1. INTRODUCTION

Lately, today's organizations start to realize more and more the importance of client orientation, respectively the importance of placing the clients in the centre of the organizations' attentions. In the beginning of the marketing concept, the clients were considered persons that just offer the money, and do not choose what they receive. In the present market conditions – in which the competition is very strong, and the market is more and more controlled by demand rather than the offer – the clients want to be known, understood and served as well as can be expected, on the contrary they give up and go to the competition. In order to survive, the organizations must open more and more to the outside world, to become more sensitive to the needs and desires of the clients. If the organizations do not understand this aspect and do not take the necessary measures in order to rectify that, then the decline and even the end is very close. In the last decades, the organizations have started to understand the importance of creating

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strategies in accordance with the clients' needs and desires. In order to create an effective client orientation a new concept has emerged and which is presented by every major publications: *Customer Relationship Management - CRM* (Sandoe et. all, 2001). The new concept of CRM presumes the particularization and individualization of the relationship with the client, starting from the premises that each client is different from the other.

2. CUSTOMER RELATIONSHIP MANAGEMENT - THE NEW WAY

CRM is a complex process that brings together the multitude of data with regard to the clients, sales, marketing methods efficiency, the market trends, data that can be offered by different departments and software applications. CRM is not just a technology but an organizational philosophy for surviving in consumer centred economy. Some organizations define the CRM an automation of the sales forces. Others consider that the secret of Customer Relationship Management is consistent of the support activities like: data mining, data warehousing and the distribution of this data to the personnel – managers and simple employees - that interact with the clients.

The organizations must see CRM as a bridge, not as a final point. This new concept represents a new way by which the organizations come before the clients' needs, clients that expect to be attended with special attention in the case of each client-organization interaction. The back bone of Customer Relationship Management is the organizational culture, which has to be modified, adapted in order to accommodate new changes and implies even cases of training and educating the employees. CRM represents a shift that brings together the entire organization. This change implicates a development of the intellectual capital as well as a structural change within the organization. The key for a successful CRM strategy is the interlacing of the "client orientation" philosophy with technology. The organizations that want to implement this new concept have to initiate the design or redesign of the information strategy in order to tide these systems permanently with the client (Gorski, 2009).

The development of the information and communication systems have become in the last decades important elements that will help organizations, marketers and consumer alike to come together, to change ideas and information faster. The new CRM system has been developed by web sites communication, call centre communication and wireless communication. These new types of communication give the organizations the possibility to develop long time relationships which will benefit both the clients and the organization. Today the consumer has unlimited access to information. The access to information is sustained by the access facilities which have become faster and faster. The development of the Internet is a new way for the clients and the organizations to communicate and give the consumers the possibility to buy goods and services from across the world.

Starting from this new way of approaching the clients, a new type of CRM emerges specifically – Internet based CRM (E-CRM). This new concept is defined as a management approach which allows the organizations to identify, attract and increase the number of clients. The information technology is more and more used by managers and marketers to organize the information about the clients. In this context the

databases are essential in order to create a viable CRM. In order to deliver their goods and services via the Web, the organizations must develop a plan in order to: (1) Identify the client; (2) Create the possibility to group the data about the clients with the help of different marketing tools; (3) Create the possibility to analyze and improve the marketing campaigns.

Today we see more and more web sites where the organizations have very carefully structured the questions that they want to ask the clients, questions that are only the important ones for the organization. In order to insure an easy data collection and to maximize the data accuracy the organizations must: (1) Explain to the clients the reason for which the data is collected; (2) Explain clearly to the client for what the data is collected for; (3) Offer the possibility of easy data input; (4) Indicate the mandatory fields; (5) Validate the data; (6) Insure a fast confirmation. The information can be easily obtained if they are asked in certain fields and that are divided in different categories that present a greater importance for the organization: (1) Demography; (3) Life style; (4) Business to business (B2B); (5) The product; (6) Acquisition history; (7) The client's value; (8) The client's loyalty.

Customer relationship management consists of the processes a company uses to track and organize its contacts with its current and prospective customers. CRM software is used to support these processes; information about customers and customer interactions can be entered, stored and accessed by employees in different company departments. Typical CRM goals are to improve services provided to customers, and to use customer contact information for targeted marketing. While the term CRM generally refers to a software-based approach to handling customer relationships, most CRM software vendors stress that a successful CRM effort requires a holistic approach (Rigby et. al, 2002). CRM initiatives often fail because implementation was limited to software installation, without providing the context, support and understanding for employees to learn, and take full advantage of the information systems (Arussy, 2005). CRM can be implemented without major investments in software, but software is often necessary to explore the full benefits of a CRM strategy. Other problems occur when failing to think of sales as the output of a process that itself needs to be studied and taken into account when planning automation (Selden, 2000). From the outside, customers interacting with a company perceive the business as a single entity, despite often interacting with a number of employees in different roles and departments. CRM is a combination of policies, processes, and strategies implemented by an organization to unify its customer interactions and provide a means to track customer information. It involves the use of technology in attracting new and profitable customers, while forming tighter bonds with existing ones.

CRM includes many aspects which relate directly to one another: *Front office operations* - Direct interaction with customers, e.g. face to face meetings, phone calls, e-mail, online services etc.; *Back office operations* - Operations that ultimately affect the activities of the front office (e.g., billing, maintenance, planning, marketing, advertising, finance, manufacturing, etc.); *Business relationships* - Interaction with other companies and partners, such as suppliers/vendors and retail outlets/distributors, industry networks (lobbying groups, trade associations). This external network supports front and back office activities; *Analysis* - Key CRM data can be analyzed in order to plan target-marketing campaigns, conceive business strategies, and judge the

success of CRM activities (e.g., market share, number and types of customers, revenue, profitability). Perhaps it is important to note that while most consumers of CRM view it as a software "solution", there is a growing realization in the corporate world that CRM is really a customer-centric strategy for doing business; supported by software. There are several different approaches to CRM, with different software packages focusing on different aspects. In general, Customer Service, Campaign Management and Sales Force Automation form the core of the system (with SFA being the most popular).

Operational CRM provides support to "front office" business processes, e.g. to sales, marketing and service staff. Interactions with customers are generally stored in customers' contact histories, and staff can retrieve customer information as necessary. Sales Force Automation automates sales force-related activities such as: (1) Activity Management: Scheduling sales calls or mailings; (2) Tracking responses; (3) Generating reports; (4) Opportunity Management and Assessment; (5) Account Management and Target Account Selling; (6) Automate Sales Order Processing.

Campaign management combines elements of Operational and Analytical CRM. Campaign management functions include: (1) Target groups formed from the client base according to selected criteria; (2) Sending campaign-related material (e.g. on special offers) to selected recipients using various channels (e.g. e-mail, telephone, SMS, post); (3) Tracking, storing, and analyzing campaign statistics, including tracking responses and analyzing trends.

Consumer Relationship System (CRS) covers aspects of a company's dealing with customers handled by the Consumer Affairs and Customer Relations contact centres within a company (Rigby et. all, 2002). Representatives handle in-bound contact from anonymous consumers and customers. Early warnings can be issued regarding product issues (e.g. item recalls) and current consumer sentiment can be tracked (voice of the customer). Several CRM software packages are available, and they vary in their approach to CRM. However, as mentioned above, CRM is not just a technology but rather a comprehensive, customer-centric approach to an organization's philosophy of dealing with its customers. This includes policies and processes, front-of-house customer service, employee training, marketing, systems and information management. Hence, it is important that any CRM implementation considerations stretch beyond technology toward the broader organizational requirements.

CRM strategies can vary in size, complexity, and scope. Some companies consider a CRM strategy only to focus on the management of a team of salespeople. However, other CRM strategies can cover customer interaction across the entire organization. Many commercial CRM software packages provide features that serve the sales, marketing, event management, project management, and finance industries.

Many CRM project "failures" are also related to data quality and availability. Data cleaning is a major issue. If a company's CRM strategy is to track life-cycle revenues, costs, margins, and interactions between individual customers, this must be reflected in all business processes. Data must be extracted from multiple sources (e.g., departmental/divisional databases such as sales, manufacturing, supply chain, logistics, finance, service etc.), which requires an integrated, comprehensive system in place with well-defined structures and high data quality. Data from other systems can be transferred to CRM systems using appropriate interfaces. Because of the company-wide

size and scope of many CRM implementations, significant pre-planning is essential for smooth roll-out. This pre-planning involves a technical evaluation of the data available and the technology employed in existing systems. This evaluation is critical to determine the level of effort needed to integrate this data.

Equally critical is the human aspect of the implementation. A successful implementation requires an understanding of the expectations and needs of the stakeholders involved. An executive sponsor should also be obtained to provide high-level management representation of the CRM project. An effective tool for identifying technical and human factors before beginning a CRM project is a pre-implementation checklist (Selden, 1997). A checklist can help ensure any potential problems are identified early in the process.

The development of the communication systems and the development of new technologies have led to the creation of many CRM software. Table 1 lists the top CRM software vendors in 2006-2007 (figures in millions of US dollars) published in a Gartner study. Table 2 lists the top software vendors for CRM projects completed in 2006 using external consultants and system integrators, according to a 2007 Gartner study.

Table 1. Top CRM software vendors in 2006-2007

Vendor	2007 Revenue	2007 Share (%)	2006 Revenue	2006 Share (%)	2006-2007 Growth (%)
SAP	2,050.8	25.3	1,681.7	26.6	22.0
Oracle	1,319.8	15.3	1,016.8	15.5	29.8
Salesforce.com	676.5	8.3	451.7	6.9	49.8
Amdocs	421.0	5.2	365.9	5.6	15.1
Microsoft	332.1	4.1	176.1	2.7	88.6
Others	3,289.1	40.6	2,881.6	43.7	14.1
Total	8,089.3	100	6,573.8	100	23.1

Table 2. Top software vendors for CRM projects completed in 2006

Vendor	Percentage of implementations
Siebel (Oracle)	41%
SAP	8%
Epiphany (Infor)	3%
Oracle	3%
PeopleSoft (Oracle)	2%
salesforce.com	2%
Amdocs	1%
Chordiant	1%
Microsoft	1%
SAS	1%
Others	15%
None	22%

As the enterprise CRM market grows, many companies and small groups of developers are focusing on creating CRM software that is distributed freely on the Internet or offered at a fraction of the price of classic enterprise CRM software. However, many vendors charge for support.

3. CONCLUSIONS

The development of the information technology, of communication and of the Internet has created the best field in which to create a better relationship with the client. The shift from the product oriented marketing to the client oriented marketing has brought to life a new concept that has forever changed the way the organizations do business. It is very important for the organizations to realize that if they do not take care of the consumer, if they do not constantly communicate with them and they don't give the clients what they need or want then the companies will die. Right now, Customer Relationship Management systems and the Internet have become the most important ways of targeting, tying and retaining the clients. With the help of these two tools the organizations have found the way to offer the clients, wherever they are, what they want and need, in the fastest of time and at the best quality possible.

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