

# Customer relationship management (crm)

[Business](#), [Management](#)



## Introduction

Customer relationship management (CRM) is a combination of people, processes and technology that seeks to understand a company's customers. It is an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM has evolved from advances in information technology and organizational changes in customer-centric processes. Companies that successfully implement CRM will reap the rewards in customer loyalty and long run profitability. (in jazz J. Chen, Karen Popovich, (2003) " Understanding customer relationship management (CRM): People, process and technology", Business Process Management Journal, Vol. 9 Iss: 5, pp. 672 - 688)

## REALIZING BUSINESS BENEFITS THROUGH CRM: HITTING THE RIGHT TARGET IN THE RIGHT WAY

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University of Georgia Many companies are in the early stages of implementing customer relationship management (CRM). Although CRM promises increased revenues,

profits, and customer service, companies face potential failure because of the complex technical and organizational issues involved. Our research on CRM, and six company experiences in particular, illustrate three CRM “targets” that companies aim for: implement a single or a few applications, create a strong infrastructure to support CRM, or use CRM to transform the organization. These targets have very different impacts and different challenges, as reflected in six lessons: They differ on both costs and benefits; sponsorship varies; each suggests a different evolution for a CRM effort; prepare to get your hands dirty in cleaning the data; ensure that the architecture will scale; and you can (sometimes!) teach old dogs new tricks.

(MIS Quarterly Executive Vol. 1 No. 2 / June 2002)

Dell is one of the most successful and profitable computer corporation in history. It has been known for its innovative customer services and product custom configuration. With the passage of organization continues to develop, it is confronting with more challenging environment of retaining its customers and maintaining relationship with them and finding new ways of management in order to meet the needs/demand of the customers, we have to identify opportunities to maintain and increase the revenue through understanding of CRM theories. The basic need of Dell CRM is to maintain long-term relationship with customers as it is proved that gaining a new

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customer is expensive than retaining the current ones. The main objectives of crm theory are acquiring customer, adding loyalty, retention customers, adding value. Crm is the “ process of creating and maintaining relationships with business customers/consumers (moon2003).”

Michael dell with his limited resources started focusing on in enhancing sales instead of locking capital in production, the new idea presented by dell was “ building to order.”

At one stage of its progress dell used this strategy of selling products directly through retail outlets. But the outcome from the implemented strategy was very unprofitable then he realized just to focus on customers, service before “ building to order” idea, people used to buy computers from retail out with no communications with manufactures only contact with sale person having lake of information regarding the product.

Dell company is different from its competitors (HP, IBM, SONY, APPLE AND GATEWAY) because dell is focusing on tools like, CRM-SCM, as a result dell become leader in customer relationship management (CRM) and in supply chain management (CRM).

Dell is profit able computer organization known for computer software, hardware, and making computer components.

According to Dedrick and Kracker(2006), “ dell is aiming to combine the cost advantages of horizontal specialization with close coordination of vertical integration.”

## **How to implement CRM(stages in implementing crm)**

The implementation of a customer relationship management (CRM) strategy is best treated as a six-stage process, moving from collecting information about your customers and processing it to using that information to improve your marketing and the customer experience.

Stage 1 – Collecting information(pre-relationship stage) Clearly, questions and uncertainties abound. We have a long way to go in capturing a customer's psyche. But to compete for customer satisfaction, firms must work harder to collect, distribute and use the right data.(by Thomas H. Davenport, Jeanne G. Harris and Ajay K. Kohli

January 15, 2001)

The priority should be to capture the information you need to identify your customers and categorise their behaviour. Those businesses with a website and online customer service have an advantage as customers can enter and maintain their own details when they buy.

### **Stage 2 – Storing information(the early stage)**

The most effective way to store and manage your customer information is in a relational database – a centralised customer database that will allow you to run all your systems from the same source, ensuring that everyone uses up-to-date information.

### **Stage 3 – Accessing information(the development stage)**

With information collected and stored centrally, the next stage is to make this information available to staff in the most useful format.

**Stage 4 – Analysing customer behaviour(the long term stage)**

Using data mining tools in spreadsheet programs, which analyse data to identify patterns or relationships, you can begin to profile customers and develop sales strategies.

**Stage 5 – Marketing more effectively(the final stage)**

Many businesses find that a small percentage of their customers generate a high percentage of their profits. Using CRM to gain a better understanding of your customers' needs, desires and self-perception, you can reward and target your most valuable customers.

**Stage 6 – Enhancing the customer experience**

Just as a small group of customers are the most profitable, a small number of complaining customers often take up a disproportionate amount of staff time. If their problems can be identified and resolved quickly, your staff will have more time for other customers.

**Applications and theories of CRM:**

Crm is a vital element of business success. whenever there a contact with customers you get an opportunity to improve your standing or in simpler words we can say that it's a vital platform to gain reputation . this act will result in increase of further sales.

It is not only contact that we talk of is necessary for sales, in broader terms , almost every aspect of your business affects the way your customers view your business. There are also specific programs you can put in place to increase your levels of customer care.

Relationship marketing is concerned with how organizations manage and improve their relationships with customers for long-term profitability.

Customer relationship management (CRM), which is becoming a topic of increasing importance in marketing, is concerned with using information technology (IT) in implementing relationship marketing strategies. This paper reports on a study of the adoption and use of CRM in the financial services sector. In particular, the key elements of CRM are examined in these organizations and executives' perceptions of the main IT components that enable responsive CRM are explored. CRM is classified into five stages of sophistication and a framework for CRM adoption is developed. (Authors: Ryals L.; Payne A). ( Journal of Strategic Marketing, Volume 9, Number 1, 1 March 2001 , pp. 3-27(25)

## **CUSTOMER TOUCH POINTS**

Every time when company/organization come in contact with customer.

Touch point is the first ever concept of crm. with touch points company can measure the effectiveness of their brand.

Dell uses touch point, the most important step for hitting the target customers was dell launched online store 'dell. Com. people using interest was dell target customers, the online store successfully in achieving their goal but the most important was to match the sales channels with supply channels, it was also done by model implemented by dell.

## APPLICATIONS

The information(data) which organization gathers from customers data base by using their crm software, n how organization used that information to target them with right type of crm.

Dell used to do the data mining of there customer according to the transaction they made.

Data collection(acquiring customer)crm involves customer information , It explains how you can use customer contact, feedback and loyalty schemes to retain existing customers, increase your sales to them and even win new customers. It also covers how to prepare for receiving a customer complaint.

Dell collected customer data through designed database software and generate promotional campaigns targeting customers interests and products which reserved in increase in profit because right customer was targeting with right product demand.

Dell used software to increase the relationship marketing.

HOTLINK, used in “ effective targeting, efficient marketingcommunication, And real-time monitoring of customers and market trends” ‘(moon2003).. ‘ premier pages’ssecond type of software used by the dell wad ‘ premier pages’for more profitable customers containing purchase data. The main theme behind ‘ premier pages; was “ gain less information about customers. They already know about them and more to create real win-win situation” (levey, 1999)



The progress of the company based on crm-scm implementation strategy. Dell created strong relationship with customer as well as with the suppliers. The function of scm was to make sure the availability of computer Part on time, when and where required . dell managed efficient and effective scm system to fulfil the demand of the customer.

Customer satisfaction model“ we have an efficient cost structure with customers on one hand and suppliers on other”.(rollin, nov17, 2006)

satisfied customers will contribute to your business for years, through their purchases and through recommendations and referrals of your business.

### **Bulid Customer loyalty schemes**

While good overall service is the best way of generating customer loyalty, sometimes new relationships can be strengthened, or old ones refreshed, using customer loyalty schemes.

These are programmes that use fixed or percentage discounts, extra goods or prizes to reward customers for behaviour that benefits your business.

They can also be used to persuade customers to give you another try if you feel you have successfully tackled past problems with your customer service.

### **Develop customer confidence**

Your existing customers are among the most important assets of your business – they have already chosen you instead of your competitors.

Keeping their custom costs far less than attracting new business, so it's worth taking steps to make sure that they're satisfied with the service they receive.

There are a number of techniques dell employ to gain customer confidence, including:

Dell providing a free customer helpline

Dell answering frequently asked questions on your website

Dell following up sales with a courtesy call

Dell providing free products that will help customers look after or make the most of their purchases

Dell sending reminders when services or check-ups are due

Dell offering preferential discounts to existing customers on further purchases

## **Prevent customer complaints**

Every business has to deal with situations in which things go wrong from a customer's point of view.

if you handle the complaint successfully, your customer is likely to prove more loyal than if nothing had gone wrong

people willing to complain are rare – your complaining customer may be alerting you to a problem experienced by many others who silently took their custom elsewhere

dell sympathetically listen to establish the details of the complaint

dell record the details together with relevant material, such as a sales receipt or damaged goods

dell offering rectification – whether by repair, replacement or refund

dell used to do appropriate follow-up action, such as a letter of apology or a phone call to make sure that the problem has been made good.

## Determinants of crm

Trust: trust is the most important determinant of crm , for gaining the trust of customers the first thing need to do the market research or market survey, what other company is providing and what is the response of the customer, by doing market research company get to know about the behaviour of the customer understand customer behaviour which in turn gives the information of needs and demands of the customers, Existing customer relationships are opportunities to increase sales because your customers will already have a degree of trust in your recommendations.

Dell is the one of the organization focuses on crm determinants to enhance their revenue, “ To retain your customers’ trust, however, never try to sell them something that clearly doesn’t meet their needs.”(the chartered institute of marketing),

<http://www.businesslink.gov.uk/>

value : Its is the most important determinant of crm, What makes your customers valuable?

Analysing your customers allows you to identify those who best fit your business priorities. These will depend on your strategy. For example, if you are launching a new product your aim might be to build sales as quickly as possible. But if you have cashflow problems you might value customers who pay quickly.

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Value chain model concept introduced by Porter in 1985. It basically adds value to the product in order to maximize the satisfaction from the customer's point of view and maximize the profit from the producer's point of view,

- Collecting data from customers.

- Use of touch points.

- Through internet.

- Premier pages.

- Hotlink website launched

- SaaS CRM

- Sales force CRM.

Primary stages

1. Customer portfolio,

Collecting data from customers through use of main touch points = internet (dell.com) for internet users, created premier page for old customers and hotlink website launched, then divide the customers into segments of small, medium and large enterprises.

The graph shows the relationship between customer intimacy and ability to compete, ability to compete is directly proportional to customer intimacy. The more an organization knows their customer and implements CRM, the more ability

to compete in the competitive market and focus more on the customer value proposition.

Dell started to implement,

-Operational Crm.

- Saas crm

- Salesforce crm.

OPERATIONAL CRM Operational crm Focuses on automation of the customer facing processes of the business, such as selling, marketing, customer service.

The basic concept of behind dell crm was operational crm i. e. to sell the product needed by customer directly without involving the middle way. Dell customer ranges from small business to multinational companies, from individual to institutional organization like schools and hospitals

#### CLOUD COMPUTING DELL SAAS

Dell launched new portfolio software name; software -as-a-service. This crm application implemented for small and large enterprises. With this software overall cost of IT declines and make easier than customize the IT management . it offers very flexible and minimum cost for users to quickly arrange the application and managed the services the need for the achievements of superior IT business impact. This application is not only cost effective but also minimizes the complexity in managing IT infrastructure

which resulted in organized distribution, security preparedness for any kind of disaster etc.

This service manages three main infrastructure areas,

1 management of distribution device.

2 remote infrastructure monitoring.

3 continuity and companies' management.

### SALE FORCE CRM

Is another effective alternative way to meet non static demand of business.

This is also a cost effective way of procuring new applications. Sales force CRM and SaaS and other solutions are becoming more attractive in the business world day by day.

### RAPID IMPLEMENTATION

In actual there is no installation of software with sales force so there is no need of IT resources, just adding application of users allocating them their passwords and user ID. It is ease of use required only basic training.

IT impact is very low but delivers high impact in business.

Demand forecasting or activities relate to future results and events

### Network development(SCOPE)

Major networks in any business are,

- Suppliers network,

- Distribution network,

Suppliers of dell is ups and Dhl,

Ups “ we ups will pick it up, repair it and sent it to your customer.”

Owner : Micheal dell is the owner and CEO of the company.

Partners: dell got partnership with Sony and Intel.

Employee: staff working in offices n in customer services department, Staff spreaded all over the world.

### **Value proposition development:**

Dell is providing value added services beyond simply installing software,

Value= benefit/sacrifices

Sacrifices: Money, search and psychic cost dell is providing dell voucher and coupons, just need to note the code of product you need, every week codes and offers updated. Best deals for already dell customer isDell data safe local basicwhich is special offer free to safe back up of important data in pc.

Manage the customer life cycle.

For managing dell customers life cycle dell focuses on three major management activities.

Acquisition

Dell users services of web bank to new qualified customer whose credit being approved.

Retention of customers“ Current customers are your gold dust, but if you’ve let customers go, it’s cheaper and easier to look at that old base before you start with brand new people – especially if you once had a good relationship with them,”(Small Business Update – Issue 62, feb 2009)

In case of dell it focuses more on retention of customers and improving and relationship with customers.

Three main improving techniques the company revealed for retention of its most valuable customers are,

1. thetime management, precision and accuracy in delivering the order.
2. perfection in performance of the product needed by customer and providing necessary service even after sales if needed by the customer.
3. providing technical support.

For the sake of retention of customers company announces the post of crm director to look after the departments mentioned above. CRM director gathered all the data from respective departments and resolved the unattended issues, the outcome according to mr . Desist, “ dell reported an increase in customer satisfaction by 15%.”

Supporting conditions,

Leadershipandculture,

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Micheal dell is the leader of Dell Corporation. He adopts change in pc world. He took inspirational step. He has responsibility for whole organization culture transformation by dell is transforming pc world from ordinary shop to online customize pc world in which customers can make their own choice of pc.

CRM strategies used to drive performance.

Before the emergence of crm traditionaqlly used sales tech was jst retail out let, pople got no information without visiting the market. The people are those gtting bnefit are customer, mployee n business

Dell discovered the concept of involvement of a customer in building a specific computer and delivery it directly the customer.

Dell used three ways of software that assists the dell,

- Marketing automation software.

- Designed web page showing purchase data

- A system than enhancing sales, marketing of dell.

Dell designed scm system that excusal involves activities from origin to thr destinations. The direct customer focused concept reserved in dell's competitive advantage.

Objectives of Dell

“ To be the most successful computer company in the world at delivery the best customer experience”.

(<http://www.dell.com>)

Result after using crm

Dell main attention was on customers implemented relationship management (crm). Crm theories in formulation of business as a result dell is leading the way

Getting all APAC back to number one, when dell was searching for agency partner the needed to consolidate communication, for every aspect of their business,

B2C (business to customer) or b2b (business to business)

B2C..... services..... support.

B2B..... data..... digital.

Retailstrategic council

Euro RSCG was chosen to deliver . thanks to on powerful integrated solution,

they improved workflow efficiency

reducing costs

time to market

They created uniquely, flexible partnership developed in course for last 10 years

With this partnership dell created regional centre (hub) focuses on the world market delivering its services depending on market revenue condition. At the

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heart of this relation powerful agency team quickly build deep/insight of understanding remarkable and creative relationship with target, market share, demand, revenue and brand profile. The agency that was build generate everything i. e form demand planning, Sales conversion and profitability forecasting including of the third party random funding. through the course of each campaign integrated agency terms were able to quickly pin point which executive media were most effective in driving demand and adjust messagingResults

Even better results

129% increase in call volume

And match by sales in SE Asia.

Our work for dell's first ever customize campaign for Chinese New Year delivered significant increases

highest recorded calls taken 1167 se Asia

Also by an improve time to market at the end(7 days).

Also dell launched into physical retail space, Retail outlets opened= 54.

South Korea, Thailand, Japan, china Malaysia and Singapore assisting with the concept and design of retail side and work to drive with force. Our partnership across Asia pacific produce remarkable (APAC) result, more specific/notable

Result

Ever last five year dell net revenue increase b/w \$30 to \$60 million.

Increase in product shipment or improve in product shipment about 250% in SE.

Business 50% over the Industry by average

critical figure for dell cost per box sold over the last two years reduce -41% (Asia) while increase in revenue .

Do it in ur own wordings according to the upper diagram

According to recent research by IDC dell haS won package share of business customer of dell user will consider to by dell next time.

Dell off user will consider ...Dell next time the buy..... Dell is brand they

61%..... 94. 8%..... 63. 1%.... of dell users believe

Business users of dell ..... in the offices. Dell users believe# dell is a brand the trust.

94. 8% of business user use dell in their offices.

Dell is now back on top, it is proved that, when you want to achieve winning results base on work with a winning partner(euro RSCG worldwide). Dell topped analyst assessment both on profit and sale. Idea was built a computer and Sell directly to a consumer , illuminating the reselling mark-up , illuminating the excessive mark ups company likes , IBM, that is what wants

the company into successful . Micheal deLL started his business in1984his uncomplicated business model generate growth of 70 to 80% for the 7 straight years. The company has growing 40 to 50% annually and projecting revenue for this year is 7 billion dollars. The environment of ours conducive to the company like dell growing the easy access to theand gradual growth every year that is the natural resource.

The relationship with customers begin when customer order pc. Pc made after order according to choice and demand of Customer. so, Company interacts the customers at very first step. Dell staff gets complete demographic information of its customer at very early stage. They know how to maintain trade relationship with them according to their needs and demands.

By using and implementation of crm system , dell deliver best possible customer experience “ dell introduces the latest relevant technology much more quickly than companies with slow moving indirect distributions channels, Turning over inventory every four days an average”(http://www.dell.com)

Following are the statements dell is expecting in near future.

Dell ability To further improve their performance in finances and other operations.

Dell ability to Controlling outflows of cash that is to control the cost.

Dell ability to focus more on to generate non-us revenue.

Dell ability to cope with internal environmental changes (staff shortage ).

Dell ability to ensure customer the fulfilment of customers demands more efficiently.

Dell ability to cope with external environmental changes e. g.

Technological change

Economy (foreign currency exchange rate, recession, interest rate).

political invitations.

Taxation.

The overall internal and external environmental changes means, How accommodative the values and strategies of dell are with the changing environment and how friendly the govt are with changing technology?

sure better services and enhancing the sales customer's relationships

we have an efficient cost structure with customers on one hand and suppliers on other".(rollin, nov17, 2006)

Dell was first introduce by Michael dell in 1983. the idea as explained by founder of the company was in early days Companies was focusing on producing Every part of the computers . with the stabilization of industry companies focused more on to prepare other items to maker their own computers at this point of stage

## References

This article was published inSmall Business Update – Issue 62, feb 2009(How to win back old customers)

by Thomas H. Davenport, Jeanne G. Harris and Ajay K. KohliJanuary 15, 2001)