

## Theoretical Framework of Customer Relationship Management: An Overview

*Dr.C.Mugunthan, G.Kalaiarasi*

Assistant Professor,

Department of Commerce,

Periyar University PG Extension Centre,

Dharmapuri- 636 705, INDIA.,

Ph.D Research Scholar,

Department of Commerce,

Periyar University PG Extension Centre,

Dharmapuri – 636 705, INDIA.

### Abstract

Customer Relationship Management is a strategy or philosophy which provides a vision for the company to deal with the customers. The aspire of a customer relationship management strategy is to maximize profitable relationships with customers by increasing the value of the relationship for both the seller and the customer of the most companies. For the success of any enterprise, customer relationship management is a fundamental requirement and it requires a holistic strategy and process to make it successful. This paper explores the conceptual framework of customer relationship management.

**Key Words:** Customer Relationship Management, Components and Benefits, Importance

### I - Introduction:

CRM has developed into a most important corporate strategy for several organizations. It is concerned with the creation, development and enrichment of individualized customer relationships with carefully targeted on customers. Customer groups resulting in maximizing their aggregate customer life time value through the customer relationship management. CRM is the

technique characterized and created with development of information and communication technologies. It is an important approach in trade and return to Personal Marketing in the 90 des. In fact, this system is a strategy to accumulate customer business needs and behaviors that lead to stronger relationships with customer. Finally, a solid relationship is the way to success or achievement in any business.

Building permanent customer relationships is the way to create superior customer value and satisfaction. **Kotler and Armstrong (2008)**, in their view fulfilled customers are more likely to be truthful customers and to provide the company a bigger share of their business. The heart of many successful business firms is targeting, acquiring, and retaining the right customer. Once a firm has won customer it sees as advantageous, the challenge shift to building relationship and turning them into loyal customers who will make growing revenue for the firm in future. Customer Relationship Management (CRM) is concerned with customer information management, that is, managing detailed information about individual customers, and carefully managing customer touch points in order to maximize customer loyalty, is now being focused on the overall method of structuring and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

**Shani and Chalasani (1992)**, defined over a long period relationship marketing as an integrated efforts to identify, keep up and develop a system with individual customers and to constantly strengthen the system for the common advantage

of both sides through intuitive, individualized and esteem included contacts.

**Berry (1995)**, in the marketing process attracting new customers should be viewed only as an intermediate step. Equal aspects of marketing are developing close relationships with these customers and turning them into faithful ones. In this way he proposed relationship marketing as attracting, keeping up and in multi benefit organizations improving customer relationships.

In the present period agreeable relationship with customers is more essential. Customer relationship management (CRM) included the broad consideration of scholars, practitioners and experts. Promoting researchers are concentrate the nature and scope of CRM and expanding conceptualizations concerning the esteem and procedure of helpful and two-path relationship amongst purchasers and merchants. Numerous researchers interested in different sub-disciplines of promoting, for example, channels, services marketing, business-to-business marketing, advertising, and so forth, are actively engaged to study and explore the conceptual foundations of managing relationship with the customers. They

are keen on techniques and procedures for customer classification and selectivity; one-to-one relationships with individual customers; key in account management and customer business improvement processes; frequency marketing, loyalty programs, cross-selling and up-selling opportunity; and various form of partnering with customers including co-marketing, joint-advertising, co advancement and different forms of strategic alliance (Sheth and Parvatiyar 2000).

## II – Customer Relationship Management:

As of late CRM has a standout amongst the most talked subjects in corporate circles. Customer relationship management is a system used to take in more about customer's needs and practices to develop stronger relationships with them. Over all great customer relationships are at the heart of achievement of the business. The idea of CRM has been a focal part concept which has attracted all aspects of business. CRM has pertinent and requesting applications in service marketing. Customer relationship management (CRM) is a business strategy that intends to understand, foresee and deal with the needs of an organization's customers and in addition potential

customers. It is a trip of tactical process, association and specialized change whereby a company tries to better deal with its own particular undertaking around customer practices. To adjust income profits with most extreme customer satisfaction it involves obtaining and conveying knowledge about one customers and utilizing this information over the different touch points.

CRM is a strategy that can fabricate long haul associations with the customers and increment benefits through effective management frameworks and the utilization of customer centered techniques. Customer relationship management is a customer arranged promoting exertion which is in charge of gather and oversees customer subtle elements keeping in mind the end goal to serve the customers in the present and future. CRM is a key promoting process whose object is to foresee, comprehend and deal with the request of customers. Foundation, improvement, supports and enhancement of long haul commonly important connections is the customer relationship management. It is an arrangement of business practices to perceive, confirm, secure, create and keep up feasible gainfulness and client

unwaveringness through giving fitting item and management, in due time (**Galbreath and Rogers, 1999**).

Furthermore, a standout amongst the latest meanings of CRM is the definition of (**Rababah K, Mohd H, and Ibrahim H, 2010**) who proposed that “Customer Relationship Management is the working of a customer-oriented culture. By which a strategy is made for gaining, upgrading the profitability of, and holding customers, which is enabled by an Information Technology application; for achieve mutual benefits for both the organization and the customers”. Consequently, for increasing the understanding of the perception of customer relationship management there is a need for a broad and important investigation for the different components and elements of CRM program. People, processes and technology, these three elements consisted in CRM initiative or program.

**Payne and Frow (2005)** defined “CRM is a strategic approach with the purpose of that is concerned with making enhanced shareholder esteem through the advance of appropriate relationships with key customers and segments of the customer. CRM unties the potential of

relationship marketing strategies and IT to create profitable, long term relationships with customers and other key stakeholders.” It requires a cross functional integration of process, people, operations and capacities that is empowered through data, innovation and applications. **Sin et al. (2005)** defined CRM as “a wide-ranging strategy and process that enables an organization to identify, acquire, return and take care of profitable customers by building and maintaining long-term relationships with them.” It was suggested that the core theme of customer relationship management revolves around individual buyer-seller relationship.

**Kumar & Reinartz (2006)** agreed with the above definition that CRM is purely a strategic method by which the institution's more profitable customers are selected, and interactions among this institution and these customers is determined, in order to accomplish the goal of maximizing the present and future values for customers. Unlike all the above, (**Ramaseshan, 2006**) defined CRM from the service point of view as a process of achieving a continuous channel of communication with each customer on their own, using all the available means to know the quantitative

anticipated response of that customer as a result of practicing marketing activities to the degree that maximizes the general profitability of the organization. . It is clear that this definition concerns about short-term CRM and not long-term CRM. (Brink & et.al. 2006) defined CRM as a specific marketing activity by which the institution prepare its customers to use its resources to produce and market a priceless product for them. Supporting the social cause and improving the marketing performance is the two goals of aims of customer relationship management.

### III – Significance Of Customer Relationship

#### Management:

Customer relationship management helps in diminished seeking and connecting customers.

1. CRM includes each and every details of a customer. With the assistance of this information it is very easy to track a customer accordingly and can be used to determine which customer can be gainful and which customer can not profitable.
2. Customers are gathered by various angles in frameworks of customer relationship management according to the type of

business they do or as indicated by physical position and are allocated to different customer. This helps to focus and concentrate on each and every customer independently.

3. CRM system is utilized to deal with the existing customers and furthermore helpful in getting new customers. The process first begins with distinguishing a customer and keeping up all the corresponding details into the CRM system which is also called a ‘Chance of Business’. This is effortlessly and effectively done by an incorporated CRM system.
4. The most grounded part of Customer Relationship Management is very cost-effective and extremely practical. The advantage of fairly actualized CRM system is that there is less need of paper and manual work which requires lesser staff to manage and lesser assets to deal with. The technologies used in actualizing a CRM system are also very cheap and smooth when contrasted with the conventional method for business.

5. All the points of interest in CRM system is kept unified which is accessible anytime on fingertips. This lessens the procedure time and expands efficiency.
6. Efficiently managing every one of the customers and giving them what they really require expands the customer satisfaction. This expands the possibility of getting more business which at last improves turnover and profit.
7. If the customer is fulfilled they will dependably be faithful to you and will stay in business always bringing about expanding customer base and eventually net development of business.

#### IV – Components Of CRM:

**Individuals Management:** Individuals Management is the viable utilization of individuals in the correct place at the ideal time. As per individual Management a compelling people procedure is initially received, and then the workforce is considered, abilities and improvement examined and finally the required strategy needed for advancement and change is set down and implemented.

**Lead Management:** Lead Management essentially includes the following and dispersion of offers leads. This advantages the business, call centre and marketing enterprises also. The work includes overseeing market campaigns, making customized forms, mailing records and so forth. This is finished with a view to catch whatever number deals leads as could be expected under the circumstances so deals benefits.

**Sales Force Automation:** Sales Force Automation is by a wide margin one of the most basic segments of customer relationship management and furthermore one of the first. Utilized by all organizations it is only a product arrangement that incorporates anticipating, following potential connections and processing of sales.

**Customer:** customer is the main segment of an organization's business on which the development and maintainability of the organization relies on. A customer is the element that consumes products and can pick between various products or services.

**Customer Service:** The customer service segment in CRM is basic. This is on account of CRM concentrates on assemblage of customer

information, gathering data about their buying patterns and gives this data to each and every department that requires it. In this manner fundamental divisions like deals, advertising and work force remain to pick up in their insight into the customer.

**Marketing:** Marketing is only the limited time exercises that are included in elevating an item either to an overall population or to a particular gathering. Marketing is not quite the same as sales and promoting in that one refers to demonstration of pitching itself while alternate selling itself refers to the procedure included.

**Work Process Mechanization:** Work processes incorporate cutting expenses and streamlining forms. It essentially spares a few people from doing likewise work over and over. It lessens work and eases work drive of pointless undertakings. It likewise incorporates things like directing out printed material and rounding out of structures that are fundamental.

**Business Revealing:** This is only having the capacity to distinguish the correct position of your organization at any given purpose of time. CRM assumes a critical part in that it provides an account of the business. The upsides of this part

incorporate the capacity to have this data at your moment access whenever. Chronicled information can likewise be spared to use for correlations later on.

**Examination:** Investigation includes the examination of data with the goal that data can be utilized to study market trends. An entire pattern study is made conceivable because of the capacity to make charts, figures and outlines utilizing both recorded and current data. For data like charts tables, log INS and so on dashboards can likewise be utilized for expanded visibility. This is a fundamental and significant part of CRM as it empowers an investigation of data that is expected to make an estimate of the business condition at any given point.

## V – Objectives And Targets Of Customer Relationship Management:

Keeping in mind the end goal to get more advantages from customer relationship management has a reasonable arrangement of destinations and objectives all in general.

- To Lessen Marketing Overheads.
- To Enhance Customer Satisfaction.
- To Increase Exactness.

- To Give Better Customer Service.
- To Keep up Customer Maintenance.
- Develop Better Working Practices and Maintain an Efficient Business.
- Produce Better Marketing Efforts with the Objectives of Boosting Benefits.
- To Increase New Customers.
- To Hold Existing Customers.
- To Improve Customer Loyalty.
- To Decrease the Different Expenses.
- Increase Sales

CRM itself is a learning process in which information is consistently refreshed and spoken with customers so customer request can be dissected and suitable reaction to the customer can be completed (Alehojat, Chirani and Delafrooz, 2013).

CRM is essential for an association for the manageable development of its profitability. Identification of CRM determinants identifies with the way of the association. CSR determinants can be utilized to advance administration quality for making client fulfilled. The components are the power markers that straightforwardly impact CRM's general reviews (Shamsuddoha, Tasnuba and Alamgir, 2011).

## VI- BENEFITS OF CRM:

Embracing customer relationship management forms association or firm gets the accompanying the following benefits:

- Expand better correspondence channel.
- Gather customer related data.
- Make itemized profiles of individual customers.
- Improved customer satisfaction.
- Access to customer connection record, arrange information, and customer data at all touch focuses.
- Recognize new offering openings.
- Increased price of the market share and profit.
- Increased incomes.
- More compelling marketing.
- Improved customer benefit.
- Improved reaction time to customer prerequisites for information.
- Enhanced loyalty of the customers.
- Better office to meet customer prerequisites.
- Improved quality declaration and system administration.



- Reduced expenses of purchasing and utilizing product and services.
- Better position against general and overall competition.

The customers who consistently buy an organization's product over a drawn out stretch of time have a tendency to create more incomes and are moderately less expensive to serve than different customers (**Reichheld and Aspinall, 1993**). Higher customer gainfulness is guaranteed by CRM. CRM makes more an incentive for the customer, so without a doubt CRM fabricates profitable customer relationships.

The current marketing procedures are drawing nearer towards giving a one of a kind administration; this is the reason securing expansive volumes of customer information and subtle elements have turned into an essential necessity. So as to anticipate the likelihood of repeat buy, or purchasing extra products and individual marketing programs, the association needs to gather the customer's data in view of their co-operation with the association (**Peppard, 2000**).

As per **Nastaran Mohammadhossein and Nor Hidayati Zakaria (2012)**, customer

relationship management benefits for customers are more critical in customer's satisfaction.

- Increase customer benefit.
- Personalized balanced management expanded.
- Responsive to customer's prerequisites or necessities.
- Customer division.
- Improve marketing customization.
- Integration of multichannel.
- Time saving.
- Develop customer information.

## VII – CONCLUSION:

Customer Relationship Management is in service management, which is based relationship and information intensive. CRM meets the customer's expectations, improve the service quality, hold the customers and improve the profitability of the organization through productive and effective management framework. Organizations are influences by new innovations by quickening the speed of knowledge and data. At present, supervisors and proprietors are bit by bit convinced about utilizing of customer relationship management in their organization to enhance the income and benefit, nature of product

and services, customer's maintenance and fulfillment. By executing a successful customer relationship management, the advantages are emerging and the organizations are keener in using CRM system. In spite of the fact that there are such a large number of advantages for organizations which are the consequence of actualizing CRM however there are a few advantages that will positively affect customers as well.

**References:**

1. Alehojat S, Chirani E, and Delafrooz N (2013), "Conceptual Framework of CRM Process in Banking System", *Arabian Journal of Business and Management Review*, Volume 1, pp. 29-33
2. Berry and Leonard L (1995), "Relationship Marketing of Services- Growing interest, Emerging Perspectives," *Journal of the Academy of Marketing Sciences*, pp. 236-245.
3. Brink D & et.al., "The effect of strategic and tactical cause-related marketing on consumers' brand loyalty", "*Journal of Consumer Marketing*", Volume 13, pp. 15-25.
4. Nastaran Mohammadhossein and Nor Hidayati Zakaria (2012), "CRM Benefits for Customers: Literature Review (2005-2012)", *International Journal of Engineering Research and Applications*, Volume 2, pp. 1578-1586
5. Parvatiyar, Atul and Jagdish N. Sheth (2000), "The Domain and Conceptual Foundations of Relationship Marketing," in *Handbook of Relationship Marketing*, Jagdish N. Sheth and Atul Parvatiyar, Eds., Thousand Oaks, CA: Sage Publications, pp. 3-38.
6. Peppard J (2000), "Customer Relationship Management (CRM) in Financial Services", *European Management Journal*, Volume 18, pp. 312-327
7. Philip Kotler and Gary Armstrong (2008). *Principles of Marketing* (12th ed.), Upper Saddle River New Jersey: Pearson Education Inc.
8. Rababah K, Mohd H and Ibrahim H (2010), "A Unified Definition of CRM towards the Successful Adoption and Implementation," in *the 3<sup>rd</sup> Lifelong Learning International*

*Conference(3LInC'10)*, Kuala Lumpur-Malaysia.

*Journal of Retail Banking, Volume 15*, pp. 21-9.

9. Ramasesha B & et.al., (2006) "Issues and perspective in global customer relationship management", *Journal of Service Research*, Vol. 9.

11. Shani, David and Sujana Chalasani (1992), "Exploiting Niches Using Relationship Marketing," *Journal of Consumer Marketing*, Volume 9, pp. 33-42.

10. Reichheld F F and Aspinall K (1993), Building high-loyalty business systems,