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# A Study on The New Trend of e-CRM

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## Abstract

*Understanding how to effectively manage the relationships with customers has become a very important topic to both academicians and practitioners in recent years. As a result deploying, customer relationship(CRM) initiatives has become very common. Yet, the existing academic literature and the practical applications of CRM strategies do not provide a clear indication of specifically what constitutes CRM. In recent years CRM has made significant strides world over as an effective aid to serve customers. There may be hardly any organization which in some way or the other is not using CRM philosophy. CRM received fillip with the advent of internet and related web enabled technologies. As companies make the transition from a product-only focus to a customer focus, CRM emerges as a technology that brings customers closer to organizations to retrieve information online. Customer Relationship Management is no longer considered a business trend, but an industry standard that is required to secure and maintain competitive advantage. CRM, when correctly and effectively utilized, results in increased profitability and greater customer loyalty, two key needs for any organization. In view of considerable research and developments in web enabled CRM area during last two decades it becomes necessary to take stock of emerging technologies and identify emerging opportunities and bottlenecks in implementation. In this paper it is attempted to review developments in e-CRM that facilitates online service to customers. Apart from review of technology related developments, the study focuses on identification of thrust areas resulting benefits and implementation strategies.*

## Meaning:

### Customer Relationship Management (CRM)

Customer Relationship Management (CRM) “is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by IT” (Buttle, 2004). CRM is a business strategy to identify, cultivate, and maintain long-term profitable customer relationships. It requires developing a method to select your most profitable customer relationships (or those with the most potential) and working to provide those customers with service quality that exceeds their expectations.

It is a widely implemented model for managing a company's interactions with customers and prospects. It involves using technology to organize, automate, and synchronize business processes—principally sales activities, but also those for marketing, customer service, and technical support. The overall goals are to find, attract, and win new clients, service and retain those the company already has, entice former clients to return, and reduce the costs of marketing and client service. Customer relationship management describes a company-wide business strategy including

customer-interface departments as well as other departments. Measuring and valuing customer relationships is critical to implementing this strategy. A customer relationship management system may be chosen because it is thought to provide the following advantages:

- Decrease in overall costs
- Increase profitability

## Introduction

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research and developments in web enabled CRM area during last two decades it becomes necessary to take stock of emerging technologies and identify emerging opportunities and bottlenecks in implementation. In this paper it is attempted to review developments in e-CRM that facilitates online service to customers. Apart from review of technology related developments, the study focuses on identification of thrust areas resulting benefits and implementation strategies.

Customer has become demanding by the day, therefore fulfilling customers demand has become more complex, difficult and unmanageable to certain extent. In any business customer relationship management process works to handle customer personally, and also keep strong follow up, but as businesses have become more digital and large, handling all customers personally now seems a distant dream. But Technology has come to play substantive role in managing relationship with customer and take it further to fruitful and flourishing heights.

Nowadays, CRM software development is enabling easy management of relationship with present customers and development of relationship with prospective customers. The idea is to strengthen customer relationship management workflow, and hone its social characteristics and build healthy and positive brand image. CRM software system inculcates all these virtues, meanwhile targeting to consolidate brand and market presence. CRM software performs following functions:-

- Manages interactions with customers, and enables higher sales.
- Manages customers and clients contact details such as name, address, phone, birthday etc. Tracks sales figures and accounts.
- Provide business intelligence and analytics to business heads.
- Solve, review and/or analyze problems, obstacles and issues in CRM process.
- Maintains consistent customer follow up.
- Marketing of products and services.
- Boost brand reputation

Needless to say, above mentioned functions of CRM system are crucial for any type of business organization, because, customers happiness is the most important factor in business growth. To make

relationship healthier and better, business organizations are innovating with CRM.

Social CRM is an innovation which is showing high success rate in leveraging sales, brand reputation and communication with customer. Facebook, LinkedIn, Twitter and now Google+ are providing faster, easier, cheaper and effective customer relationship management. In additions, its effects are also far-reaching leading to attraction of prospective customer online. To handle social CRM, one needs social marketers excelling in management of conversation with customers both negative and positive. Also there is social CRM software that centralizes all social media platforms and handles updated customer data in a database. Social media generates vast amount of business intelligence that a social CRM software database can collect, record, store and handle. Social CRM software connects social customer's profiles with database to keep updated data, and also keep tracks with their social footprints. And also understand customer's preferences, demands and needs minutely, and then provide recommendations to improve strategy and business prospects.

All these software are effective, but their cost goes into hundreds to millions of dollars that may secrete out all fruits from its implementation. To avoid such a cost, one can look for a software development company to provide off-shelf or on-shelf CRM software products and services that are cloud enabled or based on SaaS (Software as a Service) environment. Cloud enabled or SaaS based CRM software cuts the cost substantially, making it affordable and reachable for small business owners.

Customized solutions in CRM provided by software development companies are also lucrative option because with this one can opt for the desirable features and functions to be included in software and choose platform to support and environment to be built in.

Different industry sectors are moving at varying rates towards individualized customer relationships. Some sectors that are suited to on-line channels have advanced very quickly and they have taken advantage of cost efficient data collection and data mining opportunities. For example, Amazon.com has developed a business model around individualized customer relationships, quickly realizing that using knowledge willingly supplied by customers helps provide a level of customization that set them apart

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from other book sellers.

Over the last ten years, many companies and organizations have implemented CRM (Customer Relationship Management) systems. In most cases, these systems were designed to support call center and e-mail channels, and more recently Internet and Mobile channels. An increasing number of companies are considering implementing e-CRM systems to satisfy the growing expectation of customer service. e-CRM systems have unique characteristics that support customer-business interactions that are linked to internal business processes and systems across different areas for operational and analytical purposes. Although, originally, the term e-CRM was viewed as a form of CRM that focused on e-Business channels (Romana and Fjermestad, 2001) or CRM-applications that use ASP/SAAS (Application Service Provisioning/ Software as a Service) approaches (Pan and Lee, 2003), recently a broader view seems to have emerged (Jukic, Member and Nezelek, 2003). e-CRM refers to a kind of CRM that is channel independent in the sense that it uses one, company-wide set of data and one set of business rules to manage customer interaction via any channel at any time. In practice, web technologies are used in most cases for process management and to provide representatives with information and functionality. Freeland (2003) asserts that the internet is a channel that will continue to increase in customer relationship management and utilization for all companies both now and in the future. The Internet is terminology which includes all of the following: "email, world wide web, chat rooms, e-forums," blogs, and so forth (Kennedy, 2006). The internet can provide an overall better and more consistent customer experience, and also allows for increasing data collection and better customer personalization experiences. This, in turn, all lead to increased profitability from customers and greater customer loyalty (Freeland, 2003). The research of Hamid and Kassim (2004) determines that "click-and-mortar companies show a higher percentage of using the Internet technology for CRM compared to pure dotcom companies. There is a positive impact on the utilization of Internet technology on CRM. Hamid and Kassim (2004) further determine through their research that customer loyalty, while partially impacted by the internet, also is determined by a combination on online experience with things such as the quality of after sales service. Furthermore Hamid

and Kassim (2004) found that the internet is currently most being used by companies "primarily for providing corporate information in order to build brand identity" Therefore they are "providing corporate information rather than [using the internet] for other strategic purposes" (Hamid and Kassim,2004). This research supports the claim that there is still ample room for companies to embrace broader CRM initiatives including a more customer-focused and useful online presence. The Internet empowers the customer. The Internet user has the opportunity to switch the suppliers with several mouse clicks, to compare price and products on a worldwide basis and to select without external pressure the best available offer. The winning combination of low price/high quality product does not work properly on the Internet because the same offer may be available to hundreds of other online retailers. The only possibility to increase the competitive advantage of online retailing is to create not only product-related satisfaction but also customer-firm relationship satisfaction.

### **Electronic Customer Relationship Management (e-CRM)**

In the opinion of (Smith and Chaffey 2005, 259) there is nothing new since good marketers have been taking care of their customers for many decades now. What is new is the lack of CRM in the fast moving online world:-

1. A world where customer expectations are often higher than those of the offline world.
2. A world where customers` raised expectations is regularly crushed by successful offline companies.
3. A world where customer e-mails are left unanswered for days.
4. A world where immediate responses are expected but often times are not delivered.
5. A world where satisfying customers is simply not enough to keep them.
6. A world of consolidating relationships...where surfers visit fewer sites but spend longer with them

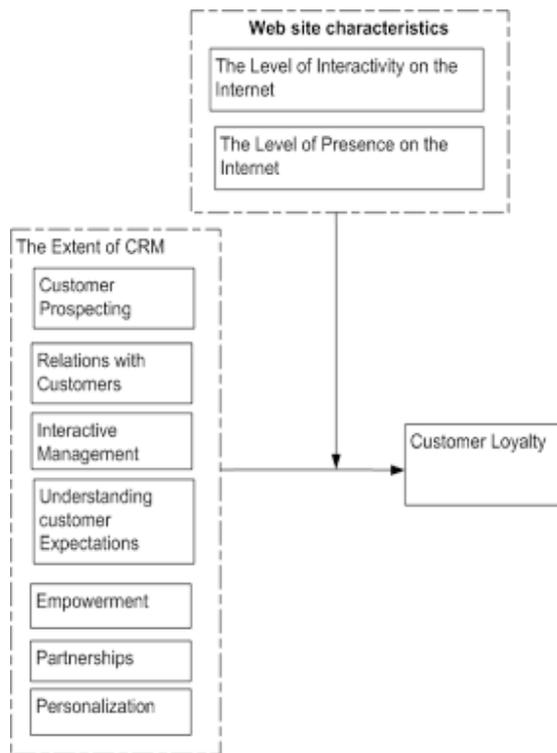
### **The Level of Interactivity on The Internet**

The concept of interactivity is complex and multi-dimensional (Lombard & Ditton, 1997). According to

Rafaeli & Sudweeks (1997), as with face-to-face communication, computer-mediated communication has the capacity of enabling high interactivity. Two major aspects distinguishing the Internet from other communication media are the opportunities for two-way interaction, and the capacity for multimedia. A virtual communication space, as defined by Angehrn (1997), will be incorporated in our definition of the level of interactivity on the Internet, as it is an extension of the traditional spaces economic agents use to meet, interact, exchange valuable ideas and experiences, influence opinions, negotiate potential collaborations, engage in relationships, and create communities. Therefore, the level of interactivity on the Internet refers to the extent to which organizations engage in online communication without being affected by distance and time constraints.

### The Research Model

Figure 1 represents the research model of this study.



**Benefits of e-CRM:** Most organizations invest huge sums in defining and automating their core business processes. No doubt, they have benefited by standardizing the processes, yet there are several areas which remain unresolved where e-CRM can play effective role. The following benefits can be realized with proper e-CRM implementation:-

### Increased Customer Loyalty

An effective e-CRM system enables a company to communicate with its customers using a single and consistent voice, regardless of the communication channel. This is because with e-CRM software, everyone in an organization has access to the same transaction history and information about the customer. Information captured by an e-CRM system helps a company to identify the actual costs of winning and retaining individual customers.

### More Effective Marketing

Having detailed customer information from an e-CRM system allows a company to predict the kind of products that a customer is likely to buy as well as the timing of purchases. In the short to medium term, this information helps an organization create more effective and focused marketing/sales campaigns designed to attract the desired customer audience (www.epiphany.com). e-CRM allows for more targeted campaigns and tracking of campaign effectiveness. Customer data can be analyzed from multiple perspectives to discover which elements of a marketing campaign had the greatest impact on sales and profitability.

### Improved Customer Service and Support

An e-CRM system provides a single repository of customer information. This enables a company to serve customer needs quickly and efficiently at all potential contact points, eliminating the customer's frustrating and time-consuming "hunt" for help (www.epiphany.com). e-CRM enabling technologies include search engines, live help, e-mail management, newsfeeds/content management and multi-language support.

### Greater Efficiency and Cost Reduction

Automating customer data mining saves valuable human resources. Integrating customer data into a single database allows marketing teams, sales forces, and other departments within a company to share information and work toward common corporate objectives using the same underlying statistics. Example of this are identifying unproductive / underutilized resources, closer tracking of costs, better forecasting for the pipeline and setting realistic project metrics and measurements to quantify return on investment.

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## Objectives

- To know the usage of internet in CRM.
- To have a deep knowledge about CRM.
- To analyze the extent of benefits realized by practicing CRM.

## Research Methodology

Research methodology is a way to systematically represent a research or any problem. It tends the researcher in studying the research problem along with the logic behind them. It tends to define the methodology for the solution of the problem that has been undertaken for the purpose of the study.

### **Research type:** Analytical Research

- Researcher uses facts or information or data already available and analyzes these to make a critical evaluation of subject.
- Case Study

### **Research design:**

A method and a system for acquiring knowledge and analysis based on past history of the facility provided.

### **Tools for data collection:**

The study is purely based on secondary data. The relevant secondary data has been collected from the past research papers.

- **Information Sources** - Information has been sourced from namely, books, newspapers, trade journals, and white papers, industry portals, government agencies, trade associations, industry news and developments and through access to more than 3000 paid databases.

## Litreature Review

**Russell-Jones (2002) and Foss and Stone (2002)** agree that internet technology is fundamental to CRM and e-business. Particularly, Russell-Jones (2002) supports that a CRM programme must take also the internet and its implications into account. Pavich (2003) reveals that, in the past five years, many banks have invested substantial capital in internet and wireless initiatives to improve and enhance customer service. They state that the impact of the internet has been profound on the financial services industry. They are of the view that financial institutions wishing to survive and thrive in the second decade of the 21<sup>st</sup> century must recognize the necessity of e-business and

emerging technologies to support CRM. Embedding e-technologies in business operations provide for low-cost operators and readiness to changing customers' needs and marketplace conditions. Murphy et al. (2006) state that "the internet is a useful marketplace for the cash rich and time poor" and argues that "the internet information highway lets us shop faster and further afield than ever".

**Ezingear et al., (2001)** purport that CRM is actually a broad term that has evolved from Marketing Information Systems, Database Marketing, Decision Support Systems, Call Centre Management, and Transaction Support Systems. According to them, CRM encapsulates a wide array of technologies and business processes. However, Payne (2006) gives a more clear view of the relationship between CRM and information technology (IT); he maintains that there is no direct correlation between CRM and IT as CRM is a management approach and IT is a management tool. His theory emphasizes that it is possible to have a highly sophisticated CRM without having highly sophisticated IT. This is exactly the point the researcher wants to clarify in the dissertation.

**According to (Pan et al. 2003)** e-CRM expands the traditional CRM techniques by integrating technologies of new electronic channels. e-CRM solution supports marketing, sales and service and with the advancement of Web-based technology, market dynamics are driving companies to adopt e-CRM. Pan et al. (2003) wrote that e-CRM provides the ability to capture, integrate, and distribute data gained at the organization's Website throughout the enterprise.

**Pavithira (2010)** argued that e-CRM can be defined as activities to manage customer relationships by using the internet, web browsers or other electronic touch points. He said e-CRM has become a requirement for survival, not just a competitive advantage examples of e-CRM include frequently asked questions (FAQ's), chat, e-mail, mobile, sales force management and customer database. e-CRM allows customers to access company services from more and more places, since the internet access points are increasing day by day.

**Kennedy (2006)** defines customer relationship management as being "about identifying a company's best customers and maximizing the value from them by satisfying and retaining them" There are those on both sides of the fence who argue for and against CRM,

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but the research remains consistent that a properly implemented, company-wide CRM initiative will truly save company money, increase revenue, and grow customer loyalty. Competitive times such as these, and a future to only grow more competitive in the commercial industry, require competitive advantages to give companies a leading edge. Kennedy (2006) asserts in her research that e-CRM is “the proverbial double edged sword, presenting both opportunities and challenges for companies considering its adoption and implementation” Kennedy (2006) furthermore notes that the internet can provide a platform for e-CRM initiatives that will help companies to develop and better manage customer relationships and improve technology on CRM” and facilitate customer supplier relationships, as well. Along with the internet's ability to facilitate an increase in customer loyalty, some companies who go above and beyond institute a specific customer loyalty program.

### Conclusion

e-CRM has evoked considerable interest about its effectiveness and risks amongst many organizations and researchers. e-CRM remains a priority for organizations, even as economic conditions cause IT budgets to be scrutinized. This paper has shown how e-CRM can add to traditional marketing concepts. e-CRM is not here to change the marketing but instead to enhance it. This paper examines problems that can accompany an e-CRM implementation and how to avoid them. In addition, critical issues have been identified that companies need to consider while starting e-CRM implementation. In addition, customer-centric and corporate benefits of implementing an e-CRM solution have been reviewed with the understanding that e-CRM efforts will only succeed when organizations make their customers win.

When companies understand customer buying behavior they can avail cost savings and increased customer loyalty. Identifying products customers want is the first step of product mix expansion, new product launches and product differentiation. e-CRM can successfully implement new products, launch new marketing campaigns, and satisfy customer needs and wants. To be successful e-CRM requires that organizations allocate sufficient resources for building customer relationships and continuously evaluating e-CRM initiatives.

The evaluation and benefits realization mechanisms can expedite the organizational learning process and help make e-CRM work to the benefits of all customers and external partners, whether viewed from a narrow buyer/seller perspective or a broader supply chain perspective. e-CRM is an essential tool for any organization's high performance and depends on worker's effectiveness more than their efficiency. By doing so, companies can engage their customers in an ongoing knowledge exchange in which the company can learn more about market and customer needs and work to develop and deliver the products and services that can exceed the customers' expectations and leap ahead of market trends.

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