



Electronic customer relationship management: benefits and trend

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ABSTRACT

Global Marketers are now waking to India's Potential and have trained their sights on the Indian consumer. In such a dynamic business environment, marketers need to be technology savvy to survive and grow. Technology marketers must balance and move seamlessly between digital, broadcast, brand, direct, and print options, and across owned and paid media. You need a firm understanding of buyer behavior to move faster and make effective decisions in an increasingly complex world. Electronic Customer Relationship Management is becoming more and more necessary as businesses go on to the web. Organizations cannot depend only on traditional brick and mortar stores to sell their goods. Most organizations are doing both online and offline business which are otherwise known as 'click and mortar' stores. This paper looks at what is ECRM, its benefits and also looks at the recent trends in ECRM.

Keywords : Electronic Customer Relationship Management, brick and mortar stores, 'click and mortar', ECRM

Introduction:

Relationship marketing was first coined by Leonard Berry in 1983. It consists of attracting, maintaining and enhancing customer relationships within organizations. A Forrester Research (Sims, 2000) study of 70 retailers found that convenience was the number one ranked reason (84%) for purchasing on-line versus off-line. Over the years, companies have been engaging in more and more meaningful dialogue with individual customers using new organizational forms and technologies which than resulted in Customer Relationship Management (CRM). The main difference between RM and CRM is that RM does not use technology whereas CRM uses information technology to implement RM strategies.

ECRM is not about your call center, self-service website, sales force automation tool or analysis of your customer's purchase behavior. But it is all about combining these initiatives together to respond effectively to your customer's needs and to successfully market your products to them. Simply put, CRM done online is known as ECRM. ECRM is a concept derived from E-commerce. ECRM provides a means whereby companies can conduct interactive, personalized and relevant communication with customers across both electronic and traditional channels. It makes use of intranet extranet and internet in order to get a better understanding of customer's needs and wants. Mainly, ECRM focuses on using the website as the main interaction channel to achieve high contact points with consumers.

Today, customers use many ways to interact with marketers via the salesperson, web site, catalog, e-mail, mobile phone, store, trade shows or advertisements. These contact points would have same set of information about the customer, but they would not be coordinated. Which means that sales force would be unaware of the customer's interactions with the Web site or call centre would not know that a salesperson had visited the customer last week. To prevent such lack of coordination we need have an integrated customer information system to support all these contact points.

ECRM can be of different types like Operational, Analytical and Collaborative CRM. In operational CRM contacts are set up with customers at various customer contact points like email, fax, telephone, letters, direct sales etc. In analytical CRM the huge amounts of customer data that

has been collected in operational CRM is analyzed to identify consumer demographic patterns in order to develop future business opportunities. This process of analyzing customer data is a continuous process and requires technology. Examples are data warehousing, online analytical processing (OLAP) and data mining systems. The value of the customer is determined on the basis of RFM analysis i.e. Recency, Frequency and Monetary value from customer purchasing data. In collaborative CRM the information collected about the customers is shared amongst the marketing, sales, technical support departments of an organization. The main intention is to synchronize and manage efficient productive interaction with customers so as to improve the quality of customer service and to increase customer loyalty. Benefits of ECRM are:

- reduces customer service costs,
- personalizes marketing messages
- enables mass customization of products
- increases customer loyalty i.e. E loyalty
- increases customer retention
- increases customer satisfaction
- increases long-term profits of online retailers
- aids the development of Sales Force Automation (SFA)

According to Epsilon Targeting's 2011 Channel Preference Study, direct mail continues to serve as the channel of choice and most trusted for receipt of marketing information in many categories including financial services information (36%). Companies have realized that it is more profitable to keep existing customers happy rather than acquiring new customers. As it is 10 times more expensive to acquire a new customer. The best way to keep existing customers happy is to deliver value to them on their own terms. With a proper ECRM system that is implemented well, companies can achieve improved customer loyalty, improved customer service, effective marketing, greater efficiency and cost reduction. Customer loyalty can be increased by offering personalized service to customers. With an effective ECRM system, personalization software tools can be used to generate data about customers. The generated data can be accessed by anyone in the organization. An ECRM system enables a company to respond quickly to customer needs, queries efficiently. Customers need not waste time in searching for product related information. ECRM enables use of technologies like search engines,

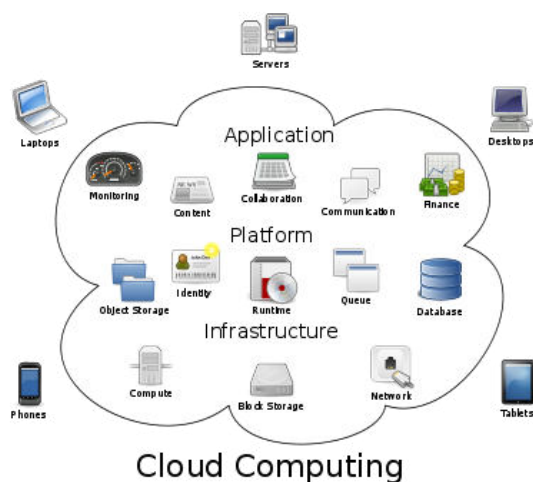
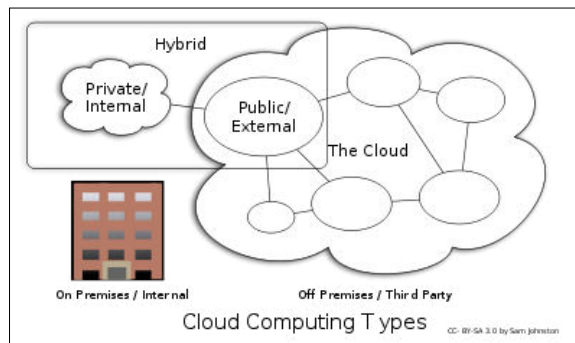
emails, call centers, multilanguage support etc. to make the right offers to the right customers at the right time. Customer data can be analyzed through data mining which saves valuable human resources. By integrating the customer data into a single database marketing teams, sales force and all other departments can work towards achieving the common corporate goals. This helps in achieving greater efficiency and reduction in costs.

Trends:

Recent trends noted in ECRM are:-

- Cloud Computing
- vCRM
- mCRM
- Cloud Computing – The name cloud computing was inspired by the cloud symbol that’s often used to represent the Internet in [flowcharts](#) and diagrams. Cloud computing means delivering various services over the internet and it follows the pay per use model. Which means a user will use only as much of the service he needs at any given time, all he needs is a personal computer and internet access. It could be sharing of resources, infrastructure or information.

A cloud could be public or private. A public cloud will sell services to anyone on the internet (e.g. - Amazon Web services is the largest public cloud service provider). A private cloud is a proprietary network or data centre which supplies services to a limited number of people. Companies can cost effectively manage, maintain, upgrade, connect and record transactions with their customers in the cloud.



- vCRM: This technology is relatively new, whereby companies communicate with customers through digital channels. It is becoming increasingly popular because it is a highly interactive technology, companies can create unique and positive experiences for their customers. Customer service is provided through the use of Virtual Worlds otherwise known as the Second Life. Even though, vCRM helps companies to respond quickly to customers’ requests or problems, many companies are struggling to implement this technology in an effective manner.
- mCRM: mCRM is otherwise known as Mobile CRM. Mobile CRM helps companies to have interactive communication related to sales, marketing or service with customers through the mobile medium.

Nowadays, customers can access company services from any part of the world and at any time through internet. Mobile CRM goes a step further by enabling customers to access company services through the mobile phone or PDA with internet access. This helps companies to build and maintain long term relationships with customers. This technology has become popular because mobile phones are improving day by day by coming out with new, improved, additional features all the time. Softwares used in these phones are also user-friendly, so technology savvy users can adapt to them quickly.

Conclusion:

In today’ knowledge based world, ECRM is here to stay. Marketers have realized that brand value is ultimately created by the customers. So, in order to gain a deeper understanding of consumer behavior, they need to implement effective ECRM systems. This paper has pointed out the numerous benefits ECRM provides; the foremost benefit is reduction in consumer costs. The many other benefits are personalized marketing messages, mass customization of products, increased loyalty retention and satisfaction of customers. ECRM also helps the organization in achieving long term profits and aids in the development of a sales force automation. We have also pointed out some of the recent trends in ECRM namely, Cloud Computing, vCRM and mCRM. Cloud computing helps companies to effectively manage, upgrade and record all the transactions of their customers. vCRM and mCRM enables the customers to access company services at any time and at any place via the internet. Today, the very survival of companies depends on being committed towards implementing an effective ECRM, so as to make their customers win.