Review of Literature

Customer Relationship Management:

According to B. C. Saraswathy (2006), Customer Relationship Management /Customer Relationship Marketing (CRM) have today become a typical marketing strategy in the milieu of changed customer behavior. Of late, customers have become smarter and have all the information at their fingertips with internet explosion and communication revolution. They have become more cost driven, value conscious and are approached by a legion of competitors with equal or better offers. It has also dawn on companies that retaining a customer is much less expensive than attracting a new customer. Accordingly, marketing practices have shifted from basic marketing to reactive marketing and then to relationship marketing. Companies have started to align their processes and practices around the customers as well as the product. CRM is, thus, the process of building profitable, long-term relationships with customers by fostering repeated purchases. For its successful implementation, CRM should be seen as a philosophy cutting across the organization rather than a mere short-term marketing tool to boost sales.

According to Madhu Jasola (2008), Customer Relationship Management has emerged as a popular business strategy in today’s competitive environment. It is a discipline which enables the companies to identify and target their most profitable customers. CRM involves new and advance marketing strategies which not only retain the existing customers but also acquire new customers. It has been invented as a unique technique capable of remarkable changes in total output of companies. CRM has developed into a major corporate strategy for many organizations. It is concerned with the creation, development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life time value. It is said that CRM is not a product or service; it is an overall business strategy that enables companies to effectively manage relationships with their customers. It provides an integrated view of a company's customers to everyone in the organization. With the intensified competition, companies realized that they have to treat their customers with respect. Customers have a lot more choices and they do not have to be loyal to any company. Companies
are now trying to figure out ways to manage customer relationships effectively, not only to acquire new customers but also to retain their existing customers.

Jay Kassing (2001) developed In Greek mythology, Sisyphus was condemned to rolling a rock uphill, only to have it roll back down each time. Bankers who lose good customers month in and month out may likewise feel this sense of futility. Those who respond by boosting advertising budgets, (offering low-cost and low-profitability products as a lure) may find they increase their marketing expenses only to obtain unprofitable customers. On the other hand, a thoughtful, organized approach to marketing, sales and customer relationship management (CRM) allows a bank to make real progress toward sustained growth in profitability. In fact, it has proven to be dramatically easier than rolling that rock up that hill, or even sideways. Profitable customers are identified, targeted for relationship building and maintained through exceptional service. In addition, other worthwhile prospects or customers are identified in the hope of developing profitable relationships. The result? Real upward growth in profitability and shareholder value.

Semih Onut & Bora Hosver (2006) discuss that in literature, many definitions were given to describe CRM. The main difference among these definitions is technological and relationship aspects of CRM. Some authors from marketing background emphasize technological side of CRM while the others consider IT perspective of CRM. From marketing aspect, CRM is defined by as “... a combination of business process and technology that seeks to understand a company’s customers from the perspective of who they are, what they, does, and what they are like”. Technological definition of CRM was given as “... the market place of the future is undergoing a technology-driven metamorphosis”. Consequently, IT and marketing departments must work closely to implement CRM efficiently. Meanwhile, implementation of CRM in banking sector focused on the evaluation of the critical satisfaction dimensions and the determination of customer groups with distinctive preferences and expectations in the private bank sector. The methodological approach is based on the principles of multi-criteria modeling and preference disaggregation modeling used for data analysis and interpretation. He also developed a modification of the standard data envelope analysis (DEA) structure using goal programming concepts that yields both
a sales and service measures and noted that managing relationships with their customers (especially with employees, channel partners and strategic alliance partners) was critical to the firm’s long-term success. It was also emphasized that customer relationship management based on social exchange and equity significantly assists the firm in developing collaborative, cooperative and profitable long-term relationships.

Francis Buttle (2004) developed that CRM has changed the face of marketing forever. Old school marketers simply wouldn’t recognize marketing in 2004. Nineteen eighty four was a different era, a stone age of wild, undisciplined and unaccountable customer management practices in comparison to today’s technology-enabled silicone age. We may be celebrating Marketing magazine’s 20th anniversary, but CRM hasn’t been around that long. CRM really got going in the early 1990s when Tom Siebel, founder of the eponymous CRM giant, Siebel Systems, developed some relatively simple software to help salespeople manage their opportunity pipelines. CRM itself has changed beyond recognition over these last ten years. Today’s CRM solutions offer an exhaustive selection of front-office functionality that enables companies to manage sales, marketing and service activities more effectively and efficiently. Not only that, but CRM solutions can be integrated with back office technologies, to ensure that accounts, operations, procurement and human resources are aligned with a company’s customer focus. Even further, CRM has now gone extra-enterprise as it enables alignment with partner organizations such as resellers and distributors. Clients stood accused of failure to perform due diligence on their CRM investments and poor project management of their CRM implementations. Companies are now much better at defining carefully the desired outcomes and setting measurable goals and strict timelines. Software vendors have responded by making it simpler and cheaper for companies to begin their CRM journey. Hosted solutions at much reduced costs are now becoming more popular. The investment required for a CRM implementation is now a fraction of what it was ten years go. Vendors have also introduced customized industry-specific CRM applications making client adaptations of generic CRM solutions a thing of the past.
Although CRM, as an idea in its own right, was unknown pre-1990, there were a number of technologies that did CRM-like things. There were contact management systems, customer databases and call centers. CRM became more popular in part because of technology-push, but also because of customer-pull. Technological advances in database design, analytics, systems integration, marketing automation, e-commerce and computer-telephony integration created opportunities for early adopters of CRM to innovate in customer management. The penetration of technologies such as the Internet, broadband and mobile telephony into people’s homes and workplaces has encouraged companies to adopt CRM. Over time these technologies have become more reliable and easier to use.

Twenty years ago, brand managers would run a single annual media advertising campaign, two or three consumer sales promotions and leave trade marketing to sales people and logistics experts. CRM technologies now enable marketers to run dozens of finely targeted campaigns per week, support partner promotions through portal technologies, and integrate with internal sales departments and outsourced logistics partners. CRM-enabled marketing differs in many ways from conventional marketing.

How CRM-enabled marketing differs

- Uses technology
- New goals
- More accountability
- Creative management of the customer lifecycle
- Rethink the 4Ps
- Managing networks, not brands
- New customer management roles