

CUSTOMER RELATIONSHIP MANAGEMENT – SOURCE OF EFFICIENCY IN BUSINESS

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Abstract

The customer relationship management is one of the most dynamic fields within organizations' management. The simplest possible truth, as specialists say, is the fact that all profits are provided by customers: if there is no profit, there will be no business; and if customers aren't, there will be no profit; therefore, if there aren't customers, there will be no business. The opened and sincere orientation towards solving the customer problems is the key with which the marketing opens the gate to success. For business, there are only two ways of creating and supporting the superior performance on long term: an exceptional care towards the customer and a constant innovation.

The reality of these affirmations is supported by the fact that a transition from one management model focused on product towards a model focused on customer can be observed.

Key words

Management, customer, efficiency, business, competitiveness, performance.

CRM (Customer Relationship Management) – represents a fashioned term or part of something hiding after an actual abbreviation

On nowadays complex business, the advantage over the concurrency is much more difficult on achieving – and more difficult on keeping – than it was in the past. Within the global communications and omnipresent information era, within an economy led by information, the ability of really understanding the market and customers becomes essential. The business success in these conditions suppose the ability of transforming this information in obvious knowledge, which are allowed to be practiced and at last depends of how well the organization will respond (in speed, level of knowledge and decision) to the needs/preferences continuously increasing of the customers and to continuously changing strategies of the concurrency.

Each company has its own procedures, own culture and own mean of approaching the customer relationship, which determines that into the beginning of 21st century, **the scheduled and aware management of customer relationship** becomes more and more often a strategic problem. The companies and institutions, which in the view of reaching the strategic objectives, especially stand on exploiting the customer relationship, finalize the relevant plans and objectives, therefore developing a strategy and an action CRM, taking into consideration the present and future customers' characteristics.

Comparing to previous decades, the nowadays customers represent to organizations “targets on moving”. The markets do not have a relatively stable structure, being extremely dynamic, with segments and parts, which profile progresses. Within this context, CRM has as view the attraction and reservation of profitable customers, by means of developing long term relationship and by stimulating the customers' loyalty. The progresses of information technology field contribute on founding the most adequate developing strategies of relationships, with each customer of organization portfolio frame.

Certain definitions

Allover the time, a series of definitions were elaborated, as concerns the CRM concept. Therefore, in accordance to Gartner Group, CRM is a business strategy intended to optimize the profitableness of enterprise upon basis of increasing the customer satisfaction. For applying this strategy, an organization has to adjust its behaviour and has to implement processes and technologies able to support the controlled interaction with customers, by all channels of communication.

In accordance to CRMguru.com, **CRM represents** a business strategy, by which customers are selected and managed in the view of optimizing their value on long term. CRM needs a managerial central culture on customer, which has to support efficient processes of marketing, sales and service. CRM applications can contribute on making efficient the customer relationship, in conditions when organization has at disposal the managing, strategy and adequate culture.

Defined of some specialists as an application of information technology, by others as a valuable development of relational marketing principles, the Customer Relationship Management represents actually a strategy of business, aiming towards increasing the enterprise performances upon basis of increasing customers' satisfaction, by creating a profitable relationship and of long term with these, thus gaining a substantial competitive advantage.

As result, CRM does not identify with specialized informatics solutions, for the management of information as concerns the customers, but basing upon IT solutions, for a better understanding of expectations and needs of customers, of their behaviour on buying, in the view of designing abla strategies on generating the value for customers.

Arguments or the need of CRM

As result of powerful competition environment that exists, more and more enterprisers recognize the essential need of adapting their internal processes in the view of increasing the level of customers' satisfaction, the alternative being represented by the risk of loosing in favor of concurrency. In accordance to studies, the mean companies lose between 20% and 50% of customers in each year and find difficult of reaching the loyalty on their best customers. The free market, diversifying and globalization stimulated a dramatic growth of competition. These realities of market forced the companies on changing the approach focused on product within an approach based in customers.

Therefore, more and more managers reach to conclusion that identification of specific groups of potential customers, as well as their serving in more efficient manner, thus representing a sure way to success. This probably explains the interest more and more on growing of companies on applying CRM (customer relationship manager).

Many people considers CRM as a business software, but the fact that technology is only the mechanism for making efficient the company's activities, while the self process represents CRM has to be well understood. A CRM process defines the methodology of all actions necessary on transforming a potential sale into an effective one, of having satisfied customers and, why not, of determining them on buying more.

There are a number of reasons well grounded for which the companies' direction toward a CRM solution:

- the companies loose customers outside the competition – or do not win enough – and thus recognize that they do not respect all needs of own customers;
- the concurrent companies already adopted a CRM solution and the first results began to appear;
- the failures on making profit on present market opportunities determined that companies to realize that something goes wrong.

For many companies, the most obvious and simple reason is represented by the wish of reducing the costs and of improving the services offered to own customers. Finally, everything is reduced to efficiency, productivity and has a great basis of satisfied customers. All companies aim towards their growth, and their identification with successful implementing of CRM solution is a strong reason on achieving such application.

It was proved that maintaining the old customers significantly costs less than purchasing the new customers. That is why, while companies extend their customers basis, they do not have to loose of view

the maintaining and increasing the better of them. Increasing the “customer’s activity” – in other words, the business quantity that each customer offers – becomes as much important as the growth of market activity. Through a good managing of the good customer relationships, the profitableness can be increased. And this is in fact, the **Customer Relationship Management**.

The most usual arguments are:

- the acquisition cost of a new customer is fifth time greater unless that of maintaining certain existing customer;
- the probability that a customer to remain loyal to his provider varies between 70 and 45%, depending on his satisfaction degree;
- an unsatisfied customer will share his bad experience to other 10 persons, different for a customer that will appreciate then supplier on other 3 persons;
- the displeasing is the reason for which 80% of the displeased customers migrate towards the concurrency;
- only 4% of the displeased customers make complaints, the rest of 96% of unpleased customers leave a company, without making any complaint as concerns the quality of services or supplied products.

The advantages of assimilating this concept of strategic and operational level are:

- the growth of customers number and, by assuring a superior satisfaction level, of their profitableness;
- the growth of companies efficiency on marketing (by a more precise target, automation of companies, complex segmentation of customers etc.);
- automation of complex processes (Sales Force Automation, Marketing Automation etc.), which simplifies the organization and internal processes, by earnings in time and efficiency;
- improving customer relationship and their loyalty by applying a leasing manner directed towards the customer and his needs satisfying;
- economic advantages generated by the decrease of fault products weight, by decreasing of customers number which leave towards other companies and the decrease of their non-satisfaction.

To all these seducing offers, lately was added that of possibility of generating by means of CRM (more precisely by that-called Analytical CRM) of reports and complex analysis in real time, which represents an essential instrument for a company’s management. Within this kind of certain argumentation, it results that implementing a CRM solution is a major imperative for each company that wishes to survive on market. Even for the small and middle companies, as NextApplication study says (December 2005), which shows that for 53,7% of small companies, CRM represents an instrument that can significantly contribute on ameliorating their productivity and which is not anymore reserved to companies.

Companies’ attention towards customers – major tendency in new economy

Within the world mature economies, the quality of product/service – mostly being on the highest possible level – is regarded as a mean for assuring a company’s domination on the specific market of performing. By this, the occidental point view radically differs in other countries, in which the product’s quality is regarded firstly as aim of reaching. In these economies, it starts from the compulsory condition of regarding the problem of product/service quality from the customer’s point of view.

The variant 2000 of ISO 9001 explicitly defines the aim, underlying those management system requirements of quality are firstly directed towards achieving the customer’s satisfaction over his needs, by applying the system, improving it and preventing the non-conformities. In accordance to the above mentioned standard, no matter the organization acting, it becomes compulsory that it has to respect the customer’s requirements, in situation these were defined and accepted by the both parts, previously. It is important for an organization to know which its image is towards the customer, how satisfied a customer is, considering as reference what was initially established. Thus studies can help managers on improving the organization – customer relationship, in two directions: reducing of operating costs and increasing the customer’s satisfaction.

Attention towards the customer means that everything that a manager does has to be done upon basis of care for respecting all exigencies, no matter if there is a very profitable or less profitable customer. This thing should signify all what is accomplished in strategic level – establishing the priorities, elaborating decisions, planning certain different types of managerial projects – on focusing over the needs in continuous changing on customers.

The main characteristics of this approach imposed within present economy are the following:

- attention towards repeating the customers' acquisitions;
- frequent and customized contacts of all employees in customer relationship;
- focusing over the value offered to customers;
- the high level of services quality offered to customers;
- the aim to be achieved is "delighting" the customers.

The opened and sincere attention towards solving the customer's problems is the key with which the management opens the gate to success. In business only two ways of creating and supporting the superior performance on long term exist: an exceptional care towards the customer and a constant innovation.

A company has to see on its customers the main force that leads on its activity's back, considering that business can resist only if it succeeds to satisfy its needs. On market economy, the buyers can choose what, when and from where they have to buy or they have to buy or not a product,

Therefore, in the view of having success on attracting the consumers, the logical point of view for a company consists on identifying what customers want and then to try on accomplishing these requirements into a more efficient manner than the competition. On long term, a company doesn't have to satisfy the requirements of consumers, and to take money of it. As the offer of company synchronizes better with requirements and wishes of consumers, more they will be disposed on paying more, thus generating profit for the enterprise.

The best way on achieving an attention towards the customer is that of cultivating advantageous relationships and on long term. Within this type of enterprises, the customer is no longer considered as generator of costs for the enterprise, but that of bringing the profit. The attention of managing is directed towards satisfying all the customers' requirements, with the hope of their loyalty achievement. *Maintaining a relationship with the customer is wished also after evaluation of transaction among the two parts, not only before.*

Most of companies adopt an approached oriented towards loyalty of customers, but observe that also the competitors proceed the same way, and the result consists on a totally lack of differentiation, instead of expected competitiveness. Before establishing the satisfaction and loyalty of customers as basic objectives of companies, these have to know that preferences and perceptions of customers are the result of a learning process. The objective of management strategy on customers' relationship is that of adapting the company to customers' exigencies, so that this learning process has to be performed in companies' advantage.

It is obviously the moment that satisfying the consumers wishes to become the main objective of existence to a company. Understanding the concept of customer can have a decisional role for the success of an organization in conditions of world wide economy.

For being able of managing among competitiveness, a company has to create and maintain the profitable customers.

Creating of customers – means for a company monitoring the business environment for reacting to changes that intervene within the needs of potential consumers, so that these have to become loyal customers.

Maintaining the customers – refers to the ability with which the company reduces to minimal or avoids the threatening on base of customers, wither because of changes appeared in their needs, or because of changes appeared within concurrency. The profitable customers of the company are those that bring incomes that exceed the costs of its production. The economical agent has to focus and center his attention on profitable business activity, and not on attracting the customers at any price.

Orientation towards the customer is met when the company is preoccupied of reaching the needs of its customers. In many cases, the company is preoccupied by production and afferent technological processes, not succeeding on observe that customer needs were modified and that his products do not correspond to these needs.

In these situations, the opportunity for concurrency is created for entering on the market and if offering products and services that have to satisfy better these needs, the company in discussion meeting hardness more and more bigger simultaneous with the products.

Satisfying the customers – element of competitiveness and performance

The satisfaction is the result felt by a buyer after his relationship with a company, whose performances reached to his expectations level. The satisfied customers remain loyal for long time, buy in great quantities, are less influenced of price and present to other persons the company within a favorable light.

It is considered, as was previously mentioned, that it is more exhausting to attract new buyers than maintaining those existing. Satisfying the consumers has benefic effects both for these and for the supplier.

A satisfied *consumer*:

- will repeat the buying activity, thus transforming into customer;
- will transmit the after-buying feeling of satisfaction to others (friends, relatives, and colleagues), thus favorable lightening the offering company;
- the self trust will increase, as concerns the good choice;
- gives a less attention to concurrent products and of their advertising.

For the *supplier*, satisfying the consumer will have as effects:

- owing and transforming this into customer;
- creating a favorable image and of notoriety, of market prestige;
- increasing the sales volume (and implicitly of profit) by enlarging the market (buyers), as result of promotional activities accomplished by the satisfied consumer;
- efficient using of human, material and financial resources.

Many products appeared in the market as simple effect of company's attention towards satisfying the customers' needs; that is why, adapting the offer to customers' particularities (and even to their simple manipulation). Certain producers make mistakes on giving more attention to material goods instead of services offered by these. That is why, they consider selling a simple product and not of offering solution for a certain need.

Understanding and satisfying the customer, together with the continuous improvement of internal processes offer the key of success for reaching the financial result: increase of income and reducing the internal costs.

If finally, the satisfaction of those involved is accomplished, from among if course, the customer, as well as company's wellness, the organization will have a great chance of long time success.

A quality management system that is introduced for the first guarantee of the conformity should lead on continuous improving and finally, to a system able to allow the existence of a product and/or service in progress, thus anticipating the future directions.

This will lead on small and stable results (conformity), by progressive and continuous results (development) to significant and long term results (anticipation and excellence in business).

Conclusions

The customer relationship management (concept consecrated in specialty literature and practice of business under name of CRM - Customer Relationship Management) is a philosophy of business which describes a strategy that places the customer in centre of process, activities and cultures of an organization, basing upon creating and developing certain personalized relationships with these, in the view of growing the profitableness.

Once the market is consolidated, and the suppliers become more efficient on offering the service or products, the rival offers become more and more difficult on differentiating. In the same time, once the quality of services and of products is improved, the expectations and pretences of customers grow. For as long as the customer has the possibility of changing his suppliers, it becomes more and more difficult for a company to keep his loyalty. As result, it is very important for a modern company to have a system by which the time of reaction has to be shortening as regards the customers' requirements, thus offering

support and quality to the offered services, and especially to identify needs of these, about whom not even they have knowledge about.

It was proved that maintaining the old customer costs about 5 up to 10 times less than achieving a new one. Here can be mentioned the old rule of Pareto 80/20, in accordance to which 20% of customers bring 80% of the sales. That is why, while companies extend their customers data basis, they do not have to loose attention over the maintenance and adding of best of them. The growth of "customer's action" – in other words, the business quantity that each customer offers = becomes as much important as growing the market action. By means of well relationship management with a good customer can increase the profitability, and this is essentially the *Customer Relationship Management*

As conclusion, it can be said that not only life duration of a customer is important, but also the profit generated by the customers is that bringing value on long term to the company.

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