

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

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One of the most significant changes in the practice of marketing during the last decade in the shift in emphasis from a transaction orientation to the customer relationship management (CRM). Customer relationship management consists of the processes a company uses to track and organize its contacts with its current and prospective customers. CRM software is used to support these processes; information about customers and customers interactions can be entered, stored and accessed by employees in different company departments.

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1. The history of Customer Relationship Management (CRM)

The approach by the client has always been a base principle of the marketing. Kotler says that the marketing people and the clients must work together in order to find out how the clients can be satisfied better.

The acronym of CRM entered recently in the marketing specialist's language. The '90 marked the transition from the transactional marketing to relational marketing. The relational marketing presupposes the collaboration between all the organization departments and the marketing department in order to satisfy the client. So the orientation based on a very big number of transaction in a short time have been replaced with long time relationships, based on trust and satisfaction. Recently, CRM is seen more like a business strategy.

The IT revolution which embraced all the human research areas could not avoid the sales universe.

Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses small and large interacted with their customer bases. It offered long term changes and benefits to business that chose to use it. The reasons for this are because it allowed companies to interact with their customers on a whole new level.

The 1980's saw the emergence of database marketing, which was simply a catch phrase to define the practice of setting up customer service groups to speak individually to all of a company's customers.

In the 1990's companies began to improve on Customer Relationship Management by making it more of a two-way street. Instead of simply gathering data for their own use, they began giving back to their customers not only in terms of the obvious goal of improved customer service, but in incentives, gifts and other perks for customer loyalty.

This was the beginning of the now familiar frequent flyer programs, bonus points on credit cards and a host of other resources that are based on CRM tracking of customer activity and spending patterns. CRM was now being used as a way to increase sales passively as well as through active improvement of customer service.

In the years between 2000 and 2004, CRM was a constant topic of corporate discussion. The economy was shaky and CRM was seen either as a solution by those who understood it, or a panacea, by those who didn't.

Instead of feeding information into a static database for future reference, CRM became a way to continuously update understanding of customer needs and behavior. Branching of information, sub-folders, and custom tailored features enabled companies to break down information into smaller subsets so that they could evaluate not only concrete statistics, but information on the motivation and reactions of customers.

The Internet provided a huge boon to the development of these huge databases by enabling offsite information storage. When before companies had difficulty supporting the enormous amounts of information, the Internet provided new possibilities and CRM took off as providers began moving toward Internet solutions.

Today, CRM is still utilized most frequently by companies that rely heavily on two distinct features: customer service or technology. The three sectors of business that rely most heavily on CRM, and use it to great advantage, are financial services, a variety of high tech corporations and the telecommunications industry.

2. The means of Customer Relationship Management (CRM)

The concept was defined as a software product, a data collect method, a sales strategy or a data analyze. CRM totalize this definition and many others depending on each user necessity.

The well known company SECOR from Great Britain praise to have the most complete definition of CRM. In their opinion, CRM means to establish, to implement, to maintain and to optimize of a long time relationship between the client and the company.

Another definition: CRM (customer relationship management) is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way.

Paul Greenberg, in his book, “CRM at the Speed of Light: Essential Customer Strategies for the 21st Century”, says that CRM is a philosophy and a business strategy, supported by a system and a technology, designed to improve human interactions in a business environment.

When the struggle to define CRM back in the prehistoric 1990s, it was characterized most frequently with technological and functional terms. The mantra, It isn't a technology, it's a system, actually came into vogue because of a reaction to the strong technological wind stirred by CRM and what was at the time the dot.com boom, primarily because of vendor marketing. After all, Siebel's big enterprise CRM application suites were hot stuff, and they would make the future relationship between business and its paying customers something to behold.

The industry standard definition was developed in 2000 by the META Group in “The Customer Relationship Management Ecosystem”. Unfortunately, what the META Group defined as the components of CRM technology and functionality became all-encompassing CRM to the rest of the known world. All the literature that emerged at this time META Group's definition very broadly, which had the effect of distorting CRM's actual value, though there was nothing inherently wrong with the definition. In fact, this particular definition stuck and to this day is the foundation for traditional CRM.

In January 2003 in an Aberdeen Group interview, Ad Nederlof, CEO of Genesys Telecommunications Laboratories, said, “CRM is a term that can refer to a range of things from the management of the relationship with customers all the way to the software and hardware that allow one to manage (his or her) relationship with a customer. It has become a catchall term.

Frederick Newell, in his book “Why CRM Doesn't Work”, says, “The very phrase explained in (books about CRM) – CRM, or Customer Relationship Management – implies that companies can manage the customer relationship by targeting specific customers for specific product offerings. How audacious, how imprudent, how wrong!” Newell propose CRM – customers' relationship management – that empower customers to determine their own fate. You can't make a customer do what he doesn't want to do.

3. Learning from CRM's Leaders

John F. Tanner worked eight years at Rockwell International and Xerox Corporation in sales and marketing. Since 1988, he has taught sales and marketing at Baylor University's Hankamer School of Business, where he also served as department chair and associate dean. He has published more than 50 research articles in top journals such as the “Journal of Marketing”, “Journal of Business Research”, etc. His research won many awards, including Mu Kappa Tau's top sale study in 2000.

From his research about CRM: “Tree words that mean many things too many people when linked together, Customers Relationship Management has become something as an enigma. There is little doubt; it would seem, about what a customer is, though the term CRM is applied to things done to non-customers as well. The key that makes CRM different from other forms of strategy or marketing is that it is about relationship management. There are a number of dreams to which CRM software can contribute dreams such as seamless customer interaction across multiple channels, one-to-one marketing, 360-degree knowledge of the customers, and so forth. The reality is that CRM often devolves into an endless stream of campaigns that may take advantage of better customer data, but do not really build or contribute to a relationship.”

Marc R. Benioff is founder, chairman, and CEO of salesforce.com. A 25-year veteran of the software industry, Benioff has pioneered “the end of software”, demonstrating how on-demand applications can replace traditional software to deliver immediate benefit at reduced risk.

Marc R. Benioff about CRM: “American cycling great Tour de France champion Lance Armstrong called his 1999 best selling autobiography ‘It's not about the bike’. As Armstrong makes clear, in competitive cycling – indeed, in life – success depends on the brains, foresight, and heart one brings to an endeavor. The equipment is secondary.

As many enterprises are discovering today, the same applies to Customer Relationship Management. It is not about the software. It is about the people. Specifically, it is about sales, service, helpdesk, and marketing people sharing information about customers. Armed with more complete, timely information, these people, can make better decisions and, ultimately, keep customers coming back to buy more products”.

Don Peppers and Martha Rogers was recognized for the past decade as world-renowned experts on customer-based business strategies, and individually named to Accenture's global list of “Top 100 business intellectuals”.

Don Peppers and Martha Rogers about CRM: “At the root of the problems with the term ‘customer relationship management’ is the fact that the software vendors have used the term so much that many business practitioners equate ‘CRM’ with ‘CRM software’. Technology is a very important, enabling first step, but we have seen a variety of firms spend vast amounts on the installation and integration of technology without moving the needle on their bottom line at all as a result. Very large companies spent millions of dollars on CRM technology and did not know how that technology was going to contribute to the value of their customer base.

We should think of CRM as the hundred managerial decisions each of us makes in business every day, and making those management decisions from the perspective of increasing the value of the customer base, and using the best tool we have – relationship – to do just that”.

4. CRM in Romania

The CRM applications brought in 2006 almost 4 million dollars in Romania. The autochthon market is increasing. At least that is what the questioned organization sustained. The inquest made by Market watch journal show that the Romanian CRM market increases with 50-80% a year. There are various reasons for this increasing strong trend from increasing competitively level all the way to economic development, from UE integration all the way to the IMM sector development and the increase of competition.

As it was expected, the “locomotive” of Romanian CRM market is the telecommunication sector and the financial-banking sector, but also the retail zone and the services deliver firms. How the clients sustained the autochthon market, there is other sectors interest by these solutions.

A study realized by a consulting company, release that the CRM market maintains to 5,8% from the ERP (Enterprise Resource Planning) market from Romania.

By an ordinary client perspective, have been identified a few problems of CRM users: after the product in paid, it became hard contact them; the absence of professionalism shown by consulting firm employees, the terms not respected by sealers.

The purchase of software and hardware is not enough for an organization for the CRM implementation. The hard work is just beginning, because the users need knowledge in the field and a client orientation. CRM is helpful just if the client orientation is already made by the employees.

CRM is a concept before being a software application. A company must concept a CRM strategy before a software application is implemented. The companies reach later to a sophisticate level necessary to imagine a CRN strategy, so neither the CRM need don't show up to every company. Also the companies must have a well defined structure in marketing departments. The small companies can manage with contact management software (a sort of junior CRM); for a true CRM, the company well defined departments of marketing, sells and services.

CRM strategy can vary in size, complexity, and scope. Some companies consider a CRM strategy only to focus on the management of a team of salespeople. However, other CRM strategies can cover customer interaction across the entire organization. Many commercial CRM software package provide features that serve the sales, marketing, event management, project management and finance industries.

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