

## Study on Customer Relationship Management in Growing Companies in Emerging Economies

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### Abstract

Customer Relationship Management (CRM) has a growing popularity and is fast becoming one of the hottest topic and innovative way in present day marketing because of its practicality in the business field. In fact, due to the competitive environment, CRM is crucial and has become a niche for company performance. However, there is still a huge gap between companies and customers in CRM dimensions and in growing economies because they are yet to get a real understanding of comprehensive implementation of CRM. An analysis of strategy in CRM has become a necessary part of organisations in marketing. Already existing markets need people with the technical no-how on the best way in dealing and relating with supposed customers. There is no marketing or management without customers. The study intends to show the importance of how CRM in 21<sup>st</sup> century businesses and industries, helps in serving customers better. It also will highlight problems encountered in effective CRM implementation in business field of growing economies, and offer some suggestions in bridging the gap between growing economies and already developed economies.

**Key words:** Customer Relationship; Customer Relationship Management; Growing Companies; Emerging Economies

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### INTRODUCTION

For the past two decades, CRM has become one of the most talked about topics and point discussed or written about in the improvement of business relationships in marketing between companies and customers. It is important to note that establishing sustainable, healthy relationships with customers is fundamental in realising customer loyalty that is much more profitable than non-regular customers. Successful implementation of CRM goes a long way in improving sales, market segmentation, personalizing services and products, customer acquisition and retention, and even employee satisfaction. Simply put, this gives an approval logistic for a company to perform on. CRM entails communication and interactions between a company and a customer, be it sales, service, or even complaints. The use of technology to document and streamline these processes that impact customer loyalty service and quality management is what CRM is all about.

In developed economies today, organisations/companies face stiff and hostile competition; hence, the need to find innovative, lasting and practical solutions to survive in competitive and volatile industry. Companies are beginning to realise the importance of CRM management is a large catalyst in building long lasting successful brands.

In every business, the most important part of it is the customers. If people are not buying your products, you make no profit. A loyal customer is part of every business. Customers should be treated as insiders and not outsiders. "We are not doing him a favour, he is doing us a favour by giving us an opportunity to serve him" (By Mahatma Gandhi).

Emerging economies are still trying to get a grip of CRM, as it has metamorphosed into different aspects of the economy and it is been implemented in places like, manufacturing, hospitality, food and beverage services, and even transportation. The important goal is to transform CRM into greater profitability and

understanding in emerging markets. With the advent of internet and advanced technology, attention and awareness among customers on availability of various products and greater choice of goods and services, has even made it more important for companies to collect data and information of customers for better improved services; which later in turn improves profitability and brand name.

The research aims to dissect the hindrances and problems in the integration of customer relationship management in growing economies and how best to offer solutions to them.

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## 1. LITERATURE REVIEW

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Based on establishing and sustaining unique relationship with customers with the aim of increasing profitability, customer relationship management (a literary and business practice concept abbreviated as CRM) has evolved into a key concept of the business flow of global companies.

According to Peppers, D., Rogers, M., (1909) the significance of adopting a CRM strategy enables advanced and accelerated adjustment where it is observed that the behaviour of the market is changing. A company implementing that it is in a better position to respond to the needs and demands of its customers at any stage if their relationship with the company cycles. Implementing CRM covers actions to expand the customer's database through promotional activities, develop loyalty programs for the existing customers and achieve greater profitability from further sales as well as referrals and cross sales. Understanding and addressing the needs of customers is a key competitive requirement for serious organisations. It has long been realised by companies that their success is inextricably linked to creating enthusiasm for their products and services among their customer base.

Previously, this required developing a good product alone, and creatively deploying selling strategies. However, the requirements of engaging customers has, thrown up the requirement of sound technical abilities, understanding of integration and effective group of business strategy (Shepherd and Ahmed, 2000). Successful business operations therefore require a deeper appreciation of the needs, personality and motivations of the customer (Lagrasen, 2001).

It is essential to determine what activities and qualities leads to customer satisfaction and which do the opposite, according to Matzlet et al, (1996). Continuously doing and creating satisfactory output will make customers loyal in the long term. Decades ago, organisations practised transactional type of marketing. This involved the simple transaction between a customer and a company without companies going further to have any form of content with their customers. But today, in modern marketing and strategy, many industries are being challenged aggressively for market share due to the rise of other competitive and alternative brands and

companies. This has called for exposure and practise of CRM to be introduced in growing economies to be able to compete with grown economies in world market and economy. Moreover, unique modes and methods could also be introduced to these growing markets. A successful CRM cannot be implemented by only installing and integrating a different package designed to support a CRM process. A comprehensive universal approach to CRM is very important for an effective and efficient CRM policy. Training of employees, alteration of business ideas and process solely based on customer's needs and appropriation of important ICT-Systems or services would facilitate companies to follow an organised CRM strategy.

CRM goes beyond existing literature because it requires a cross functional combination of processes. People, operations and marketing capabilities, that is possible through information technology and applications". (Payne and Frow, 2005). CRM does not make an exception in building only customer relationships, but also involves the centralisation of all activities to both firm and customer value. This amplifies the competence of firms to enlarge this integration along the value chain, and augment for the integration of new activities across the network of firms, which in turn pool resource customer value, while building stakeholders value of the firm (Boulding Stacklin, Ehref and Johnson, 2005).

In order to analyse and understand this article it is important to briefly comprehend the full meaning of CRM. Different authors have had different definitions for CRM over time. Generally, customer relationship management is an absolute and inclusive strategy, model and process of acquiring, maintaining and collaborating with customers to create an excellent higher value for both the company and customer. It has to do with integration of all the departments in a business like marketing, customer service, sales, production and even the supply chain with the sole aim of achieving greater competence and capability in delivering customer satisfaction and value.

CRM is a synergy of people, processes and technology.

### People

Clearly, company employees have critical roles to play in the successful integration and sustainability of Customer relationship systems. This is because they are responsible for interpreting the CRM strategy and interacting with the technology behind it.

While the implementation of customer relationship management has necessitated a shift from company's prior marketing paradigm, from primary focus on production to customer centric approach, company human resources must also embrace the shift. This requires training, support, innovation, responsiveness and service oriented mindset from employees.

### Processes

Long term business processes must change as a consequence of Implementation of customer relationship

management. This includes customer facing business processes as well as internal mechanisms and systems. This is because customer relationship management focuses overall business functionality on the customer. Technology.

Technology has a fundamental role in customer relationship management. Primarily, it is necessary to build a customer database, including the software and hardware. Furthermore, predictive and analytical programs assist the company to understand the customer, analyse his interests and develop a relationship with him.

Finally, technology is the bedrock of sales and marketing efforts, as well as the integration of multiple communication channels for customer service which may be termed operational customer relationship management.

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## **2. IMPLEMENTATION ISSUES OF CRM IN GROWING COMPANIES IN EMERGING ECONOMIES**

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In recent times, there has been a huge growth in emerging economies. With easier access to internet and more foreign direct investments, a lot of private companies have taken their businesses to growing economies like Africa, some parts of Asia and Latin America. One of the most noticeable is the growing in the number of customers a company has to manage due to the growth or increase in middle class in those countries. Most companies interact with their customers through different avenues. These include sales people, service personnel, call agents, online marketing, and other forms. For organisations with large customers, functionality will merge different teams from different departments to be able to satisfy their clients. Most times, each of these units operates and functions independently, it is still necessary that they have information about customers and their preferences or complaints (needs and wants) on a real time basis to be able to function well. An example is a situation where a customer calls to place an order or know the status of previous complaints or enquiries. The customer expects that the staff should know his or her history with the supposed company. Another situation is a sales person being well informed about a customer's complaints. The sales person would be well positioned to answer questions posed by such customer, thereby averting being treated unkindly by the customer, or the customer feeling neglected and not respected.

Effective CRM implementation really requires that all information about customers be shared across all departments in an organisation. Some valuable components for a successful CRM in industries are data collection process, data mining tools, and data storage tools.

One of the obstacles is to develop a platform that acquires important data at each customer interface,

and at the same time providing information output on strategies or models to win customer business and loyalty. Effective CRM model should be based on interactive technology and processes. Other necessary tools that could improve and support interactive results and solution for good customer and ground building include integrated marketing communication, quality customer care service, account planning, contact information and management, customer complaints and problem solving unit, and measuring CRM performance index.

Regrettably, in pursuit of profits and excitement in introducing CRM, most companies in emerging economies have failed to take into cogitation ways that will make this new initiative (CRM) a success in their organisations. With CRM relying on Information Technology, countries in growing economies tend to sublet or contract IT firms to install and manage their data and information. This way, the unconsciously focus solely on software results; without really developing a comprehensive CRM strategy. This in effect reduces the productivity and intended result from this tool (CRM). Lack of CRM strategy often leads to people in the front-line without knowledge of what they should do with all the information gathered that they now have access to. Therefore, it is necessary to assent to the entire framework of CRM process. CRM is meant to create and improve on an organisation's plan for improved customer relationships. A suitable model of CRM and excellent exercise is needed for effective CRM results in an organisation.

### **2.1 Crm Problems in Growing Companies in Emerging Economies**

**LACK OF INTERNET SOLUTIONS:** As in most developing countries and economies, they all still have issue with steady internet and professional aspects in this field. This in turn affects the productivity of CRM results in most companies. Most times incomplete or irrelevant data is usually gathered, thereby causing disrupt in the CRM process of such organisation.

**STAFF SHOULD BE EDUCATED:** Most organisations have the CRM process in their firms but are not educated on the importance or impact on their businesses; hence they tend to neglect using CRM apparatus to its full advantage. Also, customers should be educated too and incentives should be encouraged to improve customer interaction with service companies.

**POOR INFRASTRUCTURE:** Most under developed countries have very poor internet and power (light) services. This advertently affects the general input of experts and customers in the collection of data and at times providing information to organisations.

**CUSTOMER DATA BASE:** Regular flow and orderly collection of information that is properly documented, evaluated and set side by side from time to time are all components of a good data base. This information would

improve the company planning, implementation and customer interaction. Customer relationships are sustained mainly by information systems. Companies should try and make a conscious effort to increase their customer data strategy, which in turn will increase customer retention, acquisition and development.

**SYSTEM INTEGRATION:** Enterprise resource planning is a back-office automation solution which helps in automating several functions in a business. Some of these functions include finance, inventing, production, customer orders etc; while CRM is the front-office automation solutions (examples are marketing and product knowledge, customer contacts, pre, and post-sale services, complaint handling unit etc). It is pertinent that these two systems integrate with each other and correlate information as well as business and work flow. The unification of Customer Relationship Management and Enterprise Resource Planning goes a long way in improving customer service. This in turn will help companies in keeping and improving on product and service problems reported by customer through feedback.

## **2.2 Benefits of Effective Crm in Growing Companies in Emerging Economies**

**IMPROVES CUSTOMER EXPERIENCE:** An effective CRM process in any organisation will provide employees with skills and technical know-how to familiarize with their customers, find better lasting solutions to their problems, and improve client satisfaction and pleasure with fewer complications. A CRM Program will allow companies to immediately recognise its customers, recognise their problems and subsequently deal with their immediate needs and consequently advocate supplementary products or proper solutions that suit their information (Leppaniemi and Karjaluoto, 2008).

**ATTRACTIVE PROMOTIONS:** CRM provides you with foundation of your revenue direction, with your current clients. With CRM, one can recognise and target customers with supreme opportunity for promising revenue. A good CRM process permits one to pay attention and adapt your marketing strategy and initiative to become more productive and persuasive (Marshall and Rossman, 2006).

**IMPROVE CO - OPERATION AND SYNCHRONISATION:** A good CRM model goes a long way in improving interactions between different departments in a company, like sales, marketing, production departments; it also improves the relationship between customers and the companies providing the services. According to Bradbum (2004), when selling, marketing and client support distribute a general CRM foundation that is capable to converse the similar language with others. This in turn makes the company to be competent and operate with more consistency.

**MANAGEMENT SUPPORT:** Management also has to do better and learn that their input can help improve

CRM models in these companies and organisations. There are other simple jobs or projects that can be carried out to improve CRM. Some of these are arranging workshops and sessions, storing records and keeping it up to date, monitoring follow-ups, and any important task in any department or group within the organisation.

**EXTERNAL FACTORS:** Trade unions, society, business owners, are all important to the CRM process. They can also factor into how effective your company runs. For example, these organisations most times already have detailed information on rural companies and even customer base for your products. Information gathered from these places could improve on your data collection and improve customer experience. Business owners create and manage customer relationships with its present and potential customer. Strategies and models for relationship are created by these owners. It is their duty to direct, train or provide training; at the same time teaching employees on how to behave or interact with the customers, what incentives to give and how to influence them (Allen and Ras, 2000).

Society is also very important. This is because every business runs in a society, and need good CRM to operate effectively in any given society. Most developed societies provide information about what they need most, and variation of demands amongst its people. With such detailed information, a firm can determine what to produce, and for what market or for which customer. With this, firms can form relationships.

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## **3. CREATING STEPS FOR CRM IN GROWING COMPANIES IN EMERGING ECONOMIES**

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An ideal step should be based on the combination of previous literature, common sense and experience (Eisenhardt, 1989). Many researchers suggest that integrated framework should be on the basis of conceptualization, and should be process oriented (Pary and Don, 2005). Reasons for finding ideal framework for every business strategy are because not one successful CRM framework would be suitable for another business organisation. CRM is all about the gathering of customers, partners, suppliers and relevant data through different sources like internet, emails, phones etc (multichannel unification process). Lastly, the progress of every framework should be monitored to checkmate failures and to keep track records of the arrangement of sale and budget (performance process) Royce et al, (2005) developed a framework for a comprehensive process. They are as follows:

**INFORMATION MANAGEMENT PROCESS:** This has to do with the collection of every data important for developing a good CRM plan. This data is then transformed to useful information for making business decisions, and strategy, which is fundamental to a successful CRM plan.

**STRATEGY DEVELOPMENT AND VALUE CREATION:** For every growing company, it is advisable to have a strategy and plan. The visions and aims and objectives of a company must be clearly stated in order to achieve its desired goals. Bell (2000) points out that understanding the present allows people to attain an orienting perspective to provide a basis for moving forward. Value creation for customer, employees and investors should be taken into consideration to align with visions and goals of companies.

**MULTI-CHANNEL INTEGRATION:** This plays an important role in transforming business strategy, plan, and value creation, into volume adding relationship with customers. Pre-sales, sales interaction, post-sale service and support of customer services are all parts of these interactions and integration. Presently, there are many ways of communication available in today's market. They include emails, telephones, internet, fax. It is important to work on individual channels and tailoring them to suit targeted customer needs.

**PERFORMANCE ASSESSMENT:** This CRM measurement framework includes branding, customer equity building, customer-facing operations and leading induction measurement. Performance assessment has to do with monitoring of the CRM process, which is connected to the set of goals. This helps managers in making plans, taking decisions, guiding ongoing activities, and above all, be able to access the performance at the end of the day.

## CONCLUSIONS

To achieve effective CRM and improve on it in growing companies, a firm should channel its focus on delivering good customer service. CRM is a very important tool, which advertently creates more value for both companies and their customer. The success and good implementation of CRM does not only involve technology, rather it also has to do with the fusion of technology, information, and knowledge in an organised and effective way. Active involvement is required because CRM is a continuous process that involves improving in results. There are many reasons CRM has not been implemented in emerging economies. Lack of basic knowledge and poor strategy on the use of CRM tool has been the major hindrance. It is necessary to implement the framework as explained above a visionary that would make it easy for firms (employees) to understand how to effectively use CRM. The key success lies in accomplishing quality customer satisfaction, service, and fulfilment. Firms should not limit CRM education just on a particular department, but should extend the practice to other departments of the firm for the growth of the company.

Creating a successful business and Brand with a loyal customer base is not just about sales, products, and finance; it is not just about IT and even software application. A good and effective CRM has to do with the day to day interactions of the whole business and the customers.

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