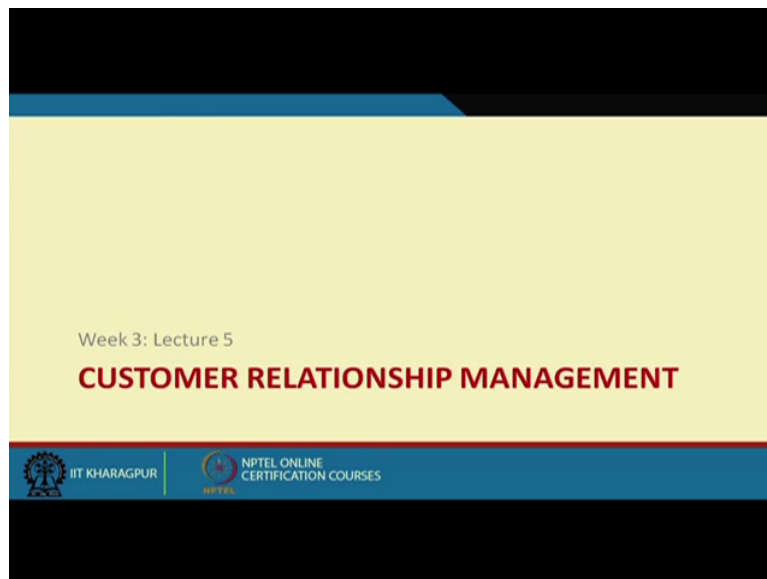


E-Business
Professor Mamata Jenamani
Department of Industrial and Systems Engineering
Indian Institute of Technology Kharagpur
Lecture 15
Customer Relationship Management

Welcome back. So far we have been discussing how to connect with various stakeholders of the company.

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To remind you first we discussed how to connect the internal stakeholders through your ERP software. Then the next thing we discussed is how we can make the interaction of the company's internal stakeholders with that of the ERP system as well as other external inputs through corporate information portal. Then next thing we discussed that how to connect to public and the stakeholders like your investors and your government agencies through your corporate website.

Then next thing we discussed is connecting with your suppliers through e-procurement platform. Today we are going to now discuss about customer relationship management to see how exactly information and communication technologies specifically web and internet have actually helped in managing the customers better. So in this lecture we are going to see what is customer relationship management?

The major application clusters of customer relationship management and causes of this failure of this CRM software, then what are various trends in CRM?

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We are going to learn

- What is customer relationship management
- Major application clusters
- Causes of CRM failure
- Trends in CRM

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So what exactly it is customer relationship management? So this customer relationship management focuses on acquiring and retaining profitable customers via marketing sales and service processes.

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Customer relationship management

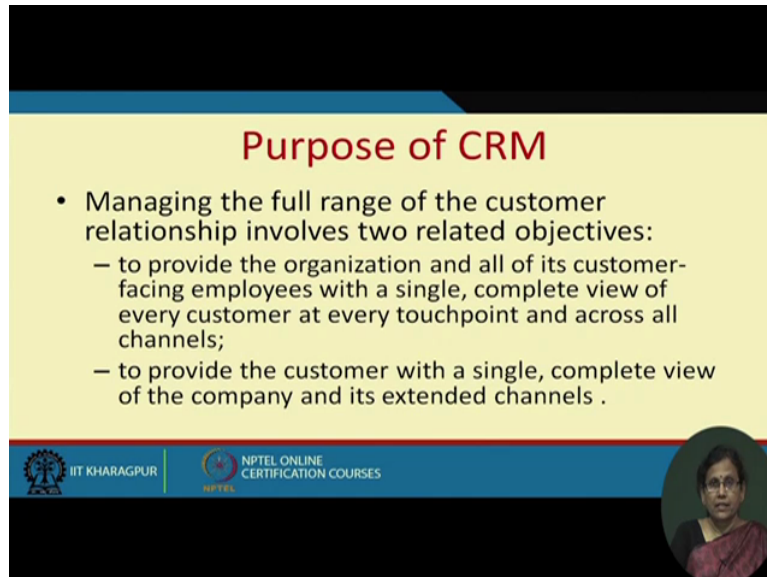
- Customer relationship management (CRM) focuses on acquiring and retaining profitable customers via marketing, sales, and service processes.

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In fact the purpose of the CRM is twofold, to provide the organization and all of its customers facing employees with a single complete view of every customer at every touch point and

across all channels. And the second objective here is to provide the customers with a single complete view of the company and its extended channels. All of us knowingly or unknowingly must have experienced how the company achieves these two objectives.

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The slide is titled "Purpose of CRM" in red text. It contains a bulleted list of objectives. The first bullet point states that managing the full range of the customer relationship involves two related objectives. The first sub-bullet is to provide the organization and all of its customer-facing employees with a single, complete view of every customer at every touchpoint and across all channels. The second sub-bullet is to provide the customer with a single, complete view of the company and its extended channels. The slide features the IIT Kharagpur logo on the left and the NPTEL Online Certification Courses logo on the right. A small circular portrait of a woman is visible in the bottom right corner of the slide.

- Managing the full range of the customer relationship involves two related objectives:
 - to provide the organization and all of its customer-facing employees with a single, complete view of every customer at every touchpoint and across all channels;
 - to provide the customer with a single, complete view of the company and its extended channels .

Just remember when you last got one of your home appliance or one of your some kind of equipment likes say computer had some problem and you contacted the company how was it achieved? Probably you called them over that telephone line and you got a customer number, etc. And next time you can contact them with the same number through the website by sending an email.

and they will again respond and even if you are calling at a call centre and getting contact they will be telling you when your call centre maybe situated in Bangalore or somewhere but they will be telling you who is your nearest service provider and when the repair man is coming to you. They can even tell you the nearby phone number of the repair man who is likely to come.

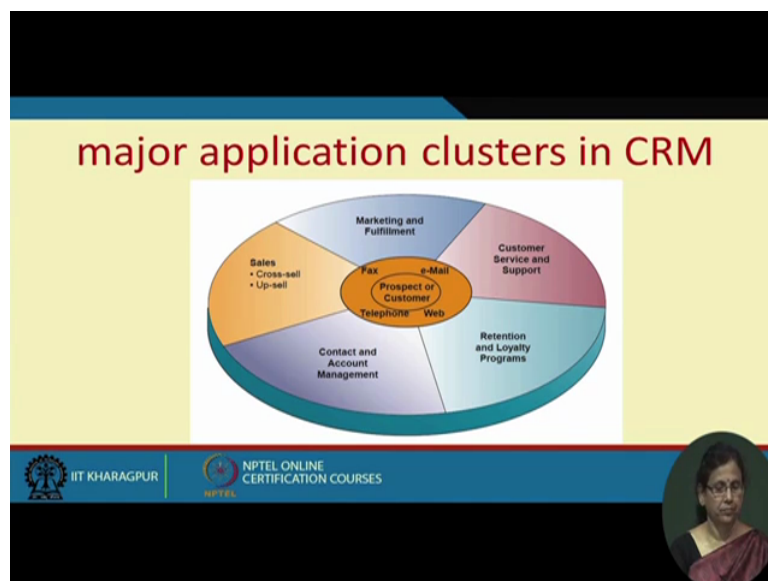
In fact if you tell your problem that you are currently facing with your home (appl) appliance then they will be sending a repair man who is specialized in (solvi) (solv) solving that problem. If let us say that your problem is solved. On some other occasion when once again you come and you make a call to them or you send a email or something they will be able to know who you are. What kind of problems your equipment faced? Then they will also know that what all equipments you have got from them?

You might have purchased a fridge, you might have got a washing machine, you might have purchased a microwave oven. So they will their database once you simply give your phone number they will tell you what all appliances you have got. Just think that have you never got any call from a company from which you have got many items to buy a new item which has come to the market? Do not they call you? Suppose you own a car, do not they call you if there is an exchange offer? They do.

So how do they actually know about how do they maintain the data about so many customers and they provide such personalized services? It is because of this customer relationship management software. So basically the major application clusters, there are five major application clusters in a customer relationship management software. Sales, marketing and fulfilment, customer service and support, (reten) retention and loyalty programs, then contact and accounts management.

And the prospective customers can connect with all these application clusters via fax, email, website or telephone.

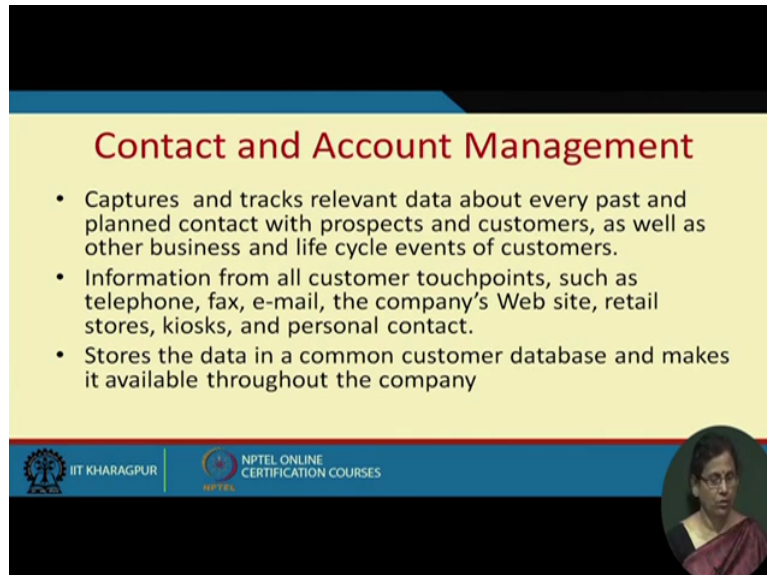
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The first one is your contact and accounts management. So this particular task of this particular component is to capture track the relevant data about every past and planned contact with the prospects, prospects means the prospective customers, the actual customers as well as other business and life cycle events of the customers.

They also collect the information from all the customer touch points such as telephone, fax, email, the company corporate website, retail stores, kiosks and personal contact and so on. Then it is also the part of this component to store this data in a common customer database and make it available throughout the company.

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Contact and Account Management

- Captures and tracks relevant data about every past and planned contact with prospects and customers, as well as other business and life cycle events of customers.
- Information from all customer touchpoints, such as telephone, fax, e-mail, the company's Web site, retail stores, kiosks, and personal contact.
- Stores the data in a common customer database and makes it available throughout the company

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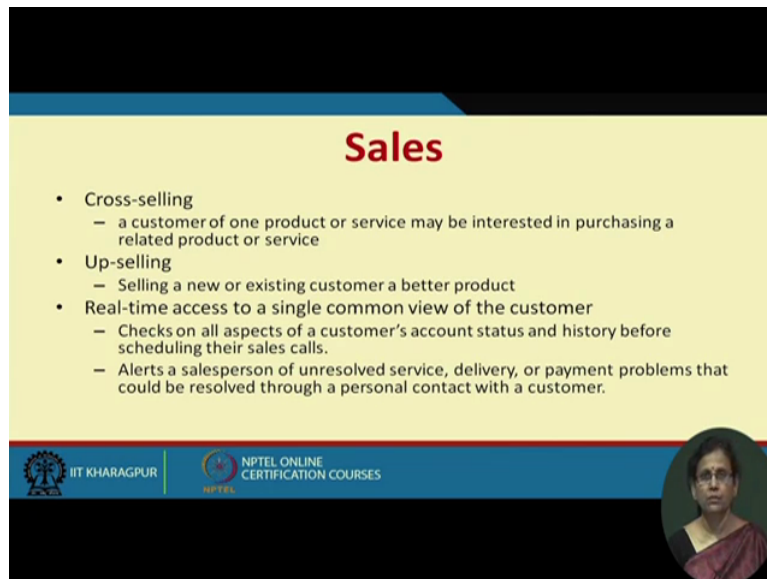
The slide features a yellow background with a blue header and footer. The title 'Contact and Account Management' is in red. The bullet points are in black. The logos for IIT Kharagpur and NPTEL are in the footer. A small circular portrait of a woman is in the bottom right corner.

The second component is the sales component. Sales component helps in cross selling which is about selling related product. You have purchased a laptop and you are being offered let us say a hard drive new external hard drive or let us a laptop cover laptop what you say case then you can have they it also managers up selling. So in up selling which means if you have a laptop of a lower configuration they can contact you for the higher configuration.

You have a car from a small car segment they may try to motivate you to buy a car from medium size car segment. So how do they manage? In fact they will be your sales people will be getting the data from this CRM software database and they will be doing all these activities. Then real time access with single common view of the customers can be obtained for the sales personnel.

It checks on all expect of a customer's account status and history before scheduling their sales calls. this component can alert a salesperson of unresolved service, delivery or payment problems that could be resolved through a personal contact with a customer.

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Sales

- Cross-selling
 - a customer of one product or service may be interested in purchasing a related product or service
- Up-selling
 - Selling a new or existing customer a better product
- Real-time access to a single common view of the customer
 - Checks on all aspects of a customer's account status and history before scheduling their sales calls.
 - Alerts a salesperson of unresolved service, delivery, or payment problems that could be resolved through a personal contact with a customer.

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Then next component is your marketing and fulfilment. So it helps in direct marketing campaign by (identi) automatic identification of leads or leads for targeted marketing. Then it can also schedule and track direct marketing mails. It can capture and manage prospects and customer response data in the CRM database. It can analyze the customer and business value of a company direct marketing campaign.

It can also help the fulfilment of prospect and customer response and request by quickly scheduling sales contacts and providing appropriate information on products and services to them.

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Marketing and Fulfillment

- Direct marketing campaigns by automatic identification of leads for targeted marketing
- Scheduling and tracking direct marketing mailings
- Captures and manages prospect and customer response data in the CRM database,
- Analyze the customer and business value of a company's direct marketing campaigns.
- Fulfillment of prospect and customer responses and requests by quickly scheduling sales contacts and providing appropriate information on products and services to them

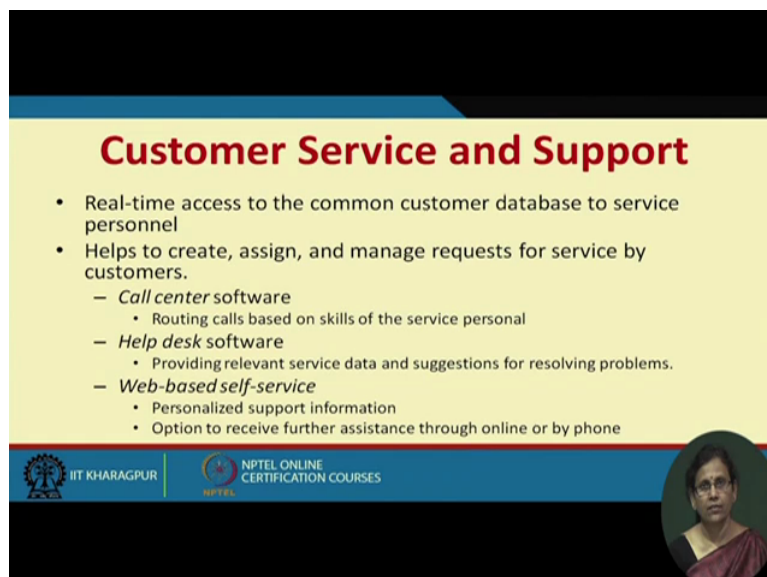
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Then the next component is customer service and support. This component provides real time access to the common customer database to service personnel. So far we are talking about it provides to marketing and sales people but it also provides to service personnel the customer data. Then it helps to create, assign and manage request for service by the customers through call centre software, through help desk software or through web based self services. So what this call centre software does?

There routes the call based on the skill of a specific service (com) personnel. That is what I was telling you while talking about the example situation. So if you tell about your problem they will be sending you the right service personnel who is specialized in that. Then there is help desk software which provides the relevant service data and suggestions for solving problem.

So before they send any service personnel they will be actually telling you once they know your problem they will be telling you what could be the possible solutions strategy which you can try by yourself. Then in there can you web based self service which provides the personalized assistance and they also guide you and they also tell you that if you are not satisfied with this self service they can guide you how to get further assistance through online or by telephone.


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Customer Service and Support

- Real-time access to the common customer database to service personnel
- Helps to create, assign, and manage requests for service by customers.
 - *Call center software*
 - Routing calls based on skills of the service personal
 - *Help desk software*
 - Providing relevant service data and suggestions for resolving problems.
 - *Web-based self-service*
 - Personalized support information
 - Option to receive further assistance through online or by phone

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And then the last one is your loyalty and retention program component which helps to identify, reward and market to the most loyal and profitable customer. In fact here many data

mining and analytical tools are used to identify the prospective customers to whom you should be including in your loyalty program and who are valuable to be retained.

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Retention and Loyalty Programs

- Helps to identify, reward, and market to their most loyal and profitable customers.
 - data mining tools and other analytical tools

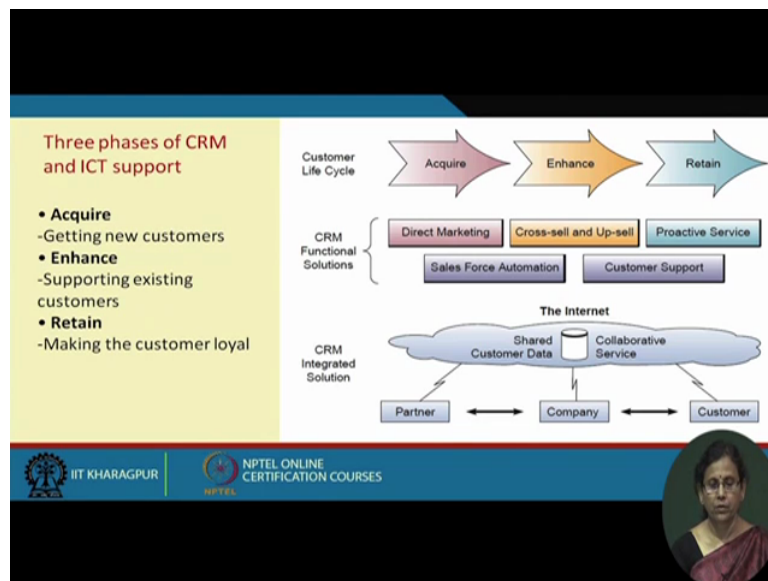
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A circular portrait of a woman with dark hair and glasses, wearing a pink sari, is positioned in the bottom right corner of the slide.

In fact the three phases of CRM activities are supported by information and communication technologies. Now what are these three phases? First stage is actually acquire. Acquire is about getting new customers. From the prospects to converting them into new customers. Second is once somebody is a customer then you should be providing supporting activities, various services to enhance the relationship with the customer.

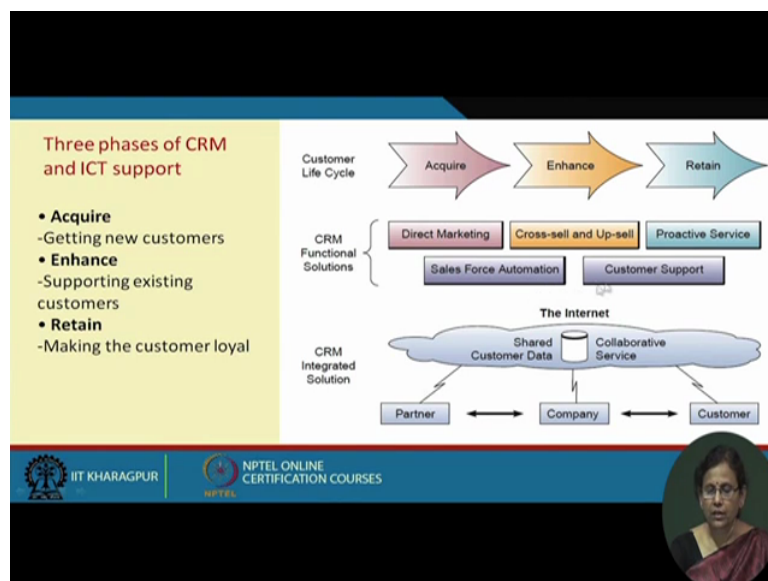
Then third stage is actually retaining. It is about making the customer loyal by providing various awards and including him various loyalty programs.

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Now in order to maintain these three phases the CRM software provide these five functionalities as we have told you, direct marketing, cross sell and up sell, proactive service, sales force automation, customer support these are the CRM functions which are provided to this five areas. Then to provide this you have to be providing a collaborative service connecting the data from the company, from the customer, from the platform and you have to have a number of analytical tools to guide you.

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So far we have been talking about how (CR) CRM software helps a company for acquiring new customer, (re) (pro) making the customer happy by providing (sel) appropriate services

and retaining the customer. But in many cases if the companies are not careful enough this CRM software can also fail. So what are the causes of this CRM failure? First is lack of senior management sponsorship.

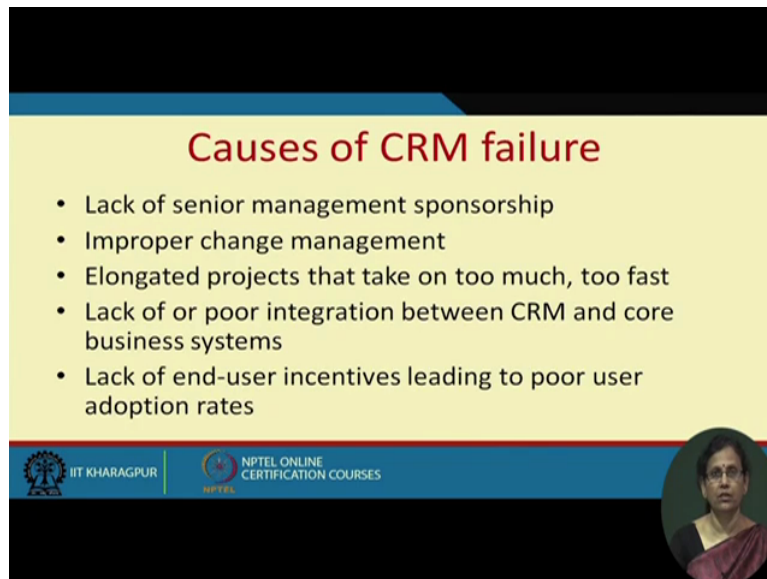
Your senior management is not convinced you cannot really go for investing in customer relationship management. The second one is improper change management. If you adopt a CRM software like any other software like while discussing ERP we were talking about changing your business processes, changing your present workflows and business practices to adopt to the new software environment.

So if the proper change management is not done, people are not trained properly then even adopting CRM software you are not going to get the benefit. Then the third is if the project takes a long time to take off and your internal stakeholders are not convinced enough with this prolonged project it may fail. Then lack of poor integration between CRM and core business systems. As I told (co) your CRM is actually external to your ERP system.

But the data that you acquire from this CRM has to go to ERP system and not only that, some data from ERP system has to flow to CRM software. So if the integration is not proper due to lack of technological know-how then the project is going to fail. Then the fourth is your lack of end user (in) (inve) incentives to use this. Who are the end users? We have already talked about who are the end users. End users are not the system developers. End users are the system users.

Who are the end users of the CRM software? It is the sales people, marketing people, service personnel and the customer itself. So if the end users are not getting proper incentives then they will not be aggressively adopting this software solution.

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Causes of CRM failure

- Lack of senior management sponsorship
- Improper change management
- Elongated projects that take on too much, too fast
- Lack of or poor integration between CRM and core business systems
- Lack of end-user incentives leading to poor user adoption rates

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Now look at this, what are the various trends in this customer relationship management? Firstly the basic set of activities which are provided by any CRM software is actually the operational part of it which is about supporting customers, interaction with greater convenience through varieties of channels. Then the second task is synchronizing customer interaction consistently across all the channels. And in this process making the company easier to do the business with.

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Trends -Operational CRM

- Supports customer interaction with greater convenience through a variety of channels, including phone, fax, e-mail, chat, and mobile devices
- Synchronizes customer interactions consistently across all channels
- Makes the company easier to do business with

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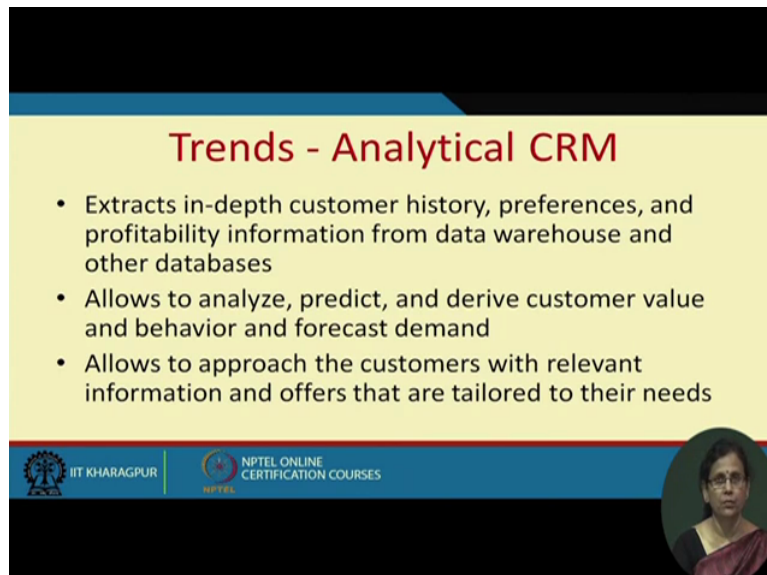
So the operational activities which were otherwise difficult in the physical world now through this CRM software they can be made (con) conveniently. However if you really

require for example we were talking about how to decide which all customers to be included in the loyalty program. This requires understanding the customers purchasing pattern and his activities, his interaction with the company and then taking a decision.

Now if the system has to take the decision on its own it has to have certain kind of analytical or statistical ability to analyze the past data. So the analytical CRM is the next level which extracts the in depth customer history, preferences and profitability information from the data warehouse and other databases. It allows to analyze, predict and derive customer value and behaviour and forecast demand.

It also allows the company to approach the customers with relevant information and offer some kind of product or service which is tailored to the need of the customer.


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Trends - Analytical CRM

- Extracts in-depth customer history, preferences, and profitability information from data warehouse and other databases
- Allows to analyze, predict, and derive customer value and behavior and forecast demand
- Allows to approach the customers with relevant information and offers that are tailored to their needs

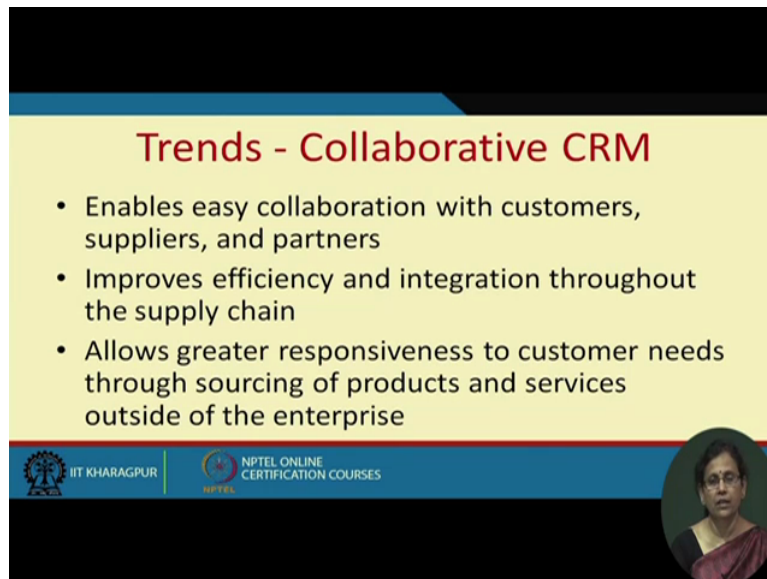
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Then the next level is actually collaborative CRM. This helps to collaborate easily with customers, suppliers and partners. This helps improving the efficiency and integration throughout the supply chain. This allows greater responsiveness to the customers need through sourcing of products and services outside the (ent) enterprise.

Which means if your customers requires something which your partner produces then you should be aggressively helping the customer to get that product or service from your partner organization. This is a more aggressive way of helping the supplier through collaboration among the (sup) supply chain members.


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Trends - Collaborative CRM

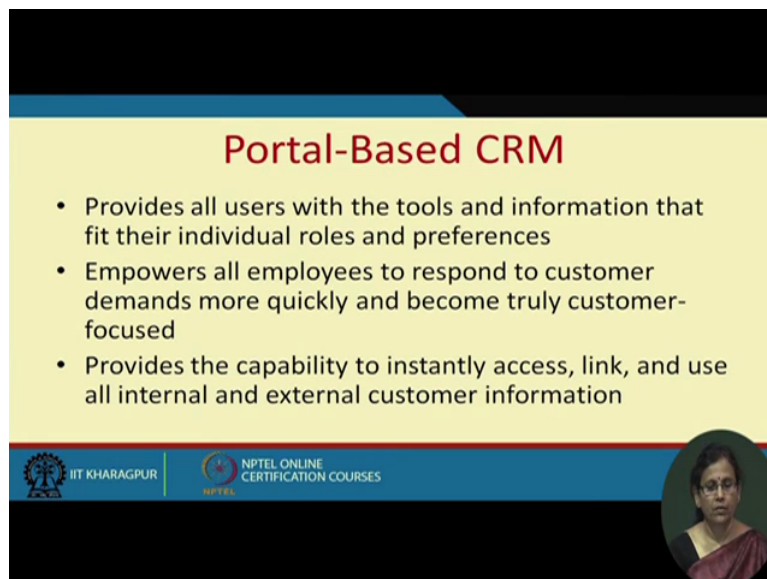
- Enables easy collaboration with customers, suppliers, and partners
- Improves efficiency and integration throughout the supply chain
- Allows greater responsiveness to customer needs through sourcing of products and services outside of the enterprise

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Then fourth one is of course technological solution which is you can say is because of intervention of the web, it is a portal based CRM. It provides all users with the tools and information that fit their individual role and preferences. This empowers all employees to respond to customer demands more quickly and become truly customer focused. Then it provides the capability to instantly access the link and use all internal and external customer information from the portal.


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Portal-Based CRM

- Provides all users with the tools and information that fit their individual roles and preferences
- Empowers all employees to respond to customer demands more quickly and become truly customer-focused
- Provides the capability to instantly access, link, and use all internal and external customer information

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So thank you very much. With this we finish the discussion on customer relationship management part of the e-business activity where you will be connecting one with your

external stakeholders who is customer. So, so far we have discussed about how to connect to your internal stakeholders? How to connect to public? How to connect to your supply chain partner that is your supplier through e-procurement? How to automate the e-procuring process?

Now just now we discussed about the customer relationship management. How to connect to your customer to provide better services? Next class onwards we will be talking on how to connect to your other external stakeholders and how to automate the business processes which may not be part of your ERP. Thank you very much.