CUSTOMER LOYALTY USING CUSTOMER RELATIONSHIP MANAGEMENT

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Abstract:

Customer Relationship Management has developped into a major element of the business strategy of many companies and is based on creation and development of personalized relationships with customers to increase their profitability. A Customer Relationship Management strategy enables a firm organizational behavior rapid adaptation to changes occurring in the market and thus the company will be able to satisfy the wishes and demands much better clients. Managers of companies performing rationale "is difficult to conquer a customer than to keep an existing one," come to support this research on the costs of these alternatives; those determined by winning a new client are 3 to 15 times higher by branch and product than those implied by an existing customer loyalty. Customer orientation means that everything that makes a company must be based on its care of you fulfill all requirements, whether internal or external customer, whether public sector or a non-profit organization. This should mean that everything is made-setting priorities, making decisions, participating in meetings or discussions with management - to consider customers requests and demanding . This paper aims to address system - Customer Relationship Management customer service perspective as the reason why there are organizations, organization and its leadership must adopt a customer orientation and to show more attention to its demands.

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Customer relationship management (CRM = Customer Relationship Management) has developed into a major element of the business strategy of many companies and is based on the creation and development of personalized relationships with clients in order to increase their profitability.

A CRM strategy allows a rapid adjustment of organisational behaviour to changes on the market and so the company will be able to meet so much better its customers ' wishes and requirements.

Given the fact that retention of customers is the most important objective is recommended two paths of action for its realization:

1. the placing of obstacles in the way of their departure. They exhibit a lower desire when this involves capital expenditure and search high loss of rebates for infidelity.
2. a better approach consists in increasing the level of satisfaction offered reviews. A competing firms would be more difficult to overcome this barrier by offering more favourable prices or by presenting perspectives more appealing.

Competitive advantage based on differentiation. Among the ways of generating a competitive advantage, from clients[3] are:

1. continuous improvement by bringing clients in your organization.

Focus to do more than we're doing now — to work harder rather than smarter-it makes no sense, if what we are doing now is not what our customers want from us now and for the future.

To know opinions of clients means what products and services our customers need and how it could be expanded and our services and products to other customers.

2. creativity continues to do so to satisfy the desires and expectations of customers keeps growing.

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[3] The Guide "Perfect relations with customers", Ed. Rentrop and Stranton, Bucharest, 1999, pg 31

Nishikawa (Journal of Long Range Planning, vol. 22, no. 4/1989) States that "the most important factor in understanding the attitude of consumers and in the development of a strategy for the market analysis is not logical, but creative actions". If you respond to the needs of customers means that you act too slowly in order to have a successful marketing: to be able to have the future, provides organizations rather than need of creativity, challenge response than passivity.

3. to promise a clear advantage and then given to the clients.

Many organizations will not take any sort of commitments ("can't promise") or take the commitment that they will do something and then will fail to keep their promise. You can get a competitive advantage if it jealously will lead the news that you keep your promises and commitments that you get only aimed at increasing the benefits that you have your customers. Organizations can win contracts if they promise but may keep their contracts if they keep promises.

Research shows that an increase of 5% the level of reviews causes an increase of the profit in terms of net present value, between 20-125%. Although managers know the importance of maintaining customers, few are aware of the impact on profits from close relations with customers. As a result, they often do not adopt the most effective strategies for customer acquisition and customer loyalty.

Due to the beneficial effect of keeping reviews on the profitability, organizations increasingly resorting more to information technology to increase customer loyalty. To improve retention are required three steps: measure the rate of retention of clients, identify the causes that gave rise to the dissatisfaction of the clients and the implementation of corrective action.

To measure the rate of reviews, a group of researchers in the field of CRM at Cranfield Institute (United Kingdom) has developed a model which he called the "Retention Gram" which allows managers to determine the impact of customer retention over profitability: acquisition cost, number of new customers conquered, profitability and detained clients retention rate. In order to facilitate the processes within this model requires sales force automation and creating contact centers, based on web and client-server.

Another model that describes the links among the atitudes of employers, retention of customers, their loyalty and profitability of the firm, is the chain of "client-service-profit" prepared by the Harvard Business School[1]. Within this pattern are highlighted five key elements: customers, employees, innovation, financial performance and values of the Organization, as well as the obstacles involved in the organization relationship.

Companies know what actions management must take (e.g., investment in the training of IT manpower for sale, calling for action e-CRM at a Call Center, Web, etc.) in order to improve customer satisfaction, retention and loyalty of them. This model was applied to the Roebuck &co company, where results have been impressive: links were identified between the degree of customer satisfaction as a result of e-CRM solutions applied and indicators of profitability of the respective companies. The attitude of employees towards the company was deemed critical to the approach of clients, while impression reviews due to e-CRM strategies affect positively their apprehension.

A project of the customer relationship management involves three stages: the first is project planning, in setting out the objectives, the project manager is selected, all tasks are defined and performance standards shall be fixed in the light of the value of management reviews; the second stage consists in carrying out effective project, within which are the deadlines for implementation of the various activities, and the last phase is the evaluation of the effectiveness of the project and its contribution to the overall strategy of an organization.

If we consider the triangle project as part of a CRM strategy we can highlight its restrictions related to time, budget and objectives[2].

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[1] www.crmlearning.com/ecrm-models.html
[2] R Nistor, C. Nistor, A. Capatina, - Metodologii manageriale informatice, Ed Academica, Galati, 2003, pg 78

The duration of the project plan for CRM can decreases because the Manager of the company which adopts the draft decide 1/3 reduction of time devoted to the implementation of a CRM system to get a competitive edge more quickly. You will need to increase the budget of the project, or goal should be reduced.

If the CRM project budget decreases, the project manager will need more time to complete the project or it will be necessary to cut the project's objectives.

CRM project budgets may be decreased for various reasons: either reflects a company's financial statement, either the Manager decides to relieve some of the tasks relating to CRM for its staff and to transfer a contact center.

If the objective of the project is increased, the project manager will need more time or more resources for the execution of the additional activities generated by the objective. For example: the objective of the project was initially force automation CRM Sales goal extended the initial objective consists in addition, to achieving an integrated electronic system communication with customers.

CRM focused on database complements the "4 p's" of marketing-mix with those "4T", designated by the terms: **Targeting, Tailoring, Tying** and **Tapping**.

In this context, the concept of **TARGETING**[1] may be translated by a fine portfolio segmentation of clients of a firm, facilitated by the use of a database.

Over the past 30 years, marketing has gone from a table (same products intended for all potential consumers) to a personalized approach to customers ("one-to-one"). The application allows the selection and ranking of reviews on the one hand; on the other hand determine the allocation of human resources, technological, material and financial targets for the various targeted marketing strategies.

The key to success lies in the clearer differentiation of the portfolio of clients and understanding their behavior in order to propose personalized offers. Methods of database management and marketing analytics facilitates the transformation of data relating to consumers-"raw" obtained contracts with them-in knowledge about customers, representing information which can be operated from a commercial point of view. "Datamining marketing"[2] techniques are part of the process of transforming data into knowledge essential for marketers to drive effective marketing actions focused on data bases at the operational level.

TAILORING, an adaptation of supply to customer needs, having been carried out beforehand the portfolio segmentation. Before drafting the offer takes place as many communication paths possible with the client, the most effective proving to be electronic environments. Creating an offer in the event of a marketing strategy focusing on databases, involves the collection and use of information obtained from customers; There are already a number of businesses which through commercial web sites allow the potential customers to participate in creating the offers. Also, firms can know consumer habits, preferences, and other characteristics of consumer- information collected from these through on-line forms and stored in their database.

TYING designates attracting and retaining customers, some authors associate the term with the "customer control". This approach is inspired from a mindset that currently isn't able to generate sustainable relationships with customers. Due to the fact that under no circumstances customers cannot be control, everything that can be done in order for a company to be successful is the Foundation of relations of trust and satisfaction. To gain confidence and generate enthusiasm represent critical points in marketing focused on databases.

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[1] K. Rohner - "Cybermarketing" – Ed. All, Bucharest, 1999, pg 132
[2] R. Lefebvre, G. Venturi – " Le Data Mining", Editions Eyrolled, 1999, pg 95

Conclusions

Among the main benefits of a CRM strategy focused on data bases aimed at attracting and retaining customers we can mention:

• **high penetration rate**: the ability to contact a large number of prospects;

• **speed:** database systems for marketing and web technology allow information sharing with customers in real time;

• **increased Reactivity**: the ability to assess any change in supply, target or time of contact with the customer in real time;

• **personalization:** ability to adapt the offer to the needs of the individual leads;

• **optimization of sales potential during each contact with customers:** every interaction with customers via databases and information technology represents a major opportunity for the company to make new offers;

Maintenance of a genuine dialogue with clients to assess their needs and demands and the development of customized products and services to meet those needs.

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