ABSTRACT:

Large corporations invest huge amounts of money, time, and resources in CRM solutions. CRM is a modern business and management concept which focuses on customer. Customer is one of the important resources for the development of enterprise. For the enterprises, efficient organization and planning of their own resources can help them to achieve long-term development. Customer relationship management (CRM) is a widely implemented strategy for managing a company’s interactions with customers, clients and sales prospects. This paper is an overview on success factors that could facilitate successful implementation of CRM. The background of literature on managing customer relationships and creating value showed that there is a link between customer relationships and critical success factors (CSF).

Keywords: Customer relationship management (CRM), critical success factors (CSF),

INTRODUCTION:

In the fast changing world we are currently living in with new ways of communication, the needs of the customers are changing as well. With the acceleration of global economic integration process, the markets today have changed from the production and sales oriented marketing to customer oriented marketing. In this situation, the vital factor to enhance the corporation’s competitive powers is customer relationship, like Peter Drucker said: “The business of business is getting and keeping customers”. High quality customer service and satisfaction will relate to corporation’s revenues, profits and market share closely. Thus, facing a highly competitive environment, more and more corporations are realising the importance of Customer Relationship Management (CRM).(Anton and Petouhoff 2002, 11)

CRM originated in the “Contact Management” which was put forward in the 1980’s. The “Contact Management” is a set of specialized management to help the enterprises to collect and sort the information of contact between the customer and the enterprise. In 1985, Barbara Bund Jackson put forward the “Relationship Management” to a concept. It helps people to take a new step for the research of marketing theory. In the early 1990’s, “Contact Management” evolved into “Customer Care” which includes Call Centre and Support Data Analysis. Till 1999, Gartner Group first put forward the “Customer Relationship Management” to a marketing concept, and then the CRM has become a complete set of management theory system. (Zhang 2009) In general, the reasons which cause the emergence of CRM can be analysed from three factors below: (figure 1)

- Pull of Demand
- Push of Technology
- Update of Management Concept
Pull of Demand:

In recent years, many enterprises have paid more attention to the informationization to achieve good economic benefits, but in the process of implementation, most of the enterprises have to face a common problem. The problem is the level of informationization in sales, marketing and service cannot adapt to the requirements of business development. Therefore, more and more enterprises start to realize the need to advance and enhance the automation and scientification in normal business life. (Zhang, 2009).

Push of Technology:

With the high development of Computer Technology, Telecommunication Technology and Network Applications, the process of CRM’s development has also accelerated. Because the development of Information Technology makes the application of information become possible in the following: (Shao and Yu, 2004)

- Customers can access the enterprise and do business by telephone, fax, network and other technical ways.
- All the employees who deal with customers can fully know the customer relationship, trade with the customers based on their demands, understand how to do the vertical and horizontal marketing with customers and record the customers’ information. It can make the planning and assessment for marketing activities and get the perspective for all aspects of the activities. It can track all sales activities.
- The system users can access the enterprise’s business processing system and get customer information anywhere and anytime. The information application has the analysis capability on marketing and sales activities.
- It can provide the information of cost, profit, productivity, risk and other useful factors to the enterprises, and make the multidimensional analysis in the customers, products, functions, geographic area and other aspects.

The aspects of information application above all focus on customers. And customer information is the basis for CRM.

Update of Management Concept:

In this era of change and innovation, one step ahead the competitor could mean success, and a new management concept could help the enterprise to take the winning step.

In the process of developing the management concept, with the evolution of the marketing environment and thinking, the concept has gone through five stages: product oriented period, sales oriented period, profit oriented period, marketing oriented period and customer oriented period. With the arrival of customer oriented period, more and more enterprises focus on establishing a common victorious relationship with customers in order to achieve a win-win situation, rather than trying to gain all possible profit from their customers. (Zhang, 2009)
Facing the update of the management concept, enterprises require a new systematic management process which focuses on customers; the new management also needs enterprises to synchronize their own business operation with the customer demands, make and implement the different mode of operation for different customers, to achieve and meet the real needs of every customer. Accordingly, CRM emerges as the demand. (Zhang 2009)

As a result, CRM is recommended for establishing unique relationships with customers and for generating more value to goods and services than what is possible through traditional transaction marketing. Traditional marketing was focused in winning customers. (Payne,1999)

The new CRM paradigm reflects a change in the traditional marketing, described as “customer management”.

Literature Review:

Customers of the 21st Century

The customers of the 21st century control or own the leaders of the business, the customer of the 21st century control or own the employees of the business, and the customer of the 21st century control or own the business because the customers of the 21st century hold the potential success or failure of the business in their firm grip. Customers demand and expect fast, efficient, and effective service instantaneously. Customers anticipate and expect that all of their personal information, likes and dislikes, and special preferences are recognized and efficiently turned into action. Establishing customer value means that the customers’ dreams or desires are served professionally, quietly, proficiently, and efficiently, always catering to the customers’ wants, needs, desires, and dreams. The customers of the 21st century know that the power of information and intense competition affords them the advantage that facilitates their demands. The customers of the 21st century demand personalized service, and they demand to speak to the person in charge so they may get the best deal. They not only demand everything but also want the companies they do business with to change to meet their desires and whims (Galbraith, 2005). The success of a business ultimately resides in the carefully maintained and groomed connections that businesses establish with their customers.

The Definition of CRM

What is CRM? The objective of CRM is to create a customer oriented organization that maximizes customer value and long term organizational profitability through realization of mutual beneficial, durable relationships with customers (Zablah et al, 2004; Shah et al, 2006; Chen &Popovich, 2003). With a CRM approach the organization is able to treat its customers on an individual and unique basis (Bose, 2002). According to (Gray &Byun, 2001), CRM system consists of the following three aspects presented in Figure 2 below:

![Figure (2) : CRM System Aspects](image-url)

The goals of the CRM business framework include (Kalkota& Robinson,2001):
• Using existing relationships to grow revenue. This means preparing a comprehensive view of the customer to maximize his or her relationship with the company through up-selling and cross-selling and, at the same time, enhancing profitability by identifying, attracting, and attaining the best customers.
• Using integrated information for excellent service. By using customer's information to better serve his or her needs, you save the customer time and ease any frustration. For example, customers should not have to repeat information to various departments again and again. Customers should be surprised by how well you know them.
• Introducing consistent, replicable, channel process and procedures. With the proliferation of customer contact channels, many more employees are involved in sales transactions. Regardless of size or complexity, companies must improve process and procedural consistency in account management and selling.

CRM identifies new opportunities for organizational expansion and improvement of student customers’ value, satisfaction, and retention (Grant & Anderson, 2002). “The business approach of [CRM] uses the latest information technologies to maintain intense communication with customers, as well as to gather and utilize data regarding their needs and desires” (Scherrerhorn, 2008).
CRM is the process of learning as much as possible about customers and doing everything you can to satisfy them – or even exceed their expectations – with goods and services over time” (Nickels ,2008). Finally, customer relationship management is an information technology system that gathers and utilizes customer information for the organization so that the organization may anticipate customer wants, need, and desires and thereby building lasting customer business relationships (Scherrerhorn, 2008).
CRM is a strategy that uses information, including the wants and needs of the customers, to establish rapport with the customers and engender a dedicated, stronger relationship with individual customers and into long term business partnerships and vendor/business relationships (Dickie, 1998).
Fathy (1999) commented: CRM is all about understanding the customers’ needs and leveraging this knowledge to increase sales and improve service. CRM blurs the boundaries between sales and service, and unifies a company’s activities around the customer. The overarching goal is to increase customer share and customer retention through customer satisfaction. In other words CRM is the strategic concept that can provide the strategic to help the enterprises, and the objective of CRM can be analyzed in three aspects that are improvement of efficiency, development of market and customer retention. (Shao and Yu ,2004)

The use of CRM can result in a wide range of benefits for a business such as; value enhancement, improved effectiveness, innovation, and service improvement. Potential goals for CRM are to increase customer retention and loyalty, achieve higher customer profitability, create value for the customer, customize products and services, have lower process, and provide higher quality products and services (Kim, Suh, Hwang,., 2003).

The way organizations approach their customers is changing over time. A rough distinction in business approaches can be made between product orientation and customer orientation. Being customer oriented is becoming of more interest by organizations, because these organizations are able to improve their customer relationships. Thereby they create more loyal and satisfied customers which results in better organizational results in the short term and long term (Chen &Popovich, 2003).Organizations develop relationship management programs to improve relationships with their customers (Campbell, 2003), for example by using relationship marketing instruments as loyalty programs and direct mailings (Verhoef, 2003).To execute those programs successfully, internal organizational factors need to be involved and adapted (e.g. Keramati et al, 2010; Zablal, et al, 2004; Lindgreen et al, 2006). Therefore, Chen and Popovich (2003) suggest ‘alignment of people, processes and technology within an enterprise wide, customer driven, technology integrated and cross functional organization.’

The composition of CRM includes many components, and it is a lifelong business prescription. Understanding the unique combination of components in CRM and the interrelationship of these ingredients is vital to successfully amassing CRM’s benefits for the customer centric organization. The first course of action in accomplishing this task is to dissect and define CRM.CRM is a business model, a business strategy, and a prudent business practice whose principal goal is the identification, anticipation, and understanding of all of an organization’s future and current customers. The primary goal of CRM is to maximize the relationship between an organization and its customers and to take care of the customers. CRM enables a company to forge and integrate itself into the buying practices of consumers, all the while creating a tight bond and connection with
them. CRM means the creation of a long-term, mutually beneficial business relationship between an organization and its customers, where the organization may intimately know and serve every customer in addition to understanding and anticipating the wants and needs of current and future customers.

Some advantages that appear from effective CRM are improved possibilities to target profitable customers, integrated offerings across channels, personalized marketing messages, increased profits and improved customer relationships (Richard & Jones, 2008; Ko et al, 2008).

The benefits of customer relationship management can be divided into two groups. Firstly, it increases the company’s knowledge level over their client and provides understanding of why the purchase was made. Secondly, customer relationship management enhances the efficiency and effectiveness of sales and marketing, which in return increases the overall profitability of marketing. However, increasing the efficiency of sales and marketing does not happen by itself but with determined customer-oriented operation model and process development. (Mäntyneva, 2001)

The modern day economic situation cannot be approached with brute strength because of technology advancement and wide adoption by the masses. Organizations are therefore required to maximize the value of their customer base by adopting enabling technologies that will streamline business processes and leverage every customer interaction in order to maximize revenue opportunities and improve customer loyalty. Basically CRM functions by collecting leads or customer data, analyzing the data to understand customer requirements and adjusting marketing campaigns based on the information gathered to increase sales revenue. The figure below illustrates how CRM works.

![Figure 3: How CRM Works (Zoho.com)](image)

For many organizations CRM became popular to overcome issues of increased competition, expanding markets and increasing customer expectations (Richard & Jones, 2008).

Better serving the customer improves long-term customer loyalty, satisfaction and retention (Chen and Popovich, 2003; Chang, 2007).

**Customer relationship life cycle**

Customer relationship develops over time when the customer is committed to using the supplier’s services and the supplier sustains the commitment. As the relationship develops, changes in the way both parties relate to each other occur, as well as changes in marketing tactics. As the relationship deepens, marketing becomes
focused on maintaining and developing the relationship rather than the early stage’s goal of introducing services and alluring clients. (Ylikoski, 2000)

The life cycle of customer relationship can be divided into four phases: obtaining, capturing, increasing and maintaining the relationship. Each phase has its individual attributes, which are to be kept in mind when planning practices and objectives of the relationship. (Mäntyneva 2001, 18)

As Table 1 suggests, there are several changes in the way the relationship should be managed at different stages. While trying to obtain the client, the supplier has often little information about the client and is therefore forced to base the marketing material on assumed needs. Because it is impossible to know what a potential client’s situation is and what it needs in reality, marketing efforts are in often met with disinterest. (Mäntyneva, 2001)

After the client has been captured in some form, it is easier for the supplier to base the marketing on the past purchases as well as other possible information obtained from the client about their business. The account managers are expected to approach the client to find out whether there are any needs that the supplier could help with and attempt to focus on marketing their products or services accordingly. As the relationship develops further, it is continuously more and more important to meet the customer’s needs and wishes, and to personalize the marketing for the specific client. In the third phase, the supplier should already be in good position with the client to be able to do that. (Mäntyneva, 2001)

The fourth phase in Table 1, maintaining the relationship, is vital. Often suppliers become too comfortable once they have created a seemingly steady relationship with the client, and they forget to actively promote further services. Marketing is still important at this stage since the customer is more likely buy a service they need from a company they are already in business with than to look for another supplier. However that assumption requires that the client is happy with their current supplier’s delivery. (Mäntyneva, 2001)

A good buyer-supplier relationship is the kind in which both parties benefit from and also wish to continue, depending on what kind of services are in question. The time and resources that have been used to capture and increase the customer relationship would be wasted if the customer decided to take their business elsewhere. There are financial profits to be gained from long-term relationships with customers, however, even a loyal customer is not necessarily a profitable customer immediately due to the resources that are used to capture client and increase the relationship. The cost to manage the customer relationship decreases over time when the supplier has more information about the client and is able to serve the client more efficiently based on that information. A loyal, satisfied client is also often more willing to pay the price of the quality services they receive. (Ylikoski, 2000)
TABLE 1. Account management life cycle in different phases (Mäntyneva 2001, 19. Translated by the author)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Obtaining</th>
<th>Capturing</th>
<th>Increasing</th>
<th>Maintaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Acquiring potential clients</td>
<td>Increasing new client’s profitability by further sales</td>
<td>Developing customer relationship</td>
<td>Maintaining existing customer relationships</td>
</tr>
<tr>
<td>Ground for approach</td>
<td>Demographic profile</td>
<td>Previous purchases</td>
<td>Realization of potential</td>
<td>Clients purchase history and profile</td>
</tr>
<tr>
<td>Need orientation</td>
<td>Assumed needs</td>
<td>Expressed/ signaled needs</td>
<td>Real needs</td>
<td>Real needs</td>
</tr>
<tr>
<td>Personalization of marketing</td>
<td>Less personalized</td>
<td>Attempt of personalization</td>
<td>Personalization essential</td>
<td>Personalization essential</td>
</tr>
<tr>
<td>Contents of quotation</td>
<td>Product/ Service based</td>
<td>Based on clients existing needs</td>
<td>Based on client’s existing needs and wishes</td>
<td>Based on previous actions</td>
</tr>
<tr>
<td>Successful closing probability</td>
<td>Low</td>
<td>Medium</td>
<td>Good</td>
<td>Relatively high</td>
</tr>
</tbody>
</table>

Benefits of CRM:

The following lists of desired CRM benefits were collected and summarized from an extensive survey of recent CRM studies: (Matamoros, 2012)

1. improved ability to target profitable customers;
2. integrated offerings across channels;
3. improved sales force efficiency and effectiveness;
4. individualized marketing messages;
5. customized products and services;
6. improved customer service efficiency and effectiveness; and
7. improved pricing.

Critical success factors

Identifying and understanding the varieties of factors that influence the CRM system success are of a paramount importance, there are common critical success factors required to build and implement an effective CRM system. What are the critical success factors (CSFs) that influence the CRM success? The emergence of relationship marketing with its emphasis on customer retention has sparked considerable interest in how these customer relationships can be managed more effectively since they are now regarded as one of the firm’s primary assets (Gupta et al. 2004; Hunt 1997; Kutner and Cripps 1997; Srivastava et al. 1998).
Research on success factors is an area that has already received some attention in the CRM literature. Most of the publications mention to achieve the CRM objective, there is a series of aspects, and aspects involved process and human and technology.

According to Rajnish et al, An effective or successful implementation of the CRM system can contribute to the organization in terms of improved sales, market share profitability, customer satisfaction and reduced customer turnover, service cost and time (Rajnish et al., 2003).

However, there are important issues in achieving CRM success such as strategic, organizational and technological issues (Kennedy et al., 2006). Even though, technology, business processes and top management support are critical to CRM implementation, successful firms view technology as a tool to help build profitable customer relationships while recognizing that individual employees are the building blocks (Kennedy et al., 2006). The critical success factors required for the effective implementation of the CRM system considered, some of them are information quality, system quality, service quality, top management support, and technological readiness.

One of the most important elements of a Supplier Performance Measurement System (SPMS) are the Critical Success Factors (CSF’s) and Key Performance Indicators (KPI). Rockart (1979) was the first in creating the concept of CSF’s. He used ideas from Daniel (1961) and Anthony et al. (1972) in defining CSF as: “the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization”. Rockart (1979) describes that these areas of activity should be constantly and carefully managed by a company. Leidecker (1984) defined CSF’s as: “those characteristics, conditions or variables that, when properly sustained, maintained, or managed, can have a significant impact on the success of a firm competing in particular industry”.

According to Migdadi there is a significant relationship between Information quality, CRM System quality, Service quality, Top management support with the CRM success. (Migdadi, 2010)

Brotherton (2004) considers critical success factors to be combinations of activities and processes designed to support achievement of such desired outcomes specified by the company’s objectives or goals.

According to Sin et al CRM is a multi-dimensional construct consisting of four broad behavioral components: key customer focus, CRM organization, knowledge management, and technology-based CRM (see Figure 4). (Sin, 2005)

![Figure 4. The four dimensions of CRM](image-url)
CONCLUSION:

In the competitive global village, an organization must become customer centric and remain customer centric if it is to succeed and survive. The organization must be responsive to the customers, and the organization must provide customers not only with what they need, want, value and desire but also anticipate the needs, wants, and desires of the customers, and be prepared to deliver before the customers even know of their needs, wants or desires.

Customers are a company’s central resource without which the company cannot function for all intents and purposes. Customer relationship management is a continuous learning process which aims to increase the company’s knowledge and understanding of its clients. Customer relationship management is a complex matter which might cause thorough transformation of customer culture in the company, depending on what is the starting point and how deeply the company engages in it.

The motivation for companies to manage their customer relationships is to increase profitability by concentrating on the economically valuable customers, thus increasing revenue (“share of wallet”) from them, while possibly “de-marketing” and discontinuing the business relationship with less valuable customers.

There are some categories of critical success factors are identified which serve as the basis to explore the success factors for CRM execution. These are information quality, system quality, service quality, top management support, and technological readiness, key customer focus, CRM organization, knowledge management, and technology based CRM.

The design of a CRM system uses technology to track, coordinate, and integrate marketing, organizational sales, outstanding orders, customer organization interactions, service and repair, customer service, and unresolved problems. In addition, a CRM system should facilitate the integration of all the organization’s systems from the top to the bottom of the organization, including, but not limited to, the supply chain, internal and external customers, stakeholders and the labor needs of the organization. The creation of a CRM system should focus on the customers and should place the customers at the initial point of design.

The establishment of a CRM process must be examined, analyzed, and strategically implemented by all of the involved parties, and all of the stakeholders must be committed to the change that will take place within the organization. Finally, if all moves forward, and if the participants perceive the value of CRM and find professional gratification or reward within the confines of a culture that embraces not just the technology but the philosophy of CRM, then competitive advantage can become a reality through increased customer satisfaction, increased revenue generation, and significant growth in productivity.

REFERENCES:


Payne, A., Christopher, M. Clark and H. Peck.(1999), Relationship Marketing for Competitive Advantage (second ed.).


Verhoef, P. (2003). Understanding the effect of customer relationship management efforts on


