Project Report on "Customer Relationship Management"

Introduction

The biggest management challenge in the new millennium of liberalization and globalization for a business is to serve and maintain good relationship with the king – the customer. In the past producers took their customers for granted, because at that time the customers were not demanding nor had alternative source of supply or suppliers. But today there is a radical transformation. The changing business environment is characterized by economic liberalization, increasing competition, high consumer choice, demanding customer, more emphasis on quality and value of purchase etc.

All these changes have made today’s producer shift from traditional marketing to modern marketing. Modern marketing calls for more than developing a product, pricing it, promoting it and making it accessible to target customer. It demands building trust, a binding force and value added relationship with the customers.

The process of developing a cooperative and collaborative relationship between the buyer and seller is called customer relationship management shortly called CRM. According to Ashoka dutt head of Citi Bank “the idea of CRM is to know the individual customer intimately, so that the company has a customized product ready for him even before he asks for it.”

Aims of CRM

The CRM is a new technique in marketing where the marketer tries to develop long term relationship with the customers to develop them as life time customers. CRM aims to make the customer climb up the ladder of loyalty.

The company first tries to determine who are likely prospects i.e. the people who have a strong potential interest in the product and ability to pay for it. The company hopes to convert many of its qualified prospect into first time customers and then to convert those first time customers into repeat customers. Then the company tries to convert these repeat customers into clients - they are those people who buy only from the company in the relevant product categories. The next challenge for the company is to convert these client into advocates. Advocates are those clients who praise the company and encourage others to buy from it.
The ultimate challenge is to convert these advocates into partners where the customers and the clients work actively together to discover ways of getting mutual benefit.

Thus in CRM the key performance figure is not just current market share but share of life time value by converting customers into partners.

In CRM the company tries to identify that small percentage (20%) of key account holders who’s contribution to the company revenues is high (80%). So from this point of view, CRM is also known as KEY ACCOUNT MANAGEMENT.

**Why - customer relationship management**

- A satisfied customer in 10 years will bring 100 more customers to the company.
- It costs 7 time more to attract a new customer than to serve an old one.
- 20% of the company’s loyal customers account for 80% of its revenues. (Pareto’s principle).
- The chances of selling to an existing customer are 1 in 2, the chances of selling to a new customer are 1 in 16.

**Eight ways to keep customers for life**

1. Every part of the company’s marketing effort should be geared towards building lifetime relationships.

2. People want to do business with friendly people. To have effective relations a friendly attitude must permeate in the organization.

3. Information technology developments should be positively used to serve the customers.

4. The company should always be flexible to bend its rules and procedures in the client’s favor.

5. The company should communicate with its customers even when it is not trying to sell something.

6. The company can communicate and develop stronger customer bonding by providing financial and social benefits.

7. The company should try to know all its customers including their lifestyles, hobbies, likes and dislikes etc.

8. The company should make it a point to deliver more than what is promised.
CRM in the Textile industry

In textile industry one company sell its product to another company. For example a yarn manufacturing company sell to fabric manufacturing company. A fabric manufacturing company sell fabric to apparel company. The main customers of the companies in the textile industry are the wholesalers. And the final product is sold to the wholesalers and retailers. In this industry the customers are few and profit margins are high. So CRM is very much necessary and relevant in this industry. There is a high degree of uncertainty on the part of the buyers, the likelihood of customers seeking a relationship is increased. If the firm loses its customer it would be major loss to the firm. The product in the textile industry is complex and quality is an important factor. One of the major values the customer expects from vendors is quality. No customer will tolerate average quality. According to GE’s chairman John “quality is the best assurance of customer allegiance and strongest defense against competition and the only path to sustained growth and earnings.” If the product is not of good quality the customer will not be satisfied and the firm may lose its customer. Moreover there is a scope of customization in the product. The seller has to customize the product according to the need of the customer. Customization is changing the product according to the need of the customer in order to satisfy him.

How to introduce CRM in the company

There are four key steps for putting one to one marketing program to work -

Step 1 : Identify your customers

To launch a one to one initiative the company must be able to locate and contact a fair number of customers or at least a substantial portion of its valuable customers. It is crucial to know the customer details as much as possible, not just their names or address, but their habits, preferences and so forth.

Step 2 : Differentiating your customers

Customers are different in two principal ways, they represent different levels of value and have different needs. Once the company identifies its customers differentiating them will help the company to focus its efforts to gain the most advantage with the most valuable customers.
Step 3 : Interacting with the customer

Interaction is also a crucial component of a successful CRM initiative. It is important to remember that interaction just not occur through marketing and sales channels, customer interact in many different ways with many different areas of the organization so to foster relationship all the areas of the organization must be accessible to the customer.

Step 4 : Customize your enterprise’s behavior

Ultimately to lock a customer into a relationship a company must adapt some aspect of its behavior to meet customer’s individually expressed needs this might mean mass customizing a manufactured product or it might involve tailoring some aspect of the service surrounding the product.

Significance of the study

The CRM (customer relationship management) is an integrated effort to strengthen the network of relationship for the mutual benefit of both the parties. The biggest management challenge in the new millenium of liberalization and globalization for a business is to maintain good relationship with the king - the customer. This study is of great significance because

A 5% increase in the customer retention will increase the profit up to 125%.

It costs seven time more to attract a new customer than to serve an old one.

20% of the company’s loyal customers account for the 80% of its revenues.

To study on customer relationship management would enable the researcher to know about the CRM practices adopted in the textile industry.

Review of the existing literature

With the available literature we can summarize CRM in the words of various authors as follows:

According to Shani and Chalarani - Customer Relationship Management marketing can be defined as “an integrated effort to identify, maintain and build up a network with the individual customers and to continuously strengthen the network for the mutual benefit of both parties, through interactive, individualized and value added contracts over a long period of time.
In the words of Lekha “ CRM aims at delivering better products and value to the customers through better understanding of his needs.”

Conceptualization

A firm in textile industry has to maintain good relations with its customers. They have to retain the customers for a long time to avail the benefit of their relations. The customer relationship management is one of the effective tool to identify, establish and maintain relationship with the customers. With the help of this research we are going to identify the importance of CRM in textile industry.

Focus of the problem

The textile industry is basically manufacturing based industry. Through this study we are going to identify the importance of CRM in the textile industry. How it is benefited from CRM? Is their any relevance of implementing CRM? And what role does information technology can play in CRM?

Objectives of Customer Relationship Management

1. To study the current practices of CRM.

2. To find out the impact of CRM on the profitability of the organization.

3. To study the factors affecting the CRM practices.

4. To study the role of information technology in CRM.

Research Methodology

A research design is simply a plan for study in collecting and analyzing the data. It helps the researcher to conduct the study in an economical method and relevant to the problem.

Research methodology is a systematic way to solve a research problem. The methodology should combine economy with efficiency.

Research design

The study conducted here is exploratory cum descriptive.
Scope of the study

The scope of the study is confined to Company ___________.

Collection of the data

There are two types of data.

**Primary data** - primary data is that data which is collected for the first time. These data are basically observed and collected by the researcher for the first time. I have used primary data for my project work.

**Secondary data** - secondary data are those data which are primarily collected by the other person for his own purpose and now we use these for our purpose secondly.

Data collection

Data is collected through schedule.

Findings

- The customers of COMPANY are the wholesalers throughout India. COMPANY also export the fabric to countries like Egypt and U.A.E.
- The needs of the customers are clearly defined and the products are customized according to the needs of the customers.
- Customer's comments and complaints are welcomed and resolved quickly and positively. Comments and complaints are taken through face to face interviews.
- The company conducts customer satisfaction surveys through research agencies.
- The company provides credit facility to its customers up to 90 days. If the customers pay within 7 days they are given 4% cash discount.
- Sales persons of the company maintain frequent and informative communication with the customers.
- Business process is regularly reviewed to eliminate non value-adding activities.
- The average sale per customer has increased by 15% and customer’s response to the marketing activities is also improving. Customer retention is also improving.
- The factors which have an impact on the CRM are - organization culture, support from top management, interpersonal skill of the sales personals and working environment of the company.
Analysis

The customers of the COMPANY are the wholesalers. It is because the number of retailers is very large as compared to the wholesalers. So it is not possible for the company to approach to the retailers. Therefore the company sells to the wholesalers and then wholesalers sell to the retailers.

Customers are encouraged to give suggestions and complaints so that the company can improve its working and services. If the customer’s complaints are not resolved the customers will be dissatisfied and the company may lose its customers.

Different customers have different requirements. So the company customize its product accordingly to satisfy the customers. It also gives more choice to the customers.

To get the information about the customers and to measure the satisfaction the company conducts surveys. Because of the expertise needed in the research the company give this work to research agencies like AC NILSON.

The company gives credit facility to its customers to increase the sales volume. If the company do not sell on credit the customers may switch over to other companies.

The company maintains frequent communication with the customers. As soon as the product is ready or a new product is launched the information is provided to the customers. Communication is also necessary to maintain the interest of the customers in the company.

The company gives concession to its regular customers so as to retain its most valuable and profitable customers.

The company regularly reviews the business process in order to eliminate non value-adding activities, to reduce the cost and to make the whole work efficient and effective. If the internal customers are not satisfied and there is lack of coordination among the departments then it will affect the external customers also.

Conclusion

From this study it can be concluded that the customer relationship management in Company is satisfactory. The company is using various CRM practices like customization of the product, maintaining interaction with the customers regularly and providing good quality product etc. Customer relationship
management has a certain impact on the profitability of the company. Average sale per customer has increased 15% over the last two years. Customer response rate towards marketing activities is also improving. There are various factors affecting the customer relationship management like working environment of the company, support from top management and coordination among the departments of the company. Information technology is not used as much as it should be. The company is using traditional tools of CRM like quantitative research, personal interviews. The company should modern tools like data mining, contact center, e-CRM and web based survey tools.

Limitations of Customer Relationship Management

1. Time constraint is unavoidable limitation of my study.
2. Financial problem is also there in completing this project in a proper way.
3. As no work has been done earlier in this regard so scarcity of secondary data is also there.
4. Inadequate disclosure of information is also the problem.

Suggestions

- There should be more and more emphasis given by the company for satisfying the customer up to a apex limit and by providing the utility of every penny of his money.
- There should be more use of information technology.
- The company should be flexible to bend its rules and procedures in the clients favour.
- The company can communicate and develop stronger customer bonding by providing social and financial benefits.

Questionnaire

1. Who are your customers?
   a) Wholesaler
   b) Retailers
   c) Both
2. Are your customer’s needs clearly defined?
   a) Yes
   b) No

3. Do you conduct customer satisfaction surveys?
   a) Yes
   b) No

4. Do you communicate results of your customer satisfaction surveys regularly throughout the company?
   a) Yes
   b) No

5. Do you actively seek out customer comments and complaints?
   a) Yes
   b) No

6. How do you get customer comments and complaints?
   a) Face to face interview.
   b) Toll free numbers, formal surveys.
   c) Others means

7. How do you get information about the customers?
   a) Face to face interviews
   b) Surveys.
   c) Any other means.

8. Do you analyze channel effectiveness? ie which channel is most effective in serving the customer?
   a) Yes
   b) No

9. Do you provide credit facility to your customers?
   a) Yes
   b) No

10. Do you give concessions to your regular customer?
    a) Yes
    b) No

11. Do you take feedback from your customers?
    a) Yes
    b) No

12. Do you customize your product or services according to the customer?
    a) Yes
    b) No

13. Do you have a concept of “internal service”?
14. Do you communicate with your customers frequently?
   a) Yes.
   b) No.

15. Do you regularly review the business process to eliminate non value-adding activities and improve customer satisfaction?
   a) Yes
   b) No.

16. Is the working environment conducive to the well-being and morale of all employees?
   a) Yes
   b) No.

17. How much is the role of computers in serving the customers?
   a) Plays a big role
   b) Not much role to play
   c) No role to play.

18. Do you have centralized database for customer information?
   a) Yes
   b) No such database.

19. Does the staff have access to the customer database?
   a) Yes
   b) No

20. Is there commitment from top management to support the customer-focused service concept?
   a) Yes
   b) No

21. Is there any improvement in average sale per customer?
   a) Yes
   b) No

22. Is there any improvement in customer response rate to the marketing activities?
   a) Yes
   b) No

23. Is there any improvement in customer retention and loyalty?
   a) Yes
   b) No.

This is Project Report on Customer Relationship Management [CRM]