

## Customer Retention Strategies on INTERNET (e-CRM); Features and Principles

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**Abstract:** Technology has helped fuel the growth of CRM strategies. The evolution of CRM is moving forward with e - business evolutions. eCRM is the new strategy of customer relationship management in the Internet era. This paper addresses the basics of CRM and what is eCRM, explains the relationship between technology and eCRM and introduces the 4 principles of eCRM. [Kazem Hashemi, **Customer Retention Strategies on INTERNET (e-CRM); Features and Principles**. Journal of American Science 2012;8(2):518-522]. (ISSN: 1545-1003). <http://www.americanscience.org>. 71

**Keywords:** Customer; Retention; INTERNET (e-CRM)

### Introduction

The growing waves of merger and acquisition in the international business arena, coupled with broader use of e - technologies, have contributed to increase in the scale of business relationships and also to exponential increase in customer data. It is obvious that who is able to use the data pro - actively, can make a dramatic difference. To exploit business opportunities, more and more companies are rapidly implementing integrated Customer Relationship Management (CRM) systems to make their business processes more customer - focused.

CRM is nothing but the evolution of the business processes. Moreover the definition of CRM will evolve and change over time. It will encompass new components with economy development.

### Basics of Customer Relationship Management (CRM)

#### Defining CRM

CRM stands for Customer Relationship Management. It has been defined in a variety of different ways. For some, CRM is a way to identify, acquire, and retain customers. For others, it is a way of automating the front office functions of sales, marketing, and customer service. For some vendors, whatever their current product may be, that is CRM.

This diversity of definitions is a result of differences in perspectives. The first is based on a business perspective of increasing competition that is driving companies to focus on their customers. The second is based on the relatively new phenomenon of the integration of previously separate applications such as Sales Force Automation and Customer Service Support into Enterprise Applications. The third is a result of software vendors repositioning their information technology products and services under the CRM umbrella, to take advantage of the fast growth of the CRM market.

#### What is CRM?

"CRM is a comprehensive approach which provides seamless integration of every area of business that touches the customer - namely marketing, sales, customer service and field support - through the integration of people, process and technology, taking advantage of the revolutionary impact of the information technology. CRM creates a mutually beneficial relationship with your customers. It is fundamentally cross-functional, customer - focused business strategy"(Fulk& Whang, 2000).

CRM is in fact about creating value for customers. (Cash, 1999) CRM itself is not a technology, even though technology is required to enable CRM. Technology makes it possible to integrate the large volumes of customer information that are required for CRM, and to efficiently transform this information into useful knowledge. Technology also enables a company to interact with its customers in ways that provide value to the customer, as well as makes it easier for the customer to do business with them. However, leveraging this customer knowledge to make better business decisions and to be responsive to customer's remains the responsibility of individual managers and workers at all levels within the company.

#### CRM in the Internet Era

Customer relationships become even more important in today's Internet marketplace. The Internet has enabled a dramatic reduction in the cost of transactions and interactions among people and businesses, which in return has created a new set of expectations among customers. (Norris, 2000) Online customers expect shorter sales cycles, personalized information, quicker resolution of service issues, and added value at each stage of the transaction. To maintain positive customer relationships, business needs to meet and exceed these expectations.

CRM, therefore, must be a well - integrated effort, using the Internet to shorten time and distance across the supply chain and to customers, creating new levels of speed and efficiency in business. Companies that do this successfully will be those that adopt CRM as a philosophy and way of doing business, rather than just as a technology that automates pieces of their business. Within Dell, for example, about 75 percent of order status transactions, and almost 50 percent of sales are enabled by the Web.

Dell is moving these transactions online because customers told us they want faster, more efficient support for routine interactions. Over the phone, these transactions cost between \$3 and \$10 each, but the Internet lowers the cost to zero in most cases. (www.dell.com) More importantly, the entire process is more efficient for customers and enables Dell to extend cost savings to them, resulting in winners all the way around.

Research shows that a positive customer experience drives more e - loyalty than traditional attributes like product selection or price, in traditional channels, you can lose customers if they walk into a physical location and are disappointed in the store appearance, have an unsatisfactory experience with a salesperson, or can't find what they want. (Halal, 2000) The Internet environment is no different: You must not only excel in your market but do so in a convenient, helpful, and reliable website.

The ultimate goal is to deepen relationships by adding convenience, efficiency, cost savings, and a wider array of services. Doing business online is about more than processing Web - based transactions. is about using the Internet to develop, maintain and manage positive relationships with customers, partners, and suppliers. The result is long - term relationships, repeat sales, business efficiency, and increased profitability. Companies that put a strategic focus on customers and leverage the capabilities of the Internet to enhance those relationships will survive and thrive in the Internet Marketplace. Technology has helped fuel the growth of CRM strategies. The evolution of CRM is moving forward with the e - business revolution. Data capture, storage, manipulation, and analysis capabilities have improved dramatically, as have the applications, user interface and data retrieval capabilities for Customer Service Representatives (CSRs). Essentially, eCRM involves giving customers Web access to customer, product, and company information, greatly reducing the number calls handled by CSRs.

ECRM could be viewed as an oxymoron: it implies turning over to the customer the management, responsibility, data and relationship. (Nykamp, 2001) That approach itself is not a CRM

strategy, because the contacts with the customer become electronic and directed by the customer. Therefore, companies should limit the "e" to e - customer care or e - customer service. It must be geared for customers who prefer to communicate electronically - and it should be just one component of an entire CRM strategy.

### **The New Economy and Customer Expectations**

The New Economy has brought more than technological change to the business world. The Internet Revolution was really about people - customers and the fundamental shift of market power from the seller to the buyer. In the New Economy, customers' expectations are very different than before. A companies understanding of this difference and its ability to capitalize on it will be key to its success.

Robert Rodin sums the expectations of the New Economy customer in the title of his book, Free, Perfect, and Now. Today, customers are empowered to move their business to another vendor with a simple click of the mouse, to demand 24 X 7 access to sales and service, and to have access to the same cost information as their supplier. Consumers can use the web to easily learn the "true" price of an automobile and initiate a bidding war among dealers online. In the B2B environment, a salesperson may never "meet" the million - dollar customer that helped them make their quarterly quota. New Economy customers do the work themselves, online, and they do it eagerly and happily because of the control it gives them over the outcome - because they believe the end result will be of greater benefit to themselves.

The New Economy mandates for business success is clear: companies must exceed their customers' expectations all of the time. Many companies believe that the way to achieve this goal is to put their basic business activities - marketing, sales, financial transactions - on the web and let their customers and growing a business in the New Economy. To win in the New Economy, businesses must go much further. To win in the New Economy, businesses must develop a new strategy for customer relationship management - that new strategy is eCRM.

### **What is eCRM?**

eCRM is not simply electronic CRM. (Nykamp, 2001) It is customer management for e - business that must confront the complexity of managing sophisticated customers and business partners in a variety of media including: online and offline media, personal contact, and more automated and electronic forms of communication.

To understand eCRM, companies should understand eBusiness as a whole. (Brown, 2001) The new economy mandates that businesses fully utilize all available modes of communication - web, email, chat, video, and voice - to serve and support their customers. It further demands that businesses electronically integrate those media throughout the entire value chain - engaging not only the customer, but also all who support the customer across the business. When the management of a business has realized that it is not enough to mouth cliché regarding the "power of the Internet" and has taken these steps, they have created what can truly be called an "eBusiness".

### **Technology and eCRM**

Technology is a critical component of eBusiness. (Brown, 2001) It is required for building an infrastructure that can streamline the ordering, inventory, invoicing, payment, and other systems that add so much complexity to modern businesses. The successful eBusiness automates these systems, reducing the friction inherent in their associated processes, as well as their costs in both money and time. The eBusiness model leverages the technical infrastructure so that all participants extract maximum value from every interaction.

Few businesses today can legitimately stake their claim as a true eBusiness. (Welch, 2001) Many are moving quickly in this direction. Many others, however, suffer the illusion that there are no real challengers to their long established ownership of markets and channels and that the entire "Internet thing" will disappear any day now. The latter are likely to become former businesses very soon.

eCRM takes an eBusiness beyond technology and beyond highly leveraged interactions to the point where it can be a real, sustainable business, based on its ability to regularly meet and exceed its customers' expectations. A successful eCRM strategy is designed to engage the customer in a relationship with the company - beyond a single transaction - so the customer will keep coming back. This requires that the business engage the entire enterprise - from service and support to sales and marketing to product development - in servicing the customer at every point of contact. By so doing, companies can engage their customers in an ongoing knowledge exchange in which the company can learn more about their customers' needs and work to develop and deliver the products and services that can exceed their customers' expectations on a regular basis.

## **4 Principles of eCRM**

### **Principle 1**

The eBusiness offers its customers multiple channels for communication (Timmers, 2001).

To make the benefit of eCRM a reality, customers must be able to choose the communication channel that best fits their immediate business needs, their individual working styles, and their current access to the business (Timmers, 2001). Many customers, for example, prefer using email as an initial contact mechanism, with the option to escalate to the web or web - based chat when needed; others prefer starting with a phone call and then moving to the personalized, online space the eBusiness has created for them. Regardless of the scenario, the software used to enable eCRM must be able to take full advantage of every communication channel and easily transfer information from one to another. The eBusiness offers the channels it can best support, and the customer chooses among the channels offered.

### **Principle 2**

The eBusiness delivers real value to the customer with every interaction (Timmers, 2001.)

"Your email has been received and successfully routed to an agent. Someone will respond to your inquiry within 24 hours." This email response is standard practice for many businesses that have failed to make the shift to true eCRM. Such a response, however, fails to deliver any real value to the customer - all they can do is wait for the business to respond again, hopefully with some real content. The successful eBusiness works to create an infrastructure that provides the customer - and the eBusiness - with real value at every possible juncture in their interaction. In a true eCRM scenario, the customer's email response would attempt to resolve the question asked or to lead the customer to a website where they could explore further. Instead of waiting, the customer can act. At the same time, the eBusiness could automatically modify the content of its knowledgebase, based on the customer's indication of whether or not they've found the correct solution to a support problem (Timmers, 2001). In order to accomplish this, however, the eBusiness must follow Principle 3.

### **Principle 3**

eBusiness knowledge is captured and given context during the customer interaction (Timmers, 2001).

Customers expect businesses to remember what they said, remember what they bought, and remember when they bought it. When the eBusiness remembers, it is a good Internet citizen. To achieve true eCRM, however, the business has to do more than remember who, what, and when; it has to remember why.

Delivering real eCRM means that a business captures all the information about the customer and about the customer's interaction with the company (Timmers, 2001). This information must have enough contexts to become useful in the future, and in other scenarios. For example, it is necessary for the business to remember that a customer recently configured a new product for purchase, but knowing that the purchase was made at the same time the customer reported a serious support incident completely changes how that information might be used in the future. Consider that this might be a very unhappy customer who had to configure and purchase just to keep his business running, or that it might be a customer that just had his entire business saved due to some smart thinking on the part of a service representative. Context helps to turn information into knowledge, and knowledge powers eCRM.

#### Principle 4

eBusiness systems are integrated throughout the value chain, not just at the level of the financial transaction (Timmers, 2001).

"You pay your money and you take your ride." It seems so simple to be in business online - everything is about the transaction and the ability to get the money and move on. However, for customers in the New Economy, that is no longer enough. Customers today expect to be able to reach all the way into an organization, whenever they want. Customers today expect that the CEO is as accessible as the support representative, and they will simply move to the net supplier if they find that is not the case.

In order to provide eCRM, businesses must think outside the traditional boundaries of what gets exposed to the customer and what remains hidden (Timmers, 2001). Using the web to facilitate direct interaction between customers, letting them address critical issues as part of a shared - interest group instead of keeping them isolated from each other for fear of what they may discover - that's eCRM at work, eCRM requires a radical shift in the orientation and reach of the value chain - a shift that results in the customer being an integral part of the chain not just an end - piece, and the transaction being just another data point, not the ultimate goal.

#### Achieving eCRM

How does a company achieve real eCRM? The first step is to examine the relationship between your business and your customers, as it exists right now. Be careful not to assume that you have a good relationship with your customers simply because they can visit your website and complain if they are

unhappy. If you are not getting email telling you what you are doing wrong, you are either doing everything right or your customers no longer care and are looking for the supplier to replace you. Once you have fairly and honestly assessed the current state of your relationship with your customers, you can begin to map out your journey to eCRM. From the current state, you can draw out a course that arrives at the ideal state, knowing all the while that you will never get there because achieving eCRM is not an end in itself - it is a means to success. Your vehicle for the journey will be the Internet, but every channel of communication - from the telephone to a brick - and - mortar storefront - is acceptable. Into these channels, you will pour all your knowledge, and your customers will pour all of theirs', which will result in a new way of doing business and of meeting your customers' needs.

#### Conclusion

The eCRM storm has begun and executives in every major company will have to formulate and execute eCRM strategy rapidly in order to keep up with competition. eCRM is a new chapter in Customer Relationship Management. eCRM allows companies to build one - to - one relationships with millions of customers(www.cio.com). Through numerous interactions, companies provide on - going value to customers and gradually gain their confidence, trust and loyalty.

Today the Internet is a given, the web is a significant economic and social force, and email is the predominant form of written business communication. With the development of technology, new elements will be added into eCRM, such as wireless. These technologies are no longer options for businesses to consider; rather, they are fundamental components of the business environment - requirements for any business that is to grow and thrive in the New Economy. Ignoring any of these components of the New Economy may mean disaster for a company.

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2/2/2012