

CRM: A Competitive Tool for FMCG Sector

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Abstract : Highly competitive and dynamic business environment has forced organizations to aim to not only to attract, but also to retain their customers. Hence the need to build and maintain one to one, life long relationship with large number of customers has led the emergence of Customer Relationship Management (CRM). CRM is built on the philosophy of relationship marketing that aims to create, retain, develop and enhance relationships with customers as well as to enhance the customer lifetime value and organization profitability.

The goal is to improve the customer experience so that it enhances satisfaction and loyalty which in turn will lead to increased profits. Customer relationship management is a companywide business strategy adopted by most modern organisations and it requires customer centric business approach to support effective marketing, sales, service and process. The study analyses CRM initiatives in the Beverage Industry. The competitive environment for FMCG manufacturers is changing rapidly. The Beverage industry has emerged as a big component of the industrial sector in India and has been constantly adding to the revenue of our country. Implementation of CRM in Beverage sector enables the organizations to build and leverage their brand values by ensuring that all trade promotions, campaigns and sales activities are executed with the right brand messages

Key Words: Customer Relationship Management(CRM)
Fast Moving consumer Goods Sector (FMCG)

INTRODUCTION

Highly competitive and dynamic business environment has forced organizations to aim to not only to attract, but also to retain their customers. Hence the need to build and maintain one to one, life long relationship with large number of customers has led the emergence of Customer Relationship Management (CRM). CRM is built on the philosophy of relationship marketing that aims to create, retain, develop and enhance relationships with customers as well as to enhance the customer lifetime value and organization profitability. The goal is to improve the customer experience so that it enhances satisfaction and loyalty which in turn will lead to increased profits.

Customer Relationship Management

“Customer relationship management is a business strategy adopted by most organizations and it requires customer centric business approach to support effective marketing, sales, service and process. Customer Relationship Management (CRM) is a model for managing relationship and interaction of current and

future customers. It involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support.”

“The purpose of adopting CRM practices and strategies is to improve marketing productivity, enhance customer satisfaction resulting into enhanced sales. In CRM, marketing efficiency is achieved because cooperative and collaborative processes help in reducing transaction costs and overall development costs for the company. Two important processes for CRM include proactive customer business development and building partnering relationship with most important customers. These lead to superior value creation.”

“The success of CRM practices can be measured mostly by behavioural indicators like their length of the relationship, customer satisfaction, frequency and by increase in sales and profit by firm through them. A good customer is a customer who contributes a relatively large share to the return of the organization within a certain period”. “According to **Galbreath and Rogers (1999, p 162)** the definition of CRM can be described as :Activities a business performs to identify, qualify, acquire, develop and retain increasingly loyal and profitable customers by delivering the right product or service, to the right customer, through the right channel, at the right time and right cost. CRM integrates sales, marketing, service, enterprise resource planning and supply- chain management functions through business process automation, technology solutions, and information resources to maximize each customer contact. CRM facilitates relationship among enterprises, their customers, business partners, suppliers and employees.”

Figure 1 describes different conceptual definition of CRM.

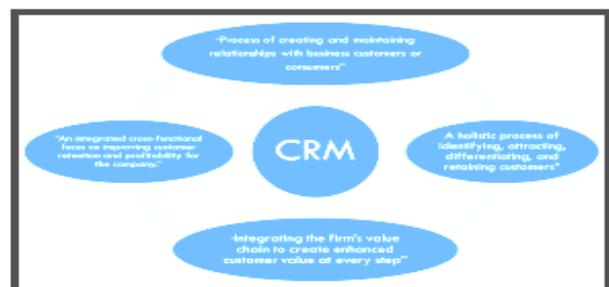


Figure 1- Definition of CRM in nutshell

“For any successful organization customers are the most important assets . Many big organizations are implementing and finding out new practices of customer relationship management in managing the relations. CRM is a software which gives a company valuable information at the most basic level like remembering the birthdays and names of the children of customers. This kind of information helps the employees of the organization to give more value to make customers feel very special. Business Call Centers are the biggest user of CRM Software because they contact many customers at the same time and give feedback. The strategy of CRM is not to have only installation of this software but its starting point is to consider employees at first, the employees must be well trained to CRM theory so they could get maximize benefits by using this tool”.

“By using this technology, optimize interaction with customers create a 360-degree view of customers to learn from past interaction to the future trends (**Chen and Popovich, 2003**). 360 degree view of customer is a person to person model supported by technologies in prediction of customers buying patterns and price differentiation (**Galbreath and Rogers, 1999**). The main idea of this model is that the best market performance is achieved by having superior skills in understanding the customer in better way (**Narver and Slater, 1990**). In **Figure 1.6**, 360 degree view of the customer can be understood.”

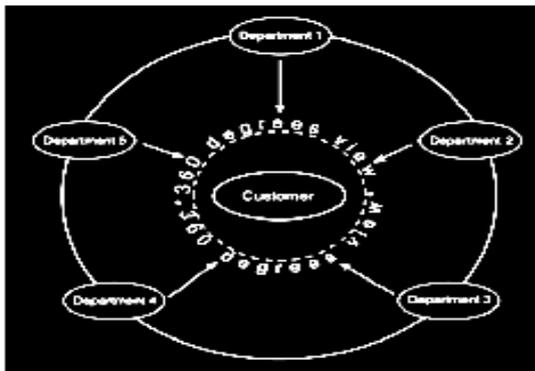


Figure 2 - 360 degree view of the customer

Source: Kotorov (2002)

“The modern information technology allows larger organizations to individualize their products and services as per the varying needs of the customers. CRM is the establishment, development, maintenance and optimization of long term mutually valuable relationships between consumers and the organizations. Successful CRM focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization’s strategy, people, technology and business processes (**Fox& Stead, 2001**)”.

CRM Functions

“**Rowley (2002)** recognizes that CRM systems support all stages of the interaction with the customer from product development and order of the product to delivery and after-sales service. CRM systems cover online ordering, e-mail, knowledge bases that can be used to generate customer profiles, and to personalize service, the generation of automatic response to e-mail, and automatic help”.

She further distinguishes the following list of functions that might apply in a CRM application:

- e-commerce
- guided selling and buying
- channel automation software
- product configuration
- collaborative commerce software
- order management
- online storefront
- electronic agents
- multi-channel customer management
- catalogue management
- e-service
- content management
- e-mail response management
- e-customer
- fulfillment software
- self-service (**Rowley, 2002**)”

Figure3 : depicts the framework of dynamic customer relationship management

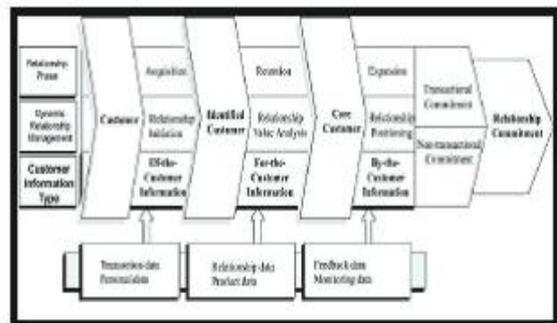


Figure 3 - A framework of Dynamic Customer Relationship Management

Source: Adopted from Park and Kim, 2003, p.656

LITERATURE REVIEW

“According to **Kotler and Keller (2006)**, The American Marketing Association defines the Marketing as an organizational function and a set of processes for creating, communicating and delivering value to the customers and for managing customer relationships in ways that benefit the organization and its stakeholders”.

“**Beckett-Camarata et al. (1998)** have noted that managing relationships with their customers (especially

with employees, channel partners and strategic alliance partners) was critical to the firm’s long-term success.”

“Yuan and Chang (2001) have presented a mixed-initiative synthesized learning approach for better understanding of customers and the provision of clues for improving customer relationships based on different sources of web customer data.”

“While undertaking a study on the field of customer retention and corporate profitability, Reichheld (1993) stated that the role of customers is essential for corporate performance, so that when relationships with customers endure, profits rise.”

“Sheth and Parvatiyar (1995) found out in their research that the cost of retaining current clients is frequently much lower than cost of acquiring new ones”.

RESEARCH METHODOLOGY

Research is a systematic inquiry aimed at providing information to solve problems (cooper and Schindler, 2002:14). Different requirements of information, availability of time and need patterns have given way to the developments of various types of research methods however need of any research method remains the same –to get information. The reason behind the use of any method of research is to generation of optimum results. This study is based on primary data, which has been collected through questionnaire having statements to which respondents have to give their level of satisfaction ranging between 1-5 level and agreement ranging from strongly agrees to strongly disagree. Since it was not feasible to examine the entire universe the representative sample were selected from Delhi, Gurgaon and Noida. Respondents were asked to fill questionnaire personally. The study is confined to only three major multinational companies in the FMCG sector

Objectives of the Study

As the title suggest the main objective of the present study is to know the role of CRM in FMCG of India. Other some affiliated objectives along with the broad objective are:

Table -1

Response of Respondents

Variables	Response of Respondents									
	Not at all imp.	%	Somewh at imp.	%	Imp.	%	Very Imp.	%	Ext. Imp.	%
Order processing speed	1	0.4	1	0.4	125	47.7	124	47.3	11	4.2
Degree of ease in getting Product	0	0.0	12	4.6	100	38.2	139	53.1	11	4.2
Pricing of the products	0	0.0	11	4.2	122	46.6	105	40.1	24	9.2
Packaging	0	0.0	21	8.0	103	39.3	114	43.5	24	9.2
Quality of products	0	0.0	0	0.0	124	47.3	112	42.7	26	9.9
Personal attention	0	0.0	95	36.3	127	48.5	36	13.7	4	1.5
Customer Touch Points	0	0.0	9	3.4	157	59.9	88	33.6	8	3.1
Complaint Management	0	0.0	3	1.1	121	46.2	111	42.4	27	10.3

1. To know the perception of customer towards the CRM strategy in FMCG Sector of India.
2. To assess factors of customer satisfaction.

Data Analysis

To know the perception of customers towards organization’s CRM strategy they were asked to evaluate each factor first on statements ranging from not at all important to extremely important and then they have to evaluate their satisfaction level with each factor on 1-5 scale. The responses are analyzed by calculating the mean value and the results are presented in the subsequent discussion.

Profile of the Respondents

Gender

Male	164
Female	98
Total	262

Figure 4

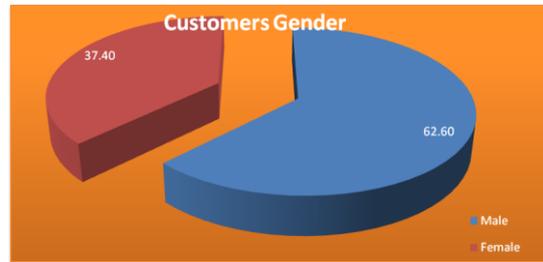
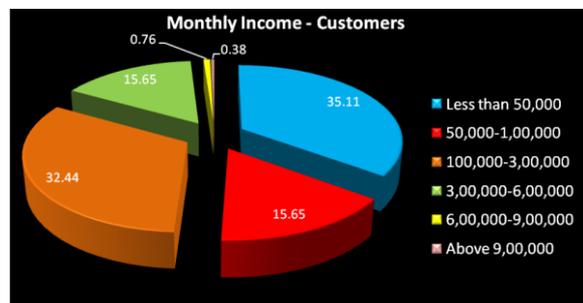


Figure 5



The Table-1 shows the variables of CRM in FMCG sector and their importance from the view point of respondents included in this study. This table shows that order processing speed ,degree of ease in getting product are very important and packaging ,quality of products personal attention and customer touch points are important.

Table-2

Variables	Overall Perception of customer (Mean)
Customers are valuable	3.1
Organization understands needs of customer	3.2
Organization wants to retain customers	3.5
Organization wants to enhance relationship	3

The Table-2 shows the overall perceptions of customers on the scale of 1-5.It shows that majority of respondents feel that the organization understands their needs and wants to enhance the relationship with them. The perception is that the organizations, to retain their customer, do make changes in the products and service as per the requirements of the customer.

FINDINGS

On the basis of the information collected in the questionnaire and analysis made there of the following are findings are noted by researcher:

- The study reveals order processing speed ,degree of ease in getting product are very important and packaging ,quality of products personal attention and customer touch points are important.
- The study reveals that overall perception of customer is above average toward CRM strategies except in strategies such as Customers are valuable and Organization treats its customers as an important part of the organization.

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