

Customer Relationship Management

Customer satisfaction has always been a key element in the pursuit of corporate goals and objectives. However, the current competitive environment fostered by liberalization and globalization of the economy and the rising customer expectations for quality, service and value have promoted many companies to organize their business around the customers they serve, rather than around the product lines or geographic business units.

Customer relationship management (CRM) first gained prominence in the early 1990s. It refers to the holistic approach that organizations can take to manage their relationships with their customers, including policies related to contact with customers, collecting, storing, analysing customer information, and the technology needed to perform these tasks.

According to Philip Kotler and Gary Armstrong, 'CRM is concerned with managing detailed information about individual customers and all customer "touch points" to maximize customer loyalty. It can also be defined as, 'an alignment of strategy, processes and technology to manage customers, and all customer-facing departments and partners'. In short, CRM is about effectively and profitably managing customer relationships through the entire life cycle.

CRM helps in providing better service to the customers and developing effective customer relationships. CRM integrates everything that a company's sales, services and marketing teams know about the individual customers to get a 360-degree view of the customer relationship.

The aim of CRM is to build customer equity; customer equity is the sum of lifetime values of all the customers. CRM analysts develop data warehouses and use data-mining techniques to develop and maintain long-lasting relationships with the valuable customers.

A data warehouse is a company-wide electronic database of detailed customer information. The purpose of data warehouse is not just to gather information but also to place it into a central location for easy access. Once the data warehouse locates the data at a central place, the

data analysts use the data-mining techniques to examine the mounds of data to find out interesting facts about the customers.

Need and Importance of CRM

1. Better service to customers

CRM provides more avenues for customers to communicate and explain their needs to the organization through numerous contact points. Customers get increased satisfaction and a feeling of being special and important because of the increased personalization of services and customization of goods offered to them.

For example, ICICI Bank maintains a list of priority customers and provides them with additional facilities and special offers such as free tickets to concerts, movies, and so on. Some banks, such as Syrian Catholic Bank provide personalized services to their important customers.

2. Customization of market offerings

Companies can customize a product or service depending on the data available with the firm. The firm can facilitate customer-company interaction through the company contact centre and web site. Such interactions help develop customized products.

3. Reduction in the customer defection rate

CRM emphasizes on training and development of the employees to become more customer oriented. Due to CRM training and development, employees show care and concern towards the valuable customers; therefore, the customer defection rate may be reduced to a great extent.

4. Increase and improvement in long-term relationships

Some firms treat their customers as partners. Firms solicit the help of the customers to design new products or to improve their services. If the customer gets involved with the firm, they are more likely to remain with the firm.

5. Increase in customer equity

CRM increases customer equity. Firms focus the marketing efforts more on the most valuable customers (MVCs). The main aim of CRM is to produce high customer equity. Customer equity is the sum of lifetime values of all customers. More focus on MVCs will enable a firm to increase the customer equity.

6. Competitive advantage

The firms that adopt CRM get competitive advantage in the market. They can face the competition with much ease. Competitive advantage helps in generating higher returns on investment.

7. Building and maintaining corporate image

The image of the firm also gets enhanced. Loyal customers become evangelists. The evangelists spread a good word about the company and its products. This enables a firm to get additional customers to its fold.

8. Higher return on investment

Due to CRM, a company gains a position to generate higher returns on investment. This is because of the repeat purchases on the part of the loyal customers. The company also makes money through cross selling. The higher return on investment increases the shareholders' value.

Techniques of Building CRM

Firms use a number of techniques to build, maintain and enhance CRM. The techniques include the software programmes, promotional techniques, pricing strategies, MVC programmes, and so on. Some of the techniques have been discussed in detail.

Data Warehousing and Data Mining

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(i) A data warehouse is a company-wide electronic database of detailed customer information. The purpose of data warehouse is not

just to gather information, but to place it into a central location for easy access.

(ii) Once the data warehouse locates the data at a central place, the data analysts use data mining techniques to examine the mounds of data to find out interesting facts of the customers.

The mined data can be utilized for various marketing decisions such as the following:

- Product design and modification
- Product pricing
- Promotion mix
- Selection of channels of distribution
- Maintaining dealer relationships

One-to-one Marketing

Some firms adopt one-to-one marketing strategy. Such firms treat their customers as partners, especially in the case of B2B markets firms solicit the help of customers to design new products or to improve their services. If the customer gets involved with the firm, then they are more likely to remain with the firm.

Loyalty Programmes

Firms may use variety of loyalty programmes to retain customers. For example, airlines may offer special discount for frequent fliers. Firms may also provide gifts and other benefits to the loyal customers. But it is to be noted that all loyal customers need not be profitable, and all profitable customers need not be loyal.

Therefore, the firm must be selective. In order to enhance marketing efficiency, a firm has to find out which of its customers are worth retaining and which are not, and which customers should be given extra care and attention. In other words, the firm has to determine the value of its customers, and focus on MVCs accordingly.

Priority Customer Programmes

Some firms introduce priority customer programmes. The priority customers are the MVCs. They are given priority in after-sales service, delivery and resolving complaints. The priority customer programmes

are followed by several organizations, especially in the banking industry.

For example, Citibank maintains a list of priority customers and provides them with additional facilities special offers such as free ticket to concerts, movies, and so on. Some banks, such as Syrian Catholic Hank provide personalized services to the important customers.

Evolution panned out in the last few decades:

Year	CRM Iteration, Capability, or Feature
Before the 1950s	<ul style="list-style-type: none"> • Analog pens, notebooks, account folders in filing cabinets, personal organizers (such as Filofax)
1950s	<ul style="list-style-type: none"> • Rolodex launched
1960s	<ul style="list-style-type: none"> • Rolodex, folders in filing cabinets, and personal organizers still reigned supreme
1970s	<ul style="list-style-type: none"> • CRM took on its present iteration as a software/digital tool. • Customer databases were stored on standalone mainframe computers • Software-based lists and spreadsheets
1980s	<ul style="list-style-type: none"> • Use of statistics to gather and analyze customer data • Database marketing became a trend • Customer evaluation & contact management system (aka digital rolodex)
1990s	<ul style="list-style-type: none"> • Siebel Systems launched as the first CRM-focused product in 1993 • Large scale use of sales automations • CRM products began to include functions for marketing, shipping, and enterprise resource planning (ERP) • Online CRM became a reality • First mobile CRM solution introduced by Siebel (acquired by Oracle) in 1999 • First cloud-based CRM SaaS (Software as a Service) offered by Salesforce in 1999.
2000s	<ul style="list-style-type: none"> • Microsoft Dynamics Launched in 2003 • SugarCRM developed first open-source CRM in 2004 • Cloud-based CRMs become dominant • Social media integration to CRM
2010s	<ul style="list-style-type: none"> • CRM integrations with business intelligence services • CRM integrations with communication systems • Robust CRM customization capabilities based on industry, line of business, sales process, or market focus • Visual, highly intuitive CRMs such as Pipedrive became a trend • Improvements in data analytics reporting • Improvements in mobile access • Increasing use of AI and machine learning (ML) for various purposes (such as Salesforce Einstein and virtual assistants)

Evolution of Customer Relationship Management (CRM)

Customer Relationship Management (CRM) has undergone significant transformations since its inception, evolving from simple record-keeping tools to sophisticated systems that leverage artificial intelligence and data analytics. This evolution can be categorized into several key stages. **Early**

Developments (1950s - 1970s)

- **The Rolodex Era (1950s):** The first stage of CRM began with the Rolodex, a manual system for tracking customer contacts. This tool allowed businesses to store basic customer information but was limited in scope and functionality.
- **Database Marketing (1980s):** The introduction of database marketing in the 1980s marked a shift towards more systematic approaches for managing customer data. This involved using statistical methods to analyze customer behavior and preferences, laying the groundwork for more advanced CRM systems.

The Rise of Digital Solutions (1990s)

- **Sales Force Automation (1993):** The launch of Sales Force Automation (SFA) by Siebel Systems revolutionized CRM by automating sales processes. This allowed sales teams to track leads and manage customer interactions more effectively.
- **Invention of CRM (1995):** The term "Customer Relationship Management" was coined by Siebel Systems, which began offering comprehensive CRM solutions that integrated sales, marketing, and customer service functionalities.
- **First Mobile CRM (Late 1990s):** The late 1990s saw the introduction of mobile CRM systems, enabling sales representatives to access customer information on-the-go.

Web-Based and Social CRM (2000s)

- **Cloud-Based CRM (2007):** The advent of cloud computing led to the development of cloud-based CRM solutions, making these tools accessible to small businesses and reducing costs associated with traditional software installations.
- **Social CRM (2008):** With the rise of social media, businesses began integrating social platforms into their CRM strategies. This allowed companies to engage with customers on social networks, gaining insights into customer preferences and behaviors.

AI and Predictive Analytics (2010s - Present)

- **Integration of AI (2017):** Recent advancements have seen the integration of artificial intelligence into CRM systems, enhancing capabilities such as predictive analytics, personalized marketing, and automated customer service responses.
- **Customer Success Focus:** A growing trend is the establishment of Customer Success teams within organizations, focusing on maintaining relationships with existing customers rather than solely acquiring new ones. This shift emphasizes long-term engagement and satisfaction.

Overall, the evolution of CRM reflects a broader trend towards data-driven decision-making and personalized customer interactions. Modern CRM systems are now integral to business strategy, enabling organizations to build stronger relationships with their customers through enhanced insights and tailored experiences. As technology continues to advance, we can expect further innovations that will shape the future landscape of CRM.

Conceptual Foundations of Customer Relationship Management

Customer relationship management (**CRM**) is a process in which a business or other organization administers its interactions with customers, typically using data analysis to study large amounts of information.

CRM systems compile data from a range of different communication channels, including a company's website, telephone, email, live chat, marketing materials and more recently, social media. They allow businesses to learn more about their target audiences and how to best cater for their needs, thus retaining customers and driving sales growth. CRM may be used with past, present or potential customers. The concepts, procedures, and rules that a corporation follows when communicating with its consumers are referred to as CRM. This complete connection covers direct contact with customers, such as sales and service-related operations, forecasting, and the analysis of consumer patterns and behaviors, from the perspective of the company.

Theory by Industrial Marketing and Purchasing Group (IMP Group)

This Europe-based research initiative in Industrial Marketing focuses on B2B relationships and states the following characteristics:

- Buyers and sellers both actively participate in the transaction to find solutions to their respective challenges.
- Buyer-seller relationships are normally long-term and close.
- Relationships are composed of interpersonal bond, connections among businesses, and strengths or weaknesses of the business.
- The transactions often occur with respect to relationship's history.
- The businesses chose the mode and the manner of interaction with the entities at various levels of importance.

Theory by Nordic School

A Scandinavian services marketing group, named The Nordic School, emphasizes on supplier-customer relationship. It identifies the triplet of relationship marketing as:

- **Interaction:** As customers and suppliers interact, each one provides a service to another. Customer provides information and supplier provides solution.
- **Dialogue:** Communication is bilateral and is essential for the survival of the relationship.
- **Value:** The business needs to generate something that is perceived as value to the customer.

Theory by Anglo-Australian School

It states that relationships are important not only from the viewpoint of customers but also from the angle of stakeholders of the business such as employees, suppliers, and government. It also found out that customer's satisfaction and customer retention are value drivers of any business.

Theory by North American School

According to this theory, good relationships reduce costs significantly. Trust and commitment are vital attributes of a successful relationship. By connecting the trust to the commitment, this theory states that trust created on the basis of minimal functional conflicts, communication, non-opportunistic behavior, and cooperation. Commitment is linked to high relationship termination cost and relationship benefits.

Theory by (Guanxi) Asian School

This theory is based upon the teachings of Lord Buddha regarding social conducts and acts of reciprocation. This theory states that people from a family, friendship, same-clan fellowship are connected to each other due to informal social relationships which impose them to follow reciprocal obligations to acquire the resources by exchanging favors and cooperation.

Customer benefits

With Customer relationship management systems, customers are served better on the day-to-day process. With more reliable information, their demand for self-service from companies will decrease. If there is less need to interact with the company for different problems, customer satisfaction level increases. These central benefits of CRM will be connected hypothetically to the three kinds of equity that are relationship, value, and brand, and in the end to customer equity. Eight benefits were recognized to provide value drivers.

- Enhanced ability to target profitable customers.
- Integrated assistance across channels.
- Enhanced sales force efficiency and effectiveness.
- Improved pricing.
- Customized products and services.
- Improved customer service efficiency and effectiveness.
- Individualized marketing messages are also called campaigns.
- Connect customers and all channels on a single platform.

Components

The main components of CRM are building and managing customer relationships through marketing, observing relationships as they mature through distinct phases, managing these relationships at each stage and recognizing that the distribution of the value of a relationship to the firm is not homogeneous. When building and managing customer relationships through marketing, firms might benefit from using a variety of tools to help organizational design, incentive schemes, customer structures, and more to optimize the reach of their marketing campaigns. Through the acknowledgment of the distinct phases of CRM, businesses will be able to benefit from seeing the interaction of multiple relationships as connected transactions. The final factor of CRM highlights the importance of CRM through accounting for the profitability of customer relationships. Through studying the particular spending habits of customers, a firm may be able to dedicate different resources and amounts of attention to different types of consumers.

Relational Intelligence, which is the awareness of the variety of relationships a customer can have with a firm and the ability of the firm to reinforce or change those connections, is an important component to the main phases of CRM. Companies may be good at

capturing demographic data, such as gender, age, income, and education, and connecting them with purchasing information to categorize customers into profitability tiers, but this is only a firm's industrial view of customer relationships. A lack in relational intelligence is a sign that firms still see customers as resources that can be used for up-sell or cross-sell opportunities, rather than people looking for interesting and personalized interactions.

CRM systems include:

- Data warehouse technology, used to aggregate transaction information, to merge the information with CRM products, and to provide key performance indicators.
- Opportunity management which helps the company to manage unpredictable growth and demand, and implement a good forecasting model to integrate sales history with sales projections.
- CRM systems that track and measure marketing campaigns over multiple networks, tracking customer analysis by customer clicks and sales.
- Some CRM software is available as a software as a service (SaaS), delivered via the internet and accessed via a web browser instead of being installed on a local computer. Businesses using the software do not purchase it, but typically pay a recurring subscription fee to the software vendor.
- For small businesses a CRM system may consist of a contact management system that integrates emails, documents, jobs, faxes, and scheduling for individual accounts. CRM systems available for specific markets (legal, finance) frequently focus on event management and relationship tracking as opposed to financial return on investment (ROI).
- CRM systems for eCommerce, focused on marketing automation tasks, like cart rescue, re-engage users with email, personalization.
- Customer-centric relationship management (CCRM) is a nascent sub-discipline that focuses on customer preferences instead of customer leverage. CCRM aims to add value by engaging customers in individual, interactive relationships.
- Systems for non-profit and membership-based organizations help track constituents, fundraising, sponsors' demographics,

membership levels, membership directories, volunteering and communication with individuals.

- CRM not only indicates to technology and strategy but also indicates to an integrated approach which includes employees knowledge, organizational culture to embrace the CRM philosophy.

Objectives, Benefits of CRM to Customers and Organizations

CRM helps the business in closing deals faster through quicker and more efficient responses to customer needs and customer information. The organizations have to implement CRM Systems effectively.

Customer Loyalty:

Firms can gain loyalty of the customer by regularly understanding their needs and meeting their needs. Customer develops regular association with the firm due to the products and marketing style of a firm that is of customers liking.

1. A CRM system consists of a historical view and analysis of all the acquired or to be acquired customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business.
2. CRM contains each and every bit of details of a customer, hence it is very easy to track a customer accordingly and can be used to determine which customer can be profitable and which not.
3. In CRM system, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.
4. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an 'Opportunity of Business'.

The Sales and Field representatives then try getting business out of these customers by sophisticatedly following up with them and converting them into a winning deal. All this is very easily and efficiently done by an integrated CRM system.

5. The strongest aspect of Customer Relationship Management is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and lesser resources to deal with. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.
6. All the details in CRM system is kept centralized which is available anytime on fingertips. This reduces the process time and increases productivity.
7. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit.
8. If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business.

Provide Better Customer Service:

CRM system gives advantages such as the ability to personalize relationship with customers. CRM maintains Customer Profiles, there by treating each client as an individual and not as a group. This way every employee can be better informed about each customer's specific needs and transaction profiles.

Better Customer Service improves the responsiveness and understanding which helps in building Customer loyalty. It also helps the company in getting continuous feedback from the Customers on the Product they have brought.

Increase Customers Revenues:

Regular updation of customer information will help a firm to keep on revising its product and marketing strategy. Adaptation of product and its marketing to match the changing needs of a customer make the

organisation customer friendly resulting in increase the sales and revenue.

Discover New Customers:

CRM systems help the organization in identifying potential Customers by keeping a track of the profiles of their existing client, the business can easily come up with a strategy to determine the kind of people they should target so that it returns them maximum revenue.

“Cross Sell” and “Up Sell”:

CRM system facilitates Cross-selling (offering customers complimentary products based on their previous purchases) and Up-Selling (offering customers premium products in the same category) It helps them to gain a better understanding of customers and anticipate their purchases.

For Example- (Cross sell – A Bluetooth head set along with the smart phone and up sell – Surf Detergent has introduced Surf Excel a better-quality product.

It offers a win situation for everyone that is:

1. Customer is benefited as he gets product of his choice.
2. Retailer is benefited as he has less difficulty in selling the product.
3. Manufacturer is benefited due to regular sales.

Benefits

The following are the benefits of adopting CRM processes:

- Develop better communication channels
- Collect customer related data
- Create detailed profiles of individual customers
- Increased customer satisfaction
- Access to customer account history, order information, and customer information at all touch points
- Identify new selling opportunities
- Increased market share and profit margin
- Increased revenues
- More effective reach and marketing

- Improved customer service and support
- Improved response time to customer requests for information
- Enhanced customer loyalty
- Improved ability to meet customer requirements
- Improved quality communication and networking
- Reduced costs of buying and using product and services
- Better stand against global competition

Types, Stages of Customer Relationship Management

Customer Relationship Management (**CRM**) is a strategy of the organization to manage the current and potential customers. CRM usually refers to a system power tool that is used for contact management sales management and much more. The aim of CRM is to improve business relationships and get better results. Businesses today have become customer focused rather than product focused which is why CRM has gained increasing importance.

Advantages of CRM

- The primary advantage of CRM using enhanced and improved management of contacts. Since there are multiple contacts CRM helps to have managed them in an efficient way.
- Since CRM is an automated process more often than not it helps in collaboration of multiple teams which helps in team management for the higher management.
- CRM is known to enhance the productivity of the teams.
- CRM helps to empower sales management buy accurately helping in sales forecasting.
- CRM is one of the best tools which is known for reliable reporting.
- It is seen that CRM improves the Sales Metrics of the company, which in turn helps in customer satisfaction.
- CRM also helps in enhancing the marketing ROI by acting as a support system of the Sales team.

Types:

1) Operational CRM:

Operational CRM is the one that streamlines the business processes and also includes sales and marketing automation along with service automation. The primary purpose of operational CRM is to generate leads and then convert them to contact while capturing all the required details and also to provide service throughout the customer lifecycle.

Operational CRM also provides support to the front office and which involves direct communication with customers via any communication method. There is an operational CRM database which stores all the details about customers including the interactions, requirements, preferences, discussion topics etc.

Sales Force Automation

SFA is the application of technology to manage selling activities. It standardizes a sales cycle and common terminology for sales issues among all the sales employees of a business. It includes the following modules:

- **Product Configuration:** It enables salespersons or customers themselves to automatically design the product and decide the price for a customized product. It is based on if-then-else structure.
- **Quotation and Proposal Management:** The salesperson can generate a quotation of the product prices and proposal for the customer by entering details such as customer name, delivery requirements, product code, number of pieces, etc.
- **Accounts Management:** It manages inward entries, credit and debit amounts for various transactions, and stores transaction details as records.
- **Lead Management:** It lets the users qualify leads and assigns them to appropriate salespersons.
- **Contact Management:** It is enabled with the features such as customers' contact details, salespersons' calendar, and automatic dialling numbers. These all are stored in the form of computerized records. Using this application, a user can communicate effectively with the customers.
- **Opportunity Management:** It lets the users identify and follow leads from lead status to closure and beyond closure.

Marketing automation:

The primary purpose of marketing automation is to find the best alternatives for offering products to potential customers. It also includes the best way to offer products to potential clients. Campaign management is the main module in the marketing automation which enables the businesses to decide on effective channels to reach the customers.

With many channels available like emails phone calls a face to face meeting campaign management helps to decide the best approach for the same. This is social media is also used as an important channel for customer participation. Salesforce is also used for marketing automation.

Event-based (trigger) marketing is all about messaging and presenting offers at a particular time. For example, a customer calls the customer care number and asks about the rate of interest for credit card payment. This event is read by CRM as the customer is comparing interest rates and can be diverted to another business for a better deal. In such cases, a customized offer is triggered to retain the customer.

Collaborative CRM

It allows easier collaboration with customers, suppliers, and business partners and, thus, enhances sales and customer services across all the marketing channels. The major goal of collaborative customer relationship management applications is to improve the quality of services provided to the customers, thereby increasing the customer's loyalty. Examples of collaborative CRM applications are partner relationship management (PRM), customer self-service and feedback, etc.

Analytical CRM

Analytical CRM is based on capturing, interpreting, segregating, storing, modifying, processing, and reporting customer-related data. It also contains internal business-wide data such as Sales Data (products, volume, purchasing history), Finance Data (purchase history, credit score) and Marketing Data (response to campaign figures, customer loyalty schemes data). Base CRM is an example of analytical CRM. It provides detailed analytics and customized reports.

Business intelligence organizations that provide customers' demographics and lifestyle data over a large area pay a lot of attention to internal data to get more detail information such as, "Who are most valuable customers?", "Which consumers responded positively to the last campaign and converted?", etc.

Analytical CRM can set different selling approaches to different customer segments. In addition, different content and styling can be offered to different customer segments. For the customers, analytical CRM gives customized and timely solutions to the problems. For the business, it gives more prospects for sales, and customer acquisition and retention.

Stages of Customer Relationship Management

- **Reaching a potential customer**

The first step in acquiring new customers is to introduce them to your business. The Marketing team generally takes on this task using a number of measures:

1. Learning about your target audience: Marketers will conduct research to identify their audience's target demographics, interests, preferred channels of communication, what messaging they respond most to and what they care about.
2. Segmenting your target audience: Audience personas are created to segment a brand's target audience into similar groups based on similar interests or demographics. This helps marketers identify which types of people are most likely to become customers and who their campaigns should target.
3. Creating marketing campaigns that speak to the target demographics: A/B tests and marketing automation can be used to identify what works and what does not, to create unique campaigns for unique customer segments such as on social media or email and to create strategies for lead acquisition.

- **Customer acquisition**

Customer acquisition refers to bringing in new customers – or convincing people to buy your products. It is a process used to bring consumers down the marketing funnel from brand awareness to purchase decision.

The cost of acquiring a new customer is referred to as customer acquisition cost (or CAC for short). Once the customer acquisition process is complete, it then hands itself to customer retention & re-acquisition.

You can acquire customers through a variety of marketing tactics, digital channels, and strategies (both on or offline). It often involves a mix of cross-channel marketing campaigns, which could include:

- Display Advertising
- Social Media Marketing
- Search Marketing
- Content Marketing
- Affiliate Marketing
- Email Marketing
- Or any mix of marketing initiatives
- **Conversion**

Customer conversion rate is the percentage of potential customers who take a specific desired action. In e-commerce or online marketing, it refers to the percentage of website visitors that perform a specific desired action on the website or landing page.

The conversion action is usually a quantifiable action capable of turning a prospective customer into a paying customer. Depending on the business goals, the conversion action can be registering on the website, providing contact details for lead generation, making a purchase, submitting a form, calling the business, downloading a document or template, signing up for a subscription, etc.

The customer conversion rate is a metric that measures the effectiveness of marketing campaigns, website designs, salespeople, and other sales tools. An improved customer conversion rate can significantly impact lead generation and, consequently, sales and revenue. The metric focuses on making the most of a website's visitors rather than trying to get more traffic.

- **Customer retention**

Customer retention refers to the ability of a company or product to retain its customers over some specified period. High customer

retention means customers of the product or business tend to return to, continue to buy or in some other way not defect to another product or business, or to non-use entirely. Selling organizations generally attempt to reduce customer defections. Customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship and successful retention efforts take this entire lifecycle into account. A company's ability to attract and retain new customers is related not only to its product or services, but also to the way it services its existing customers, the value the customers actually perceive as a result of utilizing the solutions, and the reputation it creates within and across the marketplace.

Successful customer retention involves more than giving the customer what they expect. Generating loyal advocates of the brand might mean exceeding customer expectations. Creating customer loyalty puts 'customer value rather than maximizing profits and shareholder value at the centre of business strategy'. The key differentiation in a competitive environment is often the delivery of a consistently high standard of customer service. Furthermore, in the emerging world of Customer Success, retention is a major objective.

Customer retention has a direct impact on profitability. Research by John Fleming and Jim Asplund indicates that engaged customers generate 1.7 times more revenue than normal customers, while having engaged employees and engaged customers return a revenue gain of 3.4 times the norm.

- **Customer loyalty**

Customer loyalty is a customer's willingness to repeatedly return to a company to conduct business. This is typically due to the delightful and remarkable experiences they have with that brand.

One of the main reasons to promote customer loyalty is because those customers can help you grow your business faster than your sales and marketing teams. There are several other reasons why customer loyalty is critical to your success.

CRM Trends, Challenges and Opportunities

Challenges in CRM

1. Too much data, not enough action?
2. Avoiding short termism
3. Bridging the gap between acquisition and retention
4. Behaviour-based personalisation
5. Optimising email content
6. Optimising email frequency
7. Integrating social into a contact strategy
8. Creating mobile experiences
9. Getting hold of in-store data
10. Integrating with legacy infrastructure

Emerging Trends in CRM

(1) Integrating Data from Multiple Channels

The CRM solution providers are working on moving social media data to more secure communication channel. They are also exploring how they can integrate unstructured data coming from multiple channels such as Email and mobile smartphones.

(2) Handling Big Data

As the data is penetrating from multiple channels with high volume, velocity, and variety, the CRM solution providers are exploring how this big data can be managed well to be able to use effectively.

(3) Shifting to Cloud-based CRM

The businesses are preferring cloud-based CRM software to overcome the problems with on premise CRM software (in which every new feature development requires an expensive upgrade). The cloud-based CRM also lessens the burden of business for investing in infrastructure.

(4) Social CRM

The customers are into the practice of reading reviews, recommendations, and judging the product or service before deciding to purchase. The businesses are keen to employ social CRM tools in their CRM software as the social media can bring an insight of customer preferences and behavior.

(5) The Mobile CRM is Expected to be Powerful

Today's CRM solution providers are investing a handsome amount to bring more rigor in the mobile platforms of CRM applications.

(6) Using CRM data effectively

The historical and current data of the customers is so huge that the CRM users spend more time in entering the same in the system than using it effectively for beneficial purpose. CRM solution providers are also working on providing simpler and easier ways of handling customer data using mobile devices.

(7) CRM Software Systems with Wearables

It is the next big revolution in the development of CRM software systems. Wearable are the devices worn by the consumers to track their health and fitness information.

If CRM applications are integrated with wearable computing devices, then the businesses can get benefited by having real time information of customers and access to their account data. The businesses can then engage with their customers effectively and discover opportunities of selling and enhancing customer relationships.

(8) Creating Best Customer Experiences

Though life is not all segregated between black and white moments; for the customers and businesses it is. The customers remember business products and services by associating with best and worst experiences. The businesses using CRM are placing the activities related to making their customers feel good in their list of top priorities.

(9) CRM to XRM

xRM is evolved CRM. There is little limitation in the word CRM which depicts Customer Relationship Management. XRM is eXtreme Relationship Management, or Any (replace X with any value) Relationship Management. The scope of XRM is different and larger than the scope of CRM.

For example, a business is managing contracts, grievances, policies, building assets, parking violations, property taxes, etc. The list is near to endless. This all management is catered by XRM, a business can manage the relationship of anything within itself.