Syllabus

CUSTOMER RESOURCE MANAGEMENT (ELECTIVE)

Lecture: 4 Hrs/week | Tutorial: 1 Hr/week
One paper: 100 marks / 3 Hrs duration | Term work: 25 marks

1. **Introduction to CRM and eCRM**
   What is customer? How do we define CRM? CRM technology components, customer life style, customer interaction. Difference between CRM and eCRM, features of eCRM.

2. **Sales Force Automations (SFA)**
   Definition and need of SFA, barriers to successful SFA functionality, technological aspect of SFA, data synchronization, flexibility and performance, reporting tools.

3. **Enterprise Marketing Automation (EMA)**
   Components of EMA, marketing campaign, campaign planning and management, business analytic tools, EMA components (promotions, events loyalty and retention programs), response management.

4. **Call center**
   Meaning, customer interaction, the functionality, technological implementation, what is ACD (Automatic Call Distribution), IVR (Interactive Voice Response), CTI (Computer Telephony Integration), web enabling the call center, automated intelligent call routing, logging & monitoring.

5. **Implementing CRM**
   Pre implementation, kick off meeting, requirements gathering, prototyping and detailed proposal generation, development of customization, Power use beta test and data import, training, roll out and system hand off, ongoing support, system optimization, follow up.

6. **Introduction to Application Service Provider (ASP)**
   Who are ASPs? Their role and function, advantages and disadvantages of implementing ASP.

7. **Impact of CRM on Marketing Channels**
   Meaning, how does the traditional distribution channel structure support customer relationship, emerging channel trends that impact CRM.

8. **Case Studies**

References:

1. CRM at the speed of light by Paul Greenberg, YMH 2nd edition.
2. Customer Relationship Management by V Kumar, Werner J Reinartz, WILRY India edition.
3. Customer Relationship Management by Kristin Anderson and Carol Kerr, TM.

Assignments

Students have to submit 7 assignments

Case study:

Present a report of 10-15 pages on any topic from syllabus

1

INTRODUCTION TO CRM

Unit Structure

1.1 Who is customer?
1.2 What is CRM?
1.3 Why we need CRM?
1.4. Definition of CRM
1.5 Architecture of CRM
1.6 Technology considerations of CRM
1.7. Technology Components of CRM
1.8. Customer Life Cycle
1.9. Customer Lifetime Value computation
1.10. Case Studies
1.11. Introduction
1.12. Definition of E-CRM
1.13. Need of E-CRM
1.14. Example
1.15. Framework of E-CRM
1.16. Features of E-CRM.
1.17. Various stages in evolution of E-CRM
1.18. Six e's of E-CRM
1.19. CRM Vs E-CRM
1.20. Architecture of E-CRM
1.21. Case Study

1.1 INTRODUCTION:

Customer is defined as:

- A paying client.
- An employee.
- A supplier or vendor.
- A partner.

Examples:

(1) If you are running a company, then you have paying clients. Against the payment, you provide them products and/or services.

(2) Every establishment have employees. They are paid salary and other benefits including bonus and in return, they give their service for productive work.

(3) Suppliers provides raw materials and/or services required for manufacture for which they are paid by the company.

(4) Channel partners provide value added services. In return, company give them some services or money.

In short, customer is an individual or group with whom you exchange values.

1.2 WHAT IS CRM?

Customer relationship management (**CRM**) has the business purpose of intelligently finding, marketing, selling to and servicing customers. CRM is a broadly used term that covers concepts used by companies, and public institutions to manage their relationships with customers and stakeholders. Technologies that support this business purpose include the capture, storage and analysis of customer, vendor, partner, and internal process information. Functions that support this business purpose include Sales, Marketing and Customer Service, Training, Professional Development, Performance Management, Human Resource Development and compensation.

1.3 NEED OF CRM:

The experience from many companies is that a very clear CRM requirement with regards to reports, e.g. output and input requirements, is of vital importance before starting any implementation. With a proper demand specification a lot of time and costs can be saved based on right expectations versus systems capability. A well operative CRM system can be an extremely powerful tool for management and customer strategies.

CRM is not just a technology, but rather a comprehensive approach to an organization's philosophy in dealing with its customers. This includes policies and processes, front-of-house customer service, employee training, marketing, systems and information management. Hence, it is important that any CRM implementation considerations stretch beyond technology, towards the broader organizational requirements.

The objectives of a CRM strategy must consider a company's specific situation and its customers' needs and expectations.

The data gathered as a part of CRM must consider customer privacy and data security. Customers want the assurance that their data is not shared with third parties without their consent and not accessed illegally by third parties. Customers also want their data used by companies to provide a benefit to them.

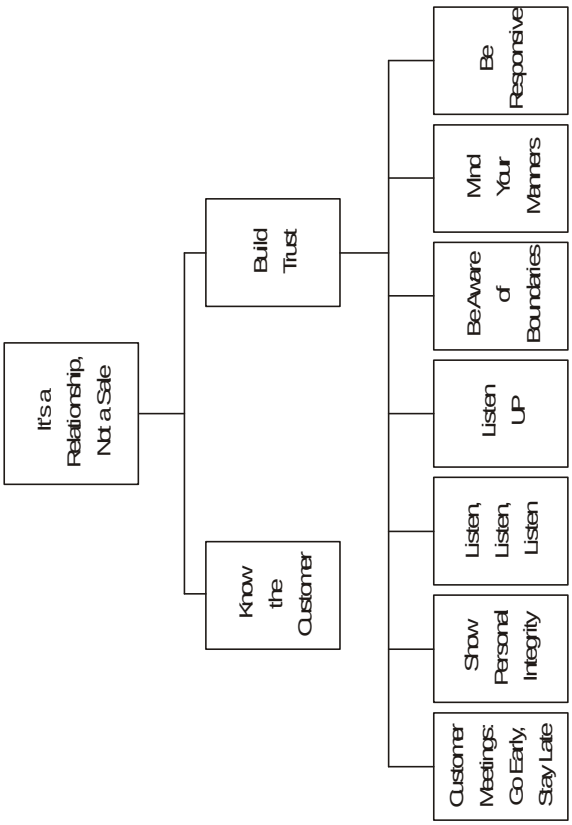

Fig. 1.1

1.4 DEFINITION OF CRM:

'Customer Relationship Management is a comprehensive approach for creating, maintaining and expanding customer relationships'.

Significance of the words used in the definitions:

(a) Comprehensive: CRM does not belong to just sales or marketing. It is not the sole responsibility of customer service group or an IT team; i.e. CRM must be a way of doing business that touches all the areas.

(b) Approach: An approach is broadly a way of treating or dealing with something. CRM is a way of thinking about and dealing with the customer relationship. We can also use the word 'strategy' because CRM involves a clear plan. In fact, CRM strategy can usually serve as a benchmark for other strategies in your organization, because any strategy sets directions for your organization. We can also consider this from a department or area level. Just as a larger organization has strategies for shareholder management, marketing etc. Each strategy must support managing customer relationships. Thus CRM is strategic. To realize this, one can make a list of key strategies, to brief your area of responsibility. Then write down organizational approach towards customers. Compare the CRM strategies with other strategies. They should support each other. External customers are those outside the organization who buy goods and the services the organization sales. 'Internal customers' is a way of defining another group in some organization whose work depends upon work of your group. Therefore, they are your customers. It is your responsibility to provide what they need so that they can do their job properly.

(c) Customer relationship: Finally let us see what we mean by 'customer relationship'. In today's world where we do business with individuals or groups with whom we may never meet and hence much less know in person-to-person sense. CRM is about creating the feel of comfort in this high tech environment.

1.5 TECHNOLOGY CONSIDERATIONS:

The technology requirements of a CRM strategy include the following building blocks.

- A database for customer information.
- Operational CRM requires customer agent support software.
- Collaborative CRM requires an interactive system.
- Analytical CRM requires statistical analysis software as well

as software that manages any specific marketing campaigns. Each of these can be implemented in a basic manner.

Steps before Implementing CRM:

Before implementing CRM certain basic steps with analysis should be followed. This analysis will help the users to identify various plans and the methods for implementation.

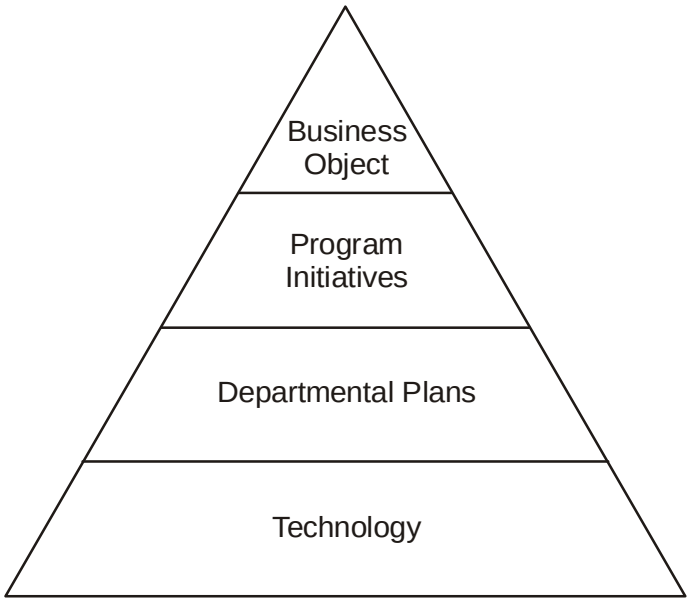

Fig. 1.2

(1) Business Objectives: Each and every business will have its own objectives with which it will be started with. In the process of the organization those objectives will be achieved in a step by step manner. In this context this phase in the implementation will describe the initial short term plans. The scope of this step will be from two to five years. The initial successful planning can only lead towards the long term objectives. This includes the revenue, market shares, margins and other initial investments. The main aim of designing this step is to make the organization as a customer centric company.

(2) Program initiatives: This is the second step towards the implementation of CRM. This phase will concentrate with 1 to 1α years in scope. This takes one step forward to the long term plans. This will focus on the customers and derive the plans to get the maximum customer satisfaction. This phase will create the clear plans for the future progress to achieve the long term goals. This step will improve the customer satisfaction at least by 5 points.

(3) Departmental plans: This is one step further after the definition of the organization objectives. This will prepare everyday plans to help the organization in achieving long term goals. This will deploy the plans by arranging E-mail system and call centers. These departmental plans will be prepared for each and every department and as a whole the integration will be made and the overall optimized implementation will be achieved.

(4) Technology: The technology is the main driver in this entire architecture by which the entire planning phase will be successfully managed and the prime objective will be achieved. This technology part is implemented by preparing various modules for the various activities like sales, marketing, etc. These technical things will be discussed in detail with the other units in this book.

1.6 ARCHITECTURE OF CRM:

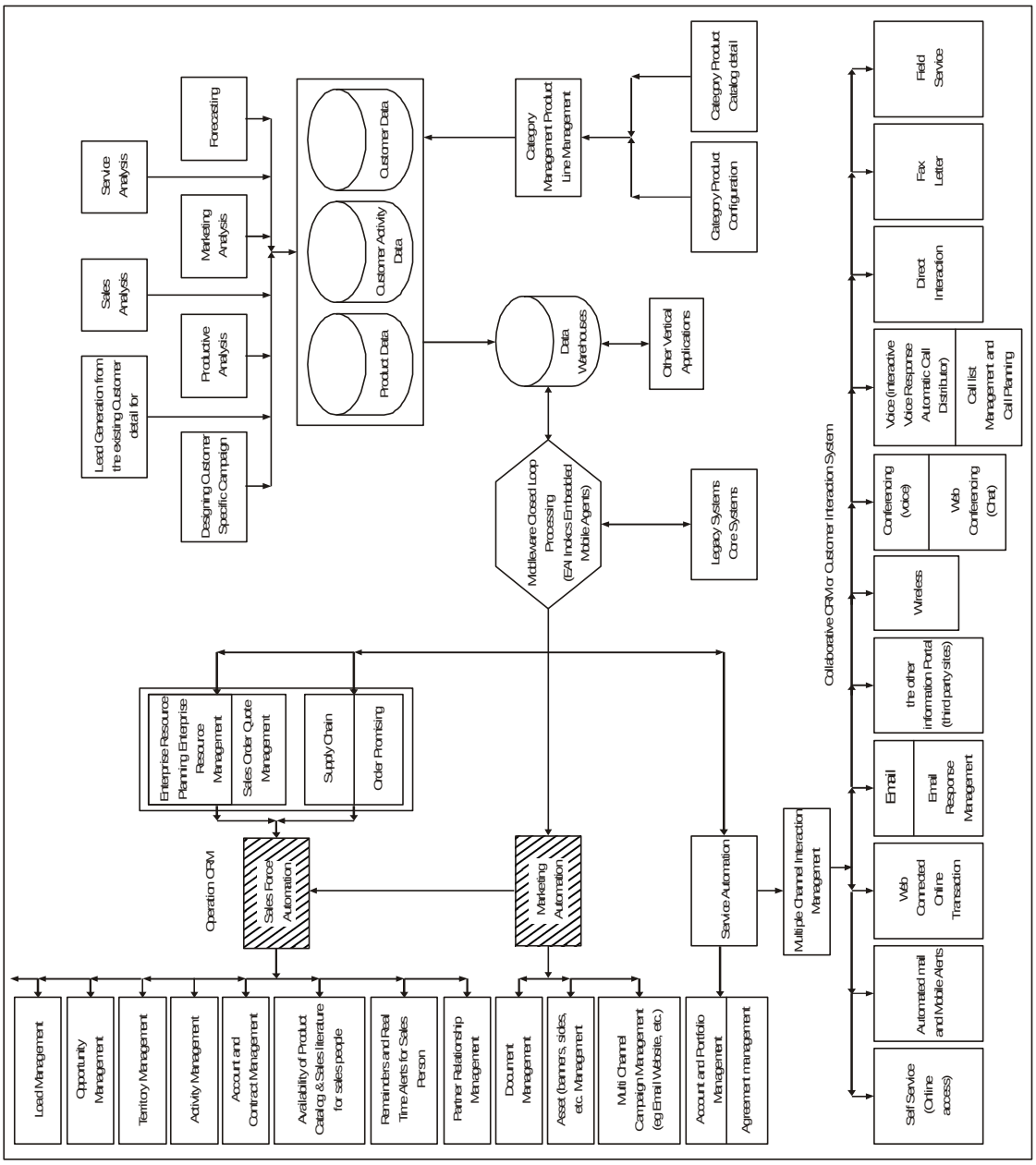

Fig. 1.3
(Source taken from www.wikipedia.org)

Stages of Technology Implementation:

(a) Functional
(b) Departmental
(c) Partial CRM
(d) Full CRM

(a) Functional CRM: This model of implementation is possible only with the large scale organizations. This will be possible only with the organizations which will not be having any departmental coordination. These modules will work only for the particular departments. This can be called as specialized modules. Because of this departmentwise implementation the initial amount spent will always be higher than the Return On Investment (ROI). This method will benefit only to the specific area not to the entire organization. For example, we can consider the company like TATA which will be having various types of business with variety of modules where the commonality will be very less. In this kind of situation this type of CRM will come into the picture.

(b) Departmental: This model is possible for all size of organizations. There will be some departments which will be common for one or more business modules. This intra departmental coordination can be utilized and the modules can be implemented accordingly. This will give success from bottom line to the middle level. That means these modules can help the modules like call centers, SFA etc.

(c) Partial CRM: This module is possible only when the intra departmental coordination is more among the departments. In this model two to three departments will be sharing a common master database. As the modules are shared among the various business processes the return on investment will be always 4 to 7 times higher than the initial investment. For example the sales, marketing departments will always share a common database of the products and the customers.

(d) Full CRM: This model is applicable with all levels of organizations. In this model the entire organization will be using a same database. There will be a greater coordination among the departments with this type of organization. As a whole the implementation is done. Because of this common nature, this model provides a greater ROI which is 7 to 10 times greater than the initial investment.

As mentioned above each and every organization will have its own working method. By identifying their level in any of the

above mentioned models, the organizations can proceed with the implementation.

Customer Intelligence: This is another name for customer facing system. This creates the strong base of data about the customers that the organization is having with itself. Any organization which is having good customer intelligence can create a best customer data repository with which the retention of customer will be easy for the organization.

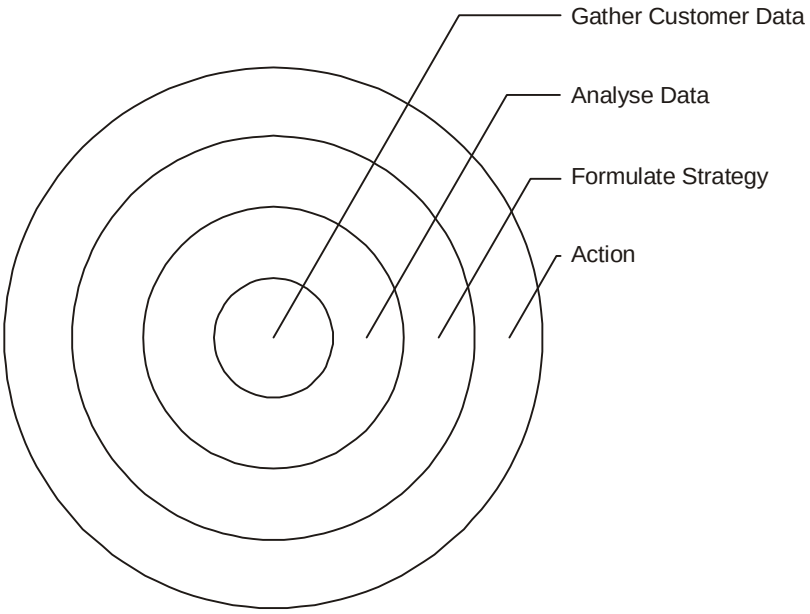

Fig. 1.4

The customer intelligence is having above mentioned four steps that is to be followed. Each and every step is interrelated with each other.

Gather data:

- Data collection.
- Various sources are considered.
- Various touch points are accessed.
- Various parameters are considered.
- Data will be accumulated in a single repository.

Analyze the data:

- Patterns are to be designed for the analysis.
- Detailed analysis will be performed.
- Samples will be taken into consideration.
- Final formulation will be done.

Formulation Strategy:

- Conclusions will be derived from the analysis.
- Data segmentation will be done.
- Models will be prepared.

Action:

- The final step in the customer intelligence.
- Actions will be taken based on the strategies planned.
- Final repository will be stored with the plans.

Any organization which is following the above mentioned steps can create a good customer data repository.

CRM solution map:

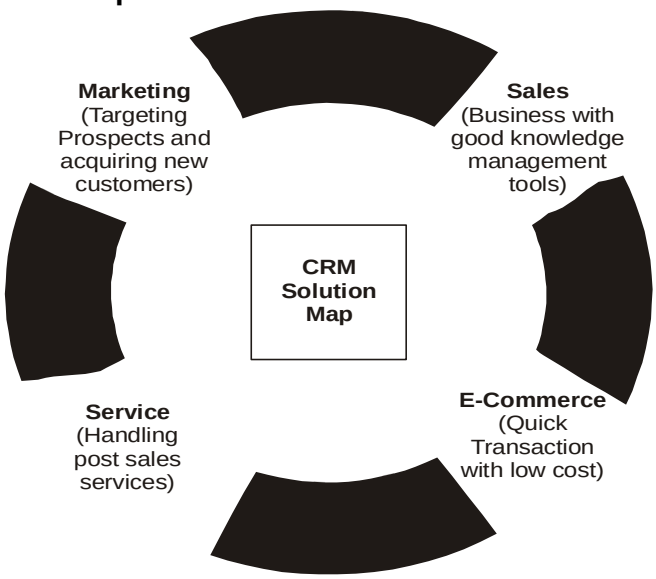

Fig. 1.5

1.7 CRM TECHNOLOGY AND CRM TECHNOLOGY COMPONENTS:

There are following types of CRM technology -

(a) Operational CRM
(b) Collaborative CRM
(c) Analytical CRM

(a) Operational CRM:

- This is an ERP like segment of CRM.
- Typical business functions involving customer service, order management, invoice or billing or sales and marketing automation and management are the parts of operational CRM.

- It provides support to “Front Office” business processes, including sales, marketing and service.
- Each interaction with a customer is generally added to a customer’s contact history, and staff can retrieve information on customers from the database when necessary.
- One of the main benefits of this contact history is that customers can interact with different people or different contact channels in a company over time without having to describe the history of their interaction each time.
- It process customer data for a variety of purposes such as managing campaigns, Enterprise Marketing Automation (EMA) and Sales Force Automation (SFA).
- Till now, this is the primary use of CRM. One characteristic of operational CRM is the possibility of integrating with the financial and human resources functions of ERP applications.
- With this integration, end-to-end functionality from lead management to order breaking can be implemented.

(b) Analytical CRM:

- Analytical CRM is the capture, storage, extraction, processing, interpretation and recording customer data to the user.
- Companies such as Micro Strategy have developed applications that can capture this customer data from multiple resources and then use hundreds of algorithms to analyze and interpret the data as needed.
- The value of the application is not just in algorithm and storage, but also in ability to individually personalize the response using the data.
- It generally makes heavy use of data mining.
- It analyzes customer data for the following purposes.
  - **(a)** Design and execution of targeted marketing campaigns to optimize marketing effectiveness.
  - **(b)** Design and execution of specific customer campaigns.
  - **(c)** Analysis of customer behaviour to aid product and service decision-making such as pricing etc.
  - **(d)** Aid in taking management decisions such as financial forecasting.
  - **(e)** Provide a tool in predicting the probability of customer defection.

(c) Collaborative CRM:

- It is the communication center, coordination network that provides neural paths to customer and its suppliers.

- It could mean a partner relationship management [PRM] application or a customer interaction center.
- It could mean communication channels such as web or e-mail, voice applications and even channel strategies.
- In other words, it is any CRM function that provides a point of interaction between customer and the channel itself.

1.8 CRM TECHNOLOGY COMPONENTS:

The following are the components, which are common to different CRM approaches.

- **CRM Engine:**
  This could be the customer data repository. The data mart, the data warehouse is the one where all the data on customer is captured and stored. This could include basic stuff such as your name, address, telephone number, birth date etc. It could also include more sophisticated information like how many times you have accessed a particular web site and what you did on the web pages you accessed. It could also include the help desk support and the purchase history. Ultimately, the purpose is a single gathering point for all individual customer information so that a unified customer view can be created throughout the company departments that need to know the data stored in this CRM engine house.

- **Front Office Solutions:**
  These are the unified applications that run on the top of the customer data warehouse. They could be sales force automations, marketing automation, or service and support customer interaction applications. In the client server environment (and now in the internet environment), they provide employees with the information on the basis of which the decision of ‘what is to be done?’ or ‘What next is to be done with the customer?’ is made. The more specific applications provide an element of self-service for the customer.

- **Enterprise Application Integration:**
  They sit between back office and front office. They also sit between the newly installed CRM system and old systems implemented by the enterprise. They permit CRM to CRM communication. They are pieces of codes, connectors and bridges that as a body are called as EAIs. EAIs provide messaging services and data mapping services that allow one system to communicate with different other systems regardless of their formatting.

1.9. CUSTOMER LIFE CYCLE (CLC):

In customer relationship management, customer life cycle is a term used to describe the progression of steps a customer goes through when considering, purchasing, using, and maintaining loyalty to a product or service. Marketing analysts **Jim Sterne and Matt Cutler** have developed a matrix that breaks the customer life cycle into five distinct steps: **Reach, Acquisition, Conversion, Retention and Loyalty.** In layman's terms, this means getting a potential customer's attention, teaching them what you have to offer, turning them into a paying customer, and then keeping them as a loyal customer whose satisfaction with the product or service urges other customers to join the cycle. An ellipse, representing the fact that customer retention truly is a cycle and the goal of effective CRM is to get the customer to move through the cycle again and again, often depicts the customer life cycle. For any company, it is far cheaper to retain existing customers than to acquire new customers. Therefore presuming that this is the goal of most of the companies, the next thing is to determine the value of the customer to your company. A customer, who is consistently losing money for you while he has been with you for last 40 years is of course valuable to you, may be directly or indirectly. The life cycle of the customer is the process the customer has been undergoing to be with you for all these years. This includes customer's purchase history, how often he/she has taken advantage of special offers directed at him/her or their customer class. Depending upon what you identify as important to your return on investment (ROI), it could also include your customer's marketing value to you, how much revenue that marketing value could be worth indirectly.

Customer Life Cycle focuses upon the creation of and delivery of lifetime value to the customer i.e. looks at the products or services that customers NEED throughout their lives. It is **marketing orientated rather than product oriented**, and embodies the marketing concept. The problem here is that every organization's product offering is different, which makes it impossible to draw out a single Life Cycle that is the same for every organization.

Example of a Customer Life Cycle

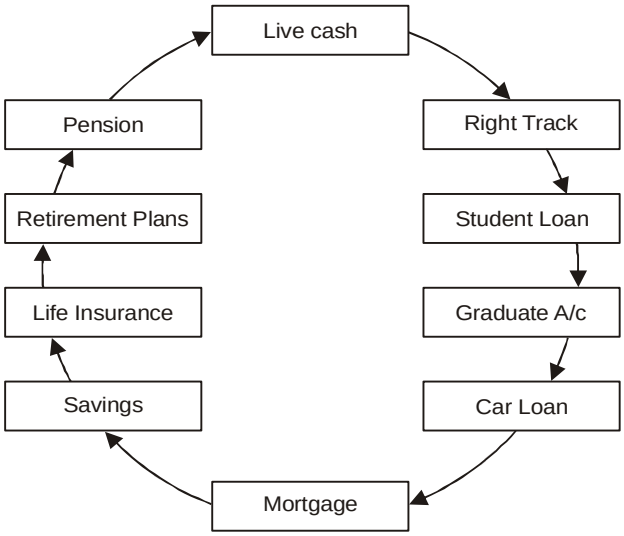

Fig. 1.6 *(Source: Marketing Teacher Web Site)*

Explanation:

Let us consider an example from the Banking sector. SBI has a number of products that it aims at its customers throughout their lifetime relationship with the company. Here we apply a Customer Life Cycle (CLC). When you begin with there are many types of current and savings account, and you may wish to buy property, and so take out a mortgage. You could take out a car loan, to buy a vehicle to get you to work. It would also be advisable to take out a pension. As you progress through your career you begin your own family, and save for your own children's education. You embark upon a number of savings plans and schemes, and ultimately SBI offers you pension planning.

This is how an organization such as SBI, which is marketing oriented, can recruit and retain customers, and then extend additional products and services to them - throughout the individual's life. This is an example of Customer Life Cycle.

1.10. CUSTOMER LIFETIME VALUE AND ITS COMPUTATION:

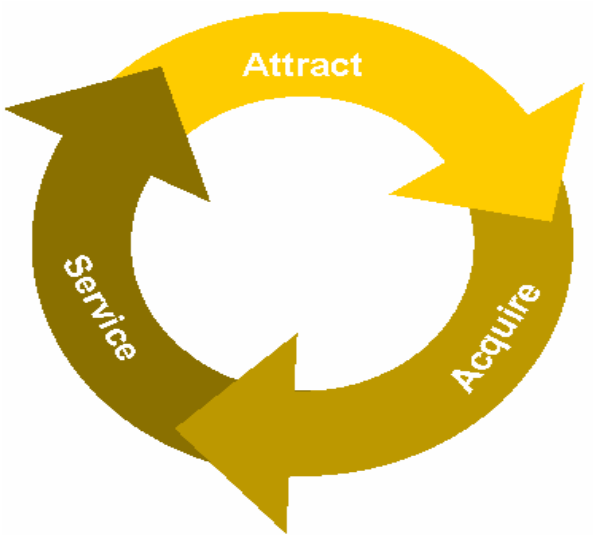

Fig.1.7 - Source:www.businessoverbroadway.com

There are two kinds of LifeTime Value measurement - absolute and relative. The first is very difficult to calculate; the second, very easy to calculate and in many ways more powerful than the first.

The most difficult part of calculating LTV is deciding what a “lifetime” is. LifeTime Value is the value of the customer over the LifeCycle. Lifetime Value doesn't exist without a LifeCycle.The LifeTime Value concept has been horribly abused and misunderstood over the last several years. **It is not necessary to figure out an absolute LifeTime Value for a customer or wait "a lifetime" to find out the value to use the concept in managing customer value.** If you are new to this LifeTime Value stuff and have not tracked the appropriate parameters, or your company is new and lacks meaningful operating history, you can look for "**relative** LifeTime Value," link it to customer behavior, and still get leverage from using LTV / LCV in your business model to manage customer value.

Here's a very simple example. Say I run the same ad in two different newsletters and get response from both. When I look at these responders, maybe a week later for a content visit or 30 days later for a purchase, I find a high percentage of repeat visitors or buyers from one newsletter, and a low percentage from the other. Repeat behavior indicates higher LifeTime Value, and predicts future repeat behavior, regardless of what the actual monetary LifeTime Value is. I can switch money out of the low repeat newsletter into the high repeat newsletter and get higher ROI

without having to measure anything but repeat behavior.

By the way, using customer behavior to predict the **relative** LifeTime Value and loyalty of customers is a 40 year old technique still used by mail order and TV shopping companies today. Large sites with CRM analytics are using this technique, known as RFM (Recency, Frequency and Monetary value model), to predict customer value and response to promotions.

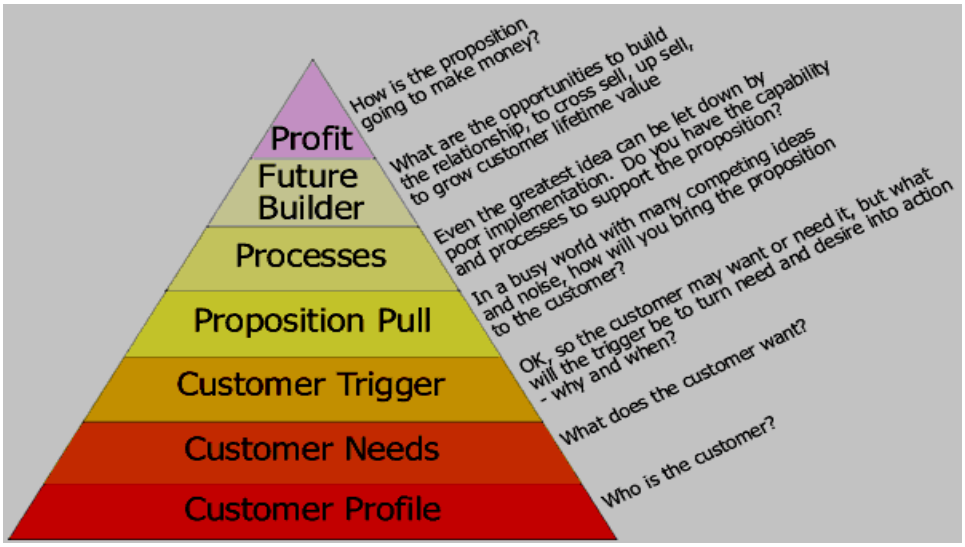

Fig 1.8 - Source:www.dancingmango.com

Let's say you're not satisfied with using **relative** LifeTime value as a proxy for **absolute** LifeTime Value. You're a glutton for punishment, or your boss wants a hard number. No problem. Here are a few issues we need to put on the table when discussing the calculation of LTV:

1. If you haven't been in business long enough to know the Lifetime of a customer, just put a stake in the ground by looking for defected best customers. Look at customers who have spent or visited the most with you and then of these, look at the ones who haven't made a purchase or visit in some time (6 - 9 months, for example). In all likelihood, the last purchase or visit was the end of the LifeCycle when considering best customers who have stopped buying or visiting. When best customers stop, they're usually all done. Then look at first purchase or visit date for these customers, calculate your Lifetime, and use this length of time as the "standard" customer LifeTime, realizing the average lifetime is probably much shorter.

2. Frequently, a customer will defect for a few years and then come back. This is cool, and normal. Their life changed somehow and they left, and now they need you again. Most offline marketers

would call a customer who has had zero activity for over 2 years a defected customer. Online, it's more like 6 months for the average customer, unless you are in a classic seasonal business. If the customer starts up again, they would be a “new customer”, for marketing and modeling purposes. They will more likely behave like a new customer than a current customer. The behavior will ramp and fall off all over again, just like it did in their previous LifeCycle with your business.

That doesn’t mean you can’t use the same customer number, or combine the old behavior record with the new behavior record in the customer service shop. In fact, knowing how long on average a customer defects before they come back can be a useful promotional tool.

But there has been a significant break in behavior, and this customer is more likely to behave as a new customer than a customer who has been with you the whole time. That’s just the way it works. They’re likely to be interested in different products, for example.

You decide if it’s a new lifetime or not based on your business. In most cases, from a marketing perspective, and for the purposes of LifeTime Value, they should be treated as a new customer. Otherwise, all your customers will have “infinite” lifetimes, and you lose the relevance of the metric.

3. Another challenge to calculating LifeTime Value: usually much of the data you need to complete the simple calculation are not available, or can't be agreed upon by all the players, especially if you are in a big company. If you don't know what the average unit returned costs you in terms of overhead, you can't do the calculation. If you don't know what the average number of customer service calls per unit shipped is and what the calls cost, you can't do the calculation. This is a particularly difficult problem for offline retailers, who don't have a database that captures nearly enough relevant data.

Here's one way approach it if the operational data you need is unclear. Try to focus on the average unit sold, and break up all the revenue and cost components that comprise the unit. Once you get to a profit / unit, just multiply by units sold to a customer over the "lifetime," minus overhead and promotional costs, and you get LTV.
Average price, cost of goods sold, gross margin...should be easy to find. To get customer service costs, look at how many units you move annually, and divide by annual customer service cost. Do the same thing for returns, and so on, until you know the costs / unit

sold of all the elements going into a sale. Don't forget credit processing, after sale support, etc. For example:

Net Profit per Unit Analysis:

Average Sale Price	**$40.00**	**100%**
Cost of Goods Sold	**(36.00)**	**(90%)**
Gross Margin	**4.00**	**10%**
Credit Clearing	**(.80)**	**(2%)**
Revenue Ship & Handle	**6.00**	**15%**
Cost of Ship & Handle	**(4.00)**	**(10%)**
Call Center (1 call every 5 sales)	**(.80)**	**(2%)**
Returns and Processing (5% of Sales)	**(2.00)**	**(5%)**
Fraud / Merchandise Loss (1% of Sales)	**(.40)**	**(1%)**
Promotional Costs / Discounts / Ads	**(.80)**	**(2%)**
Net Profit per Unit	**$1.20**	**3%**

LTV Calculation and Customer Acquisition Cost Calculations:

Say the average customer buys for 2 years, then stops for at least 1 year. Therefore, we define the LifeTime of a customer as 2 years. Over 2 years, the average customer makes 16 purchases.

16 x $1.20 Profit per Unit = $19.20 LTV of the average customer
The average customer recruits 3 other customers. The maximum acquisition cost of a new customer should be 4 x $19.20 = $76.80 to breakeven.

Sample Chart showing CLV:

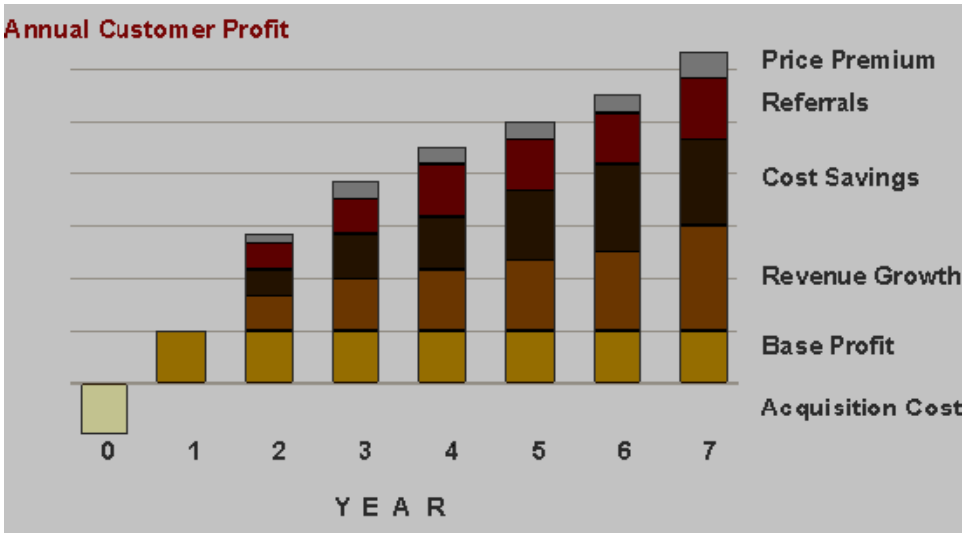

Fig . 1.9 Source: **www.crm2day.com**

The sum of your entire customer LifeTime Values should equal your future profits; if you include the value of pass-a-long customers in LifeTime Value, you will over estimate profits. Don't be surprised if you find some customer groups have negative LTV's – it's very common. This is the part of LTV analysis usually forgotten, because it literally means you would be more profitable if you had fewer customers. After **measuring** customer value, the next step is to **manage** customer value - to **make money** by creating very high ROI customer marketing campaigns and site designs.

Justify the following statement:

"Cost of retaining old customer is always less than generating new customers."

Justification of this statement with proper example is as follows:

- Companies lose between **10% to 30% of their customers annually**, and even more in the online world. Customers leave for many reasons. Some move, some die, and some are wooved away by the competitor. But an overwhelming 68% of the customers leave because they simply feel you don't care enough about them. It takes several interactions with the customers before you even make back the cost of acquiring them.

- Companies that lose a lot of customers spend a lot of money on sales and marketing to replace the ones they lose. That diverts budgets from service and the growing needs of employees.

When we have to worry about replacing customers we can't spend money on other things which will lead to further customers moving out.

- The customers were being acquired from the target segment using tools and techniques developed for mass marketing. But in present Era of Liberalization, Privatization and Globalization the existing mass marketing tools have proved to be ineffective. So it is all the more difficult to get a new customer. Most companies use a variety of methods to acquire customers all at different expense. The cost of an e-mail interaction, direct mail, a piece of advertisement, a phone call and a visit from a sales person all need to be understood to determine exactly how much the customer costs you to acquire. We must also include the hard cost of things like mailing and expense-accounts and the related soft cost like sales trainings and meetings.

- Now use the knowledge of cost of acquisition to determine how much money you simply waste if customers leave before they pay you back for your investments. In most companies, it is a big number. Lets take a look at how one financial institution used its cost of acquisition number to set into action changes that helped it to retain more of its customers. It was found that nearly $500 was spent in getting a new customer. It was also discovered that on an average a new customer did not become profitable till the 2nd year. The research made the shocking discovery that 22% didn't even make it through the first year. Not only was the firm's $500 investment lost, but each and every time the customer was serviced the cost of that activity was lost as well.

The next part of the customer retention project was to find a way to retain more customers. In a highly customized workshop 10 to 12 branch managers were asked to think about **relationship management and not risk management.** They were helped to focus their attention and that of their staff on individual movements of truth and opportunities that occurred 1000s of times a day. A movement of truth is anytime a customer has the opportunity to make a judgments about the quality of service you are delivering. Common wisdom these days estimate that a cost of getting a customer is between 6 and 30 times more than it is to keep one. Its well publicized that an increase of only 5 % in your customer retention could mean a boost of 25% to 100% on your bottom line.

1.11. CUSTOMER LIFE CYCLE MANAGEMENT:

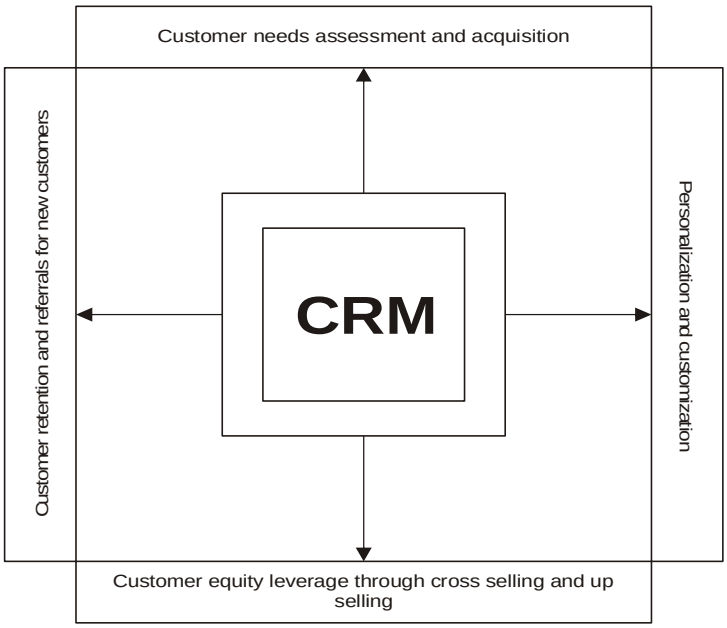

Fig. 1.10

- **Personalization:** This is a special form of the product which will be prepared according to the personnel requirements. Because of this personalized attention, the customer retention process will become very easy.

- **Customization:** This improves the product quality according to the expectations of the customer. This will change the standard product into a specialized solution for an individual to improve the customer satisfaction.

- **Cross selling:** This is the process of changing the product design to satisfy the individual requirements. This will cross the product design and the target to satisfy the customers' expectations.

- **Up selling:** Increase the production range to manage the market requirement and the current demand without wasting the current approvals.

When we follow the above mentioned methods, the retention of customers will become an easy process and the customer life cycle management will be flexible.

1.12. CASE STUDY :

Case study 1

Five Steps to Designing CRM-Supporting Online Surveys:

In today's competitive economy, marketers are trying their best for effective customer acquisition programs in order to decrease customer defection. Companies have started paying attention to customer relationship management systems so that customers will remain loyal to them. Companies are adopting online surveys, which is cost-effective and is an immediate method to gather customer feedback.

Best Practices for Online Surveys:

Survey is an important task to get quality and accurate information for decision-making. The typical questions faced by an organisation for conducting a survey fall into five categories:

(1) Determine the Business Process: Before designing a survey, the researcher must understand the business objective, purpose of the survey, what is to be measured, number of questions to be framed in the questionnaire, and type of rating to be used. These factors are important for development of any kind of survey. Another important aspect in determining the business purpose of a survey is all the departments of an organization. This will help one to figure out if the questions asked are relevant or not.

(2) Design the Survey: Survey design is the most important process to get results for an organization's needs. To get better response rate, a survey must begin with a title, preamble, and should explain the overall aim of the survey. Instructions associated with different questions should be at the beginning of each section. Filter questions should be used to differentiate respondents relevant for a survey. If a respondent is not sure about answer for a question, he should be provided a "let-out" selection, such as "Don't Know" or "Not Applicable". Questions should be short and simple. A good rating scale of 4-8 scale should be used in survey.

(3) Select the Sample: An optimum sample size is important to get the right conclusions. A sample should be selected randomly for true representation of population. Through the process of random sampling, researcher is able to draw right statistical inference from a small group of representative of the whole population. A sample size should be in between 30-50 to overcome sampling error.

(4) Implement the Survey: Response rate is an important factor to ensure the correct survey results. Low response rate leads to low reliability of study. Also, difficult questions are mostly skipped by respondents. Follow-ups or reminders by researcher are required to

reduce the low response rate. The factors like incentives, technical and telephone support, analysis and the distribution of the final report should be considered during survey implementation. Online surveys overcome costly elements like consulting fees and data entry.

(5) Analyze and Report the Results: A survey report must address two issues – validity of survey questions and substantive business issues that were the purpose of the survey. Validity of questions is assessed by measuring the number of responses for each option of questions. No single option should have more than 85% of the responses and not less than 5%. The business issues are assessed by measuring responses to individual question or a group of questions of same topic.

Source: *www.thewisemarketer.com*

Case Study 2:

II Ways to Ensure CRM Success:

A marketer must consider different factors like business strategies and theories, technology, budgets, etc., for the success of Customer Relationship Management (CRM) practice in his organisation. Experts and consultants in the area of CRM have listed out 11 ways to ensure CRM success.

(1) Get Executive Buy-in: When the management doesn't believe in a new CRM practice, then the employees also follow suit. If the top management of a company shows interest towards this new practice, then it will motivate other stakeholders to them.

(2) Align Departmental Strategies: All the departments like marketing team, sales force, etc., should be aligned to communicate a consistent message about their brand, across all customer touch points.

(3) Strategy First, Technology Second: Software is not the only key to CRM success. Software facilitates the implementation process. Technology is only one pillar of success for CRM; there are other important factors responsible for it.

(4) Minimise Financial Risks: Companies must calculate the costs of CRM implementation and financial risks involved. By analyzing the cost-benefit of CRM practice, companies may decide the type of CRM and investment for CRM.

(5) Look for Quick Wins: The CRM projects should be small, so that they can be easily managed. The small and manageable

projects lead to quick win, more momentum and higher end-user adaptation.

(6) Consider Migration Paths: One should know where his company is heading. Vendors should be selected on the basis of their ability to facilitate a company's product to grow, along with company's growth. Organisation should plan CRM system from the beginning in order to avoid wastage of time and money on additional add-ons and modules.

(7) Scrub the Data: Information about customers is more important as compared to technology in case of CRM practice. Customer data should be accurate. Before implementation of CRM, the database should be standardized. Data warehousing is another important factor. Data cleansing software is provided by vendors like Dataflux, firstLogic, and Trilium. As a thumb rule, companies should have their server space to maintain 13 months worth of customer data, and at least three years' worth of contract data information.

(8) Plan for Disruptions: The executives and management in charge of any CRM implementation should consider the possibility of changes in their company like acquisitions, or sell offs. Management should be ready to accept these changes during CRM implementation.

(9) Don't Leave Training till the End: In most cases, training is not considered as an important component of CRM implementation. The end-users are informed about the CRM process at the eleventh hour. Early training program makes the end-user realize the benefits of CRM application.

(10) Choose a Champion of Change: The CRM process should be started with a single department. The organisation should choose that department whose manager is inclined to CRM implementation. Such a department will reap benefits from CRM system. Other departments will start to think to implement CRM after seeing the success of the department, where CRM was implemented.

(11) Ask the Expert: companies immediately look for a new product or another module, whenever they face problems related to customisation, functionality or deployment strategy, with their existing application system. Instead, they should try to leverage current applications to gain new services and functionalities. A log of times, people lose sight of what they have and why they've purchased, even though there is a lot of functionality with what they already have.

Source: *www.destinationcrm.com*

Case Study 3:

The 10 Biggest CRM Mistakes:

A good CRM system is the key to identify top customers, and increase sales and visibility across the organisation. But due to certain mistakes in the CRM system, companies get fewer returns when compared to their investments on CRM practices. These mistakes are:

(1) Don't Think, Just Buy: Companies buy a CRM solution because their competitors have one and think it would differentiate their product. But they don't consider whether this solution aligns with their business goals and customer process. When companies purchase a CRM solution for wrong reason, then it is not only of any use, but also puts the business in trouble.

(2) Don't Involve the Sales Team: Companies should make their employees aware about the benefit of a CRM system, if they want their employees to use a new CRM system. Employees of different deparments perceive the CRM system differently. Companies should encourage employees from each department to participate in the decision-making process for implementation of a new CRM system.

(3) Pay no Attention to Process: According to Bob Furniss, President of Touchpoint Associates Inc., "CRM is not just a technology but also a process". Technology should adapt to company's process, but not vice versa. A company must analyse the procedures being adopted by it and find out which one is to be changed. A pilot process may be experimented before its mass application.

(4) Go it Alone: A CRM project may not be successful without support from the top management. When there is a lack of support from those in the top management, the others feel defunct, which automatically leads to the breakdown of any CRM initiative.

(5) See the Forest, not the Trees: Many times, CRM system collects a lot of data about a customer, but forgets to record some important information about that customer, for instance, his birthday. If a company's sales representative wishes a customer on his birthday before asking "How can I help you today", it will create a positive impact on the sales deal.

(6) Customers, what Customers? The prime objective of a CRM system is to serve customers in a better way. But in many cases, customers are neglected by companies. Companies mostly focus on software and forget to ask what their customers want from

the CRM system. Companies must identify their CRM goals and build strong relationships with their customers.

(7) Disdain Training: Many companies allocate little or no budget for training their employees. Training is required for employees to know about the CRM systems and be comfortable using the new system.

(8) Hold the Staffing: Sales organisations usually forget to think how a new CRM system will impact their staffing needs. Sales organisation should ask some basic questions like: CRM system's impact on call volumes, intensity of manual work during CRM implementation, will the company run two systems simultaneously till one billing system has all the complete information, etc., before implementing a new CRM system.

(9) Testing: Companies should start with a small CRM system and test it extensively in market. If there is any error found in that CRM system, then the organisation should redirect the project, without further wastage of investment.

(10) Don't Define Success: Many times companies fail to identify what they expect from a CRM system. A company must clearly define its expectations in terms of customer information across the organisation, more real-time sales information, better forecasting, or enhanced cross-selling. It should also develop a process to evaluate its progress from time to time.

Source: *www.successmtgs.com*

Summary

- **Customer Relationship Management (CRM)** has the business purpose of intelligently finding marketing, selling to and servicing customers.
- A well operative CRM system can be an extremely powerful tool for management and customer strategies.
- CRM is not just a technology, but rather a comprehensive approach to an organisation's philosophy in dealing with its customers.
- The technology requirement of a CRM include the following building blocks.

  A database for customer information

  Operational CRM requires customer agent support software

Collaborative CRM requires an interactive system.

Analytical CRM requires statistical analysis software as well as software that manages any specific marketing campaigns.

- There are following types of CRM technology and components of CRM.

  Operational CRM

  Collaborative CRM

  Analytical CRM

- In customer relationship management, customer life cycle is a term used to describe the progression of steps a customer goes through when considering, purchasing, using, and maintaining loyalty to a product or service.
- Cost of retaining old customer is always less than generating new customers.
- The retention of customers will become an easy process and the customer life cycle management will become flexible.

Review Questions

(1) Define CRM. Why it is important for an organization?

(2) What do you mean by customer life cycle? How we can analyze Customer Lifetime Value (CLV)?

(3) Cost of retaining old customer is always less than generating new one. Justify the statement with proper example.

(4) Explain customer interaction.

(5) Discuss different CRM technology components in detail.

(6) How to calculate customer Lifetime value? Explain.

ECRM:

1.13. INTRODUCTION:

In today's world a company can survive only if they can manage to keep its customers happy.

- Promising latest and top class success to customers
- Building a customer environment and using other means to maintain customer attention have now become the top priorities for any company that wants to make it big in the market.

- As technology changes, more people all over the world have started buying and selling activities over the Internet.
- As a consequence companies also have to give customers a good in easy online environment.
- The result is nothing but E-CRM.

1.14. DEFINITION:

E-CRM provides companies with a means to conduct interactive, personalized and relevant communications with customers across both electronic and traditional channels. It utilizes a complete view of the customer to make decisions about the following.

- Messaging
- Promotional offers, and
- Channel delivery.

It synchronizes communications across otherwise disjointed customer-facing systems.

It asks for the permission of the potential customer before talking to him about product or services.

It focuses on understanding how the economics of customer relationships affect the business CRM strategy along with its electronic component constitutes E-CRM.

The trust of E-CRM is not what an organization is doing on the web but how fully an organization ties its online channel back to its traditional channel or customer touch points.

1.15. NEED OF E-CRM:

(1) The CRM offerings remain channel centric not customer centric.
(2) Contemporary customers facing traditional systems.
(3) Customer centric metrics is non-existence.

(1) The CRM offerings remain channel centric rather customer centric. Host CRM offerings focus in improving the effectiveness of the individual channel that their systems support. While this is a necessary step, it does not address the fundamental question of which customers should be targeted in the channel and how much should be invoked in them. At a typical bank, the majority of customers are unprofitable.

Regardless of how efficient customer communications may be through any channel, these customers will remain unprofitable.

(2) Customer centric metrics do not exist. Most CRM offerings have weak metrics and measurement capabilities. Generally those with customer profitability, return on investment of customer interaction and lifetime value of a customer because data needed for this falls outside the reach and design of channel centric system. Instead they focus on operational metrics such as wait time on calls, the number of annoyed callers. While these metrics are important to run various channels operationally, they fail to address the question. Are we investing the right amount of resource on customers with the most value? Answering the question requires a holistic view of customer experience.

(3) Customer facing systems create new islands of non-integrated information. Contemporary customers facing traditional systems such as sales force automation and customer care often have their own data models and data stores that manage only the information that their application requires and generates. These systems rarely interact with others, as they remain isolated.

EXAMPLE :

A customer, who has ordered a product and has a question about the status of that order, rather than calling a customer service number, the customer is able to return to the web site and inquire about the order through self service, which queries the company's order processing system automatically to return the status of the order. The customer can do this whenever it is convenient, and the company saves thousands of dollars in customer service costs.

1.16. FRAMEWORK OF E-CRM:

Companies need to take firm initiatives on the E-CRM frontier to

- Optimize the value of interactive relationship

  E-CRM must address customer optimization along three dimensions. The three dimensions are:

  (a) Acquisition: increasing the number of customers

  (b) Expansion: increasing probability by encouraging customer to purchase more products and services

  (c) Retention: increasing the amount of time that customer stays.

- Enable the business to extend its personalized reach.

- Coordinate marketing initiatives across are the customer channels.
- Leverage customer information for more effective e-marketing and e-business.

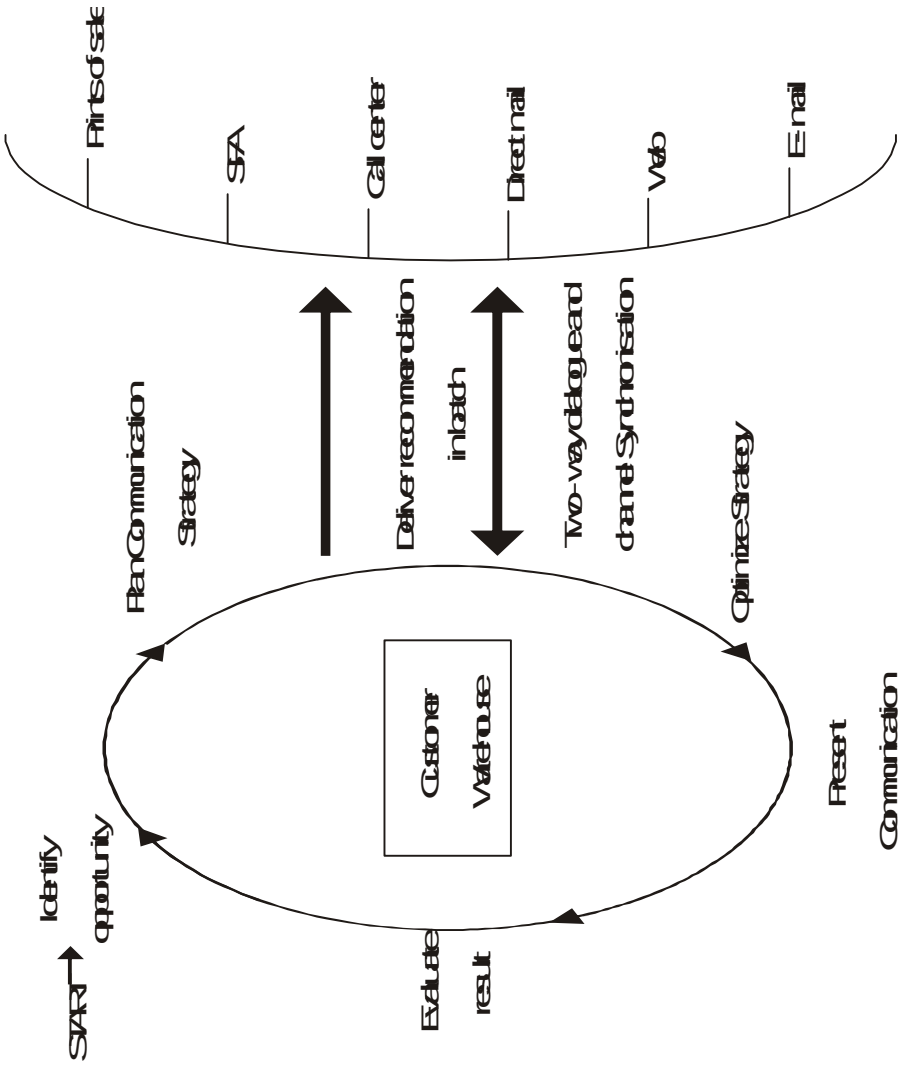

Fig 1.11

The above diagram depicts the complete framework for E-CRM. The left-hand cycle represents the set of e marketing and offline marketing functions. These functions utilize a single view of the customer, contained in the central data warehouse. The right side shows a sampling of customer channels, containing both electronic applications such as the web and personalized email as well as traditional direct mail. The one-way arrow in the middle of the schematic illustrates one-way batch outputs to the channels. The two-way arrow depicts bi-directional customer communications in real time, and the synchronization of communications across channels.

1.17. KEY FEATURES OF E-CRM:

- Driven by a data warehouse.
- Focused on consistent metrics to assess customer actions across channels.
- Built to accommodate the new market dynamics that place the customer in control.
- Structured to identify a customer's profitability and to determine effective investment allocation decisions accordingly, so that most profitable customer could be identified and retained.

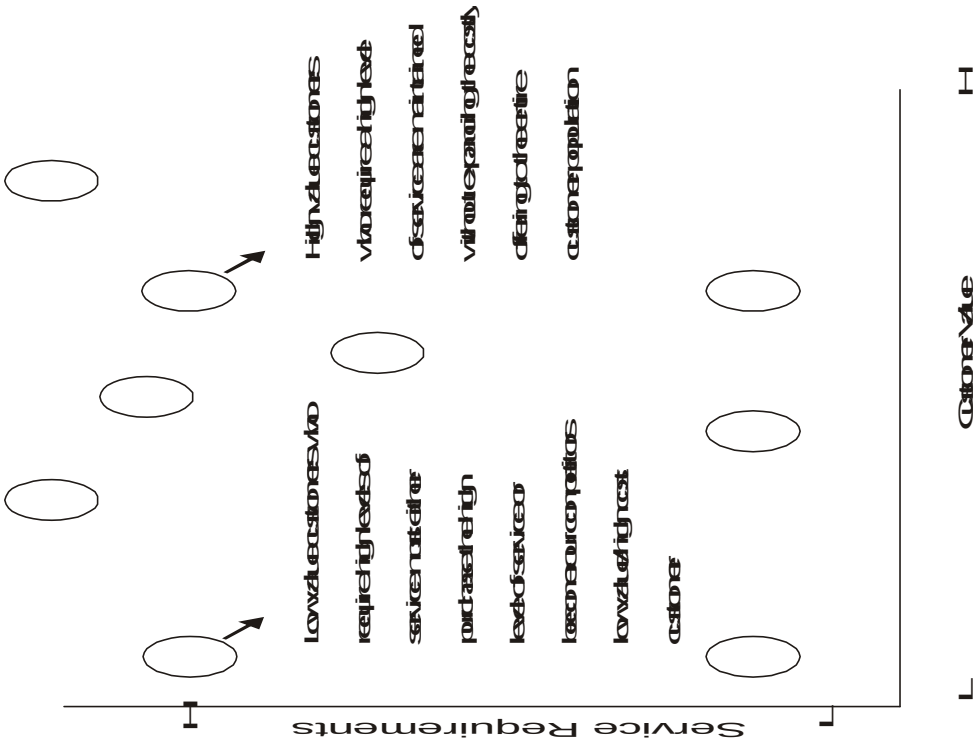

Fig. 1.12

1.18. SIX "ES" IN E-CRM:

The business types must address the six Es in E-CRM to optimize the value of relationship between companies and their customers. They are:

(1) Electronic
(2) Enterprise
(3) Empowerment
(4) Economics
(5) Evaluation
(6) External Information

(1) Electronic: New electronic channels such as the web and personalized e-messaging have become the medium for fast, interactive and economic customer communications, challenging companies to keep pace with this increased velocity.

(2) Enterprise: Through E-CRM, a company gains the means to touch and shape a customer's experience across the entire organization, reaching beyond just the bounds of marketing to sales, services and corner offices whose occupants need to understand and assess customer behaviour. It relies heavily on the construction and maintenance of a data warehouse that provides consolidated, detailed views of individual customers, cross channel customer behaviour and communications history.

(3) Empowerment: E-CRM strategies must be structured to accommodate consumers, who now have the power to decide when and how to communicate with the company and through which channel. With the ability to opt in optout; consumers decide which firms earn the privilege. In light of this new consumer empowerment, an E-CRM solution must be structured to deliver timely, pertinent, valuable information that a consumer accepts in exchange for his or her attention.

(4) Economics: Too many companies execute customer communication strategies with little effort or ability to understand the economics of customer relationships and channel delivery choices. Yet, customer economics drives smart asset allocation decisions, directing dollars and efforts as individuals are likely to provide the greatest return on customer communication initiatives.

(5) Evaluation: Understanding customer economics relies on a company's ability to attribute customer behavior to marketing programs, evaluate customer interactions along various customer touch point channels, and compare anticipated ROI (Rate of Investment) against actual returns through customer analytic reporting. Evaluation of results allows companies to continuously refine and improve efforts to optimize relationships between companies and their customers.

(6) Eternal Information: The use of consumer sanctioned external information can be employed to further understand customer needs. This information can be gained from such sources as third party information networks and web page profiler applications, under the condition that companies adhere to strict consumer opt in rules and privacy concerns.

1.19. SIMILARITIES BETWEEN CRM AND E-CRM:

As the customer relationship revolution moves on, companies are willing to find better ways in dealing with customers. CRM and E-CRM offer these opportunities to provide value added relationships. The tables below identify some of the CRM and E-CRM similarities. It is important for a company to review their business model and then choose the direction of traditional CRM or the E-CRM.

Characteristics	**CRM & E-CRM**
Objective	They make the companies closer to the customers.
Level of Interaction	They provide the best interaction between marketing, sales, service and support.
Usage	They eliminate and reduce the disconnections between customer and company relationships.
Focus	They both improve upon reality and perception of personalization.
Media	Mail, telephone or in person or the common customer touch points.

Differences between CRM & E-CRM:

Characteristics	**CRM**	**E-CRM**
• Strategy	It is a business strategy for acquiring and maintaining the right customer.	It is an extension, which includes the electronic channel also along with the traditional channel of CRM.
• Customer Touch Points	Customer touch points or contacts are through mail, telephone or in person.	Includes web enabled touch points and fully integrates with the other traditional touch points.

• Process	This is the manual process where the human beings will handle the customers and the interaction will be direct.	This is the menu-based interaction where the custom-ers will interact through the applications. This communication is indirect.
• Priority of Goals	This is Company centric mechanism where the company objectives and the growth will have highest priority.	This is customer centric mechanism where the customers and their satisfaction will have highest priority.
• Emotional Dealings	Emotional dealings will be more because the human beings handle the customers. The human frustrations or the multiple dealings at the same time can affect the customer relationship.	Emotional dealings will be less. Because the machines and the applications cannot express their emotions. The relationship will be stable.
• Nature of Transaction	Single transaction at a time. Because the human being can interact with only one customer at a time. Due to this reason the company may lose the customers because of the time delay or the frustrations or may create errors in the dealings.	Multiple transactions at the same time. Many customers can log on at the same time and can enter into the dealings with the organization without any confusion.
• Mode of Communication	Single mode communication	Multi mode communication. All the touch points are accessed and the information will go to the same data repository.

• Data Repository	Multiple data repository	Single data repository
• Man Power	Manpower requirement is more and the technical requirement is less.	Manpower requirement is very less and the technical browsers, applications, DBMS requirements will be more.
• Data Pooling	Customer data is maintained only as a history, which is not utilized as a customer intelligence base.	Customer data is used for review purpose. The data will be analyzed and the further sales pattern will be based on the existing data. The algorithms will analyze the data and the sales models will be prepared automatically.
• Constraints	The transaction is limited by time, geographical factors	The transaction can happen at any time from anywhere in any way.
• Emphasis	Emphasis on customer care and customer satisfaction.	Emphasis on integration and better customer integration.
• Return on Investment	Return on Investment is generally difficult to calculate.	Helps in calculating Return on Investment using customer lifetime value.
• Number of Campaigns	Less number of campaigns possible.	More number of campaigns possible.

1.20. COMPONENTS OF E-CRM:

(1) E-CRM Assessment: It is very important to devise numerical measures of how a company measures up in the eyes of the customers with respect to its competitors. An E-CRM capability index is devised which provides a benchmark for cross company comparison. Based on these results, a company

identifies quick hits, which can be immediately implemented to improve business processes; impact the bottom line and future enhance its understanding of its customers view of the company.

(2) E-CRM strategy alignment: Each company must identify, measures and align to the gaps that exist between customer expectation already measured in the e-CRM assessment stage and the internal capabilities that serve these customer expectations.

(3) E-CRM architecture: During this stage, the company will try and develop a CEA (Connected Enterprise Architecture) within the contest of the company's own customer relationship management strategy. The following is a set of technical e-CRM capabilities and applications that collectively and ideally comprise a full e-CRM solution.

- **Customer Analytic Software:** It should integrate with customer communications software to enable companies to transform customer findings into ROI (Return on Investment) producing initiatives.

- **Data Mining Software:** The predictive modeling it does must be tightly integrated with campaign management software to keep pace with multiple campaigns running daily or weekly.

- **Campaign Management Software:** This software tests various offers against control groups, capture promotion history for each customer and prospect and produces output for virtually any online or offline customer touch point channel.

- **Business Simulation:** It is used in conjunction with Campaign Management Software, optimizes offer, messaging and channel delivery prior to the execution of campaign and compares planned costs and ROI projections with actual result.

- **Real Time Decision Engine:** It coordinates and synchronizes communications across duplicate customer touch points system. It contains business intelligence to determine and communicate the most appropriate message offer and channel delivery in real time and support two-way dialogue with the customer.

1.21. ARCHITECTURE OF CRM:

Architecture Diagram:

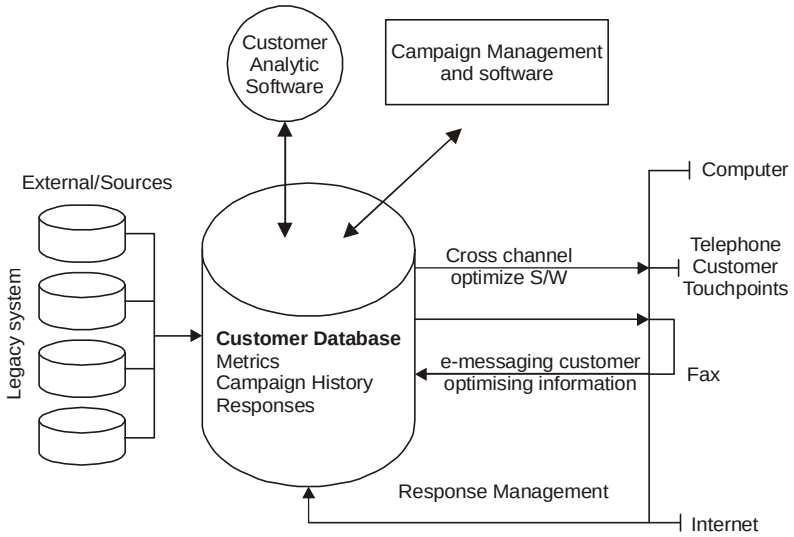

Fig 1.13

Architecture of PeopleSoft CRM:

Internet architectures are very difficult to realize in practice. Perhaps, the company that is purchasing CRM system has a long history of using SAP or has built its own internal system or has both client server and mainframe systems at multiple sites. This sort of problems can create a disaster unless there is some way of dealing with the problem, the Internet architecture can provide.

The strength of PeopleSoft architecture is elegant approach for integration using the concept of available enterprise integration points (EIPs). The idea of EIP is central to all Internet architecture. They are open, standard pieces of reusable code that provide the developers with preprogrammed means to communicate with internal systems and other PeopleSoft systems. In Sap's world, they are called Business Application Programmers Interface [BAPI]. PeopleSoft provides these EIPs through their open integration framework. OIF is a multi-featured framework that provides foundation for various interactions between systems.

It consists of the following parts:

(1) Application Messaging: This is the publish/subscribe model for communication and synchronization between one system and the other. It works with XML messages that the other systems don't have to have knowledge of. When a specified

business event occurs, the message is created and sent to any number of users who have subscribed to that message.

(2) Business Interlink: They are Internet versions of what has been called as enterprise application integration. Through the use of C, C++, or JAVA, these business interlinks are plug-ins that identify the transactions, wrap themselves around third party API and then allow data to pass to or from third party. It saves you from the trouble of trying EAI application if it works well.

(3) Component Interface API: The components are easily recognizable interfaces in the business world such as a sales order, invoice etc. The interface is the ability of architecture to recognize the document in other party's form and pass PeopleSoft data to that form. It can be done through the same languages and protocols as business interlink and CORBA and EJB.

(4) People Code Java: These are specific Java classes which provides for programmers who are interested in Java.

(5) File layout object and application engine: PeopleSoft uses application engine for large-scale batch processors. The file layout object is a metadata representation of a flat file whose data is in either an XML format or delimited by columns or delimiting characters.

(6) EDI Manager: This is useful for systems that use EDI rather than XML. When an incoming EDI transaction is recognized, it is translated to a PeopleSoft business document and then processed.

(7) Open Query: This is a tool and it allows third party applications to communicate with PeopleSoft. This is a classic representation of well functioning Internet architecture. It is mature, ready to work with the third party system and as a whole sophisticated enough for any sized enterprise.

(8) Occupied Real Estate: The pure Internet application normally rests on the server with browser as zero code clients. The web enabled content applications need downloaded applets and applications to desktop to carry out a specific function.

(9) The feel: With the browser as the client, it is easy to feel that access anywhere and anytime. Because all the functions are accessible transparently.

(10) Back-end code: While CRM is considered front office technology meaning that the applications are available to the customer and the impact of the customer, there is a back end to the front office i.e. to develop E-CRM, development tools for the web that use HTML, JAVA, JAVASCRIPT, EJB, PERL or XML are the groundwork for introducing 'e' before E-CRM.

Summary

- In today's world a company can survive only if they can manage to keep its customers happy.
- E-CRM provides companies with a means to conduct interactive, personalized and relevant communications with customers across both electronic and traditional channels.
- The Business types must address the six Es in E-CRM to optimize the value of relationship between companies and their customers. They are:
  - Electronic
  - Enterprise
  - Empowerment
  - Economics
  - Evaluation
  - External Information
- Even though they both share some traits as similarities, they are having their own different characteristics such as

  (1) Strategy

  (2) Customer Touch Points

  (3) Process

  (4) Priority of Goals

  (5) Emotional Dealings

  (6) Nature of Transaction

  (7) Mode of Communication

  (8) Data Repository

  (9) Man Power

  (10) Data Pooling

  (11) Constraints

  (12) Emphasis

  (13) ROI

  (14) Number of Campaigns

- Internet architectures are very difficult to realize in practice. Perhaps, the company that is purchasing CRM system has a long history of using SAP or has built its own internal system or has both client server and mainframe systems at multiple sites. This sort of problems can create a disaster unless there is some way of dealing with the problem, such as ECRM.

Review Questions

1) What is E-CRM? Explain its features.
2) State the similarities and differences between CRM and E-CRM.
3) Explain the architecture of E-CRM with example
4) What are the six Es in E-CRM? Explain.
5) Explain the components of E-CRM.

2

SALES FORCE AUTOMATION (SFA)

Unit Structure

2.1 Introduction
2.2. Definition
2.3. SFA - the purpose
2.4. Barrier to SFA
2.5 SFA Functionality
2.6. Sales Force Automation – The Technology
2.7. Sales Logic Data Synchronization
2.8. Characteristics desired in the Data Synchronization
2.9. Reporting Tools
2.10. Features of Seagate's Crystal Reports

Let us understand certain terms that are going to be frequently used in this chapter.

(1) Sales: The act of trying to sell a product or service. It is a subset of marketing.

(2) Potential: A person or company which might become your customer in future if you handle him properly.

(3) Lead: Information which will help you in reaching and interacting with your potential customer.

(4) Prospecting: Trying to get information about Potentials. Prospects are similar to potentials.

(5) Account: All the information regarding a potential stored in a particular format and handled by specific salesperson becomes an account.

(6) Opportunity: The possibility of getting a customer. A qualified lead becomes an opportunity. A lead qualifies if he satisfies the conditions that you think are required for him to become your customer.

2.1. INTRODUCTION:

In good old days, selling a product to a customer was enough to ensure success – if it was a good product. Now even if

the product is good, it does not guarantee sale. There are dozens of similar good products competing for market share. With the advent of the Internet to the mainstream of business, small and large companies compete to do business in the same market places. It is no coincidence that customer retention has become one of the primary focuses of sales and marketing. The sales person has to do a lot of work to acquire and retain customer in today's world.

2.2. DEFINITION:

Sales Force Automation (SFA), a candidate for father of CRM, is the answer to the salesperson's prayers. SFA is designed to help salesperson acquire and retain customers, reduce administrative time, provide robust account management, and, basically make salesperson activities something that earns them and their company money.

2.3.THE PURPOSE OF SFA:

(1) Increased Revenue: Improvement in the bottom line i.e.; money generated in business, is the first and foremost purpose for which companies implement SFA. Increase in revenue per salesperson and in the gross profits per year are the other benefits.

(2) Reduction in Cost of Sales: This refers to reduction in the amount of time that is used by salesperson in coordination of their efforts like continuous and repetitive data entry, and often unsuccessful attempts to extract and interpret data without the tools to do so. Studies have shown that sales time to fulfill administrative functions is almost half of a salesperson's activity. By reducing the time engaged in these administrative or other non-sales-related efforts, the cost of sales is reduced. This is one of the most successful results of SFA.

(3) Customer Retention due to Company, Not Product or Service: If your customers are happy, they stay with you, even if they are paying a bit more. They are ready to pay so because the level of personal service is so effective. It is not about money; it is about the relationship with the company and, often, the relationship with particular salespeople within the company. SFA's benefit is to provide you with a view of the customer that allows great salesperson or awesome company to understand the value of the individual customer through customer history and communications with the company. While never a substitute for personal interactions, SFA can provide the

intelligence and view to better plan how to actually do good things for your clients.

(4) **Sales Force Increasing Mobility**: The Internet was not exactly the panacea that we all hoped it was going to become. One of the best results of the Web as it entered the mainstream was the proliferation of the wireless world. Sales force is out of office more often than ever – meeting customers, moving through airports, and prospecting for leads with their PDA's. This is making mobility a competitive issue, requiring effective competitive mobile tools, such as the Internet and the Handhelds. Most CRM companies have established wireless components for sales such as SalesLogix, PeopleSoft and Seibel, or the wireless access to the various SFA.com portals.

(5) **Easily Available Customer Information with Single View**: Multiple departments may have an interest in viewing the status of a customer account or opportunity. Example: Sales Department wants to see the status of opportunities. The Accounting Department wants to see the state of invoicing and billing for the same accounts. The Marketing Department wants to see reports on varying degrees of success or failure of their campaigns with individual accounts.

Within each department are individuals with different roles who each have their own agendas.

(A) The Vice President of Sales wants to see all activity of sales person in the department, including their contact lists and opportunities.

(B) The Accounts Manager wants the national view of all of the sales activity around the accounts he owns.

(C) The Sales Manager wants to see opportunity progress and so on.

All this is provided for by SFA.

2.4. THE BIGGEST BARRIER TO SUCCESSFUL SFA:

(1) Salespeople must use SFA, not merely acquiesce (accept it without argument) to it or grumble about the learning curve (a representative of time involved in learning a new concept or technology).

(2) Salespeople have to see it as a tool to help them, not as a tool for "big brother" (boss) to make them accountable. If they do not enter the customer contact information and properly track

their sales process, data that management is using will be inaccurate and especially useless. Therefore, usability and a short learning curve should be important criteria to the software selection process.

(3) The real challenge for SFA is that it must convince the salesperson that it will help them to be more effective personally, do their job better, and help them make more money.

(4) It is also critical to roll out quickly to show a return on investment as fast as possible. Sales persons are skeptics and individualists. Because they will always look for excuses not to use any corporate-mandated solution, they must feel part of the process and find that the process has something to offer them, not just the organization.

2.5. SFA FUNCTIONALITY:

The difference between the different SFA packages available is nominal. The treatment of the core features tends to vary only in the following:

(a) Depth provided.

(b) Look and Feel of the Interface.

(c) Transparency to the user.

The following list is a compilation of multiple SFA applications from leading vendors.

(1) **Contact Management**: Contact Management covers the basics: name, address, phone numbers, company, title, personal and business information, activity related to the individual; attachments related to the individual, and level of the decision maker. Some CRM applications such as **Siebel Sales** are able to take this contact information and create organization charts (a diagrammatic representation of hierarchy in customer's organization with whom the salesperson has interacted or might interact in future) for sales person so they can see whom they have to deal with at what level of the customer's hierarchy. The most sophisticated versions will include contact behavior characteristics so that each behavior can be associated with templated next steps.

Example: Sales Net screen shot of contact management

First Name [ ] Middle Name [ ] Last Name [ ]

Job Title: [ ] Dept/Div: [ ]

Work Phone: [ ] Work Email: [ ]

Work Fax: [ ] Work Mobile: [ ]

Notes: [ ]

[ ]

Contact Address:

[ ]

[ ]

[ ]

Work Address1: [ ] Work Address2: [ ]

Work City: [ ] Work State/Prov: [ ]

Work Country: [ ] Owner: [ ]

Alternate Contact: [ ]

Work Pager: [ ] Work Phone2: [ ]

The other related capabilities are:

(a) Single or Mass Contact Update

(b) HTML E-mail Requests

(c) One Click Data Upload

(d) Track Update Requests

(2) Account Management: This standard feature allows the salesperson or sales manager to handle individual corporate accounts. Each account has multiple links to other information, beyond the corporate name or address, including the contacts by corporation and the postponed opportunities by corporation.

Salesnet account management allows sales teams to consolidate all company information in one place, including contacts, product purchases and communication histories, making it easier to coordinate sales campaigns. Primary sales representatives can be assigned to each account and account info can be shared across teams. In addition to the standard data fields, any number of customer fields can be added to capture specific information.

Example: Sales Net screen shot of account management

Account:		Main:	
Division:		Fax:	
Address:		Toll Free:	
City:		Misc.:	
State:		Web URL:	
Postal:		Country:	Region:
Type:	Customer	Owner:	Global
Status:	Active	Acct Manager:	

Date/Time	User	Contact	Regarding	Result	Notes	Category

The other related capabilities are:

(a) Complete Account and Contact Repository: Provide on-line, company-wide access to all account data including contact information, customer organization charts, relevant documents, partners involved in the account and more.

(b) Integrated Account History: Track and view all customer history in one place including marketing campaigns, sales opportunities, customer service cases and every interaction.

(c) Account Hierarchy: Define parent-child relationships between accounts to depict complex organizations with multiple subsidiaries.

(d) Team Account Management: Define all the people involved in managing an account along with their respective roles, executive sponsor, and dedicated support representative.

(3) Opportunity Management: It covers the specific opportunity, the company it belongs to, the sales person or the team that is working on it, the assignment of revenue credits; if there is a sales team, the potential for the closing of their particular opportunity, the final result for their opportunity, the stage of the sales process this opportunity is in and the potential closing date.

Competitive Information included is

- Who is specifically competing for the opportunity?
- How big the threat is?
- A competitive Product Matrix i.e. comparison of your product service with that of your competitor.
- What the weights of different issues are to the customer i.e. how much importance that the customer give to different criteria like on time delivery, quality, price etc. If a salesperson knows that quality is the most important criteria for the potential customer to whom he is talking to then he can insist on that feature of his company in his sales talk.

Opportunity Management is the fundamental part of a CRM that turns contacts to cash. It brings together all the elements required to sell: contact, accounts, sales-person, product offered and selling activities. Sales reporting, pipelines and forecasts are an extension of opportunity management as they measure the expected and the actual results.

Example: Sales Net screen shot of opportunity management:

Opportunity: Abbott World-Wide Phase-1

Source: Trade Show

Account: Abbot World-Wide Source Date: 2/2/1997

Account Mngr: Barrel. Pan Type: Product

Cycle: Complex

Potential: $4,104,000.00 Status: Open

Closed

Probability: 100% Reason:

Actual Amt: $0.00 Date Opened:

Estimated Close: Days Open:

Products

Name	Identifier	Family	Group	Qty	Unit	Unit Price
		H/W	Laptop			
		S/W	Microsoft Interact			

(4) Lead Management:

(a) Ensures no leads are dropped.

(b) Improves responsibilities to prospect inquiries.

(c) Standardizes lead qualification best practices. This module allows you to identify and adapt the best industrial standards for accepting or rejecting a lead.

(d) Increases lead conversion rates i.e. helps in getting more customers from the database of leads.

(e) Built different lead management processes for different groups.

The other related capabilities are:

- Online Lead Capture.
- Import wizards.
- Automatic Lead routing.
- Lead Tracking.
- Lead Qualification.
- Lead Conversion.

(5) Pipe-Line Management: A typical sales process sequence could be as follows:

(a) Prospecting (searching for information about potential customers).

(b) Potential Lead (getting information about potential customer).

(c) Qualification.

(d) Opportunity.

(e) Building Vision (Adopting a strategy to win the opportunity).

(f) Short List (getting short listed in the opportunity's list of whom to select).

(g) Negotiation.

(h) Closed: Won or Lost.

Pipe-Line Management consolidates all of the current activities from all active deals to get a clear understanding of where and how much business is in the sales funnel.

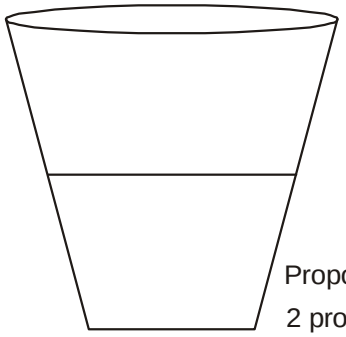

Fig. 2.1

(6) Proposal Management: It is not found in many vendor modules. It is a way of coordinating and tracking existing proposals. It normally has a work flow that is determined by who is responsible for what part of the proposal. Additionally it can control the effective computation of the proposal by guiding the stages of evolution of the parts of the proposal.

(7) Quote Generation: A simple tool for generating quotes for customers. Usually it uses information on pricing in the product catalog that is available with the SFA application and has been customized for individual company offering.

Quotations and Orders: Customizing the system to be able to automate that order/quote generation is not a small matter. It involves the following steps:

(a) Product Catalog covering physical inventory or services offered has to be created.

(b) All the services, products and combinations of services and/or products have to be entered into a catalog given an appropriate SKU or other identifying number and associated with a base price.

(c) Then a pricing schedule that allows for special discounts, volume discounts, timed discounts and such has to be created based on some customer. Some types of discount are:

Special Discounts: Discounts given for special clients or given during specific occasions.

Volume Discounts: If the ordered quantity is more, then discount is given.

Timed Discounts: In order to cover more future sales, discounts are given at appropriate time.

(8) Order Tracking: This feature tracks the status of the invoice and the product delivery. This is attached to the back office financial functions.Volvo; the global automaker allows its customers to track their order by logging onto the internet.

(9) Sales Quota Management: It allows the sales manager to see how the individual sales person is doing relative to their quotes within some defined time segment.

(10) Territory Management: It assumes significance when a new person takes over an existing territory or a territory can be redistributed and re-divided. When John is allotted South Mumbai and wants to swap places with James who is handling central Mumbai then this feature helps. Some Software vendors provide a drag and drop facility to swap territories among salesperson. There is pictorial metaphor of a tree with different salesperson's names hanging as fruits on the tree. By just swapping the positions of two fruits the entire account information in the backend gets interchanged. Indeed a very amazing capability.

(11) Commission Management: It calculates the commission for sales person. It assumes significance when sales people share opportunities.

2.6. SALES FORCE AUTOMATION: THE TECHNOLOGY

What makes SFA powerful is not just the functionality, but also the combination of the functionality and the flexibility of the technology. One of the most significant technologies is "data synchronization".

Data Synchronization: It is the process of updating information among unconnected computers: - laptop, mobile or desktop. Each synchronized system gets data that conforms with the data on any other disparate system. Synchronization is more important today because:

(1) Salespeople are spending more time out of the office with customer and prospects and are telecommuting.

(2) As products become more complex and technical so the need to share information grows.

(3) Field salesperson can leverage this information to close sales faster and managers can access information input in the field.

Data Synchronization process takes up a fare amount of network infrastructure bandwidth and it actively involves a lot of corporate information system.

2.7. SALESLOGIX DATA SYNCHRONIZATION:

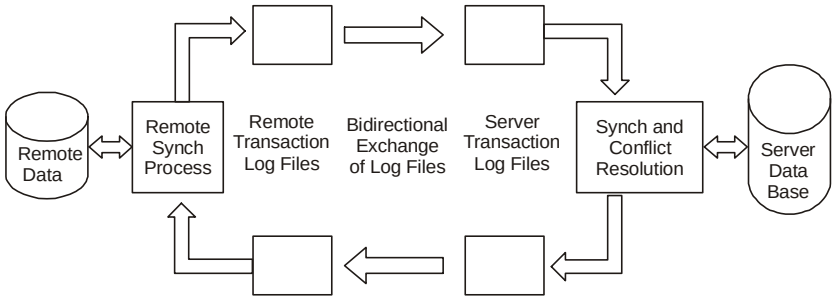

Fig. 2.2

The following steps are involved in data synchronization:

(1) Remote Database are created for mobile salesperson and branch offices which is a relevant subset of the corporate database.

(2) During the connection, log files are exchanged that contains new information to be updated in the respective databases.

(3) After the connection is complete, new data is applied to each database so that each database has up-to-date information.

Let us consider three different salespersons James, John and Joseph who are located in North America, Latin America and Sydney at any given time on a working day. Each one of them is pursuing a different opportunity. While James might be sitting right in front of the opportunity (say CEO of the customer company), John might be in a restaurant while Joseph might be at a trade show. James will be using the opportunity management module to increase his sales pitch, while John might be trying to update account information. Joseph in Sydney might have got some information about leads in the trade show and might be interested in entering that data in lead management module. All this can happen simultaneously with data synchronization and Ms. Mary heading the sales team will be able to view all these activities sitting in the corporate head office in New York.

2.8. CHARACTERISTICS DESIRED IN THE DATA SYNCHRONIZATION:

(1) **Flexibility**: A synchronization system should be capable of supporting large scale field implementations with potentially

hundreds of users, even if your remote sales force is currently small.

(2) Performance: High performance synchronization requires powerful database capabilities. The synchronization system should take advantage of standard SQL database technology and should support the database standards of your company. The synchronization engine must be database independent to allow different database systems to reside on remote and host systems.

2.9. REPORTING TOOLS:

Reporting is the creation of customized onscreen or printed views that provide the viewer/ reader with the information specifically in the form which they want and with the content they want. For example, The Vice President of Sales wants to see all activities of sales person in the department, the Accounts Manager wants the national view of all the sales activity around the accounts he owns, the Sales Manager wants to see opportunity progress and so on.

Many of the reporting tools embedded in SFA applications are third party tools i.e. from different vendors. The most popular is Seagate's Crystal Reports which has 160 original equipment manufacturer (OEM) deals. These deals embed the software into other software that is marketed with Crystal Reports as its marketing tools.

2.10. FEATURES OF SEAGATE'S CRYSTAL REPORTS

(1) It has a strong processing engine that is newly web optimized. It can be used for E-CRM.

(2) It uses dynamic data sources to generate reports by passing the report as it is generating to the client's browser page by page, not report by report.

(3) Reports can be generated in JAVA.

(4) Crystal Report 8.0 uses DHTML to show the reports in real time.

(5) Reports can be put together in an adhoc basis that can be dynamically altered. For example: You can view the sales figures for the year, quarter, or month by customer, salesperson or profitability – all by simple drag-n-drop operations.

Summary

- Sales Force Automation (SFA) is designed to help salespersons to procure sales for their company.
- Purposes of SFA are to increase revenue, reduce selling cost, retaining customers, increasing mobility etc.
- SFA applications are mainly in the fields of contact management, accounts management, opportunity management, lead management etc.
- Data Synchronization is one of the most significant technologies.

Review Questions

1) What are the different barriers to successful Sales Force Automation?
2) Explain some of core functionality of sales force Automation.
3) Discuss the importance of reporting tools with reference to Sales force Automation.
4) Discuss the importance of Reporting tools with reference to sales force automation.
5) What are the different barriers to successful Sales force Automation?
6) Discuss data synchronization process for SFA. Why a flexible technology is required?
7) Define data synchronization.

3

ENTERPRISE MARKETING AUTOMATION (EMA)

Unit Structure

3.1. Introduction
3.2. Interruption Marketing
3.3. Permission Marketing
3.4. Features offered by EMA
3.5. Components of EMA
3.6. Opt-In, Opt-Out
3.7. Campaign Planning and Management
3.8. Case Study – Indian Airlines
3.9. Business Analytic Tools
3.10. Using CRM for Campaign planning and development
3.11. EMA Components
3.12. Segmentation
3.13. Personalization
3.14. Personalization and Privacy

3.1. INTRODUCTION:

Companies market themselves. In small companies, the level of marketing that goes on can be as simple as a printed brochure and a website. Even the smallest companies are creating static websites that operate as online brochures for their wares.

As companies grow in size, companies use direct mail, email, promotions, interactive voice response, newsletter, contests, events and other customer "**touch points**" (point of interaction of a customer with a company is called as touch point) to market their products.

Indirect marketing campaigns, such as advertising in the print media or TV and radio, reach traditional mass markets. This is followed by branding. Companies work with agencies to establish more recognition through public relations, media, and advertising and this effort is called as branding. Companies also run marketing campaigns to increase their sales in a defined time period. Can you people remember the advertisement from a popular retailer which says that "between the 20th of December to 31st of December when you buy one shirt you get another free with it". This is called

as **marketing campaign** which offers an incentive to the customer for shopping within a time period for certain items. The company hopes to drastically increase its sale in this time period.

Historically, the results of such campaigns has not been very encouraging and the return on investment for any of the traditional marketing campaign is not clear because

- The data collection is sketchy
- The turnaround (i.e. effect)is slow
- Much of the analysis and the follow-on marketing campaign modifications are ad-hoc(temporary).

If there is a method to track all marketing campaign efforts then the company will be able to make a more focused attempt in convincing customers. This is possible through EMA-also known as e-marketing. It uses Web-based applications and the Internet to improve the effectiveness of traditional marketing. It creates new methods of marketing and campaign management using the web and information technology to craft finely tuned successful efforts. The next few sections take you through the basics of modern day marketing efforts.

3.2. INTERRUPTION MARKETING:

When you stop your potential, catch them off guard and try to give information about your product or service, it is called interruption marketing.

Interruption Marketing involves the following:

(1) Pop-up windows-promotions that crop across your window when you are browsing.

(2) Pop-under windows-promotions that crop up when you close a window after browsing.

(3) Unsolicited e-mails/windows.

Interruption Marketing worked well in the television era where you had four or five major channels with more than 200 million people watching shows. Commercials and advertisements were timed to be pretty much roughly at the same time and the same breaks during each network's programming so that people cannot avoid watching the advertisements.

But this is the era of internet. With growing number of internet users it is time to look at another type of marketing – **permission marketing.**

3.3. PERMISSION MARKETING:

Permission Marketing is asking the permission of the customer to “speak” to him/her about the company’s products or services and at the same time provides consideration for his/her acquiescence(convenience).

Mr. Godin identifies it as “dating your customers” and defines it as a 5 step process:

(1) Offer the prospect an incentive to volunteer to receive your email or other marketing media. Example: When a person XYZ is interested in getting a CRM whitepaper for free from a commercial CRM site then he might opt in(see later topic) to receive information about the CRM software products that the company is selling.

(2) Using the attention offered by the prospect, offer a curriculum over time, teaching the consumer about your product or service. Example: The company starts sending e-mail to the customer about the CRM products.

(3) Reinforce the incentive to guarantee that the prospect maintains the permission. Example: The company offers a free registration to an online CRM weekly to the person XYZ.

(4) Offer additional incentives to get even more permission from the consumer. Example: The company might invite the person for a workshop on CRM products.

(5) Over time, leverage the permission to change consumer behaviour towards profits. Example: The person might end up buying the CRM product from the company for his business.

This is a relationship, pure and simple. By the end of the initial cycle, the prospective customer, having been through the 5 steps, will know your product, your company, and you. He or she can be convinced to become an actual customer who will remain loyal by using this step by step process.

3.4. FEATURES OFFERED BY EMA:

(1) EMA enhances the courtship through an intoxicating mixture of e-mail, e-fax, the Web, the telephone, and other technology tools.

(2) It intensifies the experience for the prospective customer when personalized or segmented customer preferences are

determined by use of analytical tools. These tools define customer segments that are appropriate to your business and can help evaluate the successes and failures of e-marketing campaigns in near real time so that significant adjustments to the incentives and direction to be taken can be made quickly.

(3) All trial and tribulations are monitored and adjusted continuously.

(4) EMA philosophically propagates permission marketing.

(5) EMA software packages come from companies Epiphany & Unica. The typical cost of a full blown EMA implementation is in the vicinity of $60000 to $1 million.

(6) EMA has the analytic engines that are necessary to identify and personalize campaigns with millions of stored customer data records to slice and dice.

3.5. COMPONENTS OF EMA:

EMA is the technology of end-to-end marketing. Its core component is campaign management. The “e” component of campaign management is the provision of a single view of the customer to the entire enterprise and those with responsibility for that customer, which are all available with a browser. Most e-marketing toolsets, like those of Siebel or Unica, are focused on a suit of products that provide the following:

(a) **Customer Intelligence:** Information about customer like his preferred choice of communication e-mail or phone etc which will be useful for planning and executing a campaign.

(b) **Extraction & Analysis of the Intelligence:** From a heap of data useful information has to be mined out.

(c) Campaign definition & planning based on the data analysis.

(d) **Campaign launch:** Starting the campaign

(e) **Campaign monitoring tools that handle lead generation:** As the marketing campaign progresses the system will get contact information about potential customers. These potential customers are called as leads. The monitoring tools should be capable of handling this process of managing information collected about leads.

(f) Response management – see later

(g) **Workflow so that there is a uniform customer view across the enterprise:** The whole process should be centrally streamlined so that at a given point of time there is only one set of information about a customer.

Embedded in most e-marketing software from many of the major players such as Siebel, Unica is the process identified as the permission marketing mantra**, "opt-in, opt-out".**

3.6. OPT-IN, OPT-OUT:

Opt-In:

You might have visited a website and entered a contest, downloaded a free book or whitepaper, or played game.

When you fill out an online form at this website with your vital statistics, often at bottom of form there are checkboxes that ask you whether you would like to receive further information or an e-mail update on the product. This is "opting-in".

Opt-in e-marketing has two functions: **intelligence** and **engagement**.

The first stage, even prior to clicking your mouse on the checkbox, is the forms you fill out with information about yourself. This information is stored along with your website activity, which is monitored as you meander your way through the site. After the form is filled out, at the point that you've clicked or unclick on the checkboxes, you are engaged.

Opt-Out:

There is also an opt-out variation – the checkbox is already checked and you have to uncheck it to opt out of the newsletter update or further information. This is "opt-out". Opt-in principle is more favourable than the Opt-out principle.

Example: Who are you more responsive to? An unsolicited email that says "If you do not want to receive any more mailings from us, please type remove in the subject line and reply to this email" (opt-out) or a registration form on a site that asks you to accept emails in return for entry into a contest for $15000 (opt-in). Results are clearly in favour of opt-in as shown below:

(1) Traditional banner ad click through rates is 0.5%
(2) Traditional interruption mail is 1% and at most 2%
(3) Click through rates for opt-in email is 7% – 10%

(Click through means how many percentage of people who actually see a banner, interruption mail or opt-in email, click in and see or read further).

Using available EMA technologies, opt-in campaigns or all marketing campaigns are honed, sharpened and thrust into a segmented market place so that the level of success is potentially

much greater. EMA provides the templates and tools for planning, executing and analyzing these campaigns in real time behaviour or milestones- such as the opening of a new account.

3.7. CAMPAIGN PLANNING & MANAGEMENT:

(1) E-marketing's great strength is campaign management – the creation of personalized marketing efforts that not only engage the customer or prospect, but also engage the entire enterprise in the effort to provide a single view of the activity to any department or segment of the company.

(2) The campaign management features of the technology are end-to-end. They plan and monitor all activity including:

(a) Identification of the prospect

(b) Generation of the lead

(c) Prospect and customer information capture

(d) Lead qualification

(e) Distribution of leads to appropriate segments

(f) Campaign planning

(g) Campaign execution (promotions, events planning)

(h) Response management

(i) Refinement-changes in campaign

(j) Channel Management (joint marketing campaigns)

(3) The difference between EMA campaign methods and traditional marketing methods lies in the use of Internet.

(4) EMA uses the internet to capture, extract, and analyze information about each customer and each market segment.

(5) It gives you the design tools to plan, execute, monitor, and refine your marketing campaigns to the level of the individual within the market segment.

(6) EMA tools also provide a consistent, continuous representation of a value proposition across multiple channels.

(7) The fields, call center, the Web, the internal departments all see a single view of the customer due to the tight integration between the front office – the customer-facing part of the enterprise – and the back office which controls functions such as human resources and finances.

(8) EMA workflow allows all parties to see exactly what they are permitted to see in all marketing campaigns as they evolve.

(9) No one is left out of the loop, and no department is slighted in the process. So mistakes are minimized.

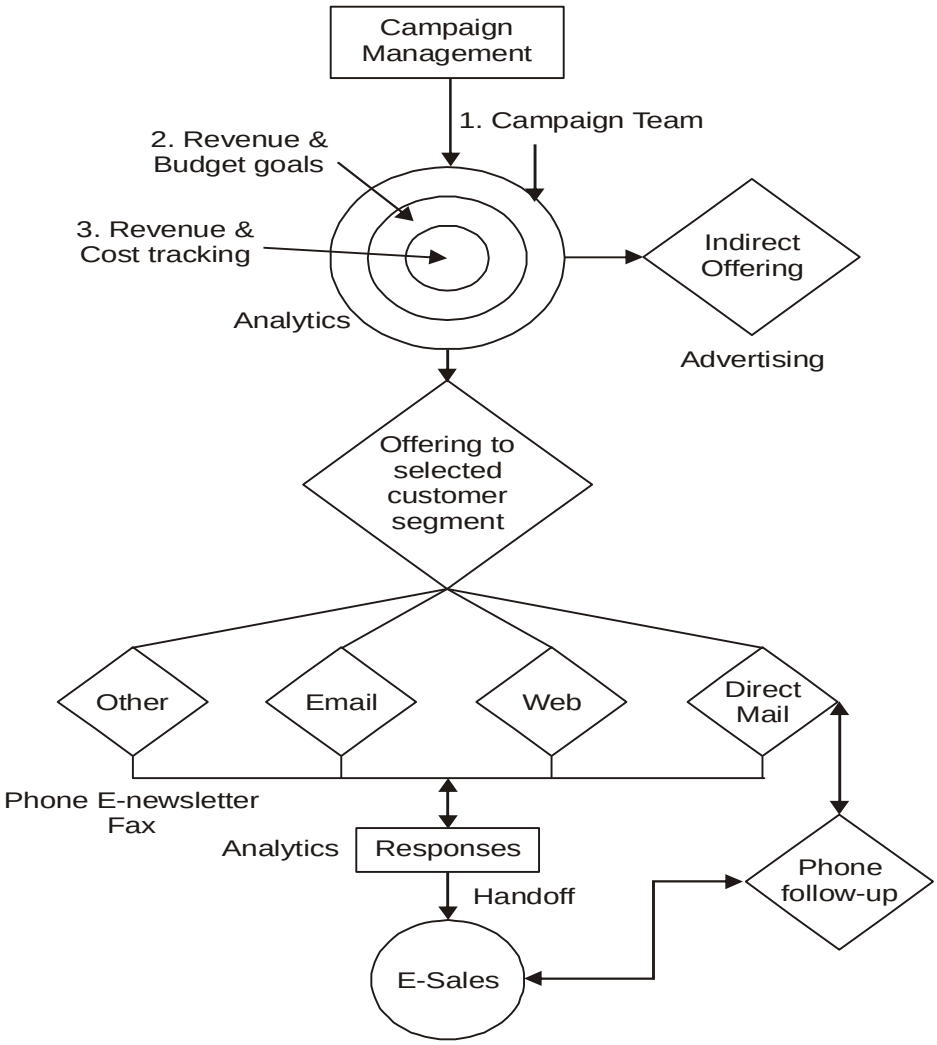

Fig. 3.1 – A campaign created with EMA tools

3.8. CASE STUDY

Indian Airlines:

Indian Airlines sent a letter to Mr. Sankar that is as follows:

Dear Mr. Sankar,

During the past year, you purchased and flew our service departing from Mumbai airport and we appreciate your business. To thank you, we would like to give you an opportunity to earn free travel and save on United.

To receive additional offers, join the Mileage Plus Email list by going to http://email.mileageplus.com.

To send this letter Indian Airlines had to determine the following information about Mr. Sankar:

(1) He was a customer.

(2) He had flew on Indian Airlines within last year.

(3) He was a mileage plus member (name of the loyalty program).

(4) He flew frequently enough to merit the letter.

(5) He flew frequently from Mumbai Airport.

Once this was done, they:

- Identified him with a particular promotion (marketing campaign) that they thought would appeal him
- Decided on the engagement media that IA thought would capture his attention.
- Using Opt-In principle, asked Mr. Sankar for his permission. (when they asked him to go to a URL)

In perfect world, customer data repository exists, the analytic tools have one place to go to extract information, and the information has reporting tools that provide clearly readable reports with the thoroughly dissected data. But in real world this thing is not in place. Hence to draft the above letter IA should have collected information from discreet sources. There are many systems in place like ERP system, data warehouse, Web based customer surveys and registration materials, email information, faxes, direct mail responses, and input data from the SFA application.

The analytic tools have to capture all information from sources, deposit it, extract the critical pieces, segment them, analyze them based on templates or customized criteria, and present them in reportable and usable format. From this e-marketing campaign is born.

3.9. BUSINESS ANALYTIC TOOLS:

Customer Touch points are either active or interactive nodes of customer communication. They are areas of customer interaction that are considered central to the success of any marketing effort. Business analytic tools help in making this interactions more meaningful and effective.

Example: Siebel eMarketing provides extensive pre-built market, customer, product, and geographical analysis which will allow a company to better manage it’s customer interaction.

Good analytic tools have following characteristics:

(1) Good analytic software can not only reduce the cost of customer acquisition via targeted and segmented results, but also can identify those customers who are potentially going to take their business to your competitors.

(2) These tools have to be **scalable** since the tools often shift through millions of customer transactions of varying sorts.

(3) They have to be **rich** so they can provide measurements and customization of the metrics used for measurement.

(4) They have to be supported with clear and distinct reporting tools that provide you with the information you need to utilize the data it creates in a readable, understandable format.

(5) They also have to be fast, since they are dealing with millions of transactions from multiple sources in the course of Internet time.

(6) The tools interpret in-depth profiles of customers who are accessing websites, responding to emails, answering direct mail campaigns and accessing what is called “customer touch points”.

(7) EMA analysis provides in-depth profiling information on customer preferences, buying behaviour, revenue, profitability and purchasing frequency.

Successful analytic tools give companies, the view of data that lets them interpret, identify and capitalize on emerging trends in key markets and focus their marketing and sales efforts on the high yielding market segments. The final result is personalized customer information.

Epiphany’s E.6 EMA analytics applications do the following:

(1) Analyze bookings, billings and backlog information. This means revenue can be segmented by customized sets of criteria, which could be geographical or by industry segment.

(2) Leverage data from other CRM and SFA applications to improve sales forecasts, measure sales process metrics and identify areas of sales focus.

(3) Evaluate e-commerce purchasing patterns and website effectiveness. This allows the user to identify how successful their e-commerce initiative is.

(4) Monitor the effectiveness of your customer service agents and systems, such as the average cost and time to service requests

and the profitability and effectiveness of individual call center representatives.

(5) Analyze your customer base for a clear understanding of customer preferences, buying behaviour, loyalty and profitability.

(6) Develop customer segments based on profitability and lifetime customer value, and link these to international, national and regional marketing programs.

(7) Measure the effectiveness of indirect channel partners and programs, including distribution of sales, inventory trends, distributors' profit margins, distributors' sales by product line and channel backlog trends.

Epiphany developed a technology to extract data from multiple sources regardless of platform in near real time, allowing for extraordinarily fine-tuned marketing analysis and segmentation.

3.10. ADVANTAGES OF USING CRM FOR CAMPAIGN PLANNING AND DEVELOPMENT:

(i) Much of the process is similar to traditional marketing, but makes use of new media such as email and web to make it interesting.

(ii) Interactivity, instant gratification (Example: rather that waiting 6 to 12 weeks for a rebate)

(iii) Provides little work to the consumer.

3.11. EMA COMPONENTS:

The components of EMA Engine are:

(1) Promotions

(2) Events

(3) Loyalty and retention programs

(4) Partner and channel management

(5) Response management

(1) **Promotions**: Activities carried out by business to boost the sales of their products or services are called as promotions. Web integrated marketing provides the same marketing goodies that consumers have always been interested in: promotions, sweepstakes, contests, giveaways, cross-selling of products, up-selling of products, and discount coupons.

Cross Selling:

(i) The strategy of pushing new products to current customers based on their past purchases.

(ii) Cross-selling is designed to widen the customer's reliance on the company and decrease the likelihood of the customer switching to a competitor.

(iii) Cross-selling is often a natural process - if you are selling a skirt, for example, you might offer a belt that matches it. If you run a motorbike hire shop, you might try to sell waterproof clothing to customers renting bikes in the winter.

(iv) Cross-selling involves five fundamentals:

(a) Knowing your products

(b) knowing your customers

(c) Asking questions and listen for clues, Assessing customers' needs and propose only appropriate products, and

(d) Treating the sale as a suggestion, that way client will feel comfortable about volunteering the information and it is easy for the customer to accept the offer.

Up-Selling:

Fortunately, most businesses have the potential to increase sales simply by selling *more* to their existing customers.

When you attempt to sell additional products and services to members of your business's current customer base, you are applying a growth technique known as the up-sell.

The rationale behind implementing the up-sell is based on both cost savings and marketing efficiency factors.

It is absolutely essential that your business develop appropriate backend up-sell products and services.

Not only is up-sell marketing less costly, but each rupee spent to remarket to existing customers tends to generate far more additional sales rupees from this up-sell marketing than corresponding marketing rupees spent in the initial sales and marketing efforts.

If your business can effectively reach its existing customer base, it will have the advantage of marketing to those who already know and like your business and its products and services, your business's existing customers are aware that your business can meet their needs and wants, and within a cost structure they accept.

The following are four major ways to up-sell your existing customers.

(a) Sell more of what your customers are already buying: For example, sell other music CDs featuring your customers' favorite recording artists, or send your customers a newsletter announcing new releases.

(b) Sell complementary products and services: For example, when a customer buys a music CD, you could offer them a CD carrying case or a storage tower.

(c) Introduce non-complementary products and services: For example, a customer who typically buys music CDs can be introduced to videotapes and DVDs that provide access to the latest in recorded movies.

(d) Offer new products and services that your business has added: For example, if your media business adds media equipment, such as CD, video and/or DVD players, these can also be offered to existing customers.

Some other promotions used by companies are selling at lower cost. Loss leaders are still a lure. They are those business companies who are leaders in their respective fields by selling their products at under costs (loss). Buy.com has a model that calls for selling products for 5% under cost to lure a customer base. Their calculations is that they will gain long-term customer value through repeat customers over time and that the loyal customer base due to the other things (excellent service and promotions) will stay loyal despite price increase later on. They are also advocates of permission marketing and marketing e-tools to monitor their sales deals.

(2) Events: Various vendors have developed robust EMA event management tools for capturing customer information through event registration and online interaction. Web is the preferred e-marketing delivery mechanism. More interesting is "webinars"- seminars conducted over Web. It works as follows:

(a) The newsletter is sent in plain text format each week to your email address after you have given permission for it by signing on *http://www.crmguru.com.*

(b) Within the letter are embedded URLs for locations on the Web where you can register for a webcast on some future date.

(c) A web-based registration form is filled, an email reminder is sent some time before the webcast.

(d) Make sure that you have proper tools – streaming video plug – in such as Real Player or Windows Media Player or a proprietary player that you download and install at the webcast site and you can watch either recorded or live webinars.

(e) In meantime, the sponsoring company has captured a qualified prospect- you!!!

(f) The site and newsletter also provides opt-in service.

Other registration and lead management features provided by most of EMA vendors include:

(a) Registration page with opt-in.

(b) Unsubscribe (opt-out) capabilities.

(c) User controlled profile management.

(d) Lead follow-up from tradeshows and similar venues.

(e) Campaigns on tradeshow floor.

(f) User group registration and follow up.

(3) Loyalty and Retention programs: When a customer keeps buying products or services from a particular company over a period of time, he is said to be loyal to the company. Customer loyalty is much more difficult to maintain when all it takes is a different URL and a click or two to switch brands. Customers are constantly bombarded by the next great deal, and access to that deal no longer involves even a phone call or protracted arguments. Historically we can trace the advent of customer loyalty as follows:

(a) Baby Boomers (People born in America between 1940-1960) and their children are used to easy acquisition of cheap thrills and expensive goods, with sensate gratification easily obtained in a booming economy.

(b) The 1980s were the era of free-spending Yuppies, and while they may not spend so freely and more, they have little sense of commitment to anything that's on the market. Even if the product is good, there is going to be a better new generation, something less expensive of the same caliber or simply something cooler very soon.

EMA applications build in those small, personalized touches that engender loyalty and retain customers.

Example: Unica's Affinium Campaign Management has the following:

(1) Birthday Greetings.

(2) Holiday & special occasion reminders.

(3) Delivery of gift ideas.

(4) Welcome programs.

(5) Points-based programs.

(6) Win-back programs for inactive customers.

Some other techniques to increase loyalty of customers are:

- Create a psychological bond with the customer.
- Create service – oriented, customer centric culture.
- Empower employees to serve.
- Reward customer loyalty.
- Beg for customer feedback.
- Deliver on your promises.
- Anticipate change in customer needs.

Exhibit 1: Cogito consulting uses a tool called brand relationship style monitor to measure the nature and intensity of customer brand relationship.32 brands were covered in the pilot study conducted by the group in Mumbai and Delhi. Customer brand relationship can be of five types:

(a) The **price based customers** are extremely price sensitive and they can switch brands very easily. Though customers in price based style can be easily acquired, their loyalties are usually suspect.

(b) The **follow the leader** are customers who are influenced by brand stature and image; they don't know too much about the product category, so play it safe by sticking with the leading brand in the category.

(c) In **reliant** style, trust is the basis of this relationship though emotions are still not involved.

(d) **Caring** relationships are defined by comfort, brand recognition and satisfaction.

(e) In **Perfect fit** relationships brand loyalty is strongest.

The following two tables gives the result of the study for one product (CTVs) and one service (Bank) categories. The challenge in India for these brands is clear; build up customer relationships so

that they climb the ladder to more retention led styles like reliant and caring. This has to be done by designing appropriate loyalty programs. It is very clear that the loyalty programs of ICICI Bank have been more far reaching and effective.

COLOUR TVs: relationship styles				
All Brands		**LG**	**SAMSUNG**	**ONIDA**
31%	Perfect Fit	103	95	102
9%	Caring	102	76	102
9%	Reliant	55	122	72
19%	Follow the leader	88	105	56
31%	Price based	117	102	134
100%				

COLOUR TVs: relationship styles				
All Brands		**IDBI Bank**	**ICICI Bank**	**HDFC Bank**
31%	Perfect Fit	107	125	112
9%	Caring	105	115	81
9%	Reliant	49	110	47
19%	Follow the leader	83	94	109
31%	Price based	117	72	103
100%				

(4) Partner and Channel Management: Partner Relationship Management (PRM). Simplified versions of PRM are embedded into many EMA applications. It involves the effective management of all the responses that are collected as a part of a company. These include features that incorporate targeted, joint marketing programs to promote both your business and your partners. Some features are:

- Cross-sell of a company's complementary products.
- Promotion of new versions or upgrades of a company's products.
- Joint promotions with partners or affiliates.

(5) Response Management: During campaigns, you have many responses; many leads have been handed off to sales. You also have series of on-line surveys. So you have a lot of data to handle. How does your e-marketing suite handle response management so you can analyze data?

Traditional response management is tedious, even with the use of computers. The time it takes for response gathering,

analysis, and refinement is lengthy and costly, often unsuccessful.

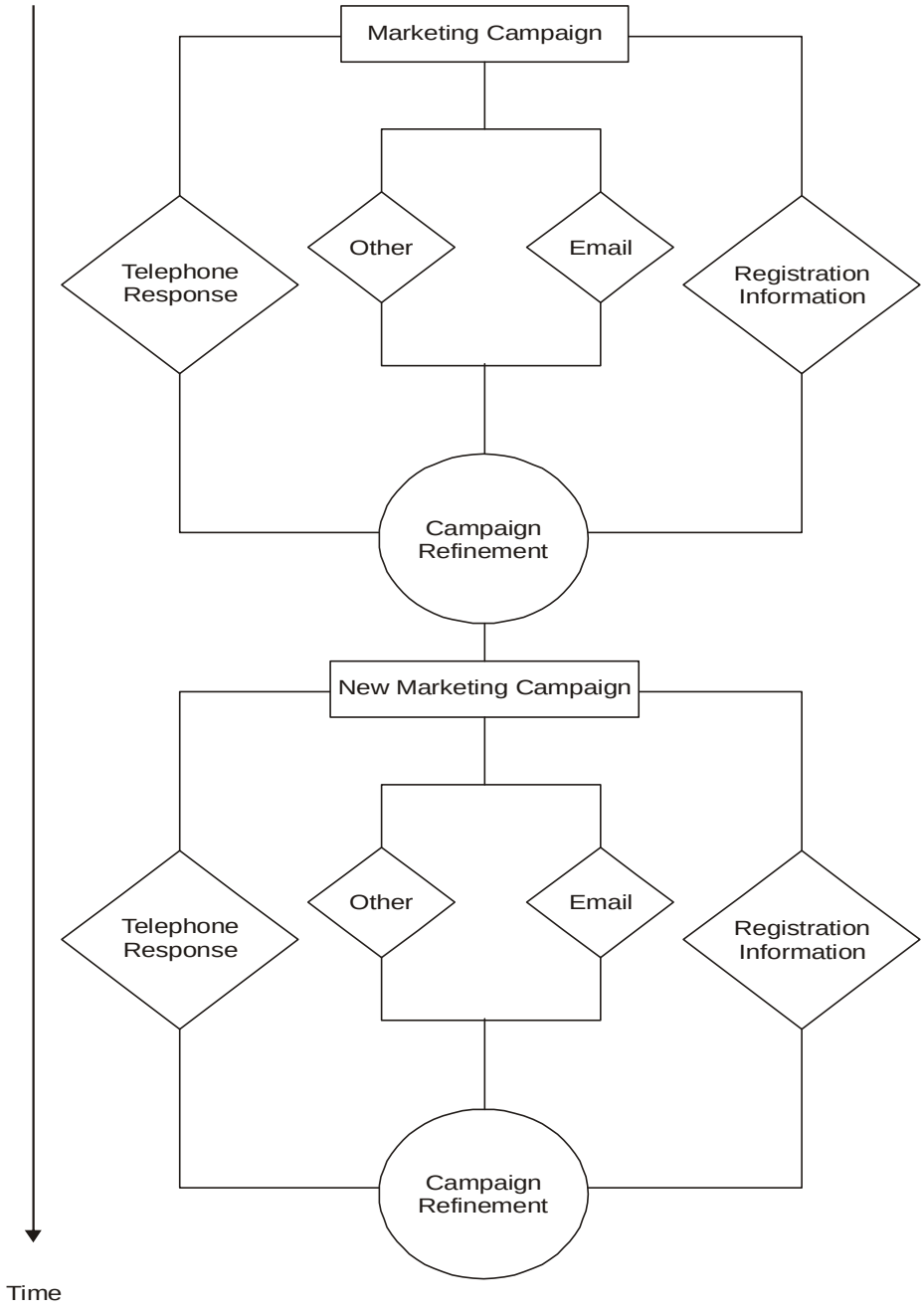

Fig. 3.2 – Traditional Response Management

You have to gather the responses from multiple sources manually and enter into the database. You must store the information somewhere and do the analysis. After the analysis, you need to work through plans to revamp the next campaign, since the response gathering was often completed after the campaign was completed.

This is where EMA shines. Using the Internet as a tool that works in real time, **"closed-loop feedback**" has been integrated into the e-marketing toolbox.

(1) Closed-loop feedback is the nucleus of Internet-based response management. It is response management in real time.

(2) It is the use of internet and the tools to compile, extract, and analyze information while the campaigns are in progress.

(3) It is the augmentation of those campaigns in midstream and the continuous repetition of that development. Value addition happens to the campaign mid way though its implementation and this keeps happening.

(4) In other words, information is generating new activity that is generating new information. For example, as a part of an incentive offered in an e-campaign you are asking the respondents to choose a weekend getaway from a choice of 5 places and you have given "others" as the 6^{th} option and if you get maximum number of people opting for the 6^{th} option then it means you have to give better choices to get more customers, which can be done midway through the campaign,

(5) The time to gather and analyze information and respond to campaigns is reduced.

The Return On Investment is obvious because:

(a) Information gathering, extraction and analysis time is reduced.

(b) Refinements to campaigns can be done in midstream, improving the possibility of return within the existing campaign. It is no longer a lesson learnt for next time, but instead a chance for success while the original campaign is in progress.

(c) Automated tasks free up labour time for marketing tasks that are not tedious or laborious.

Hence response management is more effective in e-marketing and closed loop based system.

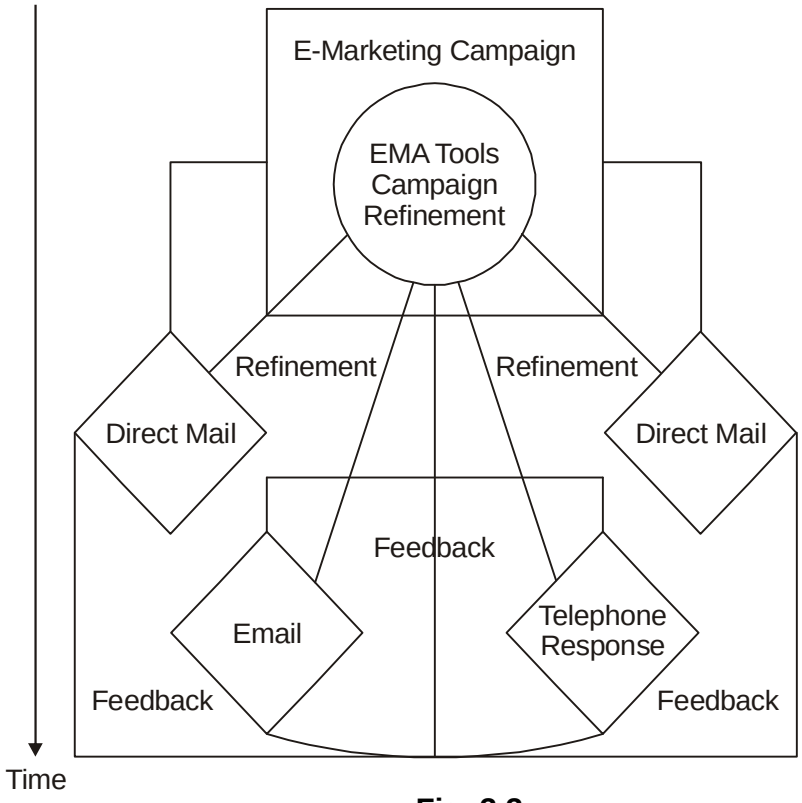

Fig. 3.3

E-Marketing & Closed-Loop Feedback

By comparing the time scale in the two diagrams it is clear that the second one is definitely less time consuming.

3.12. SEGMENTATION:

It means identifying attributes and behaviour patterns that enable a company to group its customers into identifiable and marketable segments. A company can establish a value and potential return for that segment. These attributes can be demographic, geographic.

Once the common behaviour with these chosen attributes is identified in the group, a value can be placed on how much the company thinks this 'analytically optimized' segment is worth given their behaviour. This is **profiling a customer**.

The data is not only what is extracted from the customer data repository, but is also potentially purchased from a third party so that generic data on the same customer can be entered into the mix.

Customer segmented behaviour is not static and events can dramatically transform behaviour. **Example:** A few years back the

purchasing capacity of youngsters in the age group of 20-30 years was not appreciable and hence this segment was not considered as a potential segment for selling luxurious goods, but today with call centers paying them enormous salaries.

Segmentation is a dynamic ongoing process which is:

- Measurable.
- Approachable.
- Significant.
- Differentiable.
- Affordable.

3.13. PERSONALIZATION:

Personalization is the art and science of creating a unique experience for every individual customer. If I enter a portal for higher education, my class schedule, my financial records, my campus programs, eligibility for awards, access to my particular counsellor and other appropriate information sit on the desktop for me to access. If I were an administrator, entirely different categories relating to appropriate functions would appear. This is personalization.

(1) It takes an intricate set of highly complex algorithms to create the personal experience. These algorithms slice and dice the customers; customers are being segmented, compared and qualified.

(2) Personalization identifies the needs and requirements of individual customers on mouse. It also means that the engagement of named, faced customers has to be ongoing and intimate to the point that the customer hardly realize that he is not dealing with a person or that he is not actually getting a peer-to-peer response.

(3) Personalization is the process of customizing interaction with a customer based on his or her explicit interest and preferences, or interest and preferences that are derived from other data about customer.

(4) The personalization of the interaction can take on any or all of the following:

(a) Personalized offer.

(b) Personalized messages.

(c) Personalized preference for communication channel.

(5) The benefits are:

(a) Long standing, happy customers.
(b) Reduced customer service, marketing and sales cost.

(6) The technology that sits behind personalization of information is extraordinary.

(7) The amount of adapt analyzed & the number of ways that it is analyzed is extensive, often in multiple terabytes.

(8) Models used for personalization:

(a) Offer based personalization models

(b) Real time interactive personalization product. Example: The ability to make qualified decisions right now, when the customer is searching for a good book to read this weekend.

3.14. PERSONALIZATION AND PRIVACY:

With all the individual data captured and stored, privacy remains an issue. The issue is how much information captured and what information stored constitutes a violation of privacy. Net Perceptions, a real time personalization specialist has developed an exceptional privacy standard for customers. They actively support or are founding members of several privacy standards like Online Privacy Alliance (OPA). As an institute, OPA is creating a privacy standard for its hundred plus global corporate members to adhere to, which provides powerful protections for privacy.

There are 5 rules for an organization:

(a) Publicly adopt and implement a privacy policy.

(b) Give notice and disclosure of the privacy policy.

(c) Give individuals the choice on how their personal information is going to be used online, especially if the use is unrelated to the purpose for which it was collected (opt-in). Minimally allow the individuals the ability to have it and not to opt-out.

(d) If the information is to be transferred to third parties, it should be in adherence to this data security standard or procedure. The third party should protect the integrity of the data transfer.

(e) Take steps to ensure the data is accurate, complete and timely. Mechanisms for correction of problems and for protection against unauthorised alterations should be established.

Exhibit No. 2:

CRM strategy at Walt Disney Resorts:

Under **Destination Disney**, the name for Disney's new customer experience strategy, the company intends to leverage technology, both front and behind the scenes, in hope of personalizing the park experience. Disney will be able to slice and dice data to influence a customer's total vacation experience, from hotel to park ride. It can also make assumptions about visitors' buying behaviour and personal preferences in real time, and refine those assumptions as it collects more data about customers. Once in the park, the idea is to be able to give park goers up-to-the-minute information specific to their preset preferences via their cell phones. For example, if you have a restaurant reservation in half an hour, Disney will remind you to keep it by sending a text message to your cell phone. Similarly your cell phone will beep to remind you about the fireworks. Disney wants to make that data accessible across all lines of business, so that any employee at any given time can access or add information to visitor's profile. For example, the same information that a visitor might give to a reservations agent when booking a vacation could be viewed later by the visitor's hotel concierge, who could then make personalized recommendations without asking the guest for additional information.

Another initiative that ties in with Destination Disney is a web site called magical gatherings, specifically intended to boost new revenues and group business bookings by encouraging far-flung family members to collaborate online to plan their next reunion or group event at Disney world.

The initiative will also roll out interactive, location-aware programs to help Disney executives cut costs on the back end, in park operations and logistics. The efforts will include helping to manage the park's fleet of 267 buses, which shuttle an average of 150,000 park goers a day. GPS and mobile internet technology let Disney run its fleet based on real time customer demand rather than set schedules-helping to eliminate lines and wait times as well as cut excess operations costs. The resort is looking to improve Fast pass, a service that allows visitors to schedule ride times, thus avoiding long lines. Rather than charge customers one fee for the entire day, data smart cards linked to Disney's customer database could help Disney charge customers more for the best and most popular rides. The concept is just another aspect of the effort to use technology to attract people back to parks and perhaps segment customers for customized rewards according to frequency of their business.

Summary

- Enterprise Marketing Automation (EMA) is a method to track all marketing campaign efforts for making an attempt in convincing customers. It is also known as e-marketing.
- Core Components of EMA are campaign management and response management. Promotion, events, loyalty and retention programmes, partner and channel management etc. are the other components of EMA.
- Segmentation means identifying attributes and patterns which enable a company to group its customers.
- Personalisation is the art and science of creating an unique experience for each individual customer.

Review Questions

1. Discuss Campaign planning and management with reference to EMA.
2. Write short notes on Loyalty and retention programs.
3. Write short note on response management.
4. Write short notes on Loyalty and retention programs.
5. Discuss campaign planning and management with reference to EMA.
6. Response management is more effective in E-marketing and closed loop based system. Justify this statement with proper example.
7. What do you mean by embedded Permission marketing? Discuss along with proper example.
8. What do you mean by personalization and segmentation?

4

CALL CENTER

Unit Structure

4.1. Introduction
4.2. The Technology
4.3. Automated Call Distribution (ACD)
4.4. Interactive Voice Response (IVR)
4.5. Computer Telephony Integration (CTI)
4.6. Automated Intelligent Call Routing
4.7. Web enablement of Call Centers
4.8. Types of Call Centres
4.9. Logging and Monitoring
4.10. Case studies

4.1. INTRODUCTION:

A call center or call centre is a centralised office used for the purpose of receiving and transmitting a large volume of requests by telephone.

A call center is operated by a company to administer incoming product support or information inquiries from consumers. Outgoing calls for telemarketing, clientele, and debt collection are also made. In addition to a call center, collective handling of letters, faxes, and e-mails at one location is known as a contact center.

A call center is often operated through an extensive open workspace for call center agents, with work stations that include a computer for each agent, a telephone set/headset connected to a telecom switch, and one or more supervisor stations. It can be independently operated or networked with additional centers, often linked to a corporate computer network, including mainframes, microcomputers and LANs. Increasingly, the voice and data pathways into the center are linked through a set of new technologies called computer telephony integration (CTI).

Most major businesses use call centers to interact with their customers. Examples include utility companies, mail order catalogue firms, and customer support for computer hardware and software. Some businesses even service internal functions through call centers. Examples of this include help desks and sales support.

Call Centers use a wide variety of different technologies to allow them to manage the large volumes of work that need to be managed by the call center. These technologies ensure that agents are kept as productive as possible, and that calls are queued and processed as quickly as possible, resulting in good levels of services.

4.2. THE TECHNOLOGY:

(a) CIC technology i.e. Call Interaction Center is a complex technology which will allow the customers to interact with the call center representatives and help them to get the proper solutions.

(b) It involves telephone and other communication channels like E-mail, Internet, etc.

(c) Due to the addition of telephone and other web-enabled technology, the complexity increased heavily. The access points for the customers are varying widely. So the accumulation of data in a single point becomes a difficult task for the call centers. But the latest advanced technology and the softwares also manages the same.

(d) The technology involves usage of either telephone or Internet connection.

(e) The technology is designed to create collaborative environment for the customers and their representatives (CCR-Customer Communication Representative).

4.3. AUTOMATIC CALL DISTRIBUTOR (ACD):

An Automatic Call Distributor is often the first point of contact when calling many larger businesses. An ACD uses digital storage devices to play greetings or announcements, but typically routes a caller without prompting for input. An IVR can play announcements and request an input from the caller. This information can be used to route the call to a particular skill set. A skillset is a function applied to a group of call center agents with a particular skill.

It maintains the phone call workflow:

(a) It has the feature of automatic call transfer or routing.

(b) This technology is based on defining the characteristics of the call.

Advantages:

(1) Fully integrated with voice Application Suite.

(2) Completely Web based.

(3) DND (logout key in this release) can be used to prevent calls from ringing agent phone.

(4) Calls are routed to agents based on FIFO, sequential or longest idle agent available.

(5) Calls exit queue after the configured timeout and can be redirected to the voicemail.

(6) Administrative WEB console for local and remote system management

- **(a)** System parameters and Service control.
- **(b)** Definition of the number of queues and operators list for every queue.
- **(c)** Definition of audio prompts for every queue.

(7) Together with Stone voice IVR Manager it provides a complete "contact center" solution.

4.4. INTERACTIVE VOICE RESPONSE (IVR):

Call centers are often thought as cost centers that are essential to render customer service. However, self-service through IVR has the potential to change them from cost centers into profit centers. Research conducted by Purdue University's Center for Customer Driven Quality shows that salaries account forms approximately 60 percent of the costs in running a call center. Implementation of self-service through IVR would reduce the cost of hiring live agents and would ensure a faster ROI.

IVR technology is getting a big impetus in the form of advancements in speech technology. Vendors like Nuance and ScanSoft market software that aid in advanced speech recognition (ASR), text-to-speech conversion (TTS), and speaker verification (SV). Such software increases the value proposition of IVRs in a call center setting. Deployed through additional ASR, TTS, and SV ports in the IVR system, speech-enabled IVR applications offer a different experience for the callers.

Interactive Voice Response can be used to front-end a call center operation by identifying the needs of the caller. Information can be obtained from the caller such as account numbers. Answers to the simple questions such as account balances or pre-recorded information can be provided without operator intervention. Account numbers from the IVR are often compared to caller ID data for

security reasons and additional IVR responses are required if the caller ID data does not match the account record.

It mainly deals with registration and interaction with the customer.

(a) It is a menu-based technology.
(b) It is mainly based with voice recording.
(c) The major benefit of this technology is that it can handle transactions without any live agents.

Advantages:

(a) Users may be mobile

(b) No expensive device or software needed

(c) One-dimensional interface (time): no information persistence makes dialog design a challenge.

(d) Wide variance in individual preference regarding directed vs. natural language interface.

(e) Interface suited to transactions rather than surfing.

(f) Session duration is several minutes.

4.5. COMPUTER TELEPHONY INTEGRATION (CTI):

Computer telephony integration (**CTI**) is technology that allows interactions on a telephone and a computer to be integrated or co-ordinated. As contact channels have expanded from voice to include email, web, and fax, the definition of CTI has expanded to include the integration of all customer contact channels (voice, email, web, fax, etc.) with computer systems.

CTI merges telephone and computer technology to provide faster access to more information and a smooth transition between the telephone conversation and access to caller information. It allows companies to provide better customer service by giving service agents an accurate customer profile when customers call. It also reduces your cost per call because it requires a small number of agents to support it.

CTI applications provide the ability to do one or more of the following:

(a) Authenticate callers. Using one of several standard methods, the telephone number of the caller can be screened against a database.

(b) Recognize a voice, either for authentication or for message forwarding.

(c) Using live, recorded voice, or touch-tone entered input, determine how to process a call (for example, by forwarding it to the appropriate person or department).

(d) Provide interactive voice response (IVR) to callers.

(e) Match the number of a caller with a customer record and display it for reference when talking to the caller.

(f) Manage voice or video conferences.

(g) Collect and display pending live calls or messages that have been left by callers.

(h) Receive fax messages and route them to appropriate fax machines.

(i) For outbound calling such as telemarketing, predial callers.

(j) Based on call input, initiate a smart agent application to provide help with the caller's request.

Inbound uses your database:

An inbound telemarketing project can utilize nearly any corporate database. Telescript can both read and write directly from dBase, FoxPro, Paradox, Access, SQL Server, Oracle and nearly any ODBC compliant database. This enables you to directly integrate Telescript within your corporate information system without conversions, exports and imports.

There are certain problems with telephony call transfer:

(a) Waiting time increases.

(b) Keep the record of number of agents.

(c) When and where the agents should be placed.

(d) Huge investment.

All the above problems were minimized using web-enablement technology.

4.6. AUTOMATED INTELLIGENT CALL ROUTING:

This process helps the user call to be transferred to a proper place and the reply can be given to the user immediately.

Normally the following steps will be followed with this technology.

(1) Make a call.

(2) Wait for few minutes or seconds.

(3) The call is directed to a particular person.

(4) It seems easy but is prone to failure.

(5) It is difficult with email chat, web routing etc..

(6) Call routing software can handle large volume, multiple channels and work flow of data.

(7) It identifies who is making a call and the reason for calling.

(8) It uses the database to route the call

(9) The characteristics are:

(a) The software should have an integrated IVR, CTI to capture and store the information.

(b) It should take real time data and should be able to compare with the existing data.

This is a procedure that is automatically handling the calls and forwarding the replies to the customers. This is completely handled by the software and the applications prepared by the call centers and supported by the back office solutions.

For each incoming call, intelligent call routing software typically receives a route request from the carrier network. The software determines who is calling and why, using call-related data such as dialed number and calling line LD:, plus caller – entered digits and information obtained from a customer profile database look-up, if available. The software also identifies what answering resources are available to meet the caller's needs and where those resources are located based on real-time conditions such as agent skills, agent availability and queue lengths.

ICR software is flexible. As conditions change, it can be optimized to route data channel call to the optimum answering resource anywhere in the enterprise at any given moment. It enables caller-segmentation, which improves call routing and handling effectiveness. Automatic caller identification matches each incoming caller to the most appropriate answering resource, then supports that resource with relevant customer information.

In addition, many ICR software systems include integrated IVR and CTI (computer-telephony integration) capabilities. IVR often acts as an additional answering resource. handling routine transactions without agent intervention and enabling call center staff to focus on more complex, revenue-generating calls. The screen pops of CTl harness information from a centralized,

enterprise database or other applications to reduce call brand improve the quality of the agent-customer interaction.

In addition, many ICR software systems include integrated IVR and CTI (computer-telephony integration) capabilities. IVR often acts as an additional answering resource. handling routine transactions without agent intervention and enabling call center staff to focus on more complex, revenue-generating calls.

Functionalities:

(1) Enhances contact center performance.

(2) Contact center front-end directs customers to self-service applications where appropriate.

(3) Ensures correct agent pool receives calls.

(4) Speech technology streamlines call flows, raises customer satisfaction.

(5) Efficient transfer to your attended contact centers provisioned with CTI screen pop or cost-effective “whisper greet” feature, optimizing agent time.

(6) Intuitive Web-based tools make it easy for you to edit program features and access comprehensive, real-time information on application performance and agent transfer history.

(7) Reports available both via Web and secured interface to your customer management systems.

Advantages:

(a) Reduced Waiting time.

(b) Increased efficiency.

(c) Improved user satisfaction.

(d) Advanced technology.

(e) Application support.

(f) Web enablement.

(g) Multiple channels.

4.7. WEB ENABLEMENT OF CALLS CENTERS:

Through the web enabled service, people can remain in contact with their customers and continue with their business, unperturbed, on account of the distances between them. People prefer the Intranet, since only people of a specific group can have access to one such facility. The customer can avail of videoconferences and outsource their problems or convey

messages. In the intranet, the people of the group in business can view the information or queries of other people, within the group.

The web enabled call center services help people in different parts of the world to access and enhance their business as well as valuable customers. This also helps in targeting brand messages, potential acquisition of new call centers and it gives high returns for a relatively low investment. It provides enhanced employee performance, maximized customer satisfaction and reduces cost. It also helps to maintain customer satisfaction, maintain standards and increase profitability.

The call center service is a thriving business today and it is evolving. It has become a necessity in both, developed and developing countries. A web enabled call center is one that is based on a web page, on the World Wide Web. The page provides a button, which can be clicked on to access the calls. The integration of Internet and telephone with the operation of call centers made the process of call center flexible and user friendly.

(1) Normally the call centers are backed up with the customer details and the other information related with the customers like after sales services.

(a) Whenever the queries are forwarded by the users then the call forwarding technology will transfer the query to a proper CCR and the information will be stored in the database.

(b) If the CCR is busy with another call then the IVR technology will inform the user about the position of the CCR and tell them to wait or will take up the message and store it in the back office.

(c) As soon as the CCR becomes free then he will go through the user details and requests and will take either of the following steps:

(i) If the user history reflects the similar problem then the reply will be given immediately.

(ii) If it is identified as a new critical problem then the call will be forwarded to the corresponding CCR.

(iii) If it is a general enquiry about the user details then the reply will be given to the user from the back office.

(d) The users' queries and replies will be again stored with his database for the further reference.

(e) This entire process requires various technologies like IVR, CTI, and ACD, which need the support of web enablement with the entire process of call centers.

Functional Advantages:

(1) Increased Resources: Web-enabled operators can obtain information via the Internet, whereas traditional operators only have the resources available within the call center.

(2) Increased Productivity: Tele Assist operators can access a client's data to give information to the caller or even update the caller's information in the client's database or application.

(3) Increased Efficiency: Web-enabled operators can start a trouble ticket and immediately give the caller the ticket number by accessing the client's help desk program on their Intranet.

(4) Increased Understanding: Web-enabled help desk support gives the caller assurance that the operator is experiencing the same thing, at the same time, as they are.

Other than the above mentioned functional advantages it is also providing the following general advantages.

(1) Flexibility: The web enablement allows the users to use various touch points like e-mail, Internet, telephone and Fax, which makes the communication flexible.

(2) Centralized Support: Even though various channels are used for the communication the data will be accumulated in a single point to provide a centralized approach and accurate data.

(3) Availability: As it is an online web enabled service, it provides the interactive solutions at any time whenever the user needs the reply.

(4) Reduced Human Headaches: As the web handles it, the waiting time or the human frustrations are reduced considerably. It gives some reply to the user, which will help them to have a positive hope about their problems.

4.8. CALL CENTER TYPES

Call centers deals with receiving customer calls, answering them and making outgoing calls for telemarketing. There are various types of call centers which we discuss here.

- Inbound call centers
- Outbound call centers
- Web Enabled call centers
- Telemarketing call center
- Phone call center

Inbound call centers:

The inbound call centers are those that only receive the calls usually on toll free numbers from the customers. These call centers provide 24 hours service to all customers. The primary goal of these call centers are to receive product orders, help customers, to find dealer location. Inbound call centers aid to handle calls coming from outside, mostly through toll free numbers. The services of inbound call centers are designed to handle catalog orders, and desk queries. They also incorporate customer care services, predict customer behavior and take action while the customers are still on the line. Inbound call centers employ teams of live operators, account representatives and program managers.

Inbound call centers offer

- Skilled, professional, customer support and technical service representatives
- Improved market coverage
- Faster ramp-up, launch, and roll-out of new campaigns
- Experience with programs similar to yours
- Rapid response to market conditions
- Account management expertise
- Enhanced reporting capabilities
- Market testing capabilities

Outbound call centers:

Outbound call centers deals with telemarketing and product promotion. It requires technical experience and expertise to ensure the clients that you are the company that is best. The success of outbound call centers depends on their extensive experience, technological solutions, quality assurance programs and commitment to customer service excellence. They ensure maximum results from direct marketing efforts. The integrated call management systems in outbound call centers systematically direct calls to consumers and transfer successful connections to a selected marketing representative (MR).

Services of Outbound Call Centers:

- Market Intelligence
- Database Selling
- Direct Mail Follow-up

- Lead Generation \ Qualification \ Management
- Seminar Population
- Product Promotion
- Debt Collection
- Information and Literature Fulfillment
- Appointment Scheduling
- Decision Maker Contacts
- Up Sell/Cross Sell Campaigns
- Surveys
- Customer Satisfaction

Virtual call center:

Virtual call center is a call center in which the organization's representatives are geographically dispersed. These people are not situated at work stations; they rather work from their homes or in small number of groups. People in small groups may open small centers to work. It provides the ability to extend the CSR desktop and telephony support to any place on the planet.

Virtual call center is simply defined as an approach to enterprise wide call center management that treats several geographically dispersed call centers as one. These call centers are largely inbound in function and are gaining popularity as companies look for alternatives to running a traditional, in-house call center or using an offshore outsourcer.

Benefits of Virtual Call Center

- IT infrastructure investment is significantly reduced.
- IT personnel and resources can be centralized for maximum benefit.
- Back-up and redundancy solutions can be significantly reduced in both scope and cost.
- It enables flexibility and agility in staffing call center operation.
- Supervision and control of all campaign data and call flow can be handled by your top personnel.
- International call centers can make phone calls within the United States greatly reducing toll costs.

Interactive call center is a central point in an enterprise from which all customer contacts are managed. These include one or more online call centers. More companies are turning to interactive providers to outsource everything from lead generation and survey calls to order processing. They provide great opportunity to improve customer service levels, increase productivity and save money.

The only secret behind interactive call centers is a technology known as interactive voice response (IVR) that automates interaction with telephone callers. Customers require high levels of availability and interactivity and IVR is one of the most essential way of providing 24 hours service.

Benefits of Interactive Call Center

- Provide 24x7 custom, friendly services, cost-efficiently.
- Offer nationwide customer "self-service" with optional redirect to live agents.
- Automate routine and complex transactions that traditionally required processing by an agent.
- Eliminate the cost of staffing for unpredictable peaks and valleys of incoming calls.
- Avoid the expense of training agents and installing cutting-edge call center equipment.
- Provide high-response capability for weekends and off hours

Web Enabled Call Centers:

Web enabled call centers are prevailing throughout the world rapidly. Web enabled call centers deal with online transaction and live chat. The use of web-enabled call centers are also on the increase these days. Web enabled call centers can fetch answers to questions or resolve customer service issues without having to disconnect from the Internet. A web enabled call center improves e-commerce initiatives by offering high quality customer service.

Telemarketing Call centers:

These call centers deal with telemarketing and promotion of services. Their primary goal is to promote sales and customer satisfaction.Telemarketing refers to the business or practice of marketing goods or services by telephone. It is the act of selling, promoting or soliciting a product over the telephone. Reliable telemarketing is an essential part of the organization's working to enhance sales and increase profits. Combining the best of personnel, processes and progressive technologies, telemarketing call center serve as highly reliable specialist resource for organizations seeking outstanding performance and results. The telemarketing call centers provide customized telephone services that reveal the valued techniques used by successful telephone sales and support professionals. The fully automated, state-of-the-art call center equipments and custom software enables the call centers to field thousands of calls daily for each

client with a high **degree of** professionalism and customization. The clients receive superior quality, experience and courteous service, coupled with the advanced technical capabilities. The call centers are staffed 24x7 and 365 days and they totally concentrate on using the tactical skills and effective processes during inbound/outbound call process.

Phone call centers:

They are usually automated call centers that rout the calls and uses IVR technology. These call centers can be used for asking bank account balance, pin numbers, telephone numbers and other information. Computers replies pre recorded answers.

There are different types of call centers, namely, inbound call centers, outbound call centers, web enabled call centers, CRM call centers, telemarketing call centers and telephone call centers.

Telephone call centers offer flexible call routing and predictive dialing systems. Utilizing advanced telephony and Internet technology, the customer service representatives (CSR's) at the phone call centers provide accurate and timely information for the most complex inbound or outbound programs. Phone call centers offer personalized call management by a team of professional operators who personally know about the client and his business.

4.9. LOGGING AND MONITORING:

“Logging” is the every-port, every-call recording application used by call centers to verify critical conversations. It’s needed when we have to confirm that a transaction took place at a certain time, or that an emergency call was handled appropriately.

“Monitoring” is the application that lets supervisors observe and evaluate agents for quality assurance and training. It, too, depends on recording call center calls, though on a spot basis, through pooled recording channels.

In the years we’ve been covering these two applications, we’ve seen changes that mirror the general automation of call centers. Once upon a time, call center agent supervision was entirely an in-person affair, with a trainer or supervisor physically sitting next to the agent. The “supervisory observe” functions added to business phone systems have allowed the supervisor to listen in a little less obtrusively - even surreptitiously.

Later, monitoring systems allowed supervisors to record customer-to-agent calls and play them back; first on tapes, later as digitally recorded audio files. Adding computer intelligence to this process allowed supervisors to evaluate all agents equally, or in terms of objective, quantifiable parameters, such as agent's date of hire. When monitoring can be set by time of day, the lobster shift can be monitored as frequently as the nine-to-fivers can. When recording can be triggered when a specific DNIS number is dialed by a caller, extra supervision can be applied to specific campaigns.

Recording-by-rule not only captures calls efficiently; it does so fairly and objectively. While the fundamental goal of call monitoring is customer satisfaction, it is also important to keep up agent morale, and prevent any one group from feeling unfairly targeted. Most monitoring platforms now also come with professionally designed evaluation software, which also helps employees feel fairly, objectively, and consistently rated.

Today, CTI-based recording and automated monitoring have virtually eliminated these productivity bottlenecks. Automating call monitoring in the call center has brought on new efficiencies that have enabled call center managers to gather relevant samples of complete agent conversations effortlessly. Computer-telephony integration (CTI) capabilities support a variety of methods for determining criteria for recording, as well as retrieving specific calls for evaluation. Here is an overview of the major recording requirements that can be met using CTI logging and monitoring:

(1) Full-time Logging (total recording): This is required for validating transactions or legal notifications over the telephone, typically required by health, financial, insurance and investment institutions or by law and government offices to meet legal or legislative requirements.

(2) Scheduled Recording: The most basic of recording solutions for call centers. Call recordings are predetermined by blocks of time, by agent or by groups of agents.

(3) Selective Recording: This is the place where CTI applications are particularly valuable. Recordings can be initiated via IVR, DNIS(Dialed Number Identification Service), ANI(Automatic Number Identification) and CLID(Command Line Interface Domain), and can be categorized in databases for ease of analysis for marketing and quality assurance purposes.

(4) Event-driven Recording: This is a term often used in the same context as selective recording. However, "selective" recording typically refers to "telephony" occurrences, while event-driven recording can be seen as computer-application

driven. For example, when an agent types in any amount more than $1,000 in a particular field, a recording is initiated. Later, those recordings can be easily retrieved using the same criteria.

(5) Record-on-demand (controlled by the agent): The agent can press a “Start Record” button on his or her workstation. This is valuable where third-party verification is required or when a call is transferred to a supervisor, who is typically not being monitored.

(6) Quality Measurement: Any of the above recording methods can be used for evaluating quality. What is important is how the criteria for recording are determined and that the quality measurement solution allows easy retrieval of call recordings for evaluation. Call centers interested in boosting their agents’ productivity and performance should ensure their quality measurement solution has objective evaluation and reporting tools integrated with the call monitoring system.

So how can these recording technologies help to improve quality? Put simply, these capabilities enable us to determine an efficient means of gathering and evaluating a relevant sample of calls. Automated quality measurement solutions allow quick retrieval of specific calls, provide online grading templates and integrated reporting - all of which bring dramatic improvements to the overall operation of the call center.

4.10. CASE STUDIES

Case Study 1:

Providing Call Centers with Real-time, Intelligent Call Routing:

Avaya IP Office is an all-in-one solution specially designed to meet the communication challenges facing small and medium-sized businesses. Where can contact centers that employ IP Office find a scalable contact center solution that offers high-end functionality at an affordable price?

Zeacom, an Innovator-level member in the Avaya Developer Connection program, provides an integrated Contact center solution that delivers real-time, intelligent call routing and offers contact centers the tools they need to manage information, improve customer service and boost staff productivity. A single, fully integrated solution for telephone, faxes, email and web-based contacts, Zeacom ContactCenter 4.0 gives users the power to continuously monitor their contact center in real time and make

changes on-the-fly without requiring third-party assistance or specialist in-house resources. With the solution, managers can easily set up agents to be dedicated to one media type only, one queue only or to handle a wide variety of blended mediums from various queues. The Zeacom ContactCenter multimedia interaction modules are fully integrated into a comprehensive reporting package, helping contact center managers to have a complete picture of agent and call activity, regardless of the contact medium used. Modules are described below.

CT Control:

CT Control offers complete control over the delivery of phone, email, fax and web-based contacts. Skills-based routing matches agent skills and experience to a number of different queues, and delivers each call to the most appropriately skilled agent available. Other features and functionality include sophisticated reporting and administration tools, resolution codes, work time, queue blocking, alerts and wallboard control. All help increase contact center efficiency from both a management and agent perspective

Agent Desktop:

Agent Desktop empowers agents through open communication, enabling them to handle not only multiple phone calls, but also emails, Chats, Faxes and Web Callback requests – all from their Agent Desktop application. Agent Desktop allows contact center managers to view real-time information on Queue and Agent performance, demand calls and change a queue's operating mode. As contact centers become an increasingly integral component of many companies operations, the need to monitor the performance of individual agents and queues becomes equally important.

Callback:

Callback offers callers the option of an automated Callback without losing their position in the queue. Once a Callback has been placed, it advances in the queue as if the caller was still on the line. When the Callback reaches the front of the queue, it is delivered to an agent. Callback functionality is revolutionizing queuing principles and customer service as callers realize they do not need to wait in a queue to talk to an agent. Contact center managers and agents can also use Callback to optimize traffic peaks and staffing lows.

Email Queuing:

Email Queuing allows contact centers to treat emails the same way as they treat phone calls, working in combination with CT Control and Agent Desktop to provide a tightly integrated email management tool. Email Queuing not only allows for the fair

distribution of emails to appropriately skilled agents, but also helps maintain a consistent, professional approach to all inbound sales and service communications.

Fax Queuing:

Fax Queuing distributes faxes to contact center agents directly, with the ability to view faxes on screen. This eliminates misplaced orders, paper confusion and delays – creating faster responses and providing a superior level of customer service. By applying the intelligent routing and reporting capabilities of Zeacom ContactCenter to faxes, Fax Queuing helps ensure that every customer contact is handled in a timely and professional manner. Fax Queuing maximizes the sale opportunities for businesses by providing potential customers a simple way to send signed orders through, giving them instant contact with agents in the contact center.

Web Chat:

Web Chat helps reduce website abandonment rates and improve customer service levels and web based sales by offering online chat sessions to support web content on the site. Web users are provided with real-time access to an agent. Potential customers can request live interaction by establishing a one-to-one text conversation with a contact center agent, making the site more interactive and providing a superior level of customer service. Agents have the ability to “push” and “trace” a URL directly to online customers, allowing them to respond to queries by automatically presenting callers with appropriate web pages. Callers are able to view the path required to access information within a website and can return to it at a later time.

Reports:

The Reports module enables users to run customized reports about their contact center agents, call handling and system setup. It provides data that is meaningful and easy to analyze, allowing managers to accurately measure contact center and voicemail performance and get the statistical output needed to make informed management decisions, prioritize goals and set performance standards. Administrators can review general system operation statistics, configuration details, usage, call frequency and duration. Zeacom has an onboard database that collects comprehensive statistics on every facet of every contact, whether Phone, Email, Fax, Web Chat or Web Callback. In contrast to many other reporting packages, Zeacom’s off-the-shelf module allows users to report on all types of communication within their contact center from the one platform.

Case Study 2:

Case study Of A CTI-Enabled Call Center:

At one health care service organization, CTI systems significantly cut costs and improved its call center's performance. Before CTI systems were implemented, the call center consisted of disparate paper records and a manual call transfer process. Agents were required to explain the nature of the call to the caller before they could transfer the caller. The database was limited and did not work as efficiently when forced to handle large call volumes.

This organization decided it had to introduce new services, increase marketing and provide better customer service. The CTI-enabled system deployed by the company improved recordkeeping, call and data transfers, and better handled increased call volume. A CTI product was installed on a Windows NT platform instead of going with an expensive ACD LAN upgrade. The agent phones that were connected to the ACDs are now plugged into the CTI server's ports. This allows the CTI server to use the ACD as a transmission path and to control the call routing. The health organization also incorporated with customer service software, which provides a much richer repertoire of information on formatted screens. This product is also compatible with the Call Link CTI software and allows agents to view screen pops that contain customer information.

The health organization's customer service call center experienced dramatic improvement in the first six months after CTI systems were deployed. Call volume doubled without creating a need to hire additional agents. The organization's virtual call center also reduced the cost per call because they experienced only a slight increase in the need for service agents to support the CTI systems. Customer satisfaction is also improved because the agents have much more accurate customer information to help customers.

Summary

(1) A **call center** or **call centre** is a centralized office used for the purpose of receiving and transmitting a large volume of requests by telephone.

(2) CIC technology i.e. Call Interaction Center is a complex technology which will allow the customers to interact with the call center representatives and help them to get the proper solutions.

(3) An ACD uses digital storage devices to play greetings or announcements, but typically routes a caller without prompting for input.

(4) **Computer telephony integration** (**CTI**) is technology that allows interactions on a telephone and a computer to be integrated or coordinated.

(5) For each incoming call, intelligent call routing software typically receives a route request from the carrier network.

(6) Many ICR (Interactive Call routing) software systems include integrated IVR(Interactive Voice Response) and CTI (computer-telephony integration) capabilities.

(7) Through the web enabled service, people can remain in contact with their customers and continue with their business.

(8) The web enabled call centers are having the advantages like increased productivity, efficiency, resources and understanding.

(9) "Logging" is the every-port, every-call recording application used by call centers to verify critical conversations.

(10) "Monitoring" is the application that lets supervisors observe and evaluate agents for quality assurance and training.

Review Questions

SHORT QUESTIONS:

(6) Define call center.

(7) Define the following

1) CTI.
2) ACD.
3) IVR. .

(8) What are the advantages of web enablement?

(9) What are the advantages of automated intelligent call routing?

(10) Explain the functions of call center.

(11) Define logging.

(12) Define Monitoring.

ESSAY TYPE QUESTIONS:

1. Explain the technology of call centers with suitable examples.

2. Explain in detail about the concept of web enablement with call centers
3. Explain in detail about the concept of automated intelligent call routing.
4. What are the various monitoring technologies?

LIST OF KEYWORDS AND ITS ABBREVIATIONS

ACD Automatic Call Distribution

LAN Local Area Network

CTI Computer Telephony Integration

B2B Business to Business

B2C Business to Consumer

CIC Call Interaction Center

CCR Customer Communication Representative

IVR Interactive Voice Response

FIFO First in First out

ASR Advanced Speech Recognition

TTS Text-To-speech conversion

SV Speaker Verification

DNIS Dialed Number Identification Service:

It is the caller dialed a telephone service that identifies for the receiver what telephone number

ANI Automatic Number Identification:

It is a service that provides the telephone number of an incoming call. ANI is used for a variety of functions.

5

IMPLEMENTING CRM

Unit Structure

5.1. Introduction
5.2. Stake Holding Committee Formation
5.3. Requirement Gathering
5.4. Prototyping Detailed Proposal Generation
5.5. Customization
5.6. Power User Beta Testing
5.7. Data Import
5.8. Training
5.9. Roll out and System Hands off
5.10. Ongoing System Support

5.1. INTRODUCTION:

This unit describes the various phases to be followed before implementing the CRM in an organization. Each and every project starts with planning and ends with installation and proceeds with maintenance. This entire process contains various phases like planning, analysis, prototyping, error handling, information gathering and final statement of work. The Statement Of Work (SOW) is the important part in the project preparation, which will describe the entire process in detail including cost involved, time duration and the requirement with final date of manufacturing.

The SOW can be changed only by the project manager with the concern of the organization from both customer and vendor side. Let us take the example of building construction project, which starts with the blue print. This blue print will be prepared by taking various factors into consideration like cost effectiveness, project effectiveness and the technical feasibility.

Then the sample flat will be prepared which will help the architect to calculate the actual cost and the time required to complete the entire project. Then the construction will start according to the plan and it will be modified in between according to the customer requirements. This kind of changes can be termed as customization. The final phase will get over by giving possession to the customers. In this way the various phases involved with this development will be discussed in this unit in detail.

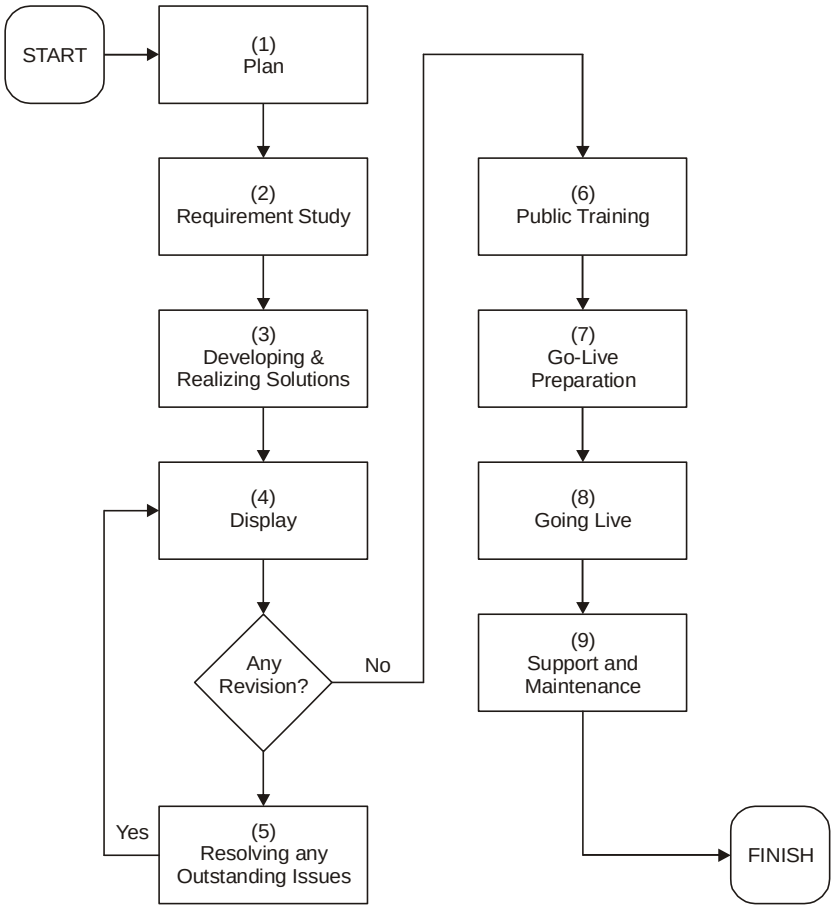

Fig. 5.1

In a simple way the following steps can explain the pre-implementation process in brief:

(1) Needs Analysis:

(a) Define the CRM project by identifying system goals, project scope, constraints, and assumptions.

(b) Detail requirements that describe what the system must do.

(c) Develop a conceptual design specification for the CRM system.

(2) Prototype Development:

(a) Develop a prototype of the final CRM system that serves as a proof-of-concept to test features, functionality and system integration.

(b) Conduct pilot testing to one or more subsets of system users.

(3) Customization:

(a) Any CRM system that we choose to implement should allow us to perform customizations to make it fit for the business requirements. These customizations can be simple, such as adding fields and tables to the database, or more complex, such as incorporating your specific business processes.

(4) Data Conversion:

(a) As like most companies, the valuable customer data living in numerous systems and databases throughout the organization. Getting that data into the new CRM system will be critical to the success of the overall project.

(b) We use the most efficient tools and technologies to make data conversion as painless as possible.

(5) Systems Integration:

(a) Developing a complete view of the customer with any CRM system often requires integrating data that resides in other back-office systems, like Accounting, Finance, Production, etc.

(6) Custom Reports:

(a) Most CRM systems will come with a set number of "canned" reports. While these may fit some of your needs, inevitably you will require certain custom reports to better monitor your business. We provide a base number of custom reports with every implementation, and we are also available to develop custom reports for you at anytime going forward.

Pre Implementation Analysis:

This is the first phase before starting the actual implementation of CRM. This should clearly specify the necessary thing to be done before starting the implementation phase. It should specify the parameters like

(a) Time.
(b) User requirements.
(c) Software Identification.
(d) Software specifications.

Time:

Time required to do this preliminary activity will vary from several weeks to several months depending upon the depth of the preliminary work. Some complicated system may need more time for the understanding of the architecture. This work may lead to

several months. Otherwise this phase can be completed within short time duration.

User Requirements:

The requirements specified by various levels of people are to be identified and analyzed. The requirement can be identified in two levels.

(a) Executive level.
(b) User level.

Executive level will be from the technical level of requirements and the users will specify the functional level requirements. Both the functional and technical requirements should go hand in hand to get the better output.

Software Identification:

The identification of proper software for the process is an important part of the implementation, which will decide the real success, or failure of a system. Everyday new applications are coming up in the market with various specifications. The selection of software should not be decided by the genord specifications of the software. It can be decided only by the organization based on their requirement criteria. The requirement criteria specified by one organization will vary from another organization. The selection criteria should be clear enough to get the proper reference. The following criteria is an example:

(1) Scalability of software.
(2) Toolset flexibility.
(3) Stability of existing code.
(4) Compatibility of CRM with legacy system.
(5) Level of technical support.
(6) Availability of additional modules (Like EMA, SFA).

The above-mentioned criteria is an example for the selection of software. Likewise the individual organizations should specify their own criteria for the selection of software. Most of the project failures are due to the poor selection of criteria.

Software Specifications:

The strength and the weakness of the organization process should be clearly specified with the software efficiency. The current software problems are to be analyzed thoroughly to bring out the best software selection criteria for the future. This phase helps the organization to specify the proper selection criteria for the selection.

Steps Involved in Pre-Implementation:

(1) Stake holding committee formation.

(2) Kick off meeting.

(3) Requirements gathering.

(4) Prototyping.

(5) Detailed proposal generation.

(6) Development of customization.

(7) Power user beta testing.

(8) Data import.

(9) Training.

(10) Roll out and system hand-off.

(11) Ongoing support.

(12) System optimization and follow-ups.

5.2. STAKE HOLDING COMMITTEE FORMATION:

This committee contains the people from the organization with various designations who are involved in one or other way with the operations of an organization. This committee can only give the clear view about the organizational functionality. The discussions and the coordination among these stake holding committee members will help the implementation team to do the process smoothly and successfully. The members can be basically classified into three categories:

(a) Users.
(b) Natural leaders.
(c) Senior Management.

(a) Users: Users are the backbone for any system. The failure or the success of a system is mostly depending upon the users. The users can make or break the system, because they are the consumers of the project. If we involve the users in the pre implementation process, the anomalies that will happen at the end of the process can be minimized.

(b) Natural Leaders: These people may not be with a good designations in an organization. These people are involved only because of their deeds and not because of their titles. For example we can consider the peons of an organization. Even though they are at the bottom level of organizational hierarchical structure, they are having the interaction with the entire organizational people. So they can give the real input to

the development team about the acceptance and the rejection of any new system developed in the organization.

(c) Senior Management: These people are the actual top-level people who are responsible for the capital investment of any plans within the organization. They are not directly related with the success or failure of a system developed in an organization. Their roles are as follows:

Defining Various Parameters:

(a) Defining clear ROI (Return on Investment)

(b) Defining quality metrics

(c) To keep the mission corporate (Act like a mediator and keeps the system not supporting or opposing a particular team members).

Evaluating Risks:

Various risk factors are to be considered and analyzed before starting the implementation process. The risk factors can be belonging to any of the following categories: like cultural, process, goal, technology etc. Some risk factors can be analyzed at the beginning of the implementation and some can be analyzed at the later stage of development. This is the responsibility of the senior management because they are the capital investors and the effect of any risk factors will directly influence the ROI.

Technology Implementation:

The required technology should be identified and its capability with the integration of existing system should be tested at the beginning of the implementation. Each and every organization will have their own way of working style and the technology. The proposed new system should be accommodative with the existing system and it should be able to understand and accept the legacy system and data.

Kick-off Meeting:

Once the selection criteria is prepared and the best method is identified then the meeting phase will begin. This phase of the implementation will include the people from both the vendor and the customer team. The main reason behind the combination of two teams is to bring out better system with expected performance and best ROI to the organization. The coordination between these two teams will improve the implementation phase smooth and flexible. This meeting between both the teams should proceed till the end of implementation.

Vendor Team	Customer Team
Project Manager	Project Manager
Implementation Leader	System or Business Analyst
System Engineers	IT Staff
Programmer	Integration Experts
	Heads of Non-technical Departments

(1) Vendor Team: This team contains the people from the implementing organization. These people work for the organization, which is preparing the project for the customers. They are belonging to technical as well as functional teams. Their roles and responsibilities are as follows:

(a) Project Manager: The project manager will prepare the complete plan for the project development and assign the duties to the various people involved in the process and monitor the progress of the work. The Project Manager is responsible for all the aspects of the project development like cost control, quality and testing etc. He has to manage several projects at a time. It is not necessary for a project manager to be on site at all the time. It is sufficient for a project manager to be on site at least for 40hrs/week. His responsibilities are to divide the work among the people and supervise the work in progress. So that he can take up many projects at the same time. If any problem arises with the project development then the people can contact the PM to get the solution. The final Statement of Work (SOW) will be prepared only by the project manager and the changes to the same will be made only with the permission of Project Managers. So the Project Managers is acting like a connecting bridge between the Customer Head Quarters and the Vendor Head Quarters.

(b) Implementation Leader: This person is called as a technical leader. He is responsible for the technical aspects of the project. This person is the next person in the hierarchical structure of an organization and listens to the instructions of the project manager. He implements the plans prepared by the project manager. This person is purely responsible for the technical aspects of a project. He takes the plan from the project manager and segregates the work into various modules and assigns the modules to various system engineers for development. So he can handle only one project at a time. He helps the Project Manager to prepare the Statement of Work (SOW). But any modifications to SOW or any problems related to the

project plan cannot be handled by the Implementation leaders. It will be forwarded to the Project Manager.

(c) System Engineers: They are identified only by the project whatever they have undertaken. For example, if they work in java platform then they will be called as Java developers and if they work with functional aspects of CRM then they will be called as functional sales specialist. They should be onsite all the time because they are the actual developers of the project. They are responsible only for the particular module assigned to them rather than the entire project. So any changes in the plans will be intimated to them by the implementation leaders. They are not directly responsible for the SOW. They are not required to understand the functionality of the organization.

(d) Programmers: Programmers are responsible for the development of the applications. They will be having the knowledge on the concerned area rather than the overall applications. They will be responsible for only one application at a time.

(2) Customer's team: After the formation of partner's team the customer team should be formed. The customer team will work along with the vendor team to avoid the cost overruns. The customer team can monitor the work in progress as well as the diversification of capital investment.

The users should participate in this meeting to bring out the best technology. The customer team will have a clear knowledge about the project that is going to be implemented in the organization. So this knowledge can be imparted to the vendor's team to bring out a best project with all expected parameters. These people should know how the implementation works as well as when it will be implemented.

(a) Project Manager: This project manager will reflect the project from the customer's view. This project manager will connect the customer's team with the vendor's team. This project manager will discuss with the partner's team project manager to bring out the changes in the Statement of Work. The entire financial control will be in the hands of PM. The management allots the capital and handover the control to the PM. Any changes with the SOW should be sanctioned by the PM and he has to fulfill the dreams and the expectations of the company. This PM is responsible for the failure or the success of the System.

(b) Systems or Business Analyst: These people are called as functional experts. These people can give the input on the business processes. They can provide the enterprise specific knowledge to the development team. It is not necessary for these people to be on site all the time. They can have an interaction with the vendor's team whenever the clarifications are required. But during the necessity if he is not available may create havoc. So he should attend the project development team regularly. They are equivalent to the functional experts with the vendor's team. These analysts will have the background knowledge about the company and can be imparted with the vendor's team.

(c) IT Staff: They are the administrators of the system and they are responsible for the maintenance of the system. These people can set up the network and install the software.

They are like a lab administrators who will be responsible for the entire lab set up and the software installations. They should be available throughout the implementation problem to dig out the bugs and to remove them from the system. These people will have more responsibility and the stress throughout the process because of their responsibility. Even though they don't have major responsibilities like development, they are sole responsible for the whole installation problems.

(d) Integration Experts: These people will guide the integration of CRM with the information system. This person is specialized and entirely dedicated to the specific areas. For example, we can consider the library staffs, administrative staffs who will be having the knowledge only about that particular area. So that the integration experts are the specialized people. These people are required throughout the processing of implementation to impart the knowledge and the hands on experience that they are having in the related area.

(e) Heads of non-technical Departments: These people provide the input and the approvals of the modules development. These people can share the feelings of the employees about the modules as soon as it is developed by the experts. But these people are not having the technical knowledge to understand the system completely or may take time to understand the system. In order to avoid the confusion or the wrong idea to the development team, these people should have patience to listen and understand the system. These people can make or break the system. They should understand their role and play it safely.

5.3. REQUIREMENT GATHERING:

The requirement gathering phase is the second phase, which commences after the meeting. The bigger the scope of the project is, the larger will be the length of the requirement gathering phase.

The reasons for the length of the requirement gathering phase could be:

(a) Quantitative: This factor considers the number of people to be interviewed for the collection of details.

(b) Qualitative: The complexity of the project implies that the requirement phase is more complicated.

In this phase, all those who are going to use the system must be involved. CRM implementation affects the interaction of every appropriate department in the company. Therefore, it is very important that all the departments co-ordinate and co-operate with each other. Marketing, sales, finance and so on need to be inputted in the teams during this phase and involves a number of actions to be executed. Analysis of legacy system, which involves technical and functional issues, helps to develop enterprises sales methodology and business rules that define the company.

A good requirement analysis will evolve with some of the issues like “how successful the sales methodology has been and what can be changed?” and also provide us with some of the solutions, though certainly not all of them.

Requirement gathering can bring even more business issues to the public eye. Ultimately, whatever the customer wants to carry forward will be architect into the CRM system. Most CRM packages are fairly flexible in these tool sets because they allow for small or wholesale changes in the business rules which in turn governs the customer’s corporate life.

The problem with ERP packages are that it is inflexible in terms of embedded business rules, i.e., we are supposed to do business in our own way. Later when object oriented methodologies and languages (SAP R/3 4.0, for example) were used to built ERP packages, the ability to alter the best practices and business rules which have been implanted in the application became easy.

All CRM packages have learnt from the mistakes of the past ERP. Once the front office requirement gathering is over, the next step is the identification of the input and output.

Input and Output Phase:

In this input and output phase, we will be dealing with the following questions:

(a) Which screens will be needed to input data?
(b) In what way will the information be retrieved from the system?
(c) How will the customer want to work with the system?
(d) How many users must the system accommodate and how will they connect to it (either by LAN, individual remote users, remote offices or web)?

Apart from these questions, we need to consider what would be the systems optimal functionality if all the customer wishes are getting fulfilled. The difficulty of this part is that the users often ask for the functionality that is impossible, unaware of the technical knowledge with respect to the system.

It is always a good practice to brief the basics of CRM before requirement gatherings in order to narrow the expectations of the users.

As the project proceeds, the functionality list narrows significantly. Our concern is to include as much as possible meeting the customer's needs, but at the same time there are a lot of restrictions and technical boundaries, which limit the implementation.

Data identification:

The third phase in this requirement gathering is to identify what data has to be imported to the system and what has to be exported. Both the one time efforts that must occur and the ones that will be recurring throughout the life of the system, such as financial data gathered from invoice sales must be considered. In order to make the requirements gathering go smoothly, it is important to obtain all information possible about the existing system, which will provide a foundation to see how the legacy system and CRM implementation will fit.

Check whether CRM functionality matches with legacy system functionality. To get this information, nondisclosure agreements and all other necessary paper work need to be signed during this phase. According to the nondisclosure agreement, neither the implementation partner nor the customer is allowed to disclose each other's information given during the course of the project.

This agreement is valid for the life of the project and usually a term of one year after that and longer if specified. Once the agreement is signed both the partner and the customer can get the

data and confidential information necessary to start the project work, including the system detail from the customer and other information from the partner. The detailed plan can be prepared after this phase, which will clearly specify the Statement of Work. If this phase is properly done then the further steps involved in the implementation phase will become easy and simple.

5.4. DEVELOPMENT OF CUSTOMISATION:

After the Detailed Proposal Generation step of pre-implementation, the next stage is the Development of Customization. Customization is a process of converting the product according to the customer requirements. For example, a shopkeeper can have the readymade furniture in his shop. But when a valuable customer ask for changes in the design then the shopkeeper can modify the design according to the customer requirements to retain the valuable customer with him. This kind of process can be termed as customization. This step is followed after signing an appropriate proposal as per the customer's requirement.

The time duration for different customization process differs widely depending on the requirements. If the simple requirements are specified by the users then the customization process will become easy. The normal duration usually lasts between 5 to 7 weeks.

This time limit may also exceed due to the following factors:

(1) Size of the Project: It depends on the number of modules involved in the project.

(2) Complexity: The complexity of the project may also increase based on the interfaces, workflow and other functional requirements.

(3) Technical Problems: It may occur due to system failures, etc(unrelated to implementation)

(4) Other Factors: Depending on the workflow and the techniques involved, the estimated time and cost may increase.

The Elasticity of application is highly required during the creation of customised application since the project must be adaptable to the development environment and the changes implied on it.

E.g. If EMA, CRM toolsets are not flexible then it becomes very difficult to develop customization application.

The Responsibilities of different tasks are assigned to people based on their programming skills i.e. Java developers, database administrators, etc.

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The Effective Implementation Partner's require the following:

(a) The implementation team should set up their environment similar to that of the customer's site.

(b) This set up is required since the development team may develop an environment different to that of the customer's end which may in turn create problems and thus affect the user-friendly nature of the project.

(c) Thus it is very essential that the development team work on the same database and system as that of the customer.

(d) All these when implied successfully would also lead to a successful environment.

The Project Manager who is responsible for the entire project development and customization has to perform the following activities:

(a) He is responsible to check whether the work is progressing as per the plan.

(b) He is responsible for motivating all his team members and mainly looks out for the performance of the developers.

(c) He also has the responsibility of maintaining the project customization reports and time frames.

Customization also involves Change Management. Proper report has to be maintained based on the functional changes implied at different stages of implementation. It has to mainly specify the SOW functional changes.

5.5. POWER USER BETA TESTING:

(1) This is the testing phase that comes after the development stage. This Beta Testing involves the active **user's participation**.

(2) In this phase the user specified **customization process** will be completed and the system will be prepared ready for the **data migration**.

(3) This testing phase ensures **acceptance of the system** by the power users. The term power user indicates that the success or the failure of any system depends on the users. Because of this reason the users are termed as power users. The complete **verification** of the developed system is also done based on the requirements specified by the users initially.

(4) The first step involves **creation of the testing environment** at the site. The testing environment will be separate from the actual working environment setup.

(5) The **risk** involved with developing this testing environment is that it may **crash** the entire **system.**

(6) In order to **avoid such a risk** it is better that the customer **purchases a server** machine that can be **isolated** easily and can work with the **legacy system** side by side.

(7) A **few problems** may also arise by implementing such a server machine especially in case of **extensive customization** wherein **extensive checks** are performed during development.

(8) To **overcome these problems**, we need to develop a **close relationship** between the **development team** and the **implementation team.**

(9) The **success** or **failure** of this phase depends upon the back up resources available.

This would mainly **determine** the **factors** like:

(a) What **types of back up resources are** needed?

(b) What **procedural automation** is followed?

(c) What **type of training** is given to the Power Users?

5.6. DATA IMPORT:

This phase identifies the usability and the accuracy of the data. Once the data is properly synthesized then it will be ready for the updating with the system. This phase requires full customer

participation to prove the accuracy and to understand the meaning of the data. The customer must verify the integrity of the data to be transferred to avoid the installation anomalies. This phase gives an option for the last minute usability requirement gathering.

5.7. PROTOTYPING AND DETAILED PROPOSAL GENERATION:

Prototyping is the process of quickly putting together a working model (a prototype) in order to test various aspects of a design, illustrate ideas or features and gather early user feedback. Prototyping is often treated as an integral part of the system design process, where it is believed to reduce project risk and cost. Often one or more prototypes are made in a process of iterative and incremental development where each prototype is influenced by the performance of previous designs, in this way problems or deficiencies in design can be corrected. When the prototype is sufficiently refined and meets the functionality, robustness, manufacturability and other design goals, the product is ready for production.

The actual work begins in this phase where we deal with the prototype. Generally Prototype is a model of the actual system. This is the main step involved in the project development life cycle. For example, we can consider the construction of sample flat before the initiation of the entire building construction. The purpose of the prototype is to develop some of the key functionality for the customer to examine before the rollout (i.e., the time when the production environment has to be installed at the site).

By following the prototyping approach, the amount of difficulty involved in achieving the functionality and various issues are brought out before the actual implementation takes place. It informs the user about the difficulty of full achievement and confirms whether it can be done or not. After preparing the prototype, the project manager can come to a conclusion of actual time requirement, manpower requirement and the final completion schedule can be finalized.

The same goes for the creation of mock screens where the workflow can be demonstrated. For example, “click this button and this happens, taking you to here…” this allows the user to participate at each step of the workflow and prototype development. The methodology that allows the users to give maximum participation and provide input on deliverables as they are delivered is called the iterative method. The idea is that all the users are allowed to participate at each step of workflow and are involved in all iterations of the application.

The result is happy customers because of the prototyping approach provides a platform wherein the customers can not only verify the workflow and give input to the team at all times but also experience the look and feel of the screens thereby giving a clear understanding of the scope of the statement of work.

The prototype can clarify the customer needs by visualization. When the customer sees the process work or the workflow and agrees to what he or she sees, a mutual understanding and a good rapport is established amongst the development team and the customer teams thereby making the project work go much more smoothly.

The prototype can be demonstrated to various departments in order to bring out their views and agendas which can then be analyzed and worked out by the development team even if the data presentation from department to department is conflicting. This process generally takes about two weeks.

Once the prototype is done and demonstrated and the proposed changes made in the workflow and functions are acceptable to both the customer and development team, a formal project proposal is written for the client that states the deliverables, timelines and final costs. The length of this document could be 10-100 pages or more depending upon the type of the project involved.

The CRM projects are often divided into four phases:

Phase I: Sales Module Customisations:

This phase includes the development of product catalogs, the sales process embedding, the account and contact databases and the sale pipeline management criteria.

Phase II: Marketing Module Customisations:

Technically speaking this phase is the same as the sales module customization. They are merely different in what needs to be customized.

Phase III: Integration with External Applications:

This is the phase where difficulties may arise. It includes the analysis of the existing information technology infrastructure and the network functionality. It identifies the integration points between the legacy systems, CRM application, and the possible installation and customization of other new non-CRM applications and systems. This is usually done after the customizations of phases I & II and the third intermediate phase of other CRM modules (only if needed).

Phase IV: Reporting Integration:

Though this phase seems to be safe enough it is one of the most important points in the process. This is a vital function, especially for those businesses that are scattered beyond one office. The customization of those reports and their generation are significant. Problems arise when the information is not appropriately structured or appropriately routed. These problems can sometimes be life threatening to the corporation. In order to avoid such problems it is necessary that the appropriate templates be created and the right reports are auto-routed to the right recipients.

5.8. TRAINING:

This phase is the main phase in the implementation process, which will improve the usability of the finished project. As we discussed earlier the success or the failure of a system is always in the hands of the user. So the user should get the proper training of the finished software. So that they can obtain the optimal functionality based on the developed system. This training will also be done in various stages. Each and every people required a different level of training depending upon his or her roles with that organization. The following steps will explain different types of training methods:

(1) Basic training.
(2) Customization training.
(3) Documentation.
(4) Additional Training.

(1) Basic Training: This is basic training, which can be done in two ways. Either the external people who have developed the system can come to the organization to train the people or the internal staffs can be sent to the development team to get the training. The main factor involved in selecting any one method is cost. The company will calculate the total expenditure that will occur by arranging this training program by calling the development team to the organization. This expenditure will include
   (a) Travelling expenses.
   (b) Training charges.
   (c) Equipment cost.
   (d) Other expenditures.

(2) Customisation Training: There is no hard and fast rule, but this training is done by the now-trained employees who have been engaged in the project. The reason it is best done by the internal project team is their familiarity with the system to begin with. In terms of cost, it has speeded up the basic CRM training and their ordinary labour cost. Another advantage is that the

internal staffs had the benefit of ongoing knowledge transfer throughout the implementation process. In this way, a transfer of knowledge/information takes place between the vendor or the integrator and the users who will in turn use the derived knowledge in an on-going fashion. It is very important that the knowledge transfer is an intentional written part of the statement of work.

(3) Documentation: The documentation is an important section of the process. It is the responsibility of the vendor or the consulting company to provide the documentation on the customized system and to see that the future use is ensured. The job of providing the documentation is generally given to documentation experts who know how to structure a useful document. It is very essential to have a look at some disc losable past documentation written by the expert and have the documentation deliverables sketched out in details in the statement of work. A good documentation will improve the usability of the system developed. In the same way a poor documentation may increase the complexity of the system for the user. The proper documentation will improve the system's future usability features.

(4) Additional Training: Some companies recommend additional training. Two highly recommended courses are Train the Trainer and an Integrator Course.

(a) Train the Trainer: This will be the one who will train the users on your staff. This is a major time and money saver. The trained people will give the module wise training to the employees individually. This will be the easiest method of training and reach the bottom level of hierarchy easily.

(b) Integrator Course: This course teaches the IT staff how to make their own customizations to SalesLogix or to the other vendors who have such a course.

5.9. ROLLOUT AND SYSTEM HAND-OFF:

This is the final phase wherein it is the time to install the production environment at the site. The production environment is the one your company is going to use. Being a delicate and huge task the probabilities are more that things might go wrong and could lead to disaster. The consequences would force us to shut down the legacy system. For this reason the data migration has to convert all data in the format of SalesLogix or People Soft or Siebel databases (which can be either in Oracle, MS SQL server 7.0, DB2, Interbase or any other format). When this is done and accepted, the new system is powered up.

This work is usually performed on a weekend so that the actual workweek is not disrupted. Even if the work is not accomplished in the specified duration, alternate arrangements can be planned and executed in such a way that the disruption remains minimal during the workweek. Irrespective of the estimated expenditure, the companies are ready to shell out even hundreds of thousands of dollars to build tools that are used for data mapping and migration in a large environment. Once the data migration gets completed, the tools are thrown away.

The second significant phase of the role out is remote user and satellite office preparation. This differs according to different software and methodologies. The variances in methodology and preparation are related to the individual company and to the scale of the project.

Each remote user is usually given a copy of the general database, which is installed on the desktop, or laptop and they are provided with the freedom to customize it as and when they want. Initially, trained implementation personnel guide all the users. Since this is a production environment, the developer stays onsite to deal with unexpected problems.

The interaction between the system and the network can pose a problem such as data synchronization with remote users. The initial stage of the production environment comprises of ups and downs because the sync-up does not always run smoothly, but things get sorted out when the products have good data synchronization engines.

5.10. ONGOING SUPPORT, SYSTEM OPTIMIZATION, AND FOLLOW-UP:

This is optional because not all companies opt to follow through on-support after the role out. This implementation is one of the disadvantages for small companies because of their limited ability to provide post-implementation maintenance and support. In either case the level of service provided is very important and it is therefore wise to arrange for post-implementation support. Investing finance on maintenance would be a safer option rather than the incurring systemic failure cost.

It is the legal responsibility of the implementation partner to include the post-implementation in the contract before the implementation ever starts. The implementation partner must be ready to provide the customer with rapidly turned around support till the user is able to manage. It is a good practice to contact the customer and make sure that they are happy with the functioning of the system. Occasional onsite assessments are needed which help

the implementation partner would assess whether the customer is getting maximum benefit from the system.

Case Studies

Define certain checklist that is to be prepared before the implementation of CRM.

The checklist below offers a series of considerations to be aware of before moving forward with CRM development. Make sure each of these items has been at least considered at your company, and the more complex your intended CRM program the more mandatory it is that you resolve the issue prior to beginning development.

Evaluation Question	Explanation
Have you prepared a CRM business plan?	Regardless of whether management requires a CRM business plan, it is a very good idea to have one that represents a CRM baseline for your company or department.
Do you know who your executive sponsor is and what she expects?	By the time you are ready to launch development, who the CRM executive sponsor is should be crystal clear. Moreover, her role in defining and validating requirements, managing executive expectations, and helping define success metrics should be well understood by all stakeholders.
Have high-level business requirements been defined?	In CRM this activity should be separate from the formal development project for two reasons: business requirements will dictate whether the CRM program moves forward and they require involvement from stakeholders who might not be available during implementation.
Have success metrics been established?	How will you know if your CRM program has been a success? Although many companies don't require success metrics to be implemented, they're an effective safety net for after the system is deployed.
Has the project been funded?	No use of planning an entire CRM program if only a mere proof-of-concept has been approved.

Is there agreement on desired customer behaviors? Are the business functions slated to support these desired behaviors apparent?	Depending on the scope of your CRM program, you might include a description of desired customer behaviour in your CRM business plan. Either way, building consensus on how you want customers to behave differently is important. For instance, if sales staff will be using CRM to manage the sales pipeline, it should establish the ideal response to an information mailing.
Does each organization agree on a common definition of "customer"?	The marketing department of an automobile company might consider a "customer" to be a dealer, but the call center might consider it to be a driver. Have consensus on this and other key definitions, or plan on developing them as you define data requirements.
Can you map the desired functionality to data requirements?	Customer data is complex, more often than it is straightforward. This usually means defining data requirements along with business requirements. At some point you will need to know whether customer data is necessary and from what system it will originate. A firm understanding of the level of customer data-account, household – is also critical.
Do you suspect that external data will be necessary?	Purchasing data from an external source (such as Dun & Bradstreet, Axciom, Data Quick, or Experian) might not initially be a high priority, but it can supplement customer profiles with such indicators as number of family members, estimated income, household-level psychographics, ZIP code breakdowns, real estate information, and other attributes that can reveal customer behaviors and preferences.
For customization, does the current workstation development environment support the CRM product?	What type of workstation configurations does your CRM tools development environment require? Additional development tools (e.g., Microsoft's Visual Studio) or hardware (e.g., database servers) might be necessary to correctly customize the CRM environment.

Have you identified the other applications or systems with which the CRM product must integrate?	There should be an up-front understanding of the impact of CRM on other corporate systems and of how the data will move between systems effectively. In addition, staff members whose systems will be touched by CRM should be notified of the pending integration requirements.
Have the organizational or political barriers to rolling out CRM been identified? Have they been resolved?	Yes, it is a loaded question. No, it is not meant to point fingers, but to establish up-front what the tactics will be when questions of ownership or disagreements about functional priorities rear their heads. An influential executive sponsor might be able to resolve such issues before they arise.
Have you truly defined your privacy policy?	Regardless of whether your CRM program will be Web-based, understand your company's boundaries for using data about your customers. CRM must not only adhere to a corporate privacy policy; it should also be the flagship example of the company's behaviour around customer data.

Summary

(1) Pre-implementation phase should be performed in various stages with different people involvement.

(2) The stake holding committee involves the representatives from vendor team (who is developing the application) and customer team (who is going to access the application).

(3) The natural leaders are involved in the development even though they are not having great titles, but due to their deeds.

(4) The requirement-gathering phase brings out the entire organization's requirements by which the entire development process will become easy and simple.

(5) As the requirement gathering phase is done in detail, the development phase will become simple.

(6) The requirements are gathered with two main characters, which include qualitative and quantitative.

(7) The requirement-gathering phase bring out more business problems to the public eyes.

(8) The requirement gathering phase includes various steps like data identification, input-output screens development etc.

(9) Customization is a process of making the active user participation and corresponding changes proposed by the customers will be incorporated with the model.

(10) The kick off meeting will be conducted between the vendor team and the customer teams.

(11) Both the teams will be containing people with different designations by keeping the Project Manager as a head.

(12) The Project Manager is the integrator between the vendor's team and the customer's team.

(13) The customization process includes various factors like size, complexity, technical problems etc.

(14) The elasticity of the application improves because of the active user participation throughout the development.

(15) The Project Manager is responsible for the customization process and the changes proposed by the customers will be approved only by the PM.

(16) After the customization process gets over, the Project Manager will prepare the detailed proposal.

(17) Prototyping is a process of model preparation or single module preparation before starting the process of entire development that will bring out the idea of the entire system development.

(18) The prototyping will bring out the proper idea about the cost, time, and manpower requirement to complete the entire project.

(19) The prototyping process will help the Project Manager to prepare Statement of Work (SOW) successfully.

(20) The last phase in the pre-implementation process will be training.

(21) The training phase can be done in 4 different stages.

(22) The four different training modules are basic training, customized training, documentation, and integrated training.

(23) The basic training can be given by the vendor team at the customer site or by sending the customers to the vendor site.

(24) The documentation part is very important because of its future usage.

(25) The language part of the documentation should be properly designed to avoid future confusions about the system.

Review Questions

SHORT QUESTIONS:

(13) What are the various steps involved in pre-implementation phase?

(14) Define the roles of a user in the pre-implementation phase.

(15) What are the roles and responsibilities of a natural leader in the pre-implementation phase?

(16) Explain about the various responsibilities of senior management personalities with the pre-implementation phase?

(17) What are the two teams involved in the process of kick off meeting?

(18) What are the advantages of requirement gathering with the CRM implementation?

(19) Define Prototyping.

(20) Define Statement of Work.

(21) Define Proposal Generation.

(22) What are the four phases involved with CRM projects?

(23) Define Customization.

(24) Why do we need beta testing?

(25) What are the advantages of customization?

(26) How can we import the data to the CRM system?

(27) What are the four types of training?

(28) Define System Optimization.

ESSAY TYPE QUESTIONS:

(1) Explain in detail about the various steps involved with pre-implementation.

(2) Explain about the roles and responsibilities of various people involved in stake holding committee

(3) Who are the people involved with kick off meeting and explain about their responsibilities in detail?

(4) Explain the process of prototyping and explain its usage in the detailed proposal generation.

(5) Explain the need of requirement gathering with pre-implementation along with its various steps

(6) Why do we need customization? Explain how the customization can improve the customer relation with the organization.

(7) Explain about the importance of power user beta testing and define problems with data import.

(8) What are the four folds of CRM training programme?

(9) Write in detail about the roll out and system hand off phase.

6

THE APPLICATION SERVICE PROVIDER (ASP)

In this chapter, we are going to see the concepts of:

Unit Structure

6.1. What is ASP?
6.2. Need for ASP
6.3. Clients of ASP
6.4. Types of ASP
6.5. Model of ASP
6.6. Features of ASP
6.7. Generations and Evolutions of ASP
6.8. Advantages of ASP
6.9. Example of an ASP
6.10. Disadvantages of ASP

6.1. WHAT IS ASP?

An application service provider (ASP) is a business that provides computer-based services to customers over a network. Software offered using an ASP model is also sometimes called On-demand software or software as a service (SaaS). The most limited sense of this business is that of providing access to a particular application program (such as medical billing) using a standard protocol such as HTTP (Hyper Text Transfer Protocol).

In simple terms, an ASP is a company that hosts a software application and rents it out for a monthly fee. The basic value proposition of an ASP is twofold:

(1) Freeing up the customer resources for more strategic initiatives by outsourcing certain aspects such as the expenses associated with managing a business application

.

(2) Conservation of the customer's capital by paying a monthly service fee. This minimization of cost can be achieved by avoiding the large up-front expenditures, which are required to bring enterprise business application on line.

6.2. NEED FOR ASP:

The need for ASPs has evolved from the increasing costs of specialized software that have far exceeded the price range of small to medium sized businesses. As well, the growing complexities of software have led to huge costs in distributing the software to end-users. Through ASPs, the complexities and costs of such software can be cut down. In addition, the issues of upgrading have been eliminated from the end-firm by placing the onus on the ASP to maintain up-to-date services, 24 x 7 technical support, physical and electronic security and in-built support for business continuity and flexible working.

6.3. CLIENTS OF ASP:

Clients for ASP services include businesses, government organizations, non-profits, and membership organizations.

6.4. PROVIDER TYPES:

There are several forms of ASP business. These are:

(a) A **specialist** or **functional** ASP delivers a single application, such as credit card payment processing or timesheet services;

(b) A **vertical market** ASP delivers a solution package for a specific customer type, such as a dental practice;

(c) An **enterprise** ASP delivers broad spectrum solutions;

(d) A **local** ASP delivers small business services within a limited area.

6.5. THE ASP MODEL:

The application software resides on the vendor's system and is accessed by users through a web browser using HTML or by special purpose client software provided by the vendor. Custom client software can also interface to these systems through XML APIs. These APIs can also be used where integration with in-house systems is required.

6.6. FEATURES OF ASP

Common features associated with ASPs include:

(a) ASP fully owns and operates the software application(s).

(b) ASP owns, operates and maintains the servers that support the software.

(c) ASP makes information available to customers via the Internet or a "thin client".
(d) ASP bills on a "per-use" basis or on a monthly/ annual fee.

6.7. GENERATIONS AND EVOLUTIONS OF ASP:

There are three generations of ASP (Till now).

The following diagram depicts all the 3 generations of ASP.

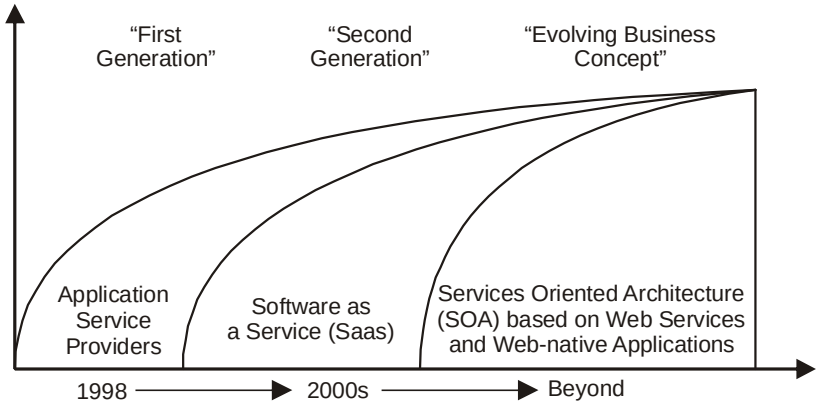


Fig. 6.1

The following diagram depicts the evolutions of ASP.

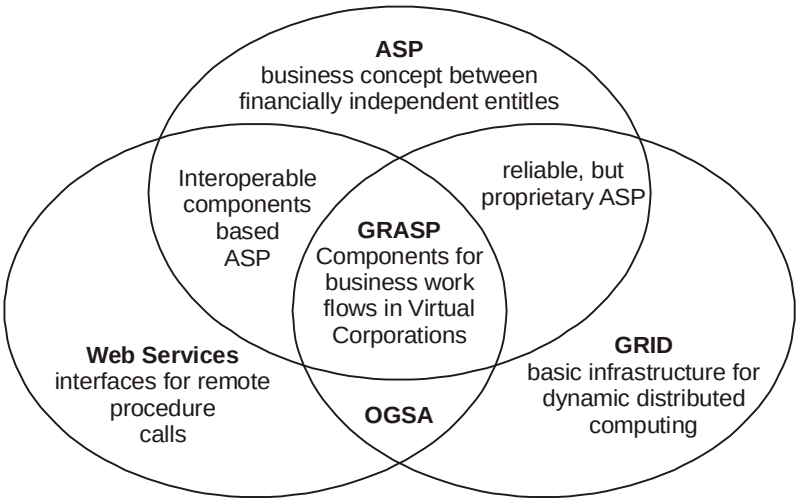


Fig. 6.2

6.8. ADVANTAGES:

(1) Rapid Implementation: ASPs implement the same products on the same platform over and over again, thus enabling them to become extremely proficient at this task and at times even to automate the most repetitive parts of the process. Because the

implementations all happen within the ASP's data center, certain application components can be redeployed and/or shared among multiple applications. Eventually this reduces the human effort and the total time required for the implementation.

The following diagram shows the time and cost relationship of a client's project after the organization hosted the services.

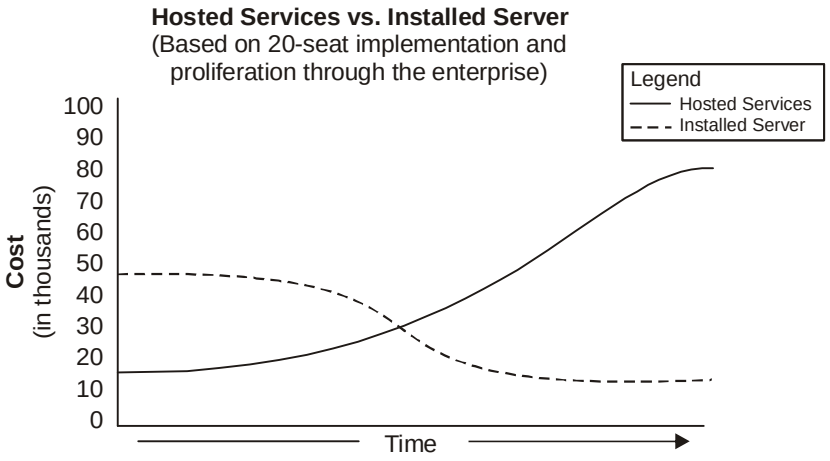


Fig. 6.3

(2) Lower cost of Entry and Ownership: ASPs rent applications for a monthly fee, which enables the customers to bring down the large capital expenditures, which were traditionally required. ASPs centralize and share resources such as network connectivity, hardware, software, facilities, and human resources. This provides a way to pass additional savings to the customers at the same time maintain substantial profit margins.

(3) Reduced People Headaches: It is a known fact that it is very difficult to find good people, recruit them and even more difficult to retain. ASPs reduce their load by directly addressing and outsourcing their customer's IT department or in some case only a part of the IT department which is required to manage each respective application.

(4) Availability: Most ASPs advertise 24/7/365 uptime for their customer's applications. In simple terms, it is "online all the time." This is typically backed up by a service level agreement (SLA), which guarantees that your systems are up and running all the time else you start getting portions of your money back. This is useful for mission-critical applications, which make it good for future aspects.

(5) Scalability: ASP businesses require that they use high-performance, scalable technologies. ASPs invest millions of

dollars in order to develop a scalable infrastructure so as to accommodate the needs of the new economy's companies. Because it is already in place all customers whether small or large get to enjoy the same world class infrastructure.

6.9. EXAMPLE OF AN ASP:

The Muni Alliance is an independent industry consortium that provides a forum for exchange of ideas and development, along with an opportunity for member companies to address fundamental business and technology challenges vital to the growth and health of the Municipal WiFi broadband industry. It also serves as an independent clearinghouse of information and insights to help enterprises identify the right wireless solutions to address their needs. The Alliance is a resource for end users to tap into and choose the appropriate WiFi service that best fits their needs.

The consortium fosters collaboration across the entire value chain including WiFi broadband service providers, hardware, software, and application and support companies. Joint marketing with Muni Alliance member organizations will provide integrated seamless, tested and "user-ready" WiFi centric solutions.

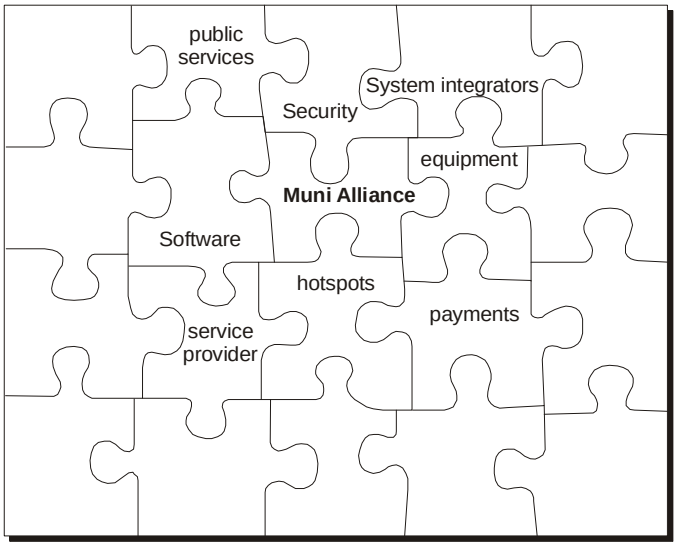


Fig. 6.4

6.10. DISADVANTAGES OF ASP :

(1) Limited Choices: ASPs typically provides a very limited number of brands when it comes to applications. They are forced to do this if they are going to be able to produce repeatable, scalable results. Because most ASPs are completely reliant on the marketing efforts of the actual

software vendors and drive brand loyalty, they are likely to host only the products with greatest market share. These products are not always the best solution for a customer's business problem.

(2) Integration with Other Applications: Because ASP applications are hosted outside the enterprise, integration with other enterprise apps becomes challenging. Even though actual data connectivity between the enterprise and the ASP can be reasonably robust, the fact that the applications (and the experts who manage them) are not part of the enterprise's core IT function makes integration efforts more complex.

(3) Security: For all practical purposes, data held at an ASP is very safe. However, discomfort still exists with many IT managers because not only their jobs, but also the viability of their company depends upon the safety of enterprise data.

(4) Connectivity: If an application were operating within the enterprise; it would take a LAN failure to break connectivity to the application. LAN technology is very stable, and in the event a problem does occur, it can be fixed directly by the enterprise. When using an ASP, there are several more variables introduced in the communication loop, including telecom companies. So the problem fixing, if the problem takes place, becomes even more difficult.

The diagram below shows the needed connectivity of an ASP:

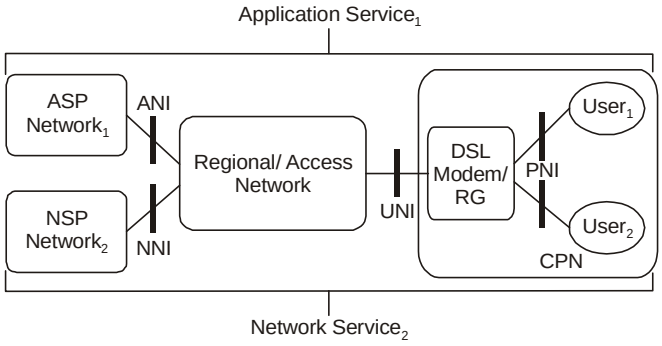


Fig. 6.5

CONCLUSION:

Most companies can't afford to implement the levels of redundancy, reliability and security. The solution to this lies with ASP. By using an ASP, even the smallest business can gain access to leading business applications often becoming world-class information system infrastructure. The deciding factor, whether to use ASP lies on a high-level overview considering their advantages as well as their disadvantages.

Summary

- An **Application Service Provider (ASP)** is a business that provides computer based services to customers over a network.
- **ASP is a company that hosts a software** application and rents it out for a monthly fee.
- The need for ASPs has evolved from the increasing costs of specialized software that have far exceeded the price range of small to medium sized businesses.
- Clients for ASP services include businesses, government organisations, non-profits, and membership organisations.
- The application software resides on the vendor's system and is accessed by users through a web browser using HTML.
- The advantages of ASP includes the following:
  - **(1)** Rapid Implementation,
  - **(2)** Lower Cost of Entry and Ownership,
  - **(3)** Reduced People Headaches,
  - **(4)** Availability,
  - **(5)** Scalability.
- The disadvantages of ASP includes the following:
  - **(1)** Limited Choices,
  - **(2)** Integration with other application,
  - **(3)** Security,
  - **(4)** Connectivity:

Review Questions

(29) Who are ASPs? Discuss their role in brief.

(30) Why most of ASPs advertise 24/7/365 uptime for their customer's application?

(31) What are the advantages and disadvantages of ASPs? Explain.

(32) Explain the concept of ASP with its model and types.

7

CASE STUDIES

In this Unit, we are going to analyze about the following case studies.

Case Study 1:

Core Banking:

Software packages for banking applications in India were first developed in the mid-80s, when banks slowly started computerizing the branches. The hardware prices plummeted in the early 90s, and with the advent of cheap and inexpensive but high-powered PCs and servers, banks went in for Total Branch Automation (TBA). The mid and late – 90s witnessed a tornado of financial reforms, deregulation and globalization, coupled with a rapid revolution in communication technologies.

With centralized infrastructure and numerous connectivity options, banks started exploring multiple-delivery channels like the ATM, net – banking mobile banking and tele-banking, thus cutting down cost per transaction. Banks are increasingly adopting core-banking solutions for retaining customers and lowering service costs. Automation is a must, and involves a combination of centralized networks, operations and a core-banking application. Automation enables banks to offer 24 $\times$ 7 service using less manpower. But to be really competitive, banks need to think beyond basic automation.

The use of internet has revolutionized banking in India. With convenience like never before, customers can sit in the comforts of their homes or offices and make payments, check account balance, apply for loans and transfer funds. It is immediate, easy, cheap and efficient

According to P. A. Kalyanasundar, General Manager, IT, Bank of India,

The customer has to move from being a customer of a branch to a customer of the bank, with all types of delivery channels: internet banking, ATMs, utility bill payment, payment of taxes online, doing share trading online, making airline and train reservations online and so on. The bank is able to roll out any new

product and service at all its branches and to all its customers instantly.

The banks are giving access to the customers through various delivery channels so that there is no longer the need to visit the branch and stand in queues for long hours. More than that, we are witnessing convergence of technologies, meaning thereby that banks are networking their ATMs, so the customers can make use of any of the ATM in the network. Also through RTGS and NEFT, even inter-bank remittances and funds transfer have become instantaneous and hassle-free. We would be witnessing more of this convergence in the days to come.

There are 38.5 million internet users in India, and the number is set to grow to a 100 million by 2007-08. An estimated 4.6 million Indian internet users are banking online today and, with the efforts of the government and the industry, the number of people who use the internet and the mobile for banking is expect ed to cross 16 million by 2007-08.

Internet banking is far easier and more affordable than traditional banking.

Online-banking poses the danger of people hacking into the account and illegally transferring money to their account in different bank. This discourages many customers from using the online facility. Internet banking fraud is a form of identity theft, using techniques such as phishing. The security measures employed by most banks are never 100 per cent safe, but reality online fraud is rare.

A multi-layered security system, comprising firewalls, filtering routers, encryption and digital certification, ensures that your account information is protected from unauthorized access. Firewalls and filtering routers ensure that only the legitimate internet users are allowed access to the system. Encryption techniques used by the bank (including the sophisticated) public key encryption) would ensure that privacy of data flowing between the browser and the infinity system is protected. Digital certification procedures provide the assurance that the data you receive is from the infinity system.

SSL (Secured Socket Layer) ensures server authentication and use of client side certificates issued by the banks using a certificate server. PKI (Public Key Infrastructure) is the most favored technology for secure internet banking services. Safeguards also involve the use of minimum of 128-bit SSL for securing browser to web server communication and, in addition, encryption of sensitive data like passwords in transit within the enterprise itself. The application server should be isolated from the

email server. Banks should use the proxy server type of firewall so that there is no direct connection between the internet and the bank's system.

MOBILE – BANKING:

Several banks are looking at an enriched version of mobile phones to carry out normal banking transactions, and making payments as well. A virtual card will be created on the phone through which an individual can carry out all banking transaction. All that a customer has to do is to give his / her mobile number and make the payment to the merchant. The merchant will furnish that information to a mobile payment platform, which, in turn, will channel it to the bank for authorizing the transaction, before which the payment platform will seek customer authorization (PIN – entered authorization) to carry forward the transaction. Once cleared by the customer, the confirmation will be sent to the customer and the merchant, to enable him to receive payment from the bank.

There are about 70 million debit cards and 23 million credit cards in circulation in India. Several technology companies have designed application for mobiles. To enable the mobile, the customer has to download the company's application onto the handset, which must be Java-enabled. Once the application is download, the customer gets a unique ID to initiate cash transactions. Mobile – banking would provide greater security (all transactions are PIN-protected) and convenience (by doing away with multiple credit / debit cards), and would definitely draw people.

Case Study 2:

Bank Assurance:

Bank assurance is a term referred to selling of insurance through banks established distribution channels. Hence the bank is involved in

(1) Banking
(2) Insurance
(3) Lending
and investment products like mutual funds.

Bank assurance increases the non-interest income of the bank and his increases it s productivity.

The reasons for the growth of Bank assurances are –

(1) minimum 500 cr. of net worth.
(2) minimum capital adequacy of 101.
(3) At least 3 continuous years of profit.
(4) Net NPP 1% below the industry average.

Vast untapped i.e. markets which have not been targeted, insurance potential.

Statistics with respect to the insurance market in India.

(A) Life Insurance:

(1) Life Insurance market grow by 38% in 2005.
(2) LIC 73.8%
(3) LIC grow by market expansion i.e. getting into new geographical location.

(B) General Insurance:

(1) General insurance industry grow by 16% in 2005.
(2) Private players – 26.5%.
State owned general insurance copanies 73.5%

The future growth of both A and B is linked to bank assurance since it offers the following benefits to both customer and the bank.

Benefits to Banks:

(1) Increased non-interest income
(2) Product diversification – i.e.

They sell more products like insurance, mutual fund which is more than the products that they were dealing before like PPF etc.

Benefits to Customers:

(1) Decreased price.
(2) Sound insurance product.
(3) Faster processing.

preparing for Tomorrow:

Banks can successfully cross sell their products to customers because of their following advantage.

(1) Extensive branch network.

(2) They have long standing relationship with both corporate and detail customers.

(3) They have huge amount of information about customers.

(4) rural penetration i.e. banks are present in almost all villages.

(5) brand image i.e. SBI is known for certain values.

Some of the key drivers of bank assurance in India are:

(1) There are 68116 branches of commercial banks, such branch serving an average of 15,000 people.

(2) 319568 branches in rural India.

(3) 15975 in semi urban area.

(4) Rural and semi urban bank account constitute 60% in terms of no. of accounts.

(5) Over 900 million persons are not yet covered by life insurance.

(6) 200 million householders to be covered by householders insurance policy.

(7) NRI are still not tapped for mediclaim and insurance policy.

Reinventing Banking to accommodate bank assurance:

Since most of the banks have reached the maturity stage in their life cycle it is time to find out new methods to remain in the business. Bank assurance is one of the methods. For this banks and insurance companies must do the following:

(1) Share information across different channels like electronic, portal, etc.

(2) Must increase collaboration to develop new products which are designed according to individual likes

(3) Proper management of employees.

(4) Creating a sales culture.

(5) Sufficient advertisement.

(6) Reward a recognition for good salesperson.

(7) All marketing plans must be integrated.

Different Bank assurance models are:

(1) Europe
(2) Integrative
(3) Specialist
(4) Financial Planning

RBI envisages these variants of the basic models.

(1) Providing the based insurance service without risk participation. i.e. the bank will not take any risk, the risk associated with selling insurance policy should be fully borne by insurance company, the bank will only sell the policy and charge of commission for the policies sold.

(2) For bank investing (i.e. giving money) to an insurance company to develop its building, distribution channel etc.

(3) Setting up a separate joint venture insurance company with risk participation and subject to fulfilling entry norms i.e. one bank and a insurance company can come together to jointly run a bank assurance company and they will share the risk involved but there will be definite rules as to which banks and which insurance companies can come together.

All the models though initially will be selling the small policies will have to eventually grow up to sell more complex products. For this organisational and technological changes have to be brought inside the company.

Case Study in Bank Assurance:

Canara Bank:

Canara Bank entered into a corporate agency agreement with Aviva Life Insurance Company Private Ltd. on February 25, 2003. Aviva Life Insurance was the first to introduce the concept of bank assurance in India and it was a successful Venture because Aviva used its global company expertise Bank assurance contributes 70% of total Aviva India sales. Aviva products have the following advantage:

It provides customer flexibility.

(1) It provides transparency i.e. no secret is kept by the company about any kind of money transaction.
(2) Value of money products.

Canara Bank obtained the IRDA comports license to act as a Corporate Agent both for Aviva life insurance and United India. Each branch of Canara Bank had to pay a premium to the insurance company which was classified based on:

(1) classification of loans and advances the bank has given.

(2) amount of loan sanctioned / outstanding.

(3) type of insurance policy.

(4) Date of expiry of policy.

(5) Sum insured.

Case Study 3:

Destination Disney:

Destination Disney is the name of Disney's new customer experience strategy. The company intends to leverage technology, both up front and behind the scenes, in hopes of personalizing the park experience. Once in the park, the idea is to be able to give

pack goers up to the minute information specific to their preset preferences. via their cell phones. This project hopes to collect information from customer or make this data accessible across all lines of business so that employee at any given time can access or add information to a visitors profile. Another initiative that lier in Destination Disney is a Web Site called Magical Gatherings, specifically intended to boost new revenues and group business bookings by encouraging. Fal – flung family members to collaborate online to plan. Their next reunion or group event at Disney World. In the next few years, Disney needs to use the internet to capture the e-mail addresses of every Disney visitor and potential visitor with that capability Disney can have more control over guest attendance by offering very specific promotion to highly valued guest.

Destination Disney are also rolling out interactive, location aware programs to help Disney executives cut costs on the back end in pack operations and logistics. The effort will include helping to manage the parks' fleet of 267 buses, which shuttle an average of 15,00,000 packagers a day. GPS and mobile internet technology let Diney run its fleet based on real – time customer demand rather than set schedules helping to eliminate lines and wait limit as well as cut excess operations.

It is also planning to expand its digital imaging services which could include a program that may let visitors staying at a Duney hotel use their room television sets to review and buy photographs taken of them on rides during the day. The resort is looking to improve its service that allows visitors to schedule rides thus avoiding long queues.

Case Study 4

Atithi Devo Bhava:

It is the Tourism Department of India's initiatives to attract foreign tourists. Department of Tourism in India, has picked up this slogan in its latest campaign to sensitise all the stakeholders in the tourism industry about the importance of in bound foreign tourists. It is a social awareness campaign arrived at providing training and orientation to tourist service providers. It aims at such Key Stakeholders of Indian tourism industry. Such as taxi drivers, immigration of finals, tourist police, travel agents etc. The need for such a program was felt because India with a diverse culture and heritage has a share of a mere 0.89% in world's tourism's earning. The essence of this programme is to create a better infrastructure, communicating right information, utilisation of existing resources and creating a secured environment. India is the second country in the world after Egypt to have a CRM program to attract and foreigntourists.

Components of the Program:

It is a seven point program (See Exhibit 1) aimed to achieve a perceptible shift in the outlook of the Indian citizens in their approach towards falling in tourists.

The training was carried out through training and induction programs to the stakeholoders which emphasizes maintenance of personal and product / service / monument hygiene and cleanliness. Based on the stakeholders education, background and exposure to different levels of sophistication they are divided into two levels and experts provide training to them. The first level covers taxi divers, tourist guides, baggage handles, and porters the record level caters to tour operators, shoppers, hostellers, tounot police and immigration officials. After the competition of training, participants will be issued certificates that will be valid for a period of six months and will also be given logos. The training program also involves receiving feedback from the focus tourists who visited India, about the Kid of service they received of the behaviour of the service providers during their stay.

(1) Conducting PR shows: The objective of these public relations shows is to communicate and create awareness among the general public about the importance of program.

Exhibit I: The Seven – point Athithi Devo Bhava Program.

Athithi Devo Bhava is a seven-point program of hospitality and training.

(1) Samvedan Sheelta or Sensitisiation: Here, we will sensitize the various sections of the tourism industry about how each of them have to contribute to the growth of the tourism industry and how they will benefit from it.

(2) Prashikshan or Training and Induction: This involves explaining to them the needs and expectations of tourists, how they should respond and behave in order to satisfy these needs and meet those expectations.

(3) Prerna or Motivation: This is motivation to participate in this program through various measures, e.g. awards for the best worker in the segment. Because when you are enthused you can do wonders.

(4) Pramani Karan or Certification: Certification to ensure standards shall be done at an appropriate stage in the training program.

(5) Pratipushti or Feedback: Feedback shall be obtained from tourists about the service they have received and the experience they had, in order to improve the training program on a continuous basis.

(6) Samanya Bodh or General Awareness: The mass media communication campaign will be undertaken to create general awareness among the public about the necessity and the benefits of the *Atithi Devo Bhava* program.

(7) Swamitwa or Ownership: The *Athithi Devo Bhava* program is a movement we will urge all segments of the Indian society to adopt, and look upon as their own.

The Charter of Atithi Devo Bhava Training Program:

(1) Hygience and Clearliness: Hygience and cleanliness shall cover the areas of product for example, vehicles like taxis, hotel rooms, restaurants, shops, etc., personal hygience cleanliness of the person providing the service and cleanliness of the monuments / places of tourist interest.

(2) Conduct and Behaviour: The person concerned, for example, the taxi driver / hotel employee shall behave in a courteous and polite manner towards tourists.

(3) Integrity and Honesty: The person providing service to the foreign tourists should display honesty and integrity.

(4) Safety and Security: The safety and security of the tourists shall be ensured.

Source: *www.incredibleindia.com*

Success of ADB sponsor another campaign:

Encouraged by the success of the ADB program, Soni unveiled another mass media social awareness campaign called Bunty and Babli is late 2006. The TV ads featured popular Bollywood actor and urged the general public to preserve India's heritage sites.

In 2006, As part of the incredible India campaign, MOT also started a cultural tourism initiative Atithi Devo Bhavah stay with an Indian family. Through this initiative, foreign tourists could get a taste of the traditional Indian hospitality by staying with an Indian family. The host would be carefully selected by MOT.

The Indian tourism industry has been doing well and is expected to continue the strong trend. According to the World

Travel and Tourism Council, the Indian tourism industry will grow at 10% annually over the next decade, the highest rate of growth in the world. WTTC also said that India had the potential to earn US $ 24 bn annual foreign exchange earnings through tourism by 2015. MOT contended that the trend of the first there months of 2007 indicated that tourist inflow into India would increase by a rate 16% for the current year

In addition to the incredible India campaign and the ADB program rural tourism and medical tourism was expected to boost the growth in the industry. India's rural tourism initiative earned praise in the international area in 2006. It was distinguished as one of the best projects at the would Travel Market. The MOT's priorities had not changed, but it was putting greater emphasis on development of infrastructure at important tourist destinations and circuits. Experts felt that development of infrastructure was critical to the future of the industry. With globalization more business visitors was also coming in and a boom was expected in travel accommodation, as more serviced apartments budget holis and highway hotels were set up. In such a scene, experts laid travel and tourism would contribute as much as Rs. 8,500 bn to GDP by 2020-40.

Case Study 5:

Business Intelligence:

Introduction:

During the last decade the single most important factor that had a profound effect on the society is the proliferation of computers, computer networks, Internet and information technologies. No sphere of human endeavor remains untouched by these technologies. Internet and computer networks have changed the way people organisations think and conduct their day-to-day activities including business activities. These technologies have not only influenced the organisation to reengineer their existing business processes, but also created altogether new methods of conducting business called 'e-commerce'. But at the same time the marketplace has become a dangerous place for the organisations. The three 'C's – customer, Change and Competition are playing havoc with the business organisations. They are forcing them to venture into the areas which, given a chance no organisation would like even to look at.

What is Business Intelligence (BI)?

It involves converting the raw data that is available within the organisation and the data collected from the external environment into refined and contextual information to gain insights into particular business problems. Organisation has been using BI for

many decades now. But in the past they had a very narrow view and most equated it with competitor information. However, in the present day context, BI includes intelligence regarding markets, customers, competitors, suppliers, marketing channels, other general information (intelligence) about business environment and also all internal information. The right use of this data provides the organisation with the necessary competitive advantage. But unfortunately in most organisations the data remains just data for ever. The reason for this is different departments of a conventional organisation normally function in watertight compartments and the result is one department is not aware of what information is available with the other departments.

With increasing competition some organisations have started having a fresh book at the data available with them and the wealth of information they have found is revealing. They have realised the information that pervades every aspect of their value chain. With this realisation a number of BI tools have been developed that can transform the organizational data into intelligence. According to the *Business Week* (US) survey of 2002, BI software grew by 9% compared to the software industry average of 7.7%. BI tools bridge the information gap in the organisation and help the decision – makers. The entire activity starts by creating enterprise – wide customer – centric data and using BI for CRM analytics. The BI environment consists mostly of data processing technologies likes On-Line Analytical Processing (OLAP), data marts, data warehousing, data mining technologies, graphical analytical tools and obviously the organisational data.

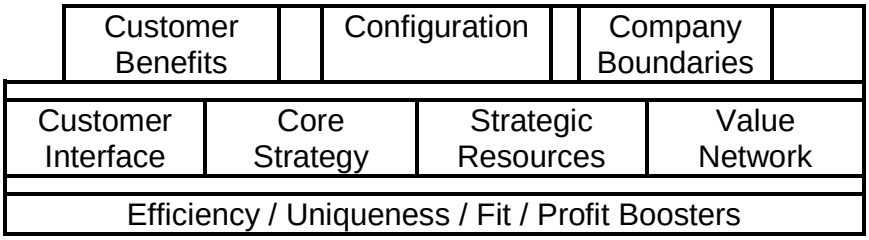
BI and CRM:

The CRM process generally involves a number of activities. They could be acquiring and retaining customers, understanding the needs of the customers which include their present and future needs, segregating them and identifying the most profitable customers, understanding their buying patterns, interacting with them and serving them in the best possible way at the same time providing differential service to high value customers. Further studies have time and again proved that 20% of the customers bring in 80% of the revenue (Paretos principle). BI tools-play a very important role in all aspects of CRM. By using these tools with the organizational data, one can identify the most profitable customers by analyzing the revenue the customers accrue to the organisation and the costs involved in serving them. This analysis also provides insight into why some customers are more profitable whereas others are not. Organisations can use this data in devising methods to retain present or future profitable customers while leaving the unprofitable customers for the competitors. BI tools also help in evaluating customer's lifetime value basing on his purchase history and assessing his future requirements. BI data mining tools can

also be used to segment the customers into clusters basing on demographics, psychographics or any such other criteria. This can help in highly focused marketing campaigns at very low cost. Further, BI tools can be used to analyze the customer churn. In one bank, which had a churn of 25%, BI tools analysis and implementation of good CRM practices resulted in bringing back the profitable. 17% in just three months. BI tools can also help in affinity analysis, campaign analysis, cross selling and up selling, etc. the tools can assist every person in the organisation, who needs important information and also answers to such questions as – who their customers are, what they want, where they want it, at what price they want and when they want. BI also helps to deliver swift Return on Investment (RoI) from investment in CRM.

What is Market Intelligent Enterprise?

Emphasizing need for CRM and market intelligent enterprise, Patricia Seybold, an ardent advocate of CRM, stresses three important points, the first one is that the customers are in control, the second is customer relationship counts and the third is customer experience matters. The issue she wants to highlights is that CRM strategy is very important for creating competitive organisations and the strategy must be developed from the overall business goals. Garry Hamel with his model (See Figure 1) of competitive organisations also supports this view saying that customer strategy and core strategy should be linked. To become a competitive force, the organisation has to transform itself into a market intelligent enterprise.



Garry Hamel's View of Competitive Organisations

How to create a Market Intelligent Organisation?

Creating a market intelligent organisation involves careful planning and an organisation – wide effort. Further, it will require physical changes in the organisation and also attitudinal changes of the employees. Further, it will require physical changes in the organisation and also attitudinal changes of the employees. Some of the important aspects involved in creation of marker intelligent enterprise are as follows.

(1) Integrated View of the Customer: The startri point "KYC, 'Know Your Customer'. First, at some point of time the

customer interacts with the organisation and slowly the relationship grows. The first interaction could be a purchase of the company's product or a simple e-mail query. Irrespective of how it takes place, some data bout the customer will be available to the organisation. If the customer is satisfied with the organisation he will enter into a business transaction once again. Thus, the relationship grows gradually. Each transaction, each interaction with the customer produces additional data. The sources include customer's transactions, sales force, marketing campaigns, call centres, survey data, Internet, customer service divisions, etc. This data however gets collected at different places and may not be available in a central place in the organisation. This shortcoming results in fragmented view of the customer. For example, the customer has purchased a company's product from a sales representative and has a service problem and the contacts the call center. Here he has to explain his details and the background to the call center contact person. Supposing the call center operator refers him to another person in the service department, then the customer has to explain his case from the beginning once again. If he is directed to somebody else again the same thing is repeated. Needless to say the customer will not be pleased and his experience with the organisation can be no means be called satisfactory or exciting. In customer – focused organisations the data from all customer contract points is collected in a centralized database. This database provides a uniform view of the customer to all the employed. Further analysis of this data can provide details of the customer's likings, needs and his values basing on his past purchase history or other transactions. In such a situation when the customer contracts the call center, the operator can view the entire information regarding the customer and if his problem needs services of another department the transition can be seamless ensuring a good experience for the customer. The company can use this opportunity to cross sell or up sell other products. A market intelligent organisation will always be the one with an integrated view of the customer. For such an organisation any contract with a customer is an opportunity to increase his wallet share. In case of General Motors the company has gone to the extent of combining its 60 call centers into three for providing uniform view of the customers across the organisation.

(2) Strategic Application of Customer Data: Market intelligent organisations use the available data to assess the customer's value to the organisation. All customers do not equally contribute to the company. The data analysis also provides the organisations is the ability to understand the customer's needs and providing him with suitable products or services. Based on

these needs and preferences the customers could be segmented. This segmentation will bring down the cost of marketing efforts considerably. According to one study, in case of FedEx such analysis resulted in reduction of the campaign duration from 26 weeks to 8 weeks, a more focused campaign with 8 times return on investment, prospecting efforts (efforts to get a customer) improved by 284%.

(3) Channel Optimization: There are a number of channels available to the customer to interact with the organisation in banking industry. The customer has the choice of walking up to the bank, tele-banking, Internet banking or use an ATM. By analyzing the preferences of customers, companies are serving them using customer's most preferred channel to enhance the customer experience and satisfaction. Organisation also persuades customers to migrate to the most economic channel. Do you remember getting 9 months statement along with a suggestion to go paperless go for interest banking? Here again it is very important to consider individual customer's preferences. For example, a busy employee may prefer Internet banking or using ATM whereas, a retired person may like to go to the bank and interact with the manager personally. Demographics and psychographics play an important role here. The market intelligent organisation are using a combination of these channels based on the preferences and the cost of service and are able to provide best service at the minimum cost.

(4) Innovative Use of Technology: The computer networks and Internet technologies have provided faster and inexpensive means of communications and conducting transactions. The web technologies have resulted in disintermediation in some cases like Dell Computers. Ar Dell the customer using. Web and Internet designs his own computer. Some organisations are offering 'do it yourself' customer service using these technologies. In the insurance sector most companies allow the customers to design their own custom made policies.

(5) Continuous Improvement of Process: the organisations continuously seek improvements in their process procedures and systems. They are using all the data and sensory mechanisms to build better and better systems centering on the customer. For these organisations customer feedback is an important tool to assess the quality their operations. For example, fine-tuning navigation in Web-based environment is one such activity. These organisations involve customers in all their strategic decisions like new product development.

Integration of Business Partners:

Market intelligent organisations move beyond their physical boundaries and create an extended enterprise by actively involving the suppliers, channel partners, customers, outsourced agencies in their endeavor to create a customer – focused organisation. This extended view brings in additional benefits to the organisation by creating value propositions to each of the parties concerned. Understanding each other's requirements, strengths and weaknesses help in improving overall efficiency of the total process which in turn will help the customer with a better product at a reasonable price.

The following questions indicate the organization's market intelligent Quotient.

- Do your customer service representatives have easy access to customer service, customer delivery and customer history information?
- Do your organisation quantify the profitability of each customer?
- Does you organisation use customer information for sales and marketing?
- Does your organisation integrate campaign results – the promotions and offers it provides to customers and the acceptance levels of these offers – into forecasting and planning?
- Does your company have program for rewarding loyal customers?
- Do you have quantitative methods for measuring the effectiveness of marketing programs?
- Is customer information access and analysis software deployed across all function of the organisation?
- Does your company know how your customers prefer to communicate with you (such as fax, internet, person or not at all)?
- Is your corporate culture customer based or product – based?

Source: *Harris Gordon and Steven North (2000) of PriceWaterhouse Coopers.*

Case Study 6:

***Good People Lead to Good Customer Service* – The Nordstrom Story:**

Nordstrom, which has been in business since 1901, and has 100 full-line stores, and 50 Nordstrom Rach discount stores in the US, has long understood that it is more cost-effective to retain old customers than it is to keep trying to attract new customers. Nordstrom does this by encouraging its employees to take the "long-term" view when dealing with customers.

While every company or ograisation wants to hire nice, motivated people, at Nordstrom, they want to hire people who are already nice and already motivate to do a good job before they come to work at a Nordstrom. Nordstrom believes the key to good customer service is to hire good people and keep working with them, nurturing them, and giving them the tools that they need to succeed, including attractive, inviting stores; high-quality merchandise, a wide range of product choices and sizes, and customer-friendly policies such as the Nordstrom unconditional, no – questions – asked, money – back return policy.

Previous retail experience has never been a prerequisite for getting hired at Nordstorm. In fact, if a job applicant has already worked in retail, that experience might be a detriment because the applicant may have developed bad customer – service habits, such as reflexively saying 'no' to the customer, rather than "yes".

A college degree has never been a prerequisite for succeeding at Nordstrom, Enthusiasm, a desire to work hard, and a capacity to generate your own traffic are much more important.

Nordstrom retains its customers by offering different products in an attractive and customer – friendly store. What's inside the store – the residential feeling, layout, design, lighting, seating, wide aisles, larger fitting rooms, display fixtures, amenities and, of course, the merchandise – is an essential facet of customer service the Nordstrom way. With convenience and openness the trademarks of its store design, Nordstrom wants to make it as easy as possible for customers to circulate and shop throughout the entire store, and for sales associates to help them do just that.

Store layouts typically resemble a wheel. The "hub" of the wheel is the escalator well; the spokes are the marbled aisles that lead directly back to each of the 30 or so departments. The subtitles and details create a shopping experience that is easy, convenient and pleasurable. Most department stores in suburban malls have just one elevator; Nordstrom has two elevators in its three – level stores.

The waiting areas around elevators are extra wide to make it easy for customers to navigate baby strollers or wheelchairs, and the elevators themselves are larger than average, making it easier to load and unload those strollers and wheelchairs. Escalators are 42 inches wide – compared with the 36 – inch – wide escalators found in most other department stores – allowing spouses or children to ride next to each other.

With its heritage as a show company Nordstrom's footwear department (most stores have four or five separate departments are its show places: as a convenience, women shoes are always located near the most prominent store entrance. Because shoes are the most important customer draw (after all most people have a hard time finding a pair that fits), the company devote about three times more space to the women's shoe department than the competitors do and fills that space with more inventory than any other store offers. As an extreme example, the Mall of America store in Minimizes, styles, and colors; a more typical suburban store will carry 70.00 pairs.

Customers frequently comment on how comfortable the seating is throughout the store; husbands and boyfriends can always be found sitting restfully, waiting for their ladies, rather than hurrying them out of the store. Nordstrom knows that customers will stay a little longer and buy one or more shoe if they – and their gentlemen – are comfortable.

One of the Nordstrom touches that keeps shoppers in the store is the retailer's live piano player, which has long been a Nordstrom signature that engages a customer's senses, and creates the ambiance of an inviting place. Usually located by the escalator, the Nordstrom piano has become something of a cultural icon. Condoleezza Rice, the US Secretary of state, once joked that her ability was just goods enough to get her a job playing at Nordstrom.

Leonard Lauder, retired chairman and chief executive officer of Estee Lauder Cos, once commended that, "A Nordstrom piano doesn't take up much room. It's a small idea, but it's a genius idea."

Nordstrom's large, carpeted dressing rooms, fitting rooms and customer lounges are finished with upholstered chairs and or sofas. Fitting rooms in the more fashionable ready-to-wear departments include tables, table lamps and telephones. Particular attention is given to the lighting of the mirrors in the dressing rooms. Nordstrom uses a combination of incandescent and fluorescent lights so that the customer can see the actual colors of the item being purchased. Nordstrom also adjusts the coolness of the dressing rooms with a dedicated thermostat that is separate

from the thermostats that control the temperature on the sales floor and in the adjoining rooms. Although independent thermostats add to Nordstrom's costs, they also add to the customers' comfort. When a customer is sequestered in a small, hot and stuffy room, trying clothes on and then taking them off, that customer will invariably want to get through the experience as quickly as possible. Nordstrom keeps those rooms comfortable because Nordstrom doesn't want customers to leave; Nordstrom wants customers to stay. Consequently, the company will do whatever it takes to keep that customer in the store, to continue to give her the opportunity to buy stuff.

Food and restaurant services have increasingly become an important attraction at Nordstrom. They generate profits while enhancing the shopping environment and, of course, give customers another reason not to leave the store. Nordstrom has several restaurant concepts, depending on the size and location of the individual store. The Espresso Bar (known as the e-Bar), which is usually located at an entrance outside the store, serves gourmet coffee drinks, Italian sodas and pastries to Nordstrom customers as well as people walking through the mall. Café Bistro serves soups, salads, sandwiches, pastries and beverages. The Grill offers full service dining of quick sandwiches, soups, salads, beer, wine, and full bar in an elegant atmosphere. This restaurant is very popular. If there is not a table ready for you. Nordstrom will take your reservation and continue to go forth and shop. They'll give the customer a beeper, promising to contact him when his table is ready.

In several of its larger stores, Nordstrom offers a concierge desk where shoppers receive special attention, whether it be helpful information about the store, a restaurant recommendation, or assistance in calling a cab. Need to check your coat, umbrella and packages with the concierge? No problem.

The Customer Service department in each store offers check cashing privileges for Nordstrom cardholders, immediate posting of payments to Nordstrom accounts, answers to inquiries regarding those accounts, monthly statements and credit line increases, complimentary gift wrapping and purchase of gift certificates.

Some of the larger stores have a SPA Nordstrom, which offers natural aromatherapy, herbal body wrap, massage therapy, natural spot manicures and aromatic facials. Inexpensive shoe shines are available in the men's area of many Nordstrom stores.

Nordstrom also offers other features such as free gift-wrap, and a personal shopping service, where a designated Nordstrom

Personal Shopper will accompany the customer throughout the store to help with every purchasing decision.

As you're reading this, you're probably thinking. My business isn't set up for a concierge service, herbal body wraps, mammograms or shoe shines. It doesn't have to be. But is your business set up for clean restrooms.

A couple of years ago, two female reporters from the *Washington Post* surveyed th4e ladies restrooms in all the department stores in the Washington, DC area. Their criteria were all the things we took for in a good restroom – ample space and suppliers, cleanliness, diaper – changing facilities, etc. We don't usually associate clean restrooms with customer service, but why not? When your restrooms are clean and well supplied, you are telling your customer that you care about every aspect of their experience with you company.

That is how you retain customers in a competitive world. Adhering to its simple customer service formula for 105 years, Nordstrom must be doing something right.

Case Study 7:

This case study has inputs from ICFAI press article on the subject loyalty programs offered by different airlines.

(A) Jet Airways:

(1) Loyalty Program: Jet Airways loyalty program is known as Jet Privilege.

(2) Tiers: Jet Privilege, Jet Airways L.P. offers 5 tiered membership levels.

New members begin their membership at JP Blue level. This tier is introduced for the members who can start enjoying the facility of Tele check-in as soon as they complete 10 Jet Airways flights or 15,000 JP miles (i.e. JP miles earned on Jet Airways flights) in a six-month period. Move up to the JP Blue plus and then on to the elite tier based on their travel pattern on Jet Airways. The program offers 3 elite tiers – JP Silver, JP gold and JP Platinum this are specially created for most frequent flyer.

(3) Additional Baggage Allowance: On Jet airways flights, as a JP platinum, gold and silver member y7ou enjoy and Additional Baggage Allowance over and above the normal baggage allowance

Jet Privilege tier:	ABA
Platinum	35 Kgs
Gold	20 kgs
Silver	10 kgs
Jet Airways citi bank platinum card holders	15 kgs.

(4) Lounge Access: Member of the elite JP Silver, Gold and Platinum tier and Jet Airway Citibank platinum card holders have access to lounges at 7 airports in India irrespective of their class of travel.

(5) Priority Standby: When you are traveling on a wait listed ticket, as a JP member you can rest easy because JP platinum, gold and silver members will be given the highest priority status in order of their ties status as per the applicable check-in procedures.

(6) Priority Tagging of Baggage: With a busy travel schedule you may not always have the time to wait until your Baggage arrives. A priority Baggage tag ensures that your baggage is among the first to arrive the conveyor belt. This facility is provided only to JP platinum and gold members.

(7) Check – in Facilities:

(i) Tele check – in: All JP members (except JP Blue) who hold a confirmed reservation on Jet Airways flights can call their local reservation office to tele check-in.

(ii) Web Check – in: This innovative service allows JP member to select their preferred seat and also print their boarding pass online.

(iii) Kiosk Check – in: JP members can print their Boarding pass at the touch of a screen when traveling with only hand baggage and on e – ticket.

(iv) SMS Check – in: This service is currently available for JP member carrying a valid e-ticket with a single SMS the members can instantly avail a confirmed seat no. on their mobile.

(8) Partner Benefits: Not applicable for this airlines

(9) Personalized Web Access: JP members can login using their jp number and password to access and manage their Jet Privilege Account, anytime, anywhere through the website *www.JetAirways.Com.*

(B) Kingfisher Airways:

(1) Loyalty Program: Kingfisher loyalty program is known as King Club.

(2) Tiers: the King club membership comprises 3 royal tiers – Red, silver and Gold. Tier status determines the benefits and privileges that you are entitled to. All guests automatically enroll into the King Red tier on completion of 3 valid flights on Kingfisher Airlines. If a person have taken 30 or more flights during the course of the year, he would be automatically upgraded to the king silver tier. If a person wants to upgrade from silver to gold than he need to complete 60 flights in a year. Tier is reviewed annually. On reaching either the King Silver tier or King Gold tier, a person would need to complete a fixed no. of flights to retain his tier status. He has a minimum of 12 months period to meet this requirement.

(3) Additional Baggage Allowance: King Red is not eligible for this facility. King Silver is allowed to have 10 kgs extra whereas in case of King Gold it is 20 Kg.

(4) Lounge Access: King Red is not provided this, facility. King Silver and King gold can have this facility.

(5) Priority Standby: Depending on the tiers, members are given priority.

(6) Priority Tagging of Baggage: King silver and King Gold are provided this facility.

(7) Check – in Facilities: King club members are provided with Tele Check-in and Web check-in facility.

(8) Partner Benefits: Kingfisher provides this facility to all the King club members i.e. Red, Silver and Gold.

(9) Personalised Web Access: Similarly, King club members can have personalized web access by login into: *www.fly King fisher.com.*

(C) Air India:

(1) Loyalty Program: Air India Loyalty program is known as Frequent Flyer Program. (FFP) or Flying Return.

(2) Tiers: In Air India they are classified into 3 classes:

(i) First class

(ii) Business class

(iii) Economy class

Eg. Flying form Delhi to Mumbai on Economy class, a member would earn 1,180 mileage points 8 for 1st class it is 2.5 times and 2nd class it is 1.5 times of Economy class mileage points.

(3) Additional Baggage Allowance: In Air India 10 Kgs. of ABA is allowed when you travel on the Domestic and International sectors in Business and Economy class.

(4) Lounge Access: FFP provide lounge access at a minimum cost depending upon the classes. Eg. Taj hotel provide room facility at a premium Taj hotel for as little costs of Rs. 1,000.

(5) Priority Standby: Air India provides priority for confirmation from the wait list to its members.

(6) Priority Tagging of Baggage: In Air India, this facility is provided to first class and Business class.

(7) Check – in Facilities: Air India has 2 types of check-in facility:

(i) It provide separate check – in counters for members.

(ii) Members traveling with only hand baggage in Business or Economy class can avail the Tele Check – in facility. Both this facility is provided at Delhi, Mumbai, Kolkata, Chennai, Hyderabad and Bangalore.

(8) Partner Benefits: Family members i.e. spouse of the member or children of the member who is between the age of 12 to 21 years can enrolled as along with the members.

(9) Personalised Web Access: AI also provide personalized Web Access through website: *www.flying return. com .*

Case Study 8:

A Case of Tesco:

The case describes how customer relationship management has made a major impact on the way UK's largest supermarket chain, Tesco, carries out its business. It gives a detailed insight into how (and why) the company streamlined its product development, store design / layout and promotional strategies based on an understanding of its customer's requirements.

The company attributes the loyalty to a tight focus on the customer. Tesco's executives try to discover firsthand, what it means to serve customers. Everyone of its senior managers and executives spends a week a year working in Tesco stores, checking out customers and stocking shelves. Tesco Chairman, Sir Terry Leahy worked at the fish counter and the warehouse. The program results in new proposals for better customer service, such as one that called for the bar code to be printed on both sides of

case of beer so customers have to spend less time at cash registers waiting for their goods to be scanned.

Data is at the heart of Tesco's Customer culture.

Tesco's analysis showed, for example, that about a quarter of its customers are higher income and that, moreover, it was losing some of their spend upto market competitor Marks and Spencer. One of the problems was that Tesco did not have the high – end products to compete for the up market customers. It used its data to develop an entire private – label product line. Tesco Finest, which lured back the big spending customers.

Tesco has divided its customer base into six major 'dimensions' based on customer shopping patterns, such as finer foods, healthy, convenience, and price-sensitive. Each of those are divided into smaller segments – healthy shoppers, for example, consist of those looking for organic food, those who eat healthily, and those looking to lose weight. Tesco can then send customised marketing messages to those people through direct mail, cash register messages and its website.

Tesco found through surveys that customers resented the candy stands that tempt young children. They also wanted the stores less cluttered, with fewer off-shelf displays. Both kinds of displays are big sources of impulse purchases, so grocery stores tend to hold onto them regardless of customer complaints. Tesco analysed its customer information to see how customers would react, an realised that the increased loyalty would offset lost sales. "The effect of customers shopping here rather than elsewhere balances it out," Davisdon says. Tesco removed all of the candy stands and half of its off-shelf displays, and had its best holiday season yet last year.

Case Study 9:

Sizzler:

Sizzler first started in 1958 in Culver, California, selling only steak dishes. It has since grown to a global R and B chain with more than 500 restaurants worldwide and over 30 million guests each year.

Sizzler was a high-flying mid-range food company in the late 1980s, but a turn away from their core beef entrees in favor of a buffet strategy ended margins and exposed the company to competition from buffet – style eateries that operated from much larger bases.

Beginning in the mid/late 90s, Sizzler returned to their roots, emphasizing the size and quality of the beef, raising prices and attracting the dinner crowd over the less lucrative lunch crowd. The higher overall check average and the emphasis on customer margins has helped turn around operations.

In Singapore, as in the US, Sizzler caters to the midrange family crowd. Customer retention and return visits have been priorities to management. In early 2001 Sizzler initiated plans to launch a privilege or discount card. The plans called for customers to buy a discount card for $ 20 and enjoy a 20% discount thereafter.

(1) Sizzler's Loyalty Efforts:

Sizzler Singapore tried various ways to promote their business to consumers. For example, they worked with a few external marketing companies to distribute delayed – purchase coupons. Most of the time, the results were unsatisfactory and, more importantly, un-measurable. The marketing schemes did not help them understand their customers nor their purchasing habits in Singapore.

In 2001, Sizzler Singapore decides to launch a proprietary loyalty program by issuing a 20% discount card for $20. They were in the process of creating their marketing kits when they encountered the **LinkWare Solutions** team.

Almost immediately, Sizzler decided to adopt the infrastructure of the LinkWare System.

(2) Launching Sizzler's Proprietary Loyalty Program:

The Challenge – Relating to Dedicated Customers:

"We didn't know about the different types of customers we had, how frequently they returned, nor did we fully grasp their demographics."

Robert Clark, International Director of Operations

Sizzler also wanted to reach out to their customers more frequently and in a more targeted way. "We didn't really have a variety of means to contact our customers," says Clark. Sizzler did have a small database formed by the business cards of the customers that were left behind in each. Restaurant. Promotional mailers were sent to this small group of customers. Unfortunately, Sizzler could not measure the success of these mailers.

Answer: LinkWare Solutions:

"Of the many companies we spoke with, LinkWare Solutions was the only ones who answered all of our questions."

Robert Clark, International Director of Operations

After reviewing a full selection of CRM vendors sizzler chose LinkWare. Some of Sizzler's main concerns were data security, ease of use, implementation cost and the timeline for launch. "Also, their solution was ready to go and didn't require a half-year of customisation, unlike most every other solution we investigated." After discussing the many possible loyalty solutions available through LinkWare, sizzler chose as their main objectives of the new loyalty program:

(1) Incenting return visits and purchases

(2) Allowing multiple and interesting loyalty and redemption formats

(3) Tracking spending according to demographics

(4) Managing a multi-channel customer relationship

Implementation: Easy to Deploy, Learn, and Use:

Due to the Web-based architecture of LinkWare, Sizzler found the system fast and easy to deploy. "The **LinkWare Front-end system** was clearly designed with the fast moving retail environment in mind. The same goes for the **LinkWare Back-end System** – any counter staff can operate the system with only minutes of training and management can control everything – demographic and transaction reports, accessed through the web." Clark says that he is now confident that Sizzler can gain a better understanding of their customers while improving profits through their loyalty programs and personalized marketing.

(3) Results: A Sizzling Future:

"We achieved complete recovery of capital in only 17 days," says Clark. "LinkWare is helping us to understand our customer base while creating better loyalty with our key customers. It's the best thing we've ever done."

Case Study 10:

Cultural Imperative:

By John R. Engen

While there are different training tactics for customer relationship management, a commitment to cultural change is clearly essential.

Over the past decade, U.S. banks have spent billions of dollars on technologies related to customer relationship management, with disappointing results. One key factor for failing has been poor preparation and training of employees.

At its core, CRM seeks to leverage information to present a unified institutional face to customers. By segmenting customers into discrete groups and differentiating services, banks hope for boost both retention and sales. It's a compelling theory, but everything hinges on how well the bank representative interacts with the customer, and this is where poor training becomes evident.

Roughly 20% of the typical bank's CRM budget goes for training costs. Given the relative ineffectiveness of most bank CRM programs, much of this money appears to be misspent. "If the goal to be more customer-centric, but the key interaction is fumbled because of a lack of training, then every dollar you've spent on technology and branding is for naught," according to an industry expert.

Part of the answer is to improve execution. Banks with long track records in CRM, as well as outside experts, agree that good training is a long-term, ongoing process. It begins before implementation, by instilling in employees a basic understanding of the objectives of a customer – centric strategy and their role in it. After buy-in the CRM Software, training programs must focus on a host of specific skills that revolve around using the technology, and the information it delivers, to improve customer service.

Some banks favor intensive classroom sessions and coaching to prepare employees for handling customers. Others prefer a simplified process, where much of the decision-making authority is housed in the technology itself. All agree, however, that treating CRM simply as a technology solution is short-sighted.

Full-blown CRM is an elaborate structure that combines new technologies and business processes. The technologies include data warehouses that collect and store in-depth customer information; analytical tools for segmenting customers into discrete groups for marketing purposes; and decisioning tools that tell front-line employees how to handle that data. The business process involve ascertaining and then meeting customer needs, as opposed to pushing product, which often constitutes a shift in corporate culture.

Accenture's Sinensky cites call-center raps who, under CRM, see their role expand from passively executing transactions to a deeper level of customer service and sales. The new roles can demand improved speaking skills, the ability to respond to e-mail

and other requests in a proactive manner and other expertise. “They suddenly have to understand how to evaluate the customer based on the information provided by the system, and then be able to prompt the customer and articulate solutions”, Sinesky says.

The “help” provided by new CRM tools can sometimes add to the confusion. Reps at many institutions, for instance, receive “sales opportunity” screen, with prompts and suggestions of products that the customer might need, based on demographic and usage information. The reps are expected to incorporate that information into the decision.

At Royal Bank of Canada, for example, tellers and platform bankers are directed to “literally turn the PC monitor toward the customer and have a dialogue with them,” says Ted Brewer, the Toronto – based company’s vice president of CRM and information management. “They point to things on the screen and use them as a basis for conversation.”

All of this represents a major shift from the passive, order-taking stance that front-line bankers have traditionally taken with customers. Deploying the CRM technology will not produce the desired results unless the institutional culture is first prepared for the change. “If you want to use CRM to boost sales, first you need a sales culture,” says Martin Cohen, a principal with Cohen Brown Management Group in Los Angles. “Trying to automate a non-sales culture is throwing money down the drain.”

CRM projects, therefore, tend to run aground when employees merely pay lip service to – or fail to grasp – the new cultural imperatives, and continue business as usual. That’s why effective training can make or break a project. Kevin Kraft, a vice president and CRM practice leader for Cap Gemini Emst and Young in Chicago, says a properly – focused training program can cost as little as 10% of the total CRM budget and go a long way toward ensuring success. Yet he sees many bank CRM efforts dogged by poor training, which can hike overall costs by as much as half, with a disproportionate share being devoted to education.

Building Trust:

One problem is that most banks have cut back on their training efforts in general during the past 15 years, say tower Group’s Khirallah. To control costs, they turned to computer – based training – much of it focused on rules and regulations – which does not seem to enhance many of the subtle personal skills demanded by CRM. Furthermore, while vendors typically offer training on how to use a given technology, such efforts rarely touch on the relationship skills demanded by many forms of CRM, let alone an individual bank’s own business strategies.

CRM training works best when it is done proactively. It should begin at the earliest stages of strategy implementation, incorporating substantial employees' feedback and then tweaking the strategy to meet employee needs and gain their buy-in. Training should then include virtually everyone in the organisation, including back-office staffers, middle managers and customer reps.

Building trust and confidence is important, and there's agreement that real training authority is best housed in business lines, where the strategy is crafted and executed, not by a human resources team. Cap Gemini's Kraft recently worked with a credit-card that transformed a respected field representative into its CRM training coordinator. "That person had empathy with his peers and was able to inspire trust," he says.

Beyond those broad principles, specific educational techniques vary widely between banks. Institutions can use some combination of classroom instruction for initial sales and technology training; off-site retreats or training centers to address core themes; and hands-on learning with coaches built around real-life examples of CRM in action.

Consultant Cohen is a big believer in using the "critical mass" of a large classroom to reinforce lessons and provide role-playing scenarios. His firm typically recommends that all employees go through at least two days of such training, led by a respected business line manager, focusing on various selling skills and how to use information and apply new business processes.

Wells Fargo launched a CRM initiative in its Los Angeles region last year that began with top managers assessing the key processes and opportunities in their day-to-day interactions with customers and employees. Using those insights', and implementation team then devised specific training regimes, with input from employees and an outside consultant. Managers attended classroom sessions where they were re-taught key skills, such as how to examine local markets and formulate goals and plans, with customer – centricity and profits in mind.

We taught them how to shop the competition and identify opportunities in their local markets," says Betty Rengifo Tucker. Wells Fargo's Los Angeles business strategy manager. She compares the effort to an executive masters program, complete with loads of "homework" and thesis – sized plans that dissected those markets. "They'd learn the theory, go out and implement it, and then come back and talk about how it went."

Meanwhile, front-line employees received classroom training in areas such as new business processes, how to use CRM

technology, and how to use information to sell products. This is important, Tucker says, because her region is attempting to change its entire culture. “If you toss a new piece of technology to the front office without explaining the rationale behind it, it won’t be used effectively,” she says.

Tucker says double-blind control group tests showed the Los Angles project churned out significantly higher product sales across the board, and had a profitability rate that was more than double the control group. “The training created a roadmap for people to follow.” Tucker explains. “They felt more empowered and were less likely to fails.”

Training Lite:

Not all institutions rely so heavily on classroom instruction. U.S. Bancorp structured its CRM effort known in-house as a “relationship management system,” or RMS, to minimize the training challenge by requiring less interpretation and thinking from front-office employees.

At USB, the typical front-line representative has access to two screens of customer information. The first, known as a “customer-strategy screen”, is loaded with data about the individual client. The second screen focuses on marketing opportunities highlighting products that the system has determined might be potential sales.

While front-line bankers receive some actionable information, they are rarely expected to interpret it. Rater, the information comes in the form of specific suggestions forwarded from the system. That simplifies training.

Richard Martino, a senior vice president the manager of USB’s marketing information research group, says employees need a “basic understanding of how the system works,” but shouldn’t have to devote a lot of time delving into the minutiae. “Out focus is on engendering confidence that the system will make the right recommendation.”

That is followed by a hands on demonstration by a trainer, who comes from the retail bank, on how to use the screens. Finally, a branch or call-center manager, familiar with the system, talks about the benefits he or she has experienced.

Of course, front-line employees receive other training, on business processes and rules, for example, and how to find sales leads. But because RMS has become an integral part of the company’s core operation, his instruction is simple part of the basic educational offering, not a separate effort.

More intensive classroom training goes to executives responsible for behind-the-scenes strategy. One course, dubbed "RMS 101," teaches the basics of plotting strategy under CRM. A second program, "RMS 205," focuses on how to apply the system to sales campaigns and other marketing efforts.

Such learning is often supplemented by written materials and online educational programs that offer case studies and the opportunity for employees to review and learn at their own pace.

Managerial Role:

Regardless of their views on classroom teaching. CRM experts agree that coaching is the key component of the training process. Since much of CRM is about altering the culture to put customers first, managers must understand that traditional metrics, such as product sales, are now secondary to overall corporate profits and creating a better customer experience.

Getting employees to "unlearn" old pattern is best done through example and hand-holding. Many organisations have adopted what's known as a "train-the-trainer" approach. Under this philosophy, managers with high employee credibility are taught how to make presentations and coach workers to help them achieve their own organisation – related goals. "If the managers can't coach what you want to achieve, then the line reps will quickly slip back to their old ways of doing things," Cohen says.

The idea is that practical, real-life experience can best communicate the key changes required by CRM. That means managers must alter the metrics they use to measure success. In some organisations, for example, product managers now find themselves answering to segment leaders, meaning an old-style focus on the amount of product sold no longer suffices.

Other mindset changes are required, too. At USB, produces sales leads based on demographic and other information. At first, product managers would get upset when their requests for prospects came up short of what their sales campaign mailing budgets allowed. "They'd say, 'I have a budget for 200,000 pieces to be mailed,' but we might product sales leads totaling less than 15% of that number," Martino recalls. "It took a while for them to let go of the 'if I don't spend it, I'll lose it' mentally."

With time, Martino's team convinced product managers that repeat mailing to customers identified by the system as most likely to buy would result in less waste and higher sales ratios than an unfocused mass mailing. "They had to learn to trust that the models could do a better job of predicting who was likely to buy," he says.

Senior management's role in setting the table for this cultural learning cannot be minimised. Top executives must grasp the fundamentals of CRM thoroughly, and then champion its importance through the organisation. They also must adjust incentive programs to ensure that the proper behaviors are encouraged.

"If you're measuring success in ways that are different from the past, then the incentive compensation structure has to reflect it," says Kimberly Collins, a research director for Gartner Group in Durham, N. C.

The road to CRM success is a long and arduous one and many factors come into play. But the odds for success are clearly improved if the journey begins with an effective training program.

Case Study 11:

Role of CRM in Indian Retail Market:

Retailing is India's largest industry accounting for over 10% of the country's GDP and around 8% of the employment. Retailing is also one of Key elements of a marketing strategy. It facilitates the targeting process making sure that a product reaches particular group of consumers. Retailers provide a collection of service benefits to their customers. Such as being located in convenient places, providing a range of alternatives to choose from and selling goods in quantities that match the personal consumption level.

The Indian retailing sector is highly fragmented with 97% of its business being run by the unorganized retailers such as the traditional family run stores and corner stores. Organised retailing, however, is at a very nascent stage though is share is expected to rise to 9-10% by the year 2010. The last few years have witnessed immense growth in this sector. In order to keep pace with increasing demand, there has been hectic activity in terms of entry of international labels, expansion plans and focus on technology, operations and processes. Large Indian players like Reliance, ITC are making significant investments in this sector. With growing competition it is becoming increasing difficult for retailers to survive in the new economy. A new revolution of customized marketing is taking place and for retailers to survive today, they must adopt revolutionary thinking. CRM is an emerging tool that enables retail marketers to maintain their presence in the dynamic marketing environment. Initially CRM was the tool preferred by manufacturers in order to motivate and retain retailers. Now-a-days retailers are applying the same tool in order to retain then customers. The objective is to get the customers to maintain loyalty towards the store, irrespective of the products and brands that they prefer to buy.

How will CRM help to ensure continuous growth and success?

(1) The retailers or marketers need to have a better understanding of customers at the individual level.

(2) They should provide the consumers with specific product – related information and deliver goods targeted to their specific need.

(3) Targeting "The moment of truth is consumer goods and services marketing are extremely important.

(4) They should focus on customers' orientation with a long term perspective, with high customer commitment.

The following tools can be used as a part of practicing CRM by the retailers.

(1) Personalization: Make customers feel that they have achieved personal value, by matching product value to individual customers' personal value.

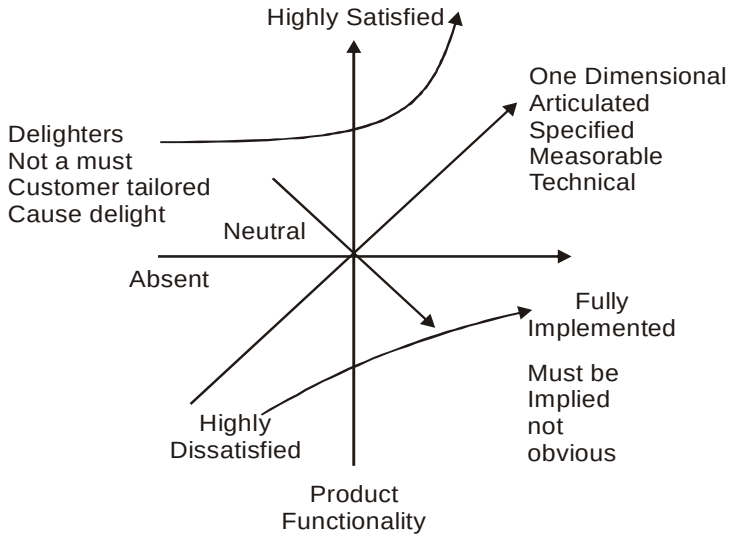
(2) Communication: Make efforts to stay in touch by informing customers about new arrivals.

(3) Rewards: Offer tangible rewards, discount offers, exciting prizes, customer loyalty bonus and personalized discount coupons. Implement customer – member loyalty programs.

(4) Special treatment: Categories and differentiate among loyal customers and non-loyal customers.

Case Study 12

The Kano Model: The customer satisfaction evaluation model developed by Prof. Noriaki Kano of Tokyo University is being used more extensively in the industry to obtain critical inputs on features which customers are delighted to find in the offering and are willing to pay more dollars.



The horizontal axis represents the functionality of the attribute. As the functionality of the attribute increase, it moves more to the right. The vertical axis represents the customer satisfaction. As you traverse from bottom to top, we find the attribute providing more satisfaction. Each attribute, based on where it lies on the graph, is categorized into one of the three clauses namely.

(1) must be attribute
(2) one dimensional
(3) Delighters.

(1) Must be Attributing: These are also called basic or thrush old attributes. Customers expect these attributes to be present in the product. Their absence results in dissatisfaction but increasing the functionality may not proportionally measure customer satisfaction. These attributes provide diminishing return with higher functionally.

Example: The brakes in an automobile Hotel – waiter.

The must be attributes provide very little scope for product differentiation.

(2) One Dimensional Attribute: Performance attributes are technical in nature and generally measurable.

Example: Mileage

(3) Delighters: The absence of these attribute make customer indifferent. The effect of delighters is exactly opposite of that of must be attributes.