



CRM – A HOT TOPIC JARGON OF CUSTOMER LOYALTY

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Customer relationship management (CRM) is one of today's hottest topics in strategic marketing and branding worldwide. Some companies have demonstrated the most innovative CRM techniques developed at transnational corporations challenged with maintaining relationship with an ethnically very diverse customer base. These companies include Mercedes-Benz, Nestle, Sony, Pan Pacific Hotel, Barclays Bank and Ford.

Abstract

Key words : Customer Relationship Management, Marketing.

Some of us may recall the "Production Era" where we think, "A good product will sell itself." Then, the "Sale Era" which believed that "Creative advertising and selling will overcome consumer resistance and convince them to buy". All of these eras have disappeared. Today, we can't compete with these beliefs anymore. Today, we are in the "Marketing Era", whereby, "The consumer is king! Find a need and fill it". Relationship is the crucial factor to maintain in this era.

The basic principle of relationship marketing and customer relationship management is that firms benefit more from maintaining long-term customer relationships than short-term customer relationships (Tempraol, Paul & Martin, 2001). The business itself is becoming more customer-centered every day and trend shows that customers demand highly personalized services and immediate delivery.

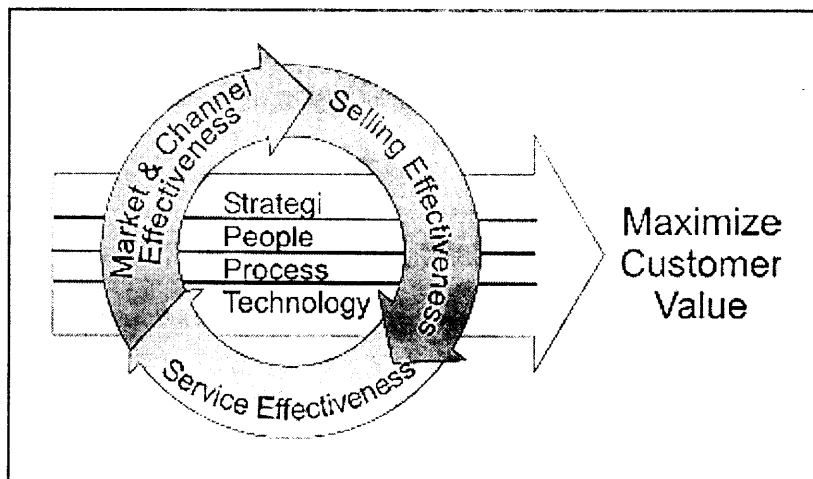
CRM, regardless the fuzzy jargon, is the seamless coordination between sales, marketing, customer service, field support and other functions that touch your customer. The right CRM strategy integrates people, process and technology to maximize all relationships – with your day-to-day customers, distribution channel partners, internal customers and suppliers. Barnes, James (2001) 65 percent of the average company's business comes from its present satisfied customers. It also reveals that it costs a company six times more to sell a product to a new customer than it does to an existing one. A business that, each day for one years loses one customer, who customarily spends \$50/week, will suffer a sales decline of \$

What is CRM?

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1,000,000 the next year. In addition, Reichheld (as cited in Swift, 2001) found out that companies could boost profit by 100 percent by retaining just 5 percent more of their customers.

To tackle losing the existing customer in Marketing Era, leading companies implement relationship marketing, which involves long-term, value-added relationship, developed over time with customers and suppliers. Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relationship exchanges. Mc. Kenzie, Ray (2001) theorized that successful relationship marketing requires relationship commitment and trust.



Technology Improvement And The Changing Role Of Relationship Marketing

We also recognize, as the result of improved technology, that the development of database marketing has a tremendous effect on the improvement of marketing strategy. Initially, catalogues, record clubs, and credit card companies utilized the database to manage customer information. The growth in database marketing together with the switch from mass marketing to one-to-one marketing has changed the face of relationship marketing.

Technology has assisted relationship marketing and has grown to represent a new form of competitive advantage. Both marketing researchers and business practitioners have identified the implementation of technology as an essential component of relationship marketing.

According to Halberg, Garth (1995), customer relationship management (CRM) is a strategy used to learn more about customers' needs and behaviors in order to develop stronger relationships with them. It can be thought of as a process that will bring together bits of information about customers, sales, marketing effectiveness, and responsiveness and market trends. Customer

relationship management is an attempt to modify customer behavior over time and strengthen the bond between the customer and the company. The key to CRM is identifying what creates value for the customer and then delivering it (Newell,2000).

The task of implementing and maintaining a CRM solution seems overwhelming. But when the goal of cheaper, faster, better customer service is considered, the results far outweigh the challenges. CRM, at no time, has been more crucial than it is today with heightened attention to cost-cutting, revenue generation and customer retention.

**CRM Is
Crucial
Right Now**

CRM is not just a software solution, but also a set of skill and competencies that will enable a company to better understand and profit from each and every customer relationship. In a tough economy, competition is more evident than at any other time, and the ability to compete on the basis of customer relationships is more important than ever.":

Domination of software vendors promoting CRM in Indonesia creates two sides of effects. First, the CRM has a right definition since we also believe that " No IT, No CRM". The CRM needs a back up of good and applicable software to mining database and then analyze it. The other side of coin is that, since the vendor is pushing for their software, the perception of corporation of company to CRM is merely a software or technology; they miss "people and process". The strategy to create seamless coordination between sales, marketing, customer service, field support and other functions that touch your customer is missing.

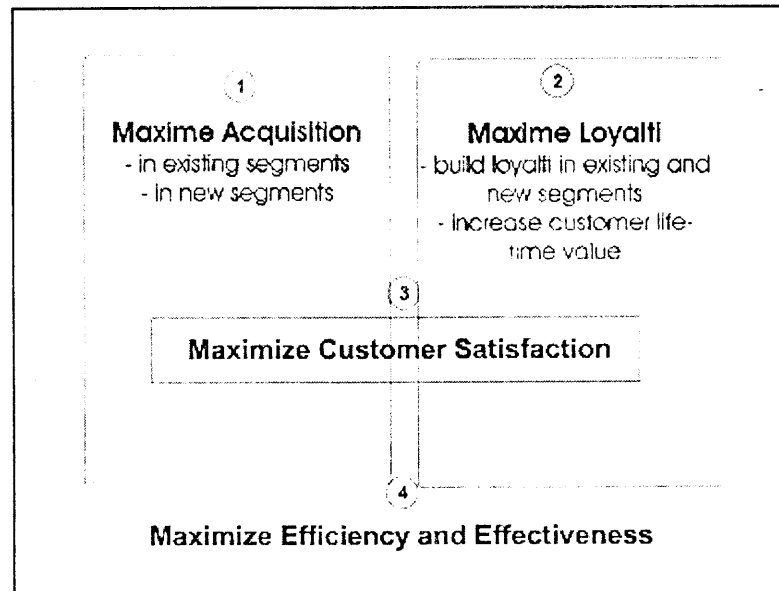
**The Case
In
Indonesia**

Contact Management is highly utilized in Indonesia and somehow, some companies believe they have implemented the CRM by installing and utilizing the contact management software. Nevertheless, we observe some of the big retailers have highly invested in CRM software and strategy trying to create loyalty among customers by using Customer Loyalty Program coupled with their on-going marketing efforts. We identified that their loyalty programs are geared towards merely generating more sales by giving up more discount and points. There is no extensive effort to either analyze the purchase behavior and grouping or create more personal service to the customer.

In the banking sector, differentiation and focus to "up market segment" have been implemented. Several banks have launched preferred customer programs to cater the up market segment. The brand loyalty is expected to occur in the long run.

The retailer, car dealership, tourism, transportation, financial, including banking and insurance, are among the identified industries which need up close and personal approach. CRM implementation in their marketing program will be beneficial to answer the demand and to increase their revenue.

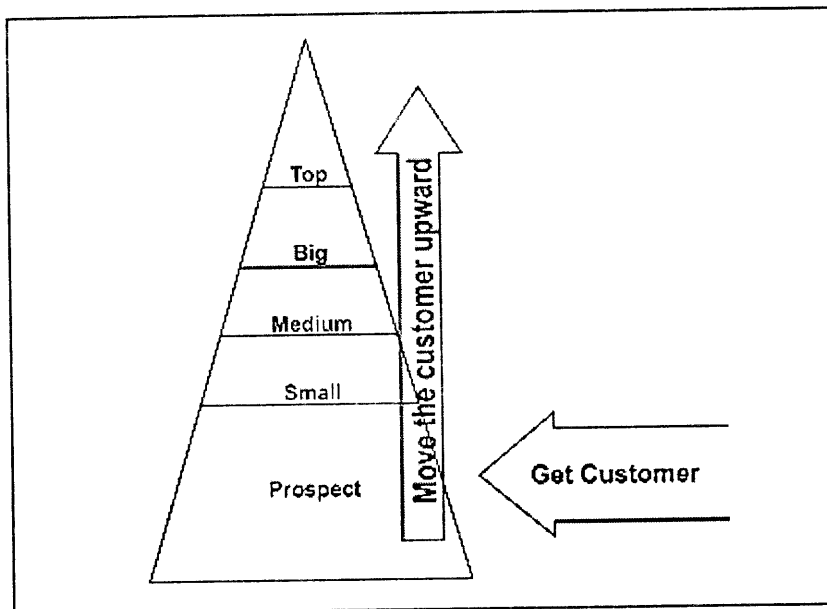
CRM Strategy Blue Print In this full participation, we will provide clients with CRM blue print that contains the right solution to acquire, create relationship and loyalty. The blue print will also purpose CRM software, which will be tailored to clients' need and capacity.



Analyze the Customer profitability In limited participation, we assume the customer database exist but there is no further analysis. Therefore, we provide an analysis that will result in the company's pyramid of profitability. We help to company determine who their customer are. We assist our clients by analyzing and segmenting their customers through spending, demographic and profitability niches and dividing them into several categories such as top, big, medium, small and prospect. After we understand the group of customer, we assist our clients in formulating strategies to fulfill their specific needs on product and services to move upward and become a profitable one.

Finally, in line, with our value preposition that we would like to be the client's Trusted Advisor, PB &Co. assures that we, together with the client, translate proposed strategies and actions into

economic performance. It is important that clients can obtain measured success in terms of “dollars” after they engage our professional services.



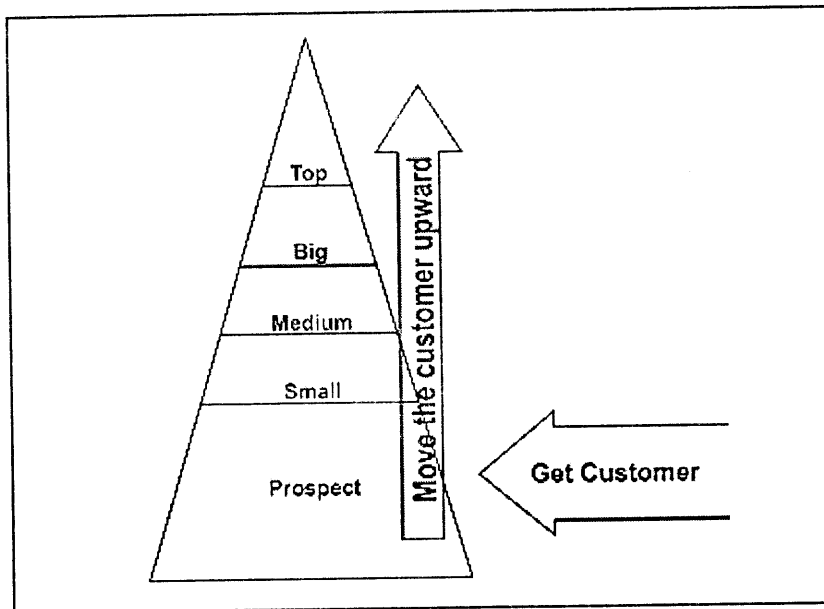
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CONCLUSION

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