CUSTOMER RELATIONSHIP MANAGEMENT (CRM) – HOW TO BUILD STRONG ONLINE RELATIONSHIP WITH THE CUSTOMERS[1]

Monika Angeloska-Dichovska, PhD
University St. Kliment Ohridski – Bitola, Faculty of Economics - Prilep
monika.angeloska@uklo.edu.mk

Marjan Angeleski, PhD
University St. Kliment Ohridski – Bitola, Faculty of Economics – Prilep
marjan.angeleski@uklo.edu.mk

ABSTRACT

The rapid development of technology and the Internet, drastically change the environment for both, consumers and businesses. The Internet is widely accepted by consumers and its use obviously changes their behavior. In order to be efficient and sustainable in their operations, businesses need to respond quickly to these changes.

Customer relationships management is a business strategy used to identify consumer needs and their behavior and to build long-term and sustainable customer relationships. Although customer relationships management is a business activity practiced from a lot of generations, today, building long-term customer relationships is at the core of business sustainability and becomes unacceptable without the use of digital communication technologies and software applications.

The aim of this paper is to research and analyze the CRM systems in order to give an overview of the benefits of certain applications that build successful customer relationships.

Keywords: CRM systems, customer behavior, digital environment, sustainable business, e-CRM benefits

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[1] review scientific paper

INTRODUCTION

Digital environment of the company is characterized by instability, turbulence and discontinuity, where information technology, the Internet and innovation have dominant role. As a result of the Internet and the Web are created a number of powerful new software applications that enable certain traditional activities to be performed electronically.[2] This environment affects consumer behavior so that their expectations and negotiating positions are change. Consumers read blogs every day, "search" shopping, search for followers and friends on social media and so on. They are constantly educating themselves when searching online to make the right purchase.

The Internet is changing consumer behavior and helps them search much more easily and efficiently than ever before. Just a few clicks on the computer screen allow you to drive on the highway of information. People's lives become much easier with the use of technology, because it does most of their work.[3]

The Internet is used differently by different categories of people, so their behavior using the Internet is changing i.e. it is a specific behavior of Internet users. Lewis and Lewis identify five different types of Internet users or patterns of use of the Internet: [4]

- Users looking for direct information - users looking for information about products, markets or use their free time to search and they usually do not plan to shop online;
- Users looking for indirect information - known as surfers who want to search and browse various links and often click on various advertising links;
- Direct customers - customers who buy certain products online; for these users the sites of brokers or cyber intermediaries that enable to compare prices and features of products are important locations to visit;
- Bargain users - users who want to find available offers from sale promotion such as free samples or competitions;

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[2] Laudon, K.K, Traver, KG. " Electronic commerce", Ars Lamina, Skopje, 2010, pp.172-181
[3] Blackwell D.R., Miniard VP, Engel F.J., Consumer Behavior, Tabernakul, Skopje, 2010, p. 115
[4] Chaffey, D., Ellis-Chadwick, F., Mayer, R., and Johnston, K., „Internet Marketing – Strategy, Implementation and Practice", Third Edition, Pearson Education Limited, 2006, p.78.

- Users looking for entertainment - users who want to be connected with the web in order to enjoy through participation in competitions like quizzes, puzzles and other interactive games.

According Rogers[5] and other there are four other reasons for the behavior of Internet users, such as: research or downloading information, communicating or socializing, surfing or entertainment and purchase on the Internet.

The knowledge of consumer behavior is an important element in building successful marketing strategies such as positioning of products, market segmentation, new product development, new applications, and different marketing actions and so on.[6] Hence, companies need to analyze the behavior of their own consumers, but also the competition consumers, which will help them develop strategies to retain their own and attract competitors customers.

The new (digital) environment of the companies undoubtedly imposes them to be orient towards consumers if they want to remain competitive in the market. Companies that use digital technologies and the Internet in their business activities and connect directly with their customers through them, become more competitive and more efficient, and time and space limitations disappear for them.

To understand consumer behavior it is necessary to analyze it from several aspects, through all stages in the buying process, starting from the moment the consumer becomes aware of his own needs, and the way his need or desire will be satisfied with the purchase of the product.[7] Namely, in such a dynamic environment, where consumers have a strong position in the market, digitalization dominates, as well as new situation (with changed working conditions) as a result of the Covid-19 pandemic, have further transferred all activities and communications on the Internet for both, consumers and companies. Hence, electronic customer relationship management is becoming an integral part of business, ie the process of targeting, attracting, transactions,

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[5] Brian F. Blake et al.,Research Reports in Consumer Bahavior, 2012 Available on http://academic.csuohio.edu/cbresearch/papers/Good%20PDFs/CN-US_Manuscript_RRCB_Final_91212.pdf. Accessed on 15th June, 2020

[6] Sekulovska N. Basheska Gjorgjieska M. "Marketing Research: Information input for Marketing Management" Third edition, Faculty of Economics – Skopje, 2008, p.421.

[7] Živković, R.,,Ponašnje potrošaća'',Univerzitet Singidunum, Beograd,2011, str.49-50

services, maintaining and building long-term customer relationships through software applications.

The companies on the market are aware of this trend (in the new environment), which leads to their introduction of various CRM systems.

The CRM system contributes to the long-term relationships of the company with the current and potential customers. More precisely, the CRM system supports the following marketing applications:[8] sales force automation (SFA), consumer service management, sales process management, campaign management and analysis. A system set and operating in this way is an essential prerequisite for business management, customer segmentation, and subsequent effective marketing activities and sustainable business[9], even for small- and medium-sized enterprises.

In fact, consumer relationship management is a business strategy used to identify consumer needs and their behavior and thus build long-term and sustainable customer relationships.

The process of managing consumer relations that is performed electronically, i.e. by applying digital communication technologies, is called electronic consumer relationship management or abbreviated e-CRM.

MANAGING CUSTOMER RELATIONSHIPS VIA E-CRM - FEATURES AND BENEFITS

Building long-term customer relationships is the most essential issue for business sustainability. The Customer Relationship Management System - CRM is a set of applications and processes that allow companies to manage relationships with current and potential customers in the areas of marketing, sales and consumer services.[10] Customer relationship management is a customer service approach that focuses on building long –term and sustainable customer

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[8] Chaffey, Dave., „E-business and e-commerce management: strategy, implementation and Practice", Second edition, Pearson Education, 2004, p. 369.

[9] Siu, Noel Y.-M. 2016. Customer Relationship Management and Recent Developments. Administrative Sciences 3:7

[10] Laudon K. C. and Laudon J.P., " Management Information Systems: Managing the Digital firm", Ars Lamina, Skopje, 2010, стр.353.

relationships and add value both for the customer and company.[11] Three major types of CRM activities are following:[12]

1. Operational CRM is related to typical business functions involving customer services, order management, invoice/billing, and sales/marketing automation and management. Operational CRM means support of the „front office"business processes that include contact with the customers.

2. Analytical CRM involves activities that capture, store, extract, process, interpret, and report customer data to a user, who then analyzes them as needed. Data collected in the operational CRM are analyzing in order to be made segmentation of the customers or to identify potential customers (through systems of business intelligence).

3. Collaborative CRM deals with all necessary communication, coordination, and collaboration between vendors and customers through all channel: traditional (direct contact, telephone, post and others) and modern (e-mail, websites and others) and support coordination in internal teams (employers). This types of CRM integrate people, processes and data, hence companies have capacity to serve better and retain own customer.

Customer Relationship Management has been practiced manually by companies for generation. However, since the mid-1990s, CRM has been enhanced by various types of information technologies. CRM technology is an evolutionary response to environmental changes, making use of new IT devices and tools. The term e-CRM (electronic CRM) was coin in the mid-1990s, when customer started using Web browsers, the Internet, and other electronic touch points (e-mail, POS terminals, call centers, and direct sales). E-CRM also include online process applications such as segmentation and personalization. The use of the Internet, intranet and extranet make consumer services and partner services more effective and efficient than before the advent of the Internet. Through Internet technologies, consumer data can be easily used as data for marketing, sales and consumer analysis. e-CRM has become a requirement for survival, not just a competitive advantage. e-CRM covers a broad range of topics, tools, and methods, ranging from the proper design of digitals products and services to

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[11] Turban, E., et al., „Electronic commerce 2008 - A managerial perspective", Pearson Education, Inc., Upper Saddle River, New Jersey, 2008., p.607
[12] Turban E., Ephraim M., Wetherbe J., „Information technology for management-transforming organization in the digital economy", John Wiley & Sons Inc., 2004, p.336.

pricing and loyalty programs.[13] In fact, e-CRM is an online integrated strategy of the business entity for sales, marketing and consumer services.

There are three component parts to CRM systems:[14] customer acquisition (advertising and promotion, offering of discounts, offering value-adding services, targeting customers through direct e-mail etc.), customer retention (offering personalized service, access to a community of buyers, discounts for loyalty), and customer extension (this may involve sending additional information via direct e-mail etc.). In this way, the communication between the company and the consumers is improved and increased by the use of innovative technologies (from computerized contact centers to intelligent tools). E-CRM helps companies maximize the value of each customer interaction and increase the performance of the business.

Classification of e-CRM applications are in the following categories:[15]

1. *Customer – facing application* include all areas where customer interact with the company: call centers, help desk, sales force automation, and field service automation.
2. *Customer – touching application* where customer interact directly with the application: FAQ, campaign management and other.
3. *Customer – centric intelligence application*, these application analyze the result from operational processing and use result for improving application: data reporting, warehousing and data mining.
4. *Online networking application*: chat rooms, blogs and discussion lists.These application provide networking though personal relationship with a wide range of people.
5. *Other application*, these applications include wireless infrastructure and mobile device, application for voice communication, opportunities for language translation and others.

The activities and challenges of e-CRM can be seen in:[16] the use of a website for consumer development, ie the use of e-mail and web-based information to

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[13] Turban, E., et al., „Electronic commerce 2008 - A managerial perspective",Pearson Education, Inc., Upper Saddle River, New Jersey, 2008., pp. 607-608.

[14] Combe C., "Introduction to E-business - management and strategy", first edition, Elsevier Ltd., Oxford, 2006, p.143

[15] Turban, E., et al., „Electronic commerce 2008 - A managerial perspective", Pearson Education, Inc., Upper Saddle River, New Jersey, 2008, pp. 613-624.

encourage purchasing; quality management of the e-mail list (covering e-mail addresses and integrating information from consumer profiles from other databases in order to target); Data mining[17] to improve targeting; providing online personalization or mass customization; providing online consumer services (such as: frequently asked FAQ questions, callback, chat support); quality management of consumer services that will ensure that the consumer has a positive experience from the first purchase that will be encouraged to buy again; and managing the habit of consumers to use multichannels or different channels in the process of buying and life cycle of the consumer.

Pan et al.[18] confirm that e-CRM provides the ability to capture, integrate, and distribute data gained at the organization`s Website throughout the company. A lot of examples of e-CRM include frequently asked questions (FAQ`s), chat, e-mail, mobile, sales force management and customer data base.

Every company that use (or have plan to use) e-CRM first should put attention in building web site rich in information, and will attract customer to return on the site. This type of web site that include also services for free, is very good base for building relationships with customers. In table 1 is given description for e-CRM benefits through content of Web site.[19]

Table 1 Building e-CRM through Content

Content Strategy	Descriptions	CRM benefits
Provide membership	Offer registration at the site – for getting premium services and content	Community building, targeted marketing, paid subscription opportunities
Personalize the user experience	Present content that attract interest for visitors	Community building, customer and site loyalty
Attract visitors	Provide free games,	Customer loyalty,

[16] Chaffey, D., Ellis-Chadwick, F., Mayer, R., and Johnston, K., „Internet Marketing – Strategy, Implementation and Practice", op.cit., pp. 262-263.

[17] Data mining is the process of researching, selecting, and modeling large amounts of data to unravel previously unknown connections and summarize useful information that can be used in the decision-making process.

[18] Pan, S. L. and Lee J. N., (2003), "Using e-CRM for A Unified View of the Customer," *Communications of the ACM,* 46.4, pp. 95-99.

[19] Turban, E., et al., „Electronic commerce 2008 - A managerial perspective", op.cit, p. 759.

	shows and blogs	revisit, tell friends
Support users	Provide responsive and convenient customer service	Community building, customer and site loyalty, repeat purchases
Communication via the community	Allow visitors to communicate with each other and the publisher through the site	Community building, customer and site loyalty
Reward visitors	Rewards for visiting and using the Web site	Customer and site loyalty, promotion product up-sell and cross-sell
Consumer education	Education for important topic, e.g. diet	Community building
Market effectively	Promote the site's content and products without alienating current and potential customer	Customer and site loyalty, promotion product up-sell and cross-sell
Set up smart affiliate relationships	Establish affiliate relationships with both private (consumer) and commercial Web publishers	Customer and site loyalty, new revenue stream

Source: Turban, E., et al. „Electronic commerce 2008 - A managerial perspective", Pearson Education, Inc., Upper Saddle River, New Jersey, 2008, p. 759

Using of the CRM systems have significantly affected of these aspects of business: customer retention (47%), customer satisfaction (47%), sales revenue (45%) and upselling/cross-selling (39%).[20] The main benefits from proper e-CRM implementation are:[21] increased customer loyalty, more effective marketing, improved customer service and support, greater efficiency and cost reduction. Overall CRM usage increased from 56% to 74% in 2019. Statistic showed that 91% of businesses with over 11 employees now use CRM, compared to 50% of those with 10 employees or less. About 74% of the

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[20] More on https://www.capterra.com/customer-relationship-management-software/user-research-infographic. Accessed on 20th June, 2020

[21] Daminni Grover, Effective Customer Relationship Management through e-CRM, 2011, p. 33

companies that use CRM software confirm that this system has improved their access to customer data.[22]

Some research confirms the need of CRM special in the crisis moment as a COVID-19 Pandemic situation. Reasons for being the best tool during COVID-19 are:[23]recognize the right customers; CRM creates a personalized perspective, organizing routine activities and planning events; connect with the employees; interacting with the customers; sharing contents; a platform for customer database, and project management tool.

More specifically, from the e-CRM system, both companies and consumers have benefits:[24]

- ✓ Companies: automation of processes, fast targeting, lower costs, consumer loyalty, increase profitability, retain current customers, attract new customers, improve consumer knowledge - consumer education, efficient consumer services, build trust and credibility, create database of fans and more.
- ✓ Consumers: choice of products and services, product and service adjustment, fast problem solving, online questions to the company, quick response from the company, quick access to information etc.

Through CRM systems, companies are able to better understand consumers and respond appropriately to their needs and hence improve performance in their business operations (see example 1).

Benefits from CRM systems - Examples

1. FedEx's CRM system enables the company to provide superb service to millions of customers using 56 call centers. Each of its 4,000 call center employees has instant access to a customer's profile. The profiles tell the employee how valuable the customer is and the details of the current transactions. The more an agent knows about the

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[22] https://www.superoffice.com/. Accessed on 26th June, 2020

[23] https://soffront.com/blog/covid-19-outbreak-crm-best-tool-times/. Accessed on 21st June, 2020

[24] Chaffey D., Chadwick F. Ellis, Mayer R., Johnston K., „Internet Marketing-strategy, implementation and practice", op.cit., p.263.

customer, the better the service provided. The CRM reduced call for help, increased customer satisfaction, and enable better advertising and marketing strategy.[25]

2. Employees at more than 200 Sheraton owned by Hotels Starwood Hotels and Resorts are using a new e-CRM system to coordinate fast responses to guest's complaints and unmet needs. When an employee does not respond to a request or compliant within a time frame predetermined by hotel management, the color of computerized notice changes from green to yellow and possibly to red. Red triggers management to quickly intervene and perhaps include special compensation for the guest. These hotels reported significantly better operating results since it implemented the systems.[26]

3. Coca –Cola uses CRM to promote collaboration and deal with customer issues quickly and efficiently. By using CRM software, every member of Coca – Cola team can identify issues, monitor customer behavior and social media to promote offers and promotions. Team members can use mobile apps to access customer history anytime and anywhere, create and update work orders, and send out field technicians in real time.[27]

By managing customer relationships in marketing and adequate using of the collected data, the company have possibility to increase the percentage of the new consumers, increase sales and motivate consumers to make more purchases.[28]

As mentioned earlier, CRM applications are tools that support the companies activities for consumer service. These tools facilitate and speed up communication, provide automatic answering of questions, customer self-service etc. Customer service can be realize through following activities:[29] providing part for FAQs-Frequently Asked Questions; providing search and comparison capabilities; providing free products and services; providing technical and other information and service; providing free journals, newspaper,

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[25] Turban, E., et al., „ Electronic Commerce- a managerial perspective", Pearson Education, Prentice Hall, 2008, p.609

[26] Ibid, p.609

[27] https://www.appvizer.com/magazine/customer/client-relationship-mgt/customer-relationship-management-examples?fbclid=IwAR0_5o0waaK5nhMs0PcS2vFS1lm68XFu8t7fSO73CPahFHWpVg7jEIY0XkU Accessed on 25th June, 2020

[28] Kotler, F., „Marketing from A to Z", Adizes, Novi Sad, 2004, p.167.

[29] Turban E., Ephraim M., Wetherbe J., „Information technology for management-transforming organization in the digital economy", John Wiley & Sons Inc., 2004., pp. 338-340

catalogs and others for some topic; allowing customers to order customized products and services online; letting customers track accounts or order status; call centers, opportunity for discussion – chat rooms (forums for exchanging ideas, information, experiences, etc.); opportunities to become a member of a web group, etc.

Internet research has confirmed that e-CRM is used by many World's companies (Apple, Coca-Cola, Amazon, Activision, Tesco, Philips, Toyota, BBVA Compass, American Express) and from different sectors of the business.[30] The current situation on the market with e-CRM systems shows that the following systems are among the leaders:[31]

- Salesforce—focused on clarity and tries to simplify work of the user as much as possible. There are shortcomings in the area of analytics and e-commerce;
- SAP CRM—obtaining instant overview of the customer and his/her needs. The main shortcomings are high cost and long implementation;
- Oracle Siebel CRM—is available in many various modifications tailored to the specific needs of specific industries. The main shortcomings are the high cost, long implementation, and the necessity of integration with other systems;
- Microsoft Dynamics 365—most demanding in terms of implementation. Along with the system, it is necessary to own or install and use other Microsoft products;
- Pegasystems—costly;
- SAP Cloud for Customer—weaker in marketing and in customer care;
- Helios Orange—targets small- and medium-sized companies.

When choosing a CRM system, it is necessary to define the needs and requirements of the company and choose a supplier based on these. One of the

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[30]https://www.appvizer.com/magazine/customer/client-relationship-mgt/customer-relationship-management-examples?fbclid=IwAR0_5o0waaK5nhMs0PcS2vFS1lm68XFu8t7fSO73CPahFHWpVg7jEIY0XkU; https://www.salesforce.com/ap/customer-success-stories. Accessed on 26th June, 2020

[31] Pohludka M. and Štverková H.: The Best Practice of CRM Implementation for Small and Medium-Sized Enterprises, Administrative Sciences, 2019, pp.10-11

key aspects of the optimal choice is the selection from established suppliers and proven brands.

CONCLUSION

Development of the Internet and the widespread adoption of Internet technology by consumers are changing their habits, needs and behaviors and the same time create new (digital) environment for the business. Consumers are oriented toward searching for information, communication and purchasing online. This digital environment has changed the way consumers and businesses interact, provided new opportunities by facilitating access to information and reduced transaction costs. Key aspect to the success of a business in the digital and dynamic environment is a satisfied customer. In the new (digital) environment businesses must be consumer-oriented if they want to be competitive on the market.

Although customer relationship management is a business activity of the companies that has been practiced for generations, today, building long-term customer relationships is the most essential thing for business sustainability. Today, e-CRM is becoming more and more popular, improving and increasing customer communication through the use of innovative technologies. E-CRM helps companies maximize the value of each customer interaction and increase performance. These tools facilitate and speed up communication, provide an automatic answer to questions, customer self-service, consumer loyalty, increase profitability, retain current customers, attract new customers etc. Every business, when using e-CRM, should pay special attention to building a website that should be rich in information, which will attract the consumer to visit it and return to it again.

The use of CRM solutions is becoming inevitable and essential tool, regardless of the fact that it will cause additional budget expenditures and change of the IT budget, but that should become a priority for all companies. Despite the many factors and the situation with COVID-19 pandemic confirms the great need for integration in the digital processes and building strong online relationships with consumers of all companies regardless of size.

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