ABSTRACT

Customer Relationship Management is very important application now a days. Customer Retention is concerned with customer Satisfaction. It is the need of the hour that organizations must focus on customer services, retention and loyalty so that they might be able to create good relationship with their customers. Lot of strategies have been adopted by different organizations to satisfy the dissatisfied customers and also to make them loyal, not only to create good relationship and make new customers but also to keep them for a longer period of time. Keeping existing customers satisfied is 6 times more cost effective than acquiring new customers. Here positive words of mouth have played a very important role in this regard. The companies should acquire new customers and retain the existing ones. So the main idea of the study is to highlight the fact that customer retention, customer loyalty and customer satisfaction plays a key role for the success of any organization.

KEYWORDS: Customer Relationship Management, Customer Retention, Customer Satisfaction, Customer Loyalty

INTRODUCTION

Customer relationship management (CRM) is a commonly used to manage a company’s interactions with customers, clients, and sales prospects. It involves using technology to organize, mechanize, and synchronize business processes principally sales activities but also those for marketing, customer services and technical support. The main objective is to find, attract and win new customers. The main objective of customer relationship management is to improve the quality and efficiency, decrease the cost, increase profitability and improve planning. Customer Relationship Management is basically the industry jargon which is used in information technology and is mostly popular in methodologies, software and internet to help in maintaining the whole database of customers. This database provides information regarding to salesperson, management and above all the relevant information of customers.

It helps the marketing personnel to determine, identify and target the best customers and also to manage the marketing campaigns. Many organizations have started using CRM software to maintain good relationship with their customers. CRM software provides the whole information of the customers to their employees in order to identify their needs and also to satisfy their customers. Satisfying the customers means to increase the profitability. So main objective is to identify the most profitable customers and also to provide them highest level of services.

It is not useless to say that CRM is a customer centric philosophy and if customer relationship is the heart of business success then customer relationship management is the soul. It is basically the combination of people and technology which facilitates to gain insight into the values and behaviors of the customers. In simple words customer relationship management is the way to design the systems and procedures so that customer’s priorities should be identified instead of imposing organizational own choices on them. In this modern world of globalization, now the customers have options either to opt for the product or not?
For past many decades the main focus of firms was to acquire new customers. However firms have now gradually realized the importance of retaining the existing customers. Customer Relationship Management sounds simple but it is the combination and coordination of people, technology and processes which are designed to understand and manage a company’s relationship with customers. The purpose here is to maximize profits so that the optimal balance can be achieved between corporate investments and customer satisfaction level. “CRM applications help organizations assess customer loyalty and profitability on measures such as repeat purchases, dollars spent, and longevity” (Chen & Popovich, 2003, p.273).

Customer Retention is the most important task and organizations carry out this activity in order to reduce customer shortcomings. It is an ongoing process i-e starts with the first interaction with the customer and continues till the entire lifetime of the relationship. Customer Retention is not only concerned with the product or services of the organization but it is also related to customer dealing and its goodwill of the company. If you are giving your customers more than their expectations then you might be able to retain them for a longer period of time. Instead of increasing the profitability the main focus here is to enhance the customer’s value.

It is common for customers to be dissatisfied with the relationship they have with their service providers (Colgate and Lang, 2001; Colgate and Norris, 2001; Gronhaug and Gilly, 1991; White and Yanamandram, 2004), but how customers react to dissatisfaction is the crucial issue for marketing managers (Richins, 1987). Just as satisfied customers are not necessarily loyal (Rowley and Dawes, 2000), dissatisfied customers are not always disloyal (Hirschman, 1970). Some customers take no action at all when dissatisfied, whereas others take various actions—such as complaining directly to the provider about the service or switching suppliers (Richins, 1987). Ultimately, the buyer’s actions, and how the supplier reacts to those actions, determine whether that customer is retained (Singh, 1988).

Customer Loyalty and Satisfaction

For earning profits in an organization and making your business successful, the most important factor is customer satisfaction. When the companies make their customers delighted by giving them more than their expectations then they become loyal and loyalty leads towards customer retention. The term Customer Satisfaction is widely used to measure how far the customers have been able to satisfy from company’s product and services. This action is very useful for organizations to supervise, monitor, manage and control their business activities. It is a key indicator and it helps to formulate business strategies. For customer satisfaction the main focus of employees is to fulfill customer’s expectations.

By conducting surveys or by getting feedback from the customers companies can understand whether their product or services have met the expectations or exceeds the expectations. Here expectations are the key factors behind this. When customers have high expectations and the result falls short, then the customers will definitely be disappointed and the result will be rated as less than expectations. So customer satisfaction is the leading indicator and it shows the intention of the customers towards purchase of a particular product or service. Customer satisfaction can be gathered at individual level but it can be reported at mass level. There are several other aspects to measure this attitude. Customer satisfaction is a very different concept and it varies from person to person, product to product and service to service. Although there are various scales to measure Customer Satisfaction but the most commonly used scale is five point scale.
So we can say that Loyalty and Satisfaction goes hand in hand and they are the vital tools of Customer Relationship Management. Customer Loyalty is to attract the right customers, making them to buy more and more and also bring you even more customers. Companies should keep in touch with their customers by sending them e-mails, cards and by conducting personal visits. Organizations must also train their teams so that they treat customers well. Customers have the mind setting that they are buying from people so provide them friendly environment and care for them. So you can build customer loyalty by treating people how they want to be treated.

**Customer Retention by Using Customer Relationship Management**

Customer Retention is the important managerial issue and is the key objective of relationship marketing. It is very much beneficial from economic point of view, as it costs less to retain than to acquire new customers. It is the duty of the organization to teach their employees that they all are service providers and also educate them to emphasize on Customer Retention. When companies are providing timely and good quality service to its customers within reasonable price then they are able to retain their customers.

Customers are the major stakeholders of your business and they are the partners in profit, reputation and respect of any organization. So customer retention is most important for the survival of a business. For retaining customers organizations should go some extra miles means give something more than the expectations of the customers, must know your customers by name and greet them on several occasions like seasonal festivals, birthdays, anniversaries etc. This can only be possible when organizations have complete information of their customers available in their database, also train your employees and make them realize that Customer is the King and they must be treated well, similarly organizations must encourage their customers to give their accurate and reliable feedback. The doors must be open for criticism and in this way companies can understand their competencies as well as drawbacks. Finally if problems prevail then companies should try to resolve the issues and settle the problems with their customers.

No Organization can flourish without proper interaction with the customers. So organizations must rethink about their strategies and be customer oriented instead of being profit oriented. Profits are the part and parcel of business but it is interlinked with satisfaction level of the customers. More satisfied the customers are more will be the chances for retaining them and as a result profitability will increase.

Although, globally it is an age of recession and it is very hard to compete in this current scenario. Customers have choices they can switch from one product or service to other product or service. In order to make your business successful organizations must adopt those strategies which are very much concerned with customer values and retention. So in short we can say that the focus of customer retention is essential for overall business success. The profits of an organization is based on retaining the valued customers those who remained with the company for a longer period of time it is mandatory for organizations to create good relationships with them and try to keep them, understand their problems and make them happy.

**CONCLUSIONS**

Now I would like to conclude that the goal of this article is to find out the impact of Customer Relationship Management on Customer Retention. If the company has the ability to create value for its customers then this is the key to generate long-term customer loyalty. The customer relationship management system has played a very important role in this regard. There is an interaction between customer satisfaction, customer loyalty and customer retention. Organizations
must understand the buying behavior of their customers and also to recognize their needs throughout the entire customer life cycle. There must be accountability and transparency at organizational level so that customers must be treated properly.

Companies must realize this fact that long term customer loyalty should be focused instead of short term profitability. All around the globe the companies either small or large are trying to utilize CRM system in an effective manner so that they might be able to compete in this current arena. As today not only making new customers is difficult but also holding existing customers is quite a challenging task. If companies are able to delight their customers then they will make their customers loyal and loyal customers can be retained for a longer period of time.

If due to some reason organizations are unable to retain their customers then they must try to win-back their valued customers. In win-back stage the organization will take special effort to reactivate or to revitalize the relationship with those customers who have terminated the relationship with the company. But the first and foremost priority of the company should retain their customers and try to fulfill their needs with the best of their abilities and talent so that they may not lapse their association with the organization.

REFERENCES


