

## **A QUALITATIVE RESEARCH PAPER ON EVOLUTION AND DEVELOPMENT OF CRM PRACTICES FOR THE BUSINESS GROWTH IN THE CONTEXT OF INDIAN HEAVY INDUSTRY**

**V.S. Chauhan**

*Professor, Acharya Bangalore B School, Bangalore.*

### **Abstract**

*This is a comprehensive research work focused on understanding evolution and progressive development of various CRM practices which enabled firms for their sustained growth and further development in the manufacturing sector in Indian Heavy Industry ( IHI). Availability of a very little literature offers plenty of opportunity for the research. The study considered a sample of twelve firms in IHI and qualitative data was collected. The detailed analysis of the data revealed that varied degree of emphasis is given to CRM practices. From Overall CRM Performance perspective, a long term to medium term growth in CRM practices was found. It indicates that the growth of the firms and the CRM practices followed are interrelated. Also It has been observed that the process and people elements have the maximum impact on the growth of the firms. The research study found that there has been a significant growth in CRM practices in IHIS for the last 2 decades, also there is a significant association between CRM practices and integrated growth of the organizations. This has been validated through detailed analysis of the published financial data of the organizations.*

**Key words:** *Customer Relationship Management, CRM elements, CRM evolution, Integrated Growth.*

### **INTRODUCTION**

CRM is not another Buzz word in the corporate world. Firms are seriously looking for and working on improving their corporate productivity and performance. Corporate world is taking it very seriously while implementing business strategies.

A CRM philosophy deals with the present and potential customers. It includes every bit of details of a customer to make it easy for tracking a customer to determine customer profitability. The CRM process starts with identification of the customer and maintaining all the corresponding details into the system called an 'Opportunity of Business'. Customer Relationship Management is very cost-effective with an advantage of reduced paper and manual work which results in less manpower to manage. The technologies used in implementing a CRM system are cost effective and smooth as compared to the traditional way of business.

Efficiently dealing and offering all customers what really they need enhances the customer satisfaction. This increases the probability of getting more business which ultimately increases firm's turnover and profit. Once the customer is satisfied, he / she becomes loyal to firm and remains in business forever resulting in increasing market share and thereby enhances net growth of business. For the sustained growth, firms look forward for innovative practices and CRM is one of them. In present business world, practice of dealing with existing customers and thriving business by getting more customers into loop is stronger and is mere a dilemma. Implementing a CRM system definitely improves the business growth situation and help in reaching the new height.

### **STATEMENT OF PROBLEM**

This case study focuses on the qualitative research on Evolution and Development of CRM Practices for the business growth in the context of Indian Heavy Industry.

### **OBJECTIVES**

1. To identify important CRM elements those influence the growth of the business.
2. To undertake qualitative research on evolution and development of CRM practices and how it influence the business growth for the firms in the context of Indian Heavy Industry.

## SCOPE

The research study is limited to the twelve selected firms in Indian Heavy industry Sector (IHIS). The primary focus of the study is to examine how CRM elements and strategy is followed for achieving the business growth corporate success. The study is trying to find out important CRM elements in the context of the growth.

## LITERATURE REVIEW

The review of literature enables in crystallizing thinking and orientation towards concepts related to CRM and its important elements that influence business buying processes. For the present study, the literature review was divided in to the following two parts:

1. Review of CRM literature w.r.to Evolution, Growth & Development and
2. Review of CRM literature w.r.to CRM elements.

### 1. CRM Evolution, Growth & Development of CRM

Author	Year	Summary of Literature
Roger Palmer, Adam Lindgreen, Joelle Vanhamme	2005	The purpose of this article is to challenge the applicability of the traditional micro-economic framework for analyzing marketing situations and actions in the contemporary marketing environment. To assess the validity and value of relationship marketing as an alternative paradigm. To identify fruitful directions for further research.
Annette Reichold, Lutz Kolbe, Walter Brenner	2007	This paper discusses the CRM performance can be measured as the monetary return on CRM investment and as the result of the ongoing CRM activities. The results of the cross-case analysis reveal some CRM performance measurement practices as well as identify existing challenges.

### 2. CRM Elements

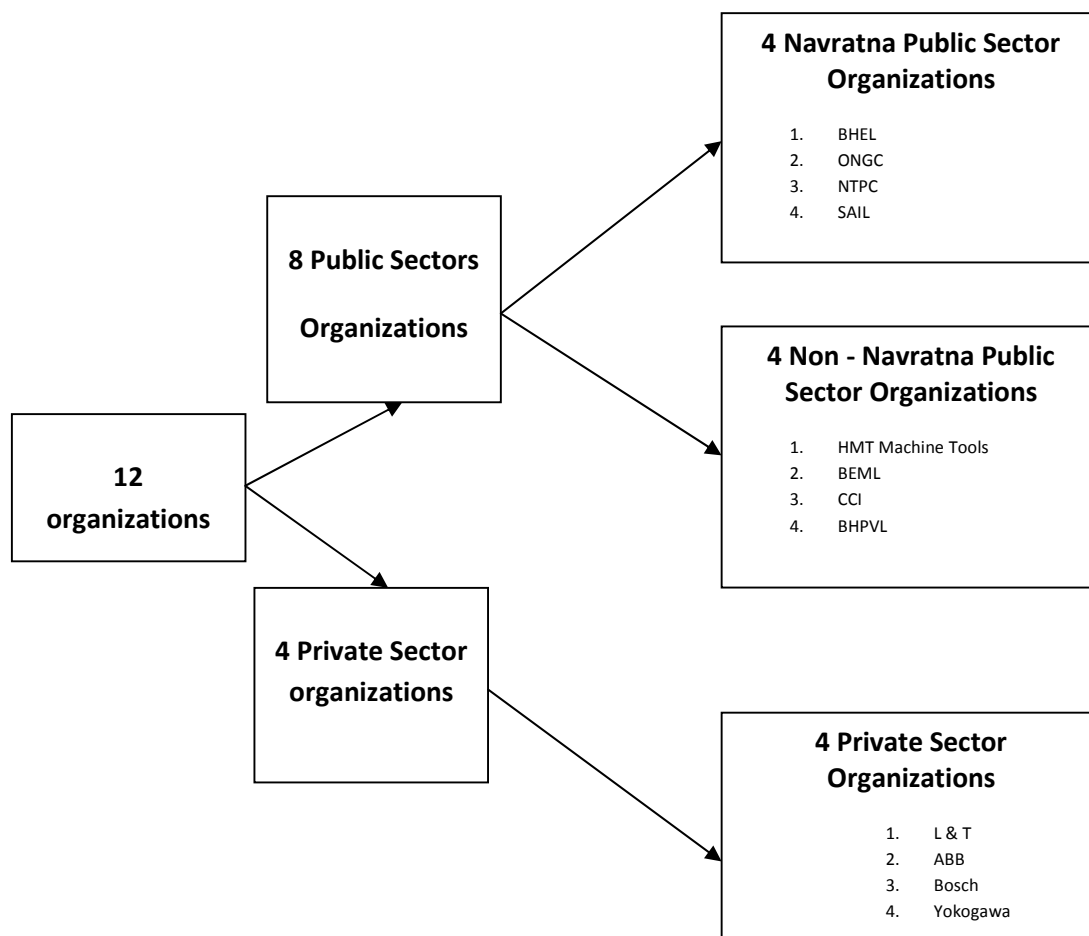
Author	Year	Summary of Literature
Wagner A. Kamakura, Michel Wedel, Fernando de Rosa, Jose Afonso Mazzon	2002	Cross-Selling Through Database Marketing: A Mixed Data Factor Analyzer For Data Augmentation And Prediction.
Jorna Leenheer, Tammo H.A. Bijmolt, Harald J. van Heerde, Ale Smidts	2003	This paper studies the effects of loyalty programs on behavioral loyalty using market-wide panel data on supermarket purchases.
Jyhjong Lin, Ming-Chang Lee	2003	An object-oriented analysis method for customer relationship management information systems ( The approach starts from the identification of prospect customers and their desired behaviors under preferable execution environments, and ends with the specification of system—internal objects/entities that collaborate to satisfy these behaviors and environments. )
Aihwa Chang, Chiung-Ni Tseng	2005	Effective and ineffective types of relationship marketing activities have been identified. The causal paths between relationship marketing and customer capital have been illustrated.
Rajshekhar (Raj) G. Javalgi, Charles L. Martin, Robert B. Young	2006	The key implications revolve around the notion that in today's hyper-competitive markets service firms must be market-oriented in order to be competitive, and that market research plays a critical role in generating the needed data on which a market orientation can be developed and implemented, which, in turn, can enhance the practice of CRM.
Paul W. Clark, Neel Das	2007	The focus of this paper is to discuss potential ways for businesses to help reduce consumer's levels of post-purchase cognitive dissonance through implementation of e-CRM elements and effective website design.

## RESEARCH DESIGN

The study has used both primary and secondary source of information extensively. The secondary information sources consist of various business journals, magazines, newspapers and firms' web sites. The primary information was collected from respondents by administering a structured questionnaire in the selected firms.

### Sample Design

For this research study, a sample size of 12 organizations comprising of 10 respondents from each organization was used. The technique for sample selection was selective one and the selection of respondents was convenient.



### Instrument for data collection

A structured and mainly close ended questionnaire was designed and customized according to the requirement of the research objectives. It was administered to all selected respondents in the sample companies.

### Hypotheses

**Ho1 :** There is no significant association between growth of the Navratna PSUs and its CRM practices.

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**Ho2 :** There is no significant association between growth of the private organizations and its CRM practices.

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## DATA ANALYSIS

### Quantitative inputs

- a. Weights given by each of the companies to the 4 main elements of CRM
  - i. Process

- ii. People
- iii. Technology
- iv. Customer
- b. Retained customers in each company.
- c. Year on Year growth in retained customer over a period of 5 years.
- d. Revenue and PAT of each company.
- e. Year on Year growth in terms of Revenues as well as PAT over the last 5 years.

### Qualitative Inputs

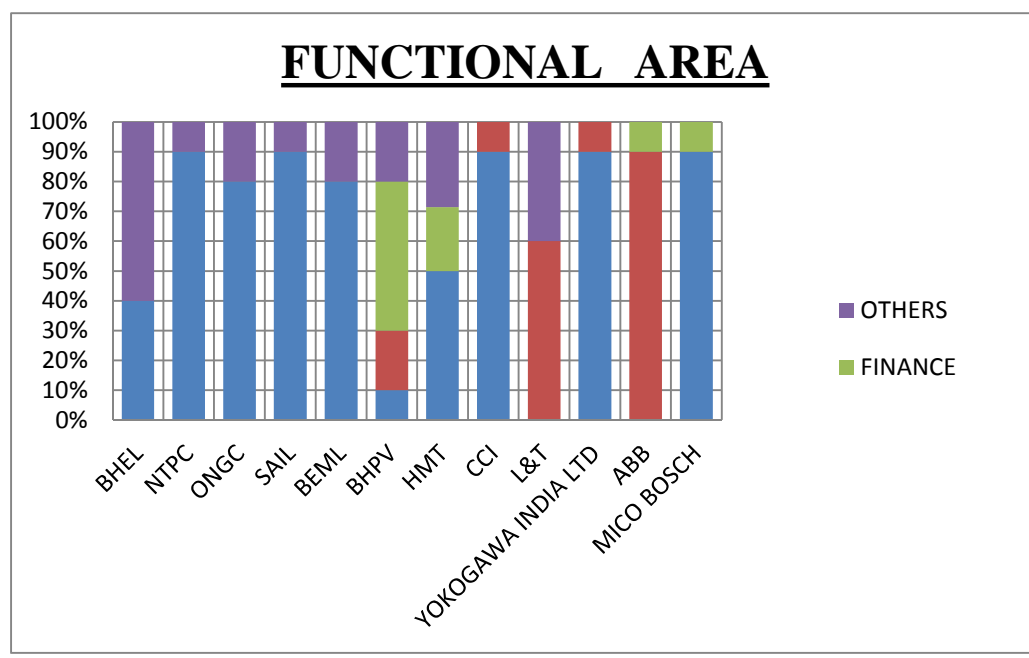
- a. CRM growth over the last few years in the industry.
- b. CRM initiatives which were either successful or failures.
- c. CRM improvement measures taken by the company.
- d. Suggestions that need to be undertaken by the companies for improvement of customer satisfaction levels

### Corporate Demography of the Respondents

The profiles of individuals who were interviewed across the 12 companies are as follows:

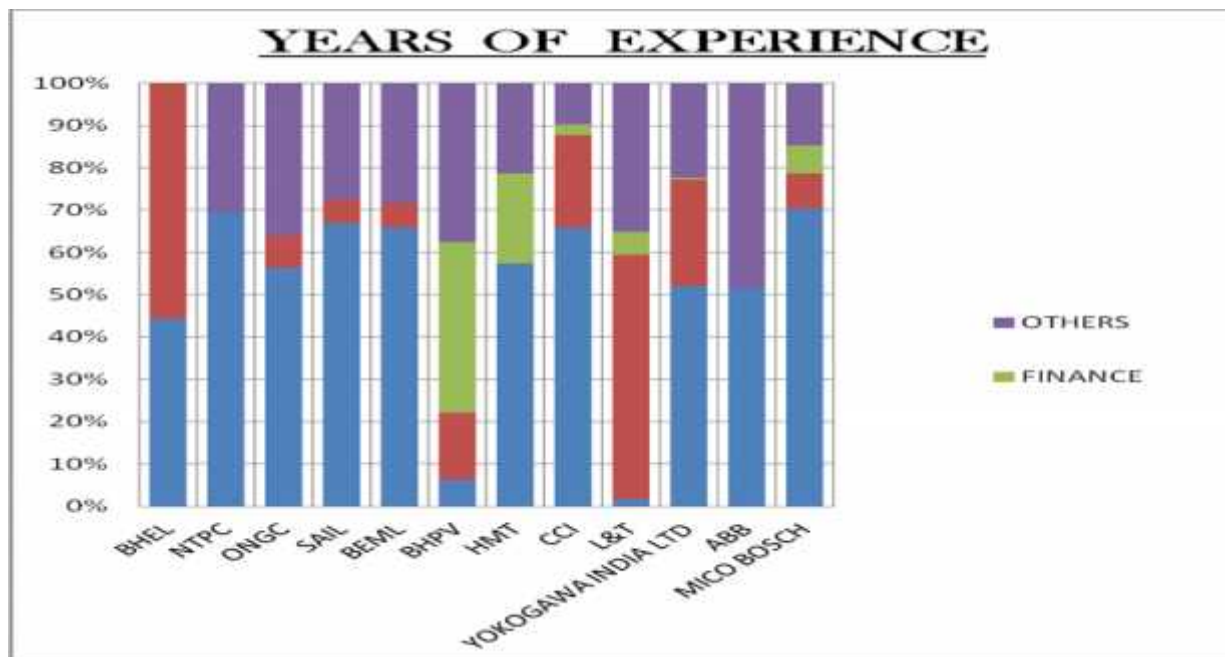
#### FUNCTIONAL AREA

ORGS FNL AREA	BHEL	NTPC	ONGC	SAIL	BEML	BHPV	HMT	CCI	L&T	YOKOGAWA INDIA LTD	ABB	MICO BOSCH	TOTAL
SALES & MARKETING	4	9	8	9	8	1	7	9		9		9	73
H R	-		-			2		1	6	1	9		19
FINANCE	-		-			5	3				1	1	10
OTHERS	6	1	2	1	2	2			4				18
TOTAL	10	10	10	10	10		10	10	10	10	10	10	120



## YEARS OF EXPERIENCE

ORGS FNL AREA	BHEL	NTPC	ONGC	SAIL	BEML	BHPV	HMT	CCI	L&T	YOKOGAWA INDIA LTD	ABB	MICO BOSCH	TOTAL
SALES & MKTG	10.2	7.35	6.6	7.3	6.75	2	4.3	5.4	0.3	5.6	5.3	8.6	69.7
H R	12.8		0.9	0.6	0.6	5		1.8	11	2.7		1	36.4
FINANCE	-					12.8	1.6	0.2	1	0.05		0.8	16.45
OTHERS	-	3.25	4.2	3	2.9		1.6	0.8	6.7	2.4	5	1.8	43.65
AVERAGE	23	10.6	11.7	10.9	10.25	31.8	7.5	8.2	19	10.75	10.3	12.2	166.2



### Calculations for normalized score

Element	Number of questions	Total points	Normalization	Final scaled score out of
Process	14	70	100/70	100
People	9	45	100/45	100
Technology	7	35	100/35	100
Customer	11	55	100/55	100
Overall CRM score	Average of the final scaled score of the 4 elements			

	Process	People	Customer	Technology	CRM score
<b>BHEL</b>	79.25	78.44	85.45	87.33	82.62
<b>L &amp; T</b>	80.14	78.89	85.82	78.67	80.88
<b>NTPC</b>	63.86	67.11	70.55	78.67	70.05
<b>ONGC</b>	62.36	67.78	67.09	80.00	69.31
<b>ABB</b>	63.46	67.33	70.00	76.00	69.20
<b>BOSCH</b>	63.46	66.22	67.09	77.33	68.53
<b>BEML</b>	58.46	62.22	65.45	84.00	67.54
<b>YOKOGAWA</b>	62.64	64.44	66.18	68.00	65.32
<b>SAIL</b>	51.50	64.00	62.36	76.67	63.63
<b>CCI</b>	56.29	65.33	60.00	50.00	57.90
<b>HMT</b>	52.71	62.89	61.82	42.67	55.02

**Various CRM scores calculated using questionnaire results**

## MAJOR FINDINGS

The major findings of the research are as given below:

1. Varied degree of emphasis is given to CRM practices and followed in different organizations in IHL.
2. of clearly from the following overall summary table it is clear that most companies are taking steps to improve their CRM practices
3. It is found that there is a significant association between growth of the Navratna PSUs and private organizations with respect to their CRM practices.
4. From Overall CRM Performance perspective, a long term to medium term growth in CRM practices was found. It shows that there is significant association between growth of the private organizations and its CRM practices.
5. It is found that the process and people, elements are having maximum impact on the growth of the companies when compare to other two CRM elements.
6. The research study found that there has been a significant growth in CRM practices in IHIS for the last 2 decades, also there is a significant association between CRM practices and integrated growth of the organizations. This has been validated through detailed analysis of the published financial data of the organizations.
7. The study also found how different elements of CRM namely, people, processes, technology and customers play vital role in overall growth of the organizations. A positive impact of following CRM philosophy on the growth of the firms, customer retention, and employee satisfaction has also been observed.
8. From the perspective of overall CRM performance, it has been found that there has been a long term to medium term growth in CRM practices for the majority of sample companies. Process and people elements appear to be having the maximum impact on the overall growth of the company.

## SCOPE FOR FURTHER STUDY

1. This study can be replicated for different firms to get either similar or different results.
2. The same study can be extended to related categories of other organizations.
3. There may be many underlying factors in buying decision making and it may significantly vary from firm to firm which can also be tested.
4. A specific study can be initiated with a special focus to People element, Process element, Customer element, and Technology element of CRM in the development and overall growth of the organizations in Indian heavy industry.



## SUGGESTIONS

The following are the suggestions to advocate CRM practices in IHIS.

1. Organizations / management have to consider all these elements of CRM such as people, customer, process and technology while formulating business policies and strategies for growth.
2. To avail maximum benefits, organizations should categorize its business activities from the perspectives of customers, employees, processes and technology. Organizations also have to consider developing long lasting relationship bond with customers. The companies should concentrate on showcasing their customer centric and customer focused functioning to the employees and customers.
3. The organizations / management in IHIS are required to understand the impact of CRM practices and learn how this strategic approach influence and contribute in the integrated growth of the firm.
4. The firm should concentrate on the four CRM elements in accordance with their importance in their firms. Regarding the overall performance of the sample companies, it is observed that process and people have assumed central stage and thus influencing the implementation of CRM practices, it is therefore imperative to give greater emphasis on these two elements of CRM for achieving the desirable growth rate.
5. Since people and processes are playing vital role in the business growth, organizations should develop sound relationship with people and orient their all processes to keep customer satisfied.
6. It is suggested that the organizations in Indian Heavy Industry have to understand the impact of CRM practices and learn how this strategic approach influence and contribute in their integrated growth.
7. Out of all CRM elements, process and people appear to be having the maximum impact on the growth of the company when compared to the other parameters. Hence it is suggested that firms should formulate their business strategies and approaches keeping in the view processes and people.

## CONCLUSION

There is very little work available in the area of CRM and specifically in the context of Indian Heavy Industry. In-order to understand the development of CRM practices researcher has considered the growth in the retained customer as an alibi for the same. From this study it can be concluded that according to the respondents who are related to Indian Heavy Industry (navaratna and non navratna public sector organizations, and private organizations corporate, brand consultants and ad agencies) CRM elements –people, processes, customers and technology play very crucial role in the growth of the firm. Business activities focused on these elements become certain for more customer retention and delighted internal as well as external customers. It can be concluded that in Indian Heavy Industries, process and people are the two major elements where the company needs to follow CRM practices to improve their overall performance.

## POLICY IMPLICATIONS

The following are the important point's surface as a result of this research study:

1. Corporate approach with respect to total customer satisfaction plays a very vital role in the overall growth of the firm. Senior management have to focus on “ **Customer Element** ” to understand what really their customers wants.
2. The “ **Process Element** ” of CRM is the second most vital element. The management has to review its policies and procedures to ensure employees understand and follow the CRM processes across the organization.
3. The third important C R M element is “ **People**”. **This makes** imperative for the management to take care of their employees. Management commitments with respect to employee training and retraining, career development and growth, skill development, welfare measures etc play a vital role in earning employee loyalty towards the firm.
4. From “ **Technology** ” element point of view, Indian heavy industry has to upgrade the existing technology in power generation equipment industry and in transmission and distribution equipment industry. The technology adoption has to support and help organization to serve its customers and employees at par in the similar industry. It will also enable firms to compete in the Global Market.

## CONTRIBUTION TO ACADEMICS

Given today's mobile-first, cloud-first based internet world, the business landscape is dictating the terms of trade - both domestic and overseas marketing operations. The producer's **line of thinking is also changing suitably**. Organizations in Indian Heavy Industry have started adopting re-engineering process with a view to harness the benefits, power and integrated CRM philosophy and its four elements. Now the firms are increasingly realizing that the CRM elements are capable of achieving and transforming the customer satisfaction that influences the growth of the organization.

Thus the present research would help address the existing classical theories of CRM in a different perspectives and the unconventional conclusion would help modify revise and revisit study variables influencing the whole CRM model. Besides, the findings strongly endorse the vital role played by the four CRM elements namely customers, process, people, and technology in building alternative benefits hypothesis.

On the other hand, the thesis has very important practical applications contributions as well. There is an evident to show that those sample industries which have adopted all CRM elements have a tendency to minimize both process and minimize operations costs and thus enhance firms' overall productivity resulting in building a sustainable competitive advantage for the firms.

Lastly, the corporate decision makers of Indian Heavy Industries are planning to strategically leverage these CRM elements in their decision making process.

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