EFFECTIVENESS OF CRM IMPLEMENTATION: A STUDY OF INDIAN TELECOM SECTOR

Dr. Meera Arora

Associate Professor (Marketing)

DAV Institute of Management, Faridabad

Abstract

The major management challenge for a business in the new millennium is to serve and maintain good relations with customers. Customer Relationship Management (CRM) has thus become the mantra for success and plays an imperative role especially in technology dynamic market like telecom, where spectacular increase in competitive pressure, decreasing customer loyalty and falling prices are driving the companies towards saturation. Though many service industries are affected by the churn phenomenon, the problem is extremely acute in the telecom industry with customers joining and quitting in short periods. The telecom service providers are struggling with complex issues of new technologies, and value added services through continuous innovations.

The paper aims to study the CRM implementation in Indian telecom industry and the perceptions of executives of the service providers towards CRM related initiatives.

KEYWORDS: CRM, Customer satisfaction, Customer Retention, Customer Focus, Telecom Service Providers, Telecom Executives.

INTRODUCTION

There is a radical transformation in business due to changing business environment by economic liberalization, growing competition, high consumer choice, enlightened and demanding customer, more emphasis on quality and value of money etc. All these changes have forced today's producer to shift from traditional marketing to modern marketing, which calls for more than developing a product, pricing it, promoting it and making it accessible to target customers. It demands building and binding trust, a binding force and value added relationship with the customers to win their hearts. The new age marketing aims at winning customers for ever, where companies acknowledge the customers, create products to suit their requirements, work hard to develop life time customers through the principle of customer's delight, approval and enthusiasm.

Customer Relationship Management (CRM), a fundamental tool to build a customer-centric organization involves management of technology, processes, and resources of information, and people which can together create an environment that allows a business to take a 360-degree view of its customers' needs. CRM strategies include personalization, consistent customer service across different communication channels, meeting customers' expectations with regards to product information and giving cues for trustworthiness.

REVIEW OF LITERATURE

Tauni *et al.* **(2014)** in their study conclude that CRM has considerable impact on customer retention & it contributes more than 68% on retaining the customers. The organization should focus on CRM while developing organization strategy for the purpose of implementing successful CRM initiatives.

PERFORMANCE DRIVERS OF CRM

Chen and Popovich (2003) state that successful implementation of CRM requires company-wide, cross-functional, customer-focused business process re-engineering. Although a large portion of CRM is technology, viewing CRM as a technology-only solution is likely to fail. Managing a successful CRM implementation requires an integrated and balanced approach to technology, process, and people.

Day (2000) points out that the enterprise has to develop some key marketing competencies for the smooth implementation of CRM. A relationship orientation is the first such thing. Relationship orientation should permeate the mindset, values and norms of the organization. Further, the enterprise needs to continue to increase its knowledge of the customers and ensure that it flows all over the organization. Finally there is a need for alignment and integration of processes.

Peelena *et al.* (2009) in their study show that CRM success is achieved by focusing sequentially on four CRM components: Vision, Strategy, Customer Experience and the Organizational Collaboration, this result in a structured approach to the successful implementation of CRM. Vision and Strategy have a positive impact on CRM Information and CRM Processes. These in turn favor the Customer Experience and the Organizational Collaboration positively. Strategies should answer questions such as: What information of individual customers and prospects is needed to be in a position to build the mutually beneficial relations with the customers we aim for? How should we redesign the processes to enhance the value creation for both our customers and our organization? Further, the change in organizational behavior is driven by the way processes are defined and by the information that is available on customers and the way to interact with them. They enable and direct interactions and influence the experience that will be offered to customers. They influence the environment employees operate in. Organizational change programs that start before the necessary fundamentals are realized will lose on impact on CRM results. Finally, it shows that the ultimate proof is in the Collaborative Organization and the Customer Experience. The way people across functions work together to initiate, build and retain mutually beneficially relations with the right customers determines the scores on the CRM Metrics.

Harvey and Marshak (2000) state that in order to build effective customer relationships, the company needs to: Identify the right set of customers to do business with, determine effective ways, to initiate new customer interest, strengthen and maintain relationships with valued members of the existing customer base, create customer satisfaction at every organizational customer contact point, including marketing, sales, customer support, and service

Renart and Cabre (2008) suggest that in order to continuously adapt and improve their CRM strategy, the companies should implement a continuous improvement process at four different but complementary levels: first, review and reinforce the company's mission, culture and values; second, reconsider and, if necessary, redesign the CRM strategy; third, manage the various relationship-building activities more effectively; and lastly, review and, if necessary, improve the quality of material and human resources, program execution and process governance. A systematic review of these four levels or "paths" of improvement should help generate and maintain high quality relationships over time.

Kubi and Doku (2010) propose that a successful CRM requires a combination of managerial commitment, cultural change and a combination of resource and technology to achieve the needed result. As firms embrace CRM as a competitive capability to meet customers need, the concepts should not be branded as marketing or managerial fad but rather a capability that holds the key to competitive advantage as research have evidenced the ability of the concept to help organizations to achieve market leadership in any industry. CRM only becomes a failure when it is conceptualized as technological tool and software solution only. It should rather be viewed as a strategic wherewithal and deployed holistically across the broad spectrum of an organization to assure its success.

Davis (2004) suggests that CRM implementation requires utmost care and planning, as it is expensive. It generally requires new database management systems, integration with legacy systems, analysis and decision support systems, campaign management system, new messaging and routing system and sales tracking systems. However, if done right, CRM is an enterprise wide endeavor.

CRM IN TELECOM INDUSTRY

In this highly competitive scenario, churn is the widely recognized problem today being faced by most mobile telecommunications providers. Though retaining a customer might require seven times more effort the acquiring the one, it definitely makes more economic sense. Even from a long-term perspective maintaining a good relationship with not just profitable customers but all prospective customers will pay huge dividends.

Meltzer(2006) states that in this electronic era, the need to manage customer relations for profit is a marketing dilemma that many telecommunication companies face. This concern stems from the ever rising cost of acquiring new customers, whilst the increasing churn that continues to erode the customer base. However with a greater customer focus, greater emphasis on relationship marketing and effective retention plans, marketers may discover greater profitability within existing customer base. CRM revolves around customer knowledge and solid execution and requires long term commitment to be truly effective.

Krishna and Khatri (2008) in their study analyze the antecedents of customer relationships in the telecommunication sector and suggest that mobile industry is witnessing exceptional growth rates and amidst growing competition it would be tough for mobile operators to survive, unless they provide value added services and understand what will lead customers to enter into a long-term relationship with them. The results of the survey show Seven Desired Value Added Services (7DVAS), viz,: variety of service, price, advertisements, employee behavior, Customer service, accuracy in billing and timely information

Daadlani et al. (2010) discuss the benefits of implementing a CRM system in cellular telecom services and analyze that CRM focuses on automating and improving the business processes associated with managing customer relationships within the areas of sales, marketing, customer care and support. CRM applications not only facilitate the coordination of multiple business functions but also coordinate multiple channels of communication with customers-face to face, call centre and the web- so that organizations can accommodate their preferred channels of interaction. A rich customer relationship fuels effective acquisition, nurturing and retention of customers.CRM aims to provide organizational effectiveness by reducing sales cycles and selling costs, identifying markets and channels for expansion, and improving customer value, satisfaction, profitability and retention.

Nguyen and Papadopoulos (2011) explore the potential benefits of introduction of a CRM system in the telecom industry. The results show that customer centric strategy is an essential part of the business strategy and CRM system plays an important role to achieve business objectives. Many parts of the company expect to get benefit from the implementation of the CRM system and it seems that the company needs to implement a CRM solution with full functions to support all relevant departments. However, the CRM system is not simply software which just only needs to be installed and used. It is a combination of many factors such as information, processes, technologies and people in an excellent way in a customer-oriented direction.

Ling and Run (2009) in their study examine the factors that influence customer satisfaction and customer loyalty in telecommunication services. The findings of the study indicate that factors with significant impact on customer satisfaction are: promotion, cost efficient plans, free services, technology factors, line quality, convenience and handiness, while factors affecting customer loyalty are service quality, subscription status, promotion and inconvenience in switching phone number.

Kim et al. (2004) found that call quality, value added services and customer support play a significant role in building customer satisfaction for cellular service subscribers and they tend to keep using current service as the level of the customer satisfaction is high that leads to customer loyalty

Iqbal et al. (2008) affirm that satisfied customers of telecom sector have high extent of usage and intentions to repurchase in future. Greater the level of satisfaction of customers greater will be repurchase chances of customers

Potluri and Mangnale (2010) emphasize that the marketing and maintenance professionals of telecom companies are required to assign due weightage to the areas of dissatisfaction and introduce radical changes in their existing practices for meeting the telecom needs of the customers and make every effort for Total Customer Satisfaction (TCS) by expecting the clear attitudinal changes among the existing customers for retaining them. For this the telecom companies need to review their existing plans, policies, procedures,

programs, strategies, and even budgets for offering confident and market expected telecom services to win the hearts of their customers.

Saha *et al.* (2017) in their study iterate that due to highly competitive market and increasing need for customizing the products and services, CRM is practised in every business. Since telecom sector is one of the most well known sectors that segments the customers' based on their interests, CRM here helps in better customer understanding , decision support and predictive modeling.

Jadhav (2018) express that CRM has emerged as an important business strategy in today's competitive environment. Because of high market demand, the telecom sector is technologically ahead in implementing CRM technologies. Effective CRM helps in identifying and targeting the most valued customers and providing them timely services using the channels preferred by the customers. This results in retaining the customers for the life time.

OBJECTIVE OF THE STUDY

With telecom industry nearing maturity, showing saturated growth, with high customer attrition the Indian telecom service providers, have become more receptive and responsive to the customers' needs and choices and endeavor to give them greater satisfaction through constant service quality delivery for long term sustainability.

The executives of telecom industry play a crucial role in the successful implementation of CRM. The objective of the present study is to measure the effectiveness of CRM implementation. For this the opinion of the executives of the service providers towards CRM related initiatives such as Customer Relationship Management Strategy, Customers Focus initiatives undertaken by the service provider has been measured.

SAMPLING PROCEDURE AND THE SAMPLE

The study is carried out through the non random convenience sampling method. A sample of eight companies has been taken wherein responses of 40 telecom company executives have been studied.

Further the hypothesis H_0 (*The opinion of Executives of telecom companies about CRM strategic factors do not vary across the companies*) has been tested using ANOVA.

CRM STRATEGY

To determine the CRM Strategy of the telecom company, eight items have been analyzed. A five point likert scale (Strongly Disagree= 1 and Strongly Agree =5) has been used. To find out the variation in the opinion of the executives towards CRM Strategy of their company ANOVA has been applied.

Table 1 presents mean, standard-deviation and F-values of opinion of telecom executives towards CRM Strategy of their company.

F- Values from the table point out that the statements 'Senior Management emphasizes the importance of CRM and 'Each customer segment has a clear business objectives and management strategies' have significant difference at 5 percent level of significance. Further analysis of mean score of these statements reveal that Airtel executives strongly agree to the statement that 'Senior Management emphasizes the importance of CRM' while MTNL executives are neutral towards the statement. Also while Airtel, Reliance and TATA executives strongly agree (mean value=5)

table 1: opinion of executives on CRM strategy of their company

CRM STRATEGY	Airtel		Idea		Vodafone		Tata		Reliance		Aircel		BSNL		MTNL		F-Value	P-Value
	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D		
Clear business goals related to customer acquisition	4	0.00	4	0.00	4	0.00	4.2	0.45	4.2	0.45	4	0.00	4	0.00	4	0.00	0.689	0.681
Times and resources dedicated to CRM	5	0.00	4.4	0.55	4.6	0.55	4.8	0.45	4.8	0.45	4.4	0.55	4.5	0.71	4	0.00	1.827	0.123
Emphasis on CRM by senior management	5	0.00	4.6	0.55	4.4	0.55	4.6	0.55	4.6	0.55	4.2	0.45	4	0.00	3.67	0.58	2.72	0.029*
Categorization of customers according to level of usage of products and services	4.4	0.55	4.2	0.45	4.6	0.55	4.8	0.45	4.8	0.45	4.8	0.45	4.5	0.71	4.66	0.58	0.931	0.499
Assessment of life time value of each customer	4.6	0.55	4.6	0.55	4.2	0.45	4.2	0.45	4.2	0.45	4.6	0.55	4	1.41	4	0.00	0.909	0.514
Each customer segment has clear business objective and a management strategy	5	0.00	4.2	0.45	4.8	0.45	5	0.00	5	0.00	4.6	0.55	4.5	0.71	4.66	0.58	2.644	0.032*
Performance standards are customer centric	4	0.00	4.8	0.45	4.4	0.55	4.2	0.45	4.2	0.45	4.6	0.55	4	1.41	4	0.00	1.556	0.191
Performance measurement of the employee is based on meeting customer needs	4.4	0.55	4.2	0.45	4.6	0.55	5	0.00	5	0.00	4.4	0.55	4	0.00	5	0.00	3.506	0.008**

* Significant at 5 percent level of significance

** Significant at 1 percent level of significance

table 2: perception of executives about customer focus initiatives of their company

CUSTOMER FOCUS	Aircel		Airtel		BSNL		Idea		MTNL		Reliance		Tata		Vodafone		F-value	p-value
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Routine and regular measures of customer service	4	0.00	4	0.00	4	0.00	4	0.00	4.33	0.33	4	0.00	4	0.00	4	0.00	1.763	0.136
knowledge of how customers value our products and services	4.6	0.55	5	0.00	4	0.00	4.2	0.84	5	0.00	4.2	0.45	4.2	0.45	4.2	0.45	2.514	0.040 *
Compete on product or service differentiation	4.2	0.45	4	0.00	4.5	0.75	4.2	0.45	4.33	0.58	4	0.00	4.2	0.45	4.2	0.45	0.534	0.801
Exist primarily to serve customers	4.6	0.55	5	0.00	4	0.00	4.6	0.55	4.33	0.58	4.6	0.55	4.8	0.45	4.8	0.45	1.327	0.276
efforts to find out key customers need	4.2	0.45	4.4	0.55	4.5	0.71	4.2	0.45	4.66	0.58	4.4	0.55	4.4	0.55	4.2	0.45	0.387	0.902
Provides customized services	4	0.00	4.8	0.45	4	0.00	4.8	0.45	4.66	0.58	4.6	0.55	4.6	0.55	4.6	0.55	1.853	0.118
Organization makes coordinated efforts when customers suggest modification of product or service	3.8	0.45	4.4	0.55	4.5	0.71	4.6	0.55	4.33	0.58	4.2	0.45	4.2	0.45	4	0.00	1.425	0.236
Systems are flexible in adaptation of customer needs	4.8	0.45	5	0.00	3.5	0.71	4.8	0.45	5	0.00	4.6	0.55	4.8	0.45	4.4	0.55	3.088	0.016 *

* Significant at 5 percent level of significance

Reliance and TATA executives strongly agree (mean value=5) to the statement that 'Each customer segment has a clear business objectives and management strategies', other service providers are in agreement with the statement (mean value 4.20-4.80). Further the statement that 'The employee performance is measured on meeting customer needs' has significant difference at 1 percent level of significance. Additionally on the basis of mean values it is revealed that MTNL, Reliance and TATA strongly agree (mean value=5) to the statement while the other service providers are in agreement with the statement. In case of the rest of the statements on CRM Strategy, the executives of the telecom companies do not differ significantly which means that the executives have similar opinion about the other statements, signifying that the null hypothesis H_0 is not rejected for the remaining statements.

CUSTOMER FOCUS

To know the Customer orientation of the telecom company eight items have been analysed on a five point likert scale (Strongly Disagree= 1 and Strongly Agree =5). To find out the variation in the opinion of the executives ANOVA has been applied.

Table 2 reflects the mean scores, standard deviation and F-values of the opinion of the executives on different statements about the Customer Focus endeavor of their company.

It is evident from the F-values that executives' opinion on the statements ,'We have a good sense of how our customers value our products and service' and 'Our Systems are flexible to adapt to the changing customer needs' has significant difference at 5 percent level of significance. Further on the basis of mean values, it is revealed that Airtel and MTNL executives strongly agree to the statement (mean value=5) that 'their company has a good sense of how our customers value their products and service' while   executives of other service provider have their mean score in the range 4.0 to 4.60.Additionally from the table it is reflected that Airtel and MTNL executives strongly agree to the statement (mean value=5.0) that 'Systems are flexible to adapt to the changing customer needs', BSNL executives are neutral or in agreement with statement (mean value =3.5) while executives of other telecom companies have their mean value in the range 4.40-4.80.

For remaining statements, the executives have similar opinion as indicated by their mean values which means that the null hypothesis H_0 is not rejected for the remaining statements.

CONCLUSION

The results of opinion survey of telecom executives on CRM strategic factors reveal that CRM plays an important role in telecom sector by reducing cost and time of operations.

Majority of the executives believe that the customer orientation is achieved through clearly defined business goals and dedicated resources. Among the other strategic success factors customer centric approach, customer segmentation and customer lifetime value play a significant role in managing relationship with customers.

Further majority of the executives strongly believe that the service provider thinks about the customers while planning products, taking decisions, and implementing policies and are making efforts to keep them happy. The service provides are in regular touch with customers and efforts are being made to find out the key customer needs. Moreover customer feedback is also incorporated for modifying the products and services.

REFERENCES

1. Tauni et.al, Impact of Customer Relationship Management on Customer Retention in the Telecom Industry of Pakistan, Industrial Engineering Letters , ISSN 2224-6096 (Paper) ISSN 2225-0581 (Vol.4, No.10, 2014)

2. Chen, I. J. and Popovich, K. (2003). Understanding customer relationship management: people, process and technology. *Business Process Management Journal, 9(5).*

3. Day, G.S. (2000). Managing market relationship. *Journal of the Academy of Marketing Science, 28(1).*

4. Peelena, E.D., Montforta, K.V., Beltmanb, R., and Klerkxc, A. (2009). An empirical study into the foundations of CRM success. *Journal of Strategic Marketing*, *17 (6),* pp. 453–471.

5. Harvey, L., and Marshak, T. (2000). *Creating Valuable Customer Relationships* URL http://www.psgroup.com

6. Renart, L. G., and Cabré, C (2008). Paths to continuous improvement of a CRM strategy. *TRŽIŠTE*, XX (br. 1), pp. 61 – 77.

7. Kubi, B, A., and Doku, A.K. (2010). Towards a successful customer relationship management: A conceptual framework. *African Journal of Marketing Management*, 2 (3), pp. 037-043.

8. Davis, R. N. (2004). *CRM in the Financial Services sector*, CRM: the new Face of Marketing, ICFAI press.

9. Meltzer, M. (2006). Customer retention and acquisition for telecommunications. In N.M Shanthi (Ed.), *CRM In Telecom: Concepts and Cases* (pp. 72-83*).* Hyderabad: The ICFAI University press.

10. Krishna, R., and Khatri, M. (2008).   Antecedents of customer relationships in the telecommunication sector: An empirical study. *ICFAI University Journal of Services Marketing*, 6 (3), pp. 38-59.

11. Daadlani, M., Shanker, R., Chopra, P. (2010). Benefits of implementing a CRM system in cellular telecom services, In J. N. Sheth, A. Parvatiyar, and G, Shainesh (Eds.), *Customer relationship management, emerging concepts, tools and applications*. Tata McGraw Hill Education Private Limited.

12. Nguyen, A. H., and Papadopoulos, T. (2011 May). Exploring the potential benefits of CRM systems in customer-centric age: a case study of a telecom company in Vietnam. *European, Mediterranean and Middle Eastern Conference on Information Systems* (EMCIS2011), Athens, Greece, pp. 353-371.

13. Ling, C. E., and Run, E.C. (2009). Satisfaction and loyalty: Customer perception of Malaysian telecommunication service providers. *ICFAI, University journal of service marketing*, 7 (1).

14. Kim, M.K., Park, M.C., and Jeong, D.H. (2004). "The effects of customer satisfaction and switching barrier on customer loyalty in Korean mobile telecommunication services," *Telecommunication Policy*, 28(2).

15. Iqbal, A., Zia, M. H., Bashir, S., Shahzad, K., and Aslam, M. W. (2008). Antecedents and outcomes of customer satisfaction in using prepaid cellular service in Pakistan. *Proceedings of the First International Conference on Business and Technology,* Iqra University, Islamabad, Pakistan.

16. Potluri, R.M., and Mangnale, V. S. (2010). An assessment of Ethiopian telecom customer satisfaction. *Global Journal of Management and Business Research*, *10 (4),* p. 10.

17. Jadhav N.R., (2018) Customer Relationship Management (CRM) Practices in the Telecom Sector in Maharashtra State International Journal of Science and Research Methodology, Vol. 8 (4): 22-33

18. Saha, Lewlisa & Sahoo, Laxman & Kumar Routray, Sanjib. (2017). Survey on CRM Analytics in Telecommunication Industry. International Journal of Computer Trends and Technology. 45. 21-27. 10.14445/22312803/IJCTT-V45P104.