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ARTICLE

**Customer Research Helps in Applying CRM for
Surviving in Recession**

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Abstract

The purpose of this research paper is to come up with ideas on the, how Customer Relationship Management (CRM) can be used in the most effective and productive manner in order to save companies and minimize the effects of recession. The researcher has tried to focus on those strategies that are best to overcome recession and companies could adopt them in order to overcome downfall and decline in profits. This paper also explores the idea that how helpful is CRM to recover at that time.

This research paper is of considerable importance as the world is experiencing global recession and by using CRM strategies, companies can map out a proper way to overcome the effects of recession, and also for those who intend to initiate the entrepreneurial projects in these difficult times. By using these CRM strategies, in accordance to the findings of this report, the effects of recession can be minimized.

The scope of applying CRM in cutting recession is immense, and thus could not be studied wholly in any specific research project. Likewise many different companies have used different type of CRM strategies to overcome the harsh effects of recession, so every strategy could not be explained here due to limitation of time, resources and access to information. I have tried to suggest strategies that are best to overcome recession.

CRM applications and practices are employed to make businesses more efficient and increase customer fulfillment. Although besides overcoming profit declines, there are more than enough benefits of using CRM but few of the most effective benefits of CRM are discovering new customers, increased sales volume, prompt revenue generation, customer and employee satisfaction, improved productivity, competitive edge, improved performance of HR department, balanced and proactive approach and effective business planning.

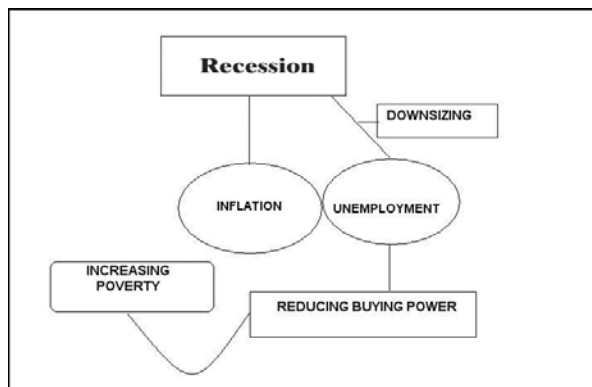
This research study revolves around the three main ideas: Role of CRM to overcome the problem of decline in profits during recession, establishing better customer understandings and relations and avoiding effects of recession.

Marketing research is the tool to collect the data whether about the customers or competitors, understanding customers' changing behavior, not cutting back companies marketing expenditure, getting more from CRM technology investments, re-assessing target customer portfolios are the key to success. Not only surviving in the recession period but even excelling in the business performance.

Key words: CRM, Recession, Retention, Customer Data Base, Focused surveys, customer loyalty

Introduction

Market research is the foundation of any business activity whether starting up a new business or lifting it in bad economic conditions. Recession can be defined as significant decline in general economic activity extending over a period of time. Recession results in unemployment, revenues dropping and governments taking back subsidiaries. Further more it results in stock market crash, fore closure and bankruptcy. Currency crisis, inflation, war and speculations in financial context are the major causes of recession. Signs that usually indicate the recession include the unemployment, large companies' depressing profits, defaulting borrowers, credit card purchases shooting up, increase in prices of essential commodities, declining prices of property and stocks. Less purchases are made and the country's GDP goes down. Savings are used for day-to-day expenses and a general consumer starts worrying about all of the above. When general consumers start feeling the pinch and start worrying about their own future on the above points; this will indicate that recession has begun.



This research study focuses on collecting consumer data and turning it into relationship with the customers, applying CRM help in overcoming recession. Customer relationship management (CRM) consists of the processes a company uses to track and organize its contacts with its current and prospective customers. CRM is used to support these processes; information about customers and customer interactions, stored and accessed by employees in different company departments. Typically, CRM goals are to improve services provided to customers, and to use customer contact information for targeted marketing. CRM is used to gain the confidence of customers by providing them what they actually need in best possible way. The most important functions of CRM are acquiring new customers, growing the relationship, rewarding the loyalty and retaining the existing customers. In a nutshell, CRM deals with the many interactions a company will

have with their customers. The central goal of this system is to improve the relationship that a company has with its customers, and the goal of doing this is to increase profits and become more competitive.

The span of CRM has spread very vastly whether in Sales and Marketing, Billing and Expense, Project Management or Human Resources. Along with giving the opportunity for cross selling and up selling, it helps sales department in Appointment Management, Time Management, Calendar Management and reporting. CRM also implies on services module that can help the customer services department to manage service contracts, tracking individual cases and recording information in a searchable knowledge base. Services Module features are Product database, Knowledge base search, Customer tracking, Contract Tracking and Customer History.

While some CRM functions are relatively simple, others are exceptionally complex. Examples of basic CRM functions are customer tracking or live chat. Advanced CRM deals with functions that are connected to a dynamic information network. When a company decided to buy a CRM software package, there are a number of things they will want to look for. First, it is important to realize that "no one size fits all." The CRM solution that works for one company may be totally ineffective with another. Each company has different needs, and the CRM system must be customized to meet these needs. Despite this, there are general things that every company should be mindful of before it decides to invest money in setting up a CRM system.

It is important to avoid placing too much importance on the price of the product. This will not be easy once you begin shopping for CRM systems, sense they tend to be quite expensive. The features that all companies will want to look for in CRM systems are integrity, adaptability, and systems that are user friendly. It is also important for a company to set specific goals and strategies they can use to achieve them. Once this has been done, they can look for a CRM product that can suit their needs. For example, if the goal of the company is to improve its customer service, they will naturally want to purchase a program that is capable of helping them meet this objective. It should be a program that has a number of advanced customer service features built in.

While it is expected that a company will have to customize the product to a certain degree once they've purchased it, too much customization can be time consuming, and costly. Even worse, the company may fail to reach their original stated goals. The goal that the company sets down "before" they begin looking for a CRM system must be present in the system that they purchase. This is one of the primary causes of failure for companies that attempt to implement a Customer Relationship Management product. They spend too much time looking at the technology, and do not create goals that can be connected to that same technology.

Most companies will already have platforms and systems that they are currently using. When you look for a CRM system, you must make sure it is compatible with these existing platforms. If it is not, you will have compatibility problems, and this can cause the CRM project to become a failure. In addition to this, if you are put into a situation where you have to re-enter specific information into databases; this will become a very expensive process. It is critical for companies to make sure they buy systems that are compatible with their existing platforms. The CRM system must be integration friendly, and a good CRM vendor will know this.

Customer retention is imminently important for organization success, as the cost of acquiring a new customer is greater than holding onto an old customer. It is obvious that the most profitable customers in any organization account for almost 30% of a firms profitability. Looking at these staggering statistics, it is no wonder that customer retention is high up on the list of organization essentials.

TYPES OF CUSTOMER RETENTION PROGRAMS

Discount Programs

In this type of program, the customer receives a discount when he makes a repeated purchase. This is profitable as it encourages customers to keep buying, as they want to avail the lower price.

Card Programs

In this type of program, the customer is provided with a swipe card that can be used while purchasing and avail of any discount or benefit.

Loyalty Programs

Here customers are given the option of gaining points when they make a purchase. These points can be redeemed and exchanged for gifts or further discount coupons. This also serves as a stimulator for customer retention.

Benefits of Customer Retention Programs

- They permit the collation of important customer data.
- They allow the usage of this data in the understanding and dealing of customers.
- The data collected from customer retention programs is often used while making valuable customer decisions.
- They assist in making the customer feel special
- They boost customer service and thereby increase customer loyalty.

CRM Rewards

CRM also provides the customer with a much-needed avenue to vent his problems, ideas and suggestions. Hundreds of sales leads are lost yearly as disinterested employees pay slack attention to customer suggestions. A venue is required for these suggestions. This is supplied by CRM implementation.

Research Questions

This research study revolves around the three main questions

1. How CRM helps to overcome the problem of decline in profits during recession?
2. To what extent is CRM establishing better customer understandings and relations?

3. How can the effects of recession be avoided?

Literature Review

CRM strategies are more successful in organizations that prefer their customers more and reward them in an appropriate manner. Acceptance of a CRM system should be monitored over time. Gerrit H. van Bruggen and Berend Wierenga (2010) in their article ‘When are CRM systems successful’ explained that:

CRM concerns the project approach aimed at understanding and influencing customer behavior through meaningful communication in order to improve customer acquisition, customer retention, customer loyalty, and customer prosperity. The implementation of the CRM approach in companies usually involves the creation of a comprehensive information system, the “CRM system”. The core element of a CRM system is a database with data about customer characteristics (e.g., demographics; customer size, and industry for business to-business customers), data about company-customer contacts, data about the way the customer has responded to earlier company offers, and data about the customer’s purchase history with the company. In addition, CRM systems usually contain analytical tools to analyze data and generate information that can be used for successive marketing actions. Furthermore, sales force automation, data warehousing, customer service automation, and call center systems can be elements of CRM systems.

CRM systems offer support in two different ways. First, CRM systems facilitate the day-to-day interactions with customers. This is called the way of employing the system the operational use of CRM systems. Second, customer data in CRM systems can enable firms to control on data about their current customers. The use of customer databases and analytical tools creates opportunities for cross-selling new products and services to existing customers. Information from the CRM database can be used for developing customer acquisition and customer retention strategies, and for the optimization of customer equity, such use of CRM systems is called as the strategic use of CRM systems.

The principles of the CRM approach are appealing and nowadays companies increasingly organize themselves around their customers.

The CRM approach is one of the growing management techniques in recent years.

In some cases the CRM system is found to be very slow that salespeople in the field found themselves unable to download customer information from the company’s databases onto their personal systems. Such user-unfriendly systems can be counterproductive.

These negative experiences should not be reasons to abandon the CRM approach but on the other side it means getting CRM right is important and urgent. CRM has arrived and now it’s up to the users to make sure that it pays in more productive manner and by avoiding errors. A recent study by Reinartz, Krafft, and Hoyer provides support for the claim that the CRM approach can improve firm performance. Based on an experiential study among 211 companies in Austria, Germany, and Switzerland, the authors have reported a positive relationship between the implementation of CRM processes and company performance and its role in declining recession.

The study also include to what extent a company has processes in place for managing relationships with its customers and how this affects company performance. In theory, these CRM processes could be implemented without any CRM system at all.

But it is sometimes found to have negative effects on company performance. This suggests that effective CRM policies are not a matter of spending a lot of money on technology but much more of having CRM systems effectively adjusted to the tasks of users within companies.

Therefore, it is needed to develop insight in when, under which conditions CRM systems improve organizational performance.

CRM systems affect company's performance and the key factors that are associated with the impact of these systems are defined by DeLone and McLean(1992) who developed an integrated model in which a range of different success variables. DeLone and McLean distinguish two different levels for information system effectiveness: the Individual Impact and the Organizational Impact of these systems.

Individual Impact refers to the effect of the CRM system on the user of that system. Those to what extent this information helps the user to be more effective and increases the user's productivity improves job performance or makes the job easier. Organizational Impact refers to the effect of the CRM system on organizational performance.

CRM systems can be used for different purposes, in different ways, and by different number of people within the organization. Two important characteristics of CRM systems include operational use and strategic use. With operational use, the CRM system may be used for day-to- day interactions with customers. With strategic use, the use of a CRM system for gaining insight about opportunities in the market and how to make use of these opportunities in an optimal way (e.g., acquisition, retention, and optimizing customer equity). Systems that are used in the latter way will usually be the more sophisticated ones. At the organizational level, strategic use has the purpose to increase the effectiveness of the CRM system and can therefore be expected to have a positive effect on the Customer Impact and the Financial Impact of systems. So similarly this will help in overcoming recession. The incentive structure within an organization can be expected to affect the way CRM systems are being used (including rewards for employees for building relationships with customers). The use of appropriate incentives is an important means of keeping people in an organization focused on customers. If an organization rewards its employees for building relationships with customers it will be useful for these employees to use CRM systems and individual users can also be expected to be more satisfied with these systems. The impact of CRM systems for the overall organization will also be higher if the organization rewards customer centric behavior because this will motivate both the number of employees using the systems and the intensity of use.

For effectively serving customers various interdependent departments will have to cooperate. Effective communication and sharing of information will be important in such cases. CRM systems that combine all information will support interdepartmental coordination. The more communication and coordination in the implementation and use of CRM systems between departments, the lower the uncertainty about these systems and the more likely their adoption by various departments and different users. Interdepartmental

coordination is thus a favorable condition for a CRM system implementation and use. The process is directed at customers to benefit.

The CRM approach is most likely to be efficient in corporations where individual customers are known and where records of these individual customers are kept. CRM would be a less feasible approach in the FMCG sector, where organizations typically have millions of (anonymous) customers. It is believed that organizations mainly operating in business-to-business markets can especially benefit from CRM.

In organizations customer impact by the use of CRM made the organization more successful with customers leading to improved customer satisfaction.

Financial Impact concerns that how the maximum profitability can be achieved and can expand customer share and Customer Efficiency Impact help to measure the extent to which the CRM system affect the organization's efficiency in dealing with its customers.

As economy all over the world slowly slides into recession, organizations face new challenges and opportunities. In today's interrelated world, it's impractical for companies to suspend their innovation initiatives, doing so is to risk being and losing precious ground to competitors who found creative ways to keep their innovation initiatives moving during the darkest days of the downturn.

Chuck Frey of Innovation Tools and Renee Hopkins Callahan of Innosight did a research in 2008 to learn about the strategies to maintain the profits and innovation during challenging times named "Innovation Strategies for the Global Recession". The analysis of this report reveal some powerful themes that are:

Start doing forecasting related to the changes and expected financial crunch. This will help you to identify new ideas and opportunities.

Customers always have problems to solve, even in a downturn. The recession is eliminating some jobs customers previously needed to get done, while at the same time creating new ones.

The current economic conditions are also causing disorder on the trade-offs people make when they consider "hiring" a product or service to get a job done. Invest time learning how your key customers' priorities have changed, and quickly realign your business models to meet their needs. Rethink your business starting with the customer, and work backward from there. Customers need the assurance that a company is the best possible supplier to meet their needs. Company's products and services are differentiated enough so that customers can see the advantages a company offers. Company has to make sure and clearly understand how your key customers determine value, and align their products, services and marketing with that value. Focus on key customers and how their needs have evolved. As competitors pull out, company may find new opportunities there, too

Get rid of some of the riskier, longer-term, or overly broad programs, and redeploy the funds to support more promising initiatives with shorter time horizons.

Leave the least promising ideas and focus on those with the greatest potential. Many companies that claim to have no resources actually have plenty of resources, but they are tied up in the wrong activities and projects.

Continue to look and invest in R&D, but at a lower cost and lower risk. You can do this by sourcing R&D talent from low-cost countries such as China, India, and Eastern Europe, or using services that enable you to submit your idea challenge to a large community of professional problem solvers.

Partnering with other firms who provide complementary products and services is another way to share costs and risks, and maintain your R&D momentum through the downturn.

Consider adding value-added services to your products, and brainstorm ways to provide new customer experiences. Think in terms of other uses for your existing products. If your customers know that your products provide greater utility than those of your competitors, you'll be more likely to win their business. Also look for incremental improvements to your products that can significantly increase their value, at a minimal additional cost. Finally, take a fresh look at some of the incremental improvements or R&D projects you may have abandoned before the downturn because the timing wasn't right; some of them may do a great job of meeting customers' current needs.

Building more strong and better relationship with suppliers can improve the efficiency of collaboration, logistics, and other elements of companies supply chain. Strengthening these relationships may help to recover faster when the market will improve.

Brainstorm other potential partnerships that could increase value to the key customers.

Companies need to identify any emerging competitors who may see firm's current weakness as an opportunity to advance. Present firms tend to ignore new entrants because their products and business models are too basic to be taken seriously. But many incumbents are already providing products and services that have already "overshot" the needs of their core customers, who may be looking for more basic, inexpensive options during the recession.

Dick lee and David J. Mangen in their third of several articles focusing on findings in Customers Say What Companies Don't Want To Hear defines companies that consider customer focus a low priority are afraid of having CRM oriented implementation change as considering it as a risky activity. However, not making change in your organization and business model during a time of unstable customer change, so they were experiencing, and asking for a slow downfall of company.

In this new and changing environment, empowered customers are demanding much more than good products at competitive prices and product quality topped the list of factors that motivating purchase, customers believe that product quality without the other customer-friendly factors wasn't enough to drive purchase selection And when customers change so much, companies have to change with them or otherwise those companies with customer oriented behavior will steal their customers.

For avoiding downfalls and crashes companies are no more balanced than individuals, and when it's not and when companies come across surprising and unexpected consequences as a result of CRM-driven business process change, it usually means that they will be in a serious shock. The best way to keep your CRM implementation is avoidance, the most important aspect of avoidance is expectation. Something, which is

observed over the years, is that most companies that suffer from unanticipated consequences of implementing CRM aren't anticipating. This is rather bad planning.

So you have to carefully map your current business processes and design and plan what your business process should look like to support customer-centricity, and then, perform a gap analysis that tells you what must change to go from. Some examples of change-related events those are hard or impossible to predict include management promotions, new hires; senior management leadership can overcome such issues where leadership is lacking in running CRM in overcoming recession.

RESEARCH METHODOLOGY

Variables

Decline in profits is one of the major issues in recession, so the researcher have studied ways to overcome it by using CRM.

Another issue is of customer's trust decline in an organization. How can this be overcome and better customer understanding be developed?

Types of Data

Mostly data used in this research is secondary data whereas personal observation and professional's views are also used.

Data Collection Tools

Researcher has collected data through different scholarly articles and other secondary sources and compiled all information in the best possible way to reach the conclusion and also suggested and analyzed the most appropriate ways to overcome recession through CRM. Researcher has gone through articles and views available on Internet around the globe and then suggested her own view.

PRESENTATION OF DATA

CRM helps to overcome the problem of decline in profits during recession

Jack Trout (2009) in *Mistakes Shape Recession Marketing* states that CRM can play a very important role in overcoming the losses and control the derailing of institutions in the era of recession. There are many suggestions as how to measure CRM success. Some of them include the use of metrics and balance scorecards, or simply rating customer satisfaction. All of these measuring techniques could provide essential information on how to attract and keep customers loyal to your product or service. A mixture of these techniques could provide a picture of the success a company has with its customer relation's management approach. Because by using these techniques you can measure and evaluate the performance on each and every phase and can set the strategy accordingly.

The purpose for CRM actions is to find a way to boost profits for the company by improving its relationship with its customers. Encouraging customers to continuously support a service or buy more products is one way of increasing profit. Taking the appropriate CRM measures would be able to direct a company as to where to focus its marketing efforts in order to get the most profits at the least possible cost. Metrics and

balance scorecards can supply the quantitative data to identify strengths and areas of enhancement. However it may not provide you with the information as to how your customers could be drawn in more.

Good and regular communication and research are the keys to gathering information from customers and tailoring CRM measures to give them what they want. Creating a customer database and concentrating on marketing strategy on those customers are the success factors. Communicating with the customers through focus group discussions, surveys, and interviews, showing them that you care about their wants and needs, combining quantitative and qualitative data, give companies the most comprehensive view of satisfying the most common demands of customers and develop much satisfied and loyal customers. This feeling of satisfaction will indirectly help companies to overcome the issue of decline in profits through loyalty factor. The techniques and marketing strategy of a company would benefit largely from a regular assessment of its CRM measures.

It is always significant to regularly keep a measure of the success in company's customer relations management strategy that has to make sure that it is still using methods relevant to their customers. Customers and their needs change constantly and it pays off to be updated with what they want. Maintaining stable communication with your customer base ensures that the profits keep coming and the new ways to keep down costs are innovated.

The success of CRM is calculated by the ratio of sales versus CRM cost. Improved CRM measures should bring in an increase of sales and profits higher than the invested CRM cost. Well-informed CRM measures will give company, an edge over the competition. With creativity and good management, a company's CRM measures would be able to achieve measurable success clearly visible in its profit margins.

According to Pareto principles, your 80% of the business is dependent on 20 % of the customers, formally called 80/20 rule. In almost all cases, sales and service staff are servicing customers who are not generating the most profits, which mean that the business's most important customers are being neglected and most of the efforts are wasted. An effective Customer Relationship Management solution can make sure that companies marketing and sales teams have customer information that they can easily use to significantly grow the value of your customer base typically:

- Changes in customers buying behavior
- Companies most profitable customers and their characteristics
- Gaps in product perceived performance and the actual benefits delivered.

CRM is actually used to bring companies closer to their clients. The basic idea is to find out what a client wants and needs, give it to them, and get them to be your client for life. But as with all good technology, it hasn't actually brought the sales teams, marketing departments or customer service departments any closer to the customer at all! Technology just acts as catalysts and it is a cold hard process that rarely substitutes for a human voice and social interaction. At best companies must sustain, grow, and cultivate the relationship. At worst, they will lose it due to changes in the client's circumstances,

competition, economic and political factors, and changing markets. But still it is observed that positive CRM usage will definitely be productive for companies.

In short, it can be said that customer relationship management (CRM) is such a demonstrating measurement tool that can improve your business productivity in a short time. It can provide you tremendous amount of benefits including customer and employee contentment, elevated business sales, increased business identity development, revenue generation and so on. All one has to do is to make full use of these advantages so that modern day business needs will be fulfilled in a stylish manner, even during bad times. Along with CRM to overcome losses consistently, monitoring of competitors is important by regularly reviewing their product offerings, advertising communications, price points, websites and press coverage. Ensuring the awareness about their new products and promotions gives the strategic moves.

Creating a special strike force to monitor key indicators and a perfectly aligned marketing and sales teams with key objectives and with each other, will definitely give a turning point in terms of profit. Companies can do this by creating an approved list of marketing priorities and through identifying the best performing employees and through looking after them. During tough times, managers have to stay positive and convey a positive and confident message to their staff and clients.

The economic downturn spells bad news to most marketers, but a slump also presents an opportunity to build brands. Companies require having an idea how to travel in the downturn.

Jack Trout also mentioned few examples of companies in America, which even in recession have not only survived but also had upward profit graphs.

For example in Wall-mart, the best thing that happened was a recession. The retailer, too, was faced with a prospect of a slowdown in sales, but because consumers began downgrading, the recession worked to Wal-Mart's benefit. Companies should shift their product message to fit the times. They need not change the whole strategy; just change the packaging and messaging to suit the times.

Another example is Toyota's hybrid fuel cars, which are future-focused innovation. Their hybrid cars have found a lot of interest as more consumers are moving away from gas because of escalating fuel prices and sympathy for the environment. When the entire auto industry is in a decline, Toyota is marching ahead. Rival General Motors continued to sell its big cars to focus on profit and satisfy Wall Street. But as customers are moving away from gas-guzzlers, GM's previous star-models like the Hummer are on the block. Toyota proves that sometimes it's better to be first, than be better.

CRM is establishing better customer understandings & relations:

CRM is playing a positive role in establishing better customer understandings and making positive relations between the company and customer. It also performs comprehensive evaluations of customer profitability. Convenience, completeness and control are the features customers expect when they turn to a business for answers. Increasingly the most effective channel for meeting these expectations is online customer self-service (CSS). It delivers what customers want and businesses need a classic win-win

opportunity. Wide-ranging self-service platform becomes the first; best stop for superior customer care when it provides the functionality to quickly and simply address customer's most common service inquiries.

Successful CRM practices is not about statistics, data warehousing or loyalty programs, rather it is about competing in the relationship dimension-not as an alternative to having a competitive product or reasonable price but acting as a differentiator in terms of 'feelings' for the customer. If brands can get an edge based on how customers feel about the brand, it's a much more sustainable relationship in the long run. This feeling for a brand, as brand theorists prefer to call it, is directly proportional to the communication efforts, written words and spoken sentences that originate from a company. The critical dimension of any CRM practice is the relationship that a brand shares with its customers. Using the word customer itself may sound a little improper here because 'customer' implies that the person is 'outside' a relationship. And any relationship is expressed and cared for by communication.

Businesses today are utilizing wide-ranging resources to better understand and resolve two critical management issues: inefficient operations in customer-facing business channels that require increasing numbers of employees and resources; and ineffective CRM practices, both which fail to retain customers or grow revenue.

In the article "Optimizing your CRM Strategy at the point of contact," the writer stated that many successful businesses have now taken steps to optimize the productive value of their internal business resources with the knowledge that management of these essential business assets (people, processes and technology) leads to operational stability and allows greater focus on managing and growing existing customers. It's no secret that a strong focus on customers and their business relationships will lead to direct growth in revenue. These operational imperatives are the primary factors for strengthening a business' profitability as well as its overall value and position in the marketplace.

Strategic asset management is the basic form of CRM today; however, ineffective management of internal business resources has served to reduce the CRM value proposition and has led to discussions about the validity and viability of CRM technology. The management of organization's internal business resources drives and determines the value of its CRM strategy and its ultimate success. More specifically, businesses should focus their attention on just how knowledge workers interact with customers through the various channels and then identify appropriate methods of improving efficiency by using their existing internal resources. When a customer speaks with an agent in a contact center, they not only expect that agent should have their information readily available but also be able to handle their request efficiently. This ready access to customer information, instant ability to resolve customer issues, and flawless transition to offering further service is fundamental to ensuring customer satisfaction. On the whole, CRM has been able to provide some of these features such as accessing information quickly and other shortcuts to improve productivity, but there is still much that can be added.

Researcher has tried to recognize the shortfalls of CRM and applied a solution that significantly improves customer management by creating an intelligent view of the customer. This solution is desktop integration, which extends CRM by providing data and process integration intelligently where and when it is needed most at the point of contact.

By investigating how knowledge workers use their recent tools to provide services such as CRM and then using desktop integration to incorporate other internal and external business resources such as billing, inventory and others, businesses are able to create intelligent views of information that are specific to the framework of their customer's needs. From a CRM perspective employees who interact with customers, either face-to-face or by any other means, have richer, more meaningful on-hand information at their desktops that enable them to enhance the customer's transactional experience. These employees are able to affect a higher level of customer service and satisfaction, build stronger customer loyalty and increased customer retention. Desktop integration enables the efficient growth of customer revenue contribution while delivering the necessary operational management gains that result in superior operational efficiency as a result helping companies to overcome their declines and building better relationships.

In the concentrated CRM efforts, a company often forgets the basic thing that is the keystone of the concept, which is relationship. Traditional marketing theories have always focused on attracting new customers, rather than retaining existing customers. Due to intensified competition and greater variety of products over the past decade this has gradually altered. The current taste of marketing is of 'retain' more than 'gain'. Because retention leads to growth and growth leads to fulfillment. While purists tend to argue that brands need customers and vice versa, modernists counter it by saying that customers need a brand, any brand, so long as the brand is his willing genie. This disproportionate balance shapes brand communication strategies. Positioning is no longer a marketer's tool but rather as an awkward proposition to grab the customer's fancy. Positioning is not brand or product or benefit or feature centric anymore; it is customer centric.

CRM is a simple process, because establishing a relationship is simple. None can be more thoughtful, when it comes to human emotions but surprisingly companies while interacting with their customers have overlooked the very same human emotions. Researchers have often argued that, in order to understand brand customer relationships, it is necessary to consider what the brand thinks of its customers, more than what the customers think of a brand. Marketers struggle hard to enhance the satisfaction of customers only to find that they choose their competitors.

Successful customer communication clearly highlights the brand's functional, emotional, and self-expressive benefits, as the customer would like to see them. It is delivered in a way that is superior or unique when compared to competitors.

Customer experience is shaped by a series of interactions with an organization. Any corporate communication effort should focus broadly on three aspects: understanding relationships, understanding the distinct behavior of consumers to relationship overtures and understanding (and establishing) the role of communication in effective and enduring customer relationships.

What is then important to establish a relationship between a brand and its customer, in order to build a personal relationship? It will no longer be brand and customer, but simply 'you' and 'I'... collaboration is well developed and leads to 'we', which could be a fulfilling state for a brand and a customer.

Social researchers at all times advised marketers that people prefer to do business with people, not institutions or brands. This implies that corporate communication has to be the link that helps to build and maintain a healthy relationship between both

stakeholders. Technically there can be several types of regular communication: newsletters fax messages, voice broadcasts, blogs, sales letters, emails and more. Communication with customers reflects strong culture, favorable identity, sound philosophy and genuine sense of friendship.

Corporate Communication is all about managing perceptions and ensuring that, with effective and timely dissemination of information, a positive corporate image is created that ensures a smooth and affirmative relationship with all customers, at all times. Customers now have a variety of choices and, most importantly, they are becoming far more knowledgeable and demanding. The power has truly shifted to the customer. With this scenario, most companies realize that they need to treat their customers with more care.

Companies are now desperately searching for different ways to manage their relationships effectively, not only to acquire new customers, but also to retain the existing ones. According to a Harvard Business Review Study by Reicheld & Sasser, some companies can boost their profits by almost 100% by retaining just 5% or more of their existing customers.

Customers express their satisfaction in many ways. When they are satisfied, they mostly say nothing but return again and again, to buy or use more. Measuring satisfaction is only half the story. It is also necessary to determine customers' expectations or the importance they attach to different proposals of a brand; otherwise resources could be spent raising satisfaction levels of things that do not matter. The measurement of expectations or importance is more difficult than the measurement of satisfaction. Many people do not know or cannot admit, even to themselves, what is important.

Almost always marketers try to understand a customer from the marketing perspective, as people who have to be 'given' something to retain their loyalty. This naturally places them on a moral stand that enables them to look down upon unfortunate customers as beneficiaries of their kindness. In communication, this signifies up and down power positions.

How can the effects of recession be avoided

In the article "using CRM win recession" the writer gave a thoughtful analysis and discussed the simple rules to gain advantage over competitors in a recession. These simple rules are as followed:

Understanding Customers' Changing Behaviour

Customers are under the same pressures companies are in, during a recession. The natural reaction is to cut spending and batten down the financial devise that means their purchasing behavior will change as they focus on non-optional purchases, better value products and low-cost services. Companies need to spend more on understanding customers' behavior if they are to respond to customers with value propositions. Just spending more on pushing the wrong products is not going to work.

Do not cut back Companies Marketing Expenditure

It is very appealing to cut companies marketing expenditure as customers stop buying. But there are countless studies that show that this is the wrong response. As

company's competitors cut back their marketing expense, maintaining own expenses allows you to reach more customers for less money. It often allows companies to drive a harder bargain with desperate advertising media channels too. This not only increases company's share of influence in the market and customer spending during the recession, it also prepares you for the customer spending return once the recession is over.

Get more from your CRM Technology Investments

Many companies spent a bundle on CRM technology. When times are good, companies hardly need to use it to grow their business. A rising tide lifts all boats as the saying goes. One Swiss bank spent over Euro 1 million on a CRM system and hadn't even used it a year later. But when recession strikes, companies need to think carefully about how you can use your existing CRM technologies to compete. That may mean changing data flows, work processes or work routines to really make use of the technology's capabilities, but there is nothing like a recession to focus the mind on doing the right thing.

Reassess your Customer Portfolio

As recession hits, customers who were previously profitable can easily tilt over into being unprofitable and customer value at risk from defection increases for all customers. This is the ideal time to use new approach gained from understanding customers changing performance to identify customers who are either unprofitable, or who company cannot really serve well enough to grow their profitability.

All have low-profitability, high-risk clients like these. Researcher is not suggesting companies should simply fire them. But companies should look at raising prices to cover their costs, reducing service costs, outsourcing to low-cost providers, even creating low-end similar brands so that companies can make a profit from them.

Take Business through an Inclined CRM Makeover

Rather than just cutting costs, do what Toyota does and apply the lean principles to cut costs by cutting out non-value adding activities from your customer operations. Lean CRM starts with an understanding of what customers really value and then systematically works through the value delivery chain so that it is the customer who drives the whole process. Companies can overcome recession simply by getting free of cost non-value adding actions.

Besides other reason CRM also plays role especially in recession because it can strengthen information that it collects and organizes information about companies' customers and lets them analyze the data for future opportunities. Using this information, companies can develop a sales strategy that will let them offer products in an appealing way even in economically difficult times. Often this involves packaging new goods and services with products customers are already buying and offering them at an attractive price or with other incentives. CRM can help companies identify the most productive items to sell to their customers.

Every customer is vital when business is slow; but some are worth more than others. By allocating sales efforts accordingly, companies can produce more revenue per sales hour and higher average sales. CRM systems contain tools for analyzing customer foundation so you can sort your customers. In recession companies should not slow their

customer attaining efforts but it should be done in more efficient way. In a recession, existing customers are gold and companies need to keep them delighted. Customer satisfaction covers a lot of ground, but basically it involves two ideas: keep your promises to customers and also meet their demonstrated needs. CRM can help companies with both of these. The most common reason for not keeping promises is forgetting that they were made.

If companies stress to their sales force the importance of entering all agreements made with customers into your CRM system, it's easier for organization to execute on its promises. Even minor mistakes can make a difference in an economic downturn.

CRM lets company's sales and customer support representative work smarter. With better information at their finger tips and best practices codified into their business policies, they can optimize service for customers and maximize revenues.

Companies can dramatically increase their sales productivity when they extend their CRM to include their customers' online sales interactions. There are inexpensive online sales and marketing tools that enable sales person to:

- a) See and score all online email and web leads.
- b) Automatically reach out and personally engage with your ideal prospect.
- c) Notify the sales person when their prospect is ready to engage in the sales process.

Shaun Smith (2008) in an article "*Ten Ways to Beat the Recession*" defined and pointed major areas through which recession can be controlled, they are:

1. Believing that delivering your brand does not require the active and continuing involvement of leadership. There is a tendency for organizations to the leaders becoming internally focused. It is even more important for leaders to walk the talk to keep their people motivated and their customers coming back.
2. Delegating responsibility for the customer experience to marketing or HR or Operations. The executive teams have to own the customer experience and companies cannot afford competing agendas and politics to determine priorities.
3. Segmenting customers by demographics or account size rather than profitability. In tough trading conditions when customers are limited you want your best customers spending more with you rather than your competitors so focus on real customers not some mysterious marketing view of the world.
4. Assuming that you know what targeted customers value. You can't afford to waste precious resources providing more than customers really want or need so find out and reallocate your resources, differentiating on the things they do want not the things they don't.
5. Installing a CRM system and believing that it will automatically reduce costs. Now is not the time to spend large sums of money on technology unless you have first designed the experience that it is intended to deliver. Gartner

research found that 55% of CRM installations fail to deliver benefits and actually dilute earnings.

6. Creating a loyalty card and assuming it will create customer loyalty. Most loyalty cards are thinly disguised ways of discounting and they simply attract customers wanting a deal. Discounting in a recession is not that smart. Use your loyalty card to get you closer to your best customers and give them benefits that will earn truly their loyalty and protect your margins.
7. Taking the new brand proposition created by your ad agency, communicating this to the employees and expecting that they can or will deliver it. You need to do the reverse: deliver the brand proposition through the employees first, and then get the ad agency to communicate it.
8. Buying in the same sales and customer service-training package as your competitors. This is simply a waste of money. Improve your employee experience so that you retain more of the people you have already trained then develop your own branded training to take your people's skills to the next level.
9. Expecting to differentiate through your customer experience when all your measures and reward systems are volume-related. In a soft market you need to get up-stream with your measurement process. So measure the customer experience and customer advocacy. If this improves, so will your numbers.
10. Measuring customer satisfaction and believing that it matters. 80% of customers who switch suppliers express satisfaction with the previous supplier. The only thing that matters in a recession is brand loyalty. Measure this instead.

Business communities have also suggested strategies to protect profits:

Managing overheads is not the only way to withstand the current economic downturn.

Distracted era does not always call for desperate measures so don't be too immediate and hyper when faced with the negative economic news in the media.

Assess your organization's performance across the variety of marketing departments and begin with some profit protection strategies. That way you'll reduce the effects of the economic downturn in ways that go beyond profit threatening cost cutting.

Leave fearful approach and take another look at your business goals and marketing strategies. Avoid out all the "luxurious" marketing activities and focus your valuable resources on core activities that will get results in recession time. Importantly, make sure that your brand offers additional value to your customers

Consistently monitor your competitor by regularly reviewing their product offerings, advertising communications, price points, websites and press coverage. Be sure you are always aware of their new products, promotions and strategic moves. Create a special team to monitor key indicators and be sure your marketing and sales teams are associated with your key objectives and have coordination among them. Do this by creating an approved list of marketing priorities and ensure everyone is on the same page.

Also identify your best performing employees and try to keep them motivated and keep them under satisfactory supervision.

Offer incentives to purchase and actively cross-sell related products. Publish customer positive response and success stories on your website. Try to boost your buzz marketing efforts and make use of word-of-mouth and viral techniques. This can be done by calling for feedback either via your call centres or your website as it is good way to create awareness of your positive brand experiences and for finding out your weaknesses.

Companies facing difficult times encounter four critical pressure points. The most obvious one is cost.

In a downturn, price becomes more critical and tries to benefit low-cost competitors. As sales decrease, companies that have carefully reduced their costs in good times and bad often discover that they have even more built-in advantages than usual. Cost setter who set price lately find that they are even further behind than they thought.

Toyota (TM) is such a cost leader. During the 2001-2003 U.S. automotive downturn the company leveraged its sizable cost advantage over Detroit's Big Three to price competitively and remains profitable. While rivals were laying off employees, Toyota invested to expand local production and increase its cost advantage. As a result, it was able to gain share and outperform the competition.

Market position is the second pressure point that companies encounter during a downturn. In ordinary times, well-managed market leaders generally outperform followers. In a downturn, the competition grows more intense, and existing positions may be weak. Leaders can use their maximum possible offering to attract customer and shift pressure on followers, or to snap them up at bargain prices. But market followers can sometimes turn the pressure exerted by a downturn to their advantage and can shift into the leading position.

Customer behavior is the third pressure point. It's well accepted that customers and profit pools never sit still. But in a downturn, both businesses and customers are likely to shift their buying patterns faster than ever. They seek out bargains. They do without some things altogether. These changes in behavior can substantially rearrange the pools of profits for which companies compete. Winning companies prepare for such shifts. Good times can hide major weaknesses. Companies that were flourishing may find that, when the economy slows, customers turn to competitors with better prices, quality, and delivery.

Business week has also mentioned few of the examples. One of the most dramatic modern-day examples of shifting customer behavior is the rise of middle-class consumers in China. It's a phenomenon that caught some multinationals by surprise. They handed over China to domestic companies that traditionally focused on low-quality, no-name goods. As incomes rose, those local companies started catering to middle-class consumers with what we call "good-enough" brands—a step up from the low end, but cheaper than premium goods. Today, 8 out of every 10 washing machines and televisions sold in China are good-enough brands.

Because some multinationals were slow to enter the good-enough market, they allowed domestic companies to take advantage of a major customer segment shift.

Catering to this market also helped position these Chinese companies to sell products on a global scale.

Complexity is the fourth pressure point, and often the least recognized. Companies in good times tend to add features, variations, and line extensions, thereby complicating both their production processes and their organization. They may create too much operating complexity. Even in good times, this can raise costs and interfere with a company's efficiency. It's a tricky balance. The drawbacks of complexity are particularly noticeable in a downturn.

Japanese carmakers not only enjoy a cost advantage over their competitors in Detroit but they also have a complexity advantage, with fewer models, fewer options, and fewer different parts.

A recent analysis found that Honda (**HMC**) offered its popular, midsize Accord in a total of just 484 possible variations, including color, compared with Ford's (**F**) Fusion, a direct Accord competitor, which has 35,908 theoretical configurations, including color. While Honda would require half a day to build all possible Accords, it would take Ford 90 days to build all possible Fusions. In a downturn, it is very difficult for Detroit carmakers to sell enough of these thousands variations to cover the costs of the complexity.

Japanese automakers have kept complexity in check, but that's not the case with Asian companies in many other industries.

Conclusion


The purpose of this research is to come up with an idea how CRM can be used in most effective and productive manner in orders to save companies and minimize the effects of recession. This report is of considerable importance because this world is experiencing global recession and by using CRM strategies, it's really helpful for the companies to map out proper ways in trying to overcome the effects of recession, and also for those who intend to initiate the entrepreneurial projects in these difficult times.

By using these CRM strategies in accordance to the findings of this report today at different firms, the effects of recession can be minimized.

The scope of applying CRM in cutting recession is immense, and thus could not be studied wholly in any specific research project. Likewise many different companies have used different type of CRM strategies to overcome the harsh effects of recession, so every strategy could not be explained here due to the limitation of time, resources and limited access to information. So I have tried to suggest those strategies, which are best to overcome recession, and can give a positive affect for organizations.

Researcher will recommend some of the following key points to save the organizations from the effects of recession:

- Try to keep record of all activities in which the organization is involved; this can play a very important role in overcoming the losses of company.
- Focus on main business, strengthen it where possible and re-focus on core strategic goals where necessary to put resources where they are needed most.

- Companies should not be afraid to spend, but they must do so wisely as during a recession, it may be the best time to acquire assets or other companies. This can strengthen and refocus the company to position for increased growth and profitability when the recovery period comes.
- Maintaining or increasing spending on R&D has also proven to be advantageous as it can create new value in core products/services because cutting budgets from R&D side will further effect organization and can be very harmful.
- The most important factor which researcher has found is of internal CRM in controlling recession. Satisfying your employees and giving them proper skills can be very useful because effects of recession can only be controlled if customers will be entertained and retained in best possible manner which can be done through internal CRM.
- Regularly monitor your performance and try to overcome extra expenditure and be efficient in management things.
- The basic reason of using CRM during recession, is to provide maximum service and satisfaction to clients for achieving this the key is communication. Better dealings and giving them the feeling that this is their own organization. Because in this competitive era, better customer services help to provides an edge over the other firm.
- For companies that do not plan in advance for economic disorder, it is never too late to start. Early analysis and the use of scenario planning and CRM can dramatically improve results and speed recovery.
- CRM is more effective in recession because it can manage information that it collects and organizes information about company's customers and lets them analyze the data for future opportunities.
- Don't make your product complex, offer simple and attractive products and position them rightly, which can attract more customers. 

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“Change can be of only two kinds - imitative or creative. You can change the way others have changed already or you can change in a new way. You can follow or you can lead. Change is not a sideline in the business of leadership; it is integral to the whole idea.”

- *The Crisis of our Age*, P.A. Sorokin