

# **An Overview of Customer Relationship Management**

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**Abstract:** *Customer satisfaction reflects how effectively needs are met and expectations are exceeded through supplier responses. Achieving it hinges on fostering a strong overall relationship between the customer and the supplier. In today's competitive business landscape, customer satisfaction stands as a vital performance metric and a key factor setting apart business strategies. Therefore, higher levels of customer satisfaction correlate with increased business success and stronger customer connections. Customer loyalty refers to a customer's inclination to continue doing business with a specific supplier and regularly purchase their products or services. This loyalty typically emerges when a customer is highly satisfied with the supplier's offerings, leading them to return for future transactions or consistently choose a particular product or brand from that supplier.*

**Keywords:** CRM, eCards

## **I. INTRODUCTION**

### **OBJECTIVE OF THE STUDY**

To study customer relationship management.

### **METHODOLOGY**

The current research draws upon a combination of primary and secondary data sources. Primary data was gathered using an interview schedule administered by the researcher. Secondary data, on the other hand, was obtained from a variety of sources including books, newspapers, insurance journals, IRDA journals, LIC annual reports, government libraries, information centers, and relevant insurance-related websites, among others.

### **CHALLENGES AND FUTURE OF CRM**

CRM has gained significant prominence within corporate circles, but it has brought forth its own set of challenges. It has been a focal point for management for several years now. According to a report by Forester Research Inc in May 2001, about 20% of the world's leading 3500 companies had already implemented CRM programs, with 61% intending to invest in CRM software. The commercial interest in CRM is evident, with software vendors and system integrators heavily involved. Some research firms have even suggested that new technology could enhance CRM implementations. However, assessing the effectiveness of CRM is complex due to the lack of a clear and universally accepted definition. While many firms are engaged in some form of CRM, most tend to focus on tactical applications like database marketing, call centers, online information sites, or sales automation. Few have fully embraced a strategic, enterprise-wide approach to CRM.

In India, CRM is still in its early stages. Some companies have adopted CRM under the guise of 'customer care,' such as Pond's customer response center or HLL Surf's open customer feedback initiative. Others, like Lakme, DHL, and Xerox, regularly conduct customer satisfaction surveys. In the new millennium, organizations have the opportunity to enhance their customer relationships by fostering trust and confidence in their products and services. This can be achieved through strategic initiatives such as improving customer interactions, integrating front and back-office operations, cultivating a CRM culture, and effectively managing change. Success in CRM implementation hinges on having a clear strategic vision that promotes CRM practices and culture. Organizations must carefully select analytical

tools and techniques to leverage their data effectively and choose the right vendors for technology solutions. As CRM evolves, vendors anticipate a future where common customer interaction channels will be shared, with a greater emphasis on customization and personalization.

### **CRM AND MARKETING**

CRM enhances and expands an organization's customer base through effective marketing strategies. It has revolutionized marketing by significantly improving its functionality and execution. Modern CRM-driven marketing techniques like direct marketing, web marketing, and email marketing have evolved and proven more effective than traditional methods.

Web marketing is gaining popularity as customers increasingly prefer online shopping, allowing transactions to occur in real-time regardless of location. Email marketing has emerged as a cost-effective and data-driven approach, offering features like newsletters, eCoupons, and eCards for more accurate customer response and fulfillment of their needs.

CRM systems provide a platform to analyze customer buying behavior online, offering detailed insights into purchasing habits and preferences. This personalized analysis helps build long-term customer relationships by understanding their needs and ensuring satisfaction. Analyzing online customer behavior also informs adjustments to marketing techniques and strategies for future success.

CRM marketing forecasting techniques, involving regression and statistical analysis of online customer behavior, provide complex yet accurate insights into future marketing strategies. Although risky, this innovative approach is believed to yield significant rewards.

Business impact models, integral to CRM, ensure regular monitoring of marketing performance to continually improve results. These models facilitate accurate measurement of marketing performance throughout the organization, driving higher-end marketing strategies. It's essential for organizations to incorporate these strategies by anticipating change, testing performance, and assembling the best combination to meet customer needs and maximize marketing growth.

The CRM process is a complex three-step approach that fundamentally alters the way business is conducted. It begins with a customer-centric business strategy focused on finding mutually beneficial opportunities. Redesigning functional activities, from marketing automation to field service, ensures alignment with customer needs while overcoming challenges from other functional departments like Accounting and Information Technology. Selecting the right CRM software that supports workflow and yields strategic decision-making information is crucial for success.

### **II. IMPLEMENTATION OF CRM IN INSURANCE SECTOR**

CRM, as a technology, involves gathering valuable customer information from various sources such as previous interactions, surveys, and inquiries conducted through telephone, email, fax, and call centers. It is particularly well-suited for enhancing service quality for policyholders. By implementing CRM, insurers gain advantages such as innovative product development, improved operational efficiency, and enhanced customer satisfaction. However, customers today are increasingly challenging to please; they are more demanding, price-sensitive, and easily swayed by competitors offering similar or better deals. The goal now is not just to satisfy customers but to exceed their expectations and cultivate loyal and committed relationships. Customer satisfaction/dissatisfaction is commonly defined as the comparison between customer expectations and perceptions of the actual service received. CRM has emerged as a valuable tool for insurance companies in their efforts to strengthen customer relationships. Customers often place significant trust in their agents.

### **COMPONENTS OF CRM**

Operational CRM handles the front-office business processes, encompassing customer interactions in sales, marketing, and service. It routes tasks to responsible employees along with the necessary information and interfaces with backend systems, documenting activities with customers for future reference.

Analytical CRM, a prevalent term in the industry, addresses the challenge of managing increasing volumes of customer data. It aims to uncover revenue opportunities and understand customer spending patterns through data mining and other analysis techniques, though there can be confusion about its definition and evaluation.

Collaborative CRM goes beyond basic interaction software, offering tools like email management and conferencing to facilitate communication between customers, staff, and business partners. By leveraging various technologies, it enhances coordination and communication, fostering long-term customer relationships beyond individual transactions.

### **CRM PRACTICES IN LIFE INSURANCE SECTOR**

Until the liberalization of the insurance sector in 1999, LIC of India held a monopoly in the Indian life insurance market. However, with the entry of 24 life insurance companies, competition intensified. As a result, companies recognized the pivotal role of superior customer service in their survival. To stay competitive, they implemented various CRM practices aimed at attracting, retaining, and satisfying customers.

#### **Front End Services:**

Organizations introduced online services to enhance customer responsiveness and enable policyholders to conduct transactions via computers. Branches were extensively computerized to facilitate policy-related services nationwide.

#### **Interactive Voice Response Systems (IVRS):**

IVRS systems, primarily in urban areas, allowed customers to access information about their policies through menu-driven services. Customers could also request information to be faxed to them.

#### **Organizations' Website Services:**

Policyholders were given free internet access to manage their policies and view details online. Each organization's website provided a dedicated portal for customers to access a range of services.

#### **Customer Relationship Revival Programmes (CRRP):**

To revive lapsed policies, organizations identified customers with overdue premiums and motivated them to reinstate their policies. These special revival programs were conducted annually within a specific period.

#### **Customer Relationship Reassurance Programmes (CRRAP):**

Some companies organized meetings with customers needing assistance with policy-related transactions. Representatives provided continuous support to customers through these programs.

#### **Electronic Data Management System (EDMS):**

Policy documents were digitized, allowing access from any branch office nationwide. EDMS facilitated providing customers with up-to-date policy information.

#### **Customer Clubs:**

Certain companies offered membership to high-revenue customers, providing additional services to enhance loyalty and retention.

#### **Customer Contact Programmes:**

Companies extended customer relationships through various campaigns and initiatives, such as customer service months and nationwide service campaigns.

#### **Services for Premium Payment:**

Customers had multiple channels to pay premiums, including branch offices, banks, online centers, ATMs, and electronic portals.

#### **Complaints Management System (CMS):**

Grievance redressal cells were established in branch offices, and Insurance Ombudsmen were appointed by the Government of India to address policyholders' complaints.

#### **Claims Settlement Services:**

Companies focused on expediting the settlement of maturity and death claims while ensuring fraudulent claims were rejected. Review committees were formed to consider representations from claimants, ensuring fair decisions in each case.

### **III. PREMIUM INCOME OF LIFE INSURANCE COMPANIES INDIA**

Below the table shows the details about the premium income of life insurance companies in India:

TABLE 1: PREMIUM INCOME OF LIFE INSURANCE COMPANIES IN INDIA (in Crore)

Year	LIC	ICICI Prudential Life	SBI Life	HDFC Standard Life
2001-02	49821.91	116.38	14.69	33.46
2002-03	54628.49	417.62	72.39	148.83
2003-04	63533.43	989.28	225.67	297.76
2004-05	75127.29	2363.82	601.18	686.63
2005-06	90792.22	4261.05	1075.32	1569.91
2006-07	127822.84	7912.99	2928.49	2855.87
2007-08	149789.99	13561.06	5622.14	4858.56
2008-09	157288.04	15356.22	7212.10	5564.69
2009-10	186077.31	16528.75	10104.03	7005.10
2010-11	203473.40	17880.63	12945.29	9004.17
2011-12	202889.28	14021.58	13133.74	10202.40
2012-13	208803.58	13538.24	10450.03	11322.68
2013-14	236942.30	12428.65	10738.60	12062.90

Source: IRDA Annual reports- various issues.

The data provided indicates a consistent upward trend in the premium income of life insurance companies in Indian districts from 2001-02 to 2013-14. For instance, LIC's premium income was 49,821.91 crore in 2001-02, which increased to 2,36,942.30 crore in 2013-14.

Similarly, ICICI Prudential Life Insurance's premium income rose from 116.38 crore in 2000-01 to 17,880.63 crore in 2010-11. However, there was a slight decrease to 12,428.65 crore in 2013-14 from 14,021.58 crore in 2011-12.

SBI Life Insurance witnessed significant growth from 14.69 crore in 2000-01 to 13,133.74 crore in 2011-12, with a slight decline to 10,738.60 crore in 2013-14. HDFC Standard Life also experienced substantial growth from 33.46 crore in 2000-01 to 12,062.90 crore in 2013-14.

The table below presents the computed trend and growth rates of premium income for Indian life insurance companies from 2001-02 to 2013-14.

TABLE 2: TREND AND GROWTH IN PREMIUM INCOME OF LIFE INSURANCE COMPANIES IN INDIA

Sl. No	Premium Income	Linear Trend co-efficient			CGR(%)
		A	b	R <sup>2</sup>	
1	LIC	21457.12	16791.73* (20.456)	0.97	14.91
2	ICICI Prudential Life	-1207.017	1484.26* (5.67)	0.72	43.33
3	SBI Life	-2961.15	1248.56* (8.56)	0.86	68.71
4	HDFC Standard Life	-2883.475	1132.947* (16.93)	0.96	57.30

Source: Computed Data

Note: \* Indicates that the trend co-efficient is significant at 5 per cent level. CGR = Compound Growth Rate

From the above table it could infer that the trend co-efficient for the premium income of the life insurance companies in India for all the four companies are statistically significant at 5 per cent level. It implies that on an average amount of premium income of life insurance companies have been increased. The compound growth rate is found to be high in SBI at 68.71 per cent.

#### IV. CONCLUSION

CRM adopts an integrated approach that enables managers, agents, and other personnel to grasp clients' current status, ensuring seamless information flow and timely customer care. Effective relationship management is crucial for

organizational success as it fosters a loyal customer base. The challenges, implementation, and components of CRM are examined, along with the assessment and growth of chosen life insurance firms operating in India.

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