Research Paper
Impact Factor: 3.072

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

CUSTROMER RELATIONSHIP MANAGEMENT IN INDIA's MSME SCENARIO

Dr. J. Venkatesh* Ms. R. Lavanya Kumari*
**Associate Professor, Dept. of Management Studies, Anna University, Regional Centre Coimbatore, Tamil Nadu, India.*
***Ph.D (PT) Research Scholar in Management, Karpagam University, Coimbatore, &*
Assistant Professor, St. Joseph's Degree & PG College, Basheerbagh, Hyderabad, Andhra Pradesh, India.

Abstract
Nowadays, many businesses like banks, insurance companies, and other service providers realize the importance of Customer Relationship Management (CRM) and to help them acquire new customers retain existing ones and maximize their lifetime value in the case of MSME Sector. Customer Relationship Management is the process through which a business analyzes their customers and accordingly makes changes. This paper deals with the performance of Customer Relationship Management in MSME sector which is increasing attention from all stakeholders in view of their low-capital-outlay and high labour-intensive nature. It is a strategy to understand the needs and behavior of the customers and clients of the organization, in order to nurture and manage organization's interaction with its customers to build strong relationships with them. In India lakhs of MSME's which participate in the manufacture of low cost, efficient and market suitable products and services to take care of all the market price levels in the consumer market.

Key Words: CRM, CAGR, MSMEs, SAP & SAS.

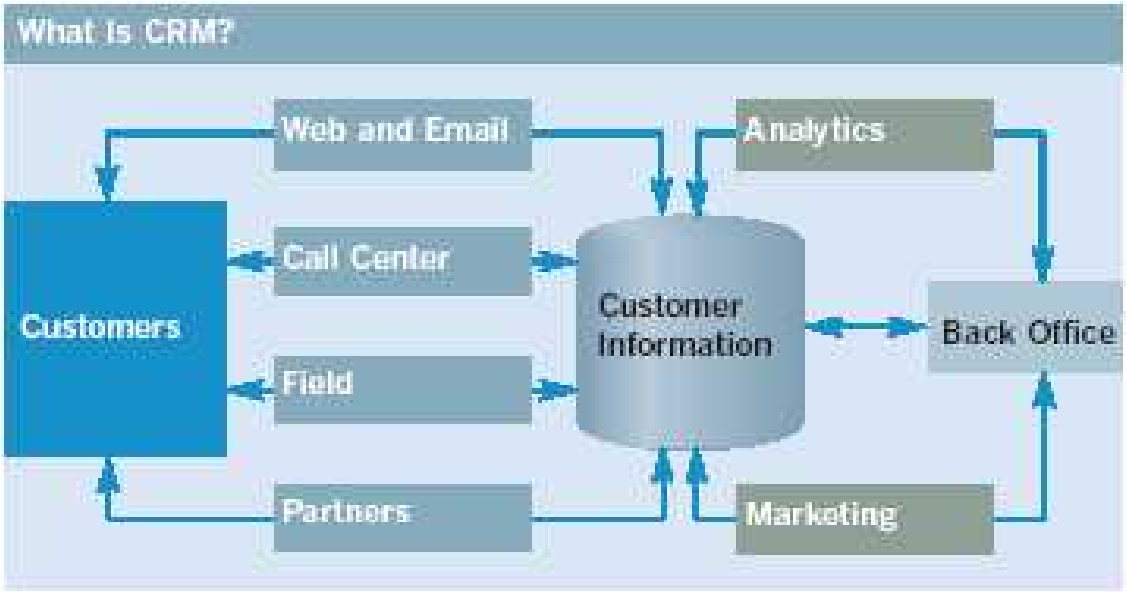
INTRODUCTION

MSMEs contribution in India is highly remarkable in the overall industrial economy of the country. In recent years the MSMEs sector has consistently registered higher growth rate compared to the overall industrial sector. In Indian market, MSMEs rapid growth could be seen as Indian entrepreneurs are making remarkable progress in various Industries like Manufacturing, Food Processing, Pharmaceutical, Textile & Garments, Retail, IT and ITES, Agro and Service sector which are constituting more than 80 % of the total number of industrial enterprises and supporting industrial development, MSMEs in India suffer from the problems of suboptimal scale of operation, lack of appropriate manpower/skill sets, technological obsolescence, supply chain inefficiencies and fund shortages. This sector not only serves for urban market but also helps in industrialization of rural and backward areas, reducing regional imbalances and assuring more equitable distribution of national income and wealth. MSMEs complement large industries as ancillary units and contribute enormously to the socioeconomic development of the country. Though, MSMEs contribution is phenomenal in the growth of Indian economy, Simultaneously, MSMEs are facing intense pressure and constraints to sustain their competitiveness in globalized world. Some other issues such as recession, low demand, finance, heavy competition from MNCs etc. are becoming conspicuous dilemma to MSMEs in India. In this competitive world, MSMEs need to be able to confront the increasing competition from developed and emerging economies. India has over 26 million MSMEs producing a diverse range of products from very basic to highly sophisticated products. MSMEs contribute 8 per cent of the country's GDP, 45 per cent of the manufactured output and 40 per cent of our exports. Despite of some inherent strength in uniqueness and cost competitiveness MSMEs are facing tough challenges at every stage of their operation. The process of liberalization and market reforms since 1991 has brought about intense competition for MSMEs both in domestic and overseas markets. As per 4th All-India Census of MSMEs, estimates that the number of enterprises is to be about 26 million and these provide employment to an estimated 60 million persons. Of the 26 million MSMEs, only 1.5 million are in the registered segment while the remaining 24.5 million (94%) are in the unregistered segment. The state-wise distribution of MSMEs show that more than 55% of these enterprises are in 6 States, namely, Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Andhra Pradesh and Karnataka. Further, about 7% of MSMEs are owned by women and more than 94% of the MSMEs are proprietorships or partnerships. Bharath Beedi is a classic example of an MSME that graduated from using to MS excel and desktop based solutions to adopting cloud based CRM to drive business benefits. Bharath Beedi Works Ltd. is a market leader in the tobacco business with sales coverage of over 2000 towns in India. The company has 50,000 staff strength with pan-India presence. They also export products to over 16 countries across the globe. It caters to a vast clientele demanded a strong, wide-spread and decentralized sales team. SMEs are considered as major economic players and a potent source of national, regional and local economic growth. They play a significant role in terms of employment and income distribution in many countries. Firms in various industries are adopting new technologies in order to stay ahead and outperform their competitors. The market today has more number of brands and services and customers' choice and buying option has increased. MSME sectors are highly heterogeneous in terms of the size of the enterprises, variety of products and services produced the levels of technology employed, etc.

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

CUSTOMER RELATIONSHIP MANAGEMENT

Customer Relationship Management (CRM) is the process of managing an organization's interactions throughout the entire customer life cycle. CRM is a set of process that has been developed using technology to increase business profit by better customer interaction. It not only uses a proper system but also blends culture along with a proper organized business structure. Customer service and support, and enterprise marketing management are among the main CRM areas of MeraCRM. It helps in creating a satisfactory customer experience to your current clients and even helps you to acquire new ones. To get new customers is not only a time consuming but an expensive effort too. Customer Relationship Management (CRM) defines for long-term mutually beneficial relationships between consumers', companies' and other stakeholders. Customer Relationship Management is the process through which a business analyzes their customers and makes changes accordingly. It is closely related to business intelligence because both methods involve using technology to gather, analyze and organize data in order to develop relevant information. According to Ronald S. Swift CRM is "an enterprise approach to understanding and influencing customer behavior through meaningful communication in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability and also it is an iterative process that turns customer information into positive customer relations".



Source: siebel.com

The Indian CRM market is currently 500 crores and includes both on premise and cloud computing offerings. The Compounded Annual Growth Rate (CAGR) i.e. 17.4 percent is expected to touch around Rs 800 crores in 2014. It is projected that India is to have the second highest CAGR after China as far as CRM is concerned. There are 403 small & medium scale industry reveal that the CRM tool is still a new concept among small and medium sized businesses in India. While as high as 63% of Indian mid-sized businesses (100 to 1000 employees) have not adopted CRM solutions, the percentage of non-users further go up for small sized businesses (Less than 100 employees). Further, the adoption levels of CRM solutions are the highest among the logistics and finance verticals with 60% and 57% adoption levels respectively, followed by hospitality, real estate, manufacturing and media. Overall, the CRM adoption level among the Indian Small and Medium Business stands at 25%.

Life cycle of Customer Relationship Management

Customer Relationship Management is an integrated approach to identifying, acquiring and maintaining customers which allows companies to coordinate their approach across channels, departments. CRM comprises three phases: acquiring, enhancing, and retaining. Each phase supports increased intimacy and understanding between a company and its customers. These three phases are:

1. **Acquiring:** The Company acquires new customers by promoting product and service leadership.
2. **Enhancing:** The Company enhances the profitability relationship by encouraging excellence in cross selling and up selling, thereby deepening and broadening the relationship of existing customers.
3. **Retaining:** Retaining profitable customers for life focuses on service adaptability-delivering not what the market wants but what customers want.

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

Users of Customer Relationship Management

- **Sales or Leads Management**
  CRM software allows to create, track and follow-up with potentially positive leads and thereby close deals with ease. Existing sales data helps in forecasting expected business for the coming month with more accuracy. Service standards are improved and there is no missed opportunity in tapping the potential market. Entire process from beginning to end is managed to ensure consistent service. All essential activities and business processes revolve around and begin with Sales. Therefore, the efficient management and tracking of potential customers or vendors who will contribute to the business and growth of the company is essential.

- **Task Scheduler**
  CRM act as a task scheduler where the software takes care of everyday Tasks, however it is big or small: Scheduling, Reminders, Meetings, Appointments, Field Calls, Follow-ups, Service Calls, Couriers, Visits etc. for every individual in the work cycle. It takes care of division of work, application of duties and overall time Management, having a positive effect on Productivity.

- **Customer Profiling**
  Customer profiling is a way where in it helps in decision making processes concerning the services which helps in Profiling of customers for proper customer details management. Compilation of individual Customer Details; like contact (Number, Email, DOB), past orders, preferences and behavior helps in easier and customized approach like Email or SMS and thereby improving service standards.

- **Documentation Management**
  All the Relevant Files and Documents are generated at each step of daily business processes. Classification, bookmarking, indexing and storage of such documentation can be done easily with the help of CRM software. Easy and powerful search, recall and management/modification are possible. In short, it is an effective way of Record-keeping by using spreadsheets, notepads, and other systems for tracking your data then the odds are high that are going to lose it at some point. A web based CRM effectively protect the data from being lost.

- **Social Media and Email Management**
  Social Media is a very powerful tool for the businesses to connect with their general consumer's. With the help of social media management, CRM software tracks target customers and existing as well on various social networking platforms like Face book, Twitter, LinkedIn etc providing insightful information like consumer trends, choices and preferences. Email integration within the CRM system ensures rapid and quick personalized approach and communication.

- **Business Analytics**
  CRM acts as business analytics were the software automatically collects data for analysis and helps in internally streamlining the entire business process for increasing efficiency and productivity. It provide a birds-eye view as well as process specific visual data in terms of Business performance, comparative study and Statistical data for effective planning purposes.

Benefits of Customer Relationship Management

Customer Relationship Management tools help enterprises to achieve many objectives, some of which are as follows:

- **Reduced Cost**
  Use of CRM in an organization enables potential savings through more efficient use of resources for e.g. more productive time on customer facing activities and more productive staff time. The increase in productive time results from reduced errors and rework due to consistent information and data capture, increased speed of access of information and more effective 'one and- done'.

- **Customer Satisfaction**
  CRM manages to drive customer interaction forward and strengthen the organization's relationship. Customer Relationship Management enables the customers to be a part of the organization as they can access information on their past transactions, new products, value added services etc. Implementation of CRM by businesses provides for better allegiance with customers and ensures a rewarding relationship that provides for opportunities to the business, to deliver customer service with better efficiency. It provides the consumer, incentive to remain loyal and increase his purchases over his lifetime.

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

- **Effective Processes**
  CRM implementation assists the organization to improve telesales, account, and sales management by optimizing information shared by multiple employees, and streamlining existing processes. It makes possible automated sales processes. It shortens the sales cycle and improves leads opportunity management and also enables the organization to identify new trends, existing problems, and possible opportunities.

- **Improved Customer Service**
  For the organizations which use CRM, all the data concerning interactions with customers is centralized. CRM helps the organization's workforce in knowing how to deal with each individual customer depending upon the customer's archives available through CRM. The information can be accessed instantly from anywhere within the company which helps customer service departments of the organizations to better treat their customers, as they need to know the past transactions and specifications of the needs and behavior of the customers.

- **Improved Revenue**
  The implementation of CRM connects all aspects of the business and channelizes them to drive the revenue for the organization through increased customer base, improved customer satisfaction and reduction in costs, CRM helps to spur the business growth. Using CRM data, marketing campaigns can be coordinated more effectively by ensuring that promotions do not target customers who have already purchased that particular product.

- **Identify New Customers**
  CRM helps the business in identifying potential clients and customers by keeping a track of the profiles of their existing clientele, the business can build a strategy to determine the kind of people they should target such that it returns them maximum clientage.

An Overview of CRM Software

CRM software applications support the automation of these processes and best practices. CRM systems vary widely in capabilities, pricing and underlying technology, from basic contact management to sophisticated enterprise suites for sales, service and marketing, to platforms that foster customer connections. Moreover, the market includes industry-specific CRM solutions (e.g., real estate or pharmaceutical sales) and best-of-breed solutions for specific CRM functions (e.g., field service or help desk). The primary purpose of CRM software, sometimes known as contact management software, is to consolidate customer information into one repository, so users can better organize and manage relationships. The best CRM software will include at least the following four core functions:

- **Customer Data Management**
  Most products provide a searchable database to store customer information such as contact information and relevant documents such as sales proposals and contracts.

- **Interaction Tracking**
  These systems document conversations held by phone, in person, through email or other channels. These interactions can be logged manually, or automated with phone and email system integrations. Depending on the product, some systems can also track interactions on Face book, Twitter and other social platforms.

- **Workflow Automation**
  This standardizes business processes, usually through a combination of task lists, calendars, alerts and templates. Once a task is checked off as complete, for example, the system might automatically set a task for the next step in the process.

- **Reporting**
  Management can use these CRM tools to track performance and productivity based on activities logged in the CRM system—for instance, how many new contacts were added to the database that day, or how much revenue was generated. These tools can also be used for forecasting, such as for the next-quarter sales pipeline.

Customer Relationship Management **(CRM)** is a methodology or software that helps an organization in managing its customer relationships in an organized way in the form of a database indicating details about the customers and the transactions undertaken by them with the organization which can be accessed by the employees of the concerned department as well as by the customers. It allows the formation of individualized relationships with clients and customers with the basic aim of improving satisfaction, reducing costs and profit maximization. It is like a digital backbone to the organization. The

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

application of CRM is such a boon that it should not remain limited to large organizations. The dictionary meaning of the term relationship describes as a logical affiliation, association, or connection between two entities that benefit both of them.

CRM software can be broadly divided into two categories:

- The first category manages customer interaction and contains applications for customer service and support, sales force and marketing automation. These applications allow the company to establish a personalized relationship with the customer.

- The second software category analyzes the behavior of the customer and contains reporting and data-mining tools which allows measuring customer satisfaction and retention and enhances the understanding of the customer's problems and preferences.

Customer Relationship Management Systems

For managing a company's interactions with current and future customers the CRM system often involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support. Many CRM vendors have a basic level of support which generally only includes email and/or access to a support forum. Telephone support is often charged in either an annual or ad hoc pricing strategy. Some companies offer on-site support for an extra premium. The list of top 10 most recommended vendors are as follows:

Oracle, including its Oracle Siebel, PeopleSoft and Oracle on Demand products
SAP CRM
Microsoft Dynamics CRM
Salesforce.com
Sage, including ACT, Sage CRM and SalesLogix
Pivotal from CDC Software
Talisma
Amdocs from Clarify
Sugar CRM
Impel CRM

Source: http://crmsearch.com/india-top-10-crm.php.

- **Oracle Siebel** CRM is a comprehensive system which includes a range of sales, marketing and customer service applications, making it ideal for enterprises requiring a sophisticated, highly customizable system.

- **Oracle PeopleSoft** CRM provides a family of CRM applications for several business processes. Primarily targeted towards mid and enterprise-sized organizations, can only be deployed on-premise.

- **SAP CRM** Cloud for Sales is an online suite of sales applications, including sales force automation, sales enablement and sales analytics. It offers dedicated mobile apps, and integrations with SAP's popular on-premise CRM product. SAP's powerful CRM solution arms medium and large companies with actionable customer insights, streamlined workflow and advanced reporting. Users will see improved efficiency, productivity and sales and marketing success.

- **SAS** Customer Intelligence is an integrated marketing management suite that leverages SAS's position as a business intelligence provider to combine marketing automation functionality with powerful analytics.

- **Sales force** cloud is the leader in on-demand customer relationship management which offers a broad suite of CRM applications for small, mid-market, and enterprise organizations, with a focus on sales and support.
- **Microsoft Dynamics CRM** empowers your customer-facing teams with the right information and contacts when they need it most as the web-based solution helps users manage schedules, tasks, customer loyalty, nurture campaigns and more.

- **SugarCRM** helps thousands of companies in planning, tracking and executing all their customer relationship management efforts which built on an open source platform, Sugar is flexible to your needs.

- **Sage CRM** offers a scalable customer relationship management platform that can be deployed both on-premise and in the cloud were the software is designed to scale as the business grows.

CONCLUSION

The MSME sector in India is fast growing and their contribution to economic development is really impressive due to the advancement in Information Technology. Among various services in the service sector, MSME occupies a key role both in the development of individual customers in their business and social life. Managing relations with customers is to improve the quality of relationship, company to attract, maintain, and to enhance customer. MSMEs have entered the services sector as well with increasing awareness among MSMEs the application of CRM, the sector projects a huge potential to all CRM vendors it organizes the data of customer in such a way to make it accessible to all employees of organization. The needs of CRM become more important when more than one salesperson deals with customers. Hence Customer Relationship Management has immense potential to improve business and market productivity.

REFERENCES

1. Parvatiyar, A., and Sheth, J. N. (2001), "Conceptual frame work of customer relationship management", In J. N. Sheth, A. Parvatiyar, and G. Shainesh (Eds.), Customer relationship
2. Management: Emerging concepts, tools and applications (pp. 3-25). New Delhi: Tata McGraw- Hill.
3. Morris, S. R. Basant; K. Das; K. Ramachandran; A. Koshy (2001), “The Growth and Transformation of Small Firms in India”. New Delhi: Oxford University Press.
4. Jill Dyche’ (2008), “The CRM Handbook: A Business Guide to Customer Relationship Management”, Addison Wiesley Information Technologies Series.
5. Wu Tie (2003) “Implementing CRM in SMEs: An Exploratory Study on the Viability of Using the ASP Model”.
6. Stefanou, C., Sarmaniotis, C. and Stafyla, A. (2003), "CRM and customer-centric knowledge management: An empirical research", Business Process Management Journal, Vol. 9 No. 5, pp.617-634.
7. Dr. Suresh Chandra Bihari (2011), “Redefining MSME with CRM Practices” IJMBS Vol. 1, Issue 2, ISSN: 2330-9519 (Online) | ISSN: 2231-2463 (Print)

Website Access

8. http://shodhganga.inflibnet.ac.in:8080/jspui/bitstream/10603/24904/6/06_chapter1.pdf.
9. http://www.ukessays.com/essays/management/crm-market-and-adoption-of-crm-in-india management-ssay...ph p#ix.zz3YVJbdvzx.
10. http://www.msmementor.in/MSME_Sector_India.asp.