

Gandhian Philosophy on Customer Relationship Management

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Abstract

The approaches in marketing functions are changing very fast in tune with the changing challenges and changing behaviour of customers. The focus of transactional marketing approach was on individual transaction and does not concern continuous relationships with customers. Customer was viewed as outsiders to the business. Mahatma Gandhi said in 1890 in South Africa that a customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. On other hand customer relationship management focuses on more widely on customers and organization relationship with its customers and on entire process is connected with the customization of relationship, enhancing customer loyalty and life time value of the customer with the organization. Simply put, organizations have discovered competitive advantage and growth driver, among others, through CRM.

Key Words: *Customer Relationship management, Transaction Marketing , Customization of Relationships*

Introduction

Today's world is different with its hyper competitive environment, and enhancing relationship with customer is the main issue faced by every organization. The rapid changes have tremendously impacted the organizations worldwide. Nowadays, the customer does not have to enter into the brick structure to get serviced. He or she can get all the services right at his or her doorstep on his or her desktop. Organizations can reap profits only by increasing their services and enhancing customer satisfaction in a manner, which was unthinkable a decade ago. Consequently, today every organization has to tailor their products and services to suit the customer needs and even segment all the customers according to their need. The organisations are continuously striving hard to bring the state-of-the-art innovations to make their

products available at more convenient place, and in the bargain attract more and more customers, thereby increasing their profits. Consequently, the organisations have dumped their traditional product-driven strategy to embrace the more logical and profitable customer-driven strategy. This two-way demand and supply equation has not yet reached equilibrium, and this precisely has given rise to an increasingly difficult set of managerial problems for the organization to grapple with. In this scenario the research succinctly captured these managerial problems in the dimensions of effectiveness of CRM tools in selling the additional product in the current scenario."

"Customer relationship management practices are playing very important roles and have become very important tool for organisations. The main aim of organisations is to provide quality products, easy availability and with affordable cost. In different sectors organisations sell in large quantity in result are earning huge profits."



Figure 1 - Relationship with the Customer

"In the present scenario, customers are the key part for survival of any business. In fact if the

organization have good relationship with its customer's then the chances are there the same organization will survive for along with good profits. For maintaining good relations with the customers companies implement various practices like free home delivery of minimum quantity of products within five miles, after sale service etc.. these practices not only attracts new customer but also help in retaining old customers.”

Customer Relationship Management

“Marketing exchanges have shifted from transactions to relationship (**Foss and Stone 2001**). While relationship marketing in retail banking is the activity done by banks to attract, interact and retain more profitable customers because most retail banks have both profitable and unprofitable customers (**Walsh et al 2004**). As retention of small number of customers (5%) yields 95% increase on the net present value (**Reichheld 1996**). To gain competitive advantage, banks are now moving to a new orientation which is termed as customer- centric orientation (**Bose 2002**).” Figure 1.2 shows the direction of businesses.

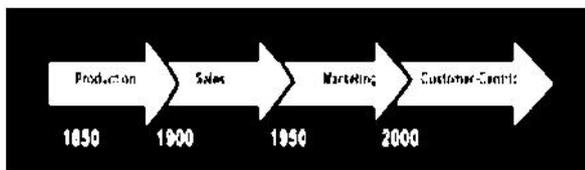


Figure 2 - Business orientation of the last 150 years

Source: **Bose (2002)**

“A customer centric firm is considered one which has the capability to treat every customer individually and uniquely. **Berger and Bechwati (2000)** argue that the core of relationship marketing is to develop and maintain long term relationship with customers rather than simply a series of discrete transactions. They noted that guiding principle for the management is the customer's life time value; firms must consider the entire relationship with the customers rather than to calculate discrete transactions. Support from the customers comes at various levels of need fulfillment drawn from the relationship the customer has with the organization. A relationship

hierarchy has been drawn to understand this better” (Figure 1.3).

“A study done by **Brannback (1997)** says- that to have success in management of market space there is need to manage the virtual value chain. While **Walters and Lancaster (1999)** has offered another view that traditional value chain starts from the competencies attained by a company's core values while evidences suggest that value chain has reversed this approach and has used customers as its starting point.”

“Customer relationship management is a business strategy adopted by most organizations and it requires customer centric business approach to support effective marketing, sales, service and process. Customer Relationship Management (CRM) is a model for managing relationship and interaction of current and future customers. It involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support.”

“The purpose of adopting CRM practices and strategies is to improve marketing productivity, enhance customer satisfaction resulting into enhanced sales. In CRM, marketing efficiency is achieved because cooperative and collaborative processes help in reducing transaction costs and overall development costs for the company. Two important processes for CRM include proactive customer business development and building partnering relationship with most important customers. These lead to superior value creation.”

“The success of CRM practices can be measured mostly by behavioural indicators like their length of the relationship, customer satisfaction, frequency and by increase in sales and profit by firm through them. A good customer is a customer who contributes a relatively large share to the return of the organization within a certain period”. “According to **Galbreath and Rogers (1999, p 162)** the definition of CRM can be described as :Activities a business performs to identify, qualify, acquire, develop and retain increasingly loyal and profitable customers by delivering the right product or service, to the right customer, through the right channel, at the right time and right cost. CRM integrates sales, marketing, service, enterprise resource planning and supply- chain management

functions through business process automation, technology solutions, and information resources to maximize each customer contact. CRM facilitates relationship among enterprises, their customers, business partners, suppliers and employees.”

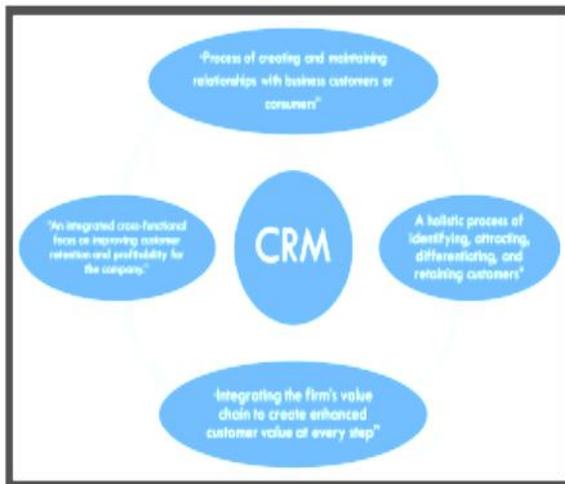


Figure 3 - Definition of CRM in nutshell

“For any successful organization customers are the most important assets. Many big organizations are implementing and finding out new practices of customer relationship management in managing the relations. CRM is a software which gives a company valuable information at the most basic level like remembering the birthdays and names of the children of customers. This kind of information helps the employees of the organization to give more value to make customers feel very special. Business Call Centres are the biggest user of CRM Software because they contact many customers at the same time and give feedback. The strategy of CRM is not to have only installation of this software but its starting point is to consider employees at first, the employees must be well trained to CRM theory so they could get maximize benefits by using this tool”.

“By using this technology, optimize interaction with customers create a 360-degree view of customers to learn from past interaction to the future trends (Chen and Popovich, 2003). 360 degree view of customer is a person to person model supported by technologies in prediction of customers buying patterns and price differentiation (Galbreath and

Rogers, 1999). The main idea of this model is that the best market performance is achieved by having superior skills in understanding the customer in better way (Narver and Slater, 1990). In Figure 1.6, 360 degree view of the customer can be understood.”

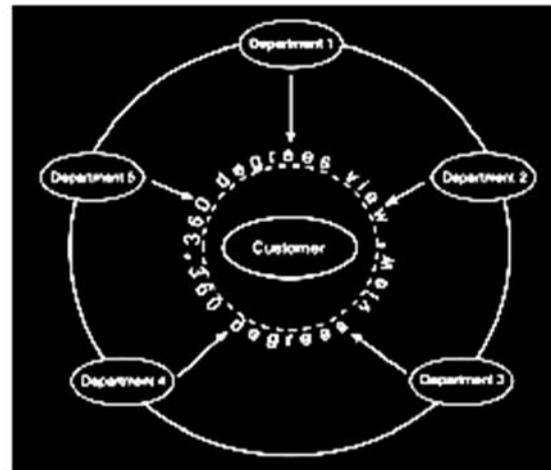


Figure 4 - 360 degree view of the customer
Source: Kotorov (2002)

“The modern information technology allows larger organizations to individualize their products and services as per the varying needs of the customers. CRM is the establishment, development, maintenance and optimization of long term mutually valuable relationships between consumers and the organizations. Successful CRM focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization’s strategy, people, technology and business processes (Fox& Stead, 2001)”.

Gandhian philosophy and CRM

In a speech in South Africa in 1890 Mahatma Gandhi said this “A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider of our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so.”

Literature Review

“According to **Kotler and Keller (2006)**, The American Marketing Association defines the Marketing as an organizational function and a set of processes for creating, communicating and delivering value to the customers and for managing customer relationships in ways that benefit the organization and its stakeholders”.

“**Beckett-Camarata et al. (1998)** have noted that managing relationships with their customers (especially with employees, channel partners and strategic alliance partners) was critical to the firm’s long-term success.”

“**Yuan and Chang (2001)** have presented a mixed-initiative synthesized learning approach for better understanding of customers and the provision of clues for improving customer relationships based on different sources of web customer data.”

“While undertaking a study on the field of customer retention and corporate profitability, **Reichheld (1993)** stated that the role of customers is essential for corporate performance, so that when relationships with customers endure, profits rise.”

“**Sheth and Parvatiyar (1995)** found out in their research that the cost of retaining current clients is frequently much lower than cost of acquiring new ones”.

Research Methodology

Research is a systematic inquiry aimed at providing information to solve problems (cooper and Schindler, 2002:14). Different requirements of information, availability of time and need patterns have given way to the developments of various types of research methods however need of any research method remains the same –to get information. The reason behind the use of any method of research is to generation of optimum results. This study is based on primary data, which has been collected through questionnaire having statements to which respondents have to give their opinion ranging between 1-5 level and agreement ranging from not at all believes to strongly believe to strongly disagree. Since it was not feasible to examine the entire universe so the representative sample were selected from some organisations of Gurgram only. Respondents were asked to fill questionnaire personally.

Objectives of the Study

As the title suggest the main objective of the study is-

1. To know the perception of customers on Gandhian philosophy.
2. To know the perception of customers in general about the organizations customer relationship practices.

Data Analysis

To know the perception of customers towards organization’s CRM strategy they were asked to evaluate each factor first on statements ranging from not at all important to extremely important and then they have to evaluate their satisfaction level with each factor on 1-5 scale. The responses are analyzed by calculating the mean value and the results are presented in the subsequent discussion.

Demographic Profile of the Respondents

Gender

Male	164
Female	98
Total	262

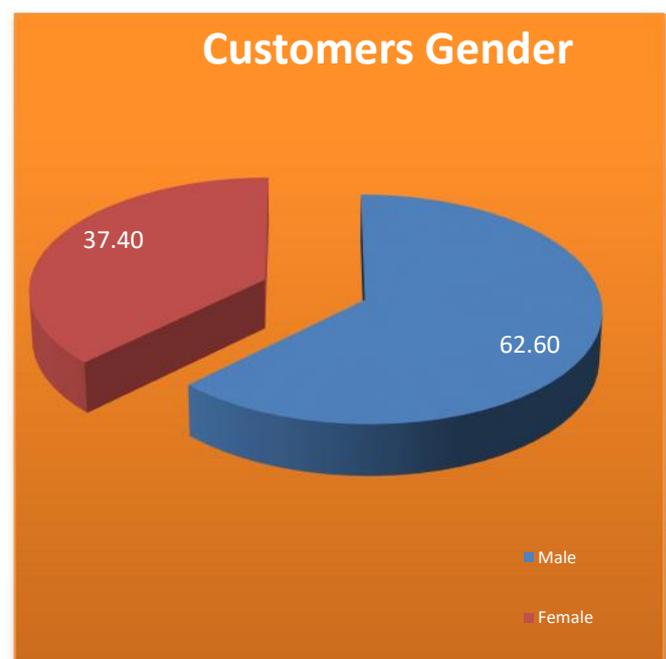


Fig-5 Gender

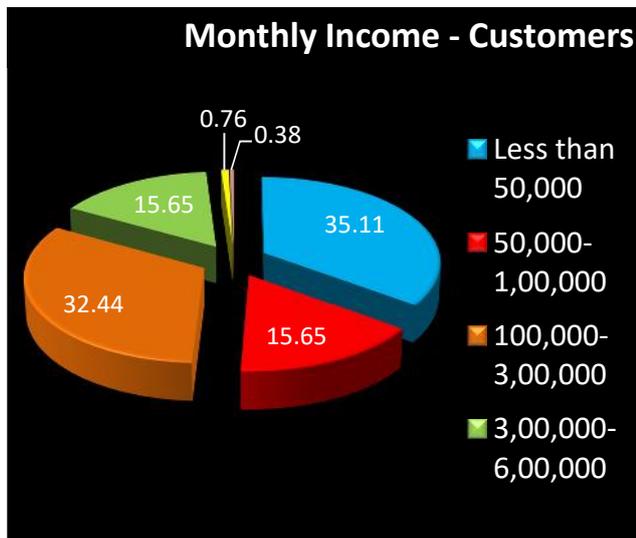


Fig-6 Income

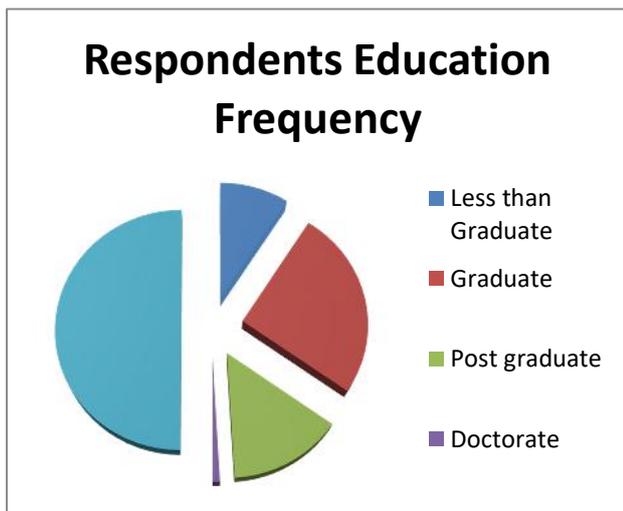


Fig-7 Education

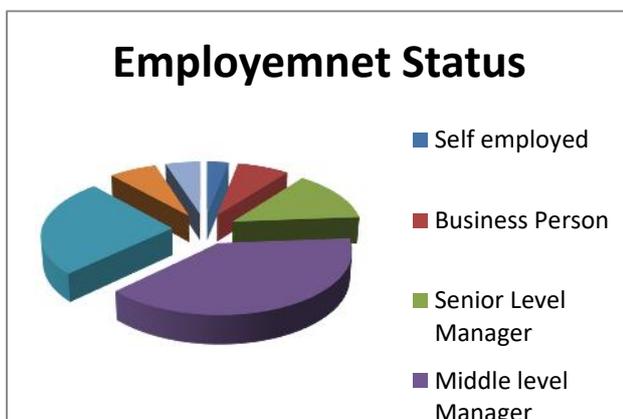


Fig-8 Employment status

Variable	Ghandhian Philosophy (Variables)	Mean Value(out of 5) of responses of respondents
V-1	A customer is not an outsider to our business. He is definite part of it. A customer is not an interruption of our work. He is the purpose of it.	3.262195
V-2	A customer is doing favour by letting us service him. We are not doing him any favour.	3.110687
V-3	A customer is not a cold statistic. He is flesh and blood human being with feelings and emotions like our own	3.48855
V-4	A customer is not one to argue or match with. He deserves courteous and attentive treatment.	3.935115
V-5	A customer is not dependent on us. We are dependent on him.	3.767176
V-6	A customer brings us his wants. It is our job to handle them properly and profitably both to him and us.	3.763359
V-7	A customer makes it possible to pay our salary, whether we are driver, plant or office employee.	3.442748

Table -1

The Table-1 show overall perceptions of respondents on variables on Ghandhian philosophy the scale of 1-5. It shows that majority of respondents feel that the organization understands the importance of their customer in survival of the organisation.

Findings

On the basis of the data collected and analysed collected, the following are findings are noted by researcher:

- The study reveals that organisations totally agree with variables 3, 4, 5, 6 & 7 that customer is very important and organisations are dependent on customer so he should be handled properly.

• The study reveals that organizations have to make improvement in variable 1 & 2 as customer's response mean average score is low in these variables.

Conclusion

The organisations have to understand that their survival depends upon customers, customers are not dependent on them, it's their job to provide him best quality goods and services. All the organisations have to implement such practices and strategies so that customers start feeling that they are important for organisation.

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