

Customer Relationship Management (CRM) - A Case Study of Airtel

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Abstract

The ultimate purpose of CRM, like any organizational initiative, is to increase profit. In the case of CRM this is achieved mainly by providing a better service to your customers than your competitors. CRM not only improves the service to customers though; a good CRM capability will also reduce costs, wastage, and complaints. Effective CRM also reduces staff stress, because attrition - a major cause of stress - reduces as services and relationships improve. CRM enables instant market research as well: opening the lines of communications with customers gives direct constant market reaction to the products, services and performance, far better than any market survey. Good CRM also helps to grow business: customers stay longer; customer churn rates reduce; referrals to new customers increase from increasing numbers of satisfied customers; demand reduces on fire-fighting and trouble-shooting staff, and overall the organization's service flows and teams work more efficiently and more happily, as cited the case of Airtel Magic at Bharti in this study.

Introduction

Customer Relationship Management (CRM) is one of the newest innovations in customer service today. CRM stands for customer relationship management and helps the management and customer service staff scope with customer concerns and issues. CRM involves gathering a lot of data about the customer. The data is then used to facilitate customer service transactions by making the information needed to resolve the issue or concern readily available to those dealing with the customers. This results in more satisfied

customers, a more profitable business and more resources available to the support staff. Furthermore, CRM Customer Relationship Management systems are a great help to the management in deciding on the future course of the company.

As mentioned, there is much data needed for the CRM system to work. These fields include the customer name, address, date of transactions, pending and finished transactions, issues and complaints, status of order, shipping and fulfillment dates, account information, demographic data and

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many more. This information is important in providing the customer the answer that he or she needs to resolve the issue without having to wait for a long time and without going to several departments. With just a few mouse clicks, a customer support representative for example can track the location of the customer's package or order. This is infinitely better than the cumbersome process of tracking shipments previously. Furthermore, the customer service representative will also be able to see the previous concerns of the customer. This is a great help especially if the customer is calling about the same issue since he or she will not have to repeat the story all over again. This results in less time in resolving the issue, thus, higher productivity of the support staff.

Customer Relationship Management systems are also important to the top management because it provides crucial data like customer satisfaction and efficiency of service by the frontline crews. A piece of customer relationship management software will also be able to generate the needed reports for product development or new concepts. Furthermore, this system will also be a great help for the top management in deciding the company's future course of action, whether it involves phasing out one of the products on the shelves or making adjustments to one of the products sold.

Customer Relationship Management (CRM) can be widely defined as company activities related to developing and retaining customers. It is a blend of internal business processes: sales, marketing and customer support with technology and data capturing techniques. Customer Relationship

Management is all about building long-term business relationships with customers.

CRM is an alignment of strategy, processes and technology to manage customers and all customer-facing departments and partners. CRM initiative is and has the potential of providing strategic advantages to the organization, if handled right.

Most CRM initiatives begin with a strategic need to manage the process of handling customer related information more effectively. For beginners it could simply mean better lead management capabilities or sales pipeline visibility. However, as organizations mature in their CRM initiatives, they begin to look at CRM as tool to acquire strategic differentiators. Despite the immense benefits that the CRM solutions can deliver, they are not entirely without their share of problems.

In recent years however, several factors have contributed to the rapid development and evolution of CRM. The growing de-intermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end customers. For example, in many industries such as airlines, banks, insurance, software, or household appliances and even consumables, the de-intermediation process is fast changing the nature of marketing and consequently making relationship marketing more popular. Databases and direct marketing tools give them the means to individualize their marketing efforts. Advances in information technology, networking and manufacturing technology have helped companies to quickly match competition. As a result product

quality and cost are no longer significant competitive advantages.

The growth in service economy, since services are typically produced and delivered at the same institution, it minimizes the role of the middlemen. Another force driving the adoption of CRM has been the total quality movement. When companies embraced TQM it became necessary to involve customers and suppliers in implementing the program at all levels of the value chain. This needed close working relationships with the customers. Thus several companies such as Motorola, IBM, General Motors, Xerox, Ford, Toyota, etc formed partnering relations with suppliers and customers to practice TQM. Other programs such as JIT and MRP also made use of interdependent relationships between suppliers and customers. Customer expectations are changing almost on a daily basis. Newly Empowered customers who choose how to communicate with the companies across various available channels. Also nowadays consumers expect a high degree of personalization. Emerging real time, interactive channels, e-mail, ATMs and call centre that must be synchronized with customer's non-electronic activities. The speed of business change, requiring flexibility and rapid adoption to technologies.

In the present era of hyper competition, marketers are forced to be more concerned with customer retention and customer loyalty. As several researches have found out retaining customers is less expensive and more sustainable competitive advantage than acquiring new ones. On the supply side it pays more to develop closer relationships

with a few suppliers than to develop more vendors. In addition several marketers are concerned with keeping customers for life than making one time sale. There is a greater opportunity for up selling and cross selling. The globalization of world marketplace makes it necessary to have global account management for the customers.

Key Principles of CRM

The following are key principles of CRM:

Differentiate Customers

All customers are not equal; recognize and reward best customers disproportionately. Understanding each customer becomes particularly important. And the same customers' reaction to a cellular company operator may be quite different as compared to a car dealer. Besides for the same product or the service not all customers can be treated alike and CRM needs to differentiate between a high value customer and a low value customer.

Maximizing Life Time Value

Exploit up-selling and cross-selling potential. By identifying life stage and life event trigger points by customer, marketers can maximize share of purchase potential. Thus the single adults shall require a new car stereo and as he grows into a married couple his needs grow into appliances.

Increase Loyalty

Loyal customers are more profitable. Any company will like its mindshare status to improve from being

a suspect to being an advocate. Company has to invest in terms of its product and service offerings to its customers. It has to innovate and meet the very needs of its clients/ customers so that they remain as advocates on the loyalty curve.

A Case Study of Airtel Magic At Bharti

Bharti Tele-Ventures is one of India's leading private sector telecom operators. Its cellular business, Airtel, is a leading mobile telephony brand. Like any Telco, Bharti considers information technology a key business enabler. "For telecom, IT is like bread and butter. We believe it plays two significant roles—it works as a support system, and it can also be a business driver. Thus IT is very important to us," says Amrita Gangotra, Vice President of Information Technology at Bharti. It had a WAN in place with a mix of leased lines and E1 and E3 lines. The company also has an extranet in place through which it extends different applications to its dealers and partners. "We have an extremely large infrastructure based on products from multiple vendors," says Gangotra. This includes a range of high-end servers from Sun and HP. "In the telecom business volumes are very large. We have millions of records and we process them everyday, so for us storage is in tera bytes," she adds. Bharti also has a storage area network (SAN) in place. The main data centre is located in Gurgaon, Haryana. As far as software is concerned, some of the applications that are running on its network are billing, fraud management, revenue assurance and data warehousing. They also have some internal-facing applications like Oracle Financial and Oracle HRMS.

Need of CRM

In a telecom services company like Bharti, airtime is considered a product. "It is vital for us to manage the expectations of our customers and provide them with innovative products and services in a manner which makes them loyal," explains Gangotra. To achieve this, Bharti needed to have the appropriate means. "To better serve our customers we needed a tool. It is this need that made us opt for a CRM (customer relationship management) solution," she says. Today Bharti is using the Oracle CRM platform. "As part of our vision, we intend to provide AirTel services anywhere and at any time. A customer should get the same quality of service no matter which of our call centres he contacts. This has been our vision, and because of that we have gone in for a centralised application like CRM," Gangotra adds. The implementation of CRM also helped Bharti in having a unified workflow and unified processes across the country.

Before choosing its CRM tool, Bharti evaluated many options. It considered factors like proper workflow automation, facilitation of knowledge sharing, and integration with the billing system. After a thorough evaluation, it decided to go ahead with the Oracle CRM platform.

Network Infrastructure

Like any other telecom service provider, Bharti also considers information technology a key driver of its business. "For telecom, IT is like bread and butter. We believe it plays two significant roles—it works as a support system, and it can also be a business driver. Thus IT is very important to us," says Amrita

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The service provider has a WAN set-up in place, it has a mix of leased lines and E1 and E3 lines for wide area connectivity. The company also has an extranet in place through which it extends different applications to its dealers and partners. "We have an extremely large infrastructure based on products from multiple vendors," says Gangotra. This includes a range of high-end servers from Sun and HP. "In the telecom business volumes are very large. We have millions of records and we process them everyday, so for us storage is in terabytes," she adds.

Bharti also has a storage area network (SAN) in place, and has selected EMC as the storage provider for the SAN. The main data centre is located in Gurgaon, Haryana. The company uses high-end routers from Cisco, and is in the process of implementing a disaster recovery (DR) set-up. As far as software is concerned, some of the applications that are running on its network are billing, fraud management, revenue assurance and data warehousing. They also have some internal-facing applications like Oracle Financial and Oracle HRMS.

Benefits

Gangotra says it is important to understand and segregate customer needs depending on the product and services he is buying. "One of the primary things that we have done in this solution is the segmentation of customers. With this, AirTel is now able to give its customers more value for money," she says. With the help of CRM, they are

able to provide customers different schemes and services depending on airtime usage. If the customer is a heavy user then they have some specific schemes; for normal users they have other schemes. Apart from this, they have also managed to segregate their workflow with the help of the CRM tool. Initially, when Bharti started operations, the whole system was run manually. "At that point of time only 40 percent of our customer issues were getting resolved—this has now gone up to about 90 percent," reveals Gangotra.

Strategy has also played a major role in improving customer service at AirTel. After starting its services in Delhi, Bharti acquired lot of circles and sought new licences in other circles; whenever they got a new licence, they implemented the CRM tool immediately. But they had to put in a migration strategy in those acquired circles which had an existing subscriber base. "The migration had to be done in such a manner that the existing customer base did not suffer; we have already completed this in 14 of the 15 circles that we operate in," says Gangotra. All the circles will go live by the first quarter of 2004.

The biggest challenge for Bharti was to have a unified process in place. Once this was done they faced the challenge of imparting training. "When you go in for such a large-scale implementation you will definitely have problems," says Gangotra. "We also had certain technical difficulties during implementation, but we were able to overcome them."

The CRM strategy at Airtel revolves around two aspects: operational CRM and analytical CRM. The first is about helping their call centres in the workflow part, helping them in their day-to-day activities. The second provides staff with the required information on customers; this is used for business development activities. Together they help Bharti provide better services to its customers.

The Case for CRM

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Cherry Picking a Solution

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Roll It

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Tailor-Made Schemes

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Conclusion

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