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“Managing Digital Customer Relationships; Challenges And Opportunities”

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Abstract

Due to the rapid development in the use of internet, digital marketing has become inevitable which has necessitated the every marketer to have direct relationship with customer through online. Customer relationship management is considered as one of the indispensable part of business, where in strategies has to be built to attract and retain loyal customers, because gaining customer is easy but retaining is too difficult. It is very important to understand customer through some features, their needs and individual personalities. This can be tackled through online marketing as it records the buying behaviour of the customer automatically. Digital channels like internet, e-mail, mobile phones and digital television offer new prospects to cultivate customer relationships. This paper aims to study the gap between customer relationship management in traditional marketing and digital marketing and to figure out the influence of CRM as a motivational tool on online shopping in e-business environment.

Key words: Traditional marketing, Digital marketing, CRM, Social Media Marketing

Introduction

As Customer Relationship Management (CRM) is increasingly perceived not as a sub function of marketing but as an integrated business infrastructure that supports or coordinates various functional departments, the perspective of CRM as a business process seems to have come into prevalence recently. CRM, Customer Relationship Management, is a concept promising businesses to create close relationships with their customers by collecting information about their customers' purchases and movements. CRM is used to collect customer information electronically where the information can be analyzed to know the customers' needs and wants. It will take into account the retaining and one-to-one relationship building between businesses and their customers.

The Internet has revolutionized businesses in many ways. The Internet has changed the way people interact with each other and enabling more transparent dialogues between the communities. Before the actual purchase, the customers, both in business-to-business and business-to-customer environments are now being offered knowledge and valuable information about their upcoming purchase from the Internet. Customers seek information and alternative suppliers by themselves without engaging any supplier at the early parts of the purchase process. Usually the vendor of choice is the one who manages to provide most

valuable information in the early phases of purchase process. Customers are more aware of the products, companies and services and they are prepared to change the supplier if their expectations are not met.

The Social Media has grown to be a new phenomenal marketplace where the businesses are constantly seeking new opportunities. Despite the significant changes and emergence of the new market place many business executives seems to have still problems developing profitable interactions in the Social Media. The amount of information people openly share and reflect over the different Social Media channels and applications is enormous but it is not being leveraged to meet its full potential. This phenomenon is part of larger concept that is often referred as 'digitalization'. This research is focused on how the organizations can exploit the customer interactions in Social Media in order to attract and retain profitable customer relations and how to develop strategies in converting Social Media interactions into sales opportunities.

Objective of the study

The objective of this paper is to understand the impact of CRM in digital marketing and how social media marketing helps in attracting and retaining loyal customers.

Methodology

The prepared paper is a descriptive study in nature. The secondary data and information have been analyzed for preparing the paper extensively. The secondary information have been collected from different scholars and researchers published books, articles published in different journals, periodicals, conference paper, working paper and websites.

Traditional marketing

Traditional marketing refers to any type of marketing that isn't online. This means print, broadcast, direct mail, phone, and outdoor advertising like billboards. From newspapers to radio, this method of marketing helps reach targeted audiences. Traditional marketing is not only one of the oldest forms of marketing, but also one of the most researched. Marketers lean towards this method because it's tried and true. Everyone encounters some sort of traditional marketing in their everyday lives, whether it's getting the mail or your daily newspaper. Traditional marketing plays an important part in reaching local audiences. Ads can be kept for a long period of time, if they're physical. Plus, there's an audience who's easier to reach through traditional marketing than online marketing. Traditional Marketing assures the following advantages:

- Traditional marketing still the best way to reach a mature demographic
- tangible promotional materials last forever
- hard copy marketing materials are easier to remember
- **Digital Marketing**
- The rise of the Internet and information technology created new exiting opportunities for marketers. The development saw the movement of consumers to the Internet, which meant that the marketing activities had to follow them. The digital media created new marketing channels for the marketers to better analyze and understand the consumer needs. As the changed buying behaviour shifted the power from the seller to the buyer, in marketing the same power of balance shifted from marketer to the consumer (Pride, 2016).
- Digital marketing uses all digital media, including the Internet and mobile and interactive channels, to develop communication and exchanges with customers (Pride 2016) Digital marketing is applying digital technologies such as web, email, databases, blogs, feeds, podcast and social networks, which form online channels to market. Digital marketing is contributing to marketing activities aimed at achieving profitable acquisition and retention of customers through recognizing the importance of digital technologies (Chaffey, Smith 2008)
- Digital and social media have become the space in which to engage B-to-B customers and strengthen customer relationships. Compared with traditional media and sales approaches the digital and social media has created greater level of customer interaction (Kotler and Armstrong, 2013).

CRM

- The idea of managing customer relations became a generally discussed topic in the beginning of the 90's and since then the term has been influencing the contemporary sales management. From the 1950's to 1970's marketers used mass marketing practices to build their brands, but the usage of the Internet allowed the marketers to abandon this approach and apply new more personalized marketing messages. The idea behind moving to more personalized message was to make sure that the marketer's message is as relevant as possible for the customers. The basic idea of customer relationship management (CRM) is to systematically collect and analyse customer data in order to increase the value of the customer relations and therefore increase the company's revenue.
- Baran, Galka (2013) define CRM as a "strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments." The development of analyzing and collecting the data involved information systems as a vital part of the process and later on the term and the meaning CRM has transformed more towards IT-systems. Well-functioning and well-used CRM is a powerful tool or even the strongest weapons to ensure your customer become and remain loyal (McGraw, Hill 2002). Therefore Kotler, Rackham and Krishnaswamy suggest that CRM systems should be used as a backbone for the sales management in order to avoid losing sales opportunities.
- CRM tools are used as storage for data and information about your customers. Traditionally the data is produced by sales calls, emails, purchases, meetings and other engagement with the customer. This data allows companies to treat different customers in a different way according to the previous interactions or other data stored in the CRM (Baran, Galka 2013)
- Defining CRM is not an easy task. It can be viewed as a philosophy where the approach to identifying, attracting, differentiating and retaining customers defines it (Watson, Piccoli, Brohman, & Parasuraman, 2005).
- CRM is also defined as a strategic posture that calls for interactive processes designed to turn customer data into customer relationships through active use of it, and learning from the information collected (Brohman et al., 2003).
- **Customer Relationship Management (CRM) Applications**
- Customer relationship management (CRM) applications and strategies are critical to the success of a modern business. The term CRM apparently refers to a set of applications that firms use to manage customer data, analyze customer interactions, receive the most relevant customer data in real-time, and use this data to update and improve customer relationship strategies as and when a firm receives the data. CRM systems and applications are designed to broadly compile customer data across multiple different channels of communication including emails, phone, social media, websites, live chat, and direct email.
- CRMs are designed to provide team members tasked with bettering customer relations with comprehensive data such as personal information, key preferences, purchase history, keyword patterns, interests, concerns, and other forms of relevant data. CRM applications have massively improved a firm's ability to interact and respond with its customers.
- **CRM is vital to e-commerce**
- According to com-score, by May 2016, nearly 40% of all e-commerce sales were digitally influenced. Specifically, a customer would look up something on Amazon. Amazon's CRM would remember this and re-display this information to the user when the user is using Facebook and Twitter, send emails about the same to the user, and suggest the recommendation when the user revisits Amazon. The value CRM brings to brand is important as an increasing number of customers are always on and always connected. As online shopping on mobiles continues to rise, we can only expect the number of digitally influenced sales to increase.
- **CRM allows targeting digital marketing services**
- With the data, firms bring together from CRM applications, they can engage in digital marketing that specifically targets individuals with great precision. By understanding what makes a customer or a prospective customer, businesses are able to figure out the best possible way to target their users. Based on an individual's browsing history and social media preferences, the individual is presented with information in a different manner than his or her contemporaries.
- By offering a personalized and targeted approach, businesses can improve their image in the eyes of their customers. The right CRM tool could often be the difference between success and failure for any business.

- **CRM is incredibly cost-effective for businesses**
- Probably the best aspect about CRM is that they are incredibly cost-effective. The right set of CRM tools will reduce the manual load on staff members, require next-to-no paperwork to deal with customer data, and allow businesses to use fewer resources to meet their needs. CRM will undoubtedly be an expensive investment at the onset, especially for a new business, but its benefits are clear for all to see.
- CRM minimize wasteful expenditure and make the entire digital marketing process in subtle way. It allows firms to determine what type of customer relationships and interactions must be prioritized at any given level in order to maximize a firm's sales and growth potential levels.

The Impact of CRM Digital Marketing

Segmentation of Customers Digital marketing will allow the organizations to get access to the behavioral activities of the social platforms to increase their information about their customers. In this way organizations can divide their customers on the basis of their behaviors, interests and attitude irrespective of their age group and location. This type of information will enable the organizations to communicate or send messages to their customers on the basis of their interests, attitudes and behaviors instead of their demographic location. Thus the data received from social platforms will be integrated with the information existing with the CRM tools of the organization to become the part of its actual CRM instead of dividing various types of customers present on social media platforms. This overlaying of the information received from digital social platforms on the existing information with the organizations will provide them more personalized information about their customers. Thus CRM digital marketing will enable companies to send more personalized messages to the interesting segments of the customers. For instance VIP treatment can be given to prestigious customers whereas people with negative attitude can be treated sympathetically to attract them towards company's products and services. Increased Connectivity with customer the increasing popularity of social media platforms has made it easy for companies to get more and more information about their customers and integrating it with the existing information collected by the traditional CRM tools. The improvement in the connectivity between the companies and their customers has changed the way of interaction not only for the companies with their customers but for customers also with their companies. Instead of direct marketing messages customers today want to interact with the companies. It has become possible only through CRM digital marketing instead of traditional CRM which was based on sales only. Precaution for Companies About CRM Digital Marketing Companies should be careful while dealing with the increasing availability of information about their customers as it can disturb their messaging system.

Developing an effective marketing strategy requires understanding who your customers are, what they want from your brand, and what types of marketing content they respond to.

By compiling data like purchase history, keyword patterns, customer demographics, and other related information, any organization can earn major benefit in the following key ways.

- How CRM helps drive purchases.
- CRM helps you tailor your strategy
- CRM applications reduce costs

Social Customer relationship management

- Social Media can be defined in many ways. In my opinion, the most fitting definition is the following: Social Media is a new era revolutionizing tool that allows communication between individuals, companies, different groups from all around the world, sharing and exchanging information and ideas in an interactive way. Social media platforms such as Facebook, Instagram, Twitter, Linked In have offered the opportunity for clients to discuss their online reviews, recommendations, agrees or disagrees or dissatisfaction regarding different aspects such as product quality or customer service. When we are talking about Social media, we refer to: social networks (Facebook, Twitter, Linked In, Instagram), blogs, forum, multimedia sharing platforms (ex: YouTube), collaboration tools (Yahoo answers).
- Digital Media is a key factor in the customer buying decision: The customers make a research of products or services, they are willing to buy, through social media. In order to expand the

communication with clients, companies are using social media and the result is: better customer interaction. Customer relationship management is about getting closer to clients, is about communication with clients. In this era of new technologies, communication means social media. Digital media is actually an open diary of preferences and dissatisfaction, of likes and dislikes. If getting closer to clients means blogging, means Facebook or Twitter, companies should adapt to this rise of social Medias in order to remain competitive on the market. These are the reasons why organizations should use SCRM and they have to accept this transition from traditional CRM (emails, call centers, direct phone calls) to social CRM.

- CRM allows to create campaigns that start getting leads to the organization using different tools like direct email and phone calls. CRM creates groups and direct monitor the results. Social CRM is more about customer service representative, about putting the customers first and using social media accounts in a way to connect one to one, not just to push marketing materials to them.

Social media strategy versus SCRM

- Social media strategy is different from SCRM. The organizations can quantify the marketing and communication a campaign using the social CRM, generating statistics on likes and dislikes. Opting for SCRM is without doubt a long term commitment.
- SCRM is a different approach that monitors the social networks to obtain a growing rate of clients` interaction and also identify in a more efficient way the opportunities/leads that come through these channels.
- Social-CRM software is a CRM that integrates the accounts of Social Media of an organization and atomize the interactions with fans, followers, clients, likes, etc. In a structured way, the company finds out what the market thinks about their products and services, can plan or schedule a respond, can forward information to the right persons, etc. Social CRM implies listening to customers, analyzing the conversations through social media and developing efficient marketing activities. Traditional CRM was built around the company that was detaining the initiative. The organization was contacting the clients and the suppliers, the organization was imposing the work procedures, the company had a fix schedule when it could be contacted. With SCRM everything changes. The SCRM solutions put the client in the centre of the application, because he is the one controlling the conversation. In my opinion, SCRM does not replace the classical CRM, it is more an extension to the old one, that tries to get closer to the client through blogs, forums, social networks, searching engines, sharing sites, etc.
- Usually organizations understand that a social media strategy is a marketing tool. Social media is the fastest and most efficient method to distribute information, promote products and services and enlarge the number of potential customers. The marketing on social networks represents the next step that each organization should take. The reasons are simple- people like to socialize and tend to believe more in others opinions than in a traditional advertisement.

The objective and the benefits of DCRM

- DCRM supports the customer management strategy and it could generate increased sales with decreased costs for the organization. Companies spend a lot of money on marketing campaigns looking for increased profitability.
- The key objectives of Digital CRM help organizations understand the importance of using such a strategy:
 - - Building knowledge and understanding
 - - Keeping customers
 - - Engaging prospects
 - - Winning new customers
 - - Developing customer value
 - - Gaining information about competitors
- The above objectives are strongly related one to another and help the organization to expand their activity and become globally recognized and gain brand awareness. It is said that the best way to promote your company is "mouth-to-mouth", through DCRM customers can be engaged in caring and sharing messages that the company wants.

Conclusion

- No customer is guaranteed to remain 100 % loyal to any one vendor – if they see a better offer or price they will leave for the better deal. This is the general barrier that organizations must bear in mind for the future and these organizations must understand this fact and not become disillusioned by it. Different techniques in DCRM are discussed to attract and retain the customers and make them brand loyal. The concept of customer satisfaction is changed to customer delight, because customers expect more than what is actually promised. The interactivity of Internet technology brings with it a range of opportunities and challenges for the marketer aiming to build customer relationships. The principal opportunity lies in the ability to offer highly personalized content on a one-to-one basis. However increasingly the customer is in control and will expect to receive a consistent and personal service across the range of communication channels he chooses to use. Technology can only act as an enabler in delivering this service successfully - a total solution must involve people and processes. Digital marketing is growing fast and continuously. An organization with a DCRM system will build better relationships with customers, growing and gaining trust and confidence. Customers are exchanging ideas over social networks and the information revealed should be used by the organizations to create products and services that satisfy better clients` needs and generate profit for the company.
- In a social world, companies should move fast and share knowledge more than ever. Also, organizations should connect with customers` according to their customs and habits that means more and more connecting the business to social networks. Clients are expecting to obtain quality services, customized, according to their demands. This is a strong reason companies should accept to emerging social CRM as part of their present and future strategy.

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