

## Quadrant II - Notes

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**Module Name: Meaning & definition of e-CRM, Phases of e-CRM**

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### **Meaning and Definition of e-CRM**

Customer Relationship Management (CRM) is the process of managing all aspects of interaction a company has with its customers regarding sales and service. CRM can be defined as a business strategy which involves various functions, skills and technologies which allows companies to acquire, manage and retain customers.

### **Meaning and Definition of e-CRM**

Electronic customer relationship management (E-CRM) is the application of Internet-based technologies such as emails, websites, chat rooms, forums and other channels to achieve CRM objectives. It is a well-structured and coordinated process of CRM that automates the processes in marketing, sales and customer service.

An effective E-CRM increases the efficiency of the processes as well as improves the interactions with customers and enables businesses to customize products and services that meet the customers' individual needs. Electronic customer relationship management provides an avenue for interactions between a business, its customers and its employees through Web-based technologies. The process combines software, hardware, processes and management's commitments geared toward supporting enterprise-wide CRM business strategies.

### **Phases of e-CRM**

#### **1. Customer Acquisition**

Acquiring customers has always been the first important step in establishing business relationships. With CRM, advanced software databases are used to capture key customer data at the point of first contact. Profile data includes a prospect's name, address, phone number, email address and sometimes social media accounts. Entering this data into a computer enables future and ongoing communication access.

A major benefit of starting a formal relationship with new prospects and clients is the ability to track their behaviors through data analysis. Salespeople can identify at any point in time, for instance, what percentage of customers are at each stage of the sales process. This knowledge allows for optimized targeting and facilitates relationship-building activities.

## **2. Customer Retention**

The real purpose of gathering data on acquired customers is to improve retention rates. Effective data analysis, regular and systematic follow-up communication with contacts, and well-serviced accounts help to increase retention rates. Data analysis allows a company to identify the traits of prospects and customers that offer the best lifetime earning potential as well, which enables greater focus on retaining core customers.

## **3. Customer Extension/ Expansion**

The customer extension phase of CRM includes activities intended to improve customer relationships, enabling greater revenue. A simple perspective is that satisfying a customer during one buying experience increases the likelihood of a follow-up visit. Over time, delivering quality solutions, following through on commitments and addressing problems convert a buyer into a loyal customer. A company also can enhance revenue through add-on product selling and cross-selling. Because of the high costs of customer acquisition, extending relationships with customers already captured is hugely valuable for a business.

