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CRM IN DISTRIBUTION CENTERS

Abstract: In the new era of business it is very important to accept modern concepts of cooperation and partnership, also potential of new technologies and internet, all in order to understand the needs of contemporary customer and create the base to differentiate in regard to competition. Relevance of end-users and customers becomes more and more the subject of strategic commitment for many companies just because the quality of relationship with them affects the performance of it. Cooperation with the customers, better understanding of their needs, habits, customs, but also during differentiation and personalization of service, the company reduces general operating expenses and also gets the possibility to maximize the profit and achieve long-term customer's loyalty. The purpose of this paper is to present and underline that effective and efficient use of CRM concept gives the opportunities to the company to express added value to the customer and achieve competitive advantage on the market.

Keywords: Customer Relationship management, CRM customers, company

1. INTRODUCTION

Managers of today's companies must be creative in finding ways to survive the turbulent business environment. One of the possible opportunities could be developing long-term and close relationships with partners in supply chain.

This paper points out the importance of developing good and long-term relationships with special emphasis on customers relations, for it is the quality of the relationships with them that affects competitive position of the company.

According to the time of a few decades ago today's consumers have become sophisticated and informed, their standards have become higher as well as increasing demands.

Hence, only the company that can see itself as a service to consumers, and is able to put the customer at the center of the

interest and also can understand them, will be in a position to develop suitable offer and satisfy them faster than the competition. Thus, it creates an indissoluble and lasting relationships with customers which means establishment of long-term jobs.

Since the customer is no longer seen as a short-term source of income, but as a long-term value, there is increasing number of companies that are determined to implement CRM strategy.

Successful companies have recognized the CRM strategy as key way to achieve success and build a foundation for competitive advantage.

Customer relationship management is a strategy used to learn more about the needs of customers and also their behavior. The focus of this philosophy is to develop long-term relationships and improve the performance of the whole company with

the loyal and regular users.

And we definitely must emphasize that business success lies in the precise knowledge which of the customers at the given moment can make the biggest profit, and what action is needed to conduct in order to achieve it.

2. PROBLEM STATEMENT

Today accent is no more the product itself, but meeting the needs of client, so the emphasis is shifted outside the company and transferred to the most valuable participants in supply chain – the end users. Buyers now have the most power.

Customer relationship management is more prominent strategy that places customer at the center of events and benefits, all in order to learn more about their needs, behavior and thus develop stronger relations with each other. The resources of business organization must be directed to the buyer.

It is proven that there is a clear relationship between achieved levels of customer satisfaction and profit. Probability that satisfied and loyal customer will re-purchase the product/service can be up to ten times higher and make twice a profit, instead of new customer. The cost of acquiring new customer is five times higher than the cost to maintain existing clients.

Close relationship with customers does not mean that the company is obliged to treat each of them the same way. When you have hundreds of customers, it is impossible to devote equal attention to all at the same time; so this approach would probably be proved as counterproductive for the company success. The company which competitive advantage is based on a close relationship with customers has to focus on more profitable customers in order to achieve business goals. CRM is useful tool in indentifying the right groups

of customers that are profitable instead of those that should be neglected. After all these, it is evident the need to dispose constantly as many real information about the existing customers all in aim to set a long-term business strategy. Thus it is possible to recognize different categories of users and towards those form a strategy with a differentiated offering. The value for one user is not the same as for the other. The essence of this trend is to design such a supply chain that will enable acquirement of unique value for users and also create the potential to transform ordinary products into value-generating solutions. [1]

3. LITERATURE REVIEW

In this part of paper we will present authors who had a significant contribution to development of CRM. Then we will give the overview of CRM definitions by some of the authors. At the final part of this literature review we will present goals and objectives of CRM.

By reviewing the literature of CRM, we come to know that CRM is defined in many different ways by different experts. One of the most important authors who made their own contribution at the beginning of developing this domain was definitely Gummerson who even then has recognized that building of relationship between user-organization is the key to maintain a successful position in the market. It is important to point the role of three authors (Zen, Wen, Yen) who described in a detail what the sustainable concept of managing relationships with customers through following four characteristics :

1. Increase customers satisfaction
2. providing information for sale
3. service differentiation and personalization and the most important
4. recognition of user needs [2,4]

Xu and Walton concluded that the most important part of the implementation strategy of customer relationship management is proving user satisfaction retention of existing users, providing strategic information and the provision of lifelong customers value product. Also, according to Berndt CRM is -combination of strategies and tools and drives relationship programme, reorienting, the entire organization to concentrate focus on satisfying customers. According to Buttle CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by information technology.

CRM is a business strategy to indentify, cultivate, and maintain long-term profitable customer relationships. It requires developing a method to select your most profitable customer relationships (or those with the most potential) and working to provide those customers with service quality that exceeds their expectations. Payne and Frow CRM definition for this research is: a strategic approach that integrates process, people, and technology cross functionally to understand an organisation's customers, improve stakeholder value, and deliver profitable and long-term relationships with customers. [3] Therefore, success factors for CRM lie in the scope of managing, integrating, and controlling CRM components. Ling and Yen proposed a methodology for CRM implementation and suggested firm's need to resolve legacy systems issues and stand-alone product related processes and systems in order to: (a) become customer centric, (b) capture customer interactions, (c) exploit knowledge, (d) maximise efficiency from technology, and (e) build flexibility. They suggested that customer profitability analysis, focusing on generic loyalty programs, implementing new IT systems

and/or organising around customer segments would not automatically bring success to CRM implementation. Finally, all these authors define CRM as a strategy and process that enables the organization to identify, acquire, retain and develop profitable customers and also build as well as maintain lasting relationships with them.

In generally speaking objectives of CRM can fall under two areas enhancing effectiveness and improving efficiency of business processes. (Zoltner & Sinha) Different authors has explained the objectives and goals in different ways we have discussed few here.

- 1) According to Zoltner & Sinha in any business oriented company ultimate goal of CRM is to increase profitability and reduce costs. This can be achieved by customer centric and sales centric CRM
- 2) According to Mukerjee the objectives achieved through CRM are which can be included increased customer satisfaction and enhanced customer loyalty help organization in long run.
- 3) The Renolds describe as an organization can achieve the goals like, it helps sales department in managing sales, simplifying process in marketing and sales department, helping to find new customer, improving the customer services , these all processes help in increased revenues through better customer relationship management
- 4) According to Zabalaha following goals can be achieved through CRM :
 - Low Cost of getting new customers by using technology automation and CRM
 - Increase in customer loyalty which helps to retain profits with less need to look for new

customers

-Cost of sales can be reduced due to improved relationship with customers and distributors [4]

4. CRM IN SPIN COMPANYY

There are many reasons why organizations like the Spin company Ltd. decide on the implementation of CRM, and the most common reasons are just retention of customers, increase their satisfaction and improving relations with them. Implementation of CRM solution in business the very first is serving the managers in organization who work in direct communication with customers and selling products in a many ways. First of all the communication is easier thanks to rich database of information about the habits, attitudes of current users, because the offer they get is much easier to adjust to their expectations. Then, another advantage is the quick contact with the users, because in modern business it is not expected that the user comes to get product, but it is necessary to come closer to him and it is considerably facilitated with the development and expansion of information systems. The goal is to increase the level of loyalty and significant advantages are the following:

- Fast-responding to customer questions
- Increase efficiency by automatization
- Better understanding of user
- Identification of different and most profitable customer
- Processing of information obtained from users, in order to improve the existing relationship

In addition, a better understanding of user needs and the construction of individual solutions for each CRM not only reduces the cost of general business organization, but opens the possibility of additional income on long-term customer loyalty.

Spin company Ltd. from Kragujevac

is authorized importer and distributor of lider autorefinish worldwide and well known brands such as Du Pont Refinish, Mipa and many others. Spin Company Ltd. has two unique tools, which contribute significantly to customer relations, to have a single regional training center (opened in 2008th), as well as Color center 2011th. Through training center, Spin company gets to know customers, their habits, needs and develop a long-term relationship, but also training center helps to indentify the user groups and who is profitable. Management of Spin company Ltd. Call their customers in a training center where they organize a two day training theoretical as well as practical. In this way, end users have the opportunity to know their suppliers closer and make stronger relation supplier-buyer .We can say that Spin company has implemented CRM strategy that looks alike model so called Curry i Kkolou.

If we look at attitude and Kkolou Curry, it is evident this model is the "observation of user interaction with the organization". In this model CRM is divided into three basic activities :

obtaining user, penetration and retention. First two phases involve a number of activities, those are:

Identifying user- identifies the channel to access to users, finding existing effects , impact assessment and the opportunity for further sales.

Welcoming and introduction- indentifies new customers, welcoming and gathering important information about them.

In *penetration phase*, there is more sub-phases such as :

Forming database about the customer

Activities on the retention of the customer- by constant sales and additional rabate.

Development of value- conclusions on the users, find the easiest way to ensure the creation of added value.

The final phase involves *retention*. The following activities are:

Management issues- defining the problems

that may arise in the relationship, defining the causes that led up to them, and the formation process by which these problems will be solved.

Developing relationships with controversial customers - Users who are defined as specific require special treatment that involves compromise on key elements of business; problems that can not easily be solved must be presented to users and all discrepancies must be eliminated. [5]

5. CONCLUSION

Today's turbulent business is followed by the many risks and uncertainties as well as the constantly changing market environment by creating new business surroundings. The assumption is that organizations, if they want to stay involved in the competition, must make maximum efforts in order to survive and manage the good market position. This is not an easy process, but clearly if observed number of organizations that have failed to keep pace, and probably failed to recognize the factors that are critical to business. Current trends of development, encouraged by the

intensification of international trade, creating various types of integration and imposing globalization of business, causes fundamental changes in societies at all levels. The results of the company considerably affects the culture that is formed within the same.

As the purpose of the organization besides achieving profit is satisfying user needs it is necessary to constantly work towards improving the current system. There is no ideal way of implementing CRM strategy, because every organization has its own ways and characteristics as well as needs that are peculiar to it, which directly influence the goals that are set.

As a result, the functionality of the CRM system, differs considerably from industry to industry, even if the organization within the same industry are trying to follow the same basic principles. However, the only environment in which companies do business is very demanding and unpredictable.

The crisis that is present in recent years, has contributed to certain elements of CRM (discounts, actions, contests), which did not appear to be significant, suddenly become the standard means of competitive struggle.

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