ABSTRACT

In the recent years, Customer Relationship Management plays a key role in every organization across the globe irrespective the kind of Business of the organization. This paper highlights the basis and fundamental concepts underlying in the development of Customer Relationship Management and its necessities especially in the India Petroleum Industry. The theoretical concepts illustrate the way in which Customer Relationship Management persists and perform for the betterment and for the growth of the Indian Petroleum Industry. Better the CRM practices in an organization better would be its profitability through customer retention programmes and in keeping delighted of its services and products offered. The paper also discusses the processes involved in the Customer Relationship Management with a key focus on the Customers of the Indian Petroleum industry.

KEYWORDS

Customer Relationship Management (CRM), Business Strategy, Life Time Value, Efficiency, Customer Loyalty, Service, Productivity, Sales, Campaign
PREAMBLE

Customer Relationship Management (CRM) is a mode of business strategy to select and manage customers to optimize long-term value by any Business Organization. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales, and service processes to maximize the Customer Lifetime Value. The CRM process involves customers, suppliers, partners and employees.

It helps to increase efficiency in the Acquire - Service - Retain chain, reducing efforts and costs to acquire while increasing customer loyalty. Many of the e-initiatives taken by businesses lie in this domain.

At a very broad level, CRM can be described as addressing three areas:

1. Pre-sales activities such market research, campaign and related activities. This can be for introducing new products or introducing existing products in a new territory and so on.
2. Normal activities by sales group viz. keeping track of all aspects related to existing customers.
3. Analytic: For example, identify factors affecting sales and establish a relationship between them. This is typically done using statistical/econometric models such as regression etc.

Customer relationship management (CRM) consists of the processes a company uses to track and organize its contacts with its current and prospective customers. CRM software is used to support these processes; information about customers and customer interactions can be entered, stored and accessed by employees in different business entities. Typical CRM goals are to improve services provided to customers, and to use customer contact information for targeted marketing.

“The single most important thing to remember about any enterprise is that results exist only on the outside. The result of a business is a satisfied customer….. Inside an enterprise there are only costs.” - Peter F. Drucker, The New Realities

In recent business intelligence survey report 90% of the companies believe that CRM is of strategic importance to their organization today.

- Customer relationship management (CRM) is about growing and sustaining profitable learning relationships with selected customers.
- Growing is not only about increasing the number of customers, but also achieving a greater share of their spending.
- Sustaining is about building customer loyalty and moving toward establishing life-time relationships.
- Profitable is about ensuring that, over the lifetime of the customer relationship, the profit contribution
of each customer to the business is optimized.

- Learning is about remembering what customers tell the organisation and using this information to constantly improve and personalize the service provided.
- Relationship means taking a proactive "customer centric view" rather than a "product centric view" of conducting business with customers.
- Selected recognizes that not all customers are profitable or fit with the organization’s direction or capabilities.

In this new business environment, CRM technologies will be critical to retaining existing customers, expanding customer relationships into higher value products and services (up- & cross-selling) and acquiring customers. A sophisticated CRM environment for the Oil industry will be comprised of several key components:

- Customer Interaction Centers
- Customer Information Databases and Analytical Tools
- Sales force & Marketing Automation
- Channel & Partner Relationship Management
- Operational Links

Objectives

- To Manage Customer Life style.
- To understand customer behaviour.
- To deliver a positive customer experience.
- To leverage portal technology.
- To create a customer centric organization.
- To reduce costs, increase productivity.

How CRM Works

From the outside, customers interacting with a company perceive the business as a single entity, despite often interacting with a number of employees in different roles and departments. CRM is a combination of policies, processes, and strategies implemented by an organization to unify its customer interactions and provide a means to track customer information. It involves the use of technology in attracting new and profitable customers, while forming tighter bonds with existing ones.

Large corporates are not the only ones who stand to benefit from CRM implementation. In effect it is harder for large corporates as they will undoubtedly encounter more difficulties when compared to smaller ones. Apart from the huge investment involved in the installation itself there are also additional costs. Training of employees, integration of the various departments, phased implementation - all result in tremendous costs for the organization.

CRM helps large corporates in increasing their up selling and cross selling opportunities and enables a company to do it more effectively and efficiently. CRM enables sales staff to deal better with their customers through the bettering of the sales process and ultimately helps them to close sales
deals faster. It manages to simplify the marketing and sales processes in an organization.

Increasing Customer Retention is a natural byproduct of CRM. It is achieved through the additional focus being placed on the customer. The pleasurable experience he receives as a result of the increased focus being placed on customer relationships induces him to stay loyal to the company.

Collect vital data, like customer details and order histories - CRM system helps in the collation of vital customer data. This includes the collection of information on customer order histories, their preferences etc. This collated data is made easily available to all employees, aiding them in their efforts towards the CRM process. Since this information is easily assessable to them, they can use it in their dealings with the customer. It helps employees make the right decisions whenever required.

Everyone inside and outside the company need to work towards the goal of giving customers what they want, when they want it and where they want it and thus creating value for the Customer.

Organize the Business around customers rather than products and to increase customer value and profitability.

To bring an integrated solution, encompassing all the Businesses of the Organisation to give them leverage of better customer reach.

**Functionality's of CRM**

**Marketing Functionality**

- Analytic - Data mining.
- Web content Management.
- Campaign Management.
- Event driven.
- Personalization.
- Business Intelligence Tools and Web Measurement.

**Sale Functionality**

- Opportunity Management.
- Interactive Selling System.
- Sales configuration.
- Sales Incentives and Compensation.
- Partner Management.
- Sales Content Management.
- Call Scripting.
- Service Functionality
- E-Service.
- Call management.
- Field Service.
Customer View of CRM
What CRM can deliver
Inevitability of Customer Relationship Management in Indian Petroleum Industry

Mr. S. Kannan

Namex International Journal of Management Research

HOW WILL A 5% INCREASE IN RETENTION IMPACT CUSTOMER VALUE?

Adapted from Frederick F. Reichheld, The Loyalty Effect 1996

Petroleum/Chemical Companies interview believed that CRM was the core area where e-business solutions could create the most value, though case study research indicates that supply chain and operations are also critical areas to target.

Value of e-business Solutions to Key Business Processes and Specific Sub-Processes

<table>
<thead>
<tr>
<th>Top Business Processes</th>
<th>Percent of Respondents</th>
<th>Top Specific Business Processes</th>
<th>Percent of Respondents</th>
<th>Rational for Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Relationship Management</td>
<td>80%</td>
<td>Sales Force Support/ Automation Systes</td>
<td>84%</td>
<td>Sales Force Productivity is both a cost cutting measure and a key growth strategy in this highly mature industry. Effective Management of its direct sales force is key to companies selling specialty products.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>On Line Order Handling and e-Commerce</td>
<td>72%</td>
<td>Low Cost Chemical for Distributing staple, well-understood commodity products. Online chemical increasingly being seen as a means of servicing costly to serve segments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Self Service/Online Support</td>
<td>56%</td>
<td>Self Service Solutions help to reduce costs and increase customer satisfaction. Means of affordable services lower value customers.</td>
</tr>
<tr>
<td>Operations</td>
<td>60%</td>
<td>Internal Company Tracking and Reporting Admin</td>
<td>68%</td>
<td>Grants visibility into core production processes and identify areas for improvement. Industry characterized by large companies with thousands of employees – major administrative savings possible.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Decision Support and Business Intelligence</td>
<td>60%</td>
<td>Cost cutting is key ability to make informed plant operating decisions leads to sharing of best practices and for further cost reductions.</td>
</tr>
</tbody>
</table>
ADVANTAGE OF A “SHARE OF CUSTOMER” APPROACH

With share of customer, the curve shifts to the right, resulting in an increase of Most Valuable Customers. The number of BZ’s decreases and overall profitability increases.

Loyalty
(Top 3 reasons for customer loyalty)

(Source: eMarketer)
Benefits of CRM:
- Call center efficiency increases.
- Marketing campaigns are made easier.
- Account information.
- Overall revenue increases.
- Cost reduction is achieved.
- Better customer service is achieved.
- Organizations can gain the competitive edge.
- Organizations can concentrate more on production.
- Constant supply of vital customer data.
- Customers receive satisfaction.
- Routine tasks are easier to handle.
- Marketing and support expenses are reduced.
- Sales teams can be effectively monitored.
- Teamwork within the organization is achieved.
- Communication channels are improved.
- Customers have detailed profiles assigned to them.
- Employees have access to customer details more easily.
- New selling opportunities can be discovered.
- Companies are enabled to be aware of customer needs and are able to react to them in the right manner.
- CRM achieves an integrated internal business system.
- CRM imposes welcome a much needed discipline within an organization.
- CRM technology goes a long way in benefiting the organization itself.
- Companies have easy access to purchase histories.
- Automation of routine tasks becomes possible.
- Companies can monitor their performances regularly.

High Level of other Benefits shall be derived are:
- Lower total cost of ownership and maintenance.
- Take advantage of cross selling / up selling opportunities.
- Analyses profitability by customer, product or channel.
- Evaluate customer centric performance.
- Acquire and retain customers.
- Deliver high quality services.
- Seamless integration with back end applications.
- Increase customer satisfaction and retention.
- Seamless Customer Experience across Business units.
- Total Customer Loyalty across Business units - “Customer loyalty to the brand”.
- Synergy of marketing effort across all Business units.
- Treating customers as Individuals - “there is no average customer”.
- Being the first in product and service innovation by understanding customer needs.
- Effective sales force with vital information to capture the market.
Seamless information flow across business units, which ensures better customer service.

- Increasing the dialogue with customers, providing a platform for enduring customer Relationships.
- Increasing the channels of communication with customers.
- Lowering transaction costs by optimizing the demand Chain and predicting the demand curve across products and regions.
- Cross-selling by one business units synergising with another to increase market share.
- A backbone to constantly research and analyse in real time and utilize these vital statistics to strategize the business.
- Automation of Sales Processes.

**CRM in Petroleum Sector:**

The truth is that IT is a fundamental building block for petroleum companies. In a world of convergence, the dynamic growth of Internet, telecommunications and IT has resulted in a dramatic shift in the structure of the oil industry, which is now in news more for divestment than anything else in India.

Talking of new technology, however, it has helped oil companies such as Bharat Petroleum Corporation Ltd (BPCL), Hindustan Petroleum Corporation Ltd (HPCL), Oil and Natural Gas Corporation (ONGC) and Indian Oil Corporation Ltd (IOCL) achieve operational efficiency. And how?

Several IT companies operate in close co-ordination with players in the oil industry at all levels, for consultancy in anything from refining procedures to customer relationship management.

Take for instance, BPCL. It has been at the forefront of harnessing technology initiatives for maximizing efficiency. In fact, BPCL is the first public sector oil company to have implemented SAP’s enterprise resource planning (ERP) solution. The implementation project, known as Entrans (enterprise transformation), has been awarded the ‘SAP Star Implementation Award’, with BPCL having the distinction of executing the largest and the most ambitious SAP project in India.

According to BPCL CMD, Mr. Ashok Sinha: “The company has used IT to meet the expectations of the key stakeholders, customers and employees. These are evident from the highly developed ERP solutions and the intranet currently deployed in BPCL.”

But the challenge in SAP implementation was to ensure that all the elements of the complex multi-modular integrated solutions—that impacts the entire workflow of the organisation—work seamlessly across the length and breadth of the country including in the remote locations.

BPCL is reaping the benefits of the integrated system in many areas of its operations. The early gains of implementation are in the areas of tracking customer receivables, monitoring credit management,
inventory management, besides easing the operations in a large number of areas. BPCL is doing a big chunk of its business through the Net. It has been estimated that transactions worth around Rs 800 crore are conducted over the Internet each month.

BPCL has also set up ‘Centres of Excellence’, one of the biggest in Asia to provide online support to the end users and also work towards continuous improvement in business processes and handle product upgrades and new generation products. BPCL has IBM’s Tivoli software solution to manage the company’s IT assets and maintain the network.

In line with BPCL, HPCL has also initiated a major project for the implementation of a state-of-the-art enterprise resource planning (ERP) system. This initiative will cover all locations like terminals, depots and LPG plants, and administrative offices including corporate, marketing, manufacturing, marketing and distribution, projects and HR. For implementation of the project, a fully equipped ERP centre has been set up and a full time ERP team, comprising senior officers of the corporation drawn from all the functional areas, has been appointed for implementation.

The corporation is also in the process of establishing the necessary IT infrastructure to facilitate ERP implementation. For that, the corporation has sought help from JD Edwards.

As HPCL points out that the use of technology in the oil industry has impacted various operations—production, maintenance, transportation and finally the customer service. Significantly, automation has led to an improvement in productivity and optimization of resources in the corporation. The availability of online information has even resulted in speedy decisions. As a result, customer service and satisfaction have also been enhanced, the official added.

For production solutions, HPCL has tied up with Honeywell, while for maintenance expertise, it has roped in Maximo. The company is also in the process of implementing terminal automation and retail outlet automation. For lube terminal, the corporation has developed Lubes Plant Information System (LPIS) which covers inventory control, accounting, bulk office activities and production inventories, among others.

The HPCL official said: “Use of technology has helped the corporation implement best practices available and has thereby led to process re-organization. And, finally it has resulted in reduction of paper work.”

Likewise, ONGC has also embarked on a number of new projects aimed at integrating info tech resources, integrating company-wide ERP management system and facilitating better maintenance and repair of equipment and facilities.
Also, use of technologies will continue to play a significant role in areas like intralink Internet, e-mail communications, supply chain management, marketing, maintenance of refineries and customer relationship management.

- To know customers’ priorities and preferences.
- To find out most profitable customers.
- Help in attracting more customers.
- Help in acquiring or retaining more customers.
- Help in efficiently focusing resources on the most desirable customers.
- Help in promotions and campaigns by gaining the knowledge of product best customers buy.
- An effective CRM strategy enables a company to use all of its resources when interfacing with the customer, allowing customer to see one company face.

Critical factors for CRM implementation:

- Increasing customer expectations.
- Increasing Customer Relationship Complexity.
- Shift from mass production to mass customization.
- Intensified CEO attention on CRM.
- Diminishing Customer Base.
- Formalization of governance for customer relationship.
- Shift in CRM application Architecture and spending.
- Explosion of customer data.
- Increasing numbers of project failures.
- Increasing Customer Sophistication.
- Greater Competitive scenario.
- Increasingly Mature Markets with relatively static customer base.
- Assortment of Local Customer service solutions.
- Customers find it difficult to do business.

To succeed in the face of fluctuating global competition a Company needs.

- Information shared quickly among staffs.
- To become a customer-centric company.
- Fast access to available resources.
- Systems that are easily modifiable and customizable to meet future changes and growth.
- Improved Cross-selling & Up-selling Opportunities across business units.
- Increasing the lifetime value from the perspective of Company and not individual business units.
- Brand the customer experience irrespective of the business unit or product – Thus the customer experiences the same level of service irrespective of the Business Unit.
- Sharing the infrastructure – Resources, technology, People.
- Building partnerships to leverage across business units.
- Better productivity for the sales force through effective tools to manage relationships (For e.g., Sales Force Automation).
Integration & sharing of information across the organization to better understand and learn from previous experiences.

Better decision making because of availability of information across the organization across product and service lines.

Avoiding sending conflicting messages to the customer by the sales force – Ensuring zero loss learning.

Ensuring customer churn does not cascade across business units.

Ensuring that each interaction with the customer is proactive, informed and continuous irrespective of the business unit while having a dialogue with Company.

Integrate customer facing processes / touch points to provide one view of the organisation and provide consistent brand experience leading to cross selling opportunities.

Increase Customer Touch Points: Call center, Kiosks, web etc. to provide convenient points of self service.

Unified Call centres for inbound and outbound services for all the three business units to cross-sell products, to improve understanding of customer requirements and to run marketing campaigns.

Creation of unified database of all Company customers and transactions for all business units.

Design joint Marketing Campaigns by using Business Intelligence techniques on the unified database of customers and transactions.

To meet the Challenges CRM Provides:

A closed loop cycle for data management.

Intelligent automation tools and use of business rules based on ‘best practice’ philosophy.

A shared marketing, sales, customer service data and processes.

Data-driven workflow for routing, authorizations and escalation.

Opens all channels of communication with the customers and sales force, via email, telephone, web...

Measure, Monitor, and Track Marketing Strategies.

Recommends the sales strategy and activities to be undertaken to convert the opportunity into a sale.

A comprehensive history of each customer.

Every employee is geared to meet customer requirements.

Training and induction of sales and service personnels made easier.
Inevitability Of Customer Relationship Management In Indian Petroleum Industry

- Mr. S. Kannan

Pre Implementation scenario shall be

Post Implementation Scenario shall be
Conclusion

In conclusion, it can be stated that the CRM initiatives and measures by the company is helpful in retaining and increasing the loyal customer base in this competitive market and guaranteed improvement in positioning the brand image and new products. It would also envisage the ideas concerned with marketing activities of the firm based upon the feedback expressed by the customers. Marketing activities could be carried in a focused manner through proper segmenting and targeting the customers. Further, it would also the firm to develop and maintain a dynamic E-Commerce activities in a manner as simple as compared with the competitors and other counterparts of the same field of business.

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