

# A Study on Risk Factors Regarding Customer Relationship Management (CRM)

Dr. Varsha Goel

Assistant Professor, Faculty of Commerce & Management, SGT University, Gurugram, Haryana, India.

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## ABSTRACT

Today, the relationship with clients is highly regarded, and many of the organization's or company's strategies are established based on them. A strong customer relationship management (CRM) can enhance performance of the organization. But as much as this issue is important, considering the risk factors and the challenges is very important and vital as well. Because the lack of importance may cause the project to be failed. So the objective of this paper CRM is firstly taken account, and after expressing the problems, a few of the important risk factors for customer relationship management were identified.

**Keywords:** Customer Relationship Management (CRM), Risk factors, Customer Satisfaction, Customer Loyalty.

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## 1. INTRODUCTION

Customer satisfaction is a business philosophy which tends to the creation of value for customers, anticipating and managing their expectations, and demonstrating ability and responsibility to satisfy their needs, (Dominici and Guzzo, 2010). Qualities of service and customer satisfaction are critical factors for the success of any business (Gronoos, 1990; Parasuraman et al., 1988). As Valdani (2009) points out: enterprises exist because they have a customer to serve. The key to achieve sustainable advantage lies in delivering high quality service that results in satisfied customers (Shemwell et al, 1998).

Companies are facing their toughest competition ever. To win customers and encourage them to stay loyal or repurchase the service, most companies have resorted to meeting and satisfying customer needs by not being only reactive but proactive. They are also interested in finding new ways and means to satisfy the customer. Most companies are aiming for good customer relationship which means better service to the customer thereby preventing the customer from being promiscuous. A lot of companies are not just attracting customers, but are working at building long term relationships with customers (both local and foreign customers), suppliers, employees, distributors and the general public.

These companies are striving to satisfy the maximized expectations of each stakeholder group. Based on the nature of marketing, it involves voluntary "exchange" relationship where both sides must be willing parties. The parties must be able to communicate which could be through different instruments. Therefore, in today's highly competitive environment, businesses need better understanding of their customers. This understanding meets different channels of which one is customer relationship management. CRM helps companies make sense of customer needs, manage these relationships more intelligently and help predict the future (Dominici and Guzzo, 2010).

## 2. EXPRESSING THE ISSUE

After the experiments showed the significant effects of customer attraction and the value of customer maintenance, all the attentions has been focused on the necessity of customer relationship management. In fact a new economy was emerging. The organizations and companies decided to increase their budgets concerning customer relationship. Nevertheless, many of the projects concerning customer relationships were failed. The significant amounts of failure in these projects coerced the scientific groups to deal with the problems and risk factors relating to them. Inappropriate applying of these projects makes the customer trust to be damaged. Therefore, the necessity of paying attention to risk management in these projects was revealed more than ever (Rigby and Reichheld, 2002).

## 3. OBJECTIVES OF THE STUDY

- To study the concept of Customer Relationship Management (CRM).
- To enquire the risk factors who create the problem for maintain strong CRM.

#### 4. RESEARCH METHODOLOGY

Being an explanatory research it is based on secondary data of journals, articles, newspapers and magazines. Considering the objectives of study descriptive type research design is adopted to have more accuracy and rigorous analysis of research study. The accessible secondary data is intensively used for research study.

#### 5. ANALYSIS/DISCUSSION

Considering all the risk factors is beyond the extent of this article; therefore, some of them are reviewed.

##### **Customer dissatisfaction**

Companies and organizations should have a more awareness of their types of customers. For example, how managers can have an effective sale to irritable customers. What types of behaviors managers can have towards the customers who have not much stability and easily change their behavior from warm-tempered to cold-tempered. Not only a seller should be a lot of patience, but necessarily know the techniques of how to sell their goods to these types of people, and must be aware that the base of these people's personality traits is fear. However, a successful marketer and seller should be armed with customers' epistemology. What so far are effective in an effective selling is no more necessarily successful for enhancing the selling in the future [8].

##### **Weakness in IT and E-commerce**

In implementing customer relationship management, that kinds of organizations are experienced in terms of IT that in implementing integrating technological systems have enough experiences Having enough experiences in this context is one of keys to succeed in customer relation-ship management.

##### **Lack of customer-oriented culture**

Customer is the main and primary factor in survival of an organization. Therefore, customer-oriented culture is the main factor in succeeding and surviving of an organization, as well. Customer-oriented culture is the prerequisite for gaining qualified information from the customers and creating and distributing the achieved knowledge from the customers and the origins of changeable ideas and improving the organization processes.

##### **Weakness in the relationship with the customers**

The relationship with the customers is has a key role in customer satisfaction. Therefore, those who have direct interaction with customers should be chosen appropriately. It is necessary to pay attention to enough synergetic forces within different communication channels and their integration. Developing the suitable communication channels with customers is the key factor in customer relationship management success.

##### **Lack of suitable commercial brand**

Lack of suitable commercial brand is one of the determining factors in repeating purchases of the customers. The more the commercial brand successful, the more the customer's loyalty towards it.

##### **Inappropriate recognition of customer relationship management**

Of the factors concerning the lack of senior manager's support of customer relationship management project can be their unawareness of the benefits and opportunities that the organization can achieve by implementing customer relationship management. Of the most important factors of customer relationship management projects can be the inappropriate definition of customer relationship management nature.

##### **Lack of consecrating enough funding for customer relationship management**

One of the matters the senior managers should focus in an organization to customer relationship management can be the amounts of funding they consecrated to this matter. Because the lack of enough funding can lead to these project's failure. As one of the experiments pointed out applying customer relationship management project is a costly one and its implementation needs a funding equals to 60-130 million \$.

##### **Weakness in how the project is implemented and managed**

The lack of a comprehensive and integrated methodology for implementing customer relationship management projects is one of the obstacles in succeeding these kinds of projects According to an experiment conducted, 61% of the

organizations which apply customer relation-ship management have not a defined framework in implementing customer relationship management.

### **Lack of cooperation in different parts**

CRM is an integrated orientation and it requires that the different parts of business cooperate with each other which acted independently before. The data collected in one part should be shared in all other parts. It is possible that some parts are reluctant and dissatisfied to share their data towards others.

## **6. RESULTS AND DISCUSSION**

By considering the materials mentioned above, it is found out that though the CRM is founded its station in business market, lack of attention to the problems, challenges, and risk factors may lead the project to be failed. It is recommended that the organizations pay attention to how they interact with customers, and have more efforts in IT and E-commerce of CRM. They should become aware of their customer's morale and moods in order to far better provide customer satisfaction. They also should internalize customer-oriented culture in organizations or companies. Worthy and cognizant managers should be chosen to have a mutual relationship with the customer, and enough and appropriate funding must be consecrated in this regard.

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