

## APPLICATION OF CRM SYSTEMS IN LOGISTICS AND THEIR ECONOMIC EVALUATION

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**Abstract:** One of the hottest strategies in business today is to become customer-centric while still expanding revenue and profit. It can be done by modification of enterprise. The customer relationship management (CRM) is based on strengthening customer relationships through reliable high-quality interactions and the effective implementation of commitments by using the most appropriate facilities. The application of customer relationship management in logistics is a new way of using the CRM principles in enterprises. To achieve ROI (return on investment) from CRM, investments on the application domains and technologies of CRM the enterprise should contribute tangible business benefits, as well as intangible benefits.

**Key words:** customer, relationship, corporation, evaluation

### 1. INTRODUCTION

The paper deals with CRM and its economic evaluation. Every corporation communicates with their clients in many different ways, especially in rich technology and information based society. Of treating all of this information CRM plays a key role in process. In the CRM world, one increased emphasis is being placed on developing measures that are customer-centric and give managers a better idea of how their CRM policies and programs are working.

### 2. THE CHARACTERISTICS OF CRM

The Customer Relationship Management or CRM is a number of strategies and technologies which are used to build stronger relationships between corporations and their customers. A corporation will store information that is related to their customers, and they will spend time analyzing it, so it can be used for this purpose. We can say that CRM is built on four main pillars (described particularly on figure 1):

- people - the knowledge and skills of employees is the ability to meet customer's needs. Unskilled employees can hurt not only customers, but also the company,
- technologies - tools (information technology) that enable the application of modern CRM and a large number of customers. Technologies allow sharing of data about customers and their simple search, sorting and analysis,
- processes - good function processes streamline the CRM,
- data - information necessary to know about the customers.

For successful running of a business is necessary to know when and what the customer's wishes and enable him to meet his wish in the right moment. It is not enough just to have enough information, but it is important to provide further relevant information to the competent employee who is in contact with customers so that they can use it at the appropriate time. Not only to collect data, but also the possibility of retaining the accumulated data, retrieval and analysis of sorting according to lead to full-fledged customer relationship management. (Vičíková, 2009; Burnett, 2005)

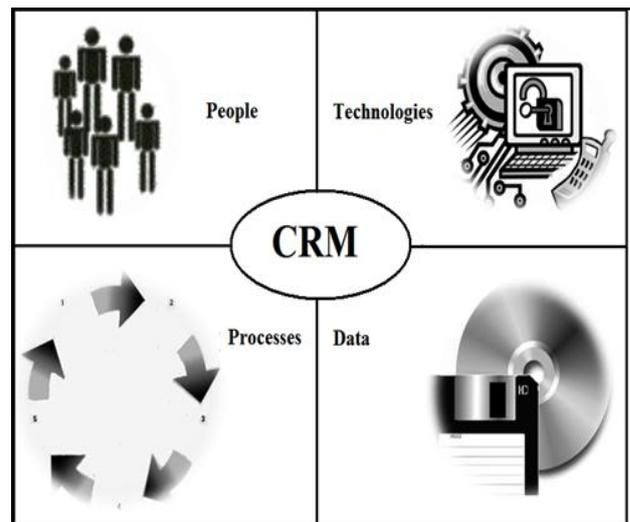


Fig. 1. The main pillars of Customer Relationship Management (Vičíková et al., 2010)

Companies are becoming increasingly aware of many potential benefits provided by CRM.

Some potential benefits of CRM are as follows:

- Increased customer retention and loyalty
- Higher customer profitability
- Value creation for the customer
- Customization of products and services
- Lower process, higher quality of products and services

In developing the CRM systems are used three tier architecture client/server. The first layer consists of a database server for storing data in the database. The most commonly used in building a CRM database systems today are Oracle database, SQL Server, MySQL, etc. The second layer is the application server for application programs; it implies the very logic of the application system. The programs are usually in procedural programming languages like PHP, ASP, Java, etc. The third layer of three-tier architecture is user interface that facilitates communication system users. The most commonly used is communication with the system through a web browser. (Vičíková, 2009; Burnett, 2005)

### 3. WHAT IS THE GOAL OF CRM?

The idea of CRM is that it helps businesses use technology and human resources to gain insight into the behaviour of customers and the value of those customers. With an effective CRM strategy, a business can increase revenues by:

- providing services and products that are exactly what your customers want
- offering better customer service
- cross selling products more effectively

- helping sales staff close deals faster
- retaining existing customers and discovering new ones

#### 4. CRM SYSTEMS AVAILABLE ON THE SLOVAK MARKET

On the Slovak market, we can find a varied offer of different CRM solutions for small and large companies. Some companies and their products are mentioned (Vičíková et al., 2010):

- ABRA G3 CRM (add information system ABRA G3),
- Cigler CRM S3 (in addition to the economic system Money S3),
- Datalock CRM (add to a SPIN),
- FLEX CRM (add to a FLEX IS),
- Microsoft Dynamics CRM,
- Oracle, Peoplesoft and Siebel,
- SAS CRM,
- MySAP CRM (Appendix ERP system SAP R / 3).

#### 5. RESEARCH GOALS AND PROCEEDING

The goal of research (which is contemporary in processing within the frame of PhD. thesis) is application of CRM principles into field of logistics and their utilization in area, where were used minimally till now. It consists from the following:

- meet customer requirements fully,
- total focus on customers - customer is not satisfied merely by product but also by good behaviour and sophisticated customer approach which provides enterprise (Kašuba's research indicates that 68% of customers leave because of business access and only 14% for dissatisfaction with products or services),
- gain a competitive advantage through the right customer approach ("all for customer"),
- predict future customers behaviour,
- measure the performance of established principles of CRM.

#### 6. RETURN ON INVESTMENT (ROI) MEASURING ON A CRM SYSTEM

A lot of organisations start out by "wanting" a CRM system; this "want" is translated into a "need" and is often driven by a perceived requirement or a response to organisational pain. Measuring returns for CRM systems is most complex as there are many tangible/intangible benefits. Organizations should define various metrics which they want to measure ROI of CRM systems upfront and make benchmark measurements before the system implementation starts. Clearly different metrics for CRM ROI are therefore needed.

We can broadly break these down into two simple categories:

- 1 decrease in cost (to the business),
- 2 increase in revenue (or margin to the business).

We have to look at the additional items to determine a realistic return from CRM system.

- **Productivity:** measured in terms of Salary savings and perceived time savings in %. However difficult we have to come to a view on how efficient the current employees are in performing customer related tasks. Then a view on what improvements could be made through the adoption of CRM.
- **Business Process:** Time spent by managing and monitoring current business processes, materials and

information used and all the expenditure in managing customer interaction.

- **Technology:** What savings could be made if these solutions were switched off. These could be in the field of software, support, and hardware and people savings.
- **Revenue:** CRM should provide more exact business forecasting on what impact should this have on revenue. What additional products or services could the company sell to its existing client base? How many more customer visits could be made or additional services provided.
- **Implementation of Costs and Internal investment:** The final big piece of the jigsaw must be the accurate costing of implementing CRM in the organisation. This exercise should look at all associated direct and indirect costs broadly categorized. (Rowley, 2005)

#### 7. CONCLUSION

CRM has rapidly become one of the leading competitive business strategies in the new millennium. Once the system is implemented, a study of benefits in all four domains would reveal the true benefits of the CRM system.

In the application of customer relationship management in logistics, we suppose achievement of the following benefits:

- creating perspective partnerships with customers,
- better understand customers and their needs,
- increase customer satisfaction,
- ensure the long-term sales for the company,
- improve access by employees to customers,
- increase business revenue, reduce costs,,
- improve the image of the company.

Expected benefits represent the hypotheses of doctoral dissertation thesis.

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