Chapter 9

CRM AND ETHICS

- Recent Trends in CRM
- Challenges faced by CRM
- Opportunities of CRM
- Ethics and CRM
- Ethical issues in CRM
- Questions

RECENT TRENDS IN CRM:

- **Integrating Data from Multiple Channels:** The CRM solution providers are working on moving social media data to more secure communication channel. They are also exploring how they can integrate unstructured data coming from multiple channels such as Email and mobile smartphones.
- **Handling Big Data:** As the data is penetrating from multiple channels with high volume, velocity, and variety, the CRM solution providers are exploring how this big data can be managed well to be able to use effectively.
- **Shifting to Cloud-based CRM:** The businesses are preferring cloud-based CRM software to overcome the problems with on premise CRM software (in which every new feature development requires an expensive upgrade). The cloud-based CRM also lessens the burden of business for investing in infrastructure.
- **Social CRM:** The customers are into the practice of reading reviews, recommendations, and judging the product or service before deciding to purchase. The businesses are keen to employ social CRM tools in their CRM software as the social media can bring an insight of customer preferences and behaviour.
- **The Mobile CRM:** It is expected to be Powerful. Today's CRM solution providers are investing a handsome amount to bring more rigor in the mobile platforms of CRM applications. The historical and current data of the customers is so huge that the CRM users spend more time in entering the same in the system than using it effectively for beneficial purpose. CRM solution providers are also working on providing simpler and easier ways of handling customer data using mobile devices.

- **CRM Software Systems with Wearables:** It is the next big revolution in the development of CRM software systems. Wearable are the devices worn by the consumers to track their health and fitness information. If CRM applications are integrated with wearable computing devices, then the businesses can get benefited by having real time information of customers and access to their account data. The businesses can then engage with their customers effectively and discover opportunities of selling and enhancing customer relationships.
- **Creating Best Customer Experiences:** Though life is not all segregated between black and white: moments; for the customers and businesses it is. The customers remember business products and services by associating with best and worst experiences. The businesses using CRM are placing the activities related to making their customers feel good in their list of top priorities.
- **CRM to XRM:** XRM is evolved CRM. There is little limitation in the word CRM which depicts Customer Relationship Management. XRM is extreme Relationship Management. The scope of XRM is different and larger than the scope of CRM. For example, a business is managing contracts, grievances, policies, building assets, parking violations, property taxes, etc. The list is near to endless. This all

management is catered by XRM, a business can manage the relationship of anything within itself.

CHALLENGES FACED BY CRM:

- **Smart User:** The success of a CRM project depends first and foremost on the people who implement it and on the manner in which they use the system. A working CRM system that is not being used is useless. A smart CRM system requires a smart user. Therefore the successful deployment of a CRM system depends on upgrading the entire sales and service organization, including the personnel and the supporting tools.
- **Customer focus:** Ironically, a CRM system is supposed to be based on the customer, but after implementing a CRM system the company may lose customer focus. The problem comes from the fact that although the system is based on the customer, the employees need to be too. It is highly essential for the company to put in effort to focus their employees. This can also be very expensive.
- **Slow returns:** The large investment that was originally spent may not show returns for years. This tests the patience of the company and can lead to employees and management slacking in their efforts to improve the implementation. Many of these problems can be resolved and kept under control as long as the company is determined to follow through with the entire process.
- **Lack of consistency:** Clean-up records (i.e. information) and starting with a clean and constant system are essential because data entry has some

problems that reduces the data, value of data warehouse resulting diminishing the value of future models. Missing data and inadequately entered data are two chief reasons causing data inadequacy. Initially, consider missing or erroneous information. For example generating a record that contains the profession of the clients is difficult, when there is only few visitors' database restraining the data.

OPPORTUNITIES FOR CRM:

- **Change from internal focused to External focused:** CRM software must changeover from an internally focused, sales driven, customer data management application designed for monologue communication, process efficiency and cost reductions, to an externally focused, conversation driven, customer engagement application designed to engage customers in dialogues across channels, deliver consistent and rewarding customer experiences, and build customer relationships based in part on goals important to customers.
- **Customers Engagement:** Since customers now initiate the conversations in their preferred online and social channels, CRM software should alert the right business practitioners to these conversations so they can act and engage. The challenge here is to better separate signals from noise and significantly improve sentiment analysis. The web has a lot of noise. CRM software should prioritize, categorize and route the social content to sales, service or other queues so it can be acted upon quickly by the right people. The technology should be able to tell when there's a selling opportunity,

a customer problem that needs addressed, a potentially viral situation, a competitor scenario that gives me a business development opportunity or a market movement that may trigger a shift to business strategy.

- **Improved Customer Experiences:** CRM software should help improve the customer experience (CX) at every customer facing interaction. VOC tools should be installed so that customers can tell what they want. There should also be some journey mapping design tools integrated to existing CRM marketing, sales and service processes.
- **Customer Intelligence:** Better business intelligence should start with more intelligent customer profiles. Consumers are prolific in social channels, permitting businesses to understand sociological attributes. Knowing what each customer 'Likes', forwards, retweets or comments on creates a highly specific customer social graph. Collation of online data from social networks, web browsing patterns, forums, communities and other social media and append social attributes to the customer profile in the CRM system can help to improve customer segmentation; deliver more relevant messaging, offer higher fit products and provide services that influence loyalty.

ETHICS AND CRM:

- Knowledge about customers and clients has become one of the most critical driving forces for business success, and intelligent organizations believe that knowing as much about the customer as possible is an asset.

- Ethics relates to codes of conduct regarded as right and good, based on morality or values, faith or some higher authority.
- Ethical issues lie at the core of relationship marketing, as the building of long-term human relationships cannot be sustained without a genuine concern for ethics (Murphy et al., 2007). At the same time, as many recent ethical scandals show, ethical problems in marketing practice remain, and a genuine need to consider the ethical issues involved in business and marketing explicitly appears obvious. Although relationship marketing highlights fostering long-term relationships, it does not automatically follow that ethical considerations are incorporated into relationship marketing theory and practice. Ethical considerations must be explicit.
- Business ethics is a form of applied ethics that examines ethical rules and principles within a commercial context, the various moral or ethical problems that can arise in a business setting and any special duties or obligations that apply to persons who are engaged in Business. Companies can maintain consumers' trust, and their business, by safeguarding personal data.
- Customer privacy measures are those taken by commercial organizations to ensure that confidential customer data is not stolen or abused. Since most such organizations have a strong competitive incentive to retain an exclusive access to this data, and since customer trust is usually a high priority, most

companies take some security engineering measures to protect customer privacy.

- Key ethical issues in the information age, including the increased ubiquity of computerized databases, are often popularly summarized under the four headings "privacy, accuracy, property, access" (labelled with the acronym P-A-P-A).

  (a) **Privacy:** the ability of people to keep personal information about themselves private and confidential; how the widespread holding of personal information about people impacts on interpersonal relations of trust, autonomy, and dignity;

  (b) **Accuracy:** the quality and accuracy of data/ information held in databases, and on which organizations act, assuming the data/ information to be correct;

  (c) **Property:** information ownership and control—who owns personal information about an individual, and who has the right to use it, or control its use; and

  (d) **Accessibility:** access of members of society to the social store of information.

ETHICAL ISSUES IN CRM:

- **Issues while data collection:** Ethical issues originating with the collection of customer data for CRM are related to secure collection methods and to the verification of the information. Ethical companies ensure that sensitive information such as credit card numbers or

medical histories are collected in a secure environment and transmitted back to the databases securely. During data collection, it is also critical to verify the identity of the customer and the accuracy of the information being submitted. High security for these functions is costly but ethically necessary.

- **Data storage:** Data is only stored with the agreement of the customer. Customers must be able to view their data and either change their data or ask for it to be changed. Customers can withdraw from the program, and such a withdrawal causes their data to be erased. The ethics behind these principles are that the data belongs to the customer and the customer must be able to control his data. Many a times data is been stored by company for a longer period of time without any agreement.

- **Usage of Data:** Customer data for CRM is sensitive, ethical companies ensure the data is kept private to the maximum extent possible. To achieve this, the company must store the data in a form or in a location not generally accessible. The data must only be consulted when necessary for the fulfilment of a CRM task, and only those employees who handle the data to complete the task are able to access the data.

- **Disposing of CRM Data:** Since customers must be able to withdraw from the CRM program and since their data is then erased, the company needs a procedure in place for safely destroying customer data when it is no longer needed. An ethical company has detailed policies and procedures for tracking and destroying data and keep accurate records of such activities.

- **Personalization technology:** Personalization is a new strategy adopted these days so as to maintain relationship with the customers. But many times it can get too personal.
- **Customer Focus:** CRM relates to maintaining relationship with customer by frequent contacts so as to obtain their maximum data. Growing customer concern lead companies to collection of huge data related to them making customer concern about its secrecy.
- With the appearing of web, online transaction becomes more popular. Internet provides a rich means for businesses to obtain customer information, customers have more worries about maintaining their privacy after giving information over the Internet. It is reasonable for customers to have the concerns. Many facts prove that customers' normal life is interrupted because private information is known by others. Before the advent of Web, people still can control this situation by refusing to provide personal information.

QUESTIONS

(1) Fill in the blanks:

(a) _____ relates to codes of conduct regarded as right and good, based on morality or values, faith or some higher authority.

(b) CRM Solution providers are also working on providing simpler and easier ways of handling customer data using mobile devices which is known as _____.

(c) Key ethical issues in the information age, including the increased ubiquity of computerized databases, are often popularly summarized under the four headings of _____.

[Ans.: (a) Ethics, (b) Mobile CRM, (c) P-A-P-A]

(2) List out opportunities for CRM in future.

(3) Explain recent trends in field of CRM.

(4) What are the various challenges faced in CRM?

(5) State various opportunities available for CRM.

(6) Explain various ethical dilemma in CRM.

(7) Write short note on:

(a) Ethics and CRM.