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## **E-CRM in SMEs: an exploratory study in Sangamner region of Maharashtra in India**

**Rajendra Jarad<sup>1</sup>, Miguel Palacios, Javier Tafur, Kirti Gulati, Rakesh Jain**

<sup>1</sup> Dpt. of Industrial Engineering, Business Administration and Statistics, UPM, José Gutiérrez Abascal, 2. 28006 Madrid, Spain.

**Palabras clave:** E-CRM, SMEs, India

### **1. Introduction**

Although there are many definitions of SME's there is no globally accepted definition of a small or medium-sized enterprise. Small Medium Enterprises (SME) the catalyst in economic growth & development of the country, are facing tough competition in market place and in establishing themselves as credible supplier of quality product and services. In India they are producing more than 8000 different products. The common perception is that small to medium businesses have very little options in terms of CRM solutions. This is clearly not the case. SME's now have a lot of options and can exercise same. Businesses are shifting from product centric to customer centric. Long before the advent of technology, businesses have always recognized that the customer is the soul of every business. Businesses try to have personal relationship with their customers. Moving towards customer centric approach is a multi prolonged efforts that requires transformation of process, culture and strategy from top level to every individual employee. Technology has a crucial role in providing tools and infrastructure to support this. CRM supports SMEs in their business customer loyalty.

CRM is referred in short for Customer Relationship Management. Maintaining customer is one of the significant skills to maintain any business. It is an approach for winning, retaining & servicing of customers. CRM is at the core of any customer focused business strategy & it also even for SME's especially, small businesses have to focus on customer relationship in an endeavor to sustain existing customers and to develop more business. The key to success of any small business relies wholly on CRM. Customers have always a wide choice, so there are all possibilities that if a small business lacks CRM, it will lose its customers. Customers are the actual base of any small business. As the information technology is becoming important in business many companies consider it as an opportunity to reduce customer service cost, improve customer relationship and most important further personalize marketing messages and enable customization. ECRM is being adopted by companies because it increases customer loyalty and customer retention by improving customer satisfaction, one of the objectives of eCRM.

The purpose of this paper is to develop what is a striking link by investigating the role of internet technologies in the customer relationship management of SME based in Sangamner region of Ahmednagar district in Maharashtra were analyze.

## **2. Objectives**

The purpose of this paper is to discuss the influence of customer relationship management at small and medium sized enterprises in Sangamner. To study the use of eCRM in SMEs' in Sangamner. To study the long term and profitable relation between eCRM & customer satisfaction hence customer loyalty.

## **3. Hypothesis**

The study seeks to clarify several propositions that revolve around the central theme of the study. The hypothesis was being formulated in synchronization with the purpose and objectives of the study. Past research suggest use of eCRM is related to customer satisfaction & hence customer loyalty. The following states of hypothesis were being formulized and were being cross examined and tested to draw certain inference and conclusion about the study.

H1: The better the eCRM maintained, the better the customer information and customer communication of SMEs

H2: The use of eCRM results in customer satisfaction & hence customer satisfaction.

## **4. Review of literature**

Gilbert (1996) postulate that relationship management (RM) can reduce the long- term expenses on attracting new customers by increasing the length of time they would stay with a company. Customer retention for greater profitability, favourable referrals and market share is a given benefit.

Reichheld and Sasser (2000) in their study of the Internet clothing market, found that customer acquisition cost is 20 per cent to 40 per cent greater than acquiring a new customer in the traditional retailing marketplace. This leads to higher losses in the early stages of the relationship, but in months 24 to 30, the Internet customers are likely to spend twice as much as they did in the first six months.

Internet based business transactions are very common among larger organizations but are less common for SMEs (Brown and Lockett, 2004). However, using the internet for transactions with customers provides opportunities for digitizing customer information (Bauer et al., 2002) and improving relationship with customers (Chaston and Mangles, 2003).

## **5. Methodology**

The study took an exploratory outlook and a quantitative approach for data collection. A self-completion questionnaire was distributed to a sample of 50 SMEs in Sangamner region in Ahmednagar district in Maharashtra. This exploratory research has shed some light on the marginalized subject of e-CRM in SMEs.

## **6. Conclusion**

This study has demonstrated that customer loyalty can be improved when eCRM is used in small & medium enterprises. The findings reinforce the need to develop eCRM, as it can lead to greater customer loyalty. It was found that e-CRM implementation effort linked to the loyalty experienced by customers towards SME in Sangamner. In all, it adds to a sense of expectation and loyalty being instilled within the consumer and the development of a relationship between company and customer that competitors find hard to break.

The findings of this study also illustrate that SMEs are implementing fundamental electronic customer relationship management (e-CRM) practices and reaping the benefits of it. It is hoped that this exploratory research has laid the foundation for further examination of e-CRM

in the SME context. Future studies should be able to replicate the process in other regions and on a larger scale. The potential also exists for in-depth qualitative research and its practical implications. The paper concludes that e-CRM may have to move on to a more strategic and integrated level if SMEs has to compete.

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