

Gandhian CRM-Mahatma Gandhi's Philosophy On Managing Relationship With Customers

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Abstract

CRM stands for Customer Relationship Management. It is a process used to know more about customers' needs, his likings and his behaviours to develop stronger relationships with them so that their life can be enhance with organization. Mahatma Gandhi said in 1890 in South Africa that a customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him .He is the purpose of our doing business. Mahatma Gandhi clearly said that an organization should concentrate on customers and on his likings and preferences for the products & services. Customer should not be treated as outsider of the business but he should be treated as part of it. Customers are doing favour on us by giving us opportunity of serving them. This study intends to do analysis of Mahatma Gandhian Philosophy on CRM.

Key Words: Customer Relationship management, Transaction Marketing, Customization of Relationships

Introduction

Today's world is different with its hyper competitive environment, and enhancing relationship with customer is the main issue faced by every organization. The rapid changes have tremendously impacted the organizations worldwide. Nowadays, the customer does not have to enter into the brick structure to get serviced. He or she can get all the services right at his or her doorstep on his or her desktop. Organizations can reap profits only by increasing their services and enhancing customer satisfaction in a manner, which was unthinkable a decade ago. Consequently, today every organization has to tailor their products and services to suit the customer needs and even segment all the customers according to their need. The organisations are continuously striving hard to bring the state-of-the-art innovations to make their

products available at more convenient place, and in the bargain attract more and more customers, thereby increasing their profits. Consequently, the organisations have dumped their traditional product-driven strategy to embrace the more logical and profitable customer-driven strategy. This two-way demand and supply equation has not yet reached equilibrium, and this precisely has given rise to an increasingly difficult set of managerial problems for the organization to grapple with. In this scenario the research succinctly captured these managerial problems in the dimensions of effectiveness of CRM tools in selling the additional product in the current scenario."

"Customer relationship management practices are playing very important roles and have become very important tool for organisations. The main aim of organisations is to provide quality

products, easy availability and with affordable cost. In different sectors organisations sell in large quantity in result are earning huge profits.”



Figure 1 - Relationship with the Customer

“In the present scenario, customers are the key part for survival of any business. In fact if the organization has good relationship with its customer’s then the chances are there the same organization will survive for along with good profits. For maintaining good relations with the customers companies implement various practices like free home delivery of minimum quantity of products within five miles, after sale service etc. These practices not only attract new customer but also help in retaining old customers.”

Customer Relationship Management

The International business environment has changed as the globalization is erasing the national boundaries and today companies are competing on a global market.

CRM stands for **Customer Relationship Management**. It is a process used to know more about customers' needs, his likings and his behaviours to develop stronger relationships with them so that their life can be enhance with organization. CRM is a process that helps in bringing together lots of pieces of information about customers, sales, marketing effectiveness, responsiveness and market trends. CRM (customer relationship management) is a methodologies which with use of software & Internet, helps the organization in managing its customer relationships in an organized way. For example, an enterprise might build a database about its customers but without the use of CRM

methodologies the organization will not be able to reap all the fruits of this data and enhance organization profits and its marketing effectiveness.

“Marketing exchanges have shifted from transactions to relationship (**Foss and Stone 2001**). While relationship marketing in retail banking is the activity done by banks to attract, interact and retain

more profitable customers because most retail banks have both profitable and unprofitable customers (**Walsh et al 2004**). As retention of small number of customers (5%) yields 95% increase on the net present value (**Reichheld 1996**). To gain competitive advantage, banks are now moving to a new orientation which is termed as customer- centric orientation (**Bose 2002**).” Figure 1.2 shows the direction of businesses.



Figure 2 - Business orientation of the last 150 years

Source: Bose (2002)

“A customer centric firm is considered one which has the capability to treat every customer individually and uniquely. **Berger and Bechwati (2000)** argue that the core of relationship marketing is to develop and maintain long term relationship with customers rather than simply a series of discrete transactions. They noted that guiding principle for the management is the

customer's life time value; firms must consider the entire relationship with the customers rather than to calculate discrete transactions. Support from the customers comes at various levels of need fulfillment drawn from the relationship the customer has with the organization. A relationship hierarchy has been drawn to understand this better" (Figure 1.3).

"A study done by **Brannback (1997)** says- that to have success in management of market space there is need to manage the virtual value chain. While **Walters and Lancaster (1999)** has offered another view that traditional value chain starts from the competencies attained by a company's core values while evidences suggest that value chain has reversed this approach and has used customers as its starting point."

"Customer relationship management is a business strategy adopted by most organizations and it requires customer centric business approach to support effective marketing, sales, service and process. Customer Relationship Management (CRM) is a model for managing relationship and interaction of current and future customers. It involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support."

"The purpose of adopting CRM practices and strategies is to improve marketing productivity, enhance customer satisfaction resulting into enhanced sales. In CRM, marketing efficiency is achieved because cooperative and collaborative processes help in reducing transaction costs and overall development costs for the company. Two important processes for CRM include proactive customer business development and building partnering relationship with most important customers. These lead to superior value creation."

"The success of CRM practices can be measured mostly by behavioural indicators like their length of the relationship, customer satisfaction, frequency and by increase in sales and profit by firm through them. A good customer is a customer who contributes a relatively large share to the return of the organization within a certain period". "According to **Galbreath and Rogers (1999, p 162)** the definition of CRM can be described as :Activities a business performs to identify, qualify, acquire, develop and retain increasingly loyal and profitable customers by delivering the right product or service, to the right customer, through the right channel, at the right time and right cost. CRM integrates sales, marketing, service,

enterprise resource planning and supply- chain management functions through business process automation, technology solutions, and information resources to maximize each customer contact. CRM facilitates relationship among enterprises, their customers, business partners, suppliers and employees."

Figure 1.4 describes different conceptual definition of CRM

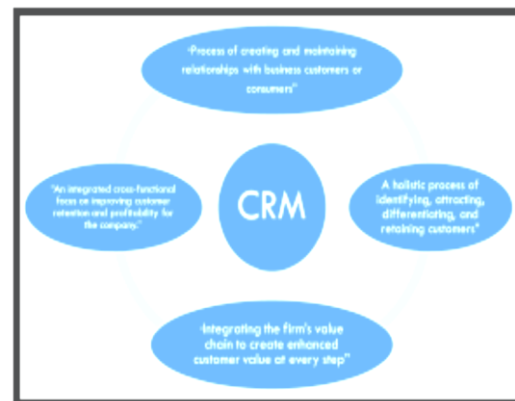
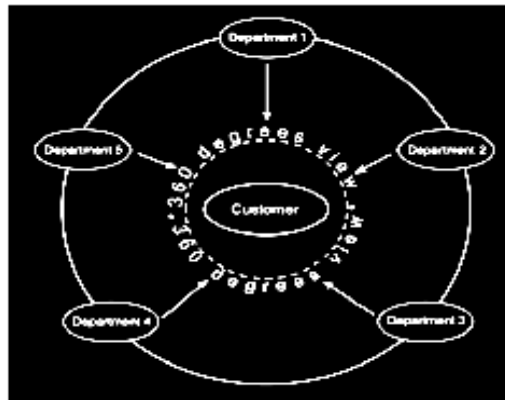


Figure 3 - Definition of CRM in nutshell

"For any successful organization customers are the most important assets. Many big organizations are implementing and finding out new practices of customer relationship management in managing the relations. CRM is a software which gives a company valuable information at the most basic level like remembering the birthdays and names of the children of customers. This kind of information helps the employees of the organization to give more value to make customers feel very special. Business Call Centres are the biggest user of CRM Software because they contact many customers at the same time and give feedback. The strategy of CRM is not to have only installation of this software but its starting point is to consider employees at first, the employees must be well trained to CRM theory so they could get maximize benefits by using this tool".

"By using this technology, optimize interaction with customers create a 360-degree view of customers to learn from past interaction to the future trends (**Chen and Popovich, 2003**). 360 degree view of customer is a person to person model supported by technologies in prediction of customers buying patterns and price differentiation (**Galbreath and Rogers, 1999**). The main idea of this model is that the best market

performance is achieved by having superior skills in understanding the customer in better way (Narver and Slater, 1990). In Figure 1.6, 360 degree view of the customer can be understood.



“The modern information technology allows larger organizations to individualize their products and services as per the varying needs of the customers. CRM is the establishment, development, maintenance and optimization of long term mutually valuable relationships between consumers and the organizations. Successful CRM focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization’s strategy, people, technology and business processes (Fox & Stead, 2001)”.

Gandhian philosophy and Customers

In a speech in South Africa in 1890 Mahatma Gandhi said “A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider of our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so.” It is very clear from the speech of Mahatma Gandhi that organization will not be able to survive if customers are not buying their products, in this way organizations are dependent on customers. If organizations will not treat customers well, will think their queries, likings & preference as interruption to their work, the customer will shift to their competitors as customers are not dependent on one organization only. Customer should not be treated as outsiders so he should be given true information about the quality of the products and services, he is the sole purpose of production of goods, all the products are produced for his use only & when he purchases

product from the organizations, he favours them, because of his purchase organization survive.

Literature Review

“Relationship marketing advocates contend that marketing can no longer only be about developing, selling and delivering products, where the emphasis was directed towards getting customers rather than keeping them. It is progressively more concerned with the development and maintenance of mutually satisfying relationships with customers (Buttle, 1996), and holds the promise of keeping customers loyal (Gummesson, 1994; Bulger, 1999)”.

As per Sheth and Parvatiyar, (2000) “A two-way or dialogue marketing communications approach is needed to support the establishment, maintenance and enhancement of an interactions process if relationship marketing is to be successful”

“According to Kotler and Keller (2006), The American Marketing Association defines the Marketing as an organizational function and a set of processes for creating, communicating and delivering value to the customers and for managing customer relationships in ways that benefit the organization and its stakeholders”.

“Beckett-Camarata et al. (1998) have noted that managing relationships with their customers (especially with employees, channel partners and strategic alliance partners) was critical to the firm’s long-term success.”

“Yuan and Chang (2001) have presented a mixed-initiative synthesized learning approach for better understanding of customers and the provision of clues for improving customer relationships based on different sources of web customer data.”

“While undertaking a study on the field of customer retention and corporate profitability, Reichheld (1993) stated that the role of customers is essential for corporate performance, so that when relationships with customers endure, profits rise.”

“Sheth and Parvatiyar (1995) found out in their research that the cost of retaining current clients is frequently much lower than cost of acquiring new ones”.

According to Bose (2002, p.15) CRM is defined as “an enterprise wide integration of technologies and functions such as data warehouse, Websites,

intranet/extranet, telephone support system, accounting, sales, marketing and production”.

According to Swift (2001, p.16) CRM is defined as “an enterprise approach for understanding and influencing customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty and customer profitability”.

Research Methodology

Research is a systematic inquiry aimed at providing information to solve problems (cooper and Schindler, 2002:14). Different requirements of information, availability of time and need patterns have given way to the developments of various types of research methods however need of any research method remains the same –to get information. The reason behind the use of any method of research is to generation of optimum results. This study is based on primary data, which has been collected through questionnaire having statements to which respondents have to give their opinion ranging between 1-5 level and agreement ranging from not at all believes to strongly believe to strongly disagree. Since it was not feasible to examine the entire universe so the representative sample of employees and customers were selected from some organisations of Gurugram & Noida (India) only. Respondents were asked to fill questionnaire personally.

Objectives of the Study

As the title suggest the main objective of the study is-

1. To know the perception of employees on Gandhian philosophy about enhancing relationships with customers
2. To know the perception of customers in general about the organizations customer relationship practices as prescribed by Mahatma Gandhi.

Data Analysis

To know the perception of customers towards organization's CRM strategy they were asked to evaluate each factor first on statements ranging from not at all important to extremely important and then they have to evaluate their satisfaction level with each factor on 1-5 scale. The responses are analyzed by calculating the mean value and the results are presented in the subsequent discussion

Demographic Profile of the Respondents (Employees& Customer)

Respondents Gender		
Gender	Frequency	Percentage
Male	265	58
Female	193	42
Total	458	100

Fig-5 Gender

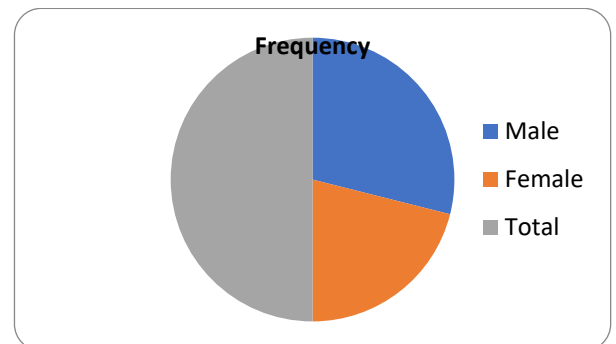


Fig-5. Income Level of Respondents (Per annum)

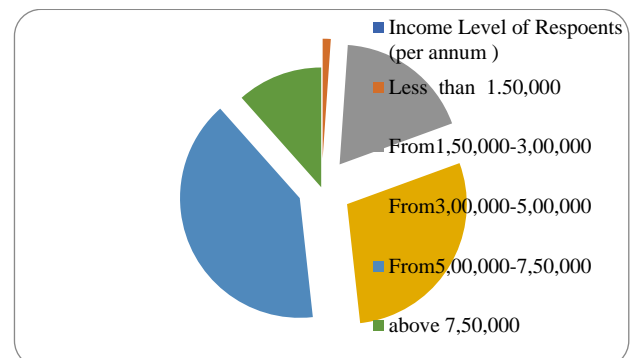


Fig-6 Employment status

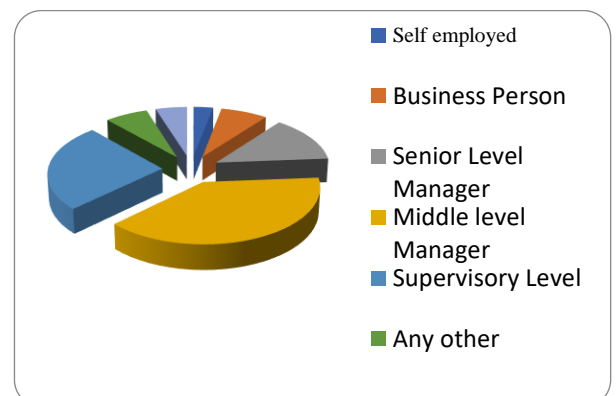


Table -1 shows the mean value of responses of employees of their perception towards customers

Ghandhian Philosophy (Variables)	Variables-V	Mean Value(out of 5) of responses of respondents (Employees)
A customer is not an outsider to our business. He is definite part of it. A customer is not an interruption of our work. He is the purpose of it.	V1	3.8
A customer is doing favour by letting us service him. We are not doing him any favour.	V2	3.7
A customer is not a cold statistic. He is flesh and blood human being with feelings and emotions like our own	V3	3.9
A customer is not one to argue or match with. He deserves courteous and attentive treatment.	V4	3.6
A customer is not dependent on us. We are dependent on him.	V5	3.9
A customer brings us his wants. It is our job to handle them properly and profitably both to him and us.	V6	3.7
A customer makes it possible to pay our salary.	V7	4.0

The Table-1 show overall perceptions of respondents (Employees) on variables on Gandhian philosophy the scale of 1-5. It shows that majority of respondents understands the importance of the their customers.

Table-2 shows the mean value of responses of customers of their experience with organizations and its employees

Ghandhian Philosophy (Variables)	Variables-V	Mean Value(out of 5) of responses of respondents (Customers)
A customer is not an outsider to our business. He is definite part of it. A customer is not an interruption of our work. He is the purpose of it.	V1	3.2
A customer is doing favour by letting us service him. We are not doing him any favour.	V2	3.6
A customer is not a cold statistic. He is flesh and blood human being with feelings and emotions like our own	V3	3.2
A customer is not one to argue or match with. He deserves courteous and attentive treatment.	V4	3.4
A customer is not dependent on us. We are dependent on him.	V5	3.7
A customer brings us his wants. It is our job to handle them properly and profitably both to him and us.	V6	3.6
A customer makes it possible to pay our salary.	V7	3.4

The Table-2 show overall perceptions of respondents (Customers) on variables on

Findings

- On the basis of the data collected and analysed collected, the following are findings are noted by researcher:
- The study reveals that organisations and employees agree with Mahatma Gandhi's philosophy that customer is very important and should not be handled or treated as outsiders and doing favour on organizations by letting them serve him. The study reveals that employees understand that they should not argue with customers instead they should try to sort out his problem.
- The study reveals that organizations and employees strongly agree that a customer is not a cold statistic. He is flesh and blood human being with feelings and emotions like our own and it's because of customer employees get salary.
- The study reveals that customer feels most employees and organization feels that they are not an outsider to our business, they are not an interruption of our work in fact they are the purpose of it.
- The study reveals that customer that employees and organization strongly feel that customer is not dependent on them, they are dependent on him. If a customer brings his wants and preference to them. It is their job to handle them properly.

Conclusion

The employees and organization agree with most variables of Mahatma Gandhi's philosophy on CRM still few variable are there on which employees and organizations have to understand that their survival depends upon customers, customers are not dependent on them, and it's their job to provide him best quality goods and services. All the organisations have to implement such practices and strategies so that customers start feeling that they are important for organisation.

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Gandhian philosophy the scale of 1-5. The table shows that customer agree with V2, V5&V6.

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