

AN INVESTIGATION INTO CUSTOMER RELATIONSHIP MANAGEMENT (CRM) MARKET IN VIETNAM

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Abstract: *Customer Relationship Management (CRM) is a strategy for managing all of company's relationships and interactions with customers and potential customers. It helps company improve their profitability. More commonly, when people talk about CRM they are usually referring to a CRM system, a tool which helps with contact management, sales management, workflow processes, productivity and more. Customer Relationship Management enables you to focus on your organization's relationships with individual people – whether those are customers, service users, colleagues or suppliers. CRM is not just for sales. Some of the biggest gains in productivity can come from moving beyond CRM as a sales and marketing tool and embedding it in your business – from HR to customer services and supply-chain management.*

Keywords: *Customer Relationship Management, CRM, Individual, Business, Management.*

1. INTRODUCTION

Nowadays, CRM has become a trend in various companies to manage customer relationship. However, not everyone can fully understand what CRM is, its advantages and how it can be utilized. This article will provide readers with a better understanding about CRM by looking at different definitions and practical applications of CRM in businesses.

2. GENERAL INFORMATION

2.1 What is CRM?

CRM stands for Customer Relationship Management and was first coined in the 1990s. The literal and original meaning of the expression “Customer Relationship Management” was, simply, managing the relationship with your customer. Customer Relationship Management (CRM) is to enable organizations to better serve their customers through the introduction of reliable processes and procedures for interacting with those customers”. Nowadays, it is used to describe IT systems and software designed to help you manage this relationship.

The term CRM has been adopted by IT system vendors to fit their particular product. It might also be used to describe a system for marketers using Marketing Automation. It can even refer to customer help desks systems and such automating technology.

For small businesses, a CRM system may simply help you put your data in the cloud, making it accessible in real time, across any device. But as you grow, a CRM can quickly expand to include more sophisticated features to help teams collaborate with colleagues and customers, send customized emails, gather insights from social media conversations, and get a holistic picture of your business health in real time.

2.2 Purpose of CRM

If the enterprises are not utilizing some sort of CRM system, then it is likely missing out on ways to streamline their business, save money and increase your customer base. An effective CRM strategy can help your business control costs while also helping to uncover hidden opportunities for business growth. The right CRM strategy can also help business with some purposes:

- Providing better service to customers
- Quickly showing which products and services are making you the most money and which ones should be cut
- Making it easy to track your marketing efforts so that you can refine and update them as needed in order to remain profitable
- Easily identifying new prospects while also helping you find additional business opportunities that may exist with current customers

2.3 CRM functions

- Customer Relation Management Systems have many different functions that all can be extremely beneficial to any business.
- Customer Relation Management Systems can process a companies use to track and organize its contacts with its current and prospective customers.
- CRMs store all customer data in a single database. This helps businesses avoid customer data errors.

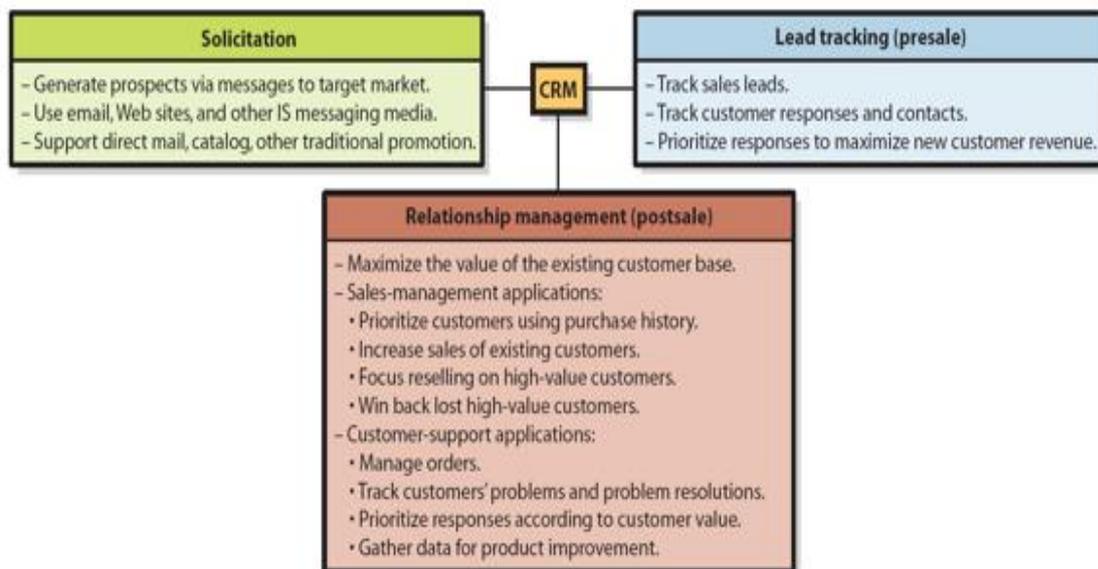


Figure-1: CRM Functions

- Improve services for customers to use customer contact information for target markets.
- Customer Relation Management Systems integrate all the primary business activities. This makes every day business processes much more efficient.
- Customer Relation Management Systems prioritize customers using their purchase history. This allows a company to delineate which customers are most important and target most of

their efforts towards. This means that Customer Relation Management Systems maximize the value of a company's existing customer base.

- This system enables employees in every department to see and know the customer's complete history. Enabling employees to review customer history allows them to analyze customer activity and can help to sell more of their product or service to that customer. Employees can do this by viewing customers that have previously ordered large quantities of their product or service. On the other hand it can help a company realize when they have lost a customer.

- A company can do this by seeing the past history of the customer. This is helpful so that a company does not waste time on a customer that they have already lost. It can also help to avoid any complaints or issues that a customer may have had in the past to correct it for the future.

- Another aspect of Customer Relation Management Systems is it can help turn prospective customers into loyal customers. All of these functions help companies maximize the value of their existing customers as well as acquiring new customers

2.4 CRM Components

a. Operational CRM

The operation of the CRM system is divided into three main parts:

- Marketing Automation
- Sales Forces Automation
- Customer Care Automation



Figure-2: Parts of CRM Operations

+ *Marketing Automation*

Marketing Automation helps administrators in setting up marketing strategies, evaluating those strategies.



Figure-3: Marketing Automation

+ *Sales Force Automation*

CRM facilitates the management of customer transaction information through sales process, opportunity management, sales cycle analysis, forecasting, and sales analysis reports.

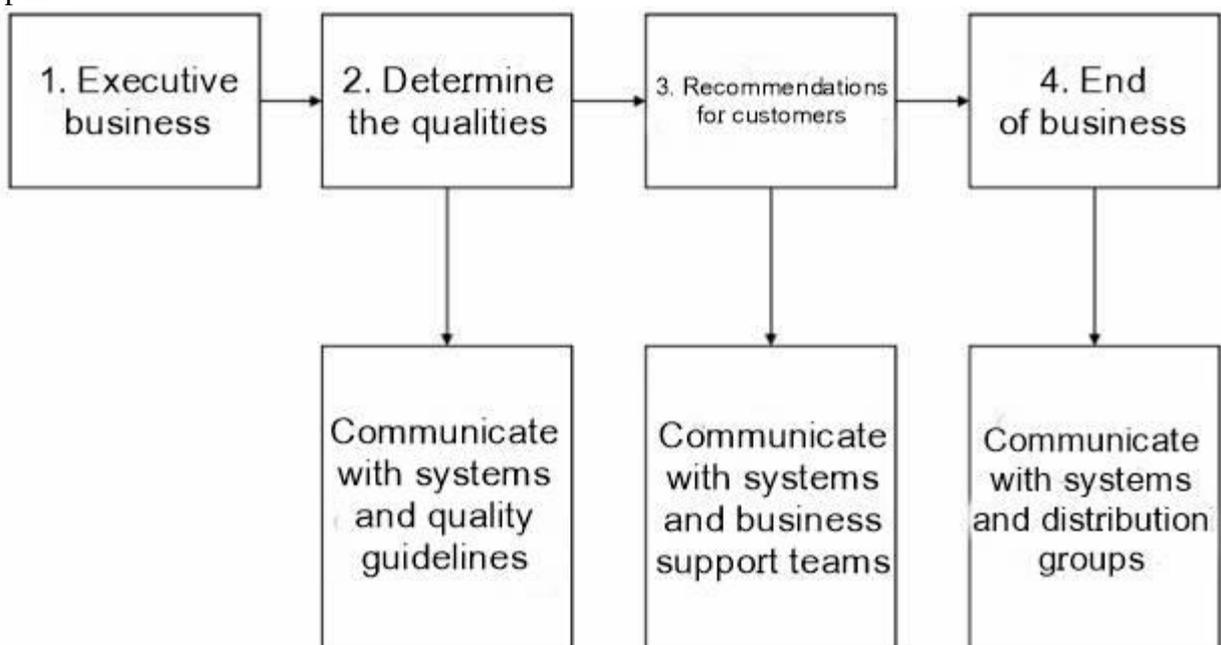


Figure-4: Sales Force Automation

+ *Customer Care Automation*

The important support features of CRM for customer care and the benefits that it brings. By providing tools that help solve customer problems more easily, CRM customer support capabilities are keys to maintaining a good customer relationship.

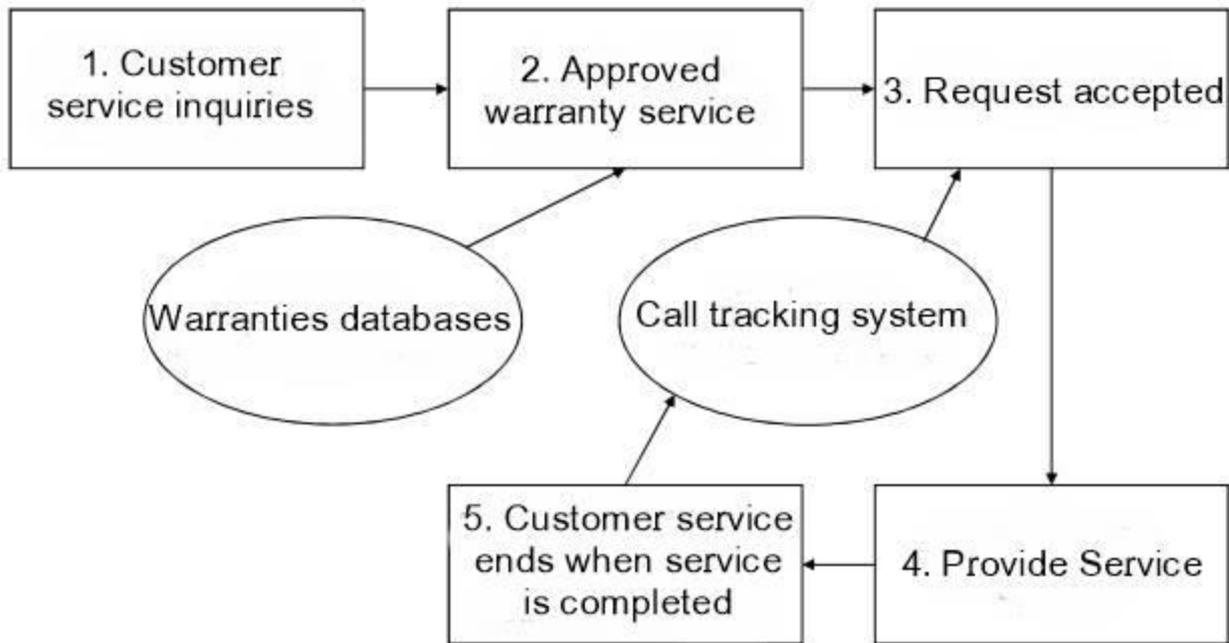


Figure-5: Customer Care Automation

b. Analytical CRM

- Provide the ability to analyze customer behavior through technologies such as business intelligence (BI). For analytical CRM, data collected from operational CRM is analyzed according to customer segments or identifies the potential to promote customer relations.
- Analytic CRM not only conducts the search and classification of customers but also identifies suitable steps to develop and further strengthen the relationship between customers and businesses, ensuring the success of the business for any marketing campaign.
- The results of customer analysis can often facilitate the construction of targeted advertising campaigns to increase value from customers.

+ *The analysis purpose*

- Decision support: analysis tables, reports, measurements, performance indicators, etc.
- Customer prediction model
- Strategies and research.

c. Customer Facing Systems (Contact System)

- Provide the ability to connect with customers (phone, email, fax, web, sms, post, in person).
- Customer Facing Systems helps businesses interact with customers through all channels (direct contact, correspondence, fax, phone, web, e-mail) and facilitates collaboration between staff and customer channel. Customer Facing Systems is a solution that connects people, processes, and data together so businesses can better serve and keep their customers. Data information and activities can be structured, unstructured, conversational and / or transactional as their nature. Most CRM systems do not support teamwork, which often lacks the combination of asynchronous and real-time collaborative applications. Asynchronous collaboration tools such as discussion forums, workflows, and document management flow will make CRM processes more efficient. Real-time collaboration solutions like voice and web conferencing give us the ability to know who is talking to us via phone, email or instant message.

+ *Advantages of Customer Facing Systems*

- Allows effective customer interaction through all communication channels.
- Allow collaboration over the web to reduce customer service costs.

- Integration with call centers enables direct customer support across multiple channels
- Integrate the views and opinions of customers while engaging with customers at all of transaction level.

2.5 CRM strategy



Figure-6: CRM Strategy

CRM strategy matrix represents the different levels of CRM strategy that businesses can use over time.

a. Lowest level: Product based selling

The simplest is the product-based sales. Businesses will focus on products and distribution channels and will not care about the customers. Almost businesses in Vietnam using this level in present.

b. The second level: Managed service and support

In this level, the business is focused on supporting more customers and starting to differentiate between different customers. Businesses can choose to build call center systems, conduct telemarketing, build simple customer management systems, conduct sales and marketing automation.

c. Third level: Customer based marketing:

Businesses can implement customer-based marketing strategies and real customer needs to build customer loyalty with the product.

Businesses will build systems that more manage the information and behavior of customers to ensure that they understand the customer better and understand their needs. Some activities may include: customer potential assessment, competitor reaction, customer loyalty management, scoring (such as membership card or membership score), however management have possible risks.

d. Final level: Individualize CRM

This is the ultimate goal of deploying a CRM system into the enterprise. Each different customer will be treated different, receiving different values from the business

If the enterprise deploys these systems, we will have a holistic view of our customers, their history of work with the business, reflecting the activities of each employee, each department. And the quality of these activities.

Each of business, based on industry specificity, enterprise characteristics and intrinsic capabilities will choose the most suitable CRM development strategy. Having a business going straight from level 1 to level 4, having a business go round through level 2 or level 3 to level 4. Choosing your own path and steps to take along that path is CRM strategy.

3. CRM IN B2B AND B2C BUSINESSES

B2B and B2C businesses have completely different ways of selling and customer. CRM effectively support sales during the operation. Adding or removing features to CRM software suits the sales force as the basis for business development as well as customer relationship management systems in the future.

3.1 CRM in B2B

Customer of B2B is business units so the CRM in B2B businesses is often used for long term.

- Information of people involved in the buying decision process:

CRM allows the archiving, linking of information of many purchasing decision makers in a single hand company for creating separate profiles for each person. You will have an accurate view of the buying decision process of your company's customers and have the most thorough impact to maximize your sales resources.

- Complicated in buying process and management sales:

Employees shop at companies through research and evaluate many offers before deciding on a product. Their decisions also require acceptance from others in the organization. It is important to tracking the right people at each stage. Call management, appointment scheduling as well as sales staff work, CRM will help creat schedule a scientific approach to reach out and convince each of people in the process of buying complicated decision of enterprise customers.

- **Specific products:**

Some business customers purchase products to serve for own goals so the products have to own characteristics. CRM can give forecast of customers needs, and creating the products that best follow their desires.

- **Management individualize customers:**

The market feature of B2B businesses are the number of small customers but the purchase quantities is so important to manage and maintain relationships with customers. Managers use CRM to help them forecast sales opportunities, schedule work, interact with customers in a scientific way, and evaluate the value of customers to have some program to grateful customers in order to retain them.

3.2 CRM in B2C

Customer is individual consumers. B2C has a large customer. Buyers can only spend a few minutes to review the product but decided to buy based on inspiration. CRM helps managers follow the fast speed sales of the market.

- Automation marketing feature:

Retail companies have a large customer base while purchase quantities are low. Managers use the automation marketing of CRM to deliver messages to targeted customers quickly, effectively, and save resources for other activities.

- Integrate customer service with customer data:

Customer service affects 73% customer loyalty. Wanting to retain customers, customer service is the most important. CRM supports post-sale service by providing important contact information and transaction history data of customers.

- Fast processing speed to catch up with customer psychology:

Consumers have a lot of brands to choose if we can't meet their needs. Receiving and processing customer information quickly helps you be more proactive in providing information as well as products that customers need.

- Customer databases is huge:

The collectors need to select the necessary information, screen and synthesize effective information so that the data becomes valuable.

4. THE STATE OF CRM

4.1 Market leader

Table-1: CRM Market leaders

Vendor	2015 Revenue (%M)	2015 Share (%)	2014 Revenue (%M)	2014 Share (%)	2013 Revenue (%M)	2013 Share (%)	2012 Revenue (%M)	2012 Share (%)
<u>Microsoft Dynamics CRM</u>	1,142	4.3	1,432	6.2	1,392	6.8	1,135	6.3
<u>Oracle</u>	2,047	7.8	2,102	9.1	2,097	10.2	2,015	11.1
<u>SAP AG</u>	2,684	10.2	2,795	12.1	2,622	12.8	2,327	12.9
<u>Salesforce.com CRM</u>	5,171	19.7	4,250	18.4	3,292	16.1	2,525	14.0
Others	15,245	58.0	12,520	54.2	11,076	54.1	10,086	55.7
Total	26,287	100	23,100	100	20,476	100	18,090	100

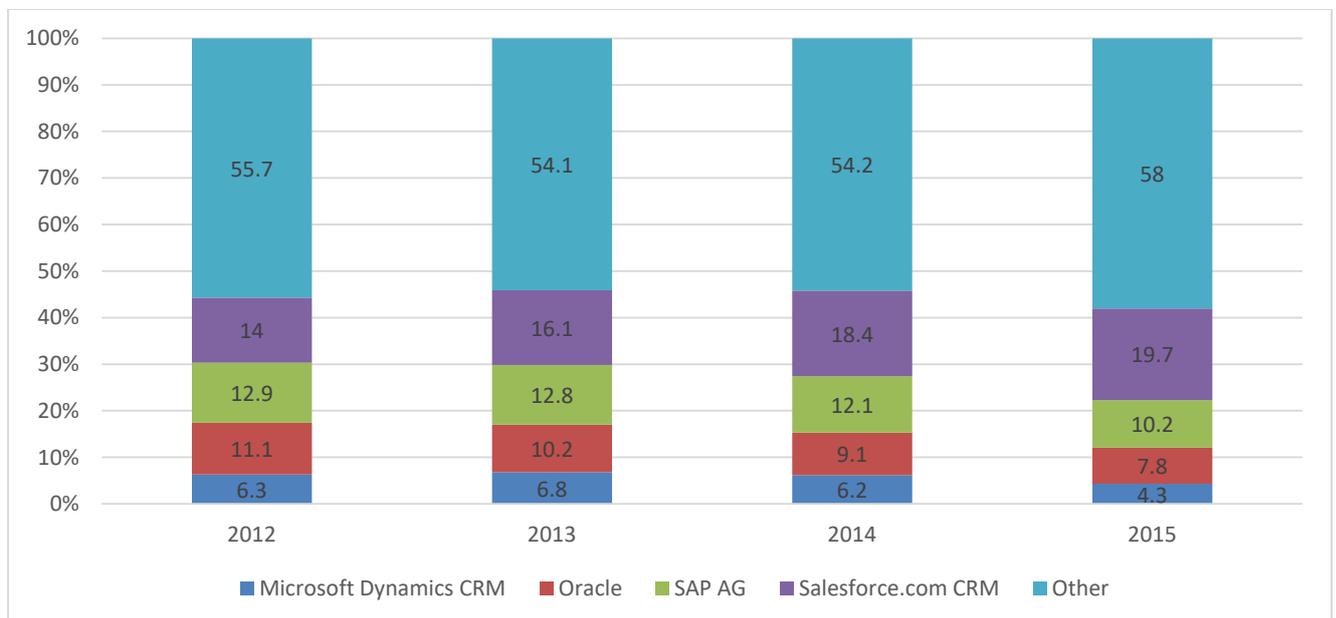


Figure 7: Market of vendors

The overall CRM market grew by 12.3 percent in 2015. The four largest vendors with CRM system offerings are Salesforce, Microsoft, SAP, and Oracle, which represented 42 percent of the market in 2015

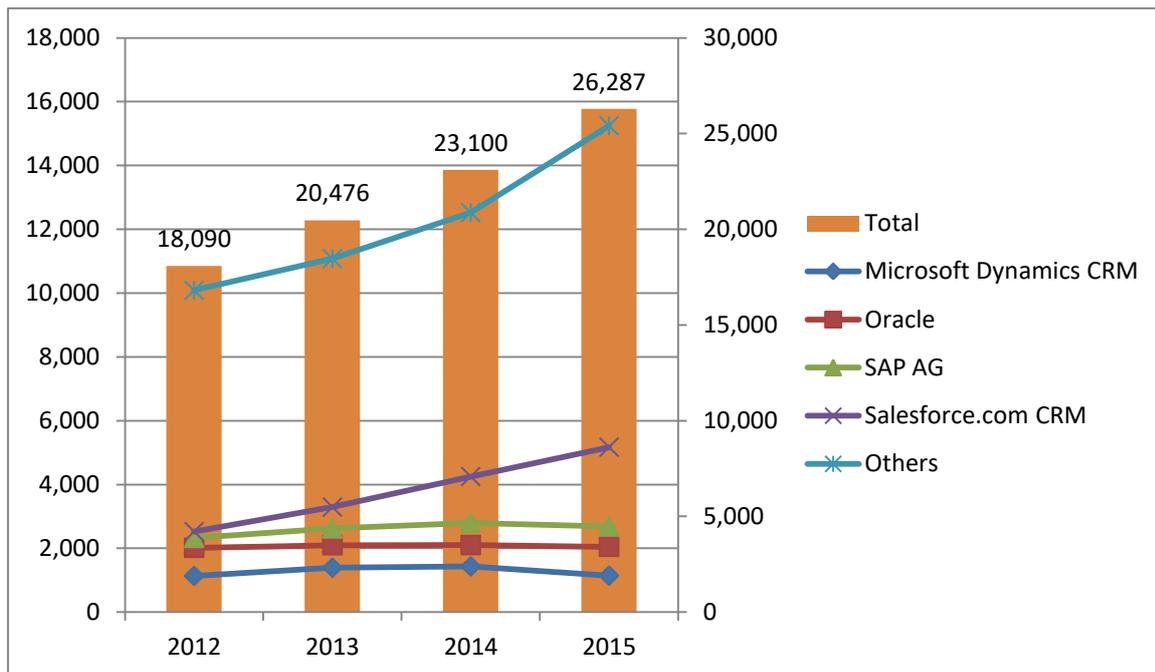


Figure 8: Revenue of CRM Vendor

4.2 CRM in Vietnam

- In Vietnam, CRM was almost universally introduced at the same time in the world in 1995 and 1996. The first companies to approach this application were foreign and joint ventures.
- Vietnam's market with most small and medium enterprises, is considered to be quite potential to apply CRM solution to improve competitiveness.
- CRM has a slow speed development by some reasons:
 - + CRM is associated with culture, style, business management. These factors are very weak in Vietnam. CRM is optional, it depends a lot on the management style of the user.
 - + Staff habit: CRM make staffs feeling uncomfortable by the requirement to regularly update information

4.3 Some common mistakes about CRM in Vietnam

- CRM is the sales management software:

This is common mistake of user and even some CRM supply units, because Sales management software, despite the communication with customers, but the object of its management is the product. The object of CRM is customers with all of enterprise relationship. Sales management software is show up sales quantities and CRM maintain and increase the "quality" of the customer.
- CRM not important for small company

CRM is often limited by the size of the customer rather than the size of the business. It means, an enterprise with only 10 customers per year from 20-30 potential customers may not need CRM. However, If a small business or newly established enterprise that has a potential customer base is a large number that needs to be explored then it is a good idea to use CRM as soon as possible. CRM helps businesses find the right customers, simplifies the deployment of service policies to increase customer relationships, or simply helps businesses easily implement Marketing campaign.
- Deploying CRM is like any other software:

This mistake can lead to a problematic and time-consuming implementation of the software. Managers do not exploit the full effect of CRM, so also lighten the requirement to use more software, so that CRM capabilities can be littered or simply replace the excel. CRM is a tool

that helps your business implement its customer strategies, so you need to build your customer strategy before successfully deploying a CRM solution. This strategy also helps businesses to accurately measure the effectiveness of CRM software. Most Vietnamese businesses are less likely to pay attention to the supplier's advice (which can increase costs), so the effectiveness of using CRM is often low or even the failure to use CRM.

5. USING THE CRM IN VIETNAM BANK BIDV Bank



Figure-9: BIDV Bank Logo

5.1 CRM model at BIDV bank

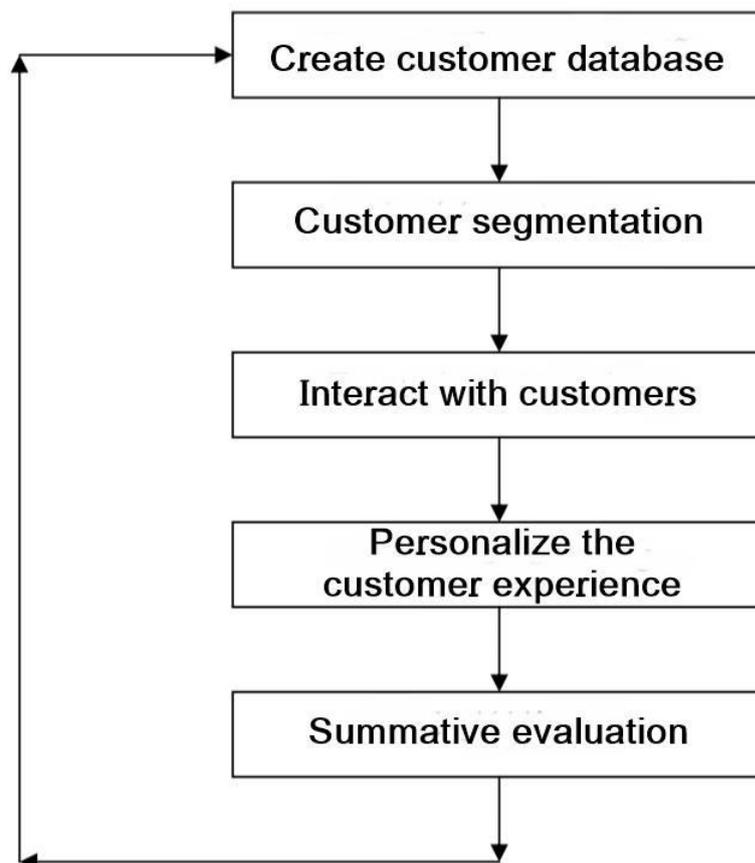


Figure-10 BIDV CRM Model

5.2. Customers group policies

Table-2: Customer group policies

Customers group policies	Customer interaction	Customer care
VIP Customers	<ul style="list-style-type: none"> - Meet directly: 1 or 2 times per week - Calling: when the bank have new update about policy and products - Email: Auto sending daily information: Currency, advertise... 	<ul style="list-style-type: none"> - Gift voucher in holidays - Organized tour each of 2 years - Have the good promotional policies. - Organize customers loyalty clubs - Discount with new services and products
Loyal Customers	<ul style="list-style-type: none"> - Meet directly: 1 time per month - Calling: when the bank have new update about policy and products - Email: Auto sending daily information: Currency, advertise... 	<ul style="list-style-type: none"> - Gift voucher in holidays - Organize customers loyalty clubs - Discount with new services and products
Regular Customers	<ul style="list-style-type: none"> - Meet directly: 1 time in 2 month - Calling: when the bank have new update about policy and products - Email: Auto sending daily information: Currency, advertise... 	<ul style="list-style-type: none"> - Gift voucher in holidays - Have the good promotional policies.

5.3 Evaluate the effectiveness

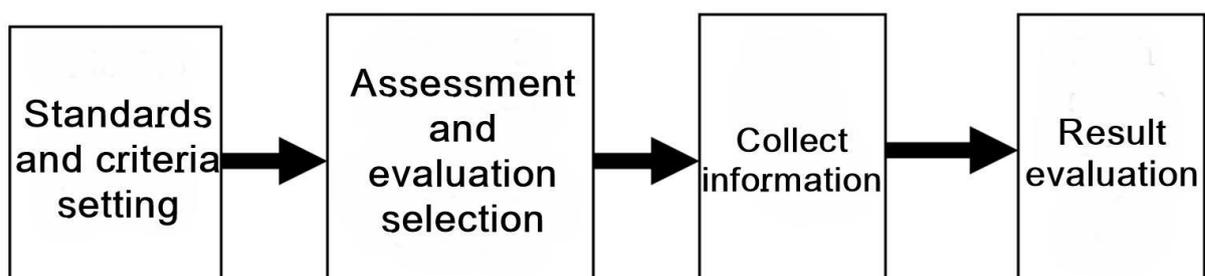


Figure-11: CRM Effectiveness

5.4 Complete the process of customer care is based on the following points

Follow 6 points-

- 1st point: Friendly in communication with customers
- 2nd point: Making customers feel they are really important.
- 3rd point: Customers want you to listen to what they say
- 4th point: Know about the name of customer can bring advantages
- 5th point: Proactive and flexible

6th point: After-sales service

6. CONCLUSION

Customer relationship management brings benefits not only to companies but also their customers because customers and their satisfaction are goals of CRM. Thanks to CRM the relationship between suppliers and customers becomes closer. Company database about customers will be updated, through which they can supervise even the smallest changes in their customers' behavior. All policies and strategies of business will be adjusted accordingly. However, in Vietnam, CRM is still quite new and can be approached in many ways, it requires users to have experiences so that they can use and take full advantages of its effectiveness.

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